



# Second Quarter 2019 Financial Status Report

Finance & Property Services Department  
September 10, 2019

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

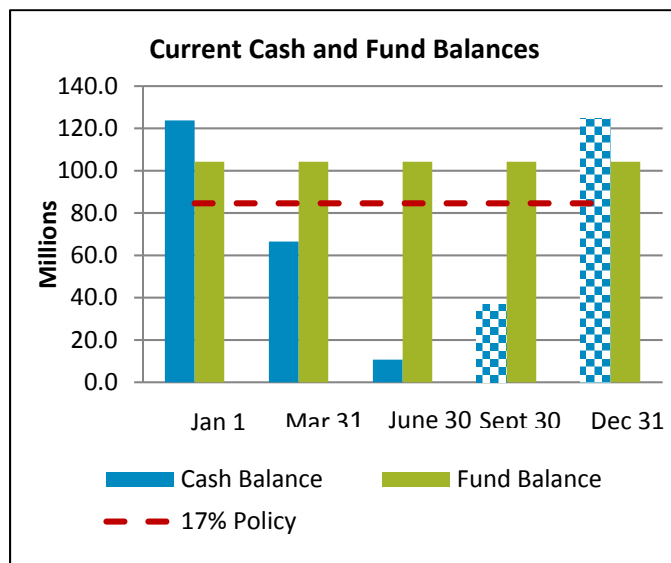
|   |            |
|---|------------|
| <b>EXECUTIVE SUMMARY .....</b>                      | <b>1-2</b> |
| <b>GENERAL FUND.....</b>                            | <b>3-5</b> |
| <b>SPECIAL REVENUE &amp; GRANT FUNDS</b>            |            |
| Convention Center Special Revenue Fund.....         | 6-8        |
| Arena Special Revenue Fund.....                     | 9-10       |
| Downtown Assets Special Revenue Fund.....           | 11-12      |
| Police Special Revenue Fund.....                    | 13-15      |
| NCR Special Revenue Fund.....                       | 16-17      |
| Regulatory Services Special Revenue Fund.....       | 18-19      |
| Federal, CDBG and other State and Local Grants..... | 20-22      |
| CPED Special Revenue Funds.....                     | 23-25      |
| <b>INTERNAL SERVICE FUNDS</b>                       |            |
| Engineering Materials and Testing Fund.....         | 26-27      |
| Fleet Services Fund.....                            | 28-29      |
| Property Services Fund.....                         | 30-31      |
| Public Works Stores Fund.....                       | 32-33      |
| Intergovernmental Service Fund.....                 | 34-35      |
| Self-Insurance Fund.....                            | 36-37      |
| <b>ENTERPRISE FUNDS</b>                             |            |
| Sanitary Sewer Fund.....                            | 38-39      |
| Storm Water Fund.....                               | 40-41      |
| Water Enterprise Fund.....                          | 42-43      |
| Municipal Parking Fund.....                         | 44-45      |
| Solid Waste and Recycling.....                      | 46-47      |
| CPED Enterprise Fund.....                           | 48         |
| <b>APPENDIX</b>                                     |            |
| Cash and Investment Report.....                     | A-1        |
| General Fund Historical Analysis.....               | A-2        |
| Financial Strength Analysis.....                    | A-3,A-4    |

## Overview

The financial picture of the City continues to remain positive and stable. As indicated in the Cash and Investments Report Appendix, the overall cash and investment position for the City at June 30, 2019 is \$1,033.8 million, an increase of \$61.6 million or 6.3% compared to 2018 year-end balance of \$972.2 million. While activity through year-end 2019 is projected to decrease the total cash balance, targeted balances in all major funds are expected to be met. 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. 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 is currently projected to decrease by only \$1.6 million. The 2019 projected ending fund balance is \$102.6 million, compared to the ending 2018 fund balance of \$104.2 million. The General Fund cash balance at year-end 2018 was \$121.3 million, and is projected to end 2019 at \$119.7 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. The June 30, 2019 cash balance is \$10.7 million, but will increase significantly once the July property tax revenue is realized.



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As shown in the Financial Strength Analysis on pages A-3 and A-4 of this report, from 2015 through 2018, the General Fund’s cash balance and fund balance have remained steady with a slight overall increase in cash of \$3.7 million and minor decrease in fund balance of \$1.8 million. This consistent fund balance and cash position 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.

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 \$81.1 million. Based on

current projected revenues and expenditures, the General Fund is projected to end the year with a fund balance of \$102.6 million.

## Special Revenue Funds

The Special Revenue Funds (SRF) are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and include the Convention Center, Arena (Target Center) Fund, Downtown Assets Fund, 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 is projected to be \$266.7 million, a decrease of \$47.5 million or 15.1% compared to 2018. The fund balance for the Special Revenue Funds is also expected to decrease to \$327.6 million, a decrease of \$28.6 million or 8.0%, 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 paid back 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 projected to be \$142.2 million, a decrease of \$23.0 million or 13.9% versus 2018 ending cash of \$165.2 million. At the same time, the total net position for all the Internal Service Funds is projected to be \$169.7 million, a decrease of only \$8.1 million or 4.6% from 2018. This is reflective of the fact that much of the cash outlay in this fund goes toward capitalizable expense. While cash is decreasing, the resulting assets created from purchasing fleet vehicles, improving buildings, or creating technological assets, results in an offsetting increase to net position. Transfers from the General Fund have not been necessary to insure the financial stability of these funds for several years.

## Enterprise Funds

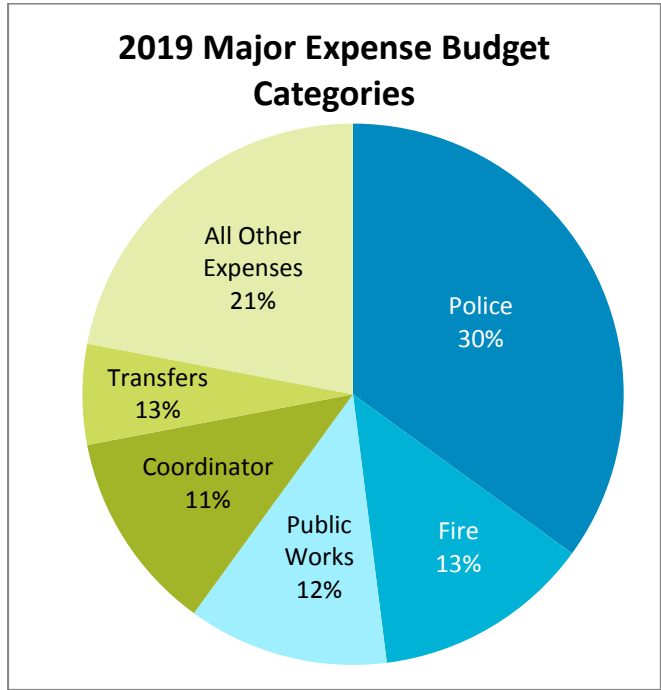
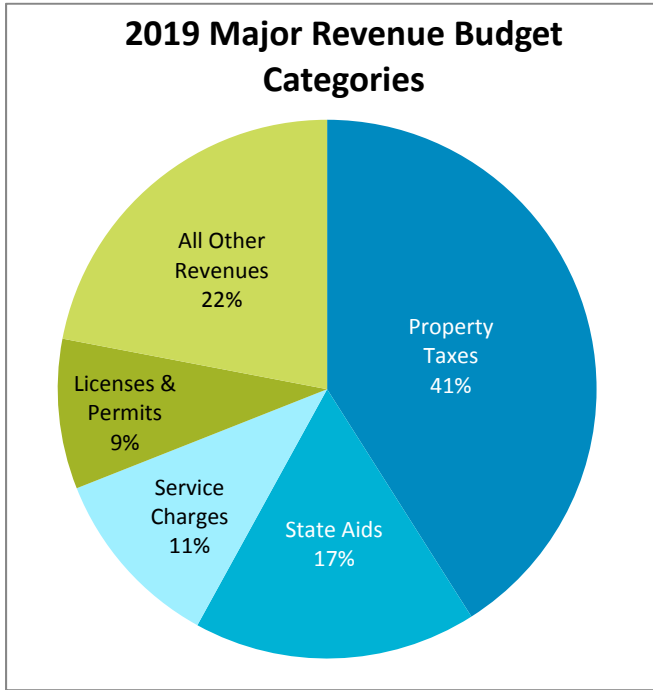
The Enterprise Funds are used to account for operations that sell goods and services to external third parties. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the CPED Enterprise Funds.

The total cash balance for the Enterprise Funds is projected to be \$100.8 million, a decrease of \$23.1 million or 18.6% compared to 2018. Total net position for the Enterprise Funds is projected to decrease by \$3.9 million or 0.4% to \$995.2 million at year-end 2019. These numbers reflect the continued use of cash rather than borrowing for planned major maintenance of and additions to infrastructure assets.

**City of Minneapolis  
General Fund  
For the Second Quarter Ending June 30, 2019**

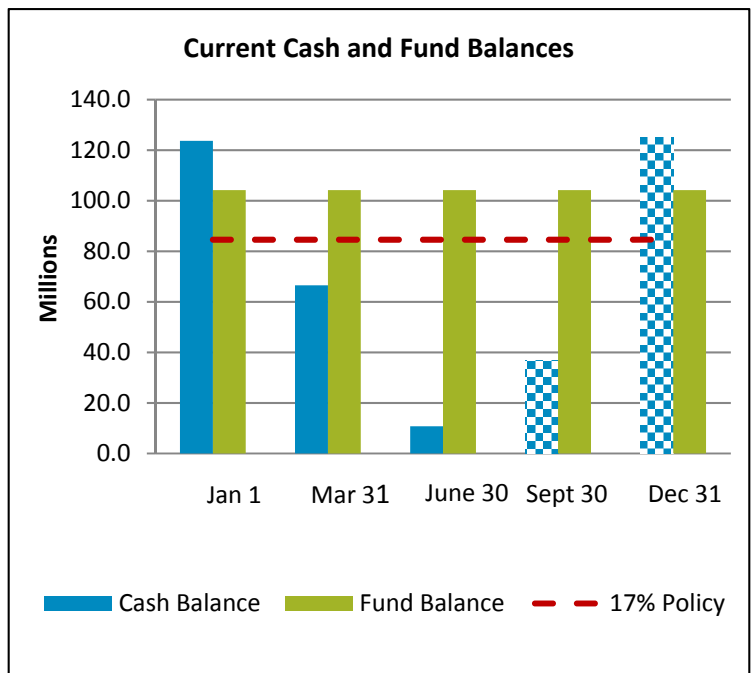
**Fund Description**

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 \$507.0 million, while the Fund's 2019 current expense budget is \$518.8 million, including transfers.



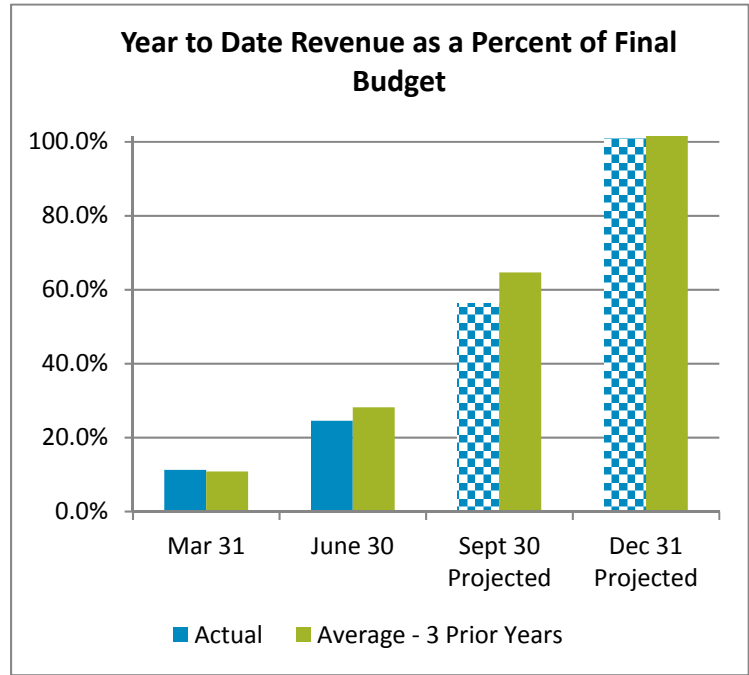
**Cash and Fund Balance**

The fund balance for the General Fund at fiscal year-end 2018 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 \$81.1 million or 17% of the 2019 General Fund budget of \$477.0 million, excluding transfers and contingency. For 2019, fund balance is projected to be within the policy guidelines, with a year-end projected balance of \$102.6 million. The cash balance at year-end 2018 was \$121.3 million. 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. As such, the cash balance fluctuates significantly during the year. As of June 30, the cash balance is \$10.7 million. This will increase significantly with the receipt of the first half property tax settlement in early July.



**Revenue**

As noted above, more than one-half of General fund revenue is related to property taxes, special assessments, and state aids. The first installments of these payments are received in July with the remainder received in November. Since such a large portion of General Fund revenue is received after the second quarter of the year, the average revenue through the first half of the past three years is only 28.2% of the budget. Actual revenue through the second quarter 2019 totals \$124.5 million or 24.6% of the total budget, slightly behind average. Year-end revenue is projected to be \$4.4 million, or 0.9%, more than budgeted. In 2018, property taxes came in at 99.3% of the budgeted amount, reflecting a delinquency rate of 0.7%. Projecting the same delinquency rate for 2019, property taxes are expected to end the year \$1.4 million under budget. Due to the Tax Cuts and Jobs Act, Franchise Fee revenues will be \$600,000 under budget. These shortfalls are offset by licenses and permits which are expected to exceed budget projections by \$5.3 million in 2019. This is due to the continued construction growth in downtown and throughout the City.

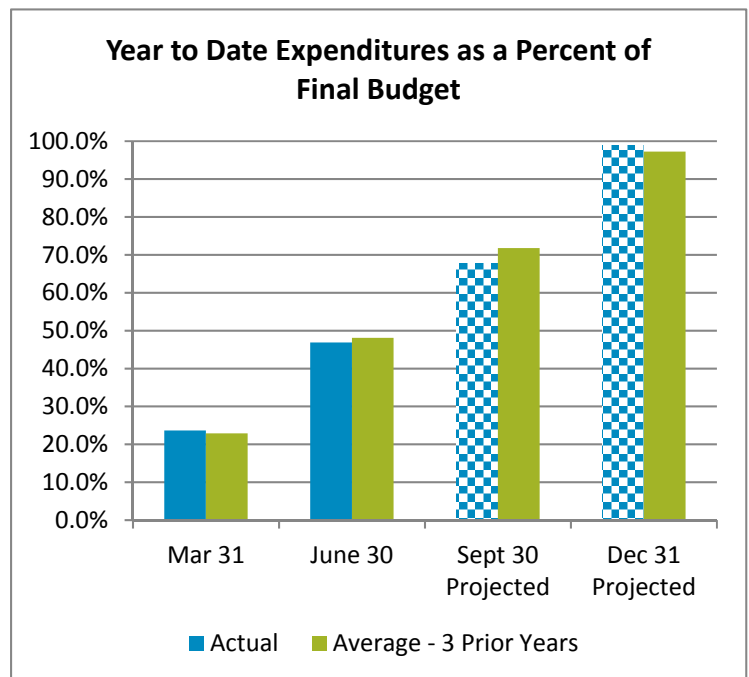


**Expenditures**

Six departments comprise 75.5% 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.

Public Works expects to be over budget by \$2.9 million due the number of snow emergencies this spring as well as costs associated with projects that are reimbursed by other funds. Contingency funding of \$5.7 million will be used to offset a majority of the overspending.

The City Coordinator and several other smaller departments are expected to be under budget for a variety of factors. Personnel vacancies, delayed spending on projects and initiatives, and other cost saving measures help these departments meet the budgeted appropriation levels.



