



City of Minneapolis
Financial Status Report as of 3rd Quarter 2004
Prepared by the
City of Minneapolis Finance Department
November 15, 2004

City of Minneapolis

Interim Financial Report Index for the 3rd Quarter of 2004

BUSINESS LINE REVIEW	1-4
GENERAL FUND	6-11
SPECIAL REVENUE & GRANT FUNDS	
Convention Center Special Revenue Fund.....	12-16
Federal, CDBG and other State and Local Grants.....	17-23
INTERNAL SERVICE FUNDS	
Permanent Improvement Equipment Fund.....	24-25
Intergovernmental Service Fund.....	26-27
Self-Insurance Fund.....	28-29
Property Services.....	30-31
Engineering Materials & Testing.....	32-33
Public Works Stores.....	34-35
ENTERPRISE FUNDS	
Water Rental Fund.....	36-38
Sewer Rental Fund.....	39-40
Solid Waste Recycling Fund.....	41-42
Municipal Parking Fund.....	43-45
Investment Summary	46

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 thru September 30, 2004 and a summary of City's investments and cash position for the same period.

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 2004 with a fund balance of \$53.5 million and an operating budget of \$274 million. As of September 30, 2004, all departments, with the exception of Corrections are projected to end the year within authorized spending limits. The fund balance is planned to be reduced by \$6.2 million in 2003 budget carryovers, \$6.4 million reduction in the transfer from the Parking Fund, \$.2 million in retirement incentives for the Police Department and \$0.9 million for the City's share of the New Central Library's Planetarium. In addition, projections for current year activity indicate revenues will exceed expenses by \$4.8 million. The net effect of these transactions will result in a *planned* drawdown in fund balance of \$8.8 million. The City's policy is to maintain a minimum fund balance of 10% of current expenditures for the General Fund and the projected balance would be within this requirement. Irrespective of the planned drawdowns stated above, current year financial performance in the General Fund is outstanding. Departments are spending within authorized limits, revenue targets should be met and may be exceeded in some cases.

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 operating performance and tax collections are roughly equal to what is budgeted for the year. The two notable exceptions are in the operating expenses and debt service. Both areas are projected to result in lower than budgeted totals which may result in a better than expected financial result at year end. Because the fund was budgeted at a loss for the year, the tight management of operating expenses and lower debt service costs will change the projected decrease in fund balance from (\$4.1) million to an increase of \$2.7 million. This is a positive swing of \$6.8 million.

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. Because the year-end CDBG reprogramming is being presented through a separate council action, it is omitted from this report.

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 MCDA enterprise activities and the River Terminal, the City operates four enterprise funds.

A snapshot of these funds follows:

Enterprise Funds						
(In Thousands)						
Fund	12/31/2003 Net Assets	12/31/2003 Net Income	Preliminary Year-End			12/31/2004 Net Assets
			Revenue	Expense	Net Income	
Sewer Utility	294,554	889	64,228	59,988	4,239	298,793
Solid Waste	16,353	3,141	28,550	28,041	509	16,862
Water Utility	125,364	13,752	63,823	53,054	10,769	136,133
Parking	71,631	(8,602)	69,716	74,676	(4,960)	66,671

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 the year and based on our mid-year figures, we expect to end the year with a positive net asset balance as well.

Sewer Utility Fund accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. With a rate increase in 2004 and expenses under budget, this fund will end the year with positive net income and net assets. Despite the rate increase, revenues in 2004 are relatively flat as compared to last year. This can be attributed to a lower than expected flow rate for water (sewer rates are based on water consumption). As compared to last year, flows are down 1.2%. The lower than expected flow rate, which has been occurring since 2002, coupled with incorrect assumptions in the Sewer Revenue budget will result in actual revenues \$3.5 million lower than budgeted.

Solid Waste Fund accounts for the City’s solid waste collection, disposal, and recycling operations. As of 3rd quarter, the fund is below its expense budget and is projected to end the year with a positive net income of \$500,000. The fund has already exceeded its recyclable sales budget for the year and is projected to exceed it by \$800,000 at year-end.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The fund is currently spending under its expense budget but revenues are also lagging behind budget at mid-year. The two can be attributed to the decrease in water flows from last year, similar to the Sewer fund. Despite the decrease in revenues, the fund is projected to end the year with positive net income because of the proportionate decrease in expenses.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. Prior to 2001, revenue performance had been better than budgeted, but since September 2002, revenue has dropped. This is primarily due to the economic conditions, high office vacancy rates, and increasing transfers to other funds, primarily the General Fund. 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 2004, the fund is projected to lose \$4.9 million which includes a reduction in the transfer to the General Fund of \$6.4 million and a payment to MNDoT of \$8.4 million which is for the residual profits from the TAD ramps. Excluding the aforementioned transactions, the fund’s operating performance is expected to end the year roughly \$300,000 better than expected.

Internal Service Funds remain one of the largest financial challenges for the City of Minneapolis. An overview of the City’s Internal Service funds is as follows:

Fund	Internal Service Funds				Preliminary Year End Dec. 31, 2004
	Beg Net Assets	Revenue	Expense	Net Margin	
Engineering, Mat, and Testing	1,489	2,947	3,898	(951)	538
Equipment Fund	13,325	36,452	36,152	300	13,625
Property Services	30,228	12,740	12,710	30	30,258
Public Works Stores	11,722	3,663	3,502	162	11,884
Intergovernmental Fund	(39,794)	27,784	28,981	(1,196)	(40,990)
Self Insurance	(40,983)	70,884	67,725	3,159	(37,824)

Areas of particular note among the Internal Service Funds are:

The **Intergovernmental Service Fund** continues to lose money as anticipated and detailed in the Council adopted deficit reduction plan. Revenues at third quarter are slightly below projections. This is due to a lag in billings for one-time projects. It is expected this area will close the gap during the final quarter. On the expense side, BIS staff has indicated they will be staying within budget this year. Expenses are low at third quarter for one time move, add, change costs. Depreciation expense continues to pose a challenge for the fund because it is not recovered through operating transfers

The **Equipment Fund** is tracking very closely to its revenue and expense budget and is expected to end the year performing within its workout plan.

The **Self-Insurance Fund** is out-performing expense budget expectations mainly because workers compensations costs are at 60% of budget three-quarters through the year. If this trend continues, the fund will outperform the workout plan at year-end. Liability costs however, are projected to exceed their budget by \$800,000. This is attributed to several large settlements paid by the City during 2004.

The **Property Services Fund** is performing within budgeted revenues and expenses. This funds financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and is projected to break-even or experience a slight loss at year-end.

The **Engineering Materials and Testing Fund** is projected to end the year with a loss of \$951,000. 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.

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.

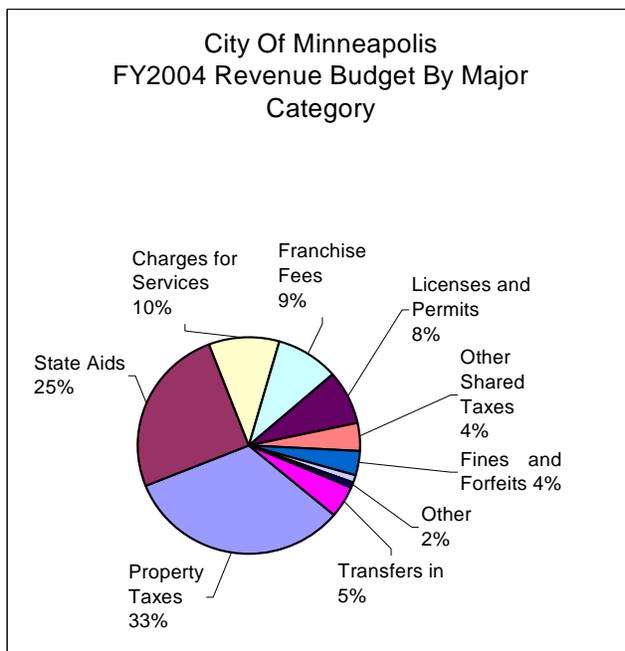
Financial Performance

The beginning fund balance for the General Fund in 2004 was \$53.5 million. The original 2004 appropriation resolution for the General Fund was amended by Council Resolution 2004R-139, which authorized the reappropriation of \$5.6 million of unspent prior year funds for the completion of various projects in 2004, and by Council Resolution 2004R-250, which authorized the carryover of an additional \$0.6 million of prior year unexpended appropriation balances for Nicollet Mall operations in 2004. The General Fund is projected to end fiscal year 2004 with an increase in fund balance of about \$4.8 million for current year activity (excluding prior year appropriation carryover of \$6.2 million, Parking fund workout plan, \$6.4 million, and transfer for the new Library planetarium, \$0.9 million). If the current projection stands, the fund balance at year-end would be about \$44.8 million. The City's policy is to maintain a minimum fund balance of 10% of current expenditures in the General Fund and the projected balance would be within this requirement.

A projected fund balance schedule for the General Fund for the current year is as follows:

Beginning Fund Balance – January 1	\$53.5 million
Prior Year Appropriation Carryovers	(6.2 million)
Beginning Fund Balance (Adjusted)	47.3 million
Parking Fund Workout Plan Transfer Reduction	(6.4 million)
Library Board Transfer Increase (New Library Planetarium)	(.9 million)
Excess (Deficiency) of Revenues Over (Under) Expenditures	4.8 million
Ending Fund Balance – December 31 (Projected)	\$44.8 million

General Fund Revenues:



The five largest revenue sources account for 85% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, and licenses and permits.

Property taxes, the major source of General Fund revenue (33%), appear to be on track at quarter-end and are expected to meet the budget of \$85.4 million at the end of the year.

State aids, the second major source of fund revenue (25%), are projected to equal the current estimated revenue of \$65.9 million (received in July and December). In addition to the state aid cuts previously made in 2003, state aids were reduced by an additional \$7.5 million in the General Fund in 2004 due to the State's budget crisis.

Charges for services, the third major source of

fund revenue (10%), are currently expected to meet the budget by the end of the year (in the prior year, 45% of the revenue in this category was posted in the fourth quarter).

Overall, franchise fees (9% of fund revenue) are slightly ahead of budget at the end of the third quarter. Franchise fees for natural gas received by the City through the third quarter of 2004 are up about \$0.1 million from a year ago for the same period. For the year to date, the City has received higher franchise fees for natural gas due to a natural gas shortage resulting in significantly higher prices, which is expected to continue through the end of the year. Based on the collections received through September, overall franchise fees are expected to exceed the estimated revenue of \$23.5 million by about \$1 million.

Licenses and permit fees, the fifth major source of revenue (8%), are significantly ahead of budget at the end of the third quarter and are expected to meet the budget at the end of the year.

Other shared taxes are considerably over budget at the end of the third quarter and are expected to easily meet the current budget by the end of the year.

Fine and Forfeit revenues through September are up by about 6% from a year ago, and are expected to be nearly equal to prior year revenues for the remainder of the year. Currently, overall fine revenues are projected to be about \$.5 million less than the current estimated revenue of \$9.4 million by the end of the year (with greater Licenses fine revenues expected to partially offset an expected shortfall of \$.8 million in Police Department fine revenues compared to budget).

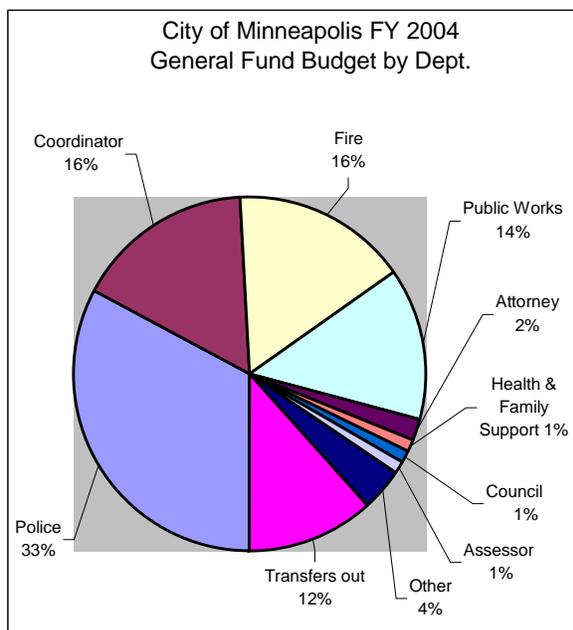
Special assessment revenues are received as part of three property tax settlements – at the end of May, November, and December – taking this into account, special assessment revenues for the year are expected to meet the current budget.

Investment income has historically been budgeted conservatively; however, due to lower than expected interest rates in the current year, actual investment income is expected to be only about sixty-nine percent of the current budget at the end of the year.

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

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

General Fund Expenditures:



Four departments make up about 79% 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 \$64.3 million (72% of current budget); currently, their projected expenditures are not expected to exceed their budget at the end of the year in spite of overstaffing and a salary raise, which becomes effective on October 15th. The Police Department's current budget is not expected to be significantly increased for the remainder of the year in order to

cover projected expenditures (original budget decreased by about \$16,000 to date). Including current budget adjustments, the Police Department is expected to be within budget at year-end.

The expenditures of the next major department, Coordinator, are currently running about 7% under budget as of the end of the third quarter, and projected savings of about 2% of current budget are expected as of year-end (about \$830,000).

The expenditures for the next major department, Fire, are currently well under 75% of current budget (about 8%). If a labor settlement, which would include a large amount of backpay, is reached by the end of the year, the remainder of the current budget is expected to be used.

Currently, expenditures for Public Works are running significantly under budget (64%), and are expected to be about 2% under budget at year-end (about \$774,000).

The expenditures of the Health and Family Support Department and City Council are currently running well under budget and budget savings of 4-5% of current budget are currently projected as of year-end (about \$150,000 for each agency).

The expenditures of the Civil Rights office are slightly higher (80%) than budgeted at the end of September primarily due to severance pay personal services expenditures for two director positions. Some coding adjustments to cover unreimbursed CDBG expenditures are expected to bring Civil Rights expenditures within budget by the end of the year.

The expenditures of the Mayor's Office are currently running well under budget and budget savings of 8% of current budget are currently projected as of year-end (about \$80,000).

