



City of Minneapolis  
Financial Status Report as of 4th Quarter 2007  
Prepared by the  
City of Minneapolis Finance Department  
March 17, 2008

# City of Minneapolis

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# THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through December 31, 2007.

## 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 2007 with a fund balance of \$55.1 million and an operating budget of \$292 million. Subsequent 2006 reappropriation decisions increased fund authorized spending by \$6.3 million. Through the fourth quarter the fund has spent 99% of its appropriations and realized 101% of budgeted revenues. Preliminary year-end results indicate fund balance will be \$53.7 million or within \$.5 million of its 15% requirement. Items of note are Police overspending of \$3.4 million, Franchise Fee revenue 9% above expectations and Fines and Forfeitures 17% or \$1.6 million less than expected.

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 2007 preliminary results of operations indicate net income of \$4.8 million which is \$11 million better than expected. The primary reason is tax revenues \$3.7 million better than expected and equipment and major repairs spending \$4 million less than budgeted.

**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:

<b>Enterprise Funds</b>					
<b>(In Thousands)</b>					
<b>Fund</b>	<b>Beg. Net Assets</b>	<b>Preliminary Year -End 2007</b>			<b>12/31/2007 Net Assets</b>
		<b>Revenue</b>	<b>Expense</b>	<b>Net Income</b>	
Sanitary Sewer	85,881	41,124	40,707	417	86,298
Stormwater	223,226	31,290	24,394	6,896	230,122
Solid Waste	21,689	29,742	27,248	2,494	24,183
Water Utility	144,698	67,375	56,457	10,918	155,616
Parking	86,908	109,593	71,072	38,521	125,429

**Sewer Utility Fund** accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. Preliminary year-end results for the Stormwater Fund show a net income of \$6.8 million which is \$.8 million better than expected. The Sanitary Sewer fund has a net income of \$417,000 which is also \$.8 million better than expected. Both funds have cash balances less than the three months operating reserve called for in the City's financial policies.

**Solid Waste Fund** accounts for the City's solid waste collection, disposal, and recycling operations. Preliminary year-end results indicate the fund has net income of \$2.4 million which is \$3.1 million better than expected; primarily because of rate increases and lower than expected costs related to equipment purchases. The fund has positive net assets and cash reserves in excess of the stated requirement. One area of concern is in the area of graffiti. Costs are not being recovered primarily because amounts billed to homeowners are insufficient to cover the full costs of the operation.

**Water Utility Fund** accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The Water Fund had a \$.05 rate increase in 2007. For 2007, the Water Fund had net income of \$10.9 million which is \$2.8 million better than expected. Like the Sewer Funds, it has a cash problem. The funds current cash reserve is well below the stated requirement.

**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 2007, the fund is projected to exceed its workout plan requirements by \$3.5 million. In addition, the City sold 6 ramps for \$65 million. This resulted in a gain of \$30.6 million. The current cash position of the fund is \$42 million. A significant portion of this cash is earmarked for debt retirement and capital improvements in 2008.

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

<b>Internal Service Funds (In Thousands)</b>					
<b>Preliminary Year-End 2007</b>					
<b>Fund</b>	<b>Beg. Net Assets</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net Income</b>	<b>12/31/2007 Net Assets</b>
<b>Engineering, Mat, and Testing</b>	267	4,097	4,153	(56)	211
<b>Fleet Services</b>	18,377	43,687	41,533	2,154	20,531
<b>Property Services</b>	(28,581)	19,573	20,075	(502)	(29,083)
<b>Public Works Stores</b>	3,370	4,335	4,156	179	3,549
<b>Intergovernmental Fund</b>	(23,764)	50,926	44,452	6,474	(17,290)
<b>Self Insurance</b>	(30,102)	87,782	84,043	3,739	(26,363)

The **Intergovernmental Service Fund's** preliminary year-end results show a net income of \$6.4 million compared to \$10.7 million budgeted. The shortfall can be attributed to timing differences on funding of capital projects and start-up costs related to the WiFi initiative. The fund also benefited from an additional transfer from the General Fund of \$3.5 million for an internal loan payment. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Fleet Services 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. Because the fund has missed its revenue targets for the last two years, its cash position has slipped behind the workout plan target. The Finance and Public Works departments are monitoring the equipment usage and financial results in this fund closely. For 2007, the fund has net income of \$2.1 million which is \$1.2 million better than expected.

The **Self-Insurance Fund** had net income of \$3.7 million, slightly less than expectations. This performance is still considered good especially since the City had two large liability settlements against it in 2007.

The **Property Services Fund** had a net loss of \$.5 million in 2007. 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 net loss of \$.056 million for 2007. 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 management has decided to continue buying, rather than making, asphalt which will improve the financial results in this fund. In addition, management has increased its overhead rates to more fully recover fixed costs.

**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**

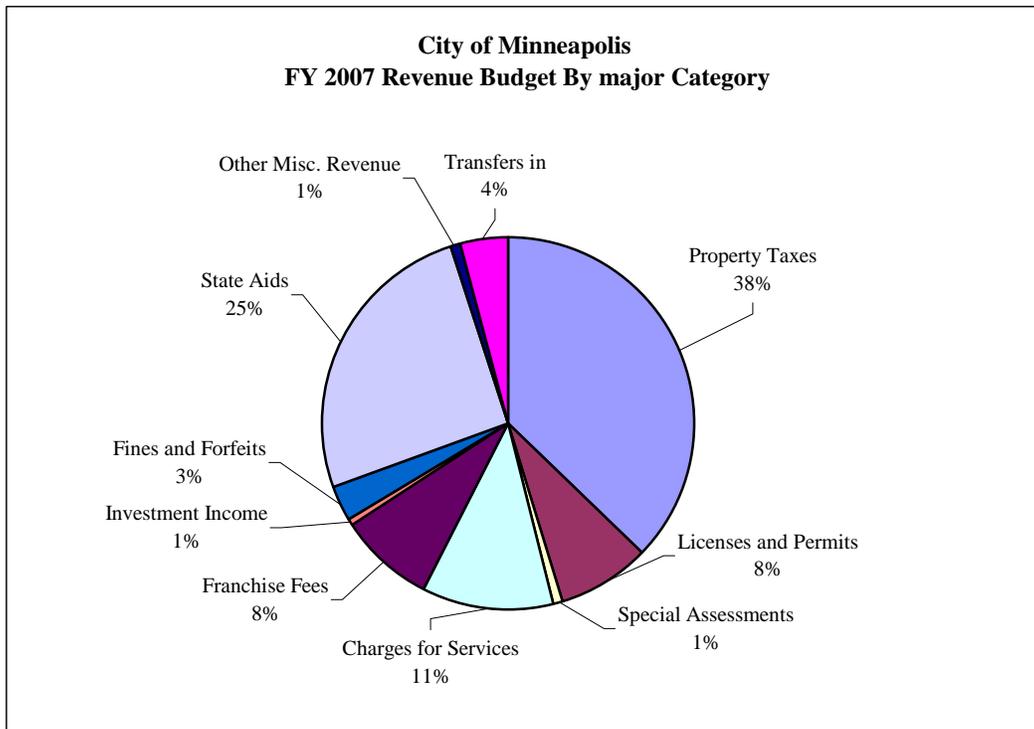
The fund balance for the General Fund at fiscal year-end 2006 was \$55.1 million. Based on the current revenue and expenditure results, we are expecting the fund balance at year-end to be \$ 53.7 million.

The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget. Fifteen percent of the 2008 revenue budget is \$54.1 million.

#### Preliminary 2007 Fund Balance

Fund Balance January 1, 2007	\$ 55.1 million
Re-appropriation of Fund Balance	(6.3) million
2007 Projected Increase in Fund Balance	<u>4.9 million</u>
Fund Balance Projected, December 31, 2007	<u>\$ 53.7 million</u>

#### General Fund Revenues:



The five largest revenue sources account for 88% of total budgeted revenues: property taxes, state aids, charges for services, licenses and permits, and franchise fees.

Property taxes, the major source of General Fund revenue (39%), have slightly exceeded the budget of \$120 million at the end of the year.

State aids, the second major source of fund revenue (24%), were slightly below the \$82.1 million budgeted. We received less Fire Amortization Aid and MSA than anticipated. Also, we no longer receive \$450,000 low income housing aid.

Charges for services, the third major source of fund revenue (11%), collected slightly less revenue than the current budget of \$36.2 million.

Franchise fees, the fourth major source of revenue (8%), are 9%, or \$2.4 million, over the current budget of \$27.1 million, primarily due to increased revenue from natural gas franchise fees.

License and permit fees (8% of fund revenue) were \$797,000 less than the current budget.

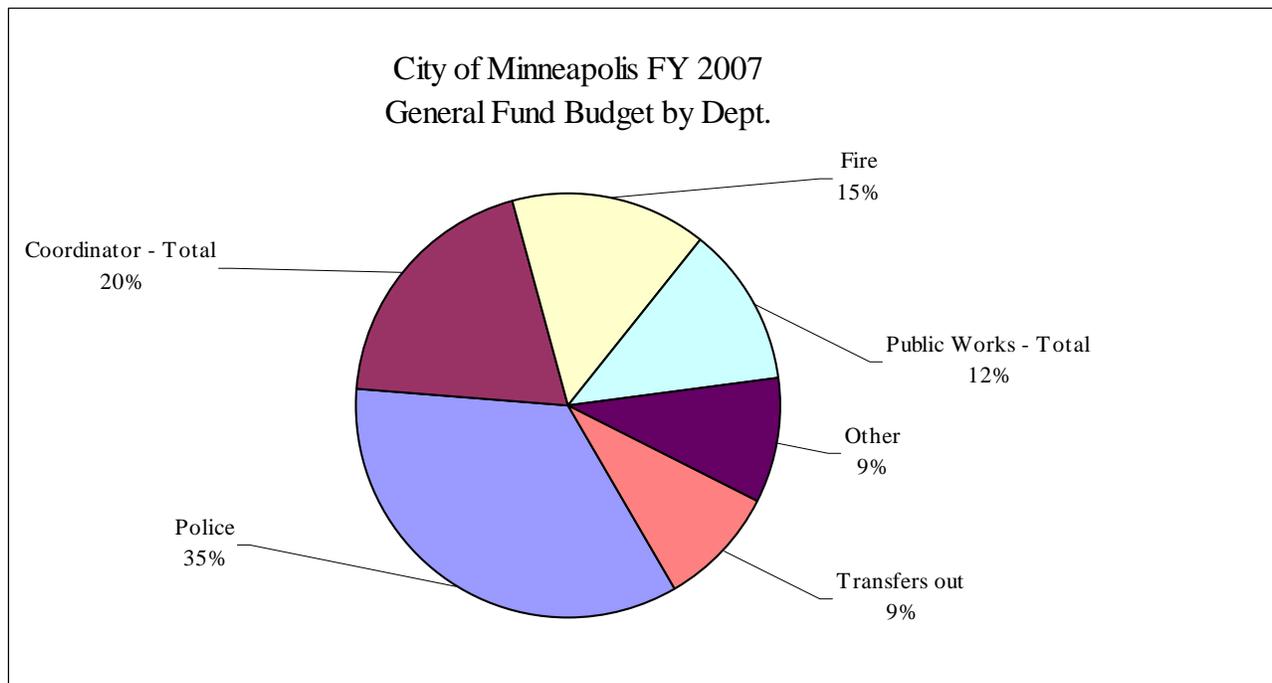
Fine and Forfeit revenues ended up less than the estimated revenue budget by about 17% (or about \$1.7 million), due to a continued decrease in collections in police department fine revenues.

Special Assessments exceeded budget by \$1.6 million or 59%, due to increased collections in Regulatory Services.

Interest revenue exceeded budget by \$500,000.

Other miscellaneous revenues fell \$557,000 short of the current budget.

Transfers In exceeded budget by over \$400,000 due to increased Entertainment Tax revenue transferred from the Convention Center Special Revenue Fund. The budget for transfers in was decreased by \$8 million per resolution 2007R-436. This was to decrease the transfer from the Municipal Parking Enterprise Fund. The Parking Fund would then transfer \$8,000,000 to the Intergovernmental Services fund instead. This is to fund the new financial system, Compass.



**General Fund Expenditures:**

Four departments make up 82% 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.

The Police Department's original budget for 2007 was \$112.1 million which was increased by Council in May to \$112.8. They ended the year \$3.4 million over budget, primarily due to increased expenditures for overtime, technology, Hennepin County Jail fees, and other contractual services.

The City Coordinator's office was \$1.8 million below budget at the end of the year.

The expenditures for the next major department, Fire, were \$90,000 or 0.2 % over their original budget at the end of the year primarily due to an increase in overtime costs.

The Public Work's department's projected expenditures are within their budget at the end of the year.

The Civil Rights Department ended the year \$500,000 under budget.

The expenditures for the remaining departments were at or below the current budget.

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

City of Minneapolis General Fund December 31, 2007			Variance Original/Actual		
	Original Budget	Revised Budget	Actual	Amount	Percent
<b>Revenues:</b>					
Property Taxes	123,909,458	119,916,514	121,318,039	1,401,525	1%
State Aids	78,118,684	82,111,628	81,076,546	(1,035,082)	-1%
Charges for Services	35,581,566	36,150,566	35,799,466	(351,100)	-1%
Franchise Fees	27,110,000	27,110,000	29,548,191	2,438,191	9%
Licenses and Permits	25,999,355	25,999,355	25,201,939	(797,416)	-3%
Fines and Forfeits	10,172,877	10,172,877	8,488,082	(1,684,795)	-17%
Special Assessments	2,782,926	2,782,926	4,423,421	1,640,495	59%
Investment Income	1,860,202	1,860,202	2,779,815	919,613	49%
Other Shared Taxes	750,608	840,608	717,078	(123,530)	-16%
Other Miscellaneous	1,109,832	1,269,832	997,158	(272,674)	-25%
Contributions	297,500	297,500	170,731	(126,769)	-43%
<b>Total Revenues</b>	<b>307,693,008</b>	<b>308,512,008</b>	<b>310,520,466</b>	<b>2,008,458</b>	<b>1%</b>
Transfers In	20,241,000	13,642,766	14,981,031	1,338,265	7%
<b>Revenues and Other Sources</b>	<b>327,934,008</b>	<b>322,154,774</b>	<b>325,501,497</b>	<b>3,346,723</b>	<b>0</b>
<b>Expenditures :</b>					
Police	112,096,069	116,900,069	116,267,659	632,410	1%
Coordinator - Total	62,493,357	64,122,441	62,345,025	1,777,416	3%
Fire	48,380,463	48,471,293	48,471,293	0	0%
Public Works - Total	39,539,415	41,429,649	40,868,046	561,603	1%
Attorney	6,170,417	6,170,417	6,162,047	8,370	0%
Health & Family Support	4,076,117	4,076,117	4,073,692	2,425	0%
CPED	3,708,388	3,708,388	3,708,386	2	0%
City Council & City Clerk	6,170,256	6,316,558	6,007,394	309,164	5%
Assessor	3,574,398	3,577,398	3,576,981	417	0%
Civil Rights	2,460,739	2,860,739	2,323,433	537,306	22%
Contingency	2,058,226	1,308,226	570,000	738,226	36%
Mayor	1,329,489	1,329,489	1,300,989	28,500	2%
Non-Department	865,674	865,674	775,359	90,315	10%
<b>Total Expenditures</b>	<b>292,923,008</b>	<b>301,136,458</b>	<b>296,450,301</b>	<b>(3,527,293)</b>	<b>-1%</b>
Transfers Out	35,011,000	30,418,450	30,418,450	-	0%
<b>Expenditures and Other Uses</b>	<b>327,934,008</b>	<b>331,554,908</b>	<b>326,868,751</b>	<b>4,686,157</b>	<b>1%</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>(9,400,134)</b>	<b>(1,367,255)</b>	<b>6,874,016</b>	
<b>Fund Balance - January 1, 2007</b>			<u>55,112,000</u>		
<b>Fund Balance - December 31, 2007</b>			<u><u>53,744,745</u></u>		

## **Convention Center Special Revenue Fund Report**

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

### **Revenue**

#### **Tax Revenue**

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 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 other 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 is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient.

