



Fourth Quarter 2021 Financial Status Report

Finance & Property Services Department
April 11, 2022

City of Minneapolis
Interim Financial Report Table of Contents
for the Fourth Quarter of 2021

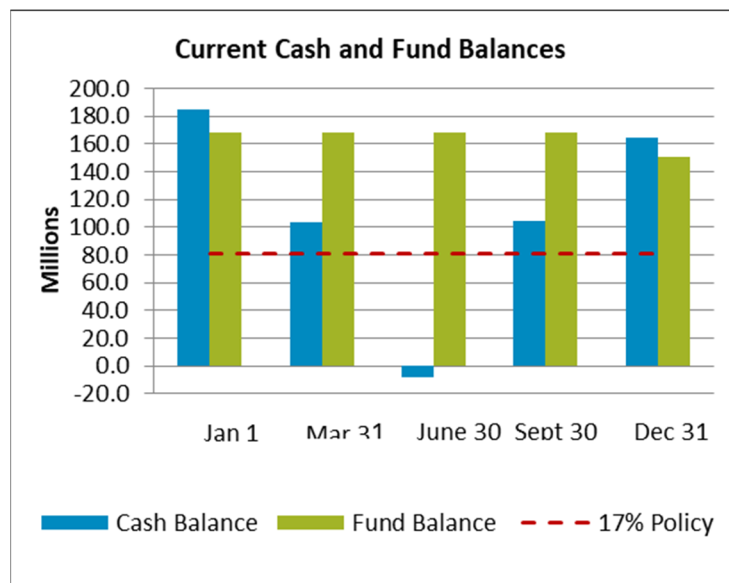
EXECUTIVE SUMMARY	1-2
GENERAL FUND.....	3-5
SPECIAL REVENUE & GRANT FUNDS	
Convention Center Special Revenue Fund.....	6-8
Arena Special Revenue Fund.....	9-11
Downtown Assets Special Revenue Fund.....	12-13
Police Special Revenue Fund.....	14-16
NCR Special Revenue Fund.....	17-18
Regulatory Services Special Revenue Fund.....	19-20
Federal, CDBG and other State and Local Grants.....	21-23
CPED Special Revenue Funds.....	24-26
INTERNAL SERVICE FUNDS	
Engineering Materials and Testing Fund.....	27-29
Fleet Services Fund.....	30-32
Property Services Fund.....	33-35
Public Works Stores Fund.....	36-37
Intergovernmental Service Fund.....	38-40
Self-Insurance Fund.....	41-43
ENTERPRISE FUNDS	
Sanitary Sewer Fund.....	44-46
Storm Water Fund.....	47-49
Water Enterprise Fund.....	50-52
Municipal Parking Fund.....	53-55
Solid Waste and Recycling.....	56-58
CPED Enterprise Fund.....	59-60
APPENDIX	
Cash and Investment Report.....	A-1
Financial Strength Analysis.....	A-2,A-3

Overview

This quarterly report presents the complex nature of financial operations for Minneapolis in 2021. Throughout 2021, the City continued to be impacted by the pandemic, but also continued to make planful decisions that allow us to see a financial path toward stability. The City received an allocation of \$271.1 million in Federal funding through the American Rescue Plan Act (ARPA). One half of ARPA funding was received in May 2021, and the Council has allocated approximately \$98.3 million for spending in 2021. Revenue losses are trending less than 2020 but remain impactful to several funds. In addition to pandemic related financial concerns, the City continues to feel the impacts of civil unrest and liabilities related to litigation and worker’s compensation costs. The Sanitary Sewer and Parking funds are projected to fall below minimum cash balance amounts as required by financial policy. The cash shortfall in Parking is due to significant revenue reductions with both on-street and off-street parking revenue coming in lower than expected. In the 2022 Budget, the transfer out to the General Fund is reduced from \$7.6 million in 2021 to \$4.0 million to preserve cash in the Parking Fund. Sanitary Sewer spent down cash on capital projects with planned spending over the past few years.

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for or reported in another fund. The original 2021 budget included a planned use of fund balance of \$7.6 million. Subsequent adjustments for rollovers and a transfer to the self-insurance fund to cover the Floyd Family legal settlement increased the planned use of fund balance to \$40.7 million. At year end, actual fund balance decreased by just \$20.2 million.



The 2021 unaudited ending fund balance is \$147.5 million, compared to the ending 2020 fund balance of \$167.7. The General Fund cash balance at year-end 2020 was \$184.5 million and year-end cash in 2021 is \$164.5 million. Over one-half of the revenue in the General Fund comes from sources received only two or three times per year. Because of this, there can be a large variation in the cash balance between the beginning of the year and the end of the second quarter. As the chart above shows, the cash balance at mid-year fell below \$0 before rebounding back to the ending balance of \$164.5 million.

As shown in the Financial Strength Analysis on pages A-2 and A-3 of this report, from 2017 through 2020, the General Fund’s cash balance and fund balance have increased with a cumulative cash increase of \$52.7 million and an increase in fund balance of \$50.6 million. The strong fund balance and cash position were made possible by rising revenues and strategic use of funds helping maintain sustainable operations. While that growth did not continue into 2021, the General Fund continues to exceed the minimum fund balance requirements as required by financial policies.

The City's financial policy for the General Fund balance is to maintain 17.0% of the following year's expenditure budget less transfers. For 2021, this equates to a required ending fund balance of \$90.2 million. Based on unaudited figures, the General Fund finished the year with a fund balance of \$147.5 million which is \$57.3 million over the minimum balance. This equates to 29.3% of the 2022 budget of \$503.8 million excluding transfers.

Special Revenue Funds

The Special Revenue Funds (SRF) are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and include the Convention Center, Arena (Target Center) Fund, Downtown Assets Fund, Police, the Neighborhood and Community Relations (NCR), Regulatory Services, Grant Funds, Employee Retirement Funds, and the Community Planning & Economic Development (CPED)s funds.

At year-end 2021, the total cash balance for the Special Revenue Funds is approximately \$447.4 million, an increase of \$138.7 million or 48.0% compared to year-end 2020. The fund balance for the Special Revenue Funds increased to \$496.4 million, an increase of \$135.6 million or 37.6%, compared to year-end 2020. The increase in both cash and fund balance is due primarily to an infusion of federal grant money. As previously mentioned, the City received the first half of the ARPA funding totaling \$135.6 million in the second quarter of 2021. In early July and again in November, the City Council approved spending proposals totaling \$98.3 million for the first phase of programs. The City also received a total of \$16.9 million in Emergency Rental Assistance to assist eligible households through new and existing rental assistance programs. These large prepaid grant programs had significant remaining balances at year end to be used in future years. Revenue losses from local taxes deposited into the Downtown Assets Funds continued into 2021. Sales, liquor, lodging and other local taxes will likely continue to be lower than the amounts collected pre-pandemic for the next few years. The 2021 Local Tax revenue was \$33.1 million after reductions held back by the State for US Bank stadium.

Internal Service Funds

Internal Service Funds are used to account for goods and services provided internally to other government divisions. The Internal Service Funds include Engineering Materials and Testing Lab; Equipment (Fleet) Services; Property Services; Public Works Stores, Intergovernmental Services (primarily IT), and Self-Insurance Funds.

The total cash balance for the Internal Service Funds at year-end 2021 was approximately \$166.6 million, an increase of \$11.8 million or 7.8% versus 2020 ending cash of \$154.8 million. At the same time, the total net position for all the Internal Service Funds finished the year at \$72.4 million, an increase of \$11.3 million or 18.5% over 2020. Because these funds have no debt burden and spending is tied to demand from other City funds, they can more easily delay major project outlay to help preserve cash. In the Self-Insurance funds, there is an unaudited negative net position of \$(95.2 million). This is due to the long-term liabilities booked in the workers' compensation and liabilities funds related to both litigation and workers' compensation claims. These liabilities are actuarially determined and will be paid out over many years.

Enterprise Funds

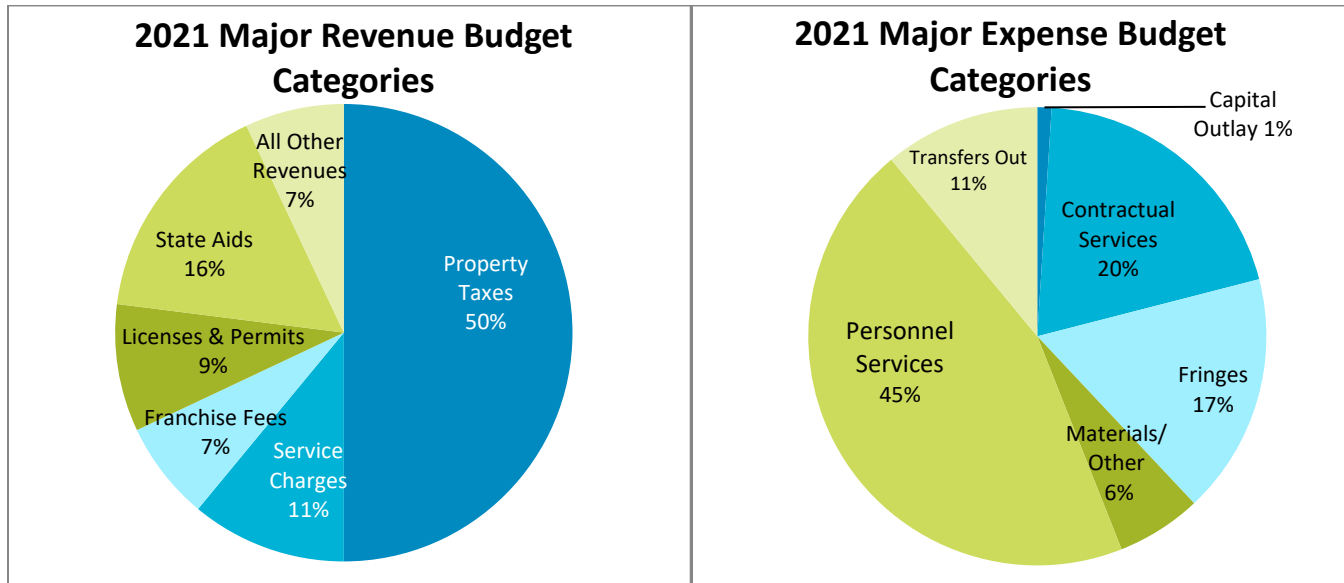
The Enterprise Funds are used to account for operations that sell goods and services to external third parties. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the CPED Enterprise Funds.

The total cash balance for the Enterprise Funds is approximately \$101.9 million, a decrease of \$(3.3 million) or -3.1% compared to 2020. Total net position for the Enterprise Funds increased \$12.1 million or 1.2% to \$1,063.6 million at year-end 2021. Operating losses primarily in the Parking Fund coupled with a planned use of cash to finance projects in the Water Fund resulted in these changes.

**City of Minneapolis
General Fund
For the Fourth Quarter Ending December 31, 2021**

Fund Description

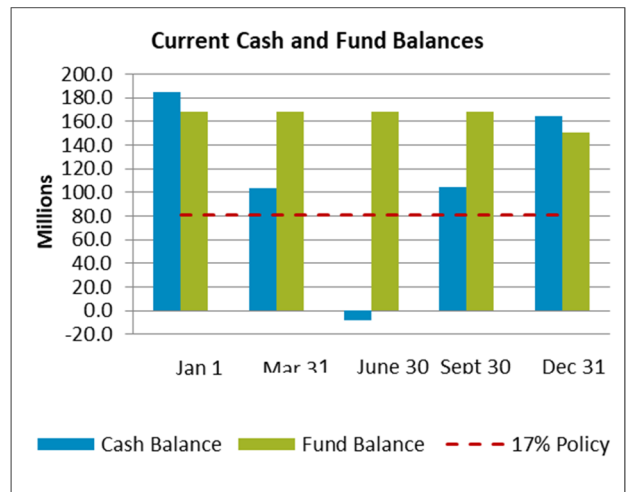
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or administrative action to be accounted for in another fund. The Fund’s 2021 final revenue budget is \$503.2 million, while the Fund’s 2021 final expense budget is \$543.9 million, including transfers.



Cash and Fund Balance

The 2020 year-end audited fund balance for the General Fund was \$167.7 million. The 2021 original budget included a planned use of fund balance of \$7.6 million. The 2021 current budget increased the use of fund balance to \$40.7 million, a \$33.1 million increase. The budgeted increase includes a \$27.0 million transfer to the Self- Insurance Fund and rollovers of unspent 2020 appropriations. The final unaudited fund balance for year end 2021 is \$147.5 million, a decrease of \$20.2 million.

Per the City’s financial policies: “The City shall maintain a minimum unrestricted fund balance in the General Fund equal to 17% of the following year’s General Fund budgeted expenditures, not including transfers out.” The 2022 Council Adopted General Fund Budget, not including transfers out, is \$503.8 million, with a 17% target fund balance of \$90.2 million. The 2021 year-end fund balance of \$147.5 million is \$57.3 million above this fund balance target.



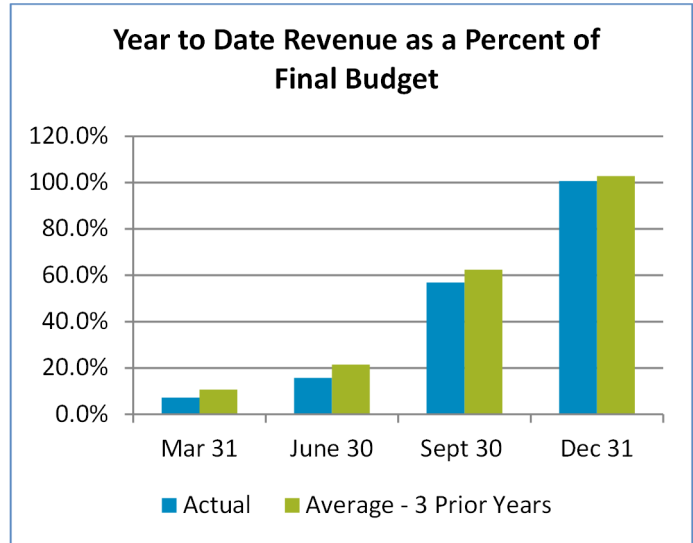
The ending cash balance in 2020 was \$184.5 million. Over one-half of the revenue in the General Fund comes from sources received only two times per year, such as property taxes, special assessments, and state aids. As such, the cash balance fluctuates significantly during the year. The year-end 2021 cash balance is \$164.5 million.

Revenue

As noted above, more than one-half of General fund revenue is related to property taxes, special assessments, and state aids. The first installments of these payments were received in July with the remainder received in December. The average year-end revenue for the past three years was 102.8% of the budget. Actual year-end revenue for 2021 was \$506.6 million or 100.7% of the total budget. Covid-19 continued to be the main reason for this decline in revenue in 2021. Year-end revenue was \$3.4 million or 0.7% over budget.

The following revenue categories came in under budget: Business Licenses and Permits at \$3.6 million; Fines and Forfeits at \$196,000; Franchise Fees at \$294,000; and Property Taxes at \$1.6 million. All but

Property Taxes are generally related to COVID-19 impacts. Property Taxes collections were 99.3% of budget because the city does not typically collect 100.0% of the property taxes levied in the year they are levied.

