



City of Minneapolis
Financial Status Report as of 4th Quarter 2010
Prepared by the
City of Minneapolis Finance Department
March 28, 2011

City of Minneapolis

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THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analyses of the results of individual funds through December 31, 2010.

This interim financial report has been prepared by the Minneapolis Finance Department. Financial information contained in this report is preliminary and has not been audited, nor is the information contained in this report a complete presentation of all financial activity within the City.

BUSINESS LINE REVIEW

The City's business activities are accounted for in funds and these funds are divided into two major groupings: Governmental funds and Proprietary funds.

Governmental Funds

Governmental Funds account for services and goods provided within the government and are primarily supported either directly or indirectly by taxes. These groupings include the General Fund, Special Revenue Funds, Capital Projects, Debt Services, and Agency Funds. Governmental Funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2010 with a fund balance of \$68.3 million and an operating budget of \$333 million. Since the beginning of the year, the City Council has taken major steps to deal with ongoing financial challenges (including plans to mitigate state aid cuts) as reflected here and in the revised budget.

Through the fourth quarter of this year, the fund has spent 99.53% of its operating budget. Preliminary year-end results indicate the fund balance will be \$61.4 million, slightly over the City's stated reserve policy (15% of Operating Budget or \$58.9 million). Currently, the Civil Rights, Police and Public Works departments have exceeded budgets by relatively small amounts; all other departments have spent within budget. In regard to revenue, Franchise Fees, Licenses & Permits, Fines & Forfeits and Other Misc Revenue fell short of budgeted amounts. All other revenue categories are ending the year very close to budget.

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

The Convention Center loss of \$8.6 million is \$450,000 less than budgeted. While actual revenues were lower than budgeted, decreased operating expenses mitigated much of the difference.

Other Special Revenue Funds are used to record grant related activities. Fund 01300 represents all of the federal grant activity. Fund 01400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing Opportunities for People with Aids. Fund 01600 is used to record all of the non-federal sources of restricted revenue.

The Community Planning and Economic Development (“CPED”) Special Revenue Funds, primarily the Preliminary Planning Fund and their Operating Fund are carrying negative cash and net assets. These deficits are being addressed by CPED and the Finance Department this year and in subsequent budget processes.

Proprietary Funds

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

Internal Service Funds remain one of the largest financial challenges for the City of Minneapolis. An overview of the Internal Service Funds follows:

Internal Service Funds (In Thousands)						
2010 Budget to Actual through 12-31-10						
	Revenue	Revenue	% of Actual	Expense	Expense	% of Actual
Fund	Budget	Actual	to Budget	Budget	Actual	to Budget
Engineering, Mat, and Testing	1,460	1,565	107%	1,413	1,266	90%
Fleet Services	42,697	40,782	96%	41,422	39,218	95%
Property Services	20,808	19,604	94%	21,841	20,875	96%
Public Works Stores	1,153	1,211	105%	1,148	1,166	102%
Intergovernmental Fund	35,533	33,731	95%	37,214	35,900	96%
Self Insurance	30,432	30,256	99%	29,615	27,515	93%

The **Intergovernmental Service Fund** is ending the year with a net loss somewhat larger than budgeted. The main causes are the unfunded wireless obligation and enterprise software maintenance contracts whose year-to-year increases exceed budgetary growth. The BIS and Finance departments have begun to develop short- and long-term strategies to address this problem.

The **Fleet Services Fund** surpassed its net income target for the year. The division’s revenues were lower than budgeted but that shortfall was mitigated by equally lower-than-expected expenses.

The **Self-Insurance Fund** ended the year with operating margin \$1.9 million better than expected. However, once net income was reduced \$4.7 million for the unpaid claims liability, the fund ended 2010 \$2.9 million below budget. The reduction to net income for 2010 is an estimate based on the 2009 actuarial study.

The **Property Services Fund** is ending the year with a net loss greater than what was budgeted. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by the mismatch between the construction of capital assets, which occurs in the Capital Projects fund, and the depreciation expense from those assets which occurs in this fund. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** will exceed its financial targets for the year. Revenue was slightly higher than budgeted and expenses were lower. A net loss was projected, but mostly due to decreased expenses, the fund had positive net income.

Enterprise Funds are City owned businesses that sell goods and services to third parties. A snapshot of these funds follows:

Enterprise Funds						
(In Thousands)						
2010 Budget to Actual through 12-31-10						
	Revenue	Revenue	% of Actual	Expense	Expense	% of Actual
Fund	Budget	Actual	To Budget	Budget	Actual	To Budget
Sanitary Sewer	45,507	48,826	107%	41,814	40,622	97%
Stormwater	34,230	37,720	110%	22,021	20,200	92%
Solid Waste & Recycling	28,982	30,793	106%	33,547	29,652	88%
Water Utility	63,828	65,662	103%	48,446	47,916	99%
Parking	52,736	59,040	112%	40,971	43,771	107%

Sewer Utility Funds account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. Both funds performed well in 2010 and have exceeded their net income requirements. Additionally, the cash balances are within the reserve requirement.

Solid Waste Fund accounts for the City's solid waste collection, disposal, and recycling operations. This fund has exceeded its net income target for 2010. Its cash balance is in excess of the reserve requirement.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The cash balance has improved over 2009 where it had a negative balance.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, and a municipal impound lot. Through the fourth quarter, the fund performed well and has exceeded its net income targets at year-end. Its cash balance is currently in excess of the stated requirement. This fund will be watched closely by Public Works and Finance as cash flow remains a concern because of large debt service obligations.

CPED operates five Enterprise Funds:

- *Housing Development* accounts for various home ownership and home improvement programs. While expected to have negative income, this fund does have positive cash and net assets.
- *General Agency Reserve* accounts for a program in which revenue bonds are issued to finance economic development. The debt service is financed by lease or loan agreements from developers. This fund has positive cash and net assets.
- *Theatres fund* accounted for the operations of the State, Orpheum and Pantages. The City no longer operates these theatres but it has a residual fund balance and cash deficit of \$2 million.
- *River Terminal* fund accounts for the operation of the public terminal facility located on the Mississippi River; the fund will lose money in 2010 and continues to have a small cash deficit.
- *Economic Development Program* accounts for the Capital Investment Fund Program with the Federal Home Loan Bank, which provides loans to businesses for economic development and the creation of jobs, as well as for certain defaulted properties. This program has positive cash.

Respectfully Submitted,

Heather Johnston
Interim Finance Officer

LeaAnn Stagg
Interim Controller/Director of Treasury

Appendix

Detailed Fund Information

General Fund

Fund Description

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

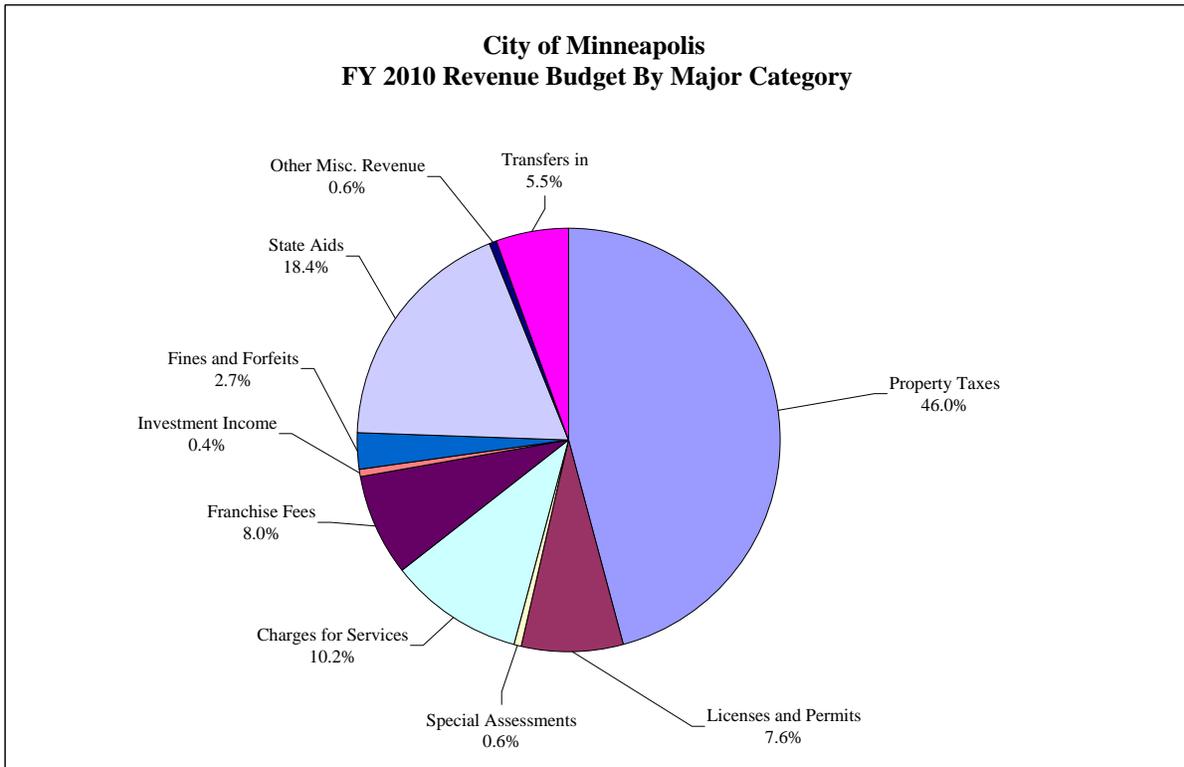
Financial Performance

The fund balance for the General Fund at fiscal year-end 2009 was \$68.3 million. The fund balance at year-end 2010 is \$61.4 million. The City's policy is to maintain a fund balance equal to at least 15% of the following year's revenue estimate. Based on the 2011 budget, our target for year-end fund balance is \$58.9 million.

Preliminary 2010 Fund Balance

Fund Balance January 1, 2010	\$ 68.3 million
Re-appropriation of 12/31/2009 Fund Balance	(11.7) million
2010 increase in Fund Balance	<u>4.8 million</u>
Fund Balance, December 31, 2010	<u>\$ 61.4 million</u>

General Fund Revenues:



The six largest revenue sources account for 95.5% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, licenses and permits, and transfers in.

Property taxes, the major source of General Fund revenue, were \$2.7 million higher than budget. This was due to a larger percentage of delinquent property taxes collected in 2010.

State aids, the second major source of fund revenue, were \$1.1 million over the estimated revenue budget. This was primarily due to an increase in Municipal State Aid.

Charges for services, the third major source of fund revenue (10.2%), were at budget.

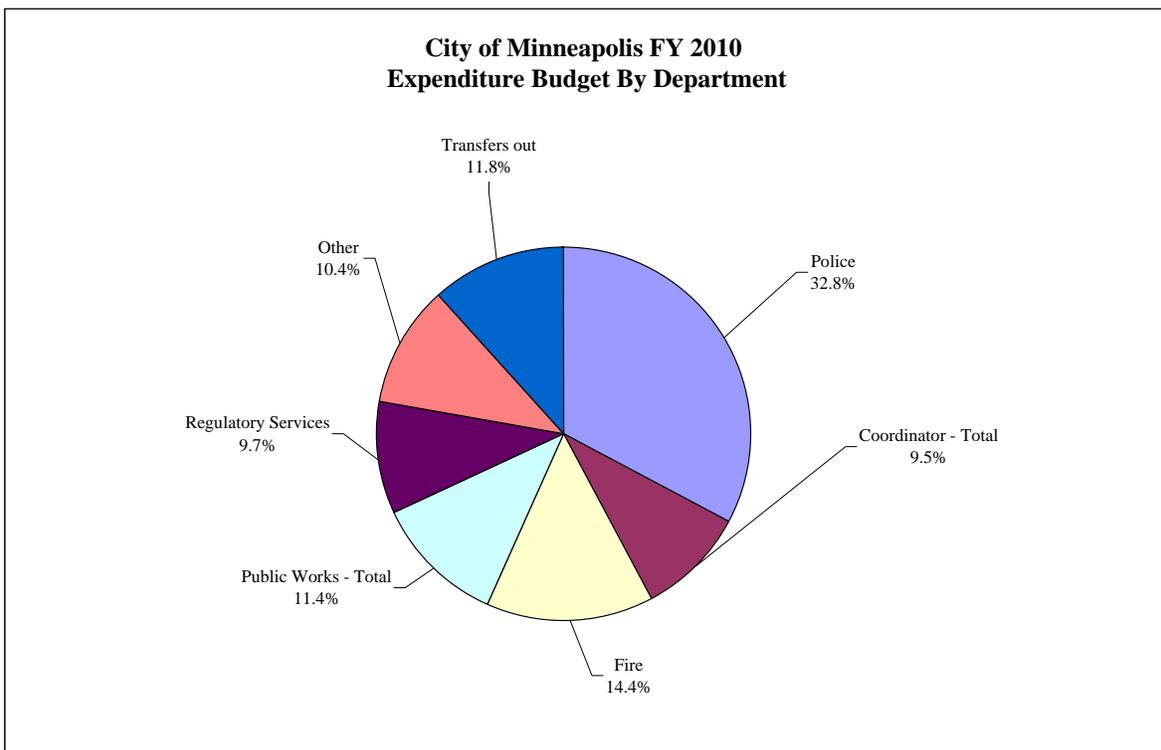
Franchise fees, the fourth major source of revenue were \$1.5 million under revenue estimates. This was due to an ongoing decrease in natural gas franchise fees which came in \$2.9 million under the estimate.

License and permit fees were less than budgeted amounts by \$1 million, due to the economy. Of the million, \$572,000 was due to street use permits in the Public Works department, and the rest were for various permits, of which \$364,000 were in the Fire Department, and \$77,000 in the CPED department.

Transfers in were in excess of revenue estimates by \$2.6 million, attributable to an increase in entertainment tax transferred from the Convention Center Fund.

Fines and Forfeits collections were under revenue estimates by \$1 million, despite an increase in the number of citations written in comparison to 2009. The Police Department had \$750,000 of the total, and Regulatory Services Traffic Control had the remaining \$250,000. Regulatory Services had higher than budgeted revenue in other departments which compensated for this shortfall.

General Fund Expenditures:



Five departments make up 77.8% of the total General Fund expenditures: Police, Coordinator, Fire, Public Works, and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

The Police Department ended the year \$195,529 over budget. This was due to an accrual of \$526,000 for Fair Labor Standards Act (FLSA) statutory overtime retro pay for the years 2008-2010.

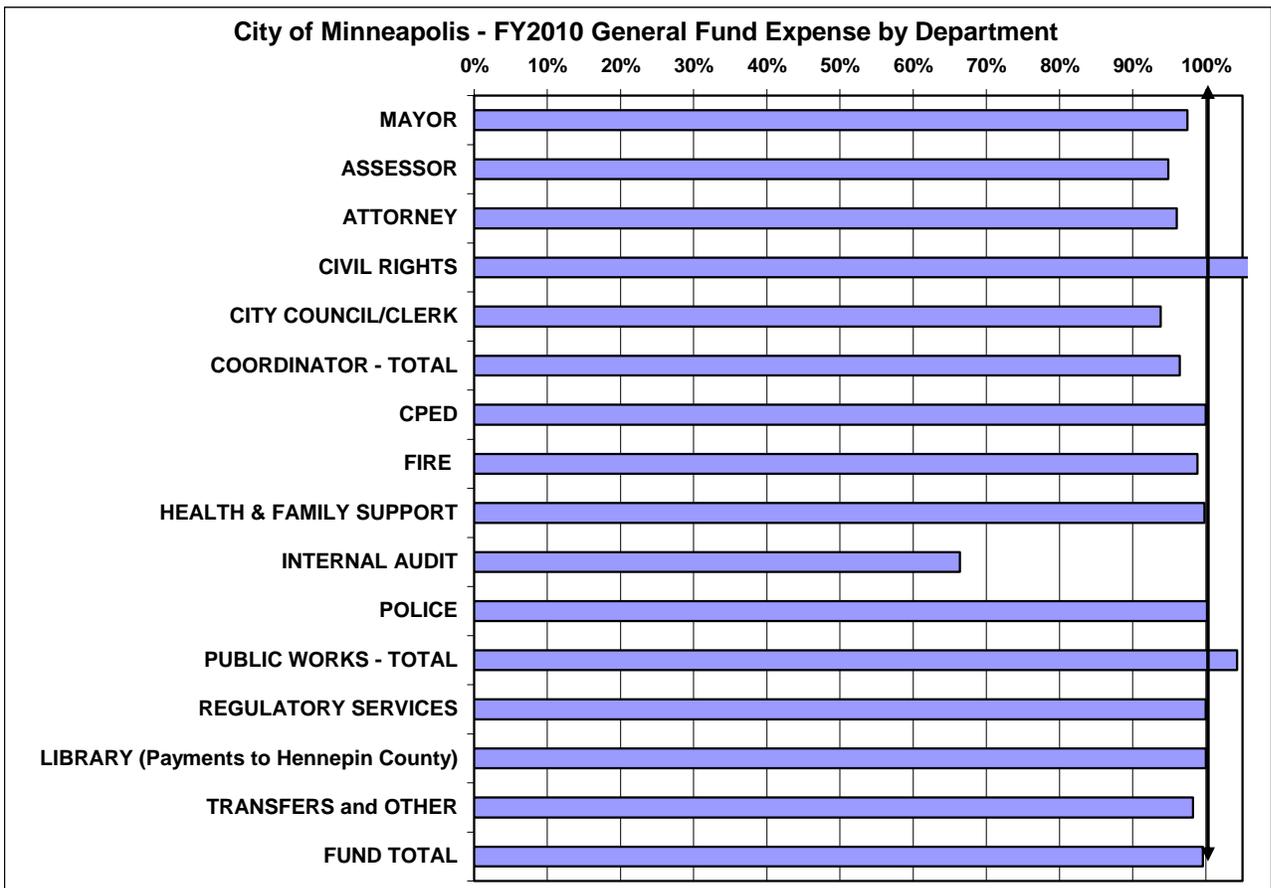
The Fire Department had \$611,540 remaining in their budget at year end. This is what remains after a one-time increase in appropriation from contingency funds of \$2 million to be used through December, 31, 2011.