For 2007, tax proceeds came in above 2006 levels and above the 2007 budget. Tax revenue is receipted into the month it is received from the State of Minnesota. Tax revenue is driven by consumer spending habits.

<b>Tax</b>	<b>December 2007</b>	<b>December 2006</b>	<b>Variance</b>	<b>% Change</b>
Sales	29,535,000	27,866,693	1,668,307	6%
Entertainment	9,880,036	9,248,272	631,764	7%
Food	10,319,180	9,992,743	326,438	3%
Liquor	3,757,352	3,626,911	130,441	4%
Lodging	6,573,633	5,989,941	583,692	10%
<b>Total</b>	<b>\$60,065,202</b>	<b>\$56,724,560</b>	<b>\$3,340,642</b>	<b>6%</b>

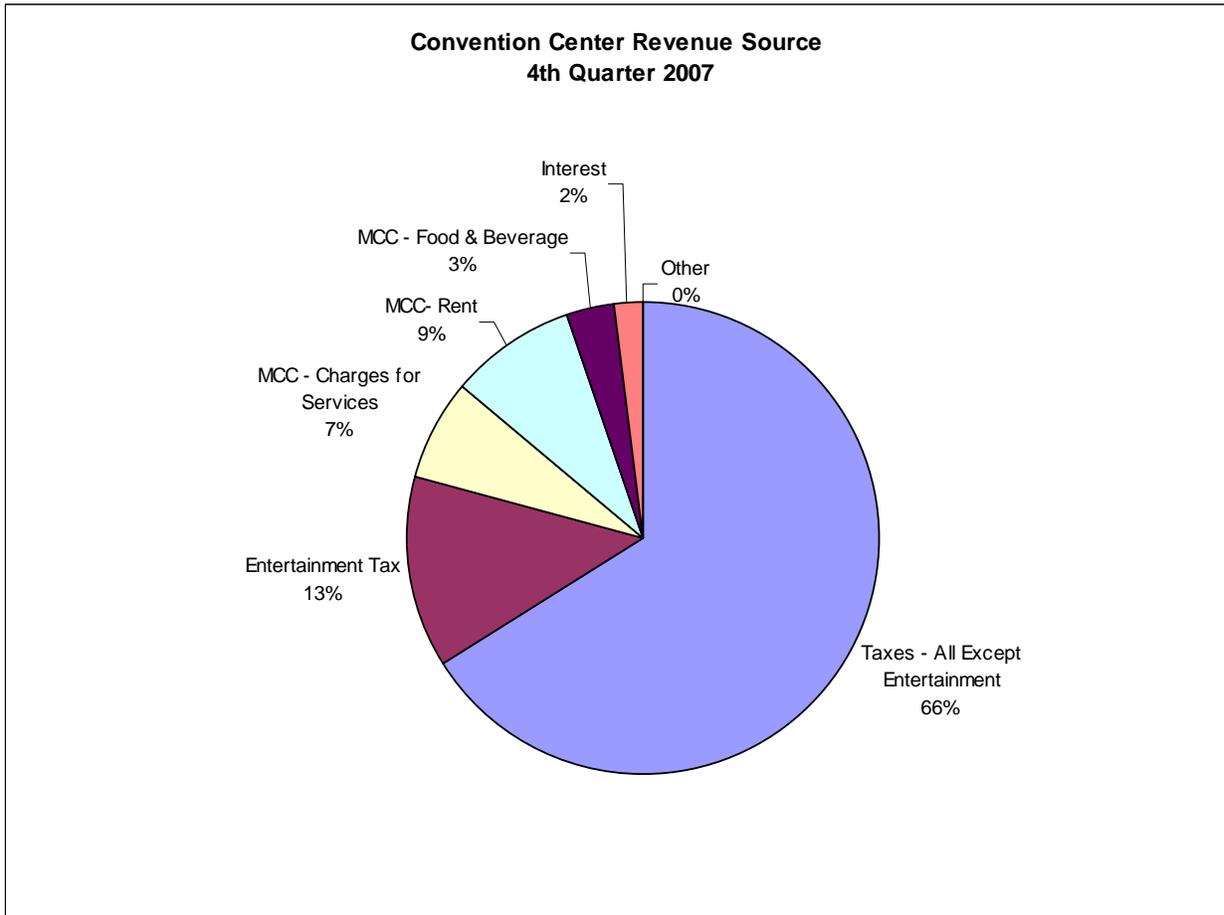
#### **Interest Revenue**

Interest revenue is based on cash balances and the return on investments. Interest rates, return on investments, and cash balances have contributed to a better than expected return. Through the 4th quarter of 2007 interest revenue came in over \$1.4 million, which was over \$300,000 above projection or 343% of budget.

#### **Operating Revenue**

In 2007, operating revenue came in over \$300,000 under budget. The Convention Center didn't pick up the sponsorship revenue that was anticipated. In addition, the Convention Center didn't receive as many December events as anticipated after doing a marketing campaign. Furthermore, a few events cancelled in 2007 or moved to different years. The cancellations and scheduling changes had a lesser impact on the revenue reduction than the previous two mentioned. 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.

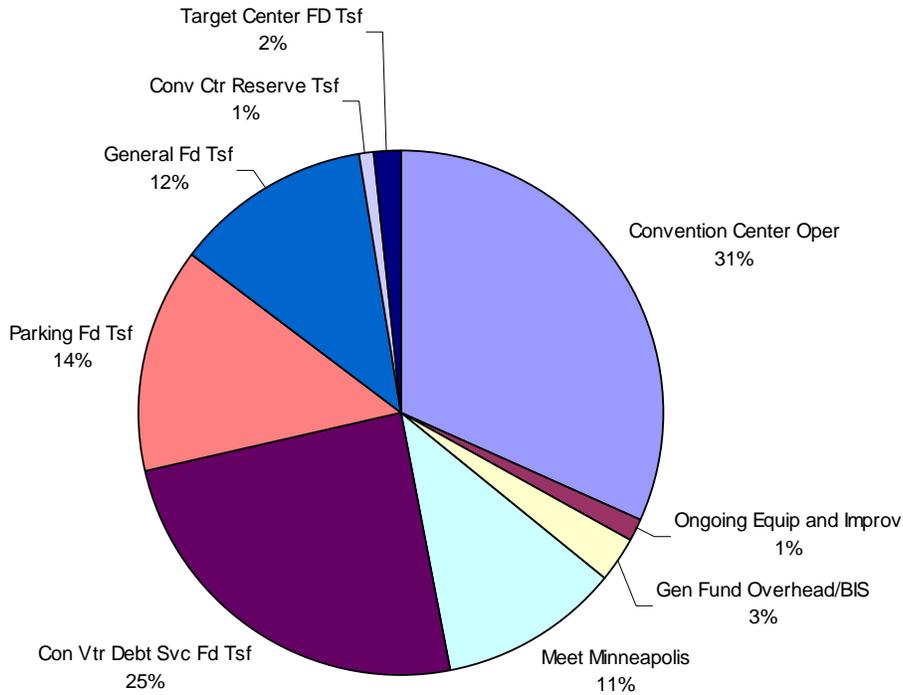


**Operating Expenditures**

In 2007, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead were \$22.6 million or 94% of budget. During 2007, the Convention Center has numerous capital improvements and additions budgeted. Some of the more significant capital items were new ballroom flooring, a lighting system, restroom rebuilds, wall fabric, video monitors, escalator/elevator maintenance, video monitors, roof repair, floor box repair, and a new time and labor management system.

The Terrazzo floor restoration and repair was the most significant improvement budgeted in 2007. A vendor has been selected based on Request for Proposal (RFP) submittals, and the recommendation was made and accepted by the City Council. The contract was signed mid December, and the work has begun. The Convention Center has requested a rollover of the \$3 million to 2008 to fund this project.

**Convention Center Expenditures & Transfers  
4th Quarter 2007**



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2007, transfers were made to the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to debt service. The transfers for 2007 have been completed with \$1.1 million transferred to the Target Center, \$8.8 million to the General Fund, \$650 thousand to the Convention Center Facility Reserve Fund, \$17.5 million to debt service, and nearly \$9.9 million to parking. The Target Center transfer was \$82 thousand less than budget as a result of less entertainment tax revenue coming in as budgeted. In addition, \$1.3 million less than budget were transferred out for debt service. The lower than expected transfer was the result of achieving better than expected rates. As part of their workout plan, BIS reduced their \$12.8 million loan payable liability to the Convention Center by \$3.5 million in the 1st quarter of 2007.

**Meet Minneapolis**

In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional

\$2.5 million for the project in 2005. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. The City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of \$10 million. The loan draws were capped in May 2007. The consolidated loan 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. At the end of 2007, the loan balance including accrued interest was \$9,080,221.24. Interest payments will begin on 03/31/08 and principal payments will begin on 12/31/08 and will coincide with their quarterly Sales and Marketing payments from the City. Meet Minneapolis's quarterly Sales and Marketing payment from the City of Minneapolis will be reduced by the amount of the interest and principal payments due for that particular period. 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**

The 2007 fund balance increased by over \$4 million from 2006 to \$45.9 million. The increase can be attributed to better than expected tax revenue; lower than expected expenditures, primarily in Ongoing Equipment and Improvement; and a lower than expected transfer to debt service.

**CONVENTION CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending December 31, 2007**

**CITY OF MINNEAPOLIS, MINNESOTA**

	2007		Percent of Total	2006 Actual
	Budget	Actual		
<b>REVENUE</b>				
Operating Revenue:				
Charges for Services and Sales	5,925,000	5,250,866	89%	5,155,200
Rents and Commissions	6,290,000	6,508,640	103%	6,768,181
Catering Commissions	2,446,500	2,554,579	104%	2,602,625
Total Operating Revenue	14,661,500	14,314,085	98%	14,526,006
Tax Revenue:				
Sales and Use Tax	28,393,525	29,535,000	104%	27,866,693
Entertainment Tax	9,382,270	9,880,036	105%	9,248,272
Food Tax	9,525,440	10,319,180	108%	9,992,743
Liquor Tax	3,714,180	3,757,352	101%	3,626,911
Lodging Tax	5,301,410	6,573,633	124%	5,989,941
Total Tax Revenue	56,316,825	60,065,202	107%	56,724,560
Other Non Operating Revenue:				
Interest	422,371	1,449,045	343%	729,682
Investment Income	-	95,298	100%	22,293
Meet Minneapolis Private Donations	391,900	391,900	100%	537,500
Other	14,000	26,984	193%	21,927
Total Other Non Operating Revenue	828,271	1,963,228	237%	1,311,402
Total Non Operating Revenue	57,145,096	62,028,429	109%	58,035,962
<b>Total Revenue</b>	<b>71,806,596</b>	<b>76,342,514</b>	<b>106%</b>	<b>72,561,968</b>
<b>EXPENDITURES</b>				
Convention Center Operations	23,902,309	22,556,296	94%	21,261,850
Ongoing Equipment and Improvement	5,260,000	1,008,475	19%	1,135,054
General Fund Overhead/BIS Operating	2,001,007	2,002,759	100%	1,950,227
Human Resources	65,810	65,611	100%	67,309
Meet Minneapolis	7,872,920	7,872,920	100%	7,663,401
<b>Total Expenditures</b>	<b>39,102,046</b>	<b>33,506,060</b>	<b>86%</b>	<b>32,077,841</b>
Excess of Revenues Over (Under) Expenditures	32,704,550	42,836,454	131%	40,484,127
<b>OTHER FINANCING SOURCES (USES)</b>				
General Fund Transfer	(8,319,000)	(8,762,231)	105%	(8,657,247)
Arena Reserve Fund Transfer	(1,200,000)	(1,117,805)	93%	(1,102,427)
Convention Center Reserve Fund Transfer	(650,000)	(650,000)	100%	1,881,000
Convention Ctr Debt Service Transfer	(18,810,000)	(17,538,641)	93%	(17,655,000)
Other Debt Service Transfer	(36,000)	(36,000)	100%	(13,913)
Municipal Parking Enterprise Fund Transfer	(9,856,000)	(9,856,000)	100%	(9,565,097)
<b>Total Other Financing Sources (Uses)</b>	<b>(38,871,000)</b>	<b>(37,960,677)</b>	<b>98%</b>	<b>(35,112,684)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,166,450)	4,875,777		5,371,443
Fund Balance - January 1	41,221,335	41,221,335		35,849,892
<b>Ending Fund Balance</b>	<b>35,054,885</b>	<b>45,917,681</b>		<b>41,221,335</b>
<b>Ending Cash Balance</b>		<b>27,225,807</b>		<b>19,843,606</b>

**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, 2007**

	2007		2006
	Budget	Actual	Actual
<b>REVENUES:</b>			
Interest	-	-	-
Total revenues	-	-	-
Excess of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers to capital projects funds	-	-	-
Transfers within special revenue funds	650,000	650,000	(1,881,000)
Total other financing sources (uses)	650,000	650,000	(1,881,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	650,000	650,000	(1,881,000)
Fund balance - January 1	\$5,000,450	\$5,000,450	\$6,881,450
<b>Ending Fund balance</b>	<b>\$5,650,450</b>	<b>\$5,650,450</b>	<b>\$5,000,450</b>

<b>ARENA RESERVE SPECIAL REVENUE FUND</b>			
<b>STATEMENT OF REVENUES, EXPENDITURES, AND</b>			
<b>CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b>			
<b>For the fiscal quarter ending December 31, 2007</b>			
	<b>2007</b>		
			<b>2006</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES:</b>			
Interest	-	54,361	(31,852)
Investment Income	-	1,805	-
Total revenues	-	56,166	(31,852)
<b>OTHER FINANCING SOURCES (USES):</b>			
General Fund Transfer	92,000	92,000	91,500
Transfer to Tax Incr Funds	(8,817)	(8,816)	
Transfer to Debt Service	(3,999,034)	(3,999,034)	(3,382,430)
Muni Parking Enterprise Fund	2,078,000	2,078,000	1,921,000
Convention Ctr Opers Transfer	1,200,000	1,117,805	1,102,427
<b>Total other financing sources (uses)</b>	<b>(637,851)</b>	<b>(720,045)</b>	<b>(267,503)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(637,851)	(663,879)	(299,355)
<b>Fund balance - January 1</b>	<b>\$2,338,201</b>	<b>\$2,338,201</b>	<b>\$2,637,556</b>
<b>Ending Fund balance</b>	<b>\$1,700,350</b>	<b>\$1,674,322</b>	<b>\$2,338,201</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending December 31, 2007**

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 for its federal grant activity in fund 0300. Year to date expenditures were \$20,609,817. Spending picked up in the third quarter bringing the year end expenditures only \$321,094 higher than the prior year total of \$20,288,723. Empowerment Zone program loans receivable totaled \$3,228,889 on December 31, 2007 and this amount was offset by a corresponding amount of deferred revenue.