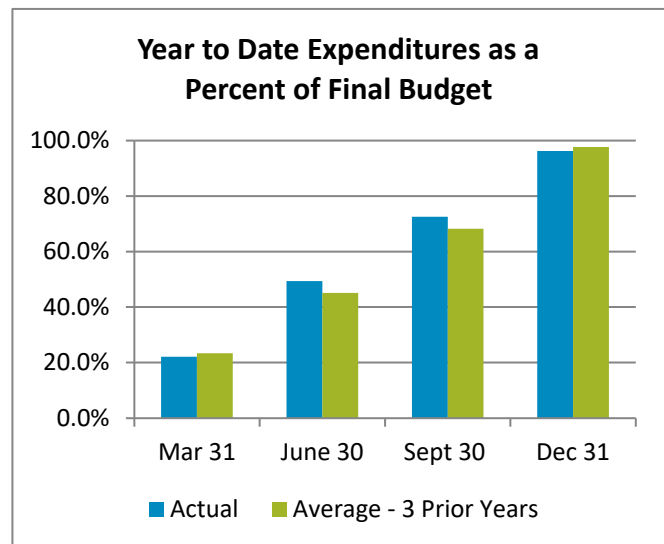


Expenditures

Six departments comprise 75.4% of the General Fund's total current budget: Police, Fire, Public Works, the City Coordinator, Community Planning and Economic Development (CPED), and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of surplus or deficit in the General Fund expenditure budget.

The Police Department came in under budget by approximately \$6.7 million or 3.9% due to salary savings related to vacancies. The Fire Department was over budget by \$3.1 million or 4.5% for overtime costs related to staffing shortages. The City Coordinator departments came in \$5.7 million under budget overall due to staffing vacancies and delayed project spending.

Public Works was over budget by \$2.8 million, with \$2.7 million in Transportation Maintenance and Repair primarily due to excess snow removal costs from early in 2021. The Contingency budget has a remaining balance of \$4.8 million. Overall, the General Fund was \$17.1 million under budget with total spending equal to 96.9% of budget of \$543.8 million. This rate of spending was 0.8% below the 97.7% average spending rate of the prior three years.



**City of Minneapolis
General Fund
December 31, 2021**

	Original Budget	Revised Budget	Year End	Variance Budget to Actual	Percent of Actual to Revised Budget
Revenues					
Business Licenses And Permits	\$ 12,624,775	\$ 12,624,775	\$ 8,977,154	\$ (3,647,621)	71%
Charges For Sales	75,350	75,350	71,227	(4,123)	95%
Charges For Services	55,462,185	55,462,185	56,403,638	941,454	102%
Contributions	-	-	1,580	1,580	0%
Fines And Forfeits	5,161,201	5,161,201	4,965,017	(196,184)	96%
Franchise Fees	33,929,000	33,929,000	33,635,430	(293,570)	99%
Interest Revenue	3,850,000	3,850,000	4,362,532	512,532	113%
Local Grants & Aids	773,565	773,565	959,062	185,497	124%
Miscellaneous	1,775,000	1,775,000	3,864,575	2,089,575	218%
Non-Business Licenses And Permits	30,851,832	30,851,832	32,005,201	1,153,369	104%
Property Taxes	250,901,000	250,901,000	249,257,779	(1,643,221)	99%
Rents	720,000	720,000	1,256,965	536,965	175%
Sales and Other Taxes	-	-	18,229	18,229	0%
Special Assessments	4,731,620	4,731,620	4,677,687	(53,933)	99%
State Grants & Aids	82,694,623	82,689,469	86,452,814	3,763,345	105%
Total Revenues	483,550,151	483,544,996	486,908,891	3,363,895	101%
Transfers In	19,668,000	19,668,000	19,668,000	-	100%
Revenues and Other Sources	\$ 503,218,151	\$ 503,212,996	\$ 506,576,891	\$ 3,363,895	101%
Expenditures					
Police	160,591,310	172,236,975	165,538,851	6,698,124	96%
Fire	70,128,438	70,128,438	73,252,470	(3,124,032)	104%
Human Resources	8,517,717	8,517,717	8,083,955	433,763	95%
Finance and Property Services	23,688,686	25,414,261	23,221,144	2,193,117	91%
911	9,576,197	9,968,697	9,808,720	159,977	98%
311	4,592,793	4,729,633	3,873,242	856,390	82%
City Coordinator	9,753,733	9,557,893	7,438,567	2,119,325	78%
Intergovernmental Relations	1,203,000	1,203,000	1,260,377	(57,377)	105%
Communications	2,461,437	2,461,437	2,554,403	(92,966)	104%
Emergency Management	1,110,456	1,110,456	1,101,899	8,557	99%
Neighborhood & Community Relations	835,000	935,000	867,605	67,395	93%
City Coordinator - Total	61,739,017	63,898,093	58,209,912	5,688,181	91%
Transportation Planning & Design	1,889,235	1,889,235	2,021,933	(132,698)	107%
Transportation Plan Programming	2,662,249	2,716,180	2,692,562	23,618	99%
Transportation Maintenance & Repair	34,389,680	34,389,680	37,130,748	(2,741,068)	108%
Public Works Administration	3,286,786	3,286,786	3,222,779	64,007	98%
Traffic & Parking Services	15,950,029	15,950,029	16,036,158	(86,128)	101%
Public Works - Total	58,177,979	58,231,911	61,104,180	(2,872,269)	105%
Regulatory Services	24,567,161	24,567,161	22,655,116	1,912,045	92%
Attorney	9,379,733	9,479,733	8,947,491	532,242	94%
City Council & City Clerk	9,308,488	9,666,201	11,245,588	(1,579,386)	116%
City Clerk Elections	3,245,589	4,364,476	1,679,376	2,685,100	38%
Contingency	16,527,000	4,808,757	-	4,808,757	0%
Assessor	5,492,731	5,492,731	5,246,822	245,910	96%
CPED	39,820,945	32,495,400	30,823,048	1,672,352	95%
Health	18,068,127	18,595,866	18,595,512	354	100%
Civil Rights	4,836,828	4,836,828	4,485,672	351,156	93%
Mayor	2,305,487	2,305,487	2,239,769	65,719	97%
Internal Audit	964,866	964,866	919,513	45,353	95%
Total Expenditures	485,153,701	482,072,924	464,943,319	17,129,604	96%
Transfers Out Total	25,703,875	61,803,875	61,803,875	-	100%
Expenditures and Other Uses	\$ 510,857,576	\$ 543,876,798	\$ 526,747,194	\$ 17,129,604	97%
Change in Fund Balance			(20,170,303)		
Fund Balance - January 1, 2021			167,654,124		
Fund Balance - December 31, 2021 (Unaudited)			147,483,821		

City of Minneapolis
Convention Center Special Revenue Fund Report
For the Fourth Quarter Ending December 31, 2021

Fund Description:

The Convention Center Special Revenue Fund is used to account for the maintenance, operation, and marketing of the City-owned Minneapolis Convention Center and related facilities. The Convention Center was created to foster and generate economic growth and vitality by providing facilities and services for conventions, trade shows, exhibits, meetings, and cultural, religious, and sporting events, all of which benefit and showcase the City of Minneapolis, the metropolitan region, and the State of Minnesota.

The Convention Center Special Revenue Fund activity was historically funded from local sales and hospitality tax receipts in addition to Convention Center operating revenue. Beginning in 2014, the local taxes were receipted directly to the General Fund, and a transfer was made from the General Fund to the Convention Center to fully fund Convention Center operating and non-operating expenditures. Beginning in 2018, the Convention Center Special Revenue Fund is being managed as part of the Downtown Assets funds which also includes the Arena special Revenue Fund (Target Center), Peavey Plaza, and Commons Special Revenue Funds. Managing these funds as a group is intended to help the City provide a coordinated management and funding structure for the physical infrastructure assets in Downtown Minneapolis which help generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. As part of the new Downtown Assets funding structure, the local taxes are receipted directly to the Downtown Assets Fund beginning in 2018, with a transfer to the Convention Center Fund to fund Convention Center operations, capital, and building debt service.

Revenue:

Through December 31, 2021, Convention Center operating revenue ended at \$6.8 million or 98.5% of the \$6.9 million budget. Rents and Commissions had the strongest finish at \$4.8 million or 165.6% of the \$2.9 million budget followed by Charges for Services at \$2.0 million or 78.2% of \$2.6 million budget. Catering Commissions recognized very little revenue through the fourth quarter of 2021 reaching \$500 or .07% of budget from Dunn Brothers revenue. With the strong impacts of the pandemic, the Kelber Catering commission structure was changed to a tiered revenue structure where specific amounts of revenue must be realized before the Convention Center receives a commission. This allows Kelber Catering to maintain operations but decreases expected revenues to the Convention Center. With the new tiered system, and expected revenue results, 2021 finished with very little catering revenue.

The Convention Center December 31, 2021 operating revenue of \$6.8 million finished \$466 thousand over the December 31, 2020 operating revenue of \$6.3 million. The reason for the increase was that the Convention Center had more events in 2021 than 2020 and wasn't as heavily impacted by event cancellations related to the COVID-19 pandemic and related public health mandates. The Convention Center 2021 operating revenue finished \$104,000 under budget due to event cancellations later in the year.

In 2021, the Convention Center also received \$0.5 million in aid from the State of Minnesota. This aid was intended to assist convention and event centers around the state that were negatively impacted by the COVID-19 pandemic. There was also non-operating revenue of \$21,109 from scrap sales, \$329,243 from damage claims related to the Tallmadge building, and \$23,000 from Meet Minneapolis for commission related to Pepsi sponsorship revenues, and \$189,540 for interest revenue related to cash investments by the City.

Expenditures:

Through the fourth quarter of 2021, Convention Center Operations expenditures finished at \$17.9 million or 73% of the \$24.4 million budget which was \$3.5 million under the 2020 fourth quarter results. Operating expenses are based on event levels and normal day-to-day operations. The Convention Center continued to be heavily impacted by the pandemic and related health mandates through the fourth quarter of 2021, and expenses were reduced to partially offset operating revenue reductions.

The Convention Center continues to work on its 'no waste' initiative as well as further enhancements to the energy efficiency practices that were put in place in 2009. The ongoing management of operating expenses includes a variety of cost containment activities:

- Reduction in energy and water consumption
- Identifying and implementing operating efficiencies
- Recycling "waste" initiative

Through the fourth quarter of 2021, the Convention Center recycled over 55 tons of waste with an annual recycling rate of 58%.

In Ongoing Equipment and Improvements, the Convention Center finished the fourth quarter of 2021 at \$1.3 million or 30% of the \$4.3 million budget which was \$4.7 million under the \$5.9 million expended through the fourth quarter of 2020. With the impacts of the pandemic, the Convention Center sharply curtailed building projects as a planned cost saving measure. The Convention Center submitted a 2021 to 2022 roll-over request for the \$3 million unspent portion of the 2021 budget.

The 2021 Meet Minneapolis budget is \$8.8 million, and through the fourth quarter of 2021, \$8.8 million was expended and the 2021 budget was met.

Transfers:

The Convention Center Fund annually transfers funds for debt service (see below), in addition to receiving a transfer from the Downtown Assets Fund. The Convention Center's 2021 transfer from the Downtown Assets is budgeted at \$28.7 million, and finished 2021 at budget.

The 2021 28.7 million transfer from the DT Assets to the Convention Center was \$22.6 million higher than 2020. In 2020, the transfer was originally budgeted at \$28.7 million. Pandemic related business closures and related mandates negatively impacted local tax revenue, forcing a reduction in the transfer to just \$6.1 million in 2020. This reduction allowed the Downtown Assets fund to maintain a positive cash balance and allows the City to better manage cash balances going forward.

Debt Service:

In 2021, the transfer to debt service for debt issued on the building was budgeted at \$0, but \$99,000 was transferred to debt service through December 31, 2021. To take some pressure off the fund, debt service was refinanced, and the 2022 – 2024 debt service will be interest only with principal due in 2025.

Fund and Cash Balances:

The December 31, 2021 fund and cash balances were \$20.9 and \$23.9 million respectively and were increases of \$20.9 million for fund balance and \$9.4 million for cash balances from 2020. The 2021 increases in fund and cash balances were primarily related to the increase in the 2021 transfer from \$6.1 million in 2020 to \$28.7 million in 2021.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

Minneapolis Convention Center Special Revenue Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Services	6,900	2,395	2,553	1,996
Rents and Commissions	7,600	2,976	2,898	4,799
Catering Commissions	4,275	959	1,449	1
MN Dept. of Trade & Economic Development	-	-	500	500
Interest on Cash Investments	762	1,052	196	190
Interest on Capital Advance	-	616	-	-
Other Misc Non Operating	-	2,532	-	381
Transfer from City General	1,438	1,438	-	-
Transfer from Downtown Assets	6,089	6,089	28,734	28,734
Total	27,063	18,056	36,330	36,600
Use of Funds:				
Convention Center Operations	28,132	21,474	24,446	17,927
Ongoing Equipment/Improvement	8,182	5,943	4,333	1,288
Meet Minneapolis	9,041	10,637	8,785	8,785
Transfer to Debt Service	26,807	947	-	99
Total	72,162	39,001	37,564	28,099
Net Change in Fund Balance	(45,099)	(20,945)	(1,234)	8,501
Ending Fund Balance	(11,724)	12,429	11,195	20,930
Ending Cash Balance	(13,661)	14,487	13,253	23,863

City of Minneapolis
Arena Special Revenue Fund
For the Fourth Quarter Ending December 31, 2021

Fund Description:

The Arena Special Revenue Fund is used to account for the revenues and on-going equipment and improvements, maintenance, operating support, and other specific expenditures of the Target Center. The Target Center is home to the Minnesota Timberwolves, the Minnesota Lynx, and hosts a wide variety of events such as concerts; high school, college, and professional athletic events; motor sports and ice-skating events. These activities showcase the City of Minneapolis, the metropolitan region, and the State of Minnesota. The operator of the Target Center is AEG Management TWN, LLC (AEG). AEG is the world's leading sports and live entertainment company with over 300 venues owned/operated.

Revenue:

The Arena Special Revenue Fund activity was historically funded from entertainment tax, and a transfer from the Parking Fund. The 2021 budgeted transfer from the Parking Fund was \$1.2 million, and finished 2021 at budget. Since 2014 the Timberwolves organization has paid annual rent, and in 2021 that revenue source was budgeted at \$1.6 million and finished at the 2021 budget. The Arena fund is managed as part of the Downtown Assets Funds, which are intended to help the City provide coordinated management and funding structure for the physical infrastructure assets in downtown Minneapolis. These assets support sales, liquor, lodging, restaurant, and entertainment taxes collected by the City. The Arena Special Revenue Fund also receives interest revenue from City investments on cash balances. The 2021 interest revenue budget was \$24,000, and 2021 interest revenue finished \$32,000 over budget at \$56,000. Interest revenue is based on cash balances within the fund and interest rates and is allocated by the City's Treasury Department to the City Funds that have cash balances within the individual City Funds. Under miscellaneous revenue, the Area Special Revenue Fund received one-third of a total reimbursement of \$100,000 reimbursement from AEG to the City of Minneapolis. This reimbursement was to help offset costs related to a 2019 Trump rally held in the Target Center. AEG has agreed to pay the remaining balance in one-third increments in 2022 and 2023.

