
Comprehensive Annual Financial Report

For the Year Ended December 31, 2011



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, 2011**

**PREPARED BY:
FINANCE DEPARTMENT**

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I. INTRODUCTORY SECTION

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June 27, 2012

**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, 2011.

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, 2011 have received an unqualified 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 250 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. Making joint efforts between these governmental units is 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 Assets 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 a 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 is expected to continue into the 2012 assessment year but at much lesser rate.

The City's housing stock consists of 5,449 residential homesteaded properties for the 2012 assessment (for taxes payable 2012) year. The preliminary average value of these properties is a modest \$142,477, the 2nd lowest in Dakota County. In a stark contrast, the comparable value for 2007 assessment year was \$206,116, a decline of 31% 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 it's 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 not look positive because the State legislature and Governor continue to cut LGA as a State budget balancing mechanism. The City Council is keenly aware of this threat and has taken a proactive approach by eliminated its operation reliance on State Aids. Instead, if the monies are received they will be used to finance capital improvements as outline in the City's Capital Improvement Plan.

Major Initiatives

Major initiatives and highlights in 2011 included the following:

Water Reservoir Project and Booster Station

- During 2009, the City initiated the improvements of the 17th Avenue Water Reservoir and Booster Station, a key infrastructure component of the water utility operation.
- The Project specifications called for the replacement of a 1 million gallon concrete reservoir and booster station with two 500,000 gallon underground reservoir and an associated booster station.
- The Project was completed in 2011

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 move forward with the construction of the first of three office facilities. Construction on the 1st office complex is expected to be completed in the spring of 2012. The taxable market value is estimated to be at \$4 million.

Joint Efforts

The City is an active collaborator with the 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 a long-term financial management plans on 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 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 2011.

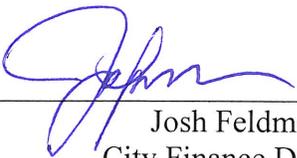
Awards and Acknowledgments

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, 2010. 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, particularly the City's Assistant Finance Director, Michelle Pietrick. 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,



Josh Feldman
City Finance Director

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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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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CITY OF SOUTH ST. PAUL, MINNESOTA

ELECTED AND APPOINTED OFFICIALS

December 31, 2011

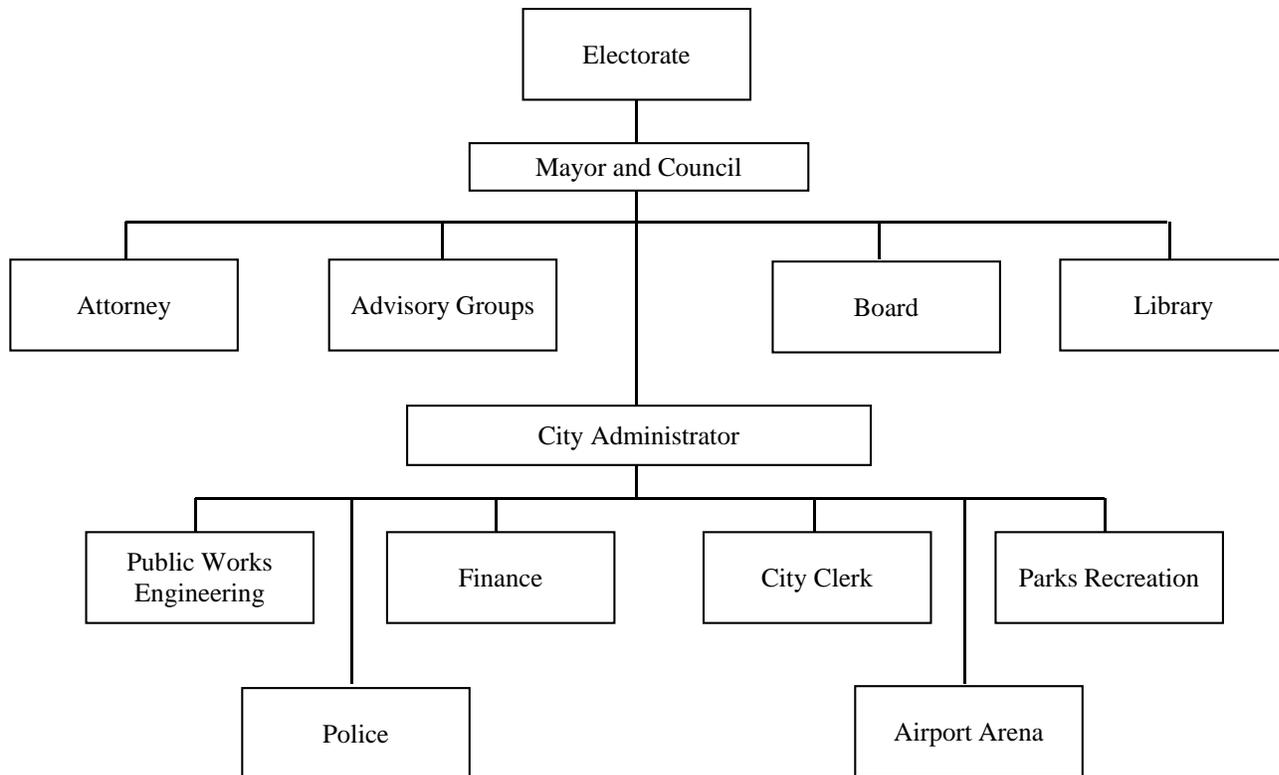
		<u>Term Expires</u>
Mayor	Beth A. Baumann	January 1, 2013
Councilmembers	Lori Hansen	January 1, 2013
	Christopher J. Lehmann	January 1, 2013
	Dan Niederkorn	January 1, 2013
	Todd Podgorski	January 1, 2015
	Marilyn Rothecker	January 1, 2015
	Tom Seaberg	January 1, 2015
City Administrator	Stephen P. King	Appointed
Finance Director	Joshua A. Feldman	Appointed
City Engineer	John M. Sachi	Appointed
Police Chief	Daniel S. Vujovich	Appointed
City Clerk	Christy M. Wilcox	Appointed
Library Director	Kathy Halgren	Appointed
Director Revenue Facilities	Glenn C. Burke	Appointed
Parks & Recreation Director	Christopher J. Esser	Appointed

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CITY OF SOUTH ST. PAUL, MINNESOTA

ORGANIZATION CHART

December 31, 2011



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II. FINANCIAL SECTION

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2010 financial statements and, in our report dated June 8, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information. We did not audit the financial statements of the HRA, a discretely presented component unit of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit mentioned above, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the 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, Minnesota as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the basic financial statements, the City adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. The statement results in the City reporting nonspendable, restricted, committed, assigned, and unassigned fund balances in its governmental funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, on our consideration of the City of South St. Paul, Minnesota'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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information and 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. The other supplementary information, combining and individual financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have previously audited, in accordance with auditing standards generally accepted in the United States, the City of South St. Paul, Minnesota's basic financial statements for the year ended December 31, 2010, which are not presented with the accompanying financial statements. In our report dated June 8, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South St. Paul, Minnesota's financial statements as a whole. The other supplementary information and combining and individual financial statements and schedules related to the 2010 financial statements are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2010 other supplementary information and combining and individual financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory section and statistical section, as listed in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 27, 2012

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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, 2011. 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 \$85,435,745 (net assets). Of this amount, \$13,777,616 (unrestricted net assets) 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 assets increased by \$1,333,572 from the prior year.
- As of the close of current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,861,503. The undesignated fund balance classifications by fund type are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable	\$ 4,295,945	\$ 48,959	\$ -	\$ -	\$ 4,344,904
Restricted	-	329,022	2,765,587		3,094,609
Committed	448,307	129,147	-	-	577,454
Assigned	-	134,926	-	4,869,283	5,004,209
Unassigned	4,024,872	(1,668,721)	-	(2,515,824)	(159,673)
	<u>\$ 8,769,124</u>	<u>\$ (1,026,667)</u>	<u>\$ 2,765,587</u>	<u>\$ 2,353,459</u>	<u>\$ 12,861,503</u>

- The City's total debt decreased by \$1,321,033 during the current fiscal year, from \$16,246,191 to \$14,925,158.

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.

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.

Management's Discussion and Analysis

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South St. Paul, Minnesota is improving or deteriorating. The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 40 and 41 of this report.

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

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

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

Management's Discussion and Analysis

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), one debt service fund (2008A Improvement Bonds), and two capital project funds (Capital Programs and 2010 Local Improvements). Data from the other 26 governmental funds (four special revenue, twelve debt service, and ten 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 42 through 46 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 47 through 49 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 50 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 51-89 of this report.

Other information. The combining statements referred to earlier in connection with non-major 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 108 through 140 of this report. Supplemental financial information (pages 143-151) follows the combining statements and the statistical section (pages 154-182) follows thereafter.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$85,435,745 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$68,583,192 or 80.2%) 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, 2011 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 Assets and not separately shown.

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$17,528,348	\$17,776,921	\$7,387,343	\$7,167,794	\$24,915,691	\$24,944,715
Capital and Non-current assets	62,274,705	64,997,570	14,460,140	11,651,202	76,734,845	76,648,772
Total Assets	<u>79,803,053</u>	<u>82,774,491</u>	<u>21,847,483</u>	<u>18,818,996</u>	<u>101,650,536</u>	<u>101,593,487</u>
Current Liabilities	1,089,134	1,062,085	200,499	183,038	1,289,633	1,245,123
Non-current Liabilities	12,250,158	13,445,191	2,675,000	2,801,000	14,925,158	16,246,191
Total Liabilities	<u>13,339,292</u>	<u>14,507,276</u>	<u>2,875,499</u>	<u>2,984,038</u>	<u>16,214,791</u>	<u>17,491,314</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	54,129,982	55,457,507	14,453,210	11,643,887	68,583,192	67,101,394
Restricted	3,074,937	2,842,575	-	-	3,074,937	2,842,575
Unrestricted	9,258,842	9,967,133	4,518,774	4,191,071	13,777,616	14,158,204
Total Net Assets	<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 assets at the end of the current fiscal year for the City as a whole, which includes its separate governmental and business-type activities, totaled \$85,435,745. The major element of the year-end current asset balance of \$24,915,691 was cash/investments of \$17,756,653, which represented 71.2% of the total current asset balance.

As of December 31, 2011, total liabilities for governmental activities and business-type activities were \$16,214,791. Of this amount, \$14,925,158 (92%) were non-current liabilities consisting primarily of bonded debt issued to finance public works infrastructure projects. A portion of the City of South St. Paul, Minnesota's governmental activities net assets represents resources that are subject to external restrictions on how they may be used. As of December 31, 2011, \$3,074,937 was thus restricted due to bond covenants with external bond purchasers related to future debt service requirements. The remaining balance of unrestricted net assets of \$13,777,616 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities decreased the City's net assets by \$1,803,454. 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 Assets

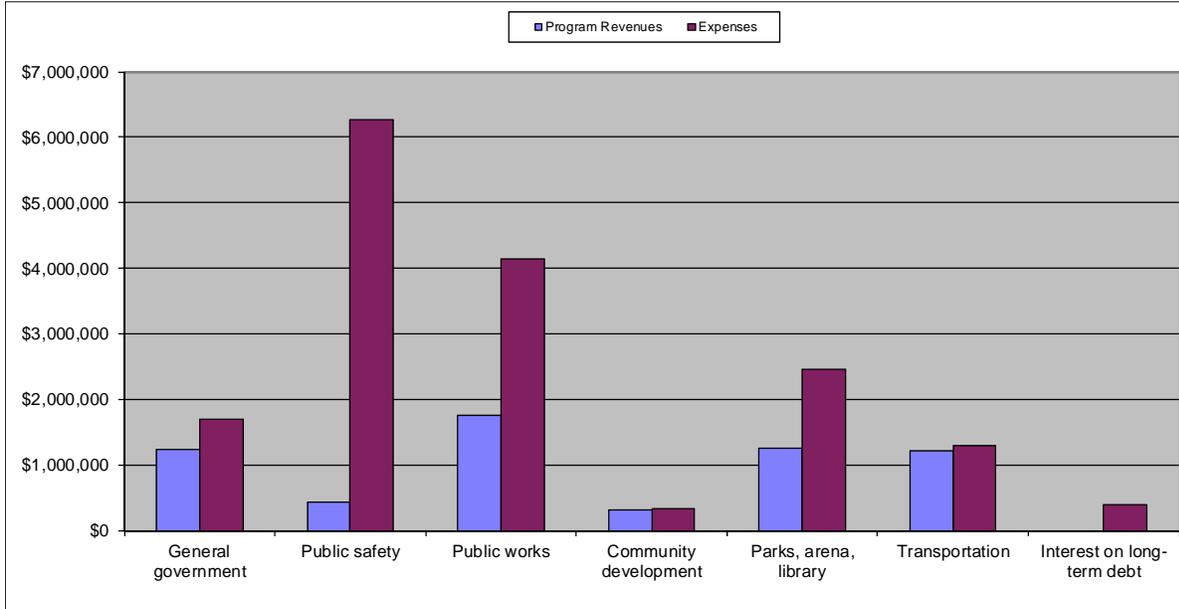
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$4,905,211	\$4,147,161	\$5,324,925	\$5,026,593	\$10,230,136	\$9,173,754
Operating grants and contributions	1,075,261	1,010,405	-	-	1,075,261	1,010,405
Capital grants and contributions	228,672	729,509	90,118	-	318,790	729,509
General revenues:						
Property taxes	7,384,122	6,909,320	-	-	7,384,122	6,909,320
Tax increment collections	167,899	79,638	-	-	167,899	79,638
Franchise taxes	830,981	764,407	-	-	830,981	764,407
Unrestricted grants and contributions	1,860,742	1,849,002	-	-	1,860,742	1,849,002
Investment income	315,572	219,921	210,211	161,126	525,783	381,047
Gain on sale of capital assets	13,849	16,687	-	-	13,849	16,687
Miscellaneous revenues	124,457	82,018	-	-	124,457	82,018
Total revenues	<u>16,906,766</u>	<u>15,808,068</u>	<u>5,625,254</u>	<u>5,187,719</u>	<u>22,532,020</u>	<u>20,995,787</u>
Expenses:						
General government	1,703,297	1,691,553	-	-	1,703,297	1,691,553
Public safety	6,264,933	5,973,082	-	-	6,264,933	5,973,082
Public works	4,132,615	3,692,691	-	-	4,132,615	3,692,691
Community development	334,274	394,902	-	-	334,274	394,902
Parks, arena, library	2,448,875	2,523,341	-	-	2,448,875	2,523,341
Transportation	1,294,575	1,239,011	-	-	1,294,575	1,239,011
Interest on long-term debt	396,239	445,787	-	-	396,239	445,787
Water and sanitary sewer	-	-	4,141,467	4,028,783	4,141,467	4,028,783
Storm sewer utility	-	-	287,010	276,950	287,010	276,950
Street light utility	-	-	195,163	166,765	195,163	166,765
Total expenses	<u>16,574,808</u>	<u>15,960,367</u>	<u>4,623,640</u>	<u>4,472,498</u>	<u>21,198,448</u>	<u>20,432,865</u>
Increase (decrease) in net assets before transfers and special items	331,958	(152,299)	1,001,614	715,221	1,333,572	562,922
Transfers of capital assets	(2,711,680)	-	2,711,680	-	-	-
Transfers	576,268	2,556,728	(576,268)	(2,556,728)	-	-
Change in net assets	(1,803,454)	2,404,429	3,137,026	(1,841,507)	1,333,572	562,922
Net assets - January 1	68,267,215	65,658,048	15,834,958	17,676,465	84,102,173	83,334,513
Prior period adjustment	-	204,738	-	-	-	204,738
Net assets - January 1 - as restated	<u>68,267,215</u>	<u>65,862,786</u>	<u>15,834,958</u>	<u>17,676,465</u>	<u>84,102,173</u>	<u>83,539,251</u>
Net assets - December 31	<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>

Total governmental activities revenue and transfers in were \$17,483,034 against expenses and the transfer of capital assets of \$19,286,488 resulting in a decrease in net assets of \$1,803,454.

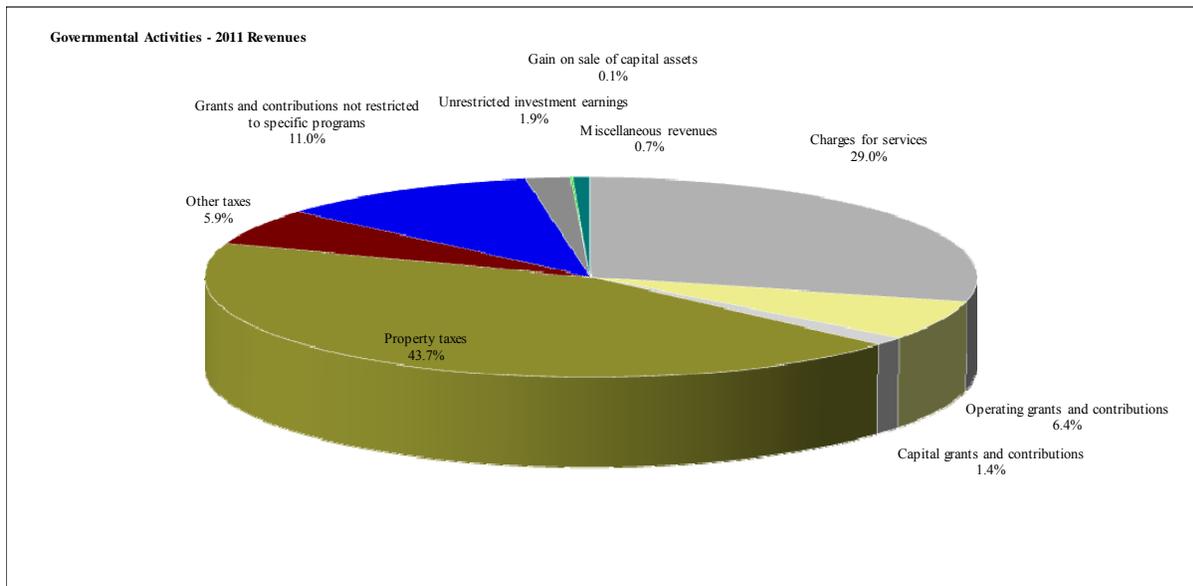
Management's Discussion and Analysis

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

Expenses and Program Revenues – Governmental Activities



Governmental Activities – Revenues

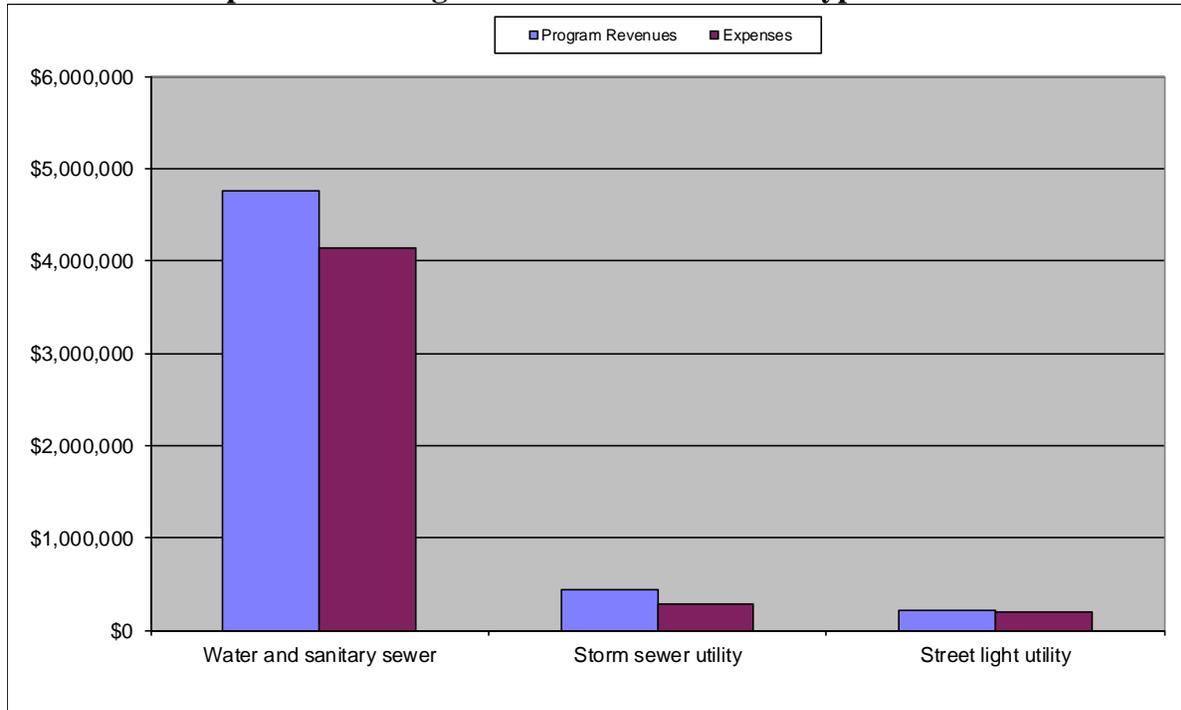


Management's Discussion and Analysis

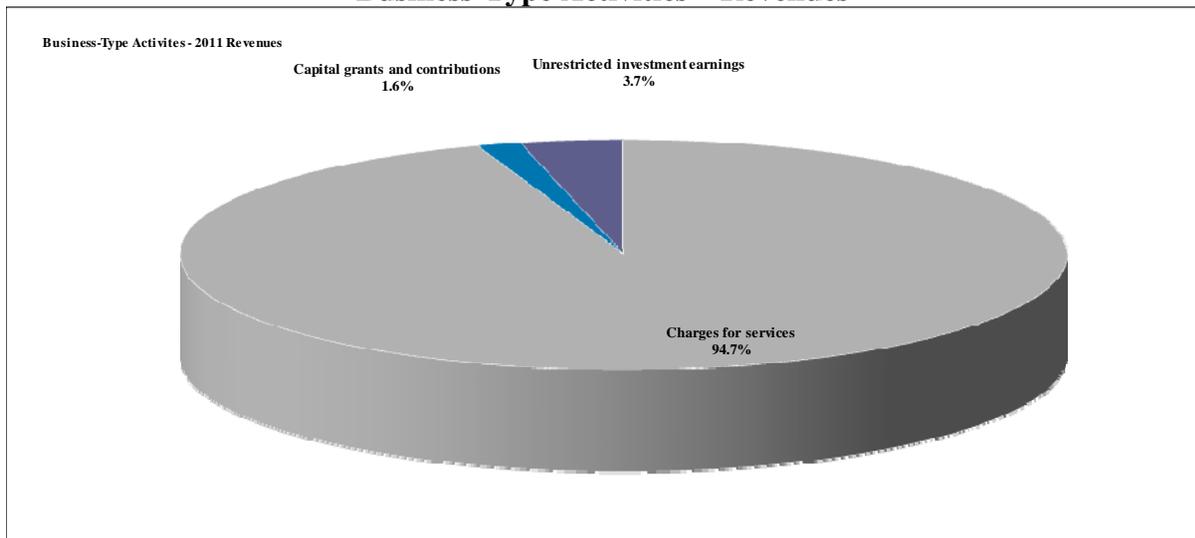
Business-Type Activities

Business-type activities increased net assets by \$3,137,026 accounting for 20% of the City's business-type activities beginning net assets. The increase in Net Assets is primarily due to the completion of Water Reservoir project. The \$2,711,680 asset is being transferred from the capital project fund (governmental activities) to the Water and Sewer 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, unreserved 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 \$12,861,503. Approximately (1.3%) or (\$166,737) constitutes unassigned fund balance. The remainder of the fund balance is not available for new spending because it is either 1) nonspendable (\$4,344,904), 2) restricted (\$3,101,673), 3) committed (\$577,454), or 4) assigned (5,004,209) for other purposes. Of the nonspendable balance, 97% or \$4,142,663 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: Increase of \$230,088. The General Fund is the chief operating fund of the City of South St. Paul. During the current fiscal year, December 31, 2011, the General Fund revenue increased \$361,984 from year ending December 31, 2010. There were many significant factors that resulted in the increase of total revenues. The City Council approved a 6.95% General Fund tax levy increase which generated a \$26,909 increase in current tax revenue over the 2010 collections. The City also received an increase of \$117,124 from the fiscal disparities tax revenue pool which ultimately resulted in an increase of \$195,668 in total general property taxes. Licenses and permit revenue increased \$50,255 in 2011. This is mostly due to a slight increase (\$7,444) in building permit activity and the City's newly formed Residential Business Licensing program which generated an increase of \$35,325 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 administrative fee categories. The \$48,804 increase in the general government function is due to additional antenna lease agreements and current agreements that call for higher lease rates in 2011. In addition, the City recently reviewed and revised its internal administrative fee charges which provided enhanced revenue (\$50,400) to pay for the cost of internal administrative support services provided to other funds. The city also experienced a decline (\$88,099) in engineering projects fee that are charged for engineering staff time provided to City projects. The loss of revenue is attributable to the end of the engineering services the City was providing for the Met Council Force main project in 2010 and partially 2011. The City also generated higher investment income (\$37,039) in 2011. This is primarily due to an increased unrealized gain from called investment securities throughout the year.

