City of Minneapolis
Financial Status Report as of 2nd Quarter 2014
Prepared by the
City of Minneapolis Finance Department
August 25, 2014

City of Minneapolis
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General Fund

Fund Description

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

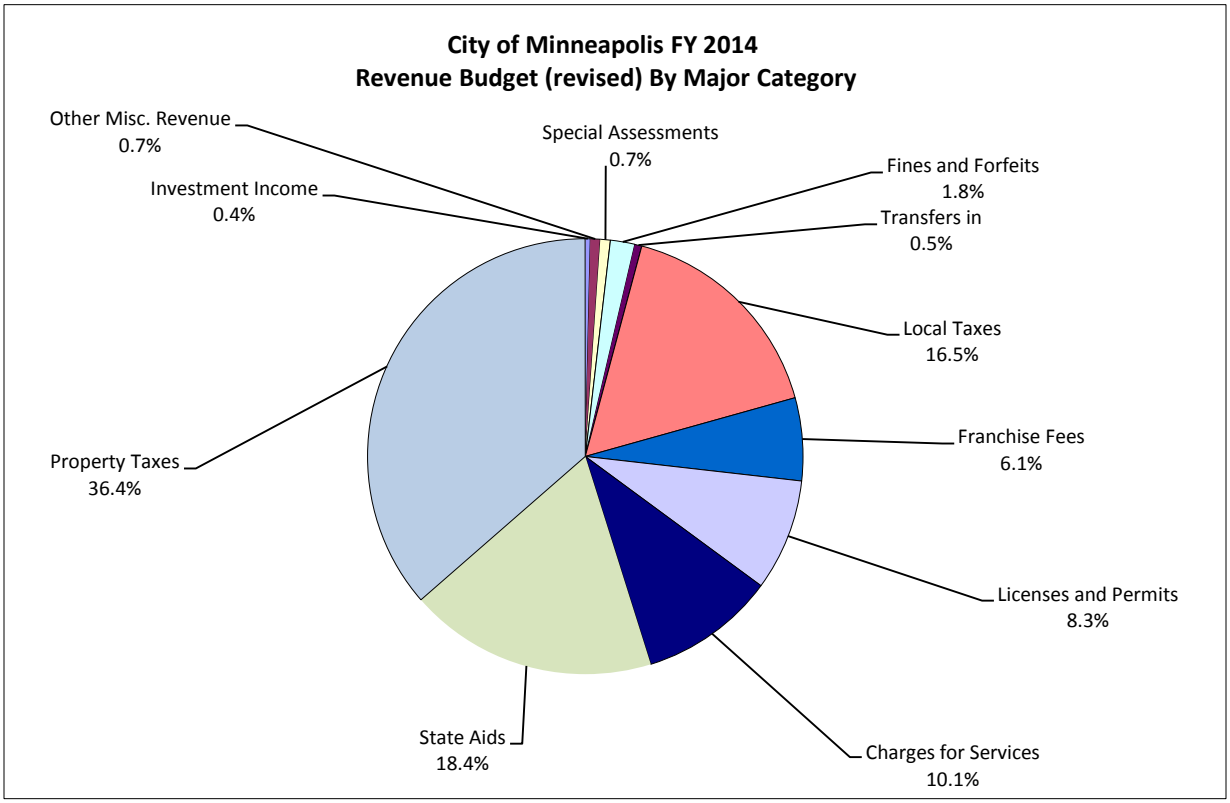
Financial Performance

The fund balance for the General Fund at fiscal year-end 2013 was $ 97.0 million. The projected fund balance at year-end 2014 is $84.3 million, which is well within the City's stated reserve policy.

Preliminary 2013 Fund Balance

Fund Balance January 1, 2014	$ 97.0 million
Change in Fund Balance:	
2014 Projected Revenue in Excess of Budget	5.2 million
2014 Projected Expense Appropriation Savings	11.2 million
2014 Budgeted Use of Fund Balance	(27.4) million
2013 Fund Balance Rollovers to 2014	(1.7) million
Total – Expense Over Revenue	**(12.7)million**
Projected Fund Balance, December 31, 2014	**84.3 million**

General Fund Revenues



The five largest revenue sources account for 89.7% of total budgeted revenues: property taxes, state aids, sales and entertainment taxes, charges for services, and licenses and permits.

Property taxes, the major source of General Fund revenue (36.4%), are received from Hennepin County in July and December, and are expected to be near budgeted amounts.

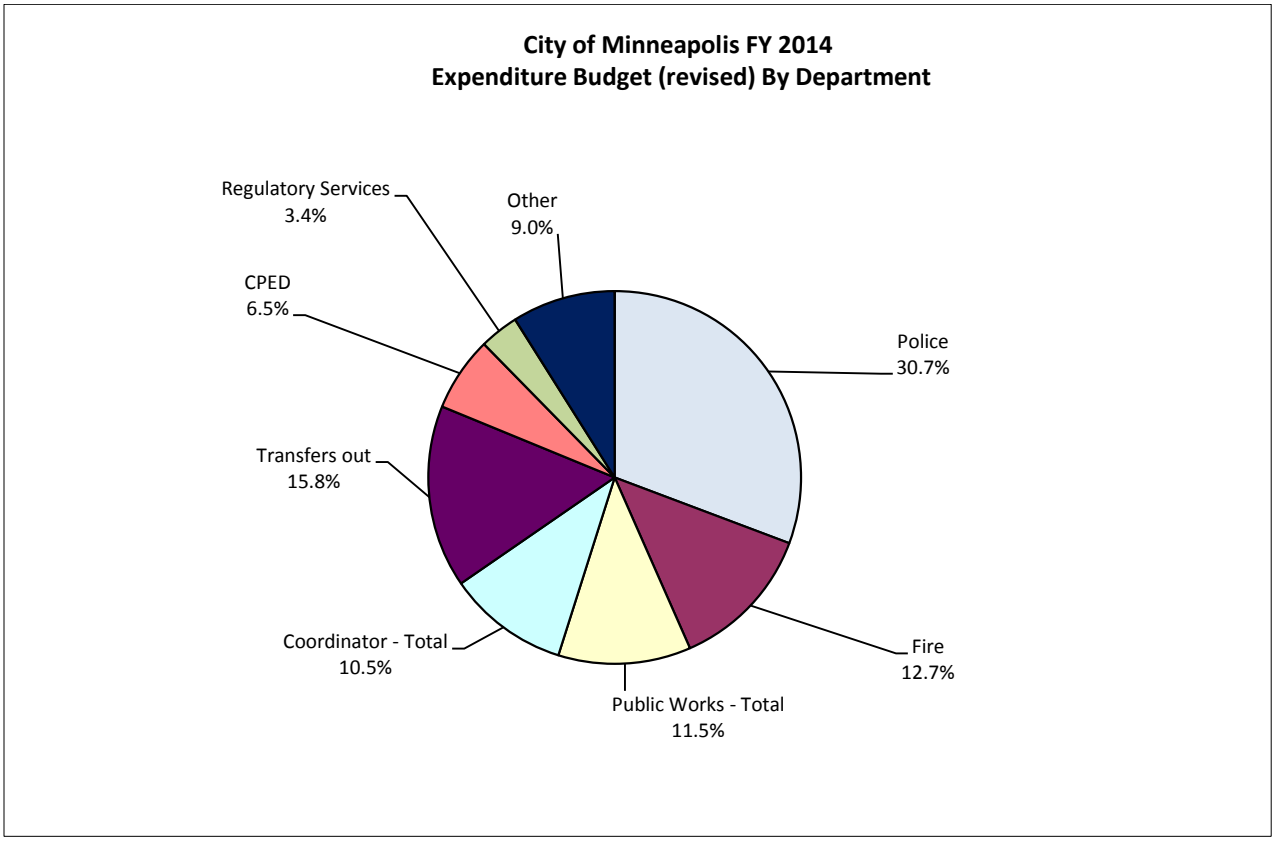
State aids, the second major source of fund revenue (18.4%), are expected to be at or slightly over budgeted levels. Local Government Aid is received in two equal payments - one in July, and one at the end of December.

Local taxes, which include sales, liquor, food, lodging and entertainment taxes, are the third major source of fund revenue (16.5%), and are anticipated to end the year near budgeted amounts.

Charges for services, the fourth largest source of revenue to the City (10.1%), are projected to be over budget by $957,000. This is due to increased work for others in the Public Works department.

License and permit fees (8.3%), are projected to be $3.6 million over budget, mainly due to building related permits.

General Fund Expenditures



Six departments make up 75.2% of the total General Fund expenditures: Police, Fire, Public Works, the City Coordinator, Community Planning and Economic Development (CPED), 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 anticipates ending 2014 at or just below budget.

The Fire Department is projecting ending the year at $1.4 under budget. This is from salary savings due to attrition that is outpacing the hiring of new fire fighters.

The City Coordinator anticipates ending the year under budget by close to $500,000.

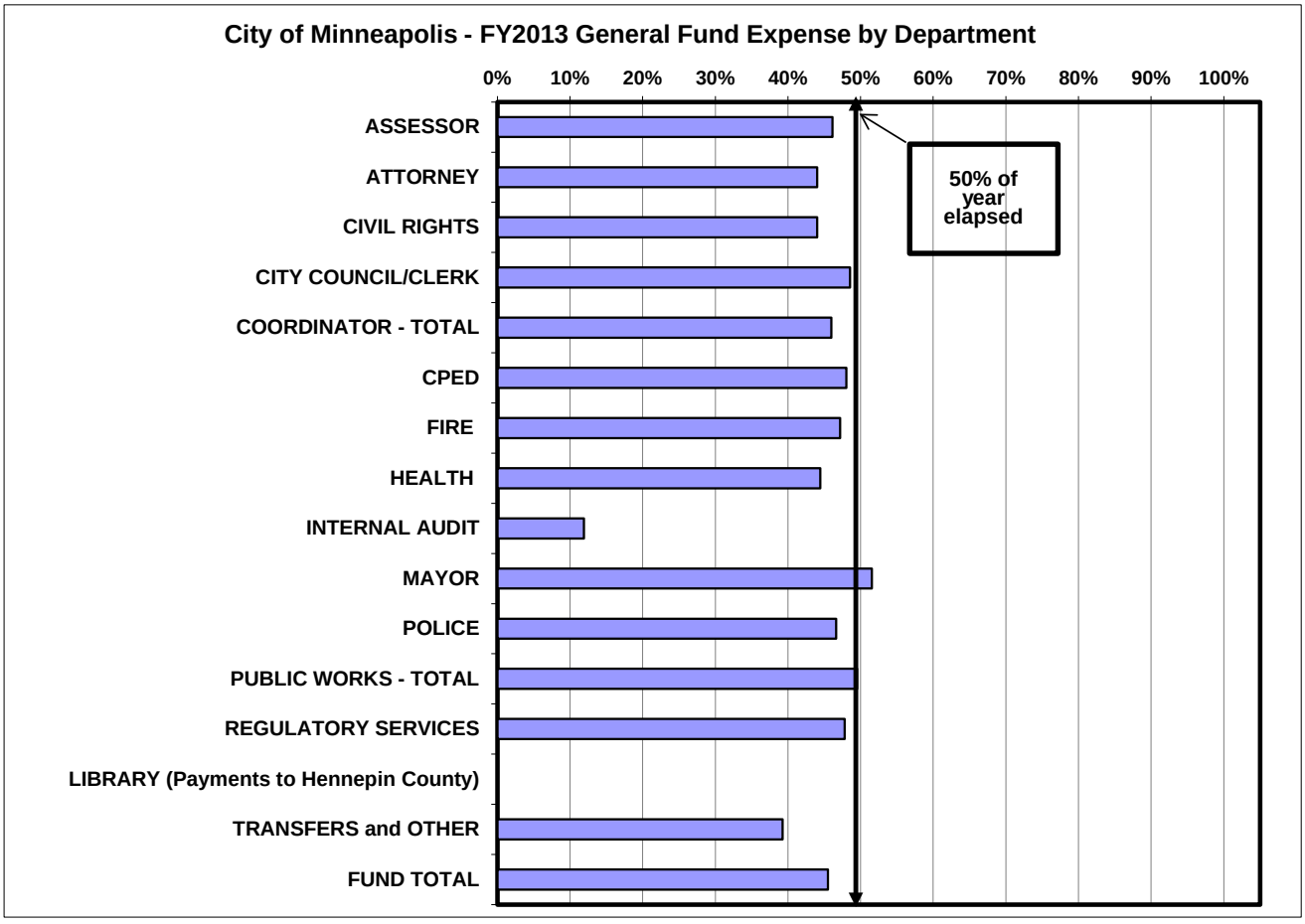
The City Council & City Clerk department is expecting expenses in excess of budget of over $400,000. This is mainly due to unanticipated election costs because of the increase in the minimum wage, which will affect election judge pay.

The Public Works Department anticipates ending the year significantly under budget. This is due to design costs that will not be spent in the current year.

Regulatory Services is projecting a savings of $150,000.

CPED anticipates a budget deficit of $68,500 due to credit card fees.

The Mayor anticipates a $100,000 deficit due to an additional FTE and reclassification of staff.



City of Minneapolis
General Fund
June 30, 2014

Revenues:	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Projected YE Totals	Variance Budget vs Projected	Projected YE as Percent of Revised Budget
Property Taxes	159,526,000	162,326,000	-	100%	162,350,000	24,000	100%
Local Taxes	72,212,000	72,212,000	25,172,346	65%	72,225,000	13,000	100%
State Aids	80,760,425	80,760,425	2,128,788	97%	80,761,000	575	100%
Charges for Services	44,042,834	44,042,834	21,379,145	51%	45,000,000	957,166	102%
Franchise Fees	26,900,000	26,900,000	16,642,329	38%	28,400,000	1,500,000	106%
Licenses and Permits	36,349,558	36,349,558	22,097,081	39%	40,000,000	3,650,442	110%
Fines and Forfeits	7,893,000	7,893,000	3,509,621	56%	7,020,000	(873,000)	89%
Special Assessments	454,250	3,254,250	94,696	97%	3,182,000	(72,250)	98%
Investment Income	1,600,000	1,600,000	803,389	50%	1,600,000	-	100%
Other Shared Taxes	538,244	538,244	252,631	53%	538,300	56	100%
Other Miscellaneous	5,487,770	2,687,770	1,497,827	44%	2,688,000	230	100%
Contributions	840,000	840,000	476,068	43%	850,000	10,000	101%
Total Revenues	**436,604,081**	**439,404,081**	**94,053,921**	79%	**444,614,300**	**5,210,219**	**101%**
Transfers In	2,323,200	2,323,200	1,161,600	50%	2,323,200	-	100%
Revenues and Other Sources	**438,927,281**	**441,727,281**	**95,215,521**	78%	**446,937,500**	**5,210,219**	**101%**
Expenditures:							
Police	143,292,615	143,292,615	66,802,267	53%	143,292,615	-	100%
Fire	59,015,853	59,015,853	27,836,112	53%	57,615,853	1,400,000	98%
Human Resources	6,986,224	7,807,552	3,614,921	54%	7,790,000	17,552	100%
Finance and Property Services	21,876,679	22,056,679	10,180,501	54%	22,006,679	50,000	100%
911	8,131,838	8,131,838	3,927,221	52%	8,131,000	838	100%
311	3,540,223	3,602,223	1,633,910	55%	3,550,000	52,223	99%
City Coordinator	2,191,677	2,191,677	976,832	55%	2,191,677	-	100%
Intergov Relations	1,633,658	1,633,658	654,488	60%	1,483,658	150,000	91%
Communications	2,189,887	2,189,887	1,107,814	49%	2,079,887	110,000	95%
Emergency Management	717,039	883,999	493,388	44%	833,999	50,000	94%
Neighbrhd and Comm Rel	1,039,000	1,039,000	352,394	66%	1,000,000	39,000	96%
Information Technology	725,000	824,594	214,468	74%	824,594	-	100%
Coordinator - Total	49,031,225	50,361,107	23,155,937	54%	49,066,900	469,613	97%
Trans Plan and Design	4,930,931	7,645,931	1,430,118	81%	2,800,000	4,845,931	37%
Trans Maint and Repair	30,253,386	31,253,386	18,421,801	41%	31,253,000	386	100%
Administration	2,975,098	2,975,098	1,351,289	55%	2,975,000	98	100%
Traffic and Parkng Services	15,448,184	15,483,184	7,205,152	53%	15,480,000	3,184	100%
Public Works - Total	53,607,599	57,357,599	28,408,360	50%	52,508,000	4,849,599	92%
Regulatory Services	15,783,805	15,819,063	7,561,055	52%	15,669,063	150,000	99%
Attorney	8,675,256	8,743,676	3,847,698	56%	8,400,000	343,676	96%
City Council & City Clerk	8,541,168	8,847,614	4,296,847	51%	9,339,597	(491,983)	106%
Culture and Recreation -Library	3,238,000	3,238,000	-	100%	3,238,000	-	100%
Contingency	4,000,000	3,000,000	-	100%	-	3,000,000	0%
Assessor	4,628,603	4,628,603	2,134,488	54%	4,320,581	308,022	93%
CPED	30,111,442	29,931,442	14,378,869	52%	30,000,000	(68,558)	100%
Health	7,402,549	7,402,549	3,289,763	56%	7,397,386	5,163	100%
Civil Rights	2,879,506	3,019,506	1,329,113	56%	2,938,856	80,650	97%
Mayor	1,696,755	1,696,755	874,852	48%	1,796,755	(100,000)	106%
Internal Audit	491,487	491,487	58,602	88%	147,446	344,041	30%
General Revenues	200,000	200,000	-	100%	200,000	-	100%
Total Expenditures	**392,595,863**	**397,045,869**	**183,973,963**	54%	**385,931,053**	**11,114,816**	**97%**
Transfers Out	73,698,940	73,698,940	30,185,904	59%	73,698,940	-	100%
Expenditures and Other Uses	**466,294,803**	**470,744,809**	**214,159,867**	55%	**459,629,993**	**11,114,816**	**98%**
Change in Fund Balance					**(12,692,493)**		
Fund Balance - January 1, 2014					96,970,153		
Fund Balance - December 31, 2014					**84,277,660**		

Convention Center Special Revenue Fund Report

The Convention Center Special Revenue Fund is used to account for the maintenance, operation and marketing of the City-owned Convention Center and related facilities. The Convention Center was created to foster and generate economic growth and vitality by providing facilities and services for conventions, trade shows, exhibits, meetings, and cultural, religious, and sporting events; all of which benefit and showcase the City, the metropolitan region, and the State of Minnesota.

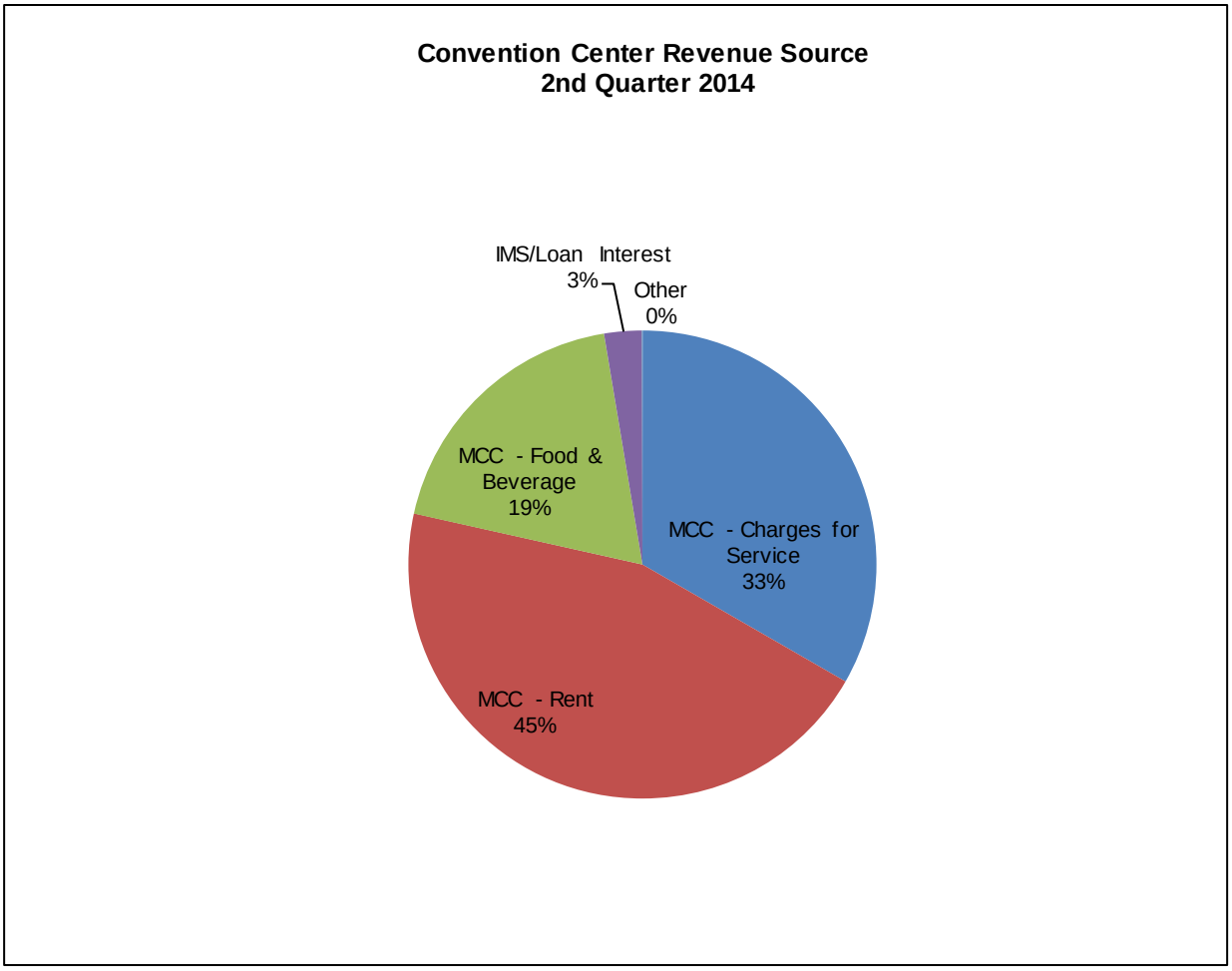
Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity was historically funded from local tax receipts and Convention Center operating revenue. Beginning in 2014, the local taxes are being receipted directly to the General Fund and a transfer is being made from the General Fund to the Convention Center to fully fund Convention Center operating and non-operating expenditures. In addition, a portion of the entertainment tax is being receipted directly to the Arena Fund (Target Center) to fully credit the Target Center for the entertainment taxes generated from their events.

