



City of Minneapolis
Financial Status Report as of 2nd Quarter 2011
Prepared by the
City of Minneapolis Finance Department
August 15, 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 analysis of the results of individual funds through June 30, 2011.

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 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 2011 with a fund balance of \$61.4 million and an operating budget of \$335 million (before transfers). Through second quarter of this year, the fund has spent 45% of its operating budget. At June 30, 2011, it was anticipated that the General Fund balance would end the year at about \$63.5 million.

In July of this year, however, the City's annual Local Government Aid (LGA) allocation from the State was reduced, for the General Fund, by \$22.4 million. The City had anticipated the potential for LGA cuts in 2011 and the Council approved a State deficiency budget plan in December of 2010 as a part of the 2011 adopted budget. This plan reduced appropriations to meet various levels of potential revenue reductions from the state and is now being implemented to meet this \$22.4 million LGA cut in 2011. Based on General Fund operating results through June 30, 2011 combined with the State deficiency budget plan to meet the LGA cuts, it is now anticipated that the City's General Fund balance will end the year at about \$59.9 million after implementing these cuts.

General Fund Departmental Highlights

As a result of State Aid cuts the Police Department's appropriation reductions are approximately \$1.3 million or about one percent of its annual operating budget. It is projected that, after the LGA cuts, the department will be approximately \$650,000 over budget.

The Fire Department appropriation reductions due to State Aid cuts amount to just under \$1.5 million or about three percent of its annual operating budget. While working on plans to meet the reduced budget for 2011, the Fire Department currently anticipates coming in about three

percent over budget for the year. Updates on the department's progress will be provided in the third quarter report.

State Aid cuts amount to an appropriation reduction of just under \$500,000 to the Public Works Department. Through the first half of the year, the Public Works Department had spent more than 50% of its budget. This was because of higher than normal snow plowing at the beginning of the year, and some tornado related expense that is not expected to be reimbursable through FEMA. The department is currently anticipating that all of the higher than budgeted spending in the first six months will not be able to be made up with lower than budgeted spending in the second half of the year, but they will be able to manage the reduction in budget related to State Aid cuts. Therefore, Public Works is anticipating ending the year approximately \$1.3 or about 3% over budget.

All other City departments have plans in place to meet their appropriation reductions as a result of the State Aid cuts and anticipate coming in approximately on budget at the end of the year.

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

The Convention Center has budgeted a loss of \$4.7 million; the fund is projected to experience a \$5.6 million loss, which exceeds the budget by \$0.9 million. Of this amount \$1.7 million is due to increased debt service payments related to restructuring debt for future interest savings, and increased investment in Convention Center Parking Ramps.

The **CPED Special Revenue Funds** are all performing within budget, although the Preliminary Planning Fund and the Operating Fund continue to carry negative cash and fund balances. A plan to address the deficits in these programs is being developed as part of the 2012 budget process.

Proprietary Funds

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

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

Enterprise Funds						
(In Thousands)						
2011 Budget to Actual through 6-30-11 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	49,296	23,186	47%	42,297	20,344	48%
Stormwater	36,821	19,160	52%	21,740	8,901	41%
Solid Waste	29,905	16,095	54%	33,758	14,325	42%
Water Utility	75,313	30,517	41%	48,377	22,034	46%
Parking	41,016	21,571	53%	34,298	15,787	46%

Sewer Utility Funds account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Stormwater fund is projecting a net income of \$3.3 million over budget, and the Sanitary Sewer fund is projecting net income \$0.5 million under budget.

Solid Waste Fund accounts for the City’s solid waste collection, disposal, and recycling operations. This fund is projected to exceed its net income target by \$5.7 million. Higher operating revenue and lower operating expenses relative to budget are both expected to contribute to a relatively strong fund performance for the year.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The fund is projected to have a net income of \$9.3 million, which is \$3.4 million less than budgeted. Operating revenues are projected to be under budget by approximately \$3.9 million, despite a 4.9% rate increase. Wet weather in the first half of 2011 and rising commercial and industrial vacancies contributed to the lower than anticipated revenues and underperformance of the fund.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. The Parking fund’s net income is projected to be about \$0.3 million or \$0.2 million more than the budgeted net income of \$0.1 million. Higher operating revenue and lower operating expenses relative to budget are both expected to contribute to fund performance for the year.

CPED operates five Enterprise Funds: Housing Development, General Agency Reserve, Theatres, River Terminal, and Economic Development Program. The River Terminal fund is projected to lose money this year. In addition, two of these funds, Theatres and River Terminal, have cash deficits, and the Economic Development Program has a small net asset deficit.

Internal Service Funds

Internal Service funds, sell goods and services internally to other government units. The internal service funds remain a challenge for the City, although significant progress has been made improving the financial status of these funds. An overview of the Internal Service Funds follows:

Internal Service Funds (In Thousands)						
2011 Budget to Actual through 6-30-11 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	1,613	669	41%	1,472	579	39%
Fleet Services	40,507	20,018	49%	41,727	19,010	46%
Property Services	20,457	9,172	45%	21,256	9,038	43%
Public Works Stores	1,107	384	35%	1,018	502	49%
Intergovernmental Fund	31,751	15,594	49%	32,436	15,608	48%
Self Insurance	26,129	13,618	52%	25,427	13,834	54%

The Engineering Materials and Testing Fund is projecting a net income of almost \$241,000 compared to a budget of about \$53,000 for the year.

The Fleet Services Fund net income is projected to be about \$5.0 million or \$3.5 million more than the budgeted net income of \$1.5 million. Higher operating revenue and lower operating expenses relative to budget are both expected to contribute to a strong fund performance for the year.

The Property Services Fund is projected to end the year with a lower than budgeted loss in net income. The projected loss for the year in net income is \$75,000 which compares to a budgeted loss of \$390,000.

The Public Works Stores Fund is projecting a net loss of \$132,700 which compares to a budgeted income of \$38,379. Underperformance in operating income accounts for this loss.

The Intergovernmental Service Fund is projected to end the year with a net income of \$1.2 million, just slightly below the budgeted net income of \$1.4 million. Operating income is projected to end the year at a negative \$387,000 which is somewhat better than the budgeted operating income of negative \$ 685,000 for the year. However, due to the reduction in Local Government Aid, the Intergovernmental Services fund will not receive funding for a number of security projects totaling \$465,000 when the State deficiency budget plan is implemented. The 2011 projection for revenue received from the transfer from the general fund accounts for this reduction.

The Self-Insurance Fund is projecting net income of \$ 4.6 million compared to the budgeted net income of \$ 6.8 million for the year. Underperformance in operating income, largely driven by higher than budgeted expenditures is forecast to account for the budget underperformance for the year.

Respectfully Submitted,

Kevin Carpenter
Finance Officer

LeaAnn Stagg
Interim Controller

Appendix

Detailed Fund Information

General Fund

Fund Description

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

Financial Performance

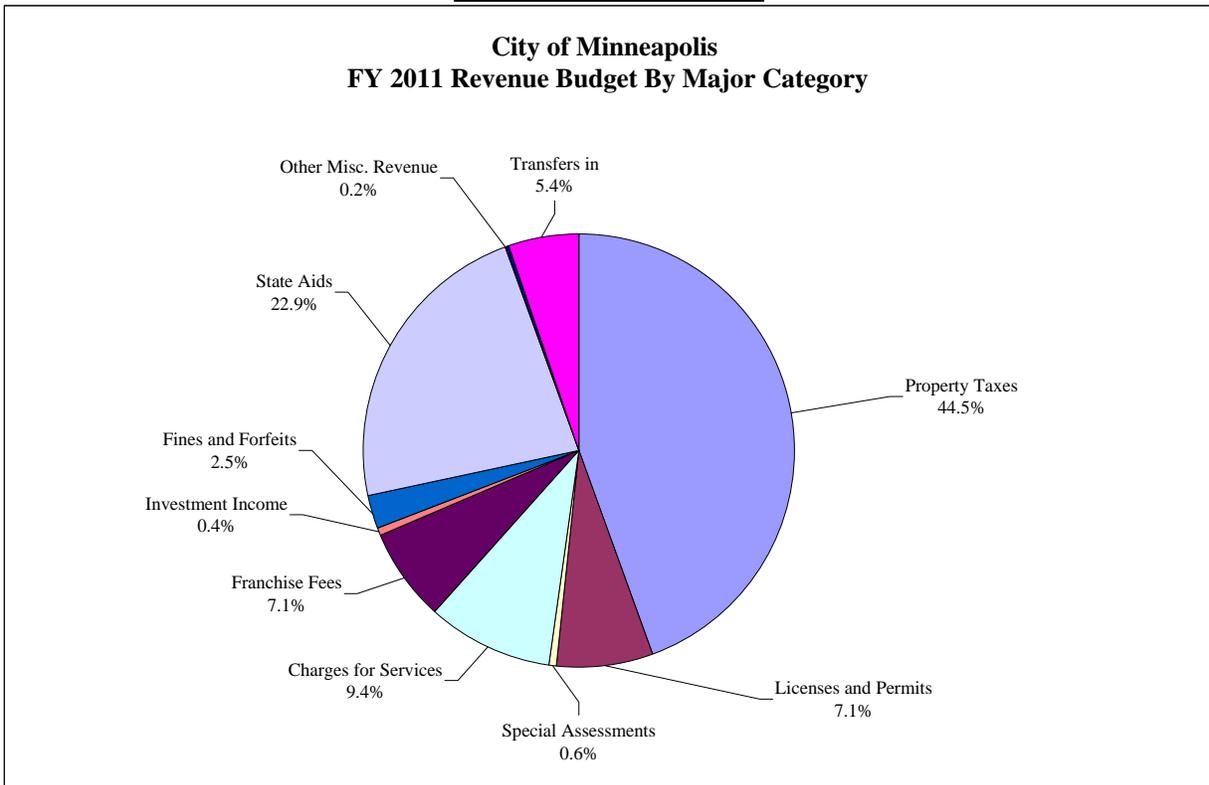
The fund balance for the General Fund at fiscal year-end 2010 was \$ 61.4 million. Based on current revenue and expenditure results and the implementation of the State deficiency budget plan to reduce appropriations to meet the \$22.4 million in LGA cuts, we are expecting the fund balance at year-end to be \$ 59.9 million. This is anticipated to be within the City's stated reserve policy.

Preliminary 2011 Fund Balance

Fund Balance January 1, 2011	\$ 61.4 million
Expense in excess of Revenue (after LGA cuts)	<u>(1.5) million</u>
Fund Balance, December 31, 2011	<u>\$ 59.9 million</u>

The excess of expense over revenue of \$1.5 million includes the \$2.5 million in fund balance rollovers from 2010, and appropriation savings of \$1.0 million. The State deficiency budget plan also includes a reduction of contingency budget of about \$2 million. Any additional use of contingency fund dollars to minimize staff layoffs at the City has not been included in this second quarter report, but will be included in future financial reports. At the end of the second quarter, the City has \$6.7 million in contingency reserves, which is reduced to \$4.5 million after the State cuts.

General Fund Revenues:



The five largest revenue sources account for 91% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, and licenses and permits.

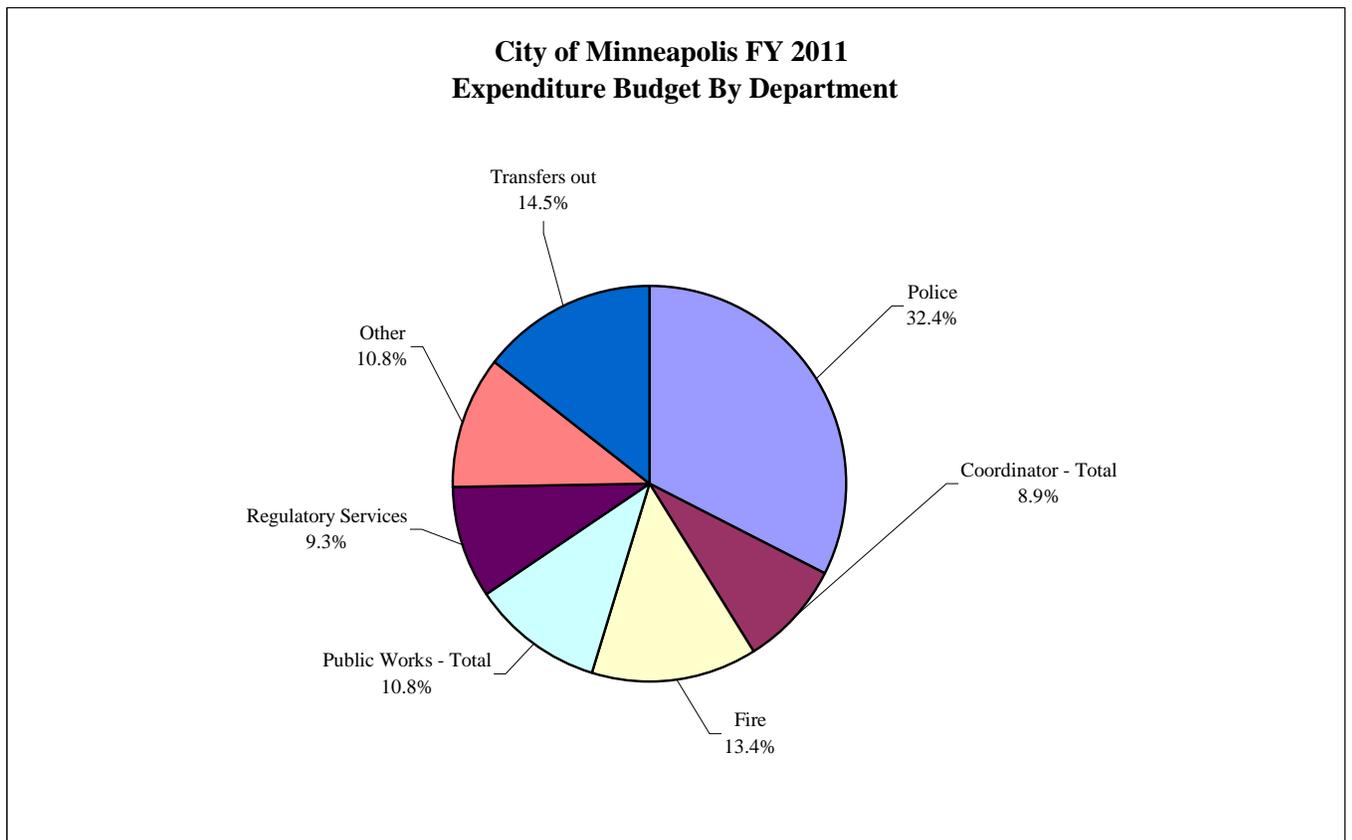
Property taxes, the major source of General Fund revenue (44.5%), are received from Hennepin County in July and December, and are expected to come in very close budgeted amounts for 2011.

State aids, the second major source of fund revenue, have typically accounted for about 23% of the City's General Fund revenue. State Aids are received in two equal payments - one in July, and one at the end of December. In July, the State of Minnesota reduced the City's 2011 annual LGA amount by \$22.4 million. This reduction in revenue is anticipated to be offset by reductions in appropriations, according to the Council approved State deficiency budget plan. (See page 9 for details)

Charges for services, the third major source of fund revenue (9.4%), and Franchise Fees (7.1%), the fourth major revenue source are both expected to come in as planned.

License and permit fees the fifth largest source of revenue to the City (7.1%) are on track to meet budgeted amounts by year end.

Other than the cut in State Aids, Fines and Forfeits is the one revenue source that is expected to come in below budget. Based on the current collection rate, we now anticipate that Fine and forfeiture revenue will come in about \$700,000, or about 7% below the budgeted amount. The Police Department has just implemented an electronic ticketing system which should provide better tracking and forecasting of Fine and Forfeiture revenues in the future



General Fund Expenditures:

Five departments make up 74.8% of the total General Fund expenditures: Police, Fire, Public Works, Regulatory Services, and the Coordinator. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

As a result of State Aid cuts the Police Department's appropriation reductions are approximately \$1.3 million or about one percent of its annual operating budget. It is projected that, after the LGA cuts, the department will be about \$650,000 or 1% over budget.

The Fire Department appropriation reductions due to State cuts amount to just under \$1.5 million or about three percent of its annual operating budget. While working on plans to meet the reduced budget for 2011, the Fire Department currently anticipates coming in about three percent over budget for the year. Updates on the department's progress will be provided in the third quarter report.

