
Comprehensive Annual Financial Report

For the Year Ended December 31, 2012



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, 2012**

**PREPARED BY:
FINANCE DEPARTMENT**

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I. INTRODUCTORY SECTION

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July 29, 2013

**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, 2012.

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 CliftonLarsonAllen LLP, 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, 2012 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 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, fire protection [full-time], parks and recreation [14 parks spread over 287 acres], two aquatic facilities, Wakota 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. 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 255 resident aircraft, 63,000 annual landings, and 82 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, 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. Line item budget reports are reviewed and prepared by finance for

departmental review. Finance also performs financial analysis reports for city council review and approval.

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 (formally known as the Special Projects Fund) is a separate Capital Project 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 primary 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. However, the City and the Metropolitan area were not immune to the recent national economic decline. Residential values, roughly 70% of the City's tax base, dropped 8% from assessment year 2008 to 2009 and continued into the 2009 to 2010 assessment year with an 11.4% decline. Beginning with the 2011 assessment year, the residential housing market began to stabilize. However, the decline in market value continued, but at a modest (3.04%).

Based on preliminary market value information from Dakota County, the decline has stabilized and there is an estimated 0.15% increase for the 2013 assessment year.

The City's housing stock consists of 5,503 residential homesteaded properties for the 2012 assessment (for taxes payable 2013) year. The preliminary average value of these properties is a modest \$137,700, the 2nd lowest in Dakota County. In a stark contrast, the comparable value for 2007 assessment year was \$206,116, a decline of 33% over a 7 year period, the 3rd greatest in Dakota County. 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 is higher than its surrounding communities. 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 on the market, and 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). However, a major concern for the City in the near future is 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). The new formula can cause unpredictable fluctuations in aid amounts from year to year. In addition, the City of South St. Paul has 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. The immediate future for continued State support does look positive because the State legislature and Governor enacted a new LGA formula which will be effective in 2014 which will restore some of the cuts previously experienced. The City Council took a proactive approach to eliminate its operational reliance on State Aids. Any LGA monies received over the budgeted amount will be used to finance capital improvements as outlined in the City's Capital Improvement Plan.

Major Initiatives

Major initiatives and highlights in 2012 included the following:

Hardman Triangle Infrastructure

- During 2010, the City initiated the Hardman Triangle sewer separation project. This project was a key infrastructure component of the water and sewer utility operations and is in an area that has re-development potential.
- The Project specifications called for the separation and installation of new storm water and sanitary sewer systems and a new lift station. The project was completed in 2012.

Bridgepoint Business Park

- The community continues to redevelop and benefit from the site of the former meatpacking complex through the development of modern office, warehouse and showroom facilities.
- In 2008, the last remnant of the Stockyard operations closed and began to be transformed into two office showroom facilities. The construction of one of the buildings was expected to begin in 2009, but due to the overall economy and a tight credit market, the developer delayed the project.
- The City and the HRA (component Unit of the City) worked with the developer in an effort to move forward with the construction of the first of three office facilities. Construction on the 1st office complex was completed in the spring of 2012. The taxable market value is estimated to be at \$4 million. The developer is anticipating starting the 2nd office complex in 2014.

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.
- The City's effort and exploration of organizational restructuring and cost cutting led to an agreement with the School District for the management of facilities and public works services. This agreement was authorized by both parties in 2010.

Long-term Financial Planning

The City on 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 Wakota Arena funds in an effort to address the outstanding internal debt, and decrease the advances of cash funds needed from the General Programs Fund. The results from the plans required internal debt payments on an annual basis.

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 sets a 35% of subsequent year expenditures minimum level benchmark. The City met this policy as of the year ended 2012.

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, 2011. 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,

A handwritten signature in cursive script that reads "Michelle Pietrick".

Michelle Pietrick
City Finance Director

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morill

President

Jeffrey R. Enev

Executive Director

CITY OF SOUTH ST. PAUL, MINNESOTA

ELECTED AND APPOINTED OFFICIALS

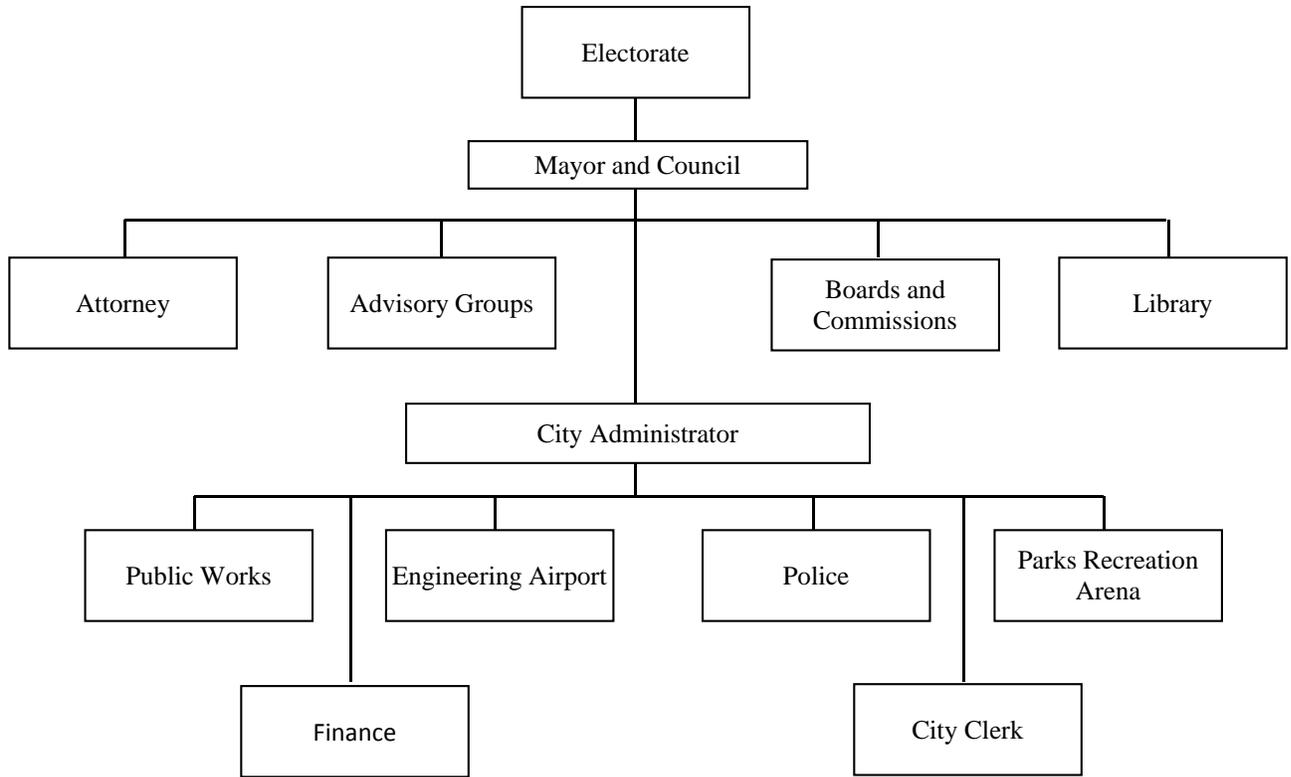
December 31, 2012

		<u>Term Expires</u>
Mayor	Beth A. Baumann	January 1, 2017
Councilmembers	Lori Hansen	January 1, 2017
	Christopher J. Lehmann	January 1, 2017
	Dan Niederkorn	January 1, 2017
	Todd Podgorski	January 1, 2015
	Marilyn Rothecker	January 1, 2015
	Tom Seaberg	January 1, 2015
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

CITY OF SOUTH ST. PAUL, MINNESOTA

ORGANIZATION CHART

December 31, 2012



II. FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
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 (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority of South St. Paul, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. 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 auditors' 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 entity'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 entity'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.

Honorable Mayor and
Members of the City Council
City of South St. Paul

Auditors' Responsibility (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 audits and the report of the other auditors, the financial statements referred to above 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 of South St. Paul as of December 31, 2012, 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.

Report on Summarized Comparative Information

We have previously audited the City of South St. Paul's 2011 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 of South St. Paul's basic financial statements. The other supplementary information, combining and individual financial statements and schedules, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and
Members of the City Council
City of South St. Paul

Other Matters (Continued)

Other Information (Continued)

The other supplementary information, combining and individual financial statements and schedules are 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. In our opinion, the other supplementary information, combining and individual financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section, as listed in the table of contents, has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of the City of South St. Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 result 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 City of South St. Paul's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 26, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. 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 9 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$87,309,397 (net position). Of this amount, \$19,559,735 (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 \$1,873,652 from the prior year.
- As of the close of current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,585,584. The fund balance classifications by fund type are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable	\$ 3,809,642	\$ 46,725	\$ -	\$ -	\$ 3,856,367
Restricted	-	304,816	6,690,314	-	6,995,130
Committed	957,505	57,196	-	-	1,014,701
Assigned	-	166,860	-	6,989,824	7,156,684
Unassigned	3,955,633	(1,617,818)	(5,759)	(1,769,354)	562,702
	\$ 8,722,780	\$ (1,042,221)	\$ 6,684,555	\$ 5,220,470	\$ 19,585,584

- The City's total debt increased by \$4,359,206 during the current fiscal year, from \$14,925,158 to \$19,284,364.

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 a statistical section and other supplementary information in addition to the basic financial statements themselves.

Management's Discussion and Analysis

The statistical section provides historical financial and other data and the supplementary section provides schedules of debt service requirements, investments and deferred property tax levies.

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 and liabilities, with the difference between the two 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. 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, recreation (parks and programs, library, arena) and transportation (airport). There are three business-type activities of the City of South St. Paul - water/sanitary sewer, storm water and the street light utility. The storm water utility began in late 2003 while the street light utility's first year of operation began in 2009.

The government-wide financial statements can be found on pages 34 and 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

Management's Discussion and Analysis

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 six 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. The six major governmental funds include the General Fund, two special revenue fund (Wakota Arena and Airport), two debt service funds (2006A Capital Improvement Bonds and 2008A Improvement Bonds), and one capital project fund (Capital Programs). Data from the other 31 governmental funds (four special revenue, twelve debt service, and fifteen capital projects) 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 City adopts an annual appropriated budget for three of its major funds: General, Wakota Arena and the Airport Funds. A budgetary statement comparing original budget, revised budget and actual results has been provided for those funds to demonstrate compliance and to provide the reader with budgetary detail.

The basic governmental fund financial statements can be found on pages 36 through 40 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, Storm Water and Street Light Utility operations. In addition, the City has two internal service funds to account for its central garage activity and some employment benefits. In general, the Central Garage Fund purchases and maintains all city vehicles. Charges are paid to the Central Garage from City operating departments based on maintenance, supplies and depreciation associated with the specific vehicles used by the department. The OPEB/Employee Benefit Fund accounts for the City's post-employment health insurance benefits for inactive employees of the City. In addition, the OPEB/Employee Benefit Fund accounts for the City's compensated absences. Charges are paid to the OPEB/Employee Benefit Fund by the City operating departments based on active service programming for the City's eligible retirees and current employees for compensated absences. Investment earnings from the internal service funds have been included within governmental activities in the government-wide financial statements. The internal service funds are not reported separately on the government-wide statement of activities but have been included within the governmental activities.

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, Storm Water Utility, Street Light Utility, and the combined Internal Service funds.

Management's Discussion and Analysis

The basic proprietary fund financial statements can be found on pages 41 through 43 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 44 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 45 through 80 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 96 through 134 of this report. Supplemental financial information (pages 137-144) follows the combining statements and the statistical section (pages 146-174) follows thereafter.

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 exceeded liabilities by \$87,307,397 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$58,775,381 or 67.32%) reflects investment in capital assets (e.g. land, buildings and land improvements, infrastructure, machinery, equipment, capital lease, 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.

Accumulated depreciation as of December 31, 2012 is displayed as a separate line item in the fund statements of the proprietary funds. However, it is netted against assets in the government-wide Statement of Net Position and not separately shown.

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$24,321,438	\$17,528,348	\$6,763,944	\$7,387,343	\$31,085,382	\$24,915,691
Capital and non-current assets	60,465,712	62,274,705	16,211,557	14,460,140	76,677,269	76,734,845
Total Assets	84,787,150	79,803,053	22,975,501	21,847,483	107,762,651	101,650,536
Current liabilities	2,296,741	1,089,134	242,776	200,499	2,539,517	1,289,633
Non-current liabilities	15,707,737	12,250,158	2,206,000	2,675,000	17,913,737	14,925,158
Total Liabilities	18,004,478	13,339,292	2,448,776	2,875,499	20,453,254	16,214,791
Net Position						
Net investment in capital assets	44,888,824	51,132,197	13,886,557	14,453,210	58,775,381	65,585,407
Restricted	8,974,281	4,996,846	-	-	8,974,281	4,996,846
Unrestricted	12,919,567	10,334,718	6,640,168	4,518,774	19,559,735	14,853,492
Total Net Position	\$66,782,672	\$66,463,761	\$20,526,725	\$18,971,984	\$87,309,397	\$85,435,745

Net position at the end of the current fiscal year for the City as a whole, which includes its separate governmental and business-type activities, totaled \$87,309,397. The major element of the year-end current asset balance of \$31,085,382 was cash, cash equivalents, and investments of \$18,618,202, which represented 60.0% of the total current asset balance.

As of December 31, 2012, total liabilities for governmental activities and business-type activities were \$20,453,254. Of this amount, \$17,913,737 (87.6%) were non-current liabilities consisting primarily of bonded debt issued to finance public works infrastructure projects. 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, 2012, \$8,669,465 was thus restricted due to bond covenants with external bond purchasers related to future debt service requirements. In addition, \$304,816 was restricted for specific purposes including park improvements, library funding, and community relations. The remaining balance of unrestricted net position of \$19,559,735 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities increased the City's net position by \$318,911. 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.

Management's Discussion and Analysis

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

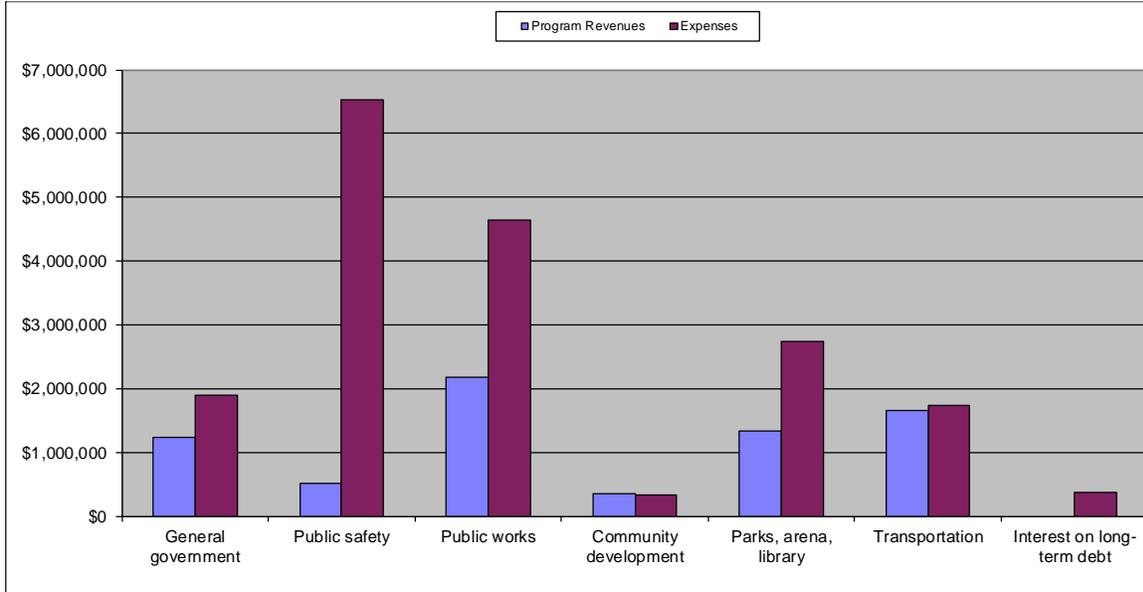
	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$4,578,560	\$4,905,211	\$5,935,688	\$5,324,925	\$10,514,248	\$10,230,136
Operating grants and contributions	2,366,339	1,075,261	-	-	2,366,339	1,075,261
Capital grants and contributions	877,678	228,672	-	90,118	877,678	318,790
General revenues:						
Property taxes	8,274,769	7,384,122	-	-	8,274,769	7,384,122
Tax increment collections	264,708	167,899	-	-	264,708	167,899
Franchise taxes	705,405	830,981	-	-	705,405	830,981
Unrestricted grants and contributions	1,682,623	1,860,742	-	-	1,682,623	1,860,742
Investment income	151,615	315,572	143,572	210,211	295,187	525,783
Gain on sale of capital assets	63,646	13,849	-	-	63,646	13,849
Miscellaneous revenues	-	124,457	-	-	-	124,457
Total revenues	<u>18,965,343</u>	<u>16,906,766</u>	<u>6,079,260</u>	<u>5,625,254</u>	<u>25,044,603</u>	<u>22,532,020</u>
Expenses:						
General government	1,887,501	1,703,297	-	-	1,887,501	1,703,297
Public safety	6,521,313	6,264,933	-	-	6,521,313	6,264,933
Public works	4,645,155	4,132,615	-	-	4,645,155	4,132,615
Community development	325,135	334,274	-	-	325,135	334,274
Parks, arena, library	2,735,563	2,448,875	-	-	2,735,563	2,448,875
Transportation	1,741,075	1,294,575	-	-	1,741,075	1,294,575
Interest on long-term debt	379,274	396,239	-	-	379,274	396,239
Water and sanitary sewer	-	-	4,470,979	4,141,467	4,470,979	4,141,467
Storm sewer utility	-	-	275,587	287,010	275,587	287,010
Street light utility	-	-	189,369	195,163	189,369	195,163
Total expenses	<u>18,235,016</u>	<u>16,574,808</u>	<u>4,935,935</u>	<u>4,623,640</u>	<u>23,170,951</u>	<u>21,198,448</u>
Increase (decrease) in net position before transfers	730,327	331,958	1,143,325	1,001,614	1,873,652	1,333,572
Transfers of capital assets	(2,088,104)	(2,711,680)	2,088,104	2,711,680	-	-
Transfers	1,676,688	576,268	(1,676,688)	(576,268)	-	-
Change in net position	318,911	(1,803,454)	1,554,741	3,137,026	1,873,652	1,333,572
Net position - January 1	<u>66,463,761</u>	<u>68,267,215</u>	<u>18,971,984</u>	<u>15,834,958</u>	<u>85,435,745</u>	<u>84,102,173</u>
Net position - December 31	<u>\$66,782,672</u>	<u>\$66,463,761</u>	<u>\$20,526,725</u>	<u>\$18,971,984</u>	<u>\$87,309,397</u>	<u>\$85,435,745</u>

Total governmental activities revenue and transfers in were \$20,642,031 against expenses and the transfer out of capital assets of \$20,323,120 resulting in an increase in net position of \$318,911.

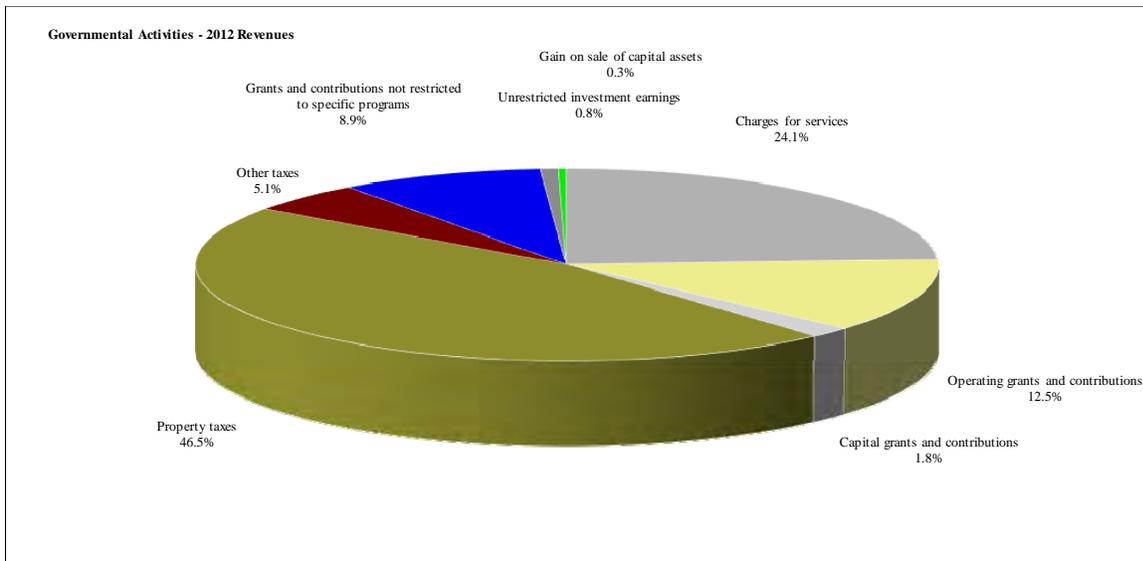
Management’s Discussion and Analysis

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

Expenses and Program Revenues – Governmental Activities



Governmental Activities – Revenues

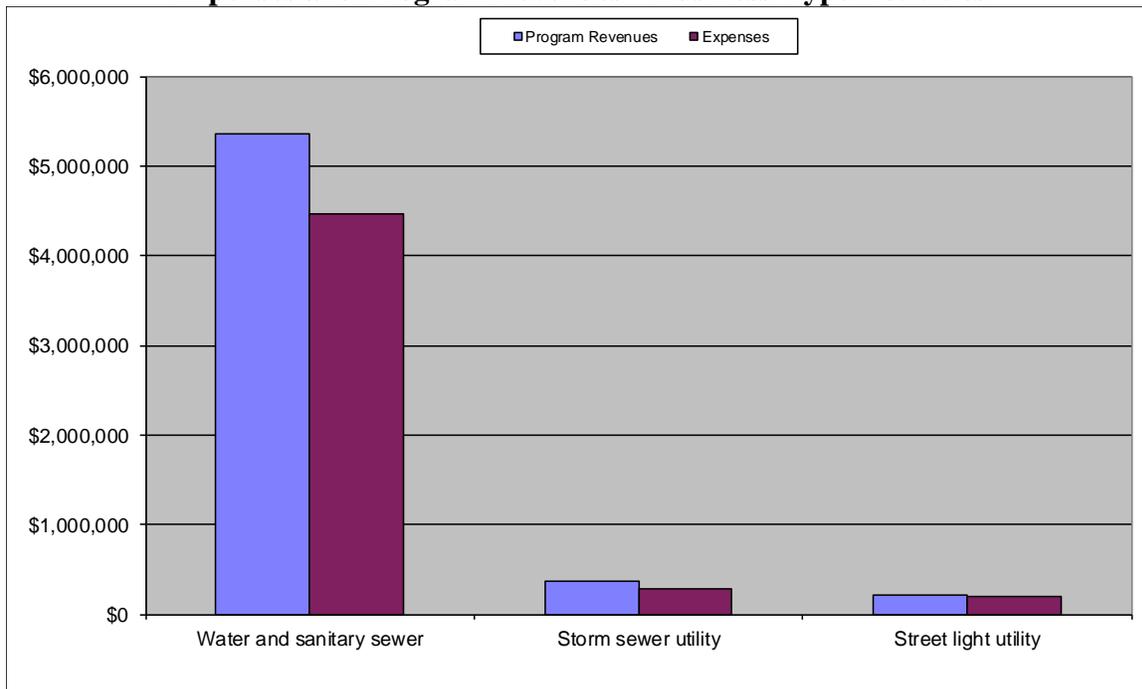


Management's Discussion and Analysis

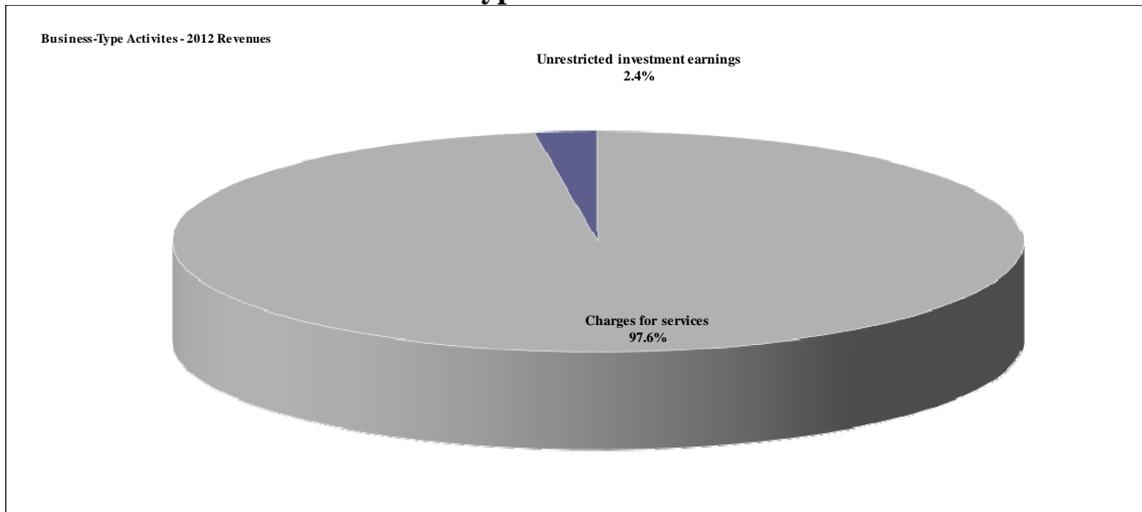
Business-Type Activities

Business-type activities increased net position by \$1,554,741 accounting for 8.2% of the City's business-type activities beginning net position. The increase in net position is primarily due to the completion of the Bridgepoint Business Park and Hardman Triangle projects. There are \$2,088,104 of assets transferred from the capital project fund (governmental activities) to the Water and Sewer fund and the Storm Water Utility fund (business-type activities).

Expenses and Program Revenues – Business-Type Activities



Business-Type Activities – Revenues



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental Funds. The 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, unassigned 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 \$19,585,584. Approximately 2.9% or \$562,702 constitutes unassigned fund balance. The remainder of the fund balance is not available for new spending because it is either 1) nonspendable (\$3,856,367), 2) restricted (\$6,995,130), 3) committed (\$1,014,701), or 4) assigned (\$7,156,684) for other purposes. Of the nonspendable balance, 94.4% or \$3,640,227 is needed to provide cash flow for other governmental funds.