The current Contingency budget (included in the TRANSFERS and OTHER category in the bar chart below), includes \$871,000 re-appropriated from 2003 to cover Fire Department contract settlement expenditures (backpay), and \$200,000 for the Police retirement incentive.

The Non-Department - Corrections budget (included in the TRANSFERS and OTHER category in the bar chart below), which is currently \$700,000, is projected to be exceeded by about \$105,000 at year-end. These additional expenditures (over budget) are to be covered by Contingency funds.

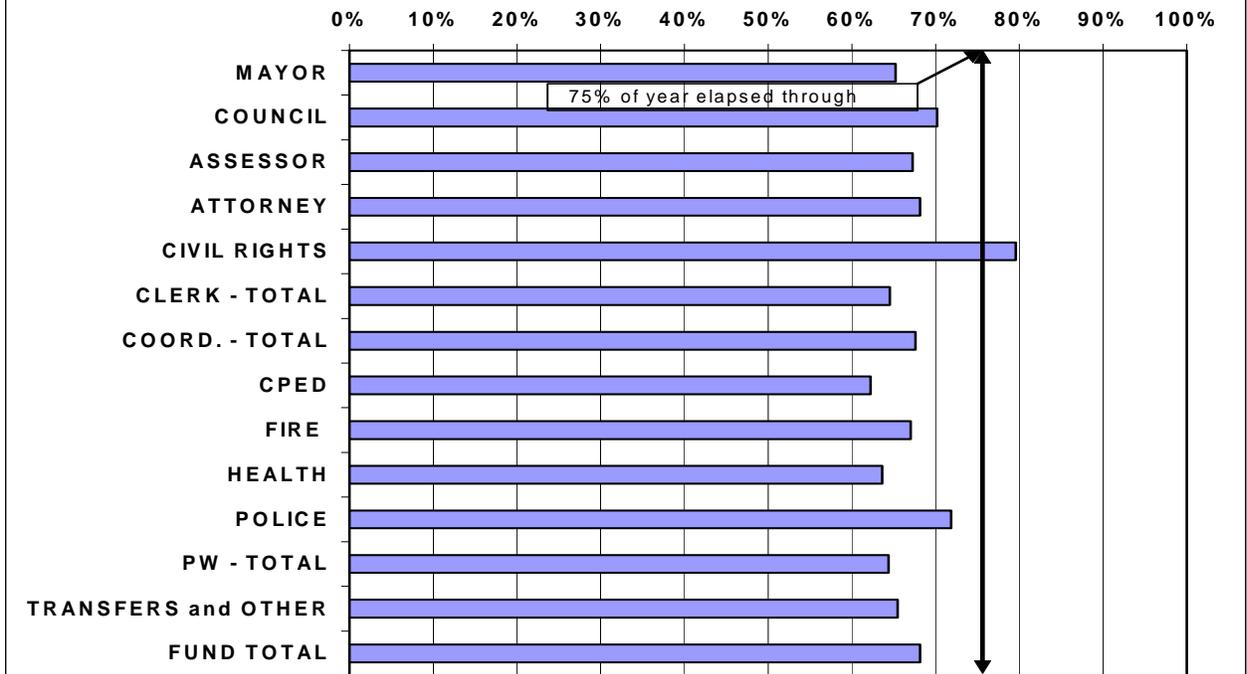
The Non-Department - Other budget (included in the TRANSFERS and OTHER category in the bar chart below), which is currently \$2,248,135, is projected to have a remaining balance of about \$1.9 million at the end of the year (which is to be transferred to the Contingency budget).

Unfunded Pension Expense credits offset the tax-supported unfunded portion of the pension expenses for the MERF, Police, and Fire Relief Association plans. Many employees took advantage of the early retirement incentive last year and because of that the actual expense credits are well below of the budgeted numbers of \$1.796 million in 2004.

The expenditures for the remaining departments are running below the current budget through the third quarter. The main reason for the decreases in their spending levels is due to prior year personnel reductions in response to state aid cuts and the resulting carryover savings in personal services costs. Since the budget control is at the department level, 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 confirm that total General Fund expenditures at the end of the year would be about equal to or less than the current appropriation barring any unexpected events.

As far as the remainder of the TRANSFERS and OTHER category below is concerned, expenditure transfers are expected to be equal to the current budget.

**City of Minneapolis
FY2004 General Fund Exp by Dept**

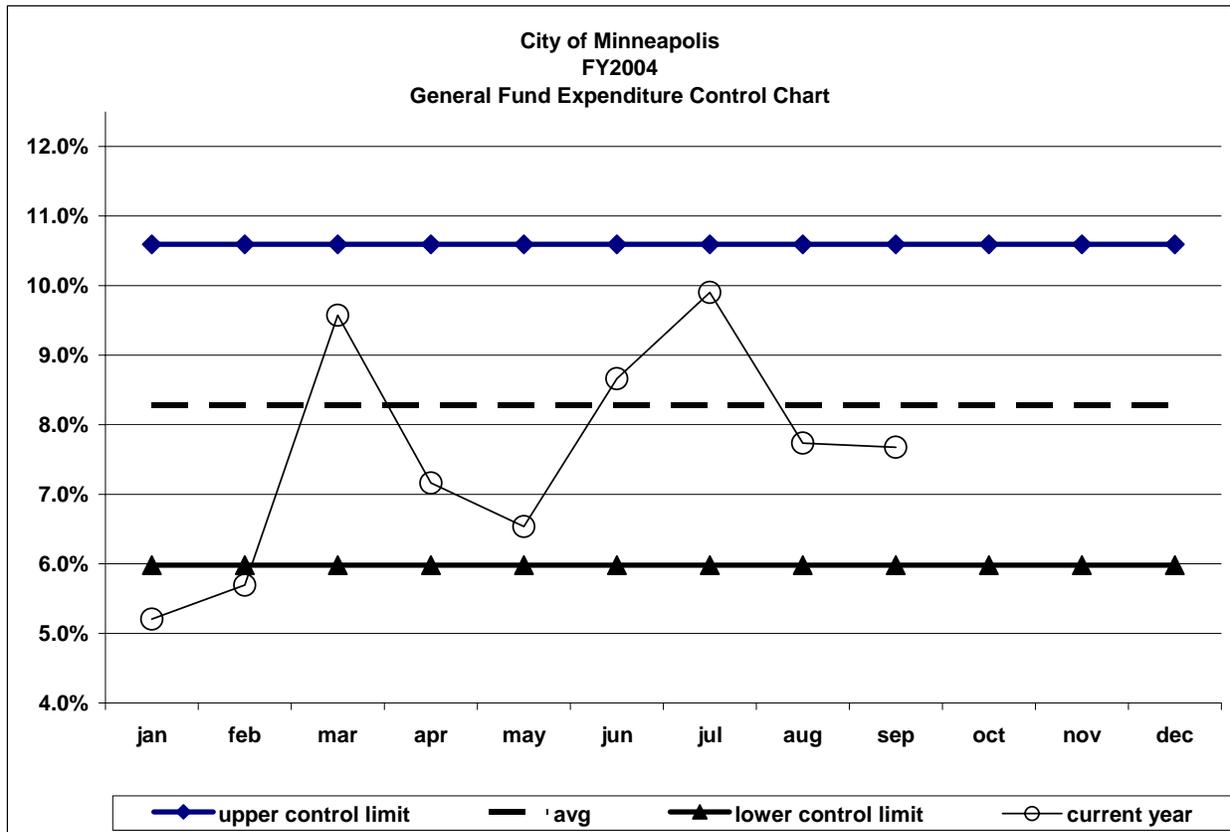


In comparison with the second quarter projected year-end fund balance for the General Fund, the third quarter projected year-end fund balance is based upon more extensive discussions with departmental personnel and further analyses based upon third quarter actual results and historical patterns. As we get closer to the end of the year, it becomes possible to project year-end revenues and expenditures more accurately (barring unanticipated significant events).

City of Minneapolis					
General Fund September 30, 2004					
Revenues:					
(source by decreasing budget size)					
	Actual Results through Sept.	Total Annual Budget as Adjusted through Sept.	Percent of Total Adjusted Budget Through Sept.	Projected YE Totals	Projected YE Actual as Percent of Adjusted Budget
Property Taxes*	41,408,379	85,376,340	49%	85,376,340	100%
State Aids**	32,984,099	65,920,559	50%	65,920,559	100%
Charges for Services	17,548,050	26,449,329	66%	26,449,329	100%
Franchise Fees	17,703,062	23,500,000	75%	24,500,000	104%
Licenses and Permits	17,340,752	21,134,984	82%	21,134,984	100%
Other Shared Taxes	10,183,037	11,007,423	93%	11,007,423	100%
Fines and Forfeits	6,453,671	9,372,377	69%	8,900,000	95%
Special Assessments*	1,282,988	2,506,095	51%	2,506,095	100%
Investment Income	439,579	1,301,000	34%	650,500	69%
Other Miscellaneous	423,603	690,103	61%	900,000	100%
Contributions	159,081	299,000	53%	299,000	100%
Charges for Sales	224,100	217,480	103%	299,000	137%
Total Revenue before Transfers	146,150,401	247,774,690	59%	247,982,833	100%
Transfers In	8,527,500	12,303,500	69%	12,303,500	100%
Fund Total - Revenues and Other Sources	154,677,901	260,078,190	59%	260,286,333	100%
Expenditures :					
(department by decreasing budget size)					
POLICE	64,255,764	89,429,733	72%	89,429,733	100%
COORDINATOR - TOTAL	30,159,086	44,615,971	68%	43,785,971	98%
FIRE	29,367,589	43,810,076	67%	43,810,076	100%
PUBLIC WORKS - TOTAL	24,644,296	38,273,712	64%	37,499,957	98%
ATTORNEY	3,415,354	5,012,886	68%	5,012,886	100%
HEALTH	2,231,570	3,508,228	64%	3,358,228	96%
COUNCIL	2,121,526	3,023,383	70%	2,873,383	95%
TOTAL NON-DEPT.- OTHER	233,333	2,248,135	10%	350,000	16%
TOTAL NON-DEPT.- CORRECTIONS	336,955	700,000	48%	805,540	115%
ASSESSOR	1,867,571	2,776,614	67%	2,776,614	100%
CONTINGENCY	0	2,458,472	0%	1,120,000	46%
CPED	1,359,366	2,184,066	62%	2,184,066	100%
CLERK - TOTAL	1,339,855	2,075,980	65%	2,075,980	100%
CIVIL RIGHTS	1,424,571	1,790,877	80%	1,790,877	100%
MAYOR	620,688	951,907	65%	871,907	92%
UNFUNDED PENSION EXPENSE	(1,010,164)	(1,796,128)	56%	(1,347,000)	75%
Fund Total - Expenditures	162,367,362	241,063,912	67%	236,398,218	98%
TRANSFERS OUT	24,193,374	32,690,126	74%	32,690,126	100%
Fund Total - Expenditures and Other Uses	186,560,736	273,754,038	68%	269,088,344	98%
Projected change in Fund Balance				(8,802,011)	
Beginning Fund Balance - Jan. 1				53,547,000	
Projected Ending Fund Balance- December 31, 2004				44,744,989	

* 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 FY2004 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 FY2004 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.

Third Quarter 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 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 for the entertainment tax. The entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund.

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 the Greater Minneapolis Convention and Visitors Association. For the first 9 months of 2004 tax proceeds exceed 2003 levels by 7%, and reached 78% of its annual budget.

Tax	September 2004	September 2003	Variance
Sales	19,868,968	19,195,313	673,655
Entertainment	6,306,913	5,729,763	577,150
Food	6,405,766	5,683,119	722,647
Liquor	2,533,743	2,210,570	323,173
Lodging	3,485,223	3,184,060	301,163
Total	38,600,613	36,002,825	2,597,788

Interest Revenue

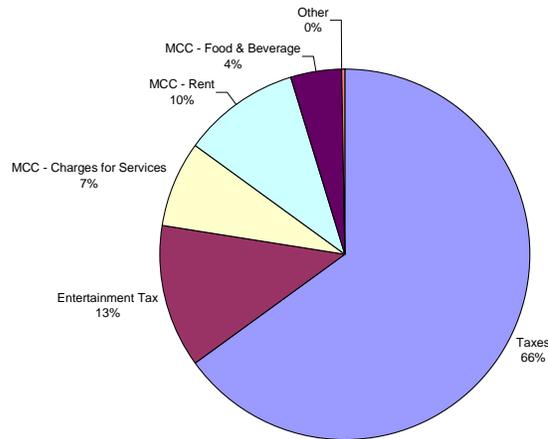
Total interest revenue of \$103,813 credited to the fund through September, is 65% of budget.

Operating Revenue

Operational revenue is derived directly from the Convention Center. Cash deposits for space rental are required in advance of the actual event. Equipment rental and Tallmadge Building space rent, a Class C multi-story office building managed by the Convention Center due to its proximity, account for the other sources of rental income. Privileges refer to food and beverage catering commissions. 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, and medical related services. Wire and internet services will be offered to its clients in 2005 and a

Business Service Center is scheduled to open at the end of the year. 2004 annual Convention Center operating revenues are projected to meet budget and exceed 2003 totals by 14%.

Convention Center Fund Revenue Source - 3rd Quarter 2004

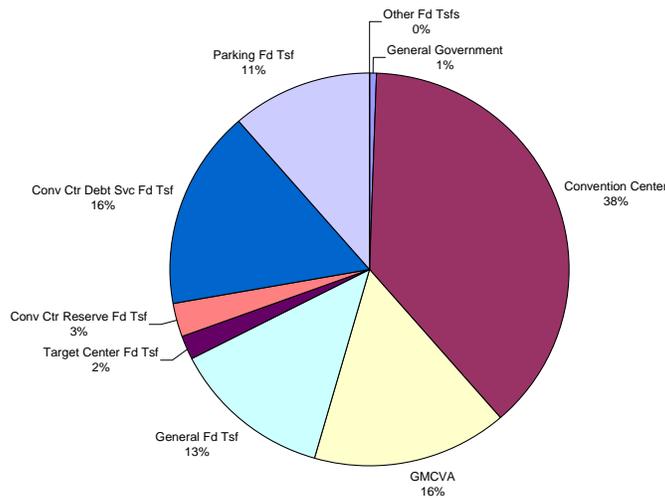


* Taxes include sales and use, restaurant, liquor, and lodging taxes.

