



City of Minneapolis  
Financial Status Report as of 3rd Quarter 2007  
Prepared by the  
City of Minneapolis Finance Department  
December 3, 2007

# 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, 2007.

### 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 2007 with a fund balance of \$55.1 million and an operating budget of \$292 million. Subsequent 2006 reappropriation decisions increased fund spending limits by \$6.3 million. Through June of this year, the fund has spent 70% of its appropriations with 75% of the year elapsed. On the expense side; item's of note are the Police & Fire Department; although spending is on track as of September 30th, the Police Department is projected to overspend its budget at year-end by \$5.2 million. Some of the major expenses are: Jail Fees, one-time & permanent technology costs and overtime. The Fire Department is expected to exceed their budget by \$364,000. Total revenue is expected to meet projections with Franchise Fees exceeding expectations by \$2.9 million. Conversely, Fines & Forfeits are expected to fall short of expectations by \$2.3 million. Overall, fund balance is projected to decrease by \$8.3 million and may fall short of the City's stated 15% fund balance requirement.

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

The Convention Center's 2007 operating budget plans for a loss of \$6.6 million; however, third quarter results show the fund is tracking ahead of plan. The primary reason is the lower than expected spending on capital improvements.

**Grant Funds** are used to record grant related activities. Fund 0300 represents all of the federal grant activity. Fund 0400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing Opportunities for People with Aids. Fund 0600 is used to record all of the non-federal sources of restricted revenue.

## Proprietary Funds

Proprietary funds operate, more or less, like a business and are assumed to be self-supporting. Proprietary funds are normally grouped into two subsets: Internal Service funds, which sell goods and services internally to other government units; and, Enterprise funds which sell goods and services to third parties. The rates charged by these businesses are supposed to cover the full cost of providing the good or service sold by the fund- including the cost of maintaining, replacing, and expanding the fund’s capital assets; Proprietary funds use full accrual accounting.

**Enterprise Funds** are City owned businesses that sell goods and services to third parties. Excluding the CPED enterprise activities and the River Terminal, the City operates five enterprise funds. A snapshot of these funds follows:

<b>Enterprise Funds</b>						
<b>(In Thousands)</b>						
<b>Fund</b>	<b>2007 Budget to Actual through 9-30-07 (Incl. Depreciation)</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	40,915	29,801	73%	41,350	31,018	75%
Stormwater	34,600	23,511	68%	25,528	17,754	70%
Solid Waste	29,704	22,810	77%	30,425	19,634	65%
Water Utility	67,422	48,079	71%	60,146	40,653	68%
Parking	76,826	55,557	72%	73,684	53,425	73%

With the exception of the Parking fund, the City’s enterprise activities are in good condition. All of these funds had positive net assets at the beginning of 2007 and their financial plans call for a continuation of positive financial activity. There is an area of concern within the “Utility” Funds as far as cash position is concerned. Water, Storm Water and Sanitary Sewer all have positive cash balances but their average cash balances have declined over the last several years and are well below the financial policy calling for cash reserves equaling three months of operating expenses.

**Sewer Utility Fund** accounts 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. The Stormwater Fund through second quarter has received 75% of its annual revenues and has spent 64% of its annual expense budget. The Sanitary Sewer fund has received 73% of its revenue and spent 75% of its budgeted expenses so far. Third quarter predictions indicate the two funds will end the year fairly close to budgeted expectations. Sanitary Sewer is expected to lose \$1.4 million more than budgeted because expenses are higher than expected, primarily because of Metropolitan Council sewage treatment costs.

**Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. Currently the fund has received 76% of its annual revenues and spent 64% of its annual expense budget. The fund has positive net assets and cash reserves in excess of the stated requirement. One area of concern is in the area of graffiti. Costs are not being recovered primarily because amounts billed to homeowners are insufficient to cover the full costs of the operation.

**Water Utility Fund** accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The Water Fund had a \$.05 rate increase in 2007. It has received 73% of its annual revenues and spent 74% of its annual expense budget. Like the Sewer Funds, it has a cash problem. The funds current cash reserve is well below the stated requirement. The erosion of the funds’ cash balance can be attributed to several factors: 1) large annual debt service commitments; 2) a decline in water consumption over the last several years.

**Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds’ solvency by 2010. For 2007, the fund is projected to exceed its workout plan requirements by \$2.1 million.

**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>2007 Budget to Actual through 9-30-07 (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>
<b>Engineering, Mat, and Testing</b>	4,381	2,406	55%	4,439	2,411	54%
<b>Fleet Services</b>	46,141	32,144	70%	44,771	29,553	66%
<b>Property Services</b>	16,154	14,502	90%	16,868	14,507	86%
<b>Public Works Stores</b>	3,590	3,406	95%	3,608	3,230	90%
<b>Intergovernmental Fund</b>	58,581	40,339	69%	47,777	31,552	66%
<b>Self Insurance</b>	88,657	64,412	73%	83,895	58,035	69%

The **Intergovernmental Service Fund** is operating at a level called for in its financial workout plan. The City instituted an Activity Based Costing rate model in 2004. Customers are charged a rate based on services consumed. This rate model replaces the arbitrary “fund-transfer” method that existed previously. Through third quarter, the fund is projected to meet budgeted expectations. The fund also benefited from an additional transfer from the General Fund of \$3.5 million for an internal loan payment. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Fleet Services Fund** also operates under a Council-adopted financial workout plan. The fund has positive cash and net assets and continues to make good progress toward solvency and a pay-as-you-go approach to replacing its capital assets. Revenues and expenses are lower than expected due to a decreased level of equipment usage in the Capital Projects area, but the funds operating margin remains positive. Because the fund has missed its revenue targets for the last two years, its cash position has slipped behind the workout plan target. The Finance and Public Works departments are monitoring the equipment usage and financial results in this fund closely.

The **Self-Insurance Fund** is at 72% and 69% of revenue and expense targets for the year. It is projected to exceed budget expectations by \$3.8 million.

The **Property Services Fund** has received 90% of annual revenues and has spent 86% of budgeted expenses through third quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. 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 budgeted at a loss of \$.058 million for 2007. This fund has consistently lost money for the last eight years and if the trend continues will be in need of a financial workout plan. The fund has a very small amount of cash and positive net assets but one more year of losses could reverse that situation. Public Works management has decided to continue buying, rather than making, asphalt which will improve the financial results in this fund. In addition, management has increased its overhead rates to more fully recover fixed costs.

**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**

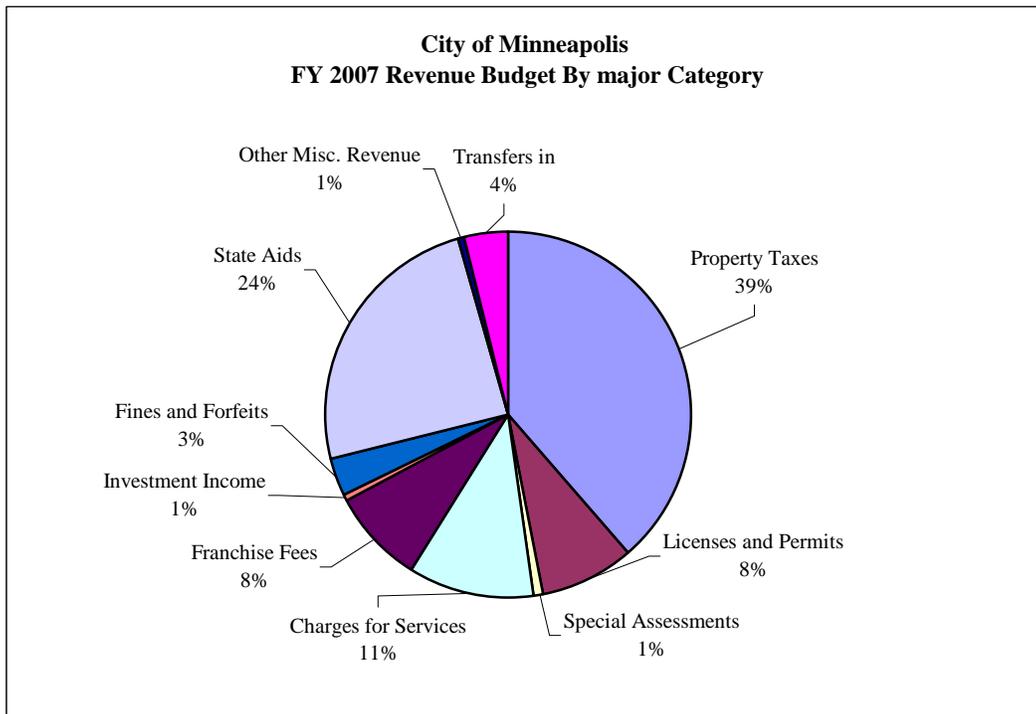
The fund balance for the General Fund at fiscal year-end 2006 was \$55.1 million. Based on the current revenue and expenditure trends, we are expecting the fund balance at year-end to be about \$46.8 million.

The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget; the exact fund balance requirement will be determined at year-end.

*Any projection of year-end results should be considered to be only an estimate.*

<u>Projected 2007 Fund Balance</u>	
Fund Balance January 1, 2007	\$ 55.1 million
Re-appropriation of Fund Balance	(6.3) million
2007 Projected Decrease in Fund Balance	<u>(2.0) million</u>
Fund Balance Projected, December 31, 2007	<u>\$ 46.8 million</u>

### **General Fund Revenues:**



The five largest revenue sources account for 88% of total budgeted revenues: property taxes, state aids, charges for services, licenses and permits, and franchise fees.

Property taxes, the major source of General Fund revenue (39%), are expected to meet the budget of \$123.9 million at the end of the year.

State aids, the second major source of fund revenue (24%), are also expected to meet the current estimated revenue of \$78.1 million (received in July and December).

Charges for services, the third major source of fund revenue (11%), are expected to be about equal to the current budget of \$35.6 million.

Franchise fees, the fourth major source of revenue (8%), are expected to be about 11%, or \$2.9 million, over the current budget of \$27.1 million, primarily due to increased revenue from natural gas franchise fees.

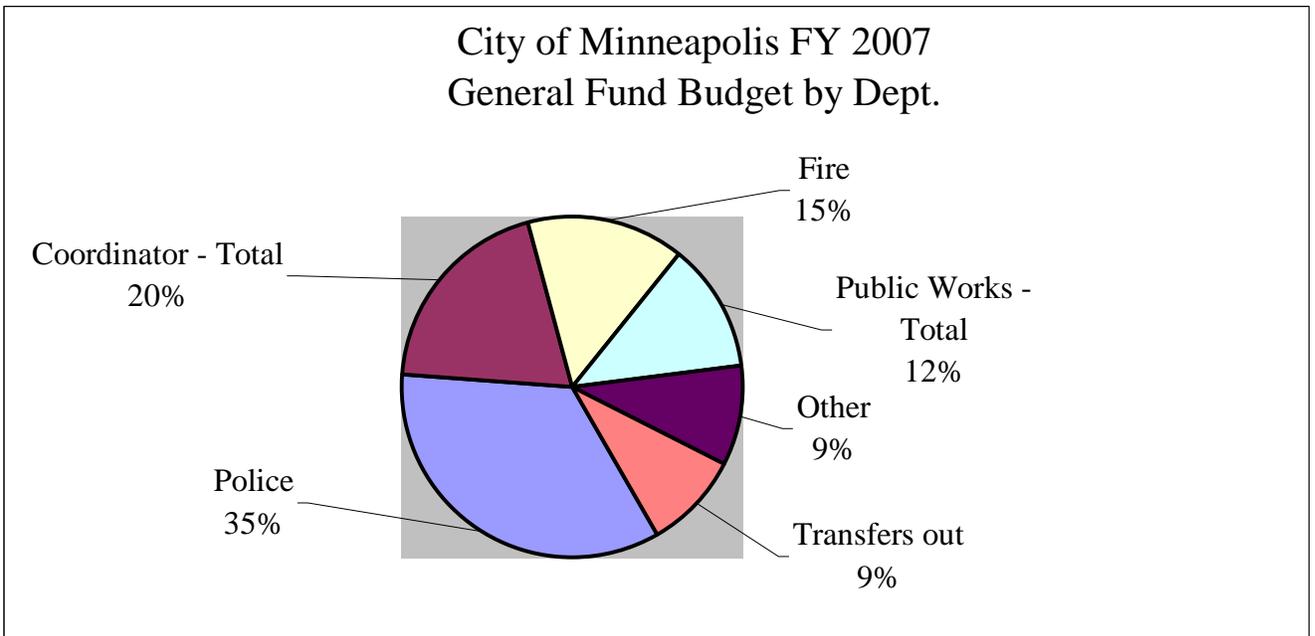
License and permit fees (8% of fund revenue) are expected to be about equal to the current budget (\$26 million).

Fine and Forfeit revenues are expected to be less than the estimated revenue budget by about 24% (or about \$2.4 million), primarily due to a continued decrease in collections in police department fine revenues.

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

The budget for transfers in was decreased by \$8 million per resolution 2007R-436. This was to decrease the transfer from the Municipal Parking Enterprise Fund. The Parking Fund would then transfer \$8,000,000 to the Intergovernmental Services fund instead. This is to fund the new financial system, Compass.

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



**General Fund Expenditures:**

Four departments make up 82% of the total General Fund expenditures: Police, Coordinator, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

At the end of September, the Police Department's expenditures incurred to date are about \$87 million (77% of current budget); their projected expenditures could exceed their budget by about \$5.2 million at the end of the year primarily because of a continued increase in overtime expenditures, technology, Hennepin County Jail fees, and other contractual services.

The projected expenditures of the City Coordinator's office are expected to be \$339,000 below budget at the end of the year.

The expenditures for the next major department, Fire, are expected to be about \$364,000 over their current budget at the end of the year primarily due to an increase in overtime costs. The department is implementing policies to reduce personnel expenses for the remainder of 2007 in an attempt to reduce this expected deficit.

The Public Work's department's projected expenditures are expected to be within their budget at the end of the year.

The expenditures for the remaining departments are running below the current budget through the end of the third quarter.

The overall current level of expenditures at the end of the third quarter indicate that total General Fund expenditures at the end of the year will be about \$2 million over the current appropriation primarily due to the increased spending in the Police department, and the reduced collections of fine revenues.

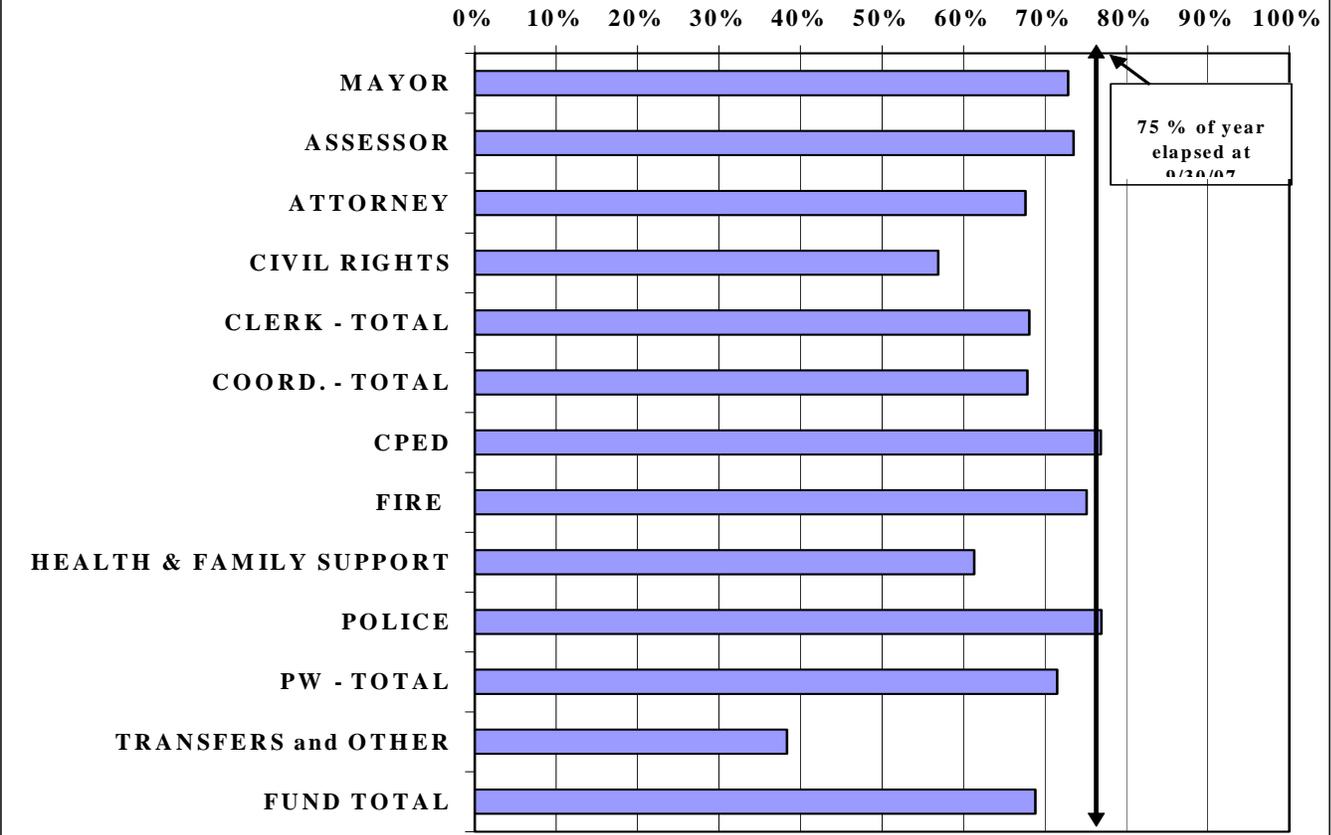
**Expenditures Related to the Collapse of the 35W Bridge**

Expenditures incurred due to the collapse of the 35W Bridge are included in the actual expenditures for the 3<sup>rd</sup> quarter. However, amounts listed in the table below are not included in the projected year-end expenditures since they are eligible for reimbursements from Federal Emergency Management Agency (FEMA), and will be recorded in the Federal Grants Fund (0300) when reimbursements are received from FEMA.

