

City of Minneapolis
Financial Status Report as of 4th Quarter 2006
Prepared by the
City of Minneapolis Finance Department
March 26, 2006

City of Minneapolis

Interim Financial Report Index for the 4th Quarter of 2006

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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 December 31, 2006.

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 2006 with a fund balance of \$53.6 million and an operating budget of \$283 million. The operating budget was amended to include a one-time re-appropriation of \$1.8 million from the 2005 year-end fund balance to departments and \$3.08 million to buy down variable rate debt in the self-insurance fund. Based on un-audited figures, the fund balance at fiscal year end 2006 is expected to be \$55.5 million, an increase of \$1.9 million. Previous 2006 projections of a planned reduction to fund balance did not occur due to additional revenues of approximately \$9.4 million generated in 2006 that more than offset the additional \$7.5 million expenditures over the original budget. Overall, General Fund revenues, including transfers in from other Funds, came in approximately 3% over the original estimate, and operating department expenditures came slightly more than 1% over the original budget.

The City's policy is to maintain a minimum fund balance of 15% of the following year's revenue budget, or a fund balance of \$49.2 million based on the 2007 revenue estimate. This leaves an excess balance of \$6.3 million over the required minimum at year-end 2006 compared to an excess balance over the required minimum at year-end 2005 of \$5.8 million.

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's 2006 operating budget, with a 2005 carryover of \$.8 million originally planned for a loss of \$1.4 million, however additional tax revenue of \$1.9 million and operating costs coming in less than budgeted for 2006 by \$5.3 million, contributed to a net income of \$5.5 million for 2006.

Grant Funds are used to record grant related activities. Fund 0300 represents all of the federal grant activity. Fund 0400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing

Opportunities for People with Aids. Fund 0600 is used to record all of the non-federal sources of restricted revenue.

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. Excluding the CPED enterprise activities and the River Terminal, the City operates five enterprise funds. A snapshot of these funds follows:

Enterprise Funds (In Thousands)					
Preliminary Year -End 2006					
Fund	Beg. Net Assets	Revenue	Expense	Net Income	12/31/2006 Net Assets
Sanitary Sewer	86,307	38,612	39,758	(1,146)	85,161
Stormwater	216,404	29,936	25,446	4,490	220,894
Solid Waste	20,248	29,136	29,916	(780)	19,468
Water Utility	137,562	66,223	58,434	7,789	145,351
Parking	71,882	79,749	71,978	7,771	79,653

With the exception of the Parking fund, the City’s enterprise activities are in fairly good condition. All of these funds had positive net assets at the end of 2006 and their financial plans call for a continuation of positive financial activity. There is an area of concern within the “Utility” Funds as far as cash position is concerned. Water and Sanitary Sewer have positive cash balances but are well below the financial policy calling for cash reserves equaling three months of operating expenses. The Stormwater Fund is experiencing a negative cash balance at the end of 2006. Rate increases in 2007 as well as decreases in spending are anticipated to alleviate this issue and move towards the required cash balance reserves. The table below compares the required cash reserve to the actual cash balances in the funds:

Fund	12-31-06 Cash Balance	Cash Reserve requirement	Variance
Water	2,541,860	11,414,432	(8,872,572)
Sanitary Sewer	7,591,344	9,149,128	(1,557,784)
Stormwater	(1,316,044)	3,419,669	(4,735,713)
Solid Waste	15,497,282	7,039,464	8,457,818
Parking	(12,306,289)	10,005,653	(22,311,942)

Sanitary Sewer Fund accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sanitary Sewer Fund had a net loss of just over \$1.1million in 2006. Revenues from Sanitary Sewer charges are

still being evaluated as the Sewer Fund was split into two funds in 2005: Stormwater and Sanitary Sewer. The revenue from utility charges came in \$1.5 million less than estimated due to lower consumption of water. SAC charges came in \$2.6million more than estimated; these charges are remitted to the Met Council. The fund has both a positive cash and net asset balance but the cash balances continue to fall short of the target three months operating cash due to the revenue shortfall.

Stormwater Fund accounts for the storm management activities including the Combined Sewer Overflow program. In 2006 the Stormwater Fund had a net income of \$4.5 million, far less than the \$7.6 million that was budgeted. As anticipated, revenues in the Stormwater Fund fell short of the original estimate as the credit program and the adjustments to disputed properties were made to the new Stormwater fee that was implemented in 2005. Expenses in the Fund came in under budget, but were higher than expected due to a higher level of street cleaning costs. The Stormwater Fund has a \$1.3 deficit cash balance due to the revenue shortfall and increased operating expenses.

Solid Waste Fund accounts for the City's solid waste collection, disposal, and recycling operations. The fund experienced a net loss in 2006 that was anticipated due to the acquisition of additional equipment. The fund has positive net assets and cash reserves in excess of the stated requirement.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. In 2006 the Water Fund had net income of \$7.8 million, less than originally estimated, but in line with projections throughout the year. Although the Water Fund had a \$.12 rate increase in 2006, revenues came in under original estimates as was anticipated during most of the year. The revenue forecasts have been reevaluated during the last budget cycles with the goal of better forecasting. Overall revenues have been on a downward trend due to a decrease in usage from internal and external (outside City) customers. Operating expenses were slightly over budget due to increased electricity and chemical costs as well as additional costs to Major Repairs and Replacements for additional miles of watermain cleaning and relining. Again in 2006 the government service fee increased, due to the additional asset value of the new membrane filtration plant.

The Water Fund current cash reserve is well below the stated requirement. The erosion of the funds' cash balance can be attributed to several factors: 1) the prior year one-time refund to the Joint Water Commission of \$3.6 million; 2) large annual debt service commitments; 3) a decline in water consumption over the last several years.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds' solvency by 2010. For 2006, the fund exceeded its revenue targets by an overall 0.7%, but also overspent its budget by 0.5%. A series of one-time transfers related to tax increment and unspent construction bond proceeds improved the funds' net income from an expected \$2.5 million to \$7.7 million.

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

Internal Service Funds (In Thousands)					
Preliminary Year-End 2006					
Fund	Beg. Net Assets	Revenue	Expense	Net Income	12/31/2006 Net Assets
Engineering, Mat, and Testing	371	4,007	4,112	(105)	266
Equipment Fund	15,403	42,221	39,402	2,819	18,222
Property Services	29,605	16,539	17,568	(1,029)	28,576
Public Works Stores	3,044	4,398	4,070	328	3,372
Intergovernmental Fund	(34,256)	45,631	42,056	3,575	(30,681)
Self Insurance	(36,040)	82,257	74,569	7,688	(28,352)

The **Intergovernmental Service Fund** is operating at a healthier level than called for in its financial workout plan. At year end 2006, the fund is ahead of its year-end goals because its expenses are at 87% budgeted while its revenues at 90% of the 2006 estimate. Net assets will increase due to the use of charges based on a rate model to determine level of service, the transfer from the General Fund as provided for in the workout plan and an increased PMO level of activity. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Equipment Fund** also operates under a Council-adopted financial workout plan. The fund has positive cash and net assets and continues to make good progress toward solvency and a pay-as-you-go approach to replacing its capital assets. Revenues and expenses are lower than expected due to a decreased level of equipment usage in the Capital Projects area, but the funds operating margin remains positive (excluding depreciation). Because the fund has missed its revenue targets for the last two years, its cash position slipped behind the workout plan target for 2006, and was \$2.0 million at year-end. The Finance and Public Works departments will be monitoring the equipment usage and financial results in this fund closely.

The **Self-Insurance Fund** had revenue of \$82.3 million in 2006 and expenses of \$72.3 million or 94% of budget. The fund had a year end cash balance of \$5.5 million ahead of a projected positive cash position in the Deficit Reduction Plan. The net asset deficit is tracking close to the Plan. Workers compensation expenses came in almost \$2.4 million under budget and expenses in all other areas in this fund except for Liability and Settlements came in under budget. Liability and Settlements were over budget by \$1.1 million.

The **Property Services Fund** has received 74% of annual revenues and has spent 71% of budgeted expenses through third quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** had a \$0.1 million loss for 2006, less than the \$0.7 million loss originally estimated. This fund has consistently lost money for the last eight years and if the trend continues will be in need of a financial workout plan. The fund has a very small amount of cash and positive net assets but one more year of losses could reverse that situation. Public Works is currently buying asphalt and using a storage silo to hold and distribute asphalt to all City Departments, which should assist in improving the financial results in this fund. In addition, management has increased its overhead rates to more fully recover

fixed costs. Because this fund is so dependant on capital project activity for its financial health it was negatively impacted by the lack of activity in “Paving” projects this year.

Respectfully Submitted,

Patrick P. Born
Finance Officer

Charles J. Elliott
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 2005 was \$53.6 million. The 2006 council action included a one-time reappropriation of \$1.8 million from the 2005 year-end fund balance to departments and \$3.08 million to buy down variable rate debt in the self-insurance fund. Based on un-audited figures, the General Fund balance is expected to end fiscal year 2006 at approximately \$55.5 million.

The City's policy is to maintain a minimum fund balance of 15% of the following year's revenue budget; the projected balance would be well within this requirement.

What happened in 2006?

<i>(Millions)</i>	
Fund Balance January 1, 2006	\$53.6
Re-appropriation of Fund Balance to buy down variable rate debt in Self-Insurance fund	(3.1)
Carry forward appropriations	(1.8)
Results of 2006 financial operations:	6.8
Fund balance at 12/31/2006 (un-audited)	\$55.5
Fund balance requirement	\$49.2
Excess fund balance	\$6.3

General Fund Revenues:

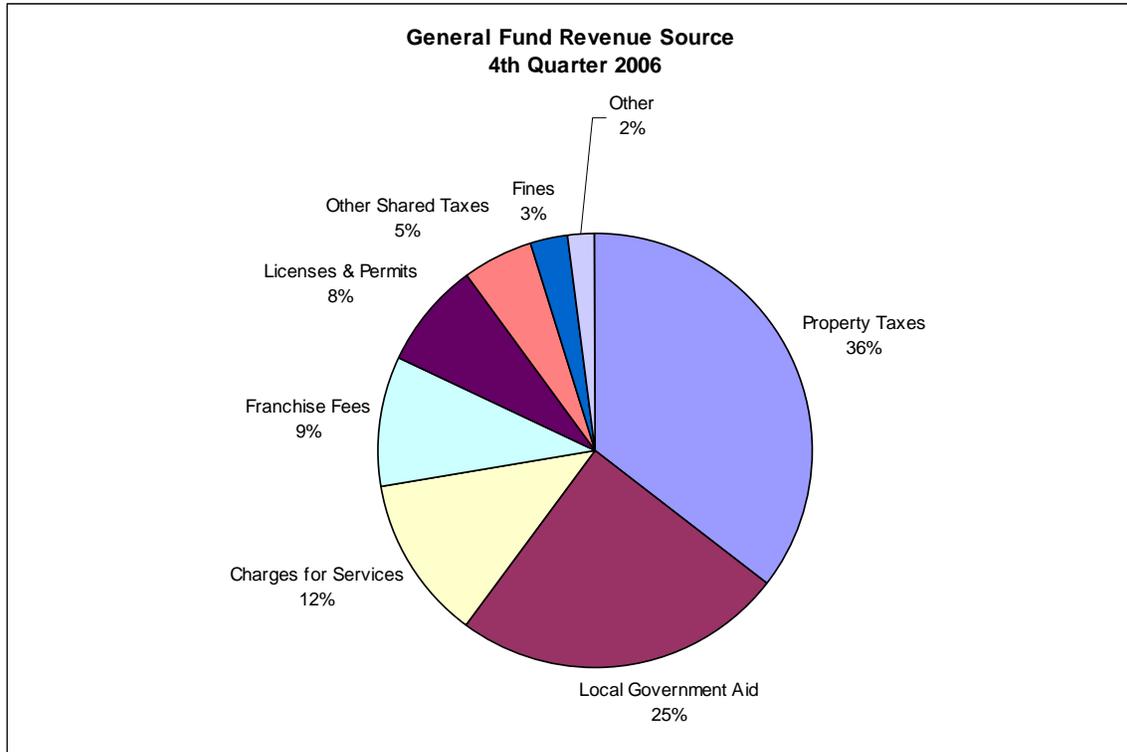
The five largest revenue sources account for 89% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, and licenses and permits.

Property taxes, the major source of General Fund revenue (36%), met the budget of \$108.5 million at the end of the year. The original budget included \$3.8 million of Homestead credit and it was reclassified and recorded under other shared taxes.

Local Government aids, the second major source of fund revenue (25%), has also met the original estimated revenue of \$75.1 million.

Charges for services, the third major source of fund revenue (12%), have exceeded the original budget by about 4.5%. Most of these increases occurred in the Public Works department as reimbursable work for others.

Licenses and permit fees, the fifth major source of revenue (8%), has also met expectations.



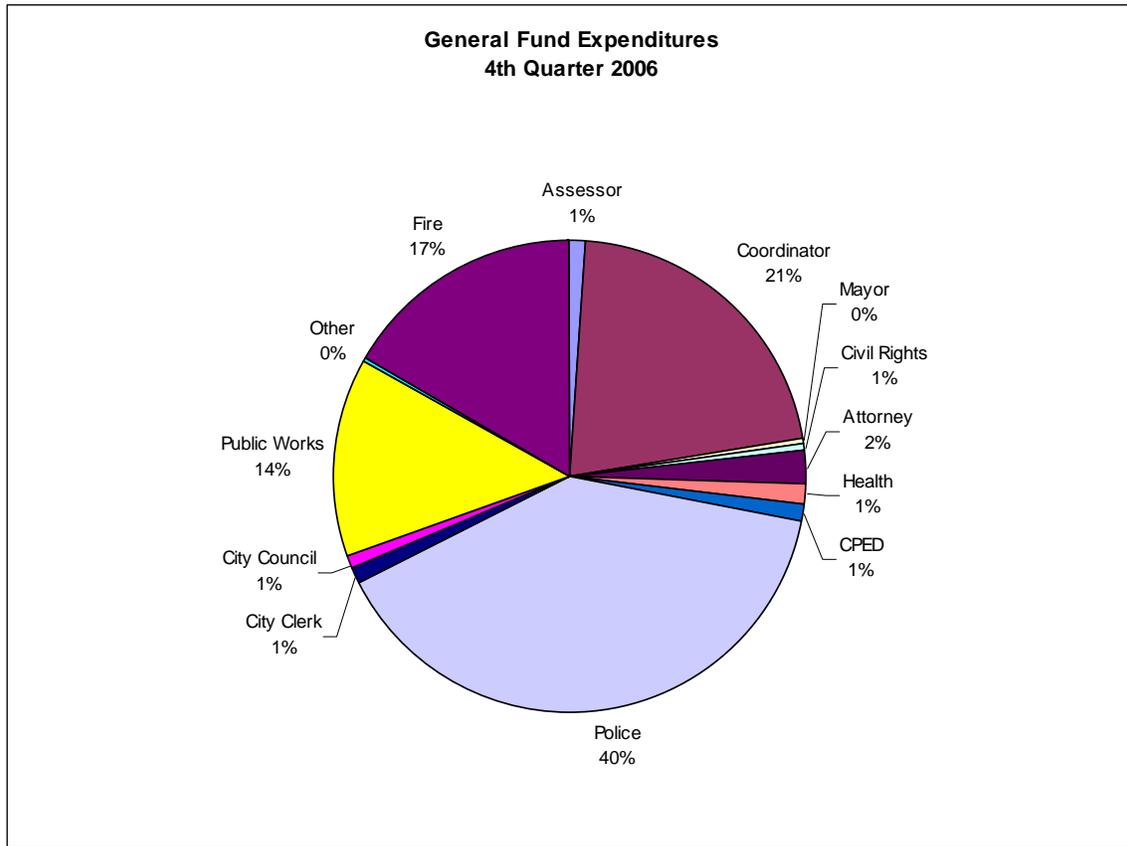
Franchise fees (9% of fund revenue) have exceeded the budget significantly by about 30%, primarily due to increased natural gas franchise fees.