Expenditures:

The Arena Special Revenue Fund had a 2021 ongoing equipment and improvements budget of \$3.0 million. Through the fourth quarter ending December 31, 2021, \$1.5 million has been expended. Of the \$1.5 million not spent in 2021, \$1.3 million is being requested as a 2021 to 2022 unspent budget rollover. The 2021 ongoing equipment and improvements budget decreased from \$6.6 million in 2020 as the pandemic significantly reduced event activity at the Target Center and expenses were reduced accordingly to better align the Convention Center with lost revenue. There was a \$1.8 million 2021 budget for an operator reimbursement to AEG. That budget is in place to help offset AEG's costs of operating the building. As of December 31, 2021, the City has paid AEG \$1.8 million which was at the 2021 budget. There was also a 2021 administration budget of \$303,000 which includes salaries, special assessments/DID Fees, and minor items that may come up throughout the year. The 2021 administration budget finished \$43,000 under budget as the result of salaries/fringes and special assessments finishing under budget. Salaries/fringes can have some variability with the department head coding his hours actually worked on Arena Fund related activities for the Arena Fund.

Transfers:

The Arena Special Revenue Fund receives an annual transfer from the Parking Fund. The 2021 budgeted transfer was \$3.9 million, and the transfer finished 2021 at budget. The 2020 budgeted transfer was \$4.6 million which was \$762,000 higher than 2021. The Parking Fund has experienced revenue losses from adverse pandemic impacts, so the 2021 transfer was deliberately reduced to take pressure off the Parking Fund. In a planned effort

to reduce fund and cash balances while maintaining the Arena Special Revenue Fund as part of the Downtown Assets funds, a transfer of \$1.2 million was added to transfer funds from the Arena Special Revenue Fund to the Downtown Assets Fund to further reduce those balances. The 2021 transfer from the Arena Fund to the DT Assets Fund was \$1.2 million which was \$3.6 million lower than 2022. This transfer is adjusted annually to help maintain targeted fund and cash balances. The 2021 transfers met the 2021 budgets.

Fund and Cash Balances:

The December 31, 2021 ending fund and cash balances are \$4.3 million and \$5 million respectively. This is an increase of \$814,000 for Fund Balance and \$933,000 for the cash balance from 2020. The primary reasons for the increases are the 2021 sources of funds finishing at \$5.5 million or \$814,000 over the use of funds.

This is primarily due to the 2021 ongoing equipment/improvements finishing 2021 \$2.1 million under 2020 and \$1.5 million under the 2021 budget coupled with a \$3.6 million 2021 decrease from the 2020 transfer from the Arena Fund to the DT Assets Fund, which were partially offset by a \$762,000 2021 reduction in the transfer from the Parking Fund.

City of Minneapolis
Fourth Quarter Ending December 31, 2021
Financial Status Report (in thousands of dollars)

Arena Special Revenue Fund

	2020 Current Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Rent	1,520	1,520	1,551	1,551
Transfer from Municipal Parking Fund	4,615	4,615	3,853	3,853
Other Miscellaneous Revenue	-	-	-	33
Interest Earnings	62	228	24	56
Total	6,197	6,363	5,427	5,493
Use of Funds:				
Operator Reimbursement	1,718	1,713	1,765	1,765
Ongoing Equipment/Improvements	6,632	3,614	3,000	1,487
Administration	292	263	303	260
Transfer to Downtown Assets Fund	4,765	4,765	1,168	1,168
Total	13,407	10,355	6,235	4,679
Net Change in Fund Balance	(7,210)	(3,992)	(808)	814
Ending Fund Balance	312	3,531	2,723	4,345
Ending Cash Balance	2,269	4,038	3,230	4,971

Downtown Assets Special Revenue
Including the Downtown Assets, Peavey Plaza, and Commons Funds
For the Fourth Quarter Ending December 31, 2021

Fund Description:

The Downtown Assets Special Revenue Fund was created in 2018. The purpose of this fund is to:

- clearly delineate the uses of local sales, liquor, lodging, restaurant, and entertainment taxes;
- provide stable, predictable ongoing support from these taxes to the General Fund; and,
- support the comprehensive management of the City's four primary downtown revenue-generating capital assets.

This collection of funds holds the operating and capital funds which support the Downtown Commons and Peavey Plaza. In 2020, the \$820,000 Downtown Commons operating budget was transferred to the Minneapolis Parks & Recreation Board to maintain the Downtown Commons, and in 2021 the City under the Mayor's Office no longer budgeted for the Downtown Commons with the Commons being managed by Parks. Though each of these funds holds a cash balance to its own, all cash balances are available to support any expense within the funds. Receipts to the fund are largely made up of local taxes, but may also include contributions from private donations or State funding to support capital improvements.

Revenue:

The 2021 Downtown Assets Special Revenue Fund revenues were budgeted at approximately \$13.4 million, and finished 2021 at \$34.6 million which was \$19.6 million under 2020. The overwhelming majority of revenues come from local taxes including sales, liquor, lodging, restaurant and entertainment. Minneapolis local taxes finished 2021 at \$33.1 million which was \$16.2 million under 2021, but \$21.3 million over the 2021 budget. The COVID-19 pandemic severely impacted local tax collections. Interest revenue was budgeted at \$429,000 and finished 2021 \$349,000 which was \$80,000 under budget. Interest revenue is based on interest rates and City investments on cash balances within the funds.

Expenditures:

The 2021 Downtown Assets Special Revenue Fund expenses are budgeted at \$46.0 million, and transfers make up \$45.6 or 99.1% million of the budget. The remaining \$0.4 million is allocated for Peavey Plaza operating expenses which include payments to Green Minneapolis to maintain Peavey Plaza, Peavey Plaza Special Assessments/DID Fees, and electricity. The 2021 expenditures finished just over budget with some unbudgeted finishing work needed on the Peavey Plaza renovations.

Transfers:

Transfers out of the DT Assets Fund were budgeted at \$45.6 million and include \$11.1 million to the General Fund, \$28.7 million to the Convention Center to fund debt service, capital, and operating expenses; and nearly \$5.7 million to the Arena Special Revenue Fund (Target Center) building debt service. In addition, there is a 2021 budgeted transfer of \$1.2 million from the Arena Special Revenue Fund to the Downtown Assets Fund. This transfer was made to reduce fund and cash balances within the Arena Special Revenue Fund with the Arena Special Revenue Fund being managed under the Downtown Assets funds umbrella. As of December 31, 2021, all transfers were completed and finished at budget.

Fund and Cash Balances:

The 2021 Downtown Assets Funds, fund and cash balances are \$35.1 and \$29.6 million respectively which were decreases of \$11.4 million in fund balance \$9.5 million in the cash balance from 2020. The decreases in both fund and cash balances are due to the 2021 uses of funds finishing \$11.4 million under the source of funds which primarily resulted from soft 2021 local tax revenue.

City of Minneapolis
Fourth Quarter Ending December 31, 2021
Financial Status report (in thousands of dollars)

Downtown Assets Special Revenue Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year to Date Actual
Source of Funds:				
Local Taxes	93,446	49,290	11,850	33,133
Transfer from Arena Special Revenue Fund	4,765	4,765	1,168	1,168
Downtown Assets Funds Interest Earnings	236	177	429	349
Total	98,446	54,233	13,447	34,649
Use of Funds:				
Transfer out to City General Fund	32,711	10,711	11,136	11,136
Transfer out to Arena Fund Debt Service	5,698	5,698	5,697	5,697
Transfer out to Convention Center	6,089	6,089	28,734	28,734
Downtown Assets - Operating	25	-	-	-
Commons - Operating	820	820	-	-
Peavey Plaza - Capital	474	260	-	119
Peavey Plaza - Operating	424	288	437	348
Total	46,240	23,864	46,004	46,035
Net Change in Fund Balance	52,206	30,369	(32,557)	(11,386)
Downtown Assets Fund - Ending Fund Balance	68,290	46,452	13,895	35,066
Downtown Assets Fund - Ending Cash Balance	61,019	39,182	6,625	29,642

City of Minneapolis
Police Special Revenue Fund
For the Fourth Quarter Ending December 31, 2021

Fund Description:

The Police Special Revenue Fund accounts for revenues and expenses related to federal and state administrative forfeitures, lawful gambling, and non-emergency service contracts. Historically, the Police Special Revenue Fund had also been used to account for revenues and expenses related to the Automated Property System (APS), and the Workforce Director scheduling and payroll system (WFD). These programs were phased out over the last several years.

The fund revenues and expenses are associated with the following purposes:

- Federal and state administrative forfeiture programs are restricted to law enforcement and are designed to supplement and enhance, not supplant agency resources. Revenue is used to account for a variety of law-enforcement needs including some types of equipment, investigative expenditures, DWI-related enforcement, training, and others.
- The Automated Property (APS) and Workforce Director (WFD) systems are proprietary software systems that are owned and managed by the Police department. APS and WFD previously recovered expenses from user agreements with other governmental and non-governmental entities. They were decommissioned for external use in 2020 due to outdated technology and the inability to cost-effectively upgrade the software. Minimal activity with other entities continued into the first quarter of 2021. WFD consultant work continued through June 30, 2021. WFD, currently supported by the City's IT Department, continues to be used internally and expenses have been transferred to the General Fund as of December 31, 2021.
- The non-emergency service contracts are typically entered by the City of Minneapolis Police Department and an external entity usually located within Minneapolis. The Police provide non-emergency services for sporting events, concerts, or extra presence at designated facilities or geographic areas. Periodically, City departments (Public Works, others) contract with Police to provide additional services at the desired location(s). The Police Special Revenue Fund is also used to account for revenues and expenses associated with these types of contracts.
- Lawful Gambling regulatory tax revenue and expenses are restricted to regulating lawful gambling including site inspections, compliance reviews, and corrective action.

Revenues:

Revenue for the Police Special Revenue Fund earned through the fourth quarter ending December 31, 2021, is \$1.3 million or 137.5% of the budgeted amount of \$0.9 million. The revenue earned through the fourth quarter ending December 31, 2021, exceeded the budget due to several factors including the forfeiture revenue is unpredictable and depends on the amount forfeited and the number of cases settled each year; charitable gambling activity and non-emergency services contracts increased as social distancing requirements due to the pandemic were removed and more requests from neighborhoods to increase safety and patrolling; and decreased snow emergency services contract revenue as the revenue is unpredictable and depends on weather events. Overall, the revenue earned through the fourth quarter

ending December 31, 2021, remained flat at \$1.3 million compared to revenue earned through the same period in 2020.

Expenditures:

Overall expenditures for the Police Special Revenue Fund through fourth quarter 2021 totaled \$0.7 million or 73.4% of the budget amount of \$0.9 million. Forfeiture expenditure budget remains unspent in 2021 to be carried over for future equipment usage. Expenses through the fourth quarter of 2021 decreased \$0.8 million or 55.7%, over the total expense through the same period in 2020. The decrease is primarily due to no costs incurred to the forfeiture fund and WFD, which is currently supported by the City's IT Department and continues to be used internally, and expenses have been transferred to the General Fund as of December 31, 2021.

Cash and Fund Balances:

The fund has maintained a positive cash balance with the fourth quarter of 2021 ending balance of \$3.2 million, an increase of \$0.7 million or 25.6% from the 2020 fourth quarter ending balance of \$2.6 million. The increase is predominately due to excess revenue over expenditures in 2021 of almost \$0.6 million.

The fund balance for the fourth quarter of 2021 is \$3.3 million, an increase of \$0.6 million, or 21.2% over the fourth quarter 2020 ending balance of \$2.8 million. The increase in fund balance was primarily due to excess revenue over expenditures associated with the forfeiture fund of \$0.4 million, excess charitable gambling revenue of \$0.1 million, and excess revenue of \$0.1 million associated with various non-emergency service contracts at the US Bank Stadium, Target Center, as well as more requests from neighborhoods to increase safety and patrolling.

City of Minneapolis
Fourth Quarter Ending December 31, 2021
Financial Status Report (in thousands of dollars)

Police Special Revenue Fund

	2020 Final Budget	2020 Year End Actual	2021 Final Budget	2021 Year End Actual
Source of Funds:				
Charges for Services and Sales	978	692	466	509
Fines and Forfeits	237	479	243	432
Taxes	227	178	204	314
Total	1,442	1,349	913	1,255
Use of Funds:				
Personnel Services	966	437	530	490
Fringes	214	123	137	102
Contractual Services	63	665	57	39
Capital Outlay	-	49	-	-
Materials/Other	199	239	189	39
Total	1,442	1,513	913	670
Change in Fund Balance	-	(164)	-	585
Fund Balance	2,924	2,760	2,760	3,344
Total Cash Balance	2,784	2,564	2,564	3,221

City of Minneapolis
Neighborhood and Community Relations Special Revenue Fund
For the Fourth Quarter Ended December 31, 2021

Fund Description:

The Neighborhood & Community Relations (NCR) Special Revenue Fund accounts for neighborhood revitalization efforts within the City and is funded by the revenues of the Consolidated Redevelopment Tax Increment Financing District, which was decertified on December 31, 2020. The tax increment revenue generated by the district, for neighborhood revitalization purposes, may be spent anywhere within the City of Minneapolis. The Fund is used primarily for community engagement and neighborhood-based initiatives, as well as a portion of the NCR administrative costs.

Revenues:

For 2021, revenue totaled \$7.8 million from the Consolidated Redevelopment Tax Increment Financing District Fund 01CON and \$0.4 million from NRP Non-TI Fund 01SNR has been transferred to the NCR Special Revenue Fund in FY 2021.

Expenditures:

The expenditures from this fund through the fourth quarter of FY 2021 is \$8.3 million for the community engagement, neighborhood-based activities, and NCR operating expenditures.

Fund Balance:

The Cash balance at year-end 2021 is \$3.3 million compared to \$3.5 million at year-end 2020. The Fund balance at year-end 2021 is \$3.0 million compared to \$3.1 million at year-end 2020.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

Neighborhood and Community Relations Special Revenue Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Transfer from TI funds	7,089	7,089	8,221	8,221
Use of Funds				
Personal Services	1,295	1,215	1,574	1,519
Fringes	495	428	543	474
Contractual services	5,314	5,425	8,972	6,280
Materials/Other	70	55	133	70
Total	7,174	7,123	11,222	8,343
Change in Fund Balance	(85)	(34)	(3,001)	(122)
Fund Balance		3,079		2,957
Total Cash Balance		3,535		3,301

City of Minneapolis
Regulatory Services Special Revenue Fund
For the Fourth Quarter Ending December 31, 2021

Fund Description:

The Regulatory Services Special Revenue fund manages the Renter Relocation funds, and special projects related to downtown traffic management for years 2020-2022. Renter relocation funds are used to assist renters with moving costs if a rental license is revoked. The fund also holds project funds for traffic management for downtown traffic projects. In years 2020-2022, the State and City sought additional traffic management services for major construction projects in downtown Minneapolis. Regulatory Services did not have staff capacity for these projects, so hired staff for the duration of the projects.

Revenue:

Operating revenue earned through fourth quarter 2021 is \$0.8 million, or 822% of the budgeted amount of \$0.1 million.

Expenses:

Operating expense through fourth quarter 2021 totaled \$0.7 million.

Transfers:

In 2021, this fund receives a one-time transfer in of \$0.1 million from the General Fund for renter relocation. The transfer is one time, and revenue will be credited to the fund.

Cash and Fund Balance:

The fund has maintained a positive ending cash balance for 2021 of \$0.2 million. Fund balance at the end of 2021 is \$0.3 million.

