



City of Minneapolis
Financial Status Report as of 3rd Quarter 2006
Prepared by the
City of Minneapolis Finance Department
November 27, 2006

City of Minneapolis

Interim Financial Report Index for the 3rd Quarter of 2006

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THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through September 30, 2006.

BUSINESS LINE REVIEW

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

Governmental Funds

Governmental Funds account for services and goods provided within the government and are primarily supported either directly or indirectly by taxes. These groupings include General fund, Special Revenue Funds, Capital Projects, Debt Services, and Agency funds. Governmental funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2006 with a fund balance of \$53.6 million and an operating budget of \$284 million. Through September of this year, the fund has spent 71% of its appropriations with 75% of the year elapsed. Because of historical spending being higher in 4th quarter, the fund is projected to end the year with a *planned* reduction to fund balance of \$1.5 million. Actually, the projected drawdown to fund balance is *less* than what was budgeted at the beginning of the year. Several items of note are Franchise Fee revenues which have greatly exceeded expectations and revenues from Fines and Forfeits which are considerably below budget thus far. Third-quarter projections indicate the only department that may overspend their budget is the Police Department. The reasons given for the potential overspending are increased overtime, technology and professional services costs. The Public Works department is on track to overspend their budget as well but the department is making adjustments to their service activities through year-end and believes they will end the year within budget.

The **Convention Center Fund** accounts for the operating activities of the Convention Center and for the City's sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities except the entertainment tax. The entertainment tax revenue is transferred to the City's General Fund and Arena Reserve Fund.

The Convention Center's 2006 operating budget, with a 2005 carryover of \$.8 million plans for a loss of \$1.4 million; however, third quarter results show the fund is tracking ahead of plan with revenues and expenses at 76% and 62% of budget respectively.

Grant Funds are used to record grant related activities. Fund 0300 represents all of the federal grant activity. Fund 0400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing Opportunities for People with Aids. Fund 0600 is used to record all of the non-federal sources of restricted revenue.

Proprietary Funds

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

Enterprise Funds are City owned businesses that sell goods and services to third parties. Excluding the CPED enterprise activities and the River Terminal, the City operates five enterprise funds. A snapshot of these funds follows:

Fund	2006 Budget to Actual through 9-30-06 (Incl. Depreciation)					
	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	37,824	27,354	72%	37,871	27,872	74%
Stormwater	32,472	22,294	69%	24,744	17,801	72%
Solid Waste	28,967	22,041	76%	29,892	21,582	72%
Water Utility	69,273	47,508	69%	59,476	39,065	66%
Parking	76,683	55,430	72%	73,494	51,816	71%

With the exception of the Parking fund, the City’s enterprise activities are in good condition. All of these funds had positive net assets at the beginning of 2006 and their financial plans call for a continuation of positive financial activity. There is an area of concern within the “Utility” Funds as far as cash position is concerned. Water, Storm Water and Sanitary Sewer all have positive cash balances but their average cash balances have declined over the last several years and are well below the financial policy calling for cash reserves equaling three months of operating expenses.

Sewer Utility Fund accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. The Stormwater Fund through first quarter has received 68% of its annual operating revenues and has spent 76% of its annual operating expense budget. The Sanitary Sewer fund has received 72% of its revenue and spent 74% of its budgeted expenses so far. Both funds have positive cash and net assets but the cash balances will continue dwindling because of the permanent effect of stormwater credits and lower water consumption. The funds combined cash reserve is 81% of the stated requirement.

Solid Waste Fund accounts for the City’s solid waste collection, disposal, and recycling operations. Currently the fund has received 76% of its annual operating revenues and spent 69% of its annual operating expense budget. The fund has positive net assets and cash reserves in excess of the stated requirement.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The Water Fund had a \$.12 rate increase in 2006. It has received 69% of its annual operating revenues and spent 68% of its annual operating expense budget. Like the Sewer Funds it has a cash problem. The funds current cash reserve is at 58% of the stated requirement. The erosion of the funds' cash balance can be attributed to several factors: 1) the one-time refund to the Joint Water Commission of \$3.6 million; 2) large annual debt service commitments; 3) a decline in water consumption over the last several years.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds' solvency by 2010. For 2006, the fund is not meeting its revenue targets but has also spent below its budget; these two factors have combined to create a projected financial impact of (\$.7) million for year-end.

Internal Service Funds remain one of the largest financial challenges for the City of Minneapolis. An overview of the Internal Service Funds follows:

Internal Service Funds (In Thousands)						
2006 Budget to Actual through 9-30-06 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	3,650	2,415	66%	4,358	2,584	59%
Equipment Fund	47,192	31,845	67%	45,633	31,069	68%
Property Services	15,751	11,711	74%	17,236	12,206	71%
Public Works Stores	3,423	3,133	92%	3,467	2,932	85%
Intergovernmental Fund (1)	45,809	34,148	75%	51,068	29,912	59%
Self Insurance	72,682	61,203	84%	67,861	54,860	81%

(1) Expense Budget includes debt svc of \$10.3 million

The **Intergovernmental Service Fund** is operating at a level called for in its financial workout plan. Through third quarter, the fund is ahead of its year-end goals because its expenses are significantly less than budgeted while its revenues equal budget. Fourth quarter expectations for spending on projects are higher, so the year-end result could be less than what is being projected. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Equipment Fund** also operates under a Council-adopted financial workout plan. The fund has positive cash and net assets and continues to make good progress toward solvency and a pay-as-you-go approach to replacing its capital assets. Revenues and expenses are lower than expected due to a decreased level of equipment usage in the Capital Projects area, but the funds operating margin remains positive (excluding depreciation). Because the fund has missed its revenue targets for the last two years, its cash position slipped behind the workout plan target for 2005. The Finance and Public Works departments will be monitoring the equipment usage and financial results in this fund closely.

The **Self-Insurance Fund** is at 84% and 81% of revenue and expense targets for the year. The larger than expected results for third quarter are because health & welfare revenues and expenses were budgeted lower than the assumed 20% increase from 2005. This will be corrected for the

fourth quarter report. Workers compensation costs are projected to be \$2.6 million lower than expected.

The **Property Services Fund** has received 74% of annual revenues and has spent 71% of budgeted expenses through third quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** is budgeted at a loss of \$.7 million for 2006. This fund has consistently lost money for the last eight years and if the trend continues will be in need of a financial workout plan. The fund has a very small amount of cash and positive net assets but one more year of losses could reverse that situation. Public Works management has decided to continue buying, rather than making, asphalt which will improve the financial results in this fund. In addition, management has increased its overhead rates to more fully recover fixed costs. Because this fund is so dependant on capital project activity for its financial health it is negatively impacted by the lack of activity in Paving projects this year.

Respectfully Submitted,

Patrick P. Born
Finance Officer

Charles J. Elliott
Controller

Appendix

Detailed Fund Information

General Fund

Fund Description

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

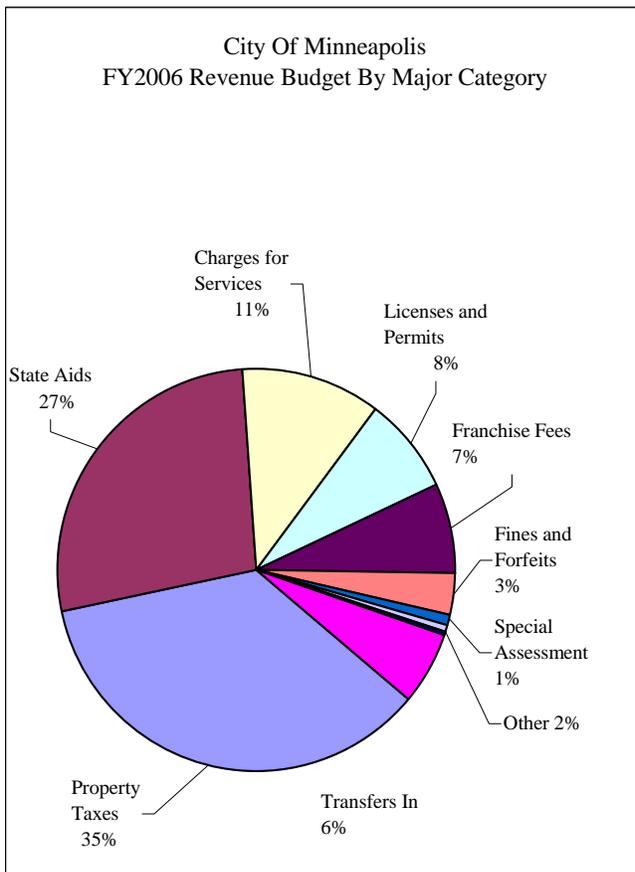
Financial Performance

The fund balance for the General Fund at fiscal year-end 2005 was \$53.6 million. The original budget for 2006 included a one-time reappropriation of \$1.8 million from the 2005 year-end fund balance and \$3.08 million to buy down variable rate debt in the self-insurance fund. Based on current revenue and expenditure trends, we are expecting the fund balance at year-end to be about \$52.1 million. The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget; the projected fund balance of \$52.1 million is above the \$49.0 million requirement.

While financial results for the third quarter are strongly positive, any projection of year-end results should be considered to be only an estimate.

<u>Projected 2006 Fund Balance</u>	
Fund Balance January 1, 2006	<u>\$ 53.6 million</u>
Re-appropriation of Fund Balance to Departments	(1.8) million
Re-appropriation of Fund Balance to buy down variable rate debt in Self-Insurance fund	(3.1) million
2006 Projected Increase in Fund Balance	<u>3.4 million</u>
Fund Balance Projected, December 31, 2006	<u>\$ 52.1 million</u>

General Fund Revenues:



The five largest revenue sources account for 88% of total budgeted revenues: property taxes, state aids, charges for services, licenses and permits, and franchise fees.

Property taxes, the major source of General Fund revenue (35%), are expected to meet the budget of \$112.7 million at the end of the year. A tax abatement transfer of \$389,746 will be paid to the Community Planning and Economic Development agency for the Downtown Light Rail Transit Station from property tax revenue received in 2006.

State aids, the second major source of fund revenue (27%), are also expected to meet the current estimated revenue of \$86.4 million (received in July and December).

Charges for services, the first major source of fund revenue (11%), are expected to be about equal to the current budget of \$36.5 million.

License and permit fees (8% of fund revenue) are also expected to be about equal to the current budget (\$24.9 million).

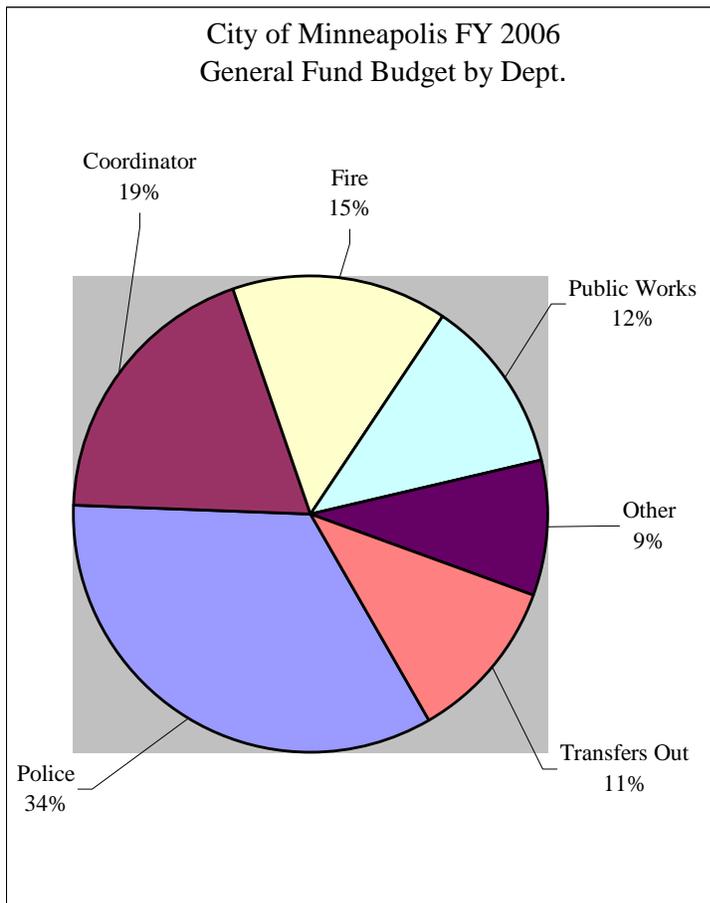
Franchise fees, the fifth major source of revenue (7%), are expected to be \$7.7 million, over the current budget of \$22.3 million, primarily due to increased revenue from natural gas franchise fees. In our second quarter report we estimated this increase to be about \$8.7 million; however the collections from Center Point has significantly gone down since the second quarter.

Fine and Forfeit revenues are expected to be less than the estimated revenue budget by about 17% (or about \$1.8 million), primarily due to decreased collections in fine revenues.

Other miscellaneous revenues are currently projected to meet or slightly exceed the current budget.

All other General Fund revenues and transfers are currently projected to meet or exceed the estimated revenue budget at the end of the year with no significant variances.

General Fund Expenditures:



Four departments make up about 80% of the total General Fund expenditures: Police, Coordinator, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

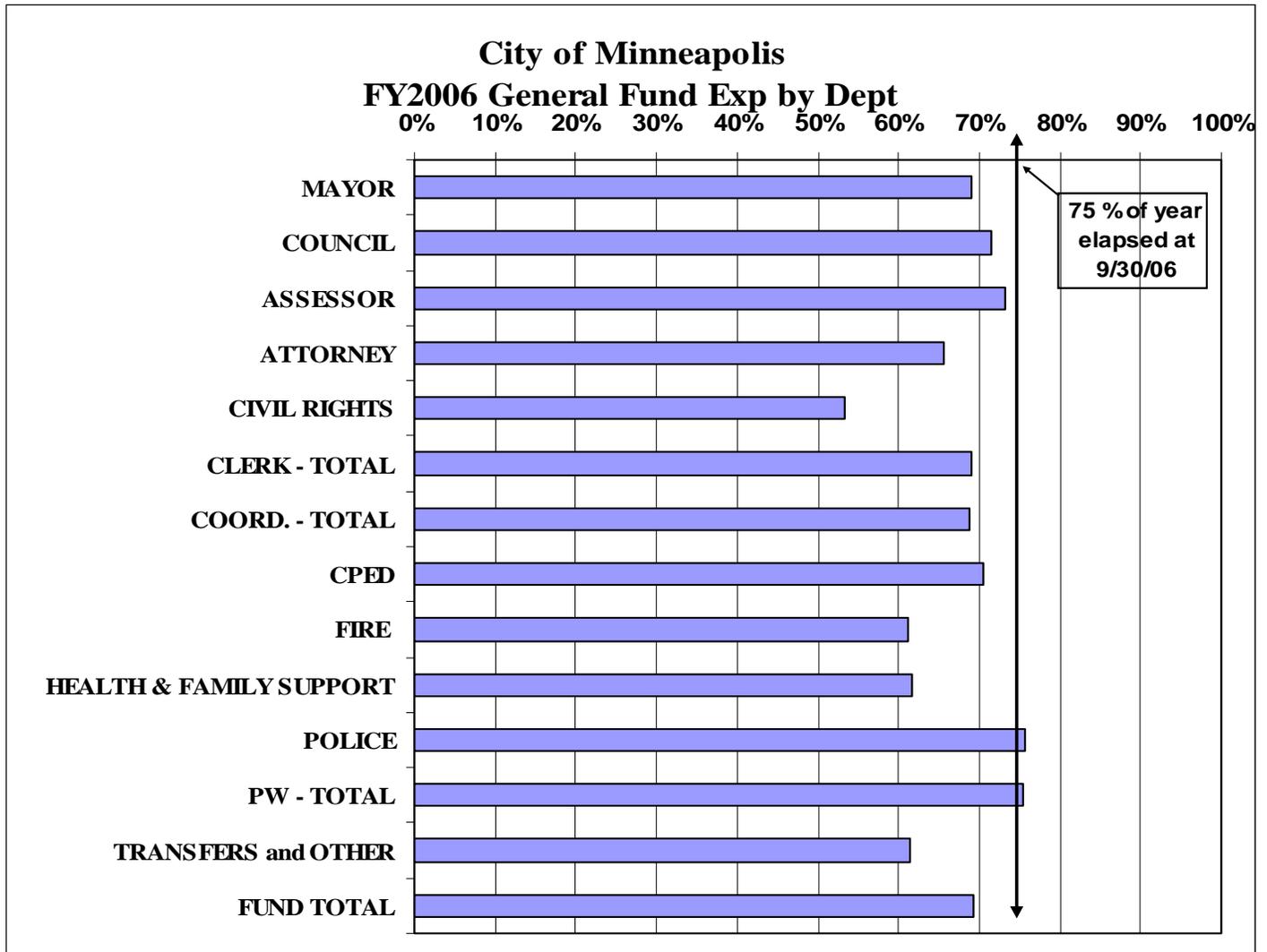
At the end of September, the Police Department's expenditures incurred to date are about \$81.2 million (75.6% of current budget); their projected expenditures could exceed their budget by about \$4.8 million at the end of the year primarily due to increased overtime expenditures, technology and professional services costs. The council has recently moved \$1.1 million of appropriation from the contingency funds to the Police budget to cover some of the deficit. The department is currently working on plans to reduce this deficit.