Operating Expenditures

In past years, Convention Center operating shortfalls were offset in part by expenditure savings. For 2004, Convention Center operating expenditure savings are projected to be about 4% of budget.

Convention Center Fund Expenditure & Transfers - 3rd Quarter 2004



Transfers

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. As a result of variable rate interest savings of bonds and the 2004 sale of Convention Center refunding bonds, the Convention Center fund is projected to realize savings of \$5.3 million of debt service transfers in 2004.

Fund Balance

In 2004 the fund is projecting an operating fund surplus of \$2.7 million increasing ending fund balance by 10% to \$27 million.

Convention Facilities Reserve Fund

The Convention Facilities Reserve Fund was established as a holding fund for future capital needs of the existing Convention Center. Approximately \$1 million are transferred annually from the Convention Center Fund for this purpose. Fund balances held in the Reserve Fund at year end for Convention Center activities are \$8.3 million.

Arena Reserve

As with the Convention Facilities Reserve Fund, the Arena Reserve fund was established as a holding fund for the acquisition and capital maintenance costs of the Target Center as determined by the Target Center Finance plan. Transfers to debt service are made annually from the fund. Fund revenues are generated by transfers from other City funds for Target Center related revenue.

CONVENTION CENTER SPECIAL REVENUE FUND			CITY OF MINNEAPOLIS, MINNESOTA			
STATEMENT OF REVENUES, EXPENDITURES, AND						
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL						
For the fiscal quarter ending September 30,2004						
			2004			
				Variance	Year	
			Budget	Actual	Favorable	End
					(Unfavorable)	2003
					Projection	Actual
REVENUES:						
Taxes:						
Sales and use tax	26,047,000	19,868,968	(6,178,032)	26,504,000	25,562,343	
Entertainment tax	8,470,000	6,306,913	(2,163,087)	8,127,000	7,778,924	
Food tax	7,754,000	6,405,766	(1,348,234)	7,661,000	7,907,350	
Liquor tax	2,843,000	2,533,743	(309,257)	3,294,000	3,064,723	
Lodging tax	4,545,000	3,485,223	(1,059,777)	4,500,000	4,594,751	
Total taxes	49,659,000	38,600,613	(11,058,387)	50,086,000	48,908,092	
Charges for services and sales	4,740,000	3,703,644	(1,036,356)	4,740,000	3,720,144	
Interest	160,000	103,813	(56,187)	160,000	265,012	
Miscellaneous revenues:						
Rents and commissions	6,765,000	5,108,692	(1,656,308)	6,765,000	6,193,637	
Private Contributions	-	-	0	-	367,250	
Privileges	2,400,000	2,122,971	(277,029)	2,322,000	2,317,719	
Other	5,000	82,554	77,554	83,000	3,574	
Total miscellaneous revenues	9,170,000	7,314,217	(1,855,783)	9,170,000	8,882,180	
Total revenues	63,729,000	49,722,287	(14,006,713)	64,156,000	61,775,427	
CURRENT EXPENDITURES:						
General government:						
Coordinator-Finance	302,465	226,849	75,616	302,465	307,476	
Coordinator-Human resources:	59,510	42,175	17,335	59,510	53,670	
Total general government	361,975	269,024	92,951	361,975	361,146	
Economic development:						
Community services:	-	-	-	-	-	
Convention and visitors association:	6,654,789	6,654,788	1	6,654,789	7,230,498	
Convention center:	23,297,231	15,914,244	7,382,987	22,470,000	19,244,520	
Bad Debt Expense	-	-	0	-	212,628	
Total economic development	29,952,020	22,569,032	7,382,988	29,124,789	26,687,646	
Total expenditures	30,313,995	22,838,056	7,475,939	29,486,764	27,048,792	
Excess of revenues over (under) expenditures	33,415,005	26,884,231	6,530,774	34,669,236	34,726,635	
OTHER FINANCING SOURCES (USES):						
General Fund Transfer	(7,270,000)	(5,452,500)	1,817,500	(6,927,000)	(6,480,244)	
Arena Reserve Fund Transfer	(1,200,000)	(900,000)	300,000	(1,200,000)	(1,298,680)	
Convention Center Reserve Fund Transfer	(1,150,000)	(1,150,000)	-	(1,150,000)	(1,150,000)	
Convention Ctr Debt Service Transfer	(19,493,078)	(6,917,878)	12,575,200	(14,193,078)	(16,876,495)	
Other Debt Service Transfer	(23,237)	-	23,237	(23,237)	-	
Info Tech Internal Svs Fund Transfer	(66,000)	(33,000)	33,000	(66,000)	(65,687)	
Self-Insurance Internal Svsc Fund Transfer	(19,000)	(9,500)	9,500	(19,000)	(18,563)	
Capital Improvement Fund Transfer	-	-	-	-	(60,000)	
Municipal Parking Enterprise Fund Transfer	(8,364,656)	(4,686,596)	3,678,060	(8,364,656)	(8,598,392)	
Total other financing sources (uses)	(37,585,971)	(19,149,474)	18,436,497	(31,942,971)	(34,548,061)	
Excess (deficiency) of revenues and other financing sources						
over (under) expenditures and other financing uses	(4,170,966)	7,734,757	11,905,723	2,726,265	178,574	
Fund balance - January 1	24,399,268	24,399,268	-	24,399,268	24,220,694	
Ending Fund balance	20,228,302	32,134,025	11,905,723	27,125,533	24,399,268	
Ending Cash balance	NA	13,393,566	NA	NA	9,049,067	

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND				
STATEMENT OF REVENUES, EXPENDITURES, AND				
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL				
For the fiscal quarter ending September 30,2004				
	2004			
			Variance	
			Favorable	2003
	Budget	Actual	(Unfavorable)	Actual
REVENUES:				
Interest	-	-	-	-
Total revenues	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers to capital projects funds			-	
Transfers within special revenue funds	\$ 1,150,000	1,150,000	-	1,150,000
Total other financing sources (uses)	1,150,000	1,150,000	-	1,150,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,150,000	1,150,000	-	1,150,000
Fund balance - January 1	7,112,450	7,112,450		5,962,450
Ending Fund balance	\$ 8,262,450	8,262,450	-	7,112,450

ARENA RESERVE SPECIAL REVENUE FUND				
STATEMENT OF REVENUES, EXPENDITURES, AND				
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL				
For the fiscal quarter ending September 30,2004				
	2004			
			Variance	
			Favorable	2003
	Budget	Actual	(Unfavorable)	Actual
REVENUES:				
Interest	\$ -	5,661	5,661	19,034
Total revenues	-	5,661	5,661	19,034
Excess of revenues over (under) expenditures	-	5,661	5,661	19,034
OTHER FINANCING SOURCES (USES):				
General Fund Transfer	91,500	68,625	(22,875)	91,500
Transfer to Debt Service	-	-	-	(2,015,651)
Muni Parking Enterprise Fund	1,620,000	-	(1,620,000)	1,470,000
Convention Ctr Opers Transfer	1,200,000	900,000	(300,000)	1,298,680
Total other financing sources (uses)	2,911,500	968,625	(1,942,875)	844,529
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,911,500	974,286	(1,937,214)	863,563
Fund balance - January 1	1,128,362	1,991,925	863,563	1,128,362
Ending Fund balance	\$ 4,039,862	2,966,211	(1,073,651)	1,991,925

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending September 30, 2004

The City receives a number of state and federal grants that are recorded in special revenue funds 0300, 0400, and 0600. 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 deficits in fund 0300 and 0400 are 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 Empowerment Zone grant is one of the major grants in this fund. Its purpose is to create jobs and business opportunities in the most economically distressed areas of inner cities and the rural heartland. The EZ/EC effort provides tax incentives and performance grants and loans to create jobs, expand business opportunities, develop housing, improve education and support sustainable communities. It also focuses on activities to support people looking for work by assisting with job training, childcare, and transportation. Minneapolis is currently designated as a Round II federal urban Empowerment Zone (EZ) and an Enterprise Community (EC). The Grants and Special Projects Department managed the EC from 1995-1999. With the EZ designation in 1999, the administration of both programs was transferred to the Empowerment Zone office. Through reorganizations the program now resides with Community Planning and Economic Development (CPED). The current budget is approximately \$22 million with cumulative expenditures of around \$14.2 million. The loan receivable amount of \$3,650,896 in the fund is entirely comprised of loans related to the EZ program. This is a cost reimbursement grant and as of September 30, expenditures exceeded revenues by approximately \$1,478,530 contributing to the September 30, cash deficit.

Other major programs accounted for in this fund are the Police Department's Local Law Enforcement Block grants and the Copsmore grants; the Maternal Child Health; Welfare to Work and various Workforce Incentive Act grant programs.

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). Most of these programs are operated jointly with CPED where the City is the grant recipient and CPED is reimbursed for its expenditures through transfers from the City. The CDBG program is approximately \$16.5 million annually.

The following schedules summarize current year and grant to date expenditures for Year 30, Year 29, and prior CDBG programs. The Year 29 and to some extent the prior year programs include the programs operated by CPED and accounted for in fund FBG0. Year 30 began on June 1, 2004, and \$1,627,351 was expended as of September 30. The CPED allocations of the Year 30 program are being accounted for in fund 0400. Due to

delays in the Congressional release of the Housing and Urban Development CDBG funds the City has not yet been able to drawdown reimbursements under the year 30 program. This has created a significant cash deficit in this fund. The year 29 program began on June 1, 2003 with a budget of \$16,463,000 and has grant to date expenditures of \$ 9,760,571 through September 30, 2004.

Based on previous council actions, departments have one year to expend their administration appropriations and two years to spend their public service allocations. At the end of the calendar year unspent administration appropriations in excess of 5% become available for reprogramming. After the two program years have passed unspent public service funds are available for reprogramming. Capital funds are not subject to this two-year spending requirement. As of September 30, approximately 93% of the year 29 public service funds have been expended.

In 1990, the Council committed \$7 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. On November 21, 2001 the City Council approved the reprogramming of \$410,620 of unspent balances from projects through CDBG Year 23 to address this shortfall. In March 2004, the City Council approved the reprogramming of an additional \$846,218 Bringing the remaining deficit down to \$6,535,018.

Grants Other Fund 0600

The fund is used to account for non-federal grants and other restricted revenue sources. Activity in the fund is approximately \$7.5 million annually. The major programs are the Children's Health Services and the State Employment grants. Some of the programs, such as the Children's Health Services provide cash advances that are carried over until the end of the grant period. The State Recapture Loan program is also accounted for in this fund and therefore revenue is received prior to any expenditure occurring. In general, this fund carries a positive cash balance and fund balance.

New Program

The Fire Department recently received over \$4,883,000 in a federal urban area security initiative grant from the U.S. Department of Homeland Security. An allocation of \$4,200,000 will go to the Minneapolis Emergency Communications Center for the purchase of a new computer aided dispatch system, \$608,740 will stay in the Fire Department for training and \$74,260 will be used by the Police Department to purchase HAZMAT equipment. Expenditures for this program did not begin until October.

Special Revenue Funds
Grant Funds
Quarter Ending September 30, 2004

	Federal Grants 0300	CDBG Grants 0400	Grants Other 0600	Total
Assets				
Cash and cash equivalents	(\$1,593,021)	(\$944,333)	\$3,553,699	\$1,016,345
Accounts - net	141		79,443	79,585
Loans receivable	3,650,896		6,261,776	9,912,672
Deposits with Fiscal Agents		\$395,819		395,819
Prepaid Expense			1,757	1,757
Due From Other Funds				
Other Assets				
Total Assets	<u>\$2,058,017</u>	<u>(\$548,515)</u>	<u>\$9,896,676</u>	<u>\$11,406,178</u>
Liabilities				
Salaries payable	\$83,534	\$108,591	\$54,149	\$246,274
Accounts payable	109,877	119,847	16,129	245,853
Use Taxes Payable	242			
Due to Other Funds				
Due to Component Units				
Deferred revenue & Contracts	3,650,896	395,819	6,301,978	10,348,693
Total Liabilities	<u>3,844,549</u>	<u>624,257</u>	<u>6,372,256</u>	<u>10,840,820</u>
Fund Balance	<u>(\$1,786,532)</u> ¹	<u>(\$1,172,771)</u> ¹	<u>\$3,524,420</u>	<u>\$565,118</u>
Total Liabilities and Fund Balance	<u>\$2,058,017</u>	<u>(\$548,514)</u>	<u>\$9,896,676</u>	<u>\$11,405,938</u>
Revenue				
Taxes			\$90,136	\$90,136
Grants and Shared Revenues	\$ 8,232,750	\$7,035,194	6,611,362	21,879,306
Private Contributions	50,000		661,399	711,399
Charges for Services			42,632	42,632
Interest	64,888		268,142	333,029
Loan Recapture	1,634,755		106,641	1,741,396
Equipment			790	790
Miscellaneous Revenue	4,837		165,021	169,858
Transfer from General Fund			20,000	20,000
Transfer within Special Revenue Fund			(650)	(650)
Total Revenue	<u>\$9,987,230</u>	<u>\$7,035,194</u>	<u>\$7,965,474</u>	<u>\$24,897,762</u>
Expenditures	<u>\$11,773,760</u>	<u>\$8,207,965</u>	<u>\$5,028,959</u>	<u>\$25,010,684</u>
Revenues Over (Under) Expenditures	<u>(\$1,786,530)</u> ¹	<u>(\$1,172,771)</u> ¹	<u>\$2,936,514</u>	<u>(\$112,923)</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 30
(June 1, 2004 to May 31, 2006)
September 30, 2004