Fine and Forfeit revenues has missed the estimated revenue budget by 17%, primarily due to a continued decline in police fine revenue collections.

All other General Fund revenues and transfers have currently met or exceed the original budget at the end of the year with no significant variances.

General fund also received approximately \$1.1 million revenue more than budgeted in entertainment tax.

General Fund Expenditures



Four departments (excluding transfers) make up about 90% of the total general fund expenditures: Police, Coordinator, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the amount of general fund expenditures.

Police Department spent over their budget by \$5.1 million primarily due to a significant increase in overtime costs, contractual services including an \$800,000 increase in jail fees, and over \$1 million in technology costs.

Public Works, Fire and City Clerk's office also ended the year slightly over their budget.

Overall, for 2006, all other city departments' actual expenditures spent within their budget

A detailed financial schedule of the fund is included on the next page:

**City of Minneapolis
General Fund
31-Dec-06**

	Original Budget	Revised Budget	Actual	Variance	
				Original/Actual Amount	Percent
Revenues:					
Property Taxes	112,688,883	108,490,883	108,863,334	(3,825,549)	-3%
Local Government Aid(LGA)	75,054,084	75,054,084	75,054,164	80	0%
Charges for Services	36,498,699	36,557,829	38,168,589	1,669,890	5%
Franchise Fees	22,310,000	22,310,000	29,025,907	6,715,907	30%
Licenses and Permits	24,864,409	24,864,409	24,937,433	73,024	0%
Other Shared Taxes	12,146,930	16,564,930	16,559,869	4,412,939	36%
Fines and Forfeits	10,384,877	10,384,877	8,598,164	(1,786,713)	-17%
Special Assessments	2,762,585	2,762,585	3,008,303	245,718	9%
Investment Income	1,860,029	1,860,029	1,285,118	(574,911)	-31%
Other Miscellaneous	1,052,592	1,159,602	1,445,784	393,192	37%
Total Revenues	299,623,088	300,009,228	306,946,665	7,323,577	2%
Transfers In	18,849,750	18,849,750	20,994,326	2,144,576	11%
Revenues and Other Sources	318,472,838	318,858,978	327,940,991	9,468,153	3%
Expenditures :					
Police	107,525,757	112,652,757	112,611,371	(5,085,614)	-5%
Coordinator	61,616,974	62,266,153	60,706,111	910,863	1%
Fire	47,162,463	47,723,666	47,663,009	(500,546)	-1%
Public Works	37,289,877	40,171,984	38,733,975	(1,444,098)	-4%
Attorney	5,954,338	5,954,338	5,899,899	54,439	1%
Health	3,701,245	3,701,245	3,693,292	7,953	0%
CPED	3,579,473	3,579,473	3,529,890	49,583	1%
Assessor	3,176,666	3,316,280	3,316,279	(139,613)	-4%
City Clerk	3,152,650	3,215,701	3,214,802	(62,152)	-2%
City Council	2,940,198	3,094,793	2,944,713	(4,515)	0%
Civil Rights	2,493,846	2,531,186	2,025,491	468,355	19%
Contingency	2,279,462	1,179,462	480,596	1,798,866	79%
Mayor	1,146,314	1,171,314	1,081,418	64,896	6%
Non-Department-Corrections	836,400	836,400	715,210	121,190	14%
Total Expenditures	282,855,663	291,394,752	286,616,056	(3,760,393)	-1%
Transfer out	35,617,175	39,348,033	39,396,754	(3,779,579)	-11%
Expenditures and Other Uses	318,472,838	330,742,785	326,012,810	(7,539,972)	-2%
Change in Fund Balance	-	(11,883,807)	1,928,181	1,928,181	
Fund Balance - Jan. 1, 2006			53,562,060		
Fund Balance - December 31, 2006			55,490,241		

Convention Center Special Revenue Fund and Reserve Report

Convention Center Fund

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 3% citywide lodging tax for motels and hotels with 50 units or more. Presently, one-third of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis. With the exception of entertainment tax, all of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund to offset additional police and fire department 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 finance plan. The entertainment tax is not deposited directly into the General Fund because it's pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient. Entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund. For the fourth quarter of 2006, tax proceeds came in higher than fourth quarter 2005 levels by 3% overall. All the tax categories saw increases from 2005 levels. Consumer spending habits and economic condition can be attributed to the changes. Overall 2006 fourth quarter tax revenue has achieved 103% of budget.

Tax	December 2006	December 2005	Variance	% Change
Sales	27,866,693	27,404,343	462,350	2%
Entertainment	9,248,272	9,193,151	55,121	1%
Food	9,992,743	9,474,456	518,287	5%
Liquor	3,626,911	3,486,477	140,434	4%
Lodging	5,989,941	5,505,791	484,150	8%
Total	\$56,724,560	\$55,064,219	\$1,660,342	3%

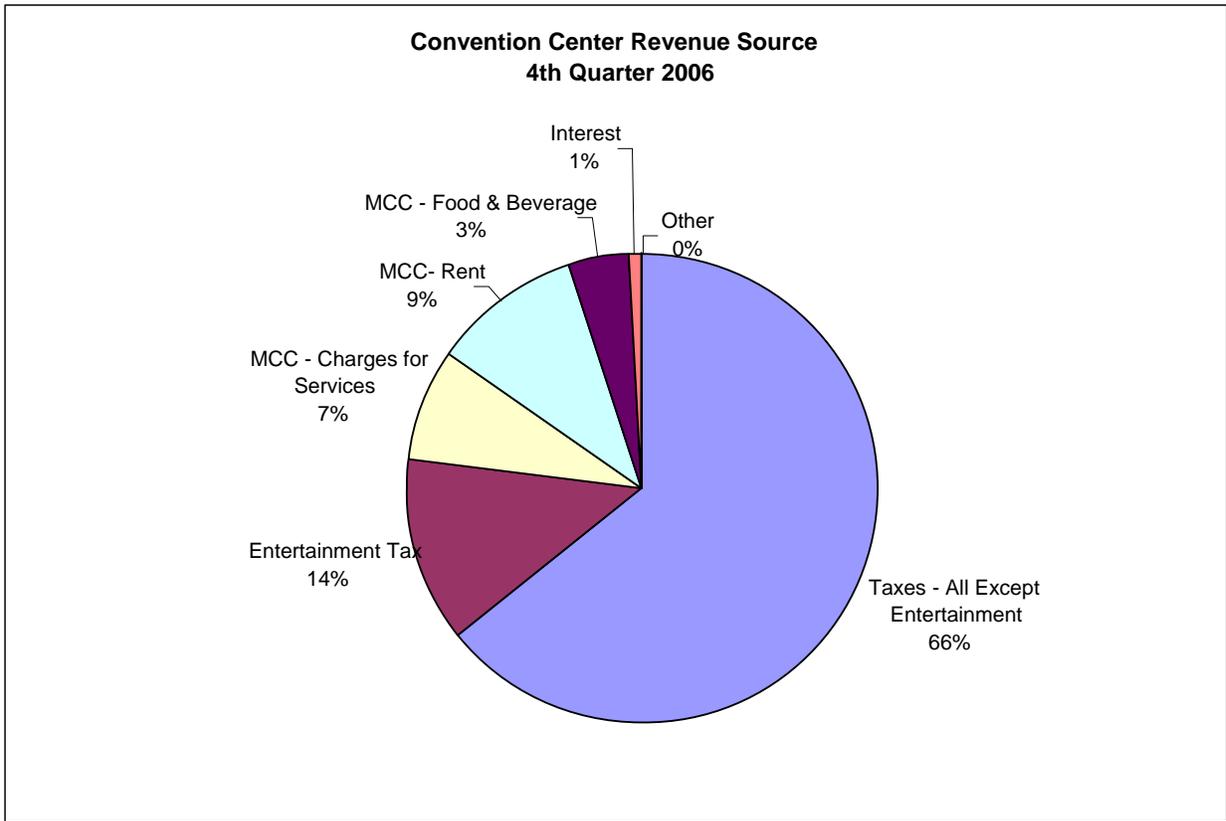
Interest Revenue

2006 interest revenue came in much higher than expected. Interest revenue was budgeted at \$422,371 and finished the year at \$805,168.

Operating Revenue

Operating revenue is derived directly from Convention Center operating activities. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services. In 2005, the Convention Center hosted some large revenue producing events, such as the Microsoft World Partners Conference contributing to a strong year overall. 2006 operating revenue was lower than 2005 as a result of

not hosting events of that size and caliber. In addition, 2006 Convention Center operating revenue ended nearly \$1.1 million under budget. Events were not booked as originally planned.



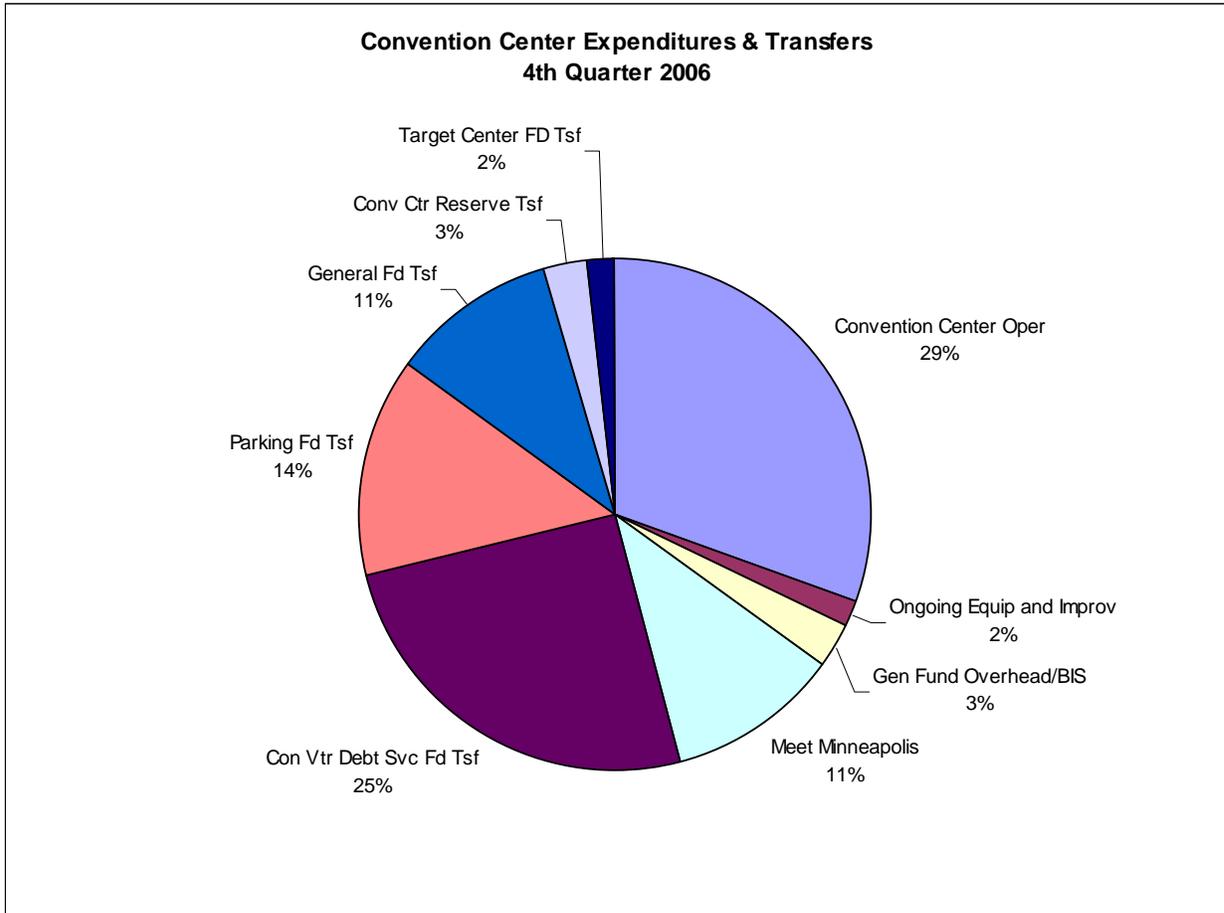
In the second quarter of 2006, the Convention Center in partnership with Meet Minneapolis began selling video signage advertising revenue at the Convention Center. The Convention Center has sent a proposal to Meet Minneapolis, and the specific details of the partnership are still under discussion between the Convention Center and Meet Minneapolis.

Operating Expenditures

2006 operating expenditures were budgeted slightly higher than they were in 2005, primarily as a result of higher personnel related costs, capital, and contractual services. Fourth quarter 2006 operating expenditures came in at 94% of budget or \$1.4 million under the 2006 budget. Personnel cost related savings can primarily be attributed the savings. There were numerous capital improvements in 2005. Among those improvements were: Meeting room sound and lighting system upgrades, office remodeling, meeting room wall fabric, floor boxes, a voicemail upgrade, and an inside security monitoring system. In 2006, the Visitor Center was completed and partnered the Convention Center and Meet Minneapolis to combine the Convention Center’s concierge, restaurant booth, TC TIX, and welcoming functions in one permanent Convention Center location. The Visitor Center project began in 2005.

Furthermore, additional improvements and additions were budgeted in 2006 with meeting room lighting controls, wall fabric, Terrazzo floor, an energy efficiency monitoring system, rental equipment upgrades; stage refinishing, facility equipment replacement, electrical floor boxes, and escalator repair and maintenance. The majority of the budgeted work has been completed. The Terrazzo floor was the most significant improvement budgeted for 2006, with \$4 million budgeted for this purpose. The Terrazzo floor will replace the failing existing floor in Convention Center public lobby spaces. RFP development is currently underway. The Convention Center will request a \$3

million rollover of capital funds to 2007 and have allocated \$1 million in 2007 capital funds to complete this important project. At this time, project completion is undetermined and depends on work scheduling during off hours and between Convention Center events.