City of Minneapolis
Third Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

Regulatory Services Special Revenue Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Actual Year End
Source of Funds:				
Special Assessments	2,370	1,838	-	-
Project revenue	4,700	678	-	722
Transfer In	-	-	100	100
Total	7,070	2,516	100	822
Use of Funds Housing related				
Contractual services	3,172	2,894	100	-
Housing Related total	3,172	2,894	100	-
Use of Funds Traffic related				
Capital Outlay	-	244	-	-
Personnel Services	2,821	220	2,500	536
Fringes	1,209	50	900	129
Contractual Services	414	13	400	33
Materials/Other	156	33	240	39
Traffic related total	4,600	560	4,040	737
Change in Fund Balance	(702)	(938)	(4,040)	85
Fund Balance	(702)	189	(3,851)	274
Total Cash Balance		150		235

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Year Ending December 31, 2021

The City receives a number of federal and state grants that are recorded in the Federal (01300), HUD Consolidated Plan (01400 & 01500), and Grants Other (01600) funds. These grants have varying grant periods and are used for a broad 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 throughout the year. For annual reporting purposes, cash deficits are eliminated through inter-fund borrowing.

Grants are received both on a cost reimbursement and an advance basis. For the City's audited financial statements advanced but not yet expended grant awards are shown in the financial statements as unearned revenue and respectively, amounts that are due to the City are recorded as intergovernmental receivables. Some amounts are earned and reserved for a restricted purpose and those amounts remain as restricted fund balance. The accompanying financial schedule does not include the year end revenue accrual and deferral adjustments.

Federal Grants Fund (01300)

The City accounts for its federal grant activity in fund 01300. As of December 31, 2021, expenditures were \$23.6 million compared to the 2020 expenditures of \$13.3 million. The increase in federal expenditures of \$10.3 million is primarily a result of spending within the Community Planning and Economic Development (CPED) Department. The U.S. Treasury Emergency Rental Assistance (ERA) grant accounts for \$10.5 million of the increase which is offset by declines in other programs.

The ERA funds are part of the Consolidated Appropriations Act, 2021 which was enacted on December 27, 2020. The U.S. Treasury is responsible for administering the program. The City received its allocation of \$12.9 million in January 2021. The American Rescue Plan Act of 2021 enacted on March 11, 2021, also managed through the U.S. Treasury, provided the City with an additional allocation of \$10.2 million in ERA2 funding of which \$4.1 million has been released by U.S. Treasury. ERA funds are used to help eligible households through existing or newly created rental assistance programs.

The federal grants fund includes other sources of federal revenue in support of the Police Department task force activities. Police receive reimbursement from the Alcohol Tobacco and Firearms (ATF), Drug Enforcement Administration (DEA), Federal Bureau of Investigations (FBI), and other task forces to reimburse the City for some of the overtime costs associated with officers that work on specific task forces.

HUD Consolidated Plan Funds (01400 & 01500)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with two other Housing and Urban Development (HUD) Programs, the Emergency Solutions Grant Program (ESG) and Housing Opportunities for Persons

with AIDS (HOPWA). HOME Investment Partnerships Program, HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards had declined until 2012 and has ranged between \$10.0 to \$11.0 million in recent years. The combined HUD Consolidated Plan allocation for 2021 was over \$16.0 million approximately equivalent to the 2020 allocation. HUD grant expenditures as of December 31 were \$27.3 million compared to \$18.1 million for 2020 which reflects an increase of \$9.2 million from 2020.

During 2020 the City was awarded approximately \$22.9 million in HUD COVID-19 Supplemental fund for the CDBG, ESG, and HOPWA programs which continue to be expended in 2021 and future years which will result in higher than usual expenditures in the fund. The Community Planning and Economic Development (CPED) Department spending increased \$9.2 million because of the new funding and is the major contributor to the change in expenditures between 2020 and 2021.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of December 31, 2021 are \$29.5 million compared to the 2020 expenditures of \$32.0 million. The \$2.5 million decrease in expenditures is due to a one-time elections grant in 2020 and decreased spending in Public Works Highway and Streets of \$0.2 million between 2021 and 2020.

The revenue in the fund as of December 31, 2021 and 2020 is \$30.9 million and \$32.0 million, respectively. The revenue decrease is consistent with the decrease in expenditures.

American Rescue Plan Act (ARPA) (01330)

On May 19, 2021, the City received \$135.6 million of the U.S. Treasury ARPA funds which represents the first tranche of the \$271.2 million the City has been allocated. Fund 01330, a new special revenue fund, was created to account for the ARPA award. ARPA funds are available to cover costs incurred between March 3, 2021 and December 31, 2024 at which time all funds must be obligated. Department project proposals for 2021 totaling \$90.2 million were approved by the Council on July 2. An additional \$8.0 million of funding was approved by City Council on November 17 bringing the total of 2021 approved project proposals to \$98.3 million.

As of December 31, \$5.6 million was expended of which \$1.7 million relates to the furlough paid time off project proposal to reimburse staff for the mandatory furlough days taken in 2020. Another \$1.4 million related to license forgiveness which is part of the business acceleration programs. Through December 31, there is \$10.7 million in fully executed contracts of which \$1.8 million has been expended and \$8.9 million remains encumbered.

Capital Grants

In addition to the grants that are recorded in the funds reflected above, the City's Department of Public Works receives various grants through the Federal Government, Minnesota Department of Transportation, Metropolitan Council, and Hennepin County. These grants are generally recorded in Fund 04100, the Permanent Improvement Capital Projects fund.

Grant Special Revenue Funds
Financial Status Report (in thousands of dollars)
Year Ending December 31, 2021

	Federal Grants 01300	HUD Grants 01400 & 01500	Grants Other 01600	Total
Assets				
Cash and Cash Equivalents	\$ 4,646	\$ 10	\$ 6,222	\$ 10,878
Accounts - net	25	17	152	194
Intergovernmental Receivables	882	-	106	988
Due from Other Funds	-	-	250	250
Properties Held for Resale	613	5,227	646	6,486
Total Assets	\$ 6,166	\$ 5,254	\$ 7,376	\$ 18,796
Liabilities				
Salaries Payable	\$ 94	\$ 106	\$ 126	\$ 326
Accounts Payable	1,285	1,461	2,675	5,421
Inter Governmental Payables	-	148	-	148
Due to Other Funds	-	250	-	250
Deferred Revenue and Contracts	354	-	76	430
Total Liabilities	\$ 1,733	\$ 1,965	\$ 2,877	\$ 6,575
Fund Balance	\$ 4,432	\$ 3,290	\$ 4,500	\$ 12,222
Total Liabilities and Fund Balance	\$ 6,165	\$ 5,255	\$ 7,377	\$ 18,797
Revenue				
Taxes-Charitable Gambling	\$ -	\$ -	\$ 231	\$ 231
Grants and Shared Revenues	26,919	20,216	22,711	69,846
Special Assessments	-	-	20	20
Private Grants and Contributions	-	-	5,610	5,610
Charges for Services	-	-	748	748
Interest	-	324	9	333
Rent & Commissions	-	11	-	11
Sale of Lands & Buildings	56	829	-	885
Loan Recapture	273	2,658	-	2,931
Sale of Documents/Copies	-	-	4	4
Miscellaneous Revenue	54	215	1,579	1,848
Transfer within Special Revenue Fund	-	-	4	4
Total Revenue	\$ 27,302	\$ 24,253	\$ 30,916	\$ 82,471
Expenditures	\$ 23,610	\$ 27,257	\$ 29,534	\$ 80,401
Revenues Over (Under) Expenditures	\$ 3,692	\$ (3,004)	\$ 1,382	\$ 2,070

City of Minneapolis
Community Planning & Economic Development (CPED)
Special Revenue Funds
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

<i>Programs</i>	<i>Original Budget</i>	<i>Current Budget</i>	<i>Expended</i>	<i>Budget v. Exp</i>	<i>Cash</i>	<i>Fund Balance</i>
Tax Increment Financing	47,356	104,152	58,887	45,265	128,430	153,316
Housing & Econ Dev	3,746	24,814	7,564	17,251	19,214	20,786
General Development	5,353	21,784	6,353	15,431	32,196	38,744
Neighborhood Revitalization	6,990	7,008	4,229	2,779	30,475	30,622
CPED Operating	1,551	1,581	1,581	0	1,664	1,254
Total	64,996	159,340	78,614	80,726	211,979	244,721

CPED Special Revenue Funds account for governmental funds that are legally restricted to expenditures for specific purposes in a number of housing and economic development programs. The programs that are operated within these funds were established to increase the City’s economic competitiveness, ensure an array of attractive housing choices, support strong and diverse neighborhoods, and preserve historic structures. These programs are funded primarily through state and local grants, tax increment financing (TIF), and administrative fees collected from the issuance of housing and economic development revenue bonds. All special revenue funds are restricted to the legal purposes of the special revenue they contain.

Fund Balance. The combined fund balance of CPED Special Revenue Funds at the end of the fourth quarter 2021 was \$244.7 million. Fund balances are considered either “restricted” or “assigned.” The combined fund balance of the NRP and TIF programs was \$183.9 million, and all of this fund balance is considered restricted. The combined fund balance of the Housing & Economic Development, General Development, and CPED Operating programs was \$60.8 million.

Cash Balance. The combined cash balance of CPED Special Revenue Funds at the end of the fourth quarter 2021 was \$212 million. This was \$.9 million less than at the end of fourth quarter 2020. The combined cash balance in the TIF and NRP programs at the end of fourth quarter 2021 was \$158.9 million (75% of the total).

Tax Increment Financing. This program accounts for financial resources that are used for the acquisition and improvement of land and buildings in designated areas of the City. Authorized under the TIF Act (Minnesota Statutes, Section 469.174–469.1799, as amended), this is a major financing tool available to the City to assist with the development and redevelopment of property within the City that would not occur “but for” the use of this tool.

The primary source of revenue for this program is tax increment, which is comprised of property taxes generated from the new incremental value of specific development. Generally, this revenue is used to pay outstanding TIF bonds, notes and loans. Tax increment revenues of the program are segregated by TIF district and must be spent according to the provisions of the TIF Act.

Cash at the end of fourth quarter 2021 was \$128.4 million, which was \$2.8 million less than cash at the end of fourth quarter 2020. Fourth quarter 2021 revenues were \$27.9 million, which were \$43.2 million less than in 2020. Fourth quarter 2021 expenditures were \$16.4 million, which was \$15.5 million less than in 2020. In the fourth quarter of 2021, total expenditures were less than revenues by \$11.5 million. With the additional net transfer out of \$14.7 million, overall fund balance decreased by \$3.2 million from \$156.5 million to \$153.3 million.

Housing & Economic Development. Prior to 2014, Housing and Economic Development program activities were generally funded by administrative fees generated through the City's issuance of conduit debt (e.g. housing revenue bonds, industrial development revenue bonds, etc.). Since 2014, these activities have been largely funded through the City's General Fund where these administrative fees are now deposited.

Cash at the end of fourth quarter 2021 was \$19.2 million, which was \$5 million more than cash at the end of fourth quarter 2020. Fourth quarter 2021 revenue was \$455,000, which was approximately \$645,000 less than 2020. Fourth quarter 2021 expenditures were \$22.2 million, which was \$12.4 million more than in 2020. With the additional net transfer from other funds, overall fund balance increased by \$5.2 million from \$15.6 million to \$20.8 million in fourth quarter 2021.

General Development. This program provides loans and grants to outside organizations to assist with housing and economic development activities within the City, as well as providing interim loans to specific CPED projects. This program is capitalized with land sale proceeds, parking revenues, rental income from development projects, and loan payments that are not part of the Housing and Economic Development program.

Cash at the end of fourth quarter 2021 was \$32.2 million, which was \$100,000 higher than cash at the end of fourth quarter 2020. Fourth quarter 2021 revenues were \$6.7 million, which was \$4.4 million higher than in 2020. Fourth quarter 2021 expenditures were \$6.4 million, which was \$1.4 million less than in 2020.

Neighborhood Revitalization Program. This program was established in 1990 and focuses on the delivery of City services, including housing and economic development loans and grants to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods.

The program is funded from tax increment and other revenues of the City's Common Project. From 1990 through 2011 this program was administered by the NRP Policy Board. This board was established under State law, and operated pursuant to a joint powers agreement between the City, County, School District, Park Board and Library Board. After the joint powers agreement expired in 2012 the program came under the management of the City's Neighborhood and Community Relations (NCR) Department. The revenues remaining in this program are restricted in their use by State law.

Cash at the end of fourth quarter 2021 was \$30.5 million, which was \$2.2 million less than cash in the fourth quarter 2020. Fourth quarter 2021 revenues were \$2.3 million, which was \$.6 million less than in 2020. Fourth quarter 2021 expenditures were \$2.6 million, which was \$.8 million less than in 2020. With net transfer to other funds, total fund balance decreased by \$2 million from \$32.6 million to \$30.6 million compared to 2020.

CPED Operating. This program provides the working capital for CPED's administrative costs. The program also provides financing for projects that are not eligible for CPED's restrictive revenue sources.

At the end of fourth quarter 2021, this program had a fund balance of \$1.3 million and cash balance of \$1.7 million. Expenditures during this period exceeded revenues by \$.5 million and there were no transfers from/to other funds.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

CPED Special Revenue Funds

	TIF	Housing & Econ Development	General Development	NRP	CPED Operating	Spec Rev Fund Comparison	
						Q4 2021 Total	Q4 2020 Total
Assets							
Cash	128,430	19,214	32,196	30,475	1,664	211,979	212,832
Misc receivables	696	8,723	121	123	11	9,674	8,228
Loans receivable	-	4,805	-	-	-	4,805	5,800
Advances to other funds	389	-	-	-	-	389	389
Properties held for resale	25,338	2,138	7,163	226	-	34,864	34,886
Total Assets	154,853	34,880	39,479	30,824	1,676	261,712	262,135
Liabilities							
Payables	1,148	8,934	416	202	46	10,746	10,010
Advances from other funds	389	-	-	-	-	389	389
Deposits held for others	-	355	319	-	376	1,050	1,100
Deferred inflow of resources	-	4,805	-	-	-	4,805	5,800
Total Liabilities	1,538	14,094	735	202	422	16,991	17,299
Total Fund Balance	153,316	20,786	38,744	30,622	1,254	244,721	244,836
Total Liabilities & Fund Balance	154,853	34,880	39,479	30,824	1,676	261,712	262,135
Revenue							
Property tax increment	25,679	-	-	-	0	25,680	67,179
Fees & charges for services	145	305	644	-	1,085	2,179	2,322
Inclusionary Zoning - in Lieu	-	-	3,447	-	-	3,447	0
Interest revenue	1,169	131	326	320	24	1,971	5,244
Rent	410	0	29	-	-	439	255
Sale of land & buildings	64	20	1,503	4	-	1,591	295
Loan recapture	416	-	744	1,935	-	3,094	3,152
Total revenue	27,883	455	6,693	2,260	1,110	38,401	78,447
Expenditures							
Personal services	307	9	1,058	-	(2)	1,372	1,260
Contractual services	11,049	1,801	2,551	2,508	1,583	19,493	37,748
Other operating costs	6	111	606	2	-	725	634
Program capital outlay	5,018	20,323	2,137	112	-	27,590	14,866
Total expenditures	16,380	22,244	6,353	2,622	1,581	49,180	54,508
Transfers							
Transfers from other funds	13,093	27,026	-	-	-	40,120	11,155
Transfers to other funds(-)	(27,827)	-	-	(1,607)	-	(29,434)	(20,366)
Total transfers	(14,734)	27,026	-	(1,607)	-	10,686	(9,211)
Change in fund balance	(3,231)	5,238	340	(1,969)	(471)	(93)	14,728
Beginning fund balance	156,547	15,548	38,404	32,591	1,725	244,814	230,108
Ending fund balance	153,316	20,786	38,744	30,622	1,254	244,721	244,836

City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 06000	2021 Budget	2021 Actual	2020 Actual
Operating Revenue	9,046	8,563	8,181
Operating Expense	9,046	8,542	8,226
Operating Margin	-	21	(45)
Change in Net Position	-	21	(45)
Net Position		536	515
Cash Balance		2,027	1,955

Program Description:

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

This fund generates revenue from testing and inspection services provided by the Engineering Laboratory and the sale of concrete and asphalt from outside vendors to other City departments. A cost allocation model determines product costs to allow the fund to generate revenues that match operating expenses. The Engineering Laboratory continually compares its rates with those of the private sector that provides comparable services. Historically, the Laboratory's hourly rate has been significantly lower than that of the private sector and generates adequate revenue to cover the fund's direct and indirect expenses.

