City of Minneapolis
Financial Status Report as of 2nd Quarter 2012
Prepared by the
City of Minneapolis Finance Department
August 27, 2012

City of Minneapolis

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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 June 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 services and goods provided within the government and 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 second quarter of this year, the fund has spent 53% of its operating budget. Based on General Fund operating results through June 30, 2012, it is anticipated that the fund balance in the General Fund will end the year at about $70.5 million, a slight increase over last year, and well within the stated reserve policy of 15% of the following year's budgeted Operating Revenue.

License and permit fees, the fourth largest source of revenue to the City, are expected to exceed revenue estimates by $2.0 million due to continued increased building permit activity. 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, continue to decline each year primarily due to cuts in Local Government Aid, which is received in two equal payments also in July and December. At this time all other revenues are projected to come in as planned.

The City will make an accounting change to record the entertainment tax as revenue directly into 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 General Revenue Fund and Arena Reserve Fund (Target Center). An adjustment will be made to reflect this change back to the beginning of 2012. The entertainment tax to the General Fund is projected to be $13.2 million for 2012. This is slightly lower than in previous years. In the future operating revenue in the General Fund will increase and transfers in from the Convention Center will decrease by that amount.

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 $600,000 under budget at year end 2012. However, this projection is tempered by additional costs incurred from the Vice President's recent visit and the expected increase in overtime and slowdown in attrition rates that occur seasonally in the latter part of the summer into the fall.

The Fire Department currently anticipates coming in slightly under $300,000 over budget by year end. This represents a 0.6% variance from budget. 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 keep fire stations adequately staffed. The department has implemented a number of cost saving measures to help mitigate the increase in overtime costs. This has included 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. The department has been aggressive in getting grants that have minimal impact on budget.

The City Coordinator is projected to be slightly under budget by year end due primarily to salary and other cost savings in the Finance and Property Services Department.

The Public Works Department is anticipating being at or slightly below budget at the end of the 2012. This is due primarily to lower than normal snow plowing costs incurred at the beginning of the year.

Regulatory Services is anticipating ending 2012 at budget. Expenditures for all of the remaining departments are projected to be at or near the current budget by year end.

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 except the entertainment tax. The entertainment tax revenue is currently transferred to the City's General Fund and Arena Reserve Fund but will be recorded directly in these two funds starting with 2012.

Though the Convention Center budgeted for a loss of $(1.9) million in 2012, the fund is projecting a gain of at least $2.0 million at year end. A slight increase projected in operating revenues along with strong tax revenue 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 $4.0 million above budget. The cash balance at the end the year is projected to be $27.4 million or $2.1 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 has been 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:

Internal Service Funds (In Thousands)
2012 Budget to Actual through 6-30-12 (Incl. Depreciation)

Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	1,552	824	53%	1,464	567	39%
Fleet Services	40,798	20,330	50%	42,234	19,905	47%
Property Services	16,122	7,788	48%	17,204	8,159	47%
Public Works Stores	910	596	65%	1,058	536	51%
Intergovernmental Service Fund	37,291	16,084	43%	49,542	21,872	44%
Self Insurance	27,281	13,657	50%	26,890	9,397	35%

The Engineering Materials and Testing Fund is on track to exceed its financial targets for the year. The Fund is projecting that it will finish the year with a net income of almost $1,775,000 compared to a budget net income of $1,552,000. The fund continues to maintain a positive and improved cash balance and projects the net asset balance at year end to be $1,289,000.

The Fleet Services Fund is projected to have a small net loss of $(89,679) at the end of 2012 compared to a 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. At year end, the net asset balance is expected to remain at the $35.2 million level which is consistent with the long-term financial plan. At $10.9 million, the cash balance at June 30, 2012 is $6.6 million above the target of $4.3 million.

The Property Services Fund is projected to end the year with a net loss of $(0.6) million compared to a budgeted net loss of $(0.9) million. 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 $25.2 million which is $23.0 million greater than the benchmark in the financial policies which determines that the net asset value should not fall

below two times the annual depreciation amount. The operating cash balance is below the target of $1.9 million. The cash balance in the Property Disposition Fund is not included in the target cash balance.

The Public Works Stores Fund is expected to finish the year at essentially breakeven with a small net income of $2,000 compared to a budgeted net loss of $(264,929). The fund will continue to maintain a positive net asset balance at $3.0 million at year end. The cash balance at June 30, 2012 is $(1.1) million which is below the target of $200,000. The decrease in cash corresponds to increased inventory purchases through the first half of 2012.

The Intergovernmental Service Fund anticipates ending the year with a net loss of $(363,000) compared to a budgeted net loss of $(1.3) million. The small loss is due primarily to the payment of the MERF debt service of $1.1 million. The fund will recover the cost of the MERF payment over the next three years through the allocation model. The 2011 projection for revenue received from the transfer from the general fund includes this reduction. The net asset balance is expected to be $21.8 million at year end. 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 second quarter 2012 is $11.5 million which exceeds the benchmark reserve requirement by $7.2 million. Included in the cash balance are prepayments of $12.5 million for technology projects from other City departments.

The Self-Insurance Fund is projecting to finish 2012 with a net income of $7.2 million compared to the budgeted net income of $2.8 million, a projected improvement due primarily to the $4.4 million significant decrease in tort settlement costs in the first half of the year. The fund continues to receive transfers from the general fund as noted in its long-term financial plan. At the same time, the fund is budgeted to transfer $485,000 to the pension fund debt service to retire bonds related to the MERF unfunded pension liability. The 2012 transfer is the final payment related to the debt. The fund will recover the cost of this payment through its cost allocation model over three years. The cash balance at the end of the second quarter was $49.7 million which is $1.3 million below the target reserve amount. The net asset position continues to improve as 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:

Enterprise Funds (In Thousands)						
2012 Budget to Actual through 6-30-12 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	53,093	27,406	52%	44,261	22,382	51%
Stormwater	38,630	19,663	51%	23,524	9,795	42%
Solid Waste	30,595	15,846	52%	32,880	14,814	45%
Water Utility	76,444	36,213	47%	51,105	23,866	47%
Parking	42,245	22,607	54%	32,132	13,039	41%

The **Sewer Utility Funds** account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sew 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, their cash balances are within the reserve requirement.

For the next six months, the *Storm Water Fund* estimates that cash outflow will amount to $34.0 million which will include all operating expenditures, debt service payments, capital programs and transfers. The fund also anticipates receiving $32.0 million in revenues from operations and bond sales enabling it to maintain a $16.0 fund balance at year-end 2012. The *Sanitary Sewer Fund* estimates that it will incur cash outflow of $11.4 million in operations, $7.4 million for debt service, $556,000 in MERF transfer, and an additional $11.2 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 $31.3 million.

The **Solid Waste Fund** accounts for the City's solid waste collection, disposal, and recycling operations. This fund estimates that for the next six months, cash outflow will be around $21.3 million which would include all operating expenditures, equipment purchases, and other capital outlays for bins, carts and improvements. The fund also anticipates an additional $18.3 million in revenues from its operations in the same period enabling it to maintain fund balance at $20.3 million for year-end 2012. The cash balance at the end of the second quarter is $23.0 million which exceeds the target by $16.0 million. A portion of the excess cash 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 $2.9 million or 3.8%. The increase revenues are 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 $1.0 million or 2.0%. This activity should result in a net income of $12.6 million compared to a budgeted net income of $8.6 million. The cash balance at the end of the second quarter was $14.8 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 project 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 $11.5 million or $8.6 million better than the budgeted net income of $2.9 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 have both contributed to the fund performance. The cash balance at quarter end was $16.4 million which is about $7.9 million above target.

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 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

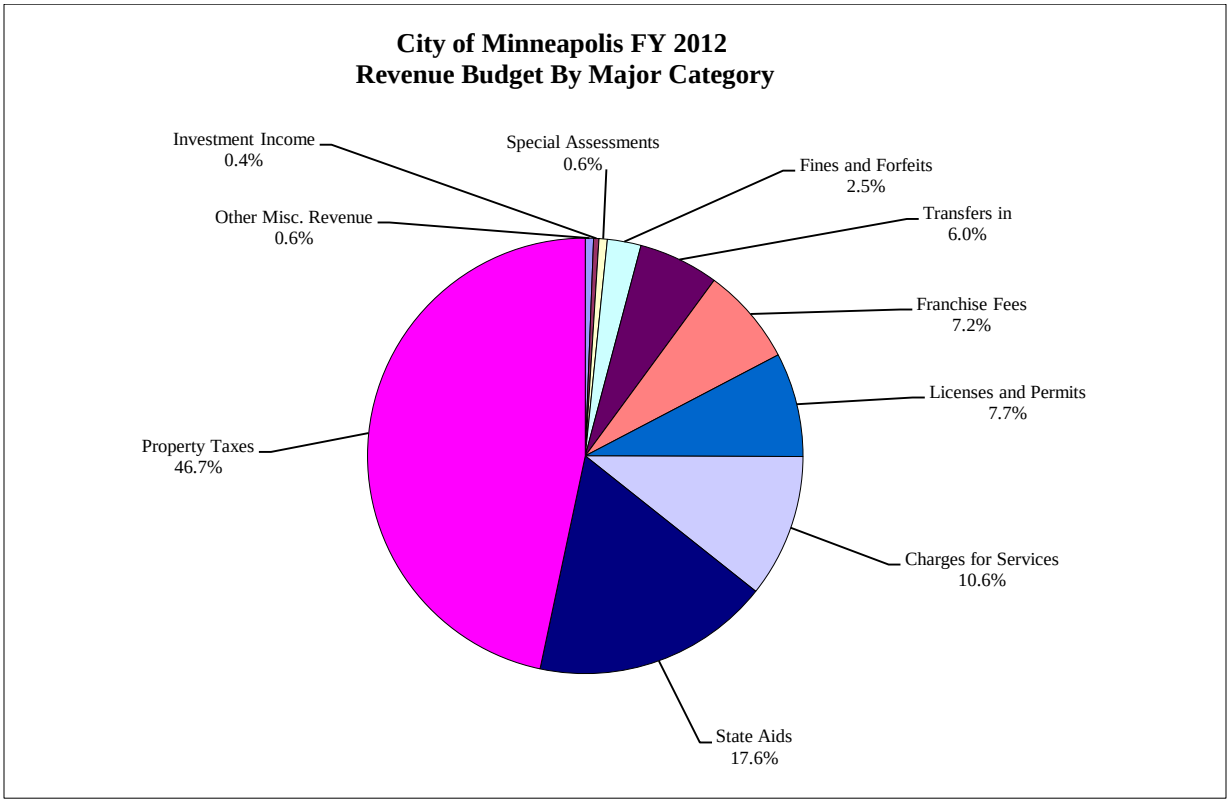
The fund balance for the General Fund at fiscal year-end 2011 was $ 69.9 million. Based on current revenue and expenditure results, we are expecting the fund balance at year-end 2012 to be $70.5 million. This is well within the City's stated reserve policy.

Preliminary 2012 Fund Balance

Fund Balance January 1, 2012	$ 69.9 million
Excess of Revenue over Expense	0.6 million
Fund Balance, December 31, 2012	$ 70.5 million

The excess of revenue over expense of $0.6 million includes $4.9 million in fund balance rollovers from 2011, appropriation savings of $3.6 million, and excess revenue of $2.0 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 very close to budgeted amounts for 2012.