**City of Minneapolis  
General Fund  
June 30, 2019**

|                                     | Original Budget       | Revised Budget        | Year-to-Date          | Percent of Revised Budget Remaining | Projected Year End Totals | Surplus (Deficit) Budget Versus Projected | Projected Year End as a Percent of Revised |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|---------------------------|---|--|
| <b>Revenues</b>                     |                       |                       |                       |                                     |                           |   |  |
| Property Taxes                      | \$ 206,601,000        | \$ 206,601,000        | \$ 59,698             | 100%                                | \$ 205,214,645            | \$ (1,386,355)                            | 99%  |
| State Aids                          | 84,717,501            | 84,717,501            | 12,818,258            | 85%                                 | 84,748,989                | 31,488                                    | 100%                                       |
| Charges for Services                | 56,084,885            | 56,084,885            | 28,428,050            | 49%                                 | 56,585,476                | 500,591                                   | 101%                                       |
| Franchise Fees                      | 34,050,000            | 34,050,000            | 14,469,446            | 58%                                 | 33,424,178                | (625,822)                                 | 98%  |
| Licenses & Permits                  | 47,594,000            | 47,594,000            | 28,978,549            | 39%                                 | 52,925,413                | 5,331,413                                 | 111%                                       |
| Fines & Forfeits                    | 6,602,000             | 6,602,000             | 3,267,108             | 51%                                 | 6,974,396                 | 372,396                                   | 106%                                       |
| Special Assessments                 | 3,440,000             | 3,440,000             | 84,489                | 98%                                 | 3,416,773                 | (23,227)                                  | 99%  |
| Investment Income                   | 6,050,000             | 6,050,000             | 5,755,574             | 5%                                  | 6,050,000                 | -   | 100%                                       |
| Other Intergovernmental             | 1,208,298             | 1,208,298             | 184,802               | 85%                                 | 1,284,183                 | 75,885                                    | 106%                                       |
| Other Miscellaneous                 | 805,000               | 805,000               | 410,248               | 49%                                 | 926,068                   | 121,068                                   | 115%                                       |
| Contributions                       | -                     | -                     | -                     | 0%                                  | -                         | -   | 0%   |
| <b>Total Revenues</b>               | <b>447,152,684</b>    | <b>447,152,684</b>    | <b>94,456,220</b>     | <b>79%</b>                          | <b>451,550,122</b>        | <b>4,397,438</b>                          | <b>101%</b>                                |
| Transfers In Total                  | 59,852,000            | 59,852,000            | 30,075,990            | 50%                                 | 59,852,000                | -   | 100%                                       |
| <b>Revenues and Other Sources</b>   | <b>\$ 507,004,684</b> | <b>\$ 507,004,684</b> | <b>\$ 124,532,210</b> | <b>75%</b>                          | <b>\$ 511,402,122</b>     | <b>\$ 4,397,438</b>                       | <b>101%</b>                                |
| <b>Expenditures</b>                 |                       |                       |                       |                                     |                           |   |  |
| Police                              | 179,195,242           | 179,378,173           | 85,407,834            | 52%                                 | 179,378,173               | -   | 100%                                       |
| Fire                                | 69,330,641            | 69,330,641            | 33,765,107            | 51%                                 | 69,330,641                | -   | 100%                                       |
| Human Resources                     | 7,710,577             | 7,941,327             | 3,406,728             | 57%                                 | 7,426,350                 | 514,977                                   | 94%  |
| Finance and Property Services       | 24,895,779            | 24,970,779            | 11,237,871            | 55%                                 | 24,970,779                | -   | 100%                                       |
| 911                                 | 9,813,000             | 9,918,000             | 4,549,544             | 54%                                 | 9,840,000                 | 78,000                                    | 99%  |
| 311                                 | 4,145,000             | 4,332,234             | 1,974,459             | 54%                                 | 4,332,234                 | -   | 100%                                       |
| City Coordinator                    | 9,243,000             | 8,063,500             | 2,538,904             | 69%                                 | 7,453,467                 | 610,033                                   | 92%  |
| Intergovernmental Relations         | 1,523,370             | 1,523,370             | 727,155               | 52%                                 | 1,522,919                 | 451                                       | 100%                                       |
| Communications                      | 2,308,600             | 2,308,600             | 1,060,155             | 54%                                 | 2,245,011                 | 63,589                                    | 97%  |
| Emergency Management                | 1,124,000             | 1,124,000             | 538,633               | 52%                                 | 1,121,364                 | 2,636                                     | 100%                                       |
| Neighborhood & Community Relations  | 964,600               | 964,600               | 222,952               | 77%                                 | 964,600                   | (0)                                       | 100%                                       |
| City Coordinator - Total            | 61,727,925            | 61,146,409            | 26,256,402            | 57%                                 | 59,876,723                | 1,269,686                                 | 98%  |
| Transportation Planning & Design    | 2,142,325             | 2,142,325             | 949,002               | 56%                                 | 2,405,000                 | (262,675)                                 | 112%                                       |
| Transportation Plan Programming     | 2,850,568             | 3,094,541             | 1,343,770             | 57%                                 | 3,094,541                 | -   | 100%                                       |
| Transportation Maintenance & Repair | 36,013,906            | 36,213,906            | 21,428,023            | 41%                                 | 39,237,741                | (3,023,835)                               | 108%                                       |
| Public Works Administration         | 3,933,777             | 3,733,777             | 1,835,676             | 51%                                 | 3,659,101                 | 74,676                                    | 98%  |
| Traffic & Parking Services          | 17,624,036            | 17,843,765            | 8,570,642             | 52%                                 | 17,554,478                | 289,287                                   | 98%  |
| Public Works - Total                | 62,564,613            | 63,028,315            | 34,127,112            | 46%                                 | 65,950,861                | (2,922,546)                               | 105%                                       |
| Regulatory Services                 | 20,775,651            | 20,865,651            | 10,289,186            | 51%                                 | 20,865,651                | -   | 100%                                       |
| Attorney                            | 10,690,721            | 10,715,721            | 4,760,196             | 56%                                 | 9,926,464                 | 789,257                                   | 93%  |
| City Council & City Clerk           | 11,648,999            | 12,155,505            | 5,085,221             | 58%                                 | 11,700,000                | 455,505                                   | 96%  |
| Contingency                         | 5,730,000             | 5,730,000             | -                     | 100%                                | -                         | 5,730,000                                 | 0%   |
| Assessor                            | 6,148,400             | 6,148,400             | 2,740,978             | 55%                                 | 5,944,702                 | 203,698                                   | 97%  |
| CPED                                | 34,796,688            | 38,793,526            | 17,307,725            | 55%                                 | 38,700,000                | 93,526                                    | 100%                                       |
| Health                              | 12,306,095            | 13,725,479            | 5,215,602             | 62%                                 | 13,725,479                | -   | 100%                                       |
| Civil Rights                        | 4,543,101             | 5,205,101             | 2,111,520             | 59%                                 | 5,020,625                 | 184,476                                   | 96%  |
| Mayor                               | 2,387,201             | 2,387,201             | 1,213,966             | 49%                                 | 2,387,201                 | -   | 100%                                       |
| Internal Audit                      | 857,600               | 857,600               | 283,745               | 67%                                 | 832,056                   | 25,544                                    | 97%  |
| <b>Total Expenditures</b>           | <b>482,702,876</b>    | <b>489,467,721</b>    | <b>228,564,595</b>    | <b>53%</b>                          | <b>483,638,576</b>        | <b>5,829,144</b>                          | <b>99%</b>                                 |
| Transfers Out Total                 | 29,348,631            | 29,348,631            | 14,674,316            | 50%                                 | 29,348,631                | -   | 100%                                       |
| <b>Expenditures and Other Uses</b>  | <b>\$ 512,051,507</b> | <b>\$ 518,816,352</b> | <b>\$ 243,238,910</b> | <b>53%</b>                          | <b>\$ 512,987,207</b>     | <b>\$ 5,829,144</b>                       | <b>99%</b>                                 |

|   |                    |
|---|--------------------|
| <b>Change in Fund Balance</b>                       | <b>(1,585,085)</b> |
| <b>Fund Balance - January 1, 2019</b>               | <b>104,196,549</b> |
| <b>Fund Balance - December 31, 2019 (Projected)</b> | <b>102,611,464</b> |

**City of Minneapolis**  
**Convention Center Special Revenue Fund Report**  
**For the Second Quarter Ending June 30, 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, beginning in 2018, local taxes were receipted directly to the Downtown Assets Fund, and a transfer is being made from the Downtown Assets Fund to the Convention Center Fund to fund Convention Center operations and building debt service.

**Operating Revenue**

Through the second quarter of 2019, operating revenue ended at nearly \$12.1 million or 65% of the \$18.5 million budget. Rents and Commissions had the strongest finish at nearly \$5.2 million or 66% of budget followed by Charges for Services and Sales at \$4.8 million or 72% of budget, and finally Catering Commissions which came in at \$2.0 million or 51% of budget.

Through June 30, 2019, the Convention Center hosted 196 events with 615,754 attendees, and the \$12.1 million in operating revenue finished under the June 30, 2018 operating revenue of \$13.3 million by \$1.2 million. The reason for the decline was that the Convention Center hosted the Super Bowl in early 2018. The Convention Center projects operating revenue to finish close to budget at \$18.5 million, and nearly \$4.4 million under 2018.

**Expenditures**

**Operating Expenditures**

Through the second quarter of 2019, Convention Center operating expenditures, not including Ongoing Equipment and Improvement, General Fund Overhead, and IT Operating expenditures finished at nearly \$13.3 million or 52% of budget which is based on event levels and normal day-to-day operations. 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

Based on the most current figures available, the Convention Center recycled 60% of building waste meeting the goal of 60% for an overall 2019 - 2020 recycling rate of 60%. The Convention Center expects 2019 operating expenses to finish the year close to budget.



In Ongoing Equipment and Improvements, the Convention Center finished the second quarter at \$4.9 million or 23% of the \$21.5 million budget which includes a nearly \$10.1 million rollover of obligated and unspent 2018 funds into the 2019 budget. The rollover funds will be used for the Plaza and Tallmadge building renovation projects. The construction work began on the Plaza, and the Convention Center expects the work to be finished before the winter of 2019. Architectural work is complete on the Tallmadge building, and the project will be going out for publication and bids. Also included in the \$21.5 million is work on much needed projects such as supplemental signage, steam room renovation, restroom remodel, building public space lighting renovation, exterior lights, exterior concrete work, supplemental signage, meeting and ballroom wall sconce replacement, HVAC upgrades, Terrazzo floor refinishing, building/security equipment, relocation of security command center, and boardroom remodel. These projects allow the Convention Center to remain competitive in the national market. The Convention Center expects Ongoing Equipment and Improvements to finish at \$15.5 million or \$6.0 million under budget. The Convention Center will request a rollover of unspent 2019 funds to complete projects that are in process but incomplete at year end.

### **Transfers**

The Convention Center Fund annually 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 is budgeted at \$26.7 million, and is projected to finish 2019 at budget. The building debt is expected to be paid off in 2020.

### **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 is 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. Meet Minneapolis is budgeted at nearly \$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 is projected to finish 2019 at budget.

### **Cash and Fund Balance**

Beginning in 2018, with the new Downtown Assets Fund and related fund management structure, the local taxes are being receipted directly to the Downtown Assets Fund, and a transfer of local taxes to the Convention Center Fund is being made from the Downtown Assets Fund. The 2018 ending fund balance was \$29.6 million which was a decrease of \$22.5 million from 2017. As part of the Convention Center being included in the Downtown Assets "umbrella", the 2018 transfer from the Downtown Assets Fund was reduced to \$26.8 million in 2018 from \$49.8 million in 2017. Cash made a similar decrease from \$56.1 million in 2017 to \$35.6 million in 2018. The reduced transfer amount from 2017 was done as a planned drawdown of the Convention Center fund and cash balances as part of the new Downtown Assets "umbrella" and related fund management.

The 2019 Convention Center fund balance is projected to finish at \$28.1 million which is \$1.5 million less than the 2018 ending fund balance of \$29.6 million. The projected decrease is the result of the 2019 transfer from the Downtown Assets Fund being \$59.5 million, and not enough to cover 2019 expenses including building debt service.

The Convention Center Fund cash balance as of June 30, 2019 was \$29.6 million, and is projected to be \$15.2 million which is a decline of \$14.4 million from 2018. This is a planned drawdown of cash and fund balances to better align the Convention Center Fund with the Downtown Assets umbrella and financial management structure.

**CONVENTION CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the second quarter ending June 30, 2019**

**CITY OF MINNEAPOLIS, MINNESOTA**

|   | 2019              |                   |                        |                           | 2018<br>Actual    |
|---|-------------------|-------------------|------------------------|---------------------------|-------------------|
|   | Budget            | Actual            | Percent<br>of<br>Total | Year<br>End<br>Projection |                   |
| <b>REVENUE</b>  |                   |                   |                        |                           |                   |
| Operating Revenue:  |                   |                   |                        |                           |                   |
| Charges for Services and Sales  | 6,700,000         | 4,839,675         | 72%                    | 6,700,000                 | 8,977,067         |
| Rents and Commissions   | 7,830,000         | 5,190,738         | 66%                    | 7,830,000                 | 9,268,937         |
| Catering Commissions  | 4,000,000         | 2,048,636         | 51%                    | 4,000,000                 | 4,669,470         |
| <b>Total Operating Revenue</b>  | <b>18,530,000</b> | <b>12,079,049</b> | <b>65%</b>             | <b>18,530,000</b>         | <b>22,915,474</b> |
| Other Non Operating Revenue:  |                   |                   |                        |                           |                   |
| Investment Management Services Interest   | 442,035           | 591,696           | 134%                   | 685,000                   | 967,121           |
| Meet Minneapolis (IDSS) Loan Interest   | 15,000            | 15,000            | 100%                   | 15,000                    | -                 |
| Interest on Capital Advance   | -                 | -                 | -                      | 222,000                   | -                 |
| Other   | -                 | 12,680            | -                      | 15,000                    | 44,906            |
| <b>Total Other Non Operating Revenue</b>  | <b>457,035</b>    | <b>619,377</b>    | <b>136%</b>            | <b>937,000</b>            | <b>1,012,027</b>  |
| <b>Total Non Operating Revenue</b>  | <b>457,035</b>    | <b>619,377</b>    | <b>136%</b>            | <b>937,000</b>            | <b>1,012,027</b>  |
| <b>Total Revenue</b>  | <b>18,987,035</b> | <b>12,698,426</b> | <b>67%</b>             | <b>19,467,000</b>         | <b>23,927,501</b> |
| <b>EXPENDITURES</b>   |                   |                   |                        |                           |                   |
| Convention Center Operations  | 25,339,632        | 13,256,148        | 52%                    | 25,339,632                | 25,933,398        |
| Ongoing Equipment and Improvement   | 21,515,199        | 4,862,892         | 23%                    | 15,515,199                | 9,578,844         |
| General Fund Overhead/IT Operating  | 2,678,932         | 1,339,466         | 50%                    | 2,678,932                 | 2,680,063         |
| Meet Minneapolis  | 10,241,889        | 4,862,892         | 47%                    | 10,241,889                | 10,450,872        |
| <b>Total Expenditures</b>   | <b>59,775,652</b> | <b>24,321,397</b> | <b>41%</b>             | <b>53,775,652</b>         | <b>48,643,177</b> |
| Excess of Revenues Over (Under) Expenditures  | (40,788,617)      | (11,622,971)      | 28%                    | (34,308,652)              | (24,715,676)      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                        |                           |                   |
| Transfer from Downtown Assets   | 59,520,000        | 29,760,000        | 50%                    | 59,520,000                | 26,811,000        |
| Convention Ctr Debt Service Transfer  | (26,681,616)      | (840,808)         | 3%                     | (26,681,616)              | (24,629,741)      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>32,838,384</b> | <b>28,919,192</b> | <b>88%</b>             | <b>32,838,384</b>         | <b>2,181,260</b>  |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | (7,950,233)       | 17,296,221        |                        | (1,470,268)               | (22,534,416)      |
| Fund Balance - January 1  | 29,607,521        | 29,607,521        |                        | 29,607,521                | 52,141,937        |
| <b>Ending Fund Balance</b>  | <b>21,657,288</b> | <b>46,903,743</b> |                        | <b>28,137,253</b>         | <b>29,607,521</b> |
| <b>Ending Cash Balance (a)</b>  |                   | <b>29,567,789</b> |                        | <b>15,159,245</b>         | <b>35,639,513</b> |

## **Arena Special Revenue Fund For the Second Quarter Ending June 30, 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 new revenue source. The rent payments are based on a rent schedule, and the 2019 rent payment was approximately \$1.5 million. Beginning in 2018, entertainment tax was removed as a revenue source with the Arena Fund now being managed as part of the new Downtown Assets Funds. The new Downtown Assets Funds are intended to help the City provide coordinated management and funding structure for the physical infrastructure assets in downtown Minneapolis which help to generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. The Arena Fund also receives interest revenue from investments on cash balances within the fund. The 2019 interest revenue budget is \$90,000, and 2019 interest revenue is projected to finish well over budget at \$250,000 as the result investment rates, and the fund retaining much of its cash through June 30, 2019.

### **Expenditures**

The Arena Special Revenue Fund has a 2019 ongoing equipment and improvements budget of \$9.2 million which includes 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 is being 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. Based on the most recent projection, capital expensed are projected to finish 2019 at \$8.2 million which is \$1 million under budget. A rollover may be requested for the unspent funds to complete project in process but incomplete at year end, and an analysis will be done after the year end expenses are in. Arena Special Revenue Fund operations are also expected to finish 2019 near budget. As of June 30, 2019, AEG hasn't invoiced the City for 2019 work, and it is anticipated that AEG will invoice the City later this year. The City pays required reimbursements to AEG to support Target Center operating costs, and the 2019 budget for AEG is \$1.7 million.

### **Transfers**

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

### **Fund/Cash Balance**

The 2018 ending fund balance was \$10.5 million, and is projected to decrease to \$3.7 million in 2019. The primary reason for the \$6.8 million decrease is the addition of the \$2.8 million transfer out of the Arena Fund, and significantly higher projected 2019 capital expenses compared to 2018. With the Downtown Assets management structure, the Arena Fund will receive a transfer from the Downtown Assets Fund to fund operations and capital as necessary in future years. The 2019 cash balance is also projected to have a similar decline of \$6.8 million which is a decline from \$12.2 million in 2018 to a projected \$5.3 million in 2019.