The General Fund expenditures decreased \$32,856 from fiscal year 2010 to 2011. The decrease in spending is due to several factors. First, the decreased expenditures occurred primarily due to staff reductions and reallocation in the Code Enforcement and Parks and Recreation Administration programs. The City Council eliminated the code enforcement officer position at the end of 2010 which reduced personal expenditures by \$54,621 in 2011. In addition, the Parks and Recreation Secretary position was reduced to a half-time position

Management's Discussion and Analysis

and was reallocated to the Central Square Community Service Fund. At the end of the 2010 fiscal year, the City established a joint venture with the local school district for public works management services. These services are considered professional and therefore are the primary driver for the \$65,520 increase in the Other Services and Charges expenditure in Public Works department.

Wakota Arena Fund: Decrease of (\$159,190). The decrease in Wakota Arena's fund balance is primarily due to the facility not generating enough revenue to support capital improvements and operations. In addition, the Arena has an outstanding fund balance deficit of \$523,066 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 \$27,610 was charged in 2011. To address the deficit the City Council intends to follow the long-term financial plan that was developed.

Airport Fund: Increase of \$217,462. The Airports increase in fund balance is primarily due to the improved revenue stream (\$59,508) through the negotiation of new hangar rentals/land lease rates. 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.

2008A Improvement Bonds: Decrease of (\$32,419). The 2008A Improvement Bond Fund accounts for the 2008A bond issuance payments. The proceeds of this issuance were used for 2008 and 2007 local improvements such as street maintenance projects and the Stockyards redevelopment. This fund was established in 2008 and is considered major due to the significant level of deferred special assessments receivable.

Capital Programs Fund (formally known as the Special Projects Fund): Increase of \$795,856. 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 \$71,190 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 2011, a transfer of \$746,717 was made.

2010 Local Improvement Fund: Decrease of (\$804,852) The 2010 Local Improvement Fund's decrease in fund balance is due to the Hardman Triangle Sewer Separation capital improvement project (\$906,719) in 2011. The fund and related capital project funds are expected to be closed out in 2012 or 2013.

Management's Discussion and Analysis

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 assets in the Water and Sewer Fund increased by \$2,984,129 in 2011 and stood at \$11,429,997 at year-end. The change in Net Assets is primarily from the capital contribution (2,711,680) for the 17th Ave Water Reservoir Project.

Net assets increased \$161,019 in the Storm Water Utility Fund. The change is primarily due to the receipt of intergovernmental revenue (\$90,118) for the Poplar Street sewer project that was significantly completed in 2010. Operating revenue from customers above expenditures provided for the additional increase in Net Assets.

Net assets decreased (\$8,122) in the Street Light Utility Fund. The decrease is primarily due to the increased cost of energy needed to support the lighting of the City.

The unrestricted net assets in the respective proprietary funds are Water and Sewer, \$3,283,126, Storm Water Utility, \$1,208,211, and Street Light Utility \$27,437.

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 adopted 2011 original budget reflected a contingency amount for unsettled union contracts: to accurately reflect the contract settlements that later occurred in 2011, a revised amount is allocated from the contingency line to the appropriate program budgets. In addition to unsettled union contracts, the original budget was revised mid-year to reflect a more accurate revenue picture, especially for Market Value Credit and Franchise Fees, as a result of timing and more accurate information available during the year.

Total original budgeted revenues (\$10,616,408) were revised to the final budgeted revenues (\$11,322,442), an increase of \$706,034. The following are key factors for the budget amendments and significant budget to actual variances:

- The Local Government and Market Value Credit Aid revenue budgets were amended (increased \$752,834) to reflect the actual expectation of revenue from the State as a result of 2011 State legislative session decisions.

Management's Discussion and Analysis

- The Charges for Services revenue was amended (decreased \$71,800) due to the reduction of PILOT (Payment in lieu of tax) received from the Airport owned facilities that are leased to tenants.
- The Charges for Service revenue for Engineering Project fees came in higher than (\$71,717) expected due to more staff time needed for City projects.
- Investment Income resulted in higher than expected revenues (\$53,949) due to improved unrealized gain from the called investment securities during the year.

Total original budget expenditures (\$10,740,354) were revised to the final budgeted expenditures (\$10,751,461) an increase of \$11,107. The following are key factors for the budget amendments and significant budget to actual variances:

- The City settled the LELS (local law enforcement) collective bargaining agreement and the City Administrator's contract in 2011. The resulting 2011 estimated costs (\$57,358) were planned, budgeted and were amended in the contingency expenditures. Remaining contingency funds are assigned for future settlements of collective bargaining unit agreements.
- Budget amendments are made for to staff turnover with in the respective department based on time costing allocations
- The City Attorney department budget yielded a positive variance of \$33,076 which was primarily due to the City issuing a RFP (request for proposal) for prosecution services in the last quarter of the year. The proposal outlined a reduction in cost for criminal prosecution services and was approved by the City Council.
- The Buildings department budget for the year resulted in a positive variance of \$27,897. This result is primarily due to the conservative budget approach taken for the energy costs related to the City Hall facility.

To balance the amended budget, the City Council amended the budget for a transfer out of excess fund balance. The increased transfer out of \$694,927 will be transferred to the Capital Programs fund to finance future capital projects and the City's Capital Improvement Plan.

Major areas of expenditures finishing the year under budget included the following departments: Mayor and City Council \$1,838; City Administration \$523; City Attorney \$33,076; City Clerk \$4,233; Finance \$3,644; Recycling \$6,771; Animal Control \$11,883; Police \$22,688; Engineering 2,976; Buildings \$27,897; Parks Facilities and maintenance \$21,970.

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, 2011 was \$76,586,165 (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 59 and Note 4 page 68).

Management's Discussion and Analysis

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

- The 17th Avenue North Water Booster Station and Reservoir Project was completed and transferred to the Water Sewer fund in 2011.
- Port Crosby Land Improvements project was completed and added to the general fixed assets in 2011.
- The reconstruction of South Concord Street and the water, sewer, and storm water lines that run under the street (construction in progress) had significant investments during 2011 with anticipated completion in 2012.
- The Hardman Triangle Sewer Separation project (construction in progress) received significant investment during 2011 with anticipated completion in 2012 or 2013.
- Significant investment was made into a new financial software system (construction in progress) which will be completed in 2012.
- The City invested \$384,411 to replace a variety of City vehicles and Equipment.

City of South St. Paul, Minnesota's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$9,988,614	\$9,988,614	\$295,900	\$295,900	\$10,284,514	\$10,284,514
Building and Improvements	22,253,459	18,639,145	3,482,529	728,102	25,735,988	19,367,247
Capital Lease - building	1,641,189	1,676,867	-	-	1,641,189	1,676,867
Machinery and Equipment	2,331,089	2,074,709	195,185	72,769	2,526,274	2,147,478
Infrastructure	21,392,417	22,747,175	9,573,458	9,903,401	30,965,875	32,650,576
Construction in Process	4,526,187	9,697,949	906,138	643,715	5,432,325	10,341,664
	<u>\$62,132,955</u>	<u>\$64,824,459</u>	<u>\$14,453,210</u>	<u>\$11,643,887</u>	<u>\$76,586,165</u>	<u>\$76,468,346</u>

Long-term debt. At the end of the current fiscal year, the City had a total outstanding bonded debt of \$12,135,000, a decrease of \$1,276,000 from 2010. This number is comprised of G.O. debt of \$4,765,000, G.O debt supported by special assessments of \$3,710,000 and Revenue supported bonds in the amount of \$3,660,000. The City's outstanding debt also includes the Capital lease for the 380 Airport Road Building in the amount of \$1,349,984. 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 \$366,581 in government activities.

Management's Discussion and Analysis

City of South St. Paul, Minnesota's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Special assessment bonds	\$3,710,000	\$4,480,000	\$ -	\$ -	\$3,710,000	\$4,480,000
General purpose bonds	4,765,000	5,025,000	2,675,000	2,801,000	7,440,000	7,826,000
Revenue bonds	985,000	1,105,000	-	-	985,000	1,105,000
Issuance premium	9,609	9,609	-	-	9,609	9,609
Notes payable	190,874	228,423	-	-	190,874	228,423
Capital lease	1,349,884	1,471,414	-	-	1,349,884	1,471,414
Net other post-employment benefit obligation	873,210	728,326	-	-	873,210	728,326
Compensated absences	366,581	397,419	-	-	366,581	397,419
	<u>\$12,250,158</u>	<u>\$13,445,191</u>	<u>\$2,675,000</u>	<u>\$2,801,000</u>	<u>\$14,925,158</u>	<u>\$16,246,191</u>

The City of South St. Paul maintained an Aa2 rating from Moody's Investors Services as of year ended December 31, 2011. In 2010, Moody's recently announced a "recalibrated" rating scale using their previous ratings. The City of South St. Paul received a 2 notch upgrade from an A1 rating.

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 \$40,174,356. General obligation bonds of \$5,387,500 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 (\$1,590,000) also applies since the issuance is in excess of \$1,000,000 and originally issued after 6-1-1997 and does not have revenues pledged. The difference between the legal limit and related debt is \$33,196,856, 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 70 through 75 and in the supplementary section of this report starting on page 144.

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

Management's Discussion and Analysis

the elimination of the Market Value Credit program and the creation of the Market Value Exclusion program for homeowners. 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, Josh Feldman at 651-554-3207 or jfeldman@southstpaul.org.

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BASIC FINANCIAL STATEMENTS

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2011

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redev. Authority
Assets:				
Cash, cash equivalents and investments	\$12,457,805	\$5,066,658	\$17,524,463	\$1,260,671
Cash with fiscal agent	-	232,190	232,190	117,472
Accrued interest	83,426	-	83,426	514,790
Accounts receivable - net	507,044	1,497,975	2,005,019	98,464
Property taxes receivable	1,303,189	-	1,303,189	-
Special assessments receivable	2,614,024	371,020	2,985,044	-
Due from other governmental units	360,619	-	360,619	71,381
Inventories - at cost	48,809	-	48,809	9,033
Prepaid items	153,432	219,500	372,932	72,668
Inventory - land held for resale	-	-	-	6,243,557
Deferred charges	-	-	-	113,661
Deferred charges - issuance costs	141,750	6,930	148,680	-
Notes and mortgage receivable	-	-	-	2,137,463
Lease Receivable	-	-	-	1,538,293
Capital assets (net of accumulated depreciation):				
Land	9,988,614	295,900	10,284,514	265,675
Buildings and land improvements	22,253,459	3,482,529	25,735,988	3,742,791
Capital lease - building	1,641,189	-	1,641,189	-
Machinery and equipment	2,331,089	195,185	2,526,274	1,134,173
Infrastructure	21,392,417	9,573,458	30,965,875	-
Construction in process	4,526,187	906,138	5,432,325	248,454
Total assets	79,803,053	21,847,483	101,650,536	17,568,546
Liabilities:				
Accounts, salaries and contracts payable	911,180	181,316	1,092,496	176,977
Deposits payable	16,272	-	16,272	-
Due to other governmental units	2,805	198	3,003	-
Accrued interest payable	158,877	18,985	177,862	39,138
Unearned revenue	-	-	-	71,141
Other current liabilities	-	-	-	133,272
Noncurrent liabilities:				
Due within one year	1,309,351	128,000	1,437,351	386,254
Due in more than one year	10,940,807	2,547,000	13,487,807	3,890,945
Total liabilities	13,339,292	2,875,499	16,214,791	4,697,727
Net assets:				
Invested in capital assets, net of related debt	54,129,982	14,453,210	68,583,192	3,100,919
Restricted for:				
Debt service	2,745,915	-	2,745,915	86,290
Other purposes	329,022	-	329,022	-
Housing programs	-	-	-	306,603
Unrestricted	9,258,842	4,518,774	13,777,616	9,377,007
Total net assets	\$66,463,761	\$18,971,984	\$85,435,745	\$12,870,819

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			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	\$1,703,297	\$1,036,494	\$202,764	\$ -	(\$464,039)	\$ -	(\$464,039)	\$ -
Public safety	6,264,933	94,855	333,102	-	(5,836,976)	-	(5,836,976)	-
Public works	4,132,615	1,139,355	454,172	166,812	(2,372,276)	-	(2,372,276)	-
Community Development	334,274	311,138	-	-	(23,136)	-	(23,136)	-
Parks, arena, and library	2,448,875	1,143,258	55,954	52,541	(1,197,122)	-	(1,197,122)	-
Transportation	1,294,575	1,180,111	29,269	9,319	(75,876)	-	(75,876)	-
Interest on long-term debt	396,239	-	-	-	(396,239)	-	(396,239)	-
Total governmental activities	16,574,808	4,905,211	1,075,261	228,672	(10,365,664)	0	(10,365,664)	0
Business-type activities:								
Water and sewer	4,141,467	4,764,310	-	-	-	622,843	622,843	-
Storm water	287,010	353,574	-	90,118	-	156,682	156,682	-
Street light utility	195,163	207,041	-	-	-	11,878	11,878	-
Total business-type activities	4,623,640	5,324,925	0	90,118	0	791,403	791,403	0
Total primary government	\$21,198,448	\$10,230,136	\$1,075,261	\$318,790	(\$10,365,664)	\$791,403	(\$9,574,261)	\$0
Component unit:								
Housing & Redevelopment Authority	\$8,250,509	\$1,619,294	\$3,932,172	\$1,695,607	\$ -	\$ -	\$ -	(\$1,003,436)
Total component unit	\$8,250,509	\$1,619,294	\$3,932,172	\$1,695,607	\$0	\$0	\$0	(\$1,003,436)
General revenues:								
General property taxes					7,384,122	-	7,384,122	255,466
Tax increment collections					167,899	-	167,899	1,425,567
Franchise tax					830,981	-	830,981	-
Unrestricted grants and contributions					1,860,742	-	1,860,742	-
Investment income					315,572	210,211	525,783	15,177
Gain on sale of capital assets					13,849	-	13,849	-
Miscellaneous revenues					124,457	-	124,457	-
Transfers of capital assets					(2,711,680)	2,711,680	-	-
Transfers					576,268	(576,268)	-	-
Total general revenues and transfers					8,562,210	2,345,623	10,907,833	1,696,210
Change in net assets					(1,803,454)	3,137,026	1,333,572	692,774
Net assets - beginning					68,267,215	15,834,958	84,102,173	12,178,045
Net assets - ending					\$66,463,761	\$18,971,984	\$85,435,745	\$12,870,819

CITY OF SOUTH ST. PAUL, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2011

With Comparative Total Amounts For December 31, 2010

	General Fund	243 - Wakota Arena	245 - Airport	315 - 2008A Improvement Bonds
Assets				
Cash and investments	\$3,324,649	\$2,500	\$100	\$200,456
Accrued interest	83,426	-	-	-
Accounts receivable - net	268,485	97,631	46,705	-
Property taxes receivable:				
Delinquent	169,152	12,902	-	412
Due from county	918,810	4,510	-	144
Special assessments receivable:				
Delinquent	3,600	-	-	2,632
Deferred	12,095	-	-	1,148,638
Due from county	721	-	-	5,653
Due from other governmental units	172,616	-	-	-
Advances to other funds	4,142,663	-	-	-
Inventory	-	-	48,809	-
Prepaid items	153,282	-	150	-
Total assets	<u>\$9,249,499</u>	<u>\$117,543</u>	<u>\$95,764</u>	<u>\$1,357,935</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts, salaries and contracts payable	\$294,053	\$78,277	\$38,973	\$ -
Deposits payable	16,272	-	-	-
Due to other governmental units	898	1,509	6	-
Advances from other funds	-	547,921	1,151,659	-
Deferred revenue	169,152	12,902	1,822	1,151,682
Total liabilities	<u>480,375</u>	<u>640,609</u>	<u>1,192,460</u>	<u>1,151,682</u>
Fund balances:				
Nonspendable	4,295,945	-	48,959	-
Restricted	-	-	-	206,253
Committed	448,307	-	-	-
Assigned	-	-	-	-
Unassigned	4,024,872	(523,066)	(1,145,655)	-
Total fund balance	<u>8,769,124</u>	<u>(523,066)</u>	<u>(1,096,696)</u>	<u>206,253</u>
Total liabilities and fund balance	<u>\$9,249,499</u>	<u>\$117,543</u>	<u>\$95,764</u>	<u>\$1,357,935</u>

Fund balance reported above

Amounts reported for governmental activities in the statement of net assets 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 assets of governmental activities

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

402 - Capital Programs	423 - 2010 Local Improvements	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
				2011	2010
\$2,424,665	\$ -	\$5,718,303	\$ -	\$11,670,673	\$12,192,668
-	-	-	-	83,426	85,152
-	-	93,636	-	506,457	535,721
6,627	-	148,345	-	337,438	351,883
2,091	-	40,196	-	965,751	766,555
4,464	-	13,889	-	24,585	29,357
444,014	-	964,812	-	2,569,559	2,460,829
571	-	12,935	-	19,880	11,293
-	166,811	21,192	-	360,619	272,846
-	-	-	(4,142,663)	-	-
-	-	-	-	48,809	44,476
-	-	-	-	153,432	9,736
<u>\$2,882,432</u>	<u>\$166,811</u>	<u>\$7,013,308</u>	<u>(\$4,142,663)</u>	<u>\$16,740,629</u>	<u>\$16,760,516</u>
\$17,547	\$24,903	\$408,511	\$ -	\$862,264	\$842,115
-	-	-	-	16,272	661
-	-	392	-	2,805	3,055
-	995,712	1,447,371	(4,142,663)	-	-
455,107	-	1,207,120	-	2,997,785	2,942,885
<u>472,654</u>	<u>1,020,615</u>	<u>3,063,394</u>	<u>(4,142,663)</u>	<u>3,879,126</u>	<u>3,788,716</u>
-	-	-	-	4,344,904	3,095,604
-	-	2,895,420	-	3,101,673	3,404,591
-	-	129,147	-	577,454	1,733,585
2,409,778	-	2,594,431	-	5,004,209	4,149,829
-	(853,804)	(1,669,084)	-	(166,737)	588,191
<u>2,409,778</u>	<u>(853,804)</u>	<u>3,949,914</u>	<u>-</u>	<u>12,861,503</u>	<u>12,971,800</u>
<u>\$2,882,432</u>	<u>\$166,811</u>	<u>\$7,013,308</u>	<u>(\$4,142,663)</u>	<u>\$16,740,629</u>	<u>\$16,760,516</u>
				\$12,861,503	\$12,971,800
				60,927,383	63,764,032
				2,997,785	2,942,885
				(11,027,494)	(12,323,648)
				704,584	912,146
				<u>\$66,463,761</u>	<u>\$68,267,215</u>

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

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011
With Comparative Total Amounts For The Year Ended December 31, 2010

