

City of Minneapolis 2012 Budget

Financial Plans

The schedules that follow contain the Financial Plans for the major funds of the City. Detailed financial plans are included for the following major funds, listed below. For the other funds of the City, financial information (expenditure and revenue) is included in the *Financial Schedules Section* of this report.

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City of Minneapolis 2012 Budget

Five-year Financial Direction 2013-2017 (Including detailed information on the City's General Fund)

Introduction

This plan reflects the City's ongoing commitment to long-term financial planning. The purpose of recommending a 2013-2017 financial direction is to provide guidance for departments on available planned resources in the City's General Fund.

The financial direction provides detailed projections for property tax supported services: the City's general fund, pensions, capital and contributions to the internal service funds. Of the \$418.5 million in the financial direction, \$379.5 million is in the City's general fund, which is the primary funding source for public safety, street paving, snow plowing and other general government services.

For the 2012 budget process, the City moved from traditional budgeting to priority budgeting to allow for the prioritization of programs. Instead of focusing on what to cut, the new process focused on where to invest. Priority budgeting allowed the City to direct resources toward programs that provide the greatest value, articulate why a program exists and provided a strategic and transparent view of City services.

In traditional budgeting, the starting point is last year's spending with increased assumptions added to the base. Revenue shortfalls are handled through cuts to this base. Departments determine how to allocate spending.

In priority budgeting, there is not a starting point. Departments are asked to submit proposals to achieve results for the City goals (priorities).

General Fund

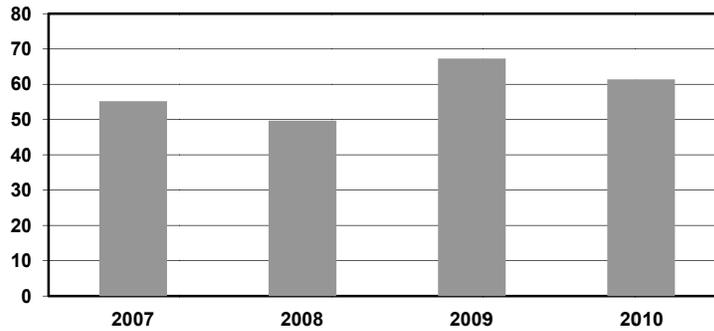
The general fund is the general operating fund of the City. Combined, the two largest revenues (state aids and property tax) have historically accounted for approximately 60-70% of total sources of funds for the general fund. The top four sources of revenue account for more than 80% of the general fund's annual financial resources.

Historical Financial Performance

The results of the general fund's annual operations at the end of the year reflect the fund's "fund balance," or the amount of available, spendable resources contained within the fund. The balance provides the City a reserve to cushion adverse economic shocks and to meet a portion of the City's cash flow needs. The City's policy is to maintain a minimum fund balance of 15% of the following year's revenue, which is consistent with best practices for local governments. Further, the City's financial policies place a priority on debt buy-down or debt avoidance for the use of fund balance.

The general fund began 2010 with a fund balance of \$67.3 million. The 2010 year-end fund balance in the General Fund was \$61.4 million, which is above the stated fund balance requirement of 15% of the following years' revenue budget.

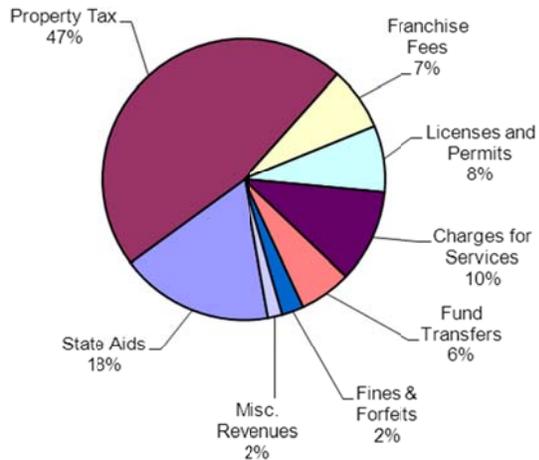
**Fund Balance
(in millions of dollars)**



2012 General Fund Revenue Budget

The 2012 adopted budget includes a total of \$379.5 million of revenues for services included in the financial direction, including \$22.6 million in transfers from other funds. Budgeted revenues are 1.9% higher than the 2011 revised budget. Please note the 2011 revenues incorporate the changes that occurred during fiscal year 2011, which includes the City's reduction in state aids.

Budgeted Revenue by Source



Revenue Source	2010 Actual	2011 Revised	2012 Adopted	% Chg from 2011 Revised	2011 Budget as % of Total	2012 Budget as % of Total
State Aids	11.1	67.1	67.0	-0.2%	18.0%	17.6%
Property Tax	0.1	169.6	177.1	4.4%	45.5%	46.7%
Franchise Fees	3.3	27.8	27.5	-1.1%	7.5%	7.2%
Licenses and Permits	26.5	27.9	29.3	5.2%	7.5%	7.7%
Charges for Services	11.0	38.9	40.3	3.7%	10.4%	10.6%
Fund Transfers	22.7	21.2	22.6	6.8%	5.7%	6.0%
Fines & Forfeits	8.8	9.6	9.5	-1.5%	2.6%	2.5%
Misc. Revenues	6.9	10.5	6.2	-40.8%	2.8%	1.6%
Total	90.4	372.6	379.5	1.9%	100.0%	100.0%

State Aids (including Local Government Aid):

The City's local government aid (LGA) allocation is certified at the same reduced level as 2011 in 2012 and 2013 (\$64.1 million). This is based on the certification received from the State of Minnesota in late July. Typically, Minneapolis has seen LGA formula declines of about \$1.5

million each year. The major factors in the formula which lead to these typical reductions are the City's property wealth and declining motor vehicle accidents.

After 2012 the City is assumed to receive a reduction in LGA of \$0.3 million each year as a result of new state legislative provisions capping LGA formula-related reductions. This equates to \$265,000 fewer resources in the general fund annually.

Franchise fees are paid by various utility companies for use of City rights-of-way. Franchise fees are a percentage of total utility revenues. The City's collections vary directly with the paying utility's gross revenues. There are four franchise agreements that provide revenue for the City:

- The franchise agreement with Xcel Energy for electricity requires payment of 5% of gross revenues for residential service customers, 3% of gross revenues for commercial and industrial customers, and 5% of gross revenues on small commercial and industrial customers. The residential rate will drop to 4.5% of gross revenues beginning in January 2013. This franchise agreement expires on December 31, 2014. For 2012, the City is anticipating \$16.2 million in revenues from this franchise agreement.
- The franchise agreement with Center Point Energy/Minnegasco requires payment of 4.25% of gross revenues for residential buildings with four units or less, 5% for small commercial/industrial or interruptible customers, and 3% for large-volume interruptible customers. This franchise agreement expires on December 31, 2015. For 2012, the City is anticipating \$8.1 million in revenues from this franchise agreement.
- The City also has two smaller franchises:
 - The bus stop advertising franchise generates approximately \$100,000 in revenues.
 - The City's cable franchise is anticipated to generate \$3.1 million in 2012.

The 2012 budget anticipates the total franchise fee revenue to be \$27.5 million.

Licenses and Permits create significant revenue for the City's General Fund. The City issues licenses and permits for a wide variety of regulated activities. Building permits are a major component of this revenue category. The 2012 budget anticipates a 5.2% increase in licenses and permit revenue.

Fines and Forfeitures are anticipated to decline by 1.5% in 2012.

2012 General Fund Expenditure Budget

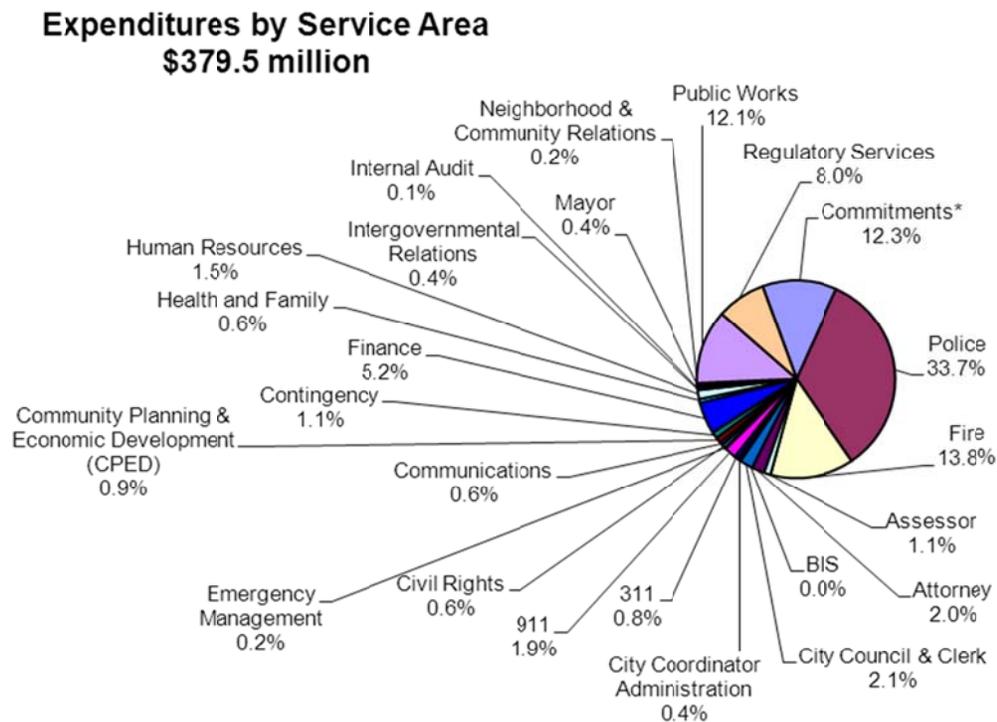
The 2012 adopted budget for services included in the financial direction is \$379.5 million, which includes \$41.6 million in transfers to other funds. Please note 2011 expenditures incorporate the changes that occurred during the fiscal year 2011, including the reduction in state aids.

Approximately 62% of the overall expenditure budget is related to personnel costs. In the 2011 adopted budget, Council directed the Finance department to revise the five-year financial direction to reflect no increase in City salaries for a two-year period. For contracts that were settled in 2011 at the time of this action, budgets are adjusted in 2012 and 2013. Department budgets reflect a slight increase in the financial direction for 2012 to account for salary progression in 2011. This assumption change does not affect Independent Boards.

In the General Fund, salary and wage expenditures increased from \$167.4 million in 2011 revised to \$168.8 million in 2012. Settled contracts to date as well as department reductions are reflected. The largest contract, which includes Police sworn, non-appointed positions such as officers and captains, is settled for 2011. The contract was settled at a 1.5% increase. The salary and wages expense category also includes overtime costs, contractually-obligated payments, and one-time funding.

Employer health insurance costs increases 4% from 2011. This is a significant drop from the estimated 10% increase in the City's planning estimates. Programmatic budgets are reflective of the reduction in health care costs.

Non-personnel line items increased by 1.6% in the 2012 budget.



*Commitments include: transfers to the internal service funds, pension obligations, payment to Hennepin County related to the library system, and other miscellaneous transfers.

Major Changes in the 2012 Council Adopted Budget

The 2012 Council Adopted Budget incorporates a new funding methodology based on funding programs instead of departments. Because the City is in the midst of incorporating this policy into its budget process, the information below is descriptive of changes the Mayor and Council made to program submissions from departments, organized by department. It is anticipated that in future years, program submissions and organization of the department will be based on goal areas as opposed to departments.

Citywide

Department budgets reflect no increase in City salary schedules for 2011 or 2012 with unless units have a settled contract. For contracts that were settled in 2011, budgets for salary schedule increases should be adjusted in 2012 and 2013. While the 2012 budget does not include salary schedule increases, the budget has been adjusted for additional salary costs resulting from step movement in 2011. This assumption change does not affect Independent Boards. In 2012, no department has a settled bargaining unit contract so a 0% salary schedule adjustment was included citywide with the exception of independent boards.

The Mayor's Recommended Budget reduced health care budgets for all departments to reflect the final contract for health care costs in 2012. The Council adopted the Mayor's recommendation.

Internal Service Fund obligations: The 2008 adopted long-term financial plans begin reducing the General Fund's contribution to the internal service funds in 2010, but to create capacity in order to hold down property tax levy increases in future years, the General Fund will accelerate the workout plan schedule from full completion in 2019 to 2015. The Mayor recommended a reduction in obligations to the fund of \$3.6 million over three years. The Council adopted the Mayor's recommendation.

The Mayor's Recommended Budget redeemed the entirety of the remaining principal on the \$114 million in bonds issued for the Minneapolis Employees Retirement Association (now a division of the Statewide PERA pension fund), and the Minneapolis Police Relief Association. This redemption created significant additional debt capacity in future years and eliminated the interest payments associated with the debt that are charged at a 5.8% annual rate. The Council adopted the Mayor's recommendation.

The 2011 departmental expenditures and revenues incorporate changes that occurred during the fiscal year 2011, including reductions enacted as the result of reductions to State Aids as specified in the 2011 Adopted Budget Resolution.

Departments

Listed below are summaries of the actions reflected in the Mayor's Recommended and Council Adopted budgets compared to the program budget submissions made by departments.

Assessor

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: Council approved the Mayor's recommendations.

Attorney

Mayor's Recommended Budget: The Mayor recommended that the department reduce \$300,000 and 2 FTE's, one each in the Criminal Prosecution and Community Attorney Prosecution programs. The difference should be managed with non-personnel reductions.

Council Adopted Budget: Council approved the Mayor's recommendations. Additionally, Council made the following staff directions:

- On a one time basis, MPD is directed to transfer up to \$317,000 of their 2011 unused contingency to the City Attorney to retain the Domestic Assault Prosecution Partnership in 2012.
- On a one time basis, MPD is directed to transfer \$20,000 of unused 2011 contingency to the City Attorney for Restorative Justice Program.

BIS

Mayor's Recommended Budget: The Mayor recommended \$240,000 in one-time startup money for the Employee Computing Mobility program and \$50,000 as well as in ongoing costs, for a total of \$290,000 in General Fund money, making no other changes to department program funding.

Council Adopted Budget: The Council approved the Mayor's recommendations and amended the budget to decrease the 2012 one-time funding for the Employee Computing Mobility Program budgeted in the Business Information Services Department by \$240,000 and increase 2012 funding in the Communications Department for the MTN program by \$150,000 on a one-time basis, the City Council and Clerk Department by \$30,000 on a one-time basis, and the Internal Audit Department by \$60,000 on a one-time basis.

Further, the Council directed BIS to work with ISPSG to make implementation decisions regarding the deployment of the Employee Computing Mobility Program.

City Council & Clerk

Mayor's Recommended Budget: The Mayor recommended:

- Elections Administration: Includes a planned increase of \$500,000 for election year 2012. The Mayor recommended a \$100,000 cut to this program from 2011 spending levels.
- Board of Appeal and Equalization: The Mayor recommended a \$600 cut from 2011 spending levels.
- Records & Information Management: The Mayor recommended no funding for the enhanced program and a \$6,000 cut from 2011 spending levels.
- City Records Center: The Mayor recommended a \$12,000 cut from 2011 spending levels.
- Council Staff – Constituent Services and Policy Development: The administrative portion of these programs remains in Clerk & Elections.
- City Council: The Mayor recommended no change.
- Council Staff – Constituent Services: The Mayor recommended a ten percent reduction from 2011 spending levels because 311 reduces the call volume to Council offices.
- The Mayor recommended that Council be separated from City Clerk and Elections.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: Council adopted the Mayor's recommendations with the following amendments: Increase the City Council & Clerk Department appropriation by \$125,000 to offset reductions; direct staff to reduce City Council's 2012 ward budgets by 12%, setting each ward budget at a total of \$10,490, transfer \$30,000 from the BIS Employee Mobility Project and transfer that amount of the City Council & Clerk Department and delay final action of funds regarding the 2011 roll-over of individual ward budgets until all 2011 expenses have been accounted and paid,

and direct staff to develop a plan to train all City Council staff on 311 constituent service and response systems and procedures. Additionally, Council also combined the budgets of the City Council and City Clerk.

City Coordinator Administration

Mayor's Recommended Budget: The Mayor recommended a reduction of \$20,000 from the department's 2011 program proposals.

Council Adopted Budget: Council approved the Mayor's recommendations.

311 (a Division of City Coordinator Administration)

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: The Council decreased the Mayor's Recommended Budget for 311 by \$125,000 on a one-time basis and increased the City Council & Clerk Department appropriation by \$125,000 on a one-time basis.

The Council also directed 311 to develop a plan to train all City Council staff on 311 constituent service and response systems and procedures.

911 (a Division of City Coordinator Administration)

Mayor's Recommended Budget: The Mayor recommended a reduction of \$50,000 from the department's program proposal.

Council Adopted Budget: Council approved the Mayor's recommendations.

Emergency Management (a Division of City Coordinator Administration)

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: The Council amended the Mayor's Recommended Budget for Emergency Management by increasing the department's General Fund allocation by \$226,303 and decreasing Regulatory Services' General Fund budget by \$226,303. Also, the Council directed Regulatory Services to transfer two FTE (an Administrative Analyst I and Administrative Analyst II) to Emergency Management.

The Council further directed the City Coordinator's Administration Department to make regular reports to relevant Council committees on the success of grant applications for emergency management functions.

Civil Rights

Mayor's Recommended Budget: The Mayor recommended a 2012 budget of \$2.156 million, including:

- **Contract Compliance:** The Mayor recommended a reduction of \$89,000 and one position from 2011 spending levels.

- Minneapolis Civil Rights Complaint Investigations Program: The Mayor recommended a 5%, or \$36,000 cut from 2011 spending levels.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: Council adopted the Mayor's recommendations and added \$90,000 and 1 FTE to the department.

Communications

Mayor's Recommended Budget: The Mayor recommended a reduction of \$126,000 including 1 FTE and an additional \$250,000 cut to MTN Public Access Television with other programs funded at current expenditure levels.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: The Council amended the Mayor's Recommended Budget for the Communications Department by increasing one-time funding for MTN by \$150,000 from the Employee Computing Mobility Program budgeted in the Business Information Services Department.

The Council directed the Communications Department to request from MTN additional information about hours of original programming produced and broadcast, demographic information about contributing producers, training and utilization of studio space, and to report back to Ways & Means/Budget Committee no later than March 1, 2012.

The Communications Department is further directed to complete a best practices study into other models to address public, education and government access television and report back to the Ways and Means/Budget Committee no later than June 20, 2012.

CPED and Communications are directed to assist MTN in reviewing options to reduce expenses for office and studio space including seeking a sublessee for MTN's existing space.

Convention Center

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: Council approved the Mayor's recommendations.

CPED

Mayor's Recommended Budget: The Mayor recommended funding the department at the requested level with reductions to growth for a slower than anticipated rise in health care costs. The Mayor recommended funding the One Minneapolis program with \$300,000 in one-time funding to be jointly administered with Civil Rights, \$75,000 in one-time funding for the Mayor's regional export growth strategy initiative which will enable Minneapolis to work more effectively with companies considering exporting or seeking to grow by exporting to additional markets and be implemented through CPED - Economic Development Division's existing business calling plan, and \$150,000 for Greater MSP in one-time funding.

The Mayor also recommended that the department eliminate policy assistance for CLIC, reduce heritage preservation funding by \$123,000 (81,600 in General Fund money), eliminate

departmental support for the Arts Commission, and thereby, reducing two FTEs in the planning department. The Mayor's recommendation also included the reduction of four additional FTEs across three programs – Corridor Vitality Investment Program, Minneapolis Youth Program, and Protection, Preservation and Design of the Built and Natural Environment. The Mayor also recommended a \$100,000 program enhancement for the Minneapolis Youth Program.

Council Adopted Budget: The Council amended the Mayor's Recommended Budget by increasing the Year 38 allocations for Other Consolidated Plan Entitlements to HOME Investment Partnerships by \$2,072,652; and to the Emergency Solutions Grant (ESG) by \$1,014,625.

The Council also increased the Year 38 allocation for CDBG for Multi-Family/Affordable Housing by \$164,601.

The Council directed that the Year 38 Community Development Block Grant (CDBG) Consolidated Plan capital allocation to CPED be amended by reducing the allocation to NEDF/CEDF (Great Streets) by \$718,056 and increasing the allocation to Adult Training by \$380,000, increasing the allocation to Commercial Property Investment by \$139,000 and increasing the allocation to the Vacant and Boarded Building Program by \$199,056.

The Council also amended the Mayor's Recommended Budget for CPED by increasing the operating budget as follows:

- (1) Fund 01CUB - United Van/Bus \$200,000;
 - (2) Fund 01CRS - Rosacker Nursery \$525,000;
 - (3) Fund 01CPD - Portland place \$70,000;
 - (4) Fund 01CST - Stinson Tech. Campus \$300,000;
 - (5) Fund 01CFR - Former Federal Reserve \$500,000; and
 - (6) Fund 01CUV - Urban Village \$405,000
- for a total of \$2 million.

The Council further amended the Mayor's Recommended Budget by transferring \$90,000 from the RENEW program within CPED to Civil Rights.

The Council also amended the Mayor's Recommended budget for CPED by increasing CPED's expenditure budget by \$92,000 and increasing CPED FTE by 1 (Zoning Inspector II).

The Council further amended the Mayor's Recommended 2012 Capital Budget for Community Planning and Economic Development to allocate \$50,000 in Fund 01CLC (Location Contribution) for the It's All About Kids program, by decreasing the 2011 allocation for the Affordable Ownership Housing Program by \$50,000 and subsequently amending the Council's September 2, 2011 action to reduce the reallocated Affordable Ownership Housing Program funding that capitalizes the revolving loan fund for Neighborhood Stabilization Program projects from \$750,000 to \$700,000.

The Council rescinded its previous action committing \$5 million in UDAG funding to the planetarium project and returned discretionary control of these funds to CPED.

The Council directed the Community Planning and Economic Development Department to work with the Finance Department to prepare and present a methodology for the proposed Growth Fund. These presentations must be made prior to April 1, 2012, to both the Ways and Means/Budget Committee and the Community Development Committee.

CPED and Communications are directed to assist MTN in reviewing options to reduce expenses for office and studio space including seeking a sublessee for MTN's existing space.

CPED is directed to increase fees for land use applications by 3.5% in 2012. Zoning re-inspection fees will be increased from \$150 to \$200.

CPED is directed to allocate up to 7.5% of Community Development Block Grant funds for Emergency Shelter Grants to Intergovernmental Relations.

The Council directed Public Works and CPED to create a Project Team comprised of representatives of CPED, Public Works and Finance department to advance the reopening of Nicollet Avenue at Lake Street. Activities of the Project Team to include:

- a) Create defined project area;
- b) Establish Timeline, schedule, benchmarks; and
- c) Design and implement community and stakeholder engagement.

Staff is further directed to report back to CD and TPW committees by end of the first quarter 2012 on progress and with any recommendations.

Finance

Mayor's Recommended Budget: The Mayor recommended a \$250,000 reduction from 2011 department proposals.

Council Adopted Budget: The Council approved the Mayor's Recommendations and included the following directions. The Finance Department is directed to amend all schedules and final budget documents by removing references to the Growth Fund.

The Finance Department is directed to remove all funding and FTE associated with the Homegrown Minneapolis Business Development Initiative from the City's financial schedules.

Finance Staff is directed to report to the Regulatory, Energy & Environment Committee and Ways and Means by January 31, 2012 about cost recovery models in every department.

Finance and NCR staff are directed to report back to the Community Development Committee in two cycles regarding the appropriate use of Community Development Block Grant funding to support the CPED Citizen Participation program and the issues raised about that funding source.

Property Services (now a Division of the Finance Department)

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: Council approved the Mayor's recommendations.

Fire

Mayor's Recommended Budget: In 2011, the Mayor restored \$1.1 million to the department's base to restore positions that would have otherwise been eliminated by the removal of one time funding. The Mayor recommended the following changes:

- Fire Suppression, Emergency Medical Service and Emergency Rescue: The Mayor recommended a reduction of 1 FTE from 2011 spending levels.

- Training and Recruitment: The Mayor recommended a reduction of \$200,000 in non-personnel expense from 2011 spending levels.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: Council adopted the Mayor's recommendation with the following amendments: amend the expense and revenue appropriations of Fire and Regulatory Services to increase the total contract for problem properties to \$400,000 in 2012. Additionally, pursuant to 2010 Operating Budget Resolution Footnote (I) of Resolution 2009R-586, staff is directed to renegotiate the Memorandum of Understanding between Fire and Regulatory Services regarding problem properties to reflect this change.

Council directed the Fire Department to work with its consultants to evaluate the arson investigation functions performed by Fire personnel, including the potential for revising staffing models as well as work share agreements with MPD.

Finance and NCR staff are directed to report back to the Community Development Committee in two cycles regarding the appropriate use of Community Development Block Grant funding to support the CPED Citizen Participation program and the issues raised about that funding source.

Health and Family Support

Mayor's Recommended Budget: The Mayor recommended the following changes:

- Youth Development: The Mayor recommended a 10%, or \$44,000 cut from 2011 spending levels.
- Health Care Safety Net: The Mayor recommended a \$200,000 cut from 2011 spending levels.
- Public Health Emergency Preparedness: The Mayor recommended no general fund funding. The program will maintain \$374,872 in grant revenue.
- Community Health Assessment, Engagement, and Policy: The Mayor recommended an \$8,000 cut from 2011 spending levels.

The Mayor did not fund:

- Green and Healthy Homes; Aligning grant resources for greater impact.
- Advocacy Services for Victims of Domestic Violence.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: Council adopted the Mayor's Recommendation with the following amendments and staff directions:

- Direct MPD and Health to report results on Youth Violence Prevention efforts to Results Minneapolis, including juvenile crime statistics, broken down by gang affiliation.
- The department's budget is reduced by \$106,000 and one FTE (Senior Ombudsman) is moved to Neighborhood and Community Relations.
- The department's budget is increased by \$72,000 in CDBG funding for Neighborhood Services.
- The department's budget is increased by \$60,000 for the Domestic Abuse Project.

Human Resources

Mayor's Recommended Budget: The Mayor recommended a 50% cut to the department's training and development program with all other programs funded at the current level.

Council Adopted Budget: The Council adopted the Mayor's recommendations for this department and amended the 2012 operating budget for Human Resources programs to allocate \$119,253 in previously unallocated dollars to specific programs as follows: Administration \$8,687; Classification \$2,240; Compensation \$2,240; HRTS \$28,223; Labor Relations \$7,674; Management \$38,296; Recruiting \$22,312; Diversity \$7,250; and Training \$2,331.

Intergovernmental Relations

Mayor's Recommended Budget: The Mayor recommended an additional \$50,000 to cover the costs of airport consulting services while reducing 1 FTE.

Council Adopted Budget: Council approved the Mayor's recommendations.

Internal Audit

Mayor's Recommended Budget: The Mayor recommended a reduction of 1 position.

Council Adopted Budget: The Council amended the Mayor's Recommended Budget by moving \$60,000 on a one-time basis from Employee Computing Mobility Program (BIS) to Internal Audit and restored 1 position in the Internal Audit Department to be hired mid-year for a total addition of 0.5 FTE for 2012.

Mayor

Mayor's Recommended Budget: The Mayor recommended a \$15,000 ongoing, and a \$45,000 one time cut from 2011 spending levels to the Mayor's Administration program.

Council Adopted Budget: Council approved the Mayor's recommendations.

Neighborhood and Community Relations

Mayor's Recommended Budget: The Mayor recommended a reduction of \$120,000 (including 1 FTE) from 2011 spending levels.

The Mayor recommended the Neighborhood Revitalization Program phase out operations during calendar year 2012 and be transferred to this department.

Council Adopted Budget: The Council increased the Mayor's Recommended Budget for the Neighborhood and Community Relations Department by \$106,000 from Health and Family Support, and moved 1 FTE (Senior Ombudsman) from the Health and Family Support Department to the Neighborhood and Community Relations Department.

Finance and NCR staff are directed to report back to the Community Development Committee in two cycles regarding the appropriate use of Community Development Block Grant funding to support the CPED Citizen Participation program and the issues raised about that funding source.

The Council directed unspent funds from the 2011 NRP operating budget after paying all shut down expenses to the NCR Department.

Police

Mayor's Recommended Budget: The Mayor recommended a reduction of 24 FTE including 2 managerial positions and 17 officers. Sworn positions shall be reduced through attrition and reassignment.

The Mayor recommended a total general fund budget of \$128.015 million for the Police Department. The recommendations included \$4.42 million in reductions to growth including:

- \$1.16 million, including 12 FTE (5 non-sworn and 7 sworn) from the Community Engagement Program.
- \$1.76 million, including 3 FTE, overtime and non-personnel reductions to contractual services (including fleet) from all programs, including personnel reductions in Administration and Training program and overtime reductions in Criminal Investigations Program.
- \$1.51 million including 9 FTE and non-personnel savings in the Public Safety Services Program.

Council Adopted Budget: Council adopted the Mayor's Recommendation and adopted the following staff directions:

- MPD is directed to use a portion of their 2011 unused contingency to retain Community Crime Prevention Specialists.
- MPD is directed to provide a staffing update to the Public Safety, Civil Rights and Health and Ways & Means/Budget Committees by April 15, 2012, to allow effective workforce planning for the 2013 budget. The plan should include positions that are not required to be performed by sworn staff, an ongoing funding plan for Community Crime Prevention Specialists; and an ongoing funding plan for sworn officer hiring.
- MPD and Health are directed to report results on Youth Violence Prevention efforts to Results Minneapolis, including juvenile crime statistics, broken down by gang affiliation
- MPD should report back to the Regulatory, Energy and Environment and Ways & Means Committees by January 31, 2012, with a plan to ensure that salaries of MPD staff whose job duties that engage in regulatory functions are paid for out of license fees, not general funds.
- On a one time basis, MPD is directed to transfer up to \$317,000 of their 2011 unused contingency to the City Attorney to retain the Domestic Assault Prosecution Partnership in 2012.
- On a one time basis, MPD is directed to transfer \$20,000 of unused 2011 contingency to the City Attorney for Restorative Justice Program.
- MPD is directed to use the department's 2011 budget savings to fund a \$31,000 City contribution to the St. Anthony Falls Heritage Board and a \$50,000 City contribution to the Mississippi Riverfront Partnership.

Public Works

Mayor's Recommended Budget: Please see division sections for Mayor's recommendations.