**CDBG Fund (0400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 along 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). The year to date expenditures on December 31, 2007 was \$20,116,710 and \$19,715,617 on December 31, 2006. As these grants are all cost reimbursement this means the fund will generally have a deficit cash position due to the timing difference of when the expenditure occurred and the when the subsequent reimbursement is received.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive additional CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances from to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. Approximately \$950,000 has been identified to be reprogrammed resulting in a new deficit balance of \$5,171,444.

**Grants Other Fund (0600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were year to date expenditures of \$18,164,560 and \$19,599,150 on December 31, 2007 and 2006, respectively. Deferred revenue is primarily comprised of the \$2,800,000 Comcast Cable Settlement and deferred State Recapture Loans.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending December 31, 2007**

	<b>Federal Grants 0300</b>	<b>CDBG Grants 0400</b>	<b>Grants Other 0600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$2,203,039	(\$3,798,824)	\$5,522,271	\$3,926,486
Accounts - net	96,930	13,178	38,737	148,845
Intergovernmental Receivables	361,790		225,334	587,124
Loans receivable-net	3,228,889		556,439	3,785,328
Deposits with Fiscal Agents			490,000	490,000
Prepaid Expense			259	259
Due From Other Funds	(309)			(309)
<b>Total Assets</b>	<u>\$5,890,339</u>	<u>(\$3,785,646)</u>	<u>\$6,833,040</u>	<u>\$8,937,733</u>
<b>Liabilities</b>				
Salaries payable	\$254,364	\$158,000	\$210,751	\$623,115
Accounts payable	926,743	278,976	425,635	1,631,354
Use Taxes Payable	(373)		(9,992)	(10,365)
Due to Other Funds				0
Inter Governmental Payables				0
Deferred revenue & Contracts	3,612,251		3,677,931	7,290,182
<b>Total Liabilities</b>	<u>4,792,985</u>	<u>436,976</u>	<u>4,304,325</u>	<u>9,534,286</u>
<b>Fund Balance</b>	<u>\$1,097,354</u>	<u>(\$4,222,622)</u>	<u>\$2,528,715</u>	<u>(\$596,553)</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$5,890,339</u>	<u>(\$3,785,646)</u>	<u>\$6,833,040</u>	<u>\$8,937,733</u>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$147,337	\$147,337
Grants and Shared Revenues	\$ 21,479,578	\$13,661,660	17,189,936	52,331,174
Private Contributions			2,077,961	2,077,961
Charges for Services	1,215	66,436	309,678	377,329
Interest	31,652	36,470	31,505	99,627
Development Fees		33,625		
Rent & Commisions		200		
Loan Recapture	193,029	1,831,083	40,627	2,064,739
Lands & Buildings		263,374		263,374
Equipment			37,751	37,751
Miscellaneous Revenue	1,700	1,240	52,585	55,525
Transfer within Special Revenue Fund			129,391	129,391
<b>Total Revenue</b>	<u>\$21,707,174</u>	<u>\$15,894,088</u>	<u>\$20,016,771</u>	<u>\$57,584,208</u>
<b>Expenditures</b>	<u>\$20,609,817</u>	<u>\$20,116,710</u>	<u>\$18,164,560</u>	<u>\$58,891,087</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$1,097,357</u>	<u>(\$4,222,622)</u>	<u>\$1,852,211</u>	<u>(\$1,306,879)</u>

<sup>1</sup> 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 33**  
**Beginning June 1, 2007**  
**December 31, 2007**

Department	Agy	Project	Budget	Program Income	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
CPED	890	Adult Training, Placement and Retention	844,000		844,000	188,333	188,333	\$ 655,667
CPED	890	High density corridor housing	801,000		801,000	-	-	801,000
CPED	890	Homeownership Program (GMMHC)	350,500		350,500	-	-	350,500
CPED	890	Industry Cluster Program (Living Wage Jobs)	71,900		71,900	-	-	71,900
CPED	890	Multi-Family/Affordable Housing	4,388,000		4,388,000	-	-	4,388,000
CPED	890	NEDF/CEDF	1,167,000		1,167,000	-	-	1,167,000
CPED	890	NonProfit MF Rental Development Assistance	180,700		180,700	-	-	180,700
CPED	890	Vacant & Boarded Housing	625,000		625,000	359,925	359,925	265,075
Health & Family Support	860	Childcare Facilities Loan/Grant	233,700		233,700	-	-	233,700
Regulatory Services	835	Lead Reduction	130,800		130,800	91,285	91,285	39,515
Regulatory Services	835	Problem Properties Board Bldg	346,240	187,500 <sup>1</sup>	533,740	7,612	7,612	526,128
Police	400	Problem Properties Police	53,880		53,880	-	-	53,880
Fire	280	Problem Properties Fire	15,965		15,965	-	-	15,965
City Attorney	140	Problem Properties Attorneys	38,915		38,915	3,332	3,332	35,583
Non-Departmental	123	General Housing Rehabilitation-MPHA	227,700		227,700	-	-	227,700
		Subtotal Capital Grants	<u>9,475,300</u>	<u>187,500</u>	<u>9,662,800</u>	<u>650,487</u>	<u>650,487</u>	<u>9,012,313</u>
<b>Public Service Grants:</b>								
CPED	890	Mortgage Foreclosure Prevention Program	204,700	100,000 <sup>2</sup>	304,700	300,000	300,000	4,700
CPED	890	Youth Employment & Training	476,133		476,133	53,980	53,980	422,153
Health & Family Support	860	Advocacy (Housing)	92,600		92,600	79,936	79,936	12,664
Health & Family Support	860	Asian Media Access	30,000		30,000	2,850	2,850	27,150
Health & Family Support	860	Cardondelet Life Care	21,000		21,000	9,504	9,504	11,496
Health & Family Support	860	Child Dental Services	11,000		11,000	9,427	9,427	1,573
Health & Family Support	860	Curfew/Truancy Center	98,000		98,000	98,000	98,000	0
Health & Family Support	860	Domestic Abuse Project	40,000		40,000	-	-	40,000
Health & Family Support	860	Fremont Community Health Services	50,000		50,000	28,038	28,038	21,962
Health & Family Support	860	Greater Minneapolis Council of Churches	50,000		50,000	34,048	34,048	15,952
Health & Family Support	860	Lao Assistance Center of MN	55,000		55,000	22,000	22,000	33,000
Health & Family Support	860	Living at Home Block Nurse Program	75,000		75,000	27,543	27,543	47,457
Health & Family Support	860	MIGIZI Communications	48,000		48,000	17,091	17,091	30,909
Health & Family Support	860	Minneapolis Urban League	75,000		75,000	39,827	39,827	35,173
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	76,000		76,000	4,868	4,868	71,132
Health & Family Support	860	Resource Inc, Employment Action Center	50,000		50,000	24,294	24,294	25,706
Health & Family Support	860	Southside Family Nurturing Center	50,000		50,000	14,997	14,997	35,003
Health & Family Support	860	St Stephens Human Services	50,000		50,000	17,325	17,325	32,676
Health & Family Support	860	Way to Grow	296,000		296,000	184,746	184,746	111,254
Public Works	607	Graffiti Removal on Public Property	91,400		91,400	79,622	79,622	11,778
Civil Rights	300	Multi Cultural & Native American Indian	132,800		132,800	2,948	2,948	129,852
		Subtotal Public Service Grants	<u>2,072,633</u>	<u>100,000</u>	<u>2,172,633</u>	<u>1,051,043</u>	<u>1,051,043</u>	<u>1,121,590</u>
<b>Administrative Grants:</b>								
CPED	890	Citizen Participation	242,700		242,700	23,300	23,300	219,400
CPED	890	Planning - Administration	878,000		878,000	423,908	423,908	454,092
CPED	890	Program Admin	103,000		103,000	35,943	35,943	67,057
Health & Family Support	860	Grant Administration	71,900		71,900	46,190	46,190	25,710
Health & Family Support	860	Legal Aid Society	35,000		35,000	20,417	20,417	14,583
Health & Family Support	860	Neighborhood Services	74,900		74,900	61,709	61,709	13,191
Health & Family Support	860	Way to Grow Administration	27,000		27,000	14,814	14,814	12,186
Finance	820	Finance Administration	205,000		205,000	-	-	205,000
Grants & Special Projects	800	Grants & Special Projects	244,900		244,900	122,931	122,931	121,969
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	56,900		56,900	18,977	18,977	37,923
Civil Rights	300	Civil Rights Dept Fair Housing	205,000		205,000	-	-	205,000
Non-Departmental	123	MPH Citizen Participation	70,900		70,900	-	-	70,900
Non-Departmental	123	YCB Administration	64,900		64,900	64,803	64,803	97
		Subtotal Administrative Grants	<u>2,280,100</u>	<u>-</u>	<u>2,280,100</u>	<u>832,991</u>	<u>832,991</u>	<u>435,889</u>
	123	Block E Deficit Reduction	0		-	-	-	0
		<b>GRAND TOTAL</b>	<u>\$ 13,828,033</u>	<u>\$ 287,500</u>	<u>\$ 14,115,533</u>	<u>2,534,521</u>	<u>2,534,521</u>	<u>\$ 10,569,792</u>

<sup>1</sup> Council Action 2007R-528

<sup>2</sup> Approved by Finance Officer

Source : Period 12, February 2, 2008 G101M

**CDBG Program Year 32  
Beginning June 1, 2006  
December 31, 2007**

Department	Agy	Project	Council			Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
			Adopted Budget	Action 2006R-093	Program Income <sup>1</sup>				
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)		547,500	\$ 263,627	\$ 547,500	\$ -
CPED	890	High density corridor housing	1,000,000	(56,100)		943,900	1,600	1,600	942,300
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	21,034	55,521	29,429
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)		4,700,000	1,170,506	1,170,506	3,529,494
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	30,000	30,000	183,321
CPED	890	Vacant & Boarded Housing <sup>3</sup>	1,154,000	(64,725)	2,000,000	3,089,275	1,608,461	2,350,760	738,515
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	70,667	153,856	0
Regulatory Services	835	Vacant & Boarded Housing-249 List <sup>3</sup>	-	-	-	-	(7,612)	-	-
Regulatory Services	835	Problem Properties Board Bldg	54,900	0		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	43,561	38,819	6,931
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)		266,180	189,115	189,115	77,065
		Subtotal Capital Grants	<u>9,542,000</u>	<u>(543,629)</u>	<u>2,000,000</u>	<u>10,998,371</u>	<u>3,390,959</u>	<u>4,592,577</u>	<u>6,405,794</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)	44,224	249,224		249,224	0
CPED	890	Youth Employment & Training	506,000	(29,000)		477,000	465,827	477,000	0
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)		94,390	45,054	94,390	0
Health & Family Support	860	Block Nurse Program	62,000	(3,478)		58,522	22,823	56,207	2,315
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)		22,654	13,466	22,318	336
Health & Family Support	860	Curfew/Truancy Center	98,000	0		98,000		98,000	0
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)		17,934	8,964	17,934	0
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)		127,427	(15,004)	0	127,427
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)		44,363	22,632	44,363	0
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)		40,588	15,444	30,601	9,987
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)		75,512	75,512	75,512	0
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)		24,541	13,905	24,540	1
Health & Family Support	860	MELD	38,000	(2,132)		35,868	29,592	29,592	6,276
Health & Family Support	860	Child Dental Services	10,000	(561)		9,439		9,439	0
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)		67,017	33,549	67,017	0
Health & Family Support	860	New American Community Services	47,000	(2,637)		44,363	20,596	44,349	14
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)		44,363	22,183	44,363	0
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)		35,868	13,764	32,940	2,928
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)		26,429	9,514	26,429	0
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)		127,427	48,704	127,427	0
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)		31,149	14,563	31,149	0
Health & Family Support	860	Way to Grow	296,000			296,000	112,639	296,000	0
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)		91,500	51,837	91,500	0
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)		155,980	60,660	155,914	66
		Subtotal Public Service Grants	<u>2,363,300</u>	<u>(111,966)</u>	<u>44,224</u>	<u>2,295,558</u>	<u>1,086,223</u>	<u>2,146,207</u>	<u>149,351</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen Participation	303,000	(17,000)		286,000	254,699	275,551	10,449
CPED	890	Planning - Administration	1,146,800	(105,907)		1,040,893	475,115	1,031,075	9,818
CPED	890	Program Admin	8,900	41,100		50,000	49,858	50,000	0
Health & Family Support	860	Grant Administration	90,000	(5,005)		84,995	17,745	84,995	0
Health & Family Support	860	Legal Aid Society	44,000	(2,903)		41,097	17,124	41,097	0
Health & Family Support	860	Neighborhood Services	94,000	(5,269)		88,731	64,040	88,731	0
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)		31,756	13,231	31,756	0
Finance	820	Finance Administration	255,000	(14,025)		240,975	102,045	102,045	138,930
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)		188,665	137,195	188,665	0
Grants & Special Projects	800	Homeless Initiative	100,000			100,000	44,226	44,226	55,774
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)		67,249	28,021	67,249	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)		0			0
Civil Rights	300	Civil Rights Dept Fair Housing	255,000	(14,025)		240,975	106,757	106,816	134,159
Non-Departmental	123	Administration YCB	57,000	0		57,000	650	57,000	0
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)		83,105	29,314	29,314	53,791
		Subtotal Administrative Grants	<u>2,768,700</u>	<u>(167,259)</u>	<u>0</u>	<u>2,601,441</u>	<u>1,340,020</u>	<u>2,198,521</u>	<u>402,920</u>
	123	Block E Deficit Reduction	0	0	0	0	0	0	0
		<b>GRAND TOTAL</b>	<u>\$ 14,674,000</u>	<u>\$ (822,854)</u>	<u>#####</u>	<u>#####</u>	<u>\$ 5,817,203</u>	<u>\$ 8,937,306</u>	<u>\$ 6,958,064</u>

<sup>1</sup> Council Action 2006R-146

<sup>2</sup> Council Action 2006R-355

<sup>3</sup> Council Action 2006R-356, 2006R-047 authorized and later rescinded Agency 835 \$125,000 249 List program spending that was to be funded from reduction in Agency 890 Boarded Building spending.