The expenditures of the next major department, Coordinator, are currently running about 6% under budget as of the end of the third quarter; currently, their projected expenditures are expected to be within their budget at the end of the year.

The expenditures for the next major department, Fire, are expected to be at their current budget at the end of the year.

The expenditures for the Public Works department are presently slightly over budget; however, the department is currently evaluating their service activities and developing a course of action to end the year within budget.

The expenditures for the remaining departments are running below the current budget through the end of the third quarter. Because departments tend to spend less than budgeted during the first three quarters, it is difficult to project how much of these savings will materialize at the end of the year. However, the overall current level of expenditures at the end of the third quarter indicate that total General Fund expenditures at the end of the year will be about equal to or less than the current appropriation barring any unexpected events (as shown on bar chart below).

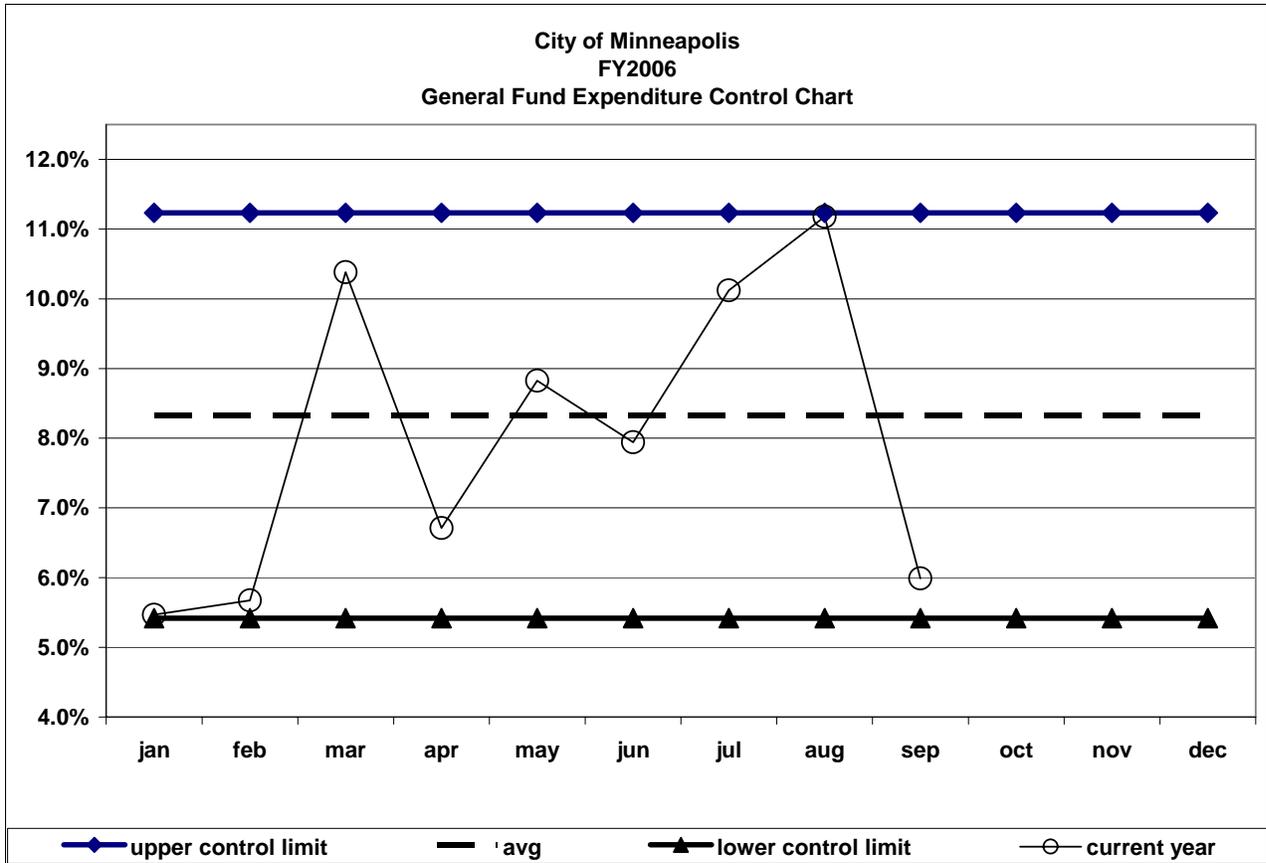


A detailed financial schedule of the General Fund is shown below:

City of Minneapolis					
General Fund					
September 30, 2006					
	Original Budget	Revised Budget	Actuals Thru September	Projected YE Totals	Projected YE Actual as Percent of Revised Budget
Revenues:					
Property Taxes*	112,688,883	112,688,883	54,868,249	112,688,883	100%
State Aids**	86,419,620	86,419,620	48,302,936	86,419,620	100%
Charges for Services	36,455,999	36,515,129	23,519,696	36,515,129	100%
Licenses and Permits	24,864,409	24,864,409	18,379,656	24,864,409	100%
Franchise Fees	22,310,000	22,310,000	20,920,834	30,000,000	134%
Fines and Forfeits	10,384,877	10,384,877	5,813,892	8,624,877	83%
Special Assessments*	2,762,585	2,762,585	1,443,228	2,762,585	100%
Investment Income	1,860,029	1,860,029	824,232	1,300,000	70%
Other Shared Taxes	781,394	781,394	278,750	781,394	100%
Other Miscellaneous	755,092	755,092	551,253	755,092	100%
Contributions	297,500	297,500	8,320	297,500	100%
Charges for Sales	42,700	42,700	128,074	128,074	300%
Total Revenues	299,623,088	299,682,218	175,039,119	305,137,563	102%
Transfers In	18,849,750	18,849,750	14,101,012	18,849,750	100%
Revenues and Other Sources	318,472,838	318,531,968	189,140,132	323,987,313	102%
Expenditures :					
Police	107,525,757	107,525,757	81,249,036	111,225,757	103%
Coordinator - Total	61,616,974	61,816,153	42,479,741	61,816,153	100%
Fire	47,162,463	47,597,208	35,212,292	47,597,208	100%
Public Works - Total	37,289,877	38,081,377	28,739,538	38,081,377	100%
Attorney	5,954,338	5,954,338	3,899,304	5,954,338	100%
Health & Family Support	3,701,245	3,701,245	2,279,634	3,701,245	100%
CPED	3,579,473	3,579,473	2,526,047	3,579,473	100%
City Clerk - Total	3,152,650	3,216,650	2,217,321	3,216,650	100%
Assessor	3,176,666	3,316,280	2,429,387	3,316,280	100%
City Council	2,940,198	3,051,744	2,181,915	3,051,744	100%
Civil Rights	2,493,846	2,531,186	1,352,319	2,315,186	91%
Contingency	2,279,462	2,279,462	90,000	1,620,000	71%
Mayor	1,146,314	1,171,314	807,951	1,171,314	100%
Non-Department	936,400	836,400	550,956	836,400	100%
Unfunded Pension Liabilities	-	-	(754,488)	(1,000,000)	-
Total Expenditures	282,955,663	284,658,587	205,260,954	286,483,125	101%
Transfers Out	35,617,175	39,007,175	25,978,177	39,007,175	100%
Expenditures and Other Uses	318,572,838	323,665,762	231,239,131	325,490,300	101%
Change in Fund Balance	(100,000)	(5,133,794)	(42,098,999)	(1,502,987)	-3%
Fund Balance - January 1, 2006				53,562,000	
Fund Balance - December 31, 2005				52,059,013	

* Special assessment and property tax revenues are received at the end of May, November, and December.

** State aid revenues are received in July and December.



The expenditure control chart is a tool for management to see whether expenditures are within “acceptable” limits - whether expenditures are “under control”.

Actual expenditures for FY2006 are indicated by solid line with circle markers.

Rules for interpreting the control chart:

1. Whenever a data point falls outside the upper or lower control limits, it indicates a possible lack of control that should be investigated immediately.
2. Whenever four out of five successive data points are on the same side of the mid-line and all are closer to the upper or lower control limit than they are to the mid-line, there is the possibility of lack of control.
3. Whenever eight or more data points lie on the same side of the mid-line, there is a possible control problem.

Through September, the control chart suggests General Fund year-end expenditures will be within current FY2006 budget. Expenditures remained within (or below) the upper and lower control limits during the third quarter. Personnel savings through the third quarter are essentially permanent and will offset potential overspending in non-personnel areas through the end of the year.

Source: adapted from U.S. Navy, Handbook for Basic Process Improvement, May 1996.

Convention Center Special Revenue Fund and Reserve Report

Convention Center Fund

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

Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 3% citywide lodging tax for motels and hotels with 50 units or more. Presently, one-third of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis. With the exception of entertainment tax, all of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. Entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund. For the third quarter of 2006, tax proceeds came in higher than third quarter 2005 levels by 2% overall. With the exception of Sales tax, all tax categories saw decreases from 2005 levels. Consumer spending habits and economic condition can be attributed to the changes. Overall 2006 third quarter tax revenue has achieved 75% of budget.

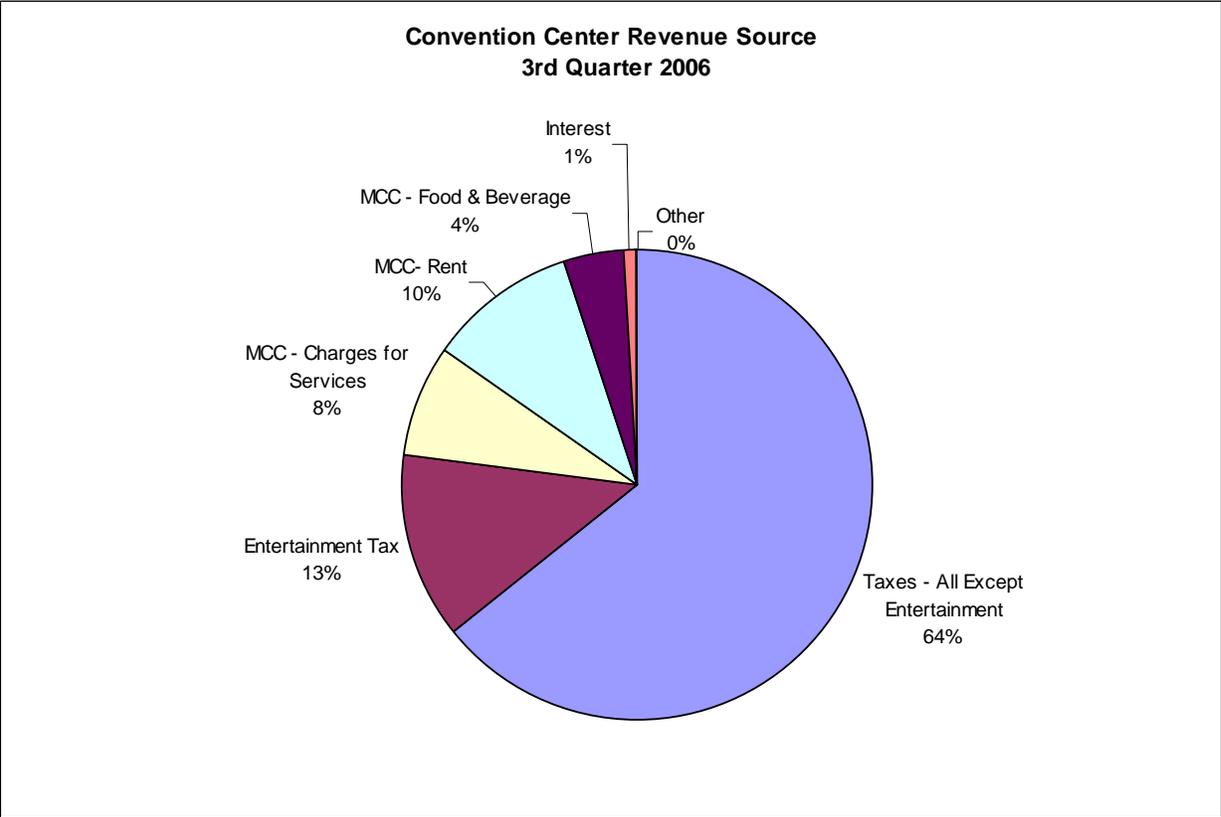
Tax	September 2006	September 2005	Variance	% Change
Sales	20,653,606	19,042,937	1,610,669	8%
Entertainment	6,734,019	6,907,062	(173,043)	(3)%
Food	7,066,664	7,543,708	(477,044)	(6)%
Liquor	2,546,873	2,818,870	(271,997)	(10)%
Lodging	4,137,291	4,196,835	(59,544)	(1)%
Total	\$41,138,453	\$40,509,412	\$629,041	2%

Interest Revenue

2005 interest revenue came in much higher than expected. Interest revenue was budgeted at \$215,000 and finished the year at \$573,322. Interest revenue is expected to achieve very good 2006 returns as well. Through September of 2006, interest revenue came in at \$497,865 or nearly 18% over the 2006 budget.

Operating Revenue

Operating revenue is derived directly from Convention Center operating activities. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services. In 2005, the Convention Center hosted some large revenue producing events, such as the Microsoft World Partners Conference. While operating revenue for 2006 remains relatively strong, 2006 operating revenue is expected to be slightly lower than 2005 as a result of not hosting events of that size and caliber.



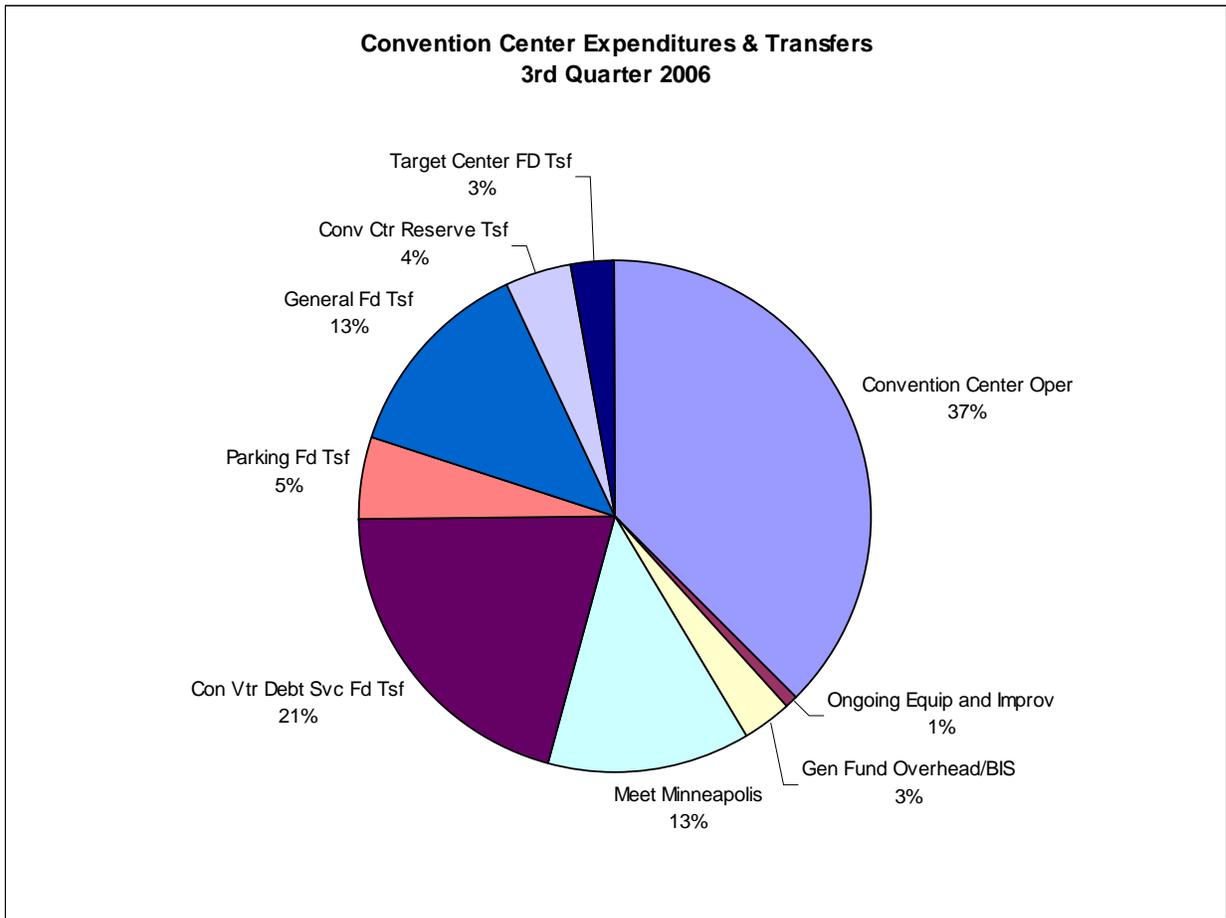
In the second quarter of 2006, the Convention Center in partnership with Meet Minneapolis began selling video signage advertising revenue at the Convention Center. The specific details of the partnership are still under discussion between the Convention Center and Meet Minneapolis.