Council Adopted Budget: Council adopted the following staff directions:

- Public Works is directed to report to the Transportation and Public Works committee by January 31, 2012 proposed specific projects for the 2012 Capital Budget Paving Program.
- The Public Works Department is directed to determine a strategy for shifting the costs of cleaning graffiti off city infrastructure from the Solid Waste Enterprise Fund and into the operating budgets responsible for maintaining the infrastructure where the graffiti lands. A presentation on the department's graffiti clean-up strategy is to be made to the Ways & Means/Budget Committee prior to or during their regularly scheduled meetings in March.
- Public Works and CPED are directed to create a Project Team comprised of representatives of CPED, Public Works and Finance department to advance the reopening of Nicollet Avenue at Lake Street. Activities of the Project Team to include:
 - a) Create defined project area;
 - b) Establish timeline, schedule, benchmarks; and
 - c) Design and implement community and stakeholder engagement.

Staff is further directed to report back to Community Development and Transportation and Public Works committees by end of the first quarter 2012 on progress and with any recommendations.

On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The resolution included changes to sewer and water rates. In addition to rates based on water usage, a fixed charge based on meter size will be included in each billing period. The monthly fixed charge ranges from:

- Sewer: from \$3.00 for a 5/8 inch meter to \$990 for a 12 inch meter
- Water: from \$2.00 for a 5/8 inch meter to \$660 for a 12 inch meter

Administration

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: The Council adopted the Mayor's recommendations.

Fleet Services

Mayor's Recommended Budget: The Mayor recommended no changes.

Council Adopted Budget: The Council adopted the Mayor's recommendations.

Solid Waste and Recycling

Mayor's Recommended Budget: The Mayor recommended \$32.88 million, including \$150,000 for graffiti microgrants.

Council Adopted Budget: The Council adopted the Mayor's recommendations.

Surface Water & Sanitary Sewer – Sanitary Sewer

Mayor's Recommended Budget: The Mayor recommended a rate increase of \$0.32 per 100 cubic feet to \$3.37 in 2012. The Mayor recommended no changes to the program.

Council Adopted Budget: On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The resolution included changes to sewer and water rates. The variable rate component will remain flat from 2011 at \$3.05.

In addition to rates based on water usage, a fixed charge based on meter size will be included in each billing period. The monthly fixed charge ranges from \$3.00 for a 5/8 inch meter to \$990 for a 12 inch meter.

Surface Water & Sanitary Sewer – Stormwater

Mayor's Recommended Budget: The Mayor recommended a rate increase of \$0.28 per ESU to \$11.70 in 2012. The Mayor recommended no changes to the program.

Council Adopted Budget: On December 16th, the Council adopted utility rates for water, sewer, stormwater and solid waste and recycling services. The Council adopted the recommended rate of \$11.70 per ESU.

Traffic & Parking

Mayor's Recommended Budget: The Mayor recommended the following changes:

- **Street Lighting:** The Mayor recommended an ongoing reduction to growth of \$156,000 and 2 positions. This reduction will be offset by one-time funds of the same amount, which will delay the reduction of 2 positions. This ongoing reduction will increase the time between the report of needed street light maintenance and the repairs.
- **Traffic:** The Mayor recommended an ongoing reduction to growth of \$108,000 and one position. This reduction will be offset by one-time funds of \$94,000, which will delay the position reduction.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: The Council adopted the Mayor's recommendations.

Transportation Maintenance and Repair

Mayor's Recommended Budget: The Mayor recommended the following changes:

- **Bridge Maintenance and Repair:** The Mayor recommended a reduction to growth of \$25,000 from contractual services. This reduction will reduce professional services used to support bridge maintenance activities without a noticeable impact to the public.
- **Street Maintenance & Repair:** The Mayor recommended a reduction to growth of \$306,000. This reduction will eliminate preventative maintenance on residential and local streets.

- Snow & Ice Control: The Mayor recommended a reduction to growth of \$700,000. This reduction will reduce snow removal provided after snow events.
- Malls & Plazas: The Mayor recommended a reduction to growth of \$200,000 and 2.5 positions. This will reduce maintenance and support activities for neighborhood gardens, center island medians, maintenance of irrigation systems, mowing and trash pickup on city-owned green spaces.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: The Council adopted the Mayor's recommendations with the following technical adjustment:

- Decrease the Bridge Maintenance and Repair program by \$25,000;
- decrease the Street Maintenance and Repair program by \$100,000;
- decrease the Snow and Ice program by \$75,000;
- and increase the Malls and Plazas program by \$200,000.

Transportation Planning and Engineering

Mayor's Recommended Budget: The Mayor recommended the following changes:

- Transportation Planning & Management: The Mayor recommended an increase of \$200,000 to fund work on capital projects for which costs are not recoverable.

The Mayor recommended no changes to the other programs.

Council Adopted Budget: The Council adopted the Mayor's recommendations.

Water Treatment and Distribution

Mayor's Recommended Budget: The Mayor recommended a water utility rate increase of \$0.16 to \$3.36 per unit in 2012. The Mayor recommended no changes to the program.

Council Adopted Budget: On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The resolution included changes to sewer and water rates. The variable rate component will remain flat from 2011 at \$3.20.

In addition to rates based on water usage, a fixed charge based on meter size will be included in each billing period. The monthly fixed charge ranges from \$2.00 for a 5/8 inch meter to \$660 for a 12 inch meter.

Additionally, the Council approved a technical adjustment of 6.34 FTE from the Mayor's recommendation to be funded within existing resources.

Regulatory Services

Mayor's Recommended Budget: The Mayor recommended that the Homegrown Minneapolis Phase III and 1 FTE be housed in Regulatory Services and funded by increased license fees. Further, the Mayor recommended:

- Construction Code Services (CCS): The Mayor recommended a reduction of \$103,000 and 1 FTE from 2011 spending levels.
- On-site Traffic Control & Parking Enforcement Services: The Mayor recommended a reduction of \$18,000 and increased revenue of \$100,000 from 2011 spending and revenue levels.
- Regulatory Services Fire Inspections: The Mayor recommended an increase in fire inspection fees to increase revenue by \$30,000 from 2011 revenue levels.
- Regulatory Services Housing Inspections: The Mayor recommended a reduction of \$165,000 and 1 FTE from 2011 spending levels.
- Animal Control: The Mayor recommended a reduction of \$184,000 and 1 FTE from 2011 spending levels.
- Environmental Health/Licenses and Consumer Services: The Mayor recommended a reduction of \$50,000 from 2011 spending levels.
- Healthy Homes and Residential Lead Hazard Control: The Mayor recommended a reduction of \$9,000 from 2011 spending levels.
- Homegrown Minneapolis Phase III: fund this program in Regulatory Services. Increased Regulatory Services' revenue should match expense.
- Minneapolis Development Review: a cut of \$112,000 and 1 FTE from 2011 spending levels.
- Environmental Services: a cut of \$238,000 and 1 FTE from 2011 spending levels.

In addition, the Mayor recommended reduction of an administrative position, reduced spending on contractual services, and a reduction of interns from 2011 spending levels. Reductions for those costs have been spread across programs.

Council Adopted Budget: Council approved the Mayor's recommendations with the following amendments

- Remove all funding and FTE associated with the Homegrown Minneapolis Business Development Initiative and decrease Regulatory Services' budget by \$142,202.
- Amend the expense and revenue appropriations of Fire and Regulatory Services to increase the total contract for problem properties to \$400,000 in 2012. Additionally, pursuant to 2010 Operating Budget Resolution Footnote (I) of Resolution 2009R-586, staff is directed to renegotiate the Memorandum of Understanding between Fire and Regulatory Services regarding problem properties to reflect this change. Regulatory Services' is directed to return to the Ways and Means/Budget Committee by March 1, 2012, with a renegotiated Memorandum of Understanding between Regulatory Services and MFD.
- Council directed Regulatory Services to request funds for the Public Safety-Animal Control Program a part of the usual year-end rollover process provided in the City's financial policies.

Independent Boards:

BET

Mayor's Recommended Budget:

The Mayor recommended no changes to BET's budget.

Council Adopted Budget: Council approved the Mayor's recommendation.

MBC

Mayor's Recommended Budget:

The Mayor recommended that MBC use fund balance to pay MERF debt service.

Council Adopted Budget: Council approved the Mayor's recommendation.

Park Board

Mayor's Recommended Budget:

The Mayor recommended \$4.9 million for the Park Board for operating costs to maintain capital infrastructure. Overall, the Mayor recommended property tax and LGA revenue of \$53.84M. After subtracting shared costs and capital projects funded by the Park levy, the Mayor recommended \$51.043M in revenue for the Park Board.

Council Adopted Budget: Council approved the Mayor's recommendation.

MPHA

Mayor's Recommended Budget:

The Mayor recommended no tax levy for MPHA, but recommended no changes to the MPHA budget, which includes a PILOT reduction of \$398,000.

Council Adopted Budget: Council approved the Mayor's recommendation.

YCB

Mayor's Recommended Budget:

The Mayor recommended a \$44,000 cut to the Youth Development program in the City's Health and Family Support department. This reduction will be passed to YCB as a reduction in contractual services.

Council Adopted Budget: Council approved the Mayor's recommendation.

Five-Year Financial Direction

Property tax estimates are based upon the Council adopted tax policy. The Council adopted a tax policy of no increase in 2012, 3% in 2013, 4% in 2014 and 2015, 4.5% in 2016 and 2017. These percentages reflect statutorily-required costs and provide for the following current service level cost escalator for departments and independent boards: 3.2% in 2013; 4.2% in 2014; 4.3% in 2015; 4.5% in 2016 and 4.7% in 2017. The City is not subject to levy limits under current law.

The 2012 budget is the basis for future projections: In

Summary of Five-Year Financial Direction (dollars in millions)	
Department	2017 Resources
Police	\$157.0
Fire	64.1
Public Works	56.5
Regulatory Services	37.1
Health and Family Support	3.0
Civil Rights	2.6
Capital Plan (pay-go and debt)	36.0
Pensions	26.0
All other spending	93.8
Total	\$476.1

other words, the starting place for the 2013-2017 department budget estimates is what is included in the 2012 budget. One-time 2012 supplemental items are removed from department budgets in 2013 and beyond.

The financial direction from 2013 to 2017 contains updates to departmental resources: The financial direction includes the most updated assumptions about contract settlements and other commitments.

Reductions to departmental growth required in 2012 only. The departmental cuts necessary to balance the five-year financial direction are required in 2012. Any future balances have been allocated to the operating contingency fund.

Salary Assumption – The City adopted a compensation philosophy during 2007. The philosophy does not specify a salary policy. It is anticipated that salary settlements will vary within and between bargaining units, but overall are projected to experience a 0% increase in 2012 for unsettled contracts and in 2012-2013 for currently settled contracts. Salaries are assumed to increase 2.5% thereafter. Assumptions are updated annually as contracts are settled.

Capital and Debt Service (including pensions)

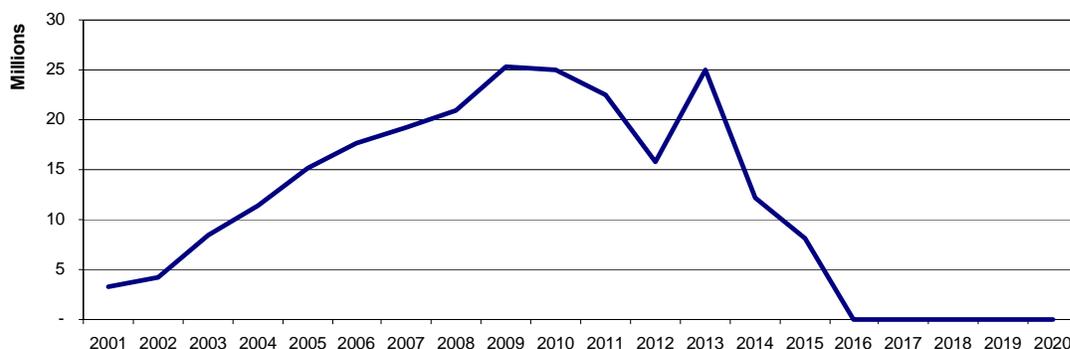
Pressure on capital project budgets continue. Due to cuts in LGA as part of the State of Minnesota's adopted biennial budget, the City was forced to eliminate \$45 million of planned capital improvements to be funded with general fund transfers. In response, since the City can no longer afford to postpone needed improvements to infrastructure, this budget recommends a \$56.565 million increase in net debt bond funding in the five-year capital plan over the previously adopted plan. The previously approved net debt bond funding level was insufficient to make any progress on improving the City's infrastructure and was not keeping up with construction inflation which generally exceeds the non-construction inflation rates. The increase continues the infrastructure acceleration program started in 2009 which used one-time trust fund resources of \$22.6 million for years 2009 – 2013. The primary emphasis of the expanded resources will be used to improve the street infrastructure. The Bond Redemption Levy will start to see increases starting in 2014 to allow for the expanded net debt bond program to continue this emphasis. Even with these extra resources, there remains considerable pent up demand for public works, park board and technology infrastructure investment.

The Net Debt Bond (NDB) program is paid for with property tax collections. The five-year financial direction for the bond redemption levy included increases in 2014 and significant increases in 2015 and beyond for capital improvements. These increases are possible because as the demand for property tax resources for the internal service fund financial plans is reduced, the bond redemption levy is increased. In order to expedite capital improvements in 2012 and 2013, the City will extend debt maturities slightly longer than current practice for new issuances until the higher bond redemption levies are realized. This plan also includes an increase in base levies of approximately \$4 million starting in 2014 versus the previous long-term financial plan to pay for the higher capital level. These property tax supported net debt bonds help to leverage many funding sources in the five-year plan.

Funding for internal service fund long-term financial plans. To meet the goals of the adopted long-term financial plans, these obligations continue through 2019 at a declining level. The 2008 adopted long-term financial plans begin reducing the General Fund's contribution to the internal service funds in 2010, but to create capacity in order to hold down property tax levy

increases in future years, the General Fund will accelerate the workout plan schedule from full completion in 2019 to 2015. The Council adopted a reduction in obligations to the fund of \$3.6 million over three years.

General Fund Support for Internal Service Funds

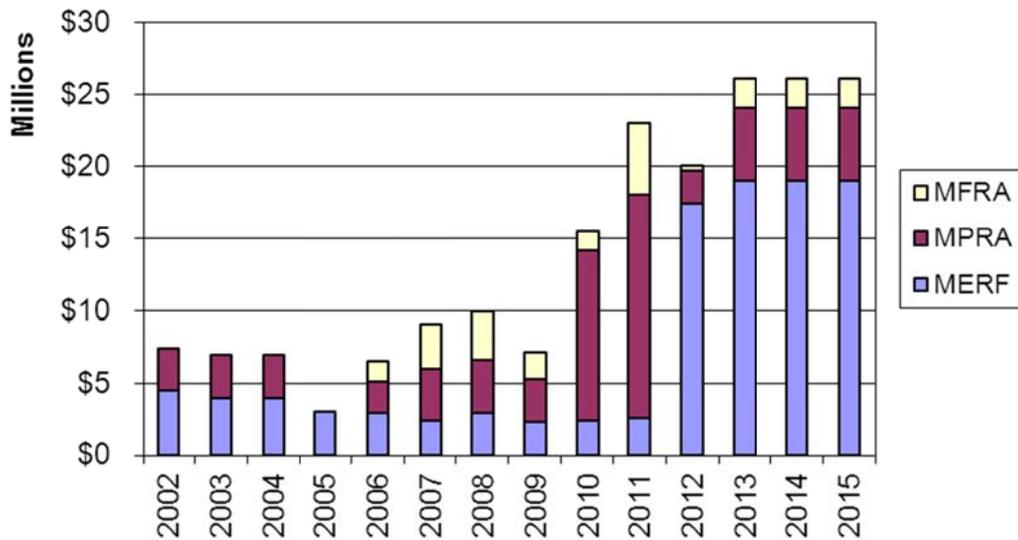


In addition, as one-time resources have become available, the elected officials have prioritized the avoidance and pay down of debt. The following table highlights these important decisions:

Description (year decided)	Amount (millions)
Hilton Legacy Fund (2003) – proceeds from the sale of the City's share in the downtown hotel.	\$12.5
Year-end savings from 2004 (2005)	\$15.0
One-time LGA, general fund resources (2005 for 2006)	\$10.0
2007 one-time resources	\$3.0
Pre-payment of BIS workout plan obligations for 2012 (2009)	\$1.5
Pre-payment of Self Insurance Fund workout plan obligations for 2011 (2010)	\$3.5
Payment of pension obligations (2010 Revised)	\$2.8
Pre-payment of Self Insurance Fund workout plan obligations for 2012 and 2013 (\$5.6 million); reduction to transfer of \$1 million to the Self Insurance Fund given fund's financial performance (2011)	\$4.6
Postponement of Fleet Fund workout plan obligations for 2012 to 2013 and prepayment of 2014 obligations in 2013 (net zero impact)	\$0
Acceleration of workout plan obligations and \$3.6 million reduction to BIS workout plan obligations	\$3.6
Total	\$56.5

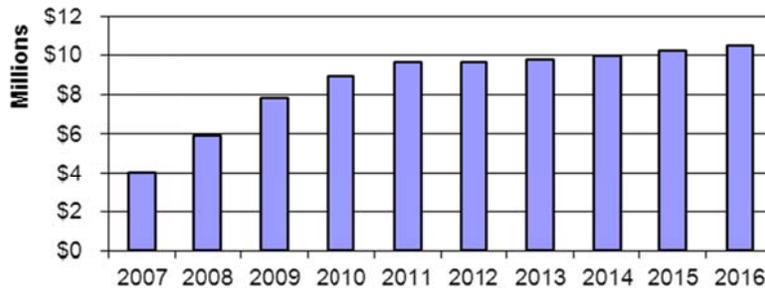
Funding for pension liabilities. The property tax needed to support closed pension fund-related obligations is \$44.1 million in 2012, and estimated to shrink to \$29.4 million in total obligations in 2013. The debt service portion, included in the numbers above is \$24.4 million in 2012, which will retire the remaining pension debt obligations issued for the City's closed funds, eliminating debt service payments in 2013 and all future years. These projections reflect the MPRA and MFRA merger into the Statewide PERA Police & Firefighters pension fund. The five-year financial direction includes an additional obligation assigned to the City for the asset losses in the Minneapolis Employees Retirement Fund beginning in 2012. The City also has increasing obligations for the pension plan most City employees are in, the Public Employees Retirement Association (PERA).

Closed Pensions - Projections and Growth 2002-2015



Note: This chart reflects the General Fund-supported debt service (\$24.4 million) and does not include the direct levies (\$19.7 million). Total property-tax supported pension obligations equal \$44.1 million.

PERA Pension Obligations: Cumulative Annual Increase



Change in Contingency for Adverse Circumstances

Contingency exists for adverse circumstances. Examples of adverse circumstances the City has encountered include reductions in LGA, unemployment costs and increased pension obligations.

For the 2013-2017 five-year financial direction, any available funds remaining on the bottom line have been included in contingency to pay for unforeseen costs such as pensions.

What other pressures does the City face in future planning efforts?

The City faces several pressures for which a policy decision has yet to be reached:

- *Property taxes:* Future projections plan on the Council adopted property tax increases (outlined below) to support future services – reducing the growth in property taxes in the face of declining LGA and increase pension costs will require more department reductions.
- *Park Board:* Like other participants in the City's capital funding pool, the Park Board faces significant capital pressures to maintain the facilities it operates.
- *Enterprise funds:* The enterprise funds have experienced a decline in their financial condition (primarily working capital), largely related to increasing debt loads related to approved capital projects.
- *Performance Information:* As the City continues to gain experience with using results information for performance discussions, it will need to undertake benchmark development in using this information for financial decision making.
- *Department Reductions:* The City will continue to see issues with ability to keep up with enterprise demands while subject to increased costs.
- *Annual Buying Commitment for Wireless Services:* As part of the agreement with US Internet to build a citywide wireless network, the City committed to purchase \$1.2 million of wireless services each year from 2008 through 2017. The transition from wired to wireless technology will require tradeoffs within departmental budgets. The wireless commitment was reflected in non-General Fund departments' budgets starting in 2011 (General Fund departments' share of the commitment is transferred directly to the Intergovernmental Services Fund and therefore is not reflected in operating budgets of those departments).

Assumptions for 2012-2017

- The tax policy for 2012-2017 is as follows: 0% in 2012; 3% in 2013; 4% in 2014-2015; 4.5% in 2016 and 2017. These percentages reflect statutorily-required costs and provide for the following current service level cost escalator for departments and independent boards: 3.2% in 2013; 4.2% in 2014; 4.3% in 2015; 4.5% in 2016 and 4.7% in 2017.
- Contingency increased to provide cushion for uncertainty related to pension costs and economic conditions.
- For unsettled contracts, the direction assumes a 0% salary increase in 2012. Any increase above 0% will be funded through existing departmental appropriation.
- Health increases are assumed at 4% in 2012; 12% in 2013; and 16% thereafter.
- No additional cuts other than what was included in the five-year financial direction are included for the permanent improvement levy or for debt service. The Mayor recommended and Council adopted an increase of \$25 million in a capital program in 2013 for Public Works capital projects.
- Reductions in LGA of \$0.265 million annually (excluding independent boards) are reflected in 2014-2016.
- Revenues in the general fund are NOT assumed to increase, except for licenses and permits which are anticipated to increase by 3.0% annually.
- No additional revenues are anticipated from public works (assessments, other fees).
- No additional programs or services are added – they would need to be funded by new revenue or through departmental efforts to reduce costs.
- Currently adopted pension law is reflected.
- Pension estimates in the plan include the impact of the 2008 of investment returns of -30%.
- Full funding of pension and internal service fund debts are included. Constraints in internal service funds are maintained.
- Base entertainment tax from the Convention Center fund flows at a higher rate (\$13 million in 2012) due to the revenue stream from Target Field sales.
- The State has implemented a new program called the Homestead Market Value Exclusion. The program replaces the Homestead Market Value Credit. The new program excludes a portion of a homestead's property value from taxation instead of the old program in which a homesteaded property received a credit that reduced the property taxes paid. No other changes to state tax law regarding property taxes as assumed for the remainder of the plan.

Property Tax Revenue Distribution. In 2010, the City adopted a “shared revenue” approach based on the sum of the following: total property tax revenue, total Local Government Aid revenue, and total General Fund revenues. From this total, shared costs are deducted, including: pension obligations, previously approved internal service fund workout plans, the Bond Redemption Fund levy, the Permanent Improvement Fund levy, the Minneapolis Public Housing Authority special levy, the Teacher’s Retirement Association special levy, the Library Market Value Referendum levy, the levy for the Board of Estimate and Taxation, General Fund Overhead associated with the Park Board and Municipal Building Commission (MBC), General Fund Overhead for others, and General Fund transfers to other funds. The remaining revenues are then identified as being available for “activities.”

“Activity” definition for MBC excludes the General Fund Overhead transfer to the City. “Activity” definition for the Park Board excludes the General Fund Overhead transfer to the City, the HR Benefits Administration Fee paid to the City and the Park Board levy supported capital projects.

The annual percentage change in revenue available for activities of the City, Park Board and MBC are the same for each entity beginning in 2013. In 2012, both the Park Board and MBC adopted no increase to property tax and LGA revenues. The Mayor made an overt policy decision to increase funding in the City’s General Fund to fund firefighters and the Council adopted this decision. This means the three entities will have different activity percentage changes.

**2012 >>> 2017 Adopted Budget
Activities Approach**

Estimated Property Tax Levies % Change >>> Activities Approach Levy & LGA Entities	for					
	0.00% 2012 Budget	3.00% 2013 Budget	4.00% 2014 Budget	4.00% 2015 Budget	4.50% 2016 Budget	4.50% 2017 Budget
Municipal Building Commission						
Municip Building Commission Levy	\$4,285,000	\$4,430,000	\$4,623,000	\$4,832,000	\$5,059,000	\$5,305,000
Municip Building Commission Tax Revenue	\$4,199,295	\$4,341,400	\$4,530,781	\$4,735,468	\$4,957,487	\$5,199,169
MBC LGA Revenue	\$193,067	\$192,164	\$191,261	\$190,358	\$189,455	\$188,552
MBC Tax Revenue & LGA	\$4,392,362	\$4,533,564	\$4,722,042	\$4,925,826	\$5,146,942	\$5,387,721
LESS MBC's Transfer to City General Fund OH	(\$50,619)	(\$52,236)	(\$54,408)	(\$56,756)	(\$59,305)	(\$62,080)
MBC Activities Tax Revenue & LGA	\$4,341,743	\$4,481,328	\$4,667,634	\$4,869,070	\$5,087,637	\$5,325,641
MBC \$\$ Change	(\$1,635)	\$139,585	\$186,306	\$201,436	\$218,567	\$238,004
MBC % Change	-0.04%	3.21%	4.16%	4.32%	4.49%	4.68%
MBC Activities % Change After Cost ESC >>>	-2.06%	0.02%	0.00%	0.00%	0.00%	0.00%
Park & Recreation Board						
Park Board Levy	\$47,217,000	\$49,050,000	\$47,217,000	\$47,217,000	\$47,217,000	\$47,217,000
Park Board Tax Revenue	\$46,272,605	\$48,069,000	\$46,272,605	\$46,272,605	\$46,272,605	\$46,272,605
Park Bd LGA Revenue	\$7,570,039	\$7,534,633	\$7,571,635	\$7,571,635	\$7,571,635	\$7,571,635
Park Board Tax Revenue & LGA	\$53,842,644	\$55,603,633	\$53,844,240	\$53,844,240	\$53,844,240	\$53,844,240
LESS Park Board's Transfer to City General Fund OH	(\$931,670)	(\$961,425)	(\$895,837)	(\$895,837)	(\$895,837)	(\$895,837)
LESS Park Board's Trfansfer to City General Admin Fee	(\$125,491)	(\$129,000)	(\$125,899)	(\$125,899)	(\$125,899)	(\$125,899)
LESS Park Board's Capital Projects from Levy	(\$4,865,867)	(\$5,075,000)	(\$4,902,888)	(\$4,902,888)	(\$4,902,888)	(\$4,902,888)
Park Board Activities Tax Revenue & LGA	\$47,919,616	\$49,438,208	\$47,919,616	\$47,919,616	\$47,919,616	\$47,919,616
Park Board Activities \$\$ Change	\$0	\$1,518,592	\$2,055,333	\$2,222,254	\$2,411,238	\$2,625,676
<u>Policy Decision by the Park Board</u>	Park Board Request	\$0	Change for 2012			
Park Board Activities % Change	0.00%	3.17%	4.16%	4.32%	4.49%	4.68%
Park Board Activities % Change After Cost ESC >>>	-2.03%	-0.02%	0.00%	0.00%	0.00%	0.00%
City General Fund						
City Gfd Levy	\$176,374,000	\$175,142,000	\$177,530,000	\$179,894,000	\$190,078,000	\$200,946,000
City Gfd Tax Revenue	\$172,846,520	\$171,639,160	\$173,979,761	\$176,295,666	\$186,276,861	\$196,927,159
General Fund Revenues	\$145,949,134	\$147,685,654	\$150,588,408	\$152,698,253	\$154,926,021	\$157,284,084
City LGA Revenue	\$56,378,894	\$56,115,203	\$55,851,512	\$55,587,821	\$55,324,130	\$55,060,439
City General Fund Revenue	\$375,174,548	\$375,440,017	\$380,419,681	\$384,581,741	\$396,527,012	\$409,271,682
Less Payment to the Co for Library System non Tax \$\$	(\$4,982,000)	(\$4,106,000)	(\$3,238,000)	(\$2,363,000)	(\$1,560,000)	(\$780,000)
Less Gen Fd Revenue Transfer to BIS for WiFi	(\$484,444)	(\$491,260)	(\$498,077)	(\$504,893)	(\$482,444)	(\$462,661)
Less Revenue Transfer to Target Finance Plan	(\$92,000)	(\$550,000)	(\$550,000)	(\$550,000)	(\$550,000)	(\$550,000)
Less Revenue Transfer to Solid Waste Graffiti	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)
LESS General Fund (Trf to Pen DS Sinking Fd)	(\$24,440,220)	(\$3,872,960)	(\$442,960)	(\$442,960)	(\$442,960)	(\$442,960)
LESS Gen Fd Trf to the Property Tax Stabilization Acct	\$0	\$0	(\$8,027,605)	(\$1,678,989)	(\$5,961,520)	(\$1,382,638)
LESS Gen Fd Trf to Internal Service Funds \$ in Total	(\$15,785,218)	(\$25,055,619)	(\$12,113,090)	(\$8,154,073)	na	na
LESS City Gfd OH Not Recovered from Park Bd	(\$833,820)	(\$860,450)	(\$896,230)	(\$934,917)	(\$976,895)	(\$1,022,608)
LESS City Gfd OH Not Recovered from MBC	(\$159,001)	(\$164,079)	(\$170,902)	(\$178,279)	(\$186,284)	(\$195,001)
LESS Other's Transfer to City General Fund OH	(\$20,397,131)	(\$21,048,553)	(\$21,923,818)	(\$22,870,190)	(\$23,897,069)	(\$25,015,302)
LESS City Gfd OH Not Recovered from Other's	(\$545,365)	(\$562,782)	(\$586,184)	(\$611,488)	(\$638,944)	(\$668,842)
LESS General fund one time \$\$ in 2012	(\$1,020,000)	na	na	na	na	na
City Gfd Activities	\$306,285,349	\$318,578,313	\$331,822,815	\$346,142,952	\$361,680,896	\$378,600,669
General Fund Activities \$\$ Change	\$9,407,506	\$12,292,964	\$13,244,502	\$14,320,137	\$15,537,944	\$16,919,773
General Fund Activities % Change	3.17%	4.01%	4.16%	4.32%	4.49%	4.68%
Gfd Activities % Change After Cost ESC >>>	1.14%	0.82%	0.00%	0.00%	0.00%	0.00%
<u>Policy Decisions Activities \$ Adjustments</u>						
PW Eng Desig \$.49 M for planning 2012 Fwd	(\$490,000)					
FIRE \$ 1.1 M 2012 Fwd	(\$1,100,000)					
CPED \$ 2.5M 2013 FWD		(\$2,500,000)				
City Gfd Activities Excluding Policy Decisions	\$304,695,349	\$316,078,313				
Gfd Activities \$\$ Change After Cost ESC & Excluding Policy Decisions >>>	\$7,817,506	\$9,792,964				
Gfd Activities % Change Before Cost ESC >>>	2.63%	3.20%				
Gfd Activities % Change After Cost ESC & Excluding Policy Decisions >>>	0.61%	0.00%				