Fund balance changes for the City's major funds were as follows:

The General Fund: decrease of \$46,344. The General Fund is the chief operating fund of the City. During the current fiscal year, December 31, 2012, the General Fund revenue increased \$605,032 from year ending December 31, 2011. There were many significant factors that resulted in the increase of total revenues. The City Council approved a 4.13% General Fund tax levy increase which generated a \$526,532 increase in current tax revenue over the 2011 collections. Licenses and permit revenue increased \$10,960 in 2012. This is due to an increase in the residential business licensing program which generated an additional \$10,250 for the inspection and licensing of rental property in the City. The City also experienced an increase in charges for service revenue for the general government and the engineering project fee categories. The \$18,525 increase in the general government function is due to additional antenna lease agreements and current agreements that call for higher lease rates in 2012. The City also experienced a \$66,089 increase in engineering project fees that are charged for engineering staff time provided to City projects. This increase is attributable to the large number of street and sidewalk reconstruction projects that were started or on-going in 2012.

The General Fund expenditures increased \$408,014 from fiscal year 2011 to 2012. The increase in spending is due to several factors. Personal services increased by \$195,201 in the general fund which was primarily a result of contract settlements and unexpected retirements/departures, specifically in the police (\$162,868) and finance (\$23,899) departments. Other services and charges increased by \$188,264 in the general fund. The majority of these increases were due to increased costs from the Dakota County Communications Center in the police department, increased software expenses related to the new financial system in the finance department and an increase in the fire department expenses.

Wakota Arena Fund: decrease of \$203,933. The decrease in Wakota Arena's fund balance is primarily due to the facility not generating enough revenue to support capital

Management's Discussion and Analysis

improvements and operations. In addition, the Arena has an outstanding fund balance deficit of \$726,999 at the close of the year which requires a cash advance from the General Programs fund. In accordance with City policy, an interest expenditure of \$16,691 was charged in 2012. To address the deficit the City Council intends to follow the long-term financial plan that was developed.

Airport Fund: increase of \$252,602. The Airports increase in fund balance is primarily due to a transfer from the Arena fund which covered prior year staff costs that were discovered to have been incorrectly allocated between the two funds. The City Council recognizes the significant level of the internal debt the Airport continues to carry. To address the outstanding debt, the staff developed a financial management plan as a guide to follow during the upcoming budget cycles.

2006A Capital Improvement Bonds: increase of \$2,890,549. The 2006A Capital Improvement Bond Fund accounts for the 2006A bond issuance payments. In 2012, this bond series was advance refunded to decrease the interest expenditures over the remaining life of the bond. The proceeds of the refunding bonds \$2,928,075 were deposited into this fund to pay the principal and interest at the crossover date of February 1, 2014.

2008A Improvement Bonds: increase of \$1,201,885. The 2008A Improvement Bond Fund accounts for the 2008A bond issuance payments. In 2012, this bond series was advance refunded to decrease the interest expenditures over the remaining life of the bond. The proceeds of the refunding bonds \$1,264,299 were deposited into this fund to pay the principal and interest at the crossover date of February 1, 2016.

Capital Programs Fund: increase of \$1,036,605. The Capital Programs Fund accounts for a variety of capital improvements and acquisitions for the City as part of the City's Capital Improvement Plan. The increase in fund balance is primarily due to the City Council's efforts to increase revenue and invest in the community's infrastructure and assets. Revenue generation comes from the City's property tax levy of \$111,992 and the transfer in of excess fund balance from the City's General Fund. Currently, the City's fund balance policy for the General Fund defines excess fund balance as 35% of subsequent year's budgeted expenditures for the General Fund. Since the City exceeded the policy in 2012, a transfer of \$1,226,460 was made.

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 Fund increased by \$1,491,160 in 2012 and stood at \$12,921,157 at year-end. The change in net position is primarily from the capital contributions (\$1,450,626) for the Hardman Triangle, Bridgepoint Business Park, and South Concord Projects.

Net position increased \$64,639 in the Storm Water Utility Fund. Operating revenue from customers exceeding expenses provided for the increase in net position.

Management's Discussion and Analysis

Net position decreased (\$1,058) in the Street Light Utility Fund. The decrease is primarily due to a greater number of street light repairs needed in 2012.

The unrestricted net position in the respective proprietary funds are Water and Sewer, \$3,430,634, Storm Water Utility, \$858,155, and Street Light Utility \$26,379.

Budgetary Highlights

The City Council adopted 9 operating budgets for the General Fund, four special revenue funds, three proprietary funds, and one internal service fund. Schedules which compare actual results to budget can be found in the statements for: major Wakota Arena, major Airport Fund, nonmajor Library, and Central Square Funds. A summary of the General Fund follows:

General Fund

As part of the annual budget process, the current year's General Fund revenue and expenditure budgets are revised to reflect a more accurate picture throughout the current fiscal year. For example, the original budget was revised mid-year to reflect a more accurate revenue picture, especially for Franchise Fees and Charges for services, as a result of timing and more accurate information available during the year.

Total original budgeted revenues (\$10,908,982) were revised to the final budgeted revenues (\$10,865,021), a decrease of \$43,961. The following are key factors for the budget amendments and significant budget to actual variances:

- The Franchise fees were amended (decreased \$25,000) based on revised information received from Xcel Energy regarding a change in their rate structure. However, the actual franchise fees came in even lower than anticipated.
- The Intergovernmental revenues was amended (increased \$5,173) due to increased County funding for a public safety initiative. Local Government Aid came in higher than anticipated.
- The Charges for Service revenue for Administrative fees was amended (decreased \$30,000) as less time was spent on tax increment related activity. The Charges for Service revenue for Engineering Project fees came in higher (\$137,806) than expected due to more staff time needed for City projects.

Total original budget expenditures (\$11,132,821) were revised to the final budgeted expenditures (\$11,152,072) an increase of \$19,251. The following are key factors for the budget amendments and significant budget to actual variances:

- The City settled all four of the collective bargaining agreements and the City Administrator's contract in 2012. The resulting 2012 estimated costs were planned and budgeted as a contingency in the general fund. Budget amendments were not made in the respective program budgets so many of the personal service variances in the departments are a result of these contract settlements
- The City Attorney department budget yielded a negative variance of \$22,252 which was primarily due to more criminal prosecution services in 2012 than anticipated.

Management's Discussion and Analysis

- The Information Technology department budget yielded a positive variance due to staff vacancy and position change during the year.
- The Finance department budget had a negative variance due to the continued need for contracted services during the implementation of the new utility billing system and also due to vacation payouts for unexpected departures of staff.
- The Police department budget had a negative variance due to two unexpected retirements and their related payouts.

Major areas of expenditures finishing the year under budget included the following departments: City Administration \$15,506; City Clerk \$6,911; Information Technology \$27,315; Recycling \$5,055; Engineering \$33,090; Buildings \$16,042; Code Enforcement \$9,258; and Parks, Pools, and Recreation \$5,479.

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, 2012 was \$76,677,269 (net of accumulated depreciation). This investment in capital assets includes land, buildings, capital lease, and land improvements, infrastructure, machinery and equipment.

More detailed information regarding capital assets are found in the notes to the financial statements (Note 1M page 53 and Note 4 pages 61-63).

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

- The Hardman Triangle Sewer separation project was completed and transferred to the Water Sewer fund in 2012.
- The reconstruction of South Concord Street and the water, sewer, and storm water lines that run under the street was completed in 2012.
- The Bridgepoint Business Park project which included new streets, water, sewer and storm water lines was completed in 2012.
- Significant investment was made into a new financial software system and utility billing system which was completed in 2012.
- The City invested \$532,480 to replace a variety of City vehicles and Equipment.

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$9,992,334	\$9,988,614	\$295,900	\$295,900	\$10,288,234	\$10,284,514
Building and Improvements	22,282,070	22,253,459	3,639,196	3,482,529	25,921,266	25,735,988
Capital Lease - building	1,605,511	1,641,189	-	-	1,605,511	1,641,189
Machinery and Equipment	2,761,266	2,331,089	742,903	195,185	3,504,169	2,526,274
Infrastructure	21,842,002	21,392,417	11,527,693	9,573,458	33,369,695	30,965,875
Construction in Process	1,982,529	4,526,187	5,865	906,138	1,988,394	5,432,325
	<u>\$60,465,712</u>	<u>\$62,132,955</u>	<u>\$16,211,557</u>	<u>\$14,453,210</u>	<u>\$76,677,269</u>	<u>\$76,586,165</u>

Long-term debt. At the end of the current fiscal year, the City had a total outstanding bonded debt of \$16,265,000, an increase of \$4,130,000 from 2011. This number is comprised of G.O. debt of \$10,020,000, G.O debt supported by special assessments of \$3,060,000 and revenue supported bonds in the amount of \$3,185,000. The City's outstanding debt also includes the capital lease for the 380 Airport Road Building in the amount of \$1,232,464. The lease agreement is with the South St. Paul HRA, a component unit of the City.

Additional long-term debt amount corresponds to compensated absences in the amount of \$458,517 in government activities.

CITY OF SOUTH ST PAUL, MINNESOTA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Special assessment bonds	\$3,060,000	\$3,710,000	\$ -	\$ -	\$3,060,000	\$3,710,000
General purpose bonds	10,020,000	4,765,000	2,325,000	2,675,000	12,345,000	7,440,000
Revenue bonds	860,000	985,000	-	-	860,000	985,000
Issuance premium	251,099	9,609	-	-	251,099	9,609
Notes payable	153,325	190,874	-	-	153,325	190,874
Capital lease	1,232,464	1,349,884	-	-	1,232,464	1,349,884
Net other post-employment benefit obligation	923,959	873,210	-	-	923,959	873,210
Compensated absences	458,517	366,581	-	-	458,517	366,581
	<u>\$16,959,364</u>	<u>\$12,250,158</u>	<u>\$2,325,000</u>	<u>\$2,675,000</u>	<u>\$19,284,364</u>	<u>\$14,925,158</u>

The City of South St. Paul maintained an Aa2 rating from Moody's Investors Services as of year ended December 31, 2012.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total estimated market value. The current statutory debt limitation for the City of South St. Paul is \$35,141,194. General obligation bonds of \$10,020,000 and the obligation to the South Metro Fire Department of \$548,775 are counted within the statutory limitation because this debt is wholly financed by a general tax levy for the City and its component unit. In addition, long-term debt outstanding being paid solely from annual appropriation (\$1,530,000) also applies since the issuance is in excess of \$1,000,000, was originally issued

Management's Discussion and Analysis

after 6-1-1997 and does not have revenues pledged. The difference between the legal limit and related debt is \$23,042,419, which is often referred to as the legal debt margin. Additional information on the City of South St. Paul, Minnesota's long-term debt can be found in the notes to the financial statements, Note 5, on page 63 through 69 and in the supplementary section of this report starting on page 138.

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 State of Minnesota continues to use Local Governmental Aid (LGA) and other State Aid as a means of balancing the State Budget. The 2006 General fund Budget for LGA was \$2,199,803, which was an increase from 2005 actual revenue of \$481,700. However, the 2007 budget was set at \$2,019,642 a decrease of \$180,161, which is offset by property tax and other revenues. The 2008 budget was set for \$2,043,465, an increase of \$23,823, but in December of 2008, the state of Minnesota under its authority, unallotted \$354,804. In 2009, the City originally programmed the state certified amount of LGA, \$2,299,651. However, as a result of the 2009 legislative session, the Governor unallotted \$309,851. In 2010, the legislature continued the cutting of State Aids with the Market Value Credit unallotment of \$337,153. The 2011 Legislative session resulted in the elimination of the Market Value Credit program and the creation of the Market Value Exclusion program for homeowners. In 2012, the City anticipated that the legislature would continue this trend, however, they did not cut as drastically as believed. The City continues to strive for independence from the State Aid by creating operating efficiencies, cutting expenses and raising taxes.
- In 2009 the City Council began a review of the City's utility rates. The review was crafted to address the State Department of Natural Resources conservation rate requirements and to provide adequate funding for future capital improvements as programmed in the City's Capital Improvement Plan. In 2010, the City Council approved the new rates and related conservation rate structure review and discussion for the 2011, 2012 and 2013 fiscal years. Subsequent to the initial adoption, review and discussion of the impact to the City's three heavy volume users continued and resulted in modification to the rate structure for those users.

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.

BASIC FINANCIAL STATEMENTS

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2012

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redev. Authority
Assets:				
Cash, cash equivalents and investments	\$14,178,016	\$4,440,186	\$18,618,202	\$1,205,662
Cash with fiscal agent	4,110,494	-	4,110,494	121,690
Accrued interest	72,376	-	72,376	554,985
Accounts receivable - net	528,355	1,647,757	2,176,112	30,013
Property taxes receivable	1,313,284	-	1,313,284	54,235
Special assessments receivable	2,706,590	440,456	3,147,046	-
Due from other governmental units	972,565	-	972,565	2,674
Inventories - at cost	46,725	-	46,725	10,226
Prepaid items	169,495	229,000	398,495	99,840
Inventory - land held for resale	-	-	-	4,406,229
Deferred charges	-	-	-	106,868
Deferred charges - issuance costs	223,538	6,545	230,083	-
Notes and mortgage receivable	-	-	-	2,148,022
Lease receivable	-	-	-	1,482,641
Capital assets (net of accumulated depreciation):				
Nondepreciable	11,974,863	301,765	12,276,628	265,675
Depreciable	48,490,849	15,909,792	64,400,641	5,318,192
Total assets	<u>84,787,150</u>	<u>22,975,501</u>	<u>107,762,651</u>	<u>15,806,952</u>
Liabilities:				
Accounts, salaries and contracts payable	825,376	104,990	930,366	130,684
Deposits payable	19,869	-	19,869	45,978
Due to other governmental units	3,422	709	4,131	-
Accrued interest payable	142,270	18,077	160,347	46,880
Unearned revenue	54,177	-	54,177	463
Other current liabilities	-	-	-	82,093
Noncurrent liabilities:				
Due within one year	1,251,627	119,000	1,370,627	536,941
Due in more than one year	15,707,737	2,206,000	17,913,737	4,024,515
Total liabilities	<u>18,004,478</u>	<u>2,448,776</u>	<u>20,453,254</u>	<u>4,867,554</u>
Net position:				
Net investment in capital assets	44,888,824	13,886,557	58,775,381	3,485,860
Restricted:				
Debt service	8,669,465	-	8,669,465	91,193
Park improvements	151,003	-	151,003	-
Library funding	107,905	-	107,905	-
Forfeitures	23,919	-	23,919	-
Community relations	13,101	-	13,101	-
Memorial funding	6,944	-	6,944	-
Lawful purposes	1,619	-	1,619	-
Recreation programs	325	-	325	-
Bond fees	-	-	-	146,703
Housing programs	-	-	-	247,146
Unrestricted	12,919,567	6,640,168	19,559,735	6,968,496
Total net position	<u>\$66,782,672</u>	<u>\$20,526,725</u>	<u>\$87,309,397</u>	<u>\$10,939,398</u>

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental activities:								
General government	\$1,887,501	\$1,048,156	\$192,354	\$ -	(\$646,991)	\$ -	(\$646,991)	\$ -
Public safety	6,521,313	125,669	365,503	27,151	(6,002,990)	-	(6,002,990)	-
Public works	4,645,155	578,574	1,279,903	850,527	(1,936,151)	-	(1,936,151)	-
Community development	325,135	355,109	-	-	29,974	-	29,974	-
Parks, arena, and library	2,735,563	1,201,577	141,791	-	(1,392,195)	-	(1,392,195)	-
Transportation	1,741,075	1,269,475	386,788	-	(84,812)	-	(84,812)	-
Interest on long-term debt	379,274	-	-	-	(379,274)	-	(379,274)	-
Total governmental activities	18,235,016	4,578,560	2,366,339	877,678	(10,412,439)	0	(10,412,439)	0
Business-type activities:								
Water and sewer	4,470,979	5,356,899	-	-	-	885,920	885,920	-
Storm water	275,587	370,478	-	-	-	94,891	94,891	-
Street light utility	189,369	208,311	-	-	-	18,942	18,942	-
Total business-type activities	4,935,935	5,935,688	0	0	0	999,753	999,753	0
Total primary government	\$23,170,951	\$10,514,248	\$2,366,339	\$877,678	(\$10,412,439)	\$999,753	(\$9,412,686)	\$0
Component unit:								
Housing & Redevelopment Authority	\$7,562,380	\$1,853,443	\$3,794,491	\$972,536	\$ -	\$ -	\$ -	(\$941,910)
Total component unit	\$7,562,380	\$1,853,443	\$3,794,491	\$972,536	\$0	\$0	\$0	(\$941,910)
General revenues:								
General property taxes					8,274,769	-	8,274,769	255,021
Tax increment collections					264,708	-	264,708	1,376,227
Franchise tax					705,405	-	705,405	-
Unrestricted grants and contributions					1,682,623	-	1,682,623	-
Investment income					151,615	143,572	295,187	9,949
Gain on sale of capital assets					63,646	-	63,646	-
Miscellaneous revenues					-	-	-	96,060
Transfers of capital assets					(2,088,104)	2,088,104	-	-
Transfers					1,676,688	(1,676,688)	-	-
Total general revenues and transfers					10,731,350	554,988	11,286,338	1,737,257
Change in net position					318,911	1,554,741	1,873,652	795,347
Net position - beginning - as previously stated					66,463,761	18,971,984	85,435,745	12,870,819
Prior period adjustment					-	-	-	(2,726,768)
Net position - beginning - as restated					66,463,761	18,971,984	85,435,745	10,144,051
Net position - ending					\$66,782,672	\$20,526,725	\$87,309,397	\$10,939,398

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

CITY OF SOUTH ST. PAUL, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2012

With Comparative Total Amounts For December 31, 2011

	General Fund	243 - Wakota Arena	245 - Airport	311 - 2006A Capital Improvement Bonds
Assets				
Cash and investments	\$3,994,784	\$2,428	\$ -	\$141,504
Cash and investments with escrow agent	-	-	-	2,871,074
Accrued interest	72,376	-	-	-
Accounts receivable - net	219,101	50,731	134,556	-
Property taxes receivable:				
Delinquent	221,307	5,147	-	10,174
Due from county	998,265	4,050	-	6,144
Special assessments receivable:				
Delinquent	2,289	-	-	-
Deferred	4,967	-	-	-
Due from county	256	-	-	-
Due from other governmental units	156,103	-	-	-
Advances to other funds	3,640,227	-	-	-
Inventory	-	-	46,725	-
Prepaid items	169,415	-	-	-
	<u>\$9,479,090</u>	<u>\$62,356</u>	<u>\$181,281</u>	<u>\$3,028,896</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts, salaries and contracts payable	\$459,829	\$54,305	\$58,534	\$ -
Deposits payable	19,869	-	-	-
Due to other governmental units	1,128	1,637	133	-
Advances from other funds	-	728,266	966,708	-
Deferred revenue	275,484	5,147	-	10,174
Total liabilities	<u>756,310</u>	<u>789,355</u>	<u>1,025,375</u>	<u>10,174</u>
Fund balances:				
Nonspendable	3,809,642	-	46,725	-
Restricted	-	-	-	3,018,722
Committed	957,505	-	-	-
Assigned	-	-	-	-
Unassigned	3,955,633	(726,999)	(890,819)	-
Total fund balances	<u>8,722,780</u>	<u>(726,999)</u>	<u>(844,094)</u>	<u>3,018,722</u>
	<u>\$9,479,090</u>	<u>\$62,356</u>	<u>\$181,281</u>	<u>\$3,028,896</u>

Fund balance reported above

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

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

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

315 - 2008A Improvement Bonds	402 - Capital Programs	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
				2012	2011
\$164,654	\$3,385,704	\$5,831,116	\$ -	\$13,520,190	\$11,670,673
1,239,420	-	-	-	4,110,494	-
-	-	-	-	72,376	83,426
-	57,515	66,354	-	528,257	506,457
212	3,123	39,225	-	279,188	337,438
168	2,351	23,118	-	1,034,096	965,751
2,421	8,728	10,434	-	23,872	24,585
1,057,254	385,932	1,188,556	-	2,636,709	2,569,559
3,896	25,016	16,841	-	46,009	19,880
-	-	816,462	-	972,565	360,619
-	-	-	(3,640,227)	-	-
-	-	-	-	46,725	48,809
-	-	80	-	169,495	153,432
<u>\$2,468,025</u>	<u>\$3,868,369</u>	<u>\$7,992,186</u>	<u>(\$3,640,227)</u>	<u>\$23,439,976</u>	<u>\$16,740,629</u>
\$ -	\$24,145	\$195,399	\$ -	\$792,212	\$862,264
-	-	-	-	19,869	16,272
-	-	517	-	3,415	2,805
-	58	1,945,195	(3,640,227)	-	-
<u>1,059,887</u>	<u>397,783</u>	<u>1,290,421</u>	<u>-</u>	<u>3,038,896</u>	<u>2,997,785</u>
<u>1,059,887</u>	<u>421,986</u>	<u>3,431,532</u>	<u>(3,640,227)</u>	<u>3,854,392</u>	<u>3,879,126</u>
-	-	-	-	3,856,367	4,344,904
1,408,138	-	2,568,270	-	6,995,130	3,101,673
-	-	57,196	-	1,014,701	577,454
-	3,446,383	3,710,301	-	7,156,684	5,004,209
-	-	(1,775,113)	-	562,702	(166,737)
<u>1,408,138</u>	<u>3,446,383</u>	<u>4,560,654</u>	<u>-</u>	<u>19,585,584</u>	<u>12,861,503</u>
<u>\$2,468,025</u>	<u>\$3,868,369</u>	<u>\$7,992,186</u>	<u>(\$3,640,227)</u>	<u>\$23,439,976</u>	<u>\$16,740,629</u>
				\$19,585,584	\$12,861,503
				59,043,936	60,927,383
				2,984,719	2,997,785
				(15,495,620)	(11,027,494)
				664,053	704,584
				<u>\$66,782,672</u>	<u>\$66,463,761</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2012
With Comparative Total Amounts For The Year Ended December 31, 2011

	General Fund	243 - Wakota Arena	245 - Airport	311 - 2006A Capital Improvement Bonds
Revenues:				
General property taxes	\$6,738,288	\$192,645	\$ -	\$295,707
Tax increment collections	-	-	-	-
Franchise tax	705,405	-	-	-
Licenses and permits	383,377	-	-	-
Intergovernmental	2,442,686	-	85,843	-
Charges for services	1,472,524	687,873	1,226,054	-
Fines and forfeits	99,366	-	-	-
Special assessments	13,829	-	-	-
Investment income	52,692	-	-	108
Contributions and donations	500	-	-	-
Miscellaneous	77,934	5,009	85,002	-
Total revenues	11,986,601	885,527	1,396,899	295,815
Expenditures:				
Current:				
General government	1,451,878	-	-	-
Public safety	6,135,201	-	-	-
Public works	2,350,896	-	-	-
Community development	320,533	-	-	-
Parks, arena, library	662,758	788,982	-	-
Transportation	-	-	1,241,170	-
Capital outlay:				
General government	-	-	-	-
Public safety	4,000	-	-	-
Public works	29,830	-	-	-
Parks, arena, library	-	123,085	-	-
Interest expenditure	-	16,691	26,863	-
Debt service:				
Principal	-	-	37,549	145,000
Interest and other charges	-	-	-	131,804
Bond issuance costs	-	-	-	56,537
Total expenditures	10,955,096	928,758	1,305,582	333,341
Revenues over (under) expenditures	1,031,505	(43,231)	91,317	(37,526)
Other financing sources (uses):				
Refunding bonds issued	-	-	-	2,805,000
Premium on refunding bonds issued	-	-	-	123,075
Transfers in	195,850	-	225,933	-
Transfers out	(1,273,699)	(160,702)	(64,648)	-
Total other financing sources (uses)	(1,077,849)	(160,702)	161,285	2,928,075
Net change in fund balance	(46,344)	(203,933)	252,602	2,890,549
Fund balance - January 1	8,769,124	(523,066)	(1,096,696)	128,173
Fund balance - December 31	<u>\$8,722,780</u>	<u>(\$726,999)</u>	<u>(\$844,094)</u>	<u>\$3,018,722</u>

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

315 - 2008A Improvement Bonds	402 - Capital Programs	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
				2012	2011
\$7,981	\$111,992	\$986,406	\$ -	\$8,333,019	\$7,398,566
-	-	264,708	-	264,708	167,899
-	-	-	-	705,405	830,981
-	-	-	-	383,377	372,417
-	104,375	1,366,552	-	3,999,456	3,127,609
-	-	454,687	-	3,841,138	3,615,226
-	-	11,623	-	110,989	104,519
160,062	77,334	463,090	-	714,315	743,706
2,302	58,286	135,191	(113,170)	135,409	272,303
-	10,000	124,066	-	134,566	37,066
-	59,517	96,570	-	324,032	123,607
<u>170,345</u>	<u>421,504</u>	<u>3,902,893</u>	<u>(113,170)</u>	<u>18,946,414</u>	<u>16,793,899</u>
-	48,725	264,129	-	1,764,732	1,581,594
-	-	29,725	-	6,164,926	5,956,776
-	57,333	713,075	-	3,121,304	2,636,833
-	-	-	-	320,533	328,592
-	-	886,297	-	2,338,037	2,138,061
-	-	269,749	-	1,510,919	1,057,479
-	79,364	36,216	-	115,580	140,590
-	8,000	58,946	-	70,946	36,978
-	235,551	1,939,899	-	2,205,280	1,624,362
-	62,824	150,201	-	336,110	226,222
-	1	69,615	(113,170)	-	-
135,000	-	921,926	-	1,239,475	1,337,142
73,270	-	166,237	-	371,311	415,835
24,489	-	27,652	-	108,678	-
<u>232,759</u>	<u>491,798</u>	<u>5,533,667</u>	<u>(113,170)</u>	<u>19,667,831</u>	<u>17,480,464</u>
<u>(62,414)</u>	<u>(70,294)</u>	<u>(1,630,774)</u>	<u>0</u>	<u>(721,417)</u>	<u>(686,565)</u>
1,215,000	-	1,505,000	-	5,525,000	-
49,299	-	71,436	-	243,810	-
-	1,321,754	1,809,905	(1,876,754)	1,676,688	576,268
-	(214,855)	(162,850)	1,876,754	-	-
<u>1,264,299</u>	<u>1,106,899</u>	<u>3,223,491</u>	<u>0</u>	<u>7,445,498</u>	<u>576,268</u>
1,201,885	1,036,605	1,592,717	-	6,724,081	(110,297)
206,253	2,409,778	2,967,937	-	12,861,503	12,971,800
<u>\$1,408,138</u>	<u>\$3,446,383</u>	<u>\$4,560,654</u>	<u>\$0</u>	<u>\$19,585,584</u>	<u>\$12,861,503</u>