	General Fund	243 - Wakota Arena	245 - Airport	315 - 2008A Improvement Bonds
Revenues:				
General property taxes	\$6,001,364	\$148,826	\$ -	\$4,757
Tax increment collections	-	-	-	-
Franchise tax	830,981	-	-	-
Licenses and permits	372,417	-	-	-
Intergovernmental	2,579,129	62,871	38,588	-
Charges for services	1,287,211	665,861	1,212,311	-
Fines and forfeits	98,643	-	-	-
Special assessments	7,829	-	-	171,324
Investment income	108,949	-	-	5,170
Contributions and donations	-	-	20,600	-
Miscellaneous	95,046	-	399	-
Total revenues	<u>11,381,569</u>	<u>877,558</u>	<u>1,271,898</u>	<u>181,251</u>
Expenditures:				
Current:				
General government	1,387,390	-	-	-
Public safety	5,890,320	-	-	-
Public works	2,329,859	-	-	-
Community Development	328,592	-	-	-
Parks, arena, library	607,471	711,253	-	-
Transportation	-	-	1,030,282	-
Nondepartmental	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	3,450	-	-	-
Public works	-	-	-	-
Parks, arena, library	-	138,107	-	-
Transportation	-	-	-	-
Interest expenditure	-	27,610	62,992	-
Debt service:				
Principal	-	-	34,420	135,000
Interest and other charges	-	-	-	78,670
Total expenditures	<u>10,547,082</u>	<u>876,970</u>	<u>1,127,694</u>	<u>213,670</u>
Revenues over (under) expenditures	<u>834,487</u>	<u>588</u>	<u>144,204</u>	<u>(32,419)</u>
Other financing sources (uses):				
Transfers in	193,506	-	73,258	-
Transfers out	(797,905)	(159,778)	-	-
Total other financing sources (uses)	<u>(604,399)</u>	<u>(159,778)</u>	<u>73,258</u>	<u>0</u>
Net change in fund balance	230,088	(159,190)	217,462	(32,419)
Fund balance (deficit) - January 1, as restated	<u>8,539,036</u>	<u>(363,876)</u>	<u>(1,314,158)</u>	<u>238,672</u>
Fund balance (deficit) - December 31, as restated	<u><u>\$8,769,124</u></u>	<u><u>(\$523,066)</u></u>	<u><u>(\$1,096,696)</u></u>	<u><u>\$206,253</u></u>

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

402 - Capital Programs	423 - 2010 Local Improvments	Other Governmental Funds	Intra Activity Eliminations	Total Governmental Funds	
				2011	2010
\$71,190	\$ -	\$1,172,429	\$ -	\$7,398,566	\$6,954,595
-	-	167,899	-	167,899	97,978
-	-	-	-	830,981	764,407
-	-	-	-	372,417	373,625
-	166,811	280,210	-	3,127,609	3,429,476
-	-	449,843	-	3,615,226	3,599,832
-	-	5,876	-	104,519	100,082
133,648	-	430,905	-	743,706	635,721
79,747	-	250,062	(171,625)	272,303	189,270
-	-	16,466	-	37,066	27,123
-	-	28,162	-	123,607	81,917
<u>284,585</u>	<u>166,811</u>	<u>2,801,852</u>	<u>(171,625)</u>	<u>16,793,899</u>	<u>16,254,026</u>
4,717	-	189,487	-	1,581,594	1,583,254
30,656	-	35,800	-	5,956,776	5,814,072
5,338	2,174	299,462	-	2,636,833	2,321,600
-	-	819,337	-	328,592	391,817
-	-	27,197	-	2,138,061	2,238,432
-	-	-	-	1,057,479	1,001,521
-	-	-	-	-	2,267
-	-	140,590	-	140,590	9,175
12,375	-	21,153	-	36,978	21,837
-	958,860	665,502	-	1,624,362	1,305,856
339	-	87,776	-	226,222	542,036
-	-	-	-	-	94,061
-	10,629	70,394	(171,625)	-	-
-	-	1,167,722	-	1,337,142	1,387,132
-	-	337,165	-	415,835	468,597
<u>53,425</u>	<u>971,663</u>	<u>3,861,585</u>	<u>(171,625)</u>	<u>17,480,464</u>	<u>17,181,657</u>
<u>231,160</u>	<u>(804,852)</u>	<u>(1,059,733)</u>	<u>0</u>	<u>(686,565)</u>	<u>(927,631)</u>
746,717	-	824,507	(1,261,720)	576,268	2,556,728
(182,021)	-	(122,016)	1,261,720	-	-
<u>564,696</u>	<u>0</u>	<u>702,491</u>	<u>0</u>	<u>576,268</u>	<u>2,556,728</u>
795,856	(804,852)	(357,242)	-	(110,297)	1,629,097
1,613,922	(48,952)	4,307,156	-	12,971,800	11,342,703
<u>\$2,409,778</u>	<u>(\$853,804)</u>	<u>\$3,949,914</u>	<u>\$0</u>	<u>\$12,861,503</u>	<u>\$12,971,800</u>

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

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, 2011

With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</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)	(\$110,297)	\$1,629,097
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.	(124,968)	(81,823)
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 assets and offset against the sale proceeds resulting in a gain or loss in the statement of activities.	-	16,687
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	54,899	(493,397)
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 assets. 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.	1,309,079	1,453,298
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.	(12,925)	1,058
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.	(207,562)	(120,491)
Capital assets transferred from government funds to proprietary funds	<u>(2,711,680)</u>	<u>-</u>
Change in net assets of governmental activities (Statement 2)	<u><u>(\$1,803,454)</u></u>	<u><u>\$2,404,429</u></u>

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

CITY OF SOUTH ST. PAUL, MINNESOTA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2011

With Comparative Total Amounts as of December 31, 2010

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		
				2011		2010
Assets:						
Current assets:						
Cash and investments	\$3,951,196	\$1,115,462	\$ -	\$5,066,658	\$4,696,788	\$787,132
Cash with fiscal agent	232,190	-	-	232,190	445,683	-
Accounts receivable - billed	258,279	23,636	16,515	298,430	343,626	587
Accounts receivable - unbilled	1,056,696	91,997	50,852	1,199,545	1,098,843	-
Special assessments receivable:						
Current	300,558	-	-	300,558	306,159	-
Delinquent	52,909	-	-	52,909	58,707	-
Due from county	17,553	-	-	17,553	11,513	-
Prepaid item	219,500	-	-	219,500	206,475	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	20,735	-	-	20,735	28,820	-
Total current assets	6,109,616	1,231,095	67,367	7,408,078	7,196,614	787,719
Noncurrent assets:						
Deferred charges - issuance costs	6,930	-	-	6,930	7,315	-
Capital assets:						
Land	295,900	-	-	295,900	295,900	-
Buildings and land improvements	4,735,870	-	-	4,735,870	1,949,999	-
Machinery and equipment	734,176	-	-	734,176	586,328	3,442,811
Infrastructure	8,564,800	10,324,923	-	18,889,723	18,889,723	-
Construction in process	476,777	429,360	-	906,137	643,715	-
Total capital assets	14,807,523	10,754,283	0	25,561,806	22,365,665	3,442,811
Less: Allowance for depreciation	(6,660,652)	(4,447,944)	-	(11,108,596)	(10,721,778)	(2,237,239)
Net capital assets	8,146,871	6,306,339	0	14,453,210	11,643,887	1,205,572
Total noncurrent assets	8,153,801	6,306,339	0	14,460,140	11,651,202	1,205,572
Total assets	14,263,417	7,537,434	67,367	21,868,218	18,847,816	1,993,291
Liabilities:						
Current liabilities:						
Accounts payable	126,760	22,884	19,195	168,839	154,994	46,405
Wages and payroll taxes payable	12,477	-	-	12,477	11,661	2,511
Compensated absences	-	-	-	-	-	108,222
Due to other governmental units	198	-	-	198	327	-
Accrued interest payable	18,985	-	-	18,985	16,056	-
Advances from other funds	-	-	20,735	20,735	28,820	-
Bonds payable	128,000	-	-	128,000	126,000	-
Total current liabilities	286,420	22,884	39,930	349,234	337,858	157,138
Noncurrent liabilities:						
Bonds payable	2,547,000	-	-	2,547,000	2,675,000	-
Net other postemployment benefit obligation	-	-	-	-	-	873,210
Compensated absences	-	-	-	-	-	258,359
Total noncurrent liabilities	2,547,000	0	0	2,547,000	2,675,000	1,131,569
Total liabilities	2,833,420	22,884	39,930	2,896,234	3,012,858	1,288,707
Net assets:						
Invested in capital assets	8,146,871	6,306,339	-	14,453,210	11,643,887	1,205,572
Unrestricted	3,283,126	1,208,211	27,437	4,518,774	4,191,071	(500,988)
Total net assets	\$11,429,997	\$7,514,550	\$27,437	\$18,971,984	\$15,834,958	\$704,584

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

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

Statement 7

For The Year Ended December 31, 2011

With Comparative Total Amounts For The Year Ended December 31, 2010

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds	
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		
				2011		2010
Operating revenues:						
Customer billings:						
General customers	\$2,763,499	\$347,208	\$202,794	\$3,313,501	\$3,021,293	\$ -
Heavy industry customers	1,535,168	-	-	1,535,168	1,573,554	-
Service charges	245,102	-	-	245,102	202,474	-
Penalties	98,230	6,366	4,247	108,843	110,162	-
Other charges	78,761	-	-	78,761	75,612	850
State surcharges	43,550	-	-	43,550	43,498	-
Retiree health insurance charges	-	-	-	-	-	263,379
Compensated absences charges	-	-	-	-	-	55,979
Equipment rental and repair charges	-	-	-	-	-	659,674
Total operating revenues	<u>4,764,310</u>	<u>353,574</u>	<u>207,041</u>	<u>5,324,925</u>	<u>5,026,593</u>	<u>979,882</u>
Operating expenses:						
Personal services:						
Salaries and wages	399,794	-	-	399,794	439,124	98,815
Employee benefits	-	-	-	-	-	-
Pension contributions	57,582	-	-	57,582	65,416	14,808
Insurance	70,210	-	-	70,210	71,379	456,390
Total personal services	<u>527,586</u>	<u>0</u>	<u>0</u>	<u>527,586</u>	<u>575,919</u>	<u>570,013</u>
Materials and supplies:						
Maintenance materials	121,093	301	4,963	126,357	136,331	374,942
Contractual services:						
Sewage disposal - Met Council	2,477,700	-	-	2,477,700	2,421,055	-
Insurance	33,069	-	-	33,069	35,939	21,204
Professional services	98,872	51,475	36	150,383	194,314	8,503
Public utility service	209,857	18,501	181,730	410,088	345,946	-
Repairs and maintenance	140,325	-	3,101	143,426	52,935	40,788
Rentals	117,597	-	-	117,597	117,724	-
Communications	17,683	-	290	17,973	14,981	-
Other	169,736	15,093	5,043	189,872	181,595	15,099
Total contractual services	<u>3,264,839</u>	<u>85,069</u>	<u>190,200</u>	<u>3,540,108</u>	<u>3,364,489</u>	<u>85,594</u>
Depreciation	185,178	201,640	-	386,818	369,169	214,013
Total operating expenses	<u>4,098,696</u>	<u>287,010</u>	<u>195,163</u>	<u>4,580,869</u>	<u>4,445,908</u>	<u>1,244,562</u>
Operating income (loss)	<u>665,614</u>	<u>66,564</u>	<u>11,878</u>	<u>744,056</u>	<u>580,685</u>	<u>(264,680)</u>
Nonoperating revenues (expenses):						
Investment income	165,874	44,337	-	210,211	161,126	43,269
Intergovernmental revenue	-	90,118	-	90,118	-	-
Gain on sale of capital assets	-	-	-	-	-	13,849
Interest and other charges	(42,771)	-	-	(42,771)	(26,590)	-
Total nonoperating revenues (expenses)	<u>123,103</u>	<u>134,455</u>	<u>0</u>	<u>257,558</u>	<u>134,536</u>	<u>57,118</u>
Income (loss) before contributions and transfers	788,717	201,019	11,878	1,001,614	715,221	(207,562)
Capital contributions	2,711,680	-	-	2,711,680	-	-
Transfers:						
Transfers out	(516,268)	(40,000)	(20,000)	(576,268)	(2,556,728)	-
Change in net assets	2,984,129	161,019	(8,122)	3,137,026	(1,841,507)	(207,562)
Net assets - January 1	8,445,868	7,353,531	35,559	15,834,958	17,676,465	912,146
Net assets - December 31	<u>\$11,429,997</u>	<u>\$7,514,550</u>	<u>\$27,437</u>	<u>\$18,971,984</u>	<u>\$15,834,958</u>	<u>\$704,584</u>

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

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2011
With Comparative Total Amounts For The Year Ended December 31, 2010

Statement 8

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		
				2011	2010	
Cash flows from operating activities:						
Receipts from customers and users	\$4,719,637	\$348,160	\$206,983	\$5,274,780	\$4,932,456	\$979,295
Payment to suppliers	(3,417,162)	(69,714)	(178,898)	(3,665,774)	(3,485,688)	(739,168)
Payment to employees	(526,770)	-	-	(526,770)	(570,965)	(167,360)
Net cash flows from operating activities	775,705	278,446	28,085	1,082,236	875,803	72,767
Cash flows from noncapital financing activities:						
Advances from other funds	8,085	-	(8,085)	-	-	-
Transfer to other funds	(100,000)	(40,000)	(20,000)	(160,000)	(160,000)	-
Net cash flows from noncapital financing activities	(91,915)	(40,000)	(28,085)	(160,000)	(160,000)	0
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(465,224)	(19,236)	-	(484,460)	(237,584)	(384,411)
Capital grants	-	90,118	-	90,118	226,400	-
Proceeds from sale of capital assets	-	-	-	-	-	39,102
Loan proceeds, net of issuance costs	-	-	-	-	2,793,551	-
Principal paid on capital debt	(126,000)	-	-	(126,000)	-	-
Interest paid on debt	(39,459)	-	-	(39,459)	(10,377)	-
Transfer to other funds	(416,269)	-	-	(416,269)	(2,396,728)	-
Net cash flows from capital and related financing activities	(1,046,952)	70,882	0	(976,070)	375,262	(345,309)
Cash flows from investing activities:						
Investment income	165,874	44,337	-	210,211	161,126	43,269
Net increase (decrease) in cash and cash equivalents	(197,288)	353,665	0	156,377	1,252,191	(229,273)
Cash and cash equivalents - January 1	4,380,674	761,797	-	5,142,471	3,890,280	1,016,405
Cash and cash equivalents - December 31	\$4,183,386	\$1,115,462	\$0	\$5,298,848	\$5,142,471	\$787,132
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$665,614	\$66,564	\$11,878	\$744,056	\$580,685	(\$264,680)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	185,178	201,640	-	386,818	369,169	214,013
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(44,673)	(5,414)	(58)	(50,145)	(94,137)	(587)
Decrease (increase) in prepaid items	(13,025)	-	-	(13,025)	(4,720)	-
Increase (decrease) in accounts payable	(18,205)	15,656	16,265	13,716	19,852	11,262
Increase (decrease) in salaries payable	816	-	-	816	4,954	(1,287)
Increase (decrease) in compensated absences	-	-	-	-	-	(30,838)
Increase (decrease) in net other postemployment benefit obligation	-	-	-	-	-	144,884
Total adjustments	110,091	211,882	16,207	338,180	295,118	337,447
Net cash provided by operating activities	\$775,705	\$278,446	\$28,085	\$1,082,236	\$875,803	\$72,767
Noncash investing, capital, and financing activities:						
Contributions of capital assets from governmental activities	\$2,711,680	-	-			

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

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2011

Statement 9

	<u>Agency Funds</u>
Assets:	
Cash and investments	<u>\$146,011</u>
Liabilities:	
Deposits payable	<u>\$146,011</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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. 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 assets 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.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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 *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 *2010 Local Improvement Capital Projects Fund* was established for financing street improvement and reconstruction projects.

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.
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.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

F. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2011 expenditures exceeded appropriations in the General Fund and the special revenue funds listed below.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund:			
Information Technology	\$147,797	\$147,518	(\$279)
Fire	1,988,152	1,982,303	(5,849)
Public works	1,235,389	1,213,629	(21,760)
Parks - community affairs	90,047	86,712	(3,335)
Special Revenue Funds:			
Wakota Arena	876,970	817,106	(59,864)
Airport Fund	1,127,694	1,112,570	(15,124)

G. DEFICIT FUND EQUITY

The City has deficit fund balances at December 31, 2011 as follows:

	<u>Amount</u>
Special Revenue Funds:	
Wakota Arena	523,066
Airport	\$1,096,846
Debt Service Fund:	
Capital Equipment Revenue Bonds	7,064
Capital Project Funds:	
2010 Local Improvement	853,804
Airport Improvement	533,867
2007 Local Improvement	690,842
SSP High School Parking Lot	300,031
2011 Local Improvement	131,683
380 Airport Road	5,597
Internal Service Fund:	
OPEB/Employee Benefit Fund	871,985

The Airport and Airport Improvement deficits were caused by planned infrastructure expansion, which will produce future revenue. Deficits in the Capital Equipment Revenue Bonds, Wakota Arena, SSP High School Parking Lot, 380 Airport Road, 2007, 2010, 2011 Local Improvement Funds 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.

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 assets.

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 the governing body itself or by an official to which the governing body delegates the authority.

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 ASSETS

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 (\$11,027,494) difference are as follows:

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Bonds payable	(\$9,460,000)
Plus: Bond Premium (to be amortized over life of debt)	(9,609)
Less: Issuance discount (to be amortized as interest expense)	141,750
Accrued interest payable	(158,877)
Notes payable	(190,874)
Capital lease	<u>(1,349,884)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	 <u><u>(\$11,027,494)</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 assets 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 (\$124,968) difference are as follows:

Capital outlay	\$2,028,152
Depreciation expense	(2,084,658)
Loss on disposal of capital assets	<u>(68,462)</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities.	 <u><u>(\$124,968)</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 assets. 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 \$1,309,079 difference are as follows:

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Principal repayments:	
General obligation debt	\$1,150,000
Notes payable	37,549
Capital lease	<u>121,530</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	<u><u>\$1,309,079</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$12,925) difference are as follows:

Accrued interest	(\$18,436)
Amortization of issuance costs and discount	32,521
Amortization of bond premium	<u>(1,160)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	<u><u>\$12,925</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
- f) Time deposits that are fully insured by any Federal agency.

As of December 31, 2011 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, 2011 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.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Investments and maturities of the cash pool at December 31, 2011 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	\$5,667,555	\$ -	\$ -	\$5,365,652	\$301,903
Certificates of deposit	AAA	4,964,399	879,629	4,084,770	-	-
Government money market mutual funds	AAA	717,915	717,915	-	-	-
Total investments in cash and investment pool		<u>\$11,349,869</u>	<u>\$1,597,544</u>	<u>\$4,084,770</u>	<u>\$5,365,652</u>	<u>\$301,903</u>

Cash and investments comprising the City's cash pool at December 31, 2011 were as follows:

	Fair Value
Cash:	
Cash on hand	\$5,850
Cash in banks:	
Bank accounts	4,659,453
Certificate of deposit	100,000
Money manager savings account	1,555,302
Cash Held with fiscal agent	232,190
Total cash	<u>6,552,795</u>
Investments:	
U.S. agency securities	5,667,555
Certificates of deposit	4,964,399
Government money market mutual funds	717,915
Total investments	<u>11,349,869</u>
Total cash and investments	<u>\$17,902,664</u>

C. INVESTMENT RISKS

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

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

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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, 2011 were as follows:

Investment issuer:	Fair Value	Percent of Total Investments
	_____	_____
FHLMC	3,009,713	26.5%

Note 3 RECEIVABLES

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

PRIMARY GOVERNMENT

	Receivables					Total
	Accrued Interest	Accounts	Taxes	Special Assessments	Due From Other Gov't Units	
Major Funds:						
General	\$83,426	\$268,485	\$1,087,962	\$16,416	\$172,616	\$1,628,905
Wakota Arena		97,631	17,412			115,043
Airport	-	46,705	-	-	-	46,705
2008A Improvement Bonds	-	-	556	1,156,923	-	1,157,479
Capital Programs	-	-	8,718	449,049	-	457,767
2010 Local Improvements	-	-	-	-	166,811	166,811
Nonmajor Governmental Funds	-	93,636	188,541	991,636	21,192	1,295,005
Water and Sewer	-	1,314,975	-	371,020	-	1,685,995
Storm Water Utility	-	115,633	-	-	-	115,633
Street Light Utility	-	67,367	-	-	-	67,367
Internal Service - central garage	-	587	-	-	-	587
Total receivables	\$83,426	\$2,005,019	\$1,303,189	\$2,985,044	\$360,619	\$6,737,297

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:

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Taxes receivable	\$337,438	\$ -
Special assessments delinquent	20,986	-
Special assessments deferred	2,503,034	-
Special assessments special deferred	54,433	-
BRS building sublease agreement	<u>81,894</u>	<u>-</u>
 Total unavailable/unearned revenue for governmental funds	 <u><u>\$2,997,785</u></u>	 <u><u>\$0</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 of South St. Paul (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 Assets.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2011:

<u>Payment Year</u>	<u>City Payment to Authority</u>
2012	\$151,150
2013	148,330
2014	150,510
2015	147,456
2016	149,400
2017-2021	721,000
2022-2026	696,180
2027-2029	<u>382,338</u>
Total Minimum Lease Payments Receivable	2,546,364
Less Amount Representing Interest	<u>1,196,480</u>
Present Value of Minimum Lease Payments	<u><u>\$1,349,884</u></u>

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:

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

	Receivables				Total
	Accrued Interest	Accounts	Notes and Mortgages	Due From Other Gov't Units	
Major Funds:					
General	\$ -	\$ -	\$ -	\$34,478	\$34,478
Special Grants	-	14,666	-	-	14,666
Low Rent Housing	-	82,464	-	-	82,464
Section 8 Voucher	-	1,334	-	-	1,334
Concord TIF No. 2	-	-	-	36,545	36,545
TIF	-	-	-	358	358
Nonmajor Proprietary Funds	514,790	-	2,137,463	-	2,652,253
Total receivables	\$514,790	\$98,464	\$2,137,463	\$71,381	\$2,822,098

Note 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Additions	Transfers/ Deletions	Reclass/Adj	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$9,988,614	\$ -	\$ -	\$ -	\$9,988,614
Construction in progress	9,697,949	1,808,357	(2,770,815)	(4,209,305)	4,526,186
Total capital assets, not being depreciated	19,686,563	1,808,357	(2,770,815)	(4,209,305)	14,514,800
Capital assets, being depreciated:					
Buildings and land improvements	25,681,571	6,120	-	4,148,364	29,836,055
Capital lease - building	1,783,901	-	-	-	1,783,901
Machinery and equipment	6,413,249	598,084	(230,472)	60,941	6,841,802
Infrastructure	55,107,307	-	-	-	55,107,307
Total capital assets, being depreciated	88,986,028	604,204	(230,472)	4,209,305	93,569,065
Less accumulated depreciation for:					
Buildings and land improvements	7,042,426	540,169	-	-	7,582,595
Capital lease - building	107,034	35,678	-	-	142,712
Machinery and equipment	4,338,540	368,066	(195,893)	-	4,510,713
Infrastructure	32,360,132	1,354,758	-	-	33,714,890
Total accumulated depreciation	43,848,132	2,298,671	(195,893)	-	45,950,910
Total capital assets being depreciated-net	45,137,896	(1,694,467)	(34,579)	4,209,305	47,618,155
Governmental activities capital assets-net	\$64,824,459	\$113,890	(\$2,805,394)	\$ -	\$62,132,955

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

	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	643,715	479,639	-	(217,218)	906,136
Total capital assets, not being depreciated	939,615	479,639	-	(217,218)	1,202,036
Capital assets, being depreciated:					
Buildings and land improvements	1,949,999	2,711,680	-	74,191	4,735,871
Machinery and equipment	586,328	4,821	-	143,027	734,176
Infrastructure	18,889,722	-	-	-	18,889,722
Total capital assets, being depreciated	21,426,049	2,716,501	-	217,218	24,359,769
Less accumulated depreciation for:					
Buildings and land improvements	1,221,897	31,445	-	-	1,253,342
Machinery and equipment	513,559	25,432	-	-	538,991
Infrastructure	8,986,321	329,941	-	-	9,316,262
Total accumulated depreciation	10,721,777	386,818	-	-	11,108,595
Total capital assets being depreciated-net	10,704,272	2,329,683	-	217,218	13,251,174
Business-type activities capital assets-net	\$11,643,887	\$2,809,322	\$ -	\$ -	\$14,453,210

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

Governmental activities:	
General government	\$ 209,464
Public safety	33,855
Public works	1,336,343
Parks, arena, library	268,434
Transportation	236,562
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	214,013
Total depreciation expense - governmental activities	<u>\$ 2,298,671</u>
Business-type activities:	
Water and sewer	\$ 185,178
Storm sewer	201,640
Total depreciation expense - business-type activities	<u>\$ 386,818</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

**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	30,292	63,412	-	93,704
Total capital assets being depreciated-net	1,175,635	(63,412)	-	1,112,223
Governmental activities capital assets-net	<u>\$1,175,635</u>	<u>(\$63,412)</u>	<u>\$ -</u>	<u>\$1,112,223</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$265,675	\$ -	\$ -	\$265,675
Construction in progress	-	904,257	(655,803)	248,454
Total capital assets, not being depreciated	265,675	904,257	(655,803)	514,129
Capital assets, being depreciated:				
Buildings and structures	15,058,389	641,716	-	15,700,105
Machinery and equipment	61,655	16,526	(8,349)	69,832
Total capital assets, being depreciated	15,120,044	658,242	(8,349)	15,769,937
Less accumulated depreciation for:				
Buildings and structures	11,293,554	663,760	-	11,957,314
Machinery and equipment	52,320	2,745	(7,183)	47,882
Total accumulated depreciation	11,345,874	666,505	(7,183)	12,005,196
Total capital assets being depreciated-net	3,774,170	(8,263)	(1,166)	3,764,741
Business-type activities capital assets-net	<u>\$4,039,845</u>	<u>\$895,994</u>	<u>(\$656,969)</u>	<u>\$4,278,870</u>

Note 5 LONG-TERM DEBT

PRIMARY GOVERNMENT

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

The following debt service account for the accumulation of resources and payment of bond principal and interest and related costs on the following 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.