Department	Agy	Project	Adopted 2003R-610	Revised Budget	2004 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:							
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823	\$ 82,794	\$ 82,794	\$ 557,029
CPED	890	High Density Corridor Housing	1,000,000	998,164	-	-	998,164
CPED	890	Home Ownership Program GMMHC	465,000	464,146	-	-	464,146
CPED	890	Industrial Cluster Training	99,000	98,818	-	-	98,818
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106	1,336	1,336	5,378,770
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725	-	-	149,725
CPED	890	Residential Loan / Grant	444,000	443,185	62,300	62,300	380,885
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164	-	-	998,164
CPED	890	VHR Distressed	393,000	392,279	-	-	392,279
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407	-	-	322,407
Environmental Health	835	Hud Lead Program	180,000	-	-	-	-
Inspections Department	850	Hud Lead Program	-	179,670	19,775	19,775	159,895
Inspections Department	850	Boarded Building Demolition	202,000	201,629	-	-	201,629
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425	-	-	312,425
Subtotal Capital Grants			<u>\$ 10,600,000</u>	<u>\$ 10,580,541</u>	<u>\$ 166,205</u>	<u>\$ 166,205</u>	<u>\$ 10,414,336</u>
Public Service Grants:							
CPED	890	Mortgage Foreclosure Program	\$ 250,000	\$ 249,541	\$ 159,091	\$ 159,091	\$ 90,450
CPED	890	Youth Employment & Training	568,000	566,957	487,445	487,445	79,512
Environmental Health	835	Groundworks	17,000	16,969	-	-	16,969
Health & Family Support	860	Advocacy	110,000	109,798	-	-	109,798
Health & Family Support	860	Block Nurse prg	66,000	65,879	1,791	1,791	64,089
Health & Family Support	860	Child Dental Services	11,000	10,980	4,707	4,707	6,273
Health & Family Support	860	Curfew Truancy Center	104,000	103,809	-	-	103,809
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894	4,000	4,000	53,894
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447	-	-	300,447
Health & Family Support	890	Head Start	66,000	65,879	14,793	14,793	51,086
Health & Family Support	860	Minnesota Aids Project	23,000	22,958	-	-	22,958
Health & Family Support	860	MPLS Community Clinics	261,000	260,521	9,607	9,607	250,914
Health & Family Support	860	Senior Services	61,000	60,888	2,504	2,504	58,384
Health & Family Support	860	Tubman Family Alliance	41,000	40,925	-	-	40,925
Health & Family Support	860	Volunteers of America	80,000	79,853	19,963	19,963	59,890
Health & Family Support	860	Way To Grow	311,000	310,429	-	-	310,429
Park & Recreation Board	127	Teamworks	15,000	14,972	14,972	14,972	-
Public Works	607	Graffiti Removal	107,000	106,804	-	-	106,804
Subtotal Public Service Grants			<u>\$ 2,450,000</u>	<u>\$ 2,445,503</u>	<u>\$ 718,872</u>	<u>\$ 718,872</u>	<u>\$ 1,726,631</u>
Administrative Grants:							
Civil Rights	300	Fair Housing Initiative	\$ 190,000	\$ 189,651	\$ -	\$ -	\$ 189,651
CPED	890	Citizen (Resident) Participation	346,000	345,365	31,867	31,867	313,498
CPED	890	Neighborhood Business Association	174,000	173,681	173,681	173,681	-
CPED	890	Planning Administration	1,213,000	1,210,773	468,773	468,773	742,000
CPED	890	Program Administration	75,000	74,862	13,233	13,233	61,629
Finance Department	820	General Administration Finance	343,000	342,370	-	-	342,370
Grants and Special Projects	800	Administration	230,000	229,579	-	-	229,579
Grants and Special Projects	800	Fair Housing Initiatives Council	18,000	17,967	-	-	17,967
Grants and Special Projects	800	Legal Aid Housing Disparities	80,000	79,853	1,644	1,644	78,209
Health & Family Support	860	Grant Administration	100,000	99,816	-	-	99,816
Health & Family Support	860	Legal Aid Services	49,000	48,910	4,076	4,076	44,834
Health & Family Support	860	Multicultural Services	120,000	119,780	-	-	119,780
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	-	-	161,703
Health & Family Support	860	Way To Grow Administration	36,000	35,934	-	-	35,934
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820	-	-	97,820
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892	49,000	49,000	9,892
Subtotal Administrative Grants			<u>\$ 3,293,000</u>	<u>\$ 3,286,956</u>	<u>\$ 742,274</u>	<u>\$ 742,274</u>	<u>\$ 2,544,682</u>
GRAND TOTAL			<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ 1,627,352</u>	<u>\$ 1,627,352</u>	<u>\$ 14,685,648</u>

Source : Period 9, G101M

CDBG Program Year 29
(June 1, 2003 to May 31, 2005)
September 30, 2004

Department	Agy	Grant	Budget	Revised Budget	2004 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:							
Environmental Health	835	Hud Lead Program	\$ 180,000	\$ 180,000	\$ 74,132	\$ 156,687	\$ 23,313
Inspections Department	850	Boarded Building Demolition	202,000	202,000	15,585	15,585	186,415
Health & Family Support	860	GMDCA- Child care facilities	323,000	323,000	166,996	189,472	133,528
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	641,000	641,000	280,736	499,556	141,444
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000	99,000	7,335	7,335	91,665
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241	5,056,241	-	568,300	4,487,941
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000	300,000	-	-	300,000
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000	3,035,000	1,973,944	3,009,458	25,542
Non Departmental	123	General Housing Rehabilitation	313,000	313,000	67,555	89,631	223,369
Public Works	607	Graffiti Removal	107,000	107,000	86,854	92,844	14,156
Public Works	680	Minneapolis American Indian Center	118,000	118,000	118,000	118,000	-
Public Works	680	Public Works Community Center Operations	42,000	42,000	4,523	8,393	33,607
		Subtotal Capital Grants	<u>\$ 10,416,241</u>	<u>\$ 10,416,241</u>	<u>\$ 2,795,659</u>	<u>\$ 4,755,262</u>	<u>\$ 5,660,979</u>
Public Service Grants:							
Environmental Health	835	Groundworks	\$ 25,000	\$ 25,000	\$ 13,657	\$ 24,999	\$ 1
Health & Family Support	860	Block Nurse prg	66,000	66,000	30,102	64,125	1,875
Health & Family Support	860	Child Dental Services	17,000	17,000	-	17,000	-
Health & Family Support	860	Curfew Truancy Center	104,000	104,000	45,812	104,000	-
Health & Family Support	860	Domestic Abuse Prevention	87,000	87,000	45,000	87,000	-
Health & Family Support	860	GMDCA- Child care sliding fee	486,000	486,000	306,086	342,569	143,431
Health & Family Support	860	Head Start	99,000	99,000	47,451	99,000	-
Health & Family Support	860	Minnesota Aids Project	35,000	35,000	17,045	34,998	2
Health & Family Support	860	MPLS Community Clinics	394,000	394,000	153,999	383,969	10,031
Health & Family Support	860	Senior Services	92,000	92,000	34,989	74,115	17,885
Health & Family Support	860	Tubman Family Alliance	62,000	62,000	25,832	61,999	1
Health & Family Support	860	Volunteers of America	121,000	121,000	50,417	121,000	-
Health & Family Support	860	Way To Grow	331,000	331,000	137,916	331,000	-
Health & Family Support/CPED	860/890	Youth Employment & Training	568,000	568,000	87,934	560,758	7,242
Park & Recreation Board	127	Teamworks	23,000	23,000	-	23,000	-
		Subtotal Public Service Grants	<u>\$ 2,510,000</u>	<u>\$ 2,510,000</u>	<u>\$ 996,239</u>	<u>\$ 2,329,533</u>	<u>\$ 180,467</u>
Administrative Grants:							
Civil Rights	300	Fair Housing Initiative	\$ 349,502	\$ 341,728	\$ 124,020	\$ 210,291	\$ 131,437
Finance Department	820	General Administration Finance	342,928	217,718	6,534	6,624	211,094
Grants and Special Projects	800	Grants Administration	229,339	229,339	112,883	112,883	116,456
Health & Family Support	860	Advocacy	210,000	210,000	143,471	198,768	11,232
Health & Family Support	860	Legal Aid Services	49,000	49,000	8,166	49,000	-
Health & Family Support	860	Multicultural Services	120,000	120,000	79,853	110,133	9,867
Health & Family Support	860	Neighborhood Services Administration	161,500	161,500	158,003	159,637	1,863
Health & Family Support	860	Way To Grow Administration	46,000	46,000	19,167	46,000	-
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510	345,510	97,095	267,207	78,303
MCDA/CPED	340/890	General Administration	80,000	43,565	24,911	35,079	8,486
MCDA/CPED	340/890	Neighborhood Business Association	174,000	174,000	-	174,000	-
Planning/CPED	380	Planning Administration	1,282,980	1,178,463	652,903	1,178,463	-
Non Departmental	123	Citizen (Resident) Participation	98,000	98,000	63,086	79,691	18,309
Non Departmental	123	Youth Coordinating Board (YCB)	48,000	48,000	-	48,000	-
		Subtotal Administrative Grants	<u>\$ 3,536,759</u>	<u>\$ 3,262,823</u>	<u>\$ 1,490,091</u>	<u>\$ 2,675,776</u>	<u>\$ 587,047</u>
Office of Grants & Special Projects		Block E Deficit Reduction		273,936			273,936
		GRAND TOTAL	<u>\$ 16,463,000</u>	<u>\$ 16,463,000</u>	<u>\$ 5,281,988</u>	<u>\$ 9,760,571</u>	<u>\$ 6,702,429</u>

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

Source : Period 9, G101M

**CDBG Program Year 28
(Beginning 6/1/2002)
September 30, 2004**

Department	Agy	Grant	Budget	2004 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:						
Inspections Department	850	Boarded Building Demolition	\$ 202,000	\$ -	\$ -	\$ 202,000
Public Works	680	Public Works Community Center Operations	42,000	-	2,624	39,376
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000	24,558	39,570	43,430
MCDA/CPED	340/890	Asst NHS	50,000	-	-	50,000
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000	-	-	628,000
MCDA/CPED	340/890	Last Resort	400,000	-	-	400,000
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000	745,038	1,586,109	1,721,891
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000	-	80,445	317,555
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	764,000	74,898	239,321	524,679
MCDA/CPED	340/890	Rehabilitation Incentive Fund	190,000	-	3,024	186,976
		Subtotal Capital Grants	<u>\$ 6,065,000</u>	<u>\$ 844,494</u>	<u>\$ 1,951,094</u>	<u>\$ 4,113,906</u>
Public Service Grants:						
MCDA/CPED	340/890	Mortgage Foreclosure	\$ 250,000	\$ -	\$ -	\$ 250,000
		Subtotal Public Service Grants	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Administrative Grants:						
Finance Department	820	General Administration Finance	\$ 339,000	\$ 199,692	\$ 322,588	\$ 16,412
Health & Family Support	860	Neighborhood Services Administration	89,000	53	88,953	47
MCDA/CPED	340/890	Administration	49,000	-	48,681	319
MCDA/CPED	340/890	Citizen Participation	349,000	10,424	339,363	9,637
MCDA/CPED	340/890	Program Administration	30,000	-	29,991	9
		Subtotal Administrative Grants	<u>\$ 856,000</u>	<u>\$ 210,168</u>	<u>\$ 829,575</u>	<u>\$ 26,425</u>
		GRAND TOTAL	<u><u>\$ 7,171,000</u></u>	<u><u>\$ 1,054,662</u></u>	<u><u>\$ 2,780,668</u></u>	<u><u>\$ 4,390,332</u></u>

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

**CDBG Programs Year 27 and Prior
(Beginning 6/1/1996-2001)
September 30, 2004**

Department	Agy	Grant	Budget	2004 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:						
Park & Recreation Board	127	Mill Ruins Park	\$ 447,902	\$ 8,375	\$ 405,470	\$ 42,432
Park & Recreation Board	127	Hosmer	33,537	-	32,807	730
Park & Recreation Board	127	Discovery Gardens	25,000	-	-	25,000
Non Departmental	123	Relocation	325,000	41,518	234,752	90,248
MCDA/CPED ¹			-	-	-	-
		Subtotal Capital Grants	<u>\$ 831,439</u>	<u>\$ 49,893</u>	<u>\$ 673,029</u>	<u>\$ 158,410</u>
Administrative Grants:						
Planning/CPED ²	380	Planning Corridor	\$ 172,762	\$ 672	\$ 3,223	\$ 169,539
		Subtotal Administrative Grants	<u>\$ 172,762</u>	<u>\$ 672</u>	<u>\$ 3,223</u>	<u>\$ 169,539</u>
		GRAND TOTAL	<u>\$ 1,004,201</u>	<u>\$ 50,565</u>	<u>\$ 676,252</u>	<u>\$ 327,949</u>

¹ Current MCDA information for the CDBG 96/97 was not available at the time of this report and therefore not included in the schedule above

² This amount was reprogrammed in October of 2001 as part of the Year 23 reprogramming process

Source : Period 9, G101M

**City Of Minneapolis
Equipment Fund**

Fund 6100	2004 Budget	2004 3rd Quarter	Remaining Budget	% of Actual To Budget
Revenue	37,307,046	27,110,138	10,196,908	73%
Expenditures	36,585,858	26,645,355	9,940,503	73%
Change in Net Assets	721,188	464,783		

Program Description:

This fund is used to account for the ownership, operation and maintenance of a fleet of motorized equipment and vehicles.

This fund operates as a rental agent to various departments to support the construction and maintenance of City infrastructure, fire protection services and police services.

Revenue:

The primary source of revenue to the fund is rental of equipment which makes up approximately 65% of total revenue.

The workout plan includes a cumulative rate increase totaling \$2 million of revenue for 2004.

Expenses:

An additional \$6 million of budget was carried forward to 2004 for the purchase of equipment not yet delivered against 2003 purchase orders, primarily new fire apparatus.

Transfers:

Transfers of \$46,500 were made for support provided by HR and BIS to the Equipment Fund.

Additional transfer of \$5,033,737 is budgeted to debt service funds for interest and principle payments.

Debt:

In 2004, bonds in the amount of \$5,450,000 were sold for the purchase of fleet equipment in accordance with the established work out plan. Total bonds payable is currently \$42,490,000.