**35W Cost Recovery Amounts  
Related to the General Fund**

Regulatory Services	\$	72,482
Fire Department		237,095
Police Department		2,276,859
Public Works		184,028
<i>Total</i>	\$	<u>2,770,464</u>

**City of Minneapolis - FY2007 General Fund Exp by Dept**



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

**City of Minneapolis  
General Fund  
September 30, 2007**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actuals Thru September</b>	<b>Projected YE Totals</b>	<b>Projected YE Actual as Percent of Revised Budget</b>
<b>Revenues:</b>					
Property Taxes	123,909,458	123,909,458	61,106,969	123,909,458	100%
State Aids*	78,118,684	78,118,684	43,273,298	78,118,684	100%
Charges for Services	35,581,566	35,650,566	20,613,727	35,650,566	100%
Franchise Fees	27,110,000	27,110,000	21,683,898	30,000,000	111%
Licenses and Permits	25,999,355	25,999,355	17,831,324	25,999,355	100%
Fines and Forfeits	10,172,877	10,172,877	5,862,083	7,796,000	77%
Special Assessments	2,782,926	2,782,926	2,231,347	2,782,926	100%
Investment Income	1,860,202	1,860,202	1,468,667	1,860,202	100%
Other Shared Taxes	750,608	750,608	480,103	750,608	100%
Other Miscellaneous	1,109,832	1,269,832	1,043,648	1,269,832	100%
Contributions	297,500	297,500	169,476	200,000	67%
<b>Total Revenues</b>	<b>307,693,008</b>	<b>307,922,008</b>	<b>175,764,540</b>	<b>308,337,631</b>	<b>100%</b>
Transfers In	20,241,000	12,241,000	8,527,107	12,241,000	100%
<b>Revenues and Other Sources</b>	<b>327,934,008</b>	<b>320,163,008</b>	<b>184,291,646</b>	<b>320,578,631</b>	<b>100%</b>
<b>Expenditures :</b>					
Police	112,096,069	112,900,069	86,810,589	118,118,000	105%
Coordinator - Total	62,493,357	64,122,441	43,499,932	63,783,431	99%
Fire	48,380,463	48,440,463	36,389,840	48,805,000	101%
Public Works - Total	39,539,415	40,714,649	29,107,464	40,714,649	100%
Attorney	6,170,417	6,170,417	4,172,461	6,170,000	100%
Health & Family Support	4,076,117	4,076,117	2,499,337	4,074,501	100%
CPED	3,708,388	3,708,388	2,850,085	3,708,388	100%
City Council & City Clerk	6,170,256	6,316,558	4,300,436	6,143,577	97%
Assessor	3,574,398	3,574,398	2,627,281	3,490,297	98%
Civil Rights	2,460,739	2,860,739	1,619,668	2,246,032	79%
Contingency	2,058,226	1,308,226	105,000	180,000	14%
Mayor	1,329,489	1,329,489	968,640	1,313,163	99%
Non-Department	865,674	865,674	586,009	865,674	100%
Unfunded Pension Liabilities	-	-	(669,331)	(895,000)	-
<b>Total Expenditures</b>	<b>292,923,008</b>	<b>296,387,628</b>	<b>214,867,411</b>	<b>298,717,712</b>	<b>101%</b>
Transfers Out	35,011,000	30,218,450	14,791,936	30,218,000	100%
<b>Expenditures and Other Uses</b>	<b>327,934,008</b>	<b>326,606,078</b>	<b>229,659,346</b>	<b>328,935,712</b>	<b>101%</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>(6,443,070)</b>	<b>(45,367,700)</b>	<b>(8,357,081)</b>	<b>-15%</b>
<b>Fund Balance - January 1, 2007</b>				55,112,000	
<b>Fund Balance - December 31, 2007</b>				<b>46,754,919</b>	

\* State aid revenues are received in July and December

## **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 3% citywide lodging tax for motels and hotels with 50 units or more. Presently, one-third of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis.

With the exception of entertainment tax, all of the other tax revenue received by the Convention Center is 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 to offset additional police and fire department 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.

For the 3rd quarter of 2007, tax proceeds were below 2006 levels. Tax revenue is receipted into the month they are received from the State of Minnesota. September 2007 year to date tax revenue is based on actual numbers received from the State and a September accrual. Tax revenue is driven by consumer spending habits, and is expected to be above last year's actual and current year's estimated revenue.

<b>Tax</b>	<b>September 2007</b>	<b>September 2006</b>	<b>Variance</b>	<b>% Change</b>
Sales	22,625,343	24,153,606	-1,528,263	-6%
Entertainment	6,389,257	6,734,019	-344,762	-5%
Food	6,271,472	7,066,664	-795,192	-11%
Liquor	2,319,817	2,546,873	-227,056	-9%
Lodging	3,725,249	4,137,291	-412,042	-10%
<b>Total</b>	<b>\$41,331,138</b>	<b>\$44,638,453</b>	<b>\$3,307,315</b>	<b>-7%</b>

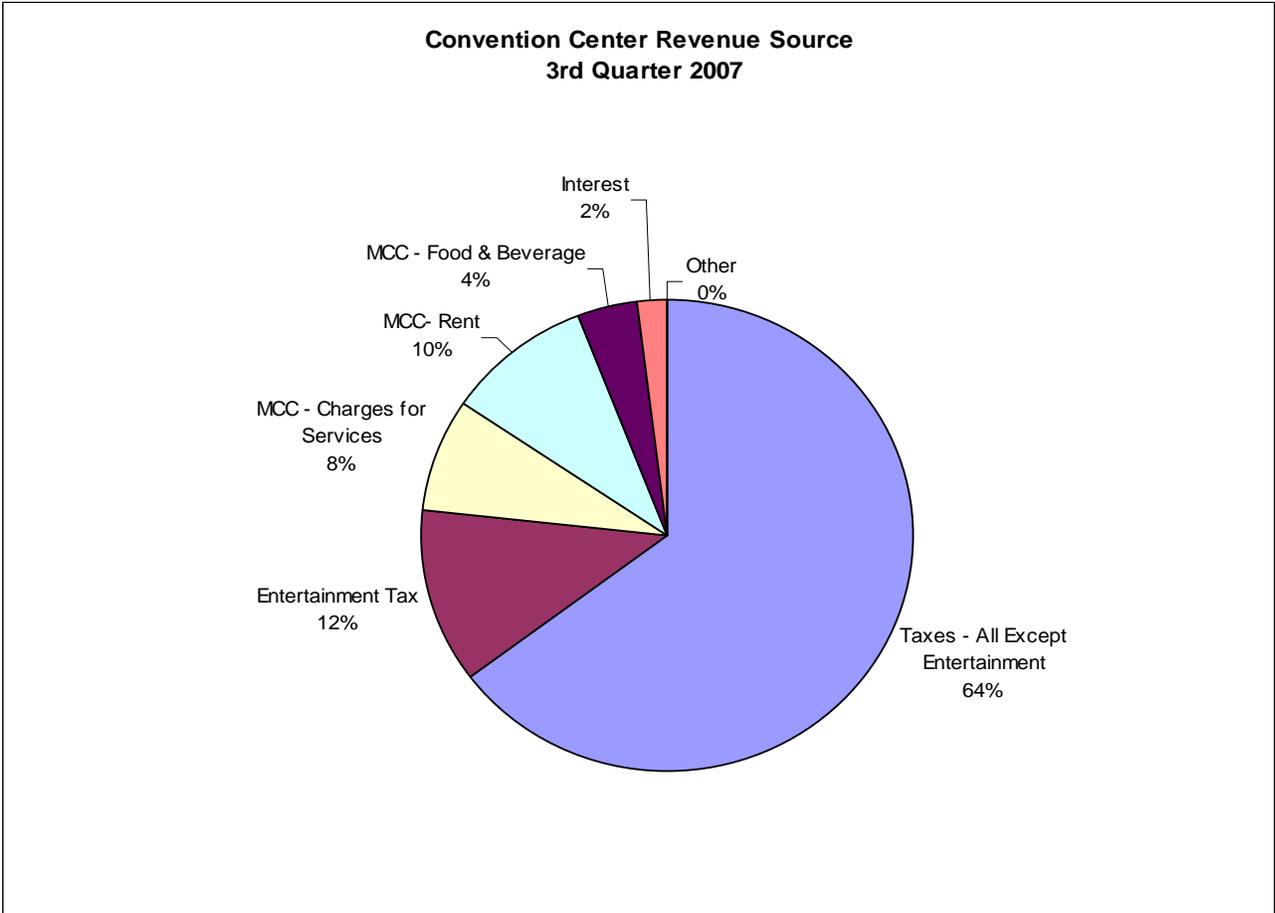
#### **Interest Revenue**

Interest revenue is based on cash balances and the return on investments. Interest rates, return on investments, and cash balances have contributed to a better than expected return. Through the 3rd quarter of 2007 interest revenue came in at \$985,552 or 233% of budget. Interest revenue is expected to continue to achieve very good returns for 2007 and end well ahead of budget.

#### **Operating Revenue**

In the 3rd quarter of 2007, operating revenue achieved slightly over \$11.6 million or 79% of budget, and is expected to end the year slightly under budget due to reduction in collection of charges for services and sales.

Operating revenue is derived directly from Convention Center operating activities. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services.

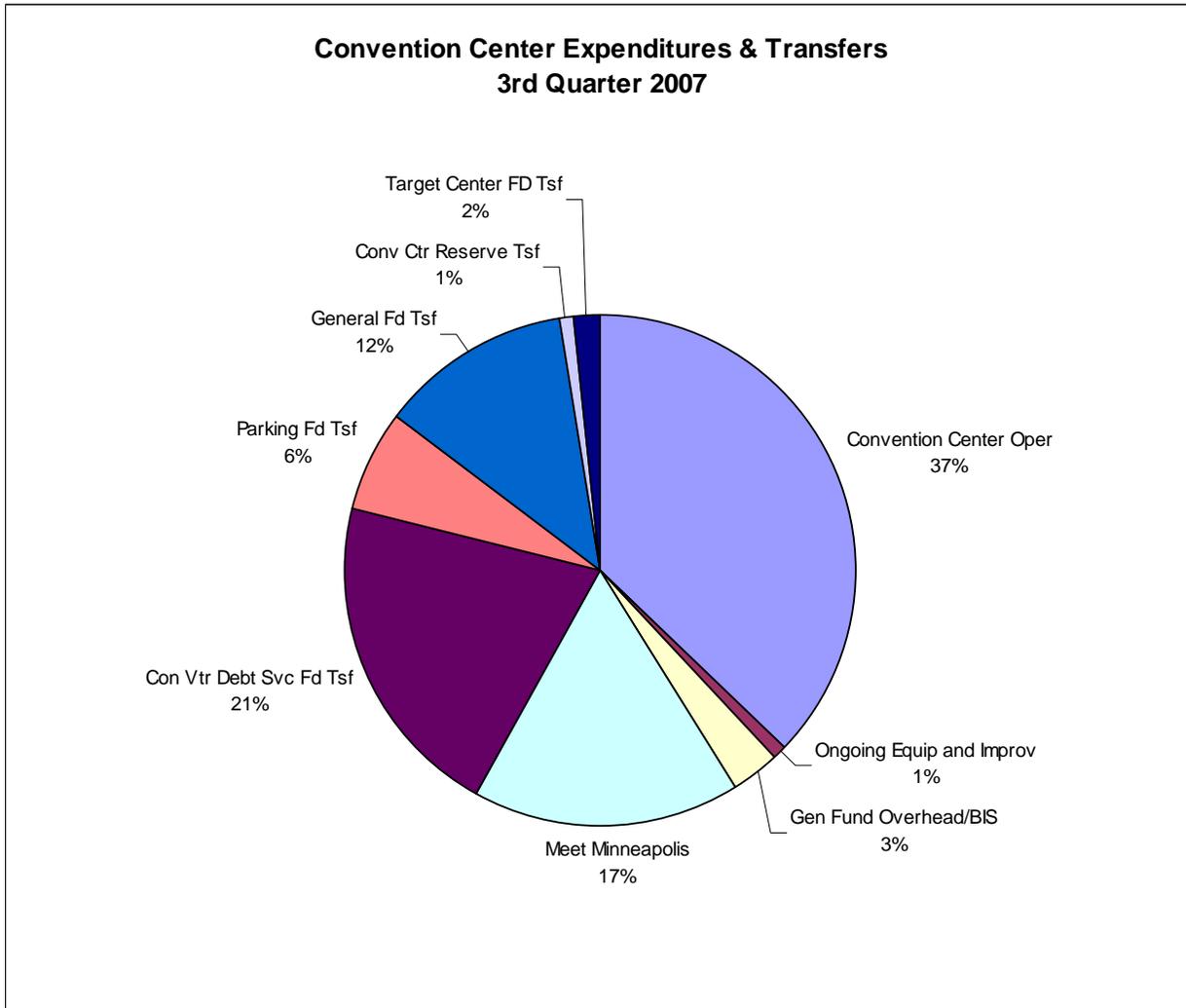


**Operating Expenditures**

In the 3rd quarter of 2007, Convention Center operating expenses not including Ongoing Equipment and Improvement BIS/General Fund overhead were nearly \$16.7 million or 70% of budget. Convention Center operating expenses are expected to be close to budget. During 2007, the Convention Center has numerous capital improvements and additions budgeted. Some of the more significant capital items are new ballroom flooring, a lighting system, restroom rebuilds, wall fabric, video monitors, escalator/elevator maintenance, video monitors, roof repair, floor box repair, and a new time and labor management system. The time and labor management system will replace the current Timetrak system, and will greatly improve labor tracking, in addition to giving the Convention Center the ability to cost labor to specific events. BIS will be researching an enterprise wide solution after the successful Phase I implementation of COMPASS.

The Terrazzo floor restoration and repair is the most significant improvement budgeted in 2007. The Convention Center rolled over \$3 million of 2006 capital funds to 2007 for this important project. A vendor has been selected

based on Request for Proposal (RFP) submittals, and the recommendation was made and accepted by the City Council. The contract is expected to be finalized in November, and the project is estimated to begin near the end of November through early December. The Convention Center anticipates spending approximately \$400,000 of the \$3 million in 2007 and will request the unused 2007 funds be rolled over to 2008 to continue this important initiative.



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2007, transfers are scheduled to the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to debt service. Budgeted transfers for 2007 are underway with \$1.5 million budgeted for the Target Center, \$8.3 million to the General Fund, \$650 thousand to the Convention Center Facility Reserve Fund, \$18.8 million to debt service, and nearly \$9.9 million to parking. As part of their workout plan, BIS reduced their \$12.8 million loan payable liability to the Convention Center by \$3.5 million in the 1st quarter of 2007.

**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 will have 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 principal balance of the loan through the 3rd quarter of 2007 was nearly \$8.8 million with accrued interest slightly over \$184 thousand. At the end of 2007, the loan balance including accrued interest will be \$9,080,221.24. The iDSS loan is accounted for on the balance sheet as a Loan Receivable and is not reflected as an expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual Report.

**Fund Balance**

The 2007 fund balance is projected to decrease by about \$2 million to \$39 million at the end of the year. The decrease is primarily the result of higher budgeted transfers to other funds and higher projected operating and ongoing equipment and improvement expenditures.

CONVENTION CENTER SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the fiscal quarter ending September 30, 2007

CITY OF MINNEAPOLIS, MINNESOTA

	2007				
	Budget	Actual	Percent of Total	Year End Projection	2006 Actual
<b>REVENUE</b>					
Operating Revenue:					
Charges for Services and Sales	5,925,000	4,247,034	72%	5,570,000	5,155,200
Rents and Commissions	6,290,000	5,263,549	84%	6,290,000	6,768,181
Catering Commissions	2,446,500	2,128,394	87%	2,528,000	2,602,625
<b>Total Operating Revenue</b>	<b>14,661,500</b>	<b>11,638,977</b>	<b>79%</b>	<b>14,388,000</b>	<b>14,526,006</b>
Tax Revenue:					
Sales and Use Tax	28,393,525	22,625,343	80%	28,677,460	27,866,693
Entertainment Tax	9,382,270	6,389,257	68%	9,476,093	9,248,272
Food Tax	9,525,440	6,271,472	66%	9,620,694	9,992,743
Liquor Tax	3,714,180	2,319,817	62%	3,714,180	3,626,911
Lodging Tax	5,301,410	3,725,249	70%	5,460,452	5,989,941
<b>Total Tax Revenue</b>	<b>56,316,825</b>	<b>41,331,138</b>	<b>73%</b>	<b>56,948,880</b>	<b>56,724,560</b>
Other Non Operating Revenue:					
Interest	422,371	985,552	233%	1,100,000	729,682
Investment Income	-	-	-	-	22,293
Meet Minneapolis Private Donations	-	165,000	-	-	537,500
Other	14,000	23,630	169%	25,000	21,927
<b>Total Other Non Operating Revenue</b>	<b>436,371</b>	<b>1,174,181</b>	<b>269%</b>	<b>1,125,000</b>	<b>1,311,402</b>
<b>Total Non Operating Revenue</b>	<b>56,753,196</b>	<b>42,505,319</b>	<b>75%</b>	<b>58,073,880</b>	<b>58,035,962</b>
<b>Total Revenue</b>	<b>71,414,696</b>	<b>54,144,296</b>	<b>76%</b>	<b>72,461,880</b>	<b>72,561,968</b>
<b>EXPENDITURES</b>					
Convention Center Operations	23,902,309	16,677,102	70%	23,798,993	21,261,850
Ongoing Equipment and Improvement	5,260,000	409,255	8%	1,861,000	1,135,054
General Fund Overhead/BIS Operating	2,001,007	1,399,547	70%	2,001,007	1,950,227
Human Resources	65,810	48,306	73%	65,810	67,309
Meet Minneapolis	7,646,020	7,646,019	100%	7,646,020	7,663,401
<b>Total Expenditures</b>	<b>38,875,146</b>	<b>26,180,230</b>	<b>67%</b>	<b>35,372,830</b>	<b>32,077,841</b>
Excess of Revenues Over (Under) Expenditures	32,539,550	27,964,066	86%	37,089,050	40,484,127
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Transfer	(8,319,000)	(5,546,000)	67%	(8,319,000)	(8,657,247)
Arena Reserve Fund Transfer	(1,500,000)	(750,000)	50%	(1,500,000)	(1,102,427)
Convention Center Reserve Fund Transfer	(650,000)	(325,000)	50%	(650,000)	1,881,000
Convention Ctr Debt Service Transfer	(18,810,000)	(9,315,227)	50%	(18,810,000)	(17,655,000)
Other Debt Service Transfer	(36,000)	-	0%	(36,000)	(13,913)
Municipal Parking Enterprise Fund Transfer	(9,856,000)	(2,844,507)	29%	(9,856,000)	(9,565,097)
<b>Total Other Financing Sources (Uses)</b>	<b>(39,171,000)</b>	<b>(18,780,734)</b>	<b>48%</b>	<b>(39,171,000)</b>	<b>(35,112,684)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,631,450)	9,183,332		(2,081,950)	5,371,443
Fund Balance - January 1	41,221,335			41,221,335	35,849,892
<b>Ending Fund Balance</b>	<b>34,589,885</b>			<b>39,139,385</b>	<b>41,221,335</b>
<b>Ending Cash Balance</b>					<b>19,843,606</b>