CITY OF SOUTH ST. PAUL, MINNESOTA
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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, 2011 are as follows:

	Final Maturities	Interest Rate	Original Amount
General Obligation Debt:			
Special Assessment Bonds	2011 - 2017	1.90% - 4.85%	\$8,790,000
General Obligation Bonds	2018 - 2027	2.0% - 4.30%	7,410,000
Drinking Water Revolving Fund Loan	2029	1.71%	<u>2,801,051</u>
Total bonds payable			<u><u>\$19,001,051</u></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:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$1,045,000	\$362,566	\$128,000	45,716
2013	995,000	323,565	130,000	43,528
2014	940,000	286,316	133,000	41,306
2015	825,000	251,671	135,000	39,034
2016	745,000	220,336	137,000	36,726
2017-2021	2,710,000	727,597	722,000	147,640
2022-2026	1,620,000	309,168	784,000	83,842
2027-2030	<u>580,000</u>	<u>34,218</u>	<u>506,000</u>	<u>17,432</u>
Total	<u><u>\$9,460,000</u></u>	<u><u>\$2,515,437</u></u>	<u><u>\$2,675,000</u></u>	<u><u>\$455,224</u></u>

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Changes in long-term liabilities during December 31, 2011 are summarized as follows:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Due Within One Year
Governmental activities:					
Bonds payable:					
Special assessment	\$4,480,000	\$ -	\$770,000	\$3,710,000	\$650,000
General obligation	6,130,000	-	380,000	5,750,000	395,000
Plus/(Less) deferred amounts:					
For issuance premium	9,609	-	-	9,609	1,160
Total bonds payable	10,619,609	-	1,150,000	9,469,609	1,046,160
Note payable	228,423	-	37,549	190,874	37,548
Capital lease	1,471,414	-	121,530	1,349,884	117,420
Net other postemployment benefit obligation	728,326	381,225	236,341	873,210	-
Compensated absences	397,419	45,812	76,650	366,581	108,223
Total governmental activities long-term debt	<u>\$13,445,191</u>	<u>\$427,037</u>	<u>\$1,622,070</u>	<u>\$12,250,158</u>	<u>\$1,309,351</u>
Business-type activities:					
General obligation	<u>\$2,801,000</u>	<u>\$ -</u>	<u>\$126,000</u>	<u>\$2,675,000</u>	<u>\$128,000</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, \$366,581, the entire balance of compensated absences is recorded as a governmental activity. At year-end, \$873,210 of internal service funds other post-employment benefit obligation is included in the governmental activities above amounts.

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:

Governmental Activities	Issue Date	Maturities	Interest Rate	Original Amount	Outstanding 12/31/11
T-Hangar note payable	2/1/2007	1/1/2017	0.00%	\$375,490	\$190,874

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Annual payments to maturity are as follows:

Year Ending December 31	Principal
2012	\$37,549
2013	37,549
2014	37,549
2015	37,549
2016	37,549
2017	<u>3,129</u>
Total	<u><u>\$190,874</u></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 Assets.

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 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, 2011 was \$86,558. 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, 2011 was \$543,992. The total outstanding energy performance loans totaled \$630,550 at December 31, 2011.

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.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$59,736	\$32,160
2013	62,880	29,016
2014	66,190	25,705
2015	37,901	22,798
2016	39,988	20,712
2017-2021	235,479	66,251
2022-2024	128,376	8,198
Forgivable debt	<u>461,980</u>	<u>-</u>
Total	<u><u>\$1,092,530</u></u>	<u><u>\$204,840</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>	<u>Interest</u>
2012	63,142	-
2013	63,142	-
2014	63,142	-
2015	<u>47,357</u>	<u>-</u>
Total	<u><u>\$236,783</u></u>	<u><u>\$0</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, 2011 was \$1,590,000.

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, 2011 was \$1,245,000.

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

Year	Principal	Interest
2012	\$190,000	\$105,995
2013	190,000	101,810
2014	195,000	97,202
2015	200,000	91,925
2016	205,000	86,102
2017-2021	990,000	320,334
2022-2026	520,000	171,175
2027-2029	345,000	34,338
Total	<u>\$2,835,000</u>	<u>\$1,008,881</u>

Changes in long-term liabilities during December 31, 2011 are summarized as follows:

Note 6 FUND BALANCE CLASSIFICATION

During fiscal 2011, the City retroactively implemented the requirements of a new accounting pronouncement, GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at December 31 are included in unassigned fund balance in the City’s financial statements in accordance with generally accepted accounting principles.

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At December 31, 2011, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	243 - Wakota Arena	245- Airport	315 - 2008A Improvement Bonds	402 - Capital Programs	423 - 2010 Local Improvement	Other Governmental Funds	Total
Non Spendable:								
Prepaid Items	\$ 153,282	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 153,432
Inventory	-	-	48,809	-	-	-	-	48,809
Working Capital	4,142,663	-	-	-	-	-	-	4,142,663
Total non spendable	4,295,945	-	48,959	-	-	-	-	4,344,904
Restricted for:								
Debt Service	-	-	-	206,253	-	-	2,566,398	2,772,651
Park Improvements	-	-	-	-	-	-	254,435	254,435
Community Relations	-	-	-	-	-	-	14,773	14,773
Forfeitures	-	-	-	-	-	-	33,749	33,749
Lawful Purposes	-	-	-	-	-	-	15,052	15,052
Memorial Funding	-	-	-	-	-	-	5,643	5,643
Library Funding	-	-	-	-	-	-	4,585	4,585
Other Purposes	-	-	-	-	-	-	785	785
Total restricted	-	-	-	206,253	-	-	2,895,420	3,101,673
Committed to:								
Working Capital	448,307	-	-	-	-	-	-	448,307
Central Square	-	-	-	-	-	-	129,147	129,147
Total committed	448,307	-	-	-	-	-	129,147	577,454
Assigned to:								
Working Capital	-	-	-	-	2,409,778	-	1,877,954	4,287,732
Future equipment	-	-	-	-	-	-	581,551	581,551
Community Relations	-	-	-	-	-	-	217	217
Lawful Purposes	-	-	-	-	-	-	2,028	2,028
Other Purposes	-	-	-	-	-	-	132,681	132,681
Total assigned	-	-	-	-	2,409,778	-	2,594,431	5,004,209
Unassigned to:								
General fund	4,024,872	-	-	-	-	-	-	4,024,872
Wakota Arena	-	(523,066)	-	-	-	-	-	(523,066)
Airport	-	-	(1,145,655)	-	-	-	(539,464)	(1,685,119)
Working Capital	-	-	-	-	-	(853,804)	(1,129,620)	(1,983,424)
Total unassigned	4,024,872	(523,066)	(1,145,655)	-	-	(853,804)	(1,669,084)	(166,737)
Total	\$ 8,769,124	\$ (523,066)	\$ (1,096,696)	\$ 206,253	\$ 2,409,778	\$ (853,804)	\$ 3,949,914	\$ 12,861,503

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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. Employee contribution rates for both plans will remain the same in 2012. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members, 7.25% for Coordinated Plan GERF members, and 14.4% for PEPFF members. Employer contribution rates for both plans will remain the same in 2012. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2011, 2010, and 2009 were \$231,334, \$230,967 and \$227,291, respectively. The City's contributions to the Public Employees Police and Fire Fund for the

years ending December 31, 2011, 2010 and 2009 were \$282,469, \$270,040 and \$275,702, 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.

Total contributions made by the City during fiscal year 2011 were:

	Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
PEDCP	\$1,170	\$1,170	5.00%	5.00%	5.00%

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

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they were an active employee. As of December 31, 2011 there were approximately 83 active participants and 31 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 2011, 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	\$ 391,394
Interest on Net OPEB Obligation	29,133
Adjustment to Annual Required Contribution	<u>(42,119)</u>
Annual OPEB Cost (Expense)	378,408
Contributions Made - Implicit	(7,667)
Contributions Made - Explicit	<u>(225,857)</u>
Increase in Net OPEB Obligation	144,884
Net OPEB Obligation- Beginning of Year as restated	<u>728,326</u>
Net OPEB Obligation- End of Year	<u><u>\$ 873,210</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 2011 and the prior two years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 561,327	54.9%	\$ 520,733
12/31/2010	558,340	62.8%	728,326
12/31/2011	378,408	61.7%	873,210

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 FUND CHANGES

The following funds were opened in 2011:

Capital Project Funds

SSP High School Parking Lot

Debt Service Funds

2010A Capital Equipment Revenue Bonds

The following funds were closed in 2011:

Capital Project Funds

General Programs Fund
17th Ave North Reservoir
2008 Local Improvement
2009 Local Improvement

Debt Service Funds

2000B Improvement Bonds

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Note 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

The composition of interfund balances at December 31, 2011 is as follows:

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
	Governmental Funds:	
General Fund	245-Airport	\$1,151,659
	Nonmajor Governmental Funds:	
General Fund	243-Wakota Arena	547,921
General Fund	317 -Capital Equip Revenue Bonds	9,369
General Fund	404-Airport Improvements	540,089
General Fund	419-2007 Local Improvements	450,922
General Fund	456-380 Airport Road	18,260
General Fund	458-2010 Local Improvement	995,712
General Fund	459-2011 Local Improvement	128,902
General Fund	425-SSP High School Parking Lot	<u>299,829</u>
	Total	<u>\$4,142,663</u>
	Business-Type Funds:	
605-Water and Sewer	615-Street Light Utility	<u>\$20,735</u>

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

Interfund transfers:

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

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	Transfer In				Total
	General Fund	Airport Capital Fund	Capital Programs Fund	Nonmajor Governmental Fund	
Transfer out:					
General Fund	\$ -	\$73,258	\$624,701	\$99,946	\$797,905
Wakota Arena	-	-	-	\$159,778	159,778
Capital Programs	33,506	-	-	148,515	182,021
Nonmajor Governmental Funds	-	-	122,016	-	122,016
Water and Sewer	100,000	-	-	416,269	516,269
Storm Water Utility	40,000	-	-	-	40,000
Street Light Utility	20,000	-	-	-	20,000
Total transfers	<u>\$193,506</u>	<u>\$73,258</u>	<u>\$746,717</u>	<u>\$824,508</u>	<u>\$1,837,989</u>

Note 11 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.

The scheduled Corporation Base Rent payments to the City as of December 31, 2011 are as follows:

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<u>Payment Year</u>	<u>Corporation Payment to City</u>
2012	\$205,410
2013	206,573
2014	197,009
2015	176,753
2016	178,091
2017-2021	879,946
2022-2026	895,981
2027-2029	<u>367,962</u>
Total	<u>\$3,107,725</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, 2011, the City’s hangar lease tenants were 36 T-Hangar leases, 77 Land leases, and 5 Building leases. The City’s airport hangar lease revenue for the year ended December 31, 2011 was \$439,775.

C. ANTENNA LEASES

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Location	Lessee	2011 Lease Amount	Annual Lease Adjustment Factor	Expiration Date	Renewal Options
Kaposia Park	T-Mobile	\$22,339	5% Increase on Jan 1	12/31/2013	3 - 5 year terms
Thompson Water Tower	T-Mobile	\$22,339	5% Increase on Jan 1	12/31/2015	3 - 5 year terms
Alice Court Water Tower	T-Mobile	\$23,456	5% Increase on Jan 1	12/31/2014	2 - 5 year terms
Thompson Water Tower	Sprint Nextel	\$23,759	Greater of CPI or 5%	12/31/2011	2 - 5 year terms
Alice Court Water Tower	Sprint Nextel	\$19,646	5% Increase on Jan 1	12/31/2014	1 - 5 year terms
Thompson Water Tower	Verizon	\$24,938	5% Increase on July 1	12/31/2014	1 - 5 year terms
Thompson Water Tower	TTM	\$5,040	5% Increase on Jan 1	5/31/2013	4 - 3 year terms
Alice Court Water Tower	Clear Wireless	\$24,570	5% Increase on Jan 1	12/31/2014	3 - 5 year terms
Thompson Water Tower	Clear Wireless	\$24,570	5% Increase on Jan 1	12/31/2015	4 - 3 year terms
Alice Court Water Tower	Zayo	\$3,269	5% Increase on Jan 1	12/31/2015	4 - 3 year terms

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:

Note 12 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, 2011 are as follows:

Payment Year	City Payment to Authority
2012	\$151,150
2013	148,330
2014	150,510
2015	147,456
2016	149,400
2017-2021	721,000
2022-2026	696,180
2027-2029	<u>382,338</u>
Total Minimum Lease Payments Receivable	2,546,364
Less Amount Representing Interest	<u>1,196,480</u>
Present Value of Minimum Lease Payments	<u><u>\$1,349,884</u></u>

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

Capital lease - building	\$ 1,783,901
Less: Accumulated Depreciation	<u>142,712</u>
Net	<u>\$ 1,641,189</u>

Note 13 JOINT VENTURES

A. SPECIAL SCHOOL DISTRICT NO. 6

- A. 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.
- B. 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.
- C. 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.
- D. 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

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December 31, 2011

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, 2011 were \$70,072. The City of South St. Paul's future debt payments as of December 31, 2011 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2012	65,000
2013	<u>74,928</u>
Total	<u>\$139,928</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.

CITY OF SOUTH ST. PAUL, MINNESOTA
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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, 2011 were \$1,910,503. In addition, each city performed in-kind contributed services of approximate equal value during 2011 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, 2011 was \$1,245,000.

The City of South St. Paul's annual payments for the year ending December 31, 2011 were \$82,651. The City of South St. Paul's future commitment to make payments as of December 31, 2011 are as follows:

<u>Payment Year</u>	<u>City Commitment Payment to SMFD</u>
2012	\$78,130
2013	77,350
2014	78,843
2015	77,627
2016	78,575
2017-2020	<u>236,380</u>
Total	<u>\$626,905</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 2011 financial statements of the City was \$152,831 for services provided. Much of this amount was for one-time costs associated with implementation of the JD Edwards system. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

Note 14 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.

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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 subd. 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, 2011.

Note 15 COMMITTED CONTRACTS

The City had no committed contracts as of December 31, 2011.

Note 16 CHANGE IN ACCOUNTING PRINCIPLE

As a result of the implementation of GASB Statement No. 54, the City reclassified one of its funds for financial statement reporting purposes. Fund balances at the beginning of the year were restated as follows:

	General Fund	243 - Wakota Arena	245 - Airport	315 - 2008A Improvement Bonds	401 - General Programs	402 - Capital Programs	423 - 2010 Local Improvements	Other Governmental Funds	Total Governmental Activities
Fund balance, January 1, 2011 as previously reported	\$4,178,154	(\$523,066)	(\$1,096,696)	\$206,253	\$4,590,970	\$2,409,778	(\$853,804)	\$3,949,914	\$12,861,503
Funds Reclassified Due to GASB Statement No. 54: General Programs Fund	4,590,970	-	-	-	(4,590,970)	-	-	-	-
Fund balances/net assets - December 31, 2011, as restated	\$8,769,124	(\$523,066)	(\$1,096,696)	\$206,253	\$0	\$2,409,778	(\$853,804)	\$3,949,914	\$12,861,503

Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements, which were not implemented for these financial statements:

Statement No. 61 *The Financial Reporting Entity. Omnibus an amendment of GASB Statement No. 14 and No. 34.* The provisions of this Statement are effective for the City's financial statements in fiscal year 2013.

Statement No. 62 *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 GASB and AICPA Pronouncements.* The provisions of this Statement are effective for the City's financial statements in fiscal year 2012.

The effect these standards may have on future financial statements is not determinable at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget -	2010 Actual Amounts
	Original	Final		Positive (Negative)	
Revenues:					
General property taxes:					
Current	\$4,597,385	\$4,597,385	\$4,229,856	(\$367,529)	\$4,202,947
Delinquent	-	-	171,338	171,338	118,805
Fiscal disparities	1,616,086	1,616,086	1,598,661	(17,425)	1,481,537
Other	-	-	1,509	1,509	2,407
Total general property taxes	<u>6,213,471</u>	<u>6,213,471</u>	<u>6,001,364</u>	<u>(212,107)</u>	<u>5,805,696</u>
Franchise tax	<u>745,500</u>	<u>770,500</u>	<u>830,981</u>	<u>60,481</u>	<u>764,407</u>
Fines and forfeits	<u>121,400</u>	<u>121,400</u>	<u>98,643</u>	<u>(22,757)</u>	<u>91,395</u>
Licenses and permits	<u>287,725</u>	<u>287,725</u>	<u>372,417</u>	<u>84,692</u>	<u>322,162</u>
Intergovernmental:					
Federal:					
Grants	-	-	-	-	1,430
State:					
Market value homestead credit	(145,653)	191,500	166,058	(25,442)	166,942
Local government aid	1,248,039	1,663,720	1,663,720	-	1,663,720
Road maintenance	193,500	193,500	193,437	(63)	188,645
Fire and police aids	216,400	216,400	205,072	(11,328)	221,627
County:					
Gravel tax	3,100	3,100	25	(3,075)	-
Road maintenance	35,275	35,275	35,192	(83)	35,372
Recycling grant	21,300	21,300	21,500	200	21,500
Other	-	-	9,173	9,173	-
Local - other	<u>279,906</u>	<u>279,906</u>	<u>284,952</u>	<u>5,046</u>	<u>281,708</u>
Total intergovernmental	<u>1,851,867</u>	<u>2,604,701</u>	<u>2,579,129</u>	<u>(25,572)</u>	<u>2,580,944</u>
Charges for services:					
General government	419,619	347,819	384,273	36,454	335,469
Public safety	5,250	5,250	6,903	1,653	18,926
Public works	44,274	44,274	29,852	(14,422)	13,537
Community Development	43,500	43,500	50,776	7,276	51,463
Parks and recreation	184,500	184,500	191,359	6,859	217,600
Administrative fee - other funds	360,861	360,861	322,777	(38,084)	272,377
Engineering project fees	125,000	125,000	196,717	71,717	284,816
Rents	106,941	106,941	104,554	(2,387)	107,478
Total charges for services	<u>1,289,945</u>	<u>1,218,145</u>	<u>1,287,211</u>	<u>69,066</u>	<u>1,301,666</u>
Special assessments	<u>-</u>	<u>-</u>	<u>7,829</u>	<u>7,829</u>	<u>11,793</u>
Miscellaneous:					
Investment income	55,000	55,000	108,949	53,949	71,910
Contributions and donations	-	-	-	-	100
Other	<u>51,500</u>	<u>51,500</u>	<u>95,046</u>	<u>43,546</u>	<u>69,512</u>
Total miscellaneous	<u>106,500</u>	<u>106,500</u>	<u>203,995</u>	<u>97,495</u>	<u>141,522</u>
Total revenues	<u>10,616,408</u>	<u>11,322,442</u>	<u>11,381,569</u>	<u>59,127</u>	<u>11,019,585</u>