**ARENA SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the fiscal quarter ending June 30, 2019**

|  | 2019               |                    |                        |                        | 2018<br>Actual    |
|--|--------------------|--------------------|------------------------|------------------------|-------------------|
|  | Budget             | Actual             | Percent<br>of<br>Total | Year End<br>Projection |                   |
| <b>REVENUES:</b>   |                    |                    |                        |                        |                   |
| Rents & Commissions  | 1,490,509          | 1,490,509          | 100%                   | 1,490,509              | 1,461,284         |
| Interest   | 89,768             | 163,873            | 183%                   | 250,000                | 191,574           |
| <b>Total revenues</b>  | <b>1,580,277</b>   | <b>1,654,382</b>   | <b>105%</b>            | <b>1,740,509</b>       | <b>1,652,858</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                    |                        |                        |                   |
| Target Center Operations   | (1,949,985)        | (171,791)          | 9%                     | (1,949,985)            | (1,884,522)       |
| Target Center Capital  | (9,244,083)        | (746,969)          | 8%                     | (8,244,083)            | (1,316,786)       |
| Transfer to Downtown Assets  | (2,757,000)        | (2,757,000)        | 100%                   | (2,757,000)            | -                 |
| Transfer From Municipal Parking Enterprise Fund  | 4,383,188          | 2,191,500          | 50%                    | 4,383,188              | 4,158,435         |
| <b>Total other financing sources (uses)</b>  | <b>(9,567,880)</b> | <b>(1,484,261)</b> | <b>16%</b>             | <b>(8,567,880)</b>     | <b>957,126</b>    |
| Excess of revenues and other financing sources over<br>(under) expenditures and other financing uses | (7,987,603)        | 170,121            |                        | (6,827,371)            | 2,609,984         |
| <b>Fund Balance - January 1</b>  | <b>10,536,647</b>  | <b>10,536,647</b>  |                        | <b>10,536,647</b>      | <b>8,663,978</b>  |
| <b>Ending Fund Balance</b>   | <b>2,549,045</b>   | <b>10,706,769</b>  |                        | <b>3,709,276</b>       | <b>10,536,647</b> |
| <b>Ending Cash Balance</b>   |                    | <b>10,690,907</b>  |                        | <b>5,327,965</b>       | <b>12,155,336</b> |

**Downtown Assets Special Revenue  
Including the Downtown Assets, Peavey Plaza, and Commons Funds  
For the Second Quarter Ending June 30, 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 collection of funds holds the operating and capital 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 funds. Receipts to the fund are largely made up of local taxes, but may also include contributions from private donations or State funding to support capital improvements. The Convention Center department is responsible for management of operations within the fund. Revenues and expenditures for the Convention Center and Target Center are discussed the those funds' respective quarterly reports.

**Revenue**

Downtown Assets Fund revenues are budgeted at approximately \$88.8 million in 2019. The overwhelming majority of revenues come from local taxes (including sales, liquor, lodging, restaurant and entertainment). Minneapolis local taxes are expected to finish at \$88.2 million which is nearly \$239,000 under budget based on early 2019 tax collection trends. This is \$1.6 million under 2018 when the City hosted Super Bowl LII. Legislation was recently passed which increases the City's logging tax from 2.125% to 3.0%, going into effect October 1<sup>st</sup>, 2019. Interest earnings are projected to be nearly \$303,000 which is \$111,000 under budget based on interest earnings on cash investments and cash inflows and outflows through 2019.

**Expenditures**

Capital expenditures within the fund include a \$4.0 million rollover from 2018 for unspent funding to complete the renovation of Peavey Plaza. Also included are operating budgets for the Downtown Assets, Peavey Plaza, and the Commons. The \$350,000 Downtown Assets Fund operating budget is expected to go \$289,000 over budget as the result of NCAA Final Four expenses, and the Peavey Plaza operating budget of \$574,000 is projected to finish near budget. Peavey Plaza's budget includes operating expenses related to the renovation and maintenance of Peavey Plaza, in addition to \$17,000 for special assessments. The \$814,000 Commons operating budget is also projected to finish close to budget and includes \$750,000 related to the maintenance of the Downtown Commons, in addition to \$64,000 to cover payments for special assessments.

**Transfers**

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

**Fund/Cash Balances**

At the end of 2018, the Downtown Assets Funds had a fund balance of nearly \$26 million, and a cash balance of nearly \$16.2 million. The 2019 Downtown Assets Funds, fund and cash balances are projected to finish at \$14.5 million and \$4.7 million respectively. The \$11.5 million reduction is the result of projected expenses being \$11.5 million over projected revenue.

**DOWNTOWN ASSETS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the second quarter ending June 30, 2019**

|   | 2019                |                     |                        |                        |                     |
|---|---------------------|---------------------|------------------------|------------------------|---------------------|
|   | Budget              | Actual              | Percent<br>of<br>Total | Year End<br>Projection | 2018<br>Actual      |
| <b>REVENUES:</b>  |                     |                     |                        |                        |                     |
| Local Taxes   | 88,399,682          | 31,439,794          | 36%                    | 88,160,803             | 89,794,208          |
| Interest Revenue  | 414,066             | 209,869             | 51%                    | 302,671                | 86,197              |
| <b>Total Revenues</b>   | <b>88,813,748</b>   | <b>31,649,663</b>   | <b>36%</b>             | <b>88,463,474</b>      | <b>89,880,405</b>   |
| <b>EXPENDITURES</b>   |                     |                     |                        |                        |                     |
| Downtown Assets Operating   | 350,000             | 639,262             | 183%                   | 639,262                | -                   |
| Peavey Plaza Operating  | 573,769             | 22,793              | 4%                     | 573,796                | 174,133             |
| Peavey Plaza Capital  | 3,992,235           | -                   | -                      | 3,992,235              | 7,765               |
| Commons Operating   | 814,098             | 439,098             | -                      | 814,098                | 839,199             |
| <b>Total Expenditures</b>   | <b>5,730,102</b>    | <b>1,101,153</b>    | <b>19%</b>             | <b>6,019,391</b>       | <b>1,021,096</b>    |
| Excess of Revenues Over (Under) Expenditures  | 83,083,646          | 30,548,509          | 37%                    | 82,444,083             | 88,859,309          |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                        |                        |                     |
| Transfer From Other Special Revenue Fund  | 2,757,000           | 2,757,000           | 100%                   | 2,757,000              | -                   |
| 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)        | (15,730,998)        | 50%                    | (31,462,000)           | (30,850,000)        |
| Transfer to Downtown Assets 01700   | -                   | -                   | -                      | -                      | (5,150,000)         |
| Transfer to Convention Center   | (59,520,000)        | (29,760,000)        | 50%                    | (59,520,000)           | (26,811,000)        |
| Transfer to Other Special Revenue Funds   | (5,696,585)         | (1,335,793)         | 23%                    | (5,696,585)            | -                   |
| Transfer to Other Debt Service Funds  | -                   | -                   | -                      | -                      | (5,661,000)         |
| <b>Total other financing sources (uses)</b>   | <b>(93,921,585)</b> | <b>(44,069,791)</b> | <b>47%</b>             | <b>(93,921,585)</b>    | <b>(62,902,000)</b> |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | (10,837,939)        | (13,521,281)        | 125%                   | (11,477,502)           | 25,957,309          |
| <b>Fund Balance - January 1</b>   | <b>25,957,309</b>   | <b>25,957,309</b>   |                        | <b>25,957,309</b>      | <b>-</b>            |
| <b>Ending Fund Balance</b>  | <b>15,119,370</b>   | <b>12,436,028</b>   |                        | <b>14,479,807</b>      | <b>25,957,309</b>   |
| <b>Ending Cash Balance</b>  |                     | <b>12,436,028</b>   |                        | <b>4,683,527</b>       | <b>16,161,029</b>   |

**City of Minneapolis**  
**Police Special Revenue Fund**  
**For the Second Quarter Ending June 30, 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 and Workforce Director systems are proprietary software systems that are owned and managed by the City of Minneapolis and recovers 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 2018 is \$2.4 million compared to 2017 fund balance of \$2.6 million. The decrease in fund balance was primarily due to refund of accumulated charitable gambling fund balance of \$224,000 to charitable gambling organizations as required by the state

**Revenues**

Revenues for the Police Special Revenue Fund decreased from \$2.9 million in 2017 to \$2.7 million in 2018. Decrease was primarily due to decrease in forfeiture revenue from \$493,000 in 2017 to \$281,000 in 2018. Forfeiture revenue is erratic and receipt of proceeds is contingent on settlement of cases which could take years to settle.

The total revenue budgeted for 2019 remained flat compared to 2018 at \$2.6 million. Through the second quarter of 2019, revenue received of \$1.2 million is consistent with the \$1.2 million received through the second quarter of 2018. The projected 2019 year-end revenue is in-line with the budgeted revenue of \$2.6 million.

**Expenditures**

Overall expenditures for the Police Special Revenue Fund remained flat at \$2.8 Million in 2018 compared to 2017. However, contractual services increased by \$355,000 from 2017 to 2018 primarily due to refund of accumulated charitable gambling fund balance of \$224,000 to charitable gambling organizations as required by the state of Minnesota. The increase was offset by decrease of \$261,000 in personnel services and \$58,000 in fringe expenses primarily due to conversion of non-emergency service perimeter contract at US Bank Stadium (Vikings) to Officer off-duty work.

Through the second quarter of 2019, \$1.0 million has been expended compared to \$1.4 million through the second quarter of 2018. The decrease in spending is predominately due to overtime cost associated

with Super Bowl which was held in Minneapolis in 2018. The projected 2019 year-end expenditures are expected to be in-line with the budgeted expenditures of \$2.6 million.

### **Cash and Fund Balance**

The accumulated fund balance for year ending 2018 is \$2.4 million compared to 2017 fund balance of \$2.6 million. The decrease was predominately due to refunding of accumulated charitable gambling fund balance of \$224,000 to charitable gambling organizations as required by the state.

The cash balance for year end 2018 remained flat at \$2.2 million compared to 2017. However, Accounts Receivable balance decreased from \$600,000 in 2017 to \$400,000 in 2018 and the decrease was offset by net excess expenditures over revenue of \$138,000. Remaining differences is due to rounding.

The cash balance as June 30<sup>th</sup>, 2019 is \$2.6 million compared to cash balance of \$2.2 as of June 30<sup>th</sup>, 2018. The increase is predominately due to decrease of accounts receivable balance form \$400,000 as of June 30<sup>th</sup>, 2018 to \$144,000 as of June 30<sup>th</sup>, 2019. The remaining differences is due to excess revenue over expenditures in 2019 of \$200,000 which is offset by shortage of revenue over expenditures in 2018 of \$138,000. Remaining differences is due to rounding.



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

|   | Budget Current<br>Year<br>2019 | Projected<br>Year Ending<br>2019 | For Period<br>Ending<br>6/30/2019 | For Year<br>Ending<br>2018 | For Period<br>Ending<br>6/30/2018 | For Year<br>Ending<br>2017 | For Period<br>Ending<br>6/30/2017 |
|---|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
| <b>Revenue</b>  |                                |                                  |                                   |                            |                                   |                            |                                   |
| Charges for Services and Sales                          | 2,032,743                      | 1,819,743                        | 638,114                           | 2,175,449                  | 960,515                           | 2,226,795                  | 815,628                           |
| Fines and Forfeits                                      | 338,000                        | 551,000                          | 465,907                           | 281,224                    | 189,586                           | 492,508                    | 407,941                           |
| Miscellaneous   | -                              | -                                | -                                 | -                          | -                                 | 2,636                      | -                                 |
| Taxes   | 231,000                        | 231,000                          | 106,513                           | 255,846                    | 94,641                            | 223,746                    | 86,659                            |
| Total Revenue   | 2,601,743                      | 2,601,743                        | 1,210,534                         | 2,712,519                  | 1,244,742                         | 2,945,685                  | 1,310,227                         |
| <b>Expenditures</b>                                     |                                |                                  |                                   |                            |                                   |                            |                                   |
| Contractual Services                                    | 487,267                        | 499,180                          | 401,797                           | 1,008,648                  | 543,235                           | 654,036                    | 227,789                           |
| Fringes   | 341,940                        | 341,940                          | 116,903                           | 309,487                    | 149,548                           | 365,230                    | 124,291                           |
| Materials / Other                                       | 286,726                        | 274,813                          | 111,094                           | 250,984                    | 129,681                           | 254,646                    | 116,472                           |
| Personal Services                                       | 1,471,810                      | 1,471,810                        | 386,443                           | 1,241,315                  | 613,774                           | 1,502,765                  | 524,014                           |
| Capital Outlay  | 14,000                         | 14,000                           | -                                 | 40,246                     | -                                 | 21,748                     | -                                 |
| Total Expenditures                                      | 2,601,743                      | 2,601,743                        | 1,016,237                         | 2,850,681                  | 1,436,237                         | 2,798,425                  | 992,566                           |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | -                              | -                                | 194,297                           | (138,162)                  | (191,495)                         | 147,260                    | 317,661                           |
| <b>Significant Balance Sheet Items:</b>                 |                                |                                  |                                   |                            |                                   |                            |                                   |
| Cash Balance  | 2,223,773                      | 2,223,773                        | 2,635,074                         | 2,237,746                  | 2,135,272                         | 2,223,773                  | 2,630,576                         |
| Fund Balance  | 2,586,111                      | 2,586,111                        | 2,642,246                         | 2,447,949                  | 2,394,616                         | 2,586,111                  | 2,756,512                         |

**City of Minneapolis  
NCR Special Revenue Fund  
For the Second Quarter Ended June 30, 2019**

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**Neighborhood and Community Relations Special Revenue Fund**

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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**

\$3.4 million will be transferred from the Consolidated Redevelopment Tax Increment Financing District Fund to the NCR Special Revenue Fund for the first half of FY 2018, and \$3.4 million more is projected for the second half of FY 2018.

**Expenditures**

The expenditures from this fund through the first half of FY 2018 is \$3.4 million for the community engagement and neighborhood based activities and total projected expenditures are expected to be \$6.9 million in FY 2019.

**Fund Balance**

The Fund balance projection for 2019 year-end is \$3.3 million based on the current activities.

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

|   | Budget Current<br>Year<br>2019 | Projected<br>Year Ending<br>2019 | For Period<br>Ending<br>6/30/2019 | For Year<br>Ending<br>2018 | For Period<br>Ending<br>6/30/2018 | For Year<br>Ending<br>2017 |
|---|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| <b>Revenue</b>  |                                |                                  |                                   |                            |                                   |                            |
| Special Assessments   |                                |                                  |                                   |                            |                                   |                            |
| Loan Recapture  |                                | -                                | -                                 | 1,662                      | 1,662                             | -                          |
| Other   |                                |                                  |                                   |                            |                                   |                            |
| Total Revenue   | -                              | -                                | -                                 | 1,662                      | 1,662                             | -                          |
| <b>Expenditures</b>   |                                |                                  |                                   |                            |                                   |                            |
| Neighborhood Community Relations  | 6,882,605                      | 6,858,466                        | 3,429,233                         | 6,708,537                  | 3,159,937                         | 6,897,239                  |
| Total Expenditures  | 6,882,605                      | 6,858,466                        | 3,429,233                         | 6,708,537                  | 3,159,937                         | 6,897,239                  |
| <b>Excess of Revenues Over (Under) Expenditures</b>   | (6,882,605)                    | (6,858,466)                      | (3,429,233)                       | (6,706,875)                | (3,158,275)                       | (6,897,239)                |
| <b>Other Financing Sources (Uses)</b>   |                                |                                  |                                   |                            |                                   |                            |
| Net transfers in from other funds   | 6,882,605                      | 6,882,605                        | 3,441,303                         | 6,682,141                  | -                                 | 6,487,516                  |
| Net transfers out to other funds  |                                |                                  |                                   |                            |                                   |                            |
| Total Other Financing Sources (Uses)  | 6,882,605                      | 6,882,605                        | 3,441,303                         | 6,682,141                  | -                                 | 6,487,516                  |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources<br/>Over (Under) Expenditures and Other Financing Uses</b> | -                              | 24,139                           | 12,070                            | (24,734)                   | (3,158,275)                       | (409,723)                  |
| <b>Significant Balance Sheet Items:</b>   |                                |                                  |                                   |                            |                                   |                            |
| Cash Balance  |                                | 3,568,924                        | 3,366,423                         | 3,544,785                  | 205,598                           | 3,507,408                  |
| Fund Balance  |                                | 3,305,361                        | 3,293,291                         | 3,281,222                  | 147,681                           | 3,305,956                  |

**City of Minneapolis**  
**Regulatory Services Special Revenue Fund**  
**For the Second Quarter Ending June 30, 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). However, for 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**

The majority of 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; \$2.3 million of this is from special assessments. Through the second quarter of 2019 \$374,000 in revenue had been received compared to \$418,000 in June of 2018, a small decrease from the previous year. A change to a billing cycle for Vacant Building Registrations in 2018 had a one-time negative impact on that revenue source. The 2019 year-end revenue projection is \$2.4 million, or approximately \$190,000 under budget.

**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 second quarter of 2019, \$1.8 million had been expended as compared to \$1.9 million in 2018. The projected 2019 year-end expenditures are \$3.8 million, which is \$540,000 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 is budgeted to decrease by \$964,000. Cash balance and fund balance are both projected to decrease by \$651,000 in 2019, resulting in ending balances of \$1.3 million and 1.4 million respectively.