2012 Property Tax Supported Budgets						
	2012 Council	2012 Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
			Other General City Revenues	Local Government Aid	Property Tax Revenue	
General Fund						
<u>General Fund Commitments</u>						
Internal Service Funds Financial Plans	15.785	-	-	-	15.785	15.785
Transfers to BIS for WiFi from Gen Fd Depts	0.484	-	-	-	0.484	0.484
Graffiti Removal	0.150	-	-	-	0.150	0.150
Target Center Financial Plan	0.092	-	-	-	0.092	0.092
Transfers for City Hall rent	0.697	-	-	-	0.697	0.697
Payment to County for Library System	4.982	-	-	4.982	-	4.982
Property tax stabilization account	-	-	-	-	-	-
Pension Debt Service Mgmt Plan	24.440	-	-	-	24.440	24.440
Total General Fund Commitments	46.630	-	-	4.982	41.648	46.630
<u>General Fund Departments</u>						
Police	128.015	8.865	34.706	22.991	58.559	125.121
Fire	52.272	3.887	14.094	9.336	23.780	51.097
Subtotal for Police & Fire	180.287	12.753	48.799	32.328	82.338	176.218
Assessor	4.196	0.063	1.204	0.798	2.031	4.095
Attorney	7.758	0.020	2.254	1.493	3.803	7.570
BIS	0.050	-	0.015	0.010	0.025	0.049
City Council & Clerk	8.028	0.050	2.324	1.539	3.921	7.834
City Coordinator Administration	1.519	-	0.442	0.293	0.746	1.482
311	2.962	-	0.863	0.571	1.456	2.890
911	7.297	-	2.125	1.408	3.586	7.119
Emergency Management	0.711	-	0.207	0.137	0.350	0.694
Civil Rights	2.153	-	0.627	0.415	1.058	2.101
Communications	2.161	3.930	-	-	-	3.930
Community Planning & Economic Development (CPED)	3.557	1.452	0.613	0.406	1.034	3.505
Contingency	3.999	-	-	-	3.999	3.999
Finance	19.633	-	5.719	3.788	9.649	19.156
Health and Family	2.433	-	0.709	0.469	1.196	2.374
Human Resources	5.510	-	1.605	1.063	2.708	5.376
Intergovernmental Relations	1.405	-	0.409	0.271	0.691	1.371
Internal Audit	0.438	-	0.127	0.084	0.215	0.427
Mayor	1.548	-	0.451	0.299	0.761	1.510
Neighborhood & Community Relations	0.902	-	0.263	0.174	0.443	0.880
Public Works	46.084	14.774	9.120	6.041	15.388	45.323
Regulatory Services	30.257	34.982	-	-	-	34.982
Subtotal for all other departments	152.599	55.271	29.077	19.262	53.059	156.669
Total General Fund Departments	332.887	68.024	77.876	51.590	135.398	332.887
Total General Fund	379.517	68.024	77.876	56.572	177.046	379.517
<u>Other Property Tax-Supported Commitments</u>						
Capital - Permanent Improvement	0.980	-	-	-	0.980	0.980
Debt Service	18.375	-	-	-	18.375	18.375
Subtotal	19.355	-	-	-	19.355	19.355
Pensions - Direct Levy for MPRA, MFRA and MERF	19.660	-	-	-	19.660	19.660
Total Property Tax Supported Commitments	418.532	68.024	77.876	56.572	216.061	418.532

(Additional cuts needed)/Cushion for adverse circumstances 0.000

Total Property-Tax Supported Closed Fund Pension Costs	2011 Expense	2012 Expense	% change from 2010
		46.573	44.100

2013 Property Tax Supported Budgets										
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues	
						Other General City Revenues	Local Government Aid	Property Tax Revenue		
General Fund										
General Fund Commitments										
Internal Service Funds Financial Plans	15.785	9.270	-	25.055	-	-	-	25.055	25.055	
Transfers to BIS for WiFi from Gen Fd Depts	0.484	0.007	-	0.491	-	-	-	0.491	0.491	
Graffiti Removal	0.150	-	-	0.150	-	-	-	0.150	0.150	
Target Center Financial Plan	0.092	0.458	-	0.550	-	-	-	0.550	0.550	
Transfers for City Hall rent	0.697	0.022	-	0.719	-	-	-	0.719	0.719	
Payment to County for Library System	4.982	(0.876)	-	4.106	-	-	4.106	-	4.106	
Property tax stabilization account	-	-	-	-	-	-	-	-	-	
Pension Debt Service Mgmt Plan	24.440	(20.567)	-	3.873	-	-	-	3.873	3.873	
Total General Fund Commitments	46.630	(11.686)	-	34.944	-	-	4.106	30.838	34.944	
General Fund Departments										
Police	128.015	4.088	-	132.104	8.865	35.516	23.600	64.121	132.104	
Fire	52.272	1.669	-	53.942	3.887	14.425	9.585	26.044	53.942	
Subtotal for Public Safety	180.287	5.758	-	186.045	12.753	49.942	33.186	90.165	186.045	
Assessor	4.196	0.134	-	4.330	0.063	1.230	0.817	2.220	4.330	
Attorney	7.758	0.192	-	7.950	0.020	2.285	1.519	4.126	7.950	
BIS	0.050	0.002	-	0.052	-	0.015	0.010	0.027	0.052	
City Council & Clerk	8.028	0.196	-	8.224	0.050	2.356	1.565	4.253	8.224	
City Coordinator Administration	1.519	0.049	-	1.567	-	0.452	0.300	0.815	1.567	
311	2.962	0.224	-	3.185	-	0.918	0.610	1.657	3.185	
911	7.297	0.233	-	7.530	-	2.170	1.442	3.918	7.530	
Emergency Management	0.711	0.023	-	0.734	-	0.212	0.141	0.382	0.734	
Civil Rights	2.153	0.069	-	2.222	-	0.640	0.425	1.156	2.222	
Communications	2.161	(0.086)	-	2.075	3.930	(0.535)	(0.355)	(0.965)	2.075	
Community Planning & Economic Development (CPED)	3.557	2.597	-	6.153	1.452	1.355	0.900	2.446	6.153	
Contingency	3.999	(0.687)	-	3.312	-	-	-	3.312	3.312	
Finance	19.633	0.627	-	20.260	-	5.839	3.880	10.541	20.260	
Health and Family	2.433	0.078	-	2.511	-	0.724	0.481	1.306	2.511	
Human Resources	5.510	0.176	-	5.686	-	1.639	1.089	2.959	5.686	
Intergovernmental Relations	1.405	0.043	-	1.449	-	0.418	0.277	0.754	1.449	
Internal Audit	0.438	(0.048)	-	0.390	-	0.112	0.075	0.203	0.390	
Mayor	1.548	0.051	-	1.599	-	0.461	0.306	0.832	1.599	
Neighborhood & Community Relations	0.902	0.029	-	0.931	-	0.268	0.178	0.484	0.931	
Public Works	46.084	1.464	-	47.547	14.774	9.445	6.276	17.052	47.547	
Regulatory Services	30.257	0.966	-	31.224	36.031	(1.386)	(0.921)	(2.501)	31.224	
Subtotal for all other departments	152.599	6.330	-	158.930	56.320	28.617	19.016	54.977	158.930	
Total General Fund Departments	332.887	12.088	-	344.975	69.073	78.559	52.201	145.142	344.975	
Total General Fund	379.517	0.402	-	379.919	69.073	78.559	56.307	175.980	379.919	
Other Property Tax-Supported Commitments										
Capital - Permanent Improvement	0.980	-	-	0.980	-	-	-	0.980	0.980	
Debt Service	18.375	1.715	-	20.090	-	-	-	20.090	20.090	
Subtotal	19.355	1.715	-	21.070	-	-	-	21.070	21.070	
Pensions - Direct Levy for MPRA, MFRA and MERF	19.660	5.867	-	25.527	-	-	-	25.527	25.527	
Total Property Tax Supported Commitments	418.532	7.985	-	426.516	69.073	78.559	56.307	222.577	426.516	
Note: \$181,500 is devoted to recruitment activities in the Police department										
Total Property-Tax Supported Closed Fund Pension Costs	2012 Expense 44.100	2013 Expense 29.400	% change -33.3%	2012 Max 2013 Max (Additional cuts needed)/Cushion for adverse circumstances						216.061 222.578 0.000

2014 Property Tax Supported Budgets									
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
						Other General City Revenues	Local Government Aid	Property Tax Revenue	
General Fund									
<i>General Fund Commitments</i>									
Internal Service Funds Financial Plans	25.055	(12.943)	-	12.113	-	-	-	12.113	12.113
Transfers to BIS for WiFi from Gen Fd Depts	0.491	0.007	-	0.498	-	-	-	0.498	0.498
Graffiti Removal	0.150	-	-	0.150	-	-	-	0.150	0.150
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550
Transfers for City Hall rent	0.719	0.030	-	0.749	-	-	-	0.749	0.749
Payment to County for Library System	4.106	(0.868)	-	3.238	-	-	3.238	-	3.238
Property tax stabilization account	-	6.700	-	6.700	-	-	-	6.700	6.700
Pension Debt Service Mgmt Plan	3.873	(3.430)	-	0.443	-	-	-	0.443	0.443
Total General Fund Commitments	34.944	(10.504)	-	24.441	-	-	3.238	21.203	24.441
<i>General Fund Departments</i>									
Police	132.104	5.493	-	137.597	8.865	36.214	23.792	68.726	137.597
Fire	53.942	2.243	-	56.185	3.887	14.712	9.665	27.920	56.185
Subtotal for Public Safety	186.045	7.736	-	193.782	12.753	50.926	33.457	96.646	193.782
Assessor	4.330	0.180	-	4.510	0.063	1.251	0.822	2.374	4.510
Attorney	7.950	0.331	-	8.281	0.020	2.324	1.527	4.410	8.281
BIS	0.052	0.002	-	0.054	-	0.015	0.010	0.029	0.054
City Council & Clerk	8.224	0.342	-	8.566	0.050	2.396	1.574	4.547	8.566
City Coordinator Administration	1.567	0.065	-	1.632	-	0.459	0.302	0.871	1.632
311	3.185	0.132	-	3.318	-	0.933	0.613	1.771	3.318
911	7.530	0.313	-	7.843	-	2.206	1.449	4.187	7.843
Emergency Management	0.734	0.031	-	0.764	-	0.215	0.141	0.408	0.764
Civil Rights	2.222	0.092	-	2.314	-	0.651	0.428	1.235	2.314
Communications	2.075	0.086	-	2.161	3.930	(0.498)	(0.327)	(0.944)	2.161
Community Planning & Economic Development (CPED)	6.153	0.256	-	6.409	1.452	1.395	0.916	2.647	6.409
Contingency	3.312	1.460	-	4.772	-	-	-	4.772	4.772
Finance	20.260	0.842	-	21.103	-	5.936	3.900	11.266	21.103
Health and Family	2.511	0.104	-	2.615	-	0.736	0.483	1.396	2.615
Human Resources	5.686	0.236	-	5.923	-	1.666	1.095	3.162	5.923
Intergovernmental Relations	1.449	0.060	-	1.509	-	0.425	0.279	0.806	1.509
Internal Audit	0.390	0.016	-	0.406	-	0.114	0.075	0.217	0.406
Mayor	1.599	0.066	-	1.665	-	0.468	0.308	0.889	1.665
Neighborhood & Community Relations	0.931	0.039	-	0.970	-	0.273	0.179	0.518	0.970
Public Works	47.547	1.977	-	49.525	14.774	9.776	6.422	18.552	49.525
Regulatory Services	31.224	1.298	-	32.522	37.112	(1.291)	(0.848)	(2.451)	32.522
Subtotal for all other departments	158.930	7.931	-	166.861	57.401	29.450	19.348	60.662	166.861
Total General Fund Departments	344.975	15.667	-	360.642	70.154	80.376	52.805	157.307	360.642
Total General Fund	379.919	5.164	-	385.083	70.154	80.376	56.043	178.510	385.083
<i>Other Property Tax-Supported Commitments</i>									
Capital - Permanent Improvement	0.980	0.049	-	1.029	-	-	-	1.029	1.029
Debt Service	20.090	6.370	-	26.460	-	-	-	26.460	26.460
Subtotal	21.070	6.419	-	27.489	-	-	-	27.489	27.489
Pensions - Direct Levy for MPRA, MFRA and MERF	25.527	-	-	25.527	-	-	-	25.527	25.527
Total Property Tax Supported Commitments	426.516	11.583	-	438.099	70.154	80.376	56.043	231.526	438.099
Total Property-Tax Supported Closed Fund Pension Costs	29.400	25.970	-11.7%						
						2013 Max	222.578		
						2014 Max	231.527		
						(Additional cuts needed)/Cushion for adverse circumstances	0.000		

2015 Property Tax Supported Budgets																				
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues											
						Other General City Revenues	Local Government Aid	Property Tax Revenue												
General Fund																				
<u>General Fund Commitments</u>																				
Internal Service Funds Financial Plans	12.113	(3.959)	-	8.154	-	-	-	8.154	8.154											
Transfers to BIS for WiFi from Gen Fd Depts	0.498	0.007	-	0.505	-	-	-	0.505	0.505											
Graffiti Removal	0.150	-	-	0.150	-	-	-	0.150	0.150											
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550											
Transfers for City Hall rent	0.749	0.032	-	0.781	-	-	-	0.781	0.781											
Payment to County for Library System	3.238	(0.875)	-	2.363	-	-	2.363	-	2.363											
Property tax stabilization account	6.700	(5.739)	-	0.961	-	-	-	0.961	0.961											
Pension Debt Service Mgmt Plan	0.443	-	-	0.443	-	-	-	0.443	0.443											
Total General Fund Commitments	24.441	(10.533)	-	13.907	-	-	2.363	11.544	13.907											
<u>General Fund Departments</u>																				
Police	137.597	5.940	-	143.536	8.865	36.592	24.021	74.058	143.536											
Fire	56.185	2.425	-	58.610	3.887	14.869	9.761	30.093	58.610											
Subtotal for Public Safety	193.782	8.365	-	202.146	12.753	51.461	33.782	104.151	202.146											
Assessor	4.510	0.195	-	4.704	0.063	1.261	0.828	2.553	4.704											
Attorney	8.281	0.357	-	8.638	0.020	2.342	1.537	4.739	8.638											
BIS	0.054	0.002	-	0.056	-	0.015	0.010	0.031	0.056											
City Council & Clerk	8.566	(0.130)	-	8.436	0.050	2.279	1.496	4.612	8.436											
City Coordinator Administration	1.632	0.070	-	1.703	-	0.463	0.304	0.936	1.703											
311	3.318	0.143	-	3.461	-	0.940	0.617	1.903	3.461											
911	7.843	0.339	-	8.181	-	2.223	1.459	4.499	8.181											
Emergency Management	0.764	0.033	-	0.797	-	0.217	0.142	0.439	0.797											
Civil Rights	2.314	0.100	-	2.414	-	0.656	0.431	1.327	2.414											
Communications	2.161	0.093	-	2.255	3.930	(0.455)	(0.299)	(0.921)	2.255											
Community Planning & Economic Development (CPED)	6.409	0.277	-	6.686	1.452	1.422	0.934	2.878	6.686											
Contingency	4.772	0.034	-	4.806	-	-	-	4.806	4.806											
Finance	21.103	0.911	-	22.014	-	5.981	3.927	12.106	22.014											
Health and Family	2.615	0.113	-	2.728	-	0.741	0.487	1.500	2.728											
Human Resources	5.923	0.256	-	6.178	-	1.679	1.102	3.398	6.178											
Intergovernmental Relations	1.509	0.065	-	1.574	-	0.428	0.281	0.866	1.574											
Internal Audit	0.406	0.018	-	0.423	-	0.115	0.076	0.233	0.423											
Mayor	1.665	0.072	-	1.737	-	0.472	0.310	0.955	1.737											
Neighborhood & Community Relations	0.970	0.042	-	1.011	-	0.275	0.180	0.556	1.011											
Public Works	49.525	2.138	-	51.662	14.774	10.023	6.580	20.285	51.662											
Regulatory Services	32.522	1.404	-	33.926	38.226	(1.168)	(0.767)	(2.365)	33.926											
Subtotal for all other departments	166.861	6.531	-	173.392	58.515	29.908	19.633	65.336	173.392											
Total General Fund Departments	360.642	14.896	-	375.538	71.267	81.368	53.415	169.487	375.538											
Total General Fund	385.083	4.362	-	389.445	71.267	81.368	55.778	181.032	389.445											
<u>Other Property Tax-Supported Commitments</u>																				
Capital - Permanent Improvement	1.029	0.049	-	1.078	-	-	-	1.078	1.078											
Debt Service	26.460	6.860	-	33.320	-	-	-	33.320	33.320											
Subtotal	27.489	6.909	-	34.398	-	-	-	34.398	34.398											
Pensions - Direct Levy for MPRA, MFRA and MERF	25.527	-	-	25.527	-	-	-	25.527	25.527											
Total Property Tax Supported Commitments	438.099	11.271	-	449.370	71.267	81.368	55.778	240.957	449.370											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="text-align: center;">Total Property-Tax Supported Closed Fund Pension Costs</td> <td style="text-align: center;">2014 Expense</td> <td style="text-align: center;">2015 Expense</td> <td style="text-align: center;">% change</td> <td style="text-align: right;">2014 Max</td> <td style="text-align: right;">231.527</td> </tr> <tr> <td style="text-align: center;">25.970</td> <td style="text-align: center;">25.970</td> <td style="text-align: center;">0.0%</td> <td style="text-align: right;">2015 Max</td> <td style="text-align: right;">240.956</td> </tr> </table>										Total Property-Tax Supported Closed Fund Pension Costs	2014 Expense	2015 Expense	% change	2014 Max	231.527	25.970	25.970	0.0%	2015 Max	240.956
Total Property-Tax Supported Closed Fund Pension Costs	2014 Expense	2015 Expense	% change	2014 Max	231.527															
	25.970	25.970	0.0%	2015 Max	240.956															
(Additional cuts needed)/Cushion for adverse circumstances (0.000)																				

2016 Property Tax Supported Budgets									
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
						Other General City Revenues	Local Government Aid	Property Tax Revenue	
General Fund									
<u>General Fund Commitments</u>									
Internal Service Funds Financial Plans	8.154	(8.154)	-	-	-	-	-	-	-
Transfers to BIS for WiFi from Gen Fd Depts	0.505	(0.022)	-	0.482	-	-	-	0.482	0.482
Graffiti Removal	0.150	-	-	0.150	-	-	-	0.150	0.150
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550
Transfers for City Hall rent	0.781	0.035	-	0.816	-	-	-	0.816	0.816
Payment to County for Library System	2.363	(0.803)	-	1.560	-	-	1.560	-	1.560
Property tax stabilization account	0.961	4.007	-	4.969	-	-	-	4.969	4.969
Pension Debt Service Mgmt Plan	0.443	-	-	0.443	-	-	-	0.443	0.443
Total General Fund Commitments	13.907	(4.937)	-	8.970	-	-	1.560	7.410	8.970
<u>General Fund Departments</u>									
Police	143.536	6.445	-	149.981	8.865	36.891	24.143	80.082	149.981
Fire	58.610	2.632	-	61.242	3.887	14.994	9.812	32.548	61.242
Subtotal for Public Safety	202.146	9.076	-	211.223	12.753	51.885	33.955	112.630	211.223
Assessor	4.704	0.211	-	4.916	0.063	1.269	0.830	2.754	4.916
Attorney	8.638	0.388	-	9.026	0.020	2.354	1.541	5.111	9.026
BIS	0.056	0.003	-	0.059	-	0.015	0.010	0.033	0.059
City Council & Clerk	8.436	0.779	-	9.215	0.050	2.396	1.568	5.201	9.215
City Coordinator Administration	1.703	0.076	-	1.779	-	0.465	0.304	1.010	1.779
311	3.461	0.155	-	3.616	-	0.945	0.619	2.052	3.616
911	8.181	0.367	-	8.549	-	2.235	1.463	4.851	8.549
Emergency Management	0.797	0.036	-	0.833	-	0.218	0.143	0.473	0.833
Civil Rights	2.414	0.108	-	2.522	-	0.659	0.432	1.431	2.522
Communications	2.255	0.101	-	2.356	3.930	(0.412)	(0.269)	(0.893)	2.356
Community Planning & Economic Development (CPED)	6.686	0.300	-	6.986	1.452	1.447	0.947	3.141	6.986
Contingency	4.806	0.052	-	4.858	-	-	-	4.858	4.858
Finance	22.014	0.988	-	23.002	-	6.013	3.935	13.053	23.002
Health and Family	2.728	0.122	-	2.850	-	0.745	0.488	1.618	2.850
Human Resources	6.178	0.277	-	6.456	-	1.688	1.104	3.664	6.456
Intergovernmental Relations	1.574	0.071	-	1.645	-	0.430	0.281	0.933	1.645
Internal Audit	0.423	0.019	-	0.442	-	0.116	0.076	0.251	0.442
Mayor	1.737	0.078	-	1.815	-	0.474	0.311	1.030	1.815
Neighborhood & Community Relations	1.011	0.045	-	1.057	-	0.276	0.181	0.600	1.057
Public Works	51.662	2.320	-	53.982	14.774	10.250	6.708	22.250	53.982
Regulatory Services	33.926	1.523	-	35.449	39.373	(1.026)	(0.671)	(2.226)	35.449
Subtotal for all other departments	173.392	8.022	-	181.413	59.661	30.559	19.999	71.194	181.413
Total General Fund Departments	375.538	17.098	-	392.636	72.414	82.445	53.954	183.824	392.636
Total General Fund	389.445	12.161	-	401.606	72.414	82.445	55.514	191.234	401.606
<u>Other Property Tax-Supported Commitments</u>									
Capital - Permanent Improvement	1.078	0.049	-	1.127	-	-	-	1.127	1.127
Debt Service	33.320	0.980	-	34.300	-	-	-	34.300	34.300
Subtotal	34.398	1.029	-	35.427	-	-	-	35.427	35.427
Pensions - Direct Levy for MPRA, MFRA and MERF	25.527	-	-	25.527	-	-	-	25.527	25.527
Total Property Tax Supported Commitments	449.370	13.190	-	462.560	72.414	82.445	55.514	252.188	462.560
Total Property-Tax Supported						2015 Max	240.956		
Closed Fund Pension Costs						2016 Max	252.188		
						(Additional cuts needed)/Cushion for adverse circumstances	0.000		

2017 Property Tax Supported Budgets									
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
						Other General City Revenues	Local Government Aid	Property Tax Revenue	
General Fund									
<u>General Fund Commitments</u>									
Internal Service Funds Financial Plans	-	-	-	-	-	-	-	-	-
Transfers to BIS for WiFi from Gen Fd Depts	0.482	(0.020)	-	0.463	-	-	-	0.463	0.463
Graffiti Removal	0.150	-	-	0.150	-	-	-	0.150	0.150
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550
Transfers for City Hall rent	0.816	0.038	-	0.854	-	-	-	0.854	0.854
Payment to County for Library System	1.560	(0.780)	-	0.780	-	-	0.780	-	0.780
Property tax stabilization account	4.969	(4.664)	-	0.304	-	-	-	0.304	0.304
Pension Debt Service Mgmt Plan	0.443	-	-	0.443	-	-	-	0.443	0.443
Total General Fund Commitments	8.970	(5.426)	-	3.544	-	-	0.780	2.764	3.544
<u>General Fund Departments</u>									
Police	149.981	7.018	-	156.999	8.865	36.706	23.911	87.517	156.999
Fire	61.242	2.866	-	64.107	3.887	14.922	9.720	35.578	64.107
Subtotal for Public Safety	211.223	9.884	-	221.107	12.753	51.628	33.631	123.094	221.107
Assessor	4.916	0.230	-	5.146	0.063	1.260	0.820	3.003	5.146
Attorney	9.026	0.422	-	9.448	0.020	2.336	1.522	5.570	9.448
BIS	0.059	0.003	-	0.061	-	0.015	0.010	0.036	0.061
City Council & Clerk	9.215	0.531	-	9.746	0.050	2.403	1.565	5.728	9.746
City Coordinator Administration	1.779	0.083	-	1.863	-	0.462	0.301	1.100	1.863
311	3.616	0.169	-	3.785	-	0.938	0.611	2.236	3.785
911	8.549	0.400	-	8.949	-	2.217	1.444	5.287	8.949
Emergency Management	0.833	0.039	-	0.872	-	0.216	0.141	0.515	0.872
Civil Rights	2.522	0.118	-	2.640	-	0.654	0.426	1.560	2.640
Communications	2.356	0.110	-	2.466	3.930	(0.363)	(0.236)	(0.865)	2.466
Community Planning & Economic Development (CPED)	6.986	0.327	-	7.313	1.452	1.452	0.946	3.463	7.313
Contingency	4.858	0.161	-	5.019	-	1.244	0.810	2.965	5.019
Finance	23.002	1.076	-	24.078	-	5.966	3.887	14.225	24.078
Health and Family	2.850	0.133	-	2.984	-	0.739	0.482	1.763	2.984
Human Resources	6.456	0.302	-	6.758	-	1.675	1.091	3.993	6.758
Intergovernmental Relations	1.645	0.077	-	1.722	-	0.427	0.278	1.017	1.722
Internal Audit	0.442	0.021	-	0.463	-	0.115	0.075	0.274	0.463
Mayor	1.815	0.085	-	1.900	-	0.471	0.307	1.122	1.900
Neighborhood & Community Relations	1.057	0.049	-	1.106	-	0.274	0.179	0.654	1.106
Public Works	53.982	2.526	-	56.508	14.774	10.341	6.736	24.656	56.508
Regulatory Services	35.449	1.659	-	37.108	40.554	(0.854)	(0.556)	(2.036)	37.108
Subtotal for all other departments	181.413	8.523	-	189.936	60.843	31.988	20.838	76.268	189.936
Total General Fund Departments	392.636	18.407	-	411.043	73.595	83.617	54.469	199.362	411.043
Total General Fund	401.606	12.981	-	414.587	73.595	83.617	55.249	202.126	414.587
<u>Other Property Tax-Supported Commitments</u>									
Capital - Permanent Improvement	1.127	0.049	-	1.176	-	-	-	1.176	1.176
Debt Service	34.300	0.490	-	34.790	-	-	-	34.790	34.790
Subtotal	35.427	0.539	-	35.966	-	-	-	35.966	35.966
Pensions - Direct Levy for MPRA, MFRA and MERF	25.527	-	-	25.527	-	-	-	25.527	25.527
Total Property Tax Supported Commitments	462.560	13.520	-	476.080	73.595	83.617	55.249	263.619	476.080
						2016 Max	252.188		
						2017 Max	263.619		
						(Additional cuts needed)/Cushion for adverse circumstances	0.000		
Total Property-Tax Supported Closed Fund Pension Costs		2016 Expense	2017 Expense	% change					
		25.970	25.970	0.0%					

Five-Year Summary of Property Tax Supported Budgets										
					Allocated Revenues for Presentation Purposes <i>These revenues are reported at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>					
	2012 Expense	5-Year Projected Growth in Spending	5-Year Reduction in Spending	2017 Expense	Avg Annual % Incr over 5-yr period	2017 Direct Revenue	2017 General City Revenues (Non-Direct)	2017 Local Government Aid	2017 Property Tax Revenue	2017 Total Revenues
General Fund										
General Fund Commitments										
Internal Service Funds Financial Plans	15.785	(15.785)	-	-	-100.0%	-	-	-	-	-
Transfers to BIS for WIFI from Gen Fd Depts	0.484	(0.022)	-	0.463	-4.5%	-	-	-	0.463	0.463
Graffiti Removal	0.150	-	-	0.150	0.0%	-	-	-	0.150	0.150
Target Center Financial Plan	0.092	0.458	-	0.550	497.8%	-	-	-	0.550	0.550
Transfers for City Hall rent	0.697	0.158	-	0.854	85.4%	-	-	-	0.854	0.854
Payment to County for Library System	4.982	(4.202)	-	0.780	-84.3%	-	-	0.780	-	0.780
Property tax stabilization account	-	0.304	-	0.304	-	-	-	-	0.304	0.304
Pension Debt Service Mgmt Plan	24.440	(23.997)	-	0.443	-98.2%	-	-	-	0.443	0.443
Total General Fund Commitments	46.630	(43.086)	-	3.544	-92.4%	-	-	0.780	2.764	3.544
General Fund Activities										
Police	128.015	28.984	-	156.999	22.6%	8.865	36.706	23.911	87.517	156.999
Fire	52.272	11.835	-	64.107	22.6%	3.887	14.922	9.720	35.578	64.107
Subtotal for Public Safety	180.287	40.819	-	221.107	22.6%	12.753	51.628	33.631	123.094	221.107
Assessor	4.196	0.950	-	5.146	22.6%	0.063	1.260	0.820	3.003	5.146
Attorney	7.758	1.690	-	9.448	21.8%	0.020	2.336	1.522	5.570	9.448
BIS	0.050	0.011	-	0.061	0.0%	-	0.015	0.010	0.036	0.061
City Council & Clerk	8.028	1.718	-	9.746	21.4%	0.050	2.403	1.565	5.728	9.746
City Coordinator Administration	1.519	0.344	-	1.863	22.6%	-	0.462	0.301	1.100	1.863
311	2.962	0.824	-	3.785	27.8%	-	0.938	0.611	2.236	3.785
911	7.297	1.652	-	8.949	22.6%	-	2.217	1.444	5.287	8.949
Emergency Management	0.711	0.161	-	0.872	22.6%	-	0.216	0.141	0.515	0.872
Civil Rights	2.153	0.487	-	2.640	22.6%	-	0.654	0.426	1.560	2.640
Communications	2.161	0.305	-	2.466	14.1%	3.930	(0.363)	(0.236)	(0.865)	2.466
Community Planning & Economic Development (CPED)	3.557	3.756	-	7.313	105.6%	1.452	1.452	0.946	3.463	7.313
Contingency	3.999	1.020	-	5.019	25.5%	-	1.244	0.810	2.965	5.019
Finance	19.633	4.445	-	24.078	22.6%	-	5.966	3.887	14.225	24.078
Health and Family	2.433	0.551	-	2.984	22.6%	-	0.739	0.482	1.763	2.984
Human Resources	5.510	1.248	-	6.758	22.6%	-	1.675	1.091	3.993	6.758
Intergovernmental Relations	1.405	0.316	-	1.722	22.5%	-	0.427	0.278	1.017	1.722
Internal Audit	0.438	0.026	-	0.463	5.8%	-	0.115	0.075	0.274	0.463
Mayor	1.548	0.352	-	1.900	22.8%	-	0.471	0.307	1.122	1.900
Neighborhood & Community Relations	0.902	0.204	-	1.106	22.6%	-	0.274	0.179	0.654	1.106
Public Works	46.084	10.424	-	56.508	22.6%	14.774	10.341	6.736	24.656	56.508
Regulatory Services	30.257	6.851	-	37.108	22.6%	40.554	(0.854)	(0.556)	(2.036)	37.108
Subtotal for all other departments	152.599	37.336	-	189.936	24.5%	60.843	31.988	20.838	76.268	189.936
Total General Fund Activities	332.887	78.156	-	411.043	47.1%	73.595	83.617	54.469	199.362	411.043
Total General Fund	379.517	35.070	-	414.587	9.2%	73.595	83.617	55.249	202.126	414.587
Other Property Tax-Supported Commitments										
Capital - Permanent Improvement	0.980	0.196	-	1.176	20.0%	-	-	-	1.176	1.176
Debt Service	18.375	16.415	-	34.790	89.3%	-	-	-	34.790	34.790
Subtotal	19.355	16.611	-	35.966	109.3%	-	-	-	35.966	35.966
Pensions - Direct Levy for MPRA, MFRA and MERF	19.660	5.867	-	25.527	29.8%	-	-	-	25.527	25.527
Total Property Tax Supported Commitments	418.532	57.548	-	476.080	13.7%	73.595	83.617	55.249	263.619	476.080
									2012 Max	216.061
									2017 Max	263.619
(Additional cuts needed)/Cushion for adverse circumstances										0.000

City of Minneapolis 2012 Budget

Ten-Year Projection of Demands on the Property Tax

Background

The ten-year projection was first produced in the spring of 2002 to surface all the demands on the property tax to which the City had committed. This projection led to adoption of the 8% maximum property tax policy in the summer of 2002 by both the City Council and the Board of Estimate and Taxation. In January 2003, the City Council and Mayor adopted a five-year financial direction to set resource parameters for department business plans. This policy was amended in 2010 to fund shared costs and provide consistent levels of operating resources for the City and independent boards. Projections now serve as a general guidance for departmental resource planning as the City adopted priority budgeting.

