



City of Minneapolis  
Financial Status Report as of 3rd Quarter 2010  
Prepared by the  
City of Minneapolis Finance Department  
November 15, 2010

# City of Minneapolis

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## THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through September 30, 2010.

*This interim financial report has been prepared by the Minneapolis Finance Department. Financial information contained in this report is preliminary and has not been audited, nor is the information contained in this report a complete presentation of all financial activity within the City.*

## 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 2010 with a fund balance of \$68.3 million and an operating budget of \$333 million. Since the beginning of the year, the City Council has taken major steps to reflect State-level decisions and deal with ongoing financial challenges:

1. Fund Balance spending of \$11.7 million for one-time purposes;
2. A \$9.3 million permanent reduction to Local Government Aid (LGA) and Market Value Homestead Credit (MVHC) revenue.

Through third quarter of this year, the fund has spent 72% of its operating budget. Preliminary year-end results indicate the fund balance will be \$55.8 million, very close to the City's stated reserve policy. Currently, the Civil Rights department is projected to exceed its budget by a relatively small amount; all other departments are projected to spend within budget. In regard to revenue, Fines and Forfeits are projected to fall short of budget by \$700,000. All other revenue categories are projected to end the year very close to budget.

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

The Convention Center is projected to experience a loss of \$7.5 million which is \$.9 million more than budgeted. The primary reason is that operating and sales tax revenues are expected to fall short of budget by \$4.3 million. The department is doing its best to mitigate the loss of revenue by under-spending budget by almost \$4 million.

**Other Special Revenue Funds** are used to record grant related activities. Fund 01300 represents all of the federal grant activity. Fund 01400 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 01600 is used to record all of the non-federal sources of restricted revenue.

The CPED Special Revenue Funds, primarily the Preliminary Planning Fund and their Operating Fund are carrying negative cash and net assets. These deficits are being addressed by CPED and the Finance Department this year and in subsequent budget processes.

**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. A snapshot of these funds follows:

<b>Enterprise Funds</b>						
<b>(In Thousands)</b>						
<b>2010 Budget to Actual through 9-30-10 (Incl. Depreciation)</b>						
<b>Fund</b>	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual To Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual To Budget</b>
Sanitary Sewer	45,507	35,890	79%	45,384	32,280	71%
Stormwater	34,345	27,388	80%	31,466	21,815	69%
Solid Waste	29,178	23,312	80%	35,203	22,507	64%
Water Utility	65,828	49,332	75%	59,697	44,320	74%
Parking	69,055	56,166	81%	66,253	51,931	78%

**Sewer Utility Funds** account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary; both funds are performing well in 2010 and are on track to meet or exceed their net income requirements. Additionally, their cash balances are within the reserve requirement.

**Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. This fund is projected to exceed its net income target. Its cash balance is in excess of the reserve requirement.

**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 projected to fall short of its net income requirements but is expected to begin restoring its cash balance to a positive level.

**Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on street parking meters, and a municipal impound lot. Through the third quarter, the fund is performing well and is projected to meet its net income targets at year-end. Its cash balance is currently in excess of the stated requirement. This fund will be watched closely by Public Works and Finance as cash flow remains a concern because of large debt service obligations.

**CPED** operates five Enterprise Funds:

- *Housing Development* accounts for various home ownership and home improvement programs. This fund has positive cash and net assets.
- *General Agency Reserve* accounts for a program in which revenue bonds are issued to finance economic development. The debt service is financed by lease or loan agreements from developers. This fund has positive cash and net assets.
- *Theatres fund* accounted for the operations of the State, Orpheum and Pantages. The City no longer operates these theatres but has a residual fund balance and cash deficit of \$2 million.
- *River Terminal* fund accounts for the operation of the public terminal facility located on the Mississippi River; the fund is projected to lose money this year and has a small cash deficit.
- *Economic Development Program* accounts for the Capital Investment Fund Program with the Federal Home Loan Bank, which provides loans to businesses for economic development and the creation of jobs, as well as for certain defaulted properties. This program has positive cash but a small net asset deficit.

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

<b>Internal Service Funds (In Thousands)</b>						
<b>2010 Budget to Actual through 9-30-10 (Incl. Depreciation)</b>						
<b>Fund</b>	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual to Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual to Budget</b>
Engineering, Mat, and Testing	1,460	1,188	81%	1,470	977	66%
Fleet Services	47,088	32,382	69%	43,799	30,318	69%
Property Services	21,778	15,469	71%	22,317	15,846	71%
Public Works Stores	1,153	649	56%	1,181	871	74%
Intergovernmental Fund	46,513	34,045	73%	47,675	35,756	75%
Self Insurance	41,000	30,857	75%	29,765	19,620	66%

The **Intergovernmental Service Fund** is projected to end the year with a net loss that is consistent with their financial plan; however, they are projected to overspend their operating budget by \$.8 million this year. The main causes are the unfunded wireless obligation and enterprise software maintenance contracts whose year-to-year increases exceed budgetary growth. The reason why the fund is able to offset the overspending is because of timing differences related to the expenses and revenues for the Project Management Division. The BIS and Finance departments have begun to develop short and long-term strategies to address this problem.

The **Fleet Services Fund** is projected to meet its net income target for the year.

The **Self-Insurance Fund** is projected to end the year with net income \$3.8 million better than expected. The primary reason is that Tort Claims payouts are lower-than-expected so far. This is a volatile area however so it is difficult to make accurate, reliable year-end projections.

The **Property Services Fund** is projected to end the year with a small net loss which is very close to what is budgeted for the year. It has positive Net Assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by the mismatch between construction of capital assets which occurs in the Capital Projects fund and the depreciation expense from those assets which occurs in this fund. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** is on track to meet its financial targets for the year.

**Respectfully Submitted,**

Patrick P. Born  
Finance Officer

Charles J. Elliott  
Controller

## Appendix

### Detailed Fund Information

## General Fund

### **Fund Description**

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

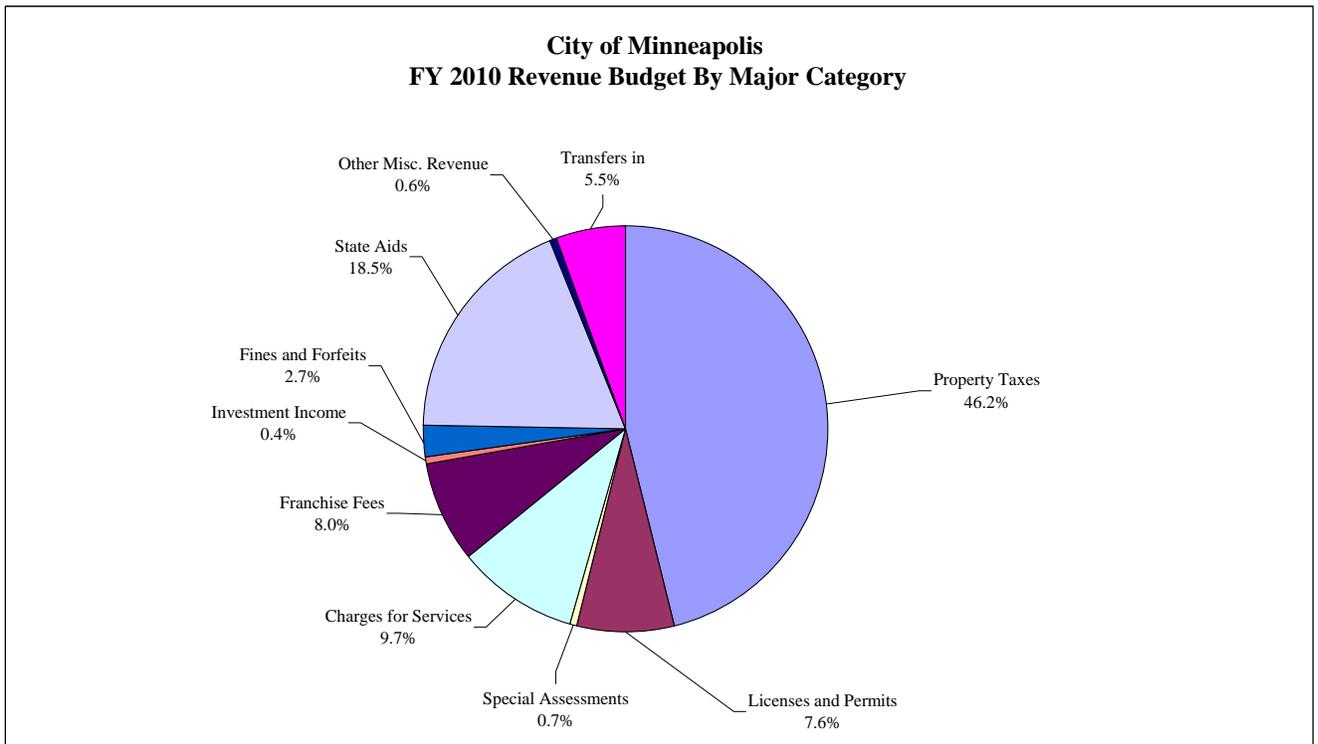
### **Financial Performance**

The fund balance for the General Fund at fiscal year-end 2009 was \$ 68.3 million. Based on current revenue and expenditure results, we are expecting the fund balance at year-end to be \$ 55.8 million. The City's policy is to maintain a fund balance equal to at least 15% of the following year's revenue estimate.

### Preliminary 2010 Fund Balance

Fund Balance January 1, 2010	\$ 68.3 million
Re-appropriation of Fund Balance	(11.7) million
2010 Projected Decrease in Fund Balance	<u>(0.8) million</u>
Fund Balance, December 31, 2010	<u>\$ 55.8 million</u>

### General Fund Revenues:



The six largest revenue sources account for 95.5% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, licenses and permits, and transfers in.

Property taxes, the major source of General Fund revenue are received from Hennepin County in July and December, and it appears they will meet the revenue estimate by year-end.

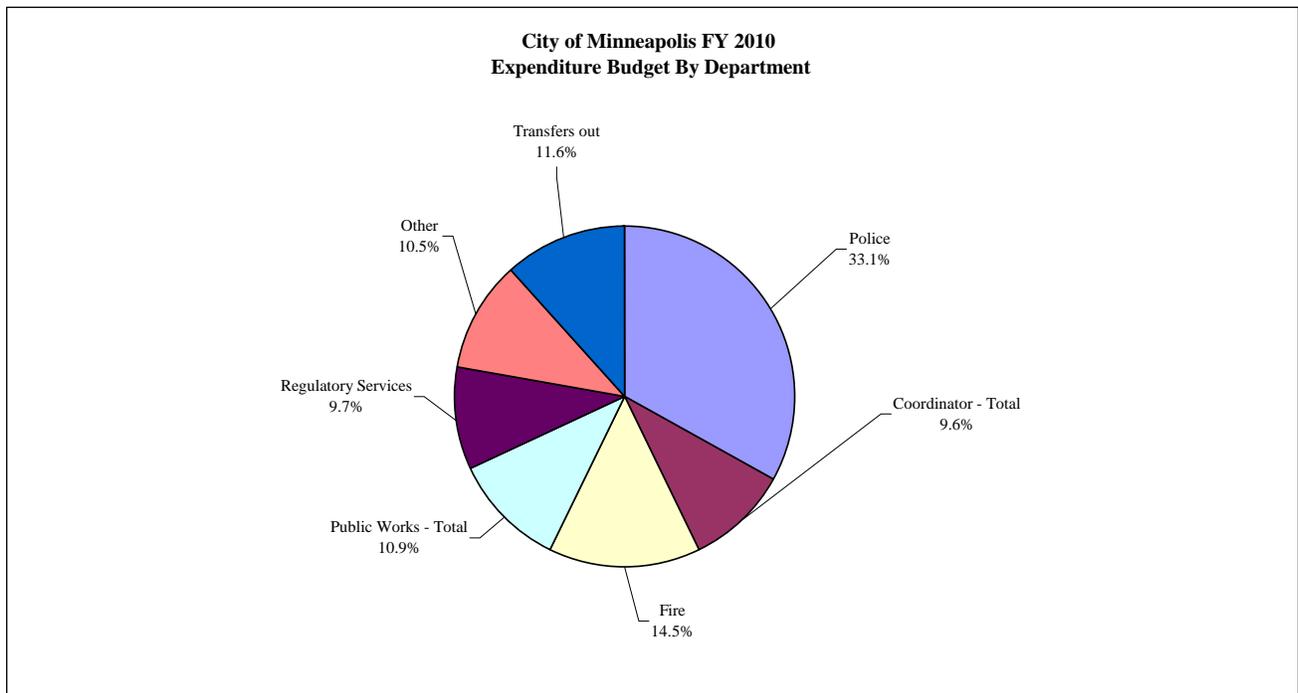
State aids, the second major source of fund revenue, are received in the second half of the year, and appear to be on target to the meet revenue estimate.

Charges for services, the third major source of fund revenue (9.7%), are expected to be within revenue estimates.

Franchise fees, the fourth major source of revenue (8.0%), are projected to be at the expected level due to an increase in cable fees, which could offset a continuing reduction in fees from natural gas.

License and permit fees (7.6% of fund revenue) are on track to meet budgeted amounts by year end

Fines and Forfeits collections are expected to be under budget by \$700,000, despite an increase in the number of citations written in comparison to 2009.



**General Fund Expenditures:**

Five departments make up 77.9% of the total General Fund expenditures: Police, Coordinator, Fire, Public Works, and Regulatory services. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

The Police Department is projected to meet their budget by year end.

The Fire Department is projected to meet its budget by year end.

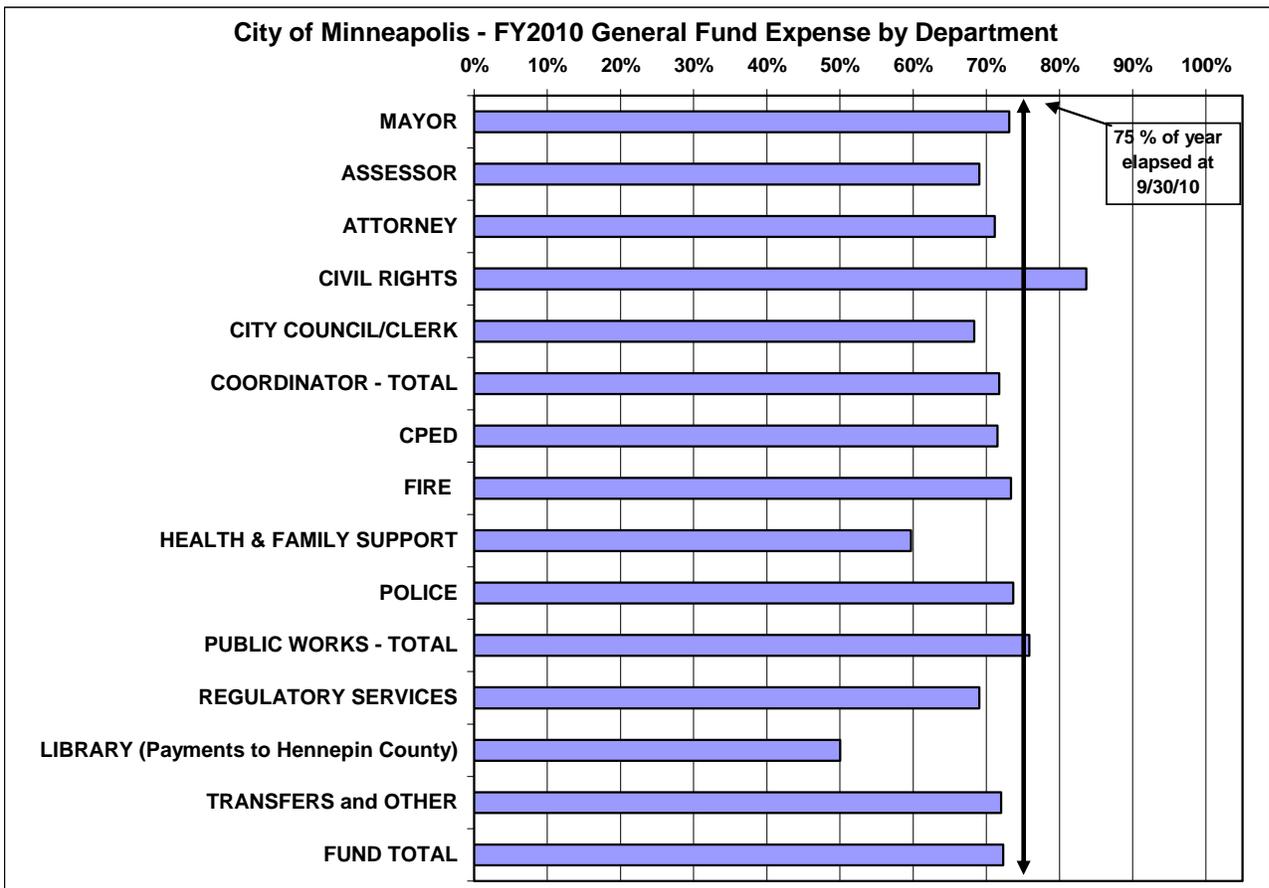
The expenditures of the City Coordinator are expected to be at or below budget by year end

The Public works department anticipates ending the year within budget, they have spent more than 75% of their budget, due to increased expense for snow plowing at the beginning of the year.

Regulatory Services will end the year at budget, any excess will be transferred to the KIVA project.

The Civil Rights department is projecting expenditures \$265,000 in excess of budget. This is due to the severance paid to the former director, unemployment expense, and continued costs of the disparity study.

Expenditures for the remaining departments are projected to be at or near the current budget.



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

**City of Minneapolis  
General Fund  
September 30, 2010**

<b>Revenues:</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>YTD Actual</b>	<b>Percent of Revised Budget Remaining</b>	<b>Projected YE Totals</b>	<b>Projected YE as Percent of Revised Budget</b>
Property Taxes	172,921,479	167,660,550	86,746,119	48%	167,660,550	100%
State Aids	70,648,608	67,255,465	32,218,585	52%	67,255,465	100%
Charges for Services	34,713,426	35,344,676	27,518,184	22%	35,344,676	100%
Franchise Fees	29,110,000	29,110,000	21,724,800	25%	29,110,000	100%
Licenses and Permits	28,902,083	27,558,853	20,464,601	26%	27,558,853	100%
Fines and Forfeits	9,829,727	9,829,727	6,148,798	37%	9,129,727	93%
Special Assessments	2,544,804	2,484,804	1,354,626	45%	2,484,804	100%
Investment Income	1,500,000	1,500,000	1,093,720	27%	1,500,000	100%
Other Shared Taxes	733,318	733,318	703,031	4%	733,318	100%
Other Miscellaneous	923,587	986,296	282,414	71%	986,296	100%
Contributions	450,000	450,000	376,564	16%	450,000	100%
<b>Total Revenues</b>	<b>352,277,032</b>	<b>342,913,689</b>	<b>198,631,442</b>	<b>42%</b>	<b>342,213,689</b>	<b>100%</b>
Transfers In	19,926,000	19,926,000	14,944,500	25%	19,926,000	100%
<b>Revenues and Other Sources</b>	<b>372,203,032</b>	<b>362,839,689</b>	<b>213,575,942</b>	<b>41%</b>	<b>362,139,689</b>	<b>100%</b>
<b>Expenditures :</b>						
Police	123,619,444	123,869,444	91,266,486	26%	123,869,444	100%
Fire	54,470,511	54,352,544	39,870,139	27%	54,352,544	100%
Coordinator - Total	42,431,233	35,923,890	25,780,875	28%	35,923,890	100%
Public Works - Total	39,904,527	40,904,527	31,025,682	24%	40,904,527	100%
Regulatory Services	29,671,269	36,484,539	25,189,957	31%	36,484,539	100%
Attorney	7,730,942	7,818,476	5,561,583	29%	7,818,476	100%
City Council & City Clerk	7,609,100	7,594,025	5,190,151	32%	7,594,025	100%
Culture and Recreation -Library	6,721,000	6,721,000	3,362,661	50%	6,721,000	100%
Contingency	6,573,980	2,573,980	556,173	78%	2,573,980	100%
Assessor	3,985,805	4,146,272	2,861,434	31%	4,146,272	100%
CPED	3,548,848	3,534,848	2,528,103	28%	3,534,848	100%
Health & Family Support	3,389,367	3,320,367	1,982,293	40%	3,320,367	100%
Civil Rights	2,029,235	2,034,546	1,701,818	16%	2,299,546	113%
Mayor	1,482,366	1,536,806	1,124,089	27%	1,536,806	100%
<b>Total Expenditures</b>	<b>333,167,627</b>	<b>330,815,264</b>	<b>238,001,444</b>	<b>28%</b>	<b>331,080,264</b>	<b>100%</b>
Transfers Out	39,737,631	43,567,631	32,675,723	25%	43,567,631	100%
<b>Expenditures and Other Uses</b>	<b>372,905,258</b>	<b>374,382,895</b>	<b>270,677,167</b>	<b>28%</b>	<b>374,647,895</b>	<b>100%</b>
<b>Change in Fund Balance</b>					<b>(12,508,206)</b>	
<b>Fund Balance - January 1, 2010</b>					68,266,733	
<b>Fund Balance - December 31, 2010</b>					<u><u>55,758,527</u></u>	

## Convention Center Special Revenue Fund Report

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

### Revenue

#### Tax Revenue

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 2.625% citywide lodging tax for motels and hotels with 50 units or more. With the new state tax of .375% effective July 1, 2009, the lodging tax was reduced from 3% to 2.625%. The law provides that when the general sales tax rate is combined with any other taxes on lodging within the city of Minneapolis, the total tax amount may not exceed 13%. Presently, 1% of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis.

