

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
December 31, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Permanent Improvement Equipment	Public Works Stores	Self-Insurance	2003 Total	2002 Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 935	\$ 2	\$ 228	\$ 931	\$ 3	\$ 12	\$ 2,111	\$ 1,539
Receivables:								
Accounts - net	1	1	11	213	18	358	602	229
Intergovernmental	-	-	-	-	-	182	182	182
Due from other funds	-	11	155	3,250	-	-	3,416	653
Inventories	12	-	373	723	2,895	-	4,003	4,047
Prepaid items	-	89	-	-	-	-	89	200
<b>Total current assets</b>	<b>948</b>	<b>103</b>	<b>767</b>	<b>5,117</b>	<b>2,916</b>	<b>552</b>	<b>10,403</b>	<b>6,850</b>
Long-term assets:								
Deferred charges	-	2	13	28	-	-	43	-
Capital assets:								
Land, leaseholds and easements	-	-	21,666	2,186	-	-	23,852	24,017
Construction in progress	10	1,138	10,889	119	-	-	12,156	15,369
Buildings and structures	-	-	25,817	29,877	-	-	55,694	58,998
Less accumulated depreciation	-	-	(17,892)	(2,406)	-	-	(20,298)	(21,874)
Public improvements	-	297	2,743	330	-	-	3,370	3,073
Less accumulated depreciation	-	(45)	(2,045)	(88)	-	-	(2,178)	(1,996)
Machinery and equipment	420	1,625	545	44,888	132	-	47,610	46,081
Less accumulated depreciation	(273)	(1,200)	(381)	(23,068)	(119)	-	(25,041)	(24,754)
Computer equipment	61	40,406	162	37	7	-	40,673	52,264
Less accumulated depreciation	(55)	(23,940)	(146)	(33)	(7)	-	(24,181)	(27,945)
Software	-	9,718	8	-	9	-	9,735	4,412
Less accumulated depreciation	-	(2,391)	(6)	-	(8)	-	(2,405)	(2,861)
Other capital outlay	15	94	21	-	14	-	144	144
Less accumulated depreciation	(11)	(84)	(16)	-	(12)	-	(123)	(119)
<b>Total long-term assets</b>	<b>167</b>	<b>25,620</b>	<b>41,378</b>	<b>51,870</b>	<b>16</b>	<b>-</b>	<b>119,051</b>	<b>124,809</b>
<b>Total assets</b>	<b>\$ 1,115</b>	<b>\$ 25,723</b>	<b>\$ 42,145</b>	<b>\$ 56,987</b>	<b>\$ 2,932</b>	<b>\$ 552</b>	<b>\$ 129,454</b>	<b>\$ 131,659</b>
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Salaries payable	\$ 44	\$ 262	\$ 275	\$ 746	\$ 27	\$ 321	\$ 1,675	\$ 1,639
Accounts payable	97	1,090	337	772	243	1,107	3,646	6,252
Intergovernmental payable	-	-	2	-	-	-	2	1
Due to other funds	-	3,250	-	-	155	4,610	8,015	16,072
Interest payable	-	180	36	150	-	5	371	331
Unearned revenue	140	3,031	-	-	-	-	3,171	2,822
Bonds payable-current portion	-	4,600	730	3,120	-	860	9,310	5,130
<b>Total current liabilities</b>	<b>281</b>	<b>12,413</b>	<b>1,380</b>	<b>4,788</b>	<b>425</b>	<b>6,903</b>	<b>26,190</b>	<b>32,247</b>
Long-term liabilities:								
Bonds payable	-	40,000	9,980	37,040	-	6,285	93,305	87,525
Unamortized premium (discounts)	-	31	267	1,105	-	-	1,403	769
Advances from other funds	-	12,800	-	-	-	-	12,800	12,800
Compensated absences payable	54	273	290	729	26	500	1,872	1,789
Unpaid claims payable	-	-	-	-	-	27,847	27,847	26,715
<b>Total long-term liabilities</b>	<b>54</b>	<b>53,104</b>	<b>10,537</b>	<b>38,874</b>	<b>26</b>	<b>34,632</b>	<b>137,227</b>	<b>129,598</b>
<b>Total liabilities</b>	<b>335</b>	<b>65,517</b>	<b>11,917</b>	<b>43,662</b>	<b>451</b>	<b>41,535</b>	<b>163,417</b>	<b>161,845</b>