Assumptions in the Ten-Year Projection

For details on the financial outlook for the City, please refer to the schedule of projected demands on the property tax:

- Included in the projections is a property tax stabilization account that, starting in 2014, smoothes property tax levy increases and decreases to provide a more stable percent change from year to year.

General Fund Operations Assumptions

- A 0% wage increase for unsettled contracts in 2011-2012 and a 0% wage increase in 2012-2013 for settled contracts. The salary assumption is 2% in 2013 for unsettled contracts and 2% for settled contracts in 2014 and a 2.5% wage increase thereafter.
- Annual increases in health insurance premiums of 4% in 2012, 12% in 2013 and 16% thereafter.
- Non-personnel increases are assumed to be 3.5% each year.
- No increase in departmental and citywide revenue (except for regulatory services revenues which are expected to increase by 3%). Please see the discussion in the 2013-2017 five-year financial direction, earlier under this same tab, for more information by department. Internal Service Funds financial plans are phased out at an accelerated schedule. The final transfer is scheduled for 2015 as compared to 2018 in the 2011 Adopted schedule.
- Commitments for the library are included in the general fund. In 2010 and beyond, the property tax levy for operations are included in the Hennepin County levy.

Capital and Debt Assumptions

- The bond redemption levy supports the net debt bond capital program. The level shown in the out years reflect the capacity provided in the 2012-2016 capital budget.
- The Net Debt Bond (NDB) program is paid for with property tax collections. The five-year financial direction for the bond redemption levy included increases in 2014 and significant increases in 2015 and beyond for capital improvements. These increases are possible because as the demand for property tax resources for the internal service fund financial plans are reduced, the bond redemption levy is increased. In order to expedite capital improvements in 2012 and 2013, the City will extend debt maturities slightly longer than current practice for new issuances until the higher bond redemption levies are realized. This plan also includes an increase in base levies of approximately \$4 million starting in 2014 versus the previous long-term financial plan to pay for the higher capital level. These

property tax supported net debt bonds help to leverage many funding sources in the five-year plan.

Independent Boards and Special Levies Assumptions

- Park Board, Municipal Building Commission, Public Housing Authority and the Board of Estimate and Taxation all receive the same percentage increase to operating resources as the City (please see the financial overview and financial policies for more information.)
- Includes no Public Housing Authority levy in the future and the PILOT payment will be eliminated.
- Pension obligations are funded in each year of the projection. Projections include the assumption the MPRA and MFRA plans will be consolidated into the statewide Public Employees Retirement Association (PERA) plan.

City of Minneapolis - Details of Annual Demand (increases) in Property Tax Revenue

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund Less Pension Mgmt Plan											
Subtotal	\$4.5	\$9.9	(\$4.7)	(\$1.4)	\$2.8	\$10.9	\$14.6	\$15.2	\$17.1	\$19.3	\$10.9
City Capital/Debt											
Permanent Imp Fund	\$0.2	(\$0.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Bond Redemption Fund	\$2.3	\$0.2	\$1.7	\$6.4	\$6.9	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	(\$3.4)
Subtotal	\$2.5	(\$0.6)	\$1.7	\$6.4	\$6.9	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	(\$3.4)
City Totals Less Trf Pension Mgmt Plan	\$7.1	\$9.3	(\$3.0)	\$5.0	\$9.7	\$11.9	\$15.1	\$15.8	\$17.6	\$19.8	\$7.5
Independent Boards											
Board of Estimate & Taxation	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Library Referendum Levy	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Park & Recreation Board	\$2.6	\$0.0	\$1.8	\$2.5	\$2.4	\$2.8	\$3.0	\$3.3	\$3.6	\$3.0	\$4.0
Municipal Bldg Commission	(\$0.0)	\$0.0	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	\$0.2	\$0.3
Mpls Public Housing Authority	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Teachers Retirement Assoc	\$0.0	\$0.2	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subtotal	\$2.4	\$0.2	\$1.8	\$2.8	\$2.6	\$3.0	\$3.2	\$3.5	\$3.9	\$3.2	\$4.3
Pension Mangement Plan											
Subtotal	\$11.4	(\$9.3)	\$11.2	\$6.3	\$2.0	\$1.8	(\$0.8)	\$0.9	\$3.4	\$2.4	\$20.0
Incremental Tax Revenue	\$18.5	\$0.0	\$8.2	\$11.3	\$11.7	\$13.7	\$14.4	\$16.7	\$21.0	\$22.3	\$27.5
Total Property Tax Revenue	\$274.0	\$274.0	\$282.2	\$293.5	\$305.3	\$319.0	\$333.4	\$350.0	\$371.0	\$393.3	\$420.8
% Change	7.2%	0.0%	3.0%	4.0%	4.0%	4.5%	4.5%	5.0%	6.0%	6.0%	7.0%
Property Tax Stabilization Account		\$0.0	\$0.0	(\$6.7)	(\$1.0)	(\$5.0)	(\$0.3)	\$3.6	\$6.2	\$3.1	\$0.0

**City of Minneapolis
2012 Budget
Financial Plan**

Convention Center Special Revenue Fund

Background

The Convention Center special revenue fund accounts for the maintenance and operation of the City-owned Convention Center and the related sales tax activities. The Convention Center was created to foster and generate economic growth and vitality by providing facilities and services for conventions, trade shows, exhibits, meetings, cultural, religious, and sporting events - all of which benefit and showcase the City, the metropolitan region, and the State of Minnesota. The fund also supports an operating transfer to Meet Minneapolis, an independent, non-profit organization contracted by the City of Minneapolis to market Minneapolis and the Twin Cities as a convention and tourist destination.

Historical Financial Performance

The fiscal year-end 2010 fund balance for the Convention Center Special Revenue Fund was \$40.0 million, a decrease of \$8.6 million from 2009. The 2010 decrease in fund balance can be largely attributed to increased ongoing equipment and improvement expense and transfers to debt service and to the Parking Fund. Local sales taxes (outlined in the table below) support the Convention Center with approximately \$61.4 million collected in 2010. The increase was due largely to the 2010 opening of the Twins Ballpark (Target Field) and to a lesser extent the improved economic condition from 2009. The 2010 local tax revenue increased \$6.4 million from 2009. The entertainment tax saw the largest increase from the 2010 opening of Target Field with a \$4.1 million increase over 2009. Approximately \$19 million was transferred to debt service in 2010 to cover the cost of the building debt, and \$11.5 million was transferred to the parking fund to cover costs for Convention Center related parking ramps; an increase of \$3.9 million and \$1.6 million respectively over the 2009 transfer.

Comparative amounts collected:

<u>Local Sales Taxes (in millions)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
0.5% Citywide Sales tax	\$29.5	\$26.5	\$27.3
3.0% Entertainment Tax	\$9.6	\$9.1	\$13.2
3.0% Downtown Restaurant Tax	\$10.8	\$9.9	\$10.5
3.0% Downtown Liquor Tax	\$3.9	\$3.8	\$4.6
3.0% Lodging Tax *	\$6.6	\$5.7	\$5.8
Total Tax Collection	\$60.4	\$55.0	\$61.4

* Lodging Tax was reduced to 2.625% effective 07/01/2009

The City deposits all of its local tax proceeds (*i.e.*, sales, entertainment, food, liquor, and lodging) in the Convention Center Special Revenue Fund. All the tax proceeds, with the exception of the entertainment tax, are Convention Center related and are used primarily to fund the debt related to the construction of the Convention Center and related facilities, as well as to fund the operations, marketing and capital improvements.

The entertainment tax, established in 1969, is a revenue source for the general fund to offset additional public safety costs associated with City-wide entertainment activities. A portion of the tax (\$706,000 in 2010) was redirected to the 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 reconciled at the end of the year to the actual entertainment tax the Target Center received. The entertainment tax is deposited into the Convention Center Special Revenue Fund because it is pledged to debt service on outstanding Convention Center bonds in the event other revenue sources pledged to meet Convention Center debt service are insufficient.

With the new state sales tax increase of 0.375% effective July 1, 2009 the lodging tax was reduced from 3% to 2.625%. The law provides that when the general sales tax rate is combined with any other taxes on lodging within the City of Minneapolis, the total tax amount may not exceed 13%.

Funds are transferred annually to the Convention Center reserve fund for major repair or significant improvements to the Convention Center facility. Due to the age of the building and to effectively compete, it is anticipated that the amount of this transfer will increase in future years as the Convention Center implements competitive capital projects. In 2010, a net transfer of \$150,000 was made to the reserve fund bringing the balance to \$6.1 million.

Operating revenues are generated directly from the Convention Center operating activities. Exhibit space rental is the largest source of revenue for the Convention Center. Also included in operating revenues are equipment and space rental of the Tallmadge Building. Charges for services are earned in support of space rent and consist primarily of utility and labor services and ramp parking. Commission sales from food and beverage account for the other miscellaneous operating revenue.

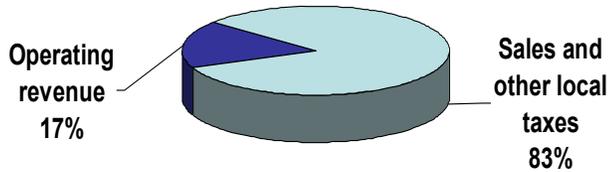
In 2010, total operating revenue was \$12.9 million, which was \$500,000 lower than 2009 and \$1.9 million lower than the 2009 budget.

2012 Budget

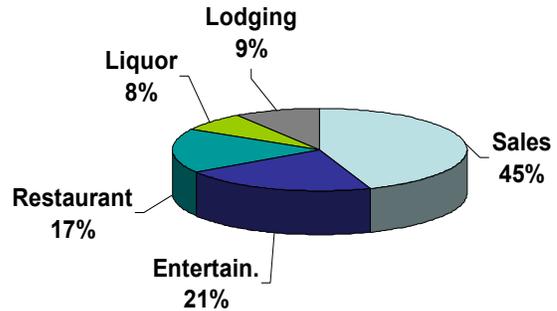
Revenues

The 2012 revenues for the Convention Center have been adjusted to reflect the actual historical receipts and anticipated event activity. Total operating revenue for 2012 is expected to be \$14.1 million which is a slight decrease of 0.3% from 2011 projected. The Convention Center continues to discount rents heavily to be competitive and operational changes made in the beginning of 2011 are starting to see results, particularly in charges for services and equipment. Meet Minneapolis sales and marketing initiatives include a rebranding of the City and continued efforts of bringing local business into the Convention Center via the "Meet in Minneapolis" campaign. The convention and meeting industry continues to face significant challenges in controlling costs as centers discount heavily to remain competitive.

Convention Center Revenues



Sales and Other Taxes



Convention Center Special Revenue Fund Predicted Revenue Growth	
Tax Type	Current Growth Assumption 2012-2015
0.5% Sales	2.9% 2012, 2.5% 2013-2015
3.0% Entertainment Tax	2.9% 2012, 3.0% 2013-2015
2.625% Lodging Tax	3.0% 2012, 3.0% 2013-2015
3.0% Other Tax	2.9% 2012, 3.0% 2013-2015

Note: the growth assumption percentages above reflected to anticipated change from the 2011 adopted budget

From 2011 projected, sales tax revenue is expected to increase 3% in 2012, 3.2% for entertainment, 5.7% for restaurant, and 3.8% for lodging. Entertainment, lodging, and restaurant taxes are expected to increase 3% annually from 2013-2015, and sales tax is expected to increase 2.5% over the same period. A \$1.5 million entertainment tax increase (offset by a corresponding increase to the transfer to the General Fund) was factored into the budget beginning in 2010 with the opening of the new Target Field to fund public safety services. This estimate was increased by \$300,000 to \$1.8 in 2011 based on actual receipts.

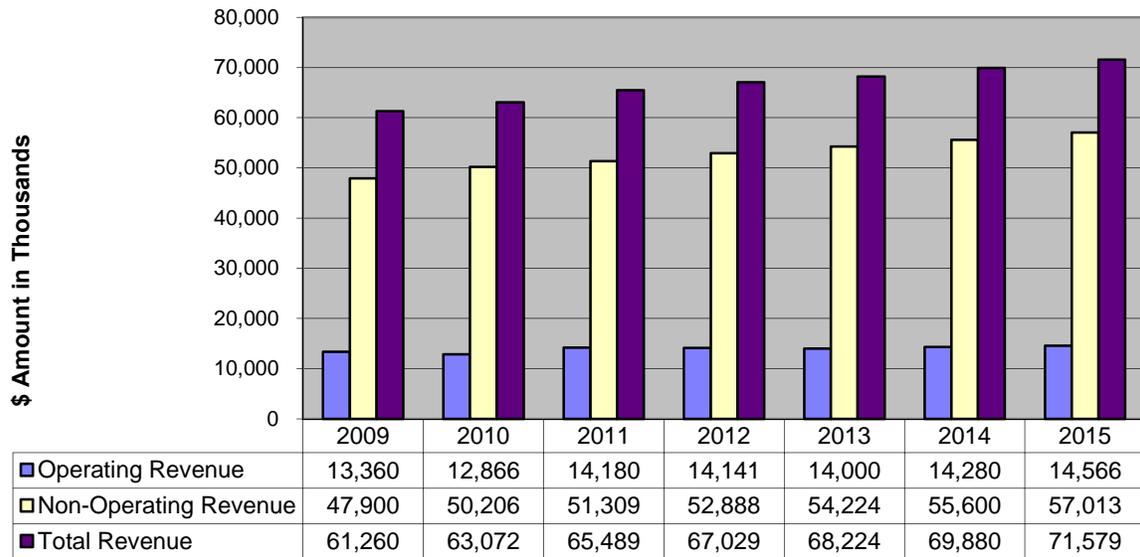
The 2012 operating revenue and expenses excluding ongoing equipment/improvement and projected revenue are \$14.1 million and \$26 million respectively, resulting in a \$11.8 million operating subsidy; a reduction of \$600,000 from the 2011 projections.

Expenditures

In 2012, the Convention Center operating expenditure budget excluding ongoing equipment/improvement is anticipated to decrease by nearly \$700,000 from the 2011 projected. The Convention Center was able to capture expense savings through a number of cost containment measures.

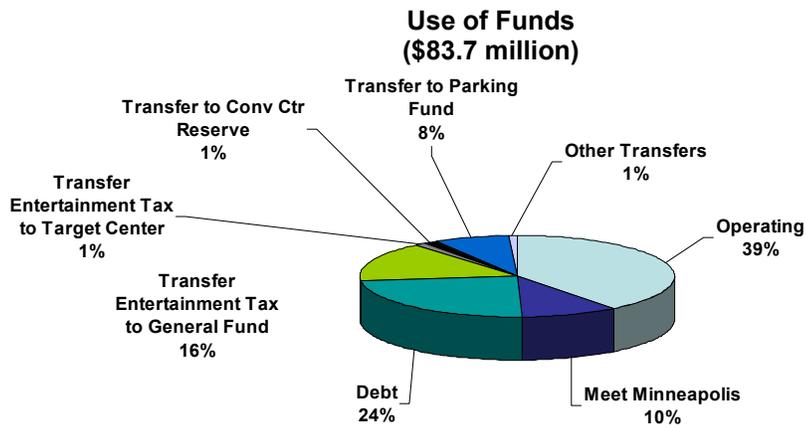
- Reduction of energy consumption
- Reprioritizing capital expenditures
- Identifying and implementing more efficient operations
- Realignment of the Convention Center workforce
- Managing overtime

Convention Center Fund - Revenue



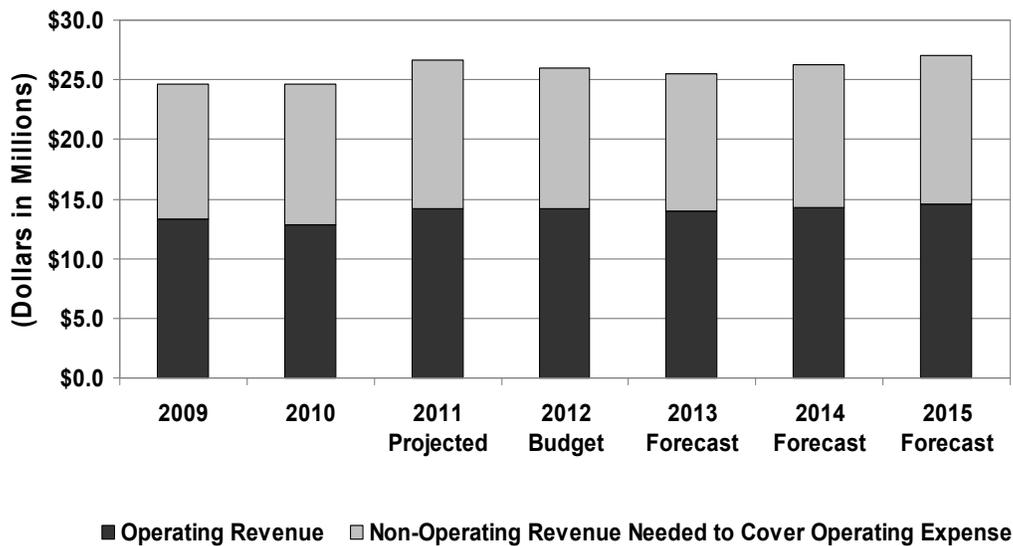
In 2004, Meet Minneapolis, the primary sales and booking agent of the Convention Center, entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). In 2005, Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. In April of 2006, the City entered into a 3rd loan agreement of \$5 million for additional iDSS start-up capital. The three loans were consolidated for a total of \$10 million.

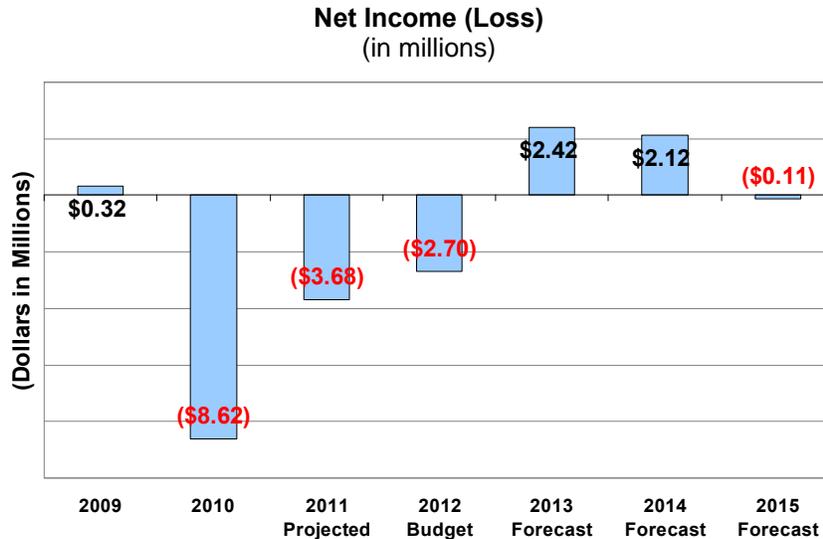
The \$10 million consolidated loan has a 10-year amortization of principal (2008-2017) to be repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriation from City funding, and profits from the iDSS. The City began collecting loan interest each quarter in 2008, in addition to a \$500,000 payment of loan principal. The principal payments increased to \$704,011 in 2009 and \$908,022 in 2010 and 2011 before capping at \$1.01 million in 2012 and beyond. Loan interest and principal payment coincide with Meet Minneapolis's Sales and Marketing payments from the City. In 2012, \$8.2 million is budgeted for City support of Meet Minneapolis.



The fund balance is projected to decline compared to the 2011 projected budget as total revenues are not projected to increase sufficiently enough to produce net income.

Operating Revenue and Expense (Excludes Ongoing Equipment & Improvement)





Cash Position Changes

The Convention Center Special Revenue Fund’s 2011 projected cash balance, exclusive of loans to other funds, is expected to fluctuate relative to fund equity. Most operating revenues and expense transactions are cash transactions. The Convention Center has a policy of requiring exhibitors to pay in advance for space rent and services, which has historically contributed to a healthy cash position. The 2010 year-end client advances, sometimes received over two years in advance of the event, were \$1.2 million. Outstanding client receivables excluding collections were \$512,000.

Transfers

Total transfers to other funds in 2012 are budgeted at \$42.4 million, including a transfer to the Parking Fund. The transfer to the Parking Fund totals \$6.6 million which supports operating expenses and current year debt service obligations for Convention Center related parking ramps. Other transfers include \$13 million entertainment tax transfer to the General Fund, \$250,000 to the General Fund to fund Mounted Patrol Officers, \$900,000 entertainment tax transfer to the Target Center, \$1.2 million to the Convention Center reserve, and \$20 million to debt service. In addition, the final MERF debt service payment will be made in 2012 totaling \$400,000.

Debt Service

The 2011 budget includes full funding to meet the annual debt service payments. Outstanding debt for the Convention Center was approximately \$192 million in total at the 2010 year-end and will be approximately \$173.5 million at the 2011 year end. Debt service for the Convention Center is projected to be \$22 million in 2011 and decreases to \$20 million in 2012. Part of the debt is in variable rate mode, and it is likely that total debt service payments will be less than budgeted due to the difference between interest on variable rate bonds and the budget assumption of 5%.

Mayor’s Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

The Council adopted the Mayor’s recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Convention Center Special Revenue Fund

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
<i>Operating Revenues:</i>									
Charges For Services	4,583	4,501	5,280	5,280	5,140	-2.7%	5,089	5,191	5,294
Rents	6,410	6,203	6,400	6,400	6,492	1.4%	6,427	6,555	6,688
Other Miscellaneous Operating	2,367	2,162	2,500	2,500	2,509	0.4%	2,484	2,534	2,584
<i>Sub-Total</i>	<i>13,360</i>	<i>12,866</i>	<i>14,180</i>	<i>14,180</i>	<i>14,141</i>	<i>-0.3%</i>	<i>14,000</i>	<i>14,280</i>	<i>14,566</i>
<i>Non-Operating Revenues:</i>									
Sales Tax	26,470	27,266	27,593	28,000	28,842	3.0%	29,563	30,302	31,060
Restaurant Tax	9,887	10,491	10,306	10,500	11,097	5.7%	11,430	11,773	12,126
Liquor Tax	3,769	4,586	3,929	4,600	4,865	5.8%	5,011	5,161	5,316
Lodging Tax	5,671	5,790	5,911	5,900	6,125	3.8%	6,309	6,498	6,693
Meet Mpls Donations	75	-	-	-	-	-	-	-	-
Contributions Private Donations	-	-	250	250	-	-	-	-	-
Meet Minneapolis(iDSS) Loan Interest	435	403	360	360	314	-12.8%	265	215	164
Interest	401	342	400	184	145	-21.2%	146	150	154
Revenue from Trusts	160	-	-	-	-	-	-	-	-
Damage Claims	-	282	-	-	-	-	-	-	-
Other Misc Non Operating	32	46	20	15	-	-100.0%	-	-	-
Transfer From Facility Reserve	1,000	1,000	1,500	1,500	1,500	0.0%	1,500	1,500	1,500
<i>Sub-Total</i>	<i>47,900</i>	<i>50,206</i>	<i>50,269</i>	<i>51,309</i>	<i>52,888</i>	<i>3.1%</i>	<i>54,224</i>	<i>55,600</i>	<i>57,013</i>
<i>Total (excluding Entertainment Tax)</i>	<i>61,259</i>	<i>63,072</i>	<i>64,449</i>	<i>65,489</i>	<i>67,029</i>	<i>2.4%</i>	<i>68,224</i>	<i>69,880</i>	<i>71,579</i>
Entertainment Tax	9,072	13,176	11,299	13,500	13,936	3.2%	14,354	14,785	15,228
Total (including Entertainment Tax)	70,331	76,248	75,748	78,989	80,965	2.5%	82,578	84,664	86,807
Use of Funds:									
Convention Center Operations	24,616	24,667	26,803	26,640	25,968	-2.5%	25,500	26,265	27,053
Ongoing Equipment/Improvement	2,450	7,990	5,376	3,200	7,076	121.1%	8,765	9,115	9,480
Meet Minneapolis	7,507	6,976	8,025	8,025	8,228	2.5%	8,460	8,699	8,945
Transfer To Gen Fund - Sales Tax	-	250	250	250	250	0.0%	250	250	250
Transfer To Conv Ctr Reserve	1,150	1,150	1,150	1,150	1,150	0.0%	1,150	1,150	1,500
Transfer To Debt Service	15,174	19,037	22,221	22,163	20,075	-9.4%	16,947	17,087	23,462
Transfer to Other Debt Serv Fund	75	73	153	153	400	161.4%	-	-	-
Transfer To Parking Fund	9,969	11,544	6,589	7,589	6,580	-13.3%	4,729	5,195	1,000
<i>Total (excluding Entertainment Tax)</i>	<i>60,941</i>	<i>71,687</i>	<i>70,567</i>	<i>69,170</i>	<i>69,727</i>	<i>0.8%</i>	<i>65,801</i>	<i>67,761</i>	<i>71,690</i>
Transfer to the Gen Fund - Ent. Tax	8,034	12,469	11,219	13,420	13,036	-2.9%	13,427	13,830	14,245
Transfer to the Target Center - Ent. Tax	1,038	706	80	80	900	1025.0%	927	955	983
Total (including Entertainment Tax)	70,013	84,862	81,866	82,670	83,663	1.2%	80,155	82,546	86,918
Net Income	318	(8,615)	(6,118)	(3,681)	(2,697)	-26.7%	2,423	2,119	(111)
Fund Balance/Retained Earnings:									
Beginning Balance	48,307	48,625	40,009	40,009	36,328		33,631	36,054	38,172
Ending Balance	48,625	40,009	33,891	36,328	33,631		36,054	38,172	38,061
Ending Cash Balance	27,777	21,079	14,961	20,722	19,525		23,448	27,066	28,455

Notes:

In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). In 2005, Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. In April of 2006, the City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital. The three loans were consolidated for a total of \$10 million. The \$10 million consolidated loan will have a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriation from the City funding, and profit from the iDSS.

Beginning in 2011, BIS will be transferring \$1.5 million annually to the MCC with a final payment of \$1.75 million in 2016 to repay their loan from the MCC. The loan is being accounted for on the balance sheet.

**City of Minneapolis
2012 Budget
Financial Plan**

Arena Reserve Special Revenue Fund

Background

The Arena Reserve Special Revenue Fund accounts for the maintenance and operation of the City-funded portion of the Target Center and related taxable activities. The fund was previously used primarily for transfers and was managed under a custodial agreement with Wells Fargo. Management was transferred to the City in 2010.

Historical Financial Performance

Because the City's management of the fund began in 2010, there is little historical performance to document. This financial plan documents City resources only.

A portion of the entertainment tax (\$706 thousand in 2010) was redirected to the Arena Reserve Fund from the Convention Center Special Revenue Fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the Target Center arena finance plan. To reduce the proposed 2011 property tax levy, the entertainment tax transfer was reduced to \$80,000 with a corresponding transfer to the General Fund on a one-time basis. The entertainment tax is reconciled to the actual entertainment tax the Target Center received. The entertainment tax is deposited into the Convention Center Special Revenue Fund because it is pledged to debt service on outstanding Convention Center bonds in the event other revenue sources are insufficient in meeting the Convention Center debt service payments.

2012 Budget

Revenues

Revenues for the Arena Reserve Fund come from the Event Parking Transfer, the Entertainment Tax Transfer, and a Property Tax Transfer from the General Fund. The tax increment revenues that are used to subsidize the Target Center are restricted and the Common Project tax increment financing (TIF) revenue can only be used for debt service and capital costs. The Arena Tax Increment can only be used for debt service, certain administration costs, and capital costs; and the Consolidated TIF District can only be used for debt services.

In 2012, the total projected TIF revenue amounts to \$8 million, and total budgeted revenue total \$12.1 million.

Expenditures

Expenditures from the Arena Reserve Fund include capital costs, professional services, debt service, and an operator reimbursement for contracted services for operating and promoting the Target Center.