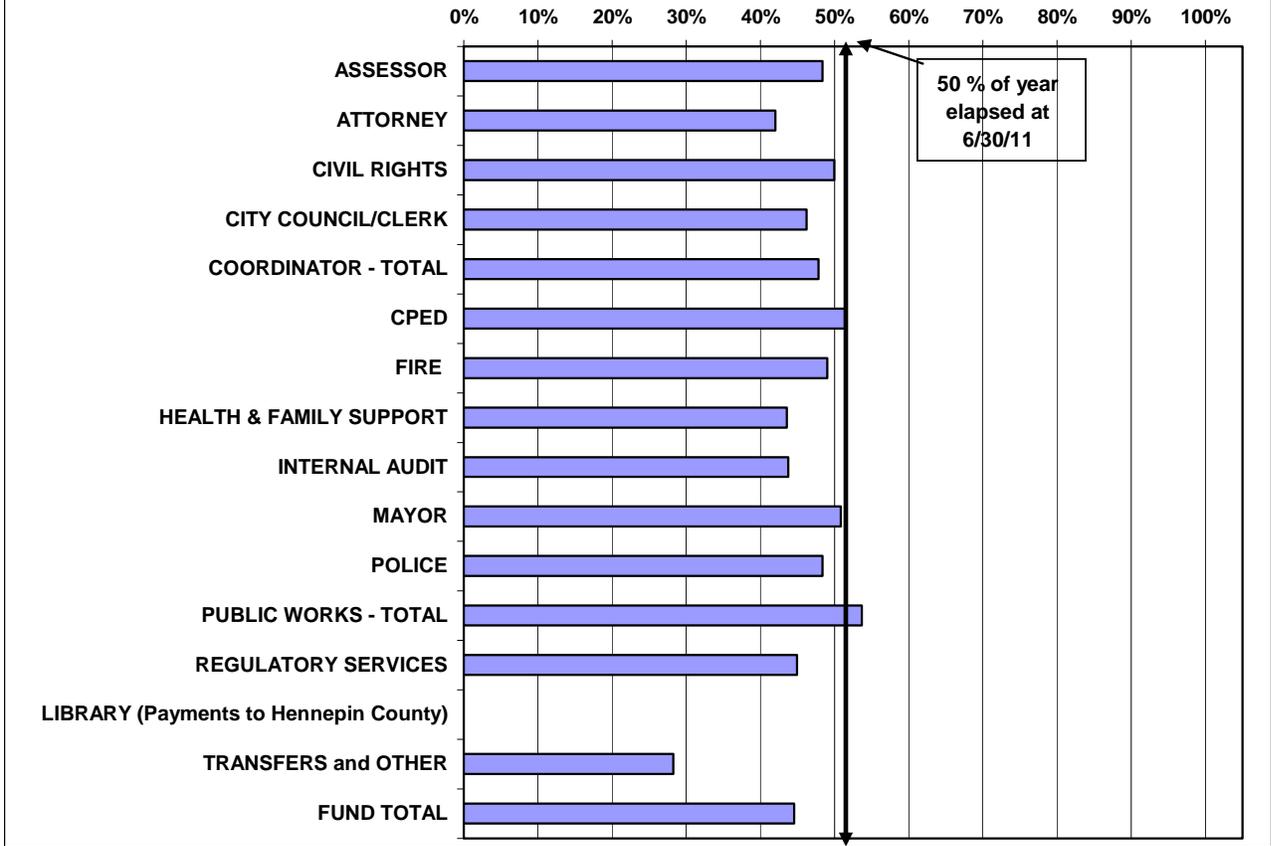
The City Coordinator is projected to be on budget by year end, even with the State Aid cuts.

State aid cuts amount to an appropriation reduction of just under \$500,000 to the Public Works Department. Through the first half of the year, the Public Works Department had spent more than 50% of its budget. This was because of higher than normal snow plowing at the beginning of the year, and some tornado related expense that is not expected to be reimbursable through FEMA. The department is currently anticipating that all of the higher than budgeted spending in the first six months will not be able to be made up with lower than budgeted spending in the second half of the year, but they will be able to manage the reduction in budget related to State Aid cuts.. Therefore, Public Works is anticipating ending the year approximately \$1.3 or about 3% over budget.

Regulatory Services has plans to meet its State Aid cuts, and will end the year at budget, as they plan to transfer any excess to the Land Management System technology project.

Expenditures for all of the remaining departments are projected to be at or near the current budget. All departments will be reducing budgets related to State cuts for 2011, and at this time they all feel that they will be able to manage the reductions.

City of Minneapolis - FY2011 General Fund Expense by Department



City of Minneapolis
General Fund
June 30, 2011

LGA Cuts

	Projected YE Totals				Projected YE as Percent of Revised Budget				Projected YE as Percent of Revised Budget after State Cuts				LGA Cuts			
	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining
Revenues:																
Property Taxes	169,611,800	174,085,408	-	100%	174,085,408	174,085,408	100%	100%	174,085,408	174,085,408	100%	100%	174,085,408	174,085,408	100%	100%
State Aids	89,507,509	89,507,509	3,593,822	96%	89,507,509	89,507,509	100%	100%	67,140,777	67,140,777	100%	100%	67,140,777	67,140,777	100%	100%
Charges for Services	36,306,306	36,706,306	16,751,015	54%	36,706,306	36,706,306	100%	100%	36,706,306	36,706,306	100%	100%	36,706,306	36,706,306	100%	100%
Franchise Fees	27,810,000	27,810,000	14,225,228	49%	27,810,000	27,810,000	100%	100%	27,810,000	27,810,000	100%	100%	27,810,000	27,810,000	100%	100%
Licenses and Permits	27,865,167	27,865,167	14,756,696	47%	27,865,167	27,865,167	100%	100%	27,865,167	27,865,167	100%	100%	27,865,167	27,865,167	100%	100%
Fines and Forfeits	9,638,287	9,638,287	4,498,352	53%	8,938,287	8,938,287	93%	93%	9,638,287	9,638,287	93%	93%	8,938,287	8,938,287	93%	93%
Special Assessments	2,589,574	2,189,574	23,767	99%	2,189,574	2,189,574	100%	100%	2,189,574	2,189,574	100%	100%	2,189,574	2,189,574	100%	100%
Investment Income	1,500,000	1,500,000	610,237	59%	1,500,000	1,500,000	100%	100%	1,500,000	1,500,000	100%	100%	1,500,000	1,500,000	100%	100%
Other Shared Taxes	753,614	753,614	202,876	73%	753,614	753,614	100%	100%	753,614	753,614	100%	100%	753,614	753,614	100%	100%
Other Miscellaneous	5,151,767	678,159	215,367	68%	678,159	678,159	100%	100%	678,159	678,159	100%	100%	678,159	678,159	100%	100%
Contributions	450,000	450,000	229,154	49%	450,000	450,000	100%	100%	450,000	450,000	100%	100%	450,000	450,000	100%	100%
Total Revenues	371,184,024	371,184,024	55,106,513	85%	370,484,024	370,484,024	100%	100%	348,817,292	348,817,292	94%	94%	348,817,292	348,817,292	94%	94%
Transfers In	21,152,976	21,766,271	10,343,388	52%	21,766,271	21,766,271	100%	100%	21,766,271	21,766,271	100%	100%	21,766,271	21,766,271	100%	100%
Revenues and Other Sources	392,337,000	392,950,295	65,449,901	83%	392,250,295	370,583,563	100%	100%	370,583,563	370,583,563	94%	94%	369,883,563	369,883,563	94%	94%
Expenditures :																
Police	128,000,000	128,000,000	61,923,767	52%	128,000,000	126,653,000	100%	100%	126,653,000	127,303,000	101%	101%	127,303,000	127,303,000	101%	101%
Fire	52,266,883	52,878,423	25,908,431	51%	52,878,423	51,425,423	100%	100%	51,425,423	52,778,423	103%	103%	52,778,423	52,778,423	103%	103%
Coordinator - Total	34,219,551	35,010,449	16,750,938	52%	35,010,449	34,498,449	100%	100%	34,498,449	34,498,449	100%	100%	34,498,449	34,498,449	100%	100%
Public Works - Total	41,839,899	42,839,899	22,990,506	46%	42,839,899	42,365,899	100%	100%	42,365,899	43,615,899	103%	103%	43,615,899	43,615,899	103%	103%
Regulatory Services	36,934,488	36,934,488	16,598,342	55%	36,934,488	36,637,488	100%	100%	36,637,488	36,637,488	100%	100%	36,637,488	36,637,488	100%	100%
Attorney	7,665,695	7,967,352	3,347,538	58%	7,967,352	7,919,352	100%	100%	7,919,352	7,919,352	100%	100%	7,919,352	7,919,352	100%	100%
City Council & City Clerk	7,031,706	7,298,337	3,338,201	54%	7,298,337	7,247,337	100%	100%	7,247,337	7,247,337	100%	100%	7,247,337	7,247,337	100%	100%
Culture and Recreation - Library	5,853,000	5,853,000	877	100%	5,853,000	5,853,000	100%	100%	5,853,000	5,853,000	100%	100%	5,853,000	5,853,000	100%	100%
Contingency	6,736,291	6,736,291	177,405	97%	6,736,291	4,729,000	4%	4%	4,729,000	4,729,000	6%	6%	4,729,000	4,729,000	6%	6%
Assessor	4,040,184	4,040,184	1,954,591	52%	4,040,184	4,010,184	100%	100%	4,010,184	4,010,184	100%	100%	4,010,184	4,010,184	100%	100%
CPED	3,328,580	3,328,580	1,715,035	48%	3,328,580	3,306,580	100%	100%	3,306,580	3,306,580	100%	100%	3,306,580	3,306,580	100%	100%
Health & Family Support	3,323,934	3,323,934	1,448,442	56%	3,323,934	3,315,934	100%	100%	3,315,934	3,315,934	100%	100%	3,315,934	3,315,934	100%	100%
Civil Rights	2,087,692	2,087,692	1,043,023	50%	2,087,692	2,077,692	100%	100%	2,077,692	2,077,692	100%	100%	2,077,692	2,077,692	100%	100%
Mayor	1,466,420	1,504,926	765,094	49%	1,504,926	1,495,926	100%	100%	1,495,926	1,495,926	100%	100%	1,495,926	1,495,926	100%	100%
Internal Audit	382,769	490,338	214,537	56%	490,338	487,338	100%	100%	487,338	487,338	100%	100%	487,338	487,338	100%	100%
Total Expenditures	335,177,092	338,293,893	158,176,728	53%	332,977,602	332,022,602	98%	98%	332,022,602	330,816,602	99%	99%	330,816,602	330,816,602	99%	99%
Transfers Out	57,159,907	57,159,907	17,889,650	69%	57,159,907	40,594,907	100%	100%	40,594,907	40,594,907	100%	100%	40,594,907	40,594,907	100%	100%
Expenditures and Other Uses	392,336,999	395,453,800	176,066,378	55%	390,137,509	372,617,509	99%	99%	372,617,509	371,411,509	95%	95%	371,411,509	371,411,509	95%	95%
Change in Fund Balance			2,112,786		2,112,786	(1,527,946)			(1,527,946)	(1,527,946)			(1,527,946)	(1,527,946)		
Fund Balance - January 1, 2011			61,362,101		61,362,101	61,362,101			61,362,101	61,362,101			61,362,101	61,362,101		
Fund Balance - December 31, 2011			63,474,887		63,474,887	59,834,155			59,834,155	59,834,155			59,834,155	59,834,155		

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. In addition to a portion of the entertainment tax, the General Fund receives \$250,000 of the sales tax for mounted patrol related to convention public safety activities.

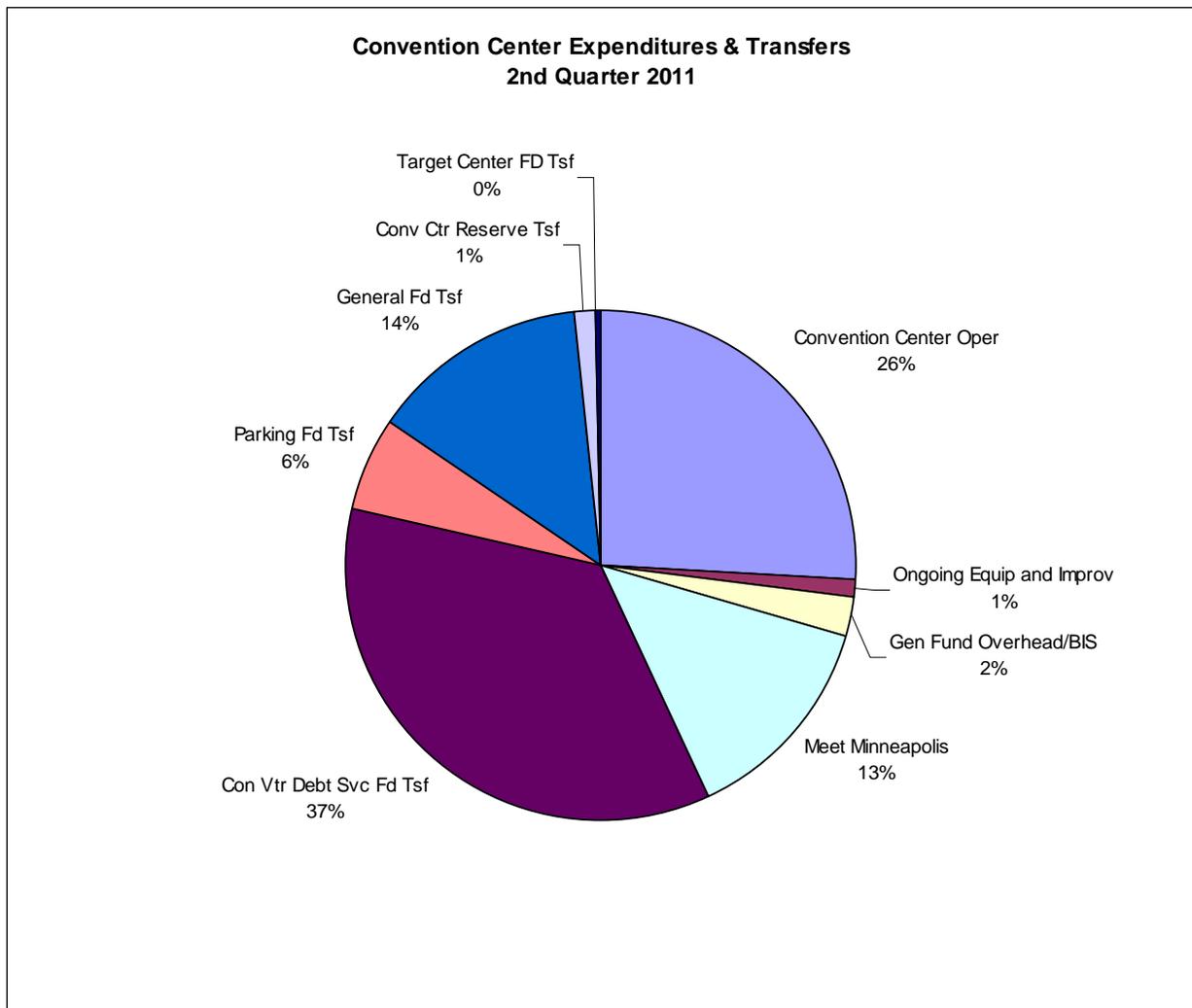
Through the 2nd quarter ending June 30, 2011, tax proceeds were above 2010 levels by 23.6% for the same period. All the local tax categories are ahead of 2010; particularly the sales and entertainment taxes. With the impending state shutdown, the state sent a \$3.5 million estimated tax payment early. The payment was receipted to June; the month the cash was received, so the June sales tax came in higher than expected. The additional payment made in June will wash in July. The increase in entertainment tax can be largely attributed to the Twins Ballpark (Target Field) and consumer spending. 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	June 2010	June 2011	Variance	% Change
Sales	\$14,849,773	\$19,156,901	\$4,307,128	29.0%
Entertainment	3,489,205	4,825,262	1,336,057	38.3%
Food	3,843,313	4,001,074	157,761	4.1%
Liquor	1,473,209	1,627,802	154,593	10.5%
Lodging	1,946,757	2,041,289	94,532	4.9%
Total	\$25,602,257	\$31,652,328	\$6,050,071	23.6%

Operating Revenue

Through the 2nd quarter of 2011, operating revenue finished at \$7.8 million or 55% of budget. Rents and Commissions had the strongest finish at \$3.8 million or 60% of budget followed by Catering Commissions at 52% and Charges for Services and Sales at 51% of budget. We continue to discount rents heavily to be competitive and operational changes made in the beginning of 2011 are beginning to see results, particularly in charges for services and sales. We anticipate a strong third quarter and moderately busy fourth quarter until Thanksgiving. Consistent with 2010, the building has very few events after Thanksgiving. National and International conventions this summer and fall will bring over 100,000 attendees and over 125,000 room nights to Minneapolis. During the slow period in December, we will be working on several much needed capital

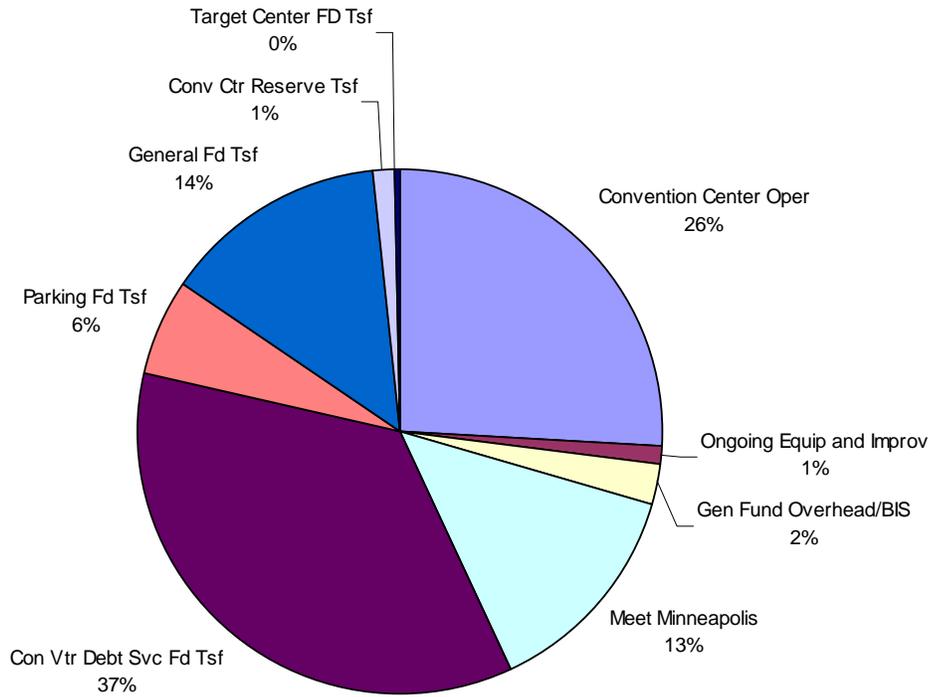
improvement projects, such as replacing the fabric on the air walls in several exhibition halls. Investments such as this allow us to continue to sell this facility and charge rents consistent with our competition. Our expectation is that our budgeted revenue will be achieved in 2011.



