



# Fourth Quarter 2023 Financial Status Report

Finance & Property Services Department  
April 8, 2024

**City of Minneapolis**  
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**for the Fourth Quarter of 2023**

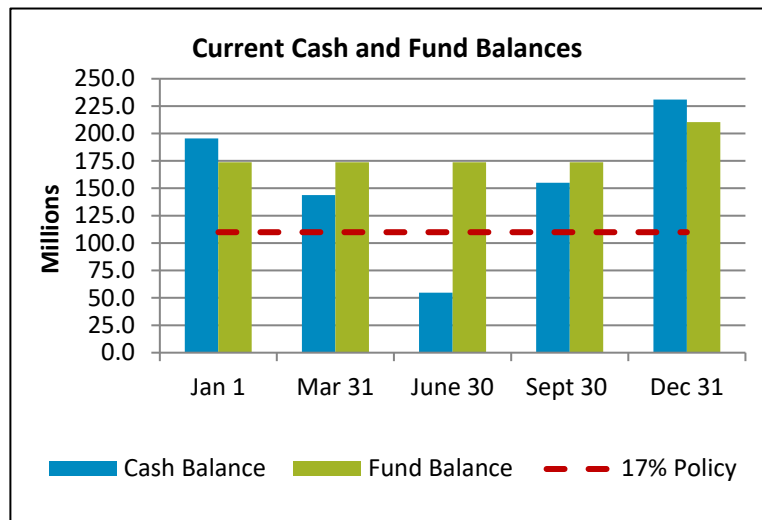
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## Overview

The City’s recovery from the economic impacts of the pandemic is ongoing and 2023 was a year of continued growth. In August 2023 Fitch upgraded the City’s credit rating to AAA while Standard and Poor confirmed their AAA rating. This is the first time the City has earned top ratings from both agencies since 2016. The \$271.2 million of Federal funding through the American Rescue Plan Act the City received in 2021 and 2022 is being spent as planned on projects addressing the economic and public health impacts of the pandemic. Using ARPA funds, the City’s General Fund replaced a portion of reduced revenue again in 2023 with a plan to cease reliance on that funding after 2024. Nearly all funds are meeting or exceeding target balances for cash and fund balance or net position with only the Sanitary Sewer and Parking enterprise funds, and Self-Insurance internal service fund ending the year below the targeted amount. Local taxes and Parking Fund revenues both exceeded budget for the second year in a row and exceeded collection amounts from 2022.

## General Fund

The General Fund is used to account for all financial resources except those required to be accounted for or reported in another fund. The original 2023 budget included a planned use of fund balance of \$4.8 million. Subsequent adjustments for rollovers increased the planned use of fund balance to \$37.5 million. At year end, actual fund balance increased by \$36.7 million, ending the year at \$210.4 million.



The chart to the right shows cash and fund balance throughout the year. The General Fund beginning cash balance for 2023 was \$195.4 million. Throughout the year, cash can fluctuate significantly because over one-half of the revenue in the General Fund comes from sources received only two or three times per year. As the chart shows, the cash balance at mid-year fell to \$54.7 million and recovered to end 2023 at \$230.9 million.

As shown in the Financial Strength Analysis on pages A-2 and A-3 of this report, from 2019 through 2022, the General Fund’s cash balance and fund balance have increased with a cumulative cash increase of \$49.1 million and an increase in fund balance of \$45.7 million. The strong fund balance and cash position were made possible in large part by strategic use of federal funds available through the pandemic including CARES and ARPA. These Federal funding sources were used to help maintain sustainable operations even considering the revenue losses experienced in 2020 and 2021. The General Fund continues to exceed the minimum fund balance requirements as required by financial policies.

The City’s financial policy for the General Fund balance is to maintain 17.0% of the following year’s expenditure budget less transfers. Based on the Council adopted 2024 budget less transfers of \$668.2 million, the required fund balance is \$113.6 million. While the General Fund finished 2023 with a total fund balance of \$210.4 million, various obligations reduce the unassigned fund balance to approximately \$139.3 million.

## Special Revenue Funds

The Special Revenue Funds (SRF) are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and include the Convention Center, Arena (Target Center) Fund, Downtown Assets Fund, Police, the Neighborhood and Community Relations (NCR), Regulatory Services, Grant Funds, Employee Retirement Funds, and the Community Planning & Economic Development (CPED)s funds.

These funds ended 2023 with a cumulative cash balance of \$458.0 million which is a decrease of \$28.2 million from the year-end 2022 cash balance of \$486.2 million. The cumulative fund balance for the Special Revenue Funds ended 2023 at \$400.5 million, an increase of \$35.0 million compared to year-end 2022. The decrease in cash is due primarily to a planned spend down of the ARPA federal funding. As mentioned in the Overview section above, the City received all ARPA funding totaling \$271.2 million in 2021 and 2022 with a plan to spend it down over the next few years. Local tax revenue increased during 2023 with collections budgeted at \$51.4 million and actual collections coming in at \$77.6 million. Fund balances in special revenue funds are generally restricted or committed for uses consistent with the source of revenue for each fund.

## Internal Service Funds

Internal Service Funds are used to account for goods and services provided internally to other government divisions. The Internal Service Funds include Engineering Materials and Testing Lab; Equipment (Fleet) Services; Property Services; Public Works Stores, Intergovernmental Services (primarily Information Technology), and Self-Insurance Funds.

The total cash balance for the Internal Service Funds at year-end 2023 is \$179.8 million, an increase of \$2.3 million from the 2022 ending balance of \$177.5 million. At the same time, the total net position for all the Internal Service Funds increased by \$6.8 million from \$82.8 million to \$89.6 million at the end of 2023. Because these funds have no debt burden and spending is tied to demand from other City funds, spending can be influenced by the needs of other funds. In 2023, Fleet Services fund was able to catch up on delayed spending replace new vehicles previously backlogged due to supply change issues. The Self-Insurance funds saw an increase in cash as the general liability payments came in less than budgeted. The net position of the Self-Insurance funds continues to be negative even considering the \$141.4 million cash balance. This negative net position is reflective of the actuarially accrued liabilities for long-term settlements and is not reflective of a lack of resources for short term operations of the funds.

## Enterprise Funds

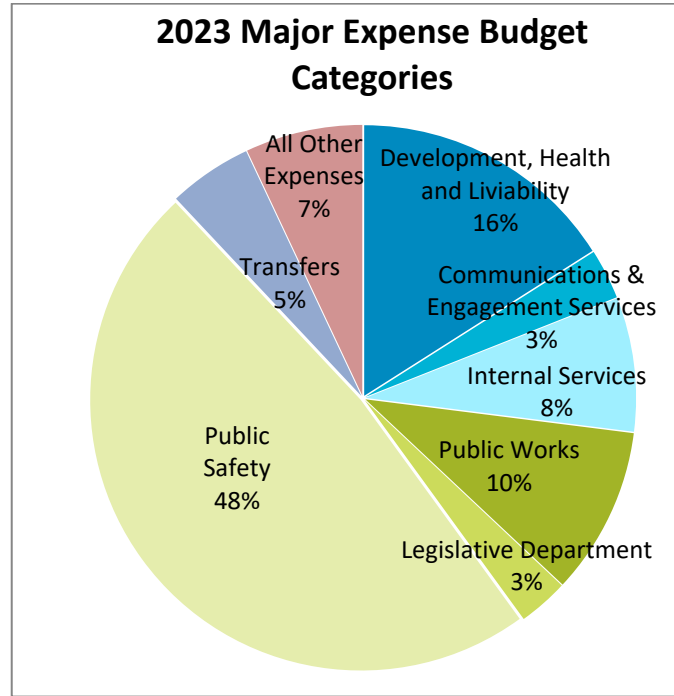
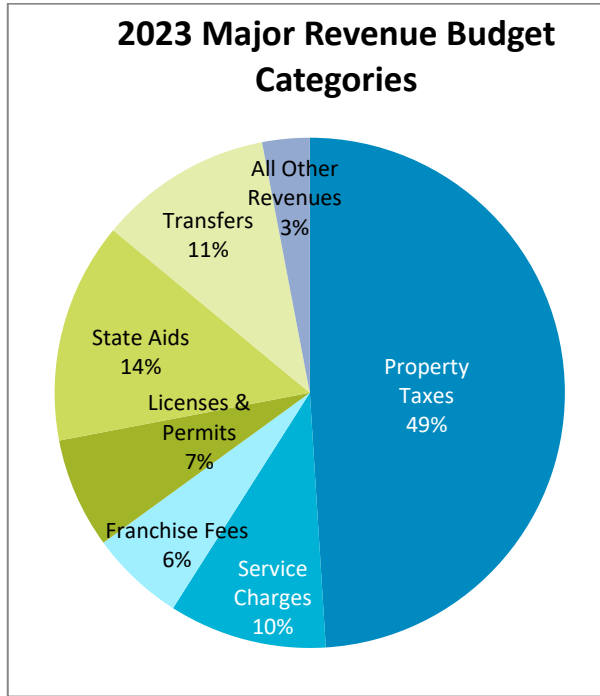
The Enterprise Funds are used to account for operations that sell goods and services to external third parties. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the CPED Enterprise Funds.

The total cash balance for the Enterprise Funds ended 2023 at \$100.7 million which was a decrease of \$5.5 million from the 2022 ending balance of \$106.2 million. Total net position for the Enterprise Funds increased by \$2.3 million from \$1,128.0 million at year end 2022 to \$1,130.3 at year end 2023. The Sanitary sewer fund's cash balance is below the target amount, but is twice what it was in 2019 and expected to return to policy compliance in 2024. The Parking Fund continues to see cash balances below target as well. However, both on and off-street parking saw revenue increase by nearly 15.0% in 2023. With increasing revenue along with reduced transfers out in future years, it is expected the Parking Fund will return to policy compliance in the near future.

**City of Minneapolis  
General Fund  
For the Fourth Quarter Ending December 31, 2023**

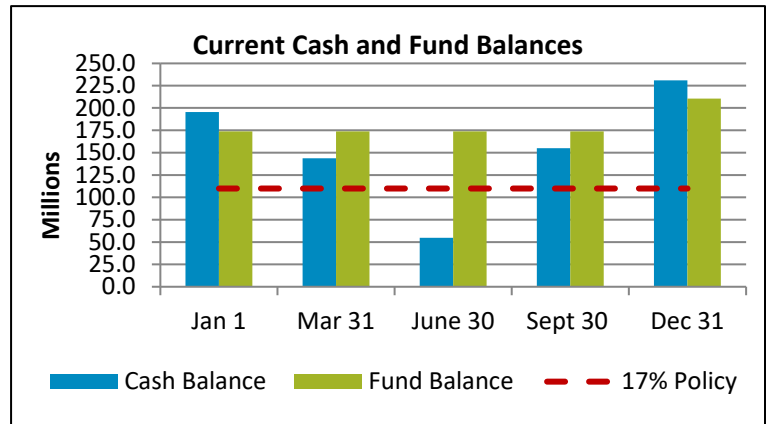
**Fund Description**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or administrative action to be accounted for in another fund. The Fund’s 2023 final revenue budget is \$594.4 million, while the Fund’s 2023 final expense budget is \$631.6 million, including transfers.



**Cash and Fund Balance**

The 2022 year-end audited cash balance for the General Fund was \$195.4 million, while the fund balance was \$173.7 million. Over one-half of the revenue in the General Fund comes from sources received only two times per year, such as property taxes, special assessments, and state aids. As such, the cash balance fluctuates significantly during the year. The year-end cash balance was \$230.9 million.



The 2023 original budget included a planned use of fund balance of \$4.8 million. The 2023 revised budget’s planned use of fund balance is \$37.2 million, an increase of \$32.4 million. The increased budgeted use of fund balance is primarily a result of rollovers of prior year unspent appropriations and the transfer in of APRA Funds to the General Fund. The difference between the budgeted use of fund balance and the projected growth of fund balance is due to variations in revenue and expense explained in the next two sections. The year-end fund balance increased by \$36.7 million and ended 2023 at \$210.4 million.

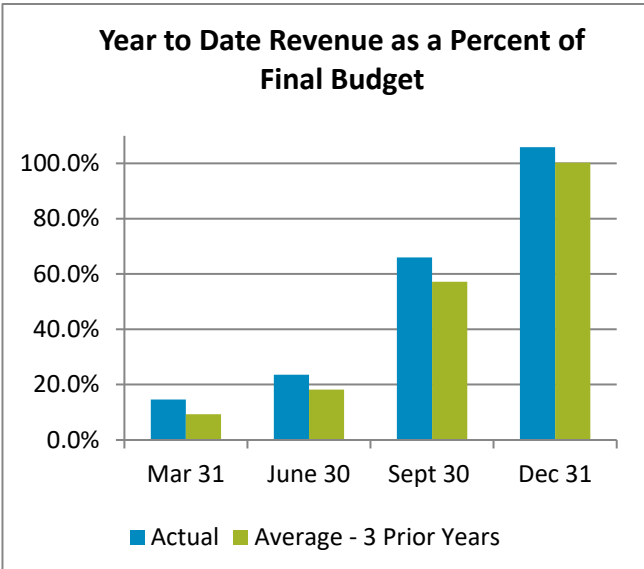
The City’s financial policies require a minimum fund balance equal to 17.0% of the subsequent year’s General Fund expenditure budget, less transfers out. Based on the Council Adopted 2024 budget less transfers of \$668.2

million, the required fund balance per policy is \$113.6 million. The year-end balance of \$210.4 million is \$96.8 million above the fund balance target.

**Revenue**

As noted above, more than one-half of General fund revenue is related to property taxes, special assessments, and state aids. The first installments of these payments are recognized in July with the remainder received in December. Since such a large portion of General Fund revenue is received after the second quarter of the year, the average year-end revenue for the past three years is only 100.2% of the budget. Actual year-end revenue for 2023 is \$629.3 million or 105.9% of the total budget.

Although the negative economic impacts of COVID-19 continue to effect Business Licenses and Permits, which was short of budget by \$2.5 million, year-end general fund revenues in 2023 exceeded budget by \$34.9 million, or 5.9%. This includes a one-time unbudgeted Public Safety Aid of \$19.0 million related to legislation passed by the State during the 2023 session. Other categories exceeding budget were Franchise Fees, at \$6.3 million; Non-Business Licenses and Permits, at \$5.4 million; and Steet Use Permits, at \$2.2 million. Property taxes collections were at 97.7% of budget, down from last year’s 99.8%, and the 3-year average of 99.5%. Investment earnings year-end mark to market adjustment resulted in a reduction to investment earnings of \$16.0 million, however total earnings still ended 2023 \$13.6 million over budget.

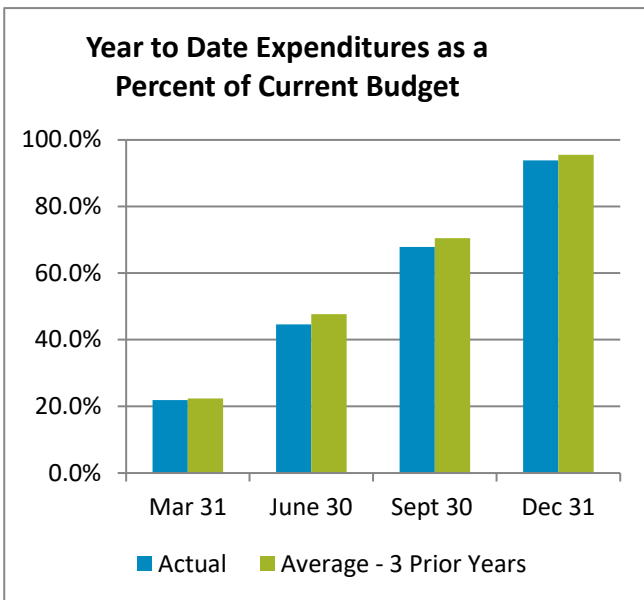


**Expenditures**

The City’s four largest divisions comprised 81.5% of the General Fund’s total final budget: Public Safety; Development, Health, and Livability; Public Works; and Internal Services. Small percentage variances in any of these large divisions can have a significant effect on the amount of surplus or deficit in the General Fund expenditure budget.

The Public Safety Division exceeded its budget by \$1.2 million or 0.4% mainly due to staff and overtime spending. The Public Works Division exceeded its budget by \$4.5 million, or 6.9%. The two main reasons for the overage are the result of \$3.0 million reimbursed work for others, and \$1.3 million in snow and ice removal.

Several departments finished the year under budget. The primary reasons for underspending are personnel savings and the delay of current year projects and initiatives. In addition, contingency funding of \$12.6 million was unspent at year end. Overall, General Fund was \$38.9 million under budget. Of this amount, approximately \$25.8 million was requested to be rolled over to cover delayed projects and initiatives not completed by year-end per financial policy.



