

**City of Minneapolis
2011 Budget
Financial Plan**

Public Works Stores Fund

Background

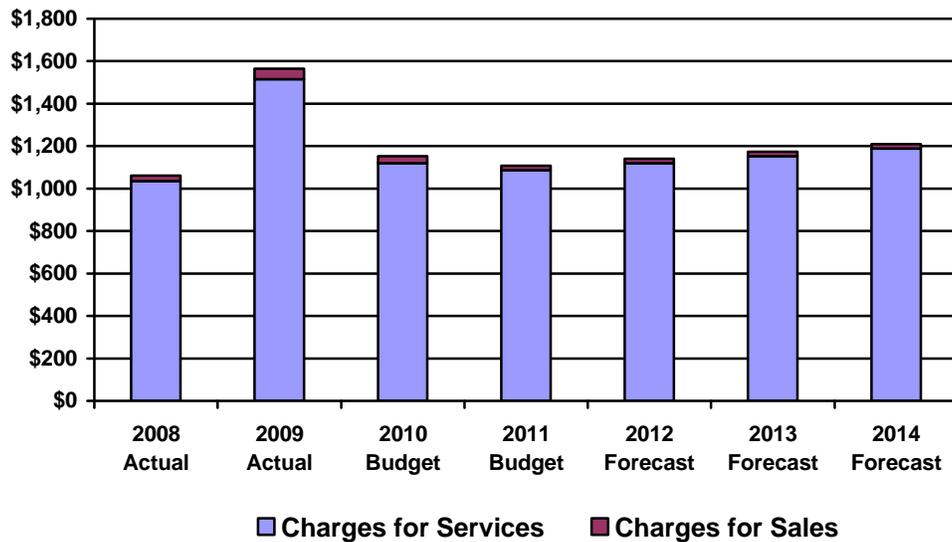
The Public Works Stores fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services through Public Works Central and Traffic stores.

Historical Financial Information

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

In June 1998 a redesign of the central stores function determined a revised overhead structure. The revised plan resulted in positive net income for years 2000 through 2007. For year ending 2008, PW Stores recorded a net loss of \$646,000. The net income for 2009 is \$318,094.

Public Works Stores Revenue`
(in thousands of dollars)



2011 Budget

Revenues

Revenues for 2011 are budgeted at \$1.1 million, a decrease of 3.9% from the 2010 budgeted revenue of \$1.2 million. Revenues for 2011 are expected to be sufficient to cover expenses of the fund. Beginning in 2008, revenue is recorded as the amount charged for processing inventory transactions and ordering goods for other City departments. Revenue does not include the cost of goods sold on inventory items.

Expenditures

The 2011 expense budget of \$1.1 million is a 9.5% decrease from the 2010 budget of \$1.2 million. The primary reason for the decline is a decrease in the amount paid for general fund overhead in 2011. The cost of goods sold is not recorded as an expense due to the functionality of the new inventory system implemented in 2008. The system removes the amount paid for the item from the expense budget when the item is sold to the customer. This method permits a zero budget recorded for cost of goods sold.

Transfers

The 2011 budget includes a transfer out of \$51,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded pension liability. The amount budgeted in 2011 is a 54.5% increase from the liability in 2010. The liability is expected to decrease to \$35,000 in 2012.

Debt Service

This fund does not have long-term debt.

Net Assets and Cash Balance

The year-end net asset balance for 2009 is \$3.2 million, an increase of \$0.3 million from the ending net asset balance of \$2.9 million in 2008. The fund has experienced as negative cash balance since year-end 2006 when the balance was a deficit of \$0.9 million. In 2008, the deficit increased to \$2.3 million and in 2009, the cash balance improved to a deficit of \$1.6 million.

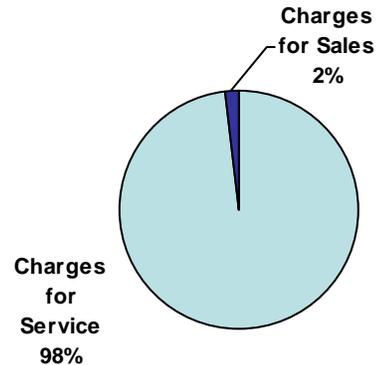
Mayor's Recommended Budget

The Mayor recommended no changes to this fund. The Mayor included a wireless commitment charge of \$1,450 which is offset by healthcare savings.

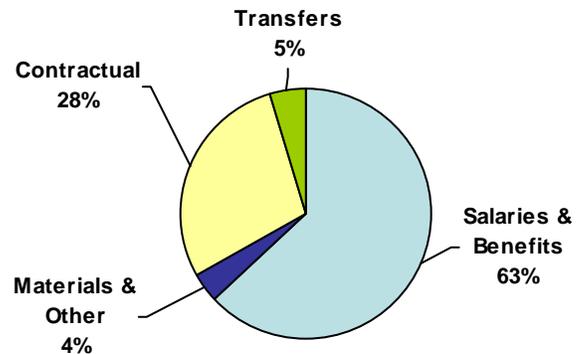
Council Adopted Budget

The Council adopted the Mayor's recommendations.

**Public Works Stores Fund
Source of Funds
(\$1.1 million)**



**Public Works Stores Funds
Use of Funds
(\$1.1 million)**



City of Minneapolis
2011 Budget
Financial Plan (in thousand of dollars)
PW Stores Fund - 06300*

	2008 Actual	2009 Actual	2010 Current Budget	2010 Projected	2011 Budget	% Chg From 2010 Budget	2012 Forecast	2013 Forecast	2014 Forecast
Source of Funds:									
Changes for Services	1,036	1,510	1,120	850	1,087	-2.9%	1,120	1,153	1,188
Charges for Sales	25	45	33	20	20	-38.5%	21	21	22
Misc Revenues	-	5	-	5	-	0.0%	-	-	-
Total	1,061	1,560	1,153	855	1,107	-3.9%	1,140	1,174	1,210
Use of Funds:									
Salaries and Fringes	801	811	736	730	675	-8.4%	690	710	732
Contractual Services	268	342	378	370	302	-20.1%	311	320	330
Materials and Other	591	55	34	15	41	20.9%	43	44	45
Transfers	31	34	33	33	51	54.5%	35	29	29
Total	1,691	1,242	1,181	1,148	1,069	-9.5%	1,078	1,103	1,136
Change in Net Assets	(646)	318	(29)	(293)	38		62	71	74
Net Assets	2,885	3,203	3,175	2,882	3,213		3,275	3,346	3,420
Cash Balance	(2,284)	(1,566)	(1,595)	(1,859)	(1,556)		(1,494)	(1,423)	(1,349)

* This fund includes Public Works Central Stores and Public Works Traffic Stores.