

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011

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, 2011**

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Chris Coleman, Mayor of the City of Saint Paul
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**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, 2011

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CITY OF SAINT PAUL
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June 25, 2012

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, 2011 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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.

INTERNAL CONTROL

To provide a reasonable basis for making these representations, the Saint Paul Housing and Redevelopment Authority (which is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report) adheres to the internal control framework as established by the City of Saint Paul. The City of Saint Paul has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Saint Paul's financial statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal controls should not outweigh their benefits, the City of Saint Paul's comprehensive framework of internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. All internal control evaluations occur within this framework. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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 has no employees. 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, 2011.

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.

FINANCIAL POLICIES

In 2009, the Authority adopted a land valuation policy which values any new land purchase at acquisition cost, less transaction costs and fees. That value will continue until disposal, unless the Authority formally changes the value. In 2011, the Authority confirmed the practice and policy of using accumulating conduit bond fees for Planning and Economic Development Administration costs.

ECONOMIC OUTLOOK

Saint Paul is an important part of the overall strong Twin Cities metro area economy. The area lost 20,800 jobs from 2000 to 2011.¹ The Minneapolis-Saint Paul area is expected to gain 519,737 jobs by 2030, a 32.4% increase from 2000.²

Saint Paul compares favorably when ranked among the 20 largest northeast and midwest cities on certain economic and social factors.³ Among these peer cities:

- Saint Paul had the 4th lowest annual unemployment rate in 2011 (7.1%).⁴
- Saint Paul ranks 6th highest in median household income (\$45,439), 4th highest in median family income (\$56,620) and 7th highest in per capita income (\$25,066).⁵
- The median value of owner-occupied houses in Saint Paul is 6th highest compared to peer cities (\$205,400).⁶
- Saint Paul ranked 3rd highest in percent of population over 25 years with a bachelor's degree (37.3%).⁷

¹ Metropolitan Council, *2010 Regional Economic Indicators*, available at: <http://www.metrocouncil.org/metroarea.regIndicators2012.pdf>

² Metropolitan Council, *2030 Regional Development Framework*, updated January, 2012, available at: <http://www.metrocouncil.org/planning/framework/Framework.pdf>

³ The cities are Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Milwaukee, Minneapolis, New York, Newark, Omaha, Philadelphia, Pittsburgh, St. Louis and Toledo.

⁴ Bureau of Labor Statistics, Local Area Unemployment Statistics. Available at: <http://www.bls.gov/lau/home.htm#data>

⁵ 2010 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁶ 2010 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁷ 2010 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

Over the years, Saint Paul has consistently registered an unemployment rate equal to or lower than that of the U.S. as a whole. The City's unemployment rate for 2011 was on par with the Minnesota rate and below the U.S. rate of 8.9%.⁸ Employment in Saint Paul is not overly reliant on slowing and cyclical sectors, like manufacturing, but rather is based on stable and growing industries such as education, health services and public administration. Saint Paul's largest employment sector is Education and Health Services (55,469 jobs in 2011; 32.1% of total). Other large super sectors include Public Administration (20,753 jobs; 12.0% of total), and Trade, Transportation and Utilities (18,641 jobs; 10.8% of total).⁹

Similarly, tax base growth has been strong and sustained: From Pay 2003 to estimates for Pay 2011, Saint Paul's taxable market values have increased over 58% (from \$12,644 billion to \$20,065 billion). This strong growth rate is due to the combination of a number of factors, including:

- Strong residential and apartment markets in 2003-2006.
- A state law that is gradually phasing out preferential treatment that limited year-to-year growth in homestead taxable values (known as "limited market value"). Recently, the taxable market value growth rate has slowed slightly as the phase out of limited market value nears completion.

Saint Paul began collecting a half-cent sales tax at the end of 1993, and added a use tax in 2000. Annual net sales and use tax revenues have increased from \$8.4 million in 1994 to \$15.6 million in 2011. In 2012, revenues were estimated to be the same as 2011.

MAJOR INITIATIVES

To maintain this economic growth, the City will continue to develop and implement strategic plans to encourage private investment in housing and economic development projects in Saint Paul.

City Strategic Plan

A new strategic vision for the City was developed by the Mayor's administration in consultation with other stakeholders. To support a vision of Saint Paul as the most livable city in America, it identifies 4 strategic goals:

Ready for School, Ready for Life: Education is core to the quality of life in our great City. Saint Paul will strive to eliminate the achievement gap by ensuring that learning opportunities are accessible for all and are quality-driven. We will achieve this goal by expanding early childhood learning opportunities and setting children on a course for success in school: extending learning opportunities outside of the classroom and connecting formal and informal opportunities throughout the community: and open

⁸ Minnesota Department of Employment and Economic Development, available at: <http://www.positivelyminnesota.com/aps/lmi/laus/Default.aspx>

⁹ Minnesota Department of Employment and Economic Development's Quarterly Census Employment and Wages (QCEW) tool, available at <http://www.positivelyminnesota.com/apps/lmi/qcew/AreaSel.aspx>

doorways to higher education by better informing and preparing students for post-secondary educational opportunities.

Safe Streets and Safe Homes: Families will feel secure on our sidewalks and in our homes as a result of our strong sense of community and confidence in our world-class public safety system. We will do this by engaging youth with quality recreational, educational, and youth organizing activities; address areas of disinvestment with revitalization; create strong community partnerships; build a world-class Police Department; invest in a 21st Century Fire Department; and elevate emergency management to leverage resources and knowledge that will prepare City to respond to multi-faceted crises.

Expanding Economic Opportunity: We will build our economic future on the foundation of the City's strengths – a well-educated and creative workforce, sound infrastructure, and local businesses rich with growth potential. Strategies include creating the East Metro's first light rail line and leverage \$1 billion in development; restoring the Union Depot to be a vital regional transportation hub supporting high-speed rail to Chicago; through Invest Saint Paul, stimulating growth by making strategic investments in neighborhoods of greatest disinvestment while coordinating and enhancing other services to these communities; aggressively pursuing the first major developments in downtown in a decade; and leveraging resources and markets for sustainable, environmentally friendly products to build a new manufacturing economy with living-wage jobs.

Quality Way of Life: Saint Paul will set high standards for healthy urban living through civic leadership, quality assets, sound environmental stewardship, and a welcoming, diverse population. We will improve, expand, and maintain our parks, libraries, and facilities that benefit the neighborhoods they serve; implement a public art policy to integrate into our public and private infrastructure; focus development on a more natural, urban, and connected city through an expanded system of parks, green spaces, bikeways, and trails; and make downtown a music, culture, and creative arts capital that amplifies the City's creative and ethnic voices that bring identity to Saint Paul.

MAJOR DEVELOPMENTS

I. Downtown Saint Paul

The Penfield: The City's Housing and Redevelopment Authority approved the financing for the \$62 million, 254 apartment unit/Lunds store project the end of 2011 and the establishment of a TIF district in 2012. A HUD decision on the mortgage insurance is expected by June. Construction is scheduled to start this spring/summer.

Lofts at Farmers Market: Shaw Lundquist completed construction of the Lofts at Farmers Market on January 31, 2012, and the first tenants moved in February 1st. Leasing is ahead of schedule with 57 of the 58 units leased, with full occupancy expected by June. In addition to high-end finishes, building amenities include a fitness room, a business center, and a second story green roof for outdoor grilling and relaxing. A commercial broker has been hired to help lease the approximately 2,000-square-foot commercial space. It is the HRA's intent to lease this space to a restaurant or other "active" commercial tenant.

Pioneer Endicott: PAK Properties, Inc., recently purchased the historic Pioneer Endicott Building located at 4th and Robert Streets. Plans for this unique landmark building include converting the building into approximately 150 units of market rate rental housing and 20,000 square feet of commercial space.

United Hospital: United Hospital finished construction of a \$24 million emergency department and the shell of a new birth center in a six-story, \$80 million tower shared with Children's Hospitals and Clinics. The hospital is in design phase for an operating room upgrade to add larger rooms and newer technology. Construction is expected to begin in 2012, with completion late in 2013.

Children's Hospital: Children's Hospitals and Clinics is in the midst of a \$300 million expansion of its Saint Paul and Minneapolis campuses. In Saint Paul, Children's recently completed building operating rooms, expanding its emergency room, and building patient rooms in the tower it will share with United Hospital. It is planning to move and improve its Saint Paul pediatric epilepsy unit as well. In 2012, a new rooftop garden will be built with help from a small City STAR grant.

Ordway Center: The multi-hall, Broadway-style performance center that bills itself as Saint Paul's most "elegant and inviting performance space" soon will become even grander. The Ordway Center for the Performing Arts' four entities - the Ordway, Minnesota Opera, Saint Paul Chamber Orchestra and Schubert Club - has partnered to replace the 315-seat McKnight Theatre with a 1,100-seat music venue. The project's total price tag is \$35 million, including \$16 million approved by the Legislature. Construction is expected to start in 2013, after the fundraising for their related endowment is complete.

Lowertown Ballpark: Securing \$27 million in state bonding funding for a Lowertown ballpark continues to be the City of Saint Paul's number one legislative priority in the 2012 legislative session. A Lowertown ballpark, constructed on the site of the old Diamond Products building, would be a home for the Saint Paul Saints and host to several events for the amateur sports community. Development of the ballpark is expected to create 225 construction jobs, 240 full-time and seasonal jobs, provide \$10 million annually in economic activity, and attract 400,000 visitors annually to Lowertown.

West Side Flats: Developer George Sherman is finalizing plans for the construction of a 178-unit apartment project, with 11,500 square feet of commercial space; 20% of the units will be affordable. Funding has been secured from Minnesota Housing; DEED; and the Metropolitan Council. Sherman anticipates a HUD decision on the mortgage insurance this spring. City staff will seek HRA approval of a development agreement, including \$2.5 million in federal HOME funds and the creation of a TIF financing district this spring. The developer anticipates construction starting this summer.

Cossetta's: In April 2011, the City's Housing and Redevelopment Authority approved \$10.5 million in funding for a three-level expansion to the existing Cossetta's Italian Market and Pizzeria on West Seventh Street. The expanded Cossetta's will house a bakery, meat market, take-out meals, rooftop restaurant, and wine shop. The existing site will nearly triple in overall size, from 1,200 to 3,200 square feet, and the project should be completed by July 2012.

II. Central Corridor

Central Corridor: Construction of the largest infrastructure project ever built in Minnesota will hit the half-way mark early this summer as work on the light rail line proceeds down the eastern half of University Avenue and along Cedar Street in downtown Saint Paul. Beyond the jersey barriers and orange cones, visitors are taking note of the new streets, sidewalks, street lights and trees that make the Avenue more welcoming and walkable.

Most important, however, are the community and economic development initiatives that are taking root along the corridor. New projects (detailed below) that take advantage of proximity to transit are either under construction or on the drawing board in each station area. From 2700 University Avenue and the Chittendon & Eastman Building at the west end to the Old Home site at Western Avenue to the Minnesota and Commerce Buildings downtown, developers are giving long-vacant sites a new look. Local, regional and federal resources are being aligned to support those that provide affordable housing and employment or entrepreneurial opportunities to lower income households as policy-makers throughout the region frame emerging transitways as “corridors of opportunity.”

The City of Saint Paul has sought to lessen the impact of construction on local businesses through promotion programs and forgivable loans.

Union Depot: Mortenson Construction, the general contractor for the Ramsey County Regional Railroad Authority (RCRRA), continues to make progress on the restoration of Union Depot. After breaking ground in January 2011, the project is now almost 70% complete and on track to be complete by the end of 2012. The fully restored Great Hall has been open to the public since late 2011, and enthusiasm for the project from the public has been growing after Christos Restaurant reopened and the RCRRA began hosting public tours. By early May, the first pieces of rail will be laid on the train deck and the final pieces of steel will be placed on the circulation towers that will take riders to bus and train platforms when the building is complete. By early summer, the RCRRA hopes to have entered into contracts with an operator for the new state-of-the-art bicycle center and with a private partner who will oversee daily operations and activation of Union Depot’s leasable spaces. A recently issued Call to Artists has opened \$1.25 million worth of opportunities for artists to propose public art commissions on the project, signaling a significant investment in arts in Lowertown, one of Saint Paul’s most celebrated artist communities. The \$243 million project will be complete by the end of 2012, and the RCRRA is presently working with Jefferson Lines, Amtrak and Metro Transit on a date for their services to begin. At its historic peak, the Union Depot saw 150 trains pass through its walls per day, and is ready to reclaim its title as Saint Paul’s transportation hub and one of the city’s best examples of a multi-modal transportation strategy.

2700 The Avenue: Wellington Management is obtaining financing for a new, five-story, 220-unit market rate apartment project with Doran Development.

Central Corridor Ready for Rail Loan Program: A first for any major infrastructure project in the metro, this unique \$4 million fund was launched in May 2011 as a modest safety net for small business whose sales would be affected by the Central Corridor Light Rail Transit construction. Financed by the

Metropolitan Council, City of Saint Paul and the Central Corridor Funders Collaborative, the no-interest loans of up to \$20,000 per business, will be forgiven in equal installments over five years as long as the business remains on the corridor. In the first year, 82 businesses benefitted from the program through \$1.3 million in loans. Applications for 2012 will begin May 1, 2012.

Central Corridor Parking Program: Work continues on implementing the Neighborhood Commercial Parking Program, which was established in 2010 to provide funding for improvements to off-street parking lots in order to mitigate the loss of 85% of the on-street parking on University Avenue due to light rail development. Nearly half of the projects are done, and the balance will be done by the end of the year.

Chittenden & Eastman Building: The Metropolitan Council awarded the City of Saint Paul a \$128,000 grant to help with additional hazardous materials assessment and the abatement of asbestos and lead-based paint in this seven-story building near the southwest corner of Raymond and University Avenues on the Central Corridor. The historic building will be renovated into 104 apartments.

Old Home Dairy Site: The Aurora/Saint Anthony Neighborhood Development Corporation (ASANDC) has an executed purchase agreement for the former Old Home Dairy site located at 300-378 University Avenue, which is next to the Western Avenue LRT Station. ASANDC is partnering with a private developer, Sand Companies, Inc., to redevelop this site into a mixed-use and mixed-income housing development. Plans for the site are in the pre-development stages.

PPL Hamline Station: Project for Pride in Living, in partnership with Excelsior Bay Partners, plans to develop a \$23 million block-long, two-building, four-story development comprised of 104 units of affordable rental housing with underground parking. The project, located at 1333 University Avenue, is adjacent to the Hamline LRT station, and also includes 13,700 square feet of commercial space. The developers hope to start construction in 2013, with completion in 2014.

Episcopal Homes (Old Porky's Site): Episcopal Homes has purchased the former Porky's site located at 1890 University Avenue to add additional senior housing options to their existing campus. The current plan for the site includes 50 new 'HUD 202' rental units for seniors, similar to their Carty Heights project at University Avenue and Dale Street. This new development will also include 60 assisted living units, 20 memory care units, and 30 skilled nursing home units. Construction on this project is expected to start sometime early in 2013.

Central Exchange: Model Cities is proposing to construct a mid-block, three-story mixed-use development on the north side of University Avenue between Avon and Grotto Streets. The building is proposed to include underground parking, 8,500 square feet of commercial space, and 30 mixed-income rental units. The project site has been purchased and cleared. Financing is currently being sought, with a goal of a 2013 construction start.

Habitat for Humanity Headquarters: Twin Cities Habitat for Humanity is in the process of developing a new home for its organization along University Avenue, near the future Fairview Avenue

station of the Central Corridor LRT line. The planned 25,000-square-foot, three-story building will include office space and client service areas. The project is projected to be completed by winter 2013/2014.

III. Neighborhoods

Schmidt Brewery: Dominion Development is moving ahead with plans to redevelop and adaptively reuse both the historic Bottle House and Brew House buildings located on the Schmidt Brewery site. The buildings will be redeveloped into 248 units of affordable rental housing for artists. In addition to the building conversions, Dominion will be constructing 13 new affordable rental townhomes for families on a vacant parcel on the east end of the site. Dominion is currently finishing up the last details of site and building plan reviews as well as pulling together several sources of financing to fund the approximate \$100 million total development cost. Dominion plans to close on the financing and start construction this summer. With an 18-month construction schedule, the apartments will be completed and ready for occupancy by the end of 2013.

Also, after purchasing the Rathskeller Building, Keg House, and several adjoining lots with \$1.89 million in city loans, the West 7th Street/Fort Road Federation completed stabilization work on the Rathskeller roof and are working on the historic re-design of the building for future office and restaurant uses. Environmental cleanup and possible renovation of the site will begin this year.

Ford Assembly Plant Site: The Ford Assembly Plant closed in December 2011 after 86 years of operations. Ford is decommissioning the plant and plans to begin demolition later this summer. Marketing of the site by Ford is expected to begin in 2013. In the meantime, the City will soon launch a zoning study to review various zoning tools. In addition, later this year, an Alternative Urban Areawide Review and Traffic Impact Study will begin, funded by Ford, to evaluate environmental and infrastructure impacts of the previously identified redevelopment scenarios for the site.

Payne-Maryland Project: The vision for the community center at Payne and Maryland Avenues on Saint Paul's East Side is finally becoming a reality with a ground breaking for the new multi-use facility this summer. Phase I of the new facility includes a library and recreation center, with Phase II housing the Payne-Maryland Partnership, which features social services, educational space, and even a church gathering area. The city, which is contributing \$14 million in public funds, finalized the Phase I design earlier this year with Hamel, Green and Abrahamson. The Payne-Maryland Partnership is actively soliciting funds from private donors for the second phase. Kraus-Anderson Construction was selected as the general contractor, and demolition and site work for Phase II will begin as early as June.

University of Saint Thomas: The University of St. Thomas opened a \$15 million, 725-stall parking facility in February 2009 on the corner of Grand and Cretin Avenues. The Anderson Athletic and Recreation Complex, a \$52 million, 180,000-square foot athletic center in the heart of its Summit Avenue campus, opened in 2010. A \$66 million, 225,000-square-foot student center opened early in 2012. All three are being funded by the largest capital campaign ever completed by a private Minnesota college or university, and the projects followed years of discussions with neighbors.

Suite Living: White Bear Lake-based Suite Living Specialty Senior Services is proposing a two-phase facility; Phase I is 45 units; Phase II is 30 units.

Carondelet Village: Adjacent to St. Catherine University, a \$55 million project by the Sisters of St. Joseph of Carondelet and Presbyterian Homes will create 259 senior rental housing units. The project includes independent apartments, assisted-living, memory care, and a nursing home, among other amenities. Phase I has been completed; Phase II is now under construction.

Project for Pride in Living West 7th Street Project: This supportive housing project located on at West Seventh and Springfield Streets is under construction.

Victoria Park: Land clean-up continues on the former ExxonMobil “tank farm” in anticipation of a new park. Mississippi Market opened in 2009, and Brighton has rented out about a dozen homes there, as well. The Shalom campus includes assisted living, independent living and a nursing home. Stonebridge Development has plans to purchase some of the Brighton property to build approximately 180 market-rate rental units in two, three-story buildings.

NOVA Classical Academy: This K – 12 college preparatory charter school will merge its two campuses into one new school in Victoria Park. Construction will be completed in time for the start of school in the fall of 2012.

J&J Distributing Urban Farm: J&J has completed lighting and cooling upgrades, and have added a 10,000-square-foot cutting room building. In this next phase, Bright Farms and J&J Distributing will partner in the development of a 40,000-square-foot, \$2.0 million greenhouse to produce mostly a tomato crop. J&J will purchase and distribute the crop. Construction began this May with a late summer to early fall completion.

La Quinta Hotel: Summit Assisted Living has purchased this former hotel, and is renovating the property into an assisted living and memory care facility. The grand opening was in May.

Hmong College Prep Academy (HCPA): HCPA has submitted an application for the HRA to issue approximately \$16.3 million in conduit revenue bonds to finance a 71,000-square-foot addition and renovations to the K-12 school located at 1515 Brewster Street. Construction is expected to begin in late summer, and completed by fall, 2013.

Urban Organics: Urban Organics will open a fish farm in Building 17 at the Hamm’s site on Minnehaha Avenue. The company will produce tilapia fish and organic lettuce. The company expects to start with 8 to 10 employees.

180 Degrees: 180 Degrees has purchased, renovated, and moved their office to the former Martin Lumber building at the intersection of E. 7th Street and Johnson Parkway at 1301 E. 7th Street. 180 Degrees works with at-risk youth.

Beacon Bluff (3M/Phalen Corridor): This is the former home of Minnesota Mining and Manufacturing. On the west, construction is complete on the HealthEast Medical Transportation's new \$5 million, 46,000-square-foot hub. Farther east, construction is complete on a \$30 million, 144,000-square-foot baking plant for Baldinger Bakery on the 9.5-acre former Griffin Wheelworks site. East of that, construction is complete for a new Hmong market.

AWARDS AND ACKNOWLEDGMENTS

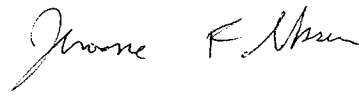
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This was the twenty-sixth 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.



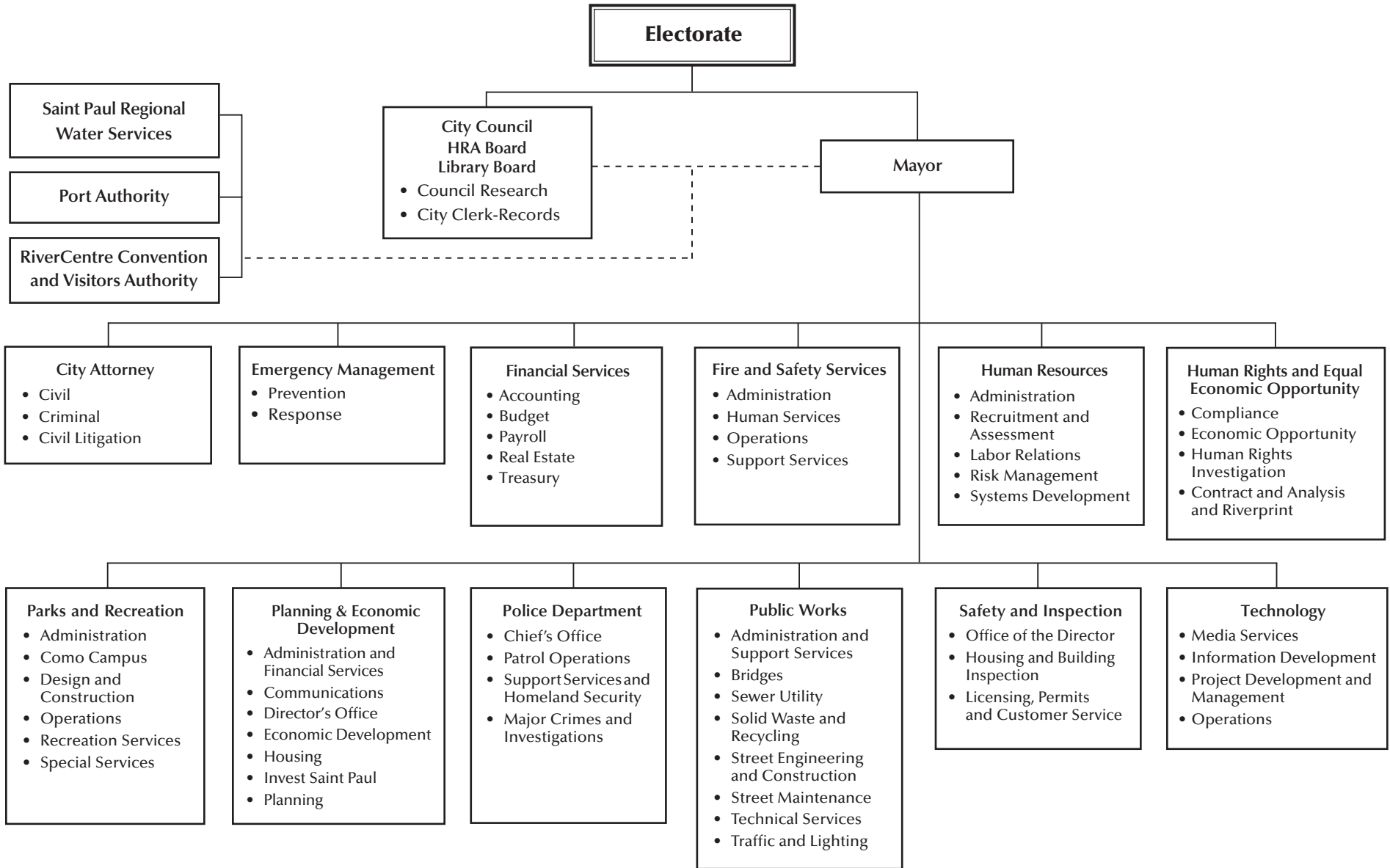
Cecile Bedor
Executive Director



Jerome P. Falksen
Accountant

City of Saint Paul, Minnesota

(Form of Government: "Strong" Mayor, with Seven Councilmembers Elected by Ward)



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

PRINCIPAL OFFICIALS

Term of Office

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

Commissioners

Daniel Bostrom	January 1, 1996	December 31, 2011
Melvin Carter III	January 8, 2008	December 31, 2011
Patrick Harris	January 1, 2000	December 31, 2011
Lee Helgen	November 12, 2003	December 31, 2011
Kathy Lantry	January 1, 1998	December 31, 2011
Russ Stark	January 8, 2008	December 31, 2011
David Thune	January 14, 2004	December 31, 2011

Officers

Chairperson

David Thune	January 8, 2008	December 31, 2011
-------------	-----------------	-------------------

Vice-Chairperson

Dan Bostrom	January 8, 2008	December 31, 2011
-------------	-----------------	-------------------

Secretary

Kathy Lantry	January 8, 2008	December 31, 2011
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Treasurer

Lee Helgen	January 8, 2008	December 31, 2011
------------	-----------------	-------------------

Executive Director

Cecile Bedor	June 26, 2006	Indefinite
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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, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



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, 2011, 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, 2011, 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.

As discussed in Note 2.P. to the financial statements, the HRA of the City of Saint Paul adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. GASB Statement 54 establishes new fund balance classifications for the governmental fund types and clarifies the definitions of the governmental fund types.

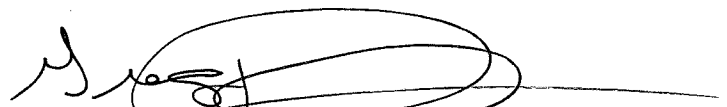
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HRA of the City of Saint Paul's basic financial statements as a whole. The introductory section, the supplementary schedules, the statistical section, and the other information section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements as a whole. The introductory, statistical, and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2012, 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, 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 25, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements which are found on pages 38-97.