Operating Revenue

Through the 2nd quarter of 2014, operating revenue finished at over $8.7 million or 55% of budget. Rents and Commissions had the strongest finish at approximately $4 million or 58% of budget followed by Charges for Services and Sales at nearly $3 million or 52% of budget, and lastly Catering Commissions at nearly $1.7 million or 51% of budget.



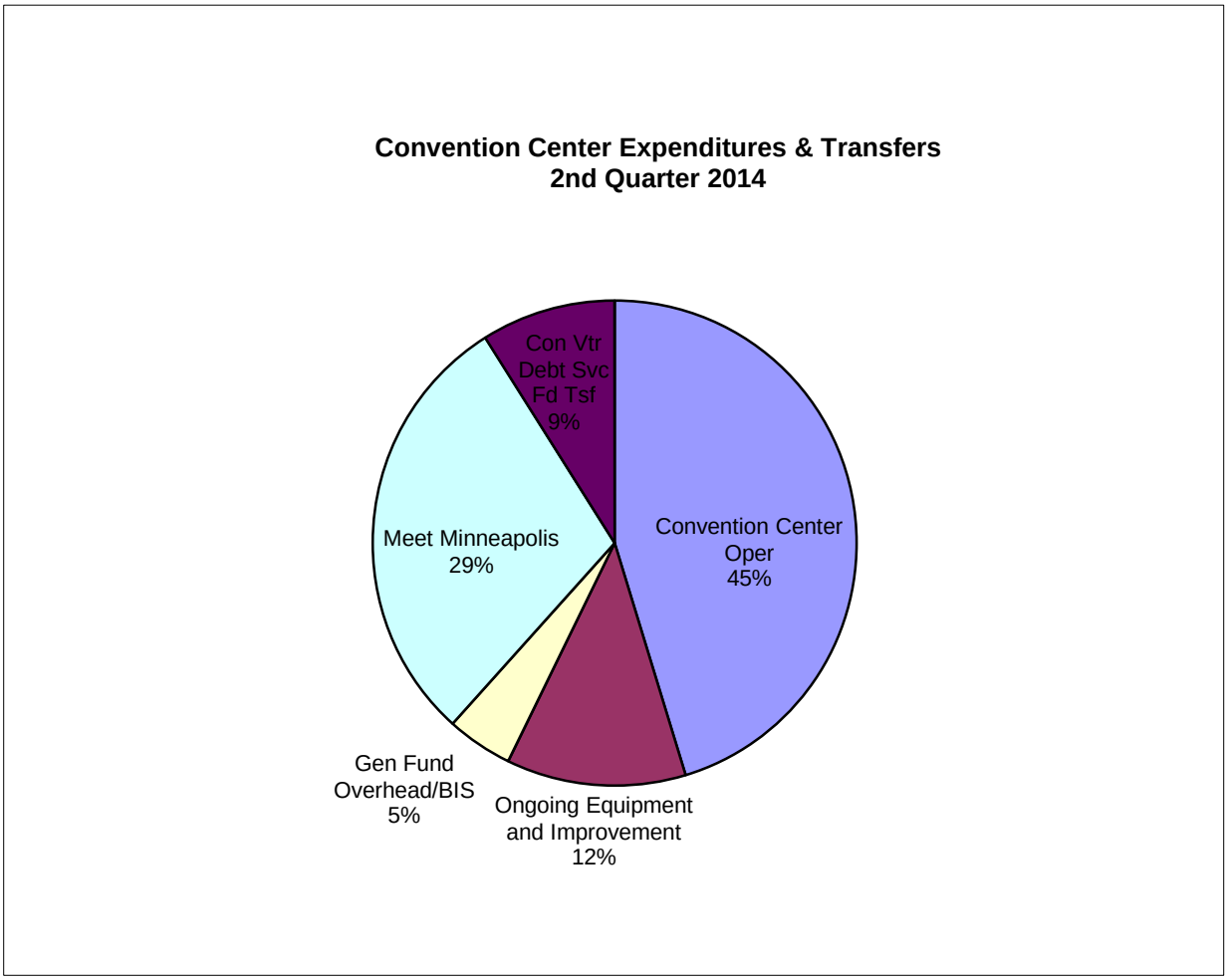
The Convention Center continues to discount rents to be competitive, and through June 30, 2014 the Convention Center hosted 192 events with over 614,000 attendees. For year-end, the Convention Center projects 356 events with almost 894,000 attendees and revenues close to budget. Economic impact to the community as a result of events in 2014 is estimated to be approximately $463 million.

Operating Expenditures

Through the 2nd quarter of 2014, Convention Center operating expenses, not including Ongoing Equipment and Improvement, IT, and General Fund Overhead were at $11.3 million or 48% of budget. Projections indicate the Convention Center will come in at budget considering the event mix and volume. The Convention Center continues to work on its 'no waste' initiative which includes a large waste program, as well as further enhancements to the energy efficiency practices that were put in place in 2009. The ongoing management of operating expenses includes a variety of cost containment activities:

- Reduction in energy and water consumption
- Identifying and implementing operating efficiencies
- Managing overtime

The Convention Center anticipates meeting its budget target in ongoing equipment and improvements, and is currently working on much needed projects such as an interior refresh, building a new Visitor Information Center, escalator replacement, exterior door replacement, carpet replacement, and restroom/locker room remodeling. The LED lighting in Halls B, C, D, and E has been completed, and the Convention Center received a $244 thousand rebate from Excel Energy which was recorded in July.



Transfers

The Convention Center Fund annually transfers funds for debt service, in addition to receiving a transfer from the General Fund. In 2014, transfers for debt service for debt issued for the building and building domes are budgeted in total at nearly $18.9 million. The building debt is expected to be paid off in 2020. The transfer from the General Fund is budgeted at nearly $46.6 million to fully fund Convention Center operating and non-operating expenditures. In addition, the Convention Center is receiving a $1.5 million transfer from the IT Department for a capital advance. The IT transfer is being accounted for on the balance sheet.

Meet Minneapolis

In 2004, Meet Minneapolis entered into a $2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional $2.5 million for the project in 2005. In August 2005, the loans were rolled together and a promissory note was issued for $5 million. The City entered into a 3rd loan agreement for $5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of $10 million. The loan draws were capped in May 2007. The consolidated loan has a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, as well as profit from the iDSS. The total of the loan was nearly $9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments began on 12/31/08. Interest and principal payments coincide with Meet Minneapolis's quarterly sales and marketing payments from the City. Meet Minneapolis's quarterly sales and marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The principle is accounted for on the balance sheet as a loan receivable while the interest received is classified as revenue in the period in which it is due. Meet Minneapolis is projected to finish 2014 at nearly $9.5 million which is $125 thousand under budget as a result of Meet Minneapolis receiving $375,000 of their $500,000 budgeted incentive.

Fund Balance

The 2014 ending fund balance is projected to be just over $54.9 million, which is approximately $400 thousand over budget and a decrease of $5.2 million from 2013. The decrease in fund balance can be largely attributed to the local taxes being receipted directly to the General Fund.

CONVENTION CENTER SPECIAL REVENUE FUND **CITY OF MINNEAPOLIS, MINNESOTA**
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2014

	2014				
	Budget	Actual	Percent of Total	Year End Projection	2013 Actual
REVENUE					
Operating Revenue:					
Charges for Services and Sales	5,720,000	2,993,424	52%	5,710,000	5,788,479
Rents and Commissions	6,980,000	4,057,865	58%	6,890,000	7,238,370
Catering Commissions	3,300,000	1,695,356	51%	3,400,000	3,223,301
Total Operating Revenue	16,000,000	8,746,645	55%	16,000,000	16,250,150
Tax Revenue:					
Sales and Use Tax	-	-	-	-	32,597,593
Food Tax	-	-	-	-	11,873,549
Liquor Tax	-	-	-	-	5,087,224
Lodging Tax	-	-	-	-	6,749,003
Total Tax Revenue	-	-	-	-	56,307,369
Other Non Operating Revenue:					
Investment Management Services Interest	360,671	119,968	33%	390,000	(63,530)
Meet Minneapolis (iDSS) Loan Interest	214,631	113,628	53%	214,631	265,132
Other	-	2,324	-	245,369	193,075
Total Other Non Operating Revenue	575,302	235,920	41%	850,000	394,677
Total Non Operating Revenue	575,302	235,920	41%	850,000	56,702,046
Total Revenue	16,575,302	8,982,565	54%	16,850,000	72,952,196
EXPENDITURES					
Convention Center Operations	23,702,960	11,305,855	48%	23,698,540	21,916,626
Ongoing Equipment and Improvement	14,468,436	2,991,605	21%	14,400,000	5,719,781
General Fund Overhead/IT Operating	2,201,459	1,101,178	50%	2,201,460	1,939,054
Meet Minneapolis	9,585,573	7,337,700	77%	9,460,573	8,767,258
Capital Improvements - Domes	-	-	-	-	375,804
Total Expenditures	49,958,428	22,736,338	46%	49,760,573	38,718,523
Excess of Revenues Over (Under) Expenditures	(33,383,126)	(13,753,773)	41%	(32,910,573)	34,233,673
OTHER FINANCING SOURCES (USES)					
General Fund Transfer - Operating Subsidy	46,593,000	23,296,500	50%	46,593,000	-
General Fund Transfer - Mounted Patrol, Econ Dev	-	-	-	-	(5,250,000)
Convention Ctr Debt Service Transfer	(18,861,125)	(2,239,870)	12%	(18,861,125)	(17,351,543)
Muncipal Parking Enterprise Fund Transfer	-	-	-	-	(4,729,200)
Total Other Financing Sources (Uses)	27,731,875	21,056,630	76%	27,731,875	(27,330,743)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,651,251)	7,302,857		(5,178,698)	6,902,930
Fund Balance - January 1	60,127,716	60,127,716		60,127,716	53,224,786
Ending Fund Balance	54,478,465	67,430,573		54,950,018	60,127,716
Ending Cash Balance		61,728,698		44,337,855	49,515,553

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2014

	2014		
	Budget	**Actual**	**2013 Actual**
REVENUES:			
Interest		-	-
Total revenues	-	-	-
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfer from Convention Center	-	-	-
Transfer to Convention Center	-	-	-
Transfers within special revenue funds	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund Balance - January 1	5,400,450	5,400,450	5,400,450
Ending Fund Balance	5,400,450	5,400,450	5,400,450
Ending Cash Balance	5,400,450	5,400,450	5,400,450

Arena Special Revenue Fund Q2 2014 Report

The Arena Special Revenue Fund (Target Center) is used to account for the on-going equipment and improvements, maintenance, operating support, and other specific expenditures related to the facility. The Target Center is home to the Minnesota Timberwolves and the Minnesota Lynx, and also hosts a wide variety of events such as concerts, circuses, and motor sport and ice events which showcase the City of Minneapolis, the metropolitan region, and the State of Minnesota. The Arena operator is AEG Management MN, LLC (AEG).

Revenue

Arena Special Revenue Fund activity was historically funded from entertainment tax, a transfer from the Parking Fund, and a reimbursement from tax increment revenues for eligible capital improvements. In 2014, a new revenue source was added where the Timberwolves organization is paying rent. The 2014 rent payment was nearly $1.4 million. The entertainment taxes are being receipted directly to the Arena Special Revenue Fund (Target Center) to fully credit the Target Center for the entertainment taxes generated from their events.

Expenditures

The Arena Special Revenue Fund has an ongoing equipment and improvements budget of nearly $5.9 million which includes a 2013 to 2014 rollover of obligated but unspent funds of $437,000. Work is currently underway on much needed projects such as movable floor controls, concession stand remodeling, elevator modernization, catering kitchen remodeling, and domestic water and waste lines. The Arena Special Revenue Fund anticipates meeting budget. In addition, the Arena Special Revenue Fund pays any required reimbursement to AEG to support Arena operating costs. The current maximum operator reimbursement for 2014 is $1.45 million. As of the end of the second quarter, no operating support has been requested by AEG, although it is anticipated that funding requests will be made later in the year.

Transfers

The Arena Special Revenue Fund receives an annual transfer from the Parking Fund. The 2014 budgeted transfer is $3.3 million. The transfers are on schedule, and it is expected that the transfer will meet the 2014 budget.

Debt Service

As of June 30, 2014, $48.3 million of the general obligation tax increment bonds issued to fund the acquisition of the Target Center, and subsequently refunded, remains outstanding. It is anticipated that the debt will be retired in full in 2025. This debt is payable from tax increment revenue generated from eligible tax increment districts. Based on current revenue projections, there will be sufficient tax increment to pay all debt service on the bonds. The tax increment and debt payments are accounted for within CPED Funds and are included in the quarterly report for the CPED Special Revenue Funds.

Fund Balance

The 2014 ending fund balance is projected to be approximately $6.3 million, which is a decrease of nearly $1.3 million from 2013. The decrease in fund balance can be largely attributed to the Arena Special Revenue Fund no longer receiving a reimbursement of capital improvement costs from the eligible tax increment revenue.

ARENA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2014

	2014			
	Budget	**Actual**	**2014 Projected**	**2013 Actual**
REVENUES:				
Entertainment Tax	1,275,000	1,275,000	1,385,000	1,225,788
Rents & Commissions	-	1,350,000	1,350,000	-
Sales - Equipment	-	-		3,240
Interest	-	12,124	256,000	1,562
Total revenues	1,275,000	2,637,124	2,991,000	1,230,590
OTHER FINANCING SOURCES (USES):				
Target Center Operations	(1,527,689)	(40,980)	(1,711,000)	(1,782,907)
Target Center Capital	(5,841,335)	(987,008)	(5,908,000)	(5,308,520)
General Fund Transfer	-	-	-	89,000
Muni Parking Enterprise Fund	3,323,006	1,661,503	3,323,006	3,129,132
Transfer from Tax Incremental Funds	-	-	-	3,766,000
Total other financing sources (uses)	(4,046,018)	633,515	(4,295,994)	(107,295)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,771,018)	3,270,639	(1,304,994)	1,123,295
Fund Balance - January 1	7,642,912	7,642,912	7,642,912	5,567,662
Ending Fund Balance	4,871,894	10,913,551	6,337,918	7,642,912
Ending Cash Balance		9,882,857	4,517,807	5,822,801

City of Minneapolis
Regulatory Services Special Revenue Fund

The Regulatory Services Special Revenue Fund accounts for the City's nuisance building abatement efforts and is primarily managed by the Regulatory Services Department with the assistance of the Finance & Property Services Department. The Fund is used not only for the abatement of buildings that have been deemed to be in nuisance condition pursuant to Chapter 249 but also for removal of nuisance conditions. Property owners are charged to recover the costs of these activities and all recovered costs are credited back to this fund. In 2013 the Construction Code Services department of Regulatory Services was transferred to Community Planning and Economic Development (CPED). A portion of the activities in the Regulatory Services Special Revenue Fund are now managed by CPED.

Historical Financial Performance

The City established this fund in 2008, and through 2013, it accumulated a fund balance of $5.5 million. This balance is the result of various initiatives in previous years and the availability of grant funds to pay for certain eligible expenses. Both of these revenue sources are not projected to continue, leaving special assessments and direct property owner charges as the only sources of revenue for this fund. These resources will face challenges in 2014 and beyond, including lower than expected assessment collections.

Revenues

Revenues for the Regulatory Services Special Revenue Fund have been declining since 2011. The total revenue budgeted for 2014 is $ 4.2 million; $3.7 million of this is from special assessments. Through the 2nd quarter of 2014, $725,421 in revenue had been received compared to $861,250 in June of 2013. 2014 year end revenue projections are $4.1 million, or approximately $100,000 under budget. Revenue in future years is projected to decline by 5-10% annually.

Expenditures

Expenditures for the Regulatory Services Special Revenue Fund include services such as demolitions, board-ups, nuisance grass cutting, nuisance tree removals, and nuisance rubbish removal. Through the 2nd quarter of 2014, $1.5 million had been expended as compared to $1.6 million in 2013. The projected 2014 year end expenditures are expected to be $4.4 million, approximately $700,000 under budget.

Fund Balance

Based on the 2014 Projections, the Fund Balance at year end is expected to be $5.2 million, a $248,000 decrease from 2013 year end. Based on dropping revenue projections and some new initiatives going forward, the Fund Balance is expected to drop in future years.

City of Minneapolis
Regulatory Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For Second Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 6/30/2014	For Year Ending 2013	For Period Ending 6/30/2013	For Year Ending 2012
Revenue						
Permits and Charges for Services	538,000	538,000	324,789	328,497	326,079	631,385
Special Assessments	3,697,000	3,597,000	389,245	3,570,577	516,534	3,942,360
Other			11,387	6,992	18,637	
Total Revenue	4,235,000	4,135,000	725,421	3,906,066	861,250	4,573,745
Expenditures						
Regulatory Services	4,604,319	4,083,000	1,379,779	3,373,537	1,461,047	4,844,357
Community & Economic Development	500,000	300,000	128,627	268,835	103,372	
Total Expenditures	5,104,319	4,383,000	1,508,406	3,642,372	1,564,419	4,844,357
Excess of Revenues Over (Under) Expenditures	(869,319)	(248,000)	(782,985)	263,694	(703,169)	(270,612)
Other Financing Sources (Uses)						
Net transfers in from other funds						5,477,991
Net transfers out to other funds				(168)		
Total Other Financing Sources (Uses)	-	-	-	(168)	-	5,477,991
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(869,319)	(248,000)	(782,985)	263,526	(703,169)	5,207,379
Significant Balance Sheet Items:						
Cash Balance		5,247,000	4,758,207	5,494,985	4,618,211	5,141,091
Fund Balance		5,222,905	4,687,920	5,470,905	4,504,210	5,207,379

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending June 30, 2014

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

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

Federal Grants Fund (01300)
The City accounts for its federal grant activity in fund 01300. As of June 30, expenditures were $6,273,132 compared to the 2013 expenditures of $10,415,544. The 2013 expenditures are higher compared to the current year due to the Recovery grants that were awarded in 2009 and 2010 that have ended in 2013. Community Planning and Economic Development expenditures declined significantly from 2013 due to the end of the Neighborhood Stabilization grant funds from prior years. Emergency Management has also experienced a decline in the number and amount of Homeland Security grants. The Police Department has received fewer Bomb Disposal Grants and the amount of the Justice Assistance Grants (JAG) has decreased from prior years.

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 June 30 were $7,073,572 compared to $9,304,769 for 2013. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards have declined until 2012. Beginning June 1, 2012 the award was $3.1 million less than the prior year. Since that time the allocation has remained around $10 million.

