



City of Minneapolis
Financial Status Report as of 4th Quarter 2012
Prepared by the
City of Minneapolis Finance Department
April 9, 2013

City of Minneapolis

Interim Financial Report Index for the 4th Quarter of 2012

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THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through December 31, 2012.

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

BUSINESS LINE REVIEW

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

Governmental Funds

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

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2012 with a restated fund balance of \$69.8 million and an operating budget of \$379.5 million, including transfers. Subsequent adjustments increased the operating budget to \$386.4 million. Through the end of 2012, the fund spent 97.6% of its revised operating budget. Preliminary year-end results indicate the fund balance will be \$85.3 million, an increase of \$15.6 million over 2011, and well within the City's stated reserve policy of 15% of the following year's budgeted Operating Revenue.

The \$15.6 million excess of revenue over expense consists of \$12.3 million of revenue in excess of budget plus \$9.1 million of expenditure appropriation savings offset by a use of \$5.8 million in fund balance related to rollovers from 2011. Nearly every department's budget in the General Fund was underspent in 2012 contributing a total of \$5.4 million to the \$9.1 million in appropriation savings. The remaining \$3.7 million of unspent appropriation is the balance of unspent contingency.

The \$9.1 million of expenditure appropriation savings was identified to be used for several purposes. The City Council set aside \$7.0 million of the 2012 appropriation savings to provide for property tax stabilization and maintain a 2014 planning assumption of a 0% tax levy increase. The remaining \$2.1 million was utilized for 2013 to fund various statutory and policy requirements as well as Council and department requests that met the budget rollover criteria.

General Fund Revenue Highlights

- *License and permit fees*, the fourth largest source of revenue to the City, exceeded revenue estimates by \$6.8 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 exceeded revenue estimates by \$4.4 million due to \$2.1 million in excess TIF revenue and high delinquent tax collections.
- *Charges for services*, the third major source of fund revenue, exceeded revenue estimates by \$2.6 million primarily due to utility cuts and other work for others done by the Public Works Maintenance and Repair Department.
- *State aids*, the second major source of fund revenue, exceeded revenue estimates by \$1.1 million due primarily to increases in Municipal State Aid funding for the City's street maintenance and repair and traffic signal projects in Public Works. Local government Aid revenue remained at \$56.4 million, the same level it has been since 2010.
- *Franchise fee revenue*, the fifth major source of fund revenue, came in \$1.4 million under estimate. Combined fees from electricity (Xcel) and cable television (Comcast) exceeded estimates by \$1.0 million; however, franchise fees from natural gas (Centerpoint) came in \$2.4 million below estimates, resulting in a net deficit of \$1.4 million. Both the increase in electricity franchise fee revenue and the decrease in natural gas franchise fee revenues were due to warmer than normal temperatures during most of 2012 resulting in higher air conditioning usage and lower heat usage.
- All other revenues generally came in as planned except *Fines and forfeiture revenue* from Police and Regulatory Services citations which came in \$1.3 million under estimate, although they are in line with previous years' receipts.

General Fund Departmental Highlights

Five departments make up 78.9% of the total General Fund expenditures: Police, Fire, Public Works, the City 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* ended the year \$415,000 under budget due primarily to attrition. This remaining appropriation authority was rolled over to 2013 to provide funding to help retain six Community Crime Prevention Specialists.
- The *Fire Department* came in under budget by \$224,000 which was due to the receipt of \$250,000 in contingency funds in December 2012 to fund costs incurred in creating a new hiring list going forward into 2013. During 2012, the department experienced a high level of work-related injuries which resulted in increased overtime costs to keep fire stations adequately staffed. The unspent balance was rolled over into 2013.
- The *City Coordinator* was \$1.5 million under budget due primarily to salary and other cost savings in the Finance and Property Services and Human Resources Departments as well as unspent grant funding in the Emergency Management Department.
- The *Public Works Department* had budget savings of \$690,000 due primarily to being able to complete more work than planned, especially utility cuts. The additional costs incurred to do more work for others brought in increased revenues of over \$1.6 million.
- *Regulatory Services* ended 2012 \$586,000 under budget.
- Other departments experiencing significant budget savings included the *City Clerk* which ended the year with nearly \$1.0 million in budget savings due largely to vacancy savings and underspending in Council ward budgets; the *Assessor* which came in \$275,000 under budget due to vacancy savings; the *City Attorney* with savings that totaled \$447,000 due to vacancy savings along with a projected savings of \$150,000 in the Domestic Violence area as a result of grant funding that became available in the first quarter of 2012; and the *Mayor* which came in \$111,000 under budget. Both the Mayor's appropriation balance

and the balances in the Council ward budgets have been rolled forward into 2013 as required by policy.

Selected Special Revenue Funds

The **Convention Center Fund** accounts for the operating activities of the Convention Center and for the City’s sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center’s capital and operating activities.

Though the Convention Center budgeted for a loss of \$(1.9) million in 2012, the fund actually experienced a gain of \$9.3 million through year end. This was largely due to the \$4.2 million increase in tax revenues over estimate along with a \$1.0 million increase in operating revenues. Further gains resulted from a \$5.9 million reduction in operating and capital expenses. The Convention Center ended the year with a fund balance \$11.1 million above budget. The cash balance at the end the year was \$36.8 million or \$11.4 million over the 2011 ending cash balance.

Though the **CPED Special Revenue Funds** overall continue to perform within budget, the Preliminary Planning Fund and the Operating Fund continue to carry negative cash and fund balances. A multi-year deficit reduction plan was developed as part of the 2012 budget process to address the growth in the deficits in these programs. Though the 2012 portion of the plan was successfully implemented, future years will require careful monitoring to ensure that the plan is effective in reducing the deficits and providing sustainable funding for the programs.

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 intended 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:

<u>Internal Service Funds (In Thousands)</u>						
2012 Budget to Actual through 12-31-12 (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	1,989	128%	1,464	1,324	90%
Fleet Services	40,798	41,674	102%	42,234	40,463	96%
Property Services	16,422	16,575	101%	17,522	17,336	99%
Public Works Stores	910	1,930	212%	1,058	1,143	108%
Intergovernmental Service Fund	42,102	33,548	80%	54,327	45,389	84%
Self Insurance	27,281	27,405	100%	26,890	21,152	79%

The Engineering Materials and Testing Fund exceeded its financial targets for the year. As a result of an increase in revenue due to increased project work and an earlier start date for construction, the fund finished the year with a net income of \$469,350 compared to a budgeted net income of \$(106,982). The fund continues to maintain a positive and improved cash balance with \$1.7 million at year end 2012 compared to the \$1.5 million 2011 cash balance and exceeding the targeted cash reserve of \$200,000 or 15% of the operating budget.

The Fleet Services Fund ended 2012 with a net gain of \$2.9 million, a significant improvement over the budgeted net loss of \$(2.3) million. The net gain is due primarily to reductions in operating costs in the personnel and contractual services areas along with the receipt of a \$1.1 million capital contribution related to grant proceeds received through the Fire Department for 50% of the cost of six fire trucks. Additional funds of \$639,000 were received to fund solar projects through a Federal State Energy Program grant. All of these factors contributed to a strong fund performance for the year with an estimated net operating margin of \$1.2 million compared to a budget of \$(1.4) million. At year end, the net asset balance was \$37.2 million which is consistent with the long-term financial plan. At \$10.2 million, the cash balance on December 31, 2012 was \$5.9 million above the target of \$4.3 million.

The Property Services Fund ended the year with a net loss of \$(525,059) compared to a budgeted net loss of \$(900,000). The cost recovery model for the fund does not recover the depreciation costs related to capital assets. It is expected that the net asset position will continue to decrease primarily due to recognizing the depreciation of capital assets. The year-end net asset balance was \$25.6 million. This is \$23.4 million greater than the benchmark in the financial policies which establishes that the net asset value should not fall below two times the annual depreciation amount. The cash balance for the fund at December 31, 2012 was \$762,026 which consists entirely of the cash balance in the Property Disposition Fund and a \$(618,451) operating cash balance. The minimum operating cash balance should be 15% of the fund's operating budget or \$1.9 million. However, the cash balance in the Property Disposition Fund is not included in determining the \$1.9 million. Though the fund continues to struggle to meet this target, the reserve policy anticipates that the target date to attain this operating cash balance continues to be year-end 2013.

The Public Works Stores Fund finished the year with a net income of \$669,892 compared to a budgeted net loss of \$(264,929) due primarily to an increase in operating revenue as a result of more inventory transactions being processed during 2012 resulting in an increase in overhead revenue. The fund continued to maintain a positive net asset balance of \$3.7 million at year end which is well above the target. The cash balance at December 31, 2012 was \$(163,313) which is below the target of \$200,000 but a significant improvement over the \$(1.0) million at the end of 2011.

The Intergovernmental Service Fund ended the year with a net loss of \$(751,117) compared to a budgeted net loss of \$(1.2) million. The smaller than anticipated net loss is due primarily to the transfer-in of \$12.2 million from the General Fund, Self-Insurance Fund, and debt service fund as part of the long range financial plan for the fund offsetting the expected \$(11.8) million operating loss. The cost allocation model for this fund does not recover depreciation related to capital assets. The fund records the acquisition value of customer funded IT project assets and, as expected, the net asset position continued to increase going from \$22.2 million in 2011 to \$27.4 million in 2012. The cash balance at the end of 2012 was \$14.6 million which exceeds the benchmark reserve requirement by \$8.6 million. Included in the cash balance are prepayments of \$12.2 million for technology projects from other City departments.

The Self-Insurance Fund finished the year with a net income of \$5.9 million compared to the budgeted net income of \$3.0 million, a projected improvement due primarily to the \$5.5 million decrease in expected tort settlement costs through the end of 2012. As budgeted, the fund transferred \$485,000 to the pension fund debt service to retire bonds related to the MERF unfunded pension liability and \$1.0 million to the Intergovernmental Services Fund as part of its long term financial plan. The cash balance at year end 2012 was \$56.6 million which exceeds the target reserve amount by \$1.4 million. The net asset position continues to improve primarily due to transfers from the general fund through 2014 as planned in the long-term financial plan.

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

Enterprise Funds (In Thousands)						
2012 Budget to Actual through 12-30-12 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	61,906	63,324	102%	53,073	51,872	98%
Stormwater	38,630	39,863	103%	23,524	21,568	92%
Solid Waste	30,595	32,061	105%	34,680	32,377	93%
Water Utility	75,335	79,341	105%	51,105	51,302	100%
Parking	42,245	45,276	107%	32,985	29,038	88%

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

The *Stormwater fund* net income came in at \$5.0 million over budget, and the *Sanitary Sewer fund* net income is \$1.7 million over budget. The cash balances at year end 2012 in the Stormwater and Sanitary Sewer funds were \$33.2 million and \$19.2 million, respectively, which were both above the target cash balances of \$5 million and \$10 million, respectively. Much of the excess cash in the Stormwater Fund will be directed toward capital outlays and other non-operating expenses.

The **Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. This fund exceeded its net income target by \$3.8 million. Higher operating revenue and lower operating expenses relative to budget both contributed to a relatively strong fund performance for the year. The cash balance at the end of the year is \$23.9 million which exceeds the target by \$15.8 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. The fund finished with a net income of \$11.5 million, which is \$6.3 million more than budgeted. Operating revenues exceeded expectations in the budget by \$4.0 million and represented an increase of 14% over 2011. The increase was due

in part to the fixed rate charge that was introduced in 2012 along with higher consumption that resulted from the lower rainfall amounts in 2012. The ending cash balance was \$19.1 million compared to \$15.1 million at the end of 2011 and exceeds the target by \$6.2 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. There was \$2.6 million in this operating reserve at year end 2012.

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 finished 2012 with a net gain of \$7.3 million or \$10.0 million better than the budgeted net loss of \$(2.7) million. These amounts do not include revenue and expense related to the State owned parking facilities. Higher operating revenue was primarily due to the newly installed on-street meters with credit card capability, additional meter coverage and event revenues. Higher revenues, along with lower operating expenses relative to budget, contributed to the positive fund performance for the year. The cash balance at year end was \$7.7million which is \$0.8 million short of the target cash balance of \$8.5 million.

The **CPED Enterprise Fund** has five components: Housing Development, General Agency Reserve, Theatres, River Terminal, and the Economic Development Program. The General Agency Reserve Fund enjoyed another successful year of operation and transferred fee revenue to provide funding to subsidize activity in CPED's Special Revenue Funds experiencing a decrease in net assets as a result. The Theatre component accounts for the residual cash deficit, as the City no longer operates these theatres. The River Terminal facility continued to incur an operating loss in 2012, ending the year with a cash deficit. However, the amount of annual operating loss continues to decline.

Respectfully Submitted,

Kevin D. Carpenter
Chief Finance Officer

Connie L. Griffith
Controller

Appendix
Detailed Fund Information

General Fund

Fund Description

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

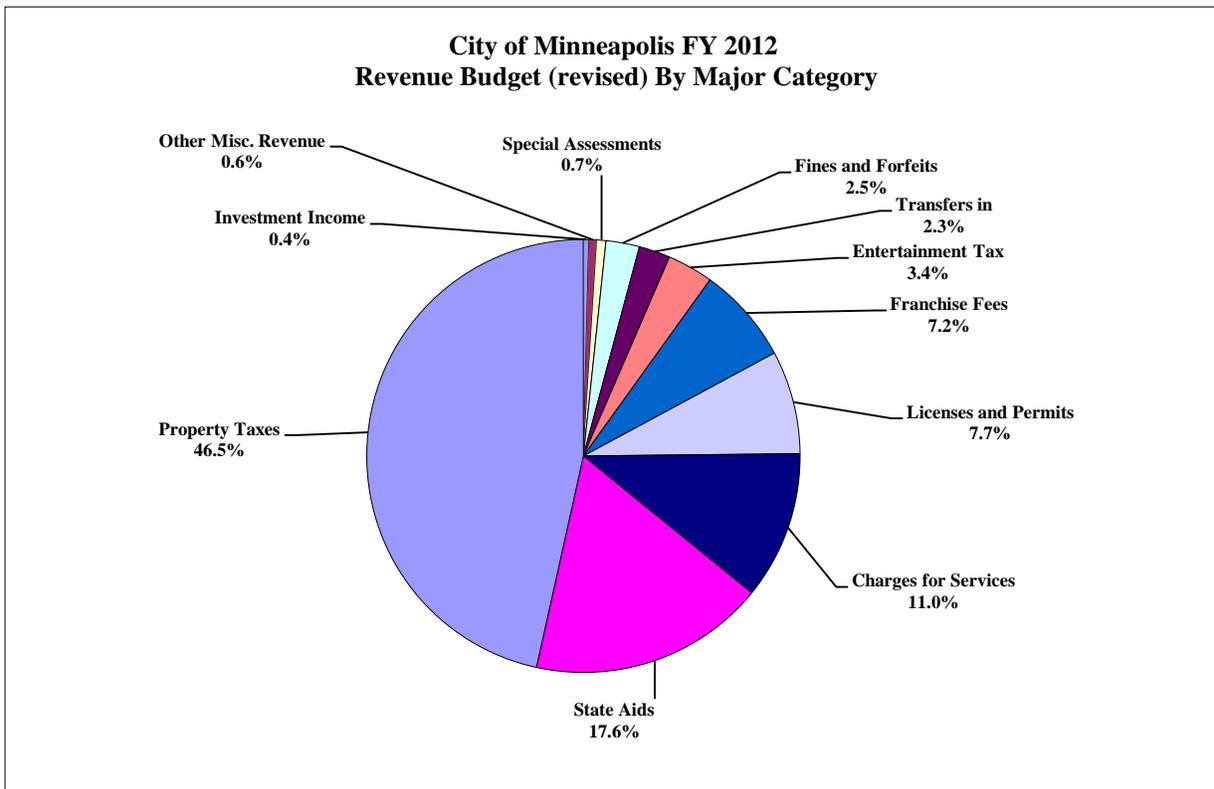
Financial Performance

The restated fund balance for the General Fund at fiscal year-end 2011 was \$69.8 million. The fund balance at year-end 2012 was \$85.3 million which exceeds the City's stated reserve policy.

2012 Ending Fund Balance

Fund Balance January 1, 2012-restated	\$ 69.7 million
Change in Fund Balance:	
2012 Revenue in Excess of Budget	\$12.3 million
2012 Expense Appropriation Savings	9.1 million
2011 Fund Balance Rollovers to 2012	<u>(5.8)million</u>
Total – Change in Fund Balance	<u>15.6 million</u>
Fund Balance December 31, 2012	<u>\$ 85.3 million</u>

General Fund Revenues:



The five largest revenue sources accounted for 90.1% of total budgeted revenues: property taxes, state aids, charges for services, licenses and permits, and franchise fees.

Property taxes, the major source of General Fund revenue (46.5%), are received from Hennepin County in July and December, and exceeded revenue estimates by \$4.4 million, due to \$2.1 million in excess TIF revenue, and high delinquent tax collections.