Financial Highlights

- Total assets of the HRA exceeded total liabilities at the end of 2011 by \$40.6 million. Net assets increased by \$.9 million during 2011. This net increase included an increase in business-type activity net assets by \$2.9 million and a decrease in governmental activity net assets by \$2.0 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 \$18.4 million in unrestricted net assets at year-end 2011. 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 \$56.1 million. The unassigned balance is \$4.2 million, which is in the HRA General Fund. An amount of \$44.7 million is restricted, primarily for future debt service on existing long-term debt. The remainder of the fund balances is either non-spendable, committed, or assigned.
- The total principal amount of long-term debt decreased during 2011 by \$7.8 million to a total of \$200.8 million, a 3.7% decrease from 2010. An amount of \$.2 million was retired on the St. Paul Foundation loan in 2011. The new debts issued in 2011 were the US Bank Refunding Bonds of \$11.9 million. Total interest expense on long-term debt in 2011 was \$14.6 million, an increase of \$1.4 million from 2010.
- The assets of loans receivable and accrued interest on loans increased by \$3.6 million to a total of \$91.5 million at December 31, 2011. There was an overall increase in the net loans receivable after subtracting the allowance for uncollectible loans and loan interest. The allowance for uncollectible loans and interest, based on an analysis of credit risk and payment delinquency, is \$83.6 million at December 31, 2011, an increase of \$3.5 million over December 31, 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

- No new HRA administered tax increment financing districts were created in 2011. Total tax increment revenue for HRA Districts was \$21.0 million in 2011, a decrease of \$1.2 million from 2010. The captured tax capacity of all Saint Paul tax increment financing districts is 9.78% of Saint Paul's total tax capacity. This represents an increase of 1.11% from 2010.
- The major housing development initiative continued in 2011 with 100 new or substantially rehabilitated housing units completed in 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 and an other information section, 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 38-40 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).

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
- Multi-year development projects that are locally funded

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011**

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, 2011, 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 2011. 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 42-46 and pages 48-52 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, 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 five governmental funds: HRA General Fund, HRA Federal & State Programs Special Revenue Fund, HRA Debt Service Fund, HRA Tax Increment Capital Projects Fund, and HRA Development Capital Projects Fund. Information is presented

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these five 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 funds. A budgetary comparison statement has been provided in the basic financial statements for the HRA General Fund. The HRA's governmental funds reflected almost exclusively positive variances compared to the final 2011 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 53-97 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

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 2011 with 2010 at December 31.

Saint Paul HRA's Assets, Liabilities and Net Assets
At December 31, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	12/31/2011	12/31/2010	12/31/2011	12/31/2010 Restated	12/31/2011	12/31/2010 Restated	2011-2010
Assets							
Cash and Investments	\$61,504,978	\$72,151,643	\$26,388,181	\$27,752,577	\$87,893,159	\$99,904,220	-12.0%
Other Current Assets	1,315,346	(3,508,781)	1,279,712	5,828,814	2,595,058	2,320,033	11.9%
Land Held for Resale	3,920,458	3,840,043	11,185,971	13,633,752	15,106,429	17,473,795	-13.5%
Loans Receivable	4,873,950	4,478,553	3,057,469	3,601,140	7,931,419	8,079,693	-1.8%
Leases Receivable	13,070,000	13,650,000	--	--	13,070,000	13,650,000	-4.2%
Capital Assets	19,955,884	20,488,147	106,888,662	99,812,644	126,844,546	120,300,791	5.4%
Other Non-Current Assets	3,786,622	3,010,262	2,669,174	2,950,224	6,455,796	5,960,486	8.3%
Total Assets	108,427,238	114,109,867	151,469,169	153,579,151	259,896,407	267,689,018	-2.9%
Liabilities							
Current Liabilities	11,081,052	9,836,874	6,418,030	7,292,710	17,499,082	17,129,584	2.2%
Long-Term Debt	127,044,141	131,979,379	74,765,568	78,923,417	201,809,709	210,902,796	-4.3%
Total Liabilities	138,125,193	141,816,253	81,183,598	86,216,127	219,308,794	228,032,380	-3.8%
Net Assets							
Invested in Capital Assets,							
Net of Related Debt	9,356,032	9,888,295	30,569,951	26,573,501	39,925,983	36,461,796	9.5%
Restricted for Debt Service	14,346,114	5,548,931	4,235,499	6,682,061	18,581,613	12,230,992	51.9%
Restricted for Construction	--	--	--	6,445,668	--	6,445,668	-100.0%
Restricted for Bond Operations and Maintenance	--	--	490,718	659,160	490,718	659,160	-25.6%
Unrestricted (Deficit)	(53,400,101)	(43,143,612)	34,989,403	27,002,634	(18,410,698)	(16,140,978)	-14.1%
Total Net Assets	\$(29,697,955)	\$(27,706,386)	\$70,285,571	\$67,363,024	\$40,587,616	\$39,656,638	2.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

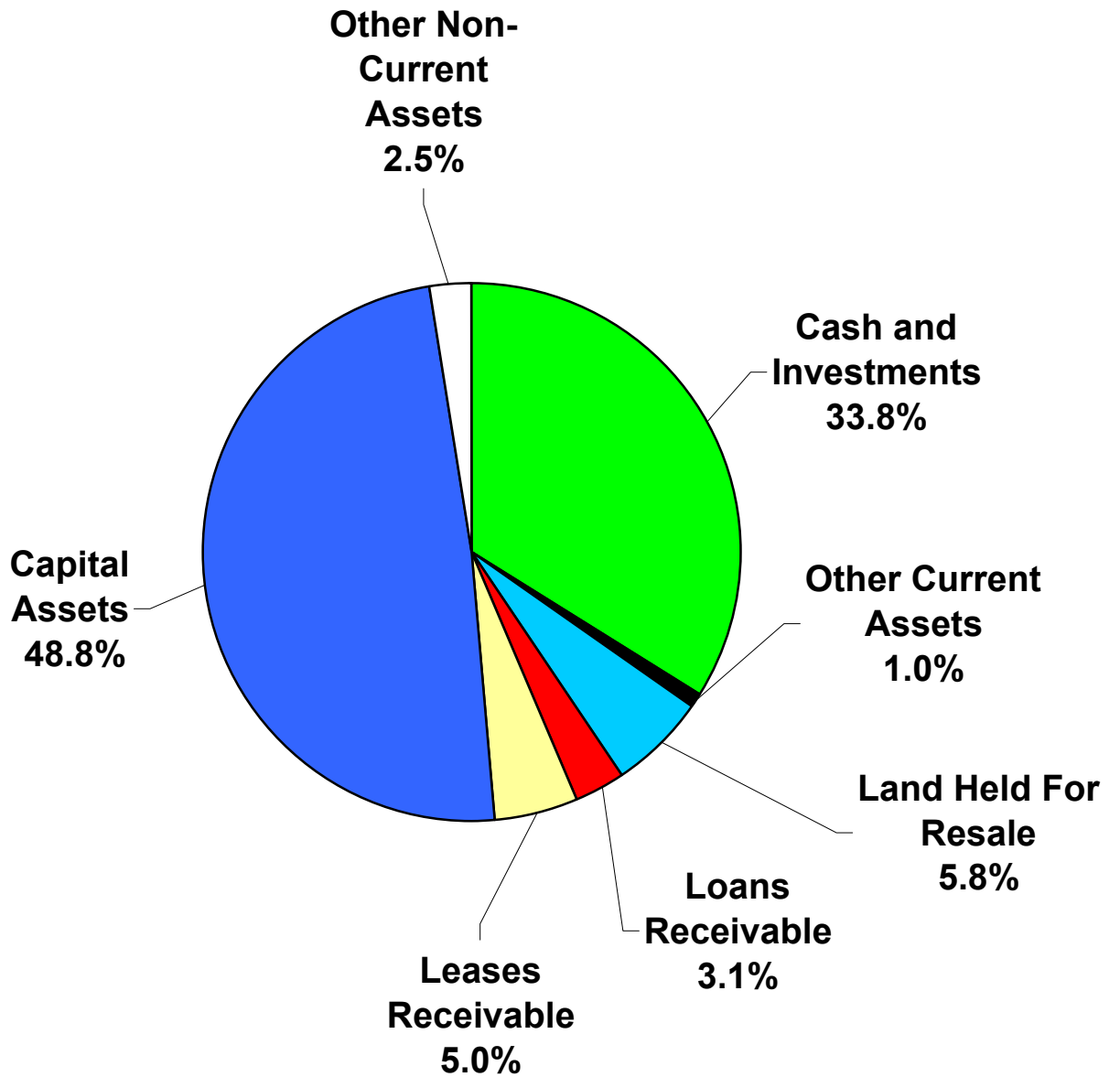
Total assets of the HRA exceeded total liabilities resulting in an overall surplus of \$40.6 million at December 31, 2011. Net assets of the business-type activities are \$70.3 million at December 31, 2011. However, governmental activity net assets are in a deficit position of \$29.7 million. In governmental 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 \$35 million at December 31, 2011. 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 2.9%, to a total of \$259.9 million at year-end. Cash and investment balances decreased by 12% in 2011. Land held for resale decreased with the sale of some land in 2011. The net asset for loans less their allowance decreased in 2011 by 1.8%. Capital assets increased during 2011 by 5.4%.

The HRA's long-term debt, at \$201.8 million is 92.0% of its total liabilities. The outstanding balance of long-term debt decreased by 4.3% during 2011. 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, that were issued to finance the construction of HRA owned parking ramps, and the 2010 issued Lofts at Farmers Market Limited Tax Bonds.

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2011 Assets



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

Changes in Net Assets. The following chart shows the changes in net assets during 2011 and compares this with 2010.

Saint Paul HRA's Changes in Net Assets
For the Fiscal Years Ended December 31, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2011	2010	2011	2010 Restated	2011	2010 Restated	2011-2010
Revenues							
Program Revenues:							
Charges for Services	\$1,465,054	\$5,104,319	\$14,618,528	\$11,898,783	\$16,083,582	17,003,102	-5.4%
Operating Grants and Contributions	23,644,851	37,531,003	647,787	317,340	24,292,638	37,848,343	-35.8%
Capital Grants and Contributions	148,459	27,711	1,592,480	534,591	1,740,939	562,302	209.6%
General Revenues:							
Property Taxes	22,969,349	23,975,006	1,242,838	1,258,761	24,212,187	25,233,767	-4.0%
Other Taxes and Unrestricted Grants	347,852	354,395	--	--	347,852	354,395	-1.8%
Investment Income	1,900,121	1,062,612	733,407	305,311	2,633,528	1,367,923	92.5%
Total Revenues	<u>50,475,686</u>	<u>68,055,046</u>	<u>18,835,040</u>	<u>14,314,786</u>	<u>69,310,726</u>	<u>82,369,832</u>	<u>-15.9%</u>
Expenses							
Housing and Economic Development	41,241,422	53,868,777	--	--	41,241,422	53,868,777	-23.4%
Interest on Govt Activity Long-Term Debt	11,037,746	10,132,800	--	--	11,037,746	10,132,800	8.9%
Development Loan Programs	--	--	4,515,981	1,462,546	4,515,981	1,462,546	208.8%
Parking Operations	--	--	11,584,599	13,161,012	11,584,599	13,161,012	-12.0%
Total Expenses	<u>52,279,168</u>	<u>64,001,577</u>	<u>16,100,580</u>	<u>14,623,558</u>	<u>68,379,748</u>	<u>78,625,135</u>	<u>-13.0%</u>
Excess (Deficiency) before Transfers	<u>(1,803,482)</u>	<u>4,053,469</u>	<u>2,734,460</u>	<u>(308,772)</u>	<u>930,978</u>	<u>3,744,697</u>	
Transfers	<u>(188,087)</u>	<u>(2,062,510)</u>	<u>188,087</u>	<u>2,062,510</u>	<u>--</u>	<u>--</u>	
Change in Net Assets	<u>(1,991,569)</u>	<u>1,990,959</u>	<u>2,922,547</u>	<u>1,753,738</u>	<u>930,978</u>	<u>3,744,697</u>	
Net Assets, January 1	<u>(27,706,386)</u>	<u>(29,697,345)</u>	<u>67,363,024</u>	<u>65,609,286</u>	<u>39,656,638</u>	<u>35,911,941</u>	
Net Assets, December 31	<u>(\$29,697,955)</u>	<u>(\$27,706,386)</u>	<u>\$70,285,571</u>	<u>\$67,363,024</u>	<u>\$40,587,616</u>	<u>\$39,656,638</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

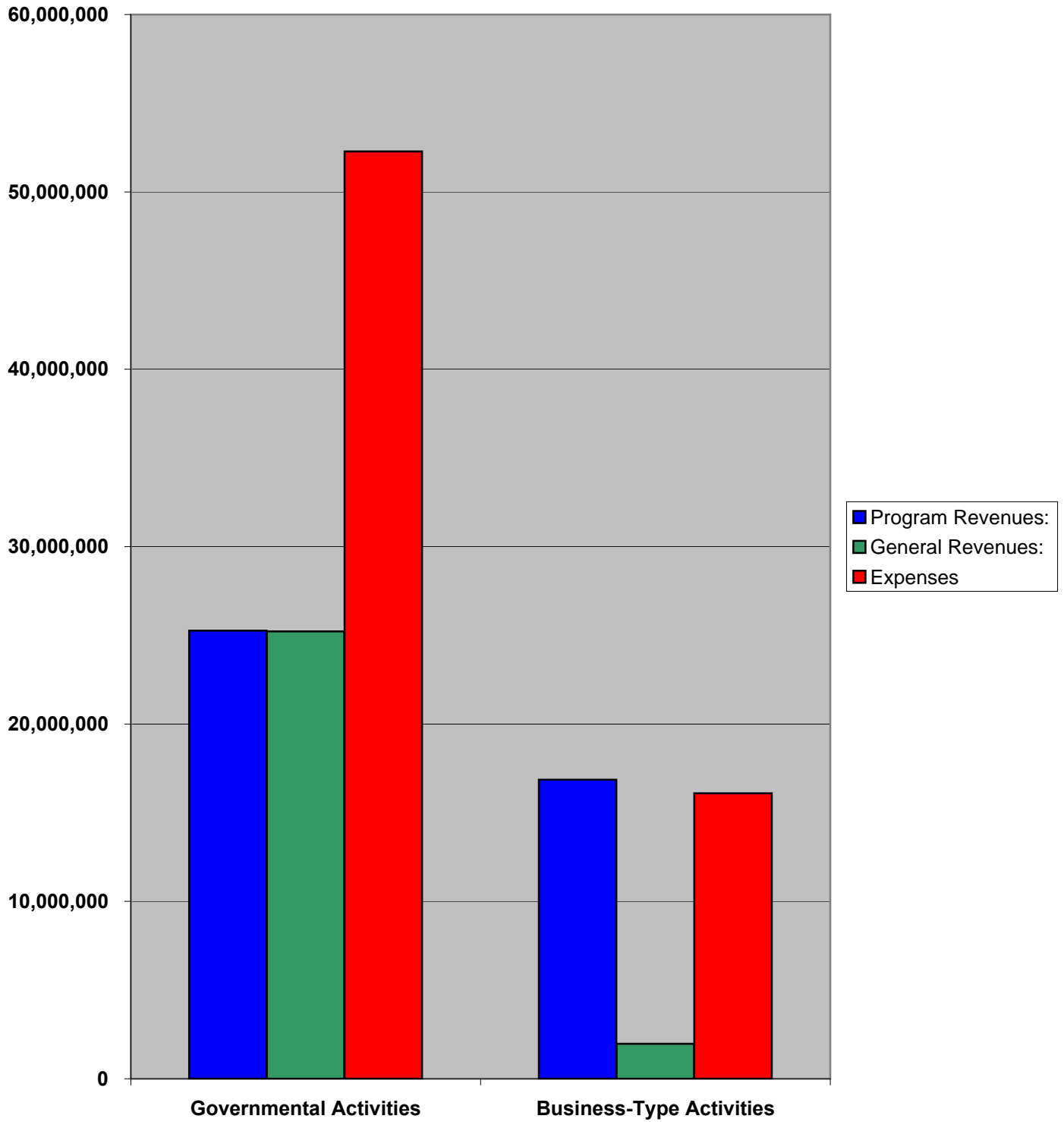
Total revenues of the HRA decreased by 15.9% in 2011, while total expenses decreased by 13.0%, resulting in an increase in net assets in 2011 of \$.9 million.

As shown in the table on the previous page, governmental activities are financed heavily with tax revenue and operating grants and contributions. Property tax revenue in governmental activities decreased by 4.2% with most of the decrease being in tax increment revenue. Operating grants and contributions decreased by 37.0% in 2011. The largest decrease in these grants and contributions was in grants and direct appropriations received for tax credit assistance and exchange. Housing and Economic Development expenses decreased in 2011 from 2010 by \$12.6 million, or 23.4%. The largest decrease in these expenses was for the expenditure of funds from the Federal and State Programs Special Revenue Fund for tax credit assistance and exchange. Interest on governmental activity long-term debt increased in 2011 by 8.9% from 2010, primarily due to increased interest payments on Authority contribution notes.

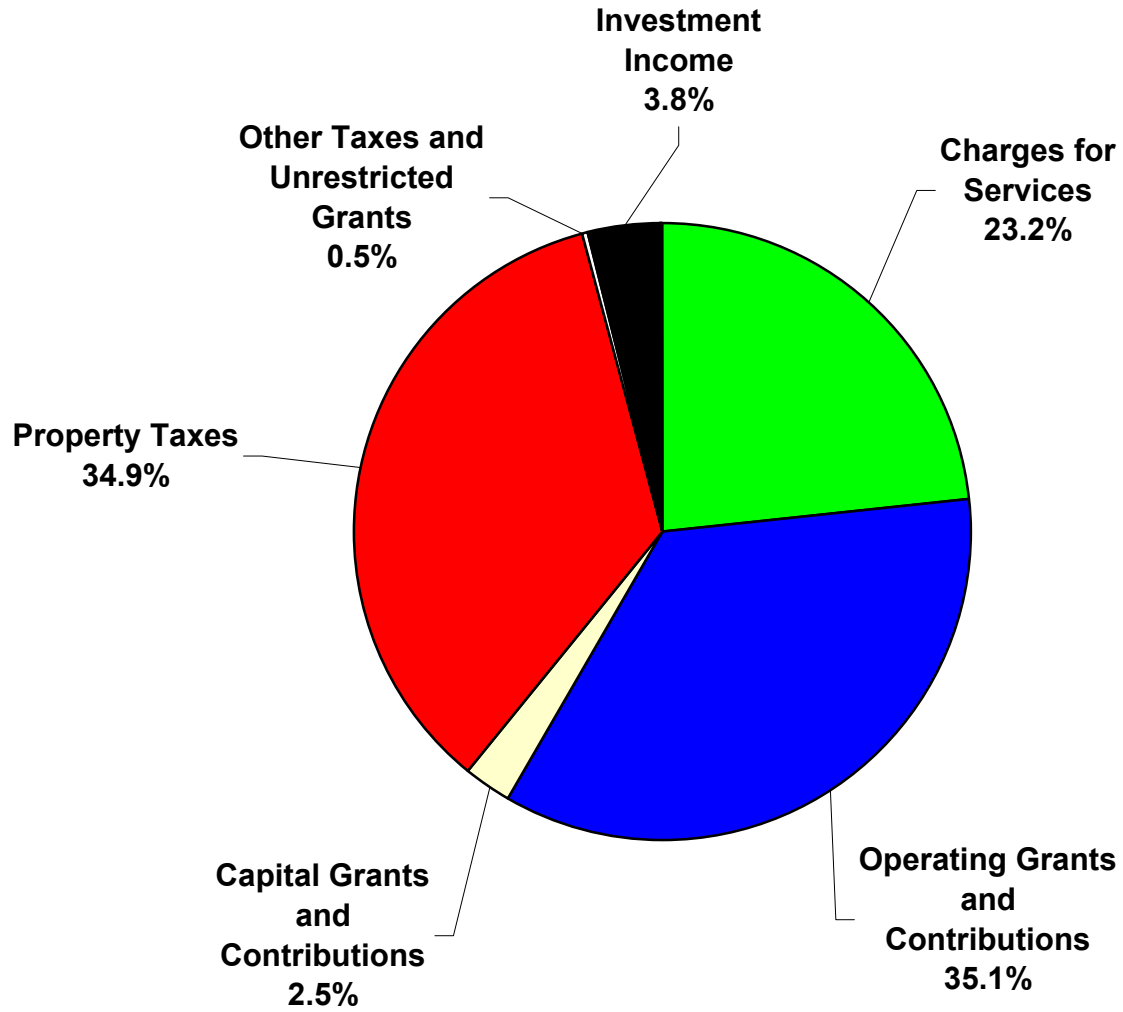
Charges for service revenue in business-type activities in 2011 increased by 22.9%. Operating grants and contributions increased by \$.3 million. Total business-type activities expenses increased in 2011 by \$1.5 million or 10.1%. The major reason for this increase in expenses was the cost of land sold in 2011. Parking operation expenses decreased by 12.0% in 2011.

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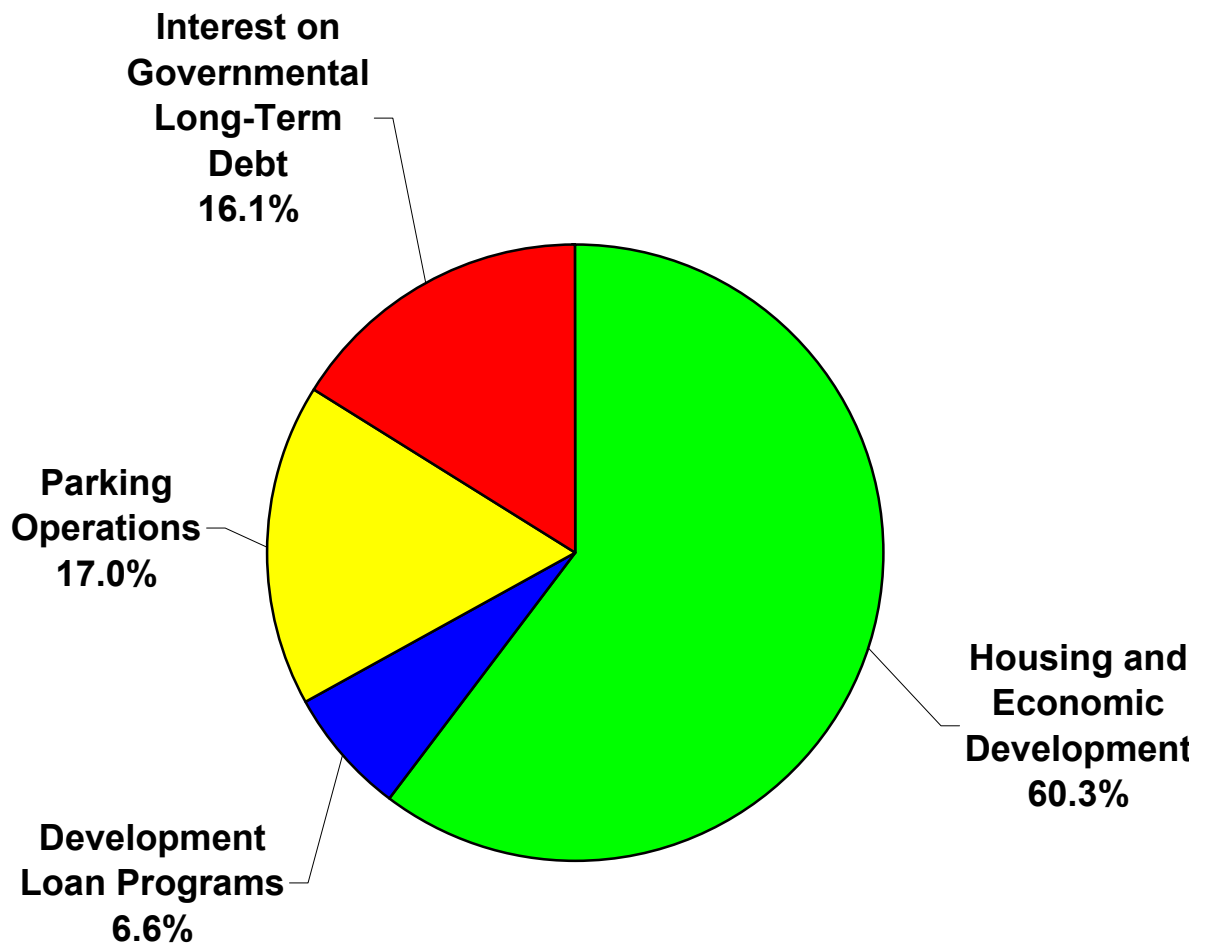
2011 Revenue and Expenses



2011 Revenues by Source



2011 Expenses by Function



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

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.

At December 31, 2011, the HRA's governmental funds reported total fund balances of \$56.1 million. Approximately 81.0% of this is either nonspendable or restricted to indicate that it is not available for new spending. Of the restricted amounts totalling \$44.7 million, \$14.3 million is for future debt service on existing bonds and notes (\$40.3 million). Committed, assigned, and unassigned balances total \$10.7 million. Of the committed, assigned, and unassigned fund balances, \$4.4 million has been committed in the HRA General Fund for support of HRA operations.

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, investment earnings, and excess tax increments receipts. 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 increased during 2011 by \$1.0 million to a total of \$10.8 million at December 31, 2011, due to decreased spending of staff administration for HRA programs and projects, and an increase in fees from conduit revenue bond issues.

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 2011, the Special Revenue Fund received \$3.4 million in revenues which 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, 2011, the fund balance is \$14.3 million, which is entirely restricted for future debt service. Total debt spending during 2011 was \$13.2 million.

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. \$16.5

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011**

million of the total fund balance at December 31, 2011, is restricted for unspent balances of previously approved projects. Total 2011 spending from this Fund was \$17.4 million. Projects with the largest 2011 spending include the new Minnesota Events District and for the payment of interest on debt. All of these projects are financed with tax increment bond proceeds.

The HRA Development Capital Projects Fund was established during 2007 to account for HRA multi-year development projects. These projects are locally funded through transfers from other funds and bonds sold for development purposes. During 2007, the HRA implemented the Invest Saint Paul Initiative program which is financed in part with Sales Tax Revenue Bonds. The fund balance at year-end was \$12.6 million.

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: (1) loans issued and related servicing for various housing and economic development programs and projects, and (2) the Lofts at Farmers Market and the Penfield Apartments, market-rate rental projects. The Fund has unrestricted net assets totaling \$23.0 million at December 31, 2011. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at \$2.8 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 \$9.0 million at December 31, 2011. The Fund had an overall increase in net assets of \$.6 million for 2011.

The HRA Parking Enterprise Fund accounts for the operation of HRA owned parking facilities in Saint Paul. The Fund has unrestricted net assets of \$11.9 million at December 31, 2011. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$95.8 million. Long-term debt used for financing the construction of the parking facilities is \$67.7 million in principal outstanding at December 31, 2011. The Fund had operating income of \$4.0 million during 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

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 obligations (prior year encumbrances), plus any additional supplemental appropriations that were legislated by the Board of Commissioners during the year. Actual 2011 spending was 26.9% lower than the final spending budget. Actual revenues were 13.1% higher than the final financing budget. The major positive revenue variance was in conduit revenue bond fees.