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 has previously reprogrammed unspent CDBG projects balances to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of $1,624,299. Since 2008, in accordance with the reprogramming policy, an additional $1,930,104 has been reprogrammed resulting in a current

deficit balance of $4,237,453. During the 2014 budget process, eligible tax increment revenues were identified to pay down this remaining deficit in 2015.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of June 30, 2014 are $9,174,557 compared to the 2013 expenditures of $14,060,654. The revenue in the fund as of June 30, 2014 and 2013 is $11,414,237 and $15,104,669, respectively. The 2010 Minnesota State Legislature approved a $14M grant to the City of Minneapolis to fund the renovation of Orchestra Hall. The grant was expended in 2012 and 2013 contributing to the higher revenues and expenditures in 2013

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 Fund 04100, the Permanent Improvement Capital Projects fund.

Special Revenue Funds
Grant Funds
Quarter Ending June 30, 2014

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	$ (3,748,753)	$ (609,300)	$ 3,844,609	$ (513,444)
Accounts - net	57,407	15,813	10,362	83,582
Special Assessments Receivable				-
Intergovernmental Receivables	681,412		83,995	765,407
Loans Receivable				-
Prepaid Expense				-
Due from Other Funds				-
Deposits with Fiscal Agents				-
Properties held for resale	1,375,555	6,036,821	1,199,750	8,612,126
Total Assets	**$ (1,634,379)**	**$ 5,443,334**	**$ 5,138,716**	**$ 8,947,671**
Liabilities				
Salaries payable	$ 83,125	$ 179,547	$ 219,247	$ 481,919
Accounts payable	683,316	70,257	31,397	784,970
Inter Governmental Payables				-
Due to Other Funds				-
Use Taxes Payable				-
Unclaimed Property				-
Deposits held for others	49,233			49,233
Deferred revenue & Contracts	5,828		76,076	81,904
Deferred Special Assessments				-
Total Liabilites	**$ 821,502**	**$ 249,804**	**$ 326,720**	**$ 1,398,026**
Fund Balance	**$ (2,455,881)**	**$ 5,193,530**	**$ 4,811,996**	**$ 7,549,645**
Total Liabilities and Fund Balance	**$ (1,634,379)**	**$ 5,443,334**	**$ 5,138,716**	**$ 8,947,671**
Revenue				
Taxes-Charitable Gambling			$ 112,797	$ 112,797
Grants and Shared Revenues	$ 1,911,673	$ 5,753,777	10,076,944	17,742,394
Loan Origination Fees				-
Special Assessments				-
Private Contributions			823,659	823,659
Charges for Services		50	382,604	382,654
Licenses & Permits				-
Fines and forfeits				-
Interest		43,332		43,332
Rent & Commisions		3,209		3,209
Sale of Lands & Buildings	4,955	275,609		280,564
Loan Recapture	482,689	139,658		622,347
Sale of Equipment				-
Refund of Prior Years Expended				-
Miscellaneous Revenue	42,379	14,648	18,233	75,260
Transfer within Special Revenue Fund				-
Total Revenue	**$ 2,441,696**	**$ 6,230,283**	**$ 11,414,237**	**$ 20,086,216**
Expenditures	**$ 6,273,132**	**$ 7,073,572**	**$ 9,174,557**	**$ 22,521,261**
Revenues Over (Under) Expenditure	**$ (3,831,436)**	**$ (843,289)**	**$ 2,239,680**	**$ (2,435,045)**

CDBG Program Year 40
Beginning June 1, 2014
June 30, 2014

Project	Adopted Budget 2013R-572	Adjustment Amount Council 5/9/14	Final HUD Allocation Council 5/9/14	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Expenditures	2014 Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:											
Lead Reduction	$ 52,300.00	$ 8,700.00	$ 61,000.00	$ -	$ -	$ -	$ -	$ 61,000.00	$ -	$ -	$ 61,000.00
Adult Training, Placement and Retention	1,247,500.00	-	1,247,500.00	-	-	-	-	1,247,500.00	-	-	1,247,500.00
High density corridor housing	492,000.00	87,000.00	579,000.00	-	-	-	-	579,000.00	-	-	579,000.00
NEDF/CEDF (Great Streets)	123,100.00	(100.00)	123,000.00	-	-	-	-	123,000.00	-	-	123,000.00
Multi-Family/Affordable Housing	2,467,000.00	810,540.00	3,277,540.00	-	-	-	-	3,277,540.00	-	-	3,277,540.00
Vacant & Boarded Housing	1,433,400.00	319,600.00	1,753,000.00	-	-	-	-	1,753,000.00	-	-	1,753,000.00
Subtotal Capital Grants	**$ 5,815,300.00**	**$ 1,225,740.00**	**$ 7,041,040.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 7,041,040.00**	**$ -**	**$ -**	**$ 7,041,040.00**
Public Service Grants:											
Community Crime Prevention Specialists	$ 746,300.00	$ 150,700.00	$ 897,000.00	$ -	$ -	$ -	$ -	$ 897,000.00	$ 70,113.00	$ 70,113.00	$ 826,887.00
Domestic Abuse Project	50,000.00	25,000.00	75,000.00	-	-	-	-	75,000.00	-	-	75,000.00
Juvenile Supervisor Center	100,000.00	-	100,000.00	-	-	-	-	100,000.00	-	-	100,000.00
Way to Grow	155,000.00	57,000.00	212,000.00	-	-	-	-	212,000.00	-	-	212,000.00
Youth Employment & Training	209,000.00	44,000.00	253,000.00	-	-	-	-	253,000.00	-	-	253,000.00
Subtotal Public Service Grants	**$ 1,260,300.00**	**$ 276,700.00**	**$ 1,537,000.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,537,000.00**	**$ 70,113.00**	**$ 70,113.00**	**$ 1,466,887.00**
Administrative Grants:											
YCB Administration	$ 66,000.00	$ (1,197)	$ 64,803.00	$ -	$ -	$ -	$ -	$ 64,803.00	$ -	$ -	$ 64,803.00
Civil Rights Dept Fair Housing	307,600.00	27,400.00	335,000.00	-	-	-	-	335,000.00	-	-	335,000.00
Finance Administration	165,300.00	14,700.00	180,000.00	-	-	-	-	180,000.00	-	-	180,000.00
Problem Properties Board Bldg	88,100.00	-	88,100.00	-	-	-	-	88,100.00	-	-	88,100.00
Grants & Special Projects	160,100.00	14,900.00	175,000.00	-	-	-	-	175,000.00	-	-	175,000.00
Housing Discrimination Law Project-Legal Ai	40,100.00	-	40,100.00	-	-	-	-	40,100.00	-	-	40,100.00
Access & Outreach (Multicultural Affairs)	102,000.00	-	102,000.00	-	-	-	-	102,000.00	-	-	102,000.00
Grant Administration	57,000.00	5,000.00	62,000.00	-	-	-	-	62,000.00	-	-	62,000.00
Legal Aid Mid-Minnesota	24,700.00	-	24,700.00	-	-	-	-	24,700.00	-	-	24,700.00
Way to Grow Administration	14,000.00	1,000.00	15,000.00	-	-	-	-	15,000.00	-	-	15,000.00
YCB Youth Violence Prevention	145,000.00	13,000.00	158,000.00	-	-	-	-	158,000.00	-	-	158,000.00
CDBG Planning Admin	836,500.00	63,307.00	899,807.00	-	-	-	-	899,807.00	-	-	899,807.00
Subtotal Administrative Grants	**$ 2,006,400.00**	**$ 138,110.00**	**$ 2,144,510.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,144,510.00**	**$ -**	**$ -**	**$ 2,144,510**
			-					-	-		-
	-	-	-	-	-	-	-	-	-	-	-
Subtotal Administrative Grants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL	**$ 9,082,000.00**	**$ 1,640,550.00**	**$ 10,722,550.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,722,550.00**	**$ 70,113.00**	**$ 70,113.00**	**$ 10,652,437.00**

CDBG Program Year 39
Beginning June 1, 2013
June 30, 2014

Project	Adopted Budget 2012R-654	Adjusted Amount Final HUD	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Expenditures	2014 Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:											
Problem Properties Board Bldg	$ 103,700	$ -	$ 103,700	$ -	$ -	$ -	$ -	$ 103,700	$ 48,990	$ 87,755	$ 15,945
Lead Reduction	61,500	-	61,500	-	-	-	-	61,500	-	-	61,500
Adult Training, Placement and Retention	1,467,600	237,898	1,705,498	-	-	-	-	1,705,498	760,766	1,163,445	542,053
High density corridor housing	578,769	-	578,769	-	-	-	-	578,769	-	-	578,769
NEDF/CEDF (Great Streets)	10,726	-	10,726	-	-	-	-	10,726	-	-	10,726
Multi-Family/Affordable Housing	2,966,776	-	2,966,776	-	-	-	-	2,966,776	-	-	2,966,776
Vacant & Boarded Housing	1,753,430	-	1,753,430	-	-	-	-	1,753,430	739,154	1,523,856	229,574
Subtotal Capital Grants	**$ 6,942,501**	**$ 237,898.00**	**$ 7,180,399**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 7,180,399**	**$ 1,548,910**	**$ 2,775,056**	**$ 4,405,343**
Public Service Grants:											
Community Crime Prevention Specialists	$ 876,600	$ 20,415	$ 897,015	$ -	$ -	$ -	$ -	$ 897,015	$ 440,899	$ 897,015	$ -
Access & Outreach (Multicultural Affairs)	120,000	-	120,000	-	-	-	-	120,000	26,172	26,172	93,828
Domestic Abuse Project	59,500	15,500	75,000	-	-	-	-	75,000	33,625	33,625	41,375
Juvenile Supervisor Center	100,000	-	100,000	-	-	-	-	100,000	48,271	100,000	-
Way to Grow	192,600	19,400	212,000	-	-	-	-	212,000	117,452	180,362	31,638
Youth Employment & Training	250,900	2,100	253,000	-	-	-	-	253,000	152,954	159,249	93,751
Subtotal Public Service Grants	**$ 1,599,600**	**$ 57,415**	**$ 1,657,015**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,657,015**	**$ 819,373**	**$ 1,396,423**	**$ 260,592**
Administrative Grants:											
YCB Administration	$ 65,400	$ 600	$ 66,000	$ -	$ -	$ -	$ -	$ 66,000	$ -	$ 64,803	$ 1,197
Civil Rights Dept Fair Housing	361,900	3,100	365,000	-	-	-	-	365,000	-	-	365,000
Finance Administration	194,400	1,600	196,000	-	-	-	-	196,000	-	-	196,000
Grants & Special Projects	188,400	1,600	190,000	-	-	-	-	190,000	56,098	56,098	133,902
Housing Discrimination Law Project-Legal Ai	47,229	6,771	54,000	-	-	-	-	54,000	13,500	45,000	9,000
Grant Administration	67,400	-	67,400	-	-	-	-	67,400	16,627	16,627	50,773
Legal Aid Mid-Minnesota	29,060	4,940	34,000	-	-	-	-	34,000	12,157	28,333	5,667
Neighborhood Services	71,400	-	71,400	-	-	-	-	71,400	25,483	64,627	6,773
Way to Grow Administration	15,900	1,600	17,500	-	-	-	-	17,500	9,560	12,744	4,756
YCB Youth Violence Prevention	100,200	10,500	110,700	-	-	-	-	110,700	61,718	62,650	48,050
CDBG Planning Admin	984,060	53,293	1,037,353	-	-	-	-	1,037,353	493,682	926,177	111,176
Subtotal Administrative Grants	**$ 2,125,349**	**$ 84,004**	**$ 2,209,353**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,209,353**	**$ 688,825**	**$ 1,277,059**	**$ 932,294**
			-					-	-		-
	-	-	-	-	-	-	-	-	-	-	-
Subtotal Administrative Grants	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
GRAND TOTAL	**$ 10,667,450**	**$ 379,317.00**	**$ 11,046,767**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 11,046,767**	**$ 3,057,108**	**$ 5,448,538**	**$ 5,598,229**

CDBG Program Year 38
Beginning June 1, 2012
June 30, 2014

Project	Adopted Budget 2011R-659	Reduction Amount Final HUD	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Year Expenditures	2014 Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:										
Lead Reduction	$ 62,000	$ (500)	$ 61,500	$ -	$ -	$ 61,500	$ -	$ 9,978	$ 51,522	
Problem Properties Board Bldg	104,600	(900)	103,700	-	-	103,700	-	103,700	-	
Adult Training, Placement and Retention	1,480,000	(12,400)	1,467,600	-	-	1,467,600	-	1,467,600	-	
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	27,049	27,216	13,484	
Multi-Family/Affordable Housing	2,991,876	(25,100)	2,966,776	-	-	2,966,776	47,810	1,627,122	1,339,654	
Vacant & Boarded Housing	1,599,056	(13,400)	1,585,656	-	-	1,585,656	(6,189)	1,585,656	-	
Subtotal Capital Grants	**$ 7,001,201**	**$ (58,700)**	**$ 6,942,501**	**$ -**	**$ -**	**$ 6,942,501**	**$ 68,670**	**$ 4,821,272**	**$ 2,121,229**	
Public Service Grants:										
Community Crime Prevention Specialists	$ 884,000	$ (7,400)	$ 876,600	$ -	$ -	$ 876,600	$ -	$ 876,600	$ -	
Domestic Abuse Project	60,000	(500)	59,500	-	-	59,500	-	59,500	-	
Juvenile Supervisor Center	100,000	-	100,000	-	-	100,000	-	100,000	-	
Way to Grow	195,000	(2,400)	192,600	-	-	192,600	100	192,600	-	
Youth Employment & Training	253,000	(2,100)	250,900	-	-	250,900	-	250,900	-	
Subtotal Public Service Grants	**$ 1,492,000**	**$ (12,400)**	**$ 1,479,600**	**$ -**	**$ -**	**$ 1,479,600**	**$ 100**	**$ 1,479,600**	**$ -**	
Administrative Grants:										
YCB Administration	$ 66,000	$ (600)	$ 65,400	$ -	$ (597)	$ 64,803	$ -	$ 64,803	$ -	
Civil Rights Dept Fair Housing	365,000	(3,100)	361,900	-	-	361,900	120,451	334,353	27,547	
Finance Administration	196,000	(1,600)	194,400	-	-	194,400	89,091	118,091	76,309	
Grants & Special Projects	190,000	(1,600)	188,400	-	-	188,400	35,726	188,400	-	
Housing Discrimination Law Project-Legal Ai	47,740	(511)	47,229	-	-	47,229	-	47,229	-	
Access & Outreach (Multicultural Affairs)	121,000	(1,000)	120,000	-	-	120,000	46,914	120,000	-	
Grant Administration	68,000	(600)	67,400	-	-	67,400	19,689	67,400	-	
Legal Aid Mid-Minnesota	-	-	-	29,060	-	29,060	4,843	29,060	-	
Neighborhood Services	72,000	(600)	71,400	-	-	71,400	-	71,400	-	
Way to Grow Administration	16,000	(100)	15,900	-	-	15,900	-	15,900	-	
YCB Youth Violence Prevention	101,000	(800)	100,200	-	-	100,200	(52)	100,200	-	
Legal Aid Society	29,260	(200)	29,060	(29,060)	-	-	-	-	-	
CDBG Planning Program Admin	992,360	(8,300)	984,060	-	-	984,060	272	984,060	-	
Subtotal Administrative Grants	**$ 2,264,360**	**$ (19,011)**	**$ 2,245,349**	**$ -**	**$ (597)**	**$ 2,244,752**	**$ 316,934**	**$ 2,140,896**	**$ 103,856**	
Block E Deficit Reduction:										
YCB Administration	$ -	$ -	$ -	$ -	$ 597.00	$ 597.00	$ -	$ -	$ 597	#
	-	-	-	-	-	-	-	-	-	#
Subtotal Administrative Grants	**$ -**	**$ -**	**$ -**	**$ -**	**$ 597**	**$ 597**	**$ -**	**$ -**	**$ 597**	**#**
										#
GRAND TOTAL	**$ 10,757,561**	**$ (90,111)**	**$ 10,667,450**	**$ -**	**$ -**	**$ 10,667,450**	**$ 385,704**	**$ 8,441,768**	**$ 2,225,682**	**#**
										#

CDBG Program Year 37
Beginning June 1, 2011
June 30, 2014

Project	Adopted Budget 2010R-598	Reduction Amount 2011R-301	Amended Budget 2011R-301	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Year Expenditures	2014 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	-	30,383	-
Personal Protective Equipment	584,000		584,000	-	-	-	-	584,000	-	584,000	-
Problem Properties Police	53,000	(10,624)	42,376	-	-	-	-	42,376	-	42,376	-
Lead Reduction	125,000	(25,057)	99,943	-	-	-	-	99,943	13,703	20,607	79,336
Problem Properties Board Bldg	348,000	(186,823)	161,177	-	-	-	-	161,177	-	161,177	-
Adult Training, Placement and Retention	1,255,000	(141,570)	1,113,430	-	-	-	-	1,113,430	-	1,113,430	-
High density corridor housing	730,000	(146,331)	583,669	-	-	-	-	583,669	219,060	297,253	286,416
NonProfit MF Rental Development Assistar	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	125,284	2,452,439	274,964
Vacant & Boarded Housing	1,782,000	(357,209)	1,424,791	-	-	-	-	1,424,791	-	1,424,791	-
Subtotal Capital Grants	**$ 9,763,189**	**$ (1,935,019)**	**$ 7,828,170**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 7,828,170**	**$ 358,047**	**$ 6,126,456**	**$ 1,701,714**
Public Service Grants:											
Restorative Justice Programs	$ 20,000	$ -	$ 20,000	$ -	$ -	$ -	$ -	$ 20,000	$ -	$ 20,000	$ -
Community Crime Prevention Specialists	934,386	(50,000.00)	884,386	-	-	-	-	884,386	-	884,386	-
Access & Outreach (Multicultural Affairs)	121,000	-	121,000	-	-	-	-	121,000	-	121,000	-
PHAC: Living at Home Block Nurse Program	75,000	-	75,000	-	-	(75,000)	-	-	-	-	-
Curfew/Truancy Center	100,000	-	100,000	-	-	-	-	100,000	-	100,000	-
Domestic Abuse Project	75,000		75,000	-	-	-	-	75,000	-	75,000	-
	250,000	*(259,563.00)*	*(9,563)*	-	-	*9,563*	-	-	-	-	-
PHAC: Hennepin Healthcare	-	-	-	-	-	30,000	-	30,000	-	30,000	-
PHAC: Holy Rosary Church	-	-	-	-	-	50,000	-	50,000	-	50,000	-
PHAC: MPLS American Indian	-	-	-	-	-	30,000	-	30,000	-	30,000	-
PHAC: MPS Teenage Parenting & Pregnanc	75,000	-	75,000	-	-	(66,762)	-	8,238	-	8,238	-
PHAC: SE Asian Community Council	-	-	-	-	-	22,199	-	22,199	-	22,199	-
Way to Grow	262,000	(50,000.00)	212,000	-	-	-	-	212,000	-	212,000	-
Youth Employment & Training	253,000	$ -	253,000	-	-	-	-	253,000	-	253,000	-
Subtotal Public Service Grants	**$ 2,165,386**	**$ (359,563)**	**$ 1,805,823**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,805,823**	**$ -**	**$ 1,805,823**	**$ -**
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	3,966	196,000	-
Director of Arts-City Coordinator Adm	28,146	(28,146)	-	-	-	-	-	-	-	-	-
MPH Citizen Participation	68,000	-	68,000	-	-	-	-	68,000	-	68,000	-
Grants & Special Projects	190,000	-	190,000	-	-	-	-	190,000	-	190,000	-
Housing Discrimination Law Project-Legal A	54,000	-	54,000	-	-	-	-	54,000	-	54,000	-
Homeless Initiative	77,000	-	77,000	-	-	-	-	77,000	-	77,000	-
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	(20,000)	101,000	-	-	-	-	101,000	-	101,000	-
Legal Aid Society	34,000	-	34,000	-	-	-	-	34,000	-	34,000	-
Program Admin	100,000	-	100,000	-	-	-	-	100,000	-	100,000	-
Planning - Administration	1,045,854	$ (54,356.00)	991,498	-	-	-	-	991,498	-	991,498	-
Subtotal Administrative Grants	**$ 2,511,000**	**$ (102,502)**	**$ 2,408,498**	**$ -**	**$ -**	**$ -**	**$ (1,197)**	**$ 2,407,301**	**$ 3,966**	**$ 2,407,301**	**$ -**
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**	**$ 362,013**	**$ 10,339,580**	**$ 1,702,911**