The expenditures of the City Coordinator are \$1.2 million under budget.

The Public works department ended the year \$1.8 million over budget, due to increased expense for snow plowing primarily at the end of the year.

Regulatory Services ended the year at budget. A \$1.9 million excess was transferred to the Land Management computer project.

The Civil Rights department exceeded budget by \$234,035. This was due to severance paid to the former director, unemployment expense, and continued costs of the Disparity Study.



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

**City of Minneapolis
General Fund
December 31, 2010**

Revenues:	Original Budget	Revised Budget	YE Actual	Revised Budget to Actual	Percent Variance
Property Taxes	172,921,479	167,722,550	170,392,767	2,670,217	2%
State Aids	70,648,608	67,312,204	68,442,258	1,130,054	2%
Charges for Services	34,913,426	37,322,471	37,302,782	(19,689)	0%
Franchise Fees	29,110,000	29,110,000	27,626,629	(1,483,371)	-5%
Licenses and Permits	28,902,083	27,558,853	26,540,842	(1,018,011)	-4%
Fines and Forfeits	9,829,727	9,829,727	8,825,284	(1,004,443)	-10%
Special Assessments	2,344,804	2,284,804	2,792,474	507,670	22%
Investment Income	1,500,000	1,500,000	1,843,875	343,875	23%
Other Shared Taxes	733,318	733,318	1,038,177	304,859	42%
Other Miscellaneous	923,587	995,696	821,282	(174,414)	-18%
Contributions	450,000	450,000	492,246	42,246	9%
Total Revenues	352,277,032	344,819,623	346,118,617	1,298,994	0%
Transfers In	19,926,000	20,076,000	22,672,929	2,596,929	13%
Revenues and Other Sources	372,203,032	364,895,623	368,791,546	3,895,923	1%
Expenditures :					
Police	123,619,444	123,825,717	124,021,246	(195,529)	0%
Fire	53,766,510	54,416,674	53,805,134	611,540	1%
Coordinator - Total	34,745,983	35,716,494	34,438,252	1,278,242	4%
Public Works - Total	39,904,527	42,809,195	44,641,430	(1,832,235)	-4%
Regulatory Services	37,156,519	36,471,455	36,454,654	16,801	0%
Attorney	7,730,942	7,809,136	7,498,139	310,997	4%
City Council & City Clerk	7,609,100	7,564,991	7,098,049	466,942	6%
Culture and Recreation -Library	6,721,000	6,746,727	6,746,727	-	0%
Contingency	6,573,980	2,573,980	1,785,621	788,359	31%
Assessor	3,985,805	4,146,272	3,932,902	213,370	5%
CPED	3,548,848	3,533,893	3,532,651	1,242	0%
Health & Family Support	3,389,367	3,319,370	3,312,791	6,579	0%
Civil Rights	2,029,235	2,034,546	2,268,591	(234,045)	-12%
Mayor	1,482,366	1,531,598	1,493,086	38,512	3%
Internal Audit	200,000	320,000	212,431	107,569	34%
Total Expenditures	332,463,626	332,820,048	331,241,704	1,578,344	0%
Transfers Out	39,737,631	44,498,421	44,454,701	43,720	0%
Expenditures and Other Uses	372,201,257	377,318,469	375,696,405	1,622,064	0%
Change in Fund Balance			(6,904,859)		
Fund Balance - January 1, 2010			68,266,733		
Fund Balance - December 31, 2010			61,361,874		

Convention Center Special Revenue Fund Report

The Convention Center Fund accounts for the operating activities of the Convention Center and for the City's sales and other related taxes.

Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 2.625% citywide lodging tax for motels and hotels with 50 units or more. With the new state tax of .375% effective July 1, 2009, the lodging tax was reduced from 3% to 2.625%. The law provides that when the general sales tax rate is combined with any other taxes on lodging within the city of Minneapolis, the total tax amount may not exceed 13%. Presently, up to 1% of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis.

With the exception of entertainment tax, all of the other tax revenue received by the Convention Center are used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund used to offset additional costs associated with citywide entertainment activities. A portion of the tax is redirected to the (Target Center) Arena Reserve Fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the (Target Center) Arena Reserve finance plan. The entertainment tax is not deposited directly into the General Fund because it is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient.

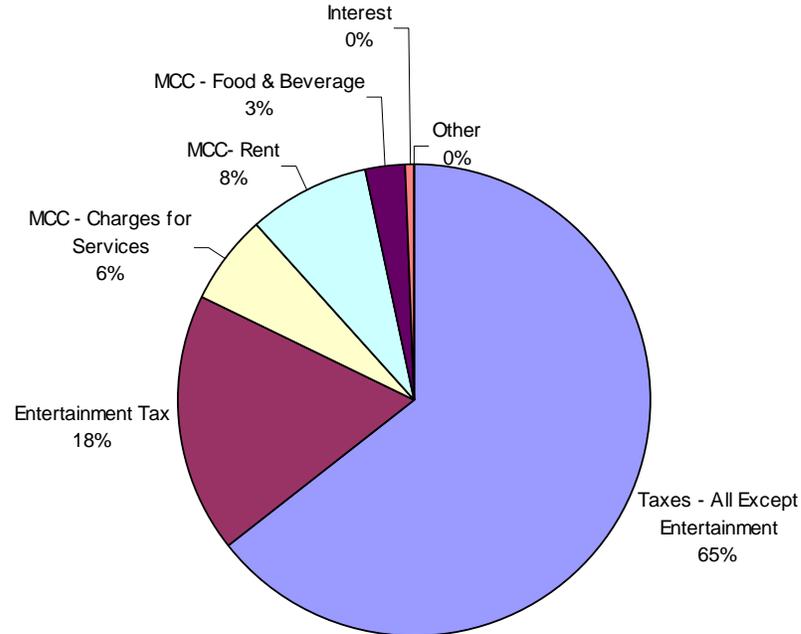
Through the 4th quarter ending December 31, 2010, tax proceeds were above 2009 levels by 11.7% for the same period. The Twins Ballpark (Target Field) opened in 2010, and there is lot of interest concerning the impact of the Twins Ballpark on the tax revenue; particularly entertainment tax generated from the ballpark. The 2010 entertainment tax exceeded 2009 levels by 45.2 %, which can be largely attributed to the Twins Ballpark. Tax revenue is receipted into the month it is received from the State of Minnesota and is variable from month to month. Tax revenue is consumer driven and based on consumer spending habits.

Tax	December 2009	December 2010	Variance	% Change
Sales	\$26,469,720	\$27,265,504	\$795,784	3.0%
Entertainment	9,071,654	13,174,564	4,102,910	45.2%
Food	9,886,796	10,490,808	604,012	6.1%
Liquor	3,769,455	4,585,688	816,233	21.7%
Lodging	5,670,600	5,790,390	119,790	2.1%
Total	\$54,868,225	\$61,306,954	\$8,438,729	11.7%

Operating Revenue

Through the 4th quarter of 2010, operating revenue finished the year \$1.9 million below or at 87% of the 2010 budget. Rents and Commissions had the strongest finish at 96% followed by Charges for Services and Sales and Catering Commissions which came in at 81% and 79% respectively. Due to an unforeseen large construction project, much of the building was closed in December, and short term options for revenue generation weren't available due to the building closure. As the Convention Center prepares for 2011, Convention Center Management will begin some systematic changes to operations to better support revenue generation and drive more business to the Convention Center through sales and marketing efforts led by Meet Minneapolis.

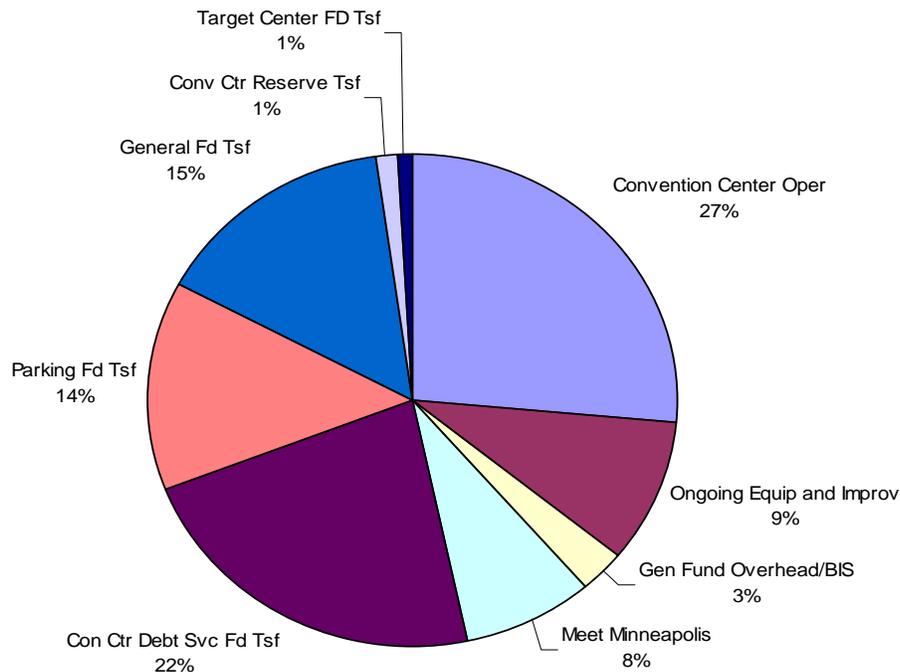
**Convention Center Revenue Source
4th Quarter 2010**



Operating Expenditures

Through the 4th quarter of 2010, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead were at \$22.4 million and nearly \$3.4 million or 87% of budget. Overall, operating expenses remained consistent with 2009 expenses, but with some large 2010 projects the Convention Center saw significant increases to Ongoing Equipment and Improvement. The Convention Center's smaller event load in the fourth quarter allowed them to complete large, unplanned projects to the roof. Energy efficiency practices put in place in 2009 were continued, and the Convention Center realized savings in contractual services. Personnel expenses were reduced in 2010, and the Convention Center saw the financial benefits of layoffs and restructuring that happened in late 4th quarter of 2009. Tight staffing practices that work to have the "right amount" of staff on site showed promise of savings in 2009 and were continued. Two executive positions which were vacant have been filled.

**Convention Center Expenditures & Transfers
4th Quarter 2010**



Transfers - The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2010, transfers were budgeted to the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and debt service. The 2010 transfers included \$706,000 to the Target Center, \$12.7 million to the General Fund for entertainment tax and mounted patrol, a \$150,000 net transfer to the Convention Center Facility Reserve Fund, \$19.1 million to debt service, and \$11.5 million to parking. The General Fund transfer finished the year \$2.2 million over budget. The General Fund received additional funds largely as the result of better than expected entertainment tax revenue received from Target Field, and the Target Center earned less entertainment tax revenue than expected, increasing the General Fund's portion of entertainment tax revenue.

Meet Minneapolis - In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project in 2005. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. The City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of \$10 million. The loan draws were capped in May 2007. The consolidated loan has a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, and profit from the iDSS. The total of the loan was nearly \$9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments began on 12/31/08. Interest and principal payments coincide with Meet Minneapolis's quarterly Sales and Marketing payments from the City. Meet Minneapolis's quarterly Sales and Marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The principle is accounted for on the balance sheet as a loan receivable while the interest received is classified as revenues in the period in which it is due.

Fund Balance - The 2010 ending fund balance is \$40 million, which is approximately \$451,000 above the 2010 budget, and nearly an \$8.6 million reduction from 2009. The decrease for the most part can be attributed to 2010 increases in transfers over 2009.

CONVENTION CENTER SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the fiscal quarter ending December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

	2010			2009 Actual
	Budget	Actual	Percent of Total	
REVENUE				
Operating Revenue:				
Charges for Services and Sales	5,585,000	4,499,809	81%	4,583,253
Rents and Commissions	6,432,411	6,203,352	96%	6,410,144
Catering Commissions	2,750,000	2,162,574	79%	2,367,179
Total Operating Revenue	14,767,411	12,865,735	87%	13,360,576
Tax Revenue:				
Sales and Use Tax	30,237,500	27,265,504	90%	26,469,720
Entertainment Tax	11,752,620	13,174,564	112%	9,071,654
Food Tax	10,300,000	10,490,808	102%	9,886,796
Liquor Tax	3,965,500	4,585,688	116%	3,769,455
Lodging Tax	6,180,000	5,790,390	94%	5,670,601
Total Tax Revenue	62,435,620	61,306,954	98%	54,868,226
Other Non Operating Revenue:				
Investment Management Services Interest	730,000	341,632	47%	400,675
Investment Income	20,000	-	0%	-
Meet Minneapolis Private Donations	-	-	0%	75,000
Meet Minneapolis (iDSS) Loan Interest	402,611	402,611	100%	435,261
Revenue from Trusts	-	-	0%	159,573
Damage Claims	-	282,028	0%	-
Other	20,000	46,360	232%	31,804
Total Other Non Operating Revenue	1,172,611	1,072,631	91%	1,102,313
Total Non Operating Revenue	63,608,231	62,379,585	98%	55,970,539
Total Revenue	78,375,642	75,245,320	96%	69,331,115
EXPENDITURES				
Convention Center Operations	25,810,076	22,426,941	87%	22,476,668
Ongoing Equipment and Improvement	8,371,802	7,989,708	95%	2,449,811
General Fund Overhead/BIS Operating	2,240,319	2,240,319	100%	2,140,000
Meet Minneapolis	7,300,000	6,975,675	96%	7,507,236
Total Expenditures	43,722,197	39,632,643	91%	34,573,715
Excess of Revenues Over (Under) Expenditures	34,653,445	35,612,677	103%	34,757,400
OTHER FINANCING SOURCES (USES)				
General Fund Transfer	(10,503,000)	(12,718,709)	121%	(8,033,963)
Arena Reserve Fund Transfer	(1,500,000)	(705,855)	47%	(1,037,691)
Facility Reserve Fund Transfer	1,000,000	1,000,000	100%	1,000,000
Convention Center Reserve Fund Transfer	(1,150,000)	(1,150,000)	100%	(1,150,000)
Convention Ctr Debt Service Transfer	(20,151,000)	(19,036,648)	94%	(15,174,216)
Other Debt Service Transfer	(73,000)	(73,000)	100%	(75,000)
Municipal Parking Enterprise Fund Transfer	(11,342,685)	(11,543,915)	102%	(9,969,000)
Total Other Financing Sources (Uses)	(43,719,685)	(44,228,127)	101%	(34,439,870)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,066,240)	(8,615,450)		317,530
Fund Balance - January 1	48,624,360	48,624,360		48,306,828
Ending Fund Balance	39,558,120	40,008,910		48,624,360
Ending Cash Balance		21,078,511		27,776,550

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending December 31, 2010

The City receives a number of state and federal grants that are recorded in the Federal (01300), Community Development Block Grant (CDBG) (01400), HOME (01500) and Grants Other (01600) funds. These grants have varying grant periods and are used for a range of purposes.

Since the City records its financial information on a modified accrual basis the timing of cash receipts can result in grant funds reflecting a deficit cash balance. For annual reporting purposes, cash deficits are eliminated through inter fund borrowing.

Federal Grants Fund (01300)

The City accounts for its federal grant activity in fund 01300. As of December 31, expenditures were \$39,317,646 as compared to the 2009 expenditures of \$23,930,463. There are significant increases in spending in Police, Regulatory Services, and Community Planning and Economic Development as compared to the same period last year due primarily to recovery grant expenditures.

American Recovery and Reinvestment Act (ARRA)

On February 17, 2009, the President signed the American Recovery and Reinvestment Act into law. The City has to date applied for \$144.4 million. The City has received recovery funding from the Departments of Labor, Health and Human Services, Housing and Urban Development, Energy, Justice, and Transportation as well as the State of Minnesota totaling approximately \$64.9 million to be used for employment and training, prenatal services, community development, homelessness prevention and housing, public safety, energy, and environmental projects. The majority of the activity is recorded in fund 01300, however some activity related to the HUD Consolidated Plan is recorded in fund 01400. The amounts above include a \$10 million grant from the Federal Highway Administration for refurbishing the Camden Bridge that was accounted for in fund 04100. The bridge was closed for the restoration but reopened to traffic on August 21, 2010 and is scheduled to be completed in 2011.

CDBG Fund (01400)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. HUD grant expenditures as of December 31 were \$31,232,680 as compared to \$18,126,407 for 2009. In 2009 there were three amendments to an existing 2008 HUD Consolidated Plan. The first amendment awarded \$5.6 million of Neighborhood Stabilization Program (NSP) funds to address the effects of abandoned and foreclosed homes in our communities. The second amendment added \$5,520,902 of ARRA funding for the Homelessness Prevention and Rapid Re-Housing Program. The final amendment was for \$3.6 million of CDBG Recovery funds that was awarded to nine capital projects including \$2 million to the Shubert Theater. The increase in expenditures is primarily attributable to these new programs.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City

over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive additional CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. In 2008 in accordance with the reprogramming policy an additional approximate \$950,000 was reprogrammed resulting in a new deficit balance of \$5,171,444. Additional reprogramming in 2010 has brought the amount deficit balance to \$4,828,893.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The year to date expenditures as of December 31, 2010 and 2009 is \$29,923,963 and \$18,308,227, respectively. The year to date revenue in the fund as of December 31, 2010 and 2009 is \$30,172,947 and \$22,437,865, respectively. The increase is primarily due to new local grants in Health and Family Support, Community Planning and Economic Development, and Revolving Fund revenues.

Regulatory Services Revolving Fund

In 2008, Regulatory Services established a revolving fund and began accounting for the activities in fund 01600. Thus far in 2010, the following non-grant revenue has been recognized in fund 01600:

Special Assessments	\$5,233,620
Fees, License, Registrations, & Permits	\$ 902,026
False Burglar Alarm Fees	\$ 530,381
Re Inspection Fees	\$ 59,650
Truth-in-Housing Fees	\$ 151,375
Water Shut Off	\$ 89,800
Forfeited Deposits	\$ 133,800
Penalties	\$ 144,324
Citations	<u>\$ 86,620</u>
	<u>\$7,331,596</u>

The excess revenue over expenditures for this program from inception in 2008 is approximately \$6,775,000 as of December 31, 2010.