Revenue:

Operating revenue earned through fourth quarter 2021 is \$8.6 million, or 94.7% of the budgeted amount of \$9.0 million. The 2021 fourth quarter revenue of \$8.6 million represents an increase of 4.7% over the fourth quarter 2020 revenue of \$8.2 million. Revenue (and expenses) for the year is dependent upon several factors such as weather as well as the timing of construction projects. These variables can result in substantial variances in the amount of revenue (and expenses) recorded through fourth quarter from year to year.

Expense:

Operating expense through fourth quarter 2021 is \$8.5 million, or 94.4% of the budgeted amount of \$9.0 million. The 2021 fourth quarter expense reflects an increase of 3.8% over the 2020 expense of \$8.2 million incurred through the same period. As noted above, expenses for the year are dependent upon several factors such as weather as well as the timing of construction projects.

Transfers:

This fund does not have any transfers in or out in 2021.

Debt Service:

This fund does not have any debt obligations.

Cash and Net Position

The 2021 fourth quarter cash balance is \$2.0 million, a slight increase of \$72,005 from the 2020 year-end balance of \$2.0 million. The increase in cash through fourth quarter is due to timing differences between the receipt and payment of invoices for asphalt and concrete and billing these purchases to other City departments. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15.0% of the operating budget excluding materials and related costs or \$0.4 million.

The 2021 year-end net position was \$0.5 million as was the 2020 ending balance. The financial policy for the net position for this fund determines that net position should not be less than 15.0% of the annual operating budget excluding materials and related costs, or \$0.4 million for the 2021.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Engineering, Materials and Testing Internal Service fund

	2020 Budget	2020 Actual	2021 Budget	2021 Actual
Source of Funds:				
Asphalt / Concrete	6,489	5,889	6,489	6,356
Inspection revenue	2,536	2,292	2,557	2,207
Total	9,025	8,181	9,046	8,563
Use of Funds				
Personnel Services	851	964	1,062	989
Fringes	322	318	383	337
Contractual services	1,148	1,221	1,313	1,100
Materials/Other	6,253	5,690	6,256	6,085
Rent	34	34	32	32
Total	8,607	8,226	9,046	8,542
Change in Net Position	418	(45)	0	21
Net Position	928	515	515	536
Total Cash Balance	2,551	1,955	1,955	2,027

City of Minneapolis
Fleet Services Internal Service Fund
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 06100	2021 Budget	12/31/2021 Actual	Year Ending 2020
Operating Revenue	38,211	38,459	33,781
Operating Expense	38,866	30,546	40,702
Change in Net Position	(655)	7,913	(6,921)
Net Position		101,474	93,561
Cash Balance		34,667	26,695

Program Description:

The Fleet Services Internal Service Fund manages the acquisition, maintenance, and disposal of approximately 1,700 units of equipment, primarily the City’s fleet of vehicles, including police cars, fire trucks, snowplows, sedans, and pickup trucks along with off-road equipment. This fund provides the services of technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Public Works Department is responsible for management of the operations within the fund.

The Fleet Services Division develops fleet replacement programs for all vehicles and equipment to meet the needs of City departments. The City departments are allocated a rental rate for these units that is calculated through an activity-based cost allocation model and designed to capture the replacement cost of the vehicle. Fleet Management also monitors and reports on fleet utilization, and registers licenses for all City vehicles. The City’s fleet of vehicles and equipment has an acquisition value of \$100.1 million and accounts for 64.2% of the net value of the long-term assets in this fund.

Revenue:

Operating revenue earned through fourth quarter 2021 is \$38.5 million or 101% of the budgeted amount of \$38.2 million. The revenue earned through fourth quarter 2021 increased by \$4.7 million, or 14%, from the revenue earned through fourth quarter 2020. This increase is mostly due to more rentals of equipment.

Expenses:

Operating expense through fourth quarter 2021 totaled \$30.5 million representing 79% of the annual budget of \$38.9 million. Expenses through the fourth quarter of 2021 decreased \$10 million or 25% from the total expense of \$40.7 million through the same period in 2020. The difference is mostly due to the decrease of capital spending. For 2021 capital spending was \$5.5 million a decrease of \$8.7 million from 2020 spending. Also, there were no transfers out of the fund compared to \$2 million in 2020.

Transfers:

For 2021 there were no transfers in or out of the fund.

Debt Service:

This fund has no debt obligations in 2021.

Cash and Net Position:

The fund has maintained a positive cash balance with a fourth quarter 2021 ending balance of \$34.7 million an increase of \$8.0 million from the 2020 fourth quarter ending balance of \$26.7 million. Reserve policies

for internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget plus 1.5 x next year's capital or \$25.2 million.

The net position for year ending in 2021 was \$101.5 million, an increase of \$7.9 million, or 8.5% over the 2020 ending balance of \$93.6 million. The increase in net position is due to timing differences between the receipt of revenue collected to pay for replacement vehicles and the delivery and subsequent payment for the vehicles.

Financial reserve policies for the internal service funds determine that the minimum net position for the Fleet Services Division Fund should be twice the depreciation amount or \$19.8 million.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Fleet Services Internal Service Fund

	2020 Final	2020 Year End	2021 Current	2021 Year End
	Budget	Actual	Budget	Actual
Source of Funds:				
Net transfer in from other funds	317	317	-	-
Charges for Services	9,399	8,665	9,378	7,910
Charges for Sales	7,975	6,316	7,628	6,166
Gains	500	754	500	832
Rent	22,818	16,998	20,705	23,448
Other Misc Revenue	10	1	-	103
Total Operating Revenue	41,019	33,051	38,211	38,459
Use of Funds:				
Transfers out	2,000	2,000	-	-
PW Equipment Operations	23,808	22,237	24,917	25,087
PW Equipment Capital	13,258	9,098	13,949	5,459
Total Operating Expenses	39,066	33,335	38,866	30,546
Change in Net Position	1,953	(284)	(655)	7,913
Net Position	88,124	93,845	93,190	96,037
Cash Balance	35,680	35,396	26,040	34,667

City of Minneapolis
Property Services – Internal Service Fund
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 06200	2021 Budget	2021 Actual	2020 Actual
Operating Revenue	26,291	26,226	27,703
Operating Expense	30,094	23,879	29,146
Operating Margin	(3,803)	2,347	(1,443)
Change in Net Position		2,347	(1,443)
Net Position		38,623	36,277
Cash Balance		8,926	6,323

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, Water facilities, or Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City’s emergency communications network. The Property Services fund collects the rental charge for City Hall and remits it to the Municipal Building Commission (MBC) to reimburse MBC for maintenance and property management services. The 2021 revenue and expense budgets for the fund were increased by \$3.5 million (after the \$2.0 million council approved MBC rent reduction) to account for this flow-through rental charge. The City departments located in City Hall receive a General Fund appropriation to fund the charge for the rent.

Included in the Property Services Division is the Property Disposition Fund (06210) and Asset Preservation Fund (06220). The Property Disposition Fund was created in section 14.120 of City Ordinance for the purpose of recording proceeds from the sale of City property. The ordinance did not specify the use of proceeds. Some of the proceeds were expended on capital projects upon City Council approval. The Asset Preservation Fund was created in 2020 for the purpose of recording the activities related to the capital repairs and upgrades.

Revenue:

Property Services earns revenue through rent charged to departments housed in City owned buildings for property maintenance and by performing facility repairs and upgrades. As of 2016, funding for City building capital repairs and upgrades is also managed through the rent allocation model. City departments that occupy City buildings are charged additional rent to fund these projects. Previously, capital repairs and upgrades were funded through net debt bonds. The amount allocated annually for this purpose is \$4.0 million.

Operating revenue recorded through fourth quarter 2021 is \$26.2 million, or 99.8% of the budgeted amount of \$26.3 million. The 2021 fourth quarter revenue decreased by \$1.5 million, or 5.3%, from the revenue earned through fourth quarter of 2020. This is mainly because through the fourth quarter of 2020, the fund collected \$0.8 million as miscellaneous revenue through rent allocation (\$0.5 million from CPED for PSC debt financing and \$0.3 million for Currie Debt Payment), but the program ended in 2020. Revenue received from charges for services, including operating repairs and upgrades, also fluctuates based on the amount of discretionary spending available to departments and the timing of work done.

Expenses:

Operating expense through fourth quarter of 2021 is \$23.9 million, or 79.4% of the total budgeted amount of \$30.1 million. The 2021 fourth quarter expense decreased \$5.3 million, or 18.1%, from the operating expense recorded through fourth quarter 2020. The variance is primarily due to decreased expenses in 2021 due to delay in Asset Preservation Projects and less Work for Others' projects in 2021. Expenses also fluctuate based on the amount of discretionary spending available to other departments and the timing of work done.

Transfers:

For 2021, this fund receives a transfer in from the General Fund totaling \$0.8 million to support the City Hall rent expense. The fund also transfers out \$0.2 million to the Water Fund to cover the cost for the maintenance at the Kenwood Water Tower.

Debt Service:

There is no outstanding debt service for 2021.

Cash and Net Position:

The cash balance at the end of fourth quarter 2021 was \$8.9 million compared to a cash balance of \$6.3 million at the end of fourth quarter 2020. The cash through the fourth quarter of 2021 consists of a balance of \$1.9 million in the Property Disposition fund and a balance of \$7.0 million in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$4.5 million for the Property Services fund in 2021.

The net position for the year ending 2021 was \$38.6 million, an increase of \$2.3 million from the net position of \$36.3 million for year ending 2020. This increase is due to the delay of the capital improvement projects in 2021, which is planned to be completed in 2022. The financial policy for the net position for the Property Services Fund determines that net position should not fall below two times the annual depreciation. The depreciation in 2021 was \$0.8 million and the net position in 2021 is \$37.0 million greater than the benchmark, which is \$1.6 million.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Property Services Internal Service fund

	2020 Budget	2020 Actual	2021 Budget	2021 Actual
Source of Funds:				
Charges for Services and Sales	2,259	5,102	3,066	2,983
Rents Public Works and Other	21,543	21,510	22,450	22,301
Miscellaneous Revenue	820	855	3	170
Transfer-In from other funds	237	237	772	772
Total	24,858	27,703	26,291	26,226
Use of Funds				
Personnel Services	4,229	5,801	6,530	6,381
Fringes	1,631	2,472	2,541	2,704
Contractual services	21,750	17,185	18,202	11,717
Materials/Other	1,087	1,895	1,632	1,889
Rent	897	897	977	976
Transfer-Out to other funds	895	895	212	212
Total	30,490	29,146	30,094	23,879
Change in Net Position	(5,632)	(1,443)	(3,803)	2,347
Net Position	28,252	36,277	32,474	38,623
Total Cash Balance	2,516	6,323	2,520	8,926

**City of Minneapolis
Public Works Stores Fund
For the Fourth Quarter Ending December 31, 2021**

Operating Snapshot (in thousands of dollars):

Fund 06300	2021 Budget	Year Ending Actual 2021	Year Ending Actual 2020
Operating Revenue	1,608	2,378	1,911
Operating Expense	1,608	1,617	1,800
Change in Net Position		760	111
Net Position		6,676	5,916
Cash Balance		1,219	1,126

Fund Description:

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. The fund’s mission is to provide goods in a cost-effective manner to City departments through the Central Stores and Traffic Stores.

Revenue:

Operating revenue through the fourth quarter of 2021 is \$2.4 million, or 147.9% of the budgeted amount of \$1.6 million. The revenue earned through fourth quarter of 2021 increased by \$0.5 million, or 24.4%, from the revenue earned through fourth quarter of 2020. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The increase in revenue is due to a \$0.1 million increase in Central stores and Traffic stores overhead charges. In addition, the increase in revenue is because the system uses perpetual average for inventory. The result is a \$0.4 million difference between what was paid and what ended up in inventory. It was adjusted to other miscellaneous revenue.

Expenses:

Operating expense through the fourth quarter of 2021 is \$1.6 million, or 100.6% of the budgeted amount of \$1.6 million. The amount expended through fourth quarter of 2021 decreased by \$0.2 million, or 10.2%, from the \$1.8 million expended through the same period in 2020. The decrease is due to a decrease in materials and others of \$0.2 million.

Cash and Net Position:

The fund has maintained a positive cash balance at the end of fourth quarter 2021 is \$1.2 million, an increase of \$93,000 from 2020 year-end balance of \$1.1 million. The increase in cash is primarily due to an increase in operating margin as described above. The financial policy for the cash balance for the Public Works Stores Fund determines that the cash balance should be maintained equal to 15.0% of the annual operating budget, or \$0.2 million. The cash balance is \$1.0 million more than its target.

The fund continues to maintain a positive net position with a 2021 ending balance of \$6.7 million, an increase of \$0.8 million from the 2020 ending balance of \$5.9 million. The financial policy for the net position for the Public Works Stores Fund determines that a net position should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

City of Minneapolis Fourth Quarter ending December 31, 2021 Financial Status Report in thousands of dollars Public Works Stores Internal Service Fund				
	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Services	1,493	1,797	1,558	1,909
Charges for Sales	50	87	50	87
Other Miscellaneous Revenue	-	27	-	381
Total	1,543	1,911	1,608	2,378
Use of Funds				
Personal Services	836	850	873	821
Fringes	372	373	381	378
Contractual services	244	336	275	366
Materials/Other	76	241	79	53
Total	1,529	1,800	1,608	1,617
Change in Net Position	14	111	-	760
Net Position	5,579	5,916	5,916	6,676
Total Cash Balance	2,552	1,126	1,126	1,219
Target Cash Reserve	229	229	241	241
Variance Operating Cash to Target Cash Reserve	2,323	897	885	978

**City of Minneapolis
Intergovernmental Services Fund
For the Fourth Quarter Ending December 31, 2021**

Operating Snapshot (in thousands of dollars):

Fund 06400	2021 Budget	12/31/2021 Actual	2020 Actual
Operating Revenue	42,747	42,696	45,957
Operating Expense	47,665	44,949	47,458
Change in Net Position		(2,253)	(1,501)
Net Position		23,066	22,589
Cash Balance		9,154	10,736

Program Description:

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

Revenue:

Operating revenue through the fourth quarter of 2021 is \$42.7 million of the annual budgeted amount of \$42.7 million. This is a decrease of \$3.3 million, or 8%, compared to revenue of \$46.0 million earned through fourth quarter of 2020. This decrease is because of cost saving measures in the allocation model and contractual services.