With the exception of entertainment tax, all of the other tax revenue received by the Convention Center are used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund used to offset costs associated with citywide entertainment activities. A portion of the tax is redirected to the (Target Center) Arena Reserve Fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the (Target Center) Arena finance plan. The entertainment tax is not deposited directly into the General Fund because it is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient.

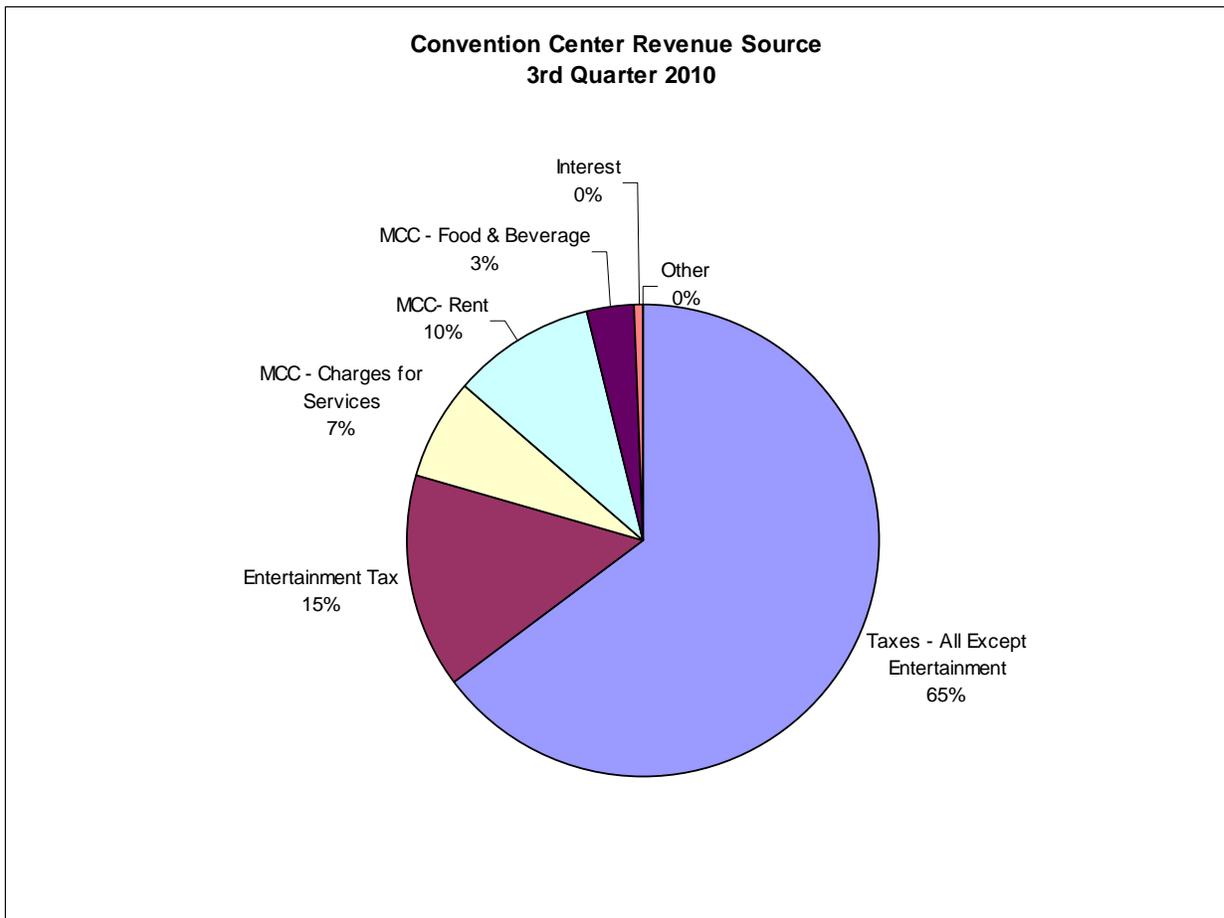
Through the 3<sup>rd</sup> quarter ending September 30, 2010 tax proceeds were above 2009 levels by 3% for the same period. The Twins Ballpark opened in 2010, which generated additional entertainment tax revenue. Tax revenue is received into the month it is received from the State of Minnesota and is variable from month to month. Tax revenue is consumer driven and based on consumer spending habits.

Tax	September 2009	September 2010	Variance	% Change
Sales	21,597,046	21,030,989	-566,057	-2.6%
Entertainment	5,971,425	7,624,848	1,653,423	27.7%
Food	6,290,520	6,533,793	243,273	3.9%
Liquor	2,485,694	2,827,695	342,001	13.8%
Lodging	3,658,491	3,227,501	-430,990	-11.8%
<b>Total</b>	<b>\$40,003,176</b>	<b>\$41,244,826</b>	<b>1,241,650</b>	<b>3.1%</b>

#### Operating Revenue

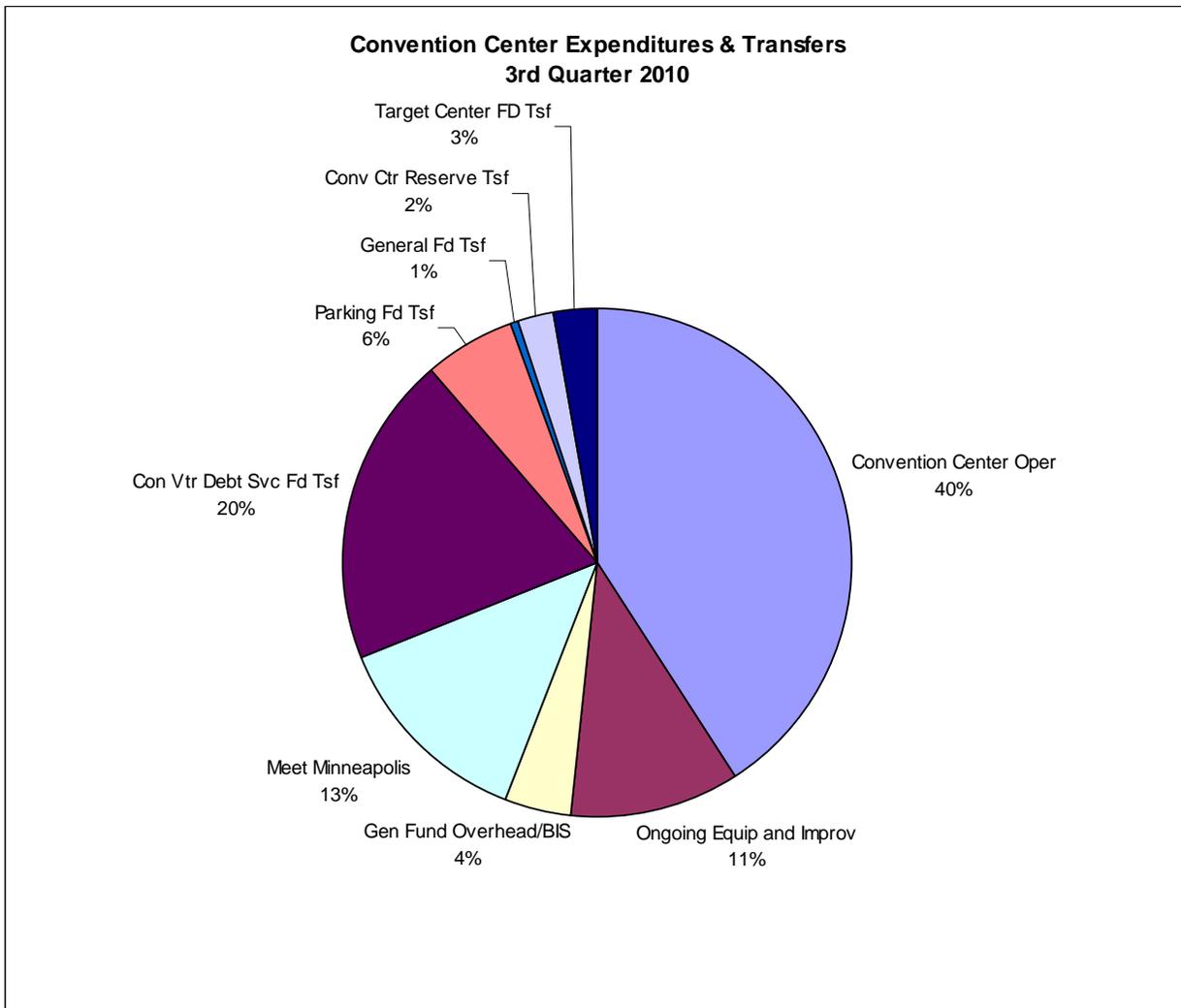
Through the 3<sup>rd</sup> quarter of 2010, operating revenue has achieved 71% of the 2010 budget, but is expected to finish the year approximately \$2 million below budget. The optimism brought by a solid second quarter reversed itself in the third quarter with five year revenue lows in rent, food and beverage, labor, and equipment rental categories. The most damaging month was September where total monthly revenue fell 40% compared to September of 2009 and 67% compared to September of 2008. This poor revenue performance has placed the Convention Center behind the 2009 revenue pace. Looking forward to the fourth quarter of 2010, October should be a strong revenue producing month and November should return a historically average revenue return, but due to an unforeseen large construction project much of the building will be closed in December. Short term options for revenue generation will not be available due to the building closure. As the Convention Center prepares for 2011, Convention Center Management will begin some

systematic changes to operations to better support revenue generation and drive more business to the Convention Center through sales and marketing efforts led by Meet Minneapolis.



### **Operating Expenditures**

Through the 3rd quarter of 2010, Convention Center operating expenses not including ongoing equipment and improvement, BIS, and General Fund Overhead were at \$16.3 million or 60% of budget. Overall, operating expenses are expected to remain consistent with 2009 expenses even as the Convention Center deals with increasing capital improvements. The Convention Center's smaller event load in the fourth quarter will enable the Convention Center to complete large, unplanned projects to the roof. Expenditures are expected to be \$3.9 million below budget. Energy efficiency practices put in place in 2009 will be continued. Personnel expenses should be reduced, and the Convention Center will see the financial benefits of layoffs and restructuring that happened in late 4<sup>th</sup> quarter of 2009. Efficiencies from the restructuring in 2009 should help lessen labor costs. Two vacant executive positions have been filled.



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2010, transfers are budgeted for the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and debt service. Budgeted 2010 transfers include \$1.5 million to the Target Center, \$10.5 million to the General Fund, a \$150,000 net transfer to the Convention Center Facility Reserve Fund, \$20.2 million to debt service, and \$8.9 million to parking.

**Meet Minneapolis**

In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project in 2005. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. The City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of \$10 million. The loan draws were capped in May 2007. The consolidated loan has a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, and profit from the iDSS. The total of the loan is nearly \$9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments began on 12/31/08. Interest and principal payments coincide with Meet Minneapolis’s quarterly Sales and Marketing payments from the City. Meet Minneapolis’s quarterly Sales and Marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The principal is

accounted for on the balance sheet as a loan receivable while the interest received is classified as revenues of the period in which it is due.

**Fund Balance**

Based on current revenue and expenditure trends, the 2010 fund balance is expected to be about \$40.9 million, which is approximately \$888,000 under the 2010 budget.

**CONVENTION CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending September 30, 2010**

**CITY OF MINNEAPOLIS, MINNESOTA**

	2010				
	Budget	Actual	Percent of Total	Year End Projection	2009 Actual
<b>REVENUE</b>					
Operating Revenue:					
Charges for Services and Sales	5,585,000	3,590,223	64%	4,500,000	4,583,253
Rents and Commissions	6,432,411	5,082,305	79%	6,200,000	6,410,144
Catering Commissions	2,750,000	1,756,815	64%	2,100,000	2,367,179
<b>Total Operating Revenue</b>	<b>14,767,411</b>	<b>10,429,343</b>	<b>71%</b>	<b>12,800,000</b>	<b>13,360,576</b>
Tax Revenue:					
Sales and Use Tax	30,237,500	21,030,989	70%	27,924,331	26,469,720
Entertainment Tax	11,752,620	7,624,848	65%	11,817,767	9,071,654
Food Tax	10,300,000	6,533,793	63%	10,218,630	9,886,796
Liquor Tax	3,965,500	2,827,695	71%	4,322,792	3,769,455
Lodging Tax	6,180,000	3,227,501	52%	5,544,078	5,670,601
<b>Total Tax Revenue</b>	<b>62,435,620</b>	<b>41,244,826</b>	<b>66%</b>	<b>59,827,598</b>	<b>54,868,226</b>
Other Non Operating Revenue:					
Investment Management Services Interest	730,000	242,370	33%	337,370	400,675
Investment Income	20,000	-	0%	-	-
Meet Minneapolis Private Donations	-	-	0%	-	75,000
Meet Minneapolis (iDSS) Loan Interest	402,611	304,158	76%	402,611	435,261
Revenue from Trusts	-	-	0%	-	159,573
Damage Claims	-	282,028	0%	-	-
Other	20,000	14,471	72%	20,000	31,804
<b>Total Other Non Operating Revenue</b>	<b>1,172,611</b>	<b>843,027</b>	<b>72%</b>	<b>759,981</b>	<b>1,102,313</b>
<b>Total Non Operating Revenue</b>	<b>63,608,231</b>	<b>42,087,853</b>	<b>66%</b>	<b>60,587,579</b>	<b>55,970,539</b>
<b>Total Revenue</b>	<b>78,375,642</b>	<b>52,517,196</b>	<b>67%</b>	<b>73,387,579</b>	<b>69,331,115</b>
<b>EXPENDITURES</b>					
Convention Center Operations	27,015,301	16,306,217	60%	23,100,000	22,476,668
Ongoing Equipment and Improvement	7,166,577	4,332,607	60%	7,166,577	2,449,811
General Fund Overhead/BIS Operating	2,240,319	1,680,239	75%	2,240,319	2,140,000
Meet Minneapolis	7,300,000	5,150,675	71%	7,300,000	7,507,236
<b>Total Expenditures</b>	<b>43,722,197</b>	<b>27,469,738</b>	<b>63%</b>	<b>39,806,896</b>	<b>34,573,715</b>
Excess of Revenues Over (Under) Expenditures	34,653,445	25,047,458	72%	33,580,683	34,757,400
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Transfer	(10,503,000)	(250,000)	2%	(10,717,767)	(8,033,963)
Arena Reserve Fund Transfer	(1,500,000)	(1,125,000)	75%	(1,100,000)	(1,037,691)
Facility Reserve Fund Transfer	1,000,000	750,000	75%	1,000,000	1,000,000
Convention Center Reserve Fund Transfer	(1,150,000)	(862,500)	75%	(1,150,000)	(1,150,000)
Convention Ctr Debt Service Transfer	(20,151,000)	(7,838,321)	39%	(20,151,000)	(15,174,216)
Other Debt Service Transfer	(73,000)	-	0%	(73,000)	(75,000)
Municipal Parking Enterprise Fund Transfer	(8,886,000)	(2,330,629)	26%	(8,886,000)	(9,969,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(41,263,000)</b>	<b>(11,656,450)</b>	<b>28%</b>	<b>(41,077,767)</b>	<b>(34,439,870)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,609,555)	13,391,008		(7,497,084)	317,530
Fund Balance - January 1	48,624,358	48,624,358		48,624,358	48,306,828
<b>Ending Fund Balance</b>	<b>42,014,803</b>	<b>62,015,366</b>		<b>41,127,274</b>	<b>48,624,358</b>
<b>Ending Cash Balance</b>		<b>40,890,069</b>		<b>NA</b>	<b>27,776,550</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending September 30, 2010**

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

Since the City records its financial information on a modified accrual basis the timing of cash receipts can result in grant funds reflecting a deficit cash balance.

**Federal Grants Fund (01300)**

The City accounts for its federal grant activity in fund 01300. As of September 30, expenditures were \$29,667,629 as compared to the same period last year expenditures of \$13,533,707. There are significant increases in spending in Police, Regulatory Services, and Community Planning and Economic Development as compared to the same period last year due in part to recovery grant expenditures.

Empowerment Zone program loans receivable totaled \$4,765,423 on September 30, 2010 compared to \$4,885,265 in 2009. These amounts are offset by a corresponding amount of deferred revenue. The loans and related deferred revenue are adjusted annually as part of the year end reporting.

***American Recovery and Reinvestment Act (ARRA)***

On February 17, 2009, the President signed the American Recovery and Reinvestment Act into law. To date, the City has applied for \$142.9 million. The City has received recovery funding from the Departments of Labor, Health and Human Services, Housing and Urban Development, Energy, Justice, and Transportation totaling approximately \$63.4 million to be used for employment and training, prenatal services, community development, homelessness prevention and housing, public safety, energy, and environment projects. Through September 30, \$19,960,772 has been expended including 2009 expenditures. The majority of the activity will be recorded in fund 01300, however some related to the HUD Consolidated Plan will be recorded in fund 01400. The amounts above include a \$10 million grant from the Federal Highway Administration for refurbishing the Camden Bridge that was accounted for in fund 04100. The bridge was closed for the restoration but reopened to traffic on August 21, 2010 and is scheduled to be completed in 2011.

**CDBG Fund (01400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. HUD grant expenditures as of September 30, 2010 were \$21,339,602 as compared to \$11,953,387 for 2009. In 2009 there were three amendments to an existing 2008 HUD Consolidated Plan. The first amendment awarded \$5.6 million of Neighborhood Stabilization Program (NSP) funds to address the effects of abandoned and foreclosed homes in our communities. The second amendment added \$5,520,902 of ARRA funding for the Homelessness Prevention and Rapid Re-Housing Program. The final amendment was for \$3.6 million of CDBG Recovery funds that was awarded to nine capital projects including \$2 million to the Shubert Theater. The increase in expenditures is primarily attributable to these new programs.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive additional CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. In 2008 in accordance with the reprogramming policy an additional approximate \$950,000 was reprogrammed resulting in a new deficit balance of \$5,171,444. Additional reprogramming in 2010 has brought the amount deficit balance to \$5,040,135.

**Grants Other Fund (01600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were year to date expenditures of \$15,501,457 and \$13,011,942 on September 30, 2010 and 2009, respectively. The year to date revenue in the fund as of September 30, 2010 and 2009 is \$20,638,843 and \$17,522,123, respectively. This increase is primarily due to new local grants in Health and Family Support, Community Planning and Economic Development, and Revolving Fund revenues.

***Regulatory Services Revolving Fund***

In 2008, Regulatory Services established a revolving fund and began accounting for the activities in fund 01600. Thus far in 2010, the following non-grant revenue has been recognized in fund 01600:

Special Assessments	\$3,413,949
Parking Lot License	\$ 91,249
Fees	\$ 562,291
False Burglar Alarm Fees	\$ 359,260
Re Inspection Fees	\$ 40,550
Truth-in-Housing Fees	\$ 121,700
Water Shut Off	\$ 65,450
Forfeited Deposits	\$ 111,039
Penalties	\$ 110,772
Citations	<u>\$ 55,800</u>
	<u>\$4,932,060</u>

The excess revenue over expenditures for this program from inception in 2008 is approximately \$8,736,933 as of September 30, 2010.

