



City of Minneapolis  
Financial Status Report as of 3rd Quarter 2012  
Prepared by the  
City of Minneapolis Finance Department  
December 13, 2012

# City of Minneapolis

## Interim Financial Report Index for the 3rd Quarter of 2012

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## THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through September 30, 2012.

*This interim financial report has been prepared by the Minneapolis Finance Department. Financial information contained in this report is preliminary and has not been audited, nor is the information contained in this report a complete presentation of all financial activity within the City.*

## BUSINESS LINE REVIEW

The City's business activities are accounted for in funds and these funds are divided into two major groupings: Governmental funds and Proprietary funds.

### **Governmental Funds**

Governmental Funds account for goods and services provided within the government that are primarily supported either directly or indirectly by taxes. Governmental Funds included in this report are the General Fund and selected Special Revenue Funds. Governmental funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2012 with a fund balance of \$69.9 million and an expense operating budget of \$337.9 million (before transfers). Through the third quarter of this year, the fund has spent 71% of its operating budget. Based on General Fund operating results through September 30, 2012, it is anticipated that the fund balance in the General Fund will end the year at about \$75.2 million, an increase of \$5.2 million over last year, and well within the stated reserve policy of 15% of the following year's budgeted Operating Revenue.

### **General Fund Revenue Highlights**

- *License and permit fees*, the fourth largest source of revenue to the City, are expected to exceed revenue estimates by \$3.9 million due to continued increased building permit activity.
- *Charges for services*, the third major source of fund revenue, will exceed revenue estimates by at least \$1.1 million due primarily to utility cut and other work for others done by the Public Works Maintenance and Repair Department.
- *Entertainment tax* is projected to come in \$1.3 million higher than estimated. The City made an accounting change to record the entertainment tax as revenue directly in the General Fund and Arena Reserve Fund (Target Center) rather than having it flow through the Convention Center Special Revenue Fund and then transferring 100% of the tax to the two funds. An adjustment was made to reflect this change back to the beginning of 2012.
- *Franchise fee revenue*, the fifth major source of fund revenue, is projected to come in approximately \$1.3 million under estimates. Fees from electricity (Xcel) are expected to exceed estimates by \$800,000; however, franchise fees from gas (Centerpoint) are expected to come in \$2.0 million below estimates. Both changes in projections are due primarily to warmer than normal temperatures during most of 2012.

- *Property taxes*, the major source of the General Fund revenue, are received from Hennepin County in July and December and are expected to come in very close to the budgeted amounts for 2012.
- *State aids*, the second major source of fund revenue, experienced a major decline in 2011 primarily due to cuts in Local Government Aid. This revenue is expected to remain at the same level as in 2011 and is received in two equal payments also in July and December.

At this time, all other revenues are projected to come in as planned.

### **General Fund Departmental Highlights**

Five departments make up 78.74% of the total General Fund expenditures: Police, Fire, the City Coordinator, Public Works, and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

- The *Police Department* is projecting to be \$300,000 under budget at year end 2012 due primarily to attrition.
- The *Fire Department* currently anticipates coming approximately \$120,000 over budget by year end. This represents a 0.3% variance from budget. All of the overage can be attributed to overtime. The department experienced a high level of work-related injuries which resulted in increased overtime costs to keep fire stations adequately staffed. The department continues to implement a number of cost saving measures to help mitigate the increase in overtime costs including
  - hiring back 5 firefighters with SAFER grant funds;
  - keeping other than labor costs down;
  - delaying the delivery of apparatus; and
  - obtaining additional grant funding for training.

As a result, the amount of projected budget overspend continues to decline.

- The *City Coordinator* is projected to be nearly \$0.8 under budget by year end due primarily to salary and other cost savings in the Finance and Property Services Department and Human Resources Department and unspent grant funding in the Emergency Management Department.
- The *Public Works Department* anticipates being \$686,350 over budget due primarily to being able to complete more work, especially utility cuts, than planned. In addition, the department incurred unplanned costs to repair the Sabo Bridge. These additional costs are offset by lower than normal snow plowing costs incurred at the beginning of the year and increased revenues resulting from the additional work.
- *Regulatory Services* is anticipating ending 2012 approximately \$1.0 million under. Expenditures for all of the remaining departments are projected to be at or near the current budget by year end.
- Other departments anticipating budget savings include the *City Clerk* with a projected budget savings of \$350,000 due to unfilled positions and savings in Elections; the *Assessor* estimating to be \$200,000 under budget due to vacancy savings; and the *City Attorney* with a projected savings of \$150,000 in the Domestic Violence area as a result of grant funding that became available in the first quarter of this year.

### **Selected Special Revenue Funds**

The **Convention Center Fund** accounts for the operating activities of the Convention Center and for the City's sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. Though the Convention Center budgeted for a loss of \$(1.9) million in 2012, the fund is projecting a gain of nearly \$3.4 million at year end. A slight increase projected in operating

revenues along with strong tax revenues and a significant reduction in operating and capital expenses will enable the Convention Center to have a better than budgeted net income performance. The Convention Center is expecting to end the year with a fund balance \$5.3 million above budget. The cash balance at the end the year is projected to be \$28.7 million or \$3.4 million over the 2011 ending cash balance.

The **CPED Special Revenue Funds** are all performing within budget, although the Preliminary Planning Fund and the Operating Fund continue to carry negative cash and fund balances. A plan to address the deficits in these programs was developed as part of the 2012 budget process.

### **Proprietary Funds**

Proprietary funds operate, more or less, like a business and are assumed to be self-supporting. Proprietary funds are normally grouped into two subsets: Internal Service Funds, which sell goods and services internally to other government units; and Enterprise Funds which sell goods and services to third parties. The rates charged by these businesses are supposed to cover the full cost of providing the good or service sold by the fund, including the cost of maintaining, replacing, and expanding the fund’s capital assets. Proprietary funds use full accrual accounting.

### **Internal Service Funds**

The Internal Service Funds remain one of the largest financial challenges for the City, although significant progress has been made to improve the financial status of these funds. An overview of the Internal Service Funds follows:

<b>Internal Service Funds (In Thousands)</b>						
<b>2012 Budget to Actual through 9-30-12 (Incl. Depreciation)</b>						
<b>Fund</b>	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual to Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual to Budget</b>
<b>Engineering, Mat, and Testing</b>	1,552	1,573	101%	1,464	985	67%
<b>Fleet Services</b>	40,798	31,003	76%	42,234	29,881	71%
<b>Property Services</b>	16,122	12,200	76%	17,204	12,518	73%
<b>Public Works Stores</b>	910	1,110	122%	1,058	806	76%
<b>Intergovernmental Service Fund</b>	39,364	24,799	63%	51,492	33,028	64%
<b>Self Insurance</b>	27,281	20,679	76%	26,890	14,837	55%

**The Engineering Materials and Testing Fund** is on track to exceed its financial targets for the year. As a result of an increase in revenue due to increase project work and an earlier start date for construction, the fund is projecting that it will finish the year with a net income of \$366,000 compared to a budgeted net income of \$(106,982). The fund continues to maintain a positive and improved cash balance with \$2.4 million at quarter end doubling the year end 2011 cash balance of \$1.2 million and exceeding the targeted cash reserve of \$200,000 or 15% of the operating budget.

**The Fleet Services Fund** is projected to have a net loss of \$(206,824) at the end of 2012, a significant improvement over the budgeted net loss of \$(2.3) million. The net loss is primarily due to the final MERF debt service payment of \$2.2 million and a decrease in the amount transferred from the general fund. The loss from the debt service payment was mitigated by higher operating revenue and lower operating expense projections relative to budget, contributing to a projected strong fund performance for the year with an estimated net operating margin of \$673,900 compared to a budget of \$(1,436,153). At year end, the net asset balance is

expected to be approximately \$35.0 million which is consistent with the long-term financial plan. At \$12.1 million, the cash balance on September 30, 2012 was \$7.8 million above the target of \$4.3 million.

**The Property Services Fund** is projected to end the year with a net loss of \$(500,000) compared to a budgeted net loss of \$(900,000). The cost recovery model for the fund does not recover the depreciation costs related to capital assets. It is expected that the net asset position will continue to decrease primarily due to recognizing the depreciation of capital assets. The year-end net asset balance is expected to be \$25.6 million. This is \$23.4 million greater than the benchmark in the financial policies which establishes that the net asset value should not fall below two times the annual depreciation amount. The cash balance for the fund at September 30 was \$1.3 million which consists entirely of the cash balance in the Property Disposition Fund and a \$(134,716) operating cash balance. The minimum operating cash balance should be 15% of the fund's operation budget or \$1.9 million. The cash balance in the Property Disposition Fund is not included in determining the \$1.9 million. Though the fund continues to struggle to meet this target, the reserve policy anticipates that the target date to attain this operating cash balance continues to be year-end 2013.

**The Public Works Stores Fund** is expected to finish the year with a projected net income of \$77,195 compared to a budgeted net loss of \$(264,929) due primarily to an increase in operating revenue as a result of more inventory transactions being processed during 2012 resulting in an increase in overhead revenue. The fund will continue to maintain a positive net asset balance of \$3.1 million at year end which is well above the target. The cash balance at September 30, 2012 is \$(1.1) million which is below the target of \$200,000. The decrease in cash corresponds to increased inventory purchases through September 30.

**The Intergovernmental Service Fund** anticipates ending the year with a net income of \$200,044 compared to a budgeted net loss of \$(1.2) million. The small increase is due primarily to the transfer-in of a projected \$12.4 million from the general fund, Self-Insurance Fund, and debt service fund as part of the long range financial plan for the fund offsetting the expected \$(10.7) million operating loss. The cost allocation model for this fund does not recover depreciation related to capital assets. The fund records the acquisition value of customer funded IT project assets and it is expected that the net asset position will continue to increase. The cash balance at the end of third quarter 2012 is \$11.3 million which exceeds the benchmark reserve requirement by \$7.2 million. Included in the cash balance are prepayments of \$14.6 million for technology projects from other City departments.

**The Self-Insurance Fund** is projecting to finish 2012 with a net income of \$7.6 million compared to the budgeted net income of \$2.8 million, a projected improvement due primarily to the \$6.3 million decrease in tort settlement costs through the third quarter of the year. The fund is budgeted to transfer \$485,000 to the pension fund debt service to retire bonds related to the MERF unfunded pension liability and \$1.0 million to the Intergovernmental Services Fund as part of its long term financial plan. The cash balance at September 30, 2012 was \$53.2 million which exceeds the target reserve amount by \$2.2 million. The net asset position continues to improve primarily due to transfers from the general fund through 2014 as planned in the long-term financial plan.

**Enterprise Funds** are City owned businesses that sell goods and services to third parties. A snapshot of these funds follows:

<b>Enterprise Funds (In Thousands)</b>						
<b>2012 Budget to Actual through 9-30-12 (Incl. Depreciation)</b>						
<b>Fund</b>	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual To Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual To Budget</b>
Sanitary Sewer	53,093	44,275	83%	44,261	34,162	77%
Stormwater	38,630	29,697	77%	23,524	14,826	63%
Solid Waste	30,595	24,279	79%	34,680	21,962	63%
Water Utility	76,444	61,741	81%	51,105	37,089	73%
Parking	42,245	33,196	79%	32,985	20,825	63%

The **Sewer Utility Funds** account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds: Storm Water and Sanitary Sewer. Both funds are performing well in 2012 and are on track to meet or exceed their net income requirements. Additionally, the cash position in each fund exceeds the cash reserve requirement and will be used to pay operating expenditures, capital programs, pension fund, and debt services for the coming months and for future programs.

For the next six months, the *Storm Water Fund* estimates that cash outflow will amount to \$22.2 million which will include all operating expenditures, debt service payments, capital programs and transfers. The fund also anticipates receiving \$16.1 million in revenues from operations and bond sales enabling it to maintain a \$16.4 fund balance at year-end 2012. The *Sanitary Sewer Fund* estimates that it will incur cash outflow of \$7.8.4 million in operations, \$7.4 million for debt service, \$300,000 in MERF transfers, and an additional \$2.8 million for capital outlays. These outflows will be off-set by current fund balance and by additional cash inflows from operating revenues and capital programs currently projected to bring in an additional \$11.8 million.

The **Solid Waste Fund** accounts for the City's solid waste collection, disposal, and recycling operations. This fund estimates that for the next three months, cash outflow will be around \$11.6 million which would include all operating expenditures, equipment purchases, and other capital outlays for bins, carts and improvements. The fund also anticipates an additional \$7.7 million in revenues from its operations in the same period enabling it to maintain a fund balance of \$20.3 million for year-end 2012. The cash balance at the end of the third quarter is \$24.0 million which exceeds the target by \$16.0 million. The excess cash reserve will be used to fund capital purchases and implement new programs.

The **Water Utility Fund** accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. For the year ended 2012, operating revenues are projected to exceed the budget by approximately \$5.3 million or 7.0%. The increase in revenues is a result of increased water consumption as the area has experienced a dry early summer. Operating expenses are projected to be under budget by approximately \$400,000 or 1.0%. This activity should result in a net income of \$12.7 million compared to a budgeted net income of \$7.1 million. The cash balance at the end of the second quarter was \$17.5 million

which exceeds the \$12.8 million target. In addition to the operating cash reserve, the Water Fund is also reserving approximately \$1.3 million per year for membrane and valve replacement at the Columbia Heights water treatment facility. The balance in this operating reserve at year end 2012 is projected to be \$2.6 million.

The **Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. The Parking Fund's net gain for 2012 is projected to be about \$6.7 million or \$5.7 million better than the budgeted net income of \$1.0 million. These amounts do not include revenue and expense related to the State-owned parking facilities. Higher operating revenue from the on-street meter program along with lower operating expenses relative to budget has contributed to the fund performance. The cash balance at quarter end was \$10.4 million which is about \$1.9 million above target and is reserved for future debt service payments and the remaining cost for installing the on-street meters.

The **CPED Enterprise Fund** has five components: Housing Development, General Agency Reserve, Theatres, River Terminal, and Economic Development Program. The General Agency Reserve Fund continues to operate successfully. The River Terminal Facility is expected to operate at a loss in 2012 and be in a deficit cash position at year end along with the Theatre components of the fund, as the City no longer operates these theatres.

**Respectfully Submitted,**

Kevin D. Carpenter  
Chief Finance Officer

Connie L. Griffith  
Controller

## Appendix

### Detailed Fund Information

## General Fund

### Fund Description

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

### Financial Performance

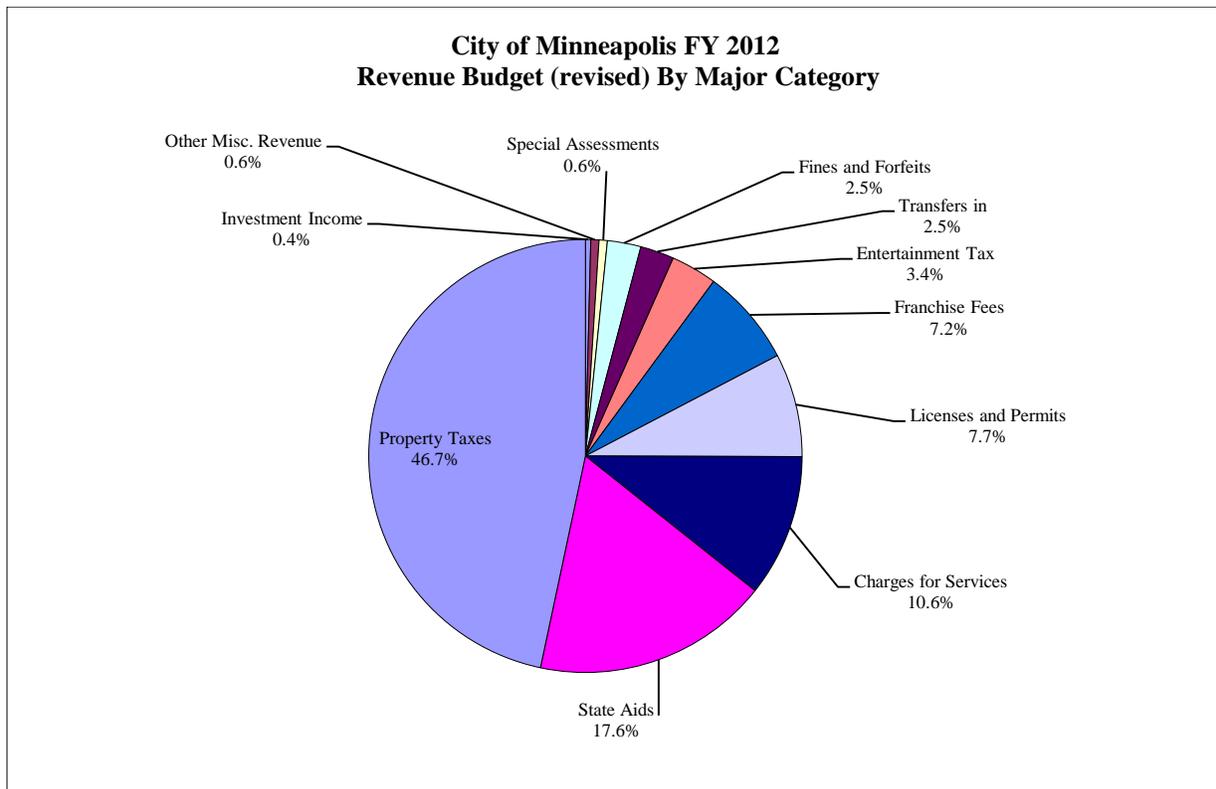
The fund balance for the General Fund at fiscal year-end 2011 was \$ 69.9 million. Based on current revenue and expenditure results, we are expecting the fund balance at year-end 2012 to be \$75.2 million. This is well within the City's stated reserve policy.

#### Preliminary 2012 Fund Balance

Fund Balance January 1, 2012	\$ 69.9 million
Excess of Revenue over Expense	<u>5.3 million</u>
Fund Balance, December 31, 2012	<u>\$ 75.2 million</u>

The excess of revenue over expense of \$million includes \$4.9 million in fund balance rollovers from 2011, appropriation savings of \$6 million, and excess revenue of \$4.2 million.

#### General Fund Revenues:



The five largest revenue sources account for 90.2% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, and licenses and permits.

Property taxes, the major source of General Fund revenue (46.8%), are received from Hennepin County in July and December, and are expected to come in close to budgeted amounts for 2012.

State aids, the second major source of fund revenue (17.7%), experienced a major decline in 2011 primarily due to cuts in Local Government Aid. This revenue is expected to remain at the same level as in 2011. Local Government Aid is received in two equal payments - one in July, and one at the end of December.