Long-Term Debt

At December 31, 2011, the HRA had total long-term debt outstanding of \$200.8 million as shown in the following chart.

Saint Paul HRA's Long-Term Debt
At December 31, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2011-2010
Tax Increment Bonds	\$55,536,657	\$57,026,305	\$ --	\$ --	\$55,536,657	\$57,026,305	-2.6%
Sales Tax Revenue Bonds	35,520,000	37,360,000	--	--	35,520,000	37,360,000	-4.9%
Lease Revenue Bonds	13,080,000	13,655,000	--	--	13,080,000	13,655,000	-4.2%
Parking Revenue Bonds	--	--	41,235,000	42,785,000	41,235,000	42,785,000	-3.6%
Tax Increment – Parking Bonds	--	--	26,480,000	28,055,000	26,480,000	28,055,000	-5.6%
Limited Tax Bonds	--	--	7,855,000	7,855,000	7,855,000	7,855,000	0.0%
Development Notes	19,532,701	20,113,997	1,580,000	1,775,190	21,112,701	21,889,187	-3.5%
Totals	\$123,669,358	\$128,155,302	\$77,150,000	\$80,470,190	\$200,819,358	\$208,625,492	-3.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

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 \$45.1 million outstanding at year-end 2011. 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 RiverCentre Facility 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 \$3 million collected annually in parking meter and parking fine revenues.

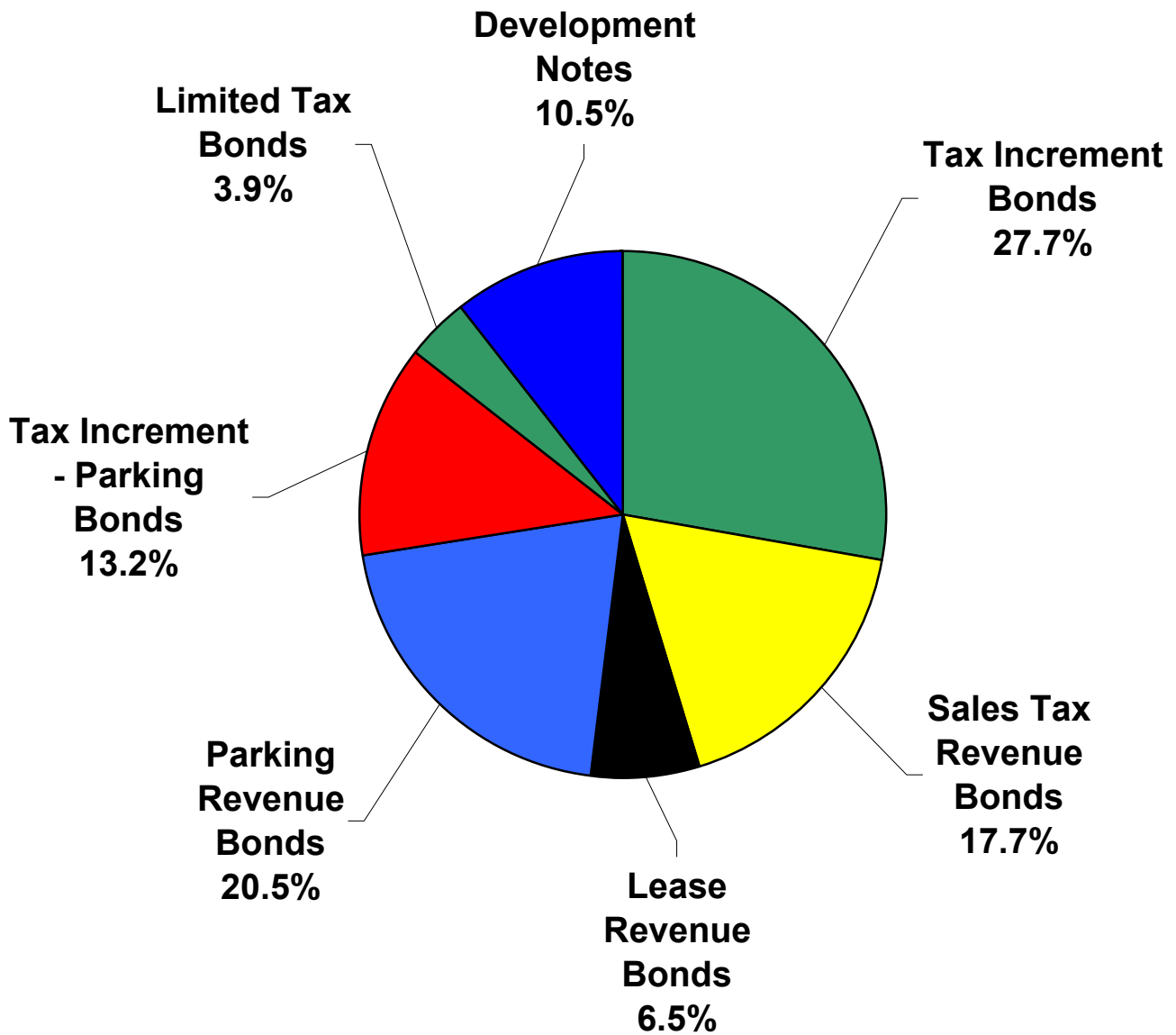
During 2011, the HRA issued \$11.9 million in long-term debt. The US Bank Tax Increment Refunding Bonds, Series 2011F and 2011G were issued in the amounts of \$3,060,000 and \$8,870,000, respectively, to refund the US Bank Tax Increment Bonds, Series 2001

All 2011 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 82-88 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.

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2011 Long-Term Debt



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2011

Capital Assets

The HRA's investment in capital assets for its governmental and business-type activities as of December 31, 2011 is \$126.8 million (net of accumulated depreciation) as shown in the following chart.

Saint Paul HRA's Capital Assets
(Net of Depreciation)
At December 31, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2011	2010	2011	2010 Restated	2011	2010 Restated	2011-2010
Land (Not Depreciated)	\$3,042,169	\$3,042,169	\$28,194,831	\$28,088,331	\$31,237,000	\$31,130,500	0.3%
Buildings	12,439,782	12,650,994	1,660,038	1,641,118	14,099,820	14,292,112	-1.3%
Equipment	--	--	1,448,589	1,519,558	1,448,589	1,519,558	-4.7%
Parking Ramps	--	--	65,401,749	68,122,941	65,401,749	68,122,941	-4.0%
Pedestrian Skyway Bridges	4,473,933	4,794,984	--	--	4,473,933	4,794,984	-6.7%
Construction in Progress (Not Depreciated)	--	--	10,183,455	440,696	10,183,455	440,696	2,210.8%
Totals	\$19,955,884	\$20,488,147	\$106,888,662	\$99,812,644	\$126,844,546	\$120,300,791	5.4%

Construction continued in 2011 on the Lofts at Farmers Market project, and predevelopment work was started on the Penfield project.

Total depreciation expense for governmental and business-type activities during 2011 was \$3.6 million.

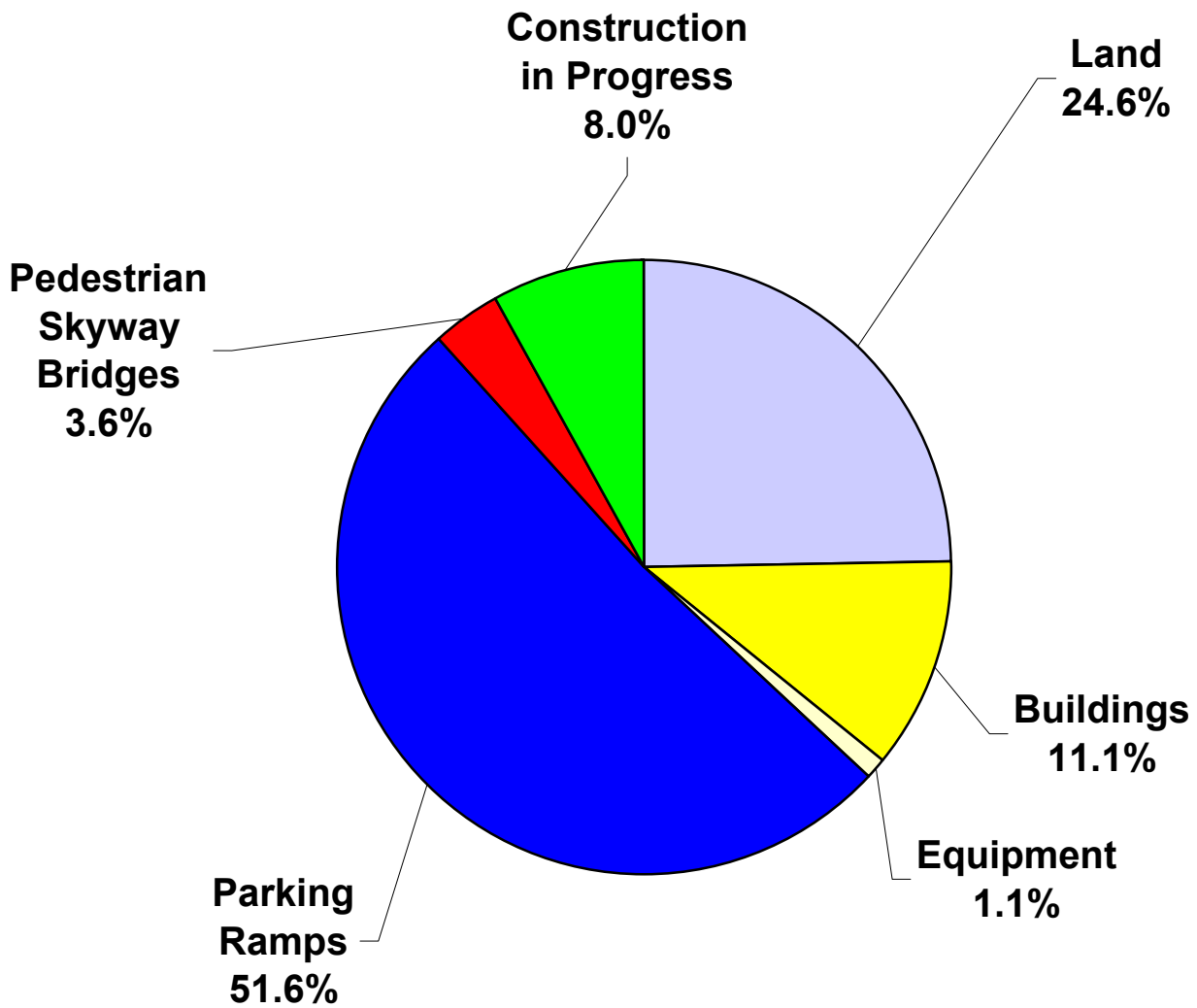
Additional information on the HRA's capital assets can be found in Note 5.E. on pages 81-82 of this report.

A chart of the HRA's capital assets is shown on the following page.

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.

2011 Capital Assets



STATEMENT OF NET ASSETS

At December 31, 2011

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments with Treasurer	51,532,258	18,979,952	70,512,210
Cash with Fiscal Agents	-	780,370	780,370
Cash and Investments with Trustees	9,972,720	593,523	10,566,243
Accounts Receivable (Net of Allowance)	28,986	440,503	469,489
Property Taxes Receivable - Due from Ramsey County	754,445	-	754,445
Delinquent Property Taxes Receivable (Net of Allowance)	639,098	113,075	752,173
Delinquent Assessments Receivable (Net of Allowance)	-	933	933
Accrued Interest Receivable on Investments	210,399	70,434	280,833
Internal Balances	(654,767)	654,767	-
Due from Other Governmental Units	337,185	-	337,185
Land Held for Resale	3,920,458	11,185,971	15,106,429
Restricted Assets:			
Cash for Revenue Bond Debt Service	-	2,652,229	2,652,229
Cash for General Obligation Bond Debt Service	-	2,504,799	2,504,799
Cash for Revenue Bond Operations and Maintenance	-	240,718	240,718
Cash for Limited Tax Bond Debt Service	-	357,771	357,771
Cash for Limited Tax Bond Construction	-	28,819	28,819
Cash for Limited Tax Bond Operations and Maintenance	-	250,000	250,000
Direct Financing Leases Receivable	13,070,000	-	13,070,000
Loans Receivable (Net of Allowance)	4,768,709	2,593,036	7,361,745
Accrued Interest Receivable on Loans (Net of Allowance)	105,241	464,433	569,674
Advance to Other Government Units	2,362,191	781,818	3,144,009
Deferred Charges	1,424,431	1,887,356	3,311,787
Capital Assets, Net of Related Depreciation:			
Land (Not Depreciated)	3,042,169	28,194,831	31,237,000
Construction in Progress (Not Depreciated)	-	10,183,455	10,183,455
Buildings	12,439,782	1,660,038	14,099,820
Equipment	-	1,448,589	1,448,589
Parking Ramps	-	65,401,749	65,401,749
Pedestrian Skyway Bridges	4,473,933	-	4,473,933
TOTAL ASSETS	<u>108,427,238</u>	<u>151,469,169</u>	<u>259,896,407</u>

Continued

STATEMENT OF NET ASSETS

At December 31, 2011

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Accounts Payable	1,116,196	1,265,325	2,381,521
Contracts Payable	619,622	43,943	663,565
Due to Other Governmental Units	2,749,346	554,462	3,303,808
Accrued Interest Payable on Long-Term Debt	1,679,397	1,065,095	2,744,492
Unearned Revenue	4,916,491	-	4,916,491
Revenue Bonds Payable- Due within One Year	-	629,665	629,665
Liabilities Payable from Restricted Assets:			
Accrued Interest on Bonds Payable	-	214,205	214,205
General Obligation Bonds Payable	-	1,605,000	1,605,000
Revenue Bonds Payable	-	1,040,335	1,040,335
Long-Term Liabilities:			
Revenue Bonds Payable - Due within One Year	6,778,795	-	6,778,795
Revenue Notes Payable - Due within One Year	406,768	-	406,768
Revenue Bonds Payable - Due in more than One Year	97,693,036	39,674,761	137,367,797
General Obligation Bonds Payable - Due in more than One Year	-	25,655,807	25,655,807
Limited Tax Bonds Payable - Due in more than One Year	-	7,855,000	7,855,000
Notes Payable - Due in more than One Year	19,125,933	1,580,000	20,705,933
Pollution Remediation Obligation	3,039,609	-	3,039,609
TOTAL LIABILITIES	<u>138,125,193</u>	<u>81,183,598</u>	<u>219,308,791</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	9,356,032	30,569,951	39,925,983
Restricted for Debt Service	14,346,114	4,235,499	18,581,613
Restricted for Operations and Maintenance	-	490,718	490,718
Unrestricted (Deficit)	<u>(53,400,101)</u>	<u>34,989,403</u>	<u>(18,410,698)</u>
TOTAL NET ASSETS (DEFICIT)	<u>(29,697,955)</u>	<u>70,285,571</u>	<u>40,587,616</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2011

(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	41,241,422	1,465,054	23,644,851	148,459	(15,983,058)	-	(15,983,058)
Interest on Governmental Long-Term Debt	11,037,746	-	-	-	(11,037,746)	-	(11,037,746)
Total - Governmental Activities	52,279,168	1,465,054	23,644,851	148,459	(27,020,804)	-	(27,020,804)
Business-type Activities:							
Development Loan Programs	4,515,981	2,478,443	647,787	1,592,480	-	202,729	202,729
Parking Operations	11,584,599	12,140,085	-	-	-	555,486	555,486
Total Business-type Activities	16,100,580	14,618,528	647,787	1,592,480	-	758,215	758,215
Total - All Functions/Programs	68,379,748	16,083,582	24,292,638	1,740,939	(27,020,804)	758,215	(26,262,589)
General Revenues:							
HRA Property Tax					3,174,596	-	3,174,596
Property Tax Increments					19,794,753	1,242,838	21,037,591
State Market Value Homestead Credit					347,852	-	347,852
Investment Income					1,900,121	733,407	2,633,528
Transfers					(188,087)	188,087	-
Total General Revenues and Transfers					25,029,235	2,164,332	27,193,567
Change in Net Assets					(1,991,569)	2,922,547	930,978
Net Assets, January 1, 2011, restated					(27,706,386)	67,363,024	39,656,638
Net Assets, December 31, 2011					(29,697,955)	70,285,571	40,587,616

BALANCE SHEET
GOVERNMENTAL FUNDS

At December 31, 2011

(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
ASSETS						
Cash and Investments with Treasurer	11,625,629	43,533	6,234,619	20,039,563	13,588,914	51,532,258
Cash and Investments with Trustees	-	-	7,927,551	2,043,756	1,413	9,972,720
Property Taxes Receivable:						
Due from County	50,307	-	153,422	550,717	-	754,446
Delinquent Taxpayer	260,373	-	569,849	371,611	-	1,201,833
Accounts Receivable (Net of Allowance)	27,824	1,162	-	-	-	28,986
Accrued Interest Receivable on Investments	58,917	-	111,471	40,011	-	210,399
Loans Receivable (Net of Allowance)	-	3,835,006	-	823,397	110,306	4,768,709
Accrued Interest Receivable on Loans (Net of Allow.)	-	105,081	-	151	9	105,241
Due from Other Funds	-	-	54,731	-	-	54,731
Due from Other Governmental Units	-	172,468	-	125,415	39,302	337,185
Advances to Other Funds	717,599	-	-	1,774,318	250,000	2,741,917
Advances to Other Governmental Units	-	-	-	-	2,362,191	2,362,191
Land Held for Resale	496,009	-	-	1,352,328	2,072,121	3,920,458
Direct Financing Leases Receivable	-	-	13,070,000	-	-	13,070,000
TOTAL ASSETS	<u>13,236,658</u>	<u>4,157,250</u>	<u>28,121,643</u>	<u>27,121,267</u>	<u>18,424,256</u>	<u>91,061,074</u>
LIABILITIES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	1,200	33,217	-	786,779	295,000	1,116,196
Contracts Payable	619,622	-	-	-	-	619,622
Due to Other Funds	-	-	-	54,731	-	54,731
Due to Other Governmental Units	1,004,168	27,779	-	1,686,590	30,809	2,749,346
Deferred Revenue	787,967	-	13,775,529	2,880,792	2,182,436	19,626,724
Unearned Revenue	-	4,096,254	-	-	3,318,771	7,415,025
Advance from Other Funds	-	-	-	3,396,684	-	3,396,684
Total Liabilities	<u>2,412,957</u>	<u>4,157,250</u>	<u>13,775,529</u>	<u>8,805,576</u>	<u>5,827,016</u>	<u>34,978,328</u>

Continued

BALANCE SHEET
GOVERNMENTAL FUNDS

At December 31, 2011

(Amounts in dollars)

	<u>HRA General</u>	<u>HRA Federal & State Programs Special Revenue</u>	<u>HRA Debt Service</u>	<u>HRA Tax Increment Capital Projects</u>	<u>HRA Development Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Fund Balances</u>						
Nonspendable	717,599	-	-	-	-	717,599
Restricted	-	-	14,346,114	18,315,691	12,034,891	44,696,696
Committed	4,448,812	-	-	-	-	4,448,812
Assigned	1,414,495	-	-	-	562,349	1,976,844
Unassigned	<u>4,242,795</u>	-	-	-	-	<u>4,242,795</u>
Total Fund Balances	<u>10,823,701</u>	<u>-</u>	<u>14,346,114</u>	<u>18,315,691</u>	<u>12,597,240</u>	<u>56,082,746</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>13,236,658</u></u>	<u><u>4,157,250</u></u>	<u><u>28,121,643</u></u>	<u><u>27,121,267</u></u>	<u><u>18,424,256</u></u>	<u><u>91,061,074</u></u>

Amounts reported for governmental activities in the Statement of Net Assets (pages 38-39) are different because:

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,955,884
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	19,085,648
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.	(124,259,498)
4. The pollution remediation obligation is long-term in nature and is not expected to be due and payable in the current period and, therefore, is not reported in the funds. The liability is offset by a reduction in unearned revenue.	
Pollution remediation obligation	(3,039,609)
Unearned revenue	3,039,609
5. Bad debt expense is not an outlay of financial resources and is, therefore, not reported in the funds.	<u>(562,735)</u>
Total Reconciling Items	(85,780,701)
Fund Balances per Balance Sheet - Governmental Funds, December 31, 2011	<u>56,082,746</u>
Net Assets (Deficit) per Statement of Net Assets - Governmental Activities column, December 31, 2011	<u><u>(29,697,955)</u></u>

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

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
REVENUES						
Taxes						
Current Property Taxes	2,470,269	-	-	-	-	2,470,269
Delinquent Property Taxes	21,597	-	-	-	-	21,597
Fiscal Disparities	693,746	-	-	-	-	693,746
Property Tax Increments	-	-	8,370,424	11,684,937	-	20,055,361
Intergovernmental	108,652	3,362,328	18,745,785	164,528	40,000	22,421,293
Fees, Sales and Services						
Revenue Bond Fees	1,198,745	-	-	-	-	1,198,745
Other Fees and Services	33,055	12,966	-	2,149	27,550	75,720
Sales of Land	-	-	-	-	20,000	20,000
Rentals of Property	-	-	586,422	-	-	586,422
Interest on Loans	-	8,486	-	2,417	140	11,043
Loan Repayments	-	44,926	-	14,964	56,961	116,851
Investment Income						
Interest Earned on Investments	304,286	-	517,383	235,170	-	1,056,839
Increase (Decrease) in the Fair Value of Investments	258,761	-	448,383	140,973	-	848,117
Miscellaneous						
Outside Contributions	-	-	421,470	-	651,912	1,073,382
Developer Contributions	-	-	130,176	20,000	-	150,176
Total Revenues	5,089,111	3,428,706	29,220,043	12,265,138	796,563	50,799,561
EXPENDITURES						
Current						
Housing and Economic Development	3,858,072	3,435,809	-	12,612,377	4,086,992	23,993,250
Intergovernmental - City	271,742	-	16,624,515	-	-	16,896,257
Debt Service						
Principal Payment on Bonds	-	-	5,959,648	40,000	-	5,999,648
Interest on Bonds	-	-	6,288,122	448,342	-	6,736,464
Principal Payment on Notes	-	-	433,167	148,129	-	581,296
Interest on Notes	-	-	393,261	4,181,394	-	4,574,655
Bond Issuance Costs	-	-	139,665	-	-	139,665
Total Expenditures	4,129,814	3,435,809	29,838,378	17,430,242	4,086,992	58,921,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	959,297	(7,103)	(618,335)	(5,165,104)	(3,290,429)	(8,121,674)

Continued

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

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Transfers In	-	7,103	3,193,408	17,544,660	-	20,745,171
Transfers Out	-	-	(17,544,660)	(3,193,408)	(195,190)	(20,933,258)
Current Refunding Bonds Issued	-	-	11,930,000	-	-	11,930,000
Redemption of Refunded Bonds	-	-	(9,835,000)	-	-	(9,835,000)
Premium on Bonds Issued	-	-	155,316	-	-	155,316
Total Other Financing Sources (Uses)	-	7,103	(12,100,936)	14,351,252	(195,190)	2,062,229
Net Changes in Fund Balances	959,297	-	(12,719,271)	9,186,148	(3,485,619)	(6,059,445)
FUND BALANCES, January 1	9,864,404	-	27,065,385	9,129,543	16,082,859	62,142,191
FUND BALANCES, December 31	10,823,701	-	14,346,114	18,315,691	12,597,240	56,082,746

Amounts reported for governmental activities in the Statement of Activities (page 40) are different because:

Net change in fund balances - total governmental funds (above)	(6,059,445)
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.	
Current year depreciation	(680,722)
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(388,207)
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.	4,395,975
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.	11,140
5. The issuance of development loans and the acquisition of land for resale consume current financial resources in governmental funds. Likewise, principal payments received on development loans and the sale of land for resale provide current financial resources in governmental funds. These transactions, other than the gain or loss on the sale of land, have no effect to net assets in the Statement of Activities.	729,690
Total Reconciling Items	4,067,876
Change in Net Assets of Governmental Activities - Statement of Activities	(1,991,569)

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

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	3,114,585	3,114,585	3,185,612	71,027
Intergovernmental	88,000	88,000	108,652	20,652
Fees, Sales and Services	1,015,625	1,015,625	1,231,800	216,175
Investment Income	280,000	280,000	563,047	283,047
Total Revenues	<u>4,498,210</u>	<u>4,498,210</u>	<u>5,089,111</u>	<u>590,901</u>
EXPENDITURES				
Current				
Housing and Economic Development	5,269,510	5,269,510	3,858,072	1,411,438
Intergovernmental - City	383,456	383,456	271,742	111,714
Total Expenditures	<u>5,652,966</u>	<u>5,652,966</u>	<u>4,129,814</u>	<u>1,523,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,154,756)	(1,154,756)	959,297	2,114,053
FUND BALANCE, January 1	<u>9,864,404</u>	<u>9,864,404</u>	<u>9,864,404</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>8,709,648</u></u>	<u><u>8,709,648</u></u>	<u><u>10,823,701</u></u>	<u><u>2,114,053</u></u>

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
At December 31, 2011
(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Investments with Treasurer	7,749,011	11,230,941	18,979,952
Cash with Fiscal Agents	-	780,370	780,370
Cash and Investments with Trustees	593,523	-	593,523
Accounts Receivable (Net of Allowance)	-	440,503	440,503
Delinquent Property Taxes Receivable (Net of Allowance)	-	113,075	113,075
Delinquent Assessments Receivable (Net of Allowance)	933	-	933
Accrued Interest Receivable on Investments	34,236	36,198	70,434
Land Held for Resale	11,185,971	-	11,185,971
Restricted Cash for Revenue Bond Debt Service	-	2,652,229	2,652,229
Restricted Cash for General Obligation Bond Debt Service	-	2,504,799	2,504,799
Restricted Cash for Limited Tax Bond Debt Service	357,771	-	357,771
Restricted Cash for Limited Tax Bond Construction	28,819	-	28,819
Restricted Cash for Revenue Bond Operations and Maintenance	-	240,718	240,718
Restricted Cash for Limited Tax Bond Operations and Maintenance	250,000	-	250,000
Total Current Assets	20,200,264	17,998,833	38,199,097
Noncurrent Assets:			
Loans Receivable (Net of Allowance)	2,356,786	236,250	2,593,036
Accrued Interest Receivable on Loans (Net of Allowance)	464,433	-	464,433
Advances to Other Funds	2,679,085	-	2,679,085
Advances to Other Governmental Units	781,818	-	781,818
Deferred Charges	172,369	1,714,987	1,887,356
Capital Assets:			
Land (Not Depreciated)	947,344	27,247,487	28,194,831
Parking Ramps	-	105,447,736	105,447,736
Buildings	-	2,182,469	2,182,469
Equipment	-	1,798,469	1,798,469
Construction in Progress (Not Depreciated)	10,183,455	-	10,183,455
Less: Accumulated Depreciation	-	(40,918,298)	(40,918,298)
Total Capital Assets (Net of Accumulated Depreciation)	11,130,799	95,757,863	106,888,662
Total Noncurrent Assets	17,585,290	97,709,100	115,294,390
TOTAL ASSETS	37,785,554	115,707,933	153,493,487

