

**City of Minneapolis
Financial Status Report as of 3rd Quarter 2014
Prepared by the
City of Minneapolis Finance Department
November 10, 2014**

City of Minneapolis

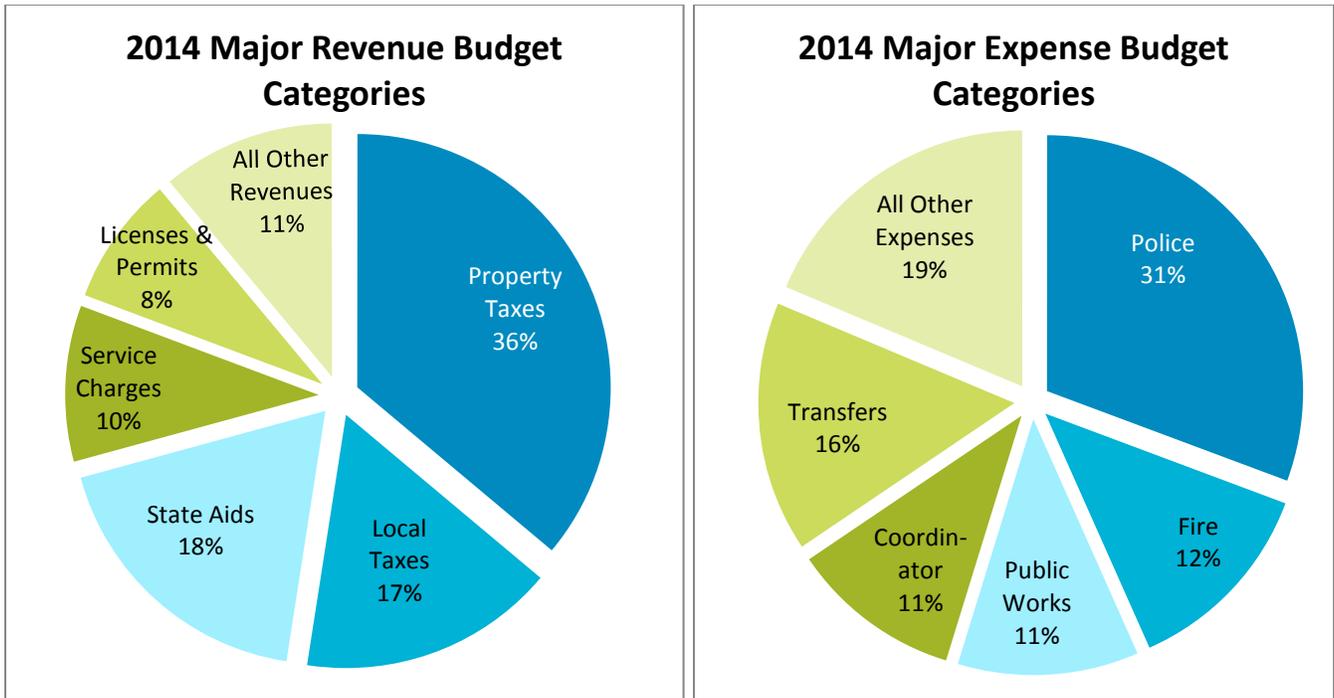
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General Fund

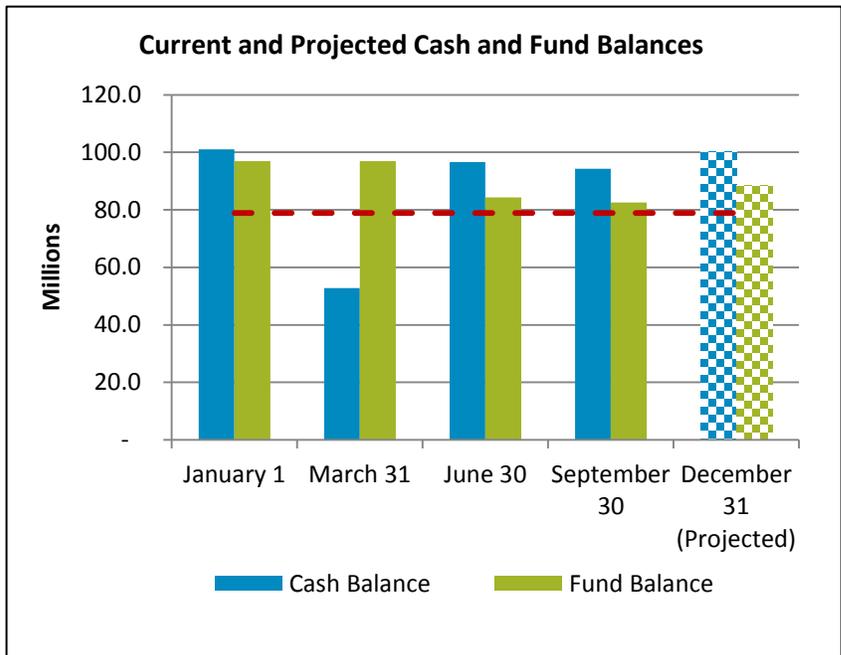
Fund Description

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 by law or administrative action. The Fund's 2014 expense budget is \$466.9 million including transfers.



Cash and Fund Balance

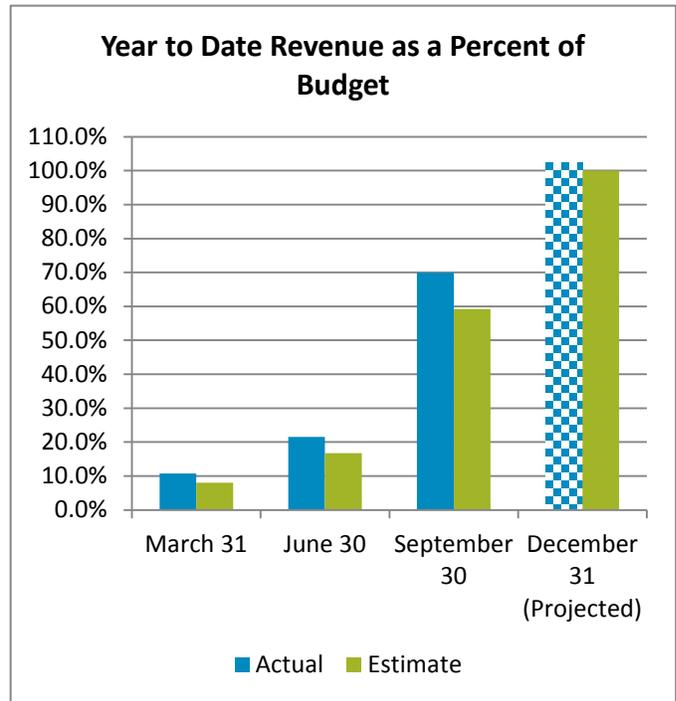
The fund balance for the General Fund at fiscal year-end 2013 was \$97.0 million. The projected fund balance at year-end 2014 is \$88.5 million. The decrease is due primarily to the planned expenditure in 2014 of approximately \$20 million in fund balance offset by projected surpluses in the budget for 2014. The City's financial policy for General Fund balance is to maintain 17% of the following year's expenditure budget. For 2014 this is equivalent to \$78.9 million which is 17% of the 2015 Mayor Recommended General Fund expenditure budget of \$464.0 million, including transfers. The ending cash balance is projected to be \$100.1 million.



Revenues

Year-to-date revenues through September 30 exceeded estimates by 10.7%. Revenue through third quarter 2014 exceeds year to date estimates in part due to the early receipt of \$38 million of the final payment of Local Government Aid as a result of flood relief efforts enacted by the State. Year-end revenues are projected to be \$9.6 million, or 2.2%, more than budgeted. Historically, revenues have averaged 1.8% more than budgeted.

Franchise fees and revenue from Licenses and Permits are both expected to be greater than budgeted. Franchise fees from natural gas and electricity were higher than expected due to the cold winter. Increased revenue from licenses and permits reflects the increased construction and development activity occurring throughout the City.

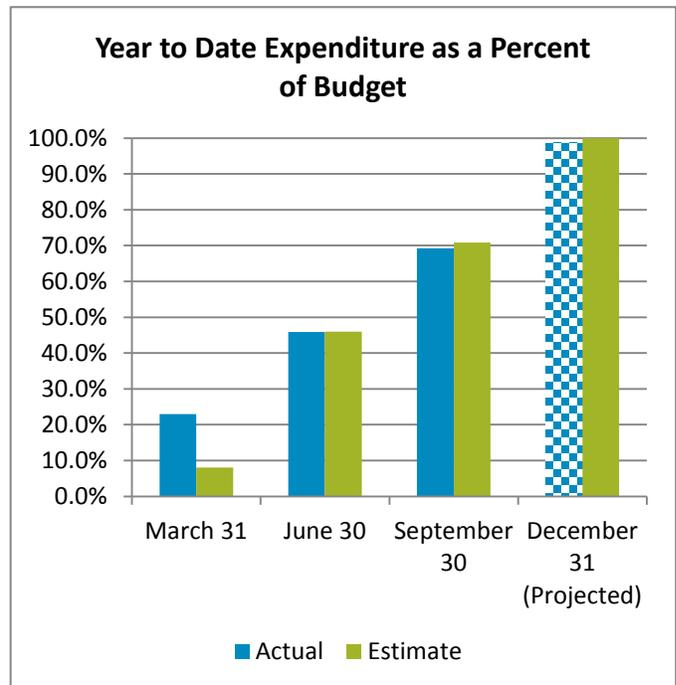


Expenditures

Year-to-date expenditures through September 30 are 1.6% less than estimated. Year-end expenditures are projected to be \$6.3 million or 1.3% less than budgeted. Historically, expenditures have been approximately 1.0% less than budgeted.

Six departments comprise 75.3% of the total General Fund budget: Police, Fire, Public Works, the City Coordinator, Community Planning and Economic Development (CPED), and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of surplus or deficit in the General Fund expenditure budget.

Both Police and Fire anticipate ending 2014 under budget by \$0.7 to \$0.8 million due primarily from salary savings as a result of attrition that is outpacing the hiring of new officers and fire fighters despite an increased use of overtime to cover the vacant positions.



The City Coordinator departments are projecting a net savings of approximately \$1.2 million due in large part to numerous employee vacancies while Public Works expects to over spend by approximately \$957,000 due primarily to cost overruns associated with snow plowing during the snow emergency events in the first several months of 2014. Other departments within the General Fund expect to be within a few percentage points of the current budget by year end with \$3.0 million left in the contingency after transferring \$1.0 million to Public Works for graffiti cleanup.

**City of Minneapolis
General Fund
September 30, 2014**

	Original Budget	Revised Budget	YTD Actual	Percent of Revised Budget Remaining	Projected YE Totals	Variance Budget vs Projected	Projected YE as Percent of Revised Budget
Revenues:							
Property Taxes	159,526,000	162,326,000	83,999,460	48%	162,350,000	24,000	100%
Local Taxes	72,212,000	72,212,000	46,853,334	35%	72,506,000	294,000	100%
State Aids	80,760,425	80,760,425	71,421,685	12%	81,450,000	689,575	101%
Charges for Services	44,042,834	44,042,834	33,359,302	24%	45,000,000	957,166	102%
Franchise Fees	26,900,000	26,900,000	23,514,874	13%	31,350,000	4,450,000	117%
Licenses and Permits	36,349,558	36,349,558	36,448,566	0%	41,250,000	4,900,442	113%
Fines and Forfeits	7,893,000	7,893,000	5,013,072	36%	7,020,000	(873,000)	89%
Special Assessments	3,254,250	3,254,250	1,650,454	49%	3,182,000	(72,250)	98%
Investment Income	1,600,000	1,600,000	1,361,838	15%	1,600,000	-	100%
Other Shared Taxes	538,244	538,244	349,430	35%	538,300	56	100%
Other Miscellaneous	5,487,770	2,687,770	2,398,395	11%	2,688,000	230	100%
Contributions	840,000	840,000	717,381	15%	850,000	10,000	101%
Total Revenues	439,404,081	439,404,081	307,087,792	30%	449,784,300	10,380,219	102%
Transfers In	2,323,200	2,323,200	1,742,400	25%	2,323,200	-	100%
Revenues and Other Sources	441,727,281	441,727,281	308,830,192	70%	452,107,500	10,380,219	102%
Expenditures :							
Police	143,292,615	143,292,615	100,003,658	30%	142,592,615	700,000	100%
Fire	59,015,853	59,015,853	41,681,697	29%	58,215,000	800,853	99%
Human Resources	6,986,224	7,807,552	5,465,961	30%	7,300,000	507,552	93%
Finance and Property Services	21,876,679	22,056,679	15,074,594	32%	21,964,747	91,932	100%
911	8,131,838	8,131,838	5,936,301	27%	8,131,838	-	100%
311	3,540,223	3,602,223	2,508,743	30%	3,602,223	-	100%
City Coordinator	2,191,677	2,191,677	1,417,406	35%	2,191,677	-	100%
Intergov Relations	1,633,658	1,633,658	1,065,530	35%	1,498,206	135,452	92%
Communications	2,189,887	2,189,887	1,640,001	25%	2,170,000	19,887	99%
Emergency Management	717,039	883,999	675,614	24%	841,000	42,999	95%
Neighbrhd and Comm Rel	1,039,000	1,039,000	720,894	31%	1,001,191	37,809	96%
Information Technology	725,000	824,594	299,644	64%	450,000	374,594	55%
Coordinator - Total	49,031,225	50,361,107	34,804,687	31%	49,150,882	1,210,225	98%
Trans Plan and Design	4,930,931	3,645,931	2,025,303	44%	2,070,000	1,575,931	57%
Trans Maint and Repair	30,253,386	31,253,386	25,535,857	18%	33,700,000	(2,446,614)	108%
Administration	2,975,098	2,975,098	2,025,869	32%	2,975,098	-	100%
Traf and Parkng Srvcs	15,448,184	15,483,184	11,337,420	27%	15,569,353	(86,169)	101%
Public Works - Total	53,607,599	53,357,599	40,924,449	23%	54,314,451	(956,852)	102%
Regulatory Services	15,783,805	15,819,063	11,534,046	27%	15,684,241	134,822	99%
Attorney	8,675,256	8,743,676	5,837,508	33%	8,300,000	443,676	95%
City Council & City Clerk	8,541,168	9,165,861	6,713,725	27%	9,652,692	(486,831)	105%
Culture and Recreation -Library	3,238,000	3,238,000	1,619,122	50%	3,238,000	-	100%
Contingency	4,000,000	3,000,000	-	100%	-	3,000,000	0%
Assessor	4,628,603	4,628,603	3,237,690	30%	4,466,603	162,000	97%
CPED	30,111,442	29,931,442	21,591,633	28%	29,000,000	931,442	97%
Health	7,402,549	7,402,549	5,202,180	30%	7,397,386	5,163	100%
Civil Rights	2,879,506	3,019,506	2,016,995	33%	2,918,856	100,650	97%
Mayor	1,696,755	1,696,755	1,353,393	20%	1,796,755	(100,000)	106%
Internal Audit	491,487	491,487	75,533	85%	170,000	321,487	35%
General Revenues	200,000	-	-	0%	-	-	0%
Total Expenditures	392,595,863	393,164,116	276,596,315	30%	386,897,481	6,266,635	98%
Transfers Out	73,698,940	73,698,940	46,591,355	37%	73,698,940	-	100%
Expenditures and Other Uses	466,294,803	466,863,056	323,187,670	31%	460,596,421	6,266,635	98.66%
Change in Fund Balance			(14,357,477)		(8,488,921)		
Fund Balance - January 1, 2014					96,970,153		
Fund Balance - December 31, 2014					88,481,232		

Convention Center Special Revenue Fund Report Quarter Ending September 30, 2014

The Convention Center Special Revenue Fund is used to account for the maintenance, operation and marketing of the City-owned Convention Center and related facilities. The Convention Center was created to foster and generate economic growth and vitality by providing facilities and services for conventions, trade shows, exhibits, meetings, and cultural, religious, and sporting events; all of which benefit and showcase the City, the metropolitan region, and the State of Minnesota.

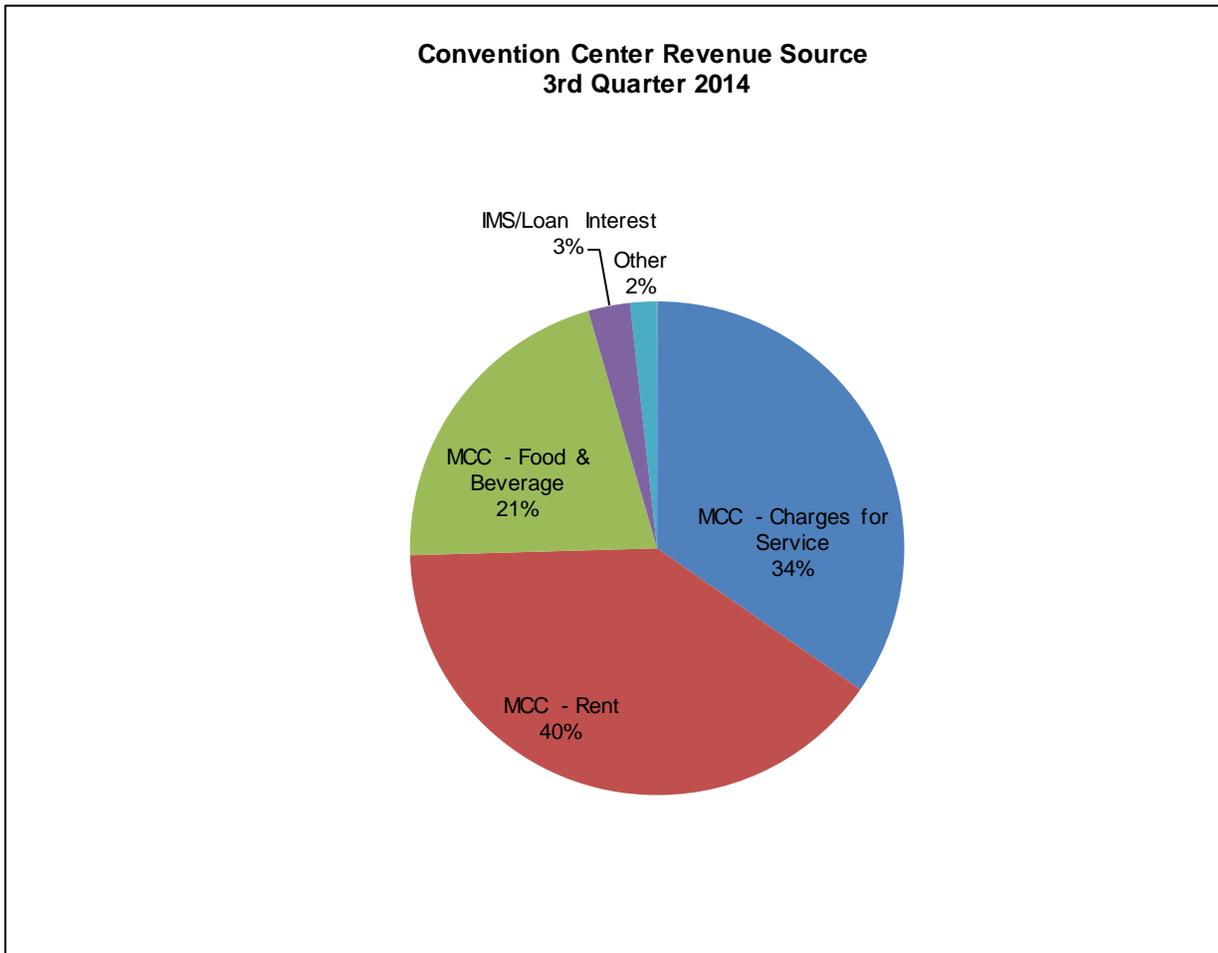
Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity was historically funded from local sales and hospitality tax receipts and Convention Center operating revenue. Beginning in 2014, the local sales taxes are received directly to the General Fund, and a transfer is being made from the General Fund to the Convention Center to fully fund Convention Center operating and non-operating expenditures. In addition, a portion of the entertainment tax is being received directly to the Arena Fund (Target Center) to fully credit the Target Center for the entertainment taxes generated from their events.

Operating Revenue

Through the 3rd quarter of 2014, operating revenue ended at nearly \$13.5 million or 84% of the \$16.0 million budget. Rents and Commissions had the strongest finish at approximately \$5.6 million or 80% of budget followed by Charges for Services and Sales at nearly \$4.9 million or 85% of budget, and lastly Catering Commissions at nearly \$3 million or 89% of budget.



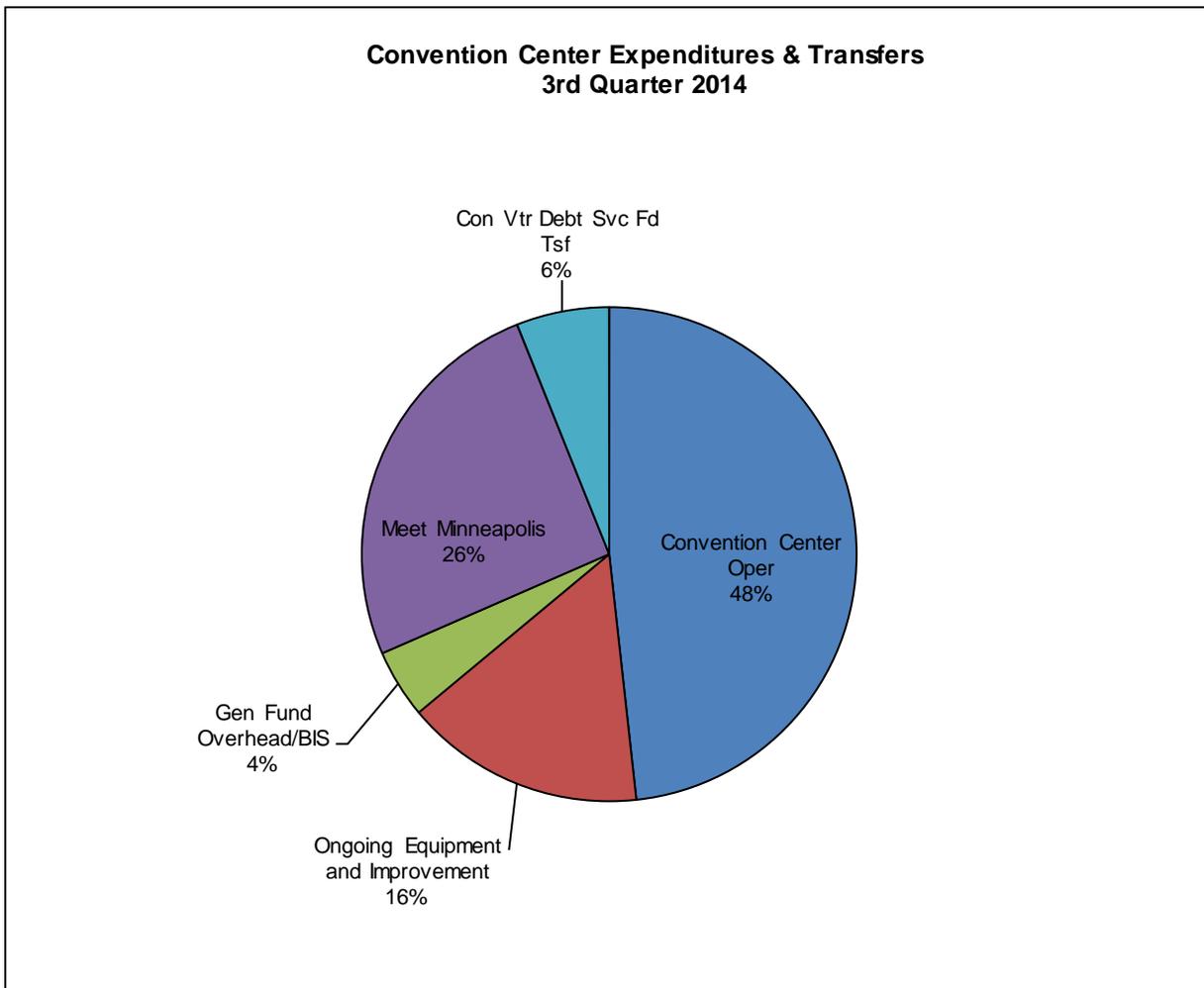
The Convention Center continues to discount rents to be competitive, and through September 30, 2014, the Convention Center hosted 261 events with over 850,000 attendees. For year-end, the Convention Center projects 347 events with over 900,000 attendees and revenues close to budget. Economic impact to the community as a result of events in 2014 is estimated to be approximately \$463 million.