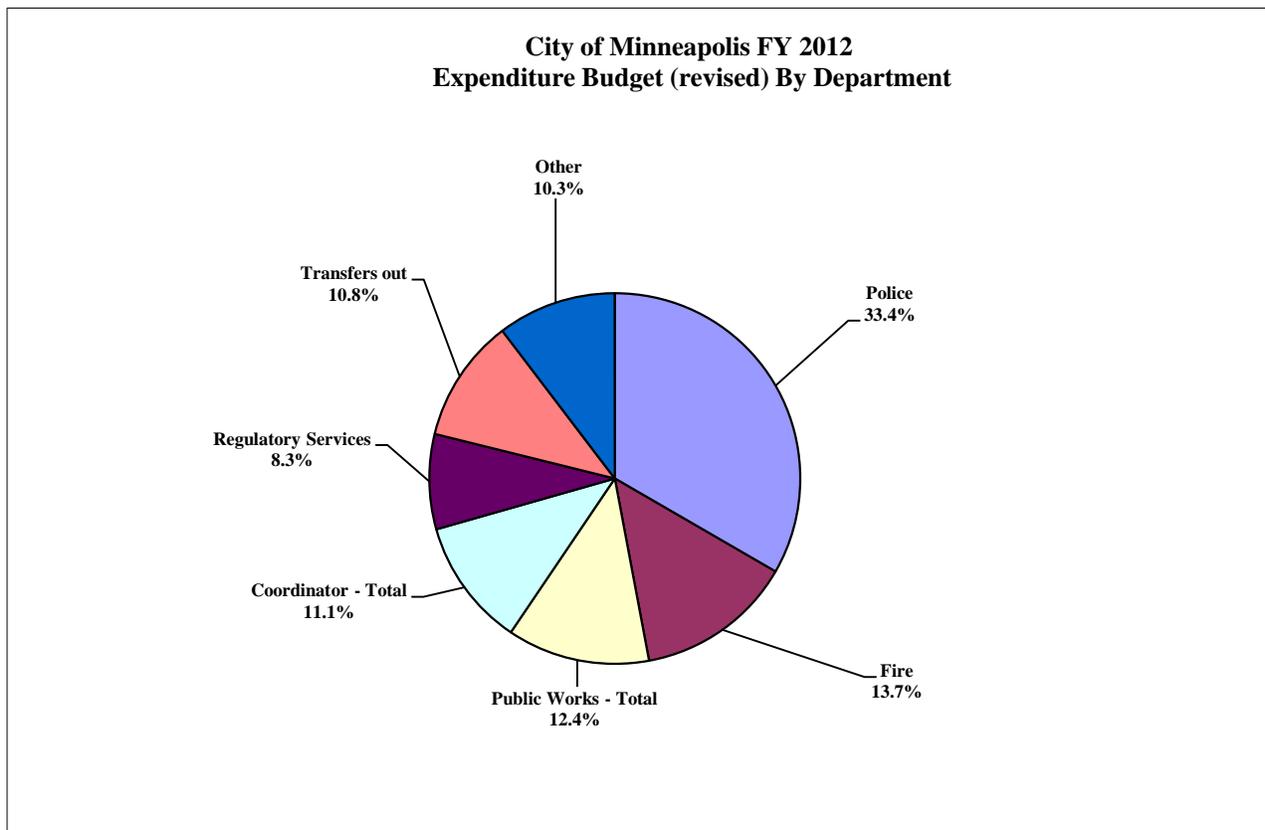
State aid revenues, the second major source of fund revenue (17.6%), were higher than 2011 by \$400,000 and exceeded 2012 estimates by \$1.1 million primarily due to increases in Municipal State Aid funding for the City's street maintenance and repair and traffic signal projects in Public Works. Local Government Aid revenue remained at \$56.4 million, the same level it has been since 2010. 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 (11.0%), were \$2.6 million over revenue estimates. This is primarily due to increased activity in the Public Works department in the form of work for others.

License and permit fees, the fourth largest source of revenue to the City (7.7%), exceeded revenue estimates by \$6.8 million due to continued increased building permit activity.

Franchise Fees (7.2%), the fifth major revenue source, were \$1.4 million under the 2012 estimate. Franchise fees from natural gas were \$2.4 million below estimates. This is primarily due to the warmer than normal temperatures at the beginning of 2012, and consumer conservation efforts. This deficit is offset by franchise fees from electricity and cable television which exceeded estimates by \$1.0 million resulting in a net deficit of \$1.4 million.

General Fund Expenditures:



Five departments made up 78.9% 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 ended the year \$415,000 under budget due in large part to staff attrition.

The Fire Department received \$250,000 in contingency funds in December of 2012 to fund costs incurred in creating a new hiring list going forward into 2013, but was \$224,000 under budget at year-end. The department experienced a high level of work related injuries, which resulted in increased overtime costs to adequately staff fire stations.

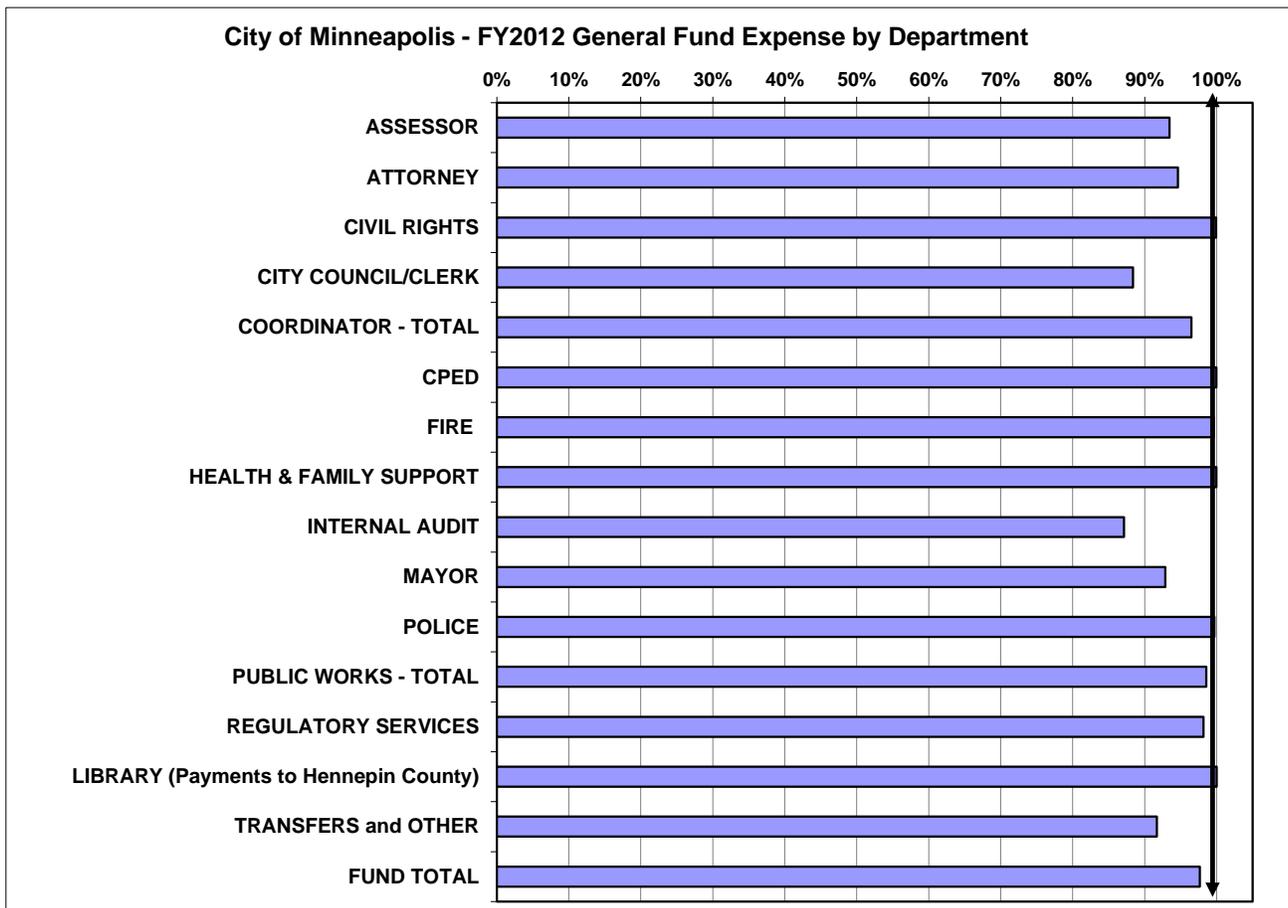
The City Coordinator was \$1.5 million under budget, due to savings in the Finance & Property Service, Human Resources and Emergency Management departments. Most of these savings are due to staff vacancies.

The Public Works Department had budget savings of \$690,000. Due to the early spring in 2012, Public Works was able to complete more work for others than planned, especially utility cuts. This additional work resulted in increased revenue of over \$1.6 million which was used to fund a corresponding increase in the expenditure budget. Compared to actual expenditures, the resulting savings amount to \$690,000.

Regulatory Services ended the year \$586,000 under budget due primarily to salary and fringe savings in the second half of 2012 along with cost reductions resulting from the delay of the Traffic Control Cognos project to 2013.

Several other departments had significant budget savings. The City Clerk had budget savings of \$1.0 million due largely to vacancy savings and significant underspending in Council ward budgets. The Assessor was under budget by \$275,000 primarily due to two unfilled positions. The City Attorney had savings of \$447,000 including over \$150,000 in the Domestic Violence area due to a grant that became available in the first quarter of 2012.

Expenditures for all of the remaining departments ended the year at or near the current budget.



City of Minneapolis
General Fund
December 31, 2012

	Original Budget	Revised Budget	YE Actual	Variance from Revised Budget	YE as Percent of Revised Budget
Revenues:					
Property Taxes	177,107,815	177,107,815	181,502,969	4,395,154	102.5%
Entertainment Tax	-	13,036,212	12,905,268	(130,944)	99.0%
State Aids	66,981,812	66,981,812	68,126,789	1,144,977	101.7%
Charges for Services	40,361,011	41,978,856	44,613,127	2,634,271	106.3%
Franchise Fees	27,500,000	27,500,000	26,119,558	(1,380,442)	95.0%
Licenses and Permits	29,320,911	29,320,911	36,089,034	6,768,123	123.1%
Fines and Forfeits	9,495,414	9,495,414	8,242,551	(1,252,863)	86.8%
Special Assessments	2,342,804	2,526,469	3,009,242	482,773	119.1%
Investment Income	1,500,000	1,500,000	1,649,258	149,258	110.0%
Other Shared Taxes	531,405	531,405	568,813	37,408	107.0%
Other Miscellaneous	981,925	981,925	519,899	(462,026)	52.9%
Contributions	800,000	800,000	806,721	6,721	100.8%
Total Revenues	356,923,097	371,760,819	384,153,229	12,392,410	103.3%
Transfers In	22,594,212	8,858,000	8,768,000	(90,000)	100.0%
Revenues and Other Sources	379,517,309	380,618,819	392,921,229	12,302,410	100.5%
Expenditures :					
Police	128,014,896	128,899,896	128,484,712	415,184	99.7%
Fire	52,272,248	52,841,251	52,617,402	223,849	99.6%
PW-Transportation Planning and Design	2,748,882	2,873,882	2,438,966	434,916	84.9%
PW-Transportation Maintenance and Repair	27,136,162	28,826,572	28,826,567	5	100.0%
PW-Administration	2,781,814	2,781,814	2,539,688	242,126	91.3%
PW-Traffic and Parkng Services	13,416,892	13,527,992	13,515,492	12,500	99.9%
Public Works - Total	46,083,750	48,010,260	47,320,712	689,548	98.6%
Human Resources	5,509,775	5,536,457	5,187,960	348,497	93.7%
Finance & Property Services	19,633,000	19,770,425	19,242,817	527,608	97.3%
911	7,296,626	7,296,626	7,282,423	14,203	99.8%
311	2,961,546	3,112,546	3,112,540	6	100.0%
City Coordinator	1,518,771	1,609,771	1,558,558	51,213	96.8%
Intergovernmental Relations	1,404,714	1,404,714	1,341,172	63,542	95.5%
Communications	2,160,559	2,160,559	2,103,836	56,723	97.4%
Emergency Management	711,258	1,064,000	610,218	453,782	57.4%
Neighborhood & Community Relations	901,508	1,029,083	1,029,081	2	100.0%
Information Technology	50,000	50,000	50,000	-	100.0%
Coordinator - Total	42,147,757	43,034,181	41,518,606	1,515,575	96.5%
Regulatory Services	30,257,564	31,977,943	31,392,171	585,772	98.2%
City Council & City Clerk	8,027,771	8,592,256	7,592,735	999,521	88.4%
Attorney	7,758,185	8,298,756	7,852,044	446,712	94.6%
Culture and Recreation -Library	4,982,000	4,982,000	4,981,940	60	100.0%
Assessor	4,195,609	4,195,609	3,920,114	275,495	93.4%
Contingency	4,000,195	3,750,195	11,324	3,738,871	0.3%
CPED	3,557,535	3,557,535	3,556,791	744	100.0%
Health & Family Support	2,432,919	2,432,919	2,431,602	1,317	99.9%
Civil Rights	2,153,001	2,153,001	2,151,720	1,281	99.9%
Mayor	1,548,188	1,560,188	1,448,755	111,434	92.9%
Internal Audit	437,560	456,835	398,070	58,765	87.1%
Total Expenditures	337,869,178	344,742,825	335,678,698	9,064,127	97.4%
Transfers Out	41,648,164	41,678,164	41,658,164	20,000	100.0%
Expenditures and Other Uses	379,517,342	386,420,989	377,336,862	9,084,127	97.6%
Change in Fund Balance			15,584,366		
Fund Balance - January 1, 2012, restated			69,760,856		
Fund Balance - December 31, 2012			85,345,223		

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. Local tax receipts accounted for in the Convention Center Special Revenue Fund include a 0.5% citywide sales tax; a 3.0% food and liquor tax applied to core downtown establishments; 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 (or 38% of the 2.625% citywide lodging tax) are paid directly to Meet Minneapolis. Effective January 1, 2012, the entertainment tax revenue was recorded as revenue directly in the General Fund and Target Center rather than being receipted in the Convention Center Special Revenue Fund and then transferred.

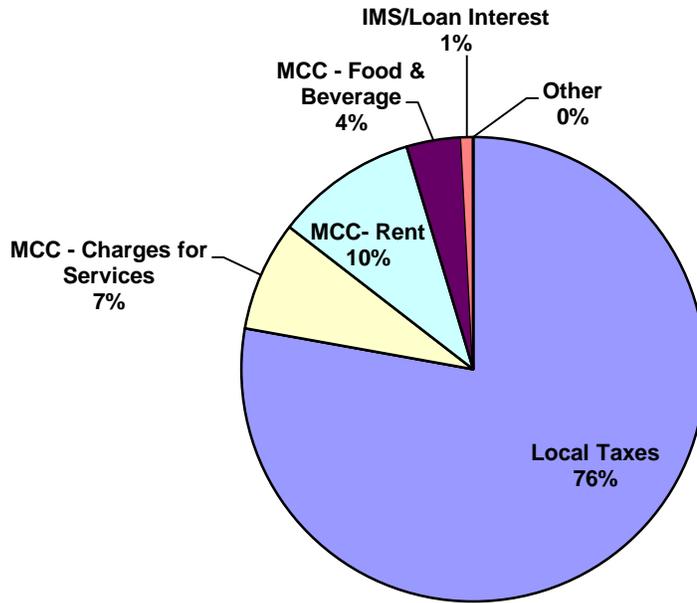
Through December 31, 2012, tax proceeds exceeded 2011 levels by 6.2%. All the local tax categories finished ahead of 2011, as consumers increased spending and took advantage of downtown shopping, lodging, dining, and drinking opportunities. Tax revenues are receipted into the month they are received from the State of Minnesota and are driven by transient and consumer spending habits. As a result, are highly variable from month to month.

Tax	December 2011	December 2012	Variance	% Change
Sales	\$29,921,574	\$31,731,154	\$1,809,580	6.0%
Food	11,032,324	11,464,597	432,373	3.9%
Liquor	4,598,619	5,426,548	827,929	18.0%
Lodging	6,300,429	6,431,736	131,307	2.1%
Total	\$51,852,946	\$55,054,035	\$3,201,089	6.2%

Operating Revenue

Through the 4th quarter of 2012, operating revenue finished at \$15.1 million or 107% of budget. Rents and Commissions had the strongest finish at \$7.0 million or 108% of budget followed by Catering Commissions at \$2.7 million or 107% of budget, and finally Charges for Services and Sales at \$5.4 million or 105% of budget. Although 2012 ended with less convention business than in past years, space was filled with more regional, state and local events, which allowed revenues to exceed expectations. The Convention Center continues to heavily discount rents to be competitive. The Convention Center had a moderately busy fourth quarter until Thanksgiving. Consistent with previous years, the building has very few events after Thanksgiving. National and international events in the fourth quarter brought in approximately 50,000 attendees and over 45,000 room nights to Minneapolis. Although attendance was down almost 42% for these events compared to 2011, total room nights were up 7% from the previous year. During the slow period in December, the Convention Center worked on several much needed capital improvement projects, such as remodeling the restrooms 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 competitors.

