



City of Minneapolis
Financial Status Report as of 4th Quarter 2011
Prepared by the
City of Minneapolis Finance Department
April 9, 2012

City of Minneapolis

Interim Financial Report Index for the 4th Quarter of 2011

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THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through December 30, 2011.

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

BUSINESS LINE REVIEW

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

Governmental Funds

Governmental Funds account for services and goods provided within the government and are primarily supported either directly or indirectly by taxes. Governmental Funds included in this report are the General Fund and selected Special Revenue Funds. Governmental funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2011 with a fund balance of \$61.4 million and an operating budget of \$335 million (before transfers).

Through the end of this year, the fund has spent 98% of its operating budget. Preliminary year-end results indicate the fund balance will be \$69.9 million, slightly over the City's stated reserve policy (15% of the next year's Operating Budget or \$56.9 million). Police, Fire, Public Works, Coordinator departments, City Clerk, Attorney and Internal Audit spent under budget. In regard to revenue, Property Taxes, Charges for Service, Fines & Forfeits and Other Shared Taxes fell short of budgeted amounts. Franchise Fees, Licenses & Permits, Special Assessments, Investment Income, Miscellaneous Revenue and Contributions finished the year ahead of budget.

General Fund Departmental Highlights

The Police Department is finishing the year \$1.2 million under budget. This is primarily due to an anticipated FEMA reimbursement, a contingency fund inflow in July to meet the mid-year LGA cuts, higher than forecast attrition rates, and strong overtime expense management in the second half of the year.

The Fire Department will be \$319,000 under budget by year-end. Strong overtime expense management has occurred in the fire department as well. In addition, the department received an inflow from the contingency fund in July to meet the mid-year LGA cuts and an additional appropriation in September to prevent the layoff of four firefighters through the end of 2012. The appropriation savings this year of \$319,000 will be rolled forward into 2012 to fund the four firefighters.

The Public Works Department finished the year \$1.9 million over budget because of higher than normal snow plowing costs at the beginning of the year. Public Works had greater than anticipated revenues, however, and expense and revenue appropriations were amended through a technical adjustment and the department finished the year \$102,000 under budget.

The City Clerk & Council Department finished the year \$668,000 under budget. Underspending is mostly attributed to the cost of two special elections being funded in 2012.

Regulatory Services finished the year \$723,000 under budget, mostly due to salary savings and reduced contractual spending.

Selected Special Revenue Funds

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

The Convention Center budgeted for a loss of \$7.1 million in 2011. However, the fund experienced a gain of \$3.9 million. Strong operating revenue, combined with strong tax revenue and reduced equipment and capital expense resulted in the better than budgeted net income performance. The Convention Center will end the year with a fund balance \$11.0 million above budget. The cash balance at the end the year is \$25.4 million, or \$4.3 million over the 2010 ending cash balance.

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

Proprietary Funds

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

Internal Service Funds

The Internal Service Funds remain one of the largest financial challenges for the City, although significant progress has been made improving the financial status of these funds. An overview of the Internal Service Funds follows:

Internal Service Funds (In Thousands)						
2011 Budget to Actual through 12-31-11 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	1,613	1,812	112%	1,472	1,303	89%
Fleet Services	40,487	41,594	103%	41,727	40,622	97%
Property Services	20,457	19,549	96%	21,356	20,291	95%
Public Works Stores	1,107	912	82%	1,018	1,041	102%
Intergovernmental Service Fund	34,517	31,926	92%	34,706	32,033	92%
Self Insurance	26,129	26,860	103%	25,427	27,222	107%

The Engineering Materials and Testing Fund will exceed its financial targets for the year. It will finish the year with a net income of almost \$421,000 compared to a budget of about \$53,000. The fund continues to maintain a positive and improved cash balance. The net asset balance at year end is \$1,129,000.

The Fleet Services Fund net income is \$3.8 million or \$2.3 million more than the budgeted net income of \$1.5 million. Higher operating revenue and lower operating expenses relative to budget both contributed to a strong fund performance for the year. At year end, the net asset balance stood at \$35.2 million; this level is consistent with the long-term financial plan. At \$12.3 million, the cash balance is above the target of \$4.3 million.

The Property Services Fund is finishing the year with positive net income, an improvement over the budgeted loss in net income. Net income is \$287,000 which compares to a budgeted loss of \$490,900. The year-end net asset balance is \$26.1 million. The operating cash balance is below the target of \$2.5 million. The cash balance in the property disposition fund is not included in the target cash balance.

The Public Works Stores Fund finished the year with a net loss of \$(180,000) which compares to a budgeted income of \$38,379. Underperformance in revenue accounts for this loss. The fund continues to maintain a positive net asset balance with a 2011 ending balance of \$3.0 million at year end, about \$200,000 less than in 2010. Cash balance is \$(1.1 million) which is below the target of \$200,000.

The Intergovernmental Service Fund will end the year with a net income of \$1.8 million which is higher than the budgeted net income of \$0.545 million. Operating margin is projected to end the year at \$(107,000) which is better than the current budgeted operating margin of \$(188,241). Due to the reduction in Local Government Aid, the Intergovernmental Services Fund did not receive funding for a number of security projects totaling \$465,000 because the State deficiency budget plan was implemented. The 2011 projection for revenue received from the transfer from the general fund includes this reduction. The net asset balance stood at \$22.2 million at year end or \$5 million more than the 2010 year-end balance. Cash balance of \$11.0 million is above the target of \$6.0 million.

The Self-Insurance Fund finished the year with a net income of \$2.9 million compared to the budgeted net income of \$ 6.8 million. The underperformance in operating income is largely driven by higher than budgeted expenditures. The improvement in the negative net asset balance to \$(4.1) million is a result of the continued transfers from the general fund as noted in the long-term financial plan. The cash balance at the end of the year of almost \$48.6 million represents an

increase of \$6.5 million over 2010 year end levels. The cash position of the fund is \$4.0 million below its target level.

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

Enterprise Funds (In Thousands)						
2011 Budget to Actual through 12-31-11 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	49,296	50,027	101%	42,297	42,665	101%
Stormwater	36,821	39,095	106%	21,740	19,871	91%
Solid Waste	29,905	32,586	109%	33,758	29,281	87%
Water Utility	75,313	69,584	92%	48,377	45,267	94%
Parking	41,016	42,551	104%	34,298	30,576	89%

The **Sewer Utility Funds** account for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Stormwater fund net income came in at \$6.2 million over budget, and the Sanitary Sewer fund net income is \$2.0 million over budget. The cash balances in the Stormwater and Sanitary Sewer funds are \$24.5 million and \$14.4 million respectively which are both above their target cash balances of \$5 million and \$10 million, respectively. Much of the excess cash in the Stormwater Fund will be directed toward capital outlays and other non-operating expenses.

The **Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. This fund exceeded its net income target by \$7.4 million. Higher operating revenue and lower operating expenses relative to budget both contributed to a relatively strong fund performance for the year. The cash balance at the end of the year is \$22.4 million which exceeds the target by \$15.1 million. A portion of the excess cash will be used to fund capital purchases and help in the construction of a new Transfer station.

The **Water Utility Fund** accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The fund finished with a net income of \$9.1 million, which is \$3.6 million less than budgeted. Operating revenues are under budget by approximately \$5.7 million, despite a 4.9% rate increase in 2011. Wet weather in the first half of 2011 and the resulting reduction in water consumption combined with rising commercial and industrial vacancies contributed to the lower than anticipated revenues and underperformance of the fund. Despite the operating underperformance year-to-date 2011, the cash balance of \$15.1 million at quarter end was still about \$3.1 million above target.

The **Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. The Parking Fund’s net gain is projected to be about \$4.5 million or \$8.8 million better than the budgeted net loss of \$4.3 million. These amounts do not include revenue and expense related to the State owned parking facilities. Higher operating revenue and lower operating expenses relative to budget have both contributed to fund performance for the year. The cash balance at quarter end was \$9.8 million which is about \$1.2 million above target.

The **CPED Enterprise Fund** has five components: Housing Development, General Agency Reserve, Theatres, River Terminal, Economic Development Program. The General Agency Reserve Fund enjoyed another successful year of operation. The Theatre component accounts for the residual cash deficit, as the City no longer operates these theatres. The River Terminal facility incurred an operating loss in 2011, and ended the year with a cash deficit.

Respectfully Submitted,

Kevin Carpenter
Chief Finance Officer

Connie L. Griffith
Controller

Appendix

Detailed Fund Information

General Fund

Fund Description

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

Financial Performance

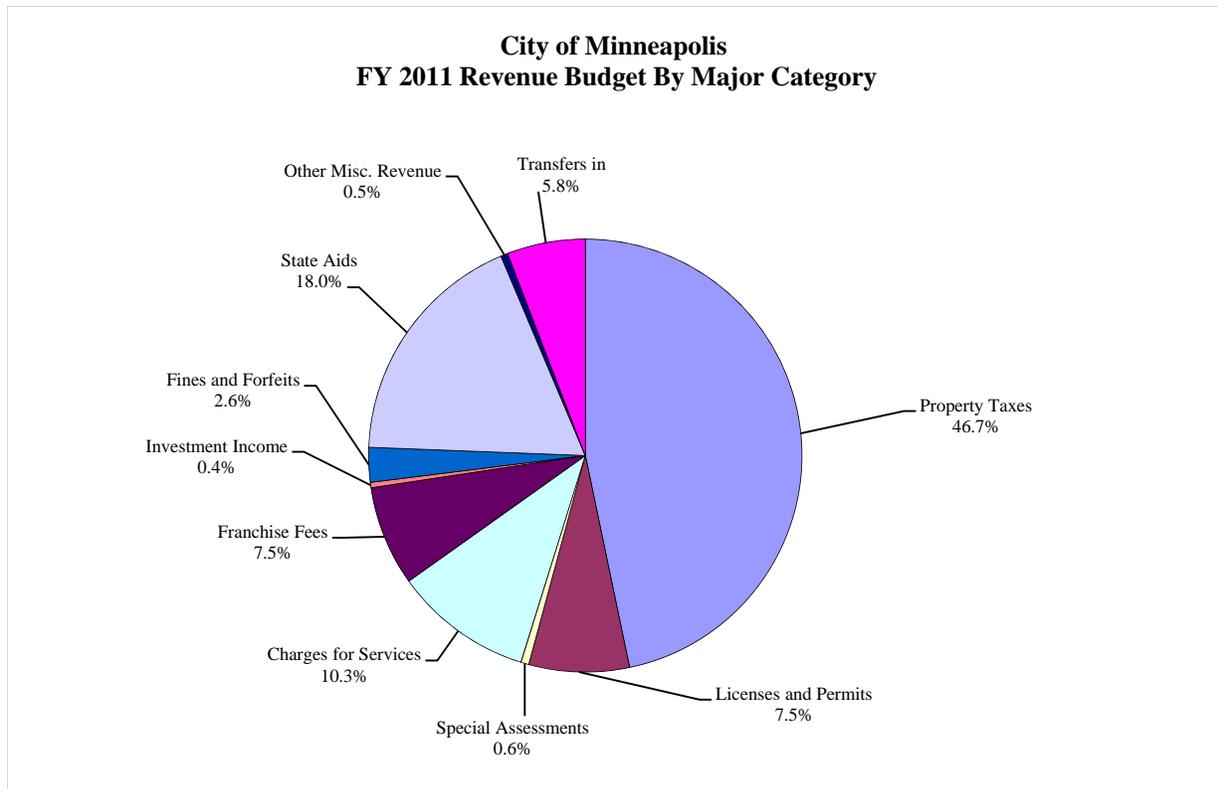
The fund balance for the General Fund at fiscal year-end 2011 was \$ 69.9 million.

Preliminary 2011 Fund Balance

Fund Balance January 1, 2011	\$ 61.4 million
Revenue in excess of Expense	<u>8.5 million</u>
Fund Balance, December 31, 2011	<u>\$ 69.9 million</u>

The excess of revenue over expense of \$8.5 million includes the \$2.5 million in fund balance rollovers from 2010, appropriation savings of \$5.8 million, and excess revenue of \$4.9 million.

General Fund Revenues:



The five largest revenue sources account for 90% of total budgeted revenues: property taxes, state aids, charges for services, franchise fees, and licenses and permits.

Property taxes, the major source of General Fund revenue (46.7%), are received from Hennepin County in July and December, and ended the year \$3.5 million under revenue estimates. This was due to the large number of property tax abatements in the second half of 2011.

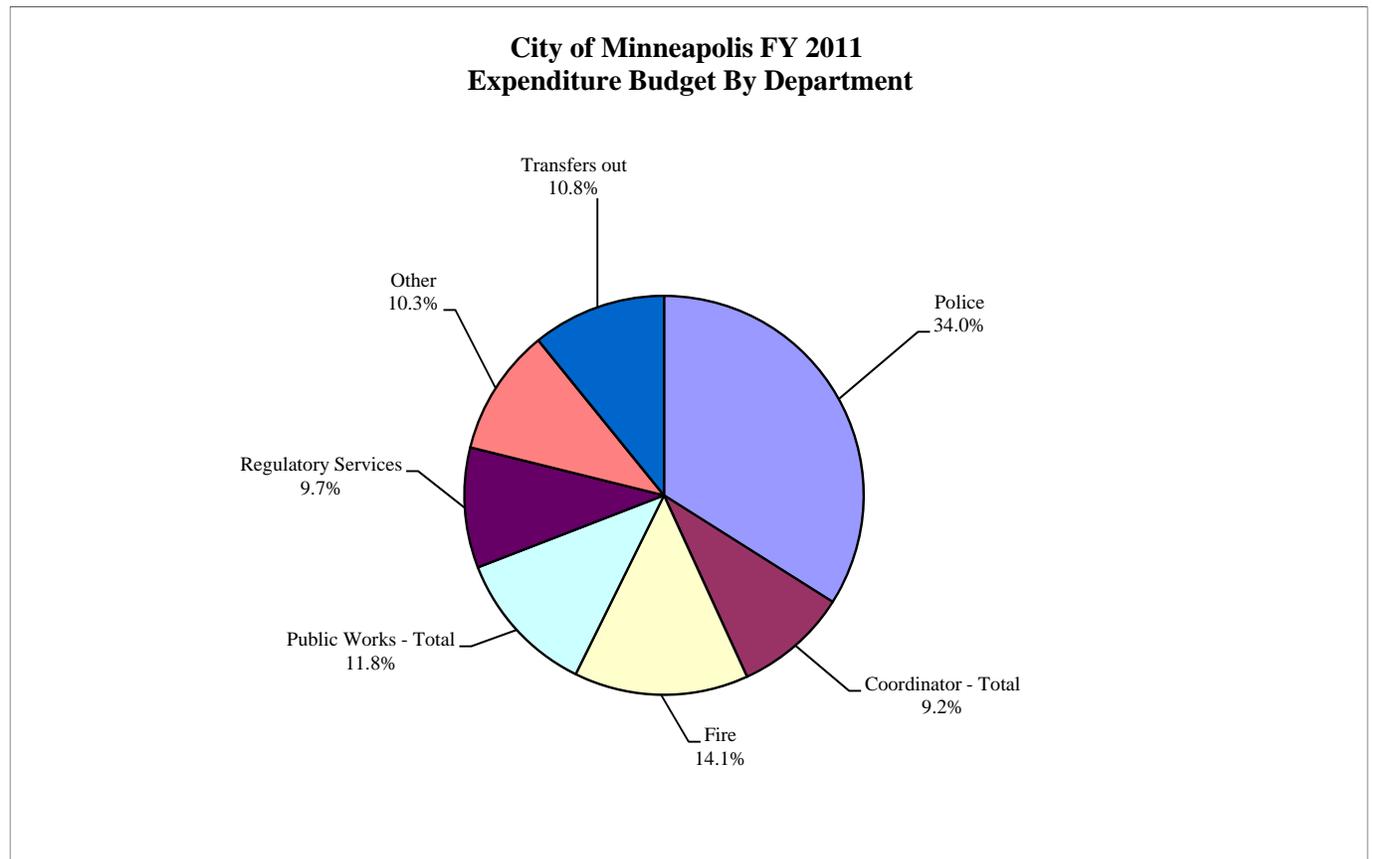
State aids, the second major source of fund revenue, have typically accounted for about 18% of the City's General Fund revenue. State Aids are received in two equal payments - one in July, and one at the end of December. In response to the LGA cuts in July, the General Fund revenue estimate for State Aids was reduced, in addition to corresponding appropriation adjustments.