**CDBG Program Year 31  
Beginning June 1, 2005  
December 31, 2007**

Department	Agy	Project	Adopted Budget	Council Agency Actions	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ 408,190	\$ 610,053	\$ 825
CPED	890	High density corridor housing	953,008		953,008	913,716	913,993	39,015
CPED	890	Homeownership Program (GMMHC)	439,174		439,174		0	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	65,936	94,348	0
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	2,475,727	4,605,709	292,752
CPED	890	NEDF/CEDF	142,951		142,951		0	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252	85,473	85,473	152,779
CPED	890	Residential Loan/Grant	571,805		571,805	78,042	217,813	353,992
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	10,715	1,200,000	(0)
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869		23,444	283,425
Regulatory Services	835	Lead Reduction	171,541		171,541		171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557	23,825	73,382		44,966	28,416
Police	400	Problem Properties Police	71,476		71,476	30,246	30,246	41,230
Fire	280	Problem Properties Fire	23,825	(23,825)	0		0	0
City Attorney	140	Problem Properties Attorneys	47,650		47,650	10,625	47,650	0
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	189,622	297,338	0
		Subtotal Capital Grants	<u>10,117,133</u>	<u>0</u>	<u>10,117,133</u>	<u>4,268,292</u>	<u>8,342,575</u>	<u>1,774,558</u>
<b>Public Service Grants:</b>								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252		238,252	0
CPED	890	Youth Employment & Training	541,309		541,309	16,208	541,309	0
Health & Family Support	860	Advocacy (Housing)	104,831		104,831		104,831	0
Health & Family Support	860	Block Nurse Program	66,000		66,000		66,000	0
Health & Family Support	860	Child Dental Services	11,000		11,000		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	(15,247)	75,165		75,165	0
Health & Family Support	860	GMDCA Child Care	142,500	14,568	157,068	36,599	157,068	0
Health & Family Support	860	HIV/AIDS	45,000	(1,939)	43,061		43,061	0
Health & Family Support	860	Lao Advancement Organization of America	50,000	(41)	49,959		49,959	(0)
Health & Family Support	860	Minneapolis Community Clinics	335,561	5,455	341,016	15,000	341,016	0
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	25,445	85,000	0
Health & Family Support	860	MUL-Mental Health	25,000	(2,623)	22,377		22,377	0
Health & Family Support	860	New American Community Services	50,000	(173)	49,827		49,827	0
Health & Family Support	860	School Success Programs	35,000		35,000		35,000	0
Health & Family Support	860	Way to Grow	295,432		295,432		295,432	0
Public Works	607	Graffiti Removal on Public Property	101,972		101,972		101,972	0
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776		166,776	0
		Subtotal Public Service Grants	<u>2,483,158</u>	<u>(0)</u>	<u>2,483,158</u>	<u>93,251</u>	<u>2,483,157</u>	<u>1</u>
<b>Administrative Grants:</b>								
CPED	890	Citizen Participation	328,788		328,788	10,837	314,253	14,535
CPED	890	Planning - Administration	1,230,400		1,230,400	13,490	963,913	266,487
CPED	890	Program Admin	13,657		13,657		13,657	0
Health & Family Support	860	Grant Administration	95,301		95,301	2,058	95,301	0
Health & Family Support	860	Legal Aid Society	46,697		46,697		46,697	0
Health & Family Support	860	Neighborhood Services	101,972	(54,989)	46,983	20,326	46,983	0
Health & Family Support	860	Way to Grow Administration	34,308		34,308		34,308	0
Finance	820	Finance Administration	271,607	(22,193)	249,414	102,955	249,414	0
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	173,187		173,187	0
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	76,241		76,241		76,241	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	17,154		17,154		0	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	89,136	256,788	524
Non-Departmental	123	Administration YCB	56,227		56,227	5,227	56,227	0
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395	24,813	53,395	40,000
		Subtotal Administrative Grants	<u>2,842,251</u>	<u>(123,187)</u>	<u>2,719,064</u>	<u>268,842</u>	<u>2,380,365</u>	<u>338,700</u>
	123	Block E Deficit Reduction	0	123,187	123,187	0	0	123,187
		GRAND TOTAL	<u>\$ 15,442,542</u>	<u>\$ (0)</u>	<u>\$ 15,442,542</u>	<u>\$ 4,630,386</u>	<u>\$ 13,206,097</u>	<u>\$ 2,236,445</u>

<sup>1</sup> Council Action 2007R-266

<sup>2</sup> Agency Change in CDBG Program Funding

<sup>3</sup> 2005R-618 Council Action Reprograming CDBG funds for Block E Reduction.

**CDBG Program Year 30**  
**Beginning June 1, 2004**  
**December 31, 2007**

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823		\$ 639,823		\$ 639,823	\$ -
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	579,166	998,164	0
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146	32,923	32,923	431,223
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818		98,818	0
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	587,883	5,286,081	94,025
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	63,209	443,185	0
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164		998,164	0
CPED	890	VHR Distressed	393,000	392,279		392,279	220,019	220,374	171,905
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407		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		198,608	3,021
Regulatory Services	835	Hud Lead Program		145,317		145,317	1,259	132,373	12,944
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425		312,425	0
		Subtotal Capital Grants	<u>10,600,000</u>	<u>10,580,541</u>	<u>-</u>	<u>10,580,541</u>	<u>1,484,460</u>	<u>9,717,699</u>	<u>862,842</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Program	250,000	249,541		249,541		249,541	0
CPED	890	Youth Employment & Training	568,000	566,957		566,957		566,957	0
Health & Family Support	860	Advocacy	110,000	86,033		86,033		86,033	0
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980		10,980	0
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809		103,809	0
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894		57,894	0
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447		300,447	0
Health & Family Support	860	Head Start	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958		22,958	0
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521		256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888		56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925		40,925	0
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853		79,853	0
Health & Family Support	860	Way To Grow	311,000	310,429		310,429		310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969		16,969	0
Public Works	607	Graffiti Removal	107,000	106,804		106,804		106,804	0
Civil Rights	300	Multicultural Services	101,749	101,529		101,529		101,529	0
Civil Rights	300	American Indian Advocacy	0	23,765		23,765		23,765	0
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972		14,972	0
		Subtotal Public Service Grants	<u>2,551,749</u>	<u>2,547,032</u>	<u>0</u>	<u>2,547,032</u>	<u>0</u>	<u>2,538,751</u>	<u>8,281</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen (Resident) Participation	346,000	345,365		345,365		345,365	0
CPED	890	Neighborhood Business Association	174,000	173,681		173,681		173,681	0
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	784	976,128	234,645
CPED	890	Program Administration	75,000	74,862		74,862		74,862	0
Health & Family Support	860	Grant Administration	100,000	99,816		99,816		99,816	0
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910		48,910	0
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607		82,607	0
Health & Family Support	860	New Arrivals	18,251	18,251		18,251		18,251	0
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934		35,934	0
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569		252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,237)	204,342		204,342	0
Grants and Special Projects	800	Metro Fair Housing-Multi Jurisdictional	18,000	17,967		17,967		10,655	7,312
Grants and Special Projects	800	Housing Discrimination Law Project-Legal Aid	80,000	79,853		79,853		79,853	0
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651		189,651	0
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	22,588	93,608	4,212
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892	9,892	58,892	0
		Subtotal Administrative Grants	<u>3,191,251</u>	<u>3,185,427</u>	<u>(194,135)</u>	<u>2,991,292</u>	<u>33,264</u>	<u>2,745,123</u>	<u>246,169</u>
	123	Block E Deficit Reduction	0	0	194,135	194,135	0	0	194,135
		<b>GRAND TOTAL</b>	<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ -</u>	<u>\$ 16,313,000</u>	<u>\$ 1,517,723</u>	<u>\$ 15,001,574</u>	<u>\$ 1,311,426</u>

**CDBG Program Year 29**  
**Beginning June 1, 2003**  
**December 31, 2007**

Department	Agy	Project	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	641,000				641,000	-	641,000	-
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000				99,000		99,000	-
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	6,620	5,017,489	38,752
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000				300,000		300,000	-
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	29,709	5,352,336	2,523
Public Works	680	Public Works Community Center Operations	42,000				42,000		11,235	30,765
Subtotal Capital Grants			<u>\$ 9,173,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,319,859</u>	<u>\$ 11,493,100</u>	<u>\$ 36,329</u>	<u>\$ 11,421,060</u>	<u>\$ 72,040</u>
<b>Public Service Grants:</b>										
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510				345,510	-	345,510	-
Subtotal Administrative Grants			<u>\$ 345,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,510</u>	<u>\$ -</u>	<u>\$ 345,510</u>	<u>\$ -</u>
	123	Block E Deficit Reduction		273,936	50,139		324,075			324,075
GRAND TOTAL			<u>\$ 9,518,751</u>	<u>\$ 273,936</u>	<u>\$ 50,139</u>	<u>\$ 2,319,859</u>	<u>\$ 12,162,685</u>	<u>\$ 36,329</u>	<u>\$ 11,766,570</u>	<u>\$ 396,115</u>

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

Source : Period 12, February 2, 2008 G101M

**CDBG Program Year 28**  
**Beginning June 1, 2002**  
**December 31, 2007**

Department	Agy	Project	Budget	2006R-477		Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
				5/17/2002	2002R-328					
<b>Capital Grants:</b>										
Public Works	680	Public Works Community Center Operations	\$ 42,000				\$ 42,000	\$ -	\$ 4,600	\$ 37,400
Regulatory Services	835	Boarded Building Demolition	\$ 62,835				62,835	-	62,635	200
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000				83,000	-	83,000	0
CPED	890	Adult Training, Placement & Retention	441,000	124,185			565,185	-	441,000	124,185
MCDA/CPED	340/890		0			183,091	183,091	121,377	121,377	61,714
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000				628,000	462,928	507,923	120,077
MCDA/CPED	340/890	Last Resort	250,000		(250,000)	400,000	400,000	13,788	400,000	0
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000		250,000		3,558,000	5,000	3,558,000	0
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000	(124,185)			273,815	12,937	192,801	81,014
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	1,214,000			550,000	1,764,000	395,581	1,752,541	11,460
MCDA/CPED	340/890	Vacant/Boarded Housing Program	2,640,000	200,000		713,138	3,553,138	104	3,553,138	0
MCDA/CPED	340/890	Rehabilitation Incentive Fund	390,000	(200,000)			190,000		3,024	186,976
Subtotal Capital Grants			<u>\$ 9,456,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846,229</u>	<u>\$11,303,064</u>	<u>\$ 1,011,715</u>	<u>\$ 10,680,038</u>	<u>\$ 623,026</u>

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

Source : Period 12, February 2, 2008 G101M

**CDBG Programs Year 27 and Prior**  
**Program Years Beginning on June 1, 1996 through 2001**  
**December 31, 2007**

Department	Agy	Grant	Budget	Reprogram 2006-R477	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
Park & Recreation Board	127	Hosmer	\$ 33,537		\$ 33,537		\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		25,000			25,000
Non Departmental	123	Relocation	325,000		325,000	36,694	325,000	0
MCDA/CPED	890	Adult Training, Placement & Retention		275,815	275,815		275,815	0
MCDA/CPED	380/890	Plan 96/97	1,167,049		1,167,049		1,167,022	26
MCDA/CPED	380/890	Planning Commission Corridor	172,762		172,762		172,762	0
MCDA/CPED	340/890	Lead Abatement	11,695		11,695			11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,835.59		6,318,836		6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343		174,343		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		5,473,944	2,368
MCDA/CPED	340/890	YWCA	1,760		1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000		450,000		416,214	33,787
MCDA/CPED	340/890	GMMHC 96/97	2,187,967		2,187,967		2,187,967	(0)
MCDA/CPED	340/890	Ell Pk NRSP96	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		681,672	0
MCDA/CPED	340/890	Jordan NRP	337,612		337,612		337,612	(0)
MCDA/CPED	340/890	CAMDEN 96/97	130,233		130,233			130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	(275,815)	2,025,129		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	121,713	306,163	0
MCDA/CPED	340/890	38 & Cedar 96	52		52		0	52
Subtotal Capital Grants			<u>\$ 20,750,649</u>	<u>\$ (0)</u>	<u>\$ 20,750,649</u>	<u>\$ 158,407</u>	<u>\$ 20,166,429</u>	<u>\$ 584,220</u>

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

Source : Period 12, February 2, 2008 G101M

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Fourth Quarter ending December 31, 2007**

<b>Fund 6000</b>	<b>2007 Budget</b>	<b>2007 4<sup>th</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	4,381,000	4,097,381	283,619	93.5%
<b>Expenses</b>	4,438,919	4,153,034	285,885	93.6%
<b>Revenue over(under) Expenses</b>	(57,919)	(55,653)		

**Program Description:**

The Engineering, Materials and Testing Fund accounts for the City purchases 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 reviewing various options for supplying asphalt. In 2006, the City decided to permanently close the City of Minneapolis Asphalt Plant. Currently, an asphalt storage silo distribution facility is used to distribute asphalt to City departments. The demand for asphalt has decreased due to a decrease in capital expenditures.

**Revenue:**

The revenue sources for this Fund include the sale of procured Hot-Mix Asphalt and Ready-Mix Concrete materials and Inspection and Testing Services. Paving Construction is the primary customer and the demand for products is seasonal beginning in April and concluding in late November. Revenues through the fourth quarter are \$4,097,381, or 93.5% of the budgeted amount of \$4,381,000. Revenues are primarily dependent on the construction season which does not begin until late spring. The fund incurred a \$55,653 loss for the fiscal year ending December 31, 2007.