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

Statement 5

For The Year Ended December 31, 2012

With Comparative Amounts For The Year Ended December 31, 2011

	<u>2012</u>	<u>2011</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)	\$6,724,081	(\$110,297)
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.	236,930	(124,968)
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.	(32,273)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(13,066)	54,899
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,568,841)	1,309,079
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.	100,715	(12,925)
Internal service funds are used by management to charge the costs of central garage, post retiree benefits and employee benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(40,531)	(207,562)
Capital assets transferred from government funds to proprietary funds	<u>(2,088,104)</u>	<u>(2,711,680)</u>
Change in net position of governmental activities (Statement 2)	<u>\$318,911</u>	<u>(\$1,803,454)</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, 2012

With Comparative Total Amounts as of December 31, 2011

Statement 6

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds	
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		
				2012		2011
Assets:						
Current assets:						
Cash and investments	\$3,692,825	\$747,361	\$ -	\$4,440,186	\$5,066,658	\$657,826
Cash with fiscal agent	-	-	-	-	232,190	-
Accounts receivable - billed	292,221	23,247	15,250	330,718	298,430	98
Accounts receivable - unbilled	1,170,816	95,460	50,763	1,317,039	1,199,545	-
Special assessments receivable:						
Current	-	-	-	-	300,558	-
Delinquent	61,652	-	-	61,652	52,909	-
Deferred	364,566	-	-	364,566	-	-
Due from county	14,238	-	-	14,238	17,553	-
Prepaid item	229,000	-	-	229,000	219,500	-
Advances to other funds	23,227	-	-	23,227	20,735	-
Total current assets	<u>5,848,545</u>	<u>866,068</u>	<u>66,013</u>	<u>6,780,626</u>	<u>7,408,078</u>	<u>657,924</u>
Noncurrent assets:						
Deferred charges - issuance costs	6,545	-	-	6,545	6,930	-
Capital assets:						
Land	295,900	-	-	295,900	295,900	-
Buildings and land improvements	4,984,676	-	-	4,984,676	4,735,870	-
Machinery and equipment	1,319,951	-	-	1,319,951	734,176	3,851,038
Infrastructure	9,844,359	11,391,761	-	21,236,120	18,889,723	-
Construction in process	5,865	-	-	5,865	906,137	-
Total capital assets	<u>16,450,751</u>	<u>11,391,761</u>	<u>0</u>	<u>27,842,512</u>	<u>25,561,806</u>	<u>3,851,038</u>
Less: Allowance for depreciation	<u>(6,960,228)</u>	<u>(4,670,727)</u>	<u>-</u>	<u>(11,630,955)</u>	<u>(11,108,596)</u>	<u>(2,429,262)</u>
Net capital assets	<u>9,490,523</u>	<u>6,721,034</u>	<u>0</u>	<u>16,211,557</u>	<u>14,453,210</u>	<u>1,421,776</u>
Total noncurrent assets	<u>9,497,068</u>	<u>6,721,034</u>	<u>0</u>	<u>16,218,102</u>	<u>14,460,140</u>	<u>1,421,776</u>
Total assets	<u>15,345,613</u>	<u>7,587,102</u>	<u>66,013</u>	<u>22,998,728</u>	<u>21,868,218</u>	<u>2,079,700</u>
Liabilities:						
Current liabilities:						
Accounts payable	69,799	7,913	16,407	94,119	168,839	30,383
Wages and payroll taxes payable	10,871	-	-	10,871	12,477	2,781
Due to other governmental units	709	-	-	709	198	7
Compensated absences	-	-	-	-	-	92,003
Accrued interest payable	18,077	-	-	18,077	18,985	-
Advances from other funds	-	-	23,227	23,227	20,735	-
Bonds payable	119,000	-	-	119,000	128,000	-
Total current liabilities	<u>218,456</u>	<u>7,913</u>	<u>39,634</u>	<u>266,003</u>	<u>349,234</u>	<u>125,174</u>
Noncurrent liabilities:						
Bonds payable	2,206,000	-	-	2,206,000	2,547,000	-
Net other postemployment benefit obligation	-	-	-	-	-	923,959
Compensated absences	-	-	-	-	-	366,514
Total noncurrent liabilities	<u>2,206,000</u>	<u>0</u>	<u>0</u>	<u>2,206,000</u>	<u>2,547,000</u>	<u>1,290,473</u>
Total liabilities	<u>2,424,456</u>	<u>7,913</u>	<u>39,634</u>	<u>2,472,003</u>	<u>2,896,234</u>	<u>1,415,647</u>
Net position:						
Net investment in capital assets	7,165,523	6,721,034	-	13,886,557	11,778,210	1,421,776
Unrestricted	5,755,634	858,155	26,379	6,640,168	4,518,774	(757,723)
Total net position	<u>\$12,921,157</u>	<u>\$7,579,189</u>	<u>\$26,379</u>	<u>\$20,526,725</u>	<u>\$16,296,984</u>	<u>\$664,053</u>

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

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

Statement 7

For The Year Ended December 31, 2012

With Comparative Total Amounts For The Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds				Governmental	
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		Internal Service Funds
				2012	2011	
Operating revenues:						
Customer billings:						
General customers	\$3,157,417	\$361,128	\$202,100	\$3,720,645	\$3,313,501	\$ -
Heavy industry customers	1,479,326	-	-	1,479,326	1,535,168	-
Service charges	310,258	-	-	310,258	245,102	-
Penalties	109,413	9,350	6,211	124,974	108,843	-
Other charges	220,532	-	-	220,532	78,761	-
State surcharges	43,568	-	-	43,568	43,550	-
Retiree health insurance charges	-	-	-	-	-	324,984
Compensated absences charges	-	-	-	-	-	31,177
Equipment rental and repair charges	-	-	-	-	-	756,583
Total operating revenues	<u>5,320,514</u>	<u>370,478</u>	<u>208,311</u>	<u>5,899,303</u>	<u>5,324,925</u>	<u>1,112,744</u>
Operating expenses:						
Personal services:						
Salaries and wages	421,233	-	-	421,233	399,794	105,511
Pension contributions	60,377	-	-	60,377	57,582	15,586
Insurance	75,824	-	-	75,824	70,210	524,657
Total personal services	<u>557,434</u>	<u>0</u>	<u>0</u>	<u>557,434</u>	<u>527,586</u>	<u>645,754</u>
Materials and supplies:						
Maintenance materials	179,484	1,299	1,406	182,189	126,357	353,759
Contractual services:						
Sewage disposal - Met Council	2,634,001	-	-	2,634,001	2,477,700	-
Insurance	34,099	-	-	34,099	33,069	21,864
Professional services	99,395	10,999	180	110,574	150,383	12,031
Public utility service	229,315	11,094	167,586	407,995	410,088	-
Repairs and maintenance	91,015	15,354	9,360	115,729	143,426	49,799
Rentals	50,000	-	-	50,000	117,597	-
Communications	8,509	-	-	8,509	17,973	-
Other	248,134	14,058	10,837	273,029	189,872	29,577
Total contractual services	<u>3,394,468</u>	<u>51,505</u>	<u>187,963</u>	<u>3,633,936</u>	<u>3,540,108</u>	<u>113,271</u>
Depreciation	299,576	222,783	-	522,359	386,818	293,076
Total operating expenses	<u>4,430,962</u>	<u>275,587</u>	<u>189,369</u>	<u>4,895,918</u>	<u>4,580,869</u>	<u>1,405,860</u>
Operating income (loss)	<u>889,552</u>	<u>94,891</u>	<u>18,942</u>	<u>1,003,385</u>	<u>744,056</u>	<u>(293,116)</u>
Nonoperating revenues (expenses):						
Investment income	114,014	29,558	-	143,572	210,211	16,206
Special assessments	6,328	-	-	6,328	-	-
Intergovernmental revenue	-	-	-	-	90,118	-
Gain on sale of capital assets	-	-	-	-	-	36,359
Other revenue	30,057	-	-	30,057	-	11,703
Interest and other charges	(40,017)	-	-	(40,017)	(42,771)	-
Total nonoperating revenues (expenses)	<u>110,382</u>	<u>29,558</u>	<u>0</u>	<u>139,940</u>	<u>257,558</u>	<u>64,268</u>
Income (loss) before contributions and transfers	999,934	124,449	18,942	1,143,325	1,001,614	(228,848)
Capital contributions	1,450,626	637,478	-	2,088,104	2,711,680	188,317
Transfers in	34,060	-	-	34,060	-	-
Transfers out	(993,460)	(697,288)	(20,000)	(1,710,748)	(576,268)	-
Change in net position	1,491,160	64,639	(1,058)	1,554,741	3,137,026	(40,531)
Net position - January 1	11,429,997	7,514,550	27,437	18,971,984	15,834,958	704,584
Net position - December 31	<u>\$12,921,157</u>	<u>\$7,579,189</u>	<u>\$26,379</u>	<u>\$20,526,725</u>	<u>\$18,971,984</u>	<u>\$664,053</u>

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

CITY OF SOUTH ST. PAUL, MINNESOTA

STATEMENT OF CASH FLOWS

Statement 8

PROPRIETARY FUNDS

For The Year Ended December 31, 2012

With Comparative Total Amounts For The Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds				Governmental Activities -	
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		Internal Service Funds
				2012	2011	
Cash flows from operating activities:						
Receipts from customers and users	\$5,172,452	\$367,404	\$209,665	\$5,749,521	\$5,274,780	\$1,113,232
Payment to suppliers	(3,639,902)	(67,775)	(192,157)	(3,899,834)	(3,665,774)	(483,044)
Payment to employees	(559,040)	-	-	(559,040)	(526,770)	(502,798)
Other revenue	30,057	-	-	30,057	-	11,703
Net cash flows from operating activities	1,003,567	299,629	17,508	1,320,704	1,082,236	139,093
Cash flows from noncapital financing activities:						
Advances from other funds	(2,492)	-	2,492	-	-	-
Transfer from other funds	34,060	-	-	34,060	-	-
Transfer to other funds	(993,460)	(697,288)	(20,000)	(1,710,748)	(160,000)	-
Special assessments	(63,108)	-	-	(63,108)	-	-
Net cash flows from noncapital financing activities	(1,025,000)	(697,288)	(17,508)	(1,739,796)	(160,000)	0
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(192,602)	-	-	(192,602)	(484,460)	(344,163)
Capital grants	-	-	-	-	90,118	-
Proceeds from sale of capital assets	-	-	-	-	-	59,558
Principal paid on capital debt	(350,000)	-	-	(350,000)	(126,000)	-
Interest paid on debt	(40,540)	-	-	(40,540)	(39,459)	-
Transfer to other funds	-	-	-	-	(416,269)	-
Net cash flows from capital and related financing activities	(583,142)	0	0	(583,142)	(976,070)	(284,605)
Cash flows from investing activities:						
Investment income	114,014	29,558	-	143,572	210,211	16,206
Net increase (decrease) in cash and cash equivalents	(490,561)	(368,101)	0	(858,662)	156,377	(129,306)
Cash and cash equivalents - January 1	4,183,386	1,115,462	-	5,298,848	5,142,471	787,132
Cash and cash equivalents - December 31	\$3,692,825	\$747,361	\$0	\$4,440,186	\$5,298,848	\$657,826
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$889,552	\$94,891	\$18,942	\$1,003,385	\$744,056	(\$293,116)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	299,576	222,783	-	522,359	386,818	293,076
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(148,062)	(3,074)	1,354	(149,782)	(50,145)	489
Decrease (increase) in prepaid items	(9,500)	-	-	(9,500)	(13,025)	-
Increase (decrease) in accounts payable	(56,450)	(14,971)	(2,788)	(74,209)	13,716	(16,015)
Increase (decrease) in salaries payable	(1,606)	-	-	(1,606)	816	271
Increase (decrease) in compensated absences	-	-	-	-	-	91,936
Increase (decrease) in net other postemployment benefit obligation	-	-	-	-	-	50,749
Other revenue	30,057	-	-	30,057	-	11,703
Total adjustments	114,015	204,738	(1,434)	317,319	338,180	432,209
Net cash provided by operating activities	\$1,003,567	\$299,629	\$17,508	\$1,320,704	\$1,082,236	\$139,093
Noncash investing, capital, and financing activities:						
Contributions of capital assets from governmental activities	\$1,450,626	\$637,478	\$0			\$188,317

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

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2012

Statement 9

	<u>Agency Funds</u>
Assets:	
Cash and investments	<u><u>\$137,671</u></u>
Liabilities:	
Deposits payable	<u><u>\$137,671</u></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 GASB Statement No.14, *The Financial Reporting Entity*, 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 general purpose 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 have been defined in accordance with GASB 14 and are presented in this report as follows:

- *Blended Component Units* – Reported as if they were part of the City.
- *Discretely Presented Component Units* – Entails reporting the component unit financial data in a column separate from the financial data of the City.
- *Related Organization* – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

- *Blended Components Units:*
The City has no blended component units.
- *Discretely Presented Component Units:*
Housing and Redevelopment Authority (HRA) in and for the City of South St. Paul
The Housing and Redevelopment Authority of South St. Paul 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.

As the City appoints the HRA commission and consents to the HRA tax levies, the HRA is considered a component unit.

Financial statements of the HRA can be obtained from HRA offices at City Hall:

The Housing and Redevelopment Authority of South St. Paul
125 Third Avenue North
South St. Paul, MN 55075

- *Related Organizations:*

South Metro Fire Department

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 operational date. The SMFD is governed by a five-member board of directors (Board) that include two council members from each joint city, and one public member which is not an employee nor a resident of either city. The city council from each respective city appoints four out of the five members to the board. The process for filling the public member position is as follows:

1. The Board shall approve 3 names to be forwarded to each City Council.
2. Each City Council shall rank each nominee in order of preference.
3. If the highest ranked person is the same on each list, then that person is appointed by each Council.

Each City contributes 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.

Financial statements of the SMFD can be obtained from SMFD offices at:

The South Metro Fire Department
1616 Humboldt Avenue
West St. Paul, MN 55118

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

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 *Wakota 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 *2006A G.O. Capital Improvement Bonds Debt Service Fund* was established for funding the 2006 street reconstruction and maintenance projects.

The *2008A G.O. Improvement Bonds Debt Service Fund* was established for financing the Stockyards Redevelopment project and for street repair projects.

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

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:

The *Central Garage Internal Service Fund* accounts for the cost of operating a maintenance facility and providing vehicles and heavy equipment used by all City departments and funds.

The *Other Postemployment Benefits/Employee Benefits Internal Service Fund* accounts for the cost of retiree health insurance benefits and compensated absences.

The *Landscape/Landfill Fiduciary Fund* is an agency fund that accounts for the restricted assets attributable to landfill abatement.

The *Employee Healthcare Reimbursement Account Fiduciary Fund* accounts for the restricted assets contributed to City employees' healthcare reimbursement account.

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 fund is 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, this fund is 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.

When both restricted and unrestricted resources are available for an allowable use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

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 \$100,000 (federally insured) or properly collateralized if over \$100,000;
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.

E. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual budgets are adopted for the General Fund and four of the six Special Revenue Funds. 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, Wakota 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. However, monitoring of budgets is maintained at the line item level, especially regarding salaries and capital outlay.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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.

F. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2012 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:			
City attorney	\$231,252	\$209,000	(\$22,252)
City finance	453,604	415,101	(38,503)
Police	4,093,500	4,021,754	(71,746)
Fire	2,045,701	2,043,492	(2,209)
Public works	1,260,794	1,245,135	(15,659)
Parks facilities and maintenace	523,080	521,119	(1,961)
Parks and recreation administration	357,096	353,956	(3,140)
Community affairs	91,785	87,733	(4,052)
Special Revenue Funds:			
Wakota Arena	928,758	896,595	(32,163)
Airport Fund	1,305,582	1,298,590	(6,992)
Nonmajor Funds:			
Special Revenue Funds:			
Library Fund	641,200	639,361	(1,839)
Central Square	341,947	305,706	(36,241)

G. DEFICIT FUND EQUITY

The City has deficit fund balances at December 31, 2012 as follows:

Unassigned deficit fund balance	
Major Funds:	
Special Revenue Funds:	
Wakota Arena	\$726,999
Airport	844,094

Nonmajor Funds:	
Debt Service Funds:	
2010A Capital Equipment Revenue Bonds	5,759
Capital Project Funds:	
Airport Improvement	521,347
Floodwall Construction	179,245
2007 Local Improvement	630,829
2010 Local Improvement	424,189
2013 Local Improvement	10,084
Water Meter & Equipment	3,660
Unrestricted deficit net position	
Other Funds:	
Internal Service Funds:	
OPEB/Employee Benefits	1,006,739

The Airport and Airport Improvement deficits were caused by planned infrastructure expansion, which will produce future revenue. Deficits in the Wakota Arena, Capital Equipment Revenue Bonds, Floodwall Construction, 2007, 2010, 2013 Local Improvement, Water Meter & Equipment and OPEB/Employee Benefit Fund are expected to be funded with future revenues/transfers.

H. 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.”

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. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available to appropriation and are not expendable available financial resources.

All other interfund transactions are reported as transfers.

I. 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 revenues, because it is not known when they will be available to finance current expenditures.

J. 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.

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. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

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 revenue because it is not known when they will be available to finance current expenditures.

K. 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.

L. 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.

M. CAPITAL ASSETS

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 (amount not rounded) 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, is depreciated using the straight line method over the following estimated useful lives:

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

N. 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, compensatory time and severance is accrued when incurred in the government-wide and proprietary fund financial statements.

O. 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.

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.

P. FUND EQUITY

In the fund financial statements, 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 cannot be spent because it is not in spendable form, such as prepaid items.

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 that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – consists of amounts to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by resolution of the City Council.

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 a minimum unassigned fund balance of 35% of budgeted operating expenditures for cash-flow timing needs.

Q. 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.

R. RECLASSIFICATIONS

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year’s presentation.

S. 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 (\$15,495,620) difference are as follows:

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Bonds payable	(\$13,940,000)
Plus: Bond Premium (to be amortized over life of debt)	(251,099)
Less: Issuance discount (to be amortized as interest expense)	223,538
Accrued interest payable	(142,270)
Notes payable	(153,325)
Capital lease	<u>(1,232,464)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>(\$15,495,620)</u></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 \$236,930 difference are as follows:

Capital outlay	\$2,464,921
Depreciation expense	<u>(2,227,991)</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$236,930</u></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 issuance costs, 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 (\$4,568,841) difference are as follows:

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Debt issued:	
General obligation debt	(\$5,525,000)
Premium on debt issued	(243,810)
Principal repayments:	
General obligation debt	1,045,000
Notes payable	37,549
Capital lease	<u>117,420</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities.	<u><u>(\$4,568,841)</u></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 \$100,715 difference are as follows:

Accrued interest	\$16,607
Amortization of issuance costs and discount	81,788
Amortization of bond premium	<u>2,320</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities.	<u><u>\$100,715</u></u>

Note 2 DEPOSITS AND INVESTMENTS

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.

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

As of December 31, 2012 the City's bank balances 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.

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, 2012 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.

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NOTES TO FINANCIAL STATEMENTS
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Investments and maturities of the cash pool at December 31, 2012 are as follows:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
U.S. agency securities	AAA	\$2,941,769	\$ -	\$ -	\$2,705,547	\$236,222
Local government securities	AAA-AA	2,053,137	-	-	2,053,137	-
Certificates of deposit	AAA	4,747,185	941,498	3,805,687	-	-
Fiscal agent US treasury securities	AAA	4,110,494	-	4,110,494	-	-
Government money market mutual funds	AAA	613,780	613,780	-	-	-
Total investments in cash and investment pool		<u>\$14,466,365</u>	<u>\$1,555,278</u>	<u>\$7,916,181</u>	<u>\$4,758,684</u>	<u>\$236,222</u>

Cash and investments comprising the City's cash pool at December 31, 2012 were as follows:

	Fair Value
Cash:	
Cash on hand	\$5,850
Cash in banks:	
Bank accounts	6,831,966
Certificate of deposit	100,000
Money manager savings account	1,462,186
Total cash	<u>8,400,002</u>
Investments:	
U.S. agency securities	2,941,769
Local government securities	2,053,137
Certificates of deposit	4,747,185
Fiscal agent US treasury securities	4,110,494
Government money market mutual funds	613,780
Total investments	<u>14,466,365</u>
 Total cash, cash equivalents, and investments	 <u>\$22,866,367</u>
Reconciliation to Statements:	
Statement of Net Position - Statement 1:	
Cash, cash equivalents, and investments	\$18,618,202
Cash with fiscal agent	4,110,494
Statement of Net Position - Statement 9:	
Cash and investments	<u>137,671</u>
 Total cash, cash equivalents, and investments	 <u>\$22,866,367</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.

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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.

Concentration of credit risk. The City 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, 2012 were as follows:

	Fair Value	Percent of Total Investments
Investment issuer:		
US Treasury State & Local Gov't Series Time Deposit	\$4,110,494	28.4%
Local government securities	2,053,137	14.2%
FHLMC	1,502,723	10.4%
FHLB	1,439,046	9.9%

Note 3 RECEIVABLES

PRIMARY GOVERNMENT

Receivables as of year-end for the City’s individual major funds and nonmajor, and internal service and fiduciary funds in the aggregate are as follows:

	Receivables					Total
	Accrued Interest	Accounts	Taxes	Special Assessments	Due From Other Gov't Units	
Major Funds:						
General	\$72,376	\$219,101	\$1,219,572	\$7,512	\$156,103	\$1,674,664
Wakota Arena	-	50,731	9,197	-	-	59,928
Airport	-	134,556	-	-	-	134,556
2006A Capital Improvement Bonds	-	-	16,318	-	-	16,318
2008A Improvement Bonds	-	-	380	1,063,571	-	1,063,951
Capital Programs	-	57,515	5,474	419,676	-	482,665
Nonmajor Governmental Funds	-	66,354	62,343	1,215,831	816,462	2,160,990
Water and Sewer	-	1,463,037	-	440,456	-	1,903,493
Storm Water Utility	-	118,707	-	-	-	118,707
Street Light Utility	-	66,013	-	-	-	66,013
Internal Service - central garage	-	98	-	-	-	98
Total receivables	\$72,376	\$2,176,112	\$1,313,284	\$3,147,046	\$972,565	\$7,681,383

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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Taxes receivable	\$279,188	\$ -
Special assessments delinquent	21,583	-
Special assessments deferred	2,572,921	-
Special assessments special deferred	58,821	-
Antenna lease	-	54,177
BRS building sublease agreement	<u>52,206</u>	<u>-</u>
 Total unavailable/unearned revenue for governmental funds	 <u><u>\$2,984,719</u></u>	 <u><u>\$54,177</u></u>

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, 2012:

<u>Payment Year</u>	<u>City Payment to Authority</u>
2013	\$148,330
2014	150,510
2015	147,456
2016	149,400
2017	151,110
2018-2022	710,222
2023-2027	694,528
2028-2029	<u>243,658</u>
Total Minimum Lease Payments Receivable	2,395,214
Less Amount Representing Interest	<u>1,162,750</u>
Present Value of Minimum Lease Payments	<u><u>\$1,232,464</u></u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

B. OTHER RECEIVABLES

Receivables as of year-end for the HRA's individual major governmental funds and nonmajor funds in the aggregate are as follows:

	Receivables					Total
	Accrued Interest	Accounts	Notes and Mortgages	Taxes- Current and Delinquent	Due From Other Gov't Units	
Major Funds:						
General	\$ -	\$ -	\$ -	\$37,141	\$ -	\$37,141
Low Rent Housing	-	6,050	-	-	-	6,050
Concord TIF No. 2	-	-	-	17,094	-	17,094
CDBG Rehab Loans	385,163	-	901,682	-	-	1,286,845
Nonmajor Governmental Funds	-	23,100	-	-	-	23,100
Nonmajor Proprietary Funds	169,822	863	1,246,340	-	2,674	1,419,699
Total receivables	\$554,985	\$30,013	\$2,148,022	\$54,235	\$2,674	\$2,789,929

Note 4 CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Reclass/Adj	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$9,988,614	\$ -	\$ -	\$3,720	\$9,992,334
Construction in progress	4,526,188	2,127,426	-	(4,671,085)	1,982,529
Total capital assets, not being depreciated	<u>14,514,802</u>	<u>2,127,426</u>	<u>0</u>	<u>(4,667,365)</u>	<u>11,974,863</u>
Capital assets, being depreciated:					
Buildings and land improvements	29,836,055	98,147	(63,838)	577,764	30,448,128
Capital lease - building	1,783,901	-	-	-	1,783,901
Machinery and equipment	6,841,802	761,825	(377,210)	184,939	7,411,356
Infrastructure	55,107,307	10,000	-	1,816,558	56,933,865
Total capital assets, being depreciated	<u>93,569,065</u>	<u>869,972</u>	<u>(441,048)</u>	<u>2,579,261</u>	<u>96,577,250</u>
Less accumulated depreciation for:					
Buildings and land improvements	7,582,595	635,453	(51,990)	-	8,166,058
Capital lease - building	142,712	35,678	-	-	178,390
Machinery and equipment	4,510,713	472,962	(333,585)	-	4,650,090
Infrastructure	33,714,890	1,376,973	-	-	35,091,863
Total accumulated depreciation	<u>45,950,910</u>	<u>2,521,066</u>	<u>(385,575)</u>	<u>-</u>	<u>48,086,401</u>
Total capital assets being depreciated-net	<u>47,618,155</u>	<u>(1,651,094)</u>	<u>(55,473)</u>	<u>2,579,261</u>	<u>48,490,849</u>
Governmental activities capital assets-net	<u>\$62,132,957</u>	<u>\$476,332</u>	<u>(\$55,473)</u>	<u>(\$2,088,104)</u>	<u>\$60,465,712</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
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	Beginning Balance	Additions	Transfers/ Deletions	Reclass/Adj	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$295,900	\$ -	\$ -	\$ -	\$295,900
Construction in progress	906,136	192,602	-	(1,092,873)	5,865
Total capital assets, not being depreciated	<u>1,202,036</u>	<u>192,602</u>	<u>-</u>	<u>(1,092,873)</u>	<u>301,765</u>
Capital assets, being depreciated:					
Buildings and land improvements	4,735,871	171,069	-	77,736	4,984,676
Machinery and equipment	734,176	-	-	585,775	1,319,951
Infrastructure	18,889,722	1,917,035	-	429,362	21,236,119
Total capital assets, being depreciated	<u>24,359,769</u>	<u>2,088,104</u>	<u>-</u>	<u>1,092,873</u>	<u>27,540,746</u>
Less accumulated depreciation for:					
Buildings and land improvements	1,253,342	92,138	-	-	1,345,480
Machinery and equipment	538,991	38,057	-	-	577,048
Infrastructure	9,316,262	392,164	-	-	9,708,426
Total accumulated depreciation	<u>11,108,595</u>	<u>522,359</u>	<u>-</u>	<u>-</u>	<u>11,630,954</u>
Total capital assets being depreciated-net	<u>13,251,174</u>	<u>1,565,745</u>	<u>-</u>	<u>1,092,873</u>	<u>15,909,792</u>
Business-type activities capital assets-net	<u>\$14,453,210</u>	<u>\$1,758,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,211,557</u>

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

Governmental activities:	
General government	\$ 226,615
Public safety	38,236
Public works	1,381,900
Parks, arena, library	354,337
Transportation	226,902
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	293,076
Total depreciation expense - governmental activities	<u>\$ 2,521,066</u>
Business-type activities:	
Water and sewer	\$ 299,576
Storm sewer	222,783
Total depreciation expense - business-type activities	<u>\$ 522,359</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$1,205,927	\$ -	\$ -	\$1,205,927
Less accumulated depreciation for:				
Machinery and equipment	93,704	63,414	-	157,118
Total capital assets being depreciated-net	1,112,223	(63,414)	-	1,048,809
Governmental activities capital assets-net	\$1,112,223	(\$63,414)	\$ -	\$1,048,809
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$265,675	\$ -	\$ -	\$265,675
Construction in progress	248,454	794,624	1,043,078	-
Total capital assets, not being depreciated	514,129	794,624	1,043,078	265,675
Capital assets, being depreciated:				
Buildings and structures	15,700,105	1,046,657	153,939	16,592,823
Machinery and equipment	69,832	-	-	69,832
Total capital assets, being depreciated	15,769,937	1,046,657	153,939	16,662,655
Less accumulated depreciation for:				
Buildings and structures	11,957,314	524,898	139,261	12,342,951
Machinery and equipment	47,882	2,439	-	50,321
Total accumulated depreciation	12,005,196	527,337	139,261	12,393,272
Total capital assets being depreciated-net	3,764,741	519,320	14,678	4,269,383
Business-type activities capital assets-net	\$4,278,870	\$1,313,944	\$1,057,756	\$4,535,058

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.