Transfers

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2006, transfers were made to the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to debt service. Scheduled transfers are complete for 2006. The budgeted transfer for the Target Center is \$1.2 million. As a result of lower than expected Target Center revenue, the completed transfer was slightly over \$1.1 million. In addition, there was nearly a \$1.1 million transfer to the General Fund for 2005 and 2006 entertainment taxes. The Convention Center’s debt service transfer was slightly over \$17.6 million or nearly \$1.5 million lower than the 2006 budget. The \$17.6 million represents the current year liability for the Convention Center Bond issue. In 2004, the Convention Center debt was restructured allowing for substantial long-term savings to the fund. The budgeted Parking Fund transfer was nearly \$9.6 million in 2006 and approximately \$1.3 million greater than the transfer completed in 2005.

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 \$10 million consolidated loan will have a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, and profit from the iDSS. The balance of the loan through the 4th quarter of 2006 is nearly \$7.7 million and accrued interest of slightly over \$52 thousand. The iDSS loan is accounted for on the balance sheet as a Loan Receivable and is not reflected as an expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual Report.

Fund Balance

Based on fund transfers and current revenue and expenditure trends, the 2006 ending fund balance of approximately \$40 million is \$5.5 million over budget or \$4.1 million greater than the 2005 ending fund balance. The primary reason for the increase is lower than expected expenditures, better than expected tax revenues, and lower than expected debt service. The main cause for the lower than expected expenditures was \$4 million dollars budgeted for replacing the Terrazzo floor was not expended.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2006**

CITY OF MINNEAPOLIS, MINNESOTA

	2006		Percent of Total	2005 Actual
	Budget	Actual		
REVENUE				
Operating Revenue:				
Charges for Services and Sales	5,660,000	5,155,200	91%	6,219,718
Rents and Commissions	7,415,000	6,768,181	91%	6,867,231
Catering Commissions	2,550,000	2,602,625	102%	3,106,215
Total Operating Revenue	15,625,000	14,526,006	93%	16,193,163
Tax Revenue:				
Sales and Use Tax	27,701,000	27,866,693	101%	27,404,343
Entertainment Tax	9,109,000	9,248,272	102%	9,193,151
Food Tax	9,248,000	9,992,743	108%	9,474,456
Liquor Tax	3,606,000	3,626,911	101%	3,486,477
Lodging Tax	5,147,000	5,989,941	116%	5,505,791
Total Tax Revenue	54,811,000	56,724,560	103%	55,064,219
Other Non Operating Revenue:				
Interest	422,371	805,168	191%	573,322
Investment Income	-	22,293		42,762
Meet Minneapolis Private Donations	537,500	537,500		-
Other	20,000	21,927	110%	14,932
Total Other Non Operating Revenue	979,871	1,386,889	142%	631,017
Total Non Operating Revenue	55,790,871	58,111,448	104%	55,695,235
Total Revenue	71,415,871	72,637,454	102%	71,888,398
EXPENDITURES				
Convention Center Operations	22,688,170	21,261,850	94%	21,311,995
Ongoing Equipment and Improvement	4,947,698	1,135,054	23%	2,932,829
General Fund Overhead/BIS Operating	1,950,538	1,950,227	100%	1,418,273
Human Resources	64,391	67,309	105%	61,068
Meet Minneapolis	7,663,401	7,663,401	100%	7,238,614
Total Expenditures	37,314,198	32,077,841	86%	32,962,779
Excess of Revenues Over (Under) Expenditures	34,101,673	40,559,613	119%	38,925,620
OTHER FINANCING SOURCES (USES)				
General Fund Transfer	(7,481,750)	(8,657,247)	116%	(7,248,775)
Arena Reserve Fund Transfer	(1,200,000)	(1,102,427)	92%	(1,432,975)
Convention Center Reserve Fund Transfer	1,881,000	1,978,573	105%	1,381,000
Convention Ctr Debt Service Transfer	(19,142,000)	(17,655,000)	92%	(17,440,938)
Other Debt Service Transfer	(13,913)	(13,913)	100%	(14,945)
Municipal Parking Enterprise Fund Transfer	(9,565,097)	(9,565,097)	100%	(8,243,573)
Total Other Financing Sources (Uses)	(35,521,760)	(35,015,111)	99%	(33,000,206)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,420,087)	5,544,503		5,925,414
Fund Balance - January 1	35,849,893	-		29,924,479
Ending Fund Balance	34,429,806	39,974,309		35,849,893
Ending Cash Balance	NA	20,027,695		15,886,535

ARENA RESERVE SPECIAL REVENUE FUND			
STATEMENT OF REVENUES, EXPENDITURES, AND			
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL			
For the fiscal quarter ending December 31, 2006			
	2006		
			2005
	Budget	Actual	Actual
REVENUES:			
Interest	\$ -	(3,243)	69,911
Investment Income	\$ -	(805)	5,675
Total revenues	-	(4,047)	75,586
OTHER FINANCING SOURCES (USES):			
General Fund Transfer	91,500	91,500	91,500
Transfer to Debt Service	(3,382,430)	(3,382,430)	(5,030,516)
Muni Parking Enterprise Fund	1,921,000	1,921,000	1,768,000
Convention Ctr Opers Transfer	1,200,000	1,102,427	1,432,975
Total other financing sources (uses)	(169,930)	(267,503)	(1,738,041)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(169,930)	(271,550)	(1,662,455)
Fund balance - January 1	975,100	975,100	2,637,556
Ending Fund balance	\$ 805,170	703,550	975,100

**CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2006**

	2006		2005
	Budget	Actual	Actual
REVENUES:			
Interest	-	-	-
Total revenues	-	-	-
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfers to capital projects funds	-	-	-
Transfers within special revenue funds	\$ (1,881,000)	(1,881,000)	(1,381,000)
Total other financing sources (uses)	(1,881,000)	(1,881,000)	(1,381,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,881,000)	(1,881,000)	(1,381,000)
Fund balance - January 1	6,881,450	6,881,450	8,262,450
Ending Fund balance	\$ 5,000,450	5,000,450	6,881,450

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending December 31, 2006

The City receives a number of state and federal grants that are recorded in the Federal (0300), Community Development Block Grant (CDBG) (0400), and Grants Other (0600) 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. The deficit in fund 0400 is a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

Federal Grants Fund (0300)

The City accounts of its federal grant activity in fund 0300. As of December 31, 2006, total expenditures were \$20,288,723. As of the 2005 fourth quarter the total expenditures were \$19,042,185. The majority of the increase is due to homeland security initiatives as well as economic development.

CDBG Fund (0400)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). As of December 31, 2006 and 2005, expenditures were \$19,715,617 and \$22,581,534, respectively. The City has experienced a continual decline in CDBG funding over the past several years.

In 1990, the Council committed \$7,791,856 million of CDBG funds for the redevelopment of Block E. The commitment was not balanced with reductions in other CDBG funded projects. Consequently, the city has over-committed its total Federal Allocation. Because the CDBG year differs from the City's fiscal year end, it appears that the City has remained within its total cumulative allocation. This can continue only as long as there is a steady flow of CDBG funds. Should the CDBG program cease, the over commitment of funds would become apparent and other funds would need to be made available to cover the shortfall. City policy is to reprogram unspent balances from prior projects to offset the Block E deficit. Since November 2001, the City Council has approved the reprogramming of \$1,624,299 of unspent balances from projects bringing the remaining deficit down to \$6,167,557.

Other Grants Fund (0600)

The fund is used to account for non-federal grants and other restricted revenue sources. There were total expenditures of \$19,599,150 and \$6,810,752, as of December 31, 2006 and 2005, respectively. The increase in expenditures is primarily due to the migration of Community Planning and Economic Development grants previously recorded in fund SMN0, State Grants, to fund 0600 beginning in 2006. These are grants from Hennepin County, Minnesota Department of Employment and Economic Development, and the Metropolitan Council primarily for pollution treatment, business development and affordable housing initiatives.

Special Revenue Funds
Grant Funds
Quarter Ending December 31, 2006

	Federal Grants 0300	CDBG Grants 0400	Grants Other 0600	Total
Assets				
Cash and cash equivalents	\$2,094,635	(\$2,405,317)	\$5,597,499	\$5,286,817
Accounts - net	214,480	1,875	171,951	388,306
Intergovernmental Receivables	3,011,917	3,118,821	2,264,664	8,395,402
Loans receivable-net	2,870,040		432,310	3,302,350
Deposits with Fiscal Agents				0
Prepaid Expense			259	259
Due From Other Funds				0
Total Assets	<u>\$8,191,072</u>	<u>\$715,379</u>	<u>\$8,466,683</u>	<u>\$17,373,134</u>
Liabilities				
Salaries payable	\$190,684	\$207,280	\$161,273	\$559,237
Accounts payable	1,223,526	568,204	649,289	2,441,019
Use Taxes Payable			(5,934)	(5,934)
Due to Other Funds	80			80
Inter Governmental Payables	898		2,935	3,833
Deferred revenue & Contracts	5,172,712		6,984,526	12,157,238
Total Liabilities	<u>6,587,900</u>	<u>775,484</u>	<u>7,792,089</u>	<u>15,155,473</u>
Fund Balance	<u>\$1,603,172</u> ¹	<u>(\$60,105)</u> ¹	<u>\$674,594</u>	<u>\$2,217,661</u>
Total Liabilities and Fund Balance	<u>\$8,191,072</u>	<u>\$715,379</u>	<u>\$8,466,683</u>	<u>\$17,373,134</u>
Revenue				
Taxes			\$11,000	\$11,000
Grants and Shared Revenues	\$ 21,597,387	\$19,655,512	12,681,511	53,934,410
Private Contributions			394,319	394,319
Charges for Services			188,540	188,540
Interest	58,171		453,812	511,983
Loan Recapture	236,339		5,919,062	6,155,401
Lands & Buildings				0
Equipment			3,060	3,060
Miscellaneous Revenue			6,026	6,026
Transfer within Special Revenue Fund			45,397	45,397
Total Revenue	<u>\$21,891,897</u>	<u>\$19,655,512</u>	<u>\$19,702,727</u>	<u>\$61,250,136</u>
Expenditures	<u>\$20,288,723</u>	<u>\$19,715,617</u>	<u>\$19,599,150</u>	<u>\$59,603,490</u>
Revenues Over (Under) Expenditures	<u>\$1,603,174</u> ¹	<u>(\$60,105)</u> ¹	<u>\$103,577</u>	<u>\$1,646,646</u>

¹ This report is on a modified accrual basis. Under full accrual, these amounts would be presented as grants receivable and the fund balance would be zero.

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

Department	Agy	Project	Adopted Budget	Council Action 2006R-093	Council Action 2006R-356	Program Income ¹	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:										
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)			547,500	\$ 283,873	\$ 283,873	\$ 263,627
CPED	890	High density corridor housing	1,000,000	(56,100)			943,900			943,900
CPED	890	Homeownership Program (GMMHC)	437,000	(24,600)			412,400			412,400
CPED	890	Industry Cluster Program (Living Wage Jobs)	90,000	(5,050)			84,950	34,487	34,487	50,463
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)			4,700,000			4,700,000
CPED	890	NEDF/CEDF	136,000	(7,630)			128,370			128,370
CPED	890	NonProfit MF Rental Development Assistance	226,000	(12,679)			213,321			213,321
CPED	890	Vacant & Boarded Housing	1,154,000	(64,725)	(125,000)		964,275	742,299	742,299	221,976
Health & Family Support	860	Childcare Facilities Loan/Grant	292,000	(16,381)			275,619			275,619
Regulatory Services	835	Lead Reduction	163,000	(9,144)			153,856	83,189	83,189	70,667
Regulatory Services	835	Vacant & Boarded Housing-249 List	0	0	125,000	300,000	425,000	7,612	7,612	417,388
Regulatory Services	835	Problem Properties Board Bldg	54,900	0			54,900	54,900	54,900	0
Police	400	Problem Properties Police	64,050	0			64,050			64,050
Fire	280	Problem Properties Fire	18,300	0			18,300			18,300
City Attorney	140	Problem Properties Attorneys	45,750	0			45,750			45,750
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)			266,180			266,180
		Subtotal Capital Grants	9,542,000	(543,629)	0	300,000	9,298,371	1,206,359	1,206,359	8,092,012
Public Service Grants:										
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)		44,224	249,224	249,224	249,224	0
CPED	890	Youth Employment & Training	506,000	(29,000)			477,000	11,173	11,173	465,827
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)			94,390	49,336	49,336	45,054
Health & Family Support	860	Block Nurse Program	62,000	(3,478)			58,522	33,384	33,384	25,138
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)			22,654	8,852	8,852	13,802
Health & Family Support	860	Curfew/Tuancy Center	98,000	0			98,000	98,000	98,000	0
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)			17,934	8,970	8,970	8,964
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)			127,427	15,004	15,004	112,423
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)			44,363	21,731	21,731	22,632
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)			40,588	15,157	15,157	25,431
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)			75,512			75,512
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)			24,541	10,635	10,635	13,906
Health & Family Support	860	MELD	38,000	(2,132)			35,868			35,868
Health & Family Support	860	Child Dental Services	10,000	(561)			9,439	9,439	9,439	0
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)			67,017	33,468	33,468	33,549
Health & Family Support	860	New American Community Services	47,000	(2,637)			44,363	23,752	23,752	20,611
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)			44,363	22,180	22,180	22,183
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)			35,868	19,176	19,176	16,692
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)			26,429	16,915	16,915	9,514
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)			127,427	78,723	78,723	48,704
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)			31,149	16,586	16,586	14,563
Health & Family Support	860	Way to Grow	296,000				296,000	183,361	183,361	112,639
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)			91,500	39,663	39,663	51,837
		Subtotal Public Service Grants	2,198,000	(102,646)	0	44,224	2,139,578	964,730	964,730	1,174,848
Administrative Grants:										
CPED	890	Citizen Participation	303,000	(17,000)			286,000	20,851	20,851	265,149
CPED	890	Planning - Administration	1,146,800	(105,907)			1,040,893	555,960	555,960	484,933
CPED	890	Program Admin	8,900	41,100			50,000	142	142	49,858
Health & Family Support	860	Grant Administration	90,000	(5,005)			84,995	67,250	67,250	17,745
Health & Family Support	860	Legal Aid Society	44,000	(2,903)			41,097	23,973	23,973	17,124
Health & Family Support	860	Neighborhood Services	94,000	(5,269)			88,731	24,691	24,691	64,040
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)			31,756	18,525	18,525	13,231
Finance	820	Finance Administration	255,000	(14,025)			240,975			240,975
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)			188,665	51,470	51,470	137,195
Grants & Special Projects	800	Homeless Initiative	100,000				100,000			100,000
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)			67,249	39,228	39,228	28,021
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)			0			0
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	255,000	(14,025)			240,975	59	59	240,916
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)			155,980	95,254	95,254	60,726
Non-Departmental	123	Administration YCB	57,000	0			57,000	56,350	56,350	650
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)			83,105			83,105
		Subtotal Administrative Grants	2,934,000	(176,579)	0	0	2,757,421	953,754	953,754	1,803,667
	123	Block E Deficit Reduction	0	0	0	0	0	0	0	0
		GRAND TOTAL	\$ 14,674,000	\$ (822,854)	\$ -	\$ 344,224	\$ 14,195,370	\$ 3,124,843	\$ 3,124,843	\$ 11,070,527