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

|  | Budget Current<br>Year<br>2019 | Projected<br>Year Ending<br>2019 | For Period<br>Ending<br>6/30/2019 | For Year<br>Ending<br>2018 | For Period<br>Ending<br>6/30/2018 | For Year<br>Ending<br>2017 | For Period<br>Ending<br>6/30/2017 |
|--|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
| <b>Revenue</b>   |                                |                                  |                                   |                            |                                   |                            |                                   |
| Permits and Charges for Services   | 279,174                        | 90,000                           | 45,500                            | 282,486                    | 113,708                           | 116,935                    | 44,993                            |
| Special Assessments  | 2,348,000                      | 2,348,000                        | 301,720                           | 2,046,964                  | 276,563                           | 2,848,293                  | 299,135                           |
| Other  |                                |                                  | 26,562                            | 48,188                     | 27,661                            | 106,151                    | 101,150                           |
| Total Revenue  | 2,627,174                      | 2,438,000                        | 373,782                           | 2,377,638                  | 417,932                           | 3,071,379                  | 445,278                           |
| <b>Expenditures</b>  |                                |                                  |                                   |                            |                                   |                            |                                   |
| Regulatory Services  | 4,391,052                      | 3,849,000                        | 1,764,310                         | 3,835,768                  | 1,849,692                         | 3,904,228                  | 1,982,783                         |
| Community & Economic Development   | -                              | -                                | -                                 | 108,044                    | 123,492                           | 238,641                    | 173,852                           |
| Total Expenditures   | 4,391,052                      | 3,849,000                        | 1,764,310                         | 3,943,812                  | 1,973,184                         | 4,142,869                  | 2,156,635                         |
| <b>Excess of Revenues Over (Under) Expenditures</b>  | (1,763,878)                    | (1,411,000)                      | (1,390,528)                       | (1,566,174)                | (1,555,252)                       | (1,071,490)                | (1,711,357)                       |
| <b>Other Financing Sources (Uses)</b>  |                                |                                  |                                   |                            |                                   |                            |                                   |
| Net transfers in from other funds  | 800,000                        | 800,000                          | 400,000                           | -                          | -                                 | -                          | -                                 |
| Net transfers out to other funds   |                                |                                  |                                   |                            |                                   |                            |                                   |
| Total Other Financing Sources (Uses)   | 800,000                        | 800,000                          | 400,000                           | -                          | -                                 | -                          | -                                 |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources<br/>Over (Under) Expenditures and Other Financing</b> | (963,878)                      | (611,000)                        | (990,528)                         | (1,566,174)                | (1,555,252)                       | (1,071,490)                | (1,711,357)                       |
| <b>Significant Balance Sheet Items:</b>  |                                |                                  |                                   |                            |                                   |                            |                                   |
| Cash Balance   | 1,079,712                      | 1,432,590                        | 1,053,062                         | 2,043,590                  | 1,976,409                         | 3,531,661                  | 2,975,294                         |
| Fund Balance   | 1,004,851                      | 1,357,729                        | 978,201                           | 1,968,729                  | 1,979,651                         | 3,534,903                  | 2,895,036                         |

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**For the Second Quarter Ending June 30, 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 June 30, 2019, expenditures were \$3,791,200 compared to the 2018 expenditures of \$5,737,204. Health Department grants account for approximately 50% and 72% of the total expenditures in this fund in 2018 and 2019, respectively. Health Department spending declined \$836,490 between 2019 and 2018. The decline is associated with a decline in spending from CDC grants, Lead Hazard Control, and Youth Violence prevention grants from the prior year. Community Planning and Economic Development (CPED) experienced the most significant decline of \$1,472,268 while there was also slight decline in Public Works Transportation which was anticipated due to a grant ending. CPED's decline in part is due to a rearrangement of grant expenditures between funds 01300 and 01400.

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 above \$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 June 30 were \$7,518,116 compared to \$7,532,476 for 2018.

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 June 30, 2019 are \$9,678,661 compared to the 2018 expenditures of \$6,919,551. The increase in 2019 expenditures is \$2,759,110 and is primarily related to an increase in spending in CPED spending of \$2,014,572 related to affordable housing development costs and in Health Department spending of \$715,848.

The revenue in the fund as of June 30, 2019 and 2018 is \$13,831,605 and \$10,815,904, respectively. As most grants in fund 01600 are on a cost reimbursement basis, when there is an increase in expenditures there is a related increase in grant revenues. The increase in revenue is \$3,015,701 which is higher than the change in expenditures and primarily relates to unearned revenue from grants with advance payments.

**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**  
**Quarter Ending June 30, 2019**

|   | <b>Federal<br/>Grants<br/>01300</b> | <b>HUD<br/>Grants<br/>01400 &amp; 01500</b> | <b>Grants<br/>Other<br/>01600</b> | <b>Total</b>         |
|---|-------------------------------------|---|-----------------------------------|----------------------|
| <b>Assets</b>                             |                                     |   |                                   |                      |
| Cash and Cash Equivalents                 | \$ (392,666)                        | \$ (1,755,954)                              | \$ 7,249,797                      | \$ 5,101,177         |
| Accounts - net                            | 14,238                              | 11,515                                      | 200                               | 25,953               |
| Special Assessments Receivable            |                                     |   |                                   | -                    |
| Intergovernmental Receivables             | 73,322                              |   |                                   | 73,322               |
| Loans Receivable                          |                                     |   |                                   | -                    |
| Prepaid Items                             |                                     |   |                                   | -                    |
| Due from Other Funds                      |                                     |   |                                   | -                    |
| Deposits with Fiscal Agents               |                                     |   |                                   | -                    |
| Properties Held for Resale                | 872,600                             | 6,213,060                                   | 1,199,750                         | 8,285,410            |
| <b>Total Assets</b>                       | <b>\$ 567,494</b>                   | <b>\$ 4,468,621</b>                         | <b>\$ 8,449,747</b>               | <b>\$ 13,485,862</b> |
| <b>Liabilities</b>                        |                                     |   |                                   |                      |
| Salaries Payable                          | \$ 51,631                           | \$ 52,059                                   | \$ 130,154                        | \$ 233,844           |
| Accounts Payable                          | 165,659                             | 158,582                                     | 238,237                           | 562,478              |
| Inter Governmental Payables               |                                     |   |                                   | -                    |
| Due to Other Funds                        |                                     |   |                                   | -                    |
| Use Taxes Payable                         | 11                                  |   | (148)                             | (137)                |
| Unclaimed Property                        |                                     |   |                                   | -                    |
| Deposits Held for Others                  |                                     |   | 10,000                            | 10,000               |
| Deferred Revenue and Contracts            | 354,150                             |   | 76,076                            | 430,226              |
| Deferred Special Assessments              |                                     |   |                                   | -                    |
| <b>Total Liabilities</b>                  | <b>\$ 571,451</b>                   | <b>\$ 210,641</b>                           | <b>\$ 454,319</b>                 | <b>\$ 1,236,411</b>  |
| <b>Fund Balance</b>                       | <b>\$ (3,957)</b>                   | <b>\$ 4,257,980</b>                         | <b>\$ 7,993,428</b>               | <b>\$ 12,247,451</b> |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 567,494</b>                   | <b>\$ 4,468,621</b>                         | <b>\$ 8,447,747</b>               | <b>\$ 13,483,862</b> |
| <b>Revenue</b>                            |                                     |   |                                   |                      |
| Taxes-Charitable Gambling                 |                                     |   | \$ 154,214                        | \$ 154,214           |
| Grants and Shared Revenues                | \$ 2,422,038                        | \$ 618,053                                  | 8,816,475                         | 11,856,566           |
| Loan Origination Fees                     |                                     |   |                                   | -                    |
| Special Assessments                       |                                     |   |                                   | -                    |
| Private Grants and Contributions          |                                     |   | 3,544,599                         | 3,544,599            |
| Charges for Services                      |                                     |   | 709,397                           | 709,397              |
| Licenses & Permits                        |                                     |   |                                   | -                    |
| Fines and forfeits                        |                                     |   |                                   | -                    |
| Interest                                  |                                     | 137,921                                     |                                   | 137,921              |
| Rent & Commissions                        |                                     | 25,348                                      |                                   | 25,348               |
| Sale of Lands & Buildings                 | (1,910)                             | 649,587                                     |                                   | 647,677              |
| Loan Recapture                            | 244,515                             | 644,676                                     |                                   | 889,191              |
| Sale of Equipment                         |                                     |   |                                   | -                    |
| Refund of Prior Years Expended            |                                     |   |                                   | -                    |
| Miscellaneous Revenue                     |                                     | -   | 605,420                           | 605,420              |
| Transfer within Special Revenue Fund      |                                     | 3,487,453                                   | 1,500                             | 3,488,953            |
| <b>Total Revenue</b>                      | <b>\$ 2,664,643</b>                 | <b>\$ 5,563,038</b>                         | <b>\$ 13,831,605</b>              | <b>\$ 22,059,286</b> |
| <b>Expenditures</b>                       | <b>\$ 3,791,200</b>                 | <b>\$ 7,518,116</b>                         | <b>\$ 9,678,661</b>               | <b>\$ 20,987,977</b> |
| <b>Revenues Over (Under) Expenditures</b> | <b>\$ (1,126,557)</b>               | <b>\$ (1,955,078)</b>                       | <b>\$ 4,152,944</b>               | <b>\$ 1,071,309</b>  |



**City of Minneapolis**  
**Community Planning & Economic Development (CPED)**  
**Special Revenue Funds**  
**For the Second Quarter Ending June 30, 2019**

| Programs                       | Current Budget        | Expended to Date     | Remaining Budget      | Cash                  | Fund Balance          |
|--------------------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Tax Increment Financing        | \$ 89,146,632         | \$ 34,223,874        | \$ 54,922,758         | \$ 96,322,085         | \$ 121,394,707        |
| Housing & Economic Development | 23,693,149            | 1,405,978            | 22,287,171            | 14,916,918            | 20,847,689            |
| General Development            | 33,794,698            | 7,712,480            | 26,082,218            | 41,569,244            | 47,769,449            |
| Neighborhood Development       | 4,150,000             | 2,362,321            | 1,787,679             | 31,565,128            | 31,774,102            |
| CPED Operating                 | 1,447,666             | 902,568              | 545,098               | 3,074,697             | 2,176,128             |
| <b>Total</b>                   | <b>\$ 152,232,145</b> | <b>\$ 46,607,221</b> | <b>\$ 105,624,924</b> | <b>\$ 187,448,072</b> | <b>\$ 223,962,075</b> |

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

**Fund Balance.** The combined fund balance of the CPED Special Revenue Funds at the end of the second quarter 2019 was \$224.0 million. Fund balances are considered either “restricted” or “assigned”. The combined fund balance of the NRP and TIF programs was \$153.2 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 \$70.8 million.

**Cash Balance.** The combined cash balance of the CPED Special Revenue Funds at the end of the second quarter 2019 was \$187.4 million. This was \$3.1 million higher than at the end of the second quarter 2018. The combined cash balance in the TIF and NRP programs at the end of the second quarter 2019 was \$127.9 million (68% 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 second quarter 2019 was \$96.3 million, which was \$8.2 million less than cash at the end of second quarter 2018. Second quarter 2019 revenues came in at \$2.1 million, which was \$0.1 million higher than in 2018. Second quarter 2019 expenditures were \$4.7 million, which was \$1.9 million

higher than in 2018. In the second quarter of 2019 expenditures exceeded revenues by \$2.6 million, net transfers out were \$29.1 million, and fund balance decreased by \$31.7 million from \$153.1 million to \$121.4 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 second quarter 2019 was \$14.9 million, which was \$4.3 million higher than cash at the end of second quarter 2018. Second quarter 2019 revenues were \$0.5 million, which was approximately the same as in 2018. Second quarter 2019 expenditures were \$1.3 million, which was \$0.1 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 second quarter 2019 was \$41.6 million, which was \$5.3 million higher than cash at the end of second quarter 2018. Second quarter 2019 revenues were \$11.9 million, which was \$7.4 million higher than in 2018. Second quarter 2019 expenditures were \$2.7 million, which was \$0.2 million lower 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 second quarter 2019 was \$31.6 million, which was \$0.3 million higher than the cash in second quarter 2018. Second quarter 2019 revenues were \$0.9 million, which was \$1.9 million lower than in 2018. Second quarter 2019 expenditures were \$1.9 million, which was \$0.3 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 the second quarter 2019, this program had a fund balance of \$2.2 million and a cash balance of \$3.1 million. Expenditures during this period exceeded revenues by \$0.6 million, and there were no transfers from/to other funds.

**CPED Special Revenue Fund Component Programs**  
**Financial Statement Summaries**  
**2nd Quarter 2019**

| CPED Special Revenue Fund         | TIF                 | Housing & Econ<br>Development | General<br>Development | NRP               | CPED<br>Operating | Spec Rev Fund Comparison |                    |
|-----------------------------------|---------------------|-------------------------------|------------------------|-------------------|-------------------|--------------------------|--------------------|
|                                   |                     |                               |                        |                   |                   | Q2 2019 Total            | Q2 2018 Total      |
| <b>Assets</b>                     |                     |                               |                        |                   |                   |                          |                    |
| Cash                              | 96,322,085          | 14,916,918                    | 41,569,244             | 31,565,128        | 3,074,697         | 187,448,072              | 184,337,188        |
| Misc receivables                  | 68,744              | -                             | 25,668                 | 12,772            | 7,090             | 114,274                  | 812,194            |
| Loans receivable                  | -                   | 6,227,182                     | -                      | -                 | -                 | 6,227,182                | 6,227,182          |
| Advances to other funds           | 522,782             | -                             | 2,750,000              | -                 | -                 | 3,272,782                | 3,344,271          |
| Properties held for resale        | 25,083,932          | 5,932,281                     | 3,486,770              | 251,202           | -                 | 34,754,185               | 33,618,399         |
| <b>Total Assets</b>               | <b>121,997,543</b>  | <b>27,076,381</b>             | <b>47,831,682</b>      | <b>31,829,102</b> | <b>3,081,787</b>  | <b>231,816,496</b>       | <b>228,339,234</b> |
| <b>Liabilities</b>                |                     |                               |                        |                   |                   |                          |                    |
| Payables                          | 36,522              | 1,053                         | 62,233                 | 55,000            | 142               | 154,951                  | 76,139             |
| Advances from other funds         | 522,782             | -                             | -                      | -                 | -                 | 522,782                  | 594,271            |
| Deposits held for others          | -                   | 457                           | -                      | -                 | 943,114           | 943,571                  | 819,734            |
| Deferred inflow of resources      | 43,531              | 6,227,182                     | -                      | -                 | (37,597)          | 6,233,116                | 6,573,708          |
| <b>Total Liabilities</b>          | <b>602,835</b>      | <b>6,228,692</b>              | <b>62,233</b>          | <b>55,000</b>     | <b>905,659</b>    | <b>7,854,420</b>         | <b>8,063,852</b>   |
| <b>Total Fund Balance</b>         | <b>121,394,707</b>  | <b>20,847,689</b>             | <b>47,769,449</b>      | <b>31,774,102</b> | <b>2,176,128</b>  | <b>223,962,075</b>       | <b>220,275,382</b> |
| <b>Total Liabilities &amp; FB</b> | <b>121,997,543</b>  | <b>27,076,381</b>             | <b>47,831,682</b>      | <b>31,829,102</b> | <b>3,081,787</b>  | <b>231,816,496</b>       | <b>228,339,234</b> |
| <b>Revenue</b>                    |                     |                               |                        |                   |                   |                          |                    |
| Property tax increment            | -                   | -                             | -                      | -                 | -                 | -                        | -                  |
| Fees & charges for services       | 2,876               | 203,272                       | 202,952                | -                 | 198,961           | 608,061                  | 713,283            |
| Interest revenue                  | 1,668,623           | 152,677                       | 646,328                | 482,646           | 60,338            | 3,010,612                | 1,193,056          |
| Rent                              | 78,959              | 35,556                        | 9,900                  | -                 | -                 | 124,415                  | 1,553,293          |
| Sale of land & buildings          | 70,627              | 97,384                        | 10,130,969             | -                 | -                 | 10,298,980               | 3,454,975          |
| Loan recapture                    | 284,793             | 59,897                        | 868,874                | 369,202           | -                 | 1,582,766                | 3,203,360          |
| <b>Total revenue</b>              | <b>2,105,878</b>    | <b>548,786</b>                | <b>11,859,023</b>      | <b>851,848</b>    | <b>259,299</b>    | <b>15,624,834</b>        | <b>10,117,967</b>  |
| <b>Expenditures</b>               |                     |                               |                        |                   |                   |                          |                    |
| Personal services                 | 396,709             | -                             | 460,703                | -                 | 1,199             | 858,611                  | 514,119            |
| Contractual services              | 569,915             | 234,846                       | 704,047                | 1,465,030         | 901,369           | 3,875,206                | 2,710,234          |
| Other operating costs             | 11,639              | 1,310                         | 351,284                | -                 | -                 | 364,234                  | 260,837            |
| Program capital outlay            | 3,765,843           | 1,019,822                     | 1,196,449              | 419,786           | -                 | 6,401,901                | 5,796,908          |
| <b>Total expenditures</b>         | <b>4,744,106</b>    | <b>1,255,978</b>              | <b>2,712,483</b>       | <b>1,884,816</b>  | <b>902,568</b>    | <b>11,499,952</b>        | <b>9,282,098</b>   |
| <b>Transfers</b>                  |                     |                               |                        |                   |                   |                          |                    |
| Transfers from other funds        | 369,972             | 8,235,500                     | -                      | 690,524           | -                 | 9,295,995                | 21,498,376         |
| Transfers to other funds(-)       | (29,479,767)        | (150,000)                     | (4,999,998)            | (477,506)         | -                 | (35,107,271)             | (16,417,381)       |
| <b>Total transfers</b>            | <b>(29,109,795)</b> | <b>8,085,500</b>              | <b>(4,999,998)</b>     | <b>213,018</b>    | <b>-</b>          | <b>(25,811,276)</b>      | <b>5,080,995</b>   |
| <b>Change in fund balance</b>     | <b>(31,748,024)</b> | <b>7,378,308</b>              | <b>4,146,542</b>       | <b>(819,950)</b>  | <b>(643,270)</b>  | <b>(21,686,394)</b>      | <b>5,916,864</b>   |
| Beginning fund balance            | 153,142,731         | 13,469,381                    | 43,622,907             | 32,594,052        | 2,819,398         | 245,648,469              | 214,358,518        |
| <b>Ending fund balance</b>        | <b>121,394,707</b>  | <b>20,847,689</b>             | <b>47,769,449</b>      | <b>31,774,102</b> | <b>2,176,128</b>  | <b>223,962,075</b>       | <b>220,275,382</b> |

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Second Quarter Ending June 30, 2019**

| Fund 06000                    | 2019 Budget | 06/30/2019<br>Actual | Projected YE<br>2019 | 2018 Actual |
|-------------------------------|-------------|----------------------|----------------------|-------------|
| <b>Operating Revenue</b>      | 8,496,328   | 2,681,132            | 8,496,328            | 6,297,477   |
| <b>Operating Expense</b>      | 8,486,528   | 2,302,446            | 8,486,328            | 6,399,090   |
| <b>Operating Margin</b>       | 9,800       | 378,686              | 9,800                | (101,613)   |
| <b>Change in Net Position</b> |             | 378,686              | 9,800                | (320,735)   |
| <b>Net Position</b>           |             | 798,686              | 429,800              | 108,138     |
| <b>Cash Balance</b>           |             | 1,930,086            | 1,649,965            | 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 second quarter 2019 is \$2,681,132, or 31.6% of the budgeted amount of \$8,496,328. The 2019 second quarter revenue represents a decrease of 6% over the second quarter 2018 revenue of \$2,838,362. Revenue (and expenses) for the first half of 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 second quarter from year to year.