**Capital Grants**

In addition to the grants that are recorded in the funds reflected above, the City's Department of Public Works receives various grants through the Minnesota Department of Transportation, Metropolitan Council, and Housing and Urban Development. These grants are generally recorded in the Capital Projects fund, 04100.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending September 30, 2010**

	<b>Federal Grants 01300</b>	<b>HUD Grants 01400&amp;01500</b>	<b>Grants Other 01600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ (6,029,056)	\$ (5,405,827)	\$ 14,094,399	\$ 2,659,516
Accounts - net	546,784	16,951		563,735
Special Assessments Receivable				-
Intergovernmental Receivables	1,282		(2,862)	(1,580)
Loans receivable-net	4,765,423		-	4,765,423
Deposits with Fiscal Agents			341,716	341,716
Properties held for resale	304,291	6,049,846	1,147,000	7,501,137
<b>Total Assets</b>	<u>\$ (411,276)</u>	<u>\$ 660,970</u>	<u>\$ 15,580,253</u>	<u>\$ 15,829,947</u>
<b>Liabilities</b>				
Salaries payable	\$ 150,290	\$ 133,450	\$ 248,126	\$ 531,866
Accounts payable	236,958	204,905	165,223	607,086
Use Taxes Payable	13,128	776		13,904
Inter Governmental Payables			28,279	28,279
Deposits held for others			700	700
Deferred revenue & Contracts	4,771,302		1,414,000	6,185,302
Deferred Special Assessments	-	-		0
<b>Total Liabilities</b>	<u>\$ 5,171,678</u>	<u>\$ 339,131</u>	<u>\$ 1,856,328</u>	<u>\$ 7,367,137</u>
<b>Fund Balance</b>	<u>\$ (5,582,954)</u>	<u>\$ 321,839</u>	<u>\$ 13,723,925</u>	<u>\$ 8,462,810</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ (411,276)</u>	<u>\$ 660,970</u>	<u>\$ 15,580,253</u>	<u>\$ 15,829,947</u>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$ 64,190	\$ 64,190
Grants and Shared Revenues	\$ 23,764,912	\$ 15,169,086	14,705,991	53,639,989
Special Assessments		49,342	3,413,949	3,463,291
Private Contributions			545,770	545,770
Charges for Services			374,135	374,135
Parking Lot License			91,249	
Fees & Permits			562,291	562,291
False Burglar Alarm Fees			359,260	
Penalties			110,772	110,772
Citations			55,800	55,800
Reinspection Fees			40,550	40,550
Truth-in-Housing Fees			121,700	121,700
Water Shut Off Inspection			65,450	65,450
Forfeited deposits			111,039	111,039
Interest	2,599	36,639		39,238
Rent & Commissions		2,669		2,669
Loan Recapture	12,875	167,911		180,786
Sale of Equipment				0
Lands & Buildings		185,948		185,948
Miscellaneous Revenue			16,885	16,885
Transfer within Special Revenue Fund	-		(188)	(188)
<b>Total Revenue</b>	<u>\$ 23,780,386</u>	<u>\$ 15,611,595</u>	<u>\$ 20,638,843</u>	<u>\$ 59,580,315</u>
<b>Expenditures</b>	<u>\$ 29,667,629</u>	<u>\$ 21,339,602</u>	<u>\$ 15,501,457</u>	<u>\$ 66,508,688</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ (5,887,243)</u>	<u>\$ (5,728,007)</u>	<u>\$ 5,137,386</u>	<u>\$ (6,928,373)</u>

**CDBG Program Year 36  
Beginning June 1, 2010  
September 30, 2010**

Project Number	Agy	Project	Adopted Budget 2009R-586	Adjustment Amount	Program Income	Department Actions	Revised Budget	2010 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
140		Problem Properties Attorneys	\$ 38,000		\$ -	\$ -	\$ 38,000	\$ -	\$ -	\$ 38,000
280		Personal Protective Equipment	694,000		-	-	694,000	85,659	85,659	608,341
400		Problem Properties Police	53,000		-	-	53,000	-	-	53,000
835		Lead Reduction	125,000		-	-	125,000	-	-	125,000
835		Problem Properties Board Bldg	348,000		-	-	348,000	-	-	348,000
890		Adult Training, Placement and Retention	982,000		-	-	982,000	111,501	111,501	870,499
890		High density corridor housing	730,000		-	-	730,000	-	-	730,000
890		NonProfit MF Rental Development Assist	166,000		-	-	166,000	-	-	166,000
890		Homeownership Program (GMMHC)	334,000		-	-	334,000	170,148	170,148	163,852
890		Multi-Family/Affordable Housing	3,703,000	308,189	-	-	4,011,189	98,244	98,244	3,912,945
890		NEDF/CEDF	1,500,000		-	-	1,500,000	452	452	1,499,548
890		Vacant & Boarded Housing	782,000		-	-	782,000	180,222	180,222	601,778
		Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ -	\$ -	\$ 9,763,189	\$ 646,226	\$ 646,226	\$ 9,116,963
<b>Public Service Grants:</b>										
140		Restorative Justice Programs	\$ 20,000		\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
400		Community Crime Prevention Specialists	880,000	54,386	-	-	934,386	299,330	299,330	635,056
845		Access & Outreach (Multicultural Affairs)	121,000		-	-	121,000	-	-	121,000
860		Living at Home Block Nurse Program	49,000		-	-	49,000	1,844	1,844	47,156
860		Catholic Charities	49,000		-	-	49,000	-	-	49,000
860		Centro Cultural Chicano Inc	33,000		-	14,000	47,000	-	-	47,000
860		Curfew/Truancy Center	100,000		-	-	100,000	73,920	73,920	26,080
860		Greater Minneapolis Council of Churches	26,000		-	(25,000)	1,000	-	-	1,000
860		Lao Assistance Center of MN	49,000		-	-	49,000	-	-	49,000
860		Minnesota International Health Voluntee	49,000		-	-	49,000	-	-	49,000
860		MPS Teenage Parenting & Pregnancy Pr	49,000		-	4,000	53,000	-	-	53,000
860		Minneapolis Urban League	49,000		-	7,000	56,000	-	-	56,000
860		Southside Community Health Ser	47,000		-	-	47,000	-	-	47,000
860		Way to Grow	262,000		-	-	262,000	43,901	43,901	218,099
890		Youth Employment & Training	328,000		-	-	328,000	134,892	134,892	193,108
		Subtotal Public Service Grants	\$ 2,111,000	\$ 54,386	\$ -	\$ -	\$ 2,165,386	\$ 553,887	\$ 553,887	\$ 1,611,499
<b>Administrative Grants:</b>										
123		YCB Administration	\$ 66,000		\$ -	\$ -	\$ 66,000	\$ -	\$ -	\$ 66,000
300		Civil Rights Dept Fair Housing	365,000		-	-	365,000	-	-	365,000
820		Finance Administration	196,000		-	-	196,000	-	-	196,000
841		MPH Citizen Participation	68,000		-	-	68,000	-	-	68,000
841		Grants & Special Projects	190,000		-	-	190,000	-	-	190,000
841		Housing Discrimination Law Project-Lega	54,000		-	-	54,000	4,500	4,500	49,500
845		Homeless Initiative	77,000		-	-	77,000	-	-	77,000
860		Grant Administration	68,000		-	-	68,000	7,034	7,034	60,966
860		Neighborhood Services	72,000		-	-	72,000	792	792	71,208
860		Way to Grow Administration	26,000		-	-	26,000	4,332	4,332	21,668
860		YCB Youth Violence Prevention	121,000		-	-	121,000	21,206	21,206	99,794
890		Citizen Participation	233,000		-	-	233,000	1,424	1,424	231,576
890		Legal Aid Society	34,000		-	-	34,000	-	-	34,000
890		Planning - Administration	941,000		-	-	941,000	401,541	401,541	539,459
		Subtotal Administrative Grants	\$ 2,511,000	\$ -	\$ -	\$ -	\$ 2,511,000	\$ 440,829	\$ 440,829	\$ 2,070,171
123		Block E Deficit Reduction	-		-	-	-	-	-	-
		<b>GRAND TOTAL</b>	\$ 14,077,000	\$ 362,575	\$ -	\$ -	\$ 14,439,575	\$ 1,640,942	\$ 1,640,942	\$ 12,798,633

**CDBG Program Year 35  
Beginning June 1, 2009  
September 30, 2010**

Project Number	Agy	Project	Budget	Program Income	Department Actions	Revised Budget	2010 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>									
123		General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ -	\$ 219,000	\$ -	\$ -	\$ 219,000
140		Problem Properties Attorneys	38,000	-	-	38,000	18,217	30,891	7,109
400		Problem Properties Police	53,000	-	-	53,000	-	-	53,000
835		Lead Reduction	125,000	-	-	125,000	5,385	5,385	119,615
835		Problem Properties Board Bldg	348,000	-	-	348,000	408,198	480,528	(132,528)
860		Childcare Facilities Loan/Grant	225,000	-	-	225,000	-	-	225,000
890		Adult Training, Placement and Retention	511,000	-	-	511,000	118,315	241,116	269,884
890		High density corridor housing	730,000	-	-	730,000	403,970	403,970	326,030
890		NonProfit MF Rental Development Assistance	166,000	-	-	166,000	38,000	38,000	128,000
890		Homeownership Program (GMMHC)	334,000	1,472,000	-	1,806,000	937,444	937,444	868,556
890		Multi-Family/Affordable Housing	5,715,000	2,014,000	-	7,729,000	1,850,565	1,850,565	5,878,435
890		Vacant & Boarded Housing	569,000	500,000	-	1,069,000	705,790	1,272,734	(203,734)
		Subtotal Capital Grants	<u>\$ 9,033,000</u>	<u>\$ 3,986,000</u>	<u>\$ -</u>	<u>\$ 13,019,000</u>	<u>\$ 4,485,884</u>	<u>\$ 5,260,633</u>	<u>\$ 7,758,367</u>
<b>Public Service Grants:</b>									
300		Multi Cultural & Native American Indian	\$ 121,000	\$ -	\$ -	\$ 121,000	\$ -	\$ 7,823	\$ 113,177
607		Graffiti Removal on Public Property	86,000	-	-	86,000	46,060	46,060	39,940
860		Catholic Charities	69,000	-	-	69,000	40,528	40,528	28,472
860		Centro Cultural Chicano Inc	47,000	-	-	47,000	38,845	52,158	(5,158)
860		Greater Minneapolis Council of Churches	36,000	-	(36,000)	-	(9,121)	-	-
860		Juvenile Supervision Center	100,000	-	-	100,000	69,643	100,000	-
860		Lao Family Community	69,000	-	-	69,000	39,052	46,185	22,815
860		Living at Home Block Nurse Program	69,000	-	20,000	89,000	51,961	69,000	20,000
860		Minneapolis Urban League	69,000	-	-	69,000	56,769	64,222	4,778
860		Minnesota International Health Volunteers	69,000	-	-	69,000	33,524	41,583	27,417
860		MPS Teenage Parenting & Pregnancy Program	69,000	-	16,000	85,000	71,184	71,184	13,816
860		Southside Community Health Services	66,000	-	-	66,000	47,190	47,190	18,810
860		Youth are Here Busses	51,000	-	-	51,000	-	-	51,000
860		Way to Grow	262,000	-	-	262,000	176,377	262,000	-
890		Advocacy (Housing)	82,000	-	-	82,000	15,587	81,999	1
890		Mortgage Foreclosure Prevention Program	140,000	-	-	140,000	-	137,000	3,000
890		Youth Employment & Training	458,000	-	-	458,000	326,782	458,000	-
		Subtotal Public Service Grants	<u>\$ 1,863,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,000</u>	<u>\$ 1,004,381</u>	<u>\$ 1,524,932</u>	<u>\$ 338,068</u>
<b>Administrative Grants:</b>									
123		MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ 68,000	\$ 3,000	\$ 23,261	\$ 44,739
123		YCB Administration	66,000	-	-	66,000	-	64,803	1,197
300		Civil Rights Dept Fair Housing	365,000	-	-	365,000	223,251	231,692	133,308
800		Grants & Special Projects	189,710	-	-	189,710	186,195	232,523	(42,813)
800		Homeless Initiative	77,000	-	-	77,000	-	27,177	49,823
800		Housing Discrimination Law Project-Legal Aid	54,000	-	-	54,000	22,500	54,000	-
820		Finance Administration	196,000	-	-	196,000	-	-	196,000
860		Grant Administration	68,000	-	-	68,000	55,807	67,920	80
860		Neighborhood Services	72,000	-	-	72,000	14,762	67,134	4,866
860		Way to Grow Administration	26,000	-	-	26,000	17,332	26,000	-
860		YCB Youth Violence Prevention	121,000	-	-	121,000	61,874	115,769	5,231
890		Citizen Participation	233,000	-	-	233,000	163,332	163,332	69,668
890		Legal Aid Society	34,000	-	-	34,000	-	-	34,000
890		Program Admin	62,000	-	-	62,000	-	-	62,000
890		Planning - Administration	879,000	-	-	879,000	445,745	879,000	-
		Subtotal Administrative Grants	<u>\$ 2,510,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,510,710</u>	<u>\$ 1,193,798</u>	<u>\$ 1,952,611</u>	<u>\$ 558,099</u>
123		Block E Deficit Reduction	-	-	-	-	-	-	-
		<b>GRAND TOTAL</b>	<u>\$ 13,406,710</u>	<u>\$ 3,986,000</u>	<u>\$ -</u>	<u>\$ 17,392,710</u>	<u>\$ 6,684,063</u>	<u>\$ 8,738,176</u>	<u>\$ 8,654,534</u>

**CDBG Program Year 34  
Beginning June 1, 2008  
September 30, 2010**

Project Number	Agency	Project	Budget	Reduction Amount	Program Income	Department Actions	Revised Budget	2010 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
123		General Housing Rehabilitation-MPHA	\$ 218,000		\$ -	\$ -	\$ 218,000	\$ 51,297	\$ 192,320	\$ 25,680
140		Problem Properties Attorneys	38,300		-	-	38,300	1,410	38,300	-
400		Problem Properties Police	52,700		-	-	52,700	-	-	52,700
835		Lead Reduction	125,000		-	-	125,000	(505)	114,915	10,085
835		Problem Properties Board Bldg	348,000		-	-	348,000	5,888	353,888	(5,888)
860		Childcare Facilities Loan/Grant	224,000		-	-	224,000	-	-	224,000
890		Adult Training, Placement and Retention	1,380,000		-	-	1,380,000	119,803	1,381,068	(1,068)
890		High density corridor housing	729,000		-	-	729,000	83,588	729,000	-
890		NonProfit MF Rental Development Assistance	165,000		-	-	165,000	-	-	165,000
890		Homeownership Program (GMMHC)	319,000		-	-	319,000	319,000	319,000	-
890		Industry Cluster Program (Living Wage Jobs)	65,100		-	-	65,100	21,293	65,100	-
890		Multi-Family/Affordable Housing	4,270,000		-	-	4,270,000	2,485,395	3,116,320	1,153,680
890		NEDF/CEDF	518,000		1,150,000	-	1,668,000	273,759	369,159	1,298,841
890		Vacant & Boarded Housing	569,000		-	-	569,000	-	569,000	-
		Subtotal Capital Grants	\$ 9,021,100	\$ -	\$ 1,150,000	\$ -	\$ 10,171,100	\$ 3,360,928	\$ 7,248,070	\$ 2,923,030
<b>Public Service Grants:</b>										
300		Multi Cultural & Native American Indian	\$ 119,000		\$ -	\$ -	\$ 119,000	\$ -	\$ 119,000	\$ -
607		Graffiti Removal on Public Property	86,200		-	-	86,200	26,503	86,200	-
860		Advocacy (Housing)	82,300		-	-	82,300	105	82,300	-
860		Curfew/Truancy Center	98,000		-	-	98,000	38,650	98,000	-
860		Way to Grow	261,000		-	-	261,000	1	261,000	-
860		Asian Media Access	26,800		-	-	26,800	8,774	26,800	-
860		Living at Home Block Nurse Program	64,100		-	-	64,100	-	64,100	-
860		Child Dental Services	10,500		-	-	10,500	-	10,500	-
860		Domestic Abuse Project	34,500		-	(34,500)	-	-	-	-
860		Resource Inc. Employment Action Center	44,000		-	-	44,000	-	38,000	6,000
860		Fremont Community Health Services	44,000		-	-	44,000	-	44,000	-
860		Greater Minneapolis Council of Churches	44,000		-	-	44,000	6	44,000	-
860		Lao Assistance Center of MN	48,800		-	-	48,800	-	48,800	-
860		MITZGI Communications	42,100		-	-	42,100	2	42,100	-
860		MPS Teenage Parenting & Pregnancy Program	65,100		-	-	65,100	-	65,100	-
860		Minneapolis Urban League	64,100		-	-	64,100	-	63,918	182
860		St Marys Health Clinics	18,200		-	-	18,200	-	18,200	-
860		St Stephens Human Services	44,000		-	-	44,000	-	44,000	-
860		Southside Family Nurturing Center	44,000		-	-	44,000	-	23,273	20,727
860		348TOTS	-		-	34,500	34,500	34,500	34,500	-
860		Youth are Here Busses	71,800		-	-	71,800	-	-	71,800
890		Mortgage Foreclosure Prevention Program	196,000		-	-	196,000	-	196,000	-
890		Youth Employment & Training	457,000		-	-	457,000	-	457,000	-
		Subtotal Public Service Grants	\$ 1,965,500	\$ -	\$ -	\$ -	\$ 1,965,500	\$ 108,541	\$ 1,866,791	\$ 98,709
<b>Administrative Grants:</b>										
123		MPH Citizen Participation	\$ 68,000		\$ -	\$ -	\$ 68,000	\$ 58,000	\$ 68,000	\$ -
123		YCB Administration	65,000		-	-	65,000	-	64,803	197
300		Civil Rights Dept Fair Housing	196,000		-	-	196,000	3,400	199,400	(3,400)
800		Homeless Initiative	-		-	-	-	-	-	-
800		Grants & Special Projects	235,000		-	-	235,000	862	235,862	(862)
800		Housing Discrimination Law Project-Legal Aid	54,600		-	-	54,600	-	54,600	-
820		Finance Administration	196,000		-	-	196,000	145,416	193,661	2,339
860		Grant Administration	67,972		-	-	67,972	-	67,972	-
860		Legal Aid Society	33,500		-	-	33,500	-	33,500	-
860		Neighborhood Services	71,800		-	-	71,800	-	71,800	-
860		Way to Grow Administration	25,800		-	-	25,800	-	25,800	-
860		YCB Youth Violence Prevention	120,000		-	-	120,000	-	120,000	-
890		Citizen Participation	233,000		-	-	233,000	17,076	233,000	-
890		Program Admin	62,000		-	-	62,000	(62,000)	-	62,000
890		Planning - Administration	878,000		-	-	878,000	(477)	878,000	-
		Subtotal Administrative Grants	\$ 2,306,672	\$ -	\$ -	\$ -	\$ 2,306,672	\$ 162,277	\$ 2,246,398	\$ 60,274
123		Block E Deficit Reduction	-		-	-	-	-	-	-
		GRAND TOTAL	\$ 13,293,272	\$ -	\$ 1,150,000	\$ -	\$ 14,443,272	\$ 3,631,746	\$ 11,361,259	\$ 3,082,013

**CDBG Program Year 33  
Beginning June 1, 2007  
September 30, 2010**

Project Number	Agy	Project	Budget	Reduction Amount PHAC Recom	Program Income	Council Actions	Department Reallocation	Revised Budget	2010 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>											
123		General Housing Rehabilitation-MPHA	\$ 227,700					\$ 227,700	\$ 9,118	\$ 124,605	\$ 103,095
140		Problem Properties Attorneys	38,915					38,915	-	38,915	-
280		Problem Properties Fire <sup>4</sup>	15,965			(15,965) <sup>4</sup>		-	-	-	-
400		Problem Properties Police	53,880					53,880	-	1,012	52,868
835		Problem Properties Board Bldg <sup>1,4</sup>	346,240		376,329.00 <sup>1</sup>	15,965 <sup>4</sup>		738,534	-	738,534	-
835		Lead Reduction	130,800					130,800	39,011	130,800	-
860		Childcare Facilities Loan/Grant	233,700					233,700	-	-	233,700
890		Adult Training, Placement and Retention	844,000					844,000	-	844,000	-
890		High density corridor housing	801,000					801,000	8,394	801,000	-
890		Homeownership Program (GMMHC) <sup>6</sup>	350,500				(348,426)	2,074	2,074	2,074	-
890		Industry Cluster Program (Living Wage Jobs)	71,900					71,900	-	71,900	-
890		Multi-Family/Affordable Housing	4,388,000		104,267 <sup>7</sup>			4,492,267	1,224,399	4,492,267	-
890		NEDF/CEDF	1,167,000					1,167,000	23,667	1,167,000	-
890		NonProfit MF Rental Development Assistance	180,700					180,700	4,717	108,344	72,356
890		Vacant & Boarded Housing <sup>6</sup>	625,000		470,733 <sup>7</sup>		348,426	1,444,159	83,458	1,639,984	(195,825) <sup>5</sup>
		Subtotal Capital Grants	\$ 9,475,300	\$ -	\$ 951,329	\$ -	\$ -	\$ 10,426,629	\$ 1,394,838	\$ 10,160,435	\$ 266,194
<b>Public Service Grants:</b>											
300		Multi Cultural & Native American Indian	\$ 132,800					\$ 132,800	\$ -	\$ 132,800	\$ -
607		Graffiti Removal on Public Property	91,400					91,400	-	91,400	-
860		Advocacy (Housing)	94,300	(1,700)				92,600	-	92,600	-
860		Asian Media Access	29,900	100				30,000	-	30,000	-
860		Child Dental Services	11,000					11,000	-	11,000	-
860		Curfew/Truancy Center	97,900	100				98,000	-	98,000	-
860		Domestic Abuse Project	39,900	100				40,000	-	40,000	-
860		Fremont Community Health Services	49,900	100				50,000	-	50,000	-
860		Greater Minneapolis Council of Churches	49,900	100			-	50,000	-	50,000	-
860		Lao Assistance Center of MN	54,900	100				55,000	-	55,000	-
860		Living at Home Block Nurse Program	74,900	100			-	75,000	40	75,000	-
860		MITZGI Communications	47,900	100				48,000	-	48,000	-
860		MPS Teenage Parenting & Pregnancy Program	75,900	100				76,000	-	76,000	-
860		Minneapolis Urban League	74,900	100				75,000	-	75,000	-
860		Resource Inc., Employment Action Center	49,900	100				50,000	1	50,000	-
860		St. Mary's Health Clinics/Cardondelet Life Care	21,000					21,000	-	21,000	-
860		St Stephens Human Services	49,900	100				50,000	-	50,000	-
860		Southside Family Nurturing Center	49,900	100			-	50,000	-	50,000	-
860		Way to Grow	295,600	400				296,000	-	296,000	-
890		Mortgage Foreclosure Prevention Program <sup>2,3</sup>	204,700		100,000 <sup>2</sup>	95,300 <sup>3</sup>		400,000	-	400,000	-
890		Youth Employment & Training	476,133					476,133	-	476,133	-
		Subtotal Public Service Grants	\$ 2,072,633.0	\$ -	\$ 100,000	\$ 95,300	\$ -	\$ 2,267,933	\$ 41	\$ 2,267,933	\$ -
<b>Administrative Grants:</b>											
123		MPH Citizen Participation	\$ 70,900.00					\$ 70,900	\$ 40,900	\$ 50,900	\$ 20,000
123		YCB Administration	64,900.00					64,900	-	64,803	97
300		Civil Rights Dept Fair Housing	205,000.00					205,000	-	205,000	-
800		Homeless Initiative	-					-	-	-	-
800		Grants & Special Projects	244,900.00					244,900	-	244,900	-
800		Housing Discrimination Law Project-Legal Aid	56,900.00					56,900	-	56,900	-
820		Finance Administration	205,000.00					205,000	-	205,000	-
860		Grant Administration	71,900.00					71,900	1,546	71,900	-
860		Legal Aid Society	35,000.00					35,000	-	35,000	-
860		Neighborhood Services	74,900.00					74,900	-	74,900	-
860		Way to Grow Administration	27,000.00					27,000	-	27,000	-
860		YCB Youth Violence Prevention	-					-	-	-	-
890		Citizen Participation	242,700.00					242,700	19,187	242,700	-
890		Planning - Administration	878,000.00					878,000	33,710	878,000	-
890		Program Admin	103,000.00					103,000	-	103,000	-
		Subtotal Administrative Grants	\$ 2,280,100	\$ -	\$ -	\$ -	\$ -	\$ 2,280,100	\$ 95,343	\$ 2,260,003	\$ 20,097
123		Block E Deficit Reduction	-					-	-	-	-
		<b>GRAND TOTAL</b>	<b>\$ 13,828,033</b>	<b>\$ -</b>	<b>\$ 1,051,329</b>	<b>\$ 95,300</b>	<b>\$ -</b>	<b>\$ 14,974,662</b>	<b>\$ 1,490,222</b>	<b>\$ 14,688,371</b>	<b>\$ 286,291</b>

<sup>1</sup> Council Action 2007R-529 Increase budget up to \$376,329 based on actual program income received.