Continued

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
At December 31, 2011
(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	551,753	713,572	1,265,325
Contracts Payable	43,943	-	43,943
Due to Other Governmental Units	371,719	182,743	554,462
Advance from Other Funds	2,024,318	-	2,024,318
Accrued Interest on General Obligation Bonds Payable	-	379,465	379,465
Accrued Interest on Revenue Bonds Payable	-	685,630	685,630
Accrued Interest on Limited Tax Bonds Payable from Restricted Assets	214,205	-	214,205
Revenue Bonds Payable - Due within One Year	-	629,665	629,665
General Obligation Bonds Payable from Restricted Assets	-	1,605,000	1,605,000
Revenue Bonds Payable from Restricted Assets	-	1,040,335	1,040,335
Total Current Liabilities	3,205,938	5,236,410	8,442,348
Noncurrent Liabilities:			
General Obligation Bonds Payable	-	25,655,807	25,655,807
Revenue Bonds Payable	-	39,674,761	39,674,761
Limited Tax Bonds Payable	7,855,000	-	7,855,000
Revenue Notes Payable	1,580,000	-	1,580,000
Total Noncurrent Liabilities	9,435,000	65,330,568	74,765,568
TOTAL LIABILITIES	12,640,938	70,566,978	83,207,916
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			
Capital Assets			
Capital Assets	11,130,799	136,676,161	147,806,960
Accumulated Depreciation	-	(40,918,298)	(40,918,298)
Debt: (Related Debt issued for Capital Acquisition)			
Bonds Payable, Net of Issuance Costs	(7,682,631)	(66,000,013)	(73,682,644)
Advance from Other Funds	(1,774,318)	-	(1,774,318)
Unspent Proceeds of Capital Related Debt	28,819	-	28,819
Unamortized Discount and Premium	-	(890,568)	(890,568)
Total Invested in Capital Assets, Net of Related Debt	1,702,669	28,867,282	30,569,951
Restricted for Debt Service	143,566	4,091,933	4,235,499
Restricted for Operations and Maintenance	250,000	240,718	490,718
Unrestricted	23,048,381	11,941,022	34,989,403
TOTAL NET ASSETS	25,144,616	45,140,955	70,285,571

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

For the Year Ended December 31, 2011

(Amounts in dollars)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>HRA Loan Enterprise</u>	<u>HRA Parking Enterprise</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Fees, Sales and Services	1,466,278	12,140,085	13,606,363
Interest Earned on Loans	1,012,165	-	1,012,165
Total Operating Revenues	<u>2,478,443</u>	<u>12,140,085</u>	<u>14,618,528</u>
OPERATING EXPENSES			
Development Loan Programs	2,929,465	-	2,929,465
Costs of Parking Facility Operation	-	5,229,275	5,229,275
Depreciation	-	2,937,220	2,937,220
Bad Debt Expense on Loans	5,994	-	5,994
Forgivable Loan Expense	609,833	-	609,833
Total Operating Expenses	<u>3,545,292</u>	<u>8,166,495</u>	<u>11,711,787</u>
OPERATING INCOME (LOSS)	<u>(1,066,849)</u>	<u>3,973,590</u>	<u>2,906,741</u>
NONOPERATING REVENUES (EXPENSES)			
Property Tax Increments	-	1,242,838	1,242,838
Operating Grants	519,025	-	519,025
Noncapital Contributions	128,762	-	128,762
Investment Income:			
Interest Earnings	187,593	192,285	379,878
Increase (Decrease) in Fair Value of Investments	176,147	177,382	353,529
Interest on Bonds	(512,053)	(2,796,453)	(3,308,506)
Interest on Contracts	(5,268)	-	(5,268)
Intergovernmental Expenses	(443,767)	(23,349)	(467,116)
Loss on Retirement of Assets	-	(405,036)	(405,036)
Amortization of Bond Issuance Costs	(9,601)	(193,266)	(202,867)
Total Nonoperating Revenues (Expenses)	<u>40,838</u>	<u>(1,805,599)</u>	<u>(1,764,761)</u>
Income Before Contributions and Transfers	(1,026,011)	2,167,991	1,141,980
Capital Contributions	1,485,980	106,500	1,592,480
Transfers In	195,190	-	195,190
Transfers Out	(7,103)	-	(7,103)
CHANGE IN NET ASSETS	<u>648,056</u>	<u>2,274,491</u>	<u>2,922,547</u>
TOTAL NET ASSETS, January 1, restated	<u>24,496,560</u>	<u>42,866,464</u>	<u>67,363,024</u>
TOTAL NET ASSETS, December 31	<u>25,144,616</u>	<u>45,140,955</u>	<u>70,285,571</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2011

(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers/Borrowers	4,970,828	12,124,818	17,095,646
Payments to Suppliers	(5,572,803)	(5,243,857)	(10,816,660)
Net Cash Provided (Used) for Operating Activities	<u>(601,975)</u>	<u>6,880,961</u>	<u>6,278,986</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received	519,025	-	519,025
Noncapital Contributions Received	15,442	-	15,442
Interest Paid on Contracts	(5,268)	-	(5,268)
Advances Made to Other Funds	(1,116,264)	-	(1,116,264)
Advance Received from Other Funds	1,158,917	-	1,158,917
Repayment of Advance made to Other Funds	4,527,242	-	4,527,242
Repayment of Advance made to Other Governments	78,182	-	78,182
Transfers In from Other Funds	195,190	-	195,190
Transfers Out to Other Funds	(7,103)	-	(7,103)
Net Cash Provided (Used) for Noncapital Financing Activities	<u>5,365,363</u>	<u>-</u>	<u>5,365,363</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Property Tax Increments Received for Capital Debt	-	1,226,733	1,226,733
Payments for Acquisition and Construction of Capital Assets:			
Equipment	-	(161,933)	(161,933)
Building and Structures	-	(252,519)	(252,519)
Public Improvements	-	(184,889)	(184,889)
Construction In Progress	(7,748,021)	-	(7,748,021)
Principal Paid on Debt Maturities:			
General Obligation Bonds	-	(1,575,000)	(1,575,000)
Revenue Bonds	-	(1,550,000)	(1,550,000)
Notes	(195,190)	-	(195,190)
Interest Paid on Debt:			
General Obligation Bonds	-	(935,129)	(935,129)
Revenue Bonds	-	(2,044,566)	(2,044,566)
Limited Tax Bonds	(312,740)	-	(312,740)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(8,255,951)</u>	<u>(5,477,303)</u>	<u>(13,733,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends Received	171,760	199,219	370,979
Increase (Decrease) in the Fair Value of Investments	176,148	177,382	353,530
Net Cash Provided (Used) for Investing Activities	<u>347,908</u>	<u>376,601</u>	<u>724,509</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,144,655)</u>	<u>1,780,259</u>	<u>(1,364,396)</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2011
(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
CASH AND CASH EQUIVALENTS, January 1	12,123,779	15,628,798	27,752,577
CASH AND CASH EQUIVALENTS, December 31	8,979,124	17,409,057	26,388,181
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	(1,066,849)	3,973,590	2,906,741
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:			
Increase (decrease) in allowance for uncollectible loans	(651,337)	-	(651,337)
Depreciation Expense	-	2,937,220	2,937,220
Miscellaneous Nonoperating Expense	(443,767)	-	(443,767)
(Increase) decrease in accounts receivable	3,442	(15,267)	(11,825)
(Increase) decrease in loans receivable	988,495	-	988,495
(Increase) decrease in accrued interest receivable on loans	319,832	-	319,832
(Increase) decrease in land held for resale	2,447,781	-	2,447,781
(Increase) decrease in inventories	-	12,000	12,000
Increase (decrease) in accounts payable	(42,811)	(46,509)	(89,320)
Increase (decrease) in contracts payable	(60,440)	-	(60,440)
Increase (decrease) in due to other governmental units	(2,096,321)	19,927	(2,076,394)
Total Adjustments	464,874	2,907,371	3,372,245
Net Cash Provided (Used) for Operating Activities	(601,975)	6,880,961	6,278,986
DETAILS OF CASH AND CASH EQUIVALENTS			
Cash and Investments with Treasurer	7,749,011	11,230,941	18,979,952
Cash with Fiscal Agents	-	780,370	780,370
Cash and Investments with Trustees	593,523	-	593,523
Restricted Cash for Revenue Bond Debt Service	-	2,652,229	2,652,229
Restricted Cash for General Obligation Bond Debt Service	-	2,504,799	2,504,799
Restricted Cash for Limited Tax Bond Debt Service	357,771	-	357,771
Restricted Cash for Limited Tax Bond Construction	28,819	-	28,819
Restricted Cash for Limited Tax Bond Operations and Maintenance	250,000	-	250,000
Restricted Cash for Revenue Bond Operations and Maintenance	-	240,718	240,718
Total Cash and Cash Equivalents	8,979,124	17,409,057	26,388,181
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Prior Year Loans - from Outside Sources	113,320	-	113,320
Capital Asset Contribution from Governmental Activities	1,382,140	106,500	1,488,640
Capital Assets Purchased on Account - Public Improvements	-	32,844	32,844
Capital Assets Purchased on Account - Construction in Progress	508,757	-	508,757
Loss on Retirement of Asset	-	405,036	405,036
Capital Asset Contribution from Outside Source	103,840	-	103,840

**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, 2011

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**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, 2011

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(Continued)

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HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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, 2011. 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, 2011, 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 former 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 City of Minneapolis 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 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 1. (Continued)

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, 2011, were \$24,271,948. The 2011 operations resulted in an increase of \$2,677,304 to net assets.

During 2011, no distributions were made from the HRA and the City of Minneapolis to the Board.

Upon dissolution of the Board, all properties acquired by the Board and any surplus monies shall be distributed to the HRA and the City of Minneapolis 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 City of Minneapolis in the Board's assets, liabilities, and equity were not determined at December 31, 2011. 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 City of Minneapolis Community Planning and Economic Development Department 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:

Governmental Funds

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.A. (Continued)

HRA Federal & State Programs Special Revenue Fund - accounts for specific revenue sources, primarily federal and state grants, which are restricted or committed to expenditure for specified purposes.

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.

HRA Development Capital Projects Fund – accounts for multi-year development projects that are locally financed, primarily with loan enterprise funds and the 2007 Sales Tax Revenue Bonds issued by the City of Saint Paul.

Proprietary Funds

HRA Loan Enterprise Fund - accounts for: (1) the HRA's loan operations that are financed primarily by loan repayments from the recipients, and (2) the Lofts at Farmers Market and the Penfield Apartments, market-rate rental projects.

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.

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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2. (Continued)

C. Restatement of Net Assets

(1) Prior Period Adjustment of the Capital Assets Used in the Operation of Business-type Activities

The January 1, 2011 balance of the Capital Assets used in the Operation of Business-type Activities decreased by \$1,786,727. In the process of reviewing parking revenue being generated from parking lots, HRA staff identified land which was determined to have previously been sold. This transfer of ownership was in exchange for a repayable loan. The oversight occurred while staff turnover was happening. Another minor adjustment was made for some public improvements which were removed in the construction of a new parking ramp, but had never been retired.

	<u>Amount</u>
Balance, January 1, 2011 as previously reported	\$ 101,599,371
Prior Period Adjustment for Correction to Capital Assets	
Land	(1,780,421)
Parking Ramps	(11,828)
Accumulated Depreciation	<u>5,522</u>
Net Effect to Capital Assets	<u>(1,786,727)</u>
Balance, January 1, 2011, as restated	<u>\$ 99,812,644</u>

(2) Prior Period Adjustment of the Loans Receivable (Net of Allowance) of Business-type Activities

The adjustment of the January 1, 2011 Capital Assets Used in the Operation of Business-type Activities also required an adjustment in the Balance of Loans Receivable (Net of Allowance) of Business-type Activities as the sale of land was financed by a loan to the buyer.

	<u>Amount</u>
Balance, January 1, 2011, as previously reported	\$ 2,688,660
Prior Period Adjustment for Correction to Loans Receivable	
Loan Receivables	315,000
Allowance for Uncollectible Loans	<u>(78,750)</u>
Net Effect to Loans Receivable	<u>236,250</u>
Balance, January 1, 2011, as restated	<u>\$ 2,924,910</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.C. (Continued)

(3) Prior Period Adjustment of the Net Assets Balance in the Statement of Activities

The adjustment of the January 1, 2011 Capital Assets Used in the Operation of Business-type Activities and Changes in Loan Receivables of Business-type Activities resulted in an adjustment of the January 1, 2011 net assets balance of the Business-type Activities in the Statement of Activities.

	<u>Amount</u>
Balance, January 1, 2011, as previously reported	\$ 68,913,501
Prior Period Adjustment for Correction to Capital Assets	
Land Cost	(1,780,421)
Parking Ramps	(11,828)
Accumulated Depreciation	5,522
Loan Receivables	315,000
Allowance for Uncollectible Loans	<u>(78,750)</u>
Net Effect to Net Assets	<u>(1,550,477)</u>
Balance, January 1, 2011, as restated	<u>\$ 67,363,024</u>

D. 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.D. (Continued)

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.

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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.D. (Continued)

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.

E. 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 non-operating revenues and expenses.

F. 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, 2a7-like external investment pools, 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. The fair value of investments is determined using quoted market prices at December 31, 2011.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.F. (Continued)

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 with fiscal agent, cash and investments with trustees, and restricted cash.

G. 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.

H. Restricted Assets

Certain proceeds of HRA Parking Enterprise Fund revenue bonds and HRA Loan Enterprise Fund limited tax 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 and limited tax debt service* accounts are used to segregate resources accumulated for debt service payments over the next 12 months. The *limited tax bond operations and maintenance* account is used to segregate resources set aside to subsidize potential deficiencies from the Lofts at Farmers Market operation that could adversely affect debt service payments. 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2. (Continued)

I. 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.

J. Land Held for Resale

Land is acquired by the HRA for subsequent resale for redevelopment purposes and not as an investment program. 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 for all assets acquired before 2009 and at cost of purchase for all assets purchased after 2008 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.

K. Leases Receivable

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2009, 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 2009. 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 2.K. (Continued)

of the lease for the amount of any remaining outstanding bonds plus \$1.

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2008, through which the HRA will purchase the Jimmy Lee Recreational Facility from the City of Saint Paul, and then lease it back for 25 years. The cost of the purchase was financed by the HRA through the issuance of the Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008. 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 facility to the City, and the HRA is financing an in-substance purchase of the facility by the City. The lease payments made by the City will be sufficient to service the Recreational Facility Lease Bonds principal and interest when due. Under the lease, the City may acquire the interest in the Jimmy Lee Recreational Facility for \$1 at the end of the term of the Lease.

The present value of the total lease payments to be received under the lease agreements are 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.

L. 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, 2011

Note 2.L. (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

M. 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.

N. 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.

O. 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, 2011

Note 2.O. (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.

P. Fund Balances - Governmental Fund Financial Statements

The Housing and Redevelopment Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. The implementation of Statement No. 54 resulted in no reclassifications of the Authority's funds and total fund balance did not change. This standard changed fund balance classifications within the fund level statements.

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts to be spent for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants; used before unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Committed fund balance represents constraints on spending that the Authority imposes upon itself by Board action. Assigned fund balance represents resources intended for spending for purposes set by the Authority or authorized management. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. When any combination of committed, assigned, and unassigned resources are available for use, it is the Authority's policy to use committed resources first, then assigned, then unassigned resources as they are needed.

Q. 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 3. A. (Continued)

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 \$124,259,498 difference are as follows:

Governmental activity premium on bonds payable	\$ 335,174
Governmental activity bonds payable	104,136,657
Governmental activity notes payable	19,532,701
Accrued interest payable	1,679,397
Deferred charge for issuance costs	<u>(1,424,431)</u>
Net Adjustment to Decrease Fund Balance - Total	
Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 124,259,498</u>

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 \$4,395,975 difference are as follows:

Bonds issued in 2011	\$ (11,930,000)
2011 amortization of premium	23,336
2011 amortization of issuance costs	(113,305)
2011 principal payments on bonds	15,834,648
2011 principal payments on notes	<u>581,296</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net	
Assets of Governmental Activities	<u>\$ 4,395,975</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

4. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The HRA followed these procedures in establishing the 2011 budget:

On August 11, 2010, the Executive Director presented a 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.

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 funds.

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, are included as part of assigned fund balance.

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 4.A. (Continued)

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, 2011, total \$42,625,000. Bonds authorized and unissued at December 31, 2011, 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.

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 4.B. (Continued)

and retail space. During 2009, the City issued the Block 39 Tax Increment Refunding Bonds, Series 2009G and 2009H, in the amount of \$20,695,000 and \$8,655,000, respectively, which refunded the 1998 Bonds. 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 2009G and 2009H 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.).

In March 2010, the City of Saint Paul issued Koch Mobil Tax Increment Refunding Bonds, Series 2010A, in the amount of \$2,670,000. The proceeds of the 2010 bonds were used to currently refund Koch Mobil Tax Increment Bonds, Series 2007B. The bonds are to be retired using HRA tax increment revenue from the Koch Mobil Tax Increment District. The City has issued a general obligation pledge on the 2010 bonds. The outstanding Series 2010A bonds are reported as a liability in the governmental activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.).

In August 2011, the City of Saint Paul issued US Bank Tax Increment Refunding Bonds, Series 2011F and 2011G, in the amount of \$3,060,000 and \$8,870,000, respectively, which refunded the 2001 bonds. The bonds have a City general obligation pledge but are to be retired using tax increments from the HRA's US Bank Riverfront Renaissance District. The outstanding Series 2011F and 2011G bonds are reported as a liability 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, 2011

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)
83	Spruce Tree Centre/Metz Bakery Area	1987	25 years	\$ 478,657
87	Riverfront	1987	25 years	1,295,000
100	Neighborhood Business Development - Scattered Sites	1988	25 years	4,230,000
135	Snelling-University	1990	25 years	2,880,000
148	Empire Builder – Scattered Sites	1988	25 years	-
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	26,480,000
215	Superior Street Cottages	1998	25 years	-
224	North Quadrant Phase 1 – Essex	2000	25 years	-
225	Riverfront Renaissance-Upper Landing	2001	25 years	19,960,726
228	Emerald Park-Emerald	2002	25 years	6,622,832
232	Straus Building	2002	25 years	-
233	North Quadrant Expansion 1 - Dakota	2003	25 years	1,064,000
234	Phalen Village	2001	25 years	365
236	J. J. Hill	2001	25 years	3,425,738
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	1,209,772
243	Shepard - Davern Owner Occupied	2003	25 years	39,785
244	Shepard - Davern Rental Housing	2003	25 years	4,240,264
245	Shepard - Davern Senior Rental	2003	25 years	14,357
248	Koch Mobil	2004	25 years	2,520,000
257	Payne Phalen	2005	25 years	14,217
260	North Quadrant – Sibley	2006	25 years	931,839
261	Riverfront Renaissance - US Bank	2006	25 years	13,231,139
262	Riverfront Renaissance - Drake Marble	2006	25 years	1,446,000
263	Riverfront Renaissance - Uncommitted	2006	25 years	994,391
264	Riverfront Renaissance - Llewellyn	2006	25 years	30,692
265	Riverfront Renaissance - HRA	2006	25 years	-
266	Emerald Park - Metro	2006	25 years	26,765
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
271	Carlton Lofts	2007	25 years	33,603
278	Highland Pointe Lofts	2007	25 years	17,851
279	2700 The Avenue	2008	25 years	12,002
282	Minnesota Events District	2009	25 years	-
Total Outstanding Long-Term Debt At December 31, 2011				<u>\$ 91,296,190</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 4.C. (Continued)

Total tax capacity amounts and tax increment revenue for these districts in 2011 are as follows.

Current tax capacity (assessed in 2010, payable in 2011)	\$22,825,921
Captured tax capacity retained by the HRA	\$19,242,286
Tax increment revenue in 2011	\$21,298,199
Delinquent tax increment receivable at December 31, 2011	\$1,054,535

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 2011, 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 and direct appropriations 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 4. (Continued)

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.

Conduit bonds issued subsequent to January 1, 1996, have an outstanding principal balance of \$1.3 billion at December 31, 2011. 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 126 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 \$29,697,955. 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

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended December 31, 2011**

Note 5.A.(1) (Continued)

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 standby 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.

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, 2011 consist of the City cash and investment pool in an amount of \$76,180,828 and the parking ramp checking accounts in the amount of \$780,370. 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 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.A.(2) (Continued)

- (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.

The City Council has adopted an investment policy, dated July 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; and
- 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 its 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.A.(2) (Continued)

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.

The following table represents the HRA's investment balances at December 31, 2011, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest Rate	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Risk Maturity Date	
Federal National Mortgage Association Note	N/A	N/R	6.00%	10/21/25	\$ 655,694
Federal Home Loan Bank Bonds	AA+	S&P	5.71%	11/17/17	624,052
Trustee Cash	N/A	N/R	< 5%	N/A	886
Certificate of Deposit – Highland Bank	N/A	N/R	5.55%	03/30/19	606,288
Mutual Funds					
First American Government Treas. Obligations Fund Class D	N/A	N/R	8.37%	N/A	915,027
First American Government Treas. Obligations Fund Class Y	N/A	N/R	7.62%	N/A	832,812
US Bank Money Market Account 10	N/A	N/R	<5%	N/A	305,185
Wells Fargo Advantage 100% Treasuries Fund	N/A	N/R	63.96%	N/A	6,992,017
Total Investments					<u>\$ 10,931,961</u>
Deposits:					
Parking Ramp Checking Accounts at Saint Paul Banks					\$ 780,370
City Cash and Investment Pool					<u>76,180,828</u>
Total Deposits					<u>\$ 76,961,198</u>
Total Deposits and Investments					<u>\$ 87,893,159</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, 2011.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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	\$ 70,512,210
Cash with Fiscal Agents	780,370
Cash and Investments with Trustees	10,566,243
Restricted Cash for Revenue Bond Debt Service	2,652,229
Restricted Cash for General Obligation Bond Debt Service	2,504,799
Restricted Cash for Limited Tax Bond Debt Service	357,771
Restricted Cash for Limited Tax Bond Operations and Maintenance	250,000
Restricted Cash for Revenue Bond Operations and Maintenance	240,718
Restricted Cash for Limited Tax Bond Construction	<u>28,819</u>
Total	<u>\$ 87,893,159</u>

(4) Net Increase (Decrease) 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 2011 was \$1,201,646. 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, 2011, was \$1,586,857.

B. Loans Receivable

Loans receivable are reported as assets in the following funds at December 31, 2011 (net of allowances):

HRA Federal & State Programs Special Revenue Fund	\$ 3,835,006
HRA Tax Increment Capital Projects Fund	823,397
HRA Development Capital Projects Fund	110,306
HRA Parking Enterprise Fund	236,250
HRA Loan Enterprise Fund	<u>2,356,786</u>
Total All Funds	<u>\$ 7,361,745</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.B. (Continued)

Allowances for uncollectible loans have been established for loans for which collection is doubtful or questionable in the total amount of \$76,212,591 at December 31, 2011. During 2011, loans determined to be uncollectible or forgiven were written off the books in the amount of \$3,541,345.

Changes in total gross loans receivable, allowances for uncollectible loans, and accrued interest receivable on loans for 2011 are shown below.

Total gross loans receivable - January 1, 2011, restated	\$ 80,336,688
Single family mortgage loans issued	12,600
Single family mortgage loans sold	(81,080)
All other loans issued	7,330,490
Principal payments received	(483,017)
Loans written off	(226,565)
Loans forgiven	(3,314,780)
	<hr/>
Total Gross Loans Receivable - December 31, 2011	\$ 83,574,336
	<hr/>
Less: allowance for uncollectible loans - January 1, 2011, restated	\$ 73,041,690
Increase for bad debts and forgiveness	6,400,303
Loans written off	(206,608)
Loans forgiven	(3,022,794)
	<hr/>
Total Allowance for Uncollectible Loans - December 31, 2011	\$ 76,212,591
	<hr/>
Net Loans Receivable - December 31, 2011	\$ 7,361,745
	<hr/>
Accrued Interest Receivable on Loans - December 31, 2011 (Net of Allowance)	\$ 569,674
	<hr/>

During 2006, the HRA entered into an agreement with the City to sell a 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 \$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. Also, as part of the loan sale agreement, the HRA was obligated to advance to the City an amount of \$860,000 in installments from 2006 through 2010. The City is to repay this advance, together with 5% interest, in installments from 2011 through 2021. In 2011, the City began repayment of the advance, with a payment of \$87,475 including interest.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.B. (Continued)

At December 31, 2011, future minimum principal and interest payments to be received under the loan agreements for the next ten years are as follows:

2012	\$	10,953,290
2013		4,395,037
2014		3,080,640
2015		6,340,510
2016		3,327,963
2017 - 2021		<u>22,600,671</u>
Total	<u>\$</u>	<u>50,698,111</u>

C. Land Held for Resale

Land held for resale is reported in the following funds as an asset at December 31, 2011.

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
HRA General Fund	\$ 493,622	\$ 2,387	\$ -	\$ 496,009
HRA Tax Increment Capital Projects Fund	1,318,500	33,828	-	1,352,328
HRA Development Capital Projects Fund	2,027,921	44,200	-	2,072,121
HRA Loan Enterprise Fund	<u>13,633,752</u>	<u>-</u>	<u>2,447,781</u>	<u>11,185,971</u>
Total All Funds	<u>\$ 17,473,795</u>	<u>\$ 80,415</u>	<u>\$ 2,447,781</u>	<u>\$ 15,106,429</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 Apartments, LLC (Penfield) per the resolution by the HRA Board on September 8, 2010. The HRA paid \$1,400,000 to the City on December 31, 2006. The balance of \$2,160,000 was paid to the City in 2011. Title to this property will be conveyed to Penfield Apartments, LLC at the closing of the mortgage required to develop the property. 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5. (Continued)

D. Leases Receivable

As described in Note 2.K., the HRA entered into direct financing leases with the City during the year ended December 31, 2008, and during the year ended December 31, 2009.