Charges for services, the third major source of fund revenue (10.3 %), finished the year \$609 thousand under revenue estimate. The major reason was that Minneapolis Public Housing was unable to pay \$450 thousand that was budgeted for police services.

Franchise Fees (7.5%), the fourth major revenue source had revenues over estimates of \$1.3 million, due to an increase in Xcel collections.

License and permit fees, the fifth largest source of revenue to the City (7.5%), are \$2.5 million in excess of revenue estimates. This is primarily due to an unanticipated increase in building permits.

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



General Fund Expenditures:

Five departments make up 78.8% of the total General Fund expenditures: Police, Fire, Public Works, Regulatory Services, and the Coordinator. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

Police Department expenditures were \$1.2 million under budget by year-end. This is primarily due to an anticipated FEMA reimbursement, attrition, and reduced overtime.

The Fire Department had appropriation savings of \$319 thousand. This amount will be rolled over to 2012 to fund 4 firefighter positions that are not in the regular budget.

The City Coordinator ended the year \$378 thousand under budget. Finance made up the majority with salary savings and reduced spending on IT projects, along with spending under budget in IGR and HR.

The Public Works Department was under budget by \$112 thousand.

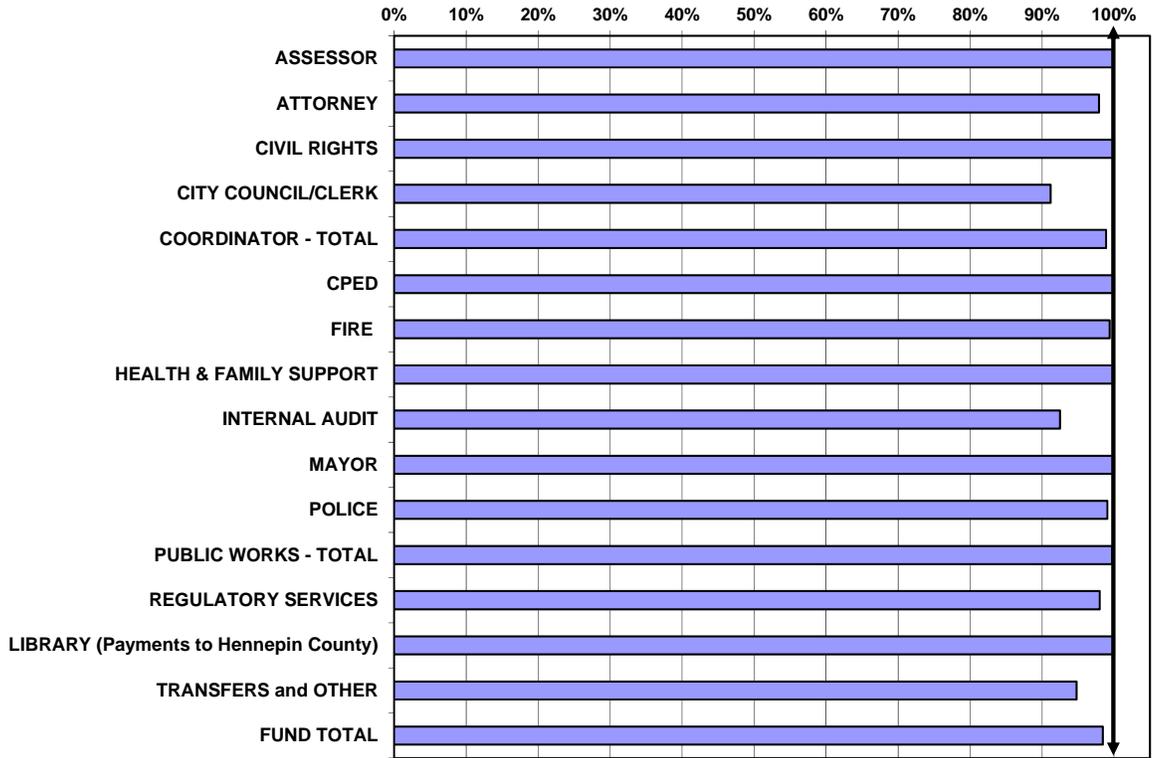
Regulatory Services ended the year at \$723 thousand under budget. The majority was salary savings, but Regulatory Services also spent under budget in contractual expense.

City Clerk and Council had \$668 thousand in remaining appropriation. The department received 2011 appropriation for two special elections, but will spend most of those dollars in 2012. A smaller part of the remaining appropriation results from the Council department carrying over unspent ward budgets in non-election years.

There was \$2.3 million remaining in the Contingency Fund budget at year end.

Expenditures for all of the remaining departments were at or near budget.

City of Minneapolis - FY2011 General Fund Expense by Department



**City of Minneapolis
General Fund
December 31, 2011**

Revenues:	Original Budget	Revised Budget	Actual	Revised Budget to Actual	% Variance
Property Taxes	169,611,800	174,085,408	170,575,009	(3,510,399)	-2%
State Aids	89,507,509	67,188,509	67,784,615	596,106	1%
Charges for Services	36,306,306	38,556,306	37,947,556	(608,750)	-2%
Franchise Fees	27,810,000	27,810,000	29,128,371	1,318,371	5%
Licenses and Permits	27,865,167	27,865,167	30,384,076	2,518,909	9%
Fines and Forfeits	9,638,287	9,638,287	9,499,798	(138,489)	-1%
Special Assessments	2,589,574	2,239,574	3,165,645	926,071	41%
Investment Income	1,500,000	1,500,000	1,968,459	468,459	31%
Other Shared Taxes	753,614	753,614	647,559	(106,055)	-14%
Other Miscellaneous	5,151,767	728,159	938,102	209,943	29%
Contributions	450,000	450,000	556,918	106,918	24%
Total Revenues	371,184,024	350,815,024	352,596,109	1,781,084	1%
Transfers In	21,152,976	21,766,271	24,865,943	3,099,672	14%
Revenues and Other Sources	392,337,000	372,581,295	377,462,052	4,880,757	1%
Expenditures :					
Police	128,000,000	127,303,000	126,133,109	1,169,891	1%
Fire	52,266,883	52,936,001	52,616,998	319,003	1%
Coordinator - Total	34,219,551	34,450,202	34,071,668	378,534	1%
Public Works - Total	41,839,899	44,307,093	44,204,650	102,443	0%
Regulatory Services	36,934,488	36,533,444	35,810,323	723,121	2%
Attorney	7,665,695	7,882,176	7,718,605	163,571	2%
City Council & City Clerk	7,031,706	7,572,361	6,903,922	668,439	9%
Culture and Recreation -Library	5,853,000	5,872,847	5,872,847	-	0%
Contingency	6,736,291	2,654,000	373,591	2,280,409	86%
Assessor	4,040,184	4,010,376	4,008,562	1,814	0%
CPED	3,328,580	3,257,110	3,257,106	4	0%
Health & Family Support	3,323,934	3,300,280	3,299,890	390	0%
Civil Rights	2,087,692	2,055,497	2,055,497	-	0%
Mayor	1,466,420	1,496,286	1,496,254	32	0%
Internal Audit	382,769	487,338	450,726	36,612	8%
Total Expenditures	335,177,092	334,118,011	328,273,748	5,844,263	2%
Transfers Out	57,159,907	40,594,907	40,624,907	(30,000)	0%
Expenditures and Other Uses	392,336,999	374,712,918	368,898,655	5,814,263	2%
Change in Fund Balance			8,563,397		
Fund Balance - January 1, 2011			<u>61,362,101</u>		
Fund Balance - December 31, 2011			<u>69,925,498</u>		

Convention Center Special Revenue Fund Report

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

Revenue

Tax Revenue

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

With the exception of entertainment tax, tax revenues received by the Convention Center are used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund used to offset additional costs associated with citywide entertainment activities. A portion of the tax is redirected to the (Target Center) Arena Reserve Fund to credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the Arena Reserve (Target Center) finance plan. The entertainment tax is not deposited directly into the General Fund because it is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient. In addition to a portion of the entertainment tax, the General Fund receives \$250,000 of the sales tax for mounted patrol related to convention public safety activities.

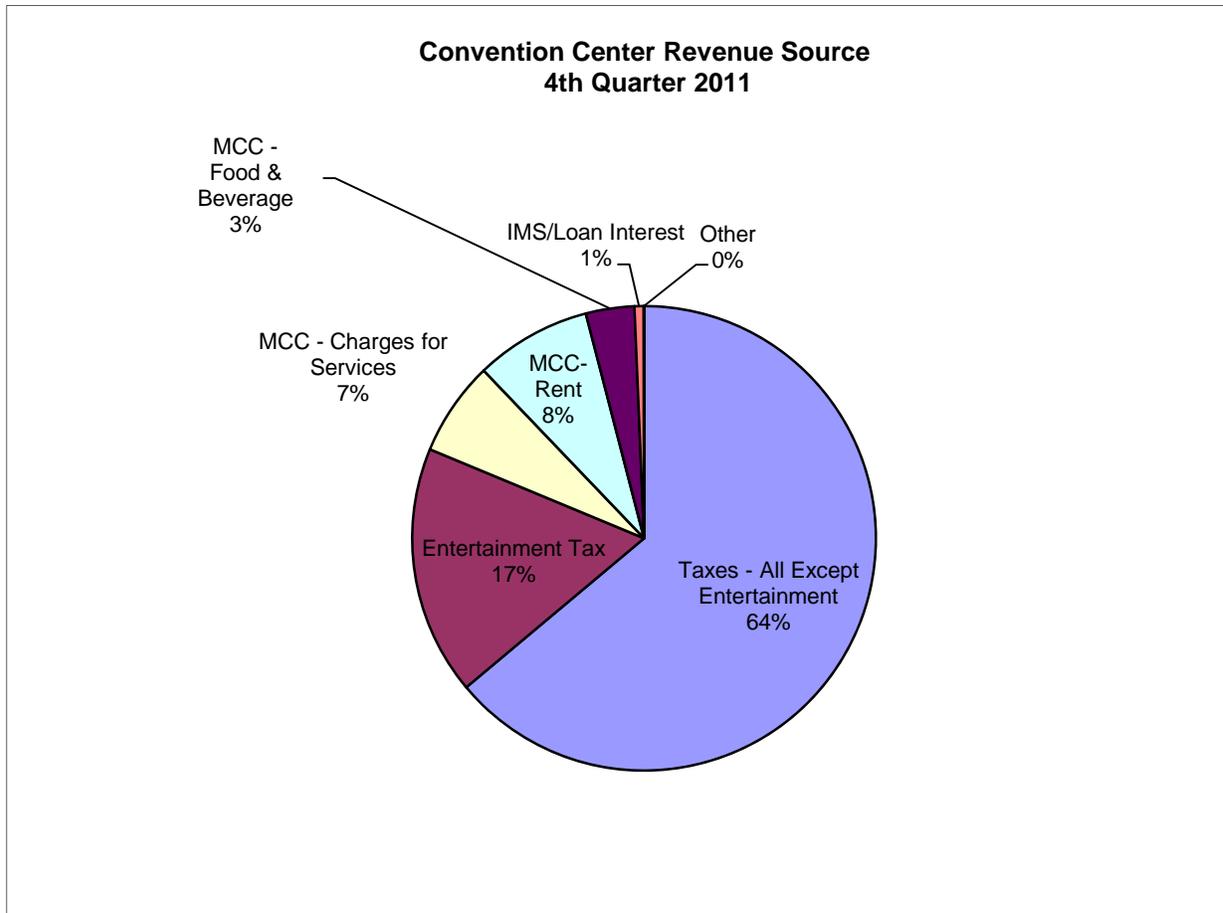
Through the 4th quarter ending December 31, 2011 tax proceeds finished above 2010 levels by \$4.6 million or 7.5% for the same period. All local tax categories finished ahead of 2010; particularly the sales and entertainment taxes. The increases can be attributed to consumer spending and an improving economic condition within the City of Minneapolis, in addition to Target Field and large summer events hosted within the City of Minneapolis, such as a U2 concert held at TCF Stadium. August 2011 set a record for local tax revenue received, and the City of Minneapolis received over \$8 million. Tax revenue is receipted into the month it is received from the State of Minnesota and is variable from month to month. Tax revenue is consumer driven and based on consumer spending habits.

Tax	December 2010	December 2011	Variance	% Change
Sales	\$27,265,504	\$29,921,574	\$2,656,070	9.7%
Entertainment	13,174,564	14,076,979	902,415	6.8%
Food	10,490,808	11,032,324	541,516	5.2%
Liquor	4,585,688	4,598,619	12,931	0.3%
Lodging	5,790,390	6,300,429	510,039	8.8%
Total	\$61,306,954	\$65,929,925	\$4,622,971	7.5%

Operating Revenue

Through the 4th quarter of 2011, operating revenue finished at \$14.7 million or 103% of budget. Catering Commissions had the strongest finish at \$2.7 million or 110% of budget followed by Rents and Commissions at \$6.6 million or 103% and Charges for Services and Sales at \$5.3 million or 101% of budget. The Convention Center continues to heavily discount rents to be competitive and operational changes made in the beginning of 2011 are beginning to see results, particularly in charges for services and sales. The third quarter was strong with the highest operating revenue since 2005. Consistent with previous years, the Convention Center had a moderately busy 4th quarter until Thanksgiving at which time the building had very few events until after the New Year. National and international conventions last summer and fall brought over 100,000 attendees and over

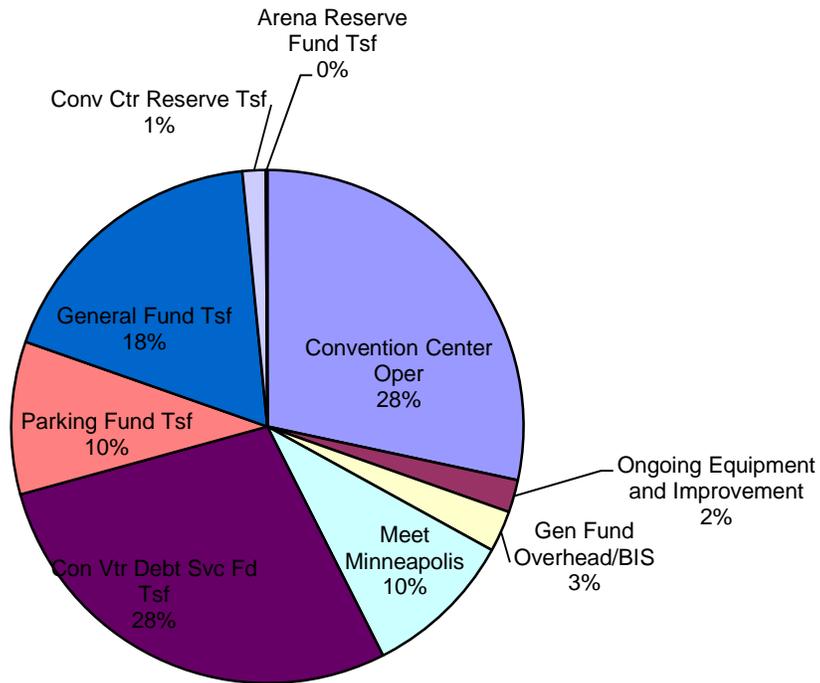
125,000 room nights to Minneapolis. During the slow period in December, the Convention Center worked on several much needed capital improvement projects, such as replacing the fabric on the air walls in several exhibition halls. Investments such as this allow the Convention Center to continue to sell the facility and charge rents consistent with the competition.