Operating Expenditures

Through the 3rd quarter of 2014, Convention Center operating expenses, not including Ongoing Equipment and Improvement, IT, and General Fund Overhead, were at \$17.8 million or 75% of budget. Projections indicate the Convention Center will come in at budget considering the event mix and volume of events. The Convention Center continues to work on its ‘no waste’ initiative as well as further enhancements to the energy efficiency practices that were put in place in 2009. The ongoing management of operating expenses includes a variety of cost containment activities:

- Reduction in energy and water consumption
- Identifying and implementing operating efficiencies
- Managing overtime

The Convention Center anticipates meeting its budget target in ongoing equipment and improvements, and is currently working on much needed projects such as an interior refresh, building a new Visitor Information Center, escalator replacement, exterior door replacement, carpet replacement, and restroom/locker room remodeling. The LED lighting in Halls B, C, D, and E has been completed, and the Convention Center received a \$244,000 rebate from Excel Energy which was recorded in July.



Transfers

The Convention Center Fund annually transfers funds for debt service, in addition to receiving a transfer from the General Fund. In 2014, transfers for debt service for debt issued for the building and building domes are budgeted in total at nearly \$18.9 million. The building debt is expected to be paid off in 2020. The transfer from the General Fund is budgeted at nearly \$46.6 million to fully fund Convention Center operating and non-operating expenditures.

Meet Minneapolis

Meet Minneapolis is projected to finish 2014 at nearly \$9.5 million which is \$125,000 under budget as a result of Meet Minneapolis receiving \$375,000 of their \$500,000 budgeted incentive.

Fund Balance

The 2014 ending fund balance is projected to be approximately \$54.9 million, which is nearly \$468,000 over budget and a decrease of nearly \$5.2 million from 2013. The decrease in fund balance can be largely attributed to the local taxes being receipted directly to the General Fund and planned uses of fund balance.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

	2014				2013 Actual
	Budget	Actual	Percent of Total	Year End Projection	
REVENUE					
Operating Revenue:					
Charges for Services and Sales	5,720,000	4,883,633	85%	5,710,000	5,788,479
Rents and Commissions	6,980,000	5,618,539	80%	6,890,000	7,238,370
Catering Commissions	3,300,000	2,951,690	89%	3,400,000	3,223,301
Total Operating Revenue	16,000,000	13,453,862	84%	16,000,000	16,250,150
Tax Revenue:					
Sales and Use Tax	-	-	-	-	32,597,593
Food Tax	-	-	-	-	11,873,549
Liquor Tax	-	-	-	-	5,087,224
Lodging Tax	-	-	-	-	6,749,003
Total Tax Revenue	-	-	-	-	56,307,369
Other Non Operating Revenue:					
Investment Management Services Interest	360,671	221,881	62%	390,000	(63,530)
Meet Minneapolis (iDSS) Loan Interest	214,631	164,129	76%	214,631	265,132
Other	-	246,888	-	246,900	193,075
Total Other Non Operating Revenue	575,302	632,898	110%	851,531	394,677
Total Non Operating Revenue	575,302	632,898	110%	851,531	56,702,046
Total Revenue	16,575,302	14,086,760	85%	16,851,531	72,952,196
EXPENDITURES					
Convention Center Operations	23,702,960	17,804,013	75%	23,698,540	21,916,626
Ongoing Equipment and Improvement	14,468,436	5,800,729	40%	14,400,000	5,719,781
General Fund Overhead/IT Operating	2,201,459	1,651,812	75%	2,201,459	1,939,054
Meet Minneapolis	9,585,573	9,410,072	98%	9,460,573	8,767,258
Capital Improvements - Domes	-	-	-	-	375,804
Total Expenditures	49,958,428	34,666,626	69%	49,760,572	38,718,523
Excess of Revenues Over (Under) Expenditures	(33,383,126)	(20,579,866)	62%	(32,909,041)	34,233,673
OTHER FINANCING SOURCES (USES)					
General Fund Transfer - Operating Subsidy	46,593,000	34,944,750	75%	46,593,000	-
General Fund Transfer - Mounted Patrol, Econ Dev	-	-	-	-	(5,250,000)
Convention Ctr Debt Service Transfer	(18,861,125)	(2,239,870)	12%	(18,861,125)	(17,351,543)
Municipal Parking Enterprise Fund Transfer	-	-	-	-	(4,729,200)
Total Other Financing Sources (Uses)	27,731,875	32,704,880	118%	27,731,875	(27,330,743)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,651,251)	12,125,014		(5,177,166)	6,902,930
Fund Balance - January 1	60,127,716	60,127,716		60,127,716	53,224,786
Ending Fund Balance	54,478,465	72,252,730		54,950,550	60,127,716
Ending Cash Balance		65,852,554		44,338,387	49,515,553

**CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2014**

	<u>2014</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES:			
Interest		-	-
Total revenues	-	-	-
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Transfer from Convention Center	-	-	-
Transfer to Convention Center	-	-	-
Transfers within special revenue funds	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund Balance - January 1	5,400,450	5,400,450	5,400,450
Ending Fund Balance	<u>5,400,450</u>	<u>5,400,450</u>	<u>5,400,450</u>
Ending Cash Balance	<u>5,400,450</u>	<u>5,400,450</u>	<u>5,400,450</u>

Arena Fund Q3 2014 Report

The Arena Fund (Target Center) is used to account for the on-going equipment and improvements, maintenance, operating support, and other specific expenditures related to the facility. The Target Center is home to the Minnesota Timberwolves and the Minnesota Lynx, and also hosts a wide variety of events such as concerts, circuses, and motor sport and ice events which showcase the City of Minneapolis, the metropolitan region, and the State of Minnesota. The Arena operator is AEG Management MN, LLC (AEG).

Revenue

Arena Fund activity was historically funded from entertainment tax, a transfer from the Parking Fund, and a reimbursement from tax increment revenues for eligible capital improvements. In 2014, a new revenue source was added in which the tenant is paying rent. The 2014 rent payment was \$1.35 million. The Target Center's portion of entertainment taxes (the remainder goes to the General Fund) are being receipted directly to the Arena Fund (Target Center) to fully credit the Target Center for the entertainment taxes generated from its events. Record ticket sales for a series of Garth Brooks concerts to be held in November are projected to generate increased entertainment taxes for deposit to the Arena Fund. This increased revenue is reflected in the projected entertainment tax for 2014.

Expenditures

The Arena Fund has an ongoing equipment and improvements budget of nearly \$5.6 million which includes a 2013 to 2014 rollover of obligated but unspent funds of \$437,000. Work is currently underway on projects such as movable floor controls, concession stand remodeling, elevator modernization, catering kitchen remodeling, and domestic water and waste lines. Capital expenditures through the third quarter were \$1.6 million and will total \$3 million by year end, slightly below budget. It is anticipated that \$1.3 million will be encumbered and rolled into 2015. The Arena Fund is the source for the Arena operating support payment to AEG. The maximum operator reimbursement for 2014 is \$1.45 million. As of the end of the third quarter, no operating support had been requested by AEG. The first operating support payment will be made in October in the amount of \$975,000.

Preliminary costs relating to the renovation of the Arena have been accounted for in the Arena Fund. As of the third quarter these costs totaled \$1.8 million. These costs are to be reimbursed from proceeds of renovation bonds that are to be issued. As of December 31, 2014, if the reimbursement has not occurred, these costs will be transferred and held in a fund separate from the Arena Fund.

Transfers

The Arena Fund receives an annual transfer from the Parking Fund. The 2014 budgeted transfer is \$3.3 million. The transfers are on schedule, and it is expected that the transfer will meet the 2014 budget.

Debt Service

As of September 30, 2014, \$48.3 million of the general obligation tax increment bonds issued to fund the acquisition of the Target Center, and subsequently refunded, remains outstanding. It is anticipated that the debt will be retired in full in 2025. This debt is payable from tax increment revenue generated from eligible tax increment districts. Based on current revenue projections, there will be sufficient tax increment to pay all debt service on the bonds. The tax increment and debt payments are accounted for in CPED Funds and included in the quarterly report for the CPED Special Revenue Funds.

Fund Balance

The 2014 ending fund balance is projected to be nearly \$8.5 million, which is an increase of \$1.85 million from 2013. The increase in fund balance can be largely attributed to a combination of new rental income and a reduction in capital improvement costs.

**ARENA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2014**

	2014			2013
	Budget	Actual	2014 Projected	Actual
REVENUES:				
Entertainment Tax	1,275,000	1,275,000	1,635,000	1,225,788
Rents & Commissions	-	1,350,000	1,350,000	-
Sales - Equipment	-	-	-	3,240
Interest	-	27,495	41,243	1,562
Total revenues	1,275,000	2,652,495	3,026,243	1,230,590
OTHER FINANCING SOURCES (USES):				
Target Center Operations	(1,527,689)	(1,015,980)	(1,535,824)	(1,782,907)
Target Center Capital	(5,841,335)	(1,586,692)	(2,961,632)	(5,308,520)
Renovation Costs to be Reimbursed from Future Bond Proceeds	-	(1,789,170)	-	-
General Fund Transfer	-	-	-	89,000
Municipal Parking Enterprise Fund	3,323,006	2,492,354	3,323,006	3,129,132
Transfer from Tax Incremental Funds	-	-	-	3,766,000
Total other financing sources (uses)	(4,046,018)	(1,899,488)	(1,174,450)	(107,295)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,771,018)	753,007	1,851,792	1,123,295
Fund Balance - January 1	6,690,957	6,690,957	6,690,957	5,567,662
Ending Fund Balance	3,919,939	7,443,964	8,542,749	6,690,957
Ending Cash Balance		8,418,500	9,494,704	7,642,912

City of Minneapolis
Regulatory Services Special Revenue Fund
Quarter Ending September 30, 2014

The Regulatory Services Special Revenue Fund accounts for the City's nuisance building abatement efforts and is primarily managed by the Regulatory Services Department with the assistance of the Finance & Property Services Department. The Fund is used not only for the abatement of buildings that have been deemed to be in a nuisance condition pursuant to Minn. Stat. ch 249 but also for removal of nuisance conditions. Property owners are charged to recover the costs of these activities and all recovered costs are credited back to this fund. In 2013 the Construction Code Services department of Regulatory Services was transferred to Community Planning and Economic Development (CPED). A portion of the activities in the Regulatory Services Special Revenue Fund are now managed by CPED.

Historical Financial Performance

The City established this fund in 2008, and through 2013, it accumulated a fund balance of \$5.5 million. This balance is the result of various initiatives in previous years and the availability of grant funds to pay for certain eligible expenses. Both of these revenue sources are not projected to continue, leaving special assessments and direct property owner charges as the only sources of revenue for this fund. These resources will face challenges in 2014 and beyond, including lower than expected assessment collections.

Revenues

Revenues for the Regulatory Services Special Revenue Fund have been declining since 2011. The total revenue budgeted for 2014 is \$ 4.2 million; \$3.7 million of this is from special assessments. Through the 3rd quarter of 2014, \$2.3 million in revenue had been received compared to \$2.4 million through September of 2013. Year-end projections for 2014 revenue are \$4.0 million, or approximately \$200,000 under budget. Revenue in future years is projected to decline by 5 to 10% annually. The department has planned for this anticipated decline.

Expenditures

Expenditures for the Regulatory Services Special Revenue Fund include services such as demolitions, board-ups, nuisance grass cutting, nuisance tree removals, and nuisance rubbish removal. Through the 3rd quarter of 2014, \$2.6 million had been expended which is the same through the same period in 2013. The projected 2014 year end expenditures are expected to be \$3.7 million, approximately \$1.4 million under budget due to savings realized by not performing demolitions that were budgeted for but were determined to not be necessary.

Fund Balance

Based on the 2014 Projections, the Fund Balance at year end is expected to be \$5.8 million, a \$340,000 increase from 2013 year end. Based on declining revenue projections and some new initiatives going forward, the Fund Balance is expected to continue to decline in future years.

City of Minneapolis
Regulatory Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For Third Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012
Revenue						
Permits and Charges for Services	538,000	500,000	403,499	475,854	407,020	631,385
Special Assessments	3,697,000	3,547,000	1,856,050	3,570,576	2,029,354	3,942,360
Other			24,627	6,992	12,919	
Total Revenue	4,235,000	4,047,000	2,284,176	4,053,422	2,449,293	4,573,745
Expenditures						
Regulatory Services	4,604,319	3,407,000	2,420,210	3,373,537	2,411,529	4,844,357
Community & Economic Development	500,000	300,000	182,240	268,835	210,420	
Total Expenditures	5,104,319	3,707,000	2,602,450	3,642,372	2,621,949	4,844,357
Excess of Revenues Over (Under) Expenditures	(869,319)	340,000	(318,274)	411,050	(172,656)	(270,612)
Other Financing Sources (Uses)						
Net transfers in from other funds						5,477,991
Net transfers out to other funds				(168)		
Total Other Financing Sources (Uses)	-	-	-	(168)	-	5,477,991
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(869,319)	340,000	(318,274)	410,882	(172,656)	5,207,379
Significant Balance Sheet Items:						
Cash Balance		5,926,272	5,267,998	5,494,985	5,122,328	5,141,091
Fund Balance		5,810,905	5,152,631	5,470,905	5,034,723	5,207,379

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending September 30, 2014

The City receives a number of federal and state 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 September 30, expenditures were \$10,640,073 compared to the 2013 expenditures of \$15,081,099. The 2013 expenditures are higher compared to the current year due to the Recovery grants that were awarded in 2009 and 2010 that have ended in 2013. Community Planning and Economic Development (CPED) expenditures declined significantly from 2013 due to the end of the Neighborhood Stabilization grant funds from prior years. Emergency Management has also experienced a decline in the number and amount of Homeland Security grants. The Police Department has received fewer Bomb Disposal Grants and the amount of the Justice Assistance Grants (JAG) has decreased from prior years.

HUD Consolidated Plan Funds (01400 & 01500)

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 September 30 were \$9,929,887 compared to \$12,895,810 in 2013. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards have declined until 2012. Beginning June 1, 2012 the award was \$3.1 million less than the prior year. Since that time the allocation has remained around \$10 million.

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 has previously reprogrammed 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 \$1,930,104 has been reprogrammed resulting in a current deficit balance of \$4,237,453. During the 2014 budget process, eligible tax increment revenues were identified to pay down this remaining deficit in 2015.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of September 30, 2014 are \$16,446,681 compared to the 2013 expenditures of \$20,216,353. The revenue in the fund as of September 30, 2014 and 2013 is \$17,017,244 and

\$20,517,344, respectively. The 2010 Minnesota State Legislature approved a \$14M grant to the City of Minneapolis to fund the renovation of Orchestra Hall. The grant was expended in 2012 and 2013 contributing to the higher revenues and expenditures in 2013

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 Fund 04100, the Permanent Improvement Capital Projects fund.

Special Revenue Funds
Grant Funds
Quarter Ending September 30, 2014

	Federal Grants 01300	HUD Grants 01400&01500	Grants Other 01600	Total
Assets				
Cash and cash equivalents	\$ (4,308,386)	\$ 334,648	\$ 2,083,949	\$ (1,889,789)
Accounts - net	33,576	21,620	10,322	65,518
Special Assessments Receivable				-
Intergovernmental Receivables	681,412		83,995	765,407
Loans Receivable				-
Prepaid Expense				-
Due from Other Funds				-
Deposits with Fiscal Agents				-
Properties held for resale	1,375,555	6,036,821	1,199,750	8,612,126
Total Assets	\$ (2,217,843)	\$ 6,393,089	\$ 3,378,016	\$ 7,553,262
Liabilities				
Salaries payable	\$ 119,710	\$ 129,383	\$ 131,270	\$ 380,363
Accounts payable	642,595	39,797	27,791	710,183
Inter Governmental Payables				-
Due to Other Funds				-
Use Taxes Payable	(708)			(708)
Unclaimed Property				-
Deposits held for others				-
Deferred revenue & Contracts	5,828		76,076	81,904
Deferred Special Assessments				-
Total Liabilities	\$ 767,425	\$ 169,180	\$ 235,137	\$ 1,171,742
Fund Balance	\$ (2,985,268)	\$ 6,223,909	\$ 3,142,879	\$ 6,381,520
Total Liabilities and Fund Balance	\$ (2,217,843)	\$ 6,393,089	\$ 3,378,016	\$ 7,553,262
Revenue				
Taxes-Charitable Gambling			\$ 122,279	\$ 122,279
Grants and Shared Revenues	\$ 5,609,980	\$ 9,075,846	15,471,824	30,157,650
Loan Origination Fees		2,000		2,000
Special Assessments		11,751		11,751
Private Contributions			892,829	892,829
Charges for Services		405	515,589	515,994
Licenses & Permits				-
Fines and forfeits				-
Interest		51,364		51,364
Rent & Commissions		4,994		4,994
Sale of Lands & Buildings	31,038	742,691		773,729
Loan Recapture	584,055	212,678	(631)	796,102
Sale of Equipment				-
Refund of Prior Years Expended				-
Miscellaneous Revenue	54,177	15,248	15,354	84,779
Transfer within Special Revenue Fund				-
Total Revenue	\$ 6,279,250	\$ 10,116,977	\$ 17,017,244	\$ 33,413,471
Expenditures	\$ 10,640,073	\$ 9,929,887	\$ 16,446,681	\$ 37,016,641
Revenues Over (Under) Expenditures	\$ (4,360,823)	\$ 187,090	\$ 570,563	\$ (3,603,170)

CDBG Program Year 40
Beginning June 1, 2014
September 30, 2014

Project	Adopted Budget 2013R-572	Adjustment Amount Council 5/9/14	Final HUD Allocation Council 5/9/14	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014			
									Current Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
Lead Reduction	\$ 52,300.00	\$ 8,700.00	\$ 61,000.00	\$ -	\$ -	\$ -	\$ -	\$ 61,000.00	\$ -	\$ -	\$ 61,000.00	
Adult Training, Placement and Retention	1,247,500.00	-	1,247,500.00	-	-	-	-	1,247,500.00	-	-	1,247,500.00	
High density corridor housing	492,000.00	87,000.00	579,000.00	-	-	-	-	579,000.00	-	-	579,000.00	
NEDF/CEDF (Great Streets)	123,100.00	(100.00)	123,000.00	-	-	-	-	123,000.00	-	-	123,000.00	
Multi-Family/Affordable Housing	2,467,000.00	810,540.00	3,277,540.00	-	-	-	-	3,277,540.00	-	-	3,277,540.00	
Owner Occupied Rehab	-	-	-	1,115,000.00	¹	-	-	1,115,000.00	-	-	1,115,000.00	
Vacant & Boarded Housing	1,433,400.00	319,600.00	1,753,000.00	856,000.00	¹	-	-	2,609,000.00	-	-	2,609,000.00	
Subtotal Capital Grants	<u>\$ 5,815,300.00</u>	<u>\$ 1,225,740.00</u>	<u>\$ 7,041,040.00</u>	<u>\$ 1,971,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,012,040.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,012,040.00</u>	
Public Service Grants:												
Community Crime Prevention Specialists	\$ 746,300.00	\$ 150,700.00	\$ 897,000.00	\$ -	\$ -	\$ -	\$ -	\$ 897,000.00	\$ 280,328.00	\$ 280,328.00	\$ 616,672.00	
Domestic Abuse Project	50,000.00	25,000.00	75,000.00	-	-	-	-	75,000.00	-	-	75,000.00	
Juvenile Supervisor Center	100,000.00	-	100,000.00	-	-	-	-	100,000.00	26,551.00	26,551.00	73,449.00	
Way to Grow	155,000.00	57,000.00	212,000.00	-	-	-	-	212,000.00	-	-	212,000.00	
Youth Employment & Training	209,000.00	44,000.00	253,000.00	-	-	-	-	253,000.00	253,000.00	253,000.00	-	
Subtotal Public Service Grants	<u>\$ 1,260,300.00</u>	<u>\$ 276,700.00</u>	<u>\$ 1,537,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,537,000.00</u>	<u>\$ 559,879.00</u>	<u>\$ 559,879.00</u>	<u>\$ 977,121.00</u>	
Administrative Grants:												
YCB Administration	\$ 66,000.00	\$ (1,197)	\$ 64,803.00	\$ -	\$ -	\$ -	\$ -	\$ 64,803.00	\$ -	\$ -	\$ 64,803.00	
Civil Rights Dept Fair Housing	307,600.00	27,400.00	335,000.00	-	-	-	-	335,000.00	-	-	335,000.00	
Finance Administration	165,300.00	14,700.00	180,000.00	-	-	-	-	180,000.00	-	-	180,000.00	
Problem Properties Board Bldg	88,100.00	-	88,100.00	-	-	-	-	88,100.00	-	-	88,100.00	
Grants & Special Projects	160,100.00	14,900.00	175,000.00	-	-	-	-	175,000.00	-	-	175,000.00	
Housing Discrimination Law Project-Legal Air	40,100.00	-	40,100.00	-	-	-	-	40,100.00	3,343.00	3,343.00	36,757.00	
Access & Outreach (Multicultural Affairs)	102,000.00	-	102,000.00	-	-	-	-	102,000.00	-	-	102,000.00	
Grant Administration	57,000.00	5,000.00	62,000.00	-	-	-	-	62,000.00	-	-	62,000.00	
Legal Aid Mid-Minnesota	24,700.00	-	24,700.00	-	-	-	-	24,700.00	2,058.00	2,058.00	22,642.00	
Way to Grow Administration	14,000.00	1,000.00	15,000.00	-	-	-	-	15,000.00	-	-	15,000.00	
YCB Youth Violence Prevention	145,000.00	13,000.00	158,000.00	-	-	-	-	158,000.00	-	-	158,000.00	
CDBG Planning Admin	836,500.00	63,307.00	899,807.00	147,000.00	¹	-	-	1,046,807.00	134,368.00	134,368.00	912,439.00	
Subtotal Administrative Grants	<u>\$ 2,006,400.00</u>	<u>\$ 138,110.00</u>	<u>\$ 2,144,510.00</u>	<u>\$ 147,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,291,510.00</u>	<u>\$ 139,769.00</u>	<u>\$ 139,769.00</u>	<u>\$ 2,151,741</u>	
Subtotal Administrative Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
GRAND TOTAL	<u><u>\$ 9,082,000.00</u></u>	<u><u>\$ 1,640,550.00</u></u>	<u><u>\$ 10,722,550.00</u></u>	<u><u>\$ 2,118,000.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,840,550.00</u></u>	<u><u>\$ 699,648.00</u></u>	<u><u>\$ 699,648.00</u></u>	<u><u>\$ 12,140,902.00</u></u>	