¹ Council Action 2006R-146, 2006R-355
Source : Period 12, February 3, 2007 G101M

CDBG Program Year 31
Beginning June 1, 2005
December 31, 2006

Department	Agy	Project	Adopted Budget	Council Action 2005R-618	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ (142,332)	\$ 201,863	\$ 409,015
CPED	890	High density corridor housing	953,008		953,008	277	277	952,731
CPED	890	Homeownership Program (GMMHC)	439,174		439,174		0	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	28,412	28,412	65,936
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	1,454,982	1,454,982	3,443,479
CPED	890	NEDF/CEDF	142,951		142,951		0	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252		0	238,252
CPED	890	Residential Loan/Grant	571,805		571,805	139,771	139,771	432,034
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	1,041,648	1,190,616	9,385
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869	23,444	23,444	283,425
Regulatory Services	835	Lead Reduction	171,541		171,541	139,193	171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557		49,557	55,958	44,966	4,591
Police	400	Problem Properties Police	71,476		71,476			71,476
Fire	280	Problem Properties Fire	23,825		23,825		0	23,825
City Attorney	140	Problem Properties Attorneys	47,650		47,650	37,025	37,025	10,625
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	107,716	107,716	189,622
		Subtotal Capital Grants	10,117,133	0	10,117,133	2,886,093	3,400,612	6,716,521
Public Service Grants:								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252	0	238,252	0
CPED	890	Youth Employment & Training	541,309		541,309	38,744	525,101	16,208
Health & Family Support	860	Advocacy (Housing)	104,831		104,831	78,596	104,831	0
Health & Family Support	860	Block Nurse Program	66,000		66,000	37,571	66,000	0
Health & Family Support	860	Child Dental Services	11,000		11,000	1,572	11,000	0
Health & Family Support	860	Curfew/Truancy Center	99,113		99,113		99,113	0
Health & Family Support	860	Early Childhood School Rediness	90,412		90,412	35,828	75,165	15,247
Health & Family Support	860	GMDCA Child Care	142,500		142,500	120,469	120,469	22,031
Health & Family Support	860	HIV/AIDS	45,000		45,000	27,335	43,061	1,939
Health & Family Support	860	Lao Advancement Organization of America	50,000		50,000	25,291	49,959	41
Health & Family Support	860	Minneapolis Community Clinics	335,561		335,561	159,266	326,016	9,545
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	59,555	59,555	25,445
Health & Family Support	860	MUL-Mental Health	25,000		25,000	22,377	22,377	2,623
Health & Family Support	860	New American Community Services	50,000		50,000	22,361	49,827	173
Health & Family Support	860	School Success Programs	35,000		35,000	27,181	35,000	0
Health & Family Support	860	Way to Grow	295,432		295,432	204,438	295,432	0
Public Works	607	Graffiti Removal on Public Property	101,972		101,972	38,018	101,972	0
		Subtotal Public Service Grants	2,316,382	0	2,316,382	898,603	2,223,130	93,252
Administrative Grants:								
CPED	890	Citizen Participation	328,788		328,788	142,740	303,416	25,372
CPED	890	Planning - Administration	1,230,400		1,230,400	453,490	950,423	279,977
CPED	890	Program Admin	13,657		13,657		13,657	0
Health & Family Support	860	Grant Administration	95,301		95,301	85,297	93,243	2,058
Health & Family Support	860	Legal Aid Society	46,697		46,697	20,417	46,697	0
Health & Family Support	860	Neighborhood Services	101,972	(54,989)	46,983	18,379	26,657	20,326
Health & Family Support	860	Way to Grow Administration	34,308		34,308	19,308	34,308	0
Finance	820	Finance Administration	271,607	(22,193)	249,414	146,459	146,459	102,955
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	173,187	173,187	173,187	0
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	76,241		76,241	60,321	76,241	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	17,154		17,154	0	0	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	167,652	167,652	89,660
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776	133,971	166,776	0
Non-Departmental	123	Administration YCB	56,227		56,227	0	51,000	5,227
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395	0	28,582	64,813
		Subtotal Administrative Grants	3,009,027	(123,187)	2,885,840	1,421,220	2,278,298	607,542
	123	Block E Deficit Reduction	0	123,187	123,187	0	0	123,187
		GRAND TOTAL	\$ 15,442,542	\$ -	\$ 15,442,542	\$ 5,205,916	\$ 7,902,041	\$ 7,540,501

Source : Period 12, February 3, 2007 G101M

CDBG Program Year 30
Beginning June 1, 2004
December 31, 2006

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823	\$ -	\$ 639,823	\$ 55,483	\$ 639,823	\$ -
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	299,900	418,998	579,166
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146		0	464,146
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818	32,896	98,818	0
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	3,111,070	4,698,198	681,908
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725		149,725			149,725
CPED	890	Residential Loan / Grant	444,000	443,185		443,185	157,936	379,976	63,209
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164	4,705	998,164	0
CPED	890	VHR Distressed	393,000	392,279		392,279	356	356	391,923
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407	212,380	322,407	0
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353		34,353	0
Licenses & Consumer Services	835	Boarded Building Demolition	202,000	201,629		201,629	51,906	198,608	3,021
Regulatory Services	835	Hud Lead Program	145,317	145,317		145,317	20,846	131,114	14,203
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425	218,889	312,425	0
		Subtotal Capital Grants	10,600,000	10,580,541	0	10,580,541	4,166,367	8,233,240	2,347,301
Public Service Grants:									
CPED	890	Mortgage Foreclosure Program	250,000	249,541	0	249,541	0	249,541	0
CPED	890	Youth Employment & Training	568,000	566,957		566,957	2,795	566,957	0
Health & Family Support	860	Advocacy	110,000	86,033		86,033	0	86,033	0
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879	0	65,879	0
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980	0	10,980	0
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809	0	103,809	0
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894	0	57,894	0
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447	62,679	300,447	0
Health & Family Support	860	Head Start	66,000	65,879		65,879	0	65,879	0
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958	0	22,958	0
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521	0	256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888	0	56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925	0	40,925	0
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853	0	79,853	0
Health & Family Support	860	Way To Grow	311,000	310,429		310,429	0	310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969	0	16,969	0
Public Works	607	Graffiti Removal	107,000	106,804		106,804	0	106,804	0
Civil Rights	300	American Indian Advocacy	0	23,765		23,765	0	23,765	0
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972	0	14,972	0
		Subtotal Public Service Grants	2,450,000	2,445,503	0	2,445,503	65,474	2,437,222	8,281
Administrative Grants:									
CPED	890	Citizen (Resident) Participation	346,000	345,365	0	345,365	14,652	345,365	0
CPED	890	Neighborhood Business Association	174,000	173,681		173,681	0	173,681	0
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	684	975,344	235,429
CPED	890	Program Administration	75,000	74,862		74,862	0	74,862	0
Health & Family Support	860	Grant Administration	100,000	99,816		99,816	0	99,816	0
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910	0	48,910	0
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607	0	82,607	0
Health & Family Support	860	New Arrivals	18,251	18,251		18,251	0	18,251	0
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934	0	35,934	0
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569	94,516	252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,237)	204,342	49,960	204,342	0
Grants and Special Projects	800	Metro Fair Housing-Multi Jurisdictional	18,000	17,967		17,967	10,655	10,655	7,312
Grants and Special Projects	800	Housing Discrimination Law Project-Legal Aid	80,000	79,853		79,853	0	79,853	0
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651	0	189,651	0
Civil Rights	300	Multicultural Services	101,749	101,529		101,529	0	101,529	0
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	37,939	71,020	26,800
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892	0	49,000	9,892
		Subtotal Administrative Grants	3,293,000	3,286,956	(194,135)	3,092,821	208,407	2,813,389	279,432
	123	Block E Deficit Reduction	0	0	194,135	194,135	0	0	194,135
		GRAND TOTAL	\$ 16,343,000	\$ 16,313,000	\$ -	\$ 16,313,000	\$ 4,440,248	\$ 13,483,851	\$ 2,829,149

Source : Period 12, February 3, 2007 G101M

**CDBG Program Year 29
Beginning June 1, 2003
December 31, 2006**

Department	Agy	Project	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:										
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	\$ 641,000				\$ 641,000	\$ 87	\$ 641,000	\$ -
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000				99,000	269	99,000	0
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	233,703	5,010,869	45,372
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000				300,000	300,000	300,000	0
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	125,733	5,322,628	32,231
Public Works	680	Public Works Community Center Operations	42,000				42,000	0	11,235	30,765
		Subtotal Capital Grants	9,173,241	0	0	2,319,859	11,493,100	659,791	11,384,731	108,369
Public Service Grants:										
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510				345,510	7,887	345,510	0
		Subtotal Administrative Grants	345,510	0	0	0	345,510	7,887	345,510	0
	123	Block E Deficit Reduction		273,936	50,139		324,075			324,075
		GRAND TOTAL	\$ 9,518,751	\$ 273,936	\$ 50,139	\$ 2,319,859	\$ 12,162,685	\$ 667,678	\$ 11,730,241	\$ 432,444

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 12, February 3, 2007 G101M

CDBG Program Year 28
Beginning June 1, 2002
December 31, 2006

Department	Agy	Project	Budget	2006R-477		Other Changes	Program Income	Revised Budget	2006	Grant To Date	Remaining
				5/17/2002	2002R-328				Expenditures	Expenditures	Grant Budget
Capital Grants:											
Public Works	680	Public Works Community Center Operations	\$ 42,000					\$ 42,000	\$ -	\$ 4,600	\$ 37,400
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000					83,000	2,800	83,000	0
CPED	890	Adult Training, Placement & Retention	441,000	124,185				565,185	124,185	565,185	0
MCDA/CPED	340/890	Asst NHS	0			50,000	133,091	183,091	0	0	183,091
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000					628,000	44,994	44,994	583,006
MCDA/CPED	340/890	Last Resort	250,000		(250,000)	400,000		400,000	386,213	386,213	13,788
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000		250,000			3,558,000	534,519	3,553,000	5,000
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000	(124,185)				273,815	104,689	179,864	93,951
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	1,214,000			550,000		1,764,000	1,053,134	1,356,959	407,041
MCDA/CPED	340/890	Vacant/Boarded Housing Program	2,640,000	200,000			713,138	3,553,138	34,692	3,553,034	104
MCDA/CPED	340/890	Rehabilitation Incentive Fund	390,000	(200,000)				190,000	0	3,024	186,976
Subtotal Capital Grants			<u>\$ 9,394,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,000,000</u>	<u>\$846,229</u>	<u>\$11,240,229</u>	<u>\$ 2,285,226</u>	<u>\$ 9,729,873</u>	<u>\$ 1,510,356</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 12, February 3, 2007 G101M

CDBG Programs Year 27 and Prior
Program Years Beginning on June 1, 1996 through 2001
December 31, 2006

Department	Agy	Grant	Budget	Reprogram 2006-R477	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:								
Park & Recreation Board	127	Hosmer	\$ 33,537		\$ 33,537		\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		25,000		0	25,000
Non Departmental	123	Relocation	325,000		325,000	36,178	288,306	36,694
MCDA/CPED	890	Adult Training, Placement & Retention		275,815	275,815	275,815	275,815	0
MCDA/CPED	380/890	Planning Commission Corridor	172,762		172,762	16,247	172,762	0
MCDA/CPED	340/890	Lead Abatement	11,695		11,695		0	11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,836		6,318,836		6,272,959	45,877
MCDA/CPED	340/890	NHBD Assc 96	174,343		174,343	200	174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376		525,376		221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312		5,476,312	208,274	5,474,932	1,380
MCDA/CPED	340/890	YWCA	1,760		1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000		450,000	(26,386)	416,214	33,787
MCDA/CPED	340/890	GMMHC 96/97	2,187,967		2,187,967	405,515	2,187,967	(0)
MCDA/CPED	340/890	Ell Pk NRSP96	66,000		66,000	66,000	66,000	0
MCDA/CPED	340/890	H/Own SF 96	16,887		16,887		0	16,887
MCDA/CPED	340/890	Last Resort 96	681,672		681,672	4,000	681,672	0
MCDA/CPED	340/890	Jordan NRP	337,612		337,612	185,247	337,612	(0)
MCDA/CPED	340/890	CAMDEN 96/97	130,233		130,233		0	130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	(275,815)	2,025,129	201,359	2,025,129	(0)
MCDA/CPED	340/890	Non-Prof ADM	41,450		41,450		28,783	12,668
MCDA/CPED	340/890	ASST NHS 96	306,163		306,163		184,450	121,713
MCDA/CPED	340/890	38 & Cedar 96	52		52		0	52
Subtotal Capital Grants			<u>\$ 19,583,601</u>	<u>\$ (0)</u>	<u>\$ 19,583,601</u>	<u>\$ 1,372,448</u>	<u>\$ 18,841,000</u>	<u>\$ 742,601</u>

¹ Adjustment made in Period 12

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 12, February 3, 2007 G101M

City of Minneapolis
2006 CDBG Administration Appropriation Analysis
December 31, 2006