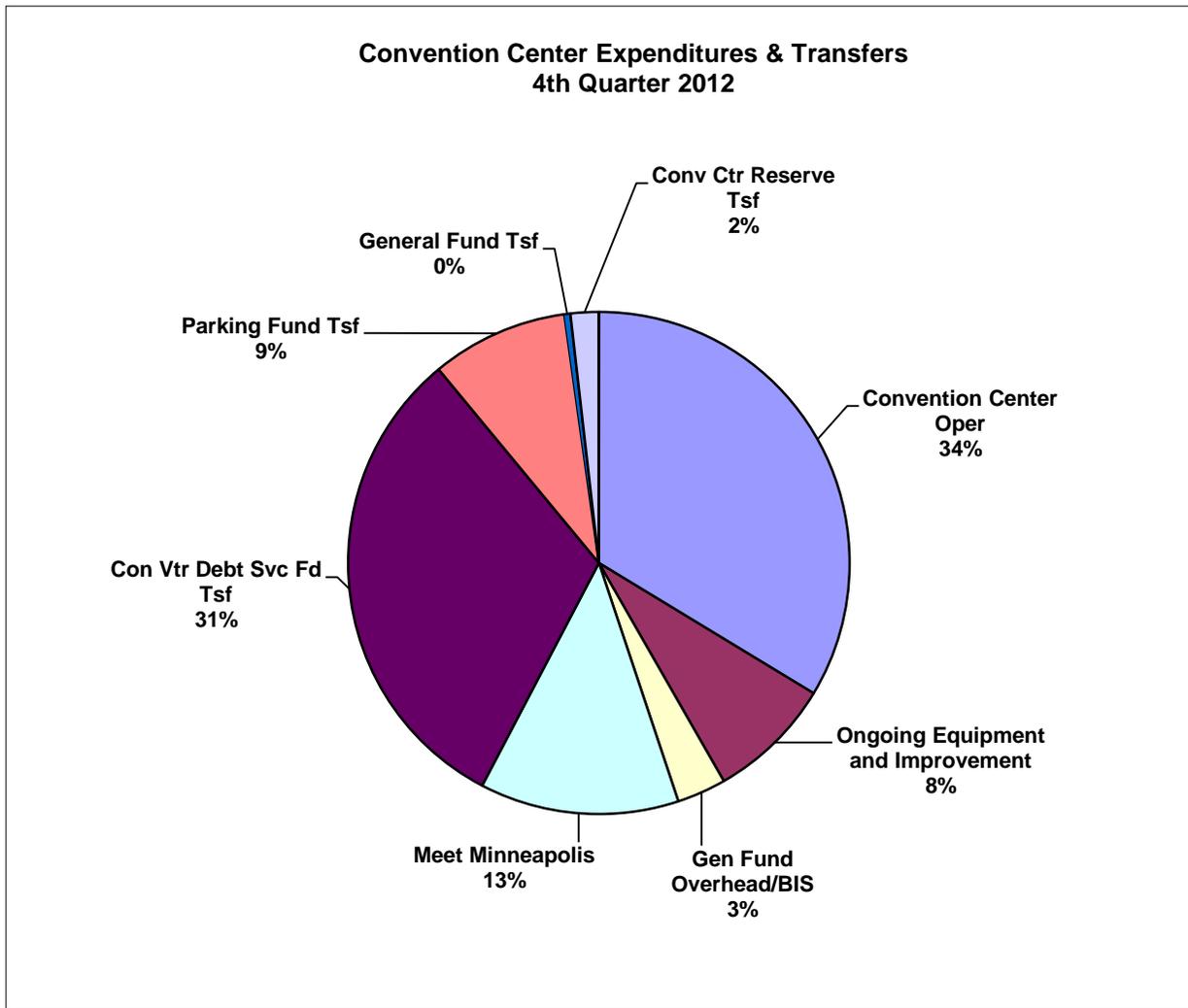
**Convention Center Revenue Source
4th Quarter 2012**



Operating Expenditures

Through the 4th quarter of 2012, Convention Center operating expenses, excluding Ongoing Equipment and Improvement, BIS, and General Fund Overhead, finished at \$21.3 million or 89% of budget. Contributing to this surplus are the changes to the Convention Center’s staffing model, as well as ‘no waste’ initiatives which include a large waste program and further enhancements to the energy efficiency practices that were put in place in 2009 and 2011.

The Convention Center finished the year under budget in Ongoing Equipment and Improvements, but with numerous projects encumbered and in process which will continue in 2013. The Convention Center requested an appropriation rollover to fund these important ongoing projects. The Convention Center’s smaller event load in the fourth quarter allowed the Convention Center to complete large projects such as remodeling restrooms and replacing lighting in Exhibit Hall A. The lighting project was completely funded with federal stimulus grants and energy rebates and is estimated to reduce energy costs as much as \$78,000 per year. In 2012, three of the four existing domes were replaced.



Transfers

The Convention Center Fund annually transfers a portion of its tax revenue to several other funds. In 2012, a \$250,000 transfer was budgeted to the Police Mounted Patrol. A transfer of \$20.1 million was budgeted for debt service; the actual transfer was \$19.9 million because of the Kelber Catering reimbursement to the City for equipment and build out debt service. Other transfers for debt service included \$400,000 for MERF and a \$104,000 general debt service transfer related to new debt for the dome replacement. Transfers of \$1.5 million were also budgeted from the Convention Center Facility Reserve Fund; at year end \$1.2 million was transferred back to the Facility Reserve Fund. The Convention Center also transferred \$5.6 million to the Municipal Parking Enterprise Fund for \$5.6 million and received capital advance payment from IT of \$1.5 million. 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 was \$53.2 million, which is approximately \$11.1 million over budget and an increase of \$9.3 million over last year. The increase over budget can be largely attributed to increases in operating and local tax revenue in addition to a new revenue source for copper scrap sales from the dome replacement project coupled with the expected surplus in the expenditure budget.

CONVENTION CENTER SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the fiscal quarter ending December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA

	2012		Percent of Total	2011 Actual
	Budget	Actual		
REVENUE				
Operating Revenue:				
Charges for Services and Sales	5,140,000	5,405,038	105%	5,347,329
Rents and Commissions	6,492,000	7,005,147	108%	6,580,122
Catering Commissions	2,509,000	2,688,849	107%	2,743,890
Total Operating Revenue	14,141,000	15,099,034	107%	14,671,341
Tax Revenue:				
Sales and Use Tax	28,841,777	31,731,154	110%	29,921,574
Entertainment Tax*	-	-	-	14,076,979
Food Tax	11,097,303	11,464,597	103%	11,032,324
Liquor Tax	4,864,956	5,426,548	112%	4,598,619
Lodging Tax	6,125,144	6,431,736	105%	6,300,429
Total Tax Revenue	50,929,180	55,054,035	108%	65,929,925
Other Non Operating Revenue:				
Investment Management Services Interest	145,000	259,937	179%	161,524
Contributions Private Donations	-	-	-	250,000
Meet Minneapolis (iDSS) Loan Interest	314,359	314,359	100%	359,760
Bonds Issued - Domes	5,000,000	4,200,000	-	-
Premiums and Accrued Interest - Bonds	-	111,067	-	-
Copper Scrap Sales - Domes	-	552,337	-	-
Other	-	13,387	-	14,428
Total Other Non Operating Revenue	5,459,359	5,451,087	100%	785,712
Total Non Operating Revenue	56,388,539	60,505,122	107%	66,715,637
Total Revenue	70,529,539	75,604,156	107%	81,386,978
EXPENDITURES				
Convention Center Operations	23,965,131	21,342,376	89%	22,348,725
Ongoing Equipment and Improvement	7,076,000	5,099,234	72%	1,611,811
General Fund Overhead/IT Operating	2,002,888	2,002,888	100%	2,044,003
Meet Minneapolis	8,388,126	8,138,127	97%	7,524,641
Capital Improvements - Domes	5,000,000	3,905,033	78%	-
Other Fiscal Charges (Bonds)	-	7,392	-	-
Total Expenditures	46,432,145	40,495,050	87%	33,529,180
Excess of Revenues Over (Under) Expenditures	24,097,394	35,109,106	146%	47,857,798
OTHER FINANCING SOURCES (USES)				
General Fund Transfer - Mounted Patrol*	(250,000)	(250,000)	100%	(14,246,979)
Arena Reserve Fund Transfer*	-	-	-	(80,000)
Facility Reserve Fund Transfer to Convention Ctr	1,500,000	1,500,000	100%	1,500,000
Convention Center Facility Reserve Fund Transfer	(1,150,000)	(1,150,000)	100%	(1,150,000)
Convention Ctr Debt Service Transfer	(20,075,275)	(19,833,806)	99%	(22,214,235)
Transfer to General Debt Service	-	(103,675)	-	-
Other Debt Service Transfer	(400,000)	(400,000)	100%	(153,000)
Municipal Parking Enterprise Fund Transfer	(5,580,100)	(5,580,100)	100%	(7,589,231)
Total Other Financing Sources (Uses)	(25,955,375)	(25,817,581)	99%	(43,933,445)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,857,981)	9,291,525		3,924,353
Fund Balance - January 1	43,933,262	43,933,262		40,008,910
Ending Fund Balance	42,075,281	53,224,787		43,933,262
Ending Cash Balance		36,845,777		25,362,866

*Entertainment Tax reported directly in General Fund and Target Center Arena Reserve Fund in 2012 rather than as a Transfer-out to those two funds as was done in 2011.

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending December 31, 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 December 31, expenditures were \$33,382,725 as compared to the 2011 expenditures of \$36,022,693. The 2011 expenditures were 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 in 2012. These new grants did help offset the loss of revenue from the expiring Recovery grants at the fund level.

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 has been recorded in fund 01300; however some activity related to the HUD Consolidated Plan was recorded in fund 01400. Many of these grants expired in 2012.

HUD Consolidated Plan Funds (01400 & 01500)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Solutions Grant Program (ESG), HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. HUD grant expenditures as of December 31 were \$24,883,302 as compared to \$21,023,843 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 compared to that 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 project balances to offset the Block E deficit. Since November 2001, the City Council has 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 December 31, 2012 were \$31,558,108 which included the transfer-out of \$5,477,991 to the Regulatory Services Special Revenue Fund. Expenditures net of this transfer were \$26,080,117 compared to the 2011 expenditures of \$28,122,281. The year-to-date revenue in the fund as of December 31, 2012 and 2011 was \$25,957,645 and \$26,879,264, respectively. The decrease in expenditures was 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 was transitioned to its own special revenue fund. During 2012 there continued to be limited activity in fund 01600 until the transition to the new fund was complete. As of December 31, 2012, all of the Regulatory Services activity was removed from this fund.

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 Permanent Improvement Capital Projects Fund 04100.

Special Revenue Funds
Grant Funds
Quarter Ending December 31, 2012

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	\$ 54,730	\$ 209,763	\$ 1,191,609	\$ 1,456,102
Accounts - net	6,631	17,692	6,265	30,588
Special Assessments Receivable		249,538		249,538
Intergovernmental Receivables	8,211,561	3,478,976	1,184,700	12,875,237
Loans receivable-net		15,404,301		15,404,301
Due from Other Funds			2,700,000	2,700,000
Deposits with Fiscal Agents			43,224	43,224
Properties held for resale	1,511,967	6,244,241	2,035,029	9,791,237
Total Assets	\$ 9,784,889	\$ 25,604,511	\$ 7,160,827	\$ 42,550,227
Liabilities				
Salaries payable	\$ 86,475	\$ 96,102	\$ 90,685	\$ 273,262
Accounts payable	1,556,945	910,329	1,178,167	3,645,441
Inter Governmental Payables				-
Due to Other Funds	4,550,000	2,700,000		7,250,000
Use Taxes Payable	704		73	777
Unclaimed Property				-
Deposits held for others				-
Deferred revenue & Contracts	2,078,798	15,404,301	2,850,110	20,333,209
Deferred Special Assessments		249,538		249,538
Total Liabilities	\$ 8,272,922	\$ 19,360,270	\$ 4,119,035	\$ 31,752,227
Fund Balance	\$ 1,511,967	\$ 6,244,241	\$ 3,041,792	\$ 10,798,000
Total Liabilities and Fund Balance	\$ 9,784,889	\$ 25,604,511	\$ 7,160,827	\$ 42,550,227
Revenue				
Taxes-Charitable Gambling	\$ -	\$ -	\$ 1,964	\$ 1,964
Grants and Shared Revenues	\$ 31,964,733	22,872,635	24,627,277	79,464,645
Loan Origination Fees				-
Special Assessments		49,972		49,972
Private Contributions			621,029	621,029
Charges for Services		174	452,534	452,708
Licenses & Permits				-
Fines and forfeits				-
Interest		53,468	41	53,509
Rent & Commissions		5,463		5,463
Sale of Lands & Buildings	259,703	1,014,928		1,274,631
Loan Recapture	1,065,891	517,562		1,583,453
Sale of Equipment				-
Miscellaneous Revenue	137,933		254,800	392,733
Transfer within Special Revenue Fund				-
Total Revenue	\$ 33,428,260	\$ 24,514,202	\$ 25,957,645	\$ 83,900,107
Expenditures	\$ 33,382,725	\$ 24,883,302	\$ 31,558,108	\$ 89,824,135
Revenues Over (Under) Expenditures	\$ 45,535	\$ (369,100)	\$ (5,600,463)	\$ (5,924,028)

* Includes transfer of \$5,477,991 to the Regulatory Services Special Revenue Fund

CDBG Program Year 38
Beginning June 1, 2012
December 31, 2012

Project	Adopted Budget 2011R-659	Reduction Amount Final HUD	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2012		
							Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
Lead Reduction	\$ 62,000	\$ (500)	\$ 61,500	\$ -	\$ -	\$ 61,500	\$ -	\$ -	\$ 61,500
Problem Properties Board Bldg	104,600	(900)	103,700	-	-	103,700	57,653	57,653	46,047
Adult Training, Placement and Retentior	1,480,000	(12,400)	1,467,600	-	-	1,467,600	178,953	178,953	1,288,647
High density corridor housing	583,669	(4,900)	578,769	-	-	578,769	-	-	578,769
Commercial Property Investment	139,000	(1,200)	137,800	-	-	137,800	-	-	137,800
NEDF/CEDF (Great Streets)	41,000	(300)	40,700	-	-	40,700	-	-	40,700
Multi-Family/Affordable Housing	2,991,876	(25,100)	2,966,776	-	-	2,966,776	458,601	458,601	2,508,175
Vacant & Boarded Housing	1,599,056	(13,400)	1,585,656	-	-	1,585,656	550,039	550,039	1,035,617
Subtotal Capital Grants	\$ 7,001,201	\$ (58,700)	\$ 6,942,501	\$ -	\$ -	\$ 6,942,501	\$ 1,245,246	\$ 1,245,246	\$ 5,697,255
Public Service Grants:									
Community Crime Prevention Specialists	\$ 884,000	\$ (7,400)	\$ 876,600	\$ -	\$ -	\$ 876,600	\$ 543,252	\$ 543,252	\$ 333,348
Access & Outreach (Multicultural Affairs)	121,000	(1,000)	120,000	-	-	120,000	-	-	120,000
Juvenile Supervisor Center	100,000	-	100,000	-	-	100,000	50,970	50,970	49,030
Domestic Abuse Project	60,000	(500)	59,500	-	-	59,500	-	-	59,500
Way to Grow	195,000	(2,400)	192,600	-	-	192,600	80,003	80,003	112,597
Youth Employment & Training	253,000	(2,100)	250,900	-	-	250,900	-	-	250,900
Subtotal Public Service Grants	\$ 1,613,000	\$ (13,400)	\$ 1,599,600	\$ -	\$ -	\$ 1,599,600	\$ 674,225	\$ 674,225	\$ 925,375
Administrative Grants:									
YCB Administration	\$ 66,000	\$ (600)	\$ 65,400	\$ -	\$ -	\$ 65,400	\$ 64,803	\$ 64,803	\$ 597
Civil Rights Dept Fair Housing	365,000	(3,100)	361,900	-	-	361,900	3,516	3,516	358,384
Finance Administration	196,000	(1,600)	194,400	-	-	194,400	-	-	194,400
Grants & Special Projects	190,000	(1,600)	188,400	-	-	188,400	14,112	14,112	174,288
Housing Discrimination Law Project-Leg:	47,740	(511)	47,229	-	-	47,229	-	-	47,229
Grant Administration	68,000	(600)	67,400	-	-	67,400	-	-	67,400
Legal Aid Mid-Minnesota	-	-	-	29,060	-	29,060	9,687	9,687	19,373
Neighborhood Services	72,000	(600)	71,400	-	-	71,400	8,433	8,433	62,967
Way to Grow Administration	16,000	(100)	15,900	-	-	15,900	6,625	6,625	9,275
YCB Youth Violence Prevention	101,000	(800)	100,200	-	-	100,200	25,483	25,483	74,717
Legal Aid Society	29,260	(200)	29,060	(29,060)	-	-	-	-	-
CDBG Planning Program Admin	992,360	(8,300)	984,060	-	-	984,060	523,166	523,166	460,894
Subtotal Administrative Grants	\$ 2,143,360	\$ (18,011)	\$ 2,125,349	\$ -	\$ -	\$ 2,125,349	\$ 655,825	\$ 655,825	\$ 1,469,524
Block E Deficit Reduction:									
YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Administrative Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GRAND TOTAL	\$ 10,757,561	\$ (90,111)	\$ 10,667,450	\$ -	\$ -	\$ 10,667,450	\$ 2,575,296	\$ 2,575,296	\$ 8,092,154