**Expenses:**

Total expenditures for the year are \$4,153,034 or 93.6% of the \$4,438,919 budget. Expenditures for this fund fluctuate due to the customer's seasonal requirements for products and services. For fiscal year 2007, the procurement of Hot-Mix Asphalt at a cost of \$2,019,296 and Ready-Mix Concrete at cost of \$850,362 accounted for 69.8% of the \$4,111,034 in operating expenses.

**Transfers:**

The fund has a 2007 non-operating budget transfer of \$42,000 related to debt service for the MERF unfunded liability.

**Net Assets:**

This fund maintained a favorable position related 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, significant fluctuations for products and services occurred. In 2003, the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003 resulted in an extraordinary loss of \$777,000 from the disposal of this fixed asset. The 2006 year end net asset balance is \$267,046 which represents a decrease of \$103,811 from the 2005 ending balance of \$370,857.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Asphalt / Cement	3,381,000	3,251,259	3,179,554	3,312,419
Inspection revenue	1,000,000	846,122	828,035	868,124
<b>Total Operating Revenues</b>	<b>4,381,000</b>	<b>4,097,381</b>	<b>4,007,589</b>	<b>4,180,543</b>
<b>Operating Expenses:</b>				
Personnel	962,386	774,687	781,657	799,845
Contractual	518,195	321,108	330,072	384,768
Materials/Other	2,802,611	2,901,513	2,903,923	3,110,509
Rent	96,378	96,378	55,160	40,472
Depreciation	17,349	17,349	19,352	14,919
<b>Total Operating Expenses</b>	<b>4,396,919</b>	<b>4,111,034</b>	<b>4,090,164</b>	<b>4,350,513</b>
<b>Operating Margin</b>	<b>(15,919)</b>	<b>(13,653)</b>	<b>(82,575)</b>	<b>(169,970)</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Transfers in	-	-	-	-
Transfers out	(42,000)	(42,000)	(22,123)	(61,182)
Gains (Losses)		-	-	(534)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(42,000)</b>	<b>(42,000)</b>	<b>(22,123)</b>	<b>(61,716)</b>
<b>Net Income</b>	<b>(57,919)</b>	<b>(55,653)</b>	<b>(104,698)</b>	<b>(231,686)</b>
<b>Significant Balance Sheet Items</b>				
Cash		243,364	293,940	652,042
Accounts Receivable		-	-	1,133
Accounts Payable		(72,508)	(36,949)	(307,244)
Reserve for renewal		(639,673)	(639,673)	(639,673)

**City of Minneapolis  
Fleet Services Division  
For the Fourth Quarter ending December 31, 2007**

Fund 6100	2007 Budget	2007 4 <sup>th</sup> Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	46,140,500	43,687,012	2,453,488	94.7%
<b>Expenses</b>	45,238,479	41,532,483	3,705,996	91.8%
<b>Revenue Over (Under) Expenses</b>	902,021	2,154,529		

**Program Description:**

The Fleet Services Division Fund manages the acquisition, maintenance and disposal of over 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 City-owned and contractual equipment.

**Revenue:**

The revenue for this fund is earned from charges to City departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates charged are set at the beginning of the year to match the corresponding expenses, including overheads that are required to be recovered. In 2007, the revenue for the year is \$43,687,012 and closely matches the expenses of \$41,532,483. The 2007 revenue earned from Rental of equipment is less than 2006 due to a decrease in City construction and the resulting decrease in demand for City equipment and operators.

**Expenses:**

Personnel expenditures for the year are 36.9% of the total expenditures. This fund provides mechanics to maintain the equipment and also drivers and operators for the machinery that is used in construction and snow plowing. Expenses are following revenues and are tracking slightly higher than in 2006.

**Transfers:**

This fund receives a transfer in of \$4.18 million in 2007 from the general fund in accordance with the accepted workout plan. An equal transfer amount occurred in 2006.

**Net Assets:**

Net assets for the year ending 2006 are \$18.4 million which is an increase of \$3.0 million from 2005 net asset balance of \$15.4. 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 \$33.4 million in bonds that are currently outstanding. The workout plan for this fund has eliminated the sale of bonds to support equipment purchases as of 2005.

City of Minneapolis  
Fleet Services Division Fund  
Statement of Revenue and Expenses  
For Fourth Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Charges for Services and Sales	15,260,000	16,859,053	14,757,349	13,050,734
Rent Public Works and Other	26,500,000	22,360,887	23,137,121	22,575,697
<b>Total Operating Revenue</b>	<b>41,760,000</b>	<b>39,219,940</b>	<b>37,894,470</b>	<b>35,626,431</b>
<b>Operating Expenses:</b>				
Personal Services	18,644,587	15,333,808	14,726,580	15,677,189
Contractual Services	9,148,007	8,499,738	8,931,206	7,561,635
Materials, supplies, services and other	4,833,444	5,086,495	3,017,217	3,422,441
Rent	980,092	980,092	964,030	580,520
Cost of Stores Issuance	4,418,735	4,418,735	4,166,254	3,625,261
Depreciation	5,148,715	5,148,715	5,517,018	4,877,186
<b>Total Operating Expenses</b>	<b>43,173,579</b>	<b>39,467,583</b>	<b>37,322,305</b>	<b>35,744,232</b>
<b>Operating Margin</b>	<b>(1,413,579)</b>	<b>(247,642)</b>	<b>572,165</b>	<b>(117,801)</b>
<b>Non-Operating Revenues/(Expenses):</b>				
Interest Revenue	500	791	1,384	1,375
Interest on Bonds	(1,732,900)	(1,732,900)	(1,949,950)	(1,942,962)
Gains/Losses on disposal of fixed assets	200,000	281,943	100,151	402,812
Damages/Losses recovered	-	4,338	45,958	-
Other Revenue	-	-	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,532,400)</b>	<b>(1,445,828)</b>	<b>(1,802,457)</b>	<b>(1,538,775)</b>
<b>Operating Transfers in (out)</b>				
Transfers from other fund	4,180,000	4,180,000	4,180,000	4,180,000
Transfers to other fund	(332,000)	(332,000)	(130,669)	(375,564)
<b>Total Operating Transfers</b>	<b>3,848,000</b>	<b>3,848,000</b>	<b>4,049,331</b>	<b>3,804,436</b>
<b>Net Income</b>	<b>902,021</b>	<b>2,154,529</b>	<b>2,819,039</b>	<b>2,147,860</b>
<b>Significant Balance Sheet Items</b>				
Fleet Purchases		4,356,604	6,646,400	3,991,512
Operating Cash		200,262	2,036,301	1,250,860
Net Building Value		25,221,580	25,821,732	26,422,039
Net Fleet Value		27,721,241	27,859,227	27,125,003
Bonds Payable		33,415,028	39,136,041	44,967,054
<b>Significant Cash Flow Items</b>				
Bond Proceeds		-	-	5,540,000
Principal on Work out Bonds	(5,235,000)	(5,235,000)	(6,377,700)	(2,472,300)
Principal on Facilities Bonds	(395,000)	(395,000)	(1,312,250)	(3,875,250)
<b>Total Cash Flow Items</b>		<b>(5,630,000)</b>	<b>(7,689,950)</b>	<b>(807,550)</b>

**City of Minneapolis  
Property Services Division  
For the Fourth Quarter ending December 31, 2007**

<b>Fund 6200</b>	<b>2007 Budget</b>	<b>2007 4<sup>th</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	20,154,000	19,573,493	580,507	97.1%
<b>Expenses</b>	20,369,778	20,075,843	293,935	98.6%
<b>Revenue over(under) Expenses</b>	(215,778)	(502,350)		

**Program Description:**

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, public works buildings and parking structures. The fund does not manage City Hall or Water and Park Board buildings. The fund is also responsible for 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 configured to enable the fund to charge the correct amount for its goods and services to match its expenses. Operating revenue through 2007 is \$18,920,410, an increase of 20.6% over 2006. This increase is primarily due to an increase in demand for maintenance services provided to other departments. In addition, rate increases for 2007 property service rents increased an average of 2.0%. Some property service rents included the addition of utility service costs in 2007, which provided another increase to revenue. The fund received revenue of \$1.3 million from the sale of City owned land to the Minnesota Twins and the U of M Gophers as the future site of new stadiums.

**Expenses:**

The operating expenditures for 2007 are \$19,649,480 an increase of 14.5% over 2006. Personnel expenses provide labor used to maintain property and account for approximately 41.2% of operating expenditures. Contractual expenditures increased 25.8% compared to 2006. This is primarily due to an increase in demand for services provided to other departments.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2007 the debt service consists of \$615,000 in principal payment and \$357,363 of interest. Each year, the General Fund transfers an amount to cover the difference between the \$350,000 and the total debt payment for the year. In 2007, the transfer amount is \$622,363.

**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. At year end 2006, the fund has a net asset position of \$28.6 million a decrease of \$1.0 million from the 2005 balance of \$29.6 million. The depreciation of capital assets will continue to decrease the net asset position.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For Fourth Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Charges for Services And Sales	11,647,500	11,614,196	8,428,660	10,355,991
Rents Public Works and Other	7,853,500	7,306,214	7,266,776	6,542,120
<b>Total Operating Revenue</b>	<b>19,501,000</b>	<b>18,920,410</b>	<b>15,695,436</b>	<b>16,898,111</b>
<b>Operating Expenses:</b>				
Personal Services	7,518,512	8,086,044	7,561,286	7,323,047
Contractual Services	8,672,731	8,250,828	6,561,024	6,213,645
Materials, Supplies, Services and Other	2,328,436	1,888,872	1,593,335	1,499,770
Rent	197,703	197,703	194,038	174,261
Depreciation	1,226,033	1,226,033	1,243,378	1,348,730
<b>Total Operating Expenses</b>	<b>19,943,415</b>	<b>19,649,480</b>	<b>17,153,061</b>	<b>16,559,453</b>
<b>Operating Margin</b>	<b>(442,415)</b>	<b>(729,069)</b>	<b>(1,457,625)</b>	<b>338,658</b>
<b>Non-Operating Revenues/(Expenses):</b>				
Interest Revenue	-	83	20	39
Interest on Bonds	(357,363)	(357,363)	(383,563)	(409,163)
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(357,363)</b>	<b>(357,280)</b>	<b>(383,543)</b>	<b>(409,124)</b>
<b>Operating Transfers in(out)</b>				
Transfers from other fund	653,000	653,000	843,600	811,613
Transfers to other fund	(69,000)	(69,000)	(31,089)	(85,976)
<b>Total Operating Transfers</b>	<b>584,000</b>	<b>584,000</b>	<b>812,511</b>	<b>725,637</b>
<b>Net Income</b>	<b>(215,778)</b>	<b>(502,349)</b>	<b>(1,028,657)</b>	<b>655,171</b>
<b>Significant Balance Sheet Items</b>				
Operating Cash		829,006	37,714	1,689,344
Bonds Payable		(8,262,505)	(8,896,144)	(9,569,783)
Due to Other Funds		-	-	(1,044,542)
<b>Significant Cash Flow Items</b>				
Bond Principle payments	(615,000)	(615,000)	(655,000)	(640,000)

**City of Minneapolis  
Public Works Stores  
For the Fourth Quarter ending December 31, 2007**

Fund 6300	2007 Budget	2007 4 <sup>th</sup> Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	3,589,500	4,334,972	(745,472)	120.8%
<b>Expenditures</b>	3,608,007	4,155,573	(547,566)	115.2%
<b>Revenue over(under) Expenses</b>	(18,507)	179,399		

**Program Description:**

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

**Revenue:**

Revenue in fiscal year 2007 totaled \$4,334,972, or 120.8%, of the annual budgeted amount of \$3,589,500. Traffic Stores revenue accounted for 70.0% of the total operating revenue earned. Revenue earned by Traffic Stores is budgeted at 51.8% of the total and Central Stores is budgeted at the remaining 48.2%. The increase in revenue for Traffic Stores is attributed to the sale of traffic signal controller components for assembly for future transportation projects.

**Expenses:**

The total expenses for the fund in 2007 are \$4,155,573, which is 115.2% of the annual budget. The Cost of Stores Issuance, \$3,095,634, is 30.4% over the 2007 budgeted amount of \$2,372,158. This is primarily due to an increase in demand for traffic signal controllers that are assembled from parts sold from Traffic Stores. Expenditures for Central Stores are at 78% of their budget. The decrease to expenses is the result of a decrease in demand for merchandise ordered by Central Stores for other City Departments.

**Transfers:**

The 2007 non-operating transfers total \$11,000 for payment of debt related to the MERF unfunded liability.

**Net Assets:**

The Public Works Stores Fund continues to maintain positive net income with a net asset balance at year-end 2006 of \$3,369,575, an increase of \$325,896 from the 2005 ending balance of \$3,043,679.

The fund has a negative cash balance of (\$561,054) at year end. The value of the inventory is \$4,364,386 which is a 19.4% increase over the same period in 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 zero when the inventory has an approximate value of \$3.2 million.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Fourth Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Central Stores	1,729,500	1,302,372	1,507,113	1,717,815
Traffic Stores	1,860,000	3,032,600	2,890,375	3,188,324
<b>Total Operating Revenues</b>	<b>3,589,500</b>	<b>4,334,972</b>	<b>4,397,488</b>	<b>4,906,139</b>
<b>Operating Expenses:</b>				
Personnel	669,553	713,774	618,339	577,077
Contractual	288,645	248,872	229,538	216,583
Materials/Other	241,497	61,138	92,184	98,870
Rent	25,154	25,154	68,376	65,112
Cost of Stores Issuance	2,372,158	3,095,634	3,061,633	3,520,139
Depreciation	-	-	-	316
<b>Total Operating Expenses</b>	<b>3,597,007</b>	<b>4,144,573</b>	<b>4,070,070</b>	<b>4,478,097</b>
<b>Operating Margin</b>	<b>(7,507)</b>	<b>190,399</b>	<b>327,418</b>	<b>428,042</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Interest Income (Expense)	-	-	757	-
<b>Total Non-Operating Revenues (Expense)</b>	<b>-</b>	<b>-</b>	<b>757</b>	<b>-</b>
<b>Operating Transfer In (Out)</b>				
Transfers from other fund	-	-	-	10,781
Transfers to other fund	(11,000)	(11,000)	-	(219)
<b>Total Operating Transfers</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>-</b>	<b>10,562</b>
<b>Net Income</b>	<b>(18,507)</b>	<b>179,399</b>	<b>328,174</b>	<b>438,604</b>
<b>Significant Balance Sheet Items</b>				
Operating Cash		(561,054)	(877,261)	91,610
Accounts Receivable		16,162	24,371	16,928
Inventories		4,364,386	5,009,908	3,104,057
Accounts Payable		(204,535)	(722,112)	(111,631)
Salaries Payable		(53,032)	(45,705)	(37,630)

**City of Minneapolis  
Intergovernmental Service Fund  
For the Fourth Quarter ending December 31, 2007**

<b>Fund 6400</b>	<b>2007 Budget</b>	<b>2007 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue including Transfers	58,800,885	50,926,558	7,874,327	86.6%
Operating Expenditures including Transfers	43,930,183	40,337,071	3,593,112	91.8%
Operating Revenue Over (Under) Expenditures	14,870,702	10,589,487		

**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, convenience copier function, broadband wireless, and deployment of software and hardware.