Operating Expenditures

Through the 2nd quarter of 2011, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead were at \$10.7 million or 43% of budget. Overall, operating expenses are down 8% compared to 2010 expenses. We expect to meet our budget. We continue to work on our ‘no waste’ initiative which includes a large waste program as well as further enhancements to the energy efficiency practices that were put in place in 2009. The restructuring of our debt service, which is up 11% compared to 2010, will provide savings in future years. We anticipate meeting our budget target in ongoing equipment and improvements and the Convention Center’s smaller event load in the fourth quarter will allow us to complete large projects such as replacing the fabric on the air walls in the exhibition halls. Further, personnel expenses are down 2% due to tight staffing practices and low overtime.

**Convention Center Expenditures & Transfers
2nd Quarter 2011**



Transfers

The Convention Center Fund annually transfers a portion of its tax revenue to several other funds, in addition to receiving transfers from other funds. In 2011, transfers are budgeted for the General Fund - \$11.5 million for entertainment tax and mounted patrol. Transfers are also budgeted from the Convention Center Facility Reserve Fund - \$1.5 million; a transfer to the Facility Reserve Fund - \$1.2 million; a transfer to the Arena Reserve Fund - 80,000; a transfer to debt service - \$20.7 million, a transfer to other debt service for MERF - \$153,000, and a transfer to the Municipal Parking Enterprise Fund for \$6.4 million. In addition, the Convention Center is receiving a \$1.5 million transfer from BIS for a capital advance. The BIS transfer is being accounting for on the balance sheet. All 2011 transfers are underway.

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, as well as 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 revenue in the period in which it is due.

Fund Balance

The 2011 ending fund balance is projected to be \$34.4 million, which is approximately \$900,000 below budget. The decrease for the most part can be attributed to building and parking ramp debt restructuring which increased the projection approximately \$1.5 million over budget.

CONVENTION CENTER SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the fiscal quarter ending June 30, 2011

CITY OF MINNEAPOLIS, MINNESOTA

	2011				
	Budget	Actual	Percent of Total	Year End Projection	2010 Actual
REVENUE					
Operating Revenue:					
Charges for Services and Sales	5,280,000	2,711,378	51%	5,280,000	4,499,809
Rents and Commissions	6,400,000	3,823,692	60%	6,400,000	6,203,352
Catering Commissions	2,500,000	1,290,692	52%	2,500,000	2,162,574
Total Operating Revenue	14,180,000	7,825,762	55%	14,180,000	12,865,735
Tax Revenue:					
Sales and Use Tax	27,593,121	19,156,901	69%	27,594,000	27,265,504
Entertainment Tax	11,298,776	4,825,262	43%	13,175,000	13,174,564
Food Tax	10,306,402	4,001,074	39%	10,491,000	10,490,808
Liquor Tax	3,929,434	1,627,802	41%	4,590,000	4,585,688
Lodging Tax	5,911,264	2,041,289	35%	5,791,000	5,790,390
Total Tax Revenue	59,038,997	31,652,328	54%	61,641,000	61,306,954
Other Non Operating Revenue:					
Investment Management Services Interest	400,000	59,661	15%	143,186	341,632
Meet Minneapolis (iDSS) Loan Interest	359,760	185,555	52%	359,760	402,611
Damage Claims	-	-	-	-	282,028
Other	20,000	14,032	70%	20,000	46,360
Total Other Non Operating Revenue	779,760	259,248	33%	522,946	1,072,631
Total Non Operating Revenue	59,818,757	31,911,576	53%	62,163,946	62,379,585
Total Revenue	73,998,757	39,737,339	54%	76,343,946	75,245,320
EXPENDITURES					
Convention Center Operations	24,763,108	10,729,033	43%	24,600,000	22,426,941
Ongoing Equipment and Improvement	5,376,000	443,853	8%	5,376,000	7,989,708
General Fund Overhead/BIS Operating	2,039,623	1,022,002	50%	2,039,623	2,240,319
Meet Minneapolis	8,004,911	5,561,310	69%	8,004,911	6,975,675
Total Expenditures	40,183,642	17,756,198	44%	40,020,534	39,632,643
Excess of Revenues Over (Under) Expenditures	33,815,115	21,981,141	65%	36,323,412	35,612,677
OTHER FINANCING SOURCES (USES)					
General Fund Transfer - Ent Tax/Mounted Patrol	(11,468,776)	(5,734,388)	50%	(13,345,000)	(12,718,709)
Arena Reserve Fund Transfer	(80,000)	(80,000)	100%	(80,000)	(705,855)
Facility Reserve Fund Transfer to Convention Ctr	1,500,000	750,000	50%	1,500,000	1,000,000
Convention Center Facility Reserve Fund Transfer	(1,150,000)	(575,000)	50%	(1,150,000)	(1,150,000)
Convention Ctr Debt Service Transfer	(20,744,125)	(14,732,378)	71%	(22,110,861)	(19,036,648)
Other Debt Service Transfer	(153,000)	(153,000)	100%	(153,000)	(73,000)
Municipal Parking Enterprise Fund Transfer	(6,419,880)	(2,471,025)	38%	(6,589,231)	(11,543,915)
Total Other Financing Sources (Uses)	(38,515,781)	(22,995,791)	60%	(41,928,092)	(44,228,127)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,700,666)	(1,014,650)		(5,604,680)	(8,615,450)
Fund Balance - January 1	40,008,910	40,008,910		40,008,910	48,624,360
Ending Fund Balance	35,308,244	38,994,260		34,404,230	40,008,910
Ending Cash Balance		18,875,209		NA	21,078,511

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending June 30, 2011

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 June 30, expenditures were \$13,669,813 as compared to the 2010 expenditures of \$17,025,109. The 2009 expenditures are higher compared to the current year due to the Recovery grants that were awarded in 2009 and 2010 and are now expiring.

American Recovery and Reinvestment Act (ARRA)

On February 17, 2009, the President signed the American Recovery and Reinvestment Act into law. In 2009 and 2010 the City applied for \$144.4 million. The City 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. Many of these grants are expiring in 2011 and early 2012.

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 June 30 were \$9,696,151 as compared to \$12,545,450 for 2009. In 2009 there were three amendments to the existing 2008 HUD Consolidated Plan awarding an additional \$14.7 million in Neighborhood Stabilization Program (NSP) and ARRA funds resulting in higher spending levels in 2010. The current years CDBG award was \$2.4 million less than the anticipated amount of \$14.4 million. In March 2011, the 2011 Consolidated Plan was amended to add \$2.67 million of NSP3 funds for to be expended between March 16, 2011 and March 15, 2014. With the addition of the NSP funding along with the reduction in CDBG allocation the spending level in the fund should return to the normal level prior to the Stimulus funding.

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. Since 2008, in accordance with the reprogramming policy, an additional \$1,362,067 has been reprogrammed resulting in a current deficit balance of \$4,805,490.

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 June 30, 2011 and 2010 is \$14,278,340 and \$9,638,490, respectively. The year to date revenue in the fund as of June 30, 2011 and 2010 is \$14,278,340 and \$12,885,875, respectively. The increase in expenditures is primarily due to an increase in Revolving Fund activity and costs related to the Shubert Theater. Revolving Fund expenditures increased \$1.2 million compared to June 30, 2010. The City received an \$11 million State award for the Shubert Theater in late 2009. As of June 30, 2011 the expenditures for the Shubert Theater total \$3.9 million compared to the \$1.6 for the same period in 2010.

Regulatory Services Revolving Fund

In 2008, Regulatory Services established a revolving fund and began accounting for the activities in fund 01600. Thus far in 2011, the following non-grant revenue has been recognized in fund 01600:

Special Assessments	\$ 645,903
Fees, License, Registrations, & Permits	\$ 322,914
False Burglar Alarm Fees	\$ 201,186
Re Inspection Fees	\$ 15,700
Truth-in-Housing Fees	\$ 64,775
Water Shut Off Inspection Fees	\$ 36,800
Forfeited Deposits	\$ 14,500
Penalties	\$ 91,110
Citations	\$ 69,975
	<u>\$1,462,863</u>

The excess revenue over expenditures for this program from inception in 2008 is approximately \$5,606,377 as of June 30, 2011.

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 June 30, 2011

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	\$ (786,734)	\$ (1,487,367)	\$ 10,184,870	\$ 7,910,769
Accounts - net		17,752	17,193	34,945
Special Assessments Receivable			(95,425)	(95,425)
Intergovernmental Receivables	1,394,927		66,703	1,461,630
Loans receivable-net				0
Due from Other Funds		27,399		27,399
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	\$ 1,514,331	\$ 4,991,426	\$ 12,612,635	\$ 19,118,392
Liabilities				
Salaries payable	\$ 425,638	\$ 357,231	\$ 566,112	\$ 1,348,981
Accounts payable	530,948	30,989	63,278	625,215
Inter Governmental Payables	11,493		22,336	33,829
Due to Other Funds	215,934	198,585	141,747	556,266
Use Taxes Payable	1,525	1,548	11,885	14,958
Unclaimed Property	1,000		313	1,313
Deposits held for others			100	100
Deferred revenue & Contracts	5,828		713,246	719,074
Deferred Special Assessments	-			0
Total Liabilities	\$ 1,192,366	\$ 588,353	\$ 1,519,017	\$ 3,299,736
Fund Balance	\$ 321,965	\$ 4,403,073	\$ 11,093,618	\$ 15,818,656
Total Liabilities and Fund Balance	\$ 1,514,331	\$ 4,991,426	\$ 12,612,635	\$ 19,118,392
Revenue				
Taxes-Charitable Gambling			\$ 51,540	\$ 51,540
Grants and Shared Revenues	\$ 12,498,636	\$ 7,569,249	12,257,250	32,325,135
Loan Origination Fees				0
Special Assessments			645,903	645,903
Private Contributions			549,963	549,963
Charges for Services	12,000	50	617,279	629,329
Fees, License, Registrations & Permits			322,914	322,914
False Burglar Alarm Fees			201,186	201,186
Penalties			91,110	91,110
Citations			69,975	69,975
Reinspection Fees			15,700	15,700
Truth-in-Housing Fees			64,775	64,775
Water Shut Off Inspection			36,800	36,800
Forfeited deposits			14,500	14,500
Interest	251	67,987		68,238
Rent & Commissions		6,755		6,755
Sale of Lands & Buildings	72,021	(109,130)		(37,109)
Loan Recapture	124,881	130,673	538,937	794,491
Sale of Equipment				0
Miscellaneous Revenue			8,923	8,923
Transfer within Special Revenue Fund	377,851		(69)	377,782
Total Revenue	\$ 13,085,640	\$ 7,665,584	\$ 15,486,686	\$ 36,237,910
Expenditures	\$ 13,669,813	\$ 9,696,151	\$ 14,278,340	\$ 37,644,304
Revenues Over (Under) Expenditures	\$ (584,173)	\$ (2,030,567)	\$ 1,208,346	\$ (1,406,394)

CDBG Program Year 37
Beginning June 1, 2011
June 30, 2011

Project	Adopted Budget		Amended Budget		Program Income	Department Actions	Revised Budget	2011		Remaining Grant Budget
	2010R-598	2011R-301	2011R-301	2011R-301				Expenditures	Grant to Date Expenditures	
Capital Grants:										
General Housing Rehabilitation-MPHA	\$ 110,000	\$ (110,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Problem Properties Attorneys	38,000	(7,617)	-	-	-	30,383	-	-	30,383	584,000
Personal Protective Equipment	584,000	-	-	-	-	584,000	-	-	-	42,376
Problem Properties Police	53,000	(10,624)	-	-	-	42,376	-	-	-	99,943
Lead Reduction	125,000	(25,057)	-	-	-	99,943	-	-	-	161,177
Problem Properties Board Bldg	348,000	(186,823)	-	-	-	161,177	-	-	-	1,113,430
Adult Training, Placement and Retention	1,255,000	(141,570)	-	-	-	1,113,430	-	-	-	583,669
High density corridor housing	730,000	(146,331)	-	-	-	583,669	-	-	-	132,725
NonProfit MF Rental Development Assisiz	166,000	(33,275)	-	-	-	132,725	-	-	-	901,088
NEDF/CEDF (Great Streets)	1,127,000	(225,912)	-	-	-	901,088	-	-	-	27,184
Homeownership Program (GMMHC)	34,000	(6,816)	-	-	-	27,184	-	-	-	2,727,402
Multi-Family/Affordable Housing	3,411,189	(683,787)	-	-	-	2,727,402	-	-	-	1,424,791
Vacant & Boarded Housing	1,782,000	(357,209)	-	-	-	1,424,791	-	-	-	7,828,168
Subtotal Capital Grants	\$ 9,763,189	\$ (1,935,021)	\$ -	\$ -	\$ -	\$ 7,828,168	\$ -	\$ -	\$ -	\$ 7,828,168
Public Service Grants:										
Restorative Justice Programs	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Community Crime Prevention Specialists	934,386	(50,000)	-	-	-	884,386	44,141	-	44,141	840,245
Access & Outreach (Multicultural Affairs)	121,000	-	-	-	-	121,000	-	-	-	121,000
PHAC Living at Home Block Nurse Progra	75,000	-	-	(54,563)	-	20,437	-	-	-	20,437
Curfew/Truancy Center	100,000	-	-	-	-	100,000	-	-	-	100,000
Domestic Abuse Project	75,000	-	-	-	-	75,000	-	-	-	75,000
PHAC MPS Teenage Parenting & Pregnan	250,000	(259,563)	-	9,563	-	-	-	-	-	-
PHAC Minneapolis American Indian Cente	75,000	-	-	(5,000)	-	70,000	-	-	-	70,000
PHAC Hennepin HealthCare System	-	-	-	-	-	-	-	-	-	-
PHAC Southeast Asian Community Counc	-	-	-	-	-	-	-	-	-	-
PHAC Holy Rosary Church	-	-	-	-	-	-	-	-	-	-
Way to Grow	262,000	(50,000)	-	50,000	-	50,000	-	-	-	50,000
Youth Employment & Training	253,000	-	-	-	-	212,000	-	-	-	212,000
Subtotal Public Service Grants	\$ 2,165,386	\$ (359,563)	\$ -	\$ -	\$ -	\$ 1,805,823	\$ 2,853	\$ 46,994	\$ 2,853	\$ 1,758,829
Administrative Grants:										
YCB Administration	\$ 66,000	\$ -	\$ -	\$ -	\$ -	\$ 66,000	\$ -	\$ -	\$ -	\$ 66,000
Civil Rights Dept Fair Housing	365,000	-	-	-	-	365,000	-	-	-	365,000
Finance Administration	196,000	-	-	-	-	196,000	-	-	-	196,000
Director of Arts-City Coordinator Adm	28,146	(28,146)	-	-	-	-	-	-	-	-
MPH Citizen Participation	68,000	-	-	-	-	68,000	-	-	-	68,000
Grants & Special Projects	190,000	-	-	-	-	190,000	-	-	-	190,000
Housing Discrimination Law Project-Legal	54,000	-	-	-	-	54,000	-	-	-	54,000
Homeless Initiative	77,000	-	-	-	-	77,000	-	-	-	77,000
Grant Administration	68,000	-	-	-	-	68,000	-	-	-	68,000
Neighborhood Services	72,000	-	-	-	-	72,000	-	-	-	72,000
Way to Grow Administration	26,000	-	-	-	-	26,000	-	-	-	26,000
YCB Youth Violence Prevention	121,000	(20,000)	-	-	-	101,000	-	-	-	101,000
Program Admin	100,000	-	-	-	-	100,000	-	-	-	100,000
Legal Aid Society	34,000	-	-	-	-	34,000	-	-	-	34,000
Planning - Administration	1,045,854	(54,356)	-	-	-	991,498	30,962	30,962	30,962	960,536
Subtotal Administrative Grants	\$ 2,511,000	\$ (102,502)	\$ -	\$ -	\$ -	\$ 2,408,498	\$ 30,962	\$ 30,962	\$ 30,962	\$ 2,277,536
Block E Deficit Reduction										
GRAND TOTAL	\$ 14,439,575	\$ (2,397,086)	\$ -	\$ -	\$ -	\$ 12,042,489	\$ 77,956	\$ 77,956	\$ 77,956	\$ 11,864,533

