

# Fourth Quarter 2018 Financial Status Report

Finance & Property Services Dept.  
April 16, 2019

**City of Minneapolis**  
**Interim Financial Report Index for the Fourth Quarter of 2018**

<b>EXECUTIVE SUMMARY .....</b>	<b>1-2</b>
<b>GENERAL FUND.....</b>	<b>3-5</b>
<b>SPECIAL REVENUE &amp; GRANT FUNDS</b>	
Convention Center Special Revenue Fund.....	6-8
Arena Special Revenue Fund.....	9-10
Downtown Assets Special Revenue Fund.....	11-13
Police Special Revenue Fund.....	14-16
NCR Special Revenue Fund.....	17-18
Regulatory Services Special Revenue Fund.....	19-20
Federal, CDBG and other State and Local Grants.....	21-23
CPED Special Revenue Funds.....	24-27
<b>INTERNAL SERVICE FUNDS</b>	
Engineering Materials and Testing Fund.....	28-29
Fleet Services Fund.....	30-31
Property Services Fund.....	32-33
Public Works Stores Fund.....	34-35
Intergovernmental Service Fund.....	36-37
Self-Insurance Fund.....	38-39
<b>ENTERPRISE FUNDS</b>	
Sanitary Sewer Fund.....	40-41
Storm Water Fund.....	42-43
Water Enterprise Fund.....	44-45
Municipal Parking Fund.....	46-47
Solid Waste and Recycling.....	48-49
CPED Enterprise Fund.....	50-52
<b>APPENDIX</b>	
Cash and Investment Report.....	A-1
General Fund Historical Analysis.....	A-2
Financial Strength Analysis.....	A-3,A-4

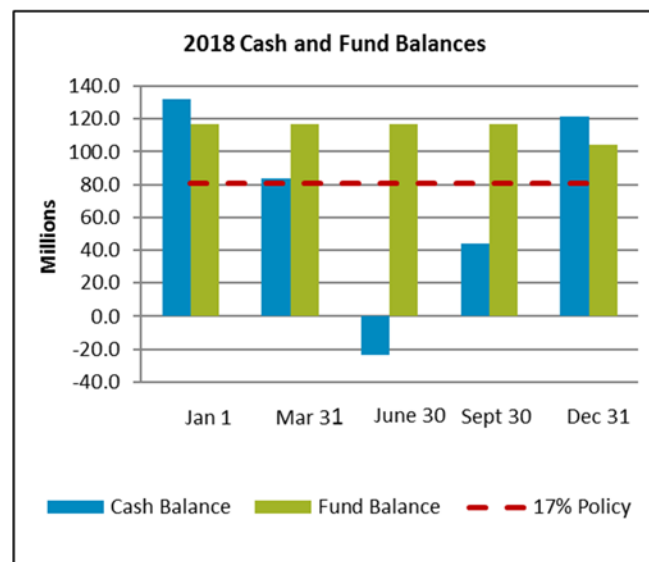
# Executive Summary

## 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 December 31, 2018 is \$879.6 million, an increase of \$2.3 million or 0.26% compared to the fourth quarter 2017 cash balance of \$877.3 million. While projected activity through 2019 are expected to decrease the total cash balance, targeted balances in all major funds are expected to be met. Fund balances and net positions for all funds also reflect continued investment in the growth and economic stability of the City and its infrastructure. The City continues to meet the minimum fund balance/net position reserve requirements in all major funds, while at the same time increasing its investment in the City including its infrastructure, development, and technology capital assets. Most of the balances in the various funds within the City are classified as non-spendable, restricted, committed or assigned. These classifications relate to the varying levels of restrictions and plans for the use of each fund's resources.

## 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 decreased by only \$12.9 million from the 2017 ending balance of \$117.1, to \$104.2 million. The General Fund cash balance at year-end 2018 is \$121.3 million, down from the 2017 ending balance of \$131.8 million. Over one-half of the revenue in the General Fund comes from sources received only two or three times per year. Because of this, there can be a large variation in the cash balance at any point in the year, as illustrated in the graph to the right.



As shown in the Financial Strength Analysis on pages A-3 and A-4 of this report, from 2015 through 2017, the General Fund's cash balance increased from \$117.6 to \$131.8 while fund balance grew from \$106.0 to \$117.1. The 2018 reduction to fund balance was less than budgeted due to strong revenues coupled with expenditure savings in a variety of areas. Operating revenues exceeded budget by a total of \$28.6 million. This revenue surplus was fueled by economic development activity that pushed revenue from licenses and permits, and charges for services over the budgeted amount. During 2018, the General Fund had two significant transactions that impacted ending fund balance as well. There was \$10.0 million transfer out of the General Fund to the Capital Projects fund to help pay for 10<sup>th</sup> Avenue Bridge construction. In addition, there was a transfer of funding for long-term Community Planning and Economic Development (CPED) projects including several housing related programs. 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 17.0% of the following year's expenditure budget. For 2018, this equates to a required ending fund balance of \$81.1 million which represents 17.0% of

the 2019 General Fund budget of \$477.0 million. At the end of 2018, fund balance was \$104.2 million which is \$23.1 million more than the target, and 21.8% of the 2019 budget. 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 \$314.1 million, an increase of \$25.6 million or 9.8% compared to the 2017 ending balance. The fund balance for the Special Revenue Funds also increased from \$325.5 million in 2017 to \$332.0 million in 2018, an increase of \$6.5 million or 2.1%. 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 \$165.2 million, an increase of \$9.6 million or 8.0% versus 2017 ending cash balances. The total net position for all the Internal Service Funds is \$195.2 million, which is an increase of \$14.6 million or 11.2% 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

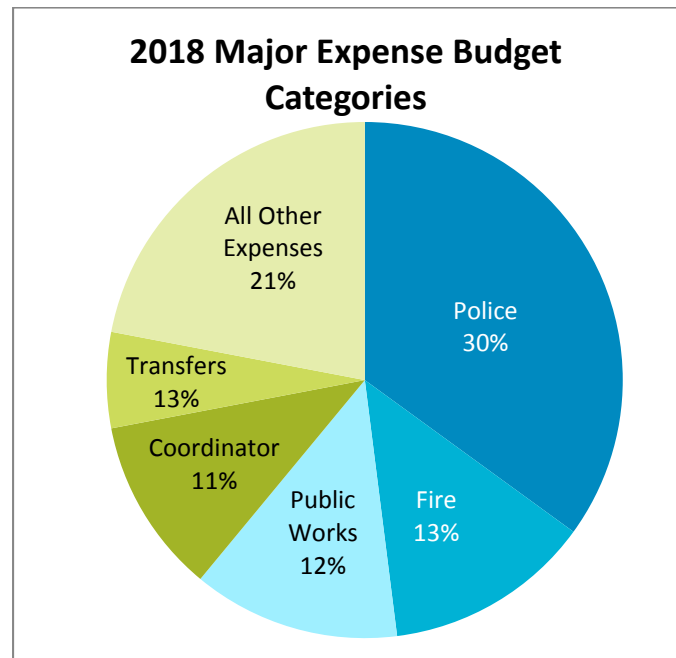
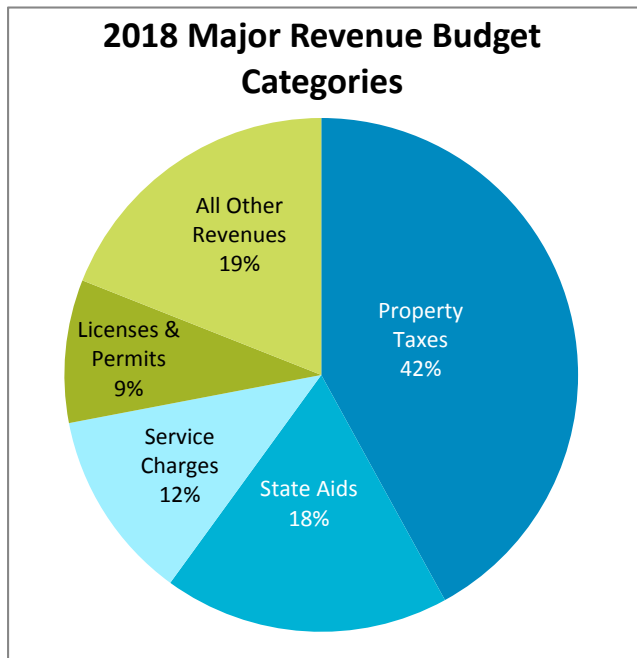
The Enterprise Funds are used to account for operations that sell goods and services to external parties including residents and other local governments. Enterprise Funds include the Utility Operations – Sanitary Sewer, Stormwater, and Water Utilities; Solid Waste & Recycling; the Parking Fund; and the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

The total cash balance for the Enterprise Funds is \$123.8 million, a decrease of \$14.3 million or 13.1% compared to 2017 ending cash balances. Total net position for the Enterprise Funds is up \$10.1 million from 2017 totaling \$996.4 million at year end. As these funds continue to invest in capital projects, they use a mix of cash and debt borrowing to finance the activity. Depending on the timing of bond sales and project work, the cash balance in these funds may fluctuate significantly. However, operations will fund the future debt payments so the cash balance targets are maintained to account the variability.

**City of Minneapolis  
General Fund  
For the Fourth Quarter Ending December 30, 2018**

**Fund Description**

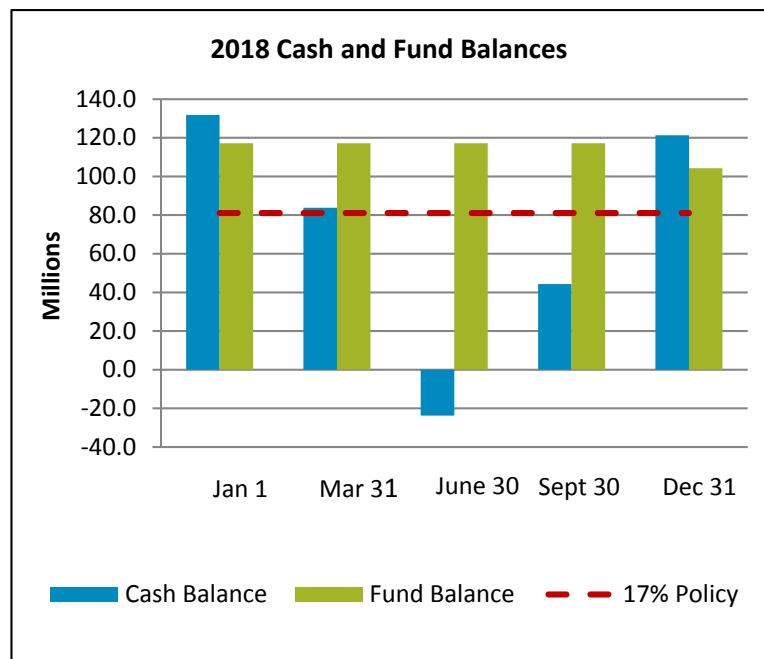
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or administrative action to be accounted for in another fund. The Fund's 2018 current revenue budget is \$463.3 million, while the Fund's 2018 current expense budget is \$498.1 million, including transfers.



**Cash and Fund Balance**

The fund balance for the General Fund at fiscal year-end 2018 was \$104.2 million. This was a reduction of \$12.9 million from the 2017 ending fund balance of 117.1 million. The original budget for 2018 included a planned reduction (use of fund balance) of \$17.3 million. Revisions to original budget for transfers and operational changes resulted in a modified planned use of fund balance totaling \$37.6 million. The final reduction of \$12.9 was significantly less due to revenue collections coming in strong, \$16.9 million over budget, and expenditures coming in under budget by \$5.0 million.

The City's financial policy for General Fund balance is to maintain 17% of the following year's expenditure budget. For 2018, this is the equivalent to \$81.1 million, or 17% of the 2019 General Fund budget of \$477.0 million which excludes transfers and contingency funding. For 2018, year end fund balance exceeds the target by \$23.1 million.

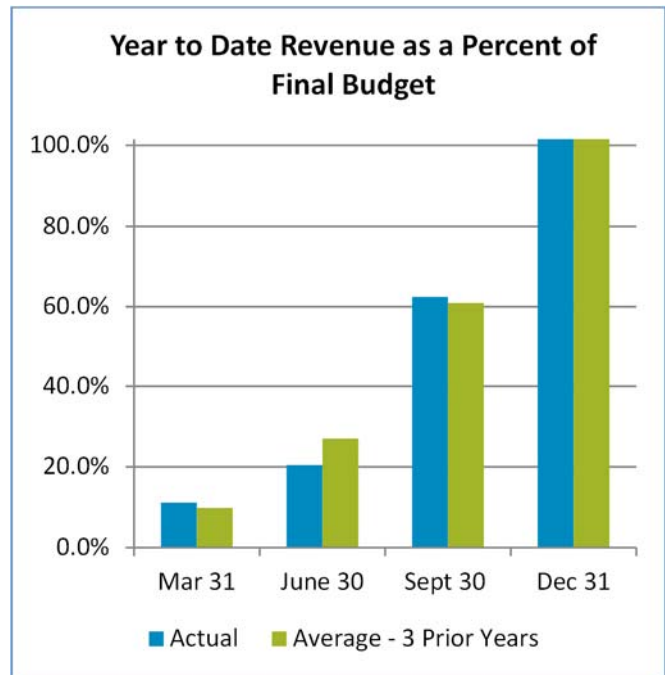


The cash balance at year-end 2018 was \$121.3 million, which is \$10.5 million less than the 2017 ending cash balance of \$131.8.

## Revenue

Year-end revenues totaled \$480.2 million, which is \$16.9 million, or 3.6% over the revised budget amount of \$463.3 million. This is the fifth consecutive year revenues exceeded budget by at least \$10 million. Overall revenue in the General Fund is down from 2017 by \$25.9 million due to the change from depositing local taxes in the Downtown Assets fund rather than the General Fund. Revenues from all sources other than local taxes and transfers increased by \$28.6 from 2017 to 2018 with most categories recording the highest revenue in at least five years.