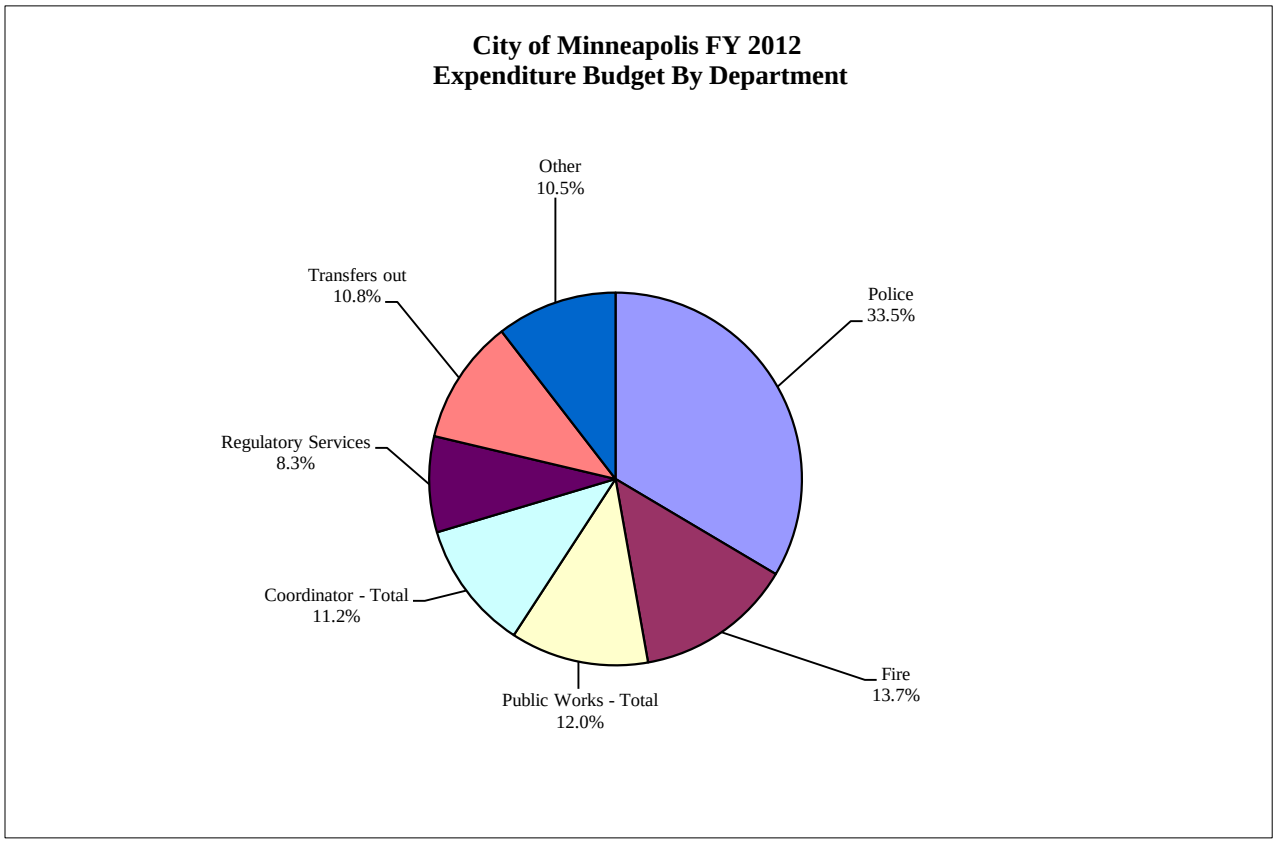
State aids, the second major source of fund revenue (17.7%), is declining each year due to cuts in Local Government Aid. Local Government Aid is received in two equal payments - one in July, and one at the end of December

Charges for services, the third major source of fund revenue (10.7%), are expected to come in at revenue estimates.

License and permit fees, the fourth largest source of revenue to the City (7.8%), are projected to exceed revenue estimates by $2 million, due to continued increased building permit activity.

Franchise Fees (7.3%), the fifth major revenue source, are expected to come in as planned.

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 $600,000 under budget by year-end.

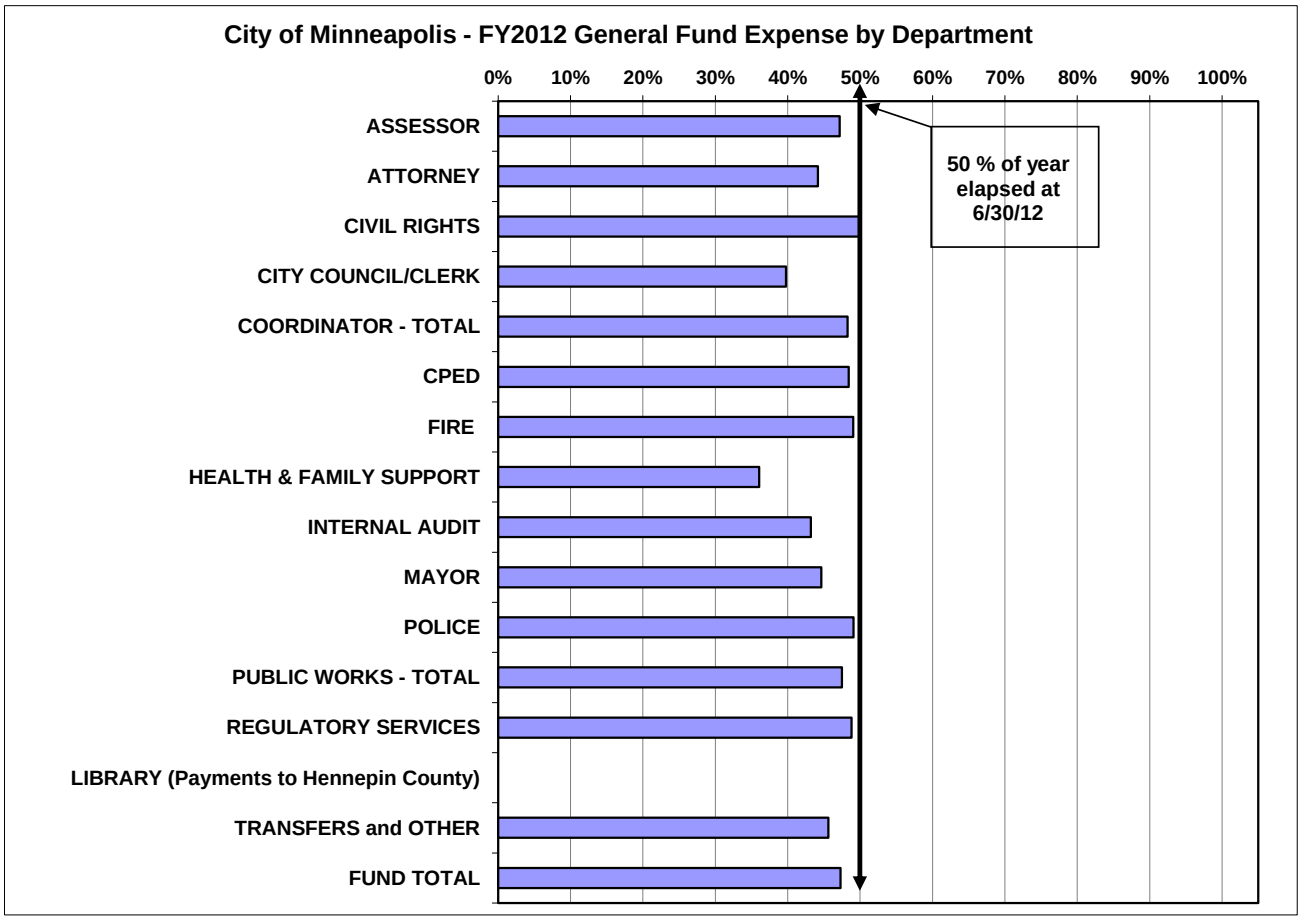
The Fire Department currently anticipates coming in about $300,000 over budget by year-end. All of the overage can be attributed to overtime. The department is experiencing a high level of work related injuries, which has resulted in increased overtime costs to adequately staff the fire stations.

The City Coordinator is projected to be slightly under budget by year end, due to savings in the Finance Department.

The Public Works Department is anticipating being at or slightly under budget. This is because of lower than normal snow plowing at the beginning of the year

Regulatory Services is anticipating ending the year at budget.

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



City of Minneapolis
General Fund
June 30, 2012

					Projected YE Totals	Projected YE as Percent of Revised Budget
Revenues:	**Original Budget**	**Revised Budget**	**YTD Actual**	**Percent of Revised Budget Remaining**		
Property Taxes	177,107,815	177,107,815	2,987	100%	177,107,900	100%
State Aids	66,981,812	66,981,812	1,988,051	97%	66,981,800	100%
Charges for Services	40,361,011	40,361,011	19,334,047	52%	40,361,000	100%
Franchise Fees	27,500,000	27,500,000	11,789,009	57%	27,500,000	100%
Licenses and Permits	29,320,911	29,320,911	16,097,315	45%	31,320,900	107%
Fines and Forfeits	9,495,414	9,495,414	4,097,915	57%	9,495,000	100%
Special Assessments	2,342,804	2,342,804	113,996	95%	2,342,800	100%
Investment Income	1,500,000	1,500,000	784,002	48%	1,500,000	100%
Other Shared Taxes	531,405	531,402	142,203	73%	531,400	100%
Other Miscellaneous	981,925	981,925	238,934	76%	981,900	100%
Contributions	800,000	800,000	245,435	69%	800,000	100%
Total Revenues	**356,923,097**	**356,923,094**	**54,833,894**	85%	**358,922,700**	**101%**
Transfers In	22,594,212	22,594,212	11,297,106	50%	22,594,212	100%
Revenues and Other Sources	**379,517,309**	**379,517,306**	**66,131,000**	83%	**381,516,912**	**101%**
Expenditures :						
Police	128,014,896	128,899,188	63,284,781	51%	128,299,200	100%
Fire	52,272,248	52,591,251	25,788,189	51%	52,891,251	101%
Coordinator - Total	42,147,757	43,034,181	20,779,162	52%	43,034,000	100%
Public Works - Total	46,083,750	46,083,750	21,891,158	52%	46,083,000	100%
Regulatory Services	30,257,564	31,977,943	15,611,813	51%	31,977,900	100%
Attorney	7,758,185	8,298,756	3,665,163	56%	8,298,700	100%
City Council & City Clerk	8,027,771	8,592,256	3,415,558	60%	8,592,000	100%
Culture and Recreation -Library	4,982,000	4,982,000	-	100%	4,982,000	100%
Contingency	4,000,195	4,000,195	6,460	100%	750,000	19%
Assessor	4,195,609	4,195,609	1,979,082	53%	4,195,600	100%
CPED	3,557,535	3,557,535	1,722,243	52%	3,557,500	100%
Health & Family Support	2,432,919	2,432,919	877,293	64%	2,432,900	100%
Civil Rights	2,153,001	2,153,001	1,074,252	50%	2,153,000	100%
Mayor	1,548,188	1,548,188	691,063	55%	1,548,100	100%
Internal Audit	437,560	456,835	197,414	57%	456,800	100%
Total Expenditures	**337,869,178**	**342,803,607**	**160,983,631**	53%	**339,251,951**	**99%**
Transfers Out	41,648,164	41,678,164	20,839,082	50%	41,678,164	100%
Expenditures and Other Uses	**379,517,342**	**384,481,771**	**181,822,713**	53%	**380,930,115**	**99%**
Change in Fund Balance					**586,797**	
Fund Balance - January 1, 2012					69,926,997	
Fund Balance - December 31, 2012					**70,513,794**	

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.