CITY OF SOUTH ST. PAUL, MINNESOTA
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The following debt service account for the accumulation of resources and payment of bond principal and interest and related costs on the following three 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.

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, 2012 are as follows:

	<u>Final Maturities</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding 12/31/12</u>
Special Assessment Bonds	2013 - 2030	1.90% - 7.00%	\$6,635,000	\$3,060,000
General Obligation Bonds	2018 - 2030	2.00% - 4.30%	12,935,000	10,880,000
Drinking Water Revolving Fund Loan	2029	1.709%	<u>2,801,051</u>	<u>2,325,000</u>
Total bonds payable			<u>\$22,371,051</u>	<u>\$16,265,000</u>

Complete details of each outstanding bond issue can be found as supplementary information under the titles of “Combined Schedule of Indebtedness” and “Schedule of Debt Service Payments to Maturity.” Based on the size and timing of the bond issues, federal arbitrage regulations do not apply.

Annual debt service requirements to maturity for general obligation bonds for governmental activities are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$995,000	\$389,563	\$119,000	\$39,734
2014	3,855,000	338,089	121,000	37,701
2015	965,000	244,443	123,000	35,633
2016	2,065,000	190,846	125,000	33,531
2017	875,000	137,353	127,000	31,394
2018-2022	3,055,000	385,479	671,000	123,560
2023-2027	1,920,000	115,725	729,000	64,294
2028-2030	<u>210,000</u>	<u>6,750</u>	<u>310,000</u>	<u>7,964</u>
Total	<u>\$13,940,000</u>	<u>\$1,808,248</u>	<u>\$2,325,000</u>	<u>\$373,811</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
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Changes in long-term liabilities during December 31, 2012 are summarized as follows:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Due Within One Year
Governmental activities:					
Bonds payable:					
Special assessment	\$3,710,000	\$ -	\$650,000	\$3,060,000	\$585,000
General obligation	5,750,000	5,525,000	395,000	10,880,000	410,000
Plus/(Less) deferred amounts:					
For issuance premium	9,609	243,810	2,320	251,099	17,521
Total bonds payable	9,469,609	5,768,810	1,047,320	14,191,099	1,012,521
Note payable	190,874	-	37,549	153,325	37,549
Capital lease	1,349,884	-	117,420	1,232,464	109,554
Net other postemployment benefit obligation	873,210	375,733	324,984	923,959	-
Compensated absences	366,581	134,028	42,092	458,517	92,003
Total governmental activities long-term debt	<u>\$12,250,158</u>	<u>\$6,278,571</u>	<u>\$1,569,365</u>	<u>\$16,959,364</u>	<u>\$1,251,627</u>
Business-type activities:					
General obligation	<u>\$2,675,000</u>	<u>\$ -</u>	<u>\$350,000</u>	<u>\$2,325,000</u>	<u>\$119,000</u>

Compensated absences are generally liquidated by the corresponding fund in which they are accrued, the most significant amount is in the General Fund.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$458,517, the entire balance of compensated absences is recorded as a governmental activity. At year-end, \$923,959 of internal service funds other post-employment benefit obligation is included in the governmental activities above amounts.

Advance Crossover Refunding – On December 27, 2012, the City issued \$2,805,000 in General Obligation Bonds Refunding Bonds, Series 2012A with an average interest rate of 1.5537% to advance refund \$2,815,000 of outstanding 2006A Series Bonds with an average interest rate of 4.2577%. The net proceeds of \$2,871,073 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, 2014.

The City advance refunded the 2006A G.O. Capital Improvement Bonds to reduce its total debt service payments over the last thirteen years of the bond by \$498,028 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$447,282.

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 \$2,871,074 at December 31, 2012.

Advance Crossover Refunding – On December 27, 2012, the City issued \$1,215,000 in General Obligation Bonds 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.

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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 \$1,239,420 at December 31, 2012.

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. 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 12/31/12</u>
T-Hangar note payable	2/1/2007	1/1/2017	0.00%	\$375,490	\$153,325

Annual payments to maturity are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>
2013	\$37,549
2014	37,549
2015	37,549
2016	37,549
2017	<u>3,129</u>
Total	<u>\$153,325</u>

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.

In addition, during 2002, the HRA obtained financing through Wells Fargo for Energy Performance Contract with Johnson Controls. A similar financing arrangement was arranged for 2009 in the amount of \$624,325. These contracts are to assist with energy conservation improvements at the Nan McKay and John Carroll

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Building. The interest rate on the 2002 loan is 4.89% and is payable quarterly in the amount of \$7,799. The 2002 loan is due on October 28, 2017. The balance at December 31, 2012 was \$59,095. The interest rate on the 2009 loan is 5.37%, payable monthly in the amount of \$5,058 and is due on April 1, 2024. The balance at December 31, 2012 was \$511,719. The total outstanding energy performance loans totaled \$570,814 at December 31, 2012.

These quarterly and monthly debt payments will be retired through annual energy savings obtained by these improvements. Johnson Controls will reimburse the HRA for any shortfall of energy savings to cover the debt payments.

During 2012, the HRA obtained financing for the Bridgepoint Station property in the amount of \$680,000 in the form of a contract for deed mortgage note. The annual interest rate is 4% with semiannual payments of \$121,398 ending January 15, 2015. The outstanding balance at December 31, 2012 was \$572,202.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$284,986	\$49,705	\$334,691
2014	297,269	37,421	334,690
2015	156,919	25,178	182,097
2016	39,988	20,712	60,700
2017	42,189	18,511	60,700
2018-2022	249,440	53,290	302,730
2023-2024	72,225	2,648	74,873
Forgivable debt	461,980	-	461,980
Total	<u><u>\$1,604,996</u></u>	<u><u>\$207,465</u></u>	<u><u>\$1,812,461</u></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 1979 Concord Street Tax Increment District special assessments are as follows:

<u>Year</u>	<u>Principal</u>
2013	\$47,357
2014	47,357
2015	47,357
2016	<u>47,356</u>
Total	<u><u>\$189,427</u></u>

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

B. GOVERNMENTAL ACTIVITIES

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

The HRA issued 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 Authority pursuant to a lease-purchase agreement. Under the lease, rental payments to the Authority 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, 2012 was \$1,530,000.

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, 2012 was \$1,115,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$190,000	\$101,810	\$291,810
2014	195,000	97,202	292,202
2015	200,000	91,925	291,925
2016	205,000	86,102	291,102
2017	215,000	79,440	294,440
2018-2022	870,000	285,225	1,155,225
2023-2027	545,000	144,525	689,525
2028-2029	225,000	16,656	241,656
Total	<u>\$2,645,000</u>	<u>\$902,885</u>	<u>\$3,547,885</u>

Changes in long-term liabilities during 2012 are summarized as follows:

	<u>Balance 01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/12</u>	<u>Due Within One Year</u>
Housing And Redevelopment Authority					
Governmental activities:					
Lease revenue bonds	\$2,835,000	\$ -	\$190,000	\$2,645,000	\$190,000
Compensated absences/Severance payable	9,005	4,955	3,843	10,117	6,650
Total governmental activities long-term debt	<u>\$2,844,005</u>	<u>\$4,955</u>	<u>\$193,843</u>	<u>2,655,117</u>	<u>\$196,650</u>

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Housing And Redevelopment Authority	Balance			Balance	Due Within
Business-type activities:	01/01/12	Additions	Deletions	12/31/12	One Year
Special assessment	\$236,783	\$ -	\$47,356	\$189,427	\$47,357
1999 MHFA	105,980	-	-	105,980	-
1999 MHFA	106,000	-	-	106,000	-
2002 CDA	250,000	-	-	250,000	-
Mortgage Note	-	680,000	107,798	572,202	157,310
Energy Performance	630,549	-	59,735	570,814	62,880
Compensated absences/Severance payable	103,882	56,984	48,950	111,916	72,744
Total business-type activities long-term debt	<u>\$1,433,194</u>	<u>\$736,984</u>	<u>\$263,839</u>	<u>\$1,906,339</u>	<u>\$340,291</u>

Note 6 FUND BALANCE CLASSIFICATION

At December 31, 2012, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	243 - Wakota Arena	245- Airport	311 - 2006A Capital Improvement Bonds	315 - 2008A Improvement Bonds	402 - Capital Programs	Other Governmental Funds	Total
Nonspendable:								
Prepaid Items	\$ 169,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,415
Inventory	-	-	46,725	-	-	-	-	46,725
Working Capital	3,640,227	-	-	-	-	-	-	3,640,227
Total non spendable	<u>3,809,642</u>	<u>-</u>	<u>46,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,856,367</u>
Restricted for:								
Debt Service	-	-	-	3,018,722	1,408,138	-	2,263,454	6,690,314
Park Improvements	-	-	-	-	-	-	151,003	151,003
Community Relations	-	-	-	-	-	-	13,101	13,101
Forfeitures	-	-	-	-	-	-	23,919	23,919
Lawful Purposes	-	-	-	-	-	-	1,619	1,619
Memorial Funding	-	-	-	-	-	-	6,944	6,944
Library Funding	-	-	-	-	-	-	107,905	107,905
Other Purposes	-	-	-	-	-	-	325	325
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,018,722</u>	<u>1,408,138</u>	<u>-</u>	<u>2,568,270</u>	<u>6,995,130</u>
Committed for:								
Working Capital	957,505	-	-	-	-	-	-	957,505
Central Square	-	-	-	-	-	-	57,196	57,196
Total committed	<u>957,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,196</u>	<u>1,014,701</u>
Assigned for:								
Working Capital	-	-	-	-	-	3,446,383	3,031,208	6,477,591
Future equipment	-	-	-	-	-	-	512,233	512,233
Other Purposes	-	-	-	-	-	-	166,860	166,860
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,446,383</u>	<u>3,710,301</u>	<u>7,156,684</u>
Unassigned:								
General fund	3,955,633	-	-	-	-	-	-	3,955,633
Wakota Arena	-	(726,999)	-	-	-	-	-	(726,999)
Airport	-	-	(890,819)	-	-	-	(521,347)	(1,412,166)
Working Capital	-	-	-	-	-	-	(1,253,766)	(1,253,766)
Total unassigned	<u>3,955,633</u>	<u>(726,999)</u>	<u>(890,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,775,113)</u>	<u>562,702</u>
Total	<u>\$ 8,722,780</u>	<u>\$ (726,999)</u>	<u>\$ (844,094)</u>	<u>\$ 3,018,722</u>	<u>\$ 1,408,138</u>	<u>\$ 3,446,383</u>	<u>\$ 4,560,654</u>	<u>\$19,585,584</u>

Note 7 RETIREMENT PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

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 administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2012. PEPFF members were required to contribute 9.6% of their annual covered salary in 2012. Employee contribution rates for both plans will remain the same in 2013. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERP members, 7.25% for Coordinated Plan GERP members, and 14.4% for PEPFF members. Employer contribution rates for both plans will remain the same in 2013. The City's contributions to the General Employees Retirement Fund for the years ending December 31, 2012, 2011, and 2010 were \$237,014, \$231,334, and \$230,967, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2012, 2011 and 2010 were \$287,768, \$282,469, and \$270,040, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

C. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED CONTRIBUTION

PLAN DESCRIPTION

Three council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (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.

Benefit Provisions and Contribution Rates

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of 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 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

The City's contributions to the Public Employees Defined Contribution Plan for 2012, 2011, and 2010 were \$1,170, \$1,170, and \$1,170, respectively, which were equal to the contractually required contributions as set by state statute.

Note 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

The City adopted the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which was effective beginning December 31, 2008. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2008 and as of January 1, 2011.

1. Plan Description

The City provides benefits for retirees as authorized by *Minnesota Statute* §471.61 subdivision 2b. 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, 2012 there were approximately 72 active participants and 34 retired participants receiving benefits from the City's health plans.

2. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2012, the City did not contribute to the plan, in relation to the Annual Required Contribution.

3. 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 un-funded actuarial liabilities over a period not to exceed thirty years.

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	\$ 394,413
Interest on Net OPEB Obligation	34,928
Adjustment to ARC	<u>(53,608)</u>
Annual OPEB Cost (Expense)	375,733
Employer Contributions:	
Direct	(236,579)
Indirect-Implicit Rate Subsidy	<u>(88,405)</u>
Increase in Net OPEB Obligation	50,749
Net OPEB Obligation- beginning of year	<u>873,210</u>
Net OPEB Obligation- end of year	<u><u>\$ 923,959</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's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the prior two years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 558,340	62.8%	\$ 728,326
12/31/2011	378,408	61.7%	873,210
12/31/2012	375,733	86.5%	923,959

4. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$4,072,998. The annual payroll for active employees covered by the plan in the actuarial valuation was \$4,696,767 for a ratio of UAAL to covered payroll of 86.7%.

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.

5. 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, 2011 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 10%, reduced by decrements to an ultimate rate of 5% after nine 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, 2012 is as follows:

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
	Major Governmental Funds:	
General Fund	243-Wakota Arena	\$728,266
General Fund	245-Airport	966,708
General Fund	402-Capital Programs	58
	Nonmajor Governmental Funds:	
General Fund	230-Library	3,552
General Fund	317-Capital Equip Revenue Bonds	7,480
General Fund	404-Airport Improvements	655,325
General Fund	405-Floodwall Improvements	147,434
General Fund	419-2007 Local Improvements	630,829
General Fund	423-2010 Local Improvements	418,721
General Fund	424-2011 Local Improvements	74,553
General Fund	427-2013 Local Improvements	5,270
General Fund	430-Water Meter & Eq. Replacement	2,031
	Total	<u>\$3,640,227</u>
	Proprietary Funds:	
605-Water and Sewer	615-Street Light Utility	<u>\$23,227</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.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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.

	Transfer In					Total
	General Fund	Airport	Capital Programs	Nonmajor Governmental	Water and Sewer	
Transfer out:						
General Fund	\$ -	\$11,078	\$1,226,460	\$36,161	\$ -	\$1,273,699
Wakota Arena	-	-	-	160,702	-	160,702
Airport	26,299	-	-	38,349	-	64,648
Capital Programs	-	214,855	-	-	-	214,855
Nonmajor Governmental	9,551	-	95,294	58,005	-	162,850
Water and Sewer	100,000	-	-	893,460	-	993,460
Storm Water Utility	40,000	-	-	623,228	34,060	697,288
Street Light Utility	20,000	-	-	-	-	20,000
Total transfers	<u>\$195,850</u>	<u>\$225,933</u>	<u>\$1,321,754</u>	<u>\$1,809,905</u>	<u>\$34,060</u>	<u>\$3,587,502</u>

Note 10 OPERATING LEASES

A. BALLISTIC RECOVERY SYSTEM, INC. LEASE

On December 3, 2007, \$1,750,000 Lease Revenue bonds (City of South St. Paul Airport Project), Series 2007 (the "Bonds") were issued by the Housing and Redevelopment Authority of the City of South St. Paul, Minnesota (the "HRA"), a related organization.

The bonds were issued for the purpose of providing funds to finance construction of a building on the City of South St. Paul Municipal Airport (Fleming field) (the "Airport") to house manufacturing facilities of Ballistic Recovery Systems, Inc. (the "Corporation") (such construction is herein called the "Improvements"). The land upon which the Improvements will be located (the "Land") will be leased by the HRA for the City of South St Paul (the "City") pursuant to a Ground Lease dated as December 1, 2007 (the "Ground Lease").

The City will lease the Land and the Improvements (collectively the "Project") under the statutory authority of Minnesota Statutes, Section 465.71. 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 Project to the Corporation pursuant to an Airport Sublease Agreement dated as of December 1, 2007 between the City and the Corporation (the "sublease"). Under the Sublease, Base Rent payments are to be paid by the Corporation to the City in amounts sufficient to pay principal of and interest on the Bonds when due, plus additional payments associated with the operation and maintenance of the Project. The City will pledge, pursuant to the Lease, 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.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

The scheduled Corporation Base Rent payments to the City as of December 31, 2012 are as follows:

<u>Payment Year</u>	<u>Corporation Payment to City</u>
2013	\$206,573
2014	197,009
2015	176,753
2016	178,091
2017	179,496
2018-2022	877,069
2023-2027	902,618
2028	<u>184,706</u>
Total	<u>\$2,902,315</u>

Upon the completion of the lease agreement between the City and the Authority 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.

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, 2012, the City’s hangar lease tenants were 33 T-Hangar leases, 84 Land leases, and 6 Building leases. The City’s airport hangar lease revenue for the year ended December 31, 2012 was \$402,361.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

C. ANTENNA LEASES

The City received revenue from agreements for the lease of space for antennas placed on City owned property. Terms of each lease are as follows:

<u>Location</u>	<u>Lessee</u>	<u>2012 Lease Amount</u>	<u>Annual Lease Adjustment Factor</u>	<u>Expiration Date</u>	<u>Renewal Options</u>
Kaposia Park	T-Mobile	\$23,456	5% Increase on Jan 1	12/31/2013	3 - 5 year terms
Thompson Water Tower	T-Mobile	\$23,456	5% Increase on Jan 1	12/31/2015	3 - 5 year terms
Alice Court Water Tower	T-Mobile	\$24,629	5% Increase on Jan 1	12/31/2014	2 - 5 year terms
Thompson Water Tower	Sprint Nextel	\$24,947	Greater of CPI or 5%	12/31/2011	2 - 5 year terms
Alice Court Water Tower	Sprint Nextel	\$20,628	5% Increase on Jan 1	12/31/2014	1 - 5 year terms
Thompson Water Tower	Verizon	\$26,185	5% Increase on July 1	12/31/2014	1 - 5 year terms
Thompson Water Tower	TTM	\$5,292	5% Increase on Jan 1	5/31/2013	4 - 3 year terms
Alice Court Water Tower	Clear Wireless	\$25,799	5% Increase on Jan 1	12/31/2014	3- 5 year terms
Thompson Water Tower	Clear Wireless	\$25,799	5% Increase on Jan 1	12/31/2015	4 - 3 year terms
Alice Court Water Tower	Zayo	\$5,292	5% Increase on Jan 1	12/31/2015	4 - 3 year terms

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 Housing and Redevelopment Authority of South St. Paul, Minnesota (the "Authority"). The lease continues through August 15, 2029 and upon completion of the lease agreement the City will purchase the building for \$1.

The City lease payments to the Authority as of December 31, 2012 are as follows:

<u>Payment Year</u>	<u>City Payment to Authority</u>
2013	\$148,330
2014	150,510
2015	147,456
2016	149,400
2017	151,110
2018-2022	710,222
2023-2027	694,528
2028-2029	<u>243,658</u>
Total Minimum Lease Payments Receivable	2,395,214
Less Amount Representing Interest	<u>1,162,750</u>
Present Value of Minimum Lease Payments	<u><u>\$1,232,464</u></u>

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

Capital lease - building	\$ 1,783,901
Less: Accumulated Depreciation	178,390
Net	<u>\$ 1,605,511</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.
3. The City entered into a joint powers agreement with Special School District No. 6 in December of 2010. The agreement provides for management services of the City's Service Center to be provided by the School District. The School District will employ and assign a District designee for at least twenty hours per week. The parties agree and acknowledge that the employee shall remain an employee of the District, but will be empowered to execute the duties and responsibilities of the City's Director of Public Works. The agreement terminates on June 30, 2012 and will be renewable for successive one year terms.
4. Information regarding the Special School District No. 6 can be obtained at the website www.sspps.org or by contacting the District's Business Manager, Deb Blackburn, at 104 Fifth Avenue South, South St. Paul, Minnesota, 55075. Telephone 651-457-9428 or email address dblackburn@sspps.org.

B. JOINT POWERS DEBT COMMITMENT

On August 25, 2005 the City of South St. Paul entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, West St. Paul, Minnesota, and Dakota County Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a countywide public safety answering point and communications center for law enforcement, fire, emergency medical services, and other public safety services for the mutual benefit of residents residing in the abovementioned cities and county, (members). Pursuant to the joint powers agreement, members are required to provide DCC their pro rata share of cost of operations and maintenance, and capital projects.

On May 1, 2007, the DCC issued Public Safety Revenue Bonds, Series 2007 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special

obligations of the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due on the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.5% - 5.0%. The debt will be re-paid with member assessments over a seven-year amortization. All members reserve the right to prepay, in whole or in part on any date, its allocated share of principal and interest on the bonds.

The City of South St. Paul's debt payments for the year ending December 31, 2012 were \$75,926. The City of South St. Paul's future debt payments as of December 31, 2012 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2013	<u>\$64,002</u>

Pursuant to Section 9.5 of the joint powers agreement, member payments are submitted monthly and held in escrow by U.S. Bank National Association (trustee) until the funds are remitted to the bond holders according to the established bond principal and interest due dates. The interest earnings from the escrow account will reduce future member obligations on the debt. Information regarding the Dakota Communications Center can be obtained at the website www.mn-dcc.org/stats.asp or by contacting Dennis Feller at the City of Lakeville, 20195 Holyoke Avenue, Lakeville, Minnesota 55044. Telephone 952-985-4482 or email address dfeller@ci.lakeville.mn.us.

C. 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 operational date.

The SMFD is governed by a five-member board of directors (Board) that include two council members from each joint city, and one public member which is not an employee nor a resident of either city. The city council from each respective city appoints four out of the five members to the board. The process for filling the public member position is as follows:

1. The Board shall approve 3 names to be forwarded to each City Council.
2. Each City Council shall rank each nominee in order of preference.
3. If the highest ranked person is the same on each list, then that person is appointed by each Council.

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 of South St. Paul's annual payments for the year ending December 31, 2012 were \$1,938,671. In addition, each city performed in-kind contributed services of approximate equal value during 2012 with additional service agreements in future years.

The South St. Paul Housing and Redevelopment Authority 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 the lease, 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. The bond matures in 2020 and has a stated interest rate of 0.9%-3.2%. The balance outstanding at December 31, 2012 was \$1,115,000.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

The City of South St. Paul's annual payments for the year ending December 31, 2012 were \$80,999. The City of South St. Paul's future commitments to make payments as of December 31, 2012 are as follows:

<u>Payment Year</u>	City Commitment Payment to SMFD
2013	\$77,350
2014	78,843
2015	77,627
2016	78,575
2017	79,255
2018-2020	<u>157,125</u>
Total	<u><u>\$548,775</u></u>

D. 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 2012 financial statements of the City was \$105,748 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.

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, 2012.

Note 14 PRIOR PERIOD ADJUSTMENT

DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY

During the current year, it was determined that certain parcels of land held for resale were previously valued at the higher of cost or market. A prior period adjustment was required to correct this valuation. The beginning net position on the Statement of Activities has been reduced by \$2,726,768 to reflect this correction.

Note 15 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements, which were not implemented for these financial statements. The effect these standards may have on future financial statements is not determinable at this time.

Statement No. 61 *The Financial Reporting Entity. Omnibus.* The provisions of this Statement are effective for periods beginning after June 15, 2012.

Statement No. 65 *Items Previously Reported as Assets and Liabilities.* The provisions of this Statement are effective for periods beginning after December 15, 2012.