Operating Expenditures

2006 operating expenditures were budgeted slightly higher than they were in 2005, primarily as a result of higher personnel related costs, capital, and contractual services. Third quarter 2006 operating expenditures were at 72% of the 2006 budget. There were numerous capital improvements in 2005. Among those improvements were: Meeting room sound and lighting system upgrades, office remodeling, meeting room wall fabric, floor boxes, a voicemail upgrade, and an inside security monitoring system. In 2006, the Visitor Center was completed and partnered the Convention Center and Meet Minneapolis to combine the Convention Center’s concierge, restaurant booth, TC TIX, and welcoming functions in one permanent Convention Center location. The Visitor Center project began in 2005.

Furthermore, additional improvements and additions are budgeted in 2006 with meeting room lighting controls, wall fabric, Terrazzo floor, an energy efficiency monitoring system, rental equipment upgrades, stage refinishing, facility equipment replacement, electrical floor boxes, and escalator repair and maintenance. The Terrazzo floor is the most significant improvement for 2006 with \$4 million budgeted for this purpose. The Terrazzo floor will replace the failing existing floor in Convention Center public lobby spaces. RFP development is currently underway. It’s anticipated that the \$4 million budget will not be fully expended in 2006 and expenditures will continue into 2007. At this time, project completion is undetermined and depends on work scheduling during off hours and between Convention Center events.

The Convention Center faces significant and on-going challenges in 2006 and beyond. Some of the challenges include: Supply and demand/competitiveness, funding, security concerns, keeping up with technology, customer service expectations, revenue development, cost containment, the economic environment, labor workforce recruiting and retention, work environment/climate, branding/identity/image, and event infrastructure.



Transfers

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2006, transfers will be made to the General Fund, Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to service debt. Scheduled transfers are underway, and all budgeted transfers are expected to be completed in 2006. The Convention Center is anticipating the debt service transfer to increase by nearly \$2 million over 2005 levels or \$19.1 million. The \$19.1 million represents the current year liability for the Convention Center Bond issue. In addition, the Parking Fund Transfer will be approximately \$1.3 million greater than the transfer made in 2005.

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). In 2005, Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. In April of 2006, the City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital. The three loans were consolidated for a total of \$10 million. The \$10 million consolidated loan will have 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 appropriation from the City funding, and profit from the iDSS. The balance of the loan through the 3rd quarter of 2006 is nearly \$6.9 million. The iDSS loan is accounted for on the balance sheet as a Loan Receivable, and isn't reflected as an expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual Report.

Fund Balance

Based on fund transfers and current revenue and expenditure trends, the 2006 ending fund balance is expected to be \$41 million or almost \$6 million greater than the 2006 beginning fund balance. The primary reason for the increase is lower than expected expenditures and better than expected tax revenues. These factors are expected to increase the 2006 ending fund balance by over \$2 million. In addition, \$4 million dollars budgeted for Terrazzo floor isn't anticipated to be expended in 2006. However, the Convention Center will request a carry forward to 2007 to complete the floor.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2006**

CITY OF MINNEAPOLIS, MINNESOTA

	2006		Percent of Total	Year End Projection	2005 Actual
	Budget	Actual			
REVENUE					
Operating Revenue:					
Charges for Services and Sales	5,660,000	4,251,936	75%	5,380,000	6,219,718
Rents and Commissions	7,415,000	5,444,357	73%	7,040,000	6,867,231
Catering Commissions	2,550,000	2,208,179	87%	2,650,000	3,106,215
Total Operating Revenue	15,625,000	11,904,472	76%	15,070,000	16,193,163
Tax Revenue:					
Sales and Use Tax	27,701,000	20,653,606	75%	29,086,000	27,404,343
Entertainment Tax	9,109,000	6,734,019	74%	9,473,000	9,193,151
Food Tax	9,248,000	7,066,664	76%	9,710,000	9,474,456
Liquor Tax	3,606,000	2,546,873	71%	3,678,000	3,486,477
Lodging Tax	5,147,000	4,137,291	80%	5,455,000	5,505,791
Total Tax Revenue	54,811,000	41,138,453	75%	57,402,000	55,064,219
Other Non Operating Revenue:					
Interest	422,371	497,865	118%	660,000	573,322
Investment Income	-	(1,422)		-	(42,762)
Meet Minneapolis Private Donations	-	373,000		-	-
Other	20,000	6,173	31%	8,000	14,932
Total Other Non Operating Revenue	442,371	875,617	198%	668,000	545,492
Total Non Operating Revenue	55,253,371	42,014,070	76%	58,070,000	55,609,710
Total Revenue	70,878,371	53,918,541	76%	73,140,000	71,802,873
EXPENDITURES					
Convention Center Operations	22,688,170	16,425,712	72%	21,800,000	21,267,261
Ongoing Equipment and Improvement	4,947,698	327,168	7%	947,000	2,932,829
General Fund Overhead/BIS Operating	1,950,538	1,373,098	70%	1,950,538	1,418,273
Human Resources	64,391	51,129	79%	64,391	61,068
Meet Minneapolis	7,080,000	5,531,901	78%	7,080,000	7,238,614
Total Expenditures	36,730,797	23,709,008	65%	31,841,929	32,918,044
Excess of Revenues Over (Under) Expenditures	34,147,574	30,209,534	88%	41,298,071	38,884,829
OTHER FINANCING SOURCES (USES)					
General Fund Transfer	(7,481,750)	(5,611,313)	75%	(7,481,750)	(7,248,775)
Arena Reserve Fund Transfer	(1,200,000)	(1,200,000)	100%	(1,200,000)	(1,432,975)
Convention Center Reserve Fund Transfer	1,881,000	1,881,000	100%	1,881,000	1,150,000
Convention Ctr Debt Service Transfer	(19,142,000)	(8,967,976)	47%	(19,142,000)	(17,440,938)
Other Debt Service Transfer	(13,913)	(10,435)	75%	(13,913)	(14,945)
Municipal Parking Enterprise Fund Transfer	(9,565,097)	(7,173,823)	75%	(9,565,097)	(8,243,573)
Total Other Financing Sources (Uses)	(35,521,760)	(21,082,547)	59%	(35,521,760)	(33,231,206)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,374,186)	9,126,987		5,776,311	5,653,623
Fund Balance - January 1	35,578,102	-		35,578,102	29,924,479
Ending Fund Balance	34,203,916	-		41,354,413	35,578,102
Ending Cash Balance	NA	22,707,360		NA	15,886,535

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending September 30, 2006

The City receives a number of state and federal grants that are recorded in the Federal (0300), Community Development Block Grant (CDBG) (0400), and Grants Other (0600) 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. The deficit in fund 0400 is a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

Federal Grants Fund (0300)

The City accounts of its federal grant activity in fund 0300. As of September 30, 2006, total expenditures were \$14,914,705. As of the 2005 third quarter the total expenditures were \$11,905,478. The majority of the increase is due to homeland security initiatives as well as economic development.

CDBG Fund (0400)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). As of September 30, 2006 and 2005, expenditures were \$14,523,747 and \$17,096,464, respectively. The City has experienced a continual decline in CDBG over the past several years.

In 1990, the Council committed \$7,791,856 million of CDBG funds for the redevelopment of Block E. The commitment was not balanced with reductions in other CDBG funded projects. Consequently, the city has over-committed its total Federal Allocation. Because the CDBG year differs from the City's fiscal year end, it appears that the City has remained within its total cumulative allocation. This can continue only as long as there is a steady flow of CDBG funds. Should the CDBG program cease, the over commitment of funds would become apparent and other funds would need to be made available to cover the shortfall. The intent is to reprogram unspent balances from prior projects to offset the Block E deficit. Since November 2001, the City Council has approved the reprogramming of \$1,624,299 of unspent balances from projects bringing the remaining deficit down to \$6,167,557.

Grants Other Fund (0600)

The fund is used to account for non-federal grants and other restricted revenue sources. There were total expenditures of \$7,912,559 and \$4,741,833, as of September 30, 2006 and 2005, respectively. The increase in expenditures is primarily due to the migration of Community Planning and Economic Development grants previously recorded in fund SMN0, State Grants, to fund 0600 beginning in 2006. These are grants from Hennepin County, Minnesota Department of Employment and Economic Development, and the Metropolitan Council primarily for pollution treatment, business development and affordable housing initiatives.

Special Revenue Funds
Grant Funds
Quarter Ending September 30, 2006

	Federal Grants 0300	CDBG Grants 0400	Grants Other 0600	Total
Assets				
Cash and cash equivalents	\$3,030,821	(\$2,547,415)	\$11,459,367	\$11,942,773
Accounts - net	1,774		168,493	170,267
Intergovernmental Receivables				0
Loans receivable-net	2,870,040		442,278	3,312,318
Deposits with Fiscal Agents				0
Prepaid Expense			259	259
Due From Other Funds				0
Total Assets	<u>\$5,902,635</u>	<u>(\$2,547,415)</u>	<u>\$12,070,397</u>	<u>\$15,425,617</u>
Liabilities				
Salaries payable	\$100,445	\$157,538	\$134,748	\$392,731
Accounts payable	196,048	100	14,204	210,352
Use Taxes Payable	(1,598)		(5,943)	(7,541)
Due to Other Funds	22,526	28,677		51,203
Inter Governmental Payables				0
Deferred revenue & Contracts	2,870,040		4,170,409	7,040,449
Total Liabilities	<u>3,187,461</u>	<u>186,315</u>	<u>4,313,418</u>	<u>7,687,194</u>
Fund Balance	<u>\$2,715,174</u>	<u>¹ (\$2,733,730)</u>	<u>\$7,756,979</u>	<u>\$7,738,423</u>
Total Liabilities and Fund Balance	<u>\$5,902,635</u>	<u>(\$2,547,415)</u>	<u>\$12,070,397</u>	<u>\$15,425,617</u>
Revenue				
Taxes			\$123,504	\$123,504
Grants and Shared Revenues	\$ 17,343,122	\$11,771,607	7,425,622	36,540,351
Private Contributions			893,623	893,623
Charges for Services			202,099	202,099
Interest	50,420		452,855	503,275
Loan Recapture	236,339		5,912,408	6,148,747
Lands & Buildings		17,500		17,500
Equipment			3,060	3,060
Miscellaneous Revenue		910	139,591	140,501
Transfer within Special Revenue Fund			(54,241)	(54,241)
Total Revenue	<u>\$17,629,881</u>	<u>\$11,790,017</u>	<u>\$15,098,521</u>	<u>\$44,518,419</u>
Expenditures	<u>\$14,914,705</u>	<u>\$14,523,747</u>	<u>\$7,912,559</u>	<u>\$37,351,011</u>
Revenues Over (Under) Expenditures	<u>\$2,715,176</u>	<u>(\$2,733,730)</u>	<u>\$7,185,962</u>	<u>\$7,167,408</u>

¹ This report is on a modified accrual basis. Under full accrual, these amounts would be presented as grants receivable and the fund balance would be zero.

**CDBG Program Year 32
Beginning June 1, 2005
September 30, 2006**

Department	Agy	Project	Adopted Budget	Council Action 2006R-093	Council Action 2006R-356	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)		\$ 547,500	\$ 84,757	\$ 84,757	\$ 462,743
CPED	890	High density corridor housing	1,000,000	(56,100)		943,900			943,900
CPED	890	Homeownership Program (GMMHC)	437,000	(24,600)		412,400			412,400
CPED	890	Industry Cluster Program (Living Wage Jobs)	90,000	(5,050)		84,950	20,253	20,253	64,697
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)		4,700,000			4,700,000
CPED	890	NEDF/CEDF	136,000	(7,630)		128,370			128,370
CPED	890	NonProfit MF Rental Development Assistance	226,000	(12,679)		213,321			213,321
CPED	890	Vacant & Boarded Housing	1,154,000	(64,725)	(125,000)	964,275	324,742	324,742	639,533
Health & Family Support	860	Childcare Facilities Loan/Grant	292,000	(16,381)		275,619			275,619
Regulatory Services	835	Lead Reduction	163,000	(9,144)		153,856	20,193	20,193	133,663
Regulatory Services	835	Vacant & Boarded Housing-249 List	0	0	125,000	125,000	7,612	7,612	117,388
Regulatory Services	835	Problem Properties Board Bldg	54,900	0		54,900	54,900	54,900	0
Police	400	Problem Properties Police	64,050	0		64,050			64,050
Fire	280	Problem Properties Fire	18,300	0		18,300			18,300
City Attorney	140	Problem Properties Attorneys	45,750	0		45,750			45,750
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)		266,180			266,180
		Subtotal Capital Grants	9,542,000	(543,629)	0	8,998,371	512,456	512,456	8,485,915
Public Service Grants:									
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)		205,000			205,000
CPED	890	Youth Employment & Training	506,000	(29,000)		477,000	11,173	11,173	465,827
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)		94,390	17,424	17,424	76,966
Health & Family Support	860	Block Nurse Program	62,000	(3,478)		58,522	4,528	4,528	53,994
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)		22,654			22,654
Health & Family Support	860	Curfew/Truancy Center	98,000	0		98,000	49,348	49,348	48,652
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)		17,934			17,934
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)		127,427			127,427
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)		44,363			44,363
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)		40,588			40,588
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)		75,512			75,512
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)		24,541			24,541
Health & Family Support	860	MELD	38,000	(2,132)		35,868			35,868
Health & Family Support	860	Child Dental Services	10,000	(561)		9,439	3,146	3,146	6,293
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)		67,017			67,017
Health & Family Support	860	New American Community Services	47,000	(2,637)		44,363			44,363
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)		44,363			44,363
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)		35,868			35,868
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)		26,429			26,429
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)		127,427			127,427
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)		31,149			31,149
Health & Family Support	860	Way to Grow	296,000	0		296,000	48,766	48,766	247,234
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)		91,500	490	490	91,010
		Subtotal Public Service Grants	2,198,000	(102,646)		2,095,354	134,876	134,876	1,960,478
Administrative Grants:									
CPED	890	Citizen Participation	303,000	(17,000)		286,000	2,000	2,000	284,000
CPED	890	Planning - Administration	1,146,800	(105,907)		1,040,893	255,138	255,138	785,755
CPED	890	Program Admin	8,900	41,100		50,000			50,000
Health & Family Support	860	Grant Administration	90,000	(5,005)		84,995	29,236	29,236	55,759
Health & Family Support	860	Legal Aid Society	44,000	(2,903)		41,097			41,097
Health & Family Support	860	Neighborhood Services	94,000	(5,269)		88,731	7,472	7,472	81,259
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)		31,756	5,292	5,292	26,464
Finance	820	Finance Administration	255,000	(14,025)		240,975			240,975
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)		188,665	2,957	2,957	185,708
Grants & Special Projects	800	Homeless Initiative	100,000	0		100,000			100,000
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)		67,249	7,066	7,066	60,183
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)		0			0
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	255,000	(14,025)		240,975			240,975
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)		155,980	49,703	49,703	106,277
Non-Departmental	123	Administration YCB	57,000	0		57,000			57,000
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)		83,105			83,105
		Subtotal Administrative Grants	2,934,000	(176,579)	0	2,757,421	358,864	358,864	2,398,557
	123	Block E Deficit Reduction	0	0	0	0	0	0	0

**CDBG Program Year 32
Beginning June 1, 2005
September 30, 2006**

Department	Agy	Project	Adopted Budget	Council Action 2006R-093	Council Action 2006R-356	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
		GRAND TOTAL	\$ 14,674,000	\$ (822,854)	\$ -	\$ 13,851,146	\$ 1,006,196	\$ 1,006,196	\$ 12,844,950