CDBG Program Year 39
Beginning June 1, 2013
September 30, 2014

Project	Adopted Budget 2012R-654	Adjusted Amount Final HUD	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014			
									Current Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
Problem Properties Board Bldg	\$ 103,700	\$ -	\$ 103,700	\$ -	\$ -	\$ -	\$ -	\$ 103,700	\$ 72,229	\$ 110,995	\$ (7,295)	
Lead Reduction	61,500	-	61,500	-	-	-	-	61,500	-	-	61,500	
Adult Training, Placement and Retention	1,467,600	237,898	1,705,498	-	-	-	-	1,705,498	1,052,728	1,455,406	250,092	
High density corridor housing	578,769	-	578,769	-	-	-	-	578,769	-	-	578,769	
NEDF/CEDF (Great Streets)	10,726	-	10,726	-	-	-	-	10,726	-	-	10,726	
Multi-Family/Affordable Housing	2,966,776	-	2,966,776	-	-	-	-	2,966,776	63,894	63,894	2,902,882	
Vacant & Boarded Housing	1,753,430	-	1,753,430	-	-	-	-	1,753,430	888,521	1,673,223	80,207	
Subtotal Capital Grants	<u>\$ 6,942,501</u>	<u>\$ 237,898.00</u>	<u>\$ 7,180,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,180,399</u>	<u>\$ 2,077,372</u>	<u>\$ 3,303,518</u>	<u>\$ 3,876,881</u>	
Public Service Grants:												
Community Crime Prevention Specialists	\$ 876,600	\$ 20,415	\$ 897,015	\$ -	\$ -	\$ -	\$ -	\$ 897,015	\$ 440,899	\$ 897,015	\$ -	
Access & Outreach (Multicultural Affairs)	120,000	-	120,000	-	-	-	-	120,000	50,634	50,634	69,366	
Domestic Abuse Project	59,500	15,500	75,000	-	-	-	-	75,000	67,250	67,250	7,750	
Juvenile Supervisor Center	100,000	-	100,000	-	-	-	-	100,000	48,271	100,000	-	
Way to Grow	192,600	19,400	212,000	-	-	-	-	212,000	149,090	212,000	-	
Youth Employment & Training	250,900	2,100	253,000	-	-	-	-	253,000	246,620	252,915	85	
Subtotal Public Service Grants	<u>\$ 1,599,600</u>	<u>\$ 57,415</u>	<u>\$ 1,657,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,657,015</u>	<u>\$ 1,002,764</u>	<u>\$ 1,579,814</u>	<u>\$ 77,201</u>	
Administrative Grants:												
YCB Administration	\$ 65,400	\$ 600	\$ 66,000	\$ -	\$ -	\$ -	\$ -	\$ 66,000	\$ -	\$ 64,803	\$ 1,197	
Civil Rights Dept Fair Housing	361,900	3,100	365,000	-	-	-	-	365,000	33,821	33,821	331,179	
Finance Administration	194,400	1,600	196,000	-	-	-	-	196,000	-	-	196,000	
Grants & Special Projects	188,400	1,600	190,000	-	-	-	-	190,000	94,240	94,240	95,760	
Housing Discrimination Law Project-Legal Ai	47,229	6,771	54,000	-	-	-	-	54,000	22,500	54,000	-	
Grant Administration	67,400	-	67,400	-	-	-	-	67,400	34,453	34,453	32,947	
Legal Aid Mid-Minnesota	29,060	4,940	34,000	-	-	-	-	34,000	17,824	34,000	-	
Neighborhood Services	71,400	-	71,400	-	-	-	-	71,400	28,011	67,155	4,245	
Way to Grow Administration	15,900	1,600	17,500	-	-	-	-	17,500	14,316	17,500	-	
YCB Youth Violence Prevention	100,200	10,500	110,700	-	-	-	-	110,700	92,570	93,501	17,199	
CDBG Planning Admin	984,060	53,293	1,037,353	-	-	-	-	1,037,353	597,733	1,030,228	7,125	
Subtotal Administrative Grants	<u>\$ 2,125,349</u>	<u>\$ 84,004</u>	<u>\$ 2,209,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,209,353</u>	<u>\$ 935,468</u>	<u>\$ 1,523,701</u>	<u>\$ 685,652</u>	
Subtotal Administrative Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
GRAND TOTAL	<u>\$ 10,667,450</u>	<u>\$ 379,317.00</u>	<u>\$ 11,046,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,046,767</u>	<u>\$ 4,015,604</u>	<u>\$ 6,407,033</u>	<u>\$ 4,639,734</u>	

CDBG Program Year 38
Beginning June 1, 2012
September 30, 2014

Project	Adopted Budget 2011R-659	Reduction Amount Final HUD	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2014		
							Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
Lead Reduction	\$ 62,000	\$ (500)	\$ 61,500	\$ -	\$ -	\$ 61,500	\$ 3,306	\$ 13,283	\$ 48,217
Problem Properties Board Bldg	104,600	(900)	103,700	-	-	103,700	-	103,700	-
Adult Training, Placement and Retention	1,480,000	(12,400)	1,467,600	-	-	1,467,600	-	1,467,600	-
High density corridor housing	583,669	(4,900)	578,769	-	-	578,769	-	-	578,769
Commercial Property Investment	139,000	(1,200)	137,800	-	-	137,800	-	-	137,800
NEDF/CEDF (Great Streets)	41,000	(300)	40,700	-	-	40,700	44,878	45,045	(4,345)
Multi-Family/Affordable Housing	2,991,876	(25,100)	2,966,776	-	-	2,966,776	59,081	1,638,394	1,328,382
Vacant & Boarded Housing	1,599,056	(13,400)	1,585,656	-	-	1,585,656	(6,189)	1,585,656	-
Subtotal Capital Grants	\$ 7,001,201	\$ (58,700)	\$ 6,942,501	\$ -	\$ -	\$ 6,942,501	\$ 101,076	\$ 4,853,678	\$ 2,088,823
Public Service Grants:									
Community Crime Prevention Specialists	\$ 884,000	\$ (7,400)	\$ 876,600	\$ -	\$ -	\$ 876,600	\$ -	\$ 876,600	\$ -
Domestic Abuse Project	60,000	(500)	59,500	-	-	59,500	-	59,500	-
Juvenile Supervisor Center	100,000	-	100,000	-	-	100,000	-	100,000	-
Way to Grow	195,000	(2,400)	192,600	-	-	192,600	100	192,600	-
Youth Employment & Training	253,000	(2,100)	250,900	-	-	250,900	-	250,900	-
Subtotal Public Service Grants	\$ 1,492,000	\$ (12,400)	\$ 1,479,600	\$ -	\$ -	\$ 1,479,600	\$ 100	\$ 1,479,600	\$ -
Administrative Grants:									
YCB Administration	\$ 66,000	\$ (600)	\$ 65,400	\$ -	\$ (597)	\$ 64,803	\$ -	\$ 64,803	\$ -
Civil Rights Dept Fair Housing	365,000	(3,100)	361,900	-	-	361,900	166,377	380,280	(18,380)
Finance Administration	196,000	(1,600)	194,400	-	-	194,400	127,531	156,530	37,870
Grants & Special Projects	190,000	(1,600)	188,400	-	-	188,400	35,726	188,400	-
Housing Discrimination Law Project-Legal Ai	47,740	(511)	47,229	-	-	47,229	-	47,229	-
Access & Outreach (Multicultural Affairs)	121,000	(1,000)	120,000	-	-	120,000	46,914	120,000	-
Grant Administration	68,000	(600)	67,400	-	-	67,400	19,689	67,400	-
Legal Aid Mid-Minnesota	-	-	-	29,060	-	29,060	4,843	29,060	-
Neighborhood Services	72,000	(600)	71,400	-	-	71,400	-	71,400	-
Way to Grow Administration	16,000	(100)	15,900	-	-	15,900	-	15,900	-
YCB Youth Violence Prevention	101,000	(800)	100,200	-	-	100,200	(52)	100,200	-
Legal Aid Society	29,260	(200)	29,060	(29,060)	-	-	-	-	-
CDBG Planning Program Admin	992,360	(8,300)	984,060	-	-	984,060	272	984,060	-
Subtotal Administrative Grants	\$ 2,264,360	\$ (19,011)	\$ 2,245,349	\$ -	\$ (597)	\$ 2,244,752	\$ 401,300	\$ 2,225,262	\$ 19,490
Block E Deficit Reduction:									
YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ 597.00	\$ 597.00	\$ -	\$ -	\$ 597
Subtotal Administrative Grants	\$ -	\$ -	\$ -	\$ -	\$ 597	\$ 597	\$ -	\$ -	\$ 597
GRAND TOTAL	\$ 10,757,561	\$ (90,111)	\$ 10,667,450	\$ -	\$ -	\$ 10,667,450	\$ 502,476	\$ 8,558,540	\$ 2,108,910

**CDBG Program Year 37
Beginning June 1, 2011
September 30, 2014**

Project	Adopted Budget 2010R-598	Reduction Amount 2011R-301	Amended Budget 2011R-301	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014			
									Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
General Housing Rehabilitation-MPHA	\$ 110,000	\$ (110,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Problem Properties Attorneys	38,000	(7,617)	30,383	-	-	-	-	30,383	-	-	30,383	-
Personal Protective Equipment	584,000	-	584,000	-	-	-	-	584,000	-	-	584,000	-
Problem Properties Police	53,000	(10,624)	42,376	-	-	-	-	42,376	-	-	42,376	-
Lead Reduction	125,000	(25,057)	99,943	-	-	-	-	99,943	24,562	-	31,466	68,477
Problem Properties Board Bldg	348,000	(186,823)	161,177	-	-	-	-	161,177	-	-	161,177	-
Adult Training, Placement and Retention	1,255,000	(141,570)	1,113,430	-	-	-	-	1,113,430	-	-	1,113,430	-
High density corridor housing	730,000	(146,331)	583,669	-	-	-	-	583,669	222,738	-	300,930	282,739
NonProfit MF Rental Development Assistar	166,000	(33,275)	132,725	-	-	-	-	132,725	-	-	-	132,725
NEDF/CEDF (Great Streets)	1,127,000	(225,912)	901,088	-	-	-	-	901,088	-	-	-	901,088
Homeownership Program (GMMHC)	34,000	(6,815)	27,185	-	-	-	-	27,185	-	-	-	27,185
Multi-Family/Affordable Housing	3,411,189	(683,786)	2,727,403	-	-	-	-	2,727,403	372,239	-	2,699,394	28,009
Vacant & Boarded Housing	1,782,000	(357,209)	1,424,791	-	-	-	-	1,424,791	-	-	1,424,791	-
Subtotal Capital Grants	\$ 9,763,189	\$ (1,935,019)	\$ 7,828,170	\$ -	\$ -	\$ -	\$ -	\$ 7,828,170	\$ 619,539	\$ -	\$ 6,387,947	\$ 1,440,223
Public Service Grants:												
Restorative Justice Programs	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -
Community Crime Prevention Specialists	934,386	(50,000.00)	884,386	-	-	-	-	884,386	-	-	884,386	-
Access & Outreach (Multicultural Affairs)	121,000	-	121,000	-	-	-	-	121,000	-	-	121,000	-
PHAC: Living at Home Block Nurse Program	75,000	-	75,000	-	-	(75,000)	-	-	-	-	-	-
Curfew/Truancy Center	100,000	-	100,000	-	-	-	-	100,000	-	-	100,000	-
Domestic Abuse Project	75,000	-	75,000	-	-	-	-	75,000	-	-	75,000	-
	250,000	(259,563.00)	(9,563)	-	-	-	-	-	-	-	-	-
PHAC: Hennepin Healthcare	-	-	-	-	-	-	-	30,000	-	-	30,000	-
PHAC: Holy Rosary Church	-	-	-	-	-	-	-	50,000	-	-	50,000	-
PHAC: MPLS American Indian	-	-	-	-	-	-	-	30,000	-	-	30,000	-
PHAC: MPS Teenage Parenting & Pregnanc	75,000	-	75,000	-	-	(66,762)	-	8,238	-	-	8,238	-
PHAC: SE Asian Community Council	-	-	-	-	-	-	-	22,199	-	-	22,199	-
Way to Grow	262,000	(50,000.00)	212,000	-	-	-	-	212,000	-	-	212,000	-
Youth Employment & Training	253,000	\$ -	253,000	-	-	-	-	253,000	-	-	253,000	-
Subtotal Public Service Grants	\$ 2,165,386	\$ (359,563)	\$ 1,805,823	\$ -	\$ -	\$ -	\$ -	\$ 1,805,823	\$ -	\$ -	\$ 1,805,823	\$ -
Administrative Grants:												
YCB Administration	\$ 66,000	\$ -	\$ 66,000	\$ -	\$ -	\$ -	\$ (1,197)	\$ 64,803	\$ -	\$ -	\$ 64,803	\$ -
Civil Rights Dept Fair Housing	365,000	-	365,000	-	-	-	-	365,000	-	-	365,000	-
Finance Administration	196,000	-	196,000	-	-	-	-	196,000	3,966	-	196,000	-
Director of Arts-City Coordinator Adm	28,146	(28,146)	-	-	-	-	-	-	-	-	-	-
MPH Citizen Participation	68,000	-	68,000	-	-	-	-	68,000	-	-	68,000	-
Grants & Special Projects	190,000	-	190,000	-	-	-	-	190,000	-	-	190,000	-
Housing Discrimination Law Project-Legal A	54,000	-	54,000	-	-	-	-	54,000	-	-	54,000	-
Homeless Initiative	77,000	-	77,000	-	-	-	-	77,000	-	-	77,000	-
Grant Administration	68,000	-	68,000	-	-	-	-	68,000	-	-	68,000	-
Neighborhood Services	72,000	-	72,000	-	-	-	-	72,000	-	-	72,000	-
Way to Grow Administration	26,000	-	26,000	-	-	-	-	26,000	-	-	26,000	-
YCB Youth Violence Prevention	121,000	(20,000)	101,000	-	-	-	-	101,000	-	-	101,000	-
Legal Aid Society	34,000	-	34,000	-	-	-	-	34,000	-	-	34,000	-
Program Admin	100,000	-	100,000	-	-	-	-	100,000	-	-	100,000	-
Planning - Administration	1,045,854	\$ (54,356.00)	991,498	-	-	-	-	991,498	-	-	991,498	-
Subtotal Administrative Grants	\$ 2,511,000	\$ (102,502)	\$ 2,408,498	\$ -	\$ -	\$ -	\$ (1,197)	\$ 2,407,301	\$ 3,966	\$ -	\$ 2,407,301	\$ -
Block E Deficit Reduction:												
YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ -	\$ 1,197
	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Administrative Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ -	\$ 1,197
GRAND TOTAL	\$ 14,439,575	\$ (2,397,084)	\$ 12,042,491	\$ -	\$ -	\$ -	\$ -	\$ 12,042,491	\$ 623,505	\$ -	\$ 10,601,071	\$ 1,441,420

CDBG Program Year 36
Beginning June 1, 2010
September 30, 2014

Project	Adopted Budget 2009R-586	Reduction Amount	Amended Budget	Department Actions	Reprogrammed Amounts	Revised Budget	2014		
							Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:									
Problem Properties Attorneys	\$ 38,000		\$ 38,000	\$ -	\$ -	\$ 38,000	\$ -	\$ 38,000	\$ -
Personal Protective Equipment	694,000		694,000	-	-	694,000	2,905	694,000	-
Problem Properties Police	53,000		53,000	-	-	53,000	-	53,000	-
Lead Reduction	125,000		125,000	-	-	125,000	4,229	125,000	-
Problem Properties Board Bldg	348,000		348,000	-	-	348,000	-	348,000	-
Adult Training, Placement and Retention	982,000		982,000	-	-	982,000	-	982,000	-
High density corridor housing	730,000		730,000	-	-	730,000	-	730,000	-
NonProfit MF Rental Development Assistance	166,000		166,000	-	-	166,000	-	-	166,000
NEDF/CEDF	1,500,000		1,500,000	-	-	1,500,000	31,143	354,777	1,145,223
Homeownership Program (GMMHC)	334,000		334,000	-	-	334,000	-	184,634	149,366
Multi-Family/Affordable Housing	3,703,000	308,189	4,011,189	-	-	4,011,189	-	4,011,189	-
Vacant & Boarded Housing	782,000		782,000	-	-	782,000	-	782,000	-
Subtotal Capital Grants	\$ 9,455,000	\$ 308,189	\$ 9,763,189	\$ -	\$ -	\$ 9,763,189	\$ 38,277	\$ 8,302,600	\$ 1,460,589
Public Service Grants:									
Restorative Justice Programs	\$ 20,000		\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000	\$ -
Community Crime Prevention Specialists	880,000	54,386	934,386	-	-	934,386	-	934,386	-
Access & Outreach (Multicultural Affairs)	121,000		121,000	-	-	121,000	-	121,000	-
Living at Home Block Nurse Program	49,000		49,000	87,250	-	136,250	-	136,250	-
Catholic Charities	49,000		49,000	(38,980)	-	10,020	-	10,020	-
Centro Cultural Chicano Inc	33,000		33,000	14,000	-	47,000	-	47,000	-
Curfew/Truancy Center	100,000		100,000	-	-	100,000	-	100,000	-
Greater Minneapolis Council of Churches	26,000		26,000	(26,000)	-	-	-	-	-
Lao Assistance Center of MN	49,000		49,000	(49,000)	-	-	-	-	-
Minnesota International Health Volunteers	49,000		49,000	(5,237)	-	43,763	-	43,763	-
MPS Teenage Parenting & Pregnancy Program	49,000		49,000	(8,928)	-	40,072	-	40,072	-
MPS Teenage Parenting & Pregnancy Program	-		-	42,801	-	42,801	-	42,801	-
Minneapolis Urban League	49,000		49,000	(134)	-	48,866	-	48,866	-
Southside Community Health Ser	47,000		47,000	(15,772)	-	31,228	-	31,228	-
Way to Grow	262,000		262,000	-	-	262,000	-	262,000	-
Youth Employment & Training	328,000		328,000	-	-	328,000	-	328,000	-
Subtotal Public Service Grants	\$ 2,111,000	\$ 54,386	\$ 2,165,386	\$ -	\$ -	\$ 2,165,386	\$ -	\$ 2,165,386	\$ -
Administrative Grants:									
YCB Administration	\$ 66,000		\$ 66,000	\$ -	\$ (1,197)	\$ 64,803	\$ -	\$ 64,803	\$ -
Civil Rights Dept Fair Housing	365,000		365,000	-	-	365,000	-	365,000	-
Finance Administration	196,000		196,000	-	-	196,000	-	196,000	-
MPH Citizen Participation	68,000		68,000	-	-	68,000	-	68,000	-
Grants & Special Projects	190,000		190,000	-	-	190,000	-	190,000	-
Housing Discrimination Law Project-Legal Aid	54,000		54,000	-	-	54,000	-	54,000	-
Homeless Initiative	77,000		77,000	-	-	77,000	-	77,000	-
Grant Administration	68,000		68,000	-	-	68,000	-	68,000	-
Neighborhood Services	72,000		72,000	-	-	72,000	-	72,000	-
Way to Grow Administration	26,000		26,000	-	-	26,000	-	26,000	-
YCB Youth Violence Prevention	121,000		121,000	-	-	121,000	-	121,000	-
Citizen Participation	233,000		233,000	-	(66,095)	166,905	-	92,854	74,051
Legal Aid Society	34,000		34,000	-	-	34,000	-	34,000	-
Planning - Administration	941,000		941,000	-	-	941,000	-	941,000	-
Subtotal Administrative Grants	\$ 2,511,000	\$ -	\$ 2,511,000	\$ -	\$ (67,292)	\$ 2,443,708	\$ -	\$ 2,369,657	\$ 74,051
Block E Deficit Reduction:									
G4123YCB36-YCB Administration	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -	\$ -	\$ 1,197
G4890CP36-Citizen Participation	\$ -	\$ -	\$ -	\$ -	\$ 66,095	\$ 66,095	\$ -	\$ -	\$ 66,095
Subtotal Administrative Grants	\$ -	\$ -	\$ -	\$ -	\$ 67,292	\$ 67,292	\$ -	\$ -	\$ 67,292
GRAND TOTAL	\$ 14,077,000	\$ 362,575	\$ 14,439,575	\$ -	\$ -	\$ 14,439,575	\$ 38,277	\$ 12,837,643	\$ 1,601,932

