



Fourth Quarter 2019 Financial Status Report

Finance & Property Services Department
March, 24, 2020

**City of Minneapolis
Interim Financial Report Table of Contents
for the Fourth Quarter of 2019**

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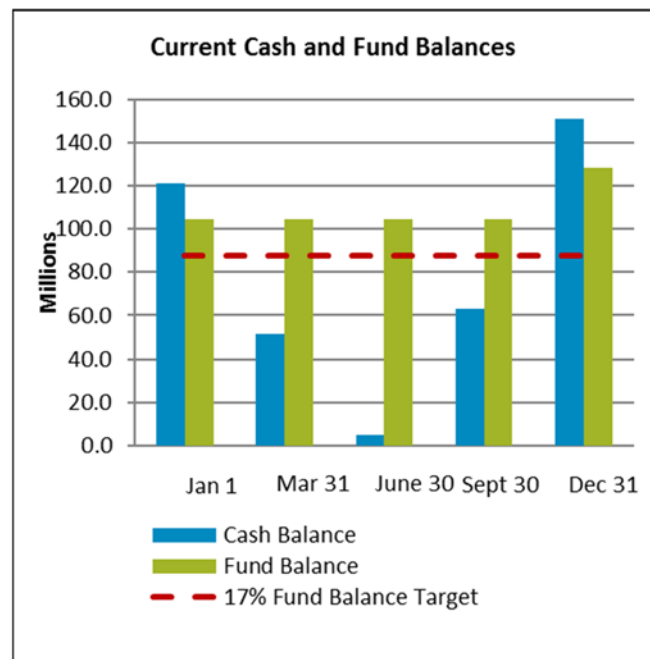
Overview

The financial picture of the City continues to remain positive and stable. As indicated in the Cash and Investments Report on page A-1, the overall cash and investment position for the City at December 31, 2019 is \$987.7 million, an increase of \$111.1 million or 12.7% compared to 2018 year-end balance of \$876.6 million. Cash targets in all but one major fund were met, and the growth is primarily contributed to stable operations coupled with debt issuances for future capital investments. The Sanitary Sewer fund has an ending cash balance less than target due to the delay of bond issuances that would have provided cash for ongoing capital projects. Future bond issuances and operations are expected to restore cash back to the target level for this fund. See page 39 for additional details on the Sanitary Sewer fund operations. Fund balances and net positions for all funds also reflect continued investment in the growth and economic stability of the City and its infrastructure. The City continues to meet the minimum fund balance/net position reserve requirements in all major funds, while at the same time increasing its investment in the City including its infrastructure, development, and technology capital assets. See pages A-3 and A-4 at the end of this report for more details on cash and fund balance/net position by fund. Most of the balances in the various funds within the City are classified as non-spendable, restricted, committed or assigned.

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 2019 budget included a planned use of fund balance of \$5.0 million, however, fund balance at year-end 2019 increased by \$23.8 million from a beginning balance of \$104.2 to an ending balance of \$128.0. The General Fund cash balance at year-end 2018 was \$121.3 million, and finished 2019 at \$150.8 million. Over one-half of the revenue in the General Fund comes from sources received only two or three times per year. Because of this, there can be a large variation in the cash balance at any point in the year as shown in the graph to the left.

As shown in the Financial Strength Analysis on pages A-3 and A-4 of this report, from 2016 through 2019, the General Fund's cash balance and fund balance have grown steady with an overall increase in cash of \$29.2 million and an increase in fund balance of \$20.5 million. This consistent fund balance and cash position growth was made possible by rising revenues and strategic use of funds to maintain sustainable operations. Growth from economic development activity pushed revenue from local taxes, licenses and permits, and charges for services consistently over the budgeted amount, yet expenditures were consistently held in line with, or below budget. However, the cost of inspecting the newly constructed buildings will carry over into future years.



The City's financial policy for the General Fund balance is to maintain 17% of the following year's expenditure budget. For 2019, this equates to a required ending fund balance of \$87.4 million, or 17% of the 2020 General Fund budget of \$514.3 million excluding transfers and contingency funding. The General Fund ending fund balance of \$128.0 million is 24.9% of the 2020 adopted budget.

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, the Police SRF, the Neighborhood and Community Relations (NCR) SRF, the Regulatory Services SRF, Grant Funds, the Employee Retirement Funds, and the Community Planning & Economic Development (CPED) SRFs.

At year-end 2019, the total cash balance for the Special Revenue Funds was approximately \$289.3 million, a decrease of \$24.9 million or 7.9% compared to 2018. The fund balance for the Special Revenue Funds decreased to \$342.6 million, a decrease of \$13.6 million or 3.8%, compared to 2018. These decreases in both cash and fund balance are due primarily to planned spending on capital projects for the Convention Center, Target Center, and Peavey Plaza as part of the Downtown Assets Fund. In addition, a \$19.0 million interfund loan was made to facilitate the prepayment of general obligation debt. This loan will be repaid over the next several years to the Convention Center. From 2014 to 2018, the Convention Center received a large transfer in from the General Fund's local tax revenue to support debt payments and facility operations. Starting in 2018, the local tax revenue is deposited into the Downtown Assets fund and allocated out to the various related funds including Arena Fund, Convention Center Fund, and Peavey Plaza 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; the Public Works Stores, Intergovernmental Services (primarily IT), and the Self-Insurance Fund.

The total cash balance for the Internal Service Funds at year-end 2019 is \$154.7 million, a decrease of \$10.5 million or 6.4% versus 2018 ending cash of \$165.2 million. Total net position for all the Internal Service Funds at year-end is \$162.6 million, a decrease of \$15.2 million or 8.5% from 2018. The decrease in cash and net position of these funds is a combination of planned spending and some significant one-time costs. Primarily, the IT fund is using cash to fund projects for enterprise objectives, and the self-insurance fund incurred significant costs related to settlements for worker's compensation and liability. Transfers from the General Fund have not been necessary to insure the financial stability of these funds for several years. There are no outstanding debt obligations in any of the internal service funds.

Enterprise Funds

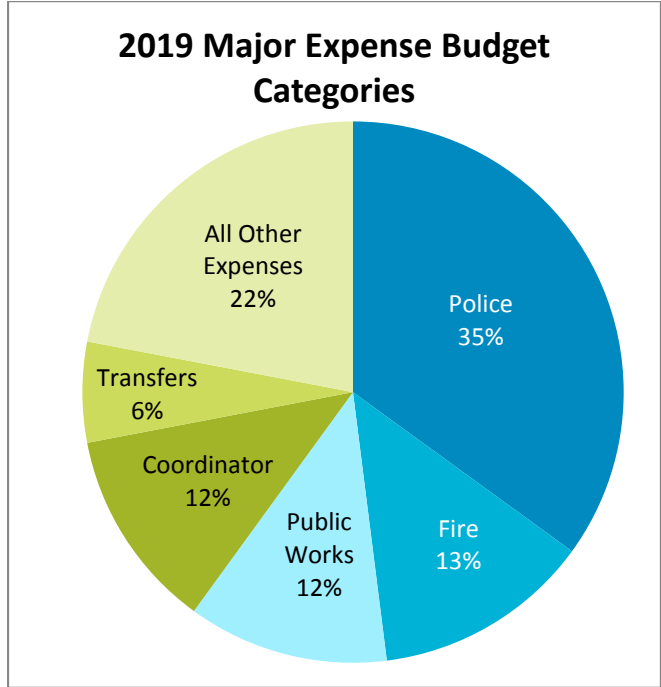
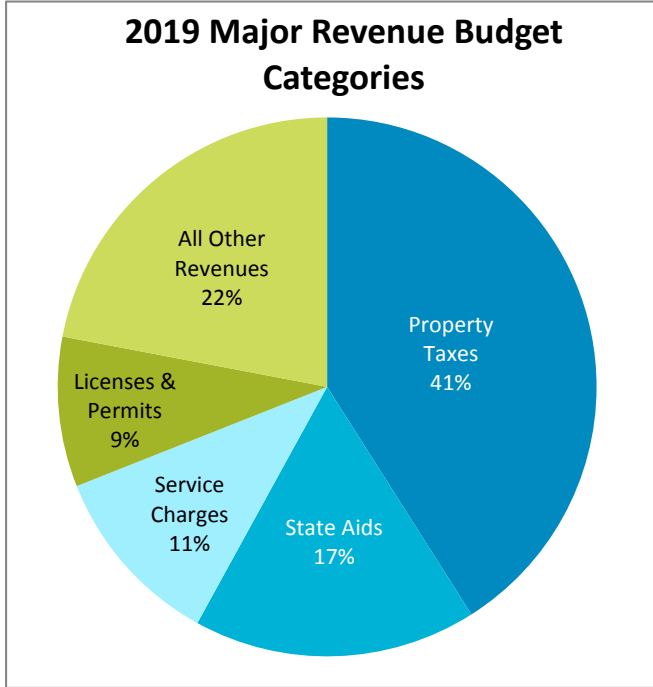
The Enterprise Funds are used to account for operations that sell goods and services to external third parties. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the CPED Enterprise Funds.

The total cash balance for the Enterprise Funds at year-end was \$126.3 million, an increase of \$2.4 million or 1.9% compared to 2018. Total net position for the Enterprise Funds increased by \$6.7 million or 0.7% to \$1,005.8 million at year-end 2019. These numbers reflect the use of cash for planned major maintenance of and additions to infrastructure assets.

**City of Minneapolis
General Fund
For the Fourth Quarter Ending December 31, 2019**

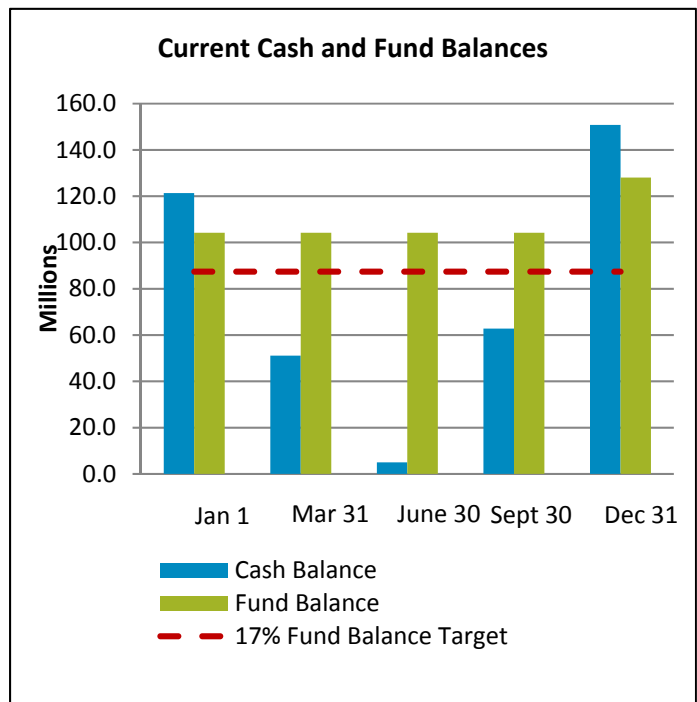
Fund Description

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 2019 current revenue budget is \$507.2 million, while the Fund's 2019 current expense budget is \$522.3 million, including transfers.



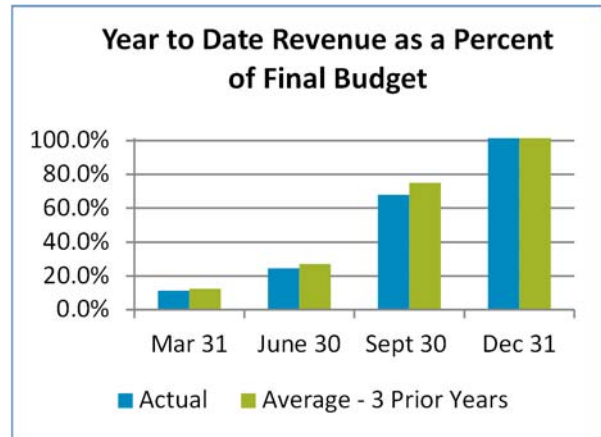
Cash and Fund Balance

The 2019 beginning fund balance for the General Fund was \$104.2 million. The original budget for 2019 included a planned use of fund balance totaling \$5.0 million. The City's financial policy for General Fund balance is to maintain 17% of the following year's expenditure budget. The fund balance target for 2019 is \$87.4 million or 17% of the 2020 General Fund budget of \$514.3 million, excluding transfers and contingency. For 2019, the year-end fund balance was within the policy guidelines, with a year-end balance of \$128.0 million. As shown in the graph to the right, the cash balance fluctuates considerably over the course of the year. Over one-half of the revenue in the General Fund comes from sources that are received only two times per year such as property taxes, special assessments, and state aids. At December 31, the cash balance is \$150.8 million, an increase of \$29.5 million over the beginning balance of \$121.3 million.



Revenue

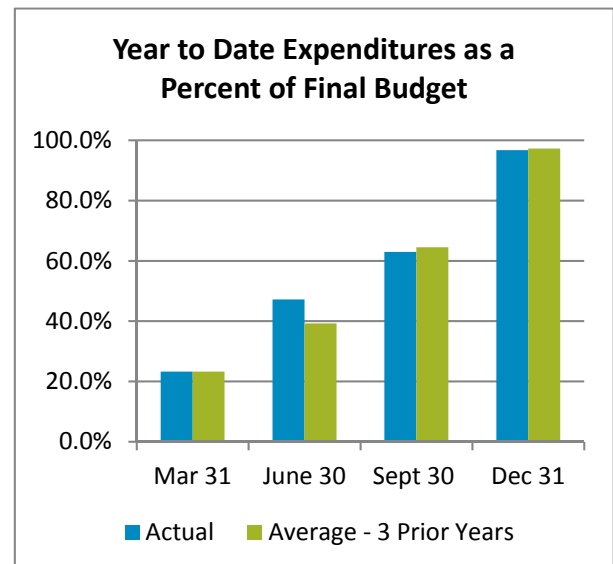
Year-end revenue finished \$21.8 million, or 4.3%, more than budgeted. In 2019, property taxes came in at 99.5% of the budgeted amount, reflecting a net delinquency rate of 0.5%. Several other revenue categories exceeded budgeted expectations including state aids by \$1.8 million, charges for services by \$4.8 million, licenses and permits by \$7.9 million, and investment income by \$8.1 million. The charges for services and licenses and permits overages are due to the sustained construction activity in downtown and throughout the City. There will be a future cost to support this revenue growth in terms of inspections needed for the construction. Investment income came in at \$14.2 million, more than double the budget of \$6.0 million due to a better than expected financial market performance in 2019, coupled with a higher cash balance in the fund.