The City is obligated under the RiverCentre Parking Facility Improvement Lease to make lease payments through 2024, which are to be used by the HRA to finance debt service payments on its RiverCentre Parking Facility Lease Revenue Bonds, Series 2009. The City of Saint Paul has approved a debt capital management plan which includes the amounts needed to make the lease payments through 2024. The City is obligated under the Jimmy Lee Recreational Facility Lease to make lease payments through 2032, which are to be used by the HRA to finance debt service payments on its Recreational Facility Lease Revenue Bonds, Series 2008. The City has approved a debt capital management plan which includes the amounts needed to make the lease payments through 2032.

The following is a summary of the leases receivable for the year ended December 31, 2011.

	RiverCentre Parking Facility Improvement Lease	Jimmy Lee Recreational Facility Lease	Total City Leases
Balance of leases receivable - January 1, 2011	\$ 6,425,000	\$ 7,225,000	\$ 13,650,000
Principal portion of lease payments received – 2011	(375,000)	(205,000)	(580,000)
Balance of Leases Receivable - December 31, 2011	<u>\$ 6,050,000</u>	<u>\$ 7,020,000</u>	<u>\$ 13,070,000</u>

The interest portion of the lease payments received in 2011 was \$530,251. 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.D. (Continued)

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

Year Ending December 31	Jimmy Lee Recreational Facility Lease	RiverCentre Parking Facility Improvement Lease	Total City Leases
2012	\$ 538,388	\$ 607,711	\$ 1,146,099
2013	539,987	608,522	1,148,509
2014	536,187	608,951	1,145,138
2015	537,187	606,500	1,143,687
2016	537,788	605,713	1,143,501
2017 - 2021	2,692,025	3,036,008	5,728,033
2022 - 2026	2,696,438	1,519,488	4,215,926
2027 - 2031	2,693,000	-	2,693,000
2032	540,750	-	540,750
Total	<u>\$ 11,311,750</u>	<u>\$ 7,592,893</u>	<u>\$ 18,904,643</u>

E. Capital Assets

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

Governmental Activities	Balance January 1, 2011	Increase	Decrease	Balance December 31, 2011
Land (not depreciated)	\$ 3,042,169	\$ -	\$ -	\$ 3,042,169
Buildings	14,238,389	148,459	-	14,386,848
Pedestrian skyway bridges	13,016,925	-	-	13,016,925
Totals at historical cost	<u>\$ 30,297,483</u>	<u>\$ 148,459</u>	<u>\$ -</u>	<u>\$ 30,445,942</u>
Less: accumulated depreciation				
Buildings	\$ (1,587,395)	\$ (359,671)	\$ -	\$ (1,947,066)
Pedestrian skyway bridges	(8,221,941)	(321,051)	-	(8,542,992)
Total accumulated depreciation	<u>\$ (9,809,336)</u>	<u>\$ (680,722)</u>	<u>\$ -</u>	<u>\$ (10,490,058)</u>
Total Governmental Activities Capital Assets – Net	<u>\$ 20,488,147</u>	<u>\$ (532,263)</u>	<u>\$ -</u>	<u>\$ 19,955,884</u>

The increase in buildings was contributed by outside sources.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.E. (Continued)

Business-type Activities	Balance January 1, 2011 Restated	Increase	Decrease	Balance December 31, 2011
Land (not depreciated)	\$ 28,088,331	\$ 106,500	\$ -	\$ 28,194,831
Buildings	2,108,356	74,113	-	2,182,469
Parking ramps	105,765,593	328,933	646,790	105,447,736
Construction in Progress (not depreciated)	440,696	9,742,759	-	10,183,455
Equipment	1,711,211	173,933	86,675	1,798,469
	\$ 138,114,187	\$ 10,426,238	\$ 733,465	\$ 147,806,960
Less: accumulated depreciation				
Buildings	\$ (467,238)	\$ (55,193)	\$ -	\$ (522,431)
Parking ramps	(37,642,652)	(2,715,693)	312,358	(40,045,987)
Equipment	(191,653)	(166,334)	8,107	(349,880)
	\$ (38,301,543)	\$ (2,937,220)	\$ 320,465	\$ (40,918,298)
Total Business-type Activities				
Capital Assets – Net	\$ 99,812,644	\$ 7,489,018	\$ 413,000	\$ 106,888,662

Depreciation expense for 2011 was charged to functions/programs as follows:

Governmental Activities	
Housing and economic development	\$ 680,722
Business-type Activities	
Parking operations	2,937,220

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 finance the construction of market rate rental property.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.F. (Continued)

(1) Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2011, was as follows:

Governmental Activities	Balance January 1, 2011	Increase	Decrease	Balance December 31, 2011	Due Within One Year
Bonds payable					
Tax increment bonds	\$ 57,026,305	\$ 11,930,000	\$ 13,419,648	\$ 55,536,657	\$ 4,213,795
Sales tax revenue bonds	37,360,000	-	1,840,000	35,520,000	1,975,000
Lease revenue bonds	13,655,000	-	575,000	13,080,000	590,000
Add: unamortized premium on revenue bonds	191,060	-	14,240	176,820	-
Add: unamortized premium on tax increment bonds	12,134	155,316	9,096	158,354	-
Totals bonds payable	\$ 108,244,499	\$ 12,085,316	\$ 15,857,984	\$ 104,471,831	\$ 6,778,795
Notes payable	20,113,997	-	581,296	19,532,701	406,768
Total Governmental Activities Long-Term Debt	\$ 128,358,496	\$ 12,085,316	\$ 16,439,280	\$ 124,004,532	\$ 7,185,563
Business-type Activities	Balance January 1, 2011	Increase	Decrease	Balance December 31, 2011	Due Within One Year
Bonds payable					
Limited tax bonds	\$ 7,855,000	\$ -	\$ -	\$ 7,855,000	\$ -
Parking revenue bonds	42,785,000	-	1,550,000	41,235,000	1,670,000
Tax increment – parking bonds	28,055,000	-	1,575,000	26,480,000	1,605,000
Add: unamortized premium on tax increment bonds	856,245	-	75,438	780,807	-
Add: unamortized premium on parking revenue bonds	240,992	-	28,773	212,219	-
Add: unamortized discount on parking revenue bonds	(107,425)	-	(4,967)	(102,458)	-
Total bonds payable	\$ 79,684,812	\$ -	\$ 3,224,244	\$ 76,460,568	\$ 3,275,000
Notes payable					
LAAND Initiative Loans	\$ 1,580,000	\$ -	\$ -	\$ 1,580,000	\$ -
St. Paul Foundation Housing Loan	195,190	-	195,190	-	-
Total notes payable	\$ 1,775,190	\$ -	\$ 195,190	\$ 1,580,000	\$ -
Total Business-type Activities Long-Term Debt	\$ 81,460,002	\$ -	\$ 3,419,434	\$ 78,040,568	\$ 3,275,000

All 2011 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

A description of the new 2011 issued long-term debt follows:

The US Bank Refunding Bonds, Series 2011F and 2011G, were issued in August, 2011 in the amounts of \$3,060,000 and \$8,870,000, respectively, and along with

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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

existing funds of the HRA, currently refunded the US Bank Tax Increment Bonds, Series 2001. This current refunding was done to take advantage of lower interest rates, restructure debt service payments, and provide cash to make payments on existing project loans. Total debt service payments decreased by \$810,601. The current refunding resulted in an economic gain (difference between the present value of the debt payments of the refunded and the refunding bonds) of \$3,585,001. The reacquisition price was \$9,835,000 and the net carrying amount of the refunded bonds was \$9,859,757. Tax Increments from the Riverfront Renaissance – US Bank Tax Increment District will be used to retire the Series 2011F and 2011G Bonds.

(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 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 2002C; the Koch Mobil Tax Increment Refunding Bonds, Series 2010A; the Snelling-University Tax Increment Bonds Series 2005C; and the US Bank Tax Increment Bonds, Series 2011F and 2011G. 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, 2011, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2011
Sales Tax Revenue Refunding Bonds, Series 1996	City ½ Percent Sales Tax RiverCentre Revenues	7.10	\$ 55,865,000	\$ 35,520,000
Riverfront Tax Increment Refunding Bonds, Series 2000D	Riverfront District Tax Increments	4.50 - 5.00	8,335,000	990,000
Riverfront Tax Increment Refunding Bonds, Series 2002C	Riverfront District Tax Increments	2.90 - 5.65	2,335,000	305,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	North Quadrant District Tax Increments	7.50	1,089,000	930,000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.F.(2) (Continued)

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2011
North Quadrant Phase II Tax Increment Bonds, Series 2002	North Quadrant District Tax Increments	7.00	\$ 1,140,000	\$ 1,064,000
Upper Landing Tax Increment Bonds, Series 2002A	Riverfront Renaissance District Tax Increments	6.80	5,000,000	4,667,000
Upper Landing Tax Increment Bonds, Series 2002B-1	Riverfront Renaissance District Tax Increments	6.40 - 7.00	12,130,000	11,116,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Riverfront Renaissance District Tax Increments	6.90	2,000,000	1,832,000
Drake Marble Tax Increment Bonds, Series 2002	Riverfront Renaissance District Tax Increments	6.75	1,800,000	1,446,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Spruce Tree/Metz District Tax Increments	6.50	1,890,000	478,657
9th Street Lofts Tax Increment Bonds, Series 2004	North Quadrant District Tax Increments	6.375	1,335,000	1,195,000
J.J. Hill Tax Increment Bonds, Series 2004	J.J. Hill District Tax Increments	6.25	3,660,000	3,398,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Neighborhood Scattered Site District Tax Increments	4.24 - 5.45	7,515,000	4,230,000
Snelling-University Tax Increment Refunding Bonds, Series 2005C	Snelling-University District Tax Increments	3.60 - 5.12	5,130,000	2,880,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	City of Saint Paul	3.00 - 5.00	7,685,000	7,020,000
RiverCentre Parking Facility Lease Revenue Bonds, Series 2009	City of Saint Paul	3.00 - 4.50	6,790,000	6,060,000
Koch Mobil Tax Increment Refunding Bonds, Series 2010A	Koch Mobil District Tax Increments	2.00 - 4.00	2,670,000	2,520,000
Emerald Gardens Tax-Exempt Tax Increment Bonds, Series 2010	Emerald Gardens District Tax Increments	5.00 - 6.50	6,595,000	6,555,000
US Bank Tax Increment Refunding Bonds, Series 2011F	Riverfront Renaissance District Tax Increments	2.00	3,060,000	3,060,000
US Bank Tax Increment Refunding Bonds, Series 2011G	Riverfront Renaissance District Tax Increments	2.00 - 4.00	8,870,000	8,870,000
HUD Section 108 Note, Series 2003-A	EDI Grants, Port Authority	5.20	3,300,000	3,050,000
Upper Landing Tax Increment Note, Series 2008	Upper Landing District Tax Increments	5.75	2,019,087	1,663,931

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.F.(2) (Continued)

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2011
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Shepard Davern District Tax Increments	5.09	\$ 4,820,000	\$ 4,218,918
Catholic Charities Midway Residence POPSH Loan	Forgiven after 20 years of compliance	-	10,599,852	10,599,852
Total Governmental Activities Long-Term Debt			\$ 165,632,939	\$ 123,669,358

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 2009G and 2009H. A listing of the business-type bonds and notes at December 31, 2011, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2011
Parking Revenue Bonds, Series 1997A	7th Street Ramp Parking Revenues	6.75	\$ 11,305,000	\$ 5,150,000
Block 39 Tax Increment Refunding Bonds, Series 2009G	Block 39 District Tax Increments, Block 39 Parking Revenues	3.00 – 4.00	20,695,000	20,695,000
Block 39 Tax Increment Refunding Bonds, Series 2009H	Block 39 District Tax Increments, Block 39 Parking Revenues	3.10	8,655,000	5,785,000
Parking Revenue Refunding Bonds, Series 2010A	HRA Parking Revenue	3.00 – 5.00	24,135,000	23,570,000
Parking Revenue Refunding Bonds, Series 2010B	HRA Parking Revenue	3.00 – 5.00	12,820,000	12,515,000
Lofts at Farmers Market Limited Tax Bonds, Series 2010A (BABs)	HRA Tax Levy	4.35 – 7.50	7,170,000	7,170,000
Lofts at Farmers Market Limited Tax Bonds, Series 2010B	HRA Tax Levy	4.35	685,000	685,000
LAAND Initiative Loan – Metropolitan Council	Land Sales Proceeds	-	1,000,000	1,000,000
LAAND Initiative Loan – Family Housing Fund	Land Sales Proceeds	-	580,000	580,000
Total Business-type Activities Long-Term Debt			\$ 87,045,000	\$ 77,150,000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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
2012	\$ 4,213,795	\$ 2,947,382	\$ 1,975,000	\$ 2,521,920	\$ 590,000	\$ 546,988
2013	3,056,862	2,789,267	2,115,000	2,381,695	610,000	527,038
2014	2,949,000	2,642,632	2,265,000	2,231,530	630,000	506,313
2015	3,106,000	2,502,999	2,425,000	2,070,715	650,000	485,013
2016	3,016,000	2,353,553	2,595,000	1,898,540	670,000	462,481
2017 – 2022	12,293,000	9,623,323	16,030,000	6,451,415	3,770,000	1,895,513
2022 – 2026	14,107,000	6,210,164	8,115,000	874,010	3,425,000	1,052,767
2027 – 2031	12,795,000	1,354,581	-	-	2,220,000	473,000
2032 – 2036	-	-	-	-	515,000	25,750
2037 – 2040	-	-	-	-	-	-
Total	\$ 55,536,657	\$ 30,423,901	\$ 35,520,000	\$ 18,429,825	\$ 13,080,000	\$ 5,974,863

Year Ending December 31	Development Notes		Total Governmental Activity	
	Principal	Interest	Principal	Interest
2012	\$ 406,768	\$ 468,567	\$ 7,185,563	\$ 6,484,857
2013	415,911	447,774	6,197,773	6,145,774
2014	425,589	426,022	6,269,589	5,806,497
2015	435,830	403,455	6,616,830	5,462,182
2016	446,669	379,941	6,727,669	5,094,515
2017 – 2021	2,283,164	1,498,430	34,376,164	19,468,681
2022 – 2026	10,899,852	1,090,635	36,546,852	9,227,576
2027 – 2031	-	1,073,715	15,015,000	2,901,296
2032 – 2036	4,218,918	53,686	4,733,918	79,436
2037 – 2040	-	-	-	-
Total	\$ 19,532,701	\$ 5,842,225	\$ 123,669,358	\$ 60,670,814

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		Limited Tax Bonds HRA Loan Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,670,000	\$ 1,923,612	\$ 1,605,000	\$ 885,838	\$ -	\$ 514,093
2013	1,750,000	1,846,327	1,640,000	835,541	-	514,093
2014	1,830,000	1,764,762	1,710,000	783,616	-	511,918
2015	1,915,000	1,678,924	1,650,000	727,846	100,000	507,350
2016	2,010,000	1,588,476	1,725,000	664,081	110,000	502,347
2017 – 2021	6,915,000	6,775,687	9,410,000	2,304,765	725,000	2,417,362
2022 – 2026	7,190,000	5,430,800	8,740,000	628,252	1,010,000	2,191,422
2027 – 2031	9,005,000	3,607,424	-	-	1,460,000	1,792,475
2032 – 2036	8,950,000	1,146,250	-	-	1,660,000	1,207,218
2037 – 2040	-	-	-	-	2,790,000	455,063
Total	\$ 41,235,000	\$ 25,762,262	\$ 26,480,000	\$ 6,829,939	\$ 7,855,000	\$ 10,613,341

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.F.(3) (Continued)

Year Ending December 31	Saint Paul Foundation Housing Loan LAAND Initiative Loans HRA Loan Enterprise Fund		Total Business-type Activity	
	Principal	Interest	Principal	Interest
	2012	\$ -	\$ -	\$ 3,275,000
2013	-	-	3,390,000	3,195,961
2014	1,580,000	-	5,220,000	3,060,296
2015	-	-	3,675,000	2,914,120
2016	-	-	3,855,000	2,754,904
2017 – 2021	-	-	17,100,000	11,497,814
2022 – 2026	-	-	17,025,000	8,250,474
2027 – 2031	-	-	10,565,000	5,399,899
2032 – 2036	-	-	10,530,000	2,353,468
2037 – 2040	-	-	2,515,000	455,063
Total	<u>\$ 1,580,000</u>	<u>\$ -</u>	<u>\$ 77,150,000</u>	<u>\$ 43,205,542</u>

(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, 2011, \$48,745,000 of the following outstanding bonds are considered defeased:

	Amount Outstanding December 31, 2011
Sales Tax Revenue Bonds, Series 1993	<u>\$ 48,745,000</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.

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.H. (Continued)

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, 2011, 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 \$12,607. Likewise, \$12,607 is owed under the line of credit at December 31, 2011, and is reported as contracts payable.

Changes in the balance due on the line of credit for the year ended December 31, 2011, are as follows:

Balance Due January 1, 2011	Increase 2011	Decrease 2011	Balance Due December 31, 2011
\$ 81,082	\$ 12,607	\$ 81,082	\$ 12,607

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.

The HRA Loan Enterprise Fund accounts for the line of credit transactions. Changes in the balance due under the revolving line of credit under the loan agreement for the year ended December 31, 2011, are as follows:

Balance Due January 1, 2011	Increase 2011	Decrease 2011	Balance Due December 31, 2011
\$ 195,190	\$ -	\$ 195,190	\$ -

During 2007, 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 was repaid in 2011. Under the revolving loan agreement, there is \$2,500,000 available in loan funds from the Foundation at December 31, 2011.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011**

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 (IBNRs). 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, 2010, liability for claims and judgments; nor were there any fiscal year 2010 or 2011 claims or claims payments, which resulted in any end of fiscal year 2010 or 2011 claims liabilities.

The HRA acquired in 2009 a site with existing pollution which will require remediation. To address its exposure to risk of loss related to pollution liability torts, the HRA has purchased a Premises Pollution Liability Insurance Policy. The limits of this liability coverage is \$20,000,000.

The City has purchased all risk property insurance coverage of \$1.3 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, 2011

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, 2011.

No.	Tax Increment Financing District – Project	Date Issued	Note Amount	Note Principal Balance 12/31/2010	Note Principal Balance 12/31/2011	Total Amount Expended (Principal & Interest) Under Notes for the Year Ended 12/31/2011
215	Superior Street Cottages	7/16/1998	\$ 311,341	\$ 249,228	\$ 239,120	\$ 23,469
194	1919 University	11/7/1997	1,357,000	1,357,000	1,357,000	175,286
193	Hubbard Site	7/31/1999	1,259,924	-	-	-
212	Block 4-TIR Note, Series 2004	5/6/2004	17,800,000	17,800,000	17,800,000	1,029,671
212	Block 4-Taxable TIR Note, Series 2004	5/6/2004	2,975,838	1,271,554	886,137	458,637
260	North Quadrant Rental Phase I	2/1/2001	2,140,000	2,140,000	2,140,000	130,136
268	North Quadrant Rental Phase II	2/28/2002	1,500,000	1,500,000	1,500,000	113,161
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	-	-	-
267	Emerald Park Owner Occupied Phase II	4/12/2005	2,074,000	-	-	-
267	Emerald Park Rental	10/16/2002	3,110,000	3,110,000	3,110,000	323,718
266	Emerald Park Commercial/Metro Project	6/21/2005	1,225,000	-	-	-
237	Osceola Park, Series 2002	11/4/2002	950,000	950,000	950,000	63,739
234	Phalen Village Ames Lake	8/1/2003	418,000	418,000	418,000	13,434
234	Phalen Village CUB Foods Proj.	3/1/2008	3,100,000	2,922,000	2,922,000	306,609
232	Straus Building	12/26/2002	600,000	596,964	596,964	33,044
240	Bridgescreek Senior Place Project	6/30/2004	2,398,952	2,398,952	2,398,952	129,628
241	Lyons Court Rental Project	4/14/2004	682,000	682,000	682,000	39,499
243	Shepard-Davern Ownership Housing	11/1/2006	3,257,067	2,947,626	2,848,627	288,519
264	Llewelyn-West Side Flats	10/24/2006	701,055	701,055	701,055	-
271	Carlton Lofts	10/1/2005	2,358,660	2,358,660	2,358,660	156,438
245	Shepard-Davern Gateway Senior	12/2/2003	1,353,286	1,353,286	1,353,286	93,926
257	Phalen Senior Lofts Project (Payne Phalen TIF)	2/10/2005	925,000	908,750	908,750	30,443
278	River Pointe Lofts Project	12/27/2007	1,829,000	1,786,088	1,750,024	129,518
	Total		<u>\$ 55,572,904</u>	<u>\$ 45,630,944</u>	<u>\$ 45,100,356</u>	<u>\$ 3,538,875</u>

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, 2011, 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, 2011

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, 2011, is \$459,000. The portion of these loans that the HRA has guaranteed is \$32,850. No liability has been recorded by the HRA for these loans at December 31, 2011.

M. Construction and Other Significant Commitments

At December 31, 2011, the HRA had no commitments.

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, 2011, individual fund interfund receivable and payable balances were as follows:

Fund	Interfund Receivable	Interfund Payable
HRA General Fund	\$ 717,599	\$ -
HRA Debt Service Fund	54,731	-
HRA Tax Increment Capital Projects Fund	1,774,318	3,451,415
HRA Development Capital Projects Fund	250,000	-
HRA Loan Enterprise Fund	2,679,085	2,024,318
Total Interfund Receivables and Payables - All Funds	<u>\$ 5,475,733</u>	<u>\$ 5,475,733</u>

The interfund receivables in the HRA General Fund, the HRA Debt Service Fund, and the HRA Loan Enterprise Fund include \$717,599, \$54,731, and \$2,679,085, respectively, which 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. The interfund receivables in the HRA Development Capital Projects Fund and the HRA Tax Increment Capital Projects Fund include \$250,000 and \$1,774,318, respectively, which were advanced to the HRA Enterprise Fund for the purchase of land held for resale, and for rental apartment construction.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.N. (Continued)

(2) Interfund Transfers

Individual fund interfund transfers during the fiscal year ended December 31, 2011, were as follows:

<u>Transfers</u>	<u>Transfers In From Other Funds</u>	<u>Transfers Out To Other Funds</u>
HRA Federal & State Programs Special Revenue Fund	\$ 7,103	\$ -
HRA Debt Service Fund	3,193,408	17,544,660
HRA Tax Increment Capital Projects Fund	17,544,660	3,193,408
HRA Development Capital Projects Fund	-	195,190
HRA Loan Enterprise Fund	195,190	7,103
Total Interfund Transfers - All Funds	<u>\$ 20,940,361</u>	<u>\$ 20,940,361</u>

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, 2011, is determined as follows:

Capital assets	\$ 30,445,942
Less: accumulated depreciation	(10,490,058)
Less: outstanding principal of related debt	<u>(10,599,852)</u>
Invested in Capital Assets - Net of Related Debt	<u>\$ 9,356,032</u>

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 \$14,346,114 at December 31, 2011.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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 and Loan Enterprise Funds as of December 31, 2011, is determined as follows:

Capital assets	\$ 147,806,960
Less: accumulated depreciation	(40,918,298)
Less: outstanding principal of Parking Enterprise debt	(66,890,581)
Less: outstanding principal of Loan Enterprise debt	(7,682,631)
Less: advance from other funds	(1,774,318)
Plus: unspent proceeds of capital related debt	<u>28,819</u>
Invested in Capital Assets - Net of Related Debt	<u>\$ 30,569,951</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, 2011, 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	\$ -	\$ 2,652,229	\$ 2,652,229
Cash for general obligation bond debt service	-	2,504,799	2,504,799
Cash for limited tax bond debt service	357,771	-	357,771
Less: liabilities payable from restricted assets accrued interest on bonds	<u>(214,205)</u>	<u>(1,065,095)</u>	<u>(1,279,300)</u>
Restricted for Debt Service	<u>\$ 143,566</u>	<u>\$ 4,091,933</u>	<u>\$ 4,235,499</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 Proprietary Funds as of December 31, 2011, as follows:

Restricted assets - cash for revenue bond operations and maintenance	\$ 240,718
Restricted assets - cash for limited tax bond operations and maintenance	<u>250,000</u>
Restricted for Operations and Maintenance	<u>\$ 490,718</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

Note 5.O. (Continued)

(3) Fund Balances – Governmental Funds

Portions of the Authority's fund balance are nonspendable, restricted due to legal restrictions, committed by Authority action, assigned by Authority management, or unassigned. At December 31, 2011, fund balance classifications were reported in the following governmental funds:

	HRA General Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	HRA Development Capital Projects Fund	Total
Nonspendable					
Advances to					
Other Funds	\$ 717,599	\$ -	\$ -	\$ -	\$ 717,599
Restricted					
Debt Service	-	14,346,114	-	-	14,346,114
Tax Increment					
Financing	-	-	18,315,691	-	18,315,691
Bond Proceeds	-	-	-	8,995,282	8,995,282
Pollution Rem.					
Contribution	-	-	-	3,039,609	3,039,609
Total Restricted	-	14,346,114	18,315,691	12,034,891	44,696,696
Committed					
Excess Conduit					
Bond Fees	4,448,812	-	-	-	4,448,812
Total					
Committed	4,448,812	-	-	-	4,448,812
Assigned					
Excess TIF funds	987,079	-	-	-	987,079
Housing and					
Economic					
Development	427,416	-	-	562,349	989,765
Total Assigned	1,414,495	-	-	-	1,976,844
Unassigned	4,242,795	-	-	-	4,242,795
Total HRA Fund					
Balance	\$ 10,823,701	\$ 14,346,114	\$ 18,315,691	\$ 12,597,240	\$ 56,082,746

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2011

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.

As of December 31, 2008, the 1999 City Sales Tax Bonds of \$72,570,000 are on parity with the 1996 HRA Sales Tax Refunding Bonds of \$55,865,000. There is a gross sales tax pledge of currently over \$15,000,000 to pay annual debt service due on these two series of bonds semi-annually. A third series, the City Subordinate Sales Tax Revenue Bonds, Series 2007 has a subordinate pledge of sales tax after the debt service is paid each six months on the bonds of 1996 and 1999.

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, 2011

Note 6. (Continued)

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.