As of September 30, 2009 \$271,500 has been recorded as program income.

<sup>2</sup> Approved by Finance Officer

<sup>3</sup> Council adopted addendum to 2007 Consolidated Plan reallocating \$95,300 from Yr28 to Yr33 12/21/2007

<sup>4</sup> Council Action 2008R-060.

<sup>5</sup> Vacant & Boarded for Yr 33 is over budget on September 30, 2010 and will be adjusted to budget in subsequent periods.

**CDBG Program Year 32  
Beginning June 1, 2005  
September 30, 2010**

Project Number	Agy	Project	Adopted Budget	Reduction Amount 2006R-093	Council Action 2006R-093	Program Income	Council Action	Department Reallocation	Reprogrammed Amounts	Revised Budget	2010		Remaining Grant Budget	
											Expenditures	Grant to Date Expenditures		
<b>Capital Grants:</b>														
123		General Housing Rehabilitation-MPHA	\$ 282,000	\$ (15,820)	\$ 266,180					\$ 266,180	\$ -	\$ 266,180	\$ -	
140		Problem Properties Attorneys	45,750	-	45,750					45,750	-	45,750	-	
280		Problem Properties Fire <sup>3</sup>	18,300	-	18,300		(18,300)	<sup>3</sup>		-	-	-	-	
400		Problem Properties Police	64,050	-	64,050					64,050	-	-	64,050	
835		Lead Reduction	163,000	(9,144)	153,856					153,856	-	153,856	-	
835		Problem Properties Board Bldg <sup>3</sup>	54,900	-	54,900			18,300	<sup>3</sup>	73,200	18,300	73,200	-	
835		Vacant & Boarded Housing-249 List	-	-	-					-	-	-	-	
860		Childcare Facilities Loan/Grant	292,000	(16,381)	275,619					275,619	11,840	24,219	251,400	
890		Adult Training, Placement and Retention	580,000	(32,500)	547,500					547,500	-	547,500	-	
890		High density corridor housing	1,000,000	(56,100)	943,900					943,900	-	943,900	-	
890		Homeownership Program (GMMHC) <sup>4</sup>	437,000	(24,600)	412,400			(412,400)		-	-	-	-	
890		Industry Cluster Program (Living Wage Jobs)	90,000	(5,050)	84,950					84,950	-	84,950	-	
890		Multi-Family/Affordable Housing	4,999,000	(299,000)	4,700,000					4,700,000	301,766	4,700,000	-	
890		NEDF/CEDF	136,000	(7,630)	128,370					128,370	-	128,370	-	
890		NonProfit MF Rental Development Assistance	226,000	(12,679)	213,321					213,321	122,600	213,321	-	
890		Residential Loan/Grant <sup>4</sup>	-	-	-					206,026	-	-	206,026	
890		Vacant & Boarded Housing <sup>1,4</sup>	1,154,000	(64,725)	1,089,275	2,000,000	<sup>1</sup>		206,374	3,295,649	-	3,295,681	(32)	
		Subtotal Capital Grants	\$ 9,542,000	\$ (543,629)	\$ 8,998,371	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 10,998,371	\$ 454,506	\$ 10,476,927	\$ 521,444	
<b>Public Service Grants:</b>														
300		Multi Cultural & Native American Indian	\$ 165,300	\$ (9,320)	\$ 155,980				\$ -	\$ (67)	\$ 155,913	\$ -	\$ 155,913	\$ -
607		Graffiti Removal on Public Property	97,000	(5,500)	91,500					91,500	-	91,500	-	
860		Advocacy (Housing)	100,000	(5,610)	94,390			20,422		114,812	-	114,812	-	
860		Block Nurse Program	62,000	(3,478)	58,522			(2,315)		56,207	-	56,207	-	
860		Cardondelet Life Care	71,000	(3,983)	67,017					67,017	-	67,017	-	
860		Cardondelet Life Care yr33	-	-	-			2,800		2,800	-	2,800	-	
860		Child Dental Services	10,000	(561)	9,439					9,439	-	9,439	-	
860		Child Dental Services yr33	-	-	-			500		500	-	500	-	
860		Curfew/Tuancy Center	98,000	-	98,000					98,000	-	98,000	-	
860		Early Childhood School Rediness	19,000	(1,066)	17,934					17,934	-	17,934	-	
860		Fremont CHS yr33	-	-	-			6,000		6,000	-	6,000	-	
860		GMCC Division of Indian Works yr33	-	-	-			6,000		6,000	-	6,000	-	
860		GMDCA Child Care	135,000	(7,573)	127,427			(127,427)		-	-	-	-	
860		Lao Advancement Organization of America	47,000	(2,637)	44,363					44,363	-	44,363	-	
860		Little Earth Residents Association	33,000	(1,851)	31,149					31,149	-	31,149	-	
860		MELD	38,000	(2,132)	35,868			(6,276)		29,592	-	29,592	-	
860		Migizi Communications yr33	-	-	-			5,900		5,900	-	5,900	-	
860		Minneapolis Medical Research Foundation	43,000	(2,412)	40,588			(9,987)		30,601	-	30,601	-	
860		MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)	75,512					75,512	-	75,512	-	
860		Minneapolis Teenage Pregnancy yr33	-	-	-			10,900		10,900	-	10,900	-	
860		Minneapolis Urban League	24,000	(1,346)	22,654			(336)		22,318	-	22,318	-	
860		Minneapolis Urban League yr33	-	-	-			10,900		10,900	-	10,900	-	
860		Native American Community Clinic	26,000	(1,459)	24,541			(1)		24,540	-	24,540	-	
860		Neighborhood Healthcare Services	135,000	(7,573)	127,427					127,427	-	127,427	-	
860		Neighborhood Healthcare Services	-	-	-			63,012		63,012	-	63,012	-	
860		New American Community Services	47,000	(2,637)	44,363			(64)		44,299	-	44,299	-	
860		Resource Inc yr33	-	-	-			6,000		6,000	-	6,000	-	
860		Senior Block Nurse yr33	-	-	-			10,900		10,900	-	10,900	-	
860		St. Stephens Yr33	-	-	-			6,000		6,000	-	6,000	-	
860		Southside Community Health Services	47,000	(2,637)	44,363					44,363	-	44,363	-	
860		Way to Grow	296,000	-	296,000					296,000	-	296,000	-	
860		Westside Community Health Services	38,000	(2,132)	35,868			(2,928.00)		32,940	-	32,939	1	
860		YWCA Day Care Scholarships	28,000	(1,571)	26,429					26,429	-	26,429	-	
890		Mortgage Foreclosure Prevention Program <sup>2</sup>	218,000	(13,000)	205,000	44,224	<sup>2</sup>			249,224	-	249,224	-	
890		Youth Employment & Training	506,000	(29,000)	477,000					477,000	-	477,000	-	
		Subtotal Public Service Grants	\$ 2,363,300	\$ (111,966)	\$ 2,251,334	\$ 44,224	\$ -	\$ -	\$ (67)	\$ 2,295,491	\$ -	\$ 2,295,490	\$ 1	
<b>Administrative Grants:</b>														
123		Citizen Participation MPHA	\$ 88,000	\$ (4,895)	\$ 83,105					\$ 83,105	\$ 20,310	\$ 64,210	\$ 18,895	
123		Administration YCB	57,000	-	57,000					57,000	-	57,000	-	
300		Civil Rights Dept Fair Housing	255,000	(14,025)	240,975					240,975	-	240,975	-	
800		Grants & Special Projects	206,000	(17,335)	188,665					188,665	-	188,665	-	
800		Housing Discrimination Law Project-Legal Aid	71,000	(3,751)	67,249					67,249	-	67,249	-	
800		Homeless Initiative	100,000	-	100,000					100,000	-	100,000	-	
800		Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)	-					-	-	-	-	
820		Finance Administration	255,000	(14,025)	240,975					240,975	-	240,975	-	
860		Grant Administration	90,000	(5,005)	84,995					84,995	-	84,995	-	
860		Legal Aid Society	44,000	(2,903)	41,097					41,097	-	41,097	-	
860		Neighborhood Services	94,000	(5,269)	88,731					88,731	-	88,731	-	
860		Way to Grow Administration	34,000	(2,244)	31,756					31,756	-	31,756	-	
890		Citizen Participation	303,000	(17,000)	286,000					286,000	-	286,000	-	
890		Program Admin	8,900	41,100	50,000					50,000	-	50,000	-	
890		Planning - Administration	1,146,800	(105,907)	1,040,893					1,040,893	(208)	1,040,893	-	
		Subtotal Administrative Grants	\$ 2,768,700	\$ (167,259)	\$ 2,601,441	\$ -	\$ -	\$ -	\$ -	\$ 2,601,441	\$ 20,102	\$ 2,582,546	\$ 18,895	
123		Block E Deficit Reduction	-	-	-				67	67	-	-	67	
		GRAND TOTAL	\$ 14,674,000	\$ (822,854)	\$ 13,851,146	\$ 2,044,224	\$ -	\$ -	\$ -	\$ 15,895,370	\$ 474,608	\$ 15,354,963	\$ 540,407	

<sup>1</sup> Council Action 2007R-195  
<sup>2</sup> Council Action 2006R-145  
<sup>3</sup> Council Action 2008R-060

**CDBG Program Year 31  
Beginning June 1, 2005  
September 30, 2010**

Project Number	Agy	Project	Adopted Budget	Reduction Amount	Council Actions	Department Reallocation	Reprogrammed Amounts	Revised Budget	2010	Grant to Date	Remaining
									Expenditures	Expenditures	Grant Budget
<b>Capital Grants:</b>											
123		General Housing Rehabilitation-MPHA	\$ 297,338		\$ 297,338			\$ 297,338	\$ -	\$ 297,338	\$ -
140		Problem Properties Attorneys	47,650		47,650			47,650	-	47,650	-
280		Problem Properties Fire <sup>1</sup>	23,825	(23,825)	-			-	-	-	-
400		Problem Properties Police	71,476		71,476			71,476	-	36,863	34,613
835		Lead Reduction	171,541		171,541			171,541	-	171,541	-
835		Problem Properties Board Bldg <sup>1</sup>	49,557	23,825	73,382			73,382	28,416	73,382	-
860		Childcare Facilities Loan/Grant	306,869		306,869			306,869	80,808	196,348	110,521
890		Adult Training, Placement and Retention	610,878		610,878			610,878	-	610,878	-
890		High density corridor housing	953,008		953,008			953,008	(88)	953,008	-
890		Homeownership Program (GMMHC) <sup>4</sup>	495,564	(56,390)	439,174	(439,174)		-	-	-	-
890		Industry Cluster Program (Living Wage Jobs)	94,348		94,348			94,348	-	94,348	-
890		Multi-Family/Affordable Housing	4,898,461		4,898,461			4,898,461	-	4,898,461	-
890		NEDF/CEDF	142,951		142,951			142,951	-	142,951	-
890		NonProfit MF Rental Development Assistance	238,252		238,252			238,252	2,600	238,252	-
890		Residential Loan/Grant <sup>4</sup>	571,805		571,805	239,174		810,979	-	571,805	239,174
890		Vacant & Boarded Housing <sup>4</sup>	1,143,610	56,390	1,200,000	200,000		1,400,000	-	1,400,000	-
		Subtotal Capital Grants	\$ 10,117,133	\$ -	\$ 10,117,133	\$ -	\$ -	\$ 10,117,133	\$ 111,736	\$ 9,732,825	\$ 384,308
<b>Public Service Grants:</b>											
300		Multi Cultural & Native American Indian	\$ 166,776		\$ 166,776			\$ 166,776	\$ -	\$ 166,776	\$ -
607		Graffiti Removal on Public Property	101,972		101,972			101,972	-	101,972	-
860		Advocacy (Housing)	104,831		104,831			104,831	-	104,831	-
860		Block Nurse Program	66,000		66,000			66,000	-	66,000	-
860		Child Dental Services	11,000		11,000			11,000	-	11,000	-
860		Curfew/Traucy Center	99,113		99,113			99,113	-	99,113	-
860		Early Childhood School Rediness <sup>2</sup>	90,412	(15,247)	75,165			75,165	-	75,165	-
860		GMDCA Child Care <sup>2</sup>	142,500	14,568	157,068			157,068	-	157,068	-
860		HIV/AIDS <sup>2</sup>	45,000	(1,939)	43,061			43,061	-	43,061	-
860		Lao Advancement Organization of America <sup>2</sup>	50,000	(41)	49,959			49,959	-	49,959	-
860		Minneapolis Community Clinics <sup>2</sup>	335,561	5,455	341,016			341,016	-	341,016	-
860		MPS Teenage Parenting & Pregnancy Program	85,000		85,000			85,000	-	85,000	-
860		MUL-Mental Health <sup>2</sup>	25,000	(2,623)	22,377			22,377	-	22,377	-
860		New American Community Services <sup>2</sup>	50,000	(173)	49,827			49,827	-	49,827	-
860		School Success Programs	35,000		35,000			35,000	-	35,000	-
860		Way to Grow	295,432		295,432			295,432	-	295,432	-
890		Mortgage Foreclosure Prevention Program	238,252		238,252			238,252	-	238,252	-
890		Youth Employment & Training	541,309		541,309			541,309	-	541,309	-
		Subtotal Public Service Grants	\$ 2,483,158	\$ -	\$ 2,483,158	\$ -	\$ -	\$ 2,483,158	\$ -	\$ 2,483,158	\$ -
<b>Administrative Grants:</b>											
123		Administration YCB	\$ 56,227		\$ 56,227			\$ 56,227	\$ -	\$ 56,227	\$ -
123		Citizen Participation MPHA	93,395		93,395			93,395	23,918	77,313	16,082
300		Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312			257,312	-	257,312	-
800		Grants & Special Projects <sup>3</sup>	219,192		219,192		(46,005)	173,187	-	173,187	-
800		Homeless Initiative	-		-			-	-	-	-
800		Housing Discrimination Law Project-Legal Aid	76,241		76,241			76,241	-	76,241	-
800		Metro Fair Housing-Multi Jurisdictional	17,154		17,154			17,154	-	16,154	1,000
820		Finance Administration <sup>3</sup>	271,607		271,607		(22,193)	249,414	-	249,414	-
860		Grant Administration	95,301		95,301			95,301	-	95,301	-
860		Legal Aid Society	46,697		46,697			46,697	-	46,697	-
860		Neighborhood Services <sup>3</sup>	101,972		101,972		(54,989)	46,983	-	46,983	-
860		Way to Grow Administration	34,308		34,308			34,308	-	34,308	-
860		YCB Youth Violence Prevention	-		-			-	-	-	-
890		Citizen Participation	328,788		328,788			328,788	-	328,788	-
890		Planning - Administration	1,230,400		1,230,400		(266,487)	963,913	-	963,913	-
890		Program Admin	13,657		13,657			13,657	-	13,657	-
		Subtotal Administrative Grants	\$ 2,842,251	\$ -	\$ 2,842,251	\$ -	\$ (389,674)	\$ 2,452,577	\$ 23,918	\$ 2,435,495	\$ 17,082
123		Block E Deficit Reduction	-		-		389,674	389,674	-	-	389,674
		GRAND TOTAL	\$ 15,442,542	\$ -	\$ 15,442,542	\$ -	\$ -	\$ 15,442,542	\$ 135,654	\$ 14,651,478	\$ 791,064

<sup>1</sup> Council Action 2007R-266

<sup>2</sup> Department Change in CDBG Program Funding

<sup>3</sup> Council Action 2005R-618 Reprogramming CDBG funds for Block E Reduction

**CPED Special Revenue Fund Component Programs  
Budget and Actual Expenditures  
Cash and Fund Balance  
3rd Quarter 2010**

	Original Budget	Current Budget	Expended	Remaining Budget	Cash	Fund Balance
Tax Increment Financing Program	46,646,230	47,447,091	32,271,125	15,175,966	70,739,558	100,928,711
Housing & Economic Development	9,990,899	10,921,360	6,756,768	4,164,592	19,051,264	23,369,141
Development Accounts	16,638,863	16,370,487	9,177,007	7,193,480	21,154,089	42,499,906
Neighborhood Revitalization Program	-	6,817,160	5,871,545	945,615	50,773,804	51,450,790
Preliminary Planning	2,987,340	2,987,340	712,887	2,274,453	(3,723,695)	(3,527,885)
CPED Operating	7,958,557	7,957,477	5,412,665	2,544,812	(5,449,105)	(7,231,670)
<b>Total</b>	<b>84,221,889</b>	<b>92,500,915</b>	<b>60,201,997</b>	<b>32,298,918</b>	<b>152,545,915</b>	<b>207,488,993</b>

**Fund Balance.** The fund balance of the CPED Special Revenue Fund is reserved for land held for development (\$37,570,782,) for encumbrances (\$10,248,617,) for prepaid items, loans and advances (\$6,305,307,) and for special development projects (\$120,949,919.) **The remaining \$32,414,368 of fund balance is unreserved but restricted to the legal purposes of the special revenue.**

**Tax Increment Financing.** This program accounts for financial resources to be used for the acquisition and betterment of land and facilities in designated areas of the City. A major financing tool and the primary source of revenue for this program is property tax increment. Generally used to pay outstanding bonds and notes, **tax increment revenues are restricted revenues under State law.**

**Housing and Economic Development.** Small business loans, housing rehabilitation, and mortgage assistance are the major activities in this program. This program also accounts for the collection of administration fees and the related expenditures for the issuance of housing and economic revenue bonds.

**Development Account.** This program provides interim loans to CPED projects. The program may also provide loans and grants to organizations within the City. Program assistance is directed to commercial, job-creation, and housing activities. The Program includes activities of the Legacy Fund, the Neighborhood Development Account and the Development Account. **The fund balance includes reserves for prior commitments made by Council action, including \$5 million for the Planetarium and \$21.3 million in 2010 through 2013 for the Accelerated Infrastructure Program.**

**Neighborhood Revitalization Program.** This program focuses on the delivery of City services, including housing and commercial development, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods. **Revenues held in this Program are restricted in their use by State law.**

**Preliminary Planning.** The Preliminary Planning program was established to account for the early costs of planning and assessing the feasibility of development activities. Preliminary Planning allocations and appropriations lapse at year end. **Additional resources eligible to capitalize this program will be identified in 2010.**

**CPED Operating.** This program provides the working capital to finance CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. The program has experienced the pressure from the combination of dwindling development resources and increasing charges from various City rate models in recent years. **A plan to address the deficit in this fund will be developed as part of the 2011 budget.**

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Third Quarter ending September 30, 2010**

Fund 6000	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
<b>Revenue including transfers</b>	1,460,000	1,187,035	272,965	81.3%
<b>Expenses including transfers</b>	1,470,143	976,587	493,556	66.4%
<b>Revenue Over (Under) Expenses</b>	(10,143)	210,448		

**Program Description:**

The Engineering, Materials and Testing Fund records transactions related to City purchases of Hot-Mix Asphalt and Ready-Mix Concrete. This fund also records the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

**Revenue:**

The revenue sources for this fund include the sale of procured Hot-Mix Asphalt and Ready-Mix Concrete materials and inspection and testing services. Paving construction is the fund's primary customer. The demand for products is seasonal beginning in April and concluding in late November. Revenue for asphalt and concrete is recorded as the overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer.

The revenue through third quarter 2010 is \$1,187,035 consisting of inspection and testing fees of \$871,256 and revenue from asphalt and concrete sales of \$315,279. The charges to City departments for engineering laboratory services and asphalt and concrete products are calculated to cover the cost of the division's expenses.

**Expenses:**

Total expense through the third quarter is \$976,587 or 66.4% of the budgeted amount of \$1,470,143. The spending levels fluctuate due to the customers' seasonal requirements for products and services. Personnel expense through third quarter is \$564,632 or 72.4% of the budgeted amount. The amount expended for contractual services is primarily related to inter-departmental charges for general fund overhead and costs associated with business information services. In 2010, the amount expended for external engineering and architectural services is \$22,000, or 18.0% of the budgeted amount.