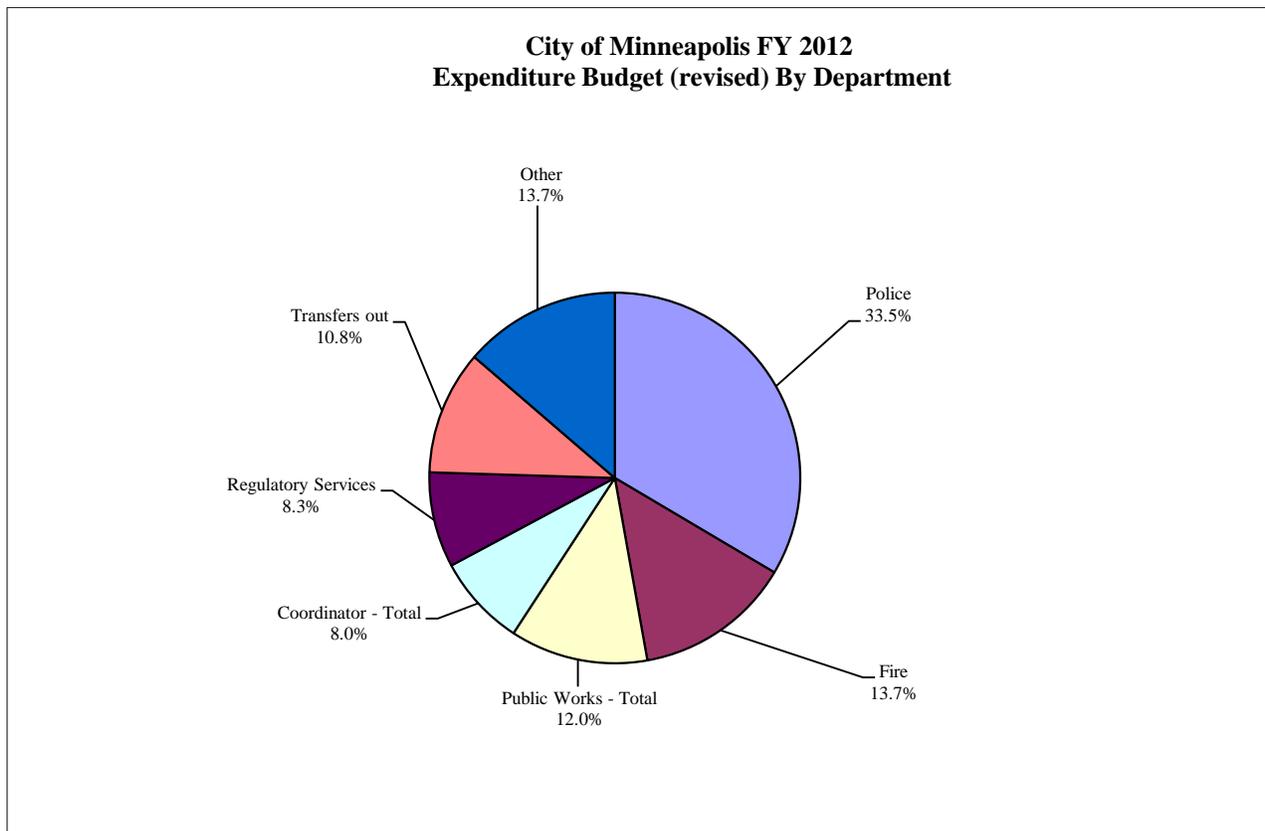
Charges for services, the third major source of fund revenue (10.7%), are expected to come in \$1,000,000 over revenue estimates. This is primarily due to increased activity in the Public Works department.

License and permit fees, the fourth largest source of revenue to the City (7.8%), are projected to exceed revenue estimates by \$3.5 million, due to continued increased building permit activity.

Franchise Fees (7.3%), the fifth major revenue source, are expected to come in \$1,300,000 under estimates. Although fees from electricity are expected to exceed estimates by \$800,000, franchise fees from gas are expected to come in \$2,000,000 below estimates. This is primarily due to the warmer than normal temperatures at the beginning of 2012. This estimate could change if November and December are colder than usual.

In the past, entertainment tax was transferred from the Convention Center Special Revenue fund to the General Fund. In 2012 and going forward entertainment tax will be reported in the General Fund.

**General Fund Expenditures:**



Five departments make up 78.74% of the total General Fund expenditures: Police, Fire, Public Works, the Coordinator, and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

The Police Department is projected to be \$300,000 under budget by year-end, due to attrition.

The Fire Department currently anticipates coming in about \$120,000 over budget by year-end. All of the overage can be attributed to overtime. The department is experiencing a high level of work related injuries, which has resulted in increased overtime costs to adequately staff fire stations.

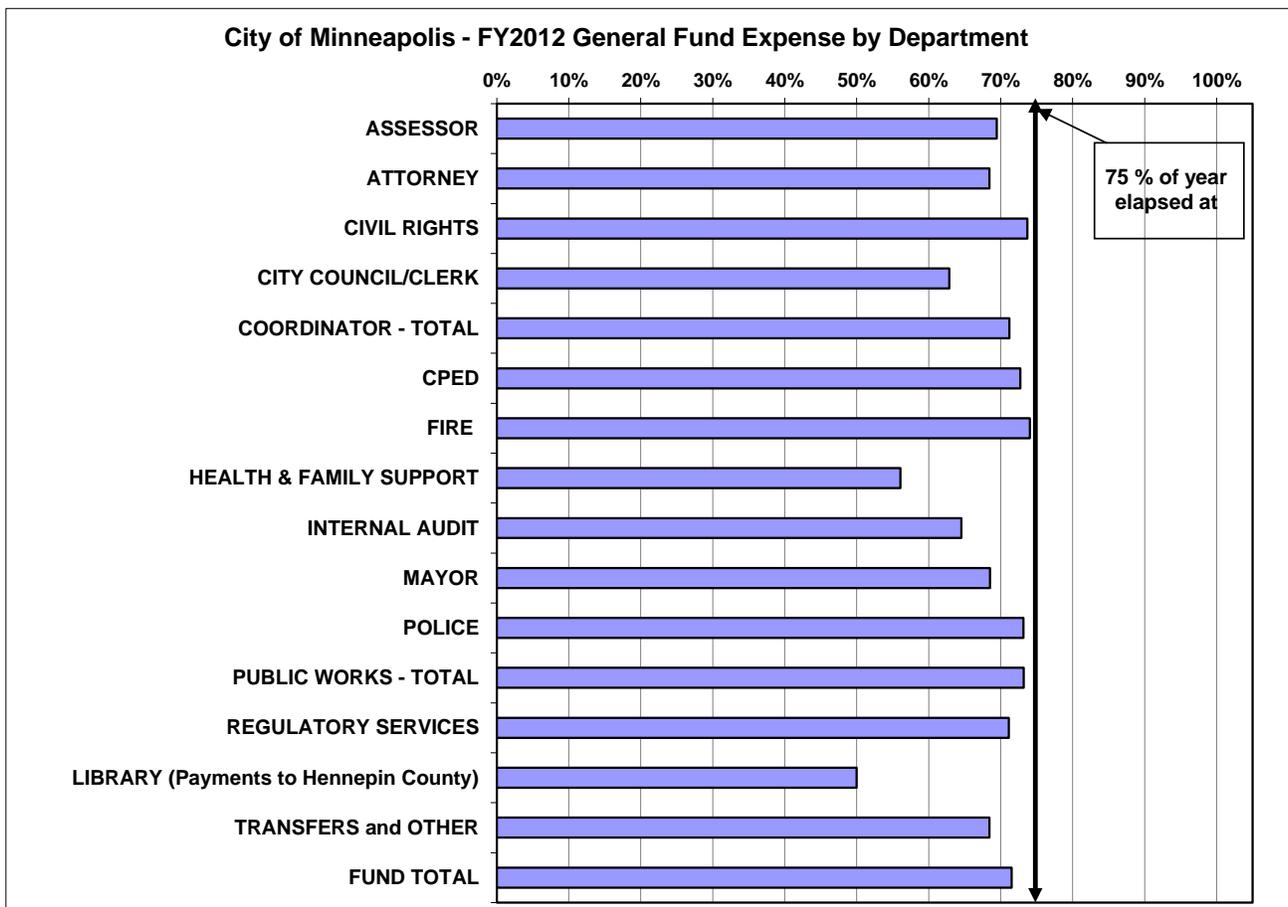
The City Coordinator is projected to be \$780,000 under budget by year end, due to savings in the Finance Department, Human resources and Emergency Management.

The Public Works Department is anticipating being \$686,350 over budget. Due to the early spring, Public Works was able to complete more work, especially utility cuts, than planned. This additional work resulted in increased revenue, which will more than offset the \$686,350.

Regulatory Services is anticipating ending the year \$1,000,000 under budget.

Several other departments are anticipating budget savings. The City Clerk is anticipating budget savings of \$350,000 due to unfilled positions and savings in the Elections department. The Assessor projects that he will be under budget by \$200,000 due to two unfilled positions. The City Attorney expects to have savings of \$150,000 in their Domestic Violence area, due to a grant that became available in the first quarter of 2012.

Expenditures for all of the remaining departments are projected to be at or near the current budget.



City of Minneapolis  
General Fund  
September 30, 2012

	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Projected YE Totals	Variance from Revised Budget	Projected YE as Percent of Revised Budget
<b>Revenues:</b>							
Property Taxes	177,107,815	177,107,815	91,860,322	48%	177,200,000	92,185	100.1%
Entertainment Tax	-	13,036,212	7,838,848	40%	14,000,000	963,788	107.4%
State Aids	66,981,812	66,981,812	32,974,333	51%	67,000,000	18,188	100.0%
Charges for Services	40,361,011	40,361,011	30,789,745	24%	41,500,000	1,138,989	102.8%
Franchise Fees	27,500,000	27,500,000	18,195,017	34%	26,200,000	(1,300,000)	95.3%
Licenses and Permits	29,320,911	29,320,911	26,674,250	9%	33,200,000	3,879,089	113.2%
Fines and Forfeits	9,495,414	9,495,414	5,443,616	43%	9,400,000	(95,414)	99.0%
Special Assessments	2,342,804	2,342,804	1,666,117	29%	3,000,000	657,196	128.1%
Investment Income	1,500,000	1,500,000	1,368,188	9%	1,700,000	200,000	113.3%
Other Shared Taxes	531,405	531,405	284,407	46%	400,000	(131,405)	75.3%
Other Miscellaneous	981,925	981,925	368,649	62%	500,000	(481,925)	50.9%
Contributions	800,000	800,000	580,289	27%	775,000	(25,000)	96.9%
<b>Total Revenues</b>	<b>356,923,097</b>	<b>369,959,309</b>	<b>218,043,780</b>	<b>41%</b>	<b>374,875,000</b>	<b>4,915,691</b>	<b>101.3%</b>
Transfers In	22,594,212	9,558,000	6,706,000	30%	8,858,000	(700,000)	100.0%
<b>Revenues and Other Sources</b>	<b>379,517,309</b>	<b>379,517,309</b>	<b>224,749,780</b>	<b>41%</b>	<b>383,733,000</b>	<b>4,215,691</b>	<b>100.5%</b>
<b>Expenditures :</b>							
Police	128,014,896	128,899,188	94,295,033	27%	128,596,000	303,188	99.8%
Fire	52,272,248	52,591,251	38,947,077	26%	52,711,000	(119,749)	100.2%
PW-Transportation Planning and Design	2,748,882	2,873,882	1,812,414	37%	2,684,800	189,082	93.4%
PW-Transportation Maintenance and Repair	27,136,162	27,136,162	21,158,143	22%	29,370,000	(2,233,838)	108.2%
PW-Administration	2,781,814	2,781,814	1,950,755	30%	2,670,500	111,314	96.0%
PW-Traffic and Parking Services	13,416,892	13,416,892	8,803,244	34%	12,169,800	1,247,092	90.7%
<b>Public Works - Total</b>	<b>46,083,750</b>	<b>46,208,750</b>	<b>33,724,556</b>	<b>27%</b>	<b>46,895,100</b>	<b>(686,350)</b>	<b>101.5%</b>
Human Resources	5,509,775	5,536,457	3,822,038	31%	5,377,000	159,457	97.1%
Finance & Property Services	19,633,000	19,848,000	14,089,846	29%	19,598,000	250,000	98.7%
911	7,296,626	7,296,626	5,408,503	26%	7,295,000	1,626	100.0%
311	2,961,546	3,112,546	2,335,207	25%	3,112,000	546	100.0%
City Coordinator	1,518,771	1,659,771	1,146,219	31%	1,655,000	4,771	99.7%
Intergovernmental Relations	1,404,714	1,404,714	894,853	36%	1,355,000	49,714	96.5%
Communications	2,160,559	2,160,559	1,743,148	19%	2,155,600	4,959	99.8%
Emergency Management	711,258	1,064,000	476,076	55%	689,000	375,000	64.8%
Neighborhood & Community Relations	901,508	901,508	736,826	18%	961,500	(59,992)	106.7%
Information Technology	50,000	50,000	-	100%	50,000	-	100.0%
<b>Coordinator - Total</b>	<b>42,147,757</b>	<b>43,034,181</b>	<b>30,652,715</b>	<b>29%</b>	<b>42,248,100</b>	<b>786,081</b>	<b>98.2%</b>
Regulatory Services	30,257,564	31,977,943	22,750,370	29%	30,990,000	987,943	96.9%
City Council & City Clerk	8,027,771	8,592,256	5,401,875	37%	8,232,000	360,256	95.8%
Attorney	7,758,185	8,298,756	5,680,199	32%	8,150,000	148,756	98.2%
Culture and Recreation -Library	4,982,000	4,982,000	2,490,970	50%	4,982,000	-	100.0%
Assessor	4,195,609	4,195,609	2,914,149	31%	3,996,000	199,609	95.2%
Contingency	4,000,195	4,000,195	7,988	100%	11,500	3,988,695	0.3%
CPED	3,557,535	3,557,535	2,586,873	27%	3,557,000	535	100.0%
Health & Family Support	2,432,919	2,432,919	1,363,891	44%	2,432,000	919	100.0%
Civil Rights	2,153,001	2,153,001	1,586,611	26%	2,123,000	30,001	98.6%
Mayor	1,548,188	1,560,188	1,060,537	32%	1,431,000	129,188	91.7%
Internal Audit	437,560	456,835	294,911	35%	456,800	35	100.0%
<b>Total Expenditures</b>	<b>337,869,178</b>	<b>342,940,607</b>	<b>243,757,755</b>	<b>29%</b>	<b>336,811,500</b>	<b>6,129,107</b>	<b>98.2%</b>
Transfers Out	41,648,164	41,678,164	31,258,623	25%	41,678,164	-	100.0%
<b>Expenditures and Other Uses</b>	<b>379,517,342</b>	<b>384,618,771</b>	<b>275,016,378</b>	<b>28%</b>	<b>378,489,664</b>	<b>6,129,107</b>	<b>98.4%</b>
<b>Change in Fund Balance</b>					<b>5,243,336</b>		
<b>Fund Balance - January 1, 2012</b>					69,926,997		
<b>Fund Balance - December 31, 2012</b>					<b>75,170,333</b>		

## Convention Center Special Revenue Fund Report

The Convention Center Fund accounts for the operating activities of the Convention Center and for the City's sales and other related taxes.

### Revenue

#### **Tax Revenue**

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 2.625% citywide lodging tax for motels and hotels with 50 units or more. With the new state tax of .375% effective July 1, 2009, the lodging tax was reduced from 3% to 2.625%. The law provides that when the general sales tax rate is combined with any other taxes on lodging within the City of Minneapolis, the total tax amount may not exceed 13%. Presently, up to 1% of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis.

With the exception of entertainment tax, all of the other tax revenues received by the Convention Center are used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund used to offset additional costs associated with citywide entertainment activities. A portion of the tax is redirected to the Arena Reserve Fund (Target Center) to fully credit the fund for entertainment tax proceeds generated from Target Center activities as required by the Arena Reserve Fund (Target Center) finance plan. The entertainment tax is deposited directly into the Convention Center and less the Target Center portion is entirely transferred to the General Fund. In addition to a portion of the entertainment tax, the General Fund receives \$250,000 of the sales tax for mounted patrol related to convention public safety activities.

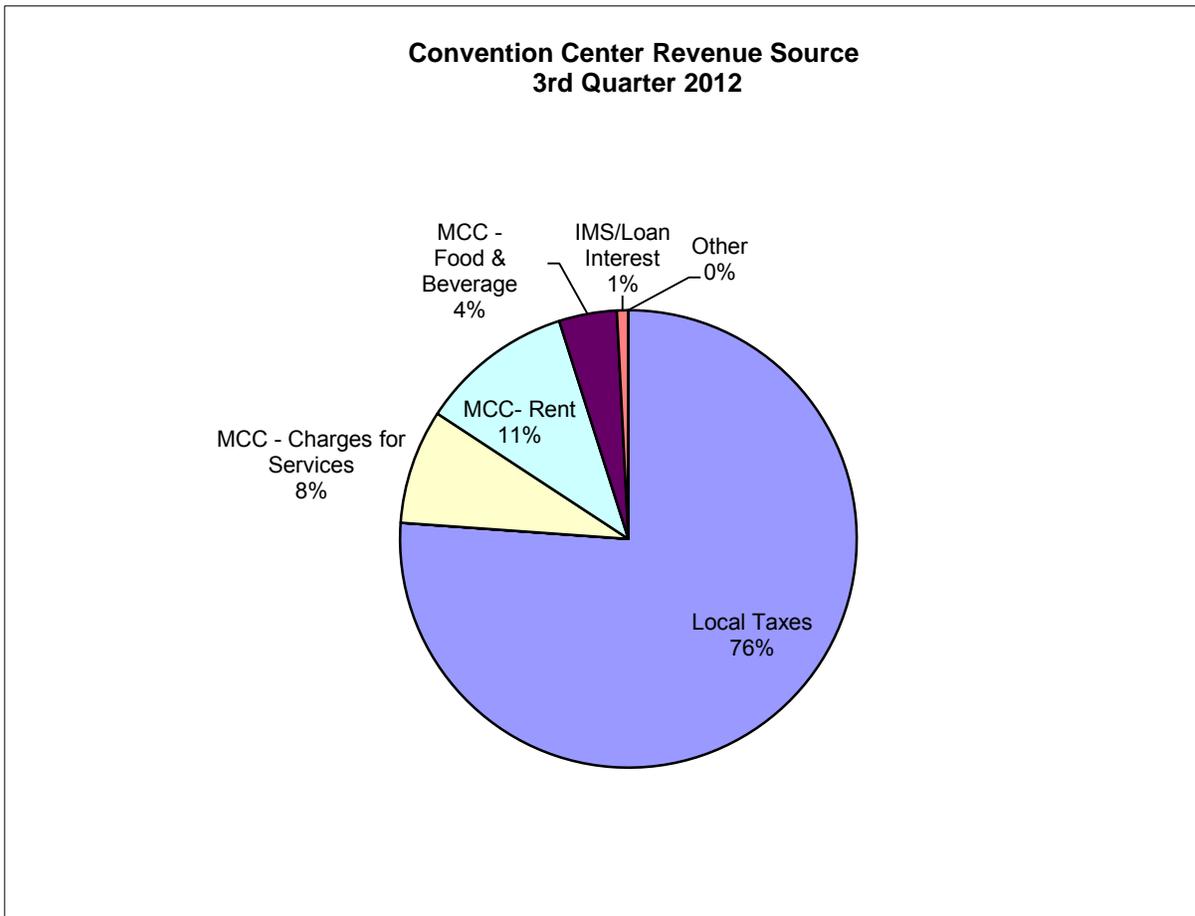
Through the 3rd quarter ending September 30, 2012, tax proceeds were above 2011 levels by 10% for the same period. There was a 2012 change in accounting method for the entertainment tax revenue, and the entertainment tax revenue is now being receipted directly to the General Fund and Target Center. All the local tax categories are ahead of 2011, as people increase spending and take advantage of downtown lodging, dining, and drinking opportunities. Tax revenues are receipted into the month they are received from the State of Minnesota and are driven by consumer spending habits and as a result, are highly variable from month to month. The tax revenues reported on the statement include a monthly accrual entry.