City of Minneapolis, Minnesota
Equipment Fund
Statement of Revenue and Expenses
For Third Quarter/Year Ending 2004

	Budget Year 2004	Projection Year Ending 2004	For Period Ending 9/30/2004	For Period Ending 9/30/2003	For Period Ending 9/30/2002
Operating Revenues:					
Charges for Services And Sales	10,426,918	11,800,000	8,664,493	2,141,863	8,528,480
Rents Public Works and Other	24,137,500	21,900,000	16,470,672	21,557,747	14,787,591
Total Operating Revenue	34,564,418	33,700,000	25,135,165	23,699,611	23,316,071
Operating Expenses:					
Personal Services	17,797,952	15,350,000	11,470,151	11,475,141	10,896,518
Contractual Services	4,462,412	6,850,000	5,095,560	2,864,971	3,750,942
Materials, Supplies, Services and Other	4,715,293	4,100,000	2,778,509	3,492,740	3,106,289
Rent	733,302	740,000	557,476	394,887	328,397
Cost of stores issuance	2,644,425	2,750,000	2,036,624	1,852,499	1,736,018
Depreciation	4,372,699	4,500,000	3,312,204	3,097,868	3,128,943
Total Operating Expenses	34,726,083	34,290,000	25,250,524	23,178,105	22,947,107
Operating margin	(161,665)	(590,000)	(115,360)	521,505	368,964
Non-Operating Revenues/(Expenses):					
Interest Revenue	0	250	826	1,037	7,500
Interest on Bonds	(1,797,775)	(1,800,000)	(1,348,331)	(1,196,350)	(958,194)
Gains/Losses on disposal of fixed assets	200,000	5,100	3,856	269,159	(1,485,230)
Damages/Losses recovered		175,000	131,749	227,956	192,356
Other rev		29,000	22,081	3,427	1,971
Total Non-Operating Revenues(Expenses)	(1,597,775)	(1,590,650)	(1,189,817)	(694,771)	(2,241,596)
Income(loss) before operating transfers	(1,759,440)	(2,180,650)	(1,305,177)	(173,265)	(1,872,633)
Operating transfers in(out)					
Transfers from other fund	2,542,628	2,542,628	1,816,460	1,364,250	0
Transfers to other fund	(62,000)	(62,000)	(46,500)	(45,872)	(1,239,237)
Transfers from component units			0	0	0
Total operating transfers	2,480,628	2,480,628	1,769,960	1,318,378	(1,239,237)
Change in Net Assets	721,188	299,978	464,783	1,145,112	(3,111,869)
Significant Balance Sheet Items					
Cash			1,957,247	(936,051)	(4,995,000)
*Due from Capital Bonds			6,322,331		
Net Building Value			26,285,760	27,510,856	27,904,334
Net Fleet Value			18,742,848	21,399,177	20,523,819
Bonds Payable			(42,490,000)	(42,938,935)	(26,759,005)
Total Balance Sheet Items	0	0	10,818,186	12,055,027	16,674,148
Significant Cash Flow Items					
Capital Outlay			(4,765,844)	(4,096,712)	(4,147,059)
Bond Proceeds			5,450,000	9,630,000	6,100,000

Transfers in consists of a general fund transfer of 2,180,000 and a transfer for Capital equipment from Regulatory services of 362,628

*Due from Capital Bonds represents the unspent bonds. It is a change in accounting practice from previous years.

City Of Minneapolis
Intergovernmental Service Fund
For the Period ending September 30, 2004

Fund 6400	2004 Budget	2004 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	27,366,506	20,701,829	6,664,677	76%
Expenditures	28,787,536	21,458,280	7,329,256	75%
Revenue Over (Under) Expenses	(1,421,030)	(756,451)		

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, including transfers is expected to be \$27.4 million for the year. At the end of the third period we have recognized \$20.7 million, tracking slightly over projections.

In 2003 monthly billing was initiated in the telephony area. This has alleviated our customer's problems forecasting their telephone expense.

An accounting system has been established in the Project Management area to account for expenditures and effectively collect revenue. This revenue stream did not exist at the beginning of 2002. It has contributed to recognize \$1.3 million of business in 2003. It has been noted that that this change has made our customers more responsible and aware of the costs involved. Part of the increased revenue is due to the increased activity in MAC (moves, adds, changes) in 2003. In 2004 the Project Management area continues to be active as revenues through the 3rd quarter are at \$1.5 million which surpasses last years total revenues by \$200,000, . This budget needs to be increased by \$850,000 to keep pace with the revenues generated.

This system change also includes our method of recognition of revenue when the completed PMD project results in an asset. This asset is capitalized in the Intergovernmental Services Fund and revenue is recognized as our customers use the asset. This allows for BIS to recover for depreciation and any licenses and/or maintenace agreements, bond costs, etc. In addition BIS recovers for any of its own administrative costs. Any funding of these assets by our customers is treated as deferred revenue and recognized at the rate our costs deem until the liability has been eliminated. At this point we will continue to charge our customer until the asset is no longer used.

Expenses:

In our efforts to also recognize our costs when we actually use the product or services provided we currently have \$0.4 million of prepaid expenses and \$2.8 million of construction in progress for SISP and PMD projects. This construction in progress is \$1.7 million more than our 2003 year end indicating potential revenue to recognize once the projects are complete.

Expenses to date have exceeded revenue during this first half of 2004 by approximately \$0.75 million with expenses tracking very close to budget..

Financial:

The Rate model is being implemented in 2005 for fund 6400. To effectively charge back our services to our customers in proportion respectively and in an efficient manner is essential.

BIS is projected to lose \$1.1 million in 2004 versus budget showing a loss of \$1.4 million. The Deficit Reduction Plan shows BIS losing nearly \$2.3 million in 2004. The efforts on the rate model and the ability for BIS to effectively charge for their services attributes positively to their position.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003 and 2002

	Budget Year 2004	Projected Year 2004	For Period Ending 9/30/2004	For Period Ending 9/30/2003	For Period Ending 9/30/2002
Operating Revenues:					
Utility Services	1,489,940	1,366,056	1,024,542	1,031,989	2,436,567
Charges For Service	3,618,231	4,159,142	3,119,357	2,093,478	1,889,170
Other Miscellaneous Revenue	-	-	-	-	-
Total Operating Revenues	5,108,171	5,525,198	4,143,899	3,125,467	4,325,737
Operating Expenses:					
Telecomm & Computer Services	18,255,161	18,250,000	13,346,994	11,280,451	13,534,762
Mailing Services	462,865	460,000	383,998	358,547	458,614
Human Resources	186,024	85,000	50,382	111,257	135,529
Copy Services	626,659	585,225	438,919	462,651	530,588
Finance Services	190,877	190,877	143,158	163,333	134,396
Total Operating Expenses	19,721,586	19,571,102	14,363,450	12,376,240	14,793,889
Operating Margin	(14,613,415)	(14,045,904)	(10,219,552)	(9,250,773)	(10,468,152)
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	22,258,335	22,258,335	16,556,876	13,961,250	13,809,750
Gains (Losses)	0	(150,000)	(149,888)	(1,520,058)	(22,848)
Depreciation	(6,900,000)	(7,093,971)	(5,320,478)	(6,698,918)	(6,831,750)
Interest on Bonded Debt	(2,165,950)	(2,165,950)	(1,624,463)	(1,661,025)	-
Other Non Operating Income (Exp)	0	1,100	1,054	62,250	64,500
Total Non-Operating Revenues (Expenses)	13,192,385	12,849,514	9,463,100	4,143,499	7,019,652
Change in Net Assets	(1,421,030)	(1,196,390)	(756,451)	(5,107,275)	(3,448,500)
Significant Balance Sheet Items					
Cash			(1,131,741)		
Accounts Receivable			35,234		
Prepaid Expenses			428,446		
Work-in-progress			2,830,897		
Interfund Loans			0		
Bonds Payable			(4,600,000)		
Deferred Income			(2,473,763)		
Total Balance Sheet Items			(4,910,926)		
Significant Cash Flow Items					
Capital Outlay			(1,500,000)		
Principal on Bonds			(4,600,000)		
Total Cash Flow Items			(6,100,000)		

**City Of Minneapolis
Self-Insurance Fund**

For the Third Quarter ending September 30th, 2004

Fund 6900	2004 Budget	2004 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	66,372,623	48,514,530	17,858,093	73%
Expenditures	63,699,946	44,803,787	18,896,159	70%
Revenue Over Net Income (Loss)	2,672,677	3,710,744		

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 of Risk Management and Human Resources for the return-to-work program, recognize revenues from direct billing of users. Tort Liability including administrative services of the City Attorney's Civil division earn revenue by billing departments participating in Self-Insurance.

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.

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. Because a larger debt service is paid in December due to principal being paid, transfers from the General Fund are 68% of Budget at the end of the third quarter of 2004.

Self Insurance Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003 and 2002

	Budget Year 2004	Projection Year 2004	For Period Ending 30-Sep-04	For Period Ending 30-Sep-03	For Period Ending 30-Sep-02
Operating Revenues:					
Health & Welfare (employee benefits)	45,709,475	44,061,606	33,046,204	32,040,017	28,738,326
Workers Compensation	8,456,973	8,700,000	6,557,042	6,278,378	6,799,335
Liability - Subrogation	7,699,556	7,600,000	5,915,761	5,741,767	5,462,955
Attorney Office Services	300,278	118,886	89,164	220,162	214,601
Human Resources Services	90,960	75,364	45,218	30,320	30,837
Finance-Employment Services	342,068	340,000	187,721	120,261	237,580
Total Operating Revenues	62,599,310	60,895,855	45,841,110	44,430,905	41,483,634
Operating Expenses:					
Health & Welfare (employee benefits)	44,342,000	42,996,864	32,247,648	32,518,865	28,330,594
Workers Compensation	7,761,562	7,252,098	4,351,259	4,417,579	6,078,093
Liability & Settlements	4,235,000	5,085,000	3,779,324	9,944,120	1,808,802
City Attorney's Office/Civil Division-Litigation	4,773,411	4,439,618	3,107,733	3,020,215	3,198,651
Risk Management - WC/Risk	1,608,099	1,514,275	908,565	921,422	976,432
Human Resource - Employee Benefits	615,041	566,886	340,132	319,153	440,486
Financial Services	7,583	7,583	5,687	11,925	9,392
Total Operating Expenses	63,342,696	61,862,325	44,740,347	51,153,279	40,842,450
Operating Margin	(743,386)	(966,469)	1,100,763	(6,722,374)	641,184
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	3,773,313	3,773,313	2,673,420	2,321,867	1,792,787
Interest on Bonded Debt	(357,250)	(357,250)	(48,817)	(329,442)	-
Interest on Interfund Loan	-	-	-	-	-
Gains (Losses)	-	-	-	-	-
Depreciation	-	-	-	-	-
Other Non Operating Income (Exp)	-	(15,000)	(14,622)	-	-
Total Non-Operating Revenues (Expenses)	3,416,063	3,401,063	2,609,981	1,992,425	1,792,787
Net Change in Assets	2,672,677	2,434,594	3,710,744	(4,729,949)	2,433,971
Significant Balance Sheet Items					
Cash Balance over (under)	-	-	(3,181,920)	-	-
Accounts Receivable	-	-	67,417	-	-
Due from other funds/Int Gov Rec	-	-	127,817	-	-
Bonds-Long Term	-	-	6,285,000	-	-
Due to other funds	-	-	(1,500)	-	-
Comp Absences/Unpaid Claims	-	-	28,347,206	-	-
Net Assets	-	-	(40,983,309)	-	-
Significant Cash Flow Items					
Capital Outlay	-	-	-	-	-
Principal on Debt	-	-	(860,000)	-	-

**City Of Minneapolis
Property Services - Fund 6200**

Fund 6200	2004 Budget	9/30/2004 Actual	Remaining Budget	% of Actual to Budget
Revenue including Transfers	12,933,676	9,726,189	3,207,487	75%
Expenditures	13,499,262	9,557,306	3,941,956	71%
Revenue over(under) Expenses	(565,586)	168,883		

Program Description:

This fund accounts for the internal services provided by Property Services and its staff. There are over 120 buildings maintained including the downtown Campus. Buildings not maintained by this fund are: City Hall, The Convention Center, and properties managed by CPED. In 2003, Property Services took over the jobs of Space and Asset Management, and Security Management.

Revenue:

Revenues are received by charging City departments that reside in the buildings that the property services division maintains. The amount of "rent" charged is based on historical maintenance expenditures. Current revenue amounts equal expenditure amounts. Ramp Maintenance and Radio Shop use cost reimbursement to recover their costs by charging their customers for the work that they do for them.

Other Financial Items:

Cash balance is at a negative \$700,000. This fund has been in a negative cash situation since the late 90's. The negative cash situation was caused by restraints put on the amount that the fund was allowed to bill other departments, although the fund has been operating at or near a break even point for the last 4 years.

Depreciation:

In 2002 the City capitalized their buildings, as part of the GASB 34 implementation process forcing the fund to depreciate the buildings. Currently there is not a program in place to recover the depreciation expense.

Debt Service:

Property Services is responsible for paying \$350,000 per year in debt service, with the balance to come from the general fund. The 2004 debt service consists of \$760,000 in principal, and \$431,613 in interest for a total of \$1,191,613. There is a General Fund transfer to cover the gap of \$811,613 in 2004.

