



Third Quarter 2018 Financial Status Report

Finance & Property Services Dept.
November 14, 2018

City of Minneapolis
Interim Financial Report Index for the Third Quarter of 2018

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Executive Summary

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 position for the City at September 30, 2018 is \$777.8 million, an increase of \$36.9 million or 5.0% compared to the third quarter 2017 cash balance of \$740.9 million. While projected activity through year-end 2018 will 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. Though the 2018 budget included a planned use of fund balance in the General Fund of \$17.3 million, the fund balance at year-end 2018 is currently projected to decrease by \$29.9 million from the 2017 ending balance of \$117.1, to \$87.2 million. The General Fund cash balance at year-end 2017 was \$131.8 million, and is projected to end 2018 at \$101.9 million. Over one-half of the revenue in the General Fund comes from sources received only two or three times per year. Because of this, there can be a large variation in the cash balance at any point in the year.

As shown in the Financial Strength Analysis on pages A-3 and A-4 of this report, from 2014 through 2017, the General Fund's cash balance and fund balance increased by an average of \$10.6 million and \$4.9 million per year respectively. This growth was fueled by economic development activity that pushed revenue from local taxes, licenses and permits, and charges for services consistently over the budgeted amount. As noted above, the projected ending 2018 activity will result in a fund balance decrease of \$29.9 million. Approximately one-half of the projected decrease in fund balance is the result of planned spending. The other half is the result of one-time transactions to fulfill prior year plans or align budgets as necessary. Most significantly, there was a delayed \$10.0 million transfer out of the General Fund to the Capital Projects fund to help pay for 10th Avenue Bridge construction. This was originally budgeted in 2016, but was postponed until 2018. In addition, there was a transfer of funding for long-term Community Planning and Economic Development (CPED) projects. The City moved the funding for certain projects into a special revenue fund where it can more appropriately be accounted for.

The City's financial policy for the General Fund balance is to maintain 17% of the following year's expenditure budget. For 2018, this equates to a required ending fund balance of \$84.6 million which represents 17% of the 2019 General Fund budget of \$497.6 million. Based on current projected revenues and expenditures, the General Fund is projected to end 2018 with a fund balance of \$87.2 million. The Mayor's recommended 2019 budget includes a planned use of fund balance of \$5.4 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 2018, the total cash balance for the Special Revenue Funds is projected to be \$300.0 million, an increase of \$11.5 million or 4.0% compared to the 2017 ending balance. The fund balance for the Special Revenue Funds is also expected to increase to \$336.4 million, an increase of \$10.9 million or 3.4%, compared to 2017. There are several factors leading to the increase in both cash and fund balance. Beginning in 2018, revenue from local taxes including sales, liquor, lodging, and entertainment go directly to the Downtown Assets special revenue fund and transfers are made to other funds. In addition, there are multi-year capital projects that will see increased spending in future years. Finally, CPED long-term projects are now funded through the special revenue funds rather than CPED's General Fund appropriation. This shift in project budgeting resulted in a transfer of \$9.9 million from the General Fund to a CPED special revenue fund in 2018.

Internal Service Funds

Internal Service Funds are used to account for goods and services provided internally to other City departments. The Internal Service Funds include: Engineering Materials and Testing Lab; Equipment (Fleet) Services; Property Services; the Public Works Stores (inventory), Intergovernmental Services (primarily IT), and the Self-Insurance Fund.

The total cash balance for the Internal Service Funds at year-end 2018 is projected to be \$134.4 million, a decrease of \$21.2 million or 13.6% versus 2017 ending cash balances. At the same time, the total net position for all the Internal Service Funds is projected to be \$179.3 million, which is no change from 2017. This is reflective of the fact that much of the cash outlay in these funds 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

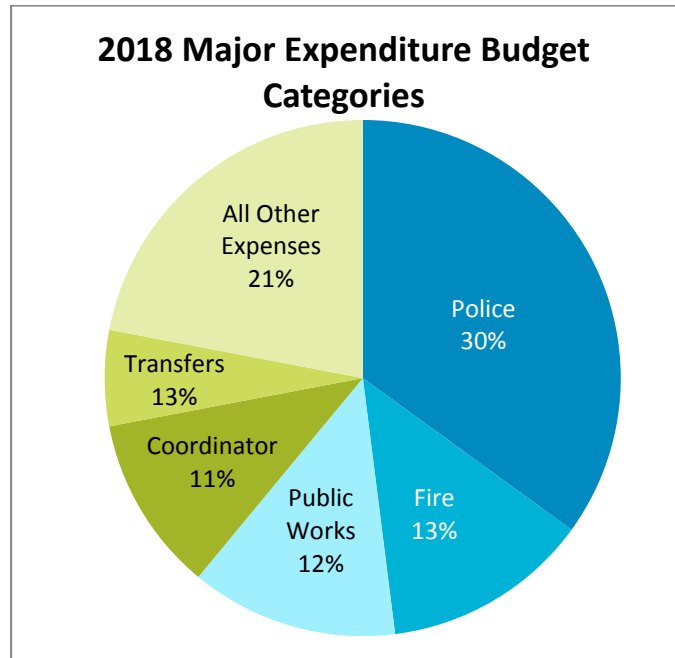
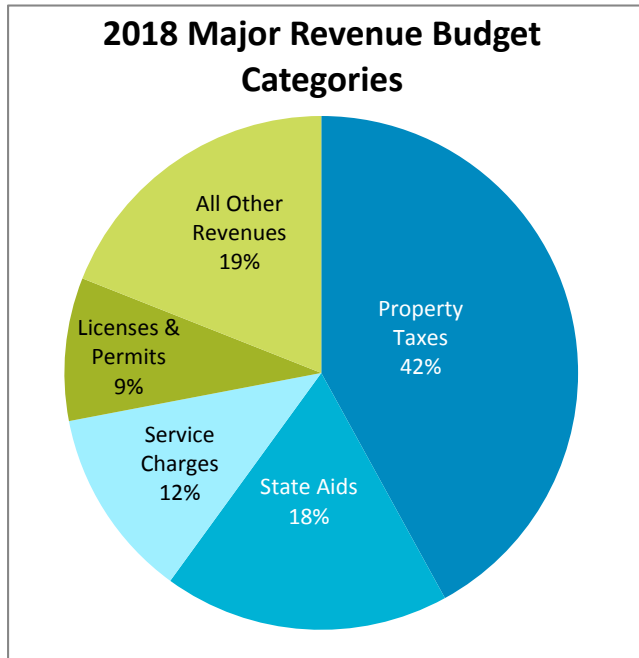
The Enterprise Funds are used to account for operations that sell goods and services to external parties including residents and other local governments. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the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

The total cash balance for the Enterprise Funds is projected to be \$129.1 million, a decrease of \$8.4 million or 6.1% compared to 2017 ending cash balances. Total net position for the Enterprise Funds is projected to decrease by \$14.8 million or 1.5% to \$971.5 million at year-end 2018. These numbers reflect the continued use of cash rather than borrowing for planned major maintenance of and additions to infrastructure assets. In 2018 the Municipal Parking Fund is projected to incur a financial loss of \$14.2 million related to the demolition of the parking ramp at the site of the new Public Service Center building. However, this fund recorded a gain of \$20.6 million in 2017 when the ramp and land were acquired by trading the adjacent City-owned parking ramp and receiving cash proceeds. The net impact of these two events is a financial gain for the Municipal Parking fund.

**City of Minneapolis
General Fund
For the Third Quarter Ending September 30, 2018**

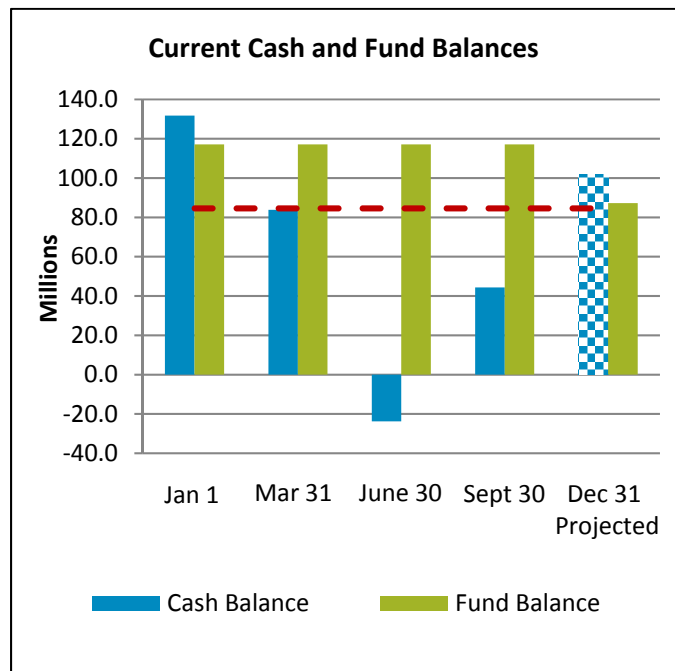
Fund Description

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 2018 current revenue budget is \$463.3 million, while the Fund's 2018 current expense budget is \$497.4 million, including transfers.



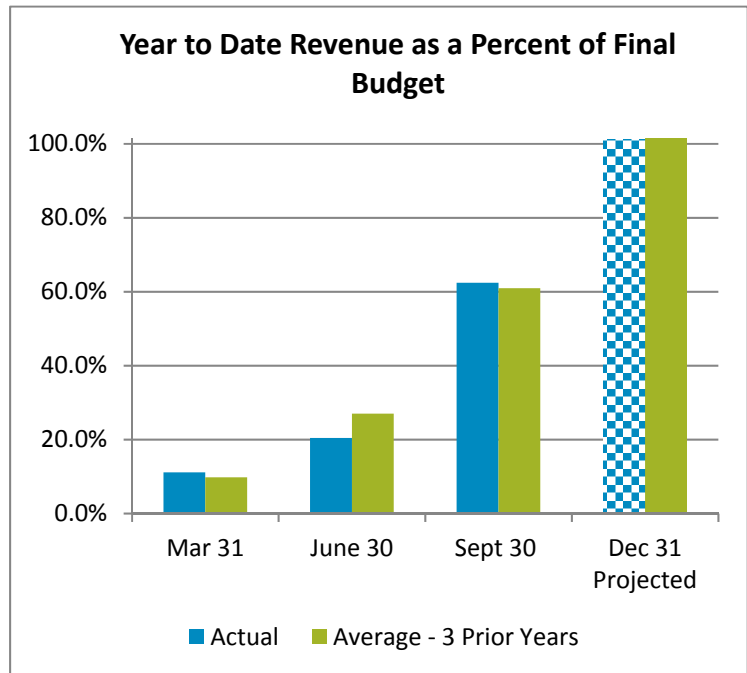
Cash and Fund Balance

The fund balance for the General Fund at fiscal year-end 2017 was \$117.1 million. The original budget for 2018 included a planned use of fund balance totaling \$17.3 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 2018 is \$84.6 million or 17% of the proposed 2019 General Fund budget of \$497.6 million. For 2018, fund balance is projected to be within the policy guidelines, with a year-end projected balance of \$87.2 million. The cash balance at year-end 2017 was \$131.8 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 September 30, the cash balance was \$44.3 million. This will increase significantly with the receipt of the second half property tax settlement in early December.



Revenue

Year-end revenues are projected to be \$468.6 million, which is \$5.3 million, or 1.2% over the budget amount of \$463.3 million. Actual revenue through the third quarter of 2018 was \$289.2 million, or 62.4% of the total budget, 1.5% above the 3-year average of 60.9%. Public Works anticipates an additional \$1.3 million in revenues for lane closures, utility pole rentals and street maintenance utility cuts. Licenses and Permits are estimated to be exceed the budget by \$600,000. Per City policy, there was a one-time deposit of \$2.1 million related to property and evidence funds into the General Fund. This was recorded as miscellaneous revenue which is causing the large variance in that category. Investment income finished the third quarter at \$5.8 million, but with market adjustments at year end, the final revenue is projected to finish closer to \$4.0 million or \$950,000 over budget.

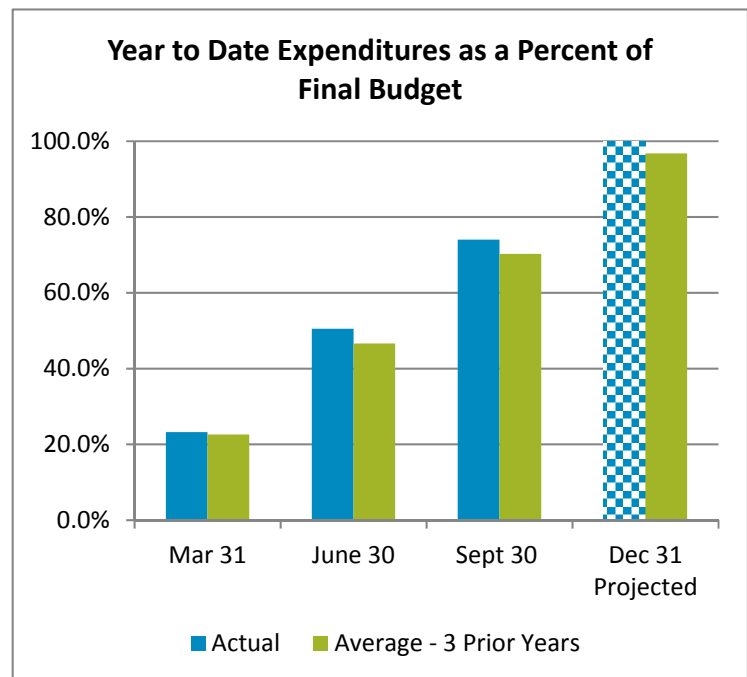


Expenditures

Six departments comprise 83.9% of the total General Fund budget: Police, Fire, Public Works, the City Coordinator, Community Planning and Economic Development (CPED), and Regulatory Services. Small percentage variances in any of these large departments can have a significant effect on the amount of surplus or deficit in the General Fund expenditure budget.

The Police department expects to come in \$1.7 million over budget due payments to other agencies and overtime related to large planned events. The Fire department is projecting to be over budget by \$700,000 due to personnel expense related to injured firefighters.

Public Works expects to be over budget by \$4.3 million due the number of snow emergencies this Spring, as well as costs associated with projects that are reimbursed by other funds. The City Clerk's department was expecting to exceed its original budget due to the cost of City-wide mid-term elections. As a result, Council approved a contingency funding of \$1.2 million to cover the expected budget shortfall. The Mayor is projected to be over budget due to leave balance payoffs and unemployment costs for the previous administration's staff. The remaining contingency funding of \$3.3 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
September 30, 2018**