<b>ARENA RESERVE SPECIAL REVENUE FUND</b>				
<b>STATEMENT OF REVENUES, EXPENDITURES, AND</b>				
<b>CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b>				
<b>For the fiscal quarter ending September 30, 2007</b>				
	<b>2007</b>		<b>Year</b>	
	<b>Budget</b>	<b>Actual</b>	<b>End</b>	<b>2006</b>
	<b>Budget</b>	<b>Actual</b>	<b>Projection</b>	<b>Actual</b>
<b>REVENUES:</b>				
Interest	-	46,518	-	(31,852)
Investment Income	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>46,518</b>	<b>-</b>	<b>(31,852)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
General Fund Transfer	92,000	61,333	92,000	91,500
Transfer to Debt Service	(3,382,430)	-	(3,382,430)	(3,382,430)
Muni Parking Enterprise Fund	2,078,000	1,039,000	2,078,000	1,921,000
Convention Ctr Opers Transfer	1,500,000	750,000	1,500,000	1,102,427
<b>Total other financing sources (uses)</b>	<b>287,570</b>	<b>1,850,333</b>	<b>287,570</b>	<b>(267,503)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	287,570	1,896,851	287,570	(299,355)
<b>Fund balance - January 1</b>	<b>\$2,338,201</b>	<b>\$2,338,201</b>	<b>\$2,338,201</b>	<b>\$2,637,556</b>
<b>Ending Fund balance</b>	<b>\$2,625,771</b>	<b>\$4,235,052</b>	<b>\$2,625,771</b>	<b>\$2,338,201</b>

**CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending September 30, 2007**

	2007			2006 Actual
	Budget	Actual	Year End Projection	
<b>REVENUES:</b>				
Interest	-	-	-	-
Total revenues	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to capital projects funds	-	-	-	-
Transfers within special revenue funds	650,000	325,000	650,000	(1,881,000)
Total other financing sources (uses)	650,000	325,000	650,000	(1,881,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	650,000	325,000	650,000	(1,881,000)
Fund balance - January 1	\$5,000,450	\$5,000,450	\$5,000,450	\$6,881,450
<b>Ending Fund balance</b>	<b>\$5,650,450</b>	<b>\$5,325,450</b>	<b>\$5,650,450</b>	<b>\$5,000,450</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending September 30, 2007**

The City receives a number of state and federal grants that are recorded in the Federal (0300), Community Development Block Grant (CDBG) (0400), and Grants Other (0600) 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. The deficit in fund 0400 is a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

**Federal Grants Fund (0300)**

The City accounts for its federal grant activity in fund 0300. Year to date expenditures were \$13,798,683. Due to a decline in economic development spending, expenditures for this fund were approximately \$1.1 million less than the same period of time last year. Empowerment Zone program loans receivable totaled \$3,228,889 on September 30, 2007 and this amount was offset by a corresponding amount of deferred revenue.

Revenues and Expenditures related to the collapse of the 35W Bridge that are eligible for reimbursement from Federal Emergency Management Agency(FEMA) will be recorded in the Federal Grants Fund (0300) when reimbursements are received from FEMA.

**CDBG Fund (0400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 along with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). The year to date expenditures on September 30, 2007 was \$14,511,456 and \$14,523,747 on September 30, 2006. As these grants are all cost reimbursement this means the fund will generally have a deficit cash position due to the timing difference of when the expenditure occurred and the when the subsequent reimbursement is received.

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 from to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. Approximately \$950,000 has been identified to be reprogrammed resulting in a new deficit balance of 5,171,444.

**Grants Other Fund (0600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were year to date expenditures of \$9,802,717 and \$7,912,560 on September 30, 2007 and 2006, respectively. This increase is primarily due to the migration of Community Planning and Economic Development State grants that were previously recorded in fund SMN0, to fund 0600.

Grants from Hennepin County, Minnesota Department of Employment and Economic Development, and the Metropolitan Council's pollution treatment, business development and affordable housing initiatives are also reported in fund 0600. Deferred revenue is primarily comprised of the \$3,500,000 Comcast Cable Settlement and deferred State Recapture Loans.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending September 30, 2007**

	<b>Federal Grants 0300</b>	<b>CDBG Grants 0400</b>	<b>Grants Other 0600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$1,936,121	(\$2,521,168)	\$5,442,480	\$4,857,433
Accounts - net	77,638	16,000	164,757	258,394
Intergovernmental Receivables				0
Loans receivable-net	3,228,889	287,392	401,954	3,918,235
Deposits with Fiscal Agents				0
Prepaid Expense			259	259
Due From Other Funds	(309)			(309)
<b>Total Assets</b>	<u>\$5,242,339</u>	<u>(\$2,217,776)</u>	<u>\$6,009,450</u>	<u>\$9,034,012</u>
<b>Liabilities</b>				
Salaries payable	\$111,190	\$111,491	\$112,618	\$335,298
Accounts payable	142,939	3,432	23,384	169,756
Use Taxes Payable	(1,300)		(10,105)	(11,405)
Due to Other Funds				0
Inter Governmental Payables				0
Deferred revenue & Contracts	3,228,889	474,034	4,280,085	7,983,007
<b>Total Liabilities</b>	<u>3,481,718</u>	<u>588,956</u>	<u>4,405,982</u>	<u>8,476,656</u>
<b>Fund Balance</b>	<u>\$1,760,621</u>	<u>(\$2,806,733)</u>	<u>\$1,603,468</u>	<u>\$557,356</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$5,242,339</u>	<u>(\$2,217,776)</u>	<u>\$6,009,450</u>	<u>\$9,034,012</u>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$138,438	\$138,438
Grants and Shared Revenues	\$ 15,425,202	\$10,537,777	8,916,948	34,879,928
Private Contributions			1,170,968	1,170,968
Charges for Services		36,670	235,696	272,367
Interest	14,367	32,955	14,260	61,582
Development Fees		18,750		
Rent & Commissions		200		
Loan Recapture	118,523	994,533	30,356	1,143,413
Lands & Buildings		82,598		82,598
Equipment			5,850	5,850
Miscellaneous Revenue	1,215	1,240	141,529	143,984
Transfer within Special Revenue Fund			75,635	75,635
<b>Total Revenue</b>	<u>\$15,559,308</u>	<u>\$11,704,724</u>	<u>\$10,729,680</u>	<u>\$37,974,761</u>
<b>Expenditures</b>	<u>\$13,798,683</u>	<u>\$14,511,457</u>	<u>\$9,802,717</u>	<u>\$38,112,856</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$1,760,624</u>	<u>(\$2,806,733)</u>	<u>\$926,964</u>	<u>(\$138,095)</u>

<sup>1</sup> This report is on a modified accrual basis. Under full accrual, these amounts would be presented as grants receivable and the fund balance would be zero.

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

Department	Agy	Project	Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>						
CPED	890	Adult Training, Placement and Retention	844,000	22,410	22,410	\$ 821,590
CPED	890	High density corridor housing	801,000	-	-	801,000
CPED	890	Homeownership Program (GMMHC)	350,500	-	-	350,500
CPED	890	Industry Cluster Program (Living Wage Jobs)	71,900	-	-	71,900
CPED	890	Multi-Family/Affordable Housing	4,388,000	-	-	4,388,000
CPED	890	NEDF/CEDF	1,167,000	-	-	1,167,000
CPED	890	NonProfit MF Rental Development Assistance	180,700	-	-	180,700
CPED	890	Vacant & Boarded Housing	625,000	131,437	131,437	493,563
Health & Family Support	860	Childcare Facilities Loan/Grant	233,700	-	-	233,700
Regulatory Services	835	Lead Reduction	130,800	64,209	64,209	66,591
Regulatory Services	835	Problem Properties Board Bldg	346,240	65,562	65,562	280,678
Police	400	Problem Properties Police	53,880	-	-	53,880
Fire	280	Problem Properties Fire	15,965	-	-	15,965
City Attorney	140	Problem Properties Attorneys	38,915	-	-	38,915
Non-Departmental	123	General Housing Rehabilitation-MPHA	227,700	-	-	227,700
		Subtotal Capital Grants	<u>9,475,300</u>	<u>283,619</u>	<u>283,618</u>	<u>9,191,682</u>
<b>Public Service Grants:</b>						
CPED	890	Mortgage Foreclosure Prevention Program	204,700	200,000	200,000	4,700
CPED	890	Youth Employment & Training	476,133	39,640	39,640	436,493
Health & Family Support	860	Advocacy (Housing)	92,600	44,946	44,946	47,654
Health & Family Support	860	Asian Media Access	30,000	-	-	30,000
Health & Family Support	860	Cardondelet Life Care	21,000	-	-	21,000
Health & Family Support	860	Child Dental Services	11,000	3,146	3,146	7,854
Health & Family Support	860	Curfew/Truancy Center	98,000	25,855	25,855	72,145
Health & Family Support	860	Domestic Abuse Project	40,000	-	-	40,000
Health & Family Support	860	Fremont Community Health Services	50,000	-	-	50,000
Health & Family Support	860	Greater Minneapolis Council of Churches	50,000	-	-	50,000
Health & Family Support	860	Lao Assistance Center of MN	55,000	-	-	55,000
Health & Family Support	860	Living at Home Block Nurse Program	75,000	14,485	14,485	60,515
Health & Family Support	860	MIGIZI Communications	48,000	3,301	3,301	44,699
Health & Family Support	860	Minneapolis Urban League	75,000	10,386	10,386	64,614
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	76,000	-	-	76,000
Health & Family Support	860	Resource Inc, Employment Action Center	50,000	-	-	50,000
Health & Family Support	860	Southside Family Nurturing Center	50,000	-	-	50,000
Health & Family Support	860	St Stephens Human Services	50,000	-	-	50,000
Health & Family Support	860	Way to Grow	296,000	58,359	58,359	237,641
Public Works	607	Graffiti Removal on Public Property	91,400	-	-	91,400
Civil Rights	300	Multi Cultural & Native American Indian	132,800	2,948	2,948	129,852
		Subtotal Public Service Grants	<u>2,072,633</u>	<u>403,066</u>	<u>403,066</u>	<u>1,669,567</u>
<b>Administrative Grants:</b>						
CPED	890	Citizen Participation	242,700	-	-	242,700
CPED	890	Planning - Administration	878,000	365,408	365,408	512,592
CPED	890	Program Admin	103,000	19,031	19,031	83,969
Health & Family Support	860	Grant Administration	71,900	25,513	25,513	46,387
Health & Family Support	860	Legal Aid Society	35,000	2,917	2,917	32,083
Health & Family Support	860	Neighborhood Services	74,900	55,391	55,391	19,509
Health & Family Support	860	Way to Grow Administration	27,000	4,814	4,814	22,186
Finance	820	Finance Administration	205,000	-	-	205,000
Grants & Special Projects	800	Grants & Special Projects	244,900	78,638	78,638	166,262
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	56,900	-	-	56,900
Civil Rights	300	Civil Rights Dept Fair Housing	205,000	-	-	205,000
Non-Departmental	123	MPH Citizen Participation	70,900	-	-	70,900
Non-Departmental	123	YCB Administration	64,900	-	-	64,900
		Subtotal Administrative Grants	<u>2,280,100</u>	<u>551,711</u>	<u>551,711</u>	<u>563,962</u>
	123	Block E Deficit Reduction	0	-	-	0
		<b>GRAND TOTAL</b>	<u>\$ 13,828,033</u>	<u>1,238,396</u>	<u>1,238,396</u>	<u>\$ 11,425,211</u>

Source : Period 9, October 20, 2007 G101M

**CDBG Program Year 32  
Beginning June 1, 2006  
September 30, 2007**

Department	Agy	Project	Adopted	Council	Program	Revised	2007	Grant to Date	Remaining
			Budget	Action 2006R-093	Income <sup>1</sup>	Budget	Expenditures	Expenditures	Grant Budget
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)		547,500	\$ 242,260	\$ 526,133	\$ 21,367
CPED	890	High density corridor housing	1,000,000	(56,100)		943,900	1,600	1,600	942,300
CPED	890	Homeownership Program (GMMHC)	437,000	(24,600)		412,400			412,400
CPED	890	Industry Cluster Program (Living Wage Jobs)	90,000	(5,050)		84,950	34,686	69,173	15,777
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)		4,700,000	419,448	419,448	4,280,552
CPED	890	NEDF/CEDF	136,000	(7,630)		128,370			128,370
CPED	890	NonProfit MF Rental Development Assistance	226,000	(12,679)		213,321			213,321
CPED	890	Vacant & Boarded Housing <sup>3</sup>	1,154,000	(64,725)	2,000,000 <sup>2</sup>	3,089,275	1,671,798	2,414,097	675,178
Health & Family Support	860	Childcare Facilities Loan/Grant	292,000	(16,381)		275,619			275,619
Regulatory Services	835	Lead Reduction	163,000	(9,144)		153,856	70,667	153,856	0
Regulatory Services	835	Vacant & Boarded Housing-249 List <sup>3</sup>	-	-	-	-	(7,612)	-	-
Regulatory Services	835	Problem Properties Board Bldg	54,900	0		54,900		54,900	0
Police	400	Problem Properties Police	64,050	0		64,050			64,050
Fire	280	Problem Properties Fire	18,300	0		18,300			18,300
City Attorney	140	Problem Properties Attorneys	45,750	0		45,750	30,176	30,176	15,574
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)		266,180	155,857	155,857	110,323
		Subtotal Capital Grants	<u>9,542,000</u>	<u>(543,629)</u>	<u>2,000,000</u>	<u>10,998,371</u>	<u>2,618,880</u>	<u>3,825,240</u>	<u>7,173,131</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)	44,224 <sup>1</sup>	249,224		249,224	0
CPED	890	Youth Employment & Training	506,000	(29,000)		477,000	405,409	416,582	60,418
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)		94,390	45,054	94,390	0
Health & Family Support	860	Block Nurse Program	62,000	(3,478)		58,522	22,823	56,207	2,315
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)		22,654	13,466	22,318	336
Health & Family Support	860	Curfew/Traucny Center	98,000	0		98,000		98,000	0
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)		17,934	8,964	17,934	0
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)		127,427	14,588	29,592	97,835
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)		44,363	22,632	44,363	0
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)		40,588	15,444	30,601	9,987
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)		75,512	75,512	75,512	0
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)		24,541	13,905	24,540	1
Health & Family Support	860	MELD	38,000	(2,132)		35,868			35,868
Health & Family Support	860	Child Dental Services	10,000	(561)		9,439		9,439	0
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)		67,017	33,549	67,017	0
Health & Family Support	860	New American Community Services	47,000	(2,637)		44,363	20,596	44,349	14
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)		44,363	22,183	44,363	0
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)		35,868	13,764	32,940	2,928
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)		26,429	9,514	26,429	0
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)		127,427	48,704	127,427	0
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)		31,149	14,563	31,149	0
Health & Family Support	860	Way to Grow	296,000			296,000	112,639	296,000	0
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)		91,500	51,837	91,500	0
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)		155,980	60,660	155,914	66
		Subtotal Public Service Grants	<u>2,363,300</u>	<u>(111,966)</u>	<u>44,224</u>	<u>2,295,558</u>	<u>1,025,805</u>	<u>2,085,789</u>	<u>209,769</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen Participation	303,000	(17,000)		286,000	177,429	198,281	87,719
CPED	890	Planning - Administration	1,146,800	(105,907)		1,040,893	473,115	1,029,075	11,818
CPED	890	Program Admin	8,900	41,100		50,000	37,438	37,580	12,420
Health & Family Support	860	Grant Administration	90,000	(5,005)		84,995	17,745	84,995	0
Health & Family Support	860	Legal Aid Society	44,000	(2,903)		41,097	17,124	41,097	0
Health & Family Support	860	Neighborhood Services	94,000	(5,269)		88,731	64,040	88,731	0
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)		31,756	13,231	31,756	0
Finance	820	Finance Administration	255,000	(14,025)		240,975	94,145	94,145	146,830
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)		188,665	137,195	188,665	0
Grants & Special Projects	800	Homeless Initiative	100,000			100,000	21,370	21,370	78,630
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)		67,249	28,021	67,249	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)		0			0
Civil Rights	300	Civil Rights Dept Fair Housing	255,000	(14,025)		240,975	53,495	53,554	187,421
Non-Departmental	123	Administration YCB	57,000	0		57,000		56,350	650
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)		83,105			83,105
		Subtotal Administrative Grants	<u>2,768,700</u>	<u>(167,259)</u>	<u>0</u>	<u>2,601,441</u>	<u>1,134,348</u>	<u>1,992,848</u>	<u>608,593</u>
	123	Block E Deficit Reduction	0	0	0	0	0	0	0
		<b>GRAND TOTAL</b>	<u>\$ 14,674,000</u>	<u>\$ (822,854)</u>	<u>\$ 2,044,224</u>	<u>\$ 15,895,370</u>	<u>\$ 4,779,033</u>	<u>\$ 7,903,877</u>	<u>\$ 7,991,493</u>

<sup>1</sup> Council Action 2006R-146

<sup>2</sup> Council Action 2006R-355

<sup>3</sup> Council Action 2006R-356, 2006R-047 authorized and later rescinded Agency 835 \$125,000 249 List program spending that was to be funded from reduction in Agency 890 Boarded Building spending.