Source : Period 9, October 21, 2006 G101M

CDBG Program Year 31
Beginning June 1, 2005
September 30, 2006

Department	Agy	Project	Adopted Budget	Council Action 2005R-618	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ 233,216	\$ 577,411	\$ 33,467
CPED	890	High density corridor housing	953,008		953,008		0	953,008
CPED	890	Homeownership Program (GMMHC)	439,174		439,174		0	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	21,923	21,923	72,425
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	566,579	566,579	4,331,882
CPED	890	NEDF/CEDF	142,951		142,951		0	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252		0	238,252
CPED	890	Residential Loan/Grant	571,805		571,805	32,271	32,271	539,534
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	1,050,417	1,199,385	615
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869	23,444	23,444	283,425
Regulatory Services	835	Lead Reduction	171,541		171,541	139,193	171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557		49,557	60,549	49,557	0
Police	400	Problem Properties Police	71,476		71,476			71,476
Fire	280	Problem Properties Fire	23,825		23,825		0	23,825
City Attorney	140	Problem Properties Attorneys	47,650		47,650	24,722	24,722	22,928
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338		0	297,338
		Subtotal Capital Grants	<u>10,117,133</u>	<u>0</u>	<u>10,117,133</u>	<u>2,152,314</u>	<u>2,666,833</u>	<u>7,450,300</u>
Public Service Grants:								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252		238,252	0
CPED	890	Youth Employment & Training	541,309		541,309	25,932	512,289	29,020
Health & Family Support	860	Advocacy (Housing)	104,831		104,831	78,596	104,831	0
Health & Family Support	860	Block Nurse Program	66,000		66,000	37,571	66,000	0
Health & Family Support	860	Child Dental Services	11,000		11,000		9,428	1,572
Health & Family Support	860	Curfew/Truancy Center	99,113		99,113		99,113	0
Health & Family Support	860	Early Childhood School Rediness	90,412		90,412	35,828	75,165	15,247
Health & Family Support	860	GMDCA Child Care	142,500		142,500	120,469	120,469	22,031
Health & Family Support	860	HIV/AIDS	45,000		45,000	21,487	37,213	7,787
Health & Family Support	860	Lao Advancement Organization of America	50,000		50,000	25,291	49,959	41
Health & Family Support	860	Minneapolis Community Clinics	335,561		335,561	159,266	326,016	9,545
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	53,596	53,596	31,404
Health & Family Support	860	MUL-Mental Health	25,000		25,000	22,377	22,377	2,623
Health & Family Support	860	New American Community Services	50,000		50,000	22,361	49,827	173
Health & Family Support	860	School Success Programs	35,000		35,000	27,181	35,000	0
Health & Family Support	860	Way to Grow	295,432		295,432	204,438	295,432	0
Public Works	607	Graffiti Removal on Public Property	101,972		101,972	38,018	101,972	0
		Subtotal Public Service Grants	<u>2,316,382</u>	<u>0</u>	<u>2,316,382</u>	<u>872,411</u>	<u>2,196,938</u>	<u>119,444</u>
Administrative Grants:								
CPED	890	Citizen Participation	328,788		328,788	47,144	207,820	120,968
CPED	890	Planning - Administration	1,230,400		1,230,400	451,990	948,924	281,476
CPED	890	Program Admin	13,657		13,657		13,657	0
Health & Family Support	860	Grant Administration	95,301		95,301	87,355	95,301	0
Health & Family Support	860	Legal Aid Society	46,697		46,697	20,417	46,697	0
Health & Family Support	860	Neighborhood Services	101,972	(54,989)	46,983	18,379	26,657	20,326
Health & Family Support	860	Way to Grow Administration	34,308		34,308	19,308	34,308	0
Finance	820	Finance Administration	271,607	(22,193)	249,414	104,562	104,562	144,852
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	173,187	147,698	147,698	25,489
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	76,241		76,241	60,321	76,241	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	17,154		17,154			17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	193,032	193,032	64,280
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776	132,654	165,459	1,317
Non-Departmental	123	Administration YCB	56,227		56,227		51,000	5,227
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395		28,582	64,813
		Subtotal Administrative Grants	<u>3,009,027</u>	<u>(123,187)</u>	<u>2,885,840</u>	<u>1,282,860</u>	<u>2,139,938</u>	<u>745,902</u>
	123	Block E Deficit Reduction	0	123,187	123,187	0	0	123,187
		GRAND TOTAL	<u>\$ 15,442,542</u>	<u>\$ -</u>	<u>\$ 15,442,542</u>	<u>\$ 4,307,585</u>	<u>\$ 7,003,709</u>	<u>\$ 8,438,833</u>

Source : Period 9, October 21, 2006 G101M

**CDBG Program Year 30
Beginning June 1, 2004
September 30, 2006**

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823	\$ -	\$ 639,823	\$ 55,483	\$ 639,823	\$ -
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	73,509	192,607	805,557
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146		0	464,146
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818	32,896	98,818	0
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	3,070,337	4,657,464	722,642
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725		149,725			149,725
CPED	890	Residential Loan / Grant	444,000	443,185		443,185	116,821	338,861	104,324
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164	4,705	998,164	0
CPED	890	VHR Distressed	393,000	392,279		392,279	0	0	392,279
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407	212,380	322,407	0
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353		34,353	0
Licenses & Consumer Services	835	Boarded Building Demolition	202,000	201,629		201,629	54,927	201,629	0
Regulatory Services	835	Hud Lead Program		145,317		145,317	14,918	125,186	20,131
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425	190,710	284,246	28,179
		Subtotal Capital Grants	<u>10,600,000</u>	<u>10,580,541</u>	<u>0</u>	<u>10,580,541</u>	<u>3,826,685</u>	<u>7,893,558</u>	<u>2,686,983</u>
Public Service Grants:									
CPED	890	Mortgage Foreclosure Program	250,000	249,541	0	249,541	0	249,541	0
CPED	890	Youth Employment & Training	568,000	566,957		566,957	2,795	566,957	0
Health & Family Support	860	Advocacy	110,000	86,033		86,033	0	86,033	0
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879	0	65,879	0
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980	0	10,980	0
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809	0	103,809	0
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894	0	57,894	0
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447	62,679	300,447	0
Health & Family Support	860	Head Start	66,000	65,879		65,879	0	65,879	0
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958	0	22,958	0
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521	0	256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888	0	56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925	0	40,925	0
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853	0	79,853	0
Health & Family Support	860	Way To Grow	311,000	310,429		310,429	0	310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969	0	16,969	0
Public Works	607	Graffiti Removal	107,000	106,804		106,804	0	106,804	0
Civil Rights	300	American Indian Advocacy	0	23,765		23,765	0	23,765	0
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972	0	14,972	0
		Subtotal Public Service Grants	<u>2,450,000</u>	<u>2,445,503</u>	<u>0</u>	<u>2,445,503</u>	<u>65,474</u>	<u>2,437,222</u>	<u>8,281</u>
Administrative Grants:									
CPED	890	Citizen (Resident) Participation	346,000	345,365	0	345,365	3,732	334,445	10,920
CPED	890	Neighborhood Business Association	174,000	173,681		173,681	0	173,681	0
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	684	975,344	235,429
CPED	890	Program Administration	75,000	74,862		74,862	0	74,862	0
Health & Family Support	860	Grant Administration	100,000	99,816		99,816	0	99,816	0
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910	0	48,910	0
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607		82,607	0
Health & Family Support	860	New Arrivals	18,251	18,251		18,251	0	18,251	0
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934	0	35,934	0
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569	94,516	252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,237)	204,342	49,960	204,342	0
Grants and Special Projects	800	Metro Fair Housing-Multi Jurisdictional	18,000	17,967		17,967	10,655	10,655	7,312
Grants and Special Projects	800	Housing Discrimination Law Project-Legal Aid	80,000	79,853		79,853	0	79,853	0
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651	0	189,651	0
Civil Rights	300	Multicultural Services	101,749	101,529		101,529		101,529	0
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	19,398	52,479	45,341
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892	0	49,000	9,892
		Subtotal Administrative Grants	<u>3,293,000</u>	<u>3,286,956</u>	<u>(194,135)</u>	<u>3,092,821</u>	<u>178,946</u>	<u>2,783,928</u>	<u>308,893</u>
	123	Block E Deficit Reduction	0	0	194,135	194,135	0	0	194,135
		GRAND TOTAL	<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ -</u>	<u>\$ 16,313,000</u>	<u>\$ 4,071,105</u>	<u>\$ 13,114,708</u>	<u>\$ 3,198,292</u>

Source : Period 9, October 21, 2006 G101M

**CDBG Program Year 29
Beginning June 1, 2003
September 30, 2006**

Department	Agy	Project	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:										
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	\$ 641,000				\$ 641,000	\$ 87	\$ 641,000	\$ -
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000				99,000	269	99,000	0
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	200,202	4,977,368	78,873
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000				300,000	0	0	300,000
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	157,963	5,354,858	1
Public Works	680	Public Works Community Center Operations	42,000				42,000	0	11,235	30,765
Subtotal Capital Grants			<u>9,173,241</u>	<u>0</u>	<u>0</u>	<u>2,319,859</u>	<u>11,493,100</u>	<u>358,521</u>	<u>11,083,461</u>	<u>409,639</u>
Public Service Grants:										
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510				345,510	5,995	343,618	1,892
Subtotal Administrative Grants			<u>345,510</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>345,510</u>	<u>5,995</u>	<u>343,618</u>	<u>1,892</u>
	123	Block E Deficit Reduction		273,936	50,139		324,075			324,075
GRAND TOTAL			<u>\$ 9,518,751</u>	<u>\$ 273,936</u>	<u>\$ 50,139</u>	<u>\$ 2,319,859</u>	<u>\$ 12,162,685</u>	<u>\$ 364,516</u>	<u>\$ 11,427,079</u>	<u>\$ 735,606</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 9, October 21, 2006 G101M

CDBG Program Year 28
Beginning June 1, 2002
September 30, 2006

Department	Agy	Project	Budget	2002R-328	Program Income	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:									
Public Works	680	Public Works Community Center Operations	\$ 42,000			\$ 42,000	\$ -	\$ 4,600	\$ 37,400
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000			83,000	2,800	83,000	0
CPED	890	Adult Training, Placement, and Retention							
MCDA/CPED	340/890	Asst NHS	50,000		133,091	183,091	0	0	183,091
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000			628,000	44,994	44,994	583,006
MCDA/CPED	340/890	Last Resort	400,000			400,000	355,658	355,658	44,342
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000	250,000		3,558,000	529,519	3,548,000	10,000
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000			398,000	100,000	175,175	222,825
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	764,000			764,000	432,401	736,226	27,774
MCDA/CPED	340/890	Mortgage Foreclosure	250,000	(250,000)		0	0	0	0
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,553,137			3,553,137	34,692	3,553,034	103
MCDA/CPED	340/890	Rehabilitation Incentive Fund	190,000			190,000	0	3,024	186,976
		Subtotal Capital Grants	<u>\$ 9,666,137</u>	<u>\$ -</u>	<u>\$ 133,091</u>	<u>\$ 9,799,228</u>	<u>\$ 1,500,065</u>	<u>\$ 8,503,712</u>	<u>\$ 1,295,516</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 8, September 9, 2006 G101M

CDBG Programs Year 27 and Prior
Program Years Beginning on June 1, 1996 through 2001
September 30, 2006

Department	Agy	Grant	Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:						
Park & Recreation Board	127	Hosmer	\$ 33,537	\$ -	\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		0	25,000
Non Departmental	123	Relocation	325,000	29,024	281,152	43,848
MCDA/CPED	380/890	Planning Commission Corridor	172,762	16,247	172,762	0
MCDA/CPED	340/890	Lead Abatement	11,695		0	11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,836		6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343	200	174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376		221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312	208,274	5,473,944	2,368
MCDA/CPED	340/890	YWCA	1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000	(26,386)	416,214	33,787
MCDA/CPED	340/890	GMMHC 96/97	2,187,967	405,515	2,187,967	(0)
MCDA/CPED	340/890	Ell Pk NRSP96	66,000	66,000	66,000	0
MCDA/CPED	340/890	H/Own SF 96	16,887		0	16,887
MCDA/CPED	340/890	Last Resort 96	681,672	4,000	681,672	0
MCDA/CPED	340/890	Jordan NRP	337,612		152,365	185,247
MCDA/CPED	340/890	CAMDEN 96/97	130,233		0	130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	201,437	2,025,208	275,736
MCDA/CPED	340/890	Non-Prof ADM	41,450		28,783	12,668
MCDA/CPED	340/890	ASST NHS 96	306,163		184,450	121,713
MCDA/CPED	340/890	38 & Cedar 96	52		0	52
Subtotal Capital Grants			<u>\$ 19,583,601</u>	<u>\$ 904,311</u>	<u>\$ 18,372,863</u>	<u>\$ 1,210,738</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0
Source : Period 9, October 21, 2006 G101M

City of Minneapolis
2006 CDBG Administration Appropriation Analysis
September 30, 2006

	Agy	Original Appropriation	Adjustments	Current Appropriation	Yr 32 Spent	Yr 31 Spent	Yr 30 Spent	Yr 29 Spent	2006 Spent	Remaining Appropriation
Administrative Grants:										
Various Departments										
Civil Rights	300	\$ 255,000	\$ (14,025)	\$ 240,975	\$ -	\$ 193,032	\$ -	\$ -	\$ 193,032	\$ 47,943
Multicultural Affairs	300	165,300	(9,320)	155,980	49,703	132,654	0		182,357	(26,377)
Subtotal Civil Rights		<u>420,300</u>	<u>(23,345)</u>	<u>396,955</u>	<u>49,703</u>	<u>325,686</u>	<u>0</u>	<u>0</u>	<u>375,388</u>	<u>21,567</u>
Grants and Special Projects	800	206,000	(17,335)	188,665	2,957	147,698	49,960		200,616	(11,951)
Homelessness	800	100,000		100,000	0				0	100,000
Subtotal Grants & Special Projects		<u>306,000</u>	<u>(17,335)</u>	<u>288,665</u>	<u>2,957</u>	<u>147,698</u>	<u>49,960</u>	<u>0</u>	<u>200,616</u>	<u>88,049</u>
Finance Department	820	255,000	(14,025)	240,975	0	104,562	94,516		199,078	41,897
Subtotal Finance		<u>255,000</u>	<u>(14,025)</u>	<u>240,975</u>	<u>0</u>	<u>104,562</u>	<u>94,516</u>	<u>0</u>	<u>199,078</u>	<u>41,897</u>
Health & Family Support										
Grant Administration	860	90,000	(5,005)	84,995	29,236	87,355	0	0	116,590	(31,595)
Neighborhood Services	860	94,000	(5,269)	88,731	7,472	18,379	0		25,851	62,880
Subtotal Health & Family Support		<u>184,000</u>	<u>(10,274)</u>	<u>173,726</u>	<u>36,708</u>	<u>105,734</u>	<u>0</u>	<u>0</u>	<u>142,441</u>	<u>31,285</u>
CPED										
Program Administration	890	8,900	41,100	50,000	0	0	0		0	50,000
Planning Administration	890	1,146,800	(105,907)	1,040,893	255,138	451,990	684		707,813	333,080
Subtotal CPED		<u>1,155,700</u>	<u>(64,807)</u>	<u>1,090,893</u>	<u>255,138</u>	<u>451,990</u>	<u>684</u>	<u>0</u>	<u>707,813</u>	<u>383,080</u>
External Contracts (Administrative Grants not Subject to Reprogramming)										
Non-departmental										
Youth Coordinating Board (YCB)	123	57,000	0	57,000	0	0	0	0	0	57,000
Citizen (Resident) Participation-MPHA	123	88,000	(4,895)	83,105	0	0	19,398		19,398	63,707
Health & Family Support										
Way To Grow Administration	860	34,000	(2,244)	31,756	5,292	19,308	0		24,600	7,156
Legal Aid Services	860	44,000	(2,903)	41,097	0	20,417	0		20,417	20,680
Office of Grants & Special Projects										
Housing Discrimination Law Project	800	71,000	(3,751)	67,249	7,066	60,321	0	0	67,387	(138)
Metro Fair Housing-Multi Jurisdictional	800	16,000	(16,000)	0			10,655		10,655	(10,655)
CPED										
Citizen (Resident) Participation	890	303,000	(17,000)	286,000	2,000	47,144	3,732	5,995	58,872	227,128
Subtotal Outside Administrative Grants		<u>613,000</u>	<u>(46,793)</u>	<u>566,207</u>	<u>14,358</u>	<u>147,190</u>	<u>33,786</u>	<u>5,995</u>	<u>201,329</u>	<u>364,878</u>
Total Administrative Grants		<u>\$ 2,934,000</u>	<u>\$ (176,579)</u>	<u>\$ 2,757,421</u>	<u>\$ 358,864</u>	<u>\$ 1,282,860</u>	<u>\$ 178,946</u>	<u>\$ 5,995</u>	<u>\$ 1,826,665</u>	<u>\$ 930,756</u>

Source : Period 9, October 21, 2006 G101M

**City of Minneapolis
Engineering, Materials, and Testing
For the Third Quarter ending September 30, 2006**

Fund 6000	2006 Budget	2006 3rd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,650,000	2,414,922	1,235,078	66%
Expenditures	4,357,560	2,583,509	1,774,051	59%
Revenue over(under) Expenses	(707,587)	(168,587)		

Program Description:

This Fund accounts for the City purchases of Hot-Mix Asphalt and Ready-Mix Concrete to ensure quality control for their placement and assure compliance with State and Federal standards and specifications. The Engineering Laboratory is a component of this Fund, and they provide Inspection and Testing services along with maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Public Works is currently reviewing various options for supplying Asphalt, which included the 2005 purchase of an asphalt storage silo distribution facility for Street Maintenance that became operational in September, 2005.