| | | | | Percent of | | Surplus (Deficit) | Projected Year |
|-------------------------------------|-----------------------|-----------------------|-----------------------|----------------|-----------------------|---------------------|------------------|
| | Original Budget | Revised Budget | Year-to-Date | Revised Budget | Projected Year | Budget Versus | End as a Percent |
| Revenues | | | | Remaining | End Totals | Projected | of Revised |
| Property Taxes | \$ 194,555,813 | \$ 194,555,813 | \$ 103,230,036 | 47% | \$ 194,555,813 | \$ - | 100% |
| Local Taxes | - | - | 55,281 | 0% | 55,281 | 55,281 | 0% |
| State Aids | 84,246,101 | 84,246,101 | 39,882,680 | 53% | 84,246,101 | - | 100% |
| Charges for Services | 50,990,579 | 54,385,019 | 41,370,975 | 24% | 55,660,019 | 1,275,000 | 102% |
| Franchise Fees | 33,450,000 | 33,450,000 | 23,421,451 | 30% | 33,450,000 | - | 100% |
| Licenses & Permits | 43,670,000 | 43,670,000 | 35,530,392 | 19% | 44,270,000 | 600,000 | 101% |
| Fines & Forfeits | 6,558,000 | 6,558,000 | 5,085,582 | 22% | 6,558,000 | - | 100% |
| Special Assessments | 3,001,500 | 3,001,500 | 1,646,469 | 45% | 3,001,500 | - | 100% |
| Investment Income | 3,050,000 | 3,050,000 | 5,782,571 | -90% | 4,000,000 | 950,000 | 131% |
| Other Intergovernmental | 1,198,556 | 1,198,556 | 1,486,694 | -24% | 1,486,694 | 288,138 | 124% |
| Other Miscellaneous | 4,149,440 | 755,000 | 2,922,711 | -287% | 2,922,711 | 2,167,711 | 387% |
| Contributions | - | - | 254 | 0% | 254 | 254 | 0% |
| Total Revenues | 424,869,989 | 424,869,989 | 260,415,096 | 39% | 430,206,373 | 5,336,384 | 101% |
| Transfers In Total | 38,387,000 | 38,387,000 | 28,790,250 | 25% | 38,387,000 | - | 100% |
| Revenues and Other Sources | \$ 463,256,989 | \$ 463,256,989 | \$ 289,205,346 | 38% | \$ 468,593,373 | \$ 5,336,384 | 101% |
| Expenditures | | | | | | | |
| Police | 173,667,878 | 173,667,878 | 128,936,066 | 26% | 175,367,878 | (1,700,000) | 101% |
| Fire | 66,500,235 | 66,506,695 | 50,293,373 | 24% | 67,206,695 | (700,000) | 101% |
| Human Resources | 7,565,923 | 7,728,923 | 5,238,376 | 32% | 7,249,687 | 479,236 | 94% |
| Finance & Property Services | 22,908,437 | 22,908,437 | 16,616,446 | 27% | 22,108,000 | 800,437 | 97% |
| 911 | 9,973,959 | 10,068,624 | 7,058,933 | 30% | 10,068,624 | - | 100% |
| 311 | 4,097,275 | 4,167,814 | 2,979,670 | 29% | 4,167,814 | - | 100% |
| City Coordinator | 7,161,617 | 6,318,821 | 3,713,982 | 41% | 6,317,000 | 1,821 | 100% |
| Intergovernmental Relations | 1,518,989 | 1,518,989 | 1,116,001 | 27% | 1,500,387 | 18,602 | 99% |
| Communications | 2,307,308 | 2,307,308 | 1,659,040 | 28% | 2,271,168 | 36,140 | 98% |
| Emergency Management | 1,052,745 | 1,052,745 | 877,076 | 17% | 1,108,619 | (55,874) | 105% |
| Neighborhood & Community Relations | 713,302 | 810,738 | 470,792 | 42% | 810,738 | - | 100% |
| City Coordinator - Total | 57,299,555 | 56,882,399 | 39,730,316 | 30% | 55,602,037 | 1,280,362 | 98% |
| Transportation Planning & Design | 2,032,420 | 2,032,420 | 1,394,408 | 31% | 2,025,000 | 7,420 | 100% |
| Transportation Plan Programming | 2,689,321 | 3,139,345 | 1,999,024 | 36% | 3,139,345 | - | 100% |
| Transportation Maintenance & Repair | 35,045,726 | 34,985,726 | 30,404,166 | 13% | 39,190,467 | (4,204,741) | 112% |
| Public Works Administration | 3,992,928 | 4,052,928 | 3,076,523 | 24% | 3,971,870 | 81,058 | 98% |
| Traffic & Parking Services | 17,179,097 | 17,108,723 | 12,626,732 | 26% | 17,277,403 | (168,680) | 101% |
| Public Works - Total | 60,939,492 | 61,319,142 | 49,500,853 | 19% | 65,604,085 | (4,284,943) | 107% |
| Regulatory Services | 20,235,614 | 20,812,281 | 14,947,059 | 28% | 20,500,000 | 312,281 | 98% |
| Attorney | 10,373,249 | 10,412,085 | 7,116,552 | 32% | 10,023,943 | 388,142 | 96% |
| City Council & City Clerk | 11,527,566 | 12,677,566 | 8,379,912 | 34% | 12,361,700 | 315,866 | 98% |
| Contingency | 4,500,000 | 3,300,000 | - | 100% | - | 3,300,000 | 0% |
| Assessor | 6,874,947 | 5,599,947 | 4,141,705 | 26% | 5,545,947 | 54,000 | 99% |
| CPED | 41,058,679 | 38,096,537 | 25,639,950 | 33% | 38,096,537 | - | 100% |
| Health | 11,072,176 | 11,817,087 | 7,447,705 | 37% | 11,816,628 | 459 | 100% |
| Civil Rights | 4,501,094 | 4,327,894 | 3,034,139 | 30% | 4,284,642 | 43,252 | 99% |
| Mayor | 2,132,316 | 2,262,316 | 1,842,681 | 19% | 2,404,000 | (141,684) | 106% |
| Internal Audit | 760,662 | 800,537 | 494,551 | 38% | 643,440 | 157,097 | 80% |
| Total Expenditures | 471,443,463 | 468,482,364 | 341,504,862 | 27% | 469,457,532 | (975,168) | 100% |
| Transfers Out | 9,135,855 | 29,010,855 | 26,726,891 | 8% | 29,010,855 | - | 100% |
| Expenditures and Other Uses | \$ 480,579,318 | \$ 497,493,219 | \$ 368,231,753 | 26% | \$ 498,468,387 | \$ (975,168) | 100% |

| | |
|---|---------------------|
| Change in Fund Balance | (29,875,014) |
| Fund Balance - January 1, 2018 | 117,097,834 |
| Fund Balance - December 31, 2018 (Projected) | 87,222,820 |

City of Minneapolis
Convention Center Special Revenue Fund Report
For the Third Quarter Ending September 30, 2018

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

Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity was historically funded from local sales and hospitality tax receipts in addition to Convention Center operating revenue. Beginning in 2014, the local taxes were receipted directly to the General Fund, and a transfer was made from the General Fund to the Convention Center to fully fund Convention Center operating and non-operating expenditures. Beginning in 2018, the Convention Center Special Revenue Fund is being managed as part of the Downtown Assets umbrella fund. The Downtown Assets Fund is intended to help the City provide a coordinated management and funding structure for the physical infrastructure assets in Downtown Minneapolis which help generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. The Downtown Assets umbrella fund includes the Minneapolis Convention Center, the Arena Fund (Target Center), Peavey Plaza, and the Commons. As part of the new Downtown Assets funding structure, the 2018 local taxes are being 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 third quarter of 2018, operating revenue ended at nearly \$17.6 million or 88% of the \$20.0 million budget. Rents and Commissions had the strongest finish at nearly \$7.4 million or 90% of budget followed by Charges for Services and Sales at nearly \$6.9 million or 94% of budget, and finally Catering Commissions which came in at \$3.3 million or 74% of budget.

Through September 30, 2018, the Convention Center hosted 244 events with 683,847 attendees, and the \$17.6 million in operating revenue surpassing September 30, 2017 operating revenue by nearly \$1.8 million. The Convention Center projects operating revenue to finish at \$21.3 million which is \$1.3 million over budget, and over \$1.5 million higher than 2017.

Expenditures

Operating Expenditures

Through the third quarter of 2018, Convention Center operating expenses, not including Ongoing Equipment and Improvement, General Fund Overhead, and IT Operating expenses finished at nearly \$19.3 million or 76% of budget. 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

For the third quarter of 2018, the Convention Center recycled 64% of building waste surpassing the goal of 60% with an overall 2018 recycling rate of 60%. The Convention Center expects 2018 operating expenses to finish the year close to budget.

In Ongoing Equipment and Improvements, the Convention Center finished the third quarter at \$4.4 million or 23% of the \$19.4 million budget which includes a nearly \$11.5 million rollover of obligated and unspent 2017 funds into the 2018 budget. Included in the \$19.4 million Ongoing Equipment and Improvements budget, is \$10.5 million for Convention Center Plaza landscaping redesign. The work is expected to start in Spring of 2019, and the Convention Center expects the work to be finished after Labor Day 2019. In 2018, the Convention Center is working on much needed projects such as supplemental signage, Hi-speed dock doors, steam room renovation, kitchen hood replacement, restroom remodel, building public space lighting renovation, parking ramp exterior and stairwell lights, HVAC upgrades, Terrazzo floor refinishing, plaza renovation, office updates, 12th Street bikeway project, Tallmadge building improvements, ballroom chilled water coil replacement, escalator upgrades, and bi-fold doors. These projects allow the Convention Center to remain competitive in the national market. The Convention Center will request a rollover of unspent 2018 funds for 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 2018, transfers to debt service for debt issued on the building is budgeted at \$24.8 million, and is projected to finish 2018 at \$24.6 million which is \$181,125 under budget. The \$181,125 is the expected payment from Kelber Catering which will reduce the debt service for the building. 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 has 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 continue. 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 is due. Meet Minneapolis is budgeted at nearly \$10.5 million in 2018 which includes \$9.6 million for contractual sales and marketing payments from the City, in addition to \$500,000 in incentive funding, and a \$400,000 enhancement budget for engaging new customers which includes \$250,000 to pay City costs associated with the X-Games. Meet Minneapolis is projected to finish 2018 at budget.

Cash and Fund Balance

The 2017 ending fund balance was \$52.1 million which was a decrease of \$11.3 million from 2016. The 2017 decrease in fund balance can be primarily attributed to three new 2017 transfers out of the Convention Center Fund totaling \$10.1 million that were added to bring down cash and fund balances. The 2018 Convention Center Fund balance is projected to finish at nearly \$30.3 million which is nearly \$22.0 million less than the 2017 ending fund balance. The projected decrease is the result of a \$23.0 million reduction in the transfer of local taxes to the Convention Center as part of the management within the Downtown Assets umbrella. In 2017, the local taxes were receipted directly to the General Fund, and a transfer of local taxes was made to the Convention Center Fund directly from the General Fund. With the new Downtown Assets Fund and related fund management structure, the 2018 local taxes are being receipted directly to the Downtown Assets Funds, and the transfer of local taxes to the Convention Center Fund is being made from the Downtown Assets Fund. The Convention Center Fund cash balance as of September 30, 2018 was nearly \$55.9 million, and is projected to be nearly \$30.3 million which is a significant decline from 2017 along with a corresponding decline in fund balance. This is a planned drawdown of cash and fund balances to better align the Convention Center Fund with the Downtown Assets umbrella and management structure.

**CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2018**

CITY OF MINNEAPOLIS, MINNESOTA

| | 2018 | | | | |
|---|--------------|--------------|------------------------|---------------------------|----------------|
| | Budget | Actual | Percent of Total | Year End Projection | 2017 Actual |
| REVENUE | | | | | |
| Operating Revenue: | | | | | |
| Charges for Services and Sales | 7,300,000 | 6,858,115 | 94% | 7,900,000 | 6,613,402 |
| Rents and Commissions | 8,196,000 | 7,398,090 | 90% | 8,625,000 | 9,131,619 |
| Catering Commissions | 4,514,000 | 3,338,772 | 74% | 4,800,000 | 4,049,067 |
| Total Operating Revenue | 20,010,000 | 17,594,977 | 88% | 21,325,000 | 19,794,088 |
| Other Non Operating Revenue: | | | | | |
| Investment Management Services Interest | 612,000 | 782,473 | 128% | 1,000,000 | 667,234 |
| Meet Minneapolis (iDSS) Loan Interest | - | - | - | - | 75,752 |
| Other | - | 17,979 | - | 20,000 | 33,808 |
| Total Other Non Operating Revenue | 612,000 | 800,452 | 131% | 1,020,000 | 776,794 |
| Total Non Operating Revenue | 612,000 | 800,452 | 131% | 1,020,000 | 776,794 |
| Total Revenue | 20,622,000 | 18,395,429 | 89% | 22,345,000 | 20,570,882 |
| EXPENDITURES | | | | | |
| Convention Center Operations | 25,432,952 | 19,258,250 | 76% | 25,430,900 | 23,380,528 |
| Ongoing Equipment and Improvement | 19,356,444 | 4,408,549 | 23% | 7,856,000 | 10,909,309 |
| General Fund Overhead/IT Operating | 2,680,063 | 2,010,047 | 75% | 2,680,063 | 2,316,264 |
| Meet Minneapolis | 10,450,872 | 7,907,419 | 76% | 10,450,872 | 10,488,600 |
| Total Expenditures | 57,920,331 | 33,584,266 | 58% | 46,417,835 | 47,094,700 |
| Excess of Revenues Over (Under) Expenditures | (37,298,331) | (15,188,837) | 41% | (24,072,835) | (26,523,818) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from Downtown Assets | 26,811,000 | 20,108,250 | 75% | 26,811,000 | 49,786,220 |
| Transfer to General Fund | - | - | - | - | (3,859,657) |
| Transfer to DID | - | - | - | - | (250,000) |
| Transfer to City Capital | - | - | - | - | (6,000,000) |
| Convention Ctr Debt Service Transfer | (24,811,125) | (1,189,870) | 5% | (24,630,000) | (24,487,743) |
| Total Other Financing Sources (Uses) | 1,999,875 | 18,918,380 | 946% | 2,181,000 | 15,188,821 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (35,298,456) | 3,729,543 | | (21,891,835) | (11,334,997) |
| Fund Balance - January 1 | 52,142,910 | 52,142,910 | | 52,142,910 | 63,477,908 |
| Ending Fund Balance | 16,844,454 | 55,872,452 | | 30,251,075 | 52,142,910 |
| Ending Cash Balance | | 56,984,790 | | 34,731,247 | 56,623,082 |

Arena Special Revenue Fund For the Third Quarter Ending September 30, 2018

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 2018 rent payment is approximately \$1.5 million. Beginning in 2018, entertainment tax was removed as a revenue source with the Arena Fund now being managed under the new Downtown Assets Funds. The new Downtown Assets Funds are intended to help the City provide a coordinated management and funding structure for the physical infrastructure assets in downtown Minneapolis which help to generate sales, liquor, lodging, restaurant, and entertainment taxes that support City spending. The Arena Fund also receives interest revenue from cash balances within the fund. The 2018 interest revenue budget is \$159,120, and the 2018 interest revenue is projected to finish at \$195,000 as the result of the fund retaining much of its cash through September 30, 2018.

Expenditures

The Arena Special Revenue Fund has a 2018 ongoing equipment and improvements budget of nearly \$7.0 million which includes a \$2.2 million 2018 rollover of obligated and unspent 2017 funds. In 2018, work is being undertaken on much needed projects including a building automation system, ice floor, LAN system, ADA railing and benches, half house curtain, escalators, and arena fall protection. Based on the most recent projection, capital expensed are projected to finish 2018 at \$6.0 million which is approximately \$1.0 million under budget due to projects in process but incompleting at year end and projects delays as the result of the renovation. It is anticipated that a rollover will be requested for the unspent funds. Arena Special Revenue Fund operations are expected to finish 2018 near budget. As of September 30, 2018 AEG hasn't invoiced the City for 2018 work, and it is expected they will invoice soon. The City pays required reimbursements to AEG to support Target Center operating costs, and the 2018 budget is slightly over \$1.6 million.

Transfers

The Arena Special Revenue Fund receives an annual transfer from the Parking Fund. The 2018 budgeted transfer is nearly \$4.2 million. Transfers are underway, and it is expected that the transfers will meet the 2018 budget.

Fund Balance

The 2017 ending fund balance was nearly \$8.7 million, and is projected to decrease to \$6.6 million in 2018. The primary reason for the \$2.1 million decrease is the loss of the entertainment tax transfer in 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.

ARENA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2018

| | 2018 | | | | |
|--|--------------------|-------------------|------------------------|------------------------|--------------------|
| | Budget | Actual | Percent of Total | Year End Projection | 2017 Actual |
| REVENUES: | | | | | |
| Entertainment Tax | - | - | | - | 1,292,621 |
| Rents & Commissions | 1,461,284 | 1,461,284 | 100% | 1,461,284 | 1,432,631 |
| Rental Income - Other | - | - | - | - | 737,315 |
| Interest | 159,120 | 151,319 | 95% | 195,000 | 123,449 |
| Total revenues | 1,620,404 | 1,612,603 | 100% | 1,656,284 | 3,586,016 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Target Center Operations | (1,910,316) | (210,677) | 11% | (1,881,000) | (4,636,765) |
| Target Center Capital | (6,974,895) | (980,052) | 14% | (6,000,000) | (5,230,534) |
| Transfer From Municipal Parking Enterprise Fund | 4,158,435 | 3,118,826 | 75% | 4,158,435 | 3,940,228 |
| Bond Financing | - | - | - | - | (82,600) |
| Total other financing sources (uses) | (4,726,776) | 1,928,097 | -41% | (3,722,565) | (6,009,671) |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (3,106,372) | 3,540,700 | | (2,066,281) | (2,423,655) |
| Fund Balance - January 1 | 8,663,978 | 8,663,978 | | 8,663,978 | 11,087,633 |
| Ending Fund Balance | 5,557,606 | 12,204,678 | | 6,597,697 | 8,663,978 |
| Ending Cash Balance | | 10,468,222 | | 8,054,949 | 10,121,230 |

Downtown Assets Special Revenue Fund For the Third Quarter Ending September 30, 2018

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, and entertainment taxes;
- provide stable, predictable ongoing support from these taxes to the General Fund; and,
- support the comprehensive management of the City's four primary downtown revenue-generating capital assets.

This umbrella fund holds the operating and debt service funds which support the Minneapolis Convention Center, the Arena Reserve Fund (Target Center), the Downtown Commons, and Peavey Plaza. Though each of these funds holds a cash balance to its own, all cash balances are available to support any expense within the fund. Receipts to the fund are largely made up of local taxes, but may also include funds from private donations or the State to support capital improvements. The Convention Center department is responsible for management of operations within the fund. Revenues and expenditures for the Convention Center and Target Center are discussed in those funds' respective quarterly reports.

Revenue

Downtown Assets Fund revenues are budgeted at approximately \$87.4 million in 2018. The overwhelming majority of revenues come from local taxes (including sales, restaurant, entertainment, liquor, and lodging). Minneapolis local taxes are expected to come in close to budget at \$87.4 million which is \$4.0 million over 2017. Included in the \$4.0 million increase, is \$2.4 million that was estimated as brought in by the City hosting Super Bowl LII. The Downtown Assets Funds are also earning interest through IMS (Investment Management Services) revenue from cash balances within the funds throughout the year. Interest earnings are projected to be \$48,500.

Expenditures

Operating expenditures within the fund include \$4.0 million in one-time capital expenses for the renovation of the Peavey Plaza, \$400,000 in operating expenses for Peavey Plaza, and a one-time expense of \$750,000 related to the maintenance of the Downtown Commons. Also included in 2018 expenses are special assessments related to the Nicollet Mall renovation of \$64,000 for the East and West Downtown Commons and \$18,000 for Peavey Plaza.