**CDBG Program Year 31  
Beginning June 1, 2005  
September 30, 2007**

Department	Agy	Project	Adopted Budget	Council Agency Actions	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ 294,419	\$ 496,282	\$ 114,596
CPED	890	High density corridor housing	953,008		953,008	21,902	22,180	930,828
CPED	890	Homeownership Program (GMMHC)	439,174		439,174		0	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	19,970	48,382	45,966
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	2,293,759	4,423,742	474,719
CPED	890	NEDF/CEDF	142,951		142,951		0	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252	70,000	70,000	168,252
CPED	890	Residential Loan/Grant	571,805		571,805	9,329	149,099	422,706
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	10,715	1,200,000	0
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869		23,444	283,425
Regulatory Services	835	Lead Reduction	171,541		171,541		171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557	23,825	73,382		44,966	28,416
Police	400	Problem Properties Police	71,476		71,476	6,445	6,445	65,031
Fire	280	Problem Properties Fire	23,825	(23,825)	0		0	0
City Attorney	140	Problem Properties Attorneys	47,650		47,650	10,625	47,650	0
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	189,622	297,338	0
		Subtotal Capital Grants	<u>10,117,133</u>	<u>0</u>	<u>10,117,133</u>	<u>2,926,787</u>	<u>7,001,069</u>	<u>3,116,064</u>
<b>Public Service Grants:</b>								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252		238,252	0
CPED	890	Youth Employment & Training	541,309		541,309	16,208		541,309
Health & Family Support	860	Advocacy (Housing)	104,831		104,831		104,831	0
Health & Family Support	860	Block Nurse Program	66,000		66,000		66,000	0
Health & Family Support	860	Child Dental Services	11,000		11,000		11,000	0
Health & Family Support	860	Curfew/Truancy Center	99,113		99,113		99,113	0
Health & Family Support	860	Early Childhood School Rediness	90,412	(15,247)	75,165		75,165	0
Health & Family Support	860	GMDCA Child Care	142,500	14,568	157,068	12,901	133,370	23,698
Health & Family Support	860	HIV/AIDS	45,000	(1,939)	43,061		43,061	0
Health & Family Support	860	Lao Advancement Organization of America	50,000	(41)	49,959		49,959	(0)
Health & Family Support	860	Minneapolis Community Clinics	335,561	5,455	341,016	15,000	341,016	0
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	25,445	85,000	0
Health & Family Support	860	MUL-Mental Health	25,000	(2,623)	22,377		22,377	0
Health & Family Support	860	New American Community Services	50,000	(173)	49,827		49,827	0
Health & Family Support	860	School Success Programs	35,000		35,000		35,000	0
Health & Family Support	860	Way to Grow	295,432		295,432		295,432	0
Public Works	607	Graffiti Removal on Public Property	101,972		101,972		101,972	0
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776		166,776	0
		Subtotal Public Service Grants	<u>2,483,158</u>	<u>(0)</u>	<u>2,483,158</u>	<u>69,553</u>	<u>2,459,459</u>	<u>23,699</u>
<b>Administrative Grants:</b>								
CPED	890	Citizen Participation	328,788		328,788	9,356	312,772	16,016
CPED	890	Planning - Administration	1,230,400		1,230,400	13,490	963,913	266,487
CPED	890	Program Admin	13,657		13,657		13,657	0
Health & Family Support	860	Grant Administration	95,301		95,301	2,058	95,301	0
Health & Family Support	860	Legal Aid Society	46,697		46,697		46,697	0
Health & Family Support	860	Neighborhood Services	101,972	(54,989)	46,983	20,326	46,983	0
Health & Family Support	860	Way to Grow Administration	34,308		34,308		34,308	0
Finance	820	Finance Administration	271,607	(22,193)	249,414	102,955	249,414	0
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	173,187		173,187	0
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	76,241		76,241		76,241	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	17,154		17,154		0	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	89,136	256,788	524
Non-Departmental	123	Administration YCB	56,227		56,227		51,000	5,227
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395		28,582	64,813
		Subtotal Administrative Grants	<u>2,842,251</u>	<u>(123,187)</u>	<u>2,719,064</u>	<u>237,322</u>	<u>2,348,844</u>	<u>370,220</u>
	123	Block E Deficit Reduction	<u>0</u>	<u>123,187</u>	<u>123,187</u>	<u>0</u>	<u>0</u>	<u>123,187</u>
		<b>GRAND TOTAL</b>	<u>\$ 15,442,542</u>	<u>\$ (0)</u>	<u>\$ 15,442,542</u>	<u>\$ 3,233,662</u>	<u>\$ 11,809,373</u>	<u>\$ 3,633,169</u>

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

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

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

**CDBG Program Year 30**  
**Beginning June 1, 2004**  
**September 30, 2007**

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823		\$ 639,823		\$ 639,823	\$ -
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	512,485	931,483	66,681
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146			464,146
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818		98,818	0
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	296,543	4,994,740	385,366
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725		149,725			149,725
CPED	890	Residential Loan / Grant	444,000	443,185		443,185	38,948	418,924	24,261
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164		998,164	0
CPED	890	VHR Distressed	393,000	392,279		392,279	196,407	196,763	195,516
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407		322,407	0
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353		34,353	0
Licenses & Consumer Services	835	Boarded Building Demolition	202,000	201,629		201,629		198,608	3,021
Regulatory Services	835	Hud Lead Program		145,317		145,317	1,259	132,373	12,944
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425		312,425	0
		Subtotal Capital Grants	<u>10,600,000</u>	<u>10,580,541</u>	<u>-</u>	<u>10,580,541</u>	<u>1,045,642</u>	<u>9,278,882</u>	<u>1,301,659</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Program	250,000	249,541		249,541		249,541	0
CPED	890	Youth Employment & Training	568,000	566,957		566,957		566,957	0
Health & Family Support	860	Advocacy	110,000	86,033		86,033		86,033	0
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980		10,980	0
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809		103,809	0
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894		57,894	0
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447		300,447	0
Health & Family Support	860	Head Start	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958		22,958	0
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521		256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888		56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925		40,925	0
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853		79,853	0
Health & Family Support	860	Way To Grow	311,000	310,429		310,429		310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969		16,969	0
Public Works	607	Graffiti Removal	107,000	106,804		106,804		106,804	0
Civil Rights	300	Multicultural Services	101,749	101,529		101,529		101,529	0
Civil Rights	300	American Indian Advocacy	0	23,765		23,765		23,765	0
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972		14,972	0
		Subtotal Public Service Grants	<u>2,551,749</u>	<u>2,547,032</u>	<u>0</u>	<u>2,547,032</u>	<u>0</u>	<u>2,538,751</u>	<u>8,281</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen (Resident) Participation	346,000	345,365		345,365		345,365	0
CPED	890	Neighborhood Business Association	174,000	173,681		173,681		173,681	0
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	784	976,128	234,645
CPED	890	Program Administration	75,000	74,862		74,862		74,862	0
Health & Family Support	860	Grant Administration	100,000	99,816		99,816		99,816	0
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910		48,910	0
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607		82,607	0
Health & Family Support	860	New Arrivals	18,251	18,251		18,251		18,251	0
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934		35,934	0
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569		252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,237)	204,342		204,342	0
Grants and Special Projects	800	Metro Fair Housing-Multi Jurisdictional	18,000	17,967		17,967		10,655	7,312
Grants and Special Projects	800	Housing Discrimination Law Project-Legal Aid	80,000	79,853		79,853		79,853	0
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651		189,651	0
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	22,588	93,608	4,212
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892		49,000	9,892
		Subtotal Administrative Grants	<u>3,191,251</u>	<u>3,185,427</u>	<u>(194,135)</u>	<u>2,991,292</u>	<u>23,372</u>	<u>2,735,231</u>	<u>256,061</u>
	123	Block E Deficit Reduction	0	0	194,135	194,135	0	0	194,135
		<b>GRAND TOTAL</b>	<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ -</u>	<u>\$ 16,313,000</u>	<u>\$ 1,069,014</u>	<u>\$ 14,552,864</u>	<u>\$ 1,760,136</u>

**CDBG Program Year 29  
Beginning June 1, 2003  
September 30, 2007**

Department	Agy	Project	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	641,000				641,000	-	641,000	-
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000				99,000		99,000	-
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	6,620	5,017,489	38,752
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000				300,000		300,000	-
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	29,709	5,352,336	2,523
Public Works	680	Public Works Community Center Operations	42,000				42,000		11,235	30,765
		Subtotal Capital Grants	<u>\$ 9,173,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,319,859</u>	<u>\$ 11,493,100</u>	<u>\$ 36,329</u>	<u>\$ 11,421,060</u>	<u>\$ 72,040</u>
<b>Public Service Grants:</b>										
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510				345,510	-	345,510	-
		Subtotal Administrative Grants	<u>\$ 345,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,510</u>	<u>\$ -</u>	<u>\$ 345,510</u>	<u>\$ -</u>
	123	Block E Deficit Reduction		273,936	50,139		324,075			324,075
		GRAND TOTAL	<u>\$ 9,518,751</u>	<u>\$ 273,936</u>	<u>\$ 50,139</u>	<u>\$ 2,319,859</u>	<u>\$ 12,162,685</u>	<u>\$ 36,329</u>	<u>\$ 11,766,570</u>	<u>\$ 396,115</u>

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

Source : Period 9, October 20, 2007 G101M

**CDBG Program Year 28**  
**Beginning June 1, 2002**  
**September 30, 2007**

Department	Agy	Project	Budget	2006R-477 5/17/2002	2002R-328	Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
Public Works	680	Public Works Community Center Operations	\$ 42,000				\$ 42,000	\$ -	\$ 4,600	\$ 37,400
Regulatory Services	835	Boarded Building Demolition	\$ 62,835				62,835	-	62,635	200
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000				83,000	-	83,000	0
CPED	890	Adult Training, Placement & Retention	441,000	124,185			565,185	-	441,000	124,185
MCDA/CPED	340/890	Asst NHS	0			183,091	183,091	121,377	121,377	61,714
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000				628,000	462,928	507,923	120,077
MCDA/CPED	340/890	Last Resort	250,000		(250,000)	400,000	400,000	13,788	400,000	0
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000		250,000		3,558,000	5,000	3,558,000	0
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000	(124,185)			273,815	7,899	187,763	86,052
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	1,214,000			550,000	1,764,000	362,102	1,719,061	44,939
MCDA/CPED	340/890	Vacant/Boarded Housing Program	2,640,000	200,000		713,138	3,553,138	104	3,553,138	0
MCDA/CPED	340/890	Rehabilitation Incentive Fund	390,000	(200,000)			190,000		3,024	186,976
		Subtotal Capital Grants	<u>\$ 9,456,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846,229</u>	<u>\$11,303,064</u>	<u>\$ 973,197</u>	<u>\$ 10,641,521</u>	<u>\$ 661,543</u>

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

Source : Period 9, October 20, 2007 G101M

**CDBG Programs Year 27 and Prior**  
**Program Years Beginning on June 1, 1996 through 2001**  
**September 30, 2007**

Department	Agy	Grant	Budget	Reprogram 2006-R477	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
Park & Recreation Board	127	Hosmer	\$ 33,537		\$ 33,537		\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		25,000			25,000
Non Departmental	123	Relocation	325,000		325,000	33,017	321,323	3,677
MCDA/CPED	890	Adult Training, Placement & Retention		275,815	275,815		275,815	0
MCDA/CPED	380/890	Plan 96/97	1,167,049		1,167,049		1,167,022	26
MCDA/CPED	380/890	Planning Commission Corridor	172,762		172,762		172,762	0
MCDA/CPED	340/890	Lead Abatement	11,695		11,695			11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,835.59		6,318,836		6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343		174,343		174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376		525,376		221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312		5,476,312		5,473,944	2,368
MCDA/CPED	340/890	YWCA	1,760		1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000		450,000		416,214	33,787
MCDA/CPED	340/890	GMMHC 96/97	2,187,967		2,187,967		2,187,967	(0)
MCDA/CPED	340/890	Ell Pk NRSP96	66,000		66,000		66,000	0
MCDA/CPED	340/890	H/Own SF 96	16,887		16,887		0	16,887
MCDA/CPED	340/890	Last Resort 96	681,672		681,672		681,672	0
MCDA/CPED	340/890	Jordan NRP	337,612		337,612		337,612	(0)
MCDA/CPED	340/890	CAMDEN 96/97	130,233		130,233			130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	(275,815)	2,025,129		2,025,129	(0)
MCDA/CPED	340/890	Non-Prof ADM	41,450		41,450		28,783	12,668
MCDA/CPED	340/890	ASST NHS 96	306,163		306,163	121,713	306,163	0
MCDA/CPED	340/890	38 & Cedar 96	52		52		0	52
Subtotal Capital Grants			<u>\$ 20,750,649</u>	<u>\$ (0)</u>	<u>\$ 20,750,649</u>	<u>\$ 154,730</u>	<u>\$ 20,162,752</u>	<u>\$ 587,897</u>

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

The City Council approved reprogramming totaling \$982,901.99 for program years 27 and prior.

Source : Period 9, October 20, 2007 G101M

**CDBG Programs Year 27 and Prior  
Program Years Beginning on June 1, 1996 through 2001  
September 30, 2007**

Department	Agy	Grant	Budget	Reprogram 2006-R477	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
Park & Recreation Board	127	Hosmer	\$ 33,537		\$ 33,537		\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		25,000			25,000
Non Departmental	123	Relocation	325,000		325,000	33,017	321,323	3,677
MCDA/CPED	890	Adult Training, Placement & Retention		275,815	275,815		275,815	0
MCDA/CPED	380/890	Plan 96/97	1,167,049		1,167,049		1,167,022	26
MCDA/CPED	380/890	Planning Commission Corridor	172,762		172,762		172,762	0
MCDA/CPED	340/890	Lead Abatement	11,695		11,695			11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,835.59		6,318,836		6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343		174,343		174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376		525,376		221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312		5,476,312		5,473,944	2,368
MCDA/CPED	340/890	YWCA	1,760		1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000		450,000		416,214	33,787
MCDA/CPED	340/890	GMMHC 96/97	2,187,967		2,187,967		2,187,967	(0)
MCDA/CPED	340/890	Ell Pk NRSP96	66,000		66,000		66,000	0
MCDA/CPED	340/890	H/Own SF 96	16,887		16,887		0	16,887
MCDA/CPED	340/890	Last Resort 96	681,672		681,672		681,672	0
MCDA/CPED	340/890	Jordan NRP	337,612		337,612		337,612	(0)
MCDA/CPED	340/890	CAMDEN 96/97	130,233		130,233			130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	(275,815)	2,025,129		2,025,129	(0)
MCDA/CPED	340/890	Non-Prof ADM	41,450		41,450		28,783	12,668
MCDA/CPED	340/890	ASST NHS 96	306,163		306,163	121,713	306,163	0
MCDA/CPED	340/890	38 & Cedar 96	52		52		0	52
Subtotal Capital Grants			<u>\$ 20,750,649</u>	<u>\$ (0)</u>	<u>\$ 20,750,649</u>	<u>\$ 154,730</u>	<u>\$ 20,162,752</u>	<u>\$ 587,897</u>

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

The City Council approved reprogramming totaling \$982,901.99 for program years 27 and prior.

Source : Period 9, October 20, 2007 G101M

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Third Quarter ending September 30, 2007**

Fund 6000	2007 Budget	2007 3rd Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	4,381,000	2,405,940	1,975,060	54.9%
<b>Expenses</b>	4,439,135	2,410,771	2,028,364	54.3%
<b>Revenue over(under) Expenses</b>	(58,135)	(4,831)		

**Program Description:**

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

Public Works is reviewing various options for supplying asphalt. In 2006, the City decided to permanently close the City of Minneapolis Asphalt Plant. Currently, an asphalt storage silo distribution facility is used to distribute asphalt to City departments. The demand for asphalt has decreased due to a decrease in capital expenditures.

**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 primary customer and the demand for products is seasonal beginning in April and concluding in late November. Revenues through the third quarter are \$2,405,940, or 54.9% of the budgeted amount of \$4,381,000. Revenues are primarily dependent on the construction season which does not begin until late spring. The fund incurred a \$4,831 loss for the nine months ending September 30, 2007.

**Expenses:**

Total expenditures for the third quarter are \$2,410,771 or 54.3% of the \$4,439,135 budget. Expenditures for this fund fluctuate due to the customer's seasonal requirements for products and services. For the third quarter, procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials accounted for 62.9% of the total expenditures compared to 70.0% of the total expenditures by year end 2006.

**Transfers:**

The fund has a 2007 non-operating budget transfer of \$42,000 related to debt service for the MERF unfunded liability.