CDBG Program Year 36
Beginning June 1, 2010
June 30, 2014

Project	Adopted Budget 2009R-586	Reduction Amount	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Year Expenditures	2014 Grant to Date Expenditures	2014 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	2,905	694,000	-
Problem Properties Police	53,000		53,000	-	-	53,000	-	53,000	-
Lead Reduction	125,000		125,000	-	-	125,000	4,229	125,000	-
Problem Properties Board Bldg	348,000		348,000	-	-	348,000	-	348,000	-
Adult Training, Placement and Retention	982,000		982,000	-	-	982,000	87	982,087	(87)
High density corridor housing	730,000		730,000	-	-	730,000	-	730,000	-
NonProfit MF Rental Development Assistan	166,000		166,000	-	-	166,000	-	-	166,000
NEDF/CEDF	1,500,000		1,500,000	-	-	1,500,000	28,778	352,412	1,147,588
Homeownership Program (GMMHC)	334,000		334,000	-	-	334,000	-	184,634	149,366
Multi-Family/Affordable Housing	3,703,000	308,189	4,011,189	-	-	4,011,189	-	4,011,189	-
Vacant & Boarded Housing	782,000		782,000	-	-	782,000	-	782,000	-
Subtotal Capital Grants	**$ 9,455,000**	**$ 308,189**	**$ 9,763,189**	**$ -**	**$ -**	**$ 9,763,189**	**$ 35,999**	**$ 8,300,322**	**$ 1,462,867**
Public Service Grants:									
Restorative Justice Programs	$ 20,000		$ 20,000	$ -	$ -	$ 20,000	$ -	$ 20,000	$ -
Community Crime Prevention Specialists	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	-	136,250	-
Catholic Charities	49,000		49,000	(38,980)	-	10,020	-	10,020	-
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 Churches	26,000		26,000	(26,000)	-	-	-	-	-
Lao Assistance Center of MN	49,000		49,000	(49,000)	-	-	-	-	-
Minnesota International Health Volunteers	49,000		49,000	(5,237)	-	43,763	-	43,763	-
MPS Teenage Parenting & Pregnancy Progra	49,000		49,000	(8,928)	-	40,072	-	40,072	-
MPS Teenage Parenting & Pregnancy Progra	-		-	42,801	-	42,801	-	42,801	-
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 Grants	**$ 2,111,000**	**$ 54,386**	**$ 2,165,386**	**$ -**	**$ -**	**$ 2,165,386**	**$ -**	**$ 2,165,386**	**$ -**
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	-	196,000	-
MPH Citizen Participation	68,000		68,000	-	-	68,000	-	68,000	-
Grants & Special Projects	190,000		190,000	-	-	190,000	-	190,000	-
Housing Discrimination Law Project-Legal Ai	54,000		54,000	-	-	54,000	-	54,000	-
Homeless Initiative	77,000		77,000	-	-	77,000	-	77,000	-
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	-	(66,095)	166,905	-	92,854	74,051
Legal Aid Society	34,000		34,000	-	-	34,000	-	34,000	-
Planning - Administration	941,000		941,000	-	-	941,000	-	941,000	-
Subtotal Administrative Grants	**$ 2,511,000**	**$ -**	**$ 2,511,000**	**$ -**	**$ (67,292)**	**$ 2,443,708**	**$ -**	**$ 2,369,657**	**$ 74,051**
Block E Deficit Reduction:									
G4123YCBA36-YCB Administration	$ -	$ -	$ -	$ -	$ 1,197	$ 1,197	$ -	$ -	$ 1,197
G4890CP36-Citizen Participation	$ -	$ -	$ -	$ -	$ 66,095	$ 66,095	$ -	$ -	$ 66,095
	-		-	-	-	-	-	-	-
Subtotal Administrative Grants	**$ -**	**$ -**	**$ -**	**$ -**	**$ 67,292**	**$ 67,292**	**$ -**	**$ -**	**$ 67,292**
GRAND TOTAL	**$ 14,077,000**	**$ 362,575**	**$ 14,439,575**	**$ -**	**$ -**	**$ 14,439,575**	**$ 35,999**	**$ 12,835,365**	**$ 1,604,210**

CDBG Program Year 35
Beginning June 1, 2009
June 30, 2014

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014 Current Year Expenditures	2014 Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:											
General Housing Rehabilitation-MPHA	$ 219,000	$ -	$ 219,000	$ -	$ -	$ -	$ -	$ 219,000	$ -	$ 219,000	$ -
Problem Properties Attorneys	38,000		38,000	-	-	-	-	38,000	-	38,000	-
Problem Properties Police	53,000		53,000	-	-	-	-	53,000	-	53,000	-
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	225,000	-	225,000	-	-	-	-	225,000	621	13,191	211,809
Adult Training, Placement and Retention	511,000		511,000	-	-	-	-	511,000	-	511,000	-
High density corridor housing	730,000		730,000	-	-	-	-	730,000	-	730,000	-
NonProfit MF Rental Development Assistance	166,000		166,000	-	-	-	-	166,000	10,000	113,727	52,273
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	-	7,729,000	-
Vacant & Boarded Housing	569,000		569,000	500,000	-	-	-	1,069,000	-	1,069,000	-
Subtotal Capital Grants	**$ 9,033,000**	**$ -**	**$ 9,033,000**	**$ 3,986,000**	**$ -**	**$ -**	**$ -**	**$ 13,019,000**	**$ 10,621**	**$ 11,921,362**	**$ 1,097,638**
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	$ -	$ 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	(3,280)	189,710	-
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	-	233,000	-
Legal Aid Society	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**	**$ (3,280)**	**$ 2,509,513**	**$ -**
Block E Deficit Reduction:											
Graffiti Removal on Public Property	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,527 [3]	$ 19,527	$ -	$ -	$ 19,527
YCB Administration	-	-	-	-	-	-	1,197 [3]	1,197	-	-	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**	**$ 7,341**	**$ 16,220,347**	**$ 1,172,363**

City of Minneapolis
Community Planning & Economic Development (CPED)
Special Revenue Funds
For the Second Quarter Ending June 30, 2014

	Original Budget	Current Budget	Expended	Remaining Budget	Cash	Fund Balance
Tax Increment Financing (TIF) Prog	50,682,510	61,411,224	20,293,602	41,117,622	87,549,487	117,100,120
Housing & Economic Development	1,985,926	8,096,094	748,940	7,347,154	9,903,274	12,751,326
Development Accounts	9,471,378	13,919,678	4,711,717	9,207,961	21,353,728	26,241,526
Neighborhood Revitalization Prog (NRP)	2,055,912	10,055,912	1,980,242	8,075,670	35,070,958	35,605,396
Preliminary Planning	-	-	(895)	895	(1,387,329)	(1,150,560)
CPED Operating	2,875,162	2,875,162	1,562,696	1,312,466	(3,081,265)	(4,354,494)
Total	**67,070,888**	**96,358,070**	**29,296,302**	**67,061,768**	**149,408,853**	**186,193,314**

CPED Special Revenue Funds account for governmental fund proceeds that are legally restricted to expenditures for specific purposes in a series of housing and economic development programs. The range of programs operated within this fund was created to increase the City's economic competitiveness, to ensure an array of attractive housing choices, to support strong and diverse neighborhoods and to preserve our historic structures. These programs are financed primarily through state and local grants, tax increment financing, and administrative fees collected from the issuance of housing and economic revenue bonds.

Fund Balance. The fund balance in the combined CPED Special Revenue Fund as of the second quarter 2014 is $186,193,314. A portion of that fund balance, including prepaid expenses, advances, and property held for development, is in a non-spendable form in the amount of $37,267,851. Fund balance in the NRP and TIF programs ($123,765,923) are restricted by State law. A portion of the fund balance ($125,000) is committed to the Accelerated Infrastructure Program. The remaining fund balance ($25,034,540) has been assigned for use in specific purposes. All special revenue funds are restricted to the legal purposes of the special revenue.

A comparison of the current year to 2013 indicates that the fund balance was higher in 2013 than 2014 by $2.8 million and the available cash was $2.3 million higher in 2013. When the second quarter cash balances of the NRP and TIF programs are deducted, the remaining cash balance in 2014 was $5.4 million higher than 2013, which is driven by an increase of cash in the Development Account.

Tax Increment Financing. This program accounts for financial resources used for the acquisition and betterment of land and facilities in designated areas of the City. Authorized under Minnesota Statutes, Section 469.174 – 469.1799, as amended, this is a major financing tool available to the City to assist in the development and redevelopment of property within the City that would not occur "but for" this tool.

The primary source of revenue for this program is the property tax increment, which represents the taxes generated from the new, incremental value of specific development. Generally this revenue is used to pay outstanding bonds and notes. Tax increment revenues of the program are segregated by district and are restricted in how they may be used under State law.

Cash held in tax increment funds was reduced in second quarter 2014 as compared to second quarter 2013 by $5 million as a result, in part, of the prepayment of certain tax increment debt from fund balances. First half tax increment collections are received in the third quarter of each year so there is little change in revenue to report. Expenditures increased from second quarter 2013 to 2014 by $2.1 million. It is projected that sufficient tax increment revenues will be available to pay future obligations. The revenues in this program are restricted in their use by State law.

Housing and Economic Development. Beginning in 2014, that portion of the Housing and Economic Development program activities previously funded through administrative fees generated by the City through the issuance of conduit debt, specifically housing revenue and industrial revenue bonds, will be financed through the City's General Fund. Simultaneously, those administrative fees will be deposited to the City's General Fund. This will assure a continuing revenue source for the program without fluctuations due to economic conditions that impact the City's housing or business climate and further aligns the revenues with their appropriate accounting designations. The level of revenues and expenditures in this program was correspondingly reduced from the prior year.

Development Account. The Development Account program provides loans and grants to outside organizations within the City to assist commercial and housing development as well as interim loans to CPED projects. Program assistance is directed to commercial, job-creation, and housing activities.

The program is capitalized with residual equities such as land sale proceeds, parking revenues and rental income from development projects and UDAG and other loan payments not part of the Housing and Economic Development program.

Revenues increased by $1.1 million over the prior year. This increase in revenues was attributable to various impacts, including loan repayments and transfers. Expenditures stayed consistent from the prior year.

Neighborhood Revitalization Program. This program was established in 1990 and focuses on the delivery of City services, including housing and commercial development loans and subsidies, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods.

The program is funded from tax increment and other revenues of the City's Common Project. From 1990 through 2011, the program was administered by the NRP Policy Board, a board established under State law and a joint powers agreement between the City, County, School District, Park Board and Library Board. In 2012 after the joint powers agreement expired, the program came under the management of the City's Neighborhood and Community Relations Department. The revenues remaining in this program are restricted in their use by State law.

Second quarter revenues generated from the receipt of loan repayments increased by $127,000 and expenditures decreased by $850,000 from the prior year.

Preliminary Planning. The Preliminary Planning program was established to account for and finance preliminary expenditures relating to new projects, whether those projects will eventually be established as TI districts, will be funded through another mechanism, or it is determined it is not feasible to undertake.

Beginning in 2014, the Preliminary Planning program is funded from the City's General Fund. This will eliminate future current deficits in the program.

At the end of 2013 a deficit existed in the program in the amount of $(1,982,453). As of the second quarter 2014 the deficit has been reduced by $830,000, leaving a remaining deficit of ($1,150,560).

CPED Operating. This program provides the working capital for CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. At the end of 2013, a deficit fund balance existed in the program in the amount of $(6,534,555). As of the second quarter 2014, that deficit has been reduced to ($4,354,494), a reduction of $2.2 million. The difference in the deficit between current revenues and current expenditures decreased approximately $900,000 from second quarter 2013 to 2014. This ongoing structural deficit is addressed by increasing the General Fund appropriation in 2014.

Deficit Work-out Plans. Multi-year Workout Plans for deficit balances in the Preliminary Planning and CPED Operating programs were developed and approved by CPED directors as part of the 2012 budget process.

For both programs, the deficit in 2011 was spread over a 5-year period. In each year, the available, unrestricted CPED revenues were to be used to pay 20 percent of the original deficit plus the actual deficit from the prior year-end. As an example, a $5 million deficit in a program would be paid down each year by $1 million. In addition to the $1 million payment, any current deficit from the immediate prior year would also be paid in the subsequent year. Therefore if the current year deficit was $350,000, the total deficit reduction payment would be $1,350,000. After the 5-year period, the only deficits remaining would be from the immediately prior year and available, unrestricted revenues would be used to pay that then current deficit.

In 2012 and 2013 portions of the 5-year deficit reduction plan for the two programs, along with the prior year's current deficit were successfully implemented. The 2014 budget included the third year payments of these work-out plans and as of the second quarter, have been applied.

CPED Special Revenue Fund	TIF	Housing & Econ Development	Development Account	NRP	Preliminary Planning	CPED Operating	Spec Rev Fund 2014 Total	Spec Rev Fund 2013 Total
Assets								
Cash	87,549,487	9,903,274	21,353,728	35,070,958	(1,387,329)	(3,081,265)	149,408,853	151,700,399
Misc receivables	344,652	23,543	105,982	81,515	(4,133)	45,174	596,733	743,931
Loans receivable	-	7,929,228	-	-	-	-	7,929,228	8,294,470
Advances to other funds	7,408,000	10,000	850,000	-	-	-	8,268,000	8,268,000
Properties held for resale	28,443,891	4,145,096	3,930,698	495,702	242,464	-	37,257,851	38,222,308
Total Assets	**123,746,030**	**22,011,141**	**26,240,408**	**35,648,175**	**(1,148,998)**	**(3,036,091)**	**203,460,665**	**207,229,108**
Liabilities								
Payables	69,387	4,427	(15,838)	10,000	3,328	703,929	775,233	935,322
Advances from other funds	6,438,000	1,220,000	-	-	-	600,000	8,258,000	8,258,000
Deferred inflow of resources	138,523	8,035,388	14,720	32,779	(1,766)	14,474	8,234,118	9,036,286
Total Liabilities	**6,645,910**	**9,259,815**	**(1,118)**	**42,779**	**1,562**	**1,318,403**	**17,267,351**	**18,229,608**
Total Fund Balance	**117,100,120**	**12,751,326**	**26,241,526**	**35,605,396**	**(1,150,560)**	**(4,354,494)**	**186,193,314**	**188,999,500**
Total Liabilities & FB	**123,746,030**	**22,011,141**	**26,240,408**	**35,648,175**	**(1,148,998)**	**(3,036,091)**	**203,460,665**	**207,229,108**
Revenue								
Fees & charges for services	149,407	193,523	40,890	-	15,000	1,000,664	1,399,484	3,098,610
Interest revenue	217,818	11,722	37,757	77,191	(3,682)	12,463	353,269	55,566
Rent	2,332,157	1	-	-	-	1,500	2,333,658	675,680
Sale of land & buildings	8,345	-	116,404	-	-	-	124,749	2,461,512
Loan recapture	83,900	267,890	1,127,108	555,470	-	-	2,034,368	1,697,400
Total revenue	**2,791,627**	**473,136**	**1,322,159**	**632,661**	**11,318**	**1,014,627**	**6,245,528**	**7,988,768**
Expenditures								
Personal services	153,927	85,509	103,183	628	(895)	125,667	468,019	1,410,650
Contractual services	605,947	114,714	464,874	1,863,148	-	1,433,581	4,482,264	6,571,974
Other operating costs	320,990	3,516	46,085	-	-	3,448	374,039	950,922
Program capital outlay	3,516,361	545,201	147,575	114,517	-	-	4,323,654	4,068,700
Total expenditures	**4,597,225**	**748,940**	**761,717**	**1,978,293**	**(895)**	**1,562,696**	**9,647,976**	**13,002,246**
Transfers								
Transfers from other funds	-	-	33,720	-	819,680	2,728,130	3,581,530	3,141,662
Transfers to other funds	(15,696,377)	-	(3,950,000)	(1,949)	-	-	(19,648,326)	(16,986,653)
Total transfers	**(15,696,377)**	**-**	**(3,916,280)**	**(1,949)**	**819,680**	**2,728,130**	**(16,066,796)**	**(13,844,991)**
2013 change in fund balance	**(17,501,975)**	**(275,804)**	**(3,355,838)**	**(1,347,581)**	**831,893**	**2,180,061**	**(19,469,244)**	**(18,858,469)**
Beginning fund balance	134,602,095	13,027,130	29,597,364	36,952,977	(1,982,453)	(6,534,555)	205,662,558	207,857,969
Ending fund balance	**117,100,120**	**12,751,326**	**26,241,526**	**35,605,396**	**(1,150,560)**	**(4,354,494)**	**186,193,314**	**188,999,500**

City of Minneapolis
Engineering, Materials, and Testing
For the Second Quarter ending June 30, 2014

Fund 06000	2014 Budget	06/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	1,802,927	468,308	1,840,000	1,865,267
Operating Expense	1,764,107	709,311	1,948,000	1,449,151
Operating Margin	38,820	(241,003)	(108,000)	416,116
Change in Net Position		(241,003)	(108,000)	412,458
Net Position		1,733,508	2,066,511	1,974,511
Cash Balance		2,019,719	2,017,050	2,125,050

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 accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Revenue:
Operating revenue earned through second quarter 2014 is $468,308, or 26.0% of the budgeted amount of $1,802,927 and a decrease of 36.6% over the second quarter 2013 revenue of $738,661. 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. Revenue for the first half of the year is dependent upon a multitude of factors such as weather as well as the timing of construction projects. The decrease in 2014 compared to 2013 is associated with the longer winter in 2014 which delayed construction projects. Additionally, the rates charged for inspection services as well as the overhead rate on asphalt and concrete in 2014 are less than the rates charged for the same services and products in 2013 through the first two quarters of the year.

Expense:
Operating expense through second quarter 2014 is $709,311, or 40.2% of the budgeted amount of $1,764,107. The 2014 expense reflects an increase of 4.9% over the 2013 expense of $676,302 incurred through the same period. Personnel expense is up over the first two quarters of last year due to additional personnel hired to perform test work.

Transfers:
This fund does not have any transfers in or out in 2014.

Debt Service:
This fund does not have any debt obligations.

Forecast:
Operating revenue is projected to be $1.84 million or approximately $40,000 more than the budgeted amount of $1.80 million. The increase in revenue is due to an increase in project work resulting in increased inspection revenue. Operating expense is projected to be $1.9 million which is $184,000 more than the budgeted amount of $1.8 million. The increase is due to the planned purchase of a drilling rig to assist in the testing process that will cost approximately $200,000. The drill rig will be capitalized in this fund as a fixed asset. These projections result in a 2014 decrease to net position of $(108,000) which is $146,820 less than the budgeted increase to net position of $38,820. The projected ending net position is $2,066,511. Ending cash is projected to be $2,017,050, a decrease of $108,000 from the 2013 ending cash balance of $2,125,050.

Cash and Net Position
The 2014 second quarter cash balance is $2,019,719, a decrease of $998,597 from the 2013 second quarter cash balance of $3,018,316. The decrease in cash through second quarter is due to the seasonal variance in revenue resulting from a higher volume of construction project work in the summer and fall months. 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.

The 2013 year-end net position is $1,974,511 which represents an increase of $390,145 from the 2012 ending balance of $1,584,366. The increase in net position is primarily due to the increase in the volume of construction work in 2012 and the related revenues generated. The financial policy for the net position for this fund determines that net position not be less than 15% of the annual operating budget or $0.2 million.

City of Minneapolis
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Second Quarter/Years, Ending 2014, 2013, and 2012

	Budget Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Asphalt / Concrete	400,000	390,000	101,016	484,086	217,367	520,855	185,942
Inspection revenue	1,402,927	1,450,000	367,292	1,381,181	521,294	1,468,013	638,004
Total Operating Revenues	1,802,927	1,840,000	468,308	1,865,267	738,661	1,988,868	823,946
Operating Expenses:							
Personnel	1,208,533	1,210,000	512,689	950,073	450,148	811,234	370,184
Contractual	458,050	444,902	161,638	397,066	177,610	446,859	167,077
Materials, Supplies, Services, Other[1]	84,426	280,000	28,435	88,914	41,995	55,504	23,948
Rent	13,098	13,098	6,549	13,098	6,549	6,909	3,454
Total Operating Expenses	1,764,107	1,948,000	709,311	1,449,151	676,302	1,320,506	564,663
Operating Margin	38,820	(108,000)	(241,003)	416,116	62,359	668,362	259,283
Non-Operating Revenues/(Expenses):							
Other revenue	-	-	-	20	-	-	-
Depreciation	-	-	-	(3,678)	(2,006)	(4,012)	(2,006)
Total Non-Operating Revenues(Expenses)	-	-	-	(3,658)	(2,006)	(4,012)	(2,006)
Operating Transfers In (Out):							
Net transfers in from other funds	-	-	-	-	-	-	-
Net Transfers out to other funds	-	-	-	-	-	(195,000)	(97,500)
Total Operating Transfers	-	-	-	-	-	(195,000)	(97,500)
Change in Net Position	38,820	(108,000)	(241,003)	412,458	60,353	469,350	159,777
Significant Balance Sheet Items							
Cash Balance		2,017,050	2,019,719	2,125,050	3,018,316	1,745,678	1,744,319
Net Position		2,066,511	1,733,508	1,974,511		1,584,366	

[1] The 2014 projection for Materials, Supplies, Services, Other includes an expected expense of $200,000 for a drilling rig that will be capitalized as a fixed asset of the fund.