**CDBG Program Year 37
Beginning June 1, 2011
December 31, 2012**

Project	Adopted Budget 2010R-598	Reduction Amount 2011R-301	Amended Budget 2011R-301	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2012			
									Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
General Housing Rehabilitation-MPHA	\$ 110,000	\$ (110,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Problem Properties Attorneys	38,000	(7,617)	30,383	-	-	-	-	30,383	19,317	19,317	19,317	11,066
Personal Protective Equipment	584,000	-	584,000	-	-	-	-	584,000	526,500	584,000	-	-
Problem Properties Police	53,000	(10,624)	42,376	-	-	-	-	42,376	10,399	10,399	31,977	-
Lead Reduction	125,000	(25,057)	99,943	-	-	-	-	99,943	-	-	99,943	-
Problem Properties Board Bldg	348,000	(186,823)	161,177	-	-	-	-	161,177	15,822	153,652	7,525	-
Adult Training, Placement and Retention	1,255,000	(141,570)	1,113,430	-	-	-	-	1,113,430	1,109,634	1,113,399	31	-
High density corridor housing	730,000	(146,331)	583,669	-	-	-	-	583,669	-	-	583,669	-
NonProfit MF Rental Development Assis	166,000	(33,275)	132,725	-	-	-	-	132,725	-	-	132,725	-
NEDF/CEDF (Great Streets)	1,127,000	(225,912)	901,088	-	-	-	-	901,088	-	-	901,088	-
Homeownership Program (GMMHC)	34,000	(6,815)	27,185	-	-	-	-	27,185	-	-	27,185	-
Multi-Family/Affordable Housing	3,411,189	(683,786)	2,727,403	-	-	-	-	2,727,403	1,031,068	1,031,068	1,696,335	-
Vacant & Boarded Housing	1,782,000	(357,209)	1,424,791	-	-	-	-	1,424,791	942,560	1,424,791	-	-
Subtotal Capital Grants	\$ 9,763,189	\$ (1,935,019)	\$ 7,828,170	\$ -	\$ -	\$ -	\$ -	\$ 7,828,170	\$ 3,655,300	\$ 4,336,626	\$ 3,491,544	
Public Service Grants:												
Restorative Justice Programs	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	
Community Crime Prevention Specialist:	934,386	(50,000.00)	884,386	-	-	-	-	884,386	341,652	884,386	-	
Access & Outreach (Multicultural Affairs	121,000	-	121,000	-	-	-	-	121,000	101,376	109,199	11,801	
PHAC: Living at Home Block Nurse Prog	75,000	-	75,000	-	-	(75,000)	-	-	-	-	-	
Curfew/Truancy Center	100,000	-	100,000	-	-	-	-	100,000	20,446	100,000	-	
Domestic Abuse Project	75,000	-	75,000	-	-	-	-	75,000	42,884	75,000	-	
	250,000	(259,563.00)	(9,563)	-	-	9,563	-	-	-	-	-	
PHAC: Hennepin Healthcare	-	-	-	-	-	30,000	-	30,000	25,456	25,456	4,544	
PHAC: Holy Rosary Church	-	-	-	-	-	50,000	-	50,000	35,797	50,000	-	
PHAC: MPLS American Indian	-	-	-	-	-	30,000	-	30,000	30,000	30,000	-	
PHAC: MPS Teenage Parenting & Pregn	75,000	-	75,000	-	-	(71,563)	-	3,437	3,437	3,437	-	
PHAC: SE Asian Community Council	-	-	-	-	-	27,000	-	27,000	22,199	22,199	4,801	
Way to Grow	262,000	(50,000.00)	212,000	-	-	-	-	212,000	93,017	212,000	-	
Youth Employment & Training	253,000	\$ -	253,000	-	-	-	-	253,000	165,439	253,000	-	
Subtotal Public Service Grants	\$ 2,165,386	\$ (359,563)	\$ 1,805,823	\$ -	\$ -	\$ -	\$ -	\$ 1,805,823	\$ 901,703	\$ 1,784,677	\$ 21,146	
Administrative Grants:												
YCB Administration	\$ 66,000	\$ -	\$ 66,000	\$ -	\$ -	\$ -	\$ (1,197)	\$ 64,803	\$ -	\$ 64,803	\$ -	
Civil Rights Dept Fair Housing	365,000	-	365,000	-	-	-	-	365,000	306,710	312,840	52,160	
Finance Administration	196,000	-	196,000	-	-	-	-	196,000	28,526	28,526	167,474	
Director of Arts-City Coordinator Adm	28,146	(28,146)	-	-	-	-	-	-	-	-	-	
MPH Citizen Participation	68,000	-	68,000	-	-	-	-	68,000	34,000	34,000	34,000	
Grants & Special Projects	190,000	-	190,000	-	-	-	-	190,000	157,507	190,413	(413)	
Housing Discrimination Law Project-Leg	54,000	-	54,000	-	-	-	-	54,000	22,500	54,000	-	
Homeless Initiative	77,000	-	77,000	-	-	-	-	77,000	81,339	81,339	(4,339)	
Grant Administration	68,000	-	68,000	-	-	-	-	68,000	29,446	68,000	-	
Neighborhood Services	72,000	-	72,000	-	-	-	-	72,000	68,805	73,938	(1,938)	
Way to Grow Administration	26,000	-	26,000	-	-	-	-	26,000	11,816	26,000	-	
YCB Youth Violence Prevention	121,000	(20,000)	101,000	-	-	-	-	101,000	66,756	106,955	(5,955)	
Legal Aid Society	34,000	-	34,000	-	-	-	-	34,000	34,000	34,000	-	
Program Admin	100,000	-	100,000	-	-	-	-	100,000	39,094	100,000	-	
Planning - Administration	1,045,854	\$ (54,356.00)	991,498	-	-	-	-	991,498	415,766	994,266	(2,768)	
Subtotal Administrative Grants	\$ 2,511,000	\$ (102,502)	\$ 2,408,498	\$ -	\$ -	\$ -	\$ (1,197)	\$ 2,407,301	\$ 1,296,265	\$ 2,169,080	\$ 238,221	
Block E Deficit Reduction:												
YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ 1,197	
Subtotal Administrative Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ 1,197	
GRAND TOTAL	\$ 14,439,575	\$ (2,397,084)	\$ 12,042,491	\$ -	\$ -	\$ -	\$ -	\$ 12,042,491	\$ 5,853,268	\$ 8,290,383	\$ 3,752,108	

**CDBG Program Year 36
Beginning June 1, 2010
December 31, 2012**

Project	Adopted Budget 2009R-586	Reduction Amount	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2012		
							Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
Problem Properties Attorneys	\$ 38,000		\$ 38,000	\$ -	\$ -	\$ 38,000	\$ -	\$ 38,000	\$ -
Personal Protective Equipment	694,000		694,000	-	-	694,000	20,310	630,145	63,855
Problem Properties Police	53,000		53,000	-	-	53,000	53,000	53,000	-
Lead Reduction	125,000		125,000	-	-	125,000	35,893	104,338	20,662
Problem Properties Board Bldg	348,000		348,000	-	-	348,000	1,785	348,000	-
Adult Training, Placement and Retentio	982,000		982,000	-	-	982,000	80,134	982,000	-
High density corridor housing	730,000		730,000	-	-	730,000	503,524	506,470	223,530
NonProfit MF Rental Development Assis	166,000		166,000	-	-	166,000	-	-	166,000
NEDF/CEDF	1,500,000		1,500,000	-	-	1,500,000	20,839	321,163	1,178,837
Homeownership Program (GMMHC)	334,000		334,000	-	-	334,000	2,928	184,634	149,366
Multi-Family/Affordable Housing	3,703,000	308,189	4,011,189	-	-	4,011,189	1,457,871	4,011,189	-
Vacant & Boarded Housing	782,000		782,000	-	-	782,000	(3,414)	782,000	-
Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ 9,763,189	\$ -	\$ -	\$ 9,763,189	\$ 2,172,870	\$ 7,960,939	\$ 1,802,250
Public Service Grants:									
Restorative Justice Programs	\$ 20,000		\$ 20,000	\$ -	\$ -	\$ 20,000	\$ (10,000)	\$ 20,000	\$ -
Community Crime Prevention Specialist	880,000	54,386	934,386	-	-	934,386	-	934,386	-
Access & Outreach (Multicultural Affairs	121,000		121,000	-	-	121,000	-	121,000	-
Living at Home Block Nurse Program	49,000		49,000	87,250	-	136,250	68,386	122,325	13,925
Catholic Charities	49,000		49,000	(38,980)	-	10,020	-	10,020	0
Centro Cultural Chicano Inc	33,000		33,000	14,000	-	47,000	-	47,000	-
Curfew/Truancy Center	100,000		100,000	-	-	100,000	-	100,000	-
Greater Minneapolis Council of Church	26,000		26,000	(26,000)	-	-	-	-	-
Lao Assistance Center of MN	49,000		49,000	(49,000)	-	-	-	-	-
Minnesota International Health Volunte	49,000		49,000	(5,237)	-	43,763	-	43,763	-
MPS Teenage Parenting & Pregnancy P	49,000		49,000	(8,928)	-	40,072	201	40,273	(201)
MPS Teenage Parenting & Pregnancy P	-		-	42,801	-	42,801	35,079	35,079	7,722
Minneapolis Urban League	49,000		49,000	(134)	-	48,866	-	48,866	-
Southside Community Health Ser	47,000		47,000	(15,772)	-	31,228	-	31,228	-
Way to Grow	262,000		262,000	-	-	262,000	-	262,000	-
Youth Employment & Training	328,000		328,000	-	-	328,000	-	328,000	-
Subtotal Public Service G	\$ 2,111,000	\$ 54,386	\$ 2,165,386	\$ -	\$ -	\$ 2,165,386	\$ 93,666	\$ 2,143,940	\$ 21,446
Administrative Grants:									
YCB Administration	\$ 66,000		\$ 66,000	\$ -	\$ (1,197)	\$ 64,803	\$ -	\$ 64,803	\$ -
Civil Rights Dept Fair Housing	365,000		365,000	-	-	365,000	-	365,000	-
Finance Administration	196,000		196,000	-	-	196,000	164,554	196,000	-
MPH Citizen Participation	68,000		68,000	-	-	68,000	-	68,000	-
Grants & Special Projects	190,000		190,000	-	-	190,000	(7,037)	182,963	7,037
Housing Discrimination Law Project-Lec	54,000		54,000	-	-	54,000	-	54,000	-
Homeless Initiative	77,000		77,000	-	-	77,000	4,152	77,000	-
Grant Administration	68,000		68,000	-	-	68,000	(9,781)	68,000	-
Neighborhood Services	72,000		72,000	-	-	72,000	(501)	72,000	-
Way to Grow Administration	26,000		26,000	-	-	26,000	-	26,000	-
YCB Youth Violence Prevention	121,000		121,000	-	-	121,000	-	121,000	-
Citizen Participation	233,000		233,000	-	-	233,000	24,595	92,854	140,146
Legal Aid Society	34,000		34,000	-	-	34,000	34,000	34,000	-
Planning - Administration	941,000		941,000	-	-	941,000	-	941,000	-
Subtotal Administrative (\$ 2,511,000	\$ -	\$ 2,511,000	\$ -	\$ (1,197)	\$ 2,509,803	\$ 209,982	\$ 2,362,620	\$ 147,183
Block E Deficit Reduction:									
G4123YCB36-YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ 1,197
Subtotal Administrative (\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ 1,197
GRAND	\$ 14,077,000	\$ 362,575	\$ 14,439,575	\$ -	\$ -	\$ 14,439,575	\$ 2,476,518	\$ 12,467,499	\$ 1,972,076

CDBG Program Year 35
Beginning June 1, 2009
December 31, 2012

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2012			
									Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ 219,000	\$ -	\$ -	\$ -	\$ -	\$ 219,000	\$ 18,459	\$ 219,000	\$ -	
Problem Properties Attorneys	38,000	-	38,000	-	-	-	-	38,000	-	38,000	-	
Problem Properties Police	53,000	-	53,000	-	-	-	-	53,000	53,000	53,000	-	
Lead Reduction	125,000	-	125,000	-	-	-	-	125,000	87	125,087	(87)	
Problem Properties Board Bldg	348,000	-	348,000	-	-	-	-	348,000	-	348,000	-	
Childcare Facilities Loan/Grant	225,000	-	225,000	-	-	-	-	225,000	-	-	225,000	
Adult Training, Placement and Retention	511,000	-	511,000	-	-	-	-	511,000	-	511,000	-	
High density corridor housing	730,000	-	730,000	-	-	-	-	730,000	(4,507)	730,000	-	
NonProfit MF Rental Development Assistance	166,000	-	166,000	-	-	-	-	166,000	(28,356)	73,727	92,273	
Homeownership Program (GMMHC)	334,000	-	334,000	1,472,000	-	-	-	1,806,000	-	972,444	833,556	
Multi-Family/Affordable Housing	5,715,000	-	5,715,000	2,014,000	-	-	-	7,729,000	3,922,018	7,693,981	35,019	
Vacant & Boarded Housing	569,000	-	569,000	500,000	-	-	-	1,069,000	41,126	1,069,000	-	
Subtotal Capital Grants	\$ 9,033,000	\$ -	\$ 9,033,000	\$ 3,986,000	\$ -	\$ -	\$ -	\$ 13,019,000	\$ 4,001,827	\$ 11,833,239	\$ 1,185,761	
Public Service Grants:												
Multi Cultural & Native American Indian	\$ 121,000	-	\$ 121,000	\$ -	\$ -	\$ -	\$ -	\$ 121,000	\$ -	\$ 121,000	\$ -	
Graffiti Removal on Public Property	86,000	-	86,000	-	-	-	(19,527) ³	66,473	-	66,473	-	
Living at Home Block Nurse Program	69,000	-	69,000	-	-	20,000	-	89,000	-	89,000	-	
Catholic Charities	69,000	-	69,000	-	-	(3,562)	-	65,438	-	65,438	-	
Centro Cultural Chicano Inc	47,000	-	47,000	-	-	-	-	47,000	-	47,000	-	
Greater Minneapolis Council of Churches	36,000	-	36,000	-	-	(23,518)	-	12,482	-	12,482	-	
Juvenile Supervision Center	100,000	-	100,000	-	-	-	-	100,000	-	100,000	-	
Lao Family Community	69,000	-	69,000	-	-	(22,815)	-	46,185	-	46,185	-	
Minnesota International Health Volunteers	69,000	-	69,000	-	-	(2,180)	-	66,820	-	66,820	-	
MPS Teenage Parenting & Pregnancy Program	69,000	-	69,000	-	-	16,075	-	85,075	-	85,075	-	
Minneapolis Urban League	69,000	-	69,000	-	-	16,000	-	85,000	-	85,000	-	
Southside Community Health Services	66,000	-	66,000	-	-	-	-	66,000	-	66,000	-	
Way to Grow	262,000	-	262,000	-	-	-	-	262,000	-	262,000	-	
Youth are Here Busses	51,000	-	51,000	-	-	-	(51,000) ³	-	-	-	-	
Advocacy (Housing)	82,000	-	82,000	-	-	-	-	82,000	-	81,999	1	
Mortgage Foreclosure Prevention Program	140,000	-	140,000	-	-	-	-	140,000	-	137,000	3,000	
Youth Employment & Training	458,000	-	458,000	-	-	-	-	458,000	-	458,000	-	
Subtotal Public Service Grants	\$ 1,863,000	\$ -	\$ 1,863,000	\$ -	\$ -	\$ -	\$ (70,527)	\$ 1,792,473	\$ -	\$ 1,789,472	\$ 3,001	
Administrative Grants:												
MPH Citizen Participation	\$ 68,000	\$ -	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ 68,000	\$ (20,261)	\$ 68,000	\$ -	
YCB Administration	66,000	-	66,000	-	-	-	(1,197) ³	64,803	-	64,803	-	
Civil Rights Dept Fair Housing	365,000	-	365,000	-	-	-	-	365,000	-	365,000	-	
Grants & Special Projects	189,710	-	189,710	-	-	-	-	189,710	(5,871)	183,839	5,871.00	
Housing Discrimination Law Project-Legal Aid	54,000	-	54,000	-	-	-	-	54,000	-	54,000	-	
Homeless Initiative	77,000	-	77,000	-	-	-	-	77,000	-	77,000	-	
Finance Administration	196,000	-	196,000	-	-	-	-	196,000	-	196,000	-	
Grant Administration	68,000	-	68,000	-	-	-	-	68,000	-	68,000	-	
Neighborhood Services	72,000	-	72,000	-	-	-	-	72,000	-	72,000	-	
Way to Grow Administration	26,000	-	26,000	-	-	-	-	26,000	-	26,000	-	
YCB Youth Violence Prevention	121,000	-	121,000	-	-	-	-	121,000	-	121,000	-	
Citizen Participation	233,000	-	233,000	-	-	-	-	233,000	1,214	233,000	-	
Legal Aid Society	34,000	-	34,000	-	-	-	-	34,000	34,000	34,000	-	
Program Admin	62,000	-	62,000	-	-	-	-	62,000	-	62,000	-	
Planning - Administration	879,000	-	879,000	-	-	-	-	879,000	-	879,000	-	
Subtotal Administrative Grants	\$ 2,510,710	\$ -	\$ 2,510,710	\$ -	\$ -	\$ -	\$ (1,197)	\$ 2,509,513	\$ 9,082	\$ 2,503,642	\$ 5,871	
Block E Deficit Reduction:												
Graffiti Removal on Public Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,527 ³	\$ 19,527	\$ -	\$ -	\$ 19,527	
YCB Administration	-	-	-	-	-	-	-	1,197 ³	-	-	1,197	
Youth are Here Busses	-	-	-	-	-	-	51,000 ³	51,000	-	-	51,000	
Subtotal Reprogrammed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,724	\$ 71,724	\$ -	\$ -	\$ 71,724	
GRAND TOTAL	\$ 13,406,710	\$ -	\$ 13,406,710	\$ 3,986,000	\$ -	\$ -	\$ -	\$ 17,392,710	\$ 4,010,909	\$ 16,126,353	\$ 1,266,357	