Expenditures

Six departments comprise 74.9% of the total General Fund budget: Police, Fire, Public Works, the City Coordinator, Community Planning and Economic Development (CPED), and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of surplus or deficit in the General Fund expenditure budget.

Overall, the General Fund underspent the budget by 3.3%, or \$17.2 million. Personnel vacancies, delayed spending on projects and initiatives, and cost saving measures contributed to departments underspending their budgeted appropriation levels. Many departments have requested that some or all of the unspent budget, especially dollars dedicated to in-process projects, be rolled over and made available for spending in 2020. For example, three major software projects were started but substantially incomplete at the end of 2020. Finance and Property Services had an unspent budget of \$950,000 for upgrades to utility billing software. The Assessors Office had unspent funds totaling more than \$1.8 million for a assessment software program, and CPED had remaining budget of \$1.5 million for its Salesforce project. Rollovers of unspent funds have been requested for a total of \$10.4 million.



In addition to the major project savings, several other departments had savings in other areas. The Police Department underspent their budget by 1.8% due to savings on fringe benefit budgets. After adjustments for revenue backed expenditures and contingency funding allocation for several unbudgeted snow emergencies, Public Works underspent their budget by .6%, or \$423,00. All other departments underspent their budgets by a combined 5.1%, or \$11.7 million. The balance in the Contingency budget was \$1.5 million after reallocation of \$4.2 million for eligible expenditures.

**City of Minneapolis
General Fund
December 31, 2019**

	Original Budget	Revised Budget	Year End	Variance Budget to Actual	Percent of Actual to Revised Budget
Revenues					
Property Taxes	\$ 206,601,000	\$ 206,601,000	\$ 205,538,763	\$ (1,062,237)	99%
Local Taxes	-	-	19,817	19,817	0%
State Aids	84,717,501	84,717,501	86,563,548	1,846,047	102%
Charges for Services	56,084,885	56,084,885	60,922,907	4,838,022	109%
Franchise Fees	34,050,000	34,050,000	32,369,911	(1,680,089)	95%
Licenses & Permits	47,594,000	47,794,000	55,729,199	7,935,199	116.6%
Fines & Forfeits	6,602,000	6,602,000	7,245,779	643,779	110%
Special Assessments	3,440,000	3,440,000	3,416,921	(23,079)	99%
Investment Income	6,050,000	6,050,000	14,184,157	8,134,157	234%
Other Intergovernmental	1,208,298	1,208,298	1,862,241	653,943	154%
Other Miscellaneous	805,000	805,000	923,405	118,405	115%
Contributions	-	-	8,002	8,002	0%
Total Revenues	447,152,684	447,352,684	468,784,650	21,431,966	105%
Transfers In	59,852,000	59,852,000	60,197,000	345,000	101%
Revenues and Other Sources	\$ 507,004,684	\$ 507,204,684	\$ 528,981,650	\$ 21,776,966	104%
Expenditures					
Police	179,195,242	179,378,173	176,189,638	3,188,535	98%
Fire	69,330,641	69,330,641	69,151,380	179,261	100%
Human Resources	7,710,577	7,941,327	7,173,616	767,711	90%
Finance and Property Services	24,895,779	24,918,779	22,799,309	2,119,469	91%
911	9,813,000	9,918,000	9,917,500	500	100%
311	4,145,000	4,332,234	4,189,331	142,902	97%
City Coordinator	9,243,000	8,138,500	7,263,976	874,524	89%
Intergovernmental Relations	1,523,370	1,523,370	1,442,794	80,577	95%
Communications	2,308,600	2,308,600	2,258,411	50,189	98%
Emergency Management	1,124,000	1,124,000	1,039,771	84,228	93%
Neighborhood & Community Relations	964,600	964,600	692,544	272,055	72%
City Coordinator - Total	61,727,925	61,169,409	56,777,253	4,392,156	93%
Transportation Planning & Design	2,142,325	2,300,217	2,301,892	(1,675)	100%
Transportation Plan Programming	2,850,568	3,094,541	2,774,212	320,330	90%
Transportation Maintenance & Repair	36,013,906	41,306,417	41,631,530	(325,113)	101%
Public Works Administration	3,933,777	3,925,652	3,798,484	127,168	97%
Traffic & Parking Services	17,624,036	18,322,690	18,020,421	302,270	98%
Public Works - Total	62,564,613	68,949,518	68,526,539	422,979	99%
Regulatory Services	20,775,651	20,865,651	20,779,051	86,599	100%
Attorney	10,690,721	10,715,721	9,837,466	878,255	92%
City Council & City Clerk	11,648,999	12,155,505	11,096,017	1,059,487	91%
Contingency	5,730,000	1,511,969	-	1,511,969	0%
Assessor	6,148,400	7,423,400	5,602,225	1,821,175	75%
CPED	34,796,688	38,793,526	36,091,645	2,701,881	93%
Health	12,306,095	14,055,479	13,994,818	60,661	100%
Civil Rights	4,543,101	5,205,101	4,601,210	603,891	88%
Mayor	2,387,201	2,439,201	2,438,761	440	100%
Internal Audit	857,600	957,600	699,814	257,785	73%
Total Expenditures	482,702,876	492,950,893	475,785,818	17,165,075	97%
Transfers Out Total	29,348,631	29,348,631	29,348,631	-	100%
Expenditures and Other Uses	\$ 512,051,507	\$ 522,299,524	\$ 505,134,449	\$ 17,165,075	97%
Change in Fund Balance			23,847,202		
Fund Balance - January 1, 2019			104,196,549		
Fund Balance - December 31, 2019 (unaudited)			128,043,751		

City of Minneapolis
Convention Center Special Revenue Fund Report
For the Fourth Quarter Ending December 31, 2019

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.

Revenue

Tax Revenue

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 Fund (Target Center), Peavey Plaza, and the Commons. As part of the new Downtown Assets funding structure, the local taxes are receipted directly to the Downtown Assets Fund, and a transfer is made from the Downtown Assets Fund to the Convention Center Fund to fund Convention Center operations and building debt service.

Operating Revenue

Through the fourth quarter of 2019, operating revenue ended at \$21.2 million or 115% of the \$18.5 million budget. Charges for Services and Sales had the strongest finish at over \$8.5 million or 127% of budget followed by Rents and Commissions at nearly \$8.4 million or 107% of budget, and finally Catering Commissions which finished at \$4.3 million or 108% of budget. The operating revenue increase can be attributed normal increases in business, in addition to the Convention Center hosting the NCAA Final Four Fan Fest event in early April 2019.

Through December 31, 2019, the Convention Center hosted 349 events with 863,877 attendees. The \$21.2 million in operating revenue finished under the December 31, 2018 operating revenue of \$22.9 million by \$1.7 million. The reason for the decline was that the Convention Center hosted the Super Bowl Experience in early 2018. The 2018 operating revenue of \$22.9 million was a record for the Convention Center.

Non-Operating Revenue

In 2019, the Convention Center received \$1.6 million in non-operating revenue which included nearly \$1.2 million in interest revenue generated from City investments on cash balances within the fund; \$15,000 in Meet Minneapolis loan interest, \$214,000 in revenue interest from a 2019 capital advance to debt service, and \$250,000 in other miscellaneous revenue which was primarily \$200,000 in insurance damage reimbursements related to November 2019 water damage from a burst pipe in the Tallmadge building.

Expenditures

Operating Expenditures

Through the fourth quarter of 2019, Convention Center operating expenses, not including Ongoing Equipment and Improvement, General Fund Overhead, and IT operating expenses finished at \$25.2 million or 99% of budget which was based on event levels and normal day-to-day operations of the Convention Center.

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

The fourth quarter Convention Center recycling rate was 62% of building waste with 2019 surpassing the goal for an overall 2019 - 2020 recycling rate of 60%. The Convention Center recycled 585 tons of waste in 2019.

In Ongoing Equipment and Improvements, the Convention Center finished the fourth quarter at \$13.8 million or 64% of the \$21.5 million budget which included a nearly \$10.1 million rollover of obligated and unspent 2018 funds into the 2019 budget. The funds were rolled over to continue the Plaza and Tallmadge building renovation projects. Construction work began on the Plaza, and the Convention Center expects the work to be finished during the summer of 2020. The Plaza project is currently on hold during the winter months. The Tallmadge building renovation is currently on hold pending building use decisions by the City. In November of 2019 a water pipe burst causing significant damage to the building. Also included in the \$21.5 million is work on much needed projects such as supplemental signage, steam room renovation, restroom remodels, elevator condition studies, building public space lighting renovation, exterior lights, parking ramp structural work, meeting and ballroom wall sconce replacement, HVAC upgrades, Terrazzo floor refinishing, building/security equipment, relocation of the security command center, and boardroom remodel. These projects allow the Convention Center to remain competitive in the national market. The Convention Center will request a rollover of unspent 2019 funds to continue working on projects that were in process but incomplete at year end.

Transfers

The Convention Center Fund transfers funds for debt service in addition to receiving a transfer from the Downtown Assets Fund. In 2019, transfers to debt service for debt issued on the building were budgeted at \$26.7 million and finished 2019 at budget. The building debt is expected to be paid off in 2020. A transfer from the Downtown Assets fund to the Convention Center was budgeted at \$59.5 million to fund Convention Center operating, capital, and building debt.

Meet Minneapolis

Beginning in 2004, Meet Minneapolis entered into a series of loan agreements with the City for its joint venture Internet Destination Sales System (iDSS). A total of three loans were consolidated into one \$10.0 million loan in 2007. The consolidated loan had a 10-year amortization of principal (2008-2017) to be repaid in full in 2017 at a 5% interest rate. In November 2014, Meet Minneapolis sold iDSS, but the principal and interest payments to the City continued. In late 2017, there was a contract amendment which extended Meet Minneapolis' final \$500,000 payment of loan principal with \$15,000 interest to January 2019. Meet Minneapolis' quarterly sales and marketing payment from the City was reduced by the amount of the interest and principal payments due for that period. The principal is accounted for on the balance sheet as a loan receivable while the interest received is classified as revenue in the period in which it was due. The loan is repaid has been repaid in full. Meet Minneapolis was budgeted at \$10.2 million in 2019 which includes \$9.7 million for contractual sales and marketing payments from the City, in addition to \$500,000 in incentive funding. Meet Minneapolis finished 2019 at budget.

Cash and Fund Balance

The 2019 Convention Center fund balance finished at \$33.4 million which was \$3.8 million over 2018. The 2019 Convention Center Fund cash balance finished at \$20.1 million which is a decline of \$15.5 million from 2018. The reduction in cash is primarily due to a \$19.0 million capital advance from the Convention Center to debt service to pay off some City debt before maturity to save on City interest expense. The capital advance was made in 2019, and is being repaid at 3.5% interest.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

	2019		Percent of Budget	2018 Actual
	Budget	Actual		
REVENUE				
Operating Revenue:				
Charges for Services and Sales	6,700,000	8,541,896	127%	8,977,067
Rents and Commissions	7,830,000	8,371,262	107%	9,268,937
Catering Commissions	4,000,000	4,312,679	108%	4,669,470
Total Operating Revenue	18,530,000	21,225,838	115%	22,915,474
Other Non Operating Revenue:				
Investment Management Services Interest	442,035	1,163,294	263%	967,121
Meet Minneapolis (iDSS) Loan Interest	15,000	15,000	100%	-
Interest on Capital Advance	-	214,491	-	-
Other	-	250,262	-	44,906
Total Other Non Operating Revenue	457,035	1,643,047	360%	1,012,027
Total Non Operating Revenue	457,035	1,643,047	360%	1,012,027
Total Revenue	18,987,035	22,868,885	120%	23,927,501
EXPENDITURES				
Convention Center Operations	25,339,632	25,207,851	99%	25,933,398
Ongoing Equipment and Improvement	21,515,199	13,785,750	64%	9,578,844
General Fund Overhead/IT Operating	2,678,932	2,678,932	100%	2,680,063
Meet Minneapolis	10,241,889	10,241,889	100%	10,450,872
Total Expenditures	59,775,652	51,914,422	87%	48,643,177
Excess of Revenues Over (Under) Expenditures	(40,788,617)	(29,045,537)	71%	(24,715,676)
OTHER FINANCING SOURCES (USES)				
Transfer from Downtown Assets	59,520,000	59,520,000	100%	26,811,000
Convention Ctr Debt Service Transfer	(26,681,616)	(26,681,616)	100%	(24,629,741)
Total Other Financing Sources (Uses)	32,838,384	32,838,384	100%	2,181,260
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,950,233)	3,792,847		(22,534,416)
Fund Balance - January 1	29,607,521	29,607,521		52,141,937
Ending Fund Balance	21,657,288	33,400,369		29,607,521
Ending Cash Balance (a)		20,144,578		35,639,513

Arena Special Revenue Fund For the Fourth Quarter Ending December 31, 2019

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 MN, LLC (AEG).

Revenue

The Arena Special Revenue Fund activity was historically funded from entertainment tax, and a transfer from the Parking Fund. In 2014, rent from the Timberwolves organization was added as a revenue source. The rent payments are based on a rent schedule, and the 2019 rent payment was approximately \$1.5 million. Beginning in 2018, the entertainment tax was removed as a revenue source with the Arena Fund being managed under the new Downtown Assets Fund umbrella. The new Downtown Assets Fund umbrella is intended to help the City provide a 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 Fund also receives interest revenue from investments on cash balances within the fund. The 2019 interest revenue budget was \$90,000, and 2019 interest revenue finished well over budget at \$358,000 as the result of investment rates on cash balances within the fund.