City of Minneapolis
Fleet Services Division
For the Second Quarter Ending June 30, 2014

Fund 06100	2014 Budget	06/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	37,878,908	18,806,613	38,934,238	42,820,763
Operating Expense	27,525,426	12,667,402	26,388,597	34,198,858
Operating Margin	10,353,482	6,139,211	12,545,641	8,621,905
Change in Net Position		3,536,388	7,567,671	12,657,692
Net Position		53,598,261	57,629,544	50,061,873
Cash Balance		21,024,522	14,711,900	18,893,919

Program Description:
The Fleet Services Fund manages the acquisition, maintenance and disposal of 1,600 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment.

Revenue:
Operating revenue earned through second quarter 2014 is $18,806,613 or 49.6% of the budgeted amount of $37,878,908. The revenue earned through second quarter 2014 decreased by $2,538,400, or 11.9%, from the revenue earned through second quarter 2013. The rates for rental equipment and operators are calculated through an activity based cost allocation model and are adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment. Last year, the division charged an hourly rate for drivers and operators as part of the allocation model. In 2014 those employees are budgeted directly in the departments needing them, resulting in decreased rent revenue. This decrease is offset by a decrease in expense as noted below.

Expenses:
Operating expense through second quarter 2014 totaled $12,667,402, representing 46.0% of the annual budgeted amount of $27,525,426. Expenses through the second quarter of 2014 decreased $4,121,133 or 24.5%, over the total expense through the same period in 2013. This decrease is largely attributed to the decrease in employees assigned to the fund. The number of FTEs budgeted and paid from Fleet Services decreased from 156 in 2013 to 78 in 2014. This decrease is due to the transfer of drivers and operators out of Fleet and directly into the other Public Works departments that use the drivers and operators.

Transfers:
In 2014 this fund will receive a transfer in of $1,288,580 to fund vehicle purchases as part of the Capital Asset Request System (CARS). This transfer is intended to bridge the gap created by the purchase of new vehicles that, due to changes in technology or needs, are more expensive than

the vehicles they are replacing. In 2013, this fund received a transfer of $8,315,000 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.

Debt Service:
Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility will total $1,990,000 in 2014. Interest payments related to the 2014 debt will total $517,050. Beginning in 2007, the financial plan eliminated the sale of bonds to finance equipment purchases. The fund is scheduled for a principal payment of a $9.3 million in 2018. This debt is expected to be restructured, enabling the principal payments to be completed over four years.

Forecast:
Operating revenue is projected to be $38.9 million which is 2.8% more than the budgeted amount of $37.9 million. An increase in rental revenue for more expensive, new vehicles put in service during the year as well as increased usage from snow storms in the first part of 2014 increased rent revenue. Operating expense is projected to be $26.4 million or 4.1% less than the budgeted amount of $27.5 million. Materials expense is expected to be less than budgeted due to fuel purchases coming in less than the budgeted amount. Fuel is no longer sold to one outside vendor that was included in the budget, so both revenue and expense from that activity decreased. After transfers are complete and non-operating revenue is recorded, an increase to net position of $7.6 million is projected compared to the budgeted increase of $5.5 million, resulting in a projected ending net position of $57,629,544.The increase in position is largely due to the capitalization of new assets. Ending cash is projected to be $14,711,900, a decrease of $4,182,019 from the 2013 ending cash balance of $18,893,919. All asset purchases are paid for with cash.

Cash and Net Position:
The fund has maintained a positive cash balance with a second quarter 2014 ending balance of $21,024,522, an increase of $4,900,189 from the 2013 second quarter ending balance of $16,124,333. Reserve policies for internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or $4.1 million for 2014 for Fleet Services Division. While cash reserves at the end of second quarter 2014 are significantly higher than the minimum target, there are no future scheduled transfers in to assist with the payment of the remaining principal and interest on debt totaling $19,619,350. Additionally, the fund pays cash for all equipment purchases and recovers the cost over the life of the vehicle.

The net position for year ending 2013 was $50,061,873, an increase of $12,862,367, or 34.5% over the 2012 ending balance of $37,199,506. The increase in net position is due to the large transfer in to cover debt expense through 2018 as well as the capital contribution of $1.6 million for assets capitalized in Fleet Services Fund but paid for by grants or other funds. Net position consists of a net investment in capital assets of $34,327,528 along with $15,734,345 of unrestricted net position.

City of Minneapolis
Fleet Services Division Fund
Statement of Revenue and Expenses
For Second Quarter Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Charges for Services and Sales	20,484,862	19,661,135	9,041,145	18,402,815	9,074,846	17,089,648	8,440,351
Rent Public Works and Other	17,394,046	19,273,103	9,765,468	24,417,951	12,270,167	24,584,396	11,889,479
Total Operating Revenue	37,878,908	38,934,238	18,806,613	42,820,766	21,345,013	41,674,044	20,329,830
Operating Expenses:							
Personnel Services	7,580,104	7,400,000	3,709,272	12,932,221	6,923,255	13,856,783	6,900,643
Contractual Services	7,731,683	7,644,000	3,650,233	9,385,741	4,273,695	9,545,442	4,543,056
Materials, supplies, services and other	11,289,042	10,420,000	4,845,598	10,913,325	5,107,799	9,671,822	4,775,894
Rent	924,597	924,597	462,299	967,571	483,786	965,350	482,675
Total Operating Expenses	27,525,426	26,388,597	12,667,402	34,198,858	16,788,535	34,039,397	16,702,268
Operating Margin	10,353,482	12,545,641	6,139,211	8,621,908	4,556,478	7,634,647	3,627,562
Non-Operating Revenues/(Expenses):							
Interest on Bonds	(517,050)	(517,050)	(258,525)	(595,507)	(320,288)	(522,632)	(382,375)
Gains/Losses on disposal of fixed assets	300,000	300,000	-	340,385	-	232,662	-
Reimbursements for vehicle purchases	624,000	450,000	-	491,917	12,300	554,741	-
Other revenue	-	500	349	32,920	152	124,825	16,267
Depreciation	(6,500,000)	(6,500,000)	(2,988,937)	(6,150,969)	(2,890,699)	(6,423,656)	(3,203,133)
Total Non-Operating Revenues(Expenses)	(6,093,050)	(6,266,550)	(3,247,113)	(5,881,254)	(3,198,535)	(6,034,060)	(3,569,241)
Operating Transfers in (out)							
Net transfer in from other funds	1,288,580	1,288,580	644,290	8,315,000	4,157,500	1,926,000	963,000
Net transfers out to other funds	-	-	-	-	-	(2,283,728)	(1,111,000)
Total Operating Transfers	1,288,580	1,288,580	644,290	8,315,000	4,157,500	(357,728)	(148,000)
Capital Contribution[1]	-	-	-	1,602,041	-	1,692,038	-
Change in Net Position	5,549,012	7,567,671	3,536,388	12,657,695	5,515,443	2,934,897	(89,679)
Significant Balance Sheet Items							
Cash Balance		14,711,900	21,024,522	18,893,919	16,124,333	10,236,821	10,923,927
Net Building Value				21,576,363		22,178,787	
Net Fleet Value				26,050,280		24,814,450	
Bonds Payable			(17,635,000)	(17,635,000)	(21,290,000)	(21,290,000)	(23,535,000)
Net Position		57,629,544	53,598,261	50,061,873		37,199,506	
Significant Cash Flow Items							
Principal on Equipment Bonds	(730,000)	(730,000)	-	(2,585,000)	-	(1,275,000)	-
Principal on Facilities Bonds	(1,260,000)	(1,260,000)	-	(1,070,000)	-	(970,000)	-
Fleet Purchases	15,674,867	15,600,000	3,025,616	6,435,269	2,258,708	7,388,837	3,280,015

[1]Capital contribution in 2012 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. Capital contributions in 2013 consist of $227,735 for

City of Minneapolis
Property Services Division
For the Second Quarter ending June 30, 2014

Fund 06200	2014 Budget	06/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	16,563,765	9,233,093	19,100,000	18,397,506
Operating Expense	17,201,061	9,011,944	18,655,212	17,549,479
Operating Margin	(638,296)	221,149	444,788	848,027
Change in Net Position		(183,696)	(367,356)	7,508,937
Net Position		32,874,750	32,691,090	33,058,446
Cash Balance		3,521,303	2,917,523	4,248,459

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, Water facilities, or 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 2014 revenue and expense budgets for the fund were increased by $4,502,000 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 were determined to be an internal service function and report to the Chief Financial Officer as part of the City Coordinator's Office.

Revenue:
Operating revenue recorded through second quarter 2014 is $9,233,093, or 55.7% of the budgeted amount of $16,563,765. The 2013 second quarter revenue increased $651,759, or 7.6%, from the revenue earned through second quarter 2013. Property Services earns revenue through rent charged to departments housed in City owned buildings for property maintenance and by performing facility repairs and upgrades. Revenue from repairs and upgrades fluctuates based on the amount of discretionary spending available to departments. Revenue earned through second quarter 2014 from both discretionary projects and rents increased from the amount earned through the same period in 2013.

Expenses:
Operating expense through second quarter 2014 is $9,011,944, or 52.4% of the total budgeted amount of $17,202,061. The 2014 second quarter expense increased $670,293, or 8.0%, from the operating expense recorded through second quarter 2013. Expense increased for contractual services and materials due to additional City Hall expense and increased projects compared to 2013.

Transfers:
In 2014, this fund receives a transfer in from the general fund of $301,206 for City Hall rent expense and $345,000 for Capital Asset Request System (CARS) projects. These CARS projects are related to security enhancements at various locations throughout the City.

Debt Service:
The debt service for 2014 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2014, the debt consists of an interest payment of $121,350 and a principal payment of $765,000. The remaining debt is $4,412,350 with the final payment scheduled for 2018.

Forecast:
Operating revenue is projected to be $19.1 million or 15.3% more than budgeted amount of $16.6 million. Increased revenue from projects for other departments is driving the overall revenue projection up. The operating expense is projected to be $18.7 million or 8.4% more than the budget of $17.2 million. While personnel expense is projected to be less than budgeted due to vacant positions, contractual services and materials are both projected to be more than budgeted since these expenses are related to increased project work and are billed back to the departments requesting the work. These projections result in a projected operating margin gain of $444,788, compared to the budgeted operating margin loss of $(638,141). The actual operating margin gain through second quarter 2014 is $221,149 compared to the operating margin gain of $239,683 through second quarter 2013.

Cash and Net Position:
The cash balance at the end of second quarter 2014 was $3,521,303 compared to a cash balance of $2,453,380 at the end of second quarter 2013. The cash consists of a balance of $1,380,477 in the Property Disposition fund and a balance of $2,140,826 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 $1.8 million for the Property Services fund.

The net position for the year ending 2013 was $33,058,446, an increase of $7,487,195 from the net asset balance of $25,571,251 for year ending 2012. 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 position for the Property Services Fund determines that net position should not fall below two times the annual depreciation. The depreciation in 2013 was $1.3 million and the net position was $30.5 million greater than the benchmark. Net position consists of an investment in capital assets, net of related debt, of $30,330,607 along with $2,727,839 of unrestricted net position.

City of Minneapolis
Property Services Fund
Statement of Revenues and Expenses
For Second Quarter / Years Ending 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Charges for Services And Sales	2,212,935	4,750,000	2,198,570	4,337,175	1,762,852	3,334,978	1,327,926
Rents Public Works and Other	14,350,830	14,350,000	7,034,523	14,060,331	6,818,482	13,240,297	6,460,035
Total Operating Revenue	16,563,765	19,100,000	9,233,093	18,397,506	8,581,334	16,575,275	7,787,961
Operating Expenses:							
Personnel Services	6,271,864	5,850,000	2,880,527	5,510,168	2,635,580	5,476,677	2,728,350
Contractual Services	9,025,456	10,950,000	5,260,801	10,364,061	4,866,079	9,083,368	4,145,956
Materials, Supplies, Services and Other	1,399,529	1,350,000	618,010	1,155,654	580,194	1,054,864	421,887
Rent	505,212	505,212	252,606	519,596	259,798	593,518	296,760
Total Operating Expenses	17,202,061	18,655,212	9,011,944	17,549,479	8,341,651	16,208,427	7,592,953
Operating Margin	(638,296)	444,788	221,149	848,027	239,683	366,848	195,008
Non-Operating Revenues (Expenses):							
Interest on Bonds	(121,350)	(121,350)	(60,675)	(129,764)	(71,625)	(130,637)	(82,125)
Misc Revenues	3,000	3,000	1,919	11,067	1,483	23,140	6,714
Depreciation	(1,340,000)	(1,340,000)	(669,192)	(1,347,356)	(555,670)	(1,127,235)	(566,468)
Total Non-Operating Revenues(Expenses)	(1,458,350)	(1,458,350)	(727,948)	(1,466,053)	(625,812)	(1,234,732)	(641,879)
Operating Transfers In (Out)							
Net transfers in from other funds	646,206	646,206	323,103	3,282,231	1,746,917	894,000	447,000
Net transfers out to other funds	-	-	-	-	-	(598,000)	(299,000)
Total Operating Transfers	646,206	646,206	323,103	3,282,231	1,746,917	296,000	148,000
Capital Contribution[1]	-	-	-	4,844,732	-	46,825	-
Change in Net Position	(1,450,440)	(367,356)	(183,696)	7,508,937	1,360,788	(525,059)	(298,871)
Significant Balance Sheet Items							
Cash Balance		2,917,523	3,521,303	4,248,459	2,453,380	762,026	535,099
Property Disposition Fund cash balance			1,380,477	1,380,477	1,380,477	1,380,477	1,397,773
Operating cash balance			2,140,826	2,867,982	1,072,903	(618,451)	(862,674)
Bonds Payable			(4,045,000)	(4,045,000)	(4,775,000)	(4,775,000)	(5,475,000)
Net Position		32,691,090	32,874,750	33,058,446		25,571,251	
Significant Cash Flow Items							
Principal Payments on Debt	(765,000)	(765,000)	-	(730,000)	-	(700,000)	-

[1]Capital contribution in 2013 consists of various building improvements paid for by the Capital Improvement Fund 04100 and capitalized in Property Services Fund 06200.

City of Minneapolis
Public Works Stores
For the Second Quarter ending June 30, 2014

Fund 06300	2014 Budget	06/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	1,115,000	498,275	1,225,000	1,515,490
Operating Expense	1,059,266	539,115	1,080,387	1,100,031
Operating Margin	55,734	(40,840)	144,613	415,459
Change in Net Position		(40,840)	144,613	415,459
Net Position		4,047,908	4,233,361	4,088,748
Cash Balance		77,769	63,222	(178,640)

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

Revenue:
Operating revenue earned through second quarter 2014 is $498,275, or 44.7% of the budgeted amount of $1,115,000. The amount earned through second quarter represents a decrease of $33,389, or 6.3%, over the $531,664 in revenue earned through second quarter 2013. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The decrease in revenue corresponds to a decreased level of inventory purchases and requisition processing transactions related to City projects.

Expenses:
Operating expense recorded through second quarter 2014 is $539,115 or 50.9% of the budgeted amount of $1,059,266. The amount expended through second quarter 2014 increased by $17,773 or 3.4% from the $521,342 expended through the same period in 2013. The increase is due to additional personnel costs as the Stores departments are fully staffed for 2014.

Transfers:
There are no transfers in or out of this fund in 2013.

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

Forecast:
Operating revenue is projected to total $1,225,000 at year-end, exceeding the budgeted revenue of $1,115,000 by $110,000. For the year, it is expected that inventory issued to City departments will exceed the budgeted amounts. Operating expense is projected to total $1,080,387 which is $21,121 or 2.0% more than the budgeted expense of $1,059,266. The cost of inventory that is resold to City departments is excluded from the total expense of the Stores Fund. As a result, increased inventory purchases do not increase the overall expense of the Fund. These year-end

projections result in an increase to net position of $144,613 compared to a budgeted increase of $55,734, and a projected ending net position of $4,233,361.

Cash and Net Position:
The cash balance at the end of second quarter 2014 was $77,769, an increase of $310,233 from the second quarter 2013 deficit cash balance of ($232,464). The increase in cash corresponds to a decrease in the inventory balance since year-end 2013. This is the first positive 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.

The fund continues to maintain a positive net position with a 2013 ending balance of $4,088,748, an increase of 10.7% from the 2012 ending balance of $3,692,245. The financial policy for the net position 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.

City of Minneapolis
Public Works Stores
Statement of Revenues and Expenses
For the Second Quarter/Years Ending 2014, 2013, and 2011

	Budget Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Central Stores	550,000	590,000	283,384	749,377	293,939	825,836	333,005
Traffic Stores	565,000	635,000	214,891	766,113	237,725	1,103,853	262,951
Total Operating Revenues	1,115,000	1,225,000	498,275	1,515,490	531,664	1,929,689	595,956
Operating Expenses:							
Personnel	715,253	750,000	374,719	770,867	351,403	712,498	334,126
Contractual	237,808	250,000	123,916	279,840	136,141	271,777	134,778
Materials, Supplies, Other	70,818	45,000	22,786	15,767	17,019	120,717	47,698
Rent	35,387	35,387	17,694	33,557	16,779	37,805	18,903
Total Operating Expenses	1,059,266	1,080,387	539,115	1,100,031	521,342	1,142,797	535,505
Operating Margin	55,734	144,613	(40,840)	415,459	10,322	786,892	60,451
Non-Operating Revenues (Expenses):							
Other revenue	-	-	-	-	3,712	-	-
Total Non-Operating Revenues (Expenses)	-	-	-	-	3,712	-	-
Operating Transfer In (Out)							
Net transfers out to other funds	-	-	-	-	-	(117,000)	(58,500)
Total Operating Transfers	-	-	-	-	-	(117,000)	(58,500)
Change in Net Position	55,734	144,613	(40,840)	415,459	14,034	669,892	1,951
Significant Balance Sheet Items							
Cash Balance		63,222	77,769	(178,640)	(232,464)	(163,313)	(1,758,104)
Inventories			4,434,665	4,581,136	4,455,435	4,287,662	5,255,258
Net Position		4,233,361	4,047,908	4,088,748		3,692,245	

City of Minneapolis
Intergovernmental Service Fund
For the Second Quarter ending June 30, 2014

Fund 06400	2014 Budget	6/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	47,672,813	20,903,015	46,395,000	33,523,719
Operating Expense	48,759,860	20,302,548	44,190,000	34,494,915
Operating Margin	(1,087,047)	600,467	2,205,000	(971,196)
Change in Net Position		4,682,278	10,368,599	4,422,027
Net Position		42,086,011	47,772,332	37,403,733
Cash Balance		31,764,331	45,056,641	35,263,865

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

Revenue:
Operating revenue through the second quarter of 2014 is $20,903,015, or 43.8% of the annual budgeted amount of $47,672,813. This is an increase of $5.1 million, or 31.9%, compared to revenue of $15,843,875 earned through second quarter of 2013. The increase in revenue is primarily due to a significant increase of $3.3 million in revenue earned through PMO (Project Management Office) projects for enterprise wide initiatives specifically the Enterprise Land Management System (ELMS) and the Enterprise Resource Planning program (ERP). The remaining increase results from revenue earned from charges to City departments related to managing and providing technology and communication services as determined by the cost allocation model.

Expenses:
Operating expenses through the second quarter are $20,302,548, or 41.6% of the annual budgeted amount of $48,759,860. The operating expense through second quarter increased $4.4 million, or 28.0%, from the 2013 expense of $15,858,494. Operating expenses recorded to the Project Management Office department are primarily responsible for this increase, specifically the expenses related to the ELMS, ERP, and the Intelligent Operations Platform projects. These enterprise wide projects are funded through City department operating expense savings, cost allocation model charges, and by transfers from the general fund as determined by the Capital Asset Request System (CARS). The expenses in PMO include the cost of purchasing technology, creating enhancements, and implementation of the products. The PMO department charges the costs of these products and services to City user departments and includes an overhead amount that is calculated to generate enough revenue to cover the overhead expense of the department.

Administration expenses of $5.7 million increased 43.3% over 2013 amount of $4.0 million. This increase is primarily due to additional software license purchases and the related cost of application support that can be attributed to new technology initiatives and upgrades.