**City of Minneapolis  
General Fund  
December 31, 2023**

	Original Budget	Final Budget	Year-to-Date Actual	Variance Budget to Actual	Percent of Actual to Revised Budget
<b>Revenues</b>					
Business Licenses And Permits	\$ 12,121,111	\$ 12,121,111	\$ 9,652,666	\$ (2,468,445)	80%
Charges For Sales	12,350	12,350	137,181	124,831	1111%
Charges For Services	56,839,029	56,839,029	59,184,495	2,345,466	104%
Contributions	-	-	24,315	24,315	0%
Fines And Forfeits	5,382,000	5,382,000	5,741,338	359,338	107%
Franchise Fees	33,939,704	33,939,704	40,121,630	6,181,926	118%
Investment Earnings	6,837,270	6,837,270	20,482,500	13,645,230	300%
Local Grants & Aids	978,675	978,675	1,380,414	401,739	141%
Miscellaneous	1,837,000	1,837,000	1,844,063	7,063	100%
Non-Business Licenses And Permits	30,296,042	30,296,042	35,715,808	5,419,766	118%
Property Taxes	291,963,777	291,963,777	285,248,167	(6,715,610)	98%
Rents	767,000	767,000	1,393,390	626,390	182%
Sales and Other Taxes	-	-	13,526	13,526	0%
Special Assessments	4,785,980	4,785,980	5,336,853	550,872	112%
State Grants & Aids	83,905,982	83,905,982	101,271,305	17,365,323	121%
<b>Total Revenues</b>	<b>529,665,920</b>	<b>529,665,920</b>	<b>567,547,651</b>	<b>37,881,731</b>	<b>107%</b>
Transfers In	64,469,828	64,738,341	61,737,574	(3,000,767)	95%
<b>Revenues and Other Sources</b>	<b>\$ 594,135,748</b>	<b>\$ 594,404,261</b>	<b>\$ 629,285,225</b>	<b>\$ 34,880,964</b>	<b>106%</b>
<b>Expenditures</b>					
Arts & Cultural Affairs	979,397	1,054,397	996,531	57,866	94.5%
Attorney	19,426,764	19,426,764	18,218,035	1,208,729	93.8%
Civil Rights	6,073,916	6,433,916	5,788,369	645,547	90.0%
Communications & Engagement Services:					
Communications	2,654,124	2,654,124	2,634,808	19,316	99.3%
Intergovernmental Relations	1,416,116	1,416,116	1,354,472	61,645	95.6%
Neighborhood & Community Relations	8,156,031	8,750,377	6,345,275	2,405,102	72.5%
311	5,858,994	6,202,967	5,973,935	229,032	96.3%
Contingency	14,758,673	12,646,875	-	12,646,875	0.0%
Development, Health and Livability					
CPED	43,897,406	54,546,061	38,255,927	16,290,134	70.1%
Health	16,055,846	16,742,415	15,635,116	1,107,299	93.4%
Regulatory Services	26,275,998	26,531,488	24,359,934	2,171,555	91.8%
Internal Services:					
Assessing	7,991,301	9,389,438	7,670,846	1,718,592	81.7%
Office of Public Service	3,086,212	3,133,689	2,804,703	328,986	89.5%
Finance and Property Services	27,188,814	27,856,903	26,515,003	1,341,900	95.2%
Human Resources	8,929,769	9,280,376	8,925,238	355,138	96.2%
Information Technology	-	2,000,000	1,368,677	631,323	68.4%
Performance Management & Innovation	1,201,618	1,201,618	563,046	638,572	46.9%
Legislative Department:					
City Auditor	1,785,179	1,868,717	1,733,000	135,718	92.7%
City Council & City Clerk	16,919,828	18,803,012	16,523,506	2,279,506	87.9%
Mayor	2,701,022	2,722,022	2,639,540	82,482	97.0%
Public Safety:					
Emergency Management	1,090,103	2,056,901	1,648,460	408,441	80.1%
Fire	73,118,620	73,118,620	78,883,745	(5,765,124)	107.9%
Neighborhood Safety	12,428,714	13,269,951	12,939,726	330,225	97.5%
Office of Community Safety	1,398,248	1,398,248	1,271,137	127,111	90.9%
Police	194,345,830	199,121,830	195,101,234	4,020,596	98.0%
911	10,369,449	10,369,449	10,697,727	(328,279)	103.2%
Public Works					
Transportation Planning & Design	1,981,466	2,010,066	1,947,625	62,442	96.9%
Transportation Plan Programming	3,049,720	3,200,024	2,789,281	410,743	87.2%
Transportation Maintenance & Repair	38,097,604	36,647,604	42,012,616	(5,365,011)	114.6%
Public Works Administration	3,366,068	3,566,068	3,491,135	74,933	97.9%
Traffic & Parking Services	18,228,590	19,478,590	19,146,436	332,154	98.3%
Racial Equity Inc Bel	1,720,767	1,835,767	1,513,684	322,083	82.5%
<b>Total Expenditures</b>	<b>574,552,187</b>	<b>598,734,393</b>	<b>559,748,764</b>	<b>38,985,629</b>	<b>93.5%</b>
Transfers Out Total	24,397,274	32,884,672	32,884,672	-	100.0%
<b>Expenditures and Other Uses</b>	<b>\$ 598,949,461</b>	<b>\$ 631,619,065</b>	<b>\$ 592,633,436</b>	<b>\$ 38,985,629</b>	<b>93.8%</b>
<b>Change in Fund Balance</b>			<b>36,651,789</b>		
<b>Fund Balance - January 1</b>			<b>173,717,330</b>		
<b>Fund Balance - December 31 (Unaudited)</b>			<b>210,369,119</b>		

**City of Minneapolis**  
**Convention Center Special Revenue Fund Report**  
**For the Fourth Quarter Ending December 31, 2023**

**Fund Description:**

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 of Minneapolis, the metropolitan region, and the State of Minnesota.

The Convention Center Special Revenue Fund activity was historically funded from local sales and hospitality tax receipts in addition to Convention Center operating revenue. Beginning in 2014, the local taxes were receipted directly to the General Fund, and a transfer was made from the General Fund to the Convention Center to fully fund Convention Center operating and non-operating expenditures. Beginning in 2018, the Convention Center Special Revenue Fund is being managed as part of the Downtown Assets umbrella fund. The Downtown Assets Fund is intended to help the City provide a coordinated management and funding structure for the physical infrastructure assets in Downtown Minneapolis which help generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. The Downtown Assets “umbrella” Fund includes the Minneapolis Convention Center, the Arena Special Revenue Fund (Target Center), Peavey Plaza, and the Commons. Beginning in 2018, as part of the new Downtown Assets funding structure, the local taxes were receipted directly to the Downtown Assets Fund, and a transfer is being made from the Downtown Assets Fund to the Convention Center Fund to fund Convention Center operations, capital, and building debt service.

**Revenue:**

Through December 31, 2023, Convention Center operating revenue ended at \$18.8 million or 125% of the \$15.0 million operating revenue budget. Charges for Services had the strongest finish at \$7.3 million or 35.7% more than budgeted, followed by Rents and Commissions at \$6.9 million or 9.8% more than budgeted. Finally Catering Commissions which finished at \$4.3 million or 128.8% of the operating budget. With the strong adverse impact of the pandemic on catering, the Kelber Catering commission structure was restructured in 2021 to a tiered revenue structure where specific amounts of revenue need to be realized before the MCC receives a commission. The new structure was implemented to take financial pressure off Kelber and has been successful for the Convention Center and Kelber.

Through December 31, 2023, the Convention Center had operating revenue of \$18.8 million, which was \$2.5 million or 15.0% more than December 31, 2022 operating revenue of \$16.3 million. The reason for the increase was that in early 2022 the Convention Center was still recovering from the COVID-19 pandemic, and later in 2022 and all of 2023, the MCC saw a steady recovery as building events continued to increase. The Convention Center also received revenue from interest on cash balances. The 2023 investment earnings budget was \$0.2 million while actual earnings were \$0.8 million. Interest revenue is based on cash balances within City funds, as well as investment rates and maturity dates.

Through December 2023, the Convention Center also received miscellaneous revenue of \$265,000 for late fees, scrap sales, 911 backup facility rent, payment for improvements, contributions, breakage and building damage related to events, chiller building usage, and cell phone reimbursements. Most of the miscellaneous revenue is unpredictable and is dependent on scrap sales, energy usage or other non-business-related activities that generate revenue.



**Expenses:**

Through the fourth quarter of 2023, Convention Center operating expenditures excluding Ongoing Equipment and Improvements and Meet Minneapolis finished at \$26.8 million or 98.4% of budget which was \$2.9 million over fourth quarter 2022 results. Operating expenses are based on event levels and normal day-to-day operations of the building. As operations continue to rebound toward pre-pandemic levels, building expenses climb to support those 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
- Recycling "waste" initiative

Through the fourth quarter of 2023, the MCC's recycling rate was 65% with over 418 tons of waste recycled. The recycling goal for 2023 was 60%, so the MCC surpassed the goal by 5%.

In Ongoing Equipment and Improvements, the Convention Center finished 2023 at \$12.1 million or 86.5% of the \$13.9 million 2023 budget which was \$3.0 million higher than 2022. With the impacts of the pandemic, the Convention Center sharply curtailed building projects through cancellations, scope reductions, and deferments. In 2022 and 2023, the Convention Center began work catching up on badly needed projects. The Convention Center needs to continually improve the building to remain competitive with other venues.

The 2023 Meet Minneapolis budget is \$11.2 million which is \$0.6 million over the 2022. Through the fourth quarter of 2023, Meet Minneapolis expenditures are \$11.1 million, which is \$100,000 less than or 97% of the 2023 budget. Meet Minneapolis finished 2023 under budget as the result of then not full reaching 100% of their incentive goals.

**Transfers:**

The Convention Center Fund annually transfers funds for debt service (see below), in addition to receiving a transfer from the Downtown Assets Fund. The Convention Center's 2023 transfer in from the Downtown Assets Fund was budgeted at \$37.0 million, which is \$5.9 million over the 2022 budget. The 2023 transfer from the Downtown Assets Fund finished at budget.

**Debt Service:**

Under the previous debt service schedule prior to the refinancing, 2020 would have been the final year of debt service, however, to take pressure off the fund at the height of the pandemic losses, the final debt service payment was refinanced over five additional years. In 2023, transfers to debt service for debt issued on the building was budgeted at \$6.3 but finished at \$6.6 million.

**Fund and Cash Balance:**

The December 31, 2023, fund and cash balances were \$17.6 million and \$23.3 million respectively. The 2023 ending fund balance of \$17.6 million was very close to the 2022 ending fund balance of \$17.6 million.

**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Minneapolis Convention Center - Special Revenue Fund**

	<b>2022 Final Budget</b>	<b>2022 Year End Actual</b>	<b>2023 Current Budget</b>	<b>2023 Year to Date Actual</b>
<b>Source of Funds:</b>				
Charges for Services	\$ 5,743	\$ 6,330	\$ 5,405	\$ 7,332
Rents and Commissions	6,847	7,184	6,306	6,926
Privileges	3,231	2,737	3,303	4,254
Other Misc Non Operating	-	64	-	256
Transfer from Downtown Assets	31,159	31,159	37,021	37,021
Investment Earnings	68	(367)	151	772
Total	\$ 46,980	\$ 47,474	\$ 52,035	\$ 56,562
<b>Use of Funds:</b>				
Convention Center Operations	\$ 26,000	\$ 23,933	\$ 27,219	\$ 26,787
Ongoing Equipment/Improvement (a)	11,045	9,051	13,948	12,062
Meet Minneapolis	11,038	10,538	11,245	11,145
Transfer to Debt Service	6,465	6,448	6,252	6,554
Total	\$ 54,548	\$ 49,970	\$ 58,664	\$ 56,548
<b>Net Change in Fund Balance</b>	<b>\$ (7,568)</b>	<b>\$ (2,496)</b>	<b>\$ (6,629)</b>	<b>\$ 14</b>
<b>Ending Fund Balance</b>	<b>\$ 8,699</b>	<b>\$ 17,619</b>	<b>\$ 10,990</b>	<b>\$ 17,633</b>
<b>Ending Cash Balance</b>	<b>\$ 15,847</b>	<b>\$ 22,817</b>	<b>\$ 16,188</b>	<b>\$ 23,282</b>

**City of Minneapolis**  
**Arena Special Revenue Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Fund Description:**

The Arena Special Revenue Fund is used to account for the revenues and on-going equipment and improvements, maintenance, operating support, and other specific expenditures of the Target Center. The Target Center is home to the Minnesota Timberwolves, the Minnesota Lynx, and also hosts a wide variety of events such as concerts; high school, college and professional athletic events; and motor sports and ice-skating events. These activities showcase the City of Minneapolis, the metropolitan region, and the State of Minnesota. The operator of the Target Center is AEG Management TWN, LLC (AEG). AEG is the world's leading sports and live entertainment company with over 300 venues owned/operated.

**Revenue:**

The Arena Special Revenue Fund activity was historically funded from entertainment tax, and a transfer from the Parking Fund. The 2023 budgeted transfer from the Parking Fund was \$5.0 million which is the same amount budgeted and received from the Parking fund in 2022. A decision was made to reduce the transfer from the Parking Fund from \$5.0 million to \$3.5 million. The decrease was made because the Parking Fund cannot support a \$5.0 transfer given the Fund's cash challenges. Beginning in 2014, the Timberwolves organization started paying rent at the Target Center. The rent payments are based on a rent schedule, and the 2023 rent payment is \$1.6 million. Beginning in 2018, entertainment tax was removed as a revenue source with the Arena Fund now being managed as part of the Downtown Assets Funds "umbrella". The Downtown Assets Funds are intended to help the City provide coordinated management and funding structure for the physical infrastructure assets in downtown Minneapolis which help to generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. The Arena Special Revenue Fund also receives interest revenue from City investments on cash balances within the fund. The 2023 interest revenue budget was \$37,000, and 2023 interest revenue finished close to \$0.6 million.

The arena Special Revenue Fund also received miscellaneous revenue which included a \$33,000 final reimbursement payment from AEG to the City for a Trump rally held at the Target Center, and \$64,000 as part of a legal settlement for the faulty Target Center ice floor. The \$64,000 are funds over and above the amount of the receivable. An additional \$20,000 was also received in 2023 as part of the final settlement from the lawsuit.

**Expenses:**

The Arena Special Revenue Fund had a 2023 ongoing equipment and improvements budget of \$7.0 million which included nearly \$2.0 million in unspent 2022 funds that were rolled over to 2023 to continue work on projects that were in process but unfinished at year end. Through the fourth quarter of 2023, \$2.8 million or 41% of the \$7.0 million budget has been expended. In 2022, ongoing equipment and improvements were budgeted at \$6.2 million and \$1.2 million was expended. Beginning in 2022 and continuing into 2023, the building is catching up on projects that were delayed, deferred, or postponed during 2020 and 2021 in a deliberate effort to reduce expenses during the pandemic and social.

There was also a \$1.9 million 2023 budget for AEG (the Target Center's operator) under the category Operator Reimbursement, and as of December 31, 2023, there was \$1.9 million or 100% of the budget expended. In 2023, administrative expenses were budgeted at \$0.3 million, and includes salaries, special assessments/DID fees, and a \$1,000 operating budget. Administrative expenses finished 2023 \$30,000 under budget.

The Target Center’s project manager’s labor is expensed 100% to the Target Center while the department head’s associated labor supporting the Target Center is expensed by the actual amount of time the department head spent on Target Center related work. That amount varies depending on activity in the building.

In 2023, the Target Center DID fees/special assessments saw significant increases of 10.3% and 11.5% above 2022 for the two Target Center related parcels.

**Transfers:**

The Arena Special Revenue Fund received an annual transfer from the Parking Fund. The 2023 budgeted transfer was \$5.0 million. The transfer was reduced to \$3.5 million because the Parking Fund did not have sufficient cash to support that transfer. The 2023 budget was not adjusted. The 2022 budgeted transfer was \$5.0 million which was \$1.1 million higher than 2021. In a planned effort to reduce fund and cash balances while maintaining the Arena Special Revenue Fund as part of the Downtown Assets funds, a 2019 - 2023 transfer was added to transfer funds from the Arena Special Revenue Fund to the Downtown Assets Fund to further reduce fund and cash balances from the Arena Fund. The 2023 budgeted transfer out was \$1.9 million which is \$0.4 million more than the 2022 transfer of \$1.5 million. The transfer reached the 2023 budget. This transfer is adjusted annually to assist in maintaining and adjusting fund and cash balances.

**Fund and Cash Balances:**

The December 2023 ending fund and cash balances were \$5.4 and \$5.5 million respectively. That was a decrease of \$1.1 million for fund balance and \$0.9 million for cash from 2022. The primary reason for the decreases were \$1.6 million in 2023 spending increases over 2022 in Ongoing Equipment/Improvements along with the reduced transfer from the Parking Fund, as well as \$163,000 reduction in revenue due to the Unrealized Gain/Loss.

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**City of Minneapolis**  
**Fourth Quarter Ending December 30, 2023**  
**Financial Status Report (in thousands of dollars)**

**Arena (Target Center) - Special Revenue Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year to Date Actual
<b>Source of Funds:</b>				
Rent	\$ 1,582	\$ 1,582	\$ 1,613	\$ 1,613
Transfer from Municipal Parking Fund	5,000	5,000	5,000	3,500
Other Misc Revenue	-	33	33	117
Investment Earnings	45	(409)	37	595
<b>Total</b>	<b>\$ 6,628</b>	<b>\$ 6,206</b>	<b>\$ 6,684</b>	<b>\$ 5,825</b>
<b>Use of Funds:</b>				
Operator Reimbursement	\$ 1,814	\$ 1,814	\$ 1,864	\$ 1,864
Ongoing Equipment/Improvements	6,183	1,240	6,969	2,835
Administration	306	267	311	281
Transfer to Downtown Assets Fund	1,480	1,480	1,924	1,924
<b>Total</b>	<b>\$ 9,783</b>	<b>\$ 4,800</b>	<b>\$ 11,067</b>	<b>\$ 6,905</b>
<b>Net Change in Fund Balance</b>	<b>\$ (3,155)</b>	<b>\$ 1,406</b>	<b>\$ (4,383)</b>	<b>\$ (1,080)</b>
<b>Ending Fund Balance</b>	<b>\$ 1,190</b>	<b>\$ 6,488</b>	<b>\$ 2,105</b>	<b>\$ 5,408</b>
<b>Ending Cash Balance</b>	<b>\$ 1,816</b>	<b>\$ 6,402</b>	<b>\$ 2,019</b>	<b>\$ 5,547</b>

**Downtown Assets Special Revenue  
Including the Downtown Assets, Peavey Plaza, and Commons Funds  
For the Fourth Quarter Ending December, 2023**

**Fund Description:**

The Downtown Assets Special Revenue Fund was created in 2018. The purpose of this fund is to:

- clearly delineate the uses of local sales, liquor, lodging, restaurant, and entertainment taxes;
- provide stable, predictable ongoing support from these taxes to the General Fund; and,
- support the comprehensive management of the City's four primary downtown revenue-generating capital assets.