**Transfers:**

The fund has a transfer out of \$57,000 related to debt service for the former Minneapolis Employees Retirement Funds' unfunded pension liability.

**Net Assets and Cash Balance:**

Fluctuations in demand for products and services affect the net asset balance. The 2009 year-end net asset balance is \$490,398 which represents an increase of \$462,640 from the 2008 ending balance of \$27,758. With the exception of 2009, the net asset balance has declined each year since 2003 when the balance was \$780,000.

The cash balance at the end of third quarter is \$1,665,518 and increase of \$1,105,370 from the 2009 year-end cash balance of \$560,148. With the exception of 2008, the fund has maintained a positive cash balance.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009, and 2008

	Budget Year 2010	Projected Year Ending 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Asphalt / Concrete <sup>1</sup>	350,000	370,000	315,279	625,109	482,852	343,287	270,000
Inspection revenue	1,110,000	1,000,000	871,256	830,165	642,829	1,069,484	656,879
<b>Total Operating Revenues</b>	<b>1,460,000</b>	<b>1,370,000</b>	<b>1,186,535</b>	<b>1,455,274</b>	<b>1,125,682</b>	<b>1,412,771</b>	<b>926,879</b>
<b>Operating Expenses:</b>							
Personnel	779,059	755,000	564,632	747,388	548,537	730,746	526,098
Contractual	485,993	370,000	276,851	211,541	176,551	498,215	335,812
Materials, Supplies, Services, Other	129,044	85,000	78,068	36,188	25,611	67,190	54,342
Rent	6,276	6,276	4,707	61,273	45,955	61,002	34,505
Depreciation	12,772	12,772	9,579	13,283	11,418	36,385	13,012
<b>Total Operating Expenses</b>	<b>1,413,143</b>	<b>1,229,048</b>	<b>933,837</b>	<b>1,069,673</b>	<b>808,072</b>	<b>1,393,538</b>	<b>963,769</b>
<b>Operating Margin</b>	<b>46,857</b>	<b>140,952</b>	<b>252,698</b>	<b>385,601</b>	<b>317,610</b>	<b>19,234</b>	<b>(36,890)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Other revenue	-	500	500	373	108	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>373</b>	<b>108</b>	<b>-</b>	<b>-</b>
<b>Operating Transfers in(out)</b>							
Transfer from other fund	-	-	-	-	-	-	-
Transfers to other fund	(57,000)	(57,000)	(42,750)	(58,000)	(43,500)	(53,000)	(39,750)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(57,000)</b>	<b>(57,000)</b>	<b>(42,750)</b>	<b>(58,000)</b>	<b>(43,500)</b>	<b>(53,000)</b>	<b>(39,750)</b>
<b>Net Income</b>	<b>(10,143)</b>	<b>84,452</b>	<b>210,448</b>	<b>327,974</b>	<b>274,218</b>	<b>(33,766)</b>	<b>(76,640)</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			1,665,518	560,148	1,039,855	(127,720)	N/A
Net assets			490,398	490,398	27,758	27,758	196,191

<sup>1</sup> Asphalt/Concrete revenue for 2008 was increased by \$134,666 for a year-end adjustment to revenue. This adjustment was included in the 2009 CAFR.

**City of Minneapolis  
Fleet Services Division  
For the Third Quarter Ending September 30, 2010**

Fund 6100	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
<b>Revenue including transfers</b>	47,087,525	32,382,770	14,704,755	68.8%
<b>Expenses including transfers, interest</b>	43,799,322	30,318,031	13,481,291	69.2%
<b>Revenue Over (Under) Expenses</b>	3,288,203	2,064,739		

**Program Description:**

The Fleet Services Fund manages the acquisition, maintenance and disposal of 1300 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment.

**Revenue:**

The revenue for this fund is earned from charges to City departments for rental of equipment and drivers, maintenance of equipment, and the sale of fuel. The rental rates are calculated through an activity based rate model and are adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment. In 2010, revenue through third quarter is \$32,382,770 which represents 68.8% of the budgeted amount. Operating revenue earned through third quarter of 2010 has increased by 4.4% from the revenue earned through the same period in 2009. The increase in revenue is primarily due to a 14.9% increase in the revenue received from the sale of fuel.

**Expenses:**

Expenses through third quarter 2010 are \$30,318,031 and represent 69.2% of the annual budgeted amount of \$43,799,322. Personnel expenses represent 37.7% of the total third quarter operating expense, decreasing 5.0% from the amount expended in 2009. The decrease is primarily due to a decline in demand for labor services resulting in decrease in labor supplied by permit workers. The cost of contractual services decreased 8.1% from the same period in 2009 primarily due to a decrease in repair to equipment rented through from outside vendors. Through third quarter 2010, the cost of materials and supplies increased 9.4% over the same period in 2009 primarily due to an increase in repair and maintenance supplies and the cost of fuel. The amount expended for fuel increased by 28.9% due to an increase in the contract price for fuel.

**Transfers:**

This fund receives an annual transfer of \$4.18 million from the general fund in accordance with the accepted long-term financial plan to assist with debt payments related to fleet upgrades and a new maintenance facility. The fund has a transfer out of \$581,000 to cover debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets and Cash Balance:**

The net asset balance for year ending 2009 is \$26,547,685, an increase of \$2,763,589 or 11.6% over the 2008 ending balance of \$23,784,096. The net asset balance is tracking close to the amount calculated in the updated long term financial plan. The fund has consistently increased net assets since the long term financial plan was implemented in 2001. Beginning 2007, the financial plan eliminated the sale of bonds to finance equipment purchases. Refunding bonds totaling \$22,230,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. The total cost of interest and refunding of existing debt is \$1.2 million in 2010. The fund will receive savings in interest expense of approximately \$350,000 in years 2011 and 2012 due to the refunding and additional savings of interest expense for the remaining life of the bonds.

The fund maintains a positive cash balance with a 2009 ending balance of \$1.4 million and a 2010 third quarter balance of \$7.2 million. Reserve policies for internal service funds have determined that the minimum cash balance should be 15% of the fund's operating budget or \$4.3 million for Fleet Services Division. The reserve policy allows the fund to attain the minimum cash reserve balance by 2013.

City of Minneapolis  
Fleet Services Fund  
Statement of Revenue and Expenses  
For Third Quarter / Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	Projected Year Ending 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Charges for Services and Sales	17,970,257	15,900,000	11,240,292	14,476,005	10,156,492	17,181,991	12,322,569
Rent Public Works	24,726,768	23,700,000	17,984,925	23,977,769	17,827,496	24,478,068	17,077,843
<b>Total Operating Revenue</b>	<b>42,697,025</b>	<b>39,600,000</b>	<b>29,225,217</b>	<b>38,453,774</b>	<b>27,983,988</b>	<b>41,660,059</b>	<b>29,400,412</b>
<b>Operating Expenditures:</b>							
Personnel Services	14,759,992	14,000,000	10,545,388	14,644,932	11,098,696	14,438,819	10,764,936
Contractual Services	9,421,544	8,400,000	5,997,751	8,824,734	6,623,050	10,001,880	7,025,963
Materials, supplies, services and other	9,666,854	8,100,000	5,866,509	7,560,878	5,361,937	10,234,140	7,600,739
Rent	1,103,052	1,103,052	827,289	1,072,367	804,275	997,955	748,466
Depreciation	6,368,828	6,368,828	4,747,292	6,164,506	4,068,591	5,424,788	3,861,536
<b>Total Operating Expenses</b>	<b>41,320,270</b>	<b>37,971,880</b>	<b>27,984,229</b>	<b>38,267,417</b>	<b>27,956,549</b>	<b>41,097,582</b>	<b>30,001,642</b>
<b>Operating Margin</b>	<b>1,376,755</b>	<b>1,628,120</b>	<b>1,240,988</b>	<b>186,357</b>	<b>27,439</b>	<b>562,477</b>	<b>(601,229)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	500	-	-	22	22	-	(171)
Interest on Bonds	(1,898,052)	(1,898,052)	(1,898,052)	(1,311,648)	(1,055,175)	(1,416,391)	(1,134,488)
Gains/Losses on disposal of fixed assets	200,000	100,000	-	59,322	-	164,042	423
Damages/Losses recovered	-	210	210	12,270	8,942	453	-
Other Revenue	10,000	30,000	22,343	226,444	113,926	29,647	164,935
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,687,552)</b>	<b>(1,767,842)</b>	<b>(1,875,499)</b>	<b>(1,013,590)</b>	<b>(932,285)</b>	<b>(1,222,249)</b>	<b>(969,301)</b>
<b>Operating Transfers in (out)</b>							
Transfers from other fund	4,180,000	4,180,000	3,135,000	4,180,000	3,135,000	4,180,000	3,135,000
Transfers to other fund	(581,000)	(581,000)	(435,750)	(502,000)	(376,500)	(453,000)	(339,750)
<b>Total Operating Transfers</b>	<b>3,599,000</b>	<b>3,599,000</b>	<b>2,699,250</b>	<b>3,678,000</b>	<b>2,758,500</b>	<b>3,727,000</b>	<b>2,795,250</b>
<b>Net Income</b>	<b>3,288,203</b>	<b>3,459,278</b>	<b>2,064,739</b>	<b>2,850,766</b>	<b>1,853,655</b>	<b>3,067,228</b>	<b>1,224,720</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			7,174,368	1,377,330	2,104,911	(48,707)	N/A
Fleet Purchases	8,134,063	4,000,000	1,674,866	5,454,374	5,200,816	6,996,372	5,247,279
Net Building Value			24,027,837	24,027,837	24,630,247	24,630,247	25,221,580
Net Fleet Value			28,068,642	28,068,642	28,818,735	28,818,735	27,721,241
Bonds Payable			(27,780,000)	(27,780,000)	(29,835,000)	(29,835,000)	(32,245,000)
<b>Significant Cash Flow Items</b>							
Principal payment on equipment bonds	(2,090,000)	(2,090,000)	(2,090,000)	(2,055,000)	(2,055,000)	(2,410,000)	(2,410,000)
Principal payment on facilities bonds	-	-	-	-	-	-	-

**City of Minneapolis  
Property Services Division  
For the Third Quarter ending September 30, 2010**

Fund 6200	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
<b>Revenue including transfers</b>	21,777,719	15,469,738	6,307,981	71.0%
<b>Expenses including transfers, interest</b>	22,317,109	15,846,410	6,470,699	71.0%
<b>Revenue Over (Under) Expenses</b>	(539,390)	(376,672)		

**Program Description:**

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, public works buildings and parking structures. The fund does not include the Convention Center, or Water and Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits to the Municipal Building Commission to reimburse for maintenance and property management services. The revenue and expenditure budgets for the fund are increased by \$4,423,321 to account for this flow-through rental charge. The City departments located in City Hall receive a general fund appropriation to fund the charge for the rent.

**Revenue:**

This fund collects revenue from the City departments that use its goods and services (building space, operational maintenance, security, space and asset management, energy management, janitorial and radio services). The rate structure is configured to enable the fund to charge the amount required to recover the cost of the goods and services provided to City departments and includes the cost of the fund's overhead. Revenue recorded through third quarter 2010 is \$15,469,738 or 71.0% of the budgeted amount of \$21,777,719. Operating revenue earned through third quarter 2009 and 2010 is significantly increased over the amount recorded for the same period in 2008 due to the addition of the City Hall rent collected by Property Services. In 2009 and 2010, revenue earned from elective reimbursable services provided to other City departments is approximately 70.4% of the amount earned through the same period in 2008. The fund expects the demand for elective services to decline due to budget constraints of other City departments. The fund does expect an increase in maintenance services in 2010 and 2011.

**Expenses:**

The expenditures through the third quarter are \$15,846,410 or 71.0% of the total budgeted amount of \$22,317,109. Personnel expenses of \$5,873,635 accounted for 37.9% of total operating costs. The operating expense for contractual services has increased in 2009 and 2010 from 2008 primarily due to the payments to MBC for maintenance services provided to City Hall. The amount charged to the fund for general fund overhead in 2010 increases 23.8% from the amount paid in 2009 due to the internal service funds historically receiving lower payments to assist with increasing the combined net asset balance. The fund will receive a similar increase in 2011. The rate model for 2010 does not recover the entire cost of general fund overhead and MERF unfunded pension liability charges resulting in a decrease to the net income. Refunding bonds totaling \$6,825,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. Total bond interest paid in 2010 increases from \$230,775 to \$356,134 due to interest paid on both the old debt and the new debt for the second half of the year.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2010, the debt service consists of \$655,000 in principal payment and \$230,775 of interest. Each year, the general fund transfers an amount to cover the difference between the \$350,000 and the total debt payment for the year. In 2010, the transfer amount for debt service is \$588,000 with an additional amount of \$377,875 for City Hall rent. There is a transfer out of \$118,000 related to the debt service for the former Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets and Cash Balance:**

The audited net asset balance for the year ending 2009 is \$27,210,179 a decrease of \$225,894 from the net asset balance of \$27,436,073 for year ending 2008. In 2002 the City began capitalizing all of its assets, including buildings that are included in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. The depreciation of capital assets will continue to decrease the net asset position.

The fund maintains a positive cash balance with a 2009 ending balance of \$352,982 and a 2010 third quarter balance of \$827,758. The total cash balance consists of \$1,281,325 in the Property Disposition fund and a negative balance of (\$453,567) in the Property Services operating fund. The Property Disposition fund receives real estate proceeds associated with the disposal of excess City property. Council approval is required to utilize available balances in the Disposition fund. Reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$2.5 million for the Property Services fund. The reserve policy determined that the target date to attain this balance is year-end 2013.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For Third Quarter / Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	Projected Year 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Charges for Services And Sales	7,379,499	6,453,656	4,646,195	8,280,795	5,912,473	10,331,776	7,499,488
Rents Public Works and Other <sup>1</sup>	13,429,345	13,700,000	10,036,834	13,032,606	9,885,334	8,310,079	5,366,703
<b>Total Operating Revenue</b>	<b>20,808,844</b>	<b>20,153,656</b>	<b>14,683,029</b>	<b>21,313,401</b>	<b>15,797,807</b>	<b>18,641,855</b>	<b>12,866,191</b>
<b>Operating Expenses:</b>							
Personnel Services	7,879,023	7,900,000	5,873,635	8,053,178	6,041,039	8,425,687	6,267,895
Contractual Services <sup>1</sup>	10,588,632	10,300,000	7,430,151	10,866,099	7,874,833	7,884,805	5,500,288
Materials, Supplies, Services and Other	1,506,211	1,100,000	785,191	1,510,368	1,058,135	1,659,998	969,333
Rent	728,127	728,127	546,095	358,312	268,734	221,430	166,073
Depreciation	1,140,982	1,140,982	855,737	1,155,886	915,796	1,221,061	915,796
<b>Total Operating Expenses</b>	<b>21,842,975</b>	<b>21,169,109</b>	<b>15,490,809</b>	<b>21,943,843</b>	<b>16,158,537</b>	<b>19,412,981</b>	<b>13,819,384</b>
<b>Operating Margin</b>	<b>(1,034,131)</b>	<b>(1,015,454)</b>	<b>(807,780)</b>	<b>(630,442)</b>	<b>(360,730)</b>	<b>(771,126)</b>	<b>(956,922)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	-	-	-	11	11	8	(30)
Interest on Bonds	(356,134)	(356,134)	(267,101)	(286,912)	(229,922)	(312,896)	(234,672)
Misc Revenues	3,000	70,000	62,303	85,181	357	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(353,134)</b>	<b>(286,134)</b>	<b>(204,798)</b>	<b>(201,720)</b>	<b>(229,554)</b>	<b>(312,888)</b>	<b>(234,702)</b>
<b>Operating Transfers in(out)</b>							
Transfers from other fund	965,875	965,875	724,406	654,750	491,063	668,000	501,000
Transfers to other fund	(118,000)	(118,000)	(88,500)	(97,000)	(72,750)	(88,000)	(66,000)
<b>Total Operating Transfers</b>	<b>847,875</b>	<b>847,875</b>	<b>635,906</b>	<b>557,750</b>	<b>418,313</b>	<b>580,000</b>	<b>435,000</b>
<b>Net Income</b>	<b>(539,390)</b>	<b>(453,713)</b>	<b>(376,671)</b>	<b>(274,412)</b>	<b>(171,971)</b>	<b>(504,014)</b>	<b>(756,625)</b>
<b>Significant Balance Sheet Items</b>							
Fund cash balance			827,758	352,982	430,344	652,014	N/A
Property Dispositon fund cash balance			1,281,325	1,908,697	1,908,697	1,921,066	1,921,066
Operating cash balance			(453,567)	(1,555,715)	(1,478,353)	(1,269,052)	N/A
Bonds payable	(6,825,000)	(6,825,000)	(6,825,000)	(6,825,000)	(7,415,000)	(7,415,000)	(8,070,000)
Net assets			27,210,179	27,210,179	27,436,073	27,436,073	27,908,327
<b>Significant Cash Flow Items</b>							
Principal payment on debt	(655,000)	(655,000)	(655,000)	(590,000)	(590,000)	(655,000)	(655,000)

<sup>1</sup>Increase in rent revenue and contractual services from 2008 to 2009 is due to pass-through of revenue and expense for City Hall of \$4,253,192. The pass-through amount in 2010 is \$4,423,320.

**City of Minneapolis  
Public Works Stores  
For the Third Quarter ending September 30, 2010**

Fund 6300	2010	2010 3rd Quarter	Remaining Budget	% Actual To Budget
<b>Revenue including Transfers</b>	1,152,500	648,846	503,654	56.3%
<b>Expenses including Transfers</b>	1,181,186	870,877	310,309	73.7%
<b>Revenue over(under) Expenses</b>	(28,686)	(222,031)		

**Program Description:**

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

**Revenue:**

With the implementation of the new financial system in 2008, revenue earned by Public Works stores is recorded as the overheads charged on sale of inventory items and revenue received for processing orders for other City departments. The revenue earned through third quarter 2010 is \$648,846 or 56.3% of the budgeted amount of \$1,152,500. Total revenues decreased 16.1% from the amount earned through the same period 2009 primarily due to a decrease of 26.6% in revenue earned for processing orders for other City departments for goods that do not pass through Central Stores inventory. Inventory sales from Central Stores increased in 2010 due to Public Works departments moving into the new Hiawatha facility where Central Stores is located

**Expenses:**

Total expense recorded through third quarter is \$870,877, representing 66.1% of the budgeted amount of \$1,181,186. Personnel expense decreased 10.7% in 2010 from the amount expended through third quarter 2009 primarily due to an elimination of one position. Expenses for materials cannot be compared between years due to timing differences for adjustments to record the cost of inventory purchases.

**Transfers:**

The 2010 transfer out of \$33,000 is payment for debt related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets and Cash Balance:**

The fund continues to maintain positive net asset balance with a 2009 ending balance of \$3,203,361, an increase of 11.0% from the 2008 ending balance of \$2,885,267. The cash balance at end of third quarter 2010 is a deficit of (\$1,232,713), an improvement of \$333,372 from the 2009 ending deficit cash balance of (\$1,566,085). The fund has not had a positive cash balance since 2005 when the ending balance was \$91,610.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Third Quarter/Years Ending 2010, 2009, and 2008

	Current Budget Year 2010	Projected Year Ending 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Central Stores	767,500	450,000	348,139	934,156	363,635	748,427	561,320
Traffic Stores	385,000	400,000	299,582	626,041	408,925	312,570	234,350
<b>Total Operating Revenues</b>	<b>1,152,500</b>	<b>850,000</b>	<b>647,721</b>	<b>1,560,197</b>	<b>772,559</b>	<b>1,060,997</b>	<b>795,670</b>
<b>Operating Expenses:</b>							
Personnel	736,108	730,287	547,715	802,289	613,134	800,858	572,338
Contractual	334,452	330,000	249,171	308,301	224,634	238,801	178,420
Materials/Other <sup>1</sup>	34,203	25,000	16,674	54,630	(301,174)	591,101	136,125
Rent	43,423	43,423	32,567	34,054	25,540	28,527	21,395
Depreciation	-	-	-	-	-	16,254	12,191
<b>Total Operating Expenses</b>	<b>1,148,186</b>	<b>1,128,710</b>	<b>846,127</b>	<b>1,199,274</b>	<b>562,134</b>	<b>1,675,541</b>	<b>920,469</b>
<b>Operating Margin</b>	<b>4,314</b>	<b>(278,710)</b>	<b>(198,406)</b>	<b>360,923</b>	<b>210,425</b>	<b>(614,544)</b>	<b>(124,799)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest Income (Expense)	-	-	-	44	44	-	78
Other revenue (expense)	-	1,200	1,126	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>1,200</b>	<b>1,126</b>	<b>44</b>	<b>44</b>	<b>-</b>	<b>78</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	-	-	-	-	-	-	-
Transfers to other fund	(33,000)	(33,000)	(24,750)	(34,000)	(25,500)	(31,000)	(23,250)
<b>Total Operating Transfers</b>	<b>(33,000)</b>	<b>(33,000)</b>	<b>(24,750)</b>	<b>(34,000)</b>	<b>(25,500)</b>	<b>(31,000)</b>	<b>(23,250)</b>
<b>Net Income</b>	<b>(28,686)</b>	<b>(310,510)</b>	<b>(222,030)</b>	<b>326,967</b>	<b>184,969</b>	<b>(645,544)</b>	<b>(147,971)</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			(1,232,713)	(1,566,085)	(2,433,146)	(2,284,118)	(2,764,915)
Accounts Receivable			12,992	30,954	38,990	12,261	9,416
Inventories			4,485,140	4,845,852	5,706,930	5,421,516	N/A
Net Assets			3,203,361	3,203,361	2,885,268	2,885,268	3,530,810

<sup>1</sup>The negative expense recorded for Materials/Other for 9/30/09 is a credit amount due to inventory expense of \$281,000 that was recorded in 2008, but was not entered into inventory until 2009.