Expenditures

The Arena Special Revenue Fund had a 2019 ongoing equipment and improvements budget of \$9.2 million which included a \$4.8 million 2019 rollover of obligated and unspent 2018 funds for projects that were in process but incomplete at year end. In 2019, work was undertaken on much needed projects including an ice floor, half house curtain, fall protection, high speed rollup doors, skyway doors, escalator renovation, sanitary sewer, escalator lobby lighting, office cubes and furniture, lighting relamping to LED lighting, and a production intercom. Capital expenses finished 2019 at \$4.6 million which is \$4.7 million under budget. A rollover request will be submitted for a portion of the unspent funds to complete projects in process but incomplete at year end. The Arena Special Revenue Fund operations budget was \$1.9 million and finished \$28,000 under budget. Operating expenses were made up of salaries and fringes, special assessments, miscellaneous operating expenses, and payments to AEG. The 2019 AEG reimbursement finished at \$1.6 million which was \$63,000 under the \$1.7 million 2019 budget. The City pays required reimbursements to AEG to support Target Center operating costs associated with the day to day operations.

Transfers

The Arena Special Revenue Fund receives an annual transfer from the Parking Fund. The 2019 budgeted transfer was nearly \$4.4 million. In addition, in a planned effort to reduce fund and cash balances while maintaining the Arena Special Revenue Fund as part of the Downtown Assets umbrella fund, a new one-time transfer of \$2.8 million was added in 2019 to transfer funds from the Arena Special Revenue Fund to the Downtown Assets Fund to further reduce fund and cash balances. The 2019 transfers met budget.

Fund/Cash Balance

The 2018 ending fund balance was \$10.5 million and decreased to \$7.5 million in 2019. The primary reason for the \$3.0 million decrease was the addition of the \$2.8 million transfer out of the Arena Fund. With the Downtown Assets management structure, the Arena Fund will receive a transfer from the Downtown Assets Fund for operations and capital as necessary in future years. The 2019 cash balance declined \$2.7 million from \$12.2 million in 2018 to \$9.5 million in 2019.

**ARENA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2019**

	2019		Percent of Budget	2018 Actual
	Budget	Actual		
REVENUES:				
Rents & Commissions	1,490,509	1,490,509	100%	1,461,284
Interest	89,768	358,003	399%	191,574
Total revenues	1,580,277	1,848,512	117%	1,652,858
OTHER FINANCING SOURCES (USES):				
Target Center Operations	(1,949,985)	(1,922,326)	99%	(1,884,522)
Target Center Capital	(9,244,083)	(4,566,924)	49%	(1,316,786)
Transfer to Downtown Assets	(2,757,000)	(2,757,000)	100%	-
Transfer From Municipal Parking Enterprise Fund	4,383,188	4,383,188	100%	4,158,435
Total other financing sources (uses)	(9,567,880)	(4,863,062)	51%	957,126
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(7,987,603)	(3,014,550)		2,609,984
Fund Balance - January 1	10,536,647	10,536,647		8,663,978
Ending Fund Balance	2,549,045	7,522,097		10,536,647
Ending Cash Balance		9,479,960		12,155,336

Downtown Assets Special Revenue
Including the Downtown Assets, Peavey Plaza, and Commons Funds
For the Fourth Quarter Ending December 31, 2019

The Downtown Assets Fund is a new special revenue fund 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 umbrella fund holds the operating and debt service funds which support the Minneapolis Convention Center, the Arena Reserve Fund (Target Center), the Downtown Commons, and Peavey Plaza. Though each of these funds holds a cash balance to its own, all cash balances are available to support any expense within the fund. Receipts to the fund are largely made up of local taxes, but may also include funds from private donations or the State of Minnesota 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

Downtown Assets Fund revenues were budgeted at approximately \$88.8 million in 2019. The overwhelming majority of revenues come from local taxes (including sales, liquor, lodging, restaurant, and entertainment). The 2019 Minneapolis local taxes finished at \$89.2 million which is \$782,000 over budget but \$613,000 under 2018. The 2019 local taxes rebounded from trending under budget earlier in the year. In 2018, the City hosted Super Bowl LII which increased local tax collections significantly. In 2019, the City hosted the NCAA Final Four which boosted local tax collections in 2019. Legislation was recently passed which increased the City's lodging tax from 2.125% to 3.0%. This change was effective October 1st 2019. The Downtown Assets Funds are also earning interest revenue through IMS (Investment Management Services) based on cash balances within the funds throughout the year. Interest earnings finished at \$431,000 which was \$17,000 over budget.

Expenditures

Capital expenditures within the fund include a \$4.0 million rollover from 2018 of obligated and unspent funds to complete the renovation of Peavey Plaza. Through 12/31/2019, \$3.5 million has been expensed against the project, and the unspent balance of \$474,000 will be included in a rollover request to complete the project. Public Works expects the project to continue well into 2020. Also included are operating budgets for the Downtown Assets, Peavey Plaza, and the Commons. The \$350,000 Downtown Assets Fund operating budget finished \$537,000 over budget as the result of NCAA Final Four and X-Games expenses, and the Peavey Plaza operating budget of \$574,000 finished at \$344,000 which is \$230,000 under budget. With the Peavey Plaza renovation, and the Peavey Plaza being a new fund in 2018, the amount needed for operating expenses related to the renovation and maintenance of Peavey Plaza weren't fully known when budgeting for 2019. In addition to maintenance expenses related to the renovation, the Peavey Plaza also incurred monthly electricity bills and \$17,000 for special assessments. The \$814,000 Commons operating budget finished 2019 at budget and included \$750,000 related to the maintenance of the Downtown Commons, in addition to \$64,000 to cover payments for special assessments. One half, or \$375,000 of the Commons operating budget was transferred to Minneapolis Parks to maintain the Commons for the second half of 2019.

Transfers

Budgeted transfers include nearly \$31.5 million to the General Fund, \$59.5 million to the Convention Center Fund to fund debt service, capital, and operating expenses; and nearly \$5.7 million to the Arena Special Revenue Fund (Target Center) for building debt service. In addition, there was a new one-time 2019 transfer of \$2.8 million from the Arena Special Revenue Fund to the Downtown Assets Fund. This transfer was made to reduce cash and fund balance within the Arena Special Revenue Fund with the fund being managed under the Downtown Assets “umbrella.”

Fund/Cash Balances

The Downtown Assets Funds were new in 2018 and began the year with no fund or cash balances. At the end of 2018, the Downtown Assets Funds had a fund balance of nearly \$26.0 million, and a cash balance of nearly \$16.2 million which were primarily generated from the City’s local taxes (sales, liquor, lodging, restaurant, and entertainment). The 2019 Downtown Assets Funds, fund and cash balances finished at \$16.1 million and \$8.8 million respectively. The \$9.9 million reduction in fund balance and \$7.3 million in cash balances from 2018 were primarily the result of significantly higher 2019 expenses, and a significantly higher transfer from the Downtown Assets Special Revenue Fund to the Convention Center Special Revenue Fund.

**DOWNTOWN ASSETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending December 31, 2019**

	2019		Percent of Budget	2018 Actual
	Budget	Actual		
REVENUES				
Local Taxes	88,399,682	89,181,551	101%	89,794,208
Interest Revenue	414,066	430,768	104%	86,197
Total Revenues	88,813,748	89,612,319	101%	89,880,405
EXPENDITURES				
Downtown Assets Operating	350,000	887,412	254%	-
Peavey Plaza Operating	573,769	344,111	60%	174,133
Peavey Plaza Capital	3,992,235	3,518,481	88%	7,765
Commons Operating	814,098	814,098	100%	839,199
Total Expenditures	5,730,102	5,564,101	97%	1,021,096
Excess of Revenues Over (Under) Expenditures	83,083,646	84,048,218	101%	88,859,309
OTHER FINANCING SOURCES (USES)				
Transfer From Other Special Revenue Fund	2,757,000	2,757,000	100%	-
Transfer from Downtown Assets 01700	-	-	-	5,150,000
Transfer from Capital Arbitrage Net Debt Bonds	-	-	-	420,000
Transfer to City General 00100	(31,462,000)	(31,462,000)	100%	(30,850,000)
Transfer to Downtown Assets 01700	-	-	-	(5,150,000)
Transfer to Convention Center	(59,520,000)	(59,520,000)	100%	(26,811,000)
Transfer to Other Debt Service Funds	(5,696,585)	(5,696,585)	100%	-
Transfer to Other Debt Service Funds	-	-	-	(5,661,000)
Total other financing sources (uses)	(93,921,585)	(93,921,585)	100%	(62,902,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,837,939)	(9,873,367)	91%	25,957,309
Fund Balance - January 1	25,957,309	25,957,309		-
Ending Fund Balance	15,119,370	16,083,942		25,957,309
Ending Cash Balance		8,812,814		16,162,029

City of Minneapolis
Police Special Revenue Fund
For the Fourth Quarter Ending December 31, 2019

Background

The Police Special Revenue Fund accounts for the City's revenues and expenses related to federal and state administrative forfeitures, lawful gambling, non-emergency service contracts, Automated Property System, and the Workforce Director scheduling and payroll system. The Automated Property (APS) and Workforce Director (WFD) systems are proprietary software systems that are owned and managed by the City of Minneapolis. These systems are used to recover expenses from user agreements with other governmental and non-governmental entities.

The non-emergency service contracts are typically entered into by the City of Minneapolis Police Department and an external entity usually located within the City of Minneapolis. The Police provide non-emergency services for sporting events, concerts, or extra presence at designated facilities or geographic areas.

Periodically, City departments (frequently Public Works) contract with Police to provide additional services at a desired location(s). The Police Special Revenue Fund is also used to account for revenues and expenses associated with these types of contracts.

Historical Financial Performance

The accumulated fund balance for year end 2019 is \$2.9 million compared to 2018 fund balance of \$2.4 million. The increase from 2018 to 2019 of \$500,000 is predominately due to excess forfeiture revenue of \$300,000, excess APS revenue of \$80,000 and excess revenue associated with various non-emergency service contracts at the US Bank Stadium, TCF Bank Stadium, Target Center etc. of \$100,000. (Remaining differences is due to rounding).

Revenues

Revenues for the Police Special Revenue Fund decreased from \$2.7 million in 2018 to \$2.3 million in 2019. Decrease in revenue was due to ending of Detox van contract with Hennepin County, resulting loss of \$200,000 annual revenue; decrease of APS & WFD Revenues of \$280,000 from 2018 to 2019; and decrease of US Bank / Vikings contract revenue due to the non-renewal of perimeter contract and overall services since there was no Super bowl like event in 2019 of \$290,000. These decreases in revenue were offset by increase in Snow Emergency buyback revenue of almost \$100,000 in 2019 from 2018 and increase in forfeiture revenue of \$330,000 from 2018 to 2019. Forfeiture revenue is erratic and receipt of proceeds is contingent on settlement of cases which could take years to settle. Remaining differences is mainly due to rounding and miscellaneous increases and decreases associated with other fund 01210 projects.

Expenditures

Overall expenditures for the Police Special Revenue Fund decreased from \$2.8 million in 2018 to \$1.8 million in 2019. Decrease is predominately due to loss of Detox van contract with Hennepin County, resulting decrease in personnel & fringe expenses of \$200,000; decrease in WFD expenses coded to special revenue fund of over \$300,000 from 2018 to 2019 as approximately 50% of WFD expenses was moved to the general fund; decrease in charitable gambling expenses of \$200,000 as there were no refunds issued in 2019 to charitable gambling organizations; decrease in personnel and fringe

expenditures of \$300,000 due to the non-renewal of perimeter US Bank/Vikings perimeter contract and decrease in service hours in 2019 since there was no Super Bowl like event in 2019.

Cash and Fund Balance

The accumulated fund balance for year ending 2019 is \$2.9 million compared to 2018 fund balance of \$2.4 million. The increase in 2019 is predominately due excess revenue over expenditures associated with forfeiture fund of \$300,000; excess APS revenue of \$80,000 and excess revenue associated with various non-emergency service contracts at the US Bank Stadium, TCF Bank Stadium, Target Center etc. of \$100,000. Remaining differences is due to rounding.

The cash balance for year ending 2019 is \$2.8 million compared to \$2.2 million in 2018. Increase is predominately due to excess revenue over expenditures in 2019 of almost \$500,000 and increase in payables of \$50,000. Remaining differences is due to rounding.

City of Minneapolis
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the 4th Quarter/Years 2019, 2018 and 2017

	Budget Year 2019	For Year Ending 2019	For Year Ending 2018	For Year Ending 2017
Revenue				
Charges for Services and Sales	2,032,743	1,414,050	2,175,449	2,226,795
Fines and Forfeits	338,000	614,458	281,224	492,508
Interest Revenue				2,636
Taxes	231,000	262,501	255,846	223,746
Total Revenue	2,601,743	2,291,010	2,712,519	2,945,685
Expenditures				
Capital Outlay	14,000	161,431	40,246	21,748
Contractual Services	499,180	345,400	1,008,648	654,036
Fringes	341,940	246,412	309,487	365,230
Materials / Other	274,813	158,681	250,984	254,646
Personnel Services	1,471,810	903,762	1,241,315	1,502,765
Total Expenditures	2,601,743	1,815,686	2,850,681	2,798,425
Excess of Revenues Over (Under) Expenditures	-	475,324	(138,162)	147,260
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	475,324	(138,162)	147,260
Significant Balance Sheet Items:				
Cash Balance	2,237,746	2,787,031	2,237,746	2,223,773
Fund Balance	2,447,950	2,923,274	2,447,950	2,586,111

City of Minneapolis
NCR Special Revenue Fund
For the Fourth Quarter Ended December 31, 2019

Neighborhood and Community Relations Special Revenue Fund

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. The district was established pursuant to special legislation adopted in 2008, and must be decertified no later than 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.