**CDBG Program Year 34
Beginning June 1, 2008
December 31, 2012**

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2012		Remaining Grant Budget
									Current Year Expenditures	Grant to Date Expenditures	
Capital Grants:											
General Housing Rehabilitation-MPHA	\$ 218,000		\$ 218,000	\$ -	\$ -	\$ -		\$ 218,000	\$ (127,497)	\$ 218,000	\$ -
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	155,000	155,000	10,000
NEDF/CEDF	518,000		518,000	1,150,000	1	-	1	1,668,000	12,316	462,189	1,205,811
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	\$ 39,819	\$ 8,732,357	\$ 1,438,743
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)	38,000	-	38,000	-
Fremont Community Health Services	44,000		44,000	-	-	-		44,000	-	44,000	-
Greater Minneapolis Council of Churches	44,000		44,000	-	-	-		44,000	-	44,000	-
Lao Assistance Center of MN	48,800		48,800	-	-	-		48,800	-	48,800	-
MITZGI Communications	42,100		42,100	-	-	-		42,100	-	42,100	-
MPS Teenage Parenting & Pregnancy Program	65,100		65,100	-	-	-		65,100	-	65,100	-
Minneapolis Urban League	64,100		64,100	-	-	-		64,100	-	63,918	182
St Marys Health Clinics	18,200		18,200	-	-	-		18,200	-	18,200	-
St Stephens Human Services	44,000		44,000	-	-	-		44,000	-	44,000	-
Southside Family Nurturing Center	44,000		44,000	-	-	-	(20,727)	23,273	-	23,273	-
348TOTS	-		-	-	-	34,500		34,500	-	34,500	-
Way to Grow	261,000		261,000	-	-	-	(1)	260,999	-	260,999	-
Youth are Here Busses	71,800		71,800	-	-	-	(71,800)	-	-	-	-
Mortgage Foreclosure Prevention Program	196,000		196,000	-	-	-		196,000	-	196,000	-
Youth Employment & Training	457,000		457,000	-	-	-		457,000	-	457,000	-
Subtotal Public Service Grants	\$ 1,965,500	\$ -	\$ 1,965,500	\$ -	\$ -	\$ -	\$ (98,528)	\$ 1,866,972	\$ -	\$ 1,866,790	\$ 182
Administrative Grants:											
MPH Citizen Participation	\$ 68,000		\$ 68,000	\$ -	\$ -	\$ -		\$ 68,000	\$ -	\$ 68,000	\$ -
YCB Administration	65,000		65,000	-	-	-	(197)	64,803	-	64,803	-
Civil Rights Dept Fair Housing	196,000		196,000	-	-	-		196,000	-	196,000	-
Grants & Special Projects	235,000		235,000	-	-	-		235,000	-	235,000	-
Homeless Initiative	-		-	-	-	-		-	-	-	-
Housing Discrimination Law Project-Legal Aid	54,600		54,600	-	-	-		54,600	-	54,600	-
Finance Administration	196,000		196,000	-	-	-		196,000	-	196,000	-
Grant Administration	67,972		67,972	-	-	-		67,972	-	67,972	-
Legal Aid Society	33,500		33,500	-	-	-		33,500	-	33,500	-
Neighborhood Services	71,800		71,800	-	-	-		71,800	-	71,800	-
Way to Grow Administration	25,800		25,800	-	-	-		25,800	-	25,800	-
YCB Youth Violence Prevention	120,000		120,000	-	-	-		120,000	-	120,000	-
Citizen Participation	233,000		233,000	-	-	-		233,000	-	233,000	-
Program Admin	62,000		62,000	-	-	-		62,000	-	62,000	-
Planning - Administration	878,000		878,000	-	-	-		878,000	-	878,000	-
Subtotal Administrative Grants	\$ 2,306,672	\$ -	\$ 2,306,672	\$ -	\$ -	\$ -	\$ (197)	\$ 2,306,475	\$ -	\$ 2,306,475	\$ -
Block E Deficit Reduction:											
Resource Inc, Employment Action Center			\$ -				\$ 6,000	\$ 6,000		\$ -	\$ 6,000
Southside Family Nurturing Center			-				20,727	20,727		-	20,727
Way to Grow			-				1	-		-	1
YCB Administration			-				197	197		-	197
Youth are Here Busses			-				71,800	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	\$ 39,819	\$ 12,905,622	\$ 1,537,650

**CPED Special Revenue Fund Component Programs
Budget and Actual Expenditures
Cash and Fund Balance
4th Quarter 2012**

	<u>Original Budget</u>	<u>Current Budget</u>	<u>Expended</u>	<u>Remaining Budget</u>	<u>Cash</u>	<u>Fund Balance</u>
Tax Increment Financing (TIF) Program	53,778,065	77,702,451	54,784,732	22,917,719	105,492,809	136,263,434
Housing & Economic Development	7,604,709	25,302,460	7,786,386	17,516,074	9,919,383	13,081,430
Development Accounts	9,274,118	16,027,639	10,848,515	5,179,124	21,507,316	26,236,738
Neighborhood Revitalization Program (NR)	-	31,420,415	5,768,983	25,651,432	40,243,575	40,510,713
Preliminary Planning	2,399,701	2,399,701	907,377	1,492,324	(2,515,310)	(2,291,181)
CPED Operating	6,988,721	6,988,721	7,211,826	(223,105)	(4,819,086)	(5,943,165)
Total	<u><u>80,045,314</u></u>	<u><u>159,841,387</u></u>	<u><u>87,307,819</u></u>	<u><u>72,533,568</u></u>	<u><u>169,828,687</u></u>	<u><u>207,857,969</u></u>

Fund Balance. The fund balance of the CPED Special Revenue Fund is \$207,857,969. A portion of that fund balance (\$38,335,498) is in a nonspendable form including prepaid expenses, advances, and property held for development. All of the TIF Program fund balances and a portion of the NRP fund balance are restricted by State law (Total of \$146,714,150) and are not eligible to fund the deficits in the Preliminary Planning or CPED Operating funds. A portion of fund balance (\$2,346,529) in the Development Accounts is committed to the Accelerated Infrastructure Program. The remaining fund balance (\$20,461,792) has been assigned for use in specific purposes. **All special revenue fund balance is restricted to the legal purposes of the special revenue.**

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

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

Development Account. This program provides interim loans to CPED projects. The program may also provide loans and grants to organizations within the City. Program assistance is directed to commercial, job-creation, and housing activities. The Program includes activities of the Legacy Legacy Fund, the Neighborhood Development Account, and the Development Account. **The fund balance includes reserves for prior commitments made by Council action, including the \$2.3 million for the Accelerated Infrastructure Program as noted above.**

Neighborhood Revitalization Program. This program focuses on the delivery of City services to individual neighborhoods, including housing and commercial development, based on the priorities set by the people who live and work in those neighborhoods. **Revenues held in this program are restricted in their use by State law.**

Preliminary Planning. The Preliminary Planning program was established to account for the early costs of planning and assessing the feasibility of development activities. Preliminary Planning allocations and appropriations lapse at year end. **A long-term plan to address the deficit in this program has been developed as part of the 2012 budget process. The 2012 portion of the multi-year deficit reduction plan has been successfully implemented primarily with the transfer of available funds from the Development Accounts.**

CPED Operating. This program provides the working capital to finance CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. **A plan to address the deficit in this program has been developed by CPED management as part of the 2012 budget process. The multi-year deficit reduction plan will require careful monitoring. The 2012 phase of the plan has been successfully implemented primarily with the transfer of available funds from the Development Accounts.**

**City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter ending December 31, 2012**

Fund 6000	2012 Budget	2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	1,552,000	1,988,868	(436,868)	128.1%
Operating Expense	1,463,982	1,324,518	139,464	90.5%
Operating Margin	88,018	664,350		
Net Income	(106,982)	469,350		

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 fourth quarter 2012 is \$1,988,868, or 128.1% of the budgeted amount of \$1,552,000 and an increase of 9.8% over the fourth quarter 2011 revenue of \$1,811,751. Revenue for asphalt and concrete is recorded as overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer. The increased revenue for 2012 is due to a significant yearly increase in City road construction/overlay projects and maintenance activities. In addition, the Central Corridor Light Rail project has a tight construction schedule that has a significant impact on City infrastructure and an increase in private sector development work adds to the workload. Favorable weather allowed construction projects to progress at a steady pace, resulting in additional revenue throughout the year.

Expense:

Operating expense through fourth quarter 2012 is \$1,324,518, or 90.5% of the budgeted amount of \$1,463,982, and an increase of 1.6% over the \$1,303,055 in expense incurred through the same period in 2011. Overall, materials cost is decreased compared to the same period last year.

Transfers:

The fund has a transfer out of \$195,000 related to debt service for the former Minneapolis Employees Retirement Fund's unfunded pension liability. This transfer is the final payment for the pension debt as the City retired 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.

Other Financial Items:

The 2012 year-end net asset balance is \$1,584,366 which represents an increase of \$455,331 from the 2011 ending balance of \$1,129,035. 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 ending cash balance is \$1,745,678, an increase of \$581,241 from the 2011 ending cash balance of \$1,164,437. 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 Fourth Quarter/Years Ending 2012, 2011, and 2010

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Asphalt / Concrete	352,000	520,855	373,353	370,882
Inspection revenue	1,200,000	1,468,013	1,438,398	1,194,104
Total Operating Revenues	1,552,000	1,988,868	1,811,751	1,564,986
Operating Expenses:				
Personnel	922,720	811,234	794,112	764,025
Contractual	448,688	446,859	411,793	383,285
Materials, Supplies, Services, Other	81,653	55,504	80,881	102,317
Rent	6,909	6,909	12,257	6,276
Depreciation	4,012	4,012	4,012	10,582
Total Operating Expenses	1,463,982	1,324,518	1,303,055	1,266,485
Operating Margin	88,018	664,350	508,696	298,501
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)	(88,000)	(57,000)
Total Non-Operating Revenues (Expenses)	(195,000)	(195,000)	(88,000)	(57,000)
Net Income¹	(106,982)	469,350	420,696	242,001
Significant Balance Sheet Items				
Cash Balance		1,745,678	1,164,437	801,699
Net assets		1,584,366	1,129,035	735,382

¹Net 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 Fourth Quarter Ending December 31, 2012**

	2012 Budget	2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	40,797,734	41,674,044	(876,310)	102.1%
Operating Expense	42,233,887	40,463,053	1,770,834	95.8%
Operating Margin	(1,436,153)	1,210,991		
Net Income	(2,266,903)	2,934,897		

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 fourth quarter 2012 was \$41,674,044 or 102.1% of the budgeted amount of \$40,797,734. The revenue earned through fourth quarter 2012 increased by \$80,534, or 0.2%, from the revenue earned through fourth quarter 2011. The rental rates for equipment and operators were calculated through an activity based cost allocation model and were adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment. A decrease in rental income during 2012 was offset by an increase in charges for services and sales.

Expenses:

Operating expense through fourth quarter 2012 totaled \$40,463,053, representing 95.8% of the annual budgeted amount of \$42,233,887. Expenses through the fourth quarter of 2012 decreased by \$158,821, or 0.4%, over the total expense through the same period in 2011. Rent expense decreased from 2011 due to changes in space utilization at Fleet Services' facilities.

Transfers:

In 2012, this fund received 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 unfunded pension liability of the former Minneapolis Employees Retirement Fund. In 2012, the City retired 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 used fund balance for the revenue source for the payment and is recovering 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 totaled \$2,245,000 in 2012. Interest payments related to the 2012 debt totaled \$764,750. 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 with an additional \$1,500,000 issued in 2012, lowering variable interest rates ranging from 3.0% to 5.0% to rates ranging between 1.0% and 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.

Capital Contribution:

During 2012, Fleet Services recorded capital contributions related to grant proceeds received by other City departments. The Fire Department contributed 50% of the cost of six fire trucks, or \$1,053,000, through funding received from the Community Development and Block Grant. Property Services contributed two solar energy projects located at Fleet's Royalston and Currie maintenance facilities. The solar projects were funded through a Federal State Energy Program grant at a cost of \$639,038.

Other Financial Items:

The net asset balance for year ending 2012 was \$37,199,506, an increase of \$2,042,608, or 5.8% over the 2011 ending balance of \$35,156,898. The net asset balance was tracking close to the amount calculated in the updated long term financial plan. The fund maintained a positive cash balance with a 2012 ending balance of \$10,236,821, a decrease of \$2,065,706 from the 2011 ending balance of \$12,302,528. 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 Fourth Quarter/Years, 2012, 2011, and 2010

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Charges for Services and Sales	16,543,637	17,089,648	16,136,254	15,106,288
Rent Public Works and Other	24,254,097	24,584,396	25,457,256	25,675,886
Total Operating Revenue	40,797,734	41,674,044	41,593,510	40,782,174
Operating Expenses:				
Personnel Services	14,774,818	13,856,783	13,800,893	14,618,988
Contractual Services	10,137,022	9,545,442	9,572,620	8,417,045
Materials, supplies, services and other	9,870,973	9,671,822	9,683,528	8,608,665
Rent	965,350	965,350	1,089,672	1,103,052
Depreciation	6,485,724	6,423,656	6,475,161	6,470,684
Total Operating Expenses	42,233,887	40,463,053	40,621,874	39,218,434
Operating Margin	(1,436,153)	1,210,991	971,636	1,563,740
Non-Operating Revenues/(Expenses):				
Interest on Bonds	(764,750)	(522,632)	(723,865)	(1,500,119)
Gains/Losses on disposal of fixed assets	200,000	232,662	35,644	169,302
Damages/Losses recovered	-	-	-	210
Revenue from grants ¹	-	-	13,399	247,420
Other revenue	30,000	679,566	165,415	135,703
Total Non-Operating Revenues(Expenses)	(534,750)	389,596	(509,407)	(947,484)
Operating Transfers in (out)				
Transfers from other fund	1,926,000	1,926,000	4,299,000	4,180,000
Transfers to other fund	(2,222,000)	(2,283,728)	(923,000)	(581,000)
Transfers from component units				
Total Operating Transfers	(296,000)	(357,728)	3,376,000	3,599,000
Capital Contribution¹	-	1,692,038	-	-
Net Income (loss)	(2,266,903)	2,934,897	3,838,229	4,215,256
Significant Balance Sheet Items				
Cash Balance		10,236,821	12,302,528	8,234,786
Net Building Value		22,178,787	22,781,211	23,425,414
Net Fleet Value		24,814,450	23,236,366	24,395,416
Bonds Payable		(21,290,000)	(23,535,000)	(25,690,000)
Net Assets		37,199,506	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	7,388,837	4,191,791	2,223,883

¹Capital contribution consists of \$639,038 from the Federal State Energy Program grant for solar panels at Currie and Royalston facilities and \$1,053,000 from the Community Development Block Grant for fire trucks.

**City of Minneapolis
Property Services Division
For the Fourth Quarter ending December 31, 2012**

Fund 6200	2012 Budget	2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	16,422,040	16,575,275	(153,235)	100.9%
Operating Expense	17,522,167	17,335,662	186,505	98.9%
Operating Margin	(1,100,127)	(760,387)		
Net Income	(965,377)	(525,059)		

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 facilities 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 it to the Municipal Building Commission (MBC) to reimburse MBC 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's Office. The activities in this fund determined that the fund remain an internal service fund and report to the Chief Financial Officer.

Revenue:

Operating revenue recorded through fourth quarter 2012 was \$16,575,275, or 100.9% of the budgeted amount of \$16,422,040. The 2012 fourth quarter revenue increased \$146,745, or 0.9%, from the revenue earned through fourth 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 fourth quarter 2012 for the discretionary projects increased from the amount earned through the same period in 2011.