Statement No. 68 *Accounting and Financial Reporting for Pensions.* The provisions of this statement are effective for periods beginning after June 15, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
Revenues:					
General property taxes:					
Current	\$4,840,083	\$4,840,083	\$4,756,388	(\$83,695)	\$4,229,856
Delinquent	-	-	163,081	163,081	171,338
Fiscal disparities	1,829,511	1,829,511	1,811,475	(18,036)	1,598,661
Other	-	-	7,344	7,344	1,509
Total general property taxes	6,669,594	6,669,594	6,738,288	68,694	6,001,364
Franchise tax	796,500	771,500	705,405	(66,095)	830,981
Fines and forfeits	111,400	111,400	99,366	(12,034)	98,643
Licenses and permits	332,334	336,200	383,377	47,177	372,417
Intergovernmental:					
State:					
Market value homestead credit	-	-	667	667	166,058
Local government aid	832,000	832,000	1,663,720	831,720	1,663,720
Road maintenance	194,500	194,500	220,277	25,777	193,437
Fire and police aids	159,000	150,000	181,567	31,567	205,072
Other	41,000	46,000	44,148	(1,852)	-
County:					
Gravel tax	500	500	23	(477)	25
Road maintenance	35,275	35,275	35,249	(26)	35,192
Recycling grant	21,300	21,300	21,400	100	21,500
Other	-	9,173	-	(9,173)	9,173
Local - other	275,250	275,250	275,635	385	284,952
Total intergovernmental	1,558,825	1,563,998	2,442,686	878,688	2,579,129
Charges for services:					
General government	392,661	390,661	402,798	12,137	384,273
Public safety	5,015	5,015	7,299	2,284	6,903
Public works	28,157	28,157	30,344	2,187	29,852
Community development	40,000	40,000	45,984	5,984	50,776
Parks and recreation	192,000	192,000	218,811	26,811	191,359
Administrative fee - other funds	442,700	412,700	396,061	(16,639)	322,777
Engineering project fees	125,000	125,000	262,806	137,806	196,717
Rents	108,296	110,296	108,421	(1,875)	104,554
Total charges for services	1,333,829	1,303,829	1,472,524	168,695	1,287,211
Special assessments	-	-	13,829	13,829	7,829
Miscellaneous:					
Investment income	55,000	55,000	52,692	(2,308)	108,949
Contributions and donations	-	-	500	500	-
Other	51,500	53,500	77,934	24,434	95,046
Total miscellaneous	106,500	108,500	131,126	22,626	203,995
Total revenues	10,908,982	10,865,021	11,986,601	1,121,580	11,381,569

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personal services	\$55,513	\$55,547	\$55,516	\$31	\$54,973
Materials and supplies	200	200	-	200	-
Other services and charges	21,857	20,407	20,132	275	19,796
Miscellaneous	24,124	24,124	24,425	(301)	23,388
Total mayor and city council	<u>101,694</u>	<u>100,278</u>	<u>100,073</u>	<u>205</u>	<u>98,157</u>
City administration:					
Current:					
Personal services	279,397	279,748	281,103	(1,355)	298,739
Materials and supplies	3,200	3,200	4,233	(1,033)	3,094
Other services and charges	57,010	66,010	49,362	16,648	57,252
Miscellaneous	4,435	4,435	3,189	1,246	3,069
Total city administration	<u>344,042</u>	<u>353,393</u>	<u>337,887</u>	<u>15,506</u>	<u>362,154</u>
City attorney:					
Current:					
Other services and charges	215,000	209,000	231,252	(22,252)	216,924
Total city attorney	<u>215,000</u>	<u>209,000</u>	<u>231,252</u>	<u>(22,252)</u>	<u>216,924</u>
City clerk:					
Current:					
Personal services	130,869	130,894	114,845	16,049	116,807
Materials and supplies	5,500	5,500	7,006	(1,506)	4,225
Other services and charges	18,750	18,750	26,512	(7,762)	15,381
Miscellaneous	200	200	70	130	70
Total city clerk	<u>155,319</u>	<u>155,344</u>	<u>148,433</u>	<u>6,911</u>	<u>136,483</u>
Information technology:					
Current:					
Personal services	127,787	127,787	87,615	40,172	112,778
Materials and supplies	5,100	5,100	14,055	(8,955)	6,057
Other services and charges	21,420	21,420	25,322	(3,902)	28,962
Total information technology	<u>154,307</u>	<u>154,307</u>	<u>126,992</u>	<u>27,315</u>	<u>147,797</u>
City finance:					
Current:					
Personal services	293,023	293,152	313,671	(20,519)	289,772
Materials and supplies	7,375	7,375	4,668	2,707	3,867
Other services and charges	102,559	103,154	126,174	(23,020)	68,624
Miscellaneous	11,420	11,420	9,091	2,329	10,015
Total city finance	<u>414,377</u>	<u>415,101</u>	<u>453,604</u>	<u>(38,503)</u>	<u>372,278</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget -	2011 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
General government: (continued)					
Recycling:					
Current:					
Personal services	\$30,509	\$30,509	\$32,023	(\$1,514)	\$30,734
Materials and supplies	1,000	1,000	858	142	45
Other services and charges	3,400	18,589	12,681	5,908	3,621
Miscellaneous	17,650	2,650	2,131	519	12,360
Total recycling	<u>52,559</u>	<u>52,748</u>	<u>47,693</u>	<u>5,055</u>	<u>46,760</u>
Animal control:					
Current:					
Personal services	11,048	11,088	221	10,867	6,837
Other services and charges	4,600	4,600	5,723	(1,123)	-
Total animal control	<u>15,648</u>	<u>15,688</u>	<u>5,944</u>	<u>9,744</u>	<u>6,837</u>
Total general government	<u>1,452,946</u>	<u>1,455,859</u>	<u>1,451,878</u>	<u>3,981</u>	<u>1,387,390</u>
Public safety:					
Police:					
Current:					
Personal services	3,100,118	3,108,439	3,206,729	(98,290)	3,043,861
Materials and supplies	69,450	69,450	66,409	3,041	72,720
Other services and charges	708,146	817,347	795,816	21,531	767,938
Miscellaneous	121,353	18,018	20,546	(2,528)	17,649
Capital outlay	18,018	8,500	4,000	4,500	3,450
Total police	<u>4,017,085</u>	<u>4,021,754</u>	<u>4,093,500</u>	<u>(71,746)</u>	<u>3,905,618</u>
Fire:					
Current:					
Personal services	50,536	50,536	52,744	(2,208)	62,649
Other services and charges	1,992,956	1,992,956	1,992,957	(1)	1,925,503
Total fire	<u>2,043,492</u>	<u>2,043,492</u>	<u>2,045,701</u>	<u>(2,209)</u>	<u>1,988,152</u>
Total public safety	<u>6,060,577</u>	<u>6,065,246</u>	<u>6,139,201</u>	<u>(73,955)</u>	<u>5,893,770</u>
Public works:					
Engineering:					
Current:					
Personal services	335,343	343,614	313,509	30,105	336,637
Materials and supplies	4,250	5,000	4,375	625	2,930
Other services and charges	25,453	25,453	22,616	2,837	20,395
Miscellaneous	500	600	1,077	(477)	123
Total engineering	<u>365,546</u>	<u>374,667</u>	<u>341,577</u>	<u>33,090</u>	<u>360,085</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget -	2011 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
Public works:					
Public works:					
Current:					
Personal services	\$518,735	\$527,215	\$586,798	(\$59,583)	\$545,470
Materials and supplies	264,099	264,099	231,460	32,639	266,588
Other services and charges	439,627	447,771	431,533	16,238	422,731
Miscellaneous	650	650	1,003	(353)	600
Capital outlay	15,400	5,400	10,000	(4,600)	-
Total public works	<u>1,238,511</u>	<u>1,245,135</u>	<u>1,260,794</u>	<u>(15,659)</u>	<u>1,235,389</u>
Buildings					
Current:					
Personal services	82,719	82,987	83,597	(610)	82,447
Materials and supplies	12,000	12,000	20,159	(8,159)	12,651
Other services and charges	185,964	176,330	150,816	25,514	158,106
Miscellaneous	-	-	703	(703)	-
Total buildings	<u>280,683</u>	<u>271,317</u>	<u>255,275</u>	<u>16,042</u>	<u>253,204</u>
Parks facilities and maintenance:					
Current:					
Personal services	315,187	316,046	300,105	15,941	302,929
Materials and supplies	45,399	45,399	47,745	(2,346)	39,427
Other services and charges	159,201	157,694	155,400	2,294	138,332
Miscellaneous	-	-	-	-	493
Capital outlay	1,980	1,980	19,830	(17,850)	-
Total parks facilities and maintenance	<u>521,767</u>	<u>521,119</u>	<u>523,080</u>	<u>(1,961)</u>	<u>481,181</u>
Total public works	<u>2,406,507</u>	<u>2,412,238</u>	<u>2,380,726</u>	<u>31,512</u>	<u>2,329,859</u>
Community development:					
City planner:					
Current:					
Personal services	102,327	102,327	101,503	824	99,461
Materials and supplies	650	650	814	(164)	303
Other services and charges	2,200	2,200	1,497	703	1,810
Miscellaneous	450	450	895	(445)	100
Total city planner	<u>105,627</u>	<u>105,627</u>	<u>104,709</u>	<u>918</u>	<u>101,674</u>
Code enforcement:					
Current:					
Personal services	195,116	195,381	201,838	(6,457)	204,064
Materials and supplies	1,250	1,250	1,583	(333)	2,548
Other services and charges	30,661	28,161	12,053	16,108	19,784
Miscellaneous	290	290	350	(60)	522
Total code enforcement	<u>227,317</u>	<u>225,082</u>	<u>215,824</u>	<u>9,258</u>	<u>226,918</u>
Total community development	<u>332,944</u>	<u>330,709</u>	<u>320,533</u>	<u>10,176</u>	<u>328,592</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Parks and recreation:					
Administration					
Current:					
Personal services	\$316,122	\$319,356	\$326,116	(\$6,760)	\$320,865
Materials and supplies	5,000	5,000	6,382	(1,382)	4,901
Other services and charges	27,330	27,330	21,855	5,475	27,031
Miscellaneous	2,270	2,270	2,743	(473)	1,727
Total administration	<u>350,722</u>	<u>353,956</u>	<u>357,096</u>	<u>(3,140)</u>	<u>354,524</u>
Parks, Pools and Recreation:					
Current:					
Personal services	133,007	134,026	133,549	477	88,716
Materials and supplies	44,400	48,400	49,191	(791)	41,178
Other services and charges	31,930	31,930	26,723	5,207	28,220
Miscellaneous	5,000	5,000	4,414	586	4,786
Total parks, pools and recreation	<u>214,337</u>	<u>219,356</u>	<u>213,877</u>	<u>5,479</u>	<u>162,900</u>
Community affairs:					
Current:					
Personal services	80,253	80,293	84,433	(4,140)	82,975
Materials and supplies	6,150	6,150	6,455	(305)	6,327
Other services and charges	1,290	1,290	852	438	602
Miscellaneous	120	-	45	(45)	143
Total community affairs	<u>87,813</u>	<u>87,733</u>	<u>91,785</u>	<u>(4,052)</u>	<u>90,047</u>
Total parks and recreation	<u>652,872</u>	<u>661,045</u>	<u>662,758</u>	<u>(1,713)</u>	<u>607,471</u>
Contingency	<u>226,975</u>	<u>226,975</u>	<u>-</u>	<u>226,975</u>	<u>-</u>
Total expenditures	<u>11,132,821</u>	<u>11,152,072</u>	<u>10,955,096</u>	<u>196,976</u>	<u>10,547,082</u>
Revenues over expenditures	<u>(223,839)</u>	<u>(287,051)</u>	<u>1,031,505</u>	<u>1,318,556</u>	<u>834,487</u>
Other financing sources (uses):					
Transfers in	160,000	160,000	195,850	35,850	193,506
Transfers out	(36,161)	(36,161)	(1,273,699)	(1,237,538)	(797,905)
Total other financing sources and uses	<u>123,839</u>	<u>123,839</u>	<u>(1,077,849)</u>	<u>(1,201,688)</u>	<u>(604,399)</u>
Net change in fund balance	<u>(\$100,000)</u>	<u>(\$163,212)</u>	<u>(46,344)</u>	<u>\$116,868</u>	<u>230,088</u>
Fund balance - January 1			<u>8,769,124</u>		<u>8,539,036</u>
Fund balance - December 31			<u>\$8,722,780</u>		<u>\$8,769,124</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 243 - WAKOTA ARENA
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

Statement 11

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
Revenues:					
General property taxes:					
Current	\$193,038	\$193,038	\$189,700	(\$3,338)	\$148,799
Other	-	-	2,945	2,945	27
Total general property taxes	<u>193,038</u>	<u>193,038</u>	<u>192,645</u>	<u>(393)</u>	<u>148,826</u>
Intergovernmental:					
Federal:					
Grants	-	-	-	-	10,330
State:					
Grants	-	-	-	-	52,541
Total intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,871</u>
Charges for services:					
Ice rentals	460,000	460,000	488,088	28,088	474,796
Ticket sales league games	15,000	15,000	26,393	11,393	34,230
Public/figure skating	7,500	7,500	12,455	4,955	11,694
Concessions	70,000	70,000	57,427	(12,573)	58,468
Rent of annex	76,782	76,782	36,179	(40,603)	72,892
Other	20,360	20,360	67,331	46,971	13,781
Total charges for services	<u>649,642</u>	<u>649,642</u>	<u>687,873</u>	<u>38,231</u>	<u>665,861</u>
Donations/other	-	-	5,009	5,009	-
Total revenues	<u>842,680</u>	<u>842,680</u>	<u>885,527</u>	<u>42,847</u>	<u>877,558</u>
Expenditures:					
Parks, arena, library:					
Personal services	297,988	298,470	315,033	(16,563)	283,959
Materials and supplies	109,986	109,986	112,046	(2,060)	105,754
Services and other charges	329,718	384,239	361,456	22,783	320,001
Miscellaneous	1,900	1,900	447	1,453	1,539
Interest expenditure	18,000	18,000	16,691	1,309	27,610
Capital outlay	101,845	84,000	123,085	(39,085)	138,107
Total expenditures	<u>859,437</u>	<u>896,595</u>	<u>928,758</u>	<u>(32,163)</u>	<u>876,970</u>
Revenues over (under) expenditures	<u>(16,757)</u>	<u>(53,915)</u>	<u>(43,231)</u>	<u>10,684</u>	<u>588</u>
Other financing sources (uses):					
Transfers in	-	214,855	-	(214,855)	-
Transfers out	(160,703)	(375,558)	(160,702)	214,856	(159,778)
Total other financing sources (uses)	<u>(160,703)</u>	<u>(160,703)</u>	<u>(160,702)</u>	<u>1</u>	<u>(159,778)</u>
Net change in fund balance	<u>(\$177,460)</u>	<u>(\$214,618)</u>	<u>(203,933)</u>	<u>10,685</u>	<u>(159,190)</u>
Fund balance - January 1			<u>(523,066)</u>		<u>(363,876)</u>
Fund balance - December 31			<u>(\$726,999)</u>		<u>(\$523,066)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 245 - AIRPORT
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

Statement 12

	Budgeted Amounts		2012 Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
Revenues:					
Intergovernmental:					
Federal:					
FEMA	\$ -	\$ -	\$19,825	\$19,825	\$ -
State:					
Airport operations and maintenance	64,269	78,269	66,018	(12,251)	38,588
Total intergovernmental	<u>64,269</u>	<u>78,269</u>	<u>85,843</u>	<u>7,574</u>	<u>38,588</u>
Charges for services:					
Transportation					
Hangar rentals/land leases	444,859	445,645	438,538	(7,107)	439,775
Aircraft fuel sales	764,588	768,344	780,296	11,952	770,966
Other	1,550	8,735	7,220	(1,515)	1,570
Total charges for services	<u>1,210,997</u>	<u>1,222,724</u>	<u>1,226,054</u>	<u>3,330</u>	<u>1,212,311</u>
Miscellaneous:					
Other	1,340	65,639	85,002	19,363	20,999
Total miscellaneous	<u>1,340</u>	<u>65,639</u>	<u>85,002</u>	<u>19,363</u>	<u>20,999</u>
Total revenues	<u>1,276,606</u>	<u>1,366,632</u>	<u>1,396,899</u>	<u>30,267</u>	<u>1,271,898</u>
Expenditures:					
Transportation:					
Current:					
Personal services	159,833	154,936	161,584	(6,648)	139,052
Materials and supplies	727,608	724,004	731,171	(7,167)	728,683
Other services and charges	186,969	189,062	346,365	(157,303)	161,523
Miscellaneous	1,160	1,110	2,050	(940)	1,024
Interest expenditure	40,000	35,000	26,863	8,137	62,992
Capital outlay	67,983	155,782	-	155,782	-
Debt service:					
Principal	38,696	38,696	37,549	1,147	34,420
Total expenditures	<u>1,222,249</u>	<u>1,298,590</u>	<u>1,305,582</u>	<u>(6,992)</u>	<u>1,127,694</u>
Revenues over (under) expenditures	54,357	68,042	91,317	23,275	144,204
Other financing sources (uses):					
Transfers in	-	225,933	225,933	-	73,258
Transfers out	<u>(7,500)</u>	<u>(64,648)</u>	<u>(64,648)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$46,857</u>	<u>\$229,327</u>	252,602	<u>\$23,275</u>	217,462
Fund balance - January 1			<u>(1,096,696)</u>		<u>(1,314,158)</u>
Fund balance - December 31			<u>(\$844,094)</u>		<u>(\$1,096,696)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR OTHER POST RETIREMENT BENEFITS
 December 31, 2012

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

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2012

Note A BUDGETS

The General Fund and the Wakota 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 2006A Capital Improvement Bonds Debt Service Fund, 2008A Improvement Bonds Debt Service Fund, and the Capital Programs Capital Projects Fund did not have annual budgets legally adopted in 2012.

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 2012:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Major Funds:			
General Fund:			
City attorney	\$231,252	\$209,000	(\$22,252)
City finance	453,604	415,101	(38,503)
Police	4,093,500	4,021,754	(71,746)
Fire	2,045,701	2,043,492	(2,209)
Public works	1,260,794	1,245,135	(15,659)
Parks facilities and maintenance	523,080	521,119	(1,961)
Parks and recreation administration	357,096	353,956	(3,140)
Community affairs	91,785	87,733	(4,052)
Special Revenue Funds:			
Wakota Arena	928,758	896,595	(32,163)
Airport Fund	1,305,582	1,298,590	(6,992)

**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 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 and trust funds.

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012
With Comparative Totals For December 31, 2011

Statement 13

	Special Revenue	Debt Service	Capital Project	Totals	
				2012	2011
Assets					
Cash and investments	\$530,280	\$2,241,107	\$3,059,729	\$5,831,116	\$5,718,303
Accounts receivable	1,413	-	64,941	66,354	93,636
Property taxes receivable:					
Delinquent	21,351	12,000	5,874	39,225	148,345
Due from county	13,130	7,371	2,617	23,118	40,196
Special assessments receivable:					
Delinquent	-	10,041	393	10,434	13,889
Deferred	-	1,029,319	159,237	1,188,556	964,812
Due from county	-	16,697	144	16,841	12,935
Due from other governmental units	58,323	-	758,139	816,462	21,192
Prepaid items	80	-	-	80	-
Total assets	\$624,577	\$3,316,535	\$4,051,074	\$7,992,186	\$7,013,308
Liabilities and Fund Balances					
Liabilities:					
Accounts, salaries and contracts payable	\$70,285	\$ -	\$125,114	\$195,399	\$408,511
Due to other governmental units	517	-	-	517	392
Advances from other funds	3,552	7,480	1,934,163	1,945,195	1,447,371
Deferred revenue	21,351	1,051,360	217,710	1,290,421	1,207,120
Total liabilities	95,705	1,058,840	2,276,987	3,431,532	3,063,394
Fund balances:					
Restricted	304,816	2,263,454	-	2,568,270	2,895,420
Committed	57,196	-	-	57,196	129,147
Assigned	166,860	-	3,543,441	3,710,301	2,594,431
Unassigned	-	(5,759)	(1,769,354)	(1,775,113)	(1,669,084)
Total fund balances	528,872	2,257,695	1,774,087	4,560,654	3,949,914
Total liabilities and fund balances	\$624,577	\$3,316,535	\$4,051,074	\$7,992,186	\$7,013,308

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, 2012
With Comparative Totals For The Year Ended December 31, 2011

Statement 14

	Special Revenue	Debt Service	Capital Project	Totals	
				2012	2011
Revenues:					
General property taxes	\$631,932	\$354,474	\$ -	\$986,406	\$1,172,429
Tax increment collections	-	-	264,708	264,708	167,899
Intergovernmental	75,734	-	1,290,818	1,366,552	280,210
Charges for services	272,171	-	182,516	454,687	449,843
Fines and forfeits	11,623	-	-	11,623	5,876
Special assessments	-	438,493	24,597	463,090	430,905
Investment income	14,750	48,995	71,446	135,191	250,062
Contributions and donations	124,066	-	-	124,066	16,466
Miscellaneous	22,920	-	73,650	96,570	28,162
Total revenues	1,153,196	841,962	1,907,735	3,902,893	2,801,852
Expenditures:					
Current:					
General government	37,573	-	226,556	264,129	189,487
Public safety	29,725	-	-	29,725	35,800
Public works	-	-	713,075	713,075	299,462
Parks, arena, library	886,297	-	-	886,297	819,337
Transportation	-	-	269,749	269,749	27,197
Capital outlay:					
General government	-	-	36,216	36,216	140,590
Public safety	46,067	-	12,879	58,946	21,153
Public works	-	-	1,939,899	1,939,899	665,502
Parks, arena, library	150,201	-	-	150,201	87,776
Interest expenditure	-	159	69,456	69,615	70,394
Debt service:					
Principal	-	921,926	-	921,926	1,167,722
Interest and other charges	-	166,237	-	166,237	337,165
Bond issuance costs	-	-	27,652	27,652	-
Total expenditures	1,149,863	1,088,322	3,295,482	5,533,667	3,861,585
Revenues over (under) expenditures	3,333	(246,360)	(1,387,747)	(1,630,774)	(1,059,733)
Other financing sources (uses):					
Refunding bonds issued	-	3,283	1,501,717	1,505,000	-
Premium on refunding bonds issued	-	-	71,436	71,436	-
Transfers in	-	160,702	1,649,203	1,809,905	824,507
Transfers out	(67,556)	(91,091)	(4,203)	(162,850)	(122,016)
Total other financing sources (uses)	(67,556)	72,894	3,218,153	3,223,491	702,491
Net change in fund balances	(64,223)	(173,466)	1,830,406	1,592,717	(357,242)
Fund balances - January 1	593,095	2,431,161	(56,319)	2,967,937	4,307,156
Fund balances - December 31	\$528,872	\$2,257,695	\$1,774,087	\$4,560,654	\$3,949,914

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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.

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2012
With Comparative Totals For December 31, 2011

Statement 15

	210 - Donations / Grants	202 - Park Land Dedication	230 - Library	250 - Central Square	Totals	
					2012	2011
Assets						
Cash and investments	\$276,821	\$176,013	\$ -	\$77,446	\$530,280	\$634,439
Accounts receivable	-	-	-	1,413	1,413	901
Property taxes receivable:						
Delinquent	-	-	21,351	-	21,351	74,466
Due from county	-	-	13,130	-	13,130	16,332
Due from other governmental units	49,410	-	8,913	-	58,323	6,491
Prepaid items	-	-	80	-	80	-
Total assets	<u>\$326,231</u>	<u>\$176,013</u>	<u>\$43,474</u>	<u>\$78,859</u>	<u>\$624,577</u>	<u>\$732,629</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts, salaries and contracts payable	\$5,558	\$25,010	\$18,516	\$21,201	\$70,285	\$64,676
Due to other governmental units	-	-	55	462	517	392
Advances from other funds	-	-	3,552	-	3,552	-
Deferred revenue	-	-	21,351	-	21,351	74,466
Total liabilities	<u>5,558</u>	<u>25,010</u>	<u>43,474</u>	<u>21,663</u>	<u>95,705</u>	<u>139,534</u>
Fund balances:						
Restricted	153,813	151,003	-	-	304,816	329,022
Committed	-	-	-	57,196	57,196	129,147
Assigned	166,860	-	-	-	166,860	134,926
Total fund balances	<u>320,673</u>	<u>151,003</u>	<u>0</u>	<u>57,196</u>	<u>528,872</u>	<u>593,095</u>
Total liabilities and fund balances	<u>\$326,231</u>	<u>\$176,013</u>	<u>\$43,474</u>	<u>\$78,859</u>	<u>\$624,577</u>	<u>\$732,629</u>

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, 2012
With Comparative Totals For The Year Ended December 31, 2011

Statement 16

	210 -	202 - Park	230 -	250 -	Totals	
	Donations /	Land		Central	2012	2011
	Grants	Dedication	Library	Square		
Revenues:						
General property taxes	\$ -	\$ -	\$631,932	\$ -	\$631,932	\$558,798
Intergovernmental	75,734	-	-	-	75,734	24,827
Charges for services	4,078	-	1,535	266,558	272,171	261,121
Fines and forfeits	-	-	11,623	-	11,623	5,876
Investment income	5,064	6,248	-	3,438	14,750	31,043
Contributions and donations	124,066	-	-	-	124,066	16,466
Miscellaneous	17,259	-	5,661	-	22,920	28,162
Total revenues	226,201	6,248	650,751	269,996	1,153,196	926,293
Expenditures:						
Current:						
General government	37,573	-	-	-	37,573	16,466
Public safety	29,725	-	-	-	29,725	35,800
Parks, arena, library	1,676	-	641,200	243,421	886,297	819,337
Capital outlay:						
Public safety	46,067	-	-	-	46,067	21,153
Parks, arena, library	-	51,675	-	98,526	150,201	87,776
Total expenditures	115,041	51,675	641,200	341,947	1,149,863	980,532
Revenues over (under) expenditures	111,160	(45,427)	9,551	(71,951)	3,333	(54,239)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	30,386
Transfers out	-	(58,005)	(9,551)	-	(67,556)	-
Total other financing sources (uses)	0	(58,005)	(9,551)	0	(67,556)	30,386
Net change in fund balances	111,160	(103,432)	-	(71,951)	(64,223)	(23,853)
Fund balances - January 1	209,513	254,435	-	129,147	593,095	616,948
Fund balances - December 31	\$320,673	\$151,003	\$0	\$57,196	\$528,872	\$593,095

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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 Wakota Arena.
- 2007 DCC Revenue Bonds - This fund is used to account for revenues and expenditures for the City’s portion of the DCC Public Safety Revenue Bonds, Series 2007.
- 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.

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.

- 2000 through 2007 Improvement Bonds – issued primary for alley and street reconstruction.