CDBG Program Year 36
Beginning June 1, 2010
June 30, 2011

Project	Adopted Budget 2009R-586	Adjustment Amount	Program Income	Department Actions	2011		Remaining Grant Budget
					Revised Budget	Expenditures	
Capital Grants:							
Problem Properties Attorneys	\$ 38,000	\$ -	\$ -	-	\$ 24,847	\$ 34,339	\$ 3,661
Personal Protective Equipment	694,000	-	-	-	1,412	127,651	566,349
Problem Properties Police	53,000	-	-	-	-	-	53,000
Lead Reduction	125,000	-	-	-	-	-	125,000
Problem Properties Board Bldg	348,000	-	-	-	260,145	260,145	87,855
Adult Training, Placement and Retention	982,000	-	-	-	332,466	388,308	593,692
High density corridor housing	730,000	-	-	-	-	-	730,000
NonProfit MF Rental Development Assis	166,000	-	-	-	-	-	166,000
NEDF/CEDF	1,500,000	-	-	-	19,251	278,666	1,221,334
Homeownership Program (GMMHC)	334,000	-	-	-	55,970	228,280	105,720
Multi-Family/Affordable Housing	3,703,000	308,189	-	-	778,575	1,407,305	2,603,884
Vacant & Boarded Housing	782,000	-	-	-	187,902	856,484	(74,484)
Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ -	\$ -	\$ 1,660,568	\$ 3,581,178	\$ 6,182,011
Public Service Grants:							
Restorative Justice Programs	\$ 20,000	\$ -	\$ -	-	15,000	15,000	5,000
Community Crime Prevention Specialist:	880,000	54,386	-	-	347,174	934,386	-
Access & Outreach (Multicultural Affairs	121,000	-	-	-	11,819	19,642	101,358
Living at Home Block Nurse Program	49,000	-	-	20,000	69,000	35,350	33,650
Catholic Charities	49,000	-	-	-	6,510	6,510	42,490
Centro Cultural Chicano Inc	33,000	-	-	14,000	34,591	34,591	12,409
Curfew/Truancy Center	100,000	-	-	-	757	100,000	-
Greater Minneapolis Council of Churches	26,000	-	-	(26,000)	-	-	-
Lao Assistance Center of MN	49,000	-	-	(49,000)	-	-	-
Minnesota International Health Volunte	49,000	-	-	20,000	35,060	35,060	33,940
MPS Teenage Parenting & Pregnancy Pr	49,000	-	-	1,000	26,000	26,000	24,000
Minneapolis Urban League	49,000	-	-	20,000	69,000	42,232	26,768
Southside Community Health Ser	47,000	-	-	-	20,072	20,072	26,928
Way to Grow	262,000	-	-	-	130,822	240,106	21,894
Youth Employment & Training	328,000	-	-	-	4,589	137,736	190,264
Subtotal Public Service Gr	\$ 2,111,000	\$ 54,386	\$ -	\$ -	\$ 694,789	\$ 1,646,685	\$ 518,701
Administrative Grants:							
YCB Administration	\$ 66,000	\$ -	\$ -	-	-	64,803	1,197
Civil Rights Dept Fair Housing	365,000	-	-	-	115,892	134,512	230,488
Finance Administration	196,000	-	-	-	-	-	196,000
MPH Citizen Participation	68,000	-	-	-	20,000	20,000	48,000
Grants & Special Projects	190,000	-	-	-	84,927	133,910	56,090
Housing Discrimination Law Project-Leg	54,000	-	-	-	13,500	45,000	9,000
Homeless Initiative	77,000	-	-	-	19,058	46,234	30,766
Grant Administration	68,000	-	-	-	34,768	63,039	4,961
Neighborhood Services	72,000	-	-	-	29,080	45,102	26,898
Way to Grow Administration	26,000	-	-	-	12,996	23,826	2,174
YCB Youth Violence Prevention	121,000	-	-	-	48,428	99,649	21,351
Citizen Participation	233,000	-	-	-	16,000	46,068	186,932
Legal Aid Society	34,000	-	-	-	-	-	34,000
Planning - Administration	941,000	-	-	-	411,759	941,000	-
Subtotal Administrative G	\$ 2,511,000	\$ -	\$ -	\$ -	\$ 806,408	\$ 1,663,143	\$ 847,857
Block E Deficit Reduction	-	-	-	-	-	-	-
GRAND T	\$ 14,077,000	\$ 362,575	\$ -	\$ -	\$ 3,161,765	\$ 6,891,006	\$ 7,548,569

CDBG Program Year 35
Beginning June 1, 2009
June 30, 2011

Project	Budget	Program Income	Department Actions	Revised Budget	2011		Remaining Grant Budget
					Expenditures	Grant to Date Expenditures	
Capital Grants:							
General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ -	\$ 219,000	\$ 58,746	\$ 200,541	\$ 18,459
Problem Properties Altorneys	38,000	-	-	38,000	-	38,000	-
Problem Properties Police	53,000	-	-	53,000	-	-	53,000
Lead Reduction	125,000	-	-	125,000	14,184	21,330	103,670
Problem Properties Board Bldg	348,000	-	-	348,000	(99,440)	344,088	3,912
Childcare Facilities Loan/Grant	225,000	-	-	225,000	-	-	225,000
Adult Training, Placement and Retention	511,000	-	-	511,000	-	511,000	-
High density corridor housing	730,000	-	-	730,000	91,649	586,345	143,655
NonProfit MF Rental Development Assistance	166,000	-	-	166,000	20,083	62,083	103,917
Homeownership Program (GMMHC)	334,000	1,472,000	1	1,806,000	-	972,444	833,556
Multi-Family/Affordable Housing	5,715,000	2,014,000	1	7,729,000	539,898	3,545,482	4,183,518
Vacant & Boarded Housing	569,000	500,000	1	1,069,000	(144,059)	948,462	120,538
Subtotal Capital Grants	\$ 9,033,000	\$ 3,986,000	\$ -	\$ 13,019,000	\$ 481,061	\$ 7,229,775	\$ 5,789,225
Public Service Grants:							
Multi Cultural & Native American Indian	\$ 121,000	\$ -	\$ -	\$ 121,000	\$ -	\$ 121,000	\$ -
Graffiti Removal on Public Property	86,000	-	-	86,000	-	66,473	19,527
Living at Home Block Nurse Program	69,000	-	20,000	89,000	8,230	89,000	-
Catholic Charities	69,000	-	(3,562)	65,438	21,141	65,438	(0)
Centro Cultural Chicano Inc	47,000	-	(23,518)	47,000	(7,664)	47,000	-
Greater Minneapolis Council of Churches	36,000	-	(23,518)	12,482	-	12,482	0
Juvenile Supervision Center	100,000	-	-	100,000	135	100,000	-
Lao Family Community	69,000	-	(22,815)	46,185	-	46,185	0
Minnesota International Health Volunteers	69,000	-	(2,180)	66,820	25,237	66,820	(0)
MPS Teenage Parenting & Pregnancy Program	69,000	-	16,075	85,075	5,269	85,075	(0)
Minneapolis Urban League	69,000	-	16,000	85,000	(4,372)	85,000	-
Southside Community Health Services	66,000	-	-	66,000	2,938	66,000	-
Way to Grow	262,000	-	-	262,000	-	262,000	-
Youth are Here Buses	51,000	-	-	51,000	-	-	51,000
Advocacy (Housing)	82,000	-	-	82,000	821	81,999	1
Mortgage Foreclosure Prevention Program	140,000	-	-	140,000	-	137,000	3,000
Youth Employment & Training	458,000	-	-	458,000	-	458,000	-
Subtotal Public Service Grants	\$ 1,863,000	\$ -	\$ -	\$ 1,863,000	\$ 51,735	\$ 1,789,472	\$ 73,528
Administrative Grants:							
MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ 68,000	\$ 3,956	\$ 88,261	\$ (20,261)
YCB Administration	66,000	-	-	66,000	-	64,803	1,197
Civil Rights Dept Fair Housing	365,000	-	-	365,000	439	365,000	-
Grants & Special Projects	189,710	-	-	189,710	(7,022)	178,108	11,602
Housing Discrimination Law Project-Legal Aid	54,000	-	-	54,000	-	54,000	-
Homeless Initiative	77,000	-	-	77,000	-	77,000	-
Finance Administration	196,000	-	-	196,000	67,840	108,685	87,315
Grant Administration	68,000	-	-	68,000	(1,541)	68,000	-
Neighborhood Services	72,000	-	-	72,000	(3,770)	72,000	-
Way to Grow Administration	26,000	-	-	26,000	-	26,000	-
YCB Youth Violence Prevention	121,000	-	-	121,000	-	121,000	-
Citizen Participation	233,000	-	-	233,000	34,761	229,655	3,345
Legal Aid Society	34,000	-	-	34,000	-	-	34,000
Program Admin	62,000	-	-	62,000	-	62,000	-
Planning - Administration	879,000	-	-	879,000	-	879,000	-
Subtotal Administrative Grants	\$ 2,510,710	\$ -	\$ -	\$ 2,510,710	\$ 94,663	\$ 2,393,512	\$ 117,198
Block E Deficit Reduction							
GRAND TOTAL	\$ 13,406,710	\$ 3,986,000	\$ -	\$ 17,392,710	\$ 627,459	\$ 11,412,759	\$ 5,979,951

CDBG Program Year 34
Beginning June 1, 2008
June 30, 2011

Project	Budget	Reduction Amount	Program Income	Department Actions	Revised Budget	2011		Grant to Date Expenditures	Remaining Grant Budget
						Expenditures	Expenditures		
Capital Grants:									
General Housing Rehabilitation-MPHA	\$ 218,000	\$ -	\$ -	\$ -	\$ 218,000	\$ 3,281	\$ 3,281	\$ 345,497	\$ (127,497)
Problem Properties Attorneys	38,300	-	-	-	38,300	-	-	38,300	-
Problem Properties Police	52,700	-	-	-	52,700	-	-	52,700	-
Lead Reduction	125,000	-	-	-	125,000	6,884	6,884	145,830	(20,830)
Problem Properties Board Bldg	348,000	-	-	-	348,000	8,478	8,478	370,139	(22,139)
Childcare Facilities Loan/Grant	224,000	-	-	-	224,000	-	-	224,000	-
Adult Training, Placement and Retention	1,380,000	-	-	-	1,380,000	-	-	1,381,068	(1,068)
High density corridor housing	729,000	-	-	-	729,000	-	-	729,000	-
NonProfit MF Rental Development Assistance	165,000	-	-	-	165,000	-	-	165,000	-
NEDF/CEDF	518,000	-	1,150,000	1	1,668,000	5,447	5,447	442,576	1,225,424
Homeownership Program (GIMHHC)	319,000	-	-	-	319,000	-	-	319,000	-
Industry Cluster Program (Living Wage Jobs)	65,100	-	-	-	65,100	-	-	65,100	-
Multi-Family/Affordable Housing	4,270,000	-	-	-	4,270,000	(6,710)	(6,710)	4,270,000	-
Vacant & Boarded Housing	569,000	-	-	-	569,000	-	-	569,000	-
Subtotal Capital Grants	\$ 9,021,100	\$ -	\$ 1,150,000	\$ -	\$ 10,171,100	\$ 17,380	\$ 17,380	\$ 8,675,510	\$ 1,495,590
Public Service Grants:									
Multi Cultural & Native American Indian	\$ 119,000.00	\$ -	\$ -	\$ -	\$ 119,000.00	-	-	\$ 119,000.00	\$ -
Graffiti Removal on Public Property	86,200.00	-	-	-	86,200.00	-	-	86,200.00	-
Advocacy (Housing)	82,300.00	-	-	-	82,300.00	-	-	82,300.00	-
Asian Media Access	26,800.00	-	-	-	26,800.00	-	-	26,800.00	-
Living at Home Block Nurse Program	64,100.00	-	-	-	64,100.00	-	-	64,100.00	-
Child Dental Services	10,500.00	-	-	-	10,500.00	-	-	10,500.00	-
Curfew/Truancy Center	98,000.00	-	-	-	98,000.00	-	-	98,000.00	-
Domestic Abuse Project	34,500.00	-	-	(34,500.00)	-	-	-	-	6,000.00
Resource Inc. Employment Action Center	44,000.00	-	-	-	44,000.00	-	-	44,000.00	-
Fremont Community Health Services	44,000.00	-	-	-	44,000.00	-	-	44,000.00	-
Greater Minneapolis Council of Churches	48,800.00	-	-	-	48,800.00	-	-	48,800.00	-
Lao Assistance Center of MN	42,100.00	-	-	-	42,100.00	-	-	42,100.00	-
MITZGI Communications	65,100.00	-	-	-	65,100.00	-	-	65,100.00	-
MPS Teenage Parenting & Pregnancy Program	64,100.00	-	-	-	64,100.00	-	-	63,918.00	182.00
Minneapolis Urban League	18,200.00	-	-	-	18,200.00	-	-	18,200.00	-
St Marys Health Clinics	44,000.00	-	-	-	44,000.00	-	-	44,000.00	-
St Stephens Human Services	44,000.00	-	-	-	44,000.00	-	-	44,000.00	-
Southside Family Nurturing Center	44,000.00	-	-	34,500.00	44,000.00	-	-	23,273.00	20,727.00
348TOTS	-	-	-	-	34,500.00	-	-	34,500.00	-
Way to Grow	261,000.00	-	-	-	261,000.00	-	-	260,999.00	1.00
Youth are Here Busses	71,800.00	-	-	-	71,800.00	-	-	71,800.00	-
Mortgage Foreclosure Prevention Program	196,000.00	-	-	-	196,000.00	-	-	196,000.00	-
Youth Employment & Training	457,000.00	-	-	-	457,000.00	-	-	457,000.00	-
Subtotal Public Service Grants	\$ 1,965,500.00	\$ -	\$ -	\$ -	\$ 1,965,500.00	\$ -	\$ -	\$ 1,866,790.00	\$ 98,710.00
Administrative Grants:									
MPH Citizen Participation	\$ 68,000.00	\$ -	\$ -	\$ -	\$ 68,000.00	-	-	\$ 68,000.00	\$ -
YCB Administration	65,000.00	-	-	-	65,000.00	-	-	64,803.00	197.00
Civil Rights Dept Fair Housing	196,000.00	-	-	-	196,000.00	-	-	196,000.00	-
Grants & Special Projects	235,000.00	-	-	-	235,000.00	336.00	336.00	235,623.00	(623.00)
Homeless Initiative	-	-	-	-	-	-	-	-	-
Housing Discrimination Law Project-Legal Aid	54,600.00	-	-	-	54,600.00	-	-	54,600.00	-
Finance Administration	196,000.00	-	-	-	196,000.00	-	-	202,675.00	(6,675.00)
Grant Administration	67,972.00	-	-	-	67,972.00	-	-	67,972.00	-
Legal Aid Society	33,500.00	-	-	-	33,500.00	-	-	33,500.00	-
Neighborhood Services	71,800.00	-	-	-	71,800.00	-	-	71,800.00	-
Way to Grow Administration	25,800.00	-	-	-	25,800.00	-	-	25,800.00	-
YCB Youth Violence Prevention	120,000.00	-	-	-	120,000.00	-	-	120,000.00	-
Citizen Participation	233,000.00	-	-	-	233,000.00	-	-	233,000.00	-
Program Admin	62,000.00	-	-	-	62,000.00	-	-	62,000.00	-
Planning - Administration	878,000.00	-	-	-	878,000.00	-	-	878,000.00	-
Subtotal Administrative Grants	\$ 2,306,672.00	\$ -	\$ -	\$ -	\$ 2,306,672.00	\$ 336.00	\$ 336.00	\$ 2,313,773.00	\$ (7,101.00)
Block E Deficit Reduction									
GRAND TOTAL	\$ 13,293,272.00	\$ -	\$ 1,150,000.00	\$ -	\$ 14,443,272.00	\$ 17,716.00	\$ 17,716.00	\$ 12,856,073.00	\$ 1,587,199.00

CDBG Program Year 33
Beginning June 1, 2007
June 30, 2011

Project	Budget	Reduction Amount PHAC Recom	Program Income	Council Actions	Department Reallocation	Revised Budget	2011		Grant to Date Expenditures	Remaining Grant Budget
							Expenditures	Expenditures		
Capital Grants:										
General Housing Rehabilitation-IPHA	\$ 227,700					\$ 227,700	\$ -	\$ -	\$ 138,358	\$ 89,342
Problem Properties Attorneys	38,915					38,915	-	-	38,915	-
Problem Properties Fire ⁴	15,965			(15,965)		53,880	-	-	1,012	52,868
Problem Properties Police	53,880					130,800	-	-	130,800	-
Lead Reduction	130,800					738,534	1,189	1,189	740,241	(1,707)
Problem Properties Board Bldg ^{1,4}	346,240		376,329	15,965		233,700	-	-	-	233,700
Childcare Facilities Loan/Grant	233,700					844,000	-	-	844,000	-
Adult Training, Placement and Retention	844,000					801,000	-	-	801,000	-
High density corridor housing	801,000					180,700	-	-	108,344	72,356
NonProfit MF Rental Development Assistance	180,700					1,167,000	-	-	1,167,000	-
NEDF/CEDF	1,167,000				(348,426)	2,074	-	-	2,074	-
Homeownership Program (GMMHC) ⁶	350,500					71,900	-	-	71,900	-
Industry Cluster Program (Living Wage Jobs)	71,900		104,267			4,492,267	-	-	4,492,267	-
Multi-Family/Affordable Housing	4,388,000		470,733		348,426	1,444,159	166	166	1,444,326	(167)
Vacant & Boarded Housing ⁶	625,000		951,329			10,426,629	1,355	1,355	9,980,237	446,392
Subtotal Capital Grants	\$ 9,475,300	\$ -	\$ -	\$ -	\$ -	\$ 10,426,629	\$ 1,355	\$ 1,355	\$ 9,980,237	\$ 446,392
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	-
Living at Home Block Nurse Program	74,900	100				75,000	-	-	75,000	-
Child Dental Services	11,000					11,000	-	-	11,000	-
Curfew/Traucny Center	97,900	100				98,000	-	-	98,000	-
Resource Inc. Employment Action Center	49,900	100				50,000	-	-	49,999	1
Fremont Community Health Services	49,900	100				50,000	-	-	50,000	-
Greater Minneapolis Council of Churches	49,900	100				50,000	-	-	50,000	-
Lao Assistance Center of MN	54,900	100				55,000	-	-	55,000	-
Domestic Abuse Project	39,900	100				40,000	-	-	40,000	-
MITZGI Communications	47,900	100				48,000	-	-	48,000	-
MPS Teenage Parenting & Pregnancy Program	75,900	100				76,000	-	-	76,000	-
Minneapolis Urban League	74,900	100				75,000	-	-	75,000	-
St. Mary's Health Clinics/Cardondulet Life Care	21,000					21,000	-	-	21,000	-
Southside Family Nurturing Center	49,900	100				50,000	-	-	50,000	-
St. Stephens Human Services	49,900	100				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	\$ -	\$ -	\$ 2,267,932	\$ 1
Administrative Grants:										
MPH Citizen Participation	\$ 70,900					\$ 70,900	-	-	\$ 50,900	\$ 20,000
YCB Administration	64,900					64,900	-	-	64,803	97
Civil Rights Dept Fair Housing	205,000					205,000	-	-	205,000	-
Office Grants & Special Projects	244,900					244,900	-	-	244,900	-
Homeless Initiative	-					-	-	-	-	-
Housing Discrimination Law Project-Legal Aid	56,900					56,900	-	-	56,900	-
GEN ADM Finance (Administration)	205,000					205,000	-	-	205,000	-
Grant Administration	71,900					71,900	-	-	71,900	-
Legal Aid Society (Services)	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	-	-	242,700	-
Program Admin	103,000					103,000	-	-	103,000	-
Planning - Administration	878,000					878,000	-	-	878,000	-
Subtotal Administrative Grants	\$ 2,280,100	\$ -	\$ -	\$ -	\$ -	\$ 2,280,100	\$ -	\$ -	\$ 2,260,003	\$ 20,097
GRAND TOTAL	\$ 13,828,033	\$ -	\$ 1,051,329	\$ 95,300	\$ -	\$ 14,974,662	\$ 1,355	\$ 1,355	\$ 14,508,172	\$ 466,490
Block E Deficit Reduction										

CPED Special Revenue Fund Component Programs
Budget and Actual Expenditures
Cash and Fund Balance
June 30, 2011

	Original Budget	Current Budget	Expended	Remaining Budget	Cash	Fund Balance
Tax Increment Financing Program	56,232,988	56,232,988	22,165,462	34,067,526	68,325,537	97,733,144
Housing & Economic Development	9,831,567	10,076,567	4,435,953	5,640,614	14,872,260	18,828,873
Development Accounts	12,025,543	12,029,263	2,893,104	9,136,159	25,387,181	36,438,560
Neighborhood Revitalization Program	1,106,012	4,044,646	2,583,472	1,461,174	46,873,994	47,547,076
Preliminary Planning	2,743,968	3,645,828	441,987	3,203,841	(4,305,566)	(4,100,740)
CPED Operating	6,963,120	6,963,120	3,409,345	3,553,775	(5,883,529)	(7,389,058)
Total	88,903,198	92,992,412	35,929,323	57,063,089	145,269,877	189,057,855

Fund Balance. The fund balance of the CPED Special Revenue Fund is reserved for land held for development (\$38,548,263,) for encumbrances (\$15,159,514,) for prepaid items, loans and advances (\$15,071,584,) and for special development projects (\$116,190,629.) **The remaining \$4,087,865 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 \$15.8 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. **A plan to address the deficit in this program has been developed as part of the 2012 budget process.**

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 combination of dwindling development resources and increasing charges from various City rate models in recent years. **A plan to address the deficit in this program has been developed as part of the 2012 budget process.**

**City Of Minneapolis
Sanitary Sewer Fund
For the Second Quarter Ending June 30, 2011**

Fund 07100	2011 Budget	06-30-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	49,296,031	23,186,275	26,109,756	47%
Operating Expense	42,297,322	20,343,731	21,953,591	48%
Operating Margin	6,998,709	2,842,544		
Net Income	3,236,845	623,785		

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 \$23.2 million through the end of the second quarter, 47% of the budgeted revenue has been realized compared to \$23.3 million or 51% for the same period in 2010. This is a decrease of \$100 K or 0.4%, compared to revenues through second quarter of 2010. Water consumption which is the basis for sanitary flow has continued to decrease compared to previous years as a result of declining number of accounts due to commercial and industrial vacancies within the City.