Operating Expenditures

Through the 4th quarter of 2011, Convention Center operating expenses not including Ongoing Equipment and Improvement, BIS, and General Fund Overhead finished at \$22.3 million or 90% of budget. Operating expenses were slightly lower in 2011 than 2010 with \$22.4 million spent in 2010 compared to \$22.3 in 2011. The Convention Center continues working on the ‘no waste’ initiative which includes goals to increase recycling, reduce energy usage, and reduce water use. Debt service was restructured in 2011, and was up 17% compared to 2010 but is expected to provide savings in future years. The Convention Center was significantly below the budget target in ongoing equipment and improvements. The Convention Center’s smaller event load in the fourth quarter allows the Convention Center to work on large projects. Further, personnel and fringe benefit expenses are down 5% compared to budget due to tight staffing practices and low overtime.

**Convention Center Expenditures & Transfers
4th Quarter 2011**



Transfers

The Convention Center Fund annually transfers a portion of its tax revenue to several other funds, in addition to receiving transfers from other funds. In 2011, transfers were made to the General Fund - \$14.2 million for entertainment tax and mounted patrol. The entertainment tax revenue achieved better than expected results, so the General Fund received nearly \$2.8 million more than the budgeted transfer. Transfers were also made from the Facility Reserve Fund to the Convention Center - \$1.5 million, and from the Convention Center to the Facility Reserve Fund - \$1.2 million. In addition, transfers were made to the Arena Reserve Fund - 80,000; to debt service - \$22.2 million, to other debt service for MERF - \$153,000, and to the Municipal Parking Enterprise Fund for \$7.6 million. The Convention Center received a \$1.5 million transfer from BIS for a capital advance with payments of \$1.5 million scheduled through 2015, and a final payment of \$1.75 million made in 2016. The BIS transfer is being accounting for on the balance sheet.

Debt Service

At year end 2011, outstanding Convention Center debt was \$168.7 million. During 2011, the Convention Center made \$22.2 million in debt service payments (\$16.2 million principal and \$6.0 million interest).

Meet Minneapolis

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

capped in May 2007. The consolidated loan has a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from City funding, as well as profit from the iDSS. The total of the loan was nearly \$9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments began on 12/31/08. Interest and principal payments coincide with Meet Minneapolis's quarterly sales and marketing payments from the City. Meet Minneapolis's quarterly sales and marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The amounts for 2011 were \$908 thousand in principal and \$360 thousand in interest. The principal is accounted for on the balance sheet as a loan receivable while the interest received is classified as revenue in the period in which it is due.

Fund/Cash Balance

The 2011 ending fund balance was \$43.9 million, which is a \$3.9 million increase over 2010 and \$11 million over budget. The increase for the most part can be attributed to better than expected tax revenue, increased operating revenue, and lower than expected ongoing equipment and improvement expense. At year end, the fund had a cash balance of \$25.4 million; an increase of \$4.3 million over last year.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2011**

CITY OF MINNEAPOLIS, MINNESOTA

	2011			2010 Actual
	Budget	Actual	Percent of Total	
REVENUE				
Operating Revenue:				
Charges for Services and Sales	5,280,000	5,347,329	101%	4,499,809
Rents and Commissions	6,400,000	6,580,122	103%	6,203,352
Catering Commissions	2,500,000	2,743,890	110%	2,162,574
Total Operating Revenue	14,180,000	14,671,341	103%	12,865,735
Tax Revenue:				
Sales and Use Tax	27,593,121	29,921,574	108%	27,265,504
Entertainment Tax	11,298,776	14,076,979	125%	13,174,564
Food Tax	10,306,402	11,032,324	107%	10,490,808
Liquor Tax	3,929,434	4,598,619	117%	4,585,688
Lodging Tax	5,911,264	6,300,429	107%	5,790,390
Total Tax Revenue	59,038,997	65,929,925	112%	61,306,954
Other Non Operating Revenue:				
Investment Management Services Interest	400,000	161,524	40%	341,632
Contributions Private Donations	250,000	250,000	0%	-
Meet Minneapolis (iDSS) Loan Interest	359,760	359,760	100%	402,611
Damage Claims	-	-	-	282,028
Other	20,000	14,428	72%	46,360
Total Other Non Operating Revenue	1,029,760	785,712	76%	1,072,631
Total Non Operating Revenue	60,068,757	66,715,637	111%	62,379,585
Total Revenue	74,248,757	81,386,978	110%	75,245,320
EXPENDITURES				
Convention Center Operations	24,763,108	22,348,725	90%	22,426,941
Ongoing Equipment and Improvement	5,376,000	1,611,811	30%	7,989,708
General Fund Overhead/BIS Operating	2,039,623	2,044,003	100%	2,240,319
Meet Minneapolis	8,024,640	7,524,641	94%	6,975,675
Total Expenditures	40,203,371	33,529,180	83%	39,632,643
Excess of Revenues Over (Under) Expenditures	34,045,386	47,857,798	141%	35,612,677
OTHER FINANCING SOURCES (USES)				
General Fund Transfer - Ent Tax/Mounted Patrol	(11,468,776)	(14,246,979)	124%	(12,718,709)
Arena Reserve Fund Transfer	(80,000)	(80,000)	100%	(705,855)
Facility Reserve Fund Transfer to Convention Ctr	1,500,000	1,500,000	100%	1,000,000
Convention Ctr Transfer to Facility Reserve Fund	(1,150,000)	(1,150,000)	100%	(1,150,000)
Convention Ctr Debt Service Transfer	(22,220,957)	(22,214,235)	100%	(19,036,648)
Other Debt Service Transfer	(153,000)	(153,000)	100%	(73,000)
Municipal Parking Enterprise Fund Transfer	(7,589,231)	(7,589,231)	100%	(11,543,915)
Total Other Financing Sources (Uses)	(41,161,964)	(43,933,445)	107%	(44,228,127)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,116,578)	3,924,353		(8,615,450)
Fund Balance - January 1	40,008,910	40,008,910		48,624,360
Ending Fund Balance	32,892,332	43,933,262		40,008,910
Ending Cash Balance		25,362,866		21,078,511

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending December 31, 2011

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

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

Federal Grants Fund (01300)

The City accounts for its federal grant activity in fund 01300. As of December 31, expenditures were \$36,322,693 as compared to the 2010 expenditures of \$39,317,646. The 2010 expenditures are higher compared to the current year due to the Recovery grants that were awarded in 2009 and 2010 and are now expiring.

American Recovery and Reinvestment Act (ARRA)

On February 17, 2009, the President signed the American Recovery and Reinvestment Act into law. In 2009 and 2010 the City applied for \$144.4 million. The City received recovery funding from the Departments of Labor, Health and Human Services, Housing and Urban Development, Energy, Justice, and Transportation as well as the State of Minnesota totaling approximately \$64.9 million to be used for employment and training, prenatal services, community development, homelessness prevention and housing, public safety, energy, and environmental projects. The majority of the activity is recorded in fund 01300, however some activity related to the HUD Consolidated Plan is recorded in fund 01400. Many of these grants are expiring in 2011 and 2012.

CDBG Fund (01400)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Solutions Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. HUD grant expenditures as of December 31 were \$21,023,843 as compared to \$31,232,680 for 2010. In 2009 there were three amendments to the existing 2008 HUD Consolidated Plan awarding an additional \$14.7 million in Neighborhood Stabilization Program (NSP) and ARRA funds resulting in higher spending levels in 2010. The current years CDBG award was \$2.4 million less than the anticipated amount of \$14.4 million. In March 2011, the 2011 Consolidated Plan was amended to add \$2.67 million of NSP3 funds to be expended between March 16, 2011 and March 15, 2014. The addition of the NSP funding along with the reduction in CDBG allocation, should result in a normal (prior to stimulus funding) spending level.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. Since 2008, in accordance with the reprogramming policy, an additional \$1,362,067 has been reprogrammed resulting in a current deficit balance of \$4,805,490.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The year to date expenditures as of December 31, 2011 and 2010 is \$28,122,281 and \$29,970,195, respectively. The year to date revenue in the fund as of December 30, 2011 and 2010 is \$26,879,264 and \$30,024,472, respectively. The decrease in expenditures is primarily due to a decrease in grants for community planning and economic development activities.

Regulatory Services Revolving Fund

In 2008, Regulatory Services established a revolving fund and began accounting for the activities in fund 01600. In 2011 the special assessment revenue declined \$1.3 million from 2010 as assessment activities have leveled off. Thus far in 2011, the following non-grant revenue has been recognized in fund 01600:

Special Assessments	\$ 3,875,427
Licenses & Permits	\$ 989,131
False Burglar Alarm Fees	\$ 504,530
Re Inspection Fees	\$ 28,068
Truth-in-Housing Fees	\$ 128,650
Water Shut Off Inspection Fees	\$ 81,850
Electrical & Other Services	\$ 12,720
Forfeited Deposits	\$ 34,500
Penalties	\$ 147,504
Citations	\$ 141,983
	<u>\$ 5,944,363</u>

The excess revenue over expenditures for this program from inception in 2008 is approximately \$5,477,991 as of December 31, 2011.

Capital Grants

In addition to the grants that are recorded in the funds reflected above, the City's Department of Public Works receives various grants through the Minnesota Department of Transportation, Metropolitan Council, and Housing and Urban Development. These grants are generally recorded in the Capital Projects fund, 04100.

Special Revenue Funds
Grant Funds
Quarter Ending December 31, 2011

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	\$ 49,435	\$ 86,938	\$ 571,409	\$ 707,782
Accounts - net	2,252,112	24,542	4,867	2,281,521
Special Assessments Receivable		65,403	1,705,253	1,770,656
Intergovernmental Receivables	11,152,208	2,899,833	802,102	14,854,143
Loans receivable-net	-	-	-	-
Due from Other Funds	101,121	32,899	10,600,000	10,734,020
Deposits with Fiscal Agents			135,784	135,784
Properties held for resale	1,466,432	6,613,341	2,196,750	10,276,523
Total Assets	\$ 15,021,308	\$ 9,722,956	\$ 16,016,165	\$ 40,760,429
Liabilities				
Salaries payable	\$ 108,971	\$ 110,399	\$ 133,562	\$ 352,932
Accounts payable	1,949,301	1,273,167	926,461	4,148,929
Inter Governmental Payables	10,308	1,548	34,221	46,077
Due to Other Funds	9,701,498	994,199	245,040	10,940,737
Use Taxes Payable	-	-	-	-
Unclaimed Property	(313)		313	-
Deposits held for others	-	-	-	-
Deferred revenue & Contracts	1,785,111	667,468	4,418,718	6,871,297
Deferred Special Assessments	-	62,834	1,615,595	1,678,429
Total Liabilities	\$ 13,554,876	\$ 3,109,615	\$ 7,373,910	\$ 24,038,401
Fund Balance	\$ 1,466,432	\$ 6,613,341	\$ 8,642,255	\$ 16,722,028
Total Liabilities and Fund Balance	\$ 15,021,308	\$ 9,722,956	\$ 16,016,165	\$ 40,760,429
Revenue				
Taxes-Charitable Gambling			\$ 1,254	\$ 1,254
Grants and Shared Revenues	\$ 35,745,300	19,547,040	18,629,228	73,921,568
Loan Origination Fees				-
Special Assessments		187,810	4,077,453	4,265,263
Private Contributions			1,332,569	1,332,569
Charges for Services	385,004	4,925	628,917	1,018,846
Licenses & Permits			1,485,758	1,485,758
Fines and forfeits			176,483	176,483
Interest	479	166,849	4,854	172,182
Rent & Commissions		11,586		11,586
Sale of Lands & Buildings		646,343		646,343
Loan Recapture	191,910	459,290	538,937	1,190,137
Sale of Equipment				-
Miscellaneous Revenue			3,811	3,811
Transfer within Special Revenue Fund				-
Total Revenue	\$ 36,322,693	\$ 21,023,843	\$ 26,879,264	\$ 84,225,800
Expenditures	\$ 36,022,693	\$ 21,023,843	\$ 28,122,281	\$ 85,168,817
Revenues Over (Under) Expenditures	\$ 300,000	-	\$ (1,243,017)	\$ (943,017)

**CDBG Program Year 37
Beginning June 1, 2011
December 31, 2011**

Project	Adopted Budget 2010R-598	Amended Budget 2011R-301	Program Income	Department Actions	Revised Budget	2011		Remaining Grant Budget
						Current Expenditures	Grant to Date Expenditures	
Capital Grants:								
General Housing Rehabilitation-MPHA	\$ 110,000	\$ (110,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Problem Properties Attorneys	38,000	(7,617)	-	-	30,383	-	-	30,383
Personal Protective Equipment	584,000	-	-	-	584,000	57,500	57,500	526,500
Problem Properties Police	53,000	(10,624)	-	-	42,376	-	-	42,376
Lead Reduction	125,000	(25,057)	-	-	99,943	-	-	99,943
Problem Properties Board Bldg	348,000	(186,823)	-	-	161,177	137,829	137,829	23,348
Adult Training, Placement and Retention	1,255,000	(141,570)	-	-	1,113,430	3,765	3,765	1,109,665
High density corridor housing	730,000	(146,331)	-	-	583,669	-	-	583,669
NonProfit MF Rental Development Assistance	166,000	(33,275)	-	-	132,725	-	-	132,725
NEDF/CEDF (Great Streets)	1,127,000	(225,912)	-	-	901,088	-	-	901,088
Homeownership Program (GMMHC)	34,000	(6,815)	-	-	27,185	-	-	27,185
Multi-Family/Affordable Housing	3,411,189	(683,786)	-	-	2,727,403	-	-	2,727,403
Vacant & Boarded Housing	1,782,000	(357,209)	-	-	1,424,791	482,231	482,231	942,560
Subtotal Capital Grants	\$ 9,763,189	\$ (1,935,019)	\$ -	\$ -	\$ 7,828,170	\$ 681,325	\$ 681,325	\$ 7,146,845
Public Service Grants:								
Restorative Justice Programs	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
Community Crime Prevention Specialists	934,386	(50,000)	-	-	884,386	542,734	542,734	341,652
Access & Outreach (Multicultural Affairs)	121,000	-	-	-	121,000	7,823	7,823	113,177
PHAC Living at Home Block Nurse Program DHFS	75,000	-	-	(54,563)	20,437	-	-	20,437
Curfew/Truancy Center	100,000	-	-	-	100,000	79,554	79,554	20,446
Domestic Abuse Project	75,000	-	-	-	75,000	32,116	32,116	42,884
Public Health Advisory Recommendations	250,000	(259,563)	-	9,563	-	-	-	-
PHAC-MPS Teenage Parenting & Pregnancy Program	75,000	-	-	(5,000)	70,000	-	-	70,000
PHAC-Holy Rosary Church	-	-	-	50,000	50,000	14,203	14,203	35,797
Way to Grow	262,000	(50,000)	-	-	212,000	118,983	118,983	93,017
Youth Employment & Training	253,000	-	-	-	253,000	87,561	87,561	165,439
Subtotal Public Service Grants	\$ 2,165,386	\$ (359,563)	\$ -	\$ -	\$ 1,805,823	\$ 882,974	\$ 882,974	\$ 922,849
Administrative Grants:								
YCB Administration	\$ 66,000	\$ -	\$ -	\$ -	\$ 66,000	\$ 64,803	\$ 64,803	\$ 1,197
Civil Rights Dept Fair Housing	365,000	-	-	-	365,000	6,130	6,130	358,870
Finance Administration	196,000	-	-	-	196,000	-	-	196,000
Director of Arts-City Coordinator Adm	28,146	(28,146)	-	-	-	-	-	-
MPH Citizen Participation	68,000	-	-	-	68,000	-	-	68,000
Grants & Special Projects	190,000	-	-	-	190,000	32,906	32,906	157,094
Housing Discrimination Law Project-Legal Aid	54,000	-	-	-	54,000	31,500	31,500	22,500
Homeless Initiative	77,000	-	-	-	77,000	-	-	77,000
Grant Administration	68,000	-	-	-	68,000	38,554	38,554	29,446
Neighborhood Services	72,000	-	-	-	72,000	5,134	5,134	66,866
Way to Grow Administration	26,000	-	-	-	26,000	14,184	14,184	11,816
YCB Youth Violence Prevention	121,000	(20,000)	-	-	101,000	40,198	40,198	60,802
Program Admin	100,000	-	-	-	100,000	60,906	60,906	39,094
Legal Aid Society	34,000	-	-	-	34,000	-	-	34,000
Planning - Administration	1,045,854	(54,356)	-	-	991,498	578,500	578,500	412,998
Subtotal Administrative Grants	\$ 2,511,000	\$ (102,502)	\$ -	\$ -	\$ 2,408,498	\$ 872,815	\$ 872,815	\$ 1,535,683
Block E Deficit Reduction	-	-	-	-	-	-	-	-
GRAND TOTAL	\$ 14,439,575	\$ (2,397,084)	\$ -	\$ -	\$ 12,042,491	\$ 2,437,114	\$ 2,437,114	\$ 9,605,377