Expenses:

Operating expenses through the fourth quarter are \$44.9 million or 94% of the annual budgeted amount of \$47.6 million. The operating expense through fourth quarter decreased \$2.5 million, or 5%, from the 2020 expense of \$47.5 million.

City Clerk's expenses are \$587 thousand less in 2021 than in 2020, and over all the budget for this department is \$32 thousand less than 2020.

Administration expenses of \$14.7 million through the fourth quarter decreased 2.5% over the 2020 amount of \$14.1 million through the same period. This decrease is due to overall budget cuts to the fund.

PMO-Work for Others department expenses of \$5.3 million decreased by \$1.6 million through the fourth quarter or 23% less than the 2020 amount of \$6.9 million through the same period. This decrease is due to a decrease in spending for materials and cost saving measures, such as putting projects on hold for 2021 and a reduction in work for others being performed.

Infrastructure Services expenses of \$8.1 million increased by \$1.9 million, or 24% through the fourth quarter over the 2020 amount of \$6.1 million through the same period. This increase is due to more

repair and maintenance expenses for Service Now orders because employees were working remotely due to the pandemic and with the opening of the new Public Service Building.

Debt:

The fund does not have any outstanding debt service obligations.

Transfers:

In 2021 this fund received transfers in from the general fund totaling \$114,000. The general fund transfer is for City Hall rent.

The 2021 funds will not have transfers out; 2020 transfers were \$1 million.

Cash and Net Position:

The cash balance at the end of fourth quarter is \$9.2 million, representing a decrease of \$1.6 million from 2020 year-end balance of \$10.7 million. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Intergovernmental Services Fund should be 15.0% of the fund's total budget or \$5.9 million.

The net position at year-end 2021 is \$20.3 million, a decrease of \$2.3 million from the year-end 2020 net position of \$22.6 million. This decrease to net position is partly due to efforts to contain costs and to limit projects for others. These efforts are to recover from losses due to the pandemic in 2020.

Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services Fund should be twice the depreciation amount or \$18.9 million. The cost allocation model for this fund does not recover depreciation related to capital assets. This fund records the acquisition value of customer funded IT project assets and it is expected that the fund will continue to exceed the target net position in future years.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

Intergovernmental Services Internal Service Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Service - IT	37,058	38,478	36,942	37,222
Charges for Service - City Clerk	1,424	1,678	1,385	1,596
Work for Others	-	4,428	4,306	3,764
Operating Transfers In	209	1,791	114	114
Total	38,691	46,375	42,747	42,696
Use of Funds:				
Transfers	1,000	1,000	-	-
City Clerk	1,502	2,037	1,470	1,450
Information Technology	37,309	34,358	41,612	38,106
Work for Others	641	6,865	4,583	5,293
COVID	-	3,197	-	100
Total	40,452	47,457	47,665	44,949
Change in Net Position	(1,761)	(1,082)	(4,918)	(2,253)
Net Position	25,319	22,600	17,682	20,300
Total Cash Balance	12,616	10,735	12,674	9,154

**City of Minneapolis
Self-Insurance Internal Service Fund
For the Fourth Quarter Ending December 31, 2021**

Operating Snapshot (in thousands of dollars):

Fund 06900-06950	2021 Budget	2021 Actual	2020 Actual
Operating Revenue	138,336	132,171	106,606
Operating Expense	110,306	129,492	91,658
Operating Margin	28,030	2,679	14,948
Change in Net Position		2,679	14,948
Net Position		(95,161)	(97,840)
Cash Balance		110,751	108,131

Program Description:

The Self-Insurance Fund accounts for accrued sick leave benefit, tort liability, workers' compensation, civil attorney and risk management services, and the administrative functions to support these activities. An activity-based cost allocation model determines the charge allocated to City departments to provide for self-insurance related to tort liability and workers' compensation. The annual charges are calculated using data determined by an actuarial study based on each City department's responsibility for liability and worker compensation expense. The cost allocation model also assigns a charge for attorney and risk management services.

Revenue:

Operating revenue through the fourth quarter of 2021 is \$132.2 million or 95.5% of the annual budgeted amount of \$138.3 million. This is an increase of \$25.6 million, or 24.0%, compared to \$106.6 million earned through the fourth quarter of 2020. The primary reason for the increase is due to a transfer of \$27.0 million from the general fund to support civil liability payments. This revenue increase is offset by a \$1.6 million decrease in medical insurance premiums.

Expenses:

Operating expenses through the fourth quarter of 2021 are \$129.5 million or 117.4% of the annual budgeted amount of \$110.3 million. This is an increase of \$37.8 million, or 34.3%, compared to \$91.7 million expended through the fourth quarter of 2020. The increase in operating expense is due to a \$27.0 million payout for civil liability settlement and an increase in workers' compensation payments of \$7.2 million. The increase is also related to an increase in medical claims of \$4.5 million and a \$1.0 million increase in the employee sick leave payout at retirement. These expense increases are offset by a decrease in HR expenditures of \$2.1 million, due to the transfer of the HR department to the general fund.

Debt Service:

The Self-Insurance Fund does not have outstanding debt obligations.

Transfers:

In 2021, the fund received a transfer in from the general fund totaling \$0.4 million to assist with the cost of City Hall rent for the City Attorney's Office. The fund also received a transfer in from the General Fund of \$27.0 million to support civil liability payments.

Cash Balance and Net Position:

The cash balance at end of fourth quarter is \$110.8 million, or an 2.4% increase, compared to a cash balance of \$108.1 million at end of fourth quarter 2020. The increase in cash is primarily the result of an increase in medical insurance premiums compared to the medical claims payout of \$2.1 million and an increase in unused sick leave at retirement premiums compared to payout of \$0.7 million. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self-Insurance Fund should be as follows:

- Workers' Compensation and General Liability Self-Insurance Fund shall maintain a cash balance equal to or greater than the current year projected total losses, as defined by the most recent annual independent actuarial study.
- Medical Self-Insurance Fund shall maintain a minimum cash balance of 35% of total annual claims. Funding of the reserve shall be included in the premium rates.
- Dental Self-Insurance Fund shall maintain a minimum cash balance of 20% of total annual claims. Funding of the reserve shall be included in the premium rates.
- Sick Leave Severance Self-Insurance Fund shall maintain a minimum cash balance equal to the combined short-term and long-term liability set at the end of the most recent audited period.

The cumulative cash requirement based on these policies is \$75.5 million, so the ending cash balance is \$35.2 million over the target.

The net position at year-end 2021 was a negative \$95.2 million, an increase of \$2.7 million from the 2020 year-end net position of negative \$97.8. The financial reserve policy relating to the internal service funds states that the net position for the Self Insurance Fund should not fall below zero.

City of Minneapolis
Forth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Self-Insurance Internal Service Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Service(Cost allocations+Employment Serv)	31,132	30,790	31,591	31,524
Other Misc Revenues (Refund from State+Other misc)	1,021	1,341	1,000	1,104
Medical Ins Premiums	69,224	67,595	71,172	65,971
Dental Premiums	4,271	3,481	4,271	3,186
Health and Welfare (Severence-Sick leave at retirement)	2,863	3,075	2,934	3,018
Operating Transfers In	324	324	27,368	27,368
Total	108,835	106,606	138,336	132,171
Use of Funds:				
Attorney (06900)	7,338	6,862	7,376	7,156
Human Resources (06900)	2,182	2,099	-	(32)
Finance Dept - Risk Mgmt/Financial Accounting (06900)	2,456	2,088	2,586	2,240
Liability (06940)	6,175	3,624	9,211	30,062
Workers Compensation (06930)	12,827	13,435	12,756	20,632
Medical Claims and Admin Fees (06910)	64,999	59,327	71,172	63,862
Delta Dental payments (06920)	4,271	2,918	4,271	3,223
Health and Welfare (06950-Sev.-Sick leave at retirement)	2,863	1,305	2,934	2,350
Total	103,111	91,658	110,306	129,492
Change in Net Position (operating margin)	5,724	14,948	28,030	2,679
Net Position	(14,591)	(97,840)	(69,809)	(95,161)
Total Cash Balance	99,307	108,131	136,162	110,751
Target Cash Reserve	193,499	193,499	75,504	75,504
Variance Operating Cash to Target	(94,192)	(85,368)	60,657	35,247
Cash Reserve				

City of Minneapolis
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 07100	2021 Budget	2021 Actual	2020 Actual	2019 Actual
Operating Revenue	91,711	86,723	83,557	83,137
Operating Expense	76,833	73,773	70,963	73,208
Operating Margin	14,878	12,950	12,594	9,929
Change in Net Position		1,995	11,148	5,396
Net Position		141,363	139,368	127,797
Cash Balance		15,038	13,506	7,378

Program Description:

The Sanitary Sewer Fund accounts for the enterprise activity of wastewater collection and treatment. The Fund pays 95.0% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. The fund also accounts for City services, operation, maintenance, design work, capital programs, transfers, and long-term debt services associated with the sanitary sewer system.

Revenues:

Monthly utility billing for sewer services is the main source of revenue. With sewer operating revenue of \$86.7 million through the end of the fourth quarter, the Sanitary Sewer Fund earned 94.6% of the 2021 revenue budget. This is an overall increase of \$3.1 million, or 3.8%, compared to \$83.6 million earned in 2020. The utility service revenues accounted for \$3.3 million of the increase compared to 2020 due mainly to an increase in rates. SAC fees, which fluctuate based on overall economic activities outside of City operations, decreased by \$1.6 million. This decrease is offset by an equivalent decrease in sewer availability charges (or SAC expenses).

The variable rate for utility charges was set at \$4.84 per unit, an increase of \$0.30 over 2020. The fixed rate, which is based on meter size, was increased by \$0.50, from \$6.30 to \$6.80.

Expenses:

The Sanitary Sewer Fund's total operating expenses through the fourth quarter were \$73.8 million compared to \$71.0 million for 2020. This is an increase of \$2.8 million, or 4.0%, and reflects the following changes from 2020. SAC charges decreased by \$1.6 million due to less activities in the first nine months and Met Council charges increased by \$4.4 million. The year-end operating expense total is \$3 million under budget of which \$1.0 million is lower SAC charges.

The Met Council rate increased by 9.7% for 2021 services. The Met Council charges are the largest expense of the fund and the monthly expense is \$4.0 million. These municipal wastewater discharge rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

Transfers:

A transfer is made from this fund to the Water Enterprise Fund to cover shared costs for meter shop expenses. For the current budget year, this cost was estimated at \$1.1 million and by the end of 2021, all of it was transferred to Water Treatment and Distribution Services.

Debt Service:

For 2021, \$7.2 million in principal and interest payments were made. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing. The fund sold \$15.4 million in bonds in 2021.

Cash and Net Position:

The 2021 year end cash balance was \$15.0 million and the Fund's net position stands at \$141.4 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore, the targeted cash balance for 2021 was \$19.2 million. The \$4.2 million Cash Reserve shortage is in part due to lower revenues during the COVID-19 pandemic. The Department is constantly monitoring and revising the financial position to bring the fund back into compliance. The Fund's cash balance has doubled since 2019 and is projected to be back in compliance by 2024.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Sanitary Sewer Enterprise Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Service	76,855	72,922	81,505	76,251
SAC Revenues	9,000	10,574	10,000	8,966
Other Misc Revenues	400	1,724	207	1,506
Charges for Service - Capital	1,000	1,164	1,000	1,000
Proceeds from Long Term Liabilities	12,000	14,865	13,000	15,381
Total	99,255	101,249	105,711	103,104
Use of Funds:				
PW-Sewer Design	1,417	1,208	1,053	991
PW-Sewer Maintenance	8,258	8,017	9,119	7,596
Met Council Environment Svcs	52,865	54,330	58,137	57,106
Payment for City Services	6,051	5,728	6,824	6,245
PW - Sewer Admin	1,506	1,470	1,700	1,834
Debt Service	6,686	6,457	7,597	7,214
Future Debt Service	1,725	-	-	-
Transfers				
To Water Fund	879	879	1,072	1,072
PW - Capital Programs	14,100	12,012	17,000	19,050
Total	93,487	90,101	102,502	101,109
Change in Net Position	5,768	11,148	3,209	1,995
Net Position Balance	135,212	139,368	142,577	141,363
Total Cash Balance	13,199	13,506	16,715	15,038
Target Cash Reserve	17,524	17,688	19,208	19,208
Variance Cash Balance to Target	(4,325)	(4,182)	(2,493)	(4,170)

City Of Minneapolis
Storm Water Fund
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 07300	2021 Budget	2021 Actual	2020 Actual	2019 Actual
Operating Revenue	44,767	45,117	45,980	44,317
Operating Expense	31,878	28,276	28,195	29,488
Operating Margin	12,889	16,841	17,785	14,829
Change in Net Position		(3,471)	(3,520)	(2,042)
Net Position		351,947	355,418	337,360
Cash Balance		29,180	28,667	29,616

Program Description:

The Storm Water Fund is responsible for the design, construction and maintenance of City's storm drain system, and street cleaning activities. A portion of the fund is used for sanitary water interceptor and treatment services and pays 5.0% of the contractual payments to Met Council Environmental Services (MCES). This fund also accounts for the combined sewer overflow (CSO) program, capital programs and debt service payments. Fund resources include: monthly utility billing for storm drainage services, reimbursement for maintenance services provided to State and County, reimbursement for services provided to other City departments, outside parties and design activities, and proceeds from long term liabilities and grants.

Revenue:

The \$45.1 in revenues earned through fourth quarter of 2021 reflects 100.8% of the budgeted amount of \$44.8 million. This is a decrease of 1.9%, or \$0.9 million, compared to \$46.0 million earned in 2020. Storm utility revenues increased by 0.8% to \$42.6 million, up from \$42.3 million in 2020. This is mainly due to a 1.5% increase in rates. Other services provided decreased by \$0.8 million due to a decrease in work done for the Park Board.

Expenses:

Operating expenses through the fourth quarter were \$28.3 million, or 88.7% of the 2021 expense budget. The expenses were \$81,207, or 0.3% higher than the \$28.2 million reported in 2020. The 2021 actual expenses were under budget primarily due to \$1.5 million less spent on storm design costs and \$0.5 million less spent on Street Cleaning.

Transfers:

A transfer from this fund is made to the General Fund to support two environmental service FTE's relating to the Clean Water Act of \$110,000 for 2021. An additional amount of \$1.6 million was transferred to the Capital Paving program as a contribution to help fund the 20-year additional paving plan.

Debt Service:

The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs. The fund completed paying off all its debt service obligations by the end of 2016. In 2019, new debt started to be issued on a regular basis due to additional capital programs needing financing. In 2021, \$1.9 million in principal and interest were paid. Bonds sold in 2021 were \$6.1 million.