Historical Financial Performance

This fund was established in 2011. Growth in the fund was impacted by the two year hiatus on tax increment collection. The City decided to reduce property tax levies in 2012-2013 by using reprogrammed NRP resources to fund neighborhood revitalization services for these two years and reduce the captured value of the Consolidated TIF District. As of 2014, the captured value of the district was restored to the amount provided in the original plan.

Revenues

The Consolidated Redevelopment Tax Increment Financing District Fund transferred \$3.4 million to the NCR Special Revenue Fund in the first half of 2019, and \$3.4 million more in the second half of 2019. The total \$6.8 million transfer occurred as budgeted with no variance.

Expenditures

The expenditures from this fund finished the year at approximately \$7.1 million for the community engagement and neighborhood based activities which was just slightly over the budgeted amount of \$6.9 million.

Fund and Cash Balance

The Fund balance at year end 2019 was \$3.1 million, a decrease of \$0.2 million from the 2018 ending fund balance of \$3.3 million. The decrease is due to expenditures exceeding revenues. The cash balance at year end 2019 is \$3.5 million, a decrease of less than \$0.1 from the cash balance of \$3.5 million at the end of 2018. Variations in the timing of accounts payable payments can result in a difference in the change of cash and fund balance.

City of Minneapolis
NCR Special Revenue Fund : 01800
Statement of Revenues, Expenditures and Changes in Fund Balance
For Years, 2019, 2018, and 2017

	Budget Year 2019	Actual Year 2019	Actual Year 2018	Actual Year 2017
Revenue				
Loan Recapture	-	-	1,662	-
Total Revenue	-	-	1,662	-
Expenditures				
Neighborhood Community Relations	6,882,605	7,051,052	6,708,537	6,897,239
Total Expenditures	6,882,605	7,051,052	6,708,537	6,897,239
Excess of Revenues Over (Under) Expenditures	(6,882,605)	(7,051,052)	(6,706,875)	(6,897,239)
Other Financing Sources (Uses)				
Net transfers in from other funds	6,882,605	6,882,605	6,682,141	6,487,516
Net transfers out to other funds				
Total Other Financing Sources (Uses)	6,882,605	6,882,605	6,682,141	6,487,516
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(168,447)	(24,734)	(409,723)
Significant Balance Sheet Items:				
Cash Balance		3,473,070	3,544,785	3,507,408
Fund Balance		3,112,775	3,281,222	3,305,956

City of Minneapolis
Regulatory Services Special Revenue Fund
For the Fourth Quarter Ending December 31, 2019

Background

The Regulatory Services Special Revenue Fund accounts for the City's nuisance building abatement efforts, and is primarily managed by the Regulatory Services Department with the assistance of the Finance & Property Services Department. The Fund is used for the abatement of buildings that have been deemed to be in nuisance condition pursuant to Chapter 249 for removal of nuisance conditions. Property owners are charged to recover the costs of these activities and all recovered costs are credited back to this fund. The majority of revenue in the fund is received from Special Assessments paid with property taxes twice annually. In 2013 the Construction Code Services division of Regulatory Services was transferred to Community Planning and Economic Development (CPED). Starting in 2019, CPED transferred their spending to the General Fund, and Regulatory Services is responsible for spending and revenue in this fund.

Historical Financial Performance

The City established this fund in 2008. Through 2013 it accumulated a fund balance of \$5.5 million. This balance was the result of various initiatives in previous years and the availability of grant funds to pay for certain eligible expenses. These two revenue sources were not ongoing, leaving special assessments and direct property owner charges as the only sources of revenue for this fund. Fund balance has been declining in recent years. Anticipation going forward is for revenue to continue to contract, thereby reducing fund balance.

Revenue

Most of the revenue in this fund comes from homeowner citations, paid directly or through Special Assessments. Vacant building registration fees is another source of income for the fund. The total revenue budgeted for 2019 is \$2.6 million, of which \$2.3 million was budgeted for special assessments. In 2019, actual revenue collected was \$2,191,709, or \$435,000 less than budget and \$186,000 less than the 2018 revenue of \$2,377,638.

Expenditures

Expenditures for the Regulatory Services Special Revenue Fund include services such as demolitions, board-ups, nuisance grass cutting, nuisance tree removals, and nuisance rubbish removal. Through the fourth quarter of 2019, \$3.88 million had been expended as compared to \$3.94 million in 2018. The 2019 year-end expenditures were \$507,000 under budget.

Transfers

In 2019, a one-time budget transfer of \$800,000 from the general fund is a new funding source.

Cash and Fund Balance

Fund balance projections depend upon revenue receipts. The Fund Balance for 2019 was budgeted to decrease by \$964,000. Cash balance and fund balance decreased by \$892,000 in 2019, resulting in ending balances of \$1.1 million and \$1.2 million respectively.

City of Minneapolis
Regulatory Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For Fourth Quarter/Years 2019, 2018, and 2017

	Budget Year 2019	For Year Ending 2019	For Year Ending 2018	For Year Ending 2017
Revenue				
Permits and Charges for Services	279,174	134,009	282,486	116,935
Special Assessments	2,348,000	1,955,759	2,046,964	2,848,293
Other		101,941	48,188	106,151
Total Revenue	<u>2,627,174</u>	<u>2,191,709</u>	<u>2,377,638</u>	<u>3,071,379</u>
Expenditures				
Regulatory Services	4,391,052	3,883,579	3,835,768	3,904,228
Community & Economic Development	-	-	108,044	238,641
Total Expenditures	<u>4,391,052</u>	<u>3,883,579</u>	<u>3,943,812</u>	<u>4,142,869</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,763,878)</u>	<u>(1,691,870)</u>	<u>(1,566,174)</u>	<u>(1,071,490)</u>
Other Financing Sources (Uses)				
Net transfers in from other funds	800,000	800,000	-	-
Net transfers out to other funds				
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(963,878)</u>	<u>(891,870)</u>	<u>(1,566,174)</u>	<u>(1,071,490)</u>
Significant Balance Sheet Items:				
Cash Balance	1,079,712	1,151,720	2,043,590	3,531,661
Fund Balance	1,004,851	1,076,859	1,968,729	3,534,903

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Year Ending December 31, 2019

The City receives a number of federal and state grants that are recorded in the Federal (01300), 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.

Federal Grants Fund (01300)

The City accounts for its federal grant activity in fund 01300. As of December 31, 2019, expenditures were \$12,071,772 compared to the 2018 expenditures of \$13,920,452. The decline in federal expenditures of \$1,848,680 has a few contributing factors. Health Department spending declined due to fewer CDC and Lead Hazard Control grants from the prior years. CPED spending was also lower related to a rearrangement of grant expenditures between funds 01300 and 01400. Police and Emergency Management had experienced increase grant activity that helped to partially offset the decline in other areas.

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.

HUD Consolidated Plan Funds (01400 & 01500)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with 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 fund 01500 and the combined amounts are presented in the schedule. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards had declined until 2012 and since has remained around \$10 million. The combined HUD Consolidated Plan allocation for 2019 was over \$16 million approximately equivalent to the 2018 allocation. HUD grant expenditures as of December 31 were \$14,591,721 compared to \$22,310,315 for 2018. Variances in expenditures between years are not uncommon due to the nature and timing of larger CPED projects.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive CDBG funding each year. However, should the CDBG funding cease, the over-commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City has previously reprogrammed unspent CDBG project

balances to offset the Block E deficit. Through City Council approved reprogramming and in accordance with the 2008 reprogramming policy \$3,554,403 was applied to reduce the deficit. During the 2014 budget process, eligible tax increment revenues were identified to pay down this remaining deficit in 2015 and future years. Through December 31, \$750,000 of eligible tax increment revenues had been transferred into fund 01400 to reduce the deficit to a remaining balance at year-end of \$3,487,453. In the first quarter of 2019, \$3,487,453 was transferred to the CDBG fund 01400, to eliminate the balance of the Block E deficit.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of December 31, 2019 are \$27,009,704 compared to the 2018 expenditures of \$19,360,802. The increase in 2019 expenditures primarily relates to an increase in CPED spending related to their affordable housing development and employment and training programs.

The revenue in the fund as of December 31, 2019 and 2018 is \$26,646,285 and \$19,411,115, respectively. Grants in fund 01600 are both on a cost reimbursement and advance basis. At the end of the year amounts advanced and not expended are shown in the financial statements as unearned revenue, and 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.

Capital Grants

In addition to the grants that are recorded in the funds reflected above, the City's Department of Public Works receives various grants through the Federal Government, Minnesota Department of Transportation, Metropolitan Council, and Hennepin County. These grants are generally recorded in Fund 04100, the Permanent Improvement Capital Projects fund.

Special Revenue Funds
Grant Funds
Year Ending December 31, 2019

	Federal Grants 01300	HUD Grants 01400 & 01500	Grants Other 01600	Total
Assets				
Cash and Cash Equivalents	\$ 260,363	\$ 137,089	\$ 5,819,196	\$ 6,216,648
Accounts - net	181,853	-	150,905	332,758
Intergovernmental Receivables	3,672,640	642,033	3,603,659	7,918,332
Due from Other Funds	-	-	1,850,000	1,850,000
Properties Held for Resale	666,309	6,320,764	1,199,750	8,186,823
Total Assets	\$ 4,781,165	\$ 7,099,886	\$ 12,623,510	\$ 24,504,561
Liabilities				
Salaries Payable	\$ 156,841	\$ 117,312	\$ 185,100	\$ 459,253
Accounts Payable	535,194	514,180	2,111,465	3,160,839
Inter Governmental Payables	-	147,630	-	147,630
Due to Other Funds	1,850,000	-	-	1,850,000
Use Taxes Payable	12	-	-	12
Unearned Revenue and Contracts	1,314,175	-	6,849,880	8,164,055
Total Liabilities	\$ 3,856,222	\$ 779,122	\$ 9,146,445	\$ 13,781,789
Fund Balance	\$ 801,788	\$ 6,320,764	\$ 3,477,065	\$ 10,599,617
Total Liabilities and Fund Balance	\$ 4,658,010	\$ 7,099,886	\$ 12,623,510	\$ 24,381,406
Revenue				
Taxes-Charitable Gambling	\$ -	\$ -	\$ 187,439	\$ 187,439
Grants and Shared Revenues	\$ 11,181,801	\$ 8,357,666	23,355,190	42,894,657
Special Assessments	-	-	17,474	17,474
Private Grants and Contributions	-	-	1,948,406	1,948,406
Charges for Services	7,868	-	513,795	521,663
Interest	-	217,666	11,561	229,227
Rent & Commissions	-	96,817	-	96,817
Sale of Lands & Buildings	166,097	985,697	-	1,151,794
Loan Recapture	-	1,554,128	-	1,554,128
Sale of Equipment	33,401	-	-	33,401
Refund of Prior Years Expended	-	-	-	-
Miscellaneous Revenue	361,793	-	607,420	969,213
Transfer within Special Revenue Fund	-	3,487,453	5,000	3,492,453
Total Revenue	\$ 11,750,960	\$ 14,699,427	\$ 26,646,285	\$ 53,096,672
Expenditures	\$ 12,071,772	\$ 14,591,721	\$ 27,009,704	\$ 53,673,197
Revenues Over (Under) Expenditures	\$ (320,812)	\$ 107,706	\$ (363,419)	\$ (576,525)

City of Minneapolis
Community Planning & Economic Development (CPED)
Special Revenue Funds
For the Fourth Quarter Ending December 31, 2019

<i>Programs</i>	<i>Original Budget</i>	<i>Current Budget</i>	<i>Expended</i>	<i>Remaining Budget</i>	<i>Cash</i>	<i>Fund Balance</i>
Tax Increment Financing	73,997,676	117,688,271	89,793,150	27,895,121	111,713,980	134,849,103
Housing & Econ Dev	16,971,000	27,482,655	13,545,566	13,937,089	16,010,687	21,045,208
General Development	15,115,803	33,794,698	16,317,619	17,477,079	37,187,185	40,418,793
Neighborhood Revitalization	4,150,000	4,150,000	5,042,947	(892,947)	32,440,575	32,558,630
CPED Operating	1,447,666	1,447,666	1,447,517	149	3,305,076	2,313,469
Total	111,682,145	184,563,290	126,146,799	58,416,491	200,657,503	231,185,204

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 the CPED Special Revenue Funds at the end of the fourth quarter 2019 was \$231.2 million. Fund balances are considered either “restricted” or “assigned”. The combined fund balance of the NRP and TIF programs was \$167.4 million, and all of this fund balance is considered restricted. The combined fund balance of the Housing & Economic Development, General Development, and CPED Operating programs was \$63.8 million.

Cash Balance. The combined cash balance of the CPED Special Revenue Funds at the end of the fourth quarter 2019 was \$200.7 million. This was \$9.8 million less than at the end of the fourth quarter 2018. The combined cash balance in the TIF and NRP programs at the end of the fourth quarter 2019 was \$144.2 million (71.84% 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 the fourth quarter 2019 was \$111.7 million, which was \$16.3 million less than cash at the end of fourth quarter 2018. Fourth quarter 2019 revenues came in at \$68.4 million, which was \$4.0 million higher than in 2018. Fourth quarter 2019 expenditures were \$32.4 million, which was \$8.7 million higher than in 2018.

In the fourth quarter of 2019 revenue exceeded expenditures by \$36 million, net transfers out were \$54.6 million, and fund balance decreased by \$18.6 million from \$153.5 million to \$134.8 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 the fourth quarter 2019 was \$16.0 million, which was \$7.5 million higher than cash at the end of fourth quarter 2018. Fourth quarter 2019 revenues were \$983,893, which was approximately \$359,038 higher than in 2018. Fourth quarter 2019 expenditures were \$13.2 million, which was \$8.8 million higher than in 2018.