The following properties have been identified as possible sites of pollution or contamination:

1. Capp Road (Catholic Charities) - Possible pollution or contamination
2. Koch/Mobil - Remediation has already been completed
3. Rivoli Street Properties - Remediation has already been completed by the original polluter

In 2009, the Exxon-Mobil property site was purchased which is polluted and will require pollution remediation. This site was a former petroleum storage tank farm, built in the 1950's which had suffered some leakage of petroleum. The purchase agreement requires the HRA to remediate the pollution and restricts the future use of the land to specific uses. The land was purchased for \$1, and in addition, the seller donated \$5,000,000 to the HRA for pollution remediation and possible park features. This donation is identified as unearned revenue in the Governmental Balance Sheet, in the HRA Development Capital Projects Fund. Because the land has no fair market value before remediation, it is valued at its purchase price in the Governmental Activities Capital Assets. In recognition of the existing pollution, the probability-weighted average of minimum to maximum remediation cost of \$3,900,000 less \$279,117 paid out in 2010 and \$581,274 paid out in 2011 and thus far (remaining \$3,039,609), is identified in the Statement of Net Assets – Long Term Liabilities as a Pollution Remediation Obligation. This pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

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

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	9,941,820	9,941,820	8,370,424	(1,571,396)
Intergovernmental	18,166,765	18,166,765	18,745,785	579,020
Fees, Sales and Services	859,096	908,445	586,422	(322,023)
Investment Income	266,000	266,000	965,766	699,766
Miscellaneous	-	-	551,646	551,646
Total Revenues	29,233,681	29,283,030	29,220,043	(62,987)
EXPENDITURES				
Intergovernmental - City	13,607,440	13,607,440	16,624,515	(3,017,075)
Debt Service				
Principal Payment on Bonds	5,894,648	5,894,648	5,959,648	(65,000)
Interest on Bonds	6,274,870	6,274,870	6,288,122	(13,252)
Principal Payment on Notes	250,000	250,000	433,167	(183,167)
Interest on Notes	653,894	653,894	393,261	260,633
Bond Issuance Costs	-	139,665	139,665	-
Total Expenditures	26,680,852	26,820,517	29,838,378	(3,017,861)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,552,829	2,462,513	(618,335)	(3,080,848)
OTHER FINANCING SOURCES (USES)				
Transfers In	654,631	654,631	3,193,408	2,538,777
Transfers Out	-	(17,294,437)	(17,544,660)	(250,223)
Current Refunding Bonds Issued	-	11,930,000	11,930,000	-
Redemption of Refunded Bonds	-	(9,835,000)	(9,835,000)	-
Premium on Bonds Issued	-	155,316	155,316	-
Total Other Financing Sources (Uses)	654,631	(14,389,490)	(12,100,936)	2,288,554
Net Changes in Fund Balances	3,207,460	(11,926,977)	(12,719,271)	(792,294)
FUND BALANCE, January 1	27,065,385	27,065,385	27,065,385	-
FUND BALANCE, December 31	30,272,845	15,138,408	14,346,114	(792,294)

SCHEDULE OF DEPOSITS AND INVESTMENTS
ALL FUNDS

At December 31, 2011

(Amounts in dollars)

<u>Investment Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Reported Amount</u>
Parking Ramp Checking Accounts at St Paul Banks			780,370
First American Government Obligations Fund Class D		0.00%	915,027
First American Government Obligations Fund Class Y		0.00%	832,812
US Bank Money Market Account 10		0.05%	305,185
Wells Fargo Advantage Government Money Market Fund		0.01%	6,992,017
Federal Home Loan Bank Bonds	11/17/2017	5.00%	624,052
Federal Natl. Mortgage Assn. Note	10/21/2025	3.50%	655,694
Highland Bank Certificate of Deposit	3/30/2019	3.75%	606,288
Trustee Cash		0.00%	886
City Cash and Investment Pool			76,180,828
			<u>87,893,159</u>
TOTAL DEPOSITS AND INVESTMENTS			<u>87,893,159</u>

Summary by Statement of Net Assets Account

Cash and Investments with Treasurer			70,512,210
Cash with Fiscal Agents			780,370
Cash and Investments with Trustees			10,566,243
Restricted Cash for Revenue Bond Debt Service			2,652,229
Restricted Cash for General Bond Obligation Debt Service			2,504,799
Restricted Cash for Limited Tax Bond Debt Service			357,771
Restricted Cash for Limited Tax Bond Construction			28,819
Restricted Cash for Revenue Bond Operations and Maintenance			240,718
Restricted Cash for Limited Tax Bond Operations and Maintenance			250,000
			<u>87,893,159</u>
Total Deposits and Investments			<u>87,893,159</u>

SCHEDULE OF LOANS RECEIVABLE**ALL FUNDS**

At December 31, 2011

(Amounts in dollars)

<u>Fund - Program</u>	<u>Number of Loans Outstanding</u>	<u>Principal Balance 12/31/2011</u>	<u>Allowance for Uncollectible Loans 12/31/2011</u>	<u>Net Reported Assets 12/31/2011</u>
HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND				
Federal HOME Program	99	24,289,515	23,408,109	881,406
Federal ADDI Program	24	234,400	178,300	56,100
Ready for Rail Program	35	443,284	443,284	-
Tax Credit Assistance Program	5	14,468,485	14,468,485	-
HUD 108 Loan Guaranty Program	1	3,050,000	152,500	2,897,500
Total HRA Federal & State Programs Special Revenue Fund	164	42,485,684	38,650,678	3,835,006
HRA DEVELOPMENT CAPITAL PROJECTS FUND				
HRA Funded	1	6,300,000	6,300,000	-
ISP STAR	20	865,493	755,187	110,306
Total HRA Development Capital Projects Fund	21	7,165,493	7,055,187	110,306
HRA TAX INCREMENT CAPITAL PROJECTS FUND				
Jobs Bill Loan Program	14	1,895,715	1,895,715	-
Ready for Rail Program	5	625,000	31,250	593,750
Scattered Site TIF Bonds	10	4,832,866	4,603,219	229,647
Total HRA Tax Increment Capital Projects Fund	29	7,353,581	6,530,184	823,397
HRA PARKING FUND				
Land Purchase	1	315,000	78,750	236,250
Total HRA Parking Fund	1	315,000	78,750	236,250
HRA LOAN ENTERPRISE FUND				
Enterprise Leverage	10	1,317,444	1,253,266	64,178
Commercial Real Estate	8	2,042,171	1,934,817	107,354
Home Purchase and Rehab	57	554,519	434,518	120,001
Home Ownership Opportunities	72	1,165,765	1,165,765	-
Housing Real Estate	19	7,162,270	6,342,608	819,662
Mixed Income Housing	7	2,327,946	2,279,140	48,806
Strategic Investment Program	6	1,244,895	1,244,895	-
Business - UDAG	3	104,712	61,856	42,856
Housing - UDAG	12	1,551,276	1,519,141	32,135
Downtown Tax Increment	1	427,326	320,495	106,831
Neighborhood Development Tax Increment	3	908,000	805,400	102,600
HUD Rental Rehab	13	2,858,653	2,610,635	248,018
New Housing & Blighted Lands Tax Increment	1	360,000	180,000	180,000
Land Assembly	1	1,895,441	1,895,441	-
Mortgage Housing Loan Origination Program	215	1,995,590	1,740,171	255,419
Mortgage Housing - Phase I and Phase II	18	240,975	12,049	228,926
Affordable Housing	1	97,595	97,595	-
Total HRA Loan Enterprise Fund	447	26,254,578	23,897,792	2,356,786
TOTAL ALL FUNDS	662	83,574,336	76,212,591	7,361,745

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2011

(Amounts in dollars)

<u>Bonds and Notes</u>	<u>Lender</u>	<u>Source for Retirement</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
<u>GOVERNMENTAL ACTIVITIES</u>								
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	20,345,000	35,520,000
Riverfront Tax Increment Refunding Bonds, Series 2000D *	Public Sale	Riverfront District TI's	4.50% - 5.00%	2000	2012	8,335,000	7,345,000	990,000
US Bank Tax Increment Bonds, Series 2001	Public Sale	Riverfront Renaissance District TI's	5.00% - 6.75%	2001	2028	12,000,000	12,000,000	-
Riverfront Tax Increment Refunding Bonds, Series 2002C *	Public Sale	Riverfront District TI's	2.90% - 5.65%	2002	2012	2,335,000	2,030,000	305,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.50%	2002	2028	1,089,000	159,000	930,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.00%	2002	2028	1,140,000	76,000	1,064,000
Upper Landing Tax Increment Bonds, Series 2002A	Public Sale	Riverfront Renaissance District TI's	6.80%	2002	2029	5,000,000	333,000	4,667,000
Upper Landing Tax Increment Bonds, Series 2002B-1	Public Sale	Riverfront Renaissance District TI's	6.40% - 7.00%	2002	2029	12,130,000	1,014,000	11,116,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Public Sale	Riverfront Renaissance District TI's	6.90%	2002	2029	2,000,000	168,000	1,832,000
Drake Marble Tax Increment Bonds, Series 2002	Public Sale	Riverfront Renaissance District TI's	6.75%	2002	2028	1,800,000	354,000	1,446,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Public Sale	Spruce Tree/Metz District TI's	6.50%	2003	2013	1,890,000	1,411,343	478,657
9th Street Lofts Tax Increment Bonds, Series 2004	Private Placement	9th Street Lofts District TI's	6.375%	2004	2028	1,335,000	140,000	1,195,000
JJ Hill Tax Increment Bonds, Series 2004	Private Placement	JJ Hill District TI's	6.25%	2004	2029	3,660,000	262,000	3,398,000

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2011

(Amounts in dollars)

<u>Bonds and Notes</u>	<u>Lender</u>	<u>Source for Retirement</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
BONDS (Continued):								
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	3,285,000	4,230,000
Snelling-University Tax Increment Bonds, Series 2005C *	Public Sale	Snelling-University Site District TI's	3.60% - 5.12%	2005	2017	5,130,000	2,250,000	2,880,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	Public Sale	City of St. Paul 25 -Year Lease	3.00% - 5.00%	2008	2032	7,685,000	665,000	7,020,000
RiverCentre Parking Facility Lease Revenue Bonds, Series 2009	Public Sale	Lease Payments from the City of Saint Paul	3.00% - 4.50%	2009	2024	6,790,000	730,000	6,060,000
Koch Mobil Tax Increment Refunding Bonds, Series 2010A *	Public Sale	Koch Mobil District TI's	2.00% - 4.00%	2010	2031	2,670,000	150,000	2,520,000
Emerald Gardens Tax-Exempt Tax Increment Revenue Bonds, Series 2010	Public Sale	Emerald Gardens District TI's	5.00% - 6.50%	2010	2029	6,595,000	40,000	6,555,000
US Bank Tax Increment Refunding Bonds, Series 2011F*	Public Sale	Riverfront Renaissance District TI's	2.00%	2011	2015	3,060,000	-	3,060,000
US Bank Tax Increment Refunding Bonds, Series 2011G*	Public Sale	Riverfront Renaissance District TI's	2.00% - 4.00%	2011	2028	8,870,000	-	8,870,000
TOTAL BONDS - GOVERNMENTAL ACTIVITIES						156,894,000	52,757,343	104,136,657
NOTES:								
HUD Section 108 Note, Series 2003-A	Public Sale	EDI Grant, Port Authority	5.20%	2003	2022	3,300,000	250,000	3,050,000
Catholic Charities Midway Residence POPSHP Loan	Public Sale	Forgiven after 20 years of compliance	Zero Interest	2006	2026	10,599,852	-	10,599,852
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	601,082	4,218,918
Upper Landing Tax Increment Revenue Note, Series 2008	City of Saint Paul	Upper Landing District TI's	5.75%	2008	2020	2,019,087	355,156	1,663,931
TOTAL NOTES - GOVERNMENTAL ACTIVITIES						20,738,939	1,206,238	19,532,701
TOTAL BONDS AND NOTES - GOVERNMENTAL ACTIVITIES						177,632,939	53,963,581	123,669,358

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2011

(Amounts in dollars)

<u>Bonds and Notes</u>	<u>Lender</u>	<u>Source for Retirement</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
NOTES:								
Saint Paul Foundation Housing Loan	St Paul Foundation	Rev. from Hsng Program	1.00%	2006	2015	195,190	195,190	-
LAAND Initiative Loan	Met Council	Land Sales Proceeds	Zero Interest	2009	2014	1,000,000	-	1,000,000
LAAND Initiative Loan	FamilyHsingFnd	Land Sales Proceeds	Zero Interest	2009	2014	<u>580,000</u>	<u>-</u>	<u>580,000</u>
TOTAL NOTES - BUSINESS-TYPE ACTIVITIES						<u>1,775,190</u>	<u>195,190</u>	<u>1,580,000</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
BONDS:								
Parking Revenue Bonds, Series 1997A, (7th Street Ramp)	Public Sale	7th Street Ramp Parking Revenues	6.75%	1997	2017	11,305,000	6,155,000	5,150,000
Block 39 Tax Increment Refunding Bonds, Series 2009G *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	3.00% - 4.00%	2009	2025	20,695,000	-	20,695,000
Block 39 Tax Increment Refunding Bonds, Series 2009H *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	3.10%	2009	2015	8,655,000	2,870,000	5,785,000
Parking Revenue Refunding Bonds, Series 2010A	Public Sale	HRA Parking Revenues	3.00% - 5.00%	2010	2035	24,135,000	565,000	23,570,000
Parking Revenue Refunding Bonds, Series 2010B	Public Sale	HRA Parking Revenues	3.00% - 5.00%	2010	2035	12,820,000	305,000	12,515,000
Lofts at Farmers Market Limited Tax Bonds, Series 2010A (BABs)	Public Sale	HRA Tax Levy	4.35% - 7.50%	2010	2040	7,170,000	-	7,170,000
Lofts at Farmers Market Limited Tax Bonds, Series 2010B	Public Sale	HRA Tax Levy	4.35%	2010	2019	685,000	-	685,000
TOTAL BONDS - BUSINESS-TYPE ACTIVITIES						<u>85,465,000</u>	<u>9,895,000</u>	<u>75,570,000</u>
TOTAL BONDS AND NOTES - BUSINESS-TYPE ACTIVITIES						<u>87,240,190</u>	<u>10,090,190</u>	<u>77,150,000</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, 2011
(Amounts in dollars)

Year	Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996		Riverfront Tax Increment Refunding Bonds, Series 2000D		Riverfront Tax Increment Refunding Bonds, Series 2002C		North Quadrant Tax Increment Refunding Bonds, Series 2002		North Quadrant Phase II Tax Increment Bonds, Series 2002	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	1,975,000	2,521,920	990,000	24,750	305,000	8,616	30,000	69,188	33,000	73,920
2013	2,115,000	2,381,695					32,000	66,900	35,000	71,575
2014	2,265,000	2,231,530					34,000	64,463	38,000	69,055
2015	2,425,000	2,070,715					37,000	61,875	41,000	66,360
2016	2,595,000	1,898,540					39,000	59,063	43,000	63,455
2017	2,780,000	1,714,295					43,000	56,063	47,000	60,375
2018	2,980,000	1,516,915					46,000	52,763	49,000	57,050
2019	3,190,000	1,305,335					49,000	49,276	53,000	53,550
2020	3,420,000	1,078,845					53,000	45,525	57,000	49,770
2021	3,660,000	836,025					57,000	41,476	61,000	45,710
2022	3,920,000	576,165					61,000	37,125	65,000	41,370
2023	4,195,000	297,845					67,000	32,438	70,000	36,750
2024							71,000	27,338	75,000	31,745
2025							77,000	21,901	80,000	26,425
2026							83,000	16,013	86,000	20,720
2027							89,000	9,676	92,000	14,595
2028							62,000	2,325	139,000	4,865
2029										
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>35,520,000</u>	<u>18,429,825</u>	<u>990,000</u>	<u>24,750</u>	<u>305,000</u>	<u>8,616</u>	<u>930,000</u>	<u>713,408</u>	<u>1,064,000</u>	<u>787,290</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011
 (Amounts in dollars)

Year	Upper Landing Tax Increment Bonds, Series 2002A		Upper Landing Tax Increment Bonds, Series 2002B-1		Upper Landing Tax Increment Bonds, Series 2002B-2		Drake Marble Tax Increment Bonds, Series 2002		Spruce Tree Tax Increment Refunding Bonds, Series 2003	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	126,000	313,072	298,000	763,943	50,000	124,683	-	97,605	231,795	31,113
2013	135,000	304,198	318,000	742,974	53,000	121,129	-	97,605	246,862	16,046
2014	144,000	294,712	340,000	720,574	57,000	117,335	-	97,605		
2015	154,000	284,580	364,000	696,603	60,000	113,298	-	97,605		
2016	165,000	273,734	388,000	670,994	64,000	109,020	-	97,605		
2017	176,000	262,140	414,000	643,680	69,000	104,431	-	97,605		
2018	188,000	249,764	443,000	614,075	73,000	99,533	-	97,605		
2019	201,000	236,538	474,000	581,980	78,000	94,323	-	97,605		
2020	214,000	222,428	507,000	547,645	84,000	88,734	-	97,605		
2021	229,000	207,366	542,000	510,930	90,000	82,731	-	97,605		
2022	244,000	191,284	580,000	471,660	96,000	76,314	-	97,605		
2023	261,000	174,114	621,000	429,625	102,000	69,483	-	97,605		
2024	279,000	155,754	665,000	384,615	109,000	62,203	-	97,605		
2025	298,000	136,136	711,000	336,455	117,000	54,407	-	97,605		
2026	318,000	115,192	761,000	284,935	125,000	46,057	-	97,605		
2027	340,000	92,820	814,000	229,810	133,000	37,157	-	97,605		
2028	363,000	68,918	871,000	170,835	143,000	27,635	1,446,000	48,803		
2029	832,000	28,288	2,005,000	70,175	329,000	11,350				
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>4,667,000</u>	<u>3,611,038</u>	<u>11,116,000</u>	<u>8,871,508</u>	<u>1,832,000</u>	<u>1,439,823</u>	<u>1,446,000</u>	<u>1,610,483</u>	<u>478,657</u>	<u>47,159</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011

(Amounts in dollars)

Year	9th Street Lofts Tax Increment Bonds, Series 2004		JJ Hill Tax Increment Bonds, Series 2004		Neighborhood Scattered Site Tax Increment Bonds, Series 2005		Snelling-University Tax Increment Bonds, Series 2005C		Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	41,000	75,544	94,000	211,001	565,000	217,854	420,000	132,568	210,000	328,388
2013	44,000	72,867	108,000	204,906	585,000	188,556	450,000	111,898	220,000	319,988
2014	47,000	70,029	124,000	197,906	620,000	157,858	470,000	89,583	225,000	311,188
2015	49,000	67,001	136,000	189,906	660,000	124,468	490,000	65,940	235,000	302,188
2016	53,000	63,814	144,000	181,281	690,000	88,835	515,000	40,615	245,000	292,787
2017	57,000	60,371	153,000	172,156	1,110,000	30,247	535,000	13,709	255,000	282,681
2018	61,000	56,674	163,000	162,438					265,000	271,844
2019	63,000	52,754	173,000	152,094					280,000	260,250
2020	69,000	48,642	184,000	141,094					290,000	247,650
2021	73,000	44,179	195,000	129,438					305,000	234,600
2022	77,000	39,461	209,000	117,031					320,000	220,112
2023	82,000	34,489	221,000	103,782					335,000	204,912
2024	87,000	29,166	236,000	89,751					350,000	189,000
2025	93,000	23,524	250,000	74,782					365,000	172,375
2026	99,000	17,500	266,000	58,906					385,000	155,037
2027	106,000	11,093	283,000	42,032					400,000	136,750
2028	94,000	2,996	301,000	24,063					420,000	116,750
2029			158,000	4,938					445,000	95,750
2030									465,000	73,500
2031									490,000	50,250
2032									515,000	25,750
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>1,195,000</u>	<u>770,104</u>	<u>3,398,000</u>	<u>2,257,505</u>	<u>4,230,000</u>	<u>807,818</u>	<u>2,880,000</u>	<u>454,313</u>	<u>7,020,000</u>	<u>4,291,750</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011
 (Amounts in dollars)

Year	RiverCentre Parking Facility Lease Revenue Bonds, Series 2009		Koch Mobil Tax Increment Refunding Bonds, Series 2010A		Emerald Gardens Tax Increment Bonds, Series 2010		US Bank Tax Increment Refunding Bonds, Series 2011F		US Bank Tax Increment Refunding Bonds, Series 2011G	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	380,000	218,600	95,000	76,663	190,000	391,681	745,000	58,820		276,361
2013	390,000	207,050	100,000	74,713	195,000	382,056	755,000	46,300		287,544
2014	405,000	195,125	100,000	72,712	205,000	372,056	770,000	31,200		287,544
2015	415,000	182,825	100,000	70,713	225,000	361,306	790,000	15,800		287,544
2016	425,000	169,694	105,000	68,662	240,000	348,931			570,000	287,544
2017	440,000	155,638	105,000	66,431	260,000	334,868			580,000	276,143
2018	455,000	139,387	110,000	63,820	280,000	319,681			600,000	258,744
2019	475,000	120,788	110,000	60,878	300,000	303,369			615,000	240,744
2020	495,000	101,387	115,000	57,697	325,000	285,790			635,000	222,294
2021	510,000	81,288	120,000	54,230	350,000	265,713			655,000	203,244
2022	535,000	60,387	125,000	50,493	380,000	242,900			675,000	183,594
2023	555,000	37,894	130,000	46,475	405,000	218,369			695,000	163,344
2024	580,000	13,050	130,000	42,250	440,000	191,963			715,000	140,756
2025			135,000	37,810	475,000	163,369			740,000	116,625
2026			140,000	33,065	510,000	131,950			770,000	90,725
2027			150,000	27,915	550,000	97,500			795,000	62,812
2028			155,000	22,347	590,000	60,450			825,000	33,000
2029			160,000	16,440	635,000	20,638				
2030			165,000	10,100						
2031			170,000	3,400						
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>6,060,000</u>	<u>1,683,113</u>	<u>2,520,000</u>	<u>956,814</u>	<u>6,555,000</u>	<u>4,492,590</u>	<u>3,060,000</u>	<u>152,120</u>	<u>8,870,000</u>	<u>3,418,562</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011
 (Amounts in dollars)

Year	Upper Landing Tax Increment Revenue Note, Series 2008		HUD Section 108 Note, Series 2003-A		Catholic Charities POPSHP Loan Midway Residence		Shepard Davern Rental Housing Tax Increment Note, Series 2006		LAAND Initiative Metropolitan Council Loan Saxon Site	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	156,768	93,454	250,000	160,370	-	-	-	214,743	-	-
2013	165,911	84,311	250,000	148,720	-	-	-	214,743	-	-
2014	175,589	74,634	250,000	136,645	-	-	-	214,743	1,000,000	-
2015	185,830	64,392	250,000	124,320	-	-	-	214,743	-	-
2016	196,669	53,553	250,000	111,645	-	-	-	214,743	-	-
2017	208,140	42,082	300,000	98,670	-	-	-	214,743	-	-
2018	220,280	29,942	300,000	82,800	-	-	-	214,743	-	-
2019	233,128	17,094	300,000	66,660	-	-	-	214,743	-	-
2020	121,616	3,497	300,000	50,280	-	-	-	214,743	-	-
2021			300,000	33,690	-	-	-	214,743	-	-
2022			300,000	16,920	-	-	-	214,743	-	-
2023					-	-	-	214,743	-	-
2024					-	-	-	214,743	-	-
2025					-	-	-	214,743	-	-
2026					10,599,852	-	-	214,743	-	-
2027							-	214,743	-	-
2028							-	214,743	-	-
2029							-	214,743	-	-
2030							-	214,743	-	-
2031							-	214,743	-	-
2032							4,218,918	53,686	-	-
2033									-	-
2034									-	-
2035									-	-
2036									-	-
2037									-	-
2038									-	-
2039									-	-
2040									-	-
Totals	<u>1,663,931</u>	<u>462,959</u>	<u>3,050,000</u>	<u>1,030,720</u>	<u>10,599,852</u>	<u>-</u>	<u>4,218,918</u>	<u>4,348,546</u>	<u>1,000,000</u>	<u>-</u>

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011

(Amounts in dollars)

Year	LAAND Initiative Family Housing Fund Midway Chev Site		Parking Revenue Bonds, Series 1997A		Block 39 Tax Increment Refunding Bonds, Series 2009G		Block 39 Tax Increment Refunding Bonds, Series 2009H		Parking Revenue Refunding Bonds, Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	-	-	725,000	347,625	-	731,381	1,605,000	154,457	615,000	1,038,056
2013	-	-	775,000	298,688	-	731,381	1,640,000	104,160	635,000	1,019,607
2014	580,000	-	825,000	246,375	-	731,381	1,710,000	52,235	655,000	1,000,556
2015			880,000	190,687	820,000	714,981	830,000	12,865	675,000	980,906
2016			940,000	131,288	1,725,000	664,081			695,000	960,657
2017			1,005,000	67,837	1,800,000	593,581			715,000	939,806
2018					1,850,000	520,581			745,000	911,206
2019					1,855,000	455,756			765,000	886,994
2020					1,920,000	397,931			800,000	856,393
2021					1,985,000	336,916			830,000	824,394
2022					2,055,000	269,938			865,000	791,193
2023					2,125,000	196,788			895,000	756,594
2024					2,225,000	120,663			935,000	719,675
2025					2,335,000	40,863			975,000	679,938
2026									1,015,000	638,500
2027									1,065,000	587,750
2028									1,120,000	534,500
2029									1,175,000	478,500
2030									1,235,000	419,750
2031									1,295,000	358,000
2032									1,360,000	293,250
2033									1,430,000	225,250
2034									1,500,000	153,750
2035									1,575,000	78,750
2036										
2037										
2038										
2039										
2040										
Totals	<u>580,000</u>	<u>-</u>	<u>5,150,000</u>	<u>1,282,500</u>	<u>20,695,000</u>	<u>6,506,222</u>	<u>5,785,000</u>	<u>323,717</u>	<u>23,570,000</u>	<u>16,133,975</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2011

(Amounts in dollars)

Year	Parking Revenue Refunding Bonds, Series 2010B		Lofts at Farmers Market Limited Tax Bonds, Series 2010A (BABs)		Lofts at Farmers Market Limited Tax Bonds, Series 2010B		TOTAL BONDS AND NOTES	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	330,000	537,931	-	484,295	-	29,798	10,460,563	9,808,400
2013	340,000	528,032	-	484,295	-	29,798	9,587,773	9,341,735
2014	350,000	517,831	-	484,295	100,000	27,623	11,489,589	8,866,793
2015	360,000	507,331	-	484,295	110,000	23,055	10,291,830	8,376,302
2016	375,000	496,531	-	484,295	120,000	18,052	10,582,669	7,849,419
2017	385,000	485,282	-	484,295	135,000	12,506	11,572,140	7,269,635
2018	395,000	473,250	-	484,295	145,000	6,416	9,368,280	6,683,526
2019	410,000	459,425	85,000	482,446	75,000	1,631	9,784,128	6,194,233
2020	425,000	444,050	165,000	476,803			10,179,616	5,678,803
2021	440,000	427,050	170,000	468,970			10,572,000	5,140,298
2022	460,000	409,450	180,000	460,522			11,147,000	4,568,267
2023	480,000	390,475	205,000	450,988			11,444,000	3,956,713
2024	500,000	370,075	220,000	440,087			7,617,000	3,320,439
2025	520,000	348,825	235,000	427,262			7,406,000	2,973,045
2026	545,000	326,075	255,000	412,563			15,957,852	2,659,586
2027	570,000	300,869	270,000	396,475			5,657,000	2,359,602
2028	595,000	274,506	290,000	378,975			7,414,000	1,985,711
2029	620,000	246,987	310,000	360,225			6,669,000	1,548,034
2030	650,000	218,312	335,000	340,069			2,850,000	1,276,474
2031	680,000	188,250	355,000	316,731			2,990,000	1,131,374
2032	715,000	154,250	380,000	290,087			7,188,918	817,023
2033	750,000	118,500	405,000	261,631			2,585,000	605,381
2034	790,000	81,000	255,000	237,706			2,545,000	472,456
2035	830,000	41,500	265,000	218,856			2,670,000	339,106
2036			275,000	198,938			275,000	198,938
2037			290,000	177,750			290,000	177,750
2038			605,000	144,187			605,000	144,187
2039			655,000	96,938			655,000	96,938
2040			965,000	36,188			965,000	36,188
Totals	<u>12,515,000</u>	<u>8,345,787</u>	<u>7,170,000</u>	<u>10,464,462</u>	<u>685,000</u>	<u>148,879</u>	<u>200,819,358</u>	<u>103,876,356</u>

