

**Housing and Redevelopment Authority
of the City of Saint Paul, Minnesota**

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2006

A Component Unit of the City of Saint Paul, Minnesota



**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

A Component Unit of the City of Saint Paul

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2006**

**Jay Benanav, Chairperson
Chris Coleman, Mayor of the City of Saint Paul
Cecile Bedor, Executive Director**

HRA Board of Commissioners:

**Jay Benanav
Daniel Bostrom
Patrick Harris
Lee Helgen
Kathy Lantry
Debbie Montgomery
David Thune**

**Prepared by:
City of Saint Paul -
Department of Planning & Economic Development**

**HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF SAINT PAUL, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2006

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
City of Saint Paul Organization Chart	8
Principal Officials	9
Certificate of Achievement for Excellence in Financial Reporting	
FINANCIAL SECTION	
Independent Auditor's Report	11-12
Management's Discussion and Analysis	13-32
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	34-35
Statement of Activities	36
Fund Financial Statements	
Balance Sheet - Governmental Funds	38-39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	40-41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - HRA General Fund	42
Statement of Net Assets - Proprietary Funds	44-45
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	46
Statement of Cash Flows - Proprietary Funds	47-48
Notes to the Financial Statements	49-91
Supplementary Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - HRA Debt Service Fund	93
Schedule of Program Expenditures - Multi-Year Budget and Actual - HRA Federal & State Programs Special Revenue Fund	94
Schedule of Project Expenditures - Multi-Year Budget and Actual - HRA Tax Increment Capital Projects Fund	95-96
Schedule of Cash Receipts, Disbursements and Balances - All Funds	97
Schedule of Deposits and Investments - All Funds	98

**HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF SAINT PAUL, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2006

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (Continued)	
Schedule of Loans Receivable - All Funds	99
Schedule of Bonds and Notes Payable	100-102
Schedule of Debt Service Requirements to Maturity - Bonds and Notes	103-109
Schedule of Intergovernmental Revenue, Operating Grants, and Capital Grants - All Funds	110
Schedule of Intergovernmental Expenditures and Expenses - All Funds	111
Schedule of Expenditures of Federal Awards	112
STATISTICAL SECTION	
Financial Trends	
Net Assets by Component	113
Changes in Net Assets	114-115
Program Revenues by Functions / Programs	116
Fund Balances - Governmental Funds	117
Changes in Fund Balances - Governmental Funds	118
Net Assets - Proprietary Funds	119
Changes in Net Assets - Proprietary Funds	120
Revenue Capacity	
Tax Revenues by Source - Governmental Funds	121
HRA Property Tax Levies, Property Values, and Rates	122
HRA Property Tax Levies and Collections	123
Property Tax Increment Levies and Collections	124
Principal Property Taxpayers	125
HRA Parking Facility Revenues	126
Debt Capacity	
Ratios of Outstanding Debt by Type	127
Schedule of Revenue Bond Coverage	128-133
Demographic and Economic Information	
Demographic and Economic Statistics	134
Principal Employers	135
Operating Information	
Operating Indicators	136
Capital Asset Statistics	137

This page left blank intentionally.

INTRODUCTORY SECTION



CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

25 West Fourth Street
Saint Paul, MN 55102

Telephone: 651-266-6655
Facsimile: 651-228-3261

June 6, 2007

TO: THE BOARD OF COMMISSIONERS OF THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA AND THE CITIZENS OF SAINT PAUL:

The Comprehensive Annual Financial Report of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) for the fiscal year ended December 31, 2006 is hereby presented to the Board of Commissioners and the citizens of Saint Paul. This report has been prepared pursuant to, and demonstrates compliance with Minnesota Statutes Section 469.013; and recognizes the HRA's past and current practices of financial disclosure.

This report was prepared by the City of Saint Paul's (City) Department of Planning and Economic Development. In accordance with an agreement between the HRA and the City, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with the City. We believe the data, as presented, are accurate in all material aspects; that they are presented in a manner designed to fairly set forth the financial position, changes in financial position, and cash flows of the HRA as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the HRA's financial affairs have been included. This report has been prepared in accordance with current accounting and financial reporting principles generally accepted in the United States of America and standards set by the Governmental Accounting Standards Board (GASB) and also follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada.

State law also requires an annual audit of the books of account, financial records and transactions, and this financial report by the State Auditor's Office. This requirement has been met and the auditor's opinion has been included in this report. The audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Auditing standards generally accepted in the United States of America and the standards set forth in the U.S. General Accounting Office's *Government Auditing Standards* were used by the State Auditor in conducting the engagement. The State Auditor is also issuing a management and compliance letter covering the review of the HRA's system of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The management and compliance letter will not modify or affect, in any way, this report.

The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and, in keeping with past practice, will send a copy of the report to the Board of Commissioners, HRA management, bond rating agencies, financial institutions and government agencies and other interested parties, who have expressed an interest in the HRA's financial affairs.

The report consists of three sections:

1. The Introductory Section includes this letter of transmittal, the City's organization chart, a listing of the HRA's principal officials and the Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial Section includes the State Auditor's opinion, Management's Discussion and Analysis, Basic Financial Statements, and supplementary schedules. The Management's Discussion and Analysis provides an introduction, overview and analysis of the financial statements. The Basic Financial Statements include both government-wide statements and individual fund statements, along with notes to the financial statements.
3. The Statistical Section includes a number of tables of unaudited data depicting the financial history of the HRA for the past several years. Demographic and other miscellaneous information are also presented.

Profile of the Government

The Saint Paul Housing and Redevelopment Authority was established by State Law in 1947, Chapter 487 (codified at Minn. Stat. Ch. 469). The HRA provides the full range of services as stipulated in Chapter 469: urban renewal, redevelopment, economic development, and rehabilitation. These services strive to redevelop the residential, commercial and industrial areas of Saint Paul, provide adequate jobs, a sound fiscal base, and a variety of affordable housing for Saint Paul residents. The HRA is governed by a seven-member Board of Commissioners consisting of the members of the City Council.

The HRA was reorganized in 1978 and 1979. Under the reorganization, the HRA employees became employees of the City of Saint Paul. The HRA and the City entered into an agreement, effective January 1, 1979, whereby the City agreed to perform administrative and accounting services for the HRA.

This report includes all of the funds, capital assets, and long-term debt of the HRA as described in the Management's Discussion and Analysis, which can be found immediately following the auditor's opinion. In addition, it has been determined that, for financial reporting purposes, the HRA is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005.

The HRA is empowered to levy a tax on both real and personal property in Saint Paul. This tax has been levied annually by the HRA. The HRA also receives property tax increments on designated Saint Paul tax increment financing districts that were established for development purposes. Under State Law, the HRA is authorized to issue revenue bonds on which the principal and interest are payable from specific revenues. The HRA may pledge the general obligations of the City as additional security on these same revenue bonds. The HRA is not authorized to issue bonds which constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

HRA Unified Credit Process

The unified credit process is based on a desire to focus on fundamentally strong credit administration; provide uniformity in all programs and projects funded by the HRA; and provide a focused purpose of serving our costumers while acting in a fiduciary capacity for the citizens and taxpayers of the City of Saint Paul.

The credit process includes five components: (1) Underwriting discipline and risk rating all loans, (2) Account (loan) officer portfolio responsibility, (3) Credit Committee review and approval function, (4) Loan servicing and portfolio management emphasis, (5) Charge-off policy and guidelines. Underwriting guidelines for each lending program have been developed to guide the application process, ensure consistency in eligibility determination, financial feasibility analysis and loan approval. All credits are risk based on consistent risk rating criteria. The Credit Committee is the cornerstone of the credit process and provides perspective, judgment, experience and consistency to the risk management process. The successful implementation of the credit process has resulted in a strong and focused credit culture throughout the HRA organization. This allows the HRA to be held accountable for providing value to the citizens, taxpayers and neighborhoods in Saint Paul. To ensure that the credit process discipline is working, an effective system of internal controls has been developed. These controls assist in the achievement of the HRA business objectives and provide reasonable assurance that the business is conducted in a safe and sound manner.

Cash Management Policies and Practices

The HRA's deposit and investment functions are managed by the City's Office of Financial Services, Treasury Division. For certain bond issues, cash and investments are held by trustees as required by bond indentures. Deposits are maintained at financial institutions authorized by the City Council, all of which institutions are members of the Federal Reserve System. Minnesota Statutes require that all City deposits be covered by insurance, surety bond, or collateral. In addition to interest bearing deposits, cash temporarily idle is invested in various government securities, repurchase agreements, commercial paper, bankers acceptances, guaranteed investment contracts and other investments authorized under State Law.

Economic Outlook

Saint Paul is an important part of the overall strong Twin Cities metro area economy.

Saint Paul compares favorably when ranked among the 20 largest northeast and Midwest cities on certain economic and social factors¹.

- 2nd lowest in unemployment rate
- 5th lowest in percent of people below poverty level (18.6%)
- 4th highest in percent of population over 25 years with a bachelor's degree (21.7%)
- 5th highest in percent of occupied housing units (91.3%)
- 4th highest in percent of housing that is owner occupied (58.9%)
- 6th highest in median value of owner-occupied houses (\$200,100)
- The highest in median household income (\$44,103)
- 2nd highest in median family income (\$55,606)
- 5th highest in per capita income (\$23,541)

Over the years, Saint Paul has consistently registered a lower unemployment rate than that of the U.S. as a whole. For 2006, the City's 4.1% unemployment rate was lower than the U.S. rate of 4.6%. Saint Paul's employment is spread among twelve "super-sectors," with the largest employers being health care and social assistance (33,559 jobs in 2005; 18.7% of total).

Similarly, tax base growth has been strong and sustained: From Pay 2002 to Pay 2007, Saint Paul's taxable market values have increased 67%. Relatively high incomes and moderate housing costs combine to rank Saint Paul comparatively high in overall housing affordability. The City anticipates this growth to continue. Based on estimates provided by Ramsey County, the percent change in taxable value from Pay 2007 to Pay 2008 is expected to be 9% for residential and 11% for commercial and industrial.

Vacancy rates decreased from 7% to 4% in Saint Paul's rental market between 2004 and 2006. Rental rates increased by 7% between 2001 and 2006 for one bedroom apartment units and by 11% for two bedroom units. Office rental rates are stable – no change since 2004. Total occupied office space has grown 8% from 2005 to 2006. This is an annual record increase.

Saint Paul sales and use tax and hotel motel tax revenues have grown by 3% between 2005 and 2006.

¹ The cities are Baltimore, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Milwaukee, Minneapolis, New York, Newark, Omaha, Philadelphia, Pittsburgh, St. Louis and Toledo.

Major Initiatives

Invest Saint Paul

Invest Saint Paul is a collaborative effort to strategically channel City, HRA and private resources into revitalization strategies and redevelopment projects in four strong neighborhoods being challenged by recent economic and social downturns and persistent disinvestment: Dayton's Bluff, Lower Eastside, Frogtown and North End neighborhoods. These neighborhood communities still offer growth opportunities and have been targeted based on their current and potential assets.

Invest Saint Paul is conceived as an initiative, not a program, to retool for the long-term how the HRA approaches revitalization in targeted neighborhoods. It is envisioned to operate by coordinating City resources, jumpstarting physical development, forging partnerships, and engaging residents in neighborhood visioning and improvement. Intended to catalyze reinvestment and resilience in targeted areas.

Objectives: To galvanize resources: time, talent, and money into four neighborhoods poised to prosper after prolonged periods of disinvestment. To support residents as key customers capable of contributing to decisions about their neighborhood's future. To illustrate that today's investments will yield positive returns for the entire portfolio of neighborhoods that make up the City of Saint Paul.

Indicators and Outcomes: Invest Saint Paul initiatives will concentrate on a strategic combination of activity around: jobs and economic development, youth and family, quality of life, and physical development. The anticipated outcome is vitality measured in improved infrastructure and involved individuals – the visible signs of healthy neighborhoods.

Central Corridor

The Central Corridor runs along University Avenue from the State Capitol to Minneapolis. It has attracted significant investment in the past few years, and stands to attract more in the future if Light Rail Transit (LRT) is developed on University Avenue, a final decision on which is expected in the next couple of years. The Environmental Impact Statement has been completed and approved, and the state and federal governments have approved funding for preliminary engineering, which Ramsey County has begun. Anticipating major redevelopment from the construction of the second LRT system in the region, the City of Saint Paul has begun multi-year land-use planning for the Central Corridor. Two task forces have been appointed by the Planning Commission to develop a vision and development strategy for University Avenue and the Capitol/Downtown area.

Fort Road

Also called West Seventh Street, Fort Road runs southwest from the downtown to Fort Snelling, parallel to the Mississippi River. The Gateway Village across from Fort Snelling at the southwestern gateway to Saint Paul, 578 units of new rental and ownership housing are now complete. At the western edge of the downtown, United and Children's hospitals are nearing the end of their decade-long expansion. Two new clinics specializing in heart care, and new parking ramps, have been completed in the past 5 years at Smith and Chestnut, boosting overall employment at these two hospitals to over 4,700. At Randolph and West Seventh Street, construction on the \$13 million United Family Practice Health Center is expected to begin this summer.

Phalen Corridor

Formerly a blighted and underutilized industrial corridor served by railroads, the Phalen Corridor runs northeast from downtown to the Phalen Village neighborhood. The last section of the new 2.5-mile, \$61 million Phalen Boulevard opened last fall. It is the first new road built in Saint Paul in more than 20 years, and it gives the East Side direct access to Interstate 35E. At the east end of Phalen Boulevard is Phalen Village, with a new \$60 million building for the State Bureau of Criminal Apprehension and over \$50 million in more than 400 units of new and rehabilitated housing adjacent to a repositioned commercial center, in which a new Cub supermarket is being developed. At the west end of Phalen Boulevard are the Williams Hill Business Center, the Metro Transit bus barns, and the Westminster Junction Business Center, which together provide almost 1,500 new jobs developed on a former brownfields that used to provide only about 50 jobs.

Downtown District

The downtown district extends from the State Capitol campus on the north to the West Side Flats across the river. The \$25 million Smith Avenue Transit Center adjacent to the Xcel Arena, with a bus layover facility and parking for 600 cars, is almost complete. Important headquarters companies have expanded downtown including the Saint Paul Companies, Minnesota Mutual and Ecolab. Regions Hospital has begun a \$150 million hospital expansion project, with completion of the 10-story medical tower and parking ramp anticipated in 2009, and St. Joseph's \$96 million expansion is underway.

Housing

Five years ago, with vacancy rates hovering around 1%, the City established the *Housing 5000 Program* to accelerate housing development. When the *Housing 5000 Program* ended on December 31, 2005, it had exceeded its goals. Instead of 5,000 new or substantially rehabilitated housing units, the construction financing for 5,370 units had closed. And, instead of leveraging the investment of \$1 billion, the Program had leveraged \$1,059 billion, 84% of which came from private sources. As part of the its *Housing 5000* goals, the City also established the goal that the construction financing for 1,000 new or substantially rehabilitated units of affordable housing would close before December 31, 2005. When the Program ended, construction financing had closed for 1,173 affordable units, 600 of them affordable to families at or below 30% of Area Median Income (AMI), and 573 affordable to families between 31% and 50% of AMI.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the twentieth consecutive year that the Saint Paul HRA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

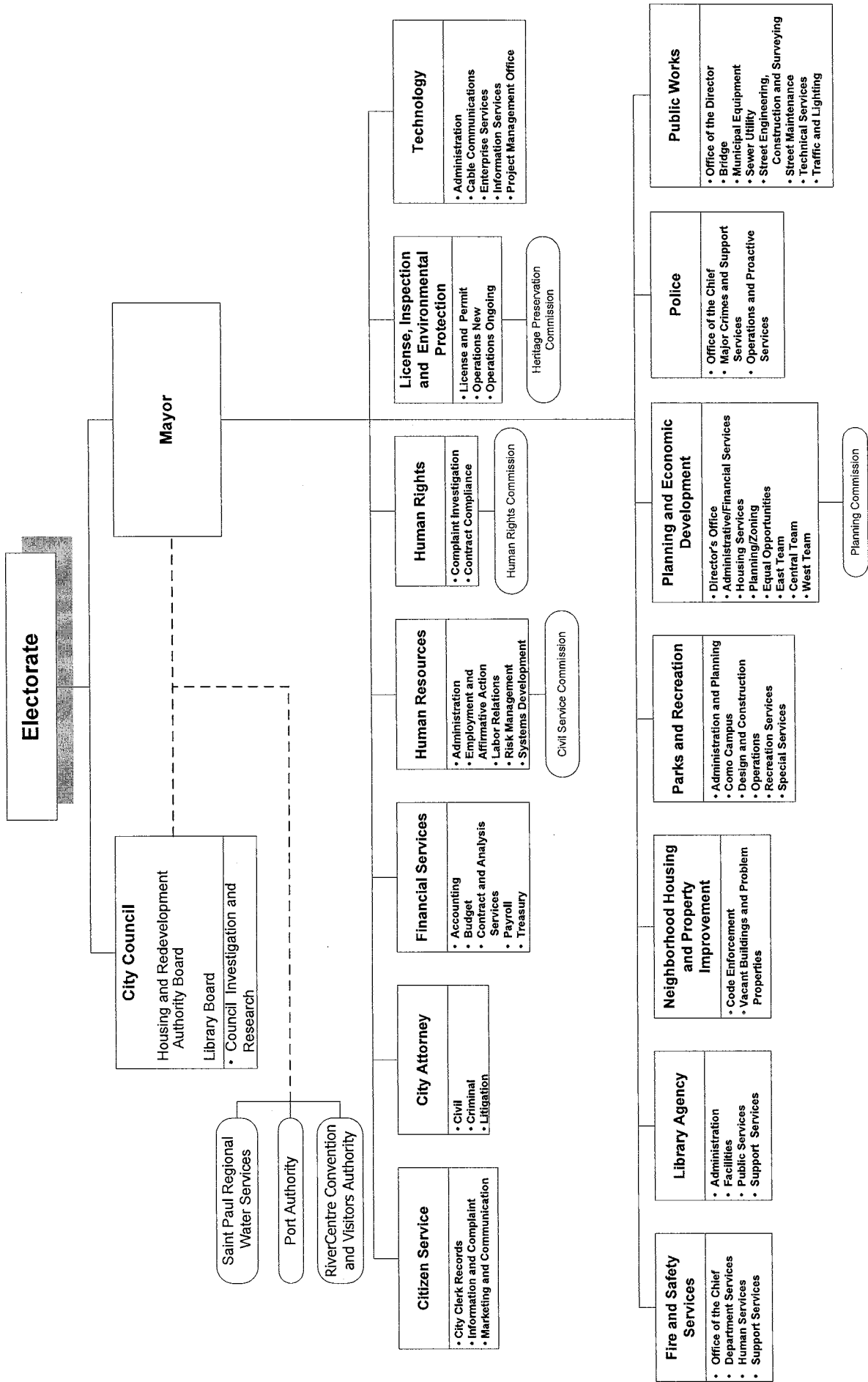
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was accomplished through the efficient and dedicated services of the City Department of Planning and Economic Development Accounting staff. The cooperation and assistance provided by the State Auditor's staff was very helpful and is greatly appreciated.

Cecile Bedor
Executive Director

Thomas P. Meyer
Accountant

City of Saint Paul, Minnesota Organizational Chart



**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

PRINCIPAL OFFICIALS

Term of Office

<u>From</u>	<u>To</u>
-------------	-----------

Commissioners

Jay Benanav	January 1, 1998	December 31, 2007
Daniel Bostrom	January 1, 1996	December 31, 2007
Patrick Harris	January 1, 2000	December 31, 2007
Lee Helgen	November 12, 2003	December 31, 2007
Kathy Lantry	January 1, 1998	December 31, 2007
Debbie Montgomery	January 14, 2004	December 31, 2007
David Thune	January 14, 2004	December 31, 2007

Officers

Chairperson

Jay Benanav	January 14, 2004	December 31, 2007
-------------	------------------	-------------------

Vice-Chairperson

David Thune	January 14, 2004	December 31, 2007
-------------	------------------	-------------------

Secretary

Kathy Lantry	January 14, 2004	December 31, 2007
--------------	------------------	-------------------

Treasurer

Lee Helgen	January 14, 2004	December 31, 2007
------------	------------------	-------------------

Executive Director

Tony Schertler	January 2, 2006	June 25, 2006
Cecile Bedor	June 26, 2006	Indefinite

This page left blank intentionally.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing and Redevelopment
Authority of the City of Saint Paul
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

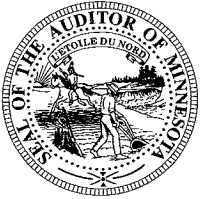
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Commissioners of the Housing and Redevelopment
Authority of the City of Saint Paul
Saint Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, Minnesota, a component unit of the City of Saint Paul, as of and for the year ended December 31, 2006, which collectively comprise the HRA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the HRA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the HRA of the City of Saint Paul as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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 made for the purpose of forming opinions on the financial statements that collectively comprise the HRA of the City of Saint Paul's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we are also issuing a report dated June 27, 2007, on our consideration of the HRA of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 27, 2007

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

As management of the Housing and Redevelopment Authority of the City of Saint Paul (HRA), we provide readers of these financial statements this overview and analysis of the financial activities of the HRA for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the financial statements which are found on pages 36-93.

Financial Highlights

- Total liabilities of the HRA exceeded total assets at the end of 2006 by \$8.7 million. Net assets decreased by \$11.4 million during 2006. This net decrease included a decrease in business-type activity net assets by \$5.0 million and a decrease in governmental activity net assets by \$6.4 million. The business-type activities are the HRA Loan Enterprise Fund and the HRA Parking Enterprise Fund.
- The government-wide statement of net assets was presented for the first time as of December 31, 2002, as required by GASB 34. This statement reflects a deficit of \$49.1 million in unrestricted net assets at year-end 2006. The source of this deficit is reflected in governmental activity balances and is attributable to the issuance of debt for which no capital assets have been directly acquired by the HRA. This debt, primarily tax increment and sales tax bonds, is used to finance various housing and economic development projects. This debt is serviced by property tax increments and the City's half-cent sales tax proceeds, which are highly reliable sources of repayment.
- Despite the deficit in the governmental activities in the government-wide statements, the HRA's governmental funds reported combined fund balances of \$33.1 million. The unreserved, undesignated balance is \$2.2 million, which is totally in the HRA General Fund. The remainder of the fund balances is either reserved or designated for specific use. An amount of \$20.4 million is reserved for future debt service on existing long term debt.
- The total principal amount of long-term debt decreased during 2006 by \$22.1 million to a total of \$239.5 million, an 8.5% decrease from 2005. An amount of \$9.4 million was retired on the Housing 5000 Land Assembly Bonds in 2006. The only new debts issued in 2006 were the refunding of the Shepard Davern District tax increment debt at \$4.8 million and the Saint Paul Housing Foundation Line of Credit with a draw of \$195 thousand. Total interest expense on long-term debt in 2006 was \$17.3 million, an increase of \$0.9 million over 2005.
- The assets of loans receivable and accrued interest on loans increased by \$6.1 million to a total of \$83.8 million at December 31, 2006. During 2006, large business loans were issued to Secure Computers, Minnetronix, Memorial Blood Center, and Dental Facilities.

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Large housing and commercial development loans were issued to developers for the Crane Ordway project, the Hazel Park Condominium project, the Carty Heights project, the 7th Street Partners project, the University-Dale project, the Capitol City project, and the CHDC Hamline project. Despite the increase in loans receivable, there was an overall decrease in the net asset after subtracting the allowance for uncollectible loans and loan interest. Many of the large loans issued for affordable housing projects in 2006 were risk rated in the categories of "loss" and "forgivable". The allowance for uncollectible loans and interest, based on an analysis of credit risk and payment delinquency, is \$60.7 million at December 31, 2006, and increase of \$14.3 million over December 31, 2005.

- New HRA administered tax increment financing districts were created in 2006 in the North Quadrant, Riverfront Renaissance, Emerald Park, and Phalen areas as reclassifications of already existing districts for the purpose of tracking the increments. Total tax increment revenue for HRA Districts was \$15.1 million in 2006, an increase of \$1.5 million from 2005. The captured tax capacity of all Saint Paul tax increment financing districts is 7.49% of Saint Paul's total tax capacity, which compares favorably with other major Minnesota Cities. This represents a decrease of 0.57% from 2005.
- The major housing development initiative continued in 2006 with new or substantially rehabilitated housing units completed is Saint Paul.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the HRA's basic financial statements. The HRA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary schedules and statistical tables in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad view of the HRA's finances, in a manner similar to a private-sector business. These are found on pages 36-38 of this report.

Both of the government-wide financial statements distinguish functions 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 (business-type activities).

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

The HRA's governmental activities include:

- Development in the tax increment financing districts and other redevelopment areas
- Federal, state and local grant programs
- Debt service on tax supported debt
- General operations financed through the HRA General Fund

The HRA's business-type activities are:

- Development loan programs
- Parking operations

The *statement of net assets* presents information on all of the HRA's assets and liabilities at December 31, 2006, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the HRA's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the HRA's net assets changed during 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

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 HRA, 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 HRA can be divided into two categories: governmental funds and proprietary funds. The governmental fund and proprietary fund financial statements are found on pages 40-44 and pages 46-50 of this report.

Governmental funds are used to account for 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 spendable resources at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements,

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the HRA's near-term financing decisions. Both the *governmental fund balance sheet* and the *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 HRA maintains the following four governmental funds: HRA General Fund, HRA Federal & State Programs Special Revenue Fund, HRA Debt Service Fund, and HRA Tax Increment Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these four funds.

The HRA adopts an annual appropriated budget for its general fund and its debt service fund. Multi-year budgets are adopted for the special revenue fund and the capital projects fund. A budgetary comparison statement has been provided in the basic financial statements for the HRA General Fund. Budgetary comparison schedules have been provided in the supplementary schedules for the other three governmental funds. The HRA's governmental funds reflected almost exclusively positive variances compared to the final 2006 and multi-year budgets.

Proprietary funds are used to account for the same functions reported as business-type activities in the government-wide financial statements. The HRA maintains two proprietary funds: HRA Loan Enterprise Fund and HRA Parking Enterprise Fund. Information is presented separately in the proprietary fund financial statements for each of these funds.

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 are found on pages 51-93 of this report.

(Remainder of this page left intentionally blank)

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Financial Analysis of the HRA as a Whole

Net Assets. The following chart shows components of the HRA's assets, liabilities, and net assets and compares 2006 with 2005 at December 31.

**Saint Paul HRA's Assets, Liabilities and Net Assets
At December 31, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	12/31/2006	12/31/2005	12/31/2006	12/31/2005	12/31/2006	12/31/2005	2006-2005
Assets							
Cash and Investments	\$43,245,629	\$55,240,975	\$58,202,235	\$79,106,855	\$101,447,864	\$134,347,830	-24.5%
Other Current Assets	(4,404,472)	(3,032,561)	7,880,748	5,485,093	3,476,276	2,452,532	41.7%
Land Held For Resale	2,498,865	2,138,865	14,976,644	8,212,463	17,475,509	10,351,328	68.8%
Loans Receivable	10,009,291	9,807,241	13,106,180	21,603,786	23,115,471	31,411,027	-26.4%
Leases Receivable	6,570,000	6,870,000	--	--	6,570,000	6,870,000	-4.4%
Capital Assets	7,540,194	8,965,271	91,684,672	85,234,510	99,224,866	94,199,781	5.3%
Other Non-Current Assets	1,253,750	1,328,417	1,212,210	1,538,885	2,465,960	2,867,302	-14.0%
Total Assets	66,713,257	81,318,208	187,062,689	201,181,592	253,775,946	282,499,800	-10.2%
Liabilities							
Current Liabilities	14,931,691	15,233,654	8,032,724	2,889,358	22,964,415	18,123,012	26.7%
Long-Term Debt	137,225,542	145,167,214	102,280,479	116,465,346	239,506,021	261,632,560	-8.5%
Total Liabilities	152,157,233	160,400,868	110,313,203	119,354,704	262,470,436	279,755,572	-6.2%
Net Assets							
Invested in Capital Assets, Net of Related Debt	7,540,194	8,965,271	10,868,843	5,544,000	18,409,037	14,509,271	26.9%
Restricted for Debt Service	6,861,982	10,105,742	14,524,953	15,720,681	21,386,935	25,826,423	-17.2%
Restricted for Bond Operations and Maintenance	--	--	596,679	667,487	596,679	667,487	-10.6%
Unrestricted	(99,846,152)	(98,153,673)	50,759,011	59,894,720	(49,087,141)	(38,258,953)	-28.3%
Total Net Assets	(\$85,443,976)	(\$79,082,660)	\$76,749,486	\$81,826,888	(\$8,694,490)	\$2,744,228	-416.8%

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Total liabilities of the HRA exceeded total assets resulting in an overall deficit of \$8.7 million at December 31, 2006. Net assets of the business-type activities are \$76.7 million at December 31, 2006. However, governmental activity net assets are in a deficit position of \$85.4 million. In governmental activities, the HRA issues long-term debt for housing and economic development purposes and, in many cases, does not acquire or construct HRA-owned capital assets with the debt proceeds. This is common for housing and redevelopment authorities. For the Saint Paul HRA, this has been the case with the tax increment bonds and the sales tax bonds. The debt is to be retired with future revenues, namely property tax increments and city sales taxes. In past years financing has been sufficient for all governmental activity long-term debt service payments and other debt service requirements. Likewise, it is projected that future revenues will adequately finance all existing debt service requirements. Unrestricted net assets in business-type activities are \$50.8 million at December 31, 2006. However, a large portion of the unrestricted net assets is represented by loans receivable, which often have repayment terms in excess of twenty years.

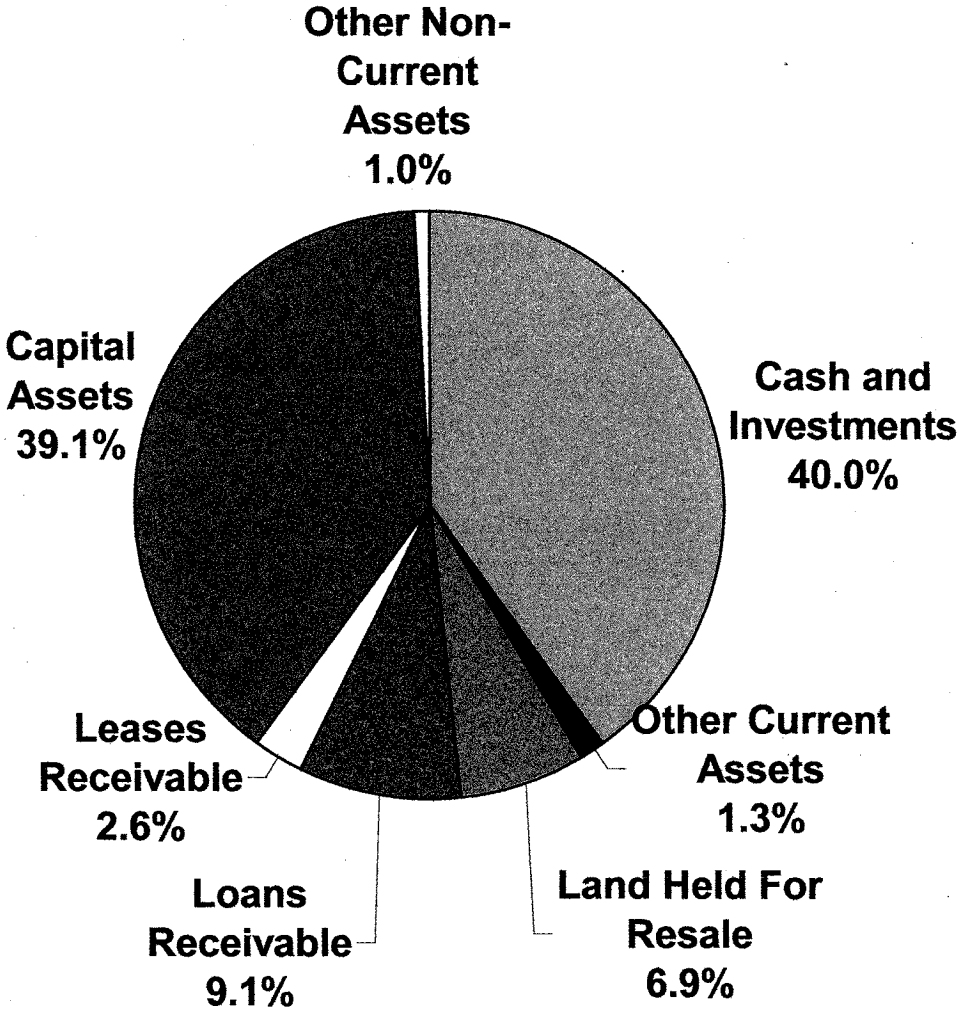
Total assets of the HRA decreased by 10.2%, to a total of \$253.8 million at year-end. Cash and investment balances decreased by 24.5% in 2006 primarily due to the spending of debt proceeds for development projects from debt issued prior to 2006. Land held for resale increased with the purchase of land for future development purposes. Some relatively large loans, risk rated as forgivable or loss, were issued in 2006. With the high loss allowance on outstanding loans and the collection of loans in 2006, the net asset for loans less their allowance decreased in 2006 by 26.4%. Capital assets increased during 2006 5.3% with additional construction of the Smith Avenue Transit Center.