CDBG Program Year 35
Beginning June 1, 2009
September 30, 2014

Project	Adopted Budget	Reduction Amount	Amended Budget	Program Income	Council Actions	Department Actions	Reprogrammed Amounts	Revised Budget	2014			
									Current Year Expenditures	Grant to Date Expenditures	Remaining Grant Budget	
Capital Grants:												
General Housing Rehabilitation-MPHA	\$ 219,000	\$ -	\$ 219,000	\$ -	\$ -	\$ -	\$ -	\$ 219,000	\$ -	\$ 219,000	\$ -	
Problem Properties Attorneys	38,000	-	38,000	-	-	-	-	38,000	-	38,000	-	
Problem Properties Police	53,000	-	53,000	-	-	-	-	53,000	-	53,000	-	
Lead Reduction	125,000	-	125,000	-	-	-	-	125,000	-	125,000	-	
Problem Properties Board Bldg	348,000	-	348,000	-	-	-	-	348,000	-	348,000	-	
Childcare Facilities Loan/Grant	225,000	-	225,000	-	-	-	-	225,000	621	13,191	211,809	
Adult Training, Placement and Retention	511,000	-	511,000	-	-	-	-	511,000	-	511,000	-	
High density corridor housing	730,000	-	730,000	-	-	-	-	730,000	-	730,000	-	
NonProfit MF Rental Development Assistance	166,000	-	166,000	-	-	-	-	166,000	10,000	113,727	52,273	
Homeownership Program (GMMHC)	334,000	-	334,000	1,472,000	-	-	-	1,806,000	-	972,444	833,556	
Multi-Family/Affordable Housing	5,715,000	-	5,715,000	2,014,000	-	-	-	7,729,000	-	7,729,000	-	
Vacant & Boarded Housing	569,000	-	569,000	500,000	-	-	-	1,069,000	-	1,069,000	-	
Subtotal Capital Grants	\$ 9,033,000	\$ -	\$ 9,033,000	\$ 3,986,000	\$ -	\$ -	\$ -	\$ 13,019,000	\$ 10,621	\$ 11,921,362	\$ 1,097,638	
Public Service Grants:												
Multi Cultural & Native American Indian	\$ 121,000	\$ -	\$ 121,000	\$ -	\$ -	\$ -	\$ -	\$ 121,000	\$ -	\$ 121,000	\$ -	
Graffiti Removal on Public Property	86,000	-	86,000	-	-	-	(19,527) ³	66,473	-	66,473	-	
Living at Home Block Nurse Program	69,000	-	69,000	-	-	20,000	-	89,000	-	89,000	-	
Catholic Charities	69,000	-	69,000	-	-	(3,562)	-	65,438	-	65,438	-	
Centro Cultural Chicano Inc	47,000	-	47,000	-	-	-	-	47,000	-	47,000	-	
Greater Minneapolis Council of Churches	36,000	-	36,000	-	-	(23,518)	-	12,482	-	12,482	-	
Juvenile Supervision Center	100,000	-	100,000	-	-	-	-	100,000	-	100,000	-	
Lao Family Community	69,000	-	69,000	-	-	(22,815)	-	46,185	-	46,185	-	
Minnesota International Health Volunteers	69,000	-	69,000	-	-	(2,180)	-	66,820	-	66,820	-	
MPS Teenage Parenting & Pregnancy Program	69,000	-	69,000	-	-	16,075	-	85,075	-	85,075	-	
Minneapolis Urban League	69,000	-	69,000	-	-	16,000	-	85,000	-	85,000	-	
Southside Community Health Services	66,000	-	66,000	-	-	-	-	66,000	-	66,000	-	
Way to Grow	262,000	-	262,000	-	-	-	-	262,000	-	262,000	-	
Youth are Here Busses	51,000	-	51,000	-	-	-	(51,000) ³	-	-	-	-	
Advocacy (Housing)	82,000	-	82,000	-	-	-	-	82,000	-	81,999	1	
Mortgage Foreclosure Prevention Program	140,000	-	140,000	-	-	-	-	140,000	-	137,000	3,000	
Youth Employment & Training	458,000	-	458,000	-	-	-	-	458,000	-	458,000	-	
Subtotal Public Service Grants	\$ 1,863,000	\$ -	\$ 1,863,000	\$ -	\$ -	\$ -	\$ (70,527)	\$ 1,792,473	\$ -	\$ 1,789,472	\$ 3,001	
Administrative Grants:												
MPH Citizen Participation	\$ 68,000	\$ -	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ 68,000	\$ -	\$ 68,000	\$ -	
YCB Administration	66,000	-	66,000	-	-	-	(1,197) ³	64,803	-	64,803	-	
Civil Rights Dept Fair Housing	365,000	-	365,000	-	-	-	-	365,000	-	365,000	-	
Grants & Special Projects	189,710	-	189,710	-	-	-	-	189,710	(3,280)	189,710	-	
Housing Discrimination Law Project-Legal Aid	54,000	-	54,000	-	-	-	-	54,000	-	54,000	-	
Homeless Initiative	77,000	-	77,000	-	-	-	-	77,000	-	77,000	-	
Finance Administration	196,000	-	196,000	-	-	-	-	196,000	-	196,000	-	
Grant Administration	68,000	-	68,000	-	-	-	-	68,000	-	68,000	-	
Neighborhood Services	72,000	-	72,000	-	-	-	-	72,000	-	72,000	-	
Way to Grow Administration	26,000	-	26,000	-	-	-	-	26,000	-	26,000	-	
YCB Youth Violence Prevention	121,000	-	121,000	-	-	-	-	121,000	-	121,000	-	
Citizen Participation	233,000	-	233,000	-	-	-	-	233,000	-	233,000	-	
Legal Aid Society	34,000	-	34,000	-	-	-	-	34,000	-	34,000	-	
Program Admin	62,000	-	62,000	-	-	-	-	62,000	-	62,000	-	
Planning - Administration	879,000	-	879,000	-	-	-	-	879,000	-	879,000	-	
Subtotal Administrative Grants	\$ 2,510,710	\$ -	\$ 2,510,710	\$ -	\$ -	\$ -	\$ (1,197)	\$ 2,509,513	\$ (3,280)	\$ 2,509,513	\$ -	
Block E Deficit Reduction:												
Graffiti Removal on Public Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,527 ³	\$ 19,527	\$ -	\$ -	\$ 19,527	
YCB Administration	-	-	-	-	-	-	1,197 ³	1,197	-	-	1,197	
Youth are Here Busses	-	-	-	-	-	-	51,000 ³	51,000	-	-	51,000	
Subtotal Reprogrammed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,724	\$ 71,724	\$ -	\$ -	\$ 71,724	
GRAND TOTAL	\$ 13,406,710	\$ -	\$ 13,406,710	\$ 3,986,000	\$ -	\$ -	\$ -	\$ 17,392,710	\$ 7,341	\$ 16,220,347	\$ 1,172,363	

City of Minneapolis
Community Planning & Economic Development (CPED)
Special Revenue Funds
For the Third Quarter Ending September 30, 2014

	<u>Original Budget</u>	<u>Current Budget</u>	<u>Expended</u>	<u>Remaining Budget</u>	<u>Cash</u>	<u>Fund Balance</u>
Tax Increment Financing (TIF) Prog	50,682,510	61,411,224	34,738,221	26,673,003	95,465,482	125,011,848
Housing & Economic Development	1,985,926	8,096,093	974,061	7,122,032	10,283,272	13,128,528
Development Accounts	9,471,378	13,919,678	5,424,790	8,494,888	17,972,866	25,604,965
Neighborhood Revitalization Prog (NRP)	2,055,912	10,747,428	3,611,283	7,136,145	33,519,512	34,060,398
Preliminary Planning	-	-	(895)	895	(1,389,483)	(1,152,714)
CPED Operating	2,875,162	2,875,162	2,338,552	536,610	(3,256,771)	(4,775,516)
Total	67,070,888	97,049,585	47,086,012	49,963,573	152,594,878	191,877,509

CPED Special Revenue Funds account for governmental fund proceeds that are typically legally restricted to expenditures for specific purposes in a series of housing and economic development programs. The range of programs operated within this fund was created to increase the City's economic competitiveness, to ensure an array of attractive housing choices, to support strong and diverse neighborhoods and to preserve our historic structures. These programs are financed primarily through state and local grants, tax increment financing, and administrative fees collected from the issuance of housing and economic revenue bonds.

Fund Balance: The fund balance in the combined CPED Special Revenue Fund as of the third quarter 2014 is \$191,877,509. A portion of that fund balance, including prepaid expenses, advances, and property held for development, is in a non-spendable form in the amount of \$37,267,851. Fund balances in the NRP and TIF programs (\$130,132,653) are restricted by State law. A portion of the fund balance (\$125,000) is committed to the Accelerated Infrastructure Program. The remaining fund balance (\$24,352,005) has been assigned for use in specific purposes. All special revenue funds are restricted to the legal purposes of the special revenue.

A comparison of the current year to 2013 indicates that the fund balance was higher in 2013 than 2014 by \$2.8 million and the available cash was \$4.8 million higher in 2013. When the third quarter cash balances of the NRP and TIF programs are deducted, the remaining cash balance in 2014 is \$4 million higher than 2013, which is driven in part by reduced deficits in the Preliminary Planning and CPED Operating funds due to shifts to the General Fund, and increased cash in the Development Account.

Tax Increment Financing: This program accounts for financial resources used for the acquisition and betterment of land and facilities in designated areas of the City. Authorized under Minnesota Statutes, Section 469.174 – 469.1799, as amended, this is a major financing tool available to the City to assist in the development and redevelopment of property within the City that would not occur “but for” this tool.

The primary source of revenue for this program is the property tax increment, which represents the taxes generated from the new, incremental value of specific development. Generally this revenue is used to pay outstanding bonds and notes. Tax increment revenues of the program are segregated by district and are restricted in how they may be used under State law.

Cash held in tax increment funds was reduced in third quarter 2014 compared to third quarter 2013 by \$6 million as a result, in part, of the prepayment of certain tax increment debt from fund balances. First half tax increment collections are received in the third quarter of each year. Revenues increased from the third quarter 2013 to 2014 primarily as a result of Consolidated TIF District being restored to its original size. Expenditures increased from third quarter 2013 to 2014 by \$3.5 million, primarily as a result of transfers of Consolidated TIF revenue from CPED to NCR funds. It is projected that sufficient tax increment revenues will be available to pay future obligations. The revenues in this program are restricted in their use by State law.

Housing and Economic Development: Beginning in 2014, that portion of the Housing and Economic Development program activities previously funded through administrative fees generated by the City through the issuance of conduit debt, specifically housing and industrial revenue bonds, is financed through the City's General Fund. Simultaneously, those administrative fees are deposited to the City's General Fund. This will ensure a continuing revenue source for the program without fluctuations due to economic conditions that impact the City's housing or business climate, and further aligns the revenues with their appropriate accounting designations. The level of revenues and expenditures in this program was correspondingly reduced from the prior year.

Development Account: The Development Account program provides loans and grants to outside organizations within the City to assist commercial and housing development as well as interim loans to CPED projects and other City purposes. Program assistance is directed to commercial, job-creation, and housing activities.

The program is capitalized with residual equities such as land sale proceeds, parking revenues and rental income from development projects and UDAG and other loan payments not part of the Housing and Economic Development program.

Revenues increased by \$1.1 million over the prior year. This increase in revenues was attributable to various impacts, including loan repayments and transfers. Expenditures stayed consistent from the prior year. A capital advance in the amount of \$2.75 million was made to fund preliminary planning activities relating to the streetcar, to be repaid from revenues generated from the Streetcar Value Capture fund.

Neighborhood Revitalization Program: This program was established in 1990 and focuses on the delivery of City services, including housing and commercial development loans and subsidies, to individual neighborhoods based on the priorities set by the people who live and work in those neighborhoods.

The program is funded from tax increment and other revenues of the City's Common Project. From 1990 through 2011, the program was administered by the NRP Policy Board, a board established under State law and a joint powers agreement between the City, County, School District, Park Board and Library Board. In 2012 after the joint powers agreement expired, the program came under the management of the City's Neighborhood and Community Relations Department. The revenues remaining in this program are restricted in their use by State law.

Third quarter revenues generated from the receipt of loan repayments increased by \$141,000 and expenditures decreased by \$860,000 from the prior year.

Preliminary Planning: The Preliminary Planning program was established to account for and finance preliminary expenditures relating to new projects, whether those projects will eventually be established as TI districts, will be funded through another mechanism, or it is determined it is not feasible to undertake.

Beginning in 2014, the Preliminary Planning program is funded from the City's General Fund. This will eliminate future deficits in the program.

At the end of 2013 a deficit existed in the program in the amount of \$(1,982,453). As of the third quarter 2014, the deficit has been reduced by \$830,000, leaving a remaining deficit of \$(1,152,714) that continues to be paid down through transfers from other funds.

CPED Operating: This program provides the working capital for CPED's administrative costs. The program also provides financing for projects not eligible for CPED's restrictive revenue sources. At the end of 2013, a deficit fund balance existed in the program in the amount of \$(6,534,555). As of the third quarter 2014, that deficit has been reduced to \$(4,775,516), a reduction of \$1.8 million. The difference in the deficit between current revenues and current expenditures decreased approximately \$1.3 million from third quarter 2013 to 2014. This ongoing structural deficit is addressed by increasing the General Fund appropriation in 2014.

Deficit Work-out Plans. Multi-year Workout Plans for deficit balances in the Preliminary Planning and CPED Operating programs were developed and approved by CPED directors as part of the 2012 budget process.

For both programs, the deficit in 2011 was spread over a 5-year period. In each year, the available, unrestricted CPED revenues were to be used to pay 20 percent of the original deficit plus the actual deficit from the prior year-end. As an example, a \$5 million deficit in a program would be paid down each year by \$1 million. In addition to the \$1 million payment, any current deficit from the immediate prior year would also be paid in the subsequent year. Therefore if the current year deficit was \$350,000, the total deficit reduction payment would be \$1,350,000. After the 5-year period, the only deficits remaining would be from the immediately prior year and available, unrestricted revenues would be used to pay that then current deficit.

In 2012 and 2013, portions of the 5-year deficit reduction plan for the two programs, along with the prior year's current deficit were successfully implemented. The 2014 budget included the third year payments of these work-out plans and, as of the third quarter, the payments have been applied.

CPED Special Revenue Fund	TIF	Housing & Econ Development	Development Account	NRP	Preliminary Planning	CPED Operating	Spec Rev Fund	
							2014 Total	2013 Total
Assets								
Cash	95,465,482	10,283,272	17,972,866	33,519,512	(1,389,483)	(3,256,771)	152,594,878	157,395,859
Misc receivables	345,132	24,188	105,667	79,963	(4,133)	45,174	595,991	785,975
Loans receivable	-	7,929,228	-	-	-	-	7,929,228	8,294,470
Advances to other funds	7,408,000	10,000	3,600,000	-	-	-	11,018,000	8,268,000
Properties held for resale	28,443,891	4,145,096	3,930,698	495,702	242,464	-	37,257,851	38,222,308
Total Assets	131,662,505	22,391,784	25,609,231	34,095,177	(1,151,152)	(3,211,597)	209,395,948	212,966,612
Liabilities								
Payables	74,133	7,868	(10,454)	2,000	3,328	699,445	776,320	1,068,401
Advances from other funds	6,438,000	1,220,000	-	-	-	600,000	8,258,000	8,258,000
Deferred inflow of resources	138,524	8,035,388	14,720	32,779	(1,766)	264,474	8,484,119	8,939,561
Total Liabilities	6,650,657	9,263,256	4,266	34,779	1,562	1,563,919	17,518,439	18,265,962
Total Fund Balance	125,011,848	13,128,528	25,604,965	34,060,398	(1,152,714)	(4,775,516)	191,877,509	194,700,650
Total Liabilities & FB	131,662,505	22,391,784	25,609,231	34,095,177	(1,151,152)	(3,211,597)	209,395,948	212,966,612
Revenue								
Property tax increment	21,956,861	-	-	-	-	-	21,956,861	18,476,643
Fees & charges for services	275,243	234,817	46,862	-	15,000	1,336,228	1,908,150	4,748,021
Interest revenue	358,104	24,228	65,954	132,627	(5,836)	31,233	606,310	195,295
Rent	2,396,290	1	-	-	-	2,000	2,398,291	583,523
Sale of land & buildings	20,898	-	132,606	-	-	-	153,504	2,497,020
Loan recapture	140,578	358,063	1,153,249	586,077	-	-	2,237,967	2,860,492
Total revenue	25,147,974	617,109	1,398,671	718,704	9,164	1,369,461	29,261,083	29,360,994
Expenditures								
Personal services	235,715	126,878	162,064	628	(895)	185,059	709,449	2,498,420
Contractual services	843,422	176,665	914,182	2,878,213	-	2,148,763	6,961,245	10,368,955
Other operating costs	479,529	41,257	172,713	-	-	4,730	698,229	1,536,055
Program capital outlay	10,675,429	629,261	225,831	529,235	-	-	12,059,756	10,692,368
Total expenditures	12,234,095	974,061	1,474,790	3,408,076	(895)	2,338,552	20,428,679	25,095,798
Transfers								
Transfers from other funds	-	458,350	33,720	-	819,680	2,728,130	4,039,880	3,141,662
Transfers to other funds	(22,504,126)	-	(3,950,000)	(203,207)	-	-	(26,657,333)	(20,564,177)
Total transfers	(22,504,126)	458,350	(3,916,280)	(203,207)	819,680	2,728,130	(22,617,453)	(17,422,515)
Change in fund balance	(9,590,247)	101,398	(3,992,399)	(2,892,579)	829,739	1,759,039	(13,785,049)	(13,157,319)
Beginning fund balance	134,602,095	13,027,130	29,597,364	36,952,977	(1,982,453)	(6,534,555)	205,662,558	207,857,969
Ending fund balance	125,011,848	13,128,528	25,604,965	34,060,398	(1,152,714)	(4,775,516)	191,877,509	194,700,650

**City of Minneapolis
Engineering, Materials, and Testing
For the Third Quarter ending September 30, 2014**

Fund 06000	2014 Budget	09/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	1,802,927	1,088,328	1,560,000	1,865,267
Operating Expense	1,944,107	1,118,936	1,795,000	1,449,151
Operating Margin	(141,180)	(30,608)	(235,000)	416,116
Change in Net Position		(30,608)	(235,000)	412,458
Net Position		1,943,903	1,919,511	1,974,511
Cash Balance		2,698,206	1,919,730	2,125,050

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 accounts for 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 third quarter 2014 is \$1,088,328, or 60.4% of the budgeted amount of \$1,802,927 and represents a decrease of 28.3% over the third quarter 2013 revenue of \$1,518,437. Revenue for asphalt and concrete is recorded as overhead charged on the products, or the difference between the cost of the product and the sale price charged to the customer. The revenue earned through third quarter 2014 is less than the amount earned through third quarter 2013 due to a decrease of 37.5% in the overhead rate applied to procurement and sale of asphalt and concrete. In addition, the fund decreased the rates charged for inspection services and laboratory testing in 2014.

Expense:

Operating expense through third quarter 2014 is \$1,118,936, or 57.6% of the budgeted amount of \$1,944,107. The expense budget received an appropriation increase of \$180,000 for the purchase of a drill rig. Net position of the fund is the source of funding for the rig. The 2014 expense through third quarter reflects a slight increase of 4.5% over the 2013 expense of \$1,071,187 incurred through the same period. The increase is primarily due to an increase in personnel expense resulting from additional staff hired to perform test work.

Transfers:

This fund does not have any transfers in or out in 2014.

Debt Service:

This fund does not have any debt obligations.

Forecast:

Operating revenue is projected to be \$1.56 million or approximately \$243,000 less than the budgeted amount of \$1.80 million. The decrease in revenue is due to an intentional reduction to the overhead rates applied to asphalt, concrete, and inspection services. The decrease in rates occurred because of a City wide increase in construction projects that resulted in an increase in the volume of products and services provided by the department. Operating expense is projected to be \$1.80 million which is

\$149,100 less than the budgeted amount of \$1.94 million. The expense appropriation for Materials, Supplies, Services, Other was increased by \$180,000 due to a Council adopted resolution to purchase a drilling rig to assist in the testing process. The fund's net position will be the source of the funding and the drill rig will be capitalized in this fund as a fixed asset. These projections result in a 2014 decrease to net position of \$235,000 which is \$93,820 less than the budgeted decrease to net position of \$141,180. The projected ending net position is \$1,919,511. Ending cash is projected to be \$1,919,730 a decrease of \$205,320 from the 2013 ending cash balance of \$2,125,050.

Cash and Net Position

The 2014 third quarter cash balance is \$2,698,206, a decrease of \$78,019 from the 2013 third quarter cash balance of \$2,776,225. The decrease in cash through third quarter is due to the reduction in the overhead rates charged on asphalt, concrete and engineering lab services. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15% of the operating budget or \$0.2 million.

The 2013 year-end net position is \$1,974,511 which represents an increase of \$390,145 from the 2012 ending balance of \$1,584,366. The increase in net position is primarily due to the increase in the volume of construction work in 2013 and the related revenues generated. The financial policy for the net position for this fund determines that net position not be less than 15% of the annual operating budget or \$0.2 million.

City of Minneapolis
Engineering, Materials and Testing Fund
Statement of Revenues and Expenses
For Third Quarter/Years, Ending 2014, 2013, and 2012

	Budget Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Asphalt / Concrete	400,000	360,000	258,392	484,086	430,635	520,855	435,687
Inspection revenue	1,402,927	1,200,000	829,936	1,381,181	1,087,802	1,468,013	1,137,077
Total Operating Revenues	1,802,927	1,560,000	1,088,328	1,865,267	1,518,437	1,988,868	1,572,764
Operating Expenses:							
Personnel	1,208,533	1,150,000	806,071	950,073	714,875	811,234	592,532
Contractual	458,050	386,902	256,835	397,066	280,604	446,859	340,836
Materials, Supplies, Services, Other ¹	264,426	245,000	46,206	88,914	65,884	55,504	43,302
Rent	13,098	13,098	9,824	13,098	9,824	6,909	5,182
Total Operating Expenses	1,944,107	1,795,000	1,118,936	1,449,151	1,071,187	1,320,506	981,852
Operating Margin	(141,180)	(235,000)	(30,608)	416,116	447,250	668,362	590,912
Non-Operating Revenues/(Expenses):							
Other revenue	-	-	-	20	-	-	-
Depreciation	-	-	-	(3,678)	(3,009)	(4,012)	(3,009)
Total Non-Operating Revenues(Expenses)	-	-	-	(3,658)	(3,009)	(4,012)	(3,009)
Operating Transfers In (Out):							
Net transfers in from other funds	-	-	-	-	-	-	-
Net Transfers out to other funds	-	-	-	-	-	(195,000)	(146,250)
Total Operating Transfers	-	-	-	-	-	(195,000)	(146,250)
Change in Net Position	(141,180)	(235,000)	(30,608)	412,458	444,241	469,350	441,653
Significant Balance Sheet Items							
Cash Balance		1,919,730	2,698,206	2,125,050	2,776,225	1,745,678	2,388,634
Net Position		1,919,511	1,943,903	1,974,511	2,028,607	1,584,366	

¹The 2014 budget and projection for Materials, Supplies, Services, Other includes a Council approved expense of \$180,000 for a drilling rig that will be capitalized as a fixed asset of the fund. The source of funding is net position.

**City of Minneapolis
Fleet Services Division
For the Third Quarter Ending September 30, 2014**

Fund 06100	2014 Budget	09/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	37,878,908	27,955,671	37,200,000	42,820,766
Operating Expense	27,525,422	18,823,494	25,824,597	34,198,858
Operating Margin	10,353,486	9,132,177	11,375,403	8,621,908
Change in Net Position		5,515,444	6,206,933	12,657,695
Net Position		55,577,317	56,268,806	50,061,873
Cash Balance		23,539,859	20,310,000	18,893,919

Program Description:

The Fleet Services Fund manages the acquisition, maintenance and disposal of 1,900 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment as well as the drivers and operators for the equipment that is used in construction and snow removal. In addition, the fund manages the dispatch of City-owned and contractual equipment.

Revenue:

Operating revenue earned through third quarter 2014 is \$27,955,671 or 73.8% of the budgeted amount of \$37,878,908. The revenue earned through third quarter 2014 decreased by \$4,569,223, or 14.0%, from the revenue earned through third quarter 2013. The rates for rental equipment and operators are calculated through an activity based cost 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. Last year, the division charged an hourly rate for drivers and operators as part of the allocation model. In 2014 those employees are budgeted directly in the departments utilizing them, resulting in decreased rent revenue. This decrease is offset by a decrease in expense as noted below.

Expenses:

Operating expense through third quarter 2014 totaled \$18,823,494, representing 68.4% of the annual budgeted amount of \$27,525,426. Expenses through the third quarter of 2014 decreased \$7,152,996 or 27.5%, over the total expense through the same period in 2013. This decrease is largely attributed to the decrease in employees assigned to the fund. The number of FTEs budgeted and paid from Fleet Services decreased from 156 in 2013 to 78 in 2014. This decrease is due to the transfer of drivers and operators out of Fleet and directly into the other Public Works departments that use the drivers and operators.

Transfers:

In 2014 this fund will receive a transfer in of \$1,288,580 to fund vehicle purchases as part of the Capital Asset Request System (CARS). This transfer is intended to bridge the gap created by the purchase of new vehicles that, due to changes in technology or needs, are more expensive than the vehicles they are replacing. In 2013, this fund received a transfer of \$8,315,000 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.