Nearly all categories of revenue experienced collections greater than budget. Leading the way was investment income at \$3.9 million or 128% more than budget because of better than expected economic conditions and a relatively high cash balance in the General Fund. Next were licenses and permits along with charges for services totaling almost \$6.1 million over budget. Both these revenue categories are driven by economic development and growing service needs in the City. Franchise fees, state aids, and other categories were also over budget for a variety of reasons.

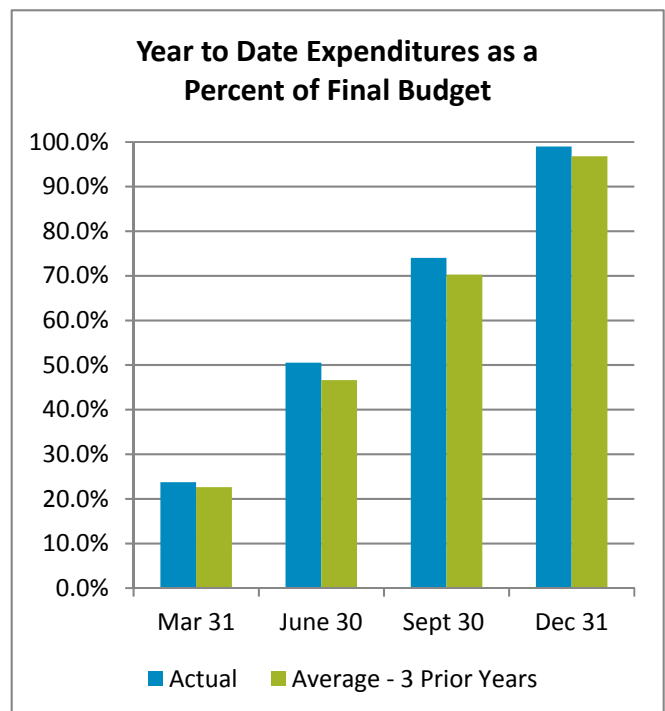


## Expenditures

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.

Contingency funding of \$4.5 million was reallocated to adjust the budgets of some departments that needed additional funding for 2018. At year end, Public Works came in over budget by \$2.0 million due the number of snow emergencies in the spring of 2018, as well as costs associated with projects that are reimbursed by other funds or outside entities.

The City Coordinator departments overall were under budget by approximately \$1.9 million. A significant portion of those savings come from cyclical position vacancies related to employee separations and hiring. Personnel vacancies, delayed spending on projects and initiatives, and other cost saving measures helped several departments meet the budgeted appropriation levels. Overall, the General Fund's budget was underspent by \$5.0 million.



**City of Minneapolis  
General Fund  
December 31, 2018**

	Original Budget	Revised Budget	Year End	Variance Budget to Actual	Percent of Actual to Revised Budget
<b>Revenues</b>					
Property Taxes	\$ 194,555,813	\$ 194,555,813	\$ 193,250,285	\$ (1,305,528)	99%
Local Taxes	-	-	63,942	63,942	0%
State Aids	84,246,101	84,246,101	85,903,260	1,657,159	102%
Charges for Services	50,990,579	54,385,019	56,649,434	2,264,415	104%
Franchise Fees	33,450,000	33,450,000	34,771,576	1,321,576	104%
Licenses & Permits	43,670,000	43,670,000	47,480,900	3,810,900	109%
Fines & Forfeits	6,558,000	6,558,000	7,137,929	579,929	109%
Special Assessments	3,001,500	3,001,500	2,981,234	(20,266)	99%
Investment Income	3,050,000	3,050,000	6,955,384	3,905,384	228%
Other Intergovernmental	1,198,556	1,264,456	1,858,632	594,176	147%
Other Miscellaneous	4,149,440	755,000	3,269,956	2,514,956	433%
Contributions	-	-	1,343	1,343	0%
<b>Total Revenues</b>	<b>424,869,989</b>	<b>424,935,889</b>	<b>440,323,875</b>	<b>15,387,986</b>	<b>104%</b>
Transfers In Total	<b>38,387,000</b>	<b>38,387,000</b>	<b>39,887,000</b>	<b>1,500,000</b>	<b>104%</b>
<b>Revenues and Other Sources</b>	<b>\$ 463,256,989</b>	<b>\$ 463,322,889</b>	<b>\$ 480,210,875</b>	<b>\$ 16,887,986</b>	<b>104%</b>
<b>Expenditures</b>					
Police	173,667,878	173,679,878	173,676,579	3,299	100%
Fire	66,500,235	67,616,695	67,585,950	30,745	100%
					0%
Human Resources	7,565,923	7,728,923	7,391,375	337,548	96%
Finance and Property Services	22,908,437	22,908,437	22,220,529	687,908	97%
911	9,973,959	10,068,624	9,487,224	581,400	94%
311	4,097,275	4,167,814	3,980,428	187,387	96%
City Coordinator	7,161,617	6,253,821	6,072,608	181,213	97%
Intergovernmental Relations	1,518,989	1,518,989	1,497,351	21,638	99%
Communications	2,307,308	2,315,308	2,323,431	(8,123)	100%
Emergency Management	1,052,745	1,052,745	1,127,914	(75,169)	107%
Neighborhood & Community Relations	713,302	810,738	810,659	79	100%
<b>City Coordinator - Total</b>	<b>57,299,557</b>	<b>56,825,401</b>	<b>54,911,518</b>	<b>1,913,882</b>	<b>97%</b>
Transportation Planning & Design	2,032,420	2,032,420	2,013,312	19,109	99%
Transportation Plan Programming	2,689,321	3,139,345	2,873,978	265,366	92%
Transportation Maintenance & Repair	35,045,726	36,934,626	39,466,311	(2,531,685)	107%
Public Works Administration	3,992,928	4,052,928	3,886,294	166,634	96%
Traffic & Parking Services	17,179,097	17,108,723	17,060,005	48,719	100%
<b>Public Works - Total</b>	<b>60,939,493</b>	<b>63,268,043</b>	<b>65,299,899</b>	<b>(2,031,857)</b>	<b>103%</b>
Regulatory Services	20,235,614	20,852,281	20,293,398	558,883	97%
Attorney	10,373,249	10,412,085	9,701,826	710,258	93%
City Council & City Clerk	11,527,566	12,845,566	12,312,745	532,821	96%
Contingency	4,500,000	-	-	-	0%
Assessor	6,874,947	6,874,947	5,593,191	1,281,756	81%
CPED	41,058,679	40,115,992	35,964,087	4,151,904	90%
Health	11,072,176	11,817,087	11,675,967	141,119	99%
Civil Rights	4,501,094	4,327,894	4,021,500	306,393	93%
Mayor	2,132,316	2,439,316	2,395,845	43,471	98%
Internal Audit	760,662	800,537	668,800	131,738	84%
<b>Total Expenditures</b>	<b>471,443,465</b>	<b>471,875,721</b>	<b>464,101,307</b>	<b>7,774,414</b>	<b>98%</b>
Transfers Out Total	<b>9,135,855</b>	<b>29,010,855</b>	<b>29,010,855</b>	<b>-</b>	<b>100%</b>
<b>Expenditures and Other Uses</b>	<b>\$ 480,579,320</b>	<b>\$ 500,886,576</b>	<b>\$ 493,112,162</b>	<b>\$ 7,774,414</b>	<b>98%</b>
<b>Change in Fund Balance</b>	<b>(17,322,331)</b>	<b>(37,563,687)</b>	<b>(12,901,287)</b>		
<b>Fund Balance - January 1, 2018</b>			<b>117,097,836</b>		
<b>Fund Balance - December 31, 2018</b>			<b>104,196,548</b>		

**City of Minneapolis**  
**Convention Center Special Revenue Fund Report**  
**For the 4th Quarter Ending December 31, 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 were receipted directly to the Downtown Assets Fund, and a transfer was made from the Downtown Assets Fund to the Convention Center Fund to fund Convention Center operations and building debt service. The local tax will continue to be receipted directly to the Downtown Assets Fund in 2019 and beyond.

**Operating Revenue**

Through the 4th quarter of 2018, operating revenue ended at \$22.9 million or 115% of the \$20.0 million budget. Rents and Commissions had the strongest finish at nearly \$9.3 million or 113% of budget followed by Charges for Services and Sales at nearly \$9.0 million or 123% of budget, and finally Catering Commissions which finished 2018 at \$4.7 million or 103% of budget.

Through December 31, 2018, the Convention Center hosted 337 events with 839,794 attendees, and the \$22.9 million in operating revenue surpassing December 31, 2017 operating revenue by \$3.1 million. 2018 was a record revenue year for the Convention Center.

**Expenditures**

**Operating Expenditures**

Through the 4th quarter of 2018, Convention Center operating expenses, not including Ongoing Equipment and Improvement, General Fund Overhead, and IT Operating expenses finished at \$25.9 million or 102% of budget which highlights the very busy 2018 at the Convention Center. The Convention Center continued 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 4th quarter of 2018, the Convention Center recycled 60% or 796 tons of building waste which met the goal of 60% for the overall 2018 recycling rate.



In Ongoing Equipment and Improvements, the Convention Center finished the 4th quarter at \$9.6 million or 49% 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 construction related 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 worked 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 St. 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 submitted a rollover request for the unspent 2018 Plaza renovation funds to continue the project that was in process but incomplete at year end.

### **Transfers**

The Convention Center Fund annually transfers funds for debt service, in addition to receiving a transfer of the local tax revenue from the Downtown Assets Fund. In 2018, transfers to debt service for debt issued on the building was budgeted at \$24.8 million, and finished 2018 at \$24.6 million which is \$181,125 under budget. The \$181,125 difference is related to Rent received from Kelber Catering which reduced the transfer amount needed in 2018. The Convention Center debt is expected to be paid off in 2020.

### **Meet Minneapolis**

Beginning in 2004, Meet Minneapolis entered into a series of loan agreements with the City for its joint venture Internet Destination Sales System (iDSS). A total of three loans were consolidated into one \$10.0 million loan in 2007. The consolidated loan had a 10-year amortization of principal (2008-2017) to be repaid in full in 2017 at a 5% interest rate. In November 2014, Meet Minneapolis sold iDSS, but the principal and interest payments to the City continue. In late 2017, there was a contract amendment which extended Meet Minneapolis's final \$500,000 payment of loan principal with \$15,000 interest to January 2019. Meet Minneapolis's quarterly sales and marketing payment from the City is reduced by the amount of the principal and interest 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 was 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 finished 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 draw down cash and fund balances. The 2018 Convention Center Fund balance continued to drop, and finished at \$29.6 million which is \$22.5 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 were receipted directly to the Downtown Assets Fund, and the transfer of local taxes to the Convention Center Fund was made from the Downtown Assets Fund. The Convention Center Fund cash balance as of December 31, 2018 was \$35.6 million which was nearly a \$21.0 million decline from 2017. 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 December 31, 2018**

**CITY OF MINNEAPOLIS, MINNESOTA**

	2018		Percent of Total	2017 Actual
	Budget	Actual		
<b>REVENUE</b>				
Operating Revenue:				
Charges for Services and Sales	7,300,000	8,977,067	123%	6,613,402
Rents and Commissions	8,196,000	9,268,937	113%	9,131,619
Catering Commissions	4,514,000	4,669,470	103%	4,049,067
Total Operating Revenue	20,010,000	22,915,474	115%	19,794,088
Other Non Operating Revenue:				
Investment Management Services Interest	612,000	967,121	158%	667,234
Meet Minneapolis (iDSS) Loan Interest	-	-	-	75,752
Other	-	44,906	-	33,808
Total Other Non Operating Revenue	612,000	1,012,027	165%	776,794
<b>Total Revenue</b>	20,622,000	23,927,501	116%	20,570,882
<b>EXPENDITURES</b>				
Convention Center Operations	25,432,952	25,933,398	102%	23,380,528
Ongoing Equipment and Improvement	19,356,444	9,578,844	49%	10,909,309
General Fund Overhead/IT Operating	2,680,063	2,680,063	100%	2,316,264
Meet Minneapolis	10,450,872	10,450,872	100%	10,488,600
<b>Total Expenditures</b>	57,920,331	48,643,177	84%	47,094,700
Excess of Revenues Over (Under) Expenditures	(37,298,331)	(24,715,676)	66%	(26,523,818)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Downtown Assets	26,811,000	26,811,000	100%	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)	(24,629,741)	99%	(24,487,743)
<b>Total Other Financing Sources (Uses)</b>	1,999,875	2,181,259	109%	15,188,821
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(35,298,456)	(22,534,417)		(11,334,997)
Fund Balance - January 1	52,142,910	52,142,910		63,477,908
<b>Ending Fund Balance</b>	16,844,454	29,608,494		52,142,910
<b>Ending Cash Balance</b>		35,639,513		56,623,082

## **Arena Special Revenue Fund For the 4th Quarter Ending December 31, 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 was 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 umbrella. 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 Downtown Assets umbrella includes the Minneapolis Convention Center, the Arena Fund (Target Center), Peavey Plaza, and the Commons. The Arena Fund also receives interest revenue from cash balances within the fund. The 2018 interest revenue budget was \$159,120, and the 2018 interest revenue finished at approximately \$192,000 as the result of cash increasing within the fund by \$2.0 million from the end of 2017.

### **Expenditures**

The Arena Special Revenue Fund had 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 was 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. Ongoing Equipment and Improvements finished 2018 at \$1.3 million which is approximately \$5.7 million under the \$7.0 million budget due to projects in process but unfinished at year end. A rollover requested was submitted for the majority of the unspent funds to continue the projects in 2019. The Arena Special Revenue Fund had a 2018 operating budget of \$1.9 million finished 2018 at nearly \$1.9 million which was 99% of budget. The City pays required reimbursements to AEG to support Target Center operating costs, and the \$1.6 million 2018 budget was met.