**Net Assets:**

This fund maintained a favorable position related to net assets for many years. The equity was stable throughout the City Council's Adopted Thirty Year Paving Program. Once this program concluded in the mid 1990's, significant fluctuations for products and services occurred. In 2003, the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003 resulted in an extraordinary loss of \$777,000 from the disposal of this fixed asset. The 2006 year end net asset balance is \$267,046 which represents a decrease of \$103,811 from the 2005 ending balance of \$370,857.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Asphalt / Cement	3,381,000	3,100,000	1,845,788	3,179,554	1,824,225	3,312,419	1,965,582
Inspection revenue	1,000,000	980,000	560,152	828,035	590,697	868,124	530,851
Total Operating Revenues	4,381,000	4,080,000	2,405,940	4,007,589	2,414,922	4,180,543	2,496,433
<b>Operating Expenses:</b>							
Personnel	962,386	800,000	559,886	781,657	590,725	799,845	597,206
Contractual	518,195	320,000	215,429	330,072	246,080	384,768	220,291
Materials/Other	2,802,611	2,802,611	1,518,498	2,903,923	1,674,219	3,110,509	1,868,703
Rent	96,378	96,378	72,284	55,160	41,370	40,472	30,354
Depreciation	17,565	17,565	13,174	19,352	14,524	14,919	10,120
Total Operating Expenses	4,397,135	4,036,554	2,379,271	4,090,164	2,566,918	4,350,513	2,726,674
<b>Operating Margin</b>	(16,135)	43,446	26,669	(82,575)	(151,996)	(169,970)	(230,241)
<b>Non-Operating Revenues/(Expenses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	(42,000)	(42,000)	(31,500)	(22,123)	(16,592)	(61,182)	(45,887)
Gains (Losses)			-	-		(534)	
Total Non-Operating Revenues (Expenses)	(42,000)	(42,000)	(31,500)	(22,123)	(16,592)	(61,716)	(45,887)
<b>Net Income</b>	(58,135)	1,446	(4,831)	(104,698)	(168,588)	(231,686)	(276,128)
<b>Significant Balance Sheet Items</b>							
Cash			368,705	293,940	168,915	652,042	763,371
Accounts Receivable			-	-	591	1,133	17,925
Accounts Payable			(85,195)	(36,949)	(51)	(307,244)	(419,597)
Reserve for renewal			(639,673)	(639,673)	(639,673)	(639,673)	(639,673)

**City of Minneapolis  
Fleet Services Division  
For the Third Quarter ending September 30, 2007**

<b>Fund 6100</b>	<b>2007 Budget</b>	<b>2007 3<sup>rd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	46,140,500	32,144,265	13,996,235	69.7%
<b>Expenses</b>	44,771,038	29,552,267	15,218,771	66.0%
<b>Revenue Over (Under) Expenses</b>	1,369,462	2,571,998		

**Program Description:**

The Fleet Services Division Fund manages the acquisition, maintenance and disposal of over 1300 pieces of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks and snow plows. This fund also provides drivers and operators for equipment and manages the dispatch of City-owned and contractual equipment.

**Revenue:**

The revenue for this fund is earned from charges to City departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates charged are set at the beginning of the year to match the corresponding expenses, including overheads that are required to be recovered. In 2007, the revenue through the third quarter is \$32,144,265 and closely matches the expenses of \$29,552,267. The 2007 revenue earned from Rent Public Works is less than third quarter 2006 due to a decrease in City construction and the resulting decrease in demand for City equipment and operators.

**Expenses:**

Personnel expenditures through the third quarter 2007 are 38.3% of the total expenditures. This fund provides mechanics to maintain the equipment and also drivers and operators for the machinery that is used in construction and snow plowing. Expenses are following revenues and are tracking 5.1% lower than the same period in 2006 due to the decrease in City construction.

**Transfers:**

This fund receives a transfer in of \$4.18 million in 2007 from the general fund in accordance with the accepted workout plan. An equal transfer amount occurred in 2006.

**Net Assets:**

Net assets for the year ending 2006 are \$18.4 million which is an increase of \$3.0 million from 2005 net asset balance of \$15.4. The fund has a workout plan in place since 2001. The increase in net assets is consistent with the plan and is expected to increase over the next decade as the fund continues to replace old equipment and pay off the \$39.1 million in bonds that are currently outstanding. The workout plan for this fund has eliminated the sale of bonds to support equipment purchases as of 2005.

City of Minneapolis  
Fleet Services Division Fund  
Statement of Revenue and Expenses  
For Third Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Charges for Services and Sales	15,260,000	15,800,000	11,988,390	14,757,349	11,085,392	13,050,734	9,229,086
Rent Public Works and Other	26,500,000	22,468,244	16,535,464	23,137,121	17,432,758	22,575,697	16,219,338
<b>Total Operating Revenue</b>	<b>41,760,000</b>	<b>38,268,244</b>	<b>28,523,854</b>	<b>37,894,470</b>	<b>28,518,150</b>	<b>35,626,431</b>	<b>25,448,424</b>
<b>Operating Expenses:</b>							
Personal Services	18,644,587	15,109,890	11,332,446	14,726,580	11,630,675	15,677,189	11,681,140
Contractual Services	9,148,007	8,500,000	6,004,615	8,931,206	6,515,118	7,561,635	5,393,560
Materials, supplies, services and other	4,833,444	4,141,919	3,106,447	3,017,217	3,819,135	3,422,441	2,436,831
Rent	980,092	980,090	735,069	964,030	723,023	580,520	435,390
Cost of Stores Issuance	4,263,994	4,263,984	3,197,996	4,166,254	3,248,979	3,625,261	2,585,103
Depreciation	4,836,014	4,836,014	3,627,020	5,517,018	3,571,443	4,877,186	3,717,696
<b>Total Operating Expenses</b>	<b>42,706,138</b>	<b>37,831,897</b>	<b>28,003,592</b>	<b>37,322,305</b>	<b>29,508,373</b>	<b>35,744,232</b>	<b>26,249,720</b>
<b>Operating Margin</b>	<b>(946,138)</b>	<b>436,347</b>	<b>520,262</b>	<b>572,165</b>	<b>(990,223)</b>	<b>(117,801)</b>	<b>(801,296)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	500	361	271	1,384	1,199	1,375	1,007
Interest on Bonds	(1,732,900)	(1,732,900)	(1,299,675)	(1,949,950)	(1,462,462)	(1,942,962)	(1,449,412)
Gains/Losses on disposal of fixed assets	200,000	641,123	480,843	100,151	144,656	402,812	306,355
Damages/Losses recovered	-	5,729	4,297	45,958	46,275	-	-
Other Revenue	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,532,400)</b>	<b>(1,085,687)</b>	<b>(814,265)</b>	<b>(1,802,457)</b>	<b>(1,270,332)</b>	<b>(1,538,775)</b>	<b>(1,142,050)</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	(332,000)	(332,000)	(249,000)	(130,669)	(98,002)	(375,564)	(197,203)
<b>Total Operating Transfers</b>	<b>3,848,000</b>	<b>3,848,000</b>	<b>2,886,000</b>	<b>4,049,331</b>	<b>3,036,998</b>	<b>3,804,436</b>	<b>2,937,797</b>
<b>Net Income</b>	<b>1,369,462</b>	<b>3,198,660</b>	<b>2,591,997</b>	<b>2,819,039</b>	<b>776,443</b>	<b>2,147,860</b>	<b>994,451</b>
<b>Significant Balance Sheet Items</b>							
Fleet Purchases			2,934,160	6,646,400	3,238,149	3,991,512	3,047,615
Operating Cash			4,711,885	2,036,301	6,348,025	1,250,860	2,472,432
Net Building Value			25,372,734	25,821,732	25,973,220	26,422,039	26,573,445
Net Fleet Value			24,650,964	27,859,227	26,826,605	27,125,003	27,340,620
Bonds Payable			(39,136,041)	(39,136,041)	(44,967,054)	(44,967,054)	(49,469,078)
Due to Other Funds			(84,892)	-	-	-	-
<b>Significant Cash Flow Items</b>							
Bond Proceeds			-	-	-	5,540,000	5,540,000
Principal on Work out Bonds	(5,235,000)	(5,235,000)	(3,926,250)	(5,405,000)	(6,377,700)	(2,472,300)	(2,472,300)
Principal on Facilities Bonds	(395,000)	(395,000)	(296,250)	(335,000)	(1,312,250)	(3,875,250)	(3,875,250)
<b>Total Cash Flow Items</b>			<b>(4,222,500)</b>	<b>(5,740,000)</b>	<b>(7,689,950)</b>	<b>(807,550)</b>	<b>(807,550)</b>

**City of Minneapolis  
Property Services Division  
For the Third Quarter ending September 30, 2007**

<b>Fund 6200</b>	<b>2007 Budget</b>	<b>2007 3<sup>rd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	16,154,000	14,448,982	1,705,018	89.5%
<b>Expenses</b>	16,868,706	14,506,465	2,362,241	86.0%
<b>Revenue over(under) Expenses</b>	(714,706)	(57,483)		

**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 manage City Hall or Water and Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network.

**Revenue:**

This fund collects revenue from the City departments that use its goods and services (building space, ramp maintenance, janitorial and radio services). The rate structure is configured to enable the fund to charge the correct amount for its goods and services to match its expenses. Operating revenue through the third quarter 2007 is \$14,448,982, an increase of 23.4% over the same period in 2006. This increase is primarily due to an increase in demand for maintenance services provided to other departments. In addition, rate increases for 2007 property service rents increased an average of 2.0%. Some property service rents included the addition of utility service costs in 2007, which provided another increase to revenue. The fund received revenue of \$1.3 million from the sale of City owned land to the Minnesota Twins and the U of M Gophers as the future site of new stadiums.

**Expenses:**

The operating expenditures through the second quarter are \$14,506,465, an increase of 18.8% over the same period in 2006. Personnel expenses provide labor used to maintain property and account for approximately 42.9% of operating expenditures. Contractual expenditures increased 40.4% in the first three quarters as compared to the same period in 2006. This is primarily due to an increase in demand for services provided to other departments.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2007 the debt service consists of \$615,000 in principal payment and \$357,363 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 2007, the transfer amount is \$622,363. This fund also has a one time transfer out of \$500,000 to pay for the remodel of Hamilton School to be used by the Police Department and Regulatory Services.

**Net Assets:**

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. At year end 2006, the fund has a net asset position of \$28.6 million a decrease of \$1.0 million from the 2005 balance of \$29.6 million. The depreciation of capital assets will continue to decrease the net asset position.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For Third Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Charges for Services And Sales	7,647,500	10,300,000	8,416,407	8,428,660	5,628,788	10,355,991	5,950,276
Rents Public Works and Other	7,853,500	7,390,361	5,542,772	7,266,776	5,449,333	6,542,120	4,843,476
<b>Total Operating Revenue</b>	<b>15,501,000</b>	<b>17,690,361</b>	<b>13,959,179</b>	<b>15,695,436</b>	<b>11,078,121</b>	<b>16,898,111</b>	<b>10,793,752</b>
<b>Operating Expenses:</b>							
Personal Services	7,518,512	7,914,458	5,935,845	7,561,286	5,749,731	7,323,047	5,497,920
Contractual Services	4,672,731	7,406,898	5,555,175	6,561,024	3,957,995	6,213,645	3,422,097
Materials, Supplies, Services and Other	2,328,436	1,671,566	1,253,675	1,593,335	1,110,127	1,499,770	1,007,840
Rent	197,703	197,703	148,277	194,038	145,529	174,261	130,695
Depreciation	1,224,961	1,224,961	918,721	1,243,378	931,618	1,348,730	1,033,851
<b>Total Operating Expenses</b>	<b>15,942,343</b>	<b>18,415,585</b>	<b>13,811,693</b>	<b>17,153,061</b>	<b>11,895,000</b>	<b>16,559,453</b>	<b>11,092,403</b>
<b>Operating Margin</b>	<b>(441,343)</b>	<b>(725,225)</b>	<b>147,486</b>	<b>(1,457,625)</b>	<b>(816,879)</b>	<b>338,658</b>	<b>(298,651)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	-	71	53	20	11	39	11
Interest on Bonds	(357,363)	(357,362)	(268,022)	(383,563)	(287,672)	(409,163)	(306,872)
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(357,363)</b>	<b>(357,292)</b>	<b>(267,969)</b>	<b>(383,543)</b>	<b>(287,661)</b>	<b>(409,124)</b>	<b>(306,861)</b>
<b>Operating Transfers in(out)</b>							
Transfers from other fund	653,000	653,000	489,750	843,600	632,700	811,613	608,710
Transfers to other fund	(569,000)	(569,000)	(426,750)	(31,089)	(23,317)	(85,976)	(64,482)
<b>Total Operating Transfers</b>	<b>84,000</b>	<b>84,000</b>	<b>63,000</b>	<b>812,511</b>	<b>609,383</b>	<b>725,637</b>	<b>544,228</b>
<b>Net Income</b>	<b>(714,706)</b>	<b>(998,516)</b>	<b>(57,483)</b>	<b>(1,028,657)</b>	<b>(495,157)</b>	<b>655,171</b>	<b>(61,284)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			238,533	37,714	970,479	1,689,344	(237,810)
Bonds Payable			(8,896,144)	(8,896,144)	(9,569,783)	(9,569,783)	#####
Due to Other Funds			(34,924)	-	-	(1,044,542)	-
<b>Significant Cash Flow Items</b>							
Bond Principle payments	(615,000)	(615,000)	(461,250)	(655,000)	(163,750)	(640,000)	(160,000)

**City of Minneapolis  
Public Works Stores  
For the Third Quarter ending September 30, 2007**

<b>Fund 6300</b>	<b>2007 Budget</b>	<b>2007 3<sup>rd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	3,589,500	3,406,072	183,428	94.9%
<b>Expenditures</b>	3,608,007	3,230,235	377,772	89.5%
<b>Revenue over(under) Expenses</b>	(18,507)	175,837		

**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:**

Revenue through the third quarter 2007 totaled \$3,406,072, or 94.9%, of the annual budgeted amount of \$3,589,500. Traffic Stores revenue accounted for 71.3% of the total earned at September 30. Revenue earned by Traffic Stores is budgeted at 51.8% of the total and Central Stores is budgeted at the remaining 48.2%. The increase in revenue for Traffic Stores is attributed to the sale of traffic signal controller components for assembly for future transportation projects. Central Stores revenues total \$978,078, or 56.6%, of the \$1,729,500 budgeted for 2007.

**Expenses:**

The total expenses for the fund for the first three quarters of 2007 are \$3,230,235, which is 89.5% of the annual budget. At the end of third quarter, the Cost of Stores Issuance, \$2,480,519, is 4.6% over the 2007 budgeted amount of \$2,372,158. This is primarily due to an increase in demand for traffic signal controllers that are assembled from parts sold from Traffic Stores. Expenditures for Central Stores total 57.4% of its annual budget. The decrease to expenses is the result of a decrease in demand for merchandise ordered by Central Stores for other City departments.

**Transfers:**

The 2007 non-operating transfers total \$11,000 for payment of debt related to the MERF unfunded liability.

**Net Assets:**

The Public Works Stores Fund continues to maintain positive net income with a net asset balance at year-end 2006 of \$3,369,575, an increase of \$325,896 from the 2005 ending balance of \$3,043,679.

The fund has a negative cash balance of (\$740,408) for the third quarter. The value of the inventory is \$4,309,675 which is a 18.7% increase over the same period in 2006. An inverse relationship exists between the cash balance and the inventory balance. As the value of the inventory decreases, the cash balance increases. The cash balance is close to zero when the inventory has an approximate value of \$3.2 million.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Third Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year End 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Central Stores	1,729,500	1,304,104	978,078	1,507,113	1,127,926	1,717,815	1,204,723
Traffic Stores	1,860,000	3,237,325	2,427,994	2,890,375	2,005,202	3,188,324	2,427,467
<b>Total Operating Revenues</b>	<b>3,589,500</b>	<b>4,541,428</b>	<b>3,406,072</b>	<b>4,397,488</b>	<b>3,133,128</b>	<b>4,906,139</b>	<b>3,632,190</b>
<b>Operating Expenses:</b>							
Personnel	669,553	687,012	515,259	618,339	448,862	577,077	428,490
Contractual	288,645	253,767	190,325	229,538	159,303	216,583	147,311
Materials/Other	241,497	22,688	17,016	92,184	80,734	98,870	76,611
Rent	25,154	25,154	18,866	68,376	51,282	65,112	48,834
Cost of Stores Issuance	2,372,158	3,307,358	2,480,519	3,061,633	2,191,650	3,520,139	2,626,407
Depreciation	-	-	-	-	-	316	316
<b>Total Operating Expenses</b>	<b>3,597,007</b>	<b>4,295,979</b>	<b>3,221,985</b>	<b>4,070,070</b>	<b>2,931,831</b>	<b>4,478,097</b>	<b>3,327,969</b>
<b>Operating Margin</b>	<b>(7,507)</b>	<b>245,449</b>	<b>184,087</b>	<b>327,418</b>	<b>201,297</b>	<b>428,042</b>	<b>304,221</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest Income (Expense)	-	-	-	757	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	-	-	-	-	-	10,781	8,086
Transfers to other fund	(11,000)	(11,000)	(8,250)	-	-	(219)	(164)
<b>Total Operating Transfers</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>(8,250)</b>	<b>-</b>	<b>-</b>	<b>10,562</b>	<b>7,922</b>
<b>Net Income</b>	<b>(18,507)</b>	<b>234,449</b>	<b>175,837</b>	<b>328,174</b>	<b>201,297</b>	<b>438,604</b>	<b>312,143</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			(740,408)	(877,261)	(303,190)	91,610	55,478
Accounts Receivable			21,496	24,371	17,012	16,928	7,737
Inventories			4,309,675	5,009,908	3,631,225	3,104,057	2,952,334
Accounts Payable			2,922	(722,112)	2,787	(111,631)	(23,978)
Salaries Payable			(28,821)	(45,705)	(26,862)	(37,630)	(60,214)

**City of Minneapolis  
Intergovernmental Service Fund  
For the Third Quarter ending September 30, 2007**

<b>Fund 6400</b>	<b>2007 Budget</b>	<b>2007 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	55,030,886	40,339,049	14,691,837	73.3%
Expenditures including Transfers	43,732,426	28,518,859	15,213,567	65.2%
Revenue Over (Under) Expenditures	11,298,460	11,820,190		

**Program Description:**

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

**Revenue:**

Operating revenue through the third quarter of 2007 is \$28,809,299, or 66.7% of the annual 2007 budget. Revenue sources include mailing and copying services, telecom charges, Project Management Operation (PMO) projects, and BIS charges based on the rate model. The revenue for BIS-Telecom is driven by rates charged for services and customers' technology needs. The BIS-Telecom rate model uses the expense budget, depreciation, and overhead to determine technology rates. Third quarter revenues include a transfer from the General Fund of \$3.5 million for an interfund loan payment to the Convention Center. The fund also receives debt service transfers based on the deficit reduction plan for the fund.

**Expenses:**

Operating expenses through the third quarter are \$28,386,086, or 65.2% of the annual budget. The actual expenditures were close to budgeted expenditures for all cost centers except BIS-PMO. As projects are added to the BIS-PMD cost center, the budget increases as funding for projects is provided by the customer. Interest payments on bonded debt will total \$1.7 million for the fiscal year.