	Agy	Original Appropriation	Adjustments	Current Appropriation	Yr 32 Spent	Yr 31 Spent	Yr 30 Spent	Yr 29 Spent	2006 Spent	Remaining Appropriation
Administrative Grants:										
Various Departments										
Civil Rights	300	\$ 255,000	\$ (14,025)	\$ 240,975	\$ 59	\$ 167,652	\$ -	\$ -	\$ 167,711	\$ 73,264
Multicultural Affairs	300	165,300	(9,320)	155,980	95,254	133,971	0		229,225	(73,245)
Subtotal Civil Rights		<u>420,300</u>	<u>(23,345)</u>	<u>396,955</u>	<u>95,313</u>	<u>301,623</u>	<u>0</u>	<u>0</u>	<u>396,936</u>	<u>19</u>
Grants and Special Projects	800	206,000	(17,335)	188,665	51,470	173,187	49,960		274,617	(85,952)
Homelessness	800	100,000		100,000	0				0	100,000
Subtotal Grants & Special Projects		<u>306,000</u>	<u>(17,335)</u>	<u>288,665</u>	<u>51,470</u>	<u>173,187</u>	<u>49,960</u>	<u>0</u>	<u>274,617</u>	<u>14,048</u>
Finance Department	820	255,000	(14,025)	240,975	0	146,459	94,516		240,975	0
Subtotal Finance		<u>255,000</u>	<u>(14,025)</u>	<u>240,975</u>	<u>0</u>	<u>146,459</u>	<u>94,516</u>	<u>0</u>	<u>240,975</u>	<u>0</u>
Health & Family Support										
Grant Administration	860	90,000	(5,005)	84,995	67,250	85,297	0	0	152,547	(67,552)
Neighborhood Services	860	94,000	(5,269)	88,731	24,691	18,379	0		43,070	45,661
Subtotal Health & Family Support		<u>184,000</u>	<u>(10,274)</u>	<u>173,726</u>	<u>91,941</u>	<u>103,676</u>	<u>0</u>	<u>0</u>	<u>195,617</u>	<u>(21,891)</u>
CPED										
Program Administration	890	8,900	41,100	50,000	142	0	0		142	49,858
Planning Administration	890	1,146,800	(105,907)	1,040,893	555,960	453,490	684		1,010,134	30,759
Subtotal CPED		<u>1,155,700</u>	<u>(64,807)</u>	<u>1,090,893</u>	<u>556,102</u>	<u>453,490</u>	<u>684</u>	<u>0</u>	<u>1,010,276</u>	<u>80,617</u>
External Contracts (Administrative Grants not Subject to Reprogramming)										
Non-departmental										
Youth Coordinating Board (YCB)	123	57,000	0	57,000	56,350	0	0	0	56,350	650
Citizen (Resident) Participation-MPHA	123	88,000	(4,895)	83,105	0	0	37,939		37,939	45,166
Health & Family Support										
Way To Grow Administration	860	34,000	(2,244)	31,756	18,525	19,308	0		37,833	(6,077)
Legal Aid Services	860	44,000	(2,903)	41,097	23,973	20,417	0		44,390	(3,293)
Office of Grants & Special Projects										
Housing Discrimination Law Project	800	71,000	(3,751)	67,249	39,228	60,321	0	0	99,549	(32,300)
Metro Fair Housing-Multi Jurisdictional	800	16,000	(16,000)	0			10,655		10,655	(10,655)
CPED										
Citizen (Resident) Participation	890	303,000	(17,000)	286,000	20,851	142,740	14,652	7,887	186,131	99,869
Subtotal Outside Administrative Grants		<u>613,000</u>	<u>(46,793)</u>	<u>566,207</u>	<u>158,927</u>	<u>242,786</u>	<u>63,246</u>	<u>7,887</u>	<u>472,847</u>	<u>93,360</u>
Total Administrative Grants		<u>\$ 2,934,000</u>	<u>\$ (176,579)</u>	<u>\$ 2,757,421</u>	<u>\$ 953,754</u>	<u>\$ 1,421,220</u>	<u>\$ 208,407</u>	<u>\$ 7,887</u>	<u>\$ 2,591,268</u>	<u>\$ 166,153</u>

Source : Period 12, February 3, 2007 G101M

**City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter ending December 31, 2006**

Fund 6000	2006 Budget	2006 4th Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,650,000	4,007,589	(357,589)	110%
Expenditures	4,357,815	4,112,285	245,530	94%
Revenue Over(Under) Expenses	(707,185)	(104,697)		

Program Description:

The Engineering, Materials, and Testing Fund accounts for the City's purchase of Hot-Mix Asphalt and Ready-Mix Concrete. This fund monitors quality control for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory is a component of this fund and provides inspection and testing services along with maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Public Works is currently reviewing various options for supplying Asphalt, which includes the 2005 purchase of an asphalt storage silo distribution facility for Street Maintenance that became operational in September 2005.

In 2006, the decision was made to permanently close the City of Minneapolis Asphalt Plant. Currently the asphalt storage silo is being used to distribute asphalt for all City departments.

Due to the decrease in capital expenditures, demand for asphalt has decreased.

Revenue:

The revenue sources for this fund include the sale of Hot-Mix Asphalt and Ready-Mix Concrete materials procured by this fund, along with Inspection and Testing Services. Total 2006 revenues were \$4,007,589 and exceeded projection by approximately 10%. Paving Construction is the primary customer of this fund and their work is seasonal starting in April and concluding in late November.

Expenses:

Total expenditures were \$4,112,285 or approximately 94% of the \$4,357,815 budget. The spending levels fluctuate due to the various customers' seasonal requirements for products and services. This fluctuation in expenditures for materials is reflected in swings in the ending balance of accounts payable.

Transfers:

There is a transfer out of \$22,123 to cover debt related to the MERF unfunded liability this year.

Net Assets:

This fund has maintained a favorable position in regards to Net Assets for many years. The equity was stable throughout the City Council's Adopted Thirty Year Paving Program. Once this program concluded in the mid 1990's, there were significant fluctuations for their products and services. The fund incurred an extraordinary loss for the 2003 "write-down" of fixed assets as a result of the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003.

City of Minneapolis, Minnesota
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006, 2005, and 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Asphalt / Cement	2,850,000	3,179,554	3,312,419	2,796,929
Inspection revenue	800,000	828,035	868,124	1,024,134
Total Operating Revenues	3,650,000	4,007,589	4,180,543	3,821,063
Operating Expenses:				
Personnel	1,045,161	781,657	799,845	846,000
Contractual	488,601	330,072	384,768	299,000
Materials/Other	2,727,419	2,903,923	3,110,509	2,793,000
Rent	55,160	55,160	40,472	98,000
Depreciation	19,352	19,352	14,919	14,000
Total Operating Expenses	4,335,692	4,090,162	4,350,513	4,050,000
Operating Margin	(685,692)	(82,574)	(169,970)	(228,937)
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(22,123)	(22,123)	(61,182)	(10,000)
Gains (Losses)	-	-	(534)	58,931
Total Non-Operating Revenues (Expenses)	(22,123)	(22,123)	(61,716)	48,931
Net Income	(707,815)	(104,697)	(231,686)	(180,006)
Significant Balance Sheet Items				
Cash		293,940	652,042	633,000
Accounts Receivable		-	1,133	1,000
Reserve for renewal		639,673	639,673	639,673
Deferred income		-	-	-
Significant Cash Flow Items				
Capital Outlay		-	43,633	2,963
Interfund loans and payments		-	-	-
Accounts Payable		36,949	307,244	30199

**City of Minneapolis
Equipment Services Fund
For the Fourth Quarter ending December 31, 2006**

Fund 6100	2006 Budget	2006 4th Quarter	Remaining Budget	% of Actual To Budget
Revenue	47,192,110	42,221,963	4,970,147	89%
Expenditures	46,616,257	39,402,923	7,213,334	85%
Revenue Over (Under) Expenses	575,853	2,819,040		

Program Description:

Fund 6100, Equipment Services, handles the acquisition, maintenance and disposal of approximately 1300 pieces of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks and snow plows. This fund also provides drivers and operators for equipment, and manages the dispatch of equipment and contractual rentals for equipment that the City does not own.

Revenue:

The revenues for this fund are charged to City departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates that are charged are set at the beginning of the year to match the corresponding expenses, including overheads that are required to be recovered in the rates. In 2006 the revenues are matching the expenses. Revenue for fiscal 2006 is less than the budgeted amount due to a decrease in capital construction by the City. A decrease in capital construction decreases the revenue earned from related equipment rental, maintenance and fuel sales. Revenue in 2006 increased over 2005 due to rate increases and a substantial market increase in the price of fuel.

Expenses:

Personnel expenditures account for nearly 50% of the total expenditures of this fund. These expenditures are high because this fund pays for the mechanics who maintain the equipment and also the drivers and operators who operate the machinery that is used for construction and snow plowing. Expenses are following revenues and are tracking 4% higher than in 2005. Expenses are below the budgeted amount because of a decrease in capital construction by the City. This causes a corresponding decrease in expenses for driver and operator labor costs, as well as a decrease in maintenance costs and fuel purchases. The cost of rent increased 66% from 2005 due to expenditures for utilities included in the 2006 rental charge. The increase in cost of stores issuance is primarily due to the market increase in the cost of fuel.

Transfers:

This fund received a transfer from the general fund of \$4.2 million in 2006 in accordance with the approved workout plan.

Net Assets:

Net assets for 2006 are \$18.4 million which is an increase of \$3.0 million from 2005. The fund has a workout plan in place since 2001. The increase in net assets is consistent with the plan and is expected to increase over the next decade as the fund continues to replace old equipment and pay off the \$39.1 million in bonds that are currently outstanding. The workout plan for this fund eliminates the sale of bonds to support the equipment purchases.

City of Minneapolis
Equipment Fund
Statement of Revenue and Expenses
For Fourth Quarter / Years Ending 2006, 2005, and 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Charges for Services and Sales	14,944,262	14,757,349	13,050,734	11,598,134
Rents Public Works and Other	28,067,348	23,137,121	22,575,697	23,011,983
Total Operating Revenue	43,011,610	37,894,470	35,626,431	34,610,117
Operating Expenditures:				
Personal Services	18,594,023	14,726,580	15,677,189	15,220,114
Contractual Services	9,239,071	8,931,206	7,561,635	7,607,142
Materials, Supplies, Services and Other	6,055,242	3,017,217	3,422,441	3,906,643
Rent	964,030	964,030	580,520	668,301
Cost of Stores Issuance	4,166,254	4,166,254	3,625,261	2,746,219
Depreciation	5,517,018	5,517,018	4,877,186	4,760,047
Total Operating Expenses	44,535,638	37,322,304	35,744,232	34,908,466
Operating Margin	(1,524,028)	572,166	(117,801)	(298,349)
Non-Operating Revenues/(Expenses):				
Interest Revenue	500	1,384	1,375	-
Interest on Bonds	(1,949,950)	(1,949,950)	(1,942,962)	(1,853,104)
Gains/Losses on disposal of fixed assets	-	100,151	402,812	110,025
Damages/Losses recovered	-	45,958	-	141,231
Other Revenue	-	-	-	11,146
Total Non-Operating Revenues(Expenses)	(1,949,450)	(1,802,456)	(1,538,775)	(1,590,702)
Operating Transfers in (out)				
Transfers in	4,180,000	4,180,000	4,180,000	2,542,709
Transfers out	(130,669)	(130,669)	(375,564)	(71,232)
Total Operating Transfers	4,049,331	4,049,331	3,804,436	2,471,477
Net Income	575,853	2,819,041	2,147,860	582,426
Significant Balance Sheet Items				
Fleet Purchases		6,646,400	3,991,512	9,173,036
Operating Cash		2,036,301	1,250,860	1,752,082
Net Building Value		25,821,732	26,422,039	27,022,182
Net Fleet Value		27,859,227	27,125,003	26,486,386
Bonds Payable		39,136,041	44,967,054	42,490,000
Significant Cash Flow Items				
Bond Proceeds		-	5,540,000	5,450,000
Debt Service Work out Bonds		(6,377,700)	(2,472,300)	(1,687,237)
Debt Service (Bond Facilities & Equip)		(1,312,250)	(3,875,250)	(3,346,500)
Total Cash Flow Items		(7,689,950)	(807,550)	416,263

**City of Minneapolis
Property Services Fund
For the Fourth Quarter ending December 31, 2006**

Fund 6200	2006 Budget	2006 4th Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	17,250,600	16,539,057	711,543	96%
Expenditures	18,746,112	17,567,712	1,178,400	94%
Revenue Over(Under) Expenses	(1,495,512)	(1,028,655)		

Program Description:

The Property Services Fund manages the maintenance and upkeep of City owned buildings including in police precinct structures, fire stations, public works buildings and parking structures. The fund does not manage City Hall or Water and Park Board buildings. The fund also includes the Radio Shop which maintains the City's emergency communications network.

Revenue:

This fund collects revenue from the City departments that use its goods and services (building space, ramp maintenance, janitorial and radio services). The rate structure is built so that the fund will charge the correct amount for its goods and services to match its expenses. Revenues for 2006 are 4% below budget primarily due to a decrease in demand for the elective maintenance services provided by this fund.

Expenses:

Personnel expenses account for approximately 50% of this fund's expenditures. The remaining expenses are primarily contractual costs. Expenses for 2006 are 6% below the budget.

Transfers:

Property Services is responsible for paying \$350,000 per year in debt service. In 2006 the debt service consists of \$655,000 in principal payment, and the \$383,563 of interest. Each year, the General Fund transfers an amount to cover the gap between the \$350,000 and the total debt payment for the year. In 2006, the transfer was \$688,563. Payments made to debt service in December decreased the cash balance.

Net Assets:

In 2002 the City began capitalizing all of its assets, including buildings that are included in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. Currently this fund has net assets of approximately \$29.1 million that will decrease due to the depreciation of the assets.

City of Minneapolis, Minnesota
Property Services Fund
Statement of Revenues and Expenses
For Fourth Quarter / Years Ending 2006, 2005, and 2004

	Budget Current Year 2006	For Period Ending 12/31/2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Charges for Services And Sales	9,150,500	8,428,660	10,355,991	6,805,243
Rents Public Works and Other	7,256,500	7,266,776	6,542,120	6,468,067
Total Operating Revenue	16,407,000	15,695,437	16,898,111	13,273,310
Operating Expenses:				
Personal Services	7,517,063	7,561,286	7,323,047	6,389,176
Contractual Services	6,084,627	6,561,024	6,213,645	4,689,975
Materials, Supplies, Services and Other	3,292,354	1,593,335	1,499,770	1,420,289
Rent	194,038	194,038	174,261	193,689
Depreciation	1,243,378	1,243,378	1,348,730	770,071
Total Operating Expenses	18,331,460	17,153,060	16,559,453	13,463,200
Operating Margin	(1,924,460)	(1,457,623)	338,658	(189,890)
Non-Operating Revenues/(Expenses):				
Interest Revenue	-	20	39	18
Interest on Bonds	(383,563)	(383,563)	(409,163)	(412,058)
Gains/Losses on disposal of fixed assets	-	-	-	(2,742)
Total Non-Operating Revenues(Expenses)	(383,563)	(383,543)	(409,124)	(414,782)
Income(loss) before Transfers	(2,308,023)	(1,841,166)	(70,466)	(604,672)
Operating Transfers in(out)				
Transfers in	843,600	843,600	811,613	841,613
Transfers out	(31,089)	(31,089)	(85,976)	(34,728)
Total Operating Transfers	812,511	812,511	725,637	806,885
Net Income	(1,495,512)	(1,028,655)	655,171	202,213
Significant Balance Sheet Items				
Operating Cash		37,714	1,689,344	(6,063)
Bonds Payable		(8,896,144)	(9,569,783)	(10,228,422)

**City of Minneapolis
Public Works Stores
For the Fourth Quarter ending December 31, 2006**

Fund 6300	2006 Budget	2006 4th Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,422,500	4,398,244	(975,744)	129%
Expenditures	3,401,316	4,070,070	(668,754)	120%
Revenue Over(Under) Expenses	21,184	328,174		

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 goal of this fund is to provide goods in a cost effective manner through the Central Stores and Traffic Stores.

Revenue:

Total revenues were \$4,398,244 or 129% of the \$3,422,500 annual budget for 2006. This increase is attributed to assembly of traffic signal controllers for next year's transportation projects. Central Stores revenues were \$1,507,113 or 96% of their \$1,562,500 annual projection with warehouse inventory merchandise revenues lagging at 85% or \$1,015,797 of the 2006 \$1,200,000 budget projection.