This collection of funds holds the operating and capital funds which support the Minneapolis Convention Center, the Arena Special Revenue Fund (Target Center), the Downtown Commons, and Peavey Plaza. In 2020, the \$0.8 million Downtown Commons operating budget was transferred to the Minneapolis Parks & Recreation Board, and in 2021, 2022, and 2023 the City didn't budget for the Downtown Commons as it is managed/operated by the Minneapolis Parks & Recreation Board. Though each of these funds holds a cash balance to its own, all cash balances are available to support any expense within the Downtown assets funds. Receipts to the fund are largely made up of local taxes, but may also include contributions from private donations or State funding to support capital improvements. The Convention Center department is responsible for management of operations within the fund. Revenues and expenditures for the Convention Center and Target Center are discussed in those funds' respective quarterly reports.

**Revenue:**

The 2023 Downtown Assets Special Revenue Fund revenues were budgeted at approximately \$54.0 million. The overwhelming majority of revenues come from local taxes (including sales, liquor, lodging, restaurant and entertainment). Minneapolis local taxes finished 2023 at \$77.6 million which was \$26.2 million over the \$51.4 million 2023 budget. The local taxes are based on collection trends, consumer spending habits, and more recently, the impacts from the COVID-19 pandemic which had a severely negative impact on the local tax collections in 2020, 2021, and to a lesser extent, 2022. The \$77.6 million 2023 local tax actuals were \$11.0 million over the actual 2022 collections as a result of increases in activity around the City and the number of events downtown. It was thought that the City and related local tax revenue would recover slower than it actually did when the 2023 budget was developed in 2022.

Interest earnings on investments were also budgeting within the DT Assets Fund. Interest revenue is based on City investments of cash balances within the City funds. For the Downtown Assets Fund, the 2023 budget was \$0.7 million and the actual 2023 revenue finished at \$3.8 million which is well over budget. Investment earnings are based on cash balances within the City, as well as interest rates market trends.

The DT Assets Funds also saw a reduction to revenue due to an Unrealized Gain/Loss adjustment of \$2.1 million. The adjustment is called Mark to Market where City investments are valued at their 12/31/2023 market value. Since many of the investments have maturity dates well past 12/31/2023, they show as a loss when values at that date.

**Expenses:**

The 2023 Downtown Assets Special Revenue Fund expenses are budgeted at \$56.4 million, and are primarily all transfers out of the fund. Transfers make up \$56.0 million of the \$56.4 million 2023 expense budget. Of the \$56.4 million, \$0.5 million is allocated for Peavey Plaza Operating expenses which includes payments to Green Minneapolis to maintain Peavey Plaza, Peavey Plaza Special Assessments/DID Fees, and electricity, and also a small \$57,000 2023 Peavey Plaza capital budget. The budgeted was created to assist with upkeeping the Plaza. Expenses finished 2023 at \$56,000 which was relatively close but under budget. Downtown Assets expenses

finished 2023 \$8.0 million over the 2022 actual year-end totals primarily due to an \$8.0 million increase in the 2023 transfers out of the Downtown Assets Special Revenue Fund to the General and Convention Center Funds.

**Transfers:**

In 2023, transfers out are budgeted at \$56.4 million which includes the \$0.5 million transfer to Peavery Plaza. Other transfers include \$13.3 million to the General Fund, \$37.0 million to the Convention Center to fund debt service, capital, and operating expenses; and nearly \$5.7 million to the Arena Special Revenue Fund (Target Center) building debt service. In addition, there was a 2023 budgeted transfer of \$1.9 million from the Arena Special Revenue Fund to the Downtown Assets Fund. This transfer was made to reduce fund and cash balances within the Arena Special Revenue Fund with the Arena Special Revenue Fund being managed under the Downtown Assets funds umbrella. As of 12/31/2023, all transfers finished at budget.

**Fund and Cash Balances:**

At the end of 2022, the Downtown Assets Funds had a fund balance of \$53.5 million, and a cash balance of \$45.6 million. The 2023 Downtown Assets Funds, fund and cash balances finished at \$78.4 million and \$72.4 million respectively which was a \$24.8 million increase in fund and \$26.9 million increase in cash balances from 2022. The increases in both fund and cash balances are due to the 2023 Sources of Funds (revenue) finishing \$14.4 million over the 2022 Use of Funds primarily due to increases in local tax revenue and interest earnings coupled with the Use of Funds (expense) finishing well below revenue.

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**City of Minneapolis**  
**Fourth Quarter Ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Downtown Assets Fund - Special Revenue Funds**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year to Date Actual
<b>Source of Funds:</b>				
Local Taxes	\$ 42,917	\$ 66,666	\$ 51,433	\$ 77,608
Transfer from Arena Fund	1,480	1,480	1,924	1,924
Downtown Assets and Peavey Plaza Interest Earnings	818	(1,310)	666	1,664
<b>Total</b>	\$ 45,215	\$ 66,836	\$ 54,023	\$ 81,196
<b>Use of Funds:</b>				
Transfer out to City General Fund	\$ 11,136	\$ 11,136	\$ 13,253	\$ 13,253
Transfer out to Arena Fund Debt Service	5,695	5,695	5,696	5,696
Transfer out to Convention Center	31,159	31,159	37,021	37,021
Peavey Plaza - Capital	54	-	57	-
Peavey Plaza - Operating	395	416	398	399
<b>Total</b>	\$ 48,439	\$ 48,406	\$ 56,425	\$ 56,369
<b>Net Change in Fund Balance</b>	\$ (3,224)	\$ 18,430	\$ (2,402)	\$ 24,827
<b>Downtown Assets Fund - Ending Fund Balance</b>	\$ 31,842	\$ 53,527	\$ 51,125	\$ 78,354
<b>Downtown Assets Fund - Ending Cash Balance</b>	\$ 26,418	\$ 45,550	\$ 43,148	\$ 72,437



**Per City of Minneapolis  
Police Department – Special Revenue Fund  
For the Fourth Quarter Ending December 31, 2023**

**Program Description:**

The Police Special Revenue Fund accounts for revenues and expenses related to federal and state administrative forfeitures, lawful gambling, and non-emergency service contracts. Historically, the Police Special Revenue Fund had also been used to account for revenues and expenses related to the Automated Property System (APS), and the Workforce Director scheduling and payroll system (WFD). These programs were phased out over the last several years.

The fund revenues and expenses are associated with the following purposes:

- Federal and state administrative forfeiture programs are restricted to law enforcement and are designed to supplement and enhance, not supplant, agency resources. Revenue is used to account for a variety of law-enforcement needs, including some types of equipment, investigative expenditures, DWI-related enforcement, training, and others.
- The Workforce Director (WFD) system is a proprietary software system owned and managed by the Police department. WFD previously recovered expenses from user agreements with other governmental and non-governmental entities. It was decommissioned for external use in 2020 due to outdated technology and the inability to upgrade the software cost-effectively. Minimal activity with other entities continued into the first quarter of 2021. WFD consultant work continued through June 30, 2021. WFD, currently supported by the City's IT Department, continues to be used internally, and expenses have been transferred to the General Fund as of December 31, 2021.
- The non-emergency service contracts are typically entered by the City of Minneapolis Police Department and an external entity usually located within Minneapolis. The Police provide non-emergency services for sporting events, concerts, or extra presence at designated facilities or geographic areas. City departments (Public Works, others) periodically contract with Police to provide additional services at the desired location(s). The Police Special Revenue Fund is also used to account for revenues and expenses associated with these types of contracts.
- Lawful Gambling regulatory tax revenue and expenses are restricted to regulating lawful gambling, including site inspections, compliance reviews, and corrective action.

**Revenues:**

Revenue for the Police Special Revenue Fund earned through the fourth quarter ending December 31, 2023, is \$1.3 million, or 104% of the budgeted \$1.2 million. The revenue earned through the fourth quarter ending December 31, 2023, is consistent and slightly decreased by \$0.1 million, with the revenue earned through the fourth quarter 2022 of \$1.3 million. The decrease is expected due to several factors; including \$0.3 million in forfeiture revenue that is unpredictable and depends on the amount of forfeited and the number of cases settled each year; the decrease in forfeiture will be offset by the increase in Lawful Gambling regulatory tax, and non-emergency services contracts are due to U of MN, Vikings, and

Wolves events requested additional safety increases and additional new non-emergency State Fair, Twins, and Uptown Special Service District.

**Expenditures:**

Expenditure for the Police Special Revenue through the fourth quarter ending December 31, 2023, is \$1.1 million, or 90.4% of the budgeted \$1.2 million. Expenses through the fourth quarter ending December 31, 2023, increased by \$0.2 or 16.7% from the expenditure through the fourth quarter ending December 31, 2022, of \$0.9 million. The cost increase in non-emergency service contracts is due to Lawful Gambling regulatory tax, and non-emergency service contracts including U of MN, Vikings, Wolves and new contracts including State Fair, Twins, Uptown Special Service District requests for additional safety increases. The increase in non-emergency service contracts will be offset by the decrease in forfeiture.

**Cash and Fund Balances:**

The fund has maintained a positive cash balance with the fourth quarter of 2023 ending balance of \$3.8 million, an increase of \$0.2 million or 4% from the 2022 fourth quarter ending balance of \$3.6 million. The increase is predominately due to excess revenue over expenditures in 2023 of almost \$0.2 million.

The fund balance for the fourth quarter of 2023 \$3.9 million, an increase of \$0.2 million, or 4% over the fourth quarter of 2022, ending with a balance of \$3.7 million. The increase in fund balance was primarily due to excess revenue over expenditures associated with the forfeiture fund of \$0.1 million.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Police - Special Revenue Fund**

	2022 Final Budget	2022 Year End Actual	2023 Final Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Services and Sales	\$ 1,074	\$ 725	\$ 656	\$ 876
Fines and Forfeits	400	427	400	157
Miscellaneous		0		
Taxes	270	191	161	229
<b>Total</b>	\$ 1,744	\$ 1,343	\$ 1,217	\$ 1,262
<b>Use of Funds:</b>				
Personnel Services	\$ 1,259	\$ 555	\$ 772	\$ 677
Fringes	85	134	43	166
Contractual Services	25	1	14	240
Capital Outlay		70	-	-
Materials/Other	375	183	387	18
<b>Total</b>	\$ 1,744	\$ 943	\$ 1,217	\$ 1,101
<b>Change in Fund Balance</b>	\$ (0)	\$ 400	\$ (0)	\$ 160
<b>Fund Balance</b>	\$ 3,346	\$ 3,744	\$ 3,744	\$ 3,904
<b>Total Cash Balance</b>	\$ 3,223	\$ 3,603	\$ 3,603	\$ 3,763

**City of Minneapolis**  
**NCR Special Revenue Fund: 01800**  
**For the 4th Quarter Ended December 31, 2023**

**Neighborhood and Community Relations Special Revenue Fund**

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**Program Fund Description:**

The Neighborhood & Community Relations (NCR) Special Revenue Fund accounts for neighborhood revitalization efforts within the City and is funded by the revenues of the Consolidated Redevelopment Tax Increment Financing District, which was decertified on December 31, 2020. The tax increment revenue generated by the district, for neighborhood revitalization purposes, may be spent anywhere within the City of Minneapolis. The Fund is used primarily for community engagement and neighborhood-based initiatives, as well as a portion of the NCR administrative costs.

**Revenues:**

There were no transfers to the NCR Special Revenue Fund in FY 2023.

**Expenditures:**

The expenditures from this fund through the fourth quarter of FY 2023 is \$1.4 million for the community engagement, neighborhood-based activities, and NCR operating expenditures

**Fund Balance:**

The Cash balance at year-end 2023 is \$0.4 million compared to \$2.2 million at year-end 2022. The Fund balance at year-end 2023 is \$0.4 million compared to \$1.8 million at year-end 2022.

**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Fund 01800 NCR Special Revenue**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Transfer from other Spec Rev funds	5,534	5,134	-	-
Loan recapture				
Total	5,534	5,134	-	-
<b>Use of Funds</b>				
Personal Services	500	541	-	-
Fringes	250	209	-	-
Contractual services	8,184	5,461	1,700	1,322
Materials/Other	-	116	-	59
Total	8,934	6,327	1,700	1,381
<b>Change in Net Position</b>	(3,400)	(1,193)	(1,700)	(1,381)
<b>Fund Balance</b>		1,763		382
<b>Total Cash Balance</b>		2,184		428

**City of Minneapolis**  
**Regulatory Services Special Revenue Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Fund Description:**

The Regulatory Services Special Revenue fund manages renter relocation funds and special projects related to downtown traffic management intended to last from 2020 through 2022. A project delay extended traffic management through at least Q3 2023. Renter relocation funds are used to assist renters with moving costs if a rental license is revoked. The fund also holds project funds for traffic management for downtown traffic projects. In years 2020-2022, the State and City sought additional traffic management services for major construction projects in downtown Minneapolis. Regulatory Services did not have staff capacity for these projects, so hired staff for the duration of the projects. The project will now extend through October 2023.

**Revenue:**

Operating revenue earned through fourth quarter 2023 is \$0.1 million.

**Expenses:**

Operating expense through fourth quarter 2023 totaled \$0.2 million.

**Debt Service:**

This fund has no debt obligations in 2023.

**Cash and Fund Balance :**

The fund has maintained a positive cash balance and net position with a fourth quarter 2023 ending balance of \$0.2 million. Yearend cash and fund balance are both \$0.2 million.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Regulatory Services Special Revenue**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year to Date Actual
<b>Source of Funds:</b>				
Special Assessments				
Project revenue	-	313		160
Transfer In	-	-	-	-
<b>Total</b>	-	313	-	160
<b>Use of Funds Housing related</b>				
Contractual services	-	13	-	87
<b>Housing Related total</b>	-	13	-	87
<b>Use of Funds Traffic related</b>				
Capital Outlay	-	-	-	-
Personnel Services	-	150	-	52
Fringes	-	83	-	24
Contractual Services	-	13	-	157
Materials/Other	-	52	-	(73)
<b>Traffic related total</b>	-	298	-	160
<b>Change in Net Position</b>	-	2	-	(87)
<b>Fund Balance</b>	189	329	329	242
<b>Total Cash Balance</b>	289	329	329	242

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**For the Fourth Quarter Ending December 31, 2023**

**Fund Description:**

The City receives a number of federal and state grants that are recorded in the Federal (01300 and 01330), HUD Consolidated Plan (01400 & 01500), and Grants Other (01600) funds. These grants have varying grant periods and are used for a broad 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 throughout the year. For annual reporting purposes, cash deficits are eliminated through inter-fund borrowing. Beginning in 2021, the City established a new special revenue fund to account for the American Rescue Plan Act State and Local Fiscal Recovery Funds. In 2022, the City established a separate special revenue fund to account for payments received from the national opioid lawsuit settlements. This new fund is separate for accounting purposes, but reports as part of the Grants Other (01600) fund group.

Grants are received both on a cost reimbursement and an advance basis. For the City's audited financial statements, advanced but not yet expended grant awards are shown as unearned revenue and respectively, amounts that are due to the City are recorded as intergovernmental receivables. Some amounts are earned and reserved for a restricted purpose and those amounts remain as restricted fund balance.

**Federal Grants Fund:**

The City accounts for its general federal grant activity in Fund 01300. As of December 31, 2023, expenditures were \$18.0 million compared to the 2022 expenditures through December of \$29.6 million. The decrease in federal expenditures of \$11.6 million is the result of decreased spending across various grant programs. Within the Community Planning and Economic Development (CPED) Department, the U.S. Treasury Emergency Rental Assistance (ERA) grant accounts for approximately \$11.0 million of the decrease. However, various health, jobs, family home visiting programs, Covid vaccines and Safer training grants have seen an increase over 2023.

The ERA funds are part of the Consolidated Appropriations Act, 2021 which was enacted on December 27, 2020. The U.S. Treasury is responsible for administering the program. The City received its allocation of \$12.9 million in January 2021. The American Rescue Plan Act of 2021 enacted on March 11, 2021, also managed through the U.S. Treasury, provided the City with an additional allocation of \$10.2 million in ERA2 funding of which \$4.1 million has been released by U.S. Treasury. ERA funds are used to help eligible households through existing or newly created rental assistance programs. As of December 31, 2023, ERA funds have been spent.

The federal grants fund includes other sources of federal revenue in support of the Police Department task force activities. Police receive reimbursement from the Alcohol Tobacco and Firearms (ATF), Drug Enforcement Administration (DEA), Federal Bureau of Investigations (FBI), and other task forces to reimburse the City for some of the overtime costs associated with officers that work on specific task forces.