Transfers

Budgeted transfers include nearly \$30.9 million to the General Fund, nearly \$5.2 million to the Downtown Commons and Peavey Plaza for capital and operating expenses, \$26.8 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 are two budgeted transfers into the Downtown Assets Funds. There is a \$420,000 one-time budgeted transfer from bond proceeds related to the Downtown Commons, and a \$5.2 million one-time transfer to Peavey Plaza and the Downtown Commons to cover capital and operating expenses. All 2018 transfers are expected to finish at budget.

Fund/Cash Balances

The Downtown Assets Funds are new in 2018 and began the year with no fund or cash balances. There is a \$280,408 loan from the Downtown Assets Fund to the Capital Improvements Fund for the Peavey Plaza renovation project. The loan was made to make up the shortfall of donations received by showing proof the Peavey Plaza renovation project is fully funded as required by a state grant. The loan is accounted for on the balance sheet. Fund and cash balances are expected to finish at approximately \$19.6 million.

**DOWNTOWN ASSETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending September 30, 2018**

| | 2018 | | | |
|---|---------------------|---------------------|------------------------|------------------------|
| | Budget | Actual | Percent of Total | Year End Projection |
| REVENUES: | | | | |
| Local Taxes | 87,349,413 | 55,050,535 | 63% | 87,400,000 |
| Interest Revenue | - | 36,085 | - | 48,500 |
| Total Revenues | 87,349,413 | 55,086,620 | 63% | 87,448,500 |
| EXPENDITURES | | | | |
| Property Management Services | 400,000 | 58,440 | 15% | 163,800 |
| Taxes Licenses & Fees | - | 82,016 | - | 82,016 |
| Peavey Plaza Capital | 4,000,000 | 7,765 | 0% | 4,000,000 |
| Commons Property Management Services | 750,000 | 750,000 | 100% | 750,000 |
| Total Expenditures | 5,150,000 | 898,221 | 17% | 4,995,816 |
| Excess of Revenues Over (Under) Expenditures | 82,199,413 | 54,188,399 | 66% | 82,452,684 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from Downtown Assets 01700 | 5,150,000 | 5,150,000 | 100% | 5,150,000 |
| Transfer from Capital Arbitrage Net Debt Bonds | 420,000 | 420,000 | 100% | 420,000 |
| Transfer to City General 00100 | (30,850,000) | (23,137,500) | 75% | (30,850,000) |
| Transfer to Downtown Assets 01700 | (5,150,000) | (5,150,000) | 100% | (5,150,000) |
| Transfer to Convention Center | (26,811,000) | (20,108,250) | 75% | (26,811,000) |
| Transfer to Other Debt Service Funds | (5,661,000) | (5,661,000) | 100% | (5,661,000) |
| Total other financing sources (uses) | (62,902,000) | (48,486,750) | 77% | (62,902,000) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 19,297,413 | 5,701,649 | | 19,550,684 |
| Fund Balance - January 1 | - | - | | - |
| Ending Fund Balance | 19,297,413 | 5,701,649 | | 19,550,684 |
| Ending Cash Balance | | 5,430,554 | | 19,550,684 |

City of Minneapolis
Police Special Revenue Fund
For the Third Quarter Ending September 30, 2018

Background

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

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

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

Historical Financial Performance

The accumulated fund balance for year end 2017 is \$2.6 million compared to 2016 fund balance of \$2.4 million. The increase of \$200,000 in fund balance was primarily due to excess revenue associated with various non-emergency service contracts at US Bank Stadium, TCF Bank Stadium, Target Center, Target Field, and elsewhere of \$71,000 coupled with increases in net forfeiture revenues of \$283,000; and offset by decrease in net proprietary software (APS & WFD) revenue of \$132,000.

Revenues

Revenues for the Police Special Revenue Fund increased from \$2.7 million in 2016 to \$2.9 million in 2017. The increase was primarily due to increase in non-emergency service contracts (US Bank Stadium, TCF Bank Stadium, Target Field, and Target Center) revenue from \$730,000 in 2016 to \$1.0 Million in 2017. In addition, forfeiture (State and Federal) revenue increased by \$86,000 in 2017. Conversely, revenue generated by proprietary software systems (APS and WFD) decreased from \$973,000 in 2016 to \$891,000 in 2017.

The total revenue budgeted for 2018 is \$2.6 million. Through third quarter of 2018, \$1.9 million of revenues have been received compared to \$2.3 million through third quarter of 2017. The projected 2018 year-end revenue is expected to be \$200,000 less than the budgeted amount of \$2.6 million due to the conversion of a non-emergency service contract to officer off-duty work. This is offset by a similar decrease in anticipated expenditures.

Expenditures

Expenditures for the Police Special Revenue Fund increased from \$1.9 million in 2016 to \$2.8 million in 2017. Increase was primarily due to \$450,000 increase in 2017 personnel service expenditures at US Bank Stadium, TCF Bank Stadium, DID Project, Target Field, and Target Center as well as increase in WFD

expenditures of \$390,000. In 2017 there were no WFD expenditures transferred to the General Fund while \$297,000 was transferred in 2016. Through the third quarter of 2018, \$2.2 million has been expended compared to \$1.9 million through the third quarter of 2017. The projected 2018 year end expenditures are expected to be \$200,000 less than the budgeted amount of \$3.1 million due to the conversion of a non-emergency service contract to officer off-duty work. This is offset by a similar decrease in anticipated revenue.

Cash and Fund Balance

The accumulated fund balance for year ending 2017 is \$2.6 million compared to 2016 fund balance of \$2.4 million. Based on the 2018 Projections, a decrease of \$500,000 in fund balance from 2017 to 2018 is anticipated. The decrease is due to use of fund balance to cover equipment encumbered in 2017 but not expected to be received until the fourth Quarter of 2018 and \$100,000 expected to be used to acquire vehicles.

The cash balance as of September 30th, 2018 is \$2.1 million compared to cash balance of \$2.3 million as of September 30th, 2017. The decrease of \$200,000 is due to excess expenditures over revenue of \$300,000 which is offset by decrease in receivable from \$566,000 as of September 30th, 2017 to \$353,000 as of September 30th, 2018. A projected year end 2018 cash balance of \$1.7 million is anticipated compared to \$2.2 million as of year end 2017. The projected decrease of \$400,000 is due to equipment ordered in 2017 but not expected to be received until later this year and \$100,000 expected to be used to acquire vehicles.

City of Minneapolis
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For Third Quarter/Years 2018, 2017 and 2016

| | Budget Current Year 2018 | Projected Year Ending 2018 | For Period Ending 9/30/2018 | For Year Ending 2017 | For Period Ending 9/30/2017 | For Year Ending 2016 | For Period Ending 9/30/2016 |
|---|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
| Revenue | | | | | | | |
| Charges for Services and Sales | 2,074,000 | 1,874,000 | 1,415,633 | 2,226,795 | 1,639,186 | 2,074,252 | 1,304,761 |
| Fines and Forfeits | 338,000 | 338,000 | 284,204 | 492,508 | 500,074 | 406,061 | 382,539 |
| Miscellaneous | - | - | - | 2,636 | - | 2,893 | - |
| Taxes | 200,000 | 200,000 | 163,571 | 223,746 | 145,701 | 212,556 | 138,127 |
| Total Revenue | 2,612,000 | 2,412,000 | 1,863,408 | 2,945,685 | 2,284,960 | 2,695,762 | 1,825,427 |
| Expenditures | | | | | | | |
| Capital Outlay | 114,000 | 514,000 | 40,246 | 21,748 | 83,822 | - | - |
| Contractual Services | 565,841 | 565,841 | 727,118 | 654,036 | 484,131 | 476,077 | 610,584 |
| Fringes | 356,865 | 356,865 | 264,258 | 365,230 | 235,263 | 237,203 | 163,153 |
| Materials / Other | 275,428 | 275,428 | 166,162 | 254,646 | 173,969 | 189,577 | 117,365 |
| Personal Services | 1,799,866 | 1,199,866 | 971,996 | 1,502,765 | 1,056,505 | 1,003,162 | 650,149 |
| Total Expenditures | 3,112,000 | 2,912,000 | 2,169,780 | 2,798,425 | 1,949,869 | 1,906,019 | 1,541,251 |
| Excess of Revenues Over (Under) Expenditures | (500,000) | (500,000) | (306,372) | 147,260 | 335,092 | 789,742 | 284,176 |
| Significant Balance Sheet Items: | | | | | | | |
| Cash Balance | 1,723,773 | 1,723,773 | 2,061,066 | 2,223,773 | 2,287,404 | 2,105,861 | 1,778,108 |
| Fund Balance | 2,086,111 | 2,086,111 | 2,279,739 | 2,586,111 | 2,773,943 | 2,438,852 | 1,933,285 |

City of Minneapolis
NCR Special Revenue Fund: 01800
For the Third Quarter Ended September 30, 2018

Neighborhood and Community Relations Special Revenue Fund

The Neighborhood & Community Relations (NCR) Special Revenue Fund accounts for neighborhood revitalization efforts within the City and is funded by the revenues of the Consolidated Redevelopment Tax Increment Financing District. The district was established pursuant to special legislation adopted in 2008, and must be decertified no later than December 31, 2020. The tax increment revenue generated by the district, for neighborhood revitalization purposes, may be spent anywhere within the City of Minneapolis. The Fund is used primarily for community engagement and neighborhood-based initiatives, as well as a portion of the NCR administrative costs.

Historical Financial Performance

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

Revenues

Through the third quarter of 2018, \$3.3 million has been transferred from the Consolidated Redevelopment Tax Increment Financing District Fund to the NCR Special Revenue Fund for the first half of FY 2018, and \$3.3 million more is projected for the second half of FY 2018.

Expenditures

The expenditures from this fund through the third quarter of FY 2018 are \$4.9 million for the community engagement and neighborhood based activities and total projected expenditures are expected to be \$6.7 million in FY 2018.

Fund Balance

The Fund balance projection for 2018 year-end is \$3.4 million based on the current activities.

City of Minneapolis
NCR Special Revenue Fund : 01800
Statement of Revenues, Expenditures and Changes in Fund Balance
For Years, 2018, 2017, and 2016

| | Budget Current Year 2018 | Projected Year Ending 2018 | For Period Ending 9/30/2018 | For Year Ending 2017 | For Period Ending 9/30/2017 | For Year Ending 2016 |
|---|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| Revenue | | | | | | |
| Loan Recapture | - | 1,662 | 1,662 | - | - | 5,574 |
| Expenditures | | | | | | |
| Neighborhood and Community Relations | 6,676,120 | 6,549,743 | 4,912,307 | 6,897,239 | 4,994,728 | 6,327,375 |
| Total Expenditures | 6,676,120 | 6,549,743 | 4,912,307 | 6,897,239 | 4,994,728 | 6,327,375 |
| Excess of Revenues Over (Under) Expenditures | (6,676,120) | (6,548,081) | (4,910,645) | (6,897,239) | (4,994,728) | (6,321,801) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in from other funds | 6,682,141 | 6,682,141 | 3,341,071 | 6,487,516 | 3,243,758 | 6,127,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 6,021 | 134,060 | (1,569,574) | (409,723) | (1,750,970) | (194,801) |
| Significant Balance Sheet Items: | | | | | | |
| Cash Balance | | 3,641,468 | 1,778,586 | 3,507,408 | 2,043,513 | 4,028,602 |
| Fund Balance | | 3,440,016 | 1,736,382 | 3,305,956 | 1,964,709 | 3,715,679 |

City of Minneapolis
Regulatory Services Special Revenue Fund
For the Third Quarter Ending September 30, 2018

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). A portion of the activities in the Regulatory Services Special Revenue Fund are now managed by CPED.

Historical Financial Performance

The City established this fund in 2008, and through 2013, it accumulated a fund balance of \$5.5 million. This balance is the result of various initiatives in previous years and the availability of grant funds to pay for certain eligible expenses. These two revenue sources were not ongoing, leaving special assessments and direct property owner charges as the only sources of revenue for this fund. These resources are facing challenges in 2018 and beyond as assessments and property charges have been declining due an improved economy where residents have the resources to make necessary property repairs. Anticipation going forward is for revenue to continue to contract, thereby reducing fund balance.

Revenue

The majority of revenue in this fund comes from Vacant Building Registration fees. Homeowner citations, paid directly or through Special Assessments is another source of revenue. The total revenue budgeted for 2018 is \$3.4 million; \$3.1 million of this is from special assessments. Through the third quarter of 2018, \$1.5 million in revenue had been received compared to \$2.0 million in September of 2017, a 25% decline from the previous year. A change in the billing procedure for Vacant Building Registrations in 2017 is projected to have a substantially negative impact on that revenue source, as can be seen by the significant decrease in revenue from the prior year. The 2018 year-end revenue projection is \$2.4 million, or approximately \$1.0 million 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 third quarter of 2018, \$3.0 million had been expended as compared to \$3.3 million at the end of September 2017. The projected 2018 year-end expenditures are \$4.1 million, which is \$1.0 million under budget.

Cash and Fund Balance

Future fund balance projections will depend upon future revenue receipts. If revenue received is near the projected level, this will have a negative effect on fund balance even though we anticipate expenditures to be under budget by a similar amount. Fund balance is projected to be reduced by \$1.7 million, which is the same as the adopted budget. Cash balance closely mirrors fund balance and is currently \$2.0 million. The 2018 year-end fund balance is projected to be at \$1.8 million.

City of Minneapolis
Regulatory Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For Third Quarter/Years 2018, 2017, and 2016

| | Budget Current Year 2018 | Projected Year Ending 2018 | For Period Ending 9/30/2018 | For Year Ending 2017 | For Period Ending 9/30/2017 | For Year Ending 2016 | For Period Ending 9/30/2016 |
|---|--------------------------------|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
| Revenue | | | | | | | |
| Permits and Charges for Services | 162,500 | 220,000 | 178,794 | 116,935 | 80,975 | 291,000 | 196,083 |
| Special Assessments | 3,116,277 | 2,100,000 | 1,236,995 | 2,848,293 | 1,890,591 | 3,603,000 | 2,434,180 |
| Other | 85,000 | 58,000 | 52,678 | 106,151 | 31,150 | - | - |
| Total Revenue | 3,363,777 | 2,378,000 | 1,468,466 | 3,071,379 | 2,002,716 | 3,894,000 | 2,630,263 |
| Expenditures | | | | | | | |
| Regulatory Services | 4,744,581 | 3,767,000 | 2,875,588 | 3,904,228 | 3,075,226 | 3,555,148 | 3,168,048 |
| Community & Economic Development | 300,000 | 300,000 | 98,820 | 238,641 | 207,239 | 254,135 | 190,160 |
| Total Expenditures | 5,044,581 | 4,067,000 | 2,974,408 | 4,142,869 | 3,282,465 | 3,809,283 | 3,358,208 |
| Excess of Revenues Over (Under) Expenditures | (1,680,804) | (1,689,000) | (1,505,942) | (1,071,490) | (1,279,749) | 84,717 | (727,944) |
| Significant Balance Sheet Items: | | | | | | | |
| Cash Balance | 1,850,857 | 1,823,410 | 2,006,468 | 3,532,237 | 3,356,591 | 4,686,651 | 3,862,206 |
| Fund Balance | 1,854,099 | 1,845,902 | 2,028,960 | 3,534,902 | 3,326,644 | 4,606,393 | 3,793,496 |

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending September 30, 2018

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

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

Federal Grants Fund (01300)

The City accounts for its federal grant activity in fund 01300. As of September 30, 2018, expenditures were \$9,170,621 compared to the 2017 expenditures of \$10,074,093. The 2018 expenditures are lower due to slower spending in some areas of Community Planning and Economic Development, Health, and Emergency Management.

HUD Consolidated Plan Funds (01400 & 01500)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with three other Housing and Urban Development (HUD) Programs. The programs are the Emergency Solutions Grant Program (ESG), HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards declined through 2012. Beginning June 1, 2012 the award was \$3.1 million less than the prior year. Since that time the allocation has remained around \$10 million. The combined HUD Consolidated Plan allocation for 2018 was over \$16 million. HUD grant expenditures as of September 30 were \$11,707,259 compared to \$10,534,918 for 2017. The 2018 expenditures are higher due to increased building rehabilitation work in the HOME program compared to September 30, 2017.

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. Since November 2001, the City Council approved the reprogramming of \$1,624,299. Since 2008, in accordance with the reprogramming policy, an additional \$1,930,104 has been reprogrammed. During the 2014 budget process, eligible tax increment revenues were identified to pay down this remaining deficit in 2015 and future years. As of September 30, \$750,000 has been transferred into fund 01400 to reduce the deficit to a remaining balance of \$3,487,453.

Grants Other Fund (01600)

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of September 30, 2018 are \$12,930,842 compared to the 2017 expenditures of \$12,734,858. There is only a slight increase in expenditures in the 3rd quarter which have offset the previously reported decline in spending in the fund. The increase is related to slightly higher expenditures in 2018 in Health, Police and Regulatory Service. These increases offset the decline in Community Planning and Economic Development (CPED) grants. CPED's decline relates primarily to Hennepin County reducing its grant funding opportunities for the next three years due to funds earmarked for the Southwest Light Rail project to clean up land parcels.