Expenses:

The Sanitary Sewer Fund's operating expense of \$20.3 million through second quarter equates to 48% of 2011 budget compared to \$19.6 million, or 47% of 2010 expenditure budget. This is an increase of \$700K, or 4%, over the same period in prior year. Increase in expenditures is mainly due to increase in monthly payments to Met Council. Design cost center also shows an increase in expenditures compared to 2010 and this is due to reassignment of some personnel between cost centers and funds.

Transfers:

The transfer from this Fund goes to the pension fund to cover MERF unfunded liability. The transfer budget for the year is \$478,000 and through this quarter all of this transfer has been made.

Debt Service:

For 2011, the debt service budget totals \$5.2 million which includes \$3.1 set aside for principal and \$2.1 for interests. For the quarter, \$1.05 million in interest on its outstanding debts generated from past bond sales have been recognized even though only a payment totaling \$328 K has been made.

Forecast:

Cash balance is estimated to remain at about \$13.6 million for the year end. This estimate includes cash outflows of \$4.8 million in debt service and \$5 million in capital programs. Cash inflow includes all operating and bond revenues. The Fund expects to receive increased design revenues in the coming months from capital programs as capital activities peak and, also, as completed programs close out. SAC revenues are at a pace to meet the year's budget of \$2 million. The adopted utility charges are \$46.4 million and we are currently projected to collect \$45.2 million.

Other Financial Items:

The current operating cash balance is \$13.3 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 \$10.2 million. The cash position through the quarter remains at \$3.1 million above its target.

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010, 2009

	Budget Year 2011	Projected Year 2011	Period Ending 06/30/2011	Year Ending 2010	For Period Ending 06/30/2010	Year Ending 2009	For Period Ending 06/30/2009
Operating Revenues:							
Sanitary Utility Charges	46,367,163	45,153,676	22,067,165	45,108,976	22,230,027	40,230,065	19,792,127
Other Services Provided	928,868	928,868	195,510	1,175,845	249,807	1,418,181	219,897
SAC Revenues	2,000,000	2,000,000	923,600	2,983,629	780,900	2,305,130	846,430
Interest							
Total Operating Revenues	49,296,031	48,082,544	23,186,275	49,268,450	23,260,734	43,953,376	20,858,454
Operating Expenses:							
Sewer Design	426,903	562,925	225,469	297,849	107,691	230,253	121,364
Sewer Maintenance	6,488,380	5,986,069	2,610,370	5,427,064	2,584,041	5,922,731	3,177,838
Met Council Env. Svcs.	35,382,039	35,086,176	17,507,892	34,896,837	16,900,132	32,234,678	18,478,931
Total Operating Expenses	42,297,322	41,635,170	20,343,731	40,621,750	19,591,864	38,387,662	21,778,133
Operating Margin	6,998,709	6,447,374	2,842,544	8,646,700	3,668,870	5,565,714	(919,679)
Non-Operating Revenues/(Expenses)							
Net Transfers (out)	(478,000)	(478,000)	(576,827)	(574,793)	(239,000)	(1,791,003)	(575,003)
Non-Oper Expenses				6,433			
Depreciation	(1,187,654)	(1,187,654)	(593,827)	(1,151,791)	(941,002)	(1,159,640)	(579,820)
Special Assessments						9,691	
Net Interest Income (Exp)	(2,096,210)	(2,096,210)	(1,048,105)	(547,042)	(1,048,105)	(500,094)	(1,048,105)
Total Non-Operating Revenues (Expenses)	(3,761,864)	(3,761,864)	(2,218,759)	(2,267,193)	(2,228,107)	(3,441,046)	(2,202,928)
Net Income	3,236,845	2,685,510	623,785	6,379,507	1,440,763	2,124,668	(3,122,607)
Significant Balance Sheet Items							
Operating Cash	-	13,629,766	13,306,588	12,473,870	10,213,924	9,639,595	6,118,286
Accounts Receivable	-		3,451,361	3,659,013	3,720,076	3,312,601	3,322,027
Significant Cash Flow Items							
Capital Outlay	5,000,000	5,000,000	952,843	5,709,012	1,590,522	7,904,063	2,620,376
Bond Principle payments	3,100,000	3,100,000	-	2,850,000	1,550,000	2,436,000	1,550,000

**City Of Minneapolis
Stormwater Fund
For the Second Quarter Ending June 30, 2011**

Fund 07300	2011 Budget	06/30/2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	36,821,275	19,160,216	17,661,014	52%
Operating Expense	21,739,539	8,901,434	12,838,105	41%
Operating Margin	15,081,736	10,258,827		
Net Income	4,727,325	3,940,170		

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, Storm Water Maintenance along with Capital programs are other activities covered by this Fund.

Revenue:

With Storm Water revenue of \$19.2 million through second quarter, 52% of the operating revenue budget has been realized compared to \$18.5 million, or 54%, for the same period in 2010. The revenue increased by \$700K over second quarter of 2010. Increase in revenues is in part due to increase in utility rates/ESU - \$11.09 in 2010 versus \$11.42 in 2011. Additional increase comes from State grants for maintenance work done by Street Cleaning and Storm Maintenance departments and reimbursed by State.

Expenses:

Through second quarter, 2011, Storm Water Fund's operating expenses ended at 41% of the budget. Expenses through the quarter totaled \$8.9 million – just \$200,000, or 2%, over \$8.7 million recorded through second quarter, 2010. Increases are due to higher expenditures in Street Cleaning and Storm Design cost centers. However, increase in Storm Design expenses has been off set by decrease in Storm Maintenance expenditures. Street Cleaning expenses are mostly due to contractual services related to hauling of the spring sweep and storm debris.

Transfers:

Transfer out of the Storm Water Fund includes a transfer to MERF pension fund. For 2011, this transfer estimate was \$478,000 and through second quarter, all of the transfer has been made to the Pension Fund.

Debt Service:

The debt service budget for 2011 totals \$10.9 million of which \$6.1 million is set aside for interest and \$4.8 million goes towards principal. Through second quarter, \$3.1 million has been recognized as interest expense. The debt service payments are primarily for bonds sold to finance the Combined Sewer Overflow, Flood Mitigation Program, and the Storm Tunnel program.

Forecast:

For the year end, cash balance is projected at \$16.6 million. In the next six months, it is estimated that this fund will incur cash outflow of \$11.6 million in operations, \$10.5 million for debt service and additional \$10 million for capital outlays. These outflows will be off set by current fund balance and by additional cash inflow from operating revenues currently budgeted at \$36.8 million but projected to earn \$38.3 million.

Other Financial Items:

For the quarter, the operating cash balance stands at \$31.6 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the required cash balance is \$4.5 million leaving \$27.1 million in an unrestricted reserve which will be used to pay operating and non-operating expenses previously listed in the coming months.

City of Minneapolis, Minnesota
Stormwater Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010 and 2009

	Budget Year 2011	Projected Year 2011	For Period Ending 06/30/2011	For Year Ending 12/31/2010	For Period Ending 6/30/2010	For Year Ending 12/31/2009	For Period Ending 06/30/2009
Operating Revenues:							
State Grants	1,022,182	1,022,182	922,129	1,226,880	491,990	730,788	394,568
County Grants	441,654	441,654	99,890	265,772	98,836	296,509	220,827
Storm Utility Charges	33,981,932	35,457,710	17,704,022	34,577,924	17,322,661	33,032,352	16,901,778
Other Services Provided	1,375,507	1,375,507	434,220	1,650,027	611,654	3,775,313	2,279,629
Total Operating Revenues	36,821,275	38,297,053	19,160,261	37,720,603	18,525,141	37,834,962	19,796,802
Operating Expenses:							
Sewer Design	3,628,960	3,517,284	1,474,472	3,204,406	1,363,030	2,815,491	1,349,273
Stormwater Management CSO	1,556,054	1,097,278	496,029	1,230,104	471,754	1,058,277	485,009
Street Cleaning	8,040,487	7,779,025	3,173,084	6,993,187	2,923,911	7,244,448	3,624,674
Sewer Maintenance	2,932,849	2,841,668	1,075,893	3,651,432	1,364,527	2,263,404	1,010,811
Met Council Env. Svcs.	5,581,189	5,284,792	2,681,956	5,120,920	2,599,316	4,576,971	2,514,379
Total Operating Expenses	21,739,539	20,520,047	8,901,434	20,200,049	8,722,538	17,958,591	8,984,146
Operating Margin	15,081,736	17,777,006	10,258,827	17,520,554	9,802,603	19,876,371	10,812,656
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(478,000)	(478,000)	(700,064)	(469,093)	(239,000)	(1,087,777)	(691,137)
Depreciation	(3,807,753)	(3,807,753)	(1,903,876)	(3,826,152)	(2,572,675)	(3,894,930)	(3,087,210)
Special Assessments	60,000	633,973	-	493,111	7,031	497,879	57,500
Net Interest Income (Exp)	(6,128,658)	(6,128,658)	(3,064,329)	(862,914)	(3,064,329)	(1,752,825)	(1,232,842)
Other Non Operating Income (Exp)			(650,388)	95,629	(544,004)	(272,200)	(497,763)
Total Non-Operating Revenues (Expenses)	(10,354,411)	(9,780,438)	(6,318,657)	(4,569,419)	(6,412,977)	(6,509,853)	(5,451,452)
Net Income	4,727,325	7,996,568	3,940,170	12,951,135	3,389,626	13,366,518	5,361,204
Significant Balance Sheet Items							
Operating Cash		16,610,883	31,567,052	22,676,018	22,259,671	14,445,473	11,976,544
Accounts Receivable			3,843,201	3,430,183	4,553,838	4,375,813	4,482,461
Bonds Payable			18,270,910	18,270,910	22,616,910	21,175,910	35,730,910
Significant Cash Flow Items							
Capital Outlay	17,270,000	18,525,423	4,710,461	7,094,312	2,285,736	4,915,306	1,807,786
Bond principle payments	4,785,000	4,785,000	-	5,345,000	1,000,000	9,959,000	-

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Second Quarter Ending June 30, 2011**

Fund 07700	2011 Budget	06/30/11 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	29,905,399	16,094,587	13,810,812	54%
Operating Expense	33,758,273	14,324,514	19,433,759	42%
Operating Margin	(3,852,874)	1,770.073		
Net Income/(Loss)	(5,342,801)	859,172		

Program Description:

The Solid Waste Fund accounts for City's solid waste collection, disposal, recycling, and graffiti removal operations. The division provides pick up services for trash, yard wastes, 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 105,000 dwelling units. The division also provides "clean city" activities such as neighborhood clean sweeps, litter-graffiti controls and removals city-wide. It 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 are provided through a consortium of companies specializing in waste collection.

Revenue:

With operating revenues through the quarter totaling \$16 million, 54% of the budgeted revenue has been realized compared to \$15 million, or 52%, through second quarter of 2010. This is an increase of \$1 million, or 6%, over 2010 operating revenues. Half of this increase comes from scrap metal sales while the other half can be attributed to monthly utility fees. The full amount of grant revenue from Hennepin County has not been received but grant in the amount of \$400K has been recognized for the period.

Expenses:

The operating expenses through the second quarter ended at \$14.3 million compared to \$13.8 million in 2011. These expenditures equate to 42% and 41% of 2011 and 2010 operating budgets. The increase in expenditures of \$500K, or 4%, over 2010 are primarily in the area of yard waste, transfer stations, problem materials, and equipment divisions where increased activities in capital purchases and outlays are being done.

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. Transfers in the amount of \$25k have been received for litter containers. Transfers out of the Fund include \$700,000 for alley plowing and \$236,000 for MERF Unfunded Liability. These are transferred out to General Fund when payments for these activities occur. For the quarter ending June 30th, \$350,000 in alley plowing has been transferred, and all \$236,000 in MERF transfer has been made.

Debt Service: This fund has no debt service.

Forecast:

For the next six months, it is estimated that cash outflow will be around \$15.8 million which would include all operations, equipment purchases, and capital outlays for Transfer Station. The Fund also anticipates additional \$15.3 million in revenues from its operations in the same period thereby holding the fund balance for year end at \$20.9 million - below its current level of \$21.3 million.

Other Financial Items:

The fund's cash balance for the second quarter ended at \$21.3 million. The accounts receivable balance stands at \$2.8 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 \$7.2 million, which results in an excess of \$14 million. It is the goal of the Fund to maintain this level of cash reserve in order to fund capital purchases and construction of a new Transfer station through 2012.

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

	Budget Year 2011	Projection Year 2011	For Period Ending 6/30/2011	For Year Ending 12/31/2010	For Period Ending 6/30/2010	For Year Ending 12/31/2009	For Period Ending 6/30/2009
Operating Revenues:							
County Grants	800,000	800,000	400,000	888,467	400,000	861,090	400,000
Solid Waste Fees	28,145,049	28,562,016	14,429,671	27,944,773	13,959,897	27,740,005	13,995,154
Recyclable Sales	600,000	1,500,000	1,061,379	1,444,859	544,286	1,095,426	494,231
Charges for Other Services	360,350	500,000	203,537	515,121	221,946	493,513	8,798
Total Operating Revenues	29,905,399	31,362,015	16,094,587	30,793,220	15,126,129	30,190,034	14,898,183
Operating Expenses:							
Collection	7,673,266	7,419,015	3,639,100	8,081,953	3,753,703	6,539,878	3,114,983
Disposal	5,803,859	5,394,218	2,426,412	5,730,222	2,378,168	5,201,125	2,263,737
Recycling	3,263,526	3,245,867	1,696,100	3,538,068	1,693,214	3,170,643	1,564,731
Yard Waste	2,239,955	1,466,046	935,537	1,537,517	711,065	1,260,484	496,531
Large Item/Problem Material	1,573,117	1,221,112	624,950	1,196,922	563,067	1,085,656	525,329
Transfer Stations	319,545	325,857	308,019	691,945	213,936	285,917	92,413
Administration	4,097,082	4,180,646	1,984,593	3,971,051	1,979,091	4,757,839	2,318,953
Customer Service	677,715	624,746	338,423	545,427	284,435	452,765	226,237
Clean City	2,256,088	1,841,741	811,085	1,525,832	868,513	1,806,533	927,347
Equipment	4,875,121	3,841,931	1,479,710	2,690,547	1,288,405	3,460,215	1,194,617
Organics	978,999	594,000	80,585	143,515	93,566		
Total Operating Expenses	33,758,273	30,155,179	14,324,514	29,652,999	13,827,163	28,021,055	12,724,878
Operating Margin	(3,852,874)	1,206,836	1,770,073	1,140,221	1,298,966	2,168,979	2,173,304
Non-Operating Revenues/(Expenses)							
Net Transfers In	196,000	196,000	25,000	196,000	98,000	196,000	98,000
Net Transfers Out	(851,000)	(851,000)	(586,000)	(850,999)	(601,000)	(821,000)	(425,500)
Depreciation	(834,927)	(699,801)	(349,900)	(834,927)	(387,616)	(804,741)	(423,335)
Special Assessments	-	460,000	-	244,316	-	221,307	
Total Non-Operating Revenues (Expenses)	(1,489,927)	(894,801)	(910,900)	(1,245,610)	(890,616)	(1,208,434)	(750,835)
Net Income	(5,342,801)	312,035	859,173	(105,389)	408,350	960,545	1,422,470
Significant Balance Sheet Items							
Operating Cash		20,463,000	21,308,547	21,924,108	21,134,210	20,560,355	20,347,798
Accounts Receivable		2,600,000	2,829,567	2,867,993	2,659,546	2,783,698	2,907,087
Capital Outlay		1,988,000	1,767,252	166,688			