In 2012, most of the fund's projected expenditures will be used to service debt and for modernization of the arena through equipment and capital additions/upgrades. Total use of funds in 2012 are budgeted at \$12.4 million.

Mayor's Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Target Center Special Revenue Fund

	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:								
<i>Tax Revenues:</i>								
Common Project TIF Contribution	1,909	1,989	1,989	2,073	4.2%	1,438	1,474	1,515
Arena Tax Increment	795	953	953	972	2.0%	991	-	-
Consolidated TIF District	-	5,275	5,275	5,000	-5.2%	4,955	5,120	5,310
Sub-Total	2,704	8,217	8,217	8,045	-2.1%	7,384	6,594	6,825
<i>Non-Operating Revenues:</i>								
Event Parking Transfer	2,241	2,758	2,758	2,941	6.6%	3,129	3,323	3,523
Entertainment Tax Transfer	706	80	80	900	1025.0%	927	955	1,118
Property Tax Transfer from the GF	92	92	92	92	0.0%	92	544	550
Interest Earnings - TIF and Arena Reserve	14	80	128	125	-2.3%	120	121	129
Sub-Total	3,039	3,010	3,058	4,058	32.7%	4,148	4,822	5,191
Total	5,743	11,227	11,275	12,103	7.3%	11,532	11,416	12,016
Use of Funds:								
Target Center Capital	36	6,403	2,000	5,617	180.9%	5,031	5,234	5,005
Professional Services & Miscellaneous	105	321	158	332	110.1%	343	355	368
Operator Reimbursement	1,367	1,563	1,563	1,500	-4.0%	1,470	1,441	1,412
Transfer to Debt Service	1,488	3,686	3,686	4,956	34.5%	5,272	4,250	4,492
Total	2,996	11,973	7,407	12,405	67.5%	12,116	11,280	11,277
Net Income	2,747	(746)	3,868	(302)	-107.8%	(584)	136	739
Fund Balance/Retained Earnings:								
Beginning Balance	7,335	9,295	9,295	13,163		12,860	12,276	12,412
Ending Balance	9,295	8,549	13,163	12,860		12,276	12,412	13,151
Ending Cash Balance	9,300	8,554	13,168	12,865		12,281	12,417	13,156

Notes:

Common Project Tax Increment	May only be used for debt service and capital costs
Arena Tax Increment	May only be used for debt service, certain administrative costs, and capital costs
Consolidated TIF District	May only be used for debt service

Professional Services and Miscellaneous includes administrative staff costs 2011 (92,500), 2012 ((95,000), and 2013 (97,500). Beginning in 2014 after the NBA Arena TIF District terminates, administrative staff costs must be absorbed through non restricted revenue sources.

For the purposes of this statement fund balance is a combination of the Arena Reserve Fund and TIF Funds 01CPK and 01CON. This is not the available balance.

**City of Minneapolis
2012 Budget
Financial Plan**

Community and Economic Development Funds

Background

Community and Economic Development Funds support the City's development efforts and are primarily managed by the Community Planning and Economic Development (CPED) department with the assistance of the Development Finance Division of the Finance Department. These resources have faced several challenges in past years, including lower than expected tax increment and non-tax increment revenues, reductions in federal grant allocations, and limited flexible resources.

2012 Budget

Revenues

These revenue projections are based on assumptions that need to be validated annually:

- Revenues from federal grant programs are reduced as a result of federal actions. While CPED has experienced much success with grant seeking, it is anticipated that revenues from state and local grants may be reduced as the availability of revenue is reduced.
- There will be continuing modest increases in bond-related fee income from housing and economic development activities, but actual revenues need to be closely monitored for the impacts from changes in the lending and housing markets.
- There will be annual variations in program income. These are shown as declining at a 5 percent rate.
- Other than program income, the five-year projections do not include the use of any additional revenues from the Legacy Fund. The Legacy Fund represents the proceeds from the sale by the MCDA and City's interest in the Hilton Hotel. Under the terms of the Discretionary Development Funding Plan adopted through Resolution 2003R-404, CPED was authorized to borrow \$22 million from the Legacy Fund to finance its development activities from 2003 through 2009. Repayment was made in full as of December 2009. Non-tax increment revenues resulting from certain interest earnings, leases and land sale proceeds are available to CPED and are allocated from year to year in the Development Accounts. Actual revenues in these funds are closely monitored to track development revenues that may be available for future year activities.
- Revenue from the Consolidated TIF District will be used to pay existing Target Center debt and neighborhood revitalization activities. The financial plan does not include any assumptions regarding this district, since currently none of the revenues will be directly available for CPED activities.
- The Council increased the Zoning re-inspection fees from \$150 to \$200 and also raised the land use application fees to 3.5% to reflect the consumer price index /bureau of labor statistic inflation rate.

Expenditures

The expenditure projections contain assumptions that also must be revisited annually in the context of revised revenues and department performance measures:

- CPED staff levels are being reduced by 11 positions with personnel costs increasing 2 percent per annum while non-personnel expenditures increase approximately 1 percent per annum.
- The tax increment revenues will continue to be restricted to existing debt and contractual obligations.

Debt Service

Bonded debt payable from tax increment revenues will remain outstanding beyond 2012. It is anticipated that tax increment revenue will be sufficient to pay debt service on these obligations.

General Fund Resources

Projected general fund revenues and expenditures are consistent with the Five-Year Financial Direction.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Projected CPED Revenues & Expenditures

	2009 Revised	2010 Revised	2011 Revised	2012 Adopted	% Chg from 2011	2013 Forecast	2014 Forecast	2015 Forecast
Local Funds								
General Fund Total	3.873	3.407	3.320	3.505	5.6%	6.153	6.409	6.686
GF Property Tax & Non-Direct Revenue	1.775	1.864	1.702	1.647	-3.2%	3.801	4.042	4.301
General Fund LGA	0.508	0.442	0.478	0.406	-15.1%	0.900	0.915	0.933
General Fund Direct Revenues	1.589	1.101	1.140	1.452	27.4%	1.452	1.452	1.452
Tax Increment	72.463	47.997	61.329	44.972	-26.7%	41.376	46.512	43.179
Capital Bonding (CIP) (Public Arts Proj)	0.317	0.203	0.347	0.346	-0.3%	0.354	0.361	0.400
Dev Acct (Non-TI)	28.303	1.600	7.715	5.919	-23.3%	7.785	2.485	2.535
Affordable Housing TI				2.000	100.0%	2.000	-	-
Total Discretionary Development Revenue	28.303	1.600	7.715	7.919	2.6%	9.785	2.485	2.535
Interest Earnings all Funds	4.853	4.610	2.190	2.080	-5.0%	1.248	1.248	1.186
Housing Program Fees & Revenues	1.342	1.396	1.339	1.090	-18.6%	1.393	1.421	1.449
Economic Dev Program Fees & Revenues	4.585	4.814	4.333	4.930	13.8%	4.777	5.016	5.267
Other Project & Program Income	10.471	9.947	9.450	8.422	-10.9%	8.528	8.102	7.697
Transfers (Debt Services)	11.988	6.000	6.000	4.000	-33.3%	4.000	4.000	4.000
Federal Funds								
CDBG & NSP	10.362	10.383	10.316	9.198	-10.8%	8.109	8.109	8.109
ESG	0.592	0.577	0.573	0.939	63.9%	0.939	0.939	0.939
HOME	3.802	3.787	3.766	2.058	-45.4%	2.058	2.058	2.058
Other State/Local Grants	4.500	4.500	4.500	4.500	0.0%	4.500	4.500	4.500
Total Projected Revenues	157.450	99.221	115.177	93.958	-18.4%	93.220	91.159	88.004
Appropriated								
<u>Business Lines:</u>								
Economic Policy & Development	12.196	15.226	15.352	10.544	-31.3%	10.703	10.863	11.026
Workforce Development	8.308	10.992	11.029	8.874	-19.5%	9.007	9.142	9.279
Housing & Policy Development	18.150	20.649	16.021	14.484	-9.6%	14.701	14.922	15.146
Community Planning	1.616	1.716	1.768	1.487	-15.9%	1.510	1.532	1.555
Development Services	2.257	2.310	2.361	2.401	1.7%	2.437	2.474	2.511
<u>CPED Support:</u>								
Executive & Support Services	8.143	5.715	4.761	5.074	6.6%	5.150	5.228	5.306
Transfer & Debt Service	74.582	41.673	52.909	49.245	-6.9%	49.204	44.977	41.849
Total Appropriated	125.252	98.281	104.199	92.110	-11.6%	92.712	89.137	86.673
Total Projected Uses	125.252	98.281	104.199	92.110	-11.6%	92.712	89.137	86.673
Difference	32.199	0.940	10.978	1.848		0.508	2.022	1.332

Note: This financial plan is presented differently than others in the section as CPED operates within many funds. For more information regarding revenue and expense of individual funds, please see the schedules section of this book.

**City of Minneapolis
2012 Budget
Financial Plan**

Municipal Parking Fund

Background

The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking, and a municipal impound lot. Major parking related capital construction and development activities also occur in this fund.

Historical Financial Performance

The financial condition of the Parking Fund has historically been stable, but continues to present a future financial challenge to the City due to cash flows. While the fund continues to generate positive retained earnings, it is insufficient to pay debt service, restore its productive assets (ramps) and pay dividends (e.g., transfers out to other funds).

Nearly all of the capital costs of ramps have been financed by debt. Revenues for the fund are generated from these three lines of activities:

- Off-street parking
- On-street parking
- The impound-lot

The fund receives transfers (\$6.4 million in year 2011) from the Minneapolis Convention Center to pay its share of operating and debt service on the Convention Center-related parking facilities. The fund also receives transfers (\$7.5 million in 2011) from tax increment and abatement revenue to pay part of major development projects in downtown area.

For historical trends, the 2009 and 2010 operating revenues and expenses are presented in the 2012 Parking Fund budget chart (see on a following page). Increases in revenues and expenses can be attributed to initiatives such as automation and centralization of parking ramp fee collections, enhanced parking ramp marketing, updated parking meter technology, event parking, the sale of unclaimed property left in abandoned vehicles and reimbursement from the State for improvements made to the State owned ramps.

The Parking Fund cash balance for year 2010 was \$12.8 million. The parking system creates a positive cash flow from the parking system operations. However with the fund transfers, interest payments on debt service and debt service payments, the Parking Fund may have a negative cash position in future years. Based on current and proposed budgets, the Parking Fund cash balances are going to continue to decrease.

2012 Budget

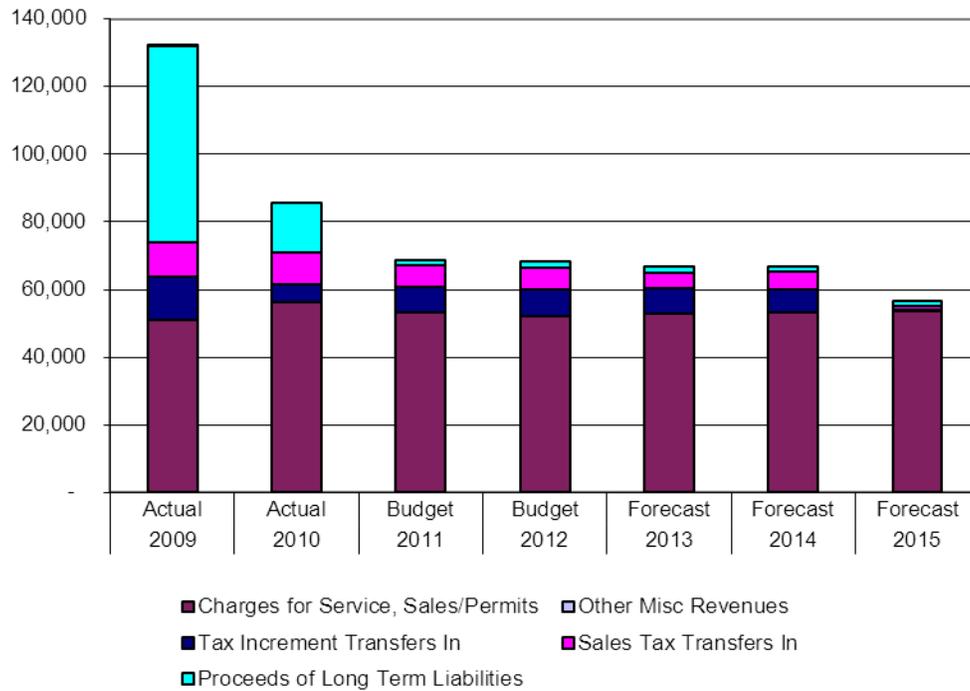
Revenues

The operating revenue budget for 2012 decreased 0.6% to \$54.7 million from \$55 million projected for 2011. The 2011 projected revenue includes an increase of \$1 million due to the additional snow events experienced above and beyond the average of three snow events per season which lead to increases in impound lot revenue and parking fees. The decrease in the 2012 budget brings the revenue back in line with the average number of snow events.

Revenue Assumptions (2012)	
Utilization Percentage in 2010	78%
Number of Parking Stalls in the system	20,238 as of 6/30/2011
Forecasted Revenue increase	2012 1.5% 2013 1.0% 2014 1.0%
Assumed rate increases (if any)	0%
System-wide average event rate	\$ 10.00
System-wide average daily rate	\$ 7.25
System wide average monthly rate	\$ 135.00
Number of new stalls in the system	2012 0 2013 0 2014 0

For assumptions regarding sales tax revenue, please see the Convention Center Finance Plan.

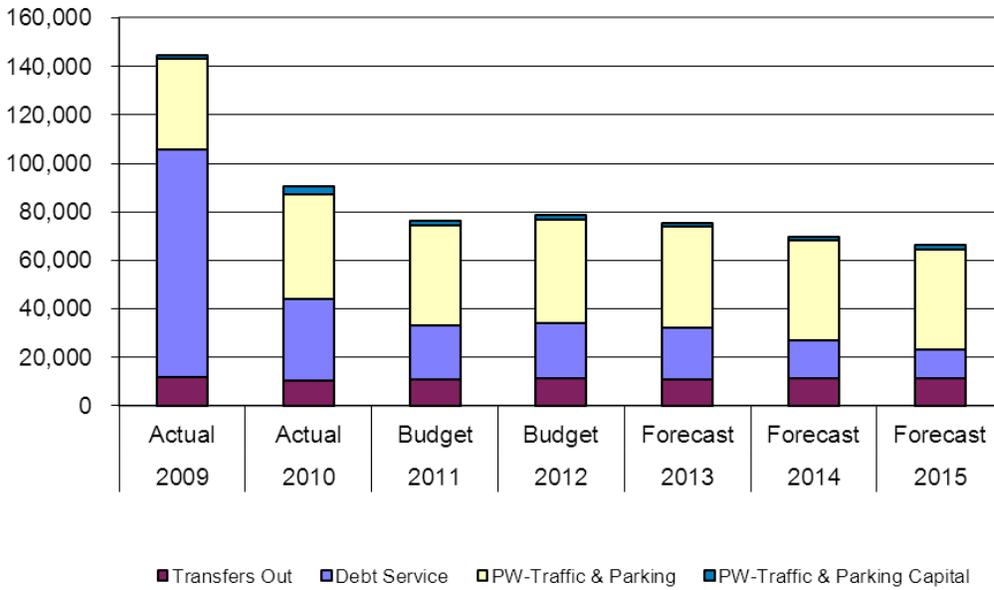
Parking Fund Revenues
(in thousands of dollars)



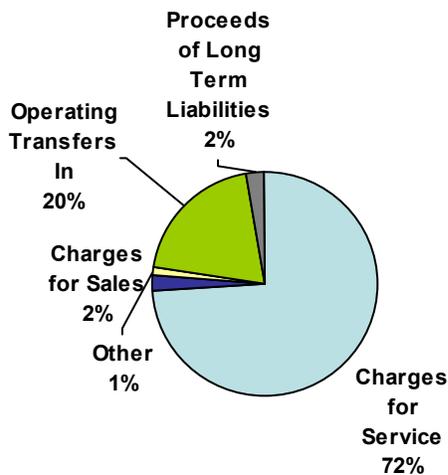
Expenditures

The operating budget for 2012 stands at \$42.6 million which is an increase of 2.4% from 2011 projected. The capital budget for 2012 is set at \$1.7 million, the same level as the 2011 due to on-going repair and improvement work in the City-owned parking facilities.

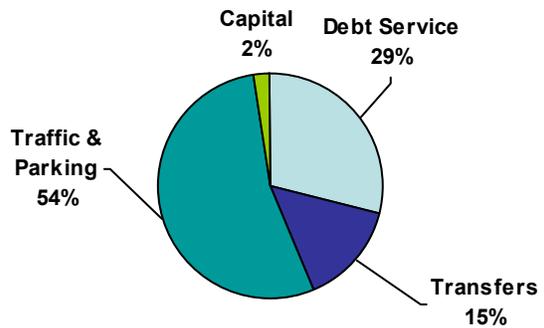
Parking Fund Expenditures
(in thousands of dollars)



Source of Funds
(\$70.7 million)



Use of Funds
(\$78.5 million)



Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is \$22.9 million for 2012. A portion of debt service payments are reimbursed from tax increment and sales tax revenues, which are transfers to the Parking Fund from the Convention Center and Tax Increment Funds, revenue totaling \$14.3 million for 2012.

Transfers

The transfer to the general fund remained the same for 2012 at \$7.8 million. The transfer to the Target Center Arena Fund increases in 2012 by \$0.2 million to \$2.9 million over 2011 at \$2.8 million, and is scheduled to increase in future years. Revenues from State-owned garages continue to be transferred to the State on a daily basis. An annual transfer of \$146,000 to the Solid Waste and Recycling fund supports service for bus shelter litter containers. Lastly, there is a transfer to the Minneapolis Employees Retirement Fund (MERF) debt service fund of \$477,000 that increases from \$198,000 in 2011.

As discussed above, the transfers into the parking fund include revenues from sales tax along with revenues from tax increment and abatement. The transfer of sales tax revenue from the Convention Center Special Revenue Fund is \$6.6 million for 2012 and \$6.4 million for 2011. The transfers from the CPED Special Revenue fund for tax increment and abatement are budgeted to increase \$0.2 million, from \$7.5 million in 2011 to \$7.7 million in 2012. These revenue transfers are used for debt service payments.

Mayor's Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Municipal Parking Fund - 7500

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Budget	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Licenses and Permits	288	292	240	264	240	-9.1%	242	245	247
Charges for Service, Sales/Permits	50,924	56,278	52,100	53,100	52,192	-1.7%	52,714	53,241	53,773
Charges for Sales	1,205	1,670	1,550	1,612	1,670	3.6%	1,687	1,704	1,721
Special Assessments	86	65	-	-	543		-	-	-
Interest	1		-	-	-		-	-	-
Rents (Transportation)	4	3	4	5	4	-13.0%	4	4	4
Other Misc Revenues	12	8	46	41	46	11.1%	46	47	47
<i>Total Operating Revenue</i>	<i>52,520</i>	<i>58,316</i>	<i>53,940</i>	<i>55,022</i>	<i>54,695</i>	<i>-0.6%</i>	<i>54,694</i>	<i>55,240</i>	<i>55,793</i>
Tax Increment Transfers In	12,954	5,272	7,523	7,523	7,748	3.0%	7,511	6,700	297
Transfers In from Convention Center Fund	9,969	9,505	6,420	6,420	6,580	2.5%	4,729	5,195	1,000
Other Transfers In	39		-	-	-		-	-	-
<i>Total Transfers In</i>	<i>22,962</i>	<i>14,777</i>	<i>13,943</i>	<i>13,943</i>	<i>14,329</i>	<i>2.8%</i>	<i>12,240</i>	<i>11,895</i>	<i>1,297</i>
Proceeds of Long Term Liabilities	57,995	14,725	1,700	1,700	1,700		1,700	1,700	1,700
Total	133,477	87,818	69,583	70,665	70,724	0.1%	68,634	68,835	58,790
Use of Funds:									
Debt Service	93,630	33,726	22,112	22,112	22,875	3.5%	21,043	15,637	11,535
General Fund Transfer Out	7,818	7,818	7,818	7,818	7,818		7,818	7,818	7,818
Target Arena Transfer Out	2,241	2,241	2,758	2,758	2,941	6.6%	3,129	3,323	3,523
Debt Service Transfer Out	1,561	126	-	-	-		-	-	-
MERF Liability Transfer Out	115	111	198	198	477	140.9%	-	-	-
Sanitation Transfer Out	146	146	146	146	146		146	146	146
<i>Total Transfers Out</i>	<i>11,881</i>	<i>10,442</i>	<i>10,920</i>	<i>10,920</i>	<i>11,382</i>	<i>4.2%</i>	<i>11,093</i>	<i>11,287</i>	<i>11,487</i>
PW-Traffic & Parking	37,564	43,099	42,553	41,553	42,564	2.4%	41,648	41,105	41,569
PW-Traffic & Parking Capital	1,675	3,077	1,700	1,700	1,700		1,740	1,740	1,740
Total	144,750	90,344	77,285	76,285	78,521	2.9%	75,524	69,769	66,331
Change in Net Assets	10,463	6,815	781	2,427	1,270	-47.7%	866	1,987	(8,520)
Net Assets	141,503	148,318	149,099	143,930	145,200	0.9%	146,066	148,053	139,533
Modified Change in Net Assets (Net Income Est)									
(-) Depreciation	6,704	6,776	6,137	6,773	6,773		6,773	6,773	6,773
(-) Proceeds of LTD	57,995	14,725	-	1,700	1,700		-	-	-
(+) Traffic & Park Capital	1,675	3,077	-	1,700	1,700		-	-	-
(+) Principal Paid	84,760	27,765	14,620	14,820	15,840		14,529	9,694	5,794
Total	151,134	52,343	20,757	24,993	26,013		21,302	16,467	12,567
Cash Balances	13,211	12,781	5,509	7,161	(636)		(7,526)	(8,460)	(16,001)
Cash Balances after Workout Plan	42,661		5,509	7,161	(636)		(7,526)	(8,460)	(16,001)

Notes:

Fund Margin does not include depreciation or impact of all arbitrage funds, but does include principal paid on bonds. (Represent more of a sources and uses statement rather than an audited Net Income statement)

Income statement was not available for projections, so the modified fund margin was used to compute retained earning to reflect the adjustment for depreciation expense and principal paid on bonds.

Revenue and expense projections are based on 1.5 and 2% increases respectively

Construction cash not included in current yr and projected years

Cash balances above are the actual without the year-end loan

**City of Minneapolis
2012 Budget
Financial Plan**

Solid Waste and Recycling Fund

Background

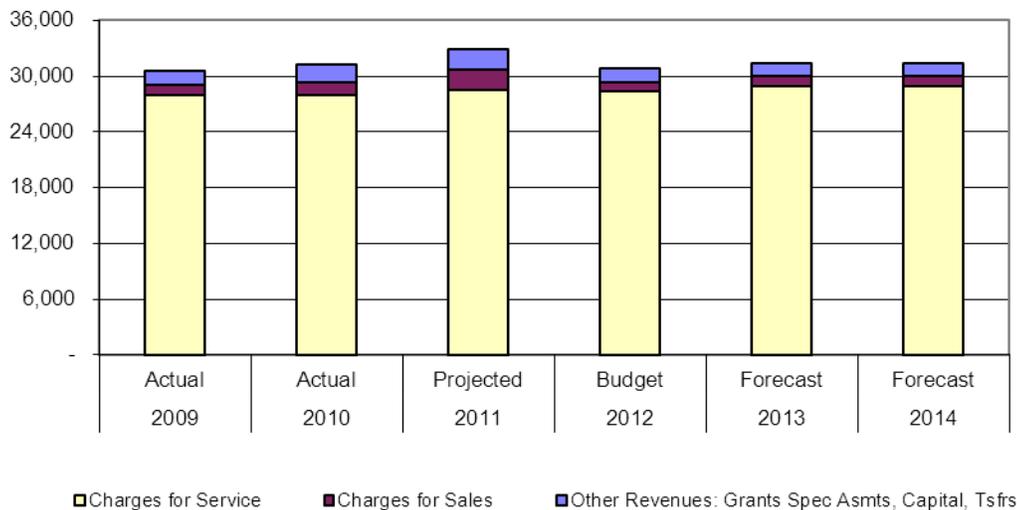
The Solid Waste and Recycling Fund account for solid waste collection, graffiti removal, disposal, recycling activities and organic programs of the City. In all, there are nine programs that are budgeted for 2012 under Solid Waste fund. The Solid Waste Division of Public Works provides weekly and bi-weekly pickups for trash, yard-waste, and recycling materials. It also operates a solid waste transfer station providing service to over 105,000 households. City crews provide approximately one-half of the solid waste collection service with the other half of the service provided through a contract with a consortium of companies specializing in waste collection.

Funding for Solid Waste and Recycling activities is primarily generated from solid waste collection fees. The Fund also receives grants from Hennepin County. Additional revenue is generated through recyclable sales, miscellaneous services, and organic programs.

Historical Financial Performance

The overall financial condition of the Solid Waste and Recycling Fund has remained stable over the years. Total revenues for year 2010 were at \$31.2 million compared to the 2009 amount of \$30.6 million. Total expenditures for 2010 came to \$30.8 million compared to \$28.8 million for 2009, an increase of \$2 million. \$1.6 million of this increase is due to higher cost of contractual services regarding waste collection, higher labor costs, and replacement of solid waste carts and bins. Lease-hold improvement work and purchase of land within Transfer Station division has also contributed to increase in expenditures by \$400,000. The year-end cash balance for this fund ended 2010 at \$21.9 million compared to \$20.6 million in 2009.

Solid Waste Fund Revenues
(in thousands of dollars)



Revenue Assumptions (2012)	
Number of dwelling units	105,259
Number of recycling customers	101,689

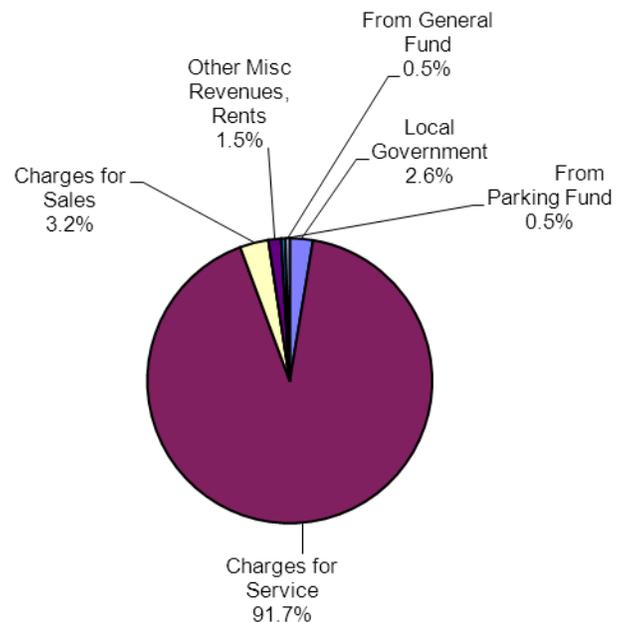
For 2011, year-end revenues from collection are projected to reach \$28.6 million and the total revenues for the fund are projected at \$32.9 million. Expenses for the Solid Waste and Recycling are projected at \$33.1 million. This projected deficit of \$463K is mainly due to the capital outlay scheduled for 2011 relating to Transfer Station, land and equipment purchases, and related construction works. With a fund balance in excess of \$21 million, the Solid Waste and Recycling Fund will be able to absorb these costs.

2012 Budget

Revenues

The total revenue budget for the Fund for 2012 amounts to \$30.8 million compared to \$32.9 million for projected 2011. This is a decrease of 6.2% over 2011 projection. Service revenue has been estimated at \$28.3 million compared to \$28.6 million for projected 2011. For 2012, collection fee has been set at \$24 per dwelling unit with adjustments of \$7 made to recycling credits. Monthly charges for large and small disposal carts are set at \$5 and \$2, respectively. Due to increasing market for scrap metals, recyclable sales for 2012 are expected to increase resulting in estimated revenue of \$1 million compared to \$600,000 for 2011. Funds from local government include a Hennepin County recycling grant of \$800,000 and reimbursement of \$8,000 from State for graffiti. Revenues generated from debris removals, special district maintenance, and various miscellaneous sources are estimated at \$450,000.

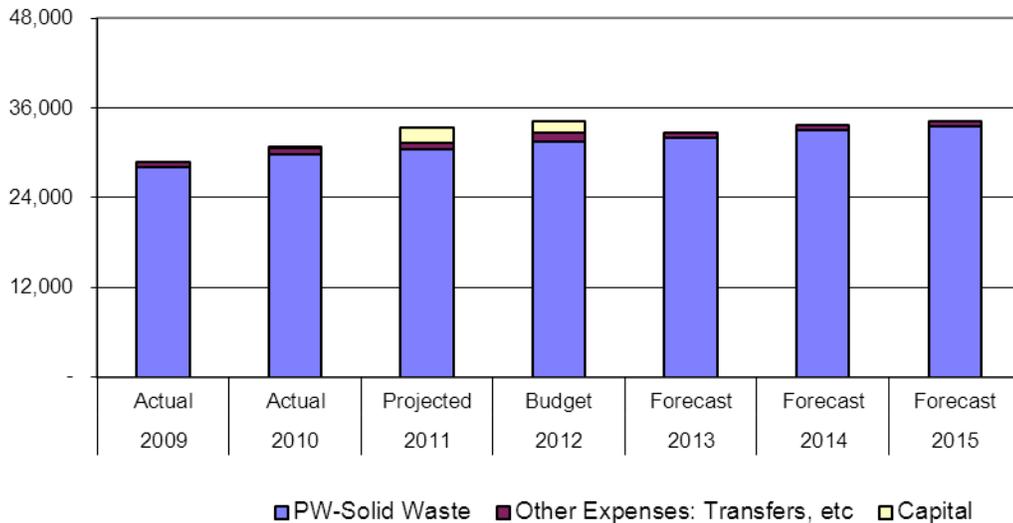
Source of Funds (\$30.9 million)



Expenditures

The total expenditure budget for 2012 amounts to \$34.1 million compared to \$33.4 million for projected 2011, an increase of 2.3%. The reductions for 2012 were made in salaries, contractual services, and in operating materials to bring the budget more in line with actual expenditures and major contracts.

Solid Waste Fund Expenditures (in thousands of dollars)



Transfers

The 2012 budget includes a \$700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow plowing that will ensure delivery of solid waste and recycling services in the alleys. This transfer is projected to continue at \$700,000 in coming years.