Currently the asphalt storage silo is being used to distribute asphalt for all City departments.

Due to the decrease in capital expenditures, the construction season is starting later and is shorter every year.

Revenue:

The revenue sources for this Fund include the procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials along with Inspection and Testing Services. Total 2006 Revenues are at 66% of the projection for the year with Asphalt lagging due to a later start for Paving Construction projects. They are the primary customer and their work is seasonal starting in April and concluding in late November.

Expenses:

Total expenditures are \$2,583,509 or 59% of the \$4,357,560 2006 Budget. The spending levels fluctuate due to the various customer's seasonal requirements for products and services.

Transfers:

There is a transfer out of \$22,067 to cover debt related to the MERF unfunded liability this year.

Net Assets:

This Fund has maintained a favorable position in regards to Net Assets for many years. The equity was stable throughout the City Council's Adopted Thirty Year Paving Program. Once this program concluded in the mid 1990's, there were significant fluctuations for their products and services. The Fund incurred an extraordinary loss for the 2003 "write-down" of Fixed Assets as a result of the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003. The Net Asset balance declined \$231,684 in 2005, which compares to an \$180,000 decline in 2004.

City of Minneapolis, Minnesota
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05	For Year Ending 2004	For Period Ending 30-Sep-04
Operating Revenues:							
Asphalt / Cement	2,850,000	2,850,000	1,824,225	3,312,419	1,965,582	2,796,929	1,385,167
Inspection revenue	800,000	800,000	590,697	868,124	530,851	1,024,134	780,639
<hr/>							
Total Operating Revenues	3,650,000	3,650,000	2,414,922	4,180,543	2,496,433	3,821,063	2,165,806
Operating Expenses:							
Personnel	1,045,161	1,045,161	590,725	799,845	597,206	846,000	629,991
Contractual	488,601	488,601	246,080	384,768	220,291	299,000	328,204
Materials/Other	2,727,419	2,727,419	1,674,219	3,110,509	1,868,703	2,793,000	1,948,616
Rent	55,022	55,022	41,370	40,472	30,354	98,000	-
Depreciation	19,317	19,317	14,524	14,919	10,120	14,000	9,394
<hr/>							
Total Operating Expenses	4,335,520	4,335,520	2,566,917	4,350,513	2,726,674	4,036,000	2,916,205
<hr/>							
Operating Margin	(685,520)	(685,520)	(151,995)	(169,970)	(230,241)	(214,937)	(750,399)
<hr/>							
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(22,067)	(22,067)	(16,592)	(61,182)	(45,887)	(10,000)	(4,850)
Gains (Losses)				(534)	-	58,931	58,931
Total Non-Operating Revenues (Expenses)	(22,067)	(22,067)	(16,592)	(61,716)	(45,887)	34,931	54,081
<hr/>							
Net Income	(707,587)	(707,587)	(168,587)	(231,686)	(276,128)	(180,006)	(696,318)
<hr/>							
Significant Balance Sheet Items							
Cash			168,915	652,042	763,371	633,000	210,264
Accounts Receivable			591	1,133	17,925	1,000	2,690
Reserve for renewal			639,673	639,673	639,673	639,673	639,673
Deferred income							
<hr/>							
Significant Cash Flow Items							
Capital Outlay				43,633			
Inter fund loans and payments				-			
Accounts Payable			51	307,244	419,597		

**City of Minneapolis
Equipment Services Division
For the Third Quarter ending September 30, 2006**

Fund 6100	2006 Budget	2006 3 rd Quarter	Remaining Budget	% of Actual To Budget
Revenue	47,192,110	31,845,280	15,346,830	67%
Expenditures	45,633,224	31,068,837	14,564,387	68%
Revenue Over (Under) Expenses	1,558,886	776,443		

Program Description:

Fund 6100, Equipment Services, handles the acquisition, maintenance and disposal of over 1300 pieces of equipment; primarily the City’s fleet of vehicles, including police cars, fire trucks and snow plows. This fund also provides drivers and operators for equipment, and manages the dispatch of equipment and contractual rentals for equipment that the City does not own.

Revenue:

The revenues for this fund are charged to city departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates that are charged are set at the beginning of the year to match the corresponding expenses, including overheads that need to be recovered in the rates. In 2006 the Revenues are matching the expenses. Revenue is below the budgeted amount because of a decrease in Capital Construction by the City. This causes a corresponding decrease in revenue related to equipment rental, maintenance and fuel sales.

Expenses:

The expenses for this fund are nearly half personnel cost. That is because this fund not only pays for the mechanics who maintain the equipment, but also the drivers and operators who operate the machinery that is used for construction and snow plowing. Expenses are following revenues, and they are tracking about 11% higher than in 2005. Expenses are below the budgeted amount because of a decrease in Capital Construction by the City. This causes a corresponding decrease in expenses for driver and operator labor costs, as well as a decrease in maintenance costs and fuel purchases.

Transfers:

This fund is receiving a transfer in of \$4.18 million in 2006 in accordance with the approved workout plan.

Net Assets:

Current Net Assets for this fund are \$15 Million. This should increase over the next decade as the fund continues to replace old equipment and pays off the \$45 million of bonds that are currently outstanding.

Workout Plan:

This fund has a workout plan that has been in place since 2001. In 2006, the equipment division is expected to be consistent with the workout plan in increasing the net assets.

City of Minneapolis
Equipment Fund
Statement of Revenue and Expenses
For Third Quarter / Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 9/30/2006	For Year Ending 2005	For Period Ending 9/30/2005	For Year Ending 2004	For Period Ending 9/30/2004
Operating Revenues:							
Charges for Services and Sales	14,944,262	14,780,522	11,085,392	13,050,734	9,229,086	11,598,134	8,664,493
Rents Public Works and Other	28,067,348	23,243,677	17,432,758	22,575,697	16,219,338	23,011,983	16,470,672
Total Operating Revenue	43,011,610	38,024,200	28,518,150	35,626,431	25,448,424	34,610,117	25,135,165
Operating Expenditures:							
Personal Services	18,594,023	15,507,567	11,630,675	15,677,189	11,681,140	15,220,114	11,470,151
Contractual Services	9,299,999	8,686,824	6,515,118	7,561,635	5,393,560	7,607,142	5,095,560
Materials, supplies, services and other	6,215,576	5,092,179	3,819,135	3,422,441	2,436,831	3,906,643	2,778,509
Rent	964,030	964,030	723,023	580,520	435,390	668,301	557,476
Cost of Stores Issuance	6,497,959	4,331,972	3,248,979	3,625,261	2,585,103	2,746,219	2,036,624
Depreciation	4,761,924	4,761,924	3,571,443	4,877,186	3,717,696	4,760,047	3,312,204
Total Operating Expenses	46,333,511	39,344,497	29,508,373	35,744,232	26,249,720	34,908,466	25,250,524
Operating Margin	(3,321,901)	(1,320,297)	(990,223)	(117,801)	(801,296)	(298,349)	(115,359)
Non-Operating Revenues/(Expenses):							
Interest Revenue	500	1,598	1,199	1,375	1,007	-	826
Interest on Bonds	(1,949,950)	(1,949,950)	(1,462,462)	(1,942,962)	(1,449,412)	(1,853,104)	(1,348,331)
Gains/Losses on disposal of fixed assets	-	192,874	144,656	402,812	306,355	110,025	3,856
Damages/Losses recovered	-	61,701	46,275	-	-	141,231	131,749
Other Rev	-	-	-	-	-	11,146	22,081
Total Non-Operating Revenues(Expenses)	(1,949,450)	(1,693,777)	(1,270,333)	(1,538,775)	(1,142,050)	(1,590,702)	(1,189,819)
Operating Transfers in (out)							
Transfers from other fund	4,180,000	4,180,000	3,135,000	4,180,000	3,135,000	2,542,709	1,816,460
Transfers to other fund	(130,669)	(130,669)	(98,002)	(375,564)	(197,203)	(71,232)	(46,500)
Transfers from component units	-	-	-	-	-	-	-
Total operating transfers	4,049,331	4,049,331	3,036,998	3,804,436	2,937,797	2,471,477	1,769,960
Change in Net Assets	(1,222,020)	1,035,257	776,443	2,147,860	994,451	582,426	464,782
Significant Balance Sheet Items							
Fleet Purchases			3,238,149	3,991,512	3,047,615	9,173,036	3,399,581
Operating Cash			6,348,025	1,250,860	2,472,432	1,752,082	(936,051)
Net Building Value			25,973,220	26,422,039	26,573,445	27,022,182	26,285,760
Net Fleet Value			26,826,605	27,125,003	27,340,620	26,486,386	19,839,641
Bonds Payable			44,967,054	44,967,054	49,469,078	42,490,000	42,490,000
Significant Cash Flow Items							
Bond Proceeds			-	5,540,000	5,540,000	5,450,000	5,450,000
Debt Service Work out Bonds			(6,377,700)	(2,472,300)	(2,472,300)	(1,687,237)	(1,571,275)
Debt Service (Bond Facilities & Equip)			(1,312,250)	(3,875,250)	(3,875,250)	(3,346,500)	(3,346,500)
Total Cash Flow Items			(7,689,950)	(807,550)	(807,550)	416,263	532,225

City of Minneapolis
Property Services Division
For the Third Quarter ending September 30, 2006

Fund 6200	2006 Budget	2006 3rd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	15,750,600	11,710,832	4,039,768	74%
Expenditures	17,235,547	12,205,989	5,029,558	71%
Revenue over(under) Expenses	(1,484,947)	(495,156)		

Program Description:

This fund handles the maintenance and upkeep of City owned buildings with the exception of City Hall, Water and Park Board buildings. Including Police precincts, Fire stations, Public Works buildings and Parking structures. The fund also includes the Radio Shop which maintains the City's emergency communications network.

Revenue:

This fund collects revenue from the City departments that use its goods and services (building space, ramp maintenance, janitorial and Radio services). The rate structure is set up so that the fund will charge the correct amount for its goods and services to match its expenses. Revenue is on target to reach the budget for the year.

Expenses:

About half of the expenses for this fund are personnel costs. The rest of the costs are primarily contractual costs. Expenses for this year are expected to be at, or below the budget.

Transfers:

Property Services is responsible for paying \$350,000 per year in debt service. In 2006 the debt service consists of \$655,000 in principal payment, and the \$383,563 in interest. There is a transfer into this fund from the general fund to cover the gap between the \$350,000 and the total debt payment for the year. In 2006, the transfer in to cover this gap is \$688,563.

Net Assets:

In 2002 the City began capitalizing all of its assets, including buildings that are accounted for in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. Currently this fund has a Net Asset position of about \$29 Million, however this will decrease due to the depreciation of the assets.

City of Minneapolis, Minnesota
Property Services Fund
Statement of Revenues and Expenses
For Third Quarter / Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 9/30/2006	For Year Ending 2005	For Period Ending 9/30/2005	For Year Ending 2004	For Period Ending 9/30/2004
Operating Revenues:							
Charges for Services And Sales	7,650,500	7,650,500	5,628,788	10,355,991	5,950,276	6,805,243	4,249,706
Rents Public Works and Other	7,256,500	7,256,500	5,449,333	6,542,120	4,843,476	6,468,067	4,845,273
Total Operating Revenue	14,907,000	14,907,000	11,078,122	16,898,111	10,793,752	13,273,310	9,094,979
Operating Expenses:							
Personal Services	7,517,063	7,666,308	5,749,731	7,323,047	5,497,920	6,389,176	4,809,978
Contractual Services	4,584,627	5,277,327	3,957,995	6,213,645	3,422,097	4,689,975	2,626,321
Materials, Supplies, Services and Other	3,292,354	1,480,169	1,110,127	1,499,770	1,007,840	1,420,289	1,058,332
Rent	194,038	194,038	145,529	174,261	130,695	193,689	145,414
Depreciation	1,242,158	1,242,158	931,618	1,348,730	1,033,851	770,071	569,302
Total Operating Expenses	16,830,240	15,859,999	11,895,000	16,559,453	11,092,403	13,463,200	9,209,347
Operating margin	(1,923,240)	(952,999)	(816,878)	338,658	(298,651)	(189,890)	(114,368)
Non-Operating Revenues/(Expenses):							
Interest Revenue		14	11	39	11	18	18
Interest on Bonds	(383,563)	(383,562)	(287,672)	(409,163)	(306,872)	(412,058)	(323,710)
Gains/Losses on disposal of fixed assets						(2,742)	
Damages/Losses recovered							
Other rev							
Total Non-Operating Revenues(Expenses)	(383,563)	(383,547)	(287,661)	(409,124)	(306,861)	(414,782)	(323,692)
Income(loss) before operating trfrs	(2,306,803)	(1,336,546)	(1,104,539)	(70,466)	(605,512)	(604,672)	(438,060)
Operating transfers in(out)							
Transfers from other fund	843,600	843,600	632,700	811,613	608,710	841,613	631,210
Transfers to other fund	(31,089)	(31,089)	(23,317)	(85,976)	(64,482)	(34,728)	(24,250)
Transfers from capital projects							
Total operating transfers	812,511	812,511	609,383	725,637	544,228	806,885	606,960
Change in Net Assets	(1,494,292)	(524,036)	(495,156)	655,171	(61,284)	202,213	168,900
Significant Balance Sheet Items							
Operating Cash			970,479	1,689,344	(237,810)	(6,063)	(696,053)
Bonds Payable			(9,569,783)	(9,569,783)	(10,228,422)	(10,228,422)	(10,228,422)

**City of Minneapolis
Public Works Stores
For the Third Quarter ending September 30, 2006**

Fund 6300	2006 Budget	2006 3rd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,422,500	3,133,128	289,372	91%
Expenditures	3,469,692	2,931,830	537,862	85%
Revenue over(under) Expenses	(47,192)	201,298		

Program Description:

This Fund, which was 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 goal of this fund is having both Central Stores and Traffic Stores provide these items in a cost effective manner.

Revenue:

As of September 30, revenues totaled \$3,133,128 or 91% of the \$3,422,500 annual budget for 2006. This increase is attributed to assembly of traffic signal controllers for future transportation projects. Central Stores revenues total \$1,129,108 or 72% of their \$1,562,500 annual budget with warehouse inventory merchandise revenues lagging at 65% or \$784,741 of the 2006 \$1,200,000 budget projection.

Expenses:

All expenditure categories are close to their budget amounts, with the exception of the Cost of Stores Issuance, which is exceeding the budget due to the increased business at Traffic Stores.

Transfers:

There are no 2006 Non-Operating Transfers.

Net Assets:

The Public Works Stores Fund has been successful and profitable in recent years. The Fund continues to maintain positive equity, and had a \$303,190 negative cash balance September 30, 2006. The cash balance and the inventory balance affect each other, when the inventory is valued at \$3.2 million the cash value is around \$0. If the inventory level is lower, the cash balance is higher. When the inventory level is higher, the cash balance is negative.