**Expense:**

Operating expense through second quarter 2019 is \$2,302,446, or 27% of the budgeted amount of \$8,486,528. The 2019 expense reflects a decrease of 11% over the 2018 expense of \$2,544,562 incurred through the same period. As noted above, expenses for the first half of the year are dependent upon several factors such as weather as well as 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.

**Forecast:**

The 2019 Operating revenue is projected to be the budgeted amount of \$8,496,328. Operating expense is projected to be the budgeted amount of \$8,486,528. These projections result in an increase of \$9,800 from the 2018 ending net position of \$420,000. The 2019 year-end cash balance is projected to be \$1,649,965, which is higher than the 2018 ending balance of \$1,640,165 due to revenues exceeding expenses.

**Cash and Net Position:**

The 2019 second quarter cash balance is \$1,930,086, an increase of \$289,921 from the 2018 year-end balance of \$1,640,165. The increase in cash through second 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. At June 30, 2019, the fund had an accrual of \$551,221 for June invoices for asphalt and concrete that was paid in July. Had these invoices been paid in June, the cash balance would be reduced to \$1,378,865. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15% of the operating budget or \$1,272,979.

The 2018 year-end net position was \$420,000 which represents an increase of \$311,862 from the 2017 ending balance of \$108,138. The primary reason for this increase was due to the 2018 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% of the annual operating budget or \$1,105,934 for the 2018.

**City of Minneapolis**  
**Fleet Services Internal Service Fund**  
**For the Second Quarter Ending June 30, 2019**

| Fund 06100             | 2019 Budget | 06/30/2019<br>Actual | Projected<br>YE 2019 | 2018 Actual |
|------------------------|-------------|----------------------|----------------------|-------------|
| Operating Revenue      | 38,193,822  | 19,718,669           | 39,861,664           | 40,696,172  |
| Operating Expense      | 39,369,520  | 16,144,498           | 39,902,494           | 36,424,104  |
| Operating Margin       | (1,175,698) | 3,574,171            | (40,830)             | 4,272,068   |
| Change in Net Position |             | 4,587,273            | 7,599,483            | 11,612,965  |
| Net Position           |             | 90,758,073           | 93,770,283           | 86,170,800  |
| Cash Balance           |             | 29,199,921           | 25,792,761           | 26,006,698  |

**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 second quarter 2019 is \$19,718,669 or 51.6% of the budgeted amount of \$38,193,822. The revenue earned through second quarter 2019 increased by \$224,706, or 1.2%, from the revenue earned through second quarter 2018. This increase is due to increased rents which are up \$711,828 or 11.3%, primarily due to increased allocation model revenue. This increase is offset by a decrease in charges for sales which are down by \$389,989 due to a decrease in both parts and fuel sales.

**Expenses:**

Operating expense through second quarter 2019 totaled \$16,144,498 representing 41.0% of the annual budget of \$39,369,520. Expenses through the second quarter of 2019 increased \$3,002,791, or 22.8%, over the total expense through the same period in 2018. The primary reason for this increase is due to an increase of \$2,635,683 or 113.0% of capital expense related to the purchase of vehicles.

**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.

**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 be \$269,700.

**Forecast:**

Operating revenue is projected to be \$39,861,664 which is \$1,667,842 or 4.4% more than the budgeted amount of \$38,193,822. Projected revenue is more than budgeted primarily due to an increase in charges for contractual hired fleet and for rents related to owned fleet. Operating expense is projected to be \$532,974 or 1.4% more than the budgeted amount of \$39,369,520. Costs for contracted fleet, offset by revenue noted above, are a significant contributor to the projected overspending. After transfers are complete and non-operating revenue is recorded, an increase to net position of \$7,599,483 is projected compared to the budgeted increase of \$5,464,255, resulting in a projected ending net position of \$93,770,283. Ending cash is projected to be \$25,792,761, a decrease of \$213,937 from the 2018 ending cash balance of \$26,006,698. The decrease in cash is due to the timing of capital purchases, which vary from year to year based on a long-term replacement schedule which requires higher amounts of replacement in some years compared to others.

**Cash and Net Position:**

The fund has maintained a positive cash balance with a second quarter 2019 ending balance of \$29,199,921, a decrease of \$6,617,312 from the 2018 second quarter ending balance of \$35,817,233. Reserve policies for internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$5,905,428.

The net position for year ending 2018 was \$86,170,800, an increase of \$11,612,965, or 15.6% over the 2017 ending balance of \$74,557,835. 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. Net position consists of a net investment in capital assets of \$69,314,000 along with \$16,857,000 of unrestricted net position. 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 \$16,424,000.

**City of Minneapolis  
Property Services Division  
For the Second Quarter Ending June 30, 2019**

| Fund 06200                    | 2019 Budget | 06/30/2019<br>Actual | Projected YE<br>2019 | 2018 Actual |
|-------------------------------|-------------|----------------------|----------------------|-------------|
| <b>Operating Revenue</b>      | 22,772,171  | 12,064,068           | 24,336,002           | 24,089,604  |
| <b>Operating Expense</b>      | 23,153,697  | 11,494,036           | 31,134,000           | 21,809,075  |
| <b>Operating Margin</b>       | (381,526)   | 570,032              | (6,797,998)          | 2,280,530   |
| <b>Change in Net Position</b> |             | 381,789              | (7,381,920)          | 1,761,838   |
| <b>Net Position</b>           |             | 32,362,396           | 24,598,687           | 31,980,607  |
| <b>Cash Balance</b>           |             | 10,061,501           | 3,060,416            | 9,627,665   |

**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 second quarter 2019 is \$12,064,068, or 53% of the budgeted amount of \$22,772,171. The 2019 second quarter revenue increases very slightly \$3,505, or .03%, from the revenue earned through second quarter 2018. Through the second quarter of 2019, the revenue earned from charges for services at City Hall decreased \$251,136, or 26% 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 second quarter 2019 is \$11,494,036, or 50% of the total budgeted amount of \$23,153,697. The 2019 second quarter expense increased \$565,198, or 5%, from the operating expense recorded through second 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 \$317,000 for City Hall rent, and \$500,000 from CPED to support debt service on the new office building. 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 of \$500,000 for the financing of the new PSC Loan.

**Debt Service:**

There is no outstanding debt service for 2019. The debt service for 2018 related to the sale of net debt bonds to purchase the 800 MHZ radio system was closed in 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.

**Forecast:**

2019 Operating revenue is projected to be \$24,336,002 or 7% more than the budgeted amount of \$22,772,171. The operating expense is projected to be \$31,134,000 or 35% more than the budget of \$23,153,697. The projected expenses are more than budget due to the timing of capital repairs and upgrades. These projections result in a projected operating margin loss of \$6,797,998, compared to the budgeted operating margin loss of \$381,526. The projected operating loss is mostly due to the City Council approved rollover of unspent 2018 asset preservation funds to 2019 for \$6.3 million.

The 2019 ending cash balance is projected to be \$3,060,416, a decrease of \$6,567,249 from the 2018 year-end balance of \$9,627,665. The decrease in cash is due to outlay for repairs and upgrades.

**Cash and Net Position:**

The cash balance at the end of second quarter 2019 was \$10,061,501 compared to a cash balance of \$8,308,612 at the end of second quarter 2018. The cash consists of a balance of \$1,729,635 in the Property Disposition fund and a balance of \$8,331,866 in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or \$3,473,055 for the Property Services fund.

The net position for the year ending 2018 was \$31,980,607, an increase of \$2,076,866 from the net position of \$29,903,741 for year ending 2017. This increase was due to the delay of the capital improvement projects in 2018, which are planned to be completed in 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 2018 was \$853,529 and the projected net position in 2019 was \$24,598,687 greater than the benchmark.

**City of Minneapolis  
Public Works Stores  
For the Second Quarter Ending June 30, 2019**

| Fund 06300                    | 2019 Budget | 06/30/2019<br>Actual | Projected YE<br>2019 | 2018 Actual |
|-------------------------------|-------------|----------------------|----------------------|-------------|
| <b>Operating Revenue</b>      | 1,473,928   | 652,902              | 1,663,500            | 1,889,153   |
| <b>Operating Expense</b>      | 1,473,928   | 854,386              | 1,660,621            | 1,595,088   |
| <b>Operating Margin</b>       | -           | (201,484)            | 2,879                | 294,065     |
| <b>Change in Net Position</b> |             | (201,484)            | 2,879                | 463,251     |
| <b>Net Position</b>           |             | 5,378,705            | 5,583,068            | 5,580,188   |
| <b>Cash Balance</b>           |             | 2,689,590            | 3,144,486            | 3,141,607   |

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

**Revenue:**

Operating revenue through the second quarter of 2019 is \$652,902, or 44% of the budgeted amount of \$1,473,928. This is a decrease of \$142,795, or 18%, compared to revenue of \$795,697 earned through second quarter of 2018. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The decrease in revenue is due a \$25,299 decrease in Traffic Stores overhead charges and a \$117,496 decrease in Central stores overhead charges, which resulted from delay in requisition processing and issuing purchases.

**Expenses:**

Operating expense through the second quarter of 2019 is \$854,386, or 58% of the budgeted amount of \$1,473,928. The amount expended through second quarter of 2019 increased by \$101,367, or 14%, from the \$753,019 expended through the same period in 2018. The increase is due to a \$84,531 increase in personnel and a \$25,513 increase in Contractual services.

**Transfers:**

There are no transfers in or out of this fund in 2019.

**Debt Service:**

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

**Forecast:**

Operating revenue is projected to total \$1,663,500 at year-end, exceeding the budgeted revenue of \$1,473,928 by \$189,572, or 13%. This increase is mostly due to increased inventory sales. Operating expense is projected to be \$1,660,621, representing an 13% increase from the budgeted amount of \$1,473,928. The cost of inventory that is resold to City departments is excluded from the total expense of the Public Works Stores Fund. As a result, increased inventory purchases do not increase the overall expense of the fund. These year-end projections result in an increase to net position of \$2,879 compared to a budgeted increase of \$0, and a projected ending net position of \$5,583,068.

**Cash and Net Position:**

The cash balance at the end of second quarter 2019 is \$2,689,591, a decrease of \$452,016 from the 2018 year-end balance of \$3,141,607. The decrease in cash is primarily due to a 12% 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% of the annual operating budget, or \$221,089.

The fund continues to maintain a positive net position with a 2018 ending balance of \$5,580,188, an increase of \$467,223 from the 2017 ending balance of \$5,112,965. 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 \$217,578.

**City of Minneapolis  
Intergovernmental Services Fund  
For the Second Quarter Ending June 30, 2019**

| Fund 06400                    | 2019 Budget | 06/30/2019<br>Actual | Projected<br>YE 2019 | 2018 Actual |
|-------------------------------|-------------|----------------------|----------------------|-------------|
| <b>Operating Revenue</b>      | 38,399,512  | 20,083,059           | 39,888,000           | 40,970,337  |
| <b>Operating Expense</b>      | 48,270,945  | 21,191,466           | 43,721,000           | 50,592,980  |
| <b>Operating Margin</b>       | (9,871,433) | (1,108,407)          | (3,833,000)          | (9,622,643) |
| <b>Change in Net Position</b> |             | (6,886,197)          | (6,700,000)          | (5,181,575) |
| <b>Net Position</b>           |             | 34,340,008           | 38,877,000           | 41,226,205  |
| <b>Cash Balance</b>           |             | 18,019,557           | 14,591,000           | 21,983,072  |

**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 second quarter of 2019 is \$20,083,059, or 52% of the annual budgeted amount of \$38,399,512. This is a decrease of \$367,017, or 2%, compared to revenue of \$20,450,076 earned through second quarter of 2018.

**Expenses:**

Operating expenses through the second quarter are \$21,191,466 or 44% of the annual budgeted amount of \$48,270,945. The operating expense through second quarter increased \$367,191, or 2%, from the 2018 expense of \$20,824,275.

Administration expenses of \$7,642,262 through the second quarter decreased 2% over the 2018 amount of \$7,786,099 through the same period. This decrease is mostly due to the Chief Information Officer vacancy.

Collaboration Services expenses of \$851,758 through the second quarter increased 35% over the 2018 amount of \$628,568 through the same period. This increase is due to the use of contracted positions while regular full-time positions were vacant.

**Debt:**

The fund does not have any outstanding debt service obligations.

**Transfers:**

In 2019 this fund will receive 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 \$3.2 million. \$3.0 million 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.

**Forecast:**

Operating revenue is projected to be \$39,888,000 or \$1,488,488 more than the budgeted amount of \$38,399,512. Operating expenses are expected to be \$43,721,000 or \$4,549,945 less than the budgeted amount of \$48,270,945. These projections result in an expected operating margin deficit of \$3,833,000 as compared to a budgeted operating margin deficit of \$9,871,433. The budgeted operating margin deficit is mostly due to the City Council approved rollover of 2018 funds to 2019 of \$8,710,458.

The fund is projecting a decrease to net position of \$6,700,000 compared to a budgeted decrease of \$4,017,000. The projected decrease to net position is more than budgeted primarily due to the timing of the technology projects included in the 2019 budget, some of which will be completed in future years. Including an estimated \$1,617,597 in expenses which are expected to be capitalized, these transactions result in a 2019 projected year-end net position of \$34,340,008 which represents a decrease of 16.7% from the 2018 net position of \$41,226,205.

The year-end cash balance is projected to be \$14,591,000 which represents a decrease of 34% from the cash balance at year-end 2018 of \$21,983,072. The decrease is mostly due to the City Council approved rollover of 2018 funds to 2019 for \$8,710,458. The decrease in cash is also due to the use of an estimated \$210,000 in unearned revenue to fund PMO projects.

**Cash and Net Position:**

The cash balance at the end of second quarter is \$18,019,557, representing a decrease of \$3,963,515 from the 2018 year-end balance of \$21,983,072. Included in the net position at the end of the second quarter are prepayments of \$666,707 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 15.0% of the fund's total budget or \$5,665,000.

The net position at year-end 2019 is projected to be \$38,877,000, a decrease of \$2,349,205 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 million to the Capital Improvements Fund in 2019.

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 \$19,500,000. 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 Second Quarter Ending June 30, 2019**

| Fund 06900                    | 2019 Budget | 06/30/2019<br>Actual | Projected<br>YE 2019 | Actual<br>YE 2018 |
|-------------------------------|-------------|----------------------|----------------------|-------------------|
| <b>Operating Revenue</b>      | 100,622,827 | 51,169,994           | 102,339,987          | 101,414,681       |
| <b>Operating Expense</b>      | 94,229,397  | 64,361,136           | 109,058,774          | 82,624,453        |
| <b>Operating Margin</b>       | 6,393,429   | (13,191,142)         | (6,718,787)          | 18,790,228        |
| <b>Change in Net Position</b> |             | (12,852,214)         | (6,041,707)          | (12,645,690)      |
| <b>Net Position</b>           |             | (445,243)            | 6,365,264            | 12,406,971        |
| <b>Cash Balance</b>           |             | 87,237,320           | 94,047,827           | 102,937,989       |

**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 second quarter of 2019 is \$51,169,994, or 51% of the annual budgeted amount of \$100,622,827. This is an increase of \$1,694,301, or 3%, compared to \$49,475,693 earned through the second quarter of 2018. The primary reason for the increase is due to an increase of \$911,657 in Medical Insurance premiums and Dental Insurance premiums received. The increase in revenue is also related to an increase in workers' compensation premiums received of \$301,941 and \$235,512 increase in payments received from the State as refunds for medical and indemnity payments and subrogation claims. In addition, the increase is due to a revenue received in employment services of \$174,614. These revenue increases are offset by a decrease in liability premiums received of \$302,129.

**Expenses:**

Operating expenses through the second quarter of 2019 are \$64,361,136 or 68% of the annual budgeted amount of \$94,229,397. This is an increase of \$27,323,656, or 74%, compared to \$37,037,480 expended through the second quarter of 2018. The increase in operating expense is due primarily to \$20,000,000 settlement paid out in a wrongful death case. The increase is also related to \$5,806,763 in medical insurance claims and \$234,965 in amount paid out for 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.