**CDBG Program Year 36
Beginning June 1, 2010
December 31, 2011**

Project	Adopted Budget 2009R-586	Adjustment Amount	Program Income	Department Actions	Revised Budget	2011		Remaining Grant Budget
						Current Expenditures	Grant to Date Expenditures	
Capital Grants:								
Problem Properties Attorneys	\$ 38,000		\$ -	\$ -	\$ 38,000	\$ 28,509	\$ 38,000	\$ -
Personal Protective Equipment	694,000		-	-	694,000	483,595	609,835	84,165
Problem Properties Police	53,000		-	-	53,000	-	-	53,000
Lead Reduction	125,000		-	-	125,000	68,444	68,444	56,556
Problem Properties Board Bldg	348,000		-	-	348,000	346,215	346,215	1,785
Adult Training, Placement and Retention	982,000		-	-	982,000	846,024	901,866	80,134
High density corridor housing	730,000		-	-	730,000	2,947	2,947	727,053
NonProfit MF Rental Development Assistance	166,000		-	-	166,000	-	-	166,000
NEDF/CEDF	1,500,000		-	-	1,500,000	40,909	300,324	1,199,676
Homeownership Program (GMMHC)	334,000		-	-	334,000	9,396	181,706	152,294
Multi-Family/Affordable Housing	3,703,000	308,189	-	-	4,011,189	1,924,588	2,553,318	1,457,871
Vacant & Boarded Housing	782,000		-	-	782,000	116,832	785,414	(3,414)
Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ -	\$ -	\$ 9,763,189	\$ 3,867,459	\$ 5,788,069	\$ 3,975,120
Public Service Grants:								
Restorative Justice Programs	\$ 20,000		\$ -	\$ -	\$ 20,000	\$ 30,000	\$ 30,000	\$ (10,000)
Community Crime Prevention Specialists	880,000	54,386	-	-	934,386	347,174	934,386	-
Access & Outreach (Multicultural Affairs)	121,000		-	-	121,000	113,177	121,000	-
Living at Home Block Nurse Program	49,000		-	20,000 1	69,000	52,095	53,939	15,061
Catholic Charities	49,000		-	-	49,000	10,020	10,020	38,980
Centro Cultural Chicano Inc	33,000		-	14,000 1	47,000	47,000	47,000	-
Curfew/Truancy Center	100,000		-	-	100,000	757	100,000	-
Greater Minneapolis Council of Churches	26,000		-	(26,000) 1	-	-	-	-
Lao Assistance Center of MN	49,000		-	(49,000) 1	-	-	-	-
Minnesota International Health Volunteers	49,000		-	20,000 1	69,000	43,763	43,763	25,237
MPS Teenage Parenting & Pregnancy Program	49,000		-	1,000 1	50,000	40,072	40,072	9,928
Minneapolis Urban League	49,000		-	20,000 1	69,000	35,523	48,866	20,134
Southside Community Health Ser	47,000		-	-	47,000	31,228	31,228	15,772
Way to Grow	262,000		-	-	262,000	152,716	262,000	-
Youth Employment & Training	328,000		-	-	328,000	194,853	328,000	-
Subtotal Public Service Grants	\$ 2,111,000	\$ 54,386	\$ -	\$ -	\$ 2,165,386	\$ 1,098,378	\$ 2,050,274	\$ 115,112
Administrative Grants:								
YCB Administration	\$ 66,000		\$ -	\$ -	\$ 66,000	\$ -	\$ 64,803	\$ 1,197
Civil Rights Dept Fair Housing	365,000		-	-	365,000	346,380	365,000	-
Finance Administration	196,000		-	-	196,000	31,446	31,446	164,554
MPH Citizen Participation	68,000		-	-	68,000	68,000	68,000	-
Grants & Special Projects	190,000		-	-	190,000	141,018	190,000	-
Housing Discrimination Law Project-Legal Aid	54,000		-	-	54,000	22,500	54,000	-
Homeless Initiative	77,000		-	-	77,000	45,671	72,848	4,152
Grant Administration	68,000		-	-	68,000	49,510	77,781	(9,781)
Neighborhood Services	72,000		-	-	72,000	56,480	72,501	(501)
Way to Grow Administration	26,000		-	-	26,000	15,170	26,000	-
YCB Youth Violence Prevention	121,000		-	-	121,000	69,778	121,000	-
Citizen Participation	233,000		-	-	233,000	38,191	68,259	164,741
Legal Aid Society	34,000		-	-	34,000	-	-	34,000
Planning - Administration	941,000		-	-	941,000	411,759	941,000	-
Subtotal Administrative Grants	\$ 2,511,000	\$ -	\$ -	\$ -	\$ 2,511,000	\$ 1,295,903	\$ 2,152,638	\$ 358,362
Block E Deficit Reduction	-		-	-	-	-	-	-
GRAND TOTAL	\$ 14,077,000	\$ 362,575	\$ -	\$ -	\$ 14,439,575	\$ 6,261,740	\$ 9,990,981	\$ 4,448,594

**CDBG Program Year 35
Beginning June 1, 2009
December 31, 2011**

Project	Budget	Program Income	Department Actions	Revised Budget	2011		Remaining Grant Budget
					Current Expenditures	Grant to Date Expenditures	
Capital Grants:							
General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ -	\$ 219,000	\$ 58,746	\$ 200,541	\$ 18,459
Problem Properties Attorneys	38,000	-	-	38,000	-	38,000	-
Problem Properties Police	53,000	-	-	53,000	-	-	53,000
Lead Reduction	125,000	-	-	125,000	117,854	125,000	-
Problem Properties Board Bldg	348,000	-	-	348,000	(95,529)	348,000	-
Childcare Facilities Loan/Grant	225,000	-	-	225,000	-	-	225,000
Adult Training, Placement and Retention	511,000	-	-	511,000	-	511,000	-
High density corridor housing	730,000	-	-	730,000	239,811	734,507	(4,507)
NonProfit MF Rental Development Assistance	166,000	-	-	166,000	60,083	102,083	63,917
Homeownership Program (GMMHC)	334,000	1,472,000 ¹	-	1,806,000	-	972,444	833,556
Multi-Family/Affordable Housing	5,715,000	2,014,000	-	7,729,000	766,380	3,771,964	3,957,036
Vacant & Boarded Housing	569,000	500,000 ¹	-	1,069,000	(64,647)	1,027,874	41,126
Subtotal Capital Grants	<u>\$ 9,033,000</u>	<u>\$ 3,986,000</u>	<u>\$ -</u>	<u>\$ 13,019,000</u>	<u>\$ 1,082,698</u>	<u>\$ 7,831,413</u>	<u>\$ 5,187,587</u>
Public Service Grants:							
Multi Cultural & Native American Indian	\$ 121,000	\$ -	\$ -	\$ 121,000	\$ -	\$ 121,000	\$ -
Graffiti Removal on Public Property	86,000	-	-	86,000	-	66,473	19,527
Living at Home Block Nurse Program	69,000	-	20,000 ²	89,000	8,230	89,000	-
Catholic Charities	69,000	-	(3,562) ²	65,438	21,141	65,438	-
Centro Cultural Chicano Inc	47,000	-	-	47,000	(7,664)	47,000	-
Greater Minneapolis Council of Churches	36,000	-	(23,518) ²	12,482	-	12,482	-
Juvenile Supervision Center	100,000	-	-	100,000	135	100,000	-
Lao Family Community	69,000	-	(22,815) ²	46,185	-	46,185	-
Minnesota International Health Volunteers	69,000	-	(2,180) ²	66,820	25,237	66,820	-
MPS Teenage Parenting & Pregnancy Program	69,000	-	16,075 ²	85,075	5,269	85,075	-
Minneapolis Urban League	69,000	-	16,000 ²	85,000	(4,372)	85,000	-
Southside Community Health Services	66,000	-	-	66,000	2,938	66,000	-
Way to Grow	262,000	-	-	262,000	-	262,000	-
Youth are Here Busses	51,000	-	-	51,000	-	-	51,000
Advocacy (Housing)	82,000	-	-	82,000	821	81,999	1
Mortgage Foreclosure Prevention Program	140,000	-	-	140,000	-	137,000	3,000
Youth Employment & Training	458,000	-	-	458,000	-	458,000	-
Subtotal Public Service Grants	<u>\$ 1,863,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,000</u>	<u>\$ 51,735</u>	<u>\$ 1,789,472</u>	<u>\$ 73,528</u>
Administrative Grants:							
MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ 68,000	\$ 3,956	\$ 88,261	\$ (20,261)
YCB Administration	66,000	-	-	66,000	-	64,803	1,197
Civil Rights Dept Fair Housing	365,000	-	-	365,000	439	365,000	-
Grants & Special Projects	189,710	-	-	189,710	4,580	189,710	-
Housing Discrimination Law Project-Legal Aid	54,000	-	-	54,000	-	54,000	-
Homeless Initiative	77,000	-	-	77,000	-	77,000	-
Finance Administration	196,000	-	-	196,000	155,155	196,000	-
Grant Administration	68,000	-	-	68,000	(1,541)	68,000	-
Neighborhood Services	72,000	-	-	72,000	(3,770)	72,000	-
Way to Grow Administration	26,000	-	-	26,000	-	26,000	-
YCB Youth Violence Prevention	121,000	-	-	121,000	-	121,000	-
Citizen Participation	233,000	-	-	233,000	36,892	231,786	1,214
Legal Aid Society	34,000	-	-	34,000	-	-	34,000
Program Admin	62,000	-	-	62,000	-	62,000	-
Planning - Administration	879,000	-	-	879,000	-	879,000	-
Subtotal Administrative Grants	<u>\$ 2,510,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,510,710</u>	<u>\$ 195,711</u>	<u>\$ 2,494,560</u>	<u>\$ 16,150</u>
Block E Deficit Reduction	-	-	-	-	-	-	-
GRAND TOTAL	<u>\$ 13,406,710</u>	<u>\$ 3,986,000</u>	<u>\$ -</u>	<u>\$ 17,392,710</u>	<u>\$ 1,330,144</u>	<u>\$ 12,115,445</u>	<u>\$ 5,277,265</u>

**CDBG Program Year 34
Beginning June 1, 2008
December 31, 2011**

Project	Budget	Reduction Amount	Program Income	Department Actions	Revised Budget	2011		
						Current Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:								
General Housing Rehabilitation-MPHA	\$ 218,000		\$ -	\$ -	\$ 218,000	\$ 3,281	\$ 345,497	\$ (127,497)
Problem Properties Attorneys	38,300		-	-	38,300	-	38,300	-
Problem Properties Police	52,700		-	-	52,700	52,700	52,700	-
Lead Reduction	125,000		-	-	125,000	(13,946)	125,000	-
Problem Properties Board Bldg	348,000		-	-	348,000	(13,661)	348,000	-
Childcare Facilities Loan/Grant	224,000		-	-	224,000	-	-	224,000
Adult Training, Placement and Retention	1,380,000		-	-	1,380,000	-	1,381,068	(1,068)
High density corridor housing	729,000		-	-	729,000	-	729,000	-
NonProfit MF Rental Development Assistance	165,000		-	-	165,000	-	-	165,000
NEDF/CEDF	518,000		1,150,000 ¹	-	1,668,000	12,744	449,873	1,218,127
Homeownership Program (GMMHC)	319,000		-	-	319,000	-	319,000	-
Industry Cluster Program (Living Wage Jobs)	65,100		-	-	65,100	-	65,100	-
Multi-Family/Affordable Housing	4,270,000		-	-	4,270,000	(6,710)	4,270,000	-
Vacant & Boarded Housing	569,000		-	-	569,000	-	569,000	-
Subtotal Capital Grants	<u>\$ 9,021,100</u>	<u>\$ -</u>	<u>\$ 1,150,000</u>	<u>\$ -</u>	<u>\$ 10,171,100</u>	<u>\$ 34,408</u>	<u>\$ 8,692,538</u>	<u>\$ 1,478,562</u>
Public Service Grants:								
Multi Cultural & Native American Indian	\$ 119,000		\$ -	\$ -	\$ 119,000	\$ -	\$ 119,000	\$ -
Graffiti Removal on Public Property	86,200		-	-	86,200	-	86,200	-
Advocacy (Housing)	82,300		-	-	82,300	-	82,300	-
Asian Media Access	26,800		-	-	26,800	-	26,800	-
Living at Home Block Nurse Program	64,100		-	-	64,100	-	64,100	-
Child Dental Services	10,500		-	-	10,500	-	10,500	-
Curfew/T truancy Center	98,000		-	-	98,000	-	98,000	-
Domestic Abuse Project	34,500		-	(34,500)	-	-	-	-
Resource Inc, Employment Action Center	44,000		-	-	44,000	-	38,000	-
Fremont Community Health Services	44,000		-	-	44,000	-	44,000	-
Greater Minneapolis Council of Churches	44,000		-	-	44,000	-	44,000	-
Lao Assistance Center of MN	48,800		-	-	48,800	-	48,800	-
MITZGI Communications	42,100		-	-	42,100	-	42,100	-
MPS Teenage Parenting & Pregnancy Program	65,100		-	-	65,100	-	65,100	-
Minneapolis Urban League	64,100		-	-	64,100	-	63,918	-
St Marys Health Clinics	18,200		-	-	18,200	-	18,200	-
St Stephens Human Services	44,000		-	-	44,000	-	44,000	-
Southside Family Nurturing Center	44,000		-	-	44,000	-	23,273	-
348TOTS	-		-	34,500	34,500	-	34,500	-
Way to Grow	261,000		-	-	261,000	-	260,999	-
Youth are Here Busses	71,800		-	-	71,800	-	-	71,800
Mortgage Foreclosure Prevention Program	196,000		-	-	196,000	-	196,000	-
Youth Employment & Training	457,000		-	-	457,000	-	457,000	-
Subtotal Public Service Grants	<u>\$ 1,965,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,500</u>	<u>\$ -</u>	<u>\$ 1,866,790</u>	<u>\$ 71,800</u>
Administrative Grants:								
MPH Citizen Participation	\$ 68,000		\$ -	\$ -	\$ 68,000	\$ -	\$ 68,000	\$ -
YCB Administration	65,000		-	-	65,000	-	64,803	-
Civil Rights Dept Fair Housing	196,000		-	-	196,000	-	196,000	-
Grants & Special Projects	235,000		-	-	235,000	(287)	235,000	-
Homeless Initiative	-		-	-	-	-	-	-
Housing Discrimination Law Project-Legal Aid	54,600		-	-	54,600	-	54,600	-
Finance Administration	196,000		-	-	196,000	(6,675)	196,000	-
Grant Administration	67,972		-	-	67,972	-	67,972	-
Legal Aid Society	33,500		-	-	33,500	-	33,500	-
Neighborhood Services	71,800		-	-	71,800	-	71,800	-
Way to Grow Administration	25,800		-	-	25,800	-	25,800	-
YCB Youth Violence Prevention	120,000		-	-	120,000	-	120,000	-
Citizen Participation	233,000		-	-	233,000	-	233,000	-
Program Admin	62,000		-	-	62,000	-	62,000	-
Planning - Administration	878,000		-	-	878,000	-	878,000	-
Subtotal Administrative Grants	<u>\$ 2,306,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,306,672</u>	<u>\$ (6,962)</u>	<u>\$ 2,306,475</u>	<u>\$ -</u>
Block E Deficit Reduction	-		-	-	-	-	-	27,107
GRAND TOTAL	<u>\$ 13,293,272</u>	<u>\$ -</u>	<u>\$ 1,150,000</u>	<u>\$ -</u>	<u>\$ 14,443,272</u>	<u>\$ 27,446</u>	<u>\$ 12,865,803</u>	<u>\$ 1,577,469</u>