<b>Tax</b>	<b>September 2011</b>	<b>September 2012</b>	<b>Variance</b>	<b>% Change</b>
Sales	\$22,916,769	\$22,951,947	\$35,178	.2%
Food	6,693,233	8,287,664	1,594,431	23.8%
Liquor	2,839,591	3,951,366	1,111,775	39.2%
Lodging	3,556,691	4,439,291	882,600	24.8%
<b>Total</b>	<b>\$36,006,284</b>	<b>\$39,630,268</b>	<b>\$3,623,984</b>	<b>10.1%</b>

#### **Operating Revenue**

Through the 3rd quarter of 2012, operating revenue finished at \$12 million or 85% of budget. Rents and Commissions had the strongest finish at \$5.7 million or 87% of budget followed by Charges for Services and Sales at \$4.2 million or 82% of budget, and Catering Commissions at \$2.1 million or 85% of budget. The Convention Center continues to heavily discount rents to be competitive. Operational changes made in the beginning of 2011 are beginning to see results, particularly in charges for services and sales. The Convention Center anticipates a busy third quarter and moderately busy fourth quarter until Thanksgiving. Consistent with previous years, the building has very few events after Thanksgiving. National and International events this summer and fall brought in approximately 70,000 attendees and over 115,000 room nights to Minneapolis. As anticipated, these numbers are down from 2011. Space is being filled with regional, state and local events. During the slow period in December, the Convention Center will be working on several much needed capital improvement projects, such as remodeling the restrooms, repairing our terrazzo floors, replacing 20-year old escalators, and replacing the lights in Exhibit Hall A. Investments such as these allow the Convention Center to

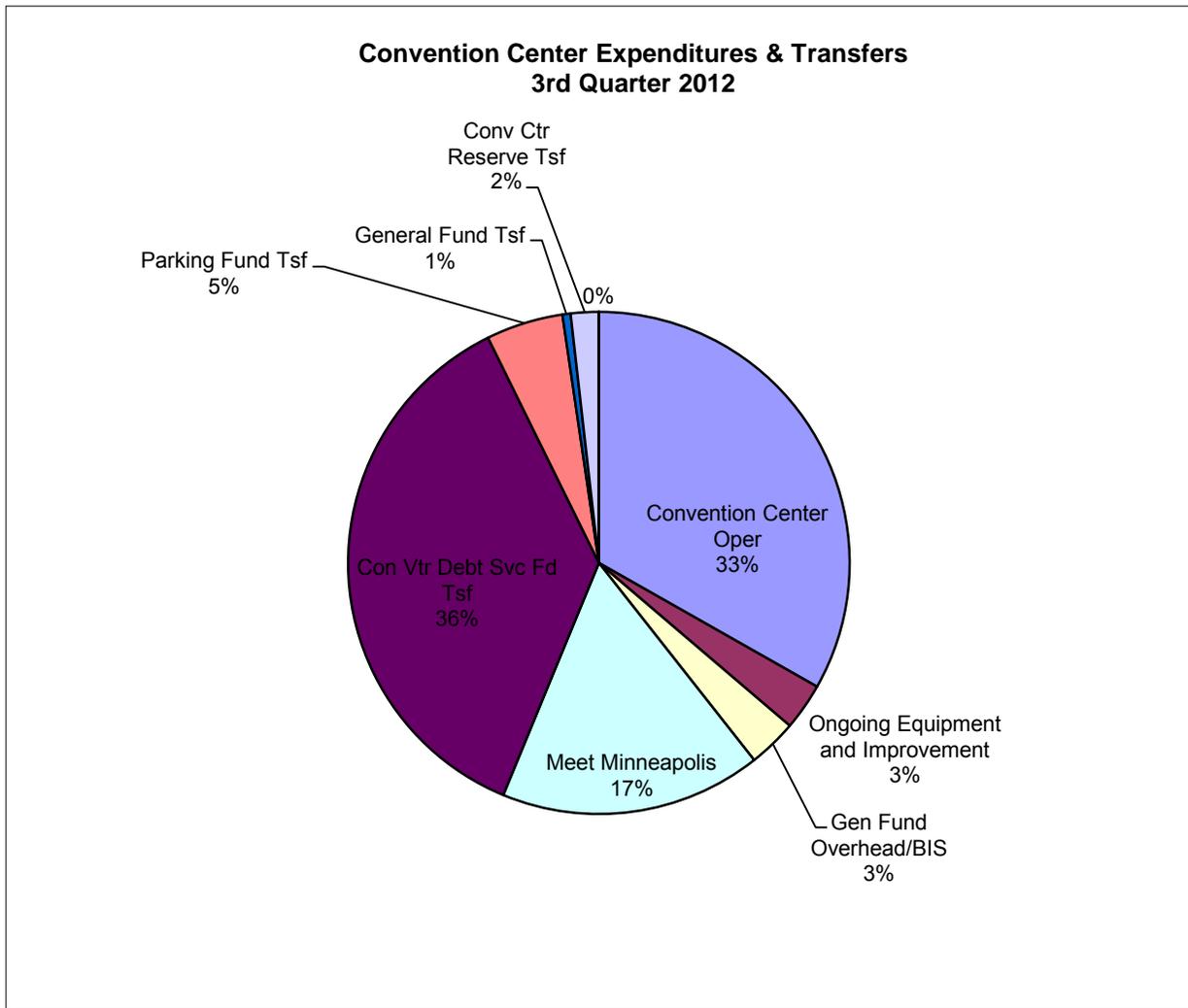
continue to sell the facility and charge rents consistent with its competition. The Convention Center’s expectation is that its budgeted revenue will be achieved in 2012.



**Operating Expenditures**

Through the 3rd quarter of 2012, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead finished at \$15.9 million or 66% of budget. Initial projections indicate the Convention Center will come in below budget by approximately 4% considering the mix and volume of event activity, and as a direct result of the staff model changes made beginning in 2012. The Convention Center continues to work on its ‘no waste’ initiative which includes a large waste program, as well as further enhancements to the energy efficiency practices that were put in place in 2009. In December, new lights will be installed in Exhibit Hall A with federal stimulus funding, estimated to reduce energy costs as much as \$78,000 per year.

The Convention Center anticipates going over budget in ongoing equipment and improvements, and the Convention Center’s smaller event load in the fourth quarter will allow the Convention Center to complete large projects such as repairing the terrazzo floor, replacing escalators, remodeling restrooms as well as the lighting project noted above. The Convention Center anticipates going over budget in ongoing equipment and improvements as the result of an LED lighting project scheduled for completion in 2012. The Convention Center will be the recipient of a rebate of approximately \$222,000 from Xcel Energy after completion of the project. The Convention Center’s smaller event load in the fourth quarter will allow the Convention Center to complete large projects such as repairing the terrazzo floor, replacing escalators, remodeling restrooms as well as the lighting project noted above. In addition, a Convention Center dome replacement is underway where three of the four existing domes are being replaced. The project is anticipated to be completed in 2012.



**Transfers**

The Convention Center Fund annually transfers a portion of its tax revenue to several other funds, in addition to receiving transfers from other funds. In 2012, transfers are budgeted to the General Fund - \$250,000 for Police Mounted Patrol. Transfers are also budgeted from the Convention Center Facility Reserve Fund - \$1.5 million; a transfer to the Facility Reserve Fund - \$1.2 million; a transfer to debt service - \$20.1 million; a transfer to other debt service for MERF - \$400,000; and a transfer to the Municipal Parking Enterprise Fund for \$5.6 million. In addition, the Convention Center is receiving a \$1.5 million transfer from IT for a capital advance. The IT transfer is being accounted for on the balance sheet.

**Meet Minneapolis**

In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project in 2005. In August 2005, the loans were rolled together, and a promissory note was issued for \$5 million. The City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of \$10 million. The loan draws were capped in May 2007. The consolidated loan has a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, as well as profit from the iDSS. The total of the loan was nearly \$9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments began on 12/31/08. Interest and principal payments coincide with Meet Minneapolis’s quarterly sales and marketing payments from the City. Meet Minneapolis’s quarterly sales and marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The principle is

accounted for on the balance sheet as a loan receivable while the interest received is classified as revenue in the period in which it is due.

**Fund Balance**

The 2012 ending fund balance is projected to be \$47 million, which is approximately \$5 million over budget and an increase of over \$3 million over last year. The increase over budget can be largely attributed to expected increases in tax revenue and copper scrap sales from the dome replacement project coupled with a projected reduction in expenditures.

CONVENTION CENTER SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the fiscal quarter ending September 30, 2012

CITY OF MINNEAPOLIS, MINNESOTA

	2012				2011 Actual
	Budget	Actual	Percent of Total	Year End Projection	
<b>REVENUE</b>					
Operating Revenue:					
Charges for Services and Sales	5,140,000	4,217,714	82%	5,328,000	5,347,329
Rents and Commissions	6,492,000	5,658,120	87%	6,500,000	6,580,122
Catering Commissions	2,509,000	2,130,733	85%	2,546,012	2,743,890
Total Operating Revenue	14,141,000	12,006,567	85%	14,374,012	14,671,341
Tax Revenue:					
Sales and Use Tax	28,841,777	22,951,947	80%	31,000,000	29,921,574
Entertainment Tax	-	-	-	-	14,076,979
Food Tax	11,097,303	8,287,664	75%	11,500,000	11,032,324
Liquor Tax	4,864,956	3,951,366	81%	5,300,000	4,598,619
Lodging Tax	6,125,144	4,439,291	72%	6,500,000	6,300,429
Total Tax Revenue	50,929,180	39,630,268	78%	54,300,000	65,929,925
Other Non Operating Revenue:					
Investment Management Services Interest	145,000	169,614	117%	240,000	161,524
Contributions Private Donations	-	-	-	-	250,000
Meet Minneapolis (iDSS) Loan Interest	314,359	238,606	76%	314,359	359,760
Bonds Issued - Domes	5,000,000	-	-	4,200,000	-
Copper Scrap Sales - Domes	-	452,599	-	452,599	-
Other	-	12,630	-	14,000	14,428
Total Other Non Operating Revenue	5,459,359	873,449	16%	5,220,958	785,712
Total Non Operating Revenue	56,388,539	40,503,717	72%	59,520,958	66,715,637
<b>Total Revenue</b>	<b>70,529,539</b>	<b>52,510,285</b>	<b>74%</b>	<b>73,894,970</b>	<b>81,386,978</b>
<b>EXPENDITURES</b>					
Convention Center Operations	23,965,131	15,881,759	66%	23,006,526	22,348,725
Ongoing Equipment and Improvement	7,076,000	1,447,587	20%	7,300,000	1,611,811
General Fund Overhead/IT Operating	2,002,888	1,502,166	75%	2,002,888	2,044,003
Meet Minneapolis	8,388,126	8,062,375	96%	8,062,375	7,524,641
Capital Improvements - Domes	5,000,000	1,431,357	29%	4,200,000	-
<b>Total Expenditures</b>	<b>46,432,145</b>	<b>28,325,244</b>	<b>61%</b>	<b>44,571,789</b>	<b>33,529,180</b>
Excess of Revenues Over (Under) Expenditures	24,097,394	24,185,041	100%	29,323,181	47,857,798
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Transfer - Mounted Patrol	(250,000)	(250,000)	100%	(250,000)	(14,246,979)
Arena Reserve Fund Transfer	-	-	-	-	(80,000)
Facility Reserve Fund Transfer to Convention Ctr	1,500,000	1,125,000	75%	1,500,000	1,500,000
Convention Center Facility Reserve Fund Transfer	(1,150,000)	(862,500)	75%	(1,150,000)	(1,150,000)
Convention Ctr Debt Service Transfer	(20,075,275)	(17,450,927)	87%	(20,075,275)	(22,214,235)
Other Debt Service Transfer	(400,000)	(300,000)	75%	(400,000)	(153,000)
Municipal Parking Enterprise Fund Transfer	(5,580,100)	(2,373,800)	43%	(5,580,100)	(7,589,231)
<b>Total Other Financing Sources (Uses)</b>	<b>(25,955,375)</b>	<b>(20,112,227)</b>	<b>77%</b>	<b>(25,955,375)</b>	<b>(43,933,445)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,857,981)	4,072,814		3,367,806	3,924,353
Fund Balance - January 1	43,933,262	43,933,262		43,933,262	40,008,910
<b>Ending Fund Balance</b>	<b>42,075,281</b>	<b>48,006,076</b>		<b>47,301,068</b>	<b>43,933,262</b>
<b>Ending Cash Balance</b>		<b>34,868,003</b>		<b>28,730,672</b>	<b>25,362,866</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending September 30, 2012**

The City receives a number of state and federal grants that are recorded in the Federal (01300), Community Development Block Grant (CDBG) (01400), HOME (01500) and Grants Other (01600) funds. These grants have varying grant periods and are used for a range of purposes.

Since the City records its financial information on a modified accrual basis the timing of cash receipts can result in grant funds reflecting a deficit cash balance. For annual reporting purposes, cash deficits are eliminated through inter fund borrowing.

**Federal Grants Fund (01300)**

The City accounts for its federal grant activity in fund 01300. As of September 30, expenditures were \$24,361,761 as compared to the 2011 expenditures of \$23,470,664. The 2012 expenditures are higher compared to the current year due to the Recovery grants that were awarded in 2009 and 2010 that are now expiring. There were also new grants for Energy Conservation and the Neighborhood Stabilization Program (NSP) in 2011 that have continued with increased spending in 2012.

***American Recovery and Reinvestment Act (ARRA)***

On February 17, 2009, the President signed the American Recovery and Reinvestment Act into law. In 2009 and 2010 the City applied for \$144.4 million. The City received recovery funding from the Departments of Labor, Health and Human Services, Housing and Urban Development, Energy, Justice, and Transportation as well as the State of Minnesota totaling approximately \$64.9 million to be used for employment and training, prenatal services, community development, homelessness prevention and housing, public safety, energy, and environmental projects. The majority of the activity is recorded in fund 01300, however some activity related to the HUD Consolidated Plan is recorded in fund 01400. Many of these grants are expiring in 2012.

**HUD Consolidated Plan Funds (01400 & 01500)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Solutions Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. HUD grant expenditures as of September 30 were \$15,326,225 as compared to \$14,498,208 for 2011. In 2009 there were three amendments to the existing 2008 HUD Consolidated Plan awarding an additional \$14.7 million in Neighborhood Stabilization Program (NSP) and ARRA funds resulting in higher spending levels in 2010. The CDBG award beginning June 1, 2011 was \$2.4 million less than the anticipated amount of \$14.4 million. In March 2011, the 2011 Consolidated Plan was amended to add \$2.67 million of NSP3 funds to be expended between March 16, 2011 and March 15, 2014. The additional NSP funding has resulted in slightly higher current year expenditures as compared to the second quarter of 2011.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. Since 2008, in accordance with the reprogramming policy, an additional \$1,810,369 has been reprogrammed resulting in a current deficit balance of \$4,357,188.

### **Grants Other Fund (01600)**

The fund is used to account for non-federal grants and other restricted revenue sources. The year to date expenditures as of September 30, 2012 and 2011 is \$14,730,860 and \$21,905,604, respectively. The year to date revenue in the fund as of September 30, 2012 and 2011 is \$19,584,101 and \$22,102,407, respectively. The decrease in expenditures is primarily due to a decrease in grants for community planning and economic development activities and the transition of the Regulatory Services Revolving Fund to its own special revenue fund beginning in 2012.

### ***Regulatory Services Revolving Fund***

In 2008, Regulatory Services established a revolving fund and began accounting for the activities in fund 01600. As of January 1, 2012 this activity is being transitioned to its own special revenue fund. During 2012 there will continue to be limited activity in fund 01600 until the transition to the new fund is complete.