**American Rescue Plan Act (ARPA)**

On May 19, 2021, the City received \$135.6 million of the U.S. Treasury ARPA funds and in June 2022, the City received the second half allocation for a total of \$271.2 million. ARPA funds are available to cover costs incurred between March 3, 2021 and December 31, 2024 at which time all funds must be obligated. Department project proposals for 2021 totaling \$90.2 million were approved by the Council on July 2. An additional \$8.0 million of funding was approved by City Council on November 17, 2021. In April 2022, a final round of budget proposals were approved which obligated the remaining ARPA funds through 2024.



As of December 31, 2023, a total of \$189.6 million of the City’s ARPA funding has been spent. This includes \$81.9 million spent in 2023.

**HUD Consolidated Plan Funds:**

The Community Development Block Grant (CDBG) is the City’s largest single non-ARPA grant and is accounted for in fund 01400 along with two other Housing and Urban Development (HUD) Programs, the Emergency Solutions Grant Program (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). HOME Investment Partnerships Program, HOME program is accounted for in a separate fund 01500. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards have ranged between \$10.0 to \$11.0 million in recent years, pre-pandemic. HUD grant expenditures as of December 31, 2023 total \$ 21.1 million compared to \$33.4 million through December 31<sup>st</sup>, 2022 which reflects an decrease of \$12.4 million.

During 2020 the City was awarded approximately \$22.9 million in HUD COVID-19 Supplemental funds for the CDBG, ESG, and HOPWA programs which continue to be expended in 2023. This funding source is expected to be winding down in and future years.

**Grants Other Fund:**

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of December 31, 2023 are \$25.7 million compared to the 2022 expenditures through year-end of \$27.0 million. The \$1.3 million decrease in expenditures is due to a variety of spending variations, but one significant difference is a decrease of \$1.2 million for CPED Affordable Family Housing projects.

**Cash and Fund Balance:**

The grant funds typically carry a small cash and fund balance position. Due to the accounting treatment of both reimbursement and prepaid grants, the funds typically match expenditures and revenues in the same period and prepaid grants result in unearned revenue. The ARPA funding resulted in a large cash balance for year end 2021 and continues to be a large amount through the end 2023. However, accounting principles dictate that we don’t recognize revenue until we incur expenditures, so the fund balance remains relatively small in comparison to the cash balance.

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**City of Minneapolis**  
**Financial Status Report (in thousands of dollars)**  
**For the Fourth Quarter Ending December 31, 2023**

**Grants Special Revenue Fund - Federal, State and Local**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Grants - Federal	\$ 38,089	\$ 33,065	\$ 36,534	\$ 12,547
APR Local Fiscal Recovery	135,000	98,475	81,888	81,888
CDBG & UDAG Funds	28,017	27,576	18,284	14,178
HOME Grants	5,825	5,897	10,761	4,180
Grants - Other	31,424	29,784	31,007	28,367
<b>Total</b>	<b>\$ 238,356</b>	<b>\$ 194,797</b>	<b>\$ 178,474</b>	<b>\$ 141,160</b>
<b>Use of Funds:</b>				
Grants - Federal	\$ 38,376	\$ 29,565	\$ 38,138	\$ 17,991
APR Local Fiscal Recovery	180,415	101,931	115,162	81,888
CDBG & UDAG Funds	28,068	27,576	19,359	18,682
HOME Grants	6,018	5,897	13,417	2,404
Grants - Other	33,287	26,956	33,155	25,697
<b>Total</b>	<b>\$ 286,164</b>	<b>\$ 191,926</b>	<b>\$ 219,230</b>	<b>\$ 146,663</b>
<b>Net Change in Fund Balance</b>		<b>\$ 2,871</b>		<b>\$ (5,502)</b>
<b>Ending Fund Balance</b>		<b>\$ 11,852</b>		<b>\$ 6,350</b>
<b>Ending Cash Balance</b>		<b>\$ 176,857</b>		<b>\$ 100,663</b>

**City of Minneapolis**  
**Community Planning & Economic Development (CPED)**  
**Special Revenue Funds**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

<i>Programs</i>	<i>Original Budget</i>	<i>Current Budget</i>	<i>Expended</i>	<i>Budget v. Exp</i>	<i>Cash</i>	<i>Fund Balance</i>
Tax Increment Financing	35,449	77,713	27,276	50,436	114,848	140,267
Housing & Econ Dev	16,246	48,045	7,213	40,832	44,009	44,462
General Development	6,790	16,894	4,281	12,613	27,603	34,325
Neighborhood Revitalization	6,227	6,227	3,398	2,829	27,887	27,782
CPED Operating	610	610	602	9	906	899
<b>Total</b>	<b>65,323</b>	<b>149,490</b>	<b>42,770</b>	<b>106,720</b>	<b>215,253</b>	<b>247,735</b>

**CPED Special Revenue Funds** account for governmental funds that are legally restricted to expenditures for specific purposes in a number of housing and economic development programs. The programs that are operated within these funds were established to increase the City’s economic competitiveness, ensure an array of attractive housing choices, support strong and diverse neighborhoods, and preserve historic structures. These programs are funded primarily through state and local grants, tax increment financing (TIF), and administrative fees collected from the issuance of housing and economic development revenue bonds. All special revenue funds are restricted to the legal purposes of the special revenue they contain.

**Fund Balance.** The combined fund balance of CPED Special Revenue Funds at the end of the fourth quarter 2023 is \$247.7 million. Fund balances are considered either “restricted” or “assigned.” The combined fund balance of the NRP and TIF programs is \$168.0 million, and all is considered restricted. The combined fund balance of the Housing & Economic Development, General Development, and CPED Operating programs is \$79.7 million, with all assigned to business and housing projects.

**Cash Balance.** The combined cash balance of CPED Special Revenue Funds at the end of the fourth quarter 2023 is \$215.3 million. This is \$18.0 million more than at the end of fourth quarter 2022. The combined cash balance in TIF and NRP programs at the end of fourth quarter 2023 is \$142.7 million (66.3 % of the total).

**Tax Increment Financing.** This program accounts for financial resources that are used for the acquisition and improvement of land and buildings in designated areas of the City. Authorized under the TIF Act (Minnesota Statutes, Section 469.174–469.1799, as amended), this is a major financing tool available to the City to assist with the development and redevelopment of property within the City that would not occur “but for” the use of this tool.

The primary source of revenue for this program is tax increment, which is comprised of property taxes generated from the new incremental value of specific development. Generally, this revenue is used to pay outstanding TIF bonds, notes and loans. Tax increment revenues of the program are segregated by TIF district and must be spent according to the provisions of the TIF Act.

Cash at the end of fourth quarter 2023 is \$114.8 million, which is \$2.7 million more than cash at the end of fourth quarter 2022. Fourth quarter 2023 revenue is \$28.4 million, which is \$1.0 million less than in 2022. Fourth quarter 2023 expenditure is \$17.2 million, which is \$10.5 million less than in 2022. In the fourth quarter of 2023, total revenues exceeded expenditures by \$11.2 million. With the additional net transfer out of \$8.4 million, overall fund balance increased by \$2.8 million from \$137.5 million to \$140.3 million.

**Housing & Economic Development.** Prior to 2014, Housing and Economic Development program activities were generally funded by administrative fees generated through the City's issuance of conduit debt (e.g. housing revenue bonds, industrial development revenue bonds, etc.). Since 2014, these activities have been largely funded through the City's General Fund where these administrative fees are now deposited.

Cash at the end of fourth quarter 2023 is \$44.0 million, which is \$16.9 million more than cash at the end of fourth quarter 2022. Fourth quarter 2023 revenue is \$3.5 million, which is approximately \$2.5 million more than 2022. Fourth quarter 2023 expenditure is \$7.2 million, which is \$0.1 million more than in 2022. With the additional net transfer in of \$20.5 million from other funds, overall fund balance increased by \$16.8 million from \$27.7 million to \$44.5 million in fourth quarter 2023.

**General Development.** This program provides loans and grants to outside organizations to assist with housing and economic development activities within the City as well as providing interim loans to specific CPED projects. This program is capitalized with land sale proceeds, parking revenues, rental income from development projects, and loan payments that are not part of the Housing and Economic Development program.

Cash at the end of fourth quarter 2023 is \$27.6 million, which is \$1.7 million less than cash at the end of fourth quarter 2022. Fourth quarter 2023 revenue is \$2.8 million, which is \$0.8 million less than in 2022. Fourth quarter 2023 expenditure is \$4.3 million, which is \$2.3 million less than in 2022. With no transfers, the net impact on current fund balance reduced by \$1.5 million from \$35.8 million to \$34.3 million.

**Neighborhood Revitalization Program.** This program was established in 1990 and focuses on the delivery of City services, including housing and economic development loans and grants 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 this program was administered by the NRP Policy Board. This board was established under State law and operated pursuant to a joint powers agreement between the City, County, School District, Park Board and Library Board. After the joint powers agreement expired in 2012 the program came under the management of the City's Neighborhood and Community Relations (NCR) Department. The revenues remaining in this program are restricted in their use by State law.

Cash at the end of fourth quarter 2023 is \$27.9 million, which is \$0.2 million less than cash in the fourth quarter 2022. Fourth quarter 2023 revenue is \$3.0 million, which is \$2.1 million more than in 2022. Fourth quarter 2023 expenditure is \$3.4 million, which is \$0.4 million higher than in 2022. With no additional transfers, the net impact on current fund balance reduced by \$0.4 million from \$28.2 million to \$27.8 million in fourth quarter 2023.

**CPED Operating.** This program provides the working capital for CPED's administrative costs. The program also provides financing for projects that are not eligible for CPED's restrictive revenue sources.

At the end of fourth quarter 2023, this program has a positive fund balance of \$0.9 million and a positive cash balance of the same amount. During this period revenue exceeded expenditures by \$0.3 million.

**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**CPED Special Revenue Funds**

	TIF	Housing & Econ Development	General Development	NRP	CPED Operating	Spec Rev Fund Comparison	
						Q4 2023 Total	Q4 2022 Total
<b>Assets</b>							
Cash	114,848	44,009	27,603	27,887	906	215,253	197,256
Misc. receivables	405	-	3	-	2	410	1,280
Loans receivable	-	5,683	-	-	-	5,683	5,112
Advances to other funds	390	-	-	-	-	390	390
Properties held for resale	25,433	2,086	7,337	225	-	35,081	34,820
<b>Total Assets</b>	<b>141,076</b>	<b>51,778</b>	<b>34,943</b>	<b>28,112</b>	<b>908</b>	<b>256,817</b>	<b>238,858</b>
<b>Liabilities</b>							
Payables	561	596	299	330	11	1,797	2,734
Advances from other funds	-	-	-	-	-	-	390
Deposits held for others	-	1,037	319	-	(2)	1,354	1,032
Deferred inflow of resources	248	5,683	-	-	-	5,931	5,112
<b>Total Liabilities</b>	<b>809</b>	<b>7,316</b>	<b>618</b>	<b>330</b>	<b>9</b>	<b>9,082</b>	<b>9,268</b>
<b>Total Fund Balance</b>	<b>140,267</b>	<b>44,462</b>	<b>34,325</b>	<b>27,782</b>	<b>899</b>	<b>247,735</b>	<b>229,590</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>141,076</b>	<b>51,778</b>	<b>34,943</b>	<b>28,112</b>	<b>908</b>	<b>256,817</b>	<b>238,858</b>
<b>Revenue</b>							
Property tax increment	20,236	-	-	-	-	20,236	21,259
Fees & charges for services	-	561	175	-	728	1,464	2,411
Inclusionary Zoning - in Lieu	-	812	-	-	-	812	3,312.00
Interest revenue	7,786	2,041	2,061	2,019	139	14,046	(4,407)
Rent	54	-	215	-	-	269	444
Sale of land & buildings	69	52	-	-	-	121	107
Loan recapture	209	-	310	972	-	1,491	6,348
<b>Total revenue</b>	<b>28,354</b>	<b>3,466</b>	<b>2,761</b>	<b>2,991</b>	<b>867</b>	<b>38,439</b>	<b>29,474</b>
<b>Expenditures</b>							
Personal services	425	5	1,121	-	-	1,551	1,085
Contractual services	11,417	1,582	2,263	3,398	602	19,262	23,088
Other operating costs	4	25	635	-	-	664	654
Program capital outlay	5,304	5,602	261	-	-	11,167	20,610
<b>Total expenditures</b>	<b>17,150</b>	<b>7,214</b>	<b>4,280</b>	<b>3,398</b>	<b>602</b>	<b>32,644</b>	<b>45,437</b>
<b>Transfers</b>							
Transfers from other funds	1,680	20,533	-	-	-	22,213	21,577
Transfers to other funds(-)	(10,126)	-	-	-	-	(10,126)	(18,376)
<b>Total transfers</b>	<b>(8,446)</b>	<b>20,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,087</b>	<b>3,201</b>
<b>Change in fund balance</b>	<b>2,758</b>	<b>16,785</b>	<b>(1,519)</b>	<b>(407)</b>	<b>265</b>	<b>17,882</b>	<b>(12,762)</b>
Beginning fund balance	137,509	27,677	35,844	28,189	634	229,853	242,352
<b>Ending fund balance</b>	<b>140,267</b>	<b>44,462</b>	<b>34,325</b>	<b>27,782</b>	<b>899</b>	<b>247,735</b>	<b>229,590</b>

**City of Minneapolis**  
**Engineering, Materials, and Testing – Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06000	2023 Budget	2023 Actual	2022 Actual
Operating Revenue	8,417	9,698	10,107
Operating Expense	8,417	9,775	10,071
Operating Margin	-	(76)	35
Change in Net Position		(76)	35
Net Position		630	706
Cash Balance		1,945	2,102

**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.

This fund generates revenue from testing and inspection services provided by the Engineering Laboratory and the sale of concrete and asphalt from outside vendors to other City departments. A cost allocation model determines product costs to allow the fund to generate revenues that match operating expenses. The Engineering Laboratory continually compares its rates with those of the private sector that provides similar services. Historically, the Laboratory’s hourly rate has been significantly lower than that of the private sector and generates adequate revenue to cover the fund’s direct and indirect expenses.

**Revenue:**

Operating revenue earned through fourth quarter 2023 is \$9.7 million, or 115.2% of the budgeted amount of \$8.4 million. Operating revenues earned through fourth quarter 2023 decrease by \$0.4 million or 4.0% short compared to the fourth quarter 2022 revenue of \$10.1 million. This decrease is mainly due to fewer deferred Asphalt Projects rolled to the year 2023 compared to the same period in 2022. Generally, revenue (and expenses) throughout the year is dependent upon several factors such as weather as well as the timing of construction projects. These variables can result in substantial variances in the amount of revenue (and expenses) recorded through fourth quarter from year to year.

**Expense:**

Operating expense through fourth quarter 2023 is \$9.8 million, or 116.1% of the budgeted amount of \$8.4 million. Operating expenses incurred through fourth quarter 2023 decrease by \$0.3 million or 2.9% short compared to the fourth quarter 2022 expense of \$10.1 million. The decrease is mainly due to fewer backlogs of Asphalt/Concrete projects charged in 2023 compared to the fourth quarter in 2022. Generally, expenses throughout the year are dependent upon several factors such as weather as well as the timing of construction projects, which may be extended due to an unseasonably warm fall.

**Debt Service:**

This fund does not have any debt obligations.

**Transfers:**

This fund does not have any transfers in or out in 2023.

**Cash and Net Position:**

The 2023 fourth quarter cash balance is \$2.0 million, a decrease of \$0.1 million from the 2022 year-end balance of \$2.1 million. The decrease in cash through fourth quarter is due to a negative net margin in 2023. Financial policies for Cash Reserve are that the cash balance should not be less than 15.0% of the operating budget excluding materials and related costs or \$0.4 million.

The 2023 year-end net position is \$0.6 million, which is slightly lower than the 2022 ending balance of \$0.7 million. The slight decrease was due to a negative net margin in 2023. The financial policy for the net position for this fund determines that net position should not be less than 15.0% of the annual operating budget excluding materials and related costs, or \$0.4 million for the 2023.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Engineering, Materials and Testing Internal Service Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Asphalt / Concrete	\$ 6,309	\$ 7,883	\$ 5,735	\$ 7,349
Inspection Revenue	2,475	2,224	2,682	2,349
<b>Total</b>	<b>\$ 8,783</b>	<b>\$ 10,107</b>	<b>\$ 8,417</b>	<b>\$ 9,698</b>
<b>Use of Funds:</b>				
Personnel Services	\$ 1,104	\$ 1,071	\$ 1,106	\$ 1,114
Fringes	401	354	415	381
Contractual Services	1,164	1,029	1,305	1,114
Materials/Other	6,091	7,593	5,567	7,141
Rent	24	24	24	24
<b>Total</b>	<b>\$ 8,783</b>	<b>\$ 10,071</b>	<b>\$ 8,417</b>	<b>\$ 9,775</b>
<b>Change in Net Position</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>(76)</b>
<b>Net Position</b>	<b>\$ 605</b>	<b>\$ 706</b>	<b>\$ 706</b>	<b>\$ 630</b>
<b>Total Cash Balance</b>	<b>\$ 2,027</b>	<b>\$ 2,102</b>	<b>\$ 2,102</b>	<b>\$ 1,945</b>
<b>Target Cash Reserve</b>	<b>404</b>	<b>404</b>	<b>428</b>	<b>428</b>
<b>Variance Total Cash to Target Cash Reserve</b>	<b>1,623</b>	<b>1,698</b>	<b>1,674</b>	<b>1,517</b>



**City of Minneapolis**  
**Fleet Services - Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06100	2023 Budget	2023 Actual	2022 Actual
<b>Operating Revenue</b>	38,840	37,337	26,544
<b>Operating Expense</b>	41,156	42,828	37,044
<b>Change in Net Position</b>	(2,316)	(5,491)	(10,500)
<b>Net Position</b>		80,141	85,632
<b>Cash Balance</b>		16,802	21,952

**Program Description:**

The Fleet Services Internal Service Fund manages the acquisition, maintenance, and disposal of approximately 1,700 units of equipment, primarily the City’s fleet of vehicles, including police cars, fire trucks, snowplows, sedans, and pickup trucks along with off-road equipment. This fund provides the services of technicians to maintain the equipment. In addition, the fund manages the field coordination of city-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Public Works Department is responsible for management of the operations within the fund.