### **Transfers**

The Arena Special Revenue Fund receives an annual transfer from the Parking Fund. The 2018 budgeted transfer was nearly \$4.2 million, and the 2018 budget was met.

### **Fund Balance/Cash Balances**

The 2018 ending fund balance was nearly \$11.3 million which was a \$2.6 million increase over the 2017 ending fund balance of \$8.7 million. The primary reason for the \$2.6 million increase was the 2018 Ongoing Equipment and Improvements expenses finishing the year well under budget. The 2018 ending cash balance was nearly \$12.2 million which was \$2.0 million over the 2017 ending balance of \$10.1 million.

**ARENA SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the fiscal quarter ending December 31, 2018**

	<b>2018</b>			<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Percent of Total</b>	<b>Actual</b>
<b>REVENUES:</b>				
Entertainment Tax	-	-		1,292,621
Rents & Commissions	1,461,284	1,461,284	100%	1,432,631
Rental Income - Other	-	-	-	737,315
Interest	159,120	191,574	120%	123,449
Total revenues	1,620,404	1,652,858	102%	3,586,016
<b>OTHER FINANCING SOURCES (USES):</b>				
Target Center Operations	(1,910,316)	(1,884,522)	99%	(4,636,765)
Target Center Capital	(6,974,895)	(1,316,786)	19%	(5,230,534)
Transfer From Municipal Parking Enterprise Fund	4,158,435	4,158,435	100%	3,940,228
Bond Financing	-	-	-	(82,600)
<b>Total other financing sources (uses)</b>	<b>(4,726,776)</b>	<b>957,126</b>	<b>-20%</b>	<b>(6,009,671)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,106,372)	2,609,984		(2,423,655)
<b>Fund Balance - January 1</b>	<b>8,663,978</b>	<b>8,663,978</b>		<b>11,087,633</b>
<b>Ending Fund Balance</b>	<b>5,557,606</b>	<b>11,273,962</b>		<b>8,663,978</b>
<b>Ending Cash Balance</b>		<b>12,155,336</b>		<b>10,121,230</b>

## **Downtown Assets Special Revenue Fund For the 4th Quarter Ending December 31, 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, entertainment, and lodging 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.

The Peavey Plaza and the Commons are also new special revenue funds created in 2018, and for the purpose of this statement, are included with the Downtown Assets Fund. Revenues and expenses for the Convention Center and Target Center are discussed separately in separate quarterly reports.

### **Revenue**

Downtown Assets Fund revenues were budgeted at approximately \$87.3 million in 2018. The overwhelming majority of revenues come from local taxes (including sales, restaurant, entertainment, liquor, and lodging). Minneapolis local taxes finished 2018 at \$89.8 million which was \$2.4 million over budget, and \$6.5 million over 2017. Included in the \$6.5 million increase, is \$2.4 million that was estimated as brought in by the City hosting Super Bowl LII. The Downtown Assets Funds also earned interest through IMS (Investment Management Services) revenue from cash balances within the funds throughout the year. Interest earnings finished 2018 at \$86,197.

### **Expenditures**

Budgeted non-transfer 2018 expenditures of nearly \$5.2 million were small in this fund compared to total revenues of \$89.8 million. Expenditures budgeted within the fund included \$4.0 million in one-time capital outlay for the renovation of the Peavey Plaza. Renovation project expenses finished 2018 at slightly under \$8,000, but work will continue in 2019 with the goal of having the project substantially complete by the end of June 2019. There was also a \$400,000 budget for Peavey Plaza operating expenses, and \$140,174 was expended. The unspent portion of the Peavey Plaza renovation and operating budget were requested to be rolled over to 2019. In addition, there was a \$750,000 budget related to the maintenance of the Downtown Commons. That budget was met. Also included in 2018 expenses, were \$89,000 in special assessments related to the Nicollet Mall renovation for the East and West Downtown Commons and \$34,000 for Peavey Plaza.

### **Transfers**

Budgeted transfers included 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 (Target Center) Special Revenue Fund for building debt service. In addition, there were two budgeted transfers into the Downtown Assets Funds.

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 met budget.

**Fund/Cash Balances**

With the exception of the Convention Center and Arena Special Revenue Fund, the Downtown Assets Funds were new in 2018 and began 2018 with no fund or cash balances. The 2018 fund balance finished at \$26.0 million, and cash finished at \$16.2 million.

**DOWNTOWN ASSETS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the fiscal quarter ending December 31, 2018**

	<b>2018</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Percent of Total</b>
<b>REVENUES:</b>			
Local Taxes	87,349,413	89,794,208	103%
Interest Revenue	-	86,197	-
<b>Total Revenues</b>	<b>87,349,413</b>	<b>89,880,405</b>	<b>103%</b>
<b>EXPENDITURES</b>			
Property Management Services	400,000	140,174	35%
Taxes Licenses & Fees	-	123,158	-
Peavey Plaza Capital	4,000,000	7,765	0%
Commons Property Management Services	750,000	750,000	100%
<b>Total Expenditures</b>	<b>5,150,000</b>	<b>1,021,096</b>	<b>20%</b>
Excess of Revenues Over (Under) Expenditures	82,199,413	88,859,309	108%
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Downtown Assets 01700	5,150,000	5,150,000	100%
Transfer from Capital Arbitrage Net Debt Bonds	420,000	420,000	100%
Transfer to City General 00100	(30,850,000)	(30,850,000)	100%
Transfer to Downtown Assets 01700	(5,150,000)	(5,150,000)	100%
Transfer to Convention Center	(26,811,000)	(26,811,000)	100%
Transfer to Other Debt Service Funds	(5,661,000)	(5,661,000)	100%
<b>Total other financing sources (uses)</b>	<b>(62,902,000)</b>	<b>(62,902,000)</b>	<b>100%</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	19,297,413	25,957,309	
<b>Fund Balance - January 1</b>	<b>-</b>	<b>-</b>	
<b>Ending Fund Balance</b>	<b>19,297,413</b>	<b>25,957,309</b>	
<b>Ending Cash Balance</b>		<b>16,162,029</b>	

**City of Minneapolis**  
**Police Special Revenue Fund**  
**For the 4th Quarter Ending December 31, 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 2018 is \$2.4 million compared to 2017 fund balance of \$2.6 million. The decrease in fund balance was primarily due to refund of accumulated charitable gambling fund balance of \$224,000 to charitable gambling organizations as required by the state, partial payment of Council Directed expenditures of \$21,000 to Phillips West & Ventura Village and shortage of forfeiture revenue over expenditures of \$21,000; and offset by excess revenue associated with various non-emergency service contracts at the US Bank Stadium, TCF Bank Stadium, Target Center, Target Field, and elsewhere of \$78,000 coupled with increase in net proprietary software (APS & WFD) revenue of \$38,000. Remaining differences are due to rounding.

**Revenues**

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

**Expenditures**

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



**Cash and Fund Balance**

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

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

**City of Minneapolis**  
**Police Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the 4th Quarter/Years 2018, 2017 and 2016**

	<b>Budget Current Year 2018</b>	<b>For Year Ending 2018</b>	<b>For Year Ending 2017</b>	<b>For Year Ending 2016</b>
<b>Revenue</b>				
Charges for Services and Sales	2,074,000	2,175,449	2,226,795	2,074,251
Fines and Forfeits	338,000	281,224	492,508	406,061
Interest Revenue			2,636	2,893
Miscellaneous				
Taxes	200,000	255,846	223,746	212,556
Total Revenue	2,612,000	2,712,519	2,945,685	2,695,761
<b>Expenditures</b>				
Capital Outlay	114,000	40,246	21,748	
Contractual Services	665,841	1,008,648	654,036	476,077
Fringes	356,865	309,487	365,230	237,203
Materials / Other	275,428	250,984	254,646	189,577
Personnel Services	1,799,866	1,241,315	1,502,765	1,003,162
Total Expenditures	3,212,000	2,850,681	2,798,425	1,906,019
<b>Excess of Revenues Over (Under) Expenditures</b>	(600,000)	(138,162)	147,260	789,741
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(600,000)	(138,162)	147,260	789,741
<b>Significant Balance Sheet Items:</b>				
Cash Balance	1,623,773	2,237,746	2,223,773	2,105,861
Fund Balance	1,986,112	2,447,950	2,586,111	2,438,851

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

In FY2018, \$6.7 million has been transferred from the Consolidated Redevelopment Tax Increment Financing District Fund to the NCR Special Revenue Fund. In FY2017, \$6.5million of revenue and In FY 2016, \$6.1 million of revenue were transferred to Neighborhood and community relation special revenue fund.

**Expenditures**

The Neighborhood and Community services expenditures from this fund through the fourth quarter of FY 2018 are \$6.7 million. These expenditures are for Access and Outreach support, coordinated engagement services and Neighborhood engagement activities. This fund also serves as the primary source for NCR operating expenditures.

**Fund Balance**

The Cash balance at year-end 2018 is \$3.5 million compared to \$3.5 million at year-end 2017. The Fund balance at year-end 2018 is \$3.3 million compared to \$3.3 million at year-end 2017.

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

	Budget Year 2018	Actual Year 2018	Actual Year 2017	Actual Year 2016
<b>Revenue</b>				
Loan Recapture	-	1,662	-	5,574
<b>Expenditures</b>				
Neighborhood Community Relations	6,709,121	6,708,537	6,897,239	6,327,375
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(6,709,121)</u>	<u>(6,706,875)</u>	<u>(6,897,239)</u>	<u>(6,321,801)</u>
<b>Other Financing Sources (Uses)</b>				
Net transfers in from other funds	6,682,141	6,682,141	6,487,516	6,127,000
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(26,980)</u>	<u>(24,734)</u>	<u>(409,723)</u>	<u>(194,801)</u>
<b>Significant Balance Sheet Items:</b>				
Cash Balance		3,544,785	3,507,408	4,028,602
Fund Balance		3,281,222	3,305,956	3,715,679

**City of Minneapolis**  
**Regulatory Services Special Revenue Fund**  
**For the Fourth Quarter Ending December 31, 2018**

---

The Regulatory Services Special Revenue Fund accounts for the City's nuisance building abatement efforts and is managed primarily by the Regulatory Services Department. The Fund is used not only for the abatement of buildings that have been deemed to be in nuisance condition pursuant to Chapter 249 but also for removal of nuisance conditions. Property owners are charged to recover the costs of these activities and all recovered costs are credited back to this fund. In 2013 the Construction Code Services 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. In 2019 this fund will only contain activities managed by Regulatory Services.

**Revenues**

Revenues for the Regulatory Services Special Revenue Fund have been declining since 2011. The total revenue budgeted for 2018 is \$3.3 million; \$3.1 million of this is from special assessments. Through year end 2018, \$2.4 million in revenue had been received compared to \$3.1 million in 2017. Year-end figures show that recognized revenue is \$1.0 million under budget. This is a \$693,741 or 22.6% less than the previous year. Those results are in line with projections that revenue would decline in 2018. However, a portion of this revenue decline is due to a change in the processing procedure and timing of assessing VBR charges. In 2019 there will have been a full year of VBR charges again so the VBR revenue should be close to that of prior years. This will result in revenue close to the 2017 year end level.

**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 year end 2018, \$3.9 million had been expended compared to \$4.1 million in 2017. The 2018 year end expenditures are \$1.1 million under budget, just as they were at 2017 year end.

**Fund Balance**

The fund balance at year end 2018 was budgeted to be \$1.8 million, a \$1.7 million decrease from 2017 year end. However due to expense savings, the fund balance is \$2.0 million, which is \$114,629 more than was anticipated. Based on flat or declining revenue projections and some new initiatives going forward, the fund balance is expected to decline in future years.

**City of Minneapolis**  
**Regulatory Services Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For 4th Quarter/Years 2018, 2017 and 2016**

	<b>Budget Year 2018</b>	<b>For Year Ending 2018</b>	<b>For Year Ending 2017</b>	<b>For Year Ending 2016</b>
<b>Revenue</b>				
Permits and Charges for Services	162,500	260,442	116,935	205,322
Special Assessments	3,116,277	2,068,410	2,921,043	3,657,228
Other	85,000	48,786	33,401	31,685
<b>Total Revenue</b>	<b>3,363,777</b>	<b>2,377,638</b>	<b>3,071,379</b>	<b>3,894,235</b>
<b>Expenditures</b>				
Regulatory Services	4,744,581	3,835,768	3,904,228	3,555,148
Community & Economic Development	300,000	108,044	238,641	254,135
<b>Total Expenditures</b>	<b>5,044,581</b>	<b>3,943,812</b>	<b>4,142,869</b>	<b>3,809,283</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,680,804)</b>	<b>(1,566,174)</b>	<b>(1,071,490)</b>	<b>84,952</b>
<b>Significant Balance Sheet Items:</b>				
Cash Balance	1,850,857	2,043,590	3,532,237	4,686,650
Fund Balance	1,854,099	1,968,728	3,534,902	4,606,393

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Year Ending December 31, 2018**

The City receives a number of federal and state grants that are recorded in the Federal (01300), HUD Consolidated Plan (01400 & 01500), and Grants Other (01600) funds. These grants have varying grant periods and are used for a broad range of purposes. Since the City records its financial information on a modified accrual basis, the timing of cash receipts can result in grant funds reflecting a deficit cash balance throughout the year. For annual reporting purposes, cash deficits are eliminated through inter-fund borrowing.

**Federal Grants Fund (01300)**

The City accounts for its federal grant activity in fund 01300. As of December 31, 2018, expenditures were \$13,920,452 compared to the 2017 expenditures of \$14,651,732. Health Department grants account for approximately 45% and 50% of the total expenditures in this fund in 2017 and 2018, respectively. The HUD Lead Control grant that closed in 2017 increased the overall expenditures in 2017 accounting for \$1,169,783 of the change in the Health Department. Emergency Management had higher expenses in 2017 due to costs related to Super Bowl preparations which did not exist in 2018. Offsetting these decreases, there was an increase in spending in the Coordinators area of \$958,946 related to the ReCast grant and an increase of \$217,415 in Community Planning and Economic Development (CPED) spending.