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personal services	\$55,556	\$55,470	\$54,973	\$497	\$55,512
Materials and supplies	-	-	-	-	172
Other services and charges	22,805	20,275	19,796	479	21,368
Miscellaneous	24,250	24,250	23,388	862	22,324
Total mayor and city council	102,611	99,995	98,157	1,838	99,376
City administration:					
Current:					
Personal services	293,442	316,357	298,739	17,618	270,908
Materials and supplies	3,200	3,200	3,094	106	3,336
Other services and charges	38,720	38,720	57,252	(18,532)	31,612
Miscellaneous	4,400	4,400	3,069	1,331	2,834
Total city administration	339,762	362,677	362,154	523	308,690
City attorney:					
Current:					
Other services and charges	250,000	250,000	216,924	33,076	254,904
Total city attorney	250,000	250,000	216,924	33,076	254,904
City clerk:					
Current:					
Personal services	123,778	118,216	116,807	1,409	143,617
Materials and supplies	5,500	5,500	4,225	1,275	6,557
Other services and charges	16,800	16,800	15,381	1,419	17,450
Miscellaneous	200	200	70	130	315
Total city clerk	146,278	140,716	136,483	4,233	167,939
Information technology:					
Current:					
Personal services	\$121,597	\$120,298	\$112,778	\$7,520	\$118,763
Materials and supplies	4,100	4,100	6,057	(1,957)	11,220
Other services and charges	23,120	23,120	28,962	(5,842)	5,284
Total information technology	148,817	147,518	147,797	(279)	135,267
City finance:					
Current:					
Personal services	305,033	299,913	289,772	10,141	292,967
Materials and supplies	7,375	7,375	3,867	3,508	8,532
Other services and charges	56,089	56,089	68,624	(12,535)	47,648
Miscellaneous	12,545	12,545	10,015	2,530	14,433
Total city finance	381,042	375,922	372,278	3,644	363,580

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget -	2010 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
General government: (continued)					
Recycling:					
Current:					
Personal services	31,604	31,181	30,734	447	31,042
Materials and supplies	1,000	1,000	45	955	308
Other services and charges	6,400	6,400	3,621	2,779	5,010
Miscellaneous	14,950	14,950	12,360	2,590	11,936
Total recycling	53,954	53,531	46,760	6,771	48,296
Animal control:					
Current:					
Personal services	10,922	10,820	6,837	3,983	8,533
Materials and supplies	500	500	-	500	-
Other services and charges	7,400	7,400	-	7,400	804
Total animal control	18,822	18,720	6,837	11,883	9,337
Total general government	1,441,286	1,449,079	1,387,390	61,689	1,387,389
Public safety:					
Police:					
Current:					
Personal services	3,103,597	3,064,282	3,043,861	20,421	2,990,609
Materials and supplies	68,450	68,450	72,720	(4,270)	55,785
Other services and charges	781,482	775,064	767,938	7,126	737,945
Miscellaneous	15,010	15,010	17,649	(2,639)	11,143
Capital outlay	5,500	5,500	3,450	2,050	10,928
Total police	3,974,039	3,928,306	3,905,618	22,688	3,806,410
Fire:					
Current:					
Personal services	57,194	57,194	62,649	(5,455)	60,210
Other services and charges	1,925,109	1,925,109	1,925,503	(394)	1,925,954
Total fire	1,982,303	1,982,303	1,988,152	(5,849)	1,986,164
Total public safety	5,956,342	5,910,609	5,893,770	16,839	5,792,574
Public works:					
Engineering:					
Current:					
Personal services	334,547	332,261	336,637	(4,376)	393,055
Materials and supplies	4,250	4,250	2,930	1,320	4,398
Other services and charges	25,400	25,400	20,395	5,005	22,014
Miscellaneous	1,150	1,150	123	1,027	332
Total engineering	365,347	363,061	360,085	2,976	419,799

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget -	2010 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
Public works:					
Public works:					
Current:					
Personal services	525,884	525,487	545,470	(19,983)	573,607
Materials and supplies	229,500	279,500	266,588	12,912	264,963
Other services and charges	412,230	407,992	422,731	(14,739)	357,211
Miscellaneous	650	650	600	50	1,285
Total public works	<u>1,168,264</u>	<u>1,213,629</u>	<u>1,235,389</u>	<u>(21,760)</u>	<u>1,197,066</u>
Buildings					
Current:					
Personal services	84,118	83,122	82,447	675	88,441
Materials and supplies	12,450	12,500	12,651	(151)	12,123
Other services and charges	186,585	185,479	158,106	27,373	154,824
Total buildings	<u>283,153</u>	<u>281,101</u>	<u>253,204</u>	<u>27,897</u>	<u>255,388</u>
Parks facilities and maintenance:					
Current:					
Personal services	\$242,961	\$316,448	\$302,929	\$13,519	\$226,836
Materials and supplies	41,800	41,800	39,427	2,373	34,403
Other services and charges	147,532	144,903	138,332	6,571	150,509
Miscellaneous	-	-	493	(493)	50
Total parks facilities and maintenance	<u>432,293</u>	<u>503,151</u>	<u>481,181</u>	<u>21,970</u>	<u>411,798</u>
Total public works	<u>2,249,057</u>	<u>2,360,942</u>	<u>2,329,859</u>	<u>31,083</u>	<u>2,284,051</u>
Community development:					
City planner:					
Current:					
Personal services	102,646	99,101	99,461	(360)	103,658
Materials and supplies	450	450	303	147	586
Other services and charges	2,195	2,195	1,810	385	2,140
Miscellaneous	450	450	100	350	440
Total city planner	<u>105,741</u>	<u>102,196</u>	<u>101,674</u>	<u>522</u>	<u>106,824</u>
Code enforcement:					
Current:					
Personal services	\$209,235	\$201,407	\$204,064	(\$2,657)	\$258,685
Materials and supplies	1,400	2,400	2,548	(148)	1,099
Other services and charges	36,290	36,290	19,784	16,506	24,993
Miscellaneous	365	365	522	(157)	216
Total code enforcement	<u>247,290</u>	<u>240,462</u>	<u>226,918</u>	<u>13,544</u>	<u>284,993</u>
Total community development	<u>353,031</u>	<u>342,658</u>	<u>328,592</u>	<u>14,066</u>	<u>391,817</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Parks and recreation:					
Administration					
Current:					
Personal services	\$338,034	\$328,155	\$320,865	\$7,290	\$398,525
Materials and supplies	5,000	5,000	4,901	99	5,273
Other services and charges	25,620	25,620	27,031	(1,411)	27,976
Miscellaneous	1,900	1,900	1,727	173	2,224
Total administration	<u>370,554</u>	<u>360,675</u>	<u>354,524</u>	<u>6,151</u>	<u>433,998</u>
Parks, Pools and Recreation:					
Current:					
Personal services	108,037	105,448	88,716	16,732	107,919
Materials and supplies	43,700	43,700	41,178	2,522	45,852
Other services and charges	27,780	27,780	28,220	(440)	28,205
Miscellaneous	6,000	6,000	4,786	1,214	7,644
Capital outlay	500	500	-	500	13,085
Total parks, pools and recreation	<u>186,017</u>	<u>183,428</u>	<u>162,900</u>	<u>20,528</u>	<u>202,705</u>
Community affairs:					
Current:					
Personal services	79,295	79,193	82,975	(3,782)	79,952
Materials and supplies	6,089	6,089	6,327	(238)	6,775
Other services and charges	1,280	1,280	602	678	622
Miscellaneous	150	150	143	7	55
Total community affairs	<u>86,814</u>	<u>86,712</u>	<u>90,047</u>	<u>(3,335)</u>	<u>87,404</u>
Total parks and recreation	<u>643,385</u>	<u>630,815</u>	<u>607,471</u>	<u>23,344</u>	<u>724,107</u>
Contingency	<u>97,253</u>	<u>57,358</u>	<u>-</u>	<u>57,358</u>	<u>-</u>
Total expenditures	<u>10,740,354</u>	<u>10,751,461</u>	<u>10,547,082</u>	<u>204,379</u>	<u>10,579,938</u>
Revenues over expenditures	<u>(123,946)</u>	<u>570,981</u>	<u>834,487</u>	<u>263,506</u>	<u>439,647</u>
Other financing sources (uses):					
Transfers in	193,506	193,506	193,506	-	193,506
Transfers out	(69,560)	(764,487)	(797,905)	(33,418)	(663,592)
Total other financing sources and uses	<u>123,946</u>	<u>(570,981)</u>	<u>(604,399)</u>	<u>(33,418)</u>	<u>(470,086)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>230,088</u>	<u>\$230,088</u>	<u>(30,439)</u>
Fund balance - January 1, as restated			<u>8,539,036</u>		<u>8,569,475</u>
Fund balance - December 31, as restated			<u>\$8,769,124</u>		<u>\$8,539,036</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 243 - WAKOTA ARENA
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 11

	Budgeted Amounts		2011 Actual	Variance with	2010 Actual
	Original	Final	Amounts	Final Budget -	
			Actual	Positive (Negative)	
Revenues:					
General property taxes:					
Current	\$161,728	\$161,728	\$148,799	(\$12,929)	\$ -
Other			27		
Total general property taxes	<u>161,728</u>	<u>161,728</u>	<u>148,826</u>	<u>(12,929)</u>	<u>0</u>
Intergovernmental:					
Federal:					
Grants	-	-	10,330	10,330	-
State:					
Grants			52,541	52,541	-
County:					
Grants	0	0	0	0	33,151
Total intergovernmental	<u>0</u>	<u>0</u>	<u>62,871</u>	<u>62,871</u>	<u>33,151</u>
Charges for services:					
Ice rentals	542,680	470,000	474,796	4,796	475,226
Ticket sales league games	36,000	36,000	34,230	(1,770)	14,844
Public/figure skating	16,500	16,500	11,694	(4,806)	6,415
Concessions	90,000	62,000	58,468	(3,532)	65,669
Rent of annex	74,528	74,528	72,892	(1,636)	72,357
Other	15,050	15,050	13,781	(1,269)	12,568
Total charges for services	<u>774,758</u>	<u>674,078</u>	<u>665,861</u>	<u>(8,217)</u>	<u>647,079</u>
Donations/other	-	-	-	-	200
Total revenues	<u>936,486</u>	<u>835,806</u>	<u>877,558</u>	<u>41,725</u>	<u>680,430</u>
Expenditures:					
Parks, arena, library:					
Personal services	290,168	288,944	283,959	4,985	270,564
Materials and supplies	111,105	111,105	105,754	5,351	120,534
Services and other charges	329,715	329,277	320,001	9,276	283,532
Miscellaneous	1,800	1,800	1,539	261	2,326
Interest expenditure	23,000	23,000	27,610	(4,610)	16,807
Capital outlay	83,000	62,980	138,107	(75,127)	358,610
Total expenditures	<u>838,788</u>	<u>817,106</u>	<u>876,970</u>	<u>(59,864)</u>	<u>1,052,373</u>
Revenues over (under) expenditures	<u>97,698</u>	<u>18,700</u>	<u>588</u>	<u>(18,112)</u>	<u>(371,943)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	450,123
Transfers out	<u>(161,728)</u>	<u>(161,728)</u>	<u>(159,778)</u>	<u>1,950</u>	<u>(164,077)</u>
Total other financing sources (uses)	<u>(161,728)</u>	<u>(161,728)</u>	<u>(159,778)</u>	<u>1,950</u>	<u>286,046</u>
Net change in fund balance	<u>(\$64,030)</u>	<u>(\$143,028)</u>	<u>(159,190)</u>	<u>(16,162)</u>	<u>(85,897)</u>
Fund balance (deficit) - January 1			<u>(363,876)</u>		<u>(280,305)</u>
Fund balance (deficit) - December 31			<u>(\$523,066)</u>		<u>(\$366,202)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 245 - AIRPORT
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 12

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Positive (Negative)	2010 Actual Amounts
	Original	Final			
	Revenues:				
Intergovernmental:					
State:					
Airport operations and maintenance	\$29,259	\$87,588	\$38,588	(\$49,000)	\$29,269
Charges for services:					
Transportation					
Hangar rentals/land leases	388,334	465,559	439,775	(25,784)	380,267
Aircraft fuel sales	623,856	712,537	770,966	58,429	645,367
Other	-	-	1,570	1,570	6,687
Total charges for services	1,012,190	1,178,096	1,212,311	34,215	1,032,321
Miscellaneous:					
Other	44,700	26,410	20,999	(5,411)	-
Total miscellaneous	44,700	26,410	20,999	(5,411)	0
Total revenues	1,086,149	1,292,094	1,271,898	(20,196)	1,061,590
Expenditures:					
Transportation:					
Current:					
Personal services	159,371	138,046	139,052	(1,006)	158,454
Materials and supplies	586,352	674,762	728,683	(53,921)	589,281
Other services and charges	172,735	136,917	161,523	(24,606)	193,977
Miscellaneous	1,110	1,149	1,024	125	950
Capital outlay	-	83,000	-	83,000	7,695
Long term debt principal	38,696	38,696	34,420	4,276	37,549
Interest expenditure	30,000	40,000	62,992	(22,992)	43,614
Total expenditures	988,264	1,112,570	1,127,694	(15,124)	1,031,520
Revenues over (under) expenditures	97,885	179,524	144,204	(35,320)	30,070
Other financing sources (uses):					
Transfers in	-	214,855	73,258	(141,597)	-
Transfers out	(32,400)	(32,400)	-	32,400	(219,344)
Net change in fund balance	\$65,485	\$147,124	217,462	(\$2,920)	(189,274)
Fund balance (deficit) - January 1			(1,314,158)		(1,124,884)
Fund balance (deficit) - December 31			(\$1,096,696)		(\$1,314,158)

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CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST RETIREMENT BENEFITS
December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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, 2011

Note A **BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund. Total departmental expenditures may not exceed the total departmental appropriation without specific City Council approval. There were five departments where expenditures exceeded appropriations at December 31, 2011. A detailed listing of these funds can be found in the notes to the financial statements, Note 1.F.

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**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, 2011
With Comparative Totals For December 31, 2010

Statement 13

Assets	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2011	2010
Cash and investments	\$634,439	\$2,537,905	\$2,545,959	\$5,718,303	\$5,816,551
Accounts receivable	901	-	92,735	93,636	110,995
Property taxes receivable:					
Delinquent	74,466	61,319	12,560	148,345	177,845
Due from county	16,332	18,057	5,807	40,196	24,956
Special assessments receivable:					
Delinquent	-	13,468	421	13,889	22,538
Deferred	-	695,439	269,373	964,812	1,054,242
Due from county	-	12,742	193	12,935	8,500
Due from other governmental units	6,491	-	14,701	21,192	43,733
Prepaid items	-	-	-	-	7,742
Total assets	<u>\$732,629</u>	<u>\$3,338,930</u>	<u>\$2,941,749</u>	<u>\$7,013,308</u>	<u>\$7,267,102</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts, salaries and contracts payable	\$64,676	\$ -	\$343,835	\$408,511	\$396,663
Deposits payable	-	-	-	-	-
Due to other governmental units	392	-	-	392	491
Advances from other funds	-	9,369	1,438,002	1,447,371	1,210,144
Deferred revenue	74,466	770,227	362,427	1,207,120	1,352,648
Total liabilities	<u>139,534</u>	<u>779,596</u>	<u>2,144,264</u>	<u>3,063,394</u>	<u>2,959,946</u>
Fund balances (deficit):					
Nonspendable	-	-	-	-	7,742
Restricted	329,022	2,566,398	-	2,895,420	3,165,919
Committed	129,147	-	-	129,147	184,007
Assigned	134,926	-	2,459,505	2,594,431	2,429,910
Unassigned	-	(7,064)	(1,662,020)	(1,669,084)	(1,480,422)
Total fund balance	<u>593,095</u>	<u>2,559,334</u>	<u>797,485</u>	<u>3,949,914</u>	<u>4,307,156</u>
Total liabilities and fund balance	<u>\$732,629</u>	<u>\$3,338,930</u>	<u>\$2,941,749</u>	<u>\$7,013,308</u>	<u>\$7,267,102</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 14

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2011	2010
Revenues:					
General property taxes	\$558,798	\$613,631	\$ -	\$1,172,429	\$1,148,074
Tax increment collections	-	-	167,899	167,899	97,978
Intergovernmental	24,827	-	255,383	280,210	688,441
Charges for services	261,121	-	188,722	449,843	670,229
Fines and forfeits	5,876	-	-	5,876	8,687
Special assessments	-	424,648	6,257	430,905	414,272
Investment income	31,043	104,728	114,291	250,062	200,218
Contributions and donations	16,466	-	-	16,466	26,923
Miscellaneous	28,162	-	-	28,162	12,305
Total revenues	<u>926,293</u>	<u>1,143,007</u>	<u>732,552</u>	<u>2,801,852</u>	<u>3,267,127</u>
Expenditures:					
Current:					
General government	16,466	-	173,021	189,487	190,121
Public safety	35,800	-	-	35,800	32,426
Public works	-	-	299,462	299,462	22,187
Parks, arena, library	819,337	-	-	819,337	852,781
Transportation	-	-	27,197	27,197	58,859
Nondepartmental	-	-	-	-	2,267
Capital outlay:					
General government	-	-	140,590	140,590	9,175
Public safety	21,153	-	-	21,153	10,909
Public works	-	-	665,502	665,502	1,239,573
Parks, arena, library	87,776	-	-	87,776	-
Transportation	-	-	-	-	86,366
Interest expenditure	-	255	70,139	70,394	72,186
Debt service:					
Principal	-	1,167,722	-	1,167,722	1,304,583
Interest and other charges	-	337,165	-	337,165	386,123
Total expenditures	<u>980,532</u>	<u>1,505,142</u>	<u>1,375,911</u>	<u>3,861,585</u>	<u>4,267,556</u>
Revenues over (under) expenditures	<u>(54,239)</u>	<u>(362,135)</u>	<u>(643,359)</u>	<u>(1,059,733)</u>	<u>(1,000,429)</u>
Other financing sources (uses):					
Transfers in	30,386	159,777	634,344	824,507	2,859,419
Transfers out	-	(122,016)	-	(122,016)	(320,403)
Total other financing sources (uses)	<u>30,386</u>	<u>37,761</u>	<u>634,344</u>	<u>702,491</u>	<u>2,539,016</u>
Net change in fund balance	(23,853)	(324,374)	(9,015)	(357,242)	1,538,587
Fund balance - January 1	616,948	2,883,708	806,500	4,307,156	2,768,569
Fund balance (deficit) - December 31	<u>\$593,095</u>	<u>\$2,559,334</u>	<u>\$797,485</u>	<u>\$3,949,914</u>	<u>\$4,307,156</u>

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NONMAJOR SPECIAL REVENUE FUNDS

The City maintains the following Special Revenue Funds:

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

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

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

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

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011
With Comparative Totals For December 31, 2010

Statement 15

Assets	210 -	202- Park	230 - Library	250 - Central	Totals Nonmajor Special	
	Donations/ Grants	Land Dedication		Square	Revenue Funds	
					2011	2010
Cash and investments	\$206,305	\$254,435	\$12,904	\$160,795	\$634,439	\$655,438
Accounts receivable	-	-	403	498	901	-
Property taxes receivable:						
Delinquent	-	-	74,466	-	74,466	34,010
Due from county	-	-	16,332	-	16,332	1,295
Due from other governmental units	6,491	-	-	-	6,491	22,187
Prepaid items	-	-	-	-	-	1,746
Total assets	<u>\$212,796</u>	<u>\$254,435</u>	<u>\$104,105</u>	<u>\$161,293</u>	<u>\$732,629</u>	<u>\$714,676</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts, salaries and contracts payable	\$3,283	\$ -	\$29,599	\$31,794	\$64,676	\$63,227
Due to other governmental units	-	-	40	352	392	491
Deferred revenue	-	-	74,466	-	74,466	34,010
Total liabilities	<u>3,283</u>	<u>0</u>	<u>104,105</u>	<u>32,146</u>	<u>139,534</u>	<u>97,728</u>
Fund balances:						
Nonspendable	-	-	-	-	-	1,746
Restricted	74,587	254,435	-	-	329,022	288,207
Committed	-	-	-	129,147	129,147	184,007
Assigned	134,926	-	-	-	134,926	142,988
Total fund balance (deficit)	<u>209,513</u>	<u>254,435</u>	<u>0</u>	<u>129,147</u>	<u>593,095</u>	<u>616,948</u>
Total liabilities and fund balance	<u>\$212,796</u>	<u>\$254,435</u>	<u>\$104,105</u>	<u>\$161,293</u>	<u>\$732,629</u>	<u>\$714,676</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Statement 16

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

	210 - Donations/ Grants	202- Park Land Dedication	230 - Library	250 - Central Square	Totals Nonmajor Special Revenue Funds	
					2011	2010
Revenues:						
General property taxes	\$ -	\$ -	\$558,798	\$ -	\$558,798	\$589,544
Intergovernmental	23,527	-	1,300	-	24,827	41,305
Charges for services	850	22,970	2,169	235,132	261,121	429,297
Fines and forfeits	-	-	5,876	-	5,876	8,687
Investment income	10,229	11,039	-	9,775	31,043	18,615
Contributions and donations	16,316	-	150	-	16,466	26,923
Miscellaneous	24,455	-	3,409	298	28,162	10,841
Total revenues	75,377	34,009	571,702	245,205	926,293	1,125,212
Expenditures:						
Current:						
General government	16,466	-	-	-	16,466	17,733
Public safety	35,800	-	-	-	35,800	32,426
Parks, arena, library	3,058	156	590,801	225,322	819,337	852,781
Capital outlay:						
Public safety	21,153	-	-	-	21,153	-
Parks, arena, library	-	-	11,287	76,489	87,776	10,909
Interest expenditure	-	-	-	-	-	-
Total expenditures	76,477	156	602,088	301,811	980,532	913,849
Revenues over (under) expenditures	(1,100)	33,853	(30,386)	(56,606)	(54,239)	211,363
Other financing sources (uses):						
Transfers in	-	-	30,386	-	30,386	24,170
Total other financing sources (uses)	0	0	30,386	0	30,386	24,170
Net change in fund balance	(1,100)	33,853	-	(56,606)	(23,853)	235,533
Fund balance (deficit) - January 1	210,613	220,582	-	185,753	616,948	381,415
Fund balance (deficit) - December 31	\$209,513	\$254,435	\$0	\$129,147	\$593,095	\$616,948

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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.

- 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.
- 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.
- 2010A Capital Equipment Revenue Bonds – This fund is used to account for revenues and expenditures related to Capital Equipment purchases.

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.

- 1994 through 2007 Improvement Bonds – issued primary for alley and street reconstruction.