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	306 - 2001 Improvement Bonds	307 - 2002 Improvement Bonds	308 - 2003A Improvement Bonds
Assets			
Cash and investments	\$ -	\$193,939	\$415,175
Property taxes receivable:			
Delinquent	-	-	-
Due from county	-	-	-
Special assessments receivable:			
Delinquent	3,060	1,548	2,492
Deferred	-	-	40,881
Due from county	-	1,786	1,555
Total assets	<u>\$3,060</u>	<u>\$197,273</u>	<u>\$460,103</u>
Liabilities and Fund Balances			
Liabilities:			
Advances from other funds	\$ -	\$ -	\$ -
Deferred revenue	3,060	1,548	43,373
Total liabilities	<u>3,060</u>	<u>1,548</u>	<u>43,373</u>
Fund balances:			
Restricted	-	195,725	416,730
Unassigned	-	-	-
Total fund balances	<u>0</u>	<u>195,725</u>	<u>416,730</u>
Total liabilities and fund balances	<u><u>\$3,060</u></u>	<u><u>\$197,273</u></u>	<u><u>\$460,103</u></u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
 December 31, 2012
 With Comparative Totals For December 31, 2011

	309 - 2005A Improvement Bonds	310 - 2005B Improvement Bonds	312 - 2007A Improvement Bonds
Assets			
Cash and investments	\$372,943	\$138,839	\$560,041
Property taxes receivable:			
Delinquent	-	-	-
Due from county	-	-	-
Special assessments receivable:			
Delinquent	845	329	1,767
Deferred	54,235	79,657	318,742
Due from county	1,256	766	6,204
Total assets	<u>\$429,279</u>	<u>\$219,591</u>	<u>\$886,754</u>
Liabilities and Fund Balances			
Liabilities:			
Advances from other funds	\$ -	\$ -	\$ -
Deferred revenue	55,080	79,986	320,509
Total liabilities	<u>55,080</u>	<u>79,986</u>	<u>320,509</u>
Fund balances:			
Restricted	374,199	139,605	566,245
Unassigned	-	-	-
Total fund balances	<u>374,199</u>	<u>139,605</u>	<u>566,245</u>
Total liabilities and fund balances	<u>\$429,279</u>	<u>\$219,591</u>	<u>\$886,754</u>

313 - 2007 DCC Revenue Bonds	314 - 2007B Refunding Bonds	317 - 2010A Cap Equip Revenue Bonds	318 - 2012A General Obligation Bonds	Totals	
				2012	2011
\$54,961	\$328,535	\$ -	\$176,674	\$2,241,107	\$2,537,905
2,645	6,752	2,603	-	12,000	61,319
1,572	4,078	1,721	-	7,371	18,057
-	-	-	-	10,041	13,468
-	-	-	535,804	1,029,319	695,439
-	-	-	5,130	16,697	12,742
<u>\$59,178</u>	<u>\$339,365</u>	<u>\$4,324</u>	<u>\$717,608</u>	<u>\$3,316,535</u>	<u>\$3,338,930</u>
\$ -	\$ -	\$7,480	\$ -	\$7,480	\$9,369
2,645	6,752	2,603	535,804	1,051,360	770,227
<u>2,645</u>	<u>6,752</u>	<u>10,083</u>	<u>535,804</u>	<u>1,058,840</u>	<u>779,596</u>
56,533	332,613	-	181,804	2,263,454	2,566,398
-	-	(5,759)	-	(5,759)	(7,064)
<u>56,533</u>	<u>332,613</u>	<u>(5,759)</u>	<u>181,804</u>	<u>2,257,695</u>	<u>2,559,334</u>
<u>\$59,178</u>	<u>\$339,365</u>	<u>\$4,324</u>	<u>\$717,608</u>	<u>\$3,316,535</u>	<u>\$3,338,930</u>

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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, 2012
 With Comparative Totals For The Year Ended December 31, 2011

	302 - 2003B Arena Revenue Bonds	305 - 2000B Improvement Bonds	306 - 2001 Improvement Bonds	307 - 2002 Improvement Bonds
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	902	1,164	24,783
Investment income	-	13	2,477	4,577
Total revenues	<u>0</u>	<u>915</u>	<u>3,641</u>	<u>29,360</u>
Expenditures:				
Interest expenditure	-	-	-	-
Debt service:				
Principal	125,000	-	70,000	50,000
Interest and other charges	35,702	-	1,575	2,975
Total expenditures	<u>160,702</u>	<u>-</u>	<u>71,575</u>	<u>52,975</u>
Revenues over (under) expenditures	<u>(160,702)</u>	<u>915</u>	<u>(67,934)</u>	<u>(23,615)</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	-	-
Transfers in	160,702	-	-	-
Transfers out	-	(915)	(90,176)	-
Total other financing sources (uses)	<u>160,702</u>	<u>(915)</u>	<u>(90,176)</u>	<u>0</u>
Net change in fund balances	0	0	(158,110)	(23,615)
Fund balances - January 1	<u>-</u>	<u>-</u>	<u>158,110</u>	<u>219,340</u>
Fund balances - December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$195,725</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, 2012
With Comparative Totals For The Year Ended December 31, 2011

	308 - 2003A Improvement Bonds	309 - 2005A Improvement Bonds	310 - 2005B Improvement Bonds	312 - 2007A Improvement Bonds
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	49,569	36,533	36,471	111,240
Investment income	9,947	8,965	3,035	12,436
Total revenues	<u>59,516</u>	<u>45,498</u>	<u>39,506</u>	<u>123,676</u>
Expenditures:				
Interest expenditure	-	-	-	-
Debt service:				
Principal	120,000	85,000	45,000	145,000
Interest and other charges	11,225	10,196	8,122	30,500
Total expenditures	<u>131,225</u>	<u>95,196</u>	<u>53,122</u>	<u>175,500</u>
Revenues over (under) expenditures	<u>(71,709)</u>	<u>(49,698)</u>	<u>(13,616)</u>	<u>(51,824)</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	(71,709)	(49,698)	(13,616)	(51,824)
Fund balances - January 1	<u>488,439</u>	<u>423,897</u>	<u>153,221</u>	<u>618,069</u>
Fund balances - December 31	<u>\$416,730</u>	<u>\$374,199</u>	<u>\$139,605</u>	<u>\$566,245</u>

313 - 2007 DCC Revenue Bonds	314 - 2007B Refunding Bonds	317 - 2010A Cap Equip Revenue Bonds	318 - 2012A General Obligation Bonds	Totals	
				2012	2011
\$75,714	\$196,296	\$82,464	\$ -	\$354,474	\$613,631
-	-	-	177,831	438,493	424,648
1,158	5,697	-	690	48,995	104,728
<u>76,872</u>	<u>201,993</u>	<u>82,464</u>	<u>178,521</u>	<u>841,962</u>	<u>1,143,007</u>
-	-	159	-	159	255
75,926	125,000	81,000	-	921,926	1,167,722
7,847	58,095	-	-	166,237	337,165
<u>83,773</u>	<u>183,095</u>	<u>81,159</u>	<u>-</u>	<u>1,088,322</u>	<u>1,505,142</u>
<u>(6,901)</u>	<u>18,898</u>	<u>1,305</u>	<u>178,521</u>	<u>(246,360)</u>	<u>(362,135)</u>
-	-	-	3,283	3,283	-
-	-	-	-	160,702	159,777
-	-	-	-	(91,091)	(122,016)
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,283</u>	<u>72,894</u>	<u>37,761</u>
(6,901)	18,898	1,305	181,804	(173,466)	(324,374)
63,434	313,715	(7,064)	-	2,431,161	2,883,708
<u>\$56,533</u>	<u>\$332,613</u>	<u>(\$5,759)</u>	<u>\$181,804</u>	<u>\$2,257,695</u>	<u>\$2,559,334</u>

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NONMAJOR CAPITAL PROJECT FUNDS

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

Airport Improvements – used to account for revenues and expenditures for capital improvements at the City owned airport.

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

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

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

Stockyards Redevelopment – this fund is used to account for the redevelopment of the former stockyard site.

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

2007 - 2013 Local Improvement – used to account for reconstruction of streets. These funds are typically viable for two years.

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.

SSP High School Parking Lot – this fund is used to account for revenues and expenditures related to construction of a parking lot which will be used jointly by SSP High School and Central Square Community Center.

Water Meter & Equipment – this fund is used to account for the revenues and expenditures related to the replacement of the water meters installed in all properties that are connected to the City's water service.

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CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2012
With Comparative Totals For December 31, 2011

	404 - Airport Improvements	405 - Floodwall Construction	406 - Tax Increment	407 - Equipment Acquisition
Assets				
Cash and investments	\$ -	\$ -	\$1,492,147	\$514,087
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	5,874	-
Due from county	-	-	2,617	-
Special assessments receivable:				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Due from county	-	-	-	-
Due from other governmental units	186,580	-	-	-
Total assets	\$186,580	\$0	\$1,500,638	\$514,087
Liabilities and Fund Balances				
Liabilities:				
Accounts, salaries and contracts payable	\$52,602	\$31,811	\$ -	\$1,854
Advances from other funds	655,325	147,434	-	-
Deferred revenue	-	-	5,874	-
Total liabilities	707,927	179,245	5,874	1,854
Fund balances:				
Assigned	-	-	1,494,764	512,233
Unassigned	(521,347)	(179,245)	-	-
Total fund balances	(521,347)	(179,245)	1,494,764	512,233
Total liabilities and fund balances	\$186,580	\$0	\$1,500,638	\$514,087

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2012
With Comparative Totals For December 31, 2011

	408 - Stockyards Redevelopment	410 - Local Improvement	419 - 2007 Local Improvement	421 - 380 Airport Road
Assets				
Cash and investments	\$556,859	\$78,856	\$ -	\$10,530
Accounts receivable	-	-	-	64,941
Property taxes receivable:				
Delinquent	-	-	-	-
Due from county	-	-	-	-
Special assessments receivable:				
Delinquent	-	393	-	-
Deferred	-	4,270	-	-
Due from county	-	144	-	-
Due from other governmental units	-	-	-	-
Total assets	\$556,859	\$83,663	\$0	\$75,471
Liabilities and Fund Balances				
Liabilities:				
Accounts, salaries and contracts payable	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	630,829	-
Deferred revenue	-	4,663	-	52,206
Total liabilities	0	4,663	630,829	52,206
Fund balances:				
Assigned	556,859	79,000	-	23,265
Unassigned	-	-	(630,829)	-
Total fund balances	556,859	79,000	(630,829)	23,265
Total liabilities and fund balances	\$556,859	\$83,663	\$0	\$75,471

423 - 2010 Local Improvement	424 - 2011 Local Improvement	426 - 2012 Local Improvement	427 - 2013 Local Improvement	430 - Water Meter & Equipment	Totals	
					2012	2011
\$ -	\$ -	\$407,250	\$ -	\$ -	\$3,059,729	\$2,545,959
-	-	-	-	-	64,941	92,735
-	-	-	-	-	5,874	12,560
-	-	-	-	-	2,617	5,807
-	-	-	-	-	393	421
136,171	-	18,796	-	-	159,237	269,373
-	-	-	-	-	144	193
15,306	556,253	-	-	-	758,139	14,701
<u>\$151,477</u>	<u>\$556,253</u>	<u>\$426,046</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,051,074</u>	<u>\$2,941,749</u>
\$20,774	\$11,630	\$ -	\$4,814	\$1,629	\$125,114	\$343,835
418,721	74,553	-	5,270	2,031	1,934,163	1,438,002
136,171	-	18,796	-	-	217,710	362,427
<u>575,666</u>	<u>86,183</u>	<u>18,796</u>	<u>10,084</u>	<u>3,660</u>	<u>2,276,987</u>	<u>2,144,264</u>
-	470,070	407,250	-	-	3,543,441	2,459,505
(424,189)	-	-	(10,084)	(3,660)	(1,769,354)	(1,662,020)
<u>(424,189)</u>	<u>470,070</u>	<u>407,250</u>	<u>(10,084)</u>	<u>(3,660)</u>	<u>1,774,087</u>	<u>797,485</u>
<u>\$151,477</u>	<u>\$556,253</u>	<u>\$426,046</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,051,074</u>	<u>\$2,941,749</u>

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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, 2012
With Comparative Totals For The Year Ended December 31, 2011

	404 - Airport Improvements	405 - Floodwall Construction	406 - Tax Increment	407 - Equipment Acquisition	408 - Stockyards Redevelopment
Revenues:					
Tax increment collections	\$ -	\$ -	\$264,708	\$ -	\$ -
Intergovernmental revenue	201,295	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	-	-	40,879	13,861	13,754
Miscellaneous	-	-	-	-	-
Total revenues	<u>201,295</u>	<u>0</u>	<u>305,587</u>	<u>13,861</u>	<u>13,754</u>
Expenditures:					
Current:					
General government	-	-	-	73,406	-
Public works	-	24	-	-	-
Transportation	269,749	-	-	-	-
Capital outlay:					
General government	-	-	-	33,055	3,161
Public safety	-	-	-	12,879	-
Public works	-	192,883	-	-	-
Interest expenditure	15,380	1,546	-	-	-
Debt service:					
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>285,129</u>	<u>194,453</u>	<u>0</u>	<u>119,340</u>	<u>3,161</u>
Revenues over (under) expenditures	<u>(83,834)</u>	<u>(194,453)</u>	<u>305,587</u>	<u>(105,479)</u>	<u>10,593</u>
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Transfers in	96,354	-	-	36,161	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>96,354</u>	<u>0</u>	<u>0</u>	<u>36,161</u>	<u>0</u>
Net change in fund balances	12,520	(194,453)	305,587	(69,318)	10,593
Fund balances - January 1	<u>(533,867)</u>	<u>15,208</u>	<u>1,189,177</u>	<u>581,551</u>	<u>546,266</u>
Fund balances - December 31	<u>(\$521,347)</u>	<u>(\$179,245)</u>	<u>\$1,494,764</u>	<u>\$512,233</u>	<u>\$556,859</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, 2012

With Comparative Totals For The Year Ended December 31, 2011

	410 - Local Improvement	419 - 2007 Local Improvement	420 - 2008 Local Improvement	421 - 380 Airport Road	423 - 2010 Local Improvement
Revenues:					
Tax increment collections	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	236,564
Charges for services	-	-	-	182,516	-
Special assessments	5,678	-	-	-	-
Investment income	2,952	-	-	-	-
Miscellaneous	-	73,650	-	-	-
Total revenues	8,630	73,650	0	182,516	236,564
Expenditures:					
Current:					
General government	-	-	-	153,150	-
Public works	56,933	603	-	-	3,468
Transportation	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	544,432
Interest expenditure	-	13,034	-	504	21,986
Debt service:					
Bond issuance costs	-	-	-	-	2,335
Total expenditures	56,933	13,637	0	153,654	572,221
Revenues over (under) expenditures	(48,303)	60,013	0	28,862	(335,657)
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	130,000
Premium on refunding bonds issued	-	-	-	-	5,272
Transfers in	-	-	-	-	630,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	0	0	0	0	765,272
Net change in fund balances	(48,303)	60,013	0	28,862	429,615
Fund balances - January 1	127,303	(690,842)	-	(5,597)	(853,804)
Fund balances - December 31	\$79,000	(\$630,829)	\$0	\$23,265	(\$424,189)

424 - 2011 Local Improvement	425 - SSP High School Parking Lot	426 - 2012 Local Improvement	427 - 2013 Local Improvement	430 - Water Meter & Equipment	Totals	
					2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$264,708	\$167,899
556,253	-	296,706	-	-	1,290,818	255,383
-	-	-	-	-	182,516	188,722
-	-	18,919	-	-	24,597	6,257
-	-	-	-	-	71,446	114,291
-	-	-	-	-	73,650	-
<u>556,253</u>	<u>0</u>	<u>315,625</u>	<u>0</u>	<u>0</u>	<u>1,907,735</u>	<u>732,552</u>
-	-	-	-	-	226,556	173,021
3,408	137,833	500,732	10,074	-	713,075	299,462
-	-	-	-	-	269,749	27,197
-	-	-	-	-	36,216	140,590
-	-	-	-	-	12,879	-
99,167	-	1,099,765	-	3,652	1,939,899	665,502
3,723	7,797	5,468	10	8	69,456	70,139
<u>2,694</u>	<u>8,869</u>	<u>13,754</u>	<u>-</u>	<u>-</u>	<u>27,652</u>	<u>-</u>
<u>108,992</u>	<u>154,499</u>	<u>1,619,719</u>	<u>10,084</u>	<u>3,660</u>	<u>3,295,482</u>	<u>1,375,911</u>
<u>447,261</u>	<u>(154,499)</u>	<u>(1,304,094)</u>	<u>(10,084)</u>	<u>(3,660)</u>	<u>(1,387,747)</u>	<u>(643,359)</u>
146,717	440,000	785,000	-	-	1,501,717	-
7,775	18,733	39,656	-	-	71,436	-
-	-	886,688	-	-	1,649,203	634,344
-	(4,203)	-	-	-	(4,203)	-
<u>154,492</u>	<u>454,530</u>	<u>1,711,344</u>	<u>0</u>	<u>0</u>	<u>3,218,153</u>	<u>634,344</u>
601,753	300,031	407,250	(10,084)	(3,660)	1,830,406	(9,015)
<u>(131,683)</u>	<u>(300,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,319)</u>	<u>806,500</u>
<u>\$470,070</u>	<u>\$0</u>	<u>\$407,250</u>	<u>(\$10,084)</u>	<u>(\$3,660)</u>	<u>\$1,774,087</u>	<u>\$797,485</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 - 230 - LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

Statement 21

	Budgeted Amounts		2012 Actual Amounts	2011 Actual Amounts
	Original	Final		
Revenues:				
General property taxes:				
Current	\$625,841	\$625,841	\$615,019	\$539,067
Delinquent	-	-	16,913	19,731
Total general property taxes	<u>625,841</u>	<u>625,841</u>	<u>631,932</u>	<u>558,798</u>
Intergovernmental:				
County:				
Grants	-	-	-	1,300
Total intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300</u>
Rental fees	5,000	5,000	1,535	2,169
Fines and forfeits	9,000	9,000	11,623	5,876
Miscellaneous	-	-	5,661	3,559
Total revenues	<u>639,841</u>	<u>639,841</u>	<u>650,751</u>	<u>571,702</u>
Expenditures:				
Parks, arena, library:				
Personal services	435,752	435,957	441,935	420,804
Materials and supplies	89,700	89,700	91,336	89,978
Other services and charges	110,944	110,259	104,816	77,152
Capital Outlay	-	-	-	11,287
Miscellaneous	3,445	3,445	3,113	2,867
Total expenditures	<u>639,841</u>	<u>639,361</u>	<u>641,200</u>	<u>602,088</u>
Revenues over (under) expenditures	<u>-</u>	<u>480</u>	<u>9,551</u>	<u>(30,386)</u>
Other financing sources (uses):				
Transfers in	-	-	-	30,386
Transfers out	-	-	(9,551)	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(9,551)</u>	<u>30,386</u>
Net change in fund balance	<u>\$0</u>	<u>\$480</u>	<u>0</u>	<u>0</u>
Fund balance - January 1			<u>-</u>	<u>-</u>
Fund balance - December 31			<u>\$0</u>	<u>\$0</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SPECIAL REVENUE FUND - 250 - CENTRAL SQUARE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2012
With Comparative Actual Amounts For The Year Ended December 31, 2011

Statement 22

	Budgeted Amounts		2012 Actual Amounts	2011 Actual Amounts
	Original	Final		
Revenues:				
Charges for services:				
Memberships	\$136,000	\$136,000	\$164,635	\$147,814
Programming	77,000	77,000	90,744	78,133
Open Swim	6,000	6,000	7,181	5,919
Room Rental	2,400	2,400	2,731	2,727
Other	1,450	1,450	1,267	539
Investment income	6,000	6,000	3,438	9,775
Miscellaneous	-	-	-	298
Total revenues	<u>228,850</u>	<u>228,850</u>	<u>269,996</u>	<u>245,205</u>
Expenditures:				
Parks, arena, library:				
Personal services	172,390	172,606	167,658	155,180
Materials and supplies	6,000	6,000	13,656	27,221
Services and other charges	47,900	47,900	60,814	39,970
Miscellaneous	2,200	2,200	1,293	2,951
Capital outlay	77,000	77,000	98,526	76,489
Total expenditures	<u>305,490</u>	<u>305,706</u>	<u>341,947</u>	<u>301,811</u>
Net change in fund balance	<u>(\$76,640)</u>	<u>(\$76,856)</u>	(71,951)	(56,606)
Fund balance - January 1			<u>129,147</u>	<u>185,753</u>
Fund balance - December 31			<u>\$57,196</u>	<u>\$129,147</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.

The 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.

The Other Post Employee Benefits Internal Service Fund – This fund is used to account for the cost of retiree health insurance benefits.

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

Statement 23

December 31, 2012

With Comparative Total Amounts as of December 31, 2011

	703 - Central Garage	705 - OPEB / Employee Benefits	Totals	
			2012	2011
Assets:				
Current assets:				
Cash and investments	\$282,089	\$375,737	\$657,826	\$787,132
Accounts receivable	98	-	98	587
Total current assets	<u>282,187</u>	<u>375,737</u>	<u>657,924</u>	<u>787,719</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	3,851,038	-	3,851,038	3,442,811
Less: Allowance for depreciation	(2,429,262)	-	(2,429,262)	(2,237,239)
Net capital assets	<u>1,421,776</u>	<u>0</u>	<u>1,421,776</u>	<u>1,205,572</u>
Total assets	<u>1,703,963</u>	<u>375,737</u>	<u>2,079,700</u>	<u>1,993,291</u>
Liabilities:				
Current liabilities:				
Accounts payable	30,383	-	30,383	46,405
Wages and payroll taxes payable	2,781	-	2,781	2,511
Due to other governmental units	7	-	7	-
Compensated absences	-	92,003	92,003	108,222
Total current liabilities	<u>33,171</u>	<u>92,003</u>	<u>125,174</u>	<u>157,138</u>
Noncurrent liabilities:				
Net other postemployment benefit obligation	-	923,959	923,959	873,210
Compensated absences	-	366,514	366,514	258,359
Total noncurrent liabilities	<u>0</u>	<u>1,290,473</u>	<u>1,290,473</u>	<u>1,131,569</u>
Total liabilities	<u>33,171</u>	<u>1,382,476</u>	<u>1,415,647</u>	<u>1,288,707</u>
Net position:				
Net investment in capital assets	1,421,776	-	1,421,776	1,205,572
Unrestricted	249,016	(1,006,739)	(757,723)	(500,988)
Total net position	<u>\$1,670,792</u>	<u>(\$1,006,739)</u>	<u>\$664,053</u>	<u>\$704,584</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, 2012
With Comparative Total Amounts For The Year Ended December 31, 2011

Statement 24

	703 - Central Garage	705 - OPEB / Employee Benefits	Totals	
			2012	2011
Operating revenues:				
Customer billings:				
Other charges	\$ -	\$ -	\$ -	\$850
Retiree health insurance charges	-	324,984	324,984	263,379
Compensated absences charges	-	31,177	31,177	55,979
Equipment rental and repair charges	756,583	-	756,583	659,674
Total operating revenues	<u>756,583</u>	<u>356,161</u>	<u>1,112,744</u>	<u>979,882</u>
Operating expenses:				
Personal services:				
Salaries and wages	105,511	-	105,511	98,815
Pension contributions	15,586	-	15,586	14,808
Insurance	24,761	499,896	524,657	456,390
Total personal services	<u>145,858</u>	<u>499,896</u>	<u>645,754</u>	<u>570,013</u>
Materials and supplies:				
Maintenance materials	353,759	-	353,759	374,942
Contractual services:				
Insurance	21,864	-	21,864	21,204
Professional services	12,031	-	12,031	8,503
Repairs and maintenance	49,799	-	49,799	40,788
Other	29,577	-	29,577	15,099
Total contractual services	<u>113,271</u>	<u>0</u>	<u>113,271</u>	<u>85,594</u>
Depreciation	293,076	-	293,076	214,013
Total operating expenses	<u>905,964</u>	<u>499,896</u>	<u>1,405,860</u>	<u>1,244,562</u>
Operating income (loss)	<u>(149,381)</u>	<u>(143,735)</u>	<u>(293,116)</u>	<u>(264,680)</u>
Nonoperating revenues (expenses):				
Investment income	7,225	8,981	16,206	43,269
Gain on sale of capital assets	36,359	-	36,359	13,849
Other revenue	11,703	-	11,703	-
Total nonoperating revenues (expenses)	<u>55,287</u>	<u>8,981</u>	<u>64,268</u>	<u>57,118</u>
Income (loss) before contributions	(94,094)	(134,754)	(228,848)	(207,562)
Capital contributions	188,317	-	188,317	-
Change in net position	94,223	(134,754)	(40,531)	(207,562)
Net position - January 1	1,576,569	(871,985)	704,584	912,146
Net position - December 31	<u>\$1,670,792</u>	<u>(\$1,006,739)</u>	<u>\$664,053</u>	<u>\$704,584</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Statement 25

For The Year Ended December 31, 2012

With Comparative Total Amounts For The Year Ended December 31, 2011

	703 - Central Garage	705 - OPEB / Employee Benefits	Totals	
			2012	2011
Cash flows from operating activities:				
Receipts from customers and users	\$757,071	\$356,161	\$1,113,232	\$979,295
Payment to suppliers	(483,044)	-	(483,044)	(739,168)
Payment to employees	(145,587)	(357,211)	(502,798)	(167,360)
Other revenue	11,703	-	11,703	-
Net cash flows from operating activities	140,143	(1,050)	139,093	72,767
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(344,163)	-	(344,163)	(384,411)
Proceeds from sale of capital assets	59,558	-	59,558	39,102
Net cash flows from capital and related financing activities	(284,605)	0	(284,605)	(345,309)
Cash flows from investing activities:				
Investment income	7,225	8,981	16,206	43,269
Net increase (decrease) in cash and cash equivalents	(137,237)	7,931	(129,306)	(229,273)
Cash and cash equivalents - January 1	419,326	367,806	787,132	1,016,405
Cash and cash equivalents - December 31	\$282,089	\$375,737	\$657,826	\$787,132
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$149,381)	(\$143,735)	(\$293,116)	(\$264,680)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	293,076	-	293,076	214,013
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	489	-	489	(587)
Increase (decrease) in accounts payable	(16,015)	-	(16,015)	11,262
Increase (decrease) in salaries payable	271	-	271	(1,287)
Increase (decrease) in compensated absences	-	91,936	91,936	(30,838)
Increase (decrease) in net other postemployment benefit obligation	-	50,749	50,749	144,884
Other revenue	11,703	-	11,703	-
Total adjustments	289,524	142,685	432,209	337,447
Net cash provided (used) by operating activities	\$140,143	(\$1,050)	\$139,093	\$72,767
Noncash investing, capital, and financing activities:				
Contributions of capital assets from governmental activities	\$188,317	\$ -		

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 restricted assets attributable to landfill abatement.

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

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CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
 December 31, 2012
 With Comparative Amounts as of December 31, 2011

Statement 26

	804 - Landscape / landfill	805 - Employee Healthcare Reimbursement Account	Totals	
			2012	2011
Assets:				
Cash and cash equivalents	<u>\$132,120</u>	<u>\$5,551</u>	<u>\$137,671</u>	<u>\$146,011</u>
 Liabilities:				
Deposits payable	<u>\$132,120</u>	<u>\$5,551</u>	<u>\$137,671</u>	<u>\$146,011</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2012

Statement 27

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
804 - Landscape/landfill				
Assets:				
Cash and cash equivalents	\$128,859	\$3,261	\$ -	\$132,120
Liabilities:				
Deposits payable	\$128,859	\$3,261	\$ -	\$132,120
805 - Employee Healthcare Reimbursement Account				
Assets:				
Cash and cash equivalents	\$17,152	\$54	\$11,655	\$5,551
Liabilities:				
Deposits payable	\$17,152	\$54	\$11,655	\$5,551

SUPPLEMENTARY FINANCIAL INFORMATION

Supplementary Financial Data, although not required by GAAP, are intended to augment the readers understanding of information presented in the financial section dealing with bonded indebtedness, cash/investments, and property tax levies. The schedules listed below are provided as non-required supplementary financial data for the year ended December 31, 2012.