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

**HUD Consolidated Plan Funds (01400 & 01500)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along with two other Housing and Urban Development (HUD) Programs, the Emergency Solutions Grant Program (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). HOME Investment Partnerships Program, HOME program is accounted for in fund 01500 and the combined amounts are presented in the schedule. The HUD Consolidated Plan program year is from June 1 to May 31. The CDBG awards had declined until 2012 and since has remained around \$10 million. The combined HUD Consolidated Plan allocation for 2018 was over \$16 million. HUD grant expenditures as of December 31 were \$22,310,315 compared to \$17,569,122 for 2017. The 2018 expenditures are higher due to increased building rehabilitation work in the HOME and CDBG programs compared to the prior year.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive CDBG funding each year. However, should the CDBG funding

cease, the over-commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City has previously reprogrammed unspent CDBG project balances to offset the Block E deficit. Through City Council approved reprogramming and in accordance with the 2008 reprogramming policy \$3,554,403 was applied to reduce the deficit. During the 2014 budget process, eligible tax increment revenues were identified to pay down this remaining deficit in 2015 and future years. Through December 31, \$750,000 of eligible tax increment revenues had been transferred into fund 01400 to reduce the deficit to a remaining balance at year-end of \$3,487,453. In the first quarter of 2019, \$3,487,453 was transferred to the CDBG fund 01400, to eliminate the balance of the Block E deficit.

### **Grants Other Fund (01600)**

The fund is used to account for non-federal grants and other restricted revenue sources. The expenditures as of December 31, 2018 are \$19,360,802 compared to the 2017 expenditures of \$20,195,402. There is a decrease in expenditures in the 4th quarter. The decrease is related to slightly lower expenditures in 2018 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 December 31, 2018 and 2017 is \$19,411,115 and \$20,408,120, respectively. 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. The decline in revenue is consistent with the decline in expenditure for Community Planning and Economic Development (CPED) grants.

### **Capital Grants**

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



**Special Revenue Funds**  
**Grant Funds**  
**Year Ending December 31, 2018**

	<b>Federal Grants 01300</b>	<b>HUD Grants 01400 &amp; 01500</b>	<b>Grants Other 01600</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 136,954	\$ 61,012	\$ 309,506	\$ 507,473
Accounts - net	67,210	17,172	113,756	198,137
Intergovernmental Receivables	4,449,061	6,469,040	2,732,284	13,650,385
Loans Receivable		29,099,851		29,099,851
Due from Other Funds			8,150,000	8,150,000
Properties Held for Resale	872,600	6,213,060	1,199,750	8,285,410
<b>Total Assets</b>	<b>\$ 5,525,825</b>	<b>\$ 41,860,135</b>	<b>\$ 12,505,296</b>	<b>\$ 59,891,256</b>
<b>Liabilities</b>				
Salaries Payable	\$ 122,635	\$ 115,698	\$ 179,533	\$ 417,867
Accounts Payable	1,056,169	631,526	1,732,165	3,419,859
Inter Governmental Payables	5			5
Due to Other Funds	2,350,000	5,800,000		8,150,000
Deferred Revenue and Contracts	874,417	29,099,851	6,753,113	36,727,381
<b>Total Liabilities</b>	<b>\$ 4,403,225</b>	<b>\$ 35,647,075</b>	<b>\$ 8,664,811</b>	<b>\$ 48,715,111</b>
<b>Fund Balance</b>	<b>\$ 1,122,600</b>	<b>\$ 6,213,060</b>	<b>\$ 3,840,485</b>	<b>\$ 11,176,145</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,525,825</b>	<b>\$ 41,860,135</b>	<b>\$ 12,505,296</b>	<b>\$ 59,891,256</b>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$ 41,947	\$ 41,947
Grants and Shared Revenues	\$ 13,581,464	\$ 18,804,538	\$ 16,945,980	\$ 49,331,982
Special Assessments		3,479	12,910	16,389
Charges for Services	158,986	845,517	1,083,078	2,087,581
Fines and forfeits			160	160
Interest		256,274	4,774	261,048
Miscellaneous Revenue	125,895	1,921,625	1,320,392	3,367,913
Transfer within Special Revenue Fund		500,000	1,875	501,875
<b>Total Revenue</b>	<b>\$ 13,866,346</b>	<b>\$ 22,331,432</b>	<b>\$ 19,411,115</b>	<b>\$ 55,608,893</b>
<b>Expenditures</b>	<b>\$ 13,920,452</b>	<b>\$ 22,310,315</b>	<b>\$ 19,360,802</b>	<b>\$ 55,591,570</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (54,106)</b>	<b>\$ 21,117</b>	<b>\$ 50,313</b>	<b>\$ 17,324</b>

**City of Minneapolis**  
**Community Planning & Economic Development (CPED)**  
**Special Revenue Funds**  
**For the Fourth Quarter Ending December 31, 2018**

Programs	Original Budget	Current Budget	Expended	Bud vs Exp	Cash	Fund Balance
Tax Increment Financing	45,859,851	63,145,760	51,045,102	12,100,658	127,997,868	153,142,731
Housing & Economic Development	887,000	12,109,199	8,704,841	3,404,358	8,519,499	13,469,381
General Development	8,441,462	27,067,025	10,724,439	16,342,586	37,728,012	43,622,907
Neighborhood Revitalization	5,175,741	5,175,741	4,819,388	356,353	32,576,410	32,594,052
CPED Operating	1,521,587	1,521,587	1,259,070	262,517	3,586,349	2,819,399
Total	\$ 61,885,641	\$ 109,019,312	\$ 76,552,840	\$ 32,466,471	\$ 210,408,138	\$ 245,648,470

**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 fourth quarter 2018 was \$245.6 million. Fund balances are considered either "restricted" or "assigned". The combined fund balance of the NRP and TIF programs was \$185.7 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 \$59.9 million.

**Cash Balance.** The combined cash balance of the CPED Special Revenue Funds at the end of the fourth quarter 2018 was \$210.4 million. This was \$32.6 million higher than at the end of the fourth quarter 2018. The combined cash balance in the TIF and NRP programs at the end of the fourth quarter 2018 was \$160.6 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 fourth quarter 2018 was \$128.0 million, which was \$15.8 million higher than cash at the end of fourth quarter 2017. Fourth quarter 2018 revenues were \$64.3 million, which was \$7.8 million higher than in 2017. Fourth quarter 2018 expenditures were \$23.7 million, which was \$3.1 million higher than in 2017. In the fourth quarter of 2018 revenues exceeded expenditures by \$40.6 million, net transfers out were \$25.0 million, and fund balance increased by \$15.6 million from \$137.5 million to \$153.1 million.

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

Cash at the end of the fourth quarter 2018 was \$8.5 million, which was \$2.4 million lower than cash at the end of fourth quarter 2017. Fourth quarter 2018 revenues were \$0.6 million, which was \$0.1 million lower than in 2017. Fourth quarter 2018 expenditures were \$4.5 million, which was \$4.4 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 fourth quarter 2018 was \$37.7 million, which was \$15.0 million higher than cash at the end of fourth quarter 2017. Fourth quarter 2018 revenues were \$10.6 million, which was \$8.4 million higher than in 2017. Fourth quarter 2018 expenditures were \$7.0 million, which was \$3.4 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 fourth quarter 2018 was \$32.6 million, which was \$2.3 million higher than cash at the end of fourth quarter 2017. Fourth quarter 2018 revenues were \$3.9 million, which was \$3.0 million higher than in 2017. Fourth quarter 2018 expenditures were \$4.5 million, which was \$1.3 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 fourth quarter of 2017 the final payment was made under this work-out plan.

At the end of the fourth quarter 2018, this program had a fund balance of \$2.8 million and a cash balance of \$3.6 million. Revenues during this period exceeded expenditures by \$1.5 million, and there were no transfers from/to other funds.

**CPED Special Revenue Fund Component Programs**  
**Financial Statement Summaries**  
**4th Quarter 2018**

CPED Special Revenue Fund	TIF	Housing & Econ Development	General Development	NRP	CPED Operating	Spec Rev Fund	
						2018 Total	2017 Total
<b>Assets</b>							
Cash	127,997,868	8,519,499	37,728,012	32,576,410	3,586,349	210,408,138	177,823,576
Misc receivables	594,543	(5,350)	156,119	123,767	5,583,256	6,452,335	2,619,493
Loans receivable	-	6,227,182	-	-	-	6,227,182	6,227,182
Advances to other funds	522,782	-	2,750,000	-	-	3,272,782	3,344,271
Properties held for resale	25,083,932	5,932,281	3,486,770	251,202	-	34,754,185	33,618,399
<b>Total Assets</b>	<b>154,199,125</b>	<b>20,673,612</b>	<b>44,120,901</b>	<b>32,951,379</b>	<b>9,169,605</b>	<b>261,114,622</b>	<b>223,632,921</b>
<b>Liabilities</b>							
Payables	357,138	978,555	459,654	326,075	142	2,121,564	221,979
Advances from other funds	522,782	-	-	-	-	522,782	594,271
Deposits held for others	-	-	-	-	784,249	784,249	509,235
Deferred inflow of resources	176,474	6,225,676	38,340	31,252	5,565,815	12,037,557	7,948,918
<b>Total Liabilities</b>	<b>1,056,394</b>	<b>7,204,231</b>	<b>497,994</b>	<b>357,327</b>	<b>6,350,206</b>	<b>15,466,152</b>	<b>9,274,403</b>
<b>Total Fund Balance</b>	<b>153,142,731</b>	<b>13,469,381</b>	<b>43,622,907</b>	<b>32,594,052</b>	<b>2,819,399</b>	<b>245,648,470</b>	<b>214,358,518</b>
<b>Total Liabilities &amp; FB</b>	<b>154,199,125</b>	<b>20,673,612</b>	<b>44,120,901</b>	<b>32,951,379</b>	<b>9,169,605</b>	<b>261,114,622</b>	<b>223,632,921</b>
<b>Revenue</b>							
Property tax increment	59,358,876	-	991	-	-	59,359,867	52,974,318
Fees & charges for services	20,701	25,178	670,318	-	2,421,238	3,137,435	1,482,178
Interest revenue	1,867,533	(3,869)	1,080,140	588,719	292,184	3,824,707	1,517,185
Rent	2,550,518	551,670	4,920	-	-	3,107,108	2,443,099
Sale of land & buildings	138,181	51,876	3,429,254	-	-	3,619,311	264,810
Loan recapture	412,443	-	5,444,948	3,306,057	-	9,163,448	2,614,844
<b>Total revenue</b>	<b>64,348,252</b>	<b>624,855</b>	<b>10,630,571</b>	<b>3,894,776</b>	<b>2,713,422</b>	<b>82,211,876</b>	<b>61,296,434</b>
<b>Expenditures</b>							
Personal services	473,287	-	819,204	-	1,910	1,294,401	1,377,981
Contractual services	1,464,408	175,067	2,271,645	3,808,143	1,257,160	8,976,423	5,398,681
Other operating costs	13,384	146	878,627	-	-	892,157	934,070
Program capital outlay	21,779,867	4,279,851	3,048,749	694,455	-	29,802,922	20,733,948
<b>Total expenditures</b>	<b>23,730,946</b>	<b>4,455,064</b>	<b>7,018,225</b>	<b>4,502,598</b>	<b>1,259,070</b>	<b>40,965,903</b>	<b>28,444,680</b>
<b>Transfers</b>							
Transfers from other funds	2,001,566	11,006,261	8,503,252	2,989,261	-	24,500,340	8,076,161
Transfers to other funds	(26,995,865)	(4,397,647)	(2,740,849)	(322,000)	-	(34,456,361)	(28,698,314)
<b>Total transfers</b>	<b>(24,994,299)</b>	<b>6,608,614</b>	<b>5,762,403</b>	<b>2,667,261</b>	<b>-</b>	<b>(9,956,021)</b>	<b>(20,622,153)</b>
<b>Change in fund balance</b>	<b>15,623,007</b>	<b>2,778,405</b>	<b>9,374,749</b>	<b>2,059,439</b>	<b>1,454,352</b>	<b>31,289,952</b>	<b>12,229,601</b>
Beginning fund balance	137,519,724	10,690,976	34,248,158	30,534,613	1,365,047	214,358,518	202,128,917
<b>Ending fund balance</b>	<b>153,142,731</b>	<b>13,469,381</b>	<b>43,622,907</b>	<b>32,594,052</b>	<b>2,819,399</b>	<b>245,648,470</b>	<b>214,358,518</b>

**City of Minneapolis**  
**Engineering, Materials, and Testing**  
**For the Fourth Quarter Ending December 31, 2018**

<b>Fund 06000</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	7,372,891	7,722,917	6,298,066	1,835,716
<b>Operating Expense</b>	7,372,891	7,526,985	6,399,090	1,891,300
<b>Operating Margin</b>	-	195,932	(101,024)	(55,584)
<b>Change in Net Position</b>		309,175	(341,257)	(55,039)
<b>Net Position</b>		420,455	111,281	428,873
<b>Cash Balance</b>		1,640,165	1,527,190	1,545,059

**Program Description:**

The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix Concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

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

**Revenue:**

Operating revenue earned through fourth quarter 2018 is \$7,722,917 or 105% of the budgeted amount of \$7,372,891. The 2018 revenue represents an increase of 23% over the ending 2017 revenue of \$6,298,066. 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 fourth quarter 2018 is \$7,526,985 or 102% of the budgeted amount of \$7,372,891. The 2018 expense reflects an increase of 18% over the 2017 expense of \$6,399,090 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 33% 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.