**SCHEDULE OF INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS
ALL FUNDS**

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	<u>Federal</u>	<u>State</u>	<u>City</u>	<u>Other</u>	<u>Totals 2011</u>
<u>HRA GENERAL FUND</u>					
Market Value Homestead Credit	-	108,652	-	-	108,652
Total HRA General Fund	-	108,652	-	-	108,652
<u>HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND</u>					
HUD HOME Investment Partnerships Program	2,784,895	-	-	-	2,784,895
HUD Shelter Plus Care Grant	45,730	-	-	-	45,730
Metropolitan Council - LAAND				443,832	443,832
Minnesota Housing Finance Agency Programs					
Tax Credit Assistance and Exchange	2,000	-	-	-	2,000
Emergency Rehabilitation	4,489	-	-	-	4,489
Great Minnesota Fix-up Fund	-	81,382	-	-	81,382
Total HRA Federal & State Programs Special Revenue Fund	2,837,114	81,382	-	443,832	3,362,328
<u>HRA DEBT SERVICE FUND</u>					
Financing for Sales Tax Revenue Bonds	-	-	18,671,113	-	18,671,113
Market Value Homestead Credit	-	74,672	-	-	74,672
Total HRA Debt Service Fund	-	74,672	18,671,113	-	18,745,785
<u>HRA TAX INCREMENT CAPITAL PROJECTS FUND</u>					
Market Value Homestead Credit	-	164,528	-	-	164,528
Total HRA Tax Increment Capital Projects Fund	-	164,528	-	-	164,528
<u>HRA DEVELOPMENT CAPITAL PROJECTS FUND</u>					
MHFA - Mortgage Foreclosure Recycling Pilot Program	-	40,000	-	-	40,000
Total HRA Development Capital Projects Fund	-	40,000	-	-	40,000
<u>HRA LOAN ENTERPRISE FUND</u>					
HUD Housing Counseling Assistance Grant	20,766	-	-	-	20,766
Minnesota Housing Finance Agency (MHFA)					
Mortgage Foreclosure Prevention Assistance Program	62,578	152,116	-	-	214,694
Mortgage Assistance Loan Program	-	180,450	-	-	180,450
Build America Bonds Interest Subsidy	-	-	-	103,115	103,115
Total HRA Loan Enterprise Fund	83,344	332,566	-	103,115	519,025
TOTAL INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS	2,920,458	801,800	18,671,113	546,947	22,940,318

SCHEDULE OF INTERGOVERNMENTAL EXPENDITURES AND EXPENSES

ALL FUNDS

For the Fiscal Year Ended December 31, 2011

(Amounts in dollars)

	<u>City</u>	<u>County</u>	<u>Totals 2011</u>
<u>HRA GENERAL FUND</u>			
Financing for PED Salaries, Fringes, and Expenses	168,934	-	168,934
Financing for Citizen Participation Program	<u>102,808</u>	-	<u>102,808</u>
Total HRA General Fund	<u>271,742</u>	-	<u>271,742</u>
<u>HRA DEBT SERVICE FUND</u>			
Financing for RiverCentre	3,073,851	-	3,073,851
Financing for City Sales Tax Revenue Bonds	<u>13,550,664</u>	-	<u>13,550,664</u>
Total HRA Debt Service Fund	<u>16,624,515</u>	-	<u>16,624,515</u>
<u>HRA LOAN ENTERPRISE FUND</u>			
Financing for PED Salaries, Fringes, and Expenses	<u>443,767</u>	-	<u>443,767</u>
Total HRA Loan Enterprise Fund	<u>443,767</u>	-	<u>443,767</u>
<u>HRA PARKING ENTERPRISE FUND</u>			
Financing for City Capital Projects	<u>23,349</u>	-	<u>23,349</u>
Total HRA Parking Enterprise Fund	<u>23,349</u>	-	<u>23,349</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES AND EXPENSES	<u>17,363,373</u>	-	<u>17,363,373</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended December 31, 2011

(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 Grant Program	14.169	20,766
Shelter Plus Care Grant	14.238	45,730
HOME Investment Partnerships Program	14.239	2,784,895
Passed through Minnesota Housing Finance Agency		
Tax Credit Assistance Program - ARRA	14.258	<u>2,000</u>
Total U.S. Department of Housing and Urban Development		<u>2,853,391</u>
U. S. Department of Treasury		
Passed through Minnesota Housing Finance Agency		
National Foreclosure Mitigation Counseling Program	21.000	<u>62,578</u>
U. S. Department of Energy		
Passed through Minnesota Housing Finance Agency		
State Energy Program - ARRA	81.041	<u>4,489</u>
TOTAL FEDERAL AWARDS		<u><u>2,920,458</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended December 31, 2011

1. Reporting Entity

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. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the HRA under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the HRA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the HRA.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the HRA. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following the costs principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Subrecipients

Of the expenditures presented in the schedule, the HRA provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.238	Shelter Plus Care Grant	\$ 45,730
14.239	HOME Investment Partnerships Program	\$ 108,478
14.258	Tax Credit Assistance Program - ARRA	\$ 2,000
81.041	State Energy Program - ARRA	\$ 4,489
	Total	<u>\$ 160,697</u>

5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
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	\$ 7,193,628	\$ 8,784,001	\$ 10,540,586	\$ 9,888,295	\$ 9,356,032
Restricted	6,912,435	6,265,106	9,523,636	10,105,742	6,861,982	5,644,230	5,187,806	5,266,362	5,548,931	14,346,114
Unrestricted	<u>(69,843,966)</u>	<u>(83,561,703)</u>	<u>(94,315,958)</u>	<u>(98,153,673)</u>	<u>(99,846,152)</u>	<u>(57,581,243)</u>	<u>(50,473,041)</u>	<u>(45,504,293)</u>	<u>(43,143,612)</u>	<u>(53,400,101)</u>
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>	<u>(44,743,385)</u>	<u>(36,501,234)</u>	<u>(29,697,345)</u>	<u>(27,706,386)</u>	<u>(29,697,955)</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	22,141,220	21,467,557	23,496,206	(b)	30,569,951
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632	14,386,423	6,722,704	8,763,988	13,786,889	4,726,217
Unrestricted	<u>53,949,217</u>	<u>52,934,377</u>	<u>57,577,103</u>	<u>59,894,720</u>	<u>50,759,011</u>	<u>26,967,821</u>	<u>36,762,770</u>	<u>33,349,092</u>	<u>27,002,634</u>	<u>34,989,403</u>
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>	<u>63,495,464</u>	<u>64,953,031</u>	<u>65,609,286</u>	<u>67,363,024</u>	<u>70,285,571</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	29,334,848	30,251,558	34,036,792	36,461,796	39,925,983
Restricted	8,703,038	8,989,773	18,282,242	26,493,910	21,983,614	20,030,653	11,910,510	14,030,350	19,335,820	19,072,331
Unrestricted	<u>(15,894,749)</u>	<u>(30,627,326)</u>	<u>(36,738,855)</u>	<u>(38,258,953)</u>	<u>(49,087,141)</u>	<u>(30,613,422)</u>	<u>(13,710,271)</u>	<u>(12,155,201)</u>	<u>(16,140,978)</u>	<u>(18,410,698)</u>
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>	<u>\$ 18,752,079</u>	<u>\$ 28,451,797</u>	<u>\$ 35,911,941</u>	<u>\$ 39,656,638</u>	<u>\$ 40,587,616</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.

(b) Restated

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
EXPENSES										
Governmental Activities:										
Housing and Economic Development	\$ 32,639,713	\$ 39,091,894	\$ 32,512,704	\$ 31,189,699	\$ 37,524,430	\$ 22,227,153	\$ 24,163,156	\$ 30,430,746	\$ 53,868,777	\$ 41,241,422
Interest on Long-Term Debt	<u>10,581,752</u>	<u>10,326,891</u>	<u>10,251,572</u>	<u>10,949,282</u>	<u>12,024,646</u>	<u>11,141,352</u>	<u>10,945,951</u>	<u>10,264,402</u>	<u>10,132,800</u>	<u>11,037,746</u>
Total Governmental Activities Expenses	<u>43,221,465</u>	<u>49,418,785</u>	<u>42,764,276</u>	<u>42,138,981</u>	<u>49,549,076</u>	<u>33,368,505</u>	<u>35,109,107</u>	<u>40,695,148</u>	<u>64,001,577</u>	<u>52,279,168</u>
Business-type Activities:										
Development Loan Programs	4,404,208	6,163,748	11,820,912	8,450,161	18,506,591	14,768,515	6,444,810	5,194,227	1,462,546	4,515,981
Parking Operations	<u>9,389,968</u>	<u>8,431,480</u>	<u>11,104,139</u>	<u>10,739,279</u>	<u>11,564,825</u>	<u>12,990,561</u>	<u>12,628,706</u>	<u>11,864,859</u>	<u>11,610,535</u>	<u>11,584,599</u>
Total Business-type Activities Expenses	<u>13,794,176</u>	<u>14,595,228</u>	<u>22,925,051</u>	<u>19,189,440</u>	<u>30,071,416</u>	<u>27,759,076</u>	<u>19,073,516</u>	<u>17,059,086</u>	<u>13,073,081</u>	<u>16,100,580</u>
Total Saint Paul HRA Expenses	<u>57,015,641</u>	<u>64,014,013</u>	<u>65,689,327</u>	<u>61,328,421</u>	<u>79,620,492</u>	<u>61,127,581</u>	<u>54,182,623</u>	<u>57,754,234</u>	<u>77,074,658</u>	<u>68,379,748</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Housing and Economic Development	4,765,602	3,381,272	1,735,249	4,180,247	2,776,370	4,410,071	2,811,075	1,715,578	5,104,319	1,465,054
Operating Grants and Contributions	23,701,920	18,002,402	20,582,957	20,067,244	19,229,867	37,517,617	21,744,714	20,874,019	37,531,003	23,644,851
Capital Grants and Contributions	<u>1,627,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,861,975</u>	<u>271,305</u>	<u>27,711</u>	<u>148,459</u>
Total Governmental Activities Program Revenues	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>	<u>42,663,033</u>	<u>25,258,364</u>
Business-type Activities:										
Charges for Services:										
Development Loan Programs	1,619,812	2,652,971	2,524,308	5,477,876	7,046,559	429,076	1,164,671	1,748,389	504,286	2,478,443
Parking Operations	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883	10,691,896	11,779,690	11,204,743	11,394,497	12,140,085
Operating Grants and Contributions	485,341	2,002,488	13,750,499	10,025,408	1,480,019	938,546	3,765,808	1,352,810	317,340	647,787
Capital Grants and Contributions	<u>3,350,733</u>	<u>615,884</u>	<u>1,780,421</u>	<u>900,000</u>	<u>6,235,374</u>	<u>11,412,775</u>	<u>-</u>	<u>-</u>	<u>534,591</u>	<u>1,592,480</u>
Total Business-type Activities	<u>13,833,013</u>	<u>13,917,594</u>	<u>27,910,976</u>	<u>26,669,330</u>	<u>25,561,835</u>	<u>23,472,293</u>	<u>16,710,169</u>	<u>14,305,942</u>	<u>12,750,714</u>	<u>16,858,795</u>
Total Saint Paul HRA Program Revenues	<u>43,927,690</u>	<u>35,301,268</u>	<u>50,229,182</u>	<u>50,916,821</u>	<u>47,568,072</u>	<u>65,399,981</u>	<u>43,127,933</u>	<u>37,166,844</u>	<u>55,413,747</u>	<u>42,117,159</u>
NET (EXPENSE) REVENUE										
Governmental Activities	(13,126,788)	(28,035,111)	(20,446,070)	(17,891,490)	(27,542,839)	8,559,183	(8,691,343)	(17,834,246)	(21,338,544)	(27,020,804)
Business-type Activities	<u>38,837</u>	<u>(677,634)</u>	<u>4,985,925</u>	<u>7,479,890</u>	<u>(4,509,581)</u>	<u>(4,286,783)</u>	<u>(2,363,347)</u>	<u>(2,753,144)</u>	<u>(322,367)</u>	<u>758,215</u>
Total Saint Paul HRA Net Expense	<u>(13,087,951)</u>	<u>(28,712,745)</u>	<u>(15,460,145)</u>	<u>(10,411,600)</u>	<u>(32,052,420)</u>	<u>4,272,400</u>	<u>(11,054,690)</u>	<u>(20,587,390)</u>	<u>(21,660,911)</u>	<u>(26,262,589)</u>

Continued

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
HRA Property Tax	774,231	772,649	767,867	828,287	924,042	992,320	1,123,627	2,172,763	2,990,745	3,174,596
Property Tax Increments	10,486,685	12,548,743	11,725,158	12,227,167	13,680,244	16,148,760	14,177,905	21,153,837	20,984,261	19,794,753
Hotel-Motel Tax	220,000	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	232,816	246,796	305,835	354,395	347,852
Investment Income	2,801,699	1,310,057	1,053,345	1,381,833	1,627,343	2,201,832	1,881,031	1,340,151	1,062,612	1,900,121
Transfers	<u>1,124,442</u>	<u>(1,806,120)</u>	<u>(2,922,695)</u>	<u>445,327</u>	<u>4,508,687</u>	<u>12,345,680</u>	<u>(495,865)</u>	<u>(2,131,339)</u>	<u>(2,062,510)</u>	<u>(188,087)</u>
Total Governmental Activities	<u>15,676,465</u>	<u>13,323,479</u>	<u>11,106,766</u>	<u>15,433,826</u>	<u>21,181,523</u>	<u>32,141,408</u>	<u>16,933,494</u>	<u>22,841,247</u>	<u>23,329,503</u>	<u>25,029,235</u>
Business-type Activities										
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216	1,276,002	1,193,871	1,178,925	1,258,761	1,242,838
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694	99,135	305,311	733,407
Gain on Sale of Capital Assets	-	-	-	-	-	-	1,336,484	-	-	-
Transfers	<u>(1,124,442)</u>	<u>1,806,120</u>	<u>2,922,695</u>	<u>(445,327)</u>	<u>(4,508,687)</u>	<u>(12,345,680)</u>	<u>495,865</u>	<u>2,131,339</u>	<u>2,062,510</u>	<u>188,087</u>
Total Business-type Activities	<u>1,720,108</u>	<u>3,295,049</u>	<u>4,867,917</u>	<u>2,554,296</u>	<u>(567,821)</u>	<u>(8,967,239)</u>	<u>3,820,914</u>	<u>3,409,399</u>	<u>3,626,582</u>	<u>2,164,332</u>
Total Saint Paul HRA General Revenues	<u>17,396,573</u>	<u>16,618,528</u>	<u>15,974,683</u>	<u>17,988,122</u>	<u>20,613,702</u>	<u>23,174,169</u>	<u>20,754,408</u>	<u>26,250,646</u>	<u>26,956,085</u>	<u>27,193,567</u>
CHANGES IN NET ASSETS										
Governmental Activities	2,549,677	(14,711,632)	(9,339,304)	(2,457,664)	(6,361,316)	40,700,591	8,242,151	5,007,001	1,990,959	(1,991,569)
Business-type Activities	<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>	<u>(13,254,022)</u>	<u>1,457,567</u>	<u>656,255</u>	<u>3,304,215</u>	<u>2,922,547</u>
Total Saint Paul HRA Changes in Net Assets	<u>\$ 4,308,622</u>	<u>\$ (12,094,217)</u>	<u>\$ 514,538</u>	<u>\$ 7,576,522</u>	<u>\$ (11,438,718)</u>	<u>\$ 27,446,569</u>	<u>\$ 9,699,718</u>	<u>\$ 5,663,256</u>	<u>\$ 5,295,174</u>	<u>\$ 930,978</u>

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

Large housing and development expenses were incurred and large operating grants, contributions, and direct appropriations were received during 2010 for tax credit assistance and exchange.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<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	\$ 4,410,071	\$ 2,811,075	\$ 1,715,578	\$ 5,104,319	\$ 1,465,054
Operating Grants	23,701,920	18,002,402	20,582,957	20,067,244	19,229,867	37,517,617	21,744,714	20,874,019	37,531,003	23,644,851
Capital Grants and Contributions	1,627,155	-	-	-	-	-	1,861,975	271,305	27,711	148,459
Total Housing and Economic Development	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>	<u>42,663,033</u>	<u>25,258,364</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>	<u>22,860,902</u>	<u>42,663,033</u>	<u>25,258,364</u>
<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	429,076	1,164,671	1,748,389	504,286	2,478,443
Operating Grants	485,341	2,002,488	13,750,499	9,400,408	1,480,019	938,546	3,765,808	1,352,810	317,340	647,787
Capital Grants and Contributions	-	-	-	-	-	-	-	-	534,591	1,592,480
Total Development Loan Programs	<u>2,105,153</u>	<u>4,655,459</u>	<u>16,274,807</u>	<u>14,878,284</u>	<u>8,526,578</u>	<u>1,367,622</u>	<u>4,930,479</u>	<u>3,101,199</u>	<u>1,356,217</u>	<u>4,718,710</u>
Parking Operations										
Charges for Services	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883	10,691,896	11,779,690	11,204,743	11,394,497	12,140,085
Operating Grants	-	-	-	625,000	-	-	-	-	-	-
Capital Grants and Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374	11,412,775	-	-	-	-
Total Parking Operations	<u>11,727,860</u>	<u>9,262,135</u>	<u>11,636,169</u>	<u>11,791,046</u>	<u>17,035,257</u>	<u>22,104,671</u>	<u>11,779,690</u>	<u>11,204,743</u>	<u>11,394,497</u>	<u>12,140,085</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>13,833,013</u>	<u>13,917,594</u>	<u>27,910,976</u>	<u>26,669,330</u>	<u>25,561,835</u>	<u>23,472,293</u>	<u>16,710,169</u>	<u>14,305,942</u>	<u>12,750,714</u>	<u>16,858,795</u>
TOTAL - ALL FUNCTIONS / PROGRAMS	<u>\$ 43,927,690</u>	<u>\$ 35,301,268</u>	<u>\$ 50,229,182</u>	<u>\$ 50,916,821</u>	<u>\$ 47,568,072</u>	<u>\$ 65,399,981</u>	<u>\$ 43,127,933</u>	<u>\$ 37,166,844</u>	<u>\$ 55,413,747</u>	<u>\$ 42,117,159</u>

FUND BALANCES - GOVERNMENTAL FUNDS**Last Ten Fiscal Years***(Modified Accrual Basis of Accounting)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
HRA General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,599
Committed	-	-	-	-	-	-	-	-	-	4,448,812
Assigned	-	-	-	-	-	-	-	-	-	1,414,495
Unassigned	-	-	-	-	-	-	-	-	-	4,242,795
Reserved	208,253	558,847	1,127,614	940,748	1,112,171	688,545	801,534	742,647	731,031	-
Unreserved	7,979,800	6,010,425	4,216,124	7,180,814	6,898,759	7,992,919	10,881,369	9,614,435	9,133,372	-
Total HRA General Fund	\$ 8,188,053	\$ 6,569,272	\$ 5,343,738	\$ 8,121,562	\$ 8,010,930	\$ 8,681,464	\$ 11,682,903	\$ 10,357,082	\$ 9,864,403	\$ 10,823,701
All Other HRA Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	44,696,696
Assigned	-	-	-	-	-	-	-	-	-	562,349
Reserved	31,547,896	27,013,051	25,761,916	19,697,725	20,648,713	25,459,895	22,956,178	25,366,854	31,047,251	-
Unreserved	21,845,195	18,371,305	18,175,965	18,540,401	4,463,031	33,663,265	31,037,525	28,496,659	21,230,536	-
Total All Other HRA Funds	\$ 53,393,091	\$ 45,384,356	\$ 43,937,881	\$ 38,238,126	\$ 25,111,744	\$ 59,123,160	\$ 53,993,703	\$ 53,863,513	\$ 52,277,787	\$ 45,259,045
TOTAL - ALL HRA FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,599
Restricted	-	-	-	-	-	-	-	-	-	44,696,696
Committed	-	-	-	-	-	-	-	-	-	4,448,812
Assigned	-	-	-	-	-	-	-	-	-	1,976,844
Unassigned	-	-	-	-	-	-	-	-	-	4,242,795
Reserved	31,756,149	27,571,898	26,889,530	20,638,473	21,760,884	26,148,440	23,757,712	26,109,501	31,778,282	-
Unreserved	29,824,995	24,381,730	22,392,089	25,721,215	11,361,790	41,656,184	41,918,894	38,111,094	30,363,908	-
Total All HRA Funds	\$ 61,581,144	\$ 51,953,628	\$ 49,281,619	\$ 46,359,688	\$ 33,122,674	\$ 67,804,624	\$ 65,676,606	\$ 64,220,595	\$ 62,142,190	\$ 56,082,746

(1) The implementation of Governmental Accounting Standards Board Statement No. 54 in 2011 resulted in a significant change in the Authority's fund balance classifications.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**Last Ten Fiscal Years***(Modified Accrual Basis of Accounting)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes	\$ 10,942,762	\$ 12,684,963	\$ 14,121,135	\$ 13,698,751	\$ 14,936,361	\$ 18,258,162	\$ 17,752,965	\$ 23,145,710	\$ 23,568,364	\$ 23,240,973
Intergovernmental	23,704,408	21,510,552	22,447,640	20,331,044	18,953,030	37,048,241	22,475,134	20,330,468	35,188,892	22,421,293
Fees, Sales and Services	4,147,876	3,118,678	2,818,649	11,044,619	2,993,929	4,748,864	3,396,565	2,676,402	5,556,017	2,008,781
Investment Income	2,764,409	1,234,298	1,059,411	1,525,187	1,653,875	2,233,360	1,892,081	1,322,681	1,074,507	1,904,956
Miscellaneous	645,982	482,042	260,000	117,412	598,044	802,192	902,476	543,551	2,448,040	1,223,558
Total Revenues	42,205,437	39,030,533	40,706,835	46,717,013	39,135,239	63,090,819	46,419,221	48,018,812	67,835,820	50,799,561
EXPENDITURES										
Housing and Economic Development	26,960,630	18,698,890	14,620,402	16,010,586	20,182,150	7,760,374	10,655,374	15,705,363	37,390,286	23,993,249
Intergovernmental	12,680,339	17,613,616	16,264,384	16,242,742	17,133,171	13,755,067	25,488,058	17,133,134	16,142,704	16,896,257
Capital Outlay	-	615,884	-	1,078,511	648,337	-	1,186,100	-	-	-
Debt Service:										
Interest	10,053,770	10,365,689	10,208,651	11,029,802	12,033,425	11,353,161	11,098,149	10,353,912	10,089,143	11,311,119
Principal	10,332,337	10,008,320	8,107,884	13,031,162	6,883,857	7,924,001	8,911,675	5,671,147	9,227,737	6,580,944
Issuance Costs	803,977	119,530	289,809	326,867	-	6,777	274,195	141,085	384,506	139,665
Total Expenditures	60,831,053	57,421,929	49,491,130	57,719,670	56,880,940	40,799,380	57,613,551	49,004,641	73,234,376	58,921,234
Excess of Revenues over (under) Expenditures	(18,625,616)	(18,391,396)	(8,784,295)	(11,002,657)	(17,745,701)	22,291,439	(11,194,330)	(985,829)	(5,398,556)	(8,121,673)
OTHER FINANCING SOURCES (USES)										
Proceeds from Borrowing	22,070,000	10,570,000	9,034,981	7,515,000	-	-	9,635,761	-	6,595,000	-
Proceeds from Refunding	3,424,000	1,890,000	-	5,125,399	4,820,000	3,939,831	-	7,003,608	2,682,662	12,085,316
Redemption of Refunded Bonds	(3,364,000)	(1,890,000)	-	(5,005,000)	(4,820,000)	(3,895,000)	-	(4,970,000)	(3,895,000)	(9,835,000)
Transfers In	7,208,678	4,398,354	3,178,053	5,409,072	5,737,337	16,281,547	1,092,065	2,154,432	7,462,416	20,745,170
Transfers Out	(6,084,236)	(6,204,474)	(6,100,748)	(4,963,745)	(1,228,650)	(3,935,867)	(1,661,514)	(4,658,222)	(9,524,926)	(20,933,258)
Total Other Financing Sources (Uses)	23,254,442	8,763,880	6,112,286	8,080,726	4,508,687	12,390,511	9,066,312	(470,182)	3,320,152	2,062,228
Net Change in Fund Balance	\$ 4,628,826	\$ (9,627,516)	\$ (2,672,009)	\$ (2,921,931)	\$ (13,237,014)	\$ 34,681,950	\$ (2,128,018)	\$ (1,456,011)	\$ (2,078,404)	\$ (6,059,445)
Debt Service as a Percentage of Noncapital Expenditures	33.5%	35.9%	37.0%	42.5%	33.6%	47.2%	35.5%	32.7%	26.4%	30.4%
				(a)					(b)	