The revenue in the fund as of September 30, 2018 and 2017 is \$16,750,365 and \$15,123,878, respectively. The variance can be contributed to higher private foundation grants in 2018 which offsets the decline in CPED grant activity. As most grants in fund 01600 are on a cost reimbursement basis, when there is a decrease in expenditures there is a related decline in grant revenues. However, when funds are received through private donations and corporate and foundation grants, the funds will often be in advance of any expenditures.

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 September 30, 2018

| | Federal Grants 01300 | HUD Grants 01400 & 01500 | Grants Other 01600 | Total |
|---|-------------------------------------|---|-----------------------------------|----------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ (1,506,003) | \$ 1,124,003 | \$ 6,644,253 | \$ 6,262,253 |
| Accounts - net | 185,341 | 12,469 | 27,726 | 225,536 |
| Intergovernmental Receivables | 50,884 | - | 580 | 51,464 |
| Properties Held for Resale | 951,806 | 6,191,943 | 1,199,750 | 8,343,499 |
| Total Assets | \$ (317,972) | \$ 7,328,415 | \$ 7,872,309 | \$ 14,882,752 |
| Liabilities | | | | |
| Salaries Payable | \$ 24,067 | \$ 3,189 | \$ 53,345 | \$ 80,601 |
| Accounts Payable | 239,553 | 134,849 | 133,194 | 507,596 |
| Inter Governmental Payables | 11 | - | - | 11 |
| Deferred Revenue and Contracts | 357,603 | - | 76,076 | 433,679 |
| Total Liabilities | \$ 621,234 | \$ 138,038 | \$ 262,615 | \$ 1,021,887 |
| Fund Balance | \$ (939,206) | \$ 7,190,377 | \$ 7,609,694 | \$ 13,860,865 |
| Total Liabilities and Fund Balance | \$ (317,972) | \$ 7,328,415 | \$ 7,872,309 | \$ 14,882,752 |
| Revenue | | | | |
| Taxes-Charitable Gambling | \$ - | \$ - | \$ 148,785 | \$ 148,785 |
| Grants and Shared Revenues | 6,645,332 | 10,226,429 | 11,599,384 | 28,471,145 |
| Special Assessments | - | 3,479 | - | 3,479 |
| Private Grants and Contributions | - | - | 3,652,952 | 3,652,952 |
| Charges for Services | 1,771 | 8,125 | 932,281 | 942,177 |
| Interest | - | 226,649 | - | 226,649 |
| Rent & Commissions | - | 3,872 | - | 3,872 |
| Sale of Lands & Buildings | 139,475 | 483,313 | - | 622,788 |
| Loan Recapture | 267,790 | 1,252,496 | - | 1,520,286 |
| Refund of Prior Years Expended | 341 | - | - | 341 |
| Miscellaneous Revenue | - | 1,332 | 415,463 | 416,795 |
| Transfer to Special Revenue Fund | - | 500,000 | 1,500 | 501,500 |
| Total Revenue | \$ 7,054,709 | \$ 12,705,695 | \$ 16,750,365 | \$ 36,510,769 |
| Expenditures | \$ 9,170,621 | \$ 11,707,259 | \$ 12,930,842 | \$ 33,808,722 |
| Revenues Over (Under) Expenditures | \$ (2,115,912) | \$ 998,436 | \$ 3,819,523 | \$ 2,702,047 |

City of Minneapolis
Community Planning & Economic Development (CPED)
Special Revenue Funds
For the Third Quarter Ending September 30, 2018

| Programs | Original Budget | Current Budget | Expended | Bud vs Exp | Cash | Fund Balance |
|--------------------------------|-----------------|----------------|---------------|---------------|----------------|----------------|
| Tax Increment Financing | 45,859,851 | 61,452,832 | 34,125,816 | 27,327,016 | 115,726,462 | 140,504,100 |
| Housing & Economic Development | 887,000 | 12,109,199 | 6,605,169 | 5,504,030 | 9,559,849 | 15,638,947 |
| General Development | 8,441,462 | 27,067,025 | 7,165,167 | 19,901,858 | 35,350,278 | 40,601,732 |
| Neighborhood Revitalization | 5,175,741 | 5,175,741 | 3,084,973 | 2,090,768 | 32,293,547 | 32,536,819 |
| CPED Operating | 1,521,587 | 1,521,587 | 1,273,143 | 248,444 | 1,473,411 | 714,673 |
| Total | \$ 61,885,641 | \$ 107,326,384 | \$ 52,254,268 | \$ 55,072,116 | \$ 194,403,547 | \$ 229,996,271 |

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 the third quarter 2018 was \$230.0 million. Fund balances are considered either "restricted" or "assigned". The combined fund balance of the NRP and TIF programs was \$173.0 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 \$57.0 million.

Cash Balance. The combined cash balance of the CPED Special Revenue Funds at the end of the third quarter 2018 was \$194.4 million. This was \$30.6 million higher than at the end of the third quarter 2017. The combined cash balance in the TIF and NRP programs at the end of the third quarter 2018 was \$148.0 million (76% 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 third quarter 2018 was \$115.7 million, which was \$19.3 million higher than cash at the end of third quarter 2017. Third quarter 2018 revenues were \$35.1 million, which was \$5.7 million higher than in 2017. Third quarter 2018 expenditures were \$14.8 million, which was \$2.3 million higher than in 2017. In the third quarter of 2018 revenues exceeded expenditures by \$20.3 million, net transfers out were \$17.3 million, and fund balance increased by \$3.0 million from \$137.5 million to \$140.5 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 third quarter 2018 was \$9.6 million, which was \$1.3 million lower than cash at the end of third quarter 2017. Third quarter 2018 revenues were \$0.5 million, which was \$0.2 million lower than in 2017. Third quarter 2018 expenditures were \$2.2 million, which was \$2.0 million higher than in 2017.

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 third quarter 2018 was \$35.4 million, which was \$12.9 million higher than cash at the end of third quarter 2017. Third quarter 2018 revenues were \$5.0 million, which was \$3.2 million higher than in 2017. Third quarter 2018 expenditures were \$4.4 million, which was \$1.0 million higher than in 2017.

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 third quarter 2018 was \$32.3 million, which was \$0.8 million lower than cash at the end of third quarter 2017. Third quarter 2018 revenues were \$3.6 million, which was \$3.2 million higher than in 2017. Third quarter 2018 expenditures were \$3.0 million, which was \$1.0 million higher than in 2017.

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

At the end of 2011, a large negative fund balance existed in this program. As part of the 2012 budget process, CPED directors developed and approved a five-year deficit work-out plan. The negative fund balance was to be eliminated over a five-year work-out period (2012-2017). In each year, available

unrestricted CPED revenues are used to pay 20 percent of the original negative fund balance plus the actual deficit (expenditures over revenues) from the prior year.

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

At the end of the third quarter 2018, this program had a fund balance of \$0.7 million and a cash balance of \$1.5 million. Expenditures during this period exceeded revenues by \$0.7 million, and there were no transfers from/to other funds.

CPED Special Revenue Fund Component Programs
Financial Statement Summaries
3rd Quarter 2018

| CPED Special Revenue Fund | TIF | Housing & Econ Development | General Development | NRP | CPED Operating | Spec Rev Fund | |
|---|---------------------|-------------------------------|------------------------|-------------------|-------------------|--------------------|---------------------|
| | | | | | | 2018 Total | 2017 Total |
| Assets | | | | | | | |
| Cash | 115,726,462 | 9,559,849 | 35,350,278 | 32,293,547 | 1,473,411 | 194,403,547 | 163,796,009 |
| Misc receivables | 247,957 | - | 19,868 | - | 6,520 | 274,345 | 566,634 |
| Loans receivable | - | 6,227,182 | - | - | - | 6,227,182 | 6,411,955 |
| Advances to other funds | 558,527 | - | 2,750,000 | - | - | 3,308,527 | 3,374,357 |
| Properties held for resale | 24,765,639 | 6,080,152 | 2,521,406 | 251,202 | - | 33,618,399 | 33,473,027 |
| Total Assets | 141,298,585 | 21,867,183 | 40,641,552 | 32,544,749 | 1,479,931 | 237,832,000 | 207,621,982 |
| Liabilities | | | | | | | |
| Payables | 13,239 | 1,054 | 39,820 | 7,930 | 142 | 62,185 | 33,357 |
| Advances from other funds | 558,527 | - | - | - | - | 558,527 | 624,357 |
| Deposits held for others | - | - | - | - | 765,116 | 765,116 | 517,865 |
| Deferred inflow of resources | 222,719 | 6,227,182 | - | - | - | 6,449,901 | 6,689,598 |
| Total Liabilities | 794,485 | 6,228,236 | 39,820 | 7,930 | 765,258 | 7,835,729 | 7,865,177 |
| Total Fund Balance | 140,504,100 | 15,638,947 | 40,601,732 | 32,536,819 | 714,673 | 229,996,271 | 199,756,805 |
| Total Liabilities & Fund Balance | 141,298,585 | 21,867,183 | 40,641,552 | 32,544,749 | 1,479,931 | 237,832,000 | 207,621,982 |
| Revenue | | | | | | | |
| Property tax increment | 32,139,729 | - | - | - | - | 32,139,729 | 26,706,916 |
| Fees & charges for services | 20,676 | 11,688 | 600,162 | - | 336,088 | 968,614 | 721,314 |
| Interest revenue | 1,486,743 | (142) | 454,850 | 484,969 | 286,681 | 2,713,101 | 1,421,586 |
| Rent | 1,051,927 | 535,333 | 3,720 | - | - | 1,590,980 | 1,584,646 |
| Sale of land & buildings | 126,504 | - | 3,380,574 | - | - | 3,507,078 | 247,408 |
| Loan recapture | 283,047 | - | 582,092 | 3,107,579 | - | 3,972,718 | 2,385,809 |
| Total revenue | 35,108,626 | 546,879 | 5,021,398 | 3,592,548 | 622,769 | 44,892,220 | 33,067,679 |
| Expenditures | | | | | | | |
| Personal services | 305,528 | - | 653,522 | - | 1,910 | 960,960 | 1,115,288 |
| Contractual services | 332,701 | 50,760 | 450,507 | 2,389,132 | 1,271,233 | 4,494,333 | 4,016,409 |
| Other operating costs | 13,384 | 146 | 638,381 | - | - | 651,911 | 689,288 |
| Program capital outlay | 14,145,281 | 2,156,616 | 2,681,908 | 604,341 | - | 19,588,146 | 13,544,470 |
| Total expenditures | 14,796,894 | 2,207,522 | 4,424,318 | 2,993,473 | 1,273,143 | 25,695,350 | 19,365,455 |
| Transfers | | | | | | | |
| Transfers from other funds | 2,001,566 | 11,006,261 | 8,497,343 | 1,494,631 | - | 22,999,801 | 9,048,796 |
| Transfers to other funds | (19,328,922) | (4,397,647) | (2,740,849) | (91,500) | - | (26,558,918) | (25,123,132) |
| Total transfers | (17,327,356) | 6,608,614 | 5,756,494 | 1,403,131 | - | (3,559,117) | (16,074,336) |
| Change in fund balance | 2,984,376 | 4,947,971 | 6,353,574 | 2,002,206 | (650,374) | 15,637,753 | (2,372,112) |
| Beginning fund balance | 137,519,724 | 10,690,976 | 34,248,158 | 30,534,613 | 1,365,047 | 214,358,518 | 202,128,917 |
| Ending fund balance | 140,504,100 | 15,638,947 | 40,601,732 | 32,536,819 | 714,673 | 229,996,271 | 199,756,805 |
| | | | | | | | |

City of Minneapolis
Engineering, Materials, and Testing
For the Second Quarter Ending September 30, 2018

| Fund 06000 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 7,372,891 | 5,890,377 | 7,382,038 | 6,297,477 |
| Operating Expense | 7,372,891 | 5,648,808 | 7,397,215 | 6,399,090 |
| Operating Margin | - | 241,569 | (15,177) | (101,613) |
| Change in Net Position | | 241,569 | (15,177) | (320,735) |
| Net Position | | 349,707 | 92,961 | 108,138 |
| Cash Balance | | 1,735,429 | 1,620,151 | 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 third quarter 2018 is \$5,890,377, or 80% of the budgeted amount of \$7,372,891. The 2018 revenue represents an increase of 21% over the third quarter 2017 revenue of \$4,855,364. Revenue throughout the year is dependent upon several factors such as weather and the timing of construction projects. These variables can result in substantial variances in the amount of revenue (and expenses) recorded through third quarter from year to year.

Expense:

Operating expense through third quarter 2018 is \$5,648,808, or 77% of the budgeted amount of \$7,372,891. The 2018 expense reflects an increase of 14% over the 2017 expense of \$4,958,879 incurred through the same period. As noted above, expenses throughout the year are dependent upon several factors such as weather and the timing

of construction projects. Additionally, contractual service expense increased 40.1% compared to the same period in 2017, primarily from an increase in the cost of internal services provided by other City departments.

Transfers:

This fund does not have any transfers in or out in 2018.

Debt Service:

This fund does not have any debt obligations.

Forecast:

Operating revenue is projected to be \$7,382,038 and operating expense is projected to be \$7,397,215. These projections result in a decrease of \$15,177 from the 2017 ending net position of \$108,138. The 2018 year-end cash balance is projected to be \$1,620,151, which is higher than the 2017 ending balance of \$1,527,190 due to an increase in net position.

Cash and Net Position

The 2018 third quarter cash balance is \$1,735,429, an increase of \$208,239 from the 2017 year-end balance of \$1,527,190. The increase in cash through third 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 September 30, 2018, the fund had an accrual of \$207,161 for September invoices for asphalt and concrete that was paid in October. Had these invoices been paid in September, the cash balance would be reduced to \$1,528,268. Financial policies for the cash reserve for the Engineering, Materials, and Testing Fund determine that the cash balance should not be less than 15.0% of the operating budget or \$1,105,934.

The 2017 year-end net position was \$108,138 which represents a decrease of \$320,735 from the 2016 ending balance of \$428,873. The primary reason for this decrease was due to the recording of pension liabilities. The net position also decreased due to the planned reduction in rates charged for laboratory. The financial policy for the net position for this fund determines that net position not be less than 15.0% of the annual operating budget or \$1,105,934 for the 2018.

City of Minneapolis
Fleet Services Internal Service Fund
For the Third Quarter Ending September 30, 2018

| Fund 06100 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 37,953,652 | 30,098,592 | 39,793,766 | 35,216,822 |
| Operating Expense | 23,310,673 | 16,466,633 | 23,504,397 | 21,328,574 |
| Operating Margin | 14,642,979 | 13,631,959 | 16,289,369 | 13,888,248 |
| Change in Net Position | | 9,224,024 | 9,134,850 | 8,047,786 |
| Net Position | | 83,781,860 | 83,692,686 | 74,557,834 |
| Cash Balance | | 35,930,974 | 19,632,493 | 30,349,623 |

Program Description:

The Fleet Services Fund manages the acquisition, maintenance and disposal of approximately 1,700 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles.

The Fleet Services Division assigns nearly all its fleet (base units) to City departments. The City departments are allocated a rental rate for these units that is calculated through an activity based cost allocation model and designed to capture the replacement cost of the vehicle. The City's fleet of vehicles and equipment has an acquisition value of \$93.5 million and accounts for 57% of the net value of the long-term assets in this fund.

Revenue:

Operating revenue earned through third quarter 2018 is \$30,098,592 or 79% of the budgeted amount of \$37,953,652. The revenue earned through third quarter 2018 increased by \$4,697,081, or 18%, from the revenue earned through third quarter 2017. This increase is mostly due to charges for services and sales which increased by \$2,487,812 or 21%. The increase in charges for services and sales is due to an increase in budgeted overhead rates to align allocation model revenue with the approved expense budget. Rental revenue also increased \$2,209,269 compared to the same period in 2017. The increase in rental income is mostly due to new additions to the fleet, of which \$815,100 was charged back to customer departments. The increase is also partly due to monthly lease payments collected from departments which have increased \$672,097 from the same period in 2017 to recover the costs of future replacement vehicles. The use of contractual rental equipment fluctuates each year based upon construction activity and has increased \$457,621 compared to the same period in 2017.

Expenses:

Operating expense through third quarter 2018 totaled \$16,466,633 representing 71% of the annual budget of \$23,310,673. Expenses through the third quarter of 2018 increased \$931,350, or 6%, over the total expense through the same period in 2017. The primary reason for this increase is due to an increase of \$623,718 or 14% of materials, supplies, services and other expense from 2017 to 2018, mostly due to fuel costs which have increased \$493,475 from the same period in 2017. Also, personnel services expense increased by \$262,464 through the third quarter of 2018, which is primarily due to two additional positions for the apprentice program.

Transfers:

The fund receives transfers in of \$280,000 from the General Fund in 2018 to assist with the funding of approved CARS capital expenses for the regular lifecycle replacement of the fleet capital assets. This fund also 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:

All bond debt obligations will be 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 will total \$8,990,000 in 2018. Interest payments related to the 2018 debt will be \$269,700.