The Fleet Services Division develops fleet replacement programs for all vehicles and equipment to meet the needs of City Departments. The City Departments are allocating a rental rate for these units that is calculated through an activity-based cost allocation model and designed to capture the replacement cost of the vehicle. Fleet Management also monitors and reports on fleet utilization, and registers licenses all city vehicles. The City’s fleet of vehicles and equipment has an acquisition value of \$126 million and accounts for 77.4% of the net value of the long-term assets in this fund.

**Revenue:**

Operating revenue earned through fourth quarter 2023 is \$37.3 million or 96.1% of the budgeted amount of \$38.8 million. The revenue earned through fourth quarter 2023 increased \$10.8 million, or 40.7%, from the \$26.5 million in revenue earned through fourth quarter 2022. This increase is mostly due to revenue collected on rental of equipment that the fund had to reduce in 2022; the fund used cash reserves to cover expenses. For 2023, the fund will be collecting \$7.5 million in rental costs for the replacement of vehicles.

**Expenses:**

Operating expense through fourth quarter 2023 totaled \$42.8 million representing a 4.0% increase over the annual budget of \$41.2 million. Expenses through the fourth quarter of 2023 increased by \$5.8 million or 15.6% compared to the total expense of \$37.0 million for the same period in 2022. The difference is mostly due to the increase of operational spending. A transfer of \$2.9 million was executed to moved fund to the Water Capital fund.

Capital spending for the fourth quarter 2023 increased by \$2.4 million higher than the \$10.4 million spent at the end of fourth quarter 2022.

Fleet Maintenance Department (6750100) expense for 2023 of \$15.8 million is up from expense of \$12.4 million for the same period in 2022; this is mostly due to an expected increase in salaries and fringes. And increases for parts and supplies.

Fleet Administration Department (6750200) expense for 2023 of \$5.1 million is an increase from the \$3.8 million for the same period in 2022. This department expenses are split between 6750100 and 6750300. Decreases are in salaries, fringes, and materials.

Fleet Field Coordination Department (6750300) expense for 2023 of \$6.0 million is up from expense of \$3.9 million for the same period in 2022. This is mostly due to an increase in the external contract rental of equipment that departments require to complete their projects and the Fleet department does not own.

**Debt:**

This fund has no debt obligations in 2023.

**Transfers:**

For 2023 there are no transfers into this fund. There is a transfer out of the fund to the Water fund for a capital project of \$2.9 million for 2023 as mentioned above in Expenses.

**Cash and Net Position:**

The fund has maintained a positive cash balance with a fourth quarter 2023 ending balance of \$16.8 million a decrease of \$5.2 million from the 2022 fourth quarter ending balance of \$22.0 million. Reserve policies for Internal Service Funds determine that the minimum cash balance should be 15.0% of the fund's total budget plus the capital budget or \$14.4 million.

The net position for year ending in 2023 is \$80.1 million, a decrease of \$5.5 million, or 6.4% under the 2022 ending balance of \$85.6 million. The decrease in net position is due to the lower than calculated in the collection of replacement vehicles and timing difference between the delivery and subsequent payment for the vehicles.

Financial reserve policies for the Internal Service Funds determine that the minimum net position for the Fleet Services Division Fund should be twice the depreciation amount or \$21.0 million.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Fleet Services Internal Services Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Services	\$ 9,999	\$ 8,870	\$ 10,603	\$ 10,078
Charges for Sales	8,458	8,153	10,250	9,350
Gains/Loss on Capital Sales	500	521	500	668
Rent	9,107	8,696	17,487	17,110
Other Misc Revenue	-	304	-	131
<b>Total</b>	<b>\$ 28,064</b>	<b>\$ 26,544</b>	<b>\$ 38,840</b>	<b>\$ 37,337</b>
<b>Use of Funds:</b>				
Transfers out	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920
PW Equipment Operations	27,818	23,735	28,239	27,124
PW Equipment Capital	13,285	10,389	9,997	12,784
<b>Total</b>	<b>\$ 44,023</b>	<b>\$ 37,044</b>	<b>\$ 41,156</b>	<b>\$ 42,828</b>
<b>Change in Net Position</b>	<b>\$ (15,959)</b>	<b>\$ (10,500)</b>	<b>\$ (2,316)</b>	<b>\$ (5,491)</b>
<b>Net Position<sup>1</sup></b>	<b>\$ 82,654</b>	<b>\$ 85,632</b>	<b>\$ 83,316</b>	<b>\$ 80,141</b>
<b>Total Cash Balance</b>	<b>\$ 18,742</b>	<b>\$ 21,952</b>	<b>\$ 19,636</b>	<b>\$ 16,802</b>
<b>Target Cash Reserve</b>	<b>17,353</b>	<b>17,353</b>	<b>14,368</b>	<b>14,368</b>
<b>Variance Total Cash to Target Cash Reserve</b>	<b>1,389</b>	<b>4,599</b>	<b>5,268</b>	<b>2,434</b>

**City of Minneapolis**  
**Property Services – Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06200	2023 Budget	2023 Actual	2022 Actual
Operating Revenue	29,265	30,122	28,493
Operating Expense	30,622	34,663	27,682
Operating Margin	(1,357)	(4,541)	811
Change in Net Position		(4,541)	811
Net Position		36,141	40,682
Cash Balance		6,200	9,836

**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, until 2025, which maintains the City’s emergency communications network. After year end of 2024, Radio Shop will move to 911. The Cell Phone activity, which was part of the Radio Shop, transferred to the IT Department starting from 2022. 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 2023 revenue and expense budgets for the fund include \$5.2 million 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.

Included in the Property Services Division is the Property Disposition Fund (06210) and Asset Preservation Fund (06220). The Property Disposition Fund was created in section 14.120 of City Ordinance for the purpose of recording proceeds from the sale of City property. The ordinance did not specify the use of proceeds. Some of the proceeds were expended on capital projects upon City Council approval. The Asset Preservation Fund was created in 2020 for the purpose of recording the activities related to the capital repairs, maintenance, and upgrades.

**Revenue:**

Property Services earns revenue through rent charged to departments housed in City owned buildings for property maintenance and by performing facility repairs and upgrades. Funding for City building capital repairs and upgrades is also managed through the rent allocation model since 2016. City departments that occupy City buildings are charged additional rent to fund these projects. Previously, capital repairs and upgrades were funded through net debt bonds. The amount allocated annually for this purpose is \$4.0 million.

Operating revenue recorded through fourth quarter 2023 is \$30.1 million, or 102.9% increase of the total budgeted amount of \$29.3 million. Operating revenues earned through fourth quarter 2023 increase by \$1.6 million, or 5.7%, from the revenues earned through the same period in 2022. This is mainly because through fourth quarter of 2023, the fund collected \$3.8 million in Work-for-Others Projects, which is \$1.3 million higher than the \$2.5 million collected through fourth quarter 2022. Revenues received from charges for services, including operating repairs and upgrades. Rent is determined by an allocation model and generally the amount budgeted is

the amount collected by year end. Charges also fluctuate based on the amount of discretionary spending available to departments and the timing of work completed.

**Expenses:**

Operating expense through fourth quarter of 2023 is \$34.7 million, or 113.2% of the total budgeted amount of \$30.6 million. Operating expenses through the fourth quarter of 2023 increase \$7.0 million, or 25.2%, from the operating expenses through the same period in 2022. The variance is primarily due to an increase of Asset Preservation Projects for 2023 that have been delayed in the previous years and increase in operating repairs and upgrades. Expenses also fluctuate based on the amount of discretionary spending available to other departments and the timing of work completed.

**Debt:**

There is no outstanding debt service for 2023.

**Transfers:**

For 2023, this fund is budgeted to receives a transfer in from the General Fund totaling \$0.7 million to support the City Hall rent expense. The fund will not have any transfer out in 2023.

**Cash and Net Position:**

The cash balance at the end of fourth quarter 2023 was \$6.2 million compared to a cash balance of \$9.8 million at the end of fourth quarter 2022. This decrease is mainly due to higher capital improvement projects in 2023, which were delayed in 2022; and an increase in operating projects for repairing and upgrades for city departments. The cash through the fourth quarter of 2023 consists of a balance of \$1.9 million in the Property Disposition fund and a balance of \$4.3 million 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 \$4.6 million for the Property Services fund in 2023.

The net position for the year ending 2023 was \$36.1 million, a decrease of \$4.5 million from the net position of \$40.7 million for year ending 2022. This decrease is mainly due to the reference above, increased capital improvement and operating projects costs for repairs and upgrades in 2023. 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 2023 is \$1.6 million and net position for 2023 is \$32.9 million greater than the benchmark, which is \$3.2 million.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Property Services Internal Service Fund**

	2022 Final Budget	2022 Year End Actual	2023 Year End Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Services and Sales	\$ 4,580	\$ 3,333	\$ 4,034	\$ 4,763
Rents Public Works and Other	23,928	24,048	24,544	24,671
Miscellaneous Revenue	381	8	3	4
Transfer-In from other Funds	1,104	1,104	684	684
<b>Total</b>	<b>\$ 29,994</b>	<b>\$ 28,493</b>	<b>\$ 29,265</b>	<b>\$ 30,122</b>
<b>Use of Funds:</b>				
Personnel Services	\$ 6,562	\$ 6,838	\$ 7,497	\$ 7,995
Fringes	2,563	2,950	2,597	3,348
Contractual services	18,445	13,885	17,663	18,947
Materials/Other	1,886	2,631	1,913	3,422
Rent	1,379	1,379	951	951
<b>Total</b>	<b>\$ 30,835</b>	<b>\$ 27,682</b>	<b>\$ 30,622</b>	<b>\$ 34,663</b>
<b>Change in Net Position</b>	<b>(841)</b>	<b>811</b>	<b>(1,357)</b>	<b>(4,541)</b>
<b>Net Position</b>	<b>\$ 39,164</b>	<b>\$ 40,682</b>	<b>\$ 39,325</b>	<b>\$ 36,141</b>
<b>Total Cash Balance</b>	<b>\$ 8,085</b>	<b>\$ 9,836</b>	<b>\$ 8,479</b>	<b>\$ 6,200</b>
<b>Target Cash Reserve</b>	<b>4,625</b>	<b>4,625</b>	<b>4,593</b>	<b>4,593</b>
<b>Variance Total Cash to Target Cash Reserve</b>	<b>3,460</b>	<b>5,211</b>	<b>3,885</b>	<b>1,606</b>

**City of Minneapolis  
Public Works Stores – Internal Service Funds  
For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06300	2023 Budget	2023 Actual	2022 Actual
Operating Revenue	1,598	3,020	2,076
Operating Expense	1,598	1,596	1,710
Operating Margin	0	1,424	365
Change in Net Position		1,424	365
Net Position		8,581	7,157
Cash Balance		2,649	820

**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. In 2016, Central Stores added a new storeroom located at the Royalston Maintenance Facility. The Royalston storeroom will provide the same services as the Hiawatha location.

**Revenue:**

Operating revenue through the fourth quarter of 2023 is \$3.0 million, 89.0% higher than the budgeted amount of \$1.6 million. The revenue earned through fourth quarter of 2023 increased by \$0.9 million, or 45.5%, from the revenue earned through fourth quarter of 2022 of \$2.1 million. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The increase in revenue is due to a \$0.3 million increase in Central Stores overhead charges and a \$0.2 million increase in Traffic Stores overhead charges. The increase in Central Stores is due to increase in purchasing transactions from departments in 2023 compared to 2022. Also, the increase for Traffic Stores charges is primarily due to two reasons: one reason is the increased overhead rate from 11.0% to 12.0% to offset the expenses for a position/promotion of the Store Coordinator added in 2023. The second reason is Traffic Stores added overhead charges to departments by applying 12.0% to all non-inventory item transactions. Compares to the year of 2022, there is also an increase \$0.4 million in 2023 inventory adjustments for reclassify stores repair and maintenance supplies to refund of prior year expense.

**Expenses:**

Operating expense through the fourth quarter of 2023 is \$1.6 million, at par with the budgeted amount of \$1.6 million. The amount expended through fourth quarter of 2023 decreased by \$0.1 million, or 6.7%, from the \$1.7 million expended through the same period in 2022. The decrease is due to decreases of \$0.3 million in materials purchases and contractual services which offset by an increase of \$0.2 million in personal, fringes to a new position of the Store Coordinator that was created in 2023, and adjustments from fringes during 2022 for pension and other post-employment, but not in 2023.

**Debt:**

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

**Transfers:**

There are no transfers in or out of this fund in 2023.

**Cash and Net Position:**

The fund has maintained a positive cash balance at the end of fourth quarter 2023 of \$2.6 million, an increase \$1.8 million from 2022 year-end balance of \$0.8 million. Factors contributed to the increase in cash included \$0.9 million decrease in inventory purchases, \$0.3 million decrease in internal billings and material purchases. Plus, an increase of \$0.6 million on sales on merchandise and overhead changes. The financial policy for the cash balance for the Public Works Stores Fund determines that the cash balance should be maintained equal to 15.0% of the annual operating budget, or \$0.2 million. The cash balance of \$2.6 million is \$2.4 million more than its target.

The fund continues to maintain a positive net position with a 2023 ending balance of \$8.6 million, an increase of \$1.4 million from the 2022 ending balance of \$7.2 million. The financial policy for the net position for the Public Works Stores Fund determines that a net position should be maintained equal to 15% of the annual operating budget, or \$0.2 million.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Public Works Stores Internal Service Fund**

	2022 Final Budget	2022 Year End Actual	2023 Year End Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Services	\$ 1,564	\$ 1,974	\$ 1,548	\$ 2,516
Charges for Sales on Merchandise	20	69	20	82
Charges for Sales on Scrap (Recycling)	30	(1)	30	
Other Aid		6		-
Other Misc. Revenue (Inventory adjustments)		28		422
<b>Total</b>	<b>\$ 1,614</b>	<b>\$ 2,076</b>	<b>\$ 1,598</b>	<b>\$ 3,020</b>
<b>Use of Funds:</b>				
Personal Services	\$ 876	\$ 836	\$ 890	\$ 865
Fringes	380	\$ 248	389	365
Contractual Services	274	\$ 385	237	283
Materials/Other	85	\$ 242	82	84
<b>Total</b>	<b>\$ 1,614</b>	<b>\$ 1,710</b>	<b>\$ 1,598</b>	<b>\$ 1,596</b>
<b>Change in Net Position</b>	<b>0</b>	<b>\$ 365</b>	<b>-</b>	<b>1,424</b>
<b>Net Position</b>	<b>\$ 6,795</b>	<b>\$ 7,157</b>	<b>\$ 7,157</b>	<b>\$ 8,581</b>
<b>Total Cash Balance</b>	<b>\$ 1,219</b>	<b>\$ 820</b>	<b>\$ 820</b>	<b>\$ 2,649</b>
<b>Target Cash Reserve</b>	<b>242</b>	<b>242</b>	<b>240</b>	<b>240</b>
<b>Variance Operating Cash to Target Cash Reserve</b>	<b>977</b>	<b>578</b>	<b>581</b>	<b>2,409</b>

**City of Minneapolis**  
**Intergovernmental Services (IT) – Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06400	2023 Budget	2023 Actual	2022 Actual
Operating Revenue	56,476	52,213	45,709
Operating Expense	58,393	48,123	47,687
Change in Net Position		4,090	(1,978)
Net Position		14,615	10,525
Cash Balance		10,929	7,390

**Program Description:**

The Intergovernmental Services Fund accounts for operations of Information Technology (IT) and the City Clerk’s printing and central mailing 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.

IT collects its revenue using an allocation model that distributes costs to City Departments using full time equivalent staffing counts as the driver for a bulk of revenues, based on the expense budget. There are also charges for any projects or new software and systems that a department may need in the future. These charges are normally paid for by IT and then billed to the internal customer.

**Revenue:**

Operating revenue through the fourth quarter of 2023 is \$52.2 million, or 92.5% of the annual budgeted amount of \$56.5 million. This is an increase of \$6.5 million, or 14.2%, compared to revenue of \$45.7 million earned through fourth quarter of 2022. This is due to increases to the allocation model of 3.2% for IT services and transfers of funds from the general fund into this fund. There is also an increase in Work for Others of \$3.9 million from the fourth quarter of 2022.

**Expenses:**

Operating expenses through the fourth quarter of 2023 are \$48.1 million or 82.4% of the annual budgeted amount of \$58.4 million. The operating expense through fourth quarter increased slightly from the 2022 expense of \$47.7 million.

PMO- Work for Others department expenses of \$10.1 million increased by \$3.0 million through the fourth quarter compared to \$7.0 million through the same period in 2022. There was an increase in Work for Others and project work.

Service Desk expenses of \$2.2 million for fourth quarter 2023 increased slightly compared to \$1.6 million for the same period in 2022. The increase is due to personnel movement from Infrastructure Services to Service Desk, and regular increase costs of doing business.

Infrastructure Services expenses of \$5.6 million through the fourth quarter 2023 increased slightly compared to the 2022 expenditures of \$4.3 million. There were some savings in personnel because of staff movement, but the decrease is immaterial and aligns with changes in the budget.