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 Minnesota Department of Transportation, Metropolitan Council, and Housing and Urban Development. These grants are generally recorded in the Capital Projects fund, 04100.

Special Revenue Funds
Grant Funds
Quarter Ending December 31, 2010

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	\$ 57,464	\$ 140,557	\$ 90,733	\$ 288,754
Accounts - net	776,842	38,373	17,568	832,783
Special Assessments Receivable		24,928	1,320,233	1,345,161
Intergovernmental Receivables	11,327,668	7,569,311	2,875,703	21,772,682
Loans receivable-net				0
Due from Other Funds		27,399	12,100,000	12,127,399
Deposits with Fiscal Agents			242,544	242,544
Properties held for resale	906,138	6,433,642	2,196,750	9,536,530
Total Assets	\$ 13,068,112	\$ 14,234,210	\$ 18,843,531	\$ 46,145,853
Liabilities				
Salaries payable	\$ 107,109	\$ 53,586	\$ 149,536	\$ 310,231
Accounts payable	1,883,564	1,321,916	2,618,900	5,824,380
Inter Governmental Payables	11,493		22,336	33,829
Due to Other Funds	7,315,934	6,398,585	141,746	13,856,265
Use Taxes Payable	1,046	1,553	11,897	14,496
Deposits held for others				0
Deferred revenue & Contracts	2,842,830		4,814,579	7,657,409
Deferred Special Assessments	-	24,928	1,199,264	1,224,192
Total Liabilities	\$ 12,161,976	\$ 7,800,568	\$ 8,958,258	\$ 28,920,802
Fund Balance	\$ 906,138	\$ 6,433,642	\$ 9,885,273	\$ 17,225,053
Total Liabilities and Fund Balance	\$ 13,068,114	\$ 14,234,210	\$ 18,843,531	\$ 46,145,855
Revenue				
Taxes-Charitable Gambling			\$ 22,557	\$ 22,557
Grants and Shared Revenues	\$ 38,645,285	\$ 30,762,243	21,271,693	90,679,221
Loan Origination Fees		2,450		2,450
Special Assessments		91,089	5,233,620	5,324,709
Private Contributions			1,059,263	1,059,263
Charges for Services		24,890	419,142	444,032
Fees, License, Registrations & Permits			902,026	902,026
False Burglar Alarm Fees			530,381	530,381
Penalties			144,324	144,324
Citations			86,620	86,620
Reinspection Fees			59,650	59,650
Truth-in-Housing Fees			151,375	151,375
Water Shut Off Inspection			89,800	89,800
Forfeited deposits			133,800	133,800
Interest	4,990	153,551	299	158,840
Rent & Commissions		10,785		10,785
Lands & Buildings	650,213	(21,163)		629,050
Loan Recapture	17,158	210,074		227,232
Sale of Equipment				0
Miscellaneous Revenue		(1,239)	68,397	67,158
Transfer within Special Revenue Fund			-	0
Total Revenue	\$ 39,317,646	\$ 31,232,680	\$ 30,172,947	\$ 100,723,273
Expenditures	\$ 39,317,646	\$ 31,232,680	\$ 29,923,963	\$ 100,474,289
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 248,984	\$ 248,984

**CDBG Program Year 36
Beginning June 1, 2010
December 31, 2010**

Project Number	Project	Adopted Budget 2009R-586	Adjustment Amount	Program Income	Department Actions	2010			
						Revised Budget	Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
	Problem Properties Attorneys	\$ 38,000		\$ -	-	\$ 38,000	\$ 9,491	\$ 9,491	\$ 28,509
	Personal Protective Equipment	694,000		-	-	694,000	126,240	126,240	567,760
	Problem Properties Police	53,000		-	-	53,000	-	-	53,000
	Lead Reduction	125,000		-	-	125,000	-	-	125,000
	Problem Properties Board Bldg	348,000		-	-	348,000	-	-	348,000
	Adult Training, Placement and Retention	982,000		-	-	982,000	55,842	55,842	926,158
	High density corridor housing	730,000		-	-	730,000	-	-	730,000
	NonProfit MF Rental Development Assistance	166,000		-	-	166,000	-	-	166,000
	Homeownership Program (GMMHC)	334,000		-	-	334,000	172,310	172,310	161,690
	Multi-Family/Affordable Housing	3,703,000	308,189	-	-	4,011,189	628,730	628,730	3,382,459
	NEDF/CEDF	1,500,000		-	-	1,500,000	259,415	259,415	1,240,585
	Vacant & Boarded Housing	782,000		-	-	782,000	668,582	668,582	113,418
	Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ -	-	\$ 9,763,189	\$ 1,920,610	\$ 1,920,610	\$ 7,842,579
Public Service Grants:									
	Restorative Justice Programs	\$ 20,000		\$ -	-	\$ 20,000	\$ -	\$ -	\$ 20,000
	Community Crime Prevention Specialists	880,000		-	-	934,386	587,212	587,212	347,174
	Access & Outreach (Multicultural Affairs)	121,000	54,386	-	-	121,000	7,823	7,823	113,177
	Living at Home Block Nurse Program	49,000		-	-	49,000	1,844	1,844	47,156
	Catholic Charities	49,000		-	-	49,000	-	-	49,000
	Centro Cultural Chicano Inc	33,000		-	14,000	47,000	-	-	47,000
	Curfew/Truancy Center	100,000		-	-	100,000	99,243	99,243	757
	Greater Minneapolis Council of Churches	26,000		-	(25,000)	1,000	-	-	1,000
	Lao Assistance Center of MN	49,000		-	-	49,000	-	-	49,000
	Minnesota International Health Volunteers	49,000		-	-	49,000	-	-	49,000
	MPS Teenage Parenting & Pregnancy Program	49,000		-	4,000	53,000	-	-	53,000
	Minneapolis Urban League	49,000		-	7,000	56,000	13,343	13,343	42,657
	Southside Community Health Ser	47,000		-	-	47,000	-	-	47,000
	Way to Grow	262,000		-	-	262,000	109,284	109,284	152,716
	Youth Employment & Training	328,000		-	-	328,000	133,147	133,147	194,853
	Subtotal Public Service Grants	\$ 2,111,000	\$ 54,386	\$ -	-	\$ 2,165,386	\$ 951,896	\$ 951,896	\$ 1,213,490
Administrative Grants:									
	YCB Administration	\$ 66,000		\$ -	-	\$ 66,000	\$ 64,803	\$ 64,803	\$ 1,197
	Civil Rights Dept Fair Housing	365,000		-	-	365,000	18,620	18,620	346,380
	Finance Administration	196,000		-	-	196,000	-	-	196,000
	MPH Citizen Participation	68,000		-	-	68,000	-	-	68,000
	Grants & Special Projects	190,000		-	-	190,000	48,982	48,982	141,018
	Housing Discrimination Law Project-Legal Aid	54,000		-	-	54,000	31,500	31,500	22,500
	Homeless Initiative	77,000		-	-	77,000	27,177	27,177	49,823
	Grant Administration	68,000		-	-	68,000	28,271	28,271	39,729
	Neighborhood Services	72,000		-	-	72,000	16,021	16,021	55,979
	Way to Grow Administration	26,000		-	-	26,000	10,830	10,830	15,170
	YCB Youth Violence Prevention	121,000		-	-	121,000	51,222	51,222	69,778
	Citizen Participation	233,000		-	-	233,000	30,068	30,068	202,932
	Legal Aid Society	34,000		-	-	34,000	-	-	34,000
	Planning - Administration	941,000		-	-	941,000	529,241	529,241	411,759
	Subtotal Administrative Grants	\$ 2,511,000	\$ -	\$ -	-	\$ 2,511,000	\$ 856,735	\$ 856,735	\$ 1,654,265
	Block E Deficit Reduction	-		-	-	-	-	-	-
	GRAND TOTAL	\$ 14,077,000	\$ 362,575	\$ -	-	\$ 14,439,575	\$ 3,729,241	\$ 3,729,241	\$ 10,710,334

CDBG Program Year 35
Beginning June 1, 2009
December 31, 2010

Project Number	Project	Budget	Program Income	Department Actions	Revised Budget	2010		Remaining Grant Budget
						Expenditures	Grant to Date Expenditures	
Capital Grants:								
	General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ -	\$ 219,000	\$ 141,795	\$ 141,795	\$ 77,205
	Problem Properties Attorneys	38,000	-	-	38,000	25,326	38,000	-
	Problem Properties Police	53,000	-	-	53,000	-	-	53,000
	Lead Reduction	125,000	-	-	125,000	7,146	7,146	117,854
	Problem Properties Board Bldg	348,000	-	-	348,000	371,199	443,529	(95,529)
	Childcare Facilities Loan/Grant	225,000	-	-	225,000	-	-	225,000
	Adult Training, Placement and Retention	511,000	-	-	511,000	388,199	511,000	-
	High density corridor housing	730,000	-	-	730,000	494,696	494,696	235,304
	NonProfit MF Rental Development Assistance	166,000	-	-	166,000	42,000	42,000	124,000
	Homeownership Program (GMMHC)	374,000	1,472,000	-	1,806,000	972,444	972,444	833,556
	Multi-Family/Affordable Housing	5,715,000	2,014,000	-	7,729,000	3,005,584	3,005,584	4,723,416
	Vacant & Boarded Housing	569,000	500,000	-	1,069,000	525,577	1,092,521	(23,521)
	Subtotal Capital Grants	\$ 9,033,000	\$ 3,986,000	\$ -	\$ 13,019,000	\$ 5,973,966	\$ 6,748,715	\$ 6,270,285
Public Service Grants:								
	Multi Cultural & Native American Indian	\$ 121,000	\$ -	\$ -	\$ 121,000	\$ 113,177	\$ 121,000	\$ -
	Graffiti Removal on Public Property	86,000	-	-	86,000	66,473	66,473	19,527
	Catholic Charities	69,000	-	-	69,000	44,297	44,297	24,703
	Centro Cultural Chicano Inc	47,000	-	-	47,000	41,351	54,664	(7,664)
	Greater Minneapolis Council of Churches	36,000	-	(36,000)	-	3,361	12,482	(12,482)
	Juvenile Supervision Center	100,000	-	-	100,000	69,509	99,865	135
	Lao Family Community	69,000	-	-	69,000	39,052	46,185	22,815
	Living at Home Block Nurse Program	69,000	-	20,000	89,000	63,731	80,770	8,230
	Minneapolis Urban League	69,000	-	-	69,000	81,919	89,372	(20,372)
	Minnesota International Health Volunteers	69,000	-	-	69,000	33,524	41,583	27,417
	MPS Teenage Parenting & Pregnancy Program	69,000	-	16,000	85,000	79,805	79,805	5,195
	Southside Community Health Services	66,000	-	-	66,000	63,062	63,062	2,938
	Youth are Here Busses	51,000	-	-	51,000	-	-	51,000
	Way to Grow	262,000	-	-	262,000	176,377	262,000	-
	Advocacy (Housing)	82,000	-	-	82,000	15,587	81,999	1
	Mortgage Foreclosure Prevention Program	140,000	-	-	140,000	-	137,000	3,000
	Youth Employment & Training	458,000	-	-	458,000	330,144	458,000	-
	Subtotal Public Service Grants	\$ 1,863,000	\$ -	\$ -	\$ 1,863,000	\$ 1,221,369	\$ 1,738,557	\$ 124,443
Administrative Grants:								
	MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ 68,000	\$ 64,044	\$ 84,306	\$ (16,306)
	YCB Administration	66,000	-	-	66,000	-	64,803	1,197
	Civil Rights Dept Fair Housing	365,000	-	-	365,000	356,120	364,561	439
	Grants & Special Projects	189,710	-	-	189,710	138,802	185,130	4,580
	Homeless Initiative	77,000	-	-	77,000	49,823	77,000	-
	Housing Discrimination Law Project-Legal Aid	54,000	-	-	54,000	22,500	54,000	-
	Finance Administration	196,000	-	-	196,000	40,845	40,845	155,155
	Grant Administration	68,000	-	-	68,000	57,428	69,541	(1,541)
	Neighborhood Services	72,000	-	-	72,000	23,398	75,770	(3,770)
	Way to Grow Administration	26,000	-	-	26,000	17,332	26,000	-
	YCB Youth Violence Prevention	121,000	-	-	121,000	67,106	121,000	-
	Citizen Participation	233,000	-	-	233,000	194,894	194,894	38,106
	Legal Aid Society	34,000	-	-	34,000	-	-	34,000
	Program Admin	62,000	-	-	62,000	62,000	62,000	-
	Planning - Administration	879,000	-	-	879,000	445,745	879,000	-
	Subtotal Administrative Grants	\$ 2,510,710	\$ -	\$ -	\$ 2,510,710	\$ 1,540,037	\$ 2,298,850	\$ 211,860
GRAND TOTAL								
	Block E Deficit Reduction	\$ 13,406,710	\$ 3,986,000	\$ -	\$ 17,392,710	\$ 8,735,372	\$ 10,786,122	\$ 6,606,588

CDBG Program Year 34
Beginning June 1, 2008
December 31, 2010

Project Number	Project	Budget	Reduction Amount	Program Income	Department Actions	Revised Budget	2010		Grant to Date Expenditures	Remaining Grant Budget
							Expenditures	Expenditures		
Capital Grants:										
	General Housing Rehabilitation-MPHA	\$ 218,000	\$ -	\$ -	\$ -	\$ 218,000	\$ 201,193	\$ 342,216	\$ (124,216)	
	Problem Properties Attorneys	38,300	-	-	-	38,300	1,410	38,300	-	
	Problem Properties Police	52,700	-	-	-	52,700	-	52,700	52,700	
	Lead Reduction	125,000	-	-	-	125,000	23,526	138,946	(13,946)	
	Problem Properties Board Bldg	348,000	-	-	-	348,000	13,661	361,661	(13,661)	
	Childcare Facilities Loan/Grant	224,000	-	-	-	224,000	-	224,000	224,000	
	Adult Training, Placement and Retention	1,380,000	-	-	-	1,380,000	119,803	1,381,068	(1,068)	
	High density corridor housing	729,000	-	-	-	729,000	83,587	729,000	-	
	NonProfit MF Rental Development Assistance	165,000	-	-	-	165,000	-	165,000	165,000	
	Homeownership Program (GMMHC)	319,000	-	-	-	319,000	319,000	319,000	-	
	Industry Cluster Program (Living Wage Jobs)	65,100	-	-	-	65,100	21,293	65,100	-	
	Multi-Family/Affordable Housing	4,270,000	-	-	-	4,270,000	3,645,785	4,276,710	(6,710)	
	NEDF/CEDF	518,000	-	1,150,000	-	1,668,000	346,930	442,330	1,225,670	
	Vacant & Boarded Housing	569,000	-	-	-	569,000	-	569,000	-	
	Subtotal Capital Grants	\$ 9,021,100	\$ -	\$ 1,150,000	\$ -	\$ 10,171,100	\$ 4,776,188	\$ 8,663,331	\$ 1,507,769	
Public Service Grants:										
	Multi Cultural & Native American Indian	\$ 119,000	\$ -	\$ -	\$ -	\$ 119,000	\$ -	\$ 119,000	\$ -	
	Graffiti Removal on Public Property	86,200	-	-	-	86,200	26,503	86,200	-	
	Advocacy (Housing)	82,300	-	-	-	82,300	105	82,300	-	
	Curfew/Truancy Center	98,000	-	-	-	98,000	38,650	98,000	-	
	Way to Grow	261,000	-	-	-	261,000	-	260,999	1	
	Asian Media Access	26,800	-	-	-	26,800	8,774	26,800	-	
	Living at Home Block Nurse Program	64,100	-	-	-	64,100	-	64,100	-	
	Child Dental Services	10,500	-	-	(34,500)	10,500	-	10,500	-	
	Domestic Abuse Project	34,500	-	-	-	34,500	-	34,500	-	
	Resource Inc, Employment Action Center	44,000	-	-	-	44,000	-	38,000	6,000	
	Fremont Community Health Services	44,000	-	-	-	44,000	-	44,000	-	
	Greater Minneapolis Council of Churches	44,000	-	-	-	44,000	6	44,000	-	
	Lao Assistance Center of MN	48,800	-	-	-	48,800	-	48,800	-	
	MITZGI Communications	42,100	-	-	-	42,100	2	42,100	-	
	MPS Teenage Parenting & Pregnancy Program	65,100	-	-	-	65,100	-	65,100	-	
	Minneapolis Urban League	64,100	-	-	-	64,100	-	63,918	182	
	St Marys Health Clinics	18,200	-	-	-	18,200	-	18,200	-	
	St Stephens Human Services	44,000	-	-	-	44,000	-	44,000	-	
	Southside Family Nurturing Center	44,000	-	-	-	44,000	-	23,273	20,727	
	348TOTS	-	-	-	34,500	34,500	34,500	34,500	-	
	Youth are Here Busses	71,800	-	-	-	71,800	-	-	71,800	
	Mortgage Foreclosure Prevention Program	196,000	-	-	-	196,000	-	196,000	-	
	Youth Employment & Training	457,000	-	-	-	457,000	800	457,000	-	
	Subtotal Public Service Grants	\$ 1,965,500	\$ -	\$ -	\$ -	\$ 1,965,500	\$ 109,340	\$ 1,866,790	\$ 98,710	
Administrative Grants:										
	MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ -	\$ 68,000	\$ 58,000	\$ 68,000	\$ -	
	YCB Administration	65,000	-	-	-	65,000	-	64,803	197	
	Civil Rights Dept Fair Housing	196,000	-	-	-	196,000	-	196,000	-	
	Grants & Special Projects	235,000	-	-	-	235,000	287	235,287	(287)	
	Homeless Initiative	-	-	-	-	-	-	-	-	
	Housing Discrimination Law Project-Legal Aid	54,600	-	-	-	54,600	-	54,600	-	
	Finance Administration	196,000	-	-	-	196,000	154,430	202,675	(6,675)	
	Grant Administration	67,972	-	-	-	67,972	-	67,972	-	
	Legal Aid Society	33,500	-	-	-	33,500	-	33,500	-	
	Neighborhood Services	71,800	-	-	-	71,800	-	71,800	-	
	Way to Grow Administration	25,800	-	-	-	25,800	-	25,800	-	
	YCB Youth Violence Prevention	120,000	-	-	-	120,000	-	120,000	-	
	Citizen Participation	233,000	-	-	-	233,000	17,076	233,000	-	
	Program Admin	62,000	-	-	-	62,000	-	62,000	-	
	Planning - Administration	878,000	-	-	-	878,000	207	878,000	-	
	Subtotal Administrative Grants	\$ 2,306,672	\$ -	\$ -	\$ -	\$ 2,306,672	\$ 230,000	\$ 2,313,437	\$ (6,765)	
Block E Deficit Reduction										
	GRAND TOTAL	\$ 13,293,272	\$ -	\$ 1,150,000	\$ -	\$ 14,443,272	\$ 5,115,528	\$ 12,843,558	\$ 1,599,714	