The budget also includes a transfer of \$571,000 to the Debt Service Fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF). This obligation is to be paid from fund balance.

The Solid Waste and Recycling Fund will continue to receive \$146,000 from the Parking Fund for litter container pick-ups in downtown area. Since 2004, the Fund has been receiving \$50,000 as an annual transfer from General Fund for graffiti removal.

Debt Service

This fund does not have any capital debt service payments.

Cash Balance

The Solid Waste and Recycling Fund is projected to have a \$18.3 million cash balance at the end of 2012.

Mayor's Recommended Budget

The Mayor recommended a one-time increase of \$100,000 to the graffiti transfer (totaling \$150,000) in 2012 for graffiti microgrants.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

**City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)**

Solid Waste Fund - 7700

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Sources of Funds:									
Local Government	861	888	810	953	808	-15.2%	800	800	800
Charges for Service	27,892	27,945	28,145	28,562	28,337	-0.8%	28,966	28,966	28,966
Charges for Sales	1,095	1,445	600	2,200	1,000	-54.5%	1,000	1,000	600
Special Assessments	563	244		460		-100.0%			
Other Misc Revenues, Rents	-	515	350	529	450	-14.9%	450	450	450
Operating Transfers In:									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund	50	50	50	50	150	200.0%	50	50	50
Total	30,607	31,233	30,101	32,900	30,891	-6.1%	31,412	31,412	31,012
Use of Funds:									
PW-Solid Waste	28,021	29,827	32,378	30,440	31,500	3.5%	32,015	32,997	33,571
Transfers									
To General Fund	700	700	700	700	700		700	700	700
To MERF Fund	121	151	236	236	571	141.9%	-	-	-
General Services Capital									
Capital		167	1,380	1,988	1,380	-30.6%	-	-	-
Human Resources									
Total	28,842	30,845	34,694	33,364	34,151	2.4%	32,715	33,697	34,271
Change in Net Assets	1,765	388	(4,592)	(463)	(3,259)		(1,303)	(2,285)	(3,259)
Net Asset Balance	27,948	28,006	23,414	27,543	24,284		22,981	20,696	17,437
Cash Balance	20,560	21,924	17,332	21,461	18,259		16,956	14,671	11,412

**City of Minneapolis
2012 Budget
Financial Plan**

Sanitary Sewer Fund

Background

The operating budget has been set up under Sanitary Sewer Conveyance & Treatment program. As part of this program, the Fund accounts for 95% of the contractual payments made to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for maintenance and design work, capital programs and long-term debt service for these activities.

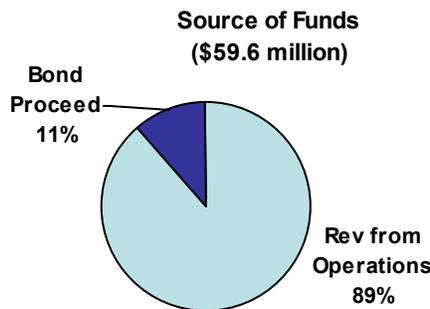
Historical Financial Performance

Total 2010 revenues were \$53.8 million compared to \$50.1 million in 2009. Sanitary service revenue increased due to a rate increase. The expenditures for 2010 were close to the 2009 total of \$50.8 million. An expenditure increase of \$2.7 million related to design, maintenance, Met Council, and debt services was offset by decrease of \$2.7 million in capital programs.

2012 Budget

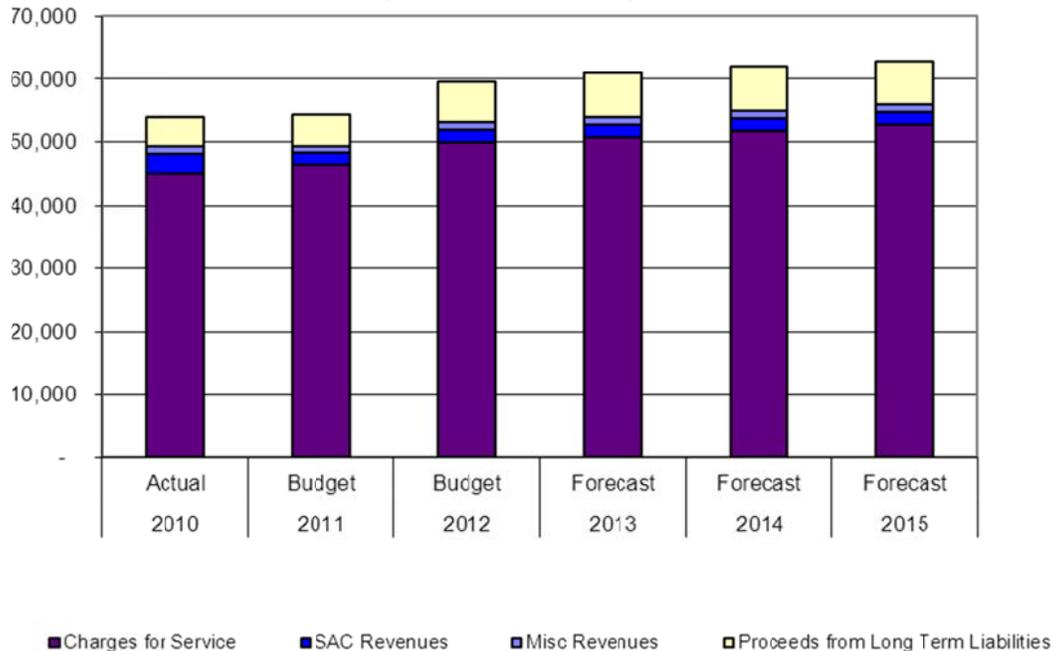
Revenues

The total revenue budget for the Sanitary Sewer Fund for 2012 amounts to \$59.6 million compared to \$51.9 million in 2011, an increase of 14.5% over 2011 projected revenues. Service revenues have been estimated at \$49.8 million, an increase of \$4.7 million; and bond proceeds for 2012 have been budgeted at \$6.5 million, an increase of \$1.5 million over projected 2011. Monthly sanitary utility charges, Sewer Access Charges (SAC), design and miscellaneous revenues, along with bond proceeds are the sources of revenue for Sanitary Sewer Fund. Revenues from operations account for 89% of the budget and bond proceeds from capital programs make up the remaining 11%. For 2012, sanitary sewer rate has been maintained at \$3.05 per one hundred cubic feet; however, a fixed revenue component has been added to establish a base in order to cover fixed expenses. Revenue estimates were increased to fund Minneapolis Employees Retirement Fund (MERF) debt payments and participate in cost sharing for meter reading.



Year	Rate (cost per 100 cubic feet)	% Increase	Average Monthly Bill	Total Planned Revenue from Utility Fee
2012	\$3.05	0.00%	\$18.30	\$49.9 million
2013	\$3.14	3.00%	\$18.84	\$50.7 million
2014	\$3.24	3.20%	\$19.44	\$51.7 million
2015	\$3.34	3.10%	\$20.04	\$52.7 million
2016	\$3.44	3.00%	\$20.64	\$53.7 million

Sanitary Sewer Fund Revenues (in thousands of dollars)

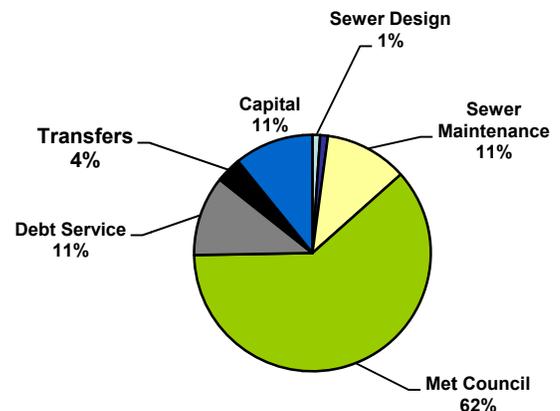


Expenditures

The total expenditure budget for 2012 amounts to \$59.5 million compared to \$51.9 million for projected 2011. This is an increase of \$7.5 million, or 14.5%, from 2011. The use of funds includes maintenance and design work, Met Council, capital programs, and long-term debts. Increase of \$500K in design and maintenance budget are mainly due to personnel realignment. Increase of \$1.7 million in Met Council department is due to rate increase for treatment services.

Capital expenditures for 2012 total \$6.5 million compared to \$5 million for 2011. This increase of \$1.5 million is due to sanitary tunnel and sewer rehabilitation work scheduled for 2012. The largest expense in the Sanitary Sewer Fund is the

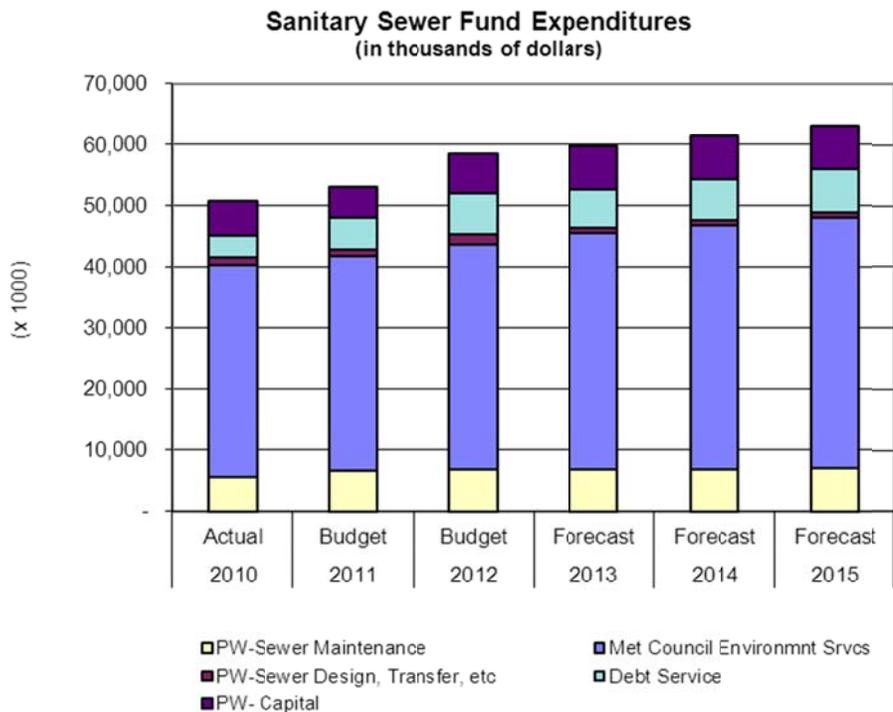
Use of Funds (\$59.5 million)



sanitary sewer charges paid to Met Council Environmental Services (MCES). The estimated payment to MCES for 2012 is \$32.9 million a 4% increase over 2011. The Sanitary Sewer Fund bears 95%, or \$31.2 million, of this cost with the remaining \$1.7 million paid from the Storm Water Fund. Minneapolis is the largest customer in MCES system.

Debt Service & Transfers

Capital programs were instituted in 2007 to address the inflow/infiltration issue in Minneapolis and will continue as part of the on-going five-year plan. Other components of capital program included expansion of the existing system and major repairs to current infrastructure. For 2012, \$6.6 million is set aside as debt service payments for bonds sold in current and previous years to fund these projects. This is an increase of \$1.4 million over 2011 debt appropriation. Transfers from this fund are made to the pension and water funds to cover the MERF debts and shared expenses with Water Fund. For 2012, pension related transfer is estimated at \$1.1 million compared to \$478,000 for 2011; and the transfer to Water fund to support the meter shop is estimated at \$994,000.



Mayor’s Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The resolution included changes to sewer and water rates. The variable rate component will remain flat from 2011 at \$3.05.

In addition to rates based on water usage, a fixed charge based on meter size will be included in each billing period. The monthly fixed charge ranges from \$3.00 for a 5/8 inch meter to \$990 for a 12 inch meter.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Sanitary Sewer Fund - 07100

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg from 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Charges for Service	40,230	45,142	46,367	45,154	49,867	10.4%	50,739	51,737	52,707
SAC Revenues	2,305	2,984	2,000	2,000	2,000		2,000	2,000	2,000
Other Misc Revenues	1,418	1,241	929	929	1,226	32.0%	1,189	1,189	1,189
Proceeds from Long Term Liabilities	6,154	4,477	5,000	5,000	6,500	30.0%	7,000	7,000	7,000
Total	50,107	53,843	54,296	53,083	59,593	12.3%	60,928	61,926	62,896
Use of Funds:									
PW-Sewer Design	230	298	427	563	632	12.3%	615	630	645
PW-Sewer Maintenance	5,923	5,470	6,488	5,986	6,796	13.5%	6,707	6,851	6,997
MERF Debt Service -New Plan	-	-	-	-	-		286	286	286
Met Council Environment Svcs	32,235	34,897	35,382	35,086	36,833	5.0%	38,849	39,901	40,983
Debt Service	3,372	3,551	3,757	4,814	5,217	8.4%	3,814	3,172	2,645
Future Debt Service			1,439		1,367		2,406	3,446	4,486
Transfers	-								
To MERF Debt Service	628	825	478	478	1,112	132.6%	-	-	-
To Water Fund					994				
PW- Capital	8,383	5,709	5,000	5,000	6,500	30.0%	7,000	7,000	7,000
Total	50,771	50,750	52,971	51,927	59,451	14.5%	59,677	61,286	63,042
Change in Net Assets	(664)	3,092	1,325	1,156	142		1,251	641	(146)
Net Asset Balance	89,638	96,156	97,481	97,312	97,454		98,705	99,346	99,200
Cash Balances									
Operating Cash	9,640	12,474	13,799	13,630	13,772		15,023	15,664	15,518
Construction Cash	4,678	4,177							

**City of Minneapolis
2012 Budget
Financial Plan**

Storm Water Fund

Background

The Storm Water Conveyance & Treatment and Street Cleaning programs make up the budget for Storm Water Fund. The Fund accounts for street cleaning, design, construction, and maintenance of City's storm drain system. A portion of the Storm Water Fund is used for sanitary water interceptor and treatment services, a program carried out through Metropolitan Council Environmental Services (MCES). The Fund also accounts for the Combined Sewer Overflow (CSO) program, which separates storm sewer from the sanitary sewer lines.

Historical Financial Performance

In 2010, total revenues increased to \$46.1 million compared to \$45.8 million in 2009. This increase amounts to \$200,000, or 1%. While design and bond revenues from capital activities decreased by \$2.9 million compared to 2009, revenues from storm utility charges and maintenance agreements were up by \$3.1 million. A rate increase of \$0.32 per Equivalent Stormwater Unit (ESU) in utility billings accounted for \$2.8 million increase in the Fund's 2010 revenues. The expenditure of \$37.9 million in 2010 is an increase of \$5.1 million, or 16%, compared to \$32.8 million in 2009. Of this increase, \$2.3 million comes from operations with another \$2.9 million from Capital, and \$2.4 million in transfers. These increases have been slightly off-set by decrease in debt service by \$2.5 million.

2012 Budget

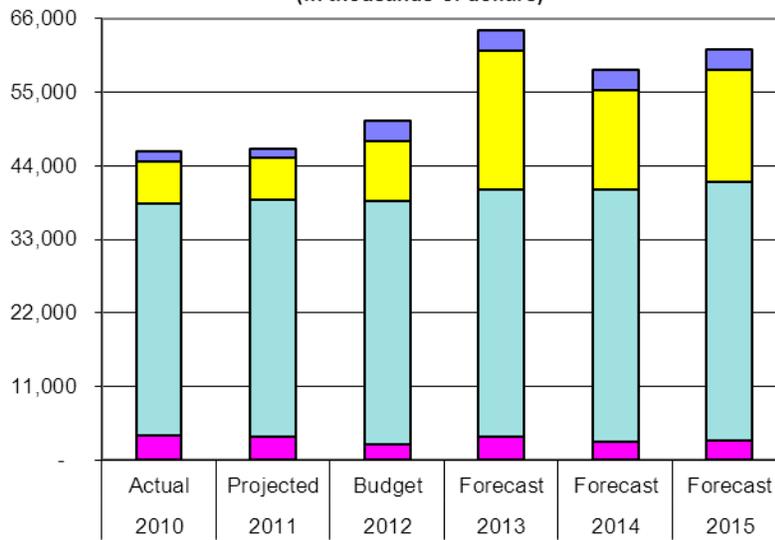
Revenues

The 2012 revenue budget totals \$50.7 million, compared to \$46.6 million projected for 2011, an increase of 8.8%. The capital program is estimated to generate \$9 million from bond sales in 2012. The Storm water rate or the rate per ESU for 2012 has been proposed at \$11.70. This rate increase of \$0.28 in storm water billings is estimated to put service revenue at \$36.3 million, \$900,000 more than the projected \$35.4 million for 2011. Revenues from maintenance agreement with County/State are expected to decrease to \$916,000 compared to \$1.4 million for 2011.

Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue deposited in the Storm Water Fund also include sources other than utility fees, such as capital work for others billings.

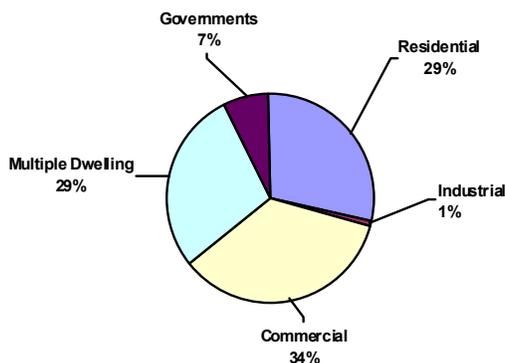
Year	Rate per ESU (Equivalent Storm Water Unit)	% Increase	Total Planned Revenue from Utility Fee
2012	\$11.70	2.5%	\$36.3 million
2013	\$11.93	2%	\$37.0 million
2014	\$12.17	2%	\$37.8 million
2015	\$12.41	2%	\$38.5 million
2016	\$12.65	2%	\$39.3 million

Stormwater Fund Revenues (in thousands of dollars)



■ Grants, Spec. Asmts, Misc Rev, etc. ■ Charges for Service-Operating
■ Proceeds of Long Term Liabilities ■ Charges for Service-Capital

Total Active Sewer Property Types

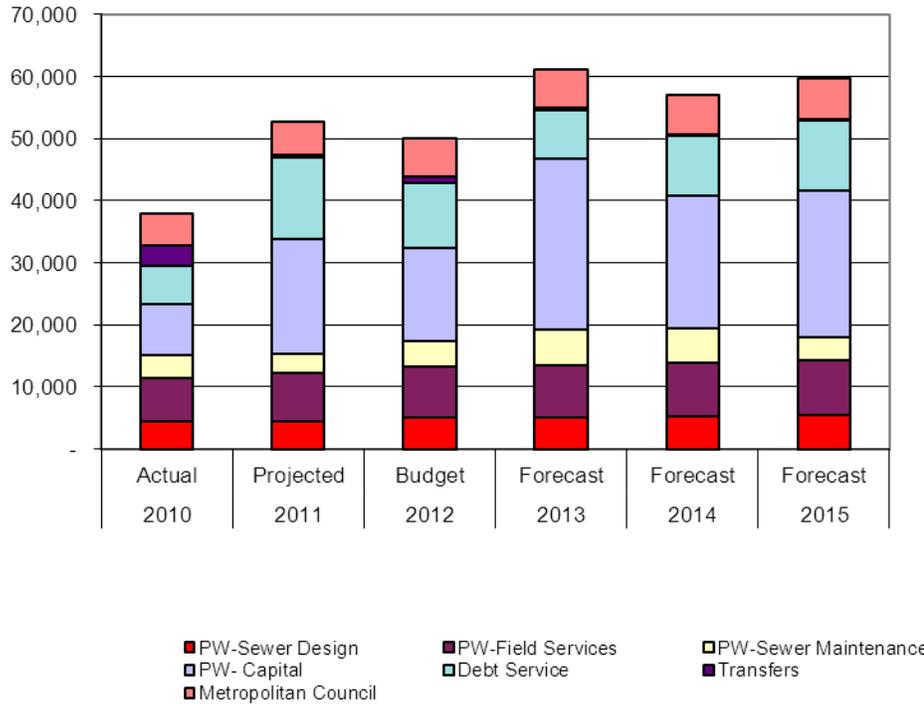


Total Usage Units (in millions)	
Property Type	Count
Residential	4,447
Commercial	5,277
Government	1,106
Industrial	80
Multiple Dwelling	4,413
Total	15,352

Expenditures

The 2012 total expenditure budget for the Storm Water Fund amounts to \$50 million compared to \$52.6 million projected for 2011, a decrease of 5%. This amount funds operations, capital programs, debt services and the pension fund. The fund's operating budget is used for design, maintenance, overflow programs, Met Council payments, and street cleaning. The operating budget for 2012 totals \$23.5 million which is \$3 million higher than the \$20.5 million projected for 2011. Capital programs are estimated at \$14.8 million compared to \$18.5 million projected for 2011. Capital programs are funded by operating revenue and bonds and for 2012, \$5.8 million of capital projects are based on Storm revenue and the remaining \$9 million are bond funded.

Stormwater Fund Expenditures (in thousands of dollars)



Combined Sewer Overflow (CSO)

Combined Sewer Overflow project started in 2004. Working with property owners, this project aims to identify and disconnect roof drain system from the sanitary system. This is an on-going program and \$921,000 has been allotted for 2012 from operating budget with additional funding coming from the Capital programs.

Debt Service & Transfers

The debt service payments are primarily for bonds that have already been sold to finance the Combined Sewer Overflow (CSO) program and flood mitigation programs. For 2012, debt service payments are estimated at \$10.5 million compared to \$13.1 million projected for 2011. Transfers relating to MERF pension plan are made to the pension fund, and for 2012, these transfers are estimated at \$1.1 million compared to \$478,000 for 2011. Both the debt service and transfers are funded through fund balance generated by Storm Water revenues.

Mayor’s Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The Council adopted the Mayor’s recommendations.

**City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)**

Stormwater Sewer Fund - 7300

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Federal Government									
State Government	731	1,148	1,022	1,022	670	-34.5%	670	670	670
Local Government	297	266	442	442	246	-44.5%	246	246	246
Charges for Service-Operating	32,011	34,543	33,971	35,448	36,323	2.5%	37,043	37,794	38,545
Design & Misc Revenues	3,460	1,650	1,376	1,376	1,392	1.2%	2,470	1,695	1,990
Charges for Sales	-	35	10	10	-		-	-	-
Special Assessments	498	686	60	634	60	-90.5%	60	60	60
Interest	-	-	-	-	-		-	-	-
Charges for Service-Capital	1,375	1,557	3,000	1,403	3,000	113.8%	3,000	3,000	3,000
Proceeds of Long Term Liabilities	7,473	6,191	10,500	6,238	9,000	44.3%	20,750	14,888	16,880
Total	45,843	46,075	50,381	46,573	50,690	8.8%	64,238	58,352	61,391
Use of Funds:									
PW-Sewer Design	3,874	4,434	5,186	4,518	5,114	13.2%	5,119	5,278	5,441
PW-Field Services	7,242	6,994	8,040	7,779	8,056	3.6%	8,344	8,642	8,951
PW-Sewer Maintenance	2,242	3,651	2,933	2,939	4,265	45.1%	5,835	5,429	3,526
Metropolitan Council	4,577	5,121	5,581	5,285	6,089	15.2%	6,234	6,381	6,533
Debt Service	8,805	6,208	6,024	13,114	7,400	-43.6%	3,154	3,065	3,029
Future Debt Service	-	-	4,890	-	3,111		4,671	6,468	8,124
Transfers	837	3,311	478	478	1,112	132.6%	286	286	286
PW- Capital	5,235	8,214	17,270	18,525	14,850	-19.8%	27,500	21,538	23,810
Total	32,812	37,933	50,402	52,637	49,997	-5.0%	61,143	57,087	59,700
Change in Net Assets	13,032	8,142	(22)	(6,065)	692		3,095	1,264	1,691
Net Asset Balance	257,057	267,781	267,759	261,716	262,408		265,504	266,768	268,459
Cash Balances	14,445	22,676	22,655	16,610	15,351		18,447	19,711	21,402
Operating Cash									
Construction Cash	7,235	3,484							
Total Cash Balance	21,680	26,160	22,655	16,610	15,351		18,447	19,711	21,402

**City of Minneapolis
2012 Budget
Financial Plan**

Water Fund

Background

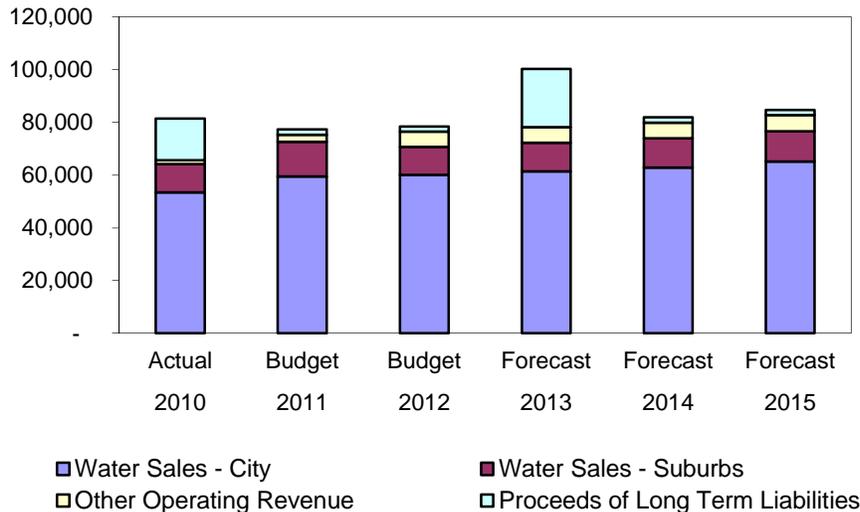
The Water Fund accounts for the operation, maintenance and capital program of the water treatment and distribution system for the City and several suburban city customers. The City currently sells water to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Edina, and Metropolitan Airport Commission.

Historical Financial Performance

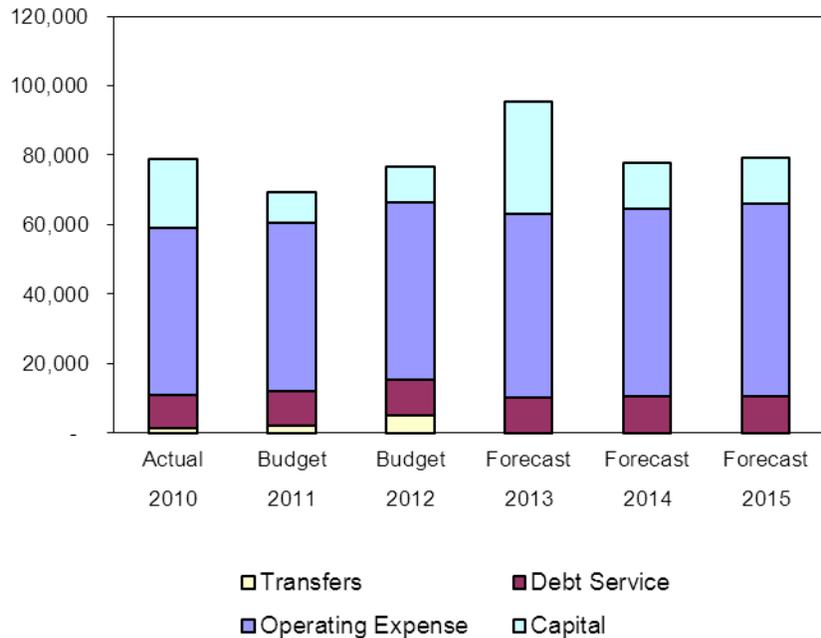
The net assets of the Water Fund have increased over the past several years due primarily to scheduled rate increases and major capital improvements. The following table shows the revenue earned from Minneapolis and suburban sales for years 2009-2010 and 2011 projected revenue:

Source of Revenue	2009	2010	2011 Projected
Bloomington	\$3,302,000	\$3,543,587	\$3,777,707
Columbia Heights	1,032,000	1,156,604	1,194,177
Hilltop	127,000	106,734	69,339
Joint Water Commission	6,732,000	5,694,488	6,752,876
Edina	267,000	194,026	205,450
MAC	N/A	N/A	841,060
Total Suburban	\$11,460,000	\$10,695,439	\$12,840,608
Minneapolis	\$52,750,000	\$53,167,300	\$52,796,878
Total Revenue	\$64,210,000	\$63,862,739	\$65,637,486

**Water Fund Revenues
(In thousands of dollars)**



**Water Fund Expenses
(In thousands of dollars)**

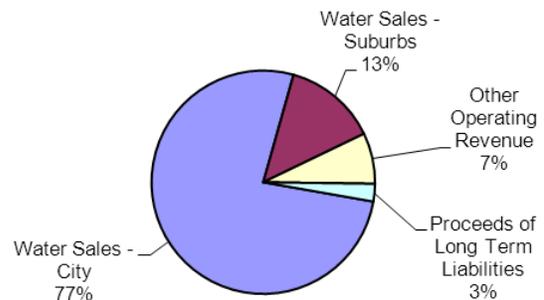


2012 Budget

Revenues

The 2012 revenue budget of \$78.4 million is 12.5% higher than the 2011 projected revenue of \$69.7 million. There are projected rate increases for years 2012-2015 to pay debt service for the capital expenses, as well as to cover anticipated growth in operating expenses and to repair infrastructure. Rate increases may not result in increased revenue due to variable water consumption. A long-term trend has shown that Minneapolis water consumption has decreased over the past several years.

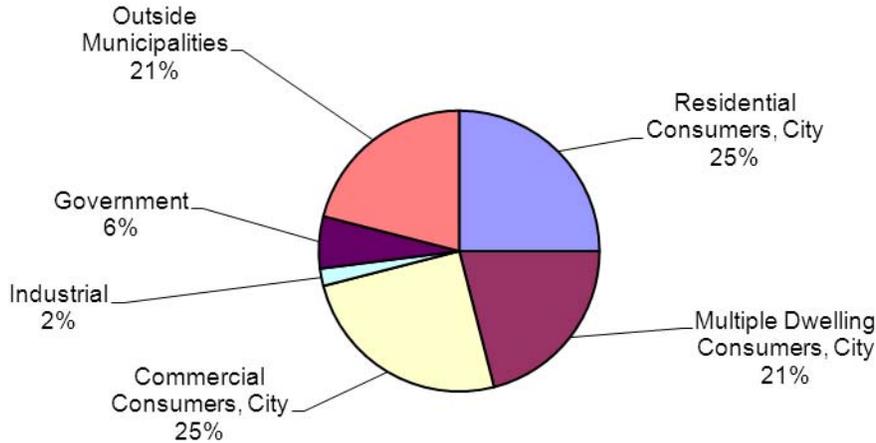
**Source of Funds
\$78.4 Million**



Water Utility Rates

The budget includes a fixed rate charge based on meter size as well as a variable rate charge of \$3.20/unit. The fixed rate charge will help to cover the high fixed costs of operating the utility. This will increase the utility's financial stability as it continues to operate in an environment of declining consumption due to conservation efforts.