<b>Net Assets:</b>								
Invested in Capital Assets, net of related debt	167	(18,450)	31,310	15,499	17	-	28,543	30,344
Unrestricted	613	(21,344)	(1,082)	(2,174)	2,464	(40,983)	(62,506)	(60,530)
<b>Total net assets</b>	<b>780</b>	<b>(39,794)</b>	<b>30,228</b>	<b>13,325</b>	<b>2,481</b>	<b>(40,983)</b>	<b>(33,963)</b>	<b>(30,186)</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,115</b>	<b>\$ 25,723</b>	<b>\$ 42,145</b>	<b>\$ 56,987</b>	<b>\$ 2,932</b>	<b>\$ 552</b>	<b>\$ 129,454</b>	<b>\$ 131,659</b>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 For the Fiscal Year Ended December 31, 2003

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Permanent Improvement Equipment	Public Works Stores	Self- Insurance	2003 Total	2002 Total
<b>Operating revenues:</b>								
Charges for services and sales	\$ 5,352	\$ 4,167	\$ 5,472	\$ 3,320	\$ 4,705	\$ 54,817	\$ 77,833	\$ 79,410
Rents and commissions	-	-	6,214	28,771	-	-	34,985	25,647
Total operating revenues	5,352	4,167	11,686	32,091	4,705	54,817	112,818	105,057
<b>Operating expenses:</b>								
Personal services	1,138	5,771	6,148	15,451	555	10,492	39,555	40,740
Contractual Services	602	9,067	3,781	4,203	85	46,680	64,418	53,679
Materials, supplies, services and other	3,314	1,245	1,234	4,087	204	11,317	21,401	11,810
Rent	137	418	-	527	63	394	1,539	5,964
Cost of stores issuance	-	-	-	2,144	3,497	-	5,641	4,781
Depreciation	83	8,932	591	4,206	5	-	13,817	14,067
Total operating expenses	5,274	25,433	11,754	30,618	4,409	68,883	146,371	131,041
<b>Operating income (loss)</b>	78	(21,266)	(68)	1,473	296	(14,066)	(33,553)	(25,984)
<b>Non-operating revenue (expenses)</b>								
Interest revenue	-	-	-	1	-	-	1	(2,476)
Interest expense	-	(2,215)	(337)	(1,629)	-	(89)	(4,270)	(1,499)
Gain (loss) on disposal of capital assets	(777)	(2,027)	(165)	12	(2)	-	(2,959)	(2,073)
Damages/losses recovered	-	-	-	404	-	-	404	260
Other revenues	-	83	-	5	-	5,653	5,741	5,584
Total non-operating revenues (expenses)	(777)	(4,159)	(502)	(1,207)	(2)	5,564	(1,083)	(204)
Income (loss) before operating transfers	(699)	(25,425)	(570)	266	294	(8,502)	(34,636)	(26,188)
Transfers in (out):								
Transfers from other funds	-	18,666	389	1,819	-	10,779	31,653	22,749
Transfers to other funds	(10)	(51)	(232)	(482)	(14)	(5)	(794)	(2,398)
Total transfers	(10)	18,615	157	1,337	(14)	10,774	30,859	20,351
<b>Change in net assets</b>	(709)	(6,810)	(413)	1,603	280	2,272	(3,777)	(5,837)
Net assets - January 1 (restated) note 2	1,489	(32,984)	30,641	11,722	2,201	(43,255)	(30,186)	(24,349)
<b>Net assets - December 31</b>	\$ 780	\$ (39,794)	\$ 30,228	\$ 13,325	\$ 2,481	\$ (40,983)	\$ (33,963)	\$ (30,186)

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended December 31, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Permanent Improvement Equipment	Public Works Stores	Self- Insurance	2003 Total	2002 Total
<b>Cash flows from operating activities:</b>								
Cash received from customers and users	\$ 5,368	\$ 4,587	\$ 12,114	\$ 29,301	\$ 4,689	\$ 60,116	\$ 116,175	\$ 113,099
