

**City of Minneapolis
2011 Budget
Financial Plan**

Engineering Materials and Testing

Background

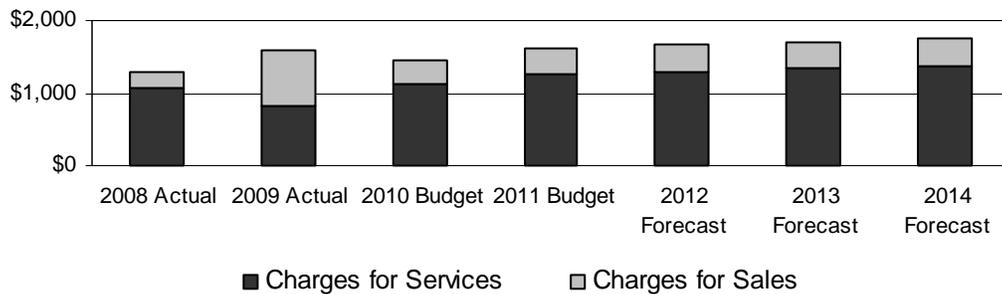
The Engineering Materials and Testing Fund accounts for City purchases of hot-mix asphalt and ready-mix concrete in order to ensure compliance with State and Federal standards and specifications and provide quality control. The Engineering Laboratory is a component of this fund which provides inspection and testing services and maintains a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Historical Financial Performance

The revenue sources for this fund include overhead charged on the procurement of hot-mix asphalt and ready-mix concrete materials along with fees for inspection and testing services by the Engineering Laboratory.

The decision to suspend operations at the asphalt plant at the end of 2003 resulted in a \$777,000 loss on the disposal of this asset and a decrease in net assets of \$709,000. From 2003 through 2008, this fund had a decrease in net assets of \$1.5 million of which \$777,000 is due to the loss on the disposal of the asphalt plant. In 2009, the net assets increased \$462,640 bringing the ending balance from \$27,758 in 2008 to \$490,398 in 2009. The cash balance increased from a deficit of \$127,720 in 2008 to a positive balance of \$560,148 in 2009.

Engineering Materials and Testing Revenue



2011 Budget

Revenues

This fund generates revenue from testing and inspection services provided by the Engineering Lab and the sale of concrete and asphalt from outside vendors to other City departments. Product types and quantities are identified for customer departments. A rate model determines product costs to allow the fund to generate revenues that match operating expenditures.

With the implementation of the new financial accounting system in 2008, the recording of revenue earned from asphalt and concrete sales was modified to include only the revenue generated from the mark up overhead added to the cost of the product. Previously, revenue

was recorded as the cost of the goods plus the markup. The 2011 revenue budget includes \$1.3 million earned from charges for services provided by the engineering lab and \$352,000 as mark up on the sale of asphalt and concrete.

Expenditures

The 2011 expense budget is \$1.6 million, an increase of 6.8% from the 2010 budget. The 2010 expense budget for materials includes \$169,000 that had previously been reserved for vacant positions in personnel causing an increase in the materials budget. In 2010, 2.5 positions were added to the fund and the corresponding budget for the salary was removed from materials and added to the personnel.

Transfers

The 2011 budget includes a transfer out of \$88,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability.

Debt Service

This fund does not have long-term debt.

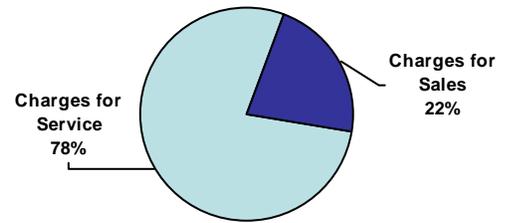
Mayor's Recommended Budget

The Mayor recommended no changes. The Mayor included a wireless commitment charge of \$1,769 which is offset by healthcare savings.

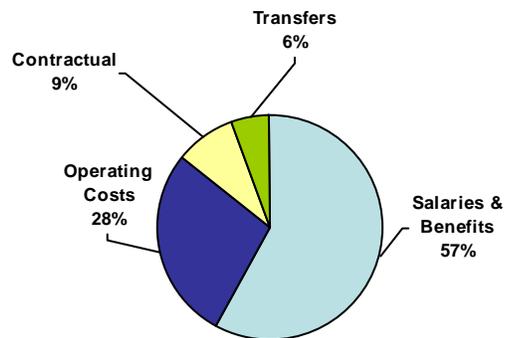
Council Adopted Budget

The Council adopted the Mayor's recommendations.

Source of Funds (\$1.6 million)



Use of Funds (\$1.6 million)



City of Minneapolis
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Engineering, Materials and Testing - 6000*

	2008 Actual	2009 Actual	2010 Current Budget	2010 Projected	2011 Budget	% Chg From 2010 Projected	2012 Forecast	2013 Forecast	2014 Forecast
Source of Funds:									
Charges for Services	1,069	830	1,110	820	1,261	13.6%	1,299	1,338	1,378
Charges for Sales	209	760	350	375	352	0.6%	363	373	385
Other Misc Revenues	-	-	-	-	-	-	-	-	-
Total	1,278	1,590	1,460	1,195	1,613	10.5%	1,661	1,711	1,763
Use of Funds:									
Personnel Services	731	747	666	700	900	35.2%	931	958	986
Contractual Services	559	273	492	300	434	-11.8%	447	460	474
Materials and other	67	36	242	40	134	-44.8%	138	142	146
Transfers Out	53	58	57	57	88	54.4%	60	51	51
Total	1,410	1,114	1,457	1,097	1,556	6.8%	1,576	1,611	1,657
Change in Net Assets	(168)	463	3	98	57		85	100	106
Net Assets	28	490	493	589	551		636	736	842
Cash Balance	(128)	560	563	658	620		706	806	812

* This fund includes the Public Works divisions Engineering Lab, Asphalt Distribution, and Ready-Mix Concrete.