Debt:
The debt service for 2014 is related to the sale of net debt bonds for IT projects. In 2014, the debt consists of an interest expense of $60,795 and a principal payment of $1,645,000. Beginning 2013, the principal payment was significantly reduced to $1,955,000 from $9.2 million paid in 2012 and $10.0 million paid in 2011. Existing bond debt obligations will be repaid by year-end 2015 with a final payment of $504,000. Future sales of net debt bonds to support capital projects are expected to be between $1.4 million and $3.0 million from 2014 through 2017. The fund makes an annual payment of $1.5 million to the Minneapolis Convention Center, related to monies advanced from this fund, with a final payment scheduled in 2016 of $1.75 million.

Transfers:
In 2014, this fund receives transfers in totaling $20.7 million. The annual transfers consist of a general fund transfer totaling $19.0 million, $1.0 million from the Self Insurance Fund, and $0.7 million from the debt service fund. The general fund transfer includes $13.1 million in accordance with the long term financial plan, $0.5 million for WIFI expense, $0.2 for City Hall rent, and $5.3 million of approved CARS funding for the Enterprise Resource Planning project. In 2014, $5.9 million of the general fund transfer is recorded directly as revenue to IT operating departments. This results in a projection of $14.9 million for transfers instead of the budgeted amount of $20.7 million. Through second quarter 2014, $1.8 million of the transfer in for ERP was recorded to IT deferred revenue and will be recognized as PMO revenue as project expenses occur.

Beginning in 2015, the transfer from the general fund will be reduced to $0.6 million and will support WIFI and City Hall rent expense. The transfer from the Self Insurance fund is in accordance with the long-term financial plans for both funds and will end in 2016.

The 2012 transfer to other funds includes a transfer out of $1,072,000 for debt service related to the retirement of bonds sold to fund the former Minneapolis Employees Retirement Fund's unfunded pension liability. The Intergovernmental Services fund used net position as a revenue source for the payment and recovers the expense through the cost allocation model in years 2013 through 2015.

Forecast:
Operating revenue is projected to be $46.4 million or $1.3 million less than the budgeted amount of $47.7 million. The fund's PMO budget increases as new projects are approved by City departments. Expenses for some of these projects, along with the billing to customer departments, may occur in years subsequent to the addition of the appropriation to the budget. The current revenue and expense budgets include the funding and the subsequent revenue earned related to the ELMS, ERP, and IOP projects. It is expected that these projects will be completed in 2015 and 2016. Operating expenses are expected to be $44.2 million or $4.6 million less than the budgeted amount of $48.8 million. These projections result in an expected operating margin of $2.2 million as compared to a budgeted operating margin deficit of ($1.1) million. A portion of the transfer in from the general fund, $5.9 million, is recorded in the operating revenue with $1.8 million transferred to the fund's deferred revenue account. This accounting change to record the transfer in is a primary factor for the increase in operating margin. The revenue for a portion of the wireless payment and rent expense, $0.7 million, is included in the transfer in budget rather than in the operating budget.

The fund is projecting an increase to net position of $10.4 million compared to a budgeted increase of $13.0 million. The projected increase to net position is less than budgeted primarily because $3.6 million of the transfer in is projected to be accounted for in the fund's deferred revenue account (a balance sheet account). These transactions result in a 2014 projected year-end net position of $47.8 million which represents an increase of 27.7% from the 2013 net position of $37.4 million. An increase to the transfer from the general fund and an increase in operating margin, primarily due to a decrease in expense resulting from vacant budgeted positions, are the primary factors contributing to the 2014 projected increase.

The year-end cash balance is projected to be $45.1 million which represents an increase of 27.8% over the cash balance at year-end 2013 of $35.3 million. The primary reasons for the increase to cash balance are an increase of $3.5 million in transfers to the fund and a decrease in operating expense related to vacant positions.

Cash and Net Position:
The cash balance at the end of second quarter is $31.8 million, representing a decrease of $3.5 million from the 2013 year-end balance of $35.3 million. The primary reason for the decrease to cash in 2014 is that the actual transfer in from the general fund is $4.0 million less than the amount recognized at $7.4 million through second quarter. Included in the cash balance are prepayments of $12.3 million for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Intergovernmental Services fund should be 15% of the fund's total budget or $5.0 million.

The net position at year-end 2013 is $37.4 million, an increase of $10.0 million from the year-end 2012 net position of $27.4 million. The increase to net position is primarily due to an increase in cash of $19.5 million (related to a net transfer of $17.2 million) that is offset by a decrease in book value of long term assets of $5.9 million, and debt payments of $3.5 million. Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services fund should be twice the depreciation amount or $6.6 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 position will continue to increase.

City of Minneapolis
Intergovernmental Services Fund
Statement of Revenue and Expenses
For Second Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Charges for Service:							
IT - PMO	18,400,188	15,200,000	5,388,727	5,417,060	1,885,091	5,225,188	2,462,349
IT - Telecom	3,656,670	2,870,000	1,434,009	3,020,539	1,493,840	3,066,530	1,534,701
IT - Operating-other	24,549,752	27,000,000	13,477,451	23,878,779	11,977,086	23,147,764	11,522,970
CC-Mailing Services	397,939	525,000	201,521	586,206	191,945	602,624	266,409
CC-Copy Services	668,265	800,000	401,307	621,135	295,913	566,406	297,794
Human Resources	-	-	-	-	-	-	-
Total Operating Revenues	47,672,813	46,395,000	20,903,015	33,523,719	15,843,875	32,608,512	16,084,223
Operating Expenses:							
IT - PMO	18,262,927	15,200,000	5,093,370	6,497,679	1,851,762	5,955,908	2,417,342
IT - Telecom	1,547,678	1,450,000	522,573	1,797,176	879,421	1,949,045	964,683
IT - Operating-other	27,201,845	26,000,000	13,921,007	24,544,795	12,381,942	23,636,620	11,698,475
CC-Mailing Services/Data Center	725,538	620,000	309,471	684,032	275,135	675,912	302,181
CC-Copy Services	718,673	700,000	346,793	669,344	302,644	585,482	284,393
Human resources	303,199	220,000	109,334	301,889	167,590	272,194	143,470
Total Operating Expenses	48,759,860	44,190,000	20,302,548	34,494,915	15,858,494	33,075,161	15,810,544
Operating Margin	(1,087,047)	2,205,000	600,467	(971,196)	(14,620)	(466,649)	273,679
Non-Operating Revenues (Expenses):							
Interest on Bonded Debt	(60,795)	(60,795)	(30,386)	(27,802)	(51,473)	(26,027)	(194,450)
Revenue from grants	-	-	-	-	-	11,631	-
Other Non Operating Income (Expense)	-	-	-	34,615	-	-	-
Depreciation	(6,638,769)	(6,638,769)	(3,319,385)	(11,838,204)	(5,997,372)	(12,313,813)	(6,061,211)
Total Non-Operating Revenues (Expenses)	(6,699,564)	(6,699,564)	(3,349,770)	(11,831,391)	(6,048,845)	(12,328,209)	(6,255,661)
Operating Transfers In (Out):							
Net transfers in from other funds	20,770,654	14,863,163	7,431,582	17,239,500	8,627,701	12,185,444	6,203,472
Net transfers out to other funds	-	-	-	(14,887)	-	(1,103,473)	(536,000)
Total Operting Transfers	20,770,654	14,863,163	7,431,582	17,224,613	8,627,701	11,081,971	5,667,472
Capital Contribution	-	-	-	-	-	22,719	-
Change in Net Position	12,984,043	10,368,599	4,682,278	4,422,027	2,564,237	(1,690,168)	(314,510)
Significant Balance Sheet Items:							
Cash Balance		45,056,641	31,764,331	35,263,865	19,510,274	15,804,900	11,463,468
Notes Payable			(4,000,000)	(4,750,000)	(5,500,000)	(6,250,000)	(7,000,000)
Bonds Payable			(2,125,000)	(2,125,000)	(3,115,000)	(3,115,000)	(11,055,000)
Unearned Revenue			(12,347,598)	(12,919,353)	(13,447,759)	(12,235,400)	(14,806,486)
Net Position		47,772,332	42,086,011	37,403,733		27,410,079	
Significant Cash Flow Items							
Capital Outlay	(3,028,382)	(3,028,382)	(238,447)	(5,900,065)	-	(4,680,503)	-
Bond & Note Principle Payments	(3,145,000)	(3,145,000)	-	(3,455,000)	-	(10,715,000)	-

Note: Capital Contribution consists of $22,719 from the general fund related to the purchase of a paper shredder for the City Clerk Copy Center.

City of Minneapolis
Self Insurance Fund
For the Second Quarter ending June 30, 2014

Fund 06900	2014 Budget	06/30/2014 Actual	Projected YE 2014	Actual YE 2013
Operating Revenue	30,055,449	14,892,898	29,895,779	30,507,329
Operating Expense	29,405,690	12,078,469	24,770,000	28,717,835
Operating Margin	649,759	2,814,430	5,125,779	1,789,494
Change in Net Position		3,868,537	7,231,279	4,652,117
Net Position		8,422,245	11,764,897	4,553,708
Cash Balance		63,868,364	68,468,919	61,237,640

Program Description:
The Self Insurance Fund accounts for accrued sick leave benefit, tort liability, workers compensation, civil attorney services and the administrative functions to support these activities. An activity-based cost allocation model determines the charge allocated to City departments to provide for self insurance related to tort liability and workers compensation. The annual charges are calculated using data determined by an actuarial study based on each City department's responsibility for liability and worker compensation expense. The cost allocation model also assigns a charge for employee benefit administration and attorney services.

Revenue:
Operating revenue through the second quarter of 2014 is $14,892,898, or 49.6% of the annual budgeted amount of $30,055,449. This is an increase of $0.7 million, or 5.2% compared to $14,162,020 earned through the second quarter of 2013. The primary reason for the increase is a 3.2% increase in the charges to City departments to provide self insurance for tort liability and a 4.0% increase to provide workers compensation as determined by the cost allocation model. An actuarial study conducted in 2012 predicted an increase in the City's liability for tort settlement and workers compensation payments. In addition, the City received $205,241 in revenue from WCRA (Workers Compensation Reinsurance) and State refunds for medical and indemnity payments and subrogation claims. Revenue received through second quarter 2013 form WCRA was $264,572.

Expenses:
Operating expenses through the second quarter 2014 are $12,078,469, or 41.1% of the annual budgeted amount of $29,405,690. This is a decrease of $3.0 million, or 19.9%, compared to $15,076,596 expended through the second quarter of 2013. The decrease in operating expense is due primarily to the amount paid out for tort settlements, $1.6 million as compared to $4.5 million in 2013. In addition, the amount paid for workers compensation decreased by $0.6 million, or 12.2%, from $4.9 million in 2013 to $4.3 million through second quarter 2014. The City's expense for employee sick leave payout at retirement through second quarter is $.9 million or 26.6% less than budgeted.

Debt Service:
The Self Insurance Fund does not have outstanding debt obligations.

Transfers:
In 2014, this fund receives an interfund transfer of $3,085,500 from the general fund as determined in the long term financial plan.
The 2014 budget includes a transfer out of $1,000,000 to the Intergovernmental Services fund as part of its long term financial plan. This annual transfer will end with the 2016 transfer. In 2012, this fund made a final transfer of $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 fund's net position is the source of funding for this payment and the fund will recover the cost of this payment through the cost allocation model in years 2012 through 2014.

Forecast:
Operating revenue is projected to be $29.9 million or $0.2 million less than the budgeted amount of $30.1 million. Operating expense is projected to be $24.8 million or $4.6 million less than the budgeted amount of $29.4 million. Operating expenses are projected to be less than budgeted primarily due to a projected 59.1% decrease in the amount paid for tort liability payments. Payment for workers compensation claims is expected to increase by 18.1% over the budgeted amount. These projections will result in a projected operating margin gain of $5.1 million as compared to the budgeted operating margin gain of $0.6 million. The fund experienced an operating margin loss of ($0.9) million at second quarter 2013 primarily due to an increase in tort settlements and worker compensation claims.

The net position in 2014 is projected to increase by $7.2 million compared to the budgeted increase of $2.7 million, resulting in a projected year-end net position to $11.8 million. The projected ending cash balance for 2014 is $68.5 million as compared to $61.2 million at year-end 2013. The increase in cash in 2014 is greater than the increase experienced in 2013 due to a decrease in payments for workers compensation claims and tort settlements occurring in 2014.

Cash Balance and Net Position:
The cash balance at end of second quarter is $63,868,364, or a 13.8% increase, compared to a cash balance of $56,128,322 at end of second quarter 2013. 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 $57.9 million for the Self Insurance fund. The unpaid claims liability at year-end 2013 is $54.7 million, an increase of $1.7 million from year-end 2012 liability of $53.0 million. The cash balance is $6.0 million above its target.

Net position at year-end 2013 is $4.6 million as compared to the 2012 year-end net position of $1.7 million. The increase to net position in 2013 is due to a positive operating margin of $1.8 million and a net transfer in of $2.9 million offset by an increase to the City's liability for unpaid claims of $1.6 million. The year-end adjustment to change in net position due to an increase in unpaid claims liability is not reflected in the change to net position as shown in the second quarter statement. It is expected that the net position will continue to increase through 2014 primarily due to an operating margin projected to be greater than budgeted due to a significant decrease in tort settlement payments. The financial policy for the net position of the Self Insurance fund determines that the net position should not fall below zero. The fund's net position reached a positive balance in 2012.

City of Minneapolis
Self Insurance Fund
Statement of Revenue and Expenses
For Second Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Health & Welfare (employee benefits)	2,468,400	2,400,000	1,180,732	2,315,642	1,127,736	2,291,023	1,131,837
Workers Compensation	10,064,569	9,514,569	4,737,526	10,098,955	4,436,966	9,030,201	4,536,901
Liability - Subrogation	15,927,767	15,927,766	7,963,883	15,375,715	7,687,865	14,577,377	7,288,689
Attorney Office Services	10,000	19,000	9,168	21,995	5,110	9,377	1,154
Human Resources Services	1,434,713	1,434,444	694,704	2,247,530	657,364	1,326,173	612,999
Risk Management-Employment Services	150,000	600,000	306,886	447,492	246,979	171,050	84,967
Total Operating Revenues	30,055,449	29,895,779	14,892,898	30,507,329	14,162,020	27,405,201	13,656,547
Operating Expenses:							
Health & Welfare (employee benefits)	2,468,400	1,820,000	906,028	1,097,227	604,944	784,178	518,587
Workers Compensation	7,364,487	8,700,000	4,324,920	10,460,552	4,925,239	8,062,472	3,471,623
Liability & Settlements	8,574,185	3,500,000	1,595,947	6,025,633	4,487,151	2,577,805	661,478
City Attorney/Civil Division-Litigation	6,959,117	6,450,000	3,169,386	6,132,119	3,028,891	6,130,345	3,042,462
Risk Management - WC/Risk	2,484,563	2,900,000	1,445,759	2,534,754	1,212,361	2,167,183	1,008,977
Human Resource - Employee Benefits	1,554,938	1,400,000	636,429	2,467,550	818,010	1,430,042	693,993
Total Operating Expenses	29,405,690	24,770,000	12,078,469	28,717,835	15,076,596	21,152,025	9,397,121
Operating Margin	649,759	5,125,779	2,814,430	1,789,494	(914,576)	6,253,176	4,259,426
Non-Operating Revenues (Expenses):							
Other Non Operating Income (Expense)	-	20,000	11,357	7,123	-	1,794	-
Total Non-Operating Revenues (Expenses)	-	20,000	11,357	7,123	-	1,794	-
Operating Transfers In (Out):							
Net transfers in from other funds	3,085,500	3,085,500	1,542,750	3,855,500	1,927,750	4,071,500	1,925,000
Net transfers out to other funds	(1,000,000)	(1,000,000)	(500,000)	(1,000,000)	(500,000)	(1,485,000)	(742,500)
Total Operting Transfers	2,085,500	2,085,500	1,042,750	2,855,500	1,427,750	2,586,500	1,182,500
Capital Contribution	-	-	-	-	-	-	-
Change in Net Position[1]	2,735,259	7,231,279	3,868,537	4,652,117	513,174	8,841,470	5,441,926
Significant Balance Sheet Items:							
Cash Balance[2]		68,468,919	63,868,364	61,237,640	56,128,322	56,398,931	49,685,272
Due from Other Funds				181,000		165,000	
Unpaid Claims Payable				(54,667,934)		(53,030,025)	
Net Position		11,784,987	8,422,245	4,553,708		1,700,214	

[1]Year-end CAFR change in net position for 2012 and 2013 is $5,981,568 and $2,853,194, respectively, due to the year-end adjustment for an increase to unpaid claims liability based on the 2012 actuarial study.

[2] Cash balance for year end 2012 and 2013 is the balance as stated in the CAFR. The CAFR cash balance is the actual cash less the amount that is Due from Other Funds.

City Of Minneapolis
Sanitary Sewer Fund
For the Second Quarter Ending June 30, 2014

Fund 07100	2014 Budget	06/30/14 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	54,263,522	29,668,939	60,203,522	60,752,396
Operating Expense	48,002,789	25,267,727	53,204,664	52,152,322
Operating Margin	6,260,733	4,401,212	6,998,858	8,600,074
Change in Net Position		106,204	(938,854)	8,075,799
Net Position		114,544,269	113,605,415	114,438,065
Cash Balance		21,187,428	16,149,875	23,640,433

Program Description:
The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The fund also accounts for the operation, maintenance and design work, capital programs, transfers and long term debt services associated with the sanitary sewer system.

Revenue:
With sewer revenue of $29.7 million recognized through the end of second quarter, the Sanitary Sewer Fund has earned 55% of the revenue budget budgeted for 2014. This is an increase of 4% compared to $28.5 million earned in 2013. The sewer availability charges, or SAC revenues, which fluctuate based on overall economic activities outside of City's operations, account for $1.4 million of the increase followed by increase in design revenues by $200,000. The decrease in sanitary utility revenue of $500,000, held the overall increase in operating revenues to $1.1 million.

The variable rate for utility charges remains at $3.14 per unit, the same as 2013 rate. The fixed rate, which is based on meter size, was increased by $0.40, from $3.00 to $3.40 in 2014.

Expenses:
The Sanitary Sewer Fund's total operating expense through the second quarter totaled to $25.3 million compared to $23.6 million for 2013. An increase of $1.7 million, or 7%, is mainly due to SAC expenses which accounts for $1.2 million of the increase. Increase in SAC expenses is off-set by equivalent increase in SAC revenues.

Met Council payments through the quarter totaled $16.4 million which is $200,000 less than 2013. Met Council rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities. In 2014, Met Council rates were lower than 2013. Maintenance and design related expense increased by $400,000 due to increase in City services,

professional services, fleet, overhead, equipment supplies, repairs and maintenance work.

Transfers:
A transfer is made from this fund to the water fund to cover shared costs for meter shop expenses. For the current budget year, this cost has been estimated at $1.2 million and, through the end of the quarter, $600,000 has been transferred to Water Department.

Debt Service:
For 2014, the debt service cost is estimated at $5.6 million which includes $5.2 million for principal and $400,00 in interests. Through the second quarter, $200,000 in interest payment has been made. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing.

Forecast:
For the next six months, it is estimated that cash outflow will amount to $38.9 million.
This would include operating expenditures, debt services, capital programs, and transfers. The Fund also anticipates $33.9 million in revenues from operations and capital programs thereby maintaining the fund balance for the year end above $16 million.