**City of Minneapolis  
Intergovernmental Service Fund  
For the Third Quarter ending September 30, 2010**

<b>Fund 6400</b>	<b>2010 Budget</b>	<b>2010 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue including Transfers	46,513,441	34,045,263	12,468,178	73.2%
Operating Expenses including Transfers	36,019,845	26,929,048	9,090,797	74.8%
Operating Revenue Over (Under) Expenses	10,493,596	7,116,215		

**Program Description:**

The Intergovernmental Service Fund accounts for operations of Business Information Services (BIS); the City Clerk's printing and central mailing services; and a small portion of Human Resources training services. BIS is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware.

**Revenue:**

Operating revenue, including transfers, through the third quarter of 2010 is \$34,045,263 or 73.2% of the annual budgeted amount of \$46,513,441. Revenue sources include mailing and copying services, telecom charges, Project Management Operations (PMO) projects, and BIS charges based on the allocation model. The revenue for BIS is driven by rates charged for services and customers' technology needs. The BIS allocation model uses the expense budget, depreciation, and overhead to determine technology rates.

**Expenses:**

Operating expenses, including transfers, through the third quarter are \$26,929,048, or 74.8% of the annual budget. Actual expenses are expected to exceed budget in BIS operations due to maintenance contracts and the Unisys contract increasing at a rate greater than allowed in the financial direction. Third quarter expenses include \$684,782 paid on the annual service commitment of \$911,700 for wireless services. As projects are added to the BIS-PMO cost center, the revenue and expenditure budgets increase as funding for projects is provided by the customer. Expenditures are recorded throughout the duration of the project.

**Debt:**

In 2009, \$16.8 million of refunding bonds were issued for outstanding debt with maturities from 2010 to 2012. Debt principal payments total \$8,567,000 in 2010. Interest payments on bonded debt will total \$938,092 for the fiscal year.

**Transfers:**

The fund receives an annual transfer from the general fund of \$9.4 million in accordance with the long term financial plan to increase net asset balance and reduce debt. In addition, the fund will receive a transfer from the general fund of \$911,748 to pay their annual wireless commitment. The fund also receives a quarterly debt service transfer \$415,000 related to the deficit reduction plan. A payment of \$218,000 is transferred out of the fund for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets and Cash Balance:**

The Intergovernmental Services Fund is tracking positively to increase its net asset position. The net asset balance for 2009 is \$13,678,110 which is an increase of \$8,810,430 from the net asset position of \$4,867,681 in 2008. Net assets have increased due to use of an allocation model to determine charges for service and a transfer from the general fund that is determined through the long-term financial plan.

The ending cash balance for third quarter 2010 is a deficit of (\$909,068), representing a slight increase to the cash balance from the 2009 ending cash deficit balance of (\$914,522).

City of Minneapolis, Minnesota  
Intergovernmental Services Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009 and 2008

	Budget Current Year 2010	Projected Year 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Charges for Service:							
BIS - PMO	10,066,280	8,371,669	6,399,955	8,621,649	6,050,345	13,110,193	8,951,779
BIS-Telecom	3,061,139	2,942,911	2,207,183	2,928,582	2,239,640	3,014,661	2,322,393
BIS - Operating-other	20,281,745	20,707,040	15,530,280	21,548,278	16,163,921	19,895,809	13,742,165
CC-Mailing Services	435,500	456,525	342,393	529,749	253,135	573,987	380,499
CC-Copy Services	500,000	583,576	437,682	490,657	312,889	504,543	360,682
Human resources	4,750	4,750	4,750	-	-	150	150
<b>Total Operating Revenues</b>	<b>34,349,414</b>	<b>33,066,470</b>	<b>24,922,243</b>	<b>34,118,915</b>	<b>25,019,930</b>	<b>37,099,343</b>	<b>25,757,668</b>
<b>Operating Expenses:</b>							
BIS - PMO	10,066,280	7,768,673	5,816,943	8,902,881	6,161,274	13,351,795	9,470,674
BIS - Telecom	1,668,781	1,657,379	1,267,298	1,787,581	1,338,552	2,153,173	1,356,856
BIS - Operating-other	22,562,703	23,308,185	18,481,466	23,496,912	16,923,200	24,691,613	15,821,540
CC-Mailing Services/Data Center	600,680	621,705	471,640	578,052	409,607	627,318	431,802
CC-Copy Services	585,452	739,039	554,279	615,446	481,848	547,795	416,435
Human resources	317,949	231,896	173,922	230,073	156,233	190,173	70,955
<b>Total Operating Expenses</b>	<b>35,801,845</b>	<b>34,326,877</b>	<b>26,765,548</b>	<b>35,610,945</b>	<b>25,470,714</b>	<b>41,561,867</b>	<b>27,568,262</b>
<b>Operating Margin</b>	<b>(1,452,431)</b>	<b>(1,260,406)</b>	<b>(1,843,305)</b>	<b>(1,492,030)</b>	<b>(450,784)</b>	<b>(4,462,524)</b>	<b>(1,810,594)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Gains (Losses)	-	-	(84,805)	-	-	-	-
Depreciation	(10,716,025)	(10,716,025)	(8,037,019)	(8,380,433)	(6,285,325)	(6,463,602)	(4,847,702)
Interest on Bonded Debt	(938,092)	(938,092)	(703,569)	(1,526,507)	(1,234,988)	(1,593,997)	(1,218,572)
Other Non Operating Income (Expense)	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(11,654,117)</b>	<b>(11,654,117)</b>	<b>(8,825,393)</b>	<b>(9,906,940)</b>	<b>(7,520,313)</b>	<b>(8,057,599)</b>	<b>(6,066,274)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	12,164,027	12,164,027	9,123,020	16,114,693	11,564,401	11,762,368	8,828,250
Transfers to other fund	(218,000)	(218,000)	(163,500)	(276,594)	(159,000)	(295,624)	(144,000)
<b>Total Operating Transfers</b>	<b>11,946,027</b>	<b>11,946,027</b>	<b>8,959,520</b>	<b>15,838,099</b>	<b>11,405,401</b>	<b>11,466,744</b>	<b>8,684,250</b>
<b>Net Income</b>	<b>(1,160,522)</b>	<b>(968,497)</b>	<b>(1,709,177)</b>	<b>4,439,129</b>	<b>3,434,304</b>	<b>(1,053,379)</b>	<b>807,382</b>
<b>Significant Balance Sheet Items</b>							
Cash balance			(909,068)	(914,522)	(5,591,702)	93,865	N/A
Work-in-progress			6,444,741	7,115,554	21,070,901	21,070,901	25,825,698
Due from other funds			1,187,000	1,697,588	-	1,018,521	-
Interfund Loans			(10,114,051)	(10,114,051)	(10,114,051)	(10,114,051)	(10,114,051)
Bonds Payable			(26,240,000)	(26,240,000)	(34,415,000)	(34,415,000)	(34,660,000)
Deferred Income			(5,818,693)	(5,696,858)	(4,180,765)	(4,608,536)	(3,565,674)
Net Assets			13,678,110	13,678,110	4,867,680	4,867,680	(13,612,281)
<b>Significant Cash Flow Items</b>							
Principal payments on bonds			(8,567,000)	(9,290,000)	(9,290,000)	(1,805,000)	(1,805,000)

**City of Minneapolis  
Self-Insurance Fund  
For the Third Quarter Ending September 30, 2010**

<b>Fund 6900</b>	<b>2010 Budget</b>	<b>2010 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including transfers</b>	41,000,440	30,856,546	10,143,894	75.3%
<b>Expenditures including transfers</b>	29,765,098	19,620,345	10,144,753	65.9%
<b>Revenue Over (Under) Expenses</b>	11,235,342	11,236,201		

**Program Description:**

The Self-Insurance Fund records employee benefit transactions, workers compensation and tort liability payments, and the administrative support transactions for these activities.

**Revenue:**

Revenues vary by activity. Employee benefits collect revenue from payroll withholding and employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management, recognizes revenues from direct billing of users. Tort Liability including administrative services of the City Attorney's Civil Division earns revenue by billing City departments for tort settlements and the cost of providing legal services.

For third quarter 2010, total revenues, including a transfer from the general fund of \$8.1 million, are \$30,856,546 or 75.3% of the budgeted amount of \$41,000,440. Revenue earned through the third quarter of 2010 cannot be compared to the actual revenue earned through third quarter 2008 or 2009 due to dental, metropass, and flex spending accounts for health and dependent care are paid directly to the providers in 2010, bypassing the self insurance fund. A loss of revenue to the fund with a corresponding decrease in expense for employee health benefits, did not impact the operating margin.

An activity-based rate model determines the rates charged to City departments to provide self insurance for liability and workers compensation costs and to assign a charge for employee benefit administration. The rate model uses data determined by an actuarial study to assign charges for liability and workers compensation self insurance based on a department's responsibility for tort settlements and workers compensation claims. A new actuarial study was completed in 2009. Revenues from attorney office services decreased in 2010 due to a decrease in law clerk services. The Human Resources-Employment Services cost center receives revenue from City departments as reimbursement for services related to employment screenings.

**Expenses:**

Health and Welfare payments, primarily accrued sick leave and COBRA medical and life insurance, account for 22.9% of the fund's 2010 budget. In 2009, the payment for employee health and life insurance occurred directly from payroll and did not pass through the self insurance fund. In 2010, payments for Metropass, Minneflex, and dental insurance also do not pass through the self insurance fund. Total operating expenditures for third quarter 2010 including transfers to other debt service funds are \$19,620,345, a decrease of 23.9% from the third quarter expenditures in 2009 primarily due to metropass, dental premiums, and Minneflex paid directly from payroll transactions.

Workers Compensation and Tort Liability expenditures include the payments for settlements related to tort litigation and workers compensation claims. The costs of administering the plans are funded through the City Attorney and Risk Management cost centers. The expenditures related to liability settlements through third quarter 2010 are \$3,073,510 or 49% of the budgeted amount of \$6,270,435. Payments for workers compensation are \$5,907,621 or 93.9% of the budgeted amount. The cost of workers compensation reinsurance and special assessments due to the State of Minnesota increased in 2010 and primarily account for the rise in expense. In addition, the fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accrual.

**Transfers:**

In 2010, this fund will receive an interfund transfer of \$10.8 million from the general fund as determined in the long term financial plan. The 2010 budget includes a transfer out of \$140,000 for debt service related to the former Minneapolis Employees Retirement Fund (MERF) unfunded liability.

**Net Assets and Cash Balance:**

The ending net asset balance for year ending 2009 is a deficit of \$15.4 million, an increase of \$60,344 from the 2008 deficit balance of \$15.5 million. The deficit is primarily due to the liability for unpaid claims for tort settlements and workers compensation. The unpaid claims liability is \$42.5 million at year-end 2009, an increase of \$10.7 million from the claims liability of \$31.8 million at year-end 2008. The cash balance at September 30, 2010 is \$36.8 million, an increase of \$7.7 million from the ending balance of \$29.0 million at year-end 2009. The City's financial policy related to cash balance for this fund states that the cash balance should be equal to the unpaid claims liability balance plus 10% of the annual department operating budgets. The long term financial plan provides for an increase in cash balance through a transfer in from the general fund.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009 and 2008

	Budget Curren Year 2010	Projection Year 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Health & Welfare (employee benefits)	6,769,920	6,465,653	4,849,240	12,745,507	8,139,314	33,356,887	25,017,665
Workers Compensation	8,615,009	9,260,055	6,945,041	8,565,960	6,503,863	9,524,961	7,101,225
Liability & Settlements	13,185,568	13,172,229	9,879,172	12,914,035	9,683,719	11,353,987	8,443,119
City Attorney/Civil Division-Litigation	30,000	5,256	3,942	13,875	8,859	30,089	8,698
Human Resources Services	1,389,943	1,389,943	983,065	1,221,745	940,172	1,037,375	657,011
Finance - Risk Management	200,000	118,115	88,586	205,711	108,971	293,549	231,061
<b>Total Operating Revenues</b>	<b>30,190,440</b>	<b>30,411,251</b>	<b>22,749,046</b>	<b>35,666,833</b>	<b>25,384,898</b>	<b>55,596,848</b>	<b>41,458,779</b>
<b>Operating Expenses:</b>							
Health & Welfare (employee benefits)	6,769,920	5,003,520	3,752,640	9,924,021	8,738,867	33,175,852	24,881,889
Workers Compensation	6,290,140	7,876,828	5,907,621	6,919,286	5,203,623	7,844,078	5,826,863
Liability & Settlements	6,270,435	4,098,013	3,073,510	6,223,035	5,416,996	2,526,225	1,685,136
City Attorney/Civil Division-Litigation	6,135,033	5,717,703	4,288,277	5,541,319	4,102,890	5,123,884	3,579,076
Finance - Risk Management	2,458,764	2,107,923	1,580,942	2,222,448	1,365,550	2,183,613	1,381,598
Human Resources Services	1,700,806	1,216,473	912,355	1,133,176	840,179	1,069,738	741,827
<b>Total Operating Expenses</b>	<b>29,625,098</b>	<b>26,020,460</b>	<b>19,515,345</b>	<b>31,963,285</b>	<b>25,668,105</b>	<b>51,923,390</b>	<b>38,096,389</b>
<b>Operating Margin</b>	<b>565,342</b>	<b>4,390,791</b>	<b>3,233,701</b>	<b>3,703,548</b>	<b>(283,207)</b>	<b>3,673,458</b>	<b>3,362,390</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest on Bonded Debt	-	-	-	-	-	(21,178)	(39,750)
Other Non Operating Income (Exp)	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,178)</b>	<b>(39,750)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	10,810,000	10,810,000	8,107,500	6,915,000	5,186,250	5,642,689	4,232,017
Transfers to other fund	(140,000)	(140,000)	(105,000)	(145,000)	(108,750)	(131,000)	(98,250)
<b>Total Operating Transfers</b>	<b>10,670,000</b>	<b>10,670,000</b>	<b>8,002,500</b>	<b>6,770,000</b>	<b>5,077,500</b>	<b>5,511,689</b>	<b>4,133,767</b>
<b>Net Income</b>	<b>11,235,342</b>	<b>15,060,791</b>	<b>11,236,201</b>	<b>(266,137)</b>	<b>4,794,293</b>	<b>9,163,969</b>	<b>7,456,407</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance			36,729,096	28,995,366	18,969,313	18,766,917	N/A
Intergovernmental receivable			223,378	223,378	181,930	181,930	181,930
Bonds Payable			-	-	-	-	(1,060,000)
Unpaid Claims			(42,512,749)	(42,512,749)	(31,773,064)	(31,773,064)	(33,467,000)
Net Assets			(15,432,743)	(15,432,743)	(15,493,087)	(15,493,087)	(26,370,500)
<b>Significant Cash Flow Items</b>							
Principal paid on debt			-	-	-	(1,060,000)	(1,060,000)

Net income in 2009 is reduced by \$10,739,685 to account for the equal increase to unpaid claims liability. The increase to unpaid claims liability was determined by an actuarial study dated 12/31/2009.

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Third Quarter Ending September 30, 2010**

<b>Fund 07100</b>	<b>2010 Budget</b>	<b>09-30-2010 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	45,506,940	35,899,579	9,607,361	79%
Operating Expenditures	41,813,821	29,603,206	12,210,615	71%
Operating Margin	3,693,119	6,296,373		
Net Income	122,781	3,618,999		

**Program Description:**

The Sanitary Sewer Fund accounts for 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The Fund also accounts for sanitary sewer maintenance and design work along with capital programs and debt services.

**Revenue:**

With sewer revenue of \$35.9 million through the end of the third quarter, 79% of the budgeted revenue has been realized. This is a increase of \$3.9 million, or 12%, compared to \$32 million in the third quarter of 2009. Increase in revenues of approximately \$3.5 million is a result of increased sewer rates. Additional increase comes as design revenues drawn from capital projects.

**Expenses:**

The Sanitary Sewer Fund's operating expenditures of \$29.6 million through the third quarter equates to 71% of 2010 budget. This is a decrease of \$1.6 million, or 5%, compared to \$31.2 million through the third quarter of 2009. The decrease in expenditures is due to combined decrease in maintenance activities and one additional payment to Met Council in 2009.

**Transfers:**

The transfer from this Fund goes to the pension fund to cover the former MERF unfunded liability. The transfer budget for the year is \$305,000, and through this quarter \$229,000 has been recognized.

**Debt Service:**

For 2010, the debt service budget totals \$4.1 million. Through third quarter, \$2 million in principal and \$1 million in interest on its outstanding debts generated from past bond sales have been recognized.

**Other Financial Items:**

The current operating cash balance is \$17 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$10 million. The cash position is \$7 million above its target.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009, 2008

	Budget Year 2010	Projected Year 2010	For Period Ending 09-30-2010	Year Ending 2009	For Period Ending 09/30/2009	Year Ending 2008	For Period Ending 9/30/2008
<b>Operating Revenues:</b>							
Sewage Disposal	42,931,700	45,192,027	34,104,885	40,230,065	30,507,545	39,123,470	29,176,351
Other Services Provided	915,484	930,172	432,650	1,418,181	220,579	826,484	580,505
Inspection Services	1,659,756	1,659,756	1,362,044	2,305,130	1,269,730	1,659,756	1,210,111
Interest							
<b>Total Operating Revenues</b>	<b>45,506,940</b>	<b>47,781,955</b>	<b>35,899,579</b>	<b>43,953,376</b>	<b>31,997,854</b>	<b>41,609,710</b>	<b>30,966,967</b>
<b>Operating Expenses:</b>							
Sewer Design	409,015	307,002	199,033	230,253	184,183	312,433	378,468
Sewer Maintenance	6,564,080	5,971,962	4,038,629	5,922,731	4,604,109	5,091,261	3,579,659
Met Council Env. Svcs.	34,840,726	33,726,487	25,365,544	32,234,678	26,371,760	32,532,857	24,317,302
<b>Total Operating Expenses</b>	<b>41,813,821</b>	<b>40,005,451</b>	<b>29,603,206</b>	<b>38,387,662</b>	<b>31,160,052</b>	<b>37,936,551</b>	<b>28,275,429</b>
<b>Operating Margin</b>	<b>3,693,119</b>	<b>7,776,504</b>	<b>6,296,373</b>	<b>5,565,714</b>	<b>837,802</b>	<b>3,673,159</b>	<b>2,691,539</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers (out)	(305,000)	(305,000)	(228,750)	(1,791,003)	(555,003)	(629,341)	(365,341)
Non-Oper Expenses							
Depreciation	(1,882,193)	(1,882,193)	(1,411,265)	(1,159,640)	(914,941)	(1,913,189)	(899,646)
Special Assessments				9,691	-	5,774	15,711
Net Interest Income (Exp)	(1,383,145)	(1,383,145)	(1,037,359)	(500,094)	(1,262,250)	(388,135)	(226,350)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,570,338)</b>	<b>(3,570,338)</b>	<b>(2,677,374)</b>	<b>(3,441,046)</b>	<b>(2,732,194)</b>	<b>(2,924,891)</b>	<b>(1,475,626)</b>
<b>Net Income</b>	<b>122,781</b>	<b>4,206,166</b>	<b>3,618,999</b>	<b>2,124,668</b>	<b>(1,894,392)</b>	<b>748,268</b>	<b>1,215,913</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-		17,069,328	9,639,595	11,461,020	10,622,178	9,223,786
Accounts Receivable	-		3,739,107	3,312,601	3,555,361	3,103,489	2,953,615
<b>Significant Cash Flow Items</b>							
Capital Outlay	9,425,000	9,425,000	3,873,332	7,904,063	5,055,599	4,817,586	1,679,426
Bond Principle payments	2,683,000	2,683,000	2,012,250	2,436,000	1,266,750	1,200,000	1,434,656

**City Of Minneapolis  
Stormwater Fund  
For the Third Quarter Ending September 30, 2010**

<b>Fund 07300</b>	<b>2010 Budget</b>	<b>09/30/2010 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	34,230,324	27,242,287	6,998,037	80%
Operating Expenditures	22,021,183	13,626,173	8,395,010	62%
Operating Margin	12,209,141	13,616,114		
Net Income	2,879,039	5,573,755		

**Program Description:**

The Storm Water Fund covers 5% of the expenditures related to Met Council Environmental Services (MCES). Combined Sewer Overflow (CSO) program, Street Cleaning, Storm Design and Storm Water Maintenance are other activities covered by this Fund.

**Revenue:**

The Storm Water revenue of \$27.2 million through the third quarter equates to 80% of the operating revenue budget. It is a decrease of \$1 million or 4%, compared to \$28.2 million, over the third quarter of 2009. Design revenues were higher at this time last year by \$2.1 million because of the forty or so capital project close outs in 2009. Increase in storm utility revenue of \$1 million is off-set by this decrease in design revenue.