CDBG Program Year 33
Beginning June 1, 2007
December 31, 2010

Project	Budget	Reduction Amount PHAC Recom	Program Income	Council Actions	Department Reallocation	Revised Budget	2010		Remaining Grant Budget
							Expenditures	Grant to Date Expenditures	
Capital Grants:									
General Housing Rehabilitation-MPHA	\$ 227,700					\$ 227,700	\$ 22,870	\$ 138,358	\$ 89,342
Problem Properties Attorneys	38,915					38,915	-	-	-
Problem Properties Fire ⁴	15,965			(15,965)		-	-	-	-
Problem Properties Police	53,880					53,880	-	1,012	52,868
Lead Reduction	130,800					130,800	39,011	130,800	-
Problem Properties Board Bldg ^{1,4}	346,240		376,329	15,965		738,534	517	739,051	(517)
Childcare Facilities Loan/Grant	233,700					233,700	-	-	233,700
Adult Training, Placement and Retention	844,000					844,000	-	844,000	-
High density corridor housing	801,000					801,000	8,394	801,000	-
NonProfit MF Rental Development Assistance	180,700					180,700	4,717	108,344	72,356
NEDF/CEDF	1,167,000					1,167,000	236,667	1,167,000	-
Homeownership Program (GMMHC) ⁶	350,500				(348,426)	2,074	2,074	2,074	-
Industry Cluster Program (Living Wage Jobs)	71,900					71,900	-	71,900	-
Multi-Family/Affordable Housing	4,388,000		104,267			4,492,267	1,224,399	4,492,267	-
Vacant & Boarded Housing ⁷	625,000		470,733		348,426	1,444,159	(112,367)	1,444,160	(1)
Subtotal Capital Grants	\$ 9,475,300	\$ -	\$ 951,329	\$ -	\$ -	\$ 10,426,629	\$ 1,426,282	\$ 9,978,881	\$ 447,748
Public Service Grants:									
Multi Cultural & Native American Indian	\$ 132,800					\$ 132,800	-	\$ 132,800	-
Graffiti Removal on Public Property	91,400					91,400	-	91,400	-
Advocacy (Housing)	94,300	(1,700)				92,600	-	92,600	-
Asian Media Access	29,900	100				30,000	-	30,000	-
Child Dental Services	11,000					11,000	-	11,000	-
Curfew/Truancy Center	97,900					98,000	-	98,000	-
Domestic Abuse Project	39,900					40,000	-	40,000	-
Fremont Community Health Services	49,900					50,000	-	50,000	-
Greater Minneapolis Council of Churches	49,900					50,000	-	50,000	-
Lao Assistance Center of MN	54,900					55,000	-	55,000	-
Living at Home Block Nurse Program	74,900					75,000	40	75,000	-
MITZGI Communications	47,900					48,000	-	48,000	-
MPS Teenage Parenting & Pregnancy Program	75,900					76,000	-	76,000	-
Minneapolis Urban League	74,900					75,000	-	75,000	-
Resource Inc. Employment Action Center	49,900					50,000	-	49,999	1
St. Mary's Health Clinics/Cardondelet Life Care	21,000					21,000	-	21,000	-
St Stephens Human Services	49,900					50,000	-	50,000	-
Southside Family Nurturing Center	49,900					50,000	-	50,000	-
Way to Grow	295,600	400				296,000	-	296,000	-
Mortgage Foreclosure Prevention Program ^{2,3}	204,700		100,000	95,300		400,000	-	400,000	-
Youth Employment & Training	476,133					476,133	-	476,133	-
Subtotal Public Service Grants	\$ 2,072,633	\$ -	\$ 100,000	\$ 95,300	\$ -	\$ 2,267,933	\$ 40	\$ 2,267,932	\$ 1
Administrative Grants:									
MPH Citizen Participation	\$ 70,900					\$ 70,900	\$ 40,900	\$ 50,900	\$ 20,000
YCB Administration	64,900					64,900	-	64,803	97
Civil Rights Dept Fair Housing	205,000					205,000	-	205,000	-
Grants & Special Projects	244,900					244,900	-	244,900	-
Homeless Initiative	-					-	-	-	-
Housing Discrimination Law Project-Legal Aid	56,900					56,900	-	56,900	-
Finance Administration	205,000					205,000	-	205,000	-
Grant Administration	71,900					71,900	1,546	71,900	-
Legal Aid Society	35,000					35,000	-	35,000	-
Neighborhood Services	74,900					74,900	-	74,900	-
Way to Grow Administration	27,000					27,000	-	27,000	-
YCB Youth Violence Prevention	-					-	-	-	-
Citizen Participation	242,700					242,700	19,187	242,700	-
Planning - Administration	878,000					878,000	33,710	878,000	-
Program Admin	103,000					103,000	-	103,000	-
Subtotal Administrative Grants	\$ 2,280,100	\$ -	\$ -	\$ -	\$ -	\$ 2,280,100	\$ 95,343	\$ 2,260,003	\$ 20,097
GRAND TOTAL	\$ 13,828,033	\$ -	\$ 1,051,329	\$ 95,300	\$ -	\$ 14,974,662	\$ 1,521,665	\$ 14,506,816	\$ 467,846
Block E Deficit Reduction									

CDBG Program Year 32
Beginning June 1, 2006
December 31, 2010

Project	Adopted Budget	Reduction Amount 2006R-093	Council Action 2006R-093	Program Income	Council Action	Department Reallocation	Reprogrammed Amounts	Revised Budget	2010		Remaining Grant Budget
									Expenditures	Grant to Date Expenditures	
Capital Grants:											
General Housing Rehabilitation-MPHA	\$ 282,000	\$ (15,820)	\$ 266,180					\$ 266,180	\$ -	\$ 266,180	\$ -
Problem Properties Attorneys	45,750	-	45,750					45,750	-	45,750	-
Problem Properties Fire	18,300	-	18,300	(18,300)				-	-	-	-
Problem Properties Police	64,050	-	64,050					64,050	-	64,050	64,050
Lead Reduction	163,000	(9,144)	153,856					153,856	-	153,856	-
Problem Properties Board Bldg	54,900	-	54,900	18,300				73,200	18,300	73,200	-
Vacant & Boarded Housing-249 List	292,000	(16,381)	275,619					275,619	12,005	24,384	251,235
Childcare Facilities Loan/Grant	580,000	(32,500)	547,500					547,500	-	547,500	-
Adult Training, Placement and Retention	1,000,000	(56,100)	943,900					943,900	-	943,900	-
High density corridor housing	437,000	(24,600)	412,400		(412,400)			-	-	-	-
Homeownership Program (GMMHC) ⁴	90,000	(5,050)	84,950					84,950	-	84,950	-
Industry Cluster Program (Living Wage Jobs)	4,999,000	(2,999,000)	2,000,000					2,000,000	303,549	4,701,783	(1,763)
Multi-Family/Affordable Housing	136,000	(7,630)	128,370					128,370	-	128,370	-
NEDP/CDDF	226,000	(12,679)	213,321					213,321	122,600	213,321	-
NonProfit MF Rental Development Assistance	-	-	-			206,026		206,026	-	-	206,026
Residential Loan/Grant ¹	1,154,000	(64,725)	1,089,275			206,374		3,295,649	(32)	3,295,649	-
Vacant & Boarded Housing ^{1,4}	9,542,000	(543,629)	8,998,371			206,374		10,998,371	456,422	10,478,843	-
Subtotal Capital Grants	\$ 11,542,000	\$ (643,629)	\$ 10,898,371	\$ -	\$ -	\$ -	\$ -	\$ 10,998,371	\$ 456,422	\$ 10,478,843	\$ 519,528
Public Service Grants:											
Multi Cultural & Native American Indian	\$ 165,300	\$ (9,320)	\$ 155,980					\$ (67)	\$ -	\$ 155,913	\$ (1)
Graffiti Removal on Public Property	97,000	(5,500)	91,500					91,500	-	91,500	-
Advocacy (Housing)	100,000	(5,610)	94,390		20,422			114,812	-	114,812	-
Block Nurse Program	62,000	(3,478)	58,522		(2,315)			56,207	-	56,207	-
Cardioleat Life Care	71,000	(3,983)	67,017					67,017	-	67,017	-
Cardioleat Life Care yr33	-	-	-			2,800		2,800	-	2,800	-
Child Dental Services	10,000	(561)	9,439			500		9,439	-	9,439	-
Child Dental Services yr33	98,000	-	98,000					98,000	-	98,000	-
Carew/Truancy Center	19,000	(1,066)	17,934					17,934	-	17,934	-
Fremont CHS yr33	-	-	-			6,000		6,000	-	6,000	-
GMCC Division of Indian Works yr33	-	-	-			(127,427)		-	-	-	-
GMCCA Child Care	135,000	(7,573)	127,427					44,363	-	44,363	-
Law Advancement Organization of America	47,000	(2,637)	44,363					31,149	-	31,149	-
Little Earth Residents Association	33,000	(1,851)	31,149					29,592	-	29,592	-
MELD	38,000	(2,132)	35,868					5,900	-	5,900	-
Migizi Communications yr33	-	-	-					30,601	-	30,601	-
Minneapolis Medical Research Foundation	43,000	(2,412)	40,588					75,512	-	75,512	-
MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)	75,512					10,900	-	10,900	-
Minneapolis Teenage Pregnancy yr33	-	-	-					22,318	-	22,318	-
Minneapolis Urban League	24,000	(1,346)	22,654					10,900	-	10,900	-
Minneapolis Urban League yr33	26,000	(1,459)	24,541					24,540	-	24,540	-
Native American Community Clinic	135,000	(7,573)	127,427					63,012	-	63,012	-
Neighborhood Healthcare Services	47,000	(2,637)	44,363					44,299	-	44,298	1
Neighborhood Healthcare Services	-	-	-					6,000	-	6,000	-
New American Community Services	-	-	-					10,900	-	10,900	-
Resource Inc yr33	-	-	-					6,000	-	6,000	-
Senior Block Nurse yr33	-	-	-					6,000	-	6,000	-
St. Stephens Yr33	-	-	-					6,000	-	6,000	-
Southside Community Health Services	47,000	(2,637)	44,363					44,363	-	44,363	-
Way to Grow	296,000	(2,132)	293,868					296,000	-	296,000	-
Way to Grow Community Health Services	38,000	(2,132)	35,868					32,940	-	32,940	-
YMCA Day Care Scholarships	28,000	(1,571)	26,429					26,429	-	26,429	-
Mortgage Foreclosure Prevention Program ²	218,000	(13,000)	205,000					249,224	-	249,224	-
Youth Employment & Training	506,000	(29,000)	477,000					477,000	-	477,000	-
Subtotal Public Service Grants	\$ 2,363,300	\$ (111,966)	\$ 2,251,334	\$ -	\$ -	\$ -	\$ -	\$ 2,295,491	\$ -	\$ 2,295,491	\$ -
Administrative Grants:											
Citizen Participation MPHA	\$ 88,000	\$ (4,895)	\$ 83,105					\$ 83,105	\$ 20,310	\$ 64,210	\$ 18,895
Administration YCB	57,000	-	57,000					57,000	-	57,000	-
Civil Rights Dept Fair Housing	255,000	(14,025)	240,975					240,975	-	240,975	-
Grants & Special Projects	206,000	(17,335)	188,665					188,665	-	188,665	-
Homeless Initiative	100,000	-	100,000					100,000	-	100,000	-
Housing Discrimination Law Project-Legal Aid	71,000	(3,751)	67,249					67,249	-	67,249	-
Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)	-					-	-	-	-
Finance Administration	255,000	(14,025)	240,975					240,975	-	240,975	-
Grant Administration	90,000	(5,005)	84,995					84,995	-	84,995	-
Legal Aid Society	44,000	(2,903)	41,097					41,097	-	41,097	-
Neighborhood Services	94,000	(5,269)	88,731					88,731	-	88,731	-
Way to Grow Administration	34,000	(2,244)	31,756					31,756	-	31,756	-
Citizen Participation	303,000	(17,000)	286,000					286,000	-	286,000	-
Program Admin	8,900	(41,100)	(32,200)					50,000	-	50,000	-
Planning - Administration	1,146,800	(105,907)	1,040,893					1,040,893	(208)	1,040,893	-
Subtotal Administrative Grants	\$ 2,768,700	\$ (167,259)	\$ 2,601,441	\$ -	\$ -	\$ -	\$ -	\$ 2,601,441	\$ 20,102	\$ 2,582,546	\$ 18,895
Block E Deficit Reduction	\$ 14,674,000	\$ (822,854)	\$ 13,851,146	\$ -	\$ -	\$ -	\$ -	\$ 15,896,370	\$ 476,524	\$ 15,356,880	\$ 538,490
GRAND TOTAL	\$ 14,674,000	\$ (822,854)	\$ 13,851,146	\$ -	\$ -	\$ -	\$ -	\$ 15,896,370	\$ 476,524	\$ 15,356,880	\$ 538,490

**CDBG Program Year 31
Beginning June 1, 2005
December 31, 2010**

Project	Adopted Budget	Reduction Amount	Council Actions	Department Reallocation	Reprogrammed Amounts	2010		Remaining Grant Budget
						Expenditures	Grant to Date Expenditures	
Capital Grants:								
General Housing Rehabilitation-MPHA	\$ 297,338		297,338			\$ 297,338	\$ 297,338	\$ -
Problem Properties Attorneys	47,650		47,650			47,650	47,650	-
Problem Properties Fire ¹	23,825	(23,825)	-			-	-	-
Problem Properties Police	171,476		171,476			171,476	171,476	36,863
Lead Reduction	171,541		171,541			171,541	171,541	34,613
Problem Properties Board Bldg ¹	49,557		73,382			73,382	73,382	-
Childcare Facilities Loan/Grant	306,869		306,869			306,869	28,416	73,382
Adult Training, Placement and Retention	610,878		610,878			610,878	82,301	197,841
High density corridor housing	953,008		953,008			953,008	(88)	610,878
Homeownership Program (GMMHC) ⁴	495,564	(56,390)	439,174	(439,174)		-	-	-
Industry Cluster Program (Living Wage Jobs)	94,348		94,348			94,348	94,348	-
Multi-Family/Affordable Housing	4,898,461		4,898,461			4,898,461	4,898,461	-
NEDF/CEDE	142,951		142,951			142,951	142,951	-
NonProfit MF Rental Development Assistance	238,252		238,252			238,252	2,600	238,252
Residential Loan/Grant ⁴	571,805		571,805	239,174		810,979	183,598	755,403
Vacant & Boarded Housing ⁴	1,143,610	56,390	1,200,000	200,000		1,400,000	-	1,400,000
Subtotal Capital Grants	\$ 10,117,133	\$ -	\$ 10,117,133	\$ -	\$ -	\$ 10,117,133	\$ 296,827	\$ 9,917,916
Public Service Grants:								
Multi Cultural & Native American Indian	\$ 166,776		166,776			\$ 166,776	\$ -	\$ -
Graffiti Removal on Public Property	101,972		101,972			101,972	101,972	-
Advocacy (Housing)	104,831		104,831			104,831	104,831	-
Block Nurse Program	66,000		66,000			66,000	66,000	-
Child Dental Services	11,000		11,000			11,000	11,000	-
Curfew/Truancy Center	99,113		99,113			99,113	99,113	-
Early Childhood School Readiness ²	90,412	(15,247)	75,165			75,165	75,165	-
GMDCA Child Care ²	142,500	14,568	157,068			157,068	157,068	-
HIV/AIDS ²	45,000	(1,939)	43,061			43,061	43,061	-
Lao Advancement Organization of America ²	50,000	(41)	49,959			49,959	49,959	-
Minneapolis Community Clinics ²	335,561	5,455	341,016			341,016	341,016	-
MPS Teenage Parenting & Pregnancy Program	85,000		85,000			85,000	85,000	-
MUL-Mental Health ²	25,000	(2,623)	22,377			22,377	22,377	-
New American Community Services ²	50,000	(173)	49,827			49,827	49,827	-
School Success Programs	35,000		35,000			35,000	35,000	-
Way to Grow	295,432		295,432			295,432	295,432	-
Mortgage Foreclosure Prevention Program	238,252		238,252			238,252	238,252	-
Youth Employment & Training	541,309		541,309			541,309	541,309	-
Subtotal Public Service Grants	\$ 2,483,158	\$ -	\$ 2,483,158	\$ -	\$ -	\$ 2,483,158	\$ -	\$ 2,483,158
Administrative Grants:								
Citizen Participation MPHSA	\$ 93,395		93,395			\$ 93,395	\$ 23,918	\$ 77,313
Administration YCB	56,227		56,227			56,227	56,227	-
Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312			257,312	257,312	-
Grants & Special Projects ³	219,192		219,192		(46,005)	173,187	173,187	-
Homeless Initiative	-		-		-	-	-	-
Housing Discrimination Law Project-Legal Aid	76,241		76,241			76,241	76,241	-
Metro Fair Housing-Multi Jurisdictional	17,154		17,154			17,154	16,154	1,000
Finance Administration ³	271,607		271,607		(22,193)	249,414	249,414	-
Grant Administration	95,301		95,301			95,301	95,301	-
Legal Aid Society	46,697		46,697			46,697	46,697	-
Neighborhood Services ³	101,972		101,972		(54,989)	46,983	46,983	-
Way to Grow Administration	34,308		34,308			34,308	34,308	-
YCB Youth Violence Prevention	328,788		328,788			328,788	328,788	-
Citizen Participation	1,230,400		1,230,400		(266,487)	963,913	963,913	-
Planning - Administration	13,657		13,657			13,657	13,657	-
Program Admin	2,842,251		2,842,251		(389,674)	2,452,577	2,452,577	-
Subtotal Administrative Grants	\$ 2,842,251	\$ -	\$ 2,842,251	\$ -	\$ -	\$ 2,452,577	\$ 23,918	\$ 2,435,495
Block E Deficit Reduction	-		-		389,674	389,674	-	389,674
GRAND TOTAL	\$ 15,442,542	\$ -	\$ 15,442,542	\$ -	\$ -	\$ 15,442,542	\$ 320,745	\$ 14,836,569
								\$ 605,973