**Cash and Net Position**

The 2018 fourth quarter cash balance is \$1,640,165 an increase of \$112,975 from the 2017 year-end balance of \$1,527,190. The increase in cash through fourth quarter is due to timing differences between the receipt and payment of invoices for asphalt and concrete and billing these purchases to other City departments. At December 31, 2018, the fund had an accrual of \$81,707 for 2018 invoices for Contractual Services that were paid in 2019. Had these invoices been paid in 2018, the cash balance would be reduced to \$1,558,458. 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 2018 year-end net position was \$420,455 which represents an increase of \$309,175 from the 2017 ending balance of \$87,616. The primary reasons for this increase were due to a higher operating margin resulting from an increased number of construction projects and due to the adjusting entry of 2018 GASB 68 pension expense. The financial policy for the net position for this fund determines that net position not be less than 15.0% of the annual operating budget or \$1,105,934 for 2018.

**City of Minneapolis**  
**Fleet Services Internal Service Fund**  
**For the Fourth Quarter Ending December 31, 2018**

<b>Fund 06100</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	38,232,203	40,635,313	35,216,822	31,160,773
<b>Operating Expense</b>	23,310,673	23,395,482	21,328,574	19,818,810
<b>Operating Margin</b>	14,921,530	17,239,831	13,888,248	11,341,963
<b>Change in Net Position</b>		10,561,819	8,712,143	7,174,671
<b>Net Position</b>		86,170,800	74,599,552	66,510,048
<b>Cash Balance</b>		26,006,698	30,349,623	26,913,479

**Program Description:**

The Fleet Services Fund manages the acquisition, maintenance and disposal of approximately 1,800 units of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks, snow plows, sedans and pickup trucks along with off road equipment. This fund provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles.

The Fleet Services Division assigns nearly all its fleet (base units) to City departments. The City departments are allocated a rental rate for these units that is calculated through an activity based cost allocation model and designed to capture the replacement cost of the vehicle. The City's fleet of vehicles and equipment has an acquisition value of \$100.1 million and accounts for 64.2% of the net value of the long-term assets in this fund.

**Revenue:**

Operating revenue earned through fourth quarter 2018 is \$40,635,313 or 106.3% of the budgeted amount of \$38,232,203. The revenue earned through fourth quarter 2018 increased by \$5,418,491, or 15.4%, from the revenue earned through fourth quarter 2017. This increase is mostly due to charges for services and sales which increased by \$2,824,310 or 17.6%. 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, increase in billable hours, and increased revenues from fuel sales. Rental revenue also increased \$2,594,181 compared to the same period in 2017. The increase in rental income is partly due to an increase in base lease revenues, which have increased \$1,572,901 compared to 2017. Also, the use of contractual rental equipment fluctuates each year based upon construction activity and has increased \$1,021,280 compared to 2017.

**Expenses:**

Operating expense through fourth quarter 2018 totaled \$23,395,482 representing 100.4% of the annual budget of \$23,310,673. Expenses through the fourth quarter of 2018 increased \$2,066,908, or 9.7%, over the total expense through the same period in 2017. The primary reason is due to an increase of \$1,124,391 in contractual services, due to an increase of \$1,066,361 in rental expense for contractual equipment. Also, materials and supplies expense increased \$657,944, or 10.2%,



from 2017 to 2018, mostly due to fuel costs which have increased \$767,316 from the same period in 2017.

**Transfers:**

The fund received 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 received 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 were paid in full in 2018. Principal payments related to the general obligation bonds sold to finance the upgrade of fleet vehicles and the new maintenance facility totaled \$8,990,000 in 2018. Interest payments related to the 2018 debt were \$269,700.

**Cash and Net Position:**

The fund has maintained a positive cash balance with a fourth quarter 2018 ending balance of \$26,006,698, a decrease of \$4,342,925 from the 2017 fourth quarter ending balance of \$30,349,623. The decrease in cash is due to the debt service payments made in 2018. Reserve policies for internal service funds determine that the minimum cash balance should be 15.0% of the fund's operating budget or \$3,332,651. The current cash balance includes amounts collected for the future replacement of vehicles.

The net position for year ending 2018 was \$86,170,800, an increase of \$11,571,248, or 15.5% over the 2017 ending balance of \$74,599,552. The increase in net position is mostly due to an increase in capital assets and due to timing differences between the receipt of revenue collected to pay for replacement vehicles and the delivery and subsequent payment for the vehicles. Net position consists of a net investment in capital assets of \$69,313,932 along with \$16,856,868 of unrestricted net position. Financial reserve policies for the internal service funds determine that the minimum net position for the Fleet Services Division Fund should be twice the depreciation amount or \$16,425,000.

**City of Minneapolis  
Property Services Division  
For the Fourth Quarter Ending December 31, 2018**

<b>Fund 06200</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	22,524,119	24,411,839	26,101,555	24,081,869
<b>Operating Expense</b>	26,472,027	21,952,250	25,503,160	21,243,040
<b>Operating Margin</b>	(3,947,908)	2,459,589	598,395	2,838,829
<b>Change in Net Position</b>		2,782,863	(950,198)	2,310,067
<b>Net Position</b>		31,980,607	29,197,744	29,903,741
<b>Cash Balance</b>		9,631,144	8,098,123	8,604,078

**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 fourth quarter 2018 is \$24,411,839, or 108% of the budgeted amount of \$22,524,119. The 2018 fourth quarter revenue decreased \$1,689,716, or 7%, from the revenue earned through fourth 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 fourth quarter 2018 is \$21,952,250, or 83% of the total budgeted amount of \$26,472,027. The 2018 fourth quarter expense decreased \$3,550,910, or 14%, from the operating expense recorded through fourth quarter 2017. The decrease is primarily due to decreased expenses related to the timing of capital preservation projects budgeted for 2018 but planned to be completed in 2019. Additionally, similar to revenue noted above, 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.

**Cash and Net Position:**

The cash balance at the end of fourth quarter 2018 was \$9,631,144 compared to a cash balance of \$8,098,123 at the end of fourth quarter 2017. The cash consists of a balance of \$1,729,635 in the Property Disposition fund and a balance of \$7,901,509 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 2018 was \$31,980,607, an increase of \$2,800,994 from the net position of \$29,179,613 for year ending 2017. The financial policy for the net position for the Property Services Fund determines that net position should not fall below two times the annual depreciation. The depreciation in 2018 was \$853,529 and the net position was \$31,980,6074 greater than the benchmark.

**City of Minneapolis  
Public Works Stores  
For the Fourth Quarter Ending December 31, 2018**

<b>Fund 06300</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	1,452,524	1,889,153	2,363,383	1,785,010
<b>Operating Expense</b>	1,450,517	1,595,088	1,603,419	1,267,048
<b>Operating Margin</b>	2,007	294,065	759,964	517,962
<b>Change in Net Position</b>		463,250	785,513	257,093
<b>Net Position</b>		5,580,188	5,116,938	4,642,665
<b>Cash Balance</b>		3,141,607	1,988,018	1,218,014

**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 to better serve the operations located there.

**Revenue:**

Operating revenue earned through fourth quarter 2018 is \$1,889,153, or 130% of the budgeted amount of \$1,452,524. The revenue earned through fourth quarter represents a decrease of \$474,230, or 20%, over revenue of \$2,363,383 earned through fourth quarter 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 recorded through fourth quarter 2018 is \$1,595,088, or 110% of the budgeted amount of \$1,450,517. The amount expended through fourth quarter 2017 decreased by \$8,331, or 1%, from the \$1,603,419 expended through the same period in 2017.

**Transfers:**

There are no transfers in or out of this fund.

**Debt Service:**

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

**Cash and Net Position:**

The cash balance at the end of fourth quarter 2018 is \$3,141,607, an increase of \$1,153,589 from the 2017 year-end balance of \$1,988,018. The increase in cash is primarily the result of \$686,563 decrease in inventory and \$294,065 in net operating gain. The financial policy for the cash balance for the Public Works Stores Fund determines that the cash balance should be maintained equal to 15.0% of the annual operating budget, or \$217,578.

The fund continues to maintain a positive net position with a 2018 ending balance of \$5,580,188, an increase of \$463,250 from the 2017 ending balance of \$5,116,938. The financial policy for the net position for the Public Works Stores Fund determines that a net position should be maintained equal to 15% of the annual operating budget, or \$217,578.

**City of Minneapolis**  
**Intergovernmental Services Fund**  
**For the Fourth Quarter Ending December 31, 2018**

<b>Fund 06400</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	40,787,916	41,286,648	39,481,472	43,006,418
<b>Operating Expense</b>	52,862,256	47,331,718	43,807,613	46,656,721
<b>Operating Margin</b>	(12,074,340)	(6,045,070)	(4,326,141)	(3,650,303)
<b>Change in Net Position</b>		(12,610,785)	(15,668,170)	(7,423,381)
<b>Net Position</b>		41,226,205	46,407,780	57,712,312
<b>Cash Balance</b>		21,983,072	23,571,606	30,867,588

**Program Description:**

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

**Revenue:**

Operating revenue through the fourth quarter of 2018 is \$41,286,648, or 101.2% of the annual budgeted amount of \$40,787,916. This is an increase of \$1,805,176, or 4.6%, compared to revenue of \$39,481,472 earned through the fourth 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 fourth quarter, revenue from the allocation model increased \$2,922,812 compared to the same period in the prior year. The increase in allocation model revenue was offset by a decrease of \$1,526,054 in Project Management Office (PMO) revenue compared to 2017. PMO revenue fluctuates each year based upon approved technology projects.

**Expenses:**

Operating expenses through the fourth quarter are \$47,331,718 or 89.5% of the annual budgeted amount of \$52,862,256. The operating expense through the fourth quarter increased \$3,524,105, or 8.0%, from the 2017 expense of \$43,807,613. The increase in expense is primarily due to an increase of \$1,498,712 in IT – Infrastructure Services due to the timing of refresh purchases for the replacement of technology equipment. PMO expense also increased \$743,807 from the 2017 expense. PMO projects are funded through City department operating expense savings and by the Capital Asset Request System (CARS). PMO expenses fluctuate each year based upon approved technology projects. The 2018 expenses also include \$526,423 for the Enterprise Content Management System project, which was approved as part of the CARS process.

Administration expenses of \$13,235,094 through the fourth quarter increased 3.5% over the 2017 amount of \$12,793,296 through the same period.

**Debt:**

The fund does not have any outstanding debt service obligations.

**Transfers:**

In 2018 this fund received 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 also received \$2,863,556 from the capital arbitrage fund to reimburse the fund for capital project expenses.

**Cash and Net Position:**

The cash balance at the end of fourth quarter is \$21,983,072, representing a decrease of \$1,588,534 from the 2017 year-end balance of \$23,571,606. Included in the cash balance at the end of the fourth quarter are prepayments of \$1,452,071 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 \$41,226,205, a decrease of \$5,181,575 from the year-end 2016 net position of \$46,407,780. Part of the decrease to net position is due to a decrease of \$2,482,351 in long term assets due to depreciation. The decrease is also due to the planned use of net position to fund information technology projects as approved in the budget. Financial reserve policies for the internal service funds determine that the minimum net position for the Intergovernmental Services Fund should be twice the depreciation amount or \$22,400,000. 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 Fourth Quarter Ending December 31, 2018**

<b>Fund 06900</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	98,331,465	101,414,681	33,814,188	32,340,141
<b>Operating Expense</b>	96,382,612	82,624,453	26,553,509	25,582,424
<b>Operating Margin</b>	1,948,853	18,790,228	7,260,679	6,757,717
<b>Change in Net Position</b>		3,704,513	3,312,635	4,413,236
<b>Net Position</b>		28,757,174	25,052,661	21,717,756
<b>Cash Balance</b>		102,937,989	90,007,284	80,013,013

**Program Description:**

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

**Revenue:**

Operating revenue through the fourth quarter of 2018 is \$101,414,681, or 103% of the annual budgeted amount of \$98,331,465. This is an increase of \$67,600,493, or 200%, compared to \$33,814,188 earned through the fourth quarter of 2017. The primary reason for the increase is due to \$64,770,895 in Medical Insurance premiums received and a \$3,428,959 in Dental Insurance premiums received as described above. The increase in revenue is also related to \$1,020,568 increase in payment received for Workers' compensation and \$1,894,384 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 \$3,412,502.

**Expenses:**

Operating expenses through the fourth quarter 2018 are \$82,624,453 or 86% of the annual budgeted amount of \$96,382,612. This is an increase of \$56,070,944 or 211%, compared to \$26,553,509 expended through the fourth quarter of 2017. The increase in operating expense is due primarily to \$52,232,026 in medical insurance claims and \$3,372,285 in dental insurance claims paid as describe above.



**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.

**Cash Balance and Net Position:**

The cash balance at end of fourth quarter is \$102,937,989, representing an increase of \$12,930,705 from the 2017 year-end balance of \$90,007,284. 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 approximately \$64,730,423. The unpaid claims liability at year-end 2017 was \$55,092,162 and as of this report has not been updated for 2018.

The net position at year-end 2018 is \$28,757,174, an increase of \$3,704,513 from the 2017 year-end net position of \$25,052,661. The increase in net position is primarily due to \$12,538,869 in net cash received for Medical Self-insurance, which partially offset by the transfer out of \$8,305,000 as describe above. The financial reserve policy relating to the internal service funds states that the net position for the Self Insurance Fund should not fall below zero.

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Fourth Quarter Ending December 31, 2018**

<b>Fund 07100</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	74,798,347	74,064,847	68,741,847	67,841,701
<b>Operating Expense</b>	67,450,203	69,518,923	63,261,989	61,002,212
<b>Operating Margin</b>	7,348,144	4,545,924	5,479,858	6,841,489
<b>Change in Net Position</b>		(8,944,908)	1,080,037	7,689,181
<b>Net Position</b>		122,400,477	121,203,852	119,354,738
<b>Cash Balance</b>		4,474,385	16,165,288	15,168,438

**Program Description:**

The Sanitary Sewer Fund pays 95.0% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. The fund also accounts for the operation, maintenance and 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 \$74,064,847 recognized through the end of fourth quarter, the Sanitary Sewer Fund earned 99.0% of the 2018 revenue budget. This is an increase of \$5.3 million, or 7.7%, compared to \$68,741,847 earned in 2017. The utility service revenues account for \$5.1 million of the increase due to increase in rates. Miscellaneous revenues related to design work decreased by \$538,000 due to decrease in capital related activities. Sewer availability charges, or SAC revenues, increased by \$768,000 which fluctuates based on overall economic activities outside of City's operations.

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 fourth quarter were \$69,518,923 compared to \$63,261,989 for 2017. This is an increase of \$6.3 million, or 9.9%, and reflects the following changes from 2017: (i) increase in salaries and fringes by \$291,000 due to new hires and realignment of personnel between Sanitary and Storm water funds; (ii) increase in contractual and professional services by \$1,779,000 due to increase in construction materials, repairs, rehab, upgrades, and cleaning work on catch basins and sanitary tunnels; (iii) increase in Met Council charges by \$2.6 million due to a rate increase; (iv) increase in SAC charges by \$889,000; (v) increase in City services by \$341,000 as set by 2018 allocation model; and (vi) increase in fleet and equipment elated expense by \$356,000.

The Met Council rate was increased by 6.7% for 2018. 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 the shared costs for the meter shop expenses. For the current budget year, it was estimated at \$684,147 and, through the end of the quarter, this amount has been transferred to Water Enterprise Fund.

**Debt Service:**

For 2018, the debt service cost was estimated at \$5,153,000. Through fourth quarter, \$4,480,000 in principal and \$500,000 in interest payments were made. These debt service payments are primarily for bonds sold to fund capital programs as an alternative to cash financing. The Fund's long-term debt totals \$23,330,000.

**Cash and Net Position:**

The current cash balance is \$4,474,385 and the Fund's net position stands at \$122,400,477. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore, the targeted cash balance for 2018 was \$17,380,000. This decrease in current cash balance, compared to \$17.8 million in 2017, is due to absence of bond sales in 2018.

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

**City Of Minneapolis  
Storm Water Fund  
For the Fourth Quarter Ending December 31, 2018**

<b>Fund 07300</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	43,441,945	42,339,478	42,334,913	39,302,765
<b>Operating Expense</b>	31,696,093	30,467,310	29,033,661	28,560,507
<b>Operating Margin</b>	11,745,852	11,872,167	13,301,251	10,742,258
<b>Change in Net Position</b>		(4,755,160)	(11,129,214)	(4,330,269)
<b>Net Position</b>		339,402,690	332,224,289	327,170,244
<b>Cash Balance</b>		26,629,779	27,087,018	35,863,230

**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 \$42,339,478 in revenues earned through fourth quarter reflects 97.5% of the operating revenue budget. This is an increase of \$4,565 compared to \$42,334,913 earned for the same period in 2017. Storm utility revenues decreased by 2.3% to \$38,822,214, down from \$39,750,810 in the fourth quarter of 2017. This is due to additional billings in 2017 to a customer for prior-year adjustments. This decrease was off-set by increase in miscellaneous revenues by \$927,000 due to increase in design activities and reimbursements to capital projects. Maintenance revenues, with a total of \$1,671,028, are based on a yearly maintenance agreement with the State and County and make up the rest of the operating revenue.

**Expenses:**

Operating expenses in the fourth quarter were \$30,467,310, or 96.1%, compared to \$31,696,093 budgeted for 2018. The expenses were \$1,434,000, or 4.9%, more than the \$29,033,661 reported for 2017 and reflects following changes: (i) an increase in salaries and fringes by \$487,000 due to increase in personnel, repair, and maintenance work involving City personnel; (ii) an increase in Met Council payments of \$138,000 due to a rate increase of 6.8%; (iii) increase in fleet and equipment by \$151,000 as set by the 2018 rate model; (iv) increase in vendor and consultant payments by \$141,000 due to increase

in modeling, cleaning, catch basin and manhole repairs, and maintenance work; and (v) increase in City services by \$517,000 as set by the 2018 allocation model.

**Transfers:**

A transfer from this fund is made to the General Fund to support two environmental service related FTE's relating to the Clean Water Act. For 2018, this was estimated at \$110,000, and through the fourth quarter this budgeted amount has been transferred. An additional amount of \$1.5 million was added on to the transfer list as Storm Water contribution to fund Paving programs. Through the fourth quarter, all of the transfers have been made to the Capital improvement fund.

**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. Currently the fund does not have any long term debts.

**Cash and Net Positions:**

The ending cash balance for the year stands at \$26.6 million and net position ended at \$339.4 million. The City's policy is to have a cash balance equal to or greater than three months of operating expenses. Therefore the targeted amount is \$7,617,000. This will leave \$18,967,000 as unrestricted amount to fund capital programs for 2019 and beyond as the department aims to use it cash reserve as the main source of funds.

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

**City of Minneapolis  
Water Enterprise Fund  
For Fourth Quarter Ending December 31, 2018**

<b>Fund 07400</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	90,352,053	85,307,434	81,246,984	78,568,708
<b>Operating Expense</b>	60,405,710	56,236,815	50,482,129	52,126,934
<b>Operating Margin</b>	29,946,343	29,070,618	30,764,855	26,441,774
<b>Change in Net Position</b>		(11,935,885)	(10,269,109)	8,019,858
<b>Net Position</b>		271,402,042	252,260,138	233,301,582
<b>Cash Balance</b>		48,404,928	40,663,165	42,086,234

**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 the fall of 2018.

**Revenue:**

At the end of 2018, total operating revenue was \$85,307,434 or 94.4% of the 2018 budgeted amount. Although water volume sales were 1.5% higher than they were in 2017, they were slightly less than what was budgeted in 2018.

**Expense:**

Operating expenses for the year totaled \$56,236,815 or 93.1% of the 2018 budget, which is 11.4% higher than the 2017 amount of \$50,482,129. Expenses when compared to 2017, showed a \$2.2 million increase in reimbursable expenses and had higher utilities. Expenses compared to budget, however, were lower due to personnel cost savings and lower chemical 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 Fund's capital improvement program. The amount of debt service for 2018, including both principal and interest payments, was \$17,247,849. During 2018, an additional \$26,929,910 in notes were taken out to help finance the Fridley Filter Plant Rehabilitation capital project along with another smaller capital project. This additional debt issuance will increase debt service payments in future years.

**Cash Balance and Net Position:**

The ending cash balance as of December 31, 2018 was \$48,404,928 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 reserve 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. The year end cash balance is adequate to cover both the operating cash reserves and capital spending needs.

**City of Minneapolis  
Municipal Parking Fund  
For the 4th Quarter Ended December 31, 2018**

<b>Fund 07500*</b>	<b>2018 Budget</b>	<b>12/31/2018 Actual</b>	<b>2017 Actuals</b>
<b>Revenue</b>	69,232,481	71,147,580	69,184,271
<b>Expenses</b>	44,159,782	46,299,580	44,777,139
<b>Operating Margin</b>	25,072,699	24,848,000	24,407,132
<b>Change in Net Position</b>		(16,382,133)	24,130,010
<b>Net Position</b>		197,203,764	213,360,433
<b>Cash Balance</b>		13,759,101	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-year end actual operating revenues are up in comparison to 2017 by 2.8%. The increase is from:

- On-street parking is up 7.8% compared to 2017.
- Off-street ramps and lots are down 0.5% compared to 2017.
- Impound Lot revenues are up 14.6% compared to 2017.

On-street meter revenues were up during the year 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 due to the Super Bowl and increased transient and monthly parking demand, but the sale of the Government Center Ramp in mid-year of 2017 resulted in a slight overall decrease. 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 3.4%. The variance is from:

- On-street meters are down by 1.8% compared to 2017.
- Off-street ramps and lots are up by 3.7% compared to 2017.
- Impound Lot expenses are up by 5.9% compared to 2017.

On-street meter expenses are lower than 2017 due to decreased credit card fees associated with switching to a more favorable processor even though we had a larger



volume of transactions. The mobile app fees continue to be a pass-through cost to the City which is offset by 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, \$748,750 was transferred in from Tax Increment Funding and \$16,304,435 of funds was transferred out (\$8,000,000 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 during.

**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, 2018 is \$42,200,000 and the outstanding balance of note principal is \$27,595,000. In April 2018 \$14,205,000 of notes were called and prepaid. The \$14,205,000 was used to pay all outstanding variable rate debt.

**Other Financial Items:**

The parking ramp demolition has been completed for the new public service building. This action created a disposal of a parking asset and resulted in Parking Fund Net Position reduction of \$14,120,695 that occurred on June 1, 2018. The end of the year 2018 cash balance is \$13,759,101 which is a decrease of \$10,681,103 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 \$5,637,677 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 Fourth Quarter Ending December 31, 2018**

<b>Fund 07700</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating Revenue</b>	40,514,149	40,690,497	39,858,846	38,948,564
<b>Operating Expense</b>	40,847,038	39,831,922	37,680,534	37,779,819
<b>Operating Margin</b>	(332,889)	858,575	2,178,313	1,168,745
<b>Change in Net Position</b>		3,571,524	(1,937,520)	550,015
<b>Net Position</b>		26,873,087	25,658,728	25,521,543
<b>Cash Balance</b>		30,529,141	24,523,528	25,323,999

**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 107,200 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; city-wide litter and graffiti abatement and removals; and an organics program.

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

**Revenue**

With operating revenues through the end of the fourth quarter totaling \$40.7 million, 100.4% of the budgeted revenue has been realized. This is an increase of \$0.8 million or 2.1%, compared to \$39.8 million earned through fourth quarter of 2017. Utility revenues were \$37,862,000 compared to \$37,114,000 for 2017 for a gain of \$747,000 as a result of combined increase in base rate of \$0.59 per dwelling unit and increase of 136 dwelling units. Rates were increased in order to fund increases in salaries, fringes, contractual and operating services and vehicle replacements. Miscellaneous revenues increase by \$355,000 due to increase in sale of equipment, snow plows, and graffiti removal services. Revenues from the sale of scrap metal decrease by \$427,000 due to decrease in demand. The Hennepin County recycling grant for the year was estimated at \$1.7 million and the department has collected all of it for the year.

**Expenses:**

Operating expenses through the end of 2018 were \$39,831,922 compared to \$37,680,534 in 2017. This is an increase of \$2.2 million or 5.7%, and reflects the following changes from 2017: (i) an increase in salaries and fringes by \$536,000 due to an increase in step-increase, new hires, and reduction in vacant positions; (ii) increase in fleet and purchase

of equipment and vehicles by \$607,000 as per replacement schedules ; (iii) an increase in vendor payments by \$633,000 due to new contracts with increased rates relating to collection, disposal, recycling, organics, and hauling; (iv) increase in contractual services by \$77,000 due to SWIS software replacement project, zero waste study, and outreach programs; and (iv) an increase in City services by \$298,000 as set by the 2018 allocation model.

**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, all the transfer revenues have been received.

**Debt Service:**

This fund had no debt service obligations until this current year. With a capital program for a facility construction in progress, \$30.0 million worth of bonds were sold to fund this project as planned and approved by council resolutions. As a result, \$310,000 was incurred in debt service expense for the current year.

**Cash and Net Positions:**

The Fund's cash balance as of the end of the fourth quarter was \$30,529,141 and the net position amounted to \$26,873,087. The City's policy is to have cash equal to or greater than three months of operating expenses. Based on the total expenses through fourth quarter, the targeted amount is \$9,958,000 leaving unrestricted cash reserve equivalent to \$20,571,000. With a facility construction program costing upwards of \$30.0 million, the Solid Waste Fund will require this cash balance going into 2019.

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

**CPED Enterprise Fund Component Programs  
For the Fourth Quarter Ending December 31, 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 December 31, 2018. Other information is maintained by a trustee and not available for inclusion for fourth quarter. The net position of the fund at year end 2018 is \$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 ended. The facility is currently used primarily as leased space for commodity storage. The City intends to redevelop the site for park and jobs-intensive business uses.

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

**12/31/2017 and 12/31/2018**

	Housing Development Fund 2017	Housing Development Fund 2018	General Agency Reserve Fund System 2017	General Agency Reserve Fund System 2018	Theatres 2017	Theatres 2018	River Terminal 2017	River Terminal 2018	Economic Development Program 2017	Economic Development Program 2018
<b>ASSETS</b>										
<b>Current assets:</b>										
Cash and cash equivalents	\$ 145,364	\$ -	\$ 1,468,307	\$ 1,562,284	\$ 1,665	\$ -	\$ (1,149,898)	\$ (1,530,540)	\$ 987,387	\$ -
Deposits with fiscal agents	-	-	38,121,462	38,824,605	-	-	-	-	-	-
Loans and notes receivable	50,000	-	-	-	-	-	-	-	-	-
Capital leases	-	-	2,735,000	2,730,000	-	-	-	-	-	-
Other current assets	421	-	254,740	176,973	3	-	(3,327)	9,353	2,863	-
<b>Total current assets</b>	<b>195,785</b>	<b>-</b>	<b>42,579,509</b>	<b>43,293,862</b>	<b>1,668</b>	<b>-</b>	<b>(1,153,225)</b>	<b>(1,521,187)</b>	<b>990,250</b>	<b>-</b>
<b>Noncurrent assets:</b>										
Loans and notes receivable	233,425	-	61,565,000	58,835,000	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-	-	-	-	-
<b>Total noncurrent assets</b>	<b>233,425</b>	<b>-</b>	<b>61,565,000</b>	<b>58,835,000</b>	<b>-</b>	<b>-</b>	<b>4,050,332</b>	<b>3,847,607</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 429,210</b>	<b>\$ -</b>	<b>\$ 104,144,509</b>	<b>\$ 102,128,862</b>	<b>\$ 1,668</b>	<b>\$ -</b>	<b>\$ 2,897,107</b>	<b>\$ 2,326,420</b>	<b>\$ 990,250</b>	<b>\$ -</b>
<b>LIABILITIES</b>										
<b>Current liabilities:</b>										
Deposits held for others	-	-	2,636,276	2,676,872	-	-	-	-	-	-
Unearned revenue	-	-	802,680	751,571	-	-	-	-	-	-
Bonds payable - current portion	-	-	2,735,000	2,730,000	-	-	-	-	-	-
Other current liabilities	97	-	321,849	305,587	1	-	134,556	41,927	663	-
<b>Total current liabilities</b>	<b>97</b>	<b>-</b>	<b>6,495,805</b>	<b>6,464,030</b>	<b>1</b>	<b>-</b>	<b>134,556</b>	<b>41,927</b>	<b>663</b>	<b>-</b>
<b>Noncurrent liabilities:</b>										
Bonds Payable	-	-	61,565,000	58,835,000	-	-	-	-	-	-
Compensated absences payable	-	-	2,011	8,100	-	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>61,567,011</b>	<b>58,843,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>97</b>	<b>-</b>	<b>68,062,816</b>	<b>65,307,130</b>	<b>1</b>	<b>-</b>	<b>134,556</b>	<b>41,927</b>	<b>663</b>	<b>-</b>
<b>NET POSITION</b>										
Invested in capital assets, net of related debt	-	-	-	-	-	-	4,050,332	3,847,607	-	-
Restricted	-	-	36,081,693	36,821,732	-	-	-	-	-	-
Unrestricted	429,113	-	-	-	1,667	-	(1,287,781)	(1,563,113)	989,587	-
<b>Total net position</b>	<b>429,113</b>	<b>-</b>	<b>36,081,693</b>	<b>36,821,732</b>	<b>1,667</b>	<b>-</b>	<b>2,762,551</b>	<b>2,284,494</b>	<b>989,587</b>	<b>-</b>
<b>Total liabilities &amp; net position</b>	<b>\$ 429,210</b>	<b>\$ -</b>	<b>\$ 104,144,509</b>	<b>\$ 102,128,862</b>	<b>\$ 1,668</b>	<b>\$ -</b>	<b>\$ 2,897,107</b>	<b>\$ 2,326,421</b>	<b>\$ 990,250</b>	<b>\$ -</b>

**CPED Enterprise Fund Component Programs**  
**Statement of Revenues, Expenses, and Changes in Program Net Position**  
**For the Years Ended 2017 and 2018**

	Housing Development Fund 2017	Housing Development Fund 2018	General Agency Reserve Fund System 2017	General Agency Reserve Fund System 2018	Theatres 2017	Theatres 2018	River Terminal 2017	River Terminal 2018	Economic Development Program 2017	Economic Development Program 2018
<b>Operating revenues</b>										
Charges for sales and services	\$ -	\$ -	\$ 311,402	\$ 282,183	\$ -	\$ -	\$ 924,899	\$ 823,297	\$ 101,860	\$ -
Interest on program activities	18,501	-	4,305,141	3,686,219	-	-	-	-	73,140	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>18,501</b>	<b>-</b>	<b>4,616,543</b>	<b>3,968,402</b>	<b>-</b>	<b>-</b>	<b>924,899</b>	<b>823,297</b>	<b>175,000</b>	<b>-</b>
<b>Operating expenses:</b>										
Personal services	-	-	116,557	171,547	-	-	-	-	-	-
Contractual services	49,727	-	33,719	15,859	-	-	1,297,552	1,075,404	-	-
Other	-	283,425	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	347,526	202,724	-	-
<b>Total operating expenses</b>	<b>49,727</b>	<b>283,425</b>	<b>150,276</b>	<b>187,406</b>	<b>-</b>	<b>-</b>	<b>1,645,078</b>	<b>1,278,128</b>	<b>-</b>	<b>-</b>
<b>Operating income</b>	<b>(31,226)</b>	<b>(283,425)</b>	<b>4,466,267</b>	<b>3,780,996</b>	<b>-</b>	<b>-</b>	<b>(720,179)</b>	<b>(454,831)</b>	<b>175,000</b>	<b>-</b>
<b>Nonoperating revenues (expenses)</b>										
Interest on investments	1,266	1,288	354,589	647,332	18	-	(8,980)	(23,226)	7,775	8,754
Interest expense	-	-	(4,075,362)	(3,688,289)	-	-	-	-	-	-
Gain (loss) on disp of cap assets	-	-	-	-	-	-	-	-	-	-
<b>Total nonoperating revenue (expenses)</b>	<b>1,266</b>	<b>1,288</b>	<b>(3,720,773)</b>	<b>(3,040,957)</b>	<b>18</b>	<b>-</b>	<b>(8,980)</b>	<b>(23,226)</b>	<b>7,775</b>	<b>8,754</b>
<b>Income (loss) before transfers</b>	<b>(29,960)</b>	<b>(282,137)</b>	<b>745,494</b>	<b>740,039</b>	<b>18</b>	<b>-</b>	<b>(729,159)</b>	<b>(478,057)</b>	<b>182,775</b>	<b>8,754</b>
<b>Net transfers from (to) other funds</b>	<b>-</b>	<b>(146,976)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,667)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(998,341)</b>
<b>Change in net position</b>	<b>(29,960)</b>	<b>(429,113)</b>	<b>745,494</b>	<b>740,039</b>	<b>18</b>	<b>(1,667)</b>	<b>(729,159)</b>	<b>(478,057)</b>	<b>182,775</b>	<b>(989,587)</b>
<b>Total net position - January 1</b>	<b>459,073</b>	<b>429,113</b>	<b>35,336,199</b>	<b>36,081,693</b>	<b>1,649</b>	<b>1,667</b>	<b>3,491,710</b>	<b>2,762,551</b>	<b>806,812</b>	<b>989,587</b>
<b>Total net position - December 31</b>	<b>\$ 429,113</b>	<b>\$ -</b>	<b>\$ 36,081,693</b>	<b>\$ 36,821,732</b>	<b>\$ 1,667</b>	<b>\$ -</b>	<b>\$ 2,762,551</b>	<b>\$ 2,284,494</b>	<b>\$ 989,587</b>	<b>\$ -</b>

## **APPENDIX**

### **City of Minneapolis Financial Status Report – Fourth Quarter 2018**

# City of Minneapolis

## Fourth 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 December 31, 2018, the City's current investment portfolio was valued at \$879.6 million. The sector holdings and fund distributions are shown below. For the year ended December 31, 2018, the portfolio outperformed its benchmark.

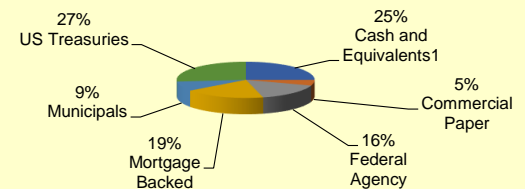
Investment Performance period ended December 31, 2018	City Portfolio	Custom Benchmark*
1 Month Total Return	0.58%	0.70%
QTD Total Return	1.09%	1.18%
1 Year Total Return	1.83%	1.66%
Average Credit Quality	AAA	AAA
Duration	1.2 Years	1.6 Years
Weighted Average Maturity	1.4 Years	1.7 Years

\* 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	Dec 31 2018	% of port.	Dec 31 2017	% of port.
<b>Cash and Equivalents<sup>1</sup></b>	\$ 220.4	25%	\$ 195.3	22%
<b>Commercial Paper</b>	44.7	5%	10.3	1%
<b>Federal Agency</b>	139.1	16%	203.2	23%
<b>Mortgage Backed</b>	166.4	19%	137.6	16%
<b>Municipals</b>	75.5	9%	89.2	10%
<b>US Treasuries</b>	233.5	27%	241.7	28%
<b>Total Cash &amp; Investments<sup>2</sup></b>	\$ 879.6	100%	\$ 877.3	100%

### Portfolio by Sector December 31, 2018



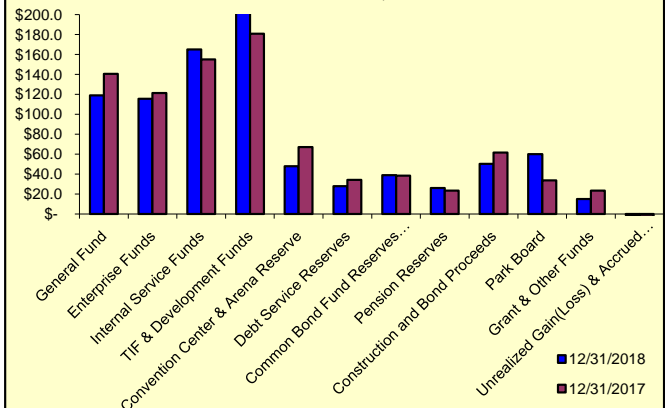
### Funds Performance

Book Value in millions	Dec 31 2018	% of funds	Dec 31 2017	% of funds
<b>General Fund</b>	\$ 119.0	14%	\$ 140.5	16%
<b>Enterprise Funds</b>	115.6	13%	121.3	14%
<b>Internal Service Funds</b>	165.0	19%	155.1	18%
<b>TIF &amp; Development Funds</b>	214.5	24%	180.7	21%
<b>Convention Center &amp; Arena Reserve</b>	48.0	5%	67.1	8%
<b>Debt Service Reserves</b>	28.0	3%	34.3	4%
<b>Common Bond Fund Reserves (GARFS)</b>	38.9	4%	38.4	4%
<b>Pension Reserves</b>	26.0	3%	23.5	3%
<b>Construction and Bond Proceeds</b>	50.4	6%	61.6	7%
<b>Park Board</b>	60.1	7%	33.7	4%
<b>Grant &amp; Other Funds</b>	15.0	2%	23.5	3%
<b>Unrealized Gain(Loss) &amp; Accrued Interest</b>	(1.0)	0%	(2.4)	0%
<b>All Funds &amp; GARFS Market Value<sup>2</sup></b>	\$ 879.6	100%	\$ 877.3	100%

<sup>1</sup> Net of checks outstanding

<sup>2</sup> Columns may not add exactly due to rounding

### Fund Balances (in millions) Book Value December 31, 2018 and 2017





GENERAL FUND HISTORICAL ANALYSIS WORKSHEET										
Revenues:	2015 Actual	2016 Actual	2017 Actual	2018 Actual	Increase (Decrease) From 2017		Total Increase (Decrease) 2015-2018		Average Yearly Change	
					\$	%	\$	%	\$	%
Property Taxes	160,509,905	166,249,958	180,883,107	193,250,285	12,367,178	7.6%	32,740,380	18.7%	8,185,095	4.7%
Local Tax*	76,722,142	79,142,658	81,977,678	63,942	(81,913,736)	-110.2%	(76,658,200)	-584.7%	(19,164,550)	-146.2%
State Aids	81,833,963	84,046,281	84,110,670	85,903,260	1,792,590	2.2%	4,069,297	5.8%	1,017,324	1.5%
Charges for Services	49,494,802	51,243,079	53,407,484	56,649,434	3,241,950	6.6%	7,154,632	16.8%	1,788,658	4.2%
Franchise Fees	30,118,463	29,515,533	32,143,175	34,771,576	2,628,401	7.8%	4,653,113	15.7%	1,163,278	3.9%
Licenses and Permits	44,316,671	47,127,968	45,205,194	47,480,900	2,275,706	4.6%	3,164,229	8.1%	791,057	2.0%
Fines and Forfeits	6,539,031	6,313,110	7,556,399	7,137,929	(418,470)	-5.8%	598,898	7.8%	149,725	2.0%
Special Assessments	3,201,518	3,449,772	3,151,941	2,981,234	(170,707)	-5.5%	(220,284)	-6.3%	(55,071)	-1.6%
Investment Income	1,612,918	3,460,150	3,186,280	6,955,384	3,769,104	202.4%	5,342,465	-879.6%	1,335,616	-219.9%
Other Shared Taxes	779,673	1,165,334	1,019,880	1,858,632	838,752	134.6%	1,078,959	151.2%	269,740	37.8%
Other Miscellaneous	754,066	957,756	972,406	3,269,956	2,297,550	288.6%	2,515,889	455.8%	628,972	114.0%
Contributions	-	5,000	5,234	1,343	(3,891)	-1807.5%	1,343	0.1%	336	0.0%
<b>Total Revenues</b>	<b>455,883,152</b>	<b>472,676,599</b>	<b>493,619,448</b>	<b>440,323,875</b>	<b>(53,295,573)</b>	<b>-11.5%</b>	<b>(15,559,278)</b>	<b>-4.1%</b>	<b>(3,889,819)</b>	<b>-1.0%</b>
Transfers In	4,258,200	4,029,000	12,498,777	39,887,000	27,388,223	1178.9%	35,628,800	256.9%	8,907,200	64.2%
<b>Revenues and Other Sources</b>	<b>460,141,352</b>	<b>476,705,599</b>	<b>506,118,225</b>	<b>480,210,875</b>	<b>(25,907,350)</b>	<b>-5.6%</b>	<b>20,069,522</b>	<b>100.0%</b>	<b>5,017,381</b>	<b>25.0%</b>
<b>Expenditures :</b>										0.0%
Police	147,884,333	154,243,608	162,435,753	173,676,579	11,240,826	8.0%	25,792,245	19.5%	6,448,061	4.9%
Fire	61,314,629	62,648,282	66,165,942	67,585,950	1,420,008	2.5%	6,271,322	11.6%	1,567,830	2.9%
Human Resources	6,846,865	6,566,200	7,293,288	7,391,375	98,087	1.3%	544,510	8.2%	136,128	2.0%
Finance and Property Services	22,153,993	22,803,324	22,125,701	22,220,529	94,828	0.4%	66,536	0.3%	16,634	0.1%
911	8,759,610	9,066,878	9,714,416	9,487,224	(227,192)	-2.8%	727,614	9.4%	181,904	2.4%
311	3,646,020	3,802,063	4,113,129	3,980,428	(132,701)	-3.8%	334,408	11.0%	83,602	2.7%
City Coordinator	3,159,157	3,972,180	4,739,974	6,072,608	1,332,634	55.9%	2,913,451	109.7%	728,363	27.4%
Intergov Relations	1,364,660	1,436,702	1,536,770	1,497,351	(39,419)	-2.6%	132,691	10.2%	33,173	2.5%
Communications	2,090,834	2,191,627	2,235,576	2,323,431	87,855	4.1%	232,597	10.7%	58,149	2.7%
Emergency Management	767,233	803,826	1,170,264	1,127,914	(42,350)	-4.9%	360,681	41.2%	90,170	10.3%
Neighbrhd and Comm Rel	358,041	359,990	264,209	810,659	546,450	52.6%	452,618	48.5%	113,154	12.1%
Information Technology	-	-	-	-	-	0.0%	-	0.0%	0	0.0%
<b>Coordinator - Total</b>	<b>49,146,413</b>	<b>51,002,790</b>	<b>53,193,327</b>	<b>54,911,518</b>	<b>1,718,191</b>	<b>3.4%</b>	<b>5,765,105</b>	<b>11.9%</b>	<b>1,441,276</b>	<b>3.0%</b>
Trans Plan and Design**	3,924,085	2,023,712	1,819,860	2,013,312	193,452	7.5%	(1,910,773)	-82.6%	(477,693)	-20.7%
Transportation Plan Programming**	836,365	2,001,641	2,266,508	2,873,978	607,470	100.0%	2,037,613	100.0%	509,403	25.0%
Trans Maint and Repair	30,195,670	32,810,220	34,295,211	39,466,311	5,171,100	15.1%	9,270,641	28.5%	2,317,660	7.1%
Administration	3,005,253	3,465,824	3,850,016	3,886,294	36,278	1.3%	881,041	33.2%	220,260	8.3%
Traf and Parkng Srvcs	15,057,941	16,609,612	17,318,058	17,060,005	(258,053)	-1.7%	2,002,063	14.5%	500,516	3.6%
<b>Public Works - Total</b>	<b>53,019,315</b>	<b>56,911,008</b>	<b>59,549,653</b>	<b>65,299,899</b>	<b>5,750,246</b>	<b>10.5%</b>	<b>12,280,584</b>	<b>23.9%</b>	<b>3,070,146</b>	<b>6.0%</b>
Regulatory Services	16,366,436	18,380,557	19,398,893	20,293,398	894,505	5.7%	3,926,962	29.5%	981,740	7.4%
Attorney	8,513,667	9,395,492	9,675,770	9,701,826	26,056	0.3%	1,188,160	14.9%	297,040	3.7%
City Council & City Clerk	9,193,805	11,964,502	10,530,914	12,312,745	1,781,831	18.8%	3,118,940	38.1%	779,735	9.5%
Culture and Recreation -Library	2,363,131	1,560,000	780,000	-	(780,000)	-24.1%	(2,363,131)	-57.6%	(590,783)	-14.4%
Contingency	-	-	-	-	-	100.0%	-	0.0%	-	0.0%
Assessor	4,612,972	5,162,275	5,189,041	5,593,191	404,150	9.0%	980,219	25.9%	245,055	6.5%
CPED	30,808,646	32,648,176	33,460,311	35,964,087	2,503,776	8.7%	5,155,442	26.2%	1,288,860	6.6%
Health	8,288,752	9,061,430	10,425,848	11,675,967	1,250,119	16.6%	3,387,216	48.6%	846,804	12.1%
Civil Rights	3,107,184	3,387,328	3,728,355	4,021,500	293,145	10.6%	914,317	39.9%	228,579	10.0%
Mayor	1,932,480	2,059,105	2,001,246	2,395,845	394,599	21.6%	463,365	29.2%	115,841	7.3%
Internal Audit***	538,452	612,253	594,514	668,800	74,286	51.3%	130,348	30.9%	32,587	7.7%
<b>Total Expenditures</b>	<b>397,090,215</b>	<b>419,036,807</b>	<b>437,129,567</b>	<b>464,101,307</b>	<b>26,971,740</b>	<b>7.0%</b>	<b>67,011,092</b>	<b>18.9%</b>	<b>16,752,773</b>	<b>4.7%</b>
Transfers Out*	59,499,686	56,162,211	59,388,203	29,010,855	(30,377,348)	-40.6%	(30,488,831)	100.0%	(7,622,208)	25.0%
<b>Expenditures and Other Uses</b>	<b>456,589,901</b>	<b>475,199,018</b>	<b>496,517,770</b>	<b>493,112,162</b>	<b>(3,405,608)</b>	<b>-0.7%</b>	<b>36,522,261</b>	<b>9.5%</b>	<b>9,130,565</b>	<b>2.4%</b>
<b>Change in Fund Balance</b>	<b>3,551,451</b>	<b>1,506,581</b>	<b>9,600,455</b>	<b>(12,901,287)</b>	<b>(22,501,742)</b>	<b>-411.4%</b>	<b>(16,452,739)</b>	<b>-141.7%</b>	<b>(4,113,185)</b>	<b>-35.4%</b>
<b>Fund Balance - January 1</b>	<b>102,439,347</b>	<b>105,990,798</b>	<b>107,497,379</b>	<b>117,097,834</b>						
<b>Fund Balance - December 31</b>	<b>105,990,798</b>	<b>107,497,379</b>	<b>117,097,834</b>	<b>104,196,546</b>	<b>1,506,581</b>	<b>1.5%</b>	<b>25,792,245</b>	<b>26.3%</b>	<b>6,448,061</b>	<b>6.6%</b>

\*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 deposted 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 - Fourth Quarter 2018

FINANCIAL STRENGTH ANALYSIS - 2018 (in millions)					Increase (Decrease) Compared to 2017		Total Increase (Decrease) 2015 - 2018		Average Annual Increase (Decrease)	
	2015	2016	2017	2018	\$	%	\$	%	\$	%
General Fund Cash Balance	117.6	121.6	131.8	121.3	(10.5)	-8.0%	3.7	4.2%	1.2	1.4%
General Fund Total Fund Balance	106.0	107.5	117.1	104.2	(12.9)	-11.0%	(1.8)	-2.1%	(0.6)	-0.7%
Overall City Cash Position*	703.2	762.7	792.0	779.9	(12.1)	-1.5%	76.7	13.7%	25.6	4.6%
Overall City Net Assets/Position**	1,882.4	1,851.4	2,083.6		(2,083.6)	-100.0%	(1,882.4)	-96.7%	(627.5)	-32.2%
Overall Unrestricted Net Assets/Position**	(67.8)	(256.8)	(274.4)		274.4	-100.0%	67.8	29.8%	22.6	9.9%
SPECIAL REVENUE FUNDS FINANCIAL STRENGTH ANALYSIS - 2017 (in millions)										
Convention Center - Cash	66.2	65.5	56.6	35.6	(21.0)		(30.6)		(10.2)	
Convention Center - Fund Balance	67.2	63.5	52.1	29.6	(22.5)		(37.6)		(12.5)	
Arena Fund (Target Center) - Cash	16.3	15.2	10.1	12.2	2.1		(4.1)		(1.4)	
Arena Reserve (Target Center) - Fund Balance	15.2	11.1	8.7	11.3	2.6		(3.9)		(1.3)	
Downtown Assets Funds - Cash	0.0	0.0	0.0	16.2	16.2		0.0		0.0	
Downtown Assets Funds - Fund Balance	0.0	0.0	0.0	26.0	26.0		0.0		0.0	
Police SRF - Cash	1.7	2.1	2.2	2.2	0.0		0.5		0.2	
Police SRF - Fund Balance	1.6	2.4	2.6	2.4	(0.2)		0.8		0.3	
NCR SRF - Cash	4.1	4.0	3.5	3.5	0.0		(0.6)		(0.2)	
NCR SRF - Fund Balance	3.9	3.7	3.3	3.3	0.0		(0.6)		(0.2)	
Regulatory Services SRF - Cash	4.5	4.7	3.5	2.0	(1.5)		(2.5)		(0.8)	
Regulatory Services SRF - Fund Balance	4.5	4.6	3.5	2.0	(1.5)		(2.5)		(0.8)	
Grant Funds - Cash	2.0	(2.2)	5.3	0.5	(4.8)		(1.5)		(0.5)	
Grant Funds - Fund Balance	11.2	11.4	11.2	11.2	0.0		0.0		0.0	
Comm Planng & Econ Dev (CPED) - Cash Total	165.7	166.2	177.8	210.4	32.6		44.7		14.9	
Comm Planng & Econ Dev (CPED) - Fund Bal Total	201.2	202.1	214.4	214.4	0.0		13.2		4.4	
Employee Retirement Funds - Cash	23.9	26.2	29.0	31.0	2.0		7.1		2.4	
Employee Retirement Funds - Fund Balance	24.2	26.6	29.2	31.3	2.1		7.1		2.4	
Other Special Revenue Funds - Cash	0.5	0.8	0.5	0.5	0.0		0.0		0.0	
Other Special Revenue Funds - Fund Balance	0.5	0.5	0.5	0.5	0.0		0.0		0.0	
Total Special Revenue Funds - Cash	284.9	282.5	288.5	314.1	25.6	9.8%	29.2	12.2%	9.7	4.1%
Total Special Revenue Funds - Fund Balance	329.5	325.9	325.5	332.0	6.5	2.1%	2.5	0.8%	0.8	0.3%

\* Cash 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 \$38.9 M invested for General Agency Reserve Fund Systems (GARFS) and \$60.1 M invested for Park Board.

\*\* 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.

INTERNAL SERVICE FUNDS FINANCIAL STRENGTH ANALYSIS - 2018 (in millions)										
Engr. Materials & Testing - Cash	1.6	1.5	1.5	1.6	0.1		0.0		0.0	
Engr. Materials & Testing - Net Assets/Position	0.8	0.3	(0.1)	0.4	0.5		(0.4)		(0.1)	
Equipment Services - Cash	23.7	26.9	30.4	26.0	(4.4)		2.3		0.8	

FINANCIAL STRENGTH ANALYSIS - 2018 (in millions)					Increase (Decrease) Compared to 2017		Total Increase (Decrease) 2015 - 2018		Average Annual Increase (Decrease)	
	2015	2016	2017	2018	\$	%	\$	%	\$	%
Equipment Services - Net Assets/Position	61.7	67.1	74.5	86.2	11.7		24.5		8.2	
Property Services - Cash	6.6	10.3	8.1	9.6	1.5		3.0		1.0	
Property Services - Net Assets/Position	29.3	29.9	28.4	32.0	3.6		2.7		0.9	
PW Stores - Cash	0.0	1.2	2.0	3.1	1.1		3.1		1.0	
PW Stores - Net Assets/Position	4.4	4.6	5.3	5.6	0.3		1.2		0.4	
Intergovernmental Services - Cash	38.4	30.9	23.6	22.0	(1.6)		(16.4)		(5.5)	
Intergovernmental Services - Net Assets/Positn.	62.3	59.8	47.4	42.2	(5.2)		(20.1)		(6.7)	
Self Insurance Fund - Cash	75.7	80.0	90.0	102.9	12.9		27.2		9.1	
Self Insurance Fund - Net Assets/Position	16.5	21.2	25.1	28.8	3.7		12.3		4.1	
Total Internal Service Funds - Cash	146.0	150.8	155.6	165.2	9.6	8.0%	19.2	22.7%	6.4	7.6%
Total Internal Service Funds - Net Assets/Position	175.0	182.9	180.6	195.2	14.6	11.2%	20.2	20.8%	6.7	6.9%
ENTERPRISE FUNDS FINANCIAL STRENGTH ANALYSIS - 2018 (in millions)										
Sanitary Sewer - Cash	12.4	18.3	17.8	4.5	(13.3)		(7.9)		(2.6)	
Sanitary Sewer - Net Position	117.5	119.3	121.2	122.4	1.2		4.9		1.6	
Stormwater - Cash	35.9	35.9	27.1	26.6	(0.5)		(9.3)		(3.1)	
Stormwater - Net Position	323.8	327.2	333.2	339.4	6.2		15.6		5.2	
Water Enterprise - Cash	30.1	42.1	40.7	48.4	7.7		18.3		6.1	
Water Enterprise - Net Position	220.4	233.3	252.3	271.4	19.1		51.0		17.0	
Municipal Parking - Cash	14.0	17.2	26.5	13.8	(12.7)		(0.2)		(0.1)	
Municipal Parking - Net Position	180.7	188.2	213.6	197.2	(16.4)		16.5		5.5	
Solid Waste & Recycling - Cash	22.6	25.3	24.5	30.5	6.0		7.9		2.6	
Solid Waste & Recycling - Net Position	26.7	25.5	25.7	26.9	1.2		0.2		0.1	
Comm Planng & Econ Dev (CPED) - Cash***	0.8	1.4	1.5	0.0	(1.5)		(0.8)		(0.3)	
Comm Planng & Econ Dev (CPED) - Net Position	39.9	40.1	40.3	39.1	(1.2)		(0.8)		(0.3)	
Total Enterprise Funds - Cash	115.8	140.2	138.1	123.8	(14.3)	-13.1%	8.0	7.4%	2.7	2.5%
Total Enterprise Funds - Net Position	909.0	933.6	986.3	996.4	10.1	1.1%	87.4	10.5%	29.1	3.5%
***Cash in CPED Enterprise Funds does not include the amount invested with trustees through GARFS and reported in the CPED Enterprise Funds.										