**Expenses:**

Through third quarter, 2010, Storm Water Fund's operating expenses ended at 62% of the budget. Expenses through the quarter totaled \$13.6 million compared to \$12.5 million for 2009. This is an increase in expenditures of \$1.1 million, or 9%, compared to 2009. Increase in expenditures are due in part from internal transfers such as overheads and government contracted fees which are \$400,000 higher than 2009. Higher salaries, fringes, and fleet service charges in the storm maintenance area account for over \$600,000 bringing the total increase to over \$1million for the quarter. In storm maintenance area Street Cleaning expenses are down mostly due to reduced contractual services related to hauling of the spring sweep debris. These costs will occur in the second half of the year, and that is taken into consideration in the year end projection for this cost center.

**Transfers:**

Transfer out of the Storm Water Fund includes a transfer to the former MERF pension fund. Through third quarter, \$600,000 in transfer has been recognized.

**Debt Service:**

The debt service payments amounting to \$5.8 million have been recognized for the quarter. These payments include \$1.8 million in interest and \$5 million in principal which are primarily for bonds sold to finance the Combined Sewer Overflow and Flood Mitigation programs.

**Other Financial Items:**

The operating cash balance for the quarter was \$26.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$5 million, which results in a surplus of \$22 million in unrestricted reserve.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009 and 2008

	Budget Year 2010	Projected Year 2010	For Period Ending 09/30/2010	For Year Ending 12/31/2009	For Period Ending 09/30/2009	For Year Ending 12/31/2008	For Period Ending 09/30/2008
<b>Operating Revenues:</b>							
State Grants	761,138	822,451	822,451	730,788	710,221	886,787	745,411
County Grants	285,072	285,072	98,836	296,509	205,052	344,680	249,690
Sewage Disposal	31,714,778	33,601,402	25,483,861	33,032,352	24,419,743	30,944,907	23,287,016
Other Services Provided	1,469,336	1,469,336	837,139	3,775,313	2,937,823	1,313,241	610,094
<b>Total Operating Revenues</b>	<b>34,230,324</b>	<b>36,178,261</b>	<b>27,242,287</b>	<b>37,834,962</b>	<b>28,272,839</b>	<b>33,489,615</b>	<b>24,892,211</b>
<b>Operating Expenses:</b>							
Sewer Design	3,309,449	3,015,028	2,137,955	2,815,491	1,980,864	3,072,685	2,037,740
Stormwater Management CSO	1,695,300	1,578,854	702,719	1,058,277	763,226	982,357	743,069
Street Cleaning	7,887,440	7,004,585	4,628,946	7,244,448	4,624,401	7,366,166	4,900,748
Sewer Maintenance	3,712,630	3,502,449	2,257,584	2,263,404	1,646,333	2,121,236	1,417,247
Met Council Env. Svcs.	5,416,364	5,342,546	3,898,969	4,576,971	3,530,107	4,491,102	3,550,574
<b>Total Operating Expenses</b>	<b>22,021,183</b>	<b>20,443,462</b>	<b>13,626,173</b>	<b>17,958,591</b>	<b>12,544,931</b>	<b>18,033,546</b>	<b>12,649,378</b>
<b>Operating Margin</b>	<b>12,209,141</b>	<b>15,734,799</b>	<b>13,616,114</b>	<b>19,876,371</b>	<b>15,727,908</b>	<b>15,456,069</b>	<b>12,242,833</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(805,000)	(805,000)	(603,750)	(1,087,777)	(764,137)	(512,767)	(241,457)
Depreciation	(6,174,420)	(6,174,420)	(4,616,533)	(3,894,930)	(2,414,630)	(4,721,782)	(2,421,017)
Special Assessments	115,000	300,000	146,285	497,879	111,069	714,324	91,985
Net Interest Income (Exp)	(2,465,683)	(2,465,683)	(1,849,262)	(1,752,825)	(1,639,269)	(1,563,549)	(1,735,615)
Other Non Operating Income (Exp)			(1,119,098)	(272,200)	(1,096,256)	1,640,047	(384,013)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(9,330,103)</b>	<b>(9,145,103)</b>	<b>(8,042,359)</b>	<b>(6,509,853)</b>	<b>(5,803,223)</b>	<b>(4,443,727)</b>	<b>(4,690,117)</b>
<b>Net Income</b>	<b>2,879,038</b>	<b>6,589,696</b>	<b>5,573,755</b>	<b>13,366,518</b>	<b>9,924,686</b>	<b>11,012,342</b>	<b>7,552,716</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			26,910,549	14,445,473	18,785,257	3,850,076	9,172,096
Construction Cash			9,854,894	7,163,862	9,410,000	11,924,351	14,176,203
Accounts Receivable			4,085,112	4,375,813	4,482,149	4,217,773	3,614,060
Bonds Payable			21,175,910	21,175,910	31,134,910	28,634,910	11,583,044
<b>Significant Cash Flow Items</b>							
Capital Outlay	10,820,000	10,820,000	3,177,796	4,915,306	2,620,956	5,545,209	2,946,909
Bond principle payments	5,322,000	5,322,000	3,991,500	9,959,000	5,404,500	8,620,000	6,363,750

**City of Minneapolis  
Water Fund  
For the Second Quarter Ending September 30, 2010**

<b>Fund 7400</b>	<b>2010 Budget</b>	<b>30-September-10 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	63,828,363	49,207,254	14,621,109	77%
Operating Expenditures	48,446,307	34,220,487	14,225,820	71%
Operating Margin	15,382,056	14,986,767		
Net Income (Loss)	6,130,726	5,012,671		

**Program Description:**

This Fund accounts for operation, maintenance and capital investments of the water treatment and delivery system for the City and several suburban wholesale customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Metropolitan Airport, and Edina.

In 2010 the Water Fund received appropriations for water distribution improvements in the amount of \$500,000, treatment infrastructure improvements in the amount of \$1 million. In addition, this fund received capital funding of \$2 million for water reimbursable capital projects.

**Revenue:**

The 2010 operating revenue of \$49,207,254 represents a 2.3 % decrease over the same period in 2009 which was \$50,354,392. With a rate increase of 4.8% in 2010, higher revenues would be expected, but the weather in 2010 has been very wet this year leading to reduced consumption.

**Expenditures:**

Through the 3rd quarter of 2010 operating expenditures totaled \$34 million which is 2% less than the same period in 2009. The biggest reduction is in the area of contributions to other funds. The General Fund overhead was reduced by \$944,600, 75% of which would be reflected in the numbers through September, along with an additional \$128,000 of General Fund overhead was allocated to Capital projects through September in 2010, where the related allocation for 2009 was not done until December 2009.

**Transfers:**

For 2010 the transfers are expected to be of \$1,258,000, which is the former MERF (Minneapolis Employee Retirement Fund) pension debt service payment. 75% of this amount has been included in the figures reported.

**Debt Services:**

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current year capital projects include the Minneapolis Water Works facilities security improvement, the rehabilitation of Pump Station #4, the new Filter Presses, E. River Terrace water main lining, and two new Lime Slakers.

**Other Financial Items:**

The ending cash balance as of 9/30/2010 is \$4,212,217 compared to \$3,209,663 at 9/30/2009. The objective is to have a cash balance equal to or greater than 3 months of operating expenses. Based on the current budget the target amount would be \$12.1 million.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009, 2008

	Budget Current Year 2010	Projected Ending 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Federal Grants	-	-	-	-	-	-	-
State Grants	-	-	-	-	-	-	-
Licenses & Permits	1,000	1,000	938	1,966	600	1,219	445
Charges For Services	61,759,939	63,050,000	47,911,896	64,237,365	50,323,759	63,202,724	47,891,413
Charges For Sales	1,336,924	1,214,000	966,208	2,293,169	-	4,991	4,683
Rents	-	-	-	-	-	-	-
Interest	-	-	-	1,746	1,746	-	-
Other Misc Revenues	730,500	750,000	328,212	33,709	28,587	332	23,836
<b>Total Operating Revenues</b>	<b>63,828,363</b>	<b>65,015,000</b>	<b>49,207,254</b>	<b>66,567,955</b>	<b>50,354,692</b>	<b>63,209,266</b>	<b>47,920,377</b>
<b>Operating Expenses:</b>							
Water Design	1,617,584	1,395,837	1,006,820	1,062,591	777,594	618,400	391,645
Contribution To Other Funds	8,796,586	8,646,586	6,102,240	8,255,969	6,925,384	8,487,693	6,866,647
Administration & Permits	1,529,947	2,050,000	1,635,304	1,734,359	1,179,322	1,871,679	1,347,683
Operations Treatment	18,074,889	17,000,000	11,954,365	18,270,976	13,306,093	15,853,766	11,882,303
Treatment Maintenance	7,019,178	6,895,995	4,974,095	6,396,083	4,654,415	6,197,802	4,795,166
Distribution	8,180,603	7,936,000	5,583,833	7,076,581	5,032,315	8,181,366	5,479,222
Major Repairs & Replacement	728,794	1,400,000	1,038,408	1,341,420	1,213,196	4,061,783	2,253,845
Meter Shop	2,498,726	2,498,726	1,925,423	2,113,849	1,681,577	1,629,450	-
<b>Total Operating Expenses</b>	<b>48,446,307</b>	<b>47,823,144</b>	<b>34,220,487</b>	<b>46,251,828</b>	<b>34,769,896</b>	<b>46,901,939</b>	<b>33,016,511</b>
<b>Operating Margin</b>	<b>15,382,056</b>	<b>17,191,856</b>	<b>14,986,767</b>	<b>20,316,127</b>	<b>15,584,796</b>	<b>16,307,327</b>	<b>14,903,866</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(1,258,000)	(1,258,000)	(943,500)	(1,071,000)	(962,534)	(1,648,864)	(680,864)
Federal ARRA Grant	-	-	-	1,825,606	-	-	(5,397,332)
Depreciation	(7,993,330)	(7,993,330)	(5,994,997)	(7,567,604)	(5,354,250)	(7,139,000)	-
Special Assessments	-	400,000	(395,993)	766,299	-	1,234,068	-
Net Interest Income (Exp)	-	(3,848,601)	(2,580,735)	(3,655,735)	(2,564,680)	(3,405,967)	(2,288,401)
Other Non-Operating Income	2,000,000	2,000,000	125,421	239,913	199,995	344,653	307,053
Other Non Operating (Expense)	(2,000,000)	(2,000,000)	(184,292)	(760,842)	(429,128)	(919,308)	(406,460)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(9,251,330)</b>	<b>(12,699,931)</b>	<b>(9,974,096)</b>	<b>(10,223,363)</b>	<b>(9,110,597)</b>	<b>(11,534,418)</b>	<b>(8,466,004)</b>
<b>Net Income</b>	<b>6,130,726</b>	<b>4,491,925</b>	<b>5,012,671</b>	<b>10,092,764</b>	<b>6,474,199</b>	<b>4,772,909</b>	<b>6,437,862</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-	-	4,212,207	(2,007,396)	3,209,663	473,025	8,433,481
Construction Cash	-	-	5,719,970	2,105,169	16,615,000	8,118,608	-
Accounts Receivable	-	-	6,056,123	5,140,449	2,922,677	3,668,667	5,167,999
Bonds & Notes Payable	-	-	109,072,420	100,371,398	92,719,918	97,701,909	101,542,829
	-	-	-	-	-	-	-
<b>Significant Cash Flow Items</b>							
Capital Outlay	3,500,000	16,000,000	13,217,940	25,148,297	17,426,391	15,087,425	7,296,947
Bond & Note Principle payments	5,646,305	5,646,305	3,404,908	6,075,868	-	6,926,791	1,300,000
Refunding Principal Payments	-	-	-	12,615,000	12,615,000	-	-
<b>Total Cash Flow Items</b>	<b>9,146,305</b>	<b>21,646,305</b>	<b>16,622,848</b>	<b>43,839,165</b>	<b>17,426,391</b>	<b>22,014,216</b>	<b>8,596,947</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Third Quarter Ended September 30, 2010**

<b>Fund 7500*</b>	<b>2010 Current Budget</b>	<b>Sept 30,2010 Qtr End Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	42,434,031	30,323,577	12,110,454	71%
Expenditures	32,806,188	19,197,773	13,608,415	59%
Operating Margin	9,627,843	11,125,804		
Net Income (Loss)	665,214	4,315,104		

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

Net Income (Loss) includes all non-operating expenditures & revenues such as depreciation expense, bond interest expense and transfers between funds

**Program Description:**

This fund primarily accounts for operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. Major parking-related capital construction and development activities occur in this fund. In addition, this fund accounts for transfers in and out as noted below.

**Revenues:**

The 2010 3rd quarter revenues are down in comparison to the 2010 budget by 4%.

- Impound Lot revenues are down 12% compared to budget.
- On-street meters are on budget.
- Off-street ramps and lots are down 2% compared to budget.

**Expenditures:**

The 2010 3rd quarter expenses are below the 2010 budget by 16 %.

Impound Lot expenses are down 21% compared to budget.

On-street meters are down 10% compared to budget.

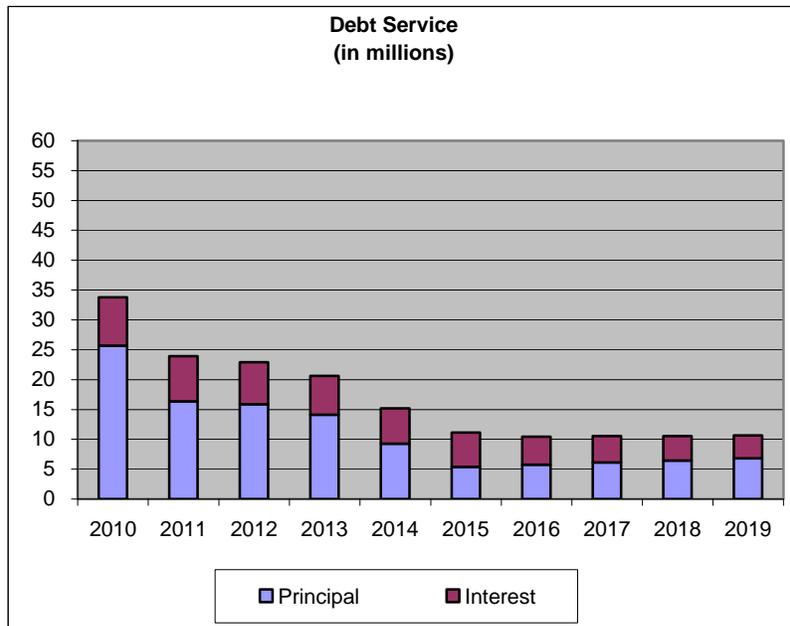
Off-street ramps and lots are down 16% compared to budget.

**Transfers to and from other funds:**

The 2010 transfers into and out of the Parking Fund are programmed and planned according to the 2010 budget. During 2010 \$16.3 million of funds will be transferred in and \$10.3 million of funds will be transferred out to cover debt service.

## Debt Service:

There is currently \$175 million in outstanding bonds. Through the third quarter of 2010 \$3.6 million of bonds were paid. There was a refunding of bonds of \$13 million in Parking System.



The Parking System has an annual \$1.7 million capital program. Thus, the total amount of outstanding bonds in the Parking Fund has increased by \$1.7 million in 2010 with the sale of additional bonds to fund facilities repairs and improvements.

## Other Financial Items:

The current operating cash balance is \$20.4 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$8.2 million, which results in \$12.2 million remaining. The \$12.2 million is reserved for future debt service payments.

## Parking Fund Workout Plan:

A financial workout plan, as adopted in 2004 by the City Council, approved Parking Fund initiatives to cut costs and increase revenues. The financial plan is in the process of being revised due to the successful parking initiatives and financial efforts that include the sale of 6 ramps in 2007 and 1 in February of 2008, the refinancing of debt at better rates, and the parking system initiatives geared to increase revenues and decrease expenses. An updated financial plan and projections should be available in later 2010.

The efforts related to the 2004 Workout Plan and specific performance includes:

### Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Figures for 2010 indicate that revenue was negatively impacted by office vacancy rates and the economic downturn. The offering of credit payment and on-line payments for monthly customers in our newly automated facilities plus ongoing initiatives are contributing factors to attracting more daily customers.

- **On-Street Parking and Parking Meter Management Plan:** The vendors were approved by City Council, contracts are being negotiated and new meter equipment will begin implementation in 2010. New meter equipment features include offering multiple payment options, adjustable rate technology, improved enforcement capabilities, and electronic monitoring and reporting using the City's WiFi network. Also, Public Works continues to examine opportunities for deploying meters in new locations.
- On-Street meter revenues are down due to a combination of the economy, street construction, ballpark meter hooding, and old meter equipment failures.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** The impound lot revenue is below target for 2010 due to reduced towing (less snow emergency tows, spring sweep tows, and white tag police tows).

### **Expenditures:**

- Off-street parking expenses are below budget. Budget savings are primarily a result of reduced costs due to added automation, centralization, and executing new janitorial contracts.
- **Enhance Wayfinding Program:** Twenty one (21) additional Dynamic Display Signs were added to the existing Wayfinding Program as part of the Marquette and 2<sup>nd</sup> Avenue Projects. Additional changeable message signs were implemented on 1<sup>st</sup> Avenue North, outlining arterial inbound streets for the new ballpark and congestion areas for the Downtown Traffic Management efforts.
- **Repair & Maintenance Program:** Major 2010 projects include ongoing automation of the revenue control equipment and systems upgrades at 11<sup>th</sup> and Marquette and the Leamington Ramps, and the refurbishing elevator equipment at the 11<sup>th</sup> and Marquette Ramp and the Federal Courts Ramp.
- Impound Lot expenditures are under budget approximately \$1.3M primarily due to reduced towing.
- On-Street Parking meter expenditures were less than budgeted by \$163,000 due to reduced equipment costs pending new meter installs.

Based on the 2010 3rd quarter information, the following table presents a summary of each business line actual 2010 budget figures, a 2010 year end actuals, and the variances between them.

<b>Revenue* And Expense Categories</b>	<b>2010 Current Budget</b>	<b>2010 Year End Projection based on Actual to date</b>	<b>Variance Budget vs. Actual</b>
Off-Street Parking	28,869,251	30,033,262	1,164,011
On-Street Parking	6,798,643	6,910,187	111,544
Impound Lot	6,766,137	6,447,339	(318,798)
<b>Total Revenue</b>	<b>42,434,031</b>	<b>43,390,788</b>	<b>956,757</b>
Off-Street Parking	25,347,203	24,768,876	(578,327)
On-Street Parking	1,560,098	1,377,273	(182,825)
Impound Lot	5,898,887	5,005,829	(893,058)
<b>Total Expenditures</b>	<b>32,806,188</b>	<b>31,151,978</b>	<b>(1,654,210)</b>
<b>Operating Margin</b>	<b>9,627,843</b>	<b>12,238,811</b>	<b>2,610,968</b>

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

**Summary:**

Based on the 2010 data and past historical trends, the expected year end:

Projected revenues would exceed the amount budgeted by 2.3%

Projected expenditures would be under budget by 5.0%

This results in an overall increase in the operating margin of \$2,610,968 or 27.1% more than the annual budget.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For Third Quarter/Years Ending 2010, 2009, and 2008

	Current Budget Year 2010	Projected Year Ending 2010	For Period Ending 30-Sep-10	For Year Ending 2009	For Period Ending 30-Sep-09	For Year Ending 2008	For Period Ending 30-Sep-08
<b>Operating Revenues:</b>							
Off-Street Parking: City Owned	28,869,251	30,033,262	20,907,736	27,169,976	19,691,590	28,485,621	19,213,704
Off-Street Parking: State Owned	10,302,002	14,062,986	13,603,673	12,206,025	8,195,305	9,695,494	5,903,367
Towing	6,766,137	6,447,339	4,277,686	6,600,080	4,765,949	7,326,364	5,571,785
On-Street Meters	6,798,643	6,910,187	5,099,316	6,971,681	5,192,546	6,976,669	5,174,917
Total Operating Revenues	52,736,033	57,453,775	43,888,411	52,947,762	37,845,390	52,484,148	35,863,773
<b>Operating Expenses:</b>							
Off-Street Parking: City Owned-Direct Expenses	17,804,959	17,349,078	12,524,155	16,375,153	11,262,395	15,889,943	12,116,924
Off-Street Parking: State Owned-Direct Expenses	8,165,008	14,165,008	13,644,430	11,118,635	6,119,705	7,859,934	5,786,408
Towing	5,898,887	5,005,829	3,156,792	4,948,492	3,361,224	4,906,788	3,409,626
On-Street Meters	1,560,098	1,377,273	1,006,816	1,067,909	834,022	857,476	633,510
Other Operating Expenses	7,542,244	7,419,797	2,510,010	3,998,690	2,963,164	3,726,078	2,672,680
Total Operating Expenses	40,971,196	45,316,986	32,842,203	37,508,879	24,540,510	33,240,219	24,619,148
<b>Operating Margin</b>	11,764,837	12,136,789	11,046,208	15,438,883	13,304,880	19,243,929	11,244,625
<b>Non-Operating Revenues/(Expenses)</b>							
General Fund Transfer Out	(7,818,000)	(7,818,000)	(5,863,500)	(7,818,000)	(3,909,000)	(8,618,000)	(4,309,000)
Arena Reserve Transfer Out	(2,241,000)	(2,241,000)	(1,680,750)	(2,241,000)	(1,120,500)	(2,241,000)	(1,120,500)
Debt Service Transfer Out	(111,000)	(111,000)	(83,250)	(115,000)	(57,500)	(104,000)	(52,000)
Internal Service Fund Transfer Out	-	-	-	-	-	0	-
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	(73,000)	(146,000)	(73,000)
Total Transfers Out	(10,316,000)	(10,316,000)	(7,737,000)	(10,320,000)	(5,160,000)	(11,109,000)	(5,554,500)
Convention Center related facility Transfer	8,886,000	8,886,000	6,664,500	9,968,998	4,984,499	9,832,000	4,916,000
TI and MCDA Transfers In	7,433,308	7,433,308	5,574,981	12,992,865	6,496,433	7,386,506	3,693,253
Arbitrage Fund and Other Transfers In	-	-	-	-	-	-	-
Total Transfers In	16,319,308	16,319,308	12,239,481	22,961,863	11,480,932	17,218,506	8,609,253
Depreciation	(6,703,980)	(6,703,980)	(5,155,553)	(6,703,978)	(3,351,989)	(6,392,796)	(3,196,398)
Special Assessments	0	0	-	0	-	113,846	-
Interest	(8,261,957)	(8,261,957)	(6,196,468)	(8,869,503)	(4,434,752)	(10,047,006)	(5,023,503)
Other Non Operating Expenses	0	0	-	0	(113,771)	0	0
Other Non-Operating Income *	0	-	38,839	5,798	3,899	2,469,626	2,463,359
Total Non-Operating Revenues (Expenses)	(8,962,629)	(8,962,629)	(6,810,700)	(2,925,820)	(1,575,681)	(7,746,824)	(2,701,789)
<b>Net Income+/-</b>	2,802,208	3,174,160	4,235,508	12,513,063	11,729,199	11,497,105	8,542,836

\* - In 2008 1 ramp was sold with a gain on sale of \$2,458,363.