Payments to suppliers	(3,887)	(9,455)	(9,310)	(16,946)	(4,128)	(58,648)	(102,374)	(79,931)
Payments to employees	(1,133)	(5,811)	(6,099)	(15,308)	(546)	(10,538)	(39,435)	(40,428)
<b>Net Cash Provided (used) by operating Activities</b>	<b>348</b>	<b>(10,679)</b>	<b>(3,295)</b>	<b>(2,953)</b>	<b>15</b>	<b>(9,070)</b>	<b>(25,634)</b>	<b>(7,260)</b>
<b>Cash flows from non-capital financing activities:</b>								
Transfers from other funds	-	18,666	389	1,819	-	10,779	31,653	22,749
Principal paid on bonds and notes	-	-	-	-	-	(1,600)	(1,600)	(1,530)
Interest paid on bonds and notes	-	-	-	-	-	(92)	(92)	(133)
Transfers to other funds	(10)	(51)	(232)	(482)	(14)	(5)	(794)	(2,398)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(10)</b>	<b>18,615</b>	<b>157</b>	<b>1,337</b>	<b>(14)</b>	<b>9,082</b>	<b>29,167</b>	<b>18,688</b>
<b>Cash flows from capital and related financing activities</b>								
Bonds issued	-	1,000	4,560	9,630	-	-	15,190	12,591
Principal paid on bonds	-	(1,730)	(275)	(1,625)	-	-	(3,630)	(1,595)
Interest paid on bonds	-	(2,235)	(333)	(1,194)	-	-	(3,762)	(3,949)
Acquisition and construction of capital assets	(39)	(5,014)	(790)	(5,795)	-	-	(11,638)	(19,562)
Premium (discount)	-	47	213	-	-	-	260	-
Bond issuance costs	-	(3)	(14)	(28)	-	-	(45)	-
Proceeds from sale of capital assets	-	-	-	663	-	-	663	1,488
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(39)</b>	<b>(7,935)</b>	<b>3,361</b>	<b>1,651</b>	<b>-</b>	<b>-</b>	<b>(2,962)</b>	<b>(11,027)</b>
<b>Cash flows from investing activities:</b>								
Interest	-	-	-	1	-	-	1	10
Net increase (decrease) in cash and cash equivalents	299	1	223	36	1	12	572	411
Cash and cash equivalents, beginning of year	636	1	5	895	2	-	1,539	1,128
<b>Cash and cash equivalents, end of year</b>	<b>\$ 935</b>	<b>\$ 2</b>	<b>\$ 228</b>	<b>\$ 931</b>	<b>\$ 3</b>	<b>\$ 12</b>	<b>\$ 2,111</b>	<b>\$ 1,539</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ 78	\$ (21,266)	\$ (68)	\$ 1,473	\$ 296	\$ (14,066)	\$ (33,553)	\$ (25,984)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	83	8,932	591	4,206	5	-	13,817	14,067
Accounts receivable	16	-	(9)	(10)	(17)	(353)	(373)	468
Inventories	116	-	(267)	(6)	201	-	44	(292)
Prepays	-	111	-	-	-	-	111	(200)
Due from other funds	-	(11)	437	(3,189)	-	-	(2,763)	969
Due to other funds	-	992	(624)	(5,890)	(525)	(2,010)	(8,057)	(6,199)
Salaries payable	(1)	(58)	25	58	6	7	37	181
Accounts payable	50	171	(3,405)	(90)	46	622	(2,606)	1,821
Intergovernmental payable	1	-	1	-	-	-	2	-
Unearned revenue	-	349	-	-	-	-	349	762
Compensated absences payable	5	18	24	86	3	(54)	82	131
Unpaid claims	-	-	-	-	-	1,131	1,131	1,172
Damages/Losses recovered	-	-	-	404	-	-	404	260
Other non-operating revenue	-	83	-	5	-	5,653	5,741	5,584
<b>Net cash provided (used) by operating activities</b>	<b>\$ 348</b>	<b>\$ (10,679)</b>	<b>\$ (3,295)</b>	<b>\$ (2,953)</b>	<b>\$ 15</b>	<b>\$ (9,070)</b>	<b>\$ (25,634)</b>	<b>\$ (7,260)</b>
<b>Non-cash investing, capital and financing activities:</b>								
(Loss) on disposal of capital assets	\$ (777)	\$ (2,027)	\$ (165)	\$ -	\$ (2)	\$ -	\$ (2,971)	\$ (2,073)