Expenses:

Operating expense through fourth quarter 2012 was \$17,335,662, or 98.9% of the total budgeted amount of \$17,522,167. The 2012 fourth quarter expense decreased \$228,890, or 1.3%, from the operating expense recorded through fourth quarter 2011. Expense increased slightly for contractual services, materials and rent. These increases were offset by lower personnel costs due to personnel vacancies in 2012 and lower worker's compensation charges as a result of two departments moving out of Property Services in 2012.

Transfers:

In 2012, the transfer to the debt service fund related to the purchase of the 800 MHZ radio system was \$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 received an additional transfer

from the general fund of \$380,000 for City Hall rent. Property Services had 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 was the final payment for this pension debt as the City retired bonds related to this debt in 2012 resulting in a substantial savings to the City. The Property Services Fund used 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 was related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2012, the debt consisted of an interest payment of \$130,637 and a principal payment of \$700,000.

Capital Contribution:

The fund recorded a capital contribution of \$46,825 related to grant proceeds from a U.S. Department of Energy Efficiency and Conservation Block Grant, administered by Minnesota Office of Energy. The grant proceeds partially funded a building control system installed in the Public Service Center.

Other Financial Items:

The net asset balance for the year ending 2012 was \$25,571,251, a decrease of \$490,995 from the net asset balance of \$26,062,246 for year ending 2011. 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 2012 was \$1.1 and the net asset balance was \$23.4 million greater than the benchmark.

The cash balance at the end of fourth quarter 2012 was \$762,026 compared to a cash balance of \$699,148 at the end of 2011. The cash consists of a balance of \$1,380,477 in the Property Disposition fund and a negative balance of (\$618,451) 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 the Fourth Quarter / Years Ending 2012, 2011, and 2010

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Charges for Services And Sales	3,070,600	3,334,978	3,165,022	3,109,206
Rents Public Works and Other	13,351,440	13,240,297	13,263,508	13,104,165
Total Operating Revenue	16,422,040	16,575,275	16,428,530	16,213,371
Operating Expenses:				
Personnel Services	5,679,774	5,476,677	5,894,653	6,058,978
Contractual Services	9,071,046	9,083,368	9,020,881	9,211,577
Materials, Supplies, Services and Other	1,044,892	1,054,864	965,613	844,947
Rent	593,518	593,518	550,468	643,391
Depreciation	1,132,937	1,127,235	1,132,937	1,139,501
Total Operating Expenses	17,522,167	17,335,662	17,564,552	17,898,394
Operating Margin	(1,100,127)	(760,387)	(1,136,022)	(1,685,023)
Non-Operating Revenues/(Expenses):				
Interest on Bonds	(164,250)	(130,637)	(151,500)	(182,745)
Gains/Losses on disposal of fixed assets	-	-	655,313	-
Revenue from grants	-	-	35,860	-
Misc Revenues	3,000	23,140	79,770	141,775
Total Non-Operating Revenues(Expenses)	(161,250)	(107,497)	619,443	(40,970)
Operating Transfers in(out)				
Transfers from other fund	894,000	894,000	821,100	950,630
Transfers to other fund	(598,000)	(598,000)	(420,882)	(925,118)
Total Operating Transfers	296,000	296,000	400,218	25,512
Capital Contribution	-	46,825	-	-
Net Income (loss)	(965,377)	(525,059)	(116,361)	(1,700,481)
Significant Balance Sheet Items				
Cash Balance		762,026	699,148	125,575
Property Dispositon Fund cash balance		1,380,477	1,397,773	1,070,350
Operating cash balance		(618,451)	(698,625)	(944,775)
Bonds Payable		(4,775,000)	(5,475,000)	(6,170,000)
Net Assets		25,571,251	26,062,246	25,991,332
Significant Cash Flow Items				
Principal Payments on Debt		(700,000)	(695,000)	(655,000)

Capital Contribution consists of \$46,825 received from a Federal Energy and Efficiency Conservation Block Grant (EECBG).

The proceeds partially funded the installation of a building control system in the Public Service Center.

NOTE: Beginning in 2012, the services provided to Development Properties and Parking Facilities, are provided by other City funds.

For periods prior to 2012, the activity related to these services is removed to show comparative revenue and expense related to only the current departments in the Property Services Fund.

**City of Minneapolis
Public Works Stores
For the Fourth Quarter ending December 31, 2012**

Fund 6300	2012 Budget	2012 Actual	Remaining Budget	% Actual To Budget
Operating Revenue	910,000	1,929,689	(1,019,689)	212.1%
Operating Expense	1,057,929	1,142,797	(84,868)	108.0%
Operating Margin	(147,929)	786,892		
Net Income	(264,929)	669,892		

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 fourth quarter 2012 was \$1,929,689, or 212.1% of the budgeted amount of \$910,000. The amount earned through fourth quarter represents an increase of \$1,018,094, or 111.7%, over the \$911,595 in revenue earned through fourth quarter 2011. 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 fourth quarter 2012 was \$1,142,797, or 108.7% of the budgeted amount of \$1,057,929. The amount expended through fourth quarter 2012 increased by 9.8% from the \$1,040,756 expended through the same period in 2011. The increase in expense is related to an increase in services provided to manage inventory and process transactions. The increase in 2012 expense was matched by an increase in revenue.

Transfers:

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

Debt Service:

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

Other Financial Items:

The fund continues to maintain a positive net asset balance with a 2012 ending balance of \$3,692,245, an increase of 22% from the 2011 ending balance of \$3,025,637. 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 fourth quarter 2012 was a deficit of (\$163,313), an increase of \$863,903 from the fourth quarter 2011 deficit cash balance of (\$1,027,215). The increase in cash corresponds to an increase in revenue from overhead charges on inventory sales and requisition processing. 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 Fourth Quarter/Years Ending 2012, 2011, and 2010

	Current Budget Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Central Stores	400,000	825,836	427,998	432,836
Traffic Stores	510,000	1,103,853	483,597	777,835
Total Operating Revenues	910,000	1,929,689	911,595	1,210,671
Operating Expenses:				
Personnel	652,403	712,498	647,724	738,309
Contractual	255,049	271,777	257,778	332,730
Materials, Supplies, Other	112,672	120,717	93,554	51,697
Rent	37,805	37,805	41,700	43,423
Total Operating Expenses	1,057,929	1,142,797	1,040,756	1,166,159
Operating Margin	(147,929)	786,892	(129,161)	44,512
Non-Operating Revenues/(Expenses)				
Other revenue	-	-	-	545
Total Non-Operating Revenues (Expenses)	-	-	-	545
Operating Transfer In (Out)				
Transfers to other fund	(117,000)	(117,000)	(51,000)	(33,000)
Total Operating Transfers	(117,000)	(117,000)	(51,000)	(33,000)
Net Income	(264,929)	669,892	(180,161)	12,057
Significant Balance Sheet Items				
Cash Balance		(163,313)	(1,027,215)	(825,802)
Inventories		4,287,662	4,367,622	4,547,877
Net Assets		3,692,245	3,025,637	3,223,693

**City of Minneapolis
Intergovernmental Services Fund
For the Fourth Quarter ending December 31, 2012**

Fund 6400	2012 Budget	12-31-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	42,102,147	33,547,563	8,554,584	79.7%
Operating Expenses	54,327,215	45,388,974	8,938,241	83.5%
Operating Margin	(12,225,068)	(11,841,411)		
Net Income	(1,531,997)	(751,117)		

Note: Operating expense budget included depreciation expense of \$12,000,000. Depreciation expense of \$12,313,813 was included in actual operating expense.

Program Description:

The Intergovernmental Services 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 fourth quarter of 2012 was \$33,547,563, or 79.7% of the annual budgeted amount of \$42,102,147. This was an increase of \$1,621,343, or 5.1%, compared to revenue of \$31,926,220 earned through the fourth quarter of 2011. The increase in revenue was 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 fourth quarter were \$45,388,974, or 83.5% of the annual budgeted amount of \$54,327,215. The annual expense budget included \$12,000,000 of depreciation expense; the depreciation recorded through fourth quarter was \$12,313,813. The operating expense through fourth quarter increased \$1,281,246 from the 2011 expense of \$44,107,728. Depreciation expense accounted for \$239,575 of this increase. PMO experienced an increase in expense through fourth quarter 2012 as compared to 2011. This increase in expense correlated with a corresponding increase in 2012 PMO revenue. The expenses in PMO included the cost of purchasing technology, creating enhancements, and implementation of the products. The PMO department charged the costs of these products and services to City user departments and included an overhead amount that is calculated to generate enough revenue to cover the overhead expense of the department.

Debt:

The debt service for 2012 was related to the sale of net debt bonds for IT projects. In 2012, the debt consisted of an adjusted interest payment of \$26,027 and a principal payment of \$9,215,000. Beginning in 2013, the principal payment is significantly reduced to \$1,955,000 as the fund completes payment on nearly all debt bonds sold through 2009. 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 received transfers totaling \$12,185,444. The transfers consisted of a general fund transfer totaling \$10.1 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 was in accordance with the long-term financial plans for both funds and is projected to continue through 2016.

The 2012 budget included 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 retired 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 used fund balance as a revenue source for the payment and will recover the expense through the cost allocation model over three years. In addition, the fund transferred \$31,473 to the general debt service fund. This amount represents the Intergovernmental Services Fund's share of the net premium that the City received for the October 2012 bond sale. It is customary for the general debt service fund to sweep these premiums in exchange for paying all costs associated with a bond issuance.

Capital Contribution:

This fund received a capital contribution of \$22,719 from the general fund related to the purchase of a paper shredder located at the City Clerk's copy center.

Other Financial Items:

The cash balance at the end of fourth quarter 2012 was \$14,649,580 compared to a cash balance of \$11,041,044 at year end 2011. Included in the cash balance were prepayments of \$12.2 million for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15% of the fund's total budget or \$6.0 million for this fund.

The net asset balance at year-end 2012 was \$27.4 million, an increase of \$5.2 million from the 2011 ending balance of \$22.2 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 \$24.6 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 Fourth Quarter/Years Ending 2012, 2011 and 2010

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Charges for Service:				
IT - PMO ¹	14,480,686	6,164,239	5,534,278	8,933,386
IT - PMO ¹	3,381,262	3,066,530	2,922,005	2,888,803
IT - Operating-other	23,053,114	23,147,764	22,429,235	20,814,107
CC-Mailing Services	538,147	602,624	586,807	550,138
CC-Copy Services	648,938	566,406	445,645	539,972
Human Resources	-	-	8,250	4,750
Total Operating Revenues	42,102,147	33,547,563	31,926,220	33,731,156
Operating Expenses:				
IT - PMO	14,604,168	5,955,908	5,300,595	8,339,278
IT - Telecom	1,751,612	1,949,045	1,738,183	1,632,585
IT - Operating-other	24,261,325	23,636,620	23,452,651	24,299,349
CC-Mailing Services/Data Center	688,333	675,912	666,779	641,227
CC-Copy Services	689,473	585,482	601,344	751,196
Human resources	332,304	272,194	273,938	236,777
Depreciation	12,000,000	12,313,813	12,074,238	10,813,184
Total Operating Expenses	54,327,215	45,388,974	44,107,728	46,713,596
Operating Margin	(12,225,068)	(11,841,411)	(12,181,508)	(12,982,440)
Non-Operating Revenues/(Expenses)				
Interest on Bonded Debt	(388,900)	(26,027)	(276,662)	(878,504)
Gains/(Losses) on disposal of fixed assets	-	-	(6,584)	(77,524)
Revenue from grants	-	11,631	201,469	-
Other Non Operating Income (Expense)	-	-	-	40
Total Non-Operating Revenues (Expenses)	(388,900)	(14,396)	(81,777)	(955,988)
Operating Transfer In (Out)				
Transfers from other fund	12,185,444	12,185,444	14,549,293	12,245,447
Transfers to other fund	(1,103,473)	(1,103,473)	(447,707)	(395,915)
Total Operating Transfers	11,081,971	11,081,971	14,101,586	11,849,532
Capital Contribution ²	-	22,719	-	-
Net Income	(1,531,997)	(751,117)	1,838,301	(2,088,896)
Significant Balance Sheet Items				
Cash balance		14,649,580	11,041,044	7,419,498
Work-in-progress		9,843,681	7,870,919	12,141,072
Due from other funds (includes Capital Arbitrage)		1,212,832	819,371	1,018,781
Interfund Loans		(6,250,000)	(7,750,000)	(10,114,051)
Bonds Payable		(3,115,000)	(11,055,000)	(20,080,000)
Deferred revenue		(12,235,400)	(13,327,259)	(11,739,321)
Net Assets		27,410,079	22,191,113	16,903,143
Significant Cash Flow Items				
Principal on Bonds	(9,215,000)	(9,215,000)	(10,025,000)	(8,567,000)

¹PMO revenue is reduced by \$300,381 due to timing differences in recording revenue and expense for the Mobile

²Capital Contribution consists of \$22,719 from the general fund related to the purchase a paper shredder for the City Clerk

**City of Minneapolis
Self Insurance Fund
For the Fourth Quarter ending December 31, 2012**

Fund 6900	2012 Budget	12-31-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	27,281,482	27,405,201	(123,719)	100.5%
Operating Expenses	26,890,125	21,152,025	5,738,100	78.7%
Operating Margin	391,357	6,253,176		
Net Income	2,977,857	5,861,449		

Program Description:

The Self Insurance fund accounts for City expenses related to accrued sick leave benefits, 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 each City department's responsibility for claims and payments. The allocation model also assigns a charge for employee benefit administration and attorney services.

Revenue:

Operating revenue through the fourth quarter of 2012 was \$27,405,201, or 100.5% of the annual budgeted amount of \$27,281,482 and an increase of \$545,597 or 2.0% compared to \$26,859,604 earned through the fourth 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.

Expenses:

Operating expenses through the fourth quarter 2012 were \$21,152,025, or 78.7% of the annual budgeted amount of \$26,890,125. This was a significant decrease of \$6,070,209, or 22.3%, compared to \$27,222,234 expended through the fourth quarter of 2011. The decrease in operating expense was due to a significant decrease in the amount paid for tort settlements, \$1,883,424 at year end compared to \$7.4 million in 2011. The City's expense for employee sick leave payout at retirement, \$784,178, was also less than budgeted.

Debt Service:

The Self Insurance fund does not have outstanding debt obligations.

Transfers:

In 2012, this fund received an interfund transfer of \$4,071,500 from the general fund as determined in the long term financial plan.

The 2012 budget included a transfer out of \$1,000,000 to the Intergovernmental Services fund as part of its long term financial plan. This fund also transferred \$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 was the final payment related to this debt and the Self Insurance fund used net assets as 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 beginning in 2012.

Other Financial Items:

The cash balance at the end of fourth quarter 2012 was \$56,563,931 compared to a cash balance of \$48,571,139 at year end 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 \$51.1 million for the Self Insurance fund. The unpaid claims liability at

year-end 2012 was \$53.0 million, an increase of \$2.9 million from year end 2011 of \$50.1 million. The cash position was \$1.4 million above its target of \$55.1 million

Net assets at year end 2012 were \$1.7 million, an increase of \$5.8 million from the deficit balance of \$(4.1) million at year end 2011. 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
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2012**

Fund 07100	2012 Budget	12-31-2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	61,905,916	63,324,490	(418,574)	101%
Operating Expense	53,073,147	51,872,132	1,201,015	98%
Operating Margin	8,832,769	10,452,358		
Net Income	4,751,524	6,451,220		

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 \$62.3 million through the end of the fourth quarter, actual revenue surpassed the budgeted amount by \$400K. For the same period in 2011, revenue was reported at \$50.0 million. This was an increase of \$12.3 million, or 25%, compared to revenues through fourth quarter of 2011. The increase in utility revenues of \$5.3 million was due to the implementation of fixed and variable rates in 2012 for sanitary utility charges, and also partly due to an increase in overall usage. SAC revenues accounted for an additional \$7.2 million increase compared to fourth quarter, 2011.

Expenses:

The Sanitary Sewer Fund's operating expense of \$51.9 million through fourth quarter equated to 98% of the 2012 operating budget compared to \$42.7 million for 2011. This was an increase of \$9.2 million, or 22%, over the same period of the prior year. The increase in expenditures was mainly due to the \$1.2 million increase in the Met Council monthly payments and a \$7.3 million increase in SAC payments. There was also a \$400K increase in salaries and fringes in the Maintenance division due to increased activities through the year.

Transfers:

There were two transfers made from this Fund: (a) \$1.1 million transfer to the pension fund; and (b) a \$994K transfer to the Water Fund. These transfers were made to cover the MERF unfunded liability and shared costs for meter expenses. For the quarter ending December 31, 2012, all of these expenses have been transferred out of this Fund.

Debt Service:

For 2012, the debt service cost was estimated to be \$5.2 million. Through fourth quarter, \$4.6 million in principal and \$500K in interest payments were made. These debts were generated from bond sales to fund capital programs.

Forecast:

For the first quarter of 2013, it is estimated that cash outflow will amount to \$14 million which would include operating and capital expenditures, debt service, and transfers. The fund also anticipates \$13.9 million in revenues from operations and capital activities thereby maintaining the fund balance carried forward from 2012.

Other Financial Items:

The operating cash balance at year end 2012 was \$19.2 million. The City's policy is to have cash equal to or greater than three months of operating expenses or \$12.9 million. The cash position through the quarter remained at \$6.3 million above its target.