**Revenue:**

Operating revenue through the fourth quarter of 2007 is \$35,890,289, or 82.7% of the annual budgeted amount of \$43,421,885. Revenue sources include mailing and copying services, telecom charges, Project Management Operation (PMO) projects, and BIS charges based on the rate model. The revenue for BIS is driven by rates charged for services and customers' technology needs. The BIS rate model uses the expense budget, depreciation, and overhead to determine technology rates. Revenue earned through PMO projects for fiscal year 2007 is \$2,628,037 less than PMO expenditures for the same period. PMO expenditures exceeded revenue due to expenditures for the new Finance system exceeding revenues by \$1.5 million, implementation of WIFI incurring \$700,000 in expenditures without generating any revenues, and various other PMO projects reporting expenditures that exceeded revenues by \$438,000. Fourth quarter revenues include a transfer from the General Fund of \$3.5 million for an interfund loan payment to the Convention Center. The fund also receives debt service transfers based on the deficit reduction plan for the fund.

**Expenses:**

Operating expenses through the fourth quarter are \$40,160,041, or 91.8% of the annual budget. The actual expenditures were close to budgeted expenditures for all cost centers except BIS-PMO. As projects are added to the BIS-PMD cost center, the revenue and expenditure budgets increase as funding for projects is provided by the customer. Expenditures are recorded throughout the duration of the project. Interest payments on bonded debt totaled \$1.7 million for the fiscal year.

**Financial:**

The Intergovernmental Services Fund is tracking positively to increase its net asset position. The projected net asset balance for 2007 is a deficit of \$13.6 million which is an increase in net assets of \$10.2 million from the deficit of \$23.8 million 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 Operations area.

City of Minneapolis, Minnesota  
Intergovernmental Services Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Charges for Service:				
BIS - PMO	20,989,028	14,786,540	14,523,182	14,101,016
BIS-Telecom	5,223,572	5,774,633	6,382,488	3,021,721
BIS - Operating-other	15,993,684	14,113,515	12,836,673	14,437,083
CC-Mailing Services/Data Center	544,475	592,115	461,425	57,840
CC-Copy Services	671,126	623,486	914,431	803,649
<b>Total Operating Revenues</b>	<b>43,421,885</b>	<b>35,890,289</b>	<b>35,118,198</b>	<b>32,421,309</b>
<b>Operating Expenses:</b>				
BIS - PMO	20,989,028	17,414,577	15,206,006	13,162,684
BIS - Telecom	2,120,671	1,641,475	1,628,910	1,740,151
BIS - Operating-other	19,087,454	19,558,478	17,742,917	16,245,487
CC-Mailing Services/Data Center	683,713	677,378	455,598	173,308
CC-Copy Services	670,010	670,010	790,217	659,611
Human resources	202,277	198,124	195,437	166,065
<b>Total Operating Expenses</b>	<b>43,753,153</b>	<b>40,160,041</b>	<b>36,019,085</b>	<b>32,147,306</b>
<b>Operating Margin</b>	<b>(331,268)</b>	<b>(4,269,752)</b>	<b>(900,887)</b>	<b>274,003</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Gains (Losses)	-	-	(31,852)	(304,473)
Depreciation	(2,441,971)	(2,441,971)	(3,962,907)	(6,510,263)
Interest on Bonded Debt	(1,694,956)	(1,672,782)	(2,038,485)	(2,064,478)
Other Non Operating Income (Expense)	-	-	(4,041)	514,075
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,136,927)</b>	<b>(4,114,753)</b>	<b>(6,037,285)</b>	<b>(8,365,139)</b>
<b>Operating Transfer In (Out)</b>				
Transfers from other fund	15,379,000	15,036,269	10,570,193	10,780,983
Transfers to other fund	(177,030)	(177,030)	(57,349)	(218,861)
<b>Total Operating Transfers</b>	<b>15,201,970</b>	<b>14,859,239</b>	<b>10,512,844</b>	<b>10,562,122</b>
<b>Net Income</b>	<b>10,733,775</b>	<b>6,474,734</b>	<b>3,574,672</b>	<b>2,470,986</b>
<b>Significant Balance Sheet Items</b>				
Cash	(1,885,745)	(1,885,745)	(1,661,324)	338,775
Accounts Receivable	365	365	1,658	63,622
Capital Asset	1,901,029	1,901,029	0	178,829
Work-in-progress	24,913,697	24,913,697	13,040,241	13,040,241
Interfund Loans	(10,114,051)	(10,114,051)	(14,548,952)	(14,548,952)
Bonds Payable	(34,759,138)	(34,759,138)	(35,775,000)	(34,275,000)
Deferred Income	(4,182,529)	(4,182,529)	(5,755,117)	(5,949,886)
<b>Significant Cash Flow Items</b>				
Capital Outlay			(8,325,000)	
Principal on Bonds	(2,565,000)	(2,565,000)	(8,325,000)	(6,670,000)

**City of Minneapolis  
Self-Insurance Fund  
For Fourth Quarter Ending December 31, 2007**

<b>Fund 6900</b>	<b>2007 Budget</b>	<b>2007 4th Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	88,656,640	87,782,131	874,509	99.0%
Expenditures	83,894,933	84,043,141	(148,208)	100.2%
Revenue Over (Under) Expenses	4,761,707	3,738,990		

**Program Description:**

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

**Revenue:**

Revenues vary by activity. Human Resources collect revenue from payroll withholding and employee contributions 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 City departments that use this program. Tort Liability including administrative services of the City Attorney's Civil Division earns revenue by billing departments participating in Self-Insurance. Deferred revenue is increased to reflect additional reserves for the Metro Pass program.

For fiscal year ending December 31, 2007, total revenues, including a transfer from the General Fund of \$4.75 million, are \$87,782,131, an increase of 6.6% over total revenue earned through year-end 2006. Operating revenues are \$83,032,131 resulting in an increase of 12.9% from year 2006. An increase in the cost of health care premiums and an increase to the rates charged to departments for the self insurance liability and workers compensation premiums account for the additional revenue. The Finance-Employment Services cost center receives revenue from City departments as reimbursement for services related to employment screenings. The revenue received for these services in 2007 is \$338,616. The remaining budgeted revenue for this cost center is provided through premiums for workers compensation and tort liability received from City departments.

**Expenses:**

The primary expenditure of this fund, approximately 70.0%, is payment of employee fringe benefits included in the Health and Welfare account. Worker's Compensation and Tort Liability expenditures include the payments for liability and the costs of administering the plans.

Total expenditures through fiscal year 2007 are \$84,043,141, an increase of 12.9% over the total expenditures in year 2006. This increase is primarily due to an increase of 55.4% in the amount paid to settle claims resulting from tort liability from year 2006 to 2007. Expenditures related to Health and Welfare (employee benefits) increased 8.8% over fiscal year 2006. Health and Welfare expenses are related to employee participation in various health, dental, life insurance, and reimbursement plans. These expenses are recovered through payroll deductions and do not affect the fund performance.

**Transfers:**

In 2007, this fund receives an interfund transfer of \$4,750,000 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 projected net asset position at year end 2007 is a deficit of \$26.4 million which is a reduction of \$3.7 million from the net asset ending balance of \$30.1 million in 2006. The deficit is primarily due to the large liability for unpaid claims for the City's General Liability and Workers Compensation. The liability was determined to be \$33.5 million at the end of 2007. The net asset deficit is tracking close to the Deficit Reduction Plan. The ending cash balance for year 2007 is \$11.0 million.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Health & Welfare (employee benefits)	63,780,431	59,993,307	54,719,946	48,255,288
Workers Compensation	7,562,803	8,252,076	8,786,419	8,521,189
Liability - Subrogation	9,370,060	13,319,374	8,590,318	8,291,921
Attorney Office Services	30,000	11,863	43,668	16,633
Human Resources Services	1,110,538	1,116,895	857,723	785,576
Finance-Employment Services	2,052,808	338,616	559,295	271,258
<b>Total Operating Revenues</b>	<b>83,906,640</b>	<b>83,032,131</b>	<b>73,557,369</b>	<b>66,141,865</b>
<b>Operating Expenses:</b>				
Health & Welfare (employee benefits)	63,533,567	58,700,370	53,987,035	47,309,404
Workers Compensation	7,562,803	6,340,188	6,041,860	6,519,557
Liability & Settlements	3,978,312	9,866,643	6,350,799	4,728,586
City Attorney's Office/Civil Division-Litigation	5,463,479	5,405,857	4,845,994	4,986,364
Risk Management - WC/Risk	2,053,620	2,463,967	1,963,442	1,476,400
Human Resource - Employee Benefits	1,137,152	1,115,857	1,089,526	961,133
<b>Total Operating Expenses</b>	<b>83,728,933</b>	<b>83,892,882</b>	<b>74,278,656</b>	<b>65,981,444</b>
<b>Operating Margin</b>	<b>177,707</b>	<b>(860,751)</b>	<b>(721,287)</b>	<b>160,421</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Interest on Bonded Debt	(69,000)	(52,420)	(114,061)	(159,723)
Other Non Operating Income (Expense)	-	(839)	15,000	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(69,000)</b>	<b>(53,259)</b>	<b>(99,061)</b>	<b>(159,723)</b>
<b>Operating Transfer In (Out)</b>				
Transfers from other fund	4,750,000	4,750,000	8,745,047	3,869,703
Transfers to other fund	(97,000)	(97,000)	(45,349)	(125,412)
<b>Total Operating Transfers</b>	<b>4,653,000</b>	<b>4,653,000</b>	<b>8,699,698</b>	<b>3,744,291</b>
<b>Net Income</b>	<b>4,761,707</b>	<b>3,738,990</b>	<b>7,879,350</b>	<b>3,744,989</b>
<b>Significant Balance Sheet Items</b>				
Cash Balance		11,001,677	5,541,017	1,797,175
Due from Other funds		181,930	2,823,000	181,930
Bonds Payable		(1,060,000)	(1,380,000)	(4,460,000)
Unpaid Claims		(33,467,000)	(32,245,631)	(28,938,187)
Net Assets		(24,927,102)	(30,102,435)	(36,040,033)
<b>Significant Cash Flow Items</b>				
Bond Principal Payments	(320,000)	(320,000)	(4,015,000)	(890,000)

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Fourth Quarter Ending December 31, 2007**

<b>Fund 7100</b>	<b>2007 Budget</b>	<b>12/31/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	40,915,254	41,113,196	(197,942)	100%
Operating Expenditures	39,657,284	39,019,556	637,728	98%
Operating Margin	1,257,970	2,093,640		
Net Income	(434,824)	417,042		

**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 of \$41.1 million through the end of the fourth quarter is at 100% of the budget compared to \$38.6 million through December of 2006. This has exceeded the fourth quarter revenue of 2006 by \$2.5 million, or by 6%. The increase in revenue for the quarter is primarily due to increased revenues from increased rates (\$2.10 in 2006 to \$2.30 in 2007) in Utility Charges. Inspection Services revenues related to SAC charges are lower compared to fourth quarter of 2006 by \$200,000 or by 5%, primarily due to reduction in new construction projects.

**Expenses:**

The Sanitary Sewer fund's operating expenditures of \$39 million through the fourth quarter is at 98% of the budget. Compared to \$38.5 million for 2006, this is an increase of \$500,000 or 1%. This increase in expenditure in 2007 is also, in part, due to increase in rates charged by MCES.

**Transfers:**

Fund transfer is budgeted at \$348,000. By the end of the quarter, \$348,000 has been transferred to fund MERF unfunded liability.

**Debt Service:**

This fund did not have any debt service in the past but, starting from 2007, there are capital projects which are bond-funded that total \$6.2 million. For the year, \$137,000 in interest, and \$767,000 towards bond principal were paid. As bonds are sold, the fund will have its share of the debt service schedule.

**Other Financial Items:**

The current operating cash balance is \$6.7 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 \$9.8 million, which results in a shortfall of \$3.1 million.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006, and 2005

	Budget Year 2007	Year Ending 2007	Year Ending 2006	Year Ending 2005
<b>Operating Revenues:</b>				
Sewage Disposal	35,924,571	37,263,266	34,483,121	34,030,332
Other Services Provided	605,841	196,103	147,604	186,884
Inspection Services	4,384,842	3,659,793	3,856,433	2,685,275
Interest		(5,966)	121,336	11,071
<b>Total Operating Revenues</b>	<b>40,915,254</b>	<b>41,113,196</b>	<b>38,608,494</b>	<b>36,913,562</b>
<b>Operating Expenses:</b>				
Sewer Design	397,297	257,895	91,742	248,215
Sewer Maintenance	6,057,982	5,583,522	5,470,737	5,140,759
Met Council Env. Svcs.	33,202,005	33,178,140	32,927,301	30,785,678
<b>Total Operating Expenses</b>	<b>39,657,284</b>	<b>39,019,556</b>	<b>38,489,780</b>	<b>36,174,652</b>
<b>Operating Margin</b>	<b>1,257,970</b>	<b>2,093,640</b>	<b>118,714</b>	<b>738,910</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Net Transfers (out)	(347,852)	(347,851)	-	(203,236)
Non-Oper Expenses			(42,752)	
Depreciation	(1,199,528)	(1,202,643)	(1,216,303)	(1,228,780)
Special Assessments		11,136	3,934	
Net Interest Income (Exp)	(145,414)	(137,239)	(9,116)	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,692,794)</b>	<b>(1,676,598)</b>	<b>(1,264,236)</b>	<b>(1,432,016)</b>
<b>Net Income</b>	<b>(434,824)</b>	<b>417,042</b>	<b>(1,145,522)</b>	<b>(693,106)</b>
<b>Significant Balance Sheet Items</b>				
Operating Cash	-	6,755,406	7,591,344	6,180,902
Accounts Receivable	-	3,392,937	2,706,241	2,827,233
<b>Significant Cash Flow Items</b>				
Capital Outlay	6,250,000	2,527,397	185,449	191,466
Bond Principle payments	767,000	767,000	72,000	-

**City Of Minneapolis  
Stormwater Fund  
For the Fourth Quarter Ending December 31, 2007**

<b>Fund 7300</b>	<b>2007 Budget</b>	<b>12/31/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	31,485,253	31,130,825	354,428	99%
Operating Expenditures	19,193,832	17,266,384	1,927,448	90%
Operating Margin	12,291,421	13,864,441		
Net Income	6,079,896	6,896,533		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Stormwater and Sanitary Sewer. The Stormwater fund accounts for 15% of the treatment work done through Met Council Environmental Services. The fund also accounts for storm water activities which include Combined Sewer Overflow (CSO) program, Street Cleaning, Sewer Design and Sewer Maintenance.