**CDBG Program Year 33
Beginning June 1, 2007
December 31, 2011**

Project	Budget	Reduction Amount PHAC Recom	Program Income	Council Actions	Department Reallocation	Revised Budget	2011		Remaining Grant Budget
							Current Expenditures	Grant to Date Expenditures	
Capital Grants:									
General Housing Rehabilitation-MPHA	\$ 227,700					\$ 227,700	\$ -	\$ 138,358	\$ 89,342
Problem Properties Attorneys	38,915					38,915	-	38,915	-
Problem Properties Fire ⁴	15,965			(15,965)		-	-	-	-
Problem Properties Police	53,880					53,880	-	1,012	-
Lead Reduction	130,800					130,800	-	130,800	-
Problem Properties Board Bldg ^{1,4}	346,240		376,329 ¹	15,965		738,534	(517)	738,534	-
Childcare Facilities Loan/Grant	233,700					233,700	-	-	233,700
Adult Training, Placement and Retention	844,000					844,000	-	844,000	-
High density corridor housing	801,000					801,000	-	801,000	-
NonProfit MF Rental Development Assistance	180,700					180,700	-	108,344	72,356
NEDF/CEDF	1,167,000					1,167,000	-	1,167,000	-
Homeownership Program (GMMHC) ⁶	350,500				(348,426)	2,074	-	2,074	-
Industry Cluster Program (Living Wage Jobs)	71,900					71,900	-	71,900	-
Multi-Family/Affordable Housing	4,388,000		104,267 ⁷			4,492,267	-	4,492,267	-
Vacant & Boarded Housing ⁶	625,000		470,733 ⁷		348,426	1,444,159	-	1,444,160	-
Subtotal Capital Grants	<u>\$ 9,475,300</u>	<u>\$ -</u>	<u>\$ 951,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,426,629</u>	<u>\$ (517)</u>	<u>\$ 9,978,364</u>	<u>\$ 395,398</u>
Public Service Grants:									
Multi Cultural & Native American Indian	\$ 132,800					\$ 132,800	\$ -	\$ 132,800	\$ -
Graffiti Removal on Public Property	91,400					91,400	0	91,400	0
Advocacy (Housing)	94,300	(1,700)				92,600	0	92,600	0
Asian Media Access	29,900	100				30,000	0	30,000	0
Living at Home Block Nurse Program	74,900	100			0	75,000	0	75,000	0
Child Dental Services	11,000					11,000	0	11,000	0
Curfew/Truancy Center	97,900	100				98,000	0	98,000	0
Resource Inc. Employment Action Center	49,900	100				50,000	0	49,999	0
Fremont Community Health Services	49,900	100				50,000	0	50,000	0
Greater Minneapolis Council of Churches	49,900	100			0	50,000	0	50,000	0
Lao Assistance Center of MN	54,900	100				55,000	0	55,000	0
Domestic Abuse Project	39,900	100				40,000	0	40,000	0
MITZGI Communications	47,900	100				48,000	0	48,000	0
MPS Teenage Parenting & Pregnancy Program	75,900	100				76,000	0	76,000	0
Minneapolis Urban League	74,900	100				75,000	0	75,000	0
St. Mary's Health Clinics/Cardondelet Life Care	21,000					21,000	0	21,000	0
Southside Family Nurturing Center	49,900	100			0	50,000	0	50,000	0
St Stephens Human Services	49,900	100				50,000	0	50,000	0
Way to Grow	295,600	400				296,000	0	296,000	0
Mortgage Foreclosure Prevention Program ^{2,3}	204,700		100,000 ²	95,300 ³		400,000	0	400,000	0
Youth Employment & Training	476,133					476,133	0	476,133	0
Subtotal Public Service Grants	<u>\$ 2,072,633</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 95,300</u>	<u>\$ -</u>	<u>\$ 2,267,933</u>	<u>\$ -</u>	<u>\$ 2,267,932</u>	<u>\$ -</u>
Administrative Grants:									
MPH Citizen Participation	\$ 70,900					\$ 70,900	\$ -	\$ 50,900	\$ 20,000
YCB Administration	64,900					64,900	-	64,803	-
Civil Rights Dept Fair Housing	205,000					205,000	-	205,000	-
Office Grants & Special Projects	244,900					244,900	-	244,900	-
Homeless Initiative	-					-	-	-	-
Housing Discrimination Law Project-Legal Aid	56,900					56,900	-	56,900	-
GEN ADM Finance (Administration)	205,000					205,000	-	205,000	-
Grant Administration	71,900					71,900	-	71,900	-
Legal Aid Society (Services)	35,000					35,000	-	35,000	-
Neighborhood Services	74,900					74,900	-	74,900	-
Way to Grow Administration	27,000					27,000	-	27,000	-
YCB Youth Violence Prevention	-					-	-	-	-
Citizen Participation	242,700					242,700	-	242,700	-
Program Admin	103,000					103,000	-	103,000	-
Planning - Administration	878,000					878,000	-	878,000	-
Subtotal Administrative Grants	<u>\$ 2,280,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,100</u>	<u>\$ -</u>	<u>\$ 2,260,003</u>	<u>\$ 20,000</u>
Block E Deficit Reduction	-					-	-	-	52,965
GRAND TOTAL	<u>\$ 13,828,033</u>	<u>\$ -</u>	<u>\$ 1,051,329</u>	<u>\$ 95,300</u>	<u>\$ -</u>	<u>\$ 14,974,662</u>	<u>\$ (517)</u>	<u>\$ 14,506,299</u>	<u>\$ 468,363</u>

**CPED Special Revenue Fund Component Programs
Budget and Actual Expenditures
Cash and Fund Balance
4th Quarter 2011**

	Original Budget	Current Budget	Expended	Remaining Budget	Cash	Fund Balance
Tax Increment Financing Program	56,232,988	85,645,847	54,768,551	30,877,296	97,625,068	126,975,930
Housing & Economic Development	9,831,567	33,830,003	9,819,937	24,010,066	13,072,391	16,965,566
Development Accounts	12,025,543	18,111,768	11,322,997	6,788,771	22,753,987	30,921,816
Neighborhood Revitalization Program	1,106,012	18,675,074	6,202,543	12,472,531	43,989,642	44,435,356
Preliminary Planning	2,743,968	2,243,968	1,153,138	1,090,830	(3,864,728)	(3,620,252)
CPED Operating	6,963,120	6,963,120	6,800,349	162,771	(5,277,149)	(6,074,534)
Total	88,903,198	165,469,780	90,067,515	75,402,265	168,299,211	209,603,882

Fund Balance. The fund balance of the CPED Special Revenue Fund is \$209,603,882. A portion of that fund balance, including prepaid expenses, advances, and property held for development is in a nonspendable form (\$38,370,100). Fund balance in the NRP and TIF programs are restricted by State law (\$141,654,292). A portion of fund balance is committed to the Accelerated Infrastructure Program (\$7,057,748). The remaining fund balance (\$22,521,742) has been assigned for use in specific purposes.

All special revenue fund balance is restricted to the legal purposes of the special revenue.

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

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

Development Account. This program provides interim loans to CPED projects. The program may also provide loans and grants to organizations within the City. Program assistance is directed to commercial, job-creation, and housing activities. The Program includes activities of the Legacy Fund, the Neighborhood Development Account and the Development Account.

The fund balance includes reserves for prior commitments made by Council action, including the Accelerated Infrastructure Program.

Neighborhood Revitalization Program. This program focuses on the delivery of City services, including housing and commercial development, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods.

Revenues held in this program are restricted in their use by State law.

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

A plan to address the deficit in this program has been developed as part of the 2012 budget process.

CPED Operating. This program provides the working capital to finance CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. **A plan to address the deficit in this program has been developed by CPED management as part of the 2012 budget process.**

**City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter Ending December 31, 2011**

Fund 6000	2011 Budget	2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	1,612,678	1,811,751	(199,073)	112.3%
Operating Expense	1,471,759	1,303,055	168,704	88.5%
Operating Margin	140,919	508,696		
Net Income	52,919	420,696		

Program Description:

The Engineering, Materials and Testing Fund records transactions related to City purchases of Hot-Mix Asphalt and Ready-Mix Concrete. This fund also records the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Revenue:

Operating revenue earned through fourth quarter 2011 is \$1,811,751, or 112% of budget, consisting of inspection fees of \$1,438,398 and revenue from asphalt and concrete sales of \$373,353. Total revenue exceeds the budgeted amount of \$1,612,678 by \$199,073. The revenue earned through fourth quarter 2011 represents an increase of 15.8% over the 2010 revenue of \$1,564,986 earned through the same period. Revenue for asphalt and concrete is recorded as the overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer. The demand for products is seasonal beginning in April and concluding in late November.

Expense:

Operating expense through the fourth quarter 2011 is \$1,303,055 or 88.5% of the budgeted amount of \$1,471,759. The expense recorded through fourth quarter 2011 is 2.9% higher than the expense through the same period in 2010 of \$1,266,485.

Transfers:

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

Debt Service:

This fund does not have any debt obligations.

Other Financial Items:

The 2011 year-end net asset balance is \$1,129,035 which represents an increase of \$393,653 from the 2010 ending balance of \$735,382. The 2011 ending cash balance is \$1,164,437, an increase of \$362,738 from the 2010 ending cash balance of \$801,699. The fund has maintained a positive cash balance every year since ending 2008 with a deficit cash balance.

Financial reserve policies for the internal service funds determine that the minimum cash and net asset balances for the Engineering, Materials and Testing fund should not be less than 15% of the annual operating budget or not less than \$200,000.

City of Minneapolis, Minnesota
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2011, 2010, and 2009

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Asphalt / Concrete	352,000	373,353	370,882	625,109
Inspection revenue	1,260,678	1,438,398	1,194,104	830,165
Total Operating Revenues	1,612,678	1,811,751	1,564,986	1,455,274
Operating Expenses:				
Personnel	900,161	794,112	764,025	747,388
Contractual	427,934	411,793	383,285	211,541
Materials, Supplies, Services, Other	133,550	80,881	102,317	36,188
Rent	6,102	12,257	6,276	61,273
Depreciation	4,012	4,012	10,582	13,283
Total Operating Expenses	1,471,759	1,303,055	1,266,485	1,069,673
Operating Margin	140,919	508,696	298,501	385,602
Non-Operating Revenues/(Expenses):				
Other revenue	-	-	500	373
Total Non-Operating Revenues(Expenses)	-	-	500	373
Operating Transfers in(out)				
Transfers to other fund	(88,000)	(88,000)	(57,000)	(58,000)
Total Non-Operating Revenues (Expenses)	(88,000)	(88,000)	(57,000)	(58,000)
Net Income¹	52,919	420,696	242,001	327,975
Significant Balance Sheet Items²				
Cash Balance		1,164,437	801,699	560,148
Net assets		1,129,035	735,382	490,398

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

**City of Minneapolis
Fleet Services Division
For the Fourth Quarter Ending December 31, 2011**

	2011 Budget	2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	40,487,458	41,593,510	(1,106,052)	102.7%
Operating Expense	41,726,642	40,621,874	1,104,768	97.4%
Operating Margin	(1,239,184)	971,636		
Net Income	1,526,166	3,838,249		

Program Description:

The Fleet Services Fund manages the acquisition, maintenance and disposal of 1,300 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 maintenance operations. In addition, the fund manages the dispatch of City-owned and contractual equipment.

Revenue:

Operating revenue earned through fourth quarter 2011 is \$41,593,510 or 102.7% of the budgeted amount of \$40,487,458. Total revenue exceeds budgeted amount by \$1,106,052. The revenue earned through fourth quarter 2011 increased by \$811,336, or 2.0%, from the revenue earned through fourth quarter 2010. The increase in revenue can be attributed to additional equipment and labor services provided during tornado clean-up efforts. The rental rates for equipment and operators are calculated through an activity based allocation model and are adjusted at the beginning of the current year to account for any changes in fuel prices or expected utilization of equipment.

Expenses:

Operating expense through fourth quarter 2011 totaled \$40,621,874 representing 97.4% of the annual budgeted amount of \$41,726,642. Expenses through the fourth quarter of 2011 increased by \$1,403,440, or 3.6%, over the total expense through the same period in 2010.

Transfers:

In 2011, this fund receives a transfer of \$4,299,000 from the general fund in accordance with the accepted long-term financial plan to assist with debt payments related to fleet upgrades and a new maintenance facility. The fund has a transfer out of \$923,000 to cover pension debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability.

Debt Service:

Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility total \$2,155,000 in 2011. Interest payments related to the 2011 debt total \$723,865. Beginning in 2007, the financial plan eliminated the sale of bonds to finance equipment purchases. Refunding bonds totaling \$22,230,000 were issued in 2010 lowering variable interest rates ranging from 3.0% to 5.0% to a fixed rate of 3.0%. The fund will receive savings on interest expense of approximately \$350,000 in years 2011 and 2012 due to the refunding and additional savings of interest expense for the remaining life of the bonds.

Other Financial Items:

The net asset balance for the year ending 2011 is \$35,156,898, an increase of \$4,548,797, or 14.9% over the 2010 ending balance of \$30,608,101. The net asset balance is tracking close to the amount calculated in the updated long term financial plan. Financial reserve policies for internal service funds determine that the net

asset balance for the Fleet Services Division fund should not fall below two times the fund's annual depreciation amount or \$12.9 million.

The fund maintains a positive cash balance with a 2011 fourth quarter ending balance of \$12,302,528, an increase of \$4,067,742 from the 2010 ending cash balance of \$8,234,786. Reserve policies for internal service funds determine that the minimum cash balance should be 15.0% of the fund's adjusted operating budget or \$4.3 million for Fleet Services Division.

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

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Charges for Services and Sales	15,698,058	16,136,254	15,106,288	14,476,005
Rent Public Works and Other	24,789,400	25,457,256	25,675,886	23,977,769
Total Operating Revenue	40,487,458	41,593,510	40,782,174	38,453,774
Operating Expenses:				
Personnel Services	14,922,685	13,800,893	14,618,988	14,644,932
Contractual Services	10,036,957	9,572,620	8,417,045	8,824,734
Materials, supplies, services and other	9,377,008	9,683,528	8,608,665	7,560,878
Rent	1,089,672	1,089,672	1,103,052	1,072,367
Depreciation	6,300,320	6,475,161	6,470,684	6,164,506
Total Operating Expenses	41,726,642	40,621,874	39,218,434	38,267,417
Operating Margin	(1,239,184)	971,636	1,563,740	186,357
Non-Operating Revenues/(Expenses):				
Interest revenue	-	-	-	22
Interest on bonds	(840,650)	(723,865)	(1,500,119)	(1,311,648)
Gains/Losses on disposal of fixed assets	200,000	35,664	169,302	59,322
Damages/Losses recovered	-	-	210	12,270
Revenue from grants	-	13,399	247,420	-
Other revenue	30,000	165,415	135,703	226,444
Total Non-Operating Revenues(Expenses)	(610,650)	(509,387)	(947,484)	(1,013,590)
Operating Transfers in (out)				
Transfers from other fund	4,299,000	4,299,000	4,180,000	4,180,000
Transfers to other fund	(923,000)	(923,000)	(581,000)	(502,000)
Total Operating Transfers	3,376,000	3,376,000	3,599,000	3,678,000
Net Income	1,526,166	3,838,249	4,215,256	2,850,766
Significant Balance Sheet Items²				
Cash balance		12,302,528	8,234,786	1,377,330
Net Building Value		22,781,211	23,425,414	24,027,837
Net Fleet Value		23,236,366	24,395,416	28,068,642
Bonds Payable		(23,535,000)	(25,690,000)	(27,780,000)
Net Assets		35,156,898	30,608,101	26,547,685
Significant Cash Flow Items				
Principal payment on equipment bonds	(1,870,000)	(1,870,000)	(2,090,000)	(2,055,000)
Principal payment on facilities bonds	(285,000)	(285,000)	-	-
Fleet Purchases	7,781,159	4,191,791	2,223,883	5,454,374

**City of Minneapolis
Property Services Division
For the Fourth Quarter Ending December 31, 2011**

Fund 6200	2011 Budget	2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	20,457,137	19,548,628	908,509	95.6%
Operating Expense	21,356,038	20,291,296	1,064,742	95.0%
Operating Margin	(898,901)	(742,668)		
Net Income (Loss)	(490,901)	286,993		

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, public works buildings and parking structures. The fund does not include the Convention Center, Water, or Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits to the Municipal Building Commission to reimburse for maintenance and property management services. The revenue and expense budgets for the fund are increased by \$4,519,000 to account for this flow-through rental charge. The City departments located in City Hall receive a general fund appropriation to fund the charge for the rent.

