City of Minneapolis
2012 Budget
Financial Plan

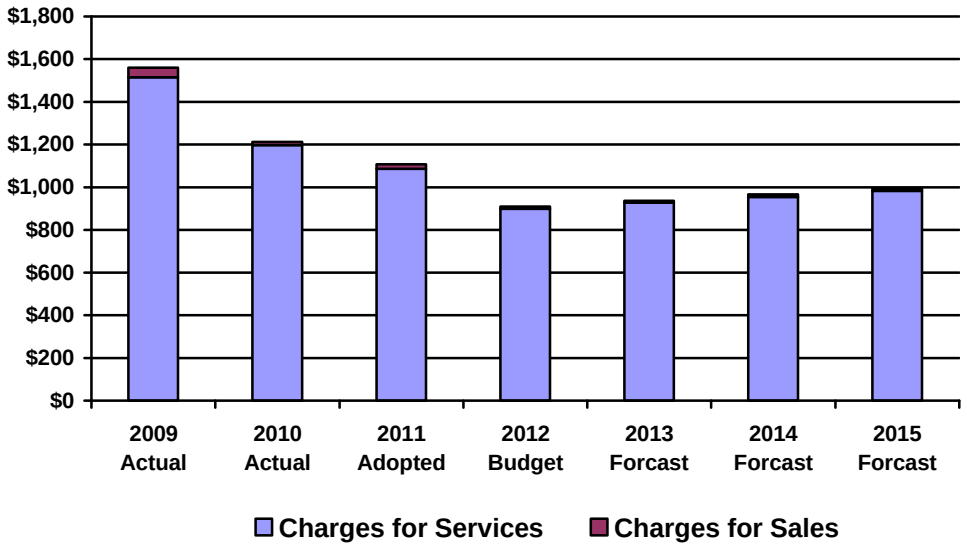
Public Works Stores Fund

Background
The Public Works Stores Fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items and the purchase of special goods and services through Central Stores and Public Works Traffic stores. In April 2011, Central Stores was transitioned from the Public Works department to become a cost center within the Department of Finance. Central Stores remains an internal service division and transactions are recorded to the Public Works Stores Fund.

Historical Financial Information
Public Works operated Central Stores beginning January 1965. At that time, the stockrooms of property services, bridge maintenance, paving construction, and sewer construction and maintenance were combined to establish a central stores operation. In 1980, Central Stores began purchasing the City's office supplies and non-specialty items. Public Works Traffic Stores purchases components for traffic signals, controllers, and street lights.

A revised overhead structure implemented in 1998, resulted in positive net income for years 2000 through 2007. For year ending 2009, PW Stores recorded net income of $318,000. The net income for 2010 is $20,000.

Public Works Stores Revenue
(in thousands of dollars)

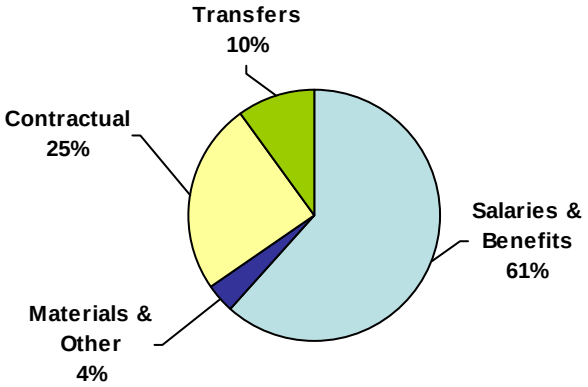


2012 Budget

Revenues
Revenues for 2012 are budgeted at $910,000, a decrease of 9% from the 2011 projected revenue of $1 million. Revenues for 2012 are not expected to be sufficient to cover expenses of the fund. This deficit is partially due to the large increase in the payment for Minneapolis Employees Retirement Fund (MERF) debt service in 2012. In addition, the fund has experienced a decline in revenue earned from processing orders for goods for City departments. The majority of orders for goods that are not inventoried are processed by the Finance Department.

Expense
The 2012 expense budget of $1.2 million is an 11.1% increase from the 2011 projected expense of $1.1 million. The primary reason is the debt payment related to MERF which increased from $51,000 in 2011 to $117,000 in 2012.

Public Works Stores Funds
Use of Funds
($1.2 million)



Transfers
The 2012 budget includes a transfer out of $117,000 for debt service related to the MERF unfunded pension liability. The City will retire bonds related to this debt service in 2012 resulting in substantial savings to the City and creating a large increase in this debt payment for the proprietary funds. The Public Works Stores Fund will use fund balance as the revenue source for this payment.

Debt Service
This fund does not have long-term debt.

Net Assets and Cash Balance
The year-end net asset balance for 2010 is $3.2 million, an increase of $21,000 from the ending net asset balance of $3.2 million in 2009. The fund has experienced a negative cash balance since year-end 2006 when the balance was a deficit of $0.9 million. In 2009, the deficit increased to $1.6 million and in 2010, the cash balance improved to a deficit of $826,000.

Mayor's Recommended Budget
The Mayor recommended no changes to this fund.

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PW Stores Fund - 06300*

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Changes for Services	1,510	1,196	1,087	1,000	900	-10.0%	927	955	983
Charges for Sales	45	15	20	20	10	-50.0%	10	11	11
Misc Revenues	5	1	-	-	-	0.0%	-	-	-
Total	1,560	1,211	1,107	1,000	910	-9.0%	937	965	994
Use of Funds:									
Salaries and Fringes	811	730	675	690	723	4.8%	745	767	791
Contractual Services	342	376	302	302	293	-2.9%	302	311	320
Materials and Other	55	52	41	15	42	177.6%	43	44	46
Transfers	34	33	51	51	117	129.4%	-	-	-
Total	1,242	1,191	1,069	1,058	1,175	11.1%	1,090	1,122	1,156
Change in Net Assets	318	20	38	(58)	(265)		(152)	(157)	(162)
Net Assets	3,203	3,223	3,261	3,165	2,901		2,748	2,591	2,430
Cash Balance	(1,566)	(826)	(788)	(884)	(1,148)		(1,301)	(1,458)	(1,619)

* This fund includes Cental Stores (Department of Finance) and Public Works Traffic Stores.