**Charges for Service by Customer Consumption
(Based on 2010 Consumption)**



¹ Rate is based on cost per 100 cubic feet and assumes 8 units of water are consumed per month for a 5/8" meter. The fixed rate increases as the meter size increases.

Year	Fixed Rate (5/8" Meter)	Rate (cost per 100 cubic feet)	Cost Per Month for Average Consumer ¹	Variable % Increase	Total Cost Increase	Total Planned Revenue from Utility Fee
2012	\$2.00	\$3.20	\$27.60	0.00%	\$2.00	\$60.0 Million
2013	\$2.00	\$3.31	\$28.48	3.40%	\$0.88	\$61.4 Million
2014	\$2.00	\$3.43	\$29.44	3.60%	\$0.96	\$62.9 Million
2015	\$2.00	\$3.53	\$30.24	2.90%	\$0.88	\$63.9 Million
2016	\$2.00	\$3.64	\$31.12	3.10%	\$0.88	\$65.0 Million

The following table shows the projected revenue earned from suburban utility sales:

Year	Combined Average Rate	% Increase	Total Revenue Earned from Utility Fee - Suburbs
2012	\$2.10	0%	\$10.6 Million
2013	\$2.17	3.5%	\$10.8 Million
2014	\$2.25	3.5%	\$11.1 Million
2015	\$2.32	3.0%	\$11.3 Million
2016	\$2.39	3.0%	\$11.5 Million

Expenses

The 2012 expense budget is \$77.8 million, a 16% increase over the 2011 projected expense of \$67 million. The budget provides funding for the capital improvement program. Current capital projects include improvements to the water distribution network, treatment infrastructure improvements and a \$25 million multiyear project to replace the current dewatering plant which uses centrifuges with new filter presses which will improve efficiency and reduce operating

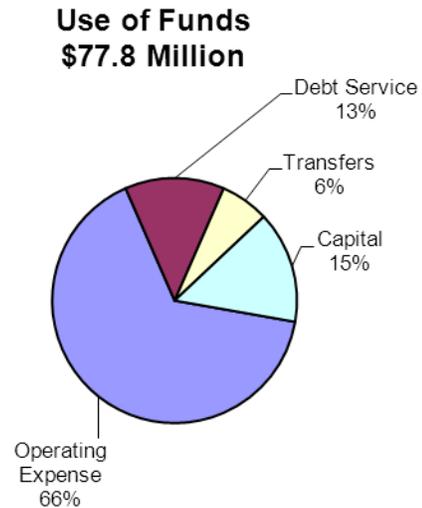
costs. The 2012 capital budget is \$11.5 million and represents a 27.9% increase from the 2011 capital budget.

Transfers

The Water Fund incurs a transfer expense related to its share of the Minneapolis Employee Retirement Fund (MERF) pension obligations. There will be \$5 million transferred to the bond redemption fund to cover the liability obligations related to Water Fund employees that have retired under the MERF pension plan.

Debt Service

The debt service total of \$10.2 million is primarily for bonds and notes sold to finance the Water-Works Capital Construction program.



Mayor's Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

On December 16th, Council adopted the utility rates for water, sewer, stormwater and solid waste and recycling services effective January 1, 2012. The resolution included changes to sewer and water rates. The variable rate component will remain flat from 2011 at \$3.20.

In addition to rates based on water usage, a fixed charge based on meter size will be included in each billing period. The monthly fixed charge ranges from \$2.00 for a 5/8 inch meter to \$660 for a 12 inch meter.

City of Minneapolis
2012 Budget
Financial Plan (In thousands of dollars)
Water Fund - 7400

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Water Sales - City	52,750	53,459	59,455	52,797	60,574	14.7%	61,456	62,859	65,099
Water Sales - Suburbs	11,460	10,695	13,141	12,841	10,081	-21.5%	10,822	11,069	11,463
Other Operating Revenue	2,358	1,508	2,717	2,106	4,794	127.6%	5,875	5,963	6,143
Proceeds of Long Term Liabilities	17,831	15,692					22,000	2,000	2,000
Transfers									
From Sewer Fund for Meter Shop					994				
Reimbursed Capital Revenue		365	2,000	2,000	2,000				
Total	84,399	81,719	77,313	69,744	78,443	12.5%	100,153	81,891	84,705
Use of Funds:									
Operating Expense	46,252	47,916	48,377	45,918	51,106	11.3%	52,777	54,095	55,471
Debt Service	9,924	9,518	10,063	10,063	10,226	1.6%	10,318	10,405	10,640
Future Debt Service		-	-	-	-		1,538	1,538	1,538
Transfers									
To Debt Service for MERF Liability	1,071	1,258	2,042	2,042	4,992	144.5%	-	-	-
To Debt Service - Other		249	-	-	-		-	-	-
Capital	25,909	19,762	9,000	9,000	11,510	27.9%	32,325	13,300	13,300
Total	83,156	78,703	69,482	67,023	77,834	16.1%	96,958	79,338	80,949
Water Works Fund Margin	1,484	3,016	7,831	2,721	609		3,195	2,553	3,756
Water Net Assets	159,640	176,894	179,910	179,615	180,224		183,419	185,972	189,728
Cash Balance	(2,007)	11,657	19,487	16,093	16,548		19,606	22,022	24,228

**City of Minneapolis
2012 Budget
Financial Plan**

Public Works Stores Fund

Background

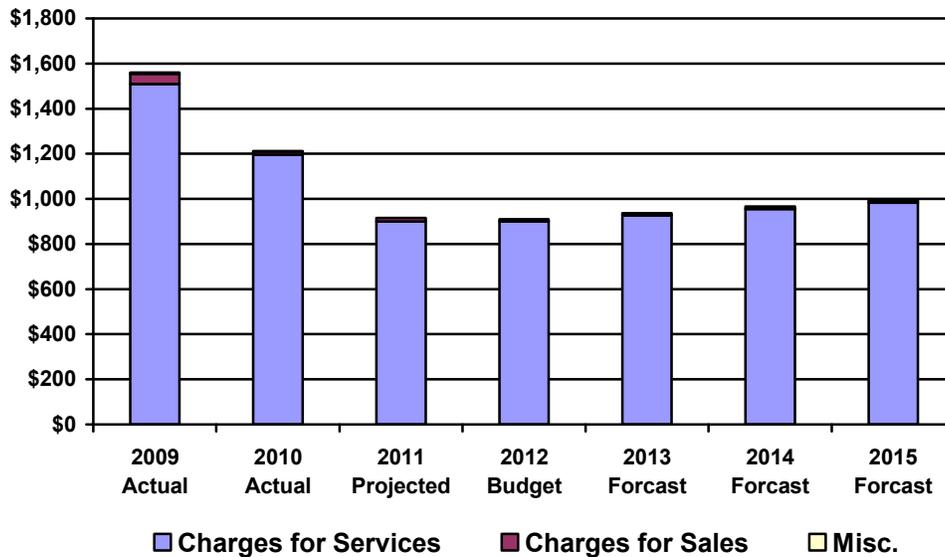
The Public Works Stores Fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items and the purchase of special goods and services through Central Stores and Public Works Traffic stores. In April 2011, Central Stores was transitioned from the Public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

Historical Financial Information

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

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

Public Works Stores Revenue
(in thousands of dollars)



2012 Budget

Revenues

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

Expense

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

Transfers

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

Debt Service

This fund does not have long-term debt.

Net Assets and Cash Balance

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

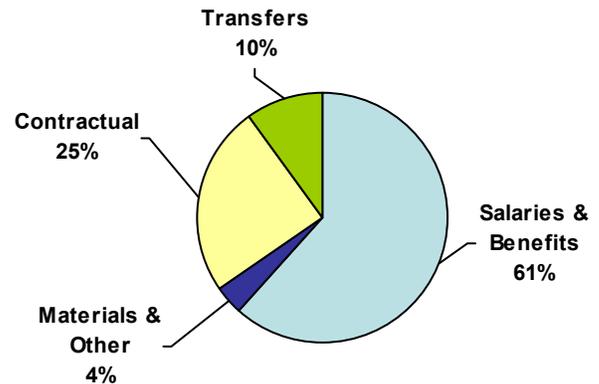
Mayor's Recommended Budget

The Mayor recommended no changes to this fund.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

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



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

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

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

**City of Minneapolis
2012 Budget
Financial Plan**

Engineering Materials and Testing Fund

Background

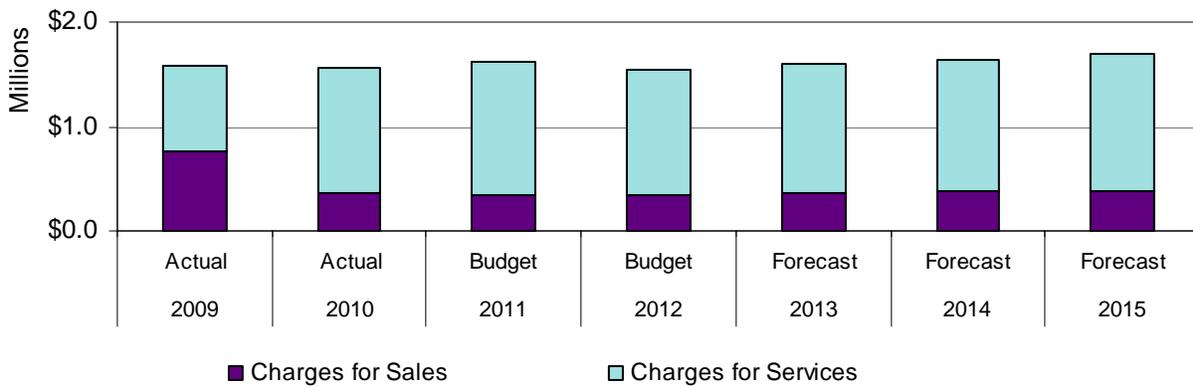
The Engineering Materials and Testing Fund accounts for City purchases of hot-mix asphalt and ready-mix concrete in order to ensure compliance with State and Federal standards and specifications and provide quality control of these materials. The Engineering Laboratory is a component of this fund which provides inspection and testing services and maintains a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Historical Financial Performance

The revenue sources for this fund include overhead charged on the procurement of hot-mix asphalt and ready-mix concrete materials along with fees for inspection and testing services by the Engineering Laboratory.

The decision to suspend operations at the asphalt plant at the end of 2003 resulted in a \$777,000 loss on the disposal of this asset and a decrease in net assets of \$709,000. From 2003 through 2008, this fund had a decrease in net assets of \$1.5 million of which \$777,000 is due to the loss on the disposal of the asphalt plant. In 2010, the net assets increased \$245,000 bringing the ending balance from \$490,000 in 2009 to \$735,000 in 2010. The cash balance increased from a balance of \$560,000 in 2009 to a balance of \$802,000 in 2010.

Engineering Materials and Testing Revenues



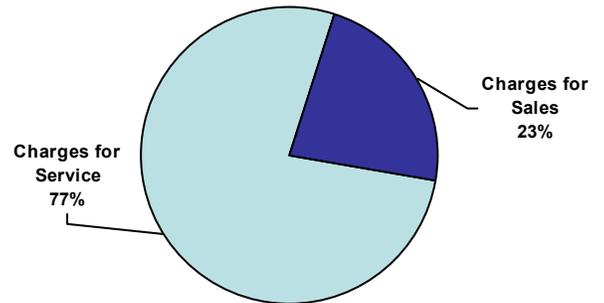
2012 Budget

Revenues

The 2012 revenue budget is \$1.6 million, a 10.3% decrease from the 2011 projected revenue. This fund generates revenue from testing and inspection services provided by the Engineering Lab and the sale of concrete and asphalt from outside vendors to other City departments. Product types and quantities are identified for customer departments. An allocation model determines product costs to allow the fund to generate revenues that match operating expenditures.

With the implementation of the new financial accounting system in 2008, the recording of revenue earned from asphalt and concrete sales was modified to include only the revenue generated from the mark up overhead added to the cost of the product. Previously, revenue was recorded as the cost of the goods plus the markup. The 2012 revenue budget includes \$1.2 million earned from charges for services provided by the Engineering Lab and \$352,000 as mark up on the sale of asphalt and concrete.

**Source of Funds
(\$1.6 million)**



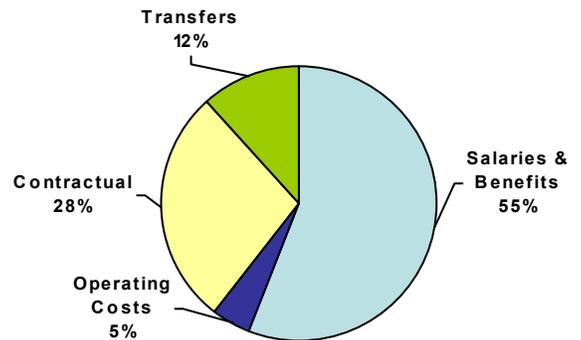
Expenditures

The 2012 expense budget is \$1.7 million, an increase of 26.3% from the 2011 projected budget. The increase is primarily due to the transfer out for MERF related debt.

Transfers

The 2012 budget includes a transfer out of \$195,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability. The City determined to retire bonds related to this debt service in 2012 resulting in substantial savings to the City and creating a large increase to this debt payment for the proprietary funds. The Engineering Lab and Materials Fund will use fund balance as a revenue source for this payment.

**Use of Funds
(\$1.7 million)**



Debt Service

This fund does not have long-term debt.

Mayor’s Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

The Council adopted the Mayor’s recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Engineering, Materials and Testing - 06000*

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Charges for Services	830	1,194	1,261	1,350	1,200	-11.1%	1,236	1,273	1,311
Charges for Sales	760	371	352	380	352	-7.4%	363	373	385
Total	1,590	1,565	1,613	1,730	1,552	-10.3%	1,599	1,647	1,696
Use of Funds:									
Personnel Services	747	761	900	820	923	12.6%	951	979	1,009
Contractual Services	273	390	434	358	458	27.9%	472	486	500
Materials and other	36	102	134	45	80	77.8%	85	87	89
Transfers Out	58	57	88	88	195	121.6%	-	0	0
Total	1,114	1,310	1,556	1,311	1,656	26.3%	1,506	1,551	1,597
Change in Net Assets	462	245	57	419	(103)	0.0%	92	95	99
Net Assets	490	735	792	1,154	1,051		1,143	1,238	1,338
Cash Balance	560	802	859	1,221	1,118		1,210	1,305	1,405

* This fund includes the Public Works divisions Engineering Lab, Asphalt Distribution, and Ready-Mix Concrete.

**City of Minneapolis
2012 Budget
Financial Plan**

Intergovernmental Services Fund

Background

The Intergovernmental Services Fund accounts for all of the operations of the Business Information Services Department (BIS) including information and technology functions, the managed services contract with Unisys, the Project Management Division (PMD), and telecommunications operations. The total of BIS activities accounts for 94.5% of the operating activities in the Fund. The fund also records transactions for operations within the City Clerk's office related to central mailing and printing services, representing 4.6% of operating activities. A portion of the Human Resources budget that is designated for internal training is included in this fund, representing 0.9% of operating activities.

The City Council approved a long-term financial plan for the Intergovernmental Services Fund in September 2000, to resolve both the annual operating deficit and accumulated cash deficits for this fund. Since year-end 2002, the fund has achieved positive increases to the net asset balance bringing the balance from a deficit of (\$40.8) million in 2002 to a positive net asset position of \$16.9 million in 2010. For 2011, the fund is projected to increase net assets by \$2.0 million for an ending balance of \$18.9 million, ahead of the updated long-term financial plan projection of \$18.4 million at year-end 2011.

The deficit in this fund was partially due to debt issued to finance technology purchases. The long-term financial plan addressed this issue by providing cash transfers to pay off the debt. In 2009, \$16.8 million of bonds were refunded and in 2010 another \$4.56 million of bonds were refunded resulting in interest savings of \$.59 and \$.16 million respectively which helped to reduce the deficit. Debt service payments of \$10.7 million for 2011 and \$9.6 million for 2012 will extinguish all debt related to the past deficits. By 2013, the debt outstanding will be \$1.84 million and will be paid for with transfers from the bond redemption levy.

In 2010, BIS incurred nearly \$11.9 million of expense for technology projects. The PMD office charges City departments for the cost of purchasing or creating technology enhancements and provides quality, low-cost project management for implementing these technology-related projects. The charges to City departments are calculated to generate enough revenue to cover the overhead expense of the department. In addition, the City Council appropriated \$1.0 million for technology projects in 2011 and the Mayor recommended \$1.275 million for 2012 funded through net debt bonds. The majority of the funding for technology projects are derived from grants and City departments operating budgets.

This fund continues to be active with new initiatives:

- **Citywide:** *First-of-a-Kind*, The City is participating in the IBM First-of-a-Kind project to create solutions for cross department coordination leveraging analytics and optimization, business process modeling and asset management technologies. These advanced technology solutions will leverage the citywide wireless network, Strategic Information Center, and camera infrastructure already in place at the City of Minneapolis.
- **Department Specific:** *Enterprise Land Management*, The City will acquire and implement a system that will provide workflow automation and transaction processing for the City's emergency response resource management, regulatory enforcement, inspections,

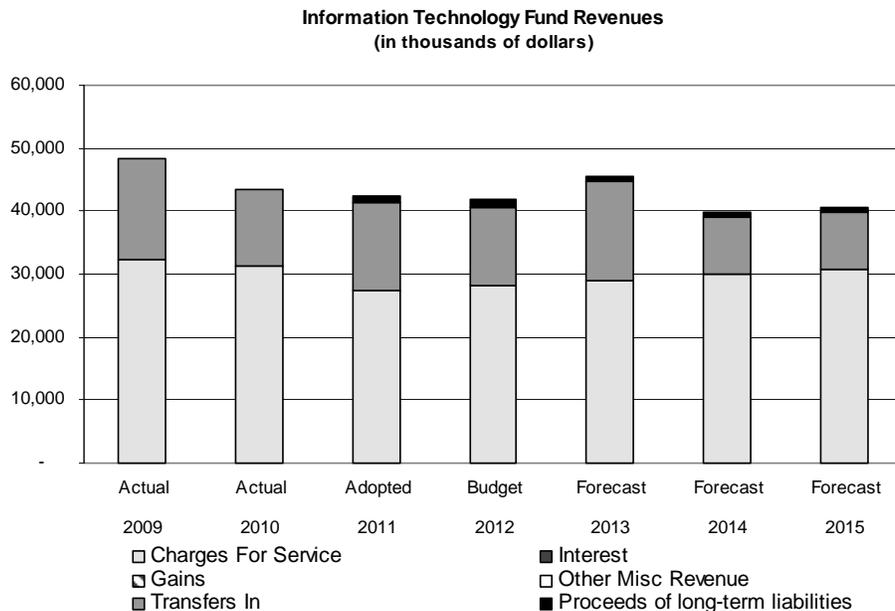
permitting, development, planning, and constituent self-service and other land management and reporting processes, among many other department-specific projects.

The net asset position in this fund will increase as it continues to provide services to City departments with charges determined through its allocation model and collect fees for service with PMD. The allocation model assigns costs to customers on a “level of effort” basis and began charging customer departments the allocated rates in 2005.

Historical Financial Performance

Net assets were affected by the realignment of fixed assets and its related debt to the Intergovernmental Services Fund. This change in accounting caused a one-time adjustment to the fund's net assets of a negative \$21.7 million. Although this negative adjustment caused fund net assets to have a balance of negative \$40.8 million at year-end 2002, it better represents the financial condition of the fund and the importance of implementing the strategies to meet the guidelines of the financial plan. This trend has been reversed: at year-end 2010, net assets improved to \$16.9 million.

The long-term financial plan projected the net asset balance at year-end 2010 to increase \$8.9 million from \$800,000 at year end 2009 to \$9.7 million. The actual net asset balance at year-end 2010, \$16.9 million, represents an increase of \$12.0 million from the 2008 ending balance. The fund's cash balance has also increased as projected in the long-term financial plan. From 2003 to 2010 the cash balance increased by \$11.7 million from a deficit of \$3.2 million to a positive of \$8.4 million at year-end 2010.



2012 Budget

Revenues

The 2012 revenue budget is \$41.9 million, a decrease of 8.4% from 2011 projected. To fund the cost of providing information technology services, the financial plan required that the annual transfer from the general fund receive an increase of \$0.9 million each year from 2005 through

2008, minus the reductions to growth in those years. In 2009, the fund received \$13.6 million from the general fund and \$2.5 million from the bond redemption fund. The budget for 2010 includes a decrease of \$4.0 million to the transfer from the General Fund. Total transfer to the fund in 2012 is \$12.4 million including \$10.3 million from the general fund, \$1.1 million from the bond redemption fund and \$1.0 million from the Self Insurance fund.

Charges for service are increased in 2012 reflected by the additional revenue received by City Departments through the allocation model and charges directly to City departments for additional BIS services.

Allocation Model Implications

The allocation model has five components on the customer expense side: BIS application support; BIS operating; telecommunications; data connectivity; and special customer specific services. Revenues generated through the allocation model will recover the following:

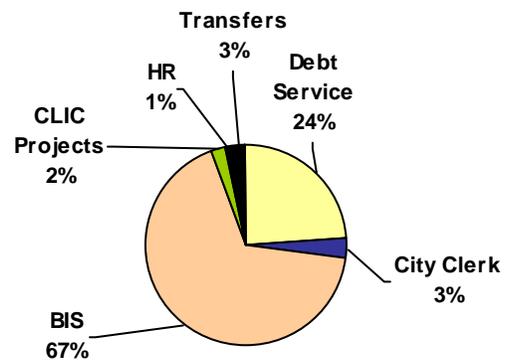
- BIS operating costs at a level that conforms to the Council-adopted financial plan.
- Debt service resulting from phone system purchase.
- A small portion for City Clerk data center operations and Human Resources operations.

Revenue Assumptions (2012)	
Number of PC's	2,678
Number of telephones	2,902

Expenses

Expenses in the Intergovernmental Services Fund are comprised of the operating expenses (salaries/benefits, contractual, operating, equipment) of BIS (94.5% of operating activities in the fund), a portion of the operating expenses of the City Clerk's office (4.6%), and Human Resources (0.9%). Capital expenditures for information technology investments are budgeted in the Intergovernmental Services Fund. Capitalized assets are reported in this fund as is the depreciation expense. The 2012 expense budget of \$40.2 million, a decrease of 8.1% from 2011 projected. In 2011, the fund began to pay \$1.5 million annually as loan repayment to the Convention Center, with final payment of \$1.75 million in 2016.

**Intergovernmental Services Fund
Use of Funds by Department
(\$40.2 million)**



Transfers

Transfers-in for 2012 relates to a transfer from the general fund of \$9.5 million to subsidize BIS debt service payments, \$0.3 million to fund city hall rent, \$0.5 million for the general fund wireless allocation, a \$1.1 million transfer from the general debt service fund, and \$1.0 million transfer from the Self Insurance Fund. BIS also has a transfer out (expense) of \$1.1 million for debt service related to the Minneapolis Employees Retirement Fund's (MERF) unfunded pension liability. The City will retire bonds related to this debt service in 2012 resulting in substantial savings, while creating a large one-time increase to this debt payment for the proprietary funds. The BIS Department will use fund balance as a revenue source for this payment and recover this cost through the allocation model.

Debt Service

In 2012, the fund will have a beginning bond liability of \$11.1 million. A debt service payment of \$9.6 in 2012 including \$389,000 of interest will leave an ending balance of bonds payable of \$1.9 million at year end.

Net Assets and Cash Balance

The financial policy related to the net asset balance for the Intergovernmental Services Fund determines that the net asset balance should not fall below two times the fund's annual depreciation. The annual depreciation for 2010 is \$11.0 million and the year-end net asset balance is \$16.9 million which brings the fund within \$5.0 million of benchmark amount of \$22.0 million. The financial policy for cash balance states that the minimum cash balance should be equal to 15.0% of the operating budget. The year end cash balance for 2010 is \$8.4 million and the fund had a 2010 operating budget of \$37.7 million resulting benchmark amount of \$5.7 million. At year end 2010, the fund's cash balance exceeded the benchmark by \$2.7 million.

Mayor's Recommended Budget

The Mayor recommended an acceleration of the General Fund transfers to the Intergovernmental Services Fund from the adopted plan as well as an overall reduction of \$3.6 million over the life of the transfers based on the performance of the fund. The proposed transfer schedule is \$9.495M in 2012; \$13.280M in 2013; \$6.582M in 2014 and \$6.780 in 2015. By accelerating the transfer schedule, capacity is created in the near future to hold down property tax levy increases, while maintaining the financial integrity of the fund.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

**City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)**

Intergovernmental Services Fund

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Charges For Service	32,258	31,275	27,510	31,188	28,187	-9.6%	29,033	29,904	30,801
Other Miscellaneous Revenue	(99)	(78)	-	-	-		-	-	-
Operating Transfers In	16,115	12,245	13,974	13,539	12,407	-8.4%	15,745	9,028	9,007
Proceeds of Long term Liabilities	-	-	1,000	1,000	1,275	27.5%	800	850	900
Total	48,274	43,442	42,484	45,727	41,869	-8.4%	45,578	39,782	40,708
Use of Funds:									
Transfers	277	395	423	448	1,072	139.3%	-	-	-
Debt Service	10,816	9,438	9,703	10,713	9,604	-10.4%	768	736	504
City Clerk	1,157	1,342	1,133	1,174	1,303	11.0%	1,342	1,382	1,424
Human Resources	145	153	256	340	261	-23.4%	268	276	285
Business Information Services	26,777	26,443	26,396	30,061	26,674	-11.3%	27,524	28,326	29,150
Capital Projects	1,202	(39)	1,000	1,000	1,275	27.5%	800	850	900
Total	40,374	37,732	38,911	43,736	40,188	-8.1%	30,702	31,570	32,263
Change in Net Assets	8,810	3,225	3,573	1,991	1,681		14,875	8,211	8,445
Net Assets	13,678	16,903	20,476	18,894	20,575		35,450	43,661	52,107
Cash Balance¹	1,699	8,438	10,511	8,929	9,110		19,585	23,396	27,442
Long Term Financial Plan Target Cash²	16	1,693	2,566	2,566	3,503		9,653	13,889	16,144
Variance Cash to Financial Plan	1,683	6,745	7,945	6,363	5,607		9,932	9,507	11,298

¹ The cash balance for years 2011 through 2015 is reduced by \$1.5 million for repayment of Minneapolis Convention Center loan, Convention Center; 2012 onward is reduced by \$9.4 million for unearned revenue and increased by \$6.5 million for notes receivable.

² The cash projections for 2009 onward are based on the updated long-term financial plan for this fund, adopted by Council in 2008.

**City of Minneapolis
2012 Budget
Financial Plan**

Fleet Services Division Fund

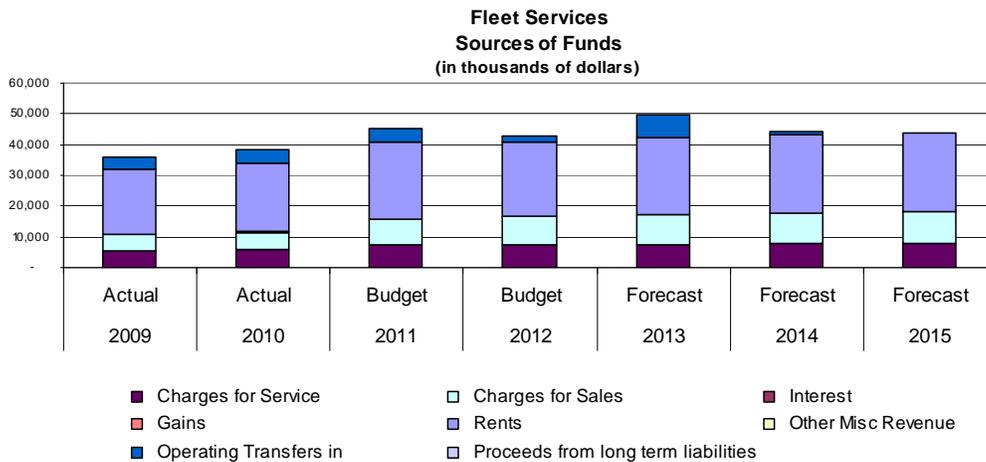
Background

The Fleet Services Division Fund manages the acquisition, maintenance and disposal of 1300 units of equipment; primarily the City’s fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment. The City’s fleet of vehicles and equipment has an acquisition value of \$65.5 million and accounts for 48.3% of the net value of the long-term assets in this fund.

Historical Financial Performance

In 2000, the fund had a deficit cash position of \$17.8 million due to costs of operation exceeding revenues collected from City departments. A long-term financial plan was developed in 2001 to generate sufficient revenue to cover the full cost of operations. The fund maintained a positive cash balance through 2010 with the exception of the year ending 2008 when the cash balance was a deficit of \$49,000. The fund’s 2010 year-end net asset balance of \$30.6 million represents an increase of \$4.1 million in net assets from the 2009 balance of \$26.5 million. The long-term financial plan projected a 2010 net asset balance of \$30.2 million. In 2010, a cash reserve policy was established for internal service funds directing the funds to maintain a minimum cash balance of 15% of the operating budget. The target cash reserve balance for this fund is \$4.3 million to be attained by year end 2013.

The original long-term financial plan financed fleet purchases by issuing general obligation bonds. Upgrading the fleet reduced the average age of the fleet, reducing maintenance costs in the fund. The fund continues to follow the plan to maintain a positive cash balance, increase net assets, and to end its reliance on bonds to fund the fleet purchases. In 2006, the practice of issuing bonds to finance fleet replacement was discontinued.