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

	Budget Year 2012	Year Ending 12/31/2012	Year Ending 12/31/2011	Year Ending 12/31/2010
Operating Revenues:				
Sanitary Utility Charges	49,866,678	50,779,368	45,477,734	45,108,976
Other Services Provided	1,226,694	732,578	956,746	1,175,845
SAC Revenues	10,812,544	10,812,544	3,592,393	2,983,629
Interest				
Total Operating Revenues	61,905,916	62,324,490	50,026,873	49,268,450
Operating Expenses:				
Sewer Design	631,670	452,654	365,967	297,849
Sewer Maintenance	6,796,316	5,956,525	5,510,181	5,427,064
Met Council Env. Svcs.	45,645,161	45,462,953	36,788,568	34,896,837
Total Operating Expenses	53,073,147	51,872,132	42,664,716	40,621,750
Operating Margin	8,832,769	10,452,358	7,362,157	8,646,700
Non-Operating Revenues/(Expenses)				
Net Transfers (out)	(2,105,886)	(2,149,086)	(576,827)	(574,793)
Non-Oper Rev/(Expenses)		20,136	181,368	6,433
Depreciation	(1,358,359)	(1,358,359)	(1,293,289)	(1,151,791)
Special Assessments			21,098	
Net Interest Income (Exp)	(617,000)	(513,830)	(517,701)	(547,042)
Total Non-Operating Revenues (Expenses)	(4,081,245)	(4,001,139)	(2,185,351)	(2,267,193)
Net Income	4,751,524	6,451,219	5,176,806	6,379,507
Significant Balance Sheet Items				
Operating Cash	-	19,181,223	14,430,329	12,473,870
Accounts Receivable	-	3,950,672	3,089,731	3,659,013
Significant Cash Flow Items				
Capital Outlay	6,500,000	4,811,751	3,309,442	5,709,012
Bond Principle payments	4,600,000	4,600,000	4,100,000	2,850,000

**City Of Minneapolis
Stormwater Fund
For the Fourth Quarter Ending December 31, 2012**

Fund 07300	2012 Budget	12/31/2012 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	38,630,065	39,863,222	(1,233,157)	103%
Operating Expense	23,523,770	21,568,193	1,955,577	92%
Operating Margin	15,106,295	18,295,029		
Net Income	8,839,844	13,842,948		

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 additional activities included in this Fund.

Revenue:

With Storm Water revenue of \$39.9 million through fourth quarter, 103% of the operating revenue budget was realized compared to \$39.1 million for the same period in 2011. Revenues increased by \$800K over fourth quarter 2011. The increase in revenues was mainly due to the increase in utility revenues stemming in part from increased rates/ESU from \$11.42 in 2011 to \$11.70 in 2012. This increase of \$1.1 million in storm utility revenues was off-set by a \$300K decrease in design and grant revenues.

Expenses:

Through fourth quarter 2012, the operating expenses totaled \$21.6 million, which was 92% of the operating budget. This was an increase of \$1.7 million, or 9%, over the \$19.9 million recorded through fourth quarter 2011. The increases were due to storm tunnel rehab works and internal transfers which included MERF pensions, fleet and government contracted services, and general fund overheads in the Storm Maintenance and Met Council cost centers resulting in a combined expenditure increase of \$2 million. These increases were slightly off-set by a decrease of \$500K in Storm Design and Storm Management expenditures.

Transfers:

Transfers out from the Storm Water Fund included a transfer to the MERF pension fund. For 2012, this transfer was estimated to be \$1.1 million, and through fourth quarter, all of the transfer has been made to the Pension Fund.

Debt Service:

The debt service for 2012 was estimated at \$7.4 million of which \$6.3 million was set aside for principal and an additional \$1.1 million for interest. Through fourth quarter, all \$6.3 million in principal payments were and \$500K was paid in interest. 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 Fund will continue to operate at a positive gross margin and will continue to add to the fund balance as shown by the actual figures for these three years. While the first quarter of 2013 shows an estimated cash outflow of \$7.4 million, it is estimated the fund will also generate \$10.2 million in revenue from operations.

Other Financial Items:

At the end of the 2012 fourth quarter, the operating cash balance stood at \$33.2 million. The City's policy is to have cash equal to or greater than three months of operating expenses or \$5.4 million for the Stormwater fund, leaving \$27.8 million in an unrestricted reserve which will be used to pay operating expenditures, capital programs, pension fund, and debt services for the coming months and for future programs.

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

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Health & Welfare (employee benefits)	2,361,429	2,291,023	2,472,832	6,495,441
Workers Compensation	8,912,407	9,030,201	8,840,179	9,082,557
Liability - Subrogation	14,543,715	14,577,377	13,925,462	13,184,758
Attorney Office Services	10,000	9,377	2,429	4,237
Human Resources Services	1,303,931	1,326,173	1,470,744	1,354,182
Risk Management-Employment Services	150,000	171,050	147,958	134,764
Total Operating Revenues	27,281,482	27,405,201	26,859,604	30,255,939
Operating Expenses:				
Health & Welfare (employee benefits)	2,361,429	784,178	794,353	5,315,570
Workers Compensation	6,459,040	8,062,472	7,517,126	8,313,999
Liability & Settlements	7,514,955	2,577,805	9,017,392	4,423,756
City Attorney/Civil Division-Litigation	6,406,811	6,130,345	6,156,353	5,715,756
Risk Management - WC/Risk	2,465,503	2,167,183	2,164,504	2,458,968
Human Resource - Employee Benefits	1,682,387	1,430,042	1,572,506	1,287,159
Total Operating Expenses	26,890,125	21,152,025	27,222,234	27,515,208
Operating Margin	391,357	6,253,176	(362,630)	2,740,731
Non-Operating Revenues/(Expenses)				
Other Non Operating Income (Exp)	-	1,794	1,974	1,454
Total Non-Operating Revenues (Expenses)	-	1,794	1,974	1,454
Operating Transfer In (Out)				
Transfers from other fund	4,071,500	4,071,500	7,330,000	10,810,000
Transfers to other fund	(1,485,000)	(1,485,000)	(1,217,000)	(140,000)
Total Operating Transfers	2,586,500	2,586,500	6,113,000	10,670,000
Net Income (Less Unpaid Claims Liability)¹	2,977,857	5,861,449	2,994,837	8,632,437
Significant Balance Sheet Items				
Cash Balance		56,563,931	48,571,139	42,080,593
Unpaid Claims		(53,030,025)	(50,050,004)	(47,292,497)
Net Assets		1,700,514	(4,098,990)	(6,587,951)

¹Net income for 2012, 2011, and 2010 includes reductions of \$2,980,021 \$2,757,507 and \$4,779,748, respectively, that resulted from an increase to the City's unpaid claims liability based on actuarial studies.

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

	Budget Year 2012	For Year Ending 12/31/2012	For Year Ending 12/31/2011	For Year Ending 12/31/2010
Operating Revenues:				
State Grants	669,614	1,114,709	1,209,421	1,226,880
County Grants	245,517	399,558	399,558	265,772
Storm Utility Charges	36,322,778	36,694,339	35,622,524	34,577,924
Other Services Provided	1,392,156	1,654,616	1,863,494	1,650,027
Total Operating Revenues	38,630,065	39,863,222	39,094,997	37,720,603
Operating Expenses:				
Sewer Design	4,195,816	3,427,270	3,684,851	3,204,406
Stormwater Management CSO	915,016	648,483	929,998	1,230,104
Street Cleaning	8,056,162	7,993,832	7,797,519	6,993,187
Sewer Maintenance	4,562,625	4,169,738	2,810,772	3,651,432
Met Council Env. Svcs.	5,794,151	5,328,870	4,648,168	5,120,920
Total Operating Expenses	23,523,770	21,568,193	19,871,308	20,200,049
Operating Margin	15,106,295	18,295,029	19,223,689	17,520,554
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(1,112,000)	(1,245,296)	(700,064)	(469,093)
Depreciation	(4,078,992)	(4,078,992)	(3,929,000)	(3,826,152)
Special Assessments	60,000	830,245	744,220	493,111
Net Interest Income (Exp)	(1,135,459)	(469,981)	(670,128)	(862,914)
Other Non Operating Income (Exp)		511,943	906,887	95,629
Total Non-Operating Revenues (Expenses)	(6,266,451)	(4,452,081)	(3,648,085)	(4,569,419)
Net Income	8,839,844	13,842,948	15,575,604	12,951,135
Significant Balance Sheet Items				
Operating Cash		33,223,043	24,530,818	22,676,018
Accounts Receivable		3,616,327	3,314,209	3,430,183
Bonds Payable		14,620,910	15,485,910	18,270,910
Significant Cash Flow Items				
Capital Outlay	14,850,000	6,338,748	16,078,292	7,094,312
Bond principle payments	6,265,000	6,265,000	11,773,000	5,345,000

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2012**

Fund 07700	2012Budget	12/31/12 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	30,595,087	32,061,276	(1,466,189)	105%
Operating Expense	34,680,054	32,376,821	2,303,233	93%
Operating Margin	(4,084,967)	(315,545)		
Net Income/(Loss)	(5,724,504)	(1,857,045)		

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 citywide litter-graffiti control and removals. 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 fourth quarter 2012 totaling \$32.1 million, 105% of the budgeted revenue was realized compared to \$32.6 million through fourth quarter 2011. This was a decrease of \$500K, or 2%, over 2011 operating revenues. The increase in revenues of \$300K in collection services was offset by a decrease in revenues from miscellaneous services. Revenues from the sale of scrap metals through the end of 2012 totaled \$1.6 million which was also \$600K lower than the 2011 total of \$2.2 million. The Hennepin County grant for the year amounted to \$864K, which was \$64K more than anticipated.

Expenses:

The operating expenses through the 2012 fourth quarter ended at \$32.4 million, or 93% of budget, compared to \$29.3 million in 2011. This was an increase of \$3.1 million over 2011 fourth quarter expenditures. The increases in expenditures were primarily due to the purchase of \$1.8 million worth of one-sort carts for the recycling program. Equipment purchases and mattress recycling activities accounted for an additional \$1.1 million increase.

Transfers:

Estimated transfers into the Solid Waste and Recycling fund for the year included \$146K from the Parking fund for the litter container program and \$150K from the General fund for graffiti and micro-grants. Through the fourth quarter all \$296K had been realized as transfers in. Transfers out of the Fund included \$700K for alley plowing and \$571K for the MERF Unfunded Liability. For the quarter ended December 31, 2012, transfers totaling \$1.27 million have been made.

Debt Service: This fund has no debt service.

Forecast:

In the first quarter of 2013, cash outflow is projected to total \$9.4 million which includes all operating expenditures, equipment purchases, and other outlays for bins, carts, and improvements. The fund also anticipates \$7.8 million in revenues from its operations during this period enabling the fund to maintain an estimated cash balance of \$23 million.

Other Financial Items:

The fund's cash balance for the 2012 fourth quarter ended at \$23.9 million. The accounts receivable balance amounted to \$2.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses or a target cash balance of \$8.1 million for the fund, which results in an excess of \$15.3 million at year end 2012. 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 Fourth Quarter/Years Ending 2012, 2011, 2010

	Budget Year 2012	For Year Ending 12/31/2012	For Year Ending 12/31/2011	For Year Ending 12/31/2010
Operating Revenues:				
County Grants	800,000	864,448	889,675	888,467
Solid Waste Fees	28,336,914	29,250,660	28,938,271	27,944,773
Recyclable Sales	1,000,000	1,611,178	2,173,123	1,444,859
Charges for Other Services	458,173	334,990	585,217	515,121
Total Operating Revenues	30,595,087	32,061,276	32,586,286	30,793,220
Operating Expenses:				
Collection	7,961,183	7,535,591	7,770,758	8,081,953
Disposal	5,783,642	5,056,654	5,097,762	5,730,222
Recycling	5,430,793	5,510,041	3,571,822	3,538,068
Yard Waste	1,468,891	2,549,112	2,202,595	1,537,517
Large Item/Problem Material	1,444,977	1,298,656	1,036,280	1,196,922
Transfer Stations	328,548	385,757	408,516	691,945
Administration	4,019,058	3,931,544	3,980,983	3,971,051
Customer Service	693,326	605,386	654,129	545,427
Clean City	1,910,664	1,839,385	1,694,552	1,525,832
Equipment	5,109,190	3,416,485	2,653,277	2,690,547
Organics	529,782	248,210	210,154	143,515
Total Operating Expenses	34,680,054	32,376,821	29,280,828	29,652,999
Operating Margin	(4,084,967)	(315,545)	3,305,458	1,140,221
Non-Operating Revenues/(Expenses)				
Net Transfers In	296,000	296,000	196,000	196,000
Net Transfers Out	(1,271,000)	(1,271,000)	(936,000)	(850,999)
Depreciation	(664,537)	(664,537)	(715,708)	(834,927)
Special Assessments	-	98,037	255,881	244,316
Total Non-Operating Revenues (Expenses)	(1,639,537)	(1,541,500)	(1,199,827)	(1,245,610)
Net Income	(5,724,504)	(1,857,045)	2,105,631	(105,389)
Significant Balance Sheet Items				
Operating Cash		23,856,133	22,371,818	21,924,108
Accounts Receivable		2,873,172	3,957,458	2,867,993
Capital Outlay		-	1,905,479	166,688

**City of Minneapolis
Water Enterprise Fund
For the Fourth Quarter Ending December 31, 2012**

Fund 7400	2012 Budget	12/31/12 Actual	Over/(Under) Budget	% of Actual To Budget
Operating Revenue	75,335,085	79,340,643	4,005,559	105%
Operating Expense	51,105,506	51,301,862	196,356	100%
Operating Margin	24,229,579	28,038,782		
Net Income (Loss)	5,228,672	11,536,636		

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 4th quarter 2012 operating revenue was \$79,340,643 or 105% of the 2012 budgeted amount of \$75,335,085. Revenue earned through fourth quarter 2012 represented an increase of 14% over the 2011 revenue of \$69,584,117 earned through the same period. This increase was due at least in part to the fixed rate charge that was introduced in 2012 along with higher consumption that resulted from the lower rainfall amounts in 2012. Revenue increases were also the result of \$4M in intra-fund transfers related to transferring personnel costs from the operating department to the capital department of the water fund. This accounting treatment was not used in 2011 and will not be used in 2013.

Expense:

Through the 4th quarter of 2012, operating expenses totaled \$51,301,862 or 100% of the 2012 budgeted amount of \$51,105,506 and represented an increase of 13% over the 2011 expenses of \$45,267,164 spent through the same period. The increases in operating expenses were due primarily to transfers to the General Fund and operating costs related to the MERF pension plan. Another item contributing to the increase was the \$4M in intra-fund transfers related to transferring personnel costs from the operating department to the capital department of the water fund. Again, this accounting treatment was not used in 2011 and will not be used in 2013.

Transfers:

For 2012, the transfer amount of \$3,998,112 resulted from the \$4,992,000 transfer out for the former MERF (Minneapolis Employee Retirement Fund) pension debt service payment offset by a \$993,000 transfer in from the sanitary sewer fund to support that fund's share of the water fund's meter shop expenses.

Debt Services:

Debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. There were no current year debt funded capital projects in 2012. 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 was \$10,272,550.

Forecast:

For the year ended 2012, operating revenues were over budget by approximately \$4 million or 5%. The chief reason for the increased revenues is that we have experienced a dry late summer and fall resulting in increased water consumption. Operating expenses were over budget by approximately \$196 thousand or .4%. This activity resulted in an operating margin of \$28 million, compared to the budgeted margin of \$24.2 million, or \$3.8 million more than the amount budgeted. Net income was \$11.5 million compared to a budgeted amount of \$5.2 million.