**Community Planning and Economic Development ("CPED")
Special Revenue Fund Component Programs
Budget and Actual Expenditures
Cash and Fund Balance
4th Quarter 2010**

	Original Budget	Current Budget	Expended	Remaining Budget	Cash	Fund Balance
Tax Increment Financing Program	46,646,230	80,581,431	50,372,537	30,208,894	85,903,591	115,312,174
Housing & Economic Development	9,990,899	26,565,503	11,684,998	14,880,505	16,466,149	20,931,948
Development Accounts	16,638,863	25,295,056	17,518,396	7,776,660	24,000,544	38,414,279
Neighborhood Revitalization Program	-	21,486,701	7,994,936	13,491,765	49,230,708	49,567,764
Preliminary Planning	2,987,340	2,987,340	1,160,027	1,827,313	(4,015,974)	(3,795,927)
CPED Operating	7,958,557	7,957,477	7,123,197	834,280	(4,395,194)	(5,629,614)
Total	84,221,889	164,873,508	95,854,091	69,019,417	167,189,824	214,800,624

Fund Balance. The fund balance of the CPED Special Revenue Fund is reserved for land held for development (\$38,548,263,) for encumbrances (\$10,961,371,) for prepaid items, loans and advances (\$7,778,456,) and for special development projects (\$132,222,775) **The remaining \$25,289,759 of fund balance is unreserved but restricted to the legal purposes of the special revenue.**

Tax Increment Financing. This program accounts for financial resources to be used for the acquisition and betterment of land and facilities in designated areas of the City. A major financing tool and the primary source of revenue for this program is property tax increment. Generally used to pay outstanding bonds and notes, **tax increment revenues are restricted revenues under State law.**

Housing and Economic Development. Small business loans, housing rehabilitation, and mortgage assistance are the major activities in this program. This program also accounts for the collection of administration fees and the related expenditures for the issuance of housing and economic revenue bonds.

Development Account. This program provides interim loans to CPED projects. The program may also provide loans and grants to organizations within the City. Program assistance is directed to commercial, job-creation, and housing activities. The Program includes activities of the Legacy Fund, the Neighborhood Development Account and the Development Account. **The fund balance includes reserves for prior commitments made by Council action, including \$5 million for the Planetarium and \$16.3 million in 2011 through 2013 for the Accelerated Infrastructure Program.**

Neighborhood Revitalization Program. This program focuses on the delivery of City services, including housing and commercial development, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods. **Revenues held in this Program are restricted in their use by State law.**

Preliminary Planning. The Preliminary Planning program was established to account for the early costs of planning and assessing the feasibility of development activities. Preliminary Planning allocations and appropriations lapse at year end.

CPED Operating. This program provides the working capital to finance CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. The program has experienced the pressure from the combin of dwindling development resources and increasing charges from various City rate models in recent years.

**City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter ending December 31, 2010**

Fund 6000	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
Revenue including transfers	1,460,000	1,565,486	(105,486)	107.2%
Expenses including transfers	1,470,143	1,323,485	146,658	90.0%
Revenue Over (Under) Expenses	(10,143)	242,001		

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 records 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.

Revenue: The revenue sources for this fund include the sale of procured Hot-Mix Asphalt and Ready-Mix Concrete materials and inspection and testing services. Paving construction is the fund's primary customer. The demand for products is seasonal beginning in April and concluding in late November. Revenue for asphalt and concrete is recorded as the overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer.

The operating revenue through fourth quarter 2010 is \$1,564,986 consisting of inspection and testing fees of \$1,194,104 and revenue from asphalt and concrete sales of \$370,882. The charges to City departments for engineering laboratory services and asphalt and concrete products are calculated to cover the cost of the division's expenses.

Expenses: Total expense through the fourth quarter is \$1,323,485 or 90.0% of the budgeted amount of \$1,470,143. The spending levels fluctuate due to the customers' seasonal requirements for products and services. Personnel expense through fourth quarter is \$764,025 or 98.1% of the budgeted amount. The amount expended for contractual services is primarily related to inter-departmental charges for general fund overhead and costs associated with business information services. In 2010, the amount expended for external engineering and architectural services is \$33,000, or 28.3% of the budgeted amount.

Transfers: The fund has a transfer out of \$57,000 related to debt service for the former Minneapolis Employees Retirement Funds' unfunded pension liability.

Net Assets and Cash Balance: Fluctuations in demand for products and services affect the net asset balance. The 2010 year-end net asset balance is \$735,382 which represents an increase of \$244,984 from the 2009 ending balance of \$490,398. The 2010 year-end cash balance is \$801,779, an increase of \$241,631 from the 2009 year-end cash balance of \$560,148. With the exception of 2008, the fund has maintained a positive cash balance.

City of Minneapolis, Minnesota
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Asphalt / Concrete ¹	350,000	370,882	625,109	343,287
Inspection revenue	1,110,000	1,194,104	830,165	1,069,484
Total Operating Revenues	1,460,000	1,564,986	1,455,274	1,412,771
Operating Expenses:				
Personnel	779,059	764,025	747,388	730,746
Contractual	485,993	383,285	211,541	498,215
Materials, Supplies, Services, Other	129,044	102,317	36,188	67,190
Rent	6,276	6,276	61,273	61,002
Depreciation	12,772	10,582	13,283	36,385
Total Operating Expenses	1,413,143	1,266,485	1,069,673	1,393,538
Operating Margin	46,857	298,501	385,601	19,234
Non-Operating Revenues/(Expenses):				
Other revenue	-	500	373	-
Total Non-Operating Revenues(Expenses)	-	500	373	-
Operating Transfers in(out)				
Transfer from other fund	-	-	-	-
Transfers to other fund	(57,000)	(57,000)	(58,000)	(53,000)
Total Non-Operating Revenues (Expenses)	(57,000)	(57,000)	(58,000)	(53,000)
Net Income	(10,143)	242,001	327,974	(33,766)
Significant Balance Sheet Items				
Cash Balance		801,779	560,148	(127,720)
Net assets ²		735,382	490,398	27,758

¹ Asphalt/Concrete revenue for 2008 was increased by \$134,666 for a year-end adjustment to revenue. This adjustment was included in the 2009 CAFR.

² Net assets for 2010 is an unaudited balance.

City of Minneapolis
Fleet Services Division
For the Fourth Quarter Ending December 31, 2010

Fund 6100	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
Revenue including transfers	47,087,525	45,514,809	1,572,716	96.7%
Expenses including transfers, interest	43,318,426	41,299,553	2,018,873	95.3%
Revenue Over (Under) Expenses	3,769,099	4,215,256		

Program Description: The Fleet Services Fund manages the acquisition, maintenance and disposal of 1300 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment.

Revenue: The revenue for this fund is earned from charges to City departments for rental of equipment and drivers, maintenance of equipment, and the sale of fuel. The rental rates are calculated through an activity based rate model and are adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment. In 2010, revenue through fourth quarter is \$45,514,809 which represents 96.7% of the budgeted amount. Operating revenue earned in 2010 increased by 6.1% from the revenue earned in 2009. The increase in revenue is primarily due to a 15.0% increase in revenue received from the sale of fuel.

Expenses: Expenses through fourth quarter 2010 are \$41,299,553, representing 95.3% of the annual budgeted amount of \$43,318,426. Personnel expenses represent 37.3% of the total operating expense, decreasing 1.7% from the amount expended in 2009. The 2010 cost of contractual services decreased 4.6% from the cost in 2009 primarily due to construction of the Hiawatha fuel island and the upgrade of the M-5 management system occurring in 2009. Through fourth quarter 2010, the cost of materials and supplies increased 13.8% over the expense in 2009 primarily due to an increase in the cost of fuel.

Transfers: This fund receives an annual transfer of \$4.18 million from the general fund in accordance with the accepted long- term financial plan to assist with debt payments related to fleet upgrades and a new maintenance facility. The fund has a transfer out of \$581,000 to cover debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Net Assets and Cash Balance: The unaudited net asset balance for year ending 2010 is \$30,608,100, an increase of \$4,060,415, or 15.3% over the 2009 ending balance of \$26,547,685. The net asset balance is tracking close to the amount calculated in the updated long term financial plan. The fund has consistently increased net assets since the long term financial plan was implemented in 2001. Beginning 2007, the financial plan eliminated the sale of bonds to finance equipment purchases. Refunding bonds totaling \$22,230,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. The total cost of interest and refunding of existing debt is \$1.5 million in 2010. The fund will receive savings in interest expense of approximately \$350,000 in years 2011 and 2012 due to the refunding and additional savings of interest expense for the remaining life of the bonds.

The fund maintains a positive cash balance with a 2010 ending balance of \$8,234,786, an increase of \$6,857,456 from the 2009 ending cash balance of \$1,377,330. Reserve policies for internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or \$4.3 million for Fleet Services Division. Fleet purchases in 2010 totaled \$2,223,883, a decrease of \$3,230,491 from the 2009 amount of \$5,454,374.

City of Minneapolis
Fleet Services Division Fund
Statement of Revenue and Expenses
For Fourth Quarter / Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Charges for Services and Sales	17,970,257	15,106,288	14,476,005	17,181,991
Rent Public Works and Other	24,726,768	25,675,886	23,977,769	24,478,068
Total Operating Revenue	42,697,025	40,782,174	38,453,774	41,660,059
Operating Expenses:				
Personnel Services	14,759,992	14,618,988	14,644,932	14,438,819
Contractual Services	9,421,544	8,417,045	8,824,734	10,001,880
Materials, supplies, services and other	9,666,854	8,608,665	7,560,878	10,234,140
Rent	1,103,052	1,103,052	1,072,367	997,955
Depreciation	6,470,684	6,470,684	6,164,506	5,424,788
Total Operating Expenses	41,422,126	39,218,434	38,267,417	41,097,582
Operating Margin	1,274,899	1,563,740	186,357	562,477
Non-Operating Revenues/(Expenses):				
Interest revenue	500	-	22	-
Interest on bonds	(1,315,300)	(1,500,119)	(1,311,648)	(1,416,391)
Gains/Losses on disposal of fixed assets	200,000	169,302	59,322	164,042
Damages/Losses recovered	-	210	12,270	453
Revenue from grants ¹	-	247,420	-	-
Other revenue	10,000	135,703	226,444	29,647
Total Non-Operating Revenues(Expenses)	(1,104,800)	(947,484)	(1,013,590)	(1,222,249)
Operating Transfers in (out)				
Transfers from other fund	4,180,000	4,180,000	4,180,000	4,180,000
Transfers to other fund	(581,000)	(581,000)	(502,000)	(453,000)
Total Operating Transfers	3,599,000	3,599,000	3,678,000	3,727,000
Net Income	3,769,099	4,215,256	2,850,766	3,067,228
Significant Balance Sheet Items				
Cash balance		8,234,786	1,377,330	(48,707)
Fleet Purchases	8,134,063	2,223,883	5,454,374	6,996,372
Net Building Value		23,425,414	24,027,837	24,630,247
Net Fleet Value		24,395,416	28,068,642	28,818,735
Bonds Payable		(25,690,000)	(27,780,000)	(29,835,000)
Significant Cash Flow Items				
Principal payment on equipment bonds		(2,090,000)	(2,055,000)	(2,410,000)
Principal payment on facilities bonds	-	-	-	-

¹Accrual for receipt of \$247,420 for reimbursement from Federal grant for purchase of snow melting machine.

Note: Balance sheet and cash flow items for 2010 are unaudited CAFR amounts.

**City of Minneapolis
Property Services Division
For the Fourth Quarter ending December 31, 2010**

Fund 6200	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
Revenue including transfers	21,777,719	20,696,721	1,080,998	95.0%
Expenses including transfers, interest	22,242,457	21,982,798	259,659	98.8%
Revenue Over (Under) Expenses	(464,738)	(1,286,077)		

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, public works buildings and parking structures. The fund does not include the Convention Center, or Water and Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits to the Municipal Building Commission to reimburse for maintenance and property management services. The revenue and expenditure budgets for the fund are increased by \$4,423,320 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.

Revenue:

This fund collects revenue from the City departments that use its goods and services (building space, operational maintenance, security, space and asset management, energy management, janitorial and radio services). The rate structure is configured to enable the fund to charge the amount required to recover the cost of the goods and services provided to City departments and includes the cost of the fund's overhead. Revenue recorded through fourth quarter 2010 is \$20,696,721, or 95.0% of the budgeted amount of \$21,777,719. Operating revenue earned through fourth quarter 2009 and 2010 is significantly increased over the amount recorded for the same period in 2008 due to the addition of the City Hall rent collected by Property Services. In 2010, revenue earned from elective reimbursable services provided to other City departments is approximately 78.5% of the amount earned in 2009. Revenue earned from reimbursable services in 2009 declined 20.0% from the revenue earned in 2008. The fund expects the demand for elective services to decline due to budget constraints of other City departments. The fund does expect an increase in maintenance services in 2010 and 2011.

Expenses:

The expenditures through the fourth quarter are \$21,982,798 or 98.8% of the total budgeted amount of \$22,242,457. Personnel expenses of \$7,794,578 accounted for 37.3% of total operating costs. The operating expense for contractual services increased in 2009 and 2010 from 2008 primarily due to the payments to MBC for maintenance services provided to City Hall. The amount charged to the fund for general fund overhead in 2010 increased 23.8% from the amount paid in 2009 due to the internal service funds historically receiving lower payments to assist with increasing the combined net asset balance. The fund will receive a similar increase in 2011. The rate model for 2010 does not recover the entire cost of general fund overhead and MERF unfunded pension liability charges resulting in a decrease to the net income. Refunding bonds totaling \$6,825,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. Total bond interest paid in 2010 is \$182,745 which includes \$356,135 interest paid on old debt and new debt year netted against an amortized premium amount of \$173,390.

Transfers:

Property Services is responsible for paying \$350,000 per year in debt service. In 2010, the debt service consists of \$655,000 in principal payment and \$230,775 of interest. Each year, the general fund transfers an amount to cover the difference between the \$350,000 and the total debt payment for the year. In 2010, the transfer amount for debt service is \$588,000 with an additional amount of \$377,875 for City Hall rent. There is a transfer out of \$118,000 related to the debt service for the former Minneapolis Employees Retirement Fund's unfunded pension liability. In addition, the fund transferred \$807,118 to the Capital Improvement fund to provide funding for the cost of the City Attorney Office move into City Hall.

Net Assets and Cash Balance:

The unaudited net asset balance for the year ending 2010 is \$25,991,332, a decrease of \$1,218,847 from the net asset balance of \$27,210,179 for year ending 2009. In 2002 the City began capitalizing all of its assets, including buildings that are included in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. The depreciation of capital assets will continue to decrease the net asset position.

The fund maintains a positive cash balance with a 2010 ending balance of \$125,575 compared to the 2009 ending cash balance of \$352,982. The total cash balance consists of \$1,070,350 in the Property Disposition fund and a negative balance of (\$944,775) in the Property Services operating fund. The Property Disposition fund receives real estate proceeds associated with the disposal of excess City property. Council approval is required to utilize available balances in the Disposition fund. Reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$2.5 million for the Property Services fund. The reserve policy determined that the target date to attain this balance is year-end 2013.

City of Minneapolis, Minnesota
Property Services Fund
Statement of Revenues and Expenses
For the Fourth Quarter / Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Charges for Services And Sales	7,379,499	6,500,131	8,280,795	10,331,776
Rents Public Works and Other ¹	13,429,345	13,104,165	13,032,606	8,310,079
Total Operating Revenue	20,808,844	19,604,296	21,313,401	18,641,855
Operating Expenses:				
Personnel Services	7,879,023	7,794,578	8,053,178	8,425,687
Contractual Services ¹	10,588,632	10,085,878	10,866,099	7,884,805
Materials, Supplies, Services and Other	1,506,211	1,170,301	1,510,368	1,659,998
Rent	728,127	684,677	358,312	221,430
Depreciation	1,139,501	1,139,501	1,155,886	1,221,061
Total Operating Expenses	21,841,494	20,874,935	21,943,843	19,412,981
Operating Margin	(1,032,650)	(1,270,639)	(630,442)	(771,126)
Non-Operating Revenues/(Expenses):				
Interest Revenue	-	-	11	8
Interest on Bonds	(282,963)	(182,745)	(286,912)	(312,896)
Misc Revenues	3,000	141,795	85,181	-
Total Non-Operating Revenues(Expenses)	(279,963)	(40,950)	(201,720)	(312,888)
Operating Transfers in(out)				
Transfers from other fund	965,875	950,630	654,750	668,000
Transfers to other fund ²	(118,000)	(925,118)	(97,000)	(88,000)
Total Operating Transfers	847,875	25,512	557,750	580,000
Net Income	(464,738)	(1,286,077)	(274,412)	(504,014)
Significant Balance Sheet Items				
Fund cash balance		125,575	352,982	652,014
Property Dispositon Fund cash balance		1,070,350	1,908,697	1,921,066
Operating cash balance		(944,775)	(1,555,715)	(1,269,052)
Bonds payable		(6,170,000)	(6,825,000)	(7,415,000)
Net assets ³		25,991,332	27,210,179	27,436,073
Significant Cash Flow Items				
Principal payment on debt		(655,000)	(590,000)	(655,000)

¹Increase in rent revenue and contractual services from 2008 to 2009 is due to pass-through of revenue and expense for City Hall space.