Cash and Net Position:
The current cash balance is $21.2 million and the Fund's net position is $114.5 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Based on the projected operating expenditures, the targeted cash balance is $13.3 million. For the start of 2015, $2.7 million will be available as an unrestricted amount to fund asset management software, Hiawatha facility expansion, sewer system maintenance and rehab work, capital programs, debt services, and transfers

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Second Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Sanitary Utility Charges	51,383,522	51,383,522	24,742,088	51,420,220	25,203,574	50,779,368	25,181,869
Other Services Provided	820,000	820,000	428,846	563,001	210,777	732,578	256,128
SAC Revenues	2,060,000	8,000,000	4,498,005	8,769,175	3,125,006	10,812,544	1,969,535
Interest							
Total Operating Revenues	54,263,522	60,203,522	29,668,939	60,752,396	28,539,357	62,324,490	27,407,532
Operating Expenses:							
Sewer Design	894,670	731,281	326,687	443,867	225,247	452,654	227,616
Sewer Maintenance	8,682,893	8,450,561	3,293,197	6,639,509	3,016,995	5,956,525	2,900,761
Met Council Env. Svcs.	38,425,226	44,022,822	21,647,843	45,068,946	20,356,530	45,462,953	19,253,353
Total Operating Expenses	48,002,789	53,204,664	25,267,727	52,152,322	23,598,772	51,872,132	22,381,730
Operating Margin	6,260,733	6,998,858	4,401,212	8,600,074	4,940,585	10,452,358	5,025,802
Non-Operating Revenues (Expenses):							
Depreciation	(2,167,460)	(2,167,460)	(987,777)	(1,378,768)	(1,040,327)	(1,358,359)	(1,028,146)
Net Interest Income (Exp)	(413,571)	(413,571)	(206,446)	(349,733)	(223,118)	(513,830)	(308,500)
Other Non-Oper Income	7,000,000	3,500,000	134,890	7,399,610	680,598	6,251,747	4,196,802
Other Non-Oper Expense	(8,000,000)	(7,700,000)	(2,657,334)	(4,937,288)	(855,147)	(4,811,751)	(1,295,566)
Total Non-Operating Revenues (Expenses)	(3,581,031)	(6,781,031)	(3,716,668)	733,821	(1,437,994)	(432,193)	1,564,590
Operating Transfers In (Out):							
Net Transfers In from Other Funds	-	-	-	-	-	-	-
Net Transfers Out to Other Funds	(1,156,681)	(1,156,681)	(578,340)	(1,258,096)	(574,670)	(2,149,086)	(1,052,944)
Total Operating Transfers	(1,156,681)	(1,156,681)	(578,340)	(1,258,096)	(574,670)	(2,149,086)	(1,052,944)
Capital contribution	-	-	-	-	-	-	-
Change in Net Position	1,523,021	(938,854)	106,204	8,075,799	2,927,921	7,871,079	5,537,448
Significant Balance Sheet Items:							
Cash Balance		16,149,875	21,187,428	23,640,433	18,174,723	19,181,223	19,246,615
Construction Cash		-	1,577,185	1,678,814	806,887	836,882	1,431,734
Accounts Receivable		4,347,081	4,249,280	4,743,490	4,375,339	3,950,672	3,893,766
Notes Payable			-	-	-	-	-
Bonds Payable		9,300,000	14,450,000	14,450,000	11,550,000	11,550,000	14,400,000
Net Position		113,605,415	114,544,269	114,438,065	110,389,904	107,461,983	106,375,982
Significant Cash Flow Items:							
Capital Outlay	8,000,000	7,700,000	2,635,156	4,368,033	846,050	4,811,751	1,295,566
Bond & Note Principle payments	5,150,000	5,150,000	-	4,150,000	-	4,600,000	-
Refunding Principle Payments	-	-	-	-	-	-	-

City Of Minneapolis
Storm Water Fund
For the Second Quarter Ending June 30, 2014

Fund 07300	2014 Budget	6/30/2014 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	41,106,624	20,181,071	41,106,624	39,322,059
Operating Expense	28,668,784	10,242,531	28,150,806	23,460,885
Operating Margin	12,437,840	9,938,540	12,955,818	15,861,174
Change in Net Position		252,292	(11,033,965)	5,323,252
Net Position		311,773,183	300,486,926	311,520,891
Cash Balance		38,845,062	25,211,554	36,354,095

Program Description:
The Storm Water Fund is responsible for the design, construction, and maintenance of City's storm drain system, and street cleaning activities. A portion of the Fund is used for sanitary water interceptor and treatment services and pays 5% of the contractual payments to Met Council Environmental Services (MCES). This fund also accounts for the combined sewer overflow (CSO) program, capital programs and debt service payments.

Revenue:
The $20.2 million in revenues received through the end of the second quarter reflects 49% of the operating revenue budget. This is an increase of $300,000 compared to $19.9 million earned for the same period in 2013. While the utility revenues through second quarter totaled $18.5 million, it remained the same as 2013 even though the utility rate was set at $11.94/ESU (Equivalent Storm Units) compared to $11.82/ESU for 2013. The increase of $289,000 is due to an increase in design activities and alley plowing. Reimbursements from the State of Minnesota for maintenance work done by the Street Cleaning and Storm Maintenance Departments reached $700,000 which was equal to 2013 totals. These reimbursements are based on agreements with State and County.

Expenses:
Through the second quarter of 2014, the Storm Water Fund's operating expenses were $10.2 million, leaving 64% of the budget available for the next six months. This is $300,000, or 3%, less than the $10.5 million recorded through the second quarter of 2013. Approximately $200,000 of this decrease is due to reduction in storm tunnel rehab and televising work in the storm maintenance cost center and its contractual services category. An increase $100,000 in payment for City services relating to government contracted services and overheads was recorded. An additional decrease of $200,000 in design, storm management, and street activities has lowered the Fund's overall second quarter expenses.

Transfers:
There are no transfers in this Fund.

Debt Service:
The debt service budget for 2014 totals $4.1 million of which $3.2 million is set aside for principal and $0.9 million for interest payments. Through the second quarter of 2014, $145,000 in interest payment has been made. The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs.

Forecast:
For the next six months, it is estimated that the cash outflow will total $37.2 million. This would include operating expenses, debt service payments, and capital programs. The Fund also anticipates $23.6 million in revenues, majority of these coming from its operations. While the capital outlay has been projected at $19.4 million, the funding will be based on the existing cash balance and not through bond sales.

Cash and Net Positions:
The ending cash balance for the quarter totals $38.4 million and net position is just under $311.8 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Based on the projection, the target amount is $7 million. This will leave $31.4 million as unrestricted amount to fund capital programs and debts services for the next six months and beyond. More importantly, the Storm Water Fund is planning to use its sound fund balance and replace other funding resources.

City of Minneapolis, Minnesota
Storm Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years 2014, 2013 and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
State Grants	1,158,154	1,158,154	542,579	1,149,665	530,069	1,114,709	508,348
County Grants	399,559	399,559	199,780	291,220	208,957	399,558	99,890
Storm Utility Charges	38,319,261	38,319,261	18,521,636	36,830,078	18,510,437	36,694,339	18,460,641
Other Services Provided	1,229,650	1,229,650	917,077	1,051,096	628,517	1,654,616	593,658
Total Operating Revenues	41,106,624	41,106,624	20,181,071	39,322,059	19,877,980	39,863,222	19,662,537
Operating Expenses:							
Sewer Design	4,837,292	4,687,292	1,443,660	3,592,005	1,506,093	3,427,270	1,427,652
Stormwater Management CSO	1,021,942	677,268	276,306	592,537	340,588	648,483	378,567
Street Cleaning	9,264,226	9,264,226	3,196,595	7,804,686	3,240,816	7,993,832	3,608,911
Sewer Maintenance	7,009,132	7,059,131	2,105,189	5,642,320	2,340,768	4,169,738	1,571,442
Met Council Env. Svcs.	6,536,192	6,462,889	3,220,780	5,829,337	3,080,689	5,328,870	2,808,132
Total Operating Expenses	28,668,784	28,150,806	10,242,531	23,460,885	10,508,954	21,568,193	9,794,704
Operating Margin	12,437,840	12,955,818	9,938,540	15,861,174	9,369,026	18,295,029	9,867,833
Non-Operating Revenues (Expenses):							
Depreciation	(4,114,734)	(4,114,734)	(3,226,985)	(4,114,734)	(3,203,738)	(4,078,992)	(3,172,737)
Special Assessments	-	383,193	(209,876)	144,004	(127,136)	830,245	(181,036)
Net Interest Income (Exp)	(850,047)	(850,047)	(145,000)	(789,965)	(488,347)	(469,981)	(300,653)
Other Non-operating Income	9,700,000	2,000,000	645	4,462,735	3,855,466	4,418,795	362,700
Other Non Operating Expense	(17,505,000)	(21,408,195)	(6,105,032)	(10,239,961)	(4,629,774)	(6,968,374)	(3,602,459)
Total Non-Operating Revenues (Expenses)	(12,769,781)	(23,989,783)	(9,686,248)	(10,537,921)	(4,593,529)	(6,268,307)	(6,894,184)
Operating Transfers In (Out):							
Net Transfers In from Other Funds	-	-	-	-	-	-	-
Net Transfers Out to Other Funds	-	-	-	-	-	(1,245,296)	(556,000)
Total Operating Transfers	-	-	-	-	-	(1,245,296)	(556,000)
Capital Contribution	-	-	-	-	-	-	-
Change in Net Postion	(331,941)	(11,033,965)	252,292	5,323,253	4,775,497	10,781,426	2,417,649
Significant Balance Sheet Items:							
Cash Balance		25,211,554	38,845,062	36,354,095	40,850,949	33,223,043	30,182,477
Construction Cash		-	5,920	5,920	592,280	4,185,461	806,887
Accounts Receivable		3,612,791	3,755,561	3,609,255	3,607,901	3,616,327	3,473,348
Notes Payable		-	-	-	161,786	161,786	-
Bonds Payable		4,735,910	7,970,910	7,970,910	14,620,910	14,620,910	15,485,910
Net Position		300,486,926	311,773,183	311,520,891	304,370,912	299,595,415	287,067,933
Significant Cash Flow Items:							
Capital Outlay	15,505,000	19,408,195	5,688,086	9,308,751	4,251,166	6,338,748	3,212,122
Bond & Note Principle Payments	3,235,000	3,235,000	-	6,811,786	-	6,265,000	-

City Of Minneapolis
Solid Waste and Recycling Fund
For the Second Quarter Ending June 30, 2014

Fund 07700	2014 Budget	06/30/14 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	31,372,751	15,389,951	31,607,750	31,425,594
Operating Expense	33,378,046	15,309,200	32,938,644	35,205,122
Operating Margin	(2,005,295)	80,752	(1,330,894)	(3,779,528)
Change in Net Position		933,195	(1,005,933)	(4,896,120)
Net Position		27,777,310	26,771,310	26,844,115
Cash Balance		18,360,149	17,726,833	17,793,800

Program Description
The Solid Waste and Recycling Fund account for the City's solid waste and recycling collection and disposal, graffiti removal, and a solid waste transfer station that serves 106,000 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an Organics Pilot Program.

Revenue
With operating revenues through the end of the second quarter totaling $15.4 million, 59% of the budgeted revenue has been realized. This is a decrease of $100,000 or 1%, compared to $15.5 million earned through second quarter of 2013. Utility revenues totaled $14.8 million through the second quarter of 2014, compared to $14.4 million for 2013 as a result of increase in base rate of $0.60 per dwelling unit. An increase in revenues of $300,000 in miscellaneous services was offset by a decrease in revenues from the sale of scrap metals. Revenue from the sale of scrap metal decreased $400,000 as a result of decreased demand for this product. The Hennepin County recycling grant for the year has been estimated at $880,000 and the department anticipates receiving it as lump sum during the third quarter.

Expenses:
Operating expenses through the second quarter were $15.3 million compared to $17.8 million in 2013. This is a decrease of $2.5 million or 14%. Expenditures in Recycling Division decreased by $2.9 million due to one-time expenditures spent on capital purchases of equipment and carts relating to of One-Sort Program which was completed in 2013. Expenses also decreased in Collection, Disposal, Yard Waste, Customer Service, Graffiti, and Organics divisions by sum total of $600,000. One sort program helped reduce Disposal expenditures by$100,000. Collection division's expenses were lower because over $300,000 were spent on new carts and lids in 2013. Additional reductions

of $200,000 in expense are due to lower vendor contract regarding garbage collection and due to redistribution of City services to Admin division.

Expenses increase by combined total of $1 million in Problem Material, Transfer Stations, Administration, Clean City, and Equipment divisions reduced the Fund's overall expenditure through the second quarter. $800,000 of the increase is in the Admin division where City services such as overheads, liability insurance, worker's comp, BIS charges, and rents are budgeted.

Transfers:
Budgeted transfers into the Solid Waste and Recycling fund include $146,000 from the Parking Fund for the Litter Container Program and $820,000 from the General Fund for graffiti removal and micro-grants. As of the end of the quarter, $410,000 in transfer revenues has been received.

Debt Service:
This fund has no debt service.

Forecast:
Over the next six months, the estimated cash outflow will total $17.6 million for operating expenses and none for facility improvements. The Fund also anticipates an additional $16.4 million in revenue from its operations and $0.6 million in transfers resulting in a deficit of $600,000 and bringing the fund balance for year end to an estimated $17.7 million.

Cash and Net Positions:
The Fund's cash balance as of the end of the second quarter was $18.4 million and the net position totaled $27.8 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the targeted cash balance is $8.2 million leaving unrestricted cash reserve equivalent to $10.2 million. With a planned implementation of City-wide Organic program and facility improvement in the next budget year, the Solid Waste is estimated to incur over $11 million in additional costs. Therefore going into 2015, the projected year-end cash reserve is necessary to fund these programs.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Second Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projection Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
County Grants	880,000	880,000	-	864,545	440,000	864,448	400,000
Solid Waste Fees	28,890,458	29,575,458	14,757,138	28,801,926	14,372,325	29,250,660	14,593,029
Recyclable Sales	750,000	300,000	148,934	790,163	520,171	1,611,178	741,057
Charges for Other Services	852,293	852,293	483,880	968,960	162,173	334,990	111,624
Total Operating Revenues	31,372,751	31,607,750	15,389,951	31,425,594	15,494,669	32,061,276	15,845,710
Operating Expenses:							
Collection	8,002,940	7,619,160	3,711,743	8,091,536	4,028,027	7,535,591	3,762,905
Disposal	4,569,086	4,542,244	2,159,851	4,544,751	2,266,510	5,056,654	2,378,761
Recycling	3,778,918	3,607,461	1,586,302	7,968,641	4,547,121	5,510,041	1,748,746
Yard Waste	3,058,237	2,983,216	1,067,052	2,624,703	1,099,207	2,549,112	1,063,080
Large Item/Problem Material	1,797,313	1,749,540	782,713	1,676,994	765,077	1,298,656	530,274
Transfer Stations	352,150	362,150	203,229	356,751	177,062	385,757	243,977
Administration	5,727,143	5,827,143	2,992,929	4,429,665	2,114,362	3,931,544	1,920,402
Customer Service	666,814	587,000	245,925	577,913	289,853	605,386	294,026
Clean City	976,531	976,531	622,096	975,820	456,396	1,030,056	539,348
Graffiti	1,097,309	1,097,309	310,014	766,716	358,596	809,329	423,773
Equipment	3,070,583	3,305,868	1,524,683	2,936,967	1,517,912	3,416,485	1,780,703
Organics	281,022	281,022	102,664	254,665	130,471	248,210	127,525
Total Operating Expenses	33,378,046	32,938,644	15,309,200	35,205,122	17,750,594	32,376,821	14,813,520
Operating Margin	(2,005,295)	(1,330,894)	80,752	(3,779,528)	(2,255,925)	(315,545)	1,032,190
Non-Operating Revenues (Expenses):							
Depreciation	(855,039)	(855,039)	(398,332)	(855,039)	(332,269)	(664,537)	(427,520)
Capital Adjustments	-	-	849,105	-	-	-	-
Other non-operating Expense	(2,500,000)	-	(8,334)	-	-	-	-
Special Assessments	-	214,000	-	142,471	-	98,037	-
Total Non-Operating Revenues (Expenses)	(3,355,039)	(641,039)	442,439	(712,568)	(332,269)	(566,500)	(427,520)
Operating Transfers In (Out):							
Net Transfers In from Other Funds	966,000	966,000	410,004	296,000	148,000	296,000	483,000
Net Transfers Out to Other Funds	-	-	-	(700,024)	(350,026)	(1,271,000)	(635,500)
Total Operating Transfers	966,000	966,000	410,004	(404,024)	(202,026)	(975,000)	(152,500)
Contributed Capital	-	-	-	-	-	-	-
Change in Net Position	(4,394,334)	(1,005,933)	933,195	(4,896,120)	(2,790,220)	(1,857,045)	452,171
Significant Balance Sheet Items:							
Operating Cash		17,726,833	18,360,149	17,793,800	18,936,094	23,856,133	22,979,900
Accounts Receivable		3,063,629	3,015,384	3,254,086	3,085,664	2,873,172	2,852,875
Not es Payable			-	-	-	-	-
Bonds Payable			-	-	-	-	-
Net Position		26,771,377	27,777,310	26,844,115	27,529,072	30,319,292	30,991,057

City of Minneapolis
Water Enterprise Fund
For Second Quarter/Years 2014, 2013, 2012

Fund 07400	2014 Budget	30-Jun-14 Period End Actuals	Projected Year End 2014	2013 Actuals
Operating Revenue	76,698,771	33,615,811	76,644,396	74,824,116
Operating Expense	52,424,039	23,839,288	50,140,342	51,205,913
Operating Margin	24,274,732	9,776,524	26,504,054	23,618,203
Change in Net Position		(2,003,926)	15,171,487	12,172,686
Net Position		208,445,935	225,621,348	210,449,861
Cash Balance		18,991,703	22,097,441	18,963,284

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:
At the end of 2014, the projected total operating revenue will be $76,644,396 or a 2.4% increase over the 2013 amount of $74,824,116. Year to date sales have suffered as a result of the wet weather during the first half of the year. However, although revenue from water sales is expected to be down from last year, the fixed rate revenue will help to stabilize the overall sales revenue. Higher than anticipated revenues associated with Capital design as well as an increase in the volume of reimbursable work for the year in total will help revenues rebound close to the budgeted amount for the year.

Expense:
Projected operating expenses for the year total $50,140,342 or 95.6% of the 2014 budget, and 2% lower than 2013 amount of $51,205,913. Expenses were expected to be slightly lower due to decreased chemical and electrical costs related to the production of water. With sales lagging due to the wet weather during the first half of the year, the related costs of chemicals and electricity are down.

Transfers:
For 2014, the transfer amount of $1,183,681 represents a $1,156,681 operating transfer from the Sanitary Sewer Fund for their share of the cost of the meter shop and a $27,000 transfer from the City's general fund to offset rent expense at city hall. The transfers are recorded monthly at a rate of 1/12th of the annual amounts.

Debt Services:
Debt service payments are related to the bonds and notes sold to finance the Water Division's capital improvement program. The amount of Debt service including both Principle and Interest payments for 2014 is anticipated to equal the budgeted amounts of $10,456,578.