City of Minneapolis, Minnesota
Property Services
Statement of Revenues and Expenses
For second Quarter/Years Ending 2004, 2003, and 2002

	Budget Year 2004	Projection Year Ending 2004	3rd Qtr Ending 9/30/04	3rd Qtr Ending 9/30/03	3rd Qtr Ending 9/30/02
Operating Revenues:					
Charges for Services And Sales	5,753,563	5,600,000	4,249,706	3,418,561	5,855,473
Rents Public Works and Other	6,338,500	6,300,000	4,845,273	4,536,464	5,930,009
Total Operating Revenue	12,092,063	11,900,000	9,094,979	7,955,025	11,785,482
Personal Services	6,522,009	6,400,000	4,809,978	4,600,860	6,178,464
Contractual Services	3,129,236	3,500,000	2,626,321	2,023,256	3,650,880
Materials, Supplies, Services and Other	2,430,449	1,400,000	1,058,332	889,023	1,414,840
Rent	193,885	190,000	145,414	889,023	0
Depreciation	759,070	760,000	569,302	978,840	684,000
Total Operating Expenses	13,034,649	12,250,000	9,209,346	9,381,002	11,928,184
Operating margin	(942,586)	(350,000)	(114,367)	(1,425,977)	(142,702)
Non-Operating Revenues/(Expenses):					
Interest Revenue				(24)	57
Interest on Bonds	(431,613)	(430,000)	(323,710)	(252,405)	(122,851)
Gains/Losses on disposal of fixed assets				0	(63,177)
Damages/Losses recovered					
Other rev					
Total Non-Operating Revenues(Expenses)	(431,613)	(430,000)	(323,710)	(252,429)	(185,970)
Income(loss) before operating trfrs	(1,374,199)	(780,000)	(438,077)	(1,678,406)	(328,672)
Operating transfers in(out)					
Transfers from other fund	841,613	840,000	631,210	291,006	1,665,000
Transfers to other fund	(33,000)	(30,000)	(24,250)	(24,513)	(285,000)
Transfers from component units					
Total operating transfers	808,613	810,000	606,960	266,493	1,380,000
Change in Net Assets	(565,586)	30,000	168,883	(1,411,913)	1,051,328
Total Revenue	12,933,676	12,740,000	9,726,189	8,246,007	13,450,539
Total Expense	(13,499,262)	(12,710,000)	(9,557,306)	(9,657,920)	(12,336,034)
Change in Net Assets	(565,586)	30,000	168,883	(1,411,913)	1,114,505
Significant Balance Sheet Items					
Operating Cash		(700,000)	(696,053)	(1,040,659)	251,875
Bonds Payable		(10,710,000)	(10,710,000)	(10,711,000)	0

Balance Sheet item operating cash is accurate at negative \$700,000. In 2002 the number was impacted by unspent bonds.

**City Of Minneapolis
Engineering Materials and Testing**

Fund 6000	2004 Budget	30-Sep-04 Actual	Remaining Budget	% of Actual To Budget
Revenue	3,200,000	2,224,736	975,264	70%
Expenditures	4,599,284	2,921,055	1,678,229	64%
Revenue Over (Under) Expenses	(1,399,284)	(696,319)		

Program Description:

This fund accounts for the operations of the City's Asphalt Plant and the Engineering Materials Inspection and Testing operations. The plant was established during the 1930's with a mission to produce high quality bituminous products in a cost effective and timely manner.

In May of 1997, the City Council adopted a Paving Products Study which suggested exploring other options to fulfill the City's need for concrete products if that plant, which has been closed, could not become more cost efficient. At the end of 2003 the City also closed the operations of the Asphalt Plant resulting in a \$777,000 loss with the disposal of this asset.

Revenue:

Revenue is generated by the Engineering Laboratory through material inspection and testing. Paving Construction is their main customer and their work is seasonal starting in April and concluding in November. The fund also generates revenue from the purchase of Concrete and Asphalt from outside vendors.

Year-to-date revenues are at 70% of the annual \$3,200,000 budget. We project revenues at under \$3,000,000 for 2004.

Expenses:

The fluctuations in spending levels is mostly related to timing differences due to customers' seasonal demands.

Transfers:

The operating transfers are for BIS and HR.

Net Assets:

This fund has maintained a favorable position in regards to Net Assets for many years. The fund's equity was stable throughout the Council Adopted Thirty Year Paving Program. With Paving Construction as the primary customer, this fund did well when this program was dedicated to completely re-pave the City's streets. Once this program ended in the mid 90's the product and services this fund accounts for has not been consistent from year to year. It has maintained a favorable Net Asset position through last year, even absorbing a loss due to the closing of the Asphalt plant in 2003. However, the Net Asset balance of \$780,000 as of 12/31/2003 will be eliminated by the end of 2004 under projected revenues and expenditures.

City of Minneapolis, Minnesota
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003 and 2002

	Budget Year 2004	Projection Year Ending 2004	For Period Ending 30-Sep-04	For Year Year Ending 2003	For Period Ending 30-Sep-03	For Year Ending 2002	For Period Ending 30-Sep-02
Operating Revenues:							
Asphalt / Cement	2,400,000	1,846,889	1,385,167	3,968,442	3,180,932	1,983,257	991,629
Inspection revenue	800,000	1,040,851	780,639	809,551	639,551	712,570	356,285
Total Operating Revenues	3,200,000	2,887,740	2,165,806	4,777,993	3,820,483	2,695,827	1,347,914
Operating Expenses:							
Personnel	1,121,812	839,988	629,991	1,113,167	834,875	1,046,672	523,336
Contractual	596,708	437,606	328,204	472,557	354,418	377,406	188,703
Materials/Other	2,871,064	2,598,155	1,948,616	2,711,928	2,033,946	1,337,127	668,564
Rent		-		138,306	103,729	119,394	59,697
Total Operating Expenses	4,589,584	3,875,748	2,906,811	4,435,957	3,326,968	2,880,599	1,440,300
Operating Margin	(1,389,584)	(988,008)	(741,005)	342,036	493,516	(184,772)	(92,386)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(9,700)	(9,700)	(4,850)	(9,876)	(7,407)	(14,055)	(7,028)
Gains (Losses)		58,931	58,931				
Depreciation		(12,525)	(9,394)	(177,183)	(132,887)	(93,600)	(46,800)
Total Non-Operating Revenues (Expenses)	(9,700)	36,705	44,686	(187,059)	(140,294)	(107,655)	(53,827)
Net Income	(1,399,284)	(951,303)	(696,318)	154,978	353,222	(292,427)	(146,213)
Significant Balance Sheet Items							
Cash			210,264	790,978	873,656	636,000	636,000
Accounts Receivable			2,690	1,167	1,167	17,181	16,000
Interfund receivable			-	-	864,893	-	-
Reserve for renewal			639,673	639,673	639,673	639,673	758,962
Deferred income			139,896	139,896	139,896	139,896	139,896
Significant Cash Flow Items							
Capital Outlay			0		0	(119,289)	
Inter fund loans and payments							

**City Of Minneapolis
Public Works Stores**

Fund 6300	2004 Budget	30-Sep-04 Actual	Remaining Budget	% of Actual To Budget
Revenue	3,620,000	2,748,017	871,983	76%
Expenditures	3,518,732	2,619,747	898,985	74%
Revenue Over (Under) Expenses	101,268	128,270		

Public Works Stores

The 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 mission is having Central Stores and Traffic Stores provide these items in a cost effective manner.

Revenue:

As of September 30, the Public Works Stores Fund total revenues were \$2,747,968 for the year or 76% of the 2004 budgeted \$3,620,000 revenue projection for the year. Warehouse revenues from the sale of inventory items total \$2,408,630 or 77% of the \$3,143,000 total budgeted for 2004. The special non-inventory transaction fee revenue is \$324,709 or 68% of the \$475,000 budgeted revenue for the year.

Financial:

Stores operations has been successful and has been profitable in recent years. Although the fund has positive equity, it has had to borrow cash from other funds in order to maintain a positive cash balance. The fund had an approximate \$2,861,110 inventory balance on September 30.

City of Minneapolis, Minnesota
Public Works Stores Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003 and 2002

	Budget Year 2004	2004 Projection	For Period Ending 30-Sep-04	For Year Ending 2003	For Period Ending 30-Sep-03	For Year Ending 2002	For Period Ending 30-Sep-02
Operating Revenues:							
Central Stores	1,512,000	1,756,719	1,317,539	2,125,950	1,463,171		
Traffic Stores	2,108,000	1,907,238	1,430,429	2,579,449	1,488,190		
Stores-Combined						3,759,682	2,819,761
Total Operating Revenues	3,620,000	3,663,957	2,747,968	4,705,399	2,951,360	3,759,682	2,819,761
Operating Expenses:							
Personnel	575,999	594,530	445,897	554,958	409,236	514,476	385,857
Contractual	127,550	93,586	70,189	84,915	78,570	24,507	18,380
Materials/Other	341,727	136,882	102,661	204,549	160,133	168,321	126,241
Rent	59,456	61,615	46,211	63,288	47,466	61,363	46,022
Cost of Stores Issuance	2,400,000	2,596,389	1,947,292	3,496,790	2,125,768	2,676,910	2,007,682
Total Operating Expenses	3,504,732	3,483,001	2,612,250	4,404,500	2,821,173	3,445,577	2,584,182
Operating Margin	115,268	180,957	135,717	300,899	130,188	314,105	235,579
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(14,000)	(14,000)	(7,000)	(13,648)	(10,236)	(18,435)	(13,826)
Depreciation		(5,000)	(497)	(4,744)	(470)	(8,091)	(6,068)
Net Interest Income (Exp)		49	49	163	0	0	0
Other Non Operating Income (Exp)				(1,927)	(1,927)		0
Total Non-Operating Revenues (Expenses)	(14,000)	(18,951)	(7,448)	(20,156)	(12,633)	(26,526)	(19,895)
Net Income	101,268	162,006	128,270	280,743	117,555	287,579	215,684
Significant Balance Sheet Items							
Operating Cash			(221,048)	3,102	(1,019,480)	(678,231)	(1,680,000)
Accounts Receivable			1,867	18,052	15,855	16,805	
Inventories			2,861,110	2,894,543	3,365,964	3,095,633	3,095,633
Significant Cash Flow Items							
Inter fund loans and payments				(525,000)	(680,000)	680,000	(846,000)
Transfers			(7,000)	(13,648)	(10,236)	(18,435)	(9,218)

**City Of Minneapolis
Water Fund**

Fund 7400	2004 Budget	30-Sep-04 Actual	Remaining Budget	% of Actual To Budget	30-Sep-03 Actual
Operating Revenue	66,579,903	46,748,222	19,831,681	70%	45,607,090
Operating Expenditure	44,752,439	28,764,894	15,987,545	64%	26,826,095
Revenue Over (Under) Expenses	21,827,464	17,983,328			18,780,995
Net Income (Loss)	11,100,600	10,953,546			14,095,449

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. In 1998, the City began two, multi-year programs, the Supervisor Control and Data Acquisition (SCADA) and the Hilltop Reservoir. The Hilltop Reservoir is expected to be completed in 2004.

The SCADA program monitors and partially automates the water treatment process. The SCADA project has been increased by an estimated cost by \$5 million due to security plus less-attended facility concerns which cause increased levels of monitoring and automation.

The Ultrafiltration membrane plant will be accomplished in two phases. Phase one is 70-MGD Columbia Heights Membrane Filtration Plant and is presently under construction and the second phase is 95-MGD Fridley membrane Filtration Plant. Each year, nine to ten miles of pipeline is cleaned and lined.

Revenue: For the year 2004, there was a rate increase of .17 cents per unit, increasing the rate from \$2.21 to \$2.38/unit. This equates to an annual increase of 7.7%. The third quarter operating revenue increased by \$1,051,426, or 2.3% over the third quarter of 2003. The actual operating revenue compared to budgeted operating revenue for 2004 is projected to be \$3 million under budget. The decrease in projected annual revenue is due to a decrease in consumption units. For example, usage by suburban communities January through September for 2004 is 4,386,063 units as compared to 5,116,670 units for the same period in 2003, a decrease of 730,607 or 14.3%. The revenue from water service fees for January through September 2004 is \$40,709,787 compared to \$40,710,280 for the same period in 2003. This is a decrease in 2004 revenue although the rate per unit increased by 7.7%. If the 7.7% rate increase is applied to the 2003 water service fee revenue of \$40,710,280, the projected revenue for 2004 water service fees is \$43,844,972. The decrease in revenue can be attributed to a decrease in units consumed.

Expenses: For the third quarter of 2004, operating expenses are \$1,938,799 more than for the third quarter of 2003. This is a 7.2% increase of the previous year same quarter. This increase is due mainly to a government service fee of \$1.5 million paid to the general fund.

Transfers: The operating transfers out are for operations of the BIS division and the Self-Insurance fund. The MERF (Mpls. Employee Retirement Fund) pension debt service payment will take place in the 4th quarter and is budgeted at \$483,000.

Debt Services: The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program, which includes the SCADA, membrane filtration, and Reservoir programs.