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CITY OF SOUTH ST. PAUL, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2011
 With Comparative Totals For December 31, 2010

	317 - 2010A Cap Equip Revenue Bonds	314- 2007B Refunding Bonds	313 - 2007 DCC Revenue Bonds	312 - 2007A Improvement Bonds
Assets				
Cash and investments	\$ -	\$308,294	\$61,269	\$612,129
Property taxes receivable:				
Delinquent	6,594	18,836	7,497	-
Due from county	2,305	5,421	2,165	-
Special assessments receivable:				
Delinquent	-	-	-	677
Deferred	-	-	-	399,822
Due from county	-	-	-	5,940
Prepaid items	-	-	-	-
Total assets	<u>\$8,899</u>	<u>\$332,551</u>	<u>\$70,931</u>	<u>\$1,018,568</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts, salaries and contracts payable	\$ -	\$ -	\$ -	\$ -
Advances from other funds	\$9,369			-
Deferred revenue	6,594	18,836	7,497	400,499
Total liabilities	<u>15,963</u>	<u>18,836</u>	<u>7,497</u>	<u>400,499</u>
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	-	313,715	63,434	618,069
Unassigned	(7,064)	-	-	-
Total fund balance (deficit)	<u>(7,064)</u>	<u>313,715</u>	<u>63,434</u>	<u>618,069</u>
Total liabilities and fund balance	<u>\$8,899</u>	<u>\$332,551</u>	<u>\$70,931</u>	<u>\$1,018,568</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2011
With Comparative Totals For December 31, 2010

	305 - 2000B Improvement Bonds	306 - 2001 Improvement Bonds	307 - 2002 Improvement Bonds	308 - 2003A Improvement Bonds
Assets				
Cash and investments	\$ -	\$157,117	\$218,306	\$486,066
Property taxes receivable:				
Delinquent	-	-	-	-
Due from county	-	-	-	-
Special assessments receivable:				
Delinquent	270	3,844	2,262	3,064
Deferred	-	-	22,053	83,338
Due from county	-	993	1,034	2,374
Prepaid items	-	-	-	-
Total assets	<u>\$270</u>	<u>\$161,954</u>	<u>\$243,655</u>	<u>\$574,842</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts, salaries and contracts payable	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	-	-
Deferred revenue	270	3,844	24,315	86,403
	<u>270</u>	<u>3,844</u>	<u>24,315</u>	<u>86,403</u>
Fund balances (deficit):				
Nonspendable	-	-	-	-
Restricted	-	158,110	219,340	488,439
Unassigned	-	-	-	-
Total fund balance (deficit)	<u>0</u>	<u>158,110</u>	<u>219,340</u>	<u>488,439</u>
Total liabilities and fund balance	<u>\$270</u>	<u>\$161,954</u>	<u>\$243,655</u>	<u>\$574,842</u>

309 - 2005A Improvement Bonds	310 - 2005B Improvement Bonds	311 - 2006A Capital Improvement Bonds	Totals Nonmajor Debt Service Funds	
			2011	2010
\$422,640	\$152,077	\$120,007	\$2,537,905	\$2,867,996
-	-	28,392	61,319	33,065
-	-	8,166	18,057	1,219
1,536	1,815	-	13,468	21,619
83,543	106,683	-	695,439	1,040,026
1,257	1,144	-	12,742	8,498
-	-	-	-	5,996
<u>\$508,976</u>	<u>\$261,719</u>	<u>\$156,565</u>	<u>\$3,338,930</u>	<u>\$3,978,419</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	9,369	-
<u>85,079</u>	<u>108,498</u>	<u>28,392</u>	<u>770,227</u>	<u>1,094,711</u>
<u>85,079</u>	<u>108,498</u>	<u>28,392</u>	<u>779,596</u>	<u>1,094,711</u>
-	-	-	-	5,996
423,897	153,221	128,173	2,566,398	2,877,712
-	-	-	(7,064)	-
<u>423,897</u>	<u>153,221</u>	<u>128,173</u>	<u>2,559,334</u>	<u>2,883,708</u>
<u>\$508,976</u>	<u>\$261,719</u>	<u>\$156,565</u>	<u>\$3,338,930</u>	<u>\$3,978,419</u>

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CITY OF SOUTH ST. PAUL, MINNESOTA
 SUBCOMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2011
 With Comparative Totals For The Year Ended December 31, 2010

	317 - 2010A Cap Equip Revenue Bonds	314- 2007B Refunding Bonds	302 - 2003B Arena Revenue Bonds	313 - 2007 DCC Revenue Bonds
Revenues:				
General property taxes	\$76,057	\$185,015	\$ -	\$73,811
Special assessments	-	-	-	-
Investment income	-	9,739	-	2,309
Total revenues	<u>76,057</u>	<u>194,754</u>	<u>0</u>	<u>76,120</u>
Expenditures:				
Interest expenditure	246	-	-	-
Debt service:				
Principal	82,650	120,000	120,000	70,072
Interest and other charges	225	62,995	39,777	9,955
Total expenditures	<u>83,121</u>	<u>182,995</u>	<u>159,777</u>	<u>80,027</u>
Revenues over (under) expenditures	<u>(7,064)</u>	<u>11,759</u>	<u>(159,777)</u>	<u>(3,907)</u>
Other financing sources (uses):				
Transfers in	-	-	159,777	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>159,777</u>	<u>0</u>
Net change in fund balance	(7,064)	11,759	-	(3,907)
Fund balance - January 1	<u>-</u>	<u>301,956</u>	<u>0</u>	<u>67,341</u>
Fund balance - December 31	<u><u>(\$7,064)</u></u>	<u><u>\$313,715</u></u>	<u><u>\$0</u></u>	<u><u>\$63,434</u></u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	312 - 2007A Improvement Bonds	305 - 2000B Improvement Bonds	306 - 2001 Improvement Bonds	307 - 2002 Improvement Bonds
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	229,051	1,921	25,633	26,949
Investment income	22,114	5,995	7,116	9,868
Total revenues	<u>251,165</u>	<u>7,916</u>	<u>32,749</u>	<u>36,817</u>
Expenditures:				
Interest expenditure	-	-	-	-
Debt service:				
Principal	145,000	105,000	70,000	55,000
Interest and other charges	36,300	2,546	4,690	4,981
Total expenditures	<u>181,300</u>	<u>107,546</u>	<u>74,690</u>	<u>59,981</u>
Revenues over (under) expenditures	<u>69,865</u>	<u>(99,630)</u>	<u>(41,941)</u>	<u>(23,164)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(122,016)	-	-
Total other financing sources (uses)	<u>0</u>	<u>(122,016)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	69,865	(221,646)	(41,941)	(23,164)
Fund balance - January 1	<u>548,204</u>	<u>221,646</u>	<u>200,051</u>	<u>242,504</u>
Fund balance - December 31	<u><u>\$618,069</u></u>	<u><u>\$0</u></u>	<u><u>\$158,110</u></u>	<u><u>\$219,340</u></u>

308 - 2003A Improvement Bonds	309 - 2005A Improvement Bonds	310 - 2005B Improvement Bonds	311 - 2006A Capital Improvement Bonds	Totals Nonmajor Debt Service Funds	
				2011	2010
\$ -	\$ -	\$ -	\$278,748	\$613,631	\$558,530
53,644	49,041	38,409	-	424,648	408,323
22,106	18,976	6,505	-	104,728	100,159
<u>75,750</u>	<u>68,017</u>	<u>44,914</u>	<u>278,748</u>	<u>1,143,007</u>	<u>1,067,012</u>
-	-	-	9	255	440
110,000	85,000	65,000	140,000	1,167,722	1,304,583
15,053	12,959	10,180	137,504	337,165	386,123
<u>125,053</u>	<u>97,959</u>	<u>75,180</u>	<u>277,513</u>	<u>1,505,142</u>	<u>1,691,146</u>
<u>(49,303)</u>	<u>(29,942)</u>	<u>(30,266)</u>	<u>1,235</u>	<u>(362,135)</u>	<u>(624,134)</u>
-	-	-	-	159,777	164,077
-	-	-	-	(122,016)	(295,094)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,761</u>	<u>(131,017)</u>
(49,303)	(29,942)	(30,266)	1,235	(324,374)	(755,151)
<u>537,742</u>	<u>453,839</u>	<u>183,487</u>	<u>126,938</u>	<u>2,883,708</u>	<u>3,638,859</u>
<u>\$488,439</u>	<u>\$423,897</u>	<u>\$153,221</u>	<u>\$128,173</u>	<u>\$2,559,334</u>	<u>\$2,883,708</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.

17th Ave North Reservoir – this fund is used to account for revenues and expenditures related to construction of the reservoir on 17th Avenue North.

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

2007 - 2011 Local Improvement – used to account for reconstruction of streets. These funds are typically viable for two years.

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.

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.

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CITY OF SOUTH ST. PAUL, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 For the Year Ended December 31, 2011
 With Comparative Totals For December 31, 2010

	404 - Airport Improvements	405 - Floodwall Construction	419 - 2007 Local Improvement	406 - Tax Increment
Assets				
Cash and investments	\$ -	\$15,208	\$ -	\$1,183,370
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	12,560
Due from county	-	-	-	5,807
Special assessments receivable:				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Due from county	-	-	-	-
Due from other governmental units	14,701	-	-	-
Total assets	<u>\$14,701</u>	<u>\$15,208</u>	<u>\$0</u>	<u>\$1,201,737</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts, salaries and contracts payable	\$8,479	\$ -	\$239,920	\$ -
Advances from other funds	540,089	-	450,922	-
Deferred revenue	-	-	-	12,560
Total liabilities	<u>548,568</u>	<u>0</u>	<u>690,842</u>	<u>12,560</u>
Fund balances (deficit):				
Assigned	-	15,208	-	1,189,177
Unassigned	<u>(533,867)</u>	<u>-</u>	<u>(690,842)</u>	<u>-</u>
Total fund balance (deficit)	<u>(533,867)</u>	<u>15,208</u>	<u>(690,842)</u>	<u>1,189,177</u>
Total liabilities and fund balance	<u>\$14,701</u>	<u>\$15,208</u>	<u>\$0</u>	<u>\$1,201,737</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2011
With Comparative Totals For December 31, 2010

	<u>407 - Equipment Acquisition</u>	<u>408 - Stockyards Redevelopment</u>	<u>410 - Local Improvement</u>	<u>425 - SSP High School Parking Lot</u>
Assets				
Cash and investments	\$674,004	\$546,266	\$127,111	\$ -
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	-
Due from county	-	-	-	-
Special assessments receivable:				
Delinquent	-	-	421	-
Deferred	-	-	9,373	260,000
Due from county	-	-	193	-
Due from other governmental units	-	-	-	-
Total assets	<u><u>\$674,004</u></u>	<u><u>\$546,266</u></u>	<u><u>\$137,098</u></u>	<u><u>\$260,000</u></u>
Liabilities and Fund Balance				
Liabilities:				
Accounts, salaries and contracts payable	\$92,453	\$ -	\$ -	\$202
Advances from other funds	-	-	-	299,829
Deferred revenue	-	-	9,795	260,000
Total liabilities	<u><u>92,453</u></u>	<u><u>0</u></u>	<u><u>9,795</u></u>	<u><u>560,031</u></u>
Fund balance (deficit):				
Assigned	581,551	546,266	127,303	-
Unassigned	-	-	-	(300,031)
Total fund balance (deficit)	<u><u>581,551</u></u>	<u><u>546,266</u></u>	<u><u>127,303</u></u>	<u><u>(300,031)</u></u>
Total liabilities and fund balance	<u><u>\$674,004</u></u>	<u><u>\$546,266</u></u>	<u><u>\$137,098</u></u>	<u><u>\$260,000</u></u>

424 - 2011 Local Improvement	421 - 380 Airport Road	Totals Nonmajor Capital Project Funds	
		2011	2010
\$ -	\$ -	\$2,545,959	\$2,293,117
-	92,735	92,735	110,995
-	-	12,560	110,770
-	-	5,807	22,442
-	-	421	919
-	-	269,373	14,216
-	-	193	2
-	-	14,701	21,546
<u>\$0</u>	<u>\$92,735</u>	<u>\$2,941,749</u>	<u>\$2,574,007</u>
\$2,781	\$ -	\$343,835	\$333,436
128,902	18,260	1,438,002	1,210,144
-	80,072	362,427	223,927
<u>131,683</u>	<u>98,332</u>	<u>2,144,264</u>	<u>1,767,507</u>
-	-	2,459,505	2,286,922
<u>(131,683)</u>	<u>(5,597)</u>	<u>(1,662,020)</u>	<u>(1,480,422)</u>
<u>(131,683)</u>	<u>(5,597)</u>	<u>797,485</u>	<u>806,500</u>
<u>\$0</u>	<u>\$92,735</u>	<u>\$2,941,749</u>	<u>\$2,574,007</u>

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CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	<u>404 - Airport Improvements</u>	<u>405 - Floodwall Construction</u>	<u>419 - 2007 Local Improvement</u>	<u>406 - Tax Increment</u>	<u>407 - Equipment Acquisition</u>
Revenues:					
Tax increment collections	\$ -	\$ -	\$ -	\$167,899	\$ -
Intergovernmental revenue	16,233	-	-	14,732	-
Charges for services	16,070	-	-	-	-
Special assessments	-	-	-	-	-
Other	-	-	-	-	-
Investment income	-	1,276	-	49,309	31,750
Total revenues	<u>32,303</u>	<u>1,276</u>	<u>0</u>	<u>231,940</u>	<u>31,750</u>
Expenditures:					
Current:					
General government	-	-	-	-	21,433
Public works	-	8,352	-	-	-
Transportation	27,197	-	-	-	-
Nondepartmental	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	140,590
Public safety	-	-	-	-	-
Public works	-	7,011	254,443	-	8,902
Transportation	-	-	-	-	-
Interest expenditure	25,159	-	19,495	-	-
Total expenditures	<u>52,356</u>	<u>15,363</u>	<u>273,938</u>	<u>0</u>	<u>170,925</u>
Revenues over (under) expenditures	<u>(20,053)</u>	<u>(14,087)</u>	<u>(273,938)</u>	<u>231,940</u>	<u>(139,175)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	69,560
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,560</u>
Net change in fund balance	(20,053)	(14,087)	(273,938)	231,940	(69,615)
Fund balance (deficit) - January 1	<u>(513,814)</u>	<u>29,295</u>	<u>(416,904)</u>	<u>957,237</u>	<u>651,166</u>
Fund balance (deficit) - December 31	<u><u>(\$533,867)</u></u>	<u><u>\$15,208</u></u>	<u><u>(\$690,842)</u></u>	<u><u>\$1,189,177</u></u>	<u><u>\$581,551</u></u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	408 - Stockyards Redevelopment	409 - 17th Ave North Reservoir	410 - Local Improvement	420 - 2008 Local Improvement	425 - SSP High School Parking Lot
Revenues:					
Tax increment collections	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	6,257	-	-
Other	-	-	-	-	-
Investment income	25,615	-	6,341	-	-
Total revenues	<u>25,615</u>	<u>0</u>	<u>12,598</u>	<u>0</u>	<u>0</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public works	-	-	13,868	387	-
Transportation	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	24,409	-	-	299,012
Transportation	-	-	-	-	-
Interest expenditure	-	15,183	-	2,583	1,019
Total expenditures	<u>0</u>	<u>39,592</u>	<u>13,868</u>	<u>2,970</u>	<u>300,031</u>
Revenues over (under) expenditures	<u>25,615</u>	<u>(39,592)</u>	<u>(1,270)</u>	<u>(2,970)</u>	<u>(300,031)</u>
Other financing sources (uses):					
Transfers in	-	416,269	-	59,860	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>416,269</u>	<u>0</u>	<u>59,860</u>	<u>0</u>
Net change in fund balance	25,615	376,677	(1,270)	56,890	(300,031)
Fund balance (deficit) - January 1	<u>520,651</u>	<u>(376,677)</u>	<u>128,573</u>	<u>(56,890)</u>	<u>-</u>
Fund balance (deficit) - December 31	<u>\$546,266</u>	<u>\$0</u>	<u>\$127,303</u>	<u>\$0</u>	<u>(\$300,031)</u>

422 - 2009 Local Improvement	424 - 2011 Local Improvement	421 - 380 Airport Road	Totals Nonmajor Capital Project Funds	
			2011	2010
\$ -	\$ -	\$ -	\$167,899	\$97,978
-	224,418	-	255,383	647,136
-	-	172,652	188,722	240,932
-	-	-	6,257	5,949
-	-	-	-	1,464
-	-	-	114,291	81,444
<u>0</u>	<u>224,418</u>	<u>172,652</u>	<u>732,552</u>	<u>1,074,903</u>
2,300	-	149,288	173,021	172,388
-	276,855	-	299,462	22,187
-	-	-	27,197	58,859
-	-	-	-	2,267
-	-	-	140,590	9,175
-	-	-	-	-
-	71,725	-	665,502	1,239,573
-	-	-	-	86,366
3,789	890	2,021	70,139	71,746
<u>6,089</u>	<u>349,470</u>	<u>151,309</u>	<u>1,375,911</u>	<u>1,662,561</u>
(6,089)	(125,052)	21,343	(643,359)	(587,658)
88,655	-	-	634,344	2,671,172
-	-	-	-	(25,309)
<u>88,655</u>	<u>0</u>	<u>0</u>	<u>634,344</u>	<u>2,645,863</u>
82,566	(125,052)	21,343	(9,015)	2,058,205
<u>(82,566)</u>	<u>(6,631)</u>	<u>(26,940)</u>	<u>806,500</u>	<u>(1,251,705)</u>
<u>\$0</u>	<u>(\$131,683)</u>	<u>(\$5,597)</u>	<u>\$797,485</u>	<u>\$806,500</u>

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, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 21

	2011			2010 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
General property taxes:				
Current	\$585,715	\$585,715	\$539,067	\$576,292
Delinquent	-	-	19,731	13,252
Total general property taxes	<u>585,715</u>	<u>585,715</u>	<u>558,798</u>	<u>589,544</u>
Intergovernmental:				
County:				
Grants	-	-	1,300	1,950
Total intergovernmental	<u>0</u>	<u>0</u>	<u>1,300</u>	<u>1,950</u>
Rental fees	5,000	5,000	2,169	3,599
Fines and forfeits	9,000	9,000	5,876	8,687
Donations/other	3,800	3,800	3,559	3,077
Total revenues	<u>603,515</u>	<u>603,515</u>	<u>571,702</u>	<u>606,857</u>
Expenditures:				
Parks, arena, library:				
Personal services	400,901	414,515	420,804	460,352
Materials and supplies	87,800	87,800	89,978	89,931
Other services and charges	87,844	86,649	77,152	77,516
Capital Outlay	-	9,000	11,287	-
Miscellaneous	26,970	5,551	2,867	3,227
Total expenditures	<u>603,515</u>	<u>603,515</u>	<u>602,088</u>	<u>631,026</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(30,386)</u>	<u>(24,169)</u>
Other financing sources (uses):				
Transfers in	-	-	30,386	24,170
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>30,386</u>	<u>24,170</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>1</u>
Fund balance (deficit) - January 1			<u>-</u>	<u>-</u>
Fund balance (deficit) - December 31			<u>\$0</u>	<u>\$1</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, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 22

	2011			2010 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Charges for services:				
Memberships	\$136,000	\$136,000	\$147,814	\$130,029
Programming	76,000	76,000	78,133	78,757
Open Swim	6,000	6,000	5,919	5,219
Room Rental	3,000	3,001	2,727	2,291
Other	250	250	539	402
Investment income	5,000	5,000	9,775	7,722
Miscellaneous	-	-	298	-
Total revenues	<u>226,250</u>	<u>226,251</u>	<u>245,205</u>	<u>224,420</u>
Expenditures:				
Parks, arena, library:				
Personal services	167,740	167,193	155,180	127,597
Materials and supplies	22,060	22,060	27,221	37,925
Services and other charges	30,464	30,464	39,970	35,523
Miscellaneous	1,700	1,700	2,951	6,010
Capital outlay	60,000	60,000	76,489	-
Total expenditures	<u>281,964</u>	<u>281,417</u>	<u>301,811</u>	<u>207,055</u>
Net change in fund balance	<u>(\$55,714)</u>	<u>(\$55,166)</u>	(56,606)	17,365
Fund balance (deficit) - January 1			<u>185,753</u>	<u>168,388</u>
Fund balance (deficit) - December 31			<u>\$129,147</u>	<u>\$185,753</u>

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

Statement 23

December 31, 2011

With Comparative Total Amounts as of December 31, 2010

	703 - Central	705 - OPEB/ Employee	Totals	
	Garage	Benefits Fund	2011	2010
Assets:				
Current assets:				
Cash and investments	\$419,326	\$367,806	\$787,132	\$1,016,405
Accounts Receivable	587	-	587	-
Total current assets	<u>419,913</u>	<u>367,806</u>	<u>787,719</u>	<u>1,016,405</u>
Noncurrent assets:				
Special assessments - deferred	-	-	-	-
Capital assets:				
Machinery and equipment	3,442,811	-	3,442,811	3,270,307
Less: Allowance for depreciation	(2,237,239)	-	(2,237,239)	(2,209,880)
Net capital assets	<u>1,205,572</u>	<u>0</u>	<u>1,205,572</u>	<u>1,060,427</u>
Total noncurrent assets	<u>1,205,572</u>	<u>0</u>	<u>1,205,572</u>	<u>1,060,427</u>
Total assets	<u>1,625,485</u>	<u>367,806</u>	<u>1,993,291</u>	<u>2,076,832</u>
Liabilities:				
Current liabilities:				
Accounts payable	46,405	-	46,405	35,143
Wages and payroll taxes payable	2,511	-	2,511	3,798
Compensated absences	-	108,222	108,222	112,871
Total current liabilities	<u>48,916</u>	<u>108,222</u>	<u>157,138</u>	<u>151,812</u>
Noncurrent liabilities:				
Net other postemployment benefit obligation	-	873,210	873,210	728,326
Compensated absences	-	258,359	258,359	284,548
Total noncurrent liabilities	<u>0</u>	<u>1,131,569</u>	<u>1,131,569</u>	<u>1,012,874</u>
Total liabilities	<u>48,916</u>	<u>1,239,791</u>	<u>1,288,707</u>	<u>1,164,686</u>
Net assets:				
Invested in capital assets	1,205,572	-	1,205,572	1,060,427
Unrestricted	370,997	(871,985)	(500,988)	(148,281)
Total net assets	<u>\$1,576,569</u>	<u>(\$871,985)</u>	<u>\$704,584</u>	<u>\$912,146</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2011
With Comparative Total Amounts For The Year Ended December 31, 2010