Expenses:

All expenditure categories are close to their budget amounts, with the exception of the Cost of Stores Issuance, which exceeded the budget due to the increased business at Traffic Stores

Transfers:

There are no 2006 Non-Operating Transfers.

Net Assets:

The Public Works Stores Fund has been successful and profitable in recent years. The fund continues to maintain positive equity with an \$877,261 negative cash balance and \$5,009,808 inventory value December 31, 2006. An inverse relationship exists between the cash balance and the inventory balance. As the value of the inventory decreases, the cash balance increases. The cash balance is close to \$0 when the inventory has an approximate value of \$3.2 million. As the value of the inventory increases beyond \$3.2 million, the cash balance becomes negative. An inventory of \$5,009,808 at the end of 2006 is primarily due to stocking parts for the assembly of traffic signal controllers that will be installed in 2007.

City of Minneapolis, Minnesota
Public Works Stores
Statement of Revenues and Expenses
For the Fourth Quarter/Years Ending 2006, 2005, and 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Central Stores	1,562,500	1,507,113	1,717,815	1,712,835
Traffic Stores	1,860,000	2,891,131	3,188,324	2,207,208
Total Operating Revenues	3,422,500	4,398,244	4,906,139	3,920,043
Operating Expenses:				
Personnel	593,342	618,339	577,077	627,578
Contractual	198,824	229,538	216,583	34,177
Materials/Other	248,834	92,184	98,870	199,707
Rent	68,376	68,376	65,112	61,615
Cost of Stores Issuance	2,291,940	3,061,633	3,520,139	2,848,429
Depreciation	-	-	316	678
Total Operating Expenses	3,401,316	4,070,070	4,478,097	3,772,184
Operating Margin	21,184	328,174	428,042	147,859
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	-	-	-	(14,000)
Net Interest Income (Expenses)	-	-	-	54
Total Non-Operating Revenues (Expenses)	-	-	-	(13,946)
Net Income	21,184	328,174	428,042	133,913
Significant Balance Sheet Items				
Operating Cash		(877,261)	91,610	17
Accounts Receivable		24,384	16,928	7,076
Inventories		5,009,808	3,104,057	3,659,585
Significant Cash Flow Items				
Accounts Payable		(722,112)	(111,631)	(304,800)
Salaries Payable		(45,705)	(37,630)	(38,744)
Transfers		-	-	(14,000)

**City of Minneapolis
Intergovernmental Service Fund
For the Fourth Quarter ending December 31, 2006**

Fund 6400	2006 Budget	2006 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	50,828,260	45,631,043	5,197,217	90%
Expenditures	48,322,235	42,056,370	6,265,865	87%
Revenue Over (Under) Expenditures	2,506,025	3,574,672		

Program Description: The Intergovernmental Service Fund accounts for operations of Business Information Services (BIS) and the City Clerk's printing and central mailing services. BIS comprises telecommunications services, network services, application support, internet and intranet services, and deployment of software and hardware.

Revenue: Revenue through the fourth quarter of 2006 is \$45.6 million, or 90% of the annual 2006 budget. Revenue sources include mailing and copying services, telecom charges, Property Management Operation (PMO) projects, and BIS charges based on the rate model. The revenue for BIS-Telecom is driven by rates charged for services and customers' technology needs. The BIS-Telecom rate model uses the expense budget, depreciation, and overhead to determine technology rates. The fund also receives debt service transfers based on the deficit reduction plan for the fund.

Expenses: Expenses are 87% of the annual budget at the end of the fourth quarter. The actual expenditures were close to budgeted expenditures for all cost centers except BIS-PMD. The actual expenditures for BIS-PMD were \$6.3 million less than budgeted due to available budget remaining for projects that were not completed in 2006. Interest payments on bonded debt totaled \$2.0 million for the fiscal year.

Financial: BIS is tracking positively to increase its net assets position in 2006. Net assets have increased due to use of a rate model to determine charges for service, a transfer from the General Fund provided through the workout plan, and an increased level of activity in the Project Management area.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006, 2005 and 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Charges for Service:				
BIS - PMD	21,385,536	14,523,182	14,101,016	1,318,871
BIS-Telecom	5,508,540	6,382,488	3,021,721	1,668,311
BIS - Operating-other	12,170,712	12,836,673	14,437,083	1,569,159
CC-Mailing Services	457,180	461,425	57,840	465,745
CC-Copy Services	793,447	914,431	803,649	817,880
Total Operating Revenues	40,315,415	35,118,198	32,421,309	5,839,966
Operating Expenses:				
BIS - PMD	21,547,548	15,206,006	13,162,684	4,445,321
BIS - Telecom	1,840,486	1,628,910	1,740,151	1,416,995
BIS - Operating-other	17,485,859	17,742,917	16,245,487	10,095,561
CC-Mailing Services	457,180	455,598	173,308	448,678
CC-Copy Services	794,333	790,217	659,611	648,681
Human resources	195,437	195,437	166,065	175,718
Total Operating Expenses	42,320,843	36,019,085	32,147,306	17,230,954
Operating Margin	(2,005,428)	(900,887)	274,003	(11,390,988)
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	10,512,845	10,512,844	10,562,122	23,215,610
Gains (Losses)	-	(31,852)	(304,473)	(152,000)
Depreciation	(3,962,907)	(3,962,907)	(6,510,263)	(7,314,000)
Interest on Bonded Debt	(2,038,485)	(2,038,485)	(2,064,478)	(2,129,000)
Other Non Operating Income (Exp)	-	(4,041)	514,075	77,000
Total Non-Operating Revenues (Expenses)	4,511,453	4,475,559	2,196,983	13,697,610
Change in Net Assets	2,506,025	3,574,672	2,470,986	2,306,622
Significant Balance Sheet Items				
Cash		(1,661,324)	338,775	(2,259,856)
Accounts Receivable		1,658	63,622	65,424
Prepaid Expenses		-	178,829	88,334
Work-in-progress		13,040,241	13,040,241	4,421,383
Interfund Loans		(14,548,952)	(14,548,952)	(12,800,000)
Bonds Payable		(35,775,000)	(34,275,000)	(42,400,000)
Deferred Income		(5,755,117)	(5,949,886)	(3,421,243)
Significant Cash Flow Items				
Capital Outlay	-	-	-	-
Principal on Bonds	(8,325,000)	(8,325,000)	(6,670,000)	(5,740,000)
Total Cash Flow Items	(8,325,000)	(8,325,000)	(6,670,000)	(5,740,000)

**City of Minneapolis
Self-Insurance Fund
For the Fourth Quarter Ending December 31, 2006**

Fund 6900	2006 Budget	2006 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	81,364,291	82,257,066	(892,776)	101%
Expenditures	76,812,247	74,568,797	2,243,450	97%
Revenue Over (Under) Expenses	4,552,044	7,688,269		

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

Revenue: Revenues vary by activity. Employee benefits collect revenue from payroll withholding or employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management and Human Resources for the return-to-work program, recognizes revenues from direct billing of users. Tort Liability including administrative services of the City Attorney’s Civil division earns revenue by billing departments participating in Self-Insurance. Deferred Revenue is decreased to reflect additional reserves for the Metro Pass program.

Total revenues are \$82,257,067 or 101% of the \$81,364,291 annual budget for 2006. This is due to the variance in health care plan participation by the employees as the budget is set before the enrollment is done.

Expenses: Principal expenditures for Health and Welfare account for employee fringe benefits, Workers Compensation and Tort Liability. Worker’s Compensation and Tort Liability are reported based on future payout of existing claims. The fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accrual.

Total 2006 expenditures are 97% of the budgeted amount. Health and Welfare expenses are related to employee participation in various plans. These expenses are recovered through payroll deductions and do not affect the fund performance. Liability & Settlement expenses are adjusted to match the budgeted amount due to expected settlements. The City incurred a liability for \$2.3 million for the settlement of a case of Metro Produce Distributors v. City of Minneapolis. The payment will occur March 2007. Bad Debt Expense was increased by \$181,930 to reflect Intergovernmental Receivables that will not be collected.

Transfers: Approximately 10% of this fund’s revenues are generated by interfund transfers primarily from the General Fund to assist with payment of bond principal and interest. In 2006, the City Council approved a one-time use of General Fund reserve to reduce the bond debt in this fund by \$3.08 million.

Net Assets: This fund’s net asset position was a deficit of \$36.0 million at the end of 2005 primarily due to the large liability for unpaid claims for the City’s General Liability and Workers Compensation. The liability was determined to be \$31.1 million at the end of 2005 through an actuarial study. The net asset deficit is tracking close to the Deficit Reduction Plan.

The fund had a 2006 ending cash balance of \$8.1 million, an increase from the 2005 ending cash balance of \$1.8 million. The Deficit Reduction Plan projected positive cash for this fund to occur in 2006 from a low of negative \$8.2 million at year-end 2001.

This fund paid \$4,015,000 on bond principal in 2006.

City of Minneapolis, Minnesota
Self Insurance Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006, 2005 and 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Health & Welfare (employee benefits)	54,565,620	54,719,946	48,255,288	44,257,786
Workers Compensation	8,173,601	8,786,419	8,521,189	8,306,149
Liability - Subrogation	8,600,484	8,590,318	8,291,921	7,853,879
Attorney Office Services	23,000	43,668	16,633	89,164
Human Resources Services	959,820	857,723	785,576	98,943
Finance-Employment Services	342,068	559,295	271,258	278,127
Total Operating Revenues	72,664,593	73,557,369	66,141,865	60,884,048
Operating Expenses:				
Health & Welfare (employee benefits)	54,442,606	53,987,035	47,309,404	45,259,849
Workers Compensation	8,403,729	6,041,860	6,519,557	(3,456,915)
Liability & Settlements	5,203,217	6,350,799	4,728,586	13,538,828
City Attorney's Office/Civil Division-Litigator	5,315,693	4,845,994	4,986,364	4,355,829
Risk Management - WC/Risk	2,012,557	1,963,442	1,476,400	1,275,218
Human Resource - Employee Benefits	1,164,695	1,089,526	961,133	575,092
Total Operating Expenses	76,542,497	74,278,655	65,981,444	61,547,901
Operating Margin	(3,877,904)	(721,287)	160,421	(663,853)
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	8,699,698	8,699,698	3,744,291	3,765,313
Interest on Bonded Debt	(269,750)	(123,212)	(159,723)	(97,703)
Other Non Operating Income (Exp)	-	(166,930)	-	-
Total Non-Operating Revenues (Expenses)	8,429,948	8,409,556	3,584,568	3,667,610
Net Change in Assets	4,552,044	7,688,269	3,744,989	3,003,757
Significant Balance Sheet Items				
Cash Balance		8,081,017	1,797,175	(2,446,758)
Accounts Receivable		26,006	61,892	71,259
Due from other funds/Int Gov Rec		283,000	181,930	181,930
Bonds Payable-Long Term		(1,060,000)	(4,460,000)	(5,395,000)
Comp Absences		(283,437)	-	-
Unpaid Claims		(31,101,030)	(28,938,187)	(28,347,206)
Net Assets		(28,242,718)	(37,979,554)	(40,983,309)
Significant Cash Flow Items				
Bond Principal Payments		(4,015,000)	(890,000)	(860,000)

**City Of Minneapolis
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2006**

Fund 7100	2006 Budget	31-Dec-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	37,823,703	38,608,494	0	102%
Operating Expenditures	36,596,512	38,489,780	0	105%
Operating Margin	1,227,191	118,714		
Net Income	(27,663)	(1,145,522)		

Program Description:

The Sewer fund was split in 2005 into two funds, Storm Water and Sanitary Sewer. This fund accounts for 85% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design.

Revenue:

Sanitary sewer revenue at the end of the fourth quarter is at 102% of the budget. Inspection Services revenues are for SAC charges that exceeded budget expectations. Engineering Design sanitary revenues are low as there are not many capital sanitary sewer projects at this time.

Expenses:

The Sanitary Sewer fund operating expenditures at the end of the fourth quarter are 105% of the budget. The primary reason for exceeding the original budget was due to the active construction market that resulted in an increase in collections for SAC charges that were paid to the Met Council. The sewer design cost center is utilizing fewer resources because there is more design work being done on stormwater rather than sanitary sewer capital projects.

Transfers:

There were no transfers within this fund.

Debt Service:

This fund does not have any debt service. The capital items are paid from the Sanitary Sewer revenues.

Other Financial Items:

The current operating cash balance is \$7.6 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 \$9.1 million, which results in a shortfall of \$1.5 million.

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006, 2005

	Budget Year 2006	Year Ending 2006	Year Ending 2005
Operating Revenues:			
Sewage Disposal	35,959,562	34,483,121	34,030,332
Other Services Provided	364,141	147,604	186,884
Inspection Services	1,500,000	3,856,433	2,685,275
Interest		121,336	11,071
Total Operating Revenues	37,823,703	38,608,494	36,913,562
Operating Expenses:			
Sewer Design	396,099	91,742	248,215
Sewer Maintenance	5,911,188	5,470,737	5,140,759
Met Council Env. Svcs.	30,289,225	32,927,301	30,785,678
Total Operating Expenses	36,596,512	38,489,780	36,174,652
Operating Margin	1,227,191	118,714	738,910
Non-Operating Revenues/(Expenses)			
Net Transfers (out)	-	-	(203,236)
Non-Oper Expenses		(42,752)	
Depreciation	(1,199,528)	(1,216,303)	(1,228,780)
Special Assessments		3,934	
Net Interest Income (Exp)		(9,116)	
Total Non-Operating Revenues (Expenses)	(1,199,528)	(1,264,236)	(1,432,016)
Net Income	27,663	(1,145,522)	(693,106)
Significant Balance Sheet Items			
Operating Cash	-	7,591,344	6,180,902
Accounts Receivable	-	2,706,241	2,827,233
Significant Cash Flow Items			
Capital Outlay	682,000	185,449	
Bond Principle payments		72,000	

**City Of Minneapolis
Stormwater Fund
For the Fourth Quarter Ending December 31, 2006**

Fund 7300	2006 Budget	31-Dec-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	32,356,823	29,778,306	2,578,517	92%
Operating Expenditures	18,678,145	17,633,895	1,044,250	94%
Operating Margin	13,678,678	12,144,411		
Net Income	6,153,670	4,490,390		

Program Description:

The Sewer fund was split in 2005 into two funds, Stormwater and Sanitary Sewer. This fund accounts for 15% of the Met Council Environmental Services for treatment services. The fund also accounts for storm water activities including Combined Sewer Overflow (CSO) program, which identify the remaining storm sewer lines that are connected to sanitary sewer lines. The fund accounts for the city wide street cleaning program.

Revenue:

The Stormwater fund revenue ended the year at 92% of the budget. Stormwater revenues from fees are less than budgeted due to a variety of factors such as the expanded credit program and rate adjustments for duplexes. The municipal state aid funding has been recognized and contracts are currently being negotiated for the state trunk highway and county aid funding.