**Financial:**

The Intergovernmental Services Fund is tracking positively to increase its net asset position. The net asset balance for 2006 is a deficit of \$23.8 million which is an increase in net assets of \$10.4 million from the deficit of \$34.2 million in 2005. Net assets have increased due to use of a rate model to determine charges for service, a transfer from the General Fund provided through the workout plan, and an increased level of activity in the Project Management Operations area.

City of Minneapolis, Minnesota  
Intergovernmental Services Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	Projected Year 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Charges for Service:							
BIS - PMO	20,989,028	18,202,388	13,651,791	14,523,182	11,495,891	14,101,016	9,300,306
BIS-Telecom	5,223,572	4,832,769	3,624,577	6,382,488	4,220,224	3,021,721	2,243,929
BIS - Operating-other	15,993,684	14,183,654	10,637,741	12,836,673	9,671,240	14,437,083	10,776,326
CC-Mailing Services	395,860	513,390	385,043	461,425	302,542	57,840	46,643
CC-Copy Services	605,742	680,197	510,148	914,431	608,685	803,649	572,024
<b>Total Operating Revenues</b>	<b>43,207,886</b>	<b>38,412,398</b>	<b>28,809,299</b>	<b>35,118,198</b>	<b>26,298,582</b>	<b>32,421,309</b>	<b>22,939,228</b>
<b>Operating Expenses:</b>							
BIS - PMO	20,989,028	17,436,628	13,077,471	15,206,006	10,205,128	13,162,684	7,681,091
BIS - Telecom	2,120,671	1,588,618	1,191,464	1,628,910	1,218,883	1,740,151	1,313,530
BIS - Operating-other	19,087,454	17,327,014	12,995,260	17,742,917	13,497,550	16,245,487	11,985,454
CC-Mailing Services/Data Center	530,548	635,687	476,765	455,598	324,289	173,308	103,189
CC-Copy Services	625,418	663,229	497,422	790,217	555,811	659,611	414,212
Human resources	202,277	196,939	147,704	195,437	136,521	166,065	124,323
<b>Total Operating Expenses</b>	<b>43,555,396</b>	<b>37,848,115</b>	<b>28,386,086</b>	<b>36,019,085</b>	<b>25,938,182</b>	<b>32,147,306</b>	<b>21,621,799</b>
<b>Operating Margin</b>	<b>(347,510)</b>	<b>564,283</b>	<b>423,212</b>	<b>(900,887)</b>	<b>360,400</b>	<b>274,003</b>	<b>1,317,429</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Gains (Losses)	-	-	-	(31,852)	(31,852)	(304,473)	(5,039)
Depreciation	(2,349,680)	(2,349,680)	(1,762,260)	(3,962,907)	(2,915,921)	(6,510,263)	(4,793,892)
Interest on Bonded Debt	(1,694,956)	(1,694,956)	(1,271,217)	(2,038,485)	(1,026,453)	(2,064,478)	(1,563,471)
Other Non Operating Income (Expense)	-	-	-	(4,041)	-	514,075	(93,116)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,044,636)</b>	<b>(4,044,636)</b>	<b>(3,033,477)</b>	<b>(6,037,285)</b>	<b>(3,974,226)</b>	<b>(8,365,139)</b>	<b>(6,455,518)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	11,823,000	15,373,000	11,529,750	10,570,193	7,927,645	10,780,983	8,085,737
Transfers to other fund	(177,030)	(177,030)	(132,773)	(57,349)	(43,012)	(218,861)	(164,146)
<b>Total Operating Transfers</b>	<b>11,645,970</b>	<b>15,195,970</b>	<b>11,396,978</b>	<b>10,512,844</b>	<b>7,884,633</b>	<b>10,562,122</b>	<b>7,921,592</b>
<b>Net Income</b>	<b>7,253,824</b>	<b>11,715,617</b>	<b>8,786,713</b>	<b>3,574,672</b>	<b>4,270,807</b>	<b>2,470,986</b>	<b>2,783,503</b>
<b>Significant Balance Sheet Items</b>							
Cash			(852,323)	(1,661,324)	(4,448,906)	338,775	(4,128,198)
Accounts Receivable			230,041	1,658	1,699	63,622	704,354
Work-in-progress			20,947,186	13,040,241	14,388,041	13,040,241	9,237,406
Interfund Loans			(10,921,467)	(14,548,952)	(14,445,857)	(14,548,952)	(12,800,000)
Bonds Payable			(35,457,549)	(35,775,000)	(42,575,000)	(34,275,000)	(38,680,000)
Deferred Income			(4,202,901)	(5,755,117)	(4,251,671)	(5,949,886)	(2,759,296)
<b>Significant Cash Flow Items</b>							
Principal on Bonds	(2,565,000)	(2,565,000)	-	(8,325,000)	(2,081,250)	(6,670,000)	-

**City of Minneapolis  
Self-Insurance Fund  
For the Third Quarter Ending September 30, 2007**

<b>Fund 6900</b>	<b>2007 Budget</b>	<b>2007 3rd Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	88,656,640	64,411,365	24,245,275	72.7%
Expenditures	83,894,933	58,034,532	25,860,401	69.2%
Revenue Over (Under) Expenses	4,761,707	6,376,833		

**Program Description:**

The Self-Insurance Fund records employee benefit accounting, workers compensation, tort liability, and the administrative functions to support these activities.

**Revenue:**

Revenues vary by activity. Human Resources collect revenue from payroll withholding and employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management and Human Resources for the return-to-work program, recognizes revenues from direct billing of City departments that use this program. Tort Liability including administrative services of the City Attorney's Civil Division earns revenue by billing departments participating in Self-Insurance. Deferred revenue is increased to reflect additional reserves for the Metro Pass program.

For third quarter 2007, total revenues, including a transfer from the General Fund of \$3.6 million, are \$64,411,365, an increase of 4.8% over total revenue earned third quarter 2006. Third quarter operating revenues are \$60,848,865 resulting in an increase of 10.9% over the same period in 2006. An increase in the cost of health care premiums and an increase to the rates charged to departments for the self insurance liability and workers compensation premiums account for the additional revenue. The Finance-Employment Services cost center receives revenue from City departments as reimbursement for services related to employment screenings. The projected revenue received for these services in 2007 is \$261,872. The remaining budgeted revenue for this cost center is provided through premiums for workers compensation and tort liability received from City departments.

**Expenses:**

The primary expenditure of this fund, approximately 76.0%, is payment of employee fringe benefits included in the Health and Welfare account. Worker's Compensation and Tort Liability expenditures include the payments for liability and the costs of administering the plans.

Total expenditures through the third quarter 2007 are \$58,034,532, an increase of 5.3% over the total expenditures for the same period in 2006. Expenditures related to Health and Welfare (employee benefits) increased 8.8% over the same period in 2006. Health and Welfare expenses are related to employee participation in various health, dental, life insurance, and reimbursement plans. These expenses are recovered through payroll deductions and do not affect the fund performance. The increase in expenditures for employee benefits was offset by 8.2% decrease in payments related to liability, settlements, and risk management. The timing of settlement payments fluctuates during the fiscal year and the amount paid in one quarter does not provide a reliable projection for the annual amount paid for settlements.

**Transfers:**

In 2007, this fund receives an interfund transfer of \$4,750,000 from the General Fund to assist with payment of bond principal and interest. In 2006, the City Council approved a one-time use of General Fund reserve to reduce the bond debt in this fund by \$3.08 million.

**Net Assets:**

This fund's net asset position at year end 2006 is a deficit of \$29.3 million which is a reduction of \$6.7 million from the net asset ending balance of \$36.0 million in 2005. The deficit is primarily due to the large liability for unpaid claims for the City's General Liability and Workers Compensation. The liability was determined to be \$32.2 million at the end of 2006. The net asset deficit is tracking close to the Deficit Reduction Plan. The ending cash balance for third quarter 2007 is \$8.0 million.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	Projection Year 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Health & Welfare (employee benefits)	63,780,431	60,352,611	45,264,458	54,719,946	41,146,276	48,255,288	36,469,517
Workers Compensation	7,562,803	8,256,979	6,192,734	8,786,419	6,334,921	8,521,189	6,513,434
Liability - Subrogation	9,370,060	11,106,007	8,329,505	8,590,318	6,459,080	8,291,921	6,195,855
Attorney Office Services	30,000	12,934	9,700	43,668	20,909	16,633	16,587
Human Resources Services	1,110,538	1,141,418	856,063	857,723	643,292	785,576	570,971
Finance-Employment Services	2,052,808	261,872	196,404	559,295	282,935	271,258	207,466
<b>Total Operating Revenues</b>	<b>83,906,640</b>	<b>81,131,820</b>	<b>60,848,865</b>	<b>73,557,369</b>	<b>54,887,413</b>	<b>66,141,865</b>	<b>49,973,830</b>
<b>Operating Expenses:</b>							
Health & Welfare (employee benefits)	63,533,567	58,715,600	44,036,700	53,987,035	40,485,733	47,309,404	35,077,791
Workers Compensation	7,562,803	6,294,054	4,720,541	6,041,860	4,408,043	6,519,557	4,818,112
Liability & Settlements	3,978,312	4,870,781	3,653,086	6,350,799	3,902,413	4,728,586	3,008,790
City Attorney/Civil Division-Litigation	5,463,479	4,658,677	3,494,008	4,845,994	3,808,920	4,986,364	3,387,707
Risk Management - WC/Risk	2,053,620	1,676,582	1,257,436	1,963,442	1,463,966	1,476,400	1,050,024
Human Resource - Employee Benefits	1,137,152	997,683	748,262	1,089,526	791,368	961,133	566,665
<b>Total Operating Expenses</b>	<b>83,728,933</b>	<b>77,213,376</b>	<b>57,910,032</b>	<b>74,278,656</b>	<b>54,860,443</b>	<b>65,981,444</b>	<b>47,909,089</b>
<b>Operating Margin</b>	<b>177,707</b>	<b>3,918,444</b>	<b>2,938,833</b>	<b>(721,287)</b>	<b>26,970</b>	<b>160,421</b>	<b>2,064,741</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest on Bonded Debt	(69,000)	(69,000)	(51,750)	(114,061)	(202,313)	(159,723)	(109,729)
Other Non Operating Income (Exp)	-	-	-	(166,930)	(7,041)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(69,000)</b>	<b>(69,000)</b>	<b>(51,750)</b>	<b>(280,991)</b>	<b>(209,354)</b>	<b>(159,723)</b>	<b>(109,729)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	4,750,000	4,750,000	3,562,500	8,745,047	6,558,785	3,869,703	2,036,745
Transfers to other fund	(97,000)	(97,000)	(72,750)	(45,349)	(34,012)	(125,412)	-
<b>Total Operating Transfers</b>	<b>4,653,000</b>	<b>4,653,000</b>	<b>3,489,750</b>	<b>8,699,698</b>	<b>6,524,774</b>	<b>3,744,291</b>	<b>2,036,745</b>
<b>Net Income</b>	<b>4,761,707</b>	<b>8,502,444</b>	<b>6,376,833</b>	<b>7,697,420</b>	<b>6,342,390</b>	<b>3,744,989</b>	<b>3,991,757</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance over (under)			8,001,475	5,541,017	5,134,964	1,797,175	1,252,055
Due from Other Funds			3,590,071	2,823,000	728,009	181,930	181,930
Bonds Payable			(1,380,000)	(1,380,000)	(1,380,000)	(4,460,000)	(5,395,000)
Due to other funds			(87,612)	-	-	-	-
Unpaid Claims			(32,245,631)	(32,245,631)	(32,077,834)	(28,938,187)	(28,938,187)
Net Assets				(29,314,935)		(36,040,033)	
<b>Significant Cash Flow Items</b>							
Paid Principal on Debt			-	(4,015,000)	(3,080,000)	(890,000)	(667,500)

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Third Quarter Ending September 30, 2007**

<b>Fund 7100</b>	<b>2007 Budget</b>	<b>09/30/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	40,915,254	29,800,740	11,114,514	73%
Operating Expenditures	39,657,284	29,841,523	9,815,761	75%
Operating Margin	1,257,970	(40,783)		
Net Income	(434,824)	(1,217,003)		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Storm Water and Sanitary Sewer. This fund accounts for 85% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design.

**Revenue:**

Sanitary sewer revenue of \$29.8 million at the end of the third quarter is at 73% of the budget compared to \$27.4 million through September of 2006. This has exceeded the third quarter revenue of 2006 by \$2.4 million, or by 9%. The increase in revenue for the quarter is primarily due to increased revenues from increased rates (\$2.10 in 2006 to \$2.30 in 2007) in Utility Charges. Inspection Services revenues related to SAC charges are lower compared to the third quarter of 2006 by \$1,000,000, or by almost 37%, primarily due to reduction in new construction works.

**Expenses:**

The Sanitary Sewer fund's operating expenditures of \$29.8 million through the third quarter is at 75% of the budget. Compared to \$26.9 million for 2006, this is an increase of \$3.4 million or 13%. However, this 2006 figure was under stated by \$2.5 million as payments to Met Council Environmental services were applied to Stormwater Fund instead of Sanitary Sewer. This increase in expenditure in 2007 is also, in part, due to increase in rates charged by MCES.

**Transfers:**

Fund transfer is budgeted at \$348,000. By the end of third quarter, \$176,851 has been transferred to fund MERF unfunded liability.

**Debt Service:**

This fund did not have any debt service in the past but, starting from 2007, there are capital projects which are bond-funded that total \$6.2 million. As bonds are sold, the Fund will have its share of the debt service schedule.

**Other Financial Items:**

The current operating cash balance is \$6.5 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 \$9.9 million, which results in a shortfall of \$3.4 million.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006, 2005

	Budget Year 2007	Projected Year 2007	For Period Ending 09/30/07	Year Ending 2006	For Period Ending 09/30/06	Year Ending 2005	For Period Ending 09/30/05
<b>Operating Revenues:</b>							
Sewage Disposal	35,924,571	34,865,635	27,936,730	34,483,121	24,424,750	34,030,332	24,801,281
Other Services Provided	605,841	364,585	113,055	147,604	67,021	186,884	31,046
Inspection Services	4,384,842	3,600,616	1,750,955	3,856,433	2,796,058	2,685,275	1,452,825
Interest				121,336	65,850	11,071	1,202
<b>Total Operating Revenues</b>	<b>40,915,254</b>	<b>38,830,836</b>	<b>29,800,740</b>	<b>38,608,494</b>	<b>27,353,679</b>	<b>36,913,562</b>	<b>26,286,354</b>
<b>Operating Expenses:</b>							
Sewer Design	397,297	178,262	34,938	91,742	74,005	248,215	274,396
Sewer Maintenance	6,057,982	6,089,920	3,905,418	5,470,737	4,344,765	5,140,759	3,874,410
Met Council Env. Svcs.	33,202,005	32,746,106	25,901,168	32,927,301	22,487,956	30,785,678	21,806,232
<b>Total Operating Expenses</b>	<b>39,657,284</b>	<b>39,014,288</b>	<b>29,841,523</b>	<b>38,489,780</b>	<b>26,906,726</b>	<b>36,174,652</b>	<b>25,955,038</b>
<b>Operating Margin</b>	<b>1,257,970</b>	<b>(183,452)</b>	<b>(40,783)</b>	<b>118,714</b>	<b>446,953</b>	<b>738,910</b>	<b>331,316</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers (out)	(347,852)	(347,852)	(260,889)		(55,386)	(203,236)	-
Non-Oper Expenses				(42,752)	-		-
Depreciation	(1,199,528)	(1,199,528)	(899,673)	(1,216,303)	(909,487)	(1,228,780)	(919,730)
Special Assessments			(875)	3,934	-		-
Net Interest Income (Exp)	(145,414)	(145,414)	(14,782)	(9,116)	-		-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,692,794)</b>	<b>(1,692,794)</b>	<b>(1,176,220)</b>	<b>(1,264,236)</b>	<b>(964,873)</b>	<b>(1,432,016)</b>	<b>(919,730)</b>
<b>Net Income</b>	<b>(434,824)</b>	<b>(1,876,246)</b>	<b>(1,217,003)</b>	<b>(1,145,522)</b>	<b>(517,920)</b>	<b>(693,106)</b>	<b>(588,414)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-		6,553,019	7,591,344	5,827,458	6,180,902	3,306,322
Accounts Receivable	-		2,778,920	2,706,241	2,480,732	2,827,233	1,844,158
<b>Significant Cash Flow Items</b>							
Capital Outlay	6,250,000	6,250,000	817,487	185,449	142,417		108,669
Bond Principle payments	767,000	767,000	575,250	72,000	-		

**City Of Minneapolis  
Stormwater Fund  
For the Third Quarter Ending September 30, 2007**

<b>Fund 7300</b>	<b>2007 Budget</b>	<b>09/30/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	31,485,253	23,461,113	8,024,140	75%
Operating Expenditures	19,193,832	12,298,618	6,895,214	64%
Operating Margin	12,291,421	11,162,495		
Net Income	9,071,519	4,958,876		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Stormwater and Sanitary Sewer. The Stormwater fund accounts for 15% of the treatment work done through Met Council Environmental Services. The fund also accounts for storm water activities which include Combined Sewer Overflow (CSO) program, Street Cleaning, Sewer Design and Sewer Maintenance.

**Revenue:**

The Stormwater revenue of \$23.5 million through second quarter stands at 75% of the budget. It is an increase of \$1.3 million or 6% over third quarter of 2006. The increase is due to revenues from fees. With \$22.2 million in fee revenues and State grants fully realized, the overall pace is on track to meet the 2007 budget. Engineering Services revenue is at 30% of the budget but, as design expenses are charged to capital projects, revenue is projected to meet the estimated \$1.1 million for the year.

**Expenses:**

Stormwater fund operating expenses ended at 64% of the budget through the third quarter. Expenses through the third quarter totaled \$12.3 million compared \$14.2 million for 2006. This is a decrease of \$1.9 million or 14%. The primary reason for higher 2006 figure is the Met Council Environment Services payments. Only 15% of the Met Council payments were to be paid out Stormwater Fund and the rest from Sanitary Sewer Fund. This 2006 expenditure figure includes \$2 million which should have been classified as Sanitary Sewer. It was properly accounted for in the fourth quarter of 2006.

**Transfers:**

Of the \$349,380 budgeted for transfers, \$262,035 has been recognized through the quarter. This transfer includes payment for MERF pension's unfunded liability.