The remaining departments have no significant changes other than personnel movement between departments, causing over and under expenditures in salaries and fringes. The fund continues to fluctuate as normal course of business change and personnel move and/or promoted based on the needs and skills of employees.

**Debt:**

The fund does not have any outstanding debt service obligations.

**Transfers:**

In 2023, this fund received transfers in from the general fund totaling \$3.8 million to cover a shortage of revenues collected to cover expenses.

In 2023 the fund had no transfers out.

**Cash and Net Position:**

The cash balance at the end of fourth quarter 2023 is \$10.9 million compared to \$7.4 million for the same period 2022. Financial reserve policies for the Internal Service Funds determine that the minimum cash balance for the Intergovernmental Services Fund should be 15.0% of the fund's total budget or \$6.9 million.

Financial reserve policies for the Internal Service Funds determine that the minimum net position for the Intergovernmental Services Fund shall be twice the depreciation amount or \$4.2 million, making the current net position of \$14.6 million more than sufficient to meet the requirement. 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 fund will continue to meet or exceed the target net position in future years.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Intergovernmental Services Internal Service Fund**

	2022 Final Budget	2022 Year End Actual	2023 Final Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Service - IT	\$ 35,574	\$ 36,383	\$ 39,450	\$ 38,809
Charges for Service - City Clerk	1,655	1,602	1,721	1,633
Work for Others	457	7,310	11,499	7,965
Operating Transfers In	300	414	3,806	3,806
<b>Total</b>	<b>\$ 37,986</b>	<b>\$ 45,709</b>	<b>\$ 56,476</b>	<b>\$ 52,213</b>
<b>Use of Funds:</b>				
Transfers				-
City Clerk	\$ 1,518	\$ 1,900	\$ 1,446	\$ 1,426
Information Technology	37,398	38,708	41,125	36,564
Work for Others	2,080	7,079	15,822	10,133
<b>Total</b>	<b>\$ 40,996</b>	<b>\$ 47,687</b>	<b>\$ 58,393</b>	<b>\$ 48,123</b>
<b>Change in Net Position</b>	<b>(3,010)</b>	<b>(1,978)</b>	<b>(1,917)</b>	<b>4,090</b>
<b>Net Position</b>	<b>\$ 8,661</b>	<b>\$ 10,525</b>	<b>\$ 8,608</b>	<b>\$ 14,615</b>
<b>Total Cash Balance</b>	<b>\$ 6,153</b>	<b>\$ 7,390</b>	<b>\$ 5,473</b>	<b>\$ 10,929</b>
<b>Target Cash Reserve</b>	<b>5,880</b>	<b>5,880</b>	<b>6,940</b>	<b>6,940</b>
<b>Variance Total Cash to Target Cash Reserve</b>	<b>273</b>	<b>1,510</b>	<b>(1,467)</b>	<b>3,989</b>

**City of Minneapolis**  
**Self-Insurance Fund – Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 06900-06950	2023 Budget	2023 Actual	2022 Actual
<b>Operating Revenue</b>	125,969	122,648	144,498
<b>Operating Expense</b>	125,088	111,138	119,671
<b>Operating Margin</b>	881	11,510	24,828
<b>Change in Net Position</b>		11,510	24,828
<b>Net Position</b>		(50,350)	(61,860)
<b>Cash Balance</b>		141,446	135,503

**Program Description:**

The Self-Insurance Fund accounts for accrued sick leave benefit, tort liability, workers’ compensation, and risk management 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 workers’ compensation expense. The cost allocation model also assigns a charge for risk management services. Beginning in 2021, HR Employee Benefit Administration moved to the General Fund, and in 2022, Attorney’s Office moved to the General Fund.

**Revenue:**

Operating revenue through the fourth quarter of 2023 is \$122.6 million or 97.4% of the annual budgeted amount of \$126.0 million. This is a decrease of \$21.8 million, or 15.1%, compared to \$144.4 million earned through the fourth quarter of 2022. The primary reason for the decrease is due to few main factors that occurred in 2022, but not in 2023. A transfer of \$24.0 million from the General Fund to assist with the spending increase of the Self Insurance Funds, an unexpected revenue of \$3.9 million was received from the Workers’ Compensation Reinsurance Association as a surplus distribution, and an internal adjustment of \$0.8 million in 2022 for an invoice that paid out from Self-Insurance Fund instead that should be paid by City Attorney’s Office. The decrease in revenue also includes a \$1.2 million decrease in Sick Leave at Retirement and a decrease of \$0.8 million in reimbursement from the State of Minnesota and WCRA for Workers’ Compensation Claims. The decrease in revenue was partially offset by a \$6.7 million increase in Cost Allocation and a \$2.2 million increase in Medical and Dental premium.

**Expenses:**

Operating expenses through the fourth quarter of 2023 are \$111.1 million or 88.8% of the annual budgeted amount of \$125.1 million. This is a decrease of \$8.5 million, or 7.1%, compared to \$119.6 million expended through the fourth quarter of 2022. The decrease in operating expense is due to three factors, a \$7.1 million decrease in funds paid out for workers’ compensation claims and indemnity expenses, a \$1.5 million decrease in General Liability for Litigation Settlements, and a \$0.7 million decrease in medical claims and administration fees. The decrease in expense was partially offset by few increasing factors, a \$0.2 million increase in dental insurance claims, a \$0.3 million increase in the employee sick leave payout at retirement, and \$0.2 million increase General Fund Overhead Charges for Risk Management. Also, there is a \$0.2 million in payroll accrual for Attorney in 2022.

**Debt Service:**

The Self-Insurance Fund does not have outstanding debt obligations.

**Transfers:**

There are no transfers in or out for this fund in 2023. In 2022, \$24 million was transferred in from Workers' Compensation Fund and the General Liability Fund to assist with most ongoing spending increases from general fund.

**Cash and Net Position:**

The cash balance at end of fourth quarter is \$141.4 million, or an 4.4% increase, compared to a cash balance of \$135.5 million at end of fourth quarter of 2022. Financial reserve policies for the Internal Service Funds determine that the minimum cash balance for the Self-Insurance Fund should be equal to the unpaid claims liability, plus 10.0% of the fund's operating budget and 35.0% of medical self-insurance claims or \$201.6 million. The unpaid claims liability at year-end of 2023 is \$176.0 million, a decrease of \$1.5 million from the year-end of 2022 unpaid claims liability of \$177.5 million. The cash balance is \$60.1 million less than its target.

The net position at the year-end of 2023 is a negative amount of \$50.4 million, an increase of \$11.5 million from the 2022 year-end net position a negative amount of \$61.9 million. The financial reserve policy relating to the Internal Service Funds states that the net position for the Self Insurance Fund should not fall below zero.

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**City of Minneapolis**  
**Third Quarter ending December 31, 2023**  
**Financial Status Report in (thousands of dollars)**

**Self-Insurance Fund Internal Service Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Service(Cost allocations)	36,110	36,265	46,634	42,950
Other Misc. Revenues (Refund from State and Other misc.)	1,000	5,788	1,000	361
Medical Insurance Premiums	74,731	71,626	72,298	73,763
Dental Premiums	4,399	3,381	4,334	3,431
Health and Welfare (Severance-Sick leave at retirement)	3,008	3,364	1,702	2,143
Operating Transfers In frm Fed Grants		75		
Operating Transfers In	24,000	24,000	-	-
<b>Total</b>	<b>143,247</b>	<b>144,498</b>	<b>125,969</b>	<b>122,648</b>
<b>Use of Funds:</b>				
Attorney (06900)	-	(157)	-	-
Risk Management (06900)	2,568	2,072	2,681	2,235
Liability (06940)	15,351	14,646	23,650	13,163
Workers Compensation (06930)	18,320	28,253	20,297	21,154
Medical Claims and Administrative Fees (06910)	74,854	70,412	72,423	69,704
Delta Dental Payments (06920)	4,399	3,111	4,334	3,280
Health and Welfare (06950-Severance-Sick leave at retirement)	3,008	1,333	1,702	1,602
Transfers	-	-	-	-
<b>Total</b>	<b>118,499</b>	<b>119,671</b>	<b>125,088</b>	<b>111,138</b>
<b>Change in Net Position</b>	<b>24,748</b>	<b>24,828</b>	<b>881</b>	<b>11,510</b>
<b>Net Position</b>	<b>(75,218)</b>	<b>(61,860)</b>	<b>(60,979)</b>	<b>(50,350)</b>
<b>Total Cash Balance</b>	<b>135,503</b>	<b>135,503</b>	<b>136,384</b>	<b>141,446</b>
<b>Target Cash Reserve</b>	<b>203,862</b>	<b>203,862</b>	<b>201,564</b>	<b>201,564</b>
<b>Variance Operating Cash to Target Cash Reserve</b>	<b>(68,359)</b>	<b>(68,359)</b>	<b>(65,180)</b>	<b>(60,118)</b>

**City of Minneapolis**  
**Sanitary Sewer Enterprise Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 07100	2023 Budget	2023 Actual	2022 Actual	2021 Actual
Operating Revenue	100,758	92,700	95,694	86,723
Operating Expense	83,450	72,327	77,277	73,773
Operating Margin	17,308	20,373	18,417	12,950
Change in Net Position		4,361	4,897	1,995
Net Position		165,710	161,349	141,363
Cash Balance		16,432	15,734	15,038

**Program Description:**

The Sanitary Sewer Fund accounts for the enterprise activity of wastewater collection and treatment. The Fund pays 95.0% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. The fund also accounts for City services, operation, maintenance, design work, capital programs, transfers, and long-term debt services associated with the sanitary sewer system.

**Revenues:**

Monthly utility billing for sewer services is the main source of revenue. With sewer operating revenue of \$92.7 million through the end of the fourth quarter, the Sanitary Sewer Fund has earned 92.0% of the 2023 operating revenue budget. This is an overall decrease of \$3.0 million, or -3.1%, compared to \$95.7 million earned through December 2022. The utility service revenues increased \$4.2 million compared to 2022 due to an increase in rates and usage. SAC fees, which fluctuate based on overall economic activities outside of City operations, decreased by \$7.6 million. This decrease is offset by an equivalent decrease in sewer availability charges (or SAC expenses).

The variable rate for utility charges was set at \$5.17 per unit, an increase of \$0.16 over 2022. The fixed rate, which is based on meter size, was increased by \$0.50, from \$7.30 to \$7.80.

**Expenses:**

The Sanitary Sewer Fund's total operating expenses through the fourth quarter were \$72.3 million compared to \$77.3 million through December 2022. This is a decrease of \$5.0 million, or -6.4%. The decrease is due mainly to Met Council charges decreasing by \$6.2 million due mainly to less SAC expenses.

The Met Council rate increased by 2.9% for 2023 services. The Met Council charges are the largest expense of the fund with a monthly expense of \$4.0 million. These municipal wastewater discharge



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.

**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 was estimated at \$1.0 million and, through the end of 2023, all of it was transferred to Water Treatment and Distribution Services.

**Debt Service:**

For 2023, the debt service cost was budgeted at \$11.6 million. Total debt service payments for 2023 were \$9.5 million in principal and \$1.3 million in interest payments. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing. The Fund's bonds payable total \$51.7 million on December 31, 2023.

**Cash and Net Position:**

The current cash balance is \$16.4 million and the Fund's net position stands at \$165.7 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses, excluding SAC expenses which are just a pass through. Therefore, the targeted cash balance for 2023 is \$17.1 million. The \$0.7 million Cash Reserve shortage is in part due to lower revenues during the COVID-19 pandemic. The Department is constantly monitoring and revising the financial position to bring the fund back into compliance. The Fund's cash balance has doubled since 2019 and is projected to be back in compliance by 2024.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Sanitary Sewer Enterprise Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Charges for Service	\$ 83,547	\$ 80,859	\$ 85,318	\$ 85,047
SAC Revenues	15,000	12,885	15,000	5,253
Other Misc Revenues	400	1,950	440	2,401
Grants Proceeds/Others - Capital			-	633
Charges for Service - Capital	1,000	9	1,000	45
Proceeds from Long Term Liabilities	16,123	11,034	10,323	9,347
<b>Total</b>	<b>\$ 116,070</b>	<b>\$ 106,738</b>	<b>\$ 112,081</b>	<b>\$ 102,726</b>
<b>Use of Funds:</b>				
PW-Sewer Design	\$ 1,219	\$ 1,056	1,144	\$ 992
PW-Sewer Maintenance	8,159	7,461	8,788	7,705
MERF	310			
Met Council Environment Svcs	61,808	59,572	63,170	53,351
Payment for City Services	7,086	7,110	8,303	7,915
PW - Sewer Admin	1,836	2,079	2,046	2,364
Debt Service	11,075	10,586	11,636	10,798
Future Debt Service				
Transfers				
To Water Fund	1,017	1,017	1,041	1,041
PW - Capital Programs	21,623	12,960	14,323	14,199
<b>Total</b>	<b>\$ 114,133</b>	<b>\$ 101,841</b>	<b>\$ 110,450</b>	<b>\$ 98,365</b>
<b>Change in Net Position</b>	<b>\$ 1,937</b>	<b>\$ 4,897</b>	<b>\$ 1,631</b>	<b>\$ 4,361</b>
<b>Net Position Balance</b>	<b>\$ 149,489</b>	<b>\$ 161,349</b>	<b>\$ 162,980</b>	<b>\$ 165,710</b>
<b>Total Cash Balance</b>	<b>\$ 16,975</b>	<b>\$ 15,734</b>	<b>\$ 17,365</b>	<b>\$ 16,432</b>
<b>Target Cash Reserve</b>	<b>20,105</b>	<b>20,105</b>	<b>17,113</b>	<b>17,113</b>
<b>Variance Cash Balance to Target</b>	<b>(3,130)</b>	<b>(4,370)</b>	<b>253</b>	<b>(680)</b>

**City Of Minneapolis**  
**Storm Water Enterprise Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 07300	2023 Budget	2023 Actual	2022 Actual	2021 Actual
<b>Operating Revenue</b>	48,032	47,684	46,477	45,117
<b>Operating Expense</b>	34,618	32,436	28,960	28,276
<b>Operating Margin</b>	13,414	15,248	17,517	16,841
<b>Change in Net Position</b>		(7,541)	4,106	(3,471)
<b>Net Position</b>		372,508	380,049	351,947
<b>Cash Balance</b>		21,974	31,080	29,180

**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 5.0% 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. Fund resources include: monthly utility billing for storm drainage services, reimbursement for maintenance services provided to State and County, reimbursement for services provided to other City departments, outside parties and design activities, and proceeds from long term liabilities and grants.

**Revenue:**

The \$47.7 million in operating revenues earned through fourth quarter of 2023 reflects 99.3% of the budgeted amount of \$48.0 million. This is an increase of 2.6%, or \$1.2 million, compared to \$46.5 million earned for the same period in 2022. Storm utility revenues increased by \$1.0 million to \$45.0 million, up from \$44.0 million for the same period in 2022. This is mainly due to a 3.0% increase in rates.

**Expenses:**

Operating expenses through the fourth quarter were \$32.4 million, or 93.7% of the 2023 budget. The expenses were \$3.5 million, or 12.0% higher than the \$29.0 million reported for the same period in 2022. The 2023 actual expenses were under budget primarily due to \$1.0 million less spent on storm design costs and \$0.2 million less spent on storm maintenance costs. There are several vacant positions, causing Maintenance, Design and a few other areas to have less costs in 2023.

**Transfers:**

A transfer from this fund is made to the General Fund to support two environmental service FTE's relating to the Clean Water Act of \$0.1 million for 2023. An additional amount of \$1.6 million was transferred to the Capital Paving program as a contribution to help fund the 20-year additional paving plan.

**Debt Service:**

The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs. The fund completed paying off all its debt service obligations by the end of 2016. In 2019, new debt started to be issued on a regular basis due to additional capital programs needing financing. In 2023, \$6.2 million in principal and interest were paid. Bonds sold in 2023 were \$11.1 million.