City of Minneapolis, Minnesota
Public Works Stores
Statement of Revenues and Expenses
For the Third Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 9/30/2006	For Year Ending 2005	For Period Ending 9/30/2005	For Year Ending 2004	For Period Ending 9/30/2004
Operating Revenues:							
Central Stores	1,562,500	1,500,142	1,127,926	1,717,815	1,204,723	1,712,835	1,317,539
Traffic Stores	1,860,000	2,666,919	2,005,202	3,188,324	2,427,467	2,207,208	1,430,429
Total Operating Revenues	3,422,500	4,167,061	3,133,128	4,906,139	3,632,190	3,920,043	2,747,968
Operating Expenses:							
Personnel	593,342	596,986	448,862	577,077	428,490	627,578	445,897
Contractual	267,200	211,872	159,303	216,583	147,311	34,177	70,189
Materials/Other	248,834	107,377	80,734	98,870	76,611	199,707	102,661
Rent	68,376	68,205	51,282	65,112	48,834	61,615	46,211
Cost of Stores Issuance	2,291,940	2,914,894	2,191,650	3,520,139	2,626,407	2,848,429	1,947,292
Depreciation	-	-	-	316	316	678	497
Total Operating Expenses	3,469,692	3,899,334	2,931,830	4,478,097	3,327,969	3,772,184	2,612,747
Operating Margin	(47,192)	267,726	201,298	428,042	304,221	147,859	135,221
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)					(5,045)	(14,000)	(7,000)
Net Interest Income (Exp)						54	49
Other Non Operating Income (Exp)							
Total Non-Operating Revenues (Expenses)	-	-	-	-	(5,045)	(13,946)	(6,951)
Change in Net Assets	(47,192)	267,726	201,298	428,042	299,176	133,913	128,270
Significant Balance Sheet Items							
Operating Cash			(303,190)	91,610	55,478	17	
Accounts Receivable			17,299	16,928	7,737	7,076	
Inventories			3,386,129	3,104,057	2,952,334	3,659,585	
Significant Cash Flow Items							
Accounts Payable			2,787	(111,631)			
Salaries Payable			(26,862)	(37,630)			
Transfers						(14,000)	

**City of Minneapolis
Intergovernmental Service Fund
For the Third Quarter ending September 30, 2006**

Fund 6400	2006	2006	Remaining	% of Actual
	Budget	Actual	Budget	To Budget
Revenue including Transfers	45,808,970	34,147,783	11,661,187	75%
Expenditures	51,068,359	29,912,408	21,155,950	59%
Revenue Over (Under) Expenses	(5,259,389)	4,235,375		

Program Description: Accounts for operations of Business Information Services (BIS) and the City Clerk’s printing and central mailing services. BIS comprises telecommunications services, network services, application support, internet and intranet services, and deployment of software and hardware.

Revenue:

Revenue through the third quarter is \$34.1 million, or 75% of the annual 2006 budget. This amount includes an accrual of the General Fund Transfer of 7.0 million. Revenue sources include mailing and copying services, telecom charges, PMO projects, BIS charges based on the rate model and debt service transfers based on the deficit reduction plan for the fund.

Expenses:

Expenses are tracking at 59% of the annual budget at the third quarter close. The annual budget includes an \$8.3 million bond principal payment causing the annual budget expenditures to be \$5.3 million greater than the revenues. The quarterly expenses include \$1 million in interest but nothing for the principal.

Financial:

BIS is tracking to positively add to its Net Assets position in 2006 due to the rate model, the General Fund support through the workout plan and the continued increased level of activity in the Project Management area. The cash in the fund is projected to decrease due to prepayment of several projects at the end of 2005 by BIS customers and the large debt service of over \$10 million that will be paid this year. The Deficit Reduction Plan shows BIS nearly breaking even in 2006, current projections indicate a more favorable outcome when considering the fund’s Net Asset position but closer outcome to the plan when cash is considered.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2006, 2005 and 2004

	Budget Year 2006	Projected Year 2006	For Period Ending 9/30/2006	For Year Ending 2005	For Period Ending 9/30/2005	For Year Ending 2004	For Period Ending 9/30/2004
Operating Revenues:							
Charges for Service:							
BIS - PMD	16,535,550	15,327,854	11,495,891	14,101,016	9,300,306	1,318,871	1,161,495
BIS-Telecom	4,487,775	5,626,966	4,220,224	3,021,721	2,243,929	1,668,311	1,060,755
BIS - Operating-other	13,191,477	12,894,987	9,671,240	14,437,083	10,776,326	1,569,159	992,209
CC-Mailing Services	397,120	403,389	302,542	57,840	46,643	465,745	345,032
CC-Copy Services	731,447	811,580	608,685	803,649	572,024	817,880	584,407
Total Operating Revenues	35,343,369	35,064,776	26,298,582	32,421,309	22,939,228	5,839,966	4,143,899
Operating Expenses:							
BIS - PMD	16,360,512	13,606,837	10,205,128	13,162,684	7,681,091	4,445,321	1,595,183
BIS - Telecom	1,840,486	1,625,178	1,218,883	1,740,151	1,313,530	1,416,995	1,062,746
BIS - Operating-other	17,485,859	17,996,733	13,497,550	16,245,487	11,985,454	10,095,561	9,596,622
CC-Mailing Services	397,180	432,386	324,289	173,308	103,189	448,678	383,998
CC-Copy Services	732,333	741,081	555,811	659,611	414,212	648,681	438,919
Human resources	195,437	182,028	136,521	166,065	124,323	175,718	50,382
Total Operating Expenses	37,011,807	34,584,242	25,938,182	32,147,306	21,621,799	17,230,954	13,127,850
Operating Margin	(1,668,438)	480,534	360,400	274,003	1,317,429	(11,390,988)	(8,983,952)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	10,465,601	10,465,601	7,849,201	10,562,122	6,149,521	23,215,610	17,411,708
Gains (Losses)	0	(31,852)	(31,852)	(304,473)	(5,039)	(152,000)	(149,888)
Depreciation	(3,740,311)	(3,887,895)	(2,915,921)	(6,510,263)	(4,793,892)	(7,314,000)	(5,320,478)
Principal on Bonds	(8,300,000)	(8,300,000)	0				
Interest on Bonded Debt	(2,016,241)	(2,016,241)	(1,026,453)	(2,064,478)	(1,563,471)	(2,129,000)	(1,624,463)
Other Non Operating Income (Exp)	0	0	0	514,075	(93,116)	77,000	1,054
Total Non-Operating Revenues (Expenses)	(3,590,951)	(3,770,387)	3,874,975	2,196,983	(305,996)	13,697,610	10,317,933
Principal on Bonds (Net Asset Adj)	8,300,000	8,300,000					
Change in Net Assets	3,040,611	5,010,147	4,235,375	2,470,986	1,011,433	2,306,622	1,333,981
Significant Balance Sheet Items							
Cash			(4,448,906)	338,775	(4,128,198)	(2,259,856)	(1,131,741)
Accounts Receivable			1,699	63,622	704,354	65,424	35,234
Prepaid Expenses			146,977	178,829	277,191	88,334	428,446
Work-in-progress			14,388,041	13,040,241	9,237,406	4,421,383	2,830,897
Interfund Loans			(14,445,857)	(14,548,952)	(12,800,000)	(12,800,000)	0
Bonds Payable			(42,575,000)	(34,275,000)	(38,680,000)	(42,400,000)	(43,540,000)
Deferred Income			(4,251,671)	(5,949,886)	(2,759,296)	(3,421,243)	(2,473,763)
Total Balance Sheet Items			(51,184,716)	(41,152,371)	(48,148,543)	(56,305,958)	(43,850,927)
Significant Cash Flow Items							
Capital Outlay							(1,500,000)
Principal on Bonds	(8,300,000)	(8,300,000)		(6,670,000)	(6,670,000)	(5,740,000)	(4,600,000)
Total Cash Flow Items	(8,300,000)	(8,300,000)	-	(6,670,000)	(6,670,000)	(5,740,000)	(6,100,000)

**City of Minneapolis
Self-Insurance Fund
For the Third Quarter Ending September 30, 2006**

Fund 6900	2006 Budget	2006 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	72,682,466	61,202,833	11,479,633	84%
Expenditures	67,860,672	54,860,442	13,000,230	81%
Revenue Over Net Income (Loss)	4,821,794	6,342,390		

Program Description: This fund contains employee benefit accounting, workers compensation, tort liability, and administrative functions to support these activities.

Revenue: Revenues vary by activity. Employee benefits collect revenue from payroll withholding or employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management and Human Resources for the return-to-work program, recognizes revenues from direct billing of users. Tort Liability including administrative services of the City Attorney’s Civil division earns revenue by billing departments participating in Self-Insurance. We increased Deferred Revenue to reflect additional reserves for the Metro pass program.

At the third quarter close, the revenues recognized are at 84% of the budget. This additional revenue is due to the variance in health care plan participation by the employees as the budget is set before the enrollment is done.

Expenses: Principal expenditures for Health and Welfare are to account for employee fringe benefits, Workers Compensation and Tort Liability. Worker’s Compensation and Tort Liability are required to be reported based on future payout of existing claims. The fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accruing.

Expenses are at 81% of budget at this point. However all areas operating in this Fund are projecting less than their budget except for “Health and Welfare” and “Liability and Settlements”. Health and Welfare expenses are high and the variance is due to the various plan participation – these expenses are recovered through payroll deductions and do not affect the Fund performance. Liability and Settlements have paid settlements this year that if the trend continues our projection will be higher than budget and if this is the case we will adjust our claims liability to reflect the proper expense.

We adjusted the Liability & Settlement expenses to match the budgeted amount due to expected settlements. We increased Bad Debt Expense for \$181,930 to reflect Intergovernmental Receivables that will not be collected.

Transfers: A small part of this fund's revenues are generated by interfund transfers primarily from General Fund to assist with payment of bond principal and interest.

Net Assets: This fund's Net Asset position was at a deficit of \$36 million at the end of 2005. This is primarily due to the large liability for unpaid claims for the City's General Liability and Workers Comp. The liability was determined to be \$31.1 million at the end of 2005 through an actuarial study. With the implementation of the rate model for 2007, it is expected that departments will better manage with an understanding of the effect of factors that cause our liability in this fund to increase.

The Net Assets deficit is tracking close to the Deficit Reduction Plan at the end of 2005 and is projected to stay close per the projection for 2006. The cash balance for this fund was positive at year end 2005 with a balance of \$2 million; at the end of this third quarter the fund has a cash balance of \$5 million with the projected balance for 2006 year end to continue to be positive. The Deficit Reduction Plan projected positive cash for this fund to first come in 2007; this goal then has been achieved two years ahead of plan.

This fund paid \$3,080,000 on bond principal.

City of Minneapolis, Minnesota
Self Insurance Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2006, 2005 and 2004

	Budget Year 2006	Projection Year 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05	For Year Ending 2004	For Period Ending 30-Sep-04
Operating Revenues:							
Health & Welfare (employee benefits)	45,883,795	54,861,701	41,146,276	48,255,288	36,469,517	44,257,786	33,046,204
Workers Compensation	8,173,601	8,446,561	6,334,921	8,521,189	6,513,434	8,306,149	6,557,042
Liability - Subrogation	8,600,484	8,612,106	6,459,080	8,291,921	6,195,855	7,853,879	5,915,761
Attorney Office Services	23,000	27,879	20,909	16,633	16,587	89,164	89,164
Human Resources Services	959,820	857,723	643,292	785,576	570,971	98,943	45,218
Finance-Employment Services	342,068	377,247	282,935	271,258	207,466	278,127	187,721
Total Operating Revenues	63,982,768	73,183,217	54,887,413	66,141,865	49,973,830	60,884,048	45,841,110
Operating Expenses:							
Health & Welfare (employee benefits)	45,760,781	53,980,977	40,485,733	47,309,404	35,077,791	45,259,849	33,757,439
Workers Compensation	8,403,729	5,877,391	4,408,043	6,519,557	4,818,112	(3,456,915)	4,351,259
Liability & Settlements	5,203,217	5,203,217	3,902,413	4,728,586	3,008,790	13,538,828	3,779,324
City Attorney's Office/Civil Division-Li	5,315,693	5,078,560	3,808,920	4,986,364	3,387,707	4,355,829	3,107,733
Risk Management - WC/Risk	2,012,557	1,951,955	1,463,966	1,476,400	1,050,024	1,275,218	914,252
Human Resource - Employee Benefits	1,164,695	1,055,157	791,368	961,133	566,665	575,092	340,132
Total Operating Expenses	67,860,672	73,147,256	54,860,442	65,981,444	47,909,089	61,547,901	46,250,139
Operating Margin	(3,877,904)	35,961	26,971	160,421	2,064,741	(663,853)	(409,029)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	8,699,698	8,699,698	6,524,773	3,744,291	2,036,745	3,765,313	2,547,103
Interest on Bonded Debt	(269,750)	(269,750)	(202,313)	(159,723)	(109,729)	(97,703)	(63,439)
Interest on Interfund Loan	-	-	-	-	-	-	-
Gains (Losses)	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Other Non Operating Income (Exp)	-	(9,388)	(7,041)	-	-	-	-
Total Non-Operating Revenues (Expenses)	8,429,948	8,420,559	6,315,420	3,584,568	1,927,016	3,667,610	2,483,664
Net Change in Assets	4,552,044	8,456,521	6,342,390	3,744,989	3,991,757	3,003,757	2,074,635
Significant Balance Sheet Items							
Cash Balance over (under)			5,134,964	1,797,175	1,252,055	(2,446,758)	(3,181,920)
Accounts Receivable			24,877	61,892	21,005	71,259	67,417
Due from other funds/Int Gov Rec			728,009	181,930	181,930	181,930	127,817
Bonds-Long Term			(1,380,000)	(4,460,000)	(5,395,000)	(5,395,000)	(6,285,000)
Due to other funds			-	-	-	-	(1,500)
Comp Absences			(273,788)				
Unpaid Claims			(32,077,834)	(28,938,187)	(28,398,941)	(28,347,206)	(28,347,206)
Net Assets			(29,697,642)	(37,979,554)	(37,956,208)	(40,983,309)	(40,983,309)
Significant Cash Flow Items							
Paid Principal on Debt			(3,080,000)	(890,000)		(860,000)	-

**City Of Minneapolis
Sanitary Sewer Fund
For the Third Quarter Ending September 30, 2006**

Fund 7100	2006 Budget	30-Sept-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	37,823,703	27,353,679	9,851,892	72%
Operating Expenditures	36,596,512	26,906,725	9,689,787	74%
Operating Margin	1,227,191	446,954		
Net Income	(46,185)	(517,920)		

Program Description:

The Sewer fund was split in 2005 into two funds, Storm Water and Sanitary Sewer. This fund accounts for 85% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design.

Revenue:

Sanitary sewer revenue at the end of the third quarter is at 72% of the budget. Revenues are slightly lower due to lower consumption sales of water, which is used as a basis for sanitary sewer billings. Inspection Services revenues are for SAC charges are exceeding budget expectations. This is due to the continuing active construction market.

Engineering Design Sanitary revenues are low as there are not capital sanitary sewer projects at this time.

This fund is not expected to reach budgeted revenue projections by year end.

Expenses:

The Sanitary Sewer fund operating expenditures at the end of the third quarter are 74% of the current budget. The sewer design cost center is utilizing fewer resources because there is more design work being done on stormwater rather than sanitary sewer capital projects. Met Council cost center is high due to a very active market in the month of July

Transfers:

The transfer of \$73,848 is for the MERF pension's unfunded liability.

Debt Service:

This fund does not have any debt service. The capital items are paid from the Sanitary Sewer revenues.

Other Financial Items:

The current operating cash balance is \$5.8 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 \$9.1 million, which results in a shortfall of \$3.3 million.

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Third Quarter/Year Ending 2006, 2005

	Budget Year 2006	Projected Year 2006	For Period Ending 30-Sep-06	Year Ending 2005	For Period Ending 30-Sep-05
Operating Revenues:					
Sewage Disposal	35,959,562	32,566,333	24,424,750	34,030,332	24,801,281
Other Services Provided	364,141	327,727	67,021	186,884	31,046
Inspection Services	1,500,000	3,000,000	2,796,058	2,685,275	1,452,825
Interest			65,850	11,071	1,202
Total Operating Revenues	37,823,703	35,894,060	27,353,679	36,913,562	26,286,354
Operating Expenses:					
Sewer Design	396,099	255,661	74,005	248,215	274,396
Sewer Maintenance	5,911,188	5,294,982	4,344,765	5,140,759	3,874,410
Met Council Env. Svcs.	30,289,225	30,389,225	22,487,956	30,785,678	21,806,232
Total Operating Expenses	36,596,512	35,939,868	26,906,725	36,174,652	25,955,038
Operating Margin	1,227,191	(45,808)	446,954	738,910	331,316
Non-Operating Revenues/(Expenses)					
Net Transfers (out)	(73,848)	(73,848)	(55,386)	(203,236)	-
Depreciation	(1,199,528)	(1,199,528)	(909,487)	(1,228,780)	(919,730)
Total Non-Operating Revenues (Expenses)	(1,273,376)	(1,273,376)	(964,873)	(1,432,016)	(919,730)
Net Income	(46,185)	(1,319,184)	(517,920)	(693,106)	(588,415)
Significant Balance Sheet Items					
Operating Cash	-		5,827,458	4,858,839	3,306,322
Accounts Receivable	-		2,480,732	2,827,233	1,844,158
Significant Cash Flow Items					
Capital Outlay	682,000	7,390,534	142,417		108,669
Bond Principle payments					-
Sale of Bonds					

**City Of Minneapolis
Stormwater Fund
For the Third Quarter Ending September 30, 2006**

Fund 7300	2006 Budget	30-Sept-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	32,356,823	21,971,829	10,384,994	68%
Operating Expenditures	18,678,145	14,229,509	4,448,636	76%
Operating Margin	13,678,678	7,742,320		
Net Income	7,727,518	4,322,605		

Program Description:

The Sewer fund was split in 2005 into two funds, Stormwater and Sanitary Sewer. This fund accounts for 15% of the Met Council Environmental Services for treatment services. The fund also accounts for storm water activities including Combined Sewer Overflow (CSO) program, which identify the remaining storm sewer lines that are connected to sanitary sewer lines. The fund accounts for the \$6.1 million city wide street cleaning program.