Schedule of Cash and Investments

Combined Schedule of Indebtness

Schedule of Debt Service Payments to Maturity

Schedule of Deferred Tax Levies

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		Yield	Settlement Date	Maturity Date	Market Value
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.75%	01/02/2009	01/02/2013	\$96,000
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	05/21/2009	05/28/2013	74,000
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	05/21/2009	05/28/2013	75,000
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.50%	09/03/2010	09/03/2013	151,271
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.35%	10/29/2010	10/29/2013	246,977
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.30%	09/23/2011	09/23/2014	247,411
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.30%	09/21/2011	09/24/2014	151,476
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.40%	10/06/2011	10/06/2014	151,601
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.50%	11/03/2011	11/10/2014	97,292
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.90%	09/12/2011	09/16/2016	98,766
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.90%	04/11/2012	09/16/2016	97,234
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.90%	06/06/2012	06/08/2017	198,300
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.100%	02/23/2009	02/27/2013	99,392
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.100%	03/11/2009	03/11/2013	99,496
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	09/30/2011	09/30/2013	99,362
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	07/01/2011	01/02/2014	50,306
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	07/01/2011	01/02/2014	150,591
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.450%	04/03/2009	04/03/2014	101,329
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.250%	04/15/2009	04/15/2014	102,648
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.050%	06/30/2011	06/30/2014	100,994
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.250%	06/29/2011	06/30/2014	50,496
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	07/01/2011	07/07/2014	250,477
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	07/13/2011	07/14/2014	151,615
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	07/06/2011	07/29/2014	250,483
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	08/02/2011	08/01/2014	250,514
Certificate of Deposit - Wells Fargo	Cert. of Dep.	0.950%	03/16/2012	03/16/2015	99,370
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.100%	07/16/2010	07/16/2015	103,119
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.200%	07/20/2010	07/20/2015	102,845
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.200%	07/21/2010	07/21/2015	101,804
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.400%	07/30/2010	07/30/2015	103,764
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.000%	08/04/2010	08/04/2015	103,239
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.100%	08/10/2012	08/10/2015	248,245
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.900%	07/19/2012	07/25/2016	245,828
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.900%	07/12/2012	07/19/2017	96,990
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.600%	08/09/2012	08/09/2017	98,950
Hopkins Minn Independent School District No 270	Agency	5.250%	01/15/2009	02/01/2018	234,180
Rochester Minn Taxable-Tax	Agency	4.700%	03/24/2009	02/01/2019	300,929
Richfield Independent School District No 280	Agency	5.125%	03/24/2009	02/01/2020	312,593
Rochester Minn Taxable-Tax	Agency	5.000%	03/26/2009	02/01/2020	346,584
Ohio State Utility G.O. Series 2009-C Taxable	Agency	4.621%	12/14/2010	03/01/2020	552,325
Federal Home Loan Bank Bonds	Agency	3.050%	11/18/2010	11/18/2020	255,721
Federal Home Loan Bank Bonds	Agency	1.500%	09/12/2012	09/28/2022	250,163
Federal Home Loan Bank Bonds	Agency	1.500%	11/15/2012	11/28/2022	397,624
Federal Home Loan Bank Bonds	Agency	1.500%	11/21/2012	12/19/2022	299,316
Federal Home Loan Bank Bonds	Agency	2.000%	10/24/2012	10/25/2024	236,222
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	01/09/2012	07/24/2020	300,318
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	01/24/2012	11/13/2020	500,735
Mahtomedi Independent School District No 832	Agency	5.125%	05/05/2009	02/01/2022	306,526
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	01/20/2012	02/15/2022	300,438
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	02/21/2012	03/21/2022	401,232
Fiscal Agent Escrow Investments - US Treasury SLGS	Escrow	0.330%	12/28/2012	02/01/2016	4,110,494
Certificate of Deposit - Bremer Bank	Cert. of Dep.	0.25%	07/22/2007	12/23/2012	100,000
Money Manager Savings Accounts		n/a			613,780
Cash on Hand and in Banking Accounts		n/a			8,300,002
					<u>\$22,866,367</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
 December 31, 2012

	Date of Issue	Final Maturity Date	Original Interest Rates
General long-term debt bonds:			
G.O. Capital Improvement Bonds of 2006A	06/27/2006	02/01/2027	4.00% - 4.30%
G.O. Refunding Bonds, Series 2007B	01/24/2007	02/01/2021	4.00% - 4.10%
G.O. Bonds, Series 2012A	12/27/2012	02/01/2030	2.00% - 2.25%
Total general long-term debt bonds			
Special assessment bonds:			
Improvement Bonds, Series 2001	12/26/2001	02/01/2012	2.00% - 4.50%
Improvement Bonds, Series 2002	12/16/2002	02/01/2013	1.90% - 4.00%
Improvement Bonds, Series 2003A	12/23/2003	02/01/2014	2.00% - 3.70%
Improvement Bonds, Series 2005A	01/05/2005	02/01/2015	2.15% - 3.70%
Improvement Bonds, Series 2005B	12/27/2005	02/01/2016	3.30% - 4.15%
Improvement Bonds, Series 2007A	01/24/2007	02/01/2017	4.00%
Improvement Bonds, Series 2008A	12/16/2008	02/01/2030	4.00% - 4.70%
Total special assessment bonds			
Revenue bonds:			
Arena Refunding Bonds, Series 2003B	12/23/2003	02/01/2018	2.00% - 4.15%
G.O. PFA Water Revenue Note, Series 2010	04/13/2010	08/20/2029	1.709%
 Total bonded indebtedness			

Prior Years		Payable 01/01/12	2012		Payable 12/31/12	Principal Due In 2013	Interest Due In 2013
Original Issue	Payments		Issued	Payments			
\$3,800,000	\$530,000	\$3,270,000	\$ -	\$145,000	\$3,125,000	\$150,000	\$125,904
1,840,000	345,000	1,495,000	-	125,000	1,370,000	130,000	52,545
-	-	-	5,525,000	-	5,525,000	-	65,998
<u>5,640,000</u>	<u>875,000</u>	<u>4,765,000</u>	<u>5,525,000</u>	<u>270,000</u>	<u>10,020,000</u>	<u>280,000</u>	<u>244,447</u>
860,000	790,000	70,000	-	70,000	-	-	-
600,000	500,000	100,000	-	50,000	50,000	50,000	1,000
1,150,000	775,000	375,000	-	120,000	255,000	125,000	6,997
920,000	590,000	330,000	-	85,000	245,000	85,000	7,306
590,000	365,000	225,000	-	45,000	180,000	45,000	6,390
1,420,000	585,000	835,000	-	145,000	690,000	145,000	24,700
1,955,000	180,000	1,775,000	-	135,000	1,640,000	135,000	67,420
<u>7,495,000</u>	<u>3,785,000</u>	<u>3,710,000</u>	<u>0</u>	<u>650,000</u>	<u>3,060,000</u>	<u>585,000</u>	<u>113,813</u>
1,770,000	785,000	985,000	-	125,000	860,000	130,000	31,303
2,801,051	126,051	2,675,000	-	350,000	2,325,000	119,000	39,734
<u>4,571,051</u>	<u>911,051</u>	<u>3,660,000</u>	<u>0</u>	<u>475,000</u>	<u>3,185,000</u>	<u>249,000</u>	<u>71,037</u>
<u>\$17,706,051</u>	<u>\$5,571,051</u>	<u>\$12,135,000</u>	<u>\$5,525,000</u>	<u>\$1,395,000</u>	<u>\$16,265,000</u>	<u>\$1,114,000</u>	<u>\$429,297</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
December 31, 2012

	General Long Term Financing						
	G.O. Cap Imp Bonds of 2006A		G.O. Refunding Bonds 2007B		General Obligation Bonds 2012A		Total General
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2013	\$150,000	\$125,904	\$130,000	\$52,545	\$0	\$65,998	\$280,000
2014	2,975,000	61,452	135,000	47,245	100,000	110,025	3,210,000
2015	-	-	140,000	41,745	305,000	105,975	445,000
2016	-	-	145,000	36,045	315,000	99,775	460,000
2017	-	-	150,000	30,145	445,000	92,175	595,000
2018	-	-	160,000	23,945	455,000	83,175	615,000
2019	-	-	165,000	17,445	450,000	74,125	615,000
2020	-	-	170,000	10,660	435,000	65,275	605,000
2021	-	-	175,000	3,588	445,000	56,475	620,000
2022	-	-	-	-	445,000	47,575	445,000
2023	-	-	-	-	460,000	38,525	460,000
2024	-	-	-	-	370,000	30,225	370,000
2025	-	-	-	-	360,000	22,925	360,000
2026	-	-	-	-	365,000	15,675	365,000
2027	-	-	-	-	365,000	8,375	365,000
2028	-	-	-	-	80,000	3,825	80,000
2029	-	-	-	-	65,000	2,194	65,000
2030	-	-	-	-	65,000	731	65,000
Total	\$3,125,000	\$187,356	\$1,370,000	\$263,363	\$5,525,000	\$923,048	\$10,020,000

Long Term	Special Assessment Financing					
	Improvement Bonds of 2002		Improvement Bonds of 2003A		Improvement Bonds of 2005A	
	Principal	Interest	Principal	Interest	Principal	Interest
\$244,447	\$50,000	\$1,000	\$125,000	\$6,997	\$85,000	\$7,306
218,722	-	-	130,000	2,405	80,000	4,400
147,720	-	-	-	-	80,000	1,480
135,820	-	-	-	-	-	-
122,320	-	-	-	-	-	-
107,120	-	-	-	-	-	-
91,570	-	-	-	-	-	-
75,935	-	-	-	-	-	-
60,063	-	-	-	-	-	-
47,575	-	-	-	-	-	-
38,525	-	-	-	-	-	-
30,225	-	-	-	-	-	-
22,925	-	-	-	-	-	-
15,675	-	-	-	-	-	-
8,375	-	-	-	-	-	-
3,825	-	-	-	-	-	-
2,194	-	-	-	-	-	-
731	-	-	-	-	-	-
<u>\$1,373,767</u>	<u>\$50,000</u>	<u>\$1,000</u>	<u>\$255,000</u>	<u>\$9,402</u>	<u>\$245,000</u>	<u>\$13,186</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
 December 31, 2012

	Special Assessment Financing						
	Improvement Bonds of 2005B		Improvement Bonds of 2007A		Improvement Bonds of 2008		Total Special
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2013	\$45,000	\$6,390	\$145,000	\$24,700	\$135,000	\$67,420	\$585,000
2014	45,000	4,612	145,000	18,900	110,000	62,520	510,000
2015	45,000	2,790	140,000	13,200	110,000	58,120	375,000
2016	45,000	934	130,000	7,800	1,285,000	27,960	1,460,000
2017	-	-	130,000	2,600	-	-	130,000
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
Total	\$180,000	\$14,726	\$690,000	\$67,200	\$1,640,000	\$216,020	\$3,060,000

Assessment	G.O. Revenue Bonds		G.O. Water Revenue Bonds		Total All Bonds	
	Arena Refunding Bonds 2003B		PFA Water Revenue Note, Series 2010			
Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$113,813	\$130,000	\$31,303	\$119,000	\$39,734	\$1,114,000	\$429,297
92,837	135,000	26,530	121,000	37,701	3,976,000	375,790
75,590	145,000	21,132	123,000	35,633	1,088,000	280,075
36,694	145,000	15,333	125,000	33,531	2,190,000	221,378
2,600	150,000	9,432	127,000	31,394	1,002,000	165,746
-	155,000	3,216	130,000	29,224	900,000	139,560
-	-	-	132,000	27,002	747,000	118,572
-	-	-	134,000	24,746	739,000	100,681
-	-	-	136,000	22,456	756,000	82,519
-	-	-	139,000	20,132	584,000	67,707
-	-	-	141,000	17,757	601,000	56,282
-	-	-	143,000	15,347	513,000	45,572
-	-	-	146,000	12,903	506,000	35,828
-	-	-	148,000	10,408	513,000	26,083
-	-	-	151,000	7,879	516,000	16,254
-	-	-	154,000	5,298	234,000	9,123
-	-	-	156,000	2,666	221,000	4,860
-	-	-	-	-	65,000	731
<u>\$321,534</u>	<u>\$860,000</u>	<u>\$106,946</u>	<u>\$2,325,000</u>	<u>\$373,811</u>	<u>\$16,265,000</u>	<u>\$2,176,058</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
DEBT SERVICE FUNDS
December 31, 2012

Exhibit 4

<u>Year of Levy/ Collection</u>	<u>2000 General Obligation Bonds</u>	<u>2006A Capital Improvement Bonds</u>	<u>2007B Refunding Bonds</u>	<u>2007 DCC Revenue Bonds</u>	<u>Total All Funds</u>
2011/2012	\$208,900	\$292,849	\$194,402	\$6,891	\$703,042
2012/2013	207,500	297,049	194,192	-	698,741
2013/2014	205,700	295,579	193,772	-	695,051
2014/2015	208,700	293,899	193,142	-	695,741
2015/2016	205,900	297,259	192,302	-	695,461
2016/2017	207,800	294,949	196,502	-	699,251
2017/2018	209,100	297,679	195,032	-	701,811
2018/2019	204,500	299,989	193,352	-	697,841
2019/2020	204,900	301,664	191,284	-	697,848
2020/2021	-	297,601	-	-	297,601
2021/2022	-	303,765	-	-	303,765
2022/2023	-	303,901	-	-	303,901
2023/2024	-	303,597	-	-	303,597
2024/2025	-	302,718	-	-	302,718
2026/2027	-	306,642	-	-	306,642
	<u>\$1,863,000</u>	<u>\$4,489,140</u>	<u>\$1,743,980</u>	<u>\$6,891</u>	<u>\$8,103,011</u>

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
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	156
Debt Capacity	
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
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	168
Operating Information	
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

CITY OF SOUTH ST. PAUL, MINNESOTA
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Net investment in capital assets	\$22,537,906	\$20,534,450	\$25,965,134	\$36,290,023
Restricted	7,398,411	9,699,511	4,727,025	4,665,216
Unrestricted	<u>13,166,182</u>	<u>14,860,912</u>	<u>15,794,256</u>	<u>8,346,800</u>
Total governmental activities net position	<u><u>\$43,102,499</u></u>	<u><u>\$45,094,873</u></u>	<u><u>\$46,486,415</u></u>	<u><u>\$49,302,039</u></u>
Business-type activities:				
Net investment in capital assets	\$11,786,674	\$11,896,767	\$11,829,683	\$11,850,391
Unrestricted	<u>3,086,984</u>	<u>2,175,655</u>	<u>23,523,321</u>	<u>2,994,348</u>
Total business-type activities net position	<u><u>\$14,873,658</u></u>	<u><u>\$14,072,422</u></u>	<u><u>\$35,353,004</u></u>	<u><u>\$14,844,739</u></u>
Primary government:				
Net investment in capital assets	\$34,324,580	\$32,431,217	\$37,794,817	\$48,140,414
Restricted	7,398,411	9,699,511	4,727,025	4,665,216
Unrestricted	<u>16,253,166</u>	<u>17,036,567</u>	<u>39,317,577</u>	<u>11,341,148</u>
Total primary government net position	<u><u>\$57,976,157</u></u>	<u><u>\$59,167,295</u></u>	<u><u>\$81,839,419</u></u>	<u><u>\$64,146,778</u></u>

Table 1

2007	2008	2009	2010	2011	2012
\$45,426,615	\$50,127,360	\$54,638,596	\$55,457,507	\$51,132,197	\$44,888,824
6,305,080	3,965,427	3,401,805	2,856,386	4,996,846	8,974,281
8,394,301	8,268,709	7,617,647	9,953,322	10,334,718	12,919,567
<u>\$60,125,996</u>	<u>\$62,361,496</u>	<u>\$65,658,048</u>	<u>\$68,267,215</u>	<u>\$66,463,761</u>	<u>\$66,782,672</u>
\$11,547,913	\$11,307,727	\$11,775,473	\$11,643,887	\$14,453,210	\$13,886,557
4,105,686	5,230,975	5,900,991	4,191,071	4,518,774	6,640,168
<u>\$15,653,599</u>	<u>\$16,538,702</u>	<u>\$17,676,464</u>	<u>\$15,834,958</u>	<u>\$18,971,984</u>	<u>\$20,526,725</u>
\$56,974,528	\$61,435,087	\$66,414,069	\$67,101,394	\$65,585,407	\$58,775,381
6,305,080	3,965,427	3,401,805	2,856,386	4,996,846	8,974,281
12,499,987	13,499,684	13,518,639	14,144,393	14,853,492	19,559,735
<u>\$75,779,595</u>	<u>\$78,900,198</u>	<u>\$83,334,513</u>	<u>\$84,102,173</u>	<u>\$85,435,745</u>	<u>\$87,309,397</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$1,366,181	\$1,841,098	\$2,067,202	\$2,869,806
Public safety	5,045,513	5,250,220	5,343,939	5,535,003
Public works	4,529,332	4,018,591	3,328,511	4,133,175
Community development	-	-	-	-
Parks, arena, library	2,542,146	2,612,547	2,721,746	2,895,568
Transportation	1,075,523	1,359,049	1,405,760	1,303,503
Interest on long-term debt	799,590	667,195	544,450	604,805
Total governmental activities expenses	<u>15,358,285</u>	<u>15,748,700</u>	<u>15,411,608</u>	<u>17,341,860</u>
Business-type activities:				
Water and sewer	3,119,265	3,135,135	3,354,849	3,390,216
Storm water	184,776	184,343	188,090	198,225
Street light utility	-	-	-	-
Total business-type activities expenses	<u>3,304,041</u>	<u>3,319,478</u>	<u>3,542,939</u>	<u>3,588,441</u>
Total primary government expenses	<u><u>\$18,662,326</u></u>	<u><u>\$19,068,178</u></u>	<u><u>\$18,954,547</u></u>	<u><u>\$20,930,301</u></u>
Program revenues				
Governmental activities:				
Charges for services:				
Airport	\$659,366	\$670,385	\$785,470	\$850,517
Arena	810,470	741,826	741,305	824,820
Parks and recreation	-	-	-	167,433
Other activities	4,388,687	3,399,253	2,813,154	3,233,349
Operating grants and contributions	1,219,824	1,203,916	994,062	1,342,519
Capital grants and contributions	644,270	487,949	1,519,639	1,966,898
Total governmental activities program revenues	<u>7,722,617</u>	<u>6,503,329</u>	<u>6,853,630</u>	<u>8,385,536</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,359,362	3,330,598	3,319,492	4,113,596
Storm water	25,466	339,780	341,317	525,143
Street light utility	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>3,384,828</u>	<u>3,670,378</u>	<u>3,660,809</u>	<u>4,638,739</u>
Total primary government program revenues	<u><u>\$11,107,445</u></u>	<u><u>\$10,173,707</u></u>	<u><u>\$10,514,439</u></u>	<u><u>\$13,024,275</u></u>
Net (expense) revenue:				
Governmental activities	(\$7,635,668)	(\$9,245,371)	(\$8,557,978)	(\$8,956,324)
Business-type activities	80,787	350,900	117,870	1,050,298
Total primary government net (expense) revenue	<u>(7,554,881)</u>	<u>(8,894,471)</u>	<u>(8,440,108)</u>	<u>(7,906,026)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$4,578,528	\$4,600,156	\$5,017,990	\$5,305,741
Tax increment	1,265,819	1,369,702	1,294,075	1,443,232
Franchise taxes	597,815	601,642	723,491	749,039
Unrestricted grants and contributions	3,193,095	2,808,461	2,249,007	2,781,385
Investment earnings	293,727	612,784	609,957	763,661
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	116,366
Special item -change in depreciation method	-	-	-	-
Transfers of capital assets	-	-	-	-
Transfers	-	1,245,000	55,000	440,273
Total governmental activities	<u>9,928,984</u>	<u>11,237,745</u>	<u>9,949,520</u>	<u>11,599,697</u>
Business-type activities:				
Investment earnings	40,788	92,864	46,723	52,699
Special item -change in depreciation method	-	-	-	-
Transfers of capital assets	-	-	-	-
Transfers	-	(1,245,000)	(55,000)	(440,273)
Total business-type activities	<u>40,788</u>	<u>(1,152,136)</u>	<u>(8,277)</u>	<u>(387,574)</u>
Total primary government	<u><u>\$9,969,772</u></u>	<u><u>\$10,085,609</u></u>	<u><u>\$9,941,243</u></u>	<u><u>\$11,212,123</u></u>
Change in net position:				
Governmental activities	\$2,293,316	\$1,992,374	\$1,391,542	\$2,643,373
Business-type activities	121,575	(801,236)	109,593	662,724
Total primary government	<u><u>\$2,414,891</u></u>	<u><u>\$1,191,138</u></u>	<u><u>\$1,501,135</u></u>	<u><u>\$3,306,097</u></u>

* 2010 numbers were restated based on classifications changes made in 2011

Table 2

2007	2008	2009	2010 *	2011	2012
\$2,216,808	\$1,870,742	\$3,128,819	\$1,691,553	\$1,703,297	\$1,887,501
6,319,181	6,515,301	6,237,343	5,973,082	6,264,933	6,521,313
4,009,014	3,935,557	3,557,844	3,692,691	4,132,615	4,645,155
-	-	-	394,902	334,274	325,135
2,825,016	3,085,507	2,878,922	2,523,341	2,448,875	2,735,563
651,897	1,212,501	1,226,313	1,239,011	1,294,575	1,741,075
969,617	569,908	476,297	445,787	396,239	379,274
16,991,533	17,189,516	17,505,538	15,960,367	16,574,808	18,235,016
3,721,772	3,904,842	3,847,254	4,028,783	4,141,467	4,470,979
203,315	278,354	308,181	276,950	287,010	275,587
-	-	168,200	166,765	195,163	189,369
3,925,087	4,183,196	4,323,635	4,472,498	4,623,640	4,935,935
\$20,916,620	\$21,372,712	\$21,829,173	\$20,432,865	\$21,198,448	\$23,170,951
\$819,478	\$998,095	\$825,594	\$1,241,399	\$1,211,760	\$1,269,475
809,676	797,149	802,194	647,079	592,175	687,873
178,555	206,268	185,066	426,600	214,329	485,369
2,076,527	2,209,635	3,414,923	1,832,083	2,886,947	2,135,843
1,557,846	1,069,733	838,970	1,010,405	1,075,261	2,366,339
3,331,011	2,238,852	736,215	729,509	228,672	877,678
8,773,093	7,519,732	6,802,962	5,887,075	6,209,144	7,822,577
4,577,377	4,736,691	5,894,048	4,475,992	4,764,310	5,356,899
343,281	343,426	344,774	344,439	353,574	370,478
-	-	204,362	206,162	207,041	208,311
263,977	77	226,400	-	90,118	-
5,184,635	5,080,194	6,669,584	5,026,593	5,415,043	5,935,688
\$13,957,728	\$12,599,926	\$13,472,546	\$10,913,668	\$11,624,187	\$13,758,265
(\$8,218,440)	(\$9,669,784)	(\$10,702,576)	(\$10,073,292)	(\$10,365,664)	(\$10,412,439)
1,259,548	896,998	2,345,949	554,095	791,403	999,753
(6,958,892)	(8,772,786)	(8,356,627)	(9,519,197)	(9,574,261)	(9,412,686)
\$5,744,747	\$6,367,319	\$6,664,130	\$6,909,320	\$7,384,122	\$8,274,769
1,618,275	1,895,194	1,981,064	79,638	167,899	264,708
755,296	896,215	759,836	764,407	830,981	705,405
2,537,158	2,130,674	2,459,663	1,849,002	1,860,742	1,682,623
1,112,186	334,520	158,024	219,921	315,572	151,615
-	27,630	699	16,687	13,849	63,646
18,225	53,680	191,103	82,018	124,457	-
6,494,081	-	-	-	-	-
-	-	-	-	(2,711,680)	(2,088,104)
550,262	200,052	1,784,609	2,556,728	576,268	1,676,688
18,830,230	11,905,284	13,999,128	12,477,721	8,562,210	10,731,350
264,641	188,157	135,719	161,126	210,211	143,572
(245,843)	-	-	-	-	-
-	-	-	-	2,711,680	2,088,104
(550,262)	(200,052)	(1,793,488)	(2,556,728)	(576,268)	(1,676,688)
(531,464)	(11,895)	(1,657,769)	(2,395,602)	2,345,623	554,988
\$18,298,766	\$11,893,389	\$12,341,359	\$10,082,119	\$10,907,833	\$11,286,338
\$10,611,790	\$2,235,500	\$3,296,552	\$2,404,429	(\$1,803,454)	\$318,911
728,084	885,103	688,180	(1,841,507)	3,137,026	1,554,741
\$11,339,874	\$3,120,603	\$3,984,732	\$562,922	\$1,333,572	\$1,873,652

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

	2003	2004	2005	2006
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	2,886,115	3,588,092	4,298,997	3,457,108
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$2,886,115</u>	<u>\$3,588,092</u>	<u>\$4,298,997</u>	<u>\$3,457,108</u>
All other governmental funds:				
Reserved	\$9,111,862	\$12,017,779	\$6,325,474	\$6,949,127
Unreserved, reported in:				
Special revenue funds	(1,293,720)	(1,412,915)	(1,096,016)	(1,152,603)
Debt service funds	1,312,940	1,531,741	284,064	285,598
Capital projects funds	5,308,814	5,582,005	8,222,562	3,770,371
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$14,439,896</u>	<u>\$17,718,610</u>	<u>\$13,736,084</u>	<u>\$9,852,493</u>

Table 3

2007	2008	2009	2010	2011	2012
\$2,951	\$578	\$23,841	\$ -	\$ -	\$ -
3,154,304	1,902,052	3,954,664	-	-	-
-	-	-	1,994	4,295,945	3,809,642
-	-	-	-	448,307	957,505
-	-	-	3,946,072	4,024,872	3,955,633
<u>\$3,157,255</u>	<u>\$1,902,630</u>	<u>\$3,978,505</u>	<u>\$3,948,066</u>	<u>\$8,769,124</u>	<u>\$8,722,780</u>
\$9,763,803	\$7,051,731	\$7,911,977	\$ -	\$ -	\$ -
(1,314,743)	(1,413,702)	(1,228,614)	-	-	-
663,984	910,779	408,547	-	-	-
2,668,972	3,934,133	272,288	-	-	-
-	-	-	3,095,604	4,344,904	46,725
-	-	-	3,404,591	3,101,673	6,995,130
-	-	-	1,733,585	577,454	57,196
-	-	-	4,149,829	5,004,209	7,156,684
-	-	-	588,191	(166,737)	(3,392,931)
<u>\$11,782,016</u>	<u>\$10,482,941</u>	<u>\$7,364,198</u>	<u>\$12,971,800</u>	<u>\$12,861,503</u>	<u>\$10,862,804</u>