Forecast:

Operating revenue is projected to be \$39,793,766 which is \$1,840,114 or 5% more than the budgeted amount of \$37,953,652. Projected revenue is more than budgeted primarily due to an increase in charges for services revenue due to higher than budgeted billable work hours. Operating expense is projected to be \$193,724 or 1% more than the budgeted amount of \$23,310,673. Personnel expense is expected to be more than budgeted due to an increase in billable work hours compared to the amount that was budgeted. After transfers are complete and non-operating revenue is recorded, an increase to net position of \$9,134,852 is projected compared to the budgeted increase of \$7,430,173, resulting in a projected ending net position of \$83,692,686. Ending cash is projected to be \$19,632,493, a decrease of \$10,717,130 from the 2017 ending cash balance of \$30,349,623. 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 third quarter 2018 ending balance of \$35,930,974, an increase of \$4,843,299 from the 2017 third quarter ending balance of \$31,087,675. Reserve policies for internal service funds determine that the minimum cash balance should be 15% of the fund's operating budget or \$3,332,651. While cash reserves at the end of third quarter 2018 are significantly higher than the minimum target, there are no future scheduled transfers in to assist with the payment of the remaining principal and interest on debt totaling \$9,259,700 in 2018.

The net position for year ending 2017 was \$74,557,834, an increase of \$8,047,788, or 12% over the 2016 ending balance of \$66,510,048. 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 \$54,602,690 along with \$19,955,144 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 \$15,800,000.

City of Minneapolis
Property Services Division
For the Second Quarter Ending September 30, 2018

| Fund 06200 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 22,524,119 | 18,282,887 | 24,397,537 | 26,101,555 |
| Operating Expense | 26,472,027 | 16,001,155 | 25,576,778 | 25,503,160 |
| Operating Margin | (3,947,908) | 2,281,732 | (1,179,241) | 598,395 |
| Change in Net Position | | 1,691,322 | (2,007,947) | (950,198) |
| Net Position | | 30,870,935 | 27,171,666 | 29,179,613 |
| Cash Balance | | 9,266,731 | 4,069,875 | 8,098,123 |

Program Description:

The Property Services Fund is responsible for the maintenance and upkeep of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, Water facilities, or Park Board buildings. The fund is also responsible for the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Service fund collects the rental charge and remits it to the Municipal Building Commission (MBC) to reimburse MBC for maintenance and property management services. The 2018 revenue and expense budgets for the fund were increased by \$5,000,870 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 third quarter 2018 is \$18,282,887, or 81% of the budgeted amount of \$22,524,119. The 2018 third quarter revenue decreased \$1,024,051, or 5%, from the revenue earned through third quarter 2017. The decrease is due to decreased revenue from charges for services for operating repairs and upgrades at City Hall. 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 third quarter 2018 is \$16,001,155, or 60% of the total budgeted amount of \$26,472,027. The 2018 third quarter expense decreased \$1,957,014, or 11%, from the operating expense recorded through third quarter 2017. The decrease is primarily due to

decreased expenses related to projects completed for other City departments. Expenses fluctuate based on the amount of discretionary spending available to other departments and the timing of work done.

Transfers:

In 2018, this fund receives a transfer in from the General Fund totaling \$319,071, which supports City Hall rent expense. The fund will also transfer out \$316,893 to the Fleet Services Division fund to assist with the debt related to the Currie Maintenance Facility. Property Services collects the Fleet Services payment through the rent allocation model from City departments housed in Currie.

Debt Service:

The debt service for 2018 is related to the sale of net debt bonds to purchase the 800 MHZ radio system. In 2018 the debt consists of an interest payment of \$24,600 and a principal payment of \$820,000. The remaining debt will be paid off after the 2018 payment. The fund received a final transfer in of \$3,185,600 from the General Fund in 2013 to assist with payment of debt.

Forecast:

Operating revenue is projected to be \$24,397,537 or 8% more than the budgeted amount of \$22,524,119. The operating expense is projected to be \$25,576,778 or 3% less than the budget of \$26,472,027. The projected expenses are less than budget due to the timing of capital repairs and upgrades. These projections result in a projected operating margin loss of \$1,179,241, compared to the budgeted operating margin loss of \$3,947,908. The budgeted operating loss is mostly due to the City Council approved rollover of unspent 2017 asset preservation funds to 2018 for \$3,775,922.

The 2018 ending cash balance is projected to be \$4,069,875, a decrease of \$4,028,248 from the 2017 year-end balance of \$8,098,123. The decrease in cash is due to the budgeted debt service payments of \$844,600. In addition, due to timing, some of the capital repairs and upgrade projects, originally budgeted in 2017, are expected to be completed in 2018.

Cash and Net Position:

The cash balance at the end of third quarter 2018 was \$9,266,731 compared to a cash balance of \$8,210,585 at the end of third quarter 2017. The cash consists of a balance of \$1,729,635 in the Property Disposition fund and a balance of \$7,357,096 in the Property Services operating fund. Financial reserve policies for the internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$3,395,416 for the Property Services fund.

The net position for the year ending 2017 was \$29,179,613, a decrease of \$950,198 from the net position of \$30,129,811 for year ending 2016. 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 2017 was \$793,836 and the net position was \$27,591,941 greater than the benchmark.

**City of Minneapolis
Public Works Stores
For the Third Quarter Ending September 30, 2018**

| Fund 06300 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-----------------------------|------------------------------|--------------------|
| Operating Revenue | 1,452,524 | 1,339,473 | 1,800,974 | 2,363,383 |
| Operating Expense | 1,450,517 | 1,163,630 | 1,581,007 | 1,603,419 |
| Operating Margin | 2,007 | 175,843 | 219,967 | 759,964 |
| Change in Net Position | | 175,843 | 219,967 | 785,513 |
| Net Position | | 5,288,808 | 5,332,932 | 5,112,965 |
| Cash Balance | | 2,175,823 | 2,207,985 | 1,988,018 |

Program Description:

The Public Works Stores Fund, established in 1965, accounts for the centralized procurement, receiving, warehousing and distribution of stocked inventory items and the purchase of special goods and services. The fund's mission is to provide goods in a cost-effective manner to City departments through the Central Stores and Traffic Stores. In 2016, Central Stores added a new storeroom located at the Royalston Maintenance Facility. The Royalston storeroom will provide the same services as the Hiawatha location.

Revenue:

Operating revenue through the third quarter of 2018 is \$1,339,473, or 92% of the budgeted amount of \$1,452,524. This is a decrease of \$193,224, or 13%, compared to revenue of \$1,532,697 earned through third quarter of 2017. Revenue for this fund is earned by applying overhead charges to inventory sales and transaction processing. The decrease in revenue is due to the Traffic Stores department reducing their overhead rate from 22% to 11%.

Expenses:

Operating expense through the third quarter of 2018 is \$1,163,630, or 80% of the budgeted amount of \$1,450,517. The amount expended through third quarter of 2018 increased by \$97,876, or 9%, from the \$1,065,754 expended through the same period in 2017. The increase is due to a \$59,868 increase in personnel and a \$16,354 increase in contractual services. In addition, Traffic Stores experienced an increase of \$12,950 in the cost of materials for goods sold to external customers.

Transfers:

There are no transfers in or out of this fund in 2018.

Debt Service:

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

Forecast:

Operating revenue is projected to total \$1,800,974 at year-end, exceeding the budgeted revenue of \$1,452,524 by \$348,450, or 24%. This increase is mostly due to increased inventory sales at Central Stores Hiawatha location. Operating expense is projected to be \$1,581,007, representing an 9% increase from the budgeted amount of \$1,450,517. 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 \$219,967 compared to a budgeted increase of \$2,007, and a projected ending net position of \$5,332,932.

Cash and Net Position:

The cash balance at the end of third quarter 2018 is \$2,175,823, an increase of \$187,805 from the 2017 year-end balance of \$1,988,018. The increase in cash is primarily the result of \$179,756 increase in the overhead charges to inventory sales and transaction processing from the Central stores Hiawatha location. 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 \$217,578.

The fund continues to maintain a positive net position with a 2017 ending balance of \$5,112,965, an increase of \$470,300 from the 2016 ending balance of \$4,642,665. 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 \$238,823.

City of Minneapolis
Intergovernmental Services Fund
For the Third Quarter Ending September 30, 2018

| Fund 06400 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 39,372,276 | 30,387,091 | 40,830,437 | 39,481,472 |
| Operating Expense | 51,446,616 | 32,740,153 | 49,876,486 | 43,807,613 |
| Operating Margin | (12,074,340) | (2,353,062) | (9,046,049) | (4,326,141) |
| Change in Net Position | | (6,212,986) | (13,302,151) | (15,668,170) |
| Net Position | | 44,777,495 | 39,522,718 | 46,387,315 |
| Cash Balance | | 21,747,732 | 19,169,455 | 23,571,606 |

Program Description:

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

Revenue:

Operating revenue through the third quarter of 2018 is \$30,387,091, or 77% of the annual budgeted amount of \$39,372,276. This is an increase of \$1,784,137, or 6%, compared to revenue of \$28,602,954 earned through the third quarter of 2017. This increase is mostly due to allocation model revenue which was increased to align revenue with the approved expense budget. Through the third quarter, revenue from the allocation model increased \$2,192,109 compared to the same period in the prior year. The increase in allocation model revenue was offset by a decrease of \$643,178 in Project Management Office (PMO) revenue compared to the same period in the prior year. PMO revenue fluctuates each year based upon approved technology projects.

Expenses:

Operating expenses through the third quarter are \$32,740,153 or 64% of the annual budgeted amount of \$51,446,616. The operating expense through the third quarter decreased \$268,297, or 1%, from the 2017 expense of \$33,008,450. The decrease in expense is due to a decrease of \$636,926 in IT – Infrastructure Services and a decrease of \$679,594 in IT–Operating-Other expense. The primary reason for the decrease in IT – Infrastructure Services expense is due to the timing of refresh purchases for the replacement of technology equipment. The decrease in IT–Operating-Other expenses is due to decreased expenses in the Service Desk department. The Service Desk hours were reduced in 2018 and there were increased expenses in 2017 related to implementation of ServiceNow modules. These decreases are offset by an increase in IT – Project Management Office (PMO) expense of \$786,220. PMO projects are funded through City department operating expense savings and by the Capital Asset Request System (CARS).

Administration expenses of \$10,830,504 through the third quarter increased 2% over the 2017 amount of \$10,612,117 through the same period.

Debt:

The fund does not have any outstanding debt service obligations.

Transfers:

In 2018 this fund receives transfers in from the general fund totaling \$1,759,784. The general fund transfers include \$192,784 for City Hall rent and \$1,567,000 for the Enterprise Content Management System / Public Website project. The fund is also projected to receive \$3,734,114 from the capital arbitrage fund to reimburse the fund for capital project expenses.

Forecast:

Operating revenue is projected to be \$40,830,437 or \$1,458,161 more than the budgeted amount of \$39,372,276. Operating expenses are projected to be \$49,876,486 or \$1,570,130 less than the budgeted amount of \$51,446,616. These projections result in an expected operating margin deficit of \$9,046,049 as compared to a budgeted operating margin deficit of \$12,074,340. The budgeted operating margin deficit is mostly due to the City Council approved rollover of 2017 funds to 2018 for \$9,483,430.

The fund is projecting a decrease to net position of \$13,302,151 compared to a budgeted decrease of \$20,064,556. The projected decrease to net position is less than budgeted primarily due to the timing of the technology projects included in the 2018 budget, some of which will be completed in future years. Including an estimated \$6,437,554 in expenses which are expected to be capitalized, these transactions result in a 2018 projected year-end net position of \$39,522,718 which represents a decrease of 15% from the 2017 net position of \$46,387,315.

The year-end cash balance is projected to be \$19,169,455 which represents a decrease of 19% over the cash balance at year-end 2017 of \$23,571,606. The decrease is mostly due to the City Council approved rollover of 2017 funds to 2018 for \$9,483,430. The decrease in cash is also due to the use of an estimated \$850,000 in unearned revenue to fund PMO projects.

Cash and Net Position:

The cash balance at the end of third quarter is \$21,747,732, representing a decrease of \$1,823,874 from the 2017 year-end balance of \$23,571,606. Included in the cash balance at the end of the third quarter are prepayments of \$1,592,854 for technology projects from other City departments. Financial reserve policies for the internal service funds determine that the minimum cash balance for the Intergovernmental Services Fund should be 15% of the fund's total budget or \$5,660,450.

The net position at year-end 2017 is \$46,387,315, a decrease of \$11,324,997 from the year-end 2016 net position of \$57,712,312. This decrease to net position is partly due to the transfer out of \$3,000,000 to the Capital Improvements Fund in 2017. In addition, net position decreased because of a \$3,730,541 decrease in long term assets due to depreciation of capital assets. The decrease is also due to the planned use of net position to fund information technology projects as approved in the 2017 budget. Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services Fund should be twice the depreciation amount or \$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 Third Quarter Ending September 30, 2018

| Fund 06900 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | Actual YE 2017 |
|-------------------------------|--------------------|-----------------------------|------------------------------|---------------------------|
| Operating Revenue | 99,035,322 | 78,120,452 | 101,521,033 | 33,814,188 |
| Operating Expense | 97,538,622 | 58,663,575 | 95,077,990 | 26,553,509 |
| Operating Margin | 1,496,700 | 19,456,877 | 6,443,043 | 7,260,679 |
| Change in Net Position | | 11,491,748 | (1,595,605) | 3,312,633 |
| Net Position | | 36,522,139 | 23,434,786 | 25,030,391 |
| Cash Balance | | 100,830,276 | 87,742,923 | 90,007,284 |

Program Description:

The Self-Insurance Fund accounts for accrued sick leave benefit, tort liability, workers' compensation, civil attorney and risk management services, and the administrative functions to support these activities. An activity-based cost allocation model determines the charge allocated to City departments to provide for self-insurance related to tort liability and workers compensation. The annual charges are calculated using data determined by an actuarial study based on each City department's responsibility for liability and worker compensation expense. The cost allocation model also assigns a charge for HR employee benefit administration and attorney and risk management services. Beginning in 2018, the Medical Plan is no longer insured by Medica. The City is self-insured and will use its own fund to pay for employees' medical expenses and contracts with Medica for administrative services. The Dental Insurance is also recorded to the Self-insurance fund instead of the Agency fund.

Revenue:

Operating revenue through the third quarter of 2018 is \$78,120,452, or 79% of the annual budgeted amount of \$99,035,322. This is an increase of \$52,529,767, or 205%, compared to \$25,590,685 earned through the third quarter of 2017. The primary reason for the increase is due to \$50,746,426 in Medical Insurance premiums and \$2,266,112 in Dental Insurance premiums received as described above. The increase in revenue is also related to \$1,086,746 increase in payments received from the State as refunds for medical and indemnity payments and subrogation claims. These increases are partially offset by a decrease in liability premiums received of \$2,733,921.

Expenses:

Operating expenses through the third quarter of 2018 are \$58,663,575 or 60% of the annual budgeted amount of \$97,538,622. This is an increase of \$40,057,946, or 215%, compared to \$18,605,628 expended through the third quarter of 2017. The increase in operating expense is due primarily to \$35,380,096 in medical insurance claims and \$2,518,265 in dental insurance claims paid as describe above. The increase is also due to \$1,690,499, or 21%, increase in the amount paid out for workers' compensation claims.

Debt Service:

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

Transfers:

In 2018, the fund receives a transfer in from the general fund totaling \$262,000 to assist with the cost of City Hall rent for the City Attorney's Office. The expense budget includes a \$305,000 transfer out to the general fund for body cameras for front line officers and a \$8,000,000 transfer out to the city capital fund to assist in payment of debt service.

Forecast:

Operating revenue is projected to be \$101,521,033 or \$2,485,711 more than the budgeted amount of \$99,035,322. The source of this increase is due to \$2,217,092 projected increase in the payments received from the State as refunds for medical and indemnity payments and a \$271,144 projected increase in the revenue received from City departments to fund the Unused Sick Leave program. Payments are funded by 0.7% of gross salary contributions for City and Park Board employees with the exception of 1.1% contributed for police officers and firefighters. Operating expense is projected to be \$95,077,990 or \$2,460,632 less than the budgeted amount of \$97,538,622. The primary reason that operating expense is projected to be less than budgeted is a \$2,444,028 decrease in the amount paid for tort settlements and a \$965,062 decrease in the amount paid out for employee sick leave at retirement, which will be partially offset by a \$2,094,584 increase in the amount paid out for workers' compensation claims. These projections result in an operating gain of \$6,443,043 compared to the budgeted operating gain of \$1,496,700.

The net position in 2018 is projected to decrease by \$1,595,605, compared to the budgeted decrease of \$6,598,789 resulting in a projected year-end net position of \$23,434,786. The projected ending cash balance for 2018 is \$87,742,923 compared to \$90,007,284 at year-end 2017. The decrease in cash and net position in 2018 is primarily the result of \$305,000 transfer out to the general fund for body cameras for front line officers and \$8,000,000 transfer out to the city capital fund to assist in payment of debt service as determined by the updated 2008 long-term financial plan.

Cash Balance and Net Position:

The cash balance at end of third quarter is \$100,830,276, or an 14% increase, compared to a cash balance of \$88,680,631 at end of third quarter 2017. Financial reserve policies for the internal service funds determine the minimum cash balance for the Self-Insurance Fund should be equal to the unpaid claims liability plus 10.0% of the fund's operating budget or \$60,573,469. The unpaid claims liability at year-end 2017 is \$55,092,162, an increase of \$3,224,350 from year-end 2016 liability of \$51,867,812. The cash balance is \$40,256,806 above its target.