Revenue:

Operating revenue recorded through fourth quarter 2011 is \$19,548,628, or 95.6% of the budgeted amount of \$20,457,137. The 2011 fourth quarter revenue decreased \$55,668, or 0.3%, from the revenue earned through fourth quarter 2010. The majority of the decrease is because work for others has been decreasing.

Expenses:

Operating expense through fourth quarter 2011 is \$20,291,296, or 95.0% of the total budgeted amount of \$21,356,038. The 2011 fourth quarter expense decreased \$583,639, or 2.8%, from the operating expense recorded fourth quarter 2010. The majority of reduced spending is due to the decrease in work for others.

Transfers:

In 2011, the transfer to the debt service fund related to the purchase of the 800 MHZ radio system is \$880,100. Property Services is responsible for \$350,000 per year of this debt and receives a transfer from the general fund for the remaining amount of \$530,100 in 2011. The fund receives an additional transfer from the general fund of \$291,000 for City Hall rent. Property Services transfers out \$228,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability. The Property Disposition fund also transferred out \$192,882 to the Capital Improvements fund per City Council resolution.

Debt Service:

The debt service for 2011 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2011, the debt consists of an interest payment of \$151,500 and a principle payment of \$695,000. The total principle payment of \$695,000 is paid in fourth quarter.

Other Financial Items:

The net asset balance for the year ending 2011 is \$26,062,246, an increase of \$70,914 from the net asset balance of \$25,991,332 for year ending 2010. The building rent cost allocation model for this fund does not recover the depreciation costs related to capital assets. It is expected that the net asset position will continue to decrease primarily due to recognizing the depreciation of capital assets. Financial reserve policies for internal service funds determine that the net assets for the Property Services fund should not fall below two times the fund's annual depreciation amount or \$2.3 million.

The cash balance at end of fourth quarter 2011 is \$699,148 compared to a cash balance of \$125,725 at year end 2010. The cash consists of a balance of \$1,397,773 in the Property Disposition fund and a deficit balance of (\$698,625) in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Property Services fund should be 15.0% of the fund's operating budget or \$2.5 million.

City of Minneapolis, Minnesota
Property Services Fund
Statement of Revenues and Expenses
For the Fourth Quarter / Years Ending 2011, 2010, and 2009

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Charges for Services And Sales	6,848,283	6,285,120	6,500,131	8,280,795
Rents Public Works and Other	13,608,854	13,263,508	13,104,165	13,032,606
Total Operating Revenue	20,457,137	19,548,628	19,604,296	21,313,401
Operating Expenses:				
Personnel Services	7,475,926	7,595,155	7,794,578	8,053,178
Contractual Services ¹	10,688,213	9,795,219	10,085,878	10,866,099
Materials, Supplies, Services and Other	1,467,834	1,216,794	1,170,301	1,510,368
Rent	591,129	551,191	684,677	358,312
Depreciation	1,132,936	1,132,937	1,139,501	1,155,886
Total Operating Expenses	21,356,038	20,291,296	20,874,935	21,943,843
Operating Margin	(898,901)	(742,668)	(1,270,639)	(630,442)
Non-Operating Revenues/(Expenses):				
Interest revenue	-	-	-	11
Interest on bonds	(185,100)	(151,500)	(182,745)	(286,912)
Gains/Losses on disposal of fixed assets ²		665,313	-	-
Revenue from grants		35,860	-	-
Misc revenues		79,770	141,795	85,181
Total Non-Operating Revenues(Expenses)	(185,100)	629,443	(40,950)	(201,720)
Operating Transfers in(out)				
Transfers from other fund	821,100	821,100	950,630	654,750
Transfers to other fund	(228,000)	(420,882)	(925,118)	(97,000)
Total Operating Transfers	593,100	400,218	25,512	557,750
Net Income	(490,901)	286,993	(1,286,077)	(274,412)
Significant Balance Sheet Items				
Fund cash balance		699,148	125,575	352,982
Property Dispositon Fund cash balance		1,397,773	1,070,350	1,908,697
Operating cash balance		(698,625)	(944,775)	(1,555,715)
Bonds payable		(5,475,000)	(6,170,000)	(6,825,000)
Net assets		26,062,246	25,991,332	27,210,179
Significant Cash Flow Items				
Principal payment on debt		(695,000)	(655,000)	(590,000)

¹Contractual services budget is increased by \$100,000 per Council Resolution 2011R-326 to authorize use of Property Disposition fund balance to finance cost of improvements to Currie and Aldrich municipal locations.

² Gain on sale of land

**City of Minneapolis
Public Works Stores
For the Fourth Quarter Ending December 31, 2011**

Fund 6300	2011 Budget	2011 Actual	Remaining Budget	% Actual To Budget
Operating Revenue	1,107,000	911,595	195,405	82.3%
Operating Expense	1,017,624	1,040,756	(23,132)	102.3%
Operating Margin	89,376	(129,161)		
Net Income	38,376	(180,161)		

Program Description:

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

Revenue:

Operating revenue earned through fourth quarter 2011 is \$911,595, or 82.3% of the budgeted amount of \$1,107,000. The amount earned through fourth quarter represents a decrease of \$299,076, or 24.7%, over the amount earned through fourth quarter 2010 that totaled \$1,210,671.

Expenses:

Operating expense recorded through fourth quarter 2011 is \$1,040,756, or 102.3% of the budgeted amount of \$1,017,624. The amount expended through fourth quarter 2011 decreased \$125,403 or 10.8% from the amount expended through the same period in 2010 which totaled \$1,166,159.

Transfers:

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

Debt Service:

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

Other Financial Items:

The fund continues to maintain positive net asset balance with a 2011 ending balance of \$3,025,637, a decrease of 6.1% from the 2010 ending balance of \$3,233,691. The cash balance at the end of fourth quarter 2011 is a deficit of (\$1,027,215), a decrease of \$201,413 from the fourth quarter 2010 deficit cash balance of (\$825,802). The fund has not had a positive cash balance since 2005 when the ending balance was \$91,610.

Financial reserve policies for the internal service funds determine that the minimum cash balance and minimum net asset balance for the Public Works Stores fund should not be less than 15.0% of the annual operating budget or not less than \$221,000.

City of Minneapolis, Minnesota
Public Works Stores
Statement of Revenues and Expenses
For the Fourth Quarter/Years Ending 2011, 2010, and 2009

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Central Stores	500,000	427,998	432,836	934,156
Traffic Stores	607,000	483,597	777,835	626,041
Total Operating Revenues	1,107,000	911,595	1,210,671	1,560,197
Operating Expenses:				
Personnel	674,537	647,724	738,309	802,289
Contractual	260,053	257,778	332,730	308,301
Materials/Other	41,334	93,554	51,697	54,630
Rent	41,700	41,700	43,423	34,054
Total Operating Expenses	1,017,624	1,040,756	1,166,159	1,199,274
Operating Margin	89,376	(129,161)	44,512	360,923
Non-Operating Revenues/(Expenses)				
Interest Income (Expense)	-	-	-	44
Other revenue (expense)	-	-	545	-
Total Non-Operating Revenues (Expenses)	-	-	545	44
Operating Transfer In (Out)				
Transfers to other fund	(51,000)	(51,000)	(33,000)	(34,000)
Total Operating Transfers	(51,000)	(51,000)	(33,000)	(34,000)
Net Income	38,376	(180,161)	12,057	326,967
Significant Balance Sheet Items				
Cash Balance		(1,027,215)	(825,802)	(1,566,085)
Inventories		4,367,622	4,547,877	4,845,852
Net Assets		3,025,637	3,223,693	3,203,361

**City of Minneapolis
Intergovernmental Service Fund
For the Fourth Quarter ending December 31, 2011**

Fund 6400	2011 Budget	12-31-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	34,517,260	31,926,220	2,591,040	92.5%
Operating Expenses	34,705,502	32,033,490	2,672,012	92.3%
Operating Margin	(188,242)	(107,270)		
Net Income	545,376	1,838,301		

Program Description:

The Intergovernmental Service Fund accounts for operations of Information Technology (IT); the City Clerk's printing and central mailing services; and a small portion of Human Resources internal services. IT is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware.

Revenue:

Operating revenue through the fourth quarter of 2011 is \$31,926,220 or 92.5% of the annual budgeted amount of \$34,517,260. This is a decrease of \$1,804,936, or 5.3%, compared to revenue of \$33,731,156 that was earned through fourth quarter of 2010. Much of this is a result of projects that are budgeted in the year they are implemented, though the intention is not to close the project that year.

Expenses:

Operating expenses through the fourth quarter are \$32,033,490, or 92.3% of the annual budgeted amount of \$34,705,502. This is a decrease of \$3,866,922, or 10.8%, when compared to \$35,900,412 recorded expense through the fourth quarter of 2010.

Debt:

The debt service for 2011 is related to the sale of net debt bonds for IT projects. In 2011 the debt consists of an interest expense of \$276,622 and a principle payment of \$10,025,000. The total principle payment of \$10,025,000 is paid in fourth quarter. At year-end 2011, the fund has a remaining bond debt of \$11,055,000

Transfers:

In 2011, this fund received transfers totaling \$14,549,293. The transfers consist of a general fund transfer totaling \$11.1 million, \$1.0 million from the Self Insurance Fund, and \$2.4 million from the debt service fund. The transfer from the Self Insurance fund is in accordance with the long-term financial plans for both funds. Due to a reduction in Local Government Aid that was confirmed by the Minnesota Legislature in July 2011, this fund will not receive funding of \$465,000 for one time spending for security projects as the City's waterfall budget reduction plan will be enacted. The general fund transfer is reduced accordingly by \$465,000.

The 2011 budget includes a transfer out of \$423,000 for debt service related to the former Minneapolis Employees Retirement Fund's unfunded pension liability and \$24,707 to the debt service fund.

Other Financial Items:

The cash balance at year-end 2011 is \$11,041,044 compared to a cash balance of \$7,419,498 at year-end 2010. The fund also has a receivable from the capital arbitrage of \$819,371. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's total budget or \$6.0 million.

The net asset balance at year-end 2011 is \$22,238,383 representing an increase of \$5,335,240 from the balance of \$16,903,143 at year-end 2010. The fund's net asset balance is tracking close to the projected balance in the long-term financial plan. Financial reserve policies for the internal service funds determine that the minimum net asset balance for the Intergovernmental Services fund should be twice the depreciation amount or \$24.1 million. The rate model for this fund does not recover the depreciation costs related to capital assets. This fund records customer funded IT project assets and it is expected that the net asset position will continue to increase.

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

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Charges for Service:				
BIS - PMO	7,763,972	5,534,278	8,933,386	8,621,649
BIS-Telecom	3,088,807	2,922,005	2,888,803	2,928,582
BIS - Operating-other	22,626,926	22,429,235	20,814,107	21,548,278
CC-Mailing Services	529,306	586,807	550,138	529,749
CC-Copy Services	500,000	445,645	539,972	490,657
Human resources	8,250	8,250	4,750	0
Total Operating Revenues	34,517,260	31,926,220	33,731,156	34,118,915
Operating Expenses:				
BIS - PMO	7,763,972	5,300,595	8,339,278	8,902,881
BIS - Telecom	1,852,639	1,738,183	1,632,585	1,787,581
BIS - Operating-other	23,526,393	23,452,651	24,299,349	23,496,912
CC-Mailing Services/Data Center	665,054	666,779	641,227	578,052
CC-Copy Services	551,807	601,344	751,196	615,446
Human resources	345,637	273,938	236,777	230,073
Total Operating Expenses	34,705,502	32,033,490	35,900,412	35,610,945
Operating Margin	(188,242)	(107,270)	(2,169,256)	(1,492,030)
Non-Operating Revenues/(Expenses)				
Depreciation	(12,074,238)	(12,074,238)	(10,813,184)	(8,380,433)
Interest on Bonded Debt	(276,662)	(276,662)	(878,504)	(1,526,507)
Gains/(Losses) on disposal of fixed assets		(6,584)	(77,524)	-
Revenue from grants		201,469	-	-
Other Non Operating Income (Expense)		-	40	-
Total Non-Operating Revenues (Expenses)	(12,350,900)	(12,156,015)	(11,769,172)	(9,906,940)
Operating Transfer In (Out)				
Transfers from other fund	13,507,518	14,549,293	12,245,447	16,114,693
Transfers to other fund	(423,000)	(447,707)	(395,915)	(276,594)
Total Operating Transfers	13,084,518	14,101,586	11,849,532	15,838,099
Net Income	545,376	1,838,301	(2,088,896)	4,439,129
Significant Balance Sheet Items				
Cash balance		11,041,044	7,419,498	(914,522)
Work-in-progress		7,870,919	12,141,072	7,115,554
Due from other funds (includes Capital Arbitrage)		819,371	1,018,781	1,697,588
Interfund Loans		(7,750,000)	(10,114,051)	(10,114,051)
Bonds Payable		(11,055,000)	(20,080,000)	(26,240,000)
Deferred Revenue		(13,327,259)	(11,739,321)	(5,696,858)
Net Assets		22,238,383	16,903,143	13,678,110
Significant Cash Flow Items				
Principal on Bonds	(10,025,000)	(10,025,000)	(8,567,000)	(9,290,000)

**City of Minneapolis
Self Insurance Fund
For the Fourth Quarter ending December 31, 2011**

Fund 6900	2011 Budget	12/31/2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	26,129,031	26,859,604	(730,573)	102.8%
Operating Expenses	25,426,699	27,222,234	(1,795,535)	107.1%
Operating Margin	702,332	(362,630)		
Net Income	6,815,332	2,994,837		

Program Description:

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

Revenue:

Operating revenue through the fourth quarter of 2011 is \$26,859,604 or 102.8% of the annual budgeted amount of \$26,129,031. This is a decrease of \$3,396,335, or 11.2%, when compared to \$30,255,939 earned through the fourth quarter of 2010. Revenue through fourth quarter 2010 was \$3.4 million greater than 2011 primarily due to recording employee payments for COBRA medical insurance in the Self Insurance fund in 2010. In 2011, all COBRA transactions are recorded in the Minneapolis Agency fund.

Expenses:

Operating expense through the fourth quarter is \$27,222,234 or 107.1% of the annual budgeted amount of \$25,426,699. This is a decrease of \$292,974, or 1.1%, compared to \$27,515,208 expended through the fourth quarter of 2010. The decrease is primarily due to recording the expense for COBRA payments in the Minneapolis Agency fund in 2011 rather than in the Self Insurance fund. The decrease in COBRA payments is offset by a substantial increase in the payments related to liability settlements.

Debt Service:

There are no outstanding debt obligations in 2011.

Transfers:

In 2011, this fund received an interfund transfer of \$7,330,000 from the general fund as determined in the long term financial plan.