²Transfer out for 2010 includes \$807,118 transferred to capital fund 04100 to provide funding for City Attorney move to City Hall per Council Resolution 2008R-231.

³Net Asset balance for 2010 in an unaudited balance.

**City of Minneapolis
Public Works Stores
For the Fourth Quarter ending December 31, 2010**

Fund 6300	2010	2010 Actual	Remaining Budget	% Actual To Budget
Revenue including Transfers	1,152,500	1,211,216	(58,171)	105.0%
Expenses including Transfers	1,181,186	1,199,159	(17,973)	101.5%
Revenue over(under) Expenses	(28,686)	12,057		

Program Description:

The Public Works Stores fund, established in 1965, accounts for the centralized procurement, receiving, warehousing and distribution of stocked inventory items and the purchase of special goods and services. The fund's mission is to provide goods in a cost effective manner to City departments through the Central Stores and Traffic Stores.

Revenue:

With the implementation of the new financial system in 2008, revenue earned by Public Works stores is recorded as the overheads charged on sale of inventory items and revenue received for processing orders for other City departments. The revenue earned through fourth quarter 2010 is \$1,211,216 or 105.0% of the budgeted amount of \$1,152,500. Total revenues decreased 22.4% from the amount earned in 2009 primarily due to a decrease of 33.8% in revenue earned for processing orders for other City departments for goods that do not pass through Central Stores inventory. Revenue earned from the sale of inventory items through Central Stores increased 14.8% in 2010 over the amount sold in 2009 due to Public Works departments moving to the new Hiawatha facility where Central Stores is located.

Expenses:

Total expense recorded through fourth quarter is \$1,199,159, representing an amount of \$17,973 over the budgeted amount of \$1,181,186. Personnel expense decreased 8.6% in 2010 from the amount expended in 2009 primarily due to an elimination of one position. Expenses for materials cannot be compared between years due to timing differences for adjustments to record the cost of inventory purchases.

Transfers:

The 2010 transfer out of \$33,000 is payment for debt related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Net Assets and Cash Balance:

The fund continues to maintain positive net asset balance with a 2010 ending balance of \$3,233,691, an increase of 0.6% from the 2009 ending balance of \$3,203,361. The cash balance at year-end 2010 is a deficit of (\$825,802), an improvement of \$740,283 from the 2009 ending deficit cash balance of (\$1,566,085). The fund has not had a positive cash balance since 2005 when the ending balance was \$91,610.

City of Minneapolis, Minnesota
Public Works Stores
Statement of Revenues and Expenses
For the Fourth Quarter/Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Central Stores	767,500	432,836	934,156	748,427
Traffic Stores	385,000	777,835	626,041	312,570
Total Operating Revenues	1,152,500	1,210,671	1,560,197	1,060,997
Operating Expenses:				
Personnel	736,108	738,309	802,289	800,858
Contractual	334,452	332,730	308,301	238,801
Materials/Other ¹	34,203	51,697	54,630	591,101
Rent	43,423	43,423	34,054	28,527
Depreciation	-	-	-	16,254
Total Operating Expenses	1,148,186	1,166,159	1,199,274	1,675,541
Operating Margin	4,314	44,512	360,923	(614,544)
Non-Operating Revenues/(Expenses)				
Interest Income (Expense)	-	-	44	-
Other revenue (expense)	-	545	-	-
Total Non-Operating Revenues (Expenses)	-	545	44	-
Operating Transfer In (Out)				
Transfers from other fund	-	-	-	-
Transfers to other fund	(33,000)	(33,000)	(34,000)	(31,000)
Total Operating Transfers	(33,000)	(33,000)	(34,000)	(31,000)
Net Income	(28,686)	12,057	326,967	(645,544)
Significant Balance Sheet Items				
Cash Balance		(825,802)	(1,566,085)	(2,284,118)
Accounts Receivable		481	30,954	12,261
Inventories		4,547,877	4,845,852	5,421,516
Net Assets ¹		3,223,691	3,203,361	2,885,268

¹Net assets for 2010 in an unaudited balance.

**City of Minneapolis
Intergovernmental Service Fund
For the Fourth Quarter ending December 31, 2010**

Fund 6400	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue including Transfers	47,778,206	45,976,603	1,801,603	96.2%
Operating Expenses including Transfers	37,609,464	36,296,327	1,313,137	96.5%
Operating Revenue Over (Under) Expenses	10,168,742	9,680,276		

Program Description:

The Intergovernmental Service Fund accounts for operations of Business Information Services (BIS); the City Clerk’s printing and central mailing services; and a small portion of Human Resources training services.

BIS 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, including transfers, through the fourth quarter of 2010 is \$45,976,603 or 96.2% of the annual budgeted amount of \$47,778,206. Revenue sources include mailing and copying services, telecom charges, Project Management Operations (PMO) projects, and BIS charges based on the allocation model. The revenue for BIS is driven by rates charged for services and customers’ technology needs. The BIS allocation model uses the expense budget, depreciation, and overhead to determine technology rates. Revenues include a \$78,000 interfund receivable related to the Time and Labor project, and \$487,000 delayed bond revenue related to prior year expenses.

Expenses:

Operating expenses, including transfers to other funds, through the fourth quarter are \$37,609,464 or 96.5% of the annual budget. Actual expenses in BIS PMO are under budget representing projects that are not yet completed at year-end. Actual expenses in BIS operations exceeded budget due to maintenance contracts increasing at a rate greater than allowed in the financial direction. Actual expenses in Copy Center exceeded budget as well. Expenses typically exceed revenue in the PMO area in the project idea phase until a proposal is signed by the customer department and funding has been identified. As projects are added to the BIS-PMO cost center, the revenue and expenditure budgets increase as funding for projects is provided by the customer. Expenditures are recorded throughout the duration of the project.

Transfers:

The fund received an annual transfer from the general fund of \$9.4 million in accordance with the long term financial plan to increase net asset balance and reduce debt. In addition, the fund received a transfer from the general fund of \$911,748 to pay the annual wireless commitment. The debt service fund transferred \$1.4 million to the fund related to the deficit reduction plan. A payment of \$218,000 is transferred out of the fund for debt service related to the former Minneapolis Employees Retirement Fund’s unfunded pension liability.

Debt:

In 2010, \$4.6 million of refunding bonds were issued for outstanding debt and \$2.4 million issued as new debt to fund capital projects. Total principal paid in 2010 is \$13.1 million including \$4.6 million related to the bonds replaced by the refunding bonds and \$8.5 million in current principal due on outstanding debt. Interest payments on bonded debt totaled \$879,000 for the fiscal year.

Net Assets and Cash Balance:

The Intergovernmental Services Fund is tracking positively to increase its net asset position. The unaudited net asset balance for 2010 is \$17,133,777 which is an increase of \$3,455,667 from the net asset position of \$13,678,110 in 2009. Net assets have increased due to use of an allocation model to determine charges for service, a transfer from the general fund that is provided through the long-term financial plan, and an increased level of activity in the Project Management Operations area.

The ending cash balance for year 2010 is \$7,419,498, an increase of \$8,334,020 from the ending cash balance of a deficit of (\$914,522) at year-end 2009.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009 and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Charges for Service:				
BIS - PMO	10,726,425	8,933,386	8,621,649	13,110,193
BIS-Telecom	3,075,722	2,888,803	2,928,582	3,014,661
BIS - Operating-other	20,687,388	20,814,107	21,548,278	19,895,809
CC-Mailing Services	498,502	550,138	529,749	573,987
CC-Copy Services	539,972	539,972	490,657	504,543
Human resources	4,750	4,750	-	150
Total Operating Revenues	35,532,759	33,731,156	34,118,915	37,099,343
Operating Expenses:				
BIS - PMO	10,726,425	8,339,278	8,902,881	13,351,795
BIS - Telecom	1,683,364	1,632,585	1,787,581	2,153,173
BIS - Operating-other	23,200,219	24,299,349	23,496,912	24,691,613
CC-Mailing Services/Data Center	663,682	641,227	578,052	627,318
CC-Copy Services	621,910	751,196	615,446	547,795
Human resources	317,949	236,777	230,073	190,173
Total Operating Expenses	37,213,549	35,900,412	35,610,945	41,561,867
Operating Margin	(1,680,790)	(2,169,256)	(1,492,030)	(4,462,524)
Non-Operating Revenues/(Expenses)				
Depreciation	(10,813,184)	(10,813,184)	(8,380,433)	(6,463,602)
Interest on Bonded Debt	(878,504)	(878,504)	(1,526,507)	(1,593,997)
Gains/Losses on disposal of fixed assets	-	(77,524)	-	-
Other Non Operating Income (Expense)	-	40	-	-
Total Non-Operating Revenues (Expenses)	(11,691,688)	(11,769,172)	(9,906,940)	(8,057,599)
Operating Transfer In (Out)				
Transfers from other fund	12,245,447	12,245,447	16,114,693	11,762,368
Transfers to other fund	(395,915)	(395,915)	(276,594)	(295,624)
Total Operating Transfers	11,849,532	11,849,532	15,838,099	11,466,744
Net Income	(1,522,946)	(2,088,896)	4,439,129	(1,053,379)
Significant Balance Sheet Items				
Cash balance		7,419,498	(914,522)	93,865
Work-in-progress		12,141,072	7,115,554	21,070,901
Interfund Receivable		1,018,781	1,697,588	1,018,521
Interfund Loans		(10,114,051)	(10,114,051)	(10,114,051)
Bonds Payable		(20,080,000)	(26,240,000)	(34,415,000)
Deferred Income		(11,739,321)	(5,696,858)	(4,608,536)
Net Assets		17,133,777	13,678,110	4,867,680
Significant Cash Flow Items				
Principal on Bonds		(13,127,000)	(9,290,000)	(1,805,000)

Note: Significant balance sheet items for 2010 have not been audited.

**City of Minneapolis
Self-Insurance Fund
For the Fourth Quarter Ending December 31, 2010**

Fund 6900	2010 Budget	2010 Actual	Remaining Budget	% of Actual To Budget
Revenue including transfers	41,242,440	41,065,939	176,501	99.6%
Expenditures including transfers	29,755,758	27,655,208	2,100,550	92.9%
Unpaid Claims Liability		4,779,748		
Revenue Over (Under) Expenses	11,486,682	8,632,437		

Program Description:

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

Revenue:

Revenues vary by activity. Employee benefits collect revenue from payroll withholding and employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management, recognizes revenue from direct billing of City departments using an activity based rate model. Tort Liability including administrative services of the City Attorney's Civil Division earns revenue by billing departments through the rate model.

For fiscal year end 2010, total revenues, including a transfer from the general fund of \$10.8 million, are \$41 million. Operating revenue through year-end 2010 cannot be compared to 2009 due to change in recording transactions related to employee Metropass, flex spending accounts, and dental insurance. These transactions are no longer recorded in the Self Insurance fund but are recorded through payroll to a City agency fund. A loss of revenue to the fund with a corresponding decrease in expense for employee health benefits, did not impact the operating margin.

An activity based rate model determines the rates charged to City departments to provide self insurance for liability and workers compensation costs. In 2010, the rates charged to departments for liability premiums increased and the rates charged for workers compensation increased. The rate model uses data determined by an actuarial study that assigns responsibility to City departments for liability and worker compensation settlements. Revenues from attorney office services continue to decrease due to a decrease in reimbursement of salary for law clerk services. The Finance-Employment Services cost center receives revenue from City departments as reimbursement for services related to employment screenings.

Expenses:

Health and Welfare payments, primarily COBRA medical, dental, and life insurance payments account for 19.2% of the fund's 2010 expense. Beginning in 2009, the payments for employee health and life insurance is processed directly from payroll and does not pass through the Self Insurance fund. In 2010, payments for employee flexible spending accounts, Metropass, and dental insurance also do not pass through the Self Insurance fund. Total operating expense for 2010, including transfers to other debt service funds, is \$27,655,208, a decrease of 13.9% from the total expense in 2009 primarily due to payments related to Metropass, dental premiums, and Minneflex expense now processed directly from payroll transactions.

Worker's Compensation and Liability expenditures include the payments for settlements related to tort litigation and workers compensation claims. The costs of administering the plans are funded through the City Attorney and Risk Management cost centers. The expenditures related to liability settlements through year end 2010 are \$4,423,756 or 70.5% of the budgeted amount of \$6,270,435. In addition, the fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accrual.

Transfers:

In 2010, this fund received an interfund transfer of \$10,810,000 from the general fund as determined in the long term financial plan to reduce the net asset negative balance.

Net Assets:

The unaudited net asset balance for 2010 is a deficit of \$6,587,951, which represents an increase of \$8,844,792 from the 2009 net asset deficit of \$15,432,743. The liability for unpaid claims increased \$4.8 million from \$42.5 million in 2009 to \$47.3 million in 2010 as determined by calculations based on the 2009 actuarial study. The increase in unpaid claims liability resulted in a decrease to the net income by an equal amount. The cash balance for the fund increased from \$28,995,365 in 2009 to \$42,080,593 in 2010. The primary goal of the long term financial plan is to attain a cash balance equal to the unpaid claims liability plus 10% of the annual operating budget. According to financial policy, the net assets should not fall below zero.

City of Minneapolis, Minnesota
Self Insurance Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009, and 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Health & Welfare (employee benefits)	7,011,920	6,495,441	12,745,507	33,356,887
Workers Compensation	8,615,009	9,082,557	8,565,960	9,524,961
Liability - Subrogation	13,185,568	13,184,758	12,914,035	11,353,987
Attorney Office Services	30,000	4,237	13,875	30,089
Human Resources Services	1,389,943	1,354,182	1,221,745	1,037,375
Finance-Employment Services ¹	200,000	134,764	205,711	293,549
Total Operating Revenues	30,432,440	30,255,939	35,666,833	55,596,848
Operating Expenses:				
Health & Welfare (employee benefits)	6,769,920	5,315,570	9,924,021	33,175,852
Workers Compensation	6,290,140	8,313,999	6,919,286	7,844,078
Liability & Settlements	6,270,435	4,423,756	6,223,035	5,526,225
City Attorney/Civil Division-Litigation	6,125,693	5,715,756	5,541,319	5,123,884
Risk Management - WC/Risk	2,458,764	2,458,968	2,222,448	2,183,613
Human Resource - Employee Benefits	1,700,806	1,287,159	1,133,176	1,069,738
Total Operating Expenses	29,615,758	27,515,208	31,963,285	51,923,390
Operating Margin	816,682	2,740,731	3,703,548	3,673,458
Non-Operating Revenues/(Expenses)				
Interest on Bonded Debt	-	-	-	(21,178)
Other Non Operating Income (Expense)	-	1,454	-	-
Total Non-Operating Revenues (Expenses)	-	1,454	-	(21,178)
Operating Transfer In (Out)				
Transfers from other fund	10,810,000	10,810,000	6,915,000	5,642,689
Transfers to other fund	(140,000)	(140,000)	(145,000)	(131,000)
Total Operating Transfers	10,670,000	10,670,000	6,770,000	5,511,689
Net Income (loss) (less Unpaid Claims Liability)²	11,486,682	8,632,437	(266,137)	9,163,969
Significant Balance Sheet Items¹				
Cash Balance		42,080,593	28,995,365	18,766,917
Intergovernmental Receivable		181,930	223,378	181,930
Bonds Payable		-	-	-
Unpaid Claims Liability ²		(47,292,497)	(42,512,749)	(31,773,064)
Net Assets ²		(6,587,951)	(15,432,743)	(15,493,087)
Significant Cash Flow Items				
Paid Principal on Debt		-	-	(1,060,000)

¹Significant balance sheet amounts for 2010 are not audited.

²Net income for 2009 includes a reduction of \$10,739,685 resulting from an increase to unpaid claims liability by the same amount based on a 2009 actuarial study. The 2010 actuarial study was not completed before the fourth quarter statements were issued. A reduction of \$4,779,748 was included in the 2010 net income based on the 2009 actuarial study estimates for an increase to unpaid claims liability.

**City Of Minneapolis
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2010**

Fund 07100	2010 Budget	12-31-2010 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	45,506,940	49,268,450	(3,761,510)	108%
Operating Expenditures	41,813,821	40,621,750	1,192,071	97%
Operating Margin	3,693,119	8,646,700		
Net Income	853,181	6,379,507		

Program Description:

The Sanitary Sewer Fund accounts for 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The Fund also accounts for sanitary sewer maintenance and design work along with capital programs and debt services.

Revenue:

With sewer revenue of \$49 million through the end of the fourth quarter, it has surpassed the budgeted amount by \$3.8 million. This is an increase of \$5 million, or 12%, compared to \$44 million through fourth quarter of 2009. Increase in revenues of approximately \$4.5 million is a result of increased sewer rates. Additional increase of \$600,000 comes as inspection revenues from Sewer Availability Charges (“SAC”).

Expenses:

The Sanitary Sewer Fund’s operating expenditures of \$40.6 million through the fourth quarter equates to 97% of 2010 budget. This is an increase of \$2.2 million, or 6%, compared to \$38.4 million through the fourth quarter of 2009. These increases in expenditures are due to combined increase in maintenance activities, SAC charges, and internal transfers.

Transfers:

A transfer from this Fund goes to cover MERF unfunded liability in the pension fund. As budgeted, \$305,000 for the year was transferred. An additional \$270,000 was transferred to Debt Service to cover bond related costs.

Debt Service:

For 2010, the Fund’s outstanding bond obligations were estimated at \$13.7 million which includes additional bonds amounting to \$3.7 million sold during the year. Through fourth quarter, \$2.9 million in principal and \$863,000 in interest were paid out to meet the Fund’s obligation on its outstanding debts generated from past bond sales.

Other Financial Items:

Outstanding receivables for the quarter amounted to \$3.7 million and capital expenditures for the year came to \$5.7 million. The current operating cash balance stands at \$12.5 million. The City’s policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$10 million. The cash position is \$2.5 million above its target.