**Debt Service:**

The debt service payments through the quarter totaled \$7.8 million of which \$5.8 million went towards the principal and \$2 million were paid out to cover interests. These payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

**Other Financial Items:**

The operating cash balance for quarter ended was \$6.4 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 \$4.1 million, which results in a surplus of \$2.3 million. The cash balance should be increasing throughout the year to pay the December debt service payments.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006 and 2005

	Budget Year 2007	Projected Year 2007	For Period Ending 09/30/07	For Year Ending 2006	For Period Ending 09/30/06	For Year Ending 2005	For Period Ending 09/30/05
<b>Operating Revenues:</b>							
State Grants	671,441	770,505	749,631	788,362	745,646	569,414	569,414
County Grants	288,165	288,165	247,899	269,705	171,224	160,147	160,147
Stormwater Fees	29,441,279	28,879,106	22,154,808	27,869,040	20,806,268	26,081,247	20,545,272
Other Services Provided	1,084,368	1,035,262	308,775	1,031,806	419,915	1,038,718	322,658
<b>Total Operating Revenues</b>	<b>31,485,253</b>	<b>30,973,038</b>	<b>23,461,113</b>	<b>29,958,913</b>	<b>22,143,053</b>	<b>27,849,526</b>	<b>21,597,491</b>
<b>Operating Expenses:</b>							
Sewer Design	3,007,338	2,877,557	2,075,980	2,634,627	1,863,853	2,424,051	1,685,577
Stormwater Management CSO	1,172,591	1,223,116	857,131	1,206,966	879,697	1,210,158	913,355
Street Cleaning	6,796,011	6,428,103	4,482,857	7,211,034	4,955,472	6,354,645	3,970,388
Sewer Maintenance	3,204,576	2,313,023	1,427,284	2,100,924	1,104,434	2,205,230	1,361,279
Met Council Env. Svcs.	5,013,316	4,887,511	3,455,366	4,480,344	5,426,052	4,740,411	4,155,341
<b>Total Operating Expenses</b>	<b>19,193,832</b>	<b>17,729,310</b>	<b>12,298,618</b>	<b>17,633,895</b>	<b>14,229,508</b>	<b>16,934,496</b>	<b>12,085,940</b>
<b>Operating Margin</b>	<b>12,291,421</b>	<b>13,243,727</b>	<b>11,162,495</b>	<b>12,325,018</b>	<b>7,913,545</b>	<b>10,915,030</b>	<b>9,511,551</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(349,380)	(349,380)	(262,035)	(147,696)	(55,386)	(261,845)	(123,255)
Depreciation	(3,319,361)	(3,319,361)	(2,489,521)	(3,651,631)	(2,737,696)	(3,665,814)	(4,113,452)
Special Assessments	115,000	210,553	50,400	157,622	151,396	263,484	148,795
Net Interest Income (Exp)	(2,666,161)	(2,666,161)	(1,999,621)	(2,482,657)	(778,029)	(2,352,144)	(813,231)
Other Non Operating Income (Exp)	3,000,000	3,000,000	(1,502,843)	(1,529,659)	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,219,902)</b>	<b>(3,124,350)</b>	<b>(6,203,620)</b>	<b>(7,654,021)</b>	<b>(3,419,715)</b>	<b>(6,016,319)</b>	<b>(4,901,143)</b>
<b>Net Income</b>	<b>9,071,519</b>	<b>10,119,378</b>	<b>4,958,876</b>	<b>4,670,997</b>	<b>4,493,830</b>	<b>4,898,711</b>	<b>4,610,408</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			6,428,668	(1,316,044)	5,336,013	4,858,839	9,076,869
Construction Cash	-	-	14,701,203	1,209,787	1,351,508	7,383,600	-
Accounts Receivable	-	-	4,199,430	6,697,637	3,280,732	2,827,233	6,562,868
Bonds Payable	-	-	21,349,426	15,045,426	20,067,483	41,060,909	38,167,000
<b>Significant Cash Flow Items</b>							
Capital Outlay	7,418,000		5,903,701	7,669,863	5,914,305	12,960,277	8,635,527
Bond principle payments	7,797,000		5,847,750	8,360,000	781,493	9,609,000	1,500,000

**City of Minneapolis  
Water Fund  
For the Third Quarter Ending September 30, 2007**

<b>Fund 7400</b>	<b>2007 Budget</b>	<b>30-September-07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	65,421,544	47,752,364	17,669,180	73%
Operating Expenditures	43,306,735	31,844,458	11,462,277	74%
Operating Margin	22,114,809	15,907,906		
Net Income (Loss)	7,276,197	7,425,806		

**Program Description:**

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Currently, the City is constructing two, multi-year capital projects including the Supervisor Control and Data Acquisition (SCADA) and the Ultrafiltration Membrane Plant. The SCADA program monitors and partially automates the water treatment process and is expected to be completed in 2007 at a projected total cost of \$17.0 million. The Ultrafiltration Membrane Plant will be accomplished in two phases. Phase one is a newly constructed 70 MGD Columbia Heights Membrane Filtration Plant that was completed at a cost of \$63.3 million. The new plant is currently operating in a testing and confirmation phase and began distributing water into the Minneapolis system in the fall of 2005. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the design phase. The projected cost of the Fridley Plant is \$88 million. The new 34 MG Hilltop Reservoir, at a cost of \$20.0 million, was completed in 2005.

In 2007, the Water Fund received appropriations to continue ongoing capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement in the amount of \$500,000, the Ultrafiltration Program in the amount of \$4.5 million and Pump Station #4 Rehabilitation in the amount of \$6 million. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining of 10 miles of pipeline with replacement of valves and hydrants to provide a holistic system rehabilitation in project areas. Distribution improvements also include replacement of watermain where conductive soils have caused a number of watermain breaks.

**Revenue:**

For the year 2007, there was a 1.9% increase in the water rate raising the cost of 100 cubic feet from \$2.62 to \$2.67 per unit. The 2007 operating revenue of \$47,752,364 represents a 2.4% increase over the same period in 2006.

The third quarter 2007 operating margin is \$15,907,906 or 1.2% more than the same period of 2006. The net income for the third quarter 2007 decreased from \$8,443,198 in 2006 to \$7,425,806 in 2007 due to an increase in depreciation expense from \$5,055,161 for the third quarter in 2006 to \$5,379,640 for the same period in 2007. This increase of 6% in depreciation expense results from the addition of \$84.6 million in completed capital projects to the fixed asset accounts in 2005. The primary addition is the capitalization of the new Columbia Heights Membrane Filtration Plant at \$63.3 million.

**Expenditures:**

Through the third quarter of 2007, operating expenditures are \$31,844,458 or 3%, greater than for the same period in 2006. This increase is primarily due to an increase in operational cost of chemicals for treatment of water for distribution into the Minneapolis water works system. In addition, the government service fee, included in the Contribution to Other Funds, increased from \$2.07 million in 2006 to \$2.18 million in 2007. The government service fee is predominantly based on the fund's asset value.

**Transfers:**

The MERF (Minneapolis Employee Retirement Fund) pension debt service payment is budgeted at \$278,219.

**Debt Services:**

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current capital projects include SCADA, the membrane ultrafiltration programs, the Minneapolis Water Works facilities security improvement, and the rehabilitation of Pump Station #4.

**Other Financial Items:**

The Ultrafiltration Membrane Project is financed through loans from the Drinking Water State Revolving Fund managed by the Minnesota Public Facilities Authority. Beginning December 2002, the City has borrowed a total of \$78.4 million at interest rates of 2.82%, 2.80% and 2.53%. The ending cash balance for the third quarter of 2007 is \$6.42 million compared to \$6.66 million for the same period in 2006. The objective is to have a cash balance equal to or greater than 3 months of operating expenses.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses

For Third Quarter/Years Ending 2007, 2006, 2005

	Budget Current	Projected	For Period	For Year	For Period	For Year	For Period
	Year	Ending	Ending	Ending	Ending	Ending	Ending
	2007	2007	30-Sep-07	2006	30-Sep-06	2005	30-Sep-05
<b>Operating Revenues:</b>							
Federal Grants	-	-	-	36,036	36,036	-	-
Licenses & Permits	1,000	845	680	728	543	1,009	830
Charges For Services	64,085,444	65,242,547	47,413,171	63,223,867	46,025,656	59,897,682	43,453,621
Charges For Sales	1,315,000	891,819	337,541	1,702,574	562,269	829,696	354,052
Interest	-	911	712	289	205	990	845
Other Misc Revenues	20,100	20,100	260	27,918	27,888	1,251	1,147
<b>Total Operating Revenues</b>	<b>65,421,544</b>	<b>66,156,222</b>	<b>47,752,364</b>	<b>64,991,412</b>	<b>46,652,597</b>	<b>60,730,628</b>	<b>43,810,495</b>
<b>Operating Expenses:</b>							
Security	-	-	-	642,091	481,164	911,559	731,527
Water Design	1,178,044	908,611	693,645	675,654	505,045	657,732	512,594
Contribution To Other Funds	8,486,330	8,653,219	6,364,748	5,760,399	4,619,490	6,300,932	4,216,151
Administration & Permits	1,055,175	1,531,471	1,075,788	1,152,765	796,758	1,202,302	858,128
Treatment	13,458,090	14,343,184	9,843,474	14,607,515	10,283,422	13,134,777	8,781,689
Treatment Maintenance	7,472,824	7,619,502	5,407,235	7,261,963	5,021,229	7,477,241	5,442,474
Distribution	7,906,604	7,949,477	5,619,369	8,184,004	5,660,049	7,762,956	5,606,188
Major Repairs & Replacement	3,749,668	3,749,668	2,840,199	7,656,719	3,563,427	4,929,336	2,933,103
<b>Total Operating Expenses</b>	<b>43,306,735</b>	<b>44,755,132</b>	<b>31,844,458</b>	<b>45,941,111</b>	<b>30,930,584</b>	<b>42,376,835</b>	<b>29,081,854</b>
<b>Operating Margin</b>	<b>22,114,809</b>	<b>21,401,090</b>	<b>15,907,906</b>	<b>19,050,301</b>	<b>15,722,013</b>	<b>18,353,793</b>	<b>14,728,641</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(664,000)	(664,000)	(594,405)	(274,517)	(205,888)	(689,005)	(502,504)
Depreciation	(9,542,576)	(9,542,576)	(5,379,640)	(6,846,284)	(5,055,161)	(6,450,504)	(4,136,736)
Special Assessments	-	-	-	628,894	373,558	825,321	479,433
Net Interest Income (Exp)	(4,632,036)	(4,632,036)	(2,255,407)	(4,371,899)	(2,234,079)	(4,077,976)	(2,014,422)
Other Non-Operating Income	2,000,000	421,313	327,424	603,376	481,341	336,960	254,929
Other Non Operating (Expense)	(2,000,000)	(2,000,000)	(580,072)	(1,000,818)	(638,587)	(791,522)	(512,305)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(14,838,612)</b>	<b>(16,417,299)</b>	<b>(8,482,100)</b>	<b>(11,261,248)</b>	<b>(7,278,815)</b>	<b>(10,846,725)</b>	<b>(6,431,604)</b>
<b>Net Income</b>	<b>7,276,197</b>	<b>4,983,791</b>	<b>7,425,806</b>	<b>7,789,053</b>	<b>8,443,198</b>	<b>7,507,068</b>	<b>8,297,037</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			6,420,730	2,541,860	6,658,933	1,555,548	10,047,753
Construction Cash			-	-	282,589	452,337	2,726,417
Accounts Receivable			6,261,448	4,876,827	4,824,680	8,382,482	6,703,988
Bonds & Notes Payable			95,423,728	92,028,999	92,537,977	84,407,486	95,236,953
<b>Significant Cash Flow Items</b>							
Capital Outlay	40,531,642	40,531,642	5,696,446	13,486,869	9,307,504	18,549,576	14,190,671
Bond & Note Principle payments	7,927,436	7,927,436	1,000,000	8,658,552	840,000	10,829,467	760,000
<b>Total Cash Flow Items</b>	<b>48,459,078</b>	<b>48,459,078</b>	<b>6,696,446</b>	<b>22,145,421</b>	<b>10,147,504</b>	<b>29,379,043</b>	<b>14,950,671</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Third Quarter Ending September 30, 2007**

<b>Fund 7500*</b>	<b>2007 Original Budget</b>	<b>2007 3rd Quarter Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	50,087,953	38,903,117	11,184,836	78%
Expenditures	33,200,346	21,817,711	11,382,635	66%
Operating Margin	16,887,607	17,085,406		
Net Income (Loss)	2,842,154	2,788,547		

\* Figures in the table do not include State-owned ABC parking facilities.  
Net Income (Loss) includes all non-operating expenditures & revenues.

**Program Description:**

This fund 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. The parking system has eighteen ramps with the sale of the 10<sup>th</sup> and Washington ramp on September 28, 2007 and the sale of the Center Village Municipal Parking Ramp, the Downtown East Ramp, the Seven Corners Ramp, the Loring Ramp and the Gateway Ramp on October 25, 2007 for \$64,849,429.24. With the expiration of the Ritz Lot lease on December 31, 2006 the City has 5 lots. The City Council has approved the sale of three additional ramps. After the closings on these ramps the parking system will have fifteen ramps and 5 lots.

**Revenues:**

The revenues for first three quarters of 2007 increased by \$2.5 million, or 7.0%, \$38.9 million compared to \$36.4 million for 2006. Off-street parking revenue accounts for \$2.0 million of the increase in spite of the expiration of the Ritz Lot lease. The Impound Lot revenue accounts for the other \$0.5 million of the increase.

**Expenditures:**

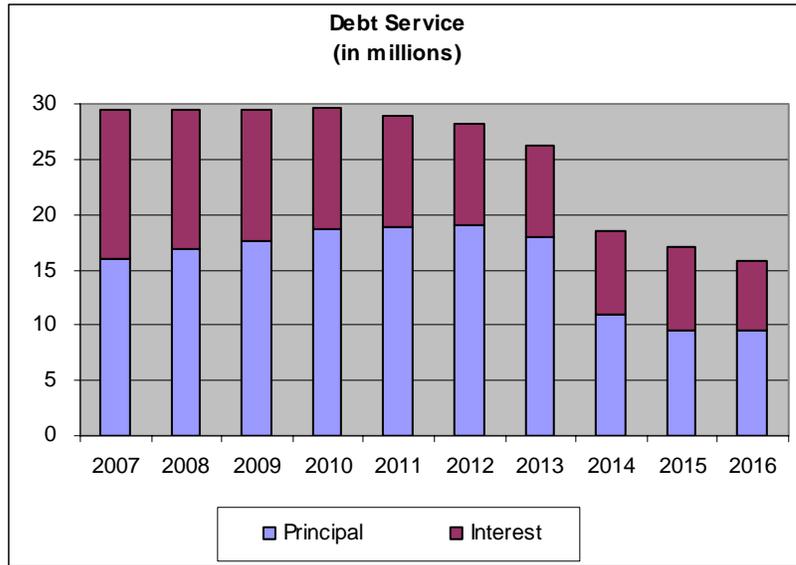
The expenditures, at \$21.8 million for 2007 increased by \$1.4 million, or 6.8%, compared to \$20.4 million in 2006. Expenditures for off-street parking increased by \$1.2 million, towing increased by \$0.1 million and on-street parking increased by \$0.1 million.

**Transfers to and from other funds:**

The 2007 transfers into the Parking Fund include \$2.0 million from sales tax revenue for Convention Center debt, \$7.8 million from CPED Tax Increment. Transfers out to other funds for the year are budgeted for a total of \$11.9 million with \$1.6 million to the General Fund, \$8 million to the Business Information Services Fund, \$2.1 million to the Target Center Arena and \$0.2 million to other funds. The 2007 Target Center Arena transfer is \$2.1 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule. There were \$11.4 million in transfers out during the first three quarters of 2007.

## Debt Service:

The debt service payments through the third quarter totaled \$15.8 million, with \$8.1 million of principal payments and another \$7.7 million in interest. The total budgeted debt service from 2007 is \$29.4 million. These payments cover the costs of bonds that were sold to fund capital projects for construction of municipal parking ramps and lots. As new facilities are added to the system, debt service will continue to grow. According to the current schedule, debt service payments will reach \$29.7 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$1.7 million in 2006 with the sale of additional bonds to fund facilities repairs and improvements. There is currently \$261 million in outstanding bonds.

## Other Financial Items:

The current operating cash balance is \$(4.7) 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 \$6.2 million, which results in a shortfall of \$10.9 million. Due to the sale of the 10<sup>th</sup> and Washington ramp, the net income for the third quarter has decreased by \$0.7 million over the same period in 2006; however, the 2007 net income is still not sufficient to cover the debt service thereby resulting in negative cash flow.

## Parking Fund Workout Plan:

A financial workout plan, as adopted by the City Council, approved parking initiatives to cut costs and increase revenues. Based on actual figures through the year end of 2007, the current update to the Workout Plan and specific performance include:

## Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Projections indicate that revenue is exceeding last year's overall performance by almost \$1.0 million which represents an improvement of nearly 3%. This is encouraging considering loss of the Ritz Lot which generated \$409,000 last year. Our Early Bird and rate adjustment strategies are performing well and continue to generate additional revenue particularly at the Leamington, Gateway and Jerry Haaf Ramps.

- On-Street Parking and Parking Meter Management Plan: Additional meter installations and rate adjustments, as part of new meter management plan, have continued to be implemented and generate revenues of \$7.3 million, or 102% of budgeted amounts. Focus on the expansion of the parking meter smart card program is ongoing, with research into securing a dependable supply of cards close to completion, which will provides customers with additional purchase and payment options.
- Impound Lot and Collection of Unpaid Tow and Storage Fees: The initiative for collection of unpaid tow and storage fee did not meet its revenue estimates of an additional \$1.2 million. The City has implemented a pilot program with a collections firm for additional collection activities for unpaid towing and storage fees that will be tested over the next 12 months. The auction of abandoned vehicles process is currently being evaluated and refined, and we are now selling vehicle contents that are abandoned through a separate process that is generating additional revenues that offset the unpaid fees. The tow management software is in the process of being upgraded to allow for some additional automated processing of bill of sale and auction information, and will be installed next year. At \$7.91 million in projected revenue, total revenue generated from the Impound lot operations through the year is projected to exceed the budgeted figures by \$800,000, or 11.1%.