### **Capital Grants**

In addition to the grants that are recorded in the funds reflected above, the City's Department of Public Works receives various grants through the Minnesota Department of Transportation, Metropolitan Council, and Housing and Urban Development. These grants are generally recorded in the Capital Projects fund, 04100.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending September 30, 2012**

	<b>Federal Grants 01300</b>	<b>HUD Grants 01400&amp;01500</b>	<b>Grants Other 01600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ (6,082,027)	\$ (777,978)	\$ 11,648,850	\$ 4,788,845
Accounts - net	323,261	20,388		343,649
Special Assessments Receivable				-
Intergovernmental Receivables	443		5,448	5,891
Loans receivable-net				-
Due from Other Funds				-
Deposits with Fiscal Agents			135,784	135,784
Properties held for resale	1,466,432	6,613,341	2,196,750	10,276,523
<b>Total Assets</b>	<b>\$ (4,291,891)</b>	<b>\$ 5,855,751</b>	<b>\$ 13,986,832</b>	<b>\$ 15,550,692</b>
<b>Liabilities</b>				
Salaries payable	\$ 11,143	\$ 120,062	\$ 112,110	\$ 243,315
Accounts payable	343,938	97,554	119,470	560,962
Inter Governmental Payables	9,850		34,209	44,059
Due to Other Funds				-
Use Taxes Payable		921		921
Unclaimed Property	(313)		313	-
Deposits held for others				-
Deferred revenue & Contracts	5,828		225,234	231,062
Deferred Special Assessments				-
<b>Total Liabilities</b>	<b>\$ 370,446</b>	<b>\$ 218,537</b>	<b>\$ 491,336</b>	<b>\$ 1,080,319</b>
<b>Fund Balance</b>	<b>\$ (4,762,337)</b>	<b>\$ 5,637,214</b>	<b>\$ 13,495,496</b>	<b>\$ 14,370,373</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ (4,391,891)</b>	<b>\$ 5,855,751</b>	<b>\$ 13,986,832</b>	<b>\$ 15,450,692</b>
<b>Revenue</b>				
Taxes-Charitable Gambling	\$ -	\$ -	\$ 71,632	\$ 71,632
Grants and Shared Revenues	\$ 17,405,264	13,155,691	17,200,265	47,761,220
Loan Origination Fees				-
Special Assessments		28,845	566,248	595,093
Private Contributions			806,869	806,869
Charges for Services		175	612,084	612,259
Licenses & Permits			191,911	191,911
Fines and forfeits			169,206	169,206
Interest	10,000	31,125		41,125
Rent & Commissions		1,684		1,684
Sale of Lands & Buildings	258,703	684,036		942,739
Loan Recapture	455,783	448,531		904,314
Sale of Equipment				-
Miscellaneous Revenue	3,242	11	17,771	21,024
Transfer within Special Revenue Fund			(51,885)	(51,885)
<b>Total Revenue</b>	<b>\$ 18,132,992</b>	<b>\$ 14,350,098</b>	<b>\$ 19,584,101</b>	<b>\$ 52,067,191</b>
<b>Expenditures</b>	<b>\$ 24,361,761</b>	<b>\$ 15,326,225</b>	<b>\$ 14,730,860</b>	<b>\$ 54,418,846</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (6,228,769)</b>	<b>\$ (976,127)</b>	<b>\$ 4,853,241</b>	<b>\$ (2,351,655)</b>

**CDBG Program Year 34  
Beginning June 1, 2008  
September 30, 2012**

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2012		Remaining Grant Budget
									Current Year Expenditures	Grant to Date Expenditures	
<b>Capital Grants:</b>											
General Housing Rehabilitation-MPHA	\$ 218,000		\$ 218,000	\$ -	\$ -	\$ -		\$ 218,000	\$ -	\$ 345,497	\$ (127,497)
Problem Properties Attorneys	38,300		38,300	-	-	-		38,300	-	38,300	-
Problem Properties Police	52,700		52,700	-	-	-		52,700	-	52,700	-
Lead Reduction	125,000		125,000	-	-	-		125,000	-	125,000	-
Problem Properties Board Bldg	348,000		348,000	-	-	-		348,000	-	348,000	-
Childcare Facilities Loan/Grant	224,000		224,000	-	-	-		224,000	-	-	224,000
Adult Training, Placement and Retention	1,380,000		1,380,000	-	-	-		1,380,000	-	1,381,068	(1,068)
High density corridor housing	729,000		729,000	-	-	-		729,000	-	729,000	-
NonProfit MF Rental Development Assistance	165,000		165,000	-	-	-		165,000	130,000	130,000	35,000
NEDF/CEDF	518,000		518,000	1,150,000	1	-	1	1,668,000	11,684	461,557	1,206,443
Homeownership Program (GMMHC)	319,000		319,000	-	-	-		319,000	-	319,000	-
Industry Cluster Program (Living Wage Jobs)	65,100		65,100	-	-	-		65,100	-	65,100	-
Multi-Family/Affordable Housing	4,270,000		4,270,000	-	-	-		4,270,000	-	4,270,000	-
Vacant & Boarded Housing	569,000		569,000	-	-	-		569,000	-	569,000	-
Subtotal Capital Grants	\$ 9,021,100	\$ -	\$ 9,021,100	\$ 1,150,000	\$ -	\$ -	\$ -	\$ 10,171,100	\$ 141,684	\$ 8,834,222	\$ 1,336,878
<b>Public Service Grants:</b>											
Multi Cultural & Native American Indian	\$ 119,000		\$ 119,000	\$ -	\$ -	\$ -		\$ 119,000	\$ -	\$ 119,000	\$ -
Graffiti Removal on Public Property	86,200		86,200	-	-	-		86,200	-	86,200	-
Advocacy (Housing)	82,300		82,300	-	-	-		82,300	-	82,300	-
Asian Media Access	26,800		26,800	-	-	-		26,800	-	26,800	-
Living at Home Block Nurse Program	64,100		64,100	-	-	-		64,100	-	64,100	-
Child Dental Services	10,500		10,500	-	-	-		10,500	-	10,500	-
Curfew/Truancy Center	98,000		98,000	-	-	-		98,000	-	98,000	-
Domestic Abuse Project	34,500		34,500	-	-	(34,500)		-	-	-	-
Resource Inc, Employment Action Center	44,000		44,000	-	-	-	(6,000)	38,000	-	38,000	-
Fremont Community Health Services	44,000		44,000	-	-	-		44,000	-	44,000	-
Greater Minneapolis Council of Churches	44,000		44,000	-	-	-		44,000	-	44,000	-
Lao Assistance Center of MN	48,800		48,800	-	-	-		48,800	-	48,800	-
MITZGI Communications	42,100		42,100	-	-	-		42,100	-	42,100	-
MPS Teenage Parenting & Pregnancy Program	65,100		65,100	-	-	-		65,100	-	65,100	-
Minneapolis Urban League	64,100		64,100	-	-	-		64,100	-	63,918	182
St Marys Health Clinics	18,200		18,200	-	-	-		18,200	-	18,200	-
St Stephens Human Services	44,000		44,000	-	-	-		44,000	-	44,000	-
Southside Family Nurturing Center	44,000		44,000	-	-	-	(20,727)	23,273	-	23,273	-
348TOTS	-		-	-	-	34,500		34,500	-	34,500	-
Way to Grow	261,000		261,000	-	-	-	(1)	260,999	-	260,999	-
Youth are Here Busses	71,800		71,800	-	-	-	(71,800)	-	-	-	-
Mortgage Foreclosure Prevention Program	196,000		196,000	-	-	-		196,000	-	196,000	-
Youth Employment & Training	457,000		457,000	-	-	-		457,000	-	457,000	-
Subtotal Public Service Grants	\$ 1,965,500	\$ -	\$ 1,965,500	\$ -	\$ -	\$ -	\$ (98,528)	\$ 1,866,972	\$ -	\$ 1,866,790	\$ 182
<b>Administrative Grants:</b>											
MPH Citizen Participation	\$ 68,000		\$ 68,000	\$ -	\$ -	\$ -		\$ 68,000	\$ -	\$ 68,000	\$ -
YCB Administration	65,000		65,000	-	-	-	(197)	64,803	-	64,803	-
Civil Rights Dept Fair Housing	196,000		196,000	-	-	-		196,000	-	196,000	-
Grants & Special Projects	235,000		235,000	-	-	-		235,000	-	235,000	-
Homeless Initiative	-		-	-	-	-		-	-	-	-
Housing Discrimination Law Project-Legal Aid	54,600		54,600	-	-	-		54,600	-	54,600	-
Finance Administration	196,000		196,000	-	-	-		196,000	-	196,000	-
Grant Administration	67,972		67,972	-	-	-		67,972	-	67,972	-
Legal Aid Society	33,500		33,500	-	-	-		33,500	-	33,500	-
Neighborhood Services	71,800		71,800	-	-	-		71,800	-	71,800	-
Way to Grow Administration	25,800		25,800	-	-	-		25,800	-	25,800	-
YCB Youth Violence Prevention	120,000		120,000	-	-	-		120,000	-	120,000	-
Citizen Participation	233,000		233,000	-	-	-		233,000	-	233,000	-
Program Admin	62,000		62,000	-	-	-		62,000	-	62,000	-
Planning - Administration	878,000		878,000	-	-	-		878,000	-	878,000	-
Subtotal Administrative Grants	\$ 2,306,672	\$ -	\$ 2,306,672	\$ -	\$ -	\$ -	\$ (197)	\$ 2,306,475	\$ -	\$ 2,306,475	\$ -
<b>Block E Deficit Reduction:</b>											
Resource Inc, Employment Action Center			\$ -				\$ 6,000	\$ 6,000		\$ -	\$ 6,000
Southside Family Nurturing Center			-				20,727	20,727		-	20,727
Way to Grow			-				1	1		-	1
YCB Administration			-				197	197		-	197
Youth are Here Busses			-				71,800	71,800		-	71,800
Subtotal Reprogrammed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,725	\$ 98,725	\$ -	\$ -	\$ 98,725
<b>GRAND TOTAL</b>	<b>\$ 13,293,272</b>	<b>\$ -</b>	<b>\$ 13,293,272</b>	<b>\$ 1,150,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,443,272</b>	<b>\$ 141,684</b>	<b>\$ 13,007,487</b>	<b>\$ 1,435,785</b>

**CPED Special Revenue Fund Component Programs  
Budget and Actual Expenditures  
Cash and Fund Balance  
3rd Quarter 2012**

	<u>Original Budget</u>	<u>Current Budget</u>	<u>Expended</u>	<u>Remaining Budget</u>	<u>Cash</u>	<u>Fund Balance</u>
Tax Increment Financing Program	53,778,065	58,293,065	35,068,134	23,224,931	94,396,527	124,708,536
Housing & Economic Development	7,604,709	8,080,709	6,223,302	1,857,407	8,480,938	11,254,469
Development Accounts	9,274,118	9,274,118	8,392,229	881,889	18,852,292	23,692,681
Neighborhood Revitalization Program	-	13,235,825	2,704,791	10,531,034	42,125,431	42,660,338
Preliminary Planning	2,399,701	2,399,701	645,998	1,753,703	(2,321,293)	(2,103,027)
CPED Operating	6,988,721	6,988,721	5,580,080	1,408,641	(5,885,542)	(7,054,267)
<b>Total</b>	<u><u>80,045,314</u></u>	<u><u>98,272,139</u></u>	<u><u>58,614,534</u></u>	<u><u>39,657,605</u></u>	<u><u>155,648,353</u></u>	<u><u>193,158,730</u></u>

**Fund Balance.** The fund balance of the CPED Special Revenue Fund is \$193,158,730. A portion of that fund balance, including prepaid expenses, advances, and property held for development is in a nonspendable form (\$38,251,905). Fund balance in the NRP and TIF programs are restricted by State law (\$137,611,880). A portion of fund balance is committed to the Accelerated Infrastructure Program (\$2,057,748). The remaining fund balance (\$15,237,197) has been assigned for use in specific purposes.

**All special revenue fund balance is restricted to the legal purposes of the special revenue.**

**Tax Increment Financing.** This program accounts for financial resources to be used for the acquisition and betterment of land and facilities in designated areas of the City. A major financing tool and the primary source of revenue for this program is property tax increment. Generally used to pay outstanding bonds and notes, **tax increment revenues are restricted revenues under State law.**

**Housing and Economic Development.** Small business loans, housing rehabilitation, and mortgage assistance are the major activities in this program. This program also accounts for the collection of administration fees and the related expenditures for the issuance of housing and economic revenue bonds.

**Development Account.** This program provides interim loans to CPED projects. The program may also provide loans and grants to organizations within the City. Program assistance is directed to commercial, job-creation, and housing activities. The Program includes activities of the Legacy Fund, the Neighborhood Development Account and the Development Account.

**The fund balance includes reserves for prior commitments made by Council action, including the Accelerated Infrastructure Program.**

**Neighborhood Revitalization Program.** This program focuses on the delivery of City services, including housing and commercial development, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods.

**Revenues held in this program are restricted in their use by State law.**

**Preliminary Planning.** The Preliminary Planning program was established to account for the early costs of planning and assessing the feasibility of development activities. Preliminary Planning allocations and appropriations lapse at year end.

**A plan to address the deficit in this program has been developed as part of the 2012 budget process.**

**CPED Operating.** This program provides the working capital to finance CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. **A plan to address the deficit in this program has been developed by CPED management as part of the 2012 budget process.**

**City of Minneapolis**  
**Engineering, Materials, and Testing**  
**For the Third Quarter ending September 30, 2012**

Fund 6000	2012 Budget	09-30-12 Actual	Remaining Budget	% of Actual To Budget
<b>Operating Revenue</b>	1,552,000	1,572,764	(20,764)	101.3%
<b>Operating Expense</b>	1,463,982	984,861	479,121	67.3%
<b>Operating Margin</b>	88,018	587,903		
<b>Net Income</b>	(106,982)	441,653		

**Program Description:**

The Engineering, Materials and Testing Fund records transactions related to City purchases of Hot-Mix Asphalt and Ready-Mix Concrete. This fund also records the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

**Revenue:**

Operating revenue earned through third quarter 2012 is \$1,572,764, or 101.3% of the budgeted amount of \$1,552,000. The revenue earned through third quarter 2012 represents an increase of 9.2% over the third quarter 2011 revenue of \$1,440,939. Revenue for asphalt and concrete is recorded as the overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer. The increased revenue for 2012 is due to a significant yearly increase in City road construction/overlay projects and maintenance activities. In addition, the Central Corridor Light Rail project has a tight construction schedule that has a significant impact on City infrastructure and an increase in private sector development work adds to the workload. Favorable spring and summer weather has allowed construction projects to progress at a steady pace, resulting in additional revenue through the first three quarters of the year.

**Expense:**

Operating expense through the third quarter 2012 is \$984,861, or 67.3% of the budgeted amount of \$1,463,982. The expense recorded through third quarter 2012 represents an increase of 3.7% from the expense through the same period in 2011 of \$949,534. Overall personnel costs are down slightly compared to the same period last year.

**Transfers:**

The fund has a transfer out of \$195,000 related to debt service for the former Minneapolis Employees Retirement Fund's unfunded pension liability. This transfer is the final payment for the pension debt as the City will retire bonds related to this debt in 2012 resulting in a substantial savings to the City. The Engineering, Materials and Testing Fund will use fund balance as the revenue source for the payment.

**Debt Service:**

This fund does not have any debt obligations.

**Forecast:**

Operating revenue is projected to be \$1.95 million or approximately \$398,000 more than the budgeted amount of \$1.55 million. The increase in revenue is due to an increase in project work and an earlier start date this year for construction. Operating expense is projected to be \$1.4 million which is slightly less

than the budgeted amount of \$1.5 million. These projections result in a 2012 operating margin of \$561,000 which is an increase of \$473,000 over the budgeted amount of \$88,000.

**Other Financial Items:**

The 2011 year-end net asset balance is \$1,129,035 which represents an increase of \$393,653 from the 2010 ending balance of \$735,382. The financial policy for the net asset balance for this fund determines that net assets not be less than 15% of the annual operating budget, or \$0.2 million.

The 2012 third quarter ending cash balance is \$2,388,634, an increase of \$928,185 from the 2011 third quarter cash balance of \$1,460,449. The third quarter 2012 cash balance is not adjusted for accrued expenses related to concrete and asphalt invoices that were received and paid after September 30. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15% of the operating budget, or \$0.2 million.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011, and 2010

	Budget Year 2012	Projected Year Ending 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Asphalt / Concrete	352,000	515,000	435,687	373,353	297,942	370,882	315,279
Inspection revenue	1,200,000	1,435,000	1,137,077	1,438,398	1,142,997	1,194,104	871,256
<b>Total Operating Revenues</b>	<b>1,552,000</b>	<b>1,950,000</b>	<b>1,572,764</b>	<b>1,811,751</b>	<b>1,440,939</b>	<b>1,564,986</b>	<b>1,186,535</b>
<b>Operating Expenses:</b>							
Personnel	922,720	840,000	592,532	794,112	620,365	764,025	564,632
Contractual	448,688	458,091	340,836	411,793	281,005	383,285	276,851
Materials, Supplies, Services, Other	81,653	80,000	43,302	80,881	37,119	102,317	78,068
Rent	6,909	6,909	5,182	12,257	8,036	6,276	4,707
Depreciation	4,012	4,012	3,009	4,012	3,009	10,582	9,579
<b>Total Operating Expenses</b>	<b>1,463,982</b>	<b>1,389,012</b>	<b>984,861</b>	<b>1,303,055</b>	<b>949,534</b>	<b>1,266,485</b>	<b>933,837</b>
<b>Operating Margin</b>	<b>88,018</b>	<b>560,988</b>	<b>587,903</b>	<b>508,696</b>	<b>491,405</b>	<b>298,501</b>	<b>252,698</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Other revenue	-	-	-	-	-	500	500
<b>Total Non-Operating Revenues(Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>
<b>Operating Transfers in(out)</b>							
Transfer from other fund	-	-	-	-	-	-	-
Transfers to other fund	(195,000)	(195,000)	(146,250)	(88,000)	(66,000)	(57,000)	(42,750)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(195,000)</b>	<b>(195,000)</b>	<b>(146,250)</b>	<b>(88,000)</b>	<b>(66,000)</b>	<b>(57,000)</b>	<b>(42,750)</b>
<b>Net Income<sup>1</sup></b>	<b>(106,982)</b>	<b>365,988</b>	<b>441,653</b>	<b>420,696</b>	<b>425,405</b>	<b>242,001</b>	<b>210,448</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance <sup>2</sup>			2,388,634	1,164,437	1,460,449	801,699	1,665,518
Net assets				1,129,035		735,382	

<sup>1</sup>Net Income for 2010 is understated due to timing differences in recording a payment in 2010 of \$57,023 for asphalt received in 2009.

<sup>2</sup>The cash balance for third quarter 2012 is not adjusted for the accrued expense of asphalt and concrete invoices that were paid after 9/30/2012.

**City of Minneapolis**  
**Fleet Services Division**  
**For the Third Quarter Ending September 30, 2012**

	<b>2012 Budget</b>	<b>09-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Operating Revenue</b>	40,797,734	31,002,755	9,794,979	76.0%
<b>Operating Expense</b>	42,233,887	29,881,356	12,352,531	70.8%
<b>Operating Margin</b>	(1,436,153)	1,121,399		
<b>Net Income</b>	(2,266,903)	425,333		

**Program Description:**

The Fleet Services Fund manages the acquisition, maintenance and disposal of 1,300 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment.

**Revenue:**

Operating revenue earned through third quarter 2012 is \$31,002,755, 76.0% of the budgeted amount of \$40,797,734. The revenue earned through third quarter 2012 increased by \$100,319, or 0.3%, from the revenue earned through third quarter 2011. The rental rates for equipment and operators are calculated through an activity based cost allocation model and are adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment. Through the third quarter of 2012, maintenance revenue is up 5.9% compared the same period last year due to increased maintenance work and a more timely billing process established in 2012.

**Expenses:**

Operating expense through third quarter 2012 totaled \$29,881,356, representing 70.8% of the annual budgeted amount of \$42,233,887. Expenses through the third quarter of 2012 increased by \$692,972, or 2.4%, over the total expense through the same period in 2011. Materials and contractual costs are up due to increased demand for maintenance work.

**Transfers:**

In 2012, this fund receives a transfer of \$1,926,000 from the general fund in accordance with the accepted long-term financial plan to assist with debt payments related to fleet upgrades and a new maintenance facility. The fund has a transfer out of \$2,222,000 for the final payoff of pension debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. In 2012, the City will retire bonds related to the pension debt resulting in substantial savings while creating a one-time increase to this debt payment for the proprietary funds. The Fleet Services Division Fund will use fund balance for the revenue source for the payment and will recover the expense through the cost allocation model in years 2012-2014.

**Debt Service:**

Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility total \$2,245,000 in 2012. Interest payments related to the 2012 debt total \$764,750 of which \$573,563 is recognized through September 30, 2012. Beginning in 2007, the financial plan eliminated the sale of bonds to finance equipment purchases. Refunding bonds totaling \$22,230,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. The fund will receive interest expense savings over the remaining life of the bonds. The fund is scheduled for a principal payment of a \$9.2 million in 2018. This debt is expected to be restructured enabling the principal payments to be completed over four years.

**Forecast:**

Operating revenue is projected to be \$42.4 million which is 3.9% more than the budgeted amount of \$40.8 million. The increased revenue is expected to come from an increase in rates over the prior year. Operating expense is projected to be \$41.7 million or 1.2% less than the budgeted amount of \$42.2 million. Contractual operating expenses are projected to be less than budgeted due to a decrease in external equipment repairs. In addition, the personnel cost is less than the budgeted amount due to vacant positions that are funded, but not filled. After transfers are complete and non-operating revenue is recorded, a net loss of (\$206,824) is projected as compared to the budgeted net loss of \$2.3 million. The net loss is primarily due to the final MERF debt service payment of \$2.2 million and a decrease in the amount transferred from the general fund. Capital expense related to the purchase of equipment is not included in the calculation of net income.