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 the fourth quarter 2019 was \$37.2 million, which was \$.5 million less than cash at the end of fourth quarter 2018. Fourth quarter 2019 revenues were \$12.9 million, which was \$2.3 million higher than in 2018. Fourth quarter 2019 expenditures were \$6.3 million, which was \$.70 million less than in 2018.

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 the fourth quarter 2019 was \$32.4 million, which was \$136,000 less than the cash in fourth quarter 2018. Fourth quarter 2019 revenues were \$3.6 million, which was \$268,000 less than in 2018. Fourth quarter 2019 expenditures were \$4.6 million, which was \$82,000 higher than in 2018.

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 2011, a large negative fund balance existed in this program. As part of the 2012 budget process, CPED directors developed and approved a five-year deficit work-out plan. The negative fund balance was to be eliminated over a five-year work-out period (2012-2017). In each year, available unrestricted CPED revenues are used to pay 20 percent of the original negative fund balance plus the actual deficit (expenditures over revenues) from the prior year.

As an example, a \$5.0 million negative fund balance in the program would be eliminated by paying \$1.0 million (20%) each year plus the actual deficit from the prior year. So if the prior year deficit was \$350,000, the annual deficit reduction payment would be \$1,350,000. After the five-year period, the only deficits remaining would be from the current year. In the second quarter of 2017 the final payment was made under this work-out plan.

At the end of the fourth quarter 2019, this program had a fund balance of \$2.3 million and a cash balance of \$3.3 million. Expenditures during this period exceeded revenues by \$.5 million, and there were no transfers from/to other funds.

CPED Special Revenue Fund Component Programs
Financial Statement Summaries
4th Quarter 2019

CPED Special Revenue Fund	TIF	Housing & Econ Development	General Development	NRP	CPED Operating	Spec Rev Fund Comparison	
						Q4 2019 Total	Q4 2018 Total
Assets							
Cash	111,713,980	16,010,687	37,187,185	32,440,575	3,305,076	200,657,503	210,408,138
Misc receivables	1,201,902	49,905	132,422	111,509	6,687,834	8,183,572	6,452,335
Loans receivable	-	6,227,182	-	-	-	6,227,182	6,227,182
Advances to other funds	522,782	-	-	-	-	522,782	3,272,782
Properties held for resale	25,438,329	5,888,782	3,674,770	251,202	-	35,253,083	34,754,185
Total Assets	138,876,993	28,176,556	40,994,377	32,803,286	9,992,910	250,844,121	261,114,622
Liabilities							
Payables	3,461,577	903,312	256,113	244,656	6,785,612	11,651,270	2,121,564
Advances from other funds	522,782	-	-	-	-	522,782	522,782
Deposits held for others	-	854	319,470	-	893,828	1,214,152	784,249
Deferred inflow of resources	43,531	6,227,182	-	-	-	6,270,713	12,037,557
Total Liabilities	4,027,890	7,131,348	575,583	244,656	7,679,441	19,658,918	15,466,152
Total Fund Balance	134,849,103	21,045,208	40,418,793	32,558,630	2,313,469	231,185,204	245,648,470
Total Liabilities & FB	138,876,993	28,176,556	40,994,377	32,803,286	9,992,910	250,844,121	261,114,622
Revenue							
Property tax increment	63,734,942	-	-	-	-	63,734,942	59,359,867
Fees & charges for services	2,649	454,247	350,138	-	1,115,202	1,922,237	3,137,435
Interest revenue	3,746,395	422,691	1,339,320	1,079,829	190,321	6,778,556	3,824,707
Rent	238,856	26,255	24,920	-	-	290,031	3,107,108
Sale of land & buildings	128,202	80,700	10,163,374	-	-	10,372,275	3,619,311
Loan recapture	525,711	-	1,047,754	2,546,648	-	4,120,113	9,163,448
Total revenue	68,376,755	983,893	12,925,506	3,626,477	1,305,523	87,218,154	82,211,876
Expenditures							
Personal services	228,688	3,617	988,520	-	-	1,220,825	1,294,401
Contractual services	3,142,655	1,316,860	1,599,029	3,966,286	1,811,452	11,836,282	8,976,423
Other operating costs	37,579	43,310	676,446	-	-	757,335	892,157
Program capital outlay	29,000,345	11,851,780	3,053,625	618,567	-	44,524,316	29,802,922
Total expenditures	32,409,267	13,215,566	6,317,619	4,584,853	1,811,452	58,338,757	40,965,903
Transfers							
Transfers from other funds	2,768,370	20,181,000	-	1,381,047	-	24,330,417	24,500,340
Transfers to other funds(-)	(57,383,883)	(330,000)	(10,000,000)	(458,094)	-	(68,171,977)	(34,456,361)
Total transfers	(54,615,513)	19,851,000	(10,000,000)	922,953	-	(43,841,560)	(9,956,021)
Change in fund balance	(18,648,025)	7,619,327	(3,392,113)	(35,423)	(505,929)	(14,962,164)	31,289,952
Beginning fund balance	153,497,128	13,425,882	43,810,907	32,594,052	2,819,398	246,147,367	214,358,518
Ending fund balance	134,849,103	21,045,208	40,418,793	32,558,630	2,313,469	231,185,204	245,648,470

City of Minneapolis
Engineering, Materials, and Testing
For the Fourth Quarter Ending December 31, 2019

Fund 06000	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	8,496,328	9,242,251	7,722,917	6,297,477
Operating Expense	8,486,528	8,839,512	7,526,985	6,399,090
Operating Margin	9,800	402,739	195,933	(101,613)
Change in Net Position		402,779	195,933	(101,024)
Net Position		822,779	420,000	108,138
Cash Balance		2,143,051	1,640,165	1,527,190

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 comparable 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 2019 is \$9,242,251 or 108.8% of the budgeted amount of \$8,496,328. The 2019 revenue represents an increase of 19.7% over the fourth quarter 2018 revenue of \$7,722,917. Revenue throughout the year is dependent upon several factors such as weather and the timing of construction projects. These variables can result in substantial variances in the amount of revenue (and expenses) recorded through any point in time from year to year.

Expense:

Operating expense through fourth quarter 2019 is \$8,839,512 or 104.2% of the budgeted amount of \$8,486,528. The 2019 expense reflects an increase of 17.4% over the 2018 expense of \$7,526,985 incurred through the same period. As noted above, expenses

throughout the year are dependent upon several factors such as weather and the timing of construction projects.

Transfers:

This fund does not have any transfers in or out in 2019.

Debt Service:

This fund does not have any debt obligations.

Cash and Net Position

The 2019 fourth quarter cash balance is \$2,143,051 an increase of \$502,886 from the 2018 year-end balance of \$1,640,165. The increase in cash through fourth quarter is due to timing differences between the receipt and payment of invoices for asphalt and concrete and billing these purchases to other City departments. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15.0% of the operating budget (excluding purchases of construction materials for Capital Projects) or \$345,979.

The 2019 year-end net position was \$822,779 which represents an increase of \$402,779 from the 2018 ending balance of \$420,000. The primary reason for this increase was due to the 2019 higher Operating Margin and due to the adjusting entry of 2018 GASB 68-pension Expense. The financial policy for the net position for this fund determines that net position not be less than 15.0% of the annual operating budget (excluding purchases of construction materials for Capital Projects) or \$345,979 for the 2019.

City of Minneapolis
Fleet Services Internal Service Fund
For the Fourth Quarter Ending December 31, 2019

Fund 06100	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	38,231,711	41,579,658	40,635,313	31,160,773
Operating Expense	23,368,100	23,922,214	23,395,482	21,328,574
Operating Margin	14,863,611	17,657,444	17,239,832	13,888,248
Change in Net Position		8,504,132	10,561,819	8,712,143
Net Position		94,674,932	86,170,800	74,557,836
Cash Balance		33,720,761	26,006,698	30,349,623

Program Description:

The Fleet Services 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, snow plows, sedans and pickup trucks along with off road equipment. This fund provides 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 Fleet Services Division assigns nearly all its fleet (base units) to City departments. The City departments are allocated 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. The City's fleet of vehicles and equipment has an acquisition value of \$100.1 million and accounts for 64.2% of the net value of the long-term assets in this fund.

Revenue:

Operating revenue earned through fourth quarter 2019 is \$41,579,658 or 109% of the budgeted amount of \$38,231,711. The revenue earned through fourth quarter 2019 increased by \$944,345 or 2%, from the revenue earned through fourth quarter 2018. This increase is primary due to increased rent of equipment and other rent income. Total revenues for rent of equipment and other income were \$3,652,898 or 7% and more than 2018. However, revenues for services and sales decreased over 2018 by 3%. The use of contractual rental equipment fluctuates each year based upon construction activity

Expenses:

Operating expense through fourth quarter 2019 totaled \$23,922,214 representing 102% of the annual budget of \$23,368,100. Expenses through the fourth quarter of 2019 increased \$526,732 or 2%, over the total expense through the same period in 2018. The most notable change is in the contractual services. As with revenues the use of contractual rental equipment fluctuates each year based upon construction activity. For fourth quarter of 2019 contractual services were \$7,331,457 or \$953,424 over the budgeted amount of \$6,378,033, or 8% more than 2018.

Transfers:

This fund receives a transfer in of \$316,893 from the Property Services Fund to pay a portion of the debt expense related to the Currie Maintenance Facility. Property Services included a portion of the debt expense in its rent cost allocation model to charge other City departments that are housed in the Currie facility for a portion of the debt.

For 2019 this fund also had a transfer out of \$1 million to the General Fund.

Debt Service:

This fund has no debt obligations in 2019. All debt obligations were repaid in full in 2018. Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility totaled \$8,990,000 in 2018. Interest payments related to the 2018 debt were \$269,700.

Cash and Net Position:

The fund has maintained a positive cash balance with a fourth quarter 2019 ending balance of \$33,720,761 an increase of \$7,714,063 from the 2018 fourth quarter ending balance of \$26,006,698. Reserve policies for internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$5,900,778.

The net position for year ending 2019 is \$94,674,932 an increase of \$8,504,132 or 10% over the 2018 ending balance of \$86,170,800. The increase in net position is due to timing differences between the receipt of revenue collected to pay for replacement vehicles and 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 \$17,660,624.

City of Minneapolis
Property Services Division
For the Fourth Quarter Ending December 31, 2019

Fund 06200	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	22,772,171	25,353,270	24,089,604	26,101,555
Operating Expense	23,153,697	27,600,136	21,809,075	25,503,160
Operating Margin	(381,526)	(2,246,865)	2,280,530	598,395
Change in Net Position		(2,725,880)	1,761,838	(289,472)
Net Position		29,254,727	31,980,607	28,437,754
Cash Balance		7,646,857	9,627,665	8,098,123

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, Water facilities, or Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits it to the Municipal Building Commission (MBC) to reimburse MBC for maintenance and property management services. The 2019 revenue and expense budgets for the fund were increased by \$5,256,017 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. This 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.

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. Beginning in 2016, funding for City building capital repairs and upgrades is also managed through the rent allocation model. City departments that occupy City buildings are charged an 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 \$4,000,000.

Operating revenue recorded through fourth quarter 2019 is \$25,353,270, or 111.3% of the budgeted amount of \$22,772,171. The 2019 fourth quarter revenue increases by \$1,263,666, or 5.2%, from the revenue earned through fourth quarter 2018. Through the fourth quarter of 2019, the revenue earned from charges for services at City Hall increased \$22,961, or 1.4% from the same period in 2018. Revenue received from charges for services, including operating repairs and upgrades, fluctuates based on the amount of discretionary spending available to departments and the timing of work done.

Expenses:

Operating expense through fourth quarter 2019 is \$27,600,136, or 119.2% of the total base budget amount of \$23,153,697. The 2019 fourth quarter expense increased \$5.8 million, or 26.6%, from the operating expense recorded through fourth quarter 2018. The 2019 increase is primarily due to increased expenses related to 2018 delayed projects which were rolled over to 2019. Expenses also fluctuate based on the amount of discretionary spending available to other departments and the timing of work done.

Transfers:

In 2019, this fund receives a transfer in from the General Fund totaling \$228k to support City Hall rent expense; and transfer in the \$102k remaining Bond Proceed from Hamilton Capital project to support the Property Evidence & Warehouse Project. The fund will also transfer out \$317,000 to the Fleet Services Division fund to assist with the debt related to the Currie Maintenance Facility; and a transfer out \$500,000 for the financing of the new PSC Loan. Property Services collects the Fleet Services payment of \$317,000 through the rent allocation model from City departments housed in Currie. And collects \$500,000 from CPED through rent model to finance the PSC Loan.

Debt Service:

There is no outstanding debt service for 2019. The debt service related to the sale of net debt bonds to purchase the 800 MHZ radio system has been closed since 2018. In 2018 the debt payment consisted of an interest payment of \$22,550 and a principal payment of \$820,000. The fund received a final transfer in of \$3,185,600 from the General Fund in 2013 to assist with payment of debt.

Cash and Net Position:

The cash balance at the end of fourth quarter 2019 was \$7,646,857 compared to a cash balance of \$9,627,665 at the end of fourth quarter 2018. The cash consists of a balance of \$1,729,635 in the Property Disposition fund and a balance of \$5,917,222 in the Property Services operating fund at the end of fourth quarter of 2019. 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 \$3,473,055 for the Property Services fund.

The net position for the year ending 2019 was \$29,254,727, a decrease of \$2,725,880 from the net position of \$31,980,607 for year ending 2018. This decrease is due to the 2018 delayed capital improvement projects rolled over to 2019. 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 2019 was \$814,443 and the ending net position in 2019 was \$27,625,841 greater than the benchmark.