**Forecast:**

Operating revenue is projected to be \$102,339,987 or \$1,717,160 more than the budgeted amount of \$100,622,827. The source of this increase is due to \$1,039,822 projected increase in payments received from the State as refunds for medical and indemnity payments and subrogation claims. The projected revenue increase also related to \$436,950 in employment services received, which had not previously been budgeted. In addition, a \$231,261 projected increase in the revenue received from City departments to fund the unused sick leave program. Operating expense is projected to be \$109,058,774 or \$14,829,377 more than the budgeted amount of \$94,229,397. The primary reason that operating expense is projected to be more than budgeted is \$20,000,000 settlement paid out in a wrongful death case. These projections will result in a projected operating margin loss of \$6,718,787 as compared to the budgeted operating margin gain of \$6,393,429.

The net position in 2019 is projected to decrease by \$6,041,707, compared to the budgeted increase of \$6,778,421 resulting in a projected year-end net position of \$6,365,264. The projected ending cash balance for 2019 is \$94,047,827 compared to \$102,937,989 at year-end 2018. The decrease in cash and net position in 2019 is primarily the result of a \$20,000,000 settlement paid out as describe above.

**Cash Balance and Net Position:**

The cash balance at end of second quarter is \$87,237,320, or a 15% decrease, compared to a cash balance of \$102,012,519 at end of second quarter 2018. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self-Insurance Fund should be equal to the unpaid claims liability plus 10% of the fund's operating budget, plus 35% of medical claims, or \$106,174,000. The projected unpaid claims liability at year-end 2019 is \$76,396,181, an increase of \$4,953,816 from year-end 2018 liability of \$71,442,365. The projected cash balance is \$12,126,173 below its target.

The net position at year-end 2019 is projected to be \$6,365,264, a decrease of \$6,041,707 from the 2018 year-end net position of \$12,406,971. The decrease in net position is due primarily to payments made to settle lawsuits. 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 Second Quarter Ending June 30, 2019**

| Fund 07100                    | 2019 Budget | 06/30/19<br>Actual | Projected<br>Year End<br>2019 | 2018 Actual |
|-------------------------------|-------------|--------------------|-------------------------------|-------------|
| <b>Operating Revenue</b>      | 80,934,800  | 41,858,249         | 85,434,800                    | 74,064,847  |
| <b>Operating Expense</b>      | 69,922,892  | 36,083,996         | 74,244,891                    | 69,518,923  |
| <b>Operating Margin</b>       | 11,011,908  | 5,774,253          | 11,189,909                    | 4,545,924   |
| <b>Change in Net Position</b> |             | 13,387,893         | 4,251,298                     | (8,944,908) |
| <b>Net Position</b>           |             | 135,788,370        | 126,651,776                   | 122,400,477 |
| <b>Cash Balance</b>           |             | 20,757,710         | 6,567,016                     | 4,474,385   |

**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.

**Revenue:**

Monthly utility billing for sewer services is the main source of revenue. With sewer revenue of \$41,828,249 recognized through the end of second quarter, the Sanitary Sewer Fund earned 51.7% of the 2019 revenue budget. This is an increase of \$4.8 million, or 12.9%, compared to \$37,088,439 earned in 2018. The utility service revenues accounted for \$2.6 million of the increase due to increase in rates. Design revenues increased by \$35,000 due to decrease in capital related activities. SAC fees, which fluctuate based on overall economic activities outside of City operations, increased by \$2.1 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 second quarter were \$36,083,996 compared to \$33,997,008 for 2018. This is an increase of \$2.1 million, or 6.1%, and reflects the following changes from 2018: (i) increase in contractual and professional services by \$208,000 due to increase in construction materials, repair, rehab, upgrades, and cleaning works on catch basins and sanitary tunnels; (ii) increase in City services by \$296,000 as set by 2019 allocation model; (iii) increase in fleet and equipment by \$90,000; (iv) increase in Met Council \$467,000; (v) increase in salaries and fringes by \$94,000 due mainly to scheduled step increase; and (vi) increase in SAC related charges by \$2.0 million.

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 quarter, \$296,655 has been transferred to Water Treatment and Distribution Services.

**Debt Service:**

For 2019, the debt service cost was estimated at \$6.7 million. Through the second quarter, \$355,000 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 \$39,060,000.

**Forecast:**

For the next six months, it is estimated that cash outflow will amount to \$63,057,000. This would include operating expenditures, debt services, transfers, and capital programs. The fund also anticipates \$48,887,000 in revenues from operations, thereby reducing the cash balance by approximately \$14.2 million during the last half of the year. The anticipated Fund Net Position at the end of the year will be \$126,652,000.

**Cash and Net Position:**

The current cash balance is \$20,758,000 and the Fund's net position stands at \$135,788,000. 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, based on the projection, is \$18,561,000. With projected revenues and expenditures for the remainder of 2019, it is anticipated that Funds cash balance will fall below the cash balance requirement by the end of the year. 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 Second Quarter Ending June 30, 2019**

| Fund 07300                    | 2019 Budget | 06/30/2019<br>Actual | Projected<br>Year End<br>End 2019 | 2018 Actual |
|-------------------------------|-------------|----------------------|-----------------------------------|-------------|
| <b>Operating Revenue</b>      | 43,807,518  | 21,597,078           | 43,807,518                        | 42,339,478  |
| <b>Operating Expense</b>      | 31,109,217  | 12,811,131           | 31,729,810                        | 30,467,310  |
| <b>Operating Margin</b>       | 11,698,301  | 8,785,946            | 12,077,708                        | 11,872,167  |
| <b>Change in Net Position</b> |             | 3,992,823            | (14,784,000)                      | (4,755,159) |
| <b>Net Position</b>           |             | 343,395,513          | 324,618,690                       | 339,402,690 |
| <b>Cash Balance</b>           |             | 32,202,651           | 11,845,779                        | 26,629,779  |

**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 the 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 \$21,597,078 in revenues earned through second quarter reflects 49.3% of the operating revenue budget. This is an increase of \$1.6 million compared to \$19,986,305 earned for the same period in 2018. Storm utility revenues increased by 8.6% to \$20,648,840, up from \$19,015,235 in second quarter, 2018. This is mainly due to the 2.9% increase in rates and a one-time adjustment made in 2018. The miscellaneous revenues decreased by \$111,000 due to decrease in design activities relating to capital projects. Reimbursements, with a total of \$726,658, based on maintenance agreement with the State and County, make up for the rest of the operating revenue. These reimbursements are projected to be realized fully as budgeted by the end of the year.

**Expenses:**

Operating expenses in the second quarter were \$12,811,131, or 41.2%, compared to \$31,109,217 budgeted for 2019. The expenses were \$1,144,000, or 8.2%, less than the \$13,995,127 reported for 2018, due mainly to a lesser amount spent on Sewer Maintenance during the first half of the year, as efforts were increased in the capital projects.

**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 is estimated at \$110,000, and through the second quarter \$55,000 has been transferred. An additional amount of \$1.5 million was added on to the transfer list this year as a Storm Water contribution to fund Paving programs. All of this will be transferred to the Capital improvement fund as budgeted.

**Debt Service:**

The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs. The Fund completed paying off all its debt service obligations by the end 2016. For the last couple of years there have not been any debt service costs. In 2019 new debt was issued. Costs related to debt service will be incurred in the last quarter of the year. Estimated payments of principle and interest will be \$648,000.

**Forecast:**

For the next six months, it is estimated the cash outflow will total \$46,174,000 which include operating expenses, transfers, debt, and capital programs. The fund also anticipates \$31,103,000 in revenues from operations and capital programs from various funding sources thereby maintaining the fund balance for the year end above \$11,000,000.

**Cash and Net Positions:**

The ending cash balance for the quarter stands at \$32,203,000 and net position stands at \$343,396,000. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Based on the projection, the target amount is \$7,772,000. With projected operating revenues and expenditures, \$4,074,000 will be available as an unrestricted amount to fund capital programs and transfers for 2019 as the department aims to use its cash reserve and rely less on other 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 Second Quarter Ending June 30, 2019**

| Fund 07400             | 2019 Budget | 6/30/2019<br>Actual | Projected<br>Year End<br>2019 | 2018 Actual  |
|------------------------|-------------|---------------------|-------------------------------|--------------|
| Operating Revenue      | 88,951,027  | 38,534,216          | 87,220,386                    | 85,307,434   |
| Operating Expense      | 61,314,827  | 25,905,589          | 59,300,049                    | 56,236,815   |
| Operating Margin       | 27,636,200  | 12,628,626          | 27,920,337                    | 29,070,618   |
| Change in Net Position |             | 9,007,614           | 1,761,685                     | (11,935,885) |
| Net Position           |             | 280,409,656         | 273,163,727                   | 271,402,042  |
| Cash Balance           |             | 48,437,634          | 29,784,100                    | 48,404,928   |

**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 total operating revenues for the year 2019 are projected to total \$87,220,386 or 98.0% of the 2019 budgeted amount. Through the second quarter, the Water Fund has revenue of \$38,534,216 compared to \$39,789,984 earned in 2018. Although the revenues through June are less than 50%, these are expected to catch up in the second half of the year to match the projected amounts.

**Expense:**

Projected operating expenses for the year are \$59,300,049 which is 5.5% higher than the 2018 actual amount of \$56,236,815. Through the second quarter, the Fund expended \$25,905,589 compared to \$25,910,750 for 2018 and reflects the following changes: (i) increase in salaries and fringes by \$892,486; (ii) increase in fleet and capital outlay by \$48,316; (iii) increase in City services by \$595,800; (iv) decrease in chemical usage, energy bills, and delivery services by \$540,320; and (v) decrease in contractual and professional services relating to repairs, maintenance, upgrades, and construction works by \$1,001,442.

**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, \$311,555 has 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, is expected to be \$19,313,533. During 2019, an additional \$26,690,487 in bonds were issued 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 June 30, 2019 was \$48,437,634 compared to \$48,404,928 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 \$15,328,707. The Water Fund is anticipating significant capital project needs for the next few years that will require the use of cash reserves, including approximately \$2.1 million in water revenue funded capital projects which were deferred to 2019. With the projected year end cash balance of \$29,784,100 and a projected monthly operating revenue of \$7,268,366, an adequate amount will be available to fund operating cash reserves, capital programs, and debt service payments.

**City of Minneapolis  
Municipal Parking Fund  
For the 2nd Quarter Ended June 30, 2019**

| <b>Fund 07500</b>             | <b>2019 Budget</b> | <b>06/30/19 Actuals</b> | <b>Projected Year End 2019</b> | <b>2018 Actuals</b> |
|-------------------------------|--------------------|-------------------------|--------------------------------|---------------------|
| <b>Revenue</b>                | 66,229,481         | 36,269,317              | 75,208,877                     | 71,147,580          |
| <b>Expenses</b>               | 45,962,066         | 22,949,705              | 45,419,663                     | 46,299,580          |
| <b>Operating Margin</b>       | 20,267,415         | 13,319,612              | 29,789,214                     | 24,848,000          |
| <b>Change in Net Position</b> |                    | 2,569,320               | 3,977,539                      | (16,382,132)        |
| <b>Net Position</b>           |                    | 202,452,668             | 203,860,887                    | 199,883,348         |
| <b>Cash Balance</b>           |                    | 19,993,477              | 19,673,015                     | 13,759,101          |

**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 second quarter actual operating revenues are up in comparison to 2018 by 5.3%. The increase is from:

- On-street parking is up 27.3% compared to 2018.
- Off-street ramps and lots are down 4.2% compared to 2018.
- Impound Lot revenues are up 16.3% compared to 2018.

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

**Expenses:**

The 2019 operating expenses are lower than the 2018 expenses by 4.9%. The variance is from:

- Impound Lot expenses are down by 1.4% compared to 2018.
- On-street meters are down by 6.8% compared to 2018.
- Off-street ramps and lots are down 5.2% compared to 2018.

Impound Lot expenses are down as compared to 2018 due to change in way contracts were established in 2019. On-street meter expenses are lower than 2018 due to a decrease in credit card fees which are associated with the large volume of transactions. 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, \$855,104 will be transferred in from Tax Increment Funding and \$11,529,188 of funds will be 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, 2018 is \$42,200,000 and the outstanding balance of note principal is \$27,595,000. In June 2019, \$6,175,000 of bonds were called and prepaid and an additional \$700,000 will be called in December 2019. 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 second quarter 2019 cash balance is \$19,993,477 which is an increase of \$6,234,376 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 \$11,538,875 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 Second Quarter Ending June 30, 2019**

| Fund 07700                    | 2019 Budget | 06/30/19<br>Actual | Projected<br>Year End<br>2019 | 2018 Actual |
|-------------------------------|-------------|--------------------|-------------------------------|-------------|
| <b>Operating Revenue</b>      | 41,474,331  | 19,718,239         | 41,184,331                    | 40,690,497  |
| <b>Operating Expense</b>      | 43,355,342  | 19,240,898         | 41,753,659                    | 39,831,922  |
| <b>Operating Margin</b>       | (1,881,011) | 477,341            | (569,328)                     | 858,575     |
| <b>Change in Net Position</b> |             | (323,399)          | 873,648                       | 1,483,221   |
| <b>Net Position</b>           |             | 26,549,687         | 27,749,735                    | 26,873,087  |
| <b>Cash Balance</b>           |             | 30,079,195         | 31,405,788                    | 30,529,140  |

**Program Description**

The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection, disposal, graffiti removal, and a solid waste transfer station that serves over 107,000 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; city-wide litter and graffiti abatement and removals; and an organics program.

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

**Revenue**

With operating revenues through the end of the second quarter totaling \$19,718,239, 47.5% of the budgeted revenue has been realized. This is an increase of \$355,000 or 1.8%, compared to \$19,363,426 earned through second quarter of 2018. Utility revenues were \$19,335,982 compared to \$18,966,158 for 2018 for a gain of \$370,000, the result of an increase in dwelling units and a base rate increase of \$0.54 per dwelling unit. Rates were increased to fund increases in salaries, fringes, contractual and operating services, and vehicle replacements. The Hennepin County recycling grant for the year is projected at \$1.8 million and the department will receive this grant in the third quarter.

**Expenses:**

Operating expenses through the second quarter were \$19,240,898 compared to \$19,289,134 in 2018. This is a decrease of \$48,000 or 0.3%. The largest increases were in vendor payments due to new contracts and increased rates relating to collection, disposal, recycling and hauling. These increases were offset by a decrease in equipment purchases in the first half of the year.



**Transfers:**

Budgeted transfers into the Solid Waste and Recycling fund include \$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. As of the end of the quarter, \$571,097 in transfer revenue has been received.

**Debt Service:**

Bonds were sold for the new facility. Bond principal payment are expected to be \$2.8 million, and the payment will be made in the fourth quarter. Interest payments of \$1.4 million are anticipated for the year. Through the first half of the year interest has been paid in the amount of \$761,000.

**Forecast:**

Over the next six months, the cash outflow is estimated at \$33.7 million which includes \$22.5 million for operations and \$9.9 million for capital. The fund also anticipates \$25.0 million in revenues from its operations and transfers; and \$9.9 million from capital thereby maintaining the net position for year end to an estimated \$27.7 million.

**Cash and Net Positions:**

The Fund's cash balance as of the end of the second quarter was \$30.1 million and the net position amounted to \$26.5 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Based on the projection, the targeted amount is \$10.8 million. With the projected operating revenues, and projected expenses for the remainder of the year, the cash balance is estimated to be more than \$31 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 Second Quarter Ending June 30, 2019**

The **CPED Enterprise Fund** operates a series of business-type activities designed to enhance housing options and economic development within the City. There were five components operating within this fund. Two remain active and three programs has been closed.

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 until the 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.

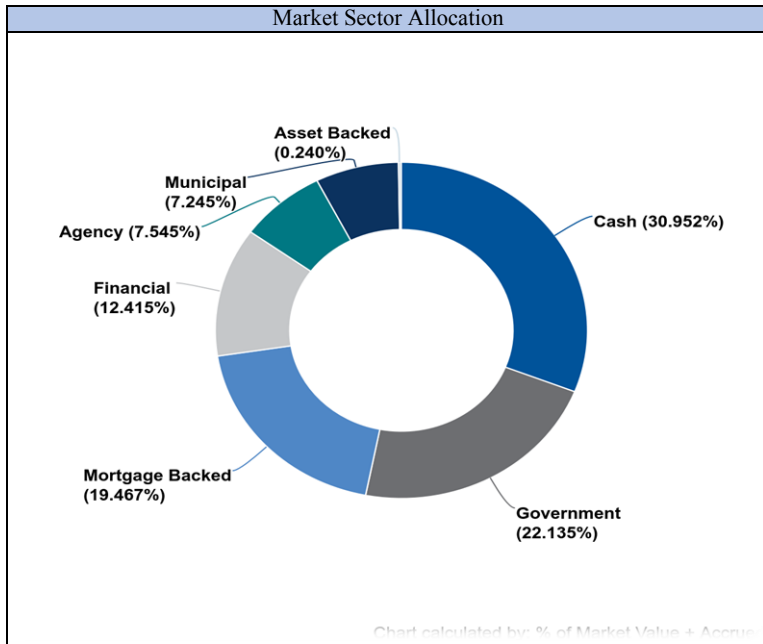
The **Housing Development** component accounts for various home ownership and home improvement loan programs. This fund has closed.