Revenue:

The Stormwater fund revenue is at 68% of the budget. Stormwater revenues from fees are less than budgeted due to a variety of factors such as the expanded credit program and rate adjustments for duplexes. The municipal state aid funding has been recognized and contracts are currently being negotiated for the state trunk highway and county aid funding.

Expenses:

Stormwater fund expenses are currently at 76% of budget. Street Cleaning cost center expense through the third quarter is at 81% of budget. The over spending is attributable to additional cleaning and debris pickup in 2006, direct charging Work Force Utilization cleaning activities to the cost center as well as more One Call requests. Equipment rental expense is also high.

Public works management is looking at reducing costs and has currently eliminated one area sweeper. The CSO Phase II program is in its last years and expenses should be decreasing as inspections process is completed.

Transfers:

The transfer of \$73,848 is for the MERF pension's unfunded liability.

Debt Service:

The debt service payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

Other Financial Items:

The current operating cash balance is \$5.3 million.

City of Minneapolis, Minnesota
Stormwater Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2006 and 2005

	Budget Year 2006	Projected Year 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
Operating Revenues:					
State Grants	644,160	745,646	745,646	569,414	569,414
County Grants	320,295	320,295	171,224	160,147	160,147
Sewage Disposal	30,508,000	27,741,691	20,806,268	26,081,247	20,545,272
Other Services Provided	884,368	559,887	419,915	1,038,718	322,658
Total Operating Revenues	32,356,823	29,367,518	22,143,052	27,849,526	21,597,491
Operating Expenses:					
Sewer Design	2,538,439	2,680,433	1,863,853	2,424,051	1,685,577
Stormwater Management CSO	2,285,616	1,165,563	879,697	1,210,158	913,355
Street Cleaning	6,147,822	6,879,016	4,955,472	6,354,645	3,970,388
Sewer Maintenance	2,854,059	2,854,059	1,104,434	2,205,230	1,361,279
Met Council Env. Svcs.	4,852,209	5,852,209	5,426,052	4,740,411	4,155,341
Total Operating Expenses	18,678,145	19,431,281	14,229,509	16,934,496	12,085,938
Operating Margin	13,678,678	9,936,238	7,913,543	10,915,030	9,511,553
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	(73,848)	(73,848)	(55,386)	(261,845)	(123,255)
Depreciation	(3,610,984)	(3,610,984)	(2,737,696)	(3,665,814)	(4,113,452)
Special Assessments	115,000	151,396	151,396	263,484	148,795
Net Interest Income (Exp)	(2,381,328)	(2,491,328)	(778,029)	(2,352,144)	(813,231)
Other Non Operating Income (Exp)					
Total Non-Operating Revenues (Expenses)	(5,951,160)	(6,024,764)	(3,419,715)	(6,016,319)	(4,901,143)
Net Income	7,727,518	3,911,473	4,493,828	4,898,711	4,610,410
Significant Balance Sheet Items					
Operating Cash			5,336,013	4,858,839	9,076,869
Construction Cash	-		1,351,508	7,383,600	
Accounts Receivable	-		3,280,732	2,827,233	6,562,868
Bonds Payable	20,067,483		20,067,483	41,060,909	38,167,000
Significant Cash Flow Items					
Capital Outlay	23,404,263		5,914,305	12,960,277	8,635,527
Bond principle payments	10,917,327		781,493	9,609,000	1,500,000

**City of Minneapolis
Water Fund
For the Third Quarter Ending September 30, 2006**

Fund 7400	2006 Budget	30-Sep-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	67,273,053	46,652,597	20,620,456	69%
Operating Expenditures	45,657,730	30,930,584	14,727,146	68%
Operating Margin	21,615,323	15,722,013		
Net Income (Loss)	9,796,892	8,443,197		

Program Description:

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Currently, the City is constructing two, multi-year capital projects including the Supervisor Control and Data Acquisition (SCADA) and the Ultrafiltration Membrane Plant. The SCADA program monitors and partially automates the water treatment process and is expected to be completed in 2006 at a projected total cost of \$17.0 million. The Ultrafiltration Membrane Plant will be accomplished in two phases. Phase one is a newly constructed 70-MGD Columbia Heights Membrane Filtration Plant that was completed at a cost of \$63.3 million. The new plant has completed the testing and confirmation phase and began full time operation in the fall of 2006. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the equipment procurement phase with additional performance testing scheduled through 2006. The projected cost of the Fridley Plant is \$88 million. The new 34 MG Hilltop Reservoir, at a cost of \$20.0 million, was completed in 2005.

Beginning in 2006, the Water Fund received appropriations to begin two new capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement and Pump Station #4 Rehabilitation. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining nine to ten miles of pipeline with replacement of valves and hydrants.

Revenue:

For the year 2006, there was a 4.8% increase in the water rate raising the cost of 100 cubic feet from \$2.50 to \$2.62 per unit. The 2006 third quarter operating revenue of \$46,652,597 represents a 6.5% increase over the same period in 2005. The revenue earned for fiscal years 2004 and 2005 includes a refund of \$3.6 million to the Joint Water Commission, due to new contract negotiations, for the period January 1, 2004 through November 30, 2005. Beginning fiscal year 2005, the Water Fund does not receive revenue of approximately \$4.0 million from the Sewer and Solid Waste Funds to reimburse the Water Fund for utility billing costs attributed to all three funds. These utility billing expenditures are now paid from the General Fund and billed to the respective user fund.

The third quarter 2006 operating margin of \$15,722,013 represents an increase of \$993,372, or 6.7%, from the same period of 2005. The net income for the third quarter of 2006 increased 1.8% from \$8,297,037 in 2005 to \$8,443,197 in 2006. Non operating expenses, specifically depreciation and interest expense, increased in 2006 and contributed to a less substantial increase in 2006 net income compared to the 2006 operating margin.

Expenditures:

For third quarter 2006, operating expenditures are \$30,930,584, an increase of \$1,848,730, or 6.4%, over the same period in 2005. This increase is primarily due to an increase in operational cost of electricity and chemicals for treatment of water for distribution into the Minneapolis water works system. In addition, the government service fee, included in the Contribution to Other Funds, increased from \$1.65 million in 2005 to \$2.07 million in 2006. The government service fee is predominantly based on the fund's asset value and the 25.4% increase in 2006 is due primarily to the capitalization of the new membrane filtration plant.

Prior to 2005, expenditures for finance, human resources, and utility billing were budgeted within the finance and human resource cost centers of the Water Fund. Beginning January 2005, these expenditures are included in general fund overhead and paid from the Contribution to Other Funds cost center of the Water Fund operating budget. The 2005 budget for the operating fund increased to allow for payment of these expenditures from the operating fund. Other expenditures paid from the Contribution to Other Funds include the self insurance liability premium and a share of the 311 operating costs.

Transfers:

The MERF (Minneapolis Employee Retirement Fund) pension debt service payment is budgeted at \$274,517.

Debt Services:

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current capital projects include SCADA, the membrane ultrafiltration programs, the Minneapolis Water Works facilities security improvement, and the rehabilitation of Pump Station #4.

Other Financial Items:

The Ultrafiltration Membrane Plant is financed through loans from the Drinking Water State Revolving Fund managed by the Minnesota Public Facilities Authority. Beginning December 2002, the City has borrowed a total of \$64.9 million at interest rates of 2.82%, 2.80% and 2.53%.

The ending cash balance of the Water Fund for the third quarter of 2006 is \$6.66 million compared to \$10.05 million for the same period in 2005.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2006, 2005, 2004

	Budget Current Year 2006	Projected Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05	For Year Ending 2004	For Period Ending 30-Sep-04
Operating Revenues:							
Federal Grants	-	36,036	36,036	-	-	-	-
Licenses & Permits	1,000	680	543	1,009	830	782	606
Charges For Services (1)	65,471,953	62,544,991	46,025,656	59,897,682	43,453,621	58,663,035	44,160,999
Charges For Sales	1,780,000	1,185,159	562,269	829,696	354,052	1,617,164	844,362
Rents	1,000	-	-	-	-	-	-
Interest	-	230	205	990	845	2,950	2,742
Other Misc Revenues	19,100	19,100	27,888	1,251	1,147	298	279
Total Operating Revenues (2)	67,273,053	63,786,196	46,652,597	60,730,628	43,810,495	60,284,228	45,008,987
Operating Expenses:							
Security	1,269,862	641,552	481,164	911,559	731,527	1,138,129	815,827
Water Design	1,128,498	661,239	505,045	657,732	512,594	794,184	594,237
Contribution To Other Funds (3)	6,159,320	6,159,320	4,619,490	6,300,932	4,216,151	2,059,453	1,512,321
Administration & Permits	1,128,080	1,088,567	796,758	1,202,302	858,128	813,989	610,597
Treatment	14,448,217	15,091,124	10,283,422	13,134,777	8,781,689	11,956,169	8,300,699
Treatment Maintenance	6,733,750	6,965,005	5,021,229	7,477,241	5,442,474	6,391,285	4,563,206
Distribution	8,190,789	7,969,306	5,660,049	7,762,956	5,606,188	7,708,540	5,382,799
Major Repairs & Replacement	6,599,214	6,783,801	3,563,427	4,929,336	2,933,103	7,024,416	3,199,899
Human Resources	-	-	-	-	-	227,970	170,978
Finance	-	-	-	-	-	547,024	410,268
Utility Billing	-	-	-	-	-	4,621,098	2,798,046
Total Operating Expenses	45,657,730	45,359,914	30,930,584	42,376,835	29,081,854	43,282,257	28,358,875
Operating Margin	21,615,323	18,426,282	15,722,013	18,353,793	14,728,641	17,001,971	16,650,112
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(274,517)	(274,517)	(205,888)	(689,005)	(502,504)	(3,619,262)	(2,336,231)
Depreciation	(6,740,214)	(6,740,214)	(5,055,161)	(6,450,504)	(4,136,736)	(4,493,503)	(3,283,002)
Special Assessments	-	643,062	373,558	825,321	479,433	746,515	(681,382)
Net Interest Income (Exp)	(4,803,700)	(4,803,700)	(2,234,079)	(4,077,976)	(2,014,422)	(3,221,196)	(1,229,842)
Other Non-Operating Income	2,000,000	572,955	481,341	336,960	254,929	373,727	345,192
Other Non Operating (Expense)	(2,000,000)	(958,365)	(638,587)	(791,522)	(512,305)	(772,602)	(529,556)
Total Non-Operating Revenues (Expenses)	(11,818,431)	(11,560,778)	(7,278,815)	(10,846,725)	(6,431,604)	(10,986,321)	(7,714,820)
Net Income	9,796,892	6,865,504	8,443,197	7,507,068	8,297,037	6,015,650	8,935,291
Significant Balance Sheet Items							
Operating Cash			6,658,933	1,555,548	10,047,753	1,980,486	15,563,136
Construction Cash			282,589	452,337	2,726,417	3,693,566	10,499,626
Accounts Receivable			4,824,680	8,382,482	6,703,988	5,217,290	3,523,078
Bonds & Notes Payable			92,537,977	84,407,486	95,236,953	89,793,175	58,591,853
Significant Cash Flow Items							
Capital Outlay	39,165,069	39,165,069	9,307,504	18,549,576	14,190,671	51,350,875	35,032,353
Bond & Note Principle payments	8,658,552	8,658,552	840,000	10,829,467	760,000	11,430,461	500,000
Total Cash Flow Items	47,823,621	47,823,621	10,147,504	29,379,043	14,950,671	62,781,336	35,532,353

(1) 2004 revenue includes Utility billing revenue. In 2005 and 2006 Water Fund did not have Utility Billing revenue.

(2) Operating revenues for 2004 and 2005 have been adjusted for the Joint Water Commission refund

(3) Includes previous expenditures for Human Resources, Finance, and Utility Billing

**City of Minneapolis
Municipal Parking Fund
For the Third Quarter Ending September, 2006**

Fund 7500*	2006 Original Budget	2006 3rd Quarter Actual	Remaining Budget	% of Actual To Budget
Revenue	51,282,974	36,357,504	14,925,470	71%
Expenditures	31,871,450	20,466,022	11,405,428	64%
Operating Margin	19,411,524	15,891,482		
Net Income (Loss)	2,274,125	3,517,847		

* Figures in the table do not include State-owned TAD parking facilities.
Net Income (Loss) includes all non-operating expenditures & revenues.

Program Description:

This fund 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. With the addition of Riverfront and Mill Quarter ramps, which were completed in 2005, the total number of facilities in the parking system is currently increased to thirty.

Revenues:

The third quarter revenues for 2006 increased by \$1.5 million, or 4%, to \$36.4 million compared to \$34.9 million for 2005. Off-street parking revenue accounts for \$1.1 million of the increase while on-street parking revenue accounts for \$400,000. Increase in revenues on the off-street are mainly due to two additional ramps into the system - Mill Quarter and Riverfront. These two ramps account for combined increase of \$800,000 in off-street revenue through the third quarter. Revenues from the Impound Lot have fallen below 2005 levels by \$100,000 and it is projected to fall shy of the year-end estimates, as well.

Expenditures:

The expenditures, at \$20.4 million, through third quarter of 2006, decreased by \$1 million, or 5%, compared to \$21.4 million in 2005. Even though the expenditures relating to off-street parking and towing increased by combined total of \$400,000 due to

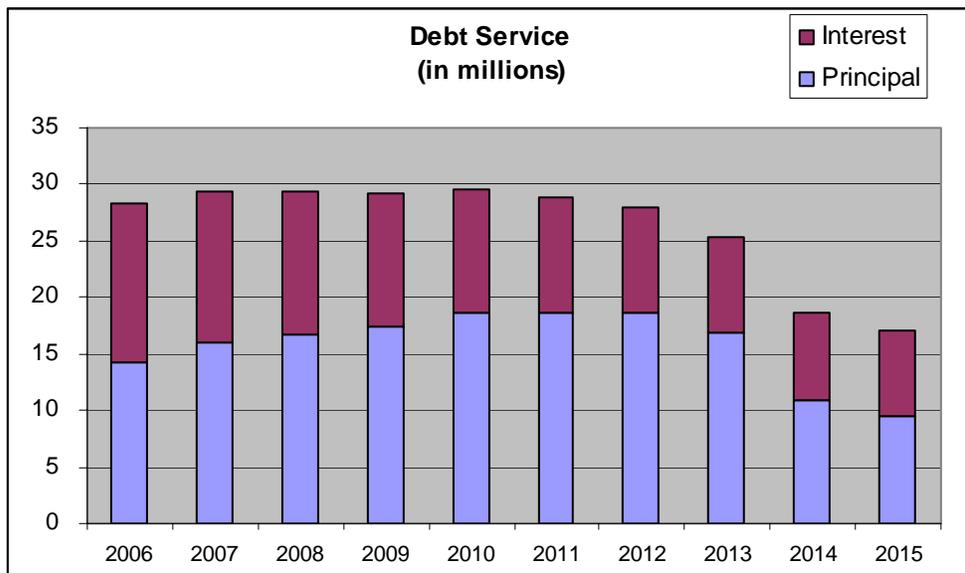
additional ramps and increased maintenance work, the overall expenditure status declined. The decrease in expenditure over prior year is mainly due to removal of Traffic Control division from On-street Meter business line to Police Department. This decrease in the operating expenditures is off-set by an increase in General Fund transfers.

Transfers to and from other funds:

The 2006 transfers into the Parking Fund, through third quarter, include \$7.2 million from sales tax revenue for Convention Center debt and \$5.2 million from CPED Tax Increment. Transfers out to other funds through the third quarter total \$9.5 million with \$6 million to the General Fund, \$1.4 million to the Target Center Arena and \$2.1 million to the Police Department. This transfer to the Police Department is for Traffic Control division and it is part of the transfer to General Fund. As a result, the General Fund transfer for 2006 is estimated to increase by \$2.8 million to \$10.6 million. The 2006 Target Center Arena transfer is estimated at \$1.9 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule.

Debt Service:

The debt service payments through the third quarter totaled \$21.3 million, with \$10.6 million of principal payments and another \$10.7 million in interest. The total amount budgeted for debt service for 2006 is \$28 million. These payments cover the costs of bonds that were sold to fund capital projects for construction of municipal parking ramps and lots. As new facilities are added to the system, debt service will continue to grow. According to the current schedule, debt service payments will reach \$29.6 million by 2010.