Debt Service:

Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility will total \$1,990,000 in 2014. Interest payments related to the 2014 debt will total \$517,050. Beginning in 2007, the financial plan eliminated the sale of bonds to finance

equipment purchases. The fund is scheduled for a principal payment of a \$9.3 million in 2018. This debt is expected to be restructured, enabling the principal payments to be completed over four years.

Forecast:

Operating revenue is projected to be \$37.2 million which is 1.8% less than the budgeted amount of \$37.9 million. An increase in rental revenue for more expensive, new vehicles put in service during the year as well as increased usage from snow storms in the first part of 2014 increased rent revenue. This increase in rent revenue is offset by a decrease in the revenues received from the repair and maintenance of vehicles and revenues received from the sale of fuel. Operating expense is projected to be \$25.8 million or 6.2% less than the budgeted amount of \$27.5 million. Materials expense is expected to be less than budgeted primarily due to the amount expensed for fuel purchases is less than the amount budgeted. Fuel is no longer sold to one outside vendor that was included in the budget, so both revenue and expense from that activity decreased. After transfers are complete and non-operating revenue is recorded, an increase to net position of \$6.2 million is projected compared to the budgeted increase of \$5.5 million, resulting in a projected ending net position of \$56,268,806. The projected increase in net position compared to the amount budgeted is primarily due to the decrease in operating expense in the Materials, Supplies, and Services cost category. Ending cash is projected to be \$20,310,000, an increase of \$1,416,081 from the 2013 ending cash balance of \$18,893,919. All asset purchases are paid for with cash.

Cash and Net Position:

The fund has maintained a positive cash balance with a third quarter 2014 ending balance of \$23,539,859, an increase of \$3,442,916 from the 2013 third quarter ending balance of \$20,096,943. Reserve policies for internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or \$4.1 million for 2014 for Fleet Services Division. While cash reserves at the end of third quarter 2014 are significantly higher than the minimum target, there are no future scheduled transfers in to assist with the payment of the remaining principal and interest on debt totaling \$19,619,350. Additionally, the fund pays cash for all equipment purchases and recovers the cost over the life of the vehicle.

The net position for year ending 2013 was \$50,061,873, an increase of \$12,862,367, or 34.5% over the 2012 ending balance of \$37,199,506. The increase in net position is due to the large transfer in to cover debt expense through 2018 as well as the capital contribution of \$1.6 million for assets capitalized in Fleet Services Fund but paid for by grants or other funds. Net position consists of a net investment in capital assets of \$34,327,528 along with \$15,734,345 of unrestricted net position.

City of Minneapolis
Fleet Services Division Fund
Statement of Revenue and Expenses
For Third Quarter Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Charges for Services and Sales	20,484,862	17,600,000	13,108,502	18,402,815	13,456,028	17,089,648	12,869,602
Rent Public Works and Other	17,394,046	19,600,000	14,847,169	24,417,951	19,068,866	24,584,396	18,133,153
Total Operating Revenue	37,878,908	37,200,000	27,955,671	42,820,766	32,524,894	41,674,044	31,002,755
Operating Expenses:							
Personnel Services	7,580,105	7,300,000	5,364,244	12,932,221	10,490,838	13,856,783	10,363,571
Contractual Services	7,731,680	7,500,000	5,467,806	9,385,741	6,978,472	9,545,442	6,838,099
Materials, supplies, services and other	11,289,040	10,100,000	7,297,996	10,913,325	7,781,502	9,671,822	7,121,792
Rent	924,597	924,597	693,448	967,571	725,678	965,350	724,012
Total Operating Expenses	27,525,422	25,824,597	18,823,494	34,198,858	25,976,490	34,039,397	25,047,474
Operating Margin	10,353,486	11,375,403	9,132,177	8,621,908	6,548,404	7,634,647	5,955,281
Non-Operating Revenues/(Expenses):							
Interest on Bonds	(517,050)	(517,050)	(387,788)	(595,507)	(480,431)	(522,632)	(573,563)
Gains/Losses on disposal of fixed assets	300,000	250,000	180,800	340,385	181,740	232,662	76,587
Reimbursements for vehicle purchases	624,000	300,000	-	491,917	97,454	554,741	-
Other revenue	-	10,000	6,809	32,920	28,552	124,825	22,909
Depreciation	(6,500,000)	(6,500,000)	(4,382,993)	(6,150,969)	(4,545,969)	(6,423,656)	(4,833,882)
Total Non-Operating Revenues(Expenses)	(6,093,050)	(6,457,050)	(4,583,171)	(5,881,254)	(4,718,654)	(6,034,060)	(5,307,948)
Operating Transfers in (out)							
Net transfer in from other funds	1,288,580	1,288,580	966,438	8,315,000	6,236,250	1,926,000	1,444,500
Net transfers out to other funds	-	-	-	-	-	(2,283,728)	(1,666,500)
Total Operating Transfers	1,288,580	1,288,580	966,438	8,315,000	6,236,250	(357,728)	(222,000)
Capital Contribution¹	-	-	-	1,602,041	-	1,692,038	-
Change in Net Position	5,549,016	6,206,933	5,515,444	12,657,695	8,066,000	2,934,897	425,333
Significant Balance Sheet Items							
Cash Balance		20,310,000	23,539,859	18,893,919	20,096,943	10,236,821	12,092,807
Net Building Value				21,576,363		22,178,787	
Net Fleet Value				26,050,280		24,814,450	
Bonds Payable			(17,635,000)	(17,635,000)	(21,290,000)	(21,290,000)	(23,535,000)
Net Position		56,268,806	55,577,317	50,061,873	45,168,052	37,199,506	
Significant Cash Flow Items							
Principal on Equipment Bonds	(730,000)	(730,000)	-	(2,585,000)	-	(1,275,000)	-
Principal on Facilities Bonds	(1,260,000)	(1,260,000)	-	(1,070,000)	-	(970,000)	-
Fleet Purchases	15,674,867	9,350,000	3,930,836	6,435,269	4,535,191	7,388,837	5,843,751

¹Capital contribution in 2012 consists of \$639,038 from the Federal State Energy Program grant for solar panels at Currie and Royalston facilities and \$1,053,000 from the Community Development Block Grant for fire trucks. Capital contributions in 2013 consist of \$227,735 for

**City of Minneapolis
Property Services Division
For the Third Quarter ending September 30, 2014**

Fund 06200	2014 Budget	09/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	16,563,765	13,808,185	18,800,000	18,397,506
Operating Expense	17,201,065	13,387,155	18,155,212	17,549,479
Operating Margin	(638,300)	421,030	644,788	848,027
Change in Net Position		(187,477)	(167,356)	7,508,937
Net Position		32,876,969	32,891,090	33,058,446
Cash Balance		3,865,290	3,425,506	4,248,459

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, Water facilities, 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 it to the Municipal Building Commission (MBC) to reimburse MBC for maintenance and property management services. The 2014 revenue and expense budgets for the fund were increased by \$4,502,000 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.

In April 2011, the Property Services fund was transitioned from the Public Works department to the Finance department within the City Coordinator's Office. The activities in this fund were determined to be an internal service function and report to the Chief Financial Officer as part of the City Coordinator's Office.

Revenue:

Operating revenue recorded through third quarter 2014 is \$13,808,185, or 83.4% of the budgeted amount of \$16,563,765. The 2014 third quarter revenue increased \$702,931, or 5.4%, from the revenue earned through third quarter 2013. Property Services earns revenue through rent charged to departments housed in City owned buildings for property maintenance and by performing facility repairs and upgrades. Revenue from repairs and upgrades fluctuates based on the amount of discretionary spending available to departments. Revenue earned through third quarter 2014 from both discretionary projects and rents increased from the amount earned through the same period in 2013.

Expenses:

Operating expense through third quarter 2014 is \$13,387,155, or 77.8% of the total budgeted amount of \$17,202,065. The 2014 third quarter expense increased \$776,725, or 6.2%, from the operating expense recorded through third quarter 2013. Expense increased for personnel and contractual services due to additional City Hall expense and increased projects compared to 2013.

Transfers:

In 2014, this fund receives a transfer in from the general fund of \$301,206 for City Hall rent expense and \$345,000 for Capital Asset Request System (CARS) projects. These CARS projects are related to security enhancements at various locations throughout the City.

Debt Service:

The debt service for 2014 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2014, the debt consists of an interest payment of \$121,350 and a principal payment of \$765,000. The remaining debt is \$4,412,350 with the final payment scheduled for 2018.

Forecast:

Operating revenue is projected to be \$18.8 million or 13.5% more than budgeted amount of \$16.6 million. Increased revenue from projects for other departments is driving the overall revenue projection up. The operating expense is projected to be \$18.2 million or 5.5% more than the budget of \$17.2 million. While personnel expense is projected to be less than budgeted due to vacant positions, contractual services is projected to be more than budgeted since these expenses are related to increased project work and are billed back to the departments requesting the work. These projections result in a projected operating margin gain of \$644,788, compared to the budgeted operating margin loss of \$(638,300). The actual operating margin gain through third quarter 2014 is \$421,030 compared to the operating margin gain of \$494,824 through third quarter 2013.

Cash and Net Position:

The cash balance at the end of third quarter 2014 is \$3,865,290 compared to a cash balance of \$3,849,793 at the end of third quarter 2013. The cash consists of a balance of \$1,380,477 in the Property Disposition fund and a balance of \$2,484,813 in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$1.8 million for the Property Services fund.

The net position for the year ending 2013 was \$33,058,446, an increase of \$7,487,195 from the net position of \$25,571,251 for year ending 2012. This increase to the 2013 net position was primarily due to a capital contribution of \$4.9 million from the Capital Improvement Fund and a transfer in of \$3.3 million from the general fund to assist with remaining debt obligations. The cost allocation model for this fund does not recover the depreciation costs related to capital assets. It is expected that the net position will decrease, in subsequent years, primarily due to recognizing the depreciation of capital assets. The financial policy for the net position for the Property Services Fund determines that net position should not fall below two times the annual depreciation. The depreciation in 2013 was \$1.3 million and the net position was \$30.4 million greater than the benchmark. Net position consists of an investment in capital assets, net of related debt, of \$30,330,607 along with \$2,727,839 of unrestricted net position.

City of Minneapolis
Property Services Fund
Statement of Revenues and Expenses
For Third Quarter / Years Ending 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Charges for Services And Sales	2,212,935	4,300,000	3,039,077	4,337,175	2,774,423	3,334,978	2,411,628
Rents Public Works and Other	14,350,830	14,500,000	10,769,108	14,060,331	10,330,831	13,240,297	9,788,229
Total Operating Revenue	<u>16,563,765</u>	<u>18,800,000</u>	<u>13,808,185</u>	<u>18,397,506</u>	<u>13,105,254</u>	<u>16,575,275</u>	<u>12,199,857</u>
Operating Expenses:							
Personnel Services	6,271,867	5,830,000	4,347,884	5,510,168	4,034,321	5,476,677	4,107,376
Contractual Services	9,025,456	10,700,000	7,784,750	10,364,061	7,294,656	9,083,368	6,415,529
Materials, Supplies, Services and Other	1,399,530	1,120,000	875,612	1,155,654	891,756	1,054,864	706,379
Rent	505,212	505,212	378,909	519,596	389,697	593,518	445,138
Total Operating Expenses	<u>17,202,065</u>	<u>18,155,212</u>	<u>13,387,155</u>	<u>17,549,479</u>	<u>12,610,430</u>	<u>16,208,427</u>	<u>11,674,422</u>
Operating Margin	<u>(638,300)</u>	<u>644,788</u>	<u>421,030</u>	<u>848,027</u>	<u>494,824</u>	<u>366,848</u>	<u>525,435</u>
Non-Operating Revenues (Expenses):							
Interest on Bonds	(121,350)	(121,350)	(91,013)	(129,764)	(107,438)	(130,637)	(123,188)
Misc Revenues	3,000	3,000	2,419	11,067	3,842	23,140	9,520
Depreciation	(1,340,000)	(1,340,000)	(998,568)	(1,347,356)	(832,920)	(1,127,235)	(843,137)
Total Non-Operating Revenues(Expenses)	<u>(1,458,350)</u>	<u>(1,458,350)</u>	<u>(1,087,161)</u>	<u>(1,466,053)</u>	<u>(936,516)</u>	<u>(1,234,732)</u>	<u>(956,805)</u>
Operating Transfers In (Out)							
Net transfers in from other funds	646,206	646,206	484,655	3,282,231	2,620,376	894,000	670,500
Net transfers out to other funds	-	-	-	-	-	(598,000)	(448,500)
Total Operating Transfers	<u>646,206</u>	<u>646,206</u>	<u>484,655</u>	<u>3,282,231</u>	<u>2,620,376</u>	<u>296,000</u>	<u>222,000</u>
Capital Contribution¹	-	-	-	4,844,732	-	46,825	-
Change in Net Position	<u>(1,450,444)</u>	<u>(167,356)</u>	<u>(181,477)</u>	<u>7,508,937</u>	<u>2,178,684</u>	<u>(525,059)</u>	<u>(209,370)</u>
Significant Balance Sheet Items							
Cash Balance		3,425,506	3,865,290	4,248,459	3,849,793	762,026	1,256,115
Property Disposition Fund cash balance			1,380,477	1,380,477	1,380,477	1,380,477	1,390,831
Operating cash balance			2,484,813	2,867,982	2,469,316	(618,451)	(134,716)
Bonds Payable			(4,045,000)	(4,045,000)	(4,775,000)	(4,775,000)	(5,475,000)
Net Position		32,891,090	32,876,969	33,058,446	27,749,935	25,571,251	
Significant Cash Flow Items							
Principal Payments on Debt	(765,000)	(765,000)	-	(730,000)	-	(700,000)	-

¹Capital contribution in 2013 consists of various building improvements paid for by the Capital Improvement Fund 04100 and capitalized in Property Services Fund 06200.

**City of Minneapolis
Public Works Stores
For the Third Quarter ending September 30, 2014**

Fund 06300	2014 Budget	09/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	1,115,000	927,693	1,350,000	1,515,490
Operating Expense	1,059,266	829,428	1,124,387	1,100,031
Operating Margin	55,734	98,265	225,613	415,459
Change in Net Position		98,265	225,613	415,459
Net Position		4,187,013	4,314,361	4,088,748
Cash Balance		(159,205)	(153,027)	(178,640)

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 third quarter 2014 is \$927,693, or 83.2% of the budgeted amount of \$1,115,000. The amount earned through third quarter represents a decrease of \$73,346, or 7.3%, over the \$1,001,039 in revenue earned through third quarter 2013. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The decrease in revenue corresponds to a decreased level of inventory purchases and requisition processing transactions related to City projects.

Expenses:

Operating expense recorded through third quarter 2014 is \$829,428 or 78.3% of the budgeted amount of \$1,059,266. The amount expended through third quarter 2014 increased by \$28,732 or 3.6% from the \$800,696 expended through the same period in 2013. The increase is due to additional personnel costs as the Stores departments are fully staffed for 2014.

Transfers:

There are no transfers in or out of this fund in 2014.

Debt Service:

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

Forecast:

Operating revenue is projected to total \$1,350,000 at year-end, exceeding the budgeted revenue of \$1,115,000 by \$235,000. For the year, it is expected that inventory issued to City departments will exceed the budgeted amounts. Operating expense is projected to total \$1,124,387 which is \$65,121 or 6.1% more than the budgeted expense of \$1,059,266. The cost of inventory that is resold to City departments is excluded from the total expense of the Stores Fund. As a result, increased inventory purchases do not increase the overall expense of the Fund. The projected increase in expense over the amount budgeted is primarily due to an increase in personnel FTE and in contractual services provided by the Fleet Services Division. These year-end projections result in an increase to net position of \$225,613 compared to a budgeted increase of \$55,734, and a projected ending net position of \$4,314,361.

Cash and Net Position:

The cash balance at the end of third quarter 2014 was a deficit of \$(159,205), an increase of \$374,441 from the third quarter 2013 deficit cash balance of (\$533,646). The increase in cash corresponds to a decrease in the inventory balance since third quarter 2013 and an operating margin greater than budgeted. The financial policy for the cash balance for the Public Works Stores Fund determines that the cash balance should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

The fund continues to maintain a positive net position with a 2013 ending balance of \$4,088,748, an increase of 10.7% from the 2012 ending balance of \$3,692,245. The financial policy for the net position for the Public Works Stores Fund determines that a net asset balance should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

City of Minneapolis
Public Works Stores
Statement of Revenues and Expenses
For the Third Quarter/Years Ending 2014, 2013, and 2012

	Budget Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Central Stores	550,000	700,000	524,513	749,377	546,572	825,836	618,055
Traffic Stores	565,000	650,000	403,180	766,113	454,467	1,103,853	491,637
Total Operating Revenues	1,115,000	1,350,000	927,693	1,515,490	1,001,039	1,929,689	1,109,693
Operating Expenses:							
Personnel	715,253	775,000	568,222	770,867	548,572	712,498	520,734
Contractual	237,808	275,000	204,431	279,840	208,313	271,777	200,337
Materials, Supplies, Other	70,818	39,000	30,235	15,767	18,643	120,717	56,300
Rent	35,387	35,387	26,540	33,557	25,168	37,805	28,354
Total Operating Expenses	1,059,266	1,124,387	829,428	1,100,031	800,696	1,142,797	805,725
Operating Margin	55,734	225,613	98,265	415,459	200,343	786,892	303,968
Non-Operating Revenues (Expenses):							
Other revenue	-	-	-	-	4,282	-	-
Total Non-Operating Revenues (Expenses)	-	-	-	-	4,282	-	-
Operating Transfer In (Out)							
Net transfers out to other funds	-	-	-	-	-	(117,000)	(87,750)
Total Operating Transfers	-	-	-	-	-	(117,000)	(87,750)
Change in Net Position	55,734	225,613	98,265	415,459	204,625	669,892	216,218
Significant Balance Sheet Items							
Cash Balance		(153,027)	(159,205)	(178,640)	(533,646)	(163,313)	(1,824,490)
Inventories			4,956,490	4,581,136	5,166,210	4,287,662	5,835,005
Net Position		4,314,361	4,187,013	4,088,748	3,896,870	3,692,245	

**City of Minneapolis
Intergovernmental Services Fund
For the Third quarter ending September 30, 2014**

Fund 06400	2014 Budget	9/30/2014 Actual	Projected YE 2014	2013 Actual
Operating Revenue	51,218,313	30,967,326	44,230,000	33,523,719
Operating Expense	51,620,894	29,913,531	43,980,000	34,494,915
Operating Margin	(402,581)	1,053,795	250,000	(971,196)
Change in Net Position		7,157,533	8,388,317	4,422,027
Net Position		44,561,266	45,792,050	37,403,733
Cash Balance		33,729,366	39,572,962	35,263,865

Program Description:

The Intergovernmental Services Fund accounts for operations of Information Technology (IT); the City Clerk's printing and central mailing services; and Human Resources technology training 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 third quarter of 2014 is \$30,967,326, or 60.5% of the annual budgeted amount of \$51,218,313. This is an increase of \$6.4 million, or 26.0%, compared to revenue of \$24,568,357 earned through third quarter of 2013. The increase in revenue is primarily due to a significant increase of \$4.1 million in revenue earned through PMO (Project Management Office) projects for enterprise wide initiatives specifically the Enterprise Land Management System (ELMS) and the Enterprise Resource Planning program (ERP). The remaining increase results from revenue earned from charges to City departments related to managing and providing technology and communication services as determined by the cost allocation model.

Expenses:

Operating expenses through the third quarter are \$29,913,531, or 57.9% of the annual budgeted amount of \$51,620,894. The operating expense through third quarter increased \$6.1 million, or 25.8%, from the 2013 expense of \$23,784,784. Operating expenses recorded to the Project Management Office department are primarily responsible for this increase, specifically the expenses related to the ELMS, ERP, and the Intelligent Operations Platform projects. These enterprise wide projects are funded through City department operating expense savings, cost allocation model charges, and by transfers from the general fund as determined by the Capital Asset Request System (CARS). The expenses in PMO include the cost of purchasing technology, creating enhancements, and implementation of the products. The PMO department charges the costs of these products and services to City user departments and includes an overhead amount that is calculated to generate enough revenue to cover the overhead expense of the department.

Administration expenses of \$7.1 million increased 8.7% over 2013 amount of \$6.5 million. This increase is primarily due to additional software license purchases and the related cost of application support that can be attributed to new technology initiatives and upgrades.

Debt:

The debt service for 2014 is related to the sale of net debt bonds for IT projects. In 2014, the debt consists of an interest expense of \$60,795 and a principal payment of \$1,645,000. Beginning 2013, the principal payment was significantly reduced to \$1,955,000 from \$9.2 million paid in 2012 and \$10.0 million paid in 2011. Existing bond debt obligations will be repaid by year-end 2015 with a final payment of \$504,000. Future sales of net debt bonds to support capital projects are expected to be between \$1.4 million and \$3.0 million from 2014 through 2017. The fund makes an annual payment of \$1.5 million to the Minneapolis Convention Center, related to monies advanced from this fund, with a final payment scheduled in 2016 of \$1.75 million.

Transfers:

In 2014, this fund receives transfers in totaling \$20.7 million. The annual transfers consist of a general fund transfer totaling \$19.0 million, \$1.0 million from the Self Insurance Fund, and \$0.7 million from the debt service fund. The general fund transfer includes \$13.1 million in accordance with the long term financial plan, \$0.5 million for WIFI expense, \$0.2 for City Hall rent, and \$5.3 million of approved CARS funding for the Enterprise Resource Planning project. In 2014, \$5.9 million of the general fund transfer is recorded directly as revenue to IT operating departments. This results in a budget and a projection of \$14.9 million for transfers. Through third quarter 2014, \$5.25 million of the transfer in for ERP was recorded to IT deferred revenue and will be recognized as PMO revenue as project expenses occur. The transfer from the Self Insurance fund is in accordance with the long-term financial plans for both funds and will end in 2016.

The 2012 transfer to other funds includes a transfer out of \$1,072,000 for debt service related to the retirement of bonds sold to fund the former Minneapolis Employees Retirement Fund's unfunded pension liability. The Intergovernmental Services fund used net position as a revenue source for the payment and recovers the expense through the cost allocation model in years 2013 through 2015.

Forecast:

Operating revenue is projected to be \$44.2 million or \$7.0 million less than the budgeted amount of \$51.2 million. The fund's PMO budget increases as new projects are approved by City departments. Expenses for some of these projects, along with the billing to customer departments, may occur in years subsequent to the addition of the appropriation to the budget. The current revenue and expense budgets include the funding and the subsequent revenue earned related to the ELMS, ERP, and IOP projects. It is expected that these projects will be completed in 2015 and 2016. Operating expenses are expected to be \$44.0 million or \$7.6 million less than the budgeted amount of \$51.6 million. These projections result in an expected operating margin of \$250,000 as compared to a budgeted operating margin deficit of \$(402,581). A portion of the transfer in from the general fund, \$5.9 million, is recorded in the operating revenue with \$5.25 million initially transferred to the fund's deferred revenue account. This accounting change to record the transfer in is a primary factor for the increase in operating margin.