**Cash and Net Positions:**

The ending cash balance at the end of the fourth quarter is \$22.0 million and the net position is \$372.5 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore, the target amount for 2023 is \$8.7 million. The cash balance at year end will leave \$13.3 million as an unrestricted amount to fund capital programs and debt service for 2024 and beyond as the department aims to use its excess cash reserve as a major source of funds for upcoming projects.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Storm Water Enterprise Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
State Government	\$ 1,307	\$ 1,390	\$ 1,424	\$ 1,355
Local Government	356	243	255	345
Charges for Service-Operating	44,160	44,092	45,476	45,018
Design & Misc Revenues	801	172	801	134
Special Assessments	75	580	75	832
Grants Proceeds/Others - Capital	-	1,174	-	561
Charges for Service-Capital	1,000	703	1,000	37
Proceeds of Long Term Liabilities	44,623	18,240	10,022	18,668
<b>Total</b>	<b>\$ 92,322</b>	<b>\$ 66,594</b>	<b>\$ 59,054</b>	<b>\$ 66,950</b>
<b>Use of Funds:</b>				
PW-Storm Design	\$ 6,047	\$ 4,788	\$ 6,058	\$ 5,011
PW-Field Services	9,488	8,903	9,739	10,247
PW-Storm Maintenance	7,234	6,549	7,366	7,169
Metropolitan Council	2,454	2,454	2,526	2,526
Payment for City Services	5,870	4,990	7,275	6,082
PW-Admin	1,640	1,277	1,654	1,403
Debt Service	4,197	4,345	5,971	6,174
Transfers	1,687	1,687	1,703	1,703
PW- Capital	57,323	27,495	16,522	34,177
<b>Total</b>	<b>\$ 95,940</b>	<b>\$ 62,487</b>	<b>\$ 58,815</b>	<b>\$ 74,490</b>
<b>Change in Net Position</b>	<b>(3,618)</b>	<b>4,106</b>	<b>239</b>	<b>(7,541)</b>
<b>Net Position</b>	<b>\$ 364,197</b>	<b>\$ 380,049</b>	<b>\$ 380,288</b>	<b>\$ 372,508</b>
<b>Total Cash Balance</b>	<b>\$ 33,622</b>	<b>\$ 31,080</b>	<b>\$ 31,318</b>	<b>\$ 21,974</b>
<b>Target Cash Reserve</b>	<b>8,183</b>	<b>8,183</b>	<b>8,655</b>	<b>8,655</b>
<b>Variance Cash Balance to Target</b>	<b>25,439</b>	<b>22,896</b>	<b>22,664</b>	<b>13,319</b>

**City of Minneapolis  
Water Enterprise Fund  
For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 07400	2023 Budget	2023 Actual	2022 Actual
Operating Revenue	91,048	94,329	88,770
Operating Expense	66,012	60,650	59,197
Operating Margin	25,036	33,679	29,573
Change in Net Position		5,578	5,405
Net Position		342,186	336,608
Cash Balance		40,130	35,630

**Program Description:**

This Fund accounts for the administration, operation, maintenance, and capital investments of the Public Works Water Treatment and Distribution Services Division of the City. The Water Treatment and Distribution Services Division sources, treats, and distributes drinking water to retail customers in the City and to City of Minneapolis hydrants for fire protection. In addition, the Division sells water to the wholesale customers of the Cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Edina, and the Metropolitan Airports Commission. Monthly billing for water sales is the main source of revenue for this fund.

**Revenue:**

Operating revenues for 2023 were \$94.3 million or 103.6% of the 2023 budgeted amount of \$91.0 million. This is an increase of \$5.5 million compared to the 2022 total of \$88.8 million. The increase was due to additional water usage and increased rates.

**Expense:**

Operating expenses for the year were \$60.7 million, or 91.9% of the 2023 budget of \$66.0 million. This is \$1.5 million, or 2.5%, higher than the 2022 amount of \$59.2 million. Of the difference, \$1.3 million was due to the increased cost of chemicals. There were additional increases in: fleet and capital outlay of \$0.6 million and delivery services of \$0.1 million. Increases in contractual and professional services relating to repairs, maintenance, and upgrades of \$0.3 million were offset, in part, by decreases in salaries and fringes of \$0.4 million, natural gas of \$0.2 million, and water line repairs of \$0.2 million.

Expenses for the year were less than projected but in line with previous years. Some expenses were deferred to 2024.

**Transfers:**

For 2023, \$1.1 million transfer consisted primarily of a \$1.0 million operating transfer from the Sanitary Sewer Fund for its share of the cost of metering. The full amount was transferred to the Water Fund by the end of the quarter.

**Debt Service:**

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 for 2023, which includes both principal and interest payments, was \$20.5 million. Through the fourth quarter, \$3.4 million in interest and \$17.1 million in principal were paid. During 2023, an additional \$24.6 million of bonds were sold to help finance capital projects. This additional debt issuance will increase debt service payments in future years.

**Cash Balance and Net Position:**

As of December 31, 2023 the ending cash balance was \$40.1 million and net position was \$342.2 million. By comparison, on December 31, 2022, the cash balance was \$35.6 million and net position was \$336.6 million. City policy requires an operating cash reserve equal to or greater than three months of operating expenses. Based on the current budget, the targeted amount is \$16.5 million. The year-end cash balance is adequate to maintain operating cash reserves, fund capital programs, and make future debt service payments.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**  
**Water Enterprise Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Water Sales - Retail				
Volume Rate	\$ 58,359	\$ 57,026	\$ 58,765	\$ 59,418
Fixed Rate	10,973	11,103	12,729	12,863
Water Sales - Wholesale	14,998	15,749	15,727	17,274
Other Operating & Misc Revenues	4,239	4,892	3,827	4,773
Proceeds from Long Term Liabilities	21,995	21,548	30,760	17,872
Transfers	1,058	1,058	1,082	1,082
Proceeds from Capital	2,000	788	2,000	1,116
<b>Total</b>	<b>\$ 113,621</b>	<b>\$ 112,164</b>	<b>\$ 124,889</b>	<b>\$ 114,398</b>
<b>Use of Funds:</b>				
Payments for City Services	\$ 12,447	\$ 11,737	\$ 12,454	\$ 11,705
Administration	3,735	3,275	4,165	3,454
Engineering	2,341	1,838	2,177	1,708
Operations	29,887	29,900	32,333	31,190
Distribution	9,816	9,171	11,183	9,206
Meter Shop	1,393	941	1,483	1,364
Reimbursables	2,570	2,335	2,217	2,023
<b>Debt Services</b>				
Principal	17,315	17,315	18,936	17,160
Interest	3,330	2,770	3,572	3,373
Capital	29,995	27,477	39,973	27,637
<b>Total</b>	<b>\$ 112,828</b>	<b>\$ 106,759</b>	<b>\$ 128,493</b>	<b>\$ 108,820</b>
<b>Change in Net Position</b>	<b>792</b>	<b>5,405</b>	<b>(3,604)</b>	<b>5,578</b>
<b>Net Position</b>	<b>\$ 310,291</b>	<b>\$ 336,608</b>	<b>\$ 333,004</b>	<b>\$ 342,186</b>
<b>Total Cash Balance</b>	<b>\$ 35,007</b>	<b>\$ 35,630</b>	<b>\$ 32,026</b>	<b>\$ 40,130</b>
<b>Target Cash Reserve</b>	<b>15,547</b>	<b>15,547</b>	<b>16,503</b>	<b>16,503</b>
<b>Variance Total Cash to Target Cash Reserve</b>	<b>19,460</b>	<b>20,083</b>	<b>15,523</b>	<b>23,627</b>



**City of Minneapolis  
Municipal Parking Fund  
For the Fourth Quarter Ended December 31, 2023**

**Operating Snapshot (in thousands)**

Fund 07500	2023 Budget	2023 Actuals	2022 Actuals
Operating Revenue	61,923	63,011	55,326
Operating Expenses	41,365	47,285	42,799
Operating Margin	20,558	15,726	12,527
Change in Net Position		1,227	(809)
Net Position		180,240	179,013
Cash Balance		217	54

**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:**

2023 operating revenues are up in comparison to 2022 by 13.9%. Actual operating revenues were 1.8% over budget for the year. The increase is from:

- On-street parking is up 14.8% compared to 2022.
- Off-street ramps and lots are up 14.9% compared to 2022.
- Impound Lot revenues are up 7.1% compared to 2022.

Overall, revenues are up in 2023 mainly due to an increase in workers downtown and enhanced activities and events downtown and throughout the city. This has resulted in a substantial positive impact on economic activity.

**Expenses:**

The 2023 operating expenses are higher than the 2022 expenses by 10.5%. Total actual expenses were 14.3% over budget for the year. The variance is from:

- On-street parking was down by 11.2% compared to 2022.
- Off-street ramps and lots are up 13.7% compared to 2022.
- Impound Lot expenses are up by 13.0% compared to 2022.

Overall, expenses were up as compared to 2022 mainly due to the increased activity in 2023 which causes certain variable expenses to be higher such as credit card fees, utilities, and maintenance. Impound lot expenses are up in 2023 in part because of higher contracted security services.

**Transfers to and from other funds:**

The 2023 transfers into and out of the Parking Fund are programmed and planned according to the 2023 budget. During the year of 2023, \$4.6 million was transferred in from Tax Increment Funding and \$4.6 million of funds were transferred out (\$1.0 million to the General Fund, \$3.5 million to the Target Center and \$146,000 to Solid Waste Fund).

The General Fund transfer out was adjusted down by \$3.0 million and the Target Center transfer out was adjusted down by \$1.5 million from the budget to accommodate a shortfall in Parking Fund current cash balance.

**Debt Service:**

For 2023, the debt service budget was \$13.5 million. The outstanding balance of bond principal as of December 31, 2023, is \$25.9 million and the outstanding balance of note principal is \$26.3 million. The Police Relief Pension Reserve Fund had loaned the Parking Fund \$4.5 million coming into 2023 which has been paid back in full during 2023.

**Other Financial Items:**

The December 31, 2023, cash balance is \$217,000 which is an increase of \$163,000 from the 2022 year-end balance. The City’s policy is to have a targeted cash balance equal to 25% of the operating budget (excluding non-city owned ramps). Therefore, the target cash balance, excluding the Off-Street Parking: State Owned-Direct Expense Budget is \$7.2 million. The targeted cash reserve balance deficit is \$7.0 million, which is primarily a result of revenues being under budget due to the continued impacts of the COVID-19 pandemic and a slower than expected return of employees downtown which affects city economic activity. This causes the fund to be under financial policy. The Department is constantly monitoring and revising the financial position to bring the fund back into compliance. Continued economic recovery from the pandemic will help increase Fund revenues in 2024 and beyond.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Fund 07500 Municipal Parking**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year to Date Actual
<b>Source of Funds:</b>				
Charges for Service, Sales/Permits:				
<i>Off-Street Parking: City Owned</i>	22,385	16,749	21,441	20,637
<i>Off-Street Parking: State Owned</i>	13,680	13,125	13,500	13,682
<i>Towing</i>	5,539	6,901	5,717	7,389
<i>On-Street Meters</i>	19,353	18,552	21,265	21,303
Tax Increment Transfers In	879	1,175	4,579	4,579
Proceeds of Long Term Liabilities	-	-	-	-
<b>Total</b>	<b>61,836</b>	<b>56,501</b>	<b>66,502</b>	<b>67,590</b>
<b>Use of Funds:</b>				
Debt Service	8,320	6,534	13,492	13,470
Future Debt Service	300	-	-	-
General Fund Transfer Out	4,000	1,400	4,000	1,000
Target Arena Transfer Out	5,000	5,000	5,000	3,500
Sanitation Transfer Out	146	146	146	146
PW-Traffic & Parking:				
<i>Off-Street Parking: City Owned</i>	19,852	19,875	18,071	22,299
<i>Off-Street Parking: State Owned</i>	12,496	10,453	12,480	12,191
<i>Towing</i>	5,273	7,117	5,618	8,040
<i>On-Street Meters</i>	4,430	5,354	5,196	4,755
PW-Traffic & Parking Capital	1,383	1,432	1,000	962
<b>Total</b>	<b>61,200</b>	<b>57,311</b>	<b>65,003</b>	<b>66,363</b>
<b>Change in Net Position</b>	<b>636</b>	<b>(809)</b>	<b>1,498</b>	<b>1,227</b>
<b>Net Position</b>	<b>190,869</b>	<b>179,013</b>	<b>180,511</b>	<b>180,240</b>
<b>Total Cash Balance</b>		<b>54</b>	<b>1,552</b>	<b>217</b>
<b>Target Cash Reserve</b>	<b>7,389</b>	<b>7,389</b>	<b>7,221</b>	<b>7,221</b>
<b>Variance Total Cash to Target</b>		<b>(7,335)</b>	<b>(5,669)</b>	<b>(7,004)</b>

**City of Minneapolis**  
**Solid Waste and Recycling Enterprise Fund**  
**For the Fourth Quarter Ending December 31, 2023**

**Operating Snapshot (in thousands of dollars):**

Fund 07700	2023 Budget	2023 Actual	2022 Actual	2021 Actual
Operating Revenue	46,475	46,372	45,237	44,274
Operating Expense	48,728	45,955	43,173	42,248
Operating Margin	(2,253)	417	2,064	2,026
Change in Net Position		(349)	1,479	8,737
Net Position		44,723	45,072	43,645
Cash Balance		21,971	23,722	23,227

**Fund Description:**

The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection, disposal, graffiti removal, and a solid waste transfer station that serves over 107,000 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, city-wide litter and graffiti abatement and removals, and an organics program.

Funding for Solid Waste and Recycling activities is primarily generated from solid waste collection fees through the monthly utility bills. The fund also receives yearly grants from Hennepin County. Additional revenue is generated through sales of recyclable materials, graffiti abatement, and miscellaneous services.

**Revenue:**

Operating revenue earned through the fourth quarter of 2023 was \$46.4 million, or 99.8% of the budgeted amount of \$46.5 million. The revenue earned through the fourth quarter of 2023 increased by \$1.1 million, or 2.5%, from the revenue earned through fourth quarter of 2022. This increase is mainly due to increased utility rates from the previous year. The second half of the Hennepin County recycling grant of \$1.5 million was received in the fourth quarter.

**Expenses:**

Operating expenses through the fourth quarter of 2023 were \$46.0 million, or 94.3% of the budgeted amount of \$48.7 million. Expenses through the fourth quarter of 2023 increased \$2.8 million, or 6.4%, over the expenses through the same period in 2022. Collection, recycle, yard waste and problem material divisions increased by a combined total of \$1.5 million from 2022 due to contractual services rate increases and higher processing fees. The Clean City division increased \$0.2 million due to continued encampment cleanup efforts. Organic expenses increased \$0.3 million due to more contractual service and cart purchases. Graffiti expenses were \$0.2 million less due to open positions and less contractual services. The full Equipment budget was not spent due to timing of vehicle replacements.

**Transfers:**

Transfers of \$0.5 million into the Solid Waste and Recycling fund for 2023 include \$0.2 million from the Parking Fund for the Litter Container Program, and \$0.3 million from the General Fund for graffiti removal.

**Debt Service:**

Bonds were sold for the new facility prior to 2020 and an additional \$6.8 million in bonds were sold the second half of 2021. The facility was occupied at the end of May of 2020. Principle payments were \$0.6 million and interest payments were \$0.7 million in 2023.

**Cash and Net Positions:**

The fund's cash balance as of the end of the fourth quarter was \$22.0 million and the net position was \$44.7 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Based on the 2023 budget, the targeted amount is \$12.2 million, leaving an unrestricted cash balance of \$9.8 million. This amount will provide adequate coverage of future operating cash reserve requirements and debt service payments.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**Solid Waste & Recycling Enterprise Fund**

	2022 Final Budget	2022 Year End Actual	2023 Current Budget	2023 Year End Actual
<b>Source of Funds:</b>				
Local Government & Other Grants	\$ 1,422	\$ 1,516	\$ 2,040	\$ 1,513
Charges for Service	41,202	40,725	43,192	42,460
Charges for Sales	225	1,161	404	187
Special Assessments	-	1,228	-	1,339
Other Misc Revenues, Rents	724	608	838	873
Operating Transfers In:				
Parking Fund	146	146	146	146
General Fund - Graffiti	325	325	325	325
Bond Redemption Fund	3,953	3,953	-	-
<b>Total</b>	<b>\$ 47,997</b>	<b>\$ 49,661</b>	<b>\$ 46,946</b>	<b>\$ 46,843</b>
<b>Use of Funds:</b>				
Collection	\$ 8,380	\$ 8,203	\$ 8,942	\$ 8,960
Disposal	6,256	5,982	6,517	6,035
Recycle	4,197	4,038	4,395	4,230
Yard Waste	4,379	3,369	4,455	3,512
Problem Material	2,666	2,112	2,618	2,524
Transfer Stations	571	546	785	557
Admin	8,187	8,078	8,929	8,634
Customer Service	713	678	761	640
Clean City	1,274	1,874	1,510	2,035
Graffiti	750	590	634	362
Equipment	3,441	3,112	4,077	3,542
Organics	4,898	4,592	5,103	4,924
Capital Program	-	8	-	-
Debt Service	5,307	5,001	1,348	1,238
<b>Total</b>	<b>\$ 51,019</b>	<b>\$ 48,183</b>	<b>\$ 50,076</b>	<b>\$ 47,193</b>
<b>Change in Net Position</b>	<b>\$ (3,022)</b>	<b>\$ 1,479</b>	<b>\$ (3,130)</b>	<b>\$ (349)</b>
<b>Net Position Balance</b>	<b>\$ 40,623</b>	<b>\$ 45,072</b>	<b>\$ 41,942</b>	<b>\$ 44,723</b>
<b>Cash Balance</b>	<b>\$ 20,206</b>	<b>\$ 23,722</b>	<b>\$ 20,592</b>	<b>\$ 21,971</b>
<b>Target Cash Reserve</b>	<b>11,428</b>	<b>11,428</b>	<b>12,182</b>	<b>12,182</b>
<b>Variance Cash Balance to Target</b>	<b>8,778</b>	<b>12,294</b>	<b>8,410</b>	<b>9,789</b>

**CPED Enterprise Fund Component Programs  
For the Fourth Quarter Ending December 31, 2023**

The **CPED Enterprise Fund** operated a series of business-type activities designed to enhance housing options and economic development within the City.

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. Only the administrative operations portion of the fund is presented. Other information is maintained by a trustee and not available for inclusion for fourth quarter. The net position of the fund at the end of fourth quarter 2023 was \$1.8 million.

The **River Terminal** component operates a public terminal facility located on the Mississippi River in north Minneapolis. The barge related activities of the terminal have ended. The facility is currently used primarily as leased space for commodity storage. The City intends to redevelop the site for park and jobs-intensive business uses.