Furthermore, additional bonds in the amount of \$1.7 million have been sold in 2006 to fund facilities repair and improvements. There is currently \$281 million in outstanding bonds.

Other Financial Items:

The current operating cash balance is (\$13.2 million). The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$6.6 million, which results in a shortfall of \$19.8 million. The net income through the third quarter has increased by \$2.2 million over the same period in 2005 due to increased revenues from parking operations and transfers into the Fund. However, it is not sufficient to cover the debt service thereby resulting in negative cash flow.

Parking Fund Workout Plan:

A financial workout plan, as adopted by the City Council in 2004, approved several initiatives designed to reduce expenses and increase revenues. Based on actual figures through the third quarter of 2006, the current update to the Workout Plan and specific performance include:

Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** An initiative to develop a logo and branding of the Municipal Parking system is underway and new signage is being installed in several facilities. In addition, the development of web-based solutions for customer payments and advance reservations are being implemented and are in the process of final acceptance testing and are now available to the general public for the Riverfront Ramp. In addition, Public Works has accepted several elements of Ampco's marketing plan and is implementing these programs in the 4th Quarter. The 2006 revenue estimate for off-street parking is \$36.9 million and the projection for the year end, based on nine-month figure, shows a shortfall of \$1.8 million.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of a new meter management plan, have generated a \$400,000 increase in revenue over third quarter of 2005. With \$5.4 million in actual revenue generated to date, it is projected to surpass the estimate of \$7 million for 2006.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** The initiative for collection of unpaid tow and storage fee did not meet its revenue estimates of an extra \$1.2 million. Other areas of the operation are being evaluated, such as separately auctioning vehicle contents. The management software is planned to be upgraded to allow for some additional automated processing of bill of sale, certified letters, and auction information. At \$5.1 million, total revenue generated from Impound lot operations through the quarter is a decrease of \$100,000 over third quarter of 2005. With year-end projection of \$6.7 million, this will fall short of the estimate by \$900,000.

Expenditures:

The status of the various expense reduction initiatives:

- Enhanced Wayfinding Program: estimated expenditure of \$205,000; currently one new installations in progress at 11th & Marquette for Orchestra Hall ramp;
- Repair & Replacement Program: estimated expenditure of \$204,000 in debt service; the program is being implemented in the current year and will include revenue control equipment, lighting, and building systems upgrade.
- Greater Oversight through Increased Staffing Level: estimated expenditure of \$254,000; there has been increase of two additional Parking Systems Analysts. Parking Services is currently in the process of realignment of activities which will help to improve the oversight of three business lines.

The following table presents a summary of the various business line actual figures, projections and variances for 2006.

Revenue* And Expense Categories	2006 Original Budget	2006 3rd Quarter Actual	Projection 2006 Based on Actual	Variance Budget Vs Projection
Off-Street Parking	36,691,747	25,876,173	34,908,615	(1,783,132)
On-Street Parking	7,015,227	5,419,972	7,340,833	325,606
Impound Lot	7,576,000	5,061,359	6,707,883	(868,117)
Total Revenue	51,282,974	36,357,504	48,957,332	(2,325,642)
Off-Street Parking	25,108,749	15,763,065	23,789,999	(1,318,750)
On-Street Parking	1,549,322	710,774	786,606	(762,716)
Impound Lot	5,213,379	3,992,183	5,621,288	407,909
Total Expenditures	31,871,450	20,466,022	30,197,893	(1,673,557)
Operating Margin	19,411,524	15,891,482	18,759,439	(652,085)

*Figures in the table do not include State-owned TAD parking facilities.

Summary:

Based on the nine month data, revenue projections fall short of the estimates by \$2.3 million. However, the projection also shows a savings of \$1.6 million on expenditures thereby resulting in a shortfall of \$700,000.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Third Quarter/Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05	For Year Ending 2004	For Period Ending 30-Sep-04
Operating Revenues:							
Off-Street Parking: City Owned	36,691,747	34,878,615	25,872,561	33,542,378	24,747,062	33,238,393	24,788,939
Off-Street Parking: State Owned	8,755,759	8,207,417	5,895,037	8,039,838	5,672,492	9,134,795	6,677,228
Towing	7,576,000	6,707,883	5,061,359	6,912,995	5,156,482	6,736,945	5,141,409
On-Street Meters	7,015,227	7,340,833	5,419,972	6,702,950	4,987,517	6,080,563	4,454,536
Total Operating Revenues	60,038,733	57,134,749	42,248,928	55,198,161	40,563,554	55,190,696	41,062,111
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	19,049,079	21,221,478	14,035,035	20,232,560	13,749,135	20,545,448	13,214,111
Off-Street Parking: State Owned-Direct Expenses	7,996,362	8,207,417	5,799,063	7,365,075	5,191,307	15,178,954	12,901,574
Towing	5,213,379	5,621,288	3,992,183	5,573,381	3,864,188	5,142,139	3,738,597
On-Street Meters	1,236,976	786,606	585,069	3,462,187	2,605,474	3,386,379	2,489,074
Other Operating Expenses	6,526,816	2,538,520	1,820,951	2,847,773	1,263,682	2,811,070	1,921,501
Total Operating Expenses	40,022,612	38,375,310	26,232,301	39,480,976	26,673,786	47,063,991	34,264,858
Operating Margin	20,016,121	18,759,439	16,016,627	15,717,185	13,889,768	8,126,705	6,797,253
Non-Operating Revenues/(Expenses)							
General Fund Transfer Out	(7,800,000)	(7,800,000)	(5,850,000)	(8,800,000)	(6,600,000)	(3,400,000)	(2,550,000)
General Fund Transfer - Traffic Control	(2,818,000)	(2,818,000)	(2,113,500)	-	-	-	-
Arena Reserve Transfer Out	(1,921,000)	(1,921,000)	(1,440,750)	(1,768,000)	(1,326,000)	(1,620,000)	(1,215,000)
Debt Service Transfer Out	(38,550)	(38,550)	(28,913)	(390,704)	(259,125)	(430,424)	(302,226)
Internal Service Fund Transfer Out	-	-	-	(95,355)	-	(77,000)	(57,750)
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	(109,500)	(146,000)	(109,500)
Parkboard & Other Transfer Out							
Total Transfers Out	(12,723,550)	(12,723,550)	(9,542,663)	(11,200,058)	(8,294,625)	(5,673,423)	(4,234,476)
Convention Center related facility Transfer	9,565,097	9,565,097	7,173,823	8,243,573	6,182,680	8,364,656	6,273,492
TI and MCDA Transfers In	6,915,456	6,915,456	5,186,592	5,230,159	5,230,159	5,628,358	5,083,591
Other Transfers In (CPED)	717,887	717,887	717,887	2,467,107		1,781,184	-
Total Transfers In	17,198,440	17,198,440	13,078,301	15,940,839	11,412,839	15,774,198	11,357,083
Depreciation	(6,447,456)	(6,447,456)	(5,306,264)	(6,551,682)	(4,842,918)	(6,709,378)	(4,866,490)
Special Assessments	132,500	132,500	99,375	107,773	99,375	164,928	99,375
Interest	(14,269,846)	(14,269,846)	(10,702,385)	(12,058,392)	(10,565,150)	(13,225,970)	(10,834,816)
Other Non Operating Expenses	(30,000)	(30,000)	(32,784)	(32,980)	(24,045)	(98,197)	(21,069)
Other Non-Operating Income	30,000	30,000	3,613	136,897	128,679	106,896	71,512
Total Non-Operating Revenues (Expenses)	(16,109,912)	(16,109,912)	(12,402,807)	(13,657,602)	(12,085,844)	(9,660,946)	(8,428,882)
Net Income+/-	3,906,209	2,649,527	3,613,821	2,059,584	1,803,923	(1,534,239)	(1,631,629)
Significant Balance Sheet Items							
Operating Cash			(13,151,662)	(13,509,757)	(5,235,674)	(7,856,688)	(1,541,580)
Construction Cash			5,186,860	6,963,710	8,489,139	4,590,503	10,362,550
Bonds Payable			280,848,742	280,848,742	294,592,842	273,942,842	285,336,942
Total Balance Sheet Items			272,883,939	274,302,695	297,846,307	270,676,658	294,157,910
Significant Cash Flow Items							
Principal on debt			10,630,575	12,834,100	9,115,575	11,394,100	8,575,500
Capital Outlay			499,643	18,773,811	15,500,908	14,011,306	6,112,249
Total Cash Flow Items			11,130,218	31,607,911	24,616,483	25,405,406	14,687,749

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Third Quarter Ending September 30, 2006**

Fund 7700	2006 Budget	30-Sept-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	28,490,200	21,555,064	6,935,136	76%
Operating Expenditures	28,157,859	19,489,317	7,930,540	69%
Operating Margin	332,341	2,065,747		
Net Income/(Loss)	(895,489)	1,262,088		

Program Description:

This Fund accounts for the City's solid waste collection, disposal and recycling operations. This includes weekly trash and yard waste pickup, biweekly recycling and problem material (appliance) pickup and the operation of a solid waste transfer station for over 108,000 households. The Public Works Department also provides "clean city" activities such as neighborhood clean sweeps, litter and graffiti removal and litter control in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

Revenue:

The Solid Waste & Recycling Fund had total revenues of \$21,555,064 at end of the third quarter. The revenue from recyclable sales is \$1,108,038, grant revenue of \$802,000 from Hennepin County has been received.

Expenses:

The Solid Waste and Recycling fund operating expenses are currently \$19,489,317, that is below budget. Three additional packer trucks are being purchased this year because of proposed price increases in 2007. Even with these increases, the fund is still expected to be within budget.

Transfers:

Transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers, \$50,000 from the General fund for graffiti removal and \$300,000 for the Clean City program. Transfers of \$700,000 to the General fund for alley plowing, and \$35,000 for MERF Unfunded Liability are transferred out of the fund.

Debt Service:

This fund has no debt service.

Other Financial Items:

The fund's cash balance for the second quarter ended at \$15.2 million. The accounts receivable balance is \$3.1 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 \$6.9 million, which results in a surplus of \$8.3 million.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses

For Third Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05	For Year Ending 2004	For Period Ending 30-Sep-04
Operating Revenues:							
County Grants	544,000	808,361	802,623	812,722	-	804,000	3,000
Solid Waste Fees	26,297,800	26,820,501	19,642,754	26,817,625	19,712,356	26,744,282	19,515,422
Recyclable Sales	1,619,400	1,361,084	1,108,038	1,857,841	1,323,885	1,250,943	1,145,335
Charges for Other Services	-	-	1,643	15,947	151,349	3,288	3,342
Total Operating Revenues	28,461,200	28,989,946	21,555,059	29,504,135	21,187,590	28,802,513	20,667,099
Operating Expenses:							
Collection	6,866,116	5,947,723	4,647,974	5,923,018	4,825,988	5,749,927	4,301,848
Recycling	3,285,898	4,045,926	2,306,382	3,018,837	2,458,256	6,308,562	2,055,300
Disposal	6,011,081	3,486,343	3,513,214	5,625,608	4,342,950	3,128,077	3,889,508
Yard Waste	1,842,014	1,257,948	952,241	1,293,060	1,049,529	1,338,459	939,994
Large Item/Problem Material	1,104,514	1,119,798	804,765	1,107,764	876,009	1,221,039	789,461
Transfer Stations	262,504	127,975	99,182	227,042	197,295	240,106	163,524
Administration	3,951,005	3,562,024	3,014,438	2,535,621	2,134,748	3,505,455	2,981,874
Customer Service	456,044	1,039,939	412,514	2,796,270	337,024	500,882	337,001
Clean City	1,625,230	1,625,230	943,901	1,006,259	748,466	935,722	522,450
Equipment	2,753,453	3,709,831	2,794,708	2,877,461	2,211,406	2,642,797	1,711,967
Human resources				-		227,970	170,978
Finance				-		196,101	147,076
Total Operating Expenses	28,157,859	25,922,738	19,489,317	26,410,939	19,181,670	25,995,096	18,010,981
Operating Margin	303,341	3,067,208	2,065,742	3,093,196	2,005,920	2,807,418	2,656,118
Non-Operating Revenues/(Expenses)							
Net Transfers In	506,000	506,000	453,682	196,000	37,500	196,000	
Net Transfers Out	(735,221)	(735,221)	(551,416)	(757,934)	(525,000)	(871,077)	(528,000)
Gains (Losses)				-	(1,544)		
Depreciation	(998,609)	(998,609)	(738,002)	-	56,646	(1,000,738)	(739,510)
Special Assessments	-	(462,605)	32,077	75,528	40,391	-	8,898
Total Non-Operating Revenues (Expenses)	(1,227,830)	(1,690,435)	(803,659)	(486,406)	(392,007)	(1,675,815)	(1,258,612)
Net Income	(924,489)	1,376,773	1,262,083	2,606,790	1,613,913	1,131,603	1,397,506
Significant Balance Sheet Items							
Operating Cash			15,200,688	14,956,440	14,339,795	12,690,046	11,612,925
Accounts Receivable			3,191,635	2,471,657	2,675,754	2,428,671	2,508,292

2006 Third Quarter Investment Report

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

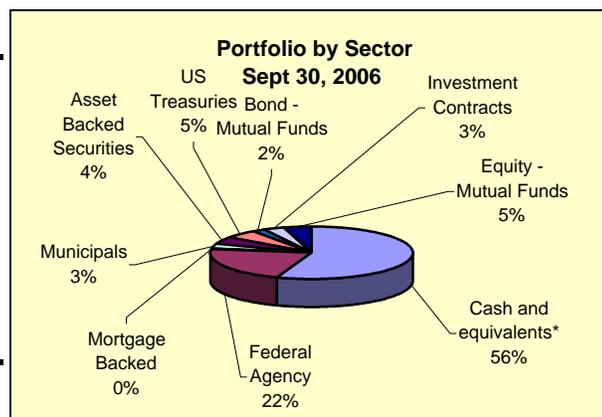
As of September 30, 2006, the City's current investment portfolio is valued at approximately \$363 million. The sector holdings and fund distributions are shown below. On both a year-to-date and a 12 month basis for the period ended September 30, 2006, the portfolio has outperformed its 1-3 year Merrill Lynch Treasury benchmark.

Investment Performance period ending Sept. 30, 2006	City Portfolio	Merrill Lynch 1-3 year Treasury Benchmark
YTD Total Return	3.03%	3.02%
1 Year Total Return	3.77%	3.73%
Credit Quality	AGY	TSY

Portfolio Holdings By Sector

Sector	Sept 30 2006	% of port.	Sept 30 2005	% of port.
<i>Market Value in millions</i>				
Cash and equivalents*	\$ 201.7	56%	\$ 51.4	12%
Federal Agency	\$ 78.9	22%	\$ 90.6	21%
Mortgage Backed	\$ 0.6	0%	\$ 2.7	1%
Municipals	\$ 11.3	3%	\$ 14.1	3%
Asset Backed Securities	\$ 16.3	4%	\$ 41.0	9%
US Treasuries	\$ 18.7	5%	\$ 113.5	26%
Bond - Mutual Funds	\$ 7.2	2%	\$ 7.1	2%
Investment Contracts	\$ 12.1	3%	\$ 89.2	20%
Equity - Mutual Funds	\$ 16.6	5%	\$ 28.2	6%
Total Market Value	\$ 363.3	100%	\$ 437.7	100%

*Net of checks outstanding



Funds

Performance	Sept 30 2006	% of total funds	Sept 30 2005	% of total funds
<i>Book Value in millions</i>				
Debt Service	\$ 53.1	15%	\$ 48.9	11%
Development	\$ 37.5	10%	\$ 39.5	9%
Enterprise Fund	\$ 24.1	7%	\$ 28.3	6%
General	\$ 18.2	5%	\$ 42.8	10%
Internal Service	\$ 8.6	2%	\$ (8.2)	-2%
Library	\$ (1.4)	0%	\$ (2.2)	0%
Hilton Trust	\$ 37.2	10%	\$ 38.7	9%
NRP	\$ 37.3	10%	\$ 47.1	11%
Park Board	\$ 0.1	0%	\$ 2.3	1%
TIF	\$ 45.5	12%	\$ 40.4	9%
Convention Center	\$ 24.1	7%	\$ 20.6	5%
Other	\$ 28.8	8%	\$ 24.9	6%
Sub Total City Op. Port.	\$ 313.2	86%	\$ 323.2	73%
Bond Proceeds/Const.	\$ 52.3	14%	\$ 117.7	27%
TOTAL Book Value	\$ 365.4	100%	\$ 440.9	100%
Unrealized G/L & Acc int	\$ (2.1)		\$ (3.3)	
All Funds Mkt Value	\$ 363.3		\$ 437.7	