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010, 2009

	Budget Current Year 2011	Projected Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Licenses & Permits	1,000	3,967	2,313	1,076	590	1,966	481
Charges For Services	2,715,360	2,116,974	887,724	64,399,395	29,251,612	64,237,365	28,902,790
Charges For Sales	72,595,801	69,234,937	29,623,366	1,211,094	638,154	2,293,169	724,690
Rents							
Interest	315					1,746	1,746
Other Misc Revenues	510	4,867	3,349	50,383	120,241	33,709	1,776
Total Operating Revenues	75,312,986	71,360,745	30,516,752	65,661,948	30,010,597	66,567,955	29,631,483
Operating Expenses:							
Engineering	1,627,176	1,627,176	751,889	1,368,413	-	1,062,591	486,169
Payments for City Services	7,747,114	7,747,114	3,838,559	8,137,262	-	8,255,969	4,749,125
Administration	1,197,443	1,215,000	525,744	2,238,132	-	1,734,359	677,827
Operations	17,836,515	17,000,000	7,268,615	16,885,255	-	18,270,976	7,965,373
Maintenance	6,546,530	6,700,000	3,200,901	6,932,572	-	6,396,083	3,060,753
Distribution	8,987,384	8,987,384	4,436,695	8,361,990	-	7,076,581	3,454,423
Major Repairs & Replacement	2,092,385	2,200,000	642,106	1,552,332	-	1,341,420	807,650
Meter Shop	2,342,843	2,342,843	1,369,868	2,440,401	-	2,113,849	1,229,785
Total Operating Expenses	48,377,390	47,819,517	22,034,377	47,916,357	-	46,251,828	22,431,105
Operating Margin	26,935,596	23,541,228	8,482,375	17,745,591	30,010,597	20,316,127	7,200,378
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(2,042,000)	(2,042,000)	(2,042,000)	(1,506,801)	(629,000)	(1,071,000)	(962,534)
Federal ARRA Grant				1,214,486		1,825,606	
Depreciation	(7,995,493)	(7,995,493)	(3,997,747)	(7,992,504)	(3,996,665)	(7,567,604)	(4,771,288)
Special Assessments				97,850	(841,366)	766,299	(975,187)
Net Interest Income (Exp)	(4,157,556)	(4,157,556)	(1,647,287)	(3,423,892)	(1,571,959)	(3,655,735)	(1,582,297)
Other Non-Operating Income				124,058	38,386	239,913	53,875
Other Non Operating (Expense)				(81,166)	(199,463)	(760,842)	(308,490)
Total Non-Operating Revenues (Expenses)	(14,195,049)	(14,195,049)	(7,687,034)	(11,567,969)	(7,200,067)	(10,223,363)	(8,545,921)
Net Income	12,740,547	9,346,179	795,341	6,177,622	22,810,530	10,092,764	(1,345,543)
Significant Balance Sheet Items							
Operating Cash			13,771,401	11,635,283	2,459,824	(2,007,396)	(1,672,528)
Construction Cash 011261			1,846,019	1,846,019	5,719,970	2,105,169	16,615,000
Accounts Receivable			4,384,333	5,855,841	5,597,771	5,140,449	4,983,606
Bonds & Notes Payable			114,840,545	114,840,545	108,781,332	100,371,398	89,777,732
Significant Cash Flow Items							
Capital Outlay	9,000,000		6,570,515	19,680,417	1,552,332	25,148,297	10,444,889
Bond & Note Principle payments	10,266,583		0	3,404,908	1,000,000	6,075,868	1,582,297
Refunding Principal Payments			0				12,615,000
Total Cash Flow Items	19,266,583	-	6,570,515	23,085,325	2,552,332	31,224,165	24,642,186

**City of Minneapolis
Water Fund
For the Second Quarter Ending June 30, 2011**

Fund 7400	2011 Budget	06/30/11 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	75,312,986	30,516,752	44,796,234	41%
Operating Expense	48,377,390	22,034,377	26,343,013	46%
Operating Margin	26,935,596	8,482,375		
Net Income (Loss)	16,898,103	13,503,735		

Program Description:

This Fund accounts for the 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.

Revenue:

The 2nd quarter 2011 operating revenue of \$30,516,752 represents a 2% increase over the 2010 2nd quarter revenue, which was \$30,010,597. With a rate increase of 4.9% in 2011, higher revenues would be expected. Contributing to the decreased revenue are the wet weather which leads to reduced consumption and a declining number of accounts due to commercial and industrial vacancies within the City.

Expense:

Through the 2nd quarter of 2011, operating expense totaled \$22,034,377 which is less than 1% more than the 2010 expense. Expenses for the year are expected to remain within budget.

Transfers:

For 2011, the transfers are expected to be of \$2,042,000 which represents 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 rehabilitation of the buildings at the Fridley softening and filter plants, chlorine piping upgrades, fluoride system renovations, electrical system improvements, security system upgrades, and a ground water supply study as well as cleaning and lining of the distribution mains.

Forecast:

The projection for the year ended 2011 indicates that operating revenues will be under budget by approximately \$3.9 million. Operating expenses are projected to be under budget by slightly more than \$500,000. These projections will result in an operating margin of \$23,541,228 which is \$3,394,368 less than the amount budgeted.

Other Financial Items:

The ending cash balance as of 6/30/2011 is \$13,771,401 compared to \$2,459,824 as of 6/30/2010. The objective is to have a cash balance equal to or greater than 3 months of operating expense. Based on the current budget the target amount would be \$12 million.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010, 2009

	Budget Current Year 2011	Projected Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Licenses & Permits	1,000	3,967	2,313	1,076	590	1,966	481
Charges For Services	2,715,360	2,116,974	887,724	64,399,395	29,251,612	64,237,365	28,902,790
Charges For Sales	72,595,801	69,234,937	29,623,366	1,211,094	638,154	2,293,169	724,690
Rents							
Interest	315					1,746	1,746
Other Misc Revenues	510	4,867	3,349	50,383	120,241	33,709	1,776
Total Operating Revenues	75,312,986	71,360,745	30,516,752	65,661,948	30,010,597	66,567,955	29,631,483
Operating Expenses:							
Engineering	1,627,176	1,627,176	751,889	1,368,413	-	1,062,591	486,169
Payments for City Services	7,747,114	7,747,114	3,838,559	8,137,262	-	8,255,969	4,749,125
Administration	1,197,443	1,215,000	525,744	2,238,132	-	1,734,359	677,827
Operations	17,836,515	17,000,000	7,268,615	16,885,255	-	18,270,976	7,965,373
Maintenance	6,546,530	6,700,000	3,200,901	6,932,572	-	6,396,083	3,060,753
Distribution	8,987,384	8,987,384	4,436,695	8,361,990	-	7,076,581	3,454,423
Major Repairs & Replacement	2,092,385	2,200,000	642,106	1,552,332	-	1,341,420	807,650
Meter Shop	2,342,843	2,342,843	1,369,868	2,440,401	-	2,113,849	1,229,785
Total Operating Expenses	48,377,390	47,819,517	22,034,377	47,916,357	-	46,251,828	22,431,105
Operating Margin	26,935,596	23,541,228	8,482,375	17,745,591	30,010,597	20,316,127	7,200,378
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(2,042,000)	(2,042,000)	(2,042,000)	(1,506,801)	(629,000)	(1,071,000)	(962,534)
Federal ARRA Grant				1,214,486		1,825,606	
Depreciation	(7,995,493)	(7,995,493)	(3,997,747)	(7,992,504)	(3,996,665)	(7,567,604)	(4,771,288)
Special Assessments				97,850	(841,366)	766,299	(975,187)
Net Interest Income (Exp)	(4,157,556)	(4,157,556)	(1,647,287)	(3,423,892)	(1,571,959)	(3,655,735)	(1,582,297)
Other Non-Operating Income				124,058	38,386	239,913	53,875
Other Non Operating (Expense)				(81,166)	(199,463)	(760,842)	(308,490)
Total Non-Operating Revenues (Expenses)	(14,195,049)	(14,195,049)	(7,687,034)	(11,567,969)	(7,200,067)	(10,223,363)	(8,545,921)
Net Income	12,740,547	9,346,179	795,341	6,177,622	22,810,530	10,092,764	(1,345,543)
Significant Balance Sheet Items							
Operating Cash			13,771,401	11,635,283	2,459,824	(2,007,396)	(1,672,528)
Construction Cash 011261			1,846,019	1,846,019	5,719,970	2,105,169	16,615,000
Accounts Receivable			4,384,333	5,855,841	5,597,771	5,140,449	4,983,606
Bonds & Notes Payable			114,840,545	114,840,545	108,781,332	100,371,398	89,777,732
Significant Cash Flow Items							
Capital Outlay	9,000,000		6,570,515	19,680,417	1,552,332	25,148,297	10,444,889
Bond & Note Principle payments	10,266,583		0	3,404,908	1,000,000	6,075,868	1,582,297
Refunding Principal Payments			0				12,615,000
Total Cash Flow Items	19,266,583	-	6,570,515	23,085,325	2,552,332	31,224,165	24,642,186

**City of Minneapolis
Municipal Parking Fund
For the Period Ended June 30, 2011**

Fund 7500*	2011 Original Budget	June 30,2011 Period End Actual	Remaining Budget	% of Actual To Budget
Revenue	41,015,500	21,570,801	19,444,699	53%
Expenses	34,298,103	15,786,911	18,511,192	46%
Operating Margin	6,717,397	5,783,890		
Net Income (Loss)	(4,524,394)	3,072,858		

* 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.

Revenues:

The 2011 six months actual revenues are up in comparison to the first six months of the 2011 budget by 3%. This is a \$789,318 increase over the 2010 second quarter figures. For 2011 the 3% is from:

- Impound Lot revenues are up 3.7% compared to budget.
- On-street meters are down 1.5% compared to budget.
- Off-street ramps and lots are up 3.4% compared to budget.

Revenues are higher for the Impound Lot for the first six month of 2011 because of the 5 snow emergencies and the price of junk metal in 2011. The excess snow in early 2011, also, reduced the convenience of On-street parking and increased the revenue for the Off-street ramps.

Expenses:

The 2011 six months expenses are below the first six months of the 2011 budget by 4%. This is an increase of \$3.4 million over the 2010 second quarter expenses. For 2011 the 4% is from:

- Impound Lot expenses are down 10.4% compared to budget.
- On-street meters are over 23.7% compared to budget. This is due to the new Multi-space meters being implemented. The purchase of many of the new meters occurred in the first six months. Over the course of the remaining year On-street should return to budget.
- Off-street ramps and lots are down 6.4% compared to budget.

Transfers to and from other funds:

The 2011 transfers into and out of the Parking Fund are programmed and planned according to the 2011 budget. During the first six months of 2011 \$8.9 million of funds were transferred in and \$5.5 million of funds were transferred out to cover debt service.

Debt Service:

For 2011, the debt service budget totals \$22.1 million. For the six months ended, \$8.1 million in principal and \$2.6 million in interest was paid on the outstanding balance. The outstanding balance of bond principal as of June 30, 2011 is \$162.3 million. The Parking System has an annual \$1.7 million capital program.

Forecast:

The projection for the year ended 2011 indicates that operating revenues will run greater than budgeted by approximately \$1 million. Operating expenses will be under budget by approximately \$1 million, resulting in an increase in the Operating margin over Budget.

Other Financial Items:

The current operating cash balance is \$13.1 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 \$8.6 million, which results in \$4.5 million remaining. The \$4.5 million is reserved for future debt service payments and the remaining cost for installing the On-street meters.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Second Quarter/Years Ending 2011, 2010, and 2009

	Current Budget Year 2011	Projected Year Ending 31-Dec-11	For Period Ending 30-Jun-11	For Year Ending 31-Dec-10	For Period Ending 30-Jun-10	For Year Ending 31-Dec-09
Operating Revenues:						
Off-Street Parking: City Owned	27,415,500	26,996,605	14,629,140	28,439,497	14,325,375	27,169,976
Off-Street Parking: State Owned	12,925,000	12,526,760	7,233,660	17,427,211	10,448,006	12,206,025
Towing	6,600,000	6,724,853	3,542,861	6,415,668	3,150,056	6,600,080
On-Street Meters	7,000,000	6,976,436	3,398,800	6,757,970	3,306,052	6,971,681
Total Operating Revenues	53,940,500	53,224,655	28,804,461	59,040,346	31,229,489	52,947,762
Operating Expenses:						
Off-Street Parking: City Owned-Direct Expenses	24,358,523	23,520,447	10,603,268	19,482,372	9,412,064	20,076,189
Off-Street Parking: State Owned-Direct Expenses	8,255,701	8,112,776	4,810,939	14,805,379	9,364,343	11,118,635
Towing	6,137,433	5,692,066	2,429,498	5,215,092	2,219,180	4,948,492
On-Street Meters	3,592,993	3,985,797	2,646,487	2,014,200	626,218	1,067,909
Other Operating Expenses	209,154	250,739	107,658	289,889	107,748	297,654
Total Operating Expenses	42,553,804	41,561,824	20,597,850	41,806,932	21,729,553	37,508,879
Operating Margin	11,386,696	11,662,831	8,206,611	17,233,414	9,499,936	15,438,883
Non-Operating Revenues/(Expenses)						
General Fund Transfer Out	(7,818,000)	(7,818,000)	(3,909,000)	(7,818,000)	0	(8,618,000)
Arena Reserve Transfer Out	(2,758,000)	(2,758,000)	(1,379,000)	(2,241,000)	(1,120,500)	(2,241,000)
Debt Service Transfer Out	(198,000)	(198,000)	(198,000)	(236,657)	0	(115,000)
General Debt Service Transfer Out	-	(42,001)	(42,001)	-	-	0
Sanitation Transfer Out	(146,000)	(146,000)	-	(146,000)	0	(146,000)
Total Transfers Out	(10,920,000)	(10,962,001)	(5,528,001)	(10,441,657)	(1,120,500)	(11,120,000)
Convention Center related facility Transfer	6,419,880	6,419,880	2,471,025	8,214,979	392,629	9,968,998
TI and MCDA Transfers In	7,522,832	7,522,832	6,381,531	3,971,830	3,945,627	12,992,865
Arbitrage Fund and Other Transfers In	-	-	-	-	-	-
Total Transfers In	13,942,712	13,942,712	8,852,556	12,186,809	4,338,256	22,961,863
Depreciation	(6,772,650)	(6,772,650)	(3,390,553)	(6,703,978)	(3,438,169)	(6,392,796)
Special Assessments	0	-	-	0	0	0
Interest	(7,491,853)	(7,491,853)	(2,599,189)	(5,620,383)	(3,308,196)	(8,869,503)
Other Non Operating Expenses	0	(47,875)	(47,875)	(98,824)	(82,508)	0
Other Non-Operating Income	0	10,699	2,031	74,836	2,921	2,466,136
Total Non-Operating Revenues (Expenses)	(11,241,791)	(11,320,968)	(2,711,032)	(10,603,197)	(3,608,196)	(954,300)
Net Income+/(-)	144,905	341,863	5,495,579	6,630,217	5,891,740	14,484,583
Significant Balance Sheet Items						
Operating Cash			13,180,196	13,211,301	18,106,886	25,294,458
Bonds Payable			162,320,042	175,360,042	171,770,042	202,125,042
Total Balance Sheet Items			175,500,238	188,571,343	189,876,928	227,419,500
Significant Cash Flow Items						
Principal on debt (net of Refunding Bonds)	14,620,000	14,620,000	8,145,000	27,765,000	16,615,000	84,760,000
Capital Outlay	1,700,000	1,700,000	102,654	1,675,135	569,102	2,270,434
Total Cash Flow Items	16,320,000	16,320,000	8,247,654	29,440,135	17,184,102	87,030,434

CPED Enterprise Fund Component Programs
Statement of Revenues, Expenses, and Changes in Program Net Assets
For the Year Ended 12/31/10, and the Six Months Ended 6/30/11

	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
	1/1-12/31/10	1/1-6/30/11	1/1-12/31/10	1/1-6/30/11	1/1-12/31/10	1/1-6/30/11	1/1-12/31/10	1/1-6/30/11	1/1-12/31/10	1/1-6/30/11
Operating revenues										
Charges for sales and services	\$ -	\$ -	\$ 317,324	\$ 143,853	\$ -	\$ -	\$ 1,825,794	\$ 587,805	\$ 285,623	\$ 209,775
Interest on program activities	47,136	-	3,949,899	-	-	-	-	-	-	-
Other	-	-	235	-	-	-	-	-	-	-
Total operating revenues	47,136	-	4,267,458	143,853	-	-	1,825,794	587,805	285,623	209,775
Operating expenses:										
Personal services	-	-	-	-	-	-	(955)	2,842	11,859	671
Contractual services	195,095	-	276,357	167,655	-	-	1,633,977	944,777	37,352	7,751
Other	-	-	-	-	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	347,526	173,763	-	-
Total operating expenses	195,095	-	276,357	167,655	-	-	1,981,048	1,121,882	49,211	8,422
Operating income	(147,959)	-	3,991,101	(23,802)	-	-	(155,254)	(534,077)	236,412	201,353
Nonoperating revenues (expenses)										
Interest on investments	5,457	1,762	286,658	4,199	(21,005)	(6,778)	(2,993)	(795)	2,637	3,909
Interest expense	-	-	(3,937,677)	-	-	-	-	-	(33,332)	-
Total nonoperating revenue (expenses)	5,457	1,762	(3,651,019)	4,199	(21,005)	(6,778)	(2,993)	(795)	(30,695)	3,909
Income (loss) before transfers	(142,502)	1,762	340,082	(19,603)	(21,005)	(6,778)	(158,247)	(534,872)	205,717	205,262
Net transfers from (to) other funds	-	-	(129,768)	-	-	-	-	-	(67,834)	(243,074)
Change in net assets	(142,502)	1,762	210,314	(19,603)	(21,005)	(6,778)	(158,247)	(534,872)	137,883	(37,812)
Total net assets - January 1	1,459,627	1,317,125	34,463,918	1,293,350	(2,074,527)	(2,095,532)	6,486,443	6,328,196	(118,313)	19,570
Total net assets - December 31	\$ 1,317,125	\$ 1,318,887	\$ 34,674,232	\$ 1,273,747	\$ (2,095,532)	\$ (2,102,310)	\$ 6,328,196	\$ 5,793,324	\$ 19,570	\$ (18,242)

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 GARES. The funds are critical to maintaining the "A+" rating of the fund. Only the administrative operations portion of the fund is presented at 6/30/11. Other information for the fund is maintained by a trustee and not available for inclusion at 6/30.