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**City of Minneapolis**  
**Fourth Quarter ending December 31, 2023**  
**Financial Status Report (in thousands of dollars)**

**CPED Enterprise Funds**

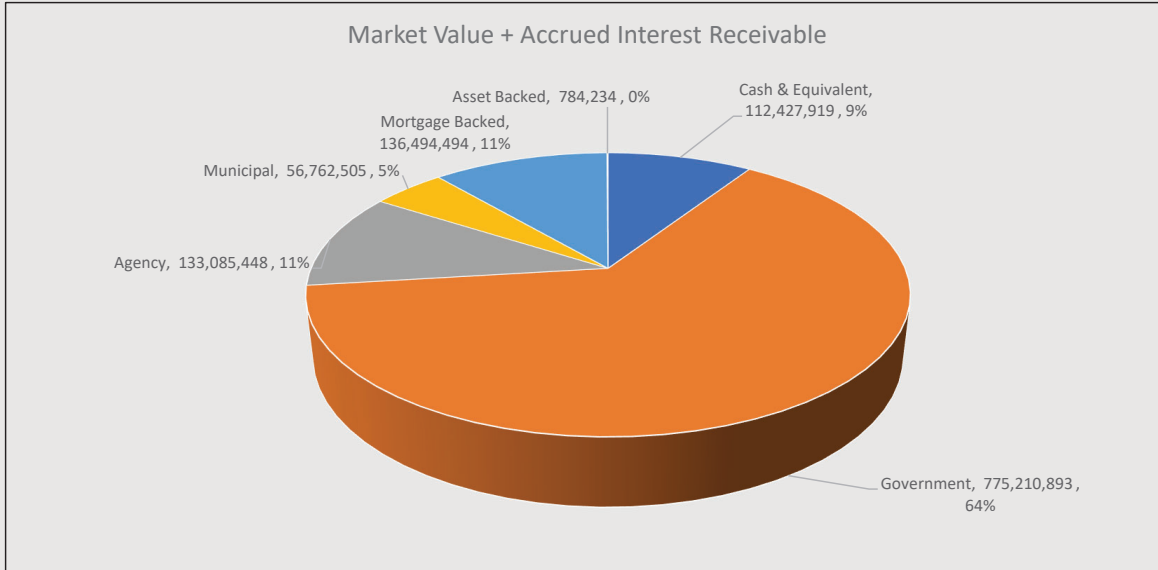
	General Agency Reserve Fund System 2022	General Agency Reserve Fund System 2023	River Terminal 2022	River Terminal 2023
<b>Operating revenues</b>				
Charges for sales and services	55	128	109	(101)
<b>Total operating revenues</b>	<u>55</u>	<u>128</u>	<u>109</u>	<u>(101)</u>
<b>Operating expenses:</b>				
Personal services	148	150	-	-
Contractual services	16	6	709	363
<b>Total operating expenses</b>	<u>164</u>	<u>156</u>	<u>709</u>	<u>363</u>
<b>Operating income</b>	<u>(109)</u>	<u>(28)</u>	<u>(600)</u>	<u>(464)</u>
<b>Nonoperating revenues (expenses)</b>				
Interest on investments	-	-	-	-
<b>Total nonoperating revenue (expenses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income (loss) before transfers</b>	<u>(109)</u>	<u>(28)</u>	<u>(600)</u>	<u>(464)</u>
<b>Net transfers from (to) other funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>(109)</u>	<u>(28)</u>	<u>(600)</u>	<u>(464)</u>
<b>Total net position - January 1</b>	1,954	1,845	1,818	1,218
<b>Total net position - December 31</b>	<u><u>1,845</u></u>	<u><u>1,817</u></u>	<u><u>1,218</u></u>	<u><u>754</u></u>



**Cash and Investments Report**  
12/31/2023

Portfolio	Book Yield %	Book Value	Unrlzd G/(L)	Market Value	Accrued Interest Receivable	Market Value + Accrued Interest Receivable
Operating Account*	5.3	\$ 321,322,626	\$ 80,632	\$ 321,403,258	\$ -	\$ 321,403,258
Core City of Minneapolis*	3.2	495,858,363	(12,703,387)	483,154,976	1,873,156	485,028,132
Core Royal Bank of Canada**	2.6	250,779,271	(19,048,627)	231,730,644	700,550	232,431,193
Core Government Portfolio Advisors**	2.5	109,337,580	(1,104,425)	108,233,155	655,793	108,888,948
Core T. Rose**	1.0	25,819,799	(1,724,923)	24,094,877	47,695	24,142,571
Yield Restricted Bond Proceeds*	3.1	5,134,949	-	5,134,949	-	5,134,949
Convention Center Debt Service*	4.4	13,310,452	11,749	13,322,201	2,369	13,324,569
General Agency Reserve Funds System**	3.6	23,925,787	344,271	24,270,058	141,814	24,411,872
<b>Total Portfolio</b>	<b>3.5</b>	<b>\$ 1,245,488,827</b>	<b>\$ (34,144,710)</b>	<b>\$ 1,211,344,117</b>	<b>\$ 3,421,375</b>	<b>\$ 1,214,765,493</b>
Development Debt Reserves		3,476,132		3,476,132		3,476,132
Cash on hand net of outstanding checks		4,026,655		4,026,655		4,026,655
<b>Total All Portfolios</b>		<b>\$ 1,252,991,614</b>	<b>\$ (34,144,710)</b>	<b>\$ 1,218,846,904</b>	<b>\$ 3,421,375</b>	<b>\$ 1,222,268,280</b>

\* Internally managed; \*\* Externally managed



Market Sector	Market Value + Accrued Interest Receivable	% of Portfolio
Cash & Equivalent	112,427,919	9.3%
Government	775,210,893	63.8%
Agency	133,085,448	11.0%
Municipal	56,762,505	4.7%
Mortgage Backed	136,494,494	11.2%
Asset Backed	784,234	0.1%
Commercial Paper	-	0.0%
<b>Total</b>	<b>\$ 1,214,765,493</b>	<b>100.0%</b>

Metric	Value
Duration	2.9
Convexity	0.34
WAL	3.1
Years to Avg Final Maturity*	4.5
Years to Avg Effective Maturity*	4.4
Book Yield	3.5
Yield to Worst	4.6
Average Credit Rating	AAA/Aaa/AA+

\* Weighted by Market Value at period end.

**City of Minneapolis**  
**Financial Strength Analysis - Fourth Quarter 2023**

FINANCIAL STRENGTH ANALYSIS - (in millions)					Change 2022 Compared to 2021		Total Increase (Decrease) 2019 - 2022		Average Annual Increase (Decrease)		Actual Year-End
	2019	2020	2021	2022	\$	%	\$	%	\$	%	2023
General Fund Cash Balance	\$ 146.3	\$ 184.5	\$ 159.4	\$ 195.4	\$ 36.0	22.6%	\$ 49.1	33.6%	\$ 16.4	11.2%	\$ 230.9
General Fund Total Fund Balance	\$ 128.0	\$ 167.7	\$ 142.8	\$ 173.7	\$ 30.9	21.6%	\$ 45.7	35.7%	\$ 15.2	11.9%	\$ 210.4
Overall City Cash Position*	967.8	891.1	1,029.8	1,124.0	94.2	9.1%	156.2	16.1%	52.1	5.4%	
Overall City Net Assets/Position	2,424.0	2,491.3	2,589.0	2,768.9	179.9	6.9%	344.9	14.2%	115.0	4.7%	
Overall Unrestricted Net Assets/Position	(130.5)	(201.7)	(141.0)	(15.0)	126.0	-89.4%	115.5	-88.5%	38.5	-29.5%	
<b>SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b>											
Convention Center - Cash	\$ 20.0	\$ 14.5	\$ 23.9	\$ 22.8	\$ (1.1)	\$ (0.0)	\$ 2.8	\$ 0.1	\$ 0.9	\$ 0.0	\$ 23.3
Convention Center - Fund Balance	\$ 33.4	\$ 12.4	\$ 20.9	\$ 17.6	\$ (3.3)	\$ (0.2)	\$ (15.8)	\$ (0.5)	\$ (5.3)	\$ (0.2)	\$ 17.6
Arena Fund (Target Center) - Cash	9.5	4.0	5.0	6.4	1.4	28.0%	(3.1)	-32.6%	(1.0)	-10.9%	5.5
Arena Reserve (Target Center) - Fund Balance	7.5	3.5	4.3	6.5	2.2	51.2%	(1.0)	-13.3%	(0.3)	-4.4%	5.4
Downtown Assets Fund - Cash	8.8	39.9	29.6	45.6	16.0	54.1%	36.8	418.2%	12.3	139.4%	72.4
Downtown Assets Fund - Fund Balance	16.2	46.5	35.1	53.5	18.4	52.4%	37.3	230.2%	12.4	76.7%	78.4
Police SRF - Cash	2.8	2.6	2.5	3.6	1.1	44.0%	0.8	28.6%	0.3	9.5%	3.8
Police SRF - Fund Balance	2.9	2.8	3.3	3.7	0.4	12.1%	0.8	27.6%	0.3	9.2%	3.9
NCR SRF - Cash	3.5	3.5	3.3	2.2	(1.1)	-33.3%	(1.3)	-37.1%	(0.4)	-12.4%	0.4
NCR SRF - Fund Balance	3.1	3.1	3.0	1.8	(1.2)	-40.0%	(1.3)	-41.9%	(0.4)	-14.0%	0.4
Regulatory Services SRF - Cash	1.2	0.2	0.3	0.3	0.0	0.0%	(0.9)	-75.0%	(0.3)	-25.0%	0.2
Regulatory Services SRF - Fund Balance	1.1	0.2	0.3	0.3	0.0	0.0%	(0.8)	-72.7%	(0.3)	-24.2%	0.2
Grant Funds - Cash	6.0	7.5	141.8	177.0	35.2	24.8%	171.0	2850.0%	57.0	950.0%	100.7
Grant Funds - Fund Balance	4.4	10.1	9.0	13.5	4.5	50.0%	9.1	206.8%	3.0	68.9%	6.4
Comm Planng & Econ Dev (CPED) - Cash Total	199.9	212.8	209.7	197.3	(12.4)	-5.9%	(2.6)	-1.3%	(0.9)	-0.4%	215.3
Comm Planng & Econ Dev (CPED) - Fund Bal Total	230.5	245.0	242.4	229.6	(12.8)	-5.3%	(0.9)	-0.4%	(0.3)	-0.1%	247.7
Employee Retirement Funds - Cash	36.5	23.1	28.1	31.0	2.9	10.3%	(5.5)	-15.1%	(1.8)	-5.0%	36.4
Employee Retirement Funds - Fund Balance	36.7	36.6	39.0	39.0	0.0	0.0%	2.3	6.3%	0.8	2.1%	40.5
<b>Total Special Revenue Funds - Cash</b>	<b>\$ 288.2</b>	<b>\$ 308.1</b>	<b>\$ 444.2</b>	<b>\$ 486.2</b>	<b>\$ 42.0</b>	<b>\$ 0.1</b>	<b>\$ 198.0</b>	<b>\$ 0.7</b>	<b>\$ 66.0</b>	<b>\$ 0.2</b>	<b>\$ 458.0</b>
<b>Total Special Revenue Funds - Fund Balance</b>	<b>\$ 335.8</b>	<b>\$ 360.2</b>	<b>\$ 357.3</b>	<b>\$ 365.5</b>	<b>\$ 8.2</b>	<b>\$ 0.0</b>	<b>\$ 29.7</b>	<b>\$ 0.1</b>	<b>\$ 9.9</b>	<b>\$ 0.0</b>	<b>\$ 400.5</b>

\* 2019-2022 Overall City Cash Position is the Market Value of cash and cash equivalents as reported in the City of Minneapolis Annual Comprehensive Financial Report (ACFR); does not include approximately \$22.9M invested for General Agency Reserve Fund Systems (GARFS) and \$80.0M invested for Park Board and MBC.

FINANCIAL STRENGTH ANALYSIS - (in millions)					Change 2022 Compared to 2021		Total Increase (Decrease) 2019 - 2022		Average Annual Increase (Decrease)		Actual Year-End
	2019	2020	2021	2022	\$	%	\$	%	\$	%	2023
<b>INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b>											
Engr. Materials & Testing - Cash	\$ 2.1	\$ 1.9	\$ 2.0	\$ 2.1	\$ 0.1	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ 1.9
Engr. Materials & Testing - Net Position	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.7	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.1	\$ 0.1	\$ 0.6
Equipment Services - Cash	33.7	26.7	34.7	21.9	(12.8)	-36.9%	(11.8)	-35.0%	(3.9)	-11.7%	16.8
Equipment Services - Net Position	93.8	93.6	98.6	85.6	(13.0)	-13.2%	(8.2)	-8.7%	(2.7)	-2.9%	80.1
Property Services - Cash	8.2	6.3	8.9	9.8	0.9	10.1%	1.6	19.5%	0.5	6.5%	6.2
Property Services - Net Position	33.9	36.3	40.0	40.7	0.7	1.8%	6.8	20.1%	2.3	6.7%	36.1
PW Stores - Cash	2.5	1.1	1.2	0.8	(0.4)	-33.3%	(1.7)	-68.0%	(0.6)	-22.7%	2.6
PW Stores - Net Position	5.6	5.9	6.8	7.2	0.4	5.9%	1.6	28.6%	0.5	9.5%	8.6
Intergovernmental Services - Cash	15.1	10.7	9.2	7.4	(1.8)	-19.6%	(7.7)	-51.0%	(2.6)	-17.0%	10.9
Intergovernmental Services - Net Position	30.7	22.6	11.7	10.5	(1.2)	-10.3%	(20.2)	-65.8%	(6.7)	-21.9%	14.6
Self Insurance Fund - Cash	93.6	108.1	110.8	135.5	24.7	22.3%	41.9	44.8%	14.0	14.9%	141.4
Self Insurance Fund - Net Position	(20.3)	(97.8)	(100.0)	(61.9)	38.1	-38.1%	(41.6)	204.9%	(13.9)	68.3%	(50.4)
<b>Total Internal Service Funds - Cash</b>	<b>\$ 155.2</b>	<b>\$ 154.8</b>	<b>\$ 166.8</b>	<b>\$ 177.5</b>	<b>\$ 10.7</b>	<b>\$ 0.1</b>	<b>\$ 22.3</b>	<b>\$ 0.1</b>	<b>\$ 7.4</b>	<b>\$ 0.0</b>	<b>\$ 179.8</b>
<b>Total Internal Service Funds - Net Position</b>	<b>\$ 144.2</b>	<b>\$ 61.1</b>	<b>\$ 57.7</b>	<b>\$ 82.8</b>	<b>\$ 25.1</b>	<b>\$ 0.4</b>	<b>\$ (61.4)</b>	<b>\$ (0.4)</b>	<b>\$ (20.5)</b>	<b>\$ (0.1)</b>	<b>\$ 89.6</b>
<b>ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b>											
Sanitary Sewer - Cash	\$ 7.4	\$ 13.5	\$ 15.0	\$ 15.7	\$ 0.7	\$ 0.0	\$ 8.3	\$ 1.1	\$ 2.8	\$ 0.4	\$ 16.4
Sanitary Sewer - Net Position	\$ 129.4	\$ 139.4	\$ 147.6	\$ 161.3	\$ 13.7	\$ 0.1	\$ 31.9	\$ 0.2	\$ 10.6	\$ 0.1	\$ 165.7
Stormwater - Cash	33.1	28.7	29.2	31.1	1.9	6.5%	(2.0)	-6.0%	(0.7)	-2.0%	22.0
Stormwater - Net Position	347.2	355.4	351.9	380.0	28.1	8.0%	32.8	9.4%	10.9	3.1%	372.5
Water Enterprise - Cash	46.1	40.8	34.2	35.6	1.4	4.1%	(10.5)	-22.8%	(3.5)	-7.6%	40.1
Water Enterprise - Net Position	283.3	303.3	309.5	336.6	27.1	8.8%	53.3	18.8%	17.8	6.3%	342.2
Municipal Parking - Cash	21.5	6.1	1.2	0.1	(1.1)	-91.7%	(21.4)	-99.5%	(7.1)	-33.2%	0.2
Municipal Parking - Net Position	206.0	191.5	190.2	179.0	(11.2)	-5.9%	(27.0)	-13.1%	(9.0)	-4.4%	180.2
Solid Waste & Recycling - Cash	26.7	16.1	23.2	23.7	0.5	2.2%	(3.0)	-11.2%	(1.0)	-3.7%	22.0
Solid Waste & Recycling - Net Position	30.7	34.9	43.6	45.1	1.5	3.4%	14.4	46.9%	4.8	15.6%	44.7
Comm Planng & Econ Dev (CPED) - Cash**	-	-	-	-	-	0.0%	-	0.0%	0.0	0.0%	-
Comm Planng & Econ Dev (CPED) - Net Position	32.6	27.0	26.9	26.0	(0.9)	-3.3%	(6.6)	-20.2%	(2.2)	-6.7%	25.0
<b>Total Enterprise Funds - Cash</b>	<b>\$ 134.8</b>	<b>\$ 105.2</b>	<b>\$ 102.8</b>	<b>\$ 106.2</b>	<b>\$ 3.4</b>	<b>\$ 0.0</b>	<b>\$ (28.6)</b>	<b>\$ (0.2)</b>	<b>\$ (9.5)</b>	<b>\$ (0.1)</b>	<b>\$ 100.7</b>
<b>Total Enterprise Funds - Net Position</b>	<b>\$ 1,029.2</b>	<b>\$ 1,051.5</b>	<b>\$ 1,069.7</b>	<b>\$ 1,128.0</b>	<b>\$ 58.3</b>	<b>\$ 0.1</b>	<b>\$ 98.8</b>	<b>\$ 0.1</b>	<b>\$ 32.9</b>	<b>\$ 0.0</b>	<b>\$ 1,130.3</b>
<b>**Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds.</b>											