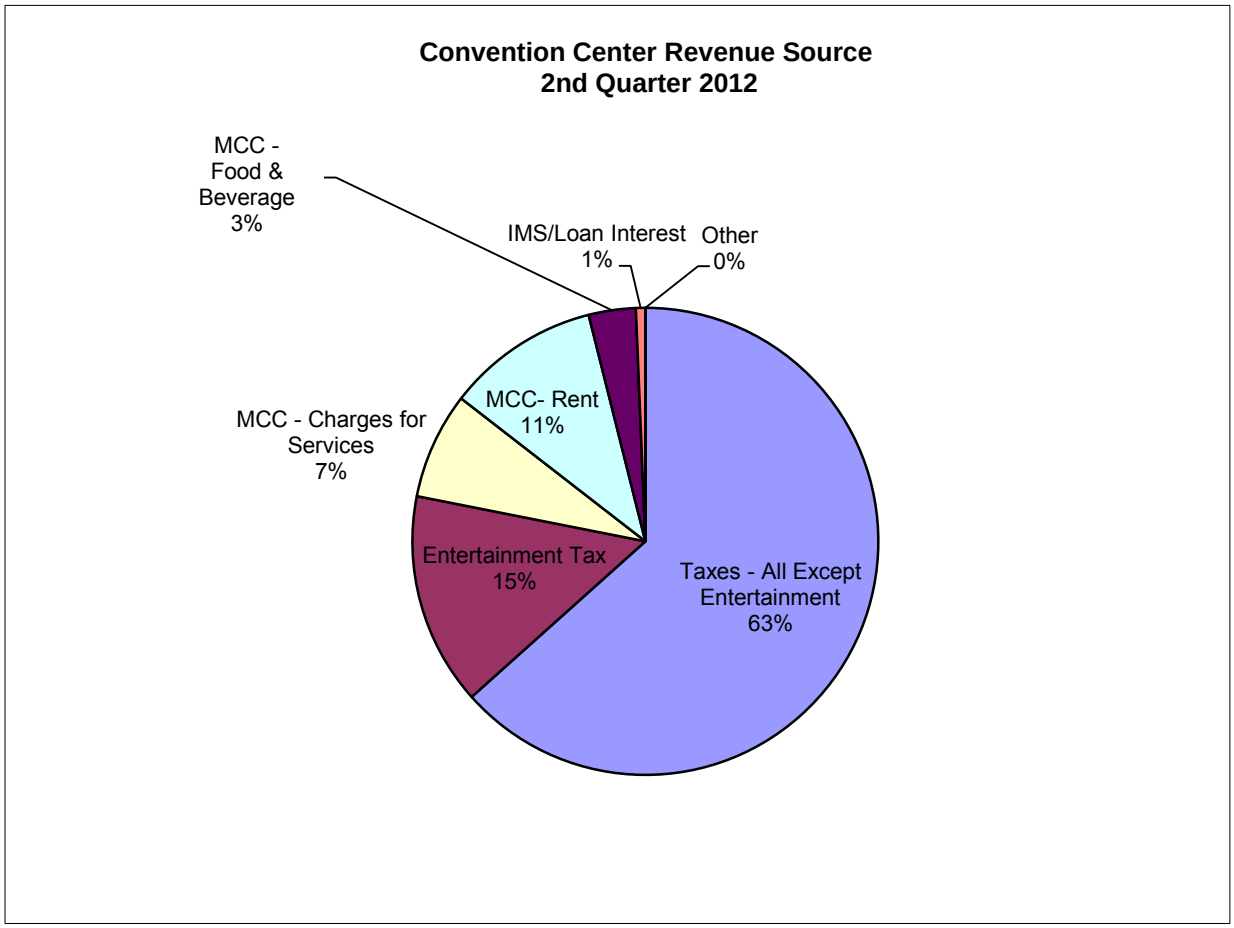
Through the 2nd quarter ending June 30, 2012, tax proceeds were above 2011 levels by 0.3% for the same period. With the exception of the sales tax, all the the local tax categories are ahead of 2011, particularly the liquor and restaurant taxes as more and more people take advantage of downtown dining and drinking opportunities. Tax revenues are receipted into the month they are received from the State of Minnesota. They 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.

Tax	June 2011	June 2012	Variance	% Change
Sales	$19,156,901	$15,090,502	$(4,066,399)	(21.2)%
Entertainment	4,825,262	5,978,822	1,153,560	23.9%
Food	4,1001,074	5,337421	1,336,347	33.4%
Liquor	1,627,802	2,698,221	1,070,419	65.5%
Lodging	2,041289	2,645,638	604,349	29.6%
Total	**$31,652,328**	**$31,750,604**	**$98,276**	**0.3%**

Operating Revenue

Through the 2nd quarter of 2012, operating revenue finished at $8.6 million or 61% of budget. Rents and Commissions had the strongest finish at $4.3 million or 66% of budget followed by Charges for Services and Sales at 58% and Catering Commissions at 53% 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 will bring 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

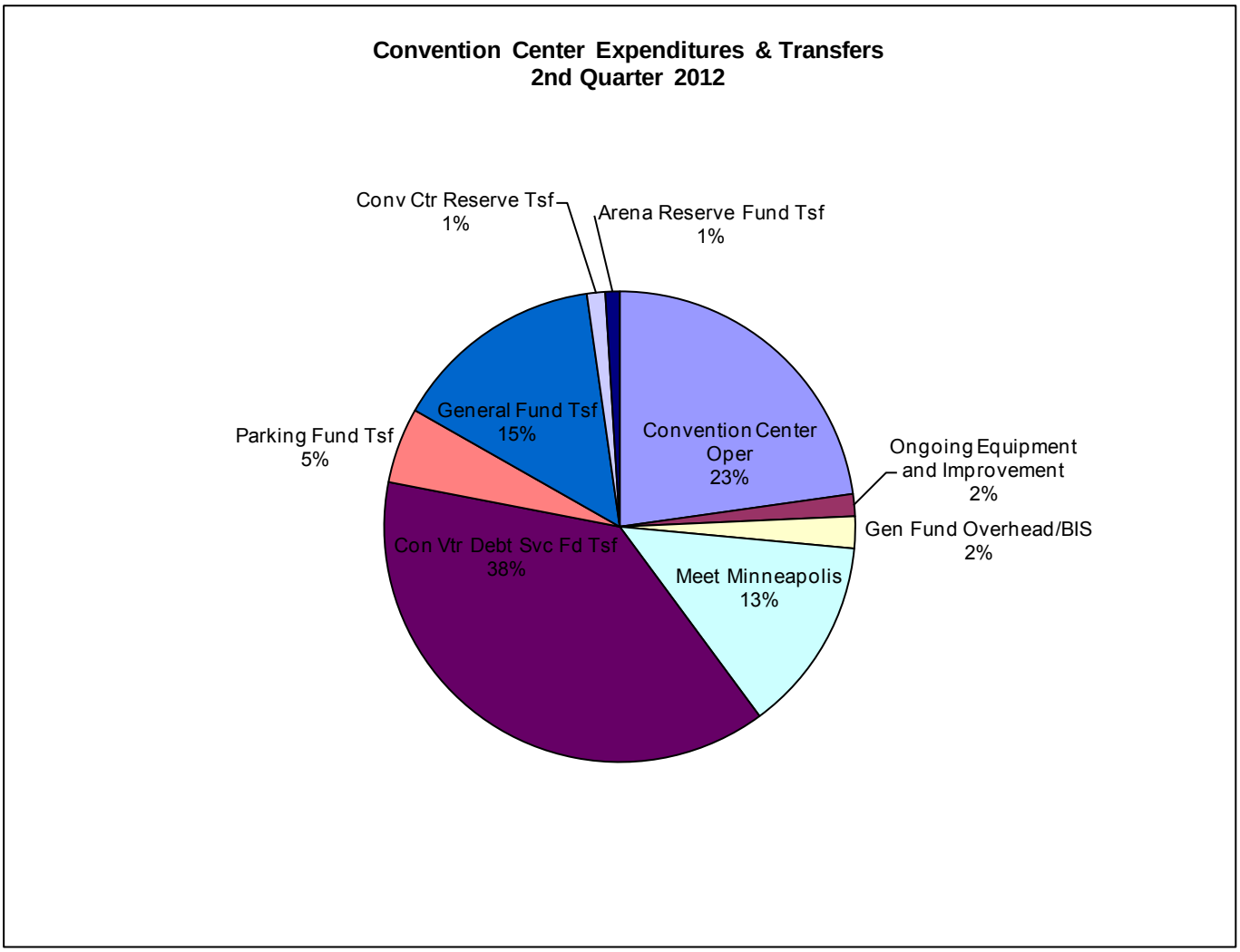
Hall A. Investments such as these allow the Convention Center to continue to sell the facility and charge rents consistent with its competition. The Convention Center's expectation is that its budgeted revenue will be achieved in 2012.



Operating Expenditures

Through the 2nd quarter of 2012, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead were at $10.4 million or 43% 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 meeting its budget target in ongoing equipment and improvements, and the Convention Center's smaller event load in the fourth quarter will allow it 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 for the General Fund - $13.3 million for entertainment tax and 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 the Arena Reserve Fund - $900,000; a transfer to debt service - $20.8 million; a transfer to other debt service for MERF - $400,000; and a transfer to the Municipal Parking Enterprise Fund for $5.6 million. The Target Center had an exceptionally good first half of the year, and it's anticipated that it will finish over budget for entertainment tax revenue. 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 $46 million, which is approximately $3.9 million over budget and an increase of $2.1 million over last year. The increase over budget can be largely attributed to a projected increase of $2.2 million on revenue coupled with a $2.1 reduction in projected expense.

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

	2012				
	Budget	Actual	Percent of Total	Year End Projection	2011 Actual
REVENUE					
Operating Revenue:					
Charges for Services and Sales	5,140,000	2,999,984	58%	5,200,000	5,347,329
Rents and Commissions	6,492,000	4,309,355	66%	6,500,000	6,580,122
Catering Commissions	2,509,000	1,327,578	53%	2,500,000	2,743,890
Total Operating Revenue	14,141,000	8,636,917	61%	14,200,000	14,671,341
Tax Revenue:					
Sales and Use Tax	28,841,777	15,090,502	52%	30,670,000	29,921,574
Entertainment Tax	13,936,212	5,978,822	43%	14,359,000	14,076,979
Food Tax	11,097,303	5,337,421	48%	11,308,000	11,032,324
Liquor Tax	4,864,956	2,698,221	55%	5,000,000	4,598,619
Lodging Tax	6,125,144	2,645,638	43%	6,458,000	6,300,429
Total Tax Revenue	64,865,392	31,750,604	49%	67,795,000	65,929,925
Other Non Operating Revenue:					
Investment Management Services Interest	145,000	100,148	69%	190,000	161,524
Contributions Private Donations	-	-	-	-	250,000
Meet Minneapolis (iDSS) Loan Interest	314,359	162,854	52%	314,359	359,760
Bonds Issued - Domes	5,000,000	-	-	4,200,000	-
Other	-	2,101	-	3,000	14,428
Total Other Non Operating Revenue	5,459,359	265,103	5%	4,707,359	785,712
Total Non Operating Revenue	70,324,751	32,015,707	46%	72,502,359	66,715,637
Total Revenue	84,465,751	40,652,625	48%	86,702,359	81,386,978
EXPENDITURES					
Convention Center Operations	23,965,131	10,412,809	43%	23,006,526	22,348,725
Ongoing Equipment and Improvement	7,076,000	695,391	10%	7,000,000	1,611,811
General Fund Overhead/BIS Operating	2,002,888	1,001,443	50%	2,002,888	2,044,003
Meet Minneapolis	8,388,126	6,130,320	73%	8,138,000	7,524,641
Capital Improvements - Domes	5,000,000	-	-	4,200,000	-
Total Expenditures	46,432,145	18,239,963	39%	44,347,414	33,529,180
Excess of Revenues Over (Under) Expenditures	38,033,606	22,412,662	59%	42,354,945	47,857,798
OTHER FINANCING SOURCES (USES)					
General Fund Transfer - Ent Tax/Mounted Patrol	(13,286,212)	(6,643,106)	50%	(13,459,000)	(14,246,979)
Arena Reserve Fund Transfer	(900,000)	(450,000)	50%	(1,150,000)	(80,000)
Facility Reserve Fund Transfer to Convention Ctr	1,500,000	750,000	50%	1,500,000	1,500,000
Convention Center Facility Reserve Fund Transfer	(1,150,000)	(575,000)	50%	(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)	(200,000)	50%	(400,000)	(153,000)
Muncipal Parking Enterprise Fund Transfer	(5,580,100)	(2,373,800)	43%	(5,580,100)	(7,589,231)
Total Other Financing Sources (Uses)	(39,891,587)	(26,942,833)	68%	(40,314,375)	(43,933,445)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,857,981)	(4,530,171)		2,040,570	3,924,353
Fund Balance - January 1	43,933,262	43,933,262		43,933,262	40,008,910
Ending Fund Balance	42,075,281	39,403,091		45,973,832	43,933,262
Ending Cash Balance		27,577,078		27,403,436	25,362,866

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending June 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 June 30, 2012, expenditures were $15,543,123 as compared to the 2011 expenditures of $13,669,813. 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.