**Other Financial Items:**

The net asset balance for year ending 2011 is \$35,156,898, an increase of \$4,548,797, or 14.9% over the 2010 ending balance of \$30,608,101. The net asset balance is tracking close to the amount calculated in the updated long term financial plan. Financial reserve policies for the internal service funds determine that the minimum net asset balance for the Fleet Services Division fund should be twice the depreciation amount or \$13.0 million.

The fund maintains a positive cash balance with a 2012 third quarter ending balance of \$12,092,807, a decrease of \$408,779 from the 2011 third quarter ending balance of \$12,501,586. Reserve policies for internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or \$4.3 million for Fleet Services Division.

City of Minneapolis  
Fleet Services Division Fund  
Statement of Revenue and Expenses  
For Third Quarter Years, 2012, 2011, and 2010

	Budget Current Year 2012	Projected Year Ending 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Charges for Services and Sales	16,543,637	17,400,000	12,869,602	16,136,254	12,148,646	15,106,288	11,240,292
Rent Public Works and Other	24,254,097	25,000,000	18,133,153	25,457,256	18,753,790	25,675,886	17,984,925
Total Operating Revenue	40,797,734	42,400,000	31,002,755	41,593,510	30,902,436	40,782,174	29,225,217
<b>Operating Expenses:</b>							
Personnel Services	14,774,818	14,075,000	10,363,571	13,800,893	10,369,426	14,618,988	10,545,388
Contractual Services	10,137,022	9,700,000	6,838,099	9,572,620	6,640,816	8,417,045	5,997,751
Materials, supplies, services and other	9,870,973	10,500,000	7,121,792	9,683,528	6,607,184	8,608,665	5,866,509
Rent	965,350	965,350	724,012	1,089,672	817,254	1,103,052	827,289
Depreciation	6,485,724	6,485,724	4,833,882	6,475,161	4,753,704	6,470,684	4,747,292
Total Operating Expenses	42,233,887	41,726,074	29,881,356	40,621,874	29,188,384	39,218,434	27,984,229
<b>Operating Margin</b>	<b>(1,436,153)</b>	<b>673,926</b>	<b>1,121,399</b>	<b>971,636</b>	<b>1,714,052</b>	<b>1,563,740</b>	<b>1,240,988</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest on Bonds	(764,750)	(764,750)	(573,563)	(723,865)	(630,488)	(1,500,119)	(1,898,052)
Gains/Losses on disposal of fixed assets	200,000	150,000	76,587	35,644	13,565	169,302	-
Damages/Losses recovered	-	-	-	-	-	210	210
Revenue from grants <sup>1</sup>	-	-	-	13,399	-	247,420	-
Other revenue	30,000	30,000	22,909	165,415	24,690	135,703	22,343
Total Non-Operating Revenues(Expenses)	(534,750)	(584,750)	(474,066)	(509,407)	(592,233)	(947,484)	(1,875,499)
<b>Operating Transfers in (out)</b>							
Transfers from other fund	1,926,000	1,926,000	1,444,500	4,299,000	3,224,250	4,180,000	3,135,000
Transfers to other fund	(2,222,000)	(2,222,000)	(1,666,500)	(923,000)	(692,250)	(581,000)	(435,750)
Transfers from component units							
Total Operating Transfers	(296,000)	(296,000)	(222,000)	3,376,000	2,532,000	3,599,000	2,699,250
<b>Net Income (loss)</b>	<b>(2,266,903)</b>	<b>(206,824)</b>	<b>425,333</b>	<b>3,838,229</b>	<b>3,653,819</b>	<b>4,215,256</b>	<b>2,064,739</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			12,092,807	12,302,528	12,501,586	8,234,786	7,174,368
Building Book Value				22,781,211		23,425,414	
Fleet Book Value				23,236,366		24,395,416	
Bonds Payable			(23,535,000)	(23,535,000)	(25,690,000)	(25,690,000)	(27,780,000)
Net Assets				35,156,898		30,608,101	
<b>Significant Cash Flow Items</b>							
Principal on Equipment Bonds	(1,275,000)	(1,275,000)	-	(1,870,000)	-	(2,090,000)	-
Principal on Facilities Bonds	(970,000)	(970,000)	-	(285,000)	-	-	-
Fleet Purchases	10,044,938	7,700,000	5,843,751	4,191,791	3,779,252	2,223,883	1,674,866

**City of Minneapolis  
Property Services Division  
For the Third Quarter ending September 30, 2012**

<b>Fund 6200</b>	<b>2012 Budget</b>	<b>09-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Operating Revenue</b>	16,122,040	12,199,857	3,922,183	75.7%
<b>Operating Expense</b>	17,203,731	12,517,559	4,686,172	72.7%
<b>Operating Margin</b>	(1,081,691)	(317,702)		
<b>Net Income</b>	(946,941)	(209,370)		

**Program Description:**

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, or Water and Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits to the Municipal Building Commission to reimburse for maintenance and property management services. The revenue and expense budgets for the fund are increased by \$4,219,000 to account for this flow-through rental charge. The City departments located in City Hall receive a general fund appropriation to fund the charge for the rent.

In April 2011, the Property Services fund was transitioned from the Public Works department to the Finance department within the City Coordinator. The activities in this fund determine that the fund remain an internal service fund and report to the Chief Financial Officer.

**Revenue:**

Operating revenue recorded through third quarter 2012 is \$12,199,857, or 75.7% of the budgeted amount of \$16,122,040. The 2012 third quarter revenue decreased \$270,235, or 2.2%, from the revenue earned through third quarter 2011. Property Services earns revenue through rent charged to departments housed in City owned buildings for property maintenance and by performing facility repairs and upgrades. Revenue from repairs and upgrades fluctuates based on the amount of discretionary spending available to departments. Revenue earned through third quarter 2012 from the discretionary projects has decreased from the amount earned through the same period in 2011. Additionally, rent revenue is budgeted \$257,000 lower than the prior year and is currently \$229,920 lower than at the end of third quarter 2011.

**Expenses:**

Operating expense through third quarter 2012 is \$12,517,559, or 72.7% of the total budgeted amount of \$17,203,731. The 2012 third quarter expense decreased \$722,782, or 5.5%, from the operating expense recorded through third quarter 2011. Expense is down related to labor, materials and contractual services for projects requested by other City departments.

**Transfers:**

In 2012, the transfer to the debt service fund related to the purchase of the 800 MHZ radio system is \$864,250. Property Services is responsible for \$350,000 per year of this debt and receives a transfer from the general fund for the remaining amount. The fund will receive an additional transfer from the general fund of \$380,000 for City Hall rent. Property Services has a transfer out of \$598,000 in 2012

for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. This transfer is the final payment for this pension debt as the City will retire bonds related to this debt in 2012 resulting in a substantial savings to the City. The Property Services Fund will use fund balance as the revenue source for the payment and will recover the expense through the rent cost allocation model in years 2013 through 2015.

**Debt Service:**

The debt service for 2012 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2012, the debt consists of an interest payment of \$164,250 and a principal payment of \$700,000. At the end of third quarter, \$123,188 of interest is recognized. The total principal payment of \$700,000 will be paid in fourth quarter.

**Forecast:**

Operating revenue is projected to be slightly less, or \$22,000, under the budgeted amount of \$16.1 million. Occupancy of the buildings in the downtown campus has decreased along with discretionary work for City departments, resulting in a loss of revenue. The operating expense is projected to be \$0.5 million less than the budgeted amount of \$17.2 million. As the demand for discretionary projects for City departments decreases, the associated expense does not occur resulting in a decrease in total fund expense. These projections result in an expected operating margin loss of (\$621,455) compared to the budgeted margin loss of (\$1,081,691). The actual operating margin loss through third quarter 2012 is (\$317,702) compared to the operating margin loss of (\$770,249) through third quarter 2011.

**Other Financial Items:**

The net asset balance for the year ending 2011 is \$26,062,246, an increase of \$70,914 from the net asset balance of \$25,991,332 for year ending 2010. The cost allocation model for this fund does not recover the depreciation costs related to capital assets. It is expected that the net asset position will decrease primarily due to recognizing the depreciation of capital assets. The financial policy for the net asset balance for the Property Services Fund determines that the value of net assets should not fall below two times the annual depreciation. The depreciation in 2011 was \$1.1 and the net asset balance is \$23.9 million greater than the benchmark.

The cash balance at end of third quarter 2012 is \$1,256,115 compared to a cash balance of \$1,983,769 at September 30, 2011. The cash consists of a balance of \$1,390,831 in the Property Disposition fund and a negative balance of (\$134,716) in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$1.9 million for the Property Services fund. The reserve policy determined that the target date to attain this balance is year-end 2013.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For Third Quarter / Years Ending 2012, 2011, and 2010

	Budget Current Year 2012	Projected Year 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Charges for Services And Sales	2,770,600	3,100,000	2,411,628	3,165,022	2,451,943	3,109,206	2,443,790
Rents Public Works and Other	13,351,440	13,000,000	9,788,229	13,263,508	10,018,149	13,104,165	9,866,834
<b>Total Operating Revenue</b>	<b>16,122,040</b>	<b>16,100,000</b>	<b>12,199,857</b>	<b>16,428,530</b>	<b>12,470,092</b>	<b>16,213,371</b>	<b>12,310,624</b>
<b>Operating Expenses:</b>							
Personnel Services	5,679,774	5,475,000	4,107,376	5,894,653	4,440,065	6,058,978	4,528,740
Contractual Services	8,771,046	8,545,000	6,415,529	9,020,881	6,859,137	9,211,577	6,834,669
Materials, Supplies, Services and Other	1,026,456	975,000	706,379	965,613	678,585	844,947	569,634
Rent	593,518	593,518	445,138	550,468	412,851	643,391	482,542
Depreciation	1,132,937	1,132,937	843,137	1,132,937	849,703	1,139,501	855,737
<b>Total Operating Expenses</b>	<b>17,203,731</b>	<b>16,721,455</b>	<b>12,517,559</b>	<b>17,564,552</b>	<b>13,240,341</b>	<b>17,898,394</b>	<b>13,271,322</b>
<b>Operating Margin</b>	<b>(1,081,691)</b>	<b>(621,455)</b>	<b>(317,702)</b>	<b>(1,136,022)</b>	<b>(770,249)</b>	<b>(1,685,023)</b>	<b>(960,698)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest on Bonds	(164,250)	(164,250)	(123,188)	(151,500)	(138,825)	(182,745)	(267,101)
Gains/Losses on disposal of fixed assets	-	-	-	655,313	-	-	-
Revenue from grants	-	-	-	35,860	-	-	-
Misc Revenues	3,000	12,000	9,520	79,770	40,567	141,775	62,303
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(161,250)</b>	<b>(152,250)</b>	<b>(113,668)</b>	<b>619,443</b>	<b>(98,258)</b>	<b>(40,970)</b>	<b>(204,798)</b>
<b>Operating Transfers in(out)</b>							
Transfers from other fund	894,000	894,000	670,500	821,100	615,825	950,630	724,406
Transfers to other fund	(598,000)	(598,000)	(448,500)	(420,882)	(171,000)	(925,118)	(88,500)
<b>Total Operating Transfers</b>	<b>296,000</b>	<b>296,000</b>	<b>222,000</b>	<b>400,218</b>	<b>444,825</b>	<b>25,512</b>	<b>635,906</b>
<b>Net Income (loss)</b>	<b>(946,941)</b>	<b>(477,705)</b>	<b>(209,370)</b>	<b>(116,361)</b>	<b>(423,682)</b>	<b>(1,700,481)</b>	<b>(529,590)</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			1,256,115	699,148	1,983,769	125,575	827,758
Property Disposition Fund cash balance			1,390,831	1,397,773	1,838,094	1,070,350	1,281,325
Operating cash balance			(134,716)	(698,625)	145,675	(944,775)	(453,567)
Bonds Payable			(5,475,000)	(5,475,000)	(6,170,000)	(6,170,000)	(6,825,000)
Net Assets				26,062,246		25,991,332	
<b>Significant Cash Flow Items</b>							
Principal Payments on Debt	(700,000)	(700,000)	-	(700,000)	-	(655,000)	-

NOTE: Beginning in 2012, the services provided to Development Properties and Parking Facilities, are provided by other City funds. For periods prior to 2012, the activity related to these services is removed to show comparative revenue and expense related to only the current departments in the Property Services Fund.

**City of Minneapolis  
Public Works Stores  
For the Third Quarter ending September 30, 2012**

<b>Fund 6300</b>	<b>2012 Budget</b>	<b>09-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% Actual To Budget</b>
<b>Operating Revenue</b>	910,000	1,109,693	(199,693)	121.9%
<b>Operating Expense</b>	1,057,929	805,725	252,204	76.2%
<b>Operating Margin</b>	(147,929)	303,968		
<b>Net Income</b>	(264,929)	216,218		

**Program Description:**

The Public Works Stores fund, established in 1965, accounts for the centralized procurement, receiving, warehousing and distribution of stocked inventory items and the purchase of special goods and services. The fund's mission is to provide goods in a cost effective manner to City departments through the Central Stores and Traffic Stores.

**Revenue:**

Operating revenue earned through third quarter 2012 is \$1,109,693, or 121.9% of the budgeted amount of \$910,000. The amount earned through third quarter represents an increase of \$453,851, or 69.2%, over the revenue earned through September 30, 2011 of \$655,842. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The increase in revenue corresponds to an increased level of inventory sales and requisition processing transactions related to an increase in City road, paving, and sewer maintenance projects.

**Expenses:**

Operating expense recorded through third quarter 2012 is \$805,725, or 76.2% of the budgeted amount of \$1,057,929. The amount expended through third quarter 2012 increased by 7.1% from the amount expended through the same period in 2011 which totaled \$752,566. The increase is due to additional material costs incurred through the third quarter.

**Transfers:**

In 2012, the Public Works Stores fund will transfer out \$117,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. This transfer is the final payment for the pension debt as the City will retire bonds related to this debt in 2012 resulting in a substantial savings to the City. The Public Works Stores Fund will use fund balance as the revenue source for the payment.

**Debt Service:**

The Public Works Stores fund does not have any debt obligations.

**Forecast:**

Operating revenue is projected to total \$1,260,000 at year-end, exceeding the budgeted revenue of \$910,000 by \$350,000. As noted above, more inventory transactions are being processed than last year resulting in an increase in overhead revenue. Operating expense is projected to total \$1,065,805, exceeding the budgeted expense of \$1,057,929 by 0.7%. The cost of inventory that is resold to City departments is excluded from the total expense of the Stores Fund. As a result, increased inventory purchases do not increase the overall expense of the Fund. These year-end

projections result in an operating margin gain of \$194,195 compared to a budgeted operating margin loss of (\$147,929).

**Other Financial Items:**

The fund continues to maintain a positive net asset balance with a 2011 ending balance of \$3,025,637, a decrease of 6.1% from the 2010 ending balance of \$3,233,691. The financial policy for the net asset balance for the Public Works Stores Fund determines that a net asset balance should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

The cash balance at the end of third quarter 2012 is a deficit of (\$1,824,490), a decrease of \$713,750 from the third quarter 2011 deficit cash balance of (\$1,110,740). The decrease in cash corresponds to increased inventory purchases through the first three quarters of 2012. Since the end of 2011, the inventory balance has increased by \$1,467,383. The fund has not had a positive cash balance since 2005 when the ending balance was \$91,610. The financial policy for the cash balance for the Public Works Stores Fund determines that the cash balance should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Third Quarter/Years Ending 2012, 2011, and 2010

	Current Budget Year 2012	Projected Year Ending 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Central Stores	400,000	710,000	618,055	427,998	288,788	432,836	348,139
Traffic Stores	510,000	550,000	491,637	483,597	367,054	777,835	299,582
<b>Total Operating Revenues</b>	<b>910,000</b>	<b>1,260,000</b>	<b>1,109,693</b>	<b>911,595</b>	<b>655,842</b>	<b>1,210,671</b>	<b>647,721</b>
<b>Operating Expenses:</b>							
Personnel	652,403	685,000	520,734	647,724	508,174	738,309	547,716
Contractual	255,049	268,000	200,337	257,778	193,816	332,730	246,170
Materials, Supplies, Other	112,672	75,000	56,300	93,554	19,301	51,697	16,674
Rent	37,805	37,805	28,354	41,700	31,275	43,423	35,567
<b>Total Operating Expenses</b>	<b>1,057,929</b>	<b>1,065,805</b>	<b>805,725</b>	<b>1,040,756</b>	<b>752,566</b>	<b>1,166,159</b>	<b>846,127</b>
<b>Operating Margin</b>	<b>(147,929)</b>	<b>194,195</b>	<b>303,968</b>	<b>(129,161)</b>	<b>(96,724)</b>	<b>44,512</b>	<b>(198,406)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Other revenue	-	-	-	-	-	545	1,126
<b>Total Non-Operating Revenues (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545</b>	<b>1,126</b>
<b>Operating Transfer In (Out)</b>							
Transfers to other fund	(117,000)	(117,000)	(87,750)	(51,000)	(38,250)	(33,000)	(24,750)
<b>Total Operating Transfers</b>	<b>(117,000)</b>	<b>(117,000)</b>	<b>(87,750)</b>	<b>(51,000)</b>	<b>(38,250)</b>	<b>(33,000)</b>	<b>(24,750)</b>
<b>Net Income</b>	<b>(264,929)</b>	<b>77,195</b>	<b>216,218</b>	<b>(180,161)</b>	<b>(134,974)</b>	<b>12,057</b>	<b>(222,030)</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			(1,824,490)	(1,027,215)	(1,110,740)	(825,802)	(1,232,713)
Inventories			5,835,005	4,367,622	4,741,622	4,547,877	4,485,140
Net Assets				3,025,637		3,223,693	

**City of Minneapolis  
Intergovernmental Service Fund  
For the Third Quarter ending September 30, 2012**

<b>Fund 6400</b>	<b>2012 Budget</b>	<b>9-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	39,363,610	24,799,484	14,564,126	63.0%
Operating Expenses	51,491,655	33,028,154	18,463,501	64.1%
Operating Margin	(12,128,045)	(8,228,670)		
Net Income	(1,182,001)	(19,137)		

Note: Operating expense budget includes depreciation expense of \$12,000,000 and 9/30/12 actual expenses include depreciation expense of \$8,986,695.

**Program Description:**

The Intergovernmental Service Fund accounts for operations of Information Technology (IT); the City Clerk's printing and central mailing services; and a small portion of Human Resources internal services. IT is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware.

**Revenue:**

Operating revenue through the third quarter of 2012 is \$24,799,484, or 63.0% of the annual budgeted amount of \$39,363,610. This is an increase of \$1,171,367 or 5.0%, compared to revenue of \$23,628,117 earned through third quarter of 2011. The increase in revenue is primarily due to charges to City departments for project management (PMO) services and technology, telecommunications, and enterprise-wide operational services.