**Significant Balance Sheet Items**

Operating Cash			20,417,450	13,211,301	22,092,013	25,294,458	44,136,778
Bonds Payable			175,360,042	175,360,042	192,100,042	202,125,042	231,180,542
Total Balance Sheet Items		-	195,777,492	188,571,343	214,192,055	227,419,500	275,317,320

**Significant Cash Flow Items**

Principal on debt (net of Refunding Bonds)	12,280,000		3,590,000	84,760,000	13,425,000	36,025,500	6,960,000
Capital Outlay	1,700,000	1,700,000	920,847	1,675,135	113,771	2,270,434	143,785
Total Cash Flow Items			4,510,847	86,435,135	13,538,771	38,295,934	7,103,785

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the Third Quarter Ending September 30, 2010**

<b>Fund 07700</b>	<b>2010 Budget</b>	<b>09/30/10 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	28,982,210	23,165,289	5,816,921	80%
Operating Expenditures	33,546,645	21,289,245	12,257,400	63%
Operating Margin	(4,564,435)	1,876,044		
Net Income/(Loss)	(6,066,104)	804,606		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal, recycling, and graffiti removal operations. The division provides pick up services for trash, yard waste and recyclables on a weekly and bi-weekly basis. The Fund is responsible for the operations of a solid waste transfer station which serves over 100,000 households. The division also provides "clean city" activities such as neighborhood clean sweeps, litter-graffiti controls and removals city-wide. It has initiated "organics" pilot program in selected school districts and neighborhoods. City crews provide approximately one-half of the solid waste collection services and the other half of the services is provided through a consortium of companies specializing in waste collection.

**Revenue:**

The operating revenues for the Fund through the quarter totaled \$23.1 million compared to \$22.5 million through the third quarter of 2009. This is an increase of \$600,000 or 3%. The grant revenue from Hennepin County has been received and recognized at \$888,000 which is \$88,000 more than anticipated. The increase in revenues are due to increased rates, higher sales of recyclables, and the full amount of County grant received in this quarter.

**Expenses:**

The operating expenses through third quarter ended at \$21.2 million compared to \$20.1 million in 2009. The increase in expenditures of \$1.1 million or 6%, over the same period in 2009, are in the areas of collection, yard waste, disposal and collection departments. These increases are due to higher cost of contractual services mainly to waste collection, higher labor costs, and replacement of solid waste carts and bins.

**Transfers:**

Estimated transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers and \$50,000 from the General fund for graffiti removal. Two thirds of these transfers amounting to \$147,000 have been recognized through third quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$151,000 for the former MERF unfunded liability. These are transferred out to General Fund when payments for these activities occur. For the quarter ending September 30<sup>th</sup>, \$525,000 in alley plowing has been transferred, and \$113,000 in MERF transfer has been recognized.

**Debt Service:** This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the third quarter ended at \$23 million. The accounts receivable balance is \$2.7 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$7 million, which results in an excess of \$16 million. The excess cash has been built up in this fund mainly for purchase/construction of a new Transfer station scheduled to occur in 2010 and 2011.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2010, 2009, 2008

	Budget Year 2010	Projection Year 2010	For Period Ending 9/30/2010	For Year Ending 12/31/2009	For Period Ending 9/30/2009	For Year Ending 12/31/2008	For Period Ending 9/30/2008
<b>Operating Revenues:</b>							
County Grants	800,000	888,467	888,467	861,090	600,000	871,639	600,000
Solid Waste Fees	27,582,210	27,373,988	20,972,828	27,740,005	20,720,021	26,385,324	20,276,202
Recyclable Sales	600,000	1,421,743	965,830	1,095,426	769,537	2,284,278	1,817,084
Charges for Other Services	-	451,000	338,164	493,513	444,373	85,338	22,120
<b>Total Operating Revenues</b>	<b>28,982,210</b>	<b>30,135,196</b>	<b>23,165,289</b>	<b>30,190,034</b>	<b>22,533,931</b>	<b>29,626,579</b>	<b>22,715,406</b>
<b>Operating Expenses:</b>							
Collection	7,880,888	7,195,000	5,935,735	6,539,878	4,827,376	6,894,417	5,071,858
Recycling	3,436,202	3,161,512	2,520,289	3,170,643	2,348,471	3,063,915	2,065,812
Disposal	6,550,527	5,568,314	3,909,105	5,201,125	3,704,293	4,892,029	2,968,394
Yard Waste	2,637,776	1,511,037	1,094,639	1,260,484	875,869	1,607,817	1,178,910
Large Item/Problem Material	1,597,502	1,200,916	876,413	1,085,656	807,541	1,027,048	702,765
Transfer Stations	316,185	360,000	300,488	285,917	214,714	206,433	421,493
Administration	4,212,492	3,928,000	3,068,223	4,757,839	3,465,485	4,205,374	3,272,804
Customer Service	711,839	604,006	415,495	452,765	342,574	580,176	448,091
Clean City	2,205,529	1,858,293	1,193,619	1,806,533	1,369,281	1,855,486	1,225,769
Equipment	3,459,705	3,346,937	1,867,201	3,460,215	2,203,827	2,352,836	1,729,739
Organics	538,000	484,200	108,038				
<b>Total Operating Expenses</b>	<b>33,546,645</b>	<b>29,218,213</b>	<b>21,289,245</b>	<b>28,021,055</b>	<b>20,159,431</b>	<b>26,685,531</b>	<b>19,085,635</b>
<b>Operating Margin</b>	<b>(4,564,435)</b>	<b>916,983</b>	<b>1,876,044</b>	<b>2,168,979</b>	<b>2,374,499</b>	<b>2,941,048</b>	<b>3,629,771</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	196,000	196,000	147,000	196,000	147,000	346,000	151,167
Net Transfers Out	(851,000)	(851,000)	(638,250)	(821,000)	(615,750)	(809,000)	(606,750)
Gains (Losses)							
Depreciation	(804,741)	(804,741)	(580,189)	(804,741)	(644,273)	(846,669)	(699,059)
Special Assessments	-		-	221,307	135,464	572,827	177,737
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,459,741)</b>	<b>(1,459,741)</b>	<b>(1,071,439)</b>	<b>(1,208,434)</b>	<b>(977,559)</b>	<b>(736,842)</b>	<b>(976,905)</b>
<b>Net Income</b>	<b>(6,024,176)</b>	<b>(542,758)</b>	<b>804,606</b>	<b>960,545</b>	<b>1,396,941</b>	<b>2,204,206</b>	<b>2,652,866</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			22,635,364	20,560,355	19,636,087	20,667,205	19,457,033
Accounts Receivable			2,681,486	2,783,698	2,958,083	2,882,587	3,150,543

**CPED Enterprise Fund Component Programs**  
**Statement of Net Assets**  
**12/31/09 and 9/30/10**

	Housing Development Fund 12/31/2009	Housing Development Fund 9/30/2010	General Agency Reserve Fund System 12/31/2009	General Agency Reserve Fund System 9/30/2010	Theatres 12/31/2009	Theatres 9/30/2010	River Terminal 12/31/2009	River Terminal 9/30/2010	Economic Development Program 12/31/2009	Economic Development Program 9/30/2010
<b>ASSETS</b>										
<b>Current assets:</b>										
Cash and cash equivalents	\$ 537,228	\$ 541,236	\$ 1,209,519	\$ 1,454,420	\$ (2,067,175)	\$ (2,082,598)	\$ (367,894)	\$ (391,969)	\$ 711,935	\$ 658,912
Deposits with fiscal agents	-	-	37,899,894	-	-	-	-	-	(150,990)	(990)
Loans and notes receivable	70,000	70,000	780,000	-	-	-	-	-	-	-
Capital leases	-	-	2,590,000	-	-	-	-	-	-	-
Other current assets	14,361	14,361	108,513	5,504	(7,356)	(7,356)	37,478	20,484	2,332	2,332
<b>Total current assets</b>	<b>621,589</b>	<b>625,597</b>	<b>42,587,926</b>	<b>1,459,924</b>	<b>(2,074,531)</b>	<b>(2,089,954)</b>	<b>(330,416)</b>	<b>(371,485)</b>	<b>563,277</b>	<b>660,254</b>
<b>Noncurrent assets:</b>										
Loans and notes receivable	838,038	838,038	405,000	-	-	-	-	-	-	-
Capital leases	-	-	53,585,085	-	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	6,830,542	6,569,897	-	-
<b>Total noncurrent assets</b>	<b>838,038</b>	<b>838,038</b>	<b>53,990,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,830,542</b>	<b>6,569,897</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 1,459,627</b>	<b>\$ 1,463,635</b>	<b>\$ 96,578,011</b>	<b>\$ 1,459,924</b>	<b>\$ (2,074,531)</b>	<b>\$ (2,089,954)</b>	<b>\$ 6,500,126</b>	<b>\$ 6,198,412</b>	<b>\$ 563,277</b>	<b>\$ 660,254</b>
<b>LIABILITIES</b>										
<b>Current liabilities:</b>										
Due to other funds	-	-	-	-	-	-	-	-	80,000	-
Deposits held for others	-	-	3,704,823	-	-	-	-	-	-	-
Unearned revenue	-	-	760,839	-	-	-	-	-	-	-
Bonds payable - current portion	-	-	3,370,000	-	-	-	-	-	-	-
Notes payable - current portion	-	-	-	-	-	-	-	-	135,571	135,571
Other current liabilities	-	-	277,978	6,815	(4)	(4)	12,905	318	10,996	10,854
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>8,113,640</b>	<b>6,815</b>	<b>(4)</b>	<b>(4)</b>	<b>12,905</b>	<b>318</b>	<b>226,567</b>	<b>146,425</b>
<b>Noncurrent liabilities:</b>										
Bonds payable	-	-	53,995,000	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	454,866	454,866
Compensated absences payable	-	-	5,453	5,453	-	-	778	778	157	157
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>54,000,453</b>	<b>5,453</b>	<b>-</b>	<b>-</b>	<b>778</b>	<b>778</b>	<b>455,023</b>	<b>455,023</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>62,114,093</b>	<b>12,268</b>	<b>(4)</b>	<b>(4)</b>	<b>13,683</b>	<b>1,096</b>	<b>681,590</b>	<b>601,448</b>
<b>NET ASSETS</b>										
Invested in capital assets, net of related debt	-	-	-	-	-	-	6,830,542	6,569,897	-	-
Restricted	-	-	34,463,918	1,447,656	-	-	-	-	-	-
Unrestricted	1,459,627	1,463,635	-	-	(2,074,527)	(2,089,950)	(344,099)	(372,581)	(118,313)	58,806
<b>Total net assets</b>	<b>1,459,627</b>	<b>1,463,635</b>	<b>34,463,918</b>	<b>1,447,656</b>	<b>(2,074,527)</b>	<b>(2,089,950)</b>	<b>6,486,443</b>	<b>6,197,316</b>	<b>(118,313)</b>	<b>58,806</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 1,459,627</b>	<b>\$ 1,463,635</b>	<b>\$ 96,578,011</b>	<b>\$ 1,459,924</b>	<b>\$ (2,074,531)</b>	<b>\$ (2,089,954)</b>	<b>\$ 6,500,126</b>	<b>\$ 6,198,412</b>	<b>\$ 563,277</b>	<b>\$ 660,254</b>

**CPED Enterprise Fund Component Programs**  
**Statement of Revenues, Expenses, and Changes in Program Net Assets**  
**For the Year Ended 12/31/09, and the nine Months Ended 9/30/10**

	Housing Development Fund 1/1-12/31/09	Housing Development Fund 1/1-9/30/10	General Agency Reserve Fund System 1/1-12/31/09	General Agency Reserve Fund System Operations 1/1-9/30/10	Theatres 1/1-12/31/09	Theatres 1/1-9/30/10	River Terminal 1/1-12/31/09	River Terminal 1/1-9/30/10	Economic Development Program 1/1-12/31/09	Economic Development Program 1/1-9/30/10
<b>Operating revenues</b>										
Charges for sales and services	\$ -	\$ -	\$ 270,318	\$ 278,571	\$ -	\$ -	\$ 1,810,975	\$ 1,166,661	\$ 29,732,592	\$ 216,873
Interest on program activities	58,350	-	3,394,208	-	-	-	-	-	-	-
Other	-	-	6,591	129,768	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>58,350</b>	<b>-</b>	<b>3,671,117</b>	<b>408,339</b>	<b>-</b>	<b>-</b>	<b>1,810,975</b>	<b>1,166,661</b>	<b>29,732,592</b>	<b>216,873</b>
<b>Operating expenses:</b>										
Personal services	-	-	-	97,010	3,077	-	20,838	151	4,050	10,325
Contractual services	183,776	-	285,468	75,007	2,754	-	1,549,943	1,191,531	19,210	33,887
Other	-	-	-	1,575	-	-	-	500	985,710	-
Depreciation expense	-	-	-	-	-	-	359,718	260,645	-	-
<b>Total operating expenses</b>	<b>183,776</b>	<b>-</b>	<b>285,468</b>	<b>173,592</b>	<b>5,831</b>	<b>-</b>	<b>1,930,499</b>	<b>1,452,827</b>	<b>1,008,970</b>	<b>44,212</b>
<b>Operating income</b>	<b>(125,426)</b>	<b>-</b>	<b>3,385,649</b>	<b>234,747</b>	<b>(5,831)</b>	<b>-</b>	<b>(119,524)</b>	<b>(286,166)</b>	<b>28,723,622</b>	<b>172,661</b>
<b>Nonoperating revenues (expenses)</b>										
Interest on investments	7,975	4,008	704,141	10,630	(30,662)	(15,423)	(6,474)	(2,961)	(2,360)	4,458
Interest expense	-	-	(3,401,627)	-	-	-	-	-	(41,609)	-
<b>Total nonoperating revenue (expenses)</b>	<b>7,975</b>	<b>4,008</b>	<b>(2,697,486)</b>	<b>10,630</b>	<b>(30,662)</b>	<b>(15,423)</b>	<b>(6,474)</b>	<b>(2,961)</b>	<b>(43,969)</b>	<b>4,458</b>
<b>Income (loss) before transfers</b>	<b>(117,451)</b>	<b>4,008</b>	<b>688,163</b>	<b>245,377</b>	<b>(36,493)</b>	<b>(15,423)</b>	<b>(125,998)</b>	<b>(289,127)</b>	<b>28,679,653</b>	<b>177,119</b>
<b>Net transfers from (to) other funds</b>	<b>-</b>	<b>-</b>	<b>(680,042)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,070,500)</b>	<b>-</b>
<b>Change in net assets</b>	<b>(117,451)</b>	<b>4,008</b>	<b>8,121</b>	<b>245,377</b>	<b>(36,493)</b>	<b>(15,423)</b>	<b>(125,998)</b>	<b>(289,127)</b>	<b>(390,847)</b>	<b>177,119</b>
<b>Total net assets - January 1</b>	<b>1,577,078</b>	<b>1,459,627</b>	<b>34,455,797</b>	<b>1,202,279</b>	<b>(2,038,034)</b>	<b>(2,074,527)</b>	<b>6,612,441</b>	<b>6,486,443</b>	<b>272,534</b>	<b>(118,313)</b>
<b>Total net assets - December 31</b>	<b>\$ 1,459,627</b>	<b>\$ 1,463,635</b>	<b>\$ 34,463,918</b>	<b>\$ 1,447,656</b>	<b>\$ (2,074,527)</b>	<b>\$ (2,089,950)</b>	<b>\$ 6,486,443</b>	<b>\$ 6,197,316</b>	<b>\$ (118,313)</b>	<b>\$ 58,806</b>

**Housing Development** - This fund accounts for various home ownership and home improvement programs. These are mature programs. The residual balances are committed to the operations of the Minneapolis-St Paul Housing Finance Board.

**General Agency Reserve Fund System** - This fund accounts for a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. The funds are restricted by bond covenants and the need of the City to minimize risk in its support of the GARFS. The funds are critical to maintaining the "A+" rating of the fund. Only the administrative operations portion of the fund is presented at 9/30/10. Other information for the fund is maintained by a trustee and not available for inclusion at 9/30.

**Theatres** - This fund accounted for the operations of the State, Orpheum and the Pantages theatres. The City no longer operates these theatres. The fund accounts for residual balances and activity.

**River Terminal** - This fund is used to account for the operations of the public terminal facility located on the Mississippi River

**Economic Development Program** - This fund accounts for the Capital Investment Fund Program with the Federal Home Loan Bank, which provides loans to businesses for economic development and the creation of jobs, as well as for certain defaulted properties.

# 2010 Third Quarter Investment Report

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

As of September 30, 2010, the City's current investment portfolio was valued at \$493million. The sector holdings and fund distributions are shown below. For the twelve months ended September 30, 2010, the portfolio has outperformed its benchmark.

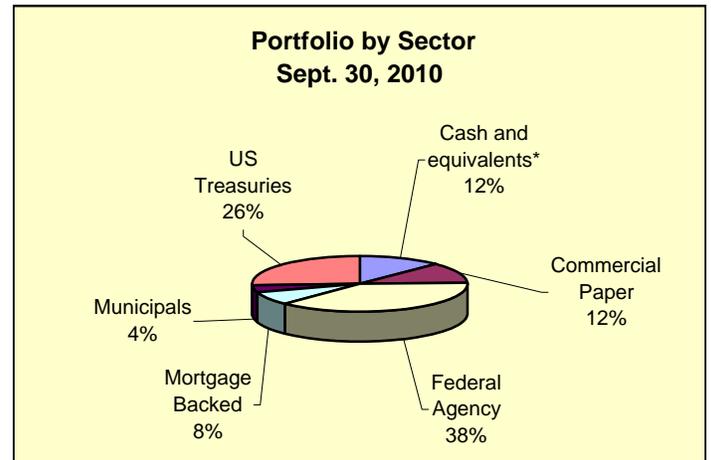
Investment Performance period ended September 30, 2010	City Portfolio	Custom Benchmark*
3 month Total Return	0.4%	0.3%
12 months Total Return	1.6%	1.1%
3 year Total Return	2.4%	2.0%
Credit Quality	AGY	TSY

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

## Portfolio Holdings By Sector

Sector Market Value in millions	Sept. 30 2010	% of port.	Sept. 30 2009	% of port.
Cash and equivalents*	\$ 61.0	12%	\$ 4.3	1%
Commercial Paper	58.9	12%	68.9	16%
Federal Agency	186.5	38%	254.2	59%
Mortgage Backed	39.3	8%	34.5	8%
Municipals	19.6	4%	30.2	7%
US Treasuries	127.6	26%	38.8	9%
<b>Total Market Value</b>	<b>\$ 492.9</b>	<b>100%</b>	<b>\$ 430.9</b>	<b>100%</b>

\*Net of checks outstanding



Funds Book Value in millions	Sept. 30 2010	% of funds	Sept. 30 2009	% of funds
Debt Service	\$ 58.2	12%	\$ 56.4	13%
Development	30.4	6%	33.7	8%
Enterprise Fund	91.5	19%	72.0	17%
General	18.3	4%	26.1	6%
Internal Service	44.3	9%	15.5	4%
Hilton Trust	20.3	4%	14.8	3%
NRP	50.7	10%	25.8	6%
Park Board	1.7	0%	(0.3)	0%
TIF	67.3	14%	77.1	18%
Convention Center	40.8	8%	27.8	6%
Other	17.8	4%	33.2	8%
<b>Sub Total City Op. Port.</b>	<b>\$ 441.3</b>	<b>90%</b>	<b>\$ 382.1</b>	<b>89%</b>
Bond Proceeds/Const.	47.5	10%	46.0	11%
<b>TOTAL Book Value</b>	<b>488.8</b>	<b>100%</b>	<b>428.1</b>	<b>100%</b>
Unrealized G/L & Acc int	4.1		2.8	
<b>All Funds Mkt Value</b>	<b>\$ 492.9</b>		<b>\$ 430.9</b>	