CDBG Fund (01400)

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 June 30 were $8,978,238 as compared to $7,665,584 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 June 30, 2012 and 2011 is $7,020,719 and $13,930,072, respectively. The year to date revenue in the fund as of June 30, 2012 and 2011 is $11,532,680 and $10,655,756, 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 June 30, 2012

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	$ (7,720,070)	$ (2,243,211)	$ 11,336,346	$ 1,373,065
Accounts - net	1,583,700	15,681	249,076	1,848,457
Special Assessments Receivable				-
Intergovernmental Receivables	443		34,467	34,910
Loans receivable-net				-
Due from Other Funds	101,121	32,899		134,020
Deposits with Fiscal Agents			135,784	135,784
Properties held for resale	1,466,432	6,613,341	2,196,750	10,276,523
Total Assets	$ (4,568,374)	$ 4,418,710	$ 13,952,423	$ 13,802,759
Liabilities				
Salaries payable	$ 108,542	$ 100,423	$ 272,453	$ 481,418
Accounts payable	131,313	34,873	72,833	239,019
Inter Governmental Payables	10,801	1,548	34,221	46,570
Due to Other Funds	1,498	94,199	245,040	340,737
Use Taxes Payable				-
Unclaimed Property				-
Deposits held for others	(313)		313	-
Deferred revenue & Contracts	(147,541)		225,234	77,693
Deferred Special Assessments				-
Total Liabilites	$ 104,300	$ 231,043	$ 850,094	$ 1,185,437
Fund Balance	$ (4,672,674)	$ 4,187,667	$ 13,102,329	$ 12,617,322
Total Liabilities and Fund Balance	$ (4,568,374)	$ 4,418,710	$ 13,952,423	$ 13,802,759
Revenue				
Taxes-Charitable Gambling			$ 66,631	$ 66,631
Grants and Shared Revenues	$ 9,019,411	8,284,396	9,416,327	26,720,134
Loan Origination Fees				-
Special Assessments			562,594	562,594
Private Contributions			664,778	664,778
Charges for Services		175	451,789	451,964
Licenses & Permits			347,318	347,318
Fines and forfeits			13,800	13,800
Interest		20,319		20,319
Rent & Commisions		764		764
Sale of Lands & Buildings	197,800	313,575		511,375
Loan Recapture	186,798	358,989		545,787
Sale of Equipment				-
Miscellaneous Revenue	8	20	9,442	9,470
Transfer within Special Revenue Fund			(51,885)	(51,885)
Total Revenue	$ 9,404,017	$ 8,978,238	$ 11,480,794	$ 29,863,049
Expenditures	$ 15,543,123	$ 11,403,912	$ 7,020,719	$ 33,967,754
Revenues Over (Under) Expenditures	$ (6,139,106)	$ (2,425,674)	$ 4,460,075	$ (4,104,705)

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

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2012 Current Year Expenditures	2012 Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:											
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	50,000	50,000	115,000
NEDF/CEDF	518,000		518,000	1,150,000 [1]	-	-	[1]	1,668,000	4,476	454,349	1,213,651
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	$ 54,476	$ 8,747,014	$ 1,424,086
Public Service Grants:											
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) [2]	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) [2]	23,273	-	23,273	-
348TOTS	-		-	-	-	34,500		34,500	-	34,500	-
Way to Grow	261,000		261,000	-	-	-	(1) [2]	260,999	-	260,999	-
Youth are Here Busses	71,800		71,800	-	-	-	(71,800) [2]	-	-	-	-
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
Administrative Grants:											
MPH Citizen Participation	$ 68,000		$ 68,000	$ -	$ -	$ -		$ 68,000	$ -	$ 68,000	$ -
YCB Administration	65,000		65,000	-	-	-	(197) [2]	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	$ -
Reprogrammed for Block E Deficit:											
Resource Inc, Employment Action Center	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,000 [2]	$ 6,000		$ -	$ 6,000
Southside Family Nurturing Center			-				20,727 [2]	20,727		-	20,727
Way to Grow			-				1 [2]	1		-	1
YCB Administration	-		-	-	-	-	197 [2]	197	-	-	197
Youth are Here Busses							71,800 [2]	71,800			71,800
								-			-
Subtotal Reprogrammed	$ -	$ -	$ -	$ -	$ -	$ -	$ 98,725	$ 98,725	$ -	$ -	$ 98,725
GRAND TOTAL	$ 13,293,272	$ -	$ 13,293,272	$ 1,150,000	$ -	$ -	$ -	$ 14,443,272	$ 54,476	$ 12,920,279	$ 1,522,993

City of Minneapolis
Engineering, Materials, and Testing
For the Second Quarter ending June 30, 2012

Fund 6000	2012 Budget	06-30-12 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	1,552,000	823,946	728,054	53.1%
Operating Expense	1,463,982	566,669	897,313	38.7%
Operating Margin	88,018	257,276		
Net Income	(106,982)	159,776		

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 second quarter 2012 is $823,946, or 53.1% of the budgeted amount of $1,552,000. The revenue earned through second quarter 2012 represents an increase of 23.2% over the second quarter 2011 revenue of $668,643. 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 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 early spring weather allowed construction projects to begin earlier than usual, resulting in additional revenue through the first half of the year.

Expense:
Operating expense through the second quarter 2012 is $566,669, or 38.7% of the budgeted amount of $1,463,982. The expense recorded through second quarter 2012 represents a decrease of 2.2% from the expense through the same period in 2011 of $579,351. Overall personnel costs are down slightly compared to the same period last year as is the cost of external engineering services.

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 $1.8 million or approximately $223,000 more than the budgeted amount of $1.6 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 $324,000 which is an increase of $236,000 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 second quarter ending cash balance is $1,744,319, an increase of $385,939 from the 2011 second quarter cash balance of $1,358,380. 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 Second Quarter/Years Ending 2012, 2011, and 2010

	Budget Year 2012	Projected Year Ending 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Asphalt / Concrete	352,000	425,000	185,942	373,353	106,708	370,882	120,298
Inspection revenue	1,200,000	1,350,000	638,004	1,438,398	561,935	1,194,104	405,459
Total Operating Revenues	1,552,000	1,775,000	823,946	1,811,751	668,643	1,564,986	525,757
Operating Expenses:							
Personnel	922,720	900,000	370,184	794,112	386,528	764,025	346,139
Contractual	448,688	393,000	167,077	411,793	166,252	383,285	172,918
Materials, Supplies, Services, Other	81,653	82,000	23,948	80,881	21,514	102,317	67,240
Rent	6,909	6,909	3,454	12,257	3,051	6,276	3,138
Depreciation	4,012	4,012	2,006	4,012	2,006	10,582	6,386
Total Operating Expenses	1,463,982	1,385,921	566,669	1,303,055	579,351	1,266,485	595,821
Operating Margin	88,018	389,079	257,276	508,696	89,292	298,501	(70,064)
Non-Operating Revenues/(Expenses):							
Other revenue	-	-	-	-	-	500	-
Total Non-Operating Revenues(Expenses)	-	-	-	-	-	500	-
Operating Transfers in(out)							
Transfer from other fund	-	-	-	-	-	-	-
Transfers to other fund	(195,000)	(195,000)	(97,500)	(88,000)	(44,000)	(57,000)	(28,500)
Total Non-Operating Revenues (Expenses)	(195,000)	(195,000)	(97,500)	(88,000)	(44,000)	(57,000)	(28,500)
Net Income[1]	(106,982)	194,079	159,776	420,696	45,292	242,001	(98,564)
Significant Balance Sheet Items							
Cash Balance			1,744,319	1,164,437	1,358,380	801,699	1,196,891
Net assets				1,129,035		735,382	

[1]Net Income for 2010 is understated due to timing differences in recording a payment in 2010 of $57,023 for asphalt received in 2009.

City of Minneapolis
Fleet Services Division
For the Second Quarter Ending June 30, 2012

	2012 Budget	06-30-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	40,797,734	20,329,830	20,467,904	49.8%
Operating Expense	42,233,887	19,905,401	22,328,486	47.1%
Operating Margin	(1,436,153)	424,429		
Net Income	(2,266,903)	(89,679)		

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 second quarter 2012 is $20,329,830, or 49.8% of the budgeted amount of $40,797,734. The revenue earned through second quarter 2012 increased by $311,677, or 1.6%, from the revenue earned through second 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 second quarter of 2012, maintenance revenue is up 9.8% compared the same period last year due to increased maintenance work and a more timely billing process established in 2012.

Expenses:
Operating expense through second quarter 2012 totaled $19,905,401, representing 47.1% of the annual budgeted amount of $42,233,887. Expenses through the second quarter of 2012 are increased by $895,501, or 4.7%, over the total expense through the same period in 2011. Personnel 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 $382,375 was disbursed through June 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 $9.3 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 $41.8 million which is 2.6% more than the budgeted amount of $40.8 million. Operating expense is projected to be $41.1 million or 2.8% less than the budgeted amount of $42.2 million. Contractual operating expenses are projected to be less than budgeted due to a decrease in vendor owned equipment rentals and external equipment repairs. In addition, the personnel cost is decreased from 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 ($89,679) 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 $4,548,798, or 14.8% over the 2010 ending balance of $30,608,100. The net asset balance is tracking close to the amount calculated in the updated long term financial plan. The fund maintains a positive cash balance with a 2012 second quarter ending balance of $10,923,927, an increase of $915,575 from the 2011 second quarter ending balance of $10,008,352. 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 Second Quarter Years, 2012, 2011, and 2010

	Budget Current Year 2012	Projected Year Ending 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Charges for Services and Sales	16,543,637	17,250,000	8,440,351	16,136,254	7,688,248	15,106,288	7,645,215
Rent Public Works and Other	24,254,097	24,600,000	11,889,479	25,457,256	12,329,905	25,675,886	11,895,459
Total Operating Revenue	40,797,734	41,850,000	20,329,830	41,593,510	20,018,153	40,782,174	19,540,674
Operating Expenses:							
Personnel Services	14,774,818	14,100,000	6,900,643	13,800,893	6,706,980	14,618,988	6,886,152
Contractual Services	10,137,022	9,600,000	4,543,056	9,572,620	4,114,520	8,417,045	4,040,185
Materials, supplies, services and other	9,870,973	9,900,000	4,775,894	9,683,528	4,534,325	8,608,665	3,970,696
Rent	965,350	965,350	482,675	1,089,672	544,836	1,103,052	551,526
Depreciation	6,485,724	6,485,724	3,203,133	6,475,161	3,109,239	6,470,684	3,184,414
Total Operating Expenses	42,233,887	41,051,074	19,905,401	40,621,874	19,009,900	39,218,434	18,632,973
Operating Margin	(1,436,153)	798,926	424,429	971,636	1,008,253	1,563,740	907,701
Non-Operating Revenues/(Expenses):							
Interest on Bonds	(764,750)	(764,750)	(382,375)	(723,865)	(420,325)	(1,500,119)	(536,372)
Gains/Losses on disposal of fixed assets	200,000	150,000	-	35,644	-	169,302	-
Damages/Losses recovered	-	-	-	-	-	210	210
Revenue from grants[1]	-	-	-	13,399	-	247,420	-
Other revenue	30,000	30,000	16,267	36,154	24,954	135,703	13,655
Total Non-Operating Revenues(Expenses)	(534,750)	(584,750)	(366,108)	(638,668)	(395,371)	(947,484)	(522,507)
Operating Transfers in (out)							
Transfers from other fund	1,926,000	1,926,000	963,000	4,299,000	2,149,500	4,180,000	2,090,000
Transfers to other fund	(2,222,000)	(2,222,000)	(1,111,000)	(923,000)	(461,500)	(581,000)	(290,500)
Transfers from component units							
Total Operating Transfers	(296,000)	(296,000)	(148,000)	3,376,000	1,688,000	3,599,000	1,799,500
Net Income (loss)	(2,266,903)	(81,824)	(89,679)	3,708,968	2,300,882	4,215,256	2,184,694
Significant Balance Sheet Items							
Cash Balance			10,923,927	12,302,528	10,008,352	8,234,786	2,503,220
Net Building Value				22,781,211		23,425,414	
Net Fleet 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	
Significant Cash Flow Items							
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	9,000,000	3,280,015	4,191,791	2,705,186	2,223,883	1,323,356

City of Minneapolis
Property Services Division
For the Second Quarter ending June 30, 2012

Fund 6200	2012 Budget	06-30-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	16,122,040	7,787,961	8,334,078	48.3%
Operating Expense	17,203,731	8,159,421	9,044,309	47.4%
Operating Margin	(1,081,691)	(371,460)		
Net Income	(946,941)	(298,871)		

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 second quarter 2012 is $7,787,961, or 48.3% of the budgeted amount of $16,122,040. The 2012 second quarter revenue decreased $261,984, or 3.3%, from the revenue earned through second 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 second quarter 2012 from the discretionary projects is substantially decreased from the amount earned through the same period in 2011.

Expenses:
Operating expense through second quarter 2012 is $8,159,421, or 47.4% of the total budgeted amount of $17,203,731. The 2012 second quarter expense decreased $516,495, or 6.0%, from the operating expense recorded second 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 second quarter, $82,125 of interest has been paid. The total principal payment of $700,000 will be paid in fourth quarter.