**City of Minneapolis
Public Works Stores
For the Fourth Quarter Ending December 31, 2019**

Fund 06300	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	1,473,928	1,617,080	1,889,153	2,363,383
Operating Expense	1,473,928	1,704,715	1,595,088	1,603,419
Operating Margin	0	(87,634)	294,065	759,964
Change in Net Position		68,526	463,251	785,513
Net Position		5,646,182	5,580,188	5,112,965
Cash Balance		2,543,400	3,141,607	1,988,018

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 earned through fourth quarter 2019 is \$1,617,080, or 110% of the budgeted amount of \$1,473,928. The revenue earned through fourth quarter represents a decrease of \$272,073, or 14%, over revenue of \$1,889,153 earned through fourth quarter 2018. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The decrease in revenue is due to a \$96,723 decrease in Traffic Stores overhead charges and a \$175,350 decrease in Central stores overhead charges, which resulted from delay in requisition processing and issuing purchases.

Expenses:

Operating expense recorded through fourth quarter 2019 is \$1,704,715, or 116% of the budgeted amount of \$1,473,928. The amount expended through fourth quarter 2019 increased by \$109,627, or 7%, from the \$1,595,088 expended through the same period in 2018. The increase is due to a \$85,583 increase in personnel and a \$41,118 increase in contractual services. The expense increases are partially offset by a \$17,074 decrease in materials, supplies, and other expenses.

Transfers:

There are no transfers in or out of this fund.

Debt Service:

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

Cash and Net Position:

The cash balance at the end of fourth quarter 2019 is \$2,543,400, a decrease of \$598,207 from the 2018 year-end balance of \$3,141,607. The decrease in cash is primarily due to a \$579,542 increase

in inventory purchases. 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 \$221,089.

The fund continues to maintain a positive net position with a 2019 ending balance of \$5,646,182, an increase of \$65,994 from the 2018 ending balance of \$5,580,188. 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 \$221,089.

**City of Minneapolis
Intergovernmental Services Fund
For the Fourth Quarter Ending December 31, 2019**

Fund 06400	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	40,736,009	42,571,334	41,286,648	39,481,472
Operating Expense	50,607,442	45,954,449	47,331,718	43,807,613
Operating Margin	(9,871,433)	(3,383,115)	(6,045,070)	(4,326,141)
Change in Net Position		(15,773,816)	(12,610,785)	(15,668,170)
Net Position		29,414,013	41,226,205	46,407,780
Cash Balance		15,219,117	21,983,072	23,571,606

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.

Revenue:

Operating revenue through the fourth quarter of 2019 is \$42,571,334 or 104.5% of the annual budgeted amount of \$40,736,009. This is an increase of \$1,284,686, or 3.1%, compared to revenue of \$41,286,648 earned through fourth quarter of 2018.

Expenses:

Operating expenses through the fourth quarter are \$45,954,449 or 90.8% of the annual budgeted amount of \$50,607,442. The operating expense through fourth quarter decreased \$1,377,269, or 3%, from the 2018 expense of \$47,331,718.

Managed Services, (department 8800540), which are part of the operating expenses were \$5,654,537 through the fourth quarter increased 2.5% over the 2018 amount of \$5,516,711 through the same period.

Central Mailing Department expenses of \$475,521 through the fourth quarter decreased 21% under the 2018 amount of \$599,476 through the same period. This decrease is due to less expenses for postage and office supplies.

Debt:

The fund does not have any outstanding debt service obligations.

Transfers:

In 2019 this fund received transfers in from the general fund totaling \$353,287. The general fund transfers include \$203,287 for City Hall rent, and \$150,000 to replace and refresh technology at the Strategic Information Center and the Emergency Operations Training Facility.

In 2019, the fund includes a transfer out of \$3,220,000. \$3,000,000 will be made to the Capital Improvement fund for costs of the new downtown campus, planned on a one-time basis. In addition, there will be a one-time transfer of \$220,000 to the general fund for costs associated with the development of the Contract Compliance system.

Cash and Net Position:

The cash balance at the end of fourth quarter is \$15,219,117, representing a decrease of \$6,763,955 from the 2018 year-end balance of \$21,983,072. Included in the cash balance at the end of the fourth quarter are prepayments of \$1,402,825 for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Intergovernmental Services Fund should be 15% of the fund's total budget or \$6,152,842.

The net position at year-end 2019 is \$29,414,013, a decrease of \$11,812,192 from the year-end 2018 net position of \$41,226,205. This decrease to net position is partly due to the transfer out of \$3.2 million to the Capital Improvements Fund in 2019. The decrease is also due to the planned use of net position to fund information technology projects as approved in the budget.

Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services Fund should be twice the depreciation amount or \$20,789,092. 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 exceed the target net position in future years.

**City of Minneapolis
Self-Insurance Fund
For the Fourth Quarter Ending December 31, 2019**

Fund 06900	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	100,753,999	106,257,549	101,414,681	33,814,188
Operating Expense	94,360,570	116,088,906	82,624,453	26,553,509
Operating Margin	6,393,429	(9,831,357)	18,790,228	7,260,679
Change in Net Position		(9,570,188)	(12,645,690)	3,312,633
Net Position		2,836,783	12,406,971	25,030,391
Cash Balance		93,561,341	102,937,989	90,007,284

Program Description:

The Self-Insurance Fund accounts for accrued sick leave benefit, tort liability, workers' compensation, civil attorney 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 worker compensation expense. The cost allocation model also assigns a charge for HR employee benefit administration and attorney and risk management services. Beginning in 2018, the Medical Plan is no longer insured by Medica. The City is self-insured and will use its own fund to pay for employees' medical expenses and contracts with Medica for administrative services. The Dental Insurance is also recorded to the Self-insurance fund instead of the Agency fund.

Revenue:

Operating revenue through the fourth quarter of 2019 is \$106,257,549, or 105% of the annual budgeted amount of \$100,753,999. This is an increase of \$4,842,868, or 5%, compared to \$101,414,681 earned through the fourth quarter of 2018. The primary reason for the increase is due to a \$5,240,502 increase in Medical Insurance premiums received and a \$230,059 increase in Dental Insurance premiums received. The increase in revenue is also related to \$603,881 increase in payment received for Workers' compensation and a \$288,718 increase in the revenue received from City departments to fund the Unused Sick Leave program for qualified employees. These increases are partially offset by a \$1,464,331 decrease in payments received from the State as refunds for medical and indemnity payments and subrogation claims and by a decrease in liability premiums received of \$252,129.

Expenses:

Operating expense through the fourth quarter 2019 is \$116,088,906 or 123% of the annual budgeted amount of \$94,360,570. This is an increase of \$33,464,453 or 41%, compared to \$82,624,453 expended through the fourth quarter of 2018. The increase in operating expense is due primarily to \$21,000,000 settlement paid out in a wrongful death case. The increase in operating expense is also due to \$9,986,458 increase in medical insurance claims and a \$2,084,161 increase in Workers' compensation claims.

Debt Service:

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

Transfers:

In 2019, the fund receives a transfer in from the general fund totaling \$311,702 to assist with the cost of City Hall rent for the City Attorney's Office. The expense budget includes a \$60,000 transfer out to the general fund for body cameras for front line officers.

Cash Balance and Net Position:

The cash balance at end of fourth quarter is \$93,561,341, representing a decrease of \$9,376,648 from the 2018 year-end balance of \$102,937,989. The decrease in cash is primary due to a \$21,000,000 settlement paid out in a wrongful death case, which is partially offset by a \$7,792,913 net cash received for medical Self-insurance and a \$1,486,374 net cash received for the Unused Sick Leave program. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self-Insurance Fund should be equal to the unpaid claims liability plus 10.0% of the fund's operating budget or \$92,629,418. The unpaid claims liability at year-end 2019 is \$83,482,181, an increase of \$4,953,816 from year-end 2018 liability of \$78,528,365. The cash balance is \$931,923 above its target.

The net position at year-end 2019 is \$2,836,783, a decrease of \$9,570,188 from the 2018 year-end net position of \$12,406,971. 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.

**City Of Minneapolis
Sanitary Sewer Fund
For the Fourth Quarter Ending December 31, 2019**

Fund 07100	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	86,934,800	83,136,915	74,064,847	68,741,847
Operating Expense	75,922,892	73,208,089	69,518,923	63,261,989
Operating Margin	11,011,908	9,928,825	4,545,924	5,479,858
Change in Net Position		5,396,487	(8,944,908)	1,080,037
Net Position		127,796,964	122,400,477	121,203,852
Cash Balance		7,377,680	4,474,385	16,165,288

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 waste water 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 revenue of \$83,136,915 recognized through the end of fourth quarter, the Sanitary Sewer Fund earned 95.6% of the 2019 revenue budget. This is an increase of \$9.1 million, or 12.2%, compared to \$74,064,847 earned in 2018. The utility service revenues accounted for \$4.7 million of the increase due to increase in rates. Design revenues increased by \$683,000 due to increase in capital related activities. SAC fees, which fluctuate based on overall economic activities outside of City operations, increased by \$3.7 million. This increase is off-set by an equivalent increase in sewer availability charges (or SAC expenses).

The variable rate for utility charges was set at \$4.21 per unit, an increase of \$0.33 over 2018. The fixed rate, which is based on meter size, was increased by \$0.50, from \$5.30 to \$5.80.

Expenses:

The Sanitary Sewer Fund's total operating expenses through the fourth quarter were \$73,208,089 compared to \$69,518,923 for 2018. This is an increase of \$3.7 million, or 5.3%, and reflects the following changes from 2018: (i) SAC charges increase of \$3.4 million; (ii) Met Council charges increase of \$934,000; (iii) increase in City services by \$434,000 as set by 2019 allocation model; and (iv) decrease in Sewer Maintenance of \$1.2 million due to a delay in finalization of vendor contracts for work to be performed by external contractors.

The Met Council rate increased by 1.5% for 2019 services. 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 \$593,310 and, through the end of the fourth quarter, \$613,639 has been transferred to Water Treatment and Distribution Services.

Debt Service:

For 2019, the debt service cost was budgeted at \$6.7 million. Through the fourth quarter, \$5.9 million in principal and \$676,000 in interest payments were made. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing. The Fund's long-term debt totals \$34,070,000.

Cash and Net Position:

The current cash balance is \$7,377,680 and the Fund's net position stands at \$127,796,964. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore, the targeted cash balance for 2019 was \$17,481,000. The shortage is due in part to \$7.0 million in bonds for capital construction that were not sold in 2019, but delayed until 2020.

The Net Position at year end 2018 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68.

**City Of Minneapolis
Storm Water Fund
For the Fourth Quarter Ending December 31, 2019**

Fund 07300	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	43,807,518	44,316,792	42,339,478	42,334,913
Operating Expense	32,109,217	29,487,624	30,467,310	29,033,661
Operating Margin	11,698,301	14,829,167	11,872,167	13,301,251
Change in Net Position		(2,042,199)	(4,755,160)	(11,129,214)
Net Position		337,360,491	339,402,690	332,224,289
Cash Balance		29,616,123	26,629,779	27,087,018

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 \$44,316,792 in revenues earned through the fourth quarter reflects 101.2% of the operating revenue budget. This is an increase of \$2.0 million compared to \$42,339,478 earned for the same period in 2018. Storm utility revenues increased by 6.2% to \$41,212,886, up from \$38,822,214 for the same period in 2018. This is mainly due to the 2.9% increase in rates and an unusual revenue adjustment made in 2018. Other services provided decreased by \$411,000 due to a decrease in design activities and reimbursements to capital projects. Reimbursements, with a total of \$1,435,074, based on maintenance agreement with the State and County, made up for the rest of the operating revenue.

Expenses:

Operating expenses through the fourth quarter were \$29,487,624, or 91.8%, compared to \$32,109,217 budgeted for 2019. The expenses were \$979,686 or 3.2%, less than the \$30,467,310 reported for 2018, due mainly to a lesser amount spent on Storm Maintenance during 2019, as efforts were increased in the capital projects, and an increased staffing turnover in the Administration department.

Transfers:

A transfer from this fund is made to General Fund to support two environmental service related FTE's relating to Clean Water Act. For 2019, this was \$110,000. An additional amount of \$1.5 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 of its debt service obligations by the end 2016. For the last couple of years there have not been any debt service costs. In 2019 new debt was issued. Payments of principal and interest were \$237,116, of which \$155,000 was for principal.

Cash and Net Positions:

The ending cash balance for 2019 stands at \$29,616,123 and net position stands at \$337,360,491. 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 2019 is \$7,400,000. This will leave \$22,216,000 as unrestricted amount to fund capital programs for 2020 and beyond as the department aims to use its cash reserve as the main source of funds.

The Net Position at year end 2018 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68.

**City of Minneapolis
Water Enterprise Fund
For Fourth Quarter Ending December 31, 2019**

Fund 07400	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	87,217,952	80,847,541	85,307,434	81,246,984
Operating Expense	59,581,752	56,489,656	56,236,815	50,482,129
Operating Margin	27,636,200	24,357,884	29,070,618	30,764,855
Change in Net Position		3,532,191	(11,935,885)	(10,269,109)
Net Position		274,934,233	271,402,042	252,260,138
Cash Balance		39,784,542	41,043,326	40,663,165

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 City sells water to retail customers in the City as well as directly to wholesale customers – the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Edina, and the Metropolitan Airports Commission.

Revenue:

The operating revenues for the end of year 2019 was \$80,847,541 or 92.7% of the 2019 budgeted amount. This is a decrease of \$4,459,893 compared to 2018 total of \$85,307,434. This decrease in revenue is mainly due to decrease in usage from the retail sale customers.

Expense:

The operating expenses for the year totaled \$56,489,656 or 94.8% of the 2019 budget. This is \$252,840 higher than the 2018 total of \$56,236,815 and reflects the following changes: (i) increase in salaries and fringes by \$1,148,339; (ii) increase in fleet and capital outlay by \$284,555; (iii) increase in City services by \$1,348,785; (iv) decrease in chemical usage, energy bills, and delivery services by \$994,127; and (v) decrease in contractual and professional services relating to repairs, maintenance, upgrades, and construction works by \$1,534,711.