Cash and Net Positions:

The ending cash balance at the end of the fourth quarter is \$29.2 million and net position is \$351.9 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore, the target amount for 2021 was \$8.0 million. This leaves \$21.2 million as an unrestricted amount to fund capital programs for 2022 and beyond as the department aims to use its excess cash reserve as a major source of funds for upcoming projects.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Storm Water Enterprise Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
State Government	1,403	1,347	1,160	1,250
Local Government	530	1,148	356	255
Charges for Service-Operating	42,220	42,260	42,549	42,616
Design & Misc Revenues	-	1,084	626	288
Special Assessments	75	141	75	709
Grants Proceeds/Others - Capital	-		-	-
Charges for Service-Capital	2,000	80	1,000	218
Proceeds of Long Term Liabilities	1,000	1,425	13,000	6,144
Total	47,228	47,485	58,767	51,479
Use of Funds:				
PW-Storm Design	4,910	4,383	5,606	4,137
PW-Field Services	9,132	9,660	9,811	9,307
PW-Storm Maintenance	6,161	5,971	6,772	6,135
Metropolitan Council	2,301	2,301	2,525	2,525
Payment for City Services	5,181	4,770	5,579	5,038
PW-Admin	1,094	1,110	1,585	1,135
Debt Service	781	710	1,931	1,860
Future Debt Service	908	-	-	
Transfers	1,655	1,655	1,671	1,671
PW- Capital	14,612	20,445	26,500	23,143
Total	46,735	51,005	61,981	54,950
Change in Net Position	493	(3,520)	(3,214)	(3,471)
Net Position	347,707	355,418	352,201	351,947
Total Cash Balance	30,070	28,667	25,453	29,180
Target Cash Reserve	7,195	7,049	7,970	7,970
Variance Cash Balance to Target	22,875	21,618	17,484	21,211

**City of Minneapolis
Water Enterprise Fund
For the Fourth Quarter Ending December 31, 2021**

Operating Snapshot (in thousands of dollars):

Fund 07400	2021 Budget	2021 Actual	2020 Actual
Operating Revenue	88,614	86,486	84,748
Operating Expense	61,665	55,851	52,683
Operating Margin	26,949	30,635	32,065
Change in Net Position		6,248	(6,616)
Net Position		309,499	303,251
Cash Balance		34,215	30,390

Program Description:

This Fund accounts for the administration, operation, maintenance, and capital investments of the Public Works Water Treatment and Distribution Services Division of the City. The Water Treatment and Distribution Services Division sources, treats, and distributes drinking water to retail customers in the City and provides water for fire protection and other City uses. In addition, the Division sells water to the wholesale customers of the Cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina, along with the Metropolitan Airports Commission. Monthly billing for water sales is the main source of revenue for this fund.

Revenue:

Operating revenues for 2021 were \$86.5 million, or 97.6% of the 2021 budgeted amount of \$88.6 million. This is an increase of \$1.8 million compared to the 2020 total of \$84.7 million. The increase in revenue was due to increases in wholesale and retail usage.

Expense:

Operating expenses for 2021 were \$55.9 million, or 90.6%, of the budgeted amount of \$61.7 million. This is \$3.2 million, or 6.0%, higher than the 2020 amount of \$52.7 million and reflects the following changes: (i) decrease in salaries and fringes of \$46,000; (ii) increase in contractual and professional services relating to repairs, maintenance, upgrades, and construction works of \$0.5 million; (iii) increase in delivery services, energy, and water line works of \$0.2 million; (iv) increase in City provided services of \$1.4 million; (v) increase in chemical usage of \$0.6 million; and (vi) increase in fleet and capital outlay of \$0.5 million.

Transfers:

For 2021, the transfer amount of \$1.3 million consisted primarily of a \$1.1 million operating transfer from the Sanitary Sewer Fund for its share of the cost of metering. The Fund also received \$41,000 from the General Fund towards the cost of City Hall rent. An additional \$0.2 million was transferred from Property Services for repair work to be completed at Kenwood Tower. Through the end of the fourth quarter, all transfers have been realized.

Debt Service:

Debt service payments relate to the bonds and notes sold to finance the Water Division's capital improvement program. The amount of debt service for 2021, including both principal and interest payments, was \$19.1 million. During 2021, an additional \$17.7 million in bonds were issued to finance various capital projects in the Water Fund. This additional debt issuance will increase debt service payments in future years.

Cash Balance and Net Position:

The ending cash balance as of December 31, 2021 was \$34.2 million and net position was \$309.5 million. By comparison, the prior year ending cash balance was \$30.4 million and net position was \$303.3 million. City policy requires an operating cash reserve equal to or greater than three months of operating expenses. Based on the current budget, the targeted amount is \$15.4 million. The year-end cash balance and stable operating revenue will provide adequate reserves to fund operations, capital programs, and debt service payments in 2022 and beyond.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)
Water Enterprise Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Water Sales - Retail				
Volume Rate	61,501	56,210	60,291	57,049
Fixed Rate	9,038	9,293	9,038	9,401
Water Sales - Wholesale	15,127	14,731	14,919	15,645
Other Operating & Misc Revenues	4,085	4,514	4,365	4,391
Proceeds from Long Term Liabilities	27,485	22,703	15,525	22,303
Transfers	908	908	1,325	1,325
Proceeds from Capital	2,000	1,115	2,000	707
Total	120,144	109,474	107,464	110,820
Use of Funds:				
Payments for City Services	11,384	10,226	12,116	11,489
Administration	3,593	3,132	3,460	3,317
Engineering	1,545	1,485	1,619	1,408
Operations	28,249	26,094	29,942	27,294
Distribution	8,962	8,307	10,260	9,456
Meter Shop	1,771	1,185	1,444	1,078
Reimbursables	2,835	2,254	2,825	1,809
Debt Services				
Principal	17,237	16,175	16,570	16,570
Interest	3,525	2,595	3,240	2,492
Capital	51,435	44,637	24,941	29,659
Total	130,536	116,090	106,416	104,572
Change in Net Position	(10,392)	(6,616)	1,047	6,248
Net Position	266,489	303,251	304,298	309,499
Total Cash Balance		30,390	31,617	34,215

**City of Minneapolis
Municipal Parking Fund
For the Fourth Quarter Ended December 31, 2021**

Operating Snapshot (in thousands of dollars):

Fund 07500	2021 Budget	2021 Actuals	2020 Actuals
Revenue	55,617	43,221	44,497
Expenses	43,076	34,822	37,836
Operating Margin	12,541	8,399	6,661
Change in Net Position		(1,268)	(15,726)
Net Position		190,233	191,501
Cash Balance		1,233	6,153

Program Description:

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

Revenues:

2021 actual operating revenues are down in comparison to 2020 by 2.9%. Actual operating revenues were only 77.7% of budgeted revenues. The decrease is from:

- On-street parking is up 13.1% compared to 2020.
- Off-street ramps and lots are down 19.5% compared to 2020.
- Impound Lot revenues increased 43.7% compared to 2020.

Overall, revenues were down in 2021 mainly due to the continued impact of the COVID-19 pandemic, which continues to restrict both business and employment activity downtown. Some lowered restrictions over summer and early fall have allowed On-Street and Off-Street parking revenues to increase slightly and the fund expects 2022 economic activity to continue to increase.

Expenses:

The 2021 operating expenses are lower than the 2020 expenses by 8.0%. Total actual expenses were 80.8% of the budget for the year. The variance is from:

- On-street parking was up by 14.9% compared to 2020.
- Off-street ramps and lots are down 15.4% compared to 2020.
- Impound Lot expenses are up by 15.3% compared to 2020.

Overall, expenses were down as compared to 2020 mainly due to the continued COVID-19 pandemic severely restricting both business and employment activity downtown, which has led to some variable expenses being lower such as credit card fees and lower maintenance costs.

Transfers to and from other funds:

The 2021 transfers into and out of the Parking Fund are programmed and planned according to the 2021 budget. During the year of 2021, \$0.9 million was transferred in from Tax Increment Funding and \$11.6 million of funds were transferred out (\$7.6 million to the General Fund, \$3.8 million to the Target Center and \$146,000 to Solid Waste).

Debt Service:

For 2021, the debt service budget is \$4.5 million. The outstanding balance of bond principal as of December 31, 2021 is \$38.4 million and the outstanding balance of note principal is \$26.6 million. The Convention Center has loaned the Parking Fund \$5.5 million to reduce the debt service being paid by the Parking Fund. During 2021, \$9.9 million in bonds were sold to fund Capital projects for meters and the impound lot building.

Other Financial Items:

The December 31, 2021 cash balance is \$1.2 million which is a decrease of \$4.9 million from the 2020 year-end balance. The City's policy is to have a targeted cash balance equal to 25% of the operating budget (excluding non-city owned ramps). Therefore, the target cash balance, excluding the Off-Street Parking: State Owned-Direct Expense Budget is \$7.5 million. The targeted cash reserve balance deficit is \$6.3 million, which is primarily a result of revenues at year-end being \$12.4 million under budget, due to the continued impacts of the COVID-19 pandemic. This causes the fund to be under financial policy. The Department is constantly monitoring and revising the financial position to bring the fund back into compliance. Continued economic recovery from the pandemic will help increase Fund revenues in 2022 and beyond.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

Municipal Parking Enterprise Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year End Actual
Source of Funds:				
Charges for Service, Sales/Permits:				
<i>Off-Street Parking: City Owned</i>	30,519	13,913	20,004	11,461
<i>Off-Street Parking: State Owned</i>	15,800	12,388	14,441	9,706
<i>Towing</i>	5,149	4,824	5,434	6,933
<i>On-Street Meters</i>	21,895	13,371	15,738	15,121
Other Miscellaneous Revenues	-	1	-	-
Tax Increment Transfers In	883	216	879	879
Proceeds of Long Term Liabilities	7,000	16,975	7,400	10,814
Total	81,246	61,688	63,896	54,914
Use of Funds:				
Debt Service	5,135	18,739	4,484	951
Future Debt Service		-	300	-
General Fund Transfer Out	7,990	7,990	7,640	7,640
Target Arena Transfer Out	4,615	4,615	3,853	3,853
Debt Service Transfer Out	-	45	-	-
Sanitation Transfer Out	146	146	146	146
PW-Traffic & Parking:				
<i>Off-Street Parking: City Owned</i>	21,341	18,570	20,702	16,131
<i>Off-Street Parking: State Owned</i>	12,029	10,086	13,134	8,125
<i>Towing</i>	4,669	5,140	5,344	5,925
<i>On-Street Meters</i>	4,466	4,040	3,896	4,641
PW-Traffic & Parking Capital	5,500	8,043	10,805	8,770
Total	65,891	77,414	70,304	56,182
Change in Net Position	15,355	(15,726)	(6,408)	(1,268)
Net Position	221,383	191,501	185,093	190,233
Total Cash Balance	36,516	6,153	(255)	1,233
Target Cash Reserve	7,631	6,938	7,485	7,485
Variance Total Cash to Target Cash Reserve	28,885	(785)	(7,740)	(6,252)

City of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2021

Operating Snapshot (in thousands of dollars):

Fund 07700	2021 Budget	2021 Actual	2020 Actual	2019 Actual
Operating Revenue	41,968	44,274	42,002	41,350
Operating Expense	43,702	42,248	42,743	40,497
Operating Margin	(1,734)	2,026	(741)	853
Change in Net Position		8,737	(7,064)	(3,594)
Net Position		43,645	34,908	23,279
Cash Balance		23,227	16,081	26,720

Fund Description:

The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection, disposal, graffiti removal, and a solid waste transfer station that serves over 107,000 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps, city-wide litter and graffiti abatement and removals, and an organics program.

Funding for Solid Waste and Recycling activities is primarily generated from solid waste collection fees through the monthly utility bills. The fund also receives yearly grants from Hennepin County. Additional revenue is generated through sales of recyclable materials, graffiti abatement, and miscellaneous services.

Revenue:

Operating revenues earned through fourth quarter of 2021 were \$44.3 million, or 105.5% of the budgeted revenue of \$42.0 million. This is an increase of \$2.3 million or 5.4% compared to the \$42.0 million earned through the fourth quarter in 2020. This increase is due to increased market prices for recycling material. Sale of recycling material has increased by \$ 1.6 million compared to last year. The Hennepin County recycling grant of \$1.8 million was received in the fourth quarter.

Expenses:

Operating expenses through fourth quarter of 2021 were \$42.2 million, or 96.7% of the budgeted amount of \$43.7 million. Expenses through the fourth quarter of 2021 decreased \$0.5 million, or 1.2 %, over the expenses in 2020. Administrative costs increased by \$0.7 million compared to the 2020 due to an increase in property rent since they moved into their new facility in May of 2020. Equipment expenses decreased by \$0.9 million compared to 2020 due to the timing of vehicle replacements.

Transfers:

Transfers of \$ 4.6 million into the Solid Waste and Recycling fund for 2021 are as follows: \$146,000 from the Parking Fund for the Litter Container Program, \$325,000 from the General Fund for graffiti removal and zero waste studies, and a General Fund transfer of \$4.1 million to cover a portion of the Debt Service payments related to the new facility.

Debt Service:

Bonds were sold for the new facility prior to 2020 and an additional \$6.8 million in bonds were sold the second half of 2021, to complete the financing of the new facility. The facility was occupied in May of 2020. There were \$4.5 million of principal and interest payments made in 2021.

Cash and Net Positions:

The fund's cash balance as of the end of the fourth quarter was \$23.2 million and the net position was \$43.6 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Based on the 2021 budget, the targeted amount is \$10.9 million, leaving an unrestricted cash reserve of \$12.3 million.

City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report in thousands of dollars

Solid Waste & Recycling Enterprise Fund

	2020 Final Budget	2020 Year End Actual	2021 Current Budget	2021 Year to Date Actual
Source of Funds:				
Local Government & Other Grants	1,659	1,824	1,671	1,842
Charges for Service	39,308	39,449	39,424	38,992
Charges for Sales	150	98	150	1,652
Special Assessments	-	199	-	983
Other Misc Revenues, Rents	758	432	724	804
Long Term Proceeds - Capital	-	328	-	6,779
Operating Transfers In:				
From Capital				
Parking Fund	146	146	146	146
General Fund - Graffiti	325	325	325	325
Bond Redemption Fund	4,324	4,324	4,136	4,136
Total	46,670	47,125	46,576	55,660
Use of Funds:				
Collection	7,223	7,765	8,051	8,156
Disposal	4,710	6,150	5,758	5,784
Recycle	3,731	3,807	4,322	3,745
Yard Waste	3,046	3,171	3,540	3,066
Problem Material	2,258	2,535	2,500	2,400
Transfer Stations	658	653	560	627
Admin	7,505	6,975	7,784	7,641
Customer Service	680	650	690	648
Clean City	1,500	1,409	1,424	1,218
Graffiti	622	592	691	689
Equipment	4,263	4,495	3,510	3,561
Organics	4,126	4,541	4,872	4,713
Capital Program	-	6,779	-	197
Debt Service	4,997	4,667	4,830	4,478
Total	45,319	54,189	48,532	46,923
Change in Net Position	1,351	4,253	(1,956)	8,737
Net Position Balance	32,006	34,908	32,952	43,645
Cash Balance	28,071	16,081	14,125	23,227
Target Cash Reserve	10,081	10,686	10,926	10,926
Variance Cash Balance to Target	17,989	5,395	3,199	12,302

**CPED Enterprise Fund Component Programs
For the Fourth Quarter Ending December 31, 2021**

The **CPED Enterprise Fund** operated a series of business-type activities designed to enhance housing options and economic development within the City.