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

	2003	2004	2005	2006
Revenues:				
General property taxes	\$4,605,997	\$4,614,388	\$4,990,439	\$5,300,707
Tax increment collections	1,265,819	1,369,702	1,294,075	1,443,232
Franchise tax	597,815	601,642	723,491	749,039
Licenses and permits	499,007	534,477	537,347	472,357
Intergovernmental	5,010,496	4,398,556	4,793,110	5,964,368
Charges for services	2,821,609	2,328,097	2,558,303	2,903,963
Fines and forfeits	97,322	104,175	103,927	211,069
Special assessments	1,414,251	1,163,401	916,541	1,053,449
Investment earnings	274,179	567,988	570,142	732,660
Contributions and donations	-	-	27,342	36,527
Miscellaneous	1,195,230	1,027,356	371,558	114,844
Total revenues	17,781,725	16,709,782	16,886,275	18,982,215
Expenditures:				
Current:				
General government	1,315,721	1,402,632	1,506,725	1,885,093
Public safety	4,947,594	5,212,633	5,169,070	5,475,732
Public works	1,552,977	1,536,021	2,854,649	2,760,025
Community development	-	-	-	-
Parks, arena, library	2,209,951	2,349,622	2,342,498	2,674,930
Transportation	568,904	634,359	770,504	772,059
Nondepartmental	41,129	39,616	273,538	950,301
Development and other costs	827,914	667,580	285,965	-
Capital outlay:				
General government	14,343	193,089	172,251	6,303,452
Public safety	21,129	10,417	16,414	-
Public works	3,708,648	1,349,554	64,906	3,304,686
Parks, arena, library	45,529	122,143	62,249	211,724
Transportation	614,098	158,766	734,440	1,548,936
Interest expenditure	41,795	85,977	52,994	-
Debt service:				
Principal retirement	2,020,000	3,730,000	6,880,000	1,480,000
Interest	829,348	754,156	621,451	506,583
Issuance costs, agents fees and other	48,309	48,408	29,459	32,740
Total expenditures	18,807,389	18,294,973	21,837,113	27,906,261
Revenues over (under) expenditures	(1,025,664)	(1,585,191)	(4,950,838)	(8,924,046)

2007	2008	2009	2010 *	2011	2012
\$5,662,257	\$6,237,649	\$6,635,485	\$6,954,595	\$7,398,566	\$8,333,019
1,618,276	1,895,194	1,981,064	97,978	167,899	264,708
755,296	896,215	759,836	764,407	830,981	705,405
385,103	377,503	334,996	373,625	372,417	383,377
7,357,769	5,410,813	3,986,452	3,429,476	3,127,609	3,999,456
2,873,644	3,025,216	3,340,316	3,599,832	3,615,226	3,841,138
139,966	113,221	114,821	100,082	104,519	110,989
850,285	798,164	645,146	635,721	743,706	714,315
1,036,104	304,388	137,255	189,270	272,303	135,409
4,541	28,443	48,395	27,123	37,066	134,566
147,383	52,771	186,682	81,917	123,607	324,032
<u>20,830,624</u>	<u>19,139,577</u>	<u>18,170,448</u>	<u>16,254,026</u>	<u>16,793,899</u>	<u>18,946,414</u>
2,137,081	1,824,108	1,911,675	1,583,254	1,581,594	1,764,732
6,290,264	6,327,399	5,905,562	5,814,072	5,956,776	6,164,926
2,670,003	2,378,366	2,165,858	2,321,600	2,636,833	3,121,304
-	-	-	391,817	328,592	320,533
2,574,722	2,772,001	2,590,665	2,238,432	2,138,061	2,338,037
798,931	1,012,170	982,012	1,001,317	1,057,479	1,510,919
12,058	25,285	1,099,685	2,267	-	-
-	-	-	-	-	-
2,161,027	133,826	68,853	9,175	140,590	115,580
176,123	52,194	38,930	21,837	36,978	70,946
3,156,507	2,981,684	2,811,993	1,305,856	1,624,362	2,205,280
6,058	233,341	115,684	542,036	226,222	336,110
176,758	458,672	2,909	94,061	-	-
294,309	-	-	-	-	-
2,729,916	3,044,215	2,783,612	1,387,132	1,337,142	1,239,475
706,944	613,331	520,487	468,801	415,835	371,311
53,529	31,044	-	-	-	108,678
<u>23,944,230</u>	<u>21,887,636</u>	<u>20,997,925</u>	<u>17,181,657</u>	<u>17,480,464</u>	<u>19,667,831</u>
<u>(3,113,606)</u>	<u>(2,748,059)</u>	<u>(2,827,477)</u>	<u>(927,631)</u>	<u>(686,565)</u>	<u>(721,417)</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other financing sources (uses):				
Bonds issued	\$2,920,000	\$4,320,000	\$1,510,000	\$3,800,000
Refunding bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	(41,707)
Premium on bonds issued	-	882	-	-
Loan proceeds	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Transfers in	2,898,299	3,531,804	4,273,273	2,542,933
Transfers out	(2,898,299)	(2,286,804)	(4,263,273)	(2,102,660)
Sale of capital assets	-	-	159,217	-
Total other financing sources (uses)	<u>2,920,000</u>	<u>5,565,882</u>	<u>1,679,217</u>	<u>4,198,566</u>
Net change in fund balance	<u>\$1,894,336</u>	<u>\$3,980,691</u>	<u>(\$3,271,621)</u>	<u>(\$4,725,480)</u>
Debt service as a percentage of noncapital expenditures	21.1%	28.6%	36.7%	12.0%
Debt service as percentage of total expenditures	15.4%	24.8%	34.5%	7.2%

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

2007	2008	2009	2010 *	2011	2012
\$1,420,000	\$1,955,000	\$ -	\$ -	\$ -	\$ -
1,840,000	-	-	-	-	5,525,000
-	(6,265)	-	-	-	-
14,249	-	-	-	-	243,810
375,490	-	-	-	-	-
-	(1,810,000)	-	-	-	-
854,623	200,052	1,793,488	2,556,728	576,268	1,676,688
-	(144,428)	(8,879)	-	-	-
8,000	-	-	-	-	-
<u>4,512,362</u>	<u>194,359</u>	<u>1,784,609</u>	<u>2,556,728</u>	<u>576,268</u>	<u>7,445,498</u>
<u>\$1,398,756</u>	<u>(\$2,553,700)</u>	<u>(\$1,042,868)</u>	<u>\$1,629,097</u>	<u>(\$110,297)</u>	<u>\$6,724,081</u>
19.2%	20.3%	18.4%	12.2%	11.3%	9.6%
14.6%	16.9%	15.7%	10.8%	10.0%	8.7%

CITY OF SOUTH ST. PAUL, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

Year	Residential Property	Commercial/Industrial Property	All Other	Total Tax Capacity	Net Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2003	\$7,772,674	\$3,131,294	\$323,767	\$11,227,735	\$731,743	\$11,959,478	41.264%	\$973,574,700	1.26%
2004	8,781,975	3,292,029	330,428	12,404,432	(662,775)	11,741,657	39.452%	1,089,767,400	1.23%
2005	10,173,618	3,497,313	376,911	14,047,842	656,676	14,704,518	36.913%	1,241,247,200	1.08%
2006	11,675,953	3,815,562	407,555	15,899,070	371,768	16,270,838	34.999%	1,411,714,500	1.18%
2007	12,995,800	4,410,391	440,101	17,846,292	(2,384)	17,843,908	34.140%	1,576,157,200	1.15%
2008	13,332,184	4,881,619	452,319	18,666,122	(89,245)	18,576,877	36.140%	1,632,184,800	1.14%
2009	12,877,645	5,070,283	456,589	18,404,517	124,094	18,528,611	38.530%	1,596,388,200	1.16%
2010	11,977,146	4,799,666	458,234	17,235,046	1,069,688	18,304,734	41.430%	1,485,029,900	1.23%
2011	10,472,929	4,708,088	471,467	15,652,484	1,197,889	16,850,373	48.374%	1,336,348,950	1.26%
2012	8,810,663	4,654,904	490,859	13,956,426	1,201,111	15,157,537	56.466%	1,166,034,158	1.30%

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

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

Table 6

Fiscal Year	City of South St. Paul				Overlapping Rates*				Total
	Operating Rate	Debt Service Rate	Library Rate	Total Direct Rate	School District		Other Districts	County	
					#6	#199			
2003	33.78%	3.07%	4.41%	41.26%	38.79%	14.76%	5.23%	32.46%	117.74%
2004	32.76%	2.71%	3.98%	39.45%	29.44%	10.20%	4.38%	30.31%	103.58%
2005	30.71%	2.49%	3.71%	36.91%	26.34%	7.95%	5.92%	28.27%	97.45%
2006	29.09%	2.29%	3.62%	35.00%	26.07%	17.94%	5.91%	26.32%	93.31%
2007	26.94%	3.71%	3.49%	34.14%	23.76%	16.59%	5.72%	22.99%	86.61%
2008	28.84%	3.91%	3.39%	36.14%	27.64%	19.76%	5.66%	23.07%	92.51%
2009	31.15%	3.96%	3.42%	38.53%	26.91%	19.30%	6.01%	23.42%	94.87%
2010	34.95%	3.14%	3.34%	41.43%	26.81%	21.80%	5.88%	24.73%	98.85%
2011	40.77%	4.01%	3.60%	48.37%	30.68%	24.68%	6.16%	26.55%	111.76%
2012	47.73%	4.46%	4.28%	56.47%	32.31%	28.36%	6.64%	28.66%	124.07%

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

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners, Other Districts rates apply only to the City property owners whose property is located within that District's geographic boundaries.

CITY OF SOUTH ST. PAUL, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Ten Years Ago

Table 7

Taxpayer	2012			2003		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy	\$314,687	1	2.25%	\$235,447	1	2.29%
Blue Dog Properties Trust	200,948	2	1.44%	-	-	0.00%
Chicago & NW Trans. Co	160,145	3	1.15%	81,030	6	0.79%
Waterous Co	119,122	4	0.85%	120,566	3	1.17%
Leonard Investment Co.	113,974	5	0.82%	75,708	8	0.74%
Waterford Green Limited Partnership	105,625	6	0.76%	118,500	4	1.15%
Dakota Bulk Property LLC	100,470	7	0.72%	78,308	7	0.76%
Jebco Group Inc	97,628	8	0.70%	90,958	5	0.89%
Hardman Ave Properties LLC	75,824	9	0.54%	-	-	0.00%
Digital Angel Holdings LLC	66,110	10	0.47%	-	-	0.00%
American Real Estate Holdings Limited Partnership	-	-	-	127,904	2	1.25%
Healtheast Bethesda Care Center	-	-	-	67,012	9	0.65%
Drover's Inn Association	-	-	-	58,250	10	0.57%
Total	\$1,354,533		9.70%	\$1,053,683		10.26%
Total All Property	\$13,956,426			\$10,272,594		

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

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

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
2003	\$3,446,357	\$3,383,422	98.17%	\$57,768	\$3,441,190	99.85%
2004	3,668,117	3,605,900	98.30%	61,316	3,667,216	99.98%
2005	3,105,810	3,026,707	97.45%	76,267	3,102,974	99.91%
2006	4,792,996	4,708,423	98.24%	81,050	4,789,473	99.93%
2007	6,115,536	5,993,668	98.01%	115,454	6,109,122	99.90%
2008	6,652,578	6,505,188	97.78%	137,218	6,642,406	99.85%
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%	138,387	7,106,281	95.33%
2011	7,880,133	7,689,963	97.59%	147,821	7,837,784	99.46%
2012	8,252,760	8,135,796	98.58%	-	8,135,796	98.58%

* 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

Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Note Payable	Capital Lease	
2003	\$6,365,000	\$7,180,000	\$5,730,000	\$ -	\$ -	\$19,275,000
2004	4,415,000	5,945,000	9,505,000	-	-	19,865,000
2005	4,160,000	6,015,000	4,320,000	-	-	14,495,000
2006	7,685,000	5,010,000	4,120,000	375,490	-	17,190,490
2007	9,245,000	5,385,000	2,800,000	341,070	1,783,901	19,554,971
2008	7,030,000	6,170,000	1,420,000	303,521	1,721,607	16,645,128
2009	6,590,000	5,310,000	-	265,972	1,597,163	13,763,135
2010	6,130,000	4,480,000	-	228,423	1,471,414	12,309,837
2011	5,750,000	3,710,000	-	190,874	1,349,884	11,000,758
2012	10,880,000	3,060,000	-	153,325	1,232,464	15,325,789

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

^(a)See Table 14 for personal income and population data.

Table 9

Percentage of Tax Capacity	Business-Type Activities		Per Customer	Total Primary Government	Percentage of Personal Income	Per Capita ^(a)
	Sewer/Water Revenue Bonds	Total Business-Type Activities				
172%	\$ -	\$ -	\$ -	\$19,275,000	2.45%	\$949
160%	-	-	-	19,865,000	2.43%	981
103%	-	-	-	14,495,000	1.74%	722
108%	-	-	-	17,190,490	1.99%	840
110%	-	-	-	19,554,971	2.08%	972
89%	-	-	-	16,645,128	1.79%	827
75%	-	-	-	13,763,135	1.50%	714
71%	2,801,000	2,801,000	406	15,110,837	1.72%	774
70%	2,675,000	2,675,000	390	13,675,758	1.47%	678
110%	2,325,000	2,325,000	339	17,650,789	N/A	871

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

Table 10

Fiscal Year	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Total General Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt Total	Percentage of Total Tax Capacity ^(b)	Per Capita ^(a)
2003	\$6,365,000	\$7,180,000	\$5,730,000	\$19,275,000	\$8,711,351	\$10,563,649	94.09%	\$520
2004	4,415,000	5,945,000	9,505,000	19,865,000	6,908,370	12,956,630	104.45%	640
2005	4,160,000	6,015,000	4,320,000	14,495,000	5,011,089	9,483,911	67.51%	472
2006	7,685,000	5,010,000	4,120,000	16,815,000	4,950,814	11,864,186	74.62%	592
2007	9,245,000	5,385,000	2,800,000	17,430,000	6,969,064	10,460,936	58.62%	520
2008	7,030,000	6,170,000	1,420,000	14,620,000	4,876,206	9,743,794	52.20%	484
2009	6,590,000	5,310,000	-	11,900,000	3,810,352	8,089,648	43.95%	420
2010	6,130,000	4,480,000	-	10,610,000	3,122,380	7,487,620	43.44%	384
2011	5,750,000	3,710,000	-	9,460,000	2,765,587	6,694,413	42.77%	332
2012	10,880,000	3,060,000	-	13,940,000	5,282,176	8,657,824	62.03%	427

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

^(a)See Table 14 for personal income and population data.

^(b)See Table 5 for Adjustsed Tax Capacity Value.

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
Special School District No. 6	\$15,300,000	100.00%	\$15,300,000
ISD No. 199	48,680,000	0.3541%	172,375
Special Districts:			
Dakota County	52,255,000	3.1918%	1,667,875
Metropolitan Council	226,580,000	0.4215%	<u>955,035</u>
Subtotal - overlapping debt			18,095,285
City direct debt			<u>15,576,888</u>
Total direct and overlapping debt			<u><u>\$33,672,173</u></u>

Sources: General Obligation Bonds, Series 2012A Official Statement

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 debt 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

Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2012

Market value	<u>\$1,171,373,120</u>
Debt limit (3% of market value) ^(a)	<u>35,141,194</u>
Debt applicable to limit: ^(b)	
General obligation bonds paid solely from Taxes	10,568,775
General obligation bonds paid solely from Annual appropriations, which do not have pledged revenues	<u>1,530,000</u>
Total net debt applicable to limit	<u>12,098,775</u>
Legal debt margin	<u><u>\$23,042,419</u></u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$19,471,494	\$21,795,348	\$24,824,944	\$28,234,290
Total net debt applicable to limit	<u>6,365,000</u>	<u>4,415,000</u>	<u>4,160,000</u>	<u>6,125,000</u>
Legal debt margin	<u><u>\$13,106,494</u></u>	<u><u>\$17,380,348</u></u>	<u><u>\$20,664,944</u></u>	<u><u>\$22,109,290</u></u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	32.69%	20.26%	16.76%	21.69%
--	--------	--------	--------	--------

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. However, the City has established a more conservative internal limit of no more than 5 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

^(a) The debt limit percentage increased in 2008 from 2% to 3%.

^(b) Includes both City and Housing and Redevelopment Authority Bonds

Table 12

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>
\$31,473,972	\$48,965,544	\$47,891,646	\$44,550,897	\$40,174,356	\$35,141,194
<u>9,545,000</u>	<u>7,440,000</u>	<u>7,065,000</u>	<u>6,670,000</u>	<u>6,981,905</u>	<u>12,098,775</u>
<u><u>\$21,928,972</u></u>	<u><u>\$41,525,544</u></u>	<u><u>\$40,826,646</u></u>	<u><u>\$37,880,897</u></u>	<u><u>\$33,192,451</u></u>	<u><u>\$23,042,419</u></u>
30.33%	15.19%	14.75%	14.97%	17.38%	34.43%

CITY OF SOUTH ST. PAUL, MINNESOTA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	1,226,156	727,646	498,510	51	10,298	48.17
2011	1,519,778	945,554	574,224	126,000	42,771	3.40
2012	1,844,756	848,388	996,368	350,000	40,017	2.55

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

Special Assessment Collections	Improvement Bonds			Tax Increment Collections	Tax Increment Bonds		
	Debt Service		Coverage		Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$1,363,323	\$1,235,000	\$286,800	0.90	\$1,369,702	\$580,000	\$295,798	1.56
1,112,309	1,235,000	261,040	0.74	1,265,819	545,000	268,469	1.56
903,732	1,440,000	231,742	0.54	1,294,075	5,185,000	119,844	0.24
1,053,449	1,005,000	205,948	0.87	1,443,232	200,000	118,800	4.53
850,285	1,045,000	204,664	0.68	1,618,276	1,320,000	113,300	1.13
798,164	1,170,000	187,964	0.59	1,895,194	1,380,000	77,000	1.30
645,146	860,000	199,260	0.61	1,981,064	1,420,000	-	1.40
635,721	830,000	196,682	0.62	-	-	-	-
743,706	770,000	165,379	0.80	-	-	-	-
700,486	650,000	137,414	0.89	-	-	-	-

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

Table 14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income *</u>	<u>Per Capita Personal Income*</u>	<u>Dakota Unemployment Rate*</u>
2003	20,304	787,003,344	38,836	4.20%
2004	20,249	816,338,435	40,915	4.00%
2005	20,078	831,550,448	42,377	3.20%
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	N/A	N/A	4.90%

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

Table 15

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sportsman's Guide	500	1	6.85%	550	1	7.72%
Special School District No. 6	467	2	6.40%	493	2	6.92%
Waterous Company	384	3	5.26%	394	3	5.53%
Wells Fargo Bank MN, NA	380	4	5.21%	248	6	3.48%
American Bottling	250	5	3.43%	150	9	2.11%
Dakota Premium Foods	250	4	3.43%	250	5	3.51%
Cerenity Care Center - Bethesda (1)	250	5	3.43%	180	7	2.53%
City of South St. Paul	189	7	2.59%	305	4	4.28%
Twin City Hide, Inc	170	9	2.33%	-	-	-
Wipaire	130	10	1.78%	-	-	-
Westlund's Inc	-	-	-	175	8	2.46%
Twin City Bagel	-	-	-	120	10	1.69%
Total	2,970		40.72%	2,865		40.23%
Total city employment	7,294			7,121		

(1) Formerly Healtheast Bethesda Lutheran Care Center

Source: Infogroup (www.salesgenie.com), written and telephone survey (June 2012).

Total City employment from the Minnesota Department of Employment & Economic Development.

CITY OF SOUTH ST. PAUL, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of December 31,		
	2003	2004	2005
General government:			
Management services	4.28	4.28	5.28
Finance	2.80	2.80	2.80
Planning	1.00	1.00	1.00
Building	1.00	1.00	1.00
Other	0.95	0.95	1.20
Police:			
Officers	26.00	26.00	26.00
Civilians	3.00	3.00	3.50
Fire:			
Firefighters and officers	19.00	19.00	19.00
Civilians	1.00	1.00	1.00
Animal control	0.43	0.33	0.50
Other public works:			
Engineering	4.85	4.85	4.85
Code enforcement	2.00	3.00	3.00
Public works	8.40	8.40	8.40
Parks and recreation	6.63	6.63	7.03
Library	8.00	8.00	8.00
Arena	2.00	1.50	1.75
Airport	2.00	2.00	2.00
Water and Sewer	9.12	9.12	7.42
Central Garage	2.00	2.00	2.00
Total	104.46	104.86	105.73

Source: City Budget Office.

^(a) 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.

Table 16

Full-Time Equivalent Employees as of December 31,						
2006	2007	2008 ^(a)	2009	2010	2011	2012
5.28	5.28	5.10	5.10	5.10	3.35	5.00
2.80	3.20	3.25	3.25	3.25	3.10	3.05
1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.20	1.20	1.20	1.20	1.20	-	-
27.00	27.00	27.00	27.00	27.00	27.00	28.25
4.00	4.00	4.00	4.00	4.00	3.75	3.75
19.00	18.50	-	-	-	-	-
1.00	1.00	-	-	-	-	-
0.50	0.50	0.50	0.50	0.50	0.25	0.25
4.85	4.85	4.85	4.85	4.85	2.50	3.42
3.00	3.00	3.00	3.00	3.00	3.00	2.25
8.40	8.40	8.40	8.40	8.40	9.40	10.00
7.43	7.43	7.43	7.43	7.43	7.75	5.60
8.00	8.00	8.00	8.00	6.50	6.50	6.25
2.50	2.50	2.50	2.50	2.50	2.40	2.40
2.00	2.00	2.00	2.00	2.00	1.45	1.10
7.42	7.42	7.42	7.42	7.42	7.42	6.18
2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>108.38</u>	<u>108.28</u>	<u>88.65</u>	<u>88.65</u>	<u>87.15</u>	<u>81.87</u>	<u>81.50</u>

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

Function/Program	Fiscal Year		
	2003	2004	2005
Police:			
Calls for Service	17,394	19,183	17,036
Part I offenses	683	662	870
Part II offenses	1,977	2,000	1,784
Felony charges	215	261	225
DUI	152	122	168
Traffic Accidents	492	377	275
Traffic Violations	1,151	1,432	1,335
Fire:			
Emergency responses - Non-fire	1,519	1,477	N/A
Fires extinguished - Fire calls	335	359	N/A
Inspections	1,208	1,495	N/A
Recycling			
Appliances collected	400	216	208
Oil collected (gallons) **	870	890	900
Scrap metal recycled	30,430	24,500	19,460
Electronics (pounds)	N/A	N/A	N/A
City Planner			
Site Plan reviews	4	1	4
Other public works:			
Segments of streets/alleys rehabbed	34	37	32
Parks and recreation:			
Splash pool uses (avg daily attendance*)	12,800	11,000	11,000
Northview pool (avg daily attendance*)	11,000	8,035	8,500
Library:			
Charged circulation (usage)	140,600	133,800	128,729
Arena:			
Ice rented (hours)	3,116	3,157	3,525
Transportation:			
Fuel sold (gallons)	204,146	193,254	199,606
Aircraft operations	61,320	63,150	64,413
Water:			
Utility customers	6,900	6,900	6,900
Pumpage/year (millions of gallons)	1,172	1,183	1,085
Wastewater:			
Sewage treatment (millions of gallons)	1,172	1,183	1,085

Sources: City Budgets - Departments

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

* - Operations are seasonal (early June - late August)

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

Table 17

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
16,000	17,036	17,073	16,490	17,096	21,451	22,089
900	870	697	750	758	668	658
1,800	1,784	1,504	1,367	1,496	2,783	2,820
225	225	194	196	101	171	350
120	168	158	196	132	121	357
275	275	279	292	484	430	375
1,200	1,335	808	858	1,727	1,919	2,567
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
220	220	211	236	176	130	145
900	900	825	840	N/A	N/A	N/A
20,000	21,000	20,500	22,500	19,800	17,500	12,500
N/A	N/A	N/A	7,660	7,713	8,680	6,850
4	1	4	2	-	4	2
34	27	19	6	2	3	19
11,000	6,214	11,523	7,471	8,282	11,042	11,632
8,700	8,632	8,802	5,716	11,395	8,312	8,110
123,723	132,800	140,493	140,216	132,685	123,880	121,915
3,698	3,724	3,723	3,717	3,455	3,556	3,590
191,400	165,488	171,385	161,088	174,575	164,567	160,784
65,701	51,076	52,865	54,980	54,214	58,775	60,020
6,900	6,934	6,870	6,850	6,847	6,853	6,927
1,200	1,239	1,180	1,130	1,197	1,282	1,095
1,239	1,200	1,250	1,230	1,223	1,421	1,314

CITY OF SOUTH ST. PAUL, MINNESOTA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Table 18

Last Seven Fiscal Years⁽¹⁾

Function/Program	2006	2007	2008	2009	2010	2011	2012
Police:							
Stations	1	1	1	1	1	1	1
Patrol units	18	18	18	18	18	19	19
Fire stations *	1	1	N/A	N/A	N/A	N/A	N/A
Other public works:							
Streets (miles)	N/A	66.7	66.7	66.7	66.7	66.7	73.1
Highways (miles) ^(a)	N/A	N/A	N/A	N/A	N/A	N/A	13.9
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	1,112
Traffic signals ^(a)	N/A	N/A	N/A	N/A	N/A	N/A	15.0
Parks and recreation:							
Parks	10	10	10	10	10	10	15
Acreage	180	180	180	180	180	180	245
Library books	N/A	89,902	91,108	90,398	86,479	80,696	71,217
Swimming pools	3	3	3	3	3	3	3
Ice arena rinks	2	2	2	2	2	2	2
Water:							
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	87.6
Wells	N/A	N/A	N/A	N/A	N/A	N/A	7.0
Storage capacity (thousands of gallons)							
Wastewater:							
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	77.8
Storm sewers (miles)	46.2	46.2	46.2	46.2	46.2	46.2	46.2
Airport:							
Hangars	29	29	29	29	29	29	32
Acres	N/A	270	270	270	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

⁽¹⁾Information for fiscal years 2002-2005 is not available.