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 & investment Report  
06/30/2019**

| Aggregate Accounts                  | Original Cost           | Yield%       | YTM%         | Accrued Balance     | Unrealized Gain/Loss | Market Value            | Market Value + Accrued  |
|-------------------------------------|-------------------------|--------------|--------------|---------------------|----------------------|-------------------------|-------------------------|
| Internal Managed                    | \$ 294,815,688          | 2.472        | 2.272        | \$ 33,601           | \$ 0                 | \$ 294,875,246          | \$ 294,908,847          |
| External Managed Core Funds         | 547,598,170             | 1.988        | 1.882        | 2,498,291           | 5,042,659            | 551,857,896             | 554,356,188             |
| Bond Proceeds                       | 143,998,387             | 2.264        | 1.913        | 368,742             | 43,672               | 144,250,881             | 144,619,623             |
| General Agency Reserve Funds System | 40,476,530              | 2.104        | 1.905        | 149,233             | 58,234               | 39,812,348              | 39,961,581              |
|                                     | <b>\$ 1,026,888,775</b> | <b>2.169</b> | <b>1.958</b> | <b>\$ 3,711,496</b> | <b>\$ 5,144,565</b>  | <b>\$ 1,030,796,371</b> | <b>\$ 1,033,846,239</b> |



| Market Sector   | Market Value + Accrued  |
|-----------------|-------------------------|
| Agency          | \$ 78,005,979           |
| Asset Backed    | 2,483,669               |
| Cash            | 320,001,133             |
| Financial       | 128,356,356             |
| Government      | 228,837,099             |
| Mortgage Backed | 201,263,941             |
| Municipal       | 74,898,062              |
|                 | <b>\$ 1,033,846,239</b> |

**GENERAL FUND HISTORICAL ANALYSIS WORKSHEET**

| Revenues:                          | 2015 Actual        | 2016 Actual        | 2017 Actual        | 2018 Actual         | Increase (Decrease) From 2017 |                | Total Increase (Decrease) 2015-2018 |                | Average Yearly Change |                | June 30, 2019      |                     |                      |                       |                                   |
|------------------------------------|--------------------|--------------------|--------------------|---------------------|-------------------------------|----------------|-------------------------------------|----------------|-----------------------|----------------|--------------------|---------------------|----------------------|-----------------------|-----------------------------------|
|                                    |                    |                    |                    |                     | \$                            | %              | \$                                  | %              | \$                    | %              | Original Budget    | Revised Budget      | Actuals Through Q2   | 2019 Projected Totals | Surplus (Deficit) Actual vs Proj. |
|                                    |                    |                    |                    |                     |                               |                |                                     |                |                       |                |                    |                     |                      |                       |                                   |
| Property Taxes                     | 160,509,905        | 166,249,958        | 180,883,107        | 193,250,285         | 12,367,178                    | 6.8%           | 32,740,380                          | 20.4%          | 8,185,095             | 5.1%           | \$ 206,601,000     | \$ 206,601,000      | \$ 59,698            | \$ 205,214,645        | (1,386,355)                       |
| Local Tax*                         | 76,722,142         | 79,142,658         | 81,977,678         | 84,942,658          | 63,942                        | -99.9%         | (76,658,200)                        | -99.9%         | (19,164,550)          | -25.0%         | -                  | -                   | -                    | -                     | -                                 |
| State Aids                         | 81,833,963         | 84,046,281         | 84,110,670         | 85,903,260          | 1,792,590                     | 2.1%           | 4,069,297                           | 5.0%           | 1,017,324             | 1.2%           | 84,717,501         | 84,717,501          | 12,818,258           | 84,748,989            | 31,488                            |
| Charges for Services               | 49,494,802         | 51,243,079         | 53,407,484         | 56,649,434          | 3,241,950                     | 6.1%           | 7,154,332                           | 14.5%          | 1,788,658             | 3.6%           | 56,084,885         | 56,084,885          | 28,428,050           | 56,585,476            | 500,591                           |
| Franchise Fees                     | 30,118,463         | 29,515,533         | 32,143,175         | 34,771,576          | 2,628,401                     | 8.2%           | 4,653,113                           | 15.4%          | 1,163,278             | 3.9%           | 34,050,000         | 34,050,000          | 14,469,446           | 33,424,178            | (625,822)                         |
| Licenses and Permits               | 44,316,671         | 47,127,968         | 45,205,194         | 47,480,900          | 2,275,706                     | 5.0%           | 3,164,229                           | 7.1%           | 791,057               | 1.8%           | 47,594,000         | 47,594,000          | 28,978,549           | 52,925,413            | 5,331,413                         |
| Fines and Forfeits                 | 6,539,031          | 6,313,110          | 7,556,399          | 7,137,929           | (418,470)                     | -5.5%          | 598,898                             | 9.2%           | 149,725               | 2.3%           | 6,602,000          | 6,602,000           | 3,267,108            | 6,974,396             | 372,396                           |
| Special Assessments                | 3,201,518          | 3,449,772          | 3,151,941          | 2,981,234           | (170,707)                     | -5.4%          | (220,284)                           | -6.9%          | (55,071)              | -1.7%          | 3,440,000          | 3,440,000           | 84,489               | 3,416,773             | (23,227)                          |
| Investment Income                  | 1,612,918          | 3,460,150          | 3,186,280          | 6,955,384           | 3,769,104                     | 118.3%         | 5,342,465                           | 331.2%         | 1,335,616             | 82.8%          | 6,050,000          | 6,050,000           | 5,755,574            | 6,050,000             | -                                 |
| Other Shared Taxes                 | 779,673            | 1,165,334          | 1,019,880          | 1,858,632           | 838,752                       | 82.2%          | 1,078,959                           | 138.4%         | 269,740               | 34.6%          | 1,208,298          | 1,208,298           | 184,802              | 1,284,183             | 75,885                            |
| Other Miscellaneous                | 754,066            | 957,756            | 972,406            | 3,269,956           | 2,297,550                     | 236.3%         | 2,515,889                           | 333.6%         | 628,972               | 83.4%          | 805,000            | 805,000             | 410,248              | 926,068               | 121,068                           |
| Contributions                      | -                  | 5,000              | 5,234              | 1,343               | (3,891)                       | -74.3%         | 1,343                               | 100.0%         | 336                   | 25.0%          | -                  | -                   | -                    | -                     | -                                 |
| <b>Total Revenues</b>              | <b>455,883,152</b> | <b>472,676,599</b> | <b>493,619,448</b> | <b>440,323,875</b>  | <b>(53,295,573)</b>           | <b>-10.8%</b>  | <b>(15,559,278)</b>                 | <b>-3.4%</b>   | <b>(3,889,819)</b>    | <b>-0.9%</b>   | <b>447,152,684</b> | <b>447,152,684</b>  | <b>94,456,220</b>    | <b>451,550,122</b>    | <b>4,397,438</b>                  |
| Transfers In                       | 4,258,200          | 4,029,000          | 12,498,777         | 39,887,000          | 27,388,223                    | 219.1%         | 35,628,000                          | 836.7%         | 8,907,200             | 209.2%         | 59,852,000         | 59,852,000          | 30,075,990           | 59,852,000            | -                                 |
| <b>Revenues and Other Sources</b>  | <b>460,141,352</b> | <b>476,705,599</b> | <b>506,118,225</b> | <b>480,210,875</b>  | <b>(25,907,350)</b>           | <b>-5.1%</b>   | <b>20,069,522</b>                   | <b>4.4%</b>    | <b>5,017,381</b>      | <b>1.1%</b>    | <b>507,004,684</b> | <b>507,004,684</b>  | <b>124,532,210</b>   | <b>511,402,122</b>    | <b>4,397,438</b>                  |
| <b>Expenditures:</b>               |                    |                    |                    |                     |                               |                |                                     |                |                       |                |                    |                     |                      |                       |                                   |
| Police                             | 147,884,333        | 154,243,608        | 162,435,753        | 173,676,579         | 11,240,826                    | 6.9%           | 25,792,245                          | 17.4%          | 6,448,061             | 4.4%           | 179,195,242        | 179,378,173         | 85,407,834           | 179,378,173           | -                                 |
| Fire                               | 61,314,629         | 62,648,282         | 66,165,942         | 67,585,950          | 1,420,008                     | 2.1%           | 6,271,322                           | 10.2%          | 1,567,830             | 2.6%           | 69,330,641         | 69,330,641          | 33,765,107           | 69,330,641            | -                                 |
| Human Resources                    | 6,846,865          | 6,566,200          | 7,293,288          | 7,391,375           | 98,087                        | 1.3%           | 544,510                             | 8.0%           | 136,128               | 2.0%           | 7,710,577          | 7,941,327           | 3,406,728            | 7,426,350             | 514,977                           |
| Finance and Property Services      | 22,153,993         | 22,803,324         | 22,125,701         | 22,220,529          | 94,828                        | 0.4%           | 66,536                              | 0.3%           | 16,634                | 0.1%           | 24,895,779         | 24,970,779          | 11,237,871           | 24,970,779            | -                                 |
| 911                                | 8,759,610          | 9,066,878          | 9,714,416          | 9,487,224           | (227,192)                     | -2.3%          | 727,614                             | 8.3%           | 181,904               | 2.1%           | 9,813,000          | 9,918,000           | 4,549,544            | 9,840,000             | 78,000                            |
| 311                                | 3,646,020          | 3,802,063          | 4,113,129          | 3,980,428           | (132,701)                     | -3.2%          | 334,408                             | 9.2%           | 83,602                | 2.3%           | 4,145,000          | 4,332,234           | 1,974,459            | 4,332,234             | -                                 |
| City Coordinator                   | 3,159,157          | 3,972,180          | 4,739,974          | 6,072,608           | 1,332,634                     | 28.1%          | 2,913,451                           | 92.2%          | 728,363               | 23.1%          | 9,243,000          | 8,063,500           | 2,538,904            | 7,453,467             | 610,033                           |
| Intergov Relations                 | 1,364,660          | 1,436,702          | 1,536,770          | 1,497,351           | (39,419)                      | -2.6%          | 132,691                             | 9.7%           | 33,173                | 2.4%           | 1,523,370          | 1,523,370           | 727,155              | 1,522,919             | 451                               |
| Communications                     | 2,090,834          | 2,191,627          | 2,235,576          | 2,323,431           | 87,855                        | 3.9%           | 232,597                             | 11.1%          | 58,149                | 2.8%           | 2,308,600          | 2,308,600           | 1,060,155            | 2,245,011             | 63,589                            |
| Emergency Management               | 767,233            | 803,826            | 1,127,914          | 1,127,914           | (42,350)                      | -3.6%          | 360,681                             | 47.0%          | 90,170                | 11.8%          | 1,124,000          | 1,124,000           | 538,633              | 1,121,364             | 2,636                             |
| Neighbrhd and Comm Rel             | 358,041            | 359,990            | 264,209            | 810,659             | 546,450                       | 206.8%         | 452,618                             | 126.4%         | 113,154               | 31.6%          | 964,600            | 964,600             | 222,952              | 964,600               | (0)                               |
| <b>Coordinator - Total</b>         | <b>49,146,413</b>  | <b>51,002,790</b>  | <b>53,193,327</b>  | <b>54,911,518</b>   | <b>1,718,191</b>              | <b>3.2%</b>    | <b>5,765,105</b>                    | <b>11.7%</b>   | <b>1,441,276</b>      | <b>2.9%</b>    | <b>61,727,925</b>  | <b>61,146,409</b>   | <b>26,256,402</b>    | <b>59,876,723</b>     | <b>1,269,686</b>                  |
| Trans Plan and Design              | 3,924,085          | 2,023,712          | 1,819,860          | 2,013,312           | 193,452                       | 10.6%          | (1,910,773)                         | -48.7%         | (477,693)             | -12.2%         | 2,142,325          | 2,142,325           | 949,002              | 2,405,000             | (262,675)                         |
| Transportation Plan Programming    | 836,365            | 2,001,641          | 2,266,508          | 2,873,978           | 607,470                       | 26.8%          | 2,037,613                           | 243.6%         | 509,403               | 60.9%          | 2,850,568          | 3,094,541           | 1,343,770            | 3,094,541             | -                                 |
| Trans Maint and Repair             | 30,195,670         | 32,810,220         | 34,295,211         | 39,466,311          | 5,171,100                     | 15.1%          | 9,270,641                           | 30.7%          | 2,317,660             | 7.7%           | 36,013,906         | 36,213,906          | 21,428,023           | 39,237,741            | (3,023,835)                       |
| Administration                     | 3,005,253          | 3,465,824          | 3,850,016          | 3,886,294           | 36,278                        | 0.9%           | 881,041                             | 29.3%          | 220,260               | 7.3%           | 3,933,777          | 3,733,777           | 1,835,676            | 3,659,101             | 74,676                            |
| Traf and Parking Svcs              | 15,057,941         | 16,609,612         | 17,318,058         | 17,060,005          | (258,053)                     | -1.5%          | 2,002,063                           | 13.3%          | 500,516               | 3.3%           | 17,624,036         | 17,843,765          | 8,570,642            | 17,554,478            | 289,287                           |
| <b>Public Works - Total</b>        | <b>53,019,315</b>  | <b>56,911,008</b>  | <b>59,549,653</b>  | <b>65,299,899</b>   | <b>5,750,246</b>              | <b>9.7%</b>    | <b>12,280,584</b>                   | <b>23.2%</b>   | <b>3,070,146</b>      | <b>5.8%</b>    | <b>62,564,613</b>  | <b>63,028,315</b>   | <b>34,127,112</b>    | <b>65,950,861</b>     | <b>(2,922,546)</b>                |
| Regulatory Services                | 16,366,436         | 18,380,557         | 19,398,893         | 20,293,398          | 894,505                       | 4.6%           | 3,926,962                           | 24.0%          | 981,740               | 6.0%           | 20,775,651         | 20,865,651          | 10,289,186           | 20,865,651            | -                                 |
| Attorney                           | 8,513,667          | 9,395,492          | 9,675,770          | 9,701,826           | 26,056                        | 0.3%           | 1,188,160                           | 14.0%          | 297,040               | 3.0%           | 10,690,721         | 10,715,721          | 4,760,196            | 9,926,464             | 789,257                           |
| City Council & City Clerk          | 9,193,805          | 11,964,502         | 10,530,914         | 12,312,745          | 1,781,831                     | 16.9%          | 3,118,940                           | 33.9%          | 779,735               | 8.5%           | 11,648,999         | 12,155,505          | 5,085,221            | 11,700,000            | 455,505                           |
| Culture and Recreation - Library   | 2,363,131          | 1,560,000          | 780,000            | -                   | (780,000)                     | -100.0%        | (2,363,131)                         | -100.0%        | (590,783)             | -25.0%         | -                  | -                   | -                    | -                     | -                                 |
| Contingency                        | -                  | -                  | -                  | -                   | -                             | 100.0%         | -                                   | 100.0%         | -                     | 25.0%          | 5,730,000          | 5,730,000           | -                    | -                     | 5,730,000                         |
| Assessor                           | 4,612,972          | 5,162,275          | 5,189,041          | 5,593,191           | 404,150                       | 7.8%           | 980,219                             | 21.2%          | 245,055               | 5.3%           | 6,148,400          | 6,148,400           | 2,740,978            | 5,944,702             | 203,698                           |
| CPED                               | 30,808,646         | 32,648,176         | 33,460,311         | 35,964,087          | 2,503,776                     | 7.5%           | 5,155,442                           | 16.7%          | 1,288,860             | 4.2%           | 34,796,688         | 38,793,526          | 17,307,725           | 38,700,000            | 93,526                            |
| Health                             | 8,288,752          | 9,061,430          | 10,425,848         | 11,675,967          | 1,250,119                     | 12.0%          | 3,387,216                           | 40.9%          | 846,804               | 10.2%          | 12,306,095         | 13,725,479          | 5,215,602            | 13,725,479            | -                                 |
| Civil Rights                       | 3,107,184          | 3,387,328          | 3,728,355          | 4,021,500           | 293,145                       | 7.9%           | 914,317                             | 29.4%          | 228,579               | 7.4%           | 4,543,101          | 5,205,101           | 2,111,520            | 5,020,625             | 184,476                           |
| Mayor                              | 1,932,480          | 2,059,105          | 2,001,246          | 2,395,845           | 394,599                       | 19.7%          | 463,365                             | 24.0%          | 115,841               | 6.0%           | 2,387,201          | 2,387,201           | 1,213,966            | 2,387,201             | -                                 |
| Internal Audit***                  | 538,452            | 612,253            | 594,514            | 668,800             | 74,286                        | 12.5%          | 130,348                             | 24.2%          | 32,587                | 6.1%           | 857,600            | 857,600             | 283,745              | 832,056               | 25,544                            |
| <b>Total Expenditures</b>          | <b>397,090,215</b> | <b>419,036,807</b> | <b>437,129,567</b> | <b>464,101,307</b>  | <b>26,971,740</b>             | <b>6.2%</b>    | <b>67,011,092</b>                   | <b>16.9%</b>   | <b>16,752,773</b>     | <b>4.2%</b>    | <b>482,702,876</b> | <b>489,467,721</b>  | <b>228,564,595</b>   | <b>483,638,576</b>    | <b>5,829,144</b>                  |
| Transfers Out*                     | 59,499,686         | 56,162,211         | 59,388,203         | 29,010,855          | (30,377,348)                  | -51.2%         | (30,488,831)                        | -51.2%         | (7,622,208)           | -12.8%         | 29,348,631         | 29,348,631          | 14,674,316           | 29,348,631            | -                                 |
| <b>Expenditures and Other Uses</b> | <b>456,589,901</b> | <b>475,199,018</b> | <b>496,517,770</b> | <b>493,112,162</b>  | <b>(3,405,608)</b>            | <b>-0.7%</b>   | <b>36,522,261</b>                   | <b>8.0%</b>    | <b>9,130,565</b>      | <b>2.0%</b>    | <b>512,051,507</b> | <b>518,816,352</b>  | <b>243,238,911</b>   | <b>512,987,207</b>    | <b>5,829,144</b>                  |
| <b>Change in Fund Balance</b>      | <b>3,551,451</b>   | <b>1,506,581</b>   | <b>9,600,455</b>   | <b>(12,901,287)</b> | <b>(22,501,742)</b>           | <b>-234.4%</b> | <b>(16,452,739)</b>                 | <b>-463.3%</b> | <b>(4,113,185)</b>    | <b>-115.8%</b> | <b>(5,046,823)</b> | <b>(11,811,668)</b> | <b>(118,706,700)</b> | <b>(1,585,085)</b>    | <b>10,226,582</b>                 |
| <b>Fund Balance - January 1</b>    | <b>102,439,347</b> | <b>105,990,798</b> | <b>107,497,379</b> | <b>117,097,834</b>  |                               |                |                                     |                |                       |                | <b>104,196,546</b> | <b>104,196,546</b>  | <b>104,196,546</b>   | <b>104,196,546</b>    |                                   |
| <b>Fund Balance - December 31</b>  | <b>105,990,798</b> | <b>107,497,379</b> | <b>117,097,834</b> | <b>104,196,546</b>  | <b>(12,901,287)</b>           | <b>-11.0%</b>  | <b>(118,892,086)</b>                | <b>-112.2%</b> | <b>(29,723,021)</b>   | <b>-28.0%</b>  | <b>99,149,723</b>  | <b>92,384,879</b>   | <b>(14,510,154)</b>  | <b>102,611,461</b>    | <b>10,226,582</b>                 |