Forecast:
Operating revenue is projected to be $462,040, or 2.9% less than 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 $0.8 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 ($716,455) compared to the budgeted margin loss of ($1,081,890). The actual operating margin loss through second quarter 2012 is ($371,460) compared to the operating margin loss of ($625,671) through second 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 second quarter 2012 is $535,099 compared to a cash balance of $1,364,551 at June 30, 2011. The cash consists of a balance of $1,397,773 in the Property Disposition fund and a negative balance of ($862,674) 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 Second Quarter / Years Ending 2012, 2011, and 2010

	Budget Current Year 2012	Projected Year 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Charges for Services And Sales	2,770,600	2,660,000	1,327,926	3,165,022	1,449,624	3,109,206	1,676,417
Rents Public Works and Other	13,351,440	13,000,000	6,460,035	13,263,508	6,600,321	13,104,165	6,534,604
Total Operating Revenue	16,122,040	15,660,000	7,787,961	16,428,530	8,049,945	16,213,371	8,211,021
Operating Expenses:							
Personnel Services	5,679,774	5,450,000	2,728,350	5,894,653	2,867,663	6,058,978	2,987,763
Contractual Services	8,771,046	8,300,000	4,145,956	9,020,881	4,528,464	9,211,577	4,675,215
Materials, Supplies, Services and Other	1,026,456	900,000	421,887	965,613	437,788	844,947	354,411
Rent	593,518	593,518	296,760	550,468	275,233	643,391	343,420
Depreciation	1,132,937	1,132,937	566,468	1,132,937	566,468	1,139,501	570,491
Total Operating Expenses	17,203,731	16,376,455	8,159,421	17,564,552	8,675,616	17,898,394	8,931,301
Operating Margin	(1,081,691)	(716,455)	(371,460)	(1,136,022)	(625,671)	(1,685,023)	(720,279)
Non-Operating Revenues/(Expenses):							
Interest on Bonds	(164,250)	(164,250)	(82,125)	(151,500)	(92,550)	(182,745)	(115,388)
Gains/Losses on disposal of fixed assets	-	-	-	655,313	-	-	-
Revenue from grants	-	-	-	35,860	-	-	-
Misc Revenues	3,000	8,000	6,714	79,770	25,712	141,775	4,795
Total Non-Operating Revenues(Expenses)	(161,250)	(156,250)	(75,411)	619,443	(66,838)	(40,970)	(110,593)
Operating Transfers in(out)							
Transfers from other fund	894,000	894,000	447,000	821,100	410,550	950,630	482,938
Transfers to other fund	(598,000)	(598,000)	(299,000)	(420,882)	(114,000)	(925,118)	(59,000)
Total Operating Transfers	296,000	296,000	148,000	400,218	296,550	25,512	423,938
Net Income (loss)	(946,941)	(576,705)	(298,871)	(116,361)	(395,959)	(1,700,481)	(406,934)
Significant Balance Sheet Items							
Cash Balance			535,099	699,148	1,364,551	125,575	411,236
Property Dispositon Fund cash balance			1,397,773	1,397,773	2,030,976	1,070,350	1,281,325
Operating cash balance			(862,674)	(698,625)	(666,425)	(944,775)	(870,089)
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	
Significant Cash Flow Items							
Principal Payments on Debt			-	(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 comparitive revenue and expense related to only the current departments in the Property Services. Fund.

City of Minneapolis
Public Works Stores
For the Second Quarter ending June 30, 2012

Fund 6300	2012 Budget	06/30/2012 Actual	Remaining Budget	% Actual To Budget
Operating Revenue	910,000	595,956	314,044	65.5%
Operating Expense	1,057,929	535,505	522,424	50.6%
Operating Margin	(147,929)	60,451		
Net Income	(264,929)	1,951		

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 second quarter 2012 is $595,956, or 65.5% of the budgeted amount of $910,000. The amount earned through second quarter represents an increase of $212,092, or 55.3%, over the revenue earned through June 30, 2011 of $383,864. 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 purchases and requisition processing transactions related to an increase in City road, paving, and sewer maintenance projects.

Expenses:
Operating expense recorded through second quarter 2011 is $535,505, or 50.6% of the budgeted amount of $1,057,929. The amount expended through second quarter 2012 increased by 5.3% from the amount expended through the same period in 2011 which totaled $502,356.

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 $1,195,000 at year-end, exceeding the budgeted revenue of $910,000 by $285,000. As noted above, more inventory transactions are being processed than last year. Operating expense is projected to total $1,076,000, exceeding the budgeted expense of $1,057,929 by 1.7%. 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 $119,000 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 second quarter 2012 is a deficit of ($1,758,104), a decrease of $672,801 from the second quarter 2011 deficit cash balance of ($1,085,303). The decrease in cash corresponds to increased inventory purchases through the first two quarters of 2012. Since the end of 2011, the inventory balance has increased by $887,636. 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 Second Quarter/Years Ending 2012, 2011, and 2010

	Current Budget Year 2012	Projected Year Ending 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Central Stores	400,000	691,000	333,005	427,998	155,121	432,836	166,976
Traffic Stores	510,000	504,000	262,951	483,597	228,743	777,835	145,977
Total Operating Revenues	910,000	1,195,000	595,956	911,595	383,864	1,210,671	312,953
Operating Expenses:							
Personnel	652,403	668,000	334,126	647,724	347,287	738,309	363,880
Contractual	255,049	270,195	134,778	257,778	127,928	332,730	163,446
Materials, Supplies, Other[1]	112,672	100,000	47,698	93,554	6,291	51,697	7,033
Rent	37,805	37,805	18,903	41,700	20,850	43,423	21,711
Total Operating Expenses	1,057,929	1,076,000	535,505	1,040,756	502,356	1,166,159	556,070
Operating Margin	(147,929)	119,000	60,451	(129,161)	(118,492)	44,512	(243,117)
Non-Operating Revenues/(Expenses)							
Other revenue	-	-	-	-	-	545	-
Total Non-Operating Revenues (Expense	-	-	-	-	-	545	-
Operating Transfer In (Out)							
Transfers to other fund	(117,000)	(117,000)	(58,500)	(51,000)	(25,500)	(33,000)	(16,500)
Total Operating Transfers	(117,000)	(117,000)	(58,500)	(51,000)	(25,500)	(33,000)	(16,500)
Net Income	(264,929)	2,000	1,951	(180,161)	(143,992)	12,057	(259,617)
Significant Balance Sheet Items							
Cash Balance			(1,758,104)	(1,027,215)	(1,085,303)	(825,802)	(1,839,907)
Inventories			4,367,622	4,367,622	4,616,888	4,547,877	5,003,367
Net Assets				3,025,637		3,223,693	

City of Minneapolis
Intergovernmental Service Fund
For the Second Quarter ending June 30, 2012

Fund 6400	2012 Budget	6-30-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	37,291,069	16,084,223	21,206,846	43.1%
Operating Expenses	49,541,536	21,871,755	27,669,781	44.1%
Operating Margin	(12,250,467)	(5,787,532)		
Net Income	(1,304,423)	(314,510)		

Note: Operating expense budget includes depreciation expense of $12,122 422 and 6/30/12 actual expenses include depreciation expense of $6,061,211.

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 second quarter of 2012 is $16,084,223, or 43.1% of the annual budgeted amount of $37,291,069. This is an increase of $490,626, or 3.1%, compared to revenue of $15,593,597 earned through second 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 second quarter are $21,871,755, or 44.1% of the annual budgeted amount of $49,541,536. The annual expense budget includes $12,122,422 of depreciation expense and the depreciation recorded through second quarter is $6,061,211. The operating expense through second quarter increased $850,200 from the 2011 expense of $21,021,556. Depreciation expense accounted for $647,737 of this increase. PMO experienced an increase in expense through second 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 second quarter, $226,067 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 $680,000 as the fund completes payment on net debt bonds sold through 2011. 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 second quarter, $6.2 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 $32.5 million or $4.8 million less than the budgeted amount of $37.3 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 $43.8 million or $5.7 million less than the budgeted amount of $49.5 million. Depreciation expense of $12.1 million is included in the operating budget. These projections result in an expected operating margin deficit of $11.3 million as compared to a budgeted operating margin deficit of $12.2 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 loss of $363,378 as compared to a budgeted net loss of $1,304,423. The payment of the MERF debt service of $1,072,000 is the primary factor creating a 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 second quarter 2012 is $11,463,468 as compared to a cash balance of $7,321,510 at June 30, 2011. Included in the cash balance are prepayments of $12.5 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 $4.2 million.

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 $24.2 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 Second Quarter/Years Ending 2012, 2011 and 2010

	Budget Current Year 2012	Projected Year 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Charges for Service:							
IT - PMO	10,475,606	5,300,000	2,462,349	5,534,278	2,411,414	8,933,386	3,553,692
IT - Telecom	3,373,163	3,050,000	1,534,701	2,922,005	1,485,143	2,888,803	1,467,809
IT - Operating-other	22,306,325	23,046,000	11,522,970	22,429,235	11,190,847	20,814,107	10,410,779
CC-Mailing Services	487,037	540,000	266,409	586,807	268,592	550,138	216,858
CC-Copy Services	648,938	600,000	297,794	445,645	229,351	539,972	248,908
Human Resources	-	-	-	8,250	8,250	4,750	4,750
Total Operating Revenues	37,291,069	32,536,000	16,084,223	31,926,220	15,593,597	33,731,156	15,902,796
Operating Expenses:							
IT - PMO	10,475,606	5,000,000	2,417,342	5,300,595	2,260,851	8,339,278	3,407,747
IT - Telecom	2,020,399	1,920,000	964,683	1,738,183	931,719	1,632,585	759,198
IT - Operating-other[1]	23,287,895	23,346,000	11,698,475	23,452,651	11,688,109	24,299,349	11,524,249
CC-Mailing Services/Data Center	613,437	600,000	302,181	666,779	286,753	641,227	305,383
CC-Copy Services	689,473	570,000	284,393	601,344	300,162	751,196	374,353
Human resources	332,304	287,000	143,470	273,938	140,488	236,777	121,395
Depreciation	12,122,422	12,122,422	6,061,211	12,074,238	5,413,474	10,813,184	5,358,796
Total Operating Expenses	49,541,536	43,845,422	21,871,755	44,107,728	21,021,556	46,713,596	21,851,121
Operating Margin	(12,250,467)	(11,309,422)	(5,787,532)	(12,181,508)	(5,427,959)	(12,982,440)	(5,948,325)
Non-Operating Revenues/(Expenses)							
Interest on Bonded Debt	(388,900)	(388,900)	(194,450)	(276,662)	(339,100)	(878,504)	(469,046)
Gains/(Losses) on disposal of fixed assets				(6,584)	0	(77,524)	
Revenue from grants				201,469	0		
Other Non Operating Income (Expense)	-	-	-	-	-	40	-
Total Non-Operating Revenues (Expenses)	(388,900)	(388,900)	(194,450)	(81,777)	(339,100)	(955,988)	(469,046)
Operating Transfer In (Out)							
Transfers from other fund	12,406,944	12,406,944	6,203,472	14,549,293	7,002,008	12,245,447	5,626,140
Transfers to other fund	(1,072,000)	(1,072,000)	(536,000)	(447,707)	(211,500)	(395,915)	(109,000)
Total Operating Transfers	11,334,944	11,334,944	5,667,472	14,101,586	6,790,508	11,849,532	5,517,140
Net Income[1]	(1,304,423)	(363,378)	(314,510)	1,838,301	1,023,449	(2,088,896)	(900,231)
Significant Balance Sheet Items							
Cash balance			11,463,468	11,041,044	7,321,510	7,419,498	(3,383,288)
Work-in-progress				7,870,919		12,141,072	
Due from other funds (includes Capital Arbitrage)				819,371		1,018,781	
Interfund Loans			(7,000,000)	(7,750,000)	(9,364,051)	(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			(14,806,486)	(13,327,259)	(12,181,126)	(11,739,321)	(5,712,832)
Net Assets				22,238,383		16,903,143	
Significant Cash Flow Items							
Principal on Bonds	(9,215,000)	(9,215,000)		(10,025,000)		(8,567,000)	

[1]Net income is reduced by $158,317 due to timing differences in recording revenue and expense for the Mobile Vehicle Wireless project. Revenue of $360,000 was recevied in 2010, and the project expense occurs in 2012 resulting in a net income reduction in 2012.