The **General Agency Reserve Fund System** (GARFS) is a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. The funds are restricted by bond covenants and the need of the City to minimize risk in its support of the GARFS. The funds are critical in maintaining the “A+” rating of the fund. Most of the transactions of the fund are maintained in a series of bank trustee accounts. Only the administrative operations portion of the fund is presented. Other information is maintained by a trustee and not available for inclusion for fourth quarter. The net position of the fund at the end of fourth quarter 2021 was \$2.0 million.

The **River Terminal** component operates a public terminal facility located on the Mississippi River in north Minneapolis. The barge related activities of the terminal have ended. The facility is currently used primarily as leased space for commodity storage. The City intends to redevelop the site for park and jobs-intensive business uses.

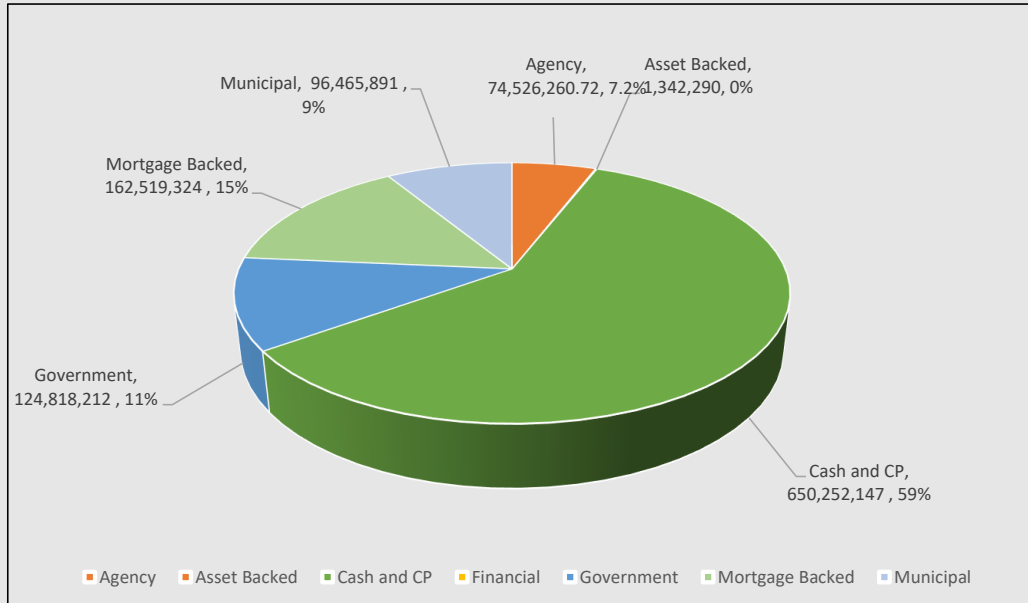
City of Minneapolis
Fourth Quarter ending December 31, 2021
Financial Status Report (in thousands of dollars)

CPED Enterprise Funds

	General Agency Reserve Fund System 2020	General Agency Reserve Fund System 2021	River Terminal 2020	River Terminal 2021
Operating revenues				
Charges for sales and services	309	185	646	454
Total operating revenues	309	185	646	454
Operating expenses:				
Personal services	147	147	-	-
Contractual services	9	35	762	496
Total operating expenses	156	182	762	496
Operating income	153	3	(116)	(42)
Nonoperating revenues (expenses)				
Interest on investments	-	-	-	-
Total nonoperating revenue (expenses)	-	-	-	-
Income (loss) before transfers	153	3	(116)	(42)
Net transfers from (to) other funds	-	-	-	-
Change in net position	153	3	(116)	(42)
Total net position - January 1	1,799	1,950	1,976	1,860
Total net position - December 31	1,952	1,953	1,860	1,818

Cash and Investment Report
12/31/2021

Account	Book Yield %	Book Value	Accrued	Unrlzd G/(L)	Market Value	Mkt Value + Accrued
Internal Managed	0.2	\$ 553,167,177	\$ -	\$ (0)	\$ 553,167,177	\$ 553,167,177
Internal Core	1.0	121,989,348	249,126	434,252	122,423,600	122,672,726
Core GPA	0.6	107,572,618	207,911	(487,699)	107,084,920	107,292,831
Core RBC	1.7	240,512,371	599,254	(359,190)	240,153,182	240,752,436
Core T. Rose	0.6	25,452,249	33,142	(544,990)	24,907,259	24,940,401
Bond Proceeds	0.7	26,596,308	-	(0)	26,596,308	26,596,308
General Agency Reserve Funds System	0.9	23,608,824	155,494	144,164	23,752,989	23,908,483
Total Portfolio	0.7	\$ 1,098,898,896	\$ 1,244,927	\$ (813,462)	\$ 1,098,085,434	\$ 1,099,330,361
Development Debt Reserves		3,029,388			3,029,388	3,029,388
Cash on hand		1,595,964			1,595,964	1,595,964
Total All Portfolios	0.7	\$ 1,103,524,247	\$ 1,244,927	\$ (813,462)	\$ 1,102,710,786	\$ 1,103,955,713



Market Sector	Market Value + Accrued	% of Portfolio
Agency	\$ 64,076,947	5.8%
Asset Backed	1,197,840	0.1%
Cash and CP	650,252,147	59.1%
Financial		0.0%
Government	124,818,212	11.4%
Mortgage Backed	162,519,324	14.8%
Municipal	96,465,891	8.8%
Total	\$ 1,099,330,361	100.0%

Risk Metric	Value%
Duration	1.3
Convexity	-0.4
WAL	1.3
Years to Final Maturity	3.3
Years to Effective Maturity	1.3
Yield	0.7
Book Yield	0.7
Avg Credit Rating	AAA/Aaa/AAA

**City of Minneapolis
Financial Strength Analysis - Fourth Quarter 2021**

FINANCIAL STRENGTH ANALYSIS - (in millions)					Change Compared to 2019		Total Increase (Decrease) 2017 - 2020		Average Annual Increase (Decrease)		2021
	2017	2018	2019	2020	\$	%	\$	%	\$	%	
General Fund Cash Balance	131.8	121.3	146.3	184.5	38.2	29.0%	52.7	43.3%	17.6	14.4%	161.1
General Fund Total Fund Balance	117.1	104.2	128.0	167.7	39.7	33.9%	50.6	47.1%	16.9	15.7%	147.5
Overall City Cash Position*	792.0	876.6	967.8	891.1	(76.7)	-9.7%	99.1	13.0%	33.0	4.3%	
Overall City Net Assets/Position	2,083.6	2,257.8	2,424.0	2,491.3	67.3	3.2%	407.7	22.0%	135.9	7.3%	
Overall Unrestricted Net Assets/Position	(274.4)	(314.9)	(130.5)	(201.7)	(71.2)	25.9%	72.7	-28.3%	24.2	-9.4%	
SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)											
Convention Center - Cash	56.6	35.6	20.0	14.5	(5.5)	-9.7%	(42.1)	-64.3%	(14.0)	-21.4%	23.9
Convention Center - Fund Balance	52.1	29.6	33.4	12.4	(21.0)	-40.3%	(39.7)	-62.5%	(13.2)	-20.8%	20.9
Arena Fund (Target Center) - Cash	10.1	12.2	9.5	4.0	(5.5)	-54.5%	(6.1)	-40.1%	(2.0)	-13.4%	5.0
Arena Reserve (Target Center) - Fund Balance	8.7	10.5	7.5	3.5	(4.0)	-46.0%	(5.2)	-46.8%	(1.7)	-15.6%	4.3
Downtown Assets Fund - Cash	-	16.2	8.8	39.9	31.1	100.0%	39.9	246.3%			29.6
Downtown Assets Fund - Fund Balance	-	26.0	16.2	46.5	30.3	100.0%	46.5	178.8%			35.1
Police SRF - Cash	2.2	2.2	2.8	2.6	(0.2)	-9.1%	0.4	19.0%	0.1	6.3%	3.2
Police SRF - Fund Balance	2.6	2.4	2.9	2.8	(0.1)	-3.8%	0.2	8.3%	0.1	2.8%	3.3
NCR SRF - Cash	3.5	3.6	3.5	3.5	0.0	0.0%	0.0	0.0%	0.0	0.0%	3.3
NCR SRF - Fund Balance	3.3	3.3	3.1	3.1	0.0	0.0%	(0.2)	-5.4%	(0.1)	-1.8%	3.0
Regulatory Services SRF - Cash	3.5	2.0	1.2	0.2	(1.0)	-28.6%	(3.3)	-70.2%	(1.1)	-23.4%	0.2
Regulatory Services SRF - Fund Balance	3.5	2.0	1.1	0.2	(0.9)	-25.7%	(3.3)	-71.7%	(1.1)	-23.9%	0.3
Grant Funds - Cash	5.3	0.4	6.0	7.5	1.5	28.3%	2.2	-100.0%	0.7	-33.3%	141.8
Grant Funds - Fund Balance	11.2	4.9	4.4	10.1	5.7	50.9%	(1.1)	-9.6%	(0.4)	-3.2%	144.5
Comm Planng & Econ Dev (CPED) - Cash Total	177.8	210.4	199.9	212.8	12.9	7.3%	35.0	21.1%	11.7	7.0%	212.0
Comm Planng & Econ Dev (CPED) - Fund Bal Total	214.4	245.7	230.5	245.0	14.5	6.8%	30.6	15.1%	10.2	5.0%	244.7
Employee Retirement Funds - Cash	29.0	31.1	36.5	23.1	(13.4)	-46.2%	(5.9)	-22.5%	(2.0)	-7.5%	28.1
Employee Retirement Funds - Fund Balance	29.2	31.3	36.7	36.6	(0.1)	-0.3%	7.4	27.8%	2.5	9.3%	40.0
Other Special Revenue Funds - Cash	0.5	0.5	0.6	0.6	0.0	0.0%	0.1	12.5%	0.0	4.2%	0.3
Other Special Revenue Funds - Fund Balance	0.5	0.5	6.9	0.6	(6.3)	-1260.0%	0.1	20.0%	0.0	6.7%	0.3
Total Special Revenue Funds - Cash	288.5	314.2	288.8	308.7	19.9	6.9%	20.2	7.2%	6.7	2.4%	447.4
Total Special Revenue Funds - Fund Balance	325.5	356.2	342.7	360.8	18.1	5.6%	35.3	10.8%	11.8	3.6%	496.4

* 2017-2020 Overall City Cash Position is the Market Value of cash and cash equivalents as reported in the City of Minneapolis Annual Comprehensive Financial Report (ACFR); does not include approximately \$28.7M invested for General Agency Reserve Fund Systems (GARFS) and \$80.4M invested for Park Board and MBC.

FINANCIAL STRENGTH ANALYSIS - (in millions)					Change Compared to 2019		Total Increase (Decrease) 2017 - 2020		Average Annual Increase (Decrease)		
	2017	2018	2019	2020	\$	%	\$	%	\$	%	2021
INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)											
Engr. Materials & Testing - Cash	1.5	1.6	2.1	1.9	(0.2)	-13.3%	0.4	26.7%	0.1	8.9%	2.0
Engr. Materials & Testing - Net Position	(0.1)	0.4	0.5	0.5	0.0	0.0%	0.6	200.0%	0.2	66.7%	0.5
Equipment Services - Cash	30.4	26.0	33.7	26.7	(7.0)	-23.0%	(3.7)	-13.8%	(1.2)	-4.6%	34.7
Equipment Services - Net Position	74.5	86.2	93.8	93.6	(0.2)	-0.3%	19.1	28.5%	6.4	9.5%	101.5
Property Services - Cash	8.1	9.6	8.2	6.3	(1.9)	-23.5%	(1.8)	-17.5%	(0.6)	-5.8%	8.9
Property Services - Net Position	28.4	32.0	33.9	36.3	2.4	8.5%	7.9	26.4%	2.6	8.8%	38.6
PW Stores - Cash	2.0	3.1	2.5	1.1	(1.4)	-70.0%	(0.9)	-75.0%	(0.3)	-25.0%	1.0
PW Stores - Net Position	5.3	5.6	5.6	5.9	0.3	5.7%	0.6	13.0%	0.2	4.3%	6.7
Intergovernmental Services - Cash	23.6	22.0	15.1	10.7	(4.4)	-18.6%	(12.9)	-41.7%	(4.3)	-13.9%	9.2
Intergovernmental Services - Net Position	47.4	41.2	30.7	22.6	(8.1)	-17.1%	(24.8)	-41.5%	(8.3)	-13.8%	20.3
Self Insurance Fund - Cash	90.0	102.9	93.6	108.1	14.5	16.1%	18.1	22.6%	6.0	7.5%	110.8
Self Insurance Fund - Net Position	23.8	12.4	(20.3)	(97.8)	(77.5)	-325.6%	(121.6)	-573.6%	(40.5)	-191.2%	(95.2)
Total Internal Service Funds - Cash	155.6	165.2	155.2	154.8	(0.4)	-0.3%	(0.8)	-0.5%	(0.3)	-0.2%	166.6
Total Internal Service Funds - Net Position	179.3	177.8	144.2	61.1	(83.1)	-46.3%	(118.2)	-64.6%	(39.4)	-21.5%	72.4
ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)											
Sanitary Sewer - Cash	17.8	4.5	7.4	13.5	6.1	34.3%	(4.3)	-23.5%	(1.4)	-7.8%	15.0
Sanitary Sewer - Net Position	121.2	122.4	129.4	139.4	10.0	8.3%	18.2	15.3%	6.1	5.1%	141.4
Stormwater - Cash	27.1	26.6	33.1	28.7	(4.4)	-16.2%	1.6	4.5%	0.5	1.5%	29.2
Stormwater - Net Position	333.0	339.4	347.2	355.4	8.2	2.5%	22.4	6.8%	7.5	2.3%	351.9
Water Enterprise - Cash	40.1	48.4	46.1	40.8	(5.3)	-13.2%	0.7	1.7%	0.2	0.6%	34.2
Water Enterprise - Net Position	250.8	271.4	283.3	303.3	20.0	8.0%	52.5	22.5%	17.5	7.5%	309.5
Municipal Parking - Cash	26.5	13.8	21.5	6.1	(15.4)	-58.1%	(20.4)	-118.6%	(6.8)	-39.5%	1.2
Municipal Parking - Net Position	212.2	199.9	206.0	191.5	(14.5)	-6.8%	(20.7)	-11.0%	(6.9)	-3.7%	190.2
Solid Waste & Recycling - Cash	24.5	30.5	26.7	16.1	(10.6)	-43.3%	(8.4)	-33.2%	(2.8)	-11.1%	22.3
Solid Waste & Recycling - Net Position	25.3	26.9	30.7	34.9	4.2	16.6%	9.6	37.6%	3.2	12.5%	43.6
Comm Planng & Econ Dev (CPED) - Cash**	1.5	0.1	-	-	-	0.0%	(1.5)	-107.1%	(0.5)	-35.7%	-
Comm Planng & Econ Dev (CPED) - Net Position	40.3	39.1	32.6	27.0	(5.6)	-13.9%	(13.3)	-33.2%	(4.4)	-11.1%	27.0
Total Enterprise Funds - Cash	137.5	123.9	134.8	105.2	(29.6)	-21.5%	(32.3)	-23.0%	(10.8)	-7.7%	101.9
Total Enterprise Funds - Net Position	982.8	999.1	1,029.2	1,051.5	22.3	2.3%	68.7	7.4%	22.9	2.5%	1,063.6
**Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds.											