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.

**City of Minneapolis
Engineering, Materials, and Testing
For the Second Quarter ending June 30, 2011**

Fund 6000	2011 Budget	06-30-11 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	1,612,678	668,643	944,035	41.5%
Operating Expense	1,471,759	579,351	892,408	39.4%
Operating Margin	140,919	82,292		
Net Income	52,919	45,292		

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:

Operating revenue earned through second quarter 2011 is \$668,643, or 41.5% of the budgeted amount of \$1,612,678. The revenue earned through second quarter 2011 represents an increase of 27.2% over the 2010 revenue of \$525,757 earned through the same period. 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 demand for products is seasonal beginning in April and concluding in late November.

Expense:

Operating expense through the second quarter 2011 is \$579,351, or 39.4% of the budgeted amount of \$1,471,759. The expense recorded through second quarter 2011 is decreased by 2.8% from the expense through the same period in 2010 of \$595,821.

Transfers:

The fund has a transfer out of \$88,000 related to debt service for the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Debt Service:

This fund does not have any debt obligations.

Forecast:

Operating revenue is projected to be \$1.6 million and is tracking close to the budgeted amount of \$1.6 million. Operating expense is projected to be 1.3 million or approximately \$250,000 less than the projected amount of \$1.5 million. These projections result in a 2011 operating margin of \$330,000 which is increased by \$190,000 over the budgeted amount of \$140,000.

Other Financial Items:

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 2011 second quarter ending cash balance is \$1,358,380, an increase of \$556,681 from the 2010 second quarter cash balance of \$1,196,891. 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 Second Quarter/Years Ending 2011, 2010, and 2009

	Budget Year 2011	Projected Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Asphalt / Concrete	352,000	355,000	106,708	370,882	120,298	625,109	146,891
Inspection revenue	1,260,678	1,200,000	561,935	1,194,104	405,459	830,165	299,785
Total Operating Revenues	1,612,678	1,555,000	668,643	1,564,986	525,757	1,455,274	446,676
Operating Expenses:							
Personnel	900,161	820,000	386,528	764,025	346,139	747,388	348,252
Contractual	427,934	350,000	166,252	383,285	172,918	211,541	118,668
Materials, Supplies, Services, Other	133,550	45,000	21,514	102,317	67,240	36,188	20,775
Rent	6,102	6,102	3,051	6,276	3,138	61,273	30,636
Depreciation	4,012	4,012	2,006	10,582	6,386	13,283	6,642
Total Operating Expenses	1,471,759	1,225,114	579,351	1,266,485	595,821	1,069,673	524,973
Operating Margin	140,919	329,886	89,292	298,501	(70,064)	385,602	(78,297)
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	(88,000)	(88,000)	(44,000)	(57,000)	(28,500)	(58,000)	(29,000)
Total Non-Operating Revenues (Expenses)	(88,000)	(88,000)	(44,000)	(57,000)	(28,500)	(58,000)	(29,000)
Net Income¹	52,919	241,886	45,292	242,001	(98,564)	327,975	(107,297)
Significant Balance Sheet Items							
Cash Balance			1,358,380	801,699	1,196,891	560,148	(526,985)
Net assets			735,382	735,382	490,398	490,398	27,758

¹Net Income for 2010 is understated and 2009 is overstated due to timing differences in recording a payment in 2010 of \$57,023 for asphalt received in 2009.

**City of Minneapolis
Fleet Services Division
For the Second Quarter Ending June 30, 2011**

	2011 Budget	06-30-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	40,507,458	20,018,153	20,489,305	49.4%
Operating Expense	41,726,642	19,009,900	22,716,742	45.6%
Operating Margin	(1,219,184)	1,008,253		
Net Income	1,526,166	2,300,882		

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:

Operating revenue earned through second quarter 2011 is \$20,018,153 or 49.4% of the budgeted amount of \$40,507,458. The revenue earned through second quarter 2011 increased by \$477,479, or 2.4%, from the revenue earned through second quarter 2010. The rental rates for equipment and operators 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.

Expenses:

Operating expense through second quarter 2011 totaled \$19,009,900, representing 45.6% of the annual budgeted amount of \$41,726,642. Expenses through the second quarter of 2011 are increased by \$376,926, or 2.0%, over the total expense through the same period in 2010.

Transfers:

In 2011, this fund receives a transfer of \$4,299,000 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 \$923,000 to cover pension debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Debt Service:

Principle payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility total \$2,155,000 in 2011. Interest payments related to the 2011 debt total \$840,650 of which \$420,325 were disbursed through June 30, 2011. 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 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.

Forecast:

Operating revenue is projected to be \$41.6 million which is an increase of 2.7% over the budgeted amount of \$40.5 million. Operating expense is projected to be \$39.4 million or 5.6% less than the budgeted amount of \$41.7 million. After transfers are complete and non-operating revenue is recorded, the net income is projected to be \$5.0 million or \$3.5 million more than the budgeted net income of \$1.5 million. Capital expense related to the purchase of equipment is not included in the calculation of net income.

Other Financial Items:

The 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 maintains a positive cash balance with a 2011 second quarter ending balance of \$10,008,352, an increase of \$7,505,132 from the 2010 ending cash balance at June 30 of \$2,503,220. 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.

City of Minneapolis
Fleet Services Division Fund
Statement of Revenue and Expenses
For Second Quarter Years, 2011, 2010, and 2009

	Budget Current Year 2011	Projected Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Charges for Services and Sales	15,718,058	15,600,000	7,688,248	15,106,288	7,645,215	14,476,005	6,666,216
Rent Public Works and Other	24,789,400	26,000,000	12,329,905	25,675,886	11,895,459	23,977,769	13,114,556
Total Operating Revenue	40,507,458	41,600,000	20,018,153	40,782,174	19,540,674	38,453,774	19,780,772
Operating Expenses:							
Personnel Services	14,922,685	14,300,000	6,706,980	14,618,988	6,886,152	14,644,932	7,327,809
Contractual Services	10,036,957	8,700,000	4,114,520	8,417,045	4,040,185	8,824,734	4,278,919
Materials, supplies, services and other	9,377,008	9,000,000	4,534,325	8,608,665	3,970,696	7,560,878	3,831,397
Rent	1,089,672	1,089,672	544,836	1,103,052	551,526	1,072,367	536,184
Depreciation	6,300,320	6,300,320	3,109,239	6,470,684	3,184,414	6,164,506	3,082,253
Total Operating Expenses	41,726,642	39,389,992	19,009,900	39,218,434	18,632,973	38,267,417	19,056,562
Operating Margin	(1,219,184)	2,210,008	1,008,253	1,563,740	907,701	186,357	724,210
Non-Operating Revenues/(Expenses):							
Interest Revenue	-	-	-	-	-	22	22
Interest on Bonds	(840,650)	(840,650)	(420,325)	(1,500,119)	(536,372)	(1,311,648)	(703,450)
Gains/Losses on disposal of fixed assets	200,000	125,000	-	169,302	-	59,322	-
Damages/Losses recovered	-	-	-	210	210	12,270	8,221
Revenue from grants ¹	-	-	-	247,420	-	-	-
Other revenue	10,000	100,000	24,954	135,703	13,655	226,444	86,286
Total Non-Operating Revenues(Expenses)	(630,650)	(615,650)	(395,371)	(947,484)	(522,507)	(1,013,590)	(608,921)
Operating Transfers in (out)							
Transfers from other fund	4,299,000	4,299,000	2,149,500	4,180,000	2,090,000	4,180,000	2,090,000
Transfers to other fund	(923,000)	(923,000)	(461,500)	(581,000)	(290,500)	(502,000)	(251,000)
Transfers from component units							
Total Operating Transfers	3,376,000	3,376,000	1,688,000	3,599,000	1,799,500	3,678,000	1,839,000
Net Income	1,526,166	4,970,358	2,300,882	4,215,256	2,184,694	2,850,766	1,954,289
Significant Balance Sheet Items							
Cash Balance			10,008,352	8,234,786	2,503,220	1,377,330	664,847
Fleet Purchases	7,781,159	6,500,000	2,705,186	2,223,883	1,323,356	5,454,374	2,817,523
Net Building Value			23,425,414	23,425,414	24,027,837	24,027,837	24,630,247
Net Fleet Value			24,395,416	24,395,416	28,068,642	28,068,642	28,818,735
Bonds Payable			(25,690,000)	(25,690,000)	(27,780,000)	(27,780,000)	30,914,014
Net Assets			30,608,101	30,608,101	26,547,685	26,547,685	23,784,096
Significant Cash Flow Items							
Principal on Equipment Bonds	(1,870,000)	(1,870,000)	-	(2,090,000)	-	(2,055,000)	-
Principal on Facilities Bonds	(285,000)	(285,000)	-	-	-	-	-

**City of Minneapolis
Property Services Division
For the Second Quarter ending June 30, 2011**

Fund 6200	2011 Budget	06-30-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	20,457,137	9,172,392	11,284,745	44.8%
Operating Expense	21,256,038	9,037,981	12,218,057	42.5%
Operating Margin	(798,901)	134,411		
Net Income	(390,901)	364,123		

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 expense budgets for the fund are increased by \$4,519,000 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:

Operating revenue recorded through second quarter 2011 is \$9,172,392, or 44.8% of the budgeted amount of \$20,457,137. The 2011 second quarter revenue decreased \$212,256, or 2.3%, from the revenue earned through second quarter 2010.

Expenses:

Operating expense through second quarter 2011 is \$9,172,392, or 42.5% of the total budgeted amount of \$21,256,038. The 2011 second quarter expense decreased \$1,155,129, or 11.3%, from the operating expense recorded second quarter 2010.

Transfers:

In 2011, the transfer to the debt service fund related to the purchase of the 800 MHZ radio system is \$880,100. Property Services is responsible for \$350,000 per year of this debt and receives a transfer from the general fund for the remaining amount or \$530,100 in 2011. The fund receives an additional transfer from the general fund of \$291,000 for City Hall rent. Property Services transfers out \$228,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Debt Service:

The debt service for 2011 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2011 the debt consists of an interest payment of \$185,100 and a principle payment of \$695,000. At the end of second quarter, \$92,550 of interest has been paid. The total principle payment of \$695,000 is paid in fourth quarter.

Forecast:

Operating revenue is projected to be \$1.7 million less than budgeted and operating expense is projected to be \$1.9 million less the budgeted amount. These projections result in an expected

operating margin loss of (\$533,402) compared to the budgeted margin loss of (\$798,901). The operating margin loss at second quarter 2010 was (\$808,461).

Other Financial Item:

The 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. The rate model for this fund does not recover the depreciation costs related to capital assets. It is expected that the net asset position will continue to decrease primarily due to recognizing the depreciation of capital assets.

The cash balance at end of second quarter 2011 is \$1,364,551 compared to a cash balance of \$411,236 at June 30, 2010. The cash consists of a balance of \$2,030,976 in the Property Disposition fund and a negative balance of (\$666,425) in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$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 Second Quarter / Years Ending 2011, 2010, and 2009

	Budget Current Year 2011	Projected Year 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Charges for Services And Sales	6,848,283	5,500,000	2,572,071	6,500,131	2,850,044	8,280,795	2,894,164
Rents Public Works and Other	13,608,854	13,300,000	6,600,321	13,104,165	6,534,604	13,032,606	6,442,058
Total Operating Revenue	20,457,137	18,800,000	9,172,392	19,604,296	9,384,648	21,313,401	9,336,222
Operating Expenses:							
Personnel Services	7,475,926	7,500,000	3,699,925	7,794,578	3,785,736	8,053,178	3,896,657
Contractual Services	10,588,213	9,000,000	3,971,397	10,085,878	4,979,363	10,866,099	4,716,922
Materials, Supplies, Services and Other	1,467,834	1,150,000	524,958	1,170,301	493,456	1,510,368	575,871
Rent	591,129	550,466	275,233	684,677	364,063	358,312	179,156
Depreciation	1,132,936	1,132,936	566,468	1,139,501	570,491	1,155,886	577,943
Total Operating Expenses	21,256,038	19,333,402	9,037,981	20,874,935	10,193,110	21,943,843	9,946,550
Operating Margin	(798,901)	(533,402)	134,411	(1,270,639)	(808,461)	(630,442)	(610,328)
Non-Operating Revenues/(Expenses):							
Interest Revenue	-	-	-	-	-	11	11
Interest on Bonds	(185,100)	(185,100)	(92,550)	(182,745)	(115,388)	(286,912)	(153,281)
Misc Revenues	-	50,000	25,712	141,795	4,795	85,181	-
Total Non-Operating Revenues(Expenses)	(185,100)	(135,100)	(66,838)	(40,950)	(110,593)	(201,720)	(153,270)
Operating Transfers in(out)							
Transfers from other fund	821,100	821,100	410,550	950,630	482,938	654,750	327,375
Transfers to other fund	(228,000)	(228,000)	(114,000)	(925,118)	(59,000)	(97,000)	(48,500)
Total Operating Transfers	593,100	593,100	296,550	25,512	423,938	557,750	278,875
Net Income	(390,901)	(75,402)	364,123	(1,286,077)	(495,116)	(274,412)	(484,723)
Significant Balance Sheet Items							
Cash Balance			1,364,551	125,575	411,236	352,982	(325,513)
Property Dispositon Fund cash balance			2,030,976	1,070,350	1,281,325	1,908,697	1,908,697
Operating cash balance			(666,425)	(944,775)	(870,089)	(1,555,715)	(2,234,210)
Bonds Payable			(6,170,000)	(6,170,000)	(6,825,000)	(6,825,000)	(7,415,000)
Net Assets			25,991,332	25,991,332	27,210,179	27,210,179	27,436,073
Significant Cash Flow Items							
Principal Payments on Debt			-	(655,000)	-	(590,000)	-

make comment on transfer for MERF is complete

**City of Minneapolis
Public Works Stores
For the Second Quarter ending June 30, 2011**

Fund 6300	2011 Budget	06/30/2011 Actual	Remaining Budget	% Actual To Budget
Operating Revenue	1,107,000	383,864	723,136	34.7%
Operating Expense	1,017,624	502,356	515,268	49.4%
Operating Margin	89,376	(118,492)		
Net Income	38,379	(143,992)		

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:

Operating revenue earned through second quarter 2011 is \$383,864, or 34.7% of the budgeted amount of \$1,107,000. The amount earned through second quarter represents an increase \$70,911, or 22.6%, over the amount earned through June 30, 2010 that totaled \$312,953.

Expenses:

Operating expense recorded through second quarter 2011 is \$502,356, or 49.4% of the budgeted amount of \$1,017,624. The amount expended through second quarter 2011 decreased by 9.7% from the amount expended through the same period in 2010 which totaled \$556,070.

Transfers:

The Public Works Stores fund transfers out \$51,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Debt Service:

The Public Works Stores fund does not have any debt obligations.

Forecast:

Operating revenue is projected to total \$925,000 at year-end or 83.6% of the budgeted amount of \$1,107,000. Central Stores is expecting to triple the revenue earned through second quarter due to the number of Public Works projects that will be completed by year-end. Operating expense is projected to total \$1,006,700 at year-end or 98.9% of the budgeted amount of \$1,017,624. These year-end projections result in an operating margin loss of (\$81,700) as compared to a budgeted operating margin profit of \$89,376.

Other Financial Items:

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 the end of second quarter 2011 is a deficit of (\$1,085,303), an improvement of \$754,604 from the second quarter 2010 deficit cash balance of (\$1,839,907). 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 Second Quarter/Years Ending 2011, 2010, and 2009

	Current Budget Year 2011	Projected Year Ending 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Central Stores	500,000	450,000	155,121	432,836	166,976	934,156	236,252
Traffic Stores	607,000	475,000	228,743	777,835	145,977	626,041	192,934
Total Operating Revenues	1,107,000	925,000	383,864	1,210,671	312,953	1,560,197	429,186
Operating Expenses:							
Personnel	674,537	690,000	347,287	738,309	363,880	802,289	403,669
Contractual	260,053	260,000	127,928	332,730	163,446	308,301	150,492
Materials, Supplies, Other ¹	41,334	15,000	6,291	51,697	7,033	54,630	81,055
Rent	41,700	41,700	20,850	43,423	21,711	34,054	17,027
Depreciation	-	-	-	-	-	-	-
Total Operating Expenses	1,017,624	1,006,700	502,356	1,166,159	556,070	1,199,274	652,243
Operating Margin	89,376	(81,700)	(118,492)	44,512	(243,117)	360,923	(223,057)
Non-Operating Revenues/(Expenses)							
Interest Income (Expense)	-	-	-	-	-	44	44
Other revenue	-	-	-	545	-	-	-
Total Non-Operating Revenues (Expense)	-	-	-	545	-	44	44
Operating Transfer In (Out)							
Transfers from other fund	-	-	-	-	-	-	-
Transfers to other fund	(51,000)	(51,000)	(25,500)	(33,000)	(16,500)	(34,000)	(17,000)
Total Operating Transfers	(51,000)	(51,000)	(25,500)	(33,000)	(16,500)	(34,000)	(17,000)
Net Income	38,376	(132,700)	(143,992)	12,057	(259,617)	326,967	(240,013)
Significant Balance Sheet Items							
Cash Balance			(1,085,303)	(825,802)	(1,839,907)	(1,566,085)	(2,767,671)
Inventories			4,616,888	4,547,877	5,003,367	4,845,852	5,485,826
Net Assets			3,223,693	3,223,693	3,203,361	3,203,361	2,885,268

¹The material expense recorded through June 30, 2009 includes inventory transaction timing differences and should not be compared to other years.