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

Other Financial Items:

The cash balance at year-end 2011 is \$48,571,139, compared to a cash balance of \$42,080,593 at the end of year 2010. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self Insurance fund should be equal to the unpaid claims liability plus 10% of the fund's operating budget or \$52.6 million for the Self Insurance fund. The unpaid claims liability at year end 2011 is \$50.1 million, an increase of \$2.8 million from the 2010 year end liability of \$47.3 million. The cash position is \$4.0 million below its target.

The net asset balance at year end 2011 is a deficit of (\$4,098,990) representing an increase of \$2.7 million from the 2010 net asset deficit balance of (\$6,587,951). It is expected that the net asset position will

continue to increase primarily due to transfers from the general fund as planned in the long term financial plan.

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

	Budget Current Year 2,011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Health & Welfare (employee benefits)	2,163,636	2,472,832	6,495,441	12,745,507
Workers Compensation	8,358,724	8,840,179	9,082,557	8,565,960
Liability - Subrogation	13,949,472	13,925,462	13,184,758	12,914,035
Attorney Office Services	20,000	2,429	4,237	13,875
Human Resources Services	1,437,199	1,470,744	1,354,182	1,221,745
Finance-Employment Services	200,000	147,958	134,764	205,711
Total Operating Revenues	26,129,031	26,859,604	30,255,939	35,666,833
Operating Expenses:				
Health & Welfare (employee benefits)	2,163,636	794,353	5,315,570	9,924,021
Workers Compensation	6,064,867	7,517,126	8,313,999	6,919,286
Liability & Settlements	6,450,102	9,017,392	4,423,756	6,223,035
City Attorney/Civil Division-Litigation	6,511,082	6,156,353	5,715,756	5,541,319
Risk Management - WC/Risk	2,420,420	2,164,504	2,458,968	2,222,448
Human Resource - Employee Benefits	1,816,592	1,572,506	1,287,159	1,133,176
Total Operating Expenses	25,426,699	27,222,234	27,515,208	31,963,285
Operating Margin	702,332	(362,630)	2,740,731	3,703,548
Non-Operating Revenues/(Expenses)				
Other Non Operating Income (Expense)		1,974	1,454	-
Total Non-Operating Revenues (Expenses)		1,974	1,454	-
Operating Transfer In (Out)				
Transfers from other fund	7,330,000	7,330,000	10,810,000	6,915,000
Transfers to other fund	(1,217,000)	(1,217,000)	(140,000)	(145,000)
Total Operating Transfers	6,113,000	6,113,000	10,670,000	6,770,000
Net Income (loss) (less Unpaid Claims Liability) ¹	6,815,332	2,994,837	8,632,437	(266,137)
Significant Balance Sheet Items				
Cash Balance		48,571,139	42,080,593	28,995,365
Unpaid Claims Liability		(50,050,004)	(47,292,497)	(42,512,749)
Net Assets		(4,098,990)	(6,587,951)	(15,432,743)

¹Net income includes an adjustment resulting from increases in the fund's liability for unpaid claims.

**City Of Minneapolis
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2011**

Fund 07100	2011 Budget	12-31-2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	49,296,031	50,026,873	(730,842)	101%
Operating Expense	42,297,322	42,664,716	(367,394)	101%
Operating Margin	6,998,709	7,362,157		
Net Income	3,131,210	5,176,806		

Program Description:

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

Revenue:

At the end of fourth quarter, sewer revenue was \$50 million, or 101% of the budgeted revenue, compared to \$49.2 million through fourth quarter 2010. 2011 is an increase of \$800K, or 1.5%, over 2010 revenues. Sanitary utility charges and SAC revenues account for \$1 million of the increase which has been offset by decrease in design revenues by \$200K.

Expenses:

The Sanitary Sewer Fund's operating expense of \$42.7 million through fourth quarter is 101% of the 2011 budget compared to 97% (\$40.6 million) of the 2010 budget. This is an increase of \$2.1 million, or 5%, over 2010. The \$1.9 million increase in expenditures is mainly due to increased monthly payments to Met Council and SAC charges. Maintenance and design work for the year also increased by \$151K, due to increase in design related work, reassignment of personnel between cost centers and funds, and an increase in purchase of equipment.

Transfers:

The transfer from this Fund goes to the pension fund to cover MERF unfunded liability. This pension transfer for the year as per the budget totaled \$478,000. Additional transfer in the amount of \$99K was made to general debt service funds to cover bond related transactions for the year.

Debt Service:

For 2011, outstanding bonds for the Fund totaled \$14.5 million. During the year, additional bonds in the amount of \$4 million were issued and \$4.1 million in payments were made to reduce outstanding debts. The Fund also incurred \$500K in interest expense.

Forecast:

For the first quarter 2012, the operating revenue and expenditure have been budgeted to average \$13 million and \$11 million respectively. With bond principal and interest estimated at \$1.6 million and transfers at \$300K for a quarter, the fund balance will continue to increase during the year.

Other Financial Items:

The cash balance for the Fund for 2011 ended at \$14.4 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$10.7 million. The cash position through the quarter remains at \$3.7 million above its target.

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

	Budget Year 2011	Year Ending 12/31/2011	Year Ending 2010	Year Ending 2009
Operating Revenues:				
Sanitary Utility Charges	46,367,163	45,477,734	45,108,976	40,230,065
Other Services Provided	928,868	956,746	1,175,845	1,418,181
SAC Revenues	2,000,000	3,592,393	2,983,629	2,305,130
Interest				
Total Operating Revenues	49,296,031	50,026,873	49,268,450	43,953,376
Operating Expenses:				
Sewer Design	426,903	365,967	297,849	230,253
Sewer Maintenance	6,488,380	5,510,181	5,427,064	5,922,731
Met Council Env. Svcs.	35,382,039	36,788,568	34,896,837	32,234,678
Total Operating Expenses	42,297,322	42,664,716	40,621,750	38,387,662
Operating Margin	6,998,709	7,362,157	8,646,700	5,565,714
Non-Operating Revenues/(Expenses)				
Net Transfers (out)	(478,000)	(576,827)	(574,793)	(1,791,003)
Non-Oper Rev/(Expenses)		181,368	6,433	
Depreciation	(1,293,289)	(1,293,289)	(1,151,791)	(1,159,640)
Special Assessments		21,098		9,691
Net Interest Income (Exp)	(2,096,210)	(517,701)	(547,042)	(500,094)
Total Non-Operating Revenues (Expenses)	(3,867,499)	(2,185,351)	(2,267,193)	(3,441,046)
Net Income	3,131,210	5,176,806	6,379,507	2,124,668
Significant Balance Sheet Items				
Operating Cash	-	14,430,329	12,473,870	9,639,595
Accounts Receivable	-	3,089,731	3,659,013	3,312,601
Significant Cash Flow Items				
Capital Outlay	5,000,000	3,309,442	5,709,012	7,904,063
Bond Principle payments	3,100,000	-	2,850,000	2,436,000

**City Of Minneapolis
Stormwater Fund
For the Fourth Quarter Ending December 31, 2011**

Fund 07300	2011 Budget	12/31/2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	36,821,275	39,094,997	(2,273,722)	106%
Operating Expense	21,739,539	19,871,308	1,868,231	91%
Operating Margin	15,081,736	19,223,689		
Net Income	9,393,448	15,557,605		

Program Description:

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

Revenue:

With Storm Water revenue of \$39 million through fourth quarter, 106% of the operating revenue budget has been realized compared to \$37.7 million for the same period in 2010. The revenue increased by \$1.3 million over fourth quarter of 2010. Increase in revenues of \$1.3 million is mainly due to increase in utility rates/ESU, from \$11.09 in 2010, to \$11.42 in 2011. Additionally an increase of \$116K comes from state & county grants for maintenance work done by street and maintenance departments. For 2011, this increase includes State's share of tornado reimbursements. Design revenues were comparable to 2010 with a total of \$1.4 million; however, the anticipated reimbursement of tornado expenditures from Federal grant added \$421K to the Fund.

Expenses:

Through fourth quarter, 2011, Storm Water Fund's operating expenses ended at 91% of the budget with a total of \$19.9 million compared to \$20.2 million through fourth quarter 2010. This is a decrease of \$329K, or 2%. Increase of \$1.3 million in Design and Street Cleaning departments has been offset by decrease of \$1.6 million in Maintenance, CSO, and Met Council payments. This decrease mainly arises from \$1.1 million reimbursement made to Park Board in 2010 for outstanding shared expenditures of prior years.

Transfers:

Transfers out of the Fund include a transfer a pension and to a debt service funds. For 2011, a transfer of \$478,000 was made to the pension fund and \$222,000 was transferred to the debt service fund.

Debt Service:

The debt service was budgeted at \$13.1 million for 2011 of which \$11.8 million has been recognized as payments towards the principal and additional \$670,000 as interests for the Fund's outstanding bonds. These bonds were sold to finance the Combined Sewer Overflow, Flood Mitigation Program, and the Storm Tunnel Program.

Forecast:

The Fund will continue to operate at a positive gross margin and will continue to add to the Fund balance as outlined in the 2012 budget. For the next three months, the estimated cash outflow will

average \$5.9 million in operations. These outflows will be off-set by cash inflow from operating revenues projected at \$9.1 million. It may require additional \$2.5 million to \$3 million to close out some capital projects during the first quarter of 2012 thereby lowering the Fund balance.

Other Financial Items:

The operating cash balance for the year ended at \$24.5 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the required cash balance is \$5 million leaving \$19.50 million in an unrestricted reserve which will be used to pay other non-operating expenses in the coming months.

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

	Budget Year 2011	For Year Ending 12/31/2011	For Year Ending 12/31/2010	For Year Ending 12/31/2009
Operating Revenues:				
State Grants	1,022,182	1,209,421	1,226,880	730,788
County Grants	441,654	399,558	265,772	296,509
Storm Utility Charges	33,981,932	35,622,524	34,577,924	33,032,352
Other Services Provided	1,375,507	1,863,494	1,650,027	3,775,313
Total Operating Revenues	36,821,275	39,094,997	37,720,603	37,834,962
Operating Expenses:				
Sewer Design	3,628,960	3,684,851	3,204,406	2,815,491
Stormwater Management CSO	1,556,054	929,998	1,230,104	1,058,277
Street Cleaning	8,040,487	7,797,519	6,993,187	7,244,448
Sewer Maintenance	2,932,849	2,810,772	3,651,432	2,263,404
Met Council Env. Svcs.	5,581,189	4,648,168	5,120,920	4,576,971
Total Operating Expenses	21,739,539	19,871,308	20,200,049	17,958,591
Operating Margin	15,081,736	19,223,689	17,520,554	19,876,371
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(478,000)	(700,064)	(469,093)	(1,087,777)
Depreciation	(3,929,000)	(3,929,000)	(3,826,152)	(3,894,930)
Special Assessments	60,000	744,220	493,111	497,879
Net Interest Income (Exp)	(1,341,288)	(670,128)	(862,914)	(1,752,825)
Other Non Operating Income (Exp)		906,887	95,629	(272,200)
Total Non-Operating Revenues (Expenses)	(5,688,288)	(3,648,084)	(4,569,419)	(6,509,853)
Net Income	9,393,448	15,575,605	12,951,135	13,366,518
Significant Balance Sheet Items				
Operating Cash		24,530,818	22,676,018	14,445,473
Accounts Receivable		3,314,209	3,430,183	4,375,813
Bonds Payable		15,495,910	18,270,910	21,175,910
Significant Cash Flow Items				
Capital Outlay	17,520,000	16,078,292	7,094,312	4,915,306
Bond principle payments	11,773,000	11,773,000	5,345,000	9,959,000
Refunding Principal Payments				6,910,000

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2011**

Fund 07700	2011 Budget	12/31/2011 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	29,905,399	32,586,286	(2,680,887)	109%
Operating Expenditures	33,758,273	29,280,828	4,477,445	87%
Operating Margin	(3,852,874)	3,303,458		
Net Income/(Loss)	(5,308,582)	2,105,631		

Program Description:

The Solid Waste Fund accounts for the City's solid waste collection, disposal, recycling, and graffiti removal operations. The division provides pick-up services for trash, yard waste, and recyclables on a weekly and a biweekly basis. The Fund is responsible for the operations of a solid waste transfer station which serves over 105,000 households. The division also provides "clean city" activities such as city wide neighborhood clean sweeps and litter/graffiti control and removals. The Solid Waste Division has initiated "organics" pilot program in selected school districts and neighborhoods. City crews provide approximately one-half of the solid waste collection services and the other half of the services is provided through a consortium of companies specializing in waste collection.

Revenue: The operating revenue for the Fund through the quarter was \$32.6 million, 109% of budget. Revenue was \$30.8 million through fourth quarter of 2010. This is an increase of \$1.8 million or 6% over 2010. The grant revenue from Hennepin County totaled \$890,000. Increased revenues are due to increased rates, higher sales of recyclables, and the full amount of County grant received through this quarter.

Expenses: The operating expenses through fourth quarter ended at \$29.3 million, or 87% of budget. 2010 expenses were \$29.7 million, resulting in an expenditure decrease of \$400K, or 1.3% from 2010. Increases in salaries and fringes by \$300K and capital purchases by \$600K over 2010 were offset by decreases in contractual services and material costs of \$1.4 million. (All monthly payments made out to major vendors that provide services relating to waste collection are included in contractual services.) The decrease in contractual services from 2010 is a result of limiting vendor payments to twelve per year. Decrease in material costs is a result of decrease in carts and bins purchased in 2011 as compared to 2010.

Transfers: Estimated transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers and \$50,000 from the General fund for graffiti removal. All of these transfers amounting to \$196,000 have been recognized through fourth quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$236,000 for MERF unfunded liability. These are transferred out to General Fund, and, for the quarter ending December 31st, all of the transfers have been completed.

Debt Service: This fund has no debt service.

Forecast: The Fund will continue to operate with a positive gross margin and will continue to add to the Fund balance. For the next three months, cash outflow is estimated to average \$7.2 million and the revenues for the same period are estimated to remain above \$7.8 million. Amounts to be transferred to and from the Fund will proceed as budgeted which are estimated at \$74K and \$318K respectively.

Other Financial Items: The operating cash balance for the quarter ended at \$22.4 million and net accounts receivable balance totaled \$4 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$7.3 million, which results in a surplus of \$15.1 million in an unrestricted reserve. \$4.2 million of this reserve has been set aside for construction of a new Transfer station.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Fourth Quarter/Years Ending 2011, 2010, 2009

	Budget Year 2011	For Period Ending 12/31/2011	For Year Ending 12/31/2010	For Year Ending 12/31/2009
Operating Revenues:				
County Grants	800,000	889,675	888,467	861,090
Solid Waste Fees	28,145,049	28,938,271	27,944,773	27,740,005
Recyclable Sales	600,000	2,173,123	1,444,859	1,095,426
Charges for Other Services	360,350	585,217	515,121	493,513
<hr/>				
Total Operating Revenues	29,905,399	32,586,286	30,793,220	30,190,034
Operating Expenses:				
Collection	7,673,266	7,770,758	8,081,953	6,539,878
Disposal	5,803,859	5,097,762	5,730,222	5,201,125
Recycling	3,263,526	3,571,822	3,538,068	3,170,643
Yard Waste	2,239,955	2,202,595	1,537,517	1,260,484
Large Item/Problem Material	1,573,117	1,036,280	1,196,922	1,085,656
Transfer Stations	319,545	408,516	691,945	285,917
Administration	4,097,082	3,980,983	3,971,051	4,757,839
Customer Service	677,715	654,129	545,427	452,765
Clean City	2,256,088	1,694,552	1,525,832	1,806,533
Equipment	4,875,121	2,653,277	2,690,547	3,460,215
Organics	978,999	210,154	143,515	
Total Operating Expenses	33,758,273	29,280,828	29,652,999	28,021,055
<hr/>				
Operating Margin	(3,852,874)	3,305,458	1,140,221	2,168,979
<hr/>				
Non-Operating Revenues/(Expenses)				
Net Transfers In	196,000	196,000	196,000	196,000
Net Transfers Out	(936,000)	(936,000)	(850,999)	(821,000)
Depreciation	(715,708)	(715,708)	(834,927)	(804,741)
Special Assessments	-	255,881	244,316	221,307
<hr/>				
Total Non-Operating Revenues (Expenses)	(1,455,708)	(1,199,827)	(1,245,610)	(1,208,434)
<hr/>				
Net Income	(5,308,582)	2,105,631	(105,389)	960,545
<hr/>				
Significant Balance Sheet Items				
Operating Cash		22,371,818	21,924,108	20,560,355
Accounts Receivable		3,957,458	2,867,993	2,783,698
Capital Outlay		1,905,479	166,688	

**City of Minneapolis
Water Revenue Fund
For the Fourth Quarter Ending December 31, 2011**

Fund 7400	2011 Budget	12/31/11 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	75,312,986	69,584,117	5,728,869	92%
Operating Expense	48,377,390	45,267,164	3,110,226	94%
Operating Margin	26,935,596	24,316,953		
Net Income (Loss)	12,740,547	9,062,113		

Program Description:

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

Revenue:

The 4rd quarter 2011 operating revenue was \$69,584,117, or 92% of the 2011 budgeted amount of \$75,312,986. Revenue earned through fourth quarter 2011 represents an increase of 5.9% over the 2010 revenue of \$65,661,948 earned through the same period.