Transfers:

For 2019, the transfer amount of \$622,310 consists primarily of a \$593,310 operating transfer from the Sanitary Sewer Fund for its share of the cost of the meter shop. Through the end of the quarter, all of the transfers have been realized.

Debt Service:

Debt service payments relate to the bonds and notes sold to finance the Water Division's capital improvement program. The amount of debt service for 2019, including both principal and interest payments, was \$19,056,958. An additional \$26,690,487 in bonds were issued in the current year to help finance the Fridley Filter Rehabilitation project and renovation of the Distribution Water Maintenance Facility along with other capital projects. This additional debt issuance will increase debt service payments in future years.

Cash Balance and Net Position:

The ending cash balance as of December 31, 2019 was \$39,784,542 compared to \$41,043,326 at the end of 2018. City policy requires an operating cash reserve equal to or greater than 3 months of operating expenses. Based on the current budget, the targeted amount is \$14,895,437. The Water Fund is anticipating significant capital project needs for the next few years that will require the use of cash reserves. The year-end cash balance is adequate to fund operating cash reserves, capital programs, and debt service payments.

**City of Minneapolis
Municipal Parking Fund
For the Fourth Quarter Ended December 31, 2019**

Fund 07500*	2019 Budget	12/31/19 Actuals	2018 Actuals
Revenue	66,229,481	71,758,459	71,147,580
Expenses	45,962,066	45,495,310	46,299,580
Operating Margin	20,267,415	26,263,149	24,848,000
Change in Net Position		5,379,564	(16,382,132)
Net Position		205,262,912	199,883,348
Cash Balance		21,039,716	13,759,101

* Net Income (Loss) includes all non-operating expenditures and revenues such as depreciation expense, bond interest expense and transfers between funds.

Program Description:

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

Revenues:

The 2019 fourth quarter actual operating revenues are up in comparison to 2018 by 0.9%. The increase is from:

- Impound Lot revenues are up 15.1% compared to 2018.
- On-street parking is up 13.7% compared to 2018.
- Off-street ramps and lots are down 6.1% compared to 2018.

Impound Lot revenues are higher than 2018 due to the increased amount of snow emergencies and bringing auctions back on-site in 2019. On-street meter revenues were up during 2019 mainly due to increased hourly rates and usage related to economic development throughout the City. The 2019 off-street revenues were lower during 2019 due to high revenues in the previous year (2018) related to the Super Bowl.

Expenses:

The 2019 operating expenses are lower than the 2018 expenses by 1.7%. The variance is from:

- Impound Lot expenses are up by 6.1% compared to 2018.
- On-street meters are up by 2.8% compared to 2018.
- Off-street ramps and lots are down 3.5% compared to 2018.

Impound Lot expenses are up as compared to 2018 due to change in way contracts were established in 2019. On-street meter expenses are higher than 2018 due to a larger volume of card transactions and the fees associated with them. Off-street ramps and lots show lower expenses in 2019 due primarily to high expenses related to the Super Bowl in 2018.

Transfers to and from other funds:

The 2019 transfers into and out of the Parking Fund are programmed and planned according to the 2019 budget. During the year of 2019, \$169,104 was transferred in from Tax Increment Funding and \$11,529,188 of funds was transferred out (\$7,000,000 to the General Fund, \$4,383,188 to the Target Center and \$146,000 to Solid Waste).

Debt Service:

For 2019, the debt service budget is \$6,835,363. The outstanding balance of bond principal as of December 31, 2019 is \$31,205,000 and the outstanding balance of note principal is \$27,400,000. In June 2019, \$6,175,000 of bonds were called. The Convention Center has loaned the Parking Fund \$6,175,000 to reduce the debt service being paid by the Parking Fund.

Other Financial Items:

The end of the fourth quarter 2019 cash balance is \$21,039,716 which is an increase of \$7,280,615 from the 2018 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 \$8,454,602. The difference is \$12,585,114 which is retained and programmed for future debt service payments and potential future major parking capital projects.

City Of Minneapolis
Solid Waste and Recycling Fund
For the Fourth Quarter Ending December 31, 2019

Fund 07700	2019 Budget	2019 Actual	2018 Actual	2017 Actual
Operating Revenue	41,474,331	41,349,714	40,690,497	39,858,846
Operating Expense	43,355,342	40,497,181	39,831,922	37,680,534
Operating Margin	(1,881,011)	852,533	858,575	2,178,313
Change in Net Position		(3,593,613)	3,571,524	(1,937,520)
Net Position		23,279,473	26,873,087	25,658,728
Cash Balance		26,720,048	30,529,141	24,523,528

Program Description

The Solid Waste and Recycling Fund account 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

With operating revenues through the end of the fourth quarter totaling \$41.3 million, 99.7% of the budgeted revenue has been realized. This is an increase of \$0.7 million or 1.6%, compared to \$40.7 million earned through the fourth quarter of 2018. Utility revenues were \$38,626,000 compared to \$37,862,000 for 2018 for a gain of \$764,000 as a result of an increase in dwelling units and base rate increase of \$0.54 per dwelling unit. Rates were increased in order to fund increases in salaries, fringes, contractual and operating services and vehicle replacements. The Hennepin County recycling grant for the year is \$1.9 million and the department received this grant in the fourth quarter.

Expenses:

Operating expenses through the fourth quarter were \$40.5 million compared to \$39.8 million in 2018. This is an increase of \$665,000 or 1.7%. The biggest increase was Collection expenses that increased by \$402,000 due to increased labor. This increase is more than off-set by the rate increase. Admin expenses increased by \$250,000 due to filling vacant positions.

Transfers:

Transfers into the Solid Waste and Recycling fund included \$146,000 from the Parking Fund for the Litter Container Program, \$325,000 from the General Fund for graffiti removal and zero waste studies, and a General Fund transfer of \$3.5 million to cover a portion of the Debt Service payments related to the new facility.

Debt Service:

Bonds were sold for the new facility. The facility is expected to be ready by May of 2020. Bond principal payment were \$2.8 million. Interest payments were \$984,000 for the year.

Cash and Net Positions:

The Fund's cash balance as of the end of the fourth quarter was \$26.7 million and the net position amounted to \$23.3 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Based on the projection, the 2019 targeted amount is \$10.6 million, leaving unrestricted cash reserve equivalent to \$12.7 million.

The Net Position at year end 2018 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68

**CPED Enterprise Fund Component Programs
For the Fourth Quarter Ending December 31, 2019**

The **CPED Enterprise Fund** operated a series of business-type activities designed to enhance housing options and economic development within the City. Of the five program components operating within this fund, three programs have closed with two remaining active.

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 at December 31, 2018. Other information is maintained by a trustee and not available for inclusion for fourth quarter. The net position of the fund at year end 2018 was \$36,821,732 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.

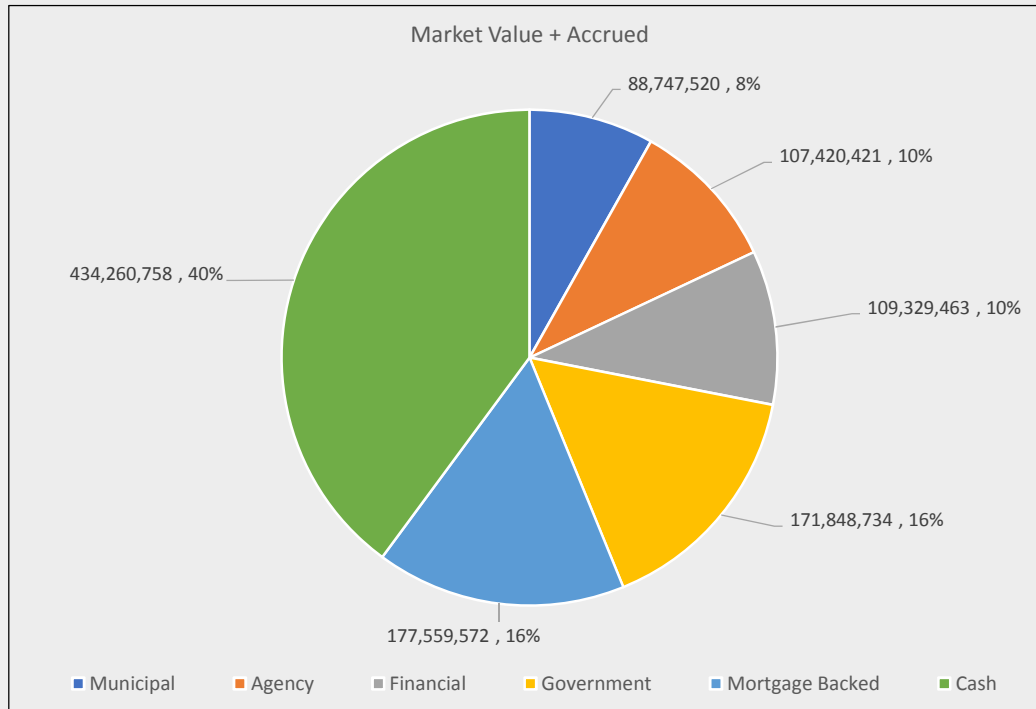
The **Housing Development** component accounts for various home ownership and home improvement loan programs. This fund has closed.

The **Theatres** component was created to account for the operations of the State, Orpheum, and Pantages Theatres. This fund has closed.

The **Economic Development Program** component accounts for certain defaulted properties, and for the Capital Investment Fund Program with the Federal Home Loan Bank, which provided loans to businesses for economic development and the creation of jobs. This fund has closed.

**City of Minneapolis
Cash and Investment Report
12/31/2019**

Aggregate Accounts	Original Cost	Yield%	YTM%	Accrued Balance	Unrealized Gain/Loss	Market Value	Market Value + Accrued
Internal Managed	505,073,103.37	2.110	1.857	1,181,797	1,145,003	506,063,788	507,245,586
External Managed Core Funds	358,233,423.13	1.816	1.749	1,581,429	2,828,541	360,651,873	362,233,302
Bond Proceeds	178,840,742.52	2.129	1.799	18,884	20,887	178,916,564	178,935,448
General Agency Reserve Funds System	32,738,085.83	1.623	1.650	121,647	106,476	32,205,499	32,327,146
Development Debt Reserves cash	3,057,203.43					3,057,203	3,057,203
Cash on hand	5,367,783.44					5,367,783	5,367,783
	1,083,310,341.72	1.984	1.792	2,903,758	4,100,907	1,086,262,712	1,089,166,469



Market Sector	Market Value + Accrued	% of Portfolio
Municipal	88,747,520	8.1%
Agency	107,420,421	9.9%
Financial	109,329,463	10.0%
Government	171,848,734	15.8%
Mortgage Backed	177,559,572	16.3%
Cash	434,260,758	39.9%
	\$ 1,089,166,469	100.0%