**Expenses:**

Operating expenses through the third quarter are \$33,028,154, or 64.1% of the annual budgeted amount of \$51,491,655. The annual expense budget includes \$12,000,000 of depreciation expense and the depreciation recorded through third quarter is \$8,986,695. The operating expense through third quarter increased \$1,281,475 from the 2011 expense of \$31,746,679. Depreciation expense accounted for \$872,564 of this increase. PMO experienced an increase in expense through third quarter 2012 as compared to 2011. The expenses in PMO include the cost of purchasing technology, creating enhancements and implementation of the products. The PMO department charges the costs of these products and services to City user departments and includes an overhead amount that is calculated to generate enough revenue to cover the overhead expense of the department.

**Debt:**

The debt service for 2012 is related to the sale of net debt bonds for IT projects. In 2012, the debt consists of an interest payment of \$388,900 and a principal payment of \$9,215,000. At the end of third quarter, \$291,675 of interest has been paid. The total principal payment of \$9,215,000 will be paid in fourth quarter. Beginning 2013, the principal payment is significantly reduced to \$1,955,000 as the fund completes payment on most net debt bonds sold through 2009. Future sales of net debt bonds to support capital projects are expected to be between \$1.2 million and \$2.9 million from 2012 through 2016.

**Transfers:**

In 2012, this fund will receive transfers totaling \$12,406,944. The transfers consist of a general fund transfer totaling \$10.3 million, \$1.0 million from the Self Insurance Fund, and \$1.1 million from the debt service fund. The transfer from the Self Insurance fund is in accordance with the long-term financial plans for both funds. As of third quarter, \$9.3 million is recognized.

The 2012 budget includes a transfer out of \$1,072,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. In 2012, the City will retire bonds related to this debt resulting in substantial savings while creating a large one-time increase to this debt payment for the

proprietary funds. The Intergovernmental Services fund will use fund balance as a revenue source for the payment and will recover the expense through the cost allocation model over the next three years.

**Forecast:**

Operating revenue is projected to be \$33.4 million or \$6.0 million less than the budgeted amount of \$39.4 million. The fund's PMO budget increases as new projects are approved by City departments. Expenses for these projects, along with the billing to customer departments, may occur in years subsequent to the addition of the appropriation to the budget. Operating expenses are expected to be \$44.2 million or \$7.3 million less than the budgeted amount of \$51.5 million. Depreciation expense of \$12.0 million is included in the operating budget. These projections result in an expected operating margin deficit of \$10.7 million as compared to a budgeted operating margin deficit of \$12.1 million. The revenue source for a portion of the wireless payment and rent expense are included in the transfer in budget rather than in the operating budget which contributes to the deficit operating margin. The fund is projecting a net gain of \$200,044 as compared to a budgeted net loss of (\$1,182,001). The payment of the MERF debt service of \$1,072,000 is the primary factor causing a budgeted net loss for the fund in 2012. The fund will recover the cost of the MERF payment over the next three years through the allocation model.

**Other Financial Items:**

The cash balance at the end of third quarter 2012 is \$11,273,136 as compared to a cash balance of \$6,891,261 at September 30, 2011. Included in the cash balance are prepayments of \$14.6 million for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15% of the fund's total budget or \$6.0 million for this fund.

The net asset balance at year-end 2011 is \$22.2 million, an increase of \$5.3 million from the 2010 ending balance of \$16.9 million. Financial reserve policies for the internal service funds determine that the minimum net asset balance for the Intergovernmental Services fund should be twice the depreciation amount or \$24.0 million. The cost allocation model for this fund does not recover depreciation related to capital assets. This fund records the acquisition value of customer funded IT project assets and it is expected that the net asset position will continue to increase.

**City of Minneapolis, Minnesota**  
**Intergovernmental Services Fund**  
**Statement of Revenues and Expenses**  
**For Third Quarter/Years Ending 2012, 2011 and 2010**

	Budget Current Year 2012	Projected Year 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Charges for Service:							
IT - PMO <sup>1</sup>	12,221,213	6,175,000	4,381,870	5,534,278	3,886,073	8,933,386	6,399,955
IT - Telecom	3,376,928	3,040,000	2,300,331	2,922,005	2,230,193	2,888,803	2,207,183
IT - Operating-other	22,629,494	23,100,000	17,304,411	22,429,235	16,790,932	20,814,107	15,530,280
CC-Mailing Services	487,037	580,000	399,583	586,807	379,683	550,138	342,393
CC-Copy Services	648,938	540,000	413,289	445,645	332,986	539,972	437,682
Human Resources	-	-	-	8,250	8,250	4,750	4,750
<b>Total Operating Revenues</b>	<b>39,363,610</b>	<b>33,435,000</b>	<b>24,799,484</b>	<b>31,926,220</b>	<b>23,628,117</b>	<b>33,731,156</b>	<b>24,922,243</b>
<b>Operating Expenses:</b>							
IT - PMO	12,221,213	6,100,000	4,400,286	5,300,595	3,490,554	8,339,278	5,816,943
IT - Telecom	1,870,760	1,600,000	1,303,270	1,738,183	1,334,838	1,632,585	1,267,298
IT - Operating-other	23,764,468	23,000,000	17,230,166	23,452,651	17,682,808	24,299,349	18,481,466
CC-Mailing Services/Data Center	613,437	660,000	494,554	666,779	468,035	641,227	471,640
CC-Copy Services	689,473	571,000	428,416	601,344	453,442	751,196	554,279
Human resources	332,304	250,000	184,767	273,938	202,874	236,777	173,922
Depreciation	12,000,000	12,000,000	8,986,695	12,074,238	8,114,128	10,813,184	8,037,019
<b>Total Operating Expenses</b>	<b>51,491,655</b>	<b>44,181,000</b>	<b>33,028,154</b>	<b>44,107,728</b>	<b>31,746,679</b>	<b>46,713,596</b>	<b>34,802,567</b>
<b>Operating Margin</b>	<b>(12,128,045)</b>	<b>(10,746,000)</b>	<b>(8,228,670)</b>	<b>(12,181,508)</b>	<b>(8,118,562)</b>	<b>(12,982,440)</b>	<b>(9,880,324)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest on Bonded Debt	(388,900)	(388,900)	(291,675)	(276,662)	(508,650)	(878,504)	(703,569)
Gains/(Losses) on disposal of fixed assets	-	-	-	(6,584)	-	(77,524)	(84,805)
Revenue from grants	-	-	-	201,469	-	-	-
Other Non Operating Income (Expense)	-	-	-	-	-	40	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(388,900)</b>	<b>(388,900)</b>	<b>(291,675)</b>	<b>(81,777)</b>	<b>(508,650)</b>	<b>(955,988)</b>	<b>(788,374)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	12,406,944	12,406,944	9,305,208	14,549,293	10,130,639	12,245,447	9,123,020
Transfers to other fund	(1,072,000)	(1,072,000)	(804,000)	(447,707)	(317,250)	(395,915)	(163,500)
<b>Total Operating Transfers</b>	<b>11,334,944</b>	<b>11,334,944</b>	<b>8,501,208</b>	<b>14,101,586</b>	<b>9,813,389</b>	<b>11,849,532</b>	<b>8,959,520</b>
<b>Net Income<sup>1</sup></b>	<b>(1,182,001)</b>	<b>200,044</b>	<b>(19,137)</b>	<b>1,838,301</b>	<b>1,186,177</b>	<b>(2,088,896)</b>	<b>(1,709,178)</b>
<b>Significant Balance Sheet Items</b>							
Cash balance			11,273,136	11,041,044	6,891,261	7,419,498	(909,068)
Work-in-progress				7,870,919		12,141,072	
Due from other funds (includes Capital Arbitrage)				819,371		1,018,781	
Interfund Loans			(6,625,000)	(7,750,000)	(8,125,000)	(10,114,051)	(10,114,051)
Bonds Payable			(11,055,000)	(11,055,000)	(20,080,000)	(20,080,000)	(26,240,000)
Deferred Income			(14,630,033)	(13,327,259)	(12,771,952)	(11,739,321)	(5,818,693)
Net Assets				22,191,113		16,903,143	
<b>Significant Cash Flow Items</b>							
Principal on Bonds	(9,215,000)	(9,215,000)		(10,025,000)		(8,567,000)	

<sup>1</sup>PMO revenue is reduced by \$233,202 due to timing differences in recording revenue and expense for the Mobile Vehicle Wireless project. Revenue of \$360,000 was received in 2010, and the project expense occurs in 2012.

**City of Minneapolis  
Self Insurance Fund  
For the Third Quarter ending September 30, 2012**

<b>Fund 6900</b>	<b>2012 Budget</b>	<b>9-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	27,281,482	20,679,411	6,602,071	75.8%
Operating Expenses	26,890,125	14,836,619	12,053,506	55.2%
Operating Margin	391,357	5,769,339		
Net Income	2,756,357	7,543,089		

**Program Description:**

The Self Insurance Fund accounts for accrued sick leave benefit, tort liability, workers compensation, civil attorney services and the administrative functions to support these activities. An activity-based cost allocation model determines the rates charged to City departments to provide self insurance for liability and workers compensation costs using data determined by an actuarial study based on a department's responsibility. The allocation model also assigns a charge for employee benefit administration and attorney services.

**Revenue:**

Operating revenue through the third quarter of 2012 is \$20,679,411, or 75.8% of the annual budgeted amount of \$27,281,482. This is an increase of \$832,281 or 4.2% compared to \$19,847,130 earned through the third quarter of 2011. Revenue received from City departments for payment of the liability premium increased 4.7% from 2011 to 2012 due to an increase in the estimate of the City's liability for tort settlements in 2012 as determined by the 2011 actuarial study. An increase in revenue through third quarter 2010 occurred as a result of recording employee payments for COBRA medical insurance in the Self Insurance fund. In 2011, all COBRA transactions are recorded in the Minneapolis Agency fund.

**Expenses:**

Operating expenses through the third quarter 2012 are \$14,836,619, or 55.2% of the annual budgeted amount of \$26,890,125. This is a significant decrease of \$6,055,684, or 29.0%, compared to \$20,892,203 expended through the third quarter of 2011. The decrease in operating expense is due to a significant decrease in the amount paid for tort settlements, \$1,160,770, through September 30, as compared to \$7.4 million in 2011. It is possible that the expense for tort settlements during the fourth quarter may increase relative to the amount expended through third quarter 2012. The City's expense for employee sick leave payout at retirement, \$624,164, is also less than budgeted.

**Debt Service:**

The Self Insurance Fund does not have outstanding debt obligations.

**Transfers:**

In 2012, this fund will receive an interfund transfer of \$3,850,000 from the general fund as determined in the long term financial plan.

The 2012 budget includes a transfer out of \$1,000,000 to the Intergovernmental Services Fund as part of its long term financial plan. This fund also transfers \$485,000 to the pension fund debt service to retire bonds related to the unfunded pension liability of the former Minneapolis Employees Retirement Fund. The 2012 transfer is the final payment related to this debt and the fund's net assets is the source of funding for this payment. The Self Insurance fund will recover the cost of this payment through the cost allocation model over three years.

**Forecast:**

Operating revenue is projected to be \$27.5 million or \$0.2 million more than budgeted amount of \$27.3 million. Operating expense is projected to be \$22.3 million or \$4.6 million less than the budgeted amount

of \$26.9 million. Operating expenses are projected to be less than budgeted primarily due to a decrease in tort liability payments. These projections will result in a projected operating margin gain of \$5.2 million as compared to the budgeted operating margin gain of \$0.4 million. The fund experienced an operating margin loss of \$1.0 million at third quarter 2011. Net income is projected to be \$7.6 million compared to budgeted net income of \$2.8 million.

**Other Financial Items:**

The cash balance at the end of third quarter is \$53,212,707 compared to a cash balance of \$44,861,589 at September 30, 2011. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self Insurance fund should be equal to the unpaid claims liability plus 10% of the fund's operating budget or \$51.0 million for the Self Insurance fund. The unpaid claims liability at year-end 2011 is \$50.1 million, an increase of \$2.8 million from year end 2010 of \$47.3 million. The cash position is \$3.2 million above its target.

Net assets at year end 2011 are a deficit of \$4.1 million, an increase of \$2.5 million from the deficit of \$6.6 million at year end 2010. It is expected that the net asset position will continue to increase primarily due to transfers from the general fund through 2014 as planned in the long term financial plan. The net asset financial policy for the Self Insurance fund determines that net assets should not fall below zero.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011 and 2010

	Budget Curren Year 2012	Projection Year 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Health & Welfare (employee benefits)	2,361,429	2,272,000	1,704,115	2,472,832	1,792,664	6,495,441	4,849,240
Workers Compensation	8,912,407	9,200,000	6,984,734	8,840,179	6,472,318	9,082,557	6,945,041
Liability - Subrogation	14,543,715	14,577,000	10,933,033	13,925,462	10,442,943	13,184,758	9,879,172
Attorney Office Services	10,000	10,000	7,904	2,429	2,251	4,237	3,942
Human Resources Services	1,303,931	1,275,000	919,499	1,470,744	1,014,424	1,354,182	983,065
Risk Management-Employment Services	150,000	165,000	130,126	147,958	122,530	134,764	88,586
<b>Total Operating Revenues</b>	<b>27,281,482</b>	<b>27,499,000</b>	<b>20,679,411</b>	<b>26,859,604</b>	<b>19,847,130</b>	<b>30,255,939</b>	<b>22,749,046</b>
<b>Operating Expenses:</b>							
Health & Welfare (employee benefits)	2,361,429	860,000	624,164	794,353	590,684	5,315,570	3,752,640
Workers Compensation	6,459,040	7,800,000	5,882,380	7,517,126	5,482,421	8,313,999	5,907,621
Liability & Settlements	7,514,955	4,000,000	1,160,770	9,017,392	7,418,471	4,423,756	3,073,510
City Attorney/Civil Division-Litigation	6,406,811	6,080,000	4,548,605	6,156,353	4,573,215	5,715,756	4,288,277
Risk Management - WC/Risk	2,465,503	2,150,000	1,583,246	2,164,504	1,661,937	2,458,968	1,580,942
Human Resource - Employee Benefits	1,682,387	1,400,000	1,037,454	1,572,506	1,165,575	1,287,159	912,355
<b>Total Operating Expenses</b>	<b>26,890,125</b>	<b>22,290,000</b>	<b>14,836,619</b>	<b>27,222,234</b>	<b>20,892,303</b>	<b>27,515,208</b>	<b>19,515,345</b>
<b>Operating Margin</b>	<b>391,357</b>	<b>5,209,000</b>	<b>5,842,792</b>	<b>(362,630)</b>	<b>(1,045,173)</b>	<b>2,740,731</b>	<b>3,233,701</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Other Non Operating Income (Exp)	-	-	-	1,974	-	1,454	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,974</b>	<b>-</b>	<b>1,454</b>	<b>-</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	3,850,000	3,850,000	2,887,500	7,330,000	5,497,500	10,810,000	8,107,500
Transfers to other fund	(1,485,000)	(1,485,000)	(1,113,750)	(1,217,000)	(912,750)	(140,000)	(105,000)
<b>Total Operating Transfers</b>	<b>2,365,000</b>	<b>2,365,000</b>	<b>1,773,750</b>	<b>6,113,000</b>	<b>4,584,750</b>	<b>10,670,000</b>	<b>8,002,500</b>
<b>Net Income (Less Unpaid Claims Liability)<sup>1</sup></b>	<b>2,756,357</b>	<b>7,574,000</b>	<b>7,616,542</b>	<b>2,994,837</b>	<b>3,539,577</b>	<b>8,632,437</b>	<b>11,236,201</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			53,212,707	48,571,139	44,861,589	42,080,593	36,729,096
Unpaid Claims				(50,050,004)		(47,292,497)	
Net Assets				(4,098,990)		(6,587,951)	

<sup>1</sup>Net income for 2010 includes a reduction of \$4,779,748 resulting from an increase to unpaid claims liability based on a 2010 actuarial study. A reduction of \$2,757,507 is included in the 2011 net income resulting from an increase in unpaid claims liability for 2011.

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Third Quarter Ending September 30, 2012**

<b>Fund 07100</b>	<b>2012 Budget</b>	<b>09-30-2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	53,093,372	44,275,069	8,818,303	83%
Operating Expense	44,260,602	34,162,051	10,098,552	77%
Operating Margin	8,832,770	10,113,018		
Net Income	4,053,592	6,682,883		

**Program Description:**

The Sanitary Sewer Fund accounts for 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The Fund also accounts for sanitary sewer maintenance and design work along with capital programs and debt services.

**Revenue:**

With sewer revenue of \$44.3 million through the end of the third quarter, 83% of the budgeted revenue has been realized compared to \$35.8 million or 73% for the same period in 2011. This is an increase of 8.4 million, or 24%, compared to revenues through third quarter of 2011. The increase in utility revenues is due to the implementation of fixed and variable rates in 2012 for sanitary utility charges, and also partly due to some increase in overall usage. The total increase in service revenue amounts to \$4.5 million. SAC revenues have contributed an extra \$3.9 million compared to third quarter, 2011.

**Expenses:**

The Sanitary Sewer Fund's operating expense of \$34.2 million through third quarter equates to 77% of the 2012 operating budget compared to \$31.0 million, or 73% for 2011. This is an increase of \$3.2 million, or 10%, over the same period in the prior year. The increase in expenditures is mainly due to the \$900K increase in the Met Council monthly payments and a \$1.8 million increase in SAC payments. There is also a \$400K increase in salaries and fringes in Maintenance division due to increased activities through the year.

**Transfers:**

There are two transfers made from this Fund: a \$1.1 million transfer to the pension fund and a \$994K transfer to the Water Fund. These transfers are made to cover the MERF unfunded liability and shared costs for meter expenses. For the quarter ending September 30, 2012, \$834K in MERF liability and \$745K in meter expense have been transferred out from this Fund.

**Debt Service:**

For 2012, the debt service cost is estimated to be \$5.2 million which includes \$4.6 set aside for principal and \$600K for interest. For the quarter, \$300K in interest has been recognized. These debts were generated from bond sales to fund the capital program.

**Forecast:**

For the next three months, it is estimated that cash outflow will amount to \$22.2 million which would include all operating expenditures, debt service, capital programs, and transfers. The Fund also anticipates \$16.1 million in revenues from operations and bond sales thereby maintaining the fund balance for the year end at \$16.4 million.