Other Financial Items: Change management-Distribution cost center has completed new organizational structure and the pilot implementation of the program design is being evaluated. The Membrane Filtration Plant at Columbia Heights is under construction, and will be operation in late Spring 2005. The Membrane Filtration Plant at Fridley is in the Equipment Procurement phase, with Performance Testing for the re-bid in Fall 2004 and Winter/Spring 2005.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003, 2002

	Budget Current Year 2004	Projected Ending 2004	For Period Ending 30-Sep-04	For Year Ending 2003	For Period Ending 30-Sep-03	For Year Ending 2002	For Period Ending 30-Sep-02
Operating Revenues:							
Federal Grants	-	-	-	-	-	-	-
Licenses & Permits	1,000	1,000	606	1,069	880	787	589
Charges For Services	64,817,803	62,606,119	45,900,171	61,441,843	45,046,572	53,745,822	39,718,182
Charges For Sales	1,740,000	1,212,025	844,362	678,996	519,369	1,715,195	1,077,828
Rents	2,000	-	-	-	-	3,066	3,066
Interest	-	3,225	2,742	1,542	1,126	(20,753)	(20,128)
Other Misc Revenues	19,100	352	342	39,329	39,143	1,743	1,656
Total Operating Revenues	66,579,903	63,822,722	46,748,222	62,162,779	45,607,090	55,445,859	40,781,193
Operating Expenses:							
Security	1,109,477	1,109,477	815,827	-	-	-	-
Water Design	877,939	804,725	594,237	726,040	522,181	661,898	501,487
Contribution To Other Funds	2,016,428	2,554,483	1,918,340	1,011,552	760,851	854,365	640,584
Administration & Permits	971,907	1,010,287	610,597	770,591	574,513	1,121,475	519,479
Operations	13,878,549	11,295,081	8,300,699	12,510,888	9,563,047	12,453,501	8,784,851
Treatment Maintenance	6,702,406	6,389,396	4,563,206	5,851,712	4,269,600	5,157,781	3,603,926
Distribution	7,547,764	8,280,903	5,382,799	7,103,292	5,008,298	7,483,267	4,452,425
Major Repairs & Replacement	6,469,059	6,201,420	3,199,899	5,260,162	2,741,191	5,763,920	2,944,591
Human Resources	227,970	227,970	170,978	225,000	168,750	-	-
Finance	547,024	546,635	410,268	622,098	470,409	529,177	394,185
Utility Billing	4,403,916	3,906,930	2,798,046	3,710,325	2,747,255	4,001,952	2,769,012
Cost of Store Issuance	-	-	-	-	-	2,133,836	-
Total Operating Expenses	44,752,439	42,327,307	28,764,894	37,791,659	26,826,095	40,161,174	24,610,540
Operating Margin	21,827,464	21,495,415	17,983,328	24,371,119	18,780,995	15,284,685	16,170,653
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(3,114,974)	(3,114,974)	(1,356,000)	(2,517,500)	(1,888,124)	(2,551,383)	(1,922,602)
Depreciation	(4,377,336)	(4,377,336)	(3,283,002)	(3,835,539)	(2,931,266)	(3,986,408)	(3,081,452)
Special Assessments	-	-	(681,382)	1,031,895	456,664	605,159	382,710
Net Interest Income (Exp)	(3,234,554)	(3,234,554)	(1,229,842)	(2,826,748)	(891,025)	(3,005,983)	(963,269)
Other Non Operating Income (Exp)	-	-	(479,556)	(536,887)	568,205	1,304,200	653,060
Total Non-Operating Revenues (Expenses)	(10,726,864)	(10,726,864)	(7,029,782)	(8,684,779)	(4,685,546)	(7,634,415)	(4,931,553)
Net Income	11,100,600	10,768,551	10,953,546	15,686,340	14,095,449	7,650,270	11,239,100
Significant Balance Sheet Items							
Operating Cash			15,563,136	9,501,615	18,958,805	6,027,469	19,431,022
Construction Cash			10,499,626	4,971,307	6,731,104	109,166	395,155
Accounts Receivable			4,055,652	2,477,878	4,840,518	5,450,016	5,568,681
Bonds & Notes Payable			67,306,846	60,057,000	60,242,244	51,893,000	61,365,624
Significant Cash Flow Items							
Capital Outlay	62,697,894	62,697,894	35,082,353	18,694,675	9,681,206	15,725,700	9,241,142
Bond & Note Principle payments	11,930,461	11,930,461	500,000	12,758,794	400,000	13,192,000	-
Total Cash Flow Items	74,628,355	74,628,355	35,582,353	31,453,469	10,081,206	28,917,700	9,241,142

**City Of Minneapolis
Sewer Rental Fund**

Fund 7300	2004 Budget	30-Sep-04 Actual	Remaining Budget	% of Actual 2004	30-Sep-03
				To Budget	Actual
Operating Revenue	67,171,892	45,698,098	21,473,794	68%	45,694,419
Operating Expenditures	55,226,040	37,461,141	17,764,899	68%	35,994,081
Revenue Over (Under) Expenses	11,945,852	8,236,956			9,700,338
Net Income/(Loss)	1,909,435	4,333,850			5,334,540

Program Description: This fund accounts for contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. This fund also accounts for storm water management activities including the Combined Sewer Overflow (CSO) program, which separates the remaining storm sewer lines that are connected to sanitary sewer lines.

Construction continues on a \$72 million flood control program (which has been expanded since the original plan was adopted). This program targets specific areas in the City and creates holding ponds and additional storm drains that are designed to mitigate the effects of flash floods. A proposal has been brought forward to delay new projects under this program by one year for a review of the entire program in 2005.

This fund also accounts for the \$5.8 million City wide street sweeping operation.

The City is in the process of setting up a separate Stormwater Utility fee and it is anticipated that in 2005 the fee will be in place and this Fund will be separated into two separate funds, the Sanitary Sewer fund and Stormwater fund.

Revenue: The Sewer fund had a .14 cent (4.3%) rate increase in 2004.

The year end projection for sewage disposal revenue is expected to be \$60.1 million, a 2.9% increase over actual 2003 year end revenue of \$58.4 million, but less than budgeted. It appears the lower than anticipated revenue is due to both a decrease in consumption units and an overstatement of revenue in the 2004 budget. The Inspection Services revenues are for SAC charges that are related to the construction market and are volatile.

Expenses: Sewer fund expenses are currently at 68%, slightly below budget.

The Sewer Fund expenditures include an annual governmental service fee of \$3,055,000 and a general fund overhead charge, which is 3.5% of the fund's total expenditures.

The expenses are projected to be under budget in sewer design and maintenance by \$2.7 million, which will help offset the impact of the lower revenue projections.

The capital outlay for 2004 actual will be below budget due to delays in capital construction.

Transfers: The operating transfers are for subsidizing operations in the Intergovernmental Services fund and debt service payments paid for by the city's debt service fund.

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

City of Minneapolis, Minnesota
Sewer Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003, 2002

	Budget Current Year 2004	Projected Year Ending 2004	For Period Ending 30-Sep-04	Year 2003 Actual	For Period Ending 30-Sep-03	Year 2002 Actual	For Period Ending 30-Sep-02
Operating Revenues:							
State Grants	986,678	986,678	670,897	556,335	467,337	629,601	480,891
County Grants	290,089	292,755	136,385	290,090	145,045	148,444	64,089
Inspection Services	1,000,000	1,133,174	836,175	1,905,375	1,448,225	2,273,599	1,627,299
Sewage Disposal	63,440,625	60,082,525	42,944,660	58,420,489	42,525,442	60,540,926	42,475,665
Other Charges for Services	1,402,000	566,828	567,237	920,400	1,108,054	1,162,430	927,106
Charges for Sales	500	536,029	536,029	5,797	-	-	-
Interest	-	3,518	1,759	437	316	-	(261)
Other Misc Revenues	52,000	9,910	4,955	24,966			
Total Operating Revenues	67,171,892	63,611,416	45,698,098	62,123,889	45,694,419	64,755,000	45,574,789
Operating Expenses:							
Sewer Design	3,594,982	2,288,853	1,363,596	2,148,201	1,202,878	2,059,231	1,300,535
Combined Sewer Overflow (CSO)	1,867,724	1,209,979	853,075	931,299	656,596	278,463	138,260
Street Cleaning	5,810,023	5,810,023	3,280,388	5,258,078	3,287,022	5,176,945	3,370,451
Sewer Maintenance	7,893,161	6,526,923	4,689,053	6,801,346	4,923,133	6,997,700	4,989,271
Met Council Env. Svcs.	35,703,522	33,644,917	27,007,559	31,535,063	25,653,174	29,757,892	23,567,227
Finance	128,658	128,658	96,493	136,704	102,528	118,769	87,892
Human Resources	227,970	227,970	170,978	225,000	168,750		
Total Operating Expenses	55,226,040	49,837,323	37,461,141	47,035,691	35,994,081	44,389,000	33,453,636
Operating Margin	11,945,852	13,774,093	8,236,956	15,088,198	9,700,338	20,366,000	12,121,153
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(364,496)	(364,496)	(38,000)	(138,389)	(103,792)	(484,000)	(105,362)
Gains (Losses)				-	-		(103,358)
Depreciation	(7,394,577)	(7,394,577)	(3,697,289)	-	(3,508,928)	(5,005,000)	(953,453)
Special Assessments	115,000	57,500	77,785	257,471	69,802	196,000	54,381
Net Interest Income (Exp)	(2,392,344)	(2,392,344)	(804,774)	(2,120,592)	(822,880)	(2,581,000)	(930,133)
Other Non Operating Income (Exp)	-	559,172	559,172	939,760			
Total Non-Operating Revenues (Expenses)	(10,036,417)	(9,534,745)	(3,903,106)	(1,061,751)	(4,365,798)	(7,874,000)	(2,037,925)
Net Income	1,909,435	4,239,348	4,333,850	14,026,447	5,334,540	12,492,000	10,083,228
Significant Balance Sheet Items							
Operating Cash			17,806,693	14,265,000	19,545,300	9,879,403	18,025,541
Construction Cash			12,231,919	6,429,753	8,612,905	4,197,819	11,116,723
Accounts Receivable			3,494,663	4,952,000	4,007,029	5,671,000	5,018,785
Bonds Payable			57,961,545	42,771,000	47,158,339	45,933,247	40,465,907
Significant Cash Flow Items							
Capital Outlay	12,702,509	12,702,509	4,094,811	11,995,520	6,814,594		11,372,108
Bond Principle payments	9,119,999	9,119,999	-	9,026,000	-	6,689,845	-
Sale of Bonds			7,780,640		8,590,000		480,000
Total Cash Flow Items	21,822,508	21,822,508	11,875,451	21,021,520	15,404,594	6,689,845	11,852,108

**City Of Minneapolis
Solid Waste and Recycling Fund**

Fund 7700	2004 Budget	30-Sep-04 Actual	Remaining Budget	% of Actual To Budget	30-Sep-03 Actual
Operating Revenue	27,543,000	20,667,099	6,875,901	75%	20,215,204
Operating Expenditures	26,253,714	18,010,979	8,242,735	69%	17,597,755
Revenue Over (Under) Expenses	1,289,286	2,656,120			2,617,449
Net Income/(Loss)	614,209	1,397,507			1,219,802

Program Description:

This fund accounts for solid waste collection and disposal/recycling activities for the City. The Solid Waste Division of the Public Works Department provides weekly trash and yard-waste pickup, bi-weekly recycling pickup and operates a solid waste transfer station for over 100,000 households.

Funding for solid waste and recycling activities are provided mainly from solid waste and recycling fees and partly from sources such as Hennepin County Grants, recyclable sales, and charges for other services. City crews provide approximately one-half of the solid waste collection service and the other half of the service is provided through a contract with a consortium of companies specializing in waste collection.

Operating Revenue:

The Solid Waste and Recycling fund has 2.2% more revenue than this same time last year due to increases in solid waste pickups and recyclable sales, even though there was not a rate increase in 2004. The increase in recyclable sales revenue is a result of a new contract. County grant revenue is expected to be less than budgeted, and will be received by year end. In 2004 the total operating revenues are projected to be \$28.5 million.

Operating Expenses:

The Solid Waste and Recycling fund expenses are currently at 69% of budget. This fund is expected to be within budget expectations for 2004. Expenses for the Solid waste & Recycling enterprise Fund are projected to be slightly under budget. The fund's expenditures, include a general fund overhead charge of 3.5% of total expenditures, Public Works overhead, and a government service fee also goes into the general fund.

Transfers:

Transfers from the Solid Waste Fund include a \$700,000 transfer to the General Fund to pay for alley snow plowing to ensure delivery of solid waste and recycling services in the alleys. There are also transfers totaling \$81,000 to fund the BIS and Self Insurance Funds.

A transfer of \$90,077 to the Debt Service fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF).

The Solid Waste and Recycling Fund receives a transfer of \$146,000 from the Parking Fund to pay for litter container pick-up (downtown). Starting this year a permanent transfer of \$50,000 from the general fund was established for graffiti removal.

Debt Service: This fund has no related capital debt service.

Other Financial Items:

The fund's cash balance at the third quarter is \$11.6 million. This is an increase of \$3 million from the 3rd qtr of last year. The accounts receivable balance is \$2.5 million, which has remained steady since the 3rd qtr of last year.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2004, 2003, 2002

	Budget Current Year 2004	Projected Year Ending 2004	For Period Ending 30-Sep-04	Year 2003 Actual	For Period Ending 30-Sep-03	Year 2002 Actual	For Period Ending 30-Sep-02
Operating Revenues:							
County Grants	804,000	804,000	3,000	844,405	-	937,000	936,327
Solid Waste Fees	26,098,800	26,338,917	19,515,422	26,240,595	19,477,262	25,095,800	18,561,176
Recyclable Sales	640,200	1,400,000	1,145,335	940,994	669,814	640,200	400,577
Charges for Other Services	-	6,683	3,342	2,033	68,128	60,000	44,041
Total Operating Revenues	27,543,000	28,549,601	20,667,099	28,028,027	20,215,204	26,733,000	19,942,121
Operating Expenses:							
Collection	6,433,129	6,433,129	4,301,848	6,333,156	4,411,000	6,034,119	4,593,373
Disposal	6,514,958	6,514,958	3,889,508	5,507,841	1,976,517	5,408,221	2,302,866
Recycling	2,978,779	2,740,400	2,055,300	2,828,515	3,765,080	3,318,795	3,370,968
Yard Waste	1,292,551	1,292,551	939,994	1,361,272	939,745	1,330,772	895,793
Large Item/Problem Material	982,938	982,938	789,461	1,107,209	784,717	1,334,637	936,813
Transfer Stations	155,133	218,032	163,524	168,534	107,861	163,385	103,473
Administration	3,313,716	3,313,716	2,981,874	3,222,012	3,194,546	3,510,007	2,521,308
Customer Service	455,118	455,118	337,001	408,525	301,919	576,956	356,614
Clean City	823,813	725,794	522,450	833,269	617,046	878,630	614,296
Equipment	2,879,508	2,786,592	1,711,967	2,428,898	1,184,706	924,042	684,681
Human resources	227,970	227,970	170,978	225,000	168,750		137,577
Finance	196,101	196,101	147,076	194,490	144,968	172,856	577
Liability Premium					900	10,580	
Total Operating Expenses	26,253,714	25,887,299	18,010,979	24,618,720	17,597,755	23,663,000	16,518,339
Operating Margin	1,289,286	2,662,302	2,656,120	3,409,308	2,617,449	3,070,000	3,423,782
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(675,077)	(675,077)	(528,000)	(697,261)	(697,948)	(47,237)	(35,431)
Gains (Losses)				(12,715)	-	15,237	(65,382)
Depreciation		(986,014)	(739,510)	(970,360)	(746,672)	(882,000)	(665,850)
Special Assessments	-	-	8,898	92,960	46,973	73,000	37,465
Net Interest Income (Exp)				1		-	14
Other Non Operating Income (Exp)				-		-	
Total Non-Operating Revenues (Expenses)	(675,077)	(1,661,091)	(1,258,612)	(1,587,374)	(1,397,647)	(841,000)	(729,184)
Net Income	614,209	1,001,212	1,397,507	1,821,933	1,219,802	2,229,000	2,694,598
Significant Balance Sheet Items							
Operating Cash			11,612,925	10,675,039	8,644,140	8,005,000	8,064,132
Accounts Receivable			2,508,292	2,565,554	2,468,152	2,588,000	2,440,972
Significant Cash Flow Items							
Capital Outlay			-	73,024	42,242	41,000	428,812