Other Financial Items:
The ending cash balance as of June 30, 2014 was $18,991,703 compared to $18,963,284 at the end of 2013. 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 $13.1 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 budgeted 2014 balance in the operating reserve for membrane and valve replacement is $5.1 million. The two reserves total $18.2 million, so the current cash balance is adequate to cover the reserves. The anticipated cash balance at year end will be more in line with the year end of 2013.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2014, 2013, 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Water Sales - City							
Volume Rate	56,365,647	55,499,176	24,940,850	55,738,712	25,130,763	56,440,374	25,253,038
Fixed Rate	4,108,365	4,007,496	2,003,748	3,230,251	1,610,424	3,216,611	1,598,802
Water Sales - Suburbs	12,778,872	12,899,024	5,134,386	11,607,219	4,544,637	12,976,941	5,094,508
Other Operating Revenues	3,445,887	4,238,699	1,536,828	4,247,934	1,971,842	6,457,492	3,769,422
Total Operating Revenues	76,698,771	76,644,396	33,615,811	74,824,116	33,257,666	79,091,418	35,715,770
Operating Expenses:							
Payments for City Services	10,654,596	10,654,596	5,361,131	10,216,139	5,261,904	9,645,669	5,050,783
Administration	854,546	644,844	317,466	1,358,672	704,668	1,215,322	566,822
Engineering	1,982,066	1,895,439	939,260	2,479,887	1,238,975	1,923,249	962,248
Operations	26,543,153	25,003,401	11,198,327	25,116,372	11,774,484	25,537,030	11,072,724
Distribution	8,960,634	8,232,609	4,299,306	8,667,609	4,282,153	9,628,717	4,868,233
Meter Shop	1,941,657	1,958,225	1,009,112	1,886,076	944,665	1,996,339	945,140
Reimbursables	1,487,387	1,751,228	714,686	1,481,159	668,780	1,355,535	399,609
Total Operating Expenses	52,424,039	50,140,342	23,839,288	51,205,913	24,875,629	51,301,862	23,865,559
Operating Margin	24,274,732	26,504,054	9,776,524	23,618,203	8,382,037	27,789,557	11,850,211
Non-Operating Revenues/(Expenses)							
Depreciation	(10,208,207)	(10,208,207)	(5,104,104)	(10,628,275)	(4,887,081)	(10,551,351)	(3,619,570)
Special Assessments				395,099		1,204,006	
Net Interest Income (Exp)	(4,308,040)	(4,308,040)	(1,557,584)	(2,971,360)	(1,650,369)	(3,303,893)	(1,726,238)
Federal Emergency Management Assistance				0		10,455	10,455
State of Minnesota				0		3,136	3,136
Capital Revenue	2,000,000	2,000,000	486	494,886		249,225	264,132
Other Non-Operating Income				92,794		134,443	
Other Non Operating (Expense)	(22,100,000)	(22,100,000)	(5,711,089)	(11,708,710)	(3,015,402)	(831)	
Total Non-Operating Revenues (Expenses)	(34,616,247)	(34,616,247)	(12,372,290)	(24,325,566)	(9,552,853)	(12,254,809)	(5,068,085)
Operating Transfers In (Out):							
Net transfers in from other funds	1,183,681	1,183,681	591,840	1,171,339	585,672	993,888	496,944
Net transfers out to other funds						(4,992,000)	(2,496,000)
Total Operating Transfers	1,183,681	1,183,681	591,840	1,171,339	585,672	(3,998,112)	(1,999,056)
Capital Contribution							
Change in Net Position	(9,157,834)	(6,928,513)	(2,003,926)	463,976	(585,145)	11,536,635	4,783,070
Significant Balance Sheet Items							
Operating Cash		22,097,441	18,991,703	18,963,284	21,093,375	19,066,539	14,769,529
Accounts Receivable			6,360,677	4,778,155	5,439,176	4,559,012	5,423,832
Assessments Receivable			2,457,582	2,513,145	2,261,472	2,302,230	1,029,724
Bonds & Notes Payable		106,961,172	107,106,710	107,106,710	113,284,120	113,284,120	119,124,241
Net Position		225,621,348	208,445,935	210,449,861	199,616,140	197,185,886	190,282,702
Significant Cash Flow Items							
Capital Outlay	22,100,000	22,100,000	5,711,089	11,708,710	3,015,402	11,708,710	5,229,176
Bond & Note Principle Payments	6,145,538	6,145,538		5,796,108		5,796,108	
Total Cash Flow Items	28,245,538	28,245,538	5,711,089	17,504,818	3,015,402	17,504,818	5,229,176

City of Minneapolis
Municipal Parking Fund
For the 2nd Quarter Ended June 30, 2014

Fund 7500*	2014 Original Budget	June 30, 2014 Period End Actuals	Projected YE 2014	Actual YE 2013
Revenue	58,575,057	28,887,843	57,915,615	58,147,378
Expenses	37,883,423	17,124,275	37,211,010	37,745,060
Operating Margin	20,691,634	11,763,568	20,704,605	20,402,318
Change in Net Position	4,357,119	3,997,790	3,340,595	9,871,034
Net Position	167,550,236	176,625,326	175,874,842	172,627,536
Cash Balance		14,659,141	10,725,218	13,303,623

* 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 2014 second quarter actual revenues are up in comparison to the 2013 by 5.0%. The increase is from:

- Impound Lot revenues are up 12.3% compared to 2013.
- On-street parking is up 0.3% compared to 2013.
- Off-street ramps and lots are up 5.2% compared to 2013.

Impound Lot revenues are higher than 2013 due to increased number of snow emergencies during the first half of 2014. On-street revenues were stable during the first half of 2014. The first half of 2014 off-street revenues were higher due to increased efforts with the state owned ABC Ramps.

Projected Revenues for year-end are only slightly below 2013, and 1% below the budget for 2014. The below budget amount relates mainly to the Off-Street State Ramps revenue.

Expenses:
The 2014 2nd quarter end operating expenses are higher than the 2013 expenses by 9.75%. The variance is from:

- Impound Lot expenses are up 25.7% compared to 2013.
- On-street meters are down by 10.6% compared to 2013.
- Off-street ramps and lots are up 15.1% compared to 2013.

Impound Lot expenses are higher than 2013 due to heavier snow in early 2014 and increased related operational activities, including towing, security, lot maintenance and personnel. On-street meter expenses are lower than 2013 due to the new meters deployed. Off-street ramps and lots show lower than 2013 expenses due to ABC Ramp projects.

Transfers to and from other funds:
The 2014 transfers into and out of the Parking Fund are programmed and planned according to the 2014 budget. During the year of 2014, $0.4 million of funds will be transferred in ($0.4 million from Tax Increment Funding) and $5.8 million of funds will be transferred out ($2.3 million to the General Fund, $3.3 million to the Target Center, $0.2 million to Solid Waste).

Debt Service:
For 2014, the debt service budget is $16.2 million. The outstanding balance of bond principal as of June 30, 2014 is $83.7 million and the outstanding balance of note principal is $38.7 million.

Other Financial Items:
The end of the second quarter 2014 cash balance is $14.7 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 $9.5 million, which results in a $5.2 million surplus which is retained for future debt service payments.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Second Quarter/Years Ending 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Jun-14	For Year Ending 2013	For Period Ending 30-Jun-13	For Year Ending 2012	For Period Ending 30-Jun-12
Operating Revenues:							
Off-Street Parking: City Owned	30,875,057	30,299,101	15,327,006	29,831,564	15,139,133	28,628,141	14,956,749
Off-Street Parking: State Owned	10,925,000	9,366,181	4,777,496	10,378,784	3,965,922	9,657,497	3,652,087
Towing	6,500,000	6,192,425	3,198,304	5,754,958	2,847,312	5,575,586	2,806,811
On-Street Meters	10,275,000	12,057,908	5,585,036	12,182,072	5,566,618	10,153,881	4,843,920
Total Operating Revenues	58,575,057	57,915,615	28,887,843	58,147,378	27,518,985	54,015,105	26,259,567
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	21,425,071	19,730,406	9,282,772	20,701,318	9,653,975	22,310,908	9,907,920
Off-Street Parking: State Owned-Direct Expenses	8,364,391	8,364,391	3,747,753	9,366,786	4,185,844	8,802,796	4,207,936
Towing	5,147,285	5,720,095	2,836,945	4,702,750	2,256,498	4,294,098	1,963,869
On-Street Meters	2,946,676	3,396,118	1,255,237	2,974,206	1,404,222	4,451,961	1,167,318
Other Operating Expenses	-	-	1,568	0	1,596	816	0
Total Operating Expenses	37,883,423	37,211,010	17,124,275	37,745,060	17,502,135	39,860,579	17,247,043
Operating Margin	20,691,634	20,704,605	11,763,568	20,402,318	10,016,850	14,154,526	9,012,524
			24,897,532				
Non-Operating Revenues/(Expenses)							
Depreciation	(6,665,100)	(6,665,100)	(3,332,550)	(6,955,004)	(3,540,520)	(6,905,352)	(3,539,359)
Special Assessments	0	0	0	25,018	0	57,405	0
Interest	(5,330,287)	(5,330,287)	(1,492,829)	(4,001,605)	(1,735,771)	(4,497,741)	(2,448,786)
Other Non Operating Expenses	(1,700,000)	(1,700,000)	(124,775)		-		(48,417)
Other Non-Operating Income	0	0	7,480	11,990	4,032	9,664	2,016
Total Non-Operating Revenues (Expenses)	(13,695,387)	(13,695,387)	(4,942,674)	(10,919,601)	(5,272,259)	(11,336,024)	(6,034,546)
Operating Transfers In (Out):							
General Fund Transfer Out	(2,323,200)	(2,323,200)	(1,161,600)	(7,918,024)	0	(7,864,901)	0
Arena Reserve Transfer Out	(3,323,006)	(3,323,006)	(1,661,503)	(3,129,132)	(1,564,566)	(2,940,905)	(1,470,453)
Debt Service Transfer Out	0	-	-	(40,957)	0	(477,000)	(238,500)
General Debt Service Transfer Out	-	-	-			0	0
Sanitation Transfer Out	(146,000)	(146,000)	-	(146,000)	0	(146,000)	0
Convention Center related facility Transfer	0	-	-	4,729,200	159,600	5,580,100	221,300
TI and MCDA Transfers In	423,583	423,583	-	6,893,230	67,531	8,219,301	4,157,267
Other Transfers In	-	-	-		-	-	-
Total Operating Transfers	(5,368,623)	(5,368,623)	(2,823,103)	388,317	(1,337,435)	2,370,595	2,669,614
Capital Contributions						369,776	
Change in Net Position	1,627,624	1,640,595	3,997,790	9,871,034	3,407,156	5,558,873	5,647,592
Significant Balance Sheet Items							
Operating Cash		10,461,072	12,694,995	11,339,477	7,869,872	7,353,257	16,315,925
Cash Balance - Arbitrage		264,146	1,964,146	1,964,146	375,818	375,818	1,733,678
Notes Payable			38,650,000	38,650,000	38,650,000	38,650,000	38,650,000
Bonds Payable			83,705,942	83,705,942	95,680,042	149,200,042	106,120,042
Net Position		174,268,131	176,625,326	172,627,536	166,266,009	162,756,502	163,041,232
Significant Cash Flow Items							
Bond & Note Principle Proceeds			-	2,655,000	-	23,960,001	
Bond & Note Principle Payments	10,884,100	10,884,100	-	14,629,100	-	16,770,000	
Refunding Principle Payments			-	-	-	60,710,000	43,080,000

CPED Enterprise Fund Component Programs

The **CPED Enterprise Fund** operates a series of business-type activities designed to enhance housing options and economic development within the City. There are five component operations within this fund.

The **Housing Development** component accounts for various home ownership and home improvement loan programs. These are mature programs. All issued debt has been retired and no new loans are being issued. The residual balances are committed to the operations of the Minneapolis-St Paul Housing Finance Board. The Board is a joint venture created for the benefit of the Cities of Minneapolis and Saint Paul to cooperatively operate various housing loan programs. The committed balances will be used to pay for the Minneapolis share of bond issuance costs. The residual activity of the Housing Development component is accounted for by trustees, reviewed by management throughout the year, and recorded in City accounting records at year end. $54,736 was transferred to the Minneapolis-St Paul Housing Finance Board during 2013.

The **General Agency Reserve Fund System** (GARFS) is 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 in maintaining the "A+" rating of the fund. Most of the transactions of the fund are maintained in a series of bank trustee accounts. The net position of the fund at year end 2013 was $33,528,525. Only the administrative operations portion of the fund is presented at 6/30/2014. Other information is maintained by a trustee and not available for inclusion at 6/30.

The **Theatres** component was created to account for the operations of the State, Orpheum, and Pantages Theatres. The City no longer operates these Theatres. Only residual balances and activity remain. There was a cash deficit of more than $2 million at the conclusion of the operational period. The City has a workout plan in place to transfer $400,000 per year into the fund to clear the deficit. Three years of the workout plan have been successfully implemented. At June 30, 2014 the cash deficit was $960,000.

The **River Terminal** component operates a public terminal facility located on the Mississippi River in north Minneapolis. The lease agreement obligates the operator to subsidize the City for operating losses and to share profits. The operator is not obligated to pay for the cost of the City's internal management of the facility. It is City management's intent to cease operation of the terminal by the end of 2014. At that time the land will be available for future development along the Mississippi.

The **Economic Development Program** component accounts certain defaulted properties, and for the Capital Investment Fund Program with the Federal Home Loan Bank, which provided loans to businesses for economic development and the creation of jobs. The current activities of this fund are residual in nature to complete the existing projects. These activities are minimal and comparable to the prior year.

	Housing Development Fund 6/30/2013	Housing Development Fund 6/30/2014	General Agency Reserve Fund Operations 6/30/2013	General Agency Reserve Fund Operations 6/30/2014	Theatres 6/30/2013	Theatres 6/30/2014	River Terminal 6/30/2013	River Terminal 6/30/2014	Economic Development Program 6/30/2013	Economic Development Program 6/30/2014
ASSETS										
Current assets:										
Cash and cash equivalents	$ 138,311	$ 137,934	$ 1,038,500	$ 848,020	$ (1,336,641)	$ (959,679)	$ (634,205)	$ (884,647)	$ 817,125	$ 870,787
Deposits with fiscal agents	-	-	-	-	-	-	-	-	97,277	183,480
Loans and notes receivable	150,000	120,000	-	-	-	-	-	-	-	-
Other current assets	196	271	2,745	1,913	(3,453)	(2,656)	(960)	(1,086)	1,564	1,732
Total current assets	288,507	258,205	1,041,245	849,933	(1,340,094)	(962,335)	(635,165)	(885,733)	915,966	1,055,999
Noncurrent assets:										
Loans and notes receivable	344,987	346,521	-	-	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	5,614,200	5,266,674	-	-
Total noncurrent assets	344,987	346,521	-	-	-	-	5,614,200	5,266,674	-	-
Total assets	$ 633,494	$ 604,726	$ 1,041,245	$ 849,933	$ (1,340,094)	$ (962,335)	$4,979,035	$4,380,941	$ 915,966	$ 1,055,999
LIABILITIES										
Current liabilities:										
Accounts payable	-	-	2,977	2,934	-	-	-	-	62	250,651
Notes payable - current portion	-	-	-	-	-	-	-	-	116,613	-
Other current liabilities	67	116	17,917	12,912	(1,186)	(1,134)	2,171	1,952	11,233	10,980
Total current liabilities	67	116	20,894	15,846	(1,186)	(1,134)	2,171	1,952	127,908	261,631
Noncurrent liabilities:										
Notes payable	-	-	-	-	-	-	-	-	40,501	-
Compensated absences payable	-	-	10,554	13,777	-	-	-	2,818	-	560
Total noncurrent liabilities	-	-	10,554	13,777	-	-	-	2,818	40,501	560
Total liabilities	67	116	31,448	29,623	(1,186)	(1,134)	2,171	4,770	168,409	262,191
NET POSITION										
Invested in capital assets, net of related debt	-	-	-	-	-	-	5,614,200	5,266,674	-	-
Restricted	-	-	1,009,797	820,310	-	-	-	-	-	-
Unrestricted	633,427	604,610	-	-	(1,338,908)	(961,201)	(637,336)	(890,503)	747,557	793,808
Total net position	633,427	604,610	1,009,797	820,310	(1,338,908)	(961,201)	4,976,864	4,376,171	747,557	793,808
Total liabilities & net position	$ 633,494	$ 604,726	$ 1,041,245	$ 849,933	$ (1,340,094)	$ (962,335)	$4,979,035	$4,380,941	$ 915,966	$ 1,055,999

	Housing Development Fund 1/1-6/30/13	Housing Development Fund 1/1-6/30/14	General Agency Reserve Fund System 1/1-6/30/13	General Agency Reserve Fund System 1/1-6/30/14	Theatres 1/1-6/30/13	Theatres 1/1-6/30/14	River Terminal 1/1-6/30/13	River Terminal 1/1-6/30/14	Economic Development Program 1/1-6/30/13	Economic Development Program 1/1-6/30/14
Operating revenues										
Charges for sales and services	$ -	$ -	$ 128,082	$ 143,083	$ -	$ -	$ 743,900	$ 571,644	$ 114,583	$ -
Interest on program activities	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	128,082	143,083	-	-	743,900	571,644	114,583	-
Operating expenses:										
Personal services	-	-	173,935	127,224	-	-	16,703	15,040	4,449	-
Contractual services	-	-	142,252	107,043	10,000	-	853,985	851,031	17,407	7,664
Other	-	-	4,242	674	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	173,763	173,763	-	-
Total operating expenses	-	-	320,429	234,941	10,000	-	1,044,951	1,040,334	21,856	7,664
Operating income	-	-	(192,347)	(91,858)	(10,000)	-	(301,051)	(468,690)	92,727	(7,664)
Nonoperating revenues (expenses)										
Interest on investments	490	291	4,367	1,989	(6,295)	(2,409)	(1,431)	(1,347)	2,836	1,759
Interest expense	-	-	-	-	-	-	-	-	-	(474)
Total nonoperating revenue (expenses)	490	291	4,367	1,989	(6,295)	(2,409)	(1,431)	(1,347)	2,836	1,285
Income (loss) before transfers	490	291	(187,980)	(89,869)	(16,295)	(2,409)	(302,482)	(470,037)	95,563	(6,379)
Net transfers from (to) other funds	-	-	-	-	400,000	402,190	-	-	-	-
Change in net position	490	291	(187,980)	(89,869)	383,705	399,781	(302,482)	(470,037)	95,563	(6,379)
Total net position - January 1	632,937	604,319	1,197,777	910,179	(1,722,613)	(1,360,982)	5,279,346	4,846,208	651,994	800,187
Total net position - December 31	$ 633,427	$ 604,610	$ 1,009,797	$ 820,310	$ (1,338,908)	$ (961,201)	$ 4,976,864	$ 4,376,171	$ 747,557	$ 793,808

City of Minneapolis
Second Quarter, 2014 Cash and Investments Report

In accordance with the City's cash management procedures, 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, diversification and yield. As of June 30, 2014, the City's current investment portfolio was valued at $696.6 million. The sector holdings and fund distributions are shown below. For the twelve months ended June 30, 2014, the portfolio has outperformed its benchmark.

Investment Performance period ended June 30, 2014	City Portfolio	Custom Benchmark*
3 month Total Return	0.33%	0.23%
12 months Total Return	0.88%	0.59%
3 year Total Return	0.62%	0.43%
Credit Quality	AGY	TSY
Weighted Average Maturity	1.6 Years	1.7 Years

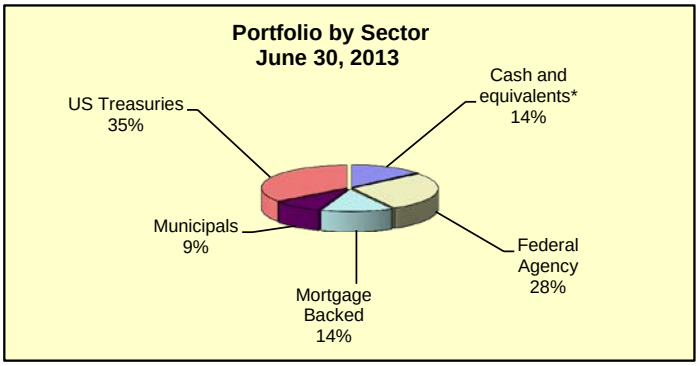
** Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.*

Portfolio Holdings By Sector

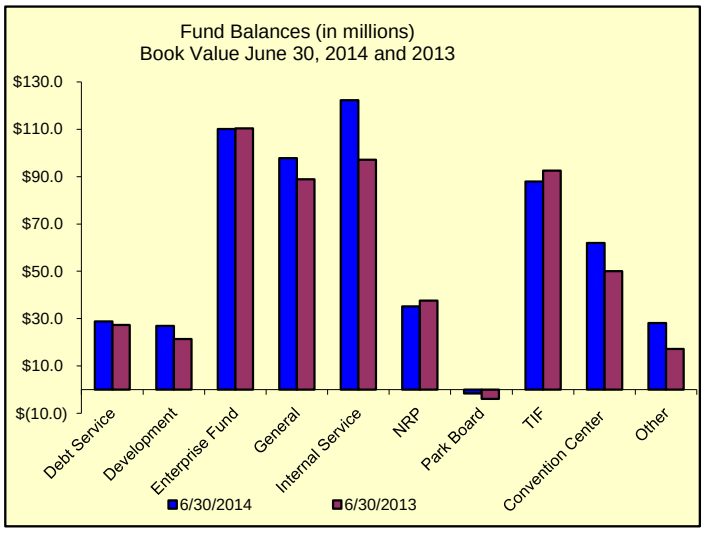
Market Value in millions

	June 30 2014	% of port.	June 30 2013	% of port.
Cash and equivalents*	$ 95.9	14%	$ 133.5	22%
Commercial Paper	2.0	0%	33.9	6%
Federal Agency	194.0	28%	137.0	23%
Mortgage Backed	95.0	14%	84.8	14%
Municipals	65.0	9%	43.4	7%
US Treasuries	244.7	35%	168.0	28%
Total Cash & Investments	$ 696.6	100%	$ 600.6	100%

**Net of checks outstanding*



Funds Performance

Book Value in millions

	June 30 2014	% of funds	June 30 2013	% of funds
Debt Service	$ 28.9	5%	$ 27.3	5%
Development	26.9	4%	21.4	4%
Enterprise Fund	110.1	17%	110.4	20%
General	97.8	15%	88.9	16%
Internal Service	122.3	19%	97.1	17%
NRP	35.2	5%	37.6	7%
Park Board	(1.6)	0%	(3.9)	-1%
TIF	87.9	14%	92.5	16%
Convention Center	61.9	10%	50.0	9%
Other	28.2	4%	17.2	3%
Sub Total City Operating	$ 597.6	93%	$ 538.5	96%
Bond Proceeds/Construction	42.5	7%	24.1	4%
Total Book Value	640.1	100%	562.6	100%
Unrealized gain (loss) & Accrued interest	0.3		(1.6)	
Total Market Value	$ 640.4		$ 561.0	
Debt Service Reserve Funds (GARFS & Development debt)	56.2		39.6	
All Funds & GARFS Market Value	$ 696.6		$ 600.6