Expense:

Through the 4th quarter of 2011, operating expense totaled \$45,267,164 or 94% of the 2011 budgeted amount of \$48,377,390. Expenses through fourth quarter 2011 represent a decrease of 5.5% over the 2010 expenses of \$47,916,357 spent through the same period.

Transfers:

For 2011, the transfer amount of \$2,042,000 represents the former MERF (Minneapolis Employee Retirement Fund) pension debt service payment.

Debt Services:

Debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current year debt funded capital projects include dewatering plant improvements, water treatment infrastructure improvements, and cleaning and lining of the distribution mains. 2011 debt service totaled \$10,405,873.

Forecast:

For the year ended 2011, operating revenues were under budget by approximately \$5.7 million. The chief reason was a wet spring and summer resulting in reduced consumption. Operating expenses were also under budget by approximately \$3.1 million. Reduced consumption results in reduced expenses for items such as electricity and chemicals. This activity resulted in an operating margin of \$24.3 million, compared to the budgeted margin of \$26.9 million, or \$2.6 million less than the amount budgeted. Net income was \$9 million compared to a budgeted amount of \$12.7 million.

Other Financial Items:

The ending cash balance as of 12/31/2011 is \$15,055,373 compared to \$11,635,283 as of 12/31/2010. The objective is to have a cash balance equal to or greater than 3 months of operating expense. Based on the current budget the target amount would be \$12.7 million. In addition to the operating cash reserve, the Water Fund is also reserving approximately \$1.3 million per year for membrane and valve replacement at the Columbia Heights water treatment facility.

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

	Budget Current Year 2011	For Year Ending 2011	For Year Ending 2010	For Year Ending 2009
Operating Revenues:				
Licenses & Permits	1,000	6,364	1,076	1,966
Charges For Services	2,715,360	2,058,750	1,211,094	2,293,169
Charges For Sales	72,595,801	67,491,543	64,399,395	64,237,365
Rents				
Interest	315			1,746
Other Misc Revenues	510	27,459	50,383	33,709
Total Operating Revenues	75,312,986	69,584,117	65,661,948	66,567,955
Operating Expenses:				
Engineering	1,627,176	1,549,047	1,368,413	1,062,591
Payments for City Services	7,747,114	7,333,923	8,137,262	8,255,969
Administration	1,197,443	1,007,162	2,238,132	1,734,359
Operations	17,836,515	15,957,374	16,885,255	18,270,976
Maintenance	6,546,530	5,738,283	6,932,572	6,396,083
Distribution	8,987,384	7,841,971	8,361,990	7,076,581
Major Repairs & Replacement	2,092,385	3,438,120	1,552,332	1,341,420
Meter Shop	2,342,843	2,401,283	2,440,401	2,113,849
Total Operating Expenses	48,377,390	45,267,164	47,916,357	46,251,828
Operating Margin	26,935,596	24,316,953	17,745,591	20,316,127
Non-Operating Revenues/(Expenses)				
Net Transfers in (out)	(2,042,000)	(2,042,000)	(1,506,801)	(1,071,000)
Federal ARRA Grant			1,214,486	1,825,606
Federal Emergency Management Assistance		280,128		
State of Minnesota		93,376		
Depreciation	(7,995,493)	(10,016,991)	(7,992,504)	(7,567,604)
Special Assessments			97,850	766,299
Net Interest Income (Exp)	(4,157,556)	(3,569,353)	(3,423,892)	(3,655,735)
Other Non-Operating Income			124,058	239,913
Other Non Operating (Expense)			(81,166)	(760,842)
Total Non-Operating Revenues (Expenses)	(14,195,049)	(15,254,840)	(11,567,969)	(10,223,363)
Net Income	12,740,547	9,062,113	6,177,622	10,092,764
Significant Balance Sheet Items				
Operating Cash		15,055,373	11,635,283	(2,007,396)
Construction Cash 011261		95,607	1,846,019	2,105,169
Accounts Receivable		7,049,602	5,855,841	5,140,449
Bonds & Notes Payable		119,124,241	114,840,545	100,371,398
Significant Cash Flow Items				
Capital Outlay	9,000,000	15,297,583	19,680,417	25,148,297
Bond & Note Principle payments	10,063,074	3,655,000	3,404,908	6,075,868
Refunding Principal Payments				
Total Cash Flow Items	19,063,074	18,952,583	23,085,325	31,224,165

**City of Minneapolis
Municipal Parking Fund
For the Year Ended December 31, 2011**

Fund 7500*	2011 Original Budget	Dec 31,2011 Period End Actual	Remaining Budget	% of Actual To Budget
Revenue	41,015,500	42,551,449	(1,535,949)	104%
Expenses	34,298,103	30,576,135	3,721,968	89%
Operating Margin	6,717,397	11,975,314		
Net Income (Loss)	(4,271,551)	4,516,442		

* Figures in the table do not include State-owned ABC parking facilities. Net Income (Loss) includes all non-operating expenditures & revenues such as depreciation expense, bond interest expense and transfers between funds

Program Description:

This fund primarily accounts for operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. Major parking-related capital construction and development activities occur in this fund.

Revenues:

The 2011 year end actual revenues are up in comparison to the 2011 budget by 4%. For 2011 the 4% is from:

- Impound Lot revenues are down 2.9% compared to budget.
- On-street meters are up 7.8% compared to budget.
- Off-street ramps and lots are up 4.3% compared to budget.

Impound Lot revenues are lower than budgeted due to lower than expected snow emergencies during the latter part of 2011. The newly installed On-street meters with credit card capability, additional meter coverage and event revenues contributed to the increase in On-street revenues. Off-street revenues remained higher than expected throughout the year.

Expenses:

The 2011 year end expenses are below the year end of the 2011 budget by 11.0 %. For 2011 the 11.0% is from:

- Impound Lot expenses are down 23.9% compared to budget.
- On-street meters are over 40.1% compared to budget. This is due to the new Multi-space meters being implemented.
- Off-street ramps and lots are down 15.2% compared to budget.

Impound Lot expenses are lower than expected due to a slower winter with limited snow related operational activities, including towing, security, lot maintenance and personnel. On-street meter expenses are higher than budgeted due to an accelerated implementation schedule when compared to 2010. Off-street ramps and lots show lower than budgeted expenses due to reduced costs associated with snow removal and operational efficiencies attained through ongoing initiatives.

Transfers to and from other funds:

The 2011 transfers into and out of the Parking Fund are programmed and planned according to the 2011 budget. During the year of 2011 \$14.2 million of funds were transferred in and \$10.9 million of funds were transferred out.

Debt Service:

For 2011, the debt service budget was \$22.3 million. For the year ended, \$14.8 million in principal and \$4.8 million in interest was paid on the outstanding balance. The outstanding balance of bond principal as of Dec 31, 2011 is \$149.2 million. The Parking System has an annual \$1.7 million capital program.

Forecast:

The year ended 2011 indicates that operating revenues are greater than budgeted by \$1.5 million. Operating expenses are under budget by \$3.7 million resulting in an increase in the operating margin over budget. Thus both resulted in an overall increase in the operating margin over budget.

Other Financial Items:

The current operating cash balance is \$9.8 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$8.6 million, which results in \$1.2 million remaining. The \$1.2 million is reserved for future debt service payments and the remaining cost for installing the On-street meters.

**City Of Minneapolis
Municipal Parking Fund
Financial Report
As of December 31, 2011**

Fund 7500	2011 Current Budget	2011 Projected	For Period Ending 30-Sep-11	Remaining Budget	% of Actual To Budget	Actual 31-Dec-10
Revenue	41,015,500	42,551,449	42,551,449	(1,535,949)	104%	41,613,135
Expenditures	34,298,103	30,576,135	30,576,135	3,721,968	89%	27,001,553
Operating Margin	6,717,397	11,975,314	11,975,314			14,611,582
Net Income (Loss)	(4,271,551)	4,516,442	4,516,442			4,008,385

NOTE* Figures do not include State-owned Garages

The following table represents a summary of the various business line actual and projected amounts for the 4th Qrt of 2011.

	Original Budget 2011	Projection 2011 Based on Actual	Actual For Period Ending 31-Dec-11	Variance Budget vs Projection	Actual 31-Dec-10
Off Street Parking	27,415,500	28,594,837	28,594,837	(1,179,337)	28,439,497
On-Street Parking	7,000,000	7,545,844	7,545,844	(545,844)	6,757,970
Impound Lot	6,600,000	6,410,768	6,410,768	189,232	6,415,668
Total Revenues	41,015,500	42,551,449	42,551,449	(1,535,949)	41,613,135
Off Street Parking	24,567,677	20,838,991	20,838,991	3,728,686	19,772,261
On-Street Parking	3,592,993	5,065,159	5,065,159	(1,472,166)	2,014,200
Impound Lot	6,137,433	4,671,985	4,671,985	1,465,448	5,215,092
Total Expenditures	34,298,103	30,576,135	30,576,135	3,721,968	27,001,553
Operating Margin	6,717,397	11,975,314	11,975,314	(5,257,917)	14,611,582
Variance		5,257,917		(5,257,917)	

Note1: Revenues and expenditures in the table do not include State-owned facilities.

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

	Housing Development Fund 1/1-12/31/10	Housing Development Fund 1/1-12/31/11	General Agency Reserve Fund System 1/1-12/31/10	General Agency Reserve Fund System 1/1-12/31/11	Theatres 1/1-12/31/10	Theatres 1/1-12/31/11	River Terminal 1/1-12/31/10	River Terminal 1/1-12/31/11	Economic Development Program 1/1-12/31/10	Economic Development Program 1/1-12/31/11
Operating revenues										
Charges for sales and services	\$ -	\$ -	\$ 317,324	\$ 431,808	\$ -	\$ -	\$ 1,825,794	\$ 1,811,673	\$ 285,623	\$ 352,275
Interest on program activities	47,136	34,132	3,949,899	5,242,887	-	-	-	-	-	-
Other	-	-	235	30	-	-	-	-	-	-
Total operating revenues	47,136	34,132	4,267,458	5,674,725	-	-	1,825,794	1,811,673	285,623	352,275
Operating expenses:										
Personal services	-	-	-	222,134	-	-	(955)	10,644	11,859	3,307
Contractual services	195,095	66,435	276,357	194,393	-	-	1,633,977	2,098,245	37,352	21,656
Other	-	15,922	-	7,834	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	347,526	347,526	-	-
Total operating expenses	195,095	82,357	276,357	424,361	-	-	1,981,048	2,456,915	49,211	24,963
Operating income	(147,959)	(48,225)	3,991,101	5,250,364	-	-	(155,254)	(645,242)	236,412	327,312
Nonoperating revenues (expenses)										
Interest on investments	5,457	3,155	286,658	294,464	(21,005)	(16,498)	(2,993)	(4,916)	2,637	161,552
Interest expense	-	-	(3,937,677)	(5,252,457)	-	-	-	-	(33,332)	(24,525)
Total nonoperating revenue (expenses)	5,457	3,155	(3,651,019)	(4,957,993)	(21,005)	(16,498)	(2,993)	(4,916)	(30,695)	137,027
Income (loss) before transfers	(142,502)	(45,070)	340,082	292,371	(21,005)	(16,498)	(158,247)	(650,158)	205,717	464,339
Net transfers from (to) other funds	-	(256,150)	(129,768)	-	-	-	-	-	(67,834)	(243,074)
Change in net assets	(142,502)	(301,220)	210,314	292,371	(21,005)	(16,498)	(158,247)	(650,158)	137,883	221,265
Total net assets - January 1	1,459,627	1,317,125	34,463,918	34,674,232	(2,074,527)	(2,095,532)	6,486,443	6,328,196	(118,313)	19,570
Total net assets - December 31	\$ 1,317,125	\$ 1,015,905	\$ 34,674,232	\$ 34,966,603	\$ (2,095,532)	\$ (2,112,030)	\$ 6,328,196	\$ 5,678,038	\$ 19,570	\$ 240,835

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

General Agency Reserve Fund System - This fund accounts for a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. The funds are restricted by bond covenants and the need of the City to minimize risk in its support of the GARFS. The funds are critical to maintaining the "A+" rating of the fund.

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

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

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

2011 Fourth Quarter Investment Report

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

As of December 31, 2011, the City's current investment portfolio was valued at \$558.8 million. The sector holdings and fund distributions are shown below. For the twelve months ended December 31, 2011, the portfolio has outperformed its benchmark.

Investment Performance period ended December 31, 2011	City Portfolio	Custom Benchmark*
3 month Total Return	0.2%	0.1%
12 months Total Return	1.1%	1.0%
3 year Total Return	1.4%	0.8%
Credit Quality	AGY	TSY

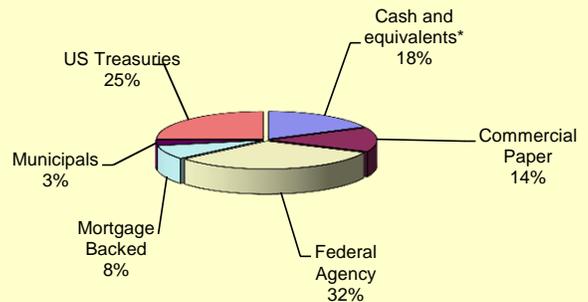
* Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

Portfolio Holdings By Sector

Sector	Dec. 31 2011	% of port.	Dec. 31 2010	% of port.
Cash and equivalents*	\$ 99.4	18%	\$ 92.4	17%
Commercial Paper	78.4	14%	74.7	14%
Federal Agency	179.3	32%	192.1	36%
Mortgage Backed	44.8	8%	32.0	6%
Municipals	16.8	3%	16.0	3%
US Treasuries	140.1	25%	128.0	24%
Total Market Value	\$ 558.8	100%	\$ 535.2	100%

*Net of checks outstanding

Portfolio by Sector
Dec. 31, 2011



Funds

Fund	Dec. 31 2011	% of funds	Dec. 31 2010	% of funds
Debt Service	\$ 30.8	6%	\$ 57.1	11%
Development	22.8	4%	27.8	5%
Enterprise Fund	86.6	16%	81.3	15%
General	73.4	13%	63.5	12%
Internal Service	71.3	13%	57.8	11%
Hilton Trust	7.1	1%	14.0	3%
NRP	43.9	8%	49.1	9%
Park Board	20.6	4%	16.7	3%
TIF	97.4	18%	85.9	16%
Convention Center	28.1	5%	21.1	4%
Other	19.8	4%	14.5	3%
Sub Total City Op. Port.	\$ 501.8	90%	\$ 488.8	92%
Bond Proceeds/Const.	54.2	10%	43.7	8%
TOTAL Book Value	556.0	100%	532.5	100%
Unrealized G/L & Acc int	2.8		2.7	
All Funds Mkt Value	\$ 558.8		\$ 535.2	

Fund Balances (in millions)
Book Value Dec. 31, 2011