**Other Financial Items:**

The current operating cash balance is \$22.6 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$11.4 million. The cash position through the quarter remains at \$11.2 million above its target.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011, 2010

	Budget Year 2012	Projected Year 2012	Period Ending 09/30/2012	Year Ending 2011	Period Ending 09/30/2011	Year Ending 2010	For Period Ending 09/30/2010
<b>Operating Revenues:</b>							
Sanitary Utility Charges	49,866,678	49,898,226	38,440,674	45,477,734	33,944,644	45,108,976	34,105,885
Other Services Provided	1,226,694	680,000	315,600	956,746	296,437	1,175,845	432,650
SAC Revenues	2,000,000	6,000,000	5,518,795	3,592,393	1,592,042	2,983,629	1,362,044
Interest							
<b>Total Operating Revenues</b>	<b>53,093,372</b>	<b>56,578,226</b>	<b>44,275,069</b>	<b>50,026,873</b>	<b>35,833,123</b>	<b>49,268,450</b>	<b>35,900,579</b>
<b>Operating Expenses:</b>							
Sewer Design	631,670	601,620	338,911	365,967	430,608	297,849	199,033
Sewer Maintenance	6,796,316	6,666,730	4,391,468	5,510,181	3,993,293	5,427,064	4,038,629
Met Council Env. Svcs.	36,832,617	40,832,617	29,431,672	36,788,568	26,531,689	34,896,837	25,365,544
<b>Total Operating Expenses</b>	<b>44,260,603</b>	<b>48,100,967</b>	<b>34,162,051</b>	<b>42,664,716</b>	<b>30,955,590</b>	<b>40,621,750</b>	<b>29,603,206</b>
<b>Operating Margin</b>	<b>8,832,769</b>	<b>8,477,259</b>	<b>10,113,018</b>	<b>7,362,157</b>	<b>4,877,533</b>	<b>8,646,700</b>	<b>6,297,373</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers (out)	(2,105,886)	(2,170,075)	(1,579,416)	(576,827)	(576,827)	(574,793)	(228,750)
Non-Oper Expenses				181,368		6,433	
Depreciation	(2,056,292)	(2,056,292)	(1,542,219)	(1,293,289)	(890,741)	(1,151,791)	(1,411,265)
Special Assessments				21,098	9,806		
Net Interest Income (Exp)	(617,000)	(617,000)	(308,500)	(517,701)	(1,572,158)	(547,042)	(1,037,359)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,779,178)</b>	<b>(4,843,367)</b>	<b>(3,430,135)</b>	<b>(2,185,351)</b>	<b>(3,029,921)</b>	<b>(2,267,193)</b>	<b>(2,677,374)</b>
<b>Net Income</b>	<b>4,053,591</b>	<b>3,633,892</b>	<b>6,682,883</b>	<b>5,176,806</b>	<b>1,847,614</b>	<b>6,379,507</b>	<b>3,619,999</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-	13,629,766	22,593,060	14,430,329	15,492,024	12,473,870	17,069,328
Accounts Receivable	-		4,467,504	3,089,731	3,845,608	3,659,013	3,739,107
<b>Significant Cash Flow Items</b>							
Capital Outlay	6,500,000	6,500,000	2,710,065	3,309,442	1,608,547	5,709,012	3,873,332
Bond Principle payments	4,600,000	4,600,000	-	4,100,000	-	2,850,000	2,012,250

**City Of Minneapolis  
Stormwater Fund  
For the Third Quarter Ending September 30, 2012**

<b>Fund 07300</b>	<b>2012 Budget</b>	<b>09/30/2012 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	38,630,065	29,696,538	8,933,527	77%
Operating Expense	23,523,770	14,825,726	8,698,044	63%
Operating Margin	15,106,295	14,870,812		
Net Income	8,989,836	10,000,086		

**Program Description:**

The Storm Water Fund is responsible for 5% of the expenditures related to Met Council Environmental Services (MCES). The Combined Sewer Overflow (CSO) program, Street Cleaning, Storm Design, Storm Water Maintenance along with Capital programs are other activities included in this Fund.

**Revenue:**

With Storm Water revenue of \$29.7 million through third quarter, 77% of the operating revenue budget has been realized compared to \$28.7 million, or 78%, for the same period in 2011. The revenue increased by \$1 million over third quarter 2011. The increase in revenues of \$900 K is in part due to the increase in utility rates/ESU: \$11.42 in 2011 versus \$11.70 in 2012. An increase of \$50K comes from design revenues from Capital projects as some projects were completed and closed out during the year. This quarter has also shown an increase of \$46K in State revenues for maintenance work done by Street Cleaning and Storm Maintenance departments and reimbursed by the State.

**Expenses:**

Through third quarter 2012, the operating expenses totaled \$14.8 million, which is 63% of the operating budget. This is an increase of \$600K, or 4%, over the \$14.2 million recorded through third quarter 2011. The increases are due to higher expenditures in contractual services and operating costs in the Storm Maintenance and Met Council cost centers resulting in a combined expenditure increase of \$900K. However, these increases have been slightly off-set by a decrease of \$300K in Storm Design and Storm Management expenditures.

**Transfers:**

Transfers out in the Storm Water Fund include a transfer to the MERF pension fund. For 2012, this transfer estimate was \$1.1 million, and through third quarter, a transfer in the amount of \$834 K has been made to the Pension Fund.

**Debt Service:**

The debt service budget for 2012 totals \$7.4 million of which \$6.3 million is set aside for principal and \$1.1 million goes towards interest. Through third quarter, only the interest expense of \$856K has been recognized. For the year, however, a new debt service schedule estimates the debt payment total at \$7.7 million. The debt service payments are primarily for bonds sold to finance the Combined Sewer Overflow, Flood Mitigation Program, and the Storm Tunnel program.

**Forecast:**

The year-end cash balance is projected at \$28.3 million. In the next three months, it is estimated that this fund will incur cash outflow of \$7.8 million in operations, \$7.4 million for debt service, \$300K in MERF transfers, and an additional \$2.8 million for capital outlays. These outflows will be off-set by current fund balance and by additional cash inflows from operating revenues along with capital programs with a combined projection of \$11.8 million.

**Other Financial Items:**

For the quarter, the operating cash balance stands at \$34.7 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the required cash balance is \$4.9 million, leaving \$29.8 million in an unrestricted reserve which will be used to pay operating expenditures, capital programs, pension fund, and debt services for the coming months and for future programs.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011 and 2010

	Budget Year 2012	Projected Year 2012	For Period Ending 09/30/2012	For Year Ending 12/31/2011	For Period Ending 09/30/2011	For Year Ending 12/31/2010	For Period Ending 09/30/2010
<b>Operating Revenues:</b>							
State Grants	669,614	1,068,085	1,016,695	1,209,421	971,136	1,226,880	822,451
County Grants	245,517	400,000	199,780	399,558	199,779	265,772	98,836
Storm Utility Charges	36,322,778	36,878,285	27,658,714	35,622,524	26,756,613	34,577,924	25,483,861
Other Services Provided	1,392,156	1,000,000	821,349	1,863,494	772,290	1,650,027	837,139
<b>Total Operating Revenues</b>	<b>38,630,065</b>	<b>39,346,370</b>	<b>29,696,538</b>	<b>39,094,997</b>	<b>28,699,818</b>	<b>37,720,603</b>	<b>27,242,287</b>
<b>Operating Expenses:</b>							
Sewer Design	4,195,816	3,782,925	2,244,800	3,684,851	2,354,853	3,204,406	2,137,955
Stormwater Management CSO	915,016	650,000	527,563	929,998	727,363	1,230,104	702,719
Street Cleaning	8,056,162	8,056,162	5,165,395	7,797,519	5,138,255	6,993,187	4,628,946
Sewer Maintenance	4,562,625	4,344,165	2,675,770	2,810,772	1,991,701	3,651,432	2,257,584
Met Council Env. Svcs.	5,794,151	5,794,151	4,212,198	4,648,168	4,022,933	5,120,920	3,898,969
<b>Total Operating Expenses</b>	<b>23,523,770</b>	<b>22,627,403</b>	<b>14,825,726</b>	<b>19,871,308</b>	<b>14,235,105</b>	<b>20,200,049</b>	<b>13,626,173</b>
<b>Operating Margin</b>	<b>15,106,295</b>	<b>16,718,967</b>	<b>14,870,812</b>	<b>19,223,689</b>	<b>14,464,714</b>	<b>17,520,554</b>	<b>13,616,114</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(1,112,000)	(1,112,000)	(834,000)	(700,064)	(700,064)	(469,093)	(603,750)
Depreciation	(3,929,000)	(3,929,000)	(2,946,750)	(3,929,000)	(2,855,815)	(3,826,152)	(4,616,533)
Special Assessments	60,000	300,000	298,381	744,220	67,689	493,111	146,285
Net Interest Income (Exp)	(1,135,459)	(1,135,459)	(856,206)	(670,128)	(4,596,494)	(862,914)	(1,849,262)
Other Non Operating Income (Exp)			(532,151)	906,887	(367,208)	95,629	(1,119,098)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(6,116,459)</b>	<b>(5,876,459)</b>	<b>(4,870,726)</b>	<b>(3,648,085)</b>	<b>(8,451,892)</b>	<b>(4,569,419)</b>	<b>(8,042,358)</b>
<b>Net Income</b>	<b>8,989,836</b>	<b>10,842,508</b>	<b>10,000,086</b>	<b>15,575,604</b>	<b>6,012,824</b>	<b>12,951,135</b>	<b>5,573,756</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash		16,610,883	34,718,699	24,530,818	33,710,822	22,676,018	26,910,549
Accounts Receivable			3,732,551	3,314,209	3,489,988	3,430,183	4,085,112
Bonds Payable			15,485,910	15,485,910	27,258,910	18,270,910	21,175,910
<b>Significant Cash Flow Items</b>							
Capital Outlay	14,850,000	14,850,000	4,069,813	16,078,292	10,242,405	7,094,312	3,177,796
Bond principle payments	6,265,000	6,556,191	-	11,773,000	-	5,345,000	3,991,500

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the Third Quarter Ending September 30, 2012**

<b>Fund 07700</b>	<b>2012Budget</b>	<b>09/30/12 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	30,595,087	24,278,774	6,316,313	79%
Operating Expense	34,680,054	21,961,520	12,718,534	63%
Operating Margin	(4,084,967)	2,317,254		
Net Income/(Loss)	(5,775,672)	1,046,360		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal, recycling, and graffiti removal operations. The division provides pick-up services for trash, yard waste, and recyclables on a weekly and a bi-weekly basis. The Fund is responsible for the operation of a solid waste transfer station which serves over 105,000 dwelling units. The division also provides "clean city" activities such as neighborhood clean sweeps, and litter-graffiti controls and removals citywide. It has initiated an "organics" pilot program in selected school districts and neighborhoods. City crews provide approximately one-half of the solid waste collection services for the City and the other half of the services are provided through a consortium of companies specializing in waste collections.

**Revenue:**

With operating revenues through the quarter totaling \$24.3 million, 79% of the budgeted revenue has been realized compared to \$24.7 million, or 83%, through third quarter of 2011. This is a decrease of \$400K, or 2%, over 2011 operating revenues. The increase in revenues of \$200K in collection services has been off-set by a decrease in revenues from the sale of scrap metals and miscellaneous services by \$600K. Revenues from the sale of scrap metal through the quarter totaled \$1.2 million which is \$400K lower than the 2011 total of \$1.6 million. The Hennepin County grant for the year has been received in the amount of \$864K, which is \$64K more than anticipated.

**Expenses:**

The operating expenses through the third quarter ended at \$21.9 million compared to \$20.9 million in 2011. These expenditures equal 37% of the 2012 operating budget. This is an increase of \$1 million over the third quarter expenditures of 2011. The increase in expenditures are primarily in collection, disposal, recycling, yard waste, clean city, and equipment divisions where vendor payments are fully recognized for increased activities and capital purchases.

**Transfers:**

Estimated transfers into the Solid Waste and Recycling fund for the year include \$146K from the Parking fund for the litter container program and \$150K from the General fund for graffiti and micro-grants. For the quarter, \$219K has been recognized as transfers in. Transfers out of the Fund include \$700K for alley plowing and \$571K for MERF Unfunded Liability. These are transferred out to the General Fund when payments for these activities occur. For the quarter ending September 30<sup>th</sup>, \$525K in alley plowing and \$428K in MERF transfers have been made.

**Debt Service:** This fund has no debt service.

**Forecast:**

For the next three months, it is estimated that cash outflow will be around \$11.6 million which would include all operating expenditures, equipment purchases, and other capital outlays for bins, carts and improvements. The Fund also anticipates an additional \$7.7 million in revenues from its operations in the same period enabling the fund to maintain a year-end balance at estimated \$20.3 million.

**Other Financial Items:**

The fund's cash balance for the third quarter ended at \$24 million. The accounts receivable balance stands at \$3 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$7 million, which results in an excess of \$16 million. This excess cash reserve will be used to fund capital purchases and implement new programs.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011, 2010

	Budget Year 2012	Projection Year 2012	For Period Ending 9/30/2012	For Year Ending 12/31/2011	For Period Ending 9/30/2011	For Year Ending 12/31/2010	For Period Ending 9/30/2010
<b>Operating Revenues:</b>							
County Grants	800,000	864,448	864,448	889,675	953,168	888,467	888,467
Solid Waste Fees	28,336,914	29,250,935	21,961,762	28,938,271	21,751,261	27,944,773	20,972,828
Recyclable Sales	1,000,000	1,429,000	1,242,413	2,173,123	1,634,083	1,444,859	965,830
Charges for Other Services	458,173	460,000	210,151	585,217	353,343	515,121	338,164
<b>Total Operating Revenues</b>	<b>30,595,087</b>	<b>32,004,382</b>	<b>24,278,774</b>	<b>32,586,286</b>	<b>24,691,855</b>	<b>30,793,220</b>	<b>23,165,289</b>
<b>Operating Expenses:</b>							
Collection	7,961,183	7,584,339	5,662,547	7,770,758	5,211,840	8,081,953	5,935,735
Disposal	5,783,642	5,528,455	3,750,422	5,097,762	3,436,766	5,730,222	3,909,105
Recycling	5,430,793	5,205,289	2,660,761	3,571,822	2,684,011	3,538,068	2,520,289
Yard Waste	1,468,891	2,224,400	1,692,284	2,202,595	1,518,307	1,537,517	1,094,639
Large Item/Problem Material	1,444,977	1,408,922	763,376	1,036,280	768,474	1,196,922	876,413
Transfer Stations	328,548	361,268	335,588	408,516	467,624	691,945	300,488
Administration	4,019,058	3,898,486	2,894,737	3,980,983	3,036,937	3,971,051	3,068,223
Customer Service	693,326	666,230	449,291	654,129	502,602	545,427	415,495
Clean City	1,910,664	2,002,729	1,381,972	1,694,552	1,248,607	1,525,832	1,193,619
Equipment	5,109,190	4,699,933	2,183,205	2,653,277	1,925,715	2,690,547	1,867,201
Organics	529,782	210,000	187,337	210,154	139,258	143,515	108,038
<b>Total Operating Expenses</b>	<b>34,680,054</b>	<b>33,790,051</b>	<b>21,961,520</b>	<b>29,280,828</b>	<b>20,940,141</b>	<b>29,652,999</b>	<b>21,289,245</b>
<b>Operating Margin</b>	<b>(4,084,967)</b>	<b>(1,785,669)</b>	<b>2,317,254</b>	<b>3,305,458</b>	<b>3,751,714</b>	<b>1,140,221</b>	<b>1,876,044</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	296,000	296,000	219,135	196,000	37,500	196,000	147,000
Net Transfers Out	(1,271,000)	(1,271,000)	(953,250)	(936,000)	(761,000)	(850,999)	(638,250)
Depreciation	(715,705)	(715,705)	(536,779)	(715,708)	(506,974)	(834,927)	(580,189)
Special Assessments	-	460,000	-	255,881	7,124	244,316	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,690,705)</b>	<b>(1,230,705)</b>	<b>(1,270,894)</b>	<b>(1,199,827)</b>	<b>(1,223,351)</b>	<b>(1,245,610)</b>	<b>(1,071,439)</b>
<b>Net Income</b>	<b>(5,775,672)</b>	<b>(3,016,374)</b>	<b>1,046,360</b>	<b>2,105,631</b>	<b>2,528,363</b>	<b>(105,389)</b>	<b>804,605</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash		20,270,000	24,036,557	22,371,818	22,143,491	21,924,108	22,635,364
Accounts Receivable		3,995,000	3,002,258	3,957,458	2,953,148	2,867,993	2,681,486
Capital Outlay		2,040,000	-	1,905,479	1,767,252	166,688	

**City of Minneapolis  
Water Revenue Fund  
For the Third Quarter Ending September 30, 2012**

<b>Fund 7400</b>	<b>2012 Budget</b>	<b>09/30/12 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	76,443,971	61,740,983	14,702,988	81%
Operating Expense	51,105,498	37,088,625	14,016,873	73%
Operating Margin	25,338,473	24,652,358		
Net Income (Loss)	8,630,892	11,411,459		

**Program Description:**

This Fund accounts for the operation, maintenance and capital investments of the water treatment and distribution system for the City and several suburban wholesale customers. The City sells water directly to seven cities - Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina as well as the Metropolitan Airport Commission

**Revenue:**

The 3rd quarter 2012 operating revenue was \$61,740,983, or 81% of the 2012 budgeted amount of \$76,443,971. Revenue earned through third quarter 2012 represents an increase of 21% over the 2011 revenue of \$51,022,876 earned through the same period. This increase is due at least in part to the fixed rate charge that was introduced this year in addition to the lower rainfall amounts in 2012 resulting in higher consumption.

**Expense:**

Through the 3rd quarter of 2012, operating expenses totaled \$37,088,625 or 73% of the 2012 budgeted amount of \$51,105,498. Expenses through third quarter 2012 of \$37,088,625 represent an increase of 11% over the 2011 expenses of \$33,333,907 spent through the same period. The largest contribution to the increase is from increases in transfers to the General Fund and operating costs related to the MERF pension plan.

**Transfers:**

For 2012, the transfer amount of \$3,774,000 represents the former MERF (Minneapolis Employee Retirement Fund) pension debt service payment.

**Debt Services:**

Debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. There are no current year debt funded capital projects. Past projects include dewatering plant improvements, water treatment infrastructure improvements, and cleaning and lining of the distribution mains. The amount budgeted for 2012 debt service is \$10,217,627.

**Forecast:**

For the year ended 2012, operating revenues are projected to exceed the budget by approximately \$5.3 million or 7%. The chief reason for the increased revenues is that we have experienced a dry early summer resulting in increased water consumption. Conversely, operating expenses are projected to be under budget by approximately \$400 thousand or 1%. If realized, this activity will result in an operating margin of \$30.9 million, compared to the

budgeted margin of \$25.3 million, or \$5.6 million more than the amount budgeted. Net income is projected at \$12.7 million compared to a budgeted amount of \$7.1 million.