The net position at year-end 2017 is \$25,030,391, an increase of \$3,812,641 from the 2016 year-end net position of \$21,217,750. The increase in net position in 2017 is primarily the result of a decrease in actual tort settlement payments compared to the predicted payout as determined by the actuarial study. 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 Third Quarter Ending September 30, 2018

| Fund 07100 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 74,798,347 | 55,489,671 | 72,357,265 | 68,741,847 |
| Operating Expense | 67,450,203 | 50,685,522 | 67,451,926 | 63,261,990 |
| Operating Margin | 7,348,144 | 4,804,149 | 4,905,339 | 5,479,857 |
| Change in Net Position | | (998,724) | 1,292,624 | 1,080,037 |
| Net Position | | 120,205,130 | 122,525,188 | 121,232,564 |
| Cash Balance | | 16,870,436 | 15,154,662 | 17,761,281 |

Program Description:

The Sanitary Sewer Fund accounts for the enterprise activity of wastewater collection and treatment. The Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The fund also accounts for 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 \$55,489,671 recognized through the end of third quarter, the Sanitary Sewer Fund earned 74.2% of the 2018 revenue budget. This is an increase of \$3.6 million, or 7%, compared to \$51,870,546 earned in 2017. The utility service revenues account for \$4.0 million of the increase due to increase in rates. Design revenues decreased by \$697,000 due to decrease in capital related activities. SAC fees, which fluctuate based on overall economic activities outside of City's operations, increased by \$359,000. Increase in SAC revenues is off-set by equivalent increase in sewer availability charges (or SAC expenses).

The variable rate for utility charges was set at \$3.88 per unit, an increase of \$0.33 over 2017. The fixed rate, which is based on meter size, was increased by \$0.50, from \$4.80 to \$5.30.

Expenses:

The Sanitary Sewer Fund's total operating expenses through the third quarter were \$50,685,522 compared to \$46,320,780 for 2017. This is an increase of \$4.4 million, or 9.4%, and reflects the following changes from 2017: (i) increase in contractual and professional services by \$1,506,000 due to increase in construction materials, repairs, rehabs, upgrades, and cleaning work on catch basins and sanitary tunnels; (ii) increase in City services by \$327,000 as set by 2018 allocation model; (iii) increase in fleet and equipment by \$505,000; (iv) increase in monthly Met Council bill by \$2.0 million; (v) increase in SAC related charges by \$71,000; and (vi) decrease in salaries and fringes by \$27,000 due to shift in work assignments between Sanitary and Storm Funds.

Met Council rate increased by 6.7% for 2018 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 \$684,147 and, through the end of the quarter, \$513,109 has been transferred to Water Treatment and Distribution Services.

Debt Service:

For 2018, the debt service cost was estimated at \$5,153,000. Through third quarter, \$364,000 in interest payments was 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 \$27,810,000.

Forecast:

For the next three months, it is estimated that cash outflow will amount to \$28,083,000. This would include operating expenditures, debt services, transfers, and capital programs. The fund also anticipates \$26,367,000 in revenues from operations and capital related proceeds thereby maintaining the fund balance for the year end above \$15,000,000.

Cash and Net Position:

The current cash balance is \$16,870,000 and the Fund's net position stands at \$120,205,000. 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 \$16,766,000. With projected operating revenues of \$16,867,000, there will be a need to use its reserves to fund capital programs, transfers, and debt service payments.

The Net Position at year end 2017 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68. As a result, \$1,310,000 is reflected in the financial reports as total pension expense for 2017.

City of Minneapolis
Storm Water Fund
For the Third Quarter Ending September 30, 2018

| Fund 07300 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-----------------------------|------------------------------|--------------------|
| Operating Revenue | 43,441,945 | 30,772,818 | 41,254,945 | 42,334,913 |
| Operating Expense | 31,696,093 | 20,839,007 | 31,522,627 | 29,033,661 |
| Operating Margin | 11,745,852 | 9,933,810 | 9,732,318 | 13,301,251 |
| Change in Net Position | | (2,751,613) | (8,735,216) | (11,129,214) |
| Net Position | | 330,472,676 | 323,966,774 | 332,701,990 |
| Cash Balance | | 27,184,085 | 22,367,548 | 27,087,018 |

Program Description:

The Storm Water Fund is responsible for the design, construction and maintenance of City's storm drain system, and street cleaning activities. A portion of the Fund is used for sanitary water interceptor and treatment services and pays 5% of the contractual payments to Met Council Environmental Services (MCES). This fund also accounts for the combined sewer overflow (CSO) program, capital programs and debt service payments. Fund resources include: monthly utility billing for storm drainage services, reimbursement for maintenance services provided to State and County, reimbursement for services provided to other City departments, outside parties and design activities, and proceeds from long term liabilities and grants.

Revenue:

The \$30,772,818 in revenues earned through third quarter reflects 70.8% of the operating revenue budget. This is a decrease of \$1.1 million compared to \$31,849,862 earned for the same period in 2017. Storm utility revenues decreased by 3.4% to \$29,030,615, down from \$30,051,280 in third quarter, 2017. This is mainly due to additional billings in 2017 to a customer for prior-year adjustments. The miscellaneous revenues decreased by \$106,000 due to decrease in design activities relating to capital projects. Reimbursements from the State and County, with a total of \$1,331,907, is based on a yearly maintenance agreement and make up 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 third quarter were \$20,839,007, or 65.8%, compared to \$31,696,093 budgeted for 2018. The expenses were \$1,183,000, or 6.0%, more than the \$19,656,187 reported for 2017 and reflects following changes: (i) increase in salaries and fringes by \$14,500 due to increase in operating activities involving City personnel; (ii) increase in Met Council payments by \$103,000 due to an increase in rates by 7.6%; (iii) increase in fleet and equipment by \$39,000 as set by the 2018 rate model; (iv) increase in vendor and consultant payments by \$723,000 due to increase in modeling, cleaning, manhole and catch basin repair, and maintenance works; and (v) increase in City services by \$303,000 as set by the 2018 allocation model.

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 2018, this is estimated at \$110,000, and through the third quarter \$82,500 has been transferred. An additional amount of \$1.5 million was transferred in this current quarter as Storm Water contribution to fund Paving programs.

Debt Service:

The debt service payments are primarily for bonds sold to finance the combined sewer overflow, flood mitigation, and storm tunnel programs. The Fund completed paying off all of its debt service obligations by the end 2016 and has not incurred any additional debts.

Forecast:

For the next three months, it is estimated the cash outflow will total \$17,298,000 which include operating expenses, transfers, and capital programs. The fund also anticipates \$12,482,000 in revenues from operations and capital programs thereby maintaining the fund balance for the year end above \$22,300,000.

Cash and Net Positions:

The ending cash balance for the quarter stands at \$27,184,000 and net position stands at \$330,473,000. 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 \$10,683,000. With projected operating revenues of \$10,482,000 for the next three months, the department will have to make use of the Fund's unrestricted cash reserve to fund capital programs and transfers for 2018 as planned.

The Net Position at year end 2017 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68. As a result, \$2,104,778 is reflected in the financial reports as total pension expense for 2017.

City of Minneapolis
Water Enterprise Fund
For Third Quarter Ending September 30, 2018

| Fund 07400 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 90,352,053 | 65,387,103 | 86,336,890 | 81,246,984 |
| Operating Expense | 60,405,710 | 40,310,565 | 56,329,086 | 50,482,129 |
| Operating Margin | 29,946,343 | 25,076,538 | 30,007,804 | 30,764,855 |
| Change in Net Position | | 23,777,668 | 3,784,856 | (10,269,109) |
| Net Position | | 276,037,805 | 254,593,968 | 250,809,112 |
| Cash Balance | | 46,603,888 | 39,844,598 | 40,663,165 |

Program Description:

This Fund accounts for the administration, operation, maintenance, and capital investments of the Public Works Water Treatment and Distribution Services Division of the City. The City sells water to retail customers in the City as well as directly to wholesale customers – the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, Edina, and the Metropolitan Airports Commission. Beginning in 2016, the City of New Brighton also entered into a contract to purchase water wholesale from the City until 2018.

Revenue:

At the end of 2018, the projected total operating revenues are \$86,336,890 or 95.6% of the 2018 budgeted amount. Although volume water sales are projected to be 1.2% higher than they were in 2017, they are projected to be 5.3% under what was budgeted.

Expense:

Projected operating expenses for the year are \$56,329,086 or 93.3% of the 2018 budget, which is 11.6% higher than the 2017 actual amount of \$50,482,129. Expenses, however, are expected to be lower than budgeted due to personnel cost savings and lower chemical, energy and delivery service costs related to lower than budgeted water sales.

Transfers:

For 2018, the transfer amount of \$711,147 consists primarily of a \$684,147 operating transfer from the Sanitary Sewer Fund for their share of the cost of the meter shop.

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 2018, including both principal and interest payments, is expected to be \$17,561,630. During 2018, an additional \$53,835,000 in bonds and notes are expected to be issued to help finance the Fridley Filter Rehabilitation Capital project and renovation of the Distribution Water Maintenance Facility along with four smaller projects. This additional debt issuance will increase debt service payments in future years.

Cash Balance and Net Position:

The ending cash balance as of September 30, 2018 was \$46,603,888 compared to \$40,663,165 at the end of 2017. 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 \$15,101,428. The Water Fund is anticipating significant capital project needs for the next few years that will require the use of cash reserves, including approximately \$10,000,000 in water revenue funded capital projects which were deferred to 2018. The projected year end cash balance of \$39,844,598 is adequate to cover both the operating cash reserves and capital spending needs.

**City of Minneapolis
Municipal Parking Fund
For the 3rd Quarter Ended September 30, 2018**

| Fund 07500* | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actuals |
|-------------------------------|--------------------|-----------------------------|------------------------------|---------------------|
| Revenue | 69,232,481 | 54,771,964 | 78,922,916 | 69,184,271 |
| Expenses | 44,159,782 | 35,080,284 | 47,490,480 | 44,777,139 |
| Operating Margin | 25,072,699 | 19,691,680 | 31,432,436 | 24,407,132 |
| Change in Net Position | | (27,602,874) | (28,882,909) | 25,991,002 |
| Net Position | | 161,627,549 | 160,347,514 | 189,230,423 |
| Cash Balance | | 13,989,530 | 20,331,867 | 24,440,204 |

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

Program Description:

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

Revenues:

The 2018 third quarter actual operating revenues are up in comparison to 2017 by 12.4%. The increase is from:

- On-street parking is up 10.3% compared to 2017.
- Off-street ramps and lots are up 10.9% compared to 2017.
- Impound Lot revenues are up 28.2% compared to 2017.

On-street meter revenues were up during the first nine months of 2018 due to increased usage during the Super Bowl, rate and hourly adjustments, more payment methods available for users and increased economic development throughout the City. The 2018 off-street revenues were higher during the first nine months due to the Super Bowl and increased transient and monthly parking demand. Impound Lot revenues are higher than 2017 due to the increased amount of snow emergencies in 2018.

Expenses:

The 2018 operating expenses are higher than the 2017 expenses by 10.3%. The variance is from:

- On-street meters are up by 7.1% compared to 2017.
- Off-street ramps and lots are up by 10.7% compared to 2017.
- Impound Lot expenses are up by 9.4% compared to 2017.

On-street meter expenses are higher than 2017 due to increased credit card and mobile app fees which are associated with the larger volume of transactions. The mobile app fee is a pass-through cost to the vendor which is offset by equal incoming revenues. Off-street

ramps and lots are higher than 2017 expenses due to increases mostly in the ABC Ramps such as staffing for Super Bowl, ramp equipment upgrades, LED lighting retrofits and additional security. Impound Lot expenses are up as compared to 2017 due to more snow emergencies in 2018.

Transfers to and from other funds:

The 2018 transfers into and out of the Parking Fund are programmed and planned according to the 2018 budget. During the year of 2018, \$1,136,668 will be transferred in from Tax Increment Funding and \$11,304,435 of funds will be transferred out (\$7,000,000 to the General Fund, \$4,158,435 to the Target Center and \$146,000 to Solid Waste). In addition, a land transfer occurred for the new consolidated office building from the Parking Fund to Property Services. This transfer resulted in Parking Fund Net Position reduction of \$4,000,000 to occur on June 1, 2018.

Debt Service:

For 2018, the debt service budget is \$7,673,513 for principal and interest payments. The outstanding balance of bond principal as of December 31, 2017 is \$45,440,000 and the outstanding balance of note principal is \$41,995,000. In April 2018 \$14,205,000 of bonds were called and prepaid. The \$14,205,000 was used to pay all outstanding variable rate debt.

Other Financial Items:

The parking ramp demolition was started for the new consolidated office building. This action created a disposal of a parking asset and resulted in Parking Fund Net Position reduction of \$14,190,375 to occur on June 1, 2018. The end of the third quarter 2018 cash balance is \$13,989,530 which is a decrease of \$10,450,674 from 2017 year-end balance. The City's policy is to have a targeted cash balance equal to 25% of the operating budget for all City owned ramps. Therefore, the target cash balance, excluding the Off-Street Parking: State Owned-Direct Expense Budget is \$8,121,424. The difference is \$5,868,106 which is retained and programmed for future debt service payments and major parking capital projects.

City of Minneapolis
Solid Waste and Recycling Fund
For the Third Quarter Ending September 30, 2018

| Fund 07700 | 2018 Budget | 9/30/2018 Actual | Projected YE 2018 | 2017 Actual |
|-------------------------------|--------------------|-------------------------|--------------------------|--------------------|
| Operating Revenue | 40,514,149 | 29,740,094 | 40,646,448 | 39,858,846 |
| Operating Expense | 40,847,039 | 29,428,825 | 39,598,751 | 37,680,534 |
| Operating Margin | (332,890) | 311,269 | 1,047,697 | 2,178,312 |
| Change in Net Position | | (2,069,934) | 4,204,872 | (1,937,520) |
| Net Position | | 23,588,794 | 29,594,737 | 25,389,866 |
| Cash Balance | | 23,289,843 | 29,924,150 | 24,523,528 |

Program Description

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

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

Revenue

With operating revenues totaling \$29,740,094 through the end of the third quarter, 73.4% of the budgeted revenue has been realized. This is an increase of \$316,000 or 1.1%, compared to \$29,423,906 earned through third quarter of 2017. Utility revenues were \$28,109,000 compared to \$27,736,000 for 2017 for a gain of \$373,000 as a result of an increase in dwelling units and an increase in base rate per dwelling unit by \$0.59. Rates were increased in order to fund increases in salaries, fringes, contractual and operating services and vehicle replacements. An increase of \$374,000 in miscellaneous revenues is due to increase in graffiti and debris removals, along with snow plow and removal activities. Revenues from the sales of scrap metals decreased by \$300,000 due to decrease in demand. The Hennepin County recycling grant for the year is projected at \$1.7 million and the department has received \$754,000 during the third quarter.

Expenses:

Operating expenses through the third quarter were \$29,428,825 compared to \$27,573,745 in 2017. This is an increase of \$1,855,000 million or 6.7% and reflects the following changes from 2017: (i) increase in salaries and fringes by \$332,000 due to increase in step-increase, new hires, and reduction in vacant positions; (ii) increase in

vendor payments by \$517,000 due to new contracts and increased rates relating to collection, disposal, recycling and hauling; (iii) increase in contractual services by 308,000 due to SWIS software replacement project, zero study and out-reach programs; (iv) increase in City services by \$204,000 as set by the 2018 allocation model; and (v) increase in fleet and purchase of equipment and vehicles by \$494,000 as per replacement schedules.

Transfers:

Budgeted transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking Fund for the Litter Container Program and \$325,000 from the General Fund for graffiti removal and zero waste studies. As of the end of the quarter, \$353,000 in transfer revenue has been received.

Debt Service:

This fund has no debt service, however, with a capital program regarding facility improvement in progress which is planned to be funded through bond sales, it will be incurring debt obligation by the end of 2018.

Forecast:

Over the next three months, the cash outflow is estimated at \$20,246,000 which includes \$10.1 million for operations and \$10.1 million for capital. The fund also anticipates \$11.2 million in revenues from its operations and transfers; and \$15.7 million from capital thereby maintaining the fund balance for year end to an estimated \$29,924,000.

Cash and Net Positions:

The Fund's cash balance as of the end of the third quarter was \$23,289,000 and the net position amounted to \$23,589,000. 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 \$10,169,000. With projected operating revenues of \$10,906,000 for the next three months, \$737,000 will be available as unrestricted amount. Proceeds from bonds from the capital program will increase this unrestricted amount to \$6,634,000 by the end of the year.

The Net Position at year end 2017 includes recognition of long-term pension liabilities in accordance with GASB Statement No. 68. As a result, \$2,621,525 is reflected in the financial reports as total pension expense for 2017.

CPED Enterprise Fund Component Programs For the Third Quarter Ending September 30, 2018

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

The **Housing Development** component accounts for various home ownership and home improvement loan programs. These are mature programs. All issued debt has been retired and no new loans are being issued. The residual balances had been committed to the operations of the Minneapolis-St Paul Housing Finance Board. The Board is a joint venture created for the benefit of the Cities of Minneapolis and Saint Paul to cooperatively operate various housing loan programs. The committed balances had been used to pay for the Minneapolis share of bond issuance costs. \$49,029 was transferred to the Minneapolis-St Paul Housing Finance Board during 2017. These residual balances are now minimal. The City intends to close this fund.