Statement 24

	703 - Central Garage	705 - OPEB/ Employee Benefits Fund	Totals	
			2011	2010
Operating revenues:				
Customer billings:				
Other charges	\$850	\$ -	\$850	\$101
Retiree health insurance charges	-	263,379	263,379	219,695
Compensated absences charges	-	55,979	55,979	96,819
Equipment rental and repair charges	659,674	-	659,674	660,771
Total operating revenues	<u>660,524</u>	<u>319,358</u>	<u>979,882</u>	<u>977,386</u>
Operating expenses:				
Personal services:				
Salaries and wages	98,815	-	98,815	101,572
Employee benefits	-	-	-	2,778
Pension contributions	14,808	-	14,808	14,778
Insurance	21,612	434,778	456,390	417,238
Total personal services	<u>135,235</u>	<u>434,778</u>	<u>570,013</u>	<u>536,366</u>
Materials and supplies:				
Maintenance materials	374,942	-	374,942	305,366
Contractual services:				
Insurance	21,204	-	21,204	23,044
Professional services	8,503	-	8,503	5,144
Repairs and maintenance	40,788	-	40,788	19,324
Other	15,099	-	15,099	14,491
Total contractual services	<u>85,594</u>	<u>0</u>	<u>85,594</u>	<u>62,003</u>
Depreciation	214,013	-	214,013	224,793
Total operating expenses	<u>809,784</u>	<u>434,778</u>	<u>1,244,562</u>	<u>1,128,528</u>
Operating income (loss)	<u>(149,260)</u>	<u>(115,420)</u>	<u>(264,680)</u>	<u>(151,142)</u>
Nonoperating revenues (expenses):				
Investment income	26,336	16,933	43,269	30,651
Gain on sale of capital assets	13,849	-	13,849	16,687
Total nonoperating revenues (expenses)	<u>40,185</u>	<u>16,933</u>	<u>57,118</u>	<u>47,338</u>
Income (loss) before transfers	<u>(109,075)</u>	<u>(98,487)</u>	<u>(207,562)</u>	<u>(103,804)</u>
Net assets - January 1	1,685,644	(773,498)	912,146	811,212
Prior period adjustment	-	-	-	204,738
Net assets - restated	<u>1,685,644</u>	<u>(773,498)</u>	<u>912,146</u>	<u>1,015,950</u>
Net assets - December 31	<u>\$1,576,569</u>	<u>(\$871,985)</u>	<u>\$704,584</u>	<u>\$912,146</u>

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

Statement 25

For The Year Ended December 31, 2011

With Comparative Total Amounts For The Year Ended December 31, 2010

	703 - Central Garage	705 - OPEB/ Employee Benefits Fund	Totals	
			2011	2010
Cash flows from operating activities:				
Receipts from customers and users	\$659,937	\$319,358	\$979,295	\$977,386
Payment to suppliers	(449,274)	(289,894)	(739,168)	(592,329)
Payment to employees	(136,522)	(30,838)	(167,360)	(182,343)
Net cash flows from operating activities	<u>74,141</u>	<u>(1,374)</u>	<u>72,767</u>	<u>202,714</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(384,411)	-	(384,411)	(186,726)
Proceeds from sale of capital assets	39,102	-	39,102	37,787
Net cash flows from capital and related financing activities	<u>(345,309)</u>	<u>0</u>	<u>(345,309)</u>	<u>(148,939)</u>
Cash flows from investing activities:				
Investment income	<u>26,336</u>	<u>16,933</u>	<u>43,269</u>	<u>30,651</u>
Net increase (decrease) in cash and cash equivalents	(244,832)	15,559	(229,273)	84,426
Cash and cash equivalents - January 1	<u>664,158</u>	<u>352,247</u>	<u>1,016,405</u>	<u>931,979</u>
Cash and cash equivalents - December 31	<u>\$419,326</u>	<u>\$367,806</u>	<u>\$787,132</u>	<u>\$1,016,405</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>(\$149,260)</u>	<u>(\$115,420)</u>	<u>(\$264,680)</u>	<u>(\$151,142)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	214,013	-	214,013	224,793
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(587)	-	(587)	-
Increase (decrease) in accounts payable	11,262	-	11,262	(34,601)
Increase (decrease) in salaries payable	(1,287)	-	(1,287)	1,920
Increase (decrease) in compensated absences	-	(30,838)	(30,838)	(45,849)
Increase (decrease) in net other postemployment benefit obligation	-	144,884	144,884	207,593
Total adjustments	<u>223,401</u>	<u>114,046</u>	<u>337,447</u>	<u>353,856</u>
Net cash provided by operating activities	<u>\$74,141</u>	<u>(\$1,374)</u>	<u>\$72,767</u>	<u>\$202,714</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
 December 31, 2011
 With Comparative Amounts as of December 31, 2010

Statement 26

	804 - Landscape/ landfill	805 - Employee Healthcare Reimbursement Account	Totals	
			2011	2010
Assets:				
Cash and investments	<u>\$128,859</u>	<u>\$17,152</u>	<u>\$146,011</u>	<u>\$136,391</u>
Liabilities:				
Deposits payable	<u>\$128,859</u>	<u>\$17,152</u>	<u>\$146,011</u>	<u>\$136,391</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For The Year Ended December 31, 2011

Statement 27

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
<u>804 - Landscape/landfill</u>				
Assets:				
Cash and investments	<u>\$122,817</u>	<u>\$6,042</u>	<u>\$ -</u>	<u>\$128,859</u>
Liabilities:				
Deposits payable	<u>\$122,817</u>	<u>\$6,042</u>	<u>\$ -</u>	<u>\$128,859</u>
<u>805 - Employee Healthcare Reimbursement Account</u>				
Assets:				
Cash and investments	<u>\$13,574</u>	<u>\$6,875</u>	<u>\$3,297</u>	<u>\$17,152</u>
Liabilities:				
Deposits payable	<u>\$13,574</u>	<u>\$6,875</u>	<u>\$3,297</u>	<u>\$17,152</u>

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, 2011.

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.	3.00%	1/16/2009	1/23/2012	\$96,145
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	1/16/2009	1/23/2012	96,145
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	2/13/2009	2/21/2012	96,336
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	4/8/2009	4/9/2012	96,632
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	4/1/2009	4/9/2012	96,644
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	4/8/2009	4/16/2012	96,676
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	5/21/2009	5/29/2012	75,760
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	5/21/2009	5/29/2012	74,750
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.10%	5/21/2009	5/29/2012	75,776
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.10%	5/21/2009	5/29/2012	74,765
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.75%	1/2/2009	1/2/2013	98,333
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	5/21/2009	5/28/2013	77,356
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	5/21/2009	5/28/2013	76,325
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.50%	9/3/2010	9/3/2013	150,124
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.35%	10/29/2010	10/29/2013	244,554
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.30%	9/23/2011	9/23/2014	241,746
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.30%	9/21/2011	9/24/2014	148,011
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.40%	10/6/2011	10/6/2014	148,385
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.50%	11/3/2011	11/10/2014	95,198
Certificate of Deposit - Smith Barney	Cert. of Dep.	1.90%	9/12/2011	9/16/2016	94,082
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.050%	3/6/2009	3/6/2012	99,436
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.000%	3/3/2009	9/4/2012	100,638
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.100%	2/23/2009	2/27/2013	101,642
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.100%	3/11/2009	3/11/2013	101,706
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	9/30/2011	9/30/2013	98,870
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	7/1/2011	1/2/2014	49,968
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	7/1/2011	1/2/2014	149,903
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.450%	4/3/2009	4/3/2014	102,582
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.250%	4/15/2009	4/15/2014	104,042
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.050%	6/30/2011	6/30/2014	100,172
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.250%	6/29/2011	6/30/2014	50,086
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	7/1/2011	7/7/2014	248,371
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	7/13/2011	7/14/2014	150,378
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	7/6/2011	7/29/2014	248,191
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.000%	8/2/2011	8/1/2014	248,228
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.100%	7/16/2010	7/16/2015	101,909
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.200%	7/20/2010	7/20/2015	101,524
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.200%	7/21/2010	7/21/2015	100,491
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.400%	7/30/2010	7/30/2015	102,356
Certificate of Deposit - Wells Fargo	Cert. of Dep.	2.000%	8/4/2010	8/4/2015	102,187
Certificate of Deposit - Wells Fargo	Cert. of Dep.	1.900%	11/12/2010	10/13/2015	247,976
Hopkins Minn Independent School District No 270	Agency	5.250%	1/15/2009	2/1/2018	227,064
Rochester Minn Taxable-Tax	Agency	4.700%	3/24/2009	2/1/2019	293,270
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	12/13/2011	12/13/2019	400,164
Richfield Independent School District No 280	Agency	5.125%	3/24/2009	2/1/2020	307,213
Rochester Minn Taxable-Tax	Agency	5.000%	3/26/2009	2/1/2020	337,971
Ohio State Utility G.O. Series 2009-C Taxable	Agency	4.621%	12/14/2010	3/1/2020	533,737
Federal National Mortgage Association Note	Agency	2.250%	8/25/2010	8/25/2020	200,398
Federal National Mortgage Association Note	Agency	2.000%	10/28/2010	10/28/2020	200,196
Federal Home Loan Bank Bonds	Agency	3.050%	11/18/2010	11/18/2020	256,090
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.000%	6/20/2011	7/13/2021	401,144
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.000%	6/30/2011	7/24/2021	503,320
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.250%	9/30/2011	9/30/2021	200,210
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.250%	10/25/2011	10/25/2021	501,045
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.000%	10/26/2011	10/26/2021	502,880
Federal Home Loan Mortgage Corp Medium Term Note	Agency	2.500%	11/23/2011	11/23/2021	500,950
Mahtomedi Independent School District No 832	Agency	5.125%	5/5/2009	2/1/2022	301,903
Certificate of Deposit - Bremer Bank	Cert. of Dep.	0.25%	7/22/2007	12/23/2012	\$100,000
Money Manager Savings Accounts		n/a			717,915
Cash on Hand and in Banking Accounts		n/a			6,214,755
					<u>\$17,664,624</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
 December 31, 2011

	Date of Issue	Final Maturity Date	Original Interest Rates
General long-term debt bonds:			
G.O. Capital Improvement Bonds of 2006A	6/27/2006	2/1/2027	4.00% - 4.30%
G.O. Refunding Bonds, Series 2007B	1/24/2007	2/1/2021	4.00% - 4.10%
Total general long-term debt bonds			
Special assessment bonds:			
Improvement Bonds, Series 2000B	12/28/2000	2/1/2011	4.35% - 4.85%
Improvement Bonds, Series 2001	12/26/2001	2/1/2012	2.00% - 4.50%
Improvement Bonds, Series 2002	12/16/2002	2/1/2013	1.90% - 4.00%
Improvement Bonds, Series 2003A	12/23/2003	2/1/2014	2.00% - 3.70%
Improvement Bonds, Series 2005A	1/5/2005	2/1/2015	2.15% - 3.70%
Improvement Bonds, Series 2005B	12/27/2005	2/1/2016	3.30% - 4.15%
Improvement Bonds, Series 2007A	1/24/2007	2/1/2017	4.00%
Improvement Bonds, Series 2008A	12/16/2008	2/1/2030	4.00 - 7.00%
Total special assessment bonds			
Revenue bonds:			
Arena Refunding Bonds, Series 2003B	12/23/2003	2/1/2018	2.00% - 4.15%
G.O. PFA Water Revenue Note, Series 2010	4/13/2010	8/20/2029	1.71%
Total bonded indebtedness			

Prior Years		Payable 01/01/11	2011		Payable 12/31/11	Principal Due In 2012	Interest Due In 2012
Original Issue	Payments		Issued	Payments			
3,800,000	390,000	3,410,000	-	140,000	3,270,000	145,000	131,804
1,840,000	225,000	1,615,000	-	120,000	1,495,000	125,000	57,645
5,640,000	615,000	5,025,000	0	260,000	4,765,000	270,000	189,449
1,295,000	1,190,000	105,000	-	105,000	-	-	-
860,000	720,000	140,000	-	70,000	70,000	70,000	1,575
600,000	445,000	155,000	-	55,000	100,000	50,000	2,975
1,150,000	665,000	485,000	-	110,000	375,000	120,000	11,225
920,000	505,000	415,000	-	85,000	330,000	85,000	10,196
590,000	300,000	290,000	-	65,000	225,000	45,000	8,123
1,420,000	440,000	980,000	-	145,000	835,000	145,000	30,500
1,955,000	45,000	1,910,000	-	135,000	1,775,000	135,000	72,820
8,790,000	4,310,000	4,480,000	0	770,000	3,710,000	650,000	137,414
1,770,000	665,000	1,105,000	-	120,000	985,000	125,000	35,703
2,801,051	51	2,801,000	-	126,000	2,675,000	128,000	45,716
4,571,051	665,051	3,906,000	-	246,000	3,660,000	253,000	81,419
<u>\$19,001,051</u>	<u>\$5,590,051</u>	<u>\$13,411,000</u>	<u>\$0</u>	<u>\$1,276,000</u>	<u>\$12,135,000</u>	<u>\$1,173,000</u>	<u>\$408,282</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
 December 31, 2011

	General Long Term Financing					
	G.O. Cap Imp Bonds of 2006A		G.O. Refunding Bonds 2007B		Total General Long Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	145,000	131,804	125,000	57,645	270,000	189,449
2013	150,000	125,904	130,000	52,545	280,000	178,449
2014	160,000	119,704	135,000	47,245	295,000	166,949
2015	165,000	113,204	140,000	41,745	305,000	154,949
2016	170,000	106,504	145,000	36,045	315,000	142,549
2017	180,000	99,504	150,000	30,145	330,000	129,649
2018	185,000	92,204	160,000	23,945	345,000	116,149
2019	195,000	84,604	165,000	17,445	360,000	102,049
2020	205,000	76,501	170,000	10,660	375,000	87,161
2021	215,000	67,864	175,000	3,588	390,000	71,452
2022	220,000	58,865	-	-	220,000	58,865
2023	235,000	49,365	-	-	235,000	49,365
2024	245,000	39,285	-	-	245,000	39,285
2025	255,000	28,721	-	-	255,000	28,721
2026	265,000	17,671	-	-	265,000	17,671
2027	280,000	6,020	-	-	280,000	6,020
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	\$3,270,000	\$1,217,723	\$1,495,000	\$321,008	\$4,765,000	\$1,538,731

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
 December 31, 2011

	Special Assessment Financing					
	Improvement Bonds of 2005A		Improvement Bonds of 2005B		Improvement Bonds of 2007A	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	85,000	10,196	45,000	8,123	145,000	30,500
2013	85,000	7,306	45,000	6,390	145,000	24,700
2014	80,000	4,400	45,000	4,612	145,000	18,900
2015	80,000	1,480	45,000	2,790	140,000	13,200
2016	-	-	45,000	934	130,000	7,800
2017	-	-	-	-	130,000	2,600
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	\$330,000	\$23,382	\$225,000	\$22,849	\$835,000	\$97,700

Special Assessment Financing			
Improvement Bonds of 2008		Total S.A. Bonds	
Principal	Interest	Principal	Interest
135,000	72,820	650,000	137,414
135,000	67,420	585,000	113,813
110,000	62,520	510,000	92,837
110,000	58,120	375,000	75,590
110,000	53,720	285,000	62,454
110,000	49,320	240,000	51,920
105,000	45,020	105,000	45,020
100,000	40,870	100,000	40,870
80,000	37,080	80,000	37,080
80,000	33,600	80,000	33,600
80,000	30,120	80,000	30,120
80,000	26,640	80,000	26,640
80,000	23,100	80,000	23,100
80,000	19,500	80,000	19,500
80,000	15,900	80,000	15,900
75,000	12,338	75,000	12,338
75,000	8,813	75,000	8,813
75,000	5,287	75,000	5,287
75,000	1,762	75,000	1,762
<u>\$1,775,000</u>	<u>\$663,949</u>	<u>\$3,710,000</u>	<u>\$834,057</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
 December 31, 2011

	G.O. Revenue Bonds		G.O. Water Revenue Bonds		Total All Bonds	
	Arena Refunding Bonds 2003B		PFA Water Revenue Note, Series 2010		Principal	Interest
	Principal	Interest	Principal	Interest		
2012	125,000	35,703	128,000	45,716	1,173,000	408,282
2013	130,000	31,303	130,000	43,528	1,125,000	367,093
2014	135,000	26,530	133,000	41,306	1,073,000	327,622
2015	145,000	21,132	135,000	39,034	960,000	290,705
2016	145,000	15,333	137,000	36,726	882,000	257,062
2017	150,000	9,432	140,000	34,385	860,000	225,386
2018	155,000	3,216	142,000	31,992	747,000	196,377
2019	-	-	144,000	29,566	604,000	172,485
2020	-	-	147,000	27,105	602,000	151,346
2021	-	-	149,000	24,592	619,000	129,644
2022	-	-	152,000	22,046	452,000	111,031
2023	-	-	154,000	19,448	469,000	95,453
2024	-	-	157,000	16,816	482,000	79,201
2025	-	-	160,000	14,133	495,000	62,354
2026	-	-	161,000	11,399	506,000	44,970
2027	-	-	165,000	8,648	520,000	27,006
2028	-	-	168,000	5,828	243,000	14,641
2029	-	-	173,000	2,956	248,000	8,243
2030	-	-	-	-	75,000	1,762
Total	\$985,000	\$142,649	\$2,675,000	\$455,224	\$12,135,000	\$2,970,661

CITY OF SOUTH ST. PAUL, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
DEBT SERVICE FUNDS
December 31, 2011

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>
2010/2011	210,000	293,689	194,402	82,040	780,131
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>\$2,073,000</u>	<u>\$4,782,829</u>	<u>\$1,938,382</u>	<u>\$88,931</u>	<u>\$8,883,142</u>

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III. STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
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.	154
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	164
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.	168
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.	174
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.	177

CITY OF SOUTH ST. PAUL, MINNESOTA

NET ASSETS BY COMPONENT

Last Nine Fiscal Years⁽¹⁾

(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$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	13,166,182	14,860,912	15,794,256	8,346,800
Total governmental activities net assets	<u>\$43,102,499</u>	<u>\$45,094,873</u>	<u>\$46,486,415</u>	<u>\$49,302,039</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$11,786,674	\$11,896,767	\$11,829,683	\$11,850,391
Unrestricted	3,086,984	2,175,655	23,523,321	2,994,348
Total business-type activities net assets	<u>\$14,873,658</u>	<u>\$14,072,422</u>	<u>\$35,353,004</u>	<u>\$14,844,739</u>
Primary government:				
Invested in capital assets, net of related debt	\$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	16,253,166	17,036,567	39,317,577	11,341,148
Total primary government net assets	<u>\$57,976,157</u>	<u>\$59,167,295</u>	<u>\$81,839,419</u>	<u>\$64,146,778</u>

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

Table 1

Fiscal Year				
2007	2008	2009	2010	2011
\$45,426,615	\$50,127,360	\$54,638,596	\$55,457,507	\$54,129,982
6,305,080	3,965,427	3,401,805	2,856,386	3,074,937
8,394,301	8,268,709	7,617,647	9,953,322	9,258,842
<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>
\$11,547,913	\$11,307,727	\$11,775,473	\$11,643,887	\$14,453,210
4,105,686	5,230,975	5,900,991	4,191,071	4,518,774
<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>
\$56,974,528	\$61,435,087	\$66,414,069	\$67,101,394	\$68,583,192
6,305,080	3,965,427	3,401,805	2,856,386	3,074,937
12,499,987	13,499,684	13,518,639	14,144,393	13,777,616
<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>

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010 *	2011
Expenses									
Governmental activities:									
General government	\$1,366,181	\$1,841,098	\$2,067,202	\$2,869,806	\$2,216,808	\$1,870,742	\$3,128,819	\$1,691,553	\$1,703,297
Public safety	5,045,513	5,250,220	5,343,939	5,535,003	6,319,181	6,515,301	6,237,343	5,973,082	6,264,933
Public works	4,529,332	4,018,591	3,328,511	4,133,175	4,009,014	3,935,557	3,557,844	3,692,691	4,132,615
Community Development	-	-	-	-	-	-	-	394,902	334,274
Parks, arena, library	2,542,146	2,612,547	2,721,746	2,895,568	2,825,016	3,085,507	2,878,922	2,523,341	2,448,875
Transportation	1,075,523	1,359,049	1,405,760	1,303,503	651,897	1,212,501	1,226,313	1,239,011	1,294,575
Interest on long-term debt	799,590	667,195	544,450	604,805	969,617	569,908	476,297	445,787	396,239
Total governmental activities expenses	<u>15,358,285</u>	<u>15,748,700</u>	<u>15,411,608</u>	<u>17,341,860</u>	<u>16,991,533</u>	<u>17,189,516</u>	<u>17,505,538</u>	<u>15,960,367</u>	<u>16,574,808</u>
Business-type activities:									
Water and sewer	3,119,265	3,135,135	3,354,849	3,390,216	3,721,772	3,904,842	3,847,254	4,028,783	4,141,467
Storm water	184,776	184,343	188,090	198,225	203,315	278,354	308,181	276,950	287,010
Street light utility	-	-	-	-	-	-	168,200	166,765	195,163
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>	<u>3,925,087</u>	<u>4,183,196</u>	<u>4,323,635</u>	<u>4,472,498</u>	<u>4,623,640</u>
Total primary government expenses	<u>\$18,662,326</u>	<u>\$19,068,178</u>	<u>\$18,954,547</u>	<u>\$20,930,301</u>	<u>\$20,916,620</u>	<u>\$21,372,712</u>	<u>\$21,829,173</u>	<u>\$20,432,865</u>	<u>\$21,198,448</u>
Program revenues									
Governmental activities:									
Charges for services:									
Airport	\$659,366	\$670,385	\$785,470	\$850,517	\$819,478	\$998,095	\$825,594	\$1,241,399	\$1,211,760
Arena	810,470	741,826	741,305	824,820	809,676	797,149	802,194	647,079	592,175
Parks and recreation	-	-	-	167,433	178,555	206,268	185,066	426,600	214,329
Other activities	4,388,687	3,399,253	2,813,154	3,233,349	2,076,527	2,209,635	3,414,923	1,832,083	2,886,947
Operating grants and contributions	1,219,824	1,203,916	994,062	1,342,519	1,557,846	1,069,733	838,970	1,010,405	1,075,261
Capital grants and contributions	644,270	487,949	1,519,639	1,966,898	3,331,011	2,238,852	736,215	729,509	228,672
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>	<u>8,773,093</u>	<u>7,519,732</u>	<u>6,802,962</u>	<u>5,887,075</u>	<u>6,209,144</u>
Business-type activities:									
Charges for services:									
Water and sewer	3,359,362	3,330,598	3,319,492	4,113,596	4,577,377	4,736,691	5,894,048	4,475,992	4,764,310
Storm water	25,466	339,780	341,317	525,143	343,281	343,426	344,774	344,439	353,574
Street light utility	-	-	-	-	-	-	204,362	206,162	207,041
Capital grants and contributions	-	-	-	-	263,977	77	226,400	-	90,118
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>	<u>5,184,635</u>	<u>5,080,194</u>	<u>6,669,584</u>	<u>5,026,593</u>	<u>5,415,043</u>
Total primary government program revenues	<u>\$11,107,445</u>	<u>\$10,173,707</u>	<u>\$10,514,439</u>	<u>\$13,024,275</u>	<u>\$13,957,728</u>	<u>\$12,599,926</u>	<u>\$13,472,546</u>	<u>\$10,913,668</u>	<u>\$11,624,187</u>
Net (expense) revenue:									
Governmental activities	(\$7,635,668)	(\$9,245,371)	(\$8,557,978)	(\$8,956,324)	(\$8,218,440)	(\$9,669,784)	(\$10,702,576)	(\$10,073,292)	(\$10,365,664)
Business-type activities	80,787	350,900	117,870	1,050,298	1,259,548	896,998	2,345,949	554,095	791,403
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>	<u>(\$6,958,892)</u>	<u>(\$8,772,786)</u>	<u>(\$8,356,627)</u>	<u>(\$9,519,197)</u>	<u>(\$9,574,261)</u>