City of Minneapolis
Self Insurance Fund
For the Second Quarter ending June 30, 2012

Fund 6900	2012 Budget	6-30-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	27,281,482	13,656,547	13,624,935	50.1%
Operating Expenses	26,890,125	9,397,121	17,493,004	34.9%
Operating Margin	391,357	4,259,426		
Net Income	2,756,357	5,441,926		

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 second quarter of 2012 is $13,656,547, or 50.1% of the annual budgeted amount of $27,281,482. This is an increase of $38,823 or 2.8% compared to $13,617,724 earned through the second 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 second 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 second quarter 2012 are $9,397,121, or 34.9% of the annual budgeted amount of $26,890,125. This is a significant decrease of $4,437,154, or 32.1%, compared to $13,834,275 expended through the second quarter of 2011. The decrease in operating expense is due to significantly less paid for tort settlements, $661,478, through June 30, as compared to $4.7 million in 2011. It is possible that the expense for tort settlements during the third and fourth quarters may increase relative to the amount expended through second quarter 2012. The City's expense for employee sick leave payout at retirement, $518,587, 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 $27.4 million or $0.1 million more than budgeted amount of $27.3 million. Operating expense is projected to be $22.6 million or $4.3 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 $4.8 million as compared to the budgeted operating margin gain of $0.4 million. The fund experienced an operating margin loss of $0.2 million at second quarter 2011. Net income is projected to be $7.2 million compared to budgeted net income of $2.8 million.

Other Financial Items:
The cash balance at the end of second quarter is $49,685,272 compared to a cash balance of $43,408,189 at June 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 $1.3 million below 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 Second Quarter/Years Ending 2012, 2011 and 2010

	Budget Curren Year 2012	Projection Year 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Health & Welfare (employee benefits)	2,361,429	2,265,000	1,131,837	2,472,832	1,296,478	6,495,441	3,307,794
Workers Compensation	8,912,407	9,100,000	4,536,901	8,840,179	4,556,441	9,082,557	4,178,969
Liability - Subrogation	14,543,715	14,550,000	7,288,689	13,925,462	6,962,005	13,184,758	6,586,530
Attorney Office Services	10,000	3,000	1,154	2,429	2,251	4,237	-
Human Resources Services	1,303,931	1,303,931	612,999	1,470,744	698,282	1,354,182	656,672
Risk Management-Employment Services	150,000	165,000	84,967	147,958	102,267	134,764	51,769
Total Operating Revenues	27,281,482	27,386,931	13,656,547	26,859,604	13,617,724	30,255,939	14,781,734
Operating Expenses:							
Health & Welfare (employee benefits)	2,361,429	1,038,000	518,587	794,353	403,758	5,315,570	2,538,370
Workers Compensation	6,459,040	6,944,000	3,471,623	7,517,126	3,874,293	8,313,999	3,689,230
Liability & Settlements	7,514,955	5,000,000	661,478	9,017,392	4,651,701	4,423,756	2,340,807
City Attorney/Civil Division-Litigation	6,406,811	6,085,000	3,042,462	6,156,353	3,022,667	5,715,756	2,842,043
Risk Management - WC/Risk	2,465,503	2,100,000	1,008,977	2,164,504	1,108,856	2,458,968	1,031,828
Human Resource - Employee Benefits	1,682,387	1,400,000	693,993	1,572,506	773,000	1,287,159	578,355
Total Operating Expenses	26,890,125	22,567,000	9,397,121	27,222,234	13,834,275	27,515,208	13,020,633
Operating Margin	391,357	4,819,931	4,259,426	(362,630)	(216,551)	2,740,731	1,761,101
Non-Operating Revenues/(Expenses)							
Other Non Operating Income (Exp)	-	-	-	1,974	-	1,454	-
Total Non-Operating Revenues (Expenses)	-	-	-	1,974	-	1,454	-
Operating Transfer In (Out)							
Transfers from other fund	3,850,000	3,850,000	1,925,000	7,330,000	3,665,000	10,810,000	5,405,000
Transfers to other fund	(1,485,000)	(1,485,000)	(742,500)	(1,217,000)	(608,500)	(140,000)	(70,000)
Total Operating Transfers	2,365,000	2,365,000	1,182,500	6,113,000	3,056,500	10,670,000	5,335,000
Net Income (Less Unpaid Claims Liability)[1]	2,756,357	7,184,931	5,441,926	5,752,344	2,839,949	13,412,185	7,096,101
Significant Balance Sheet Items							
Cash Balance			49,685,272	48,571,139	43,408,189	42,080,593	28,392,314
Unpaid Claims				(50,050,004)		(47,292,497)	
Net Assets				(4,098,990)		(6,587,951)	

[1]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 Second Quarter Ending June 30, 2012

Fund 07100	2012 Budget	06-30-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	53,093,372	27,406,045	25,687,327	52%
Operating Expense	44,260,602	22,381,730	21,878,872	51%
Operating Margin	8,832,770	5,024,315		
Net Income	4,053,592	2,634,725		

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 $27.4 million through the end of the second quarter, 52% of the budgeted revenue has been realized compared to $23.2 million or 47% for the same period in 2011. This is an increase of 4.2 million, or 18%, compared to revenues through second quarter of 2011. The increase in revenues is due to the implementation of fixed and variable rates in 2012 for sanitary utility charges, and also partly due to the increase in overall usage. The total increase in service revenue amounts to $3.0 million. Design revenues increased by $61K due to close outs of some capital programs. SAC revenues have contributed an extra $1.0 million compared to second quarter, 2011.

Expenses:
The Sanitary Sewer Fund's operating expense of $22.4 million through second quarter equates to 51% of the total 2012 budget compared to $20.3 million, or 48% for 2011. This is an increase of $2 million, or 10%, over the same period in the prior year. The increase in expenditures is mainly due to the $1.7 million increase in monthly payments to Met Council. The $300K increase in salaries and fringes has also contributed to an increase in expenditures over the second period of 2011.

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 June 30, 2012, $556K in MERF liability and $496K 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 six months, it is estimated that cash outflow will amount to $34.0 million which would include all operating expenditures, debt service, capital programs, and transfers. The Fund also anticipates $32.0 million in revenues from operations and bond sales, thereby maintaining the fund balance for the year end at $16.0 million.

Other Financial Items:
The current operating cash balance is $19.2 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 $11.2 million. The cash position through the quarter remains at $8.0 million above its target.

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

	Budget Year 2012	Projected Year 2012	Period Ending 06/30/2012	Year Ending 2011	Period Ending 06/30/2011	Year Ending 2010	For Period Ending 06/30/2010
Operating Revenues:							
Sanitary Utility Charges	49,866,678	49,847,349	25,181,869	45,477,734	22,067,165	45,108,976	22,230,027
Other Services Provided	1,226,694	1,226,694	254,641	956,746	195,510	1,175,845	249,807
SAC Revenues	2,000,000	3,200,000	1,969,535	3,592,393	923,600	2,983,629	780,900
Interest							
Total Operating Revenues	53,093,372	54,274,043	27,406,045	50,026,873	23,186,275	49,268,450	23,260,734
Operating Expenses:							
Sewer Design	634,613	634,613	227,616	365,967	225,469	297,849	107,691
Sewer Maintenance	6,793,372	6,793,372	2,900,761	5,510,181	2,610,370	5,427,064	2,584,041
Met Council Env. Svcs.	36,832,617	38,032,617	19,253,353	36,788,568	17,507,892	34,896,837	16,900,132
Total Operating Expenses	44,260,602	45,460,602	22,381,730	42,664,716	20,343,731	40,621,750	19,591,864
Operating Margin	8,832,770	8,813,441	5,024,315	7,362,157	2,842,544	8,646,700	3,668,870
Non-Operating Revenues/(Expenses)							
Net Transfers (out)	(2,105,886)	(2,105,886)	(1,052,944)	(576,827)	(576,827)	(574,793)	(1,052,943)
Non-Oper Expenses				181,368		6,433	
Depreciation	(2,056,292)	(2,056,292)	(1,028,146)	(1,293,289)	(593,827)	(1,151,791)	(941,002)
Special Assessments				21,098			
Net Interest Income (Exp)	(617,000)	(617,000)	(308,500)	(517,701)	(308,500)	(547,042)	(308,500)
Total Non-Operating Revenues (Expenses)	(4,779,178)	(4,779,178)	(2,389,590)	(2,185,351)	(1,479,154)	(2,267,193)	(2,302,445)
Net Income	4,053,592	4,034,263	2,634,725	5,176,806	1,363,390	6,379,507	1,366,425
Significant Balance Sheet Items							
Operating Cash	-	13,629,766	19,246,615	14,430,329	13,306,588	12,473,870	10,213,924
Accounts Receivable	-		3,893,766	3,089,731	3,451,361	3,659,013	3,720,076
Significant Cash Flow Items							
Capital Outlay	6,500,000	6,500,000	1,295,566	3,309,442	952,843	5,709,012	1,590,522
Bond Principle payments	4,600,000	4,600,000	-	4,100,000	-	2,850,000	2,300,000

City Of Minneapolis
Stormwater Fund
For the Second Quarter Ending June 30, 2012

Fund 07300	2012 Budget	06/30/2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	38,630,065	19,662,537	18,967,528	51%
Operating Expense	23,523,770	9,794,704	13,729,066	42%
Operating Margin	15,106,295	9,867,833		
Net Income	8,989,836	6,361,627		

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 $19.7 million through second quarter, 51% of the operating revenue budget has been realized compared to $19.2 million, or 52%, for the same period in 2011. The revenue increased by $500K over second quarter 2011. The increase in revenues of $757 K is in part due to the increase in utility rates/ESU: $11.42 in 2011 versus $11.70 in 2012. An additional increase of $159K comes from design revenues from Capital projects as some projects were completed and closed out during the quarter. These increases have been off-set by a decrease of $414 K in revenues from the State for maintenance work done by Street Cleaning and Storm Maintenance departments and reimbursed by the State.

Expenses:
Through second quarter 2012, the operating expenses in the Storm Water Fund ended at 42% of the budget. Expenses through the quarter totaled $9.8 million – which is $900K, or 10%, over the $8.9 million recorded through second quarter 2011. The increases are due to higher expenditures in contractual services costs in the Street Cleaning and Storm Maintenance cost centers resulting in a combined expenditure increase of $931K. However, these increases have been slightly off-set by a decrease of $164K 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 second quarter, a transfer in the amount of $556 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 second quarter, $568K in interest expense 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 $27.4 million. In the next six months, it is estimated that this fund will incur cash outflow of $11.4 million in operations, $7.4 million for debt service, $556K in MERF transfers, and an additional $11.2 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 $31.3 million.

Other Financial Items:
For the quarter, the operating cash balance stands at $30.2 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 $25.3 million in an unrestricted reserve which will be used to pay operating and non-operating expenses in the coming months.