**City Of Minneapolis
Municipal Parking Fund
Interim Financial Report
As of September 30, 2004**

Fund 7500	2004 Budget	3rd Qtr 2004 Actual	Remaining Budget	% of Actual To Budget	3rd Qtr 2003 Actual
Revenue	57,156,382	41,062,111	16,094,271	72%	38,661,606
Expenditures	43,079,077	34,264,858	8,814,219	80%	25,259,600
Revenue Over (Under) Expenses	14,077,305	6,797,253			13,402,006
Net Income (Loss)	3,082,335	(1,314,853)			(79,039)

Performance:

Since 2001, actual revenue performance has not exceeded the budget due to poor economic conditions and high office vacancy rates. Major street reconstruction and Light Rail Transit construction activities also impacted the performance by limiting access to many of the facilities. At year-end 2003, the total Net Assets were \$72 million or almost 20% of total assets. The combined unreserved retained earnings for the City and State municipal parking funds were at \$1.9 which amounts to a decline of \$23.9 million from year 2002. Operating revenues were projected to grow by 6.4% from year to year from \$55.8 million to \$63.2 million from 2001 through 2003. Actual amounts show decrease from \$55.8 million in 2001 to \$53.9 million in 2002, and to \$53.4 million in 2003. Actual operating expenses grew 7%, on average, from \$33.9 million to \$44.5 million in years 2001 through 2003. Newly constructed facilities, along with increase in wages, insurance and utility rates, were the primary reason for the increase in expenses. In 2004 the operating margin is budgeted at 24.4% of revenues but is currently projected to rise to 27.1%. In 2001 the operating margin was \$14.5 million in 2001 to \$14.5 million in 2002, and then to negative \$1.2 million in 2003 for both the City and State-owned facilities. The decline in cash reserve was due to \$8 million payment made to State in 2003 for accumulated excess revenue of TAD ramps. Based on current and proposed budgets, operating cash balances are going to continue to fall, especially for cash related to the City system. The State-owned facilities are creating a positive cash flow, but, with transfers out to other funds, the City-owned facilities have a negative cash flow. Non-parking related activities financed in the parking fund and transfers in excess of \$12 million annually to the General fund and Target Center Arena fund are contributing factors to the negative cash flow.

Program Description:

This fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, a municipal impound lot, and traffic control. Major parking related capital construction and development activities also occur in this fund. Prior to 2001, actual revenue performance had been better than budgeted, but revenue has dropped in each fiscal year since then. Two new facilities were added to the system. 11th & Harmon (owned privately but managed by the City) was completed in August 2003 and Vineland Place was completed in November 2003. The total number of ramps has increased to twenty two. The Guthrie ramp is currently under construction and the work on 11th & Mill Quarter ramp is set to start in October of 2004.

Revenues:

Operating revenue for 2004 is budgeted at \$57.2 million and the projection for the year is \$54.4 million. Revenues for 3rd quarter were at \$41.10 million, almost 72% of the budget. This represents an increase of 6% over 3rd quarter of 2003. Revenues from on-street parking and towing are up 3% and 34%, respectively. Increase in towing revenues are the result of increase in rate charged per vehicle and the increase in number of vehicles towed. Off-street parking, for both City and State owned facilities, has shown an increase of \$1.0 million from previous year. The increase in on-street as well as off-street parking revenues can be attributed, in part, to the Metro Transit bus strike, as well as to the summer activities within the City limits resulting in increased use of the facilities. Effective from September 28, 2004, off-street revenues for State owned facilities are to be transferred to State's account on a daily basis whereas the City will only be reimbursed for its expenses related to the TAD garages on a monthly basis.

Expenditures:

Third quarter operating expenditures, which includes a payment of \$8.4 million to the State from TAD garages, were at \$34.3 million. Expenditures to date total 80% of the \$43.1 million budget for 2004. This is an increase of 2.4% over the 3rd quarter expenditures of 2003, without the TAD transfers to State. Part of the increase is due to additional City-owned or operated ramps, 11th & Harmon and Vineland Place, which have been operational since the 3rd and 4th quarter of 2003. Impound lot expenses have increased by 18% due to a significant increase in the cost per tow as per new contract with the towing companies that went in effect in the fourth quarter of 2003.

Transfers :

The 2004 third quarter revenue transfers include \$4.7 million transfer from the sales tax revenue for Convention Center parking facility related debt and \$5.0 million from CPED for Tax Increment and Abatement . Transfers to other funds are projected at \$5.6 million for the year, with general fund transfer at \$3.4 million which is a decrease of \$7.4 million from \$10.8 million in 2003. The lower transfer to the General Fund is due in part to the one-time reduction of \$6.4 million as per the adopted workout plan for the fund. Target Center Arena transfer, with adjustment for inflation, is projected to be at \$1.6 million. Fund transfer to Target Center will continue to grow and, based on the revised schedule, it will reach \$5.8 million by 2014.

Debt Service:

The debt service payment for the quarter totals \$13.6 million, \$4.8 million in principal and \$8.8 million in interest. Debt service includes capital projects funded by sale of bonds for construction of municipal parking ramps. As new facilities are added to the system, debt services will continue to grow. The debt service to the parking fund increased by \$16.1 million at the end of 2003 with the sale of bonds for Guthrie Theater Parking facility.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Third Quarter / Years Ending 2004, 2003, 2002

	Current Budget Year 2004	Projected Year Ending 2004	For Period Ending 30-Sep-04	For Year Ending 2003	For Period Ending 30-Sep-03	For Year Ending 2002	For Period Ending 30-Sep-02
Operating Revenues:							
Off-Street Parking: City Owned	35,709,041	32,974,146	24,788,939	32,721,988	23,706,165	32,962,609	24,573,345
Off-Street Parking: State Owned	9,859,091	9,949,234	6,677,228	9,134,781	6,778,539	9,888,570	7,404,418
Towing	5,833,000	5,840,506	5,141,409	5,637,450	3,847,021	5,550,854	4,104,110
On-Street Meters	5,755,250	5,628,795	4,454,536	5,912,936	4,329,881	5,520,245	4,050,552
Total Operating Revenues	57,156,382	54,392,681	41,062,111	53,407,154	38,661,606	53,922,278	40,132,425
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	20,523,467	20,234,034	13,214,111	19,796,634	13,449,905	18,567,461	12,196,033
Off-Street Parking: State Owned-Direct Expenses*	8,154,420	15,118,971	12,901,574	14,126,851	4,323,272	6,903,671	5,054,076
Towing	4,739,415	5,506,940	3,738,597	4,861,583	3,165,074	4,697,458	3,296,547
On-Street Meters	4,000,080	3,635,691	2,489,074	3,298,560	2,492,640	2,994,759	1,942,976
Other Operating Expenses	5,661,695	3,577,647	1,921,501	2,470,655	1,828,709	2,421,302	1,726,319
Total Operating Expenses	43,079,077	48,073,284	34,264,858	44,554,283	25,259,600	35,584,652	24,215,951
Operating Margin	14,077,305	6,319,398	6,797,253	8,852,871	13,402,006	18,337,626	15,916,474
Non-Operating Revenues/(Expenses)							
General Fund Transfer Out	(3,400,000)	(3,400,000)	(2,550,000)	(10,890,203)	(8,167,652)	(10,574,833)	(7,931,125)
Arena Reserve Transfer Out	(1,620,000)	(1,620,000)	(1,215,000)	(1,470,000)	(1,102,500)	(1,335,000)	(1,001,250)
Debt Service Transfer Out	(402,968)	(402,968)	(302,226)	(287,000)	(18,500)	(157,750)	(21,375)
Internal Service Fund Transfer Out	(77,000)	(77,000)	(38,500)	(76,165)	(57,124)	(91,155)	(68,366)
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	(109,500)	(146,000)	(109,500)
Parkboard & Other Transfer Out							
Total Transfers Out	(5,645,968)	(5,645,968)	(4,215,226)	(12,869,368)	(9,455,276)	(12,304,738)	(9,131,616)
Convention Center related facility Transfer	8,364,656	8,364,656	4,686,596	8,598,392	3,920,736	8,235,031	5,214,729
TI and MCDA Transfers In	6,778,121	6,778,121	4,978,358	4,840,325	4,840,325	4,831,790	4,831,590
Arbitrage Fund and Other Transfers In			-	66,469	-	4,004,367	4,004,367
Total Transfers In	15,142,777	15,142,777	9,664,954	13,505,186	8,761,061	17,071,188	14,050,686
Depreciation	(6,468,108)	(6,468,108)	(4,866,490)	(5,473,869)	(3,936,999)	(4,886,879)	(3,999,729)
Special Assessments	132,500	132,500	47,965	153,124	75,861	158,534	75,719
Interest	(14,446,421)	(14,446,421)	(8,793,751)	(12,618,188)	(8,957,040)	(13,605,951)	(8,763,312)
Other Non Operating Expenses	(180,000)	(43,219)	(21,069)	(6,723)	(6,703)	1,330,081	(2,910)
Other Non-Operating Income	470,250	47,276	71,512	53,623	38,051	195,550	144,571
Total Non-Operating Revenues (Expenses)	(10,994,970)	(11,281,163)	(8,112,106)	(17,256,215)	(13,481,045)	(12,042,216)	(7,626,591)
Net Income+/-	3,082,335	(4,961,765)	(1,314,853)	(8,403,344)	(79,039)	6,295,410	8,289,883
Significant Balance Sheet Items							
Cash Balance			(1,541,580)	(1,218,294)	9,085,243	14,537,401	20,979,239
Construction Cash			10,362,550	16,748,535	10,113,363	22,798,713	3,617,784
Bonds Payable			285,336,942	285,732,842	279,341,042	249,356,042	234,386,142
Total Balance Sheet Items			294,157,911	301,263,082	298,539,648	286,692,156	258,983,165
Significant Cash Flow Items							
Principal on debt		11,434,100	4,845,000	10,104,100	3,725,000	13,439,100	7,880,000
Capital Outlay		9,027,727	6,112,249	24,078,228	15,003,165	17,340,047	10,283,797
Total Cash Flow Items		20,461,827	10,957,249	34,182,328	18,728,165	30,779,147	18,163,797

* Includes est'ed cash balance transferred to State \$8,400,000

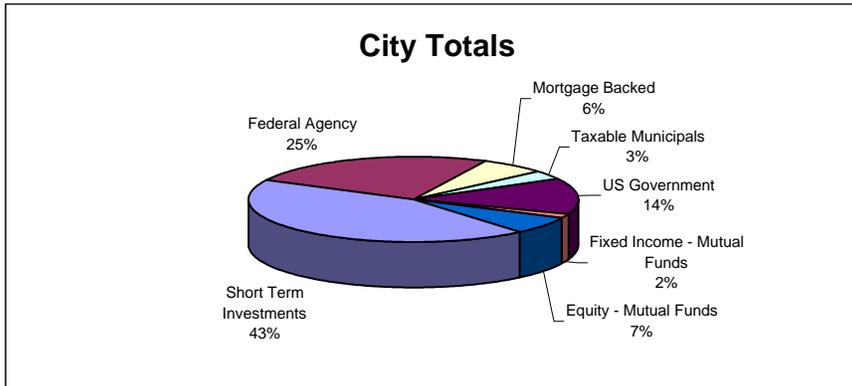
3RD QUARTER 2004 INVESTMENT SUMMARY

In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The portfolio's objective is safety of principal, followed by liquidity and yield.

For the 3rd quarter FY2004, the City's current investment portfolio is valued at approximately \$408 Million with portfolio and fund distributions reflected below. The portfolio outperformed the 1-year Treasury benchmark by approximately 145 basis points, or 1.45%

Overall cash position decreased between Q3/2003 and Q3/2004 by \$14 Million due mainly to draw down of bond proceeds and CPED funds. Cash position however is not necessarily indicative of the financial position of these funds.

Portfolio Distribution	September 30, 2004		September 30, 2003	
	Market Value	% of Portfolio	Market Value	% of Portfolio
Short Term Investments	177,755,322	44%	175,028,455	41%
Federal Agency	101,544,739	25%	129,175,228	31%
Mortgage Backed	25,420,006	6%	29,316,017	7%
Taxable Municipals	13,775,177	3%	13,856,108	3%
US Government	55,527,778	14%	43,676,922	10%
Fixed Income - Mutual Funds	6,296,530	2%	6,227,622	1%
Equity - Mutual Funds	27,712,627	7%	24,831,762	6%
Total Market Value	408,032,179	100%	422,112,115	100%



Fund Group	September 30, 2004		September 30, 2003	
	Market Value	% of Cash	Market Value	% of Cash
Bond Proceeds	\$ 96,877,305	24%	\$ 137,007,327	32%
Construction	\$ (7,538,973)	-2%	\$ (18,300,885)	-4%
Convention Center	\$ 14,027,153	3%	\$ 16,879,184	4%
CPED	\$ 153,462,477	38%	\$ 167,545,168	40%
Enterprise	\$ 46,305,460	11%	\$ 51,346,478	12%
General Fund	\$ 30,685,083	8%	\$ 20,211,436	5%
Internal Service	\$ 2,527,649	1%	\$ (6,455,324)	-2%
Other (Park, Library, DSRF)	\$ 71,686,025	18%	\$ 53,878,732	13%
Total Cash Position	\$ 408,032,179	100%	\$ 422,112,115	100%

Investment Performance	Q3/YTD 2004	Q3/YTD 2003
City Portfolio	2.12%	2.65%
1-Year US Treasury Index	0.67%	1.19%
Interest Earned	\$ 8,644,373	\$ 11,197,393