

**City of Minneapolis  
2012 Budget  
Financial Plan**

**Public Works Stores Fund**

**Background**

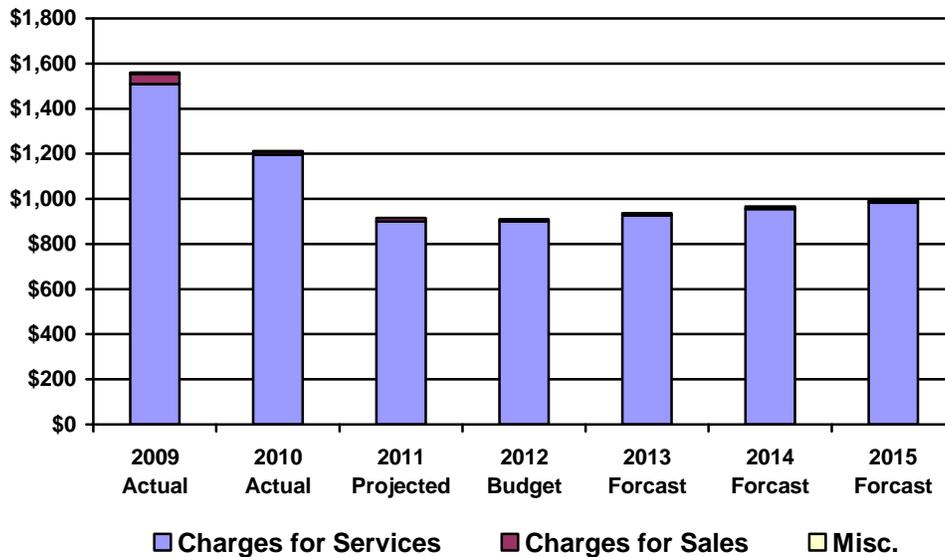
The Public Works Stores Fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items and the purchase of special goods and services through Central Stores and Public Works Traffic stores. In April 2011, Central Stores was transitioned from the Public Works department to become a cost center within the Department of Finance. Central Stores remains an internal service division and transactions are recorded to the Public Works Stores Fund.

**Historical Financial Information**

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

A revised overhead structure implemented in 1998, resulted in positive net income for years 2000 through 2007. For year ending 2009, PW Stores recorded net income of \$318,000. The net income for 2010 was \$20,000.

**Public Works Stores Revenue**  
(in thousands of dollars)



## 2012 Budget

### Revenues

Revenues for 2012 are budgeted at \$910,000, a decrease of 0.5% from the 2011 projected revenue of \$915,000. Revenues for 2012 are not expected to be sufficient to cover expenses of the fund. This deficit is partially due to the large increase in the payment for Minneapolis Employees Retirement Fund (MERF) debt service in 2012. In addition, the fund has experienced a decline in revenue earned from processing orders for goods for City departments. The majority of orders for goods that are not inventoried are processed by the Finance Department.

### Expense

The 2012 expense budget of \$1.2 million is an 11.1% increase from the 2011 projected expense of \$1.1 million. The primary reason is the debt payment related to MERF which increased from \$51,000 in 2011 to \$117,000 in 2012.

### Transfers

The 2012 budget includes a transfer out of \$117,000 for debt service related to the MERF unfunded pension liability. The City will retire bonds related to this debt service in 2012 resulting in substantial savings to the City and creating a large increase in this debt payment for the proprietary funds. The Public Works Stores Fund will use fund balance as the revenue source for this payment.

### Debt Service

This fund does not have long-term debt.

### Net Assets and Cash Balance

The year-end net asset balance for 2010 was \$3.3 million, an increase of \$20,000 from the ending net asset balance of \$3.2 million in 2009. The fund has experienced a negative cash balance since year-end 2006 when the balance was a deficit of \$0.9 million. In 2009, the deficit increased to \$1.6 million and in 2010, the cash balance improved to a deficit of \$826,000.

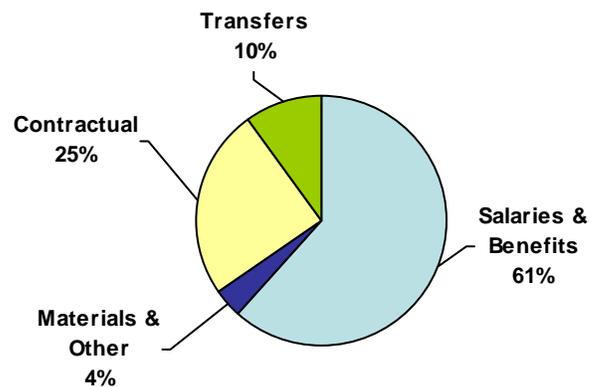
### Mayor's Recommended Budget

The Mayor recommended no changes to this fund.

### Council Adopted Budget

The Council adopted the Mayor's recommendations.

**Public Works Stores Funds  
Use of Funds  
(\$1.2 million)**



**City of Minneapolis**  
**2012 Budget**  
**Financial Plan (in thousand of dollars)**  
**PW Stores Fund - 06300\***

	2009	2010	2011	2011	2012	% Chg	2013	2014	2015
	Actual	Actual	Budget	Projected	Budget	From 2011 Projected	Forecast	Forecast	Forecast
<b>Source of Funds:</b>									
Changes for Services	1,510	1,196	1,087	900	900	0.0%	927	955	983
Charges for Sales	45	15	20	15	10	-33.3%	10	11	11
Misc Revenues	5	1	-	-	-	0.0%	-	-	-
<b>Total</b>	<b>1,560</b>	<b>1,211</b>	<b>1,107</b>	<b>915</b>	<b>910</b>	<b>-0.5%</b>	<b>937</b>	<b>965</b>	<b>994</b>
<b>Use of Funds:</b>									
Salaries and Fringes	811	730	675	680	723	6.4%	745	767	791
Contractual Services	342	376	302	302	293	-2.9%	302	311	320
Materials and Other	55	52	41	25	42	66.6%	43	44	46
Transfers	34	33	51	51	117	129.4%	-	-	-
<b>Total</b>	<b>1,242</b>	<b>1,191</b>	<b>1,069</b>	<b>1,058</b>	<b>1,175</b>	<b>11.1%</b>	<b>1,090</b>	<b>1,122</b>	<b>1,156</b>
<b>Change in Net Assets</b>	<b>318</b>	<b>20</b>	<b>38</b>	<b>(143)</b>	<b>(265)</b>		<b>(152)</b>	<b>(157)</b>	<b>(162)</b>
<b>Net Assets</b>	<b>3,203</b>	<b>3,223</b>	<b>3,261</b>	<b>3,080</b>	<b>2,816</b>		<b>2,663</b>	<b>2,506</b>	<b>2,345</b>
<b>Cash Balance</b>	<b>(1,566)</b>	<b>(826)</b>	<b>(788)</b>	<b>(969)</b>	<b>(1,233)</b>		<b>(1,386)</b>	<b>(1,543)</b>	<b>(1,704)</b>

\* This fund includes Cental Stores (Department of Finance) and Public Works Traffic Stores.