### **Expenditures:**

The status of the various expense reduction initiatives:

- Through the first three quarters (75%) of the year, expenses in the off-street parking area are 64.0% of budgeted. Compared to our overall budget, expenses are projected to exceed budgeted by \$672,000. This is primarily due to \$400,000 in additional necessary maintenance expenditures at the 11<sup>th</sup> and Marquette and Government Center facilities.
- Salaries and wages have increased slightly due to continuing efforts toward reorganization and centralization, compliance with the living wage, the carpool monitors and service attendants added earlier this year.
- Utilities expense lines continue to appear high. We should see greater recovery during the rest of this year.
- Finally sales tax expenses have increased along side of increased revenue.
- Enhance Wayfinding Program: Currently five new installations are in progress for 2007 at Hilton, Hennepin @10<sup>th</sup> and Leamington facilities. Installation should be complete by mid-4<sup>th</sup> Quarter.
- Repair & Maintenance Program: estimated expenditure of \$204,000 in debt service; the program is being implemented in the current year and includes revenue control equipment and systems upgrade at Haaf and LaSalle @ 10<sup>th</sup> facilities.

- Greater Oversight through Increased Staffing Level: estimated expenditure of \$254,000; Parking Services has recently hired the Business Applications Manager, and has interviewed for 4 Operations Analyst and Parking Systems Analyst positions which will assist in achieving the realignment of activities and will help to improve the oversight of three business areas. Hiring of these positions should be completed in early fourth quarter of 2007.

Off-Street Parking projected expenditures exceeded budget by \$707,580 or 2.7%. Impound Lot projected expenditures exceeded budget by \$455,520 or 8.6%, due to additional costs for the back-to-back snow emergencies this spring. On-Street Parking expenditures were less than budget by \$364,510 or 28.8% of budget.

The following table presents a summary of the various business line actual figures, projections and variances for the first three quarters of 2007.

<b>Revenue* And Expense Categories</b>	<b>2007 Original Budget</b>	<b>2007 3<sup>rd</sup> Quarter Actual</b>	<b>Projection 2007 Based on Actual**</b>	<b>Variance Budget Vs Projection</b>
Off-Street Parking	35,816,284	27,852,757	37,743,445	1,927,161
On-Street Parking	7,155,532	5,451,120	7,301,235	145,703
Impound Lot	7,116,137	5,599,240	7,908,927	792,790
<b>Total Revenue</b>	<b>50,087,953</b>	<b>38,903,117</b>	<b>52,953,607</b>	<b>2,865,654</b>
Off-Street Parking	26,627,566	17,048,221	27,335,146	707,580
On-Street Parking	1,266,089	670,993	901,579	(364,510)
Impound Lot	5,306,691	4,098,497	5,762,211	455,520
<b>Total Expenditures</b>	<b>33,200,346</b>	<b>21,817,711</b>	<b>33,998,935</b>	<b>798,589</b>
<b>Operating Margin</b>	<b>16,887,607</b>	<b>17,085,406</b>	<b>18,954,672</b>	<b>2,067,065</b>

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

\*\*Projection is based on all the ramps for the entire year without regard to the ramp sales in September and October.

Summary:

Based on the annual data, revenue projections exceed the budget by \$2,865,654 or 5.7% and expenditure projections exceed the budget by \$798,589 or 2.4% thereby resulting in an overall projected excess profit of \$2,067,065 or 12.2% more than the annual budget.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For Third Quarter/Years Ending 2007, 2006, and 2005

	Current Budget Year 2007	Projected Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06	For Year Ending 2005	For Period Ending 30-Sep-05
<b>Operating Revenues:</b>							
Off-Street Parking: City Owned	35,816,284	37,743,445	27,852,757	35,052,251	25,872,561	33,542,380	24,747,062
Off-Street Parking: State Owned	8,454,052	7,395,942	5,257,184	8,232,233	5,895,037	8,039,838	5,672,492
Towing	7,116,137	7,908,927	5,599,240	7,554,067	5,061,359	6,912,995	5,156,482
On-Street Meters	7,155,532	7,301,235	5,451,120	7,235,050	5,419,972	6,702,950	4,987,517
Total Operating Revenues	58,542,005	60,349,548	44,160,301	58,073,601	42,248,929	55,198,164	40,563,553
<b>Operating Expenses:</b>							
Off-Street Parking: City Owned-Direct Expenses	20,014,346	22,216,741	14,483,678	22,481,314	14,035,035	20,232,560	13,749,134
Off-Street Parking: State Owned-Direct Expenses	8,154,885	8,025,654	5,914,379	7,540,909	5,799,063	7,365,075	5,191,307
Towing	5,306,691	5,762,211	4,098,497	5,474,639	3,992,183	5,573,381	3,864,188
On-Street Meters	1,266,089	901,579	670,993	795,003	585,069	3,462,187	2,605,475
Other Operating Expenses	6,613,220	5,118,405	2,564,543	3,261,349	1,820,951	2,847,773	1,263,682
Total Operating Expenses	41,355,231	42,024,589	27,732,090	39,553,214	26,232,301	39,480,976	26,673,786
<b>Operating Margin</b>	17,186,774	18,324,959	16,428,211	18,520,387	16,016,628	15,717,187	13,889,767
<b>Non-Operating Revenues/(Expenses)</b>							
General Fund Transfer Out	(9,618,000)	(1,618,000)	(1,618,000)	(10,618,000)	(7,963,500)	(8,800,000)	(6,600,000)
Arena Reserve Transfer Out	(2,078,000)	(2,078,000)	(1,558,500)	(1,921,000)	(1,440,750)	(1,768,000)	(1,326,000)
Debt Service Transfer Out	(121,104)	(121,104)	(102,854)	(38,500)	(28,913)	(390,704)	(259,125)
Internal Service Fund Transfer Out	-	(8,000,000)	(8,000,000)	-	-	(95,355)	-
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	(109,500)	(146,000)	(109,500)
Total Transfers Out	(11,963,104)	(11,963,104)	(11,388,854)	(12,723,500)	(9,542,663)	(11,200,058)	(8,294,625)
Convention Center related facility Transfer	9,856,000	9,856,000	2,844,507	9,565,097	7,173,823	8,243,573	6,182,680
TI and MCDA Transfers In	7,751,769	7,751,769	8,250,069	8,642,369	5,186,592	5,230,159	5,230,159
Arbitrage Fund and Other Transfers In	-	-	-	1,376,314	717,887	2,467,107	-
Total Transfers In	17,607,769	17,607,769	11,094,576	19,583,780	13,078,302	15,940,839	11,412,839
Depreciation	(7,009,437)	(7,009,437)	(5,257,078)	(7,045,340)	(5,306,264)	(6,551,682)	(4,842,918)
Special Assessments*	675,975	675,975	301,969	12,556,838	99,375	107,773	99,375
Interest	(13,356,656)	(13,356,656)	(7,757,426)	(12,623,204)	(10,702,385)	(12,058,392)	(10,565,150)
Other Non Operating Expenses	0	-	(115,882)	(33,353)	(32,784)	(32,980)	(24,045)
Other Non-Operating Income **	0	(1,174,164)	(1,174,164)	150,032	3,613	136,897	128,679
Total Non-Operating Revenues (Expenses)	(14,045,453)	(15,219,617)	(14,296,859)	(134,747)	(12,402,806)	(13,657,603)	(12,085,845)
<b>Net Income+/( -)</b>	3,141,321	3,105,342	2,131,352	18,385,640	3,613,822	2,059,584	1,803,922

\* - In 2006 the Council passes a special assessment levy for the Vineland Ramp.

\*\* - This includes \$5,400,000 in settlement of the 10th & Washington ramp lawsuit & \$6,657,162 loss on the sale of the 10th & Washington ramp.

**Significant Balance Sheet Items**

Operating Cash			(4,687,940)	(12,306,289)	(13,151,662)	(13,509,757)	(5,235,674)
Construction Cash			453,005	3,420,289	5,186,860	6,963,710	8,489,139
Bonds Payable			270,074,642	268,374,642	280,848,742	280,848,742	294,592,842
Total Balance Sheet Items		-	265,839,706	259,488,642	272,883,940	274,302,696	297,846,307

**Significant Cash Flow Items**

Principal on debt			8,075,000	14,174,100	10,630,575	12,834,100	9,115,575
Capital Outlay			978,265	1,753,949	499,643	18,773,811	15,500,908
Total Cash Flow Items			9,053,265	15,928,049	11,130,218	31,607,911	24,616,483

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the Third Quarter Ending September 30th, 2007**

<b>Fund 7700</b>	<b>2007 Budget</b>	<b>09/30/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	29,507,700	22,301,716	7,205,984	76%
Operating Expenditures	28,647,983	18,337,424	10,310,559	64%
Operating Margin	859,717	3,964,292		
Net Income/(Loss)	(720,892)	3,175,209		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal and recycling operations. This includes trash and yard waste pickups on a weekly basis; and, on a biweekly basis, pickups are made for recycling and problem materials, such as appliances. The Fund is responsible, as well, for the operations of a solid waste transfer station which covers over 106,000 households. The Department also provides "clean city" activities such as neighborhood clean sweeps and litter/graffiti controls and removals in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

**Revenue:**

The operating revenues for the Fund through the quarter totaled \$22.3 million compared to \$21.6 million through the third quarter of 2006. This is an increase of \$700,000 or 3%, which can be attributed to new and increased rates on solid waste fees and recyclable sales even though the number of billable dwelling units has decreased to 105,637, primarily due to the increase in foreclosures. The revenue for recyclable sales is variable and is tied to economic indicators in the market place. Grant revenue of \$783,762 from Hennepin County has been received.

**Expenses:**

The operating expenses through the third quarter ended at \$18.3 million compared to \$19.5 million in 2006. The decrease in expenditures of \$1.2 million, or 6%, over the same period in 2006, is mainly due to decrease in solid waste activities in terms of volume. Compared to 2006, yard waste decreased by 1000 tons, garbage by 2900 tons, and construction materials by 900 tons. The reduced cost per ton at the CHERC burner plant from \$42 to \$34, which went into effect in 2006, has also contributed to decrease in expenditures. Expenditures in Clean City program through the quarter was \$1.3 million and is estimated to exceed the budget for the year.

**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. Half of these transfers have been recognized through second quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$78,000 for MERF Unfunded Liability. These are transferred out to General Fund. The General Fund transfers through September 30<sup>th</sup> have been recognized.

**Debt Service:**

This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the third quarter ended at \$17.2 million. A portion of this fund balance, about \$4.2 million, is in restricted reserve to be used for capital programs leaving an unrestricted cash balance of \$13 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 \$6 million, which results in a surplus of \$7 million. The accounts receivable balance is \$3.3 million.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2007, 2006, 2005

	Budget Year 2007	Projection Year 2007	For Period Ending 09/30/2007	For Year Ending 2006	For Period Ending 09/30/06	For Year Ending 2005	For Period Ending 09/30/05
<b>Operating Revenues:</b>							
County Grants	544,000	783,762	783,762	802,623	802,623	812,722	-
Solid Waste Fees	27,264,300	26,558,969	20,125,874	26,300,313	19,642,754	26,817,625	19,712,356
Recyclable Sales	1,699,400	1,677,523	1,376,193	1,497,204	1,108,038	1,857,841	1,323,885
Charges for Other Services	-	15,888	15,888	14,877	1,643	15,947	151,349
<b>Total Operating Revenues</b>	<b>29,507,700</b>	<b>29,036,142</b>	<b>22,301,716</b>	<b>28,615,018</b>	<b>21,555,058</b>	<b>29,504,135</b>	<b>21,187,590</b>
<b>Operating Expenses:</b>							
Collection	6,906,325	6,449,393	4,436,939	6,667,334	4,647,974	5,923,018	4,825,988
Recycling	3,332,166	3,196,166	2,213,210	3,264,125	2,306,382	3,018,837	2,458,256
Disposal	6,221,467	4,947,733	3,261,830	5,180,850	3,513,214	5,625,608	4,342,950
Yard Waste	1,890,441	1,502,337	1,013,647	1,381,365	952,241	1,293,060	1,049,529
Large Item/Problem Material	1,246,847	1,104,845	772,896	1,125,980	804,765	1,107,764	876,009
Transfer Stations	272,314	218,375	98,818	173,753	99,182	227,042	197,295
Administration	3,885,261	4,296,008	3,140,425	4,186,945	3,014,438	2,535,621	2,134,748
Customer Service	438,140	421,718	324,569	540,547	412,514	2,796,270	337,024
Clean City	1,409,660	1,895,921	1,253,319	1,412,747	943,901	1,006,259	748,466
Equipment	3,045,362	2,661,051	1,821,771	4,212,945	2,794,708	2,877,461	2,211,406
<b>Total Operating Expenses</b>	<b>28,647,983</b>	<b>26,693,547</b>	<b>18,337,424</b>	<b>28,146,591</b>	<b>19,489,319</b>	<b>26,410,939</b>	<b>19,181,671</b>
<b>Operating Margin</b>	<b>859,717</b>	<b>2,342,594</b>	<b>3,964,292</b>	<b>468,426</b>	<b>2,065,739</b>	<b>3,093,196</b>	<b>2,005,919</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	196,000	506,000	379,500	506,000	453,682	196,000	37,500
Net Transfers Out	(778,000)	(778,000)	(583,500)	(735,221)	(551,416)	(757,934)	(525,000)
Gains (Losses)						-	(1,544)
Depreciation	(998,609)	(998,609)	(712,645)	(1,034,312)	(738,002)	(963,000)	(714,135)
Special Assessments	-	45,404	127,562	15,281	32,077	75,528	40,391
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,580,609)</b>	<b>(1,225,204)</b>	<b>(789,083)</b>	<b>(1,248,252)</b>	<b>(803,659)</b>	<b>(1,449,406)</b>	<b>(1,162,788)</b>
<b>Net Income</b>	<b>(720,892)</b>	<b>1,117,390</b>	<b>3,175,209</b>	<b>(779,826)</b>	<b>1,262,080</b>	<b>1,643,790</b>	<b>843,131</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			17,179,570	15,497,282	15,200,688	14,956,440	14,339,795
Accounts Receivable			3,284,053	2,824,168	3,191,635	2,471,657	2,675,754

# 2007 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, 2007, the City's current investment portfolio was valued at approximately \$369 million. The sector holdings and fund distributions are shown below. For the year-to-date period ending September 30, 2007, the portfolio has just slightly underperformed its benchmark.

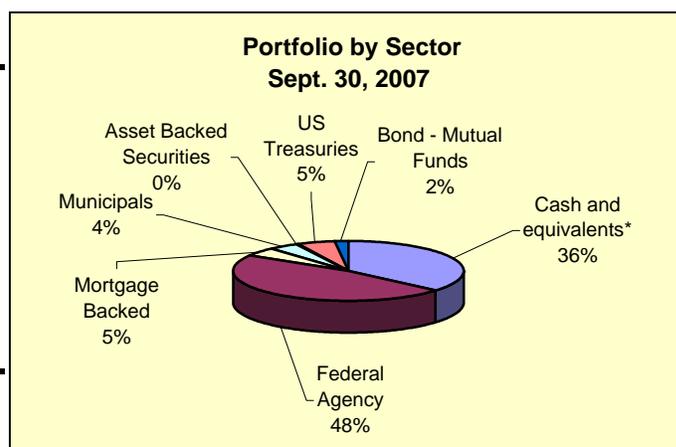
Investment Performance period ending September 30, 2007	City Portfolio	Custom Benchmark*
YTD Total Return	4.09%	4.24%
Credit Quality	AGY	AGY

\* 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 2007	% of port.	Sept. 30 2006	% of port.
Cash and equivalents*	\$ 134.6	36%	\$ 201.7	56%
Federal Agency	\$ 173.7	47%	\$ 78.9	22%
Mortgage Backed	\$ 18.2	5%	\$ 16.3	4%
Municipals	\$ 15.4	4%	\$ 11.3	3%
Asset Backed Securities	\$ 0.4	0%	\$ 0.6	0%
US Treasuries	\$ 19.4	5%	\$ 18.6	5%
Bond - Mutual Funds	\$ 7.5	2%	\$ 7.2	2%
Investment Contracts	\$ -	0%	\$ 12.1	3%
Equity - Mutual Funds	\$ -	0%	\$ 16.6	5%
<b>Total Market Value</b>	<b>\$ 369.2</b>	<b>100%</b>	<b>\$ 363.3</b>	<b>100%</b>

\*Net of checks outstanding



Funds Performance Book Value in millions	Sept. 30 2007	% of total funds	Sept. 30 2006	% of total funds
Debt Service	\$ 58.3	16%	\$ 53.1	15%
Development	\$ 41.0	11%	\$ 37.5	10%
Enterprise Fund	\$ 38.3	10%	\$ 24.1	7%
General	\$ 16.9	5%	\$ 18.2	5%
Internal Service	\$ 11.7	3%	\$ 8.6	2%
Library	\$ 4.7	1%	\$ (1.4)	0%
Hilton Trust	\$ 21.7	6%	\$ 37.2	10%
NRP	\$ 34.5	9%	\$ 37.3	10%
Park Board	\$ 0.1	0%	\$ 0.1	0%
TIF	\$ 47.7	13%	\$ 45.5	12%
Convention Center	\$ 29.2	8%	\$ 24.1	7%
Other	\$ 16.8	5%	\$ 28.8	8%
<b>Sub Total City Op. Port.</b>	<b>\$ 320.9</b>	<b>88%</b>	<b>\$ 313.1</b>	<b>86%</b>
Bond Proceeds/Const.	\$ 45.3	12%	\$ 52.3	14%
<b>TOTAL Book Value</b>	<b>\$ 366.2</b>	<b>100%</b>	<b>\$ 365.4</b>	<b>100%</b>
Unrealized G/L & Acc int	\$ 3.0		\$ (2.1)	
<b>All Funds Mkt Value</b>	<b>\$ 369.2</b>		<b>\$ 363.3</b>	