**City of Minneapolis
Intergovernmental Service Fund
For the Second Quarter ending June 30, 2011**

Fund 6400	2011 Budget	6-30-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	31,750,793	15,593,597	16,157,196	49.1%
Operating Expenses	32,435,532	15,608,082	16,827,450	48.1%
Operating Margin	(684,739)	(14,485)		
Net Income	1,391,128	1,023,449		

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 internal 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 through the second quarter of 2011 is \$15,593,597 or 49.1% of the annual budgeted amount of \$31,750,793. This is a decrease of \$309,199, or 1.9%, compared to revenue of \$15,902,796 that was earned through second quarter of 2010.

Expenses:

Operating expenses through the second quarter are \$15,608,082, or 48.1% of the annual budgeted amount of \$32,435,532. This is a decrease of \$884,243, or 5.3%, when compared to \$16,492,325 recorded expense through the second quarter of 2010.

Debt:

The debt service for 2011 is related to the sale of net debt bonds for BIS projects. In 2011 the debt consists of an interest payment of \$678,200 and a principle payment of \$9,025,000. At the end of second quarter, \$339,100 of interest has been paid. The total principle payment of \$9,025,000 is paid in fourth quarter.

Transfers:

In 2011, this fund will receive transfers totaling \$14,004,015. The transfers consist of a general fund transfer totaling \$11.5million, \$1.0 million from the Self Insurance Fund, and \$1.5 million from the debt service fund. The transfer from the Self Insurance fund is in accordance with the long-term financial plans for both funds. As of second quarter, \$7.0 million is recognized. Due to a reduction in Local Government Aid that was confirmed by the Minnesota Legislature in July 2011, this fund will not receive funding of \$465,000 for one time spending for security projects as the City's waterfall budget reduction plan will be enacted. The general fund transfer will be reduced accordingly by \$465,000 and will be reflected in the third quarter statement.

The 2011 budget includes a transfer out of \$423,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. Through second quarter 2011, \$211,500 is recognized.

Forecast:

Operating revenue is projected to be \$563,599 less than budgeted amount of \$31,750,793. Operating expenses are expected to be \$860,344 less than the budgeted amount of \$32,435,532. These projections result in an expected operating margin loss of (\$387,994). The operating margin loss at second quarter 2010 was (\$589,529). The revenue source for security projects, a portion of the wireless payment, and rent expense are included in the transfer in budget rather than in the operating budget resulting in a budgeted operating margin loss. Due to a reduction in Local Government Aid, the Intergovernmental Services fund will not receive funding for the security projects totaling \$465,000 when the waterfall budget reduction

plan is implemented. The 2011 projection for revenue received from the transfer from the general fund accounts for this reduction.

Other Financial Items:

The net asset balance for the year ending 2010 is \$16,903,143 which represents an increase of \$3,225,033 from the net asset balance of \$13,378,111 for year ending 2009. The rate model for this fund does not recover the depreciation costs related to capital assets. This fund records customer funded BIS project assets and it is expected that the net asset position will continue to increase.

The cash balance at the end of second quarter 2011 is \$7,321,510 compared to a cash balance of a deficit of (\$3,383,288) at June 30, 2010. The fund has a debt payment of \$9.0 million due in the fourth quarter and expects to receive an additional \$12.2 million from the general fund and debt service fund in the third and fourth quarters in accordance to the long term financial plan. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15% of the fund's total budget or \$4.9 million.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010 and 2009

	Budget Current Year 2011	Projected Year 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Charges for Service:							
BIS - PMO	6,165,763	4,822,828	2,411,414	8,933,386	3,553,692	8,621,649	3,880,511
BIS-Telecom	3,073,837	2,970,286	1,485,143	2,888,803	1,467,809	2,928,582	1,466,406
BIS - Operating-other	21,557,003	22,381,694	11,190,847	20,814,107	10,410,779	21,548,278	10,857,008
CC-Mailing Services	445,941	537,184	268,592	550,138	216,858	529,749	131,118
CC-Copy Services	500,000	458,702	229,351	539,972	248,908	490,657	229,290
Human resources	8,250	16,500	8,250	4,750	4,750	0	-
Total Operating Revenues	31,750,793	31,187,194	15,593,597	33,731,156	15,902,796	34,118,915	16,564,333
Operating Expenses:							
BIS - PMO	6,165,763	4,521,702	2,260,851	8,339,278	3,407,747	8,902,881	3,991,118
BIS - Telecom	1,837,669	1,863,438	931,719	1,632,585	759,198	1,787,581	908,486
BIS - Operating-other ¹	22,952,967	23,676,218	11,688,109	24,299,349	11,524,249	23,496,912	10,640,160
CC-Mailing Services/Data Center	581,689	573,506	286,753	641,227	305,383	578,052	231,712
CC-Copy Services	551,807	600,324	300,162	751,196	374,353	615,446	315,509
Human resources	345,637	340,000	140,488	236,777	121,395	230,073	73,504
Total Operating Expenses	32,435,532	31,575,188	15,608,082	35,900,412	16,492,325	35,610,945	16,160,489
Operating Margin	(684,739)	(387,994)	(14,485)	(2,169,256)	(589,529)	(1,492,030)	403,845
Non-Operating Revenues/(Expenses)							
Depreciation	(10,826,948)	(10,826,948)	(5,413,474)	(10,813,184)	(5,358,796)	(8,380,433)	(1,206,392)
Interest on Bonded Debt	(678,200)	(678,200)	(339,100)	(878,504)	(469,046)	(1,526,507)	(823,326)
Gains/(Losses) on disposal of fixed assets	-	-	-	(77,524)	-	-	-
Other Non Operating Income (Expense)	-	-	-	40	-	-	-
Total Non-Operating Revenues (Expenses)	(11,505,148)	(11,505,148)	(5,752,574)	(11,769,172)	(5,827,842)	(9,906,940)	(2,029,717)
Operating Transfer In (Out)							
Transfers from other fund	14,004,015	13,539,015	7,002,008	12,245,447	5,626,140	16,114,693	7,709,601
Transfers to other fund	(423,000)	(423,000)	(211,500)	(395,915)	(109,000)	(276,594)	(106,000)
Total Operating Transfers	13,581,015	13,116,015	6,790,508	11,849,532	5,517,140	15,838,099	7,603,601
Net Income	1,391,128	1,222,873	1,023,449	(2,088,896)	(900,231)	4,439,129	5,977,728
Significant Balance Sheet Items							
Cash balance ²			7,321,510	8,438,279	(3,383,288)	783,066.00	(6,839,019)
Work-in-progress			12,141,072	12,141,072	7,115,554	7,115,554	21,070,901
Interfund Receivable			2,018,780	1,018,781	1,187,000	1,697,588	1,018,521
Interfund Loans			(9,364,051)	(10,114,051)	(10,114,051)	(10,114,051)	(10,114,051)
Bonds Payable			(20,080,000)	(20,080,000)	(26,240,000)	(26,240,000)	(34,415,000)
Deferred Income			(12,181,126)	(11,739,321)	(5,712,832)	(5,696,858)	(4,358,018)
Net Assets			16,903,143	16,903,143	13,678,110	13,678,110	4,867,680
Significant Cash Flow Items							
Principal on Bonds	(9,025,000)	(9,025,000)		(8,567,000)		(9,290,000)	

¹The revenue source for BIS-Operating expenses that include \$465,000 for security projects, \$477,000 for wireless, and \$191,000 for City Hall rent expense is recorded in the Operating Transfer section.

²Cash balance at June 30, 2011 is adjusted to include transfer in of \$834,508 which is accrued in this report, but did not occur in the general ledger until July 2011.

**City of Minneapolis
Self Insurance Fund
For the Second Quarter ending June 30, 2011**

Fund 6900	2011 Budget	6-30-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	26,129,031	13,617,724	12,511,307	52.1%
Operating Expenses	25,426,699	13,834,275	11,592,424	54.4%
Operating Margin	702,332	(216,551)		
Net Income	6,815,332	2,839,949		

Program Description:

The Self Insurance Fund accounts for accrued sick leave benefit, tort liability, workers compensation, civil attorney services and the administrative functions to support these activities. An activity-based rate model determines the rates charged to City departments to provide self insurance for liability and workers compensation costs using data determined by an actuarial study based on a department's responsibility. The rate model also assigns a charge for employee benefit administration and attorney services.

Revenue:

Operating revenue through the second quarter of 2011 is \$13,617,724 or 52.1% of the annual budgeted amount of \$26,129,031. This is a decrease of \$1,164,010, or 7.9%, compared to \$14,781,734 earned through the second quarter of 2010.

Expenses:

Operating expenses through the second quarter are \$13,834,275, or 54.4% of the annual budgeted amount of \$24,426,699. This is an increase of \$813,642, or 6.2%, compared to \$13,020,633 expended through the second quarter of 2010.

Debt Service:

There are no outstanding debt obligations in 2011.

Transfers:

In 2011, this fund will receive an interfund transfer of \$7,330,000 from the general fund as determined in the long term financial plan, and through this quarter, \$3,665,000 is recognized.

The 2011 budget includes a transfer out of \$1,000,000 to the Intergovernmental Services Fund as part of its long term financial plan. This fund also transfers \$217,000 to pension fund debt service for unfunded pension liability related to the former Minneapolis Employees Retirement Fund. As of second quarter, \$608,500 has been recognized.

Forecast:

Operating revenue is projected to be \$27,083,193 or \$1.0 million more than budgeted amount of \$26,129,031. Operating expense is projected to be \$28,607,597 or \$3.2 million more than the budgeted amount of \$25,426,699. These projections will result in a projected operating margin loss of (\$1,524,404) compared to the budgeted operating margin gain of \$702,332. The operating margin gain at second quarter 2010 was \$1,761,101.

Other Financial Items:

The net asset balance for the year ending 2010 is (\$6,587,951), an increase of \$8,844,792 from the net asset balance of (\$15,432,743) for year ending 2009. It is expected that the net asset position will continue to increase primarily due to transfers as planned in the long term financial plan.

The cash balance at the end of second quarter is \$43,408,189, compared to a cash balance of \$28,392,314 at June 30, 2010. Financial reserve policies for the internal service funds determine the minimum cash

balance for the Self Insurance fund should be equal to the unpaid claims liability plus 10% of the fund's operating budget or \$49.8 million for the Self Insurance fund. The unpaid claims liability at year-end 2010 is \$47.3 million, an increase of \$4.8 million from year end 2009 of \$42.5 million. The cash position is \$6.4 million below its target.

City of Minneapolis, Minnesota
Self Insurance Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2011, 2010 and 2009

	Budget Current Year 2011	Projection Year 2011	For Period Ending 30-Jun-11	For Year Ending 2010	For Period Ending 30-Jun-10	For Year Ending 2009	For Period Ending 30-Jun-09
Operating Revenues:							
Health & Welfare (employee benefits)	2,163,636	2,440,701	1,296,478	6,495,441	3,307,794	12,745,507	6,544,281
Workers Compensation	8,358,724	9,112,882	4,556,441	9,082,557	4,178,969	8,565,960	4,116,058
Liability - Subrogation	13,949,472	13,924,010	6,962,005	13,184,758	6,586,530	12,914,035	6,494,627
Attorney Office Services	20,000	4,502	2,251	4,237	-	13,875	1,702
Human Resources Services	1,437,199	1,396,564	698,282	1,354,182	656,672	1,221,745	627,072
Finance-Employment Services	200,000	204,534	102,267	134,764	51,769	205,711	69,760
Total Operating Revenues	26,129,031	27,083,193	13,617,724	30,255,939	14,781,734	35,666,833	17,853,500
Operating Expenses:							
Health & Welfare (employee benefits)	2,163,636	807,516	403,758	5,315,570	2,538,370	9,924,021	5,982,259
Workers Compensation	6,064,867	7,748,585	3,874,293	8,313,999	3,689,230	6,919,286	3,559,426
Liability & Settlements	6,450,102	9,303,402	4,651,701	4,423,756	2,340,807	6,223,035	4,287,642
City Attorney/Civil Division-Litigation	6,511,082	6,511,082	3,022,667	5,715,756	2,842,043	5,541,319	2,767,875
Risk Management - WC/Risk	2,420,420	2,420,420	1,108,856	2,458,968	1,031,828	2,222,448	925,095
Human Resource - Employee Benefits	1,816,592	1,816,592	773,000	1,287,159	578,355	1,133,176	492,678
Total Operating Expenses	25,426,699	28,607,597	13,834,275	27,515,208	13,020,633	31,963,285	18,014,975
Operating Margin	702,332	(1,524,404)	(216,551)	2,740,731	1,761,101	3,703,548	(161,475)
Non-Operating Revenues/(Expenses)							
Interest on Bonded Debt				-		-	-
Other Non Operating Income (Exp)				1,454		-	-
Total Non-Operating Revenues (Expenses)	-	-	-	1,454	-	-	-
Operating Transfer In (Out)							
Transfers from other fund	7,330,000	7,330,000	3,665,000	10,810,000	5,405,000	6,915,000	3,457,500
Transfers to other fund	(1,217,000)	(1,217,000)	(608,500)	(140,000)	(70,000)	(145,000)	(72,500)
Total Operating Transfers	6,113,000	6,113,000	3,056,500	10,670,000	5,335,000	6,770,000	3,385,000
Net Income (Loss) (Less unpaid Claims Liability) ¹	6,815,332	4,588,596	2,839,949	8,632,437	7,096,101	(266,137)	3,223,525
Significant Balance Sheet Items							
Cash Balance			43,408,189	42,080,593	28,392,314	28,995,366	13,651,639
Intergovernmental receivable			181,930	181,930	223,378	223,378	181,930
Unpaid Claims			(47,292,497)	(47,292,497)	(42,512,749)	(42,512,749)	(31,773,064)
Net Assets			(6,587,951)	(6,587,951)	(15,432,743)	(15,432,743)	(15,493,087)

¹Net income for 2009 includes a reduction of \$10,739,685 resulting from an increase to unpaid claims liability based on a 2009 actuarial study. A reduction of \$4,779,748 is included in the 2010 net income resulting from an increase in unpaid claims liability for 2010.

²Cash balance at June 30, 2011 is adjusted to include at transfer of \$500,000 to the Intergovernmental Services Fund which is accrued in this report, but was not recorded in the general ledger until July 2011.

2011 Second 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 June 30, 2011, the City's current investment portfolio was valued at \$535.6 million. The sector holdings and fund distributions are shown below. For the twelve months ended June 30, 2011, the portfolio has outperformed its benchmark.

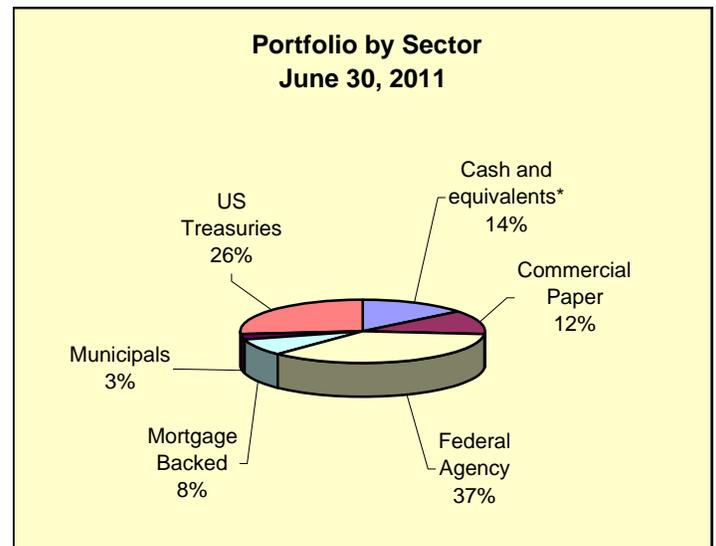
Investment Performance period ended June 30, 2011	City Portfolio	Custom Benchmark*
3 month Total Return	0.6%	0.5%
12 months Total Return	1.0%	0.8%
3 year Total Return	1.8%	1.3%
Credit Quality	AGY	TSY

* 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	June 30 2011	% of port.	June 30 2010	% of port.
Cash and equivalents*	\$ 75.2	14%	\$ 9.5	2%
Commercial Paper	65.7	12%	61.5	13%
Federal Agency	192.3	36%	241.2	51%
Mortgage Backed	45.5	8%	33.1	7%
Municipals	15.2	3%	18.9	4%
US Treasuries	141.7	26%	108.8	23%
Total Market Value	\$ 535.6	100%	\$ 473.0	100%

*Net of checks outstanding



Funds	June 30 2011	% of funds	June 30 2010	% of funds
Debt Service	\$ 59.2	11%	\$ 42.4	9%
Development	22.9	4%	32.4	7%
Enterprise Fund	91.6	17%	75.1	16%
General	71.7	13%	72.2	15%
Internal Service	62.0	12%	27.8	6%
Hilton Trust	12.9	2%	21.9	5%
NRP	46.8	9%	53.3	11%
Park Board	(3.9)	-1%	(5.5)	-1%
TIF	68.3	13%	56.8	12%
Convention Center	18.8	4%	30.5	6%
Other	13.3	2%	(0.9)	0%
Sub Total City Op. Port.	\$ 463.6	87%	\$ 406.0	86%
Bond Proceeds/Const.	68.8	13%	63.7	14%
TOTAL Book Value	532.4	100%	469.7	100%
Unrealized G/L & Acc int	3.2		3.3	
All Funds Mkt Value	\$ 535.6		\$ 473.0	