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 September 30, 2018. Other information is maintained by a trustee and not available for inclusion for third quarter. The net position of the fund at year end 2017 was \$36,081,693.

The **Theatres** component was created to account for the operations of the State, Orpheum, and Pantages Theatres. The City no longer operates these Theatres. Only residual balances remain. The City intends to close this fund.

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 been discontinued. 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 **Economic Development Program** component accounts certain defaulted properties, and for the Capital Investment Fund Program with the Federal Home Loan Bank, which provided loans to businesses for economic development and the creation of jobs. The City’s note with the FHLB has been repaid. The current activities of this fund are residual in nature to complete the existing projects. The City intends to close this fund.

CPED Enterprise Fund Component Programs
Statement of Net Position
9/30/2017 and 9/30/2018

| | Housing Development Fund 9/30/2017 | Housing Development Fund 9/30/2018 | General Agency Reserve Fund System 9/30/2017 | General Agency Reserve Fund System 9/30/2018 | Theatres 9/30/2017 | Theatres 9/30/2018 | River Terminal 9/30/2017 | River Terminal 9/30/2018 | Economic Development Program 9/30/2017 | Economic Development Program 9/30/2018 |
|---|---|---|---|---|-----------------------|-----------------------|--------------------------------|--------------------------------|---|---|
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ 145,398 | \$ - | \$ 1,440,765 | \$ 1,536,087 | \$ 1,661 | \$ - | \$(1,155,290) | \$(1,486,057) | \$ 988,101 | \$ - |
| Deposits with fiscal agents | - | - | - | - | - | - | - | - | - | - |
| Loans and notes receivable | 60,000 | - | - | - | - | - | - | - | - | - |
| Capital leases | - | - | - | - | - | - | - | - | - | - |
| Other current assets | 289 | - | 2,767 | - | 4 | - | 34,220 | - | 1,618 | - |
| Total current assets | 205,687 | - | 1,443,532 | 1,536,087 | 1,665 | - | (1,121,070) | (1,486,057) | 989,719 | - |
| Noncurrent assets: | | | | | | | | | | |
| Loans and notes receivable | 254,652 | - | - | - | - | - | - | - | - | - |
| Capital leases | - | - | - | - | - | - | - | - | - | - |
| Capital assets (net of accumulated depreciation) | - | - | - | - | - | - | 4,137,212 | 3,847,607 | - | - |
| Total noncurrent assets | 254,652 | - | - | - | - | - | 4,137,212 | 3,847,607 | - | - |
| Total assets | \$ 460,339 | \$ - | \$ 1,443,532 | \$ 1,536,087 | \$ 1,665 | \$ - | \$ 3,016,142 | \$ 2,361,550 | \$ 989,719 | \$ - |
| LIABILITIES | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts Payable | - | - | 4,146 | 5,163 | - | - | 6,332 | - | - | - |
| Other current liabilities | 84 | - | 3,208 | 5,064 | 1 | - | (596) | - | 470 | - |
| Total current liabilities | 84 | - | 7,354 | 10,227 | 1 | - | 5,736 | - | 470 | - |
| Noncurrent liabilities: | | | | | | | | | | |
| Compensated absences payable | - | - | 5,609 | 2,011 | - | - | - | - | - | - |
| Total noncurrent liabilities | - | - | 5,609 | 2,011 | - | - | - | - | - | - |
| Total liabilities | 84 | - | 12,963 | 12,238 | 1 | - | 5,736 | - | 470 | - |
| NET POSITION | | | | | | | | | | |
| Invested in capital assets, net of related debt | - | - | - | - | - | - | 4,137,212 | 3,847,607 | - | - |
| Restricted | - | - | 1,430,569 | 1,523,849 | - | - | - | - | - | - |
| Unrestricted | 460,255 | - | - | - | 1,664 | - | (1,126,806) | (1,486,057) | 989,249 | - |
| Total net position | 460,255 | - | 1,430,569 | 1,523,849 | 1,664 | - | 3,010,406 | 2,361,550 | 989,249 | - |
| Total liabilities & net position | \$ 460,339 | \$ - | \$ 1,443,532 | \$ 1,536,087 | \$ 1,665 | \$ - | \$ 3,016,142 | \$ 2,361,550 | \$ 989,719 | \$ - |

APPENDIX

City of Minneapolis Financial Status Report – Third Quarter 2018

City of Minneapolis

Third Quarter, 2018 Cash and Investments Report

In accordance with the City's cash management procedures, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity, diversification and yield. As of September 30, 2018, the City's current investment portfolio was valued at \$853.3 million. The sector holdings and fund distributions are shown below. For the quarter ended September 30, 2018, the portfolio outperformed its benchmark.

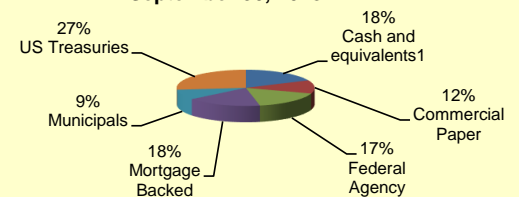
| Investment Performance period ended September 30, 2018 | City Portfolio | Custom Benchmark* |
|--|----------------|-------------------|
| QTD Total Return | 0.41% | 0.25% |
| YTD Total Return | 0.77% | 0.48% |
| 1 Year Total Return | 0.74% | 0.27% |
| Average Credit Quality | AAA | AAA |
| Duration | 1.3 Years | 1.6 Years |
| Weighted Average Maturity | 1.4 Years | 1.7 Years |

* Custom Benchmark is a combination of the Merrill Lynch 1 year Treasury Index and the Merrill Lynch 1-3 year Treasury Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

Portfolio Holdings By Sector

| Market Value in millions | Sept 30 2018 | % of port. | Sept 30 2017 | % of port. |
|---|-----------------|-------------|-----------------|-------------|
| Cash and equivalents ¹ | \$ 155.2 | 18% | \$ 63.5 | 8% |
| Commercial Paper | 101.5 | 12% | 19.6 | 2% |
| Federal Agency | 142.0 | 17% | 232.8 | 29% |
| Mortgage Backed | 149.3 | 18% | 147.2 | 18% |
| Municipals | 77.8 | 9% | 94.3 | 12% |
| US Treasuries | 227.4 | 27% | 238.8 | 30% |
| Total Cash & Investments² | \$ 853.3 | 100% | \$ 796.2 | 100% |

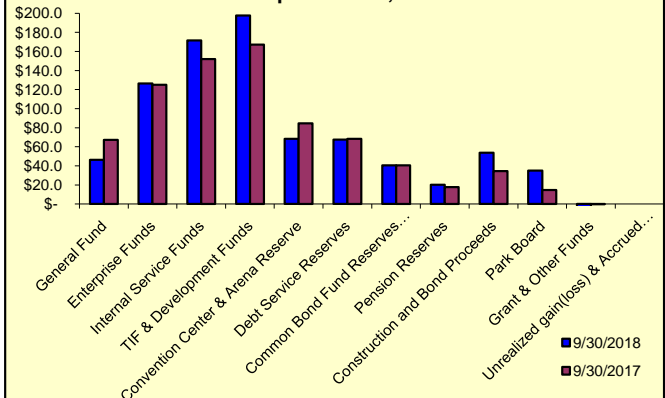
**Portfolio by Sector
September 30, 2018**



Funds Performance

| Book Value in millions | Sept 30 2018 | % of funds | Sept 30 2017 | % of funds |
|---|-----------------|-------------|-----------------|-------------|
| General Fund | \$ 46.4 | 5% | \$ 67.2 | 8% |
| Enterprise Funds | 126.4 | 15% | 125.0 | 16% |
| Internal Service Funds | 171.7 | 20% | 152.1 | 19% |
| TIF & Development Funds | 197.8 | 23% | 167.1 | 21% |
| Convention Center & Arena Reserve | 68.5 | 8% | 84.7 | 11% |
| Debt Service Reserves | 67.6 | 8% | 68.2 | 9% |
| Common Bond Fund Reserves (GARFS) | 40.6 | 5% | 40.5 | 5% |
| Pension Reserves | 20.1 | 2% | 17.6 | 2% |
| Construction and Bond Proceeds | 53.7 | 6% | 34.4 | 4% |
| Park Board | 34.9 | 4% | 14.8 | 2% |
| Grant & Other Funds | 31.8 | 4% | 24.8 | 3% |
| Unrealized gain(loss) & Accrued interest | (6.1) | -1% | (0.2) | 0% |
| All Funds & GARFS Market Value² | \$ 853.3 | 100% | \$ 796.2 | 100% |

**Fund Balances (in millions)
Book Value September 30, 2018 and 2017**



¹ Net of checks outstanding

² Columns may not add exactly due to rounding

GENERAL FUND HISTORICAL ANALYSIS WORKSHEET

| Revenues: | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | Increase (Decrease) From 2016 | | Total Increase (Decrease) 2014-2017 | | Average Yearly Change | | September 30, 2018 | | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|---------------|-------------------------------------|---------------|-----------------------|--------------|---------------------|---------------------|---------------------|-----------------------|-----------------------------------|
| | | | | | \$ | % | \$ | % | \$ | % | Original Budget | Revised Budget | Actuals Through Q3 | 2018 Projected Totals | Surplus (Deficit) Actual vs Proj. |
| | | | | | | | | | | | | | | | |
| Property Taxes | 163,648,202 | 160,509,905 | 166,249,958 | 180,883,107 | 14,633,149 | 8.9% | 17,234,906 | 9.8% | 4,308,726 | 2.5% | 194,555,813 | 194,555,813 | \$ 103,230,036 | \$ 194,555,813 | - |
| Local Tax* | 74,320,785 | 76,722,142 | 79,142,658 | 81,977,678 | 2,835,020 | 3.8% | 7,656,893 | 58.4% | 1,914,223 | 14.6% | - | - | 55,281 | 55,281 | 55,281 |
| State Aids | 80,653,654 | 81,833,963 | 84,046,281 | 84,110,670 | 64,389 | 0.1% | 3,457,016 | 5.0% | 864,254 | 1.2% | 84,246,101 | 84,246,101 | 39,882,680 | 84,246,101 | - |
| Charges for Services | 49,040,898 | 49,494,802 | 51,243,079 | 53,407,484 | 2,164,405 | 4.4% | 4,366,586 | 10.3% | 1,091,646 | 2.6% | 50,990,579 | 54,385,019 | 41,370,975 | 55,660,019 | 1,275,000 |
| Franchise Fees | 33,530,799 | 30,118,463 | 29,515,533 | 32,143,175 | 2,627,642 | 7.8% | (1,387,624) | -4.7% | (346,906) | -1.2% | 33,450,000 | 33,450,000 | 23,421,451 | 33,450,000 | - |
| Licenses and Permits | 49,267,609 | 44,316,671 | 47,127,968 | 45,205,194 | (1,922,774) | -3.9% | (4,062,415) | -10.4% | (1,015,604) | -2.6% | 43,670,000 | 43,670,000 | 35,530,392 | 44,270,000 | 600,000 |
| Fines and Forfeits | 7,178,961 | 6,539,031 | 6,313,110 | 7,556,399 | 1,243,289 | 17.3% | 377,438 | 4.9% | 94,359 | 1.2% | 6,558,000 | 6,558,000 | 5,085,582 | 6,558,000 | - |
| Special Assessments | 3,084,571 | 3,201,518 | 3,449,772 | 3,151,941 | (297,831) | -9.7% | 67,370 | 1.9% | 16,842 | 0.5% | 3,001,500 | 3,001,500 | 1,646,469 | 3,001,500 | - |
| Investment Income | 1,862,388 | 1,612,918 | 3,460,150 | 3,186,280 | (273,870) | -14.7% | 1,323,892 | -218.0% | 330,973 | -54.5% | 3,050,000 | 3,050,000 | 5,782,571 | 4,000,000 | 950,000 |
| Other Shared Taxes | 623,305 | 779,673 | 1,165,334 | 1,019,880 | (145,454) | -23.3% | 396,575 | 55.6% | 99,144 | 13.9% | 1,198,556 | 1,198,556 | 1,486,694 | 1,486,694 | 288,138 |
| Other Miscellaneous | 796,030 | 754,066 | 957,756 | 972,406 | 14,650 | 1.8% | 176,376 | 32.0% | 44,094 | 8.0% | 4,149,440 | 755,000 | 2,922,711 | 2,922,711 | 2,167,711 |
| Contributions | 215 | - | 5,000 | 5,234 | 234 | 108.7% | 5,019 | 0.5% | 1,255 | 0.1% | - | - | 254 | 254 | 254 |
| Total Revenues | 464,007,417 | 455,883,152 | 472,676,599 | 493,619,448 | 20,942,849 | 4.5% | 29,612,031 | 7.7% | 7,403,008 | 1.9% | 424,869,989 | 424,869,989 | 260,415,096 | 430,206,373 | 5,336,384 |
| Transfers In | 2,323,200 | 4,258,200 | 4,029,000 | 12,498,777 | 8,469,777 | 364.6% | 10,175,577 | 73.4% | 2,543,894 | 18.3% | 38,387,000 | 38,387,000 | 28,790,250 | 38,387,000 | - |
| Revenues and Other Sources | 466,330,617 | 460,141,352 | 476,705,599 | 506,118,225 | 29,412,626 | 6.3% | 39,787,608 | 100.0% | 9,946,902 | 25.0% | 463,256,989 | 463,256,989 | 289,205,346 | 468,593,373 | 5,336,384 |
| Expenditures : | | | | | | | | | | 0.0% | | | | | |
| Police | 140,864,221 | 147,884,333 | 154,243,608 | 162,435,753 | 8,192,145 | 5.8% | 21,571,532 | 16.3% | 5,392,883 | 4.1% | 173,667,878 | 173,667,878 | 128,936,066 | 175,367,878 | (1,700,000) |
| Fire | 57,801,515 | 61,314,629 | 62,648,282 | 66,165,942 | 3,517,660 | 6.1% | 8,364,427 | 15.5% | 2,091,107 | 3.9% | 66,500,235 | 66,506,695 | 50,293,373 | 67,206,695 | (700,000) |
| Human Resources | 7,793,323 | 6,846,865 | 6,566,200 | 7,293,288 | 727,088 | 9.3% | (500,035) | -7.5% | (125,009) | -1.9% | 7,565,923 | 7,728,923 | 5,238,376 | 7,249,687 | 479,236 |
| Finance and Property Services | 22,037,482 | 22,153,993 | 22,803,324 | 22,125,701 | (677,623) | -3.1% | 88,219 | 0.4% | 22,055 | 0.1% | 22,908,437 | 22,908,437 | 16,616,446 | 22,108,000 | 800,437 |
| 911 | 8,132,153 | 8,759,610 | 9,066,878 | 9,714,416 | 647,538 | 8.0% | 1,582,263 | 20.5% | 395,566 | 5.1% | 9,973,959 | 10,068,624 | 7,058,933 | 10,068,624 | - |
| 311 | 3,488,399 | 3,646,020 | 3,802,063 | 4,113,129 | 311,066 | 8.9% | 624,730 | 20.5% | 156,183 | 5.1% | 4,097,275 | 4,167,814 | 2,979,670 | 4,167,814 | - |
| City Coordinator | 2,386,008 | 3,159,157 | 3,972,180 | 4,739,974 | 767,794 | 32.2% | 2,353,966 | 88.6% | 588,492 | 22.2% | 7,161,617 | 6,318,821 | 3,713,982 | 6,317,000 | 1,821 |
| Intergov Relations | 1,518,397 | 1,364,660 | 1,436,702 | 1,536,770 | 100,068 | 6.6% | 18,373 | 1.4% | 4,593 | 0.4% | 1,518,989 | 1,518,989 | 1,116,001 | 1,500,387 | 18,602 |
| Communications | 2,165,970 | 2,090,834 | 2,191,627 | 2,235,576 | 43,949 | 2.0% | 69,606 | 3.2% | 17,402 | 0.8% | 2,307,308 | 2,307,308 | 1,659,040 | 2,271,168 | 36,140 |
| Emergency Management | 864,025 | 767,233 | 803,826 | 1,170,264 | 366,438 | 42.4% | 360,239 | 35.0% | 76,560 | 8.7% | 1,052,745 | 1,052,745 | 877,076 | 1,108,619 | (55,874) |
| Neighborhood and Comm Rel | 1,039,032 | 358,041 | 359,990 | 264,209 | (95,781) | -9.2% | (774,823) | -83.0% | (193,706) | -20.7% | 713,302 | 810,738 | 470,792 | 810,738 | - |
| Information Technology | 647,458 | - | - | - | - | 0.0% | (647,458) | -644.8% | (161,865) | -161.2% | - | - | - | - | - |
| Coordinator - Total | 50,072,248 | 49,146,413 | 51,002,790 | 53,193,327 | 2,190,537 | 4.4% | 3,121,079 | 6.4% | 780,270 | 1.6% | 57,299,557 | 56,882,399 | 39,730,316 | 55,602,037 | 1,280,362 |
| Trans Plan and Design** | 2,596,205 | 3,924,085 | 2,023,712 | 1,819,860 | (203,852) | -7.9% | (776,345) | -33.6% | (194,086) | -8.4% | 2,032,420 | 2,032,420 | 1,394,408 | 2,025,000 | 7,420 |
| Transportation Plan Programming** | - | 836,365 | 2,001,641 | 2,266,508 | 264,867 | 100.0% | 2,266,508 | 100.0% | 566,627 | 25.0% | 2,689,321 | 3,139,345 | 1,999,024 | 3,139,345 | (0) |
| Trans Maint and Repair | 34,212,771 | 30,195,670 | 32,810,220 | 34,295,211 | 1,484,991 | 4.3% | 82,440 | 0.3% | 20,610 | 0.1% | 35,045,726 | 35,045,726 | 30,404,166 | 39,190,467 | (4,144,741) |
| Administration | 2,743,067 | 3,005,253 | 3,465,824 | 3,850,016 | 384,192 | 14.0% | 1,106,949 | 41.7% | 276,737 | 10.4% | 3,992,928 | 3,992,928 | 3,076,523 | 3,971,870 | 21,058 |
| Traf and Parking Svcs | 15,350,967 | 15,057,941 | 16,609,612 | 17,318,058 | 708,446 | 4.6% | 1,967,091 | 14.2% | 491,773 | 3.6% | 17,179,097 | 17,108,723 | 12,626,732 | 17,277,403 | (168,680) |
| Public Works - Total | 54,903,009 | 53,019,315 | 56,911,008 | 59,549,653 | 2,638,645 | 4.8% | 4,646,644 | 9.0% | 1,161,661 | 2.3% | 60,939,493 | 61,319,143 | 49,500,853 | 65,604,085 | (4,284,942) |
| Regulatory Services | 15,737,337 | 16,366,436 | 18,380,557 | 19,398,893 | 1,018,336 | 6.5% | 3,661,556 | 27.5% | 915,389 | 6.9% | 20,235,614 | 20,812,281 | 14,947,059 | 20,500,000 | 312,281 |
| Attorney | 8,213,096 | 8,513,667 | 9,395,492 | 9,675,770 | 280,278 | 3.4% | 1,462,674 | 18.4% | 365,668 | 4.6% | 10,373,249 | 10,412,085 | 7,116,552 | 10,023,943 | 388,142 |
| City Council & City Clerk | 9,499,407 | 9,193,805 | 11,964,502 | 10,530,914 | (1,433,588) | -15.1% | 1,031,507 | 12.6% | 257,877 | 3.2% | 11,527,566 | 12,677,566 | 8,379,912 | 12,361,700 | 315,866 |
| Culture and Recreation -Library | 3,238,244 | 2,363,131 | 1,560,000 | 780,000 | (780,000) | -24.1% | (2,458,244) | -59.9% | (614,561) | -15.0% | - | - | - | - | - |
| Contingency | - | - | - | - | - | 100.0% | - | 0.0% | - | 0.0% | 4,500,000 | 3,300,000 | - | - | 3,300,000 |
| Assessor | 4,499,647 | 4,612,972 | 5,162,275 | 5,189,041 | 26,766 | 0.6% | 689,394 | 18.2% | 172,348 | 4.6% | 6,874,947 | 5,599,947 | 4,141,705 | 5,545,947 | 54,000 |
| CPED | 28,919,658 | 30,808,646 | 32,648,176 | 33,460,311 | 812,135 | 2.8% | 4,540,653 | 23.1% | 1,135,163 | 5.8% | 41,058,679 | 38,096,537 | 25,639,950 | 38,096,537 | - |
| Health | 7,520,666 | 8,288,752 | 9,061,430 | 10,425,848 | 1,364,418 | 18.1% | 2,905,182 | 41.7% | 726,296 | 10.4% | 11,072,176 | 11,817,087 | 7,447,705 | 11,816,628 | 459 |
| Civil Rights | 2,774,956 | 3,107,184 | 3,387,328 | 3,728,355 | 341,027 | 12.3% | 953,399 | 41.6% | 238,350 | 10.4% | 4,501,094 | 4,327,894 | 3,034,139 | 4,284,642 | 43,252 |
| Mayor | 1,827,368 | 1,932,480 | 2,059,105 | 2,001,246 | (57,859) | -3.2% | (75,859) | 11.0% | 43,469 | 2.7% | 2,132,316 | 2,262,316 | 1,842,681 | 2,404,000 | (141,684) |
| Internal Audit*** | 144,666 | 538,452 | 612,253 | 594,514 | (17,739) | -12.3% | 449,848 | 106.7% | 112,462 | 26.7% | 760,662 | 800,537 | 494,551 | 643,440 | 157,097 |
| Total Expenditures | 386,016,038 | 397,090,215 | 419,036,807 | 437,129,567 | 18,092,760 | 4.7% | 51,113,529 | 14.4% | 12,778,382 | 3.6% | 471,443,465 | 468,482,365 | 341,504,862 | 469,457,532 | (975,167) |
| Transfers Out* | 74,845,386 | 59,499,686 | 56,162,211 | 59,388,203 | 3,225,992 | 4.3% | (15,457,183) | 100.0% | (3,864,296) | 25.0% | 9,135,855 | 29,010,855 | 26,726,891 | 29,010,855 | - |
| Expenditures and Other Uses | 460,861,423 | 456,589,901 | 475,199,018 | 496,517,770 | 21,318,752 | 4.6% | 35,656,347 | 9.3% | 8,914,087 | 2.3% | 480,579,320 | 497,493,220 | 368,231,753 | 498,468,387 | (975,167) |
| Change in Fund Balance | 5,469,194 | 3,551,451 | 1,506,581 | 9,600,455 | 8,093,874 | 148.0% | 4,131,261 | 35.6% | 1,032,815 | 8.9% | (17,322,331) | (34,236,231) | (79,026,407) | (29,875,014) | 4,361,217 |
| Fund Balance - January 1 | 96,970,153 | 102,439,347 | 105,990,798 | 107,497,379 | | | | | | | 117,097,834 | 117,097,834 | 117,097,834 | 117,097,834 | |
| Fund Balance - December 31 | 102,439,347 | 105,990,798 | 107,497,379 | 117,097,834 | 1,506,581 | 1.5% | 21,571,532 | 22.0% | 5,392,883 | 5.5% | 99,775,503 | 82,861,603 | 38,071,427 | 87,222,820 | 4,361,217 |