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009, 2008

	Budget Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Sewage Disposal	42,931,700	45,108,976	40,600,868	39,123,470
Other Services Provided	915,484	1,175,845	969,717	826,484
Inspection Services	1,659,756	2,983,629	2,382,791	1,659,756
Interest				
Total Operating Revenues	45,506,940	49,268,450	43,953,376	41,609,710
Operating Expenses:				
Sewer Design	409,015	297,849	230,253	312,433
Sewer Maintenance	6,564,080	5,427,064	5,922,731	5,172,261
Met Council Env. Svcs.	34,840,726	34,896,837	32,234,678	32,532,857
Total Operating Expenses	41,813,821	40,621,750	38,387,662	38,017,551
Operating Margin	3,693,119	8,646,700	5,565,714	3,592,159
Non-Operating Revenues/(Expenses)				
Net Transfers (out)	(305,000)	(574,793)	(1,791,003)	(629,341)
Non-Oper Income (Expenses)		6,433		
Depreciation	(1,151,791)	(1,151,791)	(1,159,640)	(1,219,922)
Special Assessments			9,691	5,774
Net Interest Income (Exp)	(1,383,145)	(547,042)	(500,094)	(377,573)
Total Non-Operating Revenues (Expenses)	(2,839,936)	(2,267,193)	(3,441,046)	(2,221,062)
Net Income	853,183	6,379,507	2,124,665	1,371,097
Significant Balance Sheet Items				
Operating Cash	-	12,473,870	9,639,595	10,585,202
Accounts Receivable	-	3,659,013	3,312,601	3,012,039
Significant Cash Flow Items				
Capital Outlay	9,425,000	5,709,012	7,904,063	4,817,586
Bond Principle payments	2,683,000	2,850,000	2,436,000	1,200,000

**City Of Minneapolis
Stormwater Fund
For the Fourth Quarter Ending December 31, 2010**

Fund 07300	2010 Budget	12/31/2010 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	34,230,324	37,720,603	(3,490,279)	110%
Operating Expenditures	22,021,183	20,200,049	1,821,134	92%
Operating Margin	12,209,141	17,520,554		
Net Income	5,227,306	12,951,135		

Program Description:

The Storm Water Fund covers 5% of the expenditures related to Met Council Environmental Services (MCES). Combined Sewer Overflow (CSO) program, Street Cleaning, Storm Design and Storm Water Maintenance are other activities covered by this Fund.

Revenue:

The Storm Water revenue of \$37.7 million through fourth quarter equates to 110% of the operating revenue budget. Design revenues were higher at this time in 2009 by \$2.7 million because of approximately forty capital project close outs. An increase in storm utility revenue of \$1.5 million was due to rate increases over the prior year.

Expenses:

Storm Water Fund's operating expenses for the quarter and for the year ended at 92% of the budget with a total of \$20 million compared to \$18 million for 2009. This is an increase in expenditures of \$2 million, or 12%. Increases in expenditures are due in part from \$1.1 million payment to Park Board for outstanding shared expenditures for current and prior years. Internal transfers such as overhead and government contracted fees increased by \$400,000. Expenditures relating to salaries, fringes, and fleet service charges, as part of the Tunnel inspection program, make up the remaining \$500,000 of the increase over 2009.

Transfers:

As budgeted, \$305,000 was transferred out from Storm Water Fund to MERF pension fund. Additional \$180,000 was transferred to debt service to cover bond related costs.

Debt Service:

The debt service payments include principal and interest for bonds that were sold primarily to finance Combined Sewer Overflow and Flood Mitigation programs. Payments of \$6.7 million have been recognized for the year which includes \$1.4 million in interest and \$5.3 million in principal. With additional bonds issued in the amount of \$2.4 million for 2010, outstanding bond obligations total \$18.3 million.

Other Financial Items:

The Fund spent \$7 million in capital projects for the year. Net receivables total \$3.4 million and the operating cash balance at end of the quarter was \$23 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$5 million, which results in a surplus of \$18 million in unrestricted reserve.

City of Minneapolis, Minnesota
Stormwater Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009 and 2008

	Budget Year 2010	For Year Ending 12/31/2010	For Year Ending 12/31/2009	For Year Ending 12/31/2008
Operating Revenues:				
State Grants	761,138	1,226,880	730,788	886,787
County Grants	285,072	265,772	296,509	344,680
Sewage Disposal	31,714,778	34,577,924	33,032,352	30,944,907
Other Services Provided	1,469,336	1,650,027	3,775,313	1,313,241
Total Operating Revenues	34,230,324	37,720,603	37,834,962	33,489,615
Operating Expenses:				
Sewer Design	3,309,449	3,204,406	2,815,491	3,072,685
Stormwater Management CSO	1,695,300	1,230,104	1,058,277	982,357
Street Cleaning	7,887,440	6,993,187	7,244,448	7,366,166
Sewer Maintenance	3,712,630	3,651,432	2,263,404	2,121,236
Met Council Env. Svcs.	5,416,364	5,120,920	4,576,971	4,491,102
Total Operating Expenses	22,021,183	20,200,049	17,958,591	18,033,546
Operating Margin	12,209,141	17,520,554	19,876,371	15,456,069
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(805,000)	(469,093)	(1,087,777)	(512,767)
Depreciation	(3,826,152)	(3,826,152)	(3,894,930)	(4,721,782)
Special Assessments	115,000	493,111	497,879	714,324
Net Interest Income (Exp)	(2,465,683)	(862,914)	(1,752,825)	(1,563,549)
Other Non Operating Income (Exp)		95,629	(272,200)	1,640,047
Total Non-Operating Revenues (Expenses)	(6,981,835)	(4,569,419)	(6,509,853)	(4,443,727)
Net Income	5,227,306	12,951,135	13,366,518	11,012,342
Significant Balance Sheet Items				
Operating Cash		22,676,018	14,445,473	3,850,076
Construction Cash		3,483,660	7,163,862	11,924,351
Accounts Receivable		3,430,183	4,375,813	4,217,773
Bonds Payable		18,270,910	21,175,910	28,634,910
Significant Cash Flow Items				
Capital Outlay	10,820,000	7,094,312	4,915,306	5,788,311
Bond principle payments	5,322,000	5,345,000	9,959,000	8,620,000

**City of Minneapolis
Water Fund
For the Fourth Quarter Ending December 31, 2010**

Fund 7400	2010 Budget	12/31/10 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	63,828,363	65,661,947	(1,833,584)	103%
Operating Expenditures	48,446,307	47,916,358	529,949	99%
Operating Margin	15,382,056	17,745,589		
Net Income (Loss)	6,130,726	6,177,621		

Program Description:

This Fund accounts for operation, maintenance and capital investments of the water treatment and delivery system for the City and several suburban wholesale customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Metropolitan Airport, and Edina.

In 2010 the Water Fund received appropriations for water distribution improvements in the amount of \$500,000 and treatment infrastructure improvements in the amount of \$1 million. In addition, this fund received capital funding of \$2 million for water reimbursable capital projects.

Revenue:

The 2010 operating revenue of \$65,661,947 represents a 2 % decrease over the 2009 revenue, which was \$66,567,955. With a rate increase of 4.8% in 2010 higher revenues would be expected. However the weather in 2010 has been very wet this year leading to reduced consumption.

Expenditures:

Through the 4th quarter of 2010 operating expenditures totaled \$47,916,358 million which is 4% more than the 2009 expenditures. The biggest reduction is in the area of contributions to other funds.

Transfers:

For 2010 the transfers are expected to be of \$1,258,000, which is the former MERF (Minneapolis Employee Retirement Fund) pension debt service payment.

Debt Services:

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current year capital projects include the Minneapolis Water Works facilities security improvement, the rehabilitation of Pump Station #4, the new Filter Presses, E. River Terrace water main lining, and two new Lime Slakers.

Other Financial Items:

The ending cash balance as of 12/31/2010 is \$11,635,283 compared to \$(2,007,396) at 12/31/2009. The objective is to have a cash balance equal to or greater than 3 months of operating expenses. Based on the current budget the target amount would be \$12 million.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009, 2008

	Budget Current Year 2010	For Year Ending 2010	For Year Ending 2009	For Year Ending 2008
Operating Revenues:				
Federal Grants	-			-
State Grants	-			
Licenses & Permits	1,000	1,076	1,966	1,219
Charges For Services	61,759,939	64,399,395	64,237,365	63,202,724
Charges For Sales	1,336,924	1,211,094	2,293,169	4,991
Rents	-			-
Interest	-		1,746	-
Other Misc Revenues	730,500	50,383	33,709	332
Total Operating Revenues	63,828,363	65,661,947	66,567,955	63,209,266
Operating Expenses:				
Water Design	1,617,584	1,368,413	1,062,591	618,400
Contribution To Other Funds	8,796,586	8,137,262	8,255,969	8,487,693
Administration & Permits	1,529,947	2,238,132	1,734,359	1,871,679
Operations Treatment	18,074,889	16,885,255	18,270,976	15,853,766
Treatment Maintenance	7,019,178	6,932,572	6,396,083	6,197,802
Distribution	8,180,603	8,361,990	7,076,581	8,181,366
Major Repairs & Replacement	728,794	1,552,332	1,341,420	4,061,783
Meter Shop	2,498,726	2,440,401	2,113,849	1,629,450
Total Operating Expenses	48,446,307	47,916,358	46,251,828	46,901,939
Operating Margin	15,382,056	17,745,589	20,316,127	16,307,327
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(1,258,000)	(1,506,801)	(1,071,000)	(1,648,864)
Federal ARRA Grant	-	1,214,486	1,825,606	
Depreciation	(7,993,330)	(7,992,504)	(7,567,604)	(7,139,000)
Special Assessments	-	97,850	766,299	1,234,068
Net Interest Income (Exp)	-	(3,423,892)	(3,655,735)	(3,405,967)
Other Non-Operating Income	2,000,000	124,058	239,913	344,653
Other Non Operating (Expense)	(2,000,000)	(81,166)	(760,842)	(919,308)
Total Non-Operating Revenues (Expenses)	(9,251,330)	(11,567,969)	(10,223,363)	(11,534,418)
Net Income	6,130,726	6,177,621	10,092,764	4,772,909
Significant Balance Sheet Items				
Operating Cash		11,635,283	(2,007,396)	473,025
Construction Cash		1,846,019	2,105,169	8,118,608
Accounts Receivable		5,855,841	5,140,449	3,668,667
Bonds & Notes Payable		114,840,545	100,371,398	97,701,909
Significant Cash Flow Items				
Capital Outlay	3,500,000	19,680,417	25,148,297	15,087,425
Bond & Note Principle payments	5,646,305	3,404,908	6,075,868	6,926,791
Refunding Principal Payments	-	-	12,615,000	-
Total Significant Cash Flow Items	9,146,305	23,085,325	43,839,165	22,014,216

**City of Minneapolis
Municipal Parking Fund
For the Year Ended December 31, 2010**

Fund 7500*	2010 Original Budget	Dec 31,2010 Year End Actual	Remaining Budget	% of Actual To Budget
Revenue	42,434,031	41,613,135	820,896	98%
Expenditures	32,806,188	28,219,465	4,586,723	86%
Operating Margin	9,627,843	13,393,670		
Net Income (Loss)	539,557	3,467,849		

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

Net Income (Loss) includes all non-operating expenditures & revenues such as depreciation expense, bond interest expense and transfers between funds.

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. In addition, this fund accounts for transfers in and out as noted below.

Revenues: The 2010 year end revenues are down in comparison to budget by 2%.

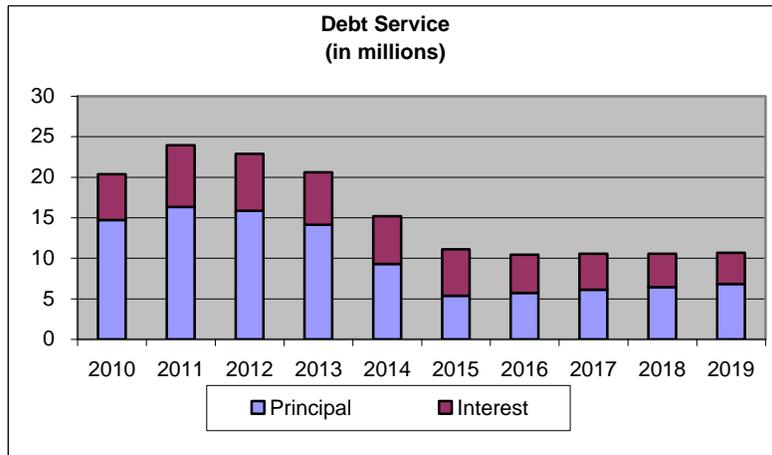
- Impound Lot revenues are down 5%.
- On-street meters are on budget.
- Off-street ramps and lots are down 1%.

Expenditures: The 2010 year end expenses are below the 2010 budget by 14 %.

- Impound Lot expenses are down 12%.
- On-street meters are over 30% due to meters.
- Off-street ramps and lots are down 16%.

Transfers to and from other funds: The 2010 transfers into and out of the Parking Fund are programmed and planned according to the 2010 budget. During 2010, \$16.3 million of funds will be transferred in and \$10.3 million of funds will be transferred out to cover debt service.

Debt Service: There is currently \$162 million in outstanding bonds. Through the year end of 2010 \$27.8 million of bonds were paid. There was a refunding of bonds of \$13 million in Parking System.



The Parking System has an annual \$1.7 million capital program. The total amount of outstanding bonds in the Parking Fund has increased by \$1.7 million in 2010 with the sale of additional bonds to fund facilities repairs and improvements.

Other Financial Items: The current operating cash balance is \$11.1 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$8.2 million, which results in \$2.9 million remaining. The \$2.9 million is reserved for future debt service payments. Additionally, in April 2010, the new parking meter procurement and installation was designated as a cash expense of \$2.2 million in each of 2010, 2011 and 2012.

Parking Fund Workout Plan: A financial workout plan, as adopted in 2004 by the City Council, approved Parking Fund initiatives to cut costs and increase revenues. The financial plan is in the process of being revised due to the successful parking initiatives and financial efforts that include the sale of six ramps in 2007 and one in 2008, the refinancing of debt at better rates, and the parking system initiatives geared to increase revenues and decrease expenses. An updated financial plan and projections should be available in 2011.

The efforts related to the 2004 Workout Plan and specific performance includes:

Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Figures for 2010 indicate that revenue was negatively impacted by office vacancy rates and the economic downturn. The offering of credit payment and on-line payments for monthly customers in our newly automated facilities plus ongoing initiatives are contributing factors to attracting more daily customers.
- **On-Street Parking and Parking Meter Management Plan:** Implementation of new on-street meters started in 2010. New meter equipment features include offering multiple payment options, adjustable rate technology, improved enforcement capabilities, and electronic monitoring and reporting using the City's Wi-Fi network. Also, Public Works continues to examine opportunities for deploying meters in new locations.
- **On-Street meter revenues** are slightly down due to a combination of the economy, street construction, ballpark meter hooding, and old meter equipment failures.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** The impound lot revenue is below target for 2010. While the Snow Emergency related tows were up due to a higher number of Snow Emergencies declared during the season, the tows for all other categories were down by over 11 percent. The junk-auction vehicle, on average, brought in almost 50 percent more than the previous year due to a higher demand for scrap metal.

Expenditures:

- Off-street parking expenses are below budget. Over \$200,000 in budget savings was a result of reduced operational costs, in part, due to added automation, centralization. The rest was due to unspent general repair and maintenance budget of \$600,000, and the automation/revenue control equipment capital outlay of \$2.4 million. The automation/revenue control equipment projects will continue in 2011.
- Ramp Repair & Maintenance Program: Major 2010 projects include ongoing automation of the revenue control equipment and systems upgrades at 11th and Marquette and the Leamington Ramps, and refurbishing elevator equipment at the 11th and Marquette Ramp and the Federal Courts Ramp.
- Impound Lot expenditures are under budget by approximately \$700,000. This was primarily due to a decrease in the tow charges paid to contractors because of a drop in the number of vehicles towed.
- While the operating expenses remained under budget, the On-Street Parking meter expenditures ended up greater than original budgeted by \$470,000 due to new meter purchases. New meter costs for 2010 were \$629,000. New meter costs were below the \$2.2 million budget due to delayed vendor contract executions.

Based on the 2010 year end information, the following table presents a summary of each business line actual 2010 budget figures, a 2010 year end actuals, and the variances between them.