**Revenue:**

The Stormwater revenue of \$31.1 million through fourth quarter stands at 99% of the budget. It is an increase of \$1.4 million or 5% over fourth quarter of 2006. The increase is due to revenues from Stormwater fees. With \$28.5 million in fee revenues, and grants fully realized, the overall revenue has been in track with 2007 budget. Engineering Services revenue of \$1.5 million through the quarter has surpassed the estimate of \$1.1 million for the year, as design expenses were charged to internal capital projects.

**Expenses:**

Stormwater fund operating expenses ended at 90% of the budget through the fourth quarter. Expenses through the quarter totaled \$17.3 million compared \$17.6 million for 2006. This is a decrease of \$400,000 or 2%. Except for the Sewer Design, all other cost centers showed decrease in expenditures compared to 2006. Non operating expenditures still run higher than non operating revenues by \$1.3 million but it is an improvement over 2006 by \$300,000.

**Transfers:**

Transfer out of \$349,380 has been fully recognized through the quarter. This transfer includes payment for MERF pension's unfunded liability. There was also a transfer in of \$300,000 relating to closing out the New Central Library project.

**Debt Service:**

The debt service payments through the quarter totaled \$10.4 million of which \$7.8 million went towards the principal and \$2.6 million was paid out to cover interest. These payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

**Other Financial Items:**

The operating cash balance for quarter ended at \$2.3 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 \$4.3 million, which results in a shortfall of \$2 million.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006 and 2005

	Budget Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
State Grants	671,441	831,691	671,526	569,414
County Grants	288,165	330,532	205,934	160,147
Stormwater Fees	29,441,279	28,456,918	27,869,040	26,081,247
Other Services Provided	1,084,368	1,511,685	1,031,806	1,038,718
Total Operating Revenues	31,485,253	31,130,825	29,778,306	27,849,526
<b>Operating Expenses:</b>				
Sewer Design	3,007,338	3,068,870	2,634,627	2,424,051
Stormwater Management CSO	1,172,591	1,096,967	1,206,966	1,210,158
Street Cleaning	6,796,011	6,756,250	7,211,034	6,354,645
Sewer Maintenance	3,204,576	1,994,448	2,100,924	2,205,230
Met Council Env. Svcs.	5,013,316	4,349,849	4,480,344	4,740,411
Total Operating Expenses	19,193,832	17,266,384	17,633,895	16,934,496
<b>Operating Margin</b>	12,291,421	13,864,441	12,144,411	10,915,030
<b>Non-Operating Revenues/(Expenses)</b>				
Net Transfers in (out)	(49,380)	(49,379)	(147,696)	(261,845)
Depreciation	(3,610,984)	(3,228,022)	(3,651,631)	(3,665,814)
Special Assessments	115,000	159,005	157,622	263,484
Net Interest Income (Exp)	(2,666,161)	(2,584,198)	(2,482,657)	(2,352,144)
Other Non Operating Income (Exp)	-	(1,265,313)	(1,529,659)	
Total Non-Operating Revenues (Expenses)	(6,211,525)	(6,967,908)	(7,654,021)	(6,016,319)
<b>Net Income</b>	6,079,896	6,896,533	4,490,390	4,898,711
<b>Significant Balance Sheet Items</b>				
Operating Cash		2,324,072	(1,316,044)	4,858,839
Construction Cash	-	213,246	1,209,787	7,383,600
Accounts Receivable	-	4,484,745	6,697,637	2,827,233
Bonds Payable		25,134,910	15,045,426	41,060,909
<b>Significant Cash Flow Items</b>				
Capital Outlay	7,768,000	5,793,504	7,669,863	12,960,277
Bond principle payments	7,797,000	7,796,999	8,360,000	9,609,000

**City of Minneapolis  
Water Fund  
For the Fourth Quarter Ending December 31, 2007**

<b>Fund 7400</b>	<b>2007 Budget</b>	<b>2007 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	65,421,544	66,156,810	(735,266)	101%
Operating Expenditures	43,306,735	43,531,838	(225,103)	101%
Operating Margin	22,114,809	23,049,775		
Net Income (Loss)	7,179,791	10,547,963		

**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 2008 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 is currently operating in a testing and confirmation phase and began distributing water into the Minneapolis system in the fall of 2005. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the design phase. 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.

In 2007, the Water Fund received appropriations to continue ongoing capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement in the amount of \$500,000, the Ultrafiltration Program in the amount of \$4.5 million and Pump Station #4 Rehabilitation in the amount of \$6 million. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining of 10 miles of pipeline with replacement of valves and hydrants to provide a holistic system rehabilitation in project areas. Distribution improvements also include replacement of watermain where conductive soils have caused a number of watermain breaks.

**Revenue:**

For the year 2007, there was a 1.9% increase in the water rate raising the cost of 100 cubic feet from \$2.62 to \$2.67 per unit. The 2007 operating revenue of \$66,156,810 represents a 1.8% increase over the same period in 2006.

The fourth quarter 2007 operating margin is \$23,049,775 or 21% higher than the same period of 2006. The net income for the fourth quarter 2007 increased 40% in 2007 due to an increase of operating revenue of \$1,165,399 over the same period in 2006 and a decrease of operating expenses of \$2,834,076.

**Expenditures:**

Through the fourth quarter of 2007, operating expenditures are \$43,107,035 or 6%, less than for the same period in 2006. This decrease is primarily due to decreases of costs of major repairs and replacements, distribution and treatment.

**Transfers:**

The transfers out of \$760,406 have been made, which includes the MERF (Minneapolis Employee Retirement Fund) pension debt service payments.

**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 Project 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 for the fourth quarter of 2007 is \$1.97 million compared to \$2.5 million for the same period in 2006. The objective is to have a cash balance equal to or greater than 3 months of operating expenses.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For the Fourth Quarter/Years Ending 2007, 2006, 2005

	Budget Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Federal Grants	-	-	36,036	-
Licenses & Permits	1,000	871	728	1,009
Charges For Services	64,085,444	65,234,205	63,223,867	59,897,682
Charges For Sales	1,315,000	920,450	1,702,574	829,696
Interest	-	938	289	990
Other Misc Revenues	20,100	346	27,918	1,251
<b>Total Operating Revenues</b>	<b>65,421,544</b>	<b>66,156,810</b>	<b>64,991,411</b>	<b>60,730,628</b>
<b>Operating Expenses:</b>				
Security	-	-	642,091	911,559
Water Design	938,044	937,199	675,654	657,732
Contribution To Other Funds	8,486,330	7,674,082	5,760,399	6,300,932
Administration & Permits	1,705,175	1,593,561	1,152,765	1,202,302
Treatment	13,048,090	13,604,953	14,607,515	13,134,777
Treatment Maintenance	7,472,824	7,679,260	7,261,963	7,477,241
Distribution	7,906,604	8,065,826	8,184,004	7,762,956
Major Repairs & Replacement	3,749,668	3,552,154	7,656,719	4,929,336
<b>Total Operating Expenses</b>	<b>43,306,735</b>	<b>43,107,035</b>	<b>45,941,111</b>	<b>42,376,835</b>
<b>Operating Margin</b>	<b>22,114,809</b>	<b>23,049,775</b>	<b>19,050,301</b>	<b>18,353,793</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Transfers in	-	-	-	-
Transfers (out)	(760,406)	(760,405)	(274,517)	(689,005)
Depreciation	(9,542,576)	(7,196,443)	(6,846,284)	(6,450,504)
Special Assessments	-	834,398	628,894	825,321
Net Interest Income (Exp)	(4,695,910)	(4,481,093)	(4,371,899)	(4,077,976)
Other Non Operating Income	2,000,000	383,889	603,376	336,960
Other Non Operating (Expenses)	(2,000,000)	(911,354)	(1,000,818)	(791,522)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(14,998,892)</b>	<b>(12,131,008)</b>	<b>(11,261,248)</b>	<b>(10,846,725)</b>
<b>Net Income</b>	<b>7,115,917</b>	<b>10,918,767</b>	<b>7,789,052</b>	<b>7,507,068</b>
<b>Significant Balance Sheet Items</b>				
Operating Cash	-	1,965,367	2,541,860	1,555,548
Construction Cash	-	-	-	436,484
Accounts Receivable	-	7,559,328	4,876,827	5,210,034
Bonds & Notes Payable	-	87,004,292	92,028,999	92,810,711
<b>Significant Cash Flow Items</b>				
Capital Outlay	40,531,642	12,375,804	13,486,869	18,549,576
Bond & Note Principle payments	8,419,436	8,419,436	8,658,552	10,829,467
<b>Total Cash Flow Items</b>	<b>48,951,078</b>	<b>20,795,240</b>	<b>22,145,421</b>	<b>29,379,043</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Year Ending December 31, 2007**

<b>Fund 7500*</b>	<b>2007 Original Budget</b>	<b>2007 Year End Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	50,087,953	51,464,379	(1,376,426)	103%
Expenditures	33,200,346	31,045,031	2,155,315	94%
Operating Margin	16,887,607	20,419,348		
Net Income (Loss)	3,049,004	37,855,963		

\* 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. The parking system has eighteen ramps with the sale of the 10<sup>th</sup> and Washington ramp on September 28, 2007 and the sale of the Center Village Municipal Parking Ramp, the Downtown East Ramp, the Seven Corners Ramp, the Loring Ramp and the Gateway Ramp on October 25, 2007 for \$64,849,429.24. With the expiration of the Ritz Lot lease on December 31, 2006 the City has 5 lots. The City Council has approved the sale of three additional ramps. After the closings on these ramps the parking system will have fifteen ramps and 5 lots.

**Revenues:**

The revenues for the year of 2007 increased by \$1.7 million, or 4.0%, \$51.5 million compared to \$49.8 million for 2006. Off-street parking revenue accounts for \$1.2 million of the increase in spite of the expiration of the Ritz Lot lease and the sale of 6 ramps. The Impound Lot revenue accounts for the other \$0.5 million of the increase.

**Expenditures:**

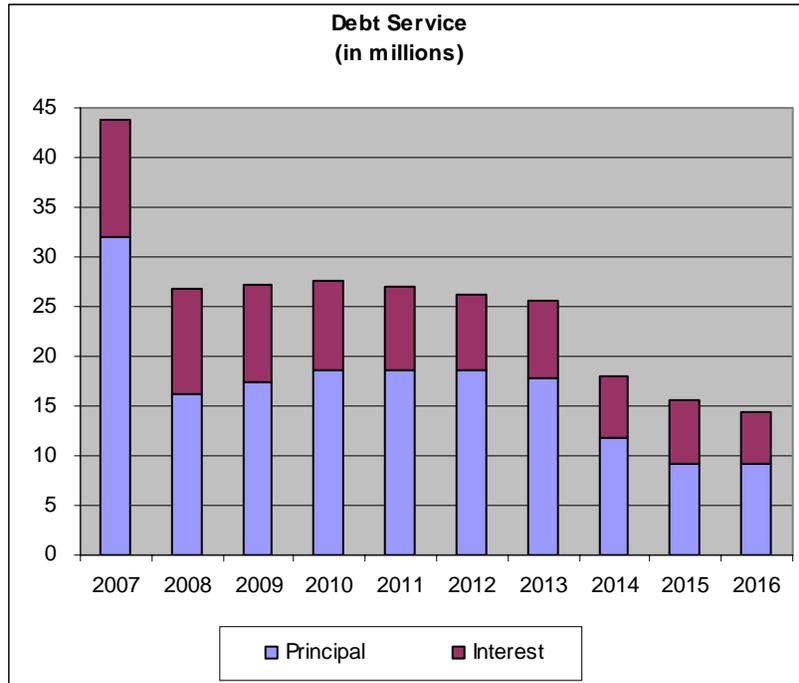
The expenditures, at \$31.0 million for 2007 decreased by \$1.0 million, or 3.0%, compared to \$32.0 million in 2006. Expenditures for off-street parking decreased by \$1.7 million, towing increased by \$0.6 million and on-street parking increased by \$0.1 million.

**Transfers to and from other funds:**

The 2007 transfers into the Parking Fund include \$8.9 million from the Convention Center for debt, \$1.0 million from the Convention Center for operations, \$8.5 million from CPED Tax Increment. Transfers out to other funds for the year are budgeted for a total of \$11.9 million with \$1.6 million to the General Fund, \$8 million to the Business Information Services Fund, \$2.1 million to the Target Center Arena and \$0.2 million to other funds. The 2007 Target Center Arena transfer is \$2.1 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule. There were \$11.9 million in transfers out during the year of 2007.

## Debt Service:

The debt service payments through December 31 totaled \$44.8 million, with \$31.9 million of principal payments and another \$12.9 million in interest. The total budgeted debt service from 2007 is \$45.3 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 \$27.6 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$1.7 million in 2007 with the sale of additional bonds to fund facilities repairs and improvements. There is currently \$238 million in outstanding bonds.

## Other Financial Items:

The current operating cash balance is \$42.3 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 \$6.2 million, which results in an excess of \$36.1 million. It is expected that a considerable amount of the fund's cash will be used to redeem or defease debt during 2008 related to the pending sale of three additional ramps. The effect of this debt reduction will be to improve the net income of the fund and reduce cash by the end of 2008.

## 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 2007, the current update to the Workout Plan and specific performance include:

## Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Projections indicate that revenue has exceeded last year's overall performance by \$1.2 million which represents an improvement of 3.4%. Additionally, the off-street revenues exceeded the Workout Plan revenue goal by \$428,000 or 1.2%. This is encouraging considering loss of the Ritz Lot which generated \$852,000 in 2006, as well as the lost revenue from selling 6 facilities, which would have contributed approximately \$1.7 million in additional revenue. Early Bird and rate adjustment strategies are performing well and continue to generate additional revenue particularly at the Leamington, Government Center and Jerry Haaf Ramps.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of new meter management plan, have continued to be implemented and generate revenues of \$7.3 million, or 102% of budgeted amounts. Focus on the expansion of the parking meter smart card program is ongoing, with research into securing a dependable supply of cards close to completion, which will provide customers with additional purchase and payment options. We are also working with BIS to explore a pilot project for new meter technology utilizing the WiFi network capabilities. New areas for metered parking currently being explored include Washington, Hennepin, Lyndale and Nicollet Avenues.
- **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. However, the impound lot exceeded the revenue target by \$807,000 or 11.4% for a total revenue amount of \$7.92 million. This was primarily due to the 5 snow emergencies in 2007, which is two more than budgeted. We are currently working with the City of St. Paul to jointly develop the new tow management software which will improve customer service and vehicle tracking functions.
- **Expenditures:**

The status of the various expense reduction initiatives:

- Off-street parking area expenses are 90.4% of budgeted or below the budget by \$2.6 million. This is primarily a result of savings due to conversion to automation, as well as the sale of the 6 facilities, which eliminated over \$545,000 in expenses.
- Salaries and wages have been reduced due to continuing efforts toward reorganization and centralization and the sale of the facilities mentioned above.
- Utilities expense lines are higher than anticipated due to the unusually cold winter temperatures. We are achieving electrical savings from the conversion of the lighting systems at Hilton, Plaza and 11<sup>th</sup> and Marquette facilities.
- Sales tax expenses have increased along side of increased revenue.
- **Enhance Wayfinding Program:** Five new installations were completed and became operational in 2007 at Hilton, Hennepin @ 10<sup>th</sup> and Leamington facilities.