The fund is projecting an increase to net position of \$8.4 million compared to a budgeted increase of \$7.7 million. The projected increase to net position is more than budgeted primarily because of vacant budgeted positions which are projected at \$1.1 million. These transactions result in a 2014 projected

year-end net position of \$45.8 million which represents an increase of 22.5% from the 2013 net position of \$37.4 million. An increase to the transfer from the general fund and an increase in operating margin, primarily due to a decrease in expense resulting from vacant budgeted positions, are the primary factors contributing to the 2014 projected increase.

The year-end cash balance is projected to be \$39.6 million which represents an increase of 12.2% over the cash balance at year-end 2013 of \$35.3 million. The primary reasons for the increase to cash balance are an increase of \$3.5 million in transfers to the fund and a decrease in operating expense related to vacant positions.

Cash and Net Position:

The cash balance at the end of third quarter is \$33.7 million, representing a decrease of \$1.5 million from the 2013 year-end balance of \$35.3 million. The primary reason for the decrease to cash in 2014 is that the actual amount transferred in from the general fund is \$10.7 million less than the amount recognized at \$11.1 million through third quarter. Included in the cash balance are prepayments of \$13.7 million for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Intergovernmental Services fund should be 15% of the fund's total budget or \$5.0 million.

The net position at year-end 2013 is \$37.4 million, an increase of \$10.0 million from the year-end 2012 net position of \$27.4 million. The increase to net position is primarily due to an increase in cash of \$19.5 million (related to a net transfer of \$17.2 million) that is offset by a decrease in book value of long term assets of \$5.9 million, and debt payments of \$3.5 million. Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services fund should be twice the depreciation amount or \$13.2 million. The cost allocation model for this fund does not recover depreciation related to capital assets. This fund records the acquisition value of customer funded IT project assets and it is expected that the net position will continue to increase.

**City of Minneapolis
Intergovernmental Services Fund
Statement of Revenue and Expenses**

For Third Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Charges for Service:							
IT - PMO	21,209,095	13,100,000	7,702,826	5,417,060	3,593,873	5,225,188	4,381,870
IT - Telecom	3,657,706	2,860,000	2,153,533	3,020,539	2,270,752	3,066,530	2,300,331
IT - Operating-other	25,204,928	26,800,000	20,052,291	23,878,779	17,888,941	23,147,764	17,304,411
CC-Mailing Services	397,939	590,000	402,260	586,206	350,401	602,624	399,583
CC-Copy Services	748,645	880,000	656,416	621,135	464,390	566,406	413,289
Human Resources	-	-	-	-	-	-	-
Total Operating Revenues	51,218,313	44,230,000	30,967,326	33,523,719	24,568,357	32,608,512	24,799,484
Operating Expenses:							
IT - PMO	21,202,908	13,100,000	7,507,819	6,497,679	3,556,273	5,955,908	4,400,286
IT - Telecom	1,548,714	1,450,000	1,088,072	1,797,176	1,310,944	1,949,045	1,303,270
IT - Operating-other	27,279,909	27,600,000	20,047,775	24,544,795	17,760,230	23,636,620	17,230,166
CC-Mailing Services/Data Center	567,491	790,000	572,988	684,032	459,769	675,912	494,554
CC-Copy Services	718,673	740,000	539,021	669,344	474,956	585,482	428,416
Human resources	303,199	300,000	157,856	301,889	222,612	272,194	184,767
Total Operating Expenses	51,620,894	43,980,000	29,913,531	34,494,915	23,784,784	33,075,161	24,041,459
Operating Margin	(402,581)	250,000	1,053,795	(971,196)	783,573	(466,649)	758,025
Non-Operating Revenues (Expenses):							
Interest on Bonded Debt	(60,795)	(60,795)	(45,596)	(27,802)	(76,386)	(26,027)	(291,675)
Revenue from grants	-	-	-	-	-	11,631	-
Other Non Operating Income (Expense)	-	-	-	34,615	-	-	-
Depreciation	(6,664,051)	(6,664,051)	(4,998,038)	(11,838,204)	(8,939,251)	(12,313,813)	(8,986,695)
Total Non-Operating Revenues (Expenses)	(6,724,846)	(6,724,846)	(5,043,634)	(11,831,391)	(9,015,637)	(12,328,209)	(9,278,370)
Operating Transfers In (Out):							
Net transfers in from other funds	14,863,163	14,863,163	11,147,372	17,239,500	12,929,625	12,185,444	9,305,208
Net transfers out to other funds	-	-	-	(14,887)	-	(1,103,473)	(804,000)
Total Operating Transfers	14,863,163	14,863,163	11,147,372	17,224,613	12,929,625	11,081,971	8,501,208
Capital Contribution	-	-	-	-	-	22,719	-
Change in Net Position	7,735,736	8,388,317	7,157,533	4,422,027	4,697,561	(1,690,168)	(19,137)
Significant Balance Sheet Items:							
Cash Balance		39,572,962	33,729,366	35,263,865	14,810,628	15,804,900	11,273,136
Notes Payable			(3,625,000)	(4,750,000)	(5,125,000)	(6,250,000)	(6,625,000)
Bonds Payable			(2,125,000)	(2,125,000)	(3,115,000)	(3,115,000)	
Unearned Revenue			(13,734,007)	(12,919,353)	(13,314,181)	(12,235,400)	(14,630,033)
Net Position		45,792,050	44,561,266	37,403,733	32,107,639	27,410,079	
Significant Cash Flow Items							
Capital Outlay	(3,028,382)	(3,028,382)	(449,579)	(5,900,065)	-	(4,680,503)	-
Bond & Note Principle Payments	(3,145,000)	(3,145,000)	-	(3,455,000)	-	(10,715,000)	-

Note: Capital Contribution in 2012 consists of \$22,719 from the general fund related to the purchase of a paper shredder for the City Clerk Copy Center.

Note: In 2014, \$80,380 of revenue in City Clerk copy services is from a transfer in from general fund for City Hall rent

**City of Minneapolis
Self Insurance Fund
For the Third Quarter ending September 30, 2014**

Fund 06900	2014 Budget	09/30/2014 Actual	Projected YE 2014	Actual YE 2013
Operating Revenue	30,055,449	22,599,840	30,346,544	30,507,329
Operating Expense	29,405,690	18,837,801	25,812,500	28,717,835
Operating Margin	649,759	3,762,039	4,534,045	1,789,494
Change in Net Position		5,337,521	6,639,545	4,652,117
Net Position		9,891,229	11,193,253	4,553,708
Cash Balance		66,563,337	67,877,185	61,237,640

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 cost allocation model determines the charge allocated to City departments to provide for self insurance related to tort liability and workers compensation. The annual charges are calculated using data determined by an actuarial study based on each City department's responsibility for liability and worker compensation expense. The cost allocation model also assigns a charge for employee benefit administration and attorney services.

Revenue:

Operating revenue through the third quarter of 2014 is \$22,599,840, or 75.2% of the annual budgeted amount of \$30,055,449. This is an increase of \$51,088, or 0.2% compared to \$22,548,752 earned through the third quarter of 2013. In 2014, the charges to City departments to provide self insurance for tort liability increased by 3.2% and the charges to provide workers compensation increased by 4.0% as determined by the actuarial study that supports the cost allocation model. The revenue earned through third quarter 2014 does not reflect this increase when compared to the revenue earned through the same period 2013 due to a 2013 pass-through revenue and expense amount of \$834,162 that was recorded in the Human Resources department. This pass-through was related to a refund from the Minnesota State Retirement System to certain employees from their Health Care Savings Plan.

The City received \$550,358 in revenue from WCRA (Workers Compensation Reinsurance) and State refunds for medical and indemnity payments and subrogation claims. Revenue received through third quarter 2013 from WCRA was \$705,997.

Expenses:

Operating expenses through the third quarter 2014 are \$18,837,801 or 64.1% of the annual budgeted amount of \$29,405,690. This is a decrease of \$3.2 million, or 14.7 %, compared to \$22,074,849 expended through the third quarter of 2013. The decrease in operating expense is due primarily to the amount paid out for tort settlements, \$2.7 million as compared to \$4.8 million in 2013. In addition, the amount paid for workers compensation decreased by \$0.7 million, or 9.1%, from \$7.9 million in 2013 to \$7.0 million through third quarter 2014. The City's expense for employee sick leave payout at retirement through third quarter is \$1.2 million or 48.2% of the amount budgeted. Although the payout is less than budgeted, the amount paid

through third quarter 2014 represents an increase of 35.3% over the sick leave payout through the same period in 2013.

Debt Service:

The Self Insurance Fund does not have outstanding debt obligations.

Transfers:

In 2014, this fund receives an interfund transfer of \$3,085,500 from the general fund as determined in the long term financial plan. The transfer includes \$246,500 to support the cost of City Hall rent.

The 2014 budget includes a transfer out of \$1,000,000 to the Intergovernmental Services fund as part of its long term financial plan. This annual transfer will end with the 2016 transfer. In 2012, this fund made a final transfer of \$485,000 to the pension fund debt service to retire bonds related to the unfunded pension liability of the former Minneapolis Employees Retirement Fund. The fund's net position is the source of funding for this payment and the fund will recover the cost of this payment through the cost allocation model in years 2012 through 2014.

Forecast:

Operating revenue is projected to be \$30.3 million or \$0.3 million more than the budgeted amount of \$30.1 million. Operating expense is projected to be \$25.8 million or \$3.6 million less than the budgeted amount of \$29.4 million. Operating expenses are projected to be less than budgeted primarily due to a projected 53.3% decrease in the amount paid for tort liability payments. Payment for workers compensation claims is expected to increase by 30.7% over the budgeted amount. These projections will result in a projected operating margin gain of \$4.5 million as compared to the budgeted operating margin gain of \$0.6 million. The actual operating gain at year-end 2013 was \$1.8 million.

The net position in 2014 is projected to increase by \$6.6 million compared to the budgeted increase of \$2.7 million, resulting in a projected year-end net position to \$11.2 million. The projected ending cash balance for 2014 is \$67.9 million as compared to \$61.2 million at year-end 2013. The increase in cash in 2014 is greater than the increase experienced in 2013 due to a decrease in payments for workers compensation claims and tort settlements occurring in 2014.

Cash Balance and Net Position:

The cash balance at end of third quarter is \$66,563,337 or a 14.2% increase, compared to a cash balance of \$58,307,765 at end of third quarter 2013. 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 \$57.6 million for the Self Insurance fund. The unpaid claims liability at year-end 2013 is \$54.7 million, an increase of \$1.7 million from year-end 2012 liability of \$53.0 million. The cash balance is \$9.0 million above its target.

Net position at year-end 2013 is \$4.6 million as compared to the 2012 year-end net position of \$1.7 million. The increase to net position in 2013 is due to a positive operating margin of \$1.8 million and a net transfer in of \$2.9 million offset by an increase to the City's liability for unpaid claims of \$1.6 million. This year-end adjustment to net position due to an increase in unpaid

claims liability is not reflected in the change to net position as shown in the third quarter statement. It is expected that the net position will continue to increase through 2014 primarily due to an operating margin projected to be greater than budgeted due to a significant decrease in tort settlement payments. The financial policy for the net position of the Self Insurance fund determines that the net position should not fall below zero. The fund's net position reached a positive balance in 2012.

**City of Minneapolis
Self Insurance Fund
Statement of Revenue and Expenses
For Third Quarter/Years, 2014, 2013, and 2012**

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Health & Welfare (employee benefits)	2,468,400	2,400,000	1,792,672	2,315,642	1,755,434	2,291,023	1,704,115
Workers Compensation	10,064,569	9,950,000	7,348,785	10,098,955	6,964,588	9,030,201	6,984,734
Liability - Subrogation	15,927,767	15,927,766	11,945,824	15,375,715	11,536,638	14,577,377	10,933,033
Attorney Office Services	10,000	14,000	10,299	21,995	14,543	9,377	7,904
Human Resources Services	1,434,713	1,434,778	1,042,799	2,247,530	1,983,066	1,326,173	919,499
Risk Management-Employment Services	150,000	620,000	459,460	447,492	294,483	171,050	130,126
Total Operating Revenues	30,055,449	30,346,544	22,599,840	30,507,329	22,548,752	27,405,201	20,679,411
Operating Expenses:							
Health & Welfare (employee benefits)	2,468,400	1,600,000	1,189,522	1,097,227	879,361	784,178	624,164
Workers Compensation	7,364,487	9,625,000	7,180,468	10,460,552	7,898,533	8,062,472	5,882,380
Liability & Settlements	8,574,185	4,000,000	2,662,730	6,025,633	4,811,469	2,577,805	1,160,770
City Attorney/Civil Division-Litigation	6,959,117	6,487,500	4,745,625	6,132,119	4,553,884	6,130,345	4,548,605
Risk Management - WC/Risk	2,484,563	2,750,000	2,048,418	2,534,754	1,899,455	2,167,183	1,583,246
Human Resource - Employee Benefits	1,554,938	1,350,000	1,011,039	2,467,550	2,032,147	1,430,042	1,037,454
Total Operating Expenses	29,405,690	25,812,500	18,837,801	28,717,835	22,074,849	21,152,025	14,836,619
Operating Margin	649,759	4,534,045	3,762,039	1,789,494	473,903	6,253,176	5,842,792
Non-Operating Revenues (Expenses):							
Other Non Operating Income (Expense)	-	20,000	11,357	7,123	-	1,794	-
Total Non-Operating Revenues (Expenses)	-	20,000	11,357	7,123	-	1,794	-
Operating Transfers In (Out):							
Net transfers in from other funds	3,085,500	3,085,500	2,314,125	3,855,500	2,891,625	4,071,500	2,887,500
Net transfers out to other funds	(1,000,000)	(1,000,000)	(750,000)	(1,000,000)	(750,000)	(1,485,000)	(1,113,750)
Total Operating Transfers	2,085,500	2,085,500	1,564,125	2,855,500	2,141,625	2,586,500	1,773,750
Capital Contribution	-	-	-	-	-	-	-
Change in Net Position¹	2,735,259	6,639,545	5,337,521	4,652,117	2,615,528	8,841,470	7,616,542
Significant Balance Sheet Items:							
Cash Balance ²		67,877,185	66,563,337	61,237,640	58,307,765	56,398,931	53,212,707
Due from Other Funds			-	181,000		165,000	
Unpaid Claims Payable			(54,667,934)	(54,667,934)		(53,030,025)	
Net Position		11,193,253	9,891,229	4,553,708	4,316,042	1,700,514	

¹Year-end CAFR change in net position for 2012 and 2013 is \$5,981,568 and \$2,853,194, respectively, due to the year-end adjustment for an increase to unpaid claims liability based on the 2012 actuarial study.

² Cash balance for year end 2012 and 2013 is the balance as stated in the CAFR. The CAFR cash balance is the actual cash less the amount that is Due from Other Funds.

**City Of Minneapolis
Sanitary Sewer Fund
For the Third Quarter Ending September 30, 2014**

Fund 07100	2014 Budget	09/30/14 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	54,263,522	44,754,300	60,203,522	60,752,396
Operating Expense	48,002,789	38,328,908	53,289,549	52,152,322
Operating Margin	6,260,733	6,425,392	6,913,973	8,600,074
Change in Net Position		357,952	(2,573,739)	8,075,799
Net Position		114,796,017	112,222,278	114,438,065
Cash Balance		21,584,462	13,994,689	23,640,433

Program Description:

The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The fund also accounts for the operation, maintenance and design work, capital programs, transfers and long term debt services associated with the sanitary sewer system.

Revenue:

With sewer revenue of \$44.8 million recognized through the end of third quarter, the Sanitary Sewer Fund has earned 82% of the revenue budgeted for 2014. Sanitary utility revenue decreased \$800,000 to \$38.1 million compared to \$38.9 million in the third quarter, 2013. The sewer availability charges, or SAC revenues, totaled \$6.0 million which is an increase of \$400,000, compared to \$5.6 million in the prior-year quarter. SAC revenues fluctuate based on overall economic activities outside of City's operations and is projected to hit the \$8.0 million by the end of the fiscal year. The design revenue was \$600,000, up from \$300,000 in the third quarter 2013 reflecting an increase due to capital project close outs.

The variable rate for utility charges remains at \$3.14 per unit, the same as the 2013 rate. The fixed rate, which is based on meter size, was increased by \$0.40, from \$3.00 to \$3.40 in 2014.

Expenses:

The Sanitary Sewer Fund's total operating expense through the third quarter was \$38.3 million compared to \$36.9 million for 2013 resulting in an increase of \$1.5 million, or 4%. Maintenance and design related expense increased by \$1.0 million due to increase in City services, professional services, fleet, overhead, equipment supplies, repairs and maintenance work.

SAC expenses increased by \$800,000, which is off-set by an equivalent increase in SAC revenues. Payments to Met Council through the third quarter were \$24.6 million, which is \$300,000 less than the \$24.9 million paid through nine months in 2013. Met Council rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities. Met Council set its 2014 rates lower than 2013.

Transfers:

A transfer is made from this fund to the Water Enterprise Fund to cover shared costs for meter shop expenses. For the current budget year, this cost has been estimated at \$1.2 million and, through the end of the quarter, \$900,000 has been transferred to Water Treatment and Distribution Services.

Debt Service:

For 2014, the debt service cost is estimated at \$5.6 million which includes \$5.2 million for principal and \$400,000 in interest. Through third quarter, \$200,000 in interest payments has been made. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing.

Forecast:

For the next three months, it is estimated that cash outflow will amount to \$23.4 million. This would include operating expenditures, debt services, capital programs, and transfers. The Fund also anticipates \$15.8 million in revenues from operations and capital programs, thereby maintaining the fund balance for the year end above \$13.0 million.

Cash and Net Position:

The current cash balance is \$21.6 million and the Fund's net position is \$114.8 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Based on the projected operating expenditures, the targeted cash balance is \$14.9 million. For the start of 2015, \$13.9 million will be available as an unrestricted amount to fund asset management software, Hiawatha facility expansion, sewer system maintenance and rehab work, capital programs, debt service payments, and transfers.

City of Minneapolis, Minnesota
Sanitary Sewer Fund
Statement of Revenues and Expenses
For Third Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Sanitary Utility Charges	51,383,522	51,383,522	38,052,218	51,420,220	38,882,505	50,779,368	38,440,674
Other Services Provided	820,000	820,000	632,101	563,001	289,965	732,578	315,600
SAC Revenues	2,060,000	8,000,000	6,069,981	8,769,175	5,626,212	10,812,544	5,518,795
Interest							
Total Operating Revenues	54,263,522	60,203,522	44,754,300	60,752,396	44,798,682	62,324,490	44,275,069
Operating Expenses:							
Sewer Design	894,670	868,370	542,063	443,867	323,669	452,654	338,911
Sewer Maintenance	8,682,893	8,351,465	5,437,328	6,639,509	4,681,697	5,956,525	4,391,468
Met Council Env. Svcs.	38,425,226	44,069,714	32,349,517	45,068,946	31,858,998	45,462,953	29,431,672
Total Operating Expenses	48,002,789	53,289,549	38,328,908	52,152,322	36,864,364	51,872,132	34,162,051
Operating Margin	6,260,733	6,913,973	6,425,392	8,600,074	7,934,318	10,452,358	10,113,018
Non-Operating Revenues (Expenses):							
Depreciation	(2,167,460)	(2,167,460)	(1,625,595)	(1,378,768)	(1,560,491)	(1,358,359)	(1,542,219)
Net Interest Income (Exp)	(413,571)	(413,571)	(206,446)	(349,733)	(223,118)	(513,830)	(308,500)
Other Non-Oper Income	7,000,000	1,300,000	976,561	7,399,610	1,169,100	6,251,747	4,854,369
Other Non-Oper Expense	(8,000,000)	(7,050,000)	(4,344,449)	(4,937,288)	(2,108,255)	(4,811,751)	(2,710,065)
Total Non-Operating Revenues (Expenses)	(3,581,031)	(8,331,031)	(5,199,929)	733,821	(2,722,764)	(432,193)	293,585
Operating Transfers In (Out):							
Net Transfers In from Other Funds	-	-	-	-	-	-	-
Net Transfers Out to Other Funds	(1,156,681)	(1,156,681)	(867,511)	(1,258,096)	(862,004)	(2,149,086)	(1,579,416)
Total Operating Transfers	(1,156,681)	(1,156,681)	(867,511)	(1,258,096)	(862,004)	(2,149,086)	(1,579,416)
Capital contribution	-	-	-	-	-	-	-
Change in Net Position	1,523,021	(2,573,739)	357,952	8,075,799	4,349,550	7,871,079	8,827,187
Significant Balance Sheet Items:							
Cash Balance		13,994,689	21,584,462	23,640,433	19,635,609	19,181,223	22,593,060
Construction Cash		-	1,678,814	1,678,814	836,882	836,882	5,338,410
Accounts Receivable		4,469,878	4,423,087	4,883,097	4,937,737	4,056,659	4,640,924
Notes Payable		-	-	-	-	-	-
Bonds Payable		9,300,000	14,450,000	14,450,000	11,550,000	11,550,000	14,400,000
Net Position		112,222,278	114,796,017	114,438,065	111,811,533	107,461,983	109,665,722
Significant Cash Flow Items:							
Capital Outlay	8,000,000	6,500,000	4,294,503	4,368,033	2,059,937	4,811,751	2,709,825
Bond & Note Principal payments	5,150,000	5,150,000	-	4,150,000	-	4,600,000	-
Refunding Principal Payments	-	-	-	-	-	-	-

**City Of Minneapolis
Storm Water Fund
For the Third Quarter Ending September 30, 2014**

Fund 07300	2014 Budget	9/30/2014 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	41,106,624	31,156,773	42,488,536	39,322,059
Operating Expense	28,668,784	15,879,883	24,862,646	23,460,885
Operating Margin	12,437,840	15,276,890	17,625,890	15,861,174
Change in Net Position		(2,321,842)	(4,614,601)	5,323,252
Net Position		309,199,049	304,584,448	311,520,891
Cash Balance		38,218,187	33,920,728	36,354,095

Program Description:

The Storm Water Fund is responsible for the design, construction, and maintenance of City's storm drain system, and street cleaning activities. A portion of the Fund is used for sanitary water interceptor and treatment services and pays 5% of the contractual payments to Met Council Environmental Services (MCES). This fund also accounts for the combined sewer overflow (CSO) program, capital programs and debt service payments.

Revenue:

The \$31.2 million in revenues received through the end of the third quarter reflects 76% of the operating revenue budget. This is an increase of \$1.7 million compared to \$29.5 million earned for the same period in 2013. While the utility revenues through third quarter totaled \$27.8 million, it was only \$100,000 more than the prior-year quarter total of \$27.7 million even though the utility rate was increased by \$0.12, from \$11.82/ESU to \$11.94/ESU (Equivalent Storm Units) for 2014. The increase of \$1.3 million in miscellaneous revenues is due to increase in design activities and capital project close outs. Additional increase of \$100,000 is due to increase in supplemental snow plowing work. Reimbursements from the State of Minnesota for maintenance work done by the Street Cleaning and Storm Maintenance Departments was \$1.1 million which is \$200,000 higher than the amount received in 2013 over the same period. These reimbursements are based on agreements with State and County.

Expenses:

Through the third quarter of 2014, the operating expenses in the Storm Water Fund were \$15.9 million, leaving 45% of the budget available for the next three months. This is \$200,000, or 1%, less than the \$16.1 million recorded through the third quarter of 2013. A combined decrease of \$400,000 was recorded in design, storm management, and street cleaning activities. This was off-set by a \$200,000 increase in storm maintenance and Met Council cost centers stemming from contractual, overhead, and government contracted services.

