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# Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

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

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

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**PREPARED BY:  
FINANCE DEPARTMENT**

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## **I. INTRODUCTORY SECTION**

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May 19, 2010

**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, 2009.

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 LarsonAllen 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, 2009 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.

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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, and storm water 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 305 resident aircraft, 62,000 annual landings, and 80 leased hangar and industrial sites supporting over 150 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 No. #6 [K-12] parallels that of the City making joint efforts between these governmental units much easier than if multiple districts were involved.

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

The City's accounting system is organized on a fund basis with detailed individual general ledger accounts for assets, liabilities, revenues, expenses and fund balances and equities. Each fund is a distinct, self-balancing accounting entity. The basic financial statements, which include governmental, proprietary and fiduciary funds, and the government-wide financial statements, consisting of the Statement of Net 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 six-month process of Council review of departmental estimates and requests and a number of public meetings culminating in final budget approval in December. Actual to budget comparative statements for selected budgeted funds are presented in the appropriate financial section.

Legally, expenditures are controlled at the departmental level. However, day-to-day administration of the budget is in accordance with the official “Budget Administration Plan.” The policy includes a detailed description of the complementary responsibilities of staff and Council. Through this document, additional controls are put on overall departmental expenditures as well as certain line items such as capital outlay. Unused budgetary appropriations lapse at year-end. The purchase order system and approval of invoices is at the department level. Finance Department staff review claims for accuracy and budgetary/policy compliance before they are submitted to Council for approval. Line item budget reports are 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 monthly budget report 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 Special Project Fund (CIP) 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 have not been 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 total taxable market value dropped 6% for the same period. Based on preliminary market value information from Dakota County, the decline is expected to continue into the 2010 assessment year.

The City's housing stock consists of 5,578 residential homesteaded properties for the 2010 assessment (for taxes payable 2011) year. The preliminary average value of these properties is a modest \$161,755, the 2<sup>nd</sup> lowest in Dakota County. In a stark contrast, the comparable value for 2007 assessment year was \$206,116, a decline of 23% over a 4 year period, the 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 will continue to evaluate operational adjustments to establish sustainability to provide government services.

### **Major Initiatives**

Major initiatives and highlights in 2009 included the following:

#### **North Urban Regional Trail (19<sup>th</sup> Avenue) Tunnel Project**

- As a result of the 2008 legislative session, the City of South St. Paul received a \$1.4 million state grant for the design and construction of a trail underpass in the Kaposia Park Ravine.
- The majority of the project activity occurred in 2009 bringing the project to 96% completion as the year ended.
- The Project is anticipated to be complete in 2010.

#### **Water Reservoir Project and Booster Station**

- During 2009, the City initiated the improvements of the 17<sup>th</sup> Avenue Water Reservoir and Booster Station, a key infrastructure component of the water utility operation.
- The Project specifications call 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 is anticipated to be completed by July 1, 2010

### City Hall Remodeling Project

- The City Hall Remodeling Project was primarily completed in 2008 with the capital project fund closure anticipated to occur in 2009, however, the City Council elected to expand the project scope. In 2009, as part the City Hall Remodeling project, the Council authorized the purchase of a new phone system. The phone system is an upgrade in technology and will accommodate caller identification for outside and internal receivers. In addition, the City will now be compliant with E-911 rules set forth by the State of Minnesota.

### 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 is currently working with the developer in an effort move forward with the construction of the first of three office facilities.

### 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.

### **Cash Management**

Cash balances are invested in accordance with Minnesota State Statutes and the City's formal investment policy, which further restricts the types and length of investment maturities. Following the statutes and investment guidelines assures that utmost attention is paid to the preservation of principle. The second investment priority is to keep all available balances fully invested in a combination of prime grade commercial paper, U. S. Treasury and U. S. Agency obligations, mutual and money market funds consisting of insured and collateralized demand deposits and certificates of deposits and prime grade commercial paper.

The City utilizes a "pooled" investment fund approach whereby all investment transactions are recorded in a single fund during the year. At year-end, investments are allocated to those funds proportionate to their ending cash balances. Investment earnings are allocated at year-end based on average monthly cash balances. Governmental Accounting Standards Board (GASB) Statement No. 31 requires that investments be reported at "fair value" (year-end market value). The City regularly invests in U. S. Agency obligations with maturities of two or more years. Because these obligations pay a fixed rate of interest each year, the earnings for the entire period will be that fixed rate.

Under GASB Statement No. 31, the reported return for a single year requires that interest earnings be adjusted based on the market value at the end of the year. It is this mix of interest earnings and market adjustments, which is included as "investment earnings" in the CAFR. These year-end market adjustments will cancel each other out over the life of the long-term investments held to maturity. The supplementary section of this report includes a schedule of investments as of December 31, 2009.

### **Risk Management**

The City is covered by workers' compensation, property and liability insurance written by the League of Minnesota Cities Insurance Trust (LMCIT). Insurance values on all fixed assets are compiled and kept up to date as part of the comprehensive inventory. LMCIT provides liability coverage sufficient to cover the legal limit of a City's liability, which is established by the State of Minnesota. The City has selected modest co-insurance limits (deductibles) including \$5,000 on liability coverage; \$10,000 on property losses; and \$2,500 on worker's compensation claims.

### **Other Postemployment Benefits (OPEB)**

The City of South St. Paul has adopted and initiated GASB Statement No. 45, Accounting and Financial Reporting for Employers Post Employment Benefits Other than Pensions. The City engaged an actuary to determine the City's liability of post employment healthcare benefits as of January 1, 2008. A plan description and fund policy are included in the Notes to the Financial Statements beginning on page 72.

## **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, 2008. 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, Jason Schirmacher. We express our appreciation to the members of the City Council for their confidence and support and their efforts in conducting the overall financial planning and operations of the City.

Respectfully submitted.



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Josh Feldman  
City Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South St. Paul  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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.



President

Executive Director

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

**ELECTED AND APPOINTED OFFICIALS**

December 31, 2009

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		<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
	Micky Gutzmann	January 1, 2011
	Marilyn Rothecker	January 1, 2011
	Tom Seaberg	January 1, 2011
City Administrator	Stephen P. King	Appointed
City 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	Jane A. Kroschel	Appointed
Director Revenue Facilities	Glenn C. Burke	Appointed
Parks & Recreation Director	Christopher J. Esser	Appointed

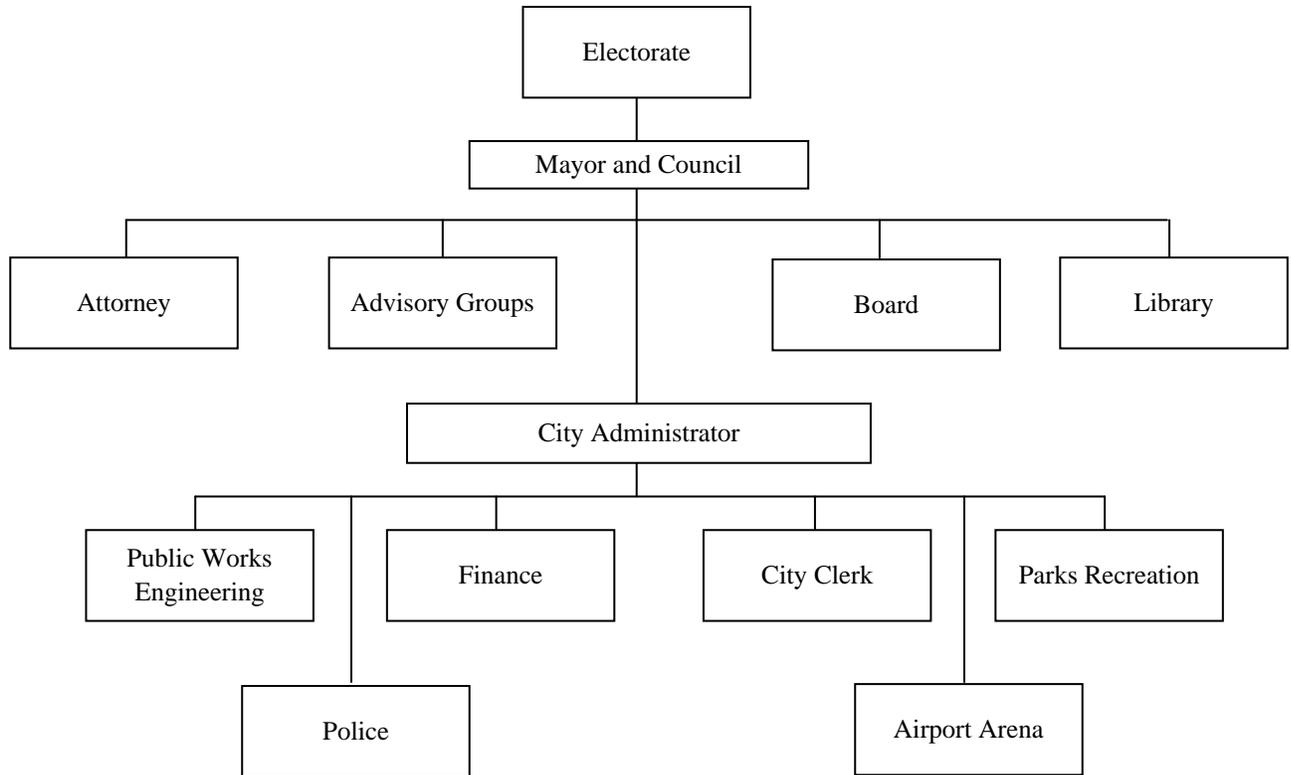
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**CITY OF SOUTH ST. PAUL, MINNESOTA**

**ORGANIZATION CHART**

December 31, 2009

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## **II. FINANCIAL SECTION**

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## 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 aggregate 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, 2009, 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 2008 financial statements and, in our report dated June 12, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate 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 U.S. generally accepted auditing standards 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 aggregate 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 16 to the financial statements, the City restated the December 31, 2008 beginning net assets to correct capital asset balances and deferred revenue.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2010, 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

The management's discussion and analysis, budgetary comparison information and schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplemental information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South St. Paul's basic financial statements. The introductory section, combining and individual fund statements and schedules, the supplementary financial information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and the supplementary financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Larson Allen LLP*  
**LarsonAllen LLP**

Minneapolis, Minnesota  
May 19, 2010

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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, 2009. 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 10 of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$83,334,513 (net assets). Of this amount, \$13,518,639 (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 \$3,984,732 from the prior year.
- As of the close of current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,342,703. Of this amount, \$10,758,473 is designated or reserved through legal restrictions and City Council authorization. The undesignated fund balance is \$584,230.
- The General Fund balance at the end of the current fiscal year is \$3,978,505 of which \$3,939,164 are undesignated funds.
- The City's total debt decreased by \$2,506,865 during the current fiscal year, from \$17,438,739 to \$14,931,874.

### 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.

**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

## Management's Discussion and Analysis

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 utility and the street light utility. The storm water utility began in late 2003 while the street light utility 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 provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven major governmental funds. Information is presented separately, by fund, in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The seven major governmental funds

## Management's Discussion and Analysis

include the General Fund, one special revenue fund (Airport), four capital project funds (Airport Improvements, General Programs, Tax Increment, and 17<sup>th</sup> Ave North Reservoir), and one debt service fund (2008A Improvement Bonds). Data from the other 36 governmental funds (five special revenue, eighteen debt service, and thirteen 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 two of its major funds: General Fund and Airport Fund. 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. In addition, the City has two internal service funds to account for its central garage activity and employment benefits. In general, the Central Garage Fund purchases and maintains all city vehicles. Charges are paid to the Central Garage by the 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 retirement 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, Central Garage, and the OPEB/Employee Benefit Internal Service Funds.

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.

## Management's Discussion and Analysis

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 51-86 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 102 through 134 of this report. Supplemental financial information (pages 137-146) follows the combining statements and the statistical section (pages 149-174) 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 \$83,334,513 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$66,414,069 or 79.7%) 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, 2009 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	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$16,686,837	\$17,720,847	\$6,043,145	\$5,677,258	\$22,729,982	\$23,398,105
Capital and Non-current assets	64,965,449	64,105,683	11,775,473	11,307,727	76,740,922	75,413,410
Total Assets	81,652,286	81,826,530	17,818,618	16,984,985	99,470,904	98,811,515
Current Liabilities	1,246,458	2,373,938	142,153	392,471	1,388,611	2,766,409
Non-current Liabilities	14,747,780	17,091,096	-	53,812	14,747,780	17,144,908
Total Liabilities	15,994,238	19,465,034	142,153	446,283	16,136,391	19,911,317
Net Assets						
Invested in Capital Assets						
Net of Related Debt	54,638,596	50,127,360	11,775,473	11,307,727	66,414,069	61,435,087
Restricted	3,401,805	3,965,427	-	-	3,401,805	3,965,427
Unrestricted	7,617,647	8,268,709	5,900,992	5,230,975	13,518,639	13,499,684
Total Net Assets	\$65,658,048	\$62,361,496	\$17,676,465	\$16,538,702	\$83,334,513	\$78,900,198

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 \$83,334,513. The major element of the year-end current asset balance of \$22,729,982 was cash/investments of \$15,516,843, which represented 68% of the total current asset balance.

As of December 31, 2009, total liabilities for governmental activities and business-type activities were \$16,136,391. Of this amount, \$14,747,780 (91%) 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, 2009, \$3,401,805 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 \$13,518,639 may be used to meet the City's ongoing obligations to citizens and creditors.

### **Governmental Activities**

Governmental activities increased the City's net assets by \$3,296,522. 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. Total governmental activities revenue and transfers in were \$20,802,090 against expenses of \$17,505,538 resulting in an increase in net assets of \$3,296,522.

# Management's Discussion and Analysis

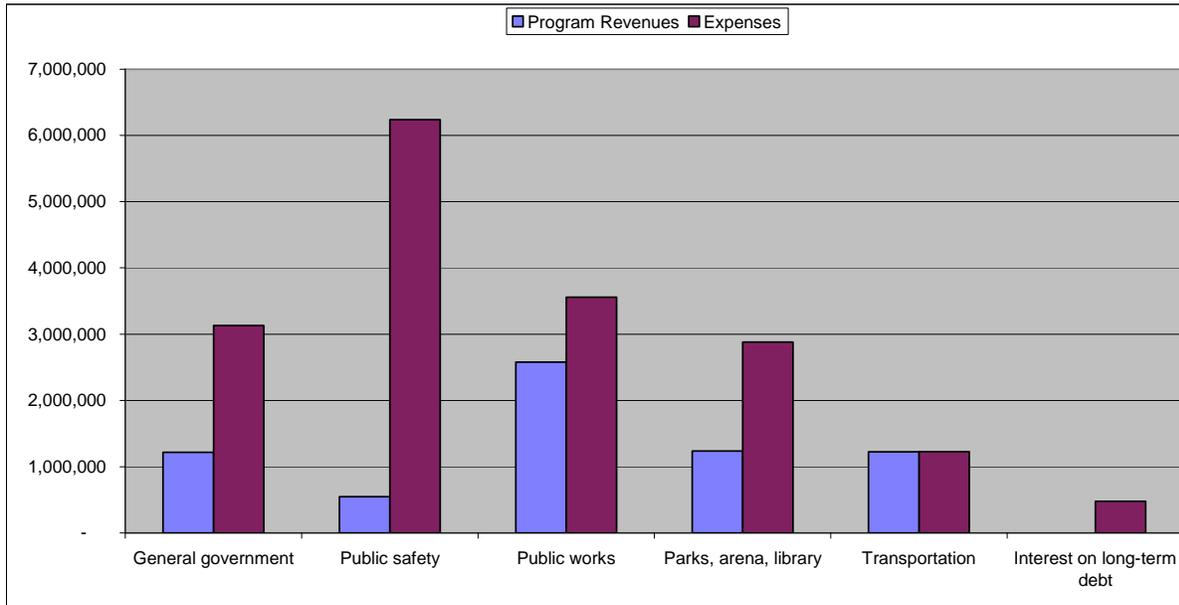
## City of South St. Paul, Minnesota's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$5,227,777	\$4,211,147	\$6,443,184	\$5,080,117	\$11,670,961	\$9,291,264
Operating grants and contributions	838,970	1,069,733	-	-	838,970	1,069,733
Capital grants and contributions	736,215	2,238,852	226,400	77	962,615	2,238,929
General revenues:						
Property taxes	6,664,130	6,367,319	-	-	6,664,130	6,367,319
Tax increment	1,981,064	1,895,194	-	-	1,981,064	1,895,194
Franchise taxes	759,836	896,215	-	-	759,836	896,215
Grants and contributions not restricted to specific programs	2,459,663	2,130,674	-	-	2,459,663	2,130,674
Unrestricted investment earnings	158,024	334,520	135,719	188,157	293,743	522,677
Gain on sale of capital assets	699	27,630	-	-	699	27,630
Miscellaneous revenues	191,103	53,680	-	-	191,103	53,680
Total revenues	<u>19,017,481</u>	<u>19,224,964</u>	<u>6,805,303</u>	<u>5,268,351</u>	<u>25,822,784</u>	<u>24,493,315</u>
<b>Expenses:</b>						
General government	3,128,819	1,870,742	-	-	3,128,819	1,870,742
Public safety	6,237,343	6,515,301	-	-	6,237,343	6,515,301
Public works	3,557,844	3,935,557	-	-	3,557,844	3,935,557
Parks, arena, library	2,878,922	3,085,507	-	-	2,878,922	3,085,507
Transportation	1,226,313	1,212,501	-	-	1,226,313	1,212,501
Interest on long-term debt	476,297	569,908	-	-	476,297	569,908
Water and sanitary sewer	-	-	3,847,254	3,904,842	3,847,254	3,904,842
Storm sewer utility	-	-	308,181	278,354	308,181	278,354
Street light utility	-	-	168,200	-	168,200	-
Total expenses	<u>17,505,538</u>	<u>17,189,516</u>	<u>4,323,635</u>	<u>4,183,196</u>	<u>21,829,173</u>	<u>21,372,712</u>
Increase (decrease) in net assets before transfers and special items	1,511,943	2,035,448	2,481,668	1,085,155	3,993,611	3,120,603
Transfers	1,784,609	200,052	(1,793,488)	(200,052)	(8,879)	-
Change in net assets	3,296,552	2,235,500	688,180	885,103	3,984,732	3,120,603
Net assets - January 1	62,361,496	60,125,996	16,538,702	15,653,599	78,900,198	75,779,595
Prior period adjustment	-	-	449,583	-	449,583	-
Net assets - January 1 - as restated	<u>62,361,496</u>	<u>60,125,996</u>	<u>16,988,285</u>	<u>15,653,599</u>	<u>79,349,781</u>	<u>75,779,595</u>
Net assets - December 31	<u>\$65,658,048</u>	<u>\$62,361,496</u>	<u>\$17,676,465</u>	<u>\$16,538,702</u>	<u>\$83,334,513</u>	<u>\$78,900,198</u>

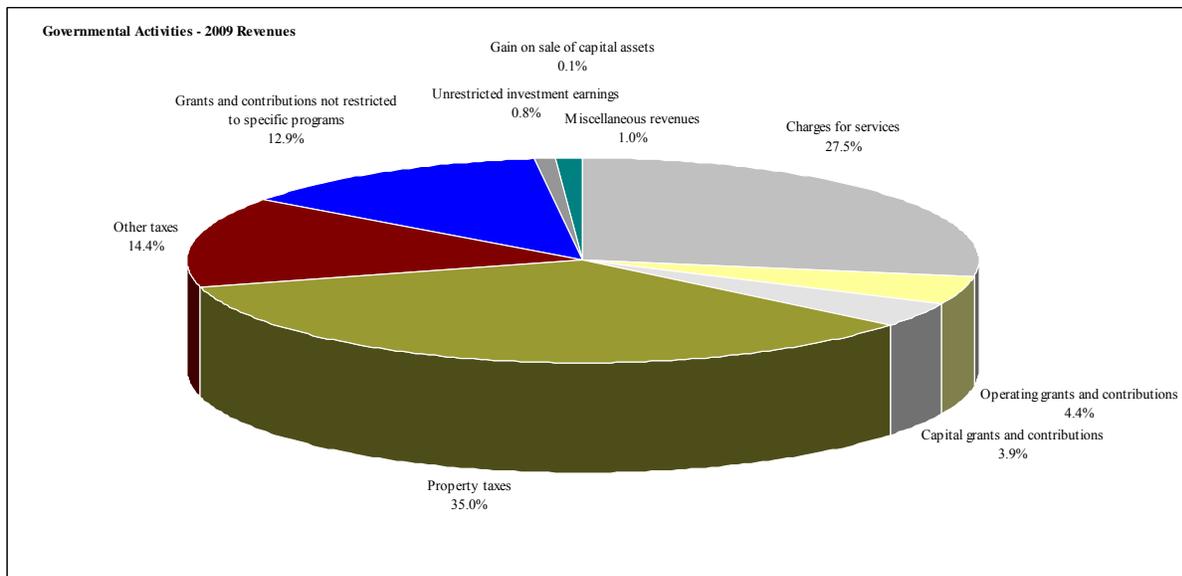
## Management's Discussion and Analysis

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

### Expenses and Program Revenues – Governmental Activities



### Governmental Activities – Revenues



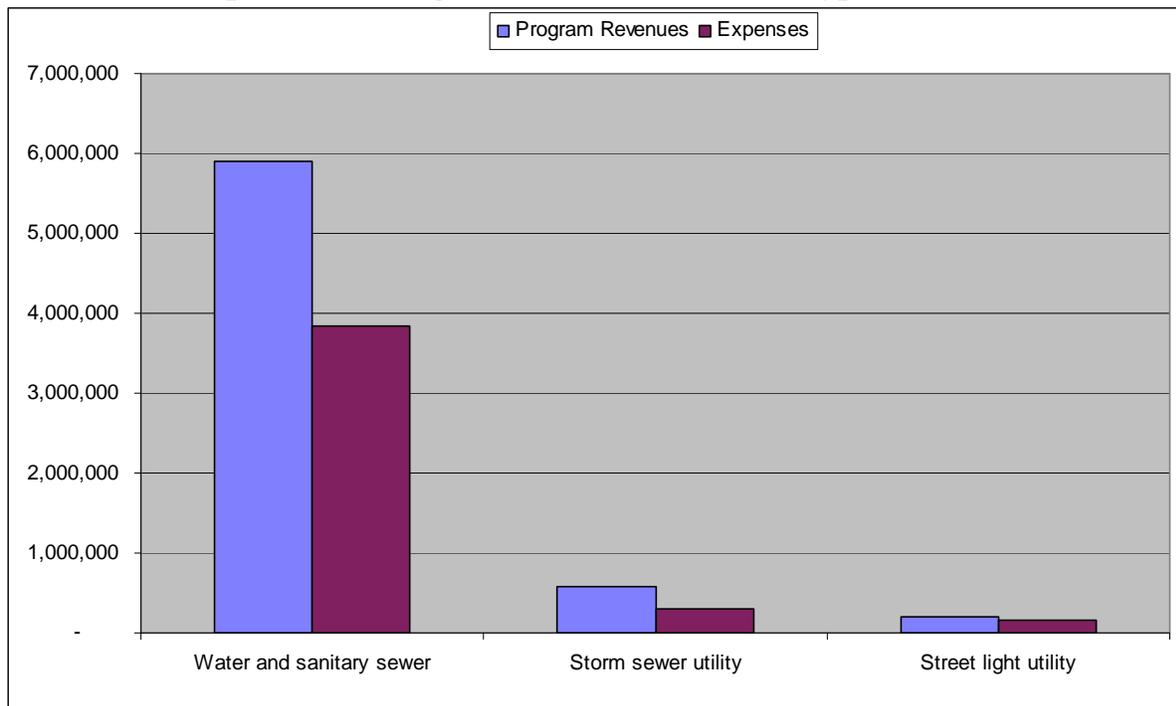
## Management's Discussion and Analysis

### Business-Type Activities

Business-type activities increased net assets by \$688,180 accounting for 18% of the City's growth in net assets. The increase in Net Assets is due to three main factors. First, the City funded storm water improvements with Municipal State Aid (MSA) funds (\$227,640). Second, the City realized savings in the Water and Sewer Fund from less maintenance costs to maintain the City's infrastructure.