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010 *	2011
General revenues and other changes in net assets									
Governmental activities:									
Taxes:									
Property taxes	\$4,578,528	\$4,600,156	\$5,017,990	\$5,305,741	\$5,744,747	\$6,367,319	\$6,664,130	\$6,909,320	\$7,384,122
Tax increment	1,265,819	1,369,702	1,294,075	1,443,232	1,618,275	1,895,194	1,981,064	79,638	167,899
Franchise taxes	597,815	601,642	723,491	749,039	755,296	896,215	759,836	764,407	830,981
Unrestricted grants and contributions	3,193,095	2,808,461	2,249,007	2,781,385	2,537,158	2,130,674	2,459,663	1,849,002	1,860,742
Investment earnings	293,727	612,784	609,957	763,661	1,112,186	334,520	158,024	219,921	315,572
Gain on sale of capital assets	-	-	-	-	-	27,630	699	16,687	13,849
Miscellaneous	-	-	-	116,366	18,225	53,680	191,103	82,018	124,457
Special item - change in depreciation method	-	-	-	-	6,494,081	-	-	-	-
Transfers of capital assets	-	-	-	-	-	-	-	-	(2,711,680)
Transfers	-	1,245,000	55,000	440,273	550,262	200,052	1,784,609	2,556,728	576,268
Total governmental activities	9,928,984	11,237,745	9,949,520	11,599,697	18,830,230	11,905,284	13,999,128	12,477,721	8,562,210
Business-type activities:									
Investment earnings	40,788	92,864	46,723	52,699	264,641	188,157	135,719	161,126	210,211
Special item - change in depreciation method	-	-	-	-	(245,843)	-	-	-	-
Transfers of capital assets	-	-	-	-	-	-	-	-	2,711,680
Transfers	-	(1,245,000)	(55,000)	(440,273)	(550,262)	(200,052)	(1,793,488)	(2,556,728)	(576,268)
Total business-type activities	40,788	(1,152,136)	(8,277)	(387,574)	(531,464)	(11,895)	(1,657,769)	(2,395,602)	2,345,623
Total primary government	\$9,969,772	\$10,085,609	\$9,941,243	\$11,212,123	\$18,298,766	\$11,893,389	\$12,341,359	\$10,082,119	\$10,907,833
Change in net assets:									
Governmental activities	\$2,293,316	\$1,992,374	\$1,391,542	\$2,643,373	\$10,611,790	\$2,235,500	\$3,296,552	\$2,404,429	(\$1,803,454)
Business-type activities	121,575	(801,236)	109,593	662,724	728,084	885,103	688,180	(1,841,507)	3,137,026
Total primary government	\$2,414,891	\$1,191,138	\$1,501,135	\$3,306,097	\$11,339,874	\$3,120,603	\$3,984,732	\$562,922	\$1,333,572

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

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

CITY OF SOUTH ST. PAUL, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS

Last Nine Fiscal Years⁽¹⁾
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	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>

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003.

Table 3

Fiscal Year				
2007	2008	2009	2010	2011
\$2,951	\$578	\$23,841	\$ -	\$ -
3,154,304	1,902,052	3,954,664	-	-
			1,994	4,295,945
			-	448,307
			3,946,072	4,024,872
<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>
\$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
-	-	-	3,404,591	3,101,673
-	-	-	1,733,585	577,454
-	-	-	4,149,829	5,004,209
-	-	-	588,191	(166,737)
<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>

CITY OF SOUTH ST. PAUL, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Nine Fiscal Years^{(1) (2)}
(Modified Accrual Basis of Accounting)

Table 4
Page 1 of 4

	Fiscal Year			
	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	<u>17,781,725</u>	<u>16,709,782</u>	<u>16,886,275</u>	<u>18,982,215</u>
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
Bond discounts, issuance costs, agents fees and other	48,309	48,408	29,459	32,740
Total expenditures	<u>18,807,389</u>	<u>18,294,973</u>	<u>21,837,113</u>	<u>27,906,261</u>
Revenues over (under) expenditures	<u>(1,025,664)</u>	<u>(1,585,191)</u>	<u>(4,950,838)</u>	<u>(8,924,046)</u>

Fiscal Year				
2007	2008	2009	2010	2011
\$5,662,257	\$6,237,649	\$6,635,485	\$6,954,595	\$7,398,566
1,618,276	1,895,194	1,981,064	97,978	167,899
755,296	896,215	759,836	764,407	830,981
385,103	377,503	334,996	373,625	372,417
7,357,769	5,410,813	3,986,452	3,429,476	3,127,609
2,873,644	3,025,216	3,340,316	3,599,832	3,615,226
139,966	113,221	114,821	100,082	104,519
850,285	798,164	645,146	635,721	743,706
1,036,104	304,388	137,255	189,270	272,303
4,541	28,443	48,395	27,123	37,066
147,383	52,771	186,682	81,917	123,607
<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>
2,137,081	1,824,108	1,911,675	1,583,254	1,581,594
6,290,264	6,327,399	5,905,562	5,814,072	5,956,776
2,670,003	2,378,366	2,165,858	2,321,600	2,636,833
-	-	-	391,817	328,592
2,574,722	2,772,001	2,590,665	2,238,432	2,138,061
798,931	1,012,170	982,012	1,001,317	1,057,479
12,058	25,285	1,099,685	2,267	-
-	-	-	-	-
2,161,027	133,826	68,853	9,175	140,590
176,123	52,194	38,930	21,837	36,978
3,156,507	2,981,684	2,811,993	1,305,856	1,624,362
6,058	233,341	115,684	542,036	226,222
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
706,944	613,331	520,487	468,801	415,835
53,529	31,044	-	-	-
<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>(3,113,606)</u>	<u>(2,748,059)</u>	<u>(2,827,477)</u>	<u>(927,631)</u>	<u>(686,565)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Nine Fiscal Years⁽¹⁾
 (Modified Accrual Basis of Accounting)

Table 4
Page 3 of 4

	Fiscal Year			
	2003	2004	2005	2006
Other financing sources (uses):				
Bond proceeds	\$2,920,000	\$4,320,000	\$1,510,000	\$3,800,000
Issuance of refunding bonds	-	-	-	-
Bond discount	-	-	-	(41,707)
Bond premiums	-	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%

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

⁽²⁾The City implemented some reorganization changes and as a result, the 2010 numbers have been revised to reflect these changes.

Fiscal Year				
2007	2008	2009	2010	2011
\$1,420,000	\$1,955,000	\$ -	\$ -	\$ -
1,840,000	-	-	-	-
-	(6,265)	-	-	-
14,249	-	-	-	-
375,490	-	-	-	-
-	(1,810,000)	-	-	-
854,623	200,052	1,793,488	2,556,728	576,268
-	(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>\$1,398,756</u>	<u>(\$2,553,700)</u>	<u>(\$1,042,868)</u>	<u>\$1,629,097</u>	<u>(\$110,297)</u>
19.2%	20.3%	18.4%	12.2%	11.3%
14.6%	16.9%	15.7%	10.8%	10.0%

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

Table 5

Fiscal Year Ended December 31,	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
2002	7,813,003	2,160,698	298,893	10,272,594	757,301	11,029,895	44.89%	877,371,600	1.70%
2003	7,772,674	3,131,294	323,767	11,227,735	731,743	11,959,478	41.26%	973,574,700	1.26%
2004	8,781,975	3,292,029	330,428	12,404,432	(662,775)	11,741,657	39.45%	1,089,767,400	1.23%
2005	10,173,618	3,497,313	376,911	14,047,842	656,676	14,704,518	36.91%	1,241,247,200	1.08%
2006	11,675,953	3,815,562	407,555	15,899,070	371,768	16,270,838	35.00%	1,411,714,500	1.18%
2007	12,995,800	4,410,391	440,101	17,846,292	(2,384)	17,843,908	34.14%	1,576,157,200	1.15%
2008	13,332,184	4,881,619	452,319	18,666,122	(89,245)	18,576,877	36.14%	1,632,184,800	1.14%
2009	12,877,645	5,070,283	456,589	18,404,517	124,094	18,528,611	38.53%	1,596,388,200	1.16%
2010	11,977,146	4,799,666	458,234	17,235,046	1,069,688	18,304,734	41.43%	1,485,029,900	1.23%
2011	10,472,929	4,708,088	471,467	15,652,484	1,197,889	16,850,373	48.37%	1,336,348,950	1.26%

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

Fiscal Year	City of South St. Paul				Overlapping Rates*				
	Operating Millage	Debt Service Millage	Library Millage	Total Direct Rate	School District		Other Districts	County	Total
					#6	#199			
2002	35.60%	4.45%	4.84%	44.89%	38.43%	16.92%	5.02%	33.10%	121.44% **
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%

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.

**The State of Minnesota enacted significant property tax reform measures in 2001. Among these measures were several provisions which substantially reduced school district property tax levies, replacing the tax levy funds with state aid. As a result, tax levies and tax rates for most school districts for taxes payable in 2002 are substantially less than the comparable figures for prior years.

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

Table 7

Taxpayer	2011			2002		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy	\$296,035	1	1.89%	\$226,389	1	2.20%
Blue Dog Properties Trust	200,948	2	1.28%	-	-	0.00%
Chicago & NW Trans. Co	128,363	3	0.82%	83,763	5	0.82%
Waterous Co	121,158	4	0.77%	74,460	8	0.72%
Leonard Investment Co.	113,974	5	0.73%	71,718	9	0.70%
Waterford Green Limited Partnership	105,625	6	0.67%	122,400	2	1.19%
Dakota Bulk Property LLC	100,470	7	0.64%	76,352	7	0.74%
Jebco Group Inc	97,628	8	0.62%	93,102	4	0.91%
Hardman Ave Properties LLC	75,824	9	0.48%	-	-	0.00%
Digital Angel Holdings LLC	73,750	10	0.47%	-	-	0.00%
American Real Estate Holdings Limited Partnership	-	-	-	125,214	3	1.22%
Canal Capital Corp	-	-	-	61,523	10	0.60%
Healtheast Bethesda Care Center				78,004	6	0.76%
Total	\$1,313,775		8.37%	\$1,012,925		9.86%
Total All Property	\$15,652,484			\$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
2002	3,408,718	3,348,074	98.22%	60,644	3,408,718	100.00%
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%	75,485	3,102,192	99.88%
2006	4,792,996	4,708,423	98.24%	80,673	4,789,096	99.92%
2007	6,115,536	5,993,668	98.01%	113,847	6,107,515	99.87%
2008	6,652,578	6,505,188	97.78%	131,873	6,637,061	99.77%
2009	7,053,607	6,916,953	98.06%	129,839	7,046,792	99.90%
2010	* 7,454,599	6,967,894	93.47%	138,387	7,106,281	93.47%
2011	7,880,133	7,689,963	97.59%	-	7,689,963	0.00%

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

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	
2002	4,800,000	7,265,000	6,310,000	-	-	18,375,000
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

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

^(a)See Table 13 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				
179%	-	-	-	18,375,000	2.41%	905
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
64%	2,675,000	2,675,000	390	13,675,758	N/A	678

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)
2002	4,800,000	7,265,000	6,310,000	18,375,000	7,250,397	11,124,603	108.29%	548
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

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

^(a)See Table 13 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	\$17,125,000	100.00%	\$17,125,000
ISD No. 199	50,620,000	0.3308%	167,451
Special Districts:			
Dakota County	89,060,000	3.374%	3,004,884
Metropolitan Council	255,290,000	0.3909%	<u>997,929</u>
Subtotal - overlapping debt			21,295,264
City direct debt			<u>12,135,000</u>
Total direct and overlapping debt			<u><u>\$33,430,264</u></u>

Sources: Special districts debt outstanding and assessed value data used to estimate applicable percentages provided by the City of South St. Paul's official statements. Debt outstanding data for the City of South St. Paul, Dakota County and the School Districts was taken from the most recent financial reports available for each governmental unit.

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 2011

Market value	<u>\$1,339,145,200</u>
Debt limit (3% of market value) ^(a)	<u>40,174,356</u>
Debt applicable to limit: ^(b)	
General obligation bonds paid solely from Taxes	5,391,905
General obligation bonds paid solely from Annual appropriations, which do not have pledged revenues	<u>1,590,000</u>
Total net debt applicable to limit	<u>6,981,905</u>
Legal debt margin	<u><u>\$33,192,451</u></u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$17,547,432	\$19,471,494	\$21,795,348	\$24,824,944
Total net debt applicable to limit	<u>4,800,000</u>	<u>6,365,000</u>	<u>4,415,000</u>	<u>4,160,000</u>
Legal debt margin	<u><u>\$12,747,432</u></u>	<u><u>\$13,106,494</u></u>	<u><u>\$17,380,348</u></u>	<u><u>\$20,664,944</u></u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	27.35%	32.69%	20.26%	16.76%
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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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2011</u>
\$28,234,290	\$31,473,972	\$48,965,544	\$47,891,646	\$44,550,897	\$40,174,356
<u>6,125,000</u>	<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><u>\$22,109,290</u></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>
21.69%	30.33%	15.19%	14.75%	14.97%	17.38%

CITY OF SOUTH ST. PAUL, MINNESOTA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	797,603	762,908	34,695	50,000	240	0.69
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

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 Bonds			
	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
1,162,803	1,140,000	319,345	0.80	1,296,266	615,000	324,505	1.38
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	-	-	-	-

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>
2002	20,313	762,407,829	37,787	3.70%
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	N/A	N/A	5.20%

Amounts noted as N/A were not available

Sources:

Population: 1999 US Census Bureau estimates, 2000 - 2007 Metropolitan Council

Unemployment: The State of Minnesota, Department of Economic Security, as noted in prior year's reports

Personal Income: Dakota County

* 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	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sportsman's Guide	607	1	7.48%	541	2	7.60%
Special School District No. 6	469	2	5.78%	640	1	8.99%
Wells Fargo Bank MN, NA	380	3	4.68%	249	6	3.50%
Dakota Premium Foods	250	4	3.08%	250	5	3.51%
Cerenity Care Center - Bethesda (2)	250	5	3.08%	180	7	2.53%
Waterous Company	245	6	3.02%	385	3	5.41%
City of South St. Paul	219	7	2.70%	305	4	4.28%
American Bottling	200	8	2.47%	100	10	1.40%
Stockyard's Meat Packing Co. (1)	-	-	-	175	8	2.46%
Wipaire	130	9	1.60%	-	-	-
Allstate Peterbilt Utility	125	10	1.54%	120	9	1.69%
Total	2,875		35.44%	2,945		41.36%
Total city employment	8,112			7,121		

(1) Formerly Westlunds Inc

(2) 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,		
	2002	2003	2004
General government:			
Management services	4.38	4.28	4.28
Finance	2.80	2.80	2.80
Planning	1.00	1.00	1.00
Building	1.00	1.00	1.00
Other	0.20	0.95	0.95
Police:			
Officers	27.00	26.00	26.00
Civilians	3.00	3.00	3.00
Fire:			
Firefighters and officers	19.00	19.00	19.00
Civilians	1.00	1.00	1.00
Animal control	0.50	0.43	0.33
Other public works:			
Engineering	5.85	4.85	4.85
Code enforcement	3.00	2.00	3.00
Public works	9.40	8.40	8.40
Parks and recreation	7.13	6.63	6.63
Library	8.00	8.00	8.00
Arena	2.50	2.00	1.50
Airport	2.00	2.00	2.00
Water and Sewer	7.42	9.12	9.12
Central Garage	2.00	2.00	2.00
Total	107.18	104.46	104.86

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,						
2005	2006	2007	2008 ^(a)	2009	2010	2011
5.28	5.28	5.28	5.10	5.10	5.10	3.35
2.80	2.80	3.20	3.25	3.25	3.25	3.10
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	1.20	-
26.00	27.00	27.00	27.00	27.00	27.00	27.00
3.50	4.00	4.00	4.00	4.00	4.00	3.75
19.00	19.00	18.50	-	-	-	-
1.00	1.00	1.00	-	-	-	-
0.50	0.50	0.50	0.50	0.50	0.50	0.25
4.85	4.85	4.85	4.85	4.85	4.85	2.50
3.00	3.00	3.00	3.00	3.00	3.00	3.00
8.40	8.40	8.40	8.40	8.40	8.40	9.40
7.03	7.43	7.43	7.43	7.43	7.43	7.75
8.00	8.00	8.00	8.00	8.00	6.50	6.50
1.75	2.50	2.50	2.50	2.50	2.50	2.40
2.00	2.00	2.00	2.00	2.00	2.00	1.45
7.42	7.42	7.42	7.42	7.42	7.42	7.42
2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>105.73</u>	<u>108.38</u>	<u>108.28</u>	<u>88.65</u>	<u>88.65</u>	<u>87.15</u>	<u>81.87</u>

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

Function/Program	Fiscal Year		
	2002	2003	2004
Police:			
Calls for Service	18,766	17,394	19,183
Part I offenses	789	683	662
Part II offenses	2,097	1,977	2,000
Felony charges	256	215	261
DUI	226	152	122
Traffic Accidents	477	492	377
Traffic Violations	1,524	1,151	1,432
Fire:			
Emergency responses - Non-fire	1,424	1,519	1,477
Fires extinguished - Fire calls	362	335	359
Inspections	1,251	1,208	1,495
Recycling			
Appliances collected	272	400	216
Oil collected (gallons) ***	850	870	890
Scrap metal recycled	28,940	30,430	24,500
Electronics (ounds)	N/A	N/A	N/A
City Planner			
Site Plan reviews	4	4	1
Other public works:			
Segments of streets/alleys rehabbed	24	34	37
Parks and recreation:			
Splash pool uses (avg daily attendance*)	13,000	12,800	11,000
Northview pool (avg daily attendance*)	11,000	11,000	8,035
Library:			
Charged circulation (usage)	161,685	140,600	133,800
Arena:			
Ice rented (hours)	3,226	3,116	3,157
Transportation:			
Fuel sold (gallons)	232,564	204,146	193,254
Aircraft operations	56,210	61,320	63,150
Water:			
Utility customers	6,900	6,900	6,900
Pumpage/year (millions of gallons)	1,250	1,172	1,183
Wastewater:			
Sewage treatment (thousands of gallons)	1,063	1,172	1,183

Sources: City Budgets - Departments

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

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

** - 2010 amounts were revised to actuals

Table 17

Fiscal Year						
2005	2006	2007	2008	2009	2010**	2011
17,036	16,000	17,036	17,073	16,490	17,096	21,451
870	900	870	697	750	758	668
1,784	1,800	1,784	1,504	1,367	1,496	2,783
225	225	225	194	196	101	171
168	120	168	158	196	132	121
275	275	275	279	292	484	430
1,335	1,200	1,335	808	858	1,727	1,919
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
208	220	220	211	236	176	130
900	900	900	825	840	N/A	N/A
19,460	20,000	21,000	20,500	22,500	19,800	17,500
N/A	N/A	N/A	N/A	7,660	7,713	8,680
4	4	1	4	2	-	4
32	34	27	19	6	2	3
11,000	11,000	6,214	11,523	7,471	8,282	11,042
8,500	8,700	8,632	8,802	5,716	11,395	8,312
128,729	123,723	132,800	140,493	140,216	132,685	123,880
3,525	3,698	3,724	3,723	3,717	3,455	3,556
199,606	191,400	165,488	171,385	161,088	174,575	164,567
64,413	65,701	51,076	52,865	54,980	54,214	58,775
6,900	6,900	6,934	6,870	6,850	6,847	6,853
1,085	1,200	1,239	1,180	1,130	1,197	1,282
1,085	1,239	1,200	1,250	1,230	1,223	1,421

CITY OF SOUTH ST. PAUL, MINNESOTA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Six Fiscal Years⁽¹⁾

Table 18

Function/Program	2006	2007	2008	2009	2010	2011
Police:						
Stations	1	1	1	1	1	1
Patrol units	18	18	18	18	18	19
Fire stations	1	1	0*	0*	0*	0*
Other public works:						
Streets (miles)	N/A	66.7	66.7	66.7	66.7	66.7
Highways (miles) ^(a)	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A
Parks and recreation:						
Parks	10	10	10	10	10	10
Acreage	180	180	180	180	180	180
Library books	N/A	90,000	90,000	90,000	90,000	90,000
Swimming pools	3	3	3	3	3	3
Ice arena rinks	2	2	2	2	2	2
Water:						
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A
Wells	N/A	N/A	N/A	N/A	N/A	N/A
Storage capacity (thousands of gallons)						
Wastewater:						
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	46.2	46.2	46.2	46.2	46.2	46.2
Treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A
Airport:						
Hangars	29	29	29	29	29	29
Acres	N/A	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.