The HRA's long-term debt, at \$239.5 million is 91.3% of its total liabilities. The outstanding balance of long-term debt decreased by 8.5% during 2006. Governmental activity long-term debt includes tax-supported debt – the tax increment bonds and the sales tax bonds, along with the lease revenue bonds and various development notes. Business-type activity debt includes the parking revenue bonds and notes, that were issued to finance the construction of HRA owned parking ramps, and the 2004 issued Housing 5000 Land Assembly Bonds.

(Remainder of this page left intentionally blank)

(Continued)

2006 Assets



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Changes in Net Assets. The following chart shows the changes in net assets during 2006 and compares this with 2005.

**Saint Paul HRA's Changes in Net Assets
For the Fiscal Years Ended December 31, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2006-2005
	2006	2005	2006	2005	2006	2005	
Revenues							
Program Revenues:							
Charges for Services	\$2,776,370	\$4,180,247	\$17,846,442	\$15,743,922	\$20,622,812	\$19,924,169	3.5%
Operating Grants and Contributions	19,229,867	20,067,244	1,480,019	10,025,408	20,709,886	30,092,652	-31.2%
Capital Grants and Contributions	--	--	6,235,374	900,000	6,235,374	900,000	592.8%
General Revenues:							
Property Taxes	14,604,286	13,055,454	1,397,216	1,372,349	16,001,502	14,427,803	10.9%
Other Taxes and Unrestricted Grants	441,207	551,212	--	--	441,207	551,212	-20.0%
Investment Income	1,627,343	1,381,833	2,543,650	1,627,274	4,170,993	3,009,107	38.6%
Total Revenues	38,679,073	39,235,990	29,502,701	29,668,953	68,181,774	68,904,943	-1.0%
Expenses							
Housing and Economic Development	37,524,430	31,189,699	--	--	37,524,430	31,189,699	20.3%
Interest on Govt Activity Long-Term Debt	12,024,646	10,949,282	--	--	12,024,646	10,949,282	9.8%
Development Loan Programs	--	--	18,506,591	8,450,161	18,506,591	8,450,161	119.0%
Parking Operations	--	--	11,564,825	10,739,279	11,564,825	10,739,279	7.7%
Total Expenses	49,549,076	42,138,981	30,071,416	19,189,440	79,620,492	61,328,421	29.8%
Excess (Deficiency) before Transfers	(10,870,003)	(2,902,991)	(568,715)	10,479,513	(11,438,718)	7,576,522	(250.98%)
Transfers	4,508,687	445,327	(4,508,687)	(445,327)	--	--	
Change in Net Assets	(6,361,316)	(2,457,664)	(5,077,402)	10,034,186	(11,438,718)	7,576,522	
Net Assets, January 1	(79,082,660)	(76,624,996)	81,826,888	71,792,702	2,744,228	(4,832,294)	
Net Assets, December 31	(\$85,443,976)	(\$79,082,660)	\$76,749,486	\$81,826,888	(\$8,694,490)	\$2,744,228	

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Total revenues of the HRA decreased by 1.0% in 2006, while total expenses increased by 29.8%, resulting in a decrease in net assets in 2006 of \$11.4 million.

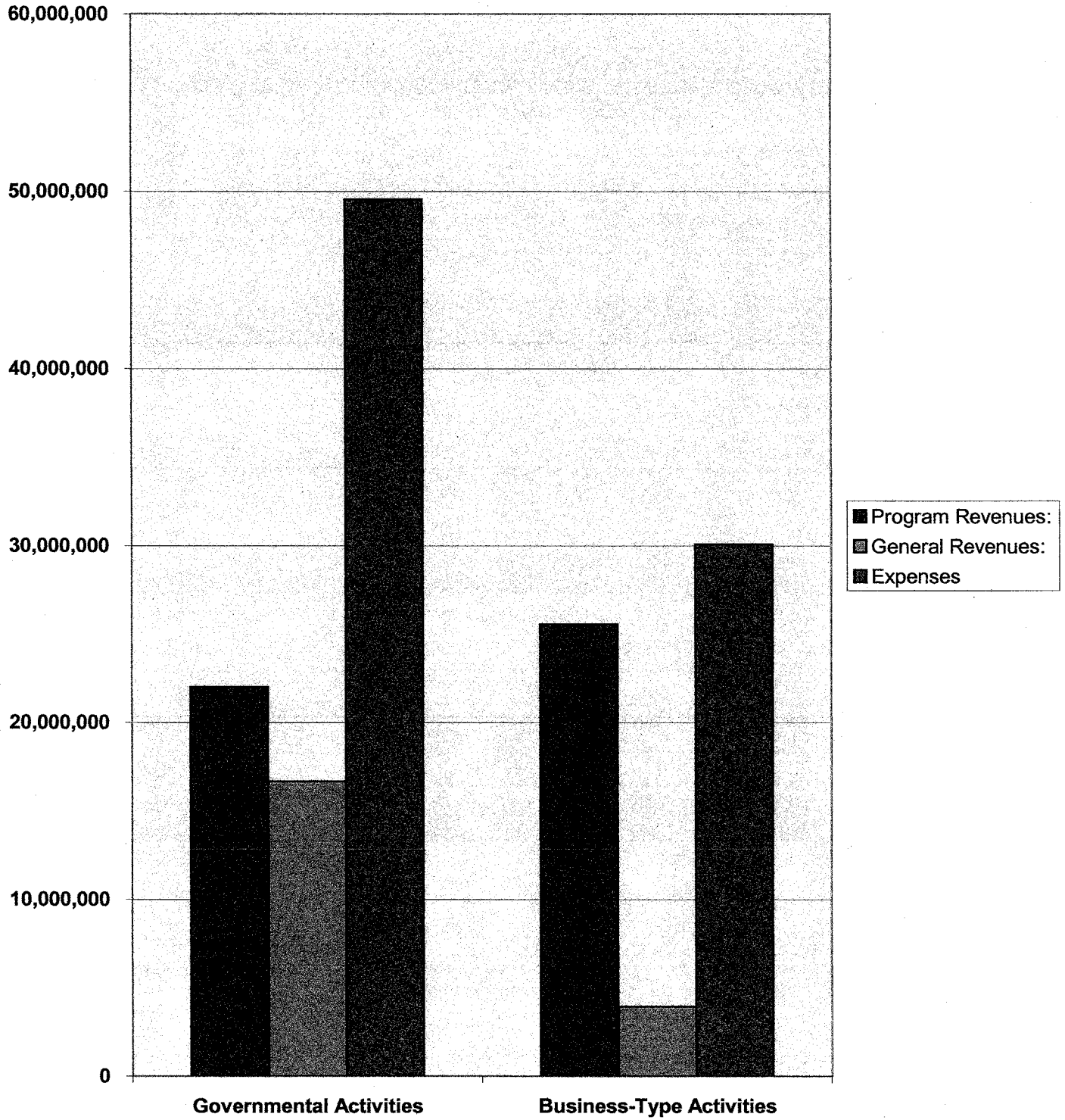
As shown in the table on the previous page, governmental activities are financed heavily with tax revenue and operating grants. Property tax revenue in governmental activities increased by 11.9% with most of the increase being in tax increment revenue. However, operating grants and contributions decreased by 4.2% in 2006. Housing and Economic Development expenses increased in 2006 from 2005 by \$6.3 million, or 20.3%. The largest increase in these expenses was for development incurred in the tax increment financing districts. Interest on governmental activity long-term debt increased in 2006 by 9.8% from 2005, primarily due to additional debt issued in late 2004 and 2005.

Charges for service revenue increased substantially in business-type activities in 2006 - \$2.1 million, or 13.3%. The biggest reason for the increase was the sale of land held for resale in the HRA Loan Enterprise Fund. Operating grants and contributions decreased with \$1 million received in 2006 from the City's sales tax STAR program for the Housing 5000 initiative, rather than the \$9 million received in 2005. Capital grants and contributions increased due to the \$6.2 million received in federal grant funds through the Metropolitan Council to assist in the financing of the Smith Avenue Transit Center. Total business-type activities expenses increased substantially in 2006 - \$10.9 million or 56.7%. The major reason for this increase in expenses was the issuance of large development loans with credit risk ratings of "loss" and "forgivable" which resulted in large loss allowance expenses. Parking operation expenses increased by 7.7% in 2006.

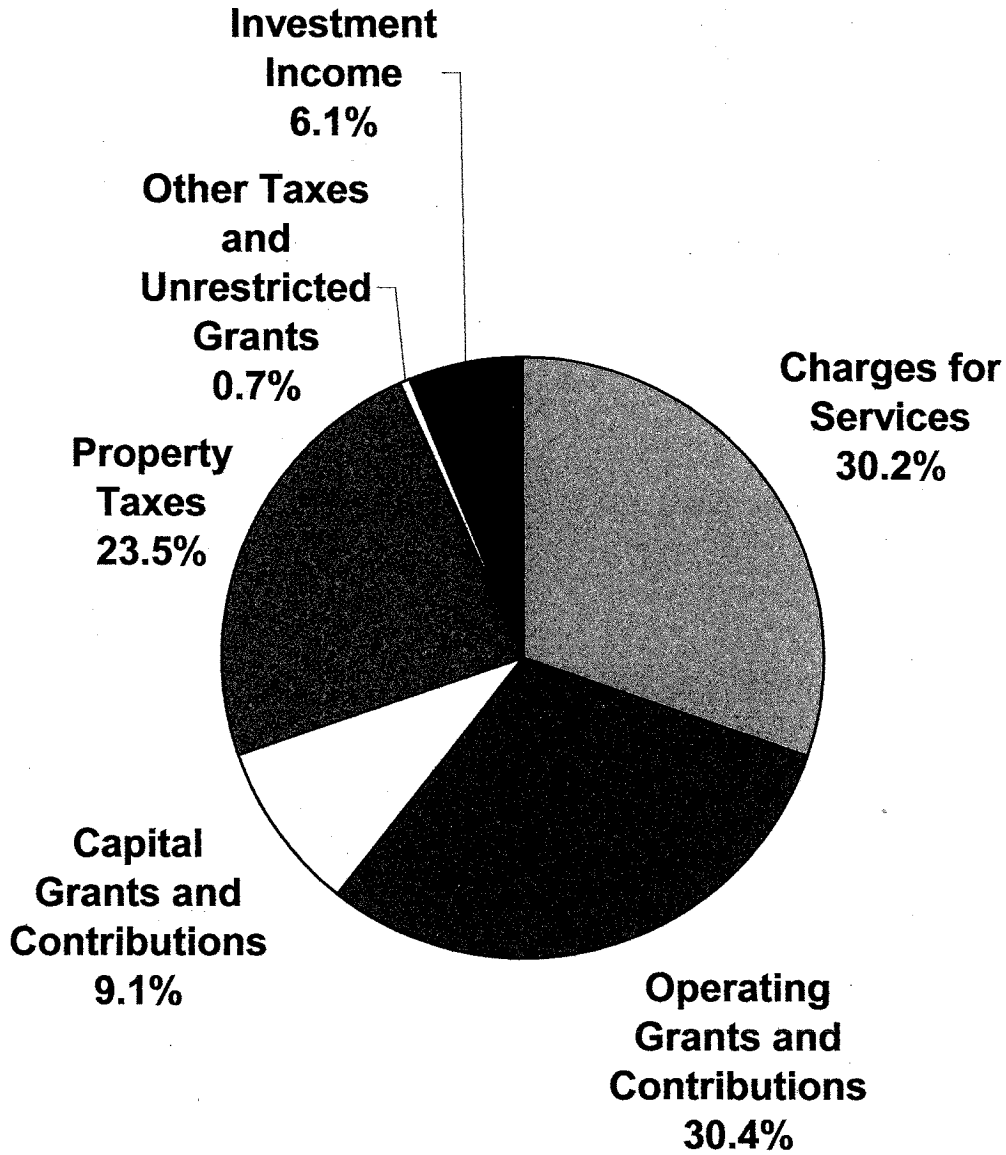
(Remainder of this page left intentionally blank)

(Continued)

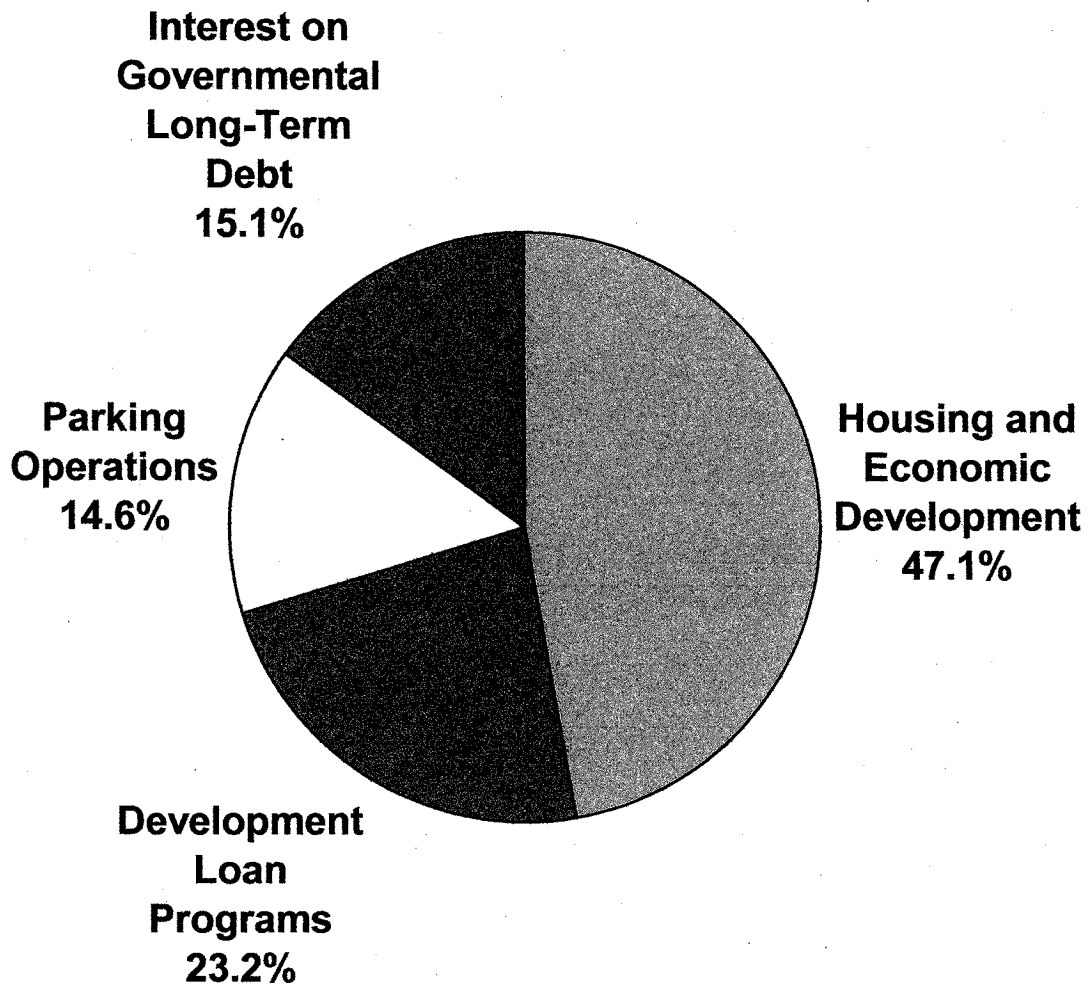
2006 Revenue and Expenses



2006 Revenues by Source



2006 Expenses by Function



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Financial Analysis of the HRA's Funds

As noted earlier, the HRA uses fund accounting to maintain control over resources and to ensure and demonstrate compliance with legal requirements.

Governmental Funds

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

At December 31, 2006, the HRA's governmental funds reported total fund balances of \$33.1 million. Approximately 66% of this is reserved to indicate that it is not available for new spending. Almost all of the reserved portion is for future debt service on existing bonds and notes (\$20.9 million). Unreserved balances total \$11.4 million. Of the total unreserved fund balances, \$4.5 million has been designated in the HRA Tax Increment Capital Projects Fund for unspent balances of previously budgeted projects, primarily in the HRA administered tax increment financing districts.

The HRA General Fund is the chief operating fund of the HRA. Revenues include the HRA property tax levy, fees from conduit revenue bond issues, property rentals, land sale proceeds, and investment earnings. The major spending activities are for staff administration of HRA programs, maintenance of HRA properties, and professional services for HRA programs and projects. The fund balance in the HRA General Fund decreased during 2006 by \$110 thousand to a total of \$8.0 million at December 31, 2006, which is quite healthy relative to 2006 fund total spending of \$3.1 million.

The HRA Federal & State Programs Special Revenue Fund accounts for intergovernmental revenues provided primarily by the Federal and State governments for housing grant programs and projects. Grant revenues are recognized as eligible grant expenditures are incurred, resulting in little or no fund balance. During 2006, the Special Revenue Fund received \$1.9 million in revenues, of which \$1.8 million were grant revenues from other governments.

The HRA Debt Service Fund accumulates resources and pays debt service for the HRA's debt that is not financed by the two enterprise funds. Debt service on the bonds is financed by property tax increments, City sales taxes, lease payments from the City, and investment earnings. At December 31, 2006, the fund balance is \$20.4 million, which is entirely reserved for future debt service. Total debt spending during 2006 was \$20.4 million, of which \$4.8 million was to retire existing bonds using refunding proceeds.

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

The HRA Tax Increment Capital Projects Fund accounts for HRA major development projects and capital projects in Saint Paul tax increment districts and other redevelopment areas. The total fund balance at December 31, 2006, of \$4.7 million is reserved or designated for unspent balances of previously approved projects. Total 2006 spending from this Fund was \$20.8 million. Projects with the largest 2006 spending include the University-Dale project, the University-St Albans project, the Rice Street-Winnipeg project, the Riverfront Renaissance Tax Increment District, and the Koch-Mobil Tax Increment District. All of these projects are financed with tax increment bond proceeds.

Proprietary Funds

The proprietary fund financial statements provide the same information found in the business-type activities column of the government-wide statements, but in more detail. The proprietary funds use the economic resources measurement focus and the accrual basis of accounting, which are the same as those used for private sector business enterprises. The HRA's proprietary funds are the HRA Loan Enterprise Fund and the HRA Parking Enterprise Fund.

The HRA Loan Enterprise Fund accounts for loans issued and related servicing for various housing and economic development programs and projects. The Fund has unrestricted net assets totaling \$40.3 million at December 31, 2006. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at \$13.1 million (net of allowance) and in many cases have long repayment terms before there will be liquidation to cash. Cash and investments are reported at \$30.0 million at December 31, 2006, which includes cash and investments restricted for the Housing 5000 Land Assembly Bonds of \$14.3 million. The Fund had an overall decrease in net assets of \$12.5 million for 2006, primarily due to the issuance of large development loans with credit risk ratings of "loss" and "forgivable".

The HRA Parking Enterprise Fund accounts for the operation of HRA owned parking facilities in Saint Paul. The Fund has unrestricted net assets of \$10.5 million at December 31, 2006. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$91.7 million. Long-term debt used for financing the construction of the parking facilities is \$89.6 million in principal outstanding at December 31, 2006. Bonds were issued in 2005 to construct the Smith Avenue Transit Center. Proceeds of \$8.8 million from this bond issue at December 31, 2006 are awaiting future disbursement for the construction. The Fund had operating income of \$3.9 million during 2006 – a decrease of \$0.4 million from 2005.

HRA General Fund Budgetary Highlights

The final amended budget for the HRA General Fund includes the original adopted budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

obligations (prior year encumbrances), plus any additional supplemental appropriations that were legislated by the Board of Commissioners during the year. The final budget included a supplemental appropriation for \$79,322 that was financed by a property tax levy increase. Actual 2006 spending was less than 3% different from the final spending budget. Actual revenues were 31% higher than the final financing budget. The major positive revenue variance was in conduit revenue bond fees.

Long-Term Debt

At December 31, 2006 the HRA had total long-term debt outstanding of \$239.4 million as shown in the following chart.

**Saint Paul HRA's Long-Term Debt
At December 31, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2006-2005
Tax Increment Bonds	\$69,420,923	\$78,934,780	\$ --	\$ --	\$69,420,923	\$78,934,780	-12.1%
Sales Tax Revenue Bonds	43,585,000	44,895,000	--	--	43,585,000	44,895,000	-2.9%
Lease Revenue Bonds	6,570,000	6,870,000	--	--	6,570,000	6,870,000	-4.4%
Parking Revenue Bonds	--	--	37,815,000	39,440,000	37,815,000	39,440,000	-4.1%
Tax Increment -- Parking Bonds	--	--	34,705,000	36,005,000	34,705,000	36,005,000	-3.6%
Parking Bonds (Smith Avenue Transit Center)	--	--	15,980,000	15,980,000	15,980,000	15,980,000	0.0%
Housing 5000 Land Assembly Bonds	--	--	12,455,000	21,830,000	12,455,000	21,830,000	-42.9%
Parking Revenue Notes	--	--	1,030,000	3,090,000	1,030,000	3,090,000	-66.7%
Development Notes	17,649,619	14,437,441	195,190	--	17,844,809	14,437,441	23.6%
Totals	\$137,225,542	\$145,137,221	\$102,180,190	\$116,345,000	\$239,405,732	\$261,482,221	-8.4%

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

All of the debt has specified revenue sources that are pledged for its retirement. In addition, the City of Saint Paul has issued a general obligation pledge on certain tax increment bonds that have a total of \$50.2 million outstanding at year-end 2006. The City's G.O. pledge provides a secondary source of repayment if tax increments are not sufficient to service the related bonds. For the Sales Tax Revenue Bonds, there is a gross pledge of the half-cent sales tax to pay debt service. For the Lease Revenue Bonds, the City has pledged City sources and RiverCentre revenues to make lease payments to the HRA. Non-payment of the lease by the City may create credit rating implications to the City, which is currently rated AAA by Standard & Poor's. For the Parking Revenue Bonds, in addition to net parking ramp revenues, the City has pledged the first \$2 million collected annually in parking meter and parking fine revenues.

During 2006, the HRA issued \$5.0 million in long-term debt. Shepard Davern Rental Housing Tax Increment Notes were issued in the amount of \$4.8 million to refund the Gateway Tax Increment Bonds, Series 2003.

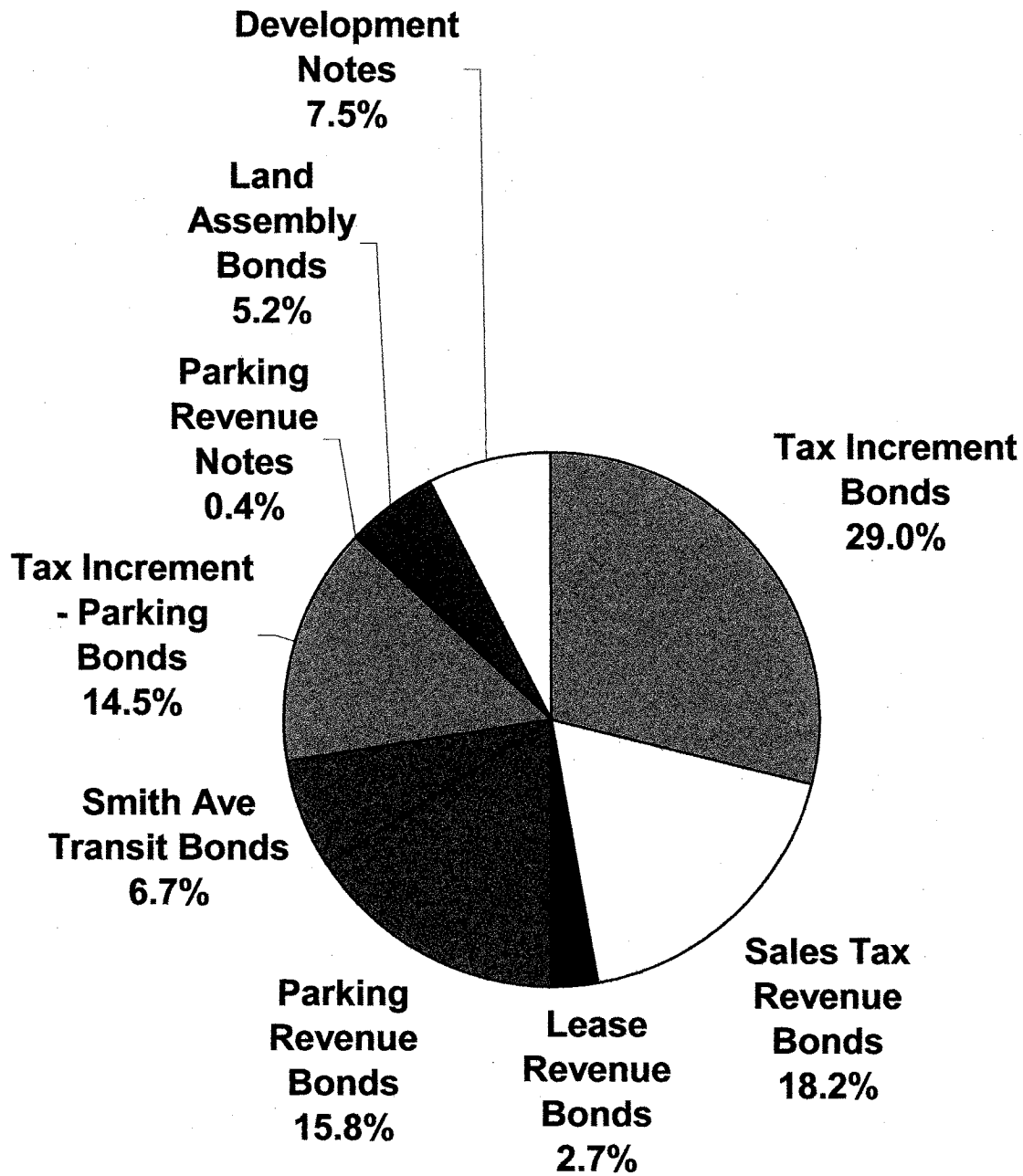
All 2006 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

Additional information on the HRA's long-term debt can be found in Note 5.F. on pages 77- 84 of this report. The schedule of revenue bond coverage in the Statistical section of this report shows the history and reliability of debt service financing sources.

(Remainder of this page left intentionally blank)

(Continued)

2006 Long-Term Debt



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Capital Assets

The HRA's investment in capital assets for its governmental and business-type activities as of December 31, 2006 is \$99.2 million (net of accumulated depreciation) as shown in the following chart.

**Saint Paul HRA's Capital Assets
(Net of Depreciation)
At December 31, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2006-2005
Land	\$1,088,230	\$1,088,230	\$19,514,990	\$19,514,990	\$20,603,220	\$20,603,220	0.0%
Buildings	359,429	380,572	1,852,164	1,905,083	2,211,593	2,285,655	-3.2%
Equipment	--	--	16,048	19,153	16,048	19,153	-16.2%
Parking Ramps	--	--	60,203,125	62,462,281	60,203,125	62,462,281	-3.6%
Pedestrian Skyway Bridges	6,092,535	6,417,958	--	--	6,092,535	6,417,958	-5.1%
Construction in Progress	--	1,078,511	10,098,345	1,333,003	10,098,345	2,411,514	318.8%
Totals	\$7,540,194	\$8,965,271	\$91,684,672	\$85,234,510	\$99,224,866	\$94,199,781	5.3%

Construction was started in 2005 on the Smith Avenue Transit Center (business-type activities) and has continued during 2006. This Transit Center will consist of a 603 space parking ramp near the RiverCentre complex, plus a bus layover facility for Metro Transit buses. The Transit Center is projected to be open for operation in July 2007 and is reported as construction in progress at December 31, 2006.

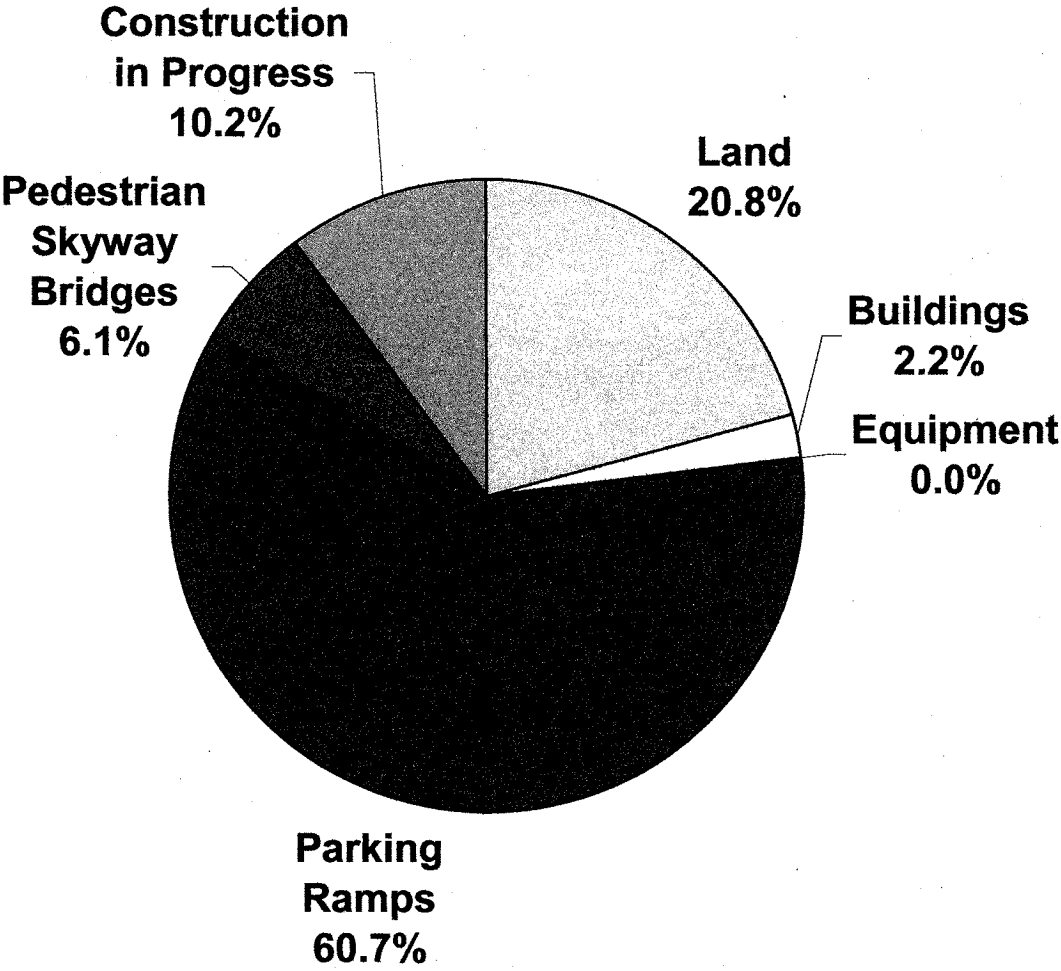
Total depreciation expense for governmental and business type activities during 2006 was \$2.7 million.

Additional information on the HRA's capital assets can be found in Note 5.E. on pages 76-77 of this report.

(Remainder of this page left intentionally blank)

(Continued)

2006 Capital Assets



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2006**

Requests for Information

This financial report is designed to provide a general overview of the Saint Paul HRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Saint Paul, Department of Planning and Economic Development, 25 West Fourth Street, Saint Paul, MN 55102.

(Remainder of this page left intentionally blank)

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide Financial Statements present a broad overview of the Saint Paul HRA's finances.

This page left blank intentionally.

STATEMENT OF NET ASSETS

At December 31, 2006

(Amounts in dollars)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments with Treasurer	30,430,037	22,661,177	53,091,214
Cash with Fiscal Agent	-	951,714	951,714
Cash and Investments with Trustees	12,815,592	2,361,043	15,176,635
Accounts Receivable (Net of Allowance)	200,476	357,554	558,030
Property Taxes Receivable - Due from Ramsey County	434,905	-	434,905
Delinquent Property Taxes Receivable (Net of Allowance)	27,466	25,723	53,189
Delinquent Assessments Receivable (Net of Allowance)	-	806	806
Accrued Interest Receivable on Investments	364,837	465,887	830,724
Internal Balances	(5,523,484)	5,523,484	-
Due from Other Governmental Units	91,328	1,507,294	1,598,622
Land Held for Resale	2,498,865	14,976,644	17,475,509
Restricted Assets:			
Cash for Revenue Bond Debt Service	-	9,452,792	9,452,792
Cash for Revenue Bond Reserve	-	6,444,716	6,444,716
Cash for Revenue Bond Development & Construction	-	15,734,114	15,734,114
Cash for Revenue Bond Operations and Maintenance	-	596,679	596,679
Direct Financing Leases Receivable	6,570,000	-	6,570,000
Loans Receivable	34,697,510	42,801,062	77,498,572
Accrued Interest Receivable on Loans	2,501,474	3,833,730	6,335,204
Less Allowance for Uncollectible Loans and Interest	(27,189,693)	(33,528,612)	(60,718,305)
Advance to City of Saint Paul	-	100,000	100,000
Deferred Charges	1,253,750	1,112,210	2,365,960
Capital Assets, Net of Related Depreciation:			
Land	1,088,230	19,514,990	20,603,220
Buildings	359,429	1,852,164	2,211,593
Equipment	-	16,048	16,048
Parking Ramps	-	60,203,125	60,203,125
Pedestrian Skyway Bridges	6,092,535	-	6,092,535
Construction in Progress	-	10,098,345	10,098,345
TOTAL ASSETS	66,713,257	187,062,689	253,775,946

Continued

STATEMENT OF NET ASSETS

At December 31, 2006

(Amounts in dollars)

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts Payable	139,609	842,837	982,446
Contracts Payable	611,315	1,310,925	1,922,240
Due to Other Governmental Units	1,041,593	2,424,470	3,466,063
Accrued Interest Payable on Long-Term Debt	2,362,627	477,991	2,840,618
Unearned Revenue	8,629,204	-	8,629,204
Advance from City of Saint Paul	2,147,343	-	2,147,343
Liabilities Payable from Restricted Assets:			
Accounts Payable	-	1,893,756	1,893,756
Accrued Interest on Bonds Payable	-	1,082,745	1,082,745
Revenue Bonds Payable	-	2,967,786	2,967,786
Long-Term Liabilities:			
Revenue Bonds Payable - Due within One Year	10,544,183	3,586,214	14,130,397
Revenue Notes Payable - Due within One Year	710,000	265,190	975,190
Revenue Bonds Payable - Due in more than One Year	109,031,740	94,501,289	203,533,029
Notes Payable - Due in more than One Year	16,939,619	960,000	17,899,619
TOTAL LIABILITIES	152,157,233	110,313,203	262,470,436
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,540,194	10,868,843	18,409,037
Restricted for Debt Service	6,861,982	14,524,953	21,386,935
Restricted for Operations and Maintenance	-	596,679	596,679
Unrestricted (Deficit)	(99,846,152)	50,759,011	(49,087,141)
TOTAL NET ASSETS (DEFICIT)	(85,443,976)	76,749,486	(8,694,490)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2006
(Amounts in Dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services/ Loan Programs	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Housing and Economic Development	37,524,430	2,776,370	19,229,867	-	(15,518,193)	-	(15,518,193)
Interest on Governmental Long-Term Debt	12,024,646	-	-	-	(12,024,646)	-	(12,024,646)
Total - Governmental Activities	49,549,076	2,776,370	19,229,867	-	(27,542,839)	-	(27,542,839)
Business-type Activities:							
Development Loan Programs	18,506,591	7,046,559	1,480,019	-	(9,980,013)	-	(9,980,013)
Parking Operations	11,564,825	10,799,883	-	6,235,374	5,470,432	-	5,470,432
Total Business-type Activities	30,071,416	17,846,442	1,480,019	6,235,374	(4,509,581)	(4,509,581)	(4,509,581)
Total - All Functions/Programs	79,620,492	20,622,812	20,709,886	6,235,374	(27,542,839)	(4,509,581)	(32,052,420)
General Revenues:							
HRA Property Tax		924,042			924,042	-	924,042
Property Tax Increments		13,680,244			13,680,244	1,397,216	15,077,460
Hotel-Motel Tax		220,000			220,000	-	220,000
State Market Value Homestead Credit		221,207			221,207	-	221,207
Investment Income		1,627,343			1,627,343	2,543,650	4,170,993
Transfers		4,508,687			4,508,687	(4,508,687)	-
Change in Net Assets		(6,361,316)			(6,361,316)	(5,077,402)	(11,438,718)
Net Assets, January 1, 2006		(79,082,660)			(79,082,660)	81,826,888	2,744,228
Net Assets, December 31, 2006		(85,443,976)			(85,443,976)	76,749,486	(8,694,490)

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The Fund Financial Statements present information on each Saint Paul HRA fund to demonstrate fiscal accountability.

This page left blank intentionally.

**BALANCE SHEET
GOVERNMENTAL FUNDS**

At December 31, 2006
(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments with Treasurer	8,648,229	1,304,423	8,677,331	11,800,054	30,430,037
Cash and Investments with Trustee	-	-	11,552,010	1,263,582	12,815,592
Property Taxes Receivable:					
Due from County	14,024	-	256,205	164,676	434,905
Delinquent Taxpayer	35,248	-	163,093	14,294	212,635
Accounts Receivable (Net of Allowance)	190,868	-	9,608	-	200,476
Accrued Interest Receivable on Investments	102,912	-	135,268	126,657	364,837
Loans Receivable	-	26,776,157	4,630,000	3,291,353	34,697,510
Accrued Interest Receivable on Loans	-	2,478,386	-	23,088	2,501,474
Allowance for Uncollectible Loans and Interest	-	(21,853,382)	(2,315,000)	(3,021,311)	(27,189,693)
Due from Other Funds	-	-	52,409	172,961	225,370
Due from Other Governmental Units	-	79,898	11,430	-	91,328
Advances to Other Funds	516,588	-	-	-	516,588
Land Held for Resale	1,440,918	-	-	1,057,947	2,498,865
Direct Financing Leases Receivable	-	-	6,570,000	-	6,570,000
TOTAL ASSETS	10,948,787	8,785,482	29,742,354	14,893,301	64,369,924
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts Payable	49,263	30,168	11,378	48,800	139,609
Contracts Payable	611,315	-	-	-	611,315
Due to Other Funds	172,961	-	-	52,409	225,370
Due to Other Governmental Units	523,538	126,110	3,708	388,237	1,041,593
Deferred Revenue	1,580,780	-	9,267,186	1,564,778	12,412,744
Unearned Revenue	-	8,629,204	-	-	8,629,204
Advance from Other Funds	-	-	-	6,040,072	6,040,072
Advance from Other Governmental Units	-	-	-	2,147,343	2,147,343
Total Liabilities	2,937,857	8,785,482	9,282,272	10,241,639	31,247,250

Continued

**BALANCE SHEET
GOVERNMENTAL FUNDS**

At December 31, 2006
(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	Total Governmental Funds
<u>Fund Balances</u>					
Reserved for:					
Encumbrances	95,583	-	-	188,631	284,214
Debt Service	500,000	-	20,460,082	-	20,960,082
Advances to Other Funds	516,588	-	-	-	516,588
Unreserved, Designated for:					
Specific HRA Activities	3,296,807	-	-	4,463,031	7,759,838
Next Year's Appropriation	908,063	-	-	-	908,063
Cash Flow and Revenue Estimates	500,000	-	-	-	500,000
Unreserved, Undesignated	2,193,889	-	-	-	2,193,889
Total Fund Balances	8,010,930	-	20,460,082	4,651,662	33,122,674
TOTAL LIABILITIES AND FUND BALANCES	<u>10,948,787</u>	<u>8,785,482</u>	<u>29,742,354</u>	<u>14,893,301</u>	<u>64,369,924</u>

Amounts reported for governmental activities in the Statement of Net Assets (pages 36-37) are different because:

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,540,194
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,412,744
3. Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(138,334,419)
4. Bad debt expense is not an outlay of financial resources and is, therefore, not reported in the funds.	(185,169)
Total Reconciling Items	(118,566,650)
Fund Balances per Balance Sheet - Governmental Funds, December 31, 2006	33,122,674
Net Assets (Deficit) per Statement of Net Assets - Governmental Activities column, December 31, 2006	(85,443,976)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	Total Governmental Funds
REVENUES					
Taxes					
Current Property Taxes	750,062	-	-	-	750,062
Delinquent Property Taxes	12,963	-	-	-	12,963
Fiscal Disparities	157,181	-	-	-	157,181
Property Tax Increments	-	-	10,524,186	3,271,969	13,796,155
Hotel-Motel Taxes	-	-	220,000	-	220,000
Intergovernmental	49,130	1,760,165	17,104,457	39,278	18,953,030
Fees, Sales and Services					
Revenue Bond Fees	1,484,095	-	-	-	1,484,095
Other Fees and Services	756	27,054	-	2,026	29,836
Sales of Land	1,579	-	-	120,962	122,541
Rentals of Property	130,915	-	657,928	-	788,843
Interest on Loans	-	13,412	419,111	2,941	435,464
Loan Repayments	-	124,503	-	8,647	133,150
Investment Income					
Interest Earned on Investments	373,608	-	757,510	547,142	1,678,260
Increase (Decrease) in the Fair Value of Investments	2,495	-	(13,156)	(13,724)	(24,385)
Miscellaneous					
Developer Contributions	-	-	598,044	-	598,044
Total Revenues	<u>2,962,784</u>	<u>1,925,134</u>	<u>30,268,080</u>	<u>3,979,241</u>	<u>39,135,239</u>
EXPENDITURES					
Current					
Housing and Economic Development	2,975,608	2,007,477	-	15,199,065	20,182,150
Intergovernmental - City	97,808	-	13,371,476	-	13,469,284
Intergovernmental - County	-	-	3,663,887	-	3,663,887
Capital Outlay	-	-	-	648,337	648,337
Debt Service					
Principal Payment on Bonds	-	-	6,303,857	-	6,303,857
Interest on Bonds	-	-	8,119,562	-	8,119,562
Principal Payment on Notes	-	-	580,000	-	580,000
Interest on Notes	-	-	532,645	3,381,218	3,913,863
Total Expenditures	<u>3,073,416</u>	<u>2,007,477</u>	<u>32,571,427</u>	<u>19,228,620</u>	<u>56,880,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,632)</u>	<u>(82,343)</u>	<u>(2,303,347)</u>	<u>(15,249,379)</u>	<u>(17,745,701)</u>

Continued

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended December 31, 2006
 (Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers In	-	82,343	3,246,693	2,408,301	5,737,337
Transfers Out	-	-	(8,301)	(1,220,349)	(1,228,650)
Notes Issued	-	-	4,820,000	-	4,820,000
Redemption of Refunded Bonds	-	-	(4,820,000)	-	(4,820,000)
Total Other Financing Sources (Uses)	-	82,343	3,238,392	1,187,952	4,508,687
Net Changes in Fund Balances	(110,632)	-	935,045	(14,061,427)	(13,237,014)
FUND BALANCES, January 1	8,121,562	-	19,525,037	18,713,089	46,359,688
FUND BALANCES, December 31	8,010,930	-	20,460,082	4,651,662	33,122,674

4 Amounts reported for governmental activities in the Statement of Activities (page 38) are different because:

Net change in fund balances - total governmental funds (above)

1. 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. Also, prior year construction in progress expenditures for sewer lines, streets, and lighting were contributed to the City.
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.
4. 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.

Total Reconciling Items

Change in Net Assets of Governmental Activities - Statement of Activities

	<u>(13,237,014)</u>
	(1,425,077)
	(455,878)
	7,867,005
	<u>889,648</u>
	<u>6,875,698</u>
	<u>(6,361,316)</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HRA GENERAL FUND**

For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	832,722	912,044	920,206	8,162
Intergovernmental	48,637	48,637	49,130	493
Fees, Sales and Services	1,139,706	1,139,706	1,617,345	477,639
Investment Income	150,000	150,000	376,103	226,103
Total Revenues	<u>2,171,065</u>	<u>2,250,387</u>	<u>2,962,784</u>	<u>712,397</u>
EXPENDITURES				
Current				
Housing and Economic Development	3,048,806	3,048,806	2,975,608	73,198
Intergovernmental - City	18,486	97,808	97,808	-
Total Expenditures	<u>3,067,292</u>	<u>3,146,614</u>	<u>3,073,416</u>	<u>73,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(896,227)	(896,227)	(110,632)	785,595
FUND BALANCE, January 1	<u>8,121,562</u>	<u>8,121,562</u>	<u>8,121,562</u>	<u>-</u>
FUND BALANCE, December 31	<u>7,225,335</u>	<u>7,225,335</u>	<u>8,010,930</u>	<u>785,595</u>

This page left blank intentionally.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

At December 31, 2006
(Amounts in dollars)

	Business Type Activities - Enterprise Funds			Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise		
ASSETS				
Current Assets:				
Cash and Investments with Treasurer	13,352,699	9,308,478		22,661,177
Cash with Fiscal Agents	-	951,714		951,714
Cash and Investments with Trustee	2,361,043	-		2,361,043
Accounts Receivable (Net of Allowance)	6,780	350,774		357,554
Delinquent Property Taxes Receivable (Net of Allowance)	-	25,723		25,723
Delinquent Assessments Receivable (Net of Allowance)	806	-		806
Accrued Interest Receivable on Investments	344,392	121,495		465,887
Due from Other Governmental Units	7,603	1,499,691		1,507,294
Land Held for Resale	14,976,644	-		14,976,644
Restricted Cash for Revenue Bond Debt Service	953,639	8,499,153		9,452,792
Restricted Cash for Revenue Bond Reserve	6,444,716	-		6,444,716
Restricted Cash for Revenue Bond Development & Construction	6,924,420	8,809,694		15,734,114
Restricted Cash for Revenue Bond Operations and Maintenance	-	596,679		596,679
Total Current Assets	45,372,742	30,163,401		75,536,143
Noncurrent Assets:				
Loans Receivable	42,801,062	-		42,801,062
Accrued Interest Receivable on Loans	3,833,730	-		3,833,730
Less: Allowance for Uncollectible Loans and Interest	(33,528,612)	-		(33,528,612)
Advances to Other Funds	5,523,484	-		5,523,484
Advances to Other Governmental Units	100,000	-		100,000
Deferred Charges	-	1,112,210		1,112,210
Capital Assets:				
Land	-	19,514,990		19,514,990
Parking Ramps	-	88,125,305		88,125,305
Buildings	-	2,108,356		2,108,356
Equipment	-	31,060		31,060
Construction in Progress	-	10,098,345		10,098,345
Less: Accumulated Depreciation	-	(28,193,384)		(28,193,384)
Total Capital Assets (Net of Accumulated Depreciation)	-	91,684,672		91,684,672
Total Noncurrent Assets	18,729,664	92,796,882		111,526,546
TOTAL ASSETS	64,102,406	122,960,283		187,062,689

Continued

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

At December 31, 2006
(Amounts in dollars)

	Business Type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	451,285	391,552	842,837
Contracts Payable	1,310,925	-	1,310,925
Due to Other Governmental Units	2,289,730	134,740	2,424,470
Accrued Interest on Bonds Payable	-	421,159	421,159
Revenue Bonds Payable	3,004,190	582,024	3,586,214
Accrued Interest on Long-Term Notes	182	56,650	56,832
Revenue Notes Payable	195,190	70,000	265,190
Accounts Payable from Restricted Assets	-	1,893,756	1,893,756
Accrued Interest on Bonds Payable from Restricted Assets	59,008	1,023,737	1,082,745
Revenue Bonds Payable from Restricted Assets	289,810	2,677,976	2,967,786
Total Current Liabilities	7,600,320	7,251,594	14,851,914
Noncurrent Liabilities:			
Revenue Bonds Payable	9,161,000	85,340,289	94,501,289
Revenue Notes Payable	-	960,000	960,000
Total Noncurrent Liabilities	9,161,000	86,300,289	95,461,289
TOTAL LIABILITIES	16,761,320	93,551,883	110,313,203
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	10,868,843	10,868,843
Restricted for Debt Service	7,049,537	7,475,416	14,524,953
Restricted for Maintenance and Repair	-	596,679	596,679
Unrestricted	40,291,549	10,467,462	50,759,011
TOTAL NET ASSETS	47,341,086	29,408,400	76,749,486

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2006
 (Amounts in dollars)

	Business Type Activities - Enterprise Funds			Total
	HRA Loan Enterprise	HRA Parking Enterprise	Proprietary Funds	
OPERATING REVENUES				
Fees, Sales and Services	5,356,857	10,799,883	16,156,740	
Interest Earned on Loans	1,689,702	-	1,689,702	
Total Operating Revenues	<u>7,046,559</u>	<u>10,799,883</u>	<u>17,846,442</u>	
OPERATING EXPENSES				
Development Loan Programs	5,241,210	-	5,241,210	
Costs of Parking Facility Operation	-	4,554,017	4,554,017	
Depreciation	-	2,315,180	2,315,180	
Bad Debt Expense on Loans	6,137,550	-	6,137,550	
Forgivable Loan Expense	4,986,221	-	4,986,221	
Total Operating Expenses	<u>16,364,981</u>	<u>6,869,197</u>	<u>23,234,178</u>	
OPERATING INCOME (LOSS)	<u>(9,318,422)</u>	<u>3,930,686</u>	<u>(5,387,736)</u>	
NONOPERATING REVENUES (EXPENSES)				
Property Tax Increments	-	1,397,216	1,397,216	
Operating Grants	429,793	-	429,793	
Noncapital Contributions	1,050,226	-	1,050,226	
Miscellaneous Revenue	-	21,743	21,743	
Investment Income:				
Interest Earnings	1,846,530	655,050	2,501,580	
Increase in Fair Value of Investments	34,259	7,811	42,070	
Interest on Bonds	(750,906)	(4,421,351)	(5,172,257)	
Interest on Notes	(16,004)	(87,100)	(103,104)	
Intergovernmental Expenses	(1,082,500)	(75,124)	(1,157,624)	
Amortization of Bond Issuance Costs	(292,200)	(133,796)	(425,996)	
Total Nonoperating Revenues (Expenses)	<u>1,219,198</u>	<u>(2,635,551)</u>	<u>(1,416,353)</u>	
Income Before Contributions and Transfers	<u>(8,099,224)</u>	<u>1,295,135</u>	<u>(6,804,089)</u>	
Capital Contributions	-	6,235,374	6,235,374	
Transfers In	598,400	454,684	1,053,084	
Transfers Out	<u>(4,963,371)</u>	<u>(598,400)</u>	<u>(5,561,771)</u>	
CHANGE IN NET ASSETS	<u>(12,464,195)</u>	<u>7,386,793</u>	<u>(5,077,402)</u>	
TOTAL NET ASSETS, January 1	<u>59,805,281</u>	<u>22,021,607</u>	<u>81,826,888</u>	
TOTAL NET ASSETS, December 31	<u>47,341,086</u>	<u>29,408,400</u>	<u>76,749,486</u>	

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**For the Year Ended December 31, 2006
(Amounts in dollars)

	Business Type Activities - Enterprise Funds			Total
	HRA Loan Enterprise	HRA Parking Enterprise	Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Borrowers	5,440,282	10,825,969	16,266,251	
Payments to Suppliers	(9,014,522)	(4,151,244)	(13,165,766)	
Net Cash Provided (Used) for Operating Activities	<u>(3,574,240)</u>	<u>6,674,725</u>	<u>3,100,485</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received	429,793	-	429,793	
Noncapital Contributions Received	1,050,226	-	1,050,226	
Proceeds from the Issuance of Notes for Noncapital Activities	195,190	-	195,190	
Intergovernmental Expenses Paid	(1,382,500)	(68,013)	(1,450,513)	
Interest Paid on Revenue Bonds for Noncapital Activities	(777,522)	-	(777,522)	
Interest Paid on Notes for Noncapital Activities	(15,173)	-	(15,173)	
Principal Paid on Bonds for Noncapital Activities	(9,375,000)	-	(9,375,000)	
Advances Made to Other Funds	(1,576,648)	-	(1,576,648)	
Advances Made to Other Governmental Units	(100,000)	-	(100,000)	
Transfers In from Other Funds	598,400	454,684	1,053,084	
Transfers Out to Other Funds	(4,987,135)	(598,400)	(5,585,535)	
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(15,940,369)</u>	<u>(211,729)</u>	<u>(16,152,098)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Property Tax Increments Received for Capital Debt	-	1,383,312	1,383,312	
Capital Contributions	-	4,738,242	4,738,242	
Payments for Acquisition and Construction of Capital Assets:				
Construction in Progress	-	(6,881,777)	(6,881,777)	
Principal Paid on Debt Maturities:				
Revenue Bonds	-	(2,925,000)	(2,925,000)	
Notes	-	(2,060,000)	(2,060,000)	
Interest Paid on Debt:				
Revenue Bonds	-	(4,543,625)	(4,543,625)	
Notes	-	(115,400)	(115,400)	
Net Cash Provided (Used) for Capital and Related Financing Activities	-	<u>(10,404,248)</u>	<u>(10,404,248)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends Received	1,656,573	639,688	2,296,261	
Increase (Decrease) in the Fair Value of Investments	266,206	(11,226)	254,980	
Net Cash Provided (Used) for Investing Activities	<u>1,922,779</u>	<u>628,462</u>	<u>2,551,241</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,591,830)</u>	<u>(3,312,790)</u>	<u>(20,904,620)</u>	

Continued

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2006
(Amounts in dollars)

	Business Type Activities - Enterprise Funds			Total Proprietary Funds
	HRA Loan Enterprise	HRA Parking Enterprise		
CASH AND CASH EQUIVALENTS, January 1	47,628,347	31,478,508		79,106,855
CASH AND CASH EQUIVALENTS, December 31	30,036,517	28,165,718		58,202,235
	<u>(9,318,422)</u>	<u>3,930,686</u>		<u>(5,387,736)</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES				
Operating Income (Loss)	8,315,544	-		8,315,544
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:				
Increase (decrease) in allowance for uncollectible loans	-	2,315,180		2,315,180
Depreciation Expense	-	21,743		21,743
Miscellaneous Nonoperating Revenue Received	711,493	6,901		718,394
(Increase) decrease in accounts receivable	(30)	-		(30)
(Increase) decrease in loans receivable	(316,029)	-		(316,029)
(Increase) decrease in accrued interest receivable on loans	498,090	-		498,090
(Increase) decrease in due from other governmental units	(7,603)	(2,558)		(10,161)
(Increase) decrease in land held for resale	(6,764,181)	-		(6,764,181)
Increase (decrease) in accounts payable	55,622	363,141		418,763
Increase (decrease) in contracts payable	1,050,369	-		1,050,369
Increase (decrease) in due to other funds	(23,764)	-		(23,764)
Increase (decrease) in due to other governmental units	2,224,671	39,632		2,264,303
Total Adjustments	<u>5,744,182</u>	<u>2,744,039</u>		<u>8,488,221</u>
Net Cash Provided (Used) for Operating Activities	<u>(3,574,240)</u>	<u>6,674,725</u>		<u>3,100,485</u>

DETAILS OF CASH AND CASH EQUIVALENTS				
Cash and Investments with Treasurer	13,352,699	9,308,478		22,661,177
Cash with Fiscal Agent	-	951,714		951,714
Cash and Investments with Trustee	2,361,043	-		2,361,043
Restricted Cash for Revenue Bond Debt Service	953,639	8,527,065		9,480,704
Restricted Cash for Revenue Bond Reserve	6,444,716	-		6,444,716
Restricted Cash for Revenue Bond Development & Construction	6,924,420	8,781,782		15,706,202
Restricted Cash for Bond Operations and Maintenance	-	596,679		596,679
Total Cash and Cash Equivalents	<u>30,036,517</u>	<u>28,165,718</u>		<u>58,202,235</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
Capital Assets Purchased on Account - Construction in Progress

1,893,756

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

INDEX

1. Reporting Entity
2. Summary of Significant Accounting Policies
 - A. Fund Accounting
 - B. Government-Wide and Fund Financial Statements
 - C. Measurement Focus and Basis of Accounting
 - D. Proprietary Fund Financial Statement Presentation
 - E. Cash and Investments
 - F. Property Taxes
 - G. Restricted Assets
 - H. Loans Receivable
 - I. Land Held for Resale
 - J. Leases Receivable
 - K. Capital Assets
 - L. Deferred and Unearned Revenues
 - M. Long-Term Liabilities
 - N. Net Assets
 - O. Fund Balances - Governmental Fund Financial Statements
 - P. Interfund Transactions
3. Reconciliation of Government-Wide and Fund Financial Statements
 - A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets
 - B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities
4. Stewardship, Compliance, and Accountability
 - A. Budgets and Budgetary Accounting
 - B. General Obligation Bonds Issued by the City of Saint Paul for HRA Programs
 - C. Tax Increment Financing Districts
 - D. Federal Audit Requirements
 - E. Conduit Debt Obligations
 - F. Deficit - Net Assets of Governmental Activities

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

**INDEX
(Continued)**

- 5. Detailed Notes on All Funds
 - A. Deposits and Investments
 - (1) Deposits
 - (2) Investments
 - (3) Reconciliation
 - B. Loans Receivable
 - C. Land Held for Resale
 - D. Leases Receivable
 - E. Capital Assets
 - F. Long-Term Debt
 - (1) Changes in Long-Term Debt
 - (2) Description of Bonds and Notes and Sources for Retirement
 - (3) Annual Requirements - Principal and Interest on Long-Term Debt
 - (4) Prior Year Defeasance of Debt
 - G. Employee Benefits, Pension Plan Obligations
 - H. Line of Credit - Home Mortgage Loan Program
 - I. Revolving Loan Agreement - The Saint Paul Foundation
 - J. Risk Management
 - K. Pay-As-You-Go Tax Increment Notes
 - L. Loan Guaranty Commitments
 - M. Construction and Other Significant Commitments
 - N. Interfund Transactions
 - (1) Interfund Receivables and Payables
 - (2) Interfund Transfers
 - O. Net Assets/Fund Balances
 - (1) Net Assets - Governmental Activities
 - (2) Net Assets - Business-Type Activities
 - (3) Fund Balances - Governmental Funds
- 6. Contingent Liabilities
- 7. Subsequent Event

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

1. Reporting Entity

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, (HRA) is a public agency established pursuant to Minn. Laws 1947, ch. 487, as codified at Minn. Stat. ch. 469, to undertake urban renewal programs. These programs strive to redevelop the residential, commercial, and industrial areas of the City of Saint Paul (City) and to provide adequate jobs, a sound fiscal base, and a variety of affordable housing for City residents. The HRA is governed by a seven-member Board of Commissioners consisting of the members of the City Council.

The HRA was reorganized during 1978 and 1979. This reorganization consisted of the following:

- A. The HRA employees became employees of the City (Note 5.G.).
- B. The Public Housing Agency was spun off and became a separate governmental entity.
- C. The HRA and the City entered into an agreement, effective January 1, 1979, whereby the City agreed to perform administrative and accounting services for the HRA.

The HRA, for financial reporting purposes, includes all funds for which the HRA is financially accountable. Financial accountability was determined on the basis of selection of the governing body, ability to impose will, a financial benefit/burden relationship, and fiscal dependency including approval of budgets, tax levies, and bonded debt issuance. In applying the above financial accountability criteria, it has been determined that there are no component units of the HRA.

Also, in applying the financial accountability criteria, it has been determined that the HRA is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. The HRA's Board of Commissioners consists of the members of the City Council. The City also has the ability to impose its will on the HRA since City staff are responsible for the day-to-day management of the HRA. The City gives final substantive approval to HRA budgets and HRA tax levies. The financial data of the HRA is blended into the City's Comprehensive Annual Financial Report. Copies of the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006, can be obtained from the Financial Services Office, Accounting Section, 700 City Hall, Saint Paul, Minnesota 55102.

Joint Venture

The Minneapolis/Saint Paul Housing Finance Board (the Board) was established in accordance with a Joint Powers Agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul (HRA) and the Minneapolis Community Development Agency (MCDA), and accepted by the cities of Minneapolis and Saint Paul under State of Minnesota laws. The governing bodies of the HRA and the MCDA each appoint three of the six members of the Board. The Board was created for the public purpose of providing decent, safe, sanitary, and affordable housing to the

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 1. (Continued)

residents of the City of Saint Paul and the City of Minneapolis. The powers exercised by the Board include the power to undertake financing programs to implement individual components of the housing plan for each city and to issue revenue bonds to finance such programs. All bonds are special limited obligations of the Board and shall be payable only out of funds specifically pledged for each issue. Total net assets at December 31, 2006, were \$12,137,836. The 2006 operations resulted in an increase of \$820,456 to net assets.

During 2006, distributions were made from the HRA and the MCDA to the Board in the total amount of \$412,898. These distributions resulted from surplus funds remaining from closed out Board issued revenue bonds. There was no effect to HRA assets or net assets as a result of these distributions.

Upon dissolution of the Board, all properties acquired by the Board and any surplus monies shall be distributed to the HRA and the MCDA in the proportion and otherwise pursuant to directions provided in the related indenture of trust or other bond documents. If properties acquired by the Board and any surplus monies are not traceable to a particular bond issue or the indenture is silent as to distribution of the assets upon discharge of the issue, the assets shall be distributed on the basis of the amount of funds each entity has contributed that would affect those assets. The respective percentage shares of the HRA and the MCDA in the Board's assets, liabilities, and equity were not determined at December 31, 2006. There has been no investment made by the HRA in the joint venture. Thus, the financial statements do not reflect an equity interest in the joint venture. Complete financial statements of the Board can be obtained from the MCDA at Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota 55401.

2. Summary of Significant Accounting Policies

The financial statements of the HRA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the significant accounting policies follows:

A. Fund Accounting

The HRA's accounting is organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is a separate accounting entity having its own assets, liabilities, equities, revenues, and expenditures or expenses, as appropriate. Government financial resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All HRA funds are reported as major funds. A description of the funds follows:

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.A. (Continued)

Governmental Funds

HRA General Fund - accounts for all financial resources of the HRA, except those required to be accounted for in another fund.

HRA Federal & State Programs Special Revenue Fund - accounts for specific financial resources, primarily federal and state grants, which are spent for specific programs as legally required.

HRA Debt Service Fund - accounts for the financing and payments made on the HRA's long-term general debt.

HRA Tax Increment Capital Projects Fund - accounts for the resources segregated for the purpose of financing capital projects, primarily in Saint Paul's tax increment financing districts.

Proprietary Funds

HRA Loan Enterprise Fund - accounts for the HRA's loan operations that are financed primarily by loan repayments from the recipients.

HRA Parking Enterprise Fund - accounts for the HRA's parking facility operations that are financed primarily by parking fees.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the HRA. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges. Interfund transactions within governmental activities and interfund transactions within business-type activities have been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who use services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported as general revenues.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.B. (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. All HRA funds are considered major funds and are reported as separate columns in the fund financial statements section of the basic financial statements.

C. Measurement Focus and Basis of Accounting

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. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and contributions are recognized as revenue when eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues

Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual--that is, when they become both measurable and available to finance the expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

Nonexchange Transactions

Derived tax revenue transactions result from assessments imposed by governments on exchange transactions. Hotel-motel tax is reported as revenue when the underlying exchange occurs and the receivable amount is available.

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which they were levied to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred revenue and will be recognized as revenue in the fiscal year that they become available. The HRA considers these revenues as available if they are collected within 60 days after year-end.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.C. (Continued)

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and may also establish time requirements. Federal and state grants mandating the HRA perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when the eligibility and time requirements are met, usually when the corresponding HRA expenditure is incurred, using the guidelines of the legal and contractual requirements of the individual programs.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as entitlements and donations. The provider may establish purpose restrictions and eligibility requirements. Revenues are recognized in the year to which they apply according to statute or contract. Contributions from individuals and miscellaneous revenues are also considered voluntary nonexchange transactions and are generally recognized when received in cash because they are usually not measurable until received. Tax credits paid by the state (included in intergovernmental revenue) are recognized as revenue in the fiscal year that they become available. The HRA considers revenues from tax credits paid by the state as available if they are collected within 60 days after year-end.

Exchange Transactions

Exchange transactions include revenues such as interest earned and fees, sales, and services. Interest earned is reported as revenue when it becomes both measurable and available to finance expenditures of the fiscal period. The HRA considers this revenue as available if it is collected within 60 days after year-end. Fees, sales, and services are reported as revenue when received in cash because they are usually not measurable until received.

Expenditures

Expenditures are recorded under the modified accrual method in the accounting period in which the fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2. (Continued)

D. Proprietary Fund Financial Statement Presentation

The HRA follows private-sector standards of accounting and financial reporting issued prior to December 1, 1989, for both the government-wide financial statements and the proprietary fund financial statements to the extent those standards do not conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their enterprise funds. The HRA has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and operating expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the HRA Loan Enterprise Fund is the payment of interest from loan recipients and fee revenue from customers who have received loans or grants from the HRA, while the principal operating expenses are administration, bad debts, and forgivable loans. The principal operating revenue of the HRA Parking Enterprise Fund is parking fees from parking ramp customers, while the principal operating expenses are parking operation costs, administration, and depreciation on capital assets. All revenues and expenses not meeting these criteria in each fund are reported as nonoperating revenues and expenses.

E. Cash and Investments

The City maintains a cash and investments pool which is available for use by all HRA funds. Each fund's portion of this pool is displayed in the financial statements within "Cash and Investments with Treasurer." Cash and investments are also maintained by trustees of the HRA under certain revenue bond indentures.

Investments are reported at fair value on the balance sheet with the exception of non-negotiable investment contracts and money market investments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations, that have a remaining maturity at time of purchase of one year or less. These exceptions are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer. All investment income, including changes in the fair value of investments, is reported as revenue. Since it is the City's practice to ensure that investments can be held to maturity if necessary, a portion of fund equity on the governmental funds balance sheet has been designated for net unrealized gains, when applicable. The fair value of investments is determined using quoted market prices at December 31, 2006.

Beginning in 1996, the City has participated in a securities lending program. The City has reported its securities lending transactions in accordance with the provisions of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. The Director of the Department of Technology and Management Services and the Director of the Office of Financial Services approved a "Policy Statement" which provides for the

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.E. (Continued)

allocation of assets, liabilities, revenues, and expenditures/expenses relating to securities lending transactions. As of and for the year ended December 31, 2006, no assets, liabilities, revenues, and expenditures/expenses relating to securities lending transactions were allocated to the HRA under the provisions of this policy statement.

For purposes of the Statement of Cash Flows, the proprietary fund's cash equivalents are cash on hand, cash in banks, and highly liquid investments having original maturities (time span from purchase date to maturity date) of three months or less. Included in the classification of cash equivalents are cash and investments with treasurer, cash and investments with trustees, and restricted cash.

F. Property Taxes

Property tax levies are set by the HRA Board of Commissioners and approved by the City Council in December of each year and certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable assessed property. Taxable assessed property values are established by Ramsey County and reviewed by the State of Minnesota. In determining property taxes, estimated market values are converted to tax capacities based on a statutory rate for each class of property. Property taxes become a lien on taxable property on January 1 in the year of collection and are recorded as receivable by the HRA on that date. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Property tax revenue is recognized in the year for which it is levied. Property taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. In the governmental funds balance sheet, the delinquent taxes receivable are offset by deferred revenue, if not collected within 60 days after year-end, because they are not known to be available to finance current expenditures. In the government-wide financial statements, delinquent taxes receivable are recognized as revenue.

Property tax increments from the tax increment districts listed in Note 4.C. to the financial statements are levied by the City but deposited to HRA funds.

G. Restricted Assets

Certain proceeds of HRA Parking Enterprise Fund revenue bonds and HRA Loan Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The *revenue bond debt service* account is used to segregate resources accumulated for debt service payments over the next 12 months. The *revenue bond reserve* account is used for a required reserve for the Housing 5000 Land Assembly Bonds. The *revenue bond development and construction* account is used to segregate parking revenue bond proceeds that are to be used for the construction of parking facilities and Housing 5000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.G. (Continued)

Land Assembly Bond proceeds that are to be used for housing development purposes. The *revenue bond operations and maintenance* account is used to segregate resources set aside to subsidize potential deficiencies from the parking operations that could adversely affect debt service payments.

H. Loans Receivable

Loans have been issued by the HRA to financially assist private developers in various Saint Paul development projects or to provide housing or commercial rehabilitation financing for Saint Paul property owners. The loans are secured by property mortgages. Loans receivable are reported as an asset in the amount of loan proceeds disbursed, less collections on principal. An allowance for uncollectible loans, which offsets the total gross loans receivable, is recognized for the amount of loans receivable for which collection is doubtful or questionable. This allowance is based on an analysis of credit risk and payment delinquency. Interest earned on the loans is recognized as revenue. In the HRA Federal & State Programs Special Revenue Fund, in order to satisfy federal grant reporting requirements, unearned revenue of an equal amount to the asset is also reported on the governmental funds balance sheet, and revenues are reported when principal payments are received from the loan recipient.

I. Land Held for Resale

Land is acquired by the HRA for subsequent resale for redevelopment purposes and not as an investment program. Since, in order to entice development, the land is often resold at prices substantially lower than the HRA's cost, Land Held for Resale is reported as an asset at the net realizable value in the fund which acquired it. Deferred revenue of an equal amount is also reported on the respective governmental fund balance sheet. In governmental funds, in order to satisfy federal grant reporting requirements, land acquired is reported as an expenditure in the amount of the acquisition cost and as federal revenue for the same amount. When the land is subsequently sold, miscellaneous program income is recognized for the sale amount. Future draw downs from the federal government for reimbursement of expenditures incurred are adjusted by program income available at that date.

In the government-wide financial statements, a write-down of the land to market value is reported as an expense. Deferred revenue is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Assets.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2. (Continued)

J. Leases Receivable

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2000, through which the HRA is leasing certain improvements made to the RiverCentre Parking Ramp. The cost of the improvements was financed by the HRA through the issuance of the RiverCentre Parking Facility Lease Revenue Bonds, Series 2000. The lease is reported as a direct financing lease since the HRA has transferred substantially all of the risks and benefits of ownership of the improvements to the City, and the HRA is financing an in-substance purchase of the improvements by the City. Under the lease, the City has an option to purchase the improvements at any time prior to the expiration of the lease for the amount of any remaining outstanding bonds plus \$1. The present value of the total lease payments to be received under the lease agreement is recognized as leases receivable in the HRA Debt Service Fund. Deferred revenue of an amount equal to the leases receivable is also reported in the HRA Debt Service Fund since none of the receivable is considered to be available to finance expenditures of the current period. In the government-wide financial statements, this deferred revenue is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Assets.

K. Capital Assets

Capital assets, which include land, buildings, pedestrian skyway bridges, parking ramp structures and parking lots, equipment, and construction in progress are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the applicable proprietary fund financial statements. Capital assets are not reported on the governmental funds balance sheet. All capital assets are reported at cost if purchased or constructed, or at estimated fair market value on the date acquired if received as a gift or contribution. The reported amount of the capital assets is not reflective of the current value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land is not depreciated. The equipment is depreciated over a ten-year useful life. The parking lots are depreciated over a 15-year useful life. Buildings, parking ramps, and pedestrian skyway bridges are depreciated over a 40-year useful life. Construction in progress is not depreciated. The depreciation method used is straight-line.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.K. (Continued)

Capital assets are defined by the HRA as assets with an estimated useful life in excess of two years and individual cost exceeding the following thresholds:

Land		any amount
Equipment	\$	5,000
Buildings		50,000
Parking ramps		20,000
Pedestrian skyway bridges		20,000

L. Deferred and Unearned Revenues

Deferred revenue is reported on the governmental funds balance sheet when asset recognition criteria have been met, but for which a potential revenue does not meet both the “measurable” and “available” criteria for recognition in governmental funds. These items are reported as revenue under the full accrual basis of accounting in the government-wide financial statements.

Unearned revenue arises when resources are received by the HRA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the HRA has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. This is true for both the government-wide and the fund financial statements.

M. Long-Term Liabilities

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund Statements of Net Assets. Bond discounts, premiums, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs during the current period. The face amount of debt is reported as other financing sources for governmental funds.

N. Net Assets

In the government-wide financial statements and the proprietary fund financial statements, net assets include three components. First is the amount invested in capital assets net of related debt. Second, restricted net assets reports amounts that have restrictions imposed by parties outside the HRA (such as creditors, grantors, or federal or state laws). Finally, the difference between total net assets and the first two components is unrestricted net assets.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 2.N. (Continued)

When both restricted and unrestricted resources are available for use, it is the HRA's policy to use restricted resources first, if legally permissible, then unrestricted resources as they are needed.

O. Fund Balances - Governmental Fund Financial Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific use that is narrower than the purpose of the fund itself. Designations of fund balance represent tentative management plans that are subject to change.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues and 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 reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers. Transfers between governmental funds and transfers between proprietary funds are eliminated in the government-wide financial statements.

3. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The Governmental Fund Balance Sheet includes a reconciliation between fund balances - total governmental funds and net assets - governmental activities as reported in the Government-Wide Statement of Net Assets.

The third element of that reconciliation explains that "long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$138,334,419 difference are as follows:

Governmental activity bonds payable	\$ 119,575,923
Governmental activity notes payable	17,649,619
Accrued interest payable	2,362,627
Deferred charge for issuance costs	<u>(1,253,750)</u>
Net Adjustment to Decrease Fund Balance - Total	
Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 138,334,419</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 3. (Continued)

B. 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 a 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.

The third element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.” The details of this \$7,867,005 difference are as follows:

Notes issued in 2006	\$ (4,820,000)
2006 amortization of premium	29,993
2006 amortization of issuance costs	(74,667)
2006 principal payments on bonds	11,123,857
2006 principal payments on notes	<u>1,607,822</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 7,867,005</u>

4. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The HRA followed these procedures in establishing the 2006 budget:

On August 15, 2005, the Executive Director presented his proposed budget to the HRA Board of Commissioners for the fiscal year commencing the following January 1. This budget includes proposed expenditures and other uses and the means of financing them. Upon approval by the HRA Board, the Executive Director submitted the budget to the Mayor of the City of Saint Paul who submitted this budget to the City Council for consideration, approval, and certification. All budget amendments that authorize an increase in total fund spending require approval by the HRA Board of commissioners. Any amendments transferring budgeted amounts between activities within the same fund require administrative approval by the HRA Executive Director and the City Budget Director.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 4.A. (Continued)

All annual governmental fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Multi-year governmental fund budgets are utilized in the special revenue fund and the capital projects fund.

Unexpended appropriation balances lapse at the end of the fiscal year in the annual governmental fund budgets. Upon HRA Board approval, outstanding encumbrances at the end of the fiscal year are re-appropriated in the following year in annual governmental fund budgets. Unexpended appropriation balances do not lapse at the end of the fiscal year in the multi-year governmental fund budgets.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded, is employed in the governmental funds. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end were not reported as expenditures in the financial statements and, therefore, fund balances were reserved for subsequent expending.

Formal automated budgetary integration is employed as a management control device during the year. The legal level of budgetary control (that is, the level at which expenditures and other financing uses cannot legally exceed the appropriated amount) is at the fund level. Appropriations are controlled administratively at the activity level within multi-year budgeted funds. Governmental funds with annually adopted budgets are controlled administratively at the activity level and within the following major object levels of expenditure: debt service, other spending, and transfers out. Proprietary funds have annually adopted budgets and are controlled administratively at the fund level and within the same major object levels of expenditure as in governmental funds. Management is authorized to spend within the above stated administration limits without an HRA Board-approved budget amendment or a budget amendment approved by the HRA Executive Director and the City Budget Director. Spending budgets are controlled by encumbering proposed obligations against appropriations. Encumbering instruments which exceed available appropriations are not authorized until additional appropriations are made available.

B. General Obligation Bonds Issued by the City of Saint Paul for HRA Programs

Minn. Laws 1973, ch. 395, authorized the City of Saint Paul to issue \$43,400,000 in Urban Renewal Bonds. Bonds issued and sold as of December 31, 2006, total \$42,625,000. Bonds authorized and unissued at December 31, 2006, are equal to \$775,000. Proceeds from the sale of these bonds were used to finance specific urban renewal program costs and redevelopment project costs. The outstanding Urban Renewal Bonds are an obligation of the City and are retired by annual City appropriations.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 4.B. (Continued)

During 2000, the City of Saint Paul issued Riverfront Tax Increment General Obligation Refunding Bonds, Series 2000D, in the amount of \$8,335,000. Proceeds from the Series 2000D bonds refunded the outstanding Tax Increment Bonds, Series 1993C, in February 2001. During 2002, the City of Saint Paul issued Riverfront Tax Increment General Obligation Refunding Bonds, Series 2002C, in the amount of \$2,335,000. Proceeds from the Series 2002C bonds refunded the outstanding Tax Increment Bonds, Series 1993D, in 2002. Series 2000D and Series 2002C have a City general obligation pledge, but are to be retired using HRA tax increment revenues from the Riverfront Tax Increment District, along with other available HRA sources. The outstanding Series 2000D and 2002C bonds are reported as a liability in the governmental activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.).

During 1995, the City of Saint Paul issued Midway Marketplace Tax Increment General Obligation Bonds, Series 1995A, in the amount of \$7,660,000. Proceeds from the Series 1995A bonds were used to provide financing for certain public redevelopment costs in an area referred to as Midway Marketplace. During 2005, the City issued the Snelling-University Tax Increment Refunding Bonds, Series 2005C in the amount of \$5,130,000 which refunded the 1995 Bonds. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's Snelling-University District and certain shortfall payments from the project developers as defined in the development agreements. The outstanding Series 2005C bonds are reported as a liability in the governmental activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.).

During 1998, the City of Saint Paul issued Block 39 Tax Increment General Obligation Bonds, Series 1998A and Series 1998B, in the amount of \$21,255,000 and \$18,745,000, respectively. Proceeds from the Series 1998A and Series 1998B were used to finance the acquisition of Block 39 properties in the downtown area and to construct a parking facility and retail space. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's Block 39 Lawson/Arena District and revenues from the parking facility. The outstanding Series 1998A and 1998B bonds are reported as a liability in the Parking Enterprise Fund and in the business-type activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.).

During 2004, the City of Saint Paul issued Koch Mobil Tax Increment General Obligation Bonds, Series 2004C in the amount of \$3,950,000. Proceeds from the Series 2004C bonds are to be used to provide financing for certain public redevelopment costs in the Koch Mobil Redevelopment Project area. The bonds have a City general obligation pledge but are to be retired using the proceeds of a future HRA tax increment bond issue. The outstanding Series 2004C bonds are reported in the governmental activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.)

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 4. (Continued)

C. Tax Increment Financing Districts

Pursuant to state law, the following tax increment financing districts have been established in Saint Paul and are administered by the HRA.

District Number	District	Year Established	Duration of District	Outstanding Long-Term Debt (Including Advances)
12 & 173	New Housing & Blighted Land	1981	25 years	\$ -
82	Downtown & Seventh Place	1978	30 years	11,059,619
83	Spruce Tree Centre/Metz Bakery Area	1987	25 years	1,441,923
87	Riverfront	1987	25 years	6,760,000
100	Neighborhood Business Development - Scattered Sites	1988	25 years	6,725,000
135	Snelling-University	1990	25 years	4,780,000
193	Hubbard Site	1997	20 years	-
194	1919 University	1997	25 years	-
212	Block 4 Minnesota Mutual	1997	25 years	-
213	Block 39 Lawson/Arena	1997	25 years	34,705,000
215	Superior Street Cottages	1998	25 years	-
224	North Quadrant Phase 1 - Essex	2000	25 years	1,033,839
225	Riverfront Renaissance-Upper Landing	2001	25 years	21,871,371
228	Emerald Park-Emerald	2002	25 years	67,832
232	Straus Building	2002	25 years	-
233	North Quadrant Expansion 1 - Dakota	2003	25 years	1,125,000
234	Phalen Village	2001	25 years	-
236	J. J. Hill	2001	25 years	3,684,229
237	Osceola Park	2002	25 years	2,971
240	Bridgecreek Senior Place	2003	25 years	10,251
241	North Quadrant Phase 2	2004	25 years	1,349,771
243	Shepard - Davern Owner Occupied	2003	25 years	4,859,785
244	Shepard - Davern Rental Housing	2003	25 years	19,121
245	Shepard - Davern Senior Rental	2003	25 years	14,357
248	Koch Mobil	2004	25 years	3,950,000
257	Payne Phalen	2005	25 years	4,439
260	North Quadrant - Sibley	2006	25 years	-
261	Riverfront Renaissance - US Bank	2006	25 years	15,685,539
262	Riverfront Renaissance - Drake Marble	2006	25 years	1,712,000
263	Riverfront Renaissance - Uncommitted	2006	25 years	969,712
264	Riverfront Renaissance - Llewellyn	2006	25 years	30,692
265	Riverfront Renaissance - HRA	2006	25 years	-
266	Emerald Park - Metro	2006	25 years	17,533
267	Emerald Park - Berry	2006	25 years	50,668
268	North Quadrant Expansion 1 - Sibley	2006	25 years	2,593
269	Phalen - Rose Hill	2006	25 years	29,712
Total Outstanding Long-Term Debt At December 31, 2006				\$ 121,962,957

Total tax capacity amounts and tax increment revenue for these districts in 2006 are as follows.

Current tax capacity (assessed in 2005, payable in 2006)	\$17,257,086
Captured tax capacity retained by the HRA	\$13,803,738
Tax increment revenue in 2006	\$15,077,460
Delinquent tax increment receivable at December 31, 2006	\$ 203,110

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 4. (Continued)

D. Federal Audit Requirements

The U.S. Office of Management and Budget (OMB) issued Circular A-133, which establishes uniform audit requirements for non-federal entities that administer federal awards and implements the Single Audit Act Amendments of 1996, which were signed into law July 5, 1996 (Public Law 104-156).

The purposes of the Single Audit Act Amendments of 1996 are to:

- promote sound financial management, including effective internal controls with respect to federal awards;
- promote the efficient and effective use of audit resources;
- reduce burdens on state and local governments, Indian tribes, and nonprofit organizations; and
- ensure that federal departments and agencies, to the maximum extent practicable, rely upon the audit work done pursuant to chapter 75 of title 31, United States Code (the "Single Audit Act").

For 2006, the HRA's audit was performed in accordance with Circular A-133. The auditor's report on their consideration of the HRA's internal control over financial reporting and their tests of the HRA's compliance with certain provisions of laws, regulations, contracts, and grants will be issued at a later date.

Grant amounts received or receivable from the federal government are subject to adjustment.

Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; however, the HRA expects such amounts, if any, to be immaterial.

E. Conduit Debt Obligations

The HRA has issued Commercial/Industrial Development, Homeownership Mortgage, and Rental Housing Revenue Bonds to assist developers, businesses, and low-to moderate-income homeowners in projects which improve the economic and housing conditions of the City. The bonds are secured by the financed property and are payable solely from the revenues of the individual commercial/industrial or housing projects. The bonds do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property or funds of the HRA, nor is the HRA subject to any liability thereon. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 4.E. (Continued)

Conduit bonds issued subsequent to January 1, 1996, have an outstanding principal balance of \$1,200,000,000 at December 31, 2006. The aggregate principal amount payable for conduit bonds issued prior to January 1, 1996, could not be determined; however, their original issue amounts totaled \$2.9 billion. There were 185 conduit bonds issued prior to January 1, 1996, and 99 conduit bonds issued subsequent to January 1, 1996.

F. Deficit - Net Assets of Governmental Activities

On the Government-Wide Statement of Net Assets, the HRA is reporting an overall deficit for the governmental activities of \$85,443,976. The individual governmental funds which form a part of the governmental activities all have positive fund balances. The deficit was created with the addition of long-term debt to the government-wide governmental activities. The HRA issues long-term debt for development purposes and, in many cases, does not acquire or construct HRA-owned capital assets with the debt proceeds. The debt is to be retired with future revenues, such as property tax increments or sales taxes. (See Notes 3.A. and 5.F.)

5. Detailed Notes on All Funds

A. Deposits and Investments

Through agreement with the City, the HRA deposit and investment functions are managed by the City's Office of Financial Services, Treasury Section. City policies are applied to the HRA's portfolio of deposits and investments.

(1) Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better, irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. All pledged collateral is held in the City's name at third party institutions.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.A.(1). (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the HRA's deposits may not be returned to it. The City is authorized to use only those financial institutions that have been approved by the City Council. The HRA's deposits at December 31, 2006 consist of the City cash and investment pool in an amount of \$64,767,292 and the parking ramp checking accounts in the amount of \$951,714. The City cash and investment pool is entirely insured or collateralized in the City's name at third party institutions. The parking ramp checking accounts are collateralized in the City's name at third-party institutions.

(2) Investments

Minn. Stat. §§ 118A.04 and Minn. Stat. §§ 118A.05 generally authorize the following types of investments as available to the HRA:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §§ 118A.04, sub. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

In addition, under Minn. Stat. §§ 469.012, the HRA can invest funds in properties or securities in which savings banks may legally invest funds which provides broad investment authority.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.A.(2). (Continued)

The City Council has adopted an investment policy, dated June 9, 2003, which provides requirements and guidelines for the following:

- Authority and responsibility
- Administrative and review procedures
- Credit risk, interest rate risk, liquidity return, and avoidance of loss
- Investments in special programs and projects
- Short term and longer term investments
- Investment manager selection and termination

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City minimizes their exposure to interest rate risk by investing in both shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City has established maximum guidelines for investment duration.

Credit Risk – Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk – Investments

The custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of an investment or collateral securities that are in possession of an outside party. The City uses only those financial institutions and broker/dealers approved by the City Council.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. It is the City's policy to diversify investments so that potential losses on individual securities of a single issuer will be minimized.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.A.(2). (Continued)

The following table represents the HRA's investment balances at December 31, 2006, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest Rate	Carrying (Fair) Value
	Credit Rating	Rating Agency	Risk Over 5% of Portfolio	Risk Maturity Date	
U.S. Treasury Securities					
U.S. Treasury Notes	N/A	N/R		05/01/09	\$ 724,000
U.S. Treasury Notes	N/A	N/R		08/01/10	906,865
U.S. Treasury Notes	N/A	N/R		08/01/11	577,185
Total U.S. Government Securities			6.18%		<u>\$ 2,208,050</u>
U.S. Government Agency Securities					
Federal Farm Credit Bank					
Federal Farm Credit Bank Bonds	AAA	S&P	<5%	01/18/11	\$ 1,039,674
Federal Home Loan Bank					
Federal Home Loan Bank Bonds	AAA	S&P		08/03/07	\$ 631,801
Federal Home Loan Bank Bonds	AAA	S&P		12/30/08	1,192,595
Federal Home Loan Bank Bonds	AAA	S&P		11/16/09	1,681,849
Federal Home Loan Bank Bonds	AAA	S&P		06/29/10	1,567,088
Total Federal Home Loan Bank			14.20%		<u>\$ 5,073,333</u>
Federal National Mortgage Association					
Federal National Mortgage Assoc Discount Note	A-1+	S&P		02/28/07	\$ 764,832
Federal National Mortgage Assoc Discount Note	A-1+	S&P		09/28/07	462,144
Total Federal National Mortgage Association			<5%		<u>\$ 1,226,976</u>
Guaranteed Investment Contracts					
Bayerische Landesbank Investment Agreement	N/A	N/R	24.72%	06/01/07	\$ 8,831,677
Mutual Funds					
First American Government Securities Fund	N/A	N/R	38.93%	N/A	\$ 13,910,079
Wells Fargo Advantage Fund	N/A	N/R	9.63%	N/A	3,439,069
Total Investments					<u>\$ 35,728,858</u>
Deposits:					
Parking Ramp Checking Accounts at Saint Paul Banks					\$ 951,714
City Cash and Investment Pool					64,767,292
Total Deposits					<u>\$ 65,719,006</u>
Total Deposits and Investments					<u>\$ 101,447,864</u>

N/A - Not applicable

N/R - Not rated

< 5% - Concentration is less than 5% of investments

Deposits – City of Saint Paul Cash and Investment Pool - Additional disclosures required by GASB Statement No. 40, "Deposit and Investment Risk Disclosures," are disclosed on an entity-wide basis in the City of Saint Paul Comprehensive Annual Financial Report for the year ended December 31, 2006.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.A. (Continued)

(3) Reconciliation

The above amounts of deposits and Investments reconcile to the Government-Wide Statement of Net Assets as follows:

Cash and Investments with Treasurer	\$ 53,091,214
Cash with Fiscal Agents	951,714
Cash and Investments with Trustees	15,176,635
Restricted Cash for Revenue Bond Debt Service	9,452,792
Restricted Cash for Revenue Bond Reserve	6,444,716
Restricted Cash for Revenue Bond Development & Construction	15,734,114
Restricted Cash for Revenue Bond Operations and Maintenance	<u>596,679</u>
 Total	 <u>\$ 101,447,864</u>

Net Increase in the Fair Value of Investments

All investment income, including changes in the fair value of investments, is reported as revenue on the operating statements of both governmental and proprietary funds. The calculation of realized gains and losses from the sale of investments is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The increase in the fair value of investments during 2006 was \$17,685. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at December 31, 2006, was \$594,671.

B. Loans Receivable

Loans receivable are reported as assets in the following funds at December 31, 2006 (net of allowances):

HRA Federal & State Programs Special Revenue Fund	\$ 7,183,068
HRA Debt Service Fund	2,315,000
HRA Tax Increment Capital Projects Fund	291,785
HRA Loan Enterprise Fund	<u>12,189,934</u>
 Total All Funds	 <u>\$ 21,979,787</u>

Allowances for uncollectible loans have been established for loans for which collection is doubtful or questionable in the total amount of \$55,518,785 at December 31, 2006. During 2006, loans determined to be uncollectible or forgiven were written off the books in the amount of \$2,808,228.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.B. (Continued)

Changes in total gross loans receivable, allowances for uncollectible loans, and accrued interest receivable on loans for 2006 are shown below.

Total gross loans receivable - January 1, 2006	\$ 71,325,178
Single family mortgage loans issued	7,597,150
Single family mortgage loans sold	(7,458,950)
All other loans issued	18,400,808
Principal payments received	(9,557,386)
Loans written off	(190,965)
Loans forgiven	<u>(2,617,263)</u>
Total Gross Loans Receivable - December 31, 2006	<u>\$ 77,498,572</u>
Less: allowance for uncollectible loans - January 1, 2006	\$ 41,555,101
Increase for bad debts and forgiveness	16,771,914
Loans written off	(190,965)
Loans forgiven	<u>(2,617,265)</u>
Total allowance for uncollectible loans - December 31, 2006	<u>\$ 55,518,785</u>
Net Loans Receivable - December 31, 2006	<u>\$ 21,979,787</u>
Accrued Interest Receivable on Loans - December 31, 2006 (Net of Allowance)	<u>\$ 1,135,684</u>

During 2006, the HRA entered into an agreement with the City to sell the loan receivable from The Science Museum of Minnesota (SM). The SM loan was sold for \$2,400,000 and had a principal balance of \$4,000,000 at the time of sale which resulted in a loss on the sale of \$1,600,000. The loss was recognized in the 2006 Statement of Activities and in the HRA Loan Enterprise Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. The \$2,400,000 in sale proceeds was used by the HRA to repay Ramsey County relating to the final closeout of the West Midway Tax Increment Financing District. It was determined by the HRA that excess tax increments in the amount of \$2,400,000 had been received by the HRA in previous years. Also, as part of the loan sale agreement, the HRA is obligated to advance to the City an amount of \$860,000 in installments from 2006 through 2010. In 2006, the HRA advanced \$100,000 of this total. The City is to repay this advance, together with 5% interest, in installments from 2011 through 2020.

At December 31, 2006, future minimum principal and interest payments to be received under the loan agreements for the next ten years are as follows:

2007	\$ 10,227,190
2008	3,879,011
2009	8,772,430
2010	2,988,515
2011	3,093,712
2012 - 2016	18,018,634
Total	<u>\$ 46,979,492</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5. (Continued)

C. Land Held for Resale

Land held for resale is reported in the following funds as an asset at net realizable value at December 31, 2006.

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
HRA General Fund	\$ 1,440,918	\$ -	\$ -	\$ 1,440,918
HRA Tax Increment Capital Projects Fund	697,947	360,000	-	1,057,947
HRA Loan Enterprise Fund	8,212,463	6,934,181	170,000	14,976,644
Total All Funds	<u>\$ 10,351,328</u>	<u>\$ 7,294,181</u>	<u>\$ 170,000</u>	<u>\$ 17,475,509</u>

On December 31, 2006, the HRA acquired property (the former Public Safety Building and real estate located in downtown Saint Paul) from the City for \$3,560,000. This property is to be developed by Penfield Condominiums (Penfield) per the Development Agreement, dated October 1, 2006, between the HRA and Penfield. The HRA paid \$1,400,000 to the City on December 31, 2006. The balance of \$2,160,000 is to be paid to the City contingent upon (1) the conveyance of the property by the HRA to Penfield and (2) Penfield payments to the HRA for their acquisition of the property per the Development Agreement. Land Held for Resale for this property in the amount of \$3,560,000 is reported in the Business Type Activities on the Statement of Net Assets and in the HRA Loan Enterprise Fund Statement of Net Assets. A liability for \$2,160,000 is also reported as "Due to Other Governmental Units" on these two statements.

D. Leases Receivable

As described in Note 2.J., the HRA entered into a direct financing lease with the City during the year ended December 31, 2000.

The City is obligated under the RiverCentre Parking Facility Improvement Lease to make lease payments through 2014, which are to be used by the HRA to finance debt service payments on its RiverCentre Parking Facility Lease Revenue Bonds, Series 2000. The RiverCentre Authority of the City of Saint Paul has approved a debt capital management plan which includes the amounts needed to make the lease payments through 2014.

The following is a summary of the leases receivable for the year ended December 31, 2006.

	RiverCentre Parking Facility Improvement Lease
Balance of leases receivable - January 1, 2006	\$ 6,870,000
Principal portion of lease payments received - 2006	<u>(300,000)</u>
Balance of Leases Receivable - December 31, 2006	<u>\$ 6,570,000</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.D. (Continued)

The interest portion of the lease payments received in 2006 was \$357,928. On the Governmental Fund Balance Sheet, the HRA Debt Service Fund reports deferred revenue to offset the entire amount of the lease receivable, since the lease payments are not available to finance current period expenditures. Revenues for the principal amount of the lease payments will be reported in the HRA Debt Service Fund in future years when the payments are received. On the Government-Wide Statement of Net Assets, the leases receivable are not offset with the liability for deferred revenue.

The future lease payments (including principal and interest) to be received under the RiverCentre Parking Facility Improvement Lease are the following:

Year Ending December 31	RiverCentre Parking Facility Improvement Lease
2007	\$ 850,956
2008	936,488
2009	1,027,838
2010	1,124,175
2011	1,223,950
2012 - 2014	3,020,500
Total	<u>\$ 8,183,907</u>

E: Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

Governmental Activities	Balance January 1, 2006	Increase	Decrease	Balance December 31, 2006
Land (not depreciated)	\$ 1,088,230	\$ -	\$ -	\$ 1,088,230
Construction in progress (not depreciated)	1,078,511	648,337	1,726,848	-
Buildings	845,716	-	-	845,716
Pedestrian skyway bridges	13,016,925	-	-	13,016,925
Totals at historical cost	<u>\$ 16,029,382</u>	<u>\$ 648,337</u>	<u>\$ 1,726,848</u>	<u>\$ 14,950,871</u>
Less: accumulated depreciation				
Buildings	\$ (465,144)	\$ (21,143)	\$ -	\$ (486,287)
Pedestrian skyway bridges	(6,598,967)	(325,423)	-	(6,924,390)
Total accumulated depreciation	<u>\$ (7,064,111)</u>	<u>\$ (346,566)</u>	<u>\$ -</u>	<u>\$ (7,410,677)</u>
Total Governmental Activities Capital Assets - Net	<u>\$ 8,965,271</u>	<u>\$ 301,771</u>	<u>\$ 1,726,848</u>	<u>\$ 7,540,194</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.E. (Continued)

The construction in progress for governmental activities increase of \$648,337 in 2006 was due to water, sewer, street, and lighting construction in the Koch Mobil Tax Increment Financing District. The decrease of \$1,726,848 in construction in progress represents the contribution of the completed water, sewer, street, and lighting improvements in this Tax Increment Financing District to the City of St. Paul.

Business-Type Activities	Balance January 1, 2006	Increase	Decrease	Balance December 31, 2006
Land (not depreciated)	\$ 19,514,990	\$ -	\$ -	\$ 19,514,990
Buildings	2,108,356	-	-	2,108,356
Parking ramps	88,125,305	-	-	88,125,305
Equipment	31,060	-	-	31,060
Construction in progress (not depreciated)	1,333,003	8,765,342	-	10,098,345
Totals at historical cost	\$ 111,112,714	\$ 8,765,342	\$ -	\$ 119,878,056
Less: accumulated depreciation				
Buildings	\$ (203,273)	\$ (52,919)	\$ -	\$ (256,192)
Parking ramps	(25,663,024)	(2,259,156)	-	(27,922,180)
Equipment	(11,907)	(3,105)	-	(15,012)
Total accumulated depreciation	\$ (25,878,204)	\$ (2,315,180)	\$ -	\$ (28,193,384)
Total Business-Type Activities Capital Assets - Net	\$ 85,234,510	\$ 6,450,162	\$ -	\$ 91,684,672

Depreciation expense for 2006 was charged to functions/programs as follows:

Governmental Activities	
Housing and economic development	\$ 346,566
Business-Type Activities	
Parking operations	2,315,180

F. Long-Term Debt

Long-term debt consists of bonds payable and notes payable. This debt has been issued for both governmental and business-type activities. Governmental activity debt has been issued to provide financing for housing and economic development programs and projects. Business-type debt was issued to finance the construction of parking facilities and to acquire property as part of the Land Assembly program.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F. (Continued)

(1) Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2006, was as follows:

Governmental Activities	Balance January 1, 2006	Increase	Decrease	Balance December 31, 2006	Due Within One Year
Bonds payable					
Tax increment bonds	\$ 78,934,780	\$ -	\$ 9,513,857	\$ 69,420,923	\$ 8,719,183
Sales tax revenue bonds	44,895,000	-	1,310,000	43,585,000	1,400,000
Lease revenue bonds	6,870,000	-	300,000	6,570,000	425,000
Add: unamortized premium on tax increment bonds	29,993	-	29,993	-	-
Totals bonds payable	\$ 130,729,773	\$ -	\$ 11,153,850	\$ 119,575,923	\$ 10,544,183
Notes payable	14,437,441	4,820,000	1,607,822	17,649,619	710,000
Total Governmental Activities Long-Term Debt	\$ 145,167,214	\$ 4,820,000	\$ 12,761,672	\$ 137,225,542	\$ 11,254,183
Business-Type Activities	Balance January 1, 2006	Increase	Decrease	Balance December 31, 2006	Due Within One Year
Bonds payable					
Land assembly bonds	\$ 21,830,000	\$ -	\$ 9,375,000	\$ 12,455,000	\$ 3,294,000
Parking revenue bonds	39,440,000	-	1,625,000	37,815,000	1,815,000
Tax increment – parking bonds	36,005,000	-	1,300,000	34,705,000	1,445,000
Parking revenue bonds (Smith Avenue Transit)	15,980,000	-	-	15,980,000	-
Add: unamortized premium on parking revenue bonds	120,346	-	20,058	100,288	-
Total bonds payable	\$ 113,375,346	\$ -	\$ 12,320,058	\$ 101,055,288	\$ 6,554,000
Notes payable					
Parking revenue notes	\$ 3,090,000	\$ -	\$ 2,060,000	\$ 1,030,000	\$ 70,000
St. Paul Foundation Housing Loan	-	195,190	-	195,190	195,190
Total notes payable	\$ 3,090,000	\$ 195,190	\$ 2,060,000	\$ 1,225,190	\$ 265,190
Total Business-Type Activities Long-Term Debt	\$ 116,465,346	\$ 195,190	\$ 14,380,058	\$ 102,280,478	\$ 6,819,190

All 2006 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F.(1). (Continued)

The Shepard Davern Rental Housing Tax Increment Note, Series 2006 was issued in March 2006 in the amount of \$4,820,000 to currently refund the Gateway Tax Increment Bonds, Series 2003. The current refunding was done to lock in the interest rate and reduce debt service payments. Because the refunded debt had a variable interest rate, it was not possible to determine either the difference in debt service payments between the refunded debt and the refunding debt, or the economic gain or loss resulting from the transaction. The reacquisition price and the net carrying value of the refunded bonds were both \$4,820,000. Tax increments from the Shepard Davern Tax Increment Financing District will be used to retire the 2006 note.

During 2006 the HUD Section 108 Note, Series 1997 was retired through a final scheduled payment of \$580,000. Also during 2006 the Block 39 Parking Ramp Notes were retired in the original principal amount of \$2,000,000 using Block 39 parking revenues.

During 2006 an amount of \$195,190 was drawn by the HRA on the Saint Paul Foundation line of credit to partially finance a housing development project. This resulted in a liability of this amount at December 31, 2006.

(See Note 5.I.)

(2) Description of Bonds and Notes and Sources for Retirement

Governmental Activities

The governmental activity long-term debt, represented by the Tax Increment Bonds, the Sales Tax Revenue Bonds, the Lease Revenue Bonds, and the long-term notes are not general obligations of the HRA, are not backed by the full faith and credit of the HRA, and are to be retired through specific revenue sources. Under Minn. Stat. § 469.034, the HRA is not authorized to issue bonds which constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Tax

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F.(2). (Continued)

increments, sales taxes, and lease payments are pledged under the respective bond covenants. Debt service payments have been made on the bonds and notes using the designated financing sources. The City has issued a general obligation pledge on the Riverfront Tax Increment Bonds, Series 2000D and Series 2002C; the Koch Mobil Tax Increment Bonds, Series 2004C; and the Snelling-University Tax Increment Bonds Series 2005C. The governmental activity bonds and notes are serviced by the HRA Debt Service Fund. A listing of the governmental activity bonds and notes at December 31, 2006, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2006
Sales Tax Revenue Refunding Bonds, Series 1996	1/2 Percent City Sales Tax/RiverCentre Revenues	7.10	\$ 43,585,000
Downtown Tax Increment Refunding Bonds, Series 1998	Downtown & 7 th Place District Tax Increments, RiverCentre Revenues, Hotel/Motel Taxes	5.00-6.50	6,230,000
RiverCentre Parking Facility Lease Bonds, Series 2000	Lease Payments from the City	4.87-6.00	6,570,000
Riverfront Tax Increment Refunding Bonds, Series 2000D	Riverfront District Tax Increments	4.50-5.00	5,205,000
US Bank Tax Increment Bonds, Series 2001	Riverfront Renaissance District Tax Increments	5.00 - 6.75	11,540,000
Riverfront Tax Increment Refunding Bonds, Series 2002C	Riverfront District Tax Increments	2.90 - 5.65	1,555,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	North Quadrant District Tax Increments	7.50	1,032,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	North Quadrant District Tax Increments	7.00	1,125,000
Upper Landing Tax Increment Bonds, Series 2002A	Riverfront Renaissance District Tax Increments	6.80	5,000,000
Upper Landing Tax Increment Bonds, Series 2002B-1	Riverfront Renaissance District Tax Increments	6.40 - 7.00	12,130,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Riverfront Renaissance District Tax Increments	6.90	2,000,000
Drake Marble Tax Increment Bonds, Series 2002	Riverfront Renaissance District Tax Increments	6.75	1,712,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Spruce Tree/Metz District Tax Increments	6.50	1,441,923

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F.(2). (Continued)

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2006
Koch Mobil Tax Increment Bonds, Series 2004C	Koch Mobil District Tax Increments	2.25	3,950,000
9th Street Lofts Tax Increment Bonds, Series 2004	North Quadrant District Tax Increments	6.37	1,335,000
J.J. Hill Tax Increment Bonds, Series 2004	J.J. Hill District Tax Increments	6.25	3,660,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Neighborhood Scattered Site District Tax Increments	4.24-5.45	6,725,000
Snelling-University Tax Increment Refunding Bonds, Series 2005C	Snelling-University District Tax Increments	3.60-5.12	4,780,000
CDBG Float Note	Downtown District Tax Increments	0.00	820,000
Downtown & 7th Place Redevelopment Project Subordinated Tax Increment Note	Downtown & 7th Place District Tax Increment	11.00	4,009,619
HUD Section 108 Note, Series 2003-A	EDI Grants, Port Authority	5.20	3,300,000
HUD Section 108 Note, Series 2003-B	Land Sale Proceeds	Variable	4,700,000
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Shepard Davern District Tax Increments	5.09	<u>4,820,000</u>
Total Governmental Activities Long-Term Debt			<u>\$ 137,225,542</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F.(2). (Continued)

Business-Type Activities

The business-type activity long-term debt is reported in the HRA Parking Enterprise Fund and the HRA Loan Enterprise Fund where specific fund revenues are used to service the debt. The City has issued a general obligation pledge on the Block 39 Tax Increment Bonds, Series 1998A and Series 1998B. A listing of the business-type bonds and notes at December 31, 2006, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2006
Parking Revenue Bonds, Series 1997A	7th Street Ramp Parking Revenues	6.75	\$ 8,145,000
Block 39 Tax Increment Bonds, Series 1998A	Block 39 Ramp Parking Revenues, Block 39 District Tax Increments	4.60 – 4.75	21,255,000
Block 39 Tax Increment Bonds, Series 1998B	Block 39 Ramp Parking Revenues, Block 39 District Tax Increments	5.68 – 6.45	13,450,000
Parking Revenue Refunding Bonds, Series 2001A	Parking Facility Revenues, City Parking Meter and Fine Revenue	4.00 – 5.00	4,825,000
Parking Revenue Bonds, Series 2002A	Parking Facility Revenues, City Parking Meter and Fine Revenue	4.85 – 5.35	14,295,000
Parking Revenue Bonds, Series 2002B	Parking Facility Revenues, City Parking Meter and Fine Revenue	5.10 – 6.50	4,250,000
Parking Revenue Refunding Bonds, Series 2005A	Parking Facility Revenues, City Parking Meter and Fine Revenue	2.50 – 3.37	6,300,000
Parking Revenue Bonds (Smith Avenue Transit Center) Series 2005	Smith Avenue Transit and Parking Ramp Revenues	3.90	15,980,000
Housing 5000 Land Assembly Bonds, Series 2004	Land Sale Proceeds	Variable	12,455,000
RiverCentre Exhibit Hall Parking Ramp Notes	RiverCentre Exhibit Hall Ramp Parking Revenues	6.00	1,030,000
Saint Paul Foundation Housing Loan	Housing Project Revenues	1.00	195,190
Total Business-Type Activities Long-Term Debt			<u>\$ 102,180,190</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F. (Continued)

(3) Annual Requirements - Principal and Interest on Long-Term Debt

Annual principal and interest debt service requirements for governmental activity long-term debt are as follows:

Year Ending December 31	Tax Increment Bonds		Sales Tax Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 8,719,183	\$ 4,001,340	\$ 1,400,000	\$ 3,094,535	\$ 425,000	\$ 375,956
2008	5,251,180	3,675,428	1,500,000	2,995,135	525,000	348,988
2009	4,299,891	3,362,933	1,605,000	2,888,635	650,000	315,337
2010	3,159,364	3,158,721	1,720,000	2,774,680	775,000	274,175
2011	3,329,648	2,985,013	1,840,000	2,652,560	925,000	223,950
2012 - 2016	13,201,657	12,476,485	11,375,000	11,104,400	3,270,000	288,000
2017 - 2021	9,913,000	8,926,250	16,030,000	6,451,415	-	-
2022 - 2026	11,477,000	5,622,076	8,115,000	874,010	-	-
2027 - 2032	10,070,000	1,109,074	-	-	-	-
Total	\$ 69,420,923	\$ 45,317,320	\$ 43,585,000	\$ 32,835,370	\$ 6,570,000	\$ 1,826,406

Year Ending December 31	Development Notes		Total Governmental Activity	
	Principal	Interest	Principal	Interest
2007	\$ 4,719,619	\$ 1,107,866	\$ 15,263,802	\$ 8,579,697
2008	710,000	636,808	7,986,180	7,656,359
2009	300,000	621,808	6,854,891	7,188,713
2010	300,000	606,808	5,954,364	6,814,384
2011	550,000	591,808	6,644,648	6,453,331
2012 - 2016	2,750,000	2,558,390	30,596,657	26,427,275
2017 - 2021	3,000,000	1,833,790	28,943,000	17,211,455
2022 - 2026	500,000	1,253,610	20,092,000	7,749,696
2027 - 2032	4,820,000	1,349,359	14,890,000	2,458,433
Total	\$ 17,649,619	\$ 10,560,247	\$ 137,225,542	\$ 90,539,343

Annual principal and interest debt service requirements for business-type activity long-term debt are as follows:

Year Ending December 31	Parking Revenue Bonds HRA Parking Enterprise Fund		Tax Increment - Parking Bonds HRA Parking Enterprise Fund		Parking Ramp Notes HRA Parking Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 1,815,000	\$ 2,598,870	\$ 1,445,000	\$ 1,804,069	\$ 70,000	\$ 61,800
2008	2,270,000	2,518,468	1,570,000	1,712,473	70,000	57,600
2009	2,375,000	2,415,172	1,700,000	1,611,888	80,000	53,100
2010	2,475,000	2,305,291	1,885,000	1,500,281	80,000	48,600
2011	2,595,000	2,188,812	2,040,000	1,378,135	90,000	43,800
2012 - 2016	26,695,000	6,323,264	12,970,000	4,836,249	520,000	134,700
2017 - 2021	5,790,000	3,312,679	6,595,000	2,356,120	120,000	7,500
2022 - 2026	5,475,000	1,984,996	6,500,000	635,312	-	-
2027 - 2032	4,035,000	439,234	-	-	-	-
Total	\$ 53,795,000	\$ 24,086,786	\$ 34,705,000	\$ 15,834,527	\$ 1,030,000	\$ 407,100

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.F.(3). (Continued)

Year Ending December 31	Housing 5000 Land Assembly Bonds HRA Loan Enterprise Fund		Saint Paul Foundation Housing Loan HRA Loan Enterprise Fund		Total Business-Type Activity	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 3,294,000	\$ 626,250	\$ 195,190	\$ 1,952	\$ 6,819,190	\$ 5,092,941
2008	2,694,000	461,550	-	-	6,604,000	4,750,091
2009	3,930,000	326,850	-	-	8,085,000	4,407,010
2010	-	130,350	-	-	4,440,000	3,984,522
2011	-	130,350	-	-	4,725,000	3,741,097
2012 - 2016	-	651,750	-	-	40,455,000	11,945,963
2017 - 2021	-	651,750	-	-	12,505,000	6,328,049
2022 - 2026	2,537,000	391,050	-	-	14,512,000	3,011,358
2027 - 2032	-	-	-	-	4,035,000	439,234
Total	\$ 12,455,000	\$ 3,369,900	\$ 195,190	\$ 1,952	\$ 102,180,190	\$ 43,700,265

(4) Prior Year Defeasance of Debt

In prior years, the HRA defeased certain bonds by placing the proceeds of new advance refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the HRA's financial statements. On December 31, 2006, \$72,347,629 of the following outstanding bonds are considered defeased:

	Amount Outstanding December 31, 2006
New Housing & Blighted Lands Tax Increment Bonds, Series 1986	\$ 540,000
Downtown & 7th Place Tax Increment Bonds, Series 1989A and 1989B	12,682,629
Sales Tax Revenue Bonds, Series 1993	48,745,000
Downtown & 7th Place Tax Increment Bonds, Series 1993	10,380,000
Total Defeased Bonds	<u>\$ 72,347,629</u>

G. Employee Benefits, Pension Plan Obligations

As part of the reorganization discussed in Note 1, the HRA employees became employees of the City in 1978. The HRA has no employees. Services are provided by the City in administering HRA programs. All pension costs, vacation, and sick leave benefits are paid and accounted for by the City.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5. (Continued)

H. Line of Credit - Home Mortgage Loan Program

Pursuant to an agreement and related note between the US Bank National Association (Bank) and the HRA, a revolving line of credit in the maximum amount of \$3,000,000 has been established to provide temporary financing for the acquisition of home mortgage loans for home purchase, purchase/rehabilitation, and refinancing/rehabilitation. The intent of the program is for the HRA to issue loans, with funds from the Bank line of credit, to finance the acquisition of single-family residences located within Saint Paul by low- and moderate-income persons and families. These mortgage loans are later sold by the HRA to a servicer, a bond trustee, or a secondary market entity with the sales proceeds being used to reduce the outstanding liability on the Bank line of credit. During the interim period when the loans are owned by the HRA, any difference between the Bank line of credit interest and the interest on the loans is the obligation of or inures to the HRA.

The HRA Loan Enterprise Fund accounts for the line of credit transactions. At December 31, 2006, loans receivable representing the principal mortgage loans originated in Saint Paul that had not yet been sold to a servicer, a bond trustee, or a secondary market entity are reported in the amount of \$292,200. Likewise, \$292,200 is owing under the line of credit at December 31, 2006, and is reported as contracts payable.

Changes in the balance due on the line of credit for the year ended December 31, 2006, are as follows:

Balance Due December 31, 2005	Increase 2006	Decrease 2006	Balance Due December 31, 2006
\$ 154,000	\$ 7,597,150	\$ 7,458,950	\$ 292,200

I. Revolving Loan Agreement - The Saint Paul Foundation

In December 2003, a loan agreement, with a revolving line of credit, was executed between the Saint Paul Foundation (Foundation) and the HRA whereby the Foundation has made available funds in the amount of \$2,500,000 to the HRA for use in its major housing initiative, the Housing 5000 Program. Any of the funds advanced under the loan agreement to the HRA by the Foundation are to be used solely for developer loans on approved housing projects. The HRA is to repay the principal amount of the advances to the Foundation as the developer loans are repaid to the HRA. Simple interest of one percent on the outstanding Foundation advances is payable on each December 31 starting with 2004. December 1, 2015, is the final maturity date under the loan agreement. During 2006, an advance was made by the Foundation to the HRA in the amount of \$195,190 for the Dorothy Day Center Project. This amount of \$195,190 is reported as notes payable at December 31, 2006 (see Note 5.F.). Under the revolving loan agreement, there is \$2,304,810 available in loan funds from the Foundation at December 31, 2006.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5. (Continued)

J. Risk Management

The HRA is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City of Saint Paul administers the HRA's risk management activities. The HRA's risk management activities are reported in the HRA General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR's). The liability for claims and judgments is carried as a general long-term obligation when it is not expected to be liquidated with expendable available financial resources. The HRA had no January 1, 2005, liability for claims and judgments; nor were there any fiscal year 2005 or 2006 claims or claims payments, which resulted in any end of fiscal year 2005 or 2006 claims liabilities.

The City has purchased all risk property insurance coverage of \$1.017 billion for its real and personal property throughout the City. The deductible for each occurrence of damage or loss of property is \$250,000. Each City department participating in the insurance program is charged a yearly amount based upon pro rata shares of the property insurance coverage, and contributions are made to a risk retention pool to address potential losses due to the higher deductible. The HRA is responsible for the first \$10,000 of each loss. The risk retention pool reimburses losses that exceed \$10,000 that are not covered by insurance. The HRA General Fund pays the insurance premium for HRA-related property coverage. The HRA General Fund reimburses the City for deductible amounts paid each year based on its share of the property insurance coverage. There were no significant reductions in insurance for the previous year or settlements in excess of insurance coverage for any of the past three fiscal years. A complete audit and actuarial analysis is conducted by the City's Risk and Employee Benefit Management Division to insure proper premium, retention, and administrative charges. Tort liability is administered by the City with professional claim managers and attorneys. Because the HRA has no employees, there is no risk for workers' compensation and unemployment compensation (Note 5.G.).

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5. (Continued)

K. Pay-As-You-Go Tax Increment Notes

The HRA has issued pay-as-you-go tax increment notes to finance development in the following tax increment financing districts as of December 31, 2006.

No.	Tax Increment Financing District - Project	Date Issued	Note Amount	Note Principal Balance 12/31/2005	Note Principal Balance 12/31/2006	Total Amount Expended (Principal & Interest) Under Notes for the Year Ended 12/31/2006
215	Superior Street Cottages	7/16/1998	\$ 311,341	\$ 270,073	\$ 267,259	\$ 19,069
194	1919 University	11/7/1997	1,357,000	1,357,000	1,357,000	111,019
193	Hubbard Site	7/31/1999	1,259,924	877,553	697,490	232,158
212	Block 4-TIR Note Series 2004	5/6/2004	17,800,000	17,800,000	17,800,000	1,023,500
212	Block 4-Taxable TIR Note Series 2004	5/6/2004	2,975,838	2,726,632	2,726,632	157,697
260	North Quadrant Rental Phase I	2/1/2001	2,140,000	2,140,000	2,140,000	102,715
268	North Quadrant Rental Phase II	2/28/2002	1,500,000	1,500,000	1,500,000	58,497
268	North Quadrant Shortfall TIR Note II	6/20/2002	179,781	179,781	179,781	-
228	Emerald Park Owner Occupied Phase I	2/26/2003	3,067,000	3,067,000	2,977,386	197,944
267	Emerald Park Owner Occupied Phase II	4/12/2005	2,074,000	2,074,000	2,074,000	65,237
267	Emerald Park Rental	10/16/2002	3,110,000	3,110,000	3,110,000	263,971
266	Emerald Park Commercial/Metro Project	6/21/2005	1,225,000	1,225,000	1,225,000	648
237	Osceola Park Series 2002	11/4/2002	950,000	950,000	950,000	64,712
234	Phalen Village Ames Lake	8/1/2003	418,000	418,000	418,000	15,247
232	Straus Building	12/26/2002	600,000	596,964	596,964	42,487
240	Bridgecreek Senior Place Project	6/30/2004	2,398,952	2,398,952	2,398,952	-
241	Lyons Court Rental Project	4/14/2004	682,000	682,000	682,000	30,500
243	Shepard-Davern Ownership Housing	11/1/2006	3,257,067	-	3,257,067	-
264	Llewelyn-West Side Flats	10/24/2006	701,055	-	701,055	-
271	Carlton Lofts	10/1/2005	2,358,660	2,358,660	2,358,660	-
245	Shepard-Davern Gateway Senior	12/2/2003	1,353,286	1,353,286	1,353,286	18,857
257	Phalen Senior Lofts Project (Payne Phalen TIF)	2/10/2005	925,000	925,000	925,000	-
	Total		\$ 50,643,904	\$ 46,009,901	\$ 49,695,532	\$ 2,404,258

The notes are payable only after the HRA has received tax increment revenue from the above districts and can only be paid using that tax increment as the financing source. No liability is recognized at December 31, 2006, since all scheduled note payments have been made from the available tax increment. All expenditures under the notes are reported in the HRA Tax Increment Capital Projects Fund.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5. (Continued)

L. Loan Guaranty Commitments

The HRA has entered into agreements with lending institutions and various Saint Paul businesses to guaranty the repayment of a portion of loans issued by the lending institutions to the businesses. The primary repayment source of these loans is the business. The HRA would be required to repay a portion of the loans in the event of default by the business. The total amount of private loans issued where a HRA guaranty exists at December 31, 2006, is \$1,512,500. The portion of these loans that the HRA has guaranteed is \$813,550. No liability has been recorded by the HRA for these loans at December 31, 2006.

M. Construction and Other Significant Commitments

At December 31, 2006, the HRA had the following commitments:

Construction of Smith Avenue Transit Center	\$9,681,568
United Family Practice Project	900,000
Gander Mountain Strategic Investment Loan	482,000
Salvation Army Booth Brown House Loan	508,000

N. Interfund Transactions

(1) Interfund Receivables and Payables

During the course of its operations, the HRA has transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of December 31, 2006, individual fund interfund receivable and payable balances were as follows:

Fund	Interfund Receivable	Interfund Payable
HRA General Fund	\$ 516,588	\$ 172,961
HRA Debt Service Fund	52,409	-
HRA Tax Increment Capital Projects Fund	172,961	6,092,481
HRA Loan Enterprise Fund	5,523,484	-
Total Interfund Receivables and Payables - All Funds	<u>\$ 6,265,442</u>	<u>\$ 6,265,442</u>

The interfund receivables in the HRA General Fund (\$516,588) and the HRA Loan Enterprise Fund (\$5,523,484) were advanced to the HRA Tax Increment Capital Projects Fund for the purpose of financing development expenditures in various tax increment financing districts prior to the receipt of tax increment revenues in these districts. The advances are to be repaid with interest when future available tax increment revenues are received in these districts.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.N. (Continued)

(2) Interfund Transfers

Individual fund interfund transfers during the fiscal year ended December 31, 2006, were as follows:

Transfers	Transfers In From Other Funds	Transfers Out To Other Funds
HRA Federal & State Programs Special Revenue Fund	\$ 82,343	\$ -
HRA Debt Service Fund	3,246,693	8,301
HRA Tax Increment Capital Projects Fund	2,408,301	1,220,349
HRA Loan Enterprise Fund	598,400	4,963,371
HRA Parking Enterprise Fund	454,684	598,400
Total Interfund Transfers -All Funds	\$ 6,790,421	\$ 6,790,421

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the HRA Debt Service Fund, and (3) use unrestricted revenues collected in the HRA General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

O. Net Assets/Fund Balances

(1) Net Assets - Governmental Activities

The amount reported as "Invested in Capital Assets, Net of Related Debt" on the government-wide Statement of Net Assets for the governmental activities as of December 31, 2006, is determined as follows:

Capital assets	\$ 14,950,871
Less: accumulated depreciation	(7,410,677)
Less: outstanding principal of related debt	-
Invested in Capital Assets - Net of Related Debt	\$ 7,540,194

The amount reported as "Restricted for Debt Service" on the government-wide Statement of Net Assets for the governmental activities is based on required balances per bond indentures. This amount is \$6,861,982 at December 31, 2006.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.O. (Continued)

(2) Net Assets - Business-Type Activities

The amount reported as “Invested in Capital Assets, Net of Related Debt” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for the HRA Parking Enterprise Fund as of December 31, 2006, is determined as follows:

Capital assets	\$ 119,878,056
Less: accumulated depreciation	(28,193,384)
Less: outstanding principal of related debt	(89,625,524)
Add: unspent proceeds of capital related debt	<u>8,809,695</u>
Invested in Capital Assets - Net of Related Debt	<u>\$ 10,868,843</u>

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for Proprietary Funds as of December 31, 2006, as follows:

	<u>HRA Loan Enterprise Fund</u>	<u>HRA Parking Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Restricted Assets			
Cash for revenue bond debt service	\$ 953,639	\$ 8,499,153	\$ 9,452,792
Cash for revenue bond reserve	6,444,716	-	6,444,716
Less: liabilities payable from restricted assets			
Revenue bonds payable	(289,810)	-	(289,810)
Accrued interest on bonds	<u>(59,008)</u>	<u>(1,023,737)</u>	<u>(1,082,745)</u>
Restricted for Debt Service	<u>\$ 7,049,537</u>	<u>\$ 7,475,416</u>	<u>\$ 14,524,953</u>

The amount reported as “Restricted for Debt Service” is based on required balances per bond indentures.

The amount reported as “Restricted for Operations and Maintenance” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for the HRA Parking Enterprise Fund as of December 31, 2006, is determined as follows:

Restricted assets - cash for revenue bond operations and maintenance	\$ 596,679
Less: liabilities payable from restricted assets	<u>-</u>
Restricted for Operations and Maintenance	<u>\$ 596,679</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Note 5.O. (Continued)

(3) Fund Balances - Governmental Funds

In the fund financial statements, fund balances in governmental funds are reserved to report amounts that are not available for appropriation and/or are legally restricted to a specific use that is narrower than the purpose of the fund itself. At December 31, 2006, fund balance reservations were reported in the following governmental funds:

	HRA General Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	Total
Reserved for				
Encumbrances	\$ 95,583	\$ -	\$ 188,631	\$ 284,214
Debt service on bonds and Notes	500,000	20,460,082	-	20,960,082
Advances to other funds	516,588	-	-	516,588
Total Reserved Fund Balances	\$ 1,112,171	\$ 20,460,082	\$ 188,631	\$ 21,760,884

In the fund financial statements, unreserved fund balances in governmental funds are designated to report amounts that represent tentative management plans for future use of financial resources. At December 31, 2006, fund balances designations were reported in the following governmental funds:

	HRA General Fund	HRA Tax Increment Capital Projects Fund	Total
Unreserved, designated for			
Specific HRA activities	\$ 3,296,807	\$ 4,463,031	\$ 7,759,838
Next year's appropriation	908,063	-	908,063
Cash flow and revenue estimates	500,000	-	500,000
Total Unreserved, Designated Fund Balance	\$ 4,704,870	\$ 4,463,031	\$ 9,167,901

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

6. Contingent Liabilities

Litigation

The HRA, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigation; it is expected that the final settlement of these matters will not materially affect the financial statements of the HRA.

City of Saint Paul Sales Tax Revenue Bonds, Series 1999A, RiverCentre Arena Project

In March 1999, the City issued Sales Tax Revenue Bonds in the amount of \$72,570,000 to finance the construction of a new multi-purpose sports and entertainment arena in the RiverCentre Complex. The City, the HRA, the RiverCentre Authority, and the Bond Trustee have entered into a Joint Pledge Agreement whereby the following sources are pledged as security for the payment of the principal and interest on the Series 1999A bonds: (1) one-half percent City sales tax; (2) Arena net revenues resulting from the Arena lease between the City and the Minnesota Wild National Hockey League Team; and (3) tax increments received by the HRA in the years 2016 and after derived from the Block 39/Arena Tax Increment Financing District. The use of the City sales tax for the retirement of the Series 1999A bonds is subject to a parity pledge of such sales tax to the payment of debt service on the HRA Sales and Tax Revenue Bonds, Series 1996.

Regions Hospital Parking Ramp Contingent Lease

During 2006, the Port Authority of the City of Saint Paul (Port) issued revenue bonds to finance construction of a parking ramp at the Regions Hospital complex. The bonds are 30 year bonds with final scheduled retirement in 2036. The Port will lease the ramp for years 2008 through 2030 to Regions Hospital after construction is completed. The HRA agreed to a lease commitment in an amount equal to the annual debt service on the Port bonds for the years 2031 through 2036. The scheduled principal balance on the bonds is \$6,045,000 in 2031 prior to the 2031 through 2036 debt payments. This HRA lease is not triggered and no payments are made by the HRA if any one of the following takes place:

1. Regions Hospital continues to need the ramp for their business and extends the lease with the Port from 2031 through 2036.
2. Sometime during the period of 2008 through 2030, Regions Hospital elects to purchase the ramp for the greater of the outstanding debt or fair market value of the ramp.
3. Regions Hospital defaults on the Port lease and the bond trustee determines on behalf of the bondholders to sell the ramp to a third party and cancels the HRA lease commitment.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2006

Cleanup of Hazardous Materials

Properties owned by the HRA may have certain contingent liabilities associated with them due to potential contamination from hazardous materials or difficulty in securing vacant structures located on them. It is not expected that these contingencies will have a material effect on the financial statements of the HRA.

7. Subsequent Event

Koch Mobil Tax Increment Refunding Bonds, Series 2007B

In March 2007, the City issued Koch Mobil Tax Increment Refunding Bonds, Series 2007B, in the amount of \$3,895,000. The proceeds of the 2007 bonds were used to currently refund Koch Mobil Tax Increment Bonds, Series 2004C. The 2007 bonds have semiannual interest payments until March 2010 when the entire principal is due and will likely be refunded through a subsequent bond issue. The interest payments are to be financed by HRA tax increment revenue from the Koch Mobil Tax Increment District. The City has issued a general obligation pledge on the 2007 bonds.

This page left blank intentionally.

SUPPLEMENTARY SCHEDULES

Supplementary schedules are presented to provide useful additional financial data to readers of this report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HRA DEBT SERVICE FUND

For the Fiscal Year Ended December 31, 2006
 (Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	11,553,665	11,721,400	10,744,186	(977,214)
Intergovernmental	14,408,448	14,408,448	17,104,457	2,696,009
Fees, Sales and Services	977,928	1,145,568	1,077,039	(68,529)
Investment Income	483,484	483,484	744,354	260,870
Miscellaneous	100,000	100,000	598,044	498,044
Total Revenues	27,523,525	27,858,900	30,268,080	2,409,180
EXPENDITURES				
Intergovernmental - City	10,932,455	10,932,455	13,371,476	(2,439,021)
Intergovernmental - County	-	3,663,887	3,663,887	-
Debt Service				
Principal Payment on Bonds	6,684,857	6,795,857	6,303,857	492,000
Interest on Bonds	8,200,236	8,256,971	8,119,562	137,409
Principal Payment on Notes	580,000	580,000	580,000	-
Interest on Notes	288,938	456,578	532,645	(76,067)
Total Expenditures	26,686,486	30,685,748	32,571,427	(1,885,679)
Excess (Deficiency) of Revenues Over (Under) Expenditures	837,039	(2,826,848)	(2,303,347)	523,501
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,246,693	3,246,693
Transfers Out	-	-	(8,301)	(8,301)
Notes Issued	-	4,820,000	4,820,000	-
Redemption of Refunded Bonds	-	(4,820,000)	(4,820,000)	-
Total Other Financing Sources (Uses)	-	-	3,238,392	3,238,392
Net Changes in Fund Balances	837,039	(2,826,848)	935,045	3,761,893
FUND BALANCE, January 1	19,525,037	19,525,037	19,525,037	-
FUND BALANCE, December 31	20,362,076	16,698,189	20,460,082	3,761,893

**SCHEDULE OF PROGRAM EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND**

Inception Through December 31, 2006
(Amounts in dollars)

Program Title	Activity Code	Multi-Year Budget	Actual Program Costs		Amount To Be Completed
			Inception Through 12/31/05	Fiscal Year Ended 12/31/06	
FEDERAL HOME PROGRAM					
Single Family Housing Rehabilitation	37001	22,463,260	18,777,566	1,033,875	2,651,819
New Rental Housing	37002	2,169,000	2,169,000	-	-
Community Housing Development	37003	5,427,100	4,316,709	197,665	912,726
Program Administration	37004	3,266,509	2,853,294	111,038	302,177
Single Family Housing Rehab - Program Income	37005	1,556,759	1,519,118	1,000	36,641
Total Federal HOME Program		34,882,628	29,635,687	1,343,578	3,903,363
FEDERAL ADDI HOUSING GRANT					
Single Family Housing	37006	409,881	80,000	108,400	221,481
FEDERAL HOPE-3 PROGRAM					
Property Acquisition, Rehab & Mgmt	37101-37106	377,481	377,481	-	-
MINNESOTA HOUSING FINANCE AGENCY PROGRAMS					
Community Rehab Fund	38100	525,596	517,513	-	8,083
Single Family Home Improvement Loan Program	38101	6,445,000	4,114,660	501,695	1,828,645
Minnesota Urban & Rural Homestead Program	38102	62,158	61,358	-	800
Program Administration	38104	375,110	297,343	27,054	50,713
Deferred Loan Program	38105	2,756,041	1,413,450	-	1,342,591
NEDA Community Fix-Up Program	38110	104,443	104,443	-	-
Total Minnesota Housing Finance Agency Programs		10,268,348	6,508,767	528,749	3,230,832
RAMSEY COUNTY CDBG HOUSING REHABILITATION PROGRAMS					
Single Family & Rental Rehabilitation	38107-38108	2,320,134	1,918,909	26,750	374,475
METROPOLITAN COUNCIL LIVABLE COMMUNITY GRANTS					
Brewery Neighborhood Project	38200	750,000	750,000	-	-
Capital Heights City Homes	38113	300,000	300,000	-	-
Tax Based Revitalization Grants	38103	540,265	545,265	-	(5,000)
Total Metropolitan Council Livable Community Grants		1,590,265	1,595,265	-	(5,000)
STATE OF MINNESOTA GRANTS					
Railroad Island Project	38203	1,300,000	27,761	-	1,272,239
Capital Heights City Homes	38113	200,000	-	-	200,000
Federal Highway - State Administered - Head & Sack House	38206	1,090,000	-	-	1,090,000
Total State of Minnesota Grants		2,590,000	27,761	-	2,562,239
TOTAL HRA FEDERAL & STATE PROGRAMS FUND		52,438,737	40,143,870	2,007,477	10,287,390

**SCHEDULE OF PROJECT EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA TAX INCREMENT CAPITAL PROJECTS FUND**

For the Fiscal Years Ended December 31, 1997 through 2006
(Amounts in dollars)

Activity Title	Activity Code	Multi-Year Budget	Costs -		Amount To Be Completed
			Fiscal Years Ended 12/31/97-2005	Fiscal Year Ended 12/31/06	
New Housing & Blighted Lands - Direct Increment Financed	76200	5,581,242	5,581,242	-	-
New Housing & Blighted Lands - Bond Financed	76201	2,922,131	2,922,131	-	-
New Housing & Blighted Lands - Post 1982 Subdistrict	76202	1,293,977	944,268	95,659	254,050
North Quadrant - Phase I	76203	4,392,268	1,439,514	48,574	2,904,180
North Quadrant - Non TIF	76204	372,871	360,854	5,441	6,576
North Quadrant - Phase II	76205	4,347,273	1,096,529	3,858	3,246,886
Superior Street Cottages	76206	686,025	140,972	19,629	525,424
J.J. Hill	76207	12,959,912	3,997,949	30,424	8,931,539
Sibley Park - Phase I	76208	6,495,378	341,307	107,620	6,046,451
Sibley Park - Phase II	76209	3,037,617	232,654	64,157	2,740,806
Straus Park	76210	1,447,696	47,457	42,806	1,357,433
North Quadrant Public Improvements	76211	860,000	864,429	2,998	(7,427)
Bridgreek Senior Place	76213	6,747,810	290	13,455	6,734,065
Phalen Village TIF District	76214	10,892,280	64,051	380,683	10,447,546
North Quadrant - Phase III	76215	6,149,000	1,260,000	189,832	4,699,168
West Midway	76300	2,526,781	126,781	2,400,000	-
Spruce Tree Centre	76302	2,889,449	2,888,899	-	550
Neighborhood Business Development - Scattered Sites	76304	31,180,202	8,175,634	110,732	22,893,836
Twin City Testing	76305	318,450	318,450	-	-
Snelling-University	76306	8,361,600	303,589	17,623	8,040,388
Snelling-University - Hazardous Substance	76307	2,258,401	1,778,782	20,541	459,078
Energy Park FBS Data Center	76308	55,373	55,373	-	-
Midway Marketplace Bonds	76309	2,915,547	2,915,547	-	-
Hubbard Site	76310	5,271,106	3,206,571	232,158	1,832,377
1919 University	76311	2,855,075	875,355	105,797	1,873,923
Midway Marketplace Pay-As-You-Go TIF Note	76312	1,254,182	952,397	-	301,785
University/Dale - Panasian	76313	-	-	-	-
Scattered Site Business TIF Bonds, Series 2005	76314	7,515,000	2,474,482	3,715,866	1,324,652
Riverfront Tax-Exempt Bonds	76700	1,328,925	1,328,925	-	-
Riverfront Taxable Bonds	76701	1,086,637	1,086,637	-	-
Riverfront Renaissance - Drake Marble	76702	6,666,713	2,165,568	100,298	4,400,847
Riverfront Renaissance - US Bank	76703	68,914,628	18,052,164	1,626,331	49,236,133

Continued

**SCHEDULE OF PROJECT EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA TAX INCREMENT CAPITAL PROJECTS FUND**For the Fiscal Years Ended December 31, 1997 through 2006
(Amounts in dollars)

Activity Title	Activity Code	Multi-Year Budget	Costs - Fiscal Years Ended 12/31/97-2005	Costs - Fiscal Year Ended 12/31/06	Amount To Be Completed
Riverfront Renaissance - Upper Landing	76704	61,896,457	2,555,455	257,549	59,083,453
Upper Landing Interfund Loan	76705	-	293,816	92,566	(386,382)
Osceola Park	76706	2,899,714	42,300	68,326	2,789,088
Block - Minnesota Mutual	76707	46,739,637	5,418,830	1,200,168	40,120,639
Emerald Park - Owner Occupied	76708	26,401,961	357,655	357,003	25,687,303
Emerald Park - Rental	76709	13,215,895	624,064	333,901	12,257,930
Emerald Park - Commercial	76710	2,180,100	-	22,110	2,157,990
Riverfront Renaissance - Llewellyn	76711	17,915,978	-	31,632	17,884,346
Riverfront Renaissance - West Side Flats	76712	4,444,980	1,778,058	99,856	2,567,066
Riverfront Renaissance - Upper Landing TIF Bonds, Series 2002A	76713	5,000,000	5,098,416	79,972	(178,388)
Riverfront Renaissance - Upper Landing TIF Bonds, Series 2002B	76714	14,130,000	6,106,990	8,335,710	(312,700)
Shepard Davern - Phase I	76715	9,683,191	496	43,847	9,638,848
Shepard Davern - Phase II	76716	15,529,676	4,820,000	25,479	10,684,197
Shepard Davern - Phase III	76717	3,024,432	-	34,187	2,990,245
Downtown & 7th Place Redevelopment - Series 1989 Bonds	76801	1,459,851	1,459,851	-	-
Block 39 - Acquisition, Demolition, Parking Ramp & Retail	76803	42,844,807	42,500,192	16,825	327,790
Block 39 - Construction of Lawson Office Building	76804	56,729,826	56,729,826	-	-
Downtown & 7th Place Redevelopment - Direct Increment Financed	76805	16,104,598	16,104,598	-	-
Parking Revenue Bonds, Series 1992A	76806	5,616	5,616	-	-
RiverCentre Exhibit Hall Parking Ramp	76809	2,125,368	2,125,368	-	-
World Trade Center Parking Ramp	76810	13,238,148	13,238,148	-	-
RiverCentre Parking Facility Lease Revenue Bonds	76811	7,364,796	7,350,295	-	14,501
Armstrong-Quinlan House	76813	2,900,000	2,826,404	1,431	72,165
Central Library Renovation Lease Revenue Bonds	76814	13,162,076	13,162,076	-	-
City Financed Capital Projects	76815	3,925,000	3,925,000	-	-
Smith Avenue Transit Hub	76818	200,000	197,793	-	2,207
Koch Mobil Infrastructure	76819	79,096,354	2,562,152	772,745	75,761,457
TIF District Administration - Advance Funding	76820	940,950	343,628	(343,628)	940,950
10th Street / Jackson TIF District	76821	-	-	-	-
Payne / Phalen Senior Lofts TIF District	76822	2,847,354	-	4,439	2,842,915
Carleton Lofts TIF District	76823	9,257,028	-	-	9,257,028
Penfield TIF District	76824	47,536,340	-	-	47,536,340
TOTAL HRA TAX INCREMENT FUND		736,383,682	255,625,828	20,768,600	459,989,254

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
ALL FUNDS**

For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

	<u>Balance 1/1/2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/2006</u>
HRA General Fund	8,893,339	3,672,632	3,917,742	8,648,229
HRA Federal & State Programs Special Revenue Fund	635,276	2,684,913	2,015,766	1,304,423
HRA Debt Service Fund	19,421,903	26,856,534	26,049,096	20,229,341
HRA Tax Increment Capital Projects Fund	26,290,457	12,342,241	25,569,062	13,063,636
HRA Loan Enterprise Fund	47,628,347	32,123,869	49,715,699	30,036,517
HRA Parking Enterprise Fund	<u>31,478,508</u>	<u>24,575,583</u>	<u>27,888,373</u>	<u>28,165,718</u>
Total Cash and Investments - All Funds	<u>134,347,830</u>	<u>102,255,772</u>	<u>135,155,738</u>	<u>101,447,864</u>

Summary of Balances at December 31, 2006

Cash and Investments with Treasurer	53,091,214
Cash with Fiscal Agents	951,714
Cash and Investments with Trustees	15,176,635
Restricted Cash for Revenue Bond Debt Service	9,452,792
Restricted Cash for Revenue Bond Reserve	6,444,716
Restricted Cash for Revenue Bond Development & Construction	15,734,114
Restricted Cash for Revenue Bond Operations and Maintenance	<u>596,679</u>
Total Cash and Investments	<u>101,447,864</u>

SCHEDULE OF DEPOSITS AND INVESTMENTS

ALL FUNDS

At December 31, 2006
(Amounts in dollars)

Investment Description	Maturity Date	Interest Rate	Reported Amount
Parking Ramp Checking Accounts at St Paul Banks			951,714
First American Government Securities Fund			13,910,079
Wells Fargo Government Securities Fund			3,439,069
Federal National Mortgage Association Discount Note	2/28/2007	2.10%	764,832
Bayerische Landesbank Investment Agreement	6/1/2007	3.31%	8,831,677
Federal Home Loan Bank Bonds	8/3/2007	3.00%	256,669
Federal Home Loan Bank Bonds	8/3/2007	3.00%	375,132
Federal National Mortgage Association Discount Note	9/28/2007	5.22%	462,144
Federal Home Loan Bank Bonds	12/30/2008	4.10%	1,192,595
United States Treasury Notes	5/1/2009	5.91%	724,000
Federal Home Loan Bank Bonds	11/16/2009	5.30%	1,681,849
Federal Home Loan Bank Bonds	6/29/2010	4.38%	1,567,088
United States Treasury Notes	8/1/2010	4.00%	906,865
Federal Farm Credit Bank Bonds	1/18/2011	5.75%	1,039,674
United States Treasury Notes	8/1/2011	4.00%	577,185
City Cash and Investment Pool			64,767,292
TOTAL CASH AND INVESTMENTS			101,447,864

Summary by Statement of Net Assets Account

Cash and Investments with Treasurer	53,091,214
Cash with Fiscal Agents	951,714
Cash and Investments with Trustees	15,176,635
Restricted Cash for Revenue Bond Debt Service	9,452,792
Restricted Cash for Revenue Bond Reserve	6,444,716
Restricted Cash for Revenue Bond Development and Construction	15,734,114
Restricted Cash for Bond Operations and Maintenance	596,679
Total Cash and Investments	101,447,864

SCHEDULE OF LOANS RECEIVABLE**ALL FUNDS**

At December 31, 2006

(Amounts in dollars)

<u>Fund - Program</u>	<u>Number of Loans Outstanding</u>	<u>Principal Balance 12/31/2006</u>	<u>Allowance for Uncollectible Loans 12/31/2006</u>	<u>Net Reported Assets 12/31/2006</u>
HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND				
Federal HOME Program	178	18,587,757	16,936,789	1,650,968
Federal ADDI Program	19	188,400	141,300	47,100
HUD 108 Loan Guaranty Program	2	8,000,000	2,515,000	5,485,000
Total HRA Federal & State Programs Special Revenue Fund	199	26,776,157	19,593,089	7,183,068
HRA DEBT SERVICE FUND				
Downtown Tax Increment Bonds - RiverCentre Authority	1	4,630,000	2,315,000	2,315,000
Total HRA Debt Service Fund	1	4,630,000	2,315,000	2,315,000
HRA TAX INCREMENT CAPITAL PROJECTS FUND				
Scattered Site TIF Bonds	3	3,291,353	2,999,568	291,785
Total HRA Tax Increment Capital Projects Fund	3	3,291,353	2,999,568	291,785
HRA LOAN ENTERPRISE FUND				
Enterprise Leverage	15	2,458,011	1,840,116	617,895
Commercial Real Estate	11	3,299,629	2,928,203	371,426
Home Purchase and Rehab	43	343,261	273,943	69,318
Housing Real Estate	36	14,973,018	12,555,962	2,417,056
Minority Business Development	2	100,000	95,000	5,000
Strategic Investment Program	8	1,812,235	1,806,860	5,375
Business - UDAG	7	505,728	227,657	278,071
Housing - UDAG	5	1,456,394	1,375,786	80,608
Neighborhood Development Revolving Loan Program	1	17,308	8,654	8,654
Riverfront Tax Increment	2	851,181	808,622	42,559
Downtown Tax Increment	3	8,137,057	2,474,264	5,662,793
Neighborhood Development Tax Increment	4	1,039,908	634,213	405,695
New Housing & Blighted Lands Tax Increment	1	360,000	18,000	342,000
HUD Rental Rehab	20	2,485,667	2,233,889	251,778
Land Assembly	4	3,466,595	2,926,065	540,530
Mortgage Housing Loan Origination Program	5	292,200	-	292,200
Mortgage Housing - Phase I and Phase II	26	711,798	35,590	676,208
Mortgage Housing - Special Assistance	42	491,072	368,304	122,768
Total HRA Loan Enterprise Fund	235	42,801,062	30,611,128	12,189,934
TOTAL ALL FUNDS	438	77,498,572	55,518,785	21,979,787

SCHEDULE OF BONDS AND NOTES PAYABLEAt December 31, 2006
(Amounts in dollars)

Bonds and Notes	Lender	Source for Retirement	Interest Rate	Issue Date	Final Maturity Date	Issued	Retired	Outstanding
GOVERNMENTAL ACTIVITIES								
BONDS:								
Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996	Public Sale	City 1/2% Sales Tax, RiverCentre Revenues	7.10%	1996	2023	55,865,000	12,280,000	43,585,000
Downtown Tax Increment Refunding Bonds, Series 1998	Public Sale	Downtown and 7th Place District Tl's, RiverCentre Revenues, City Hotel/Motel Taxes	5.00% - 6.50%	1998	2009	24,295,000	18,065,000	6,230,000
RiverCentre Parking Facility Lease Revenue Bonds, Series 2000	Public Sale	Lease Payments from the City of Saint Paul	4.87% - 6.00%	2000	2014	7,240,000	670,000	6,570,000
Riverfront Tax Increment Refunding Bonds, Series 2000D *	Public Sale	Riverfront District Tl's	4.50% - 5.00%	2000	2012	8,335,000	3,130,000	5,205,000
US Bank Tax Increment Bonds, Series 2001	Public Sale	Riverfront Renaissance District Tl's	5.00% - 6.75%	2001	2028	12,000,000	460,000	11,540,000
Riverfront Tax Increment Refunding Bonds, Series 2002C *	Public Sale	Riverfront District Tl's	2.90% - 5.65%	2002	2012	2,335,000	780,000	1,555,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	Public Sale	North Quadrant District Tl's	7.50%	2002	2028	1,089,000	57,000	1,032,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	Public Sale	North Quadrant District Tl's	7.00%	2002	2028	1,140,000	15,000	1,125,000
Upper Landing Tax Increment Bonds, Series 2002A	Public Sale	Riverfront Renaissance District Tl's	6.80%	2002	2029	5,000,000	-	5,000,000
Upper Landing Tax Increment Bonds, Series 2002B-1	Public Sale	Riverfront Renaissance District Tl's	6.40% - 7.00%	2002	2029	12,130,000	-	12,130,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Public Sale	Riverfront Renaissance District Tl's	6.90%	2002	2029	2,000,000	-	2,000,000
Drake Marble Tax Increment Bonds, Series 2002	Public Sale	Riverfront Renaissance District Tl's	6.75%	2002	2028	1,800,000	88,000	1,712,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Public Sale	Spruce Tree/Metz District Tl's	6.50%	2003	2013	1,890,000	448,077	1,441,923
Koch/Mobil Tax Increment Bonds, Series 2004 C *	Private Placement	Koch/Mobil District Tl's	2.25%	2004	2007	3,950,000	-	3,950,000

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2006
(Amounts in dollars)

Bonds and Notes	Lender	Source for Retirement	Interest Rate	Issue Date	Final Maturity Date	Issued	Retired	Outstanding
BONDS (Continued):								
9th Street Lofts Tax Increment Bonds, Series 2004	Private Placement	9th Street Lofts District TI's	6.375%	2004	2028	1,335,000	-	1,335,000
JJ Hill Tax Increment Bonds, Series 2004	Private Placement	JJ Hill District TI's	6.25%	2004	2029	3,660,000	-	3,660,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Public Sale	Neighborhood Scattered Site District TI's	4.24% - 5.45%	2005	2017	7,515,000	790,000	6,725,000
Snelling-University Tax Increment Refunding Bonds, Series 2005C *	Public Sale	Snelling-University District TI's	3.60% - 5.12%	2005	2017	5,130,000	350,000	4,780,000
TOTAL BONDS - GOVERNMENTAL ACTIVITIES						<u>156,709,000</u>	<u>37,133,077</u>	<u>119,575,923</u>
NOTES:								
CDBG Float Note	City of Saint Paul	Downtown and 7th Place	0.00%	1990	2008	7,800,000	6,980,000	820,000
Downtown & 7th Place Redevelopment Project Subordinated Tax Increment Revenue Note	City of Saint Paul	Downtown and 7th Place District TI's	11.00%	1998	2009	26,146,165	22,136,546	4,009,619
HUD Section 108 Note, Series 2003-A	Public Sale	EDI Grant, Port Authority	5.20%	2003	2022	3,300,000	-	3,300,000
HUD Section 108 Note, Series 2003-B	Public Sale	Property Sale Proceeds	Variable	2003	2022	4,700,000	-	4,700,000
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Gateway Apts Ltd Partnership	Shepard Davern District TI's	5.09%	2006	2032	4,820,000	-	4,820,000
TOTAL NOTES - GOVERNMENTAL ACTIVITIES						<u>46,766,165</u>	<u>29,116,546</u>	<u>17,649,619</u>
TOTAL BONDS AND NOTES - GOVERNMENTAL ACTIVITIES						<u>203,475,165</u>	<u>66,249,623</u>	<u>137,225,542</u>

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2006
(Amounts in dollars)

Bonds and Notes	Lender	Source for Retirement	Interest Rate	Issue Date	Final Maturity Date	Issued	Retired	Outstanding
BUSINESS-TYPE ACTIVITIES - HRA LOAN ENTERPRISE FUND								
BONDS:								
Housing 5000 Land Assembly Bonds, Series 2004	Public Sale	Land Sale Proceeds, Bank Letter of Credit Land Sales	Variable	2004	2024	25,000,000	12,545,000	12,455,000
NOTES:								
Saint Paul Foundation Housing Loan	St Paul Foundation	Revenues from Housing Projects	1.00%	2006	2015	195,190	-	195,190
TOTAL BONDS AND NOTES - HRA LOAN ENTERPRISE FUND						<u>25,195,190</u>	<u>12,545,000</u>	<u>12,650,190</u>

BUSINESS-TYPE ACTIVITIES - HRA PARKING ENTERPRISE FUND

BONDS:								
Parking Revenue Bonds, Series 1997A, (7th Street Ramp)	Public Sale	7th Street Ramp Parking Revenues	6.75%	1997	2017	11,305,000	3,160,000	8,145,000
Block 39 Tax Increment Bonds, Series 1998A *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	4.60% - 4.75%	1998	2025	21,255,000	-	21,255,000
Block 39 Tax Increment Bonds, Series 1998B *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	5.68% - 6.45%	1998	2015	18,745,000	5,295,000	13,450,000
Parking Revenue Refunding Bonds, Series 2001A	Public Sale	HRA Parking Revenues	4.00% - 5.00%	2001	2017	6,755,000	1,930,000	4,825,000
Parking Revenue Bonds, Series 2002A	Public Sale	HRA Parking Revenues	4.85% - 5.35%	2002	2029	14,295,000	-	14,295,000
Parking Revenue Bonds, Series 2002B	Public Sale	HRA Parking Revenues	5.10% - 6.50%	2002	2016	4,250,000	-	4,250,000
Parking Revenue Refunding Bonds, Series 2005A	Public Sale	HRA Parking Revenues	2.50% - 3.37%	2005	2013	7,790,000	1,490,000	6,300,000
Parking Revenue Bonds (Smith Avenue Transit Center), Series 2005	Public Sale	Smith Avenue Transit & Parking Ramp Revenues	3.90%	2005	2012	15,980,000	-	15,980,000
NOTES:								
RiverCentre Exhibit Hall Parking Ramp Notes	Downtown Businesses	HRA Parking Revenues	6.00%	1995	2017	1,500,000	470,000	1,030,000
TOTAL BONDS AND NOTES - HRA PARKING ENTERPRISE FUND						<u>101,875,000</u>	<u>12,345,000</u>	<u>89,530,000</u>
TOTAL BONDS AND NOTES - BUSINESS-TYPE ACTIVITIES						<u>127,070,190</u>	<u>24,890,000</u>	<u>102,180,190</u>

* The City of Saint Paul has issued a general obligation pledge on these bonds.

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006

(Amounts in dollars)

Year	Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996		Downtown Tax Increment Refunding Bonds, Series 1998		RiverCentre Parking Facility Lease Revenue Bonds, Series 2000		Riverfront Tax Increment Refunding Bonds, Series 2000D		US Bank Tax Increment Bonds, Series 2001	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	1,400,000	3,094,535	2,400,000	363,052	425,000	375,956	760,000	232,819	275,000	730,894
2008	1,500,000	2,995,135	2,515,000	207,703	525,000	348,988	805,000	195,650	285,000	716,394
2009	1,605,000	2,888,635	1,315,000	42,737	650,000	315,337	845,000	156,462	305,000	700,949
2010	1,720,000	2,774,680			775,000	274,175	880,000	115,494	325,000	684,129
2011	1,840,000	2,652,560			925,000	223,950	925,000	72,047	340,000	665,894
2012	1,975,000	2,521,920			1,075,000	163,950	990,000	24,750	360,000	646,626
2013	2,115,000	2,381,695			1,225,000	94,950			385,000	625,275
2014	2,265,000	2,231,530			970,000	29,100			405,000	601,387
2015	2,425,000	2,070,715							435,000	576,122
2016	2,595,000	1,898,540							460,000	549,172
2017	2,780,000	1,714,295							490,000	520,537
2018	2,980,000	1,516,915							515,000	490,066
2019	3,190,000	1,305,335							555,000	457,909
2020	3,420,000	1,078,845							590,000	422,912
2021	3,660,000	836,025							630,000	383,912
2022	3,920,000	576,165							670,000	342,312
2023	4,195,000	297,845							715,000	297,675
2024									760,000	248,569
2025									815,000	196,425
2026									875,000	140,400
2027									930,000	80,494
2028									420,000	16,537
2029										
2030										
2031										
2032										
Totals	43,585,000	32,835,370	6,230,000	613,492	6,570,000	1,826,406	5,205,000	797,222	11,540,000	10,094,590

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006

(Amounts in dollars)

Year	Riverfront Tax Increment Refunding Bonds, Series 2002C		North Quadrant Tax Increment Refunding Bonds, Series 2002		North Quadrant Phase II Tax Increment Bonds, Series 2002		Upper Landing Tax Increment Bonds, Series 2002A		Upper Landing Tax Increment Bonds, Series 2002B-1	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	210,000	77,115	20,000	77,175	39,000	77,245	-	340,000	-	843,100
2008	230,000	66,378	22,000	75,638	25,000	75,600	-	340,000	229,000	835,310
2009	250,000	54,128	24,000	73,950	27,000	73,815	104,000	336,464	245,000	819,182
2010	270,000	40,405	26,000	72,113	29,000	71,890	111,000	329,154	261,000	801,961
2011	290,000	25,208	27,000	70,163	31,000	69,825	118,000	321,368	279,000	783,583
2012	305,000	8,616	30,000	68,063	33,000	67,620	126,000	313,072	298,000	763,943
2013			32,000	65,776	35,000	65,275	135,000	304,198	318,000	742,974
2014			34,000	63,338	38,000	62,755	144,000	294,712	340,000	720,574
2015			37,000	60,751	41,000	60,060	154,000	284,580	364,000	696,603
2016			39,000	57,938	43,000	57,155	165,000	273,734	388,000	670,994
2017			43,000	54,938	47,000	54,075	176,000	262,140	414,000	643,680
2018			46,000	51,638	49,000	50,750	188,000	249,764	443,000	614,075
2019			49,000	48,150	53,000	47,250	201,000	236,538	474,000	581,980
2020			53,000	44,401	57,000	43,470	214,000	222,428	507,000	547,645
2021			57,000	40,350	61,000	39,410	229,000	207,366	542,000	510,930
2022			61,000	36,001	65,000	35,070	244,000	191,284	580,000	471,660
2023			67,000	31,313	70,000	30,450	261,000	174,114	621,000	429,625
2024			71,000	26,213	75,000	25,445	279,000	155,754	665,000	384,615
2025			77,000	20,775	80,000	20,125	298,000	136,136	711,000	336,455
2026			83,000	14,888	86,000	14,420	318,000	115,192	761,000	284,935
2027			89,000	8,550	92,000	8,295	340,000	92,820	814,000	229,810
2028			45,000	1,763	49,000	1,715	363,000	68,918	871,000	170,835
2029							832,000	28,288	2,005,000	70,175
2030										
2031										
2032										
Totals	1,555,000	271,850	1,032,000	1,063,885	1,125,000	1,051,715	5,000,000	5,278,024	12,130,000	12,954,644

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006
(Amounts in dollars)

Year	Upper Landing Tax Increment Bonds, Series 2002B-2		Drake Marble Tax Increment Bonds, Series 2002		Spruce Tree Tax Increment Refunding Bonds, Series 2003		Koch/Mobil Tax Increment Bonds, Series 2004C		9th Street Lofts Tax Increment Bonds, Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	-	138,000	-	115,560	169,183	93,725	3,950,000	44,438	38,000	84,023
2008	38,000	136,689	-	115,560	180,180	82,728			32,000	82,174
2009	40,000	133,998	-	115,560	191,891	71,016			34,000	80,102
2010	43,000	131,134	-	115,560	204,364	58,544			36,000	77,902
2011	47,000	128,030	-	115,560	217,648	45,260			39,000	75,576
2012	50,000	124,683	-	115,560	231,795	31,113			41,000	73,058
2013	53,000	121,129	-	115,560	246,862	16,046			44,000	70,380
2014	57,000	117,335	-	115,560					47,000	67,543
2015	60,000	113,298	-	115,560					49,000	64,515
2016	64,000	109,020	-	115,560					53,000	61,327
2017	69,000	104,431	-	115,560					57,000	57,885
2018	73,000	99,533	-	115,560					61,000	54,188
2019	78,000	94,323	-	115,560					63,000	50,267
2020	84,000	88,734	-	115,560					69,000	47,175
2021	90,000	82,731	-	115,560					73,000	41,693
2022	96,000	76,314	-	115,560					77,000	36,975
2023	102,000	69,483	-	115,560					82,000	32,003
2024	109,000	62,203	-	115,560					87,000	26,679
2025	117,000	54,407	-	115,560					93,000	21,038
2026	125,000	46,057	-	115,560					99,000	15,014
2027	133,000	37,157	-	115,560					106,000	8,606
2028	143,000	27,635	1,712,000	57,780					55,000	1,753
2029	329,000	11,350								
2030										
2031										
2032										
Totals	2,000,000	2,107,674	1,712,000	2,484,540	1,441,923	398,432	3,950,000	44,438	1,335,000	1,129,876

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006
(Amounts in dollars)

Year	JJ Hill Tax Increment Bonds, Series 2004		Neighborhood Scattered Site Tax Increment Bonds, Series 2005		Snelling-University Tax Increment Bonds, Series 2005C		CDBG Float Note		Downtown & 7th Place Redevelop Proj Subordinated Tax Increment Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	18,000	228,750	485,000	336,702	355,000	218,742	410,000	-	4,009,619	441,058
2008	40,000	227,063	480,000	314,761	370,000	203,780	410,000	-		
2009	54,000	224,407	485,000	292,700	380,000	187,463				
2010	69,000	220,750	510,000	269,762	395,000	169,923				
2011	81,000	216,250	535,000	244,611	400,000	151,638				
2012	94,000	211,001	565,000	217,854	420,000	132,568				
2013	108,000	204,906	585,000	188,556	450,000	111,898				
2014	124,000	197,906	620,000	157,858	470,000	89,583				
2015	136,000	189,906	660,000	124,468	490,000	65,940				
2016	144,000	181,281	690,000	88,835	515,000	40,615				
2017	153,000	172,156	1,110,000	30,247	535,000	13,709				
2018	163,000	162,438								
2019	173,000	152,094								
2020	184,000	141,094								
2021	195,000	129,438								
2022	209,000	117,031								
2023	221,000	103,782								
2024	236,000	89,751								
2025	250,000	74,782								
2026	266,000	58,906								
2027	283,000	42,032								
2028	301,000	24,063								
2029	158,000	4,938								
2030										
2031										
2032										
Totals	3,660,000	3,374,725	6,725,000	2,266,354	4,780,000	1,385,859	820,000	-	4,009,619	441,058

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006
(Amounts in dollars)

Year	HUD Section 108 Note Series 2003-A		HUD Section 108 Note Series 2003-B		Shepard Davern Rental Housing Tax Increment Note, Series 2006		Parking Revenue Bonds, Series 1997A		Block 39 Tax Increment Bonds, Series 1998A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	-	171,470	300,000	250,000	-	245,338	525,000	549,787	-	1,004,650
2008	-	171,470	300,000	220,000	-	245,338	560,000	514,350	-	1,004,650
2009	-	171,470	300,000	205,000	-	245,338	595,000	476,550	-	1,004,650
2010	-	171,470	300,000	190,000	-	245,338	635,000	436,388	-	1,004,650
2011	250,000	171,470	300,000	175,000	-	245,338	680,000	393,525	-	1,004,650
2012	250,000	160,370	300,000	160,000	-	245,338	725,000	347,625	-	1,004,650
2013	250,000	148,720	300,000	145,000	-	245,338	775,000	298,688	1,125,000	978,775
2014	250,000	136,645	300,000	130,000	-	245,338	825,000	246,375	1,630,000	915,206
2015	250,000	124,320	300,000	115,000	-	245,338	880,000	190,687	2,475,000	819,350
2016	250,000	111,645	300,000	100,000	-	245,338	940,000	131,288	2,930,000	691,600
2017	300,000	98,670	300,000	85,000	-	245,338	1,005,000	67,837	1,200,000	593,513
2018	300,000	82,800	300,000	70,000	-	245,338	-	-	1,255,000	535,206
2019	300,000	66,660	300,000	55,000	-	245,338	-	-	1,315,000	474,169
2020	300,000	50,280	300,000	40,000	-	245,338	-	-	1,380,000	410,163
2021	300,000	33,690	300,000	25,000	-	245,338	-	-	1,445,000	343,069
2022	300,000	16,920	200,000	10,000	-	245,338	-	-	1,515,000	272,769
2023	-	-	-	-	-	245,338	-	-	1,585,000	199,143
2024	-	-	-	-	-	245,338	-	-	1,660,000	122,075
2025	-	-	-	-	-	245,338	-	-	1,740,000	41,325
2026	-	-	-	-	-	245,338	-	-	-	-
2027	-	-	-	-	-	245,338	-	-	-	-
2028	-	-	-	-	-	245,338	-	-	-	-
2029	-	-	-	-	-	245,338	-	-	-	-
2030	-	-	-	-	-	245,338	-	-	-	-
2031	-	-	-	-	-	245,338	-	-	-	-
2032	-	-	-	-	4,820,000	122,669	-	-	-	-
Totals	3,300,000	1,888,070	4,700,000	1,975,000	4,820,000	6,256,119	8,145,000	3,653,100	21,255,000	12,424,263

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006
(Amounts in dollars)

Year	Block 39 Tax Increment Bonds, Series 1998B		Parking Revenue Refunding Bonds, Series 2001A		Parking Revenue Bonds, Series 2002A		Parking Revenue Bonds, Series 2002B		Parking Revenue Refunding Bonds, Series 2005A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	1,445,000	799,419	350,000	224,040	-	751,485	115,000	259,295	825,000	195,063
2008	1,570,000	707,823	365,000	209,690	-	751,485	380,000	253,430	845,000	170,313
2009	1,700,000	607,238	380,000	194,360	-	751,485	400,000	233,290	875,000	144,962
2010	1,885,000	495,631	395,000	178,020	-	751,485	420,000	211,010	895,000	118,713
2011	2,040,000	373,485	415,000	160,640	-	751,485	445,000	186,650	925,000	91,862
2012	2,210,000	238,973	430,000	141,965	-	751,485	475,000	159,950	955,000	64,113
2013	1,305,000	125,614	455,000	122,185	-	751,485	500,000	130,975	980,000	33,075
2014	980,000	51,922	475,000	100,800	-	751,485	645,000	98,475		
2015	315,000	10,159	495,000	78,000	-	751,485	685,000	56,550		
2016			520,000	53,250	545,000	751,485	185,000	12,025		
2017			545,000	27,250	765,000	725,052				
2018					805,000	687,185				
2019					845,000	646,935				
2020					890,000	602,572				
2021					935,000	555,848				
2022					985,000	506,760				
2023					1,040,000	455,048				
2024					1,090,000	400,448				
2025					1,150,000	342,132				
2026					1,210,000	280,608				
2027					1,275,000	215,872				
2028					1,345,000	147,660				
2029					1,415,000	75,702				
2030										
2031										
2032										
Totals	13,450,000	3,410,264	4,825,000	1,490,200	14,295,000	13,156,672	4,250,000	1,601,650	6,300,000	818,101

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2006

(Amounts in dollars)

Year	Parking Revenue Bonds (Smith Avenue Transit Center), Series 2005		RiverCentre Exhibit Hall Parking Ramp Notes		Housing 5000 Land Assembly Bonds, Series 2004		Saint Paul Foundation Housing Loan		TOTAL BONDS AND NOTES	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	-	619,200	70,000	61,800	3,294,000	626,250	195,190	1,952	22,082,992	13,672,638
2008	120,000	619,200	70,000	57,600	2,694,000	461,550	-	-	14,590,180	12,406,450
2009	125,000	614,525	80,000	53,100	3,930,000	326,850	-	-	14,939,891	11,595,723
2010	130,000	609,675	80,000	48,600	-	130,350	-	-	10,394,364	10,798,906
2011	130,000	604,650	90,000	43,800	-	130,350	-	-	11,369,648	10,194,428
2012	15,475,000	299,813	90,000	38,700	-	130,350	-	-	27,503,795	9,227,729
2013	-	-	100,000	33,300	-	130,350	-	-	11,521,862	8,252,123
2014	-	-	100,000	27,300	-	130,350	-	-	10,719,000	7,583,077
2015	-	-	110,000	21,000	-	130,350	-	-	10,361,000	6,964,757
2016	-	-	120,000	14,400	-	130,350	-	-	10,946,000	6,345,552
2017	-	-	120,000	7,500	-	130,350	-	-	10,109,000	5,724,163
2018	-	-	-	-	-	130,350	-	-	7,178,000	5,155,806
2019	-	-	-	-	-	130,350	-	-	7,596,000	4,707,858
2020	-	-	-	-	-	130,350	-	-	8,048,000	4,230,967
2021	-	-	-	-	-	130,350	-	-	8,517,000	3,720,710
2022	-	-	-	-	-	130,350	-	-	8,922,000	3,180,509
2023	-	-	-	-	-	130,350	-	-	8,959,000	2,611,729
2024	-	-	-	-	2,537,000	130,350	-	-	7,569,000	2,033,000
2025	-	-	-	-	-	-	-	-	5,331,000	1,604,498
2026	-	-	-	-	-	-	-	-	3,823,000	1,331,318
2027	-	-	-	-	-	-	-	-	4,062,000	1,084,534
2028	-	-	-	-	-	-	-	-	5,304,000	763,997
2029	-	-	-	-	-	-	-	-	4,739,000	435,791
2030	-	-	-	-	-	-	-	-	-	245,338
2031	-	-	-	-	-	-	-	-	-	245,338
2032	-	-	-	-	-	-	-	-	4,820,000	122,669
Totals	15,980,000	3,367,063	1,030,000	407,100	12,455,000	3,369,900	195,190	1,952	239,405,732	134,239,608

**SCHEDULE OF INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS
ALL FUNDS**For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

	Federal	State	City	Other	Totals 2006
<u>HRA GENERAL FUND</u>					
Market Value Homestead Credit	-	49,130	-	-	49,130
Total HRA General Fund	-	49,130	-	-	49,130
<u>HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND</u>					
HOME Investment Partnership Program	1,205,663	-	-	-	1,205,663
HUD American Dream Initiative Program	108,400	-	-	-	108,400
Community Development Block Grant Program - Ramsey County Administered	26,750	-	-	-	26,750
Minnesota Housing Finance Agency Programs	-	419,352	-	-	419,352
Total HRA Federal & State Programs Special Revenue Fund	1,340,813	419,352	-	-	1,760,165
<u>HRA DEBT SERVICE FUND</u>					
Market Value Homestead Credit	-	132,799	-	-	132,799
Financing for Sales Tax Revenue Bonds	-	-	16,960,228	-	16,960,228
Financing for HUD Section 108 Note	-	-	11,430	-	11,430
Total HRA Debt Service Fund	-	132,799	16,971,658	-	17,104,457
<u>HRA TAX INCREMENT CAPITAL PROJECTS FUND</u>					
Market Value Homestead Credit	-	39,278	-	-	39,278
Total HRA Tax Increment Capital Projects Fund	-	39,278	-	-	39,278
<u>HRA LOAN ENTERPRISE FUND</u>					
Mortgage Foreclosure Prevention Program	100,777	107,500	-	-	208,277
Home Ownership Development Program	-	75,000	-	146,516	221,516
Proceeds of Radisson Hotel Loan from the City	-	-	236,443	-	236,443
Total HRA Loan Enterprise Fund	100,777	182,500	236,443	146,516	666,236
<u>HRA PARKING ENTERPRISE FUND</u>					
Construction of Smith Avenue Transit Center	6,235,374	-	-	-	6,235,374
Total HRA Parking Enterprise Fund	6,235,374	-	-	-	6,235,374
TOTAL INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS	7,676,964	823,059	17,208,101	146,516	25,854,640

**SCHEDULE OF INTERGOVERNMENTAL EXPENDITURES AND EXPENSES
ALL FUNDS**

For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

	<u>City</u>	<u>County</u>	<u>Totals 2006</u>
<u>HRA GENERAL FUND</u>			
Financing for Citizen Participation Program	97,808	-	97,808
Total HRA General Fund	<u>97,808</u>	<u>-</u>	<u>97,808</u>
<u>HRA DEBT SERVICE FUND</u>			
Financing for City Sales Tax Revenue Bonds	2,821,647	-	2,821,647
Surplus Sales Tax Revenues for City STAR Program	9,132,544	-	9,132,544
Repayment of CDBG Float Note	410,000	-	410,000
Repayment of Downtown & 7th Place Redevelopment Project Subordinated Tax Increment Revenue Note	1,007,285	-	1,007,285
Excess Tax Increments - New Housing & Blighted Lands District	-	3,663,887	3,663,887
Total HRA Debt Service Fund	<u>13,371,476</u>	<u>3,663,887</u>	<u>17,035,363</u>
<u>HRA LOAN ENTERPRISE FUND</u>			
Financing for City Capital Projects	1,082,500	-	1,082,500
Total HRA Loan Enterprise Fund	<u>1,082,500</u>	<u>-</u>	<u>1,082,500</u>
<u>HRA PARKING ENTERPRISE FUND</u>			
Financing for City Capital Projects	75,124	-	75,124
Total HRA Loan Enterprise Fund	<u>75,124</u>	<u>-</u>	<u>75,124</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES AND EXPENSES	<u>14,626,908</u>	<u>3,663,887</u>	<u>18,290,795</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended December 31, 2006
(Amounts in dollars)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development Direct Grants		
Housing Counseling Assistance Program Grant	14.169	100,777
HOME Investment Partnerships Program	14.239	1,205,663
HOME Investment Partnerships Program - American Dream Downpayment Initiative Program	14.239	108,400
Passed Through Ramsey County Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	26,750
Total U.S. Department of Housing and Urban Development		<u>1,441,590</u>
U.S. Department of Transportation Direct Grant		
Highway Planning and Construction West End Multi-Model Hub	20.205	6,235,374
TOTAL FEDERAL AWARDS		<u><u>7,676,964</u></u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, a blended component unit of the City of Saint Paul. The HRA's reporting entity is defined in Note 1 to the basic financial statements.
2. The expenditures on this schedule are on the basis accounting used by the individual funds of the HRA. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis.
3. During 2006, \$1,081,256 of CFDA #14.239 was passed through to subrecipients.
4. Pass-through grant #'s were not assigned by the pass-through agencies.

STATISTICAL SECTION

This part of the HRA's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the HRA's overall financial health.

	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the HRA's financial performance and well-being have changed over time.	113-120
Revenue Capacity	
These schedules contain trend information to help the reader assess the HRA's most significant local revenue sources.	121-126
Debt Capacity	
These schedules present information to help the reader assess the affordability of the HRA's current levels of outstanding debt and the HRA's ability to issue additional debt in the future.	127-133
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the HRA's activities take place.	134-135
Operating Information	
These schedules contain service and capital asset data to help the reader understand how the information in the HRA's financial report relates to the services the HRA provides and the activities it performs.	136-137

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

NET ASSETS BY COMPONENT
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 10,357,471	\$ 10,010,905	\$ 8,167,326	\$ 8,965,271	\$ 7,540,194
Restricted	6,912,435	6,265,106	9,523,636	10,105,742	6,861,982
Unrestricted	(69,843,966)	(83,561,703)	(94,315,958)	(98,153,673)	(99,846,152)
Total Governmental Activities Net Assets (a)	<u>(52,574,060)</u>	<u>(67,285,692)</u>	<u>(76,624,996)</u>	<u>(79,082,660)</u>	<u>(85,443,976)</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632
Unrestricted	53,949,217	52,934,377	57,577,103	59,894,720	50,759,011
Total Business-Type Activities Net Assets	<u>59,321,445</u>	<u>61,938,860</u>	<u>71,792,702</u>	<u>81,826,888</u>	<u>76,749,486</u>
TOTAL SAINT PAUL HRA					
Invested in Capital Assets, Net of Related Debt	13,939,096	16,290,721	13,624,319	14,509,271	18,409,037
Restricted	8,703,038	8,989,773	18,282,242	26,493,910	21,983,614
Unrestricted	(15,894,749)	(30,627,326)	(36,738,855)	(38,258,953)	(49,087,141)
Total Housing & Redevelopment Authority Net Assets	<u>\$ 6,747,385</u>	<u>\$ (5,346,832)</u>	<u>\$ (4,832,294)</u>	<u>\$ 2,744,228</u>	<u>\$ (8,694,490)</u>

(a) The deficit in governmental activities net assets is explained in Management's Discussion and Analysis and note 4.F to the financial statements.

CHANGES IN NET ASSETS
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006
EXPENSES					
Governmental Activities:					
Housing & Economic Development	\$ 32,639,713	\$ 39,091,894	\$ 32,512,704	\$ 31,189,699	\$ 37,524,430
Interest on Long-Term Debt	10,581,752	10,326,891	10,251,572	10,949,282	12,024,646
Total Governmental Activities Expenses	43,221,465	49,418,785	42,764,276	42,138,981	49,549,076
Business-Type Activities:					
Development Loan Programs	4,404,208	6,163,748	11,820,912	8,450,161	18,506,591
Parking Operations	9,389,968	8,431,480	11,104,139	10,739,279	11,564,825
Total Business-Type Activities Expenses	13,794,176	14,595,228	22,925,051	19,189,440	30,071,416
Total Saint Paul HRA Expenses	57,015,641	64,014,013	65,689,327	61,328,421	79,620,492
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services - Housing & Econ Develop	4,765,602	3,381,272	1,735,249	4,180,247	2,776,370
Operating Grants and Contributions	23,701,920	18,002,402	20,582,957	20,067,244	19,229,867
Capital Grants and Contributions	1,627,155	-	-	-	-
Total Governmental Activities Program Revenues	30,094,677	21,383,674	22,318,206	24,247,491	22,006,237
Business-Type Activities:					
Charges for Services:					
Development Loan Programs	1,619,812	2,652,971	2,524,308	5,477,876	7,046,559
Parking Operations	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883
Operating Grants and Contributions	485,341	2,002,488	13,750,499	10,025,408	1,480,019
Capital Grants and Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374
Total Business-Type Activities	13,833,013	13,917,594	27,910,976	26,669,330	25,561,835
Total Saint Paul HRA Program Revenues	43,927,690	35,301,268	50,229,182	50,916,821	47,568,072
NET (EXPENSE) REVENUE					
Governmental Activities	(13,126,788)	(28,035,111)	(20,446,070)	(17,891,490)	(27,542,839)
Business-Type Activities	38,837	(677,634)	4,985,925	7,479,890	(4,509,581)
Total Saint Paul HRA Net Expense	(13,087,951)	(28,712,745)	(15,460,145)	(10,411,600)	(32,052,420)

Continued

CHANGES IN NET ASSETS
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
Governmental Activities:					
HRA Property Tax	774,231	772,649	767,867	828,287	924,042
Property Tax Increments	10,486,685	12,548,743	11,725,158	12,227,167	13,680,244
Hotel-Motel Tax	220,000	220,000	220,000	220,000	220,000
State Market Value Homestead Credit	269,408	278,150	263,091	331,212	221,207
Investment Income	2,801,699	1,310,057	1,053,345	1,381,833	1,627,343
Transfers	1,124,442	(1,806,120)	(2,922,695)	445,327	4,508,687
Total Governmental Activities	15,676,465	13,323,479	11,106,766	15,433,826	21,181,523
Business-Type Activities					
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,650
Transfers	(1,124,442)	1,806,120	2,922,695	(445,327)	(4,508,687)
Total Business-Type Activities	1,720,108	3,295,049	4,867,917	2,554,296	(567,821)
Total Saint Paul HRA General Revenues	17,396,573	16,618,528	15,974,683	17,988,122	20,613,702
CHANGES IN NET ASSETS					
Governmental Activities	2,549,677	(14,711,632)	(9,339,304)	(2,457,664)	(6,361,316)
Business-Type Activities	1,758,945	2,617,415	9,853,842	10,034,186	(5,077,402)
Total Saint Paul HRA Changes in Net Assets	\$ 4,308,622	\$ (12,094,217)	\$ 514,538	\$ 7,576,522	\$ (11,438,718)

Large development expenses were incurred in 2003 under Saint Paul HRA's Housing 5000 Land Assembly program.

PROGRAM REVENUES BY FUNCTIONS / PROGRAMS**Last Five Fiscal Years***(Accrual Basis of Accounting)*

	2002	2003	2004	2005	2006
<u>GOVERNMENTAL ACTIVITIES</u>					
Housing and Economic Development					
Charges for Services	\$ 4,765,602	\$ 3,381,272	\$ 1,735,249	\$ 4,180,247	\$ 2,776,370
Operating Grants	23,701,920	18,002,402	20,582,957	20,067,244	19,229,867
Capital Grants and Contributions	1,627,155	-	-	-	-
Total Housing and Economic Development	30,094,677	21,383,674	22,318,206	24,247,491	22,006,237
TOTAL GOVERNMENTAL ACTIVITIES	30,094,677	21,383,674	22,318,206	24,247,491	22,006,237
<u>BUSINESS-TYPE ACTIVITIES</u>					
Development Loan Programs					
Charges for Services	1,619,812	2,652,971	2,524,308	5,477,876	7,046,559
Operating Grants	485,341	2,002,488	13,750,499	9,400,408	1,480,019
Capital Grants and Contributions	-	-	-	-	-
Total Development Loan Programs	2,105,153	4,655,459	16,274,807	14,878,284	8,526,578
Parking Operations					
Charges for Services	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883
Operating Grants	-	-	-	625,000	-
Capital Grants and Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374
Total Parking Operations	11,727,860	9,262,135	11,636,169	11,791,046	17,035,257
TOTAL BUSINESS-TYPE ACTIVITIES	13,833,013	13,917,594	27,910,976	26,669,330	25,561,835
TOTAL - ALL FUNCTIONS / PROGRAMS	\$ 43,927,690	\$ 35,301,268	\$ 50,229,182	\$ 50,916,821	\$ 47,568,072

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
HRA General Fund										
Reserved	\$ 324,141	\$ 225,183	\$ 88,621	\$ 28,990	\$ 5,564	\$ 208,253	\$ 558,847	\$ 1,127,614	\$ 940,748	\$ 1,112,171
Unreserved	5,163,416	6,169,951	6,216,362	6,555,620	7,331,886	7,979,800	6,010,425	4,216,124	7,180,814	6,898,759
Total HRA General Fund	5,487,557	6,395,134	6,304,983	6,584,610	7,337,450	8,188,053	6,569,272	5,343,738	8,121,562	8,010,930
HRA Federal & State Programs Special Revenue Fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	57,762	130	11	-	-	-
Total HRA Federal & State Programs Special Revenue Fund	-	-	-	-	57,762	130	11	-	-	-
HRA Debt Service Fund										
Reserved	43,934,832	31,361,412	27,687,002	31,586,760	35,542,256	31,308,032	26,882,040	25,566,375	19,525,037	20,460,082
Unreserved	-	73,919	-	-	-	413,593	185,615	56,753	-	-
Total HRA Debt Service Fund	43,934,832	31,435,331	27,687,002	31,586,760	35,542,256	31,721,625	27,067,655	25,623,128	19,525,037	20,460,082
HRA Tax Increment Capital Projects Fund										
Reserved	410,555	6,709,569	36,406	1,172,710	4,519,140	239,864	131,011	195,541	172,688	188,631
Unreserved	56,232,185	44,099,075	16,596,680	35,844,030	15,804,568	21,431,472	18,185,679	18,119,212	18,540,401	4,463,031
Total HRA Tax Increment Capital Projects Fund	56,642,740	50,808,644	16,633,086	37,016,740	20,323,708	21,671,336	18,316,690	18,314,753	18,713,089	4,651,662
TOTAL - ALL GOVERNMENTAL FUNDS										
Reserved	44,669,528	38,296,164	27,812,029	32,788,460	40,066,960	31,756,149	27,571,898	26,889,530	20,638,473	21,760,884
Unreserved	61,395,601	50,342,945	22,813,042	42,399,650	23,194,216	29,824,995	24,381,730	22,392,089	25,721,215	11,361,790
Total Fund Balances - All Governmental Funds	\$106,065,129	\$88,639,109	\$50,625,071	\$75,188,110	\$63,261,176	\$61,581,144	\$51,953,628	\$49,281,619	\$46,359,688	\$33,122,674

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1997 (b)	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
Taxes	\$10,622,086	\$ 11,535,281	\$ 13,268,529	\$16,478,434	\$ 19,862,459	\$10,942,762	\$12,684,963	\$14,121,135	\$13,698,751	\$ 14,936,361
Intergovernmental	18,531,678	18,127,238	22,364,927	21,357,159	22,651,878	23,704,408	21,510,552	22,447,640	20,331,044	18,953,030
Fees, Sales and Services	2,292,587	3,022,415	4,414,402	6,497,411	6,256,491	4,147,876	3,118,678	2,818,649	11,044,619	2,993,929
Investment Income	2,916,324	7,248,222	1,990,388	4,255,906	3,862,534	2,764,409	1,234,298	1,059,411	1,525,187	1,653,875
Miscellaneous	2,546,818	517,281	595,196	1,328,781	619,502	645,982	482,042	250,000	117,412	598,044
Total Revenues	36,909,493	40,450,437	42,633,442	49,917,691	53,252,864	42,205,437	39,030,533	40,706,835	46,717,013	39,135,239
EXPENDITURES										
Housing and Economic Development	10,452,974	9,646,431	13,492,765	13,055,720	21,622,830	26,960,630	18,698,890	14,620,402	16,010,586	20,182,150
Intergovernmental	9,708,619	8,888,566	13,343,244	13,903,211	20,708,772	12,680,339	17,613,616	16,284,384	16,242,742	17,133,171
Capital Outlay	11,121,497	42,927,947	39,231,120	9,306,900	2,395,968	-	615,884	-	1,078,511	648,337
Debt Service:										
Interest	9,320,106	10,008,366	11,028,273	12,270,402	11,645,817	10,053,770	10,365,689	10,208,651	11,029,802	12,033,425
Principal	5,915,631	4,038,837	5,567,375	6,232,443	13,148,735	10,332,337	10,008,320	8,107,884	13,031,162	6,883,857
Issuance Costs	1,420,032	1,089,422	21,242	442,233	669,864	803,977	119,530	289,809	326,867	-
Total Expenditures	47,938,859	76,599,569	82,684,039	55,210,909	70,191,986	60,831,053	57,421,929	49,491,130	57,719,670	56,880,940
Excess of Revenues over (under) Expenditures	(11,029,366)	(36,149,132)	(40,050,597)	(5,293,218)	(16,939,122)	(18,625,616)	(18,391,396)	(8,784,295)	(11,002,657)	(17,745,701)
OTHER FINANCING SOURCES (USES)										
Proceeds from Borrowing	53,851,899	39,401,976	2,000,000	20,298,000	13,780,420	22,070,000	10,570,000	9,034,981	7,515,000	-
Proceeds from Refunding	-	24,071,938	-	8,340,671	6,762,463	3,424,000	1,890,000	-	5,125,399	4,820,000
Redemption of Refunded Bonds	-	(45,225,124)	-	-	(15,920,000)	(3,364,000)	(1,890,000)	-	(5,005,000)	(4,820,000)
Sale of Fixed Assets	-	-	-	54,654,583	-	-	-	-	-	-
Notes Retired from Fixed Asset Sale	-	-	-	(53,521,583)	-	-	-	-	-	-
Transfers In	19,638,270	2,349,445	8,494,224	16,795,853	14,714,431	7,208,678	4,398,354	3,178,053	5,409,072	5,737,337
Transfers Out	(3,671,055)	(2,042,541)	(8,457,665)	(16,711,267)	(14,325,126)	(6,084,236)	(6,204,474)	(6,100,748)	(4,963,745)	(1,228,650)
Total Other Financing Sources (Uses)	69,819,114	18,555,694	2,036,559	29,856,257	5,012,188	23,254,442	8,763,880	6,112,286	8,080,726	4,508,687
Net Change in Fund Balance	\$68,789,748	\$(17,593,438)	\$(38,014,038)	\$24,563,039	\$(11,926,934)	\$ 4,628,826	\$(9,627,516)	\$(2,672,009)	\$(2,921,931)	\$(13,237,014)
Debt Service as a percentage of Noncapital Expenditures	45.2%	45.0%	38.2%	41.3%	37.6%	34.8%	36.1%	37.6%	43.1% (a)	33.6%

(a) In 2005, a balloon payment of \$5,750,000 was made on the Biotech Note - 1000 Westgate Drive.

(b) In 1998, proceeds from borrowing were received for the development of Block 39, including an HRA parking ramp.

NET ASSETS - PROPRIETARY FUNDS
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006
HRA Loan Enterprise Fund					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	2,024,282	11,289,819	7,049,537
Unrestricted	44,763,590	45,222,845	48,111,651	48,515,462	40,291,549
Total HRA Loan Enterprise Fund	44,763,590	45,222,845	50,135,933	59,805,281	47,341,086
HRA Parking Enterprise Fund					
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843
Restricted	1,790,603	2,724,667	6,734,324	5,098,349	8,072,095
Unrestricted	9,185,627	7,711,532	9,465,452	11,379,258	10,467,462
Total HRA Parking Enterprise Fund	14,557,855	16,716,015	21,656,769	22,021,607	29,408,400
TOTAL - ALL PROPRIETARY FUNDS					
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632
Unrestricted	53,949,217	52,934,377	57,577,103	59,894,720	50,759,011
Total Net Assets - All Proprietary Funds	\$ 59,321,445	\$ 61,938,860	\$ 71,792,702	\$ 81,826,888	\$ 76,749,486

CHANGES IN NET ASSETS - PROPRIETARY FUNDS
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006
OPERATING REVENUES					
Fees, Sales and Services - Loan Programs	\$ 664,277	\$ 1,691,109	\$ 1,458,128	\$ 4,022,486	\$ 5,356,857
Fees, Sales and Services - Parking Facilities	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883
Interest Earned on Loans	955,535	961,862	1,066,180	1,455,390	1,689,702
Total Operating Revenues	<u>9,996,939</u>	<u>11,299,222</u>	<u>12,380,056</u>	<u>15,743,922</u>	<u>17,846,442</u>
OPERATING EXPENSES					
Development Loan Programs	3,859,826	5,402,975	5,659,563	3,588,607	5,241,210
Costs of Parking Facility Operation	2,386,485	2,913,055	3,919,292	3,585,103	4,554,017
Depreciation	1,904,165	1,920,757	2,348,534	2,340,511	2,315,180
Bad Debt Expense on Loans	318,281	433,994	1,466,939	618,681	6,137,550
Forgivable Loan Expense	-	-	3,547,055	1,839,768	4,986,221
Total Operating Expenses	<u>8,468,757</u>	<u>10,670,781</u>	<u>16,941,383</u>	<u>11,972,670</u>	<u>23,234,178</u>
OPERATING INCOME (LOSS)	<u>1,528,182</u>	<u>628,441</u>	<u>(4,561,327)</u>	<u>3,771,252</u>	<u>(5,387,736)</u>
NONOPERATING REVENUES (EXPENSES)					
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216
Operating Grants	485,341	491,214	12,765,521	9,088,500	429,793
Noncapital Contributions	-	1,511,274	984,978	936,908	1,050,226
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,660
Miscellaneous Revenue	-	-	-	-	21,743
Interest on Long-Term Debt	(5,256,581)	(3,598,356)	(4,869,053)	(5,332,455)	(5,275,361)
Intergovernmental Expenses	(42,747)	(300,000)	(907,000)	(1,476,438)	(1,157,624)
Amortization of Bond Issuance Cost	(26,091)	(26,091)	(207,615)	(407,877)	(425,996)
Total Nonoperating Revenues (Expenses)	<u>(1,995,528)</u>	<u>(433,030)</u>	<u>9,712,053</u>	<u>5,808,261</u>	<u>(1,416,353)</u>
Capital Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374
Transfers In	3,763	3,055,616	3,634,028	2,500,000	1,053,084
Transfers Out	(1,128,205)	(1,249,496)	(711,333)	(2,945,327)	(5,561,771)
CHANGE IN NET ASSETS	<u>\$ 1,758,945</u>	<u>\$ 2,617,415</u>	<u>\$ 9,853,842</u>	<u>\$ 10,034,186</u>	<u>\$ (5,077,402)</u>

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>HRA Property Tax Levy</u>	<u>Property Tax Increments</u>	<u>Hotel- Motel</u>	<u>Total Tax Revenue</u>
1997	\$ 803,409	\$ 9,598,677	\$ 220,000	\$10,622,086
1998	849,562	10,465,719	220,000	11,535,281
1999	850,069	12,198,460	220,000	13,268,529
2000	834,917	15,423,517	220,000	16,478,434
2001	833,160	18,803,401	225,898	19,862,459
2002	775,151	9,947,611	220,000	10,942,762
2003	760,130	11,704,833	220,000	12,684,963
2004	777,961	13,123,174	220,000	14,121,135
2005	824,978	12,653,773	220,000	13,698,751
2006	920,206	13,796,155	220,000	14,936,361
Change 1997-2006	14.5%	43.7%	0.0%	40.6%

HRA PROPERTY TAX LEVIES, PROPERTY VALUES, AND RATES

Last Ten Fiscal Years

LEVY - PAYABLE	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Tax Capacity (Real and Personal Property and Fiscal Disparity)	\$179,713,158	\$169,262,581	\$162,553,273	\$172,563,457	\$189,530,112	\$150,408,675	\$167,879,665	\$180,113,604	\$202,575,538	\$225,186,571
Taxable Market Value (Real and Personal Property and Fiscal Disparity)	7,567,754,900	7,954,086,450	8,480,678,600	9,157,393,201	10,164,670,200	11,226,398,800	12,644,215,800	14,214,708,900	16,403,703,100	18,550,595,100
Tax Capacity Rate	0.4660%	0.5010%	0.5090%	0.4760%	0.4330%	0.5100%	0.4970%	0.4580%	0.4400%	0.4340%
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%
Maximum Tax Levy per State Law	\$ 1,089,757	\$ 1,145,388	\$ 1,221,218	\$ 1,318,665	\$ 1,463,713	\$ 1,616,601	\$ 1,820,767	\$ 2,046,918	\$ 2,362,133	\$ 2,671,286
Actual Tax Levy Certified	\$ 1,064,309	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895
Actual Levy under Maximum	\$ 25,448	\$ 36,314	\$ 112,144	\$ 209,591	\$ 354,639	\$ 776,427	\$ 980,593	\$ 1,206,744	\$ 1,463,147	\$ 1,691,391
% of Actual Levy to Maximum	97.66%	96.83%	90.82%	84.11%	75.77%	51.97%	46.14%	41.05%	38.06%	36.68%

Data for this table is obtained from the City of Saint Paul Comprehensive Annual Financial Report, the Housing and Redevelopment Authority of the City of Saint Paul Comprehensive Annual Financial Report, and the City of Saint Paul Office of Financial Services.

HRA PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Taxes Levied for Current Fiscal Year	\$ 1,064,309	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895
Collection of Current Year Tax Levy:										
From Taxpayers	\$ 584,530	\$ 621,269	\$ 625,070	\$ 614,420	\$ 622,097	\$ 526,934	\$ 584,041	\$ 594,122	\$ 661,061	\$ 750,062
Fiscal Disparity Aid	\$ 204,891	\$ 213,832	\$ 214,768	\$ 210,574	\$ 202,879	\$ 234,526	\$ 170,273	\$ 171,938	\$ 160,358	\$ 157,181
State Credits and Aids	\$ 258,081	\$ 258,112	\$ 258,237	\$ 268,900	\$ 268,900	\$ 61,625	\$ 46,766	\$ 38,346	\$ 54,331	\$ 49,130
Total Collection of Current Year Levy	\$ 1,047,502	\$ 1,093,213	\$ 1,098,075	\$ 1,093,894	\$ 1,093,876	\$ 823,085	\$ 801,080	\$ 804,406	\$ 875,750	\$ 956,373
Percentage of Current Year Levy Collected in the Fiscal Year of Levy	98.42	98.57	99.01	98.63	98.63	97.97	95.35	95.74	97.42	97.60
Delinquent Taxes Collected in Current Fiscal Year	\$ 13,988	\$ 14,461	\$ 10,231	\$ 9,923	\$ 8,184	\$ 13,691	\$ 5,816	\$ 11,901	\$ 3,559	\$ 12,963
Total Tax Collections in Current Fiscal Year	\$ 1,061,490	\$ 1,107,674	\$ 1,108,306	\$ 1,103,817	\$ 1,102,060	\$ 836,776	\$ 806,896	\$ 816,307	\$ 879,309	\$ 969,336

Note: Collections do not include tax increment districts.

PROPERTY TAX INCREMENT LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Original Tax Capacity Before Development - All Tax Increment Districts	\$ 7,379,944	\$ 6,359,392	\$ 5,275,178	\$ 5,662,884	\$ 5,561,735	\$ 3,345,007	\$ 4,412,971	\$ 4,237,620	\$ 3,860,485	\$ 4,281,963
Current Tax Capacity - All Tax Increment Districts	\$ 17,432,661	\$ 17,362,643	\$ 17,203,188	\$ 20,026,721	\$ 24,294,312	\$ 16,636,079	\$ 19,068,276	\$ 20,620,510	\$ 21,631,284	\$ 22,515,669
Captured Tax Capacity Retained by HRA / Port Authority	\$ 10,052,717	\$ 11,003,251	\$ 11,928,010	\$ 14,363,837	\$ 18,732,577	\$ 13,291,072	\$ 14,655,305	\$ 16,382,890	\$ 17,770,799	\$ 18,233,706
Tax Increment Spread	\$ 14,562,064	\$ 15,316,318	\$ 17,259,112	\$ 20,346,267	\$ 24,806,993	\$ 16,867,927	\$ 18,409,185	\$ 19,671,336	\$ 19,580,530	\$ 19,733,859
Tax Increment Collected:										
Current	\$ 14,273,011	\$ 14,333,661	\$ 16,868,809	\$ 19,280,709	\$ 24,770,985	\$ 15,570,639	\$ 16,960,281	\$ 19,394,530	\$ 17,571,466	\$ 19,085,800
Delinquent	\$ 90,930	\$ 338,402	\$ 77,510	\$ 38,638	\$ 147,931	\$ (215,849)	\$ 29,747	\$ (1,212,024)	\$ (623,421)	\$ (56,558)
Developer Shortfall Payments	\$ 712,536	\$ -	\$ -	\$ 1,368,859	\$ -	\$ -	\$ 225,548	\$ 352,404	\$ 797,186	\$ 819,772
Homestead Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,783	\$ 259,400	\$ 275,941	\$ 301,109	\$ 193,706
Total Tax Increment Collected	\$ 15,076,477	\$ 14,672,063	\$ 16,946,319	\$ 20,688,206	\$ 24,918,916	\$ 15,562,573	\$ 17,474,976	\$ 18,810,851	\$ 18,046,640	\$ 20,042,720
Percentage of Tax Increment Collected to Tax Increment Spread	103.53	95.79	98.19	101.68	100.45	92.26	94.93	95.63	92.17	101.57
Delinquent Tax Increment Receivable at December 31	\$ 1,393,952	\$ 790,908	\$ 828,759	\$ 925,779	\$ 1,368,838	\$ 1,342,025	\$ 1,353,961	\$ 1,195,199	\$ 510,678	\$ 221,683
Percentage of Delinquent Tax Increment Receivable to Tax Increment Spread	9.57	5.16	4.80	4.55	5.52	7.96	7.35	6.08	2.61	1.12
Percentage of Captured Tax Capacity to Saint Paul Total Tax Capacity	5.30	6.10	6.84	7.68	8.99	8.12	8.03	8.34	8.06	7.49

Note: This table includes data from both Saint Paul Housing and Redevelopment Authority and Saint Paul Port Authority administered tax increment financing districts.

City of Saint Paul, Minnesota
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2006			1997		
	2005 Net Tax Capacity for Taxes Payable in 2006	Rank	Percentage of 2005 Total Net Tax Capacity for Taxes Payable in 2006	1996 Net Tax Capacity for Taxes Payable in 1997	Rank	Percentage of 1996 Total Net Tax Capacity for Taxes Payable in 1997
Xcel Energy (Northern States Power Company)	\$4,470,544	1	1.99%	\$7,979,965	1	4.44%
Minnesota Mutual Life Insurance Company	1,731,034	2	0.77%	588,925	9	0.33%
U.S. Bank Corp. Property & U.S. Bancorp	1,442,149	3	0.64%			
3M	1,031,326	4	0.46%	921,497	6	0.51%
St. Paul Fire & Marine Insurance Company	1,028,832	5	0.46%			
Behringer Harvard LC LLC (Lawson Software)	830,500	6	0.37%			
Zeller World Trade, LLC	773,250	7	0.34%			
Ford Motor Company	683,304	8	0.30%	1,300,260	3	0.72%
Meritex Enterprises	644,228	9	0.29%			
DDR MDT Midway Marketplace LLC	640,944	10	0.28%			
St. Paul Companies				2,252,401	2	1.25%
Principal Mutual Life Insurance Co.				1,133,078	4	0.63%
Minnesota Street Associates				1,100,965	5	0.61%
Dayton Hudson Corp				716,335	7	0.40%
Ryan St. Paul LTD Partnership				619,400	8	0.34%
Revenue Building Ltd. Partnership				580,254	10	0.32%
	\$13,276,111		5.90%	\$17,193,080		9.55%

Data Source
 Ramsey County Department of Property Records and Revenue

unaudited

HRA PARKING FACILITY REVENUES
Last Five Fiscal Years

	2002	2003	2004	2005	2006
Block 7A Ramp					
Operating Revenues	\$ 827,468	\$ 846,913	\$ 845,775	\$ 879,184	\$ 889,550
Operating Expenses	\$ 624,894	\$ 555,265	\$ 492,466	\$ 493,758	\$ 456,309
Operating Income (Loss)	\$ 202,574	\$ 291,648	\$ 353,309	\$ 385,426	\$ 433,241
Seventh Street Ramp					
Operating Revenues	\$ 1,178,436	\$ 1,150,039	\$ 1,200,036	\$ 1,204,748	\$ 1,170,240
Operating Expenses	\$ 335,355	\$ 338,494	\$ 340,083	\$ 341,538	\$ 495,950
Operating Income (Loss)	\$ 843,081	\$ 811,545	\$ 859,953	\$ 863,210	\$ 674,290
Robert Street Ramp					
Operating Revenues	\$ 1,287,726	\$ 1,303,923	\$ 1,085,176	\$ 1,194,462	\$ 1,072,025
Operating Expenses	\$ 594,882	\$ 502,248	\$ 498,078	\$ 509,752	\$ 544,774
Operating Income (Loss)	\$ 692,844	\$ 801,675	\$ 587,098	\$ 684,710	\$ 527,251
Kellogg Street Ramp					
Operating Revenues	\$ 981,027	\$ 999,085	\$ 880,546	\$ 938,007	\$ 979,675
Operating Expenses	\$ 561,929	\$ 546,474	\$ 525,788	\$ 617,826	\$ 628,937
Operating Income (Loss)	\$ 419,098	\$ 452,611	\$ 354,758	\$ 320,181	\$ 350,738
Lowertown Ramp					
Operating Revenues	\$ 956,881	\$ 1,098,663	\$ 795,476	\$ 932,953	\$ 1,160,210
Operating Expenses	\$ 364,515	\$ 748,523	\$ 630,104	\$ 681,949	\$ 771,846
Operating Income (Loss)	\$ 592,366	\$ 350,140	\$ 165,372	\$ 251,004	\$ 388,364
Block 19 Ramp					
Operating Revenues	\$ -	\$ -	\$ 640,858	\$ 886,918	\$ 779,947
Operating Expenses	\$ -	\$ -	\$ 643,949	\$ 751,451	\$ 693,548
Operating Income (Loss)	\$ -	\$ -	\$ (3,091)	\$ 135,467	\$ 86,399
Block 39 - Lawson Ramp					
Operating Revenues	\$ 2,699,185	\$ 2,520,730	\$ 2,794,316	\$ 2,772,537	\$ 3,300,934
Operating Expenses	\$ 1,347,395	\$ 1,215,727	\$ 1,414,944	\$ 1,376,249	\$ 1,474,826
Operating Income (Loss)	\$ 1,351,880	\$ 1,305,003	\$ 1,379,372	\$ 1,396,288	\$ 1,826,108
Spruce Tree Ramp					
Operating Revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Operating Expenses	\$ 54,762	\$ 67,723	\$ 102,332	\$ 53,887	\$ 108,559
Operating Income (Loss)	\$ (24,762)	\$ (37,723)	\$ (72,332)	\$ (23,887)	\$ (78,559)
Smith Avenue Transit Hub (Under Construction)					
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Income (Loss)	\$ -	\$ -	\$ -	\$ -	\$ -
HRA Parking Lots / Miscellaneous					
Operating Revenues	\$ 416,404	\$ 696,898	\$ 1,583,565	\$ 1,427,237	\$ 1,417,302
Operating Expenses	\$ 407,008	\$ 859,358	\$ 1,620,082	\$ 1,099,204	\$ 1,694,448
Operating Income (Loss)	\$ 9,396	\$ (162,460)	\$ (36,517)	\$ 328,033	\$ (277,146)
TOTAL PARKING FACILITIES					
Operating Revenues	\$ 8,377,127	\$ 8,646,251	\$ 9,855,748	\$ 10,266,046	\$ 10,799,883
Operating Expenses	\$ 4,290,650	\$ 4,833,812	\$ 6,267,826	\$ 5,925,614	\$ 6,869,197
Operating Income (Loss)	\$ 4,086,477	\$ 3,812,439	\$ 3,587,922	\$ 4,340,432	\$ 3,930,686

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Saint Paul HRA	Per Capita (1)	
	Tax Increment Bonds	Sales Tax Bonds	Lease Revenue Bonds	Development Notes	Parking Revenue Bonds	Tax Increment	Parking Bonds	Land Assembly Bonds			Revenue Notes
1997	\$73,785,000	\$52,670,000	\$ -	\$56,128,383	\$30,325,000	\$ -	\$ -	\$ -	\$1,500,000	\$214,408,383	\$ 795.18
1998	49,605,000	51,915,000	-	58,262,277	29,690,000	40,000,000	-	-	1,460,000	230,932,277	859.55
1999	46,555,000	51,105,000	-	62,499,164	28,710,000	40,000,000	-	-	3,420,000	232,289,164	870.23
2000	52,958,000	50,240,000	19,015,000	17,533,206	27,670,000	40,000,000	-	-	3,370,000	210,786,206	734.06
2001	53,193,000	49,315,000	15,045,000	15,254,891	26,125,000	40,000,000	-	-	6,740,000	205,672,891	715.98
2002	71,579,000	48,320,000	12,195,000	12,511,554	43,415,000	39,145,000	-	-	6,220,000	233,385,554	810.37
2003	71,744,000	47,255,000	9,015,000	25,153,234	42,100,000	38,195,000	-	-	3,210,000	236,672,234	822.91
2004	76,825,929	46,115,000	6,920,000	22,185,824	40,715,000	37,140,000	25,000,000	25,000,000	5,084,380	259,986,133	904.58
2005	78,934,780	44,895,000	6,870,000	14,437,441	55,420,000	36,005,000	21,830,000	3,090,000	3,090,000	261,482,221	909.87
2006	69,420,923	43,585,000	6,570,000	17,649,619	53,795,000	34,705,000	12,455,000	1,225,190	1,225,190	239,405,732	833.05

% Change 1997-2006

(5.91)	(17.25)	(65.45)	(68.55)	77.39	(13.24)	(50.18)	(18.32)	11.66
--------	---------	---------	---------	-------	---------	---------	---------	-------

Notes:

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

(1) See the "Demographic and Economic Statistics" Table for population data. The 2006 ratio is calculated using population for the prior calendar year.

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
SPRUCE TREE CENTRE TAX INCREMENT BOND, SERIES 1988A AND 2003											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ 545,509	\$ 448,577	\$ 470,037	\$ 506,661	\$ 530,406	\$ 332,493	\$ 335,790	\$ 325,416	\$ 296,044	\$ 283,041	\$ 4,071,974
Tax Increment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,908	\$ 115,300	\$ 115,300	\$ 112,400	\$ 467,908
Developer Shortfall Payments	\$ 30,669	\$ 36,697	\$ 24,875	\$ 47,896	\$ 22,246	\$ 7,912	\$ 18,383	\$ 28,038	\$ 24,322	\$ 52,669	\$ 293,707
Investment Earnings	\$ 576,178	\$ 483,274	\$ 484,912	\$ 554,557	\$ 552,652	\$ 340,405	\$ 479,081	\$ 468,754	\$ 435,666	\$ 448,110	\$ 4,833,589
Total Revenues Available for Debt Service	\$ 1,152,356	\$ 968,548	\$ 979,824	\$ 1,109,914	\$ 1,115,304	\$ 672,806	\$ 1,037,162	\$ 1,137,506	\$ 1,091,332	\$ 1,001,660	\$ 16,671,278
Debt Service Requirements	\$ 100,000	\$ 100,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 150,000	\$ 175,000	\$ 140,058	\$ 149,162	\$ 158,857	\$ 1,348,077
Principal	\$ 335,156	\$ 325,781	\$ 315,234	\$ 303,516	\$ 291,797	\$ 278,906	\$ 135,938	\$ 122,850	\$ 113,746	\$ 104,051	\$ 2,326,975
Interest	\$ 435,156	\$ 425,781	\$ 440,234	\$ 428,516	\$ 416,797	\$ 428,906	\$ 310,938	\$ 262,908	\$ 262,908	\$ 262,908	\$ 3,675,052
Total Debt Service Requirements	\$ 770,312	\$ 851,482	\$ 765,234	\$ 731,532	\$ 737,797	\$ 697,812	\$ 486,876	\$ 385,758	\$ 362,870	\$ 366,959	\$ 6,020,084
Coverage (Revenues / Debt Service)	1.32	1.14	1.12	1.29	1.33	0.79	1.54	1.78	1.66	1.70	1.32

MIDWAY MARKETPLACE TAX INCREMENT BOND, SERIES 1995A / SNELLING-UNIVERSITY TAX INCREMENT BOND, SERIES 2005C

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$1,219,330	\$ 1,494,263	\$ 1,595,996	\$ 1,775,208	\$ 2,078,179	\$ 1,039,320	\$ 1,317,977	\$ 1,226,056	\$ 1,096,155	\$ 1,835,383	\$ 14,677,867
Tax Increment	\$ 712,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 712,536
Developer Shortfall Payments	\$ -	\$ 39,766	\$ 6,070	\$ 204,936	\$ 194,935	\$ 341,690	\$ 200,156	\$ 207,669	\$ 178,567	\$ 87,266	\$ 1,461,055
Investment Earnings	\$ 110,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,388
Bond Proceeds - Capitalized Interest	\$2,042,254	\$ 1,534,029	\$ 1,602,066	\$ 1,980,144	\$ 2,273,114	\$ 1,381,010	\$ 1,518,133	\$ 1,453,725	\$ 1,274,722	\$ 1,922,649	\$ 16,961,946
Total Revenues Available for Debt Service	\$4,082,508	\$3,067,098	\$3,198,062	\$3,959,388	\$4,476,238	\$2,761,020	\$2,836,266	\$2,687,841	\$2,375,442	\$3,845,298	\$23,823,752
Debt Service Requirements	\$ 415,000	\$ 470,000	\$ 150,000	\$ 160,000	\$ 175,000	\$ 190,000	\$ 200,000	\$ 220,000	\$ 235,000	\$ 350,000	\$ 2,565,000
Principal	\$ 573,951	\$ 540,800	\$ 517,593	\$ 505,733	\$ 492,791	\$ 478,553	\$ 463,095	\$ 446,240	\$ 392,424	\$ 232,142	\$ 4,642,722
Interest	\$ 988,351	\$ 1,010,800	\$ 667,593	\$ 665,733	\$ 667,791	\$ 668,553	\$ 663,095	\$ 666,240	\$ 627,424	\$ 582,142	\$ 7,207,722
Total Debt Service Requirements	\$ 1,562,302	\$ 1,551,600	\$ 1,185,186	\$ 1,171,466	\$ 1,160,582	\$ 1,147,106	\$ 1,126,190	\$ 1,112,480	\$ 1,019,848	\$ 814,284	\$ 12,452,444
Coverage (Revenues / Debt Service)	2.07	1.52	2.40	2.97	3.40	2.07	2.29	2.15	2.03	3.30	2.35

SALES TAX REVENUE BOND, SERIES 1993 AND 1996

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$9,797,300	\$10,542,813	\$10,829,384	\$13,007,632	\$13,432,179	\$13,344,192	\$13,312,004	\$13,753,085	\$14,154,920	\$14,798,156	\$126,971,665
City Sales Tax Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RiverCentre Revenues	\$ 101,841	\$ 118,764	\$ 104,493	\$ 158,621	\$ 85,348	\$ 33,685	\$ 18,495	\$ 22,509	\$ 61,737	\$ 109,608	\$ 815,101
Investment Earnings	\$9,899,141	\$10,661,577	\$10,933,877	\$13,166,253	\$13,517,527	\$13,377,877	\$13,330,499	\$13,775,594	\$14,216,657	\$14,907,764	\$127,786,766
Total Revenues Available for Debt Service	\$9,901,022	\$10,780,144	\$11,042,270	\$13,324,876	\$13,602,874	\$13,411,564	\$13,348,994	\$13,798,104	\$14,278,394	\$15,017,472	\$128,583,532
Debt Service Requirements	\$ 705,000	\$ 755,000	\$ 810,000	\$ 865,000	\$ 925,000	\$ 995,000	\$ 1,065,000	\$ 1,140,000	\$ 1,220,000	\$ 1,310,000	\$ 9,790,000
Principal	\$3,789,625	\$ 3,739,570	\$ 3,685,965	\$ 3,628,455	\$ 3,567,040	\$ 3,501,365	\$ 3,430,720	\$ 3,355,105	\$ 3,274,166	\$ 3,187,545	\$ 35,159,555
Interest	\$4,494,625	\$ 4,494,570	\$ 4,485,965	\$ 4,493,455	\$ 4,492,040	\$ 4,496,365	\$ 4,495,720	\$ 4,495,105	\$ 4,494,165	\$ 4,497,545	\$ 44,949,555
Total Debt Service Requirements	\$ 8,284,250	\$ 8,234,140	\$ 8,166,000	\$ 8,121,910	\$ 8,059,080	\$ 8,007,730	\$ 7,926,420	\$ 7,850,210	\$ 7,768,325	\$ 7,685,090	\$ 80,109,110
Coverage (Revenues / Debt Service)	2.20	2.37	2.43	2.93	3.01	2.98	2.97	3.06	3.16	3.31	2.84

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
DOWNTOWN TAX INCREMENT BONDS, SERIES 1993 AND 1998											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$5,257,817	\$ 6,182,554	\$ 8,043,156	\$ 9,025,598	\$10,139,895	\$ 5,048,227	\$ 5,323,503	\$ 5,539,108	\$ 3,807,158	\$ 4,276,947	\$ 62,643,963
Tax Increments	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 2,205,898
Hotel-Motel Taxes	\$ 660,000	\$ 660,000	\$ 660,000	\$ 660,000	\$ -	\$ 125,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 3,165,000
RiverCentre Revenues	\$ 273,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,047	\$ 2,026,344	\$ 2,572,992
Loan Repayments	\$ 710,176	\$ 245,130	\$ 100,592	\$ 151,020	\$ 181,171	\$ 291,471	\$ 74,065	\$ 82,602	\$ 60,326	\$ 105,094	\$ 2,001,647
Investment Earnings	\$7,121,594	\$ 7,307,684	\$ 9,023,748	\$10,056,618	\$10,546,984	\$ 5,684,698	\$ 5,717,568	\$ 5,941,710	\$ 4,460,531	\$ 6,728,385	\$ 72,589,500
Total Revenues Available for Debt Service	\$3,145,000	\$ 880,000	\$ 1,850,000	\$ 1,945,000	\$ 2,060,000	\$ 2,180,000	\$ 2,235,000	\$ 2,275,000	\$ 2,285,000	\$ 2,355,000	\$ 21,210,000
Debt Service Requirements	\$2,463,673	\$ 747,377	\$ 1,394,470	\$ 1,294,498	\$ 1,184,996	\$ 1,064,791	\$ 933,871	\$ 797,635	\$ 657,314	\$ 512,803	\$ 11,051,428
Principal	\$5,608,673	\$ 1,627,377	\$ 3,244,470	\$ 3,239,498	\$ 3,244,996	\$ 3,244,791	\$ 3,188,871	\$ 3,072,635	\$ 2,942,314	\$ 2,867,803	\$ 32,261,428
Interest											
Total Debt Service Requirements	1.27	4.49	2.78	3.10	3.25	1.75	1.80	1.93	1.52	2.35	2.25
Coverage (Revenues / Debt Service)											
RIVERCENTRE PARKING FACILITY LEASE REVENUE BONDS, SERIES 2000											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 200,000	\$ 400,000	\$ 400,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 657,928	\$ 2,902,928
Lease Payments from the City	\$ -	\$ -	\$ -	\$ 92,538	\$ 128,124	\$ 36,339	\$ 43,200	\$ 43,229	\$ 40,630	\$ 36,129	\$ 420,189
Investment Earnings	\$ -	\$ -	\$ -	\$ 292,538	\$ 528,124	\$ 436,339	\$ 458,200	\$ 458,229	\$ 455,630	\$ 694,057	\$ 3,323,117
Total Revenues Available for Debt Service											
Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ 170,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 670,000
Principal	\$ -	\$ -	\$ -	\$ 211,925	\$ 419,706	\$ 414,250	\$ 411,600	\$ 408,900	\$ 406,150	\$ 396,363	\$ 2,668,894
Interest	\$ -	\$ -	\$ -	\$ 211,925	\$ 589,706	\$ 464,250	\$ 461,600	\$ 458,900	\$ 456,150	\$ 696,363	\$ 3,339,894
Total Debt Service Requirements											
Coverage (Revenues / Debt Service)	NA	NA	NA	1.38	0.90	0.94	0.99	1.00	1.00	1.00	1.00
RIVERFRONT TAX INCREMENT BONDS, SERIES 1993D, 2000D, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ 695,633	\$ 641,099	\$ 641,698	\$ 848,048	\$ 1,079,136	\$ 516,215	\$ 823,386	\$ 718,705	\$ 768,344	\$ 775,838	\$ 7,508,302
Tax Increments	\$ -	\$ -	\$ -	\$ 201,843	\$ 304,808	\$ 396,916	\$ 364,000	\$ 610,335	\$ 571,150	\$ 576,714	\$ 3,025,766
Tax Increment Pooling from Other Districts	\$ 454,524	\$ -	\$ 201,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,500
Loan Repayments and Sales Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,845	\$ 2,798	\$ 1,399	\$ 314,042
Transfer from Capital Projects Fund	\$ 62,219	\$ 25,221	\$ (455)	\$ 114,825	\$ (23,104)	\$ (21,324)	\$ (22,326)	\$ (4,281)	\$ 161	\$ 7,096	\$ 138,032
Investment Earnings	\$1,212,576	\$ 666,320	\$ 843,219	\$ 1,164,716	\$ 1,360,840	\$ 891,807	\$ 1,185,060	\$ 1,634,604	\$ 1,342,453	\$ 1,361,047	\$ 11,642,642
Total Revenues Available for Debt Service	\$ 525,000	\$ 550,000	\$ 575,000	\$ 625,000	\$ 650,000	\$ 635,000	\$ 790,000	\$ 845,000	\$ 865,000	\$ 925,000	\$ 6,985,000
Debt Service Requirements	\$ 788,013	\$ 763,187	\$ 735,888	\$ 705,300	\$ 732,392	\$ 544,930	\$ 467,266	\$ 432,982	\$ 395,347	\$ 354,335	\$ 5,919,640
Principal	\$1,313,013	\$ 1,313,187	\$ 1,310,888	\$ 1,330,300	\$ 1,382,392	\$ 1,179,930	\$ 1,257,266	\$ 1,277,982	\$ 1,260,347	\$ 1,279,335	\$ 12,904,640
Interest											
Total Debt Service Requirements	0.92	0.51	0.64	0.88	0.98	0.76	0.93	1.28	1.07	1.06	0.90
Coverage (Revenues / Debt Service)											

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
US BANK TAX INCREMENT BONDS, SERIES 2001											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,905	\$ 879,169	\$ 1,034,905	\$ 2,261,979
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ 47,154	\$ 133,570	\$ 145,265	\$ 67,457	\$ 16,281	\$ 44,179	\$ 453,906
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ 2,641,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,641,606
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 2,688,760	\$ 133,570	\$ 145,265	\$ 415,362	\$ 895,450	\$ 1,079,084	\$ 5,357,491
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 335,000	\$ 460,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 726,935	\$ 754,169	\$ 754,169	\$ 754,169	\$ 742,877	\$ 3,732,319
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 726,935	\$ 754,169	\$ 754,169	\$ 879,169	\$ 1,077,877	\$ 4,192,319
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	0.18	0.19	0.55	1.02	1.00	1.28

NORTH QUADRANT TAX INCREMENT BONDS, SERIES 2000 AND 2002, AND 9TH STREET LOFTS TAX INCREMENT BONDS, SERIES 2004

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,929	\$ 217,049	\$ 92,007	\$ 213,655	\$ 430,148	\$ 963,788
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 156,300	\$ -	\$ -	\$ 281,300
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ 60,219	\$ 68,320	\$ 5,889	\$ 13	\$ 742	\$ 1,047	\$ 136,230
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 60,219	\$ 79,249	\$ 347,938	\$ 248,320	\$ 214,397	\$ 431,195	\$ 1,381,318
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,249	\$ 5,000	\$ 8,000	\$ 17,000	\$ 42,000	\$ 72,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ 60,219	\$ 79,249	\$ 172,337	\$ 149,505	\$ 234,478	\$ 294,779	\$ 990,567
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ 60,219	\$ 79,249	\$ 177,337	\$ 157,505	\$ 251,478	\$ 336,779	\$ 1,062,567
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	1.00	1.00	1.96	1.58	0.85	1.28	1.30

UPPER LANDING TAX INCREMENT BONDS, SERIES 2002A, 2002B, AND 2002C

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,537,870	\$ -	\$ -	\$ 201,311	\$ 600,473	\$ 801,784
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,537,870
Developer Shortfall Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 498,044	\$ 498,044
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322	\$ 298,905	\$ 341,621	\$ 126,908	\$ 200,503	\$ 988,259
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,538,192	\$ 298,905	\$ 341,621	\$ 328,219	\$ 1,299,020	\$ 6,805,957
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,274	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 5,093,574
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,274	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 5,093,574
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	0.26	0.26	0.25	0.98	1.34

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
DRAKE MARBLE TAX INCREMENT BONDS, SERIES 2002											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,750	\$ 137,494	\$ 152,908	\$ 171,187	\$ 528,339
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,461	\$ 65,712	\$ 172	\$ 721	\$ 937	\$ 104,003
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,461	\$ 132,462	\$ 137,666	\$ 153,629	\$ 172,124	\$ 632,342
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,922	\$ 301,634	\$ 314,838	\$ 317,350	\$ 343,088	\$ 1,247,783
Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,175	\$ 121,500	\$ 121,500	\$ 33,000	\$ 88,000
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,175	\$ 121,500	\$ 121,500	\$ 33,000	\$ 88,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,175	\$ 121,500	\$ 121,500	\$ 33,000	\$ 88,000
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	1.39	1.13	0.87	1.14	1.16
KOCH/MOBIL TAX INCREMENT BONDS, SERIES 2004C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,822	\$ 19,822
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,625	\$ -	\$ -	\$ 286,625
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,601	\$ 4,485	\$ 6,086
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,601	\$ -	\$ 3,485
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,625	\$ 1,601	\$ 24,307	\$ 292,533
Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,437	\$ 88,875	\$ 88,875	\$ 222,187
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,437	\$ 88,875	\$ 88,875	\$ 222,187
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	6.00	0.02	0.27	1.32
JJ HILL TAX INCREMENT BONDS, SERIES 2004											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,004	\$ 261,006	\$ 520,010
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,765	\$ -	\$ -	\$ 403,765
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444	\$ 1,278	\$ 5,375	\$ 7,097
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,209	\$ 260,282	\$ 266,381	\$ 930,872
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,418	\$ 520,564	\$ 532,762	\$ 1,861,944
Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,198	\$ 228,750	\$ 400,948
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,198	\$ 228,750	\$ 400,948
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	1.51	1.16	2.32

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
NEIGHBORHOOD SCATTERED SITE TAX INCREMENT BONDS, SERIES 2005											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,061,105	\$ 1,554,684	\$ 2,615,789
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,500	\$ -	\$ 751,500
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,750	\$ 33,180	\$ 52,930
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832,355	\$ 1,587,864	\$ 3,420,219
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,000	\$ 485,000	\$ 790,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,259	\$ 357,478	\$ 485,737
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,259	\$ 852,478	\$ 1,275,737
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	4.33	1.86	2.68
HOUSING 5000 LAND ASSEMBLY BONDS, SERIES 2004											
Fund Servicing Debt - HRA Loan Enterprise Fund											
Revenues Available for Debt Service											
Land Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,779,663	\$ 2,308,000	\$ 6,087,663
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,387,200	\$ -	\$ -	\$ 2,387,200
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,529	\$ 641,722	\$ 874,360	\$ 1,636,611
Use of Bond Reserve Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,555,284	\$ 3,555,284
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,507,729	\$ 4,421,385	\$ 6,737,644	\$ 13,666,758
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,170,000	\$ 9,375,000	\$ 12,545,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,769	\$ 764,656	\$ 777,522	\$ 1,899,937
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,769	\$ 3,934,656	\$ 10,152,522	\$ 14,444,937
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	7.01	1.12	0.66	0.95
PARKING REVENUE BONDS, SERIES 1992A, 1995A, 1995B, 2001A, 2002A, 2002B, AND 2005A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Parking Facility Net Revenues	\$ 2,372,788	\$ 3,061,028	\$ 3,448,732	\$ 3,473,247	\$ 3,462,193	\$ 3,168,812	\$ 2,293,082	\$ 2,807,196	\$ 2,931,998	\$ 3,022,153	\$ 30,041,229
Parking Meter & Parking Fine Revenues	\$ 1,816,000	\$ 1,816,000	\$ 1,816,000	\$ 1,989,400	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 19,437,400
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,579	\$ 1,010,780	\$ 124,361	\$ 67,517	\$ -	\$ 1,413,237
Total Revenues Available for Debt Service	\$ 4,188,788	\$ 4,877,028	\$ 5,264,732	\$ 5,462,647	\$ 5,462,193	\$ 5,379,391	\$ 5,303,862	\$ 4,931,557	\$ 4,999,515	\$ 5,022,153	\$ 50,891,866
Debt Service Requirements											
Principal	\$ 410,000	\$ 635,000	\$ 670,000	\$ 710,000	\$ 925,000	\$ 875,000	\$ 910,000	\$ 955,000	\$ 1,015,000	\$ 1,135,000	\$ 8,240,000
Interest	\$ 908,950	\$ 885,184	\$ 832,494	\$ 866,879	\$ 766,316	\$ 1,014,904	\$ 1,774,840	\$ 1,732,700	\$ 1,496,125	\$ 1,467,282	\$ 11,745,674
Total Debt Service Requirements	\$ 1,318,950	\$ 1,520,184	\$ 1,502,494	\$ 1,576,879	\$ 1,691,316	\$ 1,889,904	\$ 2,684,840	\$ 2,687,700	\$ 2,511,125	\$ 2,602,282	\$ 19,985,674
Coverage (Revenues / Debt Service)	3.18	3.21	3.50	3.46	3.23	2.85	1.98	1.83	1.99	1.93	2.55

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
PARKING REVENUE BONDS, SERIES 1997A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Ramp Lease Revenues	\$ -	\$ 465,020	\$ 1,056,653	\$ 930,501	\$ 1,062,688	\$ 1,074,736	\$ 1,196,900	\$ 1,075,336	\$ 1,080,048	\$ 1,058,040	\$ 8,998,922
Investment Earnings	\$ -	\$ 12,371	\$ 11,405	\$ 18,348	\$ 7,718	\$ 592	\$ 8,768	\$ (3,235)	\$ 6,474	\$ 16,412	\$ 78,853
Bond Proceeds - Capitalized Interest	\$ -	\$ 407,905	\$ -	\$ 128,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,898
Total Revenues Available for Debt Service	\$ -	\$ 885,296	\$ 1,068,058	\$ 1,077,842	\$ 1,070,406	\$ 1,075,328	\$ 1,205,668	\$ 1,072,101	\$ 1,086,522	\$ 1,074,452	\$ 9,615,673
Debt Service Requirements											
Principal	\$ -	\$ -	\$ 310,000	\$ 330,000	\$ 355,000	\$ 380,000	\$ 405,000	\$ 430,000	\$ 460,000	\$ 490,000	\$ 3,160,000
Interest	\$ -	\$ 801,237	\$ 763,093	\$ 742,163	\$ 719,887	\$ 695,925	\$ 670,275	\$ 642,938	\$ 606,629	\$ 582,963	\$ 6,225,010
Total Debt Service Requirements	\$ -	\$ 801,237	\$ 1,073,093	\$ 1,072,163	\$ 1,074,887	\$ 1,075,925	\$ 1,075,275	\$ 1,072,938	\$ 1,066,629	\$ 1,072,963	\$ 9,385,010
Coverage (Revenues / Debt Service)	NA	1.10	1.00	1.01	1.00	1.00	1.12	1.00	1.02	1.00	1.02
BLOCK 39 TAX INCREMENT BONDS, SERIES 1998A AND 1998B											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ 1,753,832	\$ 1,195,454	\$ 1,203,263	\$ 982,602	\$ 687,327	\$ 689,844	\$ 6,512,322
Developer Shortfall Payments	\$ -	\$ -	\$ -	\$ 1,368,859	\$ -	\$ -	\$ 100,640	\$ 237,104	\$ 681,886	\$ 707,372	\$ 3,095,861
Net Parking Revenues	\$ -	\$ -	\$ 156,796	\$ 1,373,474	\$ 1,907,913	\$ 1,910,988	\$ 1,865,629	\$ 1,940,275	\$ 1,957,191	\$ 2,387,011	\$ 13,499,277
Investment Earnings	\$ -	\$ 96,642	\$ 34,453	\$ 134,468	\$ 106,898	\$ 207,513	\$ 74,901	\$ 199,881	\$ 112,108	\$ 97,039	\$ 1,063,903
Bond Proceeds - Capitalized Interest	\$ -	\$ 4,771,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,771,453
Total Revenues Available for Debt Service	\$ -	\$ 4,868,095	\$ 191,249	\$ 2,876,801	\$ 3,768,643	\$ 3,313,955	\$ 3,244,433	\$ 3,359,862	\$ 3,438,512	\$ 3,881,266	\$ 28,942,816
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,000	\$ 950,000	\$ 1,055,000	\$ 1,135,000	\$ 1,300,000	\$ 5,295,000
Interest	\$ -	\$ 1,258,653	\$ 2,157,692	\$ 2,157,692	\$ 2,157,692	\$ 2,133,410	\$ 2,081,815	\$ 2,023,908	\$ 1,931,407	\$ 1,886,780	\$ 17,789,049
Total Debt Service Requirements	\$ -	\$ 1,258,653	\$ 2,157,692	\$ 2,157,692	\$ 2,157,692	\$ 2,988,410	\$ 3,031,815	\$ 3,078,908	\$ 3,066,407	\$ 3,186,780	\$ 23,084,049
Coverage (Revenues / Debt Service)	NA	3.87	0.09	1.33	1.75	1.11	1.07	1.09	1.12	1.22	1.25
PARKING REVENUE BONDS (SMITH AVENUE TRANSIT CENTER), SERIES 2005											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Parking & Transit Center Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,589	\$ 85,455	\$ 316,044
Bond Proceeds - Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,425,100	\$ -	\$ 2,425,100
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,655,689	\$ 85,455	\$ 2,741,144
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,160	\$ 619,200	\$ 968,360
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,160	\$ 619,200	\$ 968,360
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	7.61	0.14	2.83

City of Saint Paul, Minnesota
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income</u>	<u>Aggregate Income</u>	<u>Labor Force (3)</u>	<u>Unemployment Rate (3)</u>
1997	269,636	N/A	N/A	143,425	3.3%
1998	268,667	N/A	N/A	139,486	2.5%
1999	266,927	N/A	N/A	138,498	2.9%
2000	287,151	\$20,216	\$5,805,016,300	140,788	3.5%
2001	287,260	22,949	6,232,998,475	144,764	4.1%
2002	288,000	21,488	5,974,694,440	150,079	5.1%
2003	287,604	21,893	5,878,881,200	163,039	5.5%
2004	287,410	22,533	5,822,971,800	152,123	5.4%
2005	287,385	23,541	6,157,265,700	149,832	4.4%
2006	N/A	N/A	N/A	146,616	4.1%

(1) 1997-1999 and 2001-2005 data based on Metropolitan Council estimates.
 2000 data provided by U.S. Census Bureau.
 2006 estimate not yet available from Metropolitan Council

(2) Data is not available for 1997, 1998, and 1999.
 2000-2005 data provided by U.S. Census Bureau's Annual American Community Survey.
 2006 data is not yet available.

(3) Annual average - not seasonally adjusted.
 Data provided by Minnesota Department of Employment and Economic Development (DEED)

unaudited

City of Saint Paul, Minnesota
PRINCIPAL EMPLOYERS
 Current Year

2006

<u>Employers</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
State of Minnesota	13,671	1	7.54%
St Paul Public Schools	6,567	2	3.62%
Health East Care System / St Joseph's Hospital	5,080	3	2.80%
US Bancorp	4,700	4	2.59%
Marsden Building Maintenance	4,000	5	2.21%
Regions Hospital	4,000	6	2.21%
Ramsey County	3,770	7	2.08%
City of Saint Paul	3,400	8	1.88%
Allina Health System / United Hospital	3,300	9	1.82%
US Post Office	3,200	10	1.77%
Total	51,688		28.52%

Data from nine years ago is not available.

Source: MN Department of Employment and Economic Development

unaudited

OPERATING INDICATORS
Last Five Fiscal Years

	2002	2003	2004	2005	2006
New and Substantially Rehabilitated Housing Units	1,632	1,278	1,331	1,130	428

Remainder of this page is left blank intentionally.

CAPITAL ASSET STATISTICS
Last Five Fiscal Years

	2002	2003	2004	2005	2006
Number of Pedestrian Skyway Bridges	37	37	37	37	37
Depreciated Cost of Pedestrian Skyway Bridges	\$ 7,394,227	\$ 7,068,804	\$ 6,743,381	\$ 6,417,958	\$ 6,092,535
Number of Parking Ramps	7	7	8	8	8
Number of Parking Lots	11	11	11	11	11
Number of Parking Spaces	7,395	7,395	8,439	8,439	8,439
Depreciated Cost of Parking Ramps and Lots	\$69,867,298	\$68,541,993	\$84,258,336	\$81,977,271	\$79,718,115