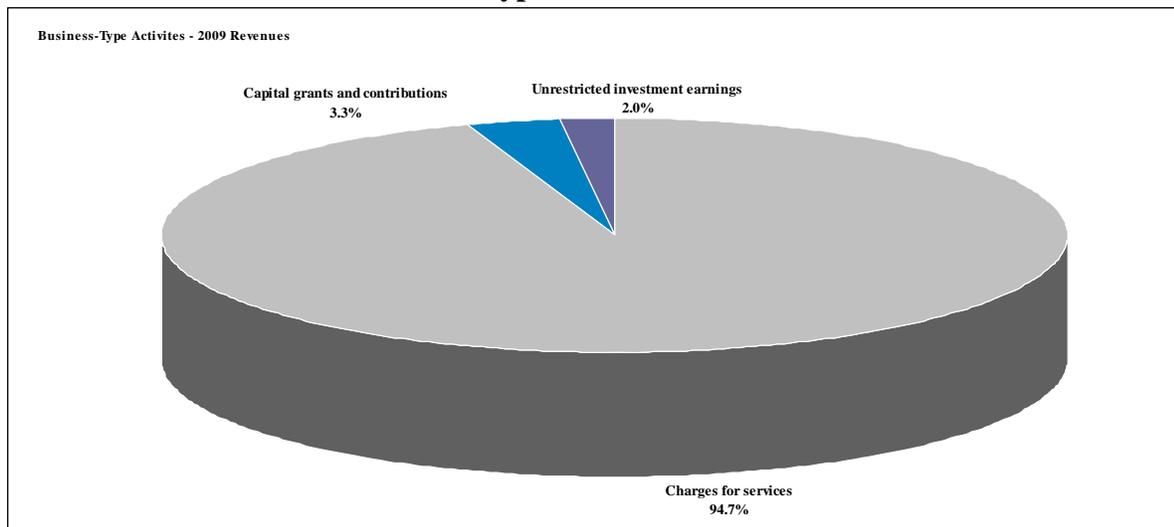
Charges for services increased by 5% overall. The increase is a result of the creation of the Street Light Utility for the 2009 operational year. The additional revenue generated by the utility is used to pay for community lighting costs that have been heretofore paid for by the General Fund. In addition, the planned revenue stream will be used to fund lighting system infrastructure. Below are graphs showing the business-type activities program revenue and expense comparisons:

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



## Management's Discussion and Analysis

### Business-Type Activities – Revenues



### 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 \$11,342,703. Of this total amount, approximately 30% or \$3,406,885 constitutes unreserved fund balance. The remainder of the fund balance is reserved as follows: prepaid items of \$4,762, debt service funds reserve of \$3,401,805 and a reservation for interfund advances against the lending fund (General Programs) of \$4,510,172 and the General Fund of \$19,079.

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

The General Fund: Increased of \$2,075,875. The General Fund is the chief operating fund of the City of South St. Paul. During the current fiscal year, December 31, 2009, the General Fund revenue increased \$747,015 from year ending December 31, 2008. There were many significant factors that resulted in the increase of total revenues. State Aids, such as Local Government Aid, Market Value Homestead Credit and Police Aids increased a total \$265,398 over an already low point in State Aid for many years. Total general property tax revenue increased by \$446,619. Two factors led to this increase. First, the City Council authorized a General Fund levy increase of 7.42%. Second, the allocation received from the Fiscal Disparities program increased \$251,043. In contrary, investment income continued to decline (\$18,905).

The General Fund expenditures decreased \$853,255 from fiscal year 2008 to 2009. The decrease in spending is due to several factors. First, activity for the City Attorney declined

## Management's Discussion and Analysis

compared to 2008. This led to a \$60,547 decrease in a professional service cost. Second, the Police Department spending decreased \$22,317. This is mostly due to the expiration of the deficit payment (\$106,261) needed for the bailout of the old local police relief association with offsetting increases in dispatch services (\$87,598) and compensation (\$97,158). The Fire Department also realized savings (total \$396,383) primarily from the expiration of the deficit payment (\$224,204) and from South Metro Fire Department in its second year of operations (\$68,415 includes the refund received in 2009 for 2008 provided services). The Engineering program declined \$86,337. This is largely due to the City Council eliminating an Engineering Tech position. The Public Works program spending declined (\$245,702). For the most part, the savings in the General Fund was due to the creation of the Street Light Utility Fund which now pays for utilities associated with the lighting of the community that was heretofore paid for by the Public Works program in the General Fund. The Parks, Pools and Maintenance Operations Department spending declined \$86,360. This is largely due to less facility maintenance expenditures and less staff used at the pools. Above all, and in recognition of the City's low General Fund balance, the City Council authorized a transfer of one-time monies (\$1.576 million) to increase the fund balance to 35% of the subsequent years programmed expenditure level. This is in accordance with the newly adopted City Policy.

**Airport Fund:** Increase of \$18,133. The Airports increase in fund balance is primarily due to the increase in Hangar rentals/land lease rates. Aircraft fuel sales and the related expenditure, Cost of the Goods Sold (fuel), declined but had little impact to the increase in fund balance.

**Airport Improvements Fund:** Decrease of (\$39,589): The Airport programmed improvements decreased in 2009 compared to 2008. Fund balance decreased due to the timing of the capital outlay and related funding sources for the 2009 capital improvements. The City's (flow of funds) practice is to expend all grant funds and then match the local share to close-out the project. Many projects are expected to be closed out in 2010 with a transfer of the local share to be transferred in from the Airport Operating fund.

**General Programs Fund:** No Change in Fund Balance. The purpose of the General Programs Fund is to provide adequate cash flow for general City operations and annual construction projects. It is also a potential source of discretionary funding for future capital projects. In accordance with City Council policy, the undesignated balance of the General Programs shall be 15% of the subsequent year expenditures. That formula would require an undesignated fund balance as of \$1,695,961. As of the year ended December 31, 2009, no fund balance is available to meet this policy. This is primarily due to the negative cash associated with the combined Airport funds (\$2,087,558) and the 17<sup>th</sup> Avenue North Water Reservoir Project (\$1,676,818). The Water Reservoir Project subsequently received funding in 2010 from the proceeds of a discounted Public Finance Authority (PFA) loan from the State's revolving loan fund.

**Tax Increment:** Decrease of (\$634,787). The Tax Increment Capital Project Fund accounts for Tax Increment revenues for the Concord Street Redevelopment Project District. Tax increment revenues were then transferred to the 2004A GO Refunding Bond Debt Service

## Management's Discussion and Analysis

Fund for the retirement of bond issuance. The decrease is primarily due from the closure of the District. Accordingly, state law required the City to return excess tax increment to the County for redistribution to the other jurisdictions, including the City. This fund is anticipated to be closed in 2010.

17<sup>th</sup> Ave North Water Tower: Decrease of (\$2,136,891). The City invested significant outlays to the 17<sup>th</sup> Avenue North Water Reservoir Fund in 2009. The decrease in fund balance is predominantly due to the timing of the subsequent funding occurring in 2010 from the proceeds received from the PFA loan.

2008A Improvement Bonds: Increase of \$13,578. 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.

**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 \$444,378 in 2009 and stood at \$10,315,513 at year-end. The Change in Net Assets is essentially from less operational expenditures for the maintenance of the Water and Sewer Utility.

Net assets increased \$227,640 in the Storm Water Utility Fund. The change is primarily due to Poplar Street storm water improvements which were significantly funded by Municipal State Aid (MSA) funds.

Net assets increased \$16,162 in the Street Light Utility Fund. The increase is primarily due to the planned revenue stream needed to finance future capital projects.

The unrestricted net assets in the respective proprietary funds are Water and Sewer, \$5,220,258, Storm Water Utility, \$664,572, and Street Light Utility \$16,162.

### **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: major Airport Fund, nonmajor Library, Wakota Arena 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 2009 original budget reflected a contingency amount for unsettled union contracts: to accurately reflect the contract settlements that later occurred

## Management's Discussion and Analysis

in 2009, 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 Local Government Aid, Franchise Fee Building Permits and Investment income, as a result of timing and more accurate information available during the year.

The City receives a significant portion of revenue from Local Government Aid, provided by the State of Minnesota, as determined by a complex formula and the legislature decisions. The City has been substantially impacted by reductions of this aid during previous years. In 2009, a retroactive cut in the Local Government Aid was ordered mid-year and therefore, the City amended the budget and adjusted for the financial impact.

Total Original Budget revenues (\$11,347,570) were revised to the Final Budgeted revenues (\$10,752,398), a significant reduction of \$595,172 or 5% of the Original Budget. For the most part, the reductions were made in the Local Government Aid (\$309,851), due to the mid-year State unallotment, and Investment Income (\$100,000) due to the deteriorating investment market. Total Final Budgeted revenues (\$10,752,398) and total actual revenues (\$10,823,243) resulted in a surplus of \$70,845, less than 1% of the Final Budgeted revenues. Given a balanced budget, the surplus in revenue contributed to the increase in the City's fund balance for the General Fund.

Total Original Budget expenditures (\$11,273,535) were revised to the Final Budgeted revenues (\$10,651,576), a significant reduction of \$621,959. The Council authorized mid-year reductions in the General Fund in an effort to balance the budget due to a dismal revenue picture as noted above. Significant expenditure reductions include the expiration of the required deficit obligation for the bailout of the local Police (\$106,261) and Fire (\$224,204) relief associations and the elimination of two new community police officer positions and an Assistant to the City Administrator position. These position hiring dates were originally programmed for mid-year and yielded a total savings of \$148,790. In contrast, the City Council authorized very little in spending increases except for the City Hall program due to higher than expected energy costs. Total Final Budgeted expenditures (\$10,651,576) and total actual expenditures (\$10,257,596) yielding a savings of \$393,980 or roughly 4% of the Final Budget. For the most part the savings resulted from programs finishing under budget.

Major areas of expenditures finishing the year under budget included the following departments: Mayor and City Council \$5,355 City Administration \$26,378; City Clerk \$7,461; City Finance \$10,940; Computer \$10,246; City Attorney \$29,684; City Hall \$31,904; Police \$48,941; Fire \$131,232; Animal Control \$16,084; Engineering \$5,469; Public Works \$18,375; Parks Administration \$5,116 and Parks, Pools and Maintenance Operations \$53,349. It is also worthy to note that the City Council values the importance of maintaining a healthy fund balance and they demonstrated this by adopting a Fund balance policy and then subsequently transferred one-time monies into the General Fund in compliance with the Fund balance for the General Fund.

## Management's Discussion and Analysis

### 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, 2009 was \$76,740,921 (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 58 and Note 4 page 67).

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

- The 17<sup>th</sup> Avenue North Water Booster Station and Reservoir Project (construction in progress) received significant investments during 2009 with anticipated completion in 2010.
- The City invested \$98,731 to replace a variety of City vehicles.
- The City invested \$453,935 (construction in progress) for the Regional Trail-19<sup>th</sup> Avenue Tunnel Project during 2009 with anticipated completion in 2010.

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

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$9,988,614	\$9,988,614	\$295,900	\$295,900	\$10,284,514	\$10,284,514
Building and Improvements	17,069,315	19,503,985	760,179	792,466	17,829,494	20,296,451
Capital Lease - building	1,712,545	1,748,223	-	-	1,712,545	1,748,223
Machinery and Equipment	2,182,682	2,406,316	79,920	82,328	2,262,602	2,488,644
Infrastructure	24,101,933	25,477,644	10,233,343	9,999,905	34,335,276	35,477,549
Construction in Process	9,910,360	4,980,901	406,131	137,128	10,316,491	5,118,029
	<u>\$64,965,449</u>	<u>\$64,105,683</u>	<u>\$11,775,473</u>	<u>\$11,307,727</u>	<u>\$76,740,922</u>	<u>\$75,413,410</u>

**Long-term debt.** At the end of the current fiscal year, the City had a total outstanding bonded debt of \$11,900,000, a decrease of \$2,720,000 from 2008. This number is comprised of G.O. debt of \$5,365,000, G.O debt supported by special assessments of \$5,310,000 and Revenue supported bonds in the amount of \$1,225,000. The City's outstanding debt also includes the Capital lease for the 380 Airport Road Building in the amount of \$1,597,163. 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 \$443,268 in government activities.

## Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Special assessment bonds	\$5,310,000	\$6,170,000	\$ -	\$ -	\$5,310,000	\$6,170,000
Tax increment bonds	-	1,420,000	-	-	-	1,420,000
General purpose bonds	5,365,000	5,690,000	-	-	5,365,000	5,690,000
Revenue bonds	1,225,000	1,340,000	-	-	1,225,000	1,340,000
Notes payable	265,972	303,521	-	-	265,972	303,521
Capital lease	1,597,163	1,721,607	-	-	1,597,163	1,721,607
Net other post-employment benefit obligation	725,471	352,522	-	-	725,471	352,522
Compensated absences	443,268	387,277	-	53,812	443,268	441,089
	<u>\$14,931,874</u>	<u>\$17,384,927</u>	<u>\$ -</u>	<u>\$53,812</u>	<u>\$14,931,874</u>	<u>\$17,438,739</u>

The City of South St. Paul maintained an A1 rating from Moody's Investors Services as of year ended December 31, 2009. Moody's recently announced a "recalibrated" rating scale using their previous ratings. The City of South St. Paul received a 2 notch upgrade to an Aa2.

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 \$47,891,646. General obligation bonds of \$5,025,000 are counted within the statutory limitation because this debt is wholly financed by a general tax levy. The difference between the legal limit and related debt is \$42,866,646, 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 69 through 72 and in the supplementary section of this report starting on page 138.

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

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

- Current property tax collection rates are expected to decrease slightly as a result of the residential housing foreclosures.
- The State of Minnesota continues to use Local Governmental Aid (LGA) 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. The City Continues to strive for independence from the State Aid by creating operating efficiencies, cutting expenses and raising taxes.

## Management's Discussion and Analysis

- In 2009 the City Council began a review of the City's utility rates. The review is 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. City Council approval of the new rates and related conservation rate structure is expected to be effective for the 2011 fiscal year.

**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](mailto:jfeldman@southstpaul.org).

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
December 31, 2009

**Statement 1**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redev. Authority
<b>Assets:</b>				
Cash, cash equivalents and investments	\$11,626,563	\$3,890,280	\$15,516,843	\$962,603
Cash with fiscal agent	-	-	-	105,368
Accrued interest	80,798	-	80,798	-
Accounts receivable	547,601	1,361,766	1,909,367	853,570
Taxes receivable	993,426	-	993,426	-
Special assessments receivable	2,919,738	362,944	3,282,682	-
Due from other governmental units	493,385	226,400	719,785	26,934
Inventories - at cost	20,564	-	20,564	18,806
Prepays	4,762	201,755	206,517	62,720
Inventory - land held for resale	-	-	-	5,258,968
Deferred charges	-	-	-	120,055
<b>Noncurrent assets:</b>				
Notes and mortgage receivable	-	-	-	1,945,883
Lease Receivable	-	-	-	1,486,637
<b>Capital assets (net of accumulated depreciation):</b>				
Land	9,988,614	295,900	10,284,514	265,675
Buildings and land improvements	17,069,315	760,179	17,829,494	2,622,263
Capital lease - building	1,712,545	-	1,712,545	-
Machinery and equipment	2,182,683	79,920	2,262,603	35,461
Infrastructure	24,101,933	10,233,343	34,335,276	-
Construction in process	9,910,359	406,131	10,316,490	1,581,728
<b>Total assets</b>	<b>81,652,286</b>	<b>17,818,618</b>	<b>99,470,904</b>	<b>15,346,671</b>
<b>Liabilities:</b>				
Accounts, salaries and contracts payable	1,033,679	141,849	1,175,528	183,318
Deposits payable	5,560	-	5,560	31,969
Due to other governmental units	7,256	304	7,560	-
Accrued interest payable	198,963	-	198,963	30,099
Unearned revenue	1,000	-	1,000	194,212
Other current liabilities	-	-	-	73,321
<b>Noncurrent liabilities:</b>				
Due within one year	1,549,612	-	1,549,612	235,886
Due in more than one year	13,198,168	-	13,198,168	3,207,501
<b>Total liabilities</b>	<b>15,994,238</b>	<b>142,153</b>	<b>16,136,391</b>	<b>3,956,306</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	54,638,596	11,775,473	66,414,069	3,301,937
<b>Restricted for:</b>				
Debt service	3,401,805	-	3,401,805	-
Housing programs	-	-	-	320,914
Unrestricted	7,617,647	5,900,992	13,518,639	7,767,514
<b>Total net assets</b>	<b>\$65,658,048</b>	<b>\$17,676,465</b>	<b>\$83,334,513</b>	<b>\$11,390,365</b>

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		Total	
					Governmental Activities	Business-Type Activities		
<b>Governmental activities:</b>								
General government	\$3,128,819	\$1,140,523	\$78,118	\$ -	(\$1,910,178)	\$ -	(\$1,910,178)	\$ -
Public safety	6,237,343	108,855	406,272	31,219	(5,690,997)	-	(5,690,997)	-
Public works	3,557,844	1,764,288	320,331	493,120	(980,105)	-	(980,105)	-
Parks, arena, and library	2,878,922	1,230,765	4,980	-	(1,643,177)	-	(1,643,177)	-
Transportation	1,226,313	983,346	29,269	211,876	(1,822)	-	(1,822)	-
Interest on long-term debt	476,297	-	-	-	(476,297)	-	(476,297)	-
Total governmental activities	<u>17,505,538</u>	<u>5,227,777</u>	<u>838,970</u>	<u>736,215</u>	<u>(10,702,576)</u>	<u>0</u>	<u>(10,702,576)</u>	<u>0</u>
<b>Business-type activities:</b>								
Water and sewer	3,847,254	5,894,048	-	-	-	2,046,794	2,046,794	-
Storm water	308,181	344,774	-	226,400	-	262,993	262,993	-
Street light utility	168,200	204,362	-	-	-	36,162	36,162	-
Total business-type activities	<u>4,323,635</u>	<u>6,443,184</u>	<u>0</u>	<u>226,400</u>	<u>0</u>	<u>2,345,949</u>	<u>2,345,949</u>	<u>0</u>
Total primary government	<u>\$21,829,173</u>	<u>\$11,670,961</u>	<u>\$838,970</u>	<u>\$962,615</u>	<u>(\$10,702,576)</u>	<u>\$2,345,949</u>	<u>(\$8,356,627)</u>	<u>\$0</u>
<b>Component unit:</b>								
Housing & Redevelopment Authority	\$7,356,073	\$1,892,203	\$3,613,763	\$1,740,270	\$ -	\$ -	\$ -	(\$109,837)
Total component unit	<u>\$7,356,073</u>	<u>\$1,892,203</u>	<u>\$3,613,763</u>	<u>\$1,740,270</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$109,837)</u>
<b>General revenues:</b>								
General property taxes					6,664,130	-	6,664,130	266,354
Tax increment					1,981,064	-	1,981,064	89,013
Franchise tax					759,836	-	759,836	-
Unrestricted grants and contributions					2,459,663	-	2,459,663	-
Investment earnings					158,024	135,719	293,743	50,251
Gain on sale of capital assets					699	-	699	-
Miscellaneous revenues					191,103	-	191,103	-
Transfers					1,784,609	(1,793,488)	(8,879)	-
Total general revenues and transfers					<u>13,999,128</u>	<u>(1,657,769)</u>	<u>12,341,359</u>	<u>405,618</u>
Change in net assets					3,296,552	688,180	3,984,732	295,781
Net assets - beginning					62,361,496	16,538,702	78,900,198	11,094,584
Prior period adjustment					-	449,583	449,583	-
Net assets - beginning - as restated					<u>62,361,496</u>	<u>16,988,285</u>	<u>79,349,781</u>	<u>11,094,584</u>
Net assets - ending					<u>\$65,658,048</u>	<u>\$17,676,465</u>	<u>\$83,334,513</u>	<u>\$11,390,365</u>

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

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

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2009

With Comparative Total Amounts For December 31, 2008

	General Fund	245 - Airport	404 - Airport Improvements	401- General Programs
<b>Assets</b>				
Cash and investments	\$3,260,665	\$ -	\$ -	\$ -
Accrued interest	-	-	-	80,798
Accounts receivable - net	233,737	45,887	-	-
Property taxes receivable:				
Delinquent	65,574	-	-	-
Due from county	585,360	-	-	-
Special assessments receivable:				
Delinquent	769	-	-	-
Deferred	11,199	-	-	-
Due from county	987	-	-	-
Due from other governmental units	182,037	196	42,177	-
Advances to other funds	19,079	-	-	4,510,172
Inventory	-	20,564	-	-
Prepaid items	4,762	-	-	-
<b>Total assets</b>	<b>\$4,364,169</b>	<b>\$66,647</b>	<b>\$42,177</b>	<b>\$4,590,970</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts, salaries and contracts payable	\$313,148	\$9,679	\$45,684	\$ -
Deposits payable	2,500	-	-	-
Due to other governmental units	4,442	12	-	-
Advances from other funds	-	1,168,642	918,916	-
Deferred revenue	65,574	13,198	-	-
<b>Total liabilities</b>	<b>385,664</b>	<b>1,191,531</b>	<b>964,600</b>	<b>0</b>
<b>Fund balance:</b>				
<b>Reserved for:</b>				
Prepaid items	4,762	-	-	-
Advances to other funds	19,079	-	-	4,510,172
Debt service	-	-	-	-
<b>Unreserved:</b>				
<b>Designated for:</b>				
Working capital	-	-	-	80,798
Employment Benefits	15,500	-	-	-
Future projects	-	-	-	-
<b>Undesignated reported in:</b>				
General Fund	3,939,164	-	-	-
Special Revenue Funds	-	(1,124,884)	-	-
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	(922,423)	-
<b>Total fund balance</b>	<b>3,978,505</b>	<b>(1,124,884)</b>	<b>(922,423)</b>	<b>4,590,970</b>
<b>Total liabilities and fund balance</b>	<b>\$4,364,169</b>	<b>\$66,647</b>	<b>\$42,177</b>	<b>\$4,590,970</b>

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.