Transfers:

There are no transfers in this Fund.

Debt Service:

The debt service budget for 2014 totals \$4.1 million of which \$3.2 million is set aside for principal and \$0.9 million for interest payments. Through the third quarter of 2014, \$145,000 in interest payments have been made. The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs.

Forecast:

For the next three months, it is estimated that the cash outflow will total \$17.4 million. This would include operating expenses, debt service payments, and capital programs. The Fund also anticipates \$13.1 million in revenues, the majority of these coming from its operations. Funding for the projected capital outlay will come from existing cash balance and not through bonding.

Cash and Net Positions:

The ending cash balance for the quarter totals \$38.2 million and net position is just under \$309.2 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Based on the projection, the target amount is \$9.0 million. This will leave \$33.9 million as unrestricted amount to fund capital programs and debts services for the next three months and beyond. More importantly, it will enable the Storm Water Fund to use its fund balance and rely less on bond sales.

City of Minneapolis, Minnesota
Storm Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years 2014, 2013 and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
State Grants	1,158,154	1,158,154	984,907	1,149,665	963,928	1,114,709	1,016,695
County Grants	399,559	399,559	155,832	291,220	-	399,558	199,780
Storm Utility Charges	38,319,261	38,319,261	27,839,923	36,830,078	27,768,958	36,694,339	27,658,714
Other Services Provided	1,229,650	2,611,562	2,176,112	1,051,096	742,275	1,654,616	821,349
Total Operating Revenues	41,106,624	42,488,536	31,156,773	39,322,059	29,475,161	39,863,222	29,696,538
Operating Expenses:							
Sewer Design	4,837,292	4,094,861	2,229,998	3,592,005	2,252,381	3,427,270	2,244,800
Stormwater Management CSO	1,021,942	677,268	392,369	592,537	455,879	648,483	527,563
Street Cleaning	9,264,226	8,100,000	4,529,705	7,804,686	4,831,834	7,993,832	5,165,397
Sewer Maintenance	7,009,132	6,094,831	3,896,960	5,642,320	3,832,565	4,169,738	2,675,770
Met Council Env. Svcs.	6,536,192	5,895,686	4,830,852	5,829,337	4,741,989	5,328,870	4,212,198
Total Operating Expenses	28,668,784	24,862,646	15,879,883	23,460,885	16,114,648	21,568,193	14,825,738
Operating Margin	12,437,840	17,625,890	15,276,890	15,861,174	13,360,513	18,295,029	14,870,810
Non-Operating Revenues (Expenses):							
Depreciation	(6,453,969)	(6,453,969)	(4,840,477)	(4,114,734)	(4,805,608)	(4,078,992)	(4,759,105)
Special Assessments	-	383,193	(207,683)	144,004	-	830,245	144,625
Net Interest Income (Exp)	(850,047)	(850,047)	(145,000)	(789,965)	(479,362)	(469,981)	(300,000)
Other Non-operating Income	9,700,000	2,000,000	470,075	4,462,735	4,041,732	4,418,795	936,683
Other Non Operating Expense	(17,505,000)	(17,319,667)	(12,875,648)	(10,239,961)	(6,133,402)	(6,968,374)	(4,696,600)
Total Non-Operating Revenues (Expenses)	(15,109,016)	(22,240,491)	(17,598,733)	(10,537,921)	(7,376,640)	(6,268,307)	(8,674,396)
Operating Transfers In (Out):							
Net Transfers In from Other Funds	-	-	-	-	-	-	-
Net Transfers Out to Other Funds	-	-	-	-	-	(1,245,296)	(834,000)
Total Operating Transfers	-	-	-	-	-	(1,245,296)	(834,000)
Capital Contribution	-	-	-	-	-	-	-
Change in Net Postion	(2,671,176)	(4,614,601)	(2,321,842)	5,323,253	5,983,873	10,781,426	5,362,415
Significant Balance Sheet Items:							
Cash Balance		33,920,728	38,218,187	36,354,095	43,391,700	33,223,043	34,718,699
Construction Cash		-	5,920	5,920	4,185,461	4,185,461	2,057,005
Accounts Receivable		4,218,579	3,819,279	4,213,411	3,913,107	4,223,747	3,863,429
Notes Payable		-	-	-	161,786	161,786	-
Bonds Payable		7,970,910	7,970,910	7,970,910	14,620,910	14,620,910	15,485,910
Net Position		304,584,448	309,199,049	311,520,891	305,579,289	299,595,415	290,012,699
Significant Cash Flow Items:							
Capital Outlay	15,505,000	19,408,195	12,040,245	9,308,751	5,494,411	6,338,748	4,306,263
Bond & Note Principle Payments	3,235,000	3,235,000	-	6,811,786	262,796	6,265,000	-

**City of Minneapolis
Water Enterprise Fund
For Third Quarter/Years 2014, 2013, 2012**

Fund 07400	2014 Budget	30-Sept-14 Period End Actuals	Projected Year End 2014	2013 Actuals
Operating Revenue	76,698,771	55,825,857	75,441,909	74,824,116
Operating Expense	52,424,039	36,972,424	51,689,116	51,205,913
Operating Margin	24,274,732	18,853,433	23,752,793	23,618,203
Change in Net Position		234,896	(4,329,162)	12,172,686
Net Position		210,684,758	221,370,699	210,449,861
Cash Balance		20,453,370	24,696,180	18,963,284

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, as well as the Metropolitan Airport Commission

Revenue:

At the end of 2014, the projected total operating revenue will be \$75,441,909 or a 0.8% increase over the 2013 amount of \$74,824,116. Year to date sales have suffered as a result of the wet weather during the first half of the year and lower summer temperatures. Although revenue from water sales is expected to be down from last year, the fixed rate revenue will help to stabilize the overall sales revenue. Higher than anticipated revenues associated with Capital design and fee based revenue as well as an increase in the volume of reimbursable work for the year in total will help offset lower than budgeted water sales.

Expense:

Projected operating expenses for the year total \$51,689,116 or 98.6% of the 2014 budget, and 1% higher than 2013 amount of \$51,205,913. Expenses were expected to be slightly lower due to decreased chemical and electrical costs related to the lower production of water. Specifically, with sales lagging due to the wet weather and lower temperatures, the related costs of chemicals and electricity are down.

Transfers:

For 2014, the transfer amount of \$1,183,681 represents a \$1,156,681 operating transfer from the Sanitary Sewer Fund for their share of the cost of the meter shop and a \$27,000 transfer from the City's general fund to offset rent expense at city hall. The transfers are recorded monthly at a rate of 1/12th of the annual amounts.

Debt Services:

Debt service payments are related to the bonds and notes sold to finance the Water Division's capital improvement program. The amount of Debt service including both principal and interest payments for 2014 is anticipated to equal the budgeted amounts of \$10,453,578.

Other Financial Items:

The ending cash balance as of September 30, 2014 was \$20,453,370 compared to \$18,963,284 at the end of 2013. 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 \$13.1 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. The budgeted 2014 balance in the reserve for membrane and valve replacement is \$5.1 million. The two reserves total \$18.2 million, so the current cash balance is adequate to cover the reserves. The anticipated cash balance at year end will also include the deferral of approximately \$4 million in capital projects to 2015.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Third Quarter/Years Ending 2014, 2013, 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Water Sales - City							
Volume Rate	56,365,647	55,261,564	41,702,888	55,738,712	42,774,913	56,440,374	42,943,404
Fixed Rate	4,108,365	4,025,437	3,018,350	3,230,251	2,420,020	3,216,611	2,413,961
Water Sales - Suburbs	12,778,872	11,188,777	8,523,024	11,607,219	8,458,828	12,976,941	9,635,453
Other Operating Revenues	3,445,887	4,966,131	2,581,596	4,247,934	3,803,890	6,457,492	6,761,756
Total Operating Revenues	<u>76,698,771</u>	<u>75,441,909</u>	<u>55,825,857</u>	<u>74,824,116</u>	<u>57,457,651</u>	<u>79,091,418</u>	<u>61,754,574</u>
Operating Expenses:							
Payments for City Services	10,654,596	10,654,596	8,022,322	10,216,139	8,473,939	9,645,669	7,575,948
Administration	854,546	700,415	490,604	1,358,672	988,003	1,215,322	816,645
Engineering	1,982,066	1,907,148	1,409,198	2,479,887	1,814,256	1,923,249	1,444,258
Operations	26,543,153	25,206,098	17,544,867	25,116,372	18,533,971	25,537,030	18,443,042
Distribution	8,960,634	8,980,935	6,560,507	8,667,609	6,275,946	9,628,717	6,647,337
Meter Shop	1,941,657	1,946,632	1,452,254	1,886,076	1,387,583	1,996,339	1,472,097
Reimbursables	1,487,387	2,293,293	1,492,672	1,481,159	996,394	1,355,535	689,298
Total Operating Expenses	<u>52,424,039</u>	<u>51,689,116</u>	<u>36,972,424</u>	<u>51,205,913</u>	<u>38,470,092</u>	<u>51,301,862</u>	<u>37,088,625</u>
Operating Margin	<u>24,274,732</u>	<u>23,752,793</u>	<u>18,853,433</u>	<u>23,618,203</u>	<u>18,987,559</u>	<u>27,789,557</u>	<u>24,665,949</u>
Non-Operating Revenues/(Expenses)							
Depreciation	(10,207,596)	(10,207,596)	(7,655,697)	(10,628,275)	(7,311,236)	(10,551,351)	(6,589,322)
Special Assessments				395,099		1,204,006	
Net Interest Income (Exp)	(4,308,040)	(4,308,040)	(2,655,543)	(2,971,360)	(2,798,613)	(3,303,893)	(2,921,168)
Federal Emergency Management Assistance State of Minnesota						10,455	10,455
Capital Revenue	2,000,000	500,000	3,182	494,886		249,225	3,136
Other Non-Operating Income				92,794		134,443	
Other Non Operating (Expense)	(22,100,000)	(15,250,000)	(9,198,240)	(11,708,710)	(7,558,229)	(831)	(8,383,368)
Total Non-Operating Revenues (Expenses)	<u>(34,615,636)</u>	<u>(29,265,636)</u>	<u>(19,506,297)</u>	<u>(24,325,566)</u>	<u>(17,668,078)</u>	<u>(12,254,809)</u>	<u>(17,880,267)</u>
Operating Transfers In (Out):							
Net transfers in from other funds	1,183,681	1,183,681	887,761	1,171,339	18,334	993,888	
Net transfers out to other funds						(4,992,000)	(3,744,000)
Total Operating Transfers	<u>1,183,681</u>	<u>1,183,681</u>	<u>887,761</u>	<u>1,171,339</u>	<u>18,334</u>	<u>(3,998,112)</u>	<u>(3,744,000)</u>
Capital Contribution							
Change in Net Position	(9,157,223)	(4,329,162)	234,896	463,976	1,337,815	11,536,635	3,041,682
Significant Balance Sheet Items							
Operating Cash		24,696,180	20,453,370	18,963,284	20,321,170	19,066,539	17,450,864
Accounts Receivable			6,858,878	4,778,155	7,240,213	4,559,012	7,180,007
Assessments Receivable			2,095,129	2,513,145	1,892,614	2,302,230	572,240
Bonds & Notes Payable		106,961,172	103,261,710	107,106,710	109,503,120	113,284,120	115,577,934
Net Position		221,370,699	210,684,758	210,449,861	198,523,701	197,185,886	185,232,162
Significant Cash Flow Items							
Capital Outlay	22,100,000	15,250,000	9,198,240	11,708,710	7,558,229	11,708,710	8,383,368
Bond & Note Principle Payments	6,145,538	6,145,538	3,845,000	5,796,108	3,781,000	5,796,108	3,546,307
Total Cash Flow Items	<u>28,245,538</u>	<u>21,395,538</u>	<u>13,043,240</u>	<u>17,504,818</u>	<u>11,339,229</u>	<u>17,504,818</u>	<u>11,929,675</u>

City Of Minneapolis
Solid Waste and Recycling Fund
For the Third Quarter Ending September 30, 2014

Fund 07700	2014 Budget	09/30/14 Actual	Projected Year End 2014	2013 Actual
Operating Revenue	31,372,751	24,044,390	31,638,858	31,425,594
Operating Expense	33,378,046	23,056,085	31,607,889	35,205,122
Operating Margin	(2,005,295)	988,305	30,969	(3,779,528)
Change in Net Position		1,104,829	400,327	(4,896,120)
Net Position		27,948,944	28,349,271	26,844,115
Cash Balance		19,172,442	19,538,041	17,793,800

Program Description

The Solid Waste and Recycling Fund account for the City's solid waste and recycling collection and disposal, graffiti removal, and a solid waste transfer station that serves 106,400 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; citywide litter and graffiti abatement and removal; and an Organics Pilot Program.

Revenue

With operating revenues through the end of the third quarter totaling \$24.0 million, 77% of the budgeted revenue has been realized. This is an increase of \$1.4 million or 6%, compared to \$22.6 million earned through third quarter of 2013. Utility revenues were \$22.2 million compared to \$21.7 million for 2013 as a result of increase in base rate of \$0.60 per dwelling unit. An increase in revenues of \$400,000 in miscellaneous services was offset by a decrease in revenues from the sale of scrap metals. Revenue from the sale of scrap metal decreased \$400,000 as a result of decreased demand for this product. The Hennepin County recycling grant for the year was collected during this quarter and the amount received was \$871,000.

Expenses:

Operating expenses through the third quarter were \$23.0 million compared to \$27.4 million in 2013. This is a decrease of \$4.4 million or 16%. Expenditures in Recycling Division decreased by \$4.8 million due to one-time expenditures spent on capital purchases of equipment and carts relating to of One-Sort Program which was completed in 2013. Expenses also decreased in Collection, Disposal, Yard Waste, Customer Service, Graffiti, Equipment, and Organics divisions by sum total of \$1.1 million. Expenses for the Collection and equipment division were lower by \$500,000 since fewer carts, lids, trucks, and equipment were purchased. Additional reductions of \$600,000 in expense are due to lower vendor contract for garbage collection and due to redistribution of City services to Admin division.

Expenses increased by a combined total of \$1.5 million for Problem Material, Transfer Stations, Administration, and Clean City divisions. \$1.0 million of the increase is in Administration where City services such as overheads, liability insurance, worker's comp, BIS charges, and rents were removed from other divisions and are now budgeted. Clean City is up by \$400,000 and this is offset by a reduction in Graffiti of an equal amount.

Transfers:

Budgeted transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking Fund for the Litter Container Program and \$820,000 from the General Fund for graffiti removal and micro-grants. As of the end of the quarter, \$725,000 in transfer revenues has been received.

Debt Service:

This fund has no debt service.

Forecast:

Over the next three months, the estimated cash outflow will total \$8.6 million for operating expenses and facility improvements. The Fund also anticipates an additional \$8.7 million in revenue from its operations and \$200,000 in transfers resulting in a surplus of \$400,000 and bringing the fund balance for year end to an estimated \$19.5 million.

Cash and Net Positions:

The Fund's cash balance as of the end of the third quarter was \$19.2 million and the net position reached \$27.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the targeted cash balance is \$8.6 million leaving unrestricted cash reserve equivalent to \$19.5 million. With a planned implementation of City-wide Organic program and facility improvement in the next budget year, the Solid Waste is estimated to incur over \$11 million in additional costs. Therefore going into 2015, the projected year-end cash reserve is necessary to fund these programs.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses
For Third Quarter/Years, 2014, 2013, and 2012

	Budget Current Year 2014	Projection Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
County Grants	880,000	871,608	871,608	864,545	-	864,448	864,448
Solid Waste Fees	28,890,458	29,500,458	22,166,404	28,801,926	21,669,183	29,250,660	21,961,762
Recyclable Sales	750,000	300,000	254,694	790,163	626,026	1,611,178	1,242,413
Charges for Other Services	852,293	966,793	751,684	968,960	383,969	334,990	210,151
Total Operating Revenues	31,372,751	31,638,858	24,044,390	31,425,594	22,679,178	32,061,276	24,278,774
Operating Expenses:							
Collection	8,002,940	7,542,626	5,663,474	8,091,536	6,028,236	7,535,591	5,662,546
Disposal	4,569,086	4,564,231	3,429,456	4,544,751	3,465,990	5,056,654	3,750,422
Recycling	3,778,918	3,416,862	2,356,896	7,968,641	7,119,222	5,510,041	2,660,761
Yard Waste	3,058,237	2,566,006	1,704,725	2,624,703	1,760,850	2,549,112	1,692,284
Large Item/Problem Material	1,797,313	1,679,008	1,246,603	1,676,994	1,246,009	1,298,656	763,376
Transfer Stations	352,150	411,131	311,026	356,751	265,532	385,757	335,588
Administration	5,727,143	5,864,151	4,407,565	4,429,665	3,388,088	3,931,544	2,894,737
Customer Service	666,814	508,753	356,527	577,913	432,484	605,386	449,291
Clean City	976,531	1,124,777	831,097	975,820	402,485	1,030,056	508,238
Graffiti	1,097,309	670,000	500,265	766,716	880,817	809,329	873,735
Equipment	3,070,583	3,062,864	2,099,936	2,936,967	2,248,169	3,416,485	2,183,205
Organics	281,022	197,480	148,516	254,665	183,110	248,210	187,337
Total Operating Expenses	33,378,046	31,607,889	23,056,085	35,205,122	27,420,992	32,376,821	21,961,520
Operating Margin	(2,005,295)	30,969	988,305	(3,779,528)	(4,741,814)	(315,545)	2,317,254
Non-Operating Revenues (Expenses):							
Depreciation	(793,974)	(793,974)	(595,481)	(855,039)	(524,198)	(664,537)	(447,095)
Capital Adjustments	-	-	-	-	-	-	-
Other non-operating Expense	(2,500,000)	(16,668)	(12,501)	-	-	-	-
Special Assessments	-	214,000	-	142,471	-	98,037	-
Total Non-Operating Revenues (Expenses)	(3,293,974)	(596,642)	(607,982)	(712,568)	(524,198)	(566,500)	(447,095)
Operating Transfers In (Out):							
Net Transfers In from Other Funds	966,000	966,000	724,506	296,000	125,000	296,000	112,500
Net Transfers Out to Other Funds	-	-	-	(700,024)	(583,358)	(1,271,000)	(953,250)
Total Operating Transfers	966,000	966,000	724,506	(404,024)	(458,358)	(975,000)	(840,750)
Contributed Capital	-	-	-	-	-	-	-
Change in Net Position	(4,333,269)	400,327	1,104,829	(4,896,120)	(5,724,370)	(1,857,045)	1,029,409
Significant Balance Sheet Items:							
Operating Cash	19,538,041	19,172,442	17,793,800	16,555,422	23,856,133	24,036,557	
Accounts Receivable	3,251,054	3,761,831	3,477,247	3,095,922	3,024,861	3,194,333	
Notes Payable	-	-	-	-	-	-	
Bonds Payable	-	-	-	-	-	-	
Net Position	28,349,271	27,948,944	26,844,115	24,594,922	30,319,292	31,568,296	

**City of Minneapolis
Municipal Parking Fund
For the 3rd Quarter Ended Sept 30, 2014**

Fund 7500*	2014 Original Budget	09/30/14 Actuals	Projected YE 2014	Actual YE 2013
Revenue	58,575,057	43,109,055	58,296,568	58,147,378
Expenses	37,883,423	27,765,985	37,780,872	37,745,060
Operating Margin	20,691,634	15,343,070	20,515,696	20,402,318
Change in Net Position	1,627,624	4,274,179	1,451,686	9,871,034
Net Position	174,255,160	176,901,715	174,079,222	172,627,536
Cash Balance		17,329,863	10,536,309	13,303,623

* Net Income (Loss) includes all non-operating expenditures and 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 2014 third quarter actual revenues are down in comparison to the 2013 by 1.2%. The decrease is from:

- Impound Lot revenues are up 5.4% compared to 2013.
- On-street parking is down 9.3% compared to 2013.
- Off-street ramps and lots are up 0.4% compared to 2013.

Impound Lot revenues are higher than 2013 due to increased number of snow emergencies during the first nine months of 2014. On-street revenues are down during the first nine months of 2014. The first nine months of 2014 off-street revenues were higher due to increased efforts with the state owned ABC Ramps.

Projected Revenues for year-end are only slightly above 2013, and 1% below the budget for 2014.

Expenses:

The 2014 3rd quarter operating expenses are lower than the 2013 expenses by 1.4%. The variance is from:

- Impound Lot expenses are up 19.2% compared to 2013.
- On-street meters are down by 8.3% compared to 2013.
- Off-street ramps and lots are down 3.6% compared to 2013.

Impound Lot expenses are higher than 2013 due to heavier snow in early 2014 and increased related operational activities, including towing, security, lot maintenance and personnel. On-street meter expenses are lower than 2013 due to the new meters deployed. Off-street ramps and lots show lower than 2013 expenses due primarily to ABC Ramp efforts.

Projected Expenses for the year end are similar to the 2013 Actual and 2014 Budget.

Transfers to and from other funds:

The 2014 transfers into and out of the Parking Fund are programmed and planned according to the 2014 budget. During the year of 2014, \$0.4 million of funds will be transferred in (\$0.4 million from Tax Increment Funding) and \$5.8 million of funds will be transferred out (\$2.3 million to the General Fund, \$3.3 million to the Target Center, \$0.2 million to Solid Waste).

Debt Service:

For 2014, the debt service budget is \$16.2 million. The outstanding balance of bond principal as of Sept 30, 2014 is \$83.7 million and the outstanding balance of note principal is \$38.7 million.