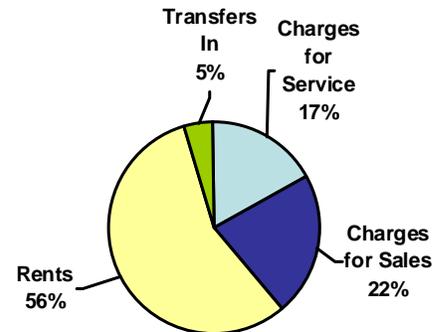


2012 Budget

Revenue

The Fleet Services Division uses activity-based costing to bill internal customers for use of vehicles. This method establishes a fleet rental rate that covers the replacement cost of the vehicles after the useful life. Maintenance, repairs and fuel costs of the fleet are charged separately. These charges are billed at a rate that allows the Fleet Services Division to match revenue to expense. Total revenues for 2012 are budgeted at \$43.0 million, a decrease of 7.8% from the 2011 projected revenue of \$46.6 million. The decrease in projected revenue is due primarily to a decrease in the general fund transfer from \$4.3 million in 2011 to \$1.9 million in 2012 as part of the previously adopted schedule. An increase of 8.4% in revenue earned from sales, primarily from the sale of fuel, is projected in 2012.

Source of Revenue (\$43.0 million)

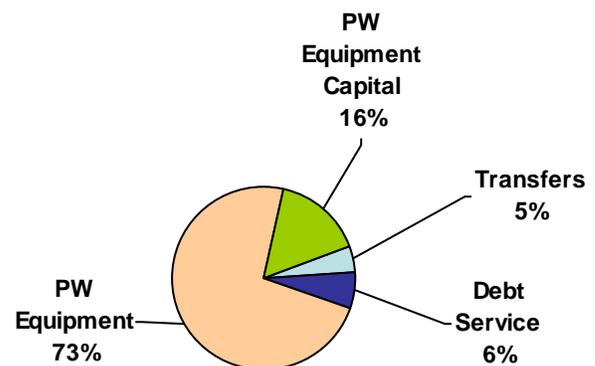


Expense

The 2012 expense budget is \$48.9 million which represents an increase of 13.9% from the 2011 projected expense of \$42.9 million. The increase in expense is primarily due to an increase in capital spending for fleet replacement, from \$5.0 million in 2011 to \$7.9 million in 2012. The current plan is for 60 vehicles to be purchased to replace existing fleet.

Revenue Assumptions (2012)	
Number of vehicles serviced	1200
Number of vehicles purchased	60

Use of Funds (\$48.9 million)



Transfers

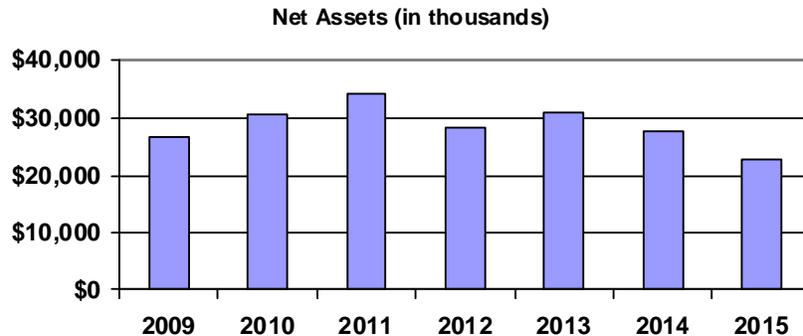
The 2012 budget includes a transfer out of \$2.2 million for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability to retire bonds related to this debt service in 2012. This one-time large increase to this debt payment for the proprietary funds results in substantial savings to the City. The Fleet Services Division will use fund balance as a revenue source for this payment and will recover the cost of the payment through the Fleet allocation model for years 2012 through 2014.

Debt Service

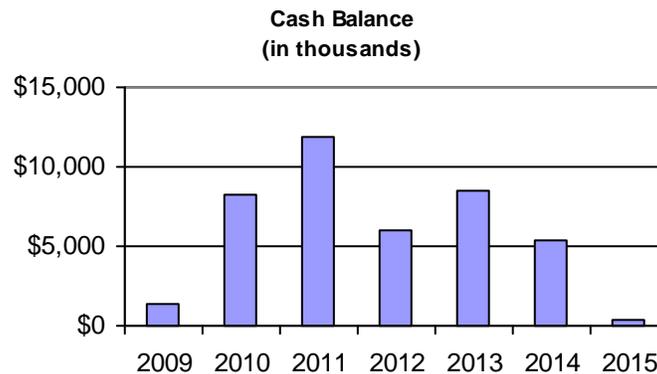
As part of the fleet modernization effort that began in 1997, the City issued bonds to finance fleet upgrades and to build new maintenance facilities. In 2010, the City issued \$22.3 million of refunding bonds to refinance current debt at a lower interest rate. Principal and interest payments totaling \$3.0 million are due in 2012 related to these bonds.

Net Assets

A primary objective of the long-term financial plan is to increase the fund's net assets and the cash balance. The fund has steadily increased its net asset balance since 2003 when the financial plan was first implemented. The net asset balance at year-end 2010 was \$30.6 million, an increase of \$4.1 million from the 2009 ending balance of \$26.5 million. The financial policy for the Fleet Services Division net asset balance states that the value of net assets should not fall below two times the annual depreciation amount. The annual depreciation for Fleet Services in 2010 was \$6.5 million. The 2010 balance of \$30.6 million is \$17.6 million greater than the benchmark amount. The 2011 projected balance is \$34.3 million.



The 2010 ending cash balance of \$8.2 million is an increase of \$6.8 million from the 2009 ending balance of \$1.4 million. The target cash balance for 2010 as determined by the cash reserve policy is \$2.1 million. The 2011 projected balance is \$11.9 million. The following chart illustrates the historical and projected cash performance of the fund:



Mayor's Recommended Budget

The Mayor recommended a modification to the 2011 Adopted transfer schedule from the General Fund in order to create capacity in those years which will keep property tax levy increases lower. The Mayor proposed the 2013 transfer to be \$7.186 million and the 2014 transfer to be \$1.129 million (the previously adopted plan was \$7.488 million in 2013 and \$827,000 in 2014).

Council Adopted Budget

The Council adopted the Mayor's recommendations.

**City of Minneapolis
2012 Budget
Financial Plan (in thousand of dollars)**

Fleet Services Divison - 06100

	2009	2010	2011	2011	2012	% Chg	2013	2014	2015
	Actual	Actual	Budget	Projected	Budget	From 2011 Projected	Forecast	Forecast	Forecast
Source of Funds:									
Charges for Service	5,608	5,850	7,446	7,600	7,346	-3.3%	7,566	7,793	8,027
Charges for Sales	5,274	5,586	8,252	8,500	9,218	8.4%	9,495	9,779	10,073
Gains	59	169	200	150	200	33.3%	200	200	200
Rents	20,781	22,378	24,789	26,000	24,254	-6.7%	24,982	25,731	25,603
Other Misc Revenue	119	136	30	25	10	-60.0%	10	10	10
Operating Transfers in	4,180	4,180	4,299	4,299	1,926	-55.2%	7,186	1,129	-
Total	36,021	38,299	45,016	46,574	42,954	-7.8%	49,439	44,643	43,913
Use of Funds:									
Debt Service	3,367	3,590	2,996	2,996	3,010	0.5%	3,011	2,911	2,752
Transfers	502	581	923	923	2,222	140.7%	-	-	-
PW Equipment	25,280	25,687	35,886	34,000	35,745	5.1%	36,843	37,944	39,079
PW Equipment Capital	5,454	1,687	4,500	5,000	7,909	58.2%	7,000	7,000	7,000
Total	34,603	31,545	44,305	42,919	48,886	13.9%	46,854	47,855	48,831
Change in Net Assets	2,764	4,060	711	3,655	(5,932)		2,585	(3,212)	(4,918)
Net Assets	26,548	30,608	31,319	34,263	28,331		30,916	27,704	22,785
Cash Balance	1,377	8,235	8,946	11,890	5,958		8,543	5,331	412
Target Cash Reserve¹	1,377	2,108	2,838	2,838	3,569		4,300	4,300	4,300
Variance Cash to Target Cash Reserve	-	6,127	6,108	9,052	2,389		4,243	1,031	(3,888)

¹ The target cash reserve policy for internal services establishes a minimum cash balance at 15% of the operating budget. The reserve amounts were determined April 2010.

**City of Minneapolis
2012 Budget
Financial Plan**

Property Services Fund

Background

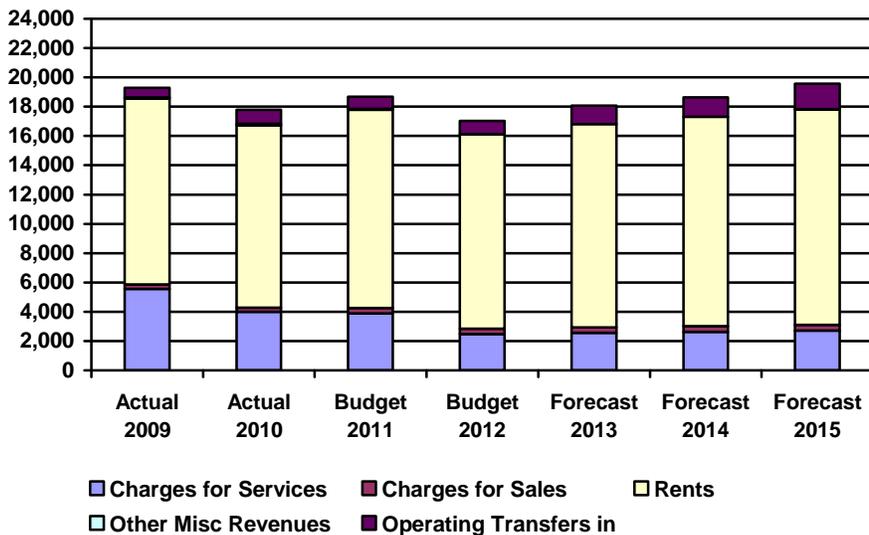
The Property Services Fund is an internal service fund responsible for the operations and maintenance for the majority of the City owned buildings including police precincts, fire stations, public works buildings, parking structures and specialty facilities. At this time, the fund does not provide any services to the Convention Center, City Hall, or the Minneapolis Park and Recreation Board facilities. The fund is also responsible for the Radio Shop which maintains the City’s emergency communications network and accounts for the coordination and management of special property projects. In 2004, the Property Services division assumed the responsibility for space and asset management and security management. In 2007, the division provided energy management for City properties.

In April 2011, the Property Services Fund was transitioned from the Public Works department to the Finance department within the City Coordinator. The activities in this fund will remain in an internal service fund and report to the Chief Financial Officer.

Historical Financial Performance

This fund collects revenue from the City departments that use its goods and services (building space, operational maintenance, security, space and asset management, energy management, janitorial and radio services). The proposed building and equipment rental rates charged to City departments are calculated through allocation models using historical and anticipated operational costs. The rate structure is configured to enable the fund to charge the amount required to recover the cost of the goods and services provided to City departments and the cost of the fund’s overhead.

Property Services Revenues
(in thousands of dollars)

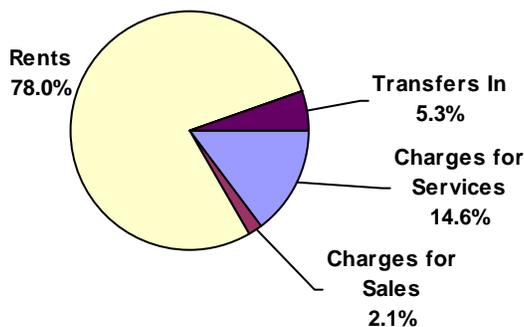


2012 Budget

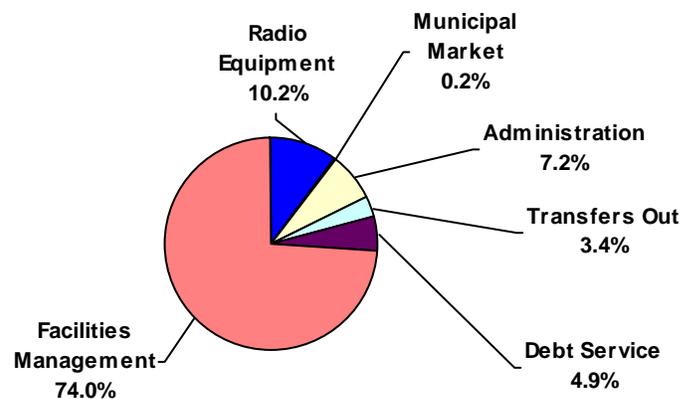
Revenues

The 2012 revenue budget for this fund is \$17.0 million, or a decrease of 17.7% from projected 2011 of \$20.7 million. The decrease in revenue is primarily related to the transition of two departments within this fund, Development Properties and Parking Facilities, to other City departments, resulting in a loss of revenue to Property Services for the services that this fund previously provided. In addition, the fund expects a decline in the demand for additional elective services provided to City departments. Included in this division's revenue budget is \$4.2 million of pass-through rent revenue collected from City departments that occupy City Hall and is remitted to the Municipal Building Commission, a charge that began in 2009.

**Source of Funds
(\$17 million)**



**Use of Funds
(\$17.5 million)**



Expense

The 2012 expense budget is \$17.5 million, a decrease of 13.9% from the projected 2011 of \$20.4 million. The decrease in expense is primarily related to the transition of two departments within the fund, Development Properties and Parking Facilities, to other City funds resulting in the elimination of costs related to maintaining these properties. In addition, operating expense are expected to decrease related to an anticipated decline in the demand for elective reimbursable services provided to other City departments. Included in this division's expense budget is \$4.2 million of pass-through cost for services provided by the Municipal Building Commission for maintaining the City's space in City Hall.

Transfers

The 2012 budget includes a transfer out of \$598,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded pension liability. This payment will retire bonds related to this debt service in 2012 resulting in substantial savings to the City and creating a large increase in this debt payment for the proprietary funds. The Property Service Fund will fund this payment using cash that is recorded in the Property Disposition Fund, a fund that is included within the Property Services Fund. The Property Disposition fund will be reimbursed for this payment through revenue generated by the increasing the rents for City buildings as determined by the rent allocation model for years 2013 through 2015.

The fund receives a transfer of \$514,000 in 2012 from the general fund which includes the cost of the general fund's portion of the debt service related to the 800MHz emergency communications project. In addition, the fund receives a transfer of \$380,000 from the general fund to cover the cost of City Hall rent.

Debt Service

The radio shop, a division of the Property Services, has management responsibility for the \$14.0 million 800 MHz radio system. The Property Services Fund recognizes the fixed asset, along with the debt related to this project. The radio shop is funding a portion of the City's public safety initiative through a contribution of \$350,000 a year.

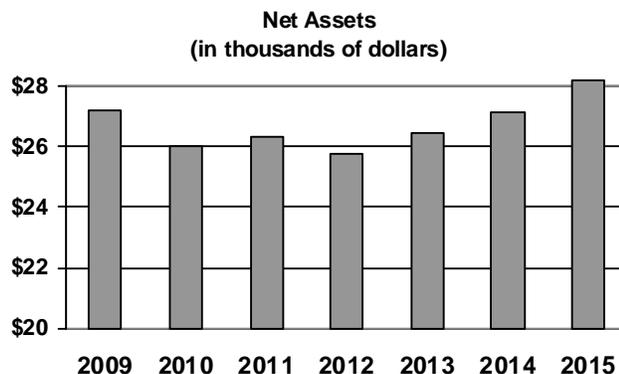
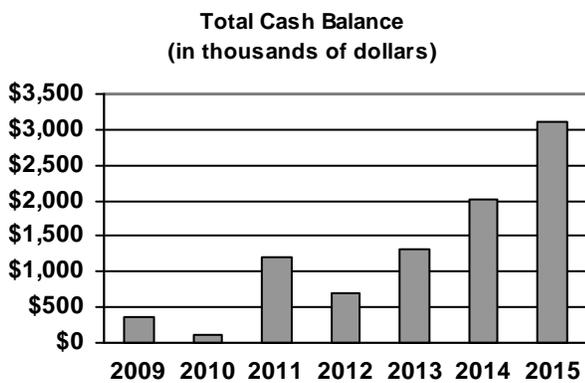
The debt service for 800 MHz radio system is funded as follows in 2012:

\$514,250	Transfer from the general fund
<u>\$350,000</u>	<u>Property services portion of debt</u>
\$864,250	Total debt service (Year 2012)

Net Assets and Cash Balance

The Property Services Fund has a positive net asset balance of \$26.0 million at year-end 2010, a decrease of \$1.2 million from the 2009 ending balance of \$27.2 million. The fund does not recover the cost of depreciation of the buildings or equipment which is included as assets of the fund. Because this cost is not recovered, the fund balance will continue to decline even though the fund recovers its operating costs through a rent allocation model. The financial policy for the net asset balance for the Property Services Fund determines that the value of net assets should not fall below two times the annual depreciation amount. The depreciation for Property Services in 2010 is \$1.1 million. The 2010 net asset balance of \$26.0 million is \$23.8 million greater than the benchmark amount.

The 2010 year-end cash balance is \$126,000, a decrease of 64.3% from the 2009 year-end balance of \$353,000. The projected 2011 ending cash balance is \$1.2 million which is a substantial increase from the 2011 budgeted amount of a deficit of \$195,000. The fund receives the proceeds from the sale of City property and records the proceeds in the Property Disposition fund. The sale of City property in 2011 increased the cash balance of the fund. In 2010, a target cash balance reserve was established for the internal service funds. The minimum balance is equal to 15% of the operating budget.



Mayor's Recommended Budget

The Mayor recommended an acceleration of the General Fund transfers to the Property Services Fund from the 2011 Adopted plan. The proposed transfer schedule is \$514,000 in 2012; \$872,000 in 2013; \$939,000 in 2014; and \$1.374M in 2015. By accelerating the transfer schedule, capacity is created in the near future to hold down property tax levy increases, while maintaining the financial integrity of the fund.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousand of dollars)
Property Services Fund - 06200

	2009	2010	2011	2011	2012	% Chg	2013	2014	2015
	Actual	Actual	Budget	Projected	Budget	From 2011 Projected	Forecast	Forecast	Forecast
Source of Funds:									
Charges for Services	5,551	4,003	3,893	6,200	2,486	-59.9%	2,561	2,637	2,717
Charges for Sales	327	284	355	300	355	18.3%	366	377	388
Rents	12,670	12,428	13,548	13,300	13,281	-0.1%	13,879	14,290	14,713
Other Misc Revenues	83	122	61	50	3	-94.0%	3	3	3
Transfers In	655	951	821	821	894	8.9%	1,252	1,319	1,754
Total	19,285	17,788	18,678	20,671	17,019	-17.7%	18,061	18,626	19,574
Use of Funds:									
Property Services Administration	1,357	1,508	1,852	1,600	1,267	-20.8%	1,306	1,345	1,385
Radio Equipment	1,550	1,409	1,804	1,500	1,793	19.5%	1,847	1,902	1,959
Municipal Market	6	16	21	21	40	90.5%	41	42	44
Facilities Management	15,347	14,146	14,214	16,130	12,971	-19.6%	13,360	13,761	14,173
Debt Service	877	838	880	880	864	-1.8%	873	886	918
Transfers Out	97	925	228	228	598	162.3%	-	-	-
Total	19,234	17,919	18,999	20,359	17,533	-13.9%	17,427	17,937	18,480
Change in Net Assets	(226)	(1,219)	(321)	312	(514)		633	689	1,094
Net Assets	27,210	25,991	25,670	26,303	25,789		26,423	27,112	28,206
Total Cash Balance	353	126	(195)	1,206	692		1,326	2,015	3,109
Operating Cash balance¹	(1,556)	(944)	(1,265)	(312)	(826)		(192)	497	1,591
Target Cash Reserve²	353	890	1,426	1,426	1,963		2,500	2,500	2,500
Variance Cash to Target Cash Reserve	(1,909)	(764)	(1,621)	(1,738)	(2,789)		(2,692)	(2,003)	(909)

¹ Total cash balance is the sum of cash recorded to the Property Dispositon fund and to the Property Services fund. Operating cash is the cash balance generated from Property Service fund operations and recorded in the Property Services fund.

² The target cash reserve policy for internal services establishes a minimum cash balance at 15% of the operating budget. The reserve amounts were determined April 2010.

Note: Source and use of funds forecasts were calculated using a factor of 3.0% to capture increases in costs and revenues.

**City of Minneapolis
2012 Budget
Financial Plan**

Self-Insurance Fund

Background

The Self-Insurance Fund records tort liability settlements, workers' compensation claims, severance payments to employees who meet eligibility requirements, and the related administrative costs of these and other services. An activity-based allocation model assigns charges to City departments to cover these expenses.

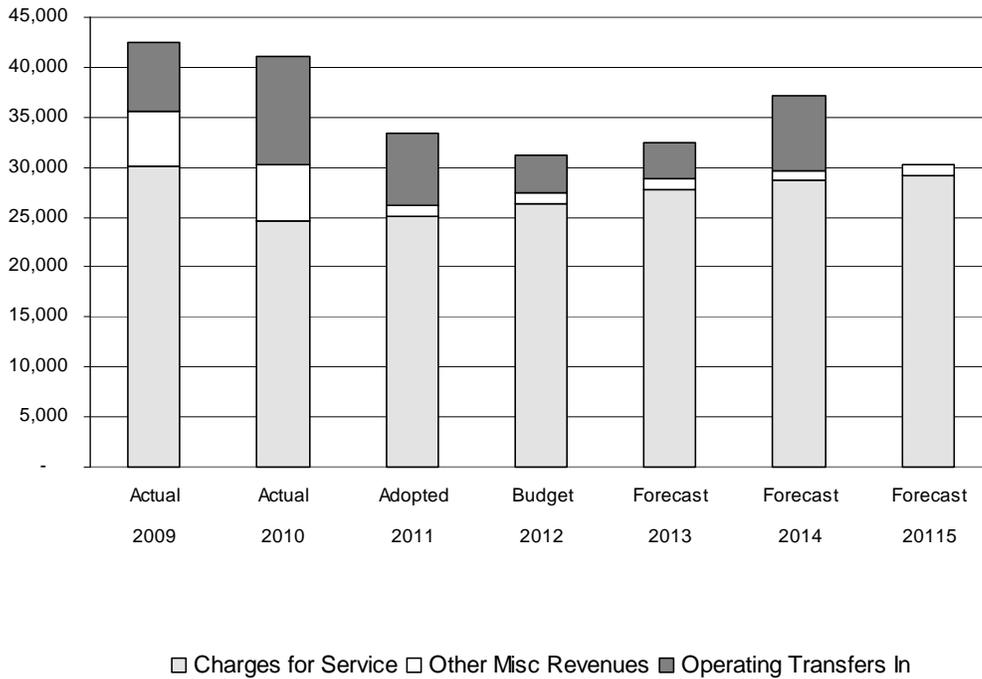
Historical Financial Performance

The net assets of the Self-Insurance Fund reflected a negative position of \$6.6 million at year-end 2010, improving \$36.7 million from the 2002 ending balance of a negative \$43.3 million. One reason for the negative balance is the required accounting recognition of liability for unpaid claims. The 2010 unpaid claims liability is \$47.3 million representing an increase of \$4.8 million from the 2009 liability of \$42.5 million. An actuarial study completed for year-end 2010 calculated the increase to the unpaid claims liability based on historical paid claims, incurred loss, and estimated reserves for claims unpaid.

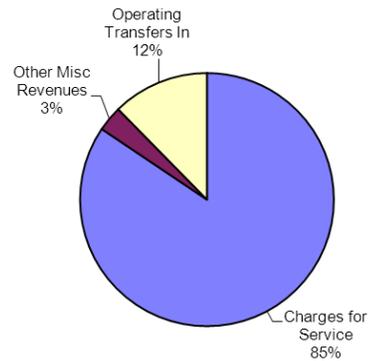
In 2003, the City Council adopted a financial plan for the Self-Insurance Fund to increase net assets and attain a positive cash balance by year-end 2006. The financial plan was updated in 2008 and adopted by the City Council. The fund continues to perform above the financial plan cash projections and ended 2010 with a cash balance of \$42.1 million, an increase of \$13.1 million from the 2009 ending balance of \$29.0 million. The long-term financial plan projected a 2010 ending cash balance of \$30.7 million. Financial policies related to the internal service funds determine that a cash balance for the Self Insurance Fund should be maintained equal to the unpaid claims liability amount plus 10% of the annual department operating budgets. The unpaid claims liability at year end 2010 was \$47.3 million and 10% of the total 2010 operating budgets equaled \$3.2 million. The ending 2010 cash balance is \$8.4 million less than the amount determined by the financial policy.

For 2007, an allocation model was implemented to recover costs associated with all programs in the fund. The allocation model assigns costs to City departments based on a minimum of 5-year claims history for workers compensation and liability. The model was put in place to raise departmental awareness of Self-Insurance costs and increase their ability to control the cost of premiums in the future through loss prevention programs.

Self-Insurance Revenues
(in thousands of dollars)



Source of Funds
(\$31.2 million)



2012 Budget

Revenues

Beginning in August 2008, revenues and expenses related to medical and life insurance are processed directly from payroll to the vendors and do not flow through this fund as was previous practice. As of March 2009, revenues and expenses related to dental insurance and flexible spending accounts are recorded in another City fund. In 2010 COBRA medical and dental revenue expense are also recorded in another fund. The result of these changes is an ongoing decrease to the revenue and expense budgets for this fund.

The 2012 budgeted revenue for the Self Insurance Fund is \$31.2 million, a decrease of 6.6% from projected 2011 of \$33.4 million. The transfer in from the general fund is \$3.85 million, a decrease of \$3.5 million from 2011.

Expense

The expense budget for 2012 is \$27.9 million, a decrease of 3.1% from projected 2011 of \$28.8 million.

**Use of Funds
(\$27.9 million)**



The Unused Sick Leave program provides a payout of unused sick leave to qualified employees upon separation from the City. Payments are funded by 0.7% gross salary contributions from the City and Park Board into a severance pool. The rate for City police officers and firefighters is 1.1% of gross pay.

The worker's compensation payments are estimated at \$6.6 million for 2012. This is a 9.1% increase over the prior year's budgeted amount to bring the 2012 budget in line with an actuarial study completed in 2010. The same study predicted an increase in liability payments of 16.5%, from \$6.5 million in 2011 to \$7.5 million in 2012.

Transfers

The 2012 expense budget includes a transfer of \$485,000 to a pension fund debt service to cover the cost of debt related to the Minneapolis Employees Retirement fund (MERF) unfunded liability. The City will retire bonds related to this debt service in 2012 resulting in substantial savings to the City and creating a large increase to this debt payment for the proprietary funds. The Self Insurance Fund will use fund balance as a revenue source for this payment in 2012 and will recover the cost of the payment through the Self Insurance allocation model for years 2012 through 2014.

The budget includes a \$3.85 million transfer from the General Fund per the fund's long-term financial plan. The budget also includes a \$1.0 million transfer to the Intergovernmental Services Fund to assist with payment of debt service as determined by the updated 2008 long-term financial plan.

Debt Service

This fund does not have long-term debt.

Net Assets

The net asset balance at year end 2010 is a deficit of \$6.6 million representing a decrease in the deficit from \$15.4 at year end 2009. The long-term financial plan projected a 2010 net asset balance of a deficit of \$5.6 million. Although the fund experienced an increase in cash of \$13.1 million in 2010, a corresponding increase in net assets did not occur due to the \$4.8 million increase in the liability for unpaid claims. The projected increase to net assets in 2011 is \$4.6 million. The financial policy relating to the net asset balance for the Self Insurance Fund determines that the net assets should not fall below zero.

Mayor's Recommended Budget

The Mayor recommended an acceleration of the General Fund transfers to the Self Insurance Fund from the 2011 adopted plan. The proposed transfer schedule is \$3.85M in 2012; \$3.717M in 2013; and \$3.463M in 2014. By accelerating the transfer schedule, capacity is created in the near future to hold down property tax levy increases, while maintaining the financial integrity of the fund.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

City of Minneapolis
2012 Budget
Financial Plan (in thousands of dollars)

Self Insurance Fund - 6900

	2009	2010	2011	2011	2012	% Chg	2013	2014	2015
	Actual	Actual	Budget	Projected	Budget	From 2011 Projected	Forecast	Forecast	Forecast
Source of Funds:									
Charges for Service ¹	30,110	24,615	25,119	24,627	26,345	7.0%	27,722	28,584	29,055
Other Misc Revenues	5,542	5,629	1,010	1,454	1,010	-30.5%	1,040	1,072	1,104
Operating Transfers In	6,915	10,810	7,330	7,330	3,850	-47.5%	3,717	3,463	
Total	42,567	41,054	33,459	33,411	31,205	-6.6%	32,479	33,119	30,159
Use of Funds:									
Transfers	145	140	1,217	1,217	1,485	22.0%	1,000	1,000	1,000
Health and Welfare ¹	9,924	5,316	2,164	788	2,361	199.6%	2,432	2,505	2,580
Attorney	5,569	5,488	6,101	6,511	6,052	-7.0%	6,234	6,421	6,613
Workers Compensation	10,820	9,555	6,065	7,310	6,617	-9.5%	6,963	7,165	6,955
Liability	12,067	7,957	6,450	8,700	7,515	-13.6%	7,770	8,033	8,305
Human Resources	1,142	1,294	1,380	1,817	1,369	-24.7%	1,410	1,452	1,496
Finance Dept - Risk Mgmt	2,840	2,459	2,420	2,420	2,466	1.9%	2,539	2,616	2,694
Total	42,507	32,209	25,797	28,763	27,865	-3.1%	28,348	29,191	29,643
Change in Net Assets	60	8,845	7,662	4,648	3,340		4,131	3,927	516
Net Assets	(15,433)	(6,588)	1,074	(1,940)	1,400		5,531	9,458	9,974
Cash Balance	28,995	42,081	49,743	46,729	50,069		54,200	58,127	58,643
Long Range Financial Plan Target Cash²	23,412	30,663	37,317	37,317	42,986		47,670	51,370	54,086
Variance Cash to Financial Plan	5,583	11,418	12,426	9,412	7,083		6,530	6,757	4,557

¹ In 2009, medical, dental, and life insurance do not flow through the Self Insurance Fund. In 2010, in addition to medical, dental, and life insurance, COBRA medical and dental no longer flow through the Self Insurance fund.

²The cash projections for 2009 onward are based on the updated long-term financial plan for this fund, adopted by Council in 2008, which accelerated the target cash balance.