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

	Budget Year 2012	Projected Year 2012	For Period Ending 06/30/2012	For Year Ending 12/31/2011	For Period Ending 06/30/2011	For Year Ending 12/31/2010	For Period Ending 6/30/2010
Operating Revenues:							
State Grants	669,614	669,614	508,348	1,209,421	922,129	1,226,880	491,990
County Grants	245,517	245,517	99,890	399,558	99,890	265,772	98,836
Storm Utility Charges	36,322,778	37,001,454	18,460,641	35,622,524	17,704,022	34,577,924	17,322,661
Other Services Provided	1,392,156	1,392,156	593,658	1,863,494	434,220	1,650,027	611,654
Total Operating Revenues	38,630,065	39,308,741	19,662,537	39,094,997	19,160,261	37,720,603	18,525,141
Operating Expenses:							
Sewer Design	4,195,816	4,195,816	1,427,652	3,684,851	1,474,472	3,204,406	1,363,030
Stormwater Management CSO	915,016	915,016	378,567	929,998	496,029	1,230,104	471,754
Street Cleaning	8,056,162	8,056,162	3,608,911	7,797,519	3,173,084	6,993,187	2,923,911
Sewer Maintenance	4,562,625	4,267,462	1,571,442	2,810,772	1,075,893	3,651,432	1,364,527
Met Council Env. Svcs.	5,794,151	5,794,151	2,808,132	4,648,168	2,681,956	5,120,920	2,599,316
Total Operating Expenses	23,523,770	23,228,607	9,794,704	19,871,308	8,901,434	20,200,049	8,722,538
Operating Margin	15,106,295	16,080,134	9,867,833	19,223,689	10,258,827	17,520,554	9,802,603
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(1,112,000)	(1,112,000)	(556,000)	(700,064)	(700,064)	(469,093)	(556,000)
Depreciation	(3,929,000)	(3,929,000)	(1,964,500)	(3,929,000)	(1,903,876)	(3,826,152)	(2,572,675)
Special Assessments	60,000	60,000	5,657	744,220	-	493,111	7,031
Net Interest Income (Exp)	(1,135,459)	(1,136,786)	(568,393)	(670,128)	(3,064,329)	(862,914)	(568,393)
Other Non Operating Income (Exp)			(422,970)	906,887	(650,388)	95,629	(544,004)
Total Non-Operating Revenues (Expenses)	(6,116,459)	(6,117,786)	(3,506,206)	(3,648,085)	(6,318,657)	(4,569,419)	(4,234,041)
Net Income	8,989,836	9,962,348	6,361,627	15,575,604	3,940,170	12,951,135	5,568,562
Significant Balance Sheet Items							
Operating Cash		16,610,883	30,182,477	24,530,818	31,567,052	22,676,018	22,259,671
Accounts Receivable			3,473,348	3,314,209	3,843,201	3,430,183	4,553,838
Bonds Payable			15,485,910	15,485,910	18,270,910	18,270,910	22,616,910
Significant Cash Flow Items							
Capital Outlay	14,850,000	14,850,000	3,179,489	16,078,292	4,710,461	7,094,312	2,285,736
Bond principle payments	6,265,000	6,554,864	-	11,773,000	-	5,345,000	1,000,000

City Of Minneapolis
Solid Waste and Recycling Fund
For the Second Quarter Ending June 30, 2012

Fund 07700	2012Budget	06/30/12 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	30,595,087	15,845,710	14,749,377	52%
Operating Expense	32,880,054	14,813,520	18,066,534	45%
Operating Margin	(2,284,967)	1,032,190		
Net Income/(Loss)	(3,975,672)	186,838		

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 $15.8 million, 52% of the budgeted revenue has been realized compared to $16.1 million, or 54%, through second quarter of 2011. This is a decrease of $249K, or 6%, over 2011 operating revenues. The increase in revenues of $164K in collection services has been off-set by a decrease in revenues from the sale of scrap metals and miscellaneous services. Revenues from the sale of scrap metal through the quarter totaled $741K which is $320K lower than the 2011 total of $1.1 million. The Hennepin County grant has been estimated at $800K for the year and grant revenue in the amount of $400K has been recognized for the period.

Expenses:
The operating expenses through the second quarter ended at $14.8 million compared to $14.3 million in 2011. These expenditures equate to 45% and 42% of 2012 and 2011 operating budgets. The increase in expenditures of $489K, or 3%, over 2011 are primarily in collection, recycling, yard waste, clean city, and equipment divisions where increased activities and capital purchases are being done.

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, $148K 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 June 30th, $350K in alley plowing and $285K in MERF transfers have been recognized.

Debt Service: This fund has no debt service.

Forecast:
For the next six months, it is estimated that cash outflow will be around $21.3 million which would include all operating expenditures, equipment purchases, and other capital outlays for bins, carts and improvements. The Fund also anticipates an additional $18.3 million in revenues from its operations in the same period enabling the fund balance to be $20.3 million at year-end 2012.

Other Financial Items:
The fund's cash balance for the second quarter ended at $23 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 Second Quarter/Years Ending 2012, 2011, 2010

	Budget Year 2012	Projection Year 2012	For Period Ending 6/30/2012	For Year Ending 12/31/2011	For Period Ending 6/30/2011	For Year Ending 12/31/2010	For Period Ending 6/30/2010
Operating Revenues:							
County Grants	800,000	890,000	400,000	889,675	400,000	888,467	400,000
Solid Waste Fees	28,336,914	28,533,096	14,593,029	28,938,271	14,429,671	27,944,773	13,959,897
Recyclable Sales	1,000,000	1,429,000	741,057	2,173,123	1,061,379	1,444,859	544,286
Charges for Other Services	458,173	460,000	111,624	585,217	203,537	515,121	221,946
Total Operating Revenues	30,595,087	31,312,095	15,845,710	32,586,286	16,094,587	30,793,220	15,126,129
Operating Expenses:							
Collection	7,961,183	7,354,265	3,762,905	7,770,758	3,639,100	8,081,953	3,753,703
Disposal	5,783,642	5,357,556	2,378,761	5,097,762	2,426,412	5,730,222	2,378,168
Recycling	3,630,793	3,472,852	1,748,746	3,571,822	1,696,100	3,538,068	1,693,214
Yard Waste	1,468,891	1,691,667	1,063,080	2,202,595	935,537	1,537,517	711,065
Large Item/Problem Material	1,444,977	1,419,168	530,274	1,036,280	624,950	1,196,922	563,067
Transfer Stations	328,548	464,519	243,977	408,516	308,019	691,945	213,936
Administration	4,019,058	4,293,314	1,920,402	3,980,983	1,984,593	3,971,051	1,979,091
Customer Service	693,326	550,775	294,026	654,129	338,423	545,427	284,435
Clean City	1,910,664	1,677,692	963,121	1,694,552	811,085	1,525,832	868,513
Equipment	5,109,190	6,074,933	1,780,703	2,653,277	1,479,710	2,690,547	1,288,405
Organics	529,782	176,833	127,525	210,154	80,585	143,515	93,566
Total Operating Expenses	32,880,054	32,533,574	14,813,520	29,280,828	14,324,514	29,652,999	13,827,163
Operating Margin	(2,284,967)	(1,221,479)	1,032,190	3,305,458	1,770,073	1,140,221	1,298,966
Non-Operating Revenues/(Expenses)							
Net Transfers In	296,000	296,000	148,000	196,000	25,000	196,000	148,000
Net Transfers Out	(1,271,000)	(1,271,000)	(635,500)	(936,000)	(586,000)	(850,999)	(601,000)
Depreciation	(715,705)	(715,705)	(357,853)	(715,708)	(349,900)	(834,927)	(387,616)
Special Assessments	-	460,000	-	255,881	-	244,316	-
Total Non-Operating Revenues (Expenses)	(1,690,705)	(1,230,705)	(845,353)	(1,199,827)	(910,900)	(1,245,610)	(840,616)
Net Income	(3,975,672)	(2,452,184)	186,838	2,105,631	859,173	(105,389)	458,350
Significant Balance Sheet Items							
Operating Cash		20,270,000	22,979,900	22,371,818	21,308,547	21,924,108	21,134,210
Accounts Receivable		3,995,000	2,852,875	3,957,458	2,829,567	2,867,993	2,659,546
Capital Outlay		2,040,000	-	1,905,479	1,767,252	166,688	

City of Minneapolis
Water Revenue Fund
For the Second Quarter Ending June 30, 2012

Fund 7400	2012 Budget	06/30/12 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	76,443,971	36,212,714	40,231,257	47%
Operating Expense	51,105,498	23,865,559	27,239,939	47%
Operating Margin	25,338,473	12,347,155		
Net Income (Loss)	8,630,892	4,518,939		

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 2rd quarter 2012 operating revenue was $36,212,714, or 47% of the 2012 budgeted amount of $76,443,971. Revenue earned through second quarter 2012 represents an increase of 19% over the 2011 revenue of $30,516,752 earned through the same period. This increase is due at least in part to the fixed rate charge that was introduced this year.

Expense:
Through the 2nd quarter of 2012, operating expenses totaled $23,865,559 or 47% of the 2012 budgeted amount of $51,105,498. Expenses through second quarter 2012 represent an increase of 8% over the 2011 expenses of $22,034,377 spent through the same period.

Transfers:
For 2012, the transfer amount of $2,464,431 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 $2.9 million or 3.8%. 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 $1 million or 2%. If realized, this activity will result in an operating margin of $29.3 million, compared to the budgeted margin of $25.3 million, or $4 million more than the amount budgeted. Net income is projected at $12.6 million compared to a budgeted amount of $8.6 million.

Other Financial Items:
The ending cash balance as of 6/30/12 is $14,769,529 compared to $13,771,401 as of 6/30/11. 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 Second Quarter/Years Ending 2012, 2011, 2010

	Budget Current Year 2012	Projected Ending 2012	For Period Ending 30-Jun-12	For Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10
Operating Revenues:							
Licenses & Permits	1,100	37,044	18,522	6,364	2,313	1,076	590
Charges For Services	3,564,000	7,829,355	3,400,374	2,058,750	887,724	1,211,094	29,251,612
Charges For Sales	71,884,985	70,481,398	32,286,997	67,491,543	29,623,366	64,399,395	638,154
Rents							
Interest							
Operating Transfer In	993,886	993,886	496,944				
Other Misc Revenues		13,136	9,877	27,459	3,349	50,383	120,241
Total Operating Revenues	76,443,971	79,354,819	36,212,714	69,584,117	30,516,752	65,661,948	30,010,597
Operating Expenses:							
Engineering	2,192,400	2,064,072	962,248	1,549,047	751,889	1,368,413	508,046
Payments for City Services	10,067,237	10,067,237	5,050,783	7,333,923	3,838,559	8,137,262	3,665,244
Administration	1,067,213	1,175,846	566,822	1,007,162	525,744	2,238,132	688,018
Operations	17,441,598	16,000,000	6,971,056	15,957,374	7,268,615	16,885,255	6,139,325
Maintenance	7,276,886	6,459,896	3,176,295	5,738,283	3,200,901	6,932,572	2,529,304
Distribution	8,786,741	9,200,000	4,868,233	7,841,971	4,436,695	8,361,990	2,910,603
Major Repairs & Replacement	1,000,000	2,000,000	925,373	3,438,120	642,106	1,552,332	508,707
Meter Shop	2,108,180	1,642,256	945,140	2,401,283	1,369,868	2,440,401	880,195
Reimbursables	1,165,243	1,480,033	399,609				
Total Operating Expenses	51,105,498	50,089,340	23,865,559	45,267,164	22,034,377	47,916,357	17,829,443
Operating Margin	25,338,473	29,265,479	12,347,155	24,316,953	8,482,375	17,745,591	12,181,154
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(4,992,000)	(4,992,000)	(2,496,000)	(2,042,000)	(2,042,000)	(1,506,801)	(629,000)
Federal ARRA Grant						1,214,486	
Federal Emergency Management Assistance		10,455	10,455	280,128			
State of Minnesota			3,136	93,376			
Depreciation	(7,239,139)	(7,239,139)	(3,619,570)	(10,016,991)	(3,997,747)	(7,992,504)	(3,996,665)
Special Assessments						97,850	(841,366)
Net Interest Income (Exp)	(4,476,442)	(4,476,442)	(1,726,238)	(3,569,353)	(1,647,287)	(3,423,892)	(1,571,959)
Other Non-Operating Income						124,058	38,386
Other Non Operating (Expense)						(81,166)	(199,463)
Total Non-Operating Revenues (Expenses)	(16,707,581)	(16,697,126)	(7,828,216)	(15,254,840)	(7,687,034)	(11,567,969)	(7,200,067)
Net Income	8,630,892	12,568,353	4,518,939	9,062,113	795,341	6,177,622	4,981,087
Significant Balance Sheet Items							
Operating Cash			14,769,529	15,055,373	13,771,401	11,635,283	2,459,824
Construction Cash				95,607	1,846,019	1,846,019	5,719,970
Accounts Receivable			5,423,832	7,049,602	4,384,333	5,855,841	5,597,771
Assessments Receivable			1,029,724				
Bonds & Notes Payable			119,124,241	119,124,241	114,840,545	114,840,545	108,781,332
Significant Cash Flow Items							
Capital Outlay			5,229,176	15,297,583	6,570,515	19,680,417	1,552,332
Capital Revenue			264,132				
Bond & Note Principle payments				3,655,000		3,404,908	1,000,000
Total Cash Flow Items			5,493,308	18,952,583	6,570,515	23,085,325	2,552,332

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

Fund 7500*	2012 Original Budget	June 30,2012 Period End Actual	Remaining Budget	% of Actual To Budget
Revenue	42,245,035	22,607,480	19,637,555	54%
Expenses	32,131,986	13,039,107	19,092,879	41%
Operating Margin	10,113,049	9,568,373		
Net Income (Loss)	(884,505)	6,203,443		

* 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 second 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 8.2% compared to budget.
- On-street meters are up 19.2% compared to budget.
- Off-street ramps and lots are up 2.4% 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 second quarter expenses are below the second quarter 2012 budget by 9.4 %. For 2012 the 9.4% is from:

- Impound Lot expenses are down 16.5% compared to budget.
- On-street meters are over 17.6% compared to budget. This is primarily due to the new Multi-space meters service fees.
- Off-street ramps and lots are down 9.6% 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 $14.3 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 June 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 $2.7 million. Operating expenses are expected to be under budget by $5.97 million resulting in an increase in the Operating margin. Thus both resulted in an overall increase in the Operating Margin over Budget of $8.7 million.