\*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 - 2nd Quarter 2019

| FINANCIAL STRENGTH ANALYSIS - (in millions)                              | 2015         | 2016         | 2017         | 2018         | Increase (Decrease)<br>Compared to 2017 |             | Total Increase<br>(Decrease) 2015 - 2018 |              | Average Annual<br>Increase (Decrease) |             | 2019 ANALYSIS     |
|--|--------------|--------------|--------------|--------------|---|-------------|--|--------------|---------------------------------------|-------------|-------------------|
|  |              |              |              |              | \$                                      | %           | \$                                       | %            | \$                                    | %           | PROJECTED YE 2019 |
| General Fund Cash Balance  | 117.6        | 121.6        | 131.8        | 121.3        | (10.5)                                  | -8.0%       | 3.7                                      | 3.1%         | 1.2                                   | 1.0%        | 119.7             |
| General Fund Total Fund Balance  | 106.0        | 107.5        | 117.1        | 104.2        | (12.9)                                  | -11.0%      | (1.8)                                    | -1.7%        | (0.6)                                 | -0.6%       | 102.6             |
| Overall City Cash Position*  | 703.2        | 762.7        | 792.0        | 876.6        | 84.6                                    | 10.7%       | 173.4                                    | 24.7%        | 57.8                                  | 8.2%        | 850.0             |
| Overall City Net Assets/Position**                                       | 1,882.4      | 1,851.4      | 2,083.6      | 2,257.8      | 174.2                                   | 8.4%        | 375.4                                    | 19.9%        | 125.1                                 | 6.6%        |                   |
| Overall Unrestricted Net Assets/Position**                               | (67.8)       | (256.8)      | (274.4)      | (314.9)      | (40.5)                                  | 14.8%       | (247.1)                                  | 364.5%       | (82.4)                                | 121.5%      |                   |
| <b>SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b> |              |              |              |              |   |             |  |              |                                       |             |                   |
| Convention Center - Cash   | 66.2         | 65.5         | 56.6         | 35.6         | (21.0)                                  | -37.1%      | (30.6)                                   | -46.2%       | (10.2)                                | -15.4%      | 15.2              |
| Convention Center - Fund Balance   | 67.2         | 63.5         | 52.1         | 29.6         | (22.5)                                  | -43.2%      | (37.6)                                   | -56.0%       | (12.5)                                | -18.7%      | 28.1              |
| Arena Fund (Target Center) - Cash  | 16.3         | 15.2         | 10.1         | 12.2         | 2.1                                     | 20.8%       | (4.1)                                    | -25.2%       | (1.4)                                 | -8.4%       | 5.3               |
| Arena Reserve (Target Center) - Fund Balance                             | 15.2         | 11.1         | 8.7          | 10.5         | 1.8                                     | 20.7%       | (4.7)                                    | -30.9%       | (1.6)                                 | -10.3%      | 3.7               |
| Downtown Assets Fund - Cash  | -            | -            | -            | 16.2         | 16.2                                    | 100.0%      | 16.2                                     | 100.0%       |                                       |             | 4.7               |
| Downtown Assets Fund - Fund Balance                                      | -            | -            | -            | 26.0         | 26.0                                    | 100.0%      | 26.0                                     | 100.0%       |                                       |             | 14.5              |
| Police SRF - Cash  | 1.7          | 2.1          | 2.2          | 2.2          | 0.0                                     | 0.0%        | 0.5                                      | 29.4%        | 0.2                                   | 9.8%        | 2.2               |
| Police SRF - Fund Balance  | 1.6          | 2.4          | 2.6          | 2.4          | (0.2)                                   | -7.7%       | 0.8                                      | 50.0%        | 0.3                                   | 16.7%       | 2.6               |
| NCR SRF - Cash   | 4.1          | 4.0          | 3.5          | 3.6          | 0.1                                     | 2.9%        | (0.5)                                    | -12.2%       | (0.2)                                 | -4.1%       | 3.6               |
| NCR SRF - Fund Balance   | 3.9          | 3.7          | 3.3          | 3.3          | 0.0                                     | 0.0%        | (0.6)                                    | -15.4%       | (0.2)                                 | -5.1%       | 3.3               |
| Regulatory Services SRF - Cash   | 4.5          | 4.7          | 3.5          | 2.0          | (1.5)                                   | -42.9%      | (2.5)                                    | -55.6%       | (0.8)                                 | -18.5%      | 1.4               |
| Regulatory Services SRF - Fund Balance                                   | 4.5          | 4.6          | 3.5          | 2.0          | (1.5)                                   | -42.9%      | (2.5)                                    | -55.6%       | (0.8)                                 | -18.5%      | 1.4               |
| Grant Funds - Cash   | 2.0          | (2.2)        | 5.3          | 0.4          | (4.9)                                   | -92.5%      | (1.6)                                    | -80.0%       | (0.5)                                 | -26.7%      | 0.5               |
| Grant Funds - Fund Balance   | 11.2         | 11.4         | 11.2         | 4.9          | (6.3)                                   | -56.3%      | (6.3)                                    | -56.3%       | (2.1)                                 | -18.8%      | 5.0               |
| Comm Planng & Econ Dev (CPED) - Cash Total                               | 165.7        | 166.2        | 177.8        | 210.4        | 32.6                                    | 18.3%       | 44.7                                     | 27.0%        | 14.9                                  | 9.0%        | 200.0             |
| Comm Planng & Econ Dev (CPED) - Fund Bal Total                           | 201.2        | 202.1        | 214.4        | 245.7        | 31.3                                    | 14.6%       | 44.5                                     | 22.1%        | 14.8                                  | 7.4%        | 235.0             |
| Employee Retirement Funds - Cash   | 23.9         | 26.2         | 29.0         | 31.1         | 2.1                                     | 7.2%        | 7.2                                      | 30.1%        | 2.4                                   | 10.0%       | 33.3              |
| Employee Retirement Funds - Fund Balance                                 | 24.2         | 26.6         | 29.2         | 31.3         | 2.1                                     | 7.2%        | 7.1                                      | 29.3%        | 2.4                                   | 9.8%        | 33.5              |
| Other Special Revenue Funds - Cash                                       | 0.5          | 0.8          | 0.5          | 0.5          | 0.0                                     | 0.0%        | 0.0                                      | 0.0%         | 0.0                                   | 0.0%        | 0.5               |
| Other Special Revenue Funds - Fund Balance                               | 0.5          | 0.5          | 0.5          | 0.5          | 0.0                                     | 0.0%        | 0.0                                      | 0.0%         | 0.0                                   | 0.0%        | 0.5               |
| <b>Total Special Revenue Funds - Cash</b>                                | <b>284.9</b> | <b>282.5</b> | <b>288.5</b> | <b>314.2</b> | <b>25.7</b>                             | <b>8.9%</b> | <b>29.3</b>                              | <b>10.3%</b> | <b>9.8</b>                            | <b>3.4%</b> | <b>266.7</b>      |
| <b>Total Special Revenue Funds - Fund Balance</b>                        | <b>329.5</b> | <b>325.9</b> | <b>325.5</b> | <b>356.2</b> | <b>30.7</b>                             | <b>9.4%</b> | <b>26.7</b>                              | <b>8.1%</b>  | <b>8.9</b>                            | <b>2.7%</b> | <b>327.6</b>      |

\* 2018 amount is Market Value of cash and cash equivalents as reported in the City of Minneapolis Comprehensive Annual Financial Report (CAFR); does not include approximately \$42.3 M invested for General Agency Reserve Fund Systems (GARFS) and \$53.4 M invested for Park Board and MBC.

\*\* The City's Net Assets/Position balance change in 2015 reflects a decrease of \$(361.5) M due to the City's implementation of GASB 68, which requires booking, for reporting purposes only, the City's portion of the Public Employees Retirement Association (PERA) and Teachers Retirements Association (TRA) unfunded pension liability.

| FINANCIAL STRENGTH ANALYSIS - (in millions)  |              |              |              |              | Increase (Decrease)<br>Compared to 2017 |              | Total Increase<br>(Decrease) 2015 - 2018 |              | Average Annual<br>Increase (Decrease) |             | 2019 ANALYSIS     |
|--|--------------|--------------|--------------|--------------|---|--------------|--|--------------|---------------------------------------|-------------|-------------------|
|  | 2015         | 2016         | 2017         | 2018         | \$                                      | %            | \$                                       | %            | \$                                    | %           | PROJECTED YE 2019 |
| <b>INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b>  |              |              |              |              |   |              |  |              |                                       |             |                   |
| Engr. Materials & Testing - Cash   | 1.6          | 1.5          | 1.5          | 1.6          | 0.1                                     | 6.7%         | 0.0                                      | 0.0%         | 0.0                                   | 0.0%        | 1.6               |
| Engr. Materials & Testing - Net Position   | 0.8          | 0.3          | (0.1)        | 0.4          | 0.5                                     | -500.0%      | (0.4)                                    | -50.0%       | (0.1)                                 | -16.7%      | 0.4               |
| Equipment Services - Cash  | 23.7         | 26.9         | 30.4         | 26.0         | (4.4)                                   | -14.5%       | 2.3                                      | 9.7%         | 0.8                                   | 3.2%        | 25.8              |
| Equipment Services - Net Position  | 61.7         | 67.1         | 74.5         | 86.2         | 11.7                                    | 15.7%        | 24.5                                     | 39.7%        | 8.2                                   | 13.2%       | 93.8              |
| Property Services - Cash   | 6.6          | 10.3         | 8.1          | 9.6          | 1.5                                     | 18.5%        | 3.0                                      | 45.5%        | 1.0                                   | 15.2%       | 3.1               |
| Property Services - Net Position   | 29.3         | 29.9         | 28.4         | 32.0         | 3.6                                     | 12.7%        | 2.7                                      | 9.2%         | 0.9                                   | 3.1%        | 24.6              |
| PW Stores - Cash   | 0.0          | 1.2          | 2.0          | 3.1          | 1.1                                     | 55.0%        | 3.1                                      | 0.0%         | 1.0                                   | 0.0%        | 3.1               |
| PW Stores - Net Position   | 4.4          | 4.6          | 5.3          | 5.6          | 0.3                                     | 5.7%         | 1.2                                      | 27.3%        | 0.4                                   | 9.1%        | 5.6               |
| Intergovernmental Services - Cash  | 38.4         | 30.9         | 23.6         | 22.0         | (1.6)                                   | -6.8%        | (16.4)                                   | -42.7%       | (5.5)                                 | -14.2%      | 14.6              |
| Intergovernmental Services - Net Position  | 62.3         | 59.8         | 47.4         | 41.2         | (6.2)                                   | -13.1%       | (21.1)                                   | -33.9%       | (7.0)                                 | -11.3%      | 38.9              |
| Self Insurance Fund - Cash   | 75.7         | 80.0         | 90.0         | 102.9        | 12.9                                    | 14.3%        | 27.2                                     | 35.9%        | 9.1                                   | 12.0%       | 94.0              |
| Self Insurance Fund - Net Position   | 16.5         | 21.2         | 23.8         | 12.4         | (11.4)                                  | -47.9%       | (4.1)                                    | -24.8%       | (1.4)                                 | -8.3%       | 6.4               |
| <b>Total Internal Service Funds - Cash</b>   | <b>146.0</b> | <b>150.8</b> | <b>155.6</b> | <b>165.2</b> | <b>9.6</b>                              | <b>6.2%</b>  | <b>19.2</b>                              | <b>13.2%</b> | <b>6.4</b>                            | <b>4.4%</b> | <b>142.2</b>      |
| <b>Total Internal Service Funds - Net Position</b>   | <b>175.0</b> | <b>182.9</b> | <b>179.3</b> | <b>177.8</b> | <b>(1.5)</b>                            | <b>-0.8%</b> | <b>2.8</b>                               | <b>1.6%</b>  | <b>0.9</b>                            | <b>0.5%</b> | <b>169.7</b>      |
| <b>ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - (in millions)</b>  |              |              |              |              |   |              |  |              |                                       |             |                   |
| Sanitary Sewer - Cash  | 12.4         | 18.3         | 17.8         | 4.5          | (13.3)                                  | -74.7%       | (7.9)                                    | -63.7%       | (2.6)                                 | -21.2%      | 6.6               |
| Sanitary Sewer - Net Position  | 117.5        | 119.3        | 121.2        | 122.4        | 1.2                                     | 1.0%         | 4.9                                      | 4.2%         | 1.6                                   | 1.4%        | 126.7             |
| Stormwater - Cash  | 35.9         | 35.9         | 27.1         | 26.6         | (0.5)                                   | -1.8%        | (9.3)                                    | -25.9%       | (3.1)                                 | -8.6%       | 11.8              |
| Stormwater - Net Position  | 323.8        | 327.2        | 333.0        | 339.4        | 6.4                                     | 1.9%         | 15.6                                     | 4.8%         | 5.2                                   | 1.6%        | 324.6             |
| Water Enterprise - Cash  | 30.1         | 42.1         | 40.1         | 48.4         | 8.3                                     | 20.7%        | 18.3                                     | 60.8%        | 6.1                                   | 20.3%       | 29.8              |
| Water Enterprise - Net Position  | 220.4        | 233.3        | 250.8        | 271.4        | 20.6                                    | 8.2%         | 51.0                                     | 23.1%        | 17.0                                  | 7.7%        | 273.2             |
| Municipal Parking - Cash   | 14.0         | 17.2         | 26.5         | 13.8         | (12.7)                                  | -47.9%       | (0.2)                                    | -1.4%        | (0.1)                                 | -0.5%       | 19.7              |
| Municipal Parking - Net Position   | 180.7        | 188.2        | 212.2        | 199.9        | (12.3)                                  | -5.8%        | 19.2                                     | 10.6%        | 6.4                                   | 3.5%        | 203.9             |
| Solid Waste & Recycling - Cash   | 22.6         | 25.3         | 24.5         | 30.5         | 6.0                                     | 24.5%        | 7.9                                      | 35.0%        | 2.6                                   | 11.7%       | 31.4              |
| Solid Waste & Recycling - Net Position   | 26.7         | 25.5         | 25.3         | 26.9         | 1.6                                     | 6.3%         | 0.2                                      | 0.7%         | 0.1                                   | 0.2%        | 27.7              |
| Comm Planng & Econ Dev (CPED) - Cash***  | 0.8          | 1.4          | 1.5          | 0.1          | (1.4)                                   | -93.3%       | (0.7)                                    | -87.5%       | (0.2)                                 | -29.2%      | 1.5               |
| Comm Planng & Econ Dev (CPED) - Net Position   | 39.9         | 40.1         | 40.3         | 39.1         | (1.2)                                   | -3.0%        | (0.8)                                    | -2.0%        | (0.3)                                 | -0.7%       | 39.1              |
| <b>Total Enterprise Funds - Cash</b>   | <b>115.8</b> | <b>140.2</b> | <b>137.5</b> | <b>123.9</b> | <b>(13.6)</b>                           | <b>-9.9%</b> | <b>8.1</b>                               | <b>7.0%</b>  | <b>2.7</b>                            | <b>2.3%</b> | <b>100.8</b>      |
| <b>Total Enterprise Funds - Net Position</b>   | <b>909.0</b> | <b>933.6</b> | <b>982.8</b> | <b>999.1</b> | <b>16.3</b>                             | <b>1.7%</b>  | <b>90.1</b>                              | <b>9.9%</b>  | <b>30.0</b>                           | <b>3.3%</b> | <b>995.2</b>      |
| ***Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds. |              |              |              |              |   |              |  |              |                                       |             |                   |