Expenses:

Stormwater fund expenses ended the year at 94% of the budget. The Street Cleaning cost center exceeded its budget by \$1.1 million. The over spending is attributable to additional cleaning and debris pickup in 2006, direct charging Work Force Utilization cleaning activities to the cost center as well as more One Call requests. High equipment rental expenses were also a contributing factor. Street cleaning expenses were offset by underspending by the sewer maintenance and CSO cost centers.

Public works management is looking at reducing costs and has currently eliminated one area sweeper. The CSO Phase II program is in its last years and expenses should be decreasing as inspections process is completed.

Transfers:

The transfer of \$147,696 is for the MERF pension's unfunded liability.

Debt Service:

The debt service payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

Other Financial Items:

The current operating cash balance fell to (\$1.3) 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 \$4.4 million, which results in a shortfall of \$5.7 million.

City of Minneapolis, Minnesota
Stormwater Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006 and 2005

	Budget Year 2006	For Year Ending 2006	For Year Ending 2005
Operating Revenues:			
State Grants	644,160	671,526	569,414
County Grants	320,295	205,934	160,147
Sewage Disposal	30,508,000	27,869,040	26,081,247
Other Services Provided	884,368	1,031,806	1,038,718
Total Operating Revenues	32,356,823	29,778,306	27,849,526
Operating Expenses:			
Sewer Design	2,538,439	2,634,627	2,424,051
Stormwater Management CSO	2,285,616	1,206,966	1,210,158
Street Cleaning	6,147,822	7,211,034	6,354,645
Sewer Maintenance	2,854,059	2,100,924	2,205,230
Met Council Env. Svcs.	4,852,209	4,480,344	4,740,411
Total Operating Expenses	18,678,145	17,633,895	16,934,496
Operating Margin	13,678,678	12,144,411	10,915,030
Non-Operating Revenues/(Expenses)			
Net Transfers in (out)	(147,696)	(147,696)	(261,845)
Depreciation	(3,610,984)	(3,651,631)	(3,665,814)
Special Assessments	115,000	157,622	263,484
Net Interest Income (Exp)	(2,381,328)	(2,482,657)	(2,352,144)
Other Non Operating Income (Exp)	(1,500,000)	(1,529,659)	
Total Non-Operating Revenues (Expenses)	(7,525,008)	(7,654,021)	(6,016,319)
Net Income	6,153,670	4,490,390	4,898,711
Significant Balance Sheet Items			
Operating Cash		(1,316,044)	4,858,839
Construction Cash	-	1,209,787	7,383,600
Accounts Receivable	-	6,697,637	2,827,233
Bonds Payable	20,067,483	15,045,426	41,060,909
Significant Cash Flow Items			
Capital Outlay	23,404,263	7,669,863	12,960,277
Bond principle payments	10,917,327	8,360,000	9,609,000

**City of Minneapolis
Water Fund
For the Fourth Quarter Ending December 31, 2006**

Fund 7400	2006 Budget	2006 Actual	Remaining Budget	% of Actual To Budget	2005 Actual
Operating Revenue	67,273,053	64,991,411	2,281,642	97%	60,730,628
Operating Expenditures	45,657,730	45,941,111	(283,381)	100.6%	42,376,835
Operating Margin	21,615,323	19,050,300			18,353,793
Net Income (Loss)	9,690,822	7,789,052			7,507,068

Program Description:

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Currently, the City is constructing two, multi-year capital projects including the Supervisor Control and Data Acquisition (SCADA) and the Ultrafiltration Membrane Plant. The SCADA program monitors and partially automates the water treatment process and is expected to be completed in 2007 at a projected total cost of \$17.0 million. The Ultrafiltration Membrane Plant will be accomplished in two phases. Phase one is a newly constructed 70-MGD Columbia Heights Membrane Filtration Plant that was completed at a cost of \$63.3 million. The new plant has completed the testing and confirmation phase and began full time operation in the fall of 2006. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the equipment procurement phase with additional performance testing scheduled through 2006. The projected cost of the Fridley Plant is \$88 million. The new 34 MG Hilltop Reservoir, at a cost of \$20.0 million, was completed in 2005.

Beginning in 2006, the Water Fund received appropriations to begin two new capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement and Pump Station #4 Rehabilitation. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining of 15 miles of pipeline in 2006 with replacement of valves and hydrants.

Revenue:

For the year 2006, there was a 4.8% increase in the water rate raising the cost of 100 cubic feet from \$2.50 to \$2.62 per unit. The 2006 operating revenue of \$64,991,411 represents a 7.0% increase over fiscal year 2005. The revenue earned for fiscal years 2004 and 2005 includes a refund of \$3.6 million to the Joint Water Commission, due to new contract negotiations, for the period January 1, 2004 through November 30, 2005. Beginning fiscal year 2005, the Water Fund does not receive revenue of approximately \$4.0 million from the Sewer and Solid Waste Funds to reimburse the Water Fund for utility billing costs attributed to all three funds. These utility billing expenditures are now paid from the General Fund and billed to the respective user fund.

The fiscal year 2006 operating margin of \$19,050,301 represents an increase of \$696,508, or 3.8%, from fiscal year 2005. The net income for 2006 decreased 7.8% from \$7,507,068 in 2005 to \$6,923,453 in 2006. Non operating expenses, specifically depreciation and interest expense, increased in 2006 and contributed to a decrease in 2006 net income.

Expenditures:

For fiscal year 2006, operating expenditures are \$45,941,111, an increase of \$3,564,276, or 8.4%, over the year 2005. This increase is primarily due to an increase in operational cost of electricity and chemicals for treatment of water for distribution into the Minneapolis water works system. Expenditures for Major Repairs and Replacement in 2006 increased over 2005 due to a 50% increase in the miles of watermain that were cleaned and relined and additional lagoon cleaning. The government service fee, included in the Contribution to Other Funds, increased from \$1.65 million in 2005 to \$2.07 million in 2006. The government service fee is predominantly based on the fund's asset value and the 25.4% increase in 2006 is

due primarily to the capitalization of the new membrane filtration plant. The total expenditure from Contribution to Other Funds decreased from 2005 to 2006 due to a redistribution of general fund overhead payments from this cost center to other Water Fund cost centers.

Prior to 2005, expenditures for finance, human resources, and utility billing were budgeted within the finance and human resource cost centers of the Water Fund. Beginning January 2005, these expenditures are included in general fund overhead and paid from the Contribution to Other Funds cost center of the Water Fund operating budget. The 2005 budget for the operating fund increased to allow for payment of these expenditures from the operating fund. Other expenditures paid from the Contribution to Other Funds include the self insurance liability premium and a share of the 311 operating costs.

Transfers:

The amount paid for MERF (Minneapolis Employee Retirement Fund) pension debt service is \$274,517.

Debt Services:

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current capital projects include SCADA, the membrane ultrafiltration programs, the Minneapolis Water Works facilities security improvement, and the rehabilitation of Pump Station #4.

Other Financial Items:

The Ultrafiltration Membrane Plant is financed through loans from the Drinking Water State Revolving Fund managed by the Minnesota Public Facilities Authority. Beginning December 2002, the City has borrowed a total of \$78.4 million at interest rates of 2.82%, 2.80% and 2.53%.

The ending cash balance of the Water Fund for 2006 is \$2.05 million compared to \$1.56 million for fiscal year 2005.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For the Fourth Quarter/Years Ending 2006, 2005, 2004

	Budget Current Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Federal Grants	-	36,036	-	-
Licenses & Permits	1,000	728	1,009	782
Charges For Services	65,471,953	63,223,867	59,897,682	58,663,035
Charges For Sales	1,780,000	1,702,574	829,696	1,617,164
Rents	1,000	-	-	-
Interest	-	289	990	2,950
Other Misc Revenues	19,100	27,918	1,251	298
Total Operating Revenues (1)	67,273,053	64,991,411	60,730,628	60,284,229
Operating Expenses:				
Security	1,269,862	642,091	911,559	1,138,129
Water Design	1,128,498	675,654	657,732	794,184
Contribution To Other Funds (2)	6,159,320	5,760,399	6,300,932	2,059,453
Administration & Permits	1,128,080	1,152,765	1,202,302	813,989
Treatment	14,448,217	14,607,515	13,134,777	11,956,169
Treatment Maintenance	6,733,750	7,261,963	7,477,241	6,391,285
Distribution	8,190,789	8,184,004	7,762,956	7,708,540
Major Repairs & Replacement	6,599,214	7,656,719	4,929,336	7,024,416
Human Resources	-	-	-	227,970
Finance	-	-	-	547,024
Utility Billing	-	-	-	4,621,098
Total Operating Expenses	45,657,730	45,941,111	42,376,835	43,282,257
Operating Margin	21,615,323	19,050,301	18,353,793	17,001,972
Non-Operating Revenues/(Expenses)				
Transfers in	-	-	-	-
Transfers (out)	(274,517)	(274,517)	(689,005)	(3,619,262)
Depreciation	(6,846,284)	(6,846,284)	(6,450,504)	(4,493,503)
Special Assessments	-	628,894	825,321	746,515
Net Interest Income (Exp)	(4,803,700)	(4,371,899)	(4,077,976)	(3,221,196)
Other Non Operating Income	2,000,000	603,376	336,960	373,727
Other Non Operating (Expenses)	(2,000,000)	(1,000,818)	(791,522)	(772,602)
Total Non-Operating Revenues ((11,924,501)	(11,261,249)	(10,846,725)	(10,986,321)
Net Income	9,690,822	7,789,052	7,507,068	6,015,650
Significant Balance Sheet Items				
Operating Cash		2,541,860	1,555,548	1,980,486
Construction Cash		-	436,484	3,693,566
Accounts Receivable		4,876,827	5,210,034	5,217,290
Bonds & Notes Payable		92,028,999	92,810,711	89,793,175
Significant Cash Flow Items				
Capital Outlay	38,415,069	13,486,869	18,549,576	51,350,875
Bond & Note Principle payments	8,658,552	8,658,552	10,829,467	11,430,461
Total Cash Flow Items	47,073,621	22,145,421	29,379,043	62,781,336

(1) The year ending 2004 was decreased by \$1,902,443 for the amount accrued for the Joint Water Commission refund.

(2) Includes previous expenditures for Human Resources, Finance, and Utility Billing.

**City of Minneapolis
Municipal Parking Fund
For the Year Ending December, 2006**

Fund 7500*	2006 Original Budget	2006 Year End Actual	Remaining Budget	% of Actual To Budget	2005 Year End Actual
Revenue	51,282,974	51,621,844	(338,870)	101%	47,295,220
Expenditures	32,026,250	32,045,606	(19,356)	100%	32,148,881
Operating Margin	19,256,724	19,576,238			15,146,339
Net Income (Loss)	1,831,041	7,013,432			1,308,842

* Figures in the table do not include State-owned ABC parking facilities.
Net Income (Loss) includes all non-operating expenditures & revenues.

Program Description:

This fund 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. With the addition of Riverfront and Mill Quarter ramps, which were completed in 2005, the total number of facilities in the parking system has increased to twenty-four.

Revenues:

The annual revenues for 2006 increased by \$4.3 million, or 9.1%, to \$51.6 million compared to \$47.3 million for 2005. Off-street parking revenue accounts for \$3.2 million of the increase, on-street parking revenue accounts for \$500,000 and the Impound Lot accounts for \$600,000 of the increase. Increase in revenues on the off-street are mainly due to two additional ramps into the system - Mill Quarter and Riverfront. These two ramps account for combined increase of \$1.3 million in off-street revenue, which is used toward the operating and debt service expenses.

Expenditures:

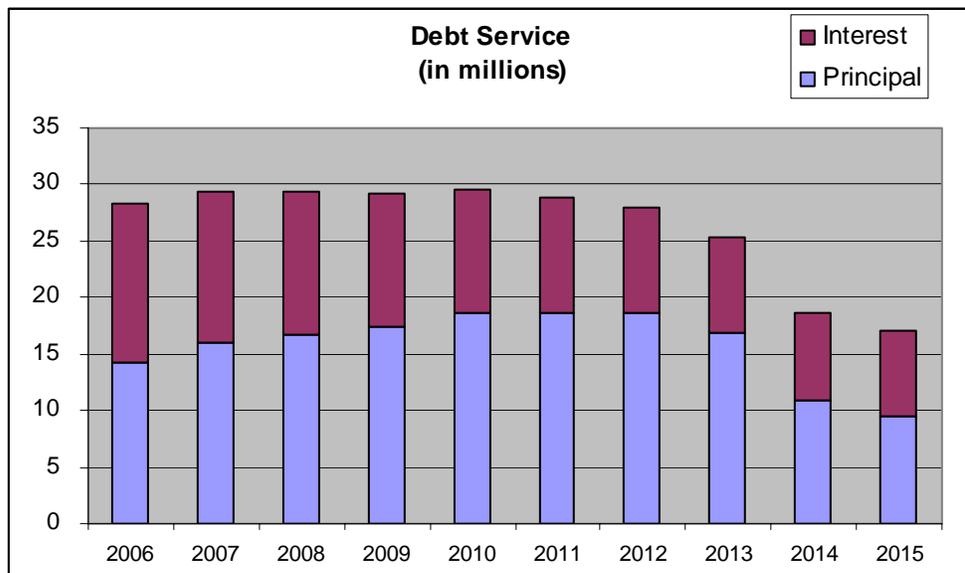
The expenditures, at \$32.0 million for 2006 decreased by \$100,000, or 0.3%, compared to \$32.1 million in 2005. Expenditures for off-street parking increased by \$2.7 million, towing decreased by \$100,000 and on-street parking decreased by \$2.7. The increase in off-street expenditures is attributable to the 2 additional ramps and increased maintenance work, the overall expenditures for off-street parking declined. The decrease in expenditure in the on-street parking is mainly due to removal of Traffic Control division from On-street Meter business line to Police Department. This decrease in the operating expenditures is off-set by increase in General Fund transfers.

Transfers to and from other funds:

The 2006 transfers into the Parking Fund include \$9.6 million from sales tax revenue for Convention Center debt, \$8.6 million from CPED Tax Increment, and two one time transfers, one of \$1.6 of unspent construction funds and the second a \$1.4 million transfer from CPED Tax Increment. Transfers out to other funds for the year total \$12.7 million with \$10.6 million to the General Fund, and \$1.9 million to the Target Center Arena. A transfer of \$2.7 million to the Police Department for the Traffic Control division is part of the general fund transfer. As a result, the General Fund transfer for 2006 increased by \$2.8 million to \$10.6 million. The 2006 Target Center Arena transfer is \$1.9 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule.