GENERAL FUND HISTORICAL ANALYSIS WORKSHEET

Revenues:	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Increase (Decrease) From 2018		Total Increase (Decrease) 2016-2019		Average Yearly Change	
					\$	%	\$	%	\$	%
Property Taxes	166,249,958	180,883,107	193,250,285	205,538,763	12,288,477	6.8%	39,288,805	23.6%	9,822,201	5.9%
Local Tax*	79,142,658	81,977,678	63,942	19,817	(44,126)	-0.1%	(79,122,842)	-100.0%	(19,780,710)	-25.0%
State Aids	84,046,281	84,110,670	85,903,260	86,563,548	660,288	0.8%	2,517,268	3.0%	629,317	0.7%
Charges for Services	51,243,079	53,407,484	56,649,434	60,922,907	4,273,474	8.0%	9,679,828	18.9%	2,419,957	4.7%
Franchise Fees	29,515,533	32,143,175	34,771,576	32,369,911	(2,401,665)	-7.5%	2,854,378	9.7%	713,595	2.4%
Licenses and Permits	47,127,968	45,205,194	47,480,900	55,729,199	8,248,299	18.2%	8,601,231	18.3%	2,150,308	4.6%
Fines and Forfeits	6,313,110	7,556,399	7,137,929	7,245,779	107,850	1.4%	932,669	14.8%	233,167	3.7%
Special Assessments	3,449,772	3,151,941	2,981,234	3,416,921	435,687	13.8%	(32,852)	-1.0%	(8,213)	-0.2%
Investment Income	3,460,150	3,186,280	6,955,384	14,184,157	7,228,773	226.9%	10,724,007	309.9%	2,681,002	77.5%
Other Shared Taxes	1,165,334	1,019,880	1,858,632	1,862,241	3,610	0.4%	696,908	59.8%	174,227	15.0%
Other Miscellaneous	957,756	972,406	3,269,956	923,405	(2,346,550)	-241.3%	(34,350)	-3.6%	(8,588)	-0.9%
Contributions	5,000	5,234	1,343	8,002	6,659	127.2%	3,002	60.0%	750	15.0%
Total Revenues	472,676,599	493,619,448	440,323,875	468,784,650	28,460,776	5.8%	(3,891,949)	-0.8%	(972,987)	-0.2%
Transfers In	4,029,000	12,498,777	39,887,000	60,197,000	20,310,000	162.5%	56,168,000	1394.1%	14,042,000	348.5%
Revenues and Other Sources	476,705,599	506,118,225	480,210,875	528,981,650	48,770,776	9.6%	52,276,051	11.0%	13,069,013	2.7%
Expenditures :										
Police	154,243,608	162,435,753	173,676,579	176,189,638	2,513,059	1.5%	21,946,030	14.2%	5,486,507	3.6%
Fire	62,648,282	66,165,942	67,585,950	69,151,380	1,565,430	2.4%	6,503,098	10.4%	1,625,775	2.6%
Human Resources	6,566,200	7,293,288	7,391,375	7,173,616	(217,759)	-3.0%	607,416	9.3%	151,854	2.3%
Finance and Property Services	22,803,324	22,125,701	22,220,529	22,799,309	578,780	2.6%	(4,015)	0.0%	(1,004)	0.0%
911	9,066,878	9,714,416	9,487,224	9,917,500	430,276	4.4%	850,622	9.4%	212,656	2.3%
311	3,802,063	4,113,129	3,980,428	4,189,331	208,903	5.1%	387,268	10.2%	96,817	2.5%
City Coordinator	3,972,180	4,739,974	6,072,608	7,263,976	1,191,368	25.1%	3,291,796	82.9%	822,949	20.7%
Intergov Relations	1,436,702	1,536,770	1,492,791	1,442,794	(54,557)	-3.6%	6,091	0.4%	1,523	0.1%
Communications	2,191,627	2,235,576	2,323,431	2,258,411	(65,019)	-2.9%	66,785	3.0%	16,696	0.8%
Emergency Management	803,826	1,170,264	1,127,914	1,039,771	(88,143)	-7.5%	235,945	29.4%	58,986	7.3%
Neighbrhd and Comm Rel	359,990	264,209	810,659	692,544	(118,115)	-44.7%	332,555	92.4%	83,139	23.1%
Coordinator - Total	51,002,790	53,193,327	54,911,518	56,777,253	1,865,735	3.5%	5,774,463	11.3%	1,443,616	2.8%
Trans Plan and Design	2,023,712	1,819,860	2,013,312	2,301,892	288,581	15.9%	278,181	13.7%	69,545	3.4%
Transportation Plan Programming	2,001,641	2,266,508	2,873,978	2,774,212	(99,767)	-4.4%	772,571	38.6%	193,143	9.6%
Trans Maint and Repair	32,810,220	34,295,211	39,466,311	41,631,530	2,165,219	6.3%	8,821,311	26.9%	2,205,328	6.7%
Administration	3,465,824	3,850,016	3,886,294	3,798,484	(87,810)	-2.3%	332,660	9.6%	83,165	2.4%
Traf and Parking Svcs	16,609,612	17,318,058	17,060,005	18,020,421	960,416	5.5%	1,410,809	8.5%	352,702	2.1%
Public Works - Total	56,911,008	59,549,653	65,299,899	68,526,539	3,226,640	5.4%	11,615,531	20.4%	2,903,883	5.1%
Regulatory Services	18,380,557	19,398,893	20,293,398	20,779,051	485,653	2.5%	2,398,494	13.0%	599,623	3.3%
Attorney	9,395,492	9,675,770	9,701,826	9,837,466	135,639	1.4%	441,973	4.7%	110,493	1.2%
City Council & City Clerk	11,964,502	10,530,914	12,312,745	11,096,017	(1,216,727)	-11.6%	(868,484)	-7.3%	(217,121)	-1.8%
Culture and Recreation -Library	1,560,000	780,000	-	-	-	0.0%	(1,560,000)	-100.0%	(390,000)	-25.0%
Contingency	-	-	-	-	-	100.0%	-	100.0%	-	25.0%
Assessor	5,162,275	5,189,041	5,593,191	5,602,225	9,034	0.2%	439,950	8.5%	109,988	2.1%
CPED	32,648,176	33,460,311	35,964,087	36,091,645	127,558	0.4%	3,443,469	10.5%	860,867	2.6%
Health	9,061,430	10,425,848	11,675,967	13,994,818	2,318,851	22.2%	4,933,388	54.4%	1,233,347	13.6%
Civil Rights	3,387,328	3,728,355	4,021,500	4,601,210	579,709	15.5%	1,213,882	35.8%	303,470	9.0%
Mayor	2,059,105	2,001,246	2,395,845	2,438,761	42,916	2.1%	379,656	18.4%	94,914	4.6%
Internal Audit***	612,253	594,514	668,800	699,814	31,015	5.2%	87,561	14.3%	21,890	3.6%
Total Expenditures	419,036,807	437,129,567	464,101,307	475,785,818	11,684,511	2.7%	56,749,011	14.3%	14,187,253	3.6%
Transfers Out*	56,162,211	59,388,203	29,010,855	29,348,631	337,776	0.6%	(26,813,580)	-45.1%	(6,703,395)	-11.3%
Expenditures and Other Uses	475,199,018	496,517,770	493,112,162	505,134,449	12,022,287	2.4%	29,935,431	6.3%	7,483,858	1.6%
Change in Fund Balance	1,506,581	9,600,455	(12,901,287)	23,847,202	36,748,489	382.8%	22,340,620	629.1%	5,585,155	157.3%
Fund Balance - January 1	105,990,798	107,497,379	117,097,834	104,196,546						
Fund Balance - December 31	107,497,379	117,097,834	104,196,546	128,043,748	23,847,202	20.4%	20,546,369	19.1%	5,136,592	4.8%

*Between 2015 and 2017, all Local Tax were deposited directly into the General Fund and the General Fund increased transfers out to the Convention Center to cover the difference between the costs of operations/capital and its operating revenues. Beginning in 2018, Local Taxes were all deposited in the Downtown Assets Fund and a transfer in was created to move funds to the General Fund.

City of Minneapolis
Financial Strength Analysis - Fourth Quarter 2019

FINANCIAL STRENGTH ANALYSIS - (in millions)					Increase (Decrease) Compared to 2018		Increase (Decrease) 2016 - 2019		Average Annual Increase (Decrease)	
	2016	2017	2018	2019	\$	%	\$	%	\$	%
General Fund Cash Balance	121.6	131.8	121.3	150.8	29.5	24.3%	29.2	24.0%	7.3	6.0%
General Fund Total Fund Balance	107.5	117.1	104.2	128.0	23.8	22.8%	20.5	19.1%	5.1	4.8%
Overall City Cash Position*	762.7	792.0	876.6	987.7	111.1	12.7%	225.0	29.5%	56.3	7.4%
Overall City Net Assets/Position	1,851.4	2,083.6	2,257.8		174.2	8.4%	406.4	22.0%	101.6	5.5%
Overall Unrestricted Net Assets/Position	(256.8)	(274.4)	(314.9)		(40.5)	14.8%	(58.1)	22.6%	(14.5)	5.7%
SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)										
Convention Center - Cash	65.5	56.6	35.6	20.1	(15.5)	-43.5%	(45.4)	-69.3%	(11.4)	-17.3%
Convention Center - Fund Balance	63.5	52.1	29.6	33.4	3.8	12.8%	(30.1)	-47.4%	(7.5)	-11.9%
Arena Fund (Target Center) - Cash	15.2	10.1	12.2	9.5	(2.7)	-22.1%	(5.7)	-37.5%	(1.4)	-9.4%
Arena Reserve (Target Center) - Fund Balance	11.1	8.7	10.5	7.5	(3.0)	-28.6%	(3.6)	-32.4%	(0.9)	-8.1%
Downtown Assets Fund - Cash	-	-	16.2	8.8	(7.4)	-45.7%	8.8	100.0%		25.0%
Downtown Assets Fund - Fund Balance	-	-	26.0	16.1	(9.9)	-38.1%	16.1	100.0%		25.0%
Police SRF - Cash	2.1	2.2	2.2	2.8	0.6	27.3%	0.7	33.3%	0.2	8.3%
Police SRF - Fund Balance	2.4	2.6	2.4	2.9	0.5	20.8%	0.5	20.8%	0.1	5.2%
NCR SRF - Cash	4.0	3.5	3.6	3.5	(0.1)	-2.8%	(0.5)	-12.5%	(0.1)	-3.1%
NCR SRF - Fund Balance	3.7	3.3	3.3	3.1	(0.2)	-6.1%	(0.6)	-16.2%	(0.2)	-4.1%
Regulatory Services SRF - Cash	4.7	3.5	2.0	1.2	(0.8)	-40.0%	(3.5)	-74.5%	(0.9)	-18.6%
Regulatory Services SRF - Fund Balance	4.6	3.5	2.0	1.1	(0.9)	-45.0%	(3.5)	-76.1%	(0.9)	-19.0%
Grant Funds - Cash	(2.2)	5.3	0.4	6.2	5.8	1450.0%	8.4	-381.8%	2.1	-95.5%
Grant Funds - Fund Balance	11.4	11.2	4.9	10.6	5.7	116.3%	(0.8)	-7.0%	(0.2)	-1.8%
Comm Planng & Econ Dev (CPED) - Cash Total	166.2	177.8	210.4	200.7	(9.7)	-4.6%	34.5	20.8%	8.6	5.2%
Comm Planng & Econ Dev (CPED) - Fund Balance Total	202.1	214.4	245.7	231.2	(14.5)	-5.9%	29.1	14.4%	7.3	3.6%
Employee Retirement Funds - Cash	26.2	29.0	31.1	36.5	5.4	17.4%	10.3	39.3%	2.6	9.8%
Employee Retirement Funds - Fund Balance	26.6	29.2	31.3	36.7	5.4	17.3%	10.1	38.0%	2.5	9.5%
Other Special Revenue Funds - Cash	0.8	0.5	0.5		(0.5)	-100.0%	(0.8)	-100.0%	(0.2)	-25.0%
Other Special Revenue Funds - Fund Balance	0.5	0.5	0.5		(0.5)	-100.0%	(0.5)	-100.0%	(0.1)	-25.0%
Total Special Revenue Funds - Cash	282.5	288.5	314.2	289.3	(24.9)	-7.9%	6.8	2.4%	(0.5)	0.6%
Total Special Revenue Funds - Fund Balance	325.9	325.5	356.2	342.6	(13.6)	-3.8%	16.7	5.1%	0.1	1.3%

* 2019 amount is the unaudited Market Value of cash and cash equivalents as reported in the City's investment portfolio, less the balance of the General Agency Reserve Fund System of \$32.7 M and \$65.9 M invested for Park Board and MBC.

FINANCIAL STRENGTH ANALYSIS - (in millions)					Increase (Decrease) Compared to 2018		Increase (Decrease) 2016 - 2019		Average Annual Increase (Decrease)	
	2016	2017	2018	2019	\$	%	\$	%	\$	%
INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)										
Engr. Materials & Testing - Cash	1.5	1.5	1.6	2.1	0.5	31.3%	0.6	40.0%	0.2	10.0%
Engr. Materials & Testing - Net Position	0.3	(0.1)	0.4	0.8	0.4	100.0%	0.5	166.7%	0.1	41.7%
Equipment Services - Cash	26.9	30.4	26.0	33.7	7.7	29.6%	6.8	25.3%	1.7	6.3%
Equipment Services - Net Position	67.1	74.5	86.2	94.7	8.5	9.9%	27.6	41.1%	6.9	10.3%
Property Services - Cash	10.3	8.1	9.6	7.6	(2.0)	-20.8%	(2.7)	-26.2%	(0.7)	-6.6%
Property Services - Net Position	29.9	28.4	32.0	29.3	(2.7)	-8.4%	(0.6)	-2.0%	(0.1)	-0.5%
PW Stores - Cash	1.2	2.0	3.1	2.5	(0.6)	-19.4%	1.3	108.3%	0.3	27.1%
PW Stores - Net Position	4.6	5.3	5.6	5.6	0.0	0.0%	1.0	21.7%	0.3	5.4%
Intergovernmental Services - Cash	30.9	23.6	22.0	15.2	(6.8)	-30.9%	(15.7)	-50.8%	(3.9)	-12.7%
Intergovernmental Services - Net Position	59.8	47.4	41.2	29.4	(11.8)	-28.6%	(30.4)	-50.8%	(7.6)	-12.7%
Self Insurance Fund - Cash	80.0	90.0	102.9	93.6	(9.3)	-9.0%	13.6	17.0%	3.4	4.3%
Self Insurance Fund - Net Position	21.2	23.8	12.4	2.8	(9.6)	-77.4%	(18.4)	-86.8%	(4.6)	-21.7%
Total Internal Service Funds - Cash	150.8	155.6	165.2	154.7	(10.5)	-6.4%	3.9	2.6%	1.0	0.6%
Total Internal Service Funds - Net Position	182.9	179.3	177.8	162.6	(15.2)	-8.5%	(20.3)	-11.1%	(5.1)	-2.8%
ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)										
Sanitary Sewer - Cash	18.3	17.8	4.5	7.4	2.9	64.4%	(10.9)	-59.6%	(2.7)	-14.9%
Sanitary Sewer - Net Position	119.3	121.2	122.4	127.8	5.4	4.4%	8.5	7.1%	2.1	1.8%
Stormwater - Cash	35.9	27.1	26.6	29.6	3.0	11.3%	(6.3)	-17.5%	(1.6)	-4.4%
Stormwater - Net Position	327.2	333.0	339.4	337.4	(2.0)	-0.6%	10.2	3.1%	2.6	0.8%
Water Enterprise - Cash	42.1	40.1	48.4	39.8	(8.6)	-17.8%	(2.3)	-5.5%	(0.6)	-1.4%
Water Enterprise - Net Position	233.3	250.8	271.4	274.9	3.5	1.3%	41.6	17.8%	10.4	4.5%
Municipal Parking - Cash	17.2	26.5	13.8	21.0	7.2	52.2%	3.8	22.1%	1.0	5.5%
Municipal Parking - Net Position	188.2	212.2	199.9	205.3	5.4	2.7%	17.1	9.1%	4.3	2.3%
Solid Waste & Recycling - Cash	25.3	24.5	30.5	26.7	(3.8)	-12.5%	1.4	5.5%	0.4	1.4%
Solid Waste & Recycling - Net Position	25.5	25.3	26.9	23.3	(3.6)	-13.4%	(2.2)	-8.6%	(0.6)	-2.2%
Comm Planng & Econ Dev (CPED) - Cash**	1.4	1.5	0.1	1.8	1.7	1700.0%	0.4	28.6%	0.1	7.1%
Comm Planng & Econ Dev (CPED) - Net Position	40.1	40.3	39.1	37.1	(2.0)	-5.1%	(3.0)	-7.5%	(0.8)	-1.9%
Total Enterprise Funds - Cash	140.2	137.5	123.9	126.3	2.4	1.9%	(13.9)	-9.9%	(3.5)	-2.5%
Total Enterprise Funds - Net Position	933.6	982.8	999.1	1,005.8	6.7	0.7%	72.2	7.7%	18.1	1.9%

**Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds.