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# Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

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**City of South St. Paul, Minnesota**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF SOUTH ST. PAUL  
STATE OF MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**PREPARED BY:  
FINANCE DEPARTMENT**

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## **I. INTRODUCTORY SECTION**

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July 25, 2016

**To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of South St. Paul, Minnesota**

Minnesota Statutes require all cities to issue an annual financial report prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Statutes also require an annual audit of City financial statements by an independent, licensed certified public accountant and submission of the audited financial statements to the Office of the State Auditor within 180 days after the close of the fiscal year. The City has complied with these requirements. The Finance Department of the City of South St. Paul is pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2015.

The report is published to provide all interested parties with detailed information concerning the financial condition and activities of the City of South St. Paul. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The extent of elements of the internal control system require the evaluation of cost and related benefits. Internal control evaluations occur within this decision making framework for the purpose of adequately safeguarding assets and providing reasonable assurance as to proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and it is organized in a manner designed to fairly present the financial position and results of operations of the City of South St. Paul. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City of South St. Paul's financial statements have been audited by Malloy Montague Karnowski Radosevich & Co., P.A., a firm of certified public accountants. Pursuant to generally accepted auditing standards, the independent audit involved examining, on a test basis, evidence supporting financial statement amounts and disclosures. The examination also assessed accounting principles utilized by the City and overall financial statement presentation. The City of South St. Paul's financial statements for the fiscal year ended December 31, 2015 have received an unmodified opinion from the independent auditor that they are presented in conformity with GAAP. The auditor's report which includes a description of the scope of the audit is presented as the first item of the financial section of this report.

GAAP requires that Management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read as part of it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of South St. Paul, located in the Twin Cities Metropolitan Area, was organized as a municipality in 1887 and comprises six square miles. The City operates under a home rule charter form of government consisting of a Mayor and a six-member City Council who are elected at-large for staggered four-year terms. The City Council enacts ordinances, determines policies, adopts the annual budget, and is responsible for all significant financial affairs of the City including the issuance of bonds and hiring of all regular employees who are responsible for the day-to-day operation of the City. The Comprehensive Annual Financial Report includes all organizations, funds, and activities for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria, the South St. Paul Housing and Redevelopment Authority's financial data are included as a discretely presented component unit within the Comprehensive Annual Financial Report.

City services include police, parks and recreation [15 parks spread over 245 acres], three aquatic facilities, Doug Woog Arena [a two-rink indoor facility seating over 1,200 people], public works [street, water, sanitary sewer, storm water, and street light services], building permits, inspections, community planning, code enforcement, business licensing, and administrative support services. South Metro fire district is a separate entity that provides fire services to the cities of South St. Paul and West St. Paul, it is a contracted service. There are two services provided by the City, which are quite unique among most cities in the area. First, the City owns and operates a modest sized airport with 343 resident aircraft, 60,000 average annual landings, and 131 leased hangar and industrial sites supporting over 300 on-site jobs. Second, whereas Dakota County operates all other libraries throughout the County, the City owns and operates its own library and the county ad valorem tax levy is less in the City of South St. Paul than in other Dakota County cities to recognize this situation. The service area of Special School District #6 [K-12] parallels that of the City. This makes joint efforts between these governmental units much easier than if multiple districts were involved.

### **Financial: Accounting, Budgets, Internal Control**

The City's accounting system is organized on a fund basis with detailed individual general ledger accounts for assets, liabilities, deferred inflows/outflows, revenues, expenses and fund balances and equities. Each fund is a distinct, self-balancing accounting entity. The basic financial statements, which include governmental, proprietary and fiduciary funds, and the government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, have all been prepared and are presented in conformance with GAAP.

Budgetary control is maintained to ensure compliance with legally adopted provisions embodied in appropriations contained in the annual budget approved by the City Council for Governmental Funds. Annual Budgets are adopted for the General Fund and certain Special Revenue Funds after a more than six-month process of Council review of departmental estimates and requests and a number of public meetings culminating in final budget approval in December. Actual to budget

comparative statements for selected budgeted funds are presented in the appropriate financial section.

Legally, expenditures are controlled at the departmental level. However, day-to-day administration of the budget is in accordance with the official “Budget Administration Plan.” The policy includes a detailed description of the complementary responsibilities of staff and Council. Through this document, additional controls are put on overall departmental expenditures as well as certain line items such as capital outlay. Unused budgetary appropriations lapse at year-end. The purchase order system and approval of invoices is at the department level. Finance Department staff review monthly budgets for accuracy and budgetary/policy compliance before they are submitted to Council for approval. Line item budget reports are also prepared monthly and reviewed by each department. They are then summarized by the Finance Department and presented along with a narrative to the City Council quarterly throughout the year.

Council can approve budgetary changes during the year through the approval of a motion related to the quarterly budget reports or as a separate agenda item. In addition to the annual budget, the City Council approves financial plans for proprietary funds and projects. Each of the projects is assigned a unique accounting project number and is reviewed during and at project end by the project manager and the Finance Department. The Capital Programs Fund is a separate capital projects fund and each capital item therein is approved, controlled and reported on individually. Debt service financial control is pursuant to bond covenants and Council resolutions.

### **Economic Conditions and Economic Outlook**

Local economic conditions can add perspective that is helpful to understanding the financial statements. The City of South St. Paul is situated in Dakota County adjacent to and south of the State’s Capitol City of St. Paul. With adjacent diversified commercial and industrial development, the Mississippi River forms the eastern border of the City. The river bluff is about a half mile west and vertically separates this primarily commercial/industrial corridor from the balance of the City’s land area (about 80%) which is primarily residential and fully developed. The single family housing stock is generally uniform in value and very affordable for new families. Multiple dwelling units are typically modest in size with reasonable rents. The City has a stable population of approximately 20,000 people and has rebounded from the 1970’s when the community lost its defining character as one of the largest meat-packing centers in the nation. The transformation was required because of the separate closings of two huge meat processing facilities. Thousands of jobs and 20% of the population were lost in this process.

Property values, which had seen little growth into the 1990’s, were revitalized and average residential market values rose at over 8% per year between 1996 and 2007. The City’s general economic environment parallels that of the Twin Cities Metropolitan Area, which historically, has one of the most stable and diversified economic bases of any major metropolitan area. The City was not immune to the national economic decline that occurred between 2008 and 2010. Residential values, roughly 70% of the City’s tax base, dropped by 22.81% from assessment year 2008 to 2012. The city saw a 12% increase for the 2014 assessment year and an estimated 1% increase for the 2015 assessment year.

The City's housing stock consists of 5,636 residential homesteaded properties for the 2015 assessment (for taxes payable 2016) year. The preliminary 2017 average value of these properties is a modest \$168,580, the 2nd lowest in Dakota County. In contrast, the comparable value for 2008 assessment year was \$199,102, a decline of 15% over an 9 year period. Many factors may have contributed to this significant decline. One factor points to the peak of the housing bubble and value of the residential property being artificially inflated. This may be due to the combination of low-income homeowners living beyond their means and the deregulation of the housing market. In addition, the City's foreclosure rate in comparison to the County's was higher than its surrounding communities in the past few years. This is believed to have an indirect impact on the value of a residential property even though the County establishes market value using "open-market-sales." These are sales that were between willing buyers and willing sellers, neither under any undue pressure to buy or sell.

For the last several years, the City's tax collection percentage has reached or approached 100% (this includes current and delinquent collections). In the past, a major concern for the City has been the instability of State Aids authorized by the Minnesota State legislations and distributed to the City. For the past several years, commencing in 2001, the legislature has adjusted the funding formula for Local Government Aid (LGA) which caused unpredictable fluctuations in aid amounts from year to year. In addition, the City of South St. Paul had experienced a series of significant reductions in LGA since 2003 due to decisions by the Minnesota State legislature and the State's Governor. To cope with the revenue reductions, the City has tended to reduce budgeted expenditures and replace some of the lost revenues through property tax increases. In 2013, the State legislature and Governor enacted a new LGA formula which went into effect in 2014 which restores some of the cuts previously experienced. The City Council took a proactive approach to reduce its operational reliance on State Aids. A specific amount of the LGA monies received are now budgeted to be used for financing capital improvements as outlined in the City's Capital Improvement Plan.

## **Major Initiatives**

Major initiatives and highlights in 2015 included the following:

### **Flood Control System Improvements**

- The City operates a flood control system which serves to protect property in the industrial park along the Mississippi River and is an integral part of the City's Storm Water System. This project started in 2013 and was a major construction project in 2014. It will be completed in 2016.

### **Airport Reconstruction Projects**

- A number of reconstruction projects at Fleming Field Airport were started in 2014. They included apron reconstruction and airport ramp and taxiway reconstruction. These projects are anticipated to continue in 2015 with completion in 2016.

### **Park Referendum Projects**

- City residents approved a Park and Arena Referendum in February 2014. The major initiative in 2015 was the start of construction of Kaposia Landing Park. These improvements are expected to be completed in 2016. The McMorrow Park renovations were designed in 2015-2016 and construction will start in 2016-2017.

### Joint Efforts

The City is an active collaborator with Dakota County, Special School District #6 and other neighboring cities in efforts to reduce the cost of services while maintaining and/or improving quality.

#### South Metro Fire District

- The community has historically supported full-time fire services, provided through a City department. In 2005, a joint powers agreement was reached with the City of West St. Paul to merge full-time fire departments into a new entity, the South Metro Fire Department (SMFD).
- SMFD completed its first year of consolidated operations in 2008 and continues to provide full-time fire and ambulance services.

#### Dakota Communications Center

- The Community's Police and Fire function historically received dispatch services from Dakota County and the City of West St. Paul, respectively.
- When faced with the need and enormous cost of converting to 800 MHZ bandwidth for public safety services, Dakota County and its constituent cities collaborated to eliminate five separate dispatch providers and replace them with a single new state-of-the-art operation, the Dakota Communications Center (DCC).
- The DCC operates pursuant to a joint powers agreement between the County and cities within Dakota County.
- The DCC completed its first year of operational life in 2007 and continues to receive support from the member cities.

#### Special School District #6

- In 2010, the City and local school district agreed to the funding for the School Resource Officer Program. This funding allowed for the hiring of a second officer to tend to school and community related policing. This agreement is still on-going.

### **Long-term Financial Planning**

The City on an annual basis engages in long-term financial and capital planning. The objective of this process is to provide a framework for decision making required to identify and implement strategies that will assure long-term community viability. Accordingly, outcomes of the process include promotion of long-term community affordability and livability, reinvesting in the City's housing stock to position the City to compete with other communities, addressing transportation impacts within the City, establish a financial framework to maintain and replace the City's physical and technical infrastructure, and review options and opportunities to improve delivery of City services.

In addition, the City Council has directed that staff develop long-term financial management plans on an annual basis for the Airport and Doug Woog Arena funds in an effort to address the outstanding internal debt, and decrease the advances of cash funds needed from the General Fund. The results from the plans required internal debt payments on an annual basis. The Long Term Financial Plan will have a comprehensive update in 2016.

## **Financial Policy Information**

The City Council adopted a formal liquidity-fund policy in 2009. This policy identifies fund balance in the General Fund as an important and essential component of the overall financial management for City operations. The policy notes that fund balance is needed for adequate cash flow until large revenue sources are received during the fiscal year. In addition, fund balance can also be used to respond to unexpected expenditures and a temporary loss of revenue. The policy was revised in 2014 to set a benchmark range of 35%-50% of subsequent year budgeted expenditures for the unassigned fund balance in the General fund. The City met this policy as of the year ended 2015 with an unassigned fund balance equal to 41.3% of subsequent year expenditures.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South St. Paul for its comprehensive annual financial report for the year ended December 31, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the dedicated members of the Finance Department. We express our appreciation to the members of the City Council for their confidence and support and their efforts in conducting the overall financial planning and operations of the City.

Respectfully submitted,



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Michelle Pietrick  
City Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of South St. Paul  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS**

December 31, 2015

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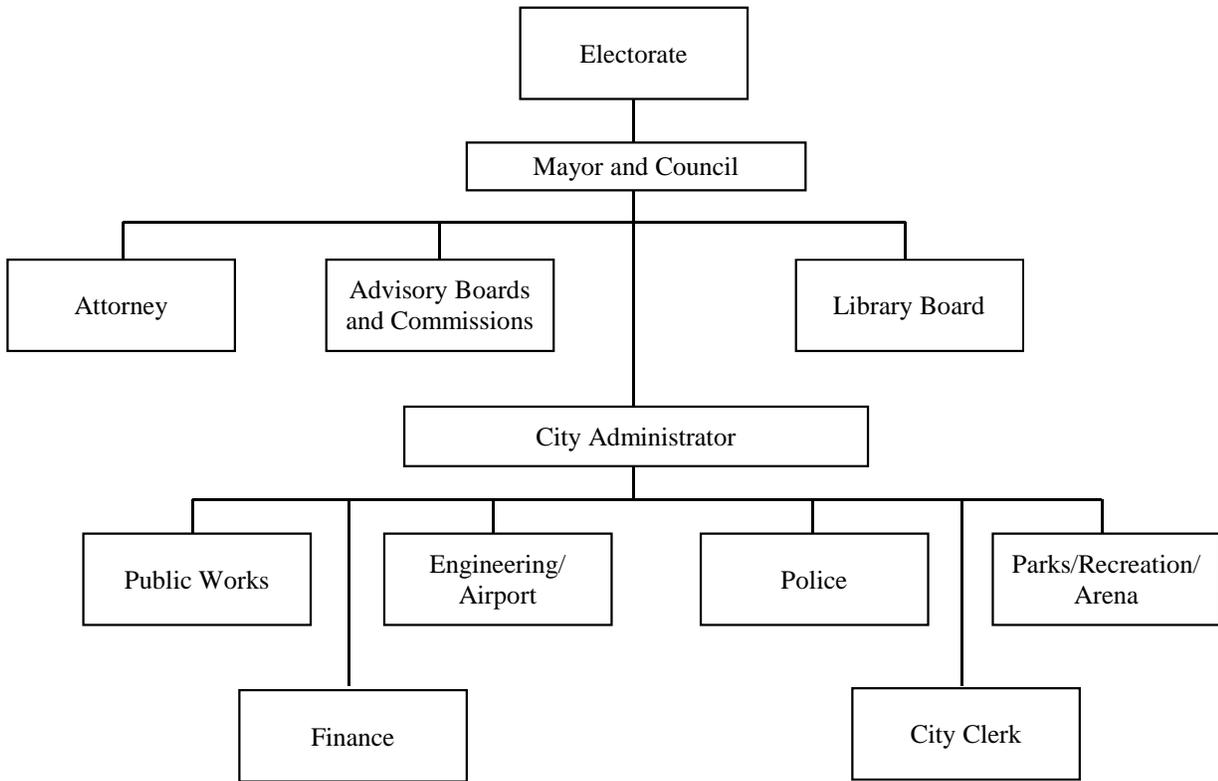
		<u>Term Expires</u>
Mayor	Beth A. Baumann	January 1, 2017
Councilmembers	Lori Hansen	January 1, 2017
	William Flatley	January 1, 2017
	Dan Niederkorn	January 1, 2017
	Todd Podgorski	January 1, 2019
	Marilyn Rothecker	January 1, 2019
	Tom Seaberg	January 1, 2019
City Administrator	Stephen P. King	Appointed
Finance Director	Michelle C. Pietrick	Appointed
City Engineer	John M. Sachi	Appointed
Police Chief	William M. Messerich	Appointed
City Clerk	Christy M. Wilcox	Appointed
Library Director	Kathy M. Halgren	Appointed
Parks & Recreation Director	Christopher J. Esser	Appointed
Public Works Director	Patrick D. Dunn	Appointed

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**ORGANIZATION CHART**

December 31, 2015

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## **II. FINANCIAL SECTION**

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**PRINCIPALS**

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the City Council and Management  
City of South St. Paul, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South St. Paul Housing and Redevelopment Authority, a discretely presented component unit whose statements reflect total assets and expenses of \$15,778,223 and \$10,054,107, respectively, as of and for the year ended December 31, 2015. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion on the basic financial statements, insofar as it relates to the amounts included for this organization as a component unit of the City, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **OPINIONS**

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **EMPHASIS OF MATTER**

As described in Note 14 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, during the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the required supplementary information (RSI), which follows the notes to basic financial statements, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Malloy, Montague, Karnowski, Radosevich & Co., P. A.*  
Minneapolis, Minnesota  
July 25, 2016

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**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
December 31, 2015

This management overview and analysis is offered to readers of the City’s comprehensive annual financial report for the City of South St. Paul, Minnesota regarding the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 8 of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$85,011,276 (net position). Of this amount, \$11,881,435 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors in accordance with the City’s fund designations and fiscal policies.
- The City’s total net position increased by \$547,907 from the prior year, excluding the change in accounting principle reported and the prior period adjustment in the current year.
- As of the close of current fiscal year, the City’s governmental funds reported combined ending fund balances of \$18,044,462. The fund balance classifications by fund type are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable	\$ 230,136	\$ 43,798	\$ -	\$ -	\$ 273,934
Restricted	-	388,692	3,083,196	1,628,510	5,100,398
Committed	4,532,045	70,335	-	-	4,602,380
Assigned	-	106,728	-	6,198,549	6,305,277
Unassigned	5,565,047	(1,778,861)	-	(2,023,713)	1,762,473
	<u>\$ 10,327,228</u>	<u>\$ (1,169,308)</u>	<u>\$ 3,083,196</u>	<u>\$ 5,803,346</u>	<u>\$ 18,044,462</u>

- The City recorded a change in accounting principle in the current year for reporting the City’s participation in defined benefit pension plans. This change reduced beginning net position in the governmental-wide statements and proprietary fund statements by \$5,489,291.
- The City’s total debt increased by \$4,351,242 during the current fiscal year, from \$29,119,124 to \$33,470,366 (beginning total debt adjusted for change in accounting principle in the current year). This was due to the issuance of the second phase of debt for the voter approved Park referendum and issuance of taxable GO Tax Increment Bonds for purchase of property in a tax increment district.

**Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements consist of three components as follows: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City’s assets, liabilities and deferred inflows/outflows as applicable with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

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The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported at the occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, recreation (parks and programs, library, arena) and transportation (airport). There are three business-type activities of the City of South St. Paul – water and sewer utility, storm water utility and street light utility.

The government-wide financial statements can be found on pages 33 through 35 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of resources available at the end of the fiscal year. This information may be useful when evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven major governmental funds. Information is presented separately, by fund, in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Doug Woog Arena special revenue fund, Airport special revenue fund, Capital Programs capital projects fund, Airport Improvement capital projects fund, Park Referendum Projects capital projects fund, and 2015 Local Improvements capital projects fund. Data from the other governmental funds are combined into a single, aggregated presentation under the title of nonmajor governmental funds. Individual fund data for each of these funds is provided in the form of combining statements and can be found after the notes in the financial section of this report.

The basic governmental fund financial statements can be found on pages 36 through 41 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for the Water and Sewer Utility, Storm Water Utility, and Street Light Utility operations. *Internal service funds* are an accounting device to accumulate and allocate costs among the City's various functions. The City uses internal service funds to account for its central garage activity, some employment benefits, and the self-insured dental plan. Because all of these services predominantly benefit governmental rather than business-type activities, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds display the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, Storm Water Utility, Street Light Utility, all of which are considered to be major funds of the City. Conversely, all internal service funds are

combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 42 through 47 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operation of the City of South St. Paul.

The basic fiduciary fund financial statement can be found on page 48 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 through 90 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary compliance for its major funds, a schedule of funding progress for other postemployment benefits (OPEB), schedules of contributions for the Public Employees General Retirement and Police and Fire funds, and schedules of the proportionate share of net pension liability for the Public Employees General Retirement and Police and Fire funds. The City adopts an annual appropriated budget for three of its major funds: General, Doug Woog Arena, and Airport funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget and to provide the reader with budgetary detail. These can be found on pages 92 through 98 of this report. The schedule of funding progress for other post-employment benefits can be found on page 99 of this CAFR. The schedule of contributions and the schedule of the proportionate share for the Public Employees General Retirement and Police and Fire funds can be found on pages 100 through 101 of this CAFR.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 108 through 139 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$85,011,276 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$68,021,577 or 80.01%) reflects investment in capital assets (e.g. land, buildings and land improvements, infrastructure, machinery, equipment, and construction in progress) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens, and therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

**CITY OF SOUTH ST. PAUL, MINNESOTA'S STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
	Current and other assets	\$ 23,934,540	\$ 24,030,681	\$ 7,069,908	\$ 7,330,257	\$ 31,004,448
Capital assets	69,068,984	64,504,708	20,191,850	19,423,945	89,260,834	83,928,653
<b>Total Assets</b>	<b>93,003,524</b>	<b>88,535,389</b>	<b>27,261,758</b>	<b>26,754,202</b>	<b>120,265,282</b>	<b>115,289,591</b>
Deferred outflows of resources	1,190,410	-	-	-	1,190,410	-
Current liabilities	2,023,765	1,847,789	133,419	156,897	2,157,184	2,004,686
Non-current liabilities	28,629,993	18,365,793	4,840,373	4,966,452	33,470,366	23,332,245
<b>Total Liabilities</b>	<b>30,653,758</b>	<b>20,213,582</b>	<b>4,973,792</b>	<b>5,123,349</b>	<b>35,627,550</b>	<b>25,336,931</b>
Deferred inflows of resources	816,866	-	-	-	816,866	-
Net position						
Net investment in capital assets	52,670,100	52,696,473	15,521,335	14,627,351	68,021,577	67,323,824
Restricted	5,108,264	6,416,191	-	-	5,108,264	6,416,191
Unrestricted	4,944,946	9,209,143	6,766,631	7,003,502	11,881,435	16,212,645
<b>Total Net Position</b>	<b>\$ 62,723,310</b>	<b>\$ 68,321,807</b>	<b>\$ 22,287,966</b>	<b>\$ 21,630,853</b>	<b>\$ 85,011,276</b>	<b>\$ 89,952,660</b>

The prior year is restated for the prior period adjustment, but not restated for the change in accounting principle.

As of the close of the current year, there is \$169,858 in General Obligation Bond debt included in the long-term liabilities outstanding reported in the Business-type Activities that was issued to finance capital assets reported in the Governmental Activities. This amount is not used to reduce net investment in capital assets in the Business-type Activities. Neither does it reduce net investment in capital assets of the Governmental Activities. However, it does reduce net investment in capital assets in the total column.

A portion of the City's governmental activities net position represents resources that are subject to external restrictions on how they may be used. As of December 31, 2015, \$3,091,062 was thus restricted due to bond covenants with external bond purchasers related to future debt service requirements. In addition, \$2,017,202 was restricted for specific purposes including park improvements, library funding, and community relations. The remaining balance of unrestricted net position of \$11,881,435 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior fiscal year.

Capital assets increased in the governmental activities due to an increase in construction in progress for Park Improvement construction projects started in 2015. Current liabilities increased due to the retainage payable on the contracts for the Park Improvement construction projects. Non-current liabilities increased due to the issuance of the 2015A Taxable GO Tax Increment Bonds and the 2015B General Obligation Park Bonds. The increases in deferred outflows of resources, non-current liabilities and deferred inflows of resources are a result of the change in accounting principle in the current year for reporting the City's participation in defined benefit pension plans

Capital assets increased in the business-type activities due to capitalization of another stage of the Floodwall construction project which was completed in 2015. Current liabilities decreased as a result of lower interest payable due in 2016 and non-current liabilities decreased due to the repayment of debt which results in less bonds payable outstanding.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

**Governmental Activities**

Governmental activities decreased the City's net position by \$371,045. Revenues from governmental activities are reported as program revenues or general revenues. Program revenues are, in turn, reported as charges for services, operating grants and contributions or capital grants and contributions. Expenses are reported on a functional or program basis.

**CITY OF SOUTH ST. PAUL, MINNESOTA'S CHANGES IN NET POSITION**

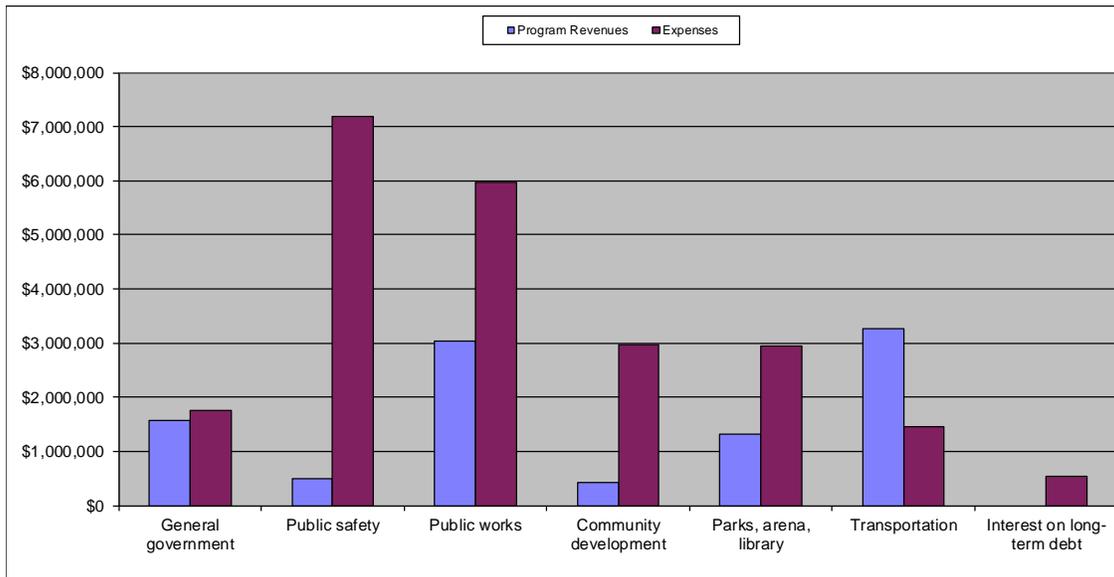
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,623,901	\$ 4,259,530	\$ 5,881,609	\$ 5,992,437	\$ 10,505,510	\$10,251,967
Operating grants and contributions	1,620,505	996,752	-	-	1,620,505	996,752
Capital grants and contributions	3,858,126	3,763,220	-	33,200	3,858,126	3,796,420
General revenues						
Property taxes	9,696,003	9,008,694	-	-	9,696,003	9,008,694
Franchise taxes	831,283	866,070	-	-	831,283	866,070
Unrestricted grants and contributions	2,394,985	2,305,804	-	-	2,394,985	2,305,804
Investment income	112,474	227,909	81,378	158,453	193,852	386,362
Gain on sale of capital assets	22,142	-	-	-	22,142	-
<b>Total revenues</b>	<b>23,159,419</b>	<b>21,427,979</b>	<b>5,962,987</b>	<b>6,184,090</b>	<b>29,122,406</b>	<b>27,612,069</b>
<b>Expenses</b>						
General government	1,745,040	1,736,661	-	-	1,745,040	1,736,661
Public safety	7,182,527	6,798,718	-	-	7,182,527	6,798,718
Public works	5,969,047	5,013,472	-	-	5,969,047	5,013,472
Community development	2,977,696	636,758	-	-	2,977,696	636,758
Parks, arena, library	2,951,309	2,919,538	-	-	2,951,309	2,919,538
Transportation	1,451,088	1,242,624	-	-	1,451,088	1,242,624
Interest on long-term debt	529,576	551,037	-	-	529,576	551,037
Water and sewer utility	-	-	5,074,280	4,877,815	5,074,280	4,877,815
Storm water utility	-	-	474,826	355,362	474,826	355,362
Street light utility	-	-	219,110	188,003	219,110	188,003
<b>Total expenses</b>	<b>22,806,283</b>	<b>18,898,808</b>	<b>5,768,216</b>	<b>5,421,180</b>	<b>28,574,499</b>	<b>24,319,988</b>
Increase (decrease) in net position before transfers	353,136	2,529,171	194,771	762,910	547,907	3,292,081
Transfers of capital assets	(1,228,340)	(376,388)	1,228,340	376,388	-	-
Transfers	504,159	641,284	(504,159)	(641,284)	-	-
<b>Change in net position</b>	<b>(371,045)</b>	<b>2,794,067</b>	<b>918,952</b>	<b>498,014</b>	<b>547,907</b>	<b>3,292,081</b>
Net position - January 1 - as restated for prior period adjustment	68,321,807	65,527,740	21,630,853	21,132,839	89,952,660	86,660,579
Change in accounting principle	(5,227,452)	-	(261,839)	-	(5,489,291)	-
Net position - January 1 - restated	<u>63,094,355</u>	<u>65,527,740</u>	<u>21,369,014</u>	<u>21,132,839</u>	<u>84,463,369</u>	<u>86,660,579</u>
Net position - December 31	<u>\$ 62,723,310</u>	<u>\$68,321,807</u>	<u>\$22,287,966</u>	<u>\$21,630,853</u>	<u>\$ 85,011,276</u>	<u>\$89,952,660</u>

Operating grants and contributions in the governmental activities increased due to a DEED grant for improvements that were accomplished through the South St. Paul Housing and Redevelopment Authority (HRA). Charges for services increased in the following of areas: (1) increased planning charges based on more building and renovation plans submitted for review; (2) Doug Woog Arena was operational for most of 2015 which resulted in more usage than in 2014 when renovations were occurring; (3) Parks and Recreation charges increased as more usage occurred at the pools and in the various programs offered in 2015. The property tax increase was 7.63% which was approved by the City Council for 2015. Unrestricted grants and contributions increased as more local government aid was received in 2015. Investment income decreased as a result of

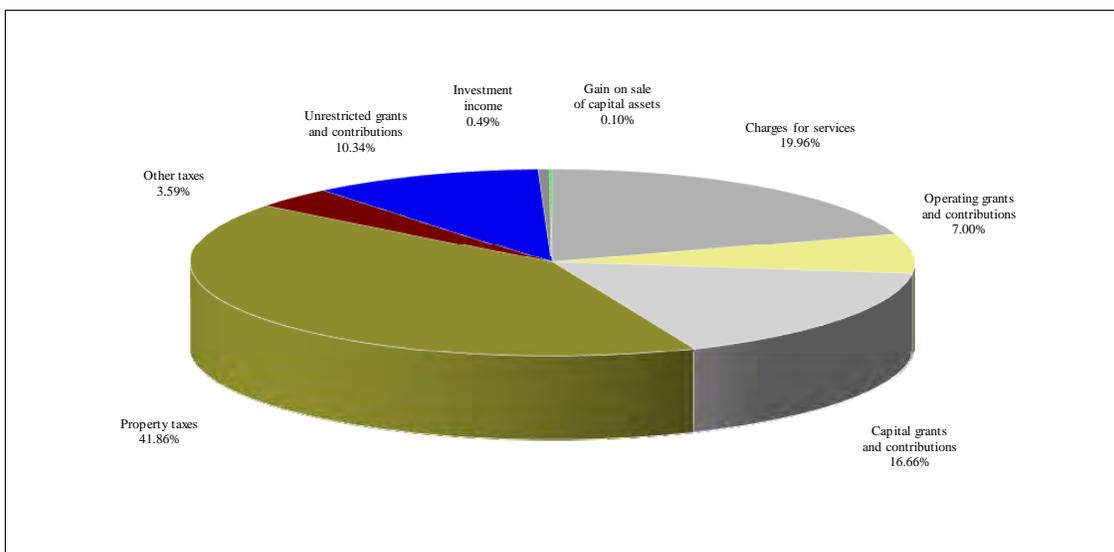
decrease in fair value adjustment. Expenses in the public safety division increased in 2015 as a result of increased dispatch and fire services and as a result of negotiated personnel cost increases. Public works expenses increased as a result of more street maintenance activities in 2015. The main increase in the Community development division was a result of purchasing the former Dakota Premium Site in the Tax Increment District and a loan to the HRA for the purchase of another property. Transportation increased as a result of obstruction removal in accordance with the Environmental Assessment done in 2014.

Below are specific graphs that provide comparisons of the governmental activities program revenues and expenses:

**Expenses and Program Revenues – Governmental Activities**



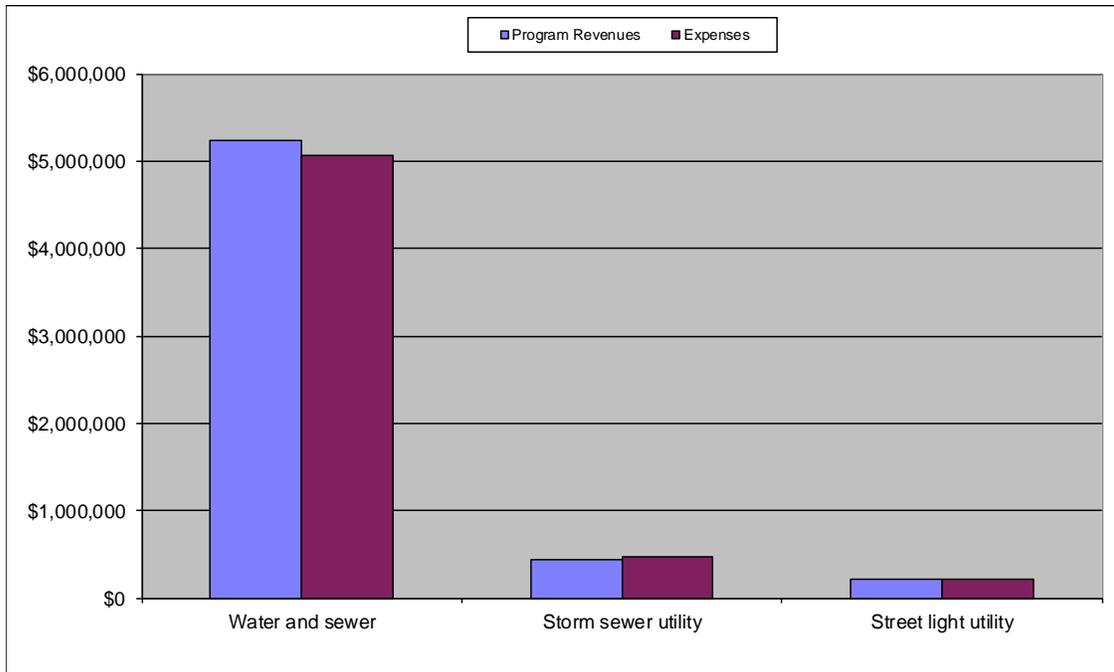
**Governmental Activities – Revenues**



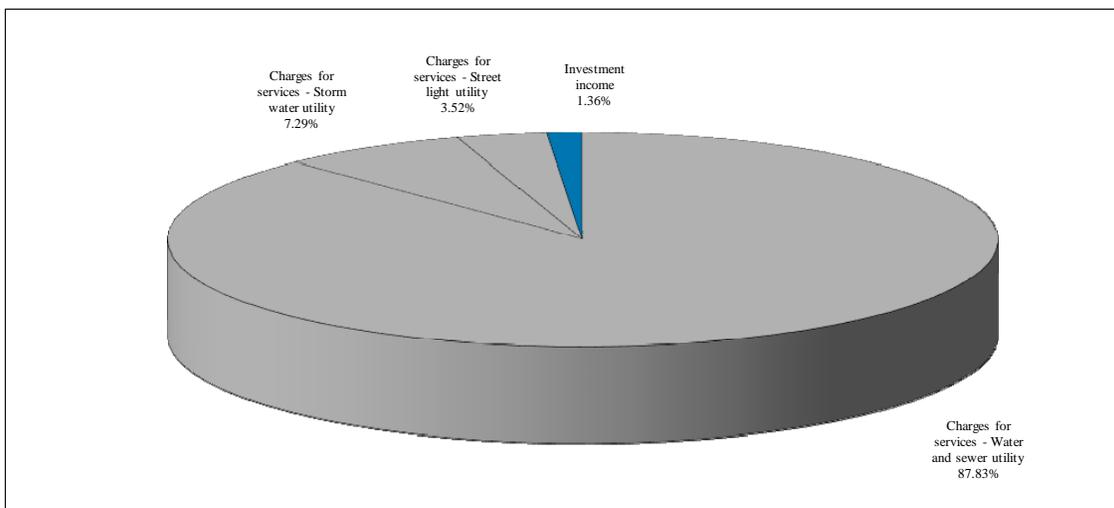
**Business-Type Activities**

Business-type activities increased net position by \$918,952. Below are specific graphs that provide comparisons of the business-type activities program revenues and expenses:

**Expenses and Program Revenues – Business-Type Activities**



**Business-Type Activities – Revenues**



Investment income decreased in the business-type activities because of market changes. Expenses in water and sewer utility increased mainly due to personnel cost increases in salary and benefits.

### **Financial Analysis of the Government's Funds**

**Governmental Funds.** The measurement focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending and cash flows at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,044,462. Approximately 1.5% or \$273,934 is nonspendable because of form or availability: 1) \$121,556 in inventory, and 2) \$152,378 in prepaid items. In addition, \$5,100,398 or 28.3% is restricted in use by outside influences: 1) \$3,083,196 to provide for debt service, 2) \$1,849,604 for park improvements, 3) \$114,726 for library funding, 4) \$33,289 for community relations, 5) \$9,719 for forfeitures, 6) \$4,604 for memorial funding, and 7) \$5,260 for lawful purposes. An additional \$4,602,380 or 25.5% has been committed by City Council action: 1) \$4,532,045 for working capital, and 2) \$70,335 for Central Square. Another \$6,305,277 or 35.0% has been assigned to specific purposes: 1) \$5,954,245 for working capital in the capital projects funds, 2) \$244,304 for equipment acquisition, and 3) \$106,728 for other purposes. The remaining fund balance of \$1,762,473 is unassigned fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance increased to \$10,327,228, of which 53.9% (\$5,565,047) was unassigned. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 45.4% of expenditures for 2015.

The General fund revenue increased \$593,626 in 2015. This was a result of an increase in property tax revenue which was anticipated in the 2015 budget, increases in intergovernmental revenues due to increased police and road costs, and increases in charges for services as a result of increased fees and usage.

The General fund expenditures increased \$229,164 from 2014 to 2015. This was principally due to an increase in Public Safety as a result of personnel contractual increases in the police department and contractual services increases across various areas, most significantly were dispatch services and the fire department services.

The Doug Woog Arena fund had an ending fund balance deficit of \$987,478. The net decrease in fund balance was \$114,711. This was primarily due to loss of a major customer during the summer and increased expenses to cover items not covered by the park referendum funding for renovations during 2014 and finalized in 2015. In addition, the Arena has an outstanding cash balance deficit of \$1,010,058 at the close of the year which requires a cash advance from the General fund.

The Airport fund had an ending fund balance deficit of \$740,941. The net increase in fund balance was \$111,940. The Airports increase in fund balance is primarily due to increased lease revenues and decreased fuel expenditures as the price of aviation fuel was lower in 2015 compared with 2014. The Airport has an outstanding cash balance deficit of \$806,027 at the close of the year which requires a cash advance from the General fund.

The Capital Programs fund had a total fund balance of \$4,612,011 at the end of 2015. This was a decrease of \$608,035 from 2014. The decrease in fund balance is primarily due to the completion of several street projects and the design work for the Southview Boulevard Project which will start construction in 2017.

The Airport Improvement fund had an ending fund balance deficit of \$619,337 at the end of 2015. This was a decrease of \$206,567 from 2014. This is mainly a result of Airport Ramp and Taxiway construction projects which started in 2014 and continued in 2015.

The Park Referendum Projects fund had an ending fund balance of \$1,628,510 at the end of 2015. General Obligation Park bonds were issued in 2014 and 2015. There are 3 major components to these projects. The first involved Doug Woog Arena improvements which were substantially completed in 2014. The second component, Kaposia Landing Park improvements, started in 2015 and will be completed in 2016. The final component started design phases and the construction will begin in 2016.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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The 2015 Local Improvements fund had an ending fund balance deficit of \$981,611. This was a new fund in 2015 and the fund deficit is the result of major street construction projects, which will be partially covered by special assessments and the remainder will likely be bonded for in 2016.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but with more detail.

Net position in the Water and Sewer Utility fund increased by \$168,850 in 2015 and stood at \$13,997,409 at year-end. Operating revenue from customers exceeding expenses provided for the increase in net position.

Net position increased \$863,414 in the Storm Water Utility fund. This was primarily a result of capitalized assets contributed from the capital projects fund.

Net position increased by \$832 in the Street Light Utility fund. The increase is primarily due to an increased transfer from the general fund for the unanticipated repairs needed in 2015.

The unrestricted net position in the respective proprietary funds are Water and Sewer Utility, \$6,082,270, Storm Water Utility, \$992,013, and Street Light Utility \$68,331.

**General Fund Budgetary Highlights**

As part of the annual budget process, the current year's General Fund revenue and expenditure budgets may be revised to reflect a more accurate picture throughout the current fiscal year.

In 2015, budgeted revenues were adjusted down from \$12,585,925 to \$12,552,647, a decrease of \$33,278, mainly due to franchise tax revenue adjustment to reflect a heavy industry business closing operations in the City. Total original budget expenditures of \$12,715,925 were revised to the final budgeted expenditures of \$12,682,647, also a decrease of \$33,278. There were minor adjustments to various departments for insurance expenditures based on final premiums and contingency was reduced to reflect the revenue and expenditure changes.

Actual revenues exceeded the final budget by \$479,372. One of the major contributors to this increase was increased charges for services based on more usage by participants in the planning and parks and recreation departments and more internal engineering staff time spent on construction projects in 2015. Other increases were in the excess tax increment which is the tax rate variance received by the City which exceeded the budget by \$92,580, intergovernmental grants and aid exceeded budget by \$98,704 as we received more aid as a function of road maintenance and police grant funded work. The miscellaneous revenues came in over budget by \$113,228 which was the result of better than anticipated investment earnings and several unanticipated minor revenues.

Actual expenditures were under the final budget by \$433,436. This was the result of periodic staff vacancies which had salary and fringe benefit savings in several departments, a moderate winter resulted in significantly less road salt needed for roads in the public works department and lower utility costs for city buildings.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015 was \$89,260,834 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, infrastructure, machinery and equipment, and construction in progress.

More detailed information regarding capital assets are found in the notes to the financial statements (Note 1N page 56 and Note 4 pages 66-67).

Major capital asset events during the current fiscal year included the following:

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- The 2013 and 2014 Street Reconstruction projects were completed in 2015. This included street, water, sanitary sewer, and storm water assets for sections of 3rd Street South and Oak Park Phase 1 totaling approximately \$1,220,000.
- Construction in progress at the end of the year in the Governmental Activities included \$2,588,000 for the Apron, Taxiway and Taxilane Reconstruction project, \$1,495,800 for the Doug Woog Arena Refrigeration project, \$5,275,000 for the Kaposia Landing Phase 1 construction project, and \$675,000 for the Oak Park Streets Phase 2 project.
- Construction in progress at the end of the year in the Business-Type Activities included \$148,000 for the Sanitary Sewer Main Relocation project within the Union Pacific Rail Yard.
- The Doug Woog Arena Improvements project was completed in 2015 with a total cost of \$1,481,000.
- The City invested \$250,000 to replace a variety of City vehicles and equipment.

**CITY OF SOUTH ST PAUL, MINNESOTA'S CAPITAL ASSETS**  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
Land	\$ 10,744,236	\$ 10,019,234	\$ 329,100	\$ 329,100	\$ 11,073,336	\$ 10,348,334
Building and land improvements	23,820,706	22,925,925	4,862,489	4,984,670	28,683,195	27,910,595
Machinery and equipment	3,386,837	3,552,871	2,242,656	2,354,997	5,629,493	5,907,868
Infrastructure	21,048,061	21,516,519	12,608,694	11,752,929	33,656,755	33,269,448
Construction in progress	10,069,144	6,490,159	148,911	2,249	10,218,055	6,492,408
	<u>\$ 69,068,984</u>	<u>\$ 64,504,708</u>	<u>\$ 20,191,850</u>	<u>\$ 19,423,945</u>	<u>\$ 89,260,834</u>	<u>\$ 83,928,653</u>

**Long-term debt.** At the end of the current fiscal year, the City had a total outstanding bonded debt of \$24,532,000, an increase of \$4,122,000 from 2014. This total is comprised of general obligation debt of \$19,020,000, general obligation debt supported by special assessments of \$1,285,000 and revenue supported bonds in the amount of \$4,227,000. The City's outstanding debt also includes a capital lease for the 380 Airport Road Building in the amount of \$918,774 and a capital lease for office equipment of \$17,479.

Additional long-term debt amount corresponds to compensated absences in the amount of \$329,413, notes payable in the amount of \$40,678, net other post-employment benefits of \$1,194,425 and net pension liability of \$6,048,761 in government activities.

**CITY OF SOUTH ST PAUL, MINNESOTA'S OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
Special assessment bonds	\$ 1,285,000	\$ 1,395,000	\$ -	\$ -	\$ 1,285,000	\$ 1,395,000
General purpose bonds	16,185,000	13,500,000	2,835,000	2,835,000	19,020,000	16,335,000
Revenue bonds	450,000	595,000	1,962,000	2,085,000	2,412,000	2,680,000
Taxable TIF bonds	1,815,000	-	-	-	1,815,000	-
Issuance premium	345,463	287,071	43,373	46,452	388,836	333,523
Notes payable	40,678	78,227	-	-	40,678	78,227
Capital lease	936,253	1,040,402	-	-	936,253	1,040,402
Net other post-employment benefit obligation	1,194,425	1,089,468	-	-	1,194,425	1,089,468
Net pension liability	6,048,761	5,786,879	-	-	6,048,761	5,786,879
Compensated absences	329,413	380,625	-	-	329,413	380,625
	<u>\$ 28,629,993</u>	<u>\$ 24,152,672</u>	<u>\$ 4,840,373</u>	<u>\$ 4,966,452</u>	<u>\$ 33,470,366</u>	<u>\$ 29,119,124</u>

The City of South St. Paul maintained an Aa2 rating from Moody's Investors Services as of year ended December 31, 2015.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of total estimated market value. The current statutory debt limitation for the City of South St. Paul is \$40,189,758, which is in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in the notes to the financial statements, Note 5, on page 69 through 71.

### **Economic Factors, Future Budgets and Rates**

The following items are integral factors that will help shape the City's planning for and dealing with near-term financial issues:

- The unemployment rate for the City is 3.1% at the end of the fiscal year, which is a decrease from the rate of 3.2 a year ago. This compares to the State's average unemployment rate of 4.4 percent and the national average of 5.0 percent.
- Property value increased by 1.7% in 2015 which was less than the prior year increase, preliminary 2016 property values show a 4.8% increase.
- The Bridgepoint Development Area saw the completion of phase 3 with potential plans for a 4th phase in that area which will yield net growth in tax base and growth in jobs.
- The City's 2016 budget had a 5.92% (\$549,545) increase in the property tax levy; 2.3% of the increase was for voter approved debt that resulted from the Parks Improvements referendum, the remaining 3.62% was for tax supported operations in the General fund, Library fund and Doug Woog Arena fund.

**Requests for information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of South St. Paul, Finance Department, 125 Third Avenue North, South St. Paul, Minnesota 55075, Michelle Pietrick at 651-554-3206 or mpietrick@southstpaul.org.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2015

**Statement 1**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 14,985,706	\$ 5,077,836	\$ 20,063,542	\$ 2,149,338
Restricted cash and investments	1,185,444	-	1,185,444	113,289
Accrued interest	58,926	-	58,926	572,008
Accounts receivable - net	390,510	1,730,102	2,120,612	62,768
Property taxes receivable	1,424,153	-	1,424,153	42,878
Special assessments receivable	2,807,747	424,321	3,232,068	-
Internal balance	375,983	(375,983)	-	-
Due from other governmental units	2,431,025	-	2,431,025	47,762
Inventories - at cost	121,556	-	121,556	-
Prepaid items	153,490	213,632	367,122	77,668
Inventory - land held for resale	-	-	-	2,006,173
Notes and mortgage receivable	-	-	-	2,327,932
Lease receivable	-	-	-	1,301,212
Capital assets (net of accumulated depreciation)				
Nondepreciable	20,813,380	478,011	21,291,391	561,786
Depreciable	48,255,604	19,713,839	67,969,443	6,515,409
Total assets	<u>93,003,524</u>	<u>27,261,758</u>	<u>120,265,282</u>	<u>15,778,223</u>
Deferred outflows of resources				
Pension plan deferments - PERA	1,190,410	-	1,190,410	-
<b>Liabilities</b>				
Accounts and contracts payable	1,269,743	74,202	1,343,945	642,606
Salaries payable	578,454	28,543	606,997	4,237
Deposits payable	33,259	-	33,259	59,662
Due to other governmental units	2,846	413	3,259	222,690
Accrued interest payable	115,253	30,261	145,514	46,463
Unearned revenue	24,210	-	24,210	4,916
Other current liabilities	-	-	-	119,950
Noncurrent liabilities				
Due within one year	2,552,956	250,000	2,802,956	336,672
Due in more than one year	26,077,037	4,590,373	30,667,410	3,663,075
Total liabilities	<u>30,653,758</u>	<u>4,973,792</u>	<u>35,627,550</u>	<u>5,100,271</u>
Deferred inflows of resources				
Pension plan deferments - PERA	816,866	-	816,866	-
<b>Net position</b>				
Net investment in capital assets	52,670,100	15,521,335	68,021,577	4,401,693
Restricted				
Debt service	3,091,062	-	3,091,062	111,044
Park improvements	1,849,604	-	1,849,604	-
Other purposes	167,598	-	167,598	-
Tax increment	-	-	-	1,534,088
Grants	-	-	-	1,066,824
Unrestricted	4,944,946	6,766,631	11,881,435	3,564,303
Total net position	<u>\$ 62,723,310</u>	<u>\$ 22,287,966</u>	<u>\$ 85,011,276</u>	<u>\$ 10,677,952</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges For Services	Operating Grants and Contributions
<b>Governmental activities</b>			
General government	\$ 1,745,040	\$ 782,536	\$ 783,993
Public safety	7,182,527	115,238	378,638
Public works	5,969,047	887,007	277,879
Community development	2,977,696	411,327	23,152
Parks, arena, and library	2,951,309	1,298,406	16,029
Transportation	1,451,088	1,129,387	140,814
Interest on long-term debt	529,576	-	-
<b>Total governmental activities</b>	<b>22,806,283</b>	<b>4,623,901</b>	<b>1,620,505</b>
<b>Business-type activities</b>			
Water and sewer utility	5,074,280	5,237,219	-
Storm water utility	474,826	434,623	-
Street light utility	219,110	209,767	-
<b>Total business-type activities</b>	<b>5,768,216</b>	<b>5,881,609</b>	<b>-</b>
<b>Total primary government</b>	<b>28,574,499</b>	<b>10,505,510</b>	<b>1,620,505</b>
<b>Component unit</b>			
Housing and Redevelopment Authority	10,054,107	3,953,299	4,880,052
<b>Total component unit</b>	<b>\$ 10,054,107</b>	<b>\$ 3,953,299</b>	<b>\$ 4,880,052</b>

General revenues  
 General property taxes  
 Tax increments  
 Franchise tax  
 Unrestricted grants and contributions  
 Investment income  
 Gain on sale of capital assets  
 Transfers of capital assets  
 Transfers  
 Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported  
 Change in accounting principle  
 Prior period adjustment  
 Net position - beginning, restated

Net position - ending

The accompanying notes are an integral part of these financial statements.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Primary Government Business-Type Activities	Total	
\$ -	\$ (178,511)	\$ -	\$ (178,511)	\$ -
-	(6,688,651)	-	(6,688,651)	-
1,862,133	(2,942,028)	-	(2,942,028)	-
-	(2,543,217)	-	(2,543,217)	-
-	(1,636,874)	-	(1,636,874)	-
1,995,993	1,815,106	-	1,815,106	-
-	(529,576)	-	(529,576)	-
<u>3,858,126</u>	<u>(12,703,751)</u>	<u>-</u>	<u>(12,703,751)</u>	<u>-</u>
-	-	162,939	162,939	-
-	-	(40,203)	(40,203)	-
-	-	(9,343)	(9,343)	-
-	-	113,393	113,393	-
<u>3,858,126</u>	<u>(12,703,751)</u>	<u>113,393</u>	<u>(12,590,358)</u>	<u>-</u>
422,615	-	-	-	(798,141)
<u>\$ 422,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(798,141)</u>
	9,696,003	-	9,696,003	235,767
	-	-	-	1,477,976
	831,283	-	831,283	-
	2,394,985	-	2,394,985	-
	112,474	81,378	193,852	1,850
	22,142	-	22,142	-
	(1,228,340)	1,228,340	-	-
	504,159	(504,159)	-	-
	<u>12,332,706</u>	<u>805,559</u>	<u>13,138,265</u>	<u>1,715,593</u>
	<u>(371,045)</u>	<u>918,952</u>	<u>547,907</u>	<u>917,452</u>
	70,068,050	21,630,853	91,698,903	9,760,500
	(5,227,452)	(261,839)	(5,489,291)	-
	(1,746,243)	-	(1,746,243)	-
	<u>63,094,355</u>	<u>21,369,014</u>	<u>84,463,369</u>	<u>9,760,500</u>
	<u>\$ 62,723,310</u>	<u>\$ 22,287,966</u>	<u>\$ 85,011,276</u>	<u>\$ 10,677,952</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2015

	General Fund	Doug Woog Arena	Airport
<b>Assets</b>			
Cash and investments	\$ 4,489,280	\$ -	\$ -
Cash and investments with escrow agent	-	-	-
Accrued interest	58,926	-	-
Accounts receivable	228,053	110,474	40,590
Property taxes receivable	1,424,153	-	-
Special assessments receivable	9,544	-	-
Due from other governmental units	179,927	-	-
Advances to other funds	4,532,045	-	-
Inventory	78,408	-	43,148
Prepaid items	151,728	-	650
	<u>11,152,064</u>	<u>110,474</u>	<u>84,388</u>
<b>Liabilities</b>			
Accounts and contracts payable	95,727	41,174	9,649
Salaries payable	515,090	20,920	7,193
Deposits payable	14,049	-	-
Due to other governmental units	17	1,771	41
Advances from other funds	-	1,010,058	806,027
Unearned revenue	-	22,606	-
Total liabilities	<u>624,883</u>	<u>1,096,529</u>	<u>822,910</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	173,291	-	-
Unavailable revenue - special assessments	9,544	-	-
Unavailable revenue - charges for services	17,118	1,423	2,419
Total deferred inflows of resources	<u>199,953</u>	<u>1,423</u>	<u>2,419</u>
<b>Fund balances</b>			
Nonspendable	230,136	-	43,798
Restricted	-	-	-
Committed	4,532,045	-	-
Assigned	-	-	-
Unassigned	5,565,047	(987,478)	(784,739)
Total fund balances	<u>10,327,228</u>	<u>(987,478)</u>	<u>(740,941)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,152,064</u>	<u>\$ 110,474</u>	<u>\$ 84,388</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance (from above)

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Internal service funds are used by management to charge the cost of insurance and other employee benefits to individual funds.

Net position of governmental activities (Statement 1)

The accompanying notes are an integral part of these financial statements.

Capital Programs	Airport Improvement	Park Referendum Projects	2015 Local Improvements	Other Nonmajor Governmental	Total
\$ 3,854,199	\$ -	\$ 2,134,898	\$ -	\$ 3,859,313	\$ 14,337,690
-	-	-	-	1,185,444	1,185,444
-	-	-	-	-	58,926
-	-	-	-	11,393	390,510
-	-	-	-	-	1,424,153
313,594	35,797	-	627,192	1,821,620	2,807,747
-	1,989,311	-	-	261,787	2,431,025
822,664	-	-	-	-	5,354,709
-	-	-	-	-	121,556
-	-	-	-	-	152,378
<u>4,990,457</u>	<u>2,025,108</u>	<u>2,134,898</u>	<u>627,192</u>	<u>7,139,557</u>	<u>28,264,138</u>
72,852	170,486	506,388	333,141	25,976	1,255,393
-	-	-	-	28,799	572,002
-	-	-	-	19,210	33,259
-	-	-	-	1,017	2,846
-	2,438,162	-	650,441	450,021	5,354,709
-	-	-	-	-	22,606
<u>72,852</u>	<u>2,608,648</u>	<u>506,388</u>	<u>983,582</u>	<u>525,023</u>	<u>7,240,815</u>
-	-	-	-	-	173,291
305,594	35,797	-	625,221	1,807,061	2,783,217
-	-	-	-	1,393	22,353
<u>305,594</u>	<u>35,797</u>	<u>-</u>	<u>625,221</u>	<u>1,808,454</u>	<u>2,978,861</u>
-	-	-	-	-	273,934
-	-	1,628,510	-	3,471,888	5,100,398
-	-	-	-	70,335	4,602,380
4,612,011	-	-	-	1,693,266	6,305,277
-	(619,337)	-	(981,611)	(429,409)	1,762,473
<u>4,612,011</u>	<u>(619,337)</u>	<u>1,628,510</u>	<u>(981,611)</u>	<u>4,806,080</u>	<u>18,044,462</u>
\$ <u>4,990,457</u>	\$ <u>2,025,108</u>	\$ <u>2,134,898</u>	\$ <u>627,192</u>	\$ <u>7,139,557</u>	\$ <u>28,264,138</u>
					\$ 18,044,462
					67,404,501
					2,978,861
					(21,172,647)
					(4,531,867)
					<u>\$ 62,723,310</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2015

	General Fund	Doug Woog Arena	Airport
<b>Revenues</b>			
General property taxes	\$ 7,712,439	\$ 212,359	\$ -
Franchise tax	831,283	-	-
Licenses and permits	431,735	-	-
Intergovernmental	2,207,008	-	140,814
Charges for services	1,549,126	643,698	1,099,271
Fines and forfeits	107,954	-	-
Special assessments	5,696	-	-
Investment income	87,495	-	-
Change in fair value of investments	(4,442)	985	746
Contributions and donations	-	17,394	15
Miscellaneous	103,725	3,900	30,101
<b>Total revenues</b>	<u>13,032,019</u>	<u>878,336</u>	<u>1,270,947</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	1,587,153	-	-
Public safety	6,880,448	-	-
Public works	2,569,186	-	-
Community development	466,743	-	-
Parks, arena, library	735,252	804,414	-
Transportation	-	-	909,451
<b>Capital outlay</b>			
General government	-	-	-
Public safety	2,843	-	-
Public works	3,457	-	-
Parks, arena, library	4,129	3,500	-
Transportation	-	-	131,398
<b>Debt service</b>			
Principal	-	-	37,549
Interest and other charges	-	18,537	14,038
Bond issuance costs	-	-	-
<b>Total expenditures</b>	<u>12,249,211</u>	<u>826,451</u>	<u>1,092,436</u>
<b>Revenues over (under) expenditures</b>	<u>782,808</u>	<u>51,885</u>	<u>178,511</u>
<b>Other financing sources (uses)</b>			
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers in	193,463	-	-
Transfers out	(30,000)	(166,596)	(66,571)
<b>Total other financing sources (uses)</b>	<u>163,463</u>	<u>(166,596)</u>	<u>(66,571)</u>
<b>Net change in fund balances</b>	946,271	(114,711)	111,940
<b>Fund balances - January 1</b>	9,380,957	(872,767)	(852,881)
<b>Fund balances - December 31</b>	<u>\$ 10,327,228</u>	<u>\$ (987,478)</u>	<u>\$ (740,941)</u>

The accompanying notes are an integral part of these financial statements.

Capital Programs	Airport Improvement	Park Referendum Projects	2015 Local Improvements	Other Nonmajor Governmental	Total
\$ 5,418	\$ -	\$ -	\$ -	\$ 1,817,675	\$ 9,747,891
-	-	-	-	-	831,283
-	-	-	-	-	431,735
881,720	1,995,993	-	290,727	1,031,888	6,548,150
-	300	-	-	509,273	3,801,668
-	-	-	-	6,082	114,036
179,376	8,843	-	292,789	433,282	919,986
75,109	-	6,133	-	39,002	207,739
(4,044)	1,504	-	350	(482)	(5,383)
-	-	-	-	135,505	152,914
-	-	-	-	32,596	170,322
<u>1,137,579</u>	<u>2,006,640</u>	<u>6,133</u>	<u>583,866</u>	<u>4,004,821</u>	<u>22,920,341</u>
43,481	-	-	-	52,280	1,682,914
7,500	-	-	-	158,998	7,046,946
476,902	-	-	944,946	257,541	4,248,575
1,774,290	-	-	-	736,637	2,977,670
12,150	-	19,476	-	1,070,863	2,642,155
541	325,010	-	-	-	1,235,002
10,503	-	-	-	-	10,503
15,372	-	-	-	3,818	22,033
4,470	-	-	710,203	62,530	780,660
-	-	5,360,905	-	2,871	5,371,405
-	1,927,706	-	-	-	2,059,104
-	-	-	-	804,149	841,698
-	27,062	-	7,873	539,703	607,213
44,797	-	74,606	-	-	119,403
<u>2,390,006</u>	<u>2,279,778</u>	<u>5,454,987</u>	<u>1,663,022</u>	<u>3,689,390</u>	<u>29,645,281</u>
<u>(1,252,427)</u>	<u>(273,138)</u>	<u>(5,448,854)</u>	<u>(1,079,156)</u>	<u>315,431</u>	<u>(6,724,940)</u>
1,815,000	-	3,130,000	-	-	4,945,000
4,087	-	74,899	-	-	78,986
4,470	66,571	-	97,545	2,532,696	2,894,745
(1,179,165)	-	-	-	(1,053,739)	(2,496,071)
<u>644,392</u>	<u>66,571</u>	<u>3,204,899</u>	<u>97,545</u>	<u>1,478,957</u>	<u>5,422,660</u>
(608,035)	(206,567)	(2,243,955)	(981,611)	1,794,388	(1,302,280)
5,220,046	(412,770)	3,872,465	-	3,011,692	19,346,742
<u>\$ 4,612,011</u>	<u>\$ (619,337)</u>	<u>\$ 1,628,510</u>	<u>\$ (981,611)</u>	<u>\$ 4,806,080</u>	<u>\$ 18,044,462</u>

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**CITY OF SOUTH ST. PAUL, MINNESOTA****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES****Statement 5**

For the Year Ended December 31, 2015

	<u>2015</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Net changes in fund balances - total governmental funds (Statement 4)	\$ (1,302,280)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,881,676
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets sold is removed from the capital asset account in the statement of net position and offset against the sale proceeds resulting in a gain or loss in the statement of activities.	(7,986)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	306,818
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt and related items.	(4,182,288)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	99,707
Internal service funds are used by management to charge the costs of central garage, post retirement benefits and employee benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	61,648
Capital assets transferred from government funds to proprietary funds	<u>(1,228,340)</u>
Change in net position of governmental activities (Statement 2)	<u>\$ (371,045)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2015

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
<b>Assets</b>		
Current assets		
Cash, cash equivalents, and investments	\$ 4,031,579	\$ 1,031,742
Accounts receivable	1,520,675	140,865
Special assessments receivable	424,321	-
Prepaid items	213,632	-
Total current assets	<u>6,190,207</u>	<u>1,172,607</u>
Noncurrent assets		
Capital assets		
Land	295,900	33,200
Buildings and land improvements	5,346,546	1,167,635
Machinery and equipment	3,018,203	-
Infrastructure	10,495,547	12,966,166
Construction in process	148,911	-
Total capital assets	<u>19,305,107</u>	<u>14,167,001</u>
Less: Allowance for depreciation	<u>(7,915,105)</u>	<u>(5,365,153)</u>
Net capital assets	<u>11,390,002</u>	<u>8,801,848</u>
Total assets	<u>17,580,209</u>	<u>9,974,455</u>
Deferred outflow of resources		
Pension plan deferments - PERA	-	-
<b>Liabilities</b>		
Current liabilities		
Accounts payable	56,448	3,008
Salaries payable	28,543	-
Due to other governmental units	413	-
Unearned revenue	-	-
Compensated absences	-	-
Accrued interest payable	22,533	7,728
Bonds payable	190,000	60,000
Total current liabilities	<u>297,937</u>	<u>70,736</u>
Noncurrent liabilities		
Bonds payable	3,284,863	1,305,510
Net other postemployment benefit obligation	-	-
Net pension liability	-	-
Compensated absences	-	-
Total noncurrent liabilities	<u>3,284,863</u>	<u>1,305,510</u>
Total liabilities	<u>3,582,800</u>	<u>1,376,246</u>
Deferred inflow of resources		
Pension plan deferments - PERA	-	-
<b>Net position</b>		
Net investment in capital assets	7,915,139	7,606,196
Unrestricted	6,082,270	992,013
Total net position	<u>\$ 13,997,409</u>	<u>\$ 8,598,209</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Net position of business-type activities (Statement 1)

The accompanying notes are an integral part of these financial statements.

Activities Enterprise Funds				Governmental	
Street		Total		Activities -	
Light Utility				Internal Service Funds	
\$	14,515	\$	5,077,836	\$	648,016
	68,562		1,730,102		-
	-		424,321		-
	-		213,632		1,112
	83,077		7,445,891		649,128
	-		329,100		-
	-		6,514,181		-
	-		3,018,203		4,330,659
	-		23,461,713		-
	-		148,911		-
	-		33,472,108		4,330,659
	-		(13,280,258)		(2,666,176)
	-		20,191,850		1,664,483
	83,077		27,637,741		2,313,611
	-		-		1,190,410
	14,746		74,202		14,350
	-		28,543		6,452
	-		413		-
	-		-		1,604
	-		-		84,727
	-		30,261		-
	-		250,000		-
	14,746		383,419		107,133
	-		4,590,373		-
	-		-		1,194,425
	-		-		6,048,761
	-		-		244,686
	-		4,590,373		7,487,872
	14,746		4,973,792		7,595,005
	-		-		816,866
	-		15,521,335		1,664,483
	68,331		7,142,614		(6,572,333)
\$	68,331		22,663,949	\$	(4,907,850)
			(375,983)		
		\$	22,287,966		

**CITY OF SOUTH ST. PAUL, MINNESOTA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
Operating revenues		
User charges for services	\$ 5,065,824	\$ 434,623
Retiree health insurance charges	-	-
Dental insurance charges	-	-
Compensated absences charges	-	-
Equipment rental and repair charges	-	-
Pension related charges	-	-
Total operating revenues	<u>5,065,824</u>	<u>434,623</u>
Operating expenses		
Personal services	695,459	-
Materials and supplies	406,677	35,888
Contractual services	3,439,849	159,934
Depreciation	<u>354,344</u>	<u>252,753</u>
Total operating expenses	<u>4,896,329</u>	<u>448,575</u>
Operating income (loss)	<u>169,495</u>	<u>(13,952)</u>
Nonoperating revenues (expenses)		
Investment income	67,769	18,049
Change in fair value of investments	(3,657)	(958)
Special assessments	7,353	-
Intergovernmental	39,904	-
Gain on sale of capital assets	-	-
Other revenue	124,138	-
Interest and other charges	<u>(63,807)</u>	<u>(26,251)</u>
Total nonoperating revenues (expenses)	<u>171,700</u>	<u>(9,160)</u>
Income (loss) before contributions and transfers	341,195	(23,112)
Capital contributions	202,313	1,026,027
Transfers in	-	-
Transfers out	<u>(374,658)</u>	<u>(139,501)</u>
Change in net position	<u>168,850</u>	<u>863,414</u>
Net position - January 1, as previously reported	13,828,559	7,734,795
Change in accounting principle	<u>-</u>	<u>-</u>
Net position - January 1, restated	<u>13,828,559</u>	<u>7,734,795</u>
Net position - December 31	<u>\$ 13,997,409</u>	<u>\$ 8,598,209</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Change in net position of business-type activities (Statement 2)

The accompanying notes are an integral part of these financial statements.

Activities Enterprise Funds				Governmental	
Street		Total		Activities -	
Light Utility				Internal Service Funds	
\$	209,767	\$	5,710,214	\$	-
	-		-		343,856
	-		-		76,601
	-		-		48,523
	-		-		914,927
	-		-		653,060
	209,767		5,710,214		2,036,967
	-		695,459		1,531,067
	3,888		446,453		312,844
	215,222		3,815,005		126,358
	-		607,097		305,084
	219,110		5,564,014		2,275,353
	(9,343)		146,200		(238,386)
	187		86,005		7,876
	(12)		(4,627)		(425)
	-		7,353		-
	-		39,904		22,050
	-		-		22,142
	-		124,138		28,762
	-		(90,058)		-
	175		162,715		80,405
	(9,168)		308,915		(157,981)
	-		1,228,340		-
	30,000		30,000		105,485
	(20,000)		(534,159)		-
	832		1,033,096		(52,496)
	67,499				633,937
	-				(5,489,291)
	67,499				(4,855,354)
\$	68,331			\$	(4,907,850)
			(114,144)		
		\$	918,952		

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2015

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
Cash flows from operating activities		
Receipts from customers and users	\$ 4,997,376	\$ 427,523
Payment to suppliers	(3,857,792)	(194,649)
Payment to employees	(690,836)	-
Other revenue	124,138	-
Net cash flows from operating activities	<u>572,886</u>	<u>232,874</u>
Cash flows from noncapital financing activities		
Transfer from other funds	-	-
Transfer to other funds	(374,658)	(139,501)
Special assessments	61,479	-
Intergovernmental revenue	39,904	-
Net cash flows from noncapital financing activities	<u>(273,275)</u>	<u>(139,501)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(146,662)	-
Proceeds from sale of capital assets	-	-
Principal paid on capital debt	(123,000)	-
Interest paid on debt	(76,294)	(36,724)
Net cash flows from capital and related financing activities	<u>(345,956)</u>	<u>(36,724)</u>
Cash flows from investing activities		
Investment income	64,112	17,091
Net increase (decrease) in cash and cash equivalents	17,767	73,740
Cash and cash equivalents - January 1	4,013,812	958,002
Cash and cash equivalents - December 31	<u>\$ 4,031,579</u>	<u>\$ 1,031,742</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 169,495	\$ (13,952)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Depreciation	354,344	252,753
Changes in assets and liabilities:		
(Increase) decrease in receivables	(68,448)	(7,100)
(Increase) decrease in prepaid items	(2,693)	-
(Increase) decrease in deferred outflow of resources	-	-
Increase (decrease) in payables	(3,950)	1,173
Increase (decrease) in salaries payable	-	-
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in accrued expenses	-	-
Increase (decrease) in deferred inflow of resources	-	-
Other revenue	124,138	-
Total adjustments	<u>403,391</u>	<u>246,826</u>
Net cash flows from operating activities	<u>\$ 572,886</u>	<u>\$ 232,874</u>
Noncash investing, capital, and financing activities		
Contributions of capital assets from governmental activities	\$ 202,313	\$ 1,026,027

The accompanying notes are an integral part of these financial statements.

Activities Enterprise Funds				Governmental Activities - Internal Service Funds	
Street Light Utility	Total		Total		
\$ 207,403	\$ 5,632,302	\$	5,632,302	\$	2,038,571
(219,931)	(4,272,372)		(4,272,372)		(443,814)
-	(690,836)		(690,836)		(1,291,240)
-	124,138		124,138		28,762
(12,528)	793,232		793,232		332,279
30,000	30,000		30,000		105,485
(20,000)	(534,159)		(534,159)		-
-	61,479		61,479		-
-	39,904		39,904		22,050
10,000	(402,776)		(402,776)		127,535
-	(146,662)		(146,662)		(253,226)
-	-		-		51,358
-	(123,000)		(123,000)		-
-	(113,018)		(113,018)		-
-	(382,680)		(382,680)		(201,868)
175	81,378		81,378		7,451
(2,353)	89,154		89,154		265,397
16,868	4,988,682		4,988,682		382,619
\$ 14,515	\$ 5,077,836	\$	5,077,836	\$	648,016
\$ (9,343)	\$ 146,200	\$	146,200	\$	(238,386)
-	607,097		607,097		305,084
(2,364)	(77,912)		(77,912)		-
-	(2,693)		(2,693)		(1,112)
-	-		-		(1,190,410)
(821)	(3,598)		(3,598)		(3,500)
-	-		-		156
-	-		-		1,604
-	-		-		613,215
-	-		-		816,866
-	124,138		124,138		28,762
(3,185)	647,032		647,032		570,665
\$ (12,528)	\$ 793,232	\$	793,232	\$	332,279
\$ -		\$		\$	-

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
December 31, 2015

**Statement 9**

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	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$          160,971</u>
Liabilities	
Deposits payable	<u>\$          160,971</u>

The accompanying notes are an integral part of these financial statements.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of South St. Paul, Minnesota's (City) financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. FINANCIAL REPORTING ENTITY**

The City was incorporated in 1887 and formed under Minnesota Statute 410. As such, the City is under home rule charter regulations and applicable statutory guidelines. The governing body consists of the mayor and a six-member City Council elected by the voters of the City.

The City Council is responsible for directing the affairs of the City. Under the City charter and/or subsequent ordinances, limited approval for disbursements for library activity is delegated to council appointed commissions. The City Council appoints members of the various commissions and maintains annual budgetary controls over commission delegated financial activities and all such financial transactions are included in the financial statements. The Housing and Redevelopment Authority is an autonomous unit as described below under related organizations.

In accordance with generally accepted accounting principles, the financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden, on the City.

As a result of applying the component unit definition criteria above, certain organizations are presented in this report as follows:

**Blended Component Unit**

The South St. Paul Economic Development Authority (EDA) was established to facilitate development and redevelopment in the City. The governing board consists of the members of the City Council. The City approves the levy and appropriations for the EDA annually as part of the City's budget process. Any sale of bonds or obligations issued by the EDA must be approved by the City Council before issuance and the City Council may require the EDA to transfer any portion of the reserves generated by the activities of the EDA to the City to reduce the tax levies for bonded indebtedness of the City. The EDA does not issue separate financial statements. Financial information may be obtained at the City's offices.

**Discretely Presented Component Unit**

The Housing and Redevelopment Authority of South St. Paul (HRA) operates as a local government unit for the purpose of providing housing opportunities and economic and community redevelopment services to the community. The governing body consists of a five member Board of Commissioners appointed by the Mayor to serve a five year term. The City provides no funding to the HRA, but the council reviews and must consent to the HRA tax levies. The City does not hold title to any of the HRA's assets, nor is it entitled to surpluses of the HRA or is it obligated for its deficits or debts, so there is no financial benefit or burden relationship. Financial statements of the HRA can be obtained from the HRA offices at City Hall, 125 Third Avenue North, South St. Paul, MN 55075

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activity) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activities are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Agency funds report only assets and liabilities and so cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's only fiduciary funds are agency funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except property taxes and reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

The government reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Doug Woog Arena Special Revenue Fund* accounts for charges for services, property taxes, and other revenue that is restricted and accumulated to support the operations of the arena.

The *Airport Special Revenue Fund* accounts for charges for services and other revenue that are restricted and accumulated to support the operations of the municipal airport.

The *Capital Programs Capital Projects Fund* is used to account for the revenues and expenditures for city-wide capital improvements and acquisitions.

The *Airport Improvement Capital Projects Fund* is used to account for the revenues and expenditures for capital improvements at the municipal airport.

The *Park Referendum Projects Capital Projects Fund* is used to account for the revenues and expenditures for the remodel of Doug Woog Arena, Kaposia Park, and McMorrow Park.

The *2015 Local Improvements Capital Projects Fund* is used to account for revenues and expenditures for 2015 local improvements.

The government reports the following major proprietary funds:

The *Water and Sewer Utility Fund* is used to account for the provision of water and sewer service to properties within the City.

The *Storm Water Utility Fund* is used to account for activities related to the operation of a surface water collection system for properties within the City.

The *Street Light Utility Fund* is used to account for activities related to the operation and maintenance of a city-wide street lighting system

Additionally, the government reports the following fund types:

*Internal Service Funds* account for services provided to other departments of the City on a cost reimbursement basis. The Central Garage fund provides services to the City's mobile fleet, the Other Postemployment Benefits/Employee Benefits fund accounts for the cost of retiree health insurance benefits, compensated absences, and other pension related benefits, and the Self-Insurance Dental fund accounts for the cost of the City employees' dental coverage.

*Agency Funds* are custodial in nature and are not available to the government for general operations. The Landscape/Landfill Agency Fund accounts for the assets attributable to landscaping at a private landfill after closure. The Employee Healthcare Reimbursement Account Fund accounts for the restricted assets contributed to City employees' healthcare reimbursement accounts.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

The City's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and/or cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's various functions. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. CASH AND INVESTMENTS**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Authorized investments are pursuant to applicable Minnesota Statutes including Chapter 118A and the more restrictive City policy. Although the City may legally utilize the full range of investment vehicles, the City's formal investment policy takes a more conservative approach to the selection of actual investments. Maturities of fifteen years are to include only the following, which are considered the safest with the least principal risk:

1. United States Treasury obligations and United States Government Agency securities;
2. Repurchase and reverse repurchase agreements with United States Treasury obligations and United States Government Agency securities;
3. Certificates of deposit up to \$250,000 (federally insured) or properly collateralized if over \$250,000;
4. Prime grade commercial paper (rating of A-1, P-1 or F-1);
5. Banker's acceptances (federal reserve qualified); and
6. Money market funds consisting of one or more of the above.

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value based on quoted market prices. All investment income, including changes in the fair value of investments, is reported as revenue. Interest earnings are accrued as of the balance sheet date.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. RESTRICTED ASSETS**

Restricted assets are cash and investments whose use is limited by legal requirements such as a bond indenture or grant agreement. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets are reported as cash and investments with escrow agent. Interest on restricted assets is allocated directly to the fund holding the assets.

**F. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Legally, expenditures are controlled at the departmental level. However, day-to-day administration of the budget is in accordance with the City Council approved "Budget Administration Plan," a detailed description of the complementary responsibilities of staff and Council. Through this document, as supported by a quarterly budget report (including narrative), additional controls are put on overall departmental expenditures as well as certain departmental line items, such as capital outlay. Annual appropriations lapse at fiscal year-end. Financial controls for Debt Service Funds are achieved through bond indenture provisions. Project-length financial plans are adopted for Capital Project Funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is not considered necessary to assure effective budgetary control or to facilitate effective cash management.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City administrator submits a proposed operating budget to the City Council, which includes proposed expenditures and the means of financing them.
2. Public meetings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through City Council action.
4. Formal budgets are adopted for the General Fund and four Special Revenue Funds (Airport Fund, Library Fund, Doug Woog Arena Fund, and Central Square Fund). Budget control for Debt Service Funds is achieved through bond indenture provisions. Budgetary control for Capital Project Funds is accomplished through the use of project controls. A financial plan is approved for the Proprietary Funds.
5. Expenditures may legally exceed budgeted appropriations at the departmental level. Monitoring of budgets is maintained at the line item level, especially regarding salaries and capital outlay.
6. In accordance with the provisions of the Budget Administration Plan (originally approved in 1995), the City Council must authorize transfers of discretionary budgeted amounts between departments in the General Fund or from the contingency account to departments. Transfers between or among funds are approved by the City Council.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2015 expenditures exceeded appropriations in the General Fund and the special revenue funds listed below.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Major Funds			
General Fund			
Mayor and city council	\$ 109,751	\$ 109,620	\$ (131)
Engineering	409,423	391,183	(18,240)
Parks facilities and maintenance	611,489	600,052	(11,437)
Parks and recreation administration	305,994	290,524	(15,470)
Community affairs	108,583	107,998	(585)
Special Revenue Funds			
Doug Woog Arena	826,451	759,552	(66,899)

**H. DEFICIT FUND EQUITY**

The City has deficit fund equity at December 31, 2015 as follows:

Deficit fund balance	
Major Funds	
Special Revenue Funds	
Doug Woog Arena	\$ 987,478
Airport	740,941
Capital Project Funds	
Airport Improvement	619,337
2015 Local Improvements	981,611
Nonmajor Funds	
Special Revenue Funds	
Economic Development Authority	6,644
Capital Project Funds	
Floodwall Construction	25,711
2013 Local Improvements	161,210
2014 Local Improvements	221,398
2016 Local Improvements	14,446
Unrestricted deficit net position	
Other Funds	
Internal Service Funds	
OPEB/Employee Benefits	6,836,063

The Airport and Airport Improvement deficits were caused by planned infrastructure expansion, which will produce future revenue. The Economic Development Authority deficit will be covered with tax levies in future years. Deficits in the Doug Woog Arena; Floodwall Construction; 2013, 2014, 2015 and 2016 Local Improvement; and OPEB/Employee Benefit Fund are expected to be funded with future revenues/transfers.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans or “advances to/from other funds”, i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement as “internal balances.”

In the fund financial statements, interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

Interfund loans have been established at year-end for those funds with negative balances in the cash and investment pool. The interest rate on these loans is equal to the average interest rate earned in the investment portfolio. The long-term loans are recorded as interfund advance receivable/payable.

All other interfund transactions are reported as transfers.

**J. PROPERTY TAXES**

All trade and property tax receivables are shown at gross amount, since both taxes and trade receivables are assessable to the property owners and are collectible upon sale of the assessed property.

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) in May and October of each calendar year. Personal property taxes are payable by taxpayers in February and June of each year. These taxes are collected by the County and remitted to the City three times during the year. Delinquent collections are remitted to the City with each settlement. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

The City’s property tax revenue includes payments from the Metropolitan Revenue Distribution (fiscal disparities formula) per State Statute 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation “shared” is a portion of commercial/industrial property valuation growth since 1971. Receipt of property taxes from this “fiscal disparities pool” does not increase or decrease total tax revenue.

Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and are fully offset by deferred inflows of resources, because it is not known when they will be available to finance current expenditures.

**K. SPECIAL ASSESSMENTS**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**K. SPECIAL ASSESSMENTS (CONTINUED)**

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action.

The City recognizes special assessment revenue in the government-wide financial statements when assessment rolls are levied. In the fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31, are classified as delinquent receivables and, together with deferred assessments, are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

**L. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**M. INVENTORIES**

The costs of governmental fund-type inventories are recorded as expenditures when purchased, with the exception of the airport fuel inventory, which is valued at cost using the first-in, first-out (FIFO) method. The primary government does not maintain material amounts of inventory within the other governmental funds.

**N. CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., streets, bridges, distribution systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets not being depreciated include land and construction in progress. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Classification	Years
Land improvements	20
Buildings and building improvements	50
Machinery and equipment	5 – 20
Vehicles	4 – 15
Water and sewer distribution	30
Infrastructure	30 – 50

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**N. CAPITAL ASSETS (CONTINUED)**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

Capital assets acquired by the Authority are stated at historical cost, estimated historical cost or, in the case on contributions, at fair market value at the time received. The Authority’s capitalization level is \$5,000. Additions, improvements, and other capital outlays over \$5,000 that significantly extend the useful life of the asset are capitalized. The assets acquired by the Authority include land, buildings, and equipment. These systems have been wholly (or substantially) financed by federal and state grants, or other external sources of funds.

Capital assets of the Authority are depreciated using the straight line method over the following estimated useful lives:

Classification	Years
Buildings and structures	40
Site improvements and equipment	3 – 15

**O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City has one item which arises under the full accrual basis of accounting which qualifies for reporting in this category. Pension plan deferments related to the City’s participation in the Public Employee’s Retirement Association (PERA) defined benefit plans is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports pension plan deferments for differences between the projected and actual investments earnings in PERA’s actuarial study and contributions made by the City to the defined benefit plans after PERA’s reporting date of June 30. The investment earnings amounts are deferred and recognized as an outflow of resources over four remaining years; the contributions are deferred and recognized as an outflow of resources corresponding to the reporting period from PERA.

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to futures periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item which arises under the modified accrual basis of accounting and one item which arises under the full accrual basis of accounting which qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and charges for services not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item, pension plan deferments related to the City’s participation in PERA’s defined benefit plans is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports pension plan deferments for the difference between the expected and actual economic experience in PERA’s actuarial study. These amounts are deferred and recognized as an inflow of resources over three remaining years.

**P. COMPENSATED ABSENCES**

It is the City’s policy to permit employees to accumulate earned but unused vacation, compensatory time, retirement severance and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. When material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**R. STATE-WIDE PENSION PLANS**

For the purposes of measuring net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA fiduciary net position have been determined on the same basis as they are reported by the PERA except that the PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**S. FUND EQUITY**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

*Nonspendable* – consists of amounts that are not in spendable form or are required to be maintained intact.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of internally imposed constraints. These constraints are established, modified and rescinded by formal action (resolution) of the City Council, which is the highest level of decision making authority.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by City Council resolution.

*Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. Additionally, the City would first use committed then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain an unassigned fund balance of 35% to 50% of the subsequent years' budgeted expenditures for cash-flow timing needs.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. FUND EQUITY (CONTINUED)**

In the government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All remaining net position is reported as unrestricted.

**T. USE OF ESTIMATES**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**U. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$21,172,647) difference are as follows:

Bonds payable	\$ (19,735,000)
Plus: Bond premium (to be amortized over life of debt)	(345,463)
Accrued interest payable	(115,253)
Notes payable	(40,678)
Capital leases	<u>(936,253)</u>
 Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	  <u>\$ (21,172,647)</u>

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$5,881,676 difference are as follows:

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**U. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
 (CONTINUED)**

Capital outlay	\$ 8,244,999
Depreciation expense	<u>(2,363,323)</u>
Net adjustment to change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 5,881,676</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this (\$4,182,288) difference are as follows:

Debt issued:	
General obligation bonds	\$ (4,945,000)
Premium on bonds issued	(78,986)
Principal repayments:	
General obligation debt	700,000
Notes payable	37,549
Capital lease	<u>104,149</u>
Net adjustment to change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (4,182,288)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$99,707 difference are as follows:

Accrued interest	\$ 79,113
Amortization of bond premium	<u>20,594</u>
Net adjustment to change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 99,707</u>

**Note 2 DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT**

**A. DEPOSITS**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

**Note 2 DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT**

**A. DEPOSITS (CONTINUED)**

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

As of December 31, 2015 the City's bank balances of \$12,013,973 were covered by insurance or collateral pledged and held in the City's name.

**B. INVESTMENTS**

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
  - 3) a general obligation of the Minnesota housing finance agency, which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 2 DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT**

**B. INVESTMENTS (CONTINUED)**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investments at December 31, 2015 are insured or held by the City or its agents in the City's name. The City's investment in money market funds is composed of U.S. Treasury and repurchase agreements which are 102% collateralized by U.S. Government securities.

Investments and maturities of the cash pool at December 31, 2015 are as follows:

Investment Type	Standard & Poors Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
U.S. agency securities	AA	\$ 2,082,243	\$ -	\$ -	\$ 2,082,243
Local government securities	AAA	607,149	-	607,149	-
Local government securities	AA	1,325,034	-	1,029,802	295,232
Negotiable certificates of deposit	N/A	5,047,927	446,855	3,859,747	741,325
US treasury securities	N/A	1,185,444	1,185,444	-	-
Government money market mutual funds	AAA	24,489	24,489	-	-
Total investments in cash and investment pool		<u>\$ 10,272,286</u>	<u>\$ 1,656,788</u>	<u>\$ 5,496,698</u>	<u>\$ 3,118,800</u>

N/A = not rated

Cash and investments comprising the City's cash pool at December 31, 2015 were as follows:

	Fair Value
Cash	
Cash on hand	\$ 5,150
Cash in banks	
Bank accounts	7,638,948
Money manager savings account	3,493,573
Total cash	<u>11,137,671</u>
Investments	
U.S. agency securities	2,082,243
Local government securities	1,932,183
Negotiable certificates of deposit	5,047,927
US treasury securities	1,185,444
Government money market mutual funds	24,489
Total investments	<u>10,272,286</u>
Total cash, cash equivalents, and investments	<u>\$ 21,409,957</u>

**Note 2 DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT**

**B. INVESTMENTS (CONTINUED)**

Reconciliation to Statements	
Statement of Net Position - Statement 1	
Cash, cash equivalents, and investments	\$ 20,063,542
Restricted cash and investments	1,185,444
Statement of Net Position - Statement 9	
Cash and investments	160,971
Total cash, cash equivalents, and investments	<u>\$ 21,409,957</u>

**C. INVESTMENT RISKS**

Interest rate risk. The City’s investment policy directs the finance director to analyze short and long-term cash flow needs and to determine allowable levels of investments in short-term, intermediate and long-term maturities as a means of managing the City’s exposure to fair value losses arising from increasing interest rates. The City’s formal investment policy recommends investment maturities shall match the City’s projected cash flows.

Credit risk. Minnesota Statutes authorize investments in U.S. Treasuries, U.S. Agencies, state and municipal bonds rated “A” or better by a national bond rating service, time deposits fully insured by the FDIC, bankers acceptance, commercial papers rated in the highest quality category by at least two nationally recognized rating agencies and with a maturity of 270 days or less and repurchase agreements. The City’s investment policy limits certain investments in repurchase and reverse repurchase agreements in U.S. Treasury obligations and U.S. Government Agency securities.

Concentration of credit risk. The City’ investment policy places no limit on the amount the City may invest in any one issuer. Investments intrinsically carry credit risk and when investments are concentrated in one issuer this concentration presents a heightened risk of potential loss. Although there is no percentage that identifies when concentration risk is present, GASB recommends disclosure of investments in issuers representing more than 5% of the total investment portfolio. Investments issued explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Investments in any one issuer that represent five percent or more of the total investments as of December 31, 2015 were as follows:

	Fair Value	Percent of Total Investments
Investment issuer:		
FHLB	\$ 1,882,251	18.3%
Rochester MN Taxable Tax Increment Series A	607,149	5.9%
Ohio State Conservation Project GO Bonds Series C	517,160	5.0%

**Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

**A. DEPOSITS**

Custodial Credit Risk: As of December 31, 2015, the Authority’s bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution’s trust department or agent and in the Authority’s name.

Total deposits at December 31, 2015 are as follows:

Cash	\$ 1,990,824
Money markets	158,514
Total deposits	<u>\$ 2,149,338</u>

**B. INVESTMENTS**

The following is a summary of investments as of December 31, 2015:

	<u>Maturity Date</u>	<u>Market Value</u>	<u>Percent of Investments</u>	<u>Type</u>	<u>Rating</u>
First American Government Obligations	N/A	\$ 3,955	3.49%	MM	N/A
ISD No. 283 - St. Louis Park, Minnesota, Taxable Other Post Employment Benefits (OPEB)	2/1/2020	<u>109,334</u>	96.51%	Sec	Aa2
Total		<u>\$ 113,289</u>			

Concentration of Credit Risk: As of December 31, 2015, investments in the ISD No. 283 – St. Louis Park, Minnesota Taxable OPEB (96.5%) was exposed to concentration of credit risk as it exceeded 5% of the Authority’s total investments.

**C. BALANCES**

The following is a summary of total cash and investments:

	<u>Fair Value</u>
Deposits	\$ 2,149,338
Investments	113,289
Total cash and investments	<u>\$ 2,262,627</u>
Reconciliation to Statements	
Statement of Net Position - Statement 1	
Cash (including cash equivalents)	\$ 2,149,338
Cash with fiscal agent	113,289
Total cash, cash equivalents, and investments	<u>\$ 2,262,627</u>

**Note 3 RECEIVABLES**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

**A. CAPITAL LEASE RECEIVABLE**

The HRA leases a manufacturing facility located at the Municipal Airport to the City. The HRA issued lease bonds to finance construction of the lease facilities. The HRA's lease with the City provides for minimum lease payments sufficient to cover the HRA's debt service and related expenses. The lease transfers ownership of the property to the City as of the lease term. The economic substance of the lease indicates the HRA is financing the acquisition of the assets through the lease and, accordingly, is recorded as a capital lease in the Government-Wide Statement of Net Position.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2015:

<u>Payment Year</u>	City Payment to HRA
2016	\$ 149,400
2017	151,110
2018	147,586
2019	143,060
2020	139,300
Later years	<u>1,218,462</u>
Total Minimum Lease Receivable	1,948,918
Less Amount Representing Interest	<u>647,706</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,301,212</u></u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 4 CAPITAL ASSETS**

**PRIMARY GOVERNMENT**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance, as previously stated	Prior Period Adjustment	Beginning Balance, restated	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 10,019,234	\$ -	\$ 10,019,234	\$ 725,002	\$ -	\$ 10,744,236
Construction in progress	8,236,402	(1,746,243)	6,490,159	7,349,276	(3,770,291)	10,069,144
Total capital assets, not being depreciated	18,255,636	(1,746,243)	16,509,393	8,074,278	(3,770,291)	20,813,380
Capital assets, being depreciated:						
Buildings and land improvements	32,604,123	-	32,604,123	1,562,673	-	34,166,796
Machinery and equipment	8,177,377	-	8,177,377	423,947	(288,458)	8,312,866
Infrastructure	59,363,052	-	59,363,052	971,292	-	60,334,344
Total capital assets, being depreciated	100,144,552	-	100,144,552	2,957,912	(288,458)	102,814,006
Less accumulated depreciation for:						
Buildings and land improvements	9,678,198	-	9,678,198	667,892	-	10,346,090
Machinery and equipment	4,624,506	-	4,624,506	560,765	(259,242)	4,926,029
Infrastructure	37,846,533	-	37,846,533	1,439,750	-	39,286,283
Total accumulated depreciation	52,149,237	-	52,149,237	2,668,407	(259,242)	54,558,402
Total capital assets being depreciated-net	47,995,315	-	47,995,315	289,505	(29,216)	48,255,604
Governmental activities capital assets-net	\$ 66,250,951	\$ (1,746,243)	\$ 64,504,708	\$ 8,363,783	\$ (3,799,507)	\$ 69,068,984
<b>Business-type activities:</b>						
Capital assets, not being depreciated:						
Land			\$ 329,100	\$ -	\$ -	\$ 329,100
Construction in progress			2,249	148,911	(2,249)	148,911
Total capital assets, not being depreciated			331,349	148,911	(2,249)	478,011
Capital assets, being depreciated:						
Buildings and land improvements			6,514,181	-	-	6,514,181
Machinery and equipment			3,018,203	-	-	3,018,203
Infrastructure			22,233,373	1,228,340	-	23,461,713
Total capital assets, being depreciated			31,765,757	1,228,340	-	32,994,097
Less accumulated depreciation for:						
Buildings and land improvements			1,529,511	122,181	-	1,651,692
Machinery and equipment			663,206	112,341	-	775,547
Infrastructure			10,480,444	372,575	-	10,853,019
Total accumulated depreciation			12,673,161	607,097	-	13,280,258
Total capital assets being depreciated-net			19,092,596	621,243	-	19,713,839
Business-type activities capital assets-net			\$ 19,423,945	\$ 770,154	\$ (2,249)	\$ 20,191,850

Assets totaling \$1,228,340 were transferred from governmental activities to business-type activities during 2015. In addition, a total of \$1,746,243 was removed from construction in progress as these costs were not capital costs; they were determined to be maintenance.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 4 CAPITAL ASSETS**

**PRIMARY GOVERNMENT (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 62,429
Public safety	48,369
Public works	1,738,235
Parks, arena, library	297,021
Transportation	217,269
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>305,084</u>
Total depreciation expense - governmental activities	<u>\$ 2,668,407</u>
Business-type activities:	
Water and sewer utility	\$ 354,344
Storm water utility	<u>252,753</u>
Total depreciation expense - business-type activities	<u>\$ 607,097</u>

**CONSTRUCTION COMMITMENTS**

At December 31, 2015 the City had construction project contracts in progress. The commitments related to remaining contract balances are summarized as follows:

<u>Project</u>	<u>Responsible Fund</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Flood Control System Study	Capital Programs Fund	\$ 266,400	\$ 78,781
Apron, Taxiway and Taxilane Reconstruction	Airport Improvement Fund	2,283,222	24,753
Kaposia Park - Phase 1	Park Referendum Projects Fund	5,461,055	213,832
McMorrow Field Site Improvements	Park Referendum Projects Fund	208,665	198,511
Sanitary Sewer Relocation - Railyard	Water and Sewer Utility Fund	254,500	106,858
Total all funds		<u>\$ 8,473,842</u>	<u>\$ 622,735</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 4 CAPITAL ASSETS (CONTINUED)**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ 183,817	\$ -	\$ 183,817
Capital assets, being depreciated:				
Machinery and equipment	1,215,452	-	-	1,215,452
Less accumulated depreciation for:				
Machinery and equipment	276,429	62,529	-	338,958
Total capital assets being depreciated-net	939,023	(62,529)	-	876,494
Governmental activities capital assets-net	<u>\$ 939,023</u>	<u>\$ 121,288</u>	<u>\$ -</u>	<u>\$ 1,060,311</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 265,675	\$ -	\$ -	\$ 265,675
Construction in progress	1,212,280	795,664	1,895,650	112,294
Total capital assets, not being depreciated	1,477,955	795,664	1,895,650	377,969
Capital assets, being depreciated:				
Buildings and structures	17,195,271	1,919,750	-	19,115,021
Machinery and equipment	69,832	-	-	69,832
Total capital assets, being depreciated	17,265,103	1,919,750	-	19,184,853
Less accumulated depreciation for:				
Buildings and structures	13,084,917	403,381	-	13,488,298
Machinery and equipment	55,200	2,440	-	57,640
Total accumulated depreciation	13,140,117	405,821	-	13,545,938
Total capital assets being depreciated-net	4,124,986	1,513,929	-	5,638,915
Business-type activities capital assets-net	<u>\$ 5,602,941</u>	<u>\$ 2,309,593</u>	<u>\$ 1,895,650</u>	<u>\$ 6,016,884</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 5 LONG-TERM DEBT**

**PRIMARY GOVERNMENT**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The following debt service account for the accumulation of resources and payment of bond principal and interest and related costs on the following four categories of long-term debt.

Special Assessment Financing – used to account for the payment of principal and interest on bonds issued to fund the costs of constructing improvements benefiting specified properties in the City. Benefited properties are then assessed the share of the project costs and repay these assessments over a specified period of time at a stated interest rate.

General Purpose Financing – used to accumulate monies from property taxes for payment of general obligation bonds, which have been issued, to finance projects and other costs, which have not been assessed against benefiting properties.

Tax Increment Financing – used to accumulate monies from tax increments for payment of taxable tax increment bonds which have been issued to finance projects and other costs related to economic development within the City.

Drinking Water Revolving Fund Loan – the Water and Sewer fund is responsible for accumulating resources to make the principal and interest payments on the loan.

Bonds outstanding at December 31, 2015 are as follows:

	Final Maturities	Interest Rate	Original Amount	Outstanding 12/31/15
Special Assessment Bonds	2030	4.00% - 4.70%	\$ 1,955,000	\$ 1,285,000
General Obligation Bonds	2018 - 2036	2.00% - 4.15%	22,070,000	19,470,000
Taxable Tax Increment Bonds	2025	1.50% - 3.10%	1,815,000	1,815,000
Drinking Water Revolving Fund Loan	2029	1.709%	2,801,051	1,962,000
			<u>\$ 28,641,051</u>	<u>\$ 24,532,000</u>

Annual debt service requirements to maturity for bonds are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,330,000	\$ 459,996	\$ 250,000	\$ 102,871
2017	1,310,000	432,937	297,000	97,784
2018	1,365,000	400,784	300,000	92,214
2019	1,215,000	370,724	302,000	86,592
2020	1,220,000	343,157	314,000	80,836
2021-2025	5,500,000	1,326,045	1,650,000	310,795
2026-2030	3,555,000	755,788	1,684,000	108,975
2031-2035	3,035,000	289,544	-	-
2036	205,000	3,331	-	-
Total	<u>\$ 19,735,000</u>	<u>\$ 4,382,306</u>	<u>\$ 4,797,000</u>	<u>\$ 880,067</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 5 LONG-TERM DEBT**

**PRIMARY GOVERNMENT (CONTINUED)**

All long-term bonded indebtedness outstanding at December 31, 2015 is backed by the full faith and credit of the City, including special assessment issues, tax increment issues, and the revolving fund loan. Bonds in the governmental activities will be retired by future property tax levies or special assessments accumulated in the specific debt services funds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Delinquent special assessments in the governmental funds at December 31, 2015 were \$16,325.

Changes in long-term liabilities during December 31, 2015 are summarized as follows:

	Balance 01/01/15 (restated)	Additions	Deletions	Balance 12/31/15	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Special assessment	\$ 1,395,000	\$ -	\$ 110,000	\$ 1,285,000	\$ 1,285,000
General obligation	14,095,000	3,130,000	590,000	16,635,000	880,000
Taxable tax increment	-	1,815,000	-	1,815,000	165,000
Plus/(Less) deferred amounts:					
For issuance premium	287,071	78,985	20,593	345,463	-
Total bonds payable	15,777,071	5,023,985	720,593	20,080,463	2,330,000
Note payable	78,227	-	37,549	40,678	37,549
Capital lease	1,040,402	-	104,149	936,253	100,680
Net other postemployment benefit obligation	1,089,468	448,813	343,856	1,194,425	-
Net pension liability	5,786,879	1,940,593	1,678,711	6,048,761	-
Compensated absences	380,625	46,816	98,028	329,413	84,727
Total governmental activities long-term debt	<u>\$ 24,152,672</u>	<u>\$ 7,460,207</u>	<u>\$ 2,982,886</u>	<u>\$ 28,629,993</u>	<u>\$ 2,552,956</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation	\$ 4,920,000	\$ -	\$ 123,000	\$ 4,797,000	\$ 250,000
Plus/(Less) deferred amounts:					
For issuance premium	46,452	-	3,079	43,373	-
Total business-type activities long-term debt	<u>\$ 4,966,452</u>	<u>\$ -</u>	<u>\$ 126,079</u>	<u>\$ 4,840,373</u>	<u>\$ 250,000</u>

Compensated absences, net pension liability, and net other postemployment benefit obligation are liquidated by the OPEB / Employee Benefits Internal Service Fund.

Bonds in the business-type activities will be retired with the net revenues of the Water and Sewer Utility and Storm Water Utility funds. In the event that a deficiency exists because of inadequate net revenues at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Net revenues in the Water and Sewer Utility and Storm Water Utility funds at December 31, 2015 were \$318,083 which closely approximates the amount required for payment of principal and interest in 2016.

Advance Crossover Refunding – On December 27, 2012, the City issued \$1,215,000 in General Obligation Refunding Bonds, Series 2012A with an average interest rate of 1.7109% to advance refund \$1,175,000 of outstanding 2008A Series Bonds with an average interest rate of 4.3912%. The net proceeds of \$1,239,420 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for interest on the refunding bonds before the crossover date and called principal on the refunded bonds on February 1, 2016.

**Note 5 LONG-TERM DEBT**

**PRIMARY GOVERNMENT (CONTINUED)**

The City advance refunded the 2008A Improvement Bonds to reduce its total debt service payments over the last fifteen years of the bond by \$165,923 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$144,085.

The City is responsible for the debt service of the refunded bonds until the crossover date and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with the escrow agent total \$1,175,000 at December 31, 2015.

Bonds Issued – On January 8, 2015, the City issued \$1,815,000 in Taxable General Obligation Tax Increment Bonds Series 2015A to finance the acquisition of land in the HRA’s Concord Street Tax Increment Financing District No. 2. These bonds will be repaid from tax increment revenues generated by existing development within the HRA’s Concord Street Tax Increment Financing District No. 2. The bonds have interest rates from 1.5% to 3.1% on annual maturities ranging from \$165,000 to \$200,000 with the final maturity on February 1, 2025.

On December 8, 2015, the City issued \$3,130,000 in General Obligation Park Bonds Series 2015B to fund voter-approved improvements to McMorrow Field. These bonds will be repaid by a voter-approved tax levy. The bonds have interest rates from 2.00% to 3.25% on annual maturities ranging from \$115,000 to \$205,000 with the final maturity on February 1, 2036.

Other Long-Term Debt – In 2007, the City entered into an agreement with the State of Minnesota Department of Transportation for the financing of a 20 unit T-Hangar for storage of aircraft. This note is paid for by the Airport Special Revenue Fund. A summary of the financial terms are as follows:

<u>Governmental Activities</u>	<u>Issue Date</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding 12/31/15</u>
T-Hangar note payable	2/1/2007	1/1/2017	0.00%	\$ 375,490	\$ 40,678

Annual payments to maturity are \$37,549 in 2016 and \$3,129 in 2017.

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

**A. BUSINESS-TYPE ACTIVITIES**

**1. General Obligation Debt**

During 1999, the HRA obtained financing of two loans through the MHFA in the aggregate amount of \$211,980 to assist with the rehabilitation of the John Carroll Apartment windows. One loan in the amount of \$105,980 is due and payable on September 20, 2029. This is a noninterest bearing loan. The other loan in the amount of \$106,000 shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement. Both loans are reported under long-term liability section in the Statement of Net Position.

During 2002, the HRA obtained financing from Dakota County Community Development Agency in the amount of \$250,000 to assist with the rehabilitation of the Nan McKay Apartment windows. This is a noninterest bearing loan and is due and payable on October 28, 2017.

**Note 5 LONG-TERM DEBT**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

**A. BUSINESS-TYPE ACTIVITIES**

**1. General Obligation Debt (Continued)**

In addition, during 2009, the HRA obtained financing through Wells Fargo for an Energy Performance Contract with Johnson Controls in the amount of \$624,325. This contract is to assist with energy conservation improvements at the John Carroll Building. The interest rate on the loan is 5.37%, payable monthly in the amount of \$5,058 and is due on April 1, 2024. The balance at December 31, 2015 was \$0. During 2015, the 2009 loan was refinanced. The HRA obtained financing through PNC Equipment Finance, LLC in the amount of \$1,163,746. The balance on the 2015 loan at December 31, 2015 was \$1,054,429. The interest rate on the 2015 loan is 3.22%, payable in amounts as follows:

	Energy Performance Lease		
	Principal	Interest	Total
2016	\$ 100,101	\$ 33,942	\$ 134,043
2017	97,674	30,719	128,393
2018	104,790	27,575	132,365
2019	112,254	24,202	136,456
2020	120,081	20,589	140,670
2021-2024	519,529	40,995	560,524
Total	\$ 1,054,429	\$ 178,022	\$ 1,232,451

During 2013, the Authority obtained financing from the MHFA in the amount of \$368,734 to assist with the rehabilitation of the Nan McKay Apartment elevators. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

Annual debt service requirements for business-type activities long-term general obligation debt are as follows:

	Principal	Interest	Total
2016	\$ 100,101	\$ 33,942	\$ 134,043
2017	97,674	30,719	128,393
2018	104,790	27,575	132,365
2019	112,254	24,202	136,456
2020	120,081	20,589	140,670
2021-2024	519,529	40,995	560,524
Forgivable debt	830,714	-	830,714
Total	\$ 1,885,143	\$ 178,022	\$ 2,063,165

**Note 5 LONG-TERM DEBT**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY  
 (CONTINUED)**

**B. GOVERNMENTAL ACTIVITIES**

**1. \$1,750,000 Lease Revenue Bonds**

The HRA issued bonds in 2007 for the purpose of providing funds to finance construction of a building on the City Municipal Airport to house manufacturing facilities of Ballistic Recovery Systems, Inc. (BRS), an entity engaged in developing and commercializing whole-aircraft emergency recovery parachute systems for use with general aviation and recreational aircraft. The City will lease the land and improvements from the HRA pursuant to a lease-purchase agreement. Under the lease, rental payments are to be made by the City in amounts sufficient to pay the principal and interest on the bonds when due. The City will, in turn, sublease the property and pledges base rent payments to the HRA subject to the City’s right to terminate the lease at the end of any fiscal year in the event of nonappropriation of funds. Bonds maturing in 2019 in the amount of \$710,000 have a stated interest rate of 4.7% and bonds maturing in 2029 in the amount of \$1,040,000 have a stated interest rate of 5.125%. The BRS Debt Service Fund is responsible for liquidation of this debt. The balance outstanding at December 31, 2015 was \$1,340,000.

The HRA issued bonds in 2010 in the amount of \$1,245,000 for the purpose of providing funds for the purchase of capital equipment. Under the lease, payments are to be made by the City in amounts sufficient to pay the principal and interest on the bonds when due. The bond matures in 2020 and has a stated interest rate of 0.9%-3.2%. The Metro Fire Bond Fund is responsible for the liquidation of this debt. The balance outstanding at December 31, 2015 was \$720,000.

Annual debt service requirements for the lease revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 205,000	\$ 86,102	\$ 291,102
2017	215,000	79,440	294,440
2018	220,000	72,065	292,065
2019	230,000	64,185	294,185
2020	235,000	55,700	290,700
2021-2025	495,000	196,544	691,544
2026-2029	<u>460,000</u>	<u>57,913</u>	<u>517,913</u>
Total	<u>\$ 2,060,000</u>	<u>\$ 611,949</u>	<u>\$ 2,671,949</u>

**2. Special Assessments**

During 2006, the City special assessed property owned by the HRA in the 1979 Concord Street Tax Increment District for street and utility improvements in the amount of \$731,420. These assessments are due over a 10 year period at 0% interest.

Annual debt service requirements for the TIF special assessments are \$31,571 for 2016.

All business-type long-term debt will be liquidated by the Low Rent Housing Fund.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 5 LONG-TERM DEBT**

**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY  
(CONTINUED)**

**C. CHANGES IN LONG-TERM DEBT**

Long-term debt activity for the year ended December 31, 2015 was as follows:

	Balance 01/01/15	Additions	Deletions	Balance 12/31/15	Due Within One Year
<b>Governmental activities:</b>					
Lease revenue bonds	\$ 2,260,000	\$ -	\$ 200,000	\$ 2,060,000	\$ 205,000
Special assessment	94,713	-	63,142	31,571	31,571
Compensated absences/severance payable	20,012	6,982	23,995	2,999	-
Total governmental activities long-term debt	<u>\$ 2,374,725</u>	<u>\$ 6,982</u>	<u>\$ 287,137</u>	<u>\$ 2,094,570</u>	<u>\$ 236,571</u>
	Balance 01/01/15	Additions	Deletions	Balance 12/31/15	Due Within One Year
<b>Business-type activities:</b>					
1999 MHFA	\$ 105,980	\$ -	\$ -	\$ 105,980	\$ -
1999 MHFA	106,000	-	-	106,000	-
2013 MHFA	368,734	-	-	368,734	-
2002 CDA	250,000	-	-	250,000	-
Energy Performance	441,744	-	441,744	-	-
Energy Performance - 78 PNC	-	447,478	42,038	405,440	38,489
Energy Performance - 77 PNC	-	716,281	67,292	648,989	61,612
Compensated absences/severance payable	129,319	42,891	152,176	20,034	-
Total business-type activities long-term debt	<u>\$ 1,401,777</u>	<u>\$ 1,206,650</u>	<u>\$ 703,250</u>	<u>\$ 1,905,177</u>	<u>\$ 100,101</u>

All current compensated absences were paid to employees on December 31, 2015 prior to the transition of the HRA to the South St. Paul Economic Development Authority.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 6 FUND EQUITY**

**A. NET POSITION**

Net position reported in the government-wide statement of net position at December 31, 2015, include the following:

**Governmental Activities**

Net investment in capital assets:	
Land and easements	\$ 10,744,236
Construction in progress	10,069,144
Other capital assets, net of depreciation	48,255,604
Less: related long-term debt outstanding	<u>(16,398,884)</u>
Total net investment in capital assets	<u>52,670,100</u>
Restricted:	
Debt service	3,091,062
Park improvements	1,849,604
Library funding	114,726
Forfeitures	9,719
Community relations	33,289
Memorial funding	4,604
Lawful purposes	<u>5,260</u>
Total restricted	<u>5,108,264</u>
Unrestricted	<u>4,944,946</u>
Total governmental activities net position	<u>\$ 62,723,310</u>

**Business-type Activities**

Net investment in capital assets:	
Land and easements	329,100
Construction in progress	148,911
Other capital assets, net of depreciation	19,713,839
Less: related long-term debt outstanding	<u>(4,670,515)</u>
Total net investment in capital assets	<u>15,521,335</u>
Unrestricted	<u>6,766,631</u>
Total business-type activities net position	<u>\$ 22,287,966</u>

Related debt for business-type activities capital assets includes \$1,962,000 in general obligation revenue bonds, \$43,373 in premium on bonds issued, and \$2,665,142 in general obligation bonds, the amount issued to finance the storm water utility Levee Lift Station included in the Floodwall Construction project. The remaining \$169,858 of general obligation bonds was issued to finance piping improvements and replacements (included with the governmental activities capital assets) that will be capitalized when the project is complete.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 6 FUND EQUITY (CONTINUED)**

**B. FUND BALANCES**

At December 31, 2015, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	Doug Woog Arena	Airport	Capital Programs	Airport Improvement	Park Referendum Projets	2015 Local Improvements	Other Nonmajor Governmental	Total
<b>Nonspendable:</b>									
Prepaid Items	\$ 151,728	\$ -	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,378
Inventory	78,408	-	43,148	-	-	-	-	-	121,556
Total nonspendable	230,136	-	43,798	-	-	-	-	-	273,934
<b>Restricted for:</b>									
Debt Service	-	-	-	-	-	-	-	3,083,196	3,083,196
Park Improvements	-	-	-	-	-	1,628,510	-	221,094	1,849,604
Community Relations	-	-	-	-	-	-	-	33,289	33,289
Forfeitures	-	-	-	-	-	-	-	9,719	9,719
Lawful Purposes	-	-	-	-	-	-	-	5,260	5,260
Memorial Funding	-	-	-	-	-	-	-	4,604	4,604
Library Funding	-	-	-	-	-	-	-	114,726	114,726
Total restricted	-	-	-	-	-	1,628,510	-	3,471,888	5,100,398
<b>Committed for:</b>									
Working Capital	4,532,045	-	-	-	-	-	-	-	4,532,045
Central Square	-	-	-	-	-	-	-	70,335	70,335
Total committed	4,532,045	-	-	-	-	-	-	70,335	4,602,380
<b>Assigned for:</b>									
Working Capital	-	-	-	4,612,011	-	-	-	1,342,234	5,954,245
Future equipment	-	-	-	-	-	-	-	244,304	244,304
Other Purposes	-	-	-	-	-	-	-	106,728	106,728
Total assigned	-	-	-	4,612,011	-	-	-	1,693,266	6,305,277
<b>Unassigned:</b>									
General fund	5,565,047	-	-	-	-	-	-	-	5,565,047
Doug Woog Arena	-	(987,478)	-	-	-	-	-	-	(987,478)
Airport	-	-	(784,739)	-	-	-	-	-	(784,739)
Airport Improvement	-	-	-	-	(619,337)	-	-	-	(619,337)
2015 Local Improvements	-	-	-	-	-	-	(981,611)	-	(981,611)
Nonmajor Governmental	-	-	-	-	-	-	-	(429,409)	(429,409)
Total unassigned	5,565,047	(987,478)	(784,739)	-	(619,337)	-	(981,611)	(429,409)	1,762,473
<b>Total</b>	<b>\$ 10,327,228</b>	<b>\$ (987,478)</b>	<b>\$ (740,941)</b>	<b>\$ 4,612,011</b>	<b>\$ (619,337)</b>	<b>\$ 1,628,510</b>	<b>\$ (981,611)</b>	<b>\$ 4,806,080</b>	<b>\$ 18,044,462</b>

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS**

PLAN DESCRIPTION

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

**1. General Employees Retirement Fund**

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS**

PLAN DESCRIPTION (CONTINUED)

**2. Public Employees Police and Fire Fund**

The Public Employees Police and Fire Fund (PEPFF), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

**1. GERF**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**2. PEPFF**

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. GERF**

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$285,496. The City's contributions were equal to the required contributions as set by state statute.

**2. PEPFF**

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$367,564. The City's contributions were equal to the required contributions as set by state statute.

PENSION COSTS

**1. GERF**

At December 31, 2015, the City reported a liability of \$3,264,988 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was 0.063% which was a decrease of 0.0057% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$368,276 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 164,611
Difference between projected and actual investment earnings	309,081	-
Changes in proportion	-	200,818
Contributions made to PERA subsequent to the measurement date	140,982	-
Total	\$ 450,063	\$ 365,429

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS**

PENSION COSTS

**1. GERP (Continued)**

\$140,982 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2016	\$ (44,539)
2017	(44,539)
2018	(44,540)
2019	77,270

**2. PEPFF**

At December 31, 2015, the City reported a liability of \$2,783,773 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.245% which was an increase of 0.008% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$493,862 for its proportionate share of the PEPFF's pension expense. The City also recognized \$22,050 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 451,437
Difference between projected and actual investment earnings	485,027	-
Changes in proportion	72,003	-
Contributions made to PERA subsequent to the measurement date	183,317	-
Total	<u>\$ 740,347</u>	<u>\$ 451,437</u>

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS**

PENSION COSTS

**2. PEPFF (Continued)**

\$183,317 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2016	\$ 45,371
2017	45,371
2018	45,371
2019	45,368
2020	(75,888)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disability rates were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1st until 2034, then 2.5% for GERP and PEPFF.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Note 7 RETIREMENT PLANS**

**A. DEFINED BENEFIT PENSION PLANS**

ACTUARIAL ASSUMPTIONS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
City's proportionate share of the GERF net pension liability	\$ 5,133,720	\$ 3,264,988	\$ 1,721,701
City's proportionate share of the PEPFF net pension liability	5,425,603	2,783,773	601,161

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org)

**B. DEFINED CONTRIBUTION PLAN**

Five council members are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**Note 7 RETIREMENT PLANS**

**B. DEFINED CONTRIBUTION PLAN (CONTINUED)**

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of their salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2015 were:

Contribution Amounts		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,803	\$ 1,803	5%	5%	5%

**Note 8 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**1. Plan Description**

The City provides postemployment health care benefits for retirees and police disabled in the line of duty through a single-employer defined benefit plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 subdivision 2b and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

**2. Benefits Provided and Current Participants**

Under specific collective bargaining unit agreements, active employees, who retire from the City, may continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program until age 65. Pursuant to the provisions of the collective bargaining unit agreements, retirees are required to pay the same premium cost as if they were an active employee. As of December 31, 2015 there were 79 active participants and 23 retired participants receiving benefits from the City's health plans.

**3. Funding Policy**

The City funds its OPEB obligation on a pay as you go basis.

**4. Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**Note 8 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**4. Annual OPEB Cost and Net OPEB Obligation (Continued)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 468,238
Interest on Net OPEB Obligation	43,579
Adjustment to ARC	<u>(63,004)</u>
Annual OPEB Cost (Expense)	448,813
Employer Contributions:	
Direct	(212,635)
Indirect-Implicit Rate Subsidy	<u>(131,221)</u>
Increase in Net OPEB Obligation	104,957
Net OPEB Obligation- beginning of year	<u>1,089,468</u>
Net OPEB Obligation- end of year	<u><u>\$ 1,194,425</u></u>

The net other postemployment benefit obligation is generally charged back to the fund in which the retiree originally worked, the most significant amounts are liquidated from the General Fund.

The City had an actuarial valuation performed for the plan as of January 1, 2014 to determine the funded status of the plan as of that date as well as the employer's ARC for the fiscal year ended December 31, 2015. The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the prior two years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 374,133	81.2%	\$ 994,446
12/31/2014	452,455	79.0%	1,089,468
12/31/2015	448,813	76.6%	1,194,425

**5. Funded Status and Funding Progress**

As of January 1, 2014, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$4,985,460. The annual payroll for active employees covered by the plan in the actuarial valuation was \$5,849,251 for a ratio of UAAL to covered payroll of 85.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**6. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5%, reduced by decrements to an ultimate rate of 5% after eight years. The inflation rate was assumed to be 3%. The UAAL is being amortized as a level dollar amount over a 30-year open period.

**Note 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS**

The composition of interfund balances at December 31, 2015 is as follows:

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
	Major Governmental Funds:	
General Fund	Doug Woog Arena	\$ 1,010,058
General Fund	Airport	806,027
General Fund	Airport Improvement	1,615,498
Capital Programs Fund	Airport Improvement	822,664
General Fund	2015 Local Improvements	650,441
	Nonmajor Governmental Funds:	
General Fund	Economic Development Authority	4,797
General Fund	Floodwall Construction	47,336
General Fund	2013 Local Improvements	161,920
General Fund	2014 Local Improvements	221,522
General Fund	2016 Local Improvements	14,446
	Total	<u>\$ 5,354,709</u>

Interfund loans ("advances") are needed to alleviate cash deficits in individual funds during the course of the year and for purposes of the financial statements at year end. The fund which requires the loan will pay interest on the actual amount of the cash borrowed which shall be the minimum needed. The amount of interest charged and paid will be based on the fund cash deficit and the current yields on the City's short term investment portfolio.

**Interfund transfers:**

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015

**Note 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS (CONTINUED)**

	Transfer In							Total
	General Fund	Capital Programs	Airport Improvement	2015 Local Improvements	Nonmajor Governmental	Street Light Utility	Internal Service	
Transfer out:								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
Doug Woog Arena	-	-	-	-	166,596	-	-	166,596
Airport	-	-	66,571	-	-	-	-	66,571
Capital Programs	-	-	-	-	1,179,165	-	-	1,179,165
Nonmajor Governmental	33,463	4,470	-	-	910,321	-	105,485	1,053,739
Water and Sewer Utility	100,000	-	-	44,605	230,053	-	-	374,658
Storm Water Utility	40,000	-	-	52,940	46,561	-	-	139,501
Street Light Utility	20,000	-	-	-	-	-	-	20,000
Total transfers	<u>\$ 193,463</u>	<u>\$ 4,470</u>	<u>\$ 66,571</u>	<u>\$ 97,545</u>	<u>\$ 2,532,696</u>	<u>\$ 30,000</u>	<u>\$ 105,485</u>	<u>\$ 3,030,230</u>

**Note 10 OPERATING LEASES**

**A. BALLISTIC RECOVERY SYSTEM, INC. LEASE**

On December 3, 2007, \$1,750,000 Lease Revenue bonds, Series 2007 were issued by the HRA for the purpose of providing funds to finance construction of a building on the Municipal Airport to house manufacturing facilities of Ballistic Recovery Systems, Inc. (BRS), an entity engaged in developing and commercialising whole-aircraft emergency recovery parachute systems for use with general aviation and recreation aircraft. The City will lease the land and improvements from the HRA pursuant to a lease-purchase agreement. Under the lease, rental payments are to be made by the City in amounts sufficient to pay the principal of and interest on the bonds when due. The City has, in turn; sublet the property and pledges base rent payments to the HRA subject to the City's right to terminate the lease at the end of any fiscal year in the event of non-appropriation of funds.

The scheduled base rent payments to the City as of December 31, 2015 are as follows:

	Payment
2016	\$ 144,570
2017	195,115
2018	196,587
2019	187,132
2020	183,546
2021-2025	888,966
2026-2028	<u>549,812</u>
Total	<u>\$ 2,345,728</u>

Upon the completion of the lease agreement between the City and the HRA, the City will purchase the building for \$1 qualifying it as a capital lease agreement. See Note 11 for more information on the capital lease.

**Note 10 OPERATING LEASES (CONTINUED)**

**B. FLEMING FIELD MUNICIPAL AIRPORT HANGAR LEASES**

The City leases land to individuals and business at Fleming Field. The City has three different types of leases. T-Hangar lease is a portion of a larger building at Fleming Field that will fit only one aircraft. Land leases are leases of hangar buildings in the West Hangar Area of Fleming Field. Building leases are leases of the old WWII bowstring hangars.

Lease Basics:

1. T-Hangar lease - One year in duration, and the rate is based on the market rate.
2. Land lease - 10 year initial term which can be extended for two additional 10 year terms if the lease is in good standing. Rates are based on square footage and are adjusted annually by 3% and an additional ½ cent per square foot.
3. Building lease – 20 year lease with rent adjustment based on CPI.
4. Insurance – All tenants are required to carry \$1,000,000 of insurance and name the City as an additional insured.
5. Tenant Financing – The City does allow the owners to mortgage their hangars, this requires a second agreement, Lessor’s Consent to Financing Agreement, that must be approved by the City Council. The agreement binds the “bank” to the original lease and the City to notify the “bank” of any defaults of the lease.
6. Lease Assignment – The Land lease allows tenants to assign the lease with approval from the City Council.

As of December 31, 2015, the City’s hangar lease tenants were 32 T-Hangar leases, 90 Land leases, and 6 Building leases. The City’s airport hangar lease revenue for the year ended December 31, 2015 was \$492,101.

**Note 11 CAPITAL LEASE**

The City entered into an agreement dated December 1, 2007 to lease a building located at 380 Airport Road from the HRA. The lease continues through August 15, 2029 and upon completion of the lease agreement the City will purchase the building for \$1. This lease is paid for by the 380 Airport Road Capital Projects Fund.

The City lease payments to the HRA as of December 31, 2015 are as follows:

	<u>Payment</u>
2016	\$ 149,400
2017	151,110
2018	147,586
2019	143,060
2020	139,300
2021-2025	696,548
2026-2029	<u>521,914</u>
Total Minimum Lease Payable	1,948,918
Less Amount Representing Interest	<u>1,030,144</u>
Present Value of Minimum Lease Payments	<u>\$ 918,774</u>

**Note 11 CAPITAL LEASE (CONTINUED)**

The prorated carrying value of the building being leased is as follows:

Capital lease - building	\$ 1,783,901
Less: Accumulated Depreciation	<u>285,353</u>
Net Asset Value	<u><u>\$ 1,498,548</u></u>

In December 2013, the City entered into capital leases for the purchase of four copiers for various departments. The leases continue through November 2018 and upon completion of the lease agreement the City will purchase the copiers for \$1 each. This lease is paid for by the Equipment Acquisition Capital Projects Fund. The lease payments as of December 31, 2015 are as follows:

	<u>Payment</u>
2016	\$ 6,222
2017	6,222
2018	<u>5,704</u>
Total Minimum Lease Payable	18,148
Less Amount Representing Interest	<u>669</u>
Present value of minimum lease payments	<u><u>\$ 17,479</u></u>

The prorated carrying value of the assets being leased is as follows:

Capital lease - equipment	\$ 29,202
Less: Accumulated Depreciation	<u>11,674</u>
Net	<u><u>\$ 17,528</u></u>

**Note 12 JOINT VENTURES**

**A. SPECIAL SCHOOL DISTRICT NO. 6**

1. The City entered into a joint powers agreement with Special School District No. 6 in July of 2000. The agreement provides for the operation of the School District owned Central Square Community Center building. The City participates as the operator of recreational programs and shares in the net cost of providing those programs. In July 2004, the City took over the fiscal agency under the agreement and is responsible for all financial reporting while the School District remains the owner and operator of the building. The City provides employees to run the recreational programs and is partially reimbursed by the School District for salary and benefits.
2. The City entered into a joint powers agreement with Special School District No. 6 in September of 2010. The agreement provides for two city officers to be assigned to the High School, during the school year as School Resource Officers. The City employs and temporarily assigns the two licensed peace officers to serve as the School Resource Officers. The parties agree and acknowledge that the School Resource Officers shall not be considered employees of the District and that the City is partially reimbursed by the School District for salary and benefits.

**Note 12 JOINT VENTURES**

**A. SPECIAL SCHOOL DISTRICT NO. 6 (CONTINUED)**

3. Information regarding the Special School District No. 6 can be obtained at the website [www.sspps.org](http://www.sspps.org) or by contacting the District's Business Manager at 104 Fifth Avenue South, South St. Paul, Minnesota, 55075. Telephone 651-457-9428.

**B. SOUTH METRO FIRE DEPARTMENT**

On October 25, 2005, the City entered into a joint powers agreement with the City of West St. Paul to consolidate the cities of South St. Paul and West St. Paul fire departments thereby creating a new entity known as the South Metro Fire Department (SMFD) as of January 1, 2008. The SMFD is governed by a five-member board of directors (Board) that include two council members from each city, and one public member which is not an employee nor a resident of either city. Financial statements of the SMFD can be obtained from SMFD offices at South Metro Fire Department, 1616 Humboldt Avenue, West St. Paul, MN 55118.

As required by the agreement, the City transferred fire department property and equipment to the SMFD on January 1, 2008, retaining its rights to these assets in the event of SMFD's dissolution.

The activities of the SMFD will continue to be funded entirely by the cities of South St. Paul and West St. Paul, with each contributing an equal share of the SMFD annual budget which must be approved by the Board by a four-fifths vote of all of its members. The City's annual payments for the year ending December 31, 2015 were \$2,023,635. In addition, each city performed in-kind contributed services of approximate equal value during 2015 with additional service agreements in future years.

The HRA issued bonds in 2010 in the amount of \$1,245,000 for the purpose of providing funds for the purchase of SMFD capital equipment. Under an agreement, payments are to be made by the cities of South St. Paul and West St. Paul, with each contributing an equal share sufficient to pay the principal and interest on the bonds when due. These payments are made by the 2010A Capital Equipment Revenue Bonds debt service fund. The bond matures in 2020 and has a stated interest rate of 0.9%-3.2%. The balance outstanding at December 31, 2015 was \$720,000.

The City's annual payments for the year ending December 31, 2015 were \$78,102. The City's future commitments to make payments as of December 31, 2015 are as follows:

	<u>Payment</u>
2016	\$ 78,575
2017	79,255
2018	79,725
2019	<u>77,400</u>
Total	<u>\$ 314,955</u>

**C. LOCAL GOVERNMENT INFORMATION SYSTEMS ASSOCIATION (LOGIS)**

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2015 financial statements of the City was \$170,128 for services provided. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

**Note 13 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The City purchased various insurance coverage (general liability, excess liability, workers compensation, property, automobile, marine, crime, employee dishonesty, petro fund and open meeting law) through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The City pays an annual premium to the LMCIT for its insurance coverage. Liability insurance provides for coverage for \$1,000,000 per occurrence. The LMCIT is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The LMCIT allows the pool to make additional assessments to make the pool self-sustaining. Current state statutes (Minnesota Statutes 466.04) provide limits of liability for certain kinds of claims. The amount of settlements have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance compared to prior year.

The City uses its Self-Insured Dental Internal Service Fund to account for and finance its self-insured risk of loss for an employee dental plan. The dental plan is funded by the City, employee contributions, and investment earnings. When necessary, a claims liability is included in the liabilities of the fund and is based on the requirement that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred on the date of the financial statements and the loss can reasonably estimated. Changes in the fund's claim liability for 2015 was as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2015 (first year)	\$ -	\$ 51,714	\$ 51,714	\$ -

**B. LITIGATION**

The City is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**C. FEDERAL, STATE AND LOCAL FUNDS**

The City receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2015.

**D. ARBITRAGE REBATE**

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. The City issued greater than \$5 million of bonds in 2012 and 2014 and therefore is required to rebate excess investment income relating to these issues to the federal government. The extent of the City's liability for arbitrage rebates on the remaining bond issues is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

**Note 14 CHANGE IN ACCOUNTING PRINCIPLE / PRIOR PERIOD ADJUSTMENT**

**PRIMARY GOVERNMENT**

CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements included major changes in how employers account for pension benefit expenses and liabilities. In the financial statements using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of December 31, 2014.

PRIOR PERIOD ADJUSTMENT

During 2015, the City identified \$1,746,243 in maintenance costs that were incorrectly classified as Construction in Progress for the Flood Control System Improvements project in the Governmental Activities general capital assets. The reclassification of these costs resulted in a decrease in the Governmental Activities Net Position on the Government-wide Statement of Net Position of \$1,746,243.

The details of the restatement for the change in accounting principle and prior period adjustments are as follows:

	Governmental Activities	Business- Type Activities	Internal Service Funds
Net Position - beginning, as previously reported	\$ 70,068,050	\$ 21,630,853	\$ 633,937
Change in accounting principle			
Deferred outflow related to pensions	283,393	14,195	297,588
Net pension liability	(5,510,845)	(276,034)	(5,786,879)
Total	<u>(5,227,452)</u>	<u>(261,839)</u>	<u>(5,489,291)</u>
Prior period adjustment			
Construction in progress	<u>(1,746,243)</u>	<u>-</u>	<u>-</u>
Net Position - beginning, restated	<u>\$ 63,094,355</u>	<u>\$ 21,369,014</u>	<u>\$ (4,855,354)</u>

**Note 15 SUBSEQUENT EVENTS**

**PRIMARY GOVERNMENT**

In December 2015, the City passed a resolution authorizing the transfer of projects, programs, and people from the Housing and Redevelopment Authority of South St. Paul (HRA) to the South St. Paul Economic Development Authority (EDA); the HRA passed a resolution transferring all outstanding obligations and responsibilities to the EDA; and the EDA passed a resolution accepting those obligations and responsibilities. This transfer is effective January 21, 2016.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended December 31, 2015

**Statement 10**  
**Page 1 of 5**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
General property taxes				
Current	\$ 5,049,352	\$ 5,050,074	\$ 4,924,131	\$ (125,943)
Excess TIF	260,000	260,000	352,580	92,580
Delinquent	-	-	175,233	175,233
Fiscal disparities	2,241,450	2,241,450	2,230,314	(11,136)
Other	-	-	30,181	30,181
Total general property taxes	<u>7,550,802</u>	<u>7,551,524</u>	<u>7,712,439</u>	<u>160,915</u>
Franchise tax	<u>925,557</u>	<u>891,557</u>	<u>831,283</u>	<u>(60,274)</u>
Licenses and permits	<u>382,920</u>	<u>382,920</u>	<u>431,735</u>	<u>48,815</u>
Intergovernmental				
State				
Local government aid	1,497,382	1,497,382	1,497,851	469
Road maintenance	214,500	214,500	238,632	24,132
Fire and police aids	184,000	184,000	230,652	46,652
Other	6,000	6,000	40,880	34,880
County				
Gravel tax	30	30	-	(30)
Road maintenance	35,275	35,275	35,347	72
Recycling grant	23,000	23,000	24,000	1,000
Local	<u>148,117</u>	<u>148,117</u>	<u>139,646</u>	<u>(8,471)</u>
Total intergovernmental	<u>2,108,304</u>	<u>2,108,304</u>	<u>2,207,008</u>	<u>98,704</u>
Charges for services				
General government	451,429	451,429	437,765	(13,664)
Public safety	4,500	4,500	2,912	(1,588)
Public works	1,600	1,600	3,600	2,000
Community development	45,000	45,000	69,759	24,759
Parks and recreation	180,000	180,000	202,200	22,200
Administrative fee - other funds	454,375	454,375	505,239	50,864
Engineering project fees	195,657	195,657	212,920	17,263
Rents	<u>114,731</u>	<u>114,731</u>	<u>114,731</u>	<u>-</u>
Total charges for services	<u>1,447,292</u>	<u>1,447,292</u>	<u>1,549,126</u>	<u>101,834</u>
Fines and forfeits	<u>97,500</u>	<u>97,500</u>	<u>107,954</u>	<u>10,454</u>
Special assessments	<u>-</u>	<u>-</u>	<u>5,696</u>	<u>5,696</u>
Miscellaneous				
Investment income	50,000	50,000	87,495	37,495
Change in fair value of investments	-	-	(4,442)	(4,442)
Other	<u>23,550</u>	<u>23,550</u>	<u>103,725</u>	<u>80,175</u>
Total miscellaneous	<u>73,550</u>	<u>73,550</u>	<u>186,778</u>	<u>113,228</u>
Total revenues	<u>12,585,925</u>	<u>12,552,647</u>	<u>13,032,019</u>	<u>479,372</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended December 31, 2015

**Statement 10**  
**Page 2 of 5**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General government				
Mayor and city council				
Current				
Personal services	\$ 56,357	\$ 56,310	\$ 56,310	\$ -
Materials and supplies	350	350	308	42
Other services and charges	29,965	27,415	26,865	550
Miscellaneous	25,545	25,545	26,268	(723)
Total mayor and city council	<u>112,217</u>	<u>109,620</u>	<u>109,751</u>	<u>(131)</u>
City administration				
Current				
Personal services	291,679	295,793	296,213	(420)
Materials and supplies	8,050	8,050	5,791	2,259
Other services and charges	35,206	35,206	34,624	582
Miscellaneous	1,732	1,732	1,920	(188)
Total city administration	<u>336,667</u>	<u>340,781</u>	<u>338,548</u>	<u>2,233</u>
Human resources				
Current				
Personal services	79,328	79,328	79,082	246
Materials and supplies	1,700	1,700	1,880	(180)
Other services and charges	28,850	28,850	24,114	4,736
Miscellaneous	2,640	2,640	1,449	1,191
Total human resources	<u>112,518</u>	<u>112,518</u>	<u>106,525</u>	<u>5,993</u>
City attorney				
Current				
Other services and charges	<u>222,000</u>	<u>222,000</u>	<u>216,847</u>	<u>5,153</u>
Total city attorney	<u>222,000</u>	<u>222,000</u>	<u>216,847</u>	<u>5,153</u>
City clerk				
Current				
Personal services	141,398	141,485	142,225	(740)
Materials and supplies	8,800	8,800	7,166	1,634
Other services and charges	16,497	16,497	11,253	5,244
Miscellaneous	200	200	78	122
Total city clerk	<u>166,895</u>	<u>166,982</u>	<u>160,722</u>	<u>6,260</u>
Information technology				
Current				
Personal services	115,756	115,782	115,346	436
Materials and supplies	12,650	12,650	13,544	(894)
Other services and charges	72,100	72,100	67,153	4,947
Total information technology	<u>200,506</u>	<u>200,532</u>	<u>196,043</u>	<u>4,489</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended December 31, 2015

**Statement 10**  
**Page 3 of 5**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General government (continued)				
City finance				
Current				
Personal services	\$ 347,754	\$ 347,363	\$ 314,714	\$ 32,649
Materials and supplies	5,530	5,530	5,253	277
Other services and charges	93,376	93,376	85,657	7,719
Miscellaneous	6,850	6,850	6,188	662
Total city finance	<u>453,510</u>	<u>453,119</u>	<u>411,812</u>	<u>41,307</u>
Recycling				
Current				
Personal services	32,953	32,953	32,102	851
Materials and supplies	1,000	1,000	625	375
Other services and charges	15,589	15,589	13,436	2,153
Miscellaneous	2,650	2,650	742	1,908
Total recycling	<u>52,192</u>	<u>52,192</u>	<u>46,905</u>	<u>5,287</u>
Total general government	<u>1,656,505</u>	<u>1,657,744</u>	<u>1,587,153</u>	<u>70,591</u>
Public safety				
Police				
Current				
Personal services	3,699,949	3,689,328	3,653,976	35,352
Materials and supplies	77,425	77,425	80,552	(3,127)
Other services and charges	1,058,772	1,052,304	1,030,892	21,412
Miscellaneous	32,045	32,045	36,208	(4,163)
Capital outlay	15,000	15,000	2,843	12,157
Total police	<u>4,883,191</u>	<u>4,866,102</u>	<u>4,804,471</u>	<u>61,631</u>
Fire				
Current				
Personal services	37,180	38,288	38,286	2
Other services and charges	2,040,535	2,040,535	2,040,534	1
Total fire	<u>2,077,715</u>	<u>2,078,823</u>	<u>2,078,820</u>	<u>3</u>
Total public safety	<u>6,960,906</u>	<u>6,944,925</u>	<u>6,883,291</u>	<u>61,634</u>
Public works				
Engineering				
Current				
Personal services	351,435	347,169	312,544	34,625
Materials and supplies	5,500	5,500	4,453	1,047
Other services and charges	33,914	37,914	91,797	(53,883)
Miscellaneous	600	600	629	(29)
Total engineering	<u>391,449</u>	<u>391,183</u>	<u>409,423</u>	<u>(18,240)</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended December 31, 2015

**Statement 10**  
**Page 4 of 5**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Public works (continued)				
Public works				
Current				
Personal services	\$ 726,078	\$ 723,140	\$ 717,828	\$ 5,312
Materials and supplies	382,471	382,471	179,169	203,302
Other services and charges	447,694	444,431	433,978	10,453
Miscellaneous	650	650	750	(100)
Total public works	<u>1,556,893</u>	<u>1,550,692</u>	<u>1,331,725</u>	<u>218,967</u>
Buildings				
Current				
Personal services	99,693	99,546	96,541	3,005
Materials and supplies	14,900	14,900	13,424	1,476
Other services and charges	168,462	167,347	106,584	60,763
Capital outlay	3,500	3,500	3,457	43
Total buildings	<u>286,555</u>	<u>285,293</u>	<u>220,006</u>	<u>65,287</u>
Parks facilities and maintenance				
Current				
Personal services	364,634	362,871	361,183	1,688
Materials and supplies	46,300	46,300	59,515	(13,215)
Other services and charges	193,530	190,881	190,791	90
Total parks facilities and maintenance	<u>604,464</u>	<u>600,052</u>	<u>611,489</u>	<u>(11,437)</u>
Total public works	<u>2,839,361</u>	<u>2,827,220</u>	<u>2,572,643</u>	<u>254,577</u>
Community development				
City planner				
Current				
Personal services	108,838	109,756	109,681	75
Materials and supplies	600	600	938	(338)
Other services and charges	8,200	8,200	3,000	5,200
Miscellaneous	550	550	465	85
Total city planner	<u>118,188</u>	<u>119,106</u>	<u>114,084</u>	<u>5,022</u>
Code enforcement				
Current				
Personal services	205,101	204,738	204,393	345
Materials and supplies	1,550	1,550	2,070	(520)
Other services and charges	159,546	159,546	145,815	13,731
Miscellaneous	290	290	381	(91)
Total code enforcement	<u>366,487</u>	<u>366,124</u>	<u>352,659</u>	<u>13,465</u>
Total community development	<u>484,675</u>	<u>485,230</u>	<u>466,743</u>	<u>18,487</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended December 31, 2015

**Statement 10**  
**Page 5 of 5**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Parks and recreation				
Administration				
Current				
Personal services	\$ 171,341	\$ 174,196	\$ 188,419	\$ (14,223)
Materials and supplies	3,600	3,600	5,024	(1,424)
Other services and charges	108,518	108,518	109,327	(809)
Miscellaneous	4,210	4,210	3,224	986
Total administration	<u>287,669</u>	<u>290,524</u>	<u>305,994</u>	<u>(15,470)</u>
Parks, pools and recreation				
Current				
Personal services	260,828	259,203	240,545	18,658
Materials and supplies	47,600	47,600	44,062	3,538
Other services and charges	32,227	32,227	29,793	2,434
Miscellaneous	4,500	4,500	6,275	(1,775)
Capital outlay	-	-	4,129	(4,129)
Total parks, pools and recreation	<u>345,155</u>	<u>343,530</u>	<u>324,804</u>	<u>18,726</u>
Community affairs				
Current				
Personal services	97,976	98,598	100,846	(2,248)
Materials and supplies	6,100	6,600	5,639	961
Other services and charges	1,950	1,950	1,293	657
Miscellaneous	850	850	805	45
Total community affairs	<u>106,876</u>	<u>107,998</u>	<u>108,583</u>	<u>(585)</u>
Total parks and recreation	<u>739,700</u>	<u>742,052</u>	<u>739,381</u>	<u>2,671</u>
Contingency	<u>34,778</u>	<u>25,476</u>	<u>-</u>	<u>25,476</u>
Total expenditures	<u>12,715,925</u>	<u>12,682,647</u>	<u>12,249,211</u>	<u>433,436</u>
Revenues over (under) expenditures	<u>(130,000)</u>	<u>(130,000)</u>	<u>782,808</u>	<u>912,808</u>
Other financing sources (uses)				
Transfers in	160,000	160,000	193,463	33,463
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>130,000</u>	<u>130,000</u>	<u>163,463</u>	<u>33,463</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>946,271</u>	<u>\$ 946,271</u>
Fund balance - January 1			<u>9,380,957</u>	
Fund balance - December 31			<u>\$ 10,327,228</u>	

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - DOUG WOOG ARENA**  
For the Year Ended December 31, 2015

**Statement 11**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
General property taxes				
Current	\$ 207,163	\$ 206,534	\$ 212,359	\$ 5,825
Charges for services				
Ice rentals	550,000	550,000	455,783	(94,217)
Ticket sales league games	20,000	20,000	20,686	686
Public/figure skating	12,000	12,000	7,641	(4,359)
Concessions	48,000	48,000	57,306	9,306
Rent of annex	77,000	81,438	82,660	1,222
Other	16,500	16,500	19,622	3,122
Total charges for services	<u>723,500</u>	<u>727,938</u>	<u>643,698</u>	<u>(84,240)</u>
Miscellaneous				
Change in fair value of investments	-	-	985	985
Contributions and donations	-	-	17,394	17,394
Other	-	-	3,900	3,900
Total miscellaneous	<u>-</u>	<u>-</u>	<u>22,279</u>	<u>22,279</u>
Total revenues	<u>930,663</u>	<u>934,472</u>	<u>878,336</u>	<u>(56,136)</u>
<b>Expenditures</b>				
Current				
Parks, arena, library				
Personal services	328,853	328,224	329,323	(1,099)
Materials and supplies	78,800	78,800	96,922	(18,122)
Services and other charges	337,977	336,528	373,128	(36,600)
Miscellaneous	-	-	5,041	(5,041)
Capital outlay	-	-	3,500	(3,500)
Debt service				
Interest and other charges	16,000	16,000	18,537	(2,537)
Total expenditures	<u>761,630</u>	<u>759,552</u>	<u>826,451</u>	<u>(66,899)</u>
Revenues over (under) expenditures	169,033	174,920	51,885	(123,035)
Other financing sources (uses)				
Transfers out	(169,033)	(169,033)	(166,596)	2,437
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,887</u>	(114,711)	<u>\$ (120,598)</u>
Fund balance - January 1			(872,767)	
Fund balance - December 31			<u>\$ (987,478)</u>	

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - AIRPORT**  
For the Year Ended December 31, 2015

**Statement 12**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
State				
Airport operations and maintenance	\$ 32,196	\$ 32,196	\$ 34,320	\$ 2,124
Other	101,608	101,608	106,494	4,886
Total intergovernmental	<u>133,804</u>	<u>133,804</u>	<u>140,814</u>	<u>7,010</u>
Charges for services				
Transportation				
Hangar rentals/land leases	520,991	520,991	531,406	10,415
Aircraft fuel sales	764,491	764,491	559,180	(205,311)
Other	19,252	19,252	8,685	(10,567)
Total charges for services	<u>1,304,734</u>	<u>1,304,734</u>	<u>1,099,271</u>	<u>(205,463)</u>
Miscellaneous				
Change in fair value of investments	-	-	746	746
Contributions and donations	-	-	15	15
Other	7,000	7,000	30,101	23,101
Total miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>30,862</u>	<u>23,862</u>
Total revenues	<u>1,445,538</u>	<u>1,445,538</u>	<u>1,270,947</u>	<u>(174,591)</u>
<b>Expenditures</b>				
Current				
Transportation				
Personal services	229,520	220,693	196,150	24,543
Materials and supplies	720,928	720,928	491,027	229,901
Other services and charges	199,127	192,918	220,796	(27,878)
Miscellaneous	1,075	1,075	1,478	(403)
Capital outlay	133,010	133,010	131,398	1,612
Debt service				
Principal	38,696	38,696	37,549	1,147
Interest and other charges	15,000	15,000	14,038	962
Total expenditures	<u>1,337,356</u>	<u>1,322,320</u>	<u>1,092,436</u>	<u>229,884</u>
Revenues over (under) expenditures	108,182	123,218	178,511	55,293
<b>Other financing sources (uses)</b>				
Transfers out	<u>(66,571)</u>	<u>(66,571)</u>	<u>(66,571)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 41,611</u>	<u>\$ 56,647</u>	<u>111,940</u>	<u>\$ 55,293</u>
<b>Fund balance - January 1</b>			<u>(852,881)</u>	
<b>Fund balance - December 31</b>			<u>\$ (740,941)</u>	

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS**  
December 31, 2015

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	\$ -	\$ 4,985,460	\$ 4,985,460	0.0%	\$ 5,849,251	85.2%
1/1/2011	\$ -	\$ 4,072,998	\$ 4,072,998	0.0%	\$ 4,696,767	86.7%
1/1/2008	\$ -	\$ 5,962,427	\$ 5,962,427	0.0%	\$ 4,996,012	119.3%

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS FOR PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

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<u>Fiscal Year Ending (for the Financial Reporting Period)</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll*</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
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**GENERAL EMPLOYEES RETIREMENT FUND**

December 31, 2015	\$ 285,496	\$ 285,496	\$ -	\$ 3,806,613	7.50%
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**POLICE AND FIRE FUND**

December 31, 2015	\$ 367,564	\$ 367,564	\$ -	\$ 2,268,914	16.20%
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This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.  
 \*For purposes of this schedule, covered payroll is defined as "pensionable wages."

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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GENERAL EMPLOYEES RETIREMENT FUND

June 30, 2015	0.0630%	\$ 3,264,988	\$ 3,699,377	88.26%	78.20%
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POLICE AND FIRE FUND

June 30, 2015	0.245%	\$ 2,783,773	\$ 2,242,425	124.14%	86.60%
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This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2015

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**Note A BUDGETS**

The General Fund and the Doug Woog Arena and Airport Special Revenue Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The legal level of budgetary control is at the department level for all funds with a legally adopted budget. Total departmental expenditures may not exceed the total departmental appropriation without specific City Council approval.

The following General fund and major Special Revenue fund departments had expenditures in excess of budgeted appropriations for 2015:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Major Funds			
General Fund			
Mayor and city council	\$ 109,751	\$ 109,620	\$ (131)
Engineering	409,423	391,183	(18,240)
Parks facilities and maintenance	611,489	600,052	(11,437)
Parks and recreation administration	305,994	290,524	(15,470)
Community affairs	108,583	107,998	(585)
Major Funds			
Special Revenue Funds			
Doug Woog Arena	826,451	759,552	(66,899)

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

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**NONMAJOR GOVERNMENTAL FUNDS**

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### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for particular purposes.

### DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on long-term debt.

### CAPITAL PROJECT FUNDS

The Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2015

**Statement 13**

	Special Revenue	Debt Service	Capital Project	Total
<b>Assets</b>				
Cash and investments	\$ 599,356	\$ 1,884,665	\$ 1,375,292	\$ 3,859,313
Cash and investments with escrow agent	-	1,185,444	-	1,185,444
Accounts receivable	1,393	-	10,000	11,393
Special assessments receivable:				
Due from county	-	13,087	1,472	14,559
Delinquent	-	2,149	1,396	3,545
Deferred	-	1,335,970	467,546	1,803,516
Due from other governmental units	17,473	-	244,314	261,787
<b>Total assets</b>	<b>618,222</b>	<b>4,421,315</b>	<b>2,100,020</b>	<b>7,139,557</b>
<b>Liabilities</b>				
Accounts and contracts payable	23,105	-	2,871	25,976
Salaries payable	28,799	-	-	28,799
Deposits payable	-	-	19,210	19,210
Due to other governmental units	1,017	-	-	1,017
Advances from other funds	4,797	-	445,224	450,021
<b>Total liabilities</b>	<b>57,718</b>	<b>-</b>	<b>467,305</b>	<b>525,023</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	-	1,338,119	468,942	1,807,061
Unavailable revenue - charges for services	1,393	-	-	1,393
<b>Total deferred inflows of resources</b>	<b>1,393</b>	<b>1,338,119</b>	<b>468,942</b>	<b>1,808,454</b>
<b>Fund balances</b>				
Restricted	388,692	3,083,196	-	3,471,888
Committed	70,335	-	-	70,335
Assigned	106,728	-	1,586,538	1,693,266
Unassigned	(6,644)	-	(422,765)	(429,409)
<b>Total fund balances</b>	<b>559,111</b>	<b>3,083,196</b>	<b>1,163,773</b>	<b>4,806,080</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 618,222</b>	<b>\$ 4,421,315</b>	<b>\$ 2,100,020</b>	<b>\$ 7,139,557</b>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2015**

**Statement 14**

	Special Revenue	Debt Service	Capital Project	Total
<b>Revenues</b>				
General property taxes	\$ 722,772	\$ 1,094,903	\$ -	\$ 1,817,675
Intergovernmental	762,796	23,152	245,940	1,031,888
Charges for services	369,041	-	140,232	509,273
Fines and forfeits	6,082	-	-	6,082
Special assessments	-	219,577	213,705	433,282
Investment income	9,761	21,239	8,002	39,002
Change in fair value of investments	(523)	(976)	1,017	(482)
Contributions and donations	135,505	-	-	135,505
Miscellaneous	8,494	-	24,102	32,596
Total revenues	<u>2,013,928</u>	<u>1,357,895</u>	<u>632,998</u>	<u>4,004,821</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,354	-	49,926	52,280
Public safety	80,896	78,102	-	158,998
Public works	-	-	257,541	257,541
Community development	736,637	-	-	736,637
Parks, arena, library	1,070,863	-	-	1,070,863
<b>Capital outlay</b>				
Public safety	3,818	-	-	3,818
Public works	-	-	62,530	62,530
Parks, arena, library	2,871	-	-	2,871
<b>Debt service</b>				
Principal	-	700,000	104,149	804,149
Interest and other charges	-	460,351	79,352	539,703
Total expenditures	<u>1,897,439</u>	<u>1,238,453</u>	<u>553,498</u>	<u>3,689,390</u>
Revenues over (under) expenditures	<u>116,489</u>	<u>119,442</u>	<u>79,500</u>	<u>315,431</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	773,031	1,759,665	2,532,696
Transfers out	(37,933)	(111,553)	(904,253)	(1,053,739)
Total other financing sources (uses)	<u>(37,933)</u>	<u>661,478</u>	<u>855,412</u>	<u>1,478,957</u>
Net change in fund balances	78,556	780,920	934,912	1,794,388
Fund balances, January 1	<u>480,555</u>	<u>2,302,276</u>	<u>228,861</u>	<u>3,011,692</u>
Fund balances - December 31	<u>\$ 559,111</u>	<u>\$ 3,083,196</u>	<u>\$ 1,163,773</u>	<u>\$ 4,806,080</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

The City maintains the following Special Revenue Funds:

Donations/Grants – This fund is used to account for grants, forfeited property from criminal drug related activity and other dedicated revenue sources.

Park Land Dedication – This fund is used to account for monies received as park dedications and will be used to develop and enhance community parks.

Library – This fund is used for revenues and related expenditures for library operations.

Central Square – This fund is used to account for revenues and expenditures for Central Square operations.

Economic Development Authority – This fund is used to account for the activity of the South St. Paul Economic Development Authority general operations.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2015

	Donations / Grants	Park Land Dedication
<b>Assets</b>		
Cash and investments	\$ 264,050	\$ 221,094
Accounts receivable	-	-
Due from other governmental units	17,200	-
	<u>281,250</u>	<u>221,094</u>
<b>Total assets</b>	<b><u>281,250</u></b>	<b><u>221,094</u></b>
<b>Liabilities</b>		
Accounts and contracts payable	6,576	-
Salaries payable	348	-
Due to other governmental units	-	-
Advances from other funds	-	-
	<u>6,924</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>6,924</u></b>	<b><u>-</u></b>
<b>Deferred inflows of resources</b>		
Unavailable revenue - charges for services	-	-
	<u>-</u>	<u>-</u>
<b>Fund balances</b>		
Restricted	167,598	221,094
Committed	-	-
Assigned	106,728	-
Unassigned	-	-
	<u>274,326</u>	<u>221,094</u>
<b>Total fund balances</b>	<b><u>274,326</u></b>	<b><u>221,094</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 281,250</u></b>	<b><u>\$ 221,094</u></b>

Library	Central Square	Economic Development Authority	Total
\$ 23,968	\$ 90,244	\$ -	\$ 599,356
-	1,393	-	1,393
273	-	-	17,473
24,241	91,637	-	618,222
7,418	7,264	1,847	23,105
16,803	11,648	-	28,799
20	997	-	1,017
-	-	4,797	4,797
24,241	19,909	6,644	57,718
-	1,393	-	1,393
-	-	-	388,692
-	70,335	-	70,335
-	-	-	106,728
-	-	(6,644)	(6,644)
-	70,335	(6,644)	559,111
\$ 24,241	\$ 91,637	\$ -	\$ 618,222

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2015

	Donations / Grants	Park Land Dedication
Revenues		
General property taxes	\$ -	\$ -
Intergovernmental	762,796	-
Charges for services	-	-
Fines and forfeits	-	-
Investment income	5,160	3,341
Change in fair value of investments	(271)	(183)
Contributions and donations	63,636	71,869
Miscellaneous	3,106	-
Total revenues	<u>834,427</u>	<u>75,027</u>
Expenditures		
Current		
General government	2,354	-
Public safety	80,896	-
Community development	729,993	-
Parks, arena, library	33,547	8,193
Capital outlay		
Public safety	3,818	-
Parks, arena, library	-	-
Total expenditures	<u>850,608</u>	<u>8,193</u>
Revenues over (under) expenditures	(16,181)	66,834
Other financing sources (uses)		
Transfers out	<u>(4,470)</u>	<u>-</u>
Net change in fund balances	(20,651)	66,834
Fund balances - January 1	<u>294,977</u>	<u>154,260</u>
Fund balances - December 31	<u>\$ 274,326</u>	<u>\$ 221,094</u>

Library	Central Square	Economic Development Authority	Total
\$ 722,772	\$ -	\$ -	\$ 722,772
-	-	-	762,796
1,605	367,436	-	369,041
6,082	-	-	6,082
-	1,260	-	9,761
-	(69)	-	(523)
-	-	-	135,505
5,265	123	-	8,494
<u>735,724</u>	<u>368,750</u>	<u>-</u>	<u>2,013,928</u>
-	-	-	2,354
-	-	-	80,896
-	-	6,644	736,637
702,261	326,862	-	1,070,863
-	-	-	3,818
-	2,871	-	2,871
<u>702,261</u>	<u>329,733</u>	<u>6,644</u>	<u>1,897,439</u>
33,463	39,017	(6,644)	116,489
<u>(33,463)</u>	<u>-</u>	<u>-</u>	<u>(37,933)</u>
-	39,017	(6,644)	78,556
-	31,318	-	480,555
<u>\$ -</u>	<u>\$ 70,335</u>	<u>\$ (6,644)</u>	<u>\$ 559,111</u>

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## NONMAJOR DEBT SERVICE FUNDS

The City maintains the following Debt Service Funds:

General Purpose Financing – used to accumulate monies from property taxes for payment of general obligation bonds, which have been issued, to finance projects and other costs, which have not been assessed against benefiting properties.

- 2003B Arena Revenue Bonds – issued to provide funds to refund the 1997A Arena Revenue Bonds 2004-2018 maturities. The 1997A Bonds financed construction of a second sheet of ice at the City’s Doug Woog Arena.
- 2007B Refunding Bonds-issued to provide funds to refund the 2009 through 2021 maturities of the G.O Bonds, Series 2000 dated October 19, 2000.
- 2010A Capital Equipment Revenue Bonds – This fund is used to account for revenues and expenditures related to Capital Equipment purchases.
- 2012A General Obligation Bonds – a portion of the proceeds from this bond were used to advance refund the 2006A Capital Improvement Bonds 2015-2027 maturities and the 2008 Improvement Bonds 2017-2030 maturities. The remaining amount was used to fund the costs of constructing improvements in 2012 and 2013.
- 2014B General Obligation Park Bonds – issued to provide funding for voter approved improvements at the Doug Woog Arena, Kaposia Landing, and McMorrow Park.

Special Assessment Financing – used to account for the payment of principal and interest on bonds issued to fund the costs of constructing improvements benefiting specified properties in the City. Benefited properties are then assessed the share of the project costs and repay these assessments over a specified period of time at a stated interest rate.

- 2008A Improvement Bonds – issued primarily for alley and street reconstruction.

Tax Increment Financing – used to account for the payment of principal and interest on bonds issued to finance redevelopment projects within Tax Increment District Project areas within the City. Principal and interest will be repaid from tax increment revenue collected from within the appropriate tax increment district.

- 2015A Taxable General Obligation Tax Increment Bonds – issued to provide funding for the purchase of property within the HRA’s Concord Street Tax Increment Financing District No. 2.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2015

	2007B Refunding Bonds	2008A Improvement Bonds
<b>Assets</b>		
Cash and investments	\$ 382,131	\$ 375,756
Cash and investments with escrow agent	-	1,175,000
Special assessments receivable:		
Due from county	-	1,160
Delinquent	-	1,441
Deferred	-	839,263
<b>Total assets</b>	<b>382,131</b>	<b>2,392,620</b>
<b>Deferred inflows of resources</b>		
Unavailable revenue - special assessments	-	840,704
<b>Fund balances</b>		
Restricted	382,131	1,551,916
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 382,131</b>	<b>\$ 2,392,620</b>

2010A Cap Equip Revenue Bonds	2012A General Obligation Bonds	2014B General Obligation Park Bonds	Total
\$ 11,631	\$ 720,786	\$ 394,361	\$ 1,884,665
-	10,444	-	1,185,444
-	11,927	-	13,087
-	708	-	2,149
-	496,707	-	1,335,970
<u>11,631</u>	<u>1,240,572</u>	<u>394,361</u>	<u>4,421,315</u>
-	497,415	-	1,338,119
<u>11,631</u>	<u>743,157</u>	<u>394,361</u>	<u>3,083,196</u>
<u>\$ 11,631</u>	<u>\$ 1,240,572</u>	<u>\$ 394,361</u>	<u>\$ 4,421,315</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
For the Year Ended December 31, 2015

	2003B Arena Revenue Bonds	2007B Refunding Bonds	2008A Improvement Bonds
Revenues			
General property taxes	\$ -	\$ 200,219	\$ 4,206
Intergovernmental	-	-	-
Special assessments	-	-	124,214
Investment income	-	4,253	5,005
Change in fair value of investments	-	(237)	(271)
Total revenues	<u>-</u>	<u>204,235</u>	<u>133,154</u>
Expenditures			
Current			
Public Safety	-	-	-
Debt service			
Principal	145,000	140,000	110,000
Interest and other charges	21,596	42,658	58,808
Total expenditures	<u>166,596</u>	<u>182,658</u>	<u>168,808</u>
Revenues over (under) expenditures	<u>(166,596)</u>	<u>21,577</u>	<u>(35,654)</u>
Other financing sources (uses)			
Transfers in	166,596	-	346,644
Transfers out	-	-	-
Total other financing sources (uses)	<u>166,596</u>	<u>-</u>	<u>346,644</u>
Net change in fund balances	-	21,577	310,990
Fund balances - January 1	<u>-</u>	<u>360,554</u>	<u>1,240,926</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ 382,131</u>	<u>\$ 1,551,916</u>

2010A Cap Equip Revenue Bonds	2012A General Obligation Bonds	2015A GO Taxable TIF Bonds	2014B GO Park Bonds	Totals
\$ 84,619	\$ 317,123	\$ -	\$ 488,736	\$ 1,094,903
-	-	23,152	-	23,152
-	95,363	-	-	219,577
145	10,414	-	1,422	21,239
(7)	(359)	-	(102)	(976)
<u>84,757</u>	<u>422,541</u>	<u>23,152</u>	<u>490,056</u>	<u>1,357,895</u>
78,102	-	-	-	78,102
-	305,000	-	-	700,000
-	106,889	23,152	207,248	460,351
<u>78,102</u>	<u>411,889</u>	<u>23,152</u>	<u>207,248</u>	<u>1,238,453</u>
<u>6,655</u>	<u>10,652</u>	<u>-</u>	<u>282,808</u>	<u>119,442</u>
-	148,238	-	111,553	773,031
-	(111,553)	-	-	(111,553)
-	36,685	-	111,553	661,478
6,655	47,337	-	394,361	780,920
4,976	695,820	-	-	2,302,276
<u>\$ 11,631</u>	<u>\$ 743,157</u>	<u>\$ -</u>	<u>\$ 394,361</u>	<u>\$ 3,083,196</u>

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## NONMAJOR CAPITAL PROJECT FUNDS

The City had the following Capital Project Funds during the year:

Floodwall Construction – used to account for revenues and expenditures for floodwall improvements.

Excess Tax Increment – used to account for property tax revenue from excess tax increment.

Equipment Acquisition – used to account for the acquisition of equipment related to computer technology.

Local Improvements – this fund is used to account for sidewalk repairs.

380 Airport Road – used to account for revenues and expenditures related to the Capital lease and sublease of the building located at 380 Airport Road.

2010 – 2014, 2016 Local Improvements – used to account for reconstruction of streets. These funds are typically viable for two years.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For the Year Ended December 31, 2015

	Floodwall Construction	Excess Tax Increment	Equipment Acquisition	Local Improvements
<b>Assets</b>				
Cash and investments	\$ -	\$ 895,570	\$ 244,854	\$ 65,020
Accounts receivable	-	-	-	-
Special assessments receivable:				
Due from county	-	-	-	638
Delinquent	-	-	-	867
Deferred	-	-	-	60,903
Due from other governmental units	21,625	222,689	-	-
<b>Total assets</b>	<b>21,625</b>	<b>1,118,259</b>	<b>244,854</b>	<b>127,428</b>
<b>Liabilities</b>				
Accounts and contracts payable	-	-	550	2,321
Deposits payable	-	-	-	19,210
Advances from other funds	47,336	-	-	-
<b>Total liabilities</b>	<b>47,336</b>	<b>-</b>	<b>550</b>	<b>21,531</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	-	-	-	61,770
<b>Fund balances</b>				
Assigned	-	1,118,259	244,304	44,127
Unassigned	(25,711)	-	-	-
<b>Total fund balances</b>	<b>(25,711)</b>	<b>1,118,259</b>	<b>244,304</b>	<b>44,127</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 21,625</b>	<b>\$ 1,118,259</b>	<b>\$ 244,854</b>	<b>\$ 127,428</b>

380 Airport Road	2012 Local Improvements	2013 Local Improvements	2014 Local Improvements	2016 Local Improvements	Total
\$ 69,572	\$ 100,276	\$ -	\$ -	\$ -	\$ 1,375,292
10,000	-	-	-	-	10,000
-	-	710	124	-	1,472
-	-	348	181	-	1,396
-	20,649	172,653	213,341	-	467,546
-	-	-	-	-	244,314
<u>79,572</u>	<u>120,925</u>	<u>173,711</u>	<u>213,646</u>	<u>-</u>	<u>2,100,020</u>
-	-	-	-	-	2,871
-	-	-	-	-	19,210
-	-	161,920	221,522	14,446	445,224
-	-	161,920	221,522	14,446	467,305
-	20,649	173,001	213,522	-	468,942
79,572	100,276	-	-	-	1,586,538
-	-	(161,210)	(221,398)	(14,446)	(422,765)
<u>79,572</u>	<u>100,276</u>	<u>(161,210)</u>	<u>(221,398)</u>	<u>(14,446)</u>	<u>1,163,773</u>
<u>\$ 79,572</u>	<u>\$ 120,925</u>	<u>\$ 173,711</u>	<u>\$ 213,646</u>	<u>\$ -</u>	<u>\$ 2,100,020</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For the Year Ended December 31, 2015

	<u>Floodwall Construction</u>	<u>Excess Tax Increment</u>	<u>Equipment Acquisition</u>	<u>Local Improvements</u>	<u>380 Airport Road</u>
Revenues					
Intergovernmental	\$ 186,940	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	140,232
Special assessments	-	-	-	42,654	-
Investment income	-	-	4,312	713	1,067
Change in fair value of investments	571	-	(227)	(37)	(59)
Miscellaneous	-	-	20,442	-	-
Total revenues	<u>187,511</u>	<u>-</u>	<u>24,527</u>	<u>43,330</u>	<u>141,240</u>
Expenditures					
Current					
General government	-	-	48,836	-	1,090
Public works	178,660	-	-	64,469	-
Capital outlay					
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	5,703	-	98,446
Interest and other charges	10,761	-	519	-	49,010
Total expenditures	<u>189,421</u>	<u>-</u>	<u>55,058</u>	<u>64,469</u>	<u>148,546</u>
Revenues over (under) expenditures	<u>(1,910)</u>	<u>-</u>	<u>(30,531)</u>	<u>(21,139)</u>	<u>(7,306)</u>
Other financing sources (uses)					
Transfers in	622,100	-	-	40,310	-
Transfers out	-	(727,585)	-	-	-
Total other financing sources (uses)	<u>622,100</u>	<u>(727,585)</u>	<u>-</u>	<u>40,310</u>	<u>-</u>
Net change in fund balances	620,190	(727,585)	(30,531)	19,171	(7,306)
Fund balances - January 1	<u>(645,901)</u>	<u>1,845,844</u>	<u>274,835</u>	<u>24,956</u>	<u>86,878</u>
Fund balances - December 31	<u>\$ (25,711)</u>	<u>\$ 1,118,259</u>	<u>\$ 244,304</u>	<u>\$ 44,127</u>	<u>\$ 79,572</u>

2010 Local Improvements	2011 Local Improvements	2012 Local Improvements	2013 Local Improvements	2014 Local Improvements	2016 Local Improvements	Total
\$ 59,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,940
-	-	-	-	-	-	140,232
-	-	3,568	42,658	124,825	-	213,705
-	-	1,910	-	-	-	8,002
-	-	(103)	326	543	3	1,017
3,660	-	-	-	-	-	24,102
<u>62,660</u>	<u>-</u>	<u>5,375</u>	<u>42,984</u>	<u>125,368</u>	<u>3</u>	<u>632,998</u>
-	-	-	-	-	-	49,926
-	-	-	-	-	14,412	257,541
-	-	-	9,539	52,991	-	62,530
-	-	-	-	-	-	104,149
2,548	-	-	6,104	10,373	37	79,352
<u>2,548</u>	<u>-</u>	<u>-</u>	<u>15,643</u>	<u>63,364</u>	<u>14,449</u>	<u>553,498</u>
<u>60,112</u>	<u>-</u>	<u>5,375</u>	<u>27,341</u>	<u>62,004</u>	<u>(14,446)</u>	<u>79,500</u>
57,717	76,076	-	348,660	614,802	-	1,759,665
(47,191)	(101,047)	(28,430)	-	-	-	(904,253)
<u>10,526</u>	<u>(24,971)</u>	<u>(28,430)</u>	<u>348,660</u>	<u>614,802</u>	<u>-</u>	<u>855,412</u>
70,638	(24,971)	(23,055)	376,001	676,806	(14,446)	934,912
(70,638)	24,971	123,331	(537,211)	(898,204)	-	228,861
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,276</u>	<u>\$ (161,210)</u>	<u>\$ (221,398)</u>	<u>\$ (14,446)</u>	<u>\$ 1,163,773</u>

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SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUNDS

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SPECIAL REVENUE FUND - LIBRARY**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended December 31, 2015

**Statement 21**

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
General property taxes			
Current	\$ 707,493	\$ 707,400	\$ 722,772
Rental fees	1,400	1,400	1,605
Fines and forfeits	9,500	9,500	6,082
Miscellaneous			
Other	1,700	1,700	5,265
Total revenues	<u>720,093</u>	<u>720,000</u>	<u>735,724</u>
Expenditures			
Current			
Parks, arena, library			
Personal services	493,526	494,637	496,486
Materials and supplies	100,300	100,300	93,139
Other services and charges	122,267	121,063	108,459
Miscellaneous	4,000	4,000	4,177
Total expenditures	<u>720,093</u>	<u>720,000</u>	<u>702,261</u>
Revenues over (under) expenditures	-	-	33,463
Other financing sources (uses)			
Transfers out	-	-	(33,463)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,463)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance - January 1			-
Fund balance - December 31			<u>\$ -</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SPECIAL REVENUE FUND - CENTRAL SQUARE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended December 31, 2015

**Statement 22**

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Charges for services			
Memberships	\$ 164,400	\$ 164,400	\$ 173,979
Programming	92,000	92,000	97,452
Open Swim	8,000	8,000	4,574
Room Rental	2,500	2,500	3,024
Other	500	500	383
Administrative fee	88,024	88,024	88,024
Total charges for services	<u>355,424</u>	<u>355,424</u>	<u>367,436</u>
Miscellaneous			
Investment income	-	-	1,260
Change in fair value of investments	-	-	(69)
Other	-	-	123
Total miscellaneous	<u>-</u>	<u>-</u>	<u>1,314</u>
Total revenues	<u>355,424</u>	<u>355,424</u>	<u>368,750</u>
Expenditures			
Current			
Parks, arena, library			
Personal services	267,256	270,797	259,645
Materials and supplies	12,800	12,800	11,248
Services and other charges	58,020	58,020	54,598
Miscellaneous	2,000	2,000	1,371
Capital outlay	3,500	3,500	2,871
Total expenditures	<u>343,576</u>	<u>347,117</u>	<u>329,733</u>
Net change in fund balance	<u>\$ 11,848</u>	<u>\$ 8,307</u>	39,017
Fund balance - January 1			<u>31,318</u>
Fund balance - December 31			<u>\$ 70,335</u>

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## INTERNAL SERVICE FUNDS

The Internal Service Funds were established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Central Garage Internal Service Fund – This fund is used to account for the cost of operating a maintenance facility and providing vehicles and heavy equipment used by all City departments and funds.

OPEB / Employee Benefits Internal Service Fund – This fund is used to account for the cost of retiree health insurance benefits and net other postemployment benefit obligation, compensated absences, and net pension liability related to the City's defined contribution pension plans.

Self-Insured Dental – This fund is used to account for City's self-insured dental program.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
December 31, 2015

**Statement 23**

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 272,821	\$ 362,992	\$ 12,203	\$ 648,016
Prepaid items	-	-	1,112	1,112
Total current assets	<u>272,821</u>	<u>362,992</u>	<u>13,315</u>	<u>649,128</u>
Noncurrent assets				
Capital assets				
Machinery and equipment	4,330,659	-	-	4,330,659
Less: Allowance for depreciation	(2,666,176)	-	-	(2,666,176)
Net capital assets	<u>1,664,483</u>	<u>-</u>	<u>-</u>	<u>1,664,483</u>
Total assets	<u>1,937,304</u>	<u>362,992</u>	<u>13,315</u>	<u>2,313,611</u>
Deferred outflow of resources				
Pension plan deferments - PERA	-	1,190,410	-	1,190,410
<b>Liabilities</b>				
Current liabilities				
Accounts payable	14,350	-	-	14,350
Salaries payable	6,452	-	-	6,452
Unearned revenue	-	-	1,604	1,604
Compensated absences	-	84,727	-	84,727
Total current liabilities	<u>20,802</u>	<u>84,727</u>	<u>1,604</u>	<u>107,133</u>
Noncurrent liabilities				
Net other postemployment benefit obligation	-	1,194,425	-	1,194,425
Net pension liability	-	6,048,761	-	6,048,761
Compensated absences	-	244,686	-	244,686
Total noncurrent liabilities	<u>-</u>	<u>7,487,872</u>	<u>-</u>	<u>7,487,872</u>
Total liabilities	<u>20,802</u>	<u>7,572,599</u>	<u>1,604</u>	<u>7,595,005</u>
Deferred inflow of resources				
Pension plan deferments - PERA	-	816,866	-	816,866
<b>Net position</b>				
Net investment in capital assets	1,664,483	-	-	1,664,483
Unrestricted	252,019	(6,836,063)	11,711	(6,572,333)
Total net position	<u>\$ 1,916,502</u>	<u>\$ (6,836,063)</u>	<u>\$ 11,711</u>	<u>\$ (4,907,850)</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended December 31, 2015

**Statement 24**

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
Operating revenues				
Retiree health insurance charges	\$ -	\$ 343,856	\$ -	\$ 343,856
Dental insurance charges	-	-	76,601	76,601
Compensated absences charges	-	48,523	-	48,523
Equipment rental and repair charges	914,927	-	-	914,927
Pension related charges	-	653,060	-	653,060
Total operating revenues	<u>914,927</u>	<u>1,045,439</u>	<u>76,601</u>	<u>2,036,967</u>
Operating expenses				
Personal services	176,098	1,303,255	51,714	1,531,067
Materials and supplies	312,844	-	-	312,844
Contractual services	113,079	-	13,279	126,358
Depreciation	305,084	-	-	305,084
Total operating expenses	<u>907,105</u>	<u>1,303,255</u>	<u>64,993</u>	<u>2,275,353</u>
Operating income (loss)	<u>7,822</u>	<u>(257,816)</u>	<u>11,608</u>	<u>(238,386)</u>
Nonoperating revenues (expenses)				
Investment income	2,071	5,702	103	7,876
Change in fair value of investments	(121)	(304)	-	(425)
Intergovernmental	-	22,050	-	22,050
Gain on sale of capital assets	22,142	-	-	22,142
Other revenue	28,762	-	-	28,762
Total nonoperating revenues (expenses)	<u>52,854</u>	<u>27,448</u>	<u>103</u>	<u>80,405</u>
Income (loss) before transfers	60,676	(230,368)	11,711	(157,981)
Transfers in	<u>105,485</u>	<u>-</u>	<u>-</u>	<u>105,485</u>
Change in net position	166,161	(230,368)	11,711	(52,496)
Net position - January 1, as previously reported	1,750,341	(1,116,404)	-	633,937
Change in accounting principle	<u>-</u>	<u>(5,489,291)</u>	<u>-</u>	<u>(5,489,291)</u>
Net position - January 1, restated	<u>1,750,341</u>	<u>(6,605,695)</u>	<u>-</u>	<u>(4,855,354)</u>
Net position - December 31	<u>\$ 1,916,502</u>	<u>\$ (6,836,063)</u>	<u>\$ 11,711</u>	<u>\$ (4,907,850)</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended December 31, 2015

**Statement 25**

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 914,927	\$ 1,045,439	\$ 78,205	\$ 2,038,571
Payment to suppliers	(429,423)	-	(14,391)	(443,814)
Payment to employees	(175,942)	(1,063,584)	(51,714)	(1,291,240)
Other revenue	28,762	-	-	28,762
Net cash flows from operating activities	<u>338,324</u>	<u>(18,145)</u>	<u>12,100</u>	<u>332,279</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	105,485	-	-	105,485
Intergovernmental revenue	-	22,050	-	22,050
Net cash flows from noncapital financing activities	<u>105,485</u>	<u>22,050</u>	<u>-</u>	<u>127,535</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(253,226)	-	-	(253,226)
Proceeds from sale of capital assets	51,358	-	-	51,358
Net cash flows from capital and related financing activities	<u>(201,868)</u>	<u>-</u>	<u>-</u>	<u>(201,868)</u>
<b>Cash flows from investing activities</b>				
Investment income	1,950	5,398	103	7,451
Net increase (decrease) in cash and cash equivalents	243,891	9,303	12,203	265,397
Cash and cash equivalents - January 1	28,930	353,689	-	382,619
Cash and cash equivalents - December 31	<u>\$ 272,821</u>	<u>\$ 362,992</u>	<u>\$ 12,203</u>	<u>\$ 648,016</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities</b>				
Operating income (loss)	\$ 7,822	\$ (257,816)	\$ 11,608	\$ (238,386)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities</b>				
Depreciation	305,084	-	-	305,084
<b>Changes in assets and liabilities</b>				
(Increase) decrease in prepaid items	-	-	(1,112)	(1,112)
(Increase) decrease in deferred outflow of resources	-	(1,190,410)	-	(1,190,410)
Increase (decrease) in payables	(3,500)	-	-	(3,500)
Increase (decrease) in salaries payable	156	-	-	156
Increase (decrease) in unearned revenue	-	-	1,604	1,604
Increase (decrease) in accrued expenses	-	613,215	-	613,215
Increase (decrease) in deferred inflow of resources	-	816,866	-	816,866
Other revenue	28,762	-	-	28,762
Total adjustments	<u>330,502</u>	<u>239,671</u>	<u>492</u>	<u>570,665</u>
Net cash flows from operating activities	<u>\$ 338,324</u>	<u>\$ (18,145)</u>	<u>\$ 12,100</u>	<u>\$ 332,279</u>

## FIDUCIARY FUNDS

### AGENCY FUND

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity, or government.

Landscape/Landfill – accounts for the assets attributable to landscaping at a private landfill after closure.

Employee Health Care Reimbursement Account – accounts for the restricted assets contributed to City employees' healthcare reimbursement account.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
 December 31, 2015

**Statement 26**

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	<u>Landscape / Landfill</u>	<u>Employee Healthcare Reimbursement Account</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	<u>\$ 137,171</u>	<u>\$ 23,800</u>	<u>\$ 160,971</u>
 <b>Liabilities</b>			
Deposits payable	<u>\$ 137,171</u>	<u>\$ 23,800</u>	<u>\$ 160,971</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
For the Year Ended December 31, 2015

**Statement 27**

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	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Landscape/Landfill</u>				
Assets				
Cash and investments	\$ 134,970	\$ 2,201	\$ -	\$ 137,171
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Liabilities				
Deposits payable	\$ 134,970	\$ 2,201	\$ -	\$ 137,171
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Employee Healthcare Reimbursement Account</u>				
Assets				
Cash and investments	\$ 15,393	\$ 15,882	\$ 7,475	\$ 23,800
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Liabilities				
Deposits payable	\$ 15,393	\$ 15,882	\$ 7,475	\$ 23,800
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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### III. STATISTICAL SECTION (UNAUDITED)

This part of the City of South St. Paul, Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of South St. Paul, Minnesota's overall financial health.

Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	142
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	154
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	160
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	168
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	170

Sources: unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF SOUTH ST. PAUL, MINNESOTA****NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Net investment in capital assets	\$ 36,290,023	\$ 45,426,615	\$ 50,127,360	\$ 54,638,596
Restricted	4,665,216	6,305,080	3,965,427	3,401,805
Unrestricted	<u>8,346,800</u>	<u>8,394,301</u>	<u>8,268,709</u>	<u>7,617,647</u>
Total governmental activities net position	<u>\$ 49,302,039</u>	<u>\$ 60,125,996</u>	<u>\$ 62,361,496</u>	<u>\$ 65,658,048</u>
Business-type activities:				
Net investment in capital assets	\$ 11,850,391	\$ 11,547,913	\$ 11,307,727	\$ 11,775,473
Unrestricted	<u>2,994,348</u>	<u>4,105,686</u>	<u>5,230,975</u>	<u>5,900,991</u>
Total business-type activities net position	<u>\$ 14,844,739</u>	<u>\$ 15,653,599</u>	<u>\$ 16,538,702</u>	<u>\$ 17,676,464</u>
Primary government:				
Net investment in capital assets	\$ 48,140,414	\$ 56,974,528	\$ 61,435,087	\$ 66,414,069
Restricted	4,665,216	6,305,080	3,965,427	3,401,805
Unrestricted	<u>11,341,148</u>	<u>12,499,987</u>	<u>13,499,684</u>	<u>13,518,639</u>
Total primary government net position	<u>\$ 64,146,778</u>	<u>\$ 75,779,595</u>	<u>\$ 78,900,198</u>	<u>\$ 83,334,513</u>

The City implemented GASB Statement No. 65 for the fiscal year ended December 31, 2013. The data for the years prior to 2013 have not been restated to reflect this change.

The City implemented GASB Statement No. 68 for the fiscal year ended December 31, 2015. The data for the years prior to 2015 have not been restated to reflect this change.

**Table 1**

2010	2011	2012	2013	2014	2015
\$ 55,457,507	\$ 51,132,197	\$ 48,908,824	\$ 51,659,919	\$ 54,442,716	\$ 52,670,100
2,856,386	4,996,846	4,954,281	4,401,005	6,416,191	5,108,264
9,953,322	10,334,718	12,696,029	11,213,059	9,209,143	4,944,946
<u>\$ 68,267,215</u>	<u>\$ 66,463,761</u>	<u>\$ 66,559,134</u>	<u>\$ 67,273,983</u>	<u>\$ 70,068,050</u>	<u>\$ 62,723,310</u>
\$ 11,643,887	\$ 14,453,210	\$ 13,886,557	\$ 14,565,214	\$ 14,627,351	\$ 15,521,335
4,191,071	4,518,774	6,640,168	6,567,625	7,003,502	6,766,631
<u>\$ 15,834,958</u>	<u>\$ 18,971,984</u>	<u>\$ 20,526,725</u>	<u>\$ 21,132,839</u>	<u>\$ 21,630,853</u>	<u>\$ 22,287,966</u>
\$ 67,101,394	\$ 65,585,407	\$ 62,795,381	\$ 66,225,133	\$ 68,900,209	\$ 68,021,577
2,856,386	4,996,846	4,954,281	4,401,005	6,416,191	5,108,264
14,144,393	14,853,492	19,336,197	17,780,684	16,382,503	11,881,435
<u>\$ 84,102,173</u>	<u>\$ 85,435,745</u>	<u>\$ 87,085,859</u>	<u>\$ 88,406,822</u>	<u>\$ 91,698,903</u>	<u>\$ 85,011,276</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,869,806	\$ 2,216,808	\$ 1,870,742	\$ 3,128,819
Public safety	5,535,003	6,319,181	6,515,301	6,237,343
Public works	4,133,175	4,009,014	3,935,557	3,557,844
Community development	-	-	-	-
Parks, arena, library	2,895,568	2,825,016	3,085,507	2,878,922
Transportation	1,303,503	651,897	1,212,501	1,226,313
Interest on long-term debt	604,805	969,617	569,908	476,297
Total governmental activities	<u>17,341,860</u>	<u>16,991,533</u>	<u>17,189,516</u>	<u>17,505,538</u>
Business-type activities:				
Water and sewer	3,390,216	3,721,772	3,904,842	3,847,254
Storm water	198,225	203,315	278,354	308,181
Street light utility	-	-	-	168,200
Total business-type activities	<u>3,588,441</u>	<u>3,925,087</u>	<u>4,183,196</u>	<u>4,323,635</u>
Total expenses	<u>\$ 20,930,301</u>	<u>\$ 20,916,620</u>	<u>\$ 21,372,712</u>	<u>\$ 21,829,173</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,226,122	\$ 1,182,542	\$ 1,101,832	\$ 1,140,523
Public safety	209,416	215,865	156,532	108,855
Public works	1,582,943	460,621	641,385	1,764,288
Community development	-	-	-	-
Parks, arena, and library	1,207,121	1,205,730	1,234,407	1,230,765
Transportation	850,517	819,478	1,076,991	983,346
Operating grants and contributions	1,342,519	1,557,846	1,069,733	838,970
Capital grants and contributions	1,966,898	3,331,011	2,238,852	736,215
Total governmental activities	<u>8,385,536</u>	<u>8,773,093</u>	<u>7,519,732</u>	<u>6,802,962</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,113,596	4,577,377	4,736,691	5,894,048
Storm water	525,143	343,281	343,426	344,774
Street light utility	-	-	-	204,362
Capital grants and contributions	-	263,977	77	226,400
Total business-type activities	<u>4,638,739</u>	<u>5,184,635</u>	<u>5,080,194</u>	<u>6,669,584</u>
Total program revenues	<u>\$ 13,024,275</u>	<u>\$ 13,957,728</u>	<u>\$ 12,599,926</u>	<u>\$ 13,472,546</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (8,956,324)	\$ (8,218,440)	\$ (9,669,784)	\$ (10,702,576)
Business-type activities	1,050,298	1,259,548	896,998	2,345,949
Total net (expense) revenue	<u>\$ (7,906,026)</u>	<u>\$ (6,958,892)</u>	<u>\$ (8,772,786)</u>	<u>\$ (8,356,627)</u>

**Table 2**  
**Page 1 of 2**

2010	2011	2012	2013	2014	2015
\$ 1,691,553	\$ 1,703,297	\$ 1,887,501	\$ 1,627,234	\$ 1,736,661	\$ 1,745,040
5,973,082	6,264,933	6,521,313	6,376,307	6,798,718	7,182,527
3,692,691	4,132,615	4,645,155	5,056,146	5,013,472	5,969,047
394,902	334,274	325,135	373,328	636,758	2,977,696
2,523,341	2,448,875	2,735,563	3,094,397	2,919,538	2,951,309
1,239,011	1,294,575	1,741,075	1,515,347	1,242,624	1,451,088
445,787	396,239	379,274	404,282	551,037	529,576
<u>15,960,367</u>	<u>16,574,808</u>	<u>18,235,016</u>	<u>18,447,041</u>	<u>18,898,808</u>	<u>22,806,283</u>
4,028,783	4,141,467	4,470,979	4,599,078	4,877,815	5,074,280
276,950	287,010	275,587	345,602	355,362	474,826
166,765	195,163	189,369	213,425	188,003	219,110
<u>4,472,498</u>	<u>4,623,640</u>	<u>4,935,935</u>	<u>5,158,105</u>	<u>5,421,180</u>	<u>5,768,216</u>
<u>\$ 20,432,865</u>	<u>\$ 21,198,448</u>	<u>\$ 23,170,951</u>	<u>\$ 23,605,146</u>	<u>\$ 24,319,988</u>	<u>\$ 28,574,499</u>
\$ 1,280,505	\$ 1,036,494	\$ 656,529	\$ 726,655	\$ 715,482	\$ 782,536
101,397	94,855	125,669	135,478	124,445	115,238
221,196	1,139,355	1,010,201	829,164	827,840	887,007
-	311,138	315,109	307,739	331,338	411,327
1,302,664	1,143,258	1,201,577	1,329,246	1,171,225	1,298,406
1,241,399	1,180,111	1,269,475	1,237,989	1,089,200	1,129,387
1,010,405	1,075,261	1,341,983	1,038,493	996,752	1,620,505
729,509	228,672	1,902,034	1,833,609	3,763,220	3,858,126
<u>5,887,075</u>	<u>6,209,144</u>	<u>7,822,577</u>	<u>7,438,373</u>	<u>9,019,502</u>	<u>10,102,532</u>
4,475,992	4,764,310	5,356,899	5,470,206	5,364,812	5,237,219
344,439	353,574	370,478	387,389	417,218	434,623
206,162	207,041	208,311	210,869	210,407	209,767
-	90,118	-	-	33,200	-
<u>5,026,593</u>	<u>5,415,043</u>	<u>5,935,688</u>	<u>6,068,464</u>	<u>6,025,637</u>	<u>5,881,609</u>
<u>\$ 10,913,668</u>	<u>\$ 11,624,187</u>	<u>\$ 13,758,265</u>	<u>\$ 13,506,837</u>	<u>\$ 15,045,139</u>	<u>\$ 15,984,141</u>
\$ (10,073,292)	\$ (10,365,664)	\$ (10,412,439)	\$ (11,008,668)	\$ (9,879,306)	\$ (12,703,751)
554,095	791,403	999,753	910,359	604,457	113,393
<u>\$ (9,519,197)</u>	<u>\$ (9,574,261)</u>	<u>\$ (9,412,686)</u>	<u>\$ (10,098,309)</u>	<u>\$ (9,274,849)</u>	<u>\$ (12,590,358)</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2006	2007	2008	2009
<b>General revenues</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 5,305,741	\$ 5,744,747	\$ 6,367,319	\$ 6,664,130
Tax increment	1,443,232	1,618,275	1,895,194	1,981,064
Franchise taxes	749,039	755,296	896,215	759,836
Unrestricted grants and contributions	2,781,385	2,537,158	2,130,674	2,459,663
Investment earnings	763,661	1,112,186	334,520	158,024
Gain on sale of capital assets	-	-	27,630	699
Miscellaneous	116,366	18,225	53,680	191,103
<i>Special item</i> -change in depreciation method	-	6,494,081	-	-
Transfers of capital assets	-	-	-	-
Transfers	440,273	550,262	200,052	1,784,609
Total governmental activities	<u>11,599,697</u>	<u>18,830,230</u>	<u>11,905,284</u>	<u>13,999,128</u>
Business-type activities:				
Investment earnings	52,699	264,641	188,157	135,719
<i>Special item</i> -change in depreciation method	-	(245,843)	-	-
Transfers of capital assets	-	-	-	-
Transfers	(440,273)	(550,262)	(200,052)	(1,793,488)
Total business-type activities	<u>(387,574)</u>	<u>(531,464)</u>	<u>(11,895)</u>	<u>(1,657,769)</u>
Total primary government	<u>\$ 11,212,123</u>	<u>\$ 18,298,766</u>	<u>\$ 11,893,389</u>	<u>\$ 12,341,359</u>
<b>Change in net position:</b>				
Governmental activities	\$ 2,643,373	\$ 10,611,790	\$ 2,235,500	\$ 3,296,552
Business-type activities	662,724	728,084	885,103	688,180
Total primary government	<u>\$ 3,306,097</u>	<u>\$ 11,339,874</u>	<u>\$ 3,120,603</u>	<u>\$ 3,984,732</u>

The City implemented GASB Statement No. 65 for the fiscal year ended December 31, 2013. The data for the years prior to 2013 have not been restated to reflect this change.

2010	2011	2012	2013	2014	2015
\$ 6,988,958	\$ 7,552,021	\$ 8,539,477	\$ 9,049,882	\$ 9,008,694	\$ 9,696,003
-	-	-	-	-	-
764,407	830,981	705,405	791,906	866,070	831,283
1,849,002	1,860,742	1,682,623	1,679,437	2,305,804	2,394,985
219,921	315,572	151,615	(94,910)	227,909	112,474
16,687	13,849	63,646	46,809	-	22,142
82,018	124,457	-	-	-	-
-	-	-	-	-	-
-	(2,711,680)	(2,088,104)	(620,867)	(376,388)	(1,228,340)
2,556,728	576,268	1,676,688	871,260	641,284	504,159
<u>12,477,721</u>	<u>8,562,210</u>	<u>10,731,350</u>	<u>11,723,517</u>	<u>12,673,373</u>	<u>12,332,706</u>
161,126	210,211	143,572	(53,852)	158,453	81,378
-	-	-	-	-	-
-	2,711,680	2,088,104	620,867	376,388	1,228,340
<u>(2,556,728)</u>	<u>(576,268)</u>	<u>(1,676,688)</u>	<u>(871,260)</u>	<u>(641,284)</u>	<u>(504,159)</u>
<u>(2,395,602)</u>	<u>2,345,623</u>	<u>554,988</u>	<u>(304,245)</u>	<u>(106,443)</u>	<u>805,559</u>
<u>\$ 10,082,119</u>	<u>\$ 10,907,833</u>	<u>\$ 11,286,338</u>	<u>\$ 11,419,272</u>	<u>\$ 12,566,930</u>	<u>\$ 13,138,265</u>
\$ 2,404,429	\$ (1,803,454)	\$ 318,911	\$ 714,849	\$ 2,794,067	\$ (371,045)
(1,841,507)	3,137,026	1,554,741	606,114	498,014	918,952
<u>\$ 562,922</u>	<u>\$ 1,333,572</u>	<u>\$ 1,873,652</u>	<u>\$ 1,320,963</u>	<u>\$ 3,292,081</u>	<u>\$ 547,907</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

	2006	2007	2008	2009
General fund:				
Reserved	\$ -	\$ 2,951	\$ 578	\$ 23,841
Unreserved	3,457,108	3,154,304	1,902,052	3,954,664
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 3,457,108</u>	<u>\$ 3,157,255</u>	<u>\$ 1,902,630</u>	<u>\$ 3,978,505</u>
All other governmental funds:				
Reserved	\$ 6,949,127	\$ 9,763,803	\$ 7,051,731	\$ 7,911,977
Unreserved, reported in:				
Special revenue funds	(1,152,603)	(1,314,743)	(1,413,702)	(1,228,614)
Debt service funds	285,598	663,984	910,779	408,547
Capital projects funds	3,770,371	2,668,972	3,934,133	272,288
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 9,852,493</u>	<u>\$ 11,782,016</u>	<u>\$ 10,482,941</u>	<u>\$ 7,364,198</u>

The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011.  
 The 2010 fund balances were reclassified according to GASB Statement No. 54 for comparison purposes.  
 The data for the years prior to 2010 have not been restated to reflect this change.

Table 3

2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,994	4,295,945	3,809,642	4,268,853	4,380	230,136
-	448,307	957,505	450,373	4,590,970	4,532,045
3,946,072	4,024,872	3,955,633	4,108,579	4,785,607	5,565,047
<u>\$ 3,948,066</u>	<u>\$ 8,769,124</u>	<u>\$ 8,722,780</u>	<u>\$ 8,827,805</u>	<u>\$ 9,380,957</u>	<u>\$ 10,327,228</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,095,604	4,344,904	46,725	51,057	59,023	43,798
3,404,591	3,101,673	6,995,130	6,801,470	6,493,717	5,100,398
1,733,585	577,454	57,196	76,497	31,318	70,335
4,149,829	5,004,209	7,156,684	7,306,243	7,720,144	6,305,277
588,191	(166,737)	(3,392,931)	(5,182,781)	(4,338,417)	(3,802,574)
<u>\$ 12,971,800</u>	<u>\$ 12,861,503</u>	<u>\$ 10,862,804</u>	<u>\$ 9,052,486</u>	<u>\$ 9,965,785</u>	<u>\$ 7,717,234</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	2006	2007	2008	2009
<b>Revenues:</b>				
General property taxes	\$ 5,300,707	\$ 5,662,257	\$ 6,237,649	\$ 6,635,485
Tax increment collections	1,443,232	1,618,276	1,895,194	1,981,064
Franchise tax	749,039	755,296	896,215	759,836
Licenses and permits	472,357	385,103	377,503	334,996
Intergovernmental	5,964,368	7,357,769	5,410,813	3,986,452
Charges for services	2,903,963	2,873,644	3,025,216	3,340,316
Fines and forfeits	211,069	139,966	113,221	114,821
Special assessments	1,053,449	850,285	798,164	645,146
Investment earnings	732,660	1,036,104	304,388	137,255
Contributions and donations	36,527	4,541	28,443	48,395
Miscellaneous	114,844	147,383	52,771	186,682
Total revenues	<u>18,982,215</u>	<u>20,830,624</u>	<u>19,139,577</u>	<u>18,170,448</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,885,093	2,137,081	1,824,108	1,911,675
Public safety	5,475,732	6,290,264	6,327,399	5,905,562
Public works	2,760,025	2,670,003	2,378,366	2,165,858
Community development	-	-	-	-
Parks, arena, library	2,674,930	2,574,722	2,772,001	2,590,665
Transportation	772,059	798,931	1,012,170	982,012
Nondepartmental	950,301	12,058	25,285	1,099,685
<b>Capital outlay:</b>				
General government	6,303,452	2,161,027	133,826	68,853
Public safety	-	176,123	52,194	38,930
Public works	3,304,686	3,156,507	2,981,684	2,811,993
Parks, arena, library	211,724	6,058	233,341	115,684
Transportation	1,548,936	176,758	458,672	2,909
Interest expenditure	-	294,309	-	-
<b>Debt service:</b>				
Principal retirement	1,480,000	2,729,916	3,044,215	2,783,612
Interest	506,583	706,944	613,331	520,487
Issuance costs, agents fees and other	32,740	53,529	31,044	-
Total expenditures	<u>27,906,261</u>	<u>23,944,230</u>	<u>21,887,636</u>	<u>20,997,925</u>
Revenues over (under) expenditures	<u>(8,924,046)</u>	<u>(3,113,606)</u>	<u>(2,748,059)</u>	<u>(2,827,477)</u>

**Table 4**  
**Page 1 of 2**

2010 *	2011	2012	2013	2014	2015
\$ 7,052,573	\$ 7,566,465	\$ 8,597,727	\$ 9,085,565	\$ 9,027,021	\$ 9,747,891
-	-	-	-	-	-
764,407	830,981	705,405	791,906	866,070	831,283
373,625	372,417	383,377	372,746	395,402	431,735
3,429,476	3,127,609	3,999,456	3,839,083	6,647,133	6,548,150
3,599,832	3,615,226	3,841,138	3,925,824	3,557,941	3,801,668
100,082	104,519	110,989	122,889	110,101	114,036
635,721	743,706	714,315	774,148	609,138	919,986
189,270	272,303	135,409	(87,396)	389,313	202,356
27,123	37,066	134,566	46,690	65,890	152,914
81,917	123,607	324,032	109,200	125,597	170,322
<u>16,254,026</u>	<u>16,793,899</u>	<u>18,946,414</u>	<u>18,980,655</u>	<u>21,793,606</u>	<u>22,920,341</u>
1,583,254	1,581,594	1,764,732	1,683,436	1,646,776	1,682,914
5,814,072	5,956,776	6,164,926	6,175,600	6,651,659	7,046,946
2,321,600	2,636,833	3,121,304	3,356,931	3,305,214	4,248,575
391,817	328,592	320,533	367,754	634,381	2,977,670
2,238,432	2,138,061	2,338,037	2,632,734	2,815,556	2,642,155
1,001,317	1,057,479	1,510,919	1,256,277	1,031,466	1,235,002
2,267	-	-	-	-	-
9,175	140,590	115,580	22,809	149,036	10,503
21,837	36,978	70,946	31,747	102,887	22,033
1,305,856	1,624,362	2,205,280	4,233,829	3,351,236	780,660
542,036	226,222	336,110	169,048	2,806,200	5,371,405
94,061	-	-	128,495	1,480,101	2,059,104
-	-	-	-	-	-
1,387,132	1,337,142	1,239,475	1,109,899	1,835,301	841,698
468,801	415,835	371,311	417,851	563,423	607,213
-	-	108,678	-	165,111	119,403
<u>17,181,657</u>	<u>17,480,464</u>	<u>19,667,831</u>	<u>21,586,410</u>	<u>26,538,347</u>	<u>29,645,281</u>
<u>(927,631)</u>	<u>(686,565)</u>	<u>(721,417)</u>	<u>(2,605,755)</u>	<u>(4,744,741)</u>	<u>(6,724,940)</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

	2006	2007	2008	2009
Other financing sources (uses):				
Bonds issued	\$ 3,800,000	\$ 1,420,000	\$ 1,955,000	\$ -
Refunding bonds issued	-	1,840,000	-	-
Discount on bonds issued	(41,707)	-	(6,265)	-
Premium on bonds issued	-	14,249	-	-
Payment to refunding escrow agent	-	-	(1,810,000)	-
Loan proceeds	-	375,490	-	-
Capital lease	-	-	-	-
Transfers in	2,542,933	854,623	200,052	1,793,488
Transfers out	(2,102,660)	-	(144,428)	(8,879)
Sale of capital assets	-	8,000	-	-
Total other financing sources (uses)	<u>4,198,566</u>	<u>4,512,362</u>	<u>194,359</u>	<u>1,784,609</u>
Net change in fund balance	<u>\$ (4,725,480)</u>	<u>\$ 1,398,756</u>	<u>\$ (2,553,700)</u>	<u>\$ (1,042,868)</u>
Debt service as a percentage of noncapital expenditures	12.0%	18.8%	20.3%	18.4%
Debt service as percentage of total expenditures	7.2%	14.6%	16.9%	15.7%

\* The City implemented some reorganization changes in 2011 and as a result, the 2010 numbers have been revised to reflect these changes.

2010 *	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ 6,970,000	\$ 4,945,000
-	-	5,525,000	-	-	-
-	-	-	-	-	-
-	-	243,810	-	76,858	78,986
-	-	-	-	(2,815,000)	-
-	-	-	-	-	-
-	-	-	29,202	-	-
2,556,728	576,268	1,676,688	1,158,688	1,855,965	2,894,745
-	-	-	(287,428)	(1,325,186)	(2,496,071)
-	-	-	-	-	-
<u>2,556,728</u>	<u>576,268</u>	<u>7,445,498</u>	<u>900,462</u>	<u>4,762,637</u>	<u>5,422,660</u>
<u>\$ 1,629,097</u>	<u>\$ (110,297)</u>	<u>\$ 6,724,081</u>	<u>\$ (1,705,293)</u>	<u>\$ 17,896</u>	<u>\$ (1,302,280)</u>
12.2%	11.3%	9.4%	8.9%	13.0%	6.8%
10.8%	10.0%	8.7%	7.1%	9.0%	4.9%

**CITY OF SOUTH ST. PAUL, MINNESOTA****TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

(Unaudited)

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<u>Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>All Other</u>	<u>Total Tax Capacity</u>
2006	\$ 11,675,953	\$ 3,815,562	\$ 407,555	\$ 15,899,070
2007	12,995,800	4,410,391	440,101	17,846,292
2008	13,332,184	4,881,619	452,319	18,666,122
2009	12,877,645	5,070,283	456,589	18,404,517
2010	11,977,146	4,799,666	458,234	17,235,046
2011	10,472,929	4,708,088	471,467	15,652,484
2012	8,810,663	4,654,904	490,859	13,956,426
2013	7,820,300	4,637,390	506,130	12,963,820
2014	7,765,278	4,695,335	509,398	12,970,011
2015	9,100,358	4,700,388	518,994	14,319,740

Source: Dakota County, Official statements for the City of South St. Paul

**Table 5**

Net Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
\$ 371,768	\$ 16,270,838	35.000%	\$ 1,411,714,500	1.18%
(2,384)	17,843,908	34.140%	1,576,157,200	1.15%
(89,245)	18,576,877	36.142%	1,632,184,800	1.14%
124,094	18,528,611	38.532%	1,596,388,200	1.16%
1,069,688	18,304,734	41.428%	1,485,029,900	1.23%
1,197,889	16,850,373	48.374%	1,336,348,950	1.26%
1,201,111	15,157,537	56.466%	1,287,925,780	1.18%
1,086,403	14,050,223	63.280%	1,218,927,900	1.15%
1,078,828	14,048,839	60.901%	1,216,525,700	1.15%
1,009,829	15,329,569	60.405%	1,339,658,600	1.14%

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES**  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	City of South St. Paul			
	Operating Rate	Debt Service Rate	Library Rate	Total Direct Rate
2006	29.090%	2.290%	3.620%	35.000%
2007	26.940%	3.710%	3.490%	34.140%
2008	28.840%	3.912%	3.390%	36.142%
2009	31.151%	3.960%	3.421%	38.532%
2010	34.949%	3.139%	3.340%	41.428%
2011	40.766%	4.009%	3.599%	48.374%
2012	47.723%	4.462%	4.281%	56.466%
2013	53.229%	5.228%	4.823%	63.280%
2014	51.214%	4.911%	4.776%	60.901%
2015	48.816%	6.983%	4.606%	60.405%

Source: Official statements for the City of South St. Paul and Dakota County Final Tax Rate Report.

**Table 6**

Overlapping Rates				Total School District #6	Total School District #199
School District		Other Districts	County		
#6	#199				
26.075%	17.944%	5.910%	26.324%	93.309%	85.178%
23.760%	16.590%	5.720%	22.990%	86.610%	79.440%
27.640%	19.760%	5.660%	23.070%	92.512%	84.632%
26.910%	19.300%	6.010%	23.420%	94.872%	87.262%
26.810%	21.800%	5.880%	24.730%	98.848%	93.838%
30.681%	24.679%	6.162%	26.547%	111.764%	105.762%
32.306%	28.363%	6.639%	28.658%	124.069%	120.126%
35.478%	27.556%	8.466%	30.490%	137.714%	129.792%
44.522%	33.418%	7.692%	29.018%	144.942%	133.838%
35.881%	34.864%	7.299%	26.902%	130.487%	129.470%

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago  
 (Unaudited)

**Table 7**

Taxpayer	2015			2006		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy	\$ 349,123	1	2.44%	\$276,445	1	1.74%
Blue Dog Properties Trust	199,956	2	1.40%	186,968	2	1.18%
Chicago & NW Trans. Co	190,870	3	1.33%	92,577	5	0.58%
Bridgepoint Business Center	135,806	4	0.95%	-		0.00%
Leonard Investment Co.	135,097	5	0.94%	87,123	8	0.55%
Dakota Bulk Property LLC	125,580	6	0.88%	90,316	7	0.57%
Waterous Co	119,122	7	0.83%	118,046	3	0.74%
Waterford Green Limited Partnership	103,750	8	0.72%	111,250	4	0.70%
270 Bridgepoint LLC	93,674	9	0.65%	-		
Sanimax AMX LLC	82,052	10	0.57%	-		
Jebco Group Inc	-			90,674	6	0.57%
Digital Angel Holdings LLC	-			61,216	9	0.39%
Healtheast Bethesda Lutheran Care Ctr	-			58,036	10	0.37%
<b>Total</b>	<b>\$ 1,535,030</b>		<b>10.71%</b>	<b>\$ 1,172,651</b>		<b>7.39%</b>
<b>Total All Property</b>	<b>\$ 14,319,740</b>			<b>\$ 15,899,070</b>		

Source: Official statements for the City of South St. Paul, Dakota County

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 8**

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 4,792,996	\$ 4,708,423	98.24%	\$ 81,456	\$ 4,789,879	99.93%
2007	6,115,536	5,993,668	98.01%	119,811	6,113,479	99.97%
2008	6,652,578	6,505,188	97.78%	142,510	6,647,698	99.93%
2009	7,053,607	6,916,953	98.06%	136,654	7,053,607	100.00%
2010	* 7,454,599	6,967,894	93.47%	154,223	7,122,117	95.54%
2011	7,880,133	7,689,963	97.59%	169,500	7,859,463	99.74%
2012	8,252,760	8,123,653	98.44%	129,107	8,252,760	100.00%
2013	8,644,354	8,508,414	98.43%	135,940	8,644,354	100.00%
2014	8,644,354	8,534,519	98.73%	109,835	8,644,354	100.00%
2015	9,278,064	9,189,897	99.05%	-	9,189,897	99.05%

\* Amount includes Market Value Homestead Credit (MVHC). The MVHC program reduces the property tax owed on a homesteaded property by .4% of the homestead's market value up to a maximum per property of \$304. 2010 legislative action cut \$337,153 in City revenue which ultimately reduced the collection percentages. The City anticipated it would have collected the same as previous years if the cut was not made.

Sources: City financial records

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Note Payable	Capital Lease	
2006	\$ 7,685,000	\$ 5,010,000	\$ 4,120,498	\$ 375,490	\$ -	\$ 17,190,988
2007	9,249,478	5,393,611	2,800,306	341,070	1,783,901	19,568,366
2008	7,033,980	6,177,949	1,420,114	303,521	1,721,607	16,657,171
2009	6,593,482	5,317,287	-	265,972	1,597,163	13,773,904
2010	6,132,984	4,486,625	-	228,423	1,471,414	12,319,446
2011	5,752,486	3,715,963	-	190,874	1,349,884	11,009,207
2012	10,881,988	3,065,301	-	153,325	1,232,464	15,333,078
2013	10,698,939	2,479,639	-	115,776	1,151,594	14,445,948
2014	14,382,071	1,395,000	-	78,227	1,040,402	16,895,700
2015	16,976,376	1,285,000	1,819,087	40,678	936,253	21,057,394

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(a)</sup>See Table 14 for personal income and population data.

**Table 9**

Business-Type Activities						
Sewer/Water/ Storm Revenue Bonds	Total Business-Type Activities	Per Customer	Total Primary Government	Percentage of Personal Income <sup>(a)</sup>	Per Capita <sup>(a)</sup>	
\$ -	\$ -	\$ -	\$ 17,190,988	1.99%	\$ 840	
-	-	-	19,568,366	2.08%	972	
-	-	-	16,657,171	1.79%	827	
-	-	-	13,773,904	1.50%	714	
2,801,000	2,801,000	406	15,120,446	1.72%	774	
2,675,000	2,675,000	390	13,684,207	1.47%	678	
2,325,000	2,325,000	339	17,658,078	1.75%	871	
2,206,000	2,206,000	316	16,651,948	1.62%	821	
4,966,452	4,966,452	711	21,862,152	2.05%	1,070	
4,840,373	4,840,373	693	25,897,767	N/A	1,286	

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 10**

Fiscal Year	Governmental Activities					Business-type Activities		Net Bonded Debt Total	Percentage of Total Tax Capacity <sup>(b)</sup>	Per Capita <sup>(a)</sup>
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Total General Bonded Debt	Less: Amounts Restricted for Debt Service	General Obligation Bonds				
2006	\$ 7,685,000	\$ 5,010,000	\$ 4,120,498	\$ 16,815,000	\$ 4,950,814	\$ -	\$ 11,864,186	74.62%	\$ 592	
2007	9,249,478	5,393,611	2,800,306	17,430,000	6,969,064	-	10,460,936	58.62%	520	
2008	7,033,980	6,177,949	1,420,114	14,620,000	4,876,206	-	9,743,794	52.20%	498	
2009	6,593,482	5,317,287	-	11,900,000	3,810,352	-	8,089,648	43.95%	420	
2010	6,132,984	4,486,625	-	10,610,000	3,075,569	2,801,000	10,335,431	59.97%	530	
2011	5,752,486	3,715,963	-	9,468,449	2,772,651	2,675,000	9,370,798	59.87%	465	
2012	10,881,988	3,065,301	-	13,947,289	8,669,465	2,325,000	7,602,824	54.48%	375	
2013	10,698,939	2,479,639	-	13,178,578	4,106,725	2,206,000	11,277,853	86.99%	556	
2014	14,382,071	1,395,000	-	15,777,071	2,224,750	4,966,452	18,518,773	142.78%	906	
2015	16,976,376	1,285,000	1,819,087	20,080,463	3,091,062	4,840,373	21,829,774	152.45%	1,084	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(a)</sup>See Table 14 for personal income and population data.

<sup>(b)</sup>See Table 5 for Total Tax Capacity Value.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 December 31, 2015  
 (Unaudited)

**Table 11**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
Special School District No. 6	\$ 38,450,000	100.0000%	\$ 38,450,000
ISD No. 199	64,175,000	0.3572%	229,207
Special Districts:			
Dakota County	23,420,000	3.0291%	709,415
Metropolitan Council	206,140,000	0.4009%	826,374
Subtotal - overlapping debt			40,214,996
City direct debt			21,057,394
Total direct and overlapping debt			<u>\$ 61,272,390</u>

Sources: Annual Report for continuing disclosure prepared by Ehlers & Associates, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

\*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**LEGAL DEBT MARGIN INFORMATION - PRIMARY GOVERNMENT**  
Last Ten Fiscal Years  
(Unaudited)

**Legal Debt Margin Calculation for Fiscal Year 2015**

Estimated Market Value	\$ 1,339,658,600
Debt limit (3% of market value) <sup>(a)</sup>	<u>40,189,758</u>
Debt applicable to limit:	
General obligation bonds paid solely from Taxes	12,045,000
Less: amount available for payment on principal and interest	<u>(382,131)</u>
Total net debt applicable to limit	<u>11,662,869</u>
Legal debt margin	<u><u>\$ 28,526,889</u></u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 28,234,290	\$ 31,473,972	\$ 48,965,544	\$ 47,891,646
Total net debt applicable to limit	<u>7,247,852</u>	<u>6,807,805</u>	<u>6,440,540</u>	<u>6,092,723</u>
Legal debt margin	<u><u>\$ 20,986,438</u></u>	<u><u>\$ 24,666,167</u></u>	<u><u>\$ 42,525,004</u></u>	<u><u>\$ 41,798,923</u></u>
 Total net debt applicable to the limit as a percentage of debt limit	 25.67%	 21.63%	 13.15%	 12.72%

<sup>(a)</sup> The debt limit percentage increased in 2008 from 2% to 3%.

**Table 12**

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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 44,550,897	\$ 40,174,356	\$ 35,141,194	\$ 36,567,837	\$ 36,495,771	\$ 40,189,758
<u>5,701,106</u>	<u>5,308,112</u>	<u>2,003,665</u>	<u>1,617,530</u>	<u>8,309,446</u>	<u>11,662,869</u>
<u>\$ 38,849,791</u>	<u>\$ 34,866,244</u>	<u>\$ 33,137,529</u>	<u>\$ 28,318,241</u>	<u>\$ 28,186,325</u>	<u>\$ 28,526,889</u>
12.80%	13.21%	5.70%	4.42%	22.77%	29.02%

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**PLEDGED-REVENUE COVERAGE**

Last Ten Fiscal Years

(Unaudited)

Improvement Bonds						
Fiscal Year	Special Assessment Collections	Debt Service		Coverage		
		Principal	Interest			
2006	\$ 1,053,449	\$ 1,005,000	\$ 205,948	0.87		
2007	850,285	1,045,000	204,664	0.68		
2008	798,164	1,170,000	187,964	0.59		
2009	645,146	860,000	199,260	0.61		
2010	635,721	830,000	196,682	0.62		
2011	743,706	770,000	165,379	0.80		
2012	700,486	650,000	137,414	0.89		
2013	766,089	585,000	113,814	1.10		
2014	601,129	1,080,000	90,948	0.51		
2015	914,291	110,000	58,808	5.42		

Tax Increment Bonds						
Fiscal Year	Tax Increment Collections	Debt Service		Coverage		
		Principal	Interest			
2006	\$ 1,443,232	\$ 200,000	\$ 118,800	4.53		
2007	1,618,276	1,320,000	113,300	1.13		
2008	1,895,194	1,380,000	77,000	1.30		
2009	1,981,064	1,420,000	-	1.40		
2010	-	-	-	-		
2011	-	-	-	-		
2012	-	-	-	-		
2013	-	-	-	-		
2014	-	-	-	-		
2015	-	-	-	-		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Table 13

Water Revenue Bonds						
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ -	\$ -	\$ -	\$ -	\$ -	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,226,156	727,646	498,510	51	10,298	48.17	
1,519,778	945,554	574,224	126,000	42,771	3.40	
1,844,756	848,388	996,368	350,000	40,017	2.55	
1,998,510	899,670	1,098,840	119,000	43,911	6.75	
1,966,922	1,173,491	793,431	121,000	77,893	3.99	
1,911,709	1,123,471	788,238	188,000	72,083	3.03	

Storm Water Revenue Bonds						
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ -	\$ -	\$ -	\$ -	\$ -	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
417,218	86,178	331,040	-	36,281	9.12	
434,623	195,822	238,801	60,000	32,890	2.57	

Water Revenue Bonds includes the Drinking Water Revolving Fund Loan and the water utility portion of the 2014A GO Bonds. Storm Water Revenue Bonds includes the storm water utility portion of the 2014A GO Bonds.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 14**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income *</u>	<u>Per Capita Personal Income*</u>	<u>Dakota Unemployment Rate*</u>
2006	20,024	\$ 862,934,280	\$ 44,295	3.50%
2007	20,108	940,089,216	46,752	4.00%
2008	19,552	931,711,456	47,653	6.10%
2009	19,266	918,082,698	47,653	7.70%
2010	19,514	878,559,308	45,022	6.60%
2011	20,160	933,387,840	46,299	5.20%
2012	20,275	1,010,647,925	49,847	4.90%
2013	20,290	1,028,439,230	50,687	4.10%
2014	20,441	1,066,550,057	52,177	3.20%
2015	20,146	N/A	N/A	3.10%

Amounts noted as N/A were not available

Sources:

Population: Metropolitan Council

Unemployment: The State of Minnesota, Department of Employment and Economic Development

Personal Income: Bureau of Economic Analysis

\* This data is not tracked for individual cities, data for Dakota County was used.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**PRINCIPAL EMPLOYERS**  
Current Year and Nine Years Ago  
(Unaudited)

**Table 15**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Special School District No 6	561	1	8.45%	518	2	6.18%
Sportsman's Guide	500	2	7.53%	524	1	6.25%
Bremer Bank	450	3	6.78%	-		
National Choice Bakery <sup>(2)</sup>	287	4	4.32%	180	8	2.15%
Waterous Company	269	5	4.05%	382	3	4.55%
American Bottling	250	6	3.76%	140	10	1.67%
Fury Chrysler Dodge Jeep	200	7	3.01%	-		
City of South St. Paul	176	8	2.65%	302	4	3.60%
Wipaire	130	9	1.96%	142	9	1.69%
Schadegg Mechanical, Inc.	100	10	1.51%	-		
Wells Fargo Bank MN, NA	-			267	5	3.18%
Dakota Premium Foods	-			250	6	2.98%
Cerenity Care Center - Bethesda <sup>(1)</sup>	-			218	7	2.60%
<b>Total</b>	<b>2,923</b>		<b>44.01%</b>	<b>2,923</b>		<b>34.85%</b>
<b>Total city employment</b>	<b>6,641</b>			<b>8,387</b>		

(1) Formerly Healtheast Bethesda Lutheran Care Center

(2) Formerly Twin City Bagel

Source: Annual report for continuing disclosure prepared by Ehlers & Associates, Inc.  
Total City employment from the Minnesota Department of Employment & Economic Development.

**CITY OF SOUTH ST. PAUL, MINNESOTA**

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

(Unaudited)

Function/Program	2006	2007	2008 <sup>(a)</sup>	Full-Time 2009
General government:				
Management services	5.28	5.28	5.10	5.10
Finance	2.80	3.20	3.25	3.25
Planning	1.00	1.00	1.00	1.00
Building	1.00	1.00	1.00	1.00
Other	1.20	1.20	1.20	1.20
Police:				
Officers	27.00	27.00	27.00	27.00
Civilians	4.00	4.00	4.00	4.00
Animal control *	0.50	0.50	0.50	0.50
Fire:				
Firefighters and officers	19.00	18.50	-	-
Civilians	1.00	1.00	-	-
Other public works:				
Engineering	4.85	4.85	4.85	4.85
Code enforcement	3.00	3.00	3.00	3.00
Public works	8.40	8.40	8.40	8.40
Parks and recreation	7.43	7.43	7.43	7.43
Library	8.00	8.00	8.00	8.00
Arena	2.50	2.50	2.50	2.50
Airport	2.00	2.00	2.00	2.00
Water and Sewer	7.42	7.42	7.42	7.42
Central Garage	2.00	2.00	2.00	2.00
<b>Total</b>	<b>108.38</b>	<b>108.28</b>	<b>88.65</b>	<b>88.65</b>

Source: City Budget Office - excludes seasonal employees

<sup>(a)</sup> The large decrease in total government employees in 2008 is due to the fact that the fire department consolidated with the City of West St. Paul's fire department as of January 1, 2008 to become the South Metro Fire Department. For this reason these employees are no longer considered South St. Paul city employees.

\* = In 2014 Animal Control personnel were moved into the police civilians.

**Table 16**

Equivalent Employees as of December 31,						
2010	2011	2012	2013	2014	2015	
5.10	3.35	5.00	5.30	5.80	5.95	
3.25	3.10	3.05	3.55	3.65	3.65	
1.00	1.00	1.00	1.00	1.00	1.00	
1.00	1.00	1.00	1.00	1.00	1.05	
1.20	-	-	-	-	-	
27.00	27.00	27.00	27.00	28.00	28.00	
4.00	3.75	4.50	4.50	4.50	4.50	
0.50	0.25	0.25	0.25	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
4.85	2.50	3.42	3.00	3.09	3.09	
3.00	3.00	2.25	2.25	2.25	2.25	
8.40	9.40	10.00	11.00	11.86	11.66	
7.43	7.75	5.60	5.60	5.95	6.18	
6.50	6.50	6.25	6.68	6.75	6.70	
2.50	2.40	2.40	2.40	2.05	2.05	
2.00	1.45	1.10	1.10	2.10	2.10	
7.42	7.42	6.18	6.90	7.05	7.05	
2.00	2.00	2.00	2.10	2.30	2.20	
<u>87.15</u>	<u>81.87</u>	<u>81.00</u>	<u>83.63</u>	<u>87.35</u>	<u>87.43</u>	

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	2006	2007	2008	2009
Police:				
Calls for Service	16,000	17,036	17,073	16,490
Part I offenses	900	870	697	750
Part II offenses	1,800	1,784	1,504	1,367
Felony charges	225	225	194	196
DUI	120	168	158	196
Traffic Accidents	275	275	279	292
Traffic Violations	1,200	1,335	808	858
Recycling				
Appliances collected	220	220	211	236
Oil collected (gallons) **	900	900	825	840
Scrap metal recycled	20,000	21,000	20,500	22,500
Electronics (pounds)	N/A	N/A	N/A	7,660
City Planner				
Site Plan reviews	4	1	4	2
Other public works:				
Segments of streets/alleys rehabbed	34	27	19	6
Parks and recreation:				
Splash pool users	11,000	6,214	11,523	7,471
Northview pool users	8,700	8,632	8,802	5,716
Library:				
Charged circulation (usage)	123,723	132,800	140,493	140,216
Arena:				
Ice rented (hours)	3,698	3,724	3,723	3,717
Transportation:				
Fuel sold (gallons)	191,400	165,488	171,385	161,088
Aircraft operations	65,701	51,076	52,865	54,980
Water:				
Utility customers	6,900	6,934	6,870	6,850
Pumpage/year (millions of gallons)	1,200	1,239	1,180	1,130
Wastewater:				
Sewage treatment (millions of gallons)	1,239	1,200	1,250	1,230

Sources: City Budgets - Departments

Note: Indicators are not available for the general government function.

\*\* - Numbers are no longer available for oil collected, added new electronics recycled

N/A - information is not available

Table 17

2010	2011	2012	2013	2014	2015
17,096	21,451	22,089	20,792	20,941	20,639
758	668	658	622	577	625
1,496	2,783	2,820	1,447	2,798	3,029
101	171	350	188	184	187
132	121	357	49	76	229
484	430	375	277	285	299
1,727	1,919	2,567	2,095	1,569	1,449
176	130	145	79	85	92
N/A	N/A	N/A	N/A	N/A	N/A
19,800	17,500	12,500	8,500	8,000	6,000
7,713	8,680	6,850	13,589	8,335	7,811
-	4	2	3	5	3
2	3	19	17	19	34
8,282	11,042	11,632	8,181	7,005	10,847
11,395	8,312	8,110	7,627	3,006	7,039
132,685	123,880	121,915	131,968	135,581	125,775
3,455	3,556	3,590	3,713	2,841	2,983
174,575	164,567	160,784	158,191	140,255	133,957
54,214	58,775	60,020	63,720	62,130	55,250
6,847	6,853	6,927	6,975	6,984	6,987
1,197	1,282	1,095	1,190	1,127	841
1,223	1,421	1,314	1,254	1,214	1,092

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	2006	2007	2008	2009
Police:				
Stations	1	1	1	1
Patrol units	18	18	18	18
Fire stations *	1	1	N/A	N/A
Other public works:				
Streets (miles)	N/A	66.7	66.7	66.7
Highways (miles) <sup>(a)</sup>	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A
Traffic signals <sup>(a)</sup>	N/A	N/A	N/A	N/A
Parks and recreation:				
Parks	10	10	10	10
Acreage	180	180	180	180
Swimming pools	3	3	3	3
Ice arena rinks	2	2	2	2
Water:				
Water mains (miles)	N/A	N/A	N/A	N/A
Wells	N/A	N/A	N/A	N/A
Wastewater:				
Sanitary sewers (miles)	N/A	N/A	N/A	N/A
Storm sewers (miles)	46.2	46.2	46.2	46.2
Airport:				
T-Hangars	29	29	29	29
Acres	N/A	270	270	270

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

N/A - information is not available

\* The Fire Department separated from the City as of 1/1/2008 and is therefore no longer considered a City Function/Program

<sup>(a)</sup> not under City jurisdiction

**Table 18**

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
18	19	19	17	17	17
N/A	N/A	N/A	N/A	N/A	N/A
66.7	66.7	73.1	73.1	73.1	73.1
N/A	N/A	13.9	13.9	13.9	13.9
N/A	N/A	1,112	1,112	1,112	1,112
N/A	N/A	15.0	15.0	15.0	15.0
10	10	15	15	15	15
180	180	245	245	245	245
3	3	3	3	3	3
2	2	2	2	2	2
N/A	N/A	87.6	87.6	87.6	87.6
N/A	N/A	7.0	7.0	7.0	7.0
N/A	N/A	77.8	77.8	77.8	77.8
46.2	46.2	46.2	46.8	46.8	46.9
29	29	32	32	32	32
270	270	270	270	270	270

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