Revenue* And Expense Categories	2010 Original Budget	2010 Year End	Variance Budget vs. Actual
Off-Street Parking	28,869,251	28,439,497	(429,754)
On-Street Parking	6,798,643	6,757,970	(40,673)
Impound Lot	6,766,137	6,415,668	(350,469)
Total Revenue	42,434,031	41,613,135	(820,896)
Off-Street Parking	25,347,203	20,974,694	(4,372,509)
On-Street Parking	1,560,098	2,029,679	469,581
Impound Lot	5,898,887	5,215,092	(683,795)
Total Expenditures	32,806,188	28,219,465	(4,586,723)
Operating Margin	9,627,843	13,393,670	3,765,827

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

Summary: Based on the 2010 data and past historical trends, the expected year end:

Revenues are under budgeted by 2%
Expenditures are under budget by 14.0%

This results in an overall increase in the operating margin of \$4,765,827 or 39% more than the annual budget.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Years Ending 2010, 2009, and 2008

	Current Budget Year 2010	For Year Ending 31-Dec-10	For Year Ending 31-Dec-09	For Year Ending 31-Dec-08
Operating Revenues:				
Off-Street Parking: City Owned	28,869,251	28,439,497	27,169,976	28,485,621
Off-Street Parking: State Owned	10,302,002	17,427,211	12,206,025	9,695,494
Towing	6,766,137	6,415,668	6,600,080	7,326,364
On-Street Meters	6,798,643	6,757,970	6,971,681	6,976,669
Total Operating Revenues	52,736,033	59,040,346	52,947,762	52,484,148
Operating Expenses:				
Off-Street Parking: City Owned-Direct Expenses	17,804,959	17,584,533	16,375,153	15,889,943
Off-Street Parking: State Owned-Direct Expenses	8,165,008	15,551,128	11,118,635	7,859,934
Towing	5,898,887	5,215,092	4,948,492	4,906,788
On-Street Meters	1,560,098	2,029,679	1,067,909	857,476
Other Operating Expenses	7,542,244	3,390,161	3,998,690	3,726,078
Total Operating Expenses	40,971,196	43,770,593	37,508,879	33,240,219
Operating Margin	11,764,837	15,269,753	15,438,883	19,243,929
Non-Operating Revenues/(Expenses)				
General Fund Transfer Out	(7,818,000)	(7,818,000)	(7,818,000)	(8,618,000)
Arena Reserve Transfer Out	(2,241,000)	(2,241,000)	(2,241,000)	(2,241,000)
Debt Service Transfer Out	(236,657)	(236,657)	(115,000)	(104,000)
Internal Service Fund Transfer Out	-	-	-	0
Sanitation Transfer Out	(146,000)	(146,000)	(146,000)	(146,000)
Sub-Total Transfers Out	(10,441,657)	(10,441,657)	(10,320,000)	(11,109,000)
Convention Center related facility Transfer	8,886,000	9,303,290	9,968,998	9,832,000
TI and MCDA Transfers In	7,433,308	3,971,830	12,992,865	7,386,506
Sub-Total Transfers In	16,319,308	13,275,120	22,961,863	17,218,506
Depreciation	(6,703,980)	(6,773,704)	(6,703,978)	(6,392,796)
Special Assessments	0	-	0	113,846
Interest	(8,261,957)	(5,620,383)	(8,869,503)	(10,047,006)
Other Non Operating Expenses	0	(440,033)	0	0
Other Non-Operating Income *	0	74,836	5,798	2,469,626
Total Non-Operating Revenues (Expenses)	(9,088,286)	(9,925,821)	(2,925,820)	(7,746,824)
Net Income+/-	2,676,551	5,343,932	12,513,063	11,497,105

* - In 2008 1 ramp was sold with a gain on sale of \$2,458,363.

Significant Balance Sheet Items

Operating Cash	11,105,808	13,211,301	25,294,458
Bonds Payable	162,320,042	175,360,042	202,125,042
Total Balance Sheet Items	173,425,850	188,571,343	227,419,500

Significant Cash Flow Items

Principal on debt (net of Refunding Bonds)	12,280,000	14,740,000	84,760,000	36,025,500
Capital Outlay	1,700,000	2,303,825	1,675,135	2,270,434
Total Cash Flow Items	47	17,043,825	86,435,135	38,295,934

City Of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2010

Fund 07700	2010 Budget	12/31/2010 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	28,982,210	30,793,220	(1,811,010)	106%
Operating Expenditures	33,546,645	29,652,999	3,893,646	88%
Operating Margin	(4,564,435)	1,140,221		
Net Income/(Loss)	(6,054,362)	(105,389)		

Program Description: The Solid Waste Fund accounts for the City's solid waste collection, disposal, recycling, and graffiti removal operations. The division provides pick-up services for trash, yard waste, and recyclables on a weekly and a biweekly basis. The Fund is responsible for the operations of a solid waste transfer station which serves over 100,000 households. The division also provides "clean city" activities such as city wide neighborhood clean sweeps and litter/graffiti control and removals. The Solid Waste Division has initiated "organics" pilot program in selected school districts and neighborhoods. City crews provide approximately one-half of the solid waste collection services and the other half of the services is provided through a consortium of companies specializing in waste collection.

Revenue: The operating revenues for the Fund through the quarter totaled \$30.8 million compared to \$30.2 million through fourth quarter of 2009. This is an increase of \$600,000 or 2%. The grant revenue from Hennepin County has been received and recognized at \$888,000, which is \$88,000 more than anticipated. Increase in revenues is due to increased rates, higher sales of recyclables, and the full amount of County grant received in this quarter.

Expenses: The operating expenses through fourth quarter ended at \$29.7 million compared to \$28 million in 2009. This is an increase in expenditures of \$1.7 million, or 6%, over 2009. Decrease in expenditures in administration, clean city, and equipment divisions have been offset by increases in all other eight divisions of Solid Waste by \$1.8 million. These increases are due to higher cost of contractual services regarding waste collection, higher labor costs, and replacement of solid waste carts and bins. Lease-hold improvement work within Transfer Station division has also contributed to increase in expenditures by \$400,000.

Transfers: Estimated transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers and \$50,000 from the General fund for graffiti removal. All of these transfers amounting to \$196,000 have been recognized through fourth quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$151,000 for the MERF Unfunded Liability. These are transferred out to General Fund, and, for the quarter ending December 31st, all of the transfers have been completed.

Debt Service: This fund has no debt service.

Other Financial Items: The operating cash balance for the quarter ended at \$22 million and net accounts receivable balance totaled \$2.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$7.5 million, which results in a surplus of \$14.5 million in an unrestricted reserve. \$4.2 million of this reserve has been set aside for purchase and construction of a new Transfer station.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2010, 2009, 2008

	Budget Year 2010	For Year Ending 12/31/2010	For Year Ending 12/31/2009	For Year Ending 12/31/2008
Operating Revenues:				
County Grants	800,000	888,467	861,090	871,639
Solid Waste Fees	27,582,210	27,944,773	27,740,005	26,385,324
Recyclable Sales	600,000	1,444,859	1,095,426	2,284,278
Charges for Other Services	-	515,121	493,513	85,338
Total Operating Revenues	28,982,210	30,793,220	30,190,034	29,626,579
Operating Expenses:				
Collection	7,880,888	8,081,953	6,539,878	6,894,417
Recycling	3,436,202	3,538,068	3,170,643	3,063,915
Disposal	6,550,527	5,730,222	5,201,125	4,892,029
Yard Waste	2,637,776	1,537,517	1,260,484	1,607,817
Large Item/Problem Material	1,597,502	1,196,922	1,085,656	1,027,048
Transfer Stations	316,185	691,945	285,917	206,433
Administration	4,212,492	3,971,051	4,757,839	4,360,989
Customer Service	711,839	545,427	452,765	580,176
Clean City	2,205,529	1,525,832	1,806,533	1,855,486
Equipment	3,459,705	2,690,547	3,460,215	3,136,464
Organics	538,000	143,515		
Total Operating Expenses	33,546,645	29,652,999	28,021,055	27,624,774
Operating Margin	(4,564,435)	1,140,221	2,168,979	2,001,805
Non-Operating Revenues/(Expenses)				
Net Transfers In	196,000	196,000	196,000	346,000
Net Transfers Out	(851,000)	(850,999)	(821,000)	(809,000)
Gains (Losses)				
Depreciation	(834,927)	(834,927)	(804,741)	(704,188)
Special Assessments	-	244,316	221,307	572,827
Total Non-Operating Revenues (Expenses)	(1,489,927)	(1,245,610)	(1,208,434)	(594,361)
Net Income	(6,054,362)	(105,389)	960,545	1,407,444
Significant Balance Sheet Items				
Operating Cash		21,924,108	20,560,355	20,667,205
Accounts Receivable		2,867,993	2,783,698	2,882,587
Capital Outlay	4,195,000	166,688	-	-

CPED Enterprise Fund Component Programs
Statement of Net Assets
12/31/09 and 12/31/10

	Housing Development Fund	Housing Development Fund	General Agency Reserve Fund System	General Agency Reserve Fund System	Theatres	Theatres	River Terminal	River Terminal	Economic Development Program	Economic Development Program
	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 537,228	\$ 542,874	\$ 1,209,519	\$ 1,298,583	\$ (2,067,175)	\$ (2,088,900)	\$ (367,894)	\$ (177,416)	\$ 711,935	\$ 578,566
Deposits with fiscal agents	-	-	37,899,894	53,090,532	-	-	-	-	(150,990)	(95,143)
Loans and notes receivable	70,000	150,000	780,000	405,000	-	-	-	-	-	-
Capital leases	-	-	2,590,000	3,535,000	-	-	-	-	-	-
Other current assets	14,361	14,173	108,513	50,138	(7,356)	(6,636)	37,478	35,226	2,332	1,652
Total current assets	621,589	707,047	42,587,926	58,379,253	(2,074,531)	(2,095,536)	(330,416)	(142,190)	563,277	485,075
Noncurrent assets:										
Loans and notes receivable	838,038	610,078	405,000	-	-	-	-	-	-	-
Capital leases	-	-	53,585,085	79,197,763	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	6,830,542	6,483,015	-	-
Total noncurrent assets	838,038	610,078	53,990,085	79,197,763	-	-	6,830,542	6,483,015	-	-
Total assets	\$ 1,459,627	\$ 1,317,125	\$ 96,578,011	\$ 137,577,016	\$ (2,074,531)	\$ (2,095,536)	\$ 6,500,126	\$ 6,340,825	\$ 563,277	\$ 485,075
LIABILITIES										
Current liabilities:										
Due to other funds	-	-	-	-	-	-	-	-	80,000	-
Deposits held for others	-	-	3,704,823	5,668,165	-	-	-	-	-	-
Unearned revenue	-	-	760,839	860,495	-	-	-	-	-	-
Bonds payable - current portion	-	-	3,370,000	3,490,000	-	-	-	-	-	-
Notes payable - current portion	-	-	-	-	-	-	-	-	135,571	144,256
Other current liabilities	-	-	277,978	444,866	(4)	(4)	12,905	12,625	10,996	10,274
Total current liabilities	-	-	8,113,640	10,463,526	(4)	(4)	12,905	12,625	226,567	154,530
Noncurrent liabilities:										
Bonds payable	-	-	53,995,000	92,435,000	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	454,866	310,611
Compensated absences payable	-	-	5,453	4,258	-	-	778	4	157	364
Total noncurrent liabilities	-	-	54,000,453	92,439,258	-	-	778	4	455,023	310,975
Total liabilities	-	-	62,114,093	102,902,784	(4)	(4)	13,683	12,629	681,590	465,505
NET ASSETS										
Invested in capital assets, net of related debt	-	-	-	-	-	-	6,830,542	6,483,015	-	-
Restricted	-	-	34,463,918	34,674,232	-	-	-	-	-	-
Unrestricted	1,459,627	1,317,125	-	-	(2,074,527)	(2,095,532)	(344,099)	(154,819)	(118,313)	19,570
Total net assets	1,459,627	1,317,125	34,463,918	34,674,232	(2,074,527)	(2,095,532)	6,486,443	6,328,196	(118,313)	19,570
Total liabilities & net assets	\$ 1,459,627	\$ 1,317,125	\$ 96,578,011	\$ 137,577,016	\$ (2,074,531)	\$ (2,095,536)	\$ 6,500,126	\$ 6,340,825	\$ 563,277	\$ 485,075

CPED Enterprise Fund Component Programs
Statement of Revenues, Expenses, and Changes in Program Net Assets
For the Years Ended 12/31/09, and 12/31/10

	Housing Development Fund	Housing Development Fund	General Agency Reserve Fund System	General Agency Reserve Fund System	Theatres	Theatres	River Terminal	River Terminal	Economic Development Program	Economic Development Program
	1/1-12/31/09	1/1-12/31/10	1/1-12/31/09	1/1-12/31/10	1/1-12/31/09	1/1-12/31/10	1/1-12/31/09	1/1-12/31/10	1/1-12/31/09	1/1-12/31/10
Operating revenues										
Charges for sales and services	\$ -	\$ -	\$ 270,318	\$ 317,324	\$ -	\$ -	\$ 1,810,975	\$ 1,825,794	\$ 29,732,592	\$ 285,623
Interest on program activities	58,350	47,136	3,394,208	3,949,899	-	-	-	-	-	-
Other	-	-	6,591	235	-	-	-	-	-	-
Total operating revenues	58,350	47,136	3,671,117	4,267,458	-	-	1,810,975	1,825,794	29,732,592	285,623
Operating expenses:										
Personal services	-	-	-	-	3,077	-	20,838	(955)	4,050	11,859
Contractual services	183,776	195,095	285,468	276,357	2,754	-	1,549,943	1,633,977	19,210	37,352
Other	-	-	-	-	-	-	-	500	985,710	-
Depreciation expense	-	-	-	-	-	-	359,718	347,526	-	-
Total operating expenses	183,776	195,095	285,468	276,357	5,831	-	1,930,499	1,981,048	1,008,970	49,211
Operating income	(125,426)	(147,959)	3,385,649	3,991,101	(5,831)	-	(119,524)	(155,254)	28,723,622	236,412
Nonoperating revenues (expenses)										
Interest on investments	7,975	5,457	704,141	286,658	(30,662)	(21,005)	(6,474)	(2,993)	(2,360)	2,637
Interest expense	-	-	(3,401,627)	(3,937,677)	-	-	-	-	(41,609)	(33,332)
Total nonoperating revenue (expenses)	7,975	5,457	(2,697,486)	(3,651,019)	(30,662)	(21,005)	(6,474)	(2,993)	(43,969)	(30,695)
Income (loss) before transfers	(117,451)	(142,502)	688,163	340,082	(36,493)	(21,005)	(125,998)	(158,247)	28,679,653	205,717
Net transfers from (to) other funds	-	-	(680,042)	(129,768)	-	-	-	-	(29,070,500)	(67,834)
Change in net assets	(117,451)	(142,502)	8,121	210,314	(36,493)	(21,005)	(125,998)	(158,247)	(390,847)	137,883
Total net assets - January 1	1,577,078	1,459,627	34,455,797	34,463,918	(2,038,034)	(2,074,527)	6,612,441	6,486,443	272,534	(118,313)
Total net assets - December 31	\$ 1,459,627	\$ 1,317,125	\$ 34,463,918	\$ 34,674,232	\$ (2,074,527)	\$ (2,095,532)	\$ 6,486,443	\$ 6,328,196	\$ (118,313)	\$ 19,570

Housing Development - This fund accounts for various home ownership and home improvement programs. These are mature programs. The residual balances are committed to the operations of the Minneapolis-St Paul Housing Finance Board.

General Agency Reserve Fund System - This fund accounts for 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 to maintaining the "A+" rating of the fund.

Theatres - This fund accounted for the operations of the State, Orpheum and the Pantages theatres. The City no longer operates these theatres. The fund accounts for residual balances and activity.

River Terminal - This fund is used to account for the operations of the public terminal facility located on the Mississippi River

Economic Development Program - This fund accounts for the Capital Investment Fund Program with the Federal Home Loan Bank, which provides loans to businesses for economic development and the creation of jobs, as well as for certain defaulted properties.

2010 Fourth Quarter Investment Report

In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity and yield.

As of December 31, 2010, the City's current investment portfolio was valued at \$535 million. The sector holdings and fund distributions are shown below. For the twelve months ended December 31, 2010, the portfolio has outperformed its benchmark.

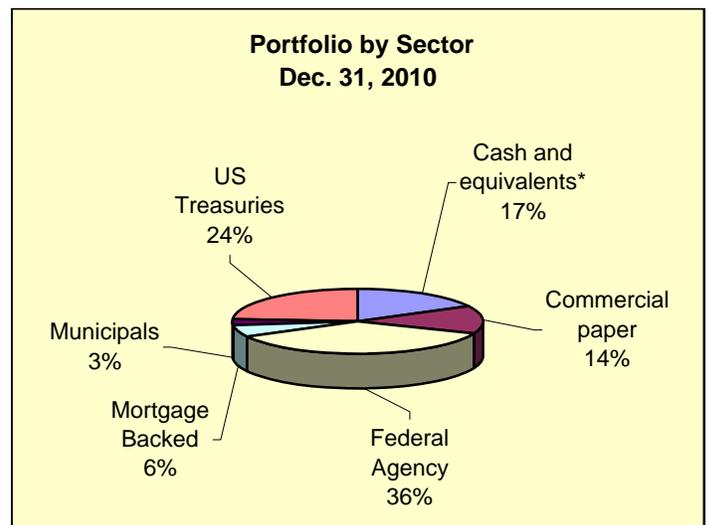
Investment Performance period ended December 31, 2010	City Portfolio	Custom Benchmark*
3 month Total Return	0.0%	-0.1%
12 months Total Return	1.3%	1.1%
3 year Total Return	1.9%	1.5%
Credit Quality	AGY	TSY

* Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

Portfolio Holdings By Sector

Sector	Dec. 31 2010	% of port.	Dec. 31 2009	% of port.
<i>Cash and equivalents*</i>	\$ 92.4	17%	\$ 21.6	4%
<i>Commercial Paper</i>	74.7	14%	55.7	11%
<i>Federal Agency</i>	192.1	36%	263.2	52%
<i>Mortgage Backed</i>	32.0	6%	35.4	7%
<i>Municipals</i>	16.0	3%	25.3	5%
<i>US Treasuries</i>	128.0	24%	101.2	20%
Total Market Value	\$ 535.2	100%	\$ 502.4	100%

*Net of checks outstanding



Funds	Dec. 31 2010	% of funds	Dec. 31 2009	% of funds
<i>Debt Service</i>	\$ 57.1	11%	\$ 49.4	10%
<i>Development</i>	27.8	5%	38.7	8%
<i>Enterprise Fund</i>	81.3	15%	59.1	12%
<i>General</i>	63.5	12%	87.2	17%
<i>Internal Service</i>	57.8	11%	30.4	6%
<i>Hilton Trust</i>	14.0	3%	24.0	5%
<i>NRP</i>	49.1	9%	52.3	10%
<i>Park Board</i>	16.7	3%	16.2	3%
<i>TIF</i>	85.9	16%	73.1	15%
<i>Convention Center</i>	21.1	4%	28.0	6%
<i>Other</i>	14.5	3%	(3.8)	-1%
Sub Total City Op. Port.	\$ 488.8	92%	\$ 454.6	91%
<i>Bond Proceeds/Const.</i>	43.7	8%	45.5	9%
TOTAL Book Value	532.5	100%	500.1	100%
<i>Unrealized G/L & Acc int</i>	2.7		2.3	
All Funds Mkt Value	\$ 535.2		\$ 502.4	