Other Financial Items:

The end of the third quarter 2014 cash balance is \$17.3 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$9.5 million, which results in a \$7.8 million surplus which is retained for future debt service payments and potential future major parking capital projects.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Third Quarter/Years Ending 2014, 2013, and 2012

	Budget Current Year 2014	Projected Year Ending 2014	For Period Ending 30-Sep-14	For Year Ending 2013	For Period Ending 30-Sep-13	For Year Ending 2012	For Period Ending 30-Sep-12
Operating Revenues:							
Off-Street Parking: City Owned	30,875,057	30,970,747	22,911,552	29,831,564	22,326,470	28,628,141	21,765,460
Off-Street Parking: State Owned	10,925,000	10,071,976	7,553,982	10,378,784	8,013,257	9,657,497	6,110,115
Towing	6,500,000	5,863,076	4,191,293	5,754,958	3,978,291	5,575,586	3,971,801
On-Street Meters	10,275,000	11,390,769	8,452,228	12,182,072	9,318,569	10,153,881	7,458,416
Total Operating Revenues	58,575,057	58,296,568	43,109,055	58,147,378	43,636,587	54,015,105	39,305,792
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	21,425,071	20,542,669	15,183,215	20,701,318	15,593,078	22,310,908	14,539,000
Off-Street Parking: State Owned-Direct Expenses	8,364,391	9,160,899	6,870,674	9,366,786	7,288,328	8,802,796	6,544,894
Towing	5,147,285	5,406,856	3,748,474	4,702,750	3,145,395	4,294,098	2,953,735
On-Street Meters	2,946,676	2,670,449	1,963,622	2,974,206	2,141,557	4,451,961	3,318,324
Other Operating Expenses	-	-	-	0	0	816	13,515
Total Operating Expenses	37,883,423	37,780,872	27,765,985	37,745,060	28,168,358	39,860,579	27,369,468
Operating Margin	20,691,634	20,515,696	15,343,070	20,402,318	15,468,229	14,154,526	11,936,324
Non-Operating Revenues/(Expenses)							
Depreciation	(6,665,100)	(6,665,100)	(4,998,825)	(6,955,004)	0	(6,905,352)	(5,275,268)
Special Assessments	0	0	0	25,018	0	57,405	0
Interest	(5,330,287)	(5,330,287)	(1,615,449)	(4,001,605)	(1,803,302)	(4,497,741)	(2,579,623)
Other Non Operating Expenses	(1,700,000)	(1,700,000)	(146,963)	-	-	-	(48,417)
Other Non-Operating Income	0	0	29,468	11,990	21,110	9,664	31,146
Total Non-Operating Revenues (Expenses)	(13,695,387)	(13,695,387)	(6,731,769)	(10,919,601)	(1,782,192)	(11,336,024)	(7,872,162)
Operating Transfers In (Out):							
General Fund Transfer Out	(2,323,200)	(2,323,200)	(1,742,400)	(7,918,024)	0	(7,864,901)	0
Arena Reserve Transfer Out	(3,323,006)	(3,323,006)	(2,492,354)	(3,129,132)	(2,346,849)	(2,940,905)	(2,205,679)
Debt Service Transfer Out	0	-	-	(40,957)	0	(477,000)	(357,750)
General Debt Service Transfer Out	-	-	-	-	-	0	0
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	0	(146,000)	0
Convention Center related facility Transfer	0	-	-	4,729,200	159,600	5,580,100	2,373,800
TI and MCDA Transfers In	423,583	423,583	-	6,893,230	67,531	8,219,301	2,654,767
Other Transfers In	-	-	7,132	-	-	-	-
Total Operating Transfers	(5,368,623)	(5,368,623)	(4,337,122)	388,317	(2,119,718)	2,370,595	2,465,138
Capital Contributions						369,776	
Change in Net Position	1,627,624	1,451,686	4,274,179	9,871,034	11,566,319	5,558,873	6,529,300
Significant Balance Sheet Items							
Operating Cash		10,272,163	15,365,717	11,339,477	7,869,872	7,353,257	16,315,925
Cash Balance - Arbitrage		264,146	1,964,146	1,964,146	375,818	375,818	1,733,678
Notes Payable			(38,650,000)	38,650,000	38,650,000	38,650,000	38,650,000
Bonds Payable			83,705,942	83,705,942	95,680,042	149,200,042	106,120,042
Net Position	180,229,339	174,079,222	176,901,715	172,627,536	166,266,009	162,756,502	163,041,232
Significant Cash Flow Items							
Bond & Note Principal Proceeds			-	2,655,000	-	23,960,001	
Bond & Note Principal Payments	10,884,100	10,884,100	-	14,629,100	-	16,770,000	
Refunding Principle Payments			-	-	-	60,710,000	43,080,000

CPED Enterprise Fund Component Programs

The **CPED Enterprise Fund** operates a series of business-type activities designed to enhance housing options and economic development within the City. There are five component operations within this fund.

The **Housing Development** component accounts for various home ownership and home improvement loan programs. These are mature programs. All issued debt has been retired and no new loans are being issued. The residual balances are committed to the operations of the Minneapolis-St Paul Housing Finance Board. The Board is a joint venture created for the benefit of the Cities of Minneapolis and Saint Paul to cooperatively operate various housing loan programs. The committed balances will be used to pay for the Minneapolis share of bond issuance costs. The residual activity of the Housing Development component is accounted for by trustees, reviewed by management throughout the year, and recorded in City accounting records at year end. \$54,736 was transferred to the Minneapolis-St Paul Housing Finance Board during 2013.

The **General Agency Reserve Fund System (GARFS)** is 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 in maintaining the "A+" rating of the fund. Most of the transactions of the fund are maintained in a series of bank trustee accounts. The net position of the fund at year end 2013 was \$33,528,525. Only the administrative operations portion of the fund is presented at 9/30/2014. Other information is maintained by a trustee and not available for inclusion at 9/30.

The **Theatres** component was created to account for the operations of the State, Orpheum, and Pantages Theatres. The City no longer operates these Theatres. Only residual balances and activity remain. There was a cash deficit of more than \$2 million at the conclusion of the operational period. The City has a workout plan in place to transfer \$400,000 per year into the fund to clear the deficit. Three years of the workout plan have been successfully implemented. At September 30, 2014 the cash deficit was \$961,170.

The **River Terminal** component operates a public terminal facility located on the Mississippi River in north Minneapolis. The lease agreement obligates the operator to subsidize the City for operating losses and to share profits. The operator is not obligated to pay for the cost of the City's internal management of the facility. It is City management's intent to cease operation of the terminal by the end of 2014. At that time the land will be available for future development along the Mississippi.

The **Economic Development Program** component accounts certain defaulted properties, and for the Capital Investment Fund Program with the Federal Home Loan Bank, which provided loans to businesses for economic development and the creation of jobs. The current activities of this fund are residual in nature to complete the existing projects. These activities are minimal and comparable to the prior year.

	Housing Development Fund 9/30/2013	Housing Development Fund 9/30/2014	General Agency Reserve Fund Operations 9/30/2013	General Agency Reserve Fund Operations 9/30/2014	Theatres 9/30/2013	Theatres 9/30/2014	River Terminal 9/30/2013	River Terminal 9/30/2014	Economic Development Program 9/30/2013	Economic Development Program 9/30/2014
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 138,162	\$ 138,150	\$ 958,026	\$ 751,835	\$ (1,344,722)	\$ (961,170)	\$ (578,725)	\$ (787,111)	\$ 899,825	\$ 872,151
Deposits with fiscal agents	-	-	-	-	-	-	-	-	97,277	-
Loans and notes receivable	150,000	120,000	-	-	-	-	-	-	-	-
Other current assets	196	271	2,745	1,913	(3,453)	(2,656)	(960)	(1,086)	1,564	1,733
Total current assets	288,358	258,421	960,771	753,748	(1,348,175)	(963,826)	(579,685)	(788,197)	998,666	873,884
Noncurrent assets:										
Loans and notes receivable	344,987	346,521	-	-	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	5,527,318	5,179,792	-	-
Total noncurrent assets	344,987	346,521	-	-	-	-	5,527,318	5,179,792	-	-
Total assets	\$ 633,345	\$ 604,942	\$ 960,771	\$ 753,748	\$ (1,348,175)	\$ (963,826)	\$4,947,633	\$4,391,595	\$ 998,666	\$ 873,884
LIABILITIES										
Current liabilities:										
Accounts payable	-	-	-	2,934	-	-	-	-	-	67,171
Notes payable - current portion	-	-	-	-	-	-	-	-	116,613	-
Other current liabilities	67	116	17,900	15,155	(1,186)	(1,135)	2,893	2,163	11,431	10,980
Total current liabilities	67	116	17,900	18,089	(1,186)	(1,135)	2,893	2,163	128,044	78,151
Noncurrent liabilities:										
Notes payable	-	-	-	-	-	-	-	-	40,501	-
Compensated absences payable	-	-	10,554	13,777	-	-	-	2,818	-	560
Total noncurrent liabilities	-	-	10,554	13,777	-	-	-	2,818	40,501	560
Total liabilities	67	116	28,454	31,866	(1,186)	(1,135)	2,893	4,981	168,545	78,711
NET POSITION										
Invested in capital assets, net of related debt	-	-	-	-	-	-	5,527,318	5,179,792	-	-
Restricted	-	-	932,317	721,882	-	-	-	-	-	-
Unrestricted	633,278	604,826	-	-	(1,346,989)	(962,691)	(582,578)	(793,178)	830,121	795,173
Total net position	633,278	604,826	932,317	721,882	(1,346,989)	(962,691)	4,944,740	4,386,614	830,121	795,173
Total liabilities & net position	\$ 633,345	\$ 604,942	\$ 960,771	\$ 753,748	\$ (1,348,175)	\$ (963,826)	\$4,947,633	\$4,391,595	\$ 998,666	\$ 873,884

	Housing Development Fund 1/1-9/30/13	Housing Development Fund 1/1-9/30/14	General Agency Reserve Fund System 1/1-9/30/13	General Agency Reserve Fund System 1/1-9/30/14	Theatres 1/1-9/30/13	Theatres 1/1-9/30/14	River Terminal 1/1-9/30/13	River Terminal 1/1-9/30/14	Economic Development Program 1/1-9/30/13	Economic Development Program 1/1-9/30/14
Operating revenues										
Charges for sales and services	\$ -	\$ -	\$ 191,424	\$ 154,892	\$ -	\$ -	\$ 1,288,254	\$ 1,124,342	\$ 206,250	\$ -
Interest on program activities	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	191,424	154,892	-	-	1,288,254	1,124,342	206,250	-
Operating expenses:										
Personal services	-	-	252,430	192,303	-	-	44,896	31,192	8,359	-
Contractual services	-	-	199,720	153,052	20,000	-	1,315,831	1,288,960	21,735	7,663
Other	-	-	7,760	1,174	-	-	500	500	-	-
Depreciation expense	-	-	-	-	-	-	260,645	260,645	-	-
Total operating expenses	-	-	459,910	346,529	20,000	-	1,621,872	1,581,297	30,094	7,663
Operating income	-	-	(268,486)	(191,637)	(20,000)	-	(333,618)	(456,955)	176,156	(7,663)
Nonoperating revenues (expenses)										
Interest on investments	341	507	3,026	3,340	(4,376)	(3,899)	(988)	(2,639)	1,971	3,123
Interest expense	-	-	-	-	-	-	-	-	-	(474)
Total nonoperating revenue (expenses)	341	507	3,026	3,340	(4,376)	(3,899)	(988)	(2,639)	1,971	2,649
Income (loss) before transfers	341	507	(265,460)	(188,297)	(24,376)	(3,899)	(334,606)	(459,594)	178,127	(5,014)
Net transfers from (to) other funds	-	-	-	-	400,000	402,190	-	-	-	-
Change in net position	341	507	(265,460)	(188,297)	375,624	398,291	(334,606)	(459,594)	178,127	(5,014)
Total net position - January 1	632,937	604,319	1,197,777	910,179	(1,722,613)	(1,360,982)	5,279,346	4,846,208	651,994	800,187
Total net position - December 31	\$ 633,278	\$ 604,826	\$ 932,317	\$ 721,882	\$ (1,346,989)	\$ (962,691)	\$ 4,944,740	\$ 4,386,614	\$ 830,121	\$ 795,173

City of Minneapolis

Third Quarter, 2014 Cash and Investments Report

In accordance with the City's cash management procedures, 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, diversification and yield. As of September 30, 2014, the City's current investment portfolio was valued at \$742.7 million. The sector holdings and fund distributions are shown below. For the twelve months ended September 30, 2014, the portfolio has outperformed its benchmark.

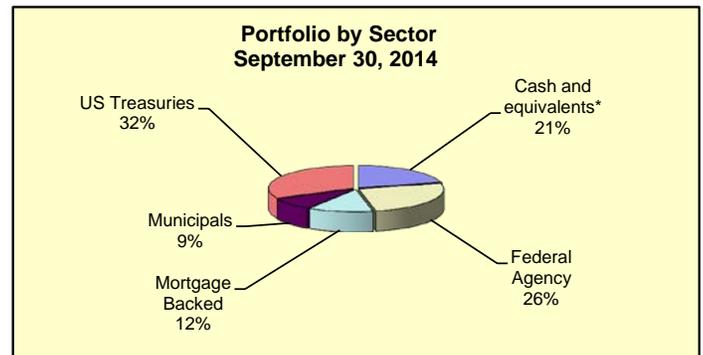
Investment Performance period ended September 30, 2014	City Portfolio	Custom Benchmark*
3 month Total Return	0.05%	0.02%
12 months Total Return	0.70%	0.39%
3 year Total Return	0.52%	0.33%
Credit Quality	AGY	TSY
Weighted Average Maturity	1.5 Years	1.6 Years

* 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	Sept. 30 2014	% of port.	Sept. 30 2013	% of port.
Cash and equivalents*	\$ 155.5	21%	\$ 86.1	14%
Commercial Paper	0.2	0%	24.6	4%
Federal Agency	191.4	26%	196.9	32%
Mortgage Backed	92.0	12%	67.7	11%
Municipals	63.4	9%	55.4	9%
US Treasuries	240.2	32%	184.6	30%
Total Cash & Investments	\$ 742.7	100%	\$ 615.3	100%

*Net of checks outstanding

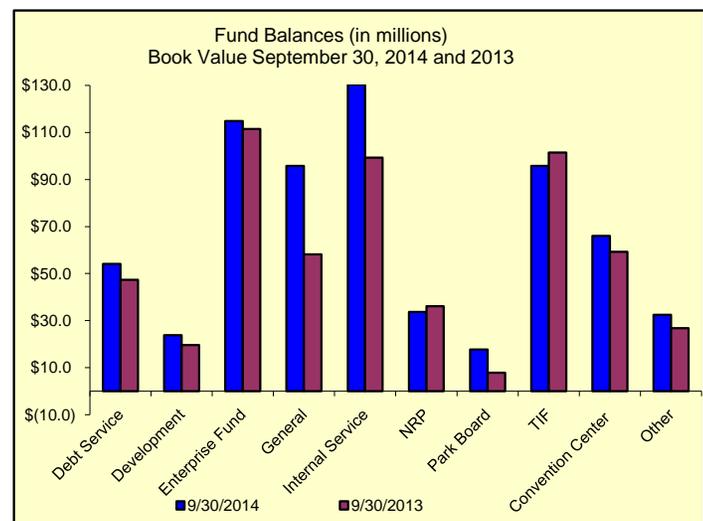


Funds Performance

Book Value in millions	Sept. 30 2014	% of funds	Sept. 30 2013	% of funds
Debt Service	\$ 54.1	8%	\$ 47.3	8%
Development	23.8	3%	19.6	3%
Enterprise Fund	114.8	17%	111.4	19%
General	95.8	14%	58.2	10%
Internal Service	130.3	19%	99.3	17%
NRP	33.7	5%	36.2	6%
Park Board	17.7	3%	7.9	1%
TIF	95.8	14%	101.4	18%
Convention Center	66.0	10%	59.2	10%
Other	32.5	5%	26.8	5%
Sub Total City Operating	\$ 664.5	96%	\$ 567.3	99%
Bond Proceeds/Construction	27.1	4%	7.1	1%
Total Book Value	691.6	100%	574.4	100%
Unrealized gain (loss) & Accrued interest	(1.0)		(1.1)	
Total Market Value	\$ 690.6		\$ 573.3	

Debt Service Reserve Funds (GARFS & Development debt)

Value	\$ 52.1	\$ 42.0
All Funds & GARFS Market Value	\$ 742.7	\$ 615.3



APPENDIX

**City of Minneapolis
Financial Strength Analysis – 3rd Quarter 2014**

**City of Minneapolis
Financial Strength Analysis - 3rd Quarter 2014**

FINANCIAL STRENGTH ANALYSIS (in millions)					Increase Over 2012		Total 4 Year Incr		4 Year Avg Incr		2014 ANALYSIS	
	2010	2011	2012	2013	\$	%	\$	%	\$	%	YTD 9/30/2014	Projected YE 2014
General Fund Cash Balance	62.9	76.3	86.8	102.1	15.3	17.6%	39.2	62.3%	9.8	15.6%	93.0	100.1
General Fund Total Fund Balance	61.4	69.9	85.3	97.0	11.7	13.7%	35.6	58.0%	8.9	14.5%	80.7	88.5
General Fund Unassigned/Unreserved Fund Balance	60.1	69.9	85.3	97.0	11.7	13.7%	36.9	61.4%	9.2	15.3%	80.7	88.5
Overall City Cash Position*	498.6	525.4	561.6	656.1	94.5	16.8%	157.5	31.6%	39.4	7.9%	668.6	660.0
Overall City Net Assets/Position**	1,519.3	1,757.2	1,947.3	2,087.9	140.6	7.2%	568.6	37.4%	142.2	9.4%		
Overall Unrestricted Net Assets/Position**	157.3	171.3	227.6	279.2	51.6	22.7%	121.9	77.5%	30.5	19.4%		
SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS (in millions)												
Convention Center - Cash	27.2	31.1	44.4	54.9	10.5		27.7		6.9		71.3	49.7
Convention Center - Fund Balance	46.1	49.7	58.6	65.5	6.9		19.4		4.9		77.7	60.4
Arena (Target Center) - Cash	1.3	2.6	5.8	7.6	1.8		6.3		1.6		8.4	9.5
Arena (Target Center) - Fund Balance	1.3	2.6	5.6	6.7	1.1		5.4		1.4		7.4	8.5
Grant Funds - Cash	0.3	0.7	1.5	2.7	1.2		2.4		0.6		(1.9)	1.5
Grant Funds - Fund Balance	17.2	16.7	10.8	10.0	(0.8)		(7.2)		(1.8)		8.7	8.2
Regulatory Services - Cash	--	--	5.1	5.5	0.4		0.4		0.4		5.3	5.9
Regulatory Services - Fund Balance	--	--	5.2	5.5	0.3		0.3		0.3		5.2	5.8
Comm Planng & Econ Dev (CPED) - Cash	167.2	167.6	169.7	171.9	2.2		4.7		1.2		152.6	166.9
Comm Planng & Econ Dev (CPED) - Fund Balance	225.3	209.6	207.9	205.7	(2.2)		(19.6)		(4.9)		191.9	198.5
Employee Retirement Fund - Cash	9.8	17.2	12.1	16.4	4.3		6.6		1.7		14.4	13.8
Employee Retirement Fund - Fund Balance	10.1	16.8	12.6	16.6	4.0		6.5		1.6		14.5	14.2
Other Special Revenue Funds - Cash	1.8	1.6	1.1	2.1	1.0		0.3		0.1		1.9	2.2
Other Special Revenue Funds - Fund Balance	2.6	1.7	1.2	1.8	0.6		(0.8)		(0.2)		1.9	1.7
Total Special Revenue Funds - Cash	207.6	220.8	239.7	261.2	21.5	8.9%	48.5	23.3%	12.4	5.8%	252.1	249.5
Total Special Revenue Funds - Fund Balance	302.6	297.1	301.9	311.8	9.9	3.3%	4.0	1.3%	1.2	0.3%	307.2	297.3

* The amount reported in the Overall City Cash Position is the book value of City only cash and cash equivalents. The City also includes in its managed cash and investments cash for the Minneapolis Park and Recreation Board, the Minneapolis Public Housing Authority, the Municipal Building Commission, the Youth Advisory Board, the Joint Board and the Library. At 9/30/2014, the total cash invested for these entities is \$20.7 million. These numbers do not include the \$52.1 million invested for the General Agency Reserve Fund Systems (GARFS).

** City-wide financial information for 2014 is not available until issue of the Comprehensive Annual Financial Report (CAFR).

FINANCIAL STRENGTH ANALYSIS (in millions)					Increase Over 2012		Total 4 Year Incr		4 Year Avg Incr		2014 ANALYSIS	
	2010	2011	2012	2013	\$	%	\$	%	\$	%	YTD 9/30/2014	Projected YE 2014
INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS (in millions)												
Engr. Materials & Testing - Cash	0.8	1.2	1.7	2.1	0.4		1.3		0.3		2.7	1.9
Engr. Materials & Testing - Net Assets/Position	0.7	1.1	1.6	2.0	0.4		1.3		0.3		1.9	1.9
Intergovernmental Services - Cash	8.4	11.9	15.8	35.3	19.5		26.9		6.7		33.7	39.6
Intergovernmental Services - Net Assets/Positn.	16.9	22.2	27.4	37.4	10.0		20.5		5.1		44.6	45.8
Property Services - Cash	0.1	0.7	0.8	4.2	3.4		4.1		1.0		3.9	3.4
Property Services - Net Assets/Position	26.0	26.1	25.6	33.1	7.5		7.1		1.8		32.9	32.9
Equipment Services - Cash	8.2	12.3	10.2	18.9	8.7		10.7		2.7		23.5	20.3
Equipment Services - Net Assets/Position	30.6	35.2	37.2	50.1	12.9		19.5		4.9		55.6	56.3
PW Stores - Cash	0.0	0.0	0.0	0.0	0.0		0.0		0.0		(0.2)	(0.2)
PW Stores - Net Assets/Position	3.2	3.0	3.7	4.1	0.4		0.9		0.2		4.2	4.3
Self Insurance Fund - Cash	41.2	47.5	56.4	61.2	4.8		20.0		5.0		66.5	67.9
Self Insurance Fund - Net Assets/Position	(6.6)	(4.1)	1.7	4.6	2.9		11.2		2.8		9.9	11.2
Total ISF - Cash	58.7	73.6	84.9	121.8	36.9	43.4%	63.1	107.4%	15.8	26.9%	130.1	132.9
Total ISF - Net Assets/Position	70.8	83.5	97.2	131.1	33.9	34.9%	60.3	85.2%	15.1	21.3%	149.1	152.4
ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS (in millions)												
Sanitary Sewer - Cash	16.7	20.8	20.0	25.3	5.3		8.6		2.2		21.6	14.0
Sanitary Sewer - Net Assets/Position	96.2	100.8	107.5	114.4	6.9		18.2		4.5		114.8	112.2
Stormwater - Cash	26.2	26.6	37.4	36.3	(1.1)		10.1		2.5		38.2	33.9
Stormwater - Net Assets/Position	267.9	284.9	299.6	311.7	12.1		43.8		11.0		309.2	304.6
Water Treatment & Distribution Services - Cash	19.0	15.2	19.1	19.0	(0.1)		0.0		0.0		20.5	24.7
Water Treatment & Distrib Serv - Net Assets/Position	210.45	186.0	197.2	210.5	13.3		0.0		0.0		210.7	221.4
Solid Waste & Recycling - Cash	21.9	22.4	23.9	17.8	(6.1)		(4.1)		(1.0)		19.2	19.5
Solid Waste & Recycling - Net Assets/Position	27.9	30.5	30.3	26.9	(3.4)		(1.0)		(0.3)		27.9	28.3
Municipal Parking - Cash	12.8	11.6	7.7	13.3	5.6		0.5		0.1		15.4	10.3
Municipal Parking - Net Assets/Position	148.3	157.2	162.8	172.6	9.8		24.3		6.1		176.9	174.1
Comm Planng & Econ Dev (CPED) - Cash***	0.1	0.0	0.0	0.0	0.0		(0.1)		(0.0)		0.0	0.0
Comm Planng & Econ Dev (CPED) - Net Assets/Position	40.2	39.8	38.5	38.4	(0.1)		(1.8)		(0.4)		57.6	52.1
Total ESF - Cash	58.9	96.6	108.1	111.7	3.6	3.4%	52.8	89.7%	13.2	22.4%	114.9	88.4
Total ESF - Net Assets/Position	757.4	799.2	835.8	874.5	38.7	4.6%	117.1	15.5%	29.3	3.9%	897.1	892.7

***Cash in CPED Enterprise Funds does not include the \$52.1 M (MV at 12/31/2013 of \$56.8M) invested with trustees through GARFS and reported in the CPED Enterprise Funds.