Other Financial Items:

The ending cash balance as of 12/31/12 is \$19,066,539 compared to \$ 15,055,373 as of 12/31/11. 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 \$12.9 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 Years Ending 2012, 2011, 2010

	Budget Current Year 2012	For Year Ending 2012	For Year Ending 2011	For Year Ending 2010
Operating Revenues:				
Licenses & Permits	1,100	43,666	6,364	1,076
Intergovernmental Revenues		428,349		
Charges For Services	3,474,000	5,582,044	2,058,750	1,211,094
Charges For Sales	71,859,985	73,272,422	67,491,543	64,399,395
Rents				
Interest				
Other Misc Revenues		14,162	27,459	50,383
Total Operating Revenues	75,335,085	79,340,643	69,584,117	65,661,948
Operating Expenses:				
Engineering	2,192,400	1,923,249	1,549,047	1,368,413
Payments for City Services	10,067,237	9,645,669	7,333,923	8,137,262
Administration	1,161,377	1,215,322	1,007,162	2,238,132
Operations	16,697,438	16,415,712	15,957,374	16,885,255
Maintenance	6,926,886	7,445,167	5,738,283	6,932,572
Distribution	8,786,743	9,628,717	7,841,971	8,361,990
Major Repairs & Replacement	2,000,000	1,676,151	3,438,120	1,552,332
Meter Shop	2,108,182	1,996,339	2,401,283	2,440,401
Reimbursables	1,165,243	1,355,535		
Total Operating Expenses	51,105,506	51,301,862	45,267,164	47,916,357
Operating Margin	24,229,579	28,038,782	24,316,953	17,745,591
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(3,998,114)	(3,998,112)	(2,042,000)	(1,506,801)
Federal ARRA Grant				1,214,486
Federal Emergency Management Assistance		10,455	280,128	
State of Minnesota		3,136	93,376	
Depreciation	(10,551,351)	(10,551,351)	(10,016,991)	(7,992,504)
Special Assessments		1,200,611		97,850
Net Interest Income (Exp)	(4,476,442)	(3,303,893)	(3,569,353)	(3,423,892)
Other Non-Operating Income	25,000	137,838		124,058
Other Non Operating (Expense)		(831)		(81,166)
Total Non-Operating Revenues (Expenses)	(19,000,907)	(16,502,146)	(15,254,840)	(11,567,969)
Net Income	5,228,672	11,536,636	9,062,113	6,177,622
Significant Balance Sheet Items				
Operating Cash		19,066,539	15,055,373	11,635,283
Construction Cash			95,607	1,846,019
Accounts Receivable		6,861,242	7,049,602	5,855,841
Bonds & Notes Payable		(113,284,120)	119,124,241	114,840,545
Significant Cash Flow Items				
Capital Outlay		11,708,710	15,297,583	19,680,417
Bond & Note Principle payments		5,796,108	3,655,000	3,404,908
Refunding Principal Payments				
Total Cash Flow Items		17,504,818	18,952,583	23,085,325

**City of Minneapolis
Municipal Parking Fund
For the Fourth Quarter Ended Dec 31, 2012**

Fund 7500*	2012 Original Budget	Dec 31,2012 Period End Actual	Remaining Budget	% of Actual To Budget
Revenue	42,245,035	45,275,672	(3,030,637)	107%
Expenses	32,985,473	29,037,666	3,947,807	88%
Operating Margin	9,259,562	16,238,006		
Net Income (Loss)	(2,737,992)	7,262,762		

* 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 fourth quarter end actual revenues were up in comparison to the 2012 budget by 7.2% coming primarily from:

- On-street meter revenue exceeding budget by 45.1%; and
- Off-street ramps and lots revenue exceeding budget by 3.6% offset by
- Impound Lot revenues coming in at 17.0% below budget.

Impound Lot revenues were lower than budgeted due to lower than expected snow emergencies during 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 consistently performed above projections.

Expenses:

The 2012 fourth quarter operating expenses were below the fourth quarter 2012 budget by 12.0 % primarily as a result of:

- Impound Lot expenses being down 26.7% compared to budget; and
- Off-street ramps and lots being down 17.43% compared to budget offset by
- On-street meter costs being over budget by 72.6% due primarily to service fees for the new multi-space meters.

Impound Lot expenses were lower than expected due to a slower winter with limited snow related operational activities, including towing, security, lot maintenance and personnel. Off-street ramps and lots showed lower than budgeted expenses due to reduced costs associated with operational efficiencies attained through ongoing parking initiatives. On-street meter expenses were higher than budgeted due to the service fees for the new meters not being fully budgeted for in the 2012 budget. Not included in the fourth quarter Off-street expenses was the \$3.4 million that was paid to Metro Council as

repayment of net revenue from the North Terminal Parking Lot. This was not a normal operating expense.

Transfers to and from other funds:

The 2012 transfers into and out of the Parking Fund were programmed and planned according to the 2012 budget. During 2012, \$13.3 million of funds were transferred into the Parking fund and \$11.4 million of funds were transferred out.

Debt Service:

For 2012, the debt service budget was \$22.9 million. On January 3, 2012, \$38.7 million of bond were called and replaced with a variable rate interest note of \$38.7 million. As of December 31, 2012, there was \$95.7 million in outstanding bond principal and \$38.7 million in outstanding notes payable. During 2012, the Parking System issued \$1.9 million in bonds for the new multi-space meters.

Other Financial Items:

For the year ending 2012, operating revenues exceeded budget by \$3.0 million and operating expenses were under budget by \$3.9 million resulting in a \$6.9 million increase in the Operating Margin over budget.

The year ended with an operating cash balance of \$7.7 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 \$0.8 million shortfall.

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

	Current Budget Year 2012	For Period Ending 31-Dec-12	For Year Ending 31-Dec-11	For Year Ending 31-Dec-10
Operating Revenues:				
Off-Street Parking: City Owned	28,525,035	29,546,205	28,268,322	28,439,497
Off-Street Parking: State Owned	12,450,000	9,657,497	10,336,123	17,427,211
Towing	6,720,000	5,575,586	6,410,768	6,415,668
On-Street Meters	7,000,000	10,153,881	7,610,627	6,757,970
Total Operating Revenues	<u>54,695,035</u>	<u>54,933,169</u>	<u>52,625,840</u>	<u>59,040,346</u>
Operating Expenses:				
Off-Street Parking: City Owned-Direct Expenses	24,551,201	20,290,791	21,543,930	19,482,372
Off-Street Parking: State Owned-Direct Expenses	8,678,253	8,802,796	9,966,433	14,805,379
Towing	5,854,453	4,294,098	4,694,310	5,215,092
On-Street Meters	2,579,819	4,451,961	5,065,159	2,014,200
Other Operating Expenses	-	816	237,422	289,889
Total Operating Expenses	<u>41,663,726</u>	<u>37,840,462</u>	<u>41,507,254</u>	<u>41,806,932</u>
Operating Margin	<u>13,031,309</u>	<u>17,092,707</u>	<u>11,118,586</u>	<u>17,233,414</u>
Non-Operating Revenues/(Expenses)				
General Fund Transfer Out	(7,818,000)	(7,818,000)	(7,818,000)	(8,618,000)
Arena Reserve Transfer Out	(2,940,905)	(2,940,905)	(2,758,000)	(2,241,000)
Debt Service Transfer Out	(477,000)	(477,000)	(198,000)	(236,657)
General Debt Service Transfer Out	-	(46,901)	-	0
Sanitation Transfer Out	(146,000)	(146,000)	(146,000)	(146,000)
Total Transfers Out	<u>(11,381,905)</u>	<u>(11,428,806)</u>	<u>(10,920,000)</u>	<u>(11,241,657)</u>
Convention Center related facility Transfer	5,580,100	5,580,100	7,589,231	8,214,979
TI and MCDA Transfers In	7,748,442	7,703,065	7,607,095	3,971,830
Other Transfers In	-	516,236	-	-
Total Transfers In	<u>13,328,542</u>	<u>13,799,401</u>	<u>15,196,326</u>	<u>12,186,809</u>
Depreciation	(6,909,586)	(6,905,352)	(6,703,978)	(6,392,796)
Special Assessments	0	58,057	0	0
Interest	(7,034,605)	(4,497,741)	(4,845,780)	(5,620,383)
Other Non Operating Expenses	0	(3,188)	(116,668)	(98,824)
Other Non-Operating Income	0	2,385	4,067	2,535,174
Total Non-Operating Revenues (Expenses)	<u>(11,997,554)</u>	<u>(8,975,244)</u>	<u>(7,386,033)</u>	<u>(8,631,677)</u>
Net Income+/(-)	<u>1,033,755</u>	<u>8,117,463</u>	<u>3,732,553</u>	<u>8,601,737</u>
Significant Balance Sheet Items				
Operating Cash		7,353,257	11,648,613	13,211,301
Notes Payable		38,650,000		
Bonds Payable		95,680,042	149,200,041	175,360,042
Total Balance Sheet Items		<u>141,683,299</u>	<u>160,848,654</u>	<u>188,571,343</u>
Significant Cash Flow Items				
Principal on debt (net of Refunding Bonds)	15,840,000	16,770,000	14,820,000	27,765,000
Capital Outlay	3,600,000	3,154,370	211,582	1,675,135
Total Cash Flow Items	<u>19,440,000</u>	<u>19,924,370</u>	<u>15,031,582</u>	<u>29,440,135</u>

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

	Housing Development Fund 1/1-12/31/11	Housing Development Fund 1/1-12/31/12	General Agency Reserve Fund System 1/1-12/31/11	General Agency Reserve Fund System Operations 1/1-12/31/12	Theatres 1/1-12/31/11	Theatres 1/1-12/31/12	River Terminal 1/1-12/31/11	River Terminal 1/1-12/31/12	Economic Development Program 1/1-12/31/11	Economic Development Program 1/1-12/31/12
Operating revenues										
Charges for sales and services	\$ -	\$ -	\$ 431,808	\$ 313,077	\$ -	\$ -	\$ 1,811,673	\$ 1,651,517	\$ 352,275	\$ 275,000
Interest on program activities	34,132	45,081	5,242,887	5,154,241	-	-	-	-	-	-
Other	-	-	30	-	-	-	-	-	-	-
Total operating revenues	34,132	45,081	5,674,725	5,467,318	-	-	1,811,673	1,651,517	352,275	275,000
Operating expenses:										
Personal services	-	-	222,134	244,525	-	1,181	10,644	5,767	3,307	2,743
Contractual services	66,435	274,397	194,393	179,327	-	1,008	2,098,245	1,692,817	21,656	5,542
Other	15,922	-	7,834	6,460	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	347,526	347,526	-	-
Total operating expenses	82,357	274,397	424,361	430,312	-	2,189	2,456,915	2,046,610	24,963	8,285
Operating income	(48,225)	(229,316)	5,250,364	5,037,006	-	(2,189)	(645,242)	(395,093)	327,312	266,715
Nonoperating revenues (expenses)										
Interest on investments	3,155	864	294,464	93,410	(16,498)	(8,394)	(4,916)	(3,599)	161,552	5,122
Interest expense	-	-	(5,252,457)	(5,099,015)	-	-	-	-	(24,525)	(15,194)
Total nonoperating revenue (expenses)	3,155	864	(4,957,993)	(5,005,605)	(16,498)	(8,394)	(4,916)	(3,599)	137,027	(10,072)
Income (loss) before transfers	(45,070)	(228,452)	292,371	31,401	(16,498)	(10,583)	(650,158)	(398,692)	464,339	256,643
Net transfers from (to) other funds	(256,150)	(154,516)	-	(1,381,411)	-	400,000	-	-	(243,074)	154,516
Change in net assets	(301,220)	(382,968)	292,371	(1,350,010)	(16,498)	389,417	(650,158)	(398,692)	221,265	411,159
Total net assets - January 1	1,317,125	1,015,905	34,674,232	34,966,603	(2,095,532)	(2,112,030)	6,328,196	5,678,038	19,570	240,835
Total net assets - December 31	\$ 1,015,905	\$ 632,937	\$ 34,966,603	\$ 33,616,593	\$ (2,112,030)	\$ (1,722,613)	\$ 5,678,038	\$ 5,279,346	\$ 240,835	\$ 651,994

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.

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.

CPEd Enterprise Fund Component Programs
Statement of Net Assets
12/31/11 and 12/31/12

	Housing Development Fund 12/31/2011	Housing Development Fund 12/31/2012	General Agency Reserve Fund System 12/31/2011	General Agency Reserve Fund System 12/31/2012	Theatres 12/31/2011	Theatres 12/31/2012	River Terminal 12/31/2011	River Terminal 12/31/2012	Economic Development Program 12/31/2011	Economic Development Program 12/31/2012
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 291,156	\$ 137,821	\$ 1,208,570	\$ 1,157,820	\$ (2,108,768)	\$ (1,720,346)	\$ (592,382)	\$ (507,264)	\$ 521,793	\$ 795,997
Deposits with fiscal agents	-	-	41,459,052	39,373,461	-	-	-	-	41,163	22,277
Loans and notes receivable	35,000	150,000	-	-	-	-	-	-	-	-
Capital leases	-	-	3,800,000	3,630,000	-	-	-	-	-	-
Other current assets	721	196	40,535	41,120	(5,219)	(3,453)	230,023	27,924	1,277	1,564
Total current assets	326,877	288,017	46,508,157	44,202,401	(2,113,987)	(1,723,799)	(362,359)	(479,340)	564,233	819,838
Noncurrent assets:										
Loans and notes receivable	689,301	344,987	-	-	-	-	-	-	-	-
Capital leases	-	-	86,690,785	80,653,137	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	6,135,489	5,787,963	-	-
Total noncurrent assets	689,301	344,987	86,690,785	80,653,137	-	-	6,135,489	5,787,963	-	-
Total assets	\$ 1,016,178	\$ 633,004	\$ 133,198,942	\$ 124,855,538	\$ (2,113,987)	\$ (1,723,799)	\$ 5,773,130	\$ 5,308,623	\$ 564,233	\$ 819,838
LIABILITIES										
Current liabilities:										
Deposits held for others	-	-	4,599,793	4,469,686	-	-	-	-	-	-
Unearned revenue	-	-	1,196,743	1,084,300	-	-	-	-	-	-
Bonds payable - current portion	-	-	3,800,000	3,630,000	-	-	-	-	-	-
Notes payable - current portion	-	-	-	-	-	-	-	-	153,497	116,613
Other current liabilities	273	67	441,991	419,537	(1,957)	(1,186)	94,687	29,277	12,630	10,730
Total current liabilities	273	67	10,038,527	9,603,523	(1,957)	(1,186)	94,687	29,277	166,127	127,343
Noncurrent liabilities:										
Bonds payable	-	-	88,185,000	81,625,000	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	157,114	40,501
Compensated absences payable	-	-	8,812	10,422	-	-	405	-	157	-
Total noncurrent liabilities	-	-	88,193,812	81,635,422	-	-	405	-	157,271	40,501
Total liabilities	273	67	98,232,339	91,238,945	(1,957)	(1,186)	95,092	29,277	323,398	167,844
NET ASSETS										
Invested in capital assets, net of related debt	-	-	-	-	-	-	6,135,489	5,787,963	-	-
Restricted	-	-	34,966,603	33,616,593	-	-	-	-	-	-
Unrestricted	1,015,905	632,937	-	-	(2,112,030)	(1,722,613)	(457,451)	(508,617)	240,835	651,994
Total net assets	1,015,905	632,937	34,966,603	33,616,593	(2,112,030)	(1,722,613)	5,678,038	5,279,346	240,835	651,994
Total liabilities & net assets	\$ 1,016,178	\$ 633,004	\$ 133,198,942	\$ 124,855,538	\$ (2,113,987)	\$ (1,723,799)	\$ 5,773,130	\$ 5,308,623	\$ 564,233	\$ 819,838

2012 Fourth 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 December 31, 2012, the City's current investment portfolio was valued at \$594.5 million. The sector holdings and fund distributions are shown below. For the twelve months ended December 31, 2012, the portfolio has outperformed its benchmark.

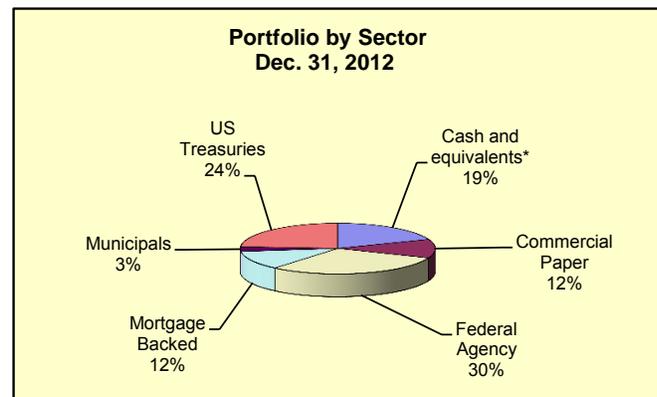
Investment Performance period ended December 31, 2012	City Portfolio	Custom Benchmark*
3 month Total Return	0.10%	0.05%
12 months Total Return	.83%	0.32%
3 year Total Return	1.10%	0.80%
Credit Quality	AGY	TSY

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

Portfolio Holdings By Sector

Sector	Dec. 31 2012	% of port.	Dec. 31 2011	% of port.
Cash and equivalents*	\$ 113.8	19%	\$ 99.4	18%
Commercial Paper	71.2	12%	78.4	14%
Federal Agency	178.1	30%	179.3	32%
Mortgage Backed	71.2	12%	44.8	8%
Municipals	17.8	3%	16.8	3%
US Treasuries	142.4	24%	140.1	25%
Total Market Value	\$ 594.5	100%	\$ 558.8	100%

*Net of checks outstanding



Funds	Dec. 31 2012	% of funds	Dec. 31 2011	% of funds
Debt Service	\$ 28.5	5%	\$ 30.8	6%
Development	24.1	4%	22.8	4%
Enterprise Fund	102.5	17%	86.6	16%
General	87.5	15%	73.4	13%
Internal Service	83.8	14%	71.3	13%
Hilton Trust		0%	7.1	1%
NRP	40.2	7%	43.9	8%
Park Board	21.8	4%	20.6	4%
TIF	105.4	18%	97.4	18%
Convention Center	36.8	6%	28.1	5%
Other	30.6	5%	19.8	4%
Sub Total City Op. Port.	\$ 561.2	95%	\$ 501.8	90%
Bond Proceeds/Const.	31.6	5%	54.2	10%
TOTAL Book Value	592.8	100%	556.0	100%
Unrealized G/L & Acc int	1.7		2.8	
All Funds Mkt Value	\$ 594.5		\$ 558.8	