**Other Financial Items:**

The ending cash balance as of 9/30/12 is \$17,450,864 compared to \$13,828,496 as of 9/30/11. The objective is to have a cash balance equal to or greater than 3 months of operating expense. Based on the current budget the target amount would be \$12.8 million. In addition to the operating cash reserve, the Water Fund is also reserving approximately \$1.3 million per year for membrane and valve replacement at the Columbia Heights water treatment facility. The 12/31/12 balance in this operating reserve will be \$2.6 million.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2012, 2011, 2010

	Budget Current Year 2012	Projected Ending 2012	For Period Ending 30-Sep-12	For Year Ending 2011	For Period Ending 30-Sep-11	For Year Ending 2010	For Period Ending 30-Sep-10
<b>Operating Revenues:</b>							
Licenses & Permits	1,100	37,044	30,819	6,364	5,102	1,076	938
Charges For Services	3,564,000	7,829,355	5,302,613	2,058,750	1,337,393	1,211,094	47,911,896
Charges For Sales	71,884,985	72,936,488	55,648,570	67,491,543	49,674,301	64,399,395	966,208
Rents							
Interest							
Operating Transfer In	993,886	993,886	745,416				
Other Misc Revenues		15,136	13,565	27,459	6,080	50,383	328,212
<b>Total Operating Revenues</b>	<b>76,443,971</b>	<b>81,811,909</b> 5,367,938	<b>61,740,983</b>	<b>69,584,117</b>	<b>51,022,876</b>	<b>65,661,948</b>	<b>49,207,254</b>
<b>Operating Expenses:</b>							
Engineering	2,192,400	1,967,904	1,444,258	1,549,047	1,134,260	1,368,413	1,006,820
Payments for City Services	10,067,237	10,067,237	7,575,948	7,333,923	5,757,838	8,137,262	6,102,240
Administration	1,161,377	1,159,549	816,645	1,007,162	750,513	2,238,132	1,635,304
Operations	16,697,438	16,315,783	11,697,938	15,957,374	11,392,578	16,885,255	11,954,365
Maintenance	6,926,886	7,240,660	5,377,723	5,738,283	4,480,138	6,932,572	4,974,095
Distribution	8,786,743	9,249,845	6,647,337	7,841,971	6,079,713	8,361,990	5,583,833
Major Repairs & Replacement	2,000,000	1,927,696	1,367,381	3,438,120	1,905,685	1,552,332	1,038,408
Meter Shop	2,108,180	1,999,611	1,472,097	2,401,283	1,833,182	2,440,401	1,925,423
Reimbursables	1,165,243	936,538	689,298				
<b>Total Operating Expenses</b>	<b>51,105,504</b>	<b>50,864,823</b>	<b>37,088,625</b>	<b>45,267,164</b>	<b>33,333,907</b>	<b>47,916,357</b>	<b>34,220,488</b>
<b>Operating Margin</b>	<b>25,338,467</b>	<b>30,947,086</b>	<b>24,652,358</b>	<b>24,316,953</b>	<b>17,688,969</b>	<b>17,745,591</b>	<b>14,986,766</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(4,992,000)	(4,992,000)	(3,744,000)	(2,042,000)	(2,042,000)	(1,506,801)	(943,500)
Federal ARRA Grant						1,214,486	
Federal Emergency Management Assistance		10,455	10,455	280,128			
State of Minnesota		3,136	3,136	93,376			
Depreciation	(8,785,763)	(8,785,763)	(6,589,322)	(10,016,991)	(6,400,927)	(7,992,504)	(5,994,997)
Special Assessments						97,850	(395,993)
Net Interest Income (Exp)	(4,476,442)	(4,476,442)	(2,921,168)	(3,569,353)	(2,812,435)	(3,423,892)	(2,580,735)
Other Non-Operating Income						124,058	125,421
Other Non Operating (Expense)						(81,166)	(184,292)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(18,254,205)</b>	<b>(18,240,614)</b>	<b>(13,240,900)</b>	<b>(15,254,840)</b>	<b>(11,255,362)</b>	<b>(11,567,969)</b>	<b>(9,974,096)</b>
<b>Net Income</b>	<b>7,084,262</b>	<b>12,706,472</b>	<b>11,411,459</b>	<b>9,062,113</b>	<b>6,433,607</b>	<b>6,177,622</b>	<b>5,012,670</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			17,450,864	15,055,373	13,858,496	11,635,283	4,212,207
Construction Cash				95,607	1,846,019	1,846,019	5,719,970
Accounts Receivable			7,180,007	7,049,602	6,268,757	5,855,841	6,056,123
Bonds & Notes Payable			115,577,934	119,124,241	119,910,375	114,840,545	109,072,420
<b>Significant Cash Flow Items</b>							
Capital Outlay			8,383,368	15,297,583	11,177,499	19,680,417	
Capital Revenue			464,635				
Bond & Note Principle payments			3,546,307	3,655,000		3,404,908	13,217,940
Refunding Principal Payments							3,404,908
<b>Total Cash Flow Items</b>			<b>12,394,310</b>	<b>18,952,583</b>	<b>11,177,499</b>	<b>23,085,325</b>	<b>16,622,848</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Quarter Ended Sept 30, 2012**

<b>Fund 7500*</b>	<b>2012 Original Budget</b>	<b>Sept 30,2012 Period End Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	42,245,035	33,195,677	9,049,358	79%
Expenses	32,985,473	20,824,574	12,160,899	63%
Operating Margin	9,259,562	12,371,103		
Net Income (Loss)	(2,737,992)	1,100,580		

\* Figures in the table do not include State-owned ABC parking facilities. Net Income (Loss) includes all non-operating expenditures and revenues such as depreciation expense, bond interest expense and transfers between funds

**Program Description:**

This fund primarily accounts for operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. Major parking-related capital construction and development activities occur in this fund.

**Revenues:**

The 2012 third quarter end actual revenues are up in comparison to the 2012 budget by 4%. For 2012 the 4% is from:

- Impound Lot revenues are down 15.9% compared to budget.
- On-street meters are up 31.5% compared to budget.
- Off-street ramps and lots are up 1.3% compared to budget.

Impound Lot revenues are lower than budgeted due to lower than expected snow emergencies during the first part of 2012 and a reduction in the volume and price of scrap metal. The newly installed On-street meters with credit card capability, additional meter coverage and event revenues contributed to the increase in On-street revenues. Off-street revenues are consistently performing about 1 to 2% above projections.

**Expenses:**

The 2012 third quarter expenses are below the third quarter 2012 budget by 11.9 %. For 2012 the 9.3% is from:

- Impound Lot expenses are down 24.6% compared to budget.
- On-street meters are over 53.6% compared to budget. This is primarily due to the new Multi-space meters service fees.
- Off-street ramps and lots are down 15.7% compared to budget.

Impound Lot expenses are lower than expected due to a slower winter with limited snow related operational activities, including towing, security, lot maintenance and personnel. On-street meter expenses are higher than budgeted due to the new meters service fees not fully included in the 2012 budget. Off-street ramps and lots show lower than budgeted expenses due to reduced costs associated with operational efficiencies attained through ongoing parking initiatives.

**Transfers to and from other funds:**

The 2012 transfers into and out of the Parking Fund are programmed and planned according to the 2012 budget. During the year of 2012 \$13.3 million of funds will be transferred in and \$11.4 million of funds will be transferred out.

**Debt Service:**

For 2012, the debt service budget is \$22.9 million. Jan 3, 2012 \$38.7 million of bond were called and replaced with a variable rate interest note of \$38.7 million. The outstanding balance of bond principal as of Sept 30, 2012 is \$106.1 million. The Parking System has an annual \$1.7 million capital program.

**Forecast:**

For the year ending 2012 operating revenues are expected to be greater than budgeted by \$3.2 million. Operating expenses are expected to be under budget by \$4.5 million resulting in an increase in the Operating margin. Thus both resulted in an overall increase in the Operating Margin over Budget of \$7.7 million.

**Other Financial Items:**

The current operating cash balance is \$10.4 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$8.5 million, which results in \$1.9 million remaining. The \$1.9 million is reserved for future debt service payments and the remaining cost for installing the On-street meters.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For Third Quarter/Years Ending 2012, 2011, and 2010

	Current Budget Year 2012	Projected Year Ending 31-Dec-12	For Period Ending 30-Sep-12	For Year Ending 31-Dec-11	For Period Ending 30-Sep-11	For Year Ending 31-Dec-10
<b>Operating Revenues:</b>						
Off-Street Parking: City Owned	28,525,035	29,363,554	21,765,460	28,268,322	21,411,199	28,439,497
Off-Street Parking: State Owned	12,450,000	10,450,000	6,110,115	10,336,123	9,145,432	17,427,211
Towing	6,720,000	5,982,088	3,971,801	6,410,768	4,756,333	6,415,668
On-Street Meters	7,000,000	10,088,927	7,458,416	7,610,627	5,421,790	6,757,970
Total Operating Revenues	54,695,035	55,884,569	39,305,792	52,625,840	40,734,754	59,040,346
<b>Operating Expenses:</b>						
Off-Street Parking: City Owned-Direct Expenses	24,551,201	19,776,941	14,539,000	21,543,930	15,354,531	19,482,372
Off-Street Parking: State Owned-Direct Expenses	8,678,253	8,678,253	6,544,897	9,966,433	7,280,804	14,805,379
Towing	5,854,453	4,405,762	2,953,735	4,694,310	3,392,682	5,215,092
On-Street Meters	2,579,819	4,294,004	3,318,324	5,065,159	4,126,369	2,014,200
Other Operating Expenses	-	-	13,515	237,422	172,035	289,889
Total Operating Expenses	41,663,726	37,154,960	27,369,471	41,507,254	30,326,421	41,806,932
<b>Operating Margin</b>	13,031,309	18,729,609	11,936,321	11,118,586	10,408,333	17,233,414
<b>Non-Operating Revenues/(Expenses)</b>						
General Fund Transfer Out	(7,818,000)	(7,818,000)	(5,863,500)	(7,818,000)	0	(8,618,000)
Arena Reserve Transfer Out	(2,940,905)	(2,940,905)	(2,205,679)	(2,758,000)	(2,068,500)	(2,241,000)
Debt Service Transfer Out	(477,000)	(477,000)	(357,750)	(198,000)	(198,000)	(236,657)
General Debt Service Transfer Out	-	-	-	-	-	0
Sanitation Transfer Out	(146,000)	(146,000)	-	(146,000)	0	(146,000)
Total Transfers Out	(11,381,905)	(11,381,905)	(8,426,929)	(10,920,000)	(2,266,500)	(11,241,657)
Convention Center related facility Transfer	5,580,100	5,580,100	2,373,800	7,589,231	2,523,525	8,214,979
TI and MCDA Transfers In	7,748,442	7,748,442	2,138,531	7,607,095	7,031,531	3,971,830
Other Transfers In	-	-	516,236	-	-	-
Total Transfers In	13,328,542	13,328,542	5,028,567	15,196,326	9,555,056	12,186,809
Depreciation	(6,909,586)	(6,909,586)	(5,275,268)	(6,703,978)	(3,438,169)	(6,392,796)
Special Assessments	0	-	-	0	0	0
Interest	(7,034,605)	(7,034,605)	(2,579,623)	(4,845,780)	(2,816,756)	(5,620,383)
Other Non Operating Expenses	0	(48,417)	(48,417)	(116,668)	(71,057)	(98,824)
Other Non-Operating Income	0	-	31,146	4,067	3,039	2,535,174
Total Non-Operating Revenues (Expenses)	(11,997,554)	(12,045,971)	(11,270,523)	(7,386,033)	965,613	(8,631,677)
<b>Net Income+/-</b>	1,033,755	6,683,638	665,798	3,732,553	11,373,946	8,601,737
<b>Significant Balance Sheet Items</b>						
Operating Cash			10,375,743	11,648,613	11,276,024	13,211,301
Notes Payable			38,650,000			
Bonds Payable			106,120,042	149,200,041	162,320,042	175,360,042
Total Balance Sheet Items			155,145,785	160,848,654	173,596,066	188,571,343
<b>Significant Cash Flow Items</b>						
Principal on debt (net of Refunding Bonds)	15,840,000	15,840,000	43,080,000	14,820,000	8,145,000	27,765,000
Capital Outlay	3,600,000	3,600,000	2,076,809	211,582	131,511	1,675,135
Total Cash Flow Items	19,440,000	19,440,000	45,156,809	15,031,582	8,276,511	29,440,135

**CPED Enterprise Fund Component Programs**  
**Statement of Revenues, Expenses, and Changes in Program Net Assets**  
**For the Year Ended 12/31/11, and the Nine Months Ended 9/30/12**

	Housing Development Fund 1/1-12/31/11	Housing Development Fund 1/1-9/30/12	General Agency Reserve Fund System 1/1-12/31/11	General Agency Reserve Fund System Operations 1/1-9/30/12	Theatres 1/1-12/31/11	Theatres 1/1-9/30/12	River Terminal 1/1-12/31/11	River Terminal 1/1-9/30/12	Economic Development Program 1/1-12/31/11	Economic Development Program 1/1-9/30/12
<b>Operating revenues</b>										
Charges for sales and services	\$ -	\$ -	\$ 431,808	\$ 272,064	\$ -	\$ -	\$ 1,811,673	\$ 1,077,330	\$ 352,275	\$ 206,250
Interest on program activities	34,132	-	5,242,887	-	-	-	-	-	-	-
Other	-	-	30	-	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>34,132</b>	<b>-</b>	<b>5,674,725</b>	<b>272,064</b>	<b>-</b>	<b>-</b>	<b>1,811,673</b>	<b>1,077,330</b>	<b>352,275</b>	<b>206,250</b>
<b>Operating expenses:</b>										
Personal services	-	-	222,134	120,757	-	1,181	10,644	6,346	3,307	1,463
Contractual services	66,435	-	194,393	43,018	-	1,008	2,098,245	1,150,813	21,656	3,359
Other	15,922	-	7,834	5,363	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	347,526	260,645	-	-
<b>Total operating expenses</b>	<b>82,357</b>	<b>-</b>	<b>424,361</b>	<b>169,138</b>	<b>-</b>	<b>2,189</b>	<b>2,456,915</b>	<b>1,418,304</b>	<b>24,963</b>	<b>4,822</b>
<b>Operating income</b>	<b>(48,225)</b>	<b>-</b>	<b>5,250,364</b>	<b>102,926</b>	<b>-</b>	<b>(2,189)</b>	<b>(645,242)</b>	<b>(340,974)</b>	<b>327,312</b>	<b>201,428</b>
<b>Nonoperating revenues (expenses)</b>										
Interest on investments	3,155	1,654	294,464	7,570	(16,498)	(8,446)	(4,916)	(3,152)	161,552	3,102
Interest expense	-	-	(5,252,457)	-	-	-	-	-	(24,525)	(8,771)
<b>Total nonoperating revenue (expenses)</b>	<b>3,155</b>	<b>1,654</b>	<b>(4,957,993)</b>	<b>7,570</b>	<b>(16,498)</b>	<b>(8,446)</b>	<b>(4,916)</b>	<b>(3,152)</b>	<b>137,027</b>	<b>(5,669)</b>
<b>Income (loss) before transfers</b>	<b>(45,070)</b>	<b>1,654</b>	<b>292,371</b>	<b>110,496</b>	<b>(16,498)</b>	<b>(10,635)</b>	<b>(650,158)</b>	<b>(344,126)</b>	<b>464,339</b>	<b>195,759</b>
<b>Net transfers from (to) other funds</b>	<b>(256,150)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>(243,074)</b>	<b>-</b>
<b>Change in net assets</b>	<b>(301,220)</b>	<b>1,654</b>	<b>292,371</b>	<b>110,496</b>	<b>(16,498)</b>	<b>389,365</b>	<b>(650,158)</b>	<b>(344,126)</b>	<b>221,265</b>	<b>195,759</b>
<b>Total net assets - January 1</b>	<b>1,317,125</b>	<b>1,015,905</b>	<b>34,674,232</b>	<b>1,193,181</b>	<b>(2,095,532)</b>	<b>(2,112,030)</b>	<b>6,328,196</b>	<b>5,678,038</b>	<b>19,570</b>	<b>240,835</b>
<b>Total net assets - December 31</b>	<b>\$ 1,015,905</b>	<b>\$ 1,017,559</b>	<b>\$ 34,966,603</b>	<b>\$ 1,303,677</b>	<b>\$ (2,112,030)</b>	<b>\$ (1,722,665)</b>	<b>\$ 5,678,038</b>	<b>\$ 5,333,912</b>	<b>\$ 240,835</b>	<b>\$ 436,594</b>

**Housing Development** - This fund accounts for various home ownership and home improvement programs. These are mature programs. The residual balances are committed to the operations of the Minneapolis-St Paul Housing Finance Board.

**General Agency Reserve Fund System** - This fund accounts for a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. The funds are restricted by bond covenants and the need of the City to minimize risk in its support of the GARFS. The funds are critical to maintaining the "A+" rating of the fund. Only the administrative operations portion of the fund is presented at 9/30/12. Other information for the fund is maintained by a trustee and not available for inclusion at 9/30.

**Theatres** - This fund accounted for the operations of the State, Orpheum and the Pantages theatres. The City no longer operates these theatres. The fund accounts for residual balances and activity.

**River Terminal** - This fund is used to account for the operations of the public terminal facility located on the Mississippi River

**Economic Development Program** - This fund accounts for the Capital Investment Fund Program with the Federal Home Loan Bank, which provides loans to businesses for economic development and the creation of jobs, as well as for certain defaulted properties.

# 2012 Third Quarter Investment Report

In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity and yield.

As of September 30, 2012, the City's current investment portfolio was valued at \$550 million. The sector holdings and fund distributions are shown below. For the twelve months ended September 30, 2012, the portfolio has outperformed its benchmark.

Investment Performance period ended September 30, 2012	City Portfolio	Custom Benchmark*
3 month Total Return	0.31%	0.19%
12 months Total Return	.88%	0.37%
3 year Total Return	1.14%	0.76%
Credit Quality	AGY	TSY

\* Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

## Portfolio Holdings By Sector

Sector	Sept. 30 2012	% of port.	Sept. 30 2011	% of port.
Cash and equivalents*	\$ 65.1	12%	\$ 59.0	11%
Commercial Paper	32.7	6%	68.7	13%
Federal Agency	212.5	39%	206.1	38%
Mortgage Backed	70.8	13%	47.6	9%
Municipals	16.3	3%	15.9	3%
US Treasuries	152.6	28%	148.0	27%
<b>Total Market Value</b>	<b>\$ 550.0</b>	<b>100%</b>	<b>\$ 545.3</b>	<b>100%</b>

\*Net of checks outstanding

Funds	Sept. 30 2012	% of funds	Sept. 30 2011	% of funds
Debt Service	\$ 75.3	14%	\$ 86.9	16%
Development	18.9	3%	20.4	4%
Enterprise Fund	109.1	20%	96.1	18%
General	38.7	7%	35.7	7%
Internal Service	78.4	14%	66.6	12%
Hilton Trust	-	0%	7.4	1%
NRP	42.0	8%	45.3	8%
Park Board	14.5	3%	7.8	1%
TIF	94.2	17%	83.3	15%
Convention Center	34.8	6%	24.0	4%
Other	14.2	3%	14.3	3%
<b>Sub Total City Op. Port.</b>	<b>\$ 520.1</b>	<b>95%</b>	<b>\$ 487.8</b>	<b>90%</b>
Bond Proceeds/Const.	27.3	5%	54.1	10%
<b>TOTAL Book Value</b>	<b>547.4</b>	<b>100%</b>	<b>541.9</b>	<b>100%</b>
Unrealized G/L & Acc int	2.6		3.4	
<b>All Funds Mkt Value</b>	<b>\$ 550.0</b>		<b>\$ 545.3</b>	