412 - Tax Increment	426 - 17th Ave North Reservoir	357 - 2008A Improvement Bonds	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
					2009	2008
\$842,024	\$ -	\$170,830	\$6,421,065	\$ -	\$10,694,584	\$11,205,355
-	-	-	-	-	80,798	89,047
-	-	-	267,977	-	547,601	421,696
-	-	-	-	-	-	-
191,485	-	-	140,099	-	397,158	368,513
-	-	-	10,908	-	596,268	550,699
-	-	-	-	-	-	-
-	-	1,848	23,361	-	25,978	22,889
-	-	1,340,465	1,535,637	-	2,887,301	2,153,831
-	-	859	4,613	-	6,459	9,394
-	-	-	268,975	-	493,385	2,252,553
-	-	-	-	(4,529,251)	-	-
-	-	-	-	-	20,564	25,953
-	-	-	-	-	4,762	578
<u>\$1,033,509</u>	<u>\$0</u>	<u>\$1,514,002</u>	<u>\$8,672,635</u>	<u>(\$4,529,251)</u>	<u>\$15,754,858</u>	<u>\$17,100,508</u>
\$13,053	\$460,183	\$196	\$120,114	\$ -	\$962,057	\$1,445,894
-	-	-	3,060	-	5,560	19,100
-	-	-	2,802	-	7,256	6,730
-	1,676,818	-	764,875	(4,529,251)	-	-
191,485	-	1,342,313	1,824,712	-	3,437,282	3,243,213
<u>204,538</u>	<u>2,137,001</u>	<u>1,342,509</u>	<u>2,715,563</u>	<u>(4,529,251)</u>	<u>4,412,155</u>	<u>4,714,937</u>
-	-	-	-	-	4,762	578
-	-	-	-	-	4,529,251	3,086,304
-	-	171,493	3,230,312	-	3,401,805	3,965,427
-	-	-	-	-	80,798	1,504,666
-	-	-	-	-	15,500	-
-	-	-	2,726,357	-	2,726,357	1,322,890
-	-	-	-	-	3,939,164	1,902,052
-	-	-	(103,730)	-	(1,228,614)	(1,376,628)
-	-	-	408,547	-	408,547	910,779
828,971	(2,137,001)	-	(304,414)	-	(2,534,867)	1,069,503
<u>828,971</u>	<u>(2,137,001)</u>	<u>171,493</u>	<u>5,957,072</u>	<u>-</u>	<u>11,342,703</u>	<u>12,385,571</u>
<u>\$1,033,509</u>	<u>\$0</u>	<u>\$1,514,002</u>	<u>\$8,672,635</u>	<u>(\$4,529,251)</u>	<u>\$15,754,858</u>	<u>\$17,100,508</u>
					\$11,342,703	\$12,385,571
					63,845,855	62,887,635
					3,436,282	2,615,139
					(13,778,004)	(17,324,796)
					811,212	1,797,947
					<u>\$65,658,048</u>	<u>\$62,361,496</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, 2009  
With Comparative Total Amounts For The Year Ended December 31, 2008

	General Fund	245 - Airport	404 - Airport Improvements	401 - General Programs
<b>Revenues:</b>				
General property taxes	\$5,375,953	\$ -	\$ -	\$ -
Tax increment collections	-	-	-	-
Franchise tax	759,836	-	-	-
Licenses and permits	334,996	-	-	-
Intergovernmental	3,124,457	29,269	211,876	-
Charges for services	904,234	825,597	-	-
Fines and forfeits	103,121	-	-	-
Special assessments	9,304	-	-	-
Investment income	32,637	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	178,705	-	-	-
Total revenues	<u>10,823,243</u>	<u>854,866</u>	<u>211,876</u>	<u>0</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,741,899	-	-	-
Public safety	5,872,879	-	-	-
Public works	1,519,498	-	-	-
Parks, arena, library	1,108,713	-	-	-
Transportation	-	762,667	219,345	-
Nondepartmental	-	-	-	-
<b>Capital outlay:</b>				
General government	-	-	-	-
Public safety	7,920	-	-	-
Public works	6,687	-	-	-
Parks, arena, library	-	-	-	-
Transportation	-	-	2,909	-
Interest expenditure	-	36,517	29,211	-
<b>Debt service:</b>				
Principal	-	37,549	-	-
Interest and other charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>10,257,596</u>	<u>836,733</u>	<u>251,465</u>	<u>0</u>
Revenues over (under) expenditures	<u>565,647</u>	<u>18,133</u>	<u>(39,589)</u>	<u>0</u>
<b>Other financing sources (uses):</b>				
Bond issued	-	-	-	-
Bond discount	-	-	-	-
Refunded bonds redeemed	-	-	-	-
Transfers in	1,761,183	-	-	-
Transfers out	(250,955)	-	-	-
Total other financing sources (uses)	<u>1,510,228</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	2,075,875	18,133	(39,589)	-
Fund balance (deficit) - January 1	<u>1,902,630</u>	<u>(1,143,017)</u>	<u>(882,834)</u>	<u>4,590,970</u>
Fund balance (deficit) - December 31	<u><u>\$3,978,505</u></u>	<u><u>(\$1,124,884)</u></u>	<u><u>(\$922,423)</u></u>	<u><u>\$4,590,970</u></u>

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

412 - Tax Increment	426 - 17th Ave North Reservoir	357 - 2008A Improvement Bonds	Other Governmental Funds	Intra Activity Eliminations	Total Governmental Funds	
					2009	2008
\$ -	\$ -	\$ -	\$1,259,532	\$ -	\$6,635,485	\$6,237,649
1,981,064	-	-	-	-	1,981,064	1,895,194
-	-	-	-	-	759,836	896,215
-	-	-	-	-	334,996	377,503
14,453	-	-	606,397	-	3,986,452	5,410,813
-	-	-	1,610,485	-	3,340,316	3,025,216
-	-	-	11,700	-	114,821	113,221
-	-	61,119	574,723	-	645,146	798,164
29,615	-	4,805	178,271	(108,073)	137,255	304,388
-	-	-	48,395	-	48,395	28,443
-	-	-	7,977	-	186,682	52,771
<u>2,025,132</u>	<u>0</u>	<u>65,924</u>	<u>4,297,480</u>	<u>(108,073)</u>	<u>18,170,448</u>	<u>19,139,577</u>
-	-	-	169,776	-	1,911,675	1,824,108
-	-	-	32,683	-	5,905,562	6,327,399
-	-	-	646,360	-	2,165,858	2,378,366
-	-	-	1,481,952	-	2,590,665	2,772,001
-	-	-	-	-	982,012	1,012,170
1,099,685	-	-	-	-	1,099,685	25,285
-	-	-	68,853	-	68,853	133,826
-	-	-	31,010	-	38,930	52,194
-	2,122,467	-	682,839	-	2,811,993	2,981,684
-	-	-	115,684	-	115,684	233,341
-	-	-	-	-	2,909	458,672
-	14,424	-	27,921	(108,073)	-	-
-	-	-	2,746,063	-	2,783,612	3,044,215
-	-	52,346	468,141	-	520,487	613,331
-	-	-	-	-	-	31,044
<u>1,099,685</u>	<u>2,136,891</u>	<u>52,346</u>	<u>6,471,282</u>	<u>(108,073)</u>	<u>20,997,925</u>	<u>21,887,636</u>
<u>925,447</u>	<u>(2,136,891)</u>	<u>13,578</u>	<u>(2,173,802)</u>	<u>0</u>	<u>(2,827,477)</u>	<u>(2,748,059)</u>
-	-	-	-	-	-	1,955,000
-	-	-	-	-	-	(6,265)
-	-	-	-	-	-	(1,810,000)
-	-	-	2,841,739	(2,809,434)	1,793,488	200,052
(1,560,234)	-	-	(1,007,124)	2,809,434	(8,879)	(144,428)
<u>(1,560,234)</u>	<u>0</u>	<u>0</u>	<u>1,834,615</u>	<u>0</u>	<u>1,784,609</u>	<u>194,359</u>
(634,787)	(2,136,891)	13,578	(339,187)	-	(1,042,868)	(2,553,700)
<u>1,463,758</u>	<u>(110)</u>	<u>157,915</u>	<u>6,296,259</u>	<u>0</u>	<u>12,385,571</u>	<u>14,939,271</u>
<u>\$828,971</u>	<u>(\$2,137,001)</u>	<u>\$171,493</u>	<u>\$5,957,072</u>	<u>\$0</u>	<u>\$11,342,703</u>	<u>\$12,385,571</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**  
For The Year Ended December 31, 2009  
With Comparative Amounts For The Year Ended December 31, 2008

**Statement 5**

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (statement 4)	(\$1,042,868)	(\$2,553,700)
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.	958,220	1,908,361
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.	699	27,630
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	821,143	24,875
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.	2,881,993	3,214,674
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.	397,277	(99,181)
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.	<u>(719,912)</u>	<u>(287,159)</u>
Change in net assets of governmental activities (Statement 2)	<u><u>\$3,296,552</u></u>	<u><u>\$2,235,500</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, 2009

With Comparative Total Amounts as of December 31, 2008

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		
				2009		2008
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and investments	\$3,491,380	\$398,900	\$ -	\$3,890,280	\$3,719,538	\$931,979
Accounts receivable - billed	245,473	21,504	15,588	282,565	434,239	-
Accounts receivable - unbilled	941,163	87,227	50,811	1,079,201	1,002,239	-
<b>Special assessments receivable:</b>						
Current	311,617	-	-	311,617	282,502	-
Delinquent	45,515	-	-	45,515	43,591	-
Due from county	5,812	-	-	5,812	6,518	-
Prepaid item	201,755	-	-	201,755	188,631	-
Due from other governments	-	226,400	-	226,400	-	-
Advances to other funds	34,778	-	-	34,778	-	-
Total current assets	<u>5,277,493</u>	<u>734,031</u>	<u>66,399</u>	<u>6,077,923</u>	<u>5,677,258</u>	<u>931,979</u>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Land	295,900	-	-	295,900	295,900	-
Buildings and land improvements	1,949,999	-	-	1,949,999	1,949,999	-
Machinery and equipment	586,328	-	-	586,328	581,205	3,223,640
Infrastructure	8,564,800	10,324,923	-	18,889,723	18,336,833	-
Construction in process	6,172	399,959	-	406,131	137,127	-
Total capital assets	<u>11,403,199</u>	<u>10,724,882</u>	<u>0</u>	<u>22,128,081</u>	<u>21,301,064</u>	<u>3,223,640</u>
Less: Allowance for depreciation	<u>(6,307,944)</u>	<u>(4,044,664)</u>	<u>-</u>	<u>(10,352,608)</u>	<u>(9,993,337)</u>	<u>(2,104,046)</u>
Net capital assets	<u>5,095,255</u>	<u>6,680,218</u>	<u>0</u>	<u>11,775,473</u>	<u>11,307,727</u>	<u>1,119,594</u>
Total noncurrent assets	<u>5,095,255</u>	<u>6,680,218</u>	<u>0</u>	<u>11,775,473</u>	<u>11,307,727</u>	<u>1,119,594</u>
Total assets	<u>10,372,748</u>	<u>7,414,249</u>	<u>66,399</u>	<u>17,853,396</u>	<u>16,984,985</u>	<u>2,051,573</u>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	50,224	69,459	15,459	135,142	186,447	69,744
Wages and payroll taxes payable	6,707	-	-	6,707	25,577	1,878
Compensated absences	-	-	-	-	12,475	120,973
Due to other governmental units	304	-	-	304	322	-
Advances from other funds	-	-	34,778	34,778	-	-
Unearned revenue	-	-	-	-	180,125	-
Total current liabilities	<u>57,235</u>	<u>69,459</u>	<u>50,237</u>	<u>176,931</u>	<u>404,946</u>	<u>192,595</u>
<b>Noncurrent liabilities:</b>						
Net other post-employment benefit obligation	-	-	-	-	-	725,471
Compensated absences	-	-	-	-	41,337	322,295
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,337</u>	<u>1,047,766</u>
Total liabilities	<u>57,235</u>	<u>69,459</u>	<u>50,237</u>	<u>176,931</u>	<u>446,283</u>	<u>1,240,361</u>
<b>Net assets:</b>						
Invested in capital assets	5,095,255	6,680,218	-	11,775,473	11,307,727	1,119,594
Unrestricted	5,220,258	664,572	16,162	5,900,992	5,230,975	(308,382)
Total net assets	<u>\$10,315,513</u>	<u>\$7,344,790</u>	<u>\$16,162</u>	<u>\$17,676,465</u>	<u>\$16,538,702</u>	<u>\$811,212</u>

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

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

**Statement 7**

For The Year Ended December 31, 2009

With Comparative Total Amounts For The Year Ended December 31, 2008

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	605 - Water and Sewer	610 - Storm Water Utility	615 - Street Light Utility	Totals		
				2009	2008	
Operating revenues:						
Customer billings:						
General customers	\$2,618,835	\$338,722	\$202,364	\$3,159,921	\$2,981,101	\$ -
Heavy industry customers	1,393,790	-	-	1,393,790	1,553,852	-
Service charges	202,507	-	-	202,507	202,712	-
Penalties	100,722	6,052	1,998	108,772	103,225	-
Other charges	1,534,668	-	-	1,534,668	195,692	4,422
State surcharges	43,526	-	-	43,526	43,535	-
Retiree health insurance charges	-	-	-	-	-	220,807
Compensated absences charges	-	-	-	-	-	72,260
Equipment rental and repair charges	-	-	-	-	-	653,399
Total operating revenues	<u>5,894,048</u>	<u>344,774</u>	<u>204,362</u>	<u>6,443,184</u>	<u>5,080,117</u>	<u>950,888</u>
Operating expenses:						
Personal services:						
Salaries and wages	437,702	-	-	437,702	431,748	106,331
Employee benefits	-	-	-	-	-	385,934
Pension contributions	60,466	-	-	60,466	59,608	15,424
Insurance	71,397	-	-	71,397	71,033	715,508
Total personal services	<u>569,565</u>	<u>0</u>	<u>0</u>	<u>569,565</u>	<u>562,389</u>	<u>1,223,197</u>
Materials and supplies:						
Maintenance materials	104,150	0	0	104,150	103,956	240,880
Contractual services:						
Sewage disposal - Met Council	2,263,567	-	-	2,263,567	2,152,910	-
Insurance	33,113	-	-	33,113	32,454	21,232
Professional services	70,935	106,089	55	177,079	155,511	4,240
Public utility service	180,001	2,620	165,780	348,401	202,435	-
Repairs and maintenance	180,546	-	1,405	181,951	333,936	10,304
Rentals	117,724	-	-	117,724	114,489	-
Communications	22,766	-	-	22,766	24,242	-
Other	136,770	8,318	960	146,048	146,210	15,144
Total contractual services	<u>3,005,422</u>	<u>117,027</u>	<u>168,200</u>	<u>3,290,649</u>	<u>3,162,187</u>	<u>50,920</u>
Depreciation	168,117	191,154	0	359,271	354,654	176,572
Total operating expenses	<u>3,847,254</u>	<u>308,181</u>	<u>168,200</u>	<u>4,323,635</u>	<u>4,183,186</u>	<u>1,691,569</u>
Operating income (loss)	<u>2,046,794</u>	<u>36,593</u>	<u>36,162</u>	<u>2,119,549</u>	<u>896,931</u>	<u>(740,681)</u>
Nonoperating revenues (expenses):						
Investment income	117,741	17,978	-	135,719	188,157	20,769
Intergovernmental revenue	-	226,400	-	226,400	77	-
Loss on disposal of capital assets	-	-	-	-	(10)	-
Gain on sale of capital assets	-	-	-	-	-	699
Total nonoperating revenues (expenses)	<u>117,741</u>	<u>244,378</u>	<u>0</u>	<u>362,119</u>	<u>188,224</u>	<u>21,468</u>
Income (loss) before transfers and special items	<u>2,164,535</u>	<u>280,971</u>	<u>36,162</u>	<u>2,481,668</u>	<u>1,085,155</u>	<u>(719,213)</u>
Transfers:						
Transfers out	(1,720,157)	(53,331)	(20,000)	(1,793,488)	(200,052)	-
Change in net assets	444,378	227,640	16,162	688,180	885,103	(719,213)
Net assets - January 1	9,421,552	7,117,150	-	16,538,702	15,653,599	1,530,425
Prior period adjustment	449,583	-	-	449,583	-	-
Net assets - restated	<u>9,871,135</u>	<u>7,117,150</u>	<u>0</u>	<u>16,988,285</u>	<u>15,653,599</u>	<u>1,530,425</u>
Net assets - December 31	<u>\$10,315,513</u>	<u>\$7,344,790</u>	<u>\$16,162</u>	<u>\$17,676,465</u>	<u>\$16,538,702</u>	<u>\$811,212</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, 2009

With Comparative Total Amounts For The Year Ended December 31, 2008

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		
				2009		2008
Cash flows from operating activities:						
Receipts from customers and users	\$6,004,292	\$345,309	\$137,963	\$6,487,564	\$4,915,531	\$950,888
Receipts from other funds	-	-	34,778	34,778	-	-
Payment to suppliers	(3,118,691)	(187,814)	(152,741)	(3,459,246)	(3,426,579)	(484,809)
Payments to other funds	(34,778)	-	-	(34,778)	-	-
Payment to employees	(642,248)	-	-	(642,248)	(565,410)	(97,790)
Net cash flows from operating activities	<u>2,208,575</u>	<u>157,495</u>	<u>20,000</u>	<u>2,386,070</u>	<u>923,542</u>	<u>368,289</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	(1,720,157)	(53,331)	(20,000)	(1,793,488)	(200,052)	-
Net cash flows from noncapital financing activities	<u>(1,720,157)</u>	<u>(53,331)</u>	<u>(20,000)</u>	<u>(1,793,488)</u>	<u>(200,052)</u>	<u>0</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(51,492)	(506,067)	-	(557,559)	(114,477)	(98,731)
Capital grants	-	-	-	-	77	-
Proceeds from sale of capital assets	-	-	-	-	-	21,313
Net cash flows from capital and related financing activities	<u>(51,492)</u>	<u>(506,067)</u>	<u>0</u>	<u>(557,559)</u>	<u>(114,400)</u>	<u>(77,418)</u>
Cash flows from investing activities:						
Investment income	117,741	17,978	-	135,719	188,157	20,769
Net increase (decrease) in cash and cash equivalents	554,667	(383,925)	0	170,742	797,247	311,640
Cash and cash equivalents - January 1	2,936,713	782,825	-	3,719,538	2,922,291	620,339
Cash and cash equivalents - December 31	<u>\$3,491,380</u>	<u>\$398,900</u>	<u>\$0</u>	<u>\$3,890,280</u>	<u>\$3,719,538</u>	<u>\$931,979</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$2,046,794	\$36,593	\$36,162	\$2,119,549	\$896,931	(\$740,681)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	168,117	191,154	-	359,271	354,654	176,572
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	110,243	535	(66,399)	44,379	(178,298)	-
Decrease (increase) in prepaid items	(13,124)	-	-	(13,124)	(188,631)	-
Decrease (increase) in advances to other funds	(34,778)	-	-	(34,778)	31,413	-
Increase (decrease) in accounts payable	4,023	(70,787)	15,459	(51,305)	28,123	43,830
Increase (decrease) in salaries payable	(18,870)	-	-	(18,870)	1,533	(4,470)
Increase (decrease) in compensated absences	(53,812)	-	-	(53,812)	(4,555)	435,089
Increase (decrease) in net other post-employment benefit obligation	-	-	-	-	-	457,949
Increase (decrease) in advances to other funds	-	-	34,778	34,778	-	-
Increase (decrease) in due to other governmental units	(18)	-	-	(18)	72	-
Increase (decrease) in unearned revenue	-	-	-	-	(17,700)	-
Total adjustments	<u>161,781</u>	<u>120,902</u>	<u>(16,162)</u>	<u>266,521</u>	<u>26,611</u>	<u>1,108,970</u>
Net cash provided by operating activities	<u>\$2,208,575</u>	<u>\$157,495</u>	<u>\$20,000</u>	<u>\$2,386,070</u>	<u>\$923,542</u>	<u>\$368,289</u>

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

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
 December 31, 2009  
 With Comparative Amounts as of December 31, 2008

**Statement 9**

	<u>2009</u>	<u>2008</u>
<u>804 - Landscape/landfill</u>		
Assets:		
Cash and investments	<u>\$118,383</u>	<u>\$114,765</u>
Liabilities:		
Deposits payable	<u>\$118,383</u>	<u>\$114,765</u>
<u>805 - Employee Healthcare Reimbursement Account</u>		
Assets:		
Cash and investments	<u>\$10,160</u>	<u>\$ -</u>
Liabilities:		
Deposits payable	<u>\$10,160</u>	<u>\$ -</u>

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

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of South St. Paul, Minnesota's (City) financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). 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*  
The City has no related organizations

## **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 *Airport Special Revenue Fund* accounts for the resources accumulated and payments made for municipal airport operations.

The *Airport Improvements Fund* accounts for the resources and expenditures required for the acquisition and construction of capital improvements, at the municipal airport.

The *General Programs Capital Projects Fund* is used to finance cash flow needs of other funds and major projects.

The *Tax Increment Fund* is used to account for property tax revenues from tax increment. The revenues are used by the City and the South St. Paul Housing and Redevelopment Authority to promote industrial, commercial and economic development.

The *17<sup>th</sup> Ave North Reservoir* is used to account for revenues and expenditures related to the construction of the reservoir on 17<sup>th</sup> Avenue North.

The *2008A G.O. Improvement Bonds Debt Service Fund* was established for financing the Stockyards Redevelopment project and for street repair 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* accounts for the restricted revenues attributable to landfill abatement.

The *Employee Healthcare Reimbursement Account Fiduciary Fund* accounts for the restricted revenues 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.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009

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.

**F. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2009 expenditures exceeded appropriations in the General Fund and the one special revenue funds listed below.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund:			
Recycling	\$61,587	\$58,865	(\$2,722)
Code enforcement	286,097	279,713	(6,384)
Special Revenue Funds:			
Wakota Arena	733,837	712,798	(21,039)

**G. DEFICIT FUND EQUITY**

The City has deficit fund balances at December 31, 2009 as follows:

	<u>Amount</u>
Special Revenue Funds:	
Airport	\$1,124,884
Wakota Arena	280,305
Capital Project Funds:	
City Hall Renovation	21,264
Airport Improvement	922,423
17th Ave North Water Tower	2,137,001
380 Airport Road	57,937
2007 Local Improvement	128,801
2008 Local Improvement	40,791
2009 Local Improvement	76,885
Debt Service Fund:	
2003B Arena Revenue Bonds	196
Internal Service Fund:	
OPEB/Employee Benefit Fund	906,340

The Airport and Airport Improvement deficits were caused by planned infrastructure expansion, which will produce future revenue. Deficits in the Wakota Arena, City Hall Renovation, 17<sup>th</sup> Ave North Water Tower, 380 Airport Road, 2007, 2008, 2009 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.

Property, plant and equipment 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, governmental funds report reservations of fund balance for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

**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 (\$13,778,004) difference are as follows:

Bonds payable	(\$11,900,000)
Plus: Bond Premium (to be amortized over life of debt)	(10,769)
Less: Issuance discount (to be amortized as interest expense)	194,863
Accrued interest payable	(198,963)
Notes payable	(265,972)
Capital lease	<u>(1,597,163)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	 <u><u>(\$13,778,004)</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 \$958,220 difference are as follows:

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Capital outlay	\$3,038,369
Depreciation expense	(1,998,423)
Loss on disposal of capital assets	<u>(81,726)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities.	<u><u>\$958,220</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 \$2,881,993 difference are as follows:

Principal repayments:	
General obligation debt	\$2,720,000
Notes payable	37,549
Capital lease	<u>124,444</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	<u><u>\$2,881,993</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$397,277 difference are as follows:

Compensated absences	\$379,098
Accrued interest	42,916
Amortization of issuance costs and discount	(26,011)
Amortization of bond premium	<u>1,274</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities.	<u><u>\$397,277</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, 2009 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.

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- 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, 2009 are insured or held by the City or its agents in the City's name. The City's investment in money market funds is composed of U.S. Treasury and repurchase agreements which are 102% collateralized by U.S. Government securities.

Investments and maturities of the cash pool at December 31, 2009 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	\$6,462,780	\$ -	\$ -	\$5,610,971	\$851,809
Certificate of deposits	AAA	3,061,521	198,336	2,863,186	-	-
Government money market mutual funds	AAA	31,588	31,588	-	-	-
Total investments in cash and investment pool		<u>\$9,555,889</u>	<u>\$229,924</u>	<u>\$2,863,186</u>	<u>\$5,610,971</u>	<u>\$851,809</u>

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Cash and investments comprising the City’s cash pool at December 31, 2009 were as follows:

	<u>Fair Value</u>
Cash:	
Cash on hand	\$3,050
Cash in banks:	
Bank accounts	271,536
Money manager savings account	157,462
Treasury plus	<u>5,657,449</u>
Total cash	<u>6,089,497</u>
Investments:	
U.S. government securities	6,462,780
Certificates of deposit	3,061,521
Government money market mutual funds	<u>31,588</u>
Total investments	<u>9,555,889</u>
Total cash and investments	<u><u>\$15,645,386</u></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.

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. The following is the percent of total investments by issuer as of December 31, 2009.

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	<u>Fair Value</u>	<u>Percent of Total Investments</u>
Investment issuer:		
FFCBC	\$470,350	4.9%
FHLBB	497,500	5.2%
FHLMC	1,769,851	18.6%
FMSU	973,140	10.2%
FNMA	1,438,508	15.1%
Municipal Bonds	1,313,431	13.8%
Bremer Bank, N.A.	100,000	1.0%
Certificates of Deposits	<u>2,961,522</u>	31.1%
 Total investments	 <u><u>\$9,524,301</u></u>	

**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**

	<u>Major Funds</u>										<u>Total</u>
	<u>General</u>	<u>Airport</u>	<u>Improvements</u>	<u>General Programs</u>	<u>Tax Increment</u>	<u>2008A Improvement Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Storm Water Utility</u>	
Receivables:											
Accrued interest	\$ -	\$ -	\$ -	\$80,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$80,798
Accounts	233,737	45,887	-	-	-	-	267,977	1,186,635	108,731	66,399	1,909,366
Taxes	650,934	-	-	-	191,485	-	151,007	-	-	-	993,426
Special assessments	12,955	-	-	-	-	1,343,172	1,563,611	362,944	-	-	3,282,682
Due from other governmental units	182,037	196	42,177	-	-	-	268,975	-	22,640	-	719,785
 Total receivables	 <u>\$1,079,663</u>	 <u>\$46,083</u>	 <u>\$42,177</u>	 <u>\$80,798</u>	 <u>\$191,485</u>	 <u>\$1,343,172</u>	 <u>\$2,251,570</u>	 <u>\$1,549,579</u>	 <u>\$335,131</u>	 <u>\$66,399</u>	 <u>\$6,986,057</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Taxes receivable	\$397,158	\$ -
Special assessments delinquent	25,210	-
Special assessments deferred	2,817,819	-
Special assessments special deferred	58,282	-
Due from other governmental units	-	1,000
BRS building sublease agreement	<u>137,813</u>	<u>-</u>
 Total unavailable/unearned revenue for governmental funds	 <u><u>\$3,436,282</u></u>	 <u><u>\$1,000</u></u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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**DISCRETELY PRESENTED COMPONENT UNIT – HOUSING AND REDEVELOPMENT AUTHORITY**

**A. CAPITAL LEASE RECEIVABLE**

The Authority leases a manufacturing facility located at the Municipal Airport to the City of South St. Paul (the “City”). The Authority issued lease bonds to finance construction of the lease facilities. The Authority’s lease with the City provides for minimum lease payments sufficient to cover the Authority’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 Authority 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, 2009:

<u>Payment Year</u>	<u>City Payment to Authority</u>
2010	\$146,320
2011	148,736
2012	151,150
2013	148,330
2014	150,510
2015-2019	738,612
2020-2024	695,634
2025-2029	<u>662,128</u>
Total Minimum Lease Payments Receivable	2,841,420
Less Amount Representing Interest	<u>1,208,465</u>
Present Value of Minimum Lease Payments	<u><u>\$1,632,955</u></u>

**B. OTHER RECEIVABLES**

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

	<u>Major Funds</u>					Nonmajor Proprietary Funds	Total
	General	Special Grants	Low Rent Housing	1979 Concord Street TIF	CDBG Rehab Loans		
Receivables:							
Accrued interest	\$ -	\$ -	\$ -	\$ -	\$304,857	\$108,375	\$413,232
Accounts	117	7,154	7,480	-	-	4,069	18,820
Notes and mortgages	-	-	-	-	129,306	145,892	275,198
Due from other governmental units	3,381	-	-	2,328	-	21,225	26,934
Total receivables	<u>\$3,498</u>	<u>\$7,154</u>	<u>\$7,480</u>	<u>\$2,328</u>	<u>\$434,163</u>	<u>\$279,561</u>	<u>\$734,184</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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**Note 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 was as follows:

**PRIMARY GOVERNMENT**

	Beginning Balance	Prior Period Adjustment	Adjusted Beginning Balance	Additions	Deletions	Reclass/Adj	Ending Balance
<b>Governmental activities:</b>							
Capital assets, not being depreciated:							
Land	\$9,988,614	\$ -	\$9,988,614	\$ -	\$ -	\$ -	\$9,988,614
Construction in progress	4,980,901	-	4,980,901	2,907,131	-	2,022,327	9,910,359
Total capital assets, not being depreciated	14,969,515	-	14,969,515	2,907,131	-	2,022,327	19,898,973
Capital assets, being depreciated:							
Buildings and structures	25,618,715	-	25,618,715	-	-	(2,022,327)	23,596,388
Capital lease - building	1,783,901	-	1,783,901	-	-	-	1,783,901
Machinery and equipment	6,349,151	-	6,349,151	227,060	(305,359)	-	6,270,852
Infrastructure	55,104,398	-	55,104,398	2,909	-	-	55,107,307
Total capital assets, being depreciated	88,856,165	-	88,856,165	229,969	(305,359)	(2,022,327)	86,758,447
Less accumulated depreciation for:							
Buildings and structures	6,114,730	-	6,114,730	412,343	-	-	6,527,073
Capital lease - building	35,678	-	35,678	35,678	-	-	71,356
Machinery and equipment	3,942,835	-	3,942,835	348,353	(203,019)	-	4,088,169
Infrastructure	29,626,754	-	29,626,754	1,378,620	-	-	31,005,374
Total accumulated depreciation	39,719,997	-	39,719,997	2,174,994	(203,019)	-	41,691,972
Total capital assets being depreciated-net	49,136,168	-	49,136,168	(1,945,025)	(102,340)	(2,022,327)	45,066,476
Governmental activities capital assets-net	\$64,105,683	\$ -	\$64,105,683	\$962,106	(\$102,340)	\$ -	\$64,965,449
<b>Business-type activities:</b>							
Capital assets, not being depreciated:							
Land	\$295,900	\$ -	\$295,900	\$ -	\$ -	\$ -	\$295,900
Construction in progress	137,169	269,458	406,627	405,778	-	(406,274)	406,131
Total capital assets, not being depreciated	433,069	269,458	702,527	405,778	-	(406,274)	702,031
Capital assets, being depreciated:							
Buildings and structures	1,949,999	-	1,949,999	-	-	-	1,949,999
Machinery and equipment	581,205	-	581,205	5,123	-	-	586,328
Infrastructure	18,336,885	-	18,336,885	146,564	-	406,274	18,889,723
Total capital assets, being depreciated	20,868,089	-	20,868,089	151,687	-	406,274	21,426,050
Less accumulated depreciation for:							
Buildings and structures	1,157,534	-	1,157,534	32,286	-	-	1,189,820
Machinery and equipment	498,878	-	498,878	7,530	-	-	506,408
Infrastructure	8,336,925	-	8,336,925	319,455	-	-	8,656,380
Total accumulated depreciation	9,993,337	-	9,993,337	359,271	-	-	10,352,608
Total capital assets being depreciated-net	10,874,752	-	10,874,752	(207,584)	-	406,274	11,073,442
Business-type activities capital assets-net	\$11,307,821	\$269,458	\$11,577,279	\$198,194	\$ -	\$ -	\$11,775,473

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

Governmental activities:		
General government		\$ 222,357
Public safety		33,449
Public works		1,231,759
Parks, arena, library		265,026
Transportation		245,832
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets		<u>176,571</u>
Total depreciation expense - governmental activities		<u><u>\$ 2,174,994</u></u>
Business-type activities:		
Water and sewer		\$ 168,117
Storm sewer		<u>191,154</u>
Total depreciation expense - business-type activities		<u><u>\$ 359,271</u></u>

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

	Beginning Balance	Change in Accounting Principles	Adjusted Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land	\$5,463,958	(\$5,463,958)	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated:						
Buildings and structures	115,699	(115,699)	-	-	-	-
Machinery and equipment	34,325	-	34,325	21,390	(16,569)	39,146
Total capital assets, being depreciated	<u>150,024</u>	<u>(115,699)</u>	<u>34,325</u>	<u>21,390</u>	<u>(16,569)</u>	<u>39,146</u>
Less accumulated depreciation for:						
Buildings and structures	83,882	(83,882)	-	-	-	-
Machinery and equipment	22,877	-	22,877	5,785	(12,427)	16,235
Total accumulated depreciation	<u>106,759</u>	<u>(83,882)</u>	<u>22,877</u>	<u>5,785</u>	<u>(12,427)</u>	<u>16,235</u>
Total capital assets being depreciated-net	<u>43,265</u>	<u>(31,817)</u>	<u>11,448</u>	<u>15,605</u>	<u>(4,142)</u>	<u>22,911</u>
Governmental activities capital assets-net	<u><u>\$5,507,223</u></u>	<u><u>(\$5,495,775)</u></u>	<u><u>\$11,448</u></u>	<u><u>\$15,605</u></u>	<u><u>(\$4,142)</u></u>	<u><u>\$22,911</u></u>

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	Beginning Balance	Change in Accounting Principles	Adjusted Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>						
Capital assets, not being depreciated:						
Land	\$265,675	\$ -	\$265,675	\$ -	\$ -	\$265,675
Construction in progress	141,542	-	141,542	1,569,028	(128,842)	1,581,728
Total capital assets, not being depreciated	407,217	-	702,527	1,569,028	(128,842)	1,847,403
Capital assets, being depreciated:						
Buildings and structures	12,743,582	115,699	12,850,281	463,226	(116,163)	13,197,344
Machinery and equipment	61,655	-	61,655	-	-	61,655
Total capital assets, being depreciated	12,796,237	115,699	12,911,936	463,226	(116,163)	13,258,999
Less accumulated depreciation for:						
Buildings and structures	9,926,745	83,882	10,010,627	652,505	(88,051)	10,575,081
Machinery and equipment	45,523	-	45,523	3,582	-	49,105
Total accumulated depreciation	9,972,268	83,882	1,056,150	656,087	(88,051)	10,624,186
Total capital assets being depreciated-net	2,823,969	31,817	2,855,786	(192,861)	(28,112)	2,634,813
Business-type activities capital assets-net	\$3,231,186	\$31,817	\$3,263,003	\$1,376,167	(\$156,954)	\$4,482,216

**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.

Tax Increment Financing – used to account for the payment of principal and interest on bonds issued to fund the costs of improvement projects. Debt service is funded primarily from tax increment generated from the Concord Street Redevelopment Project No. 1.

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

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

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Bonds outstanding at December 31, 2009 are as follows:

	<u>Final Maturities</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding 12/31/09</u>
General Obligation Debt:				
Special Assessment Bonds	2010 - 2030	1.90% - 5.40%	\$12,160,000	\$5,310,000
General Obligation Bonds	2010 - 2027	2.00% - 5.50%	<u>8,300,000</u>	<u>6,590,000</u>
Total bonds payable			<u>\$20,460,000</u>	<u>\$11,900,000</u>

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$1,290,000	\$453,017
2011	1,150,000	404,755
2012	1,045,000	362,566
2013	995,000	323,565
2014	940,000	286,316
2015-2019	3,355,000	970,310
2020-2024	1,865,000	456,667
2025-2029	1,185,000	114,250
2030-2034	<u>75,000</u>	<u>1,763</u>
Total	<u>\$11,900,000</u>	<u>\$3,373,209</u>

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Changes in long-term liabilities during December 31, 2009 are summarized as follows:

	Balance 01/01/09	Additions	Deletions	Balance 12/31/09	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Tax increment	\$1,420,000	\$ -	\$1,420,000	\$ -	\$ -
Special assessment	6,170,000	-	860,000	5,310,000	830,000
General obligation	7,030,000	-	440,000	6,590,000	460,000
Plus/(Less) deferred amounts:					
For issuance premium	12,043	-	1,274	10,769	1,352
For issuance discount	(220,874)	-	26,011	(194,863)	(26,011)
Total bonds payable	14,411,169	-	2,695,263	11,715,906	1,265,341
Note payable	303,521	-	37,549	265,972	37,549
Capital lease	1,721,607	-	124,444	1,597,163	125,749
Net other post-employment benefit obligation	267,522	561,327	103,378	725,471	-
Compensated absences	387,277	94,167	38,176	443,268	120,973
Total governmental activities long-term debt	<u>\$17,091,096</u>	<u>\$655,494</u>	<u>\$2,998,810</u>	<u>\$14,747,780</u>	<u>\$1,549,612</u>
<b>Business-type activities:</b>					
Compensated absences	<u>\$53,812</u>	<u>\$5,645</u>	<u>\$59,457</u>	<u>\$ -</u>	<u>\$ -</u>

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, \$443,268, the entire balance of compensated absences is recorded as a governmental activity. In the prior years, a liability balance was recorded as a business type activity, but due to the expansion of the of the OPEB/Employee Benefits internal service fund the balance is now fully reflected as a governmental activity. At year-end, \$725,471 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:

<u>Governmental Activities</u>	<u>Issue Date</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding 12/31/09</u>
T-Hangar note payable	2/1/2007	1/1/2017	0.00%	\$375,490	\$265,972

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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Annual payments to maturity are as follows:

Year Ending December 31	Principal
2010	\$37,549
2011	37,549
2012	37,549
2013	37,549
2014	37,549
2015-2017	<u>78,227</u>
Total	<u><u>\$265,972</u></u>

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

**A. BUSINESS-TYPE ACTIVITIES**

**1. General Obligation Debt**

During 1999, the Authority 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 Authority 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 Authority 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, 2009 was \$137,635. 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, 2009 was \$603,575.

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

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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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>
2010	\$53,912	\$37,983
2011	56,749	35,147
2012	59,735	32,160
2013	62,880	29,016
2014	66,190	25,705
2015-2019	211,550	91,947
2020-2024	230,194	26,821
2025-2029	105,980	-
Forgivable debt	<u>356,000</u>	<u>-</u>
Total	<u>\$1,203,190</u>	<u>\$278,779</u>

**2. Special Assessments**

During 2006, the City special assessed property owned by the Authority 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>
2010	\$63,142	\$ -
2011	63,142	-
2012	63,142	-
2013	63,142	-
2014	63,142	-
2015-2016	<u>126,284</u>	<u>-</u>
Total	<u>\$441,994</u>	<u>\$0</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 Authority 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

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

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

Year	Principal	Interest
2010	\$55,000	\$84,320
2011	55,000	81,735
2012	60,000	79,150
2013	60,000	76,330
2014	65,000	73,510
2015-2019	365,000	319,610
2020-2024	470,000	220,631
2025-2029	570,000	87,125
Total	<u>\$1,700,000</u>	<u>\$1,022,411</u>

Changes in long-term liabilities during December 31, 2009 are summarized as follows:

	Balance 01/01/09	Change in Accounting Principle	Balance 01/01/09 Restated	Additions	Deletions	Balance 12/31/09	Due Within One Year
<b>Housing And Redevelopment Authority</b>							
<b>Governmental activities:</b>							
Special assessment	\$505,136	(\$505,136)	\$ -	\$ -	\$ -	\$ -	\$ -
Lease revenue bonds	1,750,000	-	1,750,000	-	50,000	1,700,000	55,000
Compensated absences	20,146	(7,051)	13,095	1,140	12,155	2,080	1,352
Total governmental activities long-term debt	<u>\$2,275,282</u>	<u>(\$512,187)</u>	<u>\$1,763,095</u>	<u>\$1,140</u>	<u>\$62,155</u>	<u>\$1,702,080</u>	<u>\$56,352</u>
<b>Business-type activities:</b>							
Special assessment	\$ -	\$505,136	\$505,136	\$ -	\$63,142	\$441,994	\$63,142
1999 MHFA	105,980	-	105,980	-	-	105,980	-
1999 MHFA	106,000	-	106,000	-	-	106,000	-
2002 CDA	250,000	-	250,000	-	-	250,000	-
Energy Performance	161,370	-	161,370	624,325	44,485	741,210	53,912
Compensated absences	70,261	7,051	77,312	65,547	46,736	96,123	63,832
Total business-type activities long-term debt	<u>\$693,611</u>	<u>\$512,187</u>	<u>\$1,205,798</u>	<u>\$689,872</u>	<u>\$154,363</u>	<u>\$1,741,307</u>	<u>\$180,886</u>

**Note 6 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 Public

Employees Retirement Fund (PERF) 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.

PERF 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. 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 PERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://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. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6%, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.4% of their annual covered salary in 2009. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.75% for Coordinated Plan PERF members, and 14.1% for PEPFF members. Employer contribution rates for the Coordinated Plan will increase to 7% effective January 1, 2010. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2009, 2008, and 2007 were \$227,291, \$212,840 and \$196,335, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2009, 2008 and 2007 were \$275,702, \$242,398 and \$365,610, 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

Four 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 four-tenths of one percent of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2009 were:

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

**Note 7 OTHER POSTEMPLOYMENT BENEFIT PLAN**

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

**2. Plan Description**

The City provides benefits for retirees as authorized by *Minnesota Statute* §471.61 subdivision 2b. Under specific collective bargaining unit agreements, active employees, who retire from the City, may continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program until age 65. Pursuant to the provisions of the collective bargaining unit agreements, retirees are required to pay the same premium cost as if they were an active employee. As of December 31, 2009 there were approximately 89 active participants and 35 retired participants receiving benefits from the City's health plans.

**3. Funding Policy**

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2009, the City did not contribute to the plan, in relation to the Annual Required Contribution.

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

The City's annual other post employment 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.

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Annual Required Contribution	\$ 565,215
Interest on Net OPEB Obligation	8,723
Adjustment to Annual Required Contribution	<u>(12,611)</u>
Annual OPEB Cost (Expense)	561,327
Contributions Made	<u>(103,378)</u>
Increase in Net OPEB Obligation	457,949
Net OPEB Obligation- Beginning of Year	<u>267,522</u>
Net OPEB Obligation- End of Year	<u><u>\$ 725,471</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 565,215	52.6%	\$ 267,522
12/31/2009	\$ 561,327	18.3%	\$ 725,471

**5. Funded Status and Funding Progress**

As of January 1, 2008, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$5,962,427. The annual payroll for active employees covered by the plan in the actuarial valuation was \$4,996,012 for a ratio of UAAL to covered payroll of 119.3%.

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.

**6. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2008 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

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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decrements to an ultimate rate of 5% after nine years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

**Note 8 TAX INCREMENT DISTRICTS**

The City of South St. Paul is the administering authority for the following tax increment district:

Concord Street Redevelopment Project

Authorized per MS 462.585; established in 1973 with duration until 2009. Tax capacity value for taxes collectible 2009:

Current tax capacity value	\$2,357,707
Less original tax capacity value	<u>(354,945)</u>
Value retained by authority	<u><u>\$2,002,762</u></u>

Related bonded indebtedness is as follows:

	<u>G.O. Refunding Bonds Series 2004A</u>
Date of issue	12/28/2004
Bonds issued	\$4,320,000
Bonds retired	<u>(4,320,000)</u>
Bonds outstanding, December 31, 2008	<u><u>\$0</u></u>

**Note 9 FUND CHANGES**

The following funds were opened in 2009:

Capital Project Funds

2009 Local Improvement

Proprietary Funds

Street Light Utility

Agency Funds

Employee Healthcare Reimbursement Account

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The following funds were closed in 2009:

Capital Project Funds

Municipal State Aid  
2005 Local Improvement

Debt Service Funds

1997B Improvement Bonds  
1998 Improvement Bonds  
1998B Improvement Bonds

**Note 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS**

The composition of interfund balances at December 31, 2009 is as follows:

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
	Governmental Funds:	
101-General Fund	245-Airport	\$19,079
401-General Programs	245-Airport	1,149,563
401-General Programs	404-Airport Improvements	918,916
401-General Programs	426-17th Ave North Water Tower	1,676,818
	Nonmajor Governmental Funds:	
401-General Programs	243-Wakota Arena	393,738
401-General Programs	406-City Hall Renovation	15,163
401-General Programs	453-2007 Local Improvements	128,801
401-General Programs	454-2008 Local Improvement	40,791
401-General Programs	456-380 Airport Road	70,469
401-General Programs	457-2009 Local Improvement	115,913
	Total	<u>\$4,529,251</u>
	Business-Type Funds:	
605-Water and Sewer	615-Street Light Utility	<u>\$34,778</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.

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**Interfund transfers:**

	Transfer In			Total
	General Fund	Nonmajor Governmental Fund	Agency Funds	
Transfer out:				
General Fund	\$ -	\$242,076	\$8,879	\$250,955
Tax Increment	101,183	1,459,051	-	1,560,234
Nonmajor Governmental Funds		1,007,124	-	1,007,124
Water and Sewer	1,600,000	120,157	-	1,720,157
Storm Water Utility	40,000	13,331	-	53,331
Street Light Utility	20,000	-	-	20,000
Total transfers	<u>\$1,761,183</u>	<u>\$2,841,739</u>	<u>\$8,879</u>	<u>\$4,611,801</u>

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.

**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 "Authority"), 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 Authority 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 Authority 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, 2009 are as follows:

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<u>Payment Year</u>	<u>Corporation Payment to City</u>
2010	\$170,925
2011	171,985
2012	173,095
2013	174,258
2014	175,475
2015-2019	886,822
2020-2024	881,615
2025-2029	<u>730,295</u>
Total	<u><u>\$3,364,470</u></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 12 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, 2009, the City’s hangar lease tenants were 32 T-Hangar leases, 77 Land leases, and 5 Building leases. The City’s airport hangar lease revenue for the year ended December 31, 2009 was \$313,411.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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**C. ANTENNA LEASES**

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

<u>Location</u>	<u>Lessee</u>	<u>2009 Lease Amount</u>	<u>Annual Lease Adjustment Factor</u>	<u>Expiration Date</u>	<u>Renewal Options</u>
Kaposia Park	T-Mobile	\$20,263	5% Increase on Jan 1	12/31/2013	3 - 5 year terms
Thompson Water Tower	T-Mobile	\$20,262	5% Increase on Jan 1	12/31/2010	4 - 5 year terms
Alice Court Water Tower	T-Mobile	\$21,275	5% Increase on Jan 1	12/31/2014	2 - 5 year terms
Thompson Water Tower	Sprint Nextel	\$21,550	Greater of CPI or 5%	12/31/2011	2 - 5 year terms
Alice Court Water Tower	Sprint Nextel	\$17,819	5% Increase on Jan 1	12/31/2014	1 - 5 year terms
Thompson Water Tower	Verizon	\$21,819	5% Increase on July 1	12/31/2014	1 - 5 year terms

**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, 2009 are as follows:

<u>Payment Year</u>	<u>City Payment to Authority</u>
2010	\$146,320
2011	148,736
2012	151,150
2013	148,330
2014	150,510
2015-2019	738,612
2020-2024	695,634
2025-2029	662,128
Total Minimum Lease Payments Receivable	2,841,420
Less Amount Representing Interest	1,208,465
Present Value of Minimum Lease Payments	<u>\$1,632,955</u>

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

Capital lease - building	\$ 1,783,901
Less: Accumulated Depreciation	71,356
Net	<u>\$ 1,712,545</u>

**Note 13 JOINT VENTURES**

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

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. JOINT POWERS DEBT COMMITMENT**

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

On May 1, 2007, the DCC issued Public Safety Revenue Bonds, Series 2007 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special obligations of the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due on the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.5% - 5.0%. The debt will be re-paid with member assessments over a seven-year amortization. All members reserve the right to prepay, in whole or in part on any date, its allocated share of principal and interest on the bonds.

The City of South St. Paul's debt payments for the year ending December 31, 2009 were \$30,937. The City of South St. Paul's future debt payments as of December 31, 2009 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2010	\$71,950
2011	73,950
2012	71,350
2013	78,750
Total	<u>\$296,000</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](http://www.mn-dcc.org/stats.asp) or by contacting

Dennis Feller at the City of Lakeville, 20195 Holyoke Avenue, Lakeville, Minnesota 55044. Telephone 952-985-4482 or email address dfeller@ci.lakeville.mn.us.

### **C. SOUTH METRO FIRE DEPARTMENT**

On October 25, 2005, the City entered into a joint powers agreement with the City of West St. Paul to consolidate the cities of South St. Paul and West St. Paul fire departments thereby creating a new entity known as the South Metro Fire Department (SMFD) as of January 1, 2008 the operational date.

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

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

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

The activities of the SMFD will continue to be funded entirely by the cities of South St. Paul and West St. Paul, with each contributing an equal share of the SMFD annual budget which must be approved by the Board by a four-fifths vote of all of its members. The City of South St. Paul's annual payments for the year ending December 31, 2009 were \$1,748,713. In addition, each city performed in-kind contributed services of approximate equal value during 2009 with additional service agreements in future years.

## **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.

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, 2009.

**D. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance, which would have a material effect on the financial statements.

**Note 15 COMMITTED CONTRACTS**

The government has active construction projects as of December 31, 2009. The projects include City Hall Remodeling and Airport Hangar buildings. Also included are annual local improvement and maintenance projects.

<u>Projects</u>	<u>Committed Contract</u>
Vet's Field Building	\$166,603
Stockyards Redevelopment	217,275
Water Tower - 17th Ave North	648,028
SCADA System Upgrade	<u>77,717</u>
Total	<u><u>\$1,109,623</u></u>

**Note 16 PRIOR PERIOD ADJUSTMENTS**

The proprietary-fund financial statements are adjusted for an error in capital assets capitalization. In the prior year \$269,458 of expenditures for the Schumacher Road Sanitary Sewer Rehab project were expensed when they should have been included in CIP to be capitalized in 2009 upon the completion of the project. The statements

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
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were also adjusted for \$180,125 for the 12/31/2008 balance of unearned revenue which was determined to be earned as of December 31, 2008.

The government-wide financial statements are adjusted for the errors indicated above.

A summary of the corrections to net assets are as follows:

	<u>Business-Type Activities</u>
Net asset increase (decrease):	
Overstated expenditures correction	\$269,458
Deferred revenue correction	<u>180,125</u>
Net asset restatement	<u><u>\$449,583</u></u>

**Note 17 SUBSEQUENT EVENTS**

In January of 2010, the City of South St. Paul and the Minnesota Public Facilities Authority (PFA) agreed to terms for the sale of bonds and a corresponding project loan to finance the 17<sup>th</sup> Ave North Water Reservoir project. The terms of the agreement commits the PFA to lend \$2,801,051 from the Drinking Water Revolving Fund to the City for a 20 year term with 1.709% annual interest rate.

On April 27<sup>th</sup> 2010, the South St. Paul Housing and Redevelopment Authority (HRA), a component unit of the City, issued \$1,255,000 Capital Equipment Lease Revenue Bonds to provide financing for the South Metro Fire Department's acquisition of two new fire trucks. The Bonds are special, limited obligations of the Authority payable from and secured by a pledge of lease payments required to be made to the South St. Paul HRA by the Cities of South St. Paul and West St. Paul pursuant to the Lease-Purchase Agreement. Lease payments under the Lease will be unlimited tax obligations for the Cities and will be paid from direct general ad valorem taxes beginning February 1, 2011 until February 1, 2020. The Bond payments will range from \$125,000 to \$155,000 with each of the City's portion being shared equally.

**Note 18 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. 51** *Accounting and Financial Reporting for Intangible Assets.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**Statement No. 52** *Land and Other Real Estate Held as Investments by Endowments.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2008.

**Statement No. 54** *Fund Balance Reporting and Government Fund Type Definitions.* The requirements of this Statement are effective for financial statement periods beginning after June 15, 2010. Governments that wish to implement earlier than that date are encouraged to do so.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2009  
With Comparative Actual Amounts For The Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with	2008 Actual Amounts
	Original	Final		Final Budget -	
				Positive (Negative)	
Revenues:					
General property taxes:					
Current	\$4,373,170	\$4,373,170	\$3,962,695	(\$410,475)	\$3,779,501
Delinquent	-	-	132,485	132,485	119,816
Fiscal disparities	930,000	930,000	1,276,379	346,379	1,025,336
Other	-	-	4,394	4,394	4,681
Total general property taxes	<u>5,303,170</u>	<u>5,303,170</u>	<u>5,375,953</u>	<u>72,783</u>	<u>4,929,334</u>
Franchise tax	<u>994,450</u>	<u>799,450</u>	<u>759,836</u>	<u>(39,614)</u>	<u>896,215</u>
Licenses and permits	<u>439,963</u>	<u>330,963</u>	<u>334,996</u>	<u>4,033</u>	<u>377,503</u>
Intergovernmental:					
Federal:					
Grants	-	-	500	500	1,764
State:					
Market value homestead credit	400,000	400,000	454,448	54,448	426,596
Local government aid	2,299,651	1,989,800	1,989,800	-	1,688,661
Road maintenance	178,500	178,500	183,180	4,680	184,670
Fire and police aids	340,000	340,000	279,898	(60,102)	343,491
Other	26,014	26,014	58,564	32,550	28,209
County:					
Gravel tax	4,200	4,200	3,111	(1,089)	3,411
Road maintenance	30,500	42,588	52,758	10,170	14,466
Recycling grant	21,200	21,200	21,300	100	21,200
Other	-	-	7,025	7,025	1,775
Local - other	<u>73,529</u>	<u>73,529</u>	<u>73,873</u>	<u>344</u>	<u>69,795</u>
Total intergovernmental	<u>3,373,594</u>	<u>3,075,831</u>	<u>3,124,457</u>	<u>48,626</u>	<u>2,784,038</u>
Charges for services:					
General government	284,652	303,326	287,886	(15,440)	227,331
Public safety	10,500	10,500	9,684	(816)	54,046
Public works	5,000	5,000	17,729	12,729	11,303
Parks and recreation	191,000	191,000	185,066	(5,934)	206,268
Administrative fee - other funds	105,000	105,000	113,400	8,400	101,300
Engineering project fees	165,000	165,000	182,227	17,227	192,318
Rents	107,241	107,241	108,242	1,001	94,241
Total charges for services	<u>868,393</u>	<u>887,067</u>	<u>904,234</u>	<u>17,167</u>	<u>886,807</u>
Fines and forfeits	<u>108,000</u>	<u>108,000</u>	<u>103,121</u>	<u>(4,879)</u>	<u>103,386</u>
Special assessments	<u>-</u>	<u>-</u>	<u>9,304</u>	<u>9,304</u>	<u>2,682</u>
Miscellaneous:					
Investment income	185,000	85,000	32,637	(52,363)	51,542
Contributions and donations	-	-	-	-	1,000
Other	75,000	162,917	178,705	15,788	43,721
Total miscellaneous	<u>260,000</u>	<u>247,917</u>	<u>211,342</u>	<u>(36,575)</u>	<u>96,263</u>
Total revenues	<u>11,347,570</u>	<u>10,752,398</u>	<u>10,823,243</u>	<u>70,845</u>	<u>10,076,228</u>

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**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
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With Comparative Actual Amounts For The Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with	2008 Actual Amounts
	Original	Final		Final Budget -	
				Positive (Negative)	
<b>Expenditures:</b>					
<b>General government:</b>					
<b>Mayor and city council:</b>					
<b>Current:</b>					
Personal services	\$55,542	\$55,542	\$55,541	\$1	\$55,511
Materials and supplies	400	400	42	358	536
Other services and charges	48,562	48,562	43,566	4,996	43,620
<b>Total mayor and city council</b>	<b>104,504</b>	<b>104,504</b>	<b>99,149</b>	<b>5,355</b>	<b>99,667</b>
<b>City administration:</b>					
<b>Current:</b>					
Personal services	326,778	271,483	269,145	2,338	265,758
Materials and supplies	3,750	3,750	1,888	1,862	3,516
Other services and charges	55,000	55,000	32,822	22,178	39,550
<b>Total city administration</b>	<b>385,528</b>	<b>330,233</b>	<b>303,855</b>	<b>26,378</b>	<b>308,824</b>
<b>Community relations:</b>					
<b>Current:</b>					
Personal services	71,957	76,140	76,300	(160)	71,007
Materials and supplies	8,339	8,339	8,756	(417)	8,550
Other services and charges	2,220	2,220	1,491	729	1,818
<b>Total community relations</b>	<b>82,516</b>	<b>86,699</b>	<b>86,547</b>	<b>152</b>	<b>81,375</b>
<b>City planner:</b>					
<b>Current:</b>					
Personal services	94,964	105,021	103,751	1,270	94,245
Materials and supplies	550	550	258	292	560
Other services and charges	3,780	3,380	2,542	838	2,109
<b>Total city planner</b>	<b>99,294</b>	<b>108,951</b>	<b>106,551</b>	<b>2,400</b>	<b>96,914</b>
<b>City clerk:</b>					
<b>Current:</b>					
Personal services	127,170	132,904	127,482	5,422	135,044
Materials and supplies	6,500	6,500	5,784	716	9,695
Other services and charges	17,800	17,800	16,477	1,323	18,465
<b>Total city clerk</b>	<b>151,470</b>	<b>157,204</b>	<b>149,743</b>	<b>7,461</b>	<b>163,204</b>
<b>City finance:</b>					
<b>Current:</b>					
Personal services	274,084	275,484	272,010	3,474	255,321
Materials and supplies	9,950	9,950	8,681	1,269	9,717
Other services and charges	63,373	63,373	57,176	6,197	57,031
<b>Total city finance</b>	<b>347,407</b>	<b>348,807</b>	<b>337,867</b>	<b>10,940</b>	<b>322,069</b>

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**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
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With Comparative Actual Amounts For The Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget -	2008 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
General government: (continued)					
Computer:					
Current:					
Personal services	\$106,424	\$120,060	\$118,406	\$1,654	\$104,678
Materials and supplies	10,100	10,100	3,926	6,174	4,108
Other services and charges	6,700	6,700	4,282	2,418	4,894
Total computer	123,224	136,860	126,614	10,246	113,680
City attorney:					
Current:					
Materials and supplies	1,500	1,500	-	1,500	-
Other services and charges	245,000	245,000	216,816	28,184	277,363
Total city attorney	246,500	246,500	216,816	29,684	277,363
City hall:					
Current:					
Personal services	83,782	83,782	86,811	(3,029)	79,750
Materials and supplies	12,500	13,500	10,206	3,294	14,262
Other services and charges	168,792	187,792	156,153	31,639	170,572
Total city hall	265,074	285,074	253,170	31,904	264,584
Recycling:					
Current:					
Personal services	31,515	31,515	32,411	(896)	33,466
Materials and supplies	1,000	1,000	598	402	544
Other services and charges	26,350	26,350	28,578	(2,228)	21,217
Total recycling	58,865	58,865	61,587	(2,722)	55,227
Total general government	1,864,382	1,863,697	1,741,899	121,798	1,782,907
Public safety:					
Police:					
Current:					
Personal services	3,203,685	2,961,900	2,924,216	37,684	3,021,374
Materials and supplies	45,696	45,696	51,996	(6,300)	38,011
Other services and charges	778,934	778,934	761,957	16,977	692,242
Capital outlay	8,500	8,500	7,920	580	16,779
Total police	4,036,815	3,795,030	3,746,089	48,941	3,768,406
Fire:					
Current:					
Personal services	306,774	82,570	78,865	3,705	309,044
Materials and supplies	-	-	-	-	(176)
Other services and charges	1,980,788	1,886,284	1,758,757	127,527	1,925,137
Total fire	2,287,562	1,968,854	1,837,622	131,232	2,234,005

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
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With Comparative Actual Amounts For The Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Public safety: (continued)					
Code enforcement:					
Current:					
Personal services	\$248,818	\$254,756	\$252,509	\$2,247	\$238,477
Materials and supplies	2,400	2,400	676	1,724	2,013
Other services and charges	21,557	22,557	32,912	(10,355)	21,028
Total code enforcement	<u>272,775</u>	<u>279,713</u>	<u>286,097</u>	<u>(6,384)</u>	<u>261,518</u>
Animal control:					
Current:					
Personal services	19,169	10,675	8,284	2,391	14,761
Materials and supplies	500	500	-	500	120
Other services and charges	15,900	15,900	2,707	13,193	6,533
Total animal control	<u>35,569</u>	<u>27,075</u>	<u>10,991</u>	<u>16,084</u>	<u>21,414</u>
Total public safety	<u>6,632,721</u>	<u>6,070,672</u>	<u>5,880,799</u>	<u>189,873</u>	<u>6,285,343</u>
Public works:					
Engineering:					
Current:					
Personal services	376,951	371,375	375,650	(4,275)	447,785
Materials and supplies	5,250	5,250	2,484	2,766	3,605
Other services and charges	33,268	33,268	26,290	6,978	39,371
Total engineering	<u>415,469</u>	<u>409,893</u>	<u>404,424</u>	<u>5,469</u>	<u>490,761</u>
Public works:					
Current:					
Personal services	566,997	569,632	564,749	4,883	600,057
Materials and supplies	191,500	191,500	189,238	2,262	230,115
Other services and charges	355,104	369,604	361,087	8,517	537,291
Capital outlay	9,400	9,400	6,687	2,713	-
Total public works	<u>1,123,001</u>	<u>1,140,136</u>	<u>1,121,761</u>	<u>18,375</u>	<u>1,367,463</u>
Total public works	<u>1,538,470</u>	<u>1,550,029</u>	<u>1,526,185</u>	<u>23,844</u>	<u>1,858,224</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2009  
With Comparative Actual Amounts For The Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget -	2008 Actual Amounts
	Original	Final		Positive (Negative)	
Expenditures: (continued)					
Parks:					
Administration					
Current:					
Personal services	\$395,850	\$397,370	\$395,282	\$2,088	\$375,391
Materials and supplies	6,225	6,225	4,200	2,025	4,938
Other services and charges	34,614	34,614	33,611	1,003	42,068
Total administration	<u>436,689</u>	<u>438,209</u>	<u>433,093</u>	<u>5,116</u>	<u>422,397</u>
Parks, pools and maintenance operations:					
Current:					
Personal services	440,665	440,665	392,394	48,271	422,460
Materials and supplies	96,750	96,750	97,388	(638)	125,643
Other services and charges	187,554	187,554	185,838	1,716	213,877
Capital outlay	4,000	4,000	-	4,000	-
Total parks, pools and maintenance operations	<u>728,969</u>	<u>728,969</u>	<u>675,620</u>	<u>53,349</u>	<u>761,980</u>
Total parks	<u>1,165,658</u>	<u>1,167,178</u>	<u>1,108,713</u>	<u>58,465</u>	<u>1,184,377</u>
Contingency	<u>72,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>11,273,535</u>	<u>10,651,576</u>	<u>10,257,596</u>	<u>393,980</u>	<u>11,110,851</u>
Revenues over expenditures	<u>74,035</u>	<u>100,822</u>	<u>565,647</u>	<u>464,825</u>	<u>(1,034,623)</u>
Other financing sources (uses):					
Transfers in	160,000	1,660,000	1,761,183	101,183	184,417
Transfers out	(234,035)	(234,035)	(250,955)	(16,920)	(404,419)
Total other financing sources and uses	<u>(74,035)</u>	<u>1,425,965</u>	<u>1,510,228</u>	<u>84,263</u>	<u>(220,002)</u>
Net change in fund balance	<u>\$0</u>	<u>\$1,526,787</u>	<u>2,075,875</u>	<u>\$549,088</u>	<u>(1,254,625)</u>
Fund balance - January 1			<u>1,902,630</u>		<u>3,157,255</u>
Fund balance - December 31			<u>\$3,978,505</u>		<u>\$1,902,630</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - 245 - AIRPORT**  
For The Year Ended December 31, 2009  
With Comparative Actual Amounts For The Year Ended December 31, 2008

**Statement 11**

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
Revenues:					
Intergovernmental:					
State:					
Airport operations and maintenance	\$29,259	\$29,259	\$29,269	\$10	\$118,635
Charges for services:					
Transportation					
Hangar rentals/land leases	523,961	361,000	314,279	(46,721)	296,729
Aircraft fuel sales	847,543	495,563	495,646	83	698,631
Other	3,800	2,563	15,668	13,105	2,731
Total charges for services	1,375,304	859,126	825,593	(33,533)	998,091
Miscellaneous:					
Other	-	-	4	4	24
Total miscellaneous	0	0	4	4	24
Total revenues	1,404,563	888,385	854,866	(33,519)	1,116,750
Expenditures:					
Transportation:					
Current:					
Personal services	208,326	155,321	160,658	(5,337)	140,924
Materials and supplies	799,494	465,857	470,162	(4,305)	673,813
Other services and charges	144,978	144,414	131,847	12,567	142,756
Capital outlay	3,000	-	-	-	11,275
Long term debt	38,696	68,696	37,549	31,147	37,549
Interest expenditure	90,000	90,000	36,517	53,483	71,959
Total expenditures	1,284,494	924,288	836,733	87,555	1,078,276
Revenues over (under) expenditures	120,069	(35,903)	18,133	54,036	38,474
Other financing sources (uses):					
Transfers in	38,500	7,500	-	(7,500)	-
Net change in fund balance	\$158,569	(\$28,403)	18,133	\$46,536	38,474
Fund balance (deficit) - January 1			(1,143,017)		(1,181,491)
Fund balance (deficit) - December 31			(\$1,124,884)		(\$1,143,017)

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST RETIREMENT BENEFITS**  
December 31, 2009

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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)
1/1/2008	\$ -	\$ 5,962,427	\$ 5,962,427	\$ -	\$ 4,996,012	119.3%
1/1/2009	\$ -	\$ 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, 2009

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**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 two departments where expenditures exceeded appropriations at December 31, 2009. A detailed listing of these funds can be found in the notes to the financial statements, Note 1.G.

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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, 2009  
With Comparative Totals For December 31, 2008

**Statement 12**

Assets	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2009	2008
Cash and investments	\$410,121	\$3,631,441	\$2,379,503	\$6,421,065	\$6,200,666
Accounts receivable	130,830	-	137,147	267,977	173,235
Property taxes receivable:					
Delinquent	65,380	74,719	-	140,099	78,268
Due from county	5,049	5,859	-	10,908	11,623
Special assessments receivable:					
Delinquent	-	21,726	1,635	23,361	21,589
Deferred	-	1,360,434	175,203	1,535,637	1,912,674
Due from county	-	3,519	1,094	4,613	9,394
Due from other governmental units	43,522	-	225,453	268,975	2,222,297
<b>Total assets</b>	<b>\$654,902</b>	<b>\$5,097,698</b>	<b>\$2,920,035</b>	<b>\$8,672,635</b>	<b>\$10,629,746</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts, salaries and contracts payable	\$90,872	\$1,960	\$27,282	\$120,114	\$540,369
Deposits payable	-	-	3,060	3,060	19,100
Due to other governmental units	2,802	-	-	2,802	2,715
Advances from other funds	393,738	-	371,137	764,875	1,063,958
Deferred revenue	66,380	1,456,879	301,453	1,824,712	2,707,345
<b>Total liabilities</b>	<b>553,792</b>	<b>1,458,839</b>	<b>702,932</b>	<b>2,715,563</b>	<b>4,333,487</b>
<b>Fund balance:</b>					
Reserved	-	3,230,312	-	3,230,312	3,807,512
Unreserved:					
Designated for future projects	204,840	-	2,521,517	2,726,357	1,322,890
Undesignated	(103,730)	408,547	(304,414)	403	1,165,857
<b>Total fund balance</b>	<b>101,110</b>	<b>3,638,859</b>	<b>2,217,103</b>	<b>5,957,072</b>	<b>6,296,259</b>
<b>Total liabilities and fund balance</b>	<b>\$654,902</b>	<b>\$5,097,698</b>	<b>\$2,920,035</b>	<b>\$8,672,635</b>	<b>\$10,629,746</b>

**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, 2009  
With Comparative Totals For The Year Ended December 31, 2008

**Statement 13**

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2009	2008
<b>Revenues:</b>					
General property taxes	\$583,250	\$676,282	\$ -	\$1,259,532	\$1,308,315
Intergovernmental	31,995	-	574,402	606,397	2,186,141
Charges for services	1,019,000	-	591,485	1,610,485	1,140,314
Fines and forfeits	11,700	-	-	11,700	9,835
Special assessments	-	498,449	76,274	574,723	717,371
Investment income	11,445	107,219	59,607	178,271	376,522
Contributions and donations	48,395	-	-	48,395	27,443
Miscellaneous	7,977	-	-	7,977	9,030
Total revenues	<u>1,713,762</u>	<u>1,281,950</u>	<u>1,301,768</u>	<u>4,297,480</u>	<u>5,774,971</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,779	-	164,997	169,776	41,201
Public safety	32,683	-	-	32,683	58,835
Public works	-	-	646,360	646,360	520,142
Parks, arena, library	1,481,952	-	-	1,481,952	1,587,624
<b>Capital outlay:</b>					
General government	-	-	68,853	68,853	133,826
Public safety	31,010	-	-	31,010	35,415
Public works	-	-	682,839	682,839	2,981,574
Parks, arena, library	13,858	-	101,826	115,684	233,341
Interest expenditure	19,633	322	7,966	27,921	64,664
<b>Debt service:</b>					
Principal	-	2,746,063	-	2,746,063	3,006,666
Interest and other charges	-	468,141	-	468,141	613,331
Bond issuance costs	-	-	-	-	29,808
Total expenditures	<u>1,583,915</u>	<u>3,214,526</u>	<u>1,672,841</u>	<u>6,471,282</u>	<u>9,306,427</u>
Revenues over (under) expenditures	<u>129,847</u>	<u>(1,932,576)</u>	<u>(371,073)</u>	<u>(2,173,802)</u>	<u>(3,531,456)</u>
<b>Other financing sources (uses):</b>					
Bond issued	-	-	-	-	1,874,870
Bond discount	-	-	-	-	(6,008)
Refunded bonds redeemed	-	-	-	-	(1,810,000)
Transfers in	183,041	1,621,403	1,037,295	2,841,739	3,848,023
Transfers out	(162,352)	(768,259)	(76,513)	(1,007,124)	(2,116,946)
Total other financing sources (uses)	<u>20,689</u>	<u>853,144</u>	<u>960,782</u>	<u>1,834,615</u>	<u>1,789,939</u>
Net change in fund balance	150,536	(1,079,432)	589,709	(339,187)	(1,741,517)
Fund balance - January 1	<u>(49,426)</u>	<u>4,718,291</u>	<u>1,627,394</u>	<u>6,296,259</u>	<u>8,037,776</u>
Fund balance (deficit) - December 31	<u>\$101,110</u>	<u>\$3,638,859</u>	<u>\$2,217,103</u>	<u>\$5,957,072</u>	<u>\$6,296,259</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.

Wakota Arena - This fund is used to account for revenues and expenditures for municipal arena 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, 2009  
With Comparative Totals For December 31, 2008

Statement 14

Assets	201 -	202- Park	213 - Library	243 - Wakota	250 - Central	Totals Nonmajor Special	
	Donations/ Grants	Land Dedication		Arena	Square	Revenue Funds	
						2009	2008
Cash and investments	\$193,517	\$8,187	\$25,300	\$ -	\$183,117	\$410,121	\$355,469
Accounts receivable	-	-	-	130,662	168	130,830	96,200
Property taxes receivable:							
Delinquent	-	-	65,380	-	-	65,380	37,007
Due from county	-	-	5,049	-	-	5,049	5,392
Due from other governmental units	13,721	-	-	29,801	-	43,522	24,922
<b>Total assets</b>	<b>\$207,238</b>	<b>\$8,187</b>	<b>\$95,729</b>	<b>\$160,463</b>	<b>\$183,285</b>	<b>\$654,902</b>	<b>\$518,990</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts, salaries and contracts payable	\$1,398	\$ -	\$30,283	\$44,879	\$14,312	\$90,872	\$125,337
Due to other governmental units	-	-	66	2,151	585	2,802	2,715
Advances from other funds	-	-	-	393,738	-	393,738	403,357
Deferred revenue	1,000	-	65,380	-	-	66,380	37,007
<b>Total liabilities</b>	<b>2,398</b>	<b>0</b>	<b>95,729</b>	<b>440,768</b>	<b>14,897</b>	<b>553,792</b>	<b>568,416</b>
<b>Fund balance:</b>							
<b>Unreserved:</b>							
Designated for future projects	204,840	-	-	-	-	204,840	184,185
Undesignated	-	8,187	-	(280,305)	168,388	(103,730)	(233,611)
<b>Total fund balance</b>	<b>204,840</b>	<b>8,187</b>	<b>0</b>	<b>(280,305)</b>	<b>168,388</b>	<b>101,110</b>	<b>(49,426)</b>
<b>Total liabilities and fund balance</b>	<b>\$207,238</b>	<b>\$8,187</b>	<b>\$95,729</b>	<b>\$160,463</b>	<b>\$183,285</b>	<b>\$654,902</b>	<b>\$518,990</b>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For The Year Ended December 31, 2009**  
**With Comparative Totals For The Year Ended December 31, 2008**

**Statement 15**

	201 -	202- Park	213 - Library	243 - Wakota	250 - Central	Totals Nonmajor Special	
	Donations/ Grants	Land Dedication		Arena	Square	Revenue Funds	
						2009	2008
<b>Revenues:</b>							
General property taxes	\$ -	\$ -	\$583,250	\$ -	\$ -	\$583,250	\$608,243
Intergovernmental	31,995	-	-	-	-	31,995	67,970
Charges for services	-	-	5,296	802,194	211,510	1,019,000	1,016,471
Fines and forfeits	-	-	11,700	-	-	11,700	9,835
Investment income	6,098	251	-	-	5,096	11,445	17,194
Contributions and donations	48,225	-	170	-	-	48,395	27,443
Miscellaneous	5,367	-	2,345	265	-	7,977	9,030
<b>Total revenues</b>	<b>91,685</b>	<b>251</b>	<b>602,761</b>	<b>802,459</b>	<b>216,606</b>	<b>1,713,762</b>	<b>1,756,186</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	4,779	-	-	-	-	4,779	6,022
Public safety	32,683	-	-	-	-	32,683	58,835
Parks, arena, library	2,558	-	610,802	700,346	168,246	1,481,952	1,587,624
Interest expenditure	-	-	-	19,633	-	19,633	30,007
Capital outlay	31,010	-	-	13,858	-	44,868	221,260
<b>Total expenditures</b>	<b>71,030</b>	<b>0</b>	<b>610,802</b>	<b>733,837</b>	<b>168,246</b>	<b>1,583,915</b>	<b>1,903,748</b>
<b>Revenues over (under) expenditures</b>	<b>20,655</b>	<b>251</b>	<b>(8,041)</b>	<b>68,622</b>	<b>48,360</b>	<b>129,847</b>	<b>(147,562)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	8,041	175,000	-	183,041	421,259
Transfers out	-	-	-	(162,352)	-	(162,352)	(189,871)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>8,041</b>	<b>12,648</b>	<b>0</b>	<b>20,689</b>	<b>231,388</b>
<b>Net change in fund balance</b>	<b>20,655</b>	<b>251</b>	<b>0</b>	<b>81,270</b>	<b>48,360</b>	<b>150,536</b>	<b>83,826</b>
<b>Fund balance (deficit) - January 1</b>	<b>184,185</b>	<b>7,936</b>	<b>-</b>	<b>(361,575)</b>	<b>120,028</b>	<b>(49,426)</b>	<b>(133,252)</b>
<b>Fund balance (deficit) - December 31</b>	<b>\$204,840</b>	<b>\$8,187</b>	<b>\$0</b>	<b>(\$280,305)</b>	<b>\$168,388</b>	<b>\$101,110</b>	<b>(\$49,426)</b>

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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.

- 1995B Refunding Park Bonds – issued to provide funds to refund the 1997 through 2011 maturities of the G.O. Park Bonds dated December 16, 1990, which were issued for the purpose of improving existing City parks.
- 2003B Arena Revenue Bonds – issued to provide funds to refund the 1997A Arena Revenue Bonds 2004-2018 maturities. The 1997A Bonds financed construction of a second sheet of ice at the City's Wakota Arena.
- 2007 DCC Revenue Bonds - This fund is used to account for revenues and expenditures for the City's portion of the DCC Public Safety Revenue Bonds, Series 2007.
- 2007B Refunding Bonds-issued to provide funds to refund the 2009 through 2021 maturities of the G.O Bonds, Series 2000 dated October 19, 2000.

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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	316 - 1995B Refunding Park Bonds	356- 2007B Refunding Bonds	320 - 2003B Arena Revenue Bonds	355 - 2007 DCC Revenue Bonds	340 - 1994 Improvement Bonds
<b>Assets</b>					
Cash and investments	\$266,992	\$285,970	\$ -	\$61,539	\$95,317
Property taxes receivable:					
Delinquent	10,171	20,026	-	7,311	6,851
Due from county	799	1,565	-	577	537
Special assessments receivable:					
Delinquent	-	-	-	-	224
Deferred	-	-	-	-	1,575
Due from county	-	-	-	-	-
<b>Total assets</b>	<b>\$277,962</b>	<b>\$307,561</b>	<b>\$0</b>	<b>\$69,427</b>	<b>\$104,504</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts, salaries and contracts payable	\$196	\$196	\$196	\$196	\$ -
Deferred revenue	10,171	20,026	-	7,311	8,650
<b>Total liabilities</b>	<b>10,367</b>	<b>20,222</b>	<b>196</b>	<b>7,507</b>	<b>8,650</b>
<b>Fund balance:</b>					
Reserved for debt service	92,408	287,339	-	61,920	61,620
Unreserved:					
Undesignated	175,187	-	(196)	-	34,234
<b>Total fund balance</b>	<b>267,595</b>	<b>287,339</b>	<b>(196)</b>	<b>61,920</b>	<b>95,854</b>
<b>Total liabilities and fund balance</b>	<b>\$277,962</b>	<b>\$307,561</b>	<b>\$0</b>	<b>\$69,427</b>	<b>\$104,504</b>

CITY OF SOUTH ST. PAUL, MINNESOTA  
SUBCOMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
December 31, 2009  
With Comparative Totals For December 31, 2008

	343 -1997B Improvement Bonds	344 - 1998 Improvement Bonds	345 -1998B Improvement Bonds	346 - 1999 Improvement Bonds	347 - 2000B Improvement Bonds	348 - 2001 Improvement Bonds	349 - 2002 Improvement Bonds
<b>Assets</b>							
Cash and investments	\$ -	\$ -	\$ -	\$140,351	\$299,836	\$235,539	\$259,454
Property taxes receivable:							
Delinquent	-	-	-	-	-	-	-
Due from county	-	-	-	-	-	-	-
Special assessments receivable:							
Delinquent	152	870	1,551	2,433	1,235	3,280	1,713
Deferred	-	-	7,907	998	25,854	53,333	72,340
Due from county	-	-	-	334	168	467	122
<b>Total assets</b>	<b>\$152</b>	<b>\$870</b>	<b>\$9,458</b>	<b>\$144,116</b>	<b>\$327,093</b>	<b>\$292,619</b>	<b>\$333,629</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts, salaries and contracts payable	\$ -	\$ -	\$ -	\$ -	\$196	\$ -	\$ -
Deferred revenue	152	870	9,458	3,431	27,089	56,613	74,053
	152	870	9,458	3,431	27,285	56,613	74,053
<b>Fund balance:</b>							
Reserved for debt service	-	-	-	71,750	220,159	224,000	220,844
Unreserved:							
Undesignated	-	-	-	68,935	79,649	12,006	38,732
<b>Total fund balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,685</b>	<b>299,808</b>	<b>236,006</b>	<b>259,576</b>
<b>Total liabilities and fund balance</b>	<b>\$152</b>	<b>\$870</b>	<b>\$9,458</b>	<b>\$144,116</b>	<b>\$327,093</b>	<b>\$292,619</b>	<b>\$333,629</b>

350 - 2003A Improvement Bonds	351 - 2005A Improvement Bonds	352 - 2005B Improvement Bonds	353 - 2006A Capital Improvement Bonds	354 - 2007A Improvement Bonds	Totals Nonmajor Debt Service Funds	
					2009	2008
\$588,071	\$510,179	\$216,348	\$115,345	\$556,500	\$3,631,441	\$4,702,769
-	-	-	30,360	-	74,719	41,261
-	-	-	2,381	-	5,859	6,231
3,850	3,128	1,699	-	1,591	21,726	20,605
173,742	154,082	171,580	-	699,023	1,360,434	1,734,190
610	90	1,488	-	240	3,519	9,290
<u>\$766,273</u>	<u>\$667,479</u>	<u>\$391,115</u>	<u>\$148,086</u>	<u>\$1,257,354</u>	<u>\$5,097,698</u>	<u>\$6,514,346</u>
\$196	\$196	\$196	\$196	\$196	\$1,960	\$ -
<u>177,592</u>	<u>157,210</u>	<u>173,279</u>	<u>30,360</u>	<u>700,614</u>	<u>1,456,879</u>	<u>1,796,055</u>
<u>177,788</u>	<u>157,406</u>	<u>173,475</u>	<u>30,556</u>	<u>700,810</u>	<u>1,458,839</u>	<u>1,796,055</u>
588,485	510,073	217,640	117,530	556,544	3,230,312	3,807,512
-	-	-	-	-	408,547	910,779
<u>588,485</u>	<u>510,073</u>	<u>217,640</u>	<u>117,530</u>	<u>556,544</u>	<u>3,638,859</u>	<u>4,718,291</u>
<u>\$766,273</u>	<u>\$667,479</u>	<u>\$391,115</u>	<u>\$148,086</u>	<u>\$1,257,354</u>	<u>\$5,097,698</u>	<u>\$6,514,346</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, 2009  
 With Comparative Totals For The Year Ended December 31, 2008

	317 - 2004A Refunding Bonds	316 - 1995B Refunding Park Bonds	356- 2007B Refunding Bonds	320 - 2003B Arena Revenue Bonds	355 - 2007 DCC Revenue Bonds
<b>Revenues:</b>					
General property taxes	\$ -	\$92,216	\$180,828	\$ -	\$66,473
Special assessments	-	-	-	-	-
Investment income	-	6,603	5,479	-	836
Total revenues	<u>0</u>	<u>98,819</u>	<u>186,307</u>	<u>0</u>	<u>67,309</u>
<b>Expenditures:</b>					
Interest expenditure	-	-	-	-	-
<b>Debt service:</b>					
Principal	1,420,000	85,000	110,000	115,000	26,063
Interest and other charges	39,051	7,241	72,391	47,548	4,874
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>1,459,051</u>	<u>92,241</u>	<u>182,391</u>	<u>162,548</u>	<u>30,937</u>
Revenues over (under) expenditures	<u>(1,459,051)</u>	<u>6,578</u>	<u>3,916</u>	<u>(162,548)</u>	<u>36,372</u>
<b>Other financing sources (uses):</b>					
Refunded bonds redeemed	-	-	-	-	-
Transfers in	1,459,051	-	-	162,352	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,459,051</u>	<u>0</u>	<u>0</u>	<u>162,352</u>	<u>0</u>
Net change in fund balance	0	6,578	3,916	(196)	36,372
Fund balance - January 1	-	261,017	283,423	0	25,548
Fund balance - December 31	<u>\$0</u>	<u>\$267,595</u>	<u>\$287,339</u>	<u>(\$196)</u>	<u>\$61,920</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, 2009  
With Comparative Totals For The Year Ended December 31, 2008

	340 - 1994 Improvement Bonds	343 - 1997B Improvement Bonds	344 - 1998 Improvement Bonds	345 - 1998B Improvement Bonds	346 - 1999 Improvement Bonds	347 - 2000B Improvement Bonds	348 - 2001 Improvement Bonds
<b>Revenues:</b>							
General property taxes	\$61,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	142	433	-	458	25,713	30,220	35,737
Investment income	1,856	8,650	249	3,914	4,095	9,090	6,880
Total revenues	<u>63,995</u>	<u>9,083</u>	<u>249</u>	<u>4,372</u>	<u>29,808</u>	<u>39,310</u>	<u>42,617</u>
<b>Expenditures:</b>							
Interest expenditure	-	-	-	-	-	-	-
Debt service:							
Principal	55,000	-	-	70,000	70,000	105,000	75,000
Interest and other charges	4,725	-	-	1,470	5,249	12,796	10,796
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>59,725</u>	<u>-</u>	<u>-</u>	<u>71,470</u>	<u>75,249</u>	<u>117,796</u>	<u>85,796</u>
Revenues over (under) expenditures	<u>4,270</u>	<u>9,083</u>	<u>249</u>	<u>(67,098)</u>	<u>(45,441)</u>	<u>(78,486)</u>	<u>(43,179)</u>
<b>Other financing sources (uses):</b>							
Refunded bonds redeemed	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(528,232)	(112,605)	(127,422)	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>(528,232)</u>	<u>(112,605)</u>	<u>(127,422)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	4,270	(519,149)	(112,356)	(194,520)	(45,441)	(78,486)	(43,179)
Fund balance - January 1	91,584	519,149	112,356	194,520	186,126	378,294	279,185
Fund balance - December 31	<u>\$95,854</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$140,685</u>	<u>\$299,808</u>	<u>\$236,006</u>

349 - 2002 Improvement Bonds	350 - 2003A Improvement Bonds	351 - 2005A Improvement Bonds	352 - 2005B Improvement Bonds	353 - 2006A Capital Improvement Bonds	354 - 2007A Improvement Bonds	Totals Nonmajor Debt Service Funds	
						2009	2008
\$ -	\$ -	\$ -	\$ -	\$274,768	\$ -	\$676,282	\$700,072
31,999	65,746	54,214	76,288	-	177,499	498,449	587,371
7,557	17,312	14,988	5,450	-	14,260	107,219	277,254
<u>39,556</u>	<u>83,058</u>	<u>69,202</u>	<u>81,738</u>	<u>274,768</u>	<u>191,759</u>	<u>1,281,950</u>	<u>1,564,697</u>
-	-	-	-	322	-	322	477
55,000	115,000	95,000	75,000	130,000	145,000	2,746,063	3,006,666
8,656	22,335	18,823	15,591	148,499	48,096	468,141	613,331
-	-	-	-	-	-	-	900
<u>63,656</u>	<u>137,335</u>	<u>113,823</u>	<u>90,591</u>	<u>278,821</u>	<u>193,096</u>	<u>3,214,526</u>	<u>3,621,374</u>
<u>(24,100)</u>	<u>(54,277)</u>	<u>(44,621)</u>	<u>(8,853)</u>	<u>(4,053)</u>	<u>(1,337)</u>	<u>(1,932,576)</u>	<u>(2,056,677)</u>
-	-	-	-	-	-	-	(1,810,000)
-	-	-	-	-	-	1,621,403	3,321,709
-	-	-	-	-	-	(768,259)	(1,705,805)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>853,144</u>	<u>(194,096)</u>
(24,100)	(54,277)	(44,621)	(8,853)	(4,053)	(1,337)	(1,079,432)	(2,250,773)
283,676	642,762	554,694	226,493	121,583	557,881	4,718,291	6,969,064
<u>\$259,576</u>	<u>\$588,485</u>	<u>\$510,073</u>	<u>\$217,640</u>	<u>\$117,530</u>	<u>\$556,544</u>	<u>\$3,638,859</u>	<u>\$4,718,291</u>

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## NONMAJOR CAPITAL PROJECT FUNDS

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

Special Projects – used to account for revenues and expenditures for capital improvements, which will provide a direct or significant indirect benefit to individual property owners.

Municipal State Aid – used to account for the City's allocation of State collected highway user tax for Minnesota State Aid (MSA) designated road construction.

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

City Hall Renovation – used to account for revenues and expenditures related to the remodeling of City Hall.

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

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

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

2005 - 2009 Local Improvement – used to account for reconstruction of streets. These funds are typically viable for two years.

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

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	402 - Special Projects	405 - Floodwall Construction	406 - City Hall Renovation	420 - Equipment Acquisition
<b>Assets</b>				
Cash and investments	\$1,059,479	\$82,560	\$ -	\$586,219
Accounts receivable	-	-	-	-
Property taxes receivable:				
Special assessments receivable:				
Delinquent	864	-	-	-
Deferred	156,008	-	-	-
Due from county	867	-	-	-
Due from other governmental units	186,425	-	-	-
<b>Total assets</b>	<b>\$1,403,643</b>	<b>\$82,560</b>	<b>\$0</b>	<b>\$586,219</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts, salaries and contracts payable	\$8,416	\$ -	\$6,101	\$4,364
Deposits payable	-	-	-	-
Advances from other funds	-	-	15,163	-
Deferred revenue	156,872	-	-	-
<b>Total liabilities</b>	<b>165,288</b>	<b>0</b>	<b>21,264</b>	<b>4,364</b>
<b>Fund balance (deficit):</b>				
<b>Unreserved:</b>				
Designated for future projects	1,238,355	82,560	(21,264)	581,855
Undesignated	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>1,238,355</b>	<b>82,560</b>	<b>(21,264)</b>	<b>581,855</b>
<b>Total liabilities and fund balance</b>	<b>\$1,403,643</b>	<b>\$82,560</b>	<b>\$0</b>	<b>\$586,219</b>

CITY OF SOUTH ST. PAUL, MINNESOTA  
 SUBCOMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2009  
 With Comparative Totals For December 31, 2008

	425 - Stockyards Redevelopment	431 - Local Improvement	452 - 2006 Local Improvement	453 - 2007 Local Improvement
<b>Assets</b>				
Cash and investments	\$505,907	\$117,908	\$27,430	\$ -
Accounts receivable	-	-	-	-
Property taxes receivable:				
Special assessments receivable:				
Delinquent	-	771	-	-
Deferred	-	19,195	-	-
Due from county	-	227	-	-
Due from other governmental units	-	-	-	-
<b>Total assets</b>	<b>\$505,907</b>	<b>\$138,101</b>	<b>\$27,430</b>	<b>\$0</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts, salaries and contracts payable	\$8,401	\$ -	\$ -	\$ -
Deposits payable	-	-	3,060	-
Advances from other funds	-	-	-	128,801
Deferred revenue	-	19,966	-	-
<b>Total liabilities</b>	<b>8,401</b>	<b>19,966</b>	<b>3,060</b>	<b>128,801</b>
<b>Fund balance (deficit):</b>				
<b>Unreserved:</b>				
Designated for future projects	497,506	118,135	24,370	-
Undesignated	-	-	-	(128,801)
<b>Total fund balance (deficit)</b>	<b>497,506</b>	<b>118,135</b>	<b>24,370</b>	<b>(128,801)</b>
<b>Total liabilities and fund balance</b>	<b>\$505,907</b>	<b>\$138,101</b>	<b>\$27,430</b>	<b>\$0</b>

454 - 2008 Local Improvement	457 - 2009 Local Improvement	456 - 380 Airport Road	Totals Nonmajor Capital Project Funds	
			2009	2008
\$ -	\$ -	\$ -	\$2,379,503	\$1,142,428
-	-	137,147	137,147	77,035
-	-	-	1,635	984
-	-	-	175,203	178,484
-	-	-	1,094	104
-	39,028	-	225,453	2,197,375
<u>\$0</u>	<u>\$39,028</u>	<u>\$137,147</u>	<u>\$2,920,035</u>	<u>\$3,596,410</u>
\$ -	\$ -	\$ -	\$27,282	\$415,032
-	-	-	3,060	19,100
40,791	115,913	70,469	371,137	660,601
-	-	124,615	301,453	874,283
<u>40,791</u>	<u>115,913</u>	<u>195,084</u>	<u>702,932</u>	<u>1,969,016</u>
-	-	-	2,521,517	1,138,705
(40,791)	(76,885)	(57,937)	(304,414)	488,689
<u>(40,791)</u>	<u>(76,885)</u>	<u>(57,937)</u>	<u>2,217,103</u>	<u>1,627,394</u>
<u>\$0</u>	<u>\$39,028</u>	<u>\$137,147</u>	<u>\$2,920,035</u>	<u>\$3,596,410</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, 2009  
With Comparative Totals For The Year Ended December 31, 2008

	402 - Special Projects	403 - Municipal State Aid	405 - Floodwall Construction	406 - City Hall Renovation	420 - Equipment Acquisition
<b>Revenues:</b>					
Intergovernmental revenue	\$493,120	\$ -	\$ -	\$ -	\$ -
Charges for services	115,519	-	-	-	-
Special assessments	68,369	-	-	-	-
Investment income	25,599	316	4,377	-	17,349
<b>Total revenues</b>	<u>702,607</u>	<u>316</u>	<u>4,377</u>	<u>0</u>	<u>17,349</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,839	-	-	-	21,707
Public works	10,516	-	154,488	-	-
<b>Capital outlay:</b>					
General government	-	-	-	64,490	4,363
Public safety	-	-	-	-	-
Public works	527,803	-	-	-	-
Parks, arena, library	101,826	-	-	-	-
Transportation	-	-	-	-	-
Interest expenditure	-	-	-	2,938	-
<b>Debt service:</b>					
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<u>644,984</u>	<u>0</u>	<u>154,488</u>	<u>67,428</u>	<u>26,070</u>
<b>Revenues over (under) expenditures</b>	<u>57,623</u>	<u>316</u>	<u>(150,111)</u>	<u>(67,428)</u>	<u>(8,721)</u>
<b>Other financing sources (uses):</b>					
Bond issued	-	-	-	-	-
Bond discount	-	-	-	-	-
Transfers in	778,600	-	-	150,000	59,035
Transfers out	(66,172)	(10,341)	-	-	-
<b>Total other financing sources (uses)</b>	<u>712,428</u>	<u>(10,341)</u>	<u>0</u>	<u>150,000</u>	<u>59,035</u>
<b>Net change in fund balance</b>	770,051	(10,025)	(150,111)	82,572	50,314
<b>Fund balance (deficit) - January 1</b>	<u>468,304</u>	<u>10,025</u>	<u>232,671</u>	<u>(103,836)</u>	<u>531,541</u>
<b>Fund balance (deficit) - December 31</b>	<u><u>\$1,238,355</u></u>	<u><u>\$0</u></u>	<u><u>\$82,560</u></u>	<u><u>(\$21,264)</u></u>	<u><u>\$581,855</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, 2009  
With Comparative Totals For The Year Ended December 31, 2008

	425 - Stockyards Redevelopment	431 - Local Improvement	451 - 2005 Local Improvement	452 - 2006 Local Improvement
<b>Revenues:</b>				
Intergovernmental revenue	\$ -	\$ -	\$23,745	\$ -
Charges for services	377,135	-	-	-
Special assessments	-	7,905	-	-
Investment income	7,361	3,200	-	860
<b>Total revenues</b>	<u>384,496</u>	<u>11,105</u>	<u>23,745</u>	<u>860</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public works	-	-	26,464	-
<b>Capital outlay:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	155,036	-	-	-
Parks, arena, library	-	-	-	-
Transportation	-	-	-	-
Interest expenditure	-	-	409	-
<b>Debt service:</b>				
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<u>155,036</u>	<u>0</u>	<u>26,873</u>	<u>0</u>
Revenues over (under) expenditures	<u>229,460</u>	<u>11,105</u>	<u>(3,128)</u>	<u>860</u>
<b>Other financing sources (uses):</b>				
Bond issued	-	-	-	-
Bond discount	-	-	-	-
Transfers in	-	-	16,172	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>16,172</u>	<u>0</u>
Net change in fund balance	229,460	11,105	13,044	860
Fund balance (deficit) - January 1	<u>268,046</u>	<u>107,030</u>	<u>(13,044)</u>	<u>23,510</u>
Fund balance (deficit) - December 31	<u><u>\$497,506</u></u>	<u><u>\$118,135</u></u>	<u><u>\$0</u></u>	<u><u>\$24,370</u></u>

453 - 2007 Local Improvement	454 - 2008 Local Improvement	457 - 2009 Local Improvement	456 - 380 Airport Road	Totals Nonmajor Capital Project Funds	
				2009	2008
\$ -	\$18,509	\$39,028	\$ -	\$574,402	\$2,118,171
-	-	-	98,831	591,485	123,843
-	-	-	-	76,274	130,000
545	-	-	-	59,607	82,074
<u>545</u>	<u>18,509</u>	<u>39,028</u>	<u>98,831</u>	<u>1,301,768</u>	<u>2,454,088</u>
-	-	-	138,451	164,997	35,179
277,159	30,184	147,549	-	646,360	520,142
-	-	-	-	68,853	133,826
-	-	-	-	-	35,415
-	-	-	-	682,839	2,981,574
-	-	-	-	101,826	12,081
-	-	-	-	-	-
-	768	1,852	1,999	7,966	34,180
-	-	-	-	-	28,908
<u>277,159</u>	<u>30,952</u>	<u>149,401</u>	<u>140,450</u>	<u>1,672,841</u>	<u>3,781,305</u>
<u>(276,614)</u>	<u>(12,443)</u>	<u>(110,373)</u>	<u>(41,619)</u>	<u>(371,073)</u>	<u>(1,327,217)</u>
-	-	-	-	-	1,874,870
-	-	-	-	-	(6,008)
-	-	33,488	-	1,037,295	105,055
-	-	-	-	(76,513)	(221,270)
<u>0</u>	<u>0</u>	<u>33,488</u>	<u>0</u>	<u>960,782</u>	<u>1,752,647</u>
(276,614)	(12,443)	(76,885)	(41,619)	589,709	425,430
147,813	(28,348)	-	(16,318)	1,627,394	1,201,964
<u>(\$128,801)</u>	<u>(\$40,791)</u>	<u>(\$76,885)</u>	<u>(\$57,937)</u>	<u>\$2,217,103</u>	<u>\$1,627,394</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SPECIAL REVENUE FUND - 213 - LIBRARY**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2009  
With Comparative Actual Amounts For The Year Ended December 31, 2008

**Statement 20**

	2009			2008 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
General property taxes:				
Current	\$624,973	\$624,973	\$567,440	\$592,838
Delinquent	-	-	15,810	15,405
Total general property taxes	<u>624,973</u>	<u>624,973</u>	<u>583,250</u>	<u>608,243</u>
Rental fees	4,000	4,000	5,296	4,011
Fines	6,500	6,500	11,700	6,669
Donations/other	2,000	2,000	2,515	1,793
Total revenues	<u>637,473</u>	<u>637,473</u>	<u>602,761</u>	<u>620,716</u>
Expenditures:				
Parks, arena, library:				
Personal services	448,235	452,699	438,467	463,938
Materials and supplies	90,100	90,100	90,235	86,729
Other services and charges	99,138	94,674	82,100	65,223
Total expenditures	<u>637,473</u>	<u>637,473</u>	<u>610,802</u>	<u>615,890</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(8,041)</u>	<u>4,826</u>
Other financing sources (uses):				
Transfers in	-	-	8,041	(29,417)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>8,041</u>	<u>(29,417)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	0	(24,591)
Fund balance (deficit) - January 1			-	24,591
Fund balance (deficit) - December 31			<u>\$0</u>	<u>\$0</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**SPECIAL REVENUE FUND - 243 - WAKOTA ARENA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2009  
With Comparative Actual Amounts For The Year Ended December 31, 2008

**Statement 21**

	2009			2008 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Charges for services:				
Ice rentals	\$581,145	\$625,775	\$553,545	\$538,800
Ticket sales league games	34,500	44,240	44,433	54,146
Public/figure skating	19,000	22,312	23,270	27,725
Concessions	100,000	89,667	98,182	94,477
Rent of annex	70,250	70,250	70,250	68,204
Other	18,400	15,239	12,779	14,998
Total revenues	<u>823,295</u>	<u>867,483</u>	<u>802,459</u>	<u>798,350</u>
Expenditures:				
Parks, arena, library:				
Personal services	313,403	289,761	287,078	300,916
Materials and supplies	106,600	94,600	106,791	130,322
Services and other charges	339,782	305,437	306,475	346,815
Interest expenditure	23,000	23,000	19,634	30,007
Capital outlay	-	-	13,859	221,260
Total expenditures	<u>782,785</u>	<u>712,798</u>	<u>733,837</u>	<u>1,029,320</u>
Revenues over (under) expenditures	<u>40,510</u>	<u>154,685</u>	<u>68,622</u>	<u>(230,970)</u>
Other financing sources (uses):				
Transfers in	175,000	175,000	175,000	421,259
Transfers out	(164,078)	(164,078)	(162,352)	(160,454)
Total other financing sources (uses)	<u>10,922</u>	<u>10,922</u>	<u>12,648</u>	<u>260,805</u>
Net change in fund balance	<u>\$51,432</u>	<u>\$165,607</u>	81,270	29,835
Fund balance (deficit) - January 1			(361,575)	(391,410)
Fund balance (deficit) - December 31			<u>(\$280,305)</u>	<u>(\$361,575)</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, 2009**  
**With Comparative Actual Amounts For The Year Ended December 31, 2008**

**Statement 22**

	2009		Actual	2008 Actual
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services:				
Memberships	\$118,000	\$118,000	\$131,239	\$126,220
Programming	73,000	73,000	72,484	76,124
Open Swim	7,000	7,000	6,396	5,760
Room Rental	6,000	6,000	1,150	6,724
Other	500	500	241	483
Investment income	-	-	5,096	7,337
Miscellaneous	600	600	-	-
Total revenues	<u>205,100</u>	<u>205,100</u>	<u>216,606</u>	<u>222,648</u>
Expenditures:				
Parks, arena, library:				
Personal services	143,677	143,677	125,531	125,736
Materials and supplies	10,800	10,800	12,811	36,201
Services and other charges	31,886	31,866	29,904	22,687
Capital outlay	9,000	9,000	-	-
Total expenditures	<u>195,363</u>	<u>195,343</u>	<u>168,246</u>	<u>184,624</u>
Net change in fund balance	<u>\$9,737</u>	<u>\$9,757</u>	48,360	38,024
Fund balance (deficit) - January 1			<u>120,028</u>	<u>82,004</u>
Fund balance (deficit) - December 31			<u>\$168,388</u>	<u>\$120,028</u>

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

**Statement 23**

December 31, 2009

With Comparative Total Amounts as of December 31, 2008

	703 - Central	705 - OPEB/	Totals	
	Garage	Employee Benefits Fund	2009	2008
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and investments	\$669,580	\$262,399	\$931,979	\$620,339
Total current assets	669,580	262,399	931,979	620,339
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Machinery and equipment	3,223,640	-	3,223,640	3,147,813
Less: Allowance for depreciation	(2,104,046)	-	(\$2,104,046)	(1,929,765)
Net capital assets	1,119,594	0	1,119,594	1,218,048
Total noncurrent assets	1,119,594	0	1,119,594	1,218,048
Total assets	1,789,174	262,399	2,051,573	1,838,387
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	69,744	-	69,744	25,913
Wages and payroll taxes payable	1,878	-	1,878	6,348
Compensated absences	-	120,973	120,973	-
Total current liabilities	71,622	120,973	192,595	32,261
<b>Noncurrent liabilities:</b>				
Net other post-employment benefit obligation	-	725,471	725,471	267,522
Compensated absences	-	322,295	322,295	8,179
Total noncurrent liabilities	0	1,047,766	1,047,766	275,701
Total liabilities	71,622	1,168,739	1,240,361	307,962
<b>Net assets:</b>				
Invested in capital assets	1,119,594	-	1,119,594	1,218,048
Unrestricted	597,958	(906,340)	(308,382)	312,377
Total net assets	\$1,717,552	(\$906,340)	\$811,212	\$1,530,425

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
For The Year Ended December 31, 2009  
With Comparative Total Amounts For The Year Ended December 31, 2008

**Statement 24**

	703 - Central Garage	705 - OPEB/ Employee Benefits Fund	Totals	
			2009	2008
Operating revenues:				
Customer billings:				
Other charges	\$4,422	\$ -	\$4,422	\$2,751
Retiree health insurance charges	-	220,807	220,807	212,693
Compensated absences charges	-	72,260	72,260	-
Equipment rental and repair charges	653,399	-	653,399	621,414
Total operating revenues	<u>657,821</u>	<u>293,067</u>	<u>950,888</u>	<u>836,858</u>
Operating expenses:				
Personal services:				
Salaries and wages	106,331	-	106,331	108,925
Employee benefits	-	385,934	385,934	-
Pension contributions	15,424	-	15,424	15,348
Insurance	20,720	694,788	715,508	502,611
Total personal services	<u>142,475</u>	<u>1,080,722</u>	<u>1,223,197</u>	<u>626,884</u>
Materials and supplies:				
Maintenance materials	240,880	-	240,880	331,643
Contractual services:				
Insurance	21,232	-	21,232	20,811
Professional services	4,240	-	4,240	4,408
Repairs and maintenance	10,304	-	10,304	6,606
Other	15,144	-	15,144	14,734
Total contractual services	<u>50,920</u>	<u>0</u>	<u>50,920</u>	<u>46,559</u>
Depreciation	176,572	-	176,572	205,166
Total operating expenses	<u>610,847</u>	<u>1,080,722</u>	<u>1,691,569</u>	<u>1,210,252</u>
Operating income (loss)	<u>46,974</u>	<u>(787,655)</u>	<u>(740,681)</u>	<u>(373,394)</u>
Nonoperating revenues (expenses):				
Investment income	16,454	4,315	20,769	30,131
Loss on disposal of capital assets	-	-	-	(88,324)
Gain on sale of capital assets	699	-	699	27,630
Total nonoperating revenues (expenses)	<u>17,153</u>	<u>4,315</u>	<u>21,468</u>	<u>(30,563)</u>
Income (loss) before transfers and special items	64,127	(783,340)	(719,213)	(403,957)
Transfers:				
Transfers in	-	-	-	144,428
Change in net assets	64,127	(783,340)	(719,213)	(259,529)
Net assets - January 1	1,653,425	(123,000)	1,530,425	1,789,954
Net assets - December 31	<u>\$1,717,552</u>	<u>(\$906,340)</u>	<u>\$811,212</u>	<u>\$1,530,425</u>

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

**Statement 25**

For The Year Ended December 31, 2009

With Comparative Total Amounts For The Year Ended December 31, 2008

	703 - Central Garage	705 - OPEB/ Employee Benefits Fund	Totals	
			2009	2008
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$657,820	\$293,068	\$950,888	\$837,607
Payment to suppliers	(247,969)	(236,840)	(484,809)	(624,528)
Payment to employees	(155,124)	57,334	(97,790)	(142,833)
Net cash flows from operating activities	<u>254,727</u>	<u>113,562</u>	<u>368,289</u>	<u>70,246</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	-	-	-	144,428
Net cash flows from noncapital financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,428</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(98,731)	-	(98,731)	(349,063)
Proceeds from sale of capital assets	21,313	-	21,313	47,740
Net cash flows from capital and related financing activities	<u>(77,418)</u>	<u>0</u>	<u>(77,418)</u>	<u>(301,323)</u>
<b>Cash flows from investing activities:</b>				
Investment income	16,454	4,315	20,769	30,131
Net increase (decrease) in cash and cash equivalents	193,763	117,877	311,640	(56,518)
Cash and cash equivalents - January 1	475,817	144,522	620,339	676,857
Cash and cash equivalents - December 31	<u>\$669,580</u>	<u>\$262,399</u>	<u>\$931,979</u>	<u>\$620,339</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$46,974	(\$787,655)	(\$740,681)	(\$373,394)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>				
Depreciation	176,572	-	176,572	205,166
<b>Changes in assets and liabilities:</b>				
Decrease (increase) in accounts receivable	-	-	-	500
Decrease (increase) in due from other governmental units	-	-	-	249
Increase (decrease) in accounts payable	43,830	-	43,830	(30,686)
Increase (decrease) in salaries payable	(4,470)	-	(4,470)	464
Increase (decrease) in compensated absences	(8,179)	443,268	435,089	425
Increase (decrease) in net other post-employment benefit obligation	-	457,949	457,949	267,522
Total adjustments	<u>207,753</u>	<u>901,217</u>	<u>1,108,970</u>	<u>443,640</u>
Net cash provided by operating activities	<u>\$254,727</u>	<u>\$113,562</u>	<u>\$368,289</u>	<u>\$70,246</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For The Year Ended December 31, 2009

**Statement 26**

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	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<u>804 - Landscape/landfill</u>				
Assets:				
Cash and investments	\$114,765	\$3,618	\$ -	\$118,383
Liabilities:				
Deposits payable	\$114,765	\$3,618	\$ -	\$118,383
<u>805 - Employee Healthcare Reimbursement Account</u>				
Assets:				
Cash and investments	\$ -	\$10,160	\$ -	\$10,160
Liabilities:				
Deposits payable	\$ -	\$11,129	\$969	\$10,160

## **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, 2009.

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 - Bremer Bank	Cert. of Dep.	4.90%	05/23/08	03/23/09	\$100,000
Certificate of Deposit - Smith Barney	Cert. of Dep.	4.45%	09/18/08	09/26/11	99,580
Certificate of Deposit - Smith Barney	Cert. of Dep.	4.45%	10/29/08	11/07/11	99,810
Certificate of Deposit - Smith Barney	Cert. of Dep.	4.55%	10/29/08	11/07/11	99,983
Certificate of Deposit - Smith Barney	Cert. of Dep.	4.50%	10/29/08	11/07/11	99,897
Certificate of Deposit - Smith Barney	Cert. of Dep.	4.25%	10/29/08	11/05/10	98,336
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.75%	01/02/09	01/02/13	97,349
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	01/08/09	01/17/12	97,324
Certificate of Deposit - Smith Barney	Cert. of Dep.	2.80%	01/16/09	07/28/11	97,175
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	01/16/09	01/23/12	97,334
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	01/16/09	01/23/12	97,334
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	02/13/09	02/21/12	97,385
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.60%	02/18/09	02/27/14	96,384
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	04/08/09	04/09/12	97,478
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	04/01/09	04/09/12	97,584
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.00%	04/08/09	04/16/12	97,491
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	05/21/09	05/29/12	75,295
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.05%	05/21/09	05/29/12	76,313
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	05/21/09	05/28/13	74,952
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.40%	05/21/09	05/28/13	75,965
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.10%	05/21/09	05/29/12	76,400
Certificate of Deposit - Smith Barney	Cert. of Dep.	2.55%	12/01/09	12/17/12	239,107
Certificate of Deposit - Smith Barney	Cert. of Dep.	3.10%	05/21/09	05/29/12	75,382
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.10%	02/23/09	02/27/13	99,723
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.05%	03/06/09	03/06/12	100,584
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.00%	03/03/09	09/04/12	100,021
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.05%	03/05/09	03/05/13	99,592
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.10%	03/11/09	03/11/13	99,683
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.45%	04/03/09	04/03/14	99,149
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.25%	04/15/09	04/15/14	99,632
Certificate of Deposit - Wells Fargo	Cert. of Dep.	3.50%	04/08/09	04/08/14	99,280
Federal National Mortgage Association Book	Agency	4.50%	02/22/08	02/22/18	243,469
Federal Farm Credit Bank Cons Bonds	Agency	4.15%	02/25/09	01/29/18	275,100
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.00%	02/25/09	03/12/19	241,173
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.00%	04/09/09	10/15/15	489,350
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.00%	04/16/09	04/15/15	197,404
Federal Farm Credit Bank Cons Bonds	Agency	3.40%	04/22/09	04/22/16	195,250
Federal National Mortgage Association Note	Agency	3.00%	04/17/09	04/29/19	\$305,350
Federal Home Loan Bank Cons Bonds	Agency	3.50%	05/26/09	04/29/16	492,190
Federal National Mortgage Association Note	Agency	2.50%	5/26/209	05/26/16	493,595
Federal National Mortgage Association Note	Agency	3.00%	06/04/09	06/04/19	200,188
Federal Home Loan Mortgage Corp Medium Term Note	Agency	4.00%	09/03/09	09/15/17	145,996
Federal National Mortgage Association Medium Term Note	Agency	3.00%	10/29/09	10/29/18	49,047
Federal Home Loan Mortgage Corp Medium Term Note	Agency	3.00%	12/04/09	12/29/17	203,738
Federal National Mortgage Association Medium Term Note	Agency	3.00%	10/23/09	10/28/19	146,859
Hopkins Minn Independent School District No 270	Agency	5.25%	01/15/09	02/01/18	203,148
Rochester Minn Taxable-Tax	Agency	4.70%	03/24/09	02/01/19	258,474
Richfield Independent School District No 280	Agency	5.13%	03/24/09	02/01/20	277,612
Rochester Minn Taxable-Tax	Agency	5.00%	03/26/09	02/01/20	300,423
Freddie Mac NT	Agency	0.00%	04/15/09	04/15/19	973,140
Federal Home Loan Banks Bond	Agency	0.00%	12/30/09	12/30/19	497,500
Mahtomedi Independent School District No 832	Agency	5.13%	05/05/09	02/01/22	273,773
Money Manager Savings Account		4.68%			189,051
Treasury Plus Money Market Fund	Agency	4.27%			5,657,449
Cash on Hand and in Checking Accounts		n/a			274,586
					<u>\$15,645,386</u>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**COMBINED SCHEDULE OF INDEBTEDNESS**  
 December 31, 2009

	Date of Issue	Final Maturity Date	Original Interest Rates
<b>Bonded indebtedness:</b>			
<b>Tax increment bonds:</b>			
G.O. Refunding Bonds, Series 2004A	12/28/2004	8/1/2009	0.0275%
<b>General long-term debt bonds:</b>			
G.O. Refunding Park Bonds, Series 1995B	12/28/1995	2/1/2010	3.90% - 5.35%
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			
<b>Special assessment bonds:</b>			
Improvement Bonds of 1994	6/16/1994	2/1/2010	5.00% - 5.40%
Improvement Bonds, Series 1998B	12/29/1998	2/1/2009	3.40% - 4.20%
Improvement Bonds of 1999	12/1/1999	2/1/2010	4.10% - 5.00%
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	2/1/2017	4.00 - 7.00%
Total special assessment bonds			
<b>Revenue bonds:</b>			
Arena Refunding Bonds, Series 2003B	12/23/2003	2/1/2018	2.00% - 4.15%
Total bonded indebtedness			

Prior Years		Payable 01/01/09	2009		Payable 12/31/09	Principal Due In 2010	Interest Due In 2010
Original Issue	Payments		Issued	Payments			
\$4,320,000	2,900,000	\$1,420,000	\$ -	\$1,420,000	\$ -	\$ -	\$ -
890,000	715,000	175,000	-	85,000	90,000	90,000	2,408
3,800,000	125,000	3,675,000	-	130,000	3,545,000	135,000	143,004
1,840,000	-	1,840,000	-	110,000	1,730,000	115,000	67,245
6,530,000	840,000	5,690,000	0	325,000	5,365,000	340,000	212,657
1,525,000	1,410,000	115,000	-	55,000	60,000	60,000	1,620
910,000	840,000	70,000	-	70,000	-	-	-
935,000	795,000	140,000	-	70,000	70,000	70,000	1,750
1,295,000	980,000	315,000	-	105,000	210,000	105,000	7,613
860,000	575,000	285,000	-	75,000	210,000	70,000	7,735
600,000	340,000	260,000	-	55,000	205,000	50,000	6,888
1,150,000	440,000	710,000	-	115,000	595,000	110,000	18,627
920,000	310,000	610,000	-	95,000	515,000	100,000	15,797
590,000	150,000	440,000	-	75,000	365,000	75,000	12,732
1,420,000	150,000	1,270,000	-	145,000	1,125,000	145,000	42,100
1,955,000	-	1,955,000	-	-	1,955,000	45,000	81,820
12,160,000	5,990,000	6,170,000	0	860,000	5,310,000	830,000	196,682
1,770,000	430,000	1,340,000	-	115,000	1,225,000	120,000	43,678
\$24,780,000	\$10,160,000	\$14,620,000	\$0	\$2,720,000	\$11,900,000	\$1,290,000	\$453,017

CITY OF SOUTH ST. PAUL, MINNESOTA  
 SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY  
 December 31, 2009

	General Long Term Financing					
	Refunding Park Bonds 1995B		G.O. Cap Imp Bonds of 2006A		G.O. Refunding Bonds 2007B	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$90,000	\$2,408	\$135,000	\$143,004	\$115,000	\$67,245
2011	-	-	140,000	137,504	120,000	62,545
2012	-	-	145,000	131,804	125,000	57,645
2013	-	-	150,000	125,904	130,000	52,545
2014	-	-	160,000	119,704	135,000	47,245
2015	-	-	165,000	113,204	140,000	41,745
2016	-	-	170,000	106,504	145,000	36,045
2017	-	-	180,000	99,504	150,000	30,145
2018	-	-	185,000	92,204	160,000	23,945
2019	-	-	195,000	84,604	165,000	17,445
2020	-	-	205,000	76,501	170,000	10,660
2021	-	-	215,000	67,864	175,000	3,588
2022	-	-	220,000	58,865	-	-
2023	-	-	235,000	49,365	-	-
2024	-	-	245,000	39,285	-	-
2025	-	-	255,000	28,721	-	-
2026	-	-	265,000	17,671	-	-
2027	-	-	280,000	6,020	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	\$90,000	\$2,408	\$3,545,000	\$1,498,231	\$1,730,000	\$450,798

Special Assessment Financing					
Total General Long Term		Improvement Bonds of 1994		Improvement Bonds of 1999	
Principal	Interest	Principal	Interest	Principal	Interest
\$340,000	\$212,657	\$60,000	\$1,620	\$70,000	\$1,750
260,000	200,049	-	-	-	-
270,000	189,449	-	-	-	-
280,000	178,449	-	-	-	-
295,000	166,949	-	-	-	-
305,000	154,949	-	-	-	-
315,000	142,549	-	-	-	-
330,000	129,649	-	-	-	-
345,000	116,149	-	-	-	-
360,000	102,049	-	-	-	-
375,000	87,161	-	-	-	-
390,000	71,452	-	-	-	-
220,000	58,865	-	-	-	-
235,000	49,365	-	-	-	-
245,000	39,285	-	-	-	-
255,000	28,721	-	-	-	-
265,000	17,671	-	-	-	-
280,000	6,020	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$5,365,000</u>	<u>\$1,951,436</u>	<u>\$60,000</u>	<u>\$1,620</u>	<u>\$70,000</u>	<u>\$1,750</u>

CITY OF SOUTH ST. PAUL, MINNESOTA  
 SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY  
 December 31, 2009

	Special Assessment Financing					
	Improvement Bonds of 2000B		Improvement Bonds of 2001		Improvement Bonds of 2002	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$105,000	\$7,613	\$70,000	\$7,735	\$50,000	\$6,888
2011	105,000	2,546	70,000	4,690	55,000	4,981
2012	-	-	70,000	1,575	50,000	2,975
2013	-	-	-	-	50,000	1,000
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	<u>\$210,000</u>	<u>\$10,159</u>	<u>\$210,000</u>	<u>\$14,000</u>	<u>\$205,000</u>	<u>\$15,844</u>



CITY OF SOUTH ST. PAUL, MINNESOTA  
 SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY  
 December 31, 2009

	Special Assessment Financing					
	Improvement Bonds of 2007A		Improvement Bonds of 2008		Total S.A. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$145,000	\$42,100	\$45,000	\$81,820	\$830,000	\$196,682
2011	145,000	36,300	135,000	78,220	770,000	164,929
2012	145,000	30,500	135,000	72,820	650,000	137,414
2013	145,000	24,700	135,000	67,420	585,000	113,813
2014	145,000	18,900	110,000	62,520	510,000	92,837
2015	140,000	13,200	110,000	58,120	375,000	75,590
2016	130,000	7,800	110,000	53,720	285,000	62,454
2017	130,000	2,600	110,000	49,320	240,000	51,920
2018	-	-	105,000	45,020	105,000	45,020
2019	-	-	100,000	40,870	100,000	40,870
2020	-	-	80,000	37,080	80,000	37,080
2021	-	-	80,000	33,600	80,000	33,600
2022	-	-	80,000	30,120	80,000	30,120
2023	-	-	80,000	26,640	80,000	26,640
2024	-	-	80,000	23,100	80,000	23,100
2025	-	-	80,000	19,500	80,000	19,500
2026	-	-	80,000	15,900	80,000	15,900
2027	-	-	75,000	12,338	75,000	12,338
2028	-	-	75,000	8,813	75,000	8,813
2029	-	-	75,000	5,288	75,000	5,288
2030	-	-	75,000	1,763	75,000	1,763
Total	\$1,125,000	\$176,100	\$1,955,000	\$823,990	\$5,310,000	\$1,195,669

G.O. Revenue Bonds		Total All Bonds	
Arena Refunding Bonds 2003B			
Principal	Interest	Principal	Interest
\$120,000	\$43,678	\$1,290,000	\$453,017
120,000	39,777	1,150,000	404,755
125,000	35,703	1,045,000	362,566
130,000	31,303	995,000	323,565
135,000	26,530	940,000	286,316
145,000	21,132	825,000	251,671
145,000	15,333	745,000	220,336
150,000	9,432	720,000	191,001
155,000	3,216	605,000	164,385
-	-	460,000	142,919
-	-	455,000	124,241
-	-	470,000	105,052
-	-	300,000	88,985
-	-	315,000	76,005
-	-	325,000	62,385
-	-	335,000	48,221
-	-	345,000	33,571
-	-	355,000	18,358
-	-	75,000	8,813
-	-	75,000	5,288
-	-	75,000	1,763
<u>\$1,225,000</u>	<u>\$226,104</u>	<u>\$11,900,000</u>	<u>\$3,373,209</u>

CITY OF SOUTH ST. PAUL, MINNESOTA  
SCHEDULE OF DEFERRED TAX LEVIES  
DEBT SERVICE FUNDS  
December 31, 2009

Exhibit 4

Year of Levy/ Collection	1994A Improvement Bonds	1995B G.O. Refunding Park Bonds	2000 General Obligation Bonds	2006A Capital Improvement Bonds	2007B Refunding Bonds	2007 DCC Revenue Bonds	Total All Funds
2008/2009	\$66,500	\$99,000	\$205,500	\$294,739	\$193,772	\$77,473	936,984
2009/2010	-	-	205,200	294,319	194,192	75,145	768,856
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>\$66,500</u>	<u>\$99,000</u>	<u>\$2,483,700</u>	<u>\$5,371,887</u>	<u>\$2,326,346</u>	<u>\$241,549</u>	<u>\$10,588,982</u>

### III. STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	149
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	156
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	160
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	168
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	170

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CITY OF SOUTH ST. PAUL, MINNESOTA  
NET ASSETS BY COMPONENT

Table 1

Last Seven Fiscal Years<sup>(1)</sup>  
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$22,537,906	\$20,534,450	\$25,965,134	\$36,290,023	\$45,426,615	\$50,127,360	\$54,638,596
Restricted	7,398,411	9,699,511	4,727,025	4,665,216	6,305,080	3,965,427	3,401,805
Unrestricted	13,166,182	14,860,912	15,794,256	8,346,800	8,394,301	8,268,709	7,617,647
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>	<u>\$60,125,996</u>	<u>\$62,361,496</u>	<u>\$65,658,048</u>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	\$11,786,674	\$11,896,767	\$11,829,683	\$11,850,391	\$11,547,913	\$11,307,727	\$11,775,473
Unrestricted	3,086,984	2,175,655	23,523,321	2,994,348	4,105,686	5,230,975	5,900,991
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>	<u>\$15,653,599</u>	<u>\$16,538,702</u>	<u>\$17,676,464</u>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	\$34,324,580	\$32,431,217	\$37,794,817	\$48,140,414	\$56,974,528	\$61,435,087	\$66,414,069
Restricted	7,398,411	9,699,511	4,727,025	4,665,216	6,305,080	3,965,427	3,401,805
Unrestricted	16,253,166	17,036,567	39,317,577	11,341,148	12,499,987	13,499,684	13,518,639
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>	<u>\$75,779,595</u>	<u>\$78,900,198</u>	<u>\$83,334,513</u>

<sup>(1)</sup>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.

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

**CHANGES IN NET ASSETS**

Last Seven Fiscal Years<sup>(1)</sup>

(Accrual Basis of Accounting)

**Table 2**

**Page 1 of 2**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
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
Public safety	5,045,513	5,250,220	5,343,939	5,535,003	6,319,181	6,515,301	6,237,343
Public works	4,529,332	4,018,591	3,328,511	4,133,175	4,009,014	3,935,557	3,557,844
Parks, arena, library	2,542,146	2,612,547	2,721,746	2,895,568	2,825,016	3,085,507	2,878,922
Transportation	1,075,523	1,359,049	1,405,760	1,303,503	651,897	1,212,501	1,226,313
Interest on long-term debt	799,590	667,195	544,450	604,805	969,617	569,908	476,297
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>
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
Storm water	184,776	184,343	188,090	198,225	203,315	278,354	308,181
Street light utility	-	-	-	-	-	-	168,200
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>
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>
<b>Program revenues</b>							
Governmental activities:							
Charges for services:							
Airport	\$659,366	\$670,385	\$785,470	\$850,517	\$819,478	\$998,095	\$825,594
Arena	810,470	741,826	741,305	824,820	809,676	797,149	802,194
Parks and recreation	-	-	-	167,433	178,555	206,268	185,066
Other activities	4,388,687	3,399,253	2,813,154	3,233,349	2,076,527	2,209,635	3,414,923
Operating grants and contributions	1,219,824	1,203,916	994,062	1,342,519	1,557,846	1,069,733	838,970
Capital grants and contributions	644,270	487,949	1,519,639	1,966,898	3,331,011	2,238,852	736,215
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>
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
Storm water	25,466	339,780	341,317	525,143	343,281	343,426	344,774
Street light utility	-	-	-	-	-	-	204,362
Capital grants and contributions	-	-	-	-	263,977	77	226,400
Total business-type activities 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>
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>
<b>Net (expense) revenue:</b>							
Governmental activities	(\$7,635,668)	(\$9,245,371)	(\$8,557,978)	(\$8,956,324)	(\$8,218,440)	(\$9,669,784)	(\$10,702,576)
Business-type activities	80,787	350,900	117,870	1,050,298	1,259,548	896,998	2,345,949
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>

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

**CHANGES IN NET ASSETS**

Last Seven Fiscal Years<sup>(1)</sup>  
(Accrual Basis of Accounting)

**Table 2**

**Page 2 of 2**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>General revenues and other changes in net assets</b>							
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
Tax increment	1,265,819	1,369,702	1,294,075	1,443,232	1,618,275	1,895,194	1,981,064
Franchise taxes	597,815	601,642	723,491	749,039	755,296	896,215	759,836
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
Investment earnings	293,727	612,784	609,957	763,661	1,112,186	334,520	158,024
Gain on sale of capital assets	-	-	-	-	-	27,630	699
Miscellaneous	-	-	-	116,366	18,225	53,680	191,103
<i>Special item</i> -change in depreciation method	-	-	-	-	6,494,081	-	-
Transfers	-	1,245,000	55,000	440,273	550,262	200,052	1,784,609
Total governmental activities	<u>9,928,984</u>	<u>11,237,745</u>	<u>9,949,520</u>	<u>11,599,697</u>	<u>18,830,230</u>	<u>11,905,284</u>	<u>13,999,128</u>
Business-type activities:							
Investment earnings	40,788	92,864	46,723	52,699	264,641	188,157	135,719
<i>Special item</i> -change in depreciation method	-	-	-	-	(245,843)	-	-
Transfers	-	(1,245,000)	(55,000)	(440,273)	(550,262)	(200,052)	(1,793,488)
Total business-type activities	<u>40,788</u>	<u>(1,152,136)</u>	<u>(8,277)</u>	<u>(387,574)</u>	<u>(531,464)</u>	<u>(11,895)</u>	<u>(1,657,769)</u>
Total primary government	<u>\$9,969,772</u>	<u>\$10,085,609</u>	<u>\$9,941,243</u>	<u>\$11,212,123</u>	<u>\$18,298,766</u>	<u>\$11,893,389</u>	<u>\$12,341,359</u>
<b>Change in net assets:</b>							
Governmental activities	\$2,293,316	\$1,992,374	\$1,391,542	\$2,643,373	\$10,611,790	\$2,235,500	\$3,296,552
Business-type activities	121,575	(801,236)	109,593	662,724	728,084	885,103	688,180
Total primary government	<u>\$2,414,891</u>	<u>\$1,191,138</u>	<u>\$1,501,135</u>	<u>\$3,306,097</u>	<u>\$11,339,874</u>	<u>\$3,120,603</u>	<u>\$3,984,732</u>

<sup>(1)</sup>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.

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

Table 3

Last Seven Fiscal Years<sup>(1)</sup>  
 (Modified Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund:							
Reserved	\$ -	\$ -	\$ -	\$ -	\$2,951	\$578	\$23,841
Unreserved	2,886,115	3,588,092	4,298,997	3,457,108	3,154,304	1,902,052	3,954,664
Total general fund	<u>\$2,886,115</u>	<u>\$3,588,092</u>	<u>\$4,298,997</u>	<u>\$3,457,108</u>	<u>\$3,157,255</u>	<u>\$1,902,630</u>	<u>\$3,978,505</u>
All other governmental funds:							
Reserved	\$9,111,862	\$12,017,779	\$6,325,474	\$6,949,127	\$9,763,803	\$7,051,731	\$7,911,977
Unreserved, reported in:							
Special revenue funds	(1,293,720)	(1,412,915)	(1,096,016)	(1,152,603)	(1,314,743)	(1,413,702)	(1,228,614)
Debt service funds	1,312,940	1,531,741	284,064	285,598	663,984	910,779	408,547
Capital projects funds	5,308,814	5,582,005	8,222,562	3,770,371	2,668,972	3,934,133	272,288
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>	<u>\$11,782,016</u>	<u>\$10,482,941</u>	<u>\$7,364,198</u>

<sup>(1)</sup>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.

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Seven Fiscal Years<sup>(1)</sup>  
 (Modified Accrual Basis of Accounting)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>							
General property taxes	\$4,605,997	\$4,614,388	\$4,990,439	\$5,300,707	\$5,662,257	\$6,237,649	\$6,635,485
Tax increment collections	1,265,819	1,369,702	1,294,075	1,443,232	1,618,276	1,895,194	1,981,064
Franchise tax	597,815	601,642	723,491	749,039	755,296	896,215	759,836
Licenses and permits	499,007	534,477	537,347	472,357	385,103	377,503	334,996
Intergovernmental	5,010,496	4,398,556	4,793,110	5,964,368	7,357,769	5,410,813	3,986,452
Charges for services	2,821,609	2,328,097	2,558,303	2,903,963	2,873,644	3,025,216	3,340,316
Fines and forfeits	97,322	104,175	103,927	211,069	139,966	113,221	114,821
Special assessments	1,414,251	1,163,401	916,541	1,053,449	850,285	798,164	645,146
Investment earnings	274,179	567,988	570,142	732,660	1,036,104	304,388	137,255
Contributions and donations	-	-	27,342	36,527	4,541	28,443	48,395
Miscellaneous	1,195,230	1,027,356	371,558	114,844	147,383	52,771	186,682
<b>Total revenues</b>	<b>17,781,725</b>	<b>16,709,782</b>	<b>16,886,275</b>	<b>18,982,215</b>	<b>20,830,624</b>	<b>19,139,577</b>	<b>18,170,448</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	1,315,721	1,402,632	1,506,725	1,885,093	2,137,081	1,824,108	1,911,675
Public safety	4,947,594	5,212,633	5,169,070	5,475,732	6,290,264	6,327,399	5,905,562
Public works	1,552,977	1,536,021	2,854,649	2,760,025	2,670,003	2,378,366	2,165,858
Parks, arena, library	2,209,951	2,349,622	2,342,498	2,674,930	2,574,722	2,772,001	2,590,665
Transportation	568,904	634,359	770,504	772,059	798,931	1,012,170	982,012
Nondepartmental	41,129	39,616	273,538	950,301	12,058	25,285	1,099,685
Development and other costs	827,914	667,580	285,965	-	-	-	-
<b>Capital outlay:</b>							
General government	14,343	193,089	172,251	6,303,452	2,161,027	133,826	68,853
Public safety	21,129	10,417	16,414	-	176,123	52,194	38,930
Public works	3,708,648	1,349,554	64,906	3,304,686	3,156,507	2,981,684	2,811,993
Parks, arena, library	45,529	122,143	62,249	211,724	6,058	233,341	115,684
Transportation	614,098	158,766	734,440	1,548,936	176,758	458,672	2,909
Interest expenditure	41,795	85,977	52,994	-	294,309	-	-
<b>Debt service:</b>							
Principal retirement	2,020,000	3,730,000	6,880,000	1,480,000	2,729,916	3,044,215	2,783,612
Interest	829,348	754,156	621,451	506,583	706,944	613,331	520,487
Bond discounts, issuance costs, agents fees and other	48,309	48,408	29,459	32,740	53,529	31,044	-
<b>Total expenditures</b>	<b>18,807,389</b>	<b>18,294,973</b>	<b>21,837,113</b>	<b>27,906,261</b>	<b>23,944,230</b>	<b>21,887,636</b>	<b>20,997,925</b>
<b>Revenues over (under) expenditures</b>	<b>(1,025,664)</b>	<b>(1,585,191)</b>	<b>(4,950,838)</b>	<b>(8,924,046)</b>	<b>(3,113,606)</b>	<b>(2,748,059)</b>	<b>(2,827,477)</b>

**CITY OF SOUTH ST. PAUL, MINNESOTA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Seven Fiscal Years<sup>(1)</sup>  
 (Modified Accrual Basis of Accounting)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses):							
Bond proceeds	\$2,920,000	\$4,320,000	\$1,510,000	\$3,800,000	\$1,420,000	\$1,955,000	\$ -
Issuance of refunding bonds	-	-	-	-	1,840,000	-	-
Bond discount	-	-	-	(41,707)	-	(6,265)	-
Bond premiums	-	882	-	-	14,249	-	-
Loan Proceeds	-	-	-	-	375,490	-	-
Payment to refunding escrow agent	-	-	-	-	-	(1,810,000)	-
Transfers in	2,898,299	3,531,804	4,273,273	2,542,933	854,623	200,052	1,793,488
Transfers out	(2,898,299)	(2,286,804)	(4,263,273)	(2,102,660)	-	(144,428)	(8,879)
Sale of capital assets	-	-	159,217	-	8,000	-	-
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>	<u>4,512,362</u>	<u>194,359</u>	<u>1,784,609</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>	<u>\$1,398,756</u>	<u>(\$2,553,700)</u>	<u>(\$1,042,868)</u>
Debt service as a percentage of noncapital expenditures	21.1%	28.6%	36.7%	12.0%	19.2%	20.3%	18.4%
Debt service as percentage of total expenditures	15.4%	24.8%	34.5%	7.2%	14.6%	16.9%	15.7%

<sup>(1)</sup>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.

**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	
2000	\$6,740,546	\$3,733,410	\$445,801	\$10,919,757	\$1,495,354	\$12,415,111	27.84%	\$731,427,500	1.69%	**
2001	7,563,980	4,141,686	441,215	12,146,881	1,433,915	13,580,796	28.24%	798,566,700	1.70%	
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%	

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

\*\* The Minnesota Legislature reduced some of the "class rates" used to calculate tax capacity values in levy years 1998,1999 and 2001. The lower rates reduce the amount of Taxable Market Value that converts to value for the calculation of property taxes and tax rates.

Fiscal Year	City of South St. Paul				Overlapping Rates*				
	Operating Millage	Debt	Library Millage	Total Direct Rate	School District		Other Districts	County	Total
		Service Millage			#6	#199			
2000	22.30%	2.57%	2.97%	27.84%	56.28%	43.39%	6.46%	27.25%	117.83%
2001	23.68%	1.67%	2.89%	28.24%	57.94%	44.57%	6.38%	25.32%	117.88%
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%

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

\*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	2009			2000		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Northern States Power	\$282,982	1	1.54%	\$366,219	1	3.35%
Blue Dog Properties Trust	218,148	2	1.19%	-	-	0.00%
Waterous Co	124,118	3	0.67%	100,625	7	0.92%
Leonard Investment Co.	120,246	4	0.65%	-	-	0.00%
Waterford Green Limited Partnership	117,500	5	0.64%	141,600	3	1.30%
Chicago & NW Trans. Co	107,950	6	0.59%	131,545	4	1.20%
Dakota Bulk Property LLC	102,396	7	0.56%	116,558	5	1.07%
Jebco Group Inc	99,560	8	0.54%	-	-	0.00%
Langer Development INC	95,994	9	0.52%	-	-	0.00%
Holtkoetter International INC	84,240	10	0.46%	-	-	0.00%
American Real Estate Holdings Limited Partnership	-	-	-	195,652	2	1.79%
Canal Capital Corp	-	-	-	103,404	6	0.95%
Drovers Inn Assoc.	-	-	-	78,998	8	0.72%
E&E Enterprise Inc	-	-	-	66,027	9	0.60%
Southview Inv. Company	-	-	-	62,493	10	0.57%
<b>Total</b>	<b>\$1,353,134</b>		<b>7.36%</b>	<b>\$1,363,121</b>		<b>12.47%</b>
<b>Total All Property</b>	<b>\$18,404,517</b>			<b>\$10,925,804</b>		

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
2000	\$2,628,550	\$2,571,044	97.81%	\$57,506	\$2,628,550	100.00%
2001	2,917,987	2,845,498	97.52%	72,489	2,917,987	100.00%
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%	60,746	3,666,646	99.96%
2005	3,105,810	3,026,707	97.45%	74,036	3,100,743	99.84%
2006	4,792,996	4,708,423	98.24%	77,152	4,785,575	99.85%
2007	6,115,536	5,993,668	98.01%	107,162	6,100,830	99.76%
2008	6,652,578	6,505,188	97.78%	112,203	6,617,391	99.47%
2009	7,053,607	6,916,953	98.06%	-	6,916,953	98.06%

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			Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Total Governmental Activities
2000	\$5,050,000	\$8,115,000	\$7,450,000	\$20,615,000
2001	4,955,000	7,805,000	6,925,000	19,685,000
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	16,815,000
2007	9,245,000	5,385,000	2,800,000	17,430,000
2008	7,030,000	6,170,000	1,420,000	14,620,000
2009	6,590,000	5,310,000	-	11,900,000

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

<sup>(a)</sup>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 <sup>(a)</sup>
	Sewer/Water Revenue Bonds	Total Business-Type Activities				
189%	\$93,501	\$93,501	14	\$20,708,501	2.81%	1,027
162%	50,000	50,000	7	19,735,000	2.66%	978
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
106%	-	-	-	16,815,000	1.95%	840
98%	-	-	-	17,430,000	1.99%	867
78%	-	-	-	14,620,000	N/A	726
65%	-	-	-	11,900,000	N/A	618

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Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
Special School District No. 6	\$20,115,000	100.00%	\$20,115,000
ISD No. 199	46,530,000	0.3288%	152,991
Special Districts:			
Dakota County	76,380,000	3.419%	2,611,432
Metropolitan Council	207,860,000	0.4098%	<u>851,810</u>
Subtotal - overlapping debt			23,731,233
City direct debt			<u>11,900,000</u>
Total direct and overlapping debt			<u><u>\$35,631,233</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 2009**

Market value	<u>\$1,596,388,200</u>
Debt limit (3% of market value) <sup>(a)</sup>	<u>47,891,646</u>
Debt applicable to limit:	
General obligation bonds	5,025,000
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>5,025,000</u>
Legal debt margin	<u><u>\$42,866,646</u></u>

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit	\$14,628,550	\$15,971,334	\$17,547,432	\$19,471,494
Total net debt applicable to limit	<u>5,050,000</u>	<u>4,955,000</u>	<u>4,800,000</u>	<u>6,365,000</u>
Legal debt margin	<u><u>\$9,578,550</u></u>	<u><u>\$11,016,334</u></u>	<u><u>\$12,747,432</u></u>	<u><u>\$13,106,494</u></u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	34.52%	31.02%	27.35%	32.69%
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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.

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

**Table 11**

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$21,795,348	\$24,824,944	\$28,234,290	\$31,473,972	\$48,965,544	\$47,891,646
<u>4,415,000</u>	<u>4,160,000</u>	<u>6,125,000</u>	<u>7,795,000</u>	<u>5,690,000</u>	<u>5,025,000</u>
<u><u>\$17,380,348</u></u>	<u><u>\$20,664,944</u></u>	<u><u>\$22,109,290</u></u>	<u><u>\$23,678,972</u></u>	<u><u>\$43,275,544</u></u>	<u><u>\$42,866,646</u></u>
20.26%	16.76%	21.69%	24.77%	11.62%	10.49%

**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	
2000	\$867,459	\$832,573	\$34,886	\$45,000	\$6,061	0.68
2001	849,889	792,490	57,399	45,000	3,595	1.18
2002	797,603	762,908	34,695	50,000	240	0.69
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-

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 12**

Special Assessment Collections	Improvement Bonds			Tax Increment Collections	Tax Increment Bonds		
	Debt Service		Coverage		Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$1,421,679	\$1,050,000	\$333,534	1.03	\$1,318,637	\$350,000	\$370,615	1.83
1,301,234	1,170,000	330,863	0.87	1,758,870	525,000	351,084	2.01
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

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<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income*</u>	<u>Dakota Unemployment Rate*</u>
2000	20,167	\$737,527,357	\$36,571	2.20%
2001	20,174	741,515,544	36,756	2.80%
2002	20,313	762,407,829	37,533	3.70%
2003	20,304	787,003,344	38,761	4.20%
2004	20,249	816,338,435	40,315	4.00%
2005	20,078	831,550,448	41,416	3.20%
2006	20,024	862,934,280	43,095	3.50%
2007	20,108	875,200,700	43,525	4.00%
2008	19,552	N/A	N/A	6.10%
2009	19,266	N/A	N/A	7.70%

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 14**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sportsman's Guide	800	1	9.39%	500	2	7.02%
Special School District No. 6	450	2	5.28%	585	1	8.22%
Waterous Company	387	3	4.54%	385	3	5.41%
Dakota Premium Foods	280	4	3.29%	-	-	-
City of South St. Paul	261	5	3.06%	295	4	4.14%
American Bottling	160	6	1.88%	-	-	-
Stockyard's Meat Packing Co. <sup>1</sup>	150	7	1.76%	170	7	2.39%
Wipaire	142	8	1.67%	-	-	-
Twin City Bagel	140	9	1.64%	-	-	-
Allstate Peterbilt Utility	115	10	1.35%	114	10	1.60%
Long Prairie Packing	-	-	-	246	5	3.45%
Norwest Bank MN, NA (Wells Fargo)	-	-	-	200	6	2.81%
Healtheast Bethesda Lutheran Care Center	-	-	-	138	8	1.94%
American Agco	-	-	-	106	9	1.49%
Total	<u>2,885</u>		<u>33.87%</u>	<u>2,739</u>		<u>38.46%</u>
Total city employment	<u>8,518</u>			<u>7,121</u>		

<sup>1</sup> Formerly Westlunds Inc.

Source: The City of South St. Paul's official statements. 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,		
	2000	2001	2002
General government:			
Management services	3.73	4.38	4.38
Finance	2.80	2.80	2.80
Planning	1.00	1.00	1.00
Building	1.25	1.25	1.00
Other	1.20	1.20	0.20
Police:			
Officers	25.00	25.00	27.00
Civilians	3.50	3.50	3.00
Fire:			
Firefighters and officers	19.00	19.00	19.00
Civilians	1.00	1.00	1.00
Animal control	0.50	0.50	0.50
Other public works:			
Engineering	5.85	5.85	5.85
Code enforcement	2.00	2.00	3.00
Public works	9.40	9.40	9.40
Parks and recreation	6.03	6.63	7.13
Library	8.00	8.00	8.00
Arena	3.00	2.50	2.50
Airport	2.00	2.00	2.00
Water	7.42	7.42	7.42
Central Garage	2.00	2.00	2.00
<b>Total</b>	<b>104.68</b>	<b>105.43</b>	<b>107.18</b>

Source: City Budget Office.

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

Table 15

Full-Time Equivalent Employees as of December 31,						
2003	2004	2005	2006	2007	2008 <sup>(a)</sup>	2009
4.28	4.28	5.28	5.28	5.28	5.10	5.10
2.80	2.80	2.80	2.80	3.20	3.25	3.25
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
0.95	0.95	1.20	1.20	1.20	1.20	1.20
26.00	26.00	26.00	27.00	27.00	27.00	27.00
3.00	3.00	3.50	4.00	4.00	4.00	4.00
19.00	19.00	19.00	19.00	18.50	-	-
1.00	1.00	1.00	1.00	1.00	-	-
0.43	0.33	0.50	0.50	0.50	0.50	0.50
4.85	4.85	4.85	4.85	4.85	4.85	4.85
2.00	3.00	3.00	3.00	3.00	3.00	3.00
8.40	8.40	8.40	8.40	8.40	8.40	8.40
6.63	6.63	7.03	7.43	7.43	7.43	7.43
8.00	8.00	8.00	8.00	8.00	8.00	8.00
2.00	1.50	1.75	2.50	2.50	2.50	2.50
2.00	2.00	2.00	2.00	2.00	2.00	2.00
9.12	9.12	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>104.46</u>	<u>104.86</u>	<u>105.73</u>	<u>108.38</u>	<u>108.28</u>	<u>88.65</u>	<u>88.65</u>

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

Function/Program	Fiscal Year		
	2000	2001	2002
<b>Police:</b>			
Calls for Service	13,840	17,280	18,766
Part I offenses	863	740	789
Part II offenses	2,034	1,944	2,097
Felony charges	153	231	256
DUI	188	208	226
Traffic Accidents	495	470	477
Traffic Violations	728	951	1,524
<b>Fire:</b>			
Emergency responses - Non-fire	1,512	1,541	1,424
Fires extinguished - Fire calls	327	341	362
Inspections	918	1,017	1,251
<b>Recycling</b>			
Appliances collected	220	220	272
Oil collected (gallons)	800	800	850
Scrap metal recycled	21,800	21,800	28,940
<b>City Planner</b>			
Site Plan reviews	6	1	4
<b>Other public works:</b>			
Segments of streets/alleys rehabbed	27	28	24
<b>Parks and recreation:</b>			
Mclain and Splash pool uses (avg daily attendance*) <sup>(1)</sup>	15,135	14,500	13,000
Northview pool (avg daily attendance*)	11,000	11,000	11,000
<b>Library:</b>			
Charged circulation (usage)	151,638	146,419	161,685
<b>Arena:</b>			
Ice rented (hours)	3,500	3,693	3,226
<b>Transportation:</b>			
Fuel sold (gallons)	184,512	267,093	232,564
Aircraft operations	49,940	78,300	56,210
<b>Water:</b>			
Utility customers	6,800	6,900	6,900
Pumpage/year (millions of gallons)	1,210	1,171	1,250
<b>Wastewater:</b>			
Sewage treatment (thousands of gallons)	1,208	1,170	1,063

Sources: City Budgets

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

\* - Operations are seasonal

\*\* - 2009 amounts are estimates

<sup>(1)</sup> - Mclain pool operations ceased in 2000

Table 16

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009**
17,394	19,183	17,036	16,000	17,036	16,000	17,000
683	662	870	900	870	900	900
1,977	2,000	1,784	1,800	1,784	1,800	1,800
215	261	225	225	225	225	225
152	122	168	120	168	120	120
492	377	275	275	275	275	300
1,151	1,432	1,335	1,200	1,335	1,200	1,300
1,519	1,477	N/A	N/A	N/A	N/A	N/A
335	359	N/A	N/A	N/A	N/A	N/A
1,208	1,495	N/A	N/A	N/A	N/A	N/A
400	216	208	220	220	211	236
870	890	900	900	900	825	840
30,430	24,500	19,460	20,000	21,000	20,500	22,500
4	1	4	4	1	4	2
34	37	32	34	27	19	6
12,800	11,000	11,000	11,000	6,214	11,523	11,523
11,000	8,035	8,500	8,700	8,632	8,802	8,802
140,600	133,800	128,729	123,723	132,800	140,493	135,000
3,116	3,157	3,525	3,698	3,724	3,723	3,717
204,146	193,254	199,606	191,400	171,385	165,000	165,000
61,320	63,150	64,413	65,701	52,865	54,980	54,980
6,900	6,900	6,900	6,900	6,934	6,870	6,950
1,172	1,183	1,085	1,200	1,200	1,250	1,150
1,172	1,183	1,085	1,239	1,180	1,200	1,290

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

**Table 17**

Last Four Fiscal Years<sup>(1)</sup>

Function/Program	2006	2007	2008	2009
Police:				
Stations	1	1	1	1
Patrol units	18	18	18	18
Fire stations	1	1	0*	0*
Other public works:				
Streets (miles)	N/A	66.7	66.7	66.7
Highways (miles) <sup>(a)</sup>	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A
Traffic signals	N/A	N/A	N/A	N/A
Parks and recreation:				
Parks	10	10	10	10
Acreage	180	180	180	180
Library books	N/A	90,000	90,000	90,000
Swimming pools	3	3	3	3
Ice arena rinks	2	2	2	2
Water:				
Water mains (miles)	N/A	N/A	N/A	N/A
Wells	N/A	N/A	N/A	N/A
Storage capacity (thousands of gallons)				
Wastewater:				
Sanitary sewers (miles)	N/A	N/A	N/A	N/A
Storm sewers (miles)	46.2	46.2	46.2	46.2
Treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A
Airport:				
Hangars	29	29	29	29
Acres	N/A	270	270	270

Sources: Various City departments.

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

N/A - information is not available

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

<sup>(1)</sup>Information for fiscal years 1999-2005 is not available.