Other Financial Items:
The current operating cash balance is $16.4 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 $7.9 million remaining. The $7.9 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 Second Quarter/Years Ending 2012, 2011, and 2010

	Current Budget Year 2012	Projected Year Ending 31-Dec-12	For Period Ending 30-Jun-12	For Year Ending 31-Dec-11	For Period Ending 30-Jun-11	For Year Ending 31-Dec-10	For Period Ending 30-Jun-10
Operating Revenues:							
Off-Street Parking: City Owned	28,525,035	29,411,187	14,956,749	28,268,322	14,629,140	28,439,497	14,325,375
Off-Street Parking: State Owned	12,450,000	12,450,000	3,652,087	10,336,123	7,233,660	17,427,211	10,448,006
Towing	6,720,000	5,344,740	2,806,811	6,410,768	3,542,861	6,415,668	3,150,056
On-Street Meters	7,000,000	10,199,261	4,843,920	7,610,627	3,398,800	6,757,970	3,306,052
Total Operating Revenues	54,695,035	57,405,188	26,259,567	52,625,840	28,804,461	59,040,346	31,229,489
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	24,551,201	19,468,087	9,907,920	21,543,930	10,603,268	19,482,372	9,412,064
Off-Street Parking: State Owned-Direct Expenses	8,678,253	8,678,253	4,207,936	9,966,433	4,810,939	14,805,379	9,364,343
Towing	5,854,453	4,120,079	1,963,869	4,694,310	2,429,498	5,215,092	2,219,180
On-Street Meters	1,726,332	2,577,909	1,167,318	5,065,159	2,646,487	2,014,200	626,218
Other Operating Expenses	-	-	-	237,422	107,658	289,889	107,748
Total Operating Expenses	40,810,239	34,844,328	17,247,043	41,507,254	20,597,850	41,806,932	21,729,553
Operating Margin	13,884,796	22,560,860	9,012,524	11,118,586	8,206,611	17,233,414	9,499,936
Non-Operating Revenues/(Expenses)							
General Fund Transfer Out	(7,818,000)	(7,818,000)	-	(7,818,000)	0	(8,618,000)	0
Arena Reserve Transfer Out	(2,940,905)	(2,940,905)	(1,470,453)	(2,758,000)	(1,379,000)	(2,241,000)	(1,120,500)
Debt Service Transfer Out	(477,000)	(477,000)	(238,500)	(198,000)	(198,000)	(236,657)	0
General Debt Service Transfer Out	-	-	-			0	0
Sanitation Transfer Out	(146,000)	(146,000)	-	(146,000)	0	(146,000)	0
Total Transfers Out	(11,381,905)	(11,381,905)	(1,708,953)	(10,920,000)	(1,577,000)	(11,241,657)	(1,120,500)
Convention Center related facility Transfer	7,230,100	7,230,100	221,300	7,589,231	-	8,214,979	392,629
TI and MCDA Transfers In	7,098,442	7,098,442	3,641,031	7,607,095	0	3,971,830	3,945,627
Other Transfers In	-	-	516,236	-	-	-	-
Total Transfers In	14,328,542	14,328,542	4,378,567	15,196,326	-	12,186,809	4,338,256
Depreciation	(6,909,586)	(6,909,586)	(3,539,359)	(6,703,978)	(3,438,169)	(6,392,796)	(3,351,989)
Special Assessments	0	-	-	0	0	0	0
Interest	(7,034,605)	(7,034,605)	(2,448,786)	(4,845,780)	(2,599,189)	(5,620,383)	(3,308,196)
Other Non Operating Expenses	0	(48,417)	(48,417)	(116,668)	(47,875)	(98,824)	(82,508)
Other Non-Operating Income	0	-	2,016	4,067	2,031	2,535,174	0
Total Non-Operating Revenues (Expenses)	(10,997,554)	(11,045,971)	(3,364,930)	(7,386,033)	(7,660,202)	(8,631,677)	(3,524,937)
Net Income+/(-)	2,887,242	11,514,889	5,647,594	3,732,553	546,409	8,601,737	5,974,999
Significant Balance Sheet Items							
Operating Cash			16,315,925	13,211,301	18,106,886	25,294,458	25,294,458
Notes Payable			38,650,000				
Bonds Payable			106,120,042	175,360,042	171,770,042	202,125,042	202,125,042
Total Balance Sheet Items			161,085,966	188,571,343	189,876,928	227,419,500	227,419,500
Significant Cash Flow Items							
Principal on debt (net of Refunding Bonds)	15,840,000	15,840,000	43,080,000	14,820,000	16,615,000	27,765,000	6,960,000
Capital Outlay	1,700,000	1,700,000	52,120	1,675,135	569,102	2,270,434	143,785
Total Cash Flow Items	17,540,000	17,540,000	43,132,120	16,495,135	17,184,102	30,035,434	7,103,785

CPED Enterprise Fund Component Programs
Statement of Revenues, Expenses, and Changes in Program Net Assets
For the Year Ended 12/31/11, and the Six Months Ended 6/30/12

	Housing Development Fund 1/1-12/31/11	Housing Development Fund 1/1-6/30/12	General Agency Reserve Fund System 1/1-12/31/11	General Agency Reserve Fund System Operations 1/1-6/30/12	Theatres 1/1-12/31/11	Theatres 1/1-6/30/12	River Terminal 1/1-12/31/11	River Terminal 1/1-6/30/12	Economic Development Program 1/1-12/31/11	Economic Development Program 1/1-6/30/12
Operating revenues										
Charges for sales and services	$ -	$ -	$ 431,808	$ 272,064	$ -	$ -	$ 1,811,673	$ 769,489	$ 352,275	$ 137,500
Interest on program activities	34,132	-	5,242,887	-	-	-	-	-	-	-
Other	-	-	30	-	-	-	-	-	-	-
Total operating revenues	34,132	-	5,674,725	272,064	-	-	1,811,673	769,489	352,275	137,500
Operating expenses:										
Personal services	-	-	222,134	76,400	-	1,181	10,644	6,018	3,307	1,463
Contractual services	66,435	-	194,393	39,874	-	1,008	2,098,245	766,684	21,656	2,451
Other	15,922	-	7,834	500	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	347,526	173,763	-	-
Total operating expenses	82,357	-	424,361	116,774	-	2,189	2,456,915	946,965	24,963	3,914
Operating income	(48,225)	-	5,250,364	155,290	-	(2,189)	(645,242)	(177,476)	327,312	133,586
Nonoperating revenues (expenses)										
Interest on investments	3,155	961	294,464	4,339	(16,498)	(5,042)	(4,916)	(1,858)	161,552	1,681
Interest expense	-	-	(5,252,457)	-	-	-	-	-	(24,525)	(8,771)
Total nonoperating revenue (expenses)	3,155	961	(4,957,993)	4,339	(16,498)	(5,042)	(4,916)	(1,858)	137,027	(7,090)
Income (loss) before transfers	(45,070)	961	292,371	159,629	(16,498)	(7,231)	(650,158)	(179,334)	464,339	126,496
Net transfers from (to) other funds	(256,150)	-	-	-	-	400,000	-	-	(243,074)	-
Change in net assets	(301,220)	961	292,371	159,629	(16,498)	392,769	(650,158)	(179,334)	221,265	126,496
Total net assets - January 1	1,317,125	1,015,905	34,674,232	1,193,181	(2,095,532)	(2,112,030)	6,328,196	5,678,038	19,570	240,835
Total net assets - December 31	$ 1,015,905	$ 1,016,866	$ 34,966,603	$ 1,352,810	$ (2,112,030)	$ (1,719,261)	$ 5,678,038	$ 5,498,704	$ 240,835	$ 367,331

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 6/30/12. Other information for the fund is maintained by a trustee and not available for inclusion at 6/30.

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 Second 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 June 30, 2012, the City's current investment portfolio was valued at $519.8 million. The sector holdings and fund distributions are shown below. For the twelve months ended June 30, 2012, the portfolio has outperformed its benchmark.

Investment Performance period ended June 30, 2012	City Portfolio	Custom Benchmark*
3 month Total Return	0.32%	0.13%
12 months Total Return	.90%	0.49%
3 year Total Return	1.17%	0.79%
Credit Quality	AGY	TSY

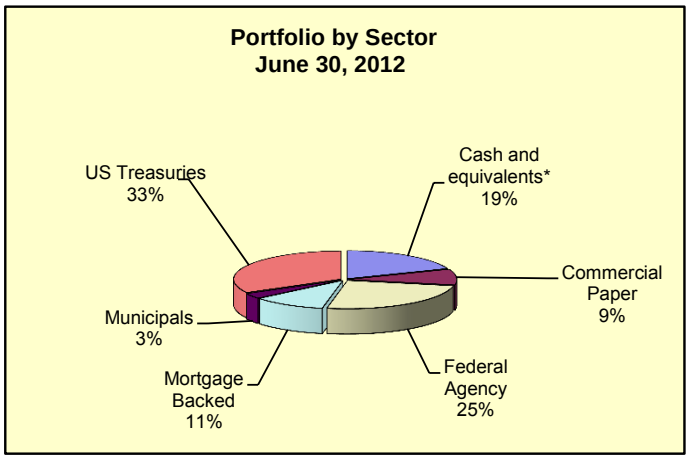
** Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.*

Portfolio Holdings By Sector

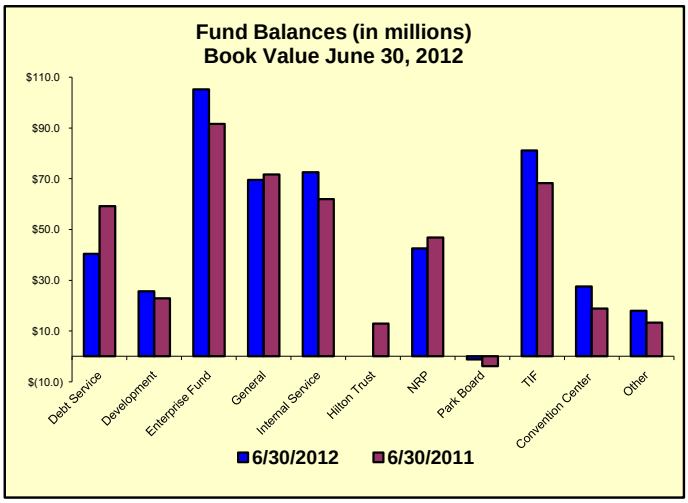
Market Value in millions

	June 30 2012	% of port.	June 30 2011	% of port.
Cash and equivalents*	$ 99.2	19%	$ 75.2	14%
Commercial Paper	46.7	9%	65.7	12%
Federal Agency	129.8	25%	192.3	36%
Mortgage Backed	57.1	11%	45.5	8%
Municipals	15.6	3%	15.2	3%
US Treasuries	171.4	33%	141.7	26%
Total Market Value	$ 519.8	100%	$ 535.6	100%

*Net of checks outstanding



Funds

Book Value in millions

	June 30 2012	% of funds	June 30 2011	% of funds
Debt Service	$ 40.4	8%	$ 59.2	11%
Development	25.7	5%	22.9	4%
Enterprise Fund	105.2	20%	91.6	17%
General	69.5	13%	71.7	13%
Internal Service	72.6	14%	62.0	12%
Hilton Trust		0%	12.9	2%
NRP	42.5	8%	46.8	9%
Park Board	(1.2)	0%	(3.9)	-1%
TIF	81.1	16%	68.3	13%
Convention Center	27.5	5%	18.8	4%
Other	17.9	3%	13.3	2%
Sub Total City Op. Port.	$ 481.2	93%	$ 463.6	87%
Bond Proceeds/Const.	36.1	7%	68.8	13%
TOTAL Book Value	517.3	100%	532.4	100%
Unrealized G/L & Acc int	2.5		3.2	
All Funds Mkt Value	$ 519.8		$ 535.6