Debt Service:

The debt service payments through year end totaled \$26.8 million, with \$14.2 million of principal payments and another \$12.6 million in interest. The total budgeted debt service from 2006 is \$28 million. These payments cover the costs of bonds that were sold to fund capital projects for construction of municipal parking ramps and lots. As new facilities are added to the system, debt service will continue to grow. According to the current schedule, debt service payments will reach \$29.6 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$20.7 million in 2005 with the sale of additional bonds for Riverfront and Mill Quarter ramps in the amount of \$16.4 million and \$4.3 million respectively. Furthermore, additional bonds in the amount of \$1.7 million have been sold in 2006 to fund facilities repair and improvements. There is currently \$281 million in outstanding bonds.

Other Financial Items:

The current operating cash balance is \$(12.3) 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 \$6.6 million, which results in a shortfall of \$17.8 million. Due to increased transfers into the Fund, the net income through year end has increased by \$5.7 million over the same period in 2005; however, it is still not sufficient to cover the debt service thereby resulting in negative cash flow.

Parking Fund Workout Plan:

A financial workout plan, as adopted by the City Council, approved parking initiatives to cut costs and increase revenues. Based on actual figures through the year end of 2006, the current update to the Workout Plan and specific performance include:

Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** An initiative to develop a logo and branding of the Municipal Parking system is underway and new signage is being installed in several facilities. In addition, the development of web-based solutions for customer payments are being implemented and are in the process of final acceptance testing and will be available to general public shortly. Early Bird specials and other new programs are also being designed and implemented within the off-street system. The 2006 revenue target for off-street parking was \$36.7 million and was achieved by year end.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of new meter management plan, have generated a \$500,000 increase in revenue over year end 2005. With \$7.2 million in actual revenue, it surpassed the estimate of \$7 million by \$200,000 in 2006.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** The initiative for collection of unpaid tow and storage fee did not meet its revenue estimates of an additional \$1.2 million. Other areas of the operation are currently being evaluated, and revenue from the sale of abandoned vehicles has increased while the number of abandoned vehicles have decreased by 10% or almost 900 vehicles. The management software is being upgraded to allow for some additional automated processing of bill of sale and auction information. At \$7.6 million, total revenue generated from the Impound lot operations through the year is an increase of \$650,000 over the year of 2005 and met the targeted estimate for 2006.

Expenditures:

The status of the various expense reduction initiatives:

- **Enhanced Wayfinding Program:** estimated expenditure of \$205,000; currently three new installations completed; three more in progress for 2007.
- **Repair & Maintenance Program:** estimated expenditure of \$204,000 in debt service; the program is being implemented in the current year and includes revenue control equipment and systems upgrade at two facilities.
- **Greater Oversight through Increased Staffing Level:** estimated expenditure of \$254,000; there has been increase of two additional Parking Systems Analysts. Parking Services is currently in the process of realignment of activities which will help to improve the oversight of three business lines.

Off-Street Parking expenditures exceeded budget by \$500,000 or 2.0%. Impound Lot expenditures exceeded budget by \$300,000 or 5.0%, due to an increase in tow contract rates. On-Street Parking expenditures were less than budget by \$600,000 or 39.0% of budget.

The following table presents a summary of the various business line actual figures, projections and variances for 2006.

Revenue* And Expense Categories	2006 Original Budget	2006 Year End Actual	Projection 2006 Based on Actual	Variance Budget Vs Projection
Off-Street Parking	36,691,747	36,832,727	36,832,727	140,980
On-Street Parking	7,015,227	7,235,050	7,235,050	219,823
Impound Lot	7,576,000	7,554,067	7,554,067	(21,933)
Total Revenue	51,282,974	51,621,844	51,621,844	338,870
Off-Street Parking	25,108,749	25,619,755	25,619,755	511,006
On-Street Parking	1,549,322	951,212	951,212	(598,110)
Impound Lot	5,213,379	5,474,639	5,474,639	261,260
Total Expenditures	31,871,450	32,045,606	32,045,606	174,156
Operating Margin	19,411,524	19,576,238	19,576,238	164,714

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

Summary:

Based on the annual data, revenue exceeds the budget by \$338,870 or 0.7% and expenditures exceed the budget by \$174,156 or 0.5% thereby resulting in an over all surplus of \$164,714 or 0.8% of the annual budget.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Period 1-1-06 thru 12-31-06
Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	For Period Ending 31-Dec-06	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
Off-Street Parking: City Owned	36,691,747	36,682,694	33,542,378	33,238,394
Off-Street Parking: State Owned	8,755,759	8,297,714	8,039,838	9,134,795
Towing	7,576,000	7,554,067	6,912,995	6,736,945
On-Street Meters	7,015,227	7,235,050	6,702,950	6,080,563
Total Operating Revenues	60,038,733	59,769,525	55,198,161	55,190,697
Operating Expenses:				
Off-Street Parking: City Owned-Direct Expenses	19,049,079	22,481,262	20,232,560	20,545,451
Off-Street Parking: State Owned-Direct Expenses	7,996,362	7,540,911	7,365,075	15,178,955
Towing	5,213,379	5,474,639	5,573,381	5,142,139
On-Street Meters	1,236,976	795,003	3,462,187	3,386,379
Other Operating Expenses	6,526,816	3,261,349	2,847,773	2,811,070
Total Operating Expenses	40,022,612	39,553,164	39,480,976	47,063,994
Operating Margin	20,016,121	20,216,361	15,717,185	8,126,703
Non-Operating Revenues/(Expenses)				
General Fund Transfer Out	(10,618,000)	(10,618,000)	(8,800,000)	(3,400,000)
Arena Reserve Transfer Out	(1,921,000)	(1,921,000)	(1,768,000)	(1,620,000)
Debt Service Transfer Out	(38,550)	(38,550)	(74,117)	(430,424)
Internal Service Fund Transfer Out				(77,000)
Sanitation Transfer Out	(146,000)	(146,000)	(146,000)	(146,000)
Parkboard & Other Transfer Out				
Total Transfers Out	(12,723,550)	(12,723,550)	(10,788,117)	(5,673,424)
Convention Center related facility Transfer	9,565,097	9,565,097	8,243,573	8,364,656
TI and MCDA Transfers In	6,915,456	8,642,369	5,293,266	5,628,358
Arbitrage Fund and Other Transfers In	-	1,564,988	1,658,383	1,781,184
Total Transfers In	16,480,553	19,772,454	15,195,222	15,774,198
Depreciation	(7,045,340)	(7,045,340)	(6,551,681)	(6,709,378)
Special Assessments	132,500	56,834	109,181	164,928
Interest	(14,269,846)	(12,623,204)	(11,802,102)	(13,225,970)
Other Non Operating Expenses	0	(33,353)	(32,980)	(98,197)
Other Non-Operating Income	0	150,033	136,897	106,896
Total Non-Operating Revenues (Expenses)	(17,425,683)	(12,446,126)	(13,733,580)	(9,669,646)
Net Income+/-)	2,590,438	7,770,236	1,983,605	(1,542,943)
Significant Balance Sheet Items				
Operating Cash		(12,306,289)	(13,509,757)	(7,856,688)
Construction Cash		3,420,289	6,963,710	4,590,503
Bonds Payable		268,374,642	294,592,842	273,942,842
Total Balance Sheet Items		259,488,642	288,046,796	270,676,657
Significant Cash Flow Items				
Principal on debt		14,174,100	12,154,100	11,394,100
Capital Outlay		1,753,949	18,773,811	14,011,306
Total Cash Flow Items		15,928,049	30,927,911	25,405,406

Note: Above based on unaudited CRS Report data

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2006**

Fund 7700	2006 Budget	31-Dec-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	28,461,200	28,615,018	153,818	100%
Operating Expenditures	28,157,859	28,146,591	11,268	100%
Operating Margin	303,341	468,426		
Net Income/(Loss)	(924,489)	(779,826)		

Program Description:

This Fund accounts for the City's solid waste collection, disposal and recycling operations. This includes weekly trash and yard waste pickup, biweekly recycling and problem material (appliance) pickup and the operation of a solid waste transfer station for over 108,000 households. The Public Works Department also provides "clean city" activities such as neighborhood clean sweeps, litter and graffiti removal and litter control in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

Revenue:

The Solid Waste & Recycling Fund had operating revenues of \$28,615,018 at end of the fourth quarter. The revenue from recyclable sales is \$1,497,204, which is less than the fourth quarter of 2005 when the revenue was at \$1.9 million. The revenue for recyclable sales is variable and is tied to economic indicators in the market place. The grant revenue of \$802,000 from Hennepin County has been received.

Expenses:

The Solid Waste and Recycling fund operating expenses ended the year within the budget at \$28,146,591. The cost per ton at the CHERC burner plant was reduced from \$41.85 per ton to \$34 per ton in April. Three additional packer trucks were purchased in 2006 because of proposed price increases in 2007.

Transfers:

Transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers, \$50,000 from the General fund for graffiti removal and \$300,000 for the Clean City program. Transfers of \$700,000 to the General fund for alley plowing, and \$35,000 for MERF Unfunded Liability are transferred out of the fund.

Debt Service:

This fund has no debt service.

Other Financial Items:

The fund's cash balance for the second quarter ended at \$15.5 million. The accounts receivable balance is \$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 \$6.9 million, which results in a surplus of \$8.6 million.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	For Year Ending 2006	For Year Ending 2005	For Year Ending 2004
Operating Revenues:				
County Grants	544,000	802,623	812,722	804,000
Solid Waste Fees	26,297,800	26,300,313	26,817,625	26,744,282
Recyclable Sales	1,619,400	1,497,204	1,857,841	1,250,943
Charges for Other Services	-	14,877	15,947	3,288
Total Operating Revenues	28,461,200	28,615,018	29,504,135	28,802,513
Operating Expenses:				
Collection	6,866,116	6,667,334	5,923,018	5,749,927
Recycling	3,285,898	3,264,125	3,018,837	6,308,562
Disposal	6,011,081	5,180,850	5,625,608	3,128,077
Yard Waste	1,842,014	1,381,365	1,293,060	1,338,459
Large Item/Problem Material	1,104,514	1,125,980	1,107,764	1,221,039
Transfer Stations	262,504	173,753	227,042	240,106
Administration	3,951,005	4,186,945	2,535,621	3,505,455
Customer Service	456,044	540,547	2,796,270	500,882
Clean City	1,625,230	1,412,747	1,006,259	935,722
Equipment	2,753,453	4,212,945	2,877,461	2,642,797
Human resources			-	227,970
Total Operating Expenses	28,157,859	28,146,591	26,410,939	25,798,995
Operating Margin	303,341	468,426	3,093,196	3,003,519
Non-Operating Revenues/(Expenses)				
Net Transfers In	506,000	506,000	196,000	196,000
Net Transfers Out	(735,221)	(735,221)	(757,934)	(871,077)
Gains (Losses)			-	
Depreciation	(998,609)	(1,034,312)	-	(1,000,738)
Special Assessments	-	15,281	75,528	-
Total Non-Operating Revenues (Expenses)	(1,227,830)	(1,248,252)	(486,406)	(1,675,815)
Net Income	(924,489)	(779,826)	2,606,790	1,327,704
Significant Balance Sheet Items				
Operating Cash		15,497,282	14,956,440	12,690,046
Accounts Receivable		2,824,168	2,471,657	2,428,671

2006 Fourth Quarter Investment Report

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

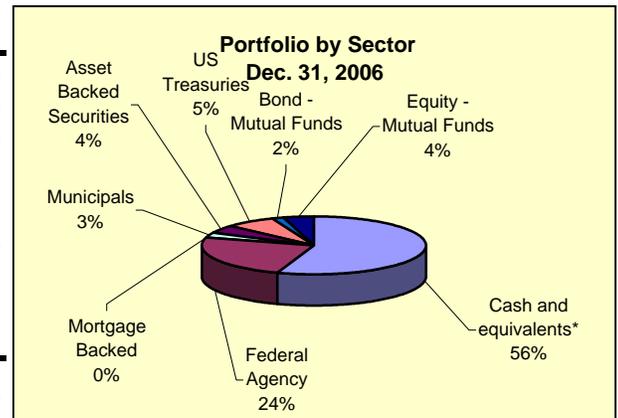
As of December 31, 2006, the City's current investment portfolio is valued at approximately \$ 400 million. The sector holdings and fund distributions are shown below. For the 12 month period ended December 31, 2006, the portfolio has outperformed its 1-3 year Merrill Lynch Treasury benchmark.

Investment Performance period ending Dec. 31, 2006	City Portfolio	Merrill Lynch 1-3 year Treasury Benchmark
1 Year Total Return	4.40%	3.96%
Credit Quality	AGY	TSY

Portfolio Holdings By Sector

Sector <i>Market Value in millions</i>	Dec 31 2006	% of port.	Dec 31 2005	% of port.
<i>Cash and equivalents*</i>	\$ 221.5	55%	\$ 111.1	26%
<i>Federal Agency</i>	\$ 96.8	24%	\$ 124.0	29%
<i>Mortgage Backed</i>	\$ 0.5	0%	\$ 43.6	10%
<i>Municipals</i>	\$ 11.4	3%	\$ 17.8	4%
<i>Asset Backed Securities</i>	\$ 17.4	4%	\$ -	0%
<i>US Treasuries</i>	\$ 28.7	7%	\$ 55.2	13%
<i>Bond - Mutual Funds</i>	\$ 7.3	2%	\$ 7.1	2%
<i>Investment Contracts</i>	\$ -	0%	\$ 40.8	10%
<i>Equity - Mutual Funds</i>	\$ 17.6	4%	\$ 27.4	6%
Total Market Value	\$ 401.2	100%	\$ 427.0	100%

*Net of checks outstanding



Funds

Performance <i>Book Value in millions</i>	Dec 31 2006	% of total funds	Dec 31 2005	% of total funds
<i>Debt Service</i>	\$ 42.7	11%	\$ 38.9	9%
<i>Development</i>	\$ 41.0	10%	\$ 39.5	9%
<i>Enterprise Fund</i>	\$ 11.6	3%	\$ 11.2	3%
<i>General</i>	\$ 64.5	16%	\$ 61.8	14%
<i>Internal Service</i>	\$ 7.9	2%	\$ 5.8	1%
<i>Library</i>	\$ 6.7	2%	\$ 10.0	2%
<i>Hilton Trust</i>	\$ 25.2	6%	\$ 40.1	9%
<i>NRP</i>	\$ 39.6	10%	\$ 45.7	11%
<i>Park Board</i>	\$ 13.1	3%	\$ 14.0	3%
<i>TIF</i>	\$ 71.3	18%	\$ 69.2	16%
<i>Convention Center</i>	\$ 20.0	5%	\$ 16.5	4%
<i>Other</i>	\$ 24.5	6%	\$ 15.9	4%
Sub Total City Op. Port.	\$ 368.1	91%	\$ 368.6	86%
<i>Bond Proceeds/Const.</i>	\$ 36.3	9%	\$ 58.3	14%
TOTAL Book Value	\$ 404.4	100%	\$ 426.9	100%
<i>Unrealized G/L & Acc int</i>	\$ (3.2)		\$ 0.1	
All Funds Mkt Value	\$ 401.2		\$ 427.0	