- 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 Haaf and LaSalle @ 10<sup>th</sup> facilities.
- Greater Oversight through Increased Staffing Level: Parking Services hired a Business Applications Manager, 4 Operations Analysts and 3 Parking Systems Analysts in 2007 who will assist in achieving the realignment of activities and will help to improve the oversight of three business areas.
- Impound Lot expenditures exceeded budget by \$750,767 or 14.1% due to additional costs for the back-to back snow emergencies this spring as well as back-to-back snow emergencies this past December for a total of 5 snow emergencies for the year or two more than budgeted.
- On-Street Parking expenditures were less than budgeted by \$358,257 or 28.3% of budget.

The following table presents a summary of the various business line actual figures and variances for the year of 2007.

<b>Revenue* And Expense Categories</b>	<b>2007 Original Budget</b>	<b>2007 Year End Actual</b>	<b>Variance Budget Vs Projection</b>
Off-Street Parking	35,816,284	36,244,898	428,614
On-Street Parking	7,155,532	7,296,020	140,488
Impound Lot	7,116,137	7,923,461	807,324
<b>Total Revenue</b>	<b>50,087,953</b>	<b>51,464,379</b>	<b>1,376,426</b>
Off-Street Parking	26,627,566	24,079,741	(2,547,825)
On-Street Parking	1,266,089	907,832	(358,257)
Impound Lot	5,306,691	6,057,458	750,767
<b>Total Expenditures</b>	<b>33,200,346</b>	<b>31,045,031</b>	<b>(2,155,315)</b>
<b>Operating Margin</b>	<b>16,887,607</b>	<b>20,419,348</b>	<b>3,531,741</b>

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

**Summary:**

Based on the annual data, revenues exceeded the budget by \$1,376,426 or 2.8% and expenditures are under budget by \$2,155,315 or 6.5% thereby resulting in an overall excess profit of \$3,531,741 or 20.1% more than the annual budget.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For The Years Ending 2007, 2006, and 2005

	Budget Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
Off-Street Parking: City Owned	35,816,284	36,244,898	35,052,251	33,542,380
Off-Street Parking: State Owned	8,454,052	8,845,687	8,232,233	8,039,838
Towing	7,116,137	7,923,461	7,554,067	6,912,995
On-Street Meters	7,155,532	7,296,020	7,235,050	6,702,950
Total Operating Revenues	58,542,005	60,310,066	58,073,601	55,198,164
<b>Operating Expenses:</b>				
Off-Street Parking: City Owned-Direct Expenses	20,014,346	20,669,123	22,481,314	20,232,560
Off-Street Parking: State Owned-Direct Expenses	8,154,885	8,180,916	7,540,909	7,365,075
Towing	5,306,691	6,057,458	5,474,639	5,573,381
On-Street Meters	1,266,089	907,832	795,003	3,462,187
Other Operating Expenses	6,613,220	3,410,618	3,261,349	2,847,773
Total Operating Expenses	41,355,231	39,225,947	39,553,214	39,480,976
<b>Operating Margin</b>	17,186,774	21,084,119	18,520,387	15,717,187
<b>Non-Operating Revenues/(Expenses)</b>				
General Fund Transfer Out	(9,618,000)	(1,618,000)	(10,618,000)	(8,800,000)
Arena Reserve Transfer Out	(2,078,000)	(2,078,000)	(1,921,000)	(1,768,000)
Debt Service Transfer Out	(121,104)	(121,104)	(38,500)	(390,704)
Internal Service Fund Transfer Out	-	(8,000,000)	-	(95,355)
Sanitation Transfer Out	(146,000)	(146,000)	(146,000)	(146,000)
Total Transfers Out	(11,963,104)	(11,963,104)	(12,723,500)	(11,200,058)
Convention Center related facility Transfer	9,856,000	9,856,000	9,565,097	8,243,573
TI and MCDA Transfers In	7,751,769	8,504,777	8,642,369	5,230,159
Arbitrage Fund and Other Transfers In	-	-	1,376,314	2,467,107
Total Transfers In	17,607,769	18,360,777	19,583,780	15,940,839
Depreciation	(6,821,129)	(6,821,129)	(7,045,340)	(6,551,682)
Special Assessments*	675,975	38,373	12,556,838	107,773
Interest Income	-	163,761	-	-
Bond Interest Expense	(13,338,114)	(12,881,548)	(12,623,204)	(12,058,392)
Other Non Operating Expenses	0	(180,251)	(33,353)	(32,980)
Other Non-Operating Income **	0	30,719,735	150,032	136,897
Total Non-Operating Revenues (Expenses)	(13,838,603)	17,436,615	(134,747)	(13,657,603)
<b>Net Income+/( -)</b>	3,348,171	38,520,734	18,385,640	2,059,584

\* - In 2006 the Council passes a special assessment levy for the Vineland Ramp.

\*\* - This includes \$30,660,842 of gain in the sale of 6 ramps.

**Significant Balance Sheet Items**

Operating Cash	42,264,881	(12,306,289)	(13,509,757)
Construction Cash	395,953	3,420,289	6,963,710
Bonds Payable	238,140,542	268,374,642	280,848,742
Total Balance Sheet Items	280,801,376	259,488,642	274,302,696

**Significant Cash Flow Items**

Principal on debt	31,924,100	14,174,100	12,834,100
Capital Outlay	1,366,695	1,753,949	18,773,811
Total Cash Flow Items	33,290,795	15,928,049	31,607,911

**City Of Minneapolis**  
**Solid Waste and Recycling Fund**  
**For the Fourth Quarter Ending December 31, 2007**

<b>Fund 7700</b>	<b>2007 Budget</b>	<b>12/31/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	29,507,700	29,403,740	103,960	99.7%
Operating Expenditures	28,647,983	25,537,194	3,110,789	89%
Operating Margin	859,717	3,866,546		
Net Income/(Loss)	(720,892)	2,494,180		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal and recycling operations. This includes trash and yard waste pickups on a weekly basis; and, on a biweekly basis, pickups are made for recycling and problem materials, such as appliances. The Fund is responsible, as well, for the operations of a solid waste transfer station which covers over 106,000 households. The Department also provides "clean city" activities such as neighborhood clean sweeps and litter/graffiti controls and removals 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 operating revenues for the Fund through the quarter totaled \$29.4 million compared to \$28.6 million through the fourth quarter of 2006. This is an increase of \$800,000 or 3%, which can be attributed to new and increased rates on solid waste fees and recyclable sales even though the number of billable dwelling units has decreased to 105,637, primarily due to the increase in foreclosures. The revenue for recyclable sales is variable and is tied to economic indicators in the market place. Grant revenue of \$783,762 from Hennepin County has been realized for the year.

**Expenses:**

The operating expenses through the fourth quarter ended at \$25.5 million compared to \$28.1 million in 2006. The decrease in expenditures of \$2.6 million, or 9%, over the same period in 2006, is mainly due to decrease in activities within equipment division of the Solid Waste. The equipment division spent \$2.1 million less in operations in 2007 compared to 2006 due to fewer equipment purchases. The reduced cost per ton at the CHERC burner plant from \$42 to \$34, which went into effect in 2006, has also contributed to decrease in expenditures. Expenditures in Clean City program through the quarter were \$1.6 million and, as estimated, it exceeds the budget for the year.

**Transfers:**

Estimated transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers and \$50,000 from the General fund for graffiti removal. All of these transfers have been recognized through the quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$78,000 for MERF Unfunded Liability. These have been transferred out to General Fund.

**Debt Service:**

This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the third quarter ended at \$17.6 million. A portion of this fund balance, about \$4.2 million, is in restricted reserve to be used for capital programs leaving an unrestricted cash balance of \$13.4 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 \$6.4 million, which results in a surplus of \$7 million. The accounts receivable balance is \$3.1 million.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Fourth Quarter/Years Ending 2007, 2006, and 2005

	Budget Year 2007	For Year Ending 2007	For Year Ending 2006	For Year Ending 2005
<b>Operating Revenues:</b>				
County Grants	544,000	783,762	802,623	812,722
Solid Waste Fees	27,264,300	26,712,164	26,300,313	26,817,625
Recyclable Sales	1,699,400	1,875,838	1,497,204	1,857,841
Charges for Other Services	-	31,977	14,877	15,947
<hr/>				
Total Operating Revenues	29,507,700	29,403,740	28,615,018	29,504,135
<b>Operating Expenses:</b>				
Collection	6,906,325	6,465,493	6,667,334	5,923,018
Recycling	3,332,166	3,144,651	3,264,125	3,018,837
Disposal	6,221,467	4,901,091	5,180,850	5,625,608
Yard Waste	1,890,441	1,440,611	1,381,365	1,293,060
Large Item/Problem Material	1,246,847	1,080,192	1,125,980	1,107,764
Transfer Stations	272,314	125,542	173,753	227,042
Administration	3,885,261	4,228,996	4,186,945	2,535,621
Customer Service	438,140	437,592	540,547	2,796,270
Clean City	1,409,660	1,603,212	1,412,747	1,006,259
Equipment	3,045,362	2,109,815	4,212,945	2,877,461
Human resources				-
Total Operating Expenses	28,647,983	25,537,194	28,146,591	26,410,939
<hr/>				
<b>Operating Margin</b>	859,717	3,866,546	468,426	3,093,196
<hr/>				
<b>Non-Operating Revenues/(Expenses)</b>				
Net Transfers In	196,000	196,000	506,000	196,000
Net Transfers Out	(778,000)	(778,000)	(735,221)	(757,934)
Gains (Losses)		-		-
Depreciation	(998,609)	(932,079)	(1,034,312)	-
Special Assessments	-	141,712	15,281	75,528
<hr/>				
Total Non-Operating Revenues (Expenses)	(1,580,609)	(1,372,366)	(1,248,252)	(486,406)
<hr/>				
<b>Net Income</b>	(720,892)	2,494,180	(779,826)	2,606,790
<hr/>				
<b>Significant Balance Sheet Items</b>				
Operating Cash		17,635,380	15,497,282	14,956,440
Accounts Receivable		3,133,418	2,824,168	2,471,657

# 2007 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, 2007, the City's current investment portfolio was valued at approximately \$462 million. The sector holdings and fund distributions are shown below. For the year ended December 31, 2007, the portfolio has just slightly underperformed its benchmark.

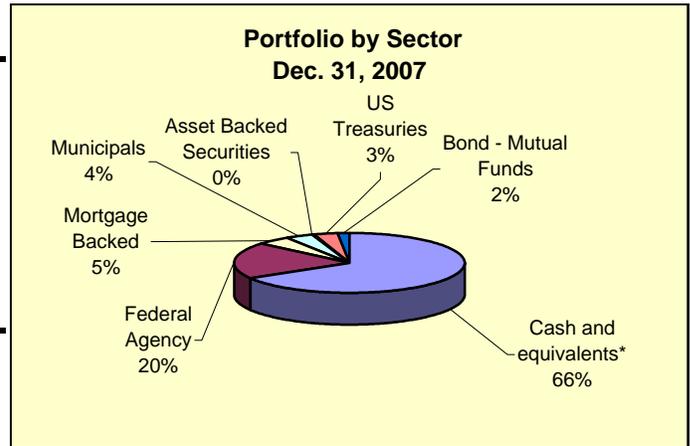
Investment Performance period ended December 31, 2007	City Portfolio	Custom Benchmark*
YTD Total Return	5.45%	5.76%
Credit Quality	AGY	AGY

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

## Portfolio Holdings By Sector

Sector Market Value in millions	Dec. 31 2007	% of port.	Dec. 31 2006	% of port.
Cash and equivalents*	\$ 306.6	66%	\$ 221.5	55%
Federal Agency	\$ 91.1	20%	\$ 96.8	24%
Mortgage Backed	\$ 22.4	5%	\$ 17.4	4%
Municipals	\$ 17.9	4%	\$ 11.4	3%
Asset Backed Securities	\$ 0.4	0%	\$ 0.5	0%
US Treasuries	\$ 16.0	3%	\$ 28.7	7%
Bond - Mutual Funds	\$ 7.6	2%	\$ 7.3	2%
Equity - Mutual Funds	\$ -	0%	\$ 17.6	4%
<b>Total Market Value</b>	<b>\$ 462.0</b>	<b>100%</b>	<b>\$ 401.2</b>	<b>100%</b>

\*Net of checks outstanding



Funds Performance Book Value in millions	Dec. 31 2007	% of total funds	Dec. 31 2006	% of total funds
Debt Service	\$ 47.4	10%	\$ 42.7	11%
Development	\$ 42.9	9%	\$ 41.0	10%
Enterprise Fund	\$ 75.6	16%	\$ 11.6	3%
General	\$ 62.2	14%	\$ 64.5	16%
Internal Service	\$ 9.3	2%	\$ 7.9	2%
Library	\$ 8.6	2%	\$ 6.7	2%
Hilton Trust	\$ 24.4	5%	\$ 25.2	6%
NRP	\$ 33.5	7%	\$ 39.6	10%
Park Board	\$ 8.8	2%	\$ 13.1	3%
TIF	\$ 78.0	17%	\$ 71.3	18%
Convention Center	\$ 27.1	6%	\$ 20.0	5%
Other	\$ 7.2	2%	\$ 24.5	6%
<b>Sub Total City Op. Port.</b>	<b>\$ 425.0</b>	<b>93%</b>	<b>\$ 368.1</b>	<b>91%</b>
Bond Proceeds/Const.	\$ 33.9	7%	\$ 36.3	9%
<b>TOTAL Book Value</b>	<b>\$ 458.9</b>	<b>100%</b>	<b>\$ 404.4</b>	<b>100%</b>
Unrealized G/L & Acc int	\$ 3.1		\$ (3.2)	
<b>All Funds Mkt Value</b>	<b>\$ 462.0</b>		<b>\$ 401.2</b>	