*Starting in 2014, 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.

**Transportation Planning & Programming came into existence in 2015. For comparisons over the four years, Transportation Planning & Programming and Transportation Planning & Design should be added together.

***In 2014, the Internal Audit department was transitioning from one internal auditor to the next and its operation costs for that year are significantly less than a normal operational year

City of Minneapolis

Financial Strength Analysis - Third Quarter 2018

| FINANCIAL STRENGTH ANALYSIS - 2018 (in millions) | | | | | Increase (Decrease) Compared to 2016 | | Total Increase (Decrease) 2014 - 2017 | | Average Annual Increase (Decrease) | | 2018 ANALYSIS |
|--|---------|---------|---------|---------|---|-------|--|---------|---------------------------------------|--------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | \$ | % | \$ | % | \$ | % | PROJECTED YE 2018 |
| General Fund Cash Balance | 100.0 | 117.6 | 121.6 | 131.8 | 10.2 | 8.4% | 31.8 | 36.2% | 10.6 | 12.1% | 101.9 |
| General Fund Total Fund Balance | 102.4 | 106.0 | 107.5 | 117.1 | 9.6 | 8.9% | 14.7 | 17.0% | 4.9 | 5.7% | 87.2 |
| Overall City Cash Position* | 696.5 | 703.2 | 762.7 | 792.0 | 29.3 | 3.8% | 95.5 | 17.0% | 31.8 | 5.7% | 743.4 |
| Overall City Net Assets/Position** | 2,183.2 | 1,882.4 | 1,851.4 | 2,083.6 | 232.2 | 12.5% | (99.6) | -5.1% | (33.2) | -1.7% | |
| Overall Unrestricted Net Assets/Position** | 302.7 | (67.8) | (256.8) | (274.4) | (17.6) | 6.9% | (577.1) | -253.6% | (192.4) | -84.5% | |
| SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - 2017 (in millions) | | | | | | | | | | | |
| Convention Center - Cash | 63.0 | 66.2 | 65.5 | 56.6 | (8.9) | | (6.4) | | (2.1) | | 34.7 |
| Convention Center - Fund Balance | 65.9 | 67.2 | 63.5 | 52.1 | (11.4) | | (13.8) | | (4.6) | | 30.3 |
| Arena Fund (Target Center) - Cash | 10.7 | 16.3 | 15.2 | 10.1 | (5.1) | | (0.6) | | (0.2) | | 8.1 |
| Arena Reserve (Target Center) - Fund Balance | 10.1 | 15.2 | 11.1 | 8.7 | (2.4) | | (1.4) | | (0.5) | | 6.6 |
| Downtown Assets Funds - Cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | | 0.0 | | 19.6 |
| Downtown Assets Funds - Fund Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | | 0.0 | | 19.6 |
| Police SRF - Cash | 1.5 | 1.7 | 2.1 | 2.2 | 0.1 | | 0.7 | | 0.2 | | 1.7 |
| Police SRF - Fund Balance | 1.1 | 1.6 | 2.4 | 2.6 | 0.2 | | 1.5 | | 0.5 | | 2.1 |
| NCR SRF - Cash | 3.1 | 4.1 | 4.0 | 3.5 | (0.5) | | 0.4 | | 0.1 | | 3.6 |
| NCR SRF - Fund Balance | 3.0 | 3.9 | 3.7 | 3.3 | (0.4) | | 0.3 | | 0.1 | | 3.4 |
| Regulatory Services SRF - Cash | 5.1 | 4.5 | 4.7 | 3.5 | (1.2) | | (1.6) | | (0.5) | | 1.8 |
| Regulatory Services SRF - Fund Balance | 5.0 | 4.5 | 4.6 | 3.5 | (1.1) | | (1.5) | | (0.5) | | 1.8 |
| Grant Funds - Cash | 4.2 | 2.0 | (2.2) | 5.3 | 7.5 | | 1.1 | | 0.4 | | 3.9 |
| Grant Funds - Fund Balance | 10.2 | 11.2 | 11.4 | 11.2 | (0.2) | | 1.0 | | 0.3 | | 9.8 |
| Comm Planng & Econ Dev (CPED) - Cash Total | 164.1 | 165.7 | 166.2 | 177.8 | 11.6 | | 13.7 | | 4.6 | | 195.0 |
| Comm Planng & Econ Dev (CPED) - Fund Bal Total | 203.8 | 201.2 | 202.1 | 214.4 | 12.3 | | 10.6 | | 3.5 | | 230.0 |
| Employee Retirement Funds - Cash | 22.0 | 23.9 | 26.2 | 29.0 | 2.8 | | 7.0 | | 2.3 | | 31.1 |
| Employee Retirement Funds - Fund Balance | 22.3 | 24.2 | 26.6 | 29.2 | 2.6 | | 6.9 | | 2.3 | | 32.3 |
| Other Special Revenue Funds - Cash | 2.0 | 0.5 | 0.8 | 0.5 | (0.3) | | (1.5) | | (0.5) | | 0.5 |
| Other Special Revenue Funds - Fund Balance | 1.6 | 0.5 | 0.5 | 0.5 | 0.0 | | (1.1) | | (0.4) | | 0.5 |
| Total Special Revenue Funds - Cash | 275.7 | 284.9 | 282.5 | 288.5 | 6.0 | 2.3% | 12.8 | 5.3% | 4.3 | 1.8% | 300.0 |
| Total Special Revenue Funds - Fund Balance | 323.0 | 329.5 | 325.9 | 325.5 | (0.6) | -0.2% | 2.5 | 0.8% | 0.8 | 0.3% | 336.4 |
| * 2017 amount is Market Value of cash and cash equivalents as expected to be reported in the City of Minneapolis Comprehensive Annual Financial Report (CAFR); does not include approximately \$40.9 M invested for General Agency Reserve Fund Systems (GARFS) and \$41.3 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 - 2018 (in millions) | | | | | Increase (Decrease) Compared to 2016 | | Total Increase (Decrease) 2014 - 2017 | | Average Annual Increase (Decrease) | | 2018 ANALYSIS |
|--|-------|-------|-------|-------|---|-------|--|-------|---------------------------------------|------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | \$ | % | \$ | % | \$ | % | PROJECTED YE 2018 |
| INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - 2018 (in millions) | | | | | | | | | | | |
| Engr. Materials & Testing - Cash | 1.9 | 1.6 | 1.5 | 1.5 | 0.0 | | (0.4) | | (0.1) | | 1.6 |
| Engr. Materials & Testing - Net Assets/Position | 1.8 | 0.8 | 0.3 | (0.1) | (0.4) | | (1.9) | | (0.6) | | 0.1 |
| Equipment Services - Cash | 23.2 | 23.7 | 26.9 | 30.4 | 3.5 | | 7.2 | | 2.4 | | 19.6 |
| Equipment Services - Net Assets/Position | 59.8 | 61.7 | 67.1 | 74.5 | 7.4 | | 14.7 | | 4.9 | | 83.8 |
| Property Services - Cash | 3.8 | 6.6 | 10.3 | 8.1 | (2.2) | | 4.3 | | 1.4 | | 4.1 |
| Property Services - Net Assets/Position | 32.8 | 29.3 | 29.9 | 28.4 | (1.5) | | (4.4) | | (1.5) | | 27.2 |
| PW Stores - Cash | (0.2) | 0.0 | 1.2 | 2.0 | 0.8 | | 2.2 | | 0.7 | | 2.2 |
| PW Stores - Net Assets/Position | 4.6 | 4.4 | 4.6 | 5.3 | 0.7 | | 0.7 | | 0.2 | | 5.3 |
| Intergovernmental Services - Cash | 49.9 | 38.4 | 30.9 | 23.6 | (7.3) | | (26.3) | | (8.8) | | 19.2 |
| Intergovernmental Services - Net Assets/Positn. | 62.1 | 62.3 | 59.8 | 47.4 | (12.4) | | (14.7) | | (4.9) | | 39.5 |
| Self Insurance Fund - Cash | 70.6 | 75.7 | 80.0 | 90.0 | 10.0 | | 19.4 | | 6.5 | | 87.7 |
| Self Insurance Fund - Net Assets/Position | 18.3 | 16.5 | 21.2 | 23.8 | 2.6 | | 5.5 | | 1.8 | | 23.4 |
| Total Internal Service Funds - Cash | 149.2 | 146.0 | 150.8 | 155.6 | 4.8 | 4.0% | 6.4 | 7.6% | 2.1 | 2.5% | 134.4 |
| Total Internal Service Funds - Net Assets/Position | 179.4 | 175.0 | 182.9 | 179.3 | (3.6) | -2.8% | (0.1) | -0.1% | (0.0) | 0.0% | 179.3 |
| ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - 2018 (in millions) | | | | | | | | | | | |
| Sanitary Sewer - Cash | 18.7 | 12.4 | 18.3 | 17.8 | (0.5) | | (0.9) | | (0.3) | | 15.2 |
| Sanitary Sewer - Net Position | 118.6 | 117.5 | 119.3 | 121.2 | 1.9 | | 2.6 | | 0.9 | | 122.5 |
| Stormwater - Cash | 35.0 | 35.9 | 35.9 | 27.1 | (8.8) | | (7.9) | | (2.6) | | 22.4 |
| Stormwater - Net Position | 308.8 | 323.8 | 327.2 | 333.2 | 6.0 | | 24.4 | | 8.1 | | 324.0 |
| Water Enterprise - Cash | 25.1 | 30.1 | 42.1 | 40.7 | (1.4) | | 15.6 | | 5.2 | | 39.8 |
| Water Enterprise - Net Position | 221.5 | 220.4 | 233.3 | 252.3 | 19.0 | | 30.8 | | 10.3 | | 254.6 |
| Municipal Parking - Cash | 10.5 | 14.0 | 17.2 | 26.5 | 9.3 | | 16.0 | | 5.3 | | 20.3 |
| Municipal Parking - Net Position | 177.9 | 180.7 | 188.2 | 213.6 | 25.4 | | 35.7 | | 11.9 | | 200.8 |
| Solid Waste & Recycling - Cash | 19.7 | 22.6 | 25.3 | 24.5 | (0.8) | | 4.8 | | 1.6 | | 29.9 |
| Solid Waste & Recycling - Net Position | 27.3 | 26.7 | 25.5 | 25.7 | 0.2 | | (1.6) | | (0.5) | | 29.6 |
| Comm Planng & Econ Dev (CPED) - Cash*** | 0.0 | 0.8 | 1.4 | 1.5 | 0.1 | | 1.5 | | 0.5 | | 1.5 |
| Comm Planng & Econ Dev (CPED) - Net Position | 39.0 | 39.9 | 40.1 | 40.3 | 0.2 | | 1.3 | | 0.4 | | 40.0 |
| Total Enterprise Funds - Cash | 109.0 | 115.8 | 140.2 | 138.1 | (2.1) | -1.9% | 29.1 | 26.9% | 9.7 | 9.0% | 129.1 |
| Total Enterprise Funds - Net Position | 893.1 | 909.0 | 933.6 | 986.3 | 52.7 | 5.9% | 93.2 | 11.2% | 31.1 | 3.7% | 971.5 |
| ***Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds. | | | | | | | | | | | |