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

(b) In 2010, a balloon payment of \$3,450,000 was made on the HUD Section 108 Note, Series 2003-B.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
HRA Loan Enterprise Fund									(1)	
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,292)	\$ 1,702,669
Restricted	-	-	2,024,282	11,289,819	7,049,537	6,823,402	1,148,967	1,072,523	7,250,562	393,566
Unrestricted	<u>44,763,590</u>	<u>45,222,845</u>	<u>48,111,651</u>	<u>48,515,462</u>	<u>40,291,549</u>	<u>16,159,536</u>	<u>21,385,035</u>	<u>21,645,396</u>	<u>17,267,290</u>	<u>23,048,381</u>
Total HRA Loan Enterprise Fund	<u>44,763,590</u>	<u>45,222,845</u>	<u>50,135,933</u>	<u>59,805,281</u>	<u>47,341,086</u>	<u>22,982,938</u>	<u>22,534,002</u>	<u>22,717,919</u>	<u>24,496,560</u>	<u>25,144,616</u>
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	22,141,220	21,467,557	23,496,206	26,594,793	28,867,282
Restricted	1,790,603	2,724,667	6,734,324	5,098,349	8,072,095	7,563,021	5,573,737	7,691,465	6,536,327	4,332,651
Unrestricted	<u>9,185,627</u>	<u>7,711,532</u>	<u>9,465,452</u>	<u>11,379,258</u>	<u>10,467,462</u>	<u>10,808,285</u>	<u>15,377,735</u>	<u>11,703,696</u>	<u>9,735,344</u>	<u>11,941,022</u>
Total HRA Parking Enterprise Fund	<u>14,557,855</u>	<u>16,716,015</u>	<u>21,656,769</u>	<u>22,021,607</u>	<u>29,408,400</u>	<u>40,512,526</u>	<u>42,419,029</u>	<u>42,891,367</u>	<u>42,866,464</u>	<u>45,140,955</u>
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	22,141,220	21,467,557	23,496,206	26,573,501	30,569,951
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632	14,386,423	6,722,704	8,763,988	13,786,889	4,726,217
Unrestricted	<u>53,949,217</u>	<u>52,934,377</u>	<u>57,577,103</u>	<u>59,894,720</u>	<u>50,759,011</u>	<u>26,967,821</u>	<u>36,762,770</u>	<u>33,349,092</u>	<u>27,002,634</u>	<u>34,989,403</u>
Total Net Assets - All Proprietary Funds	<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>	<u>\$ 63,495,464</u>	<u>\$ 64,953,031</u>	<u>\$ 65,609,286</u>	<u>\$ 67,363,024</u>	<u>\$ 70,285,571</u>

(1) Restated

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OPERATING REVENUES										
Fees, Sales and Services:										
Loan Programs	\$ 664,277	\$ 1,691,109	\$ 1,458,128	\$ 4,022,486	\$ 5,356,857	\$ 291,776	\$ 388,149	\$ 1,329,083	\$ 139,364	\$ 1,466,278
Parking Facilities	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883	10,691,896	11,779,690	11,204,743	11,394,497	12,140,085
Interest Earned on Loans	955,535	961,862	1,066,180	1,455,390	1,689,702	137,300	776,522	419,306	364,922	1,012,165
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>	<u>11,120,972</u>	<u>12,944,361</u>	<u>12,953,132</u>	<u>11,898,783</u>	<u>14,618,528</u>
OPERATING EXPENSES										
Development Loan Programs	3,859,826	5,402,975	5,659,563	3,588,607	5,241,210	4,892,487	3,581,561	2,970,167	710,321	2,929,465
Costs of Parking Facility Operation	2,386,485	2,913,055	3,919,292	3,585,103	4,554,017	4,264,292	5,497,193	5,043,784	5,425,658	5,229,275
Depreciation	1,904,165	1,920,757	2,348,534	2,340,511	2,315,180	2,455,650	2,758,238	2,766,036	2,846,729	2,937,220
Bad Debt Expense on Loans	318,281	433,994	1,466,939	618,681	6,137,550	5,996,934	365,486	187,588	309,257	5,994
Forgivable Loan Expense	-	-	3,547,055	1,839,768	4,986,221	944,676	1,920,551	1,708,022	161,365	609,833
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>	<u>18,554,039</u>	<u>14,123,029</u>	<u>12,675,597</u>	<u>9,453,330</u>	<u>11,711,787</u>
OPERATING INCOME (LOSS)	1,528,182	628,441	(4,561,327)	3,771,252	(5,387,736)	(7,433,067)	(1,178,668)	277,535	2,445,453	2,906,741
NONOPERATING REVENUES (EXPENSES)										
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216	1,276,002	1,193,871	1,178,925	1,258,761	1,242,838
Operating Grants	485,341	491,214	12,765,521	9,088,500	429,793	134,746	84,539	427,828	294,329	519,025
Gain on Sale of Capital Assets	-	-	-	-	-	-	1,336,484	-	-	-
Noncapital Contributions	-	1,511,274	984,978	936,908	1,050,226	803,800	3,681,269	924,982	23,011	128,762
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694	99,134	305,311	733,407
Miscellaneous Revenue	-	-	-	-	21,743	-	-	-	-	-
Revaluation of Land Held for Resale	-	-	-	-	-	(1,867,546)	(270,345)	-	-	-
Interest on Long-Term Debt	(5,256,581)	(3,598,356)	(4,869,053)	(5,332,455)	(5,275,361)	(4,968,483)	(4,493,159)	(3,909,476)	(3,162,276)	(3,313,774)
Intergovernmental Expenses	(42,747)	(300,000)	(907,000)	(1,476,438)	(1,157,624)	(2,256,955)	(76,483)	(357,244)	(312,089)	(467,116)
Loss on Retirement of Assets	-	-	-	-	-	-	-	-	-	(405,036)
Litigation Mediation - Noncash Advance	-	-	-	-	-	-	-	-	(412,753)	-
Amortization of Bond Issuance Costs	(26,091)	(26,091)	(207,615)	(407,877)	(425,996)	(112,053)	(110,500)	(116,768)	(145,386)	(202,867)
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>	<u>(4,888,050)</u>	<u>2,140,370</u>	<u>(1,752,619)</u>	<u>(2,151,092)</u>	<u>(1,764,761)</u>
Capital Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374	11,412,775	-	-	947,344	1,592,480
Transfers In	3,763	3,055,616	3,634,028	2,500,000	1,053,084	1,416,433	600,316	2,528,208	2,078,822	195,190
Transfers Out	(1,128,205)	(1,249,496)	(711,333)	(2,945,327)	(5,561,771)	(13,762,113)	(104,451)	(396,869)	(16,312)	(7,103)
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>	<u>\$(13,254,022)</u>	<u>\$ 1,457,567</u>	<u>\$ 656,255</u>	<u>\$ 3,304,215</u>	<u>\$ 2,922,547</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>
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
2007	997,821	17,040,341	220,000	18,258,162
2008	1,157,506	16,595,459	-	17,752,965
2009	2,129,936	21,015,774	-	23,145,710
2010	2,797,136	20,771,228	-	23,568,364
2011	3,185,612	20,055,361	-	23,240,973
Change 2002-2011	311.0%	101.6%	-100.0%	112.4%

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

**HRA PROPERTY TAX LEVIES, PROPERTY VALUES, AND RATES
Last Ten Fiscal Years**

LEVY - PAYABLE	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tax Capacity*										
Real Property*								247,182,526	234,248,711	240,294,786
Personal Property*								6,377,694	6,385,279	7,018,695
Fiscal Disparities*								25,238,471	26,101,425	29,483,436
Total Tax Capacity*	150,408,675	167,879,665	180,113,604	\$202,575,538	225,186,571	253,000,058	274,846,144	278,798,691	266,735,415	276,796,917
Taxable Market Value*	11,226,398,800	12,643,120,100	14,214,708,900	16,403,703,100	18,550,595,100	21,103,230,000	23,071,399,600	22,776,772,200	21,551,886,800	20,065,253,800
Tax Capacity Rate	0.5100%	0.4970%	0.4580%	0.4400%	0.4340%	0.4140%	0.4470%	0.8980%	1.2720%	1.2620%
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0185%	0.0185%	0.0185%
Maximum Tax Levy per State Law	\$ 1,616,601	\$ 1,820,609	\$ 2,046,918	\$ 2,362,133	\$ 2,671,286	\$ 3,038,865	\$ 3,322,282	\$ 4,213,703	\$ 3,987,099	\$ 3,712,072
Actual Tax Levy Certified	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148	\$ 3,178,148
Actual Levy under Maximum	\$ 776,427	\$ 980,435	\$ 1,206,744	\$ 1,463,147	\$ 1,691,391	\$ 1,981,558	\$ 2,106,379	\$ 1,935,555	\$ 808,951	\$ 533,924
% of Actual Levy to Maximum	51.97%	46.15%	41.05%	38.06%	36.68%	34.79%	36.60%	54.07%	79.71%	85.62%

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.

Data for Real Property, Personal Property, and Fiscal Disparities prior to 2009 is not available

* Amounts are in Dollars. Real and Personal Property, Fiscal Disparity, and Taxable market Value.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

HRA PROPERTY TAX LEVIES AND COLLECTIONS**Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Taxes Levied for Current Fiscal Year	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148	\$ 3,178,148
Collection of Current Year Tax Levy										
From Taxpayers	\$ 526,934	\$ 584,041	\$ 594,122	\$ 661,061	\$ 750,062	\$ 819,668	\$ 953,678	\$ 1,874,829	\$ 2,259,765	\$ 2,470,269
Fiscal Disparity Aid	234,526	170,273	171,938	160,358	157,181	169,430	183,574	223,759	493,367	693,746
State Credits and Aids	61,625	46,766	38,346	54,331	49,130	44,056	44,437	87,974	115,779	108,652
Closed TIF District Adj.	-	-	-	-	-	-	-	-	194,065	
Total Collection of Current Levy	\$ 823,085	\$ 801,080	\$ 804,406	\$ 875,750	\$ 956,373	\$ 1,033,154	\$ 1,181,689	\$ 2,186,562	\$ 3,062,976	\$ 3,272,667
									(2)	
Percentage of Current Year Levy Collected in the Fiscal Year of Levy	97.97%	95.35%	95.74%	97.42%	97.60%	97.72%	97.19%	95.98%	96.38%	102.97%
Delinquent Taxes Collected in subsequent years										
1st Year Delinquent (1)	\$ 5,816	\$ 11,901	\$ 3,559	\$ 12,963	\$ 8,723	\$ 20,254	\$ 31,348	\$ 44,004	\$ 21,597	\$ -
Total Tax Collections as of 12/31/11	\$ 828,901	\$ 812,981	\$ 807,965	\$ 888,713	\$ 965,096	\$ 1,053,408	\$ 1,213,037	\$ 2,230,566	\$ 3,084,573	\$ 3,272,667
Percentage of Levy Collected as of 12/31/11	98.66%	96.76%	96.17%	98.86%	98.49%	99.63%	99.76%	97.91%	97.06%	102.97%

(1) Entire amount of delinquent collections for each individual fiscal year is reported as 1st year delinquent for previous year's levy as breakdown by levy year is not available.

(2) Revaluation downward of property in a closed Tax Increment Finance District reduced net levy collected by HRA by 6.11%

Note: Collections do not include Tax Increment Districts.

unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

PROPERTY TAX INCREMENT LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL - ALL TAX INCREMENT DISTRICTS										
Original Tax Capacity Before Development - All Tax Increment Districts	\$3,352,904	\$4,412,971	\$4,237,620	\$3,870,673	\$4,014,984	\$4,134,886	\$4,547,218	\$4,332,382	\$4,491,122	\$4,838,654
Current Tax Capacity - All Tax Increment Districts	\$16,636,079	\$19,068,276	\$20,620,510	\$21,631,284	\$20,474,630	\$25,130,439	\$29,852,423	\$30,308,177	\$29,809,160	\$27,664,571
Captured Tax Capacity Retained by HRA / Port Authority	\$13,291,072	\$14,655,305	\$16,382,890	\$17,770,799	\$18,233,706	\$22,973,236	\$27,910,718	\$25,975,795	\$25,318,038	\$22,825,917
Tax Increment Spread	\$16,867,927	\$18,409,185	\$19,671,336	\$19,580,530	\$19,733,859	\$23,710,560	\$28,448,140	\$27,268,157	\$28,705,815	\$27,278,203
Tax Increment Collected:										
Current	\$15,570,639	\$16,960,281	\$19,394,530	\$17,571,466	\$19,085,800	\$23,569,649	\$24,466,765	\$26,337,565	\$27,171,525	\$26,021,565
Delinquent	(\$215,849)	\$29,747	(\$1,212,024)	(\$623,121)	(\$56,558)	\$108,908	\$159,896	\$128,882	(\$592,694)	(\$1,359,307)
Developer Shortfall Payments	\$0	\$225,548	\$352,404	\$797,186	\$819,772	\$478,743	\$178,011	\$252,345	\$0	\$0
Homestead Credit	\$207,783	\$259,400	\$275,941	\$301,109	\$193,706	\$216,482	\$228,422	\$217,861	\$238,616	\$239,200
Total Tax Increment Collected	\$15,562,573	\$17,474,976	\$18,810,851	\$18,046,640	\$20,042,720	\$24,373,782	\$25,033,094	\$26,936,653	\$26,817,447	\$24,901,458
Percentage of Tax Increment Collected to Tax Increment Spread	92.26%	94.93%	95.63%	92.17%	101.57%	102.80%	88.00%	98.78%	93.42%	91.29%
Delinquent Tax Increment Receivable at December 31	\$1,342,025	\$1,353,961	\$1,195,199	\$510,678	\$221,683	\$455,265	\$399,845	\$746,588	\$696,706	\$1,188,906
Percentage of Delinquent Tax Increment Receivable to Tax Increment Spread	7.96%	7.35%	6.08%	2.61%	1.12%	1.92%	1.41%	2.74%	2.43%	4.36%
Percentage of Captured Tax Capacity to Saint Paul Total Tax Capacity	8.12%	8.03%	8.34%	8.06%	7.49%	8.32%	9.22%	8.52%	8.67%	9.23%

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

The percentage of Total Captured Tax Capacity to Saint Paul Total Tax Capacity was adjusted in 2011.

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

<u>Taxpayer</u>	<u>2011</u>			<u>2001</u>		
	<u>2010 Net Tax Capacity for Taxes Payable in 2011</u>	<u>Rank</u>	<u>Percentage of 2010 Total Net Tax Capacity for Taxes Payable in 2011</u>	<u>2000 Net Tax Capacity for Taxes Payable in 2001</u>	<u>Rank</u>	<u>Percentage of 2000 Total Net Tax Capacity for Taxes Payable in 2001</u>
Xcel Energy (Northern States Power Company)	\$4,308,218	1	1.56%	\$8,807,527	1	4.64%
Minnesota Mutual Life Insurance Company	2,068,186	2	0.75%	1,207,528	8	0.64%
St. Paul Tower LP (World Trade Center)	1,710,196	3	0.62%	-		-
Traveler's Insurance (St. Paul Companies)	1,421,484	4	0.51%	-		-
U.S. Bank Corp. Property & U.S. Bancorp	1,170,250	5	0.42%	-		-
Behringer Harvard LC LLC (Lawson Software)	1,078,374	6	0.39%	-		-
BNSF Railway Company	962,179	7	0.35%	913,238	10	0.48%
CSM Investors	853,932	8	0.31%	-		-
Ford Motor Company*	799,270	9	0.29%	1,304,312	5	0.69%
Court International LLC	765,018	10	0.28%	-		-
St. Paul Fire & Marine Insurance Company	-		-	3,305,276	2	1.74%
Principal Mutual Life Insurance Company	-		-	2,392,576	3	1.26%
St. Paul Burlington LP	-		-	1,149,929	9	0.61%
Vance Minnesota	-		-	1,665,423	4	0.88%
Capital City Property Management	-		-	1,240,049	7	0.65%
St. Paul Real Estate LLC	-		-	1,260,946	6	0.67%
	<u>\$15,137,107</u>		<u>5.47%</u>	<u>\$23,246,804</u>		<u>12.26%</u>

* The Ford Motor Company closed its Highland Park plant in December 2011.

Data Source

Ramsey County Department of Property Records and Revenue

unaudited

HRA PARKING FACILITY REVENUES
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Block 7A Ramp										
Operating Revenues	\$ 827,468	\$ 846,913	\$ 845,775	\$ 879,184	\$ 889,550	\$ 942,753	\$ 1,015,628	\$ 993,836	\$ 1,008,924	\$ 1,033,804
Operating Expenses	624,894	555,265	492,466	493,758	456,309	494,551	480,518	508,861	491,015	521,086
Operating Income (Loss)	<u>\$ 202,574</u>	<u>\$ 291,648</u>	<u>\$ 353,309</u>	<u>\$ 385,426</u>	<u>\$ 433,241</u>	<u>\$ 448,202</u>	<u>\$ 535,110</u>	<u>\$ 484,975</u>	<u>\$ 517,909</u>	<u>\$ 512,718</u>
Seventh Street Ramp										
Operating Revenues	\$1,178,436	\$1,150,039	\$1,200,036	\$ 1,204,748	\$ 1,170,240	\$ 1,228,513	\$ 1,227,842	\$ 1,225,262	\$ 1,225,291	\$ 1,248,375
Operating Expenses	335,355	338,494	340,083	341,538	495,950	346,293	421,835	379,331	384,743	430,719
Operating Income (Loss)	<u>\$ 843,081</u>	<u>\$ 811,545</u>	<u>\$ 859,953</u>	<u>\$ 863,210</u>	<u>\$ 674,290</u>	<u>\$ 882,220</u>	<u>\$ 806,007</u>	<u>\$ 845,931</u>	<u>\$ 840,548</u>	<u>\$ 817,656</u>
Robert Street Ramp										
Operating Revenues	\$1,287,726	\$1,303,923	\$1,085,176	\$ 1,194,462	\$ 1,072,025	\$ 1,130,831	\$ 1,142,381	\$ 1,141,031	\$ 1,163,213	\$ 1,164,102
Operating Expenses	594,882	502,248	498,078	509,752	544,774	518,435	559,901	590,226	622,956	596,312
Operating Income (Loss)	<u>\$ 692,844</u>	<u>\$ 801,675</u>	<u>\$ 587,098</u>	<u>\$ 684,710</u>	<u>\$ 527,251</u>	<u>\$ 612,396</u>	<u>\$ 582,480</u>	<u>\$ 550,805</u>	<u>\$ 540,257</u>	<u>\$ 567,790</u>
Kellogg Street Ramp										
Operating Revenues	\$ 981,027	\$ 999,085	\$ 880,546	\$ 938,007	\$ 979,675	\$ 980,206	\$ 924,210	\$ 996,824	\$ 970,621	\$ 1,043,662
Operating Expenses	561,929	546,474	525,788	617,826	628,937	547,161	747,589	763,337	815,042	856,609
Operating Income (Loss)	<u>\$ 419,098</u>	<u>\$ 452,611</u>	<u>\$ 354,758</u>	<u>\$ 320,181</u>	<u>\$ 350,738</u>	<u>\$ 433,045</u>	<u>\$ 176,621</u>	<u>\$ 233,487</u>	<u>\$ 155,579</u>	<u>\$ 187,053</u>
Lowertown Ramp										
Operating Revenues	\$ 956,881	\$1,098,663	\$ 795,476	\$ 932,953	\$ 1,160,210	\$ 1,204,184	\$ 1,275,598	\$ 1,316,502	\$ 1,287,034	\$ 1,432,030
Operating Expenses	364,515	748,523	630,104	681,949	771,846	804,191	904,894	863,920	944,781	982,832
Operating Income (Loss)	<u>\$ 592,366</u>	<u>\$ 350,140</u>	<u>\$ 165,372</u>	<u>\$ 251,004</u>	<u>\$ 388,364</u>	<u>\$ 399,993</u>	<u>\$ 370,704</u>	<u>\$ 452,582</u>	<u>\$ 342,254</u>	<u>\$ 449,198</u>
Block 19 Ramp										
Operating Revenues	\$ -	\$ -	\$ 640,858	\$ 886,918	\$ 779,947	\$ 688,451	\$ 963,400	\$ 865,926	\$ 932,988	\$ 1,096,533
Operating Expenses	-	-	643,949	751,451	693,548	724,049	802,959	814,198	813,000	820,691
Operating Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,091)</u>	<u>\$ 135,467</u>	<u>\$ 86,399</u>	<u>\$ (35,598)</u>	<u>\$ 160,441</u>	<u>\$ 51,728</u>	<u>\$ 119,988</u>	<u>\$ 275,842</u>
Block 39 - Lawson Ramp										
Operating Revenues	\$2,699,185	\$2,520,730	\$2,794,316	\$ 2,772,537	\$ 3,300,934	\$ 2,841,018	\$ 3,088,511	\$ 2,753,776	\$ 2,813,317	\$ 2,889,249
Operating Expenses	1,347,305	1,215,727	1,414,944	1,376,249	1,474,826	1,443,988	1,745,391	1,675,320	1,450,502	1,519,414
Operating Income (Loss)	<u>\$1,351,880</u>	<u>\$1,305,003</u>	<u>\$1,379,372</u>	<u>\$ 1,396,288</u>	<u>\$ 1,826,108</u>	<u>\$ 1,397,030</u>	<u>\$ 1,343,120</u>	<u>\$ 1,078,456</u>	<u>\$ 1,362,816</u>	<u>\$ 1,369,835</u>
Spruce Tree Ramp										
Operating Revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Operating Expenses	54,762	67,723	102,332	53,887	108,559	62,276	86,720	69,191	81,139	86,405
Operating Income (Loss)	<u>\$ (24,762)</u>	<u>\$ (37,723)</u>	<u>\$ (72,332)</u>	<u>\$ (23,887)</u>	<u>\$ (78,559)</u>	<u>\$ (32,276)</u>	<u>\$ (56,720)</u>	<u>\$ (39,191)</u>	<u>\$ (51,139)</u>	<u>\$ (56,405)</u>
Smith Avenue Transit Hub										
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,410	\$ 824,582	\$ 774,855	\$ 844,516	\$ 831,464
Operating Expenses	-	-	-	-	-	355,323	1,112,112	1,029,106	1,013,551	971,022
Operating Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,913)</u>	<u>\$ (287,530)</u>	<u>\$ (254,251)</u>	<u>\$ (169,035)</u>	<u>\$ (139,558)</u>
HRA Parking Lots / Miscellaneous										
Operating Revenues	\$ 416,404	\$ 696,898	\$1,583,565	\$ 1,427,237	\$ 1,417,302	\$ 1,354,530	\$ 1,287,538	\$ 1,106,731	\$ 1,118,591	\$ 1,370,866
Operating Expenses	407,008	859,358	1,620,082	1,099,204	1,694,448	1,423,675	1,393,512	1,116,330	1,655,659	1,381,406
Operating Income (Loss)	<u>\$ 9,396</u>	<u>\$ (162,460)</u>	<u>\$ (36,517)</u>	<u>\$ 328,033</u>	<u>\$ (277,146)</u>	<u>\$ (69,145)</u>	<u>\$ (105,974)</u>	<u>\$ (9,599)</u>	<u>\$ (537,067)</u>	<u>\$ (10,540)</u>
TOTAL PARKING FACILITIES										
Operating Revenues	\$8,377,127	\$8,646,251	\$9,855,748	\$10,266,046	\$10,799,883	\$10,691,896	\$11,779,690	\$11,204,742	\$11,394,497	\$12,140,085
Operating Expenses	4,290,650	4,833,812	6,267,826	5,925,614	6,869,197	6,719,942	8,255,431	7,809,820	8,272,387	8,166,495
Operating Income (Loss)	<u>\$4,086,477</u>	<u>\$3,812,439</u>	<u>\$3,587,922</u>	<u>\$ 4,340,432</u>	<u>\$ 3,930,686</u>	<u>\$ 3,971,954</u>	<u>\$ 3,524,259</u>	<u>\$ 3,394,922</u>	<u>\$ 3,122,110</u>	<u>\$ 3,973,590</u>

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities					Total Saint Paul HRA	Per Capita (1)	Percentage of Personal Income (2)
	Tax Increment Bonds	Sales Tax Bonds	Lease Revenue Bonds	Development Notes	Parking Revenue Bonds	Tax Increment Parking Bonds	Housing 5000 Land Assembly Bonds	Limited Tax Bonds	Revenue Notes			
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	\$ 812.45	3.74%
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	821.78	3.96%
2004	76,825,929	46,115,000	6,920,000	22,185,824	40,715,000	37,140,000	25,000,000	-	5,084,380	259,986,133	903.97	4.42%
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	261,482,221	909.79	4.49%
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	239,405,732	833.05	3.89%
2007	64,573,740	42,185,000	6,145,000	15,460,472	51,980,000	33,260,000	9,135,000	-	1,155,190	223,894,402	781.15	3.47%
2008	57,961,560	40,685,000	13,230,000	13,387,774	49,710,000	31,690,000	6,440,000	-	1,085,190	214,189,524	744.57	3.23%
2009	54,904,669	39,080,000	14,210,000	23,818,370	47,335,000	29,350,000	2,510,000	-	2,585,190	213,793,229	742.20	2.93%
2010	57,026,305	37,360,000	13,655,000	20,113,997	42,785,000	28,055,000	-	7,855,000	1,775,190	208,625,492	725.55	3.00%
2011	55,536,657	35,520,000	13,080,000	19,532,701	41,235,000	26,480,000	-	7,855,000	1,580,000	200,819,358	704.46	2.84%
Change 2002-2011	-22.41%	-26.49%	7.26%	56.12%	-5.02%	-32.35%	-	100.00%	-74.60%	-13.95%		

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 2011 ratio is calculated using population for the prior calendar year.

(2) See the "Demographic and Economic Statistics" Table for personal income data. The 2011 percentage is calculated using personal income for the prior calendar year.

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
SPRUCE TREE CENTRE TAX INCREMENT BONDS, SERIES 1988A AND 2003											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 332,493	\$ 335,790	\$ 325,416	\$ 296,044	\$ 283,041	\$ 290,730	\$ 334,855	\$ 375,697	\$ 441,406	\$ 480,427	\$ 3,495,899
Developer Shortfall Payments	-	124,908	115,300	115,300	112,400	92,229	51,195	15,155	-	-	626,487
Investment Earnings	7,912	18,383	28,038	24,322	52,669	90,639	85,645	58,277	53,062	52,227	471,174
Total Revenues Available for Debt Service	\$ 340,405	\$ 479,081	\$ 468,754	\$ 435,666	\$ 448,110	\$ 473,598	\$ 471,695	\$ 449,129	\$ 494,468	\$ 532,654	\$ 4,593,560
Debt Service Requirements											
Principal	\$ 150,000	\$ 175,000	\$ 140,058	\$ 149,162	\$ 158,857	\$ 169,183	\$ 180,180	\$ 191,891	\$ 204,364	\$ 217,648	\$ 1,736,343
Interest	278,906	135,938	122,850	113,746	104,051	93,725	82,728	71,016	58,544	45,260	1,106,764
Total Debt Service Requirements	\$ 428,906	\$ 310,938	\$ 262,908	\$ 262,908	\$ 262,908	\$ 262,908	\$ 262,908	\$ 262,907	\$ 262,908	\$ 262,908	\$ 2,843,107
Coverage (Revenues / Debt Service)	0.79	1.54	1.78	1.66	1.70	1.80	1.79	1.71	1.88	2.03	1.62
MIDWAY MARKETPLACE TAX INCREMENT BONDS, SERIES 1995A / SNELLING-UNIVERSITY TAX INCREMENT BONDS, SERIES 2005C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 1,039,320	\$ 1,317,977	\$ 1,226,056	\$ 1,096,155	\$ 1,835,383	\$ 1,416,074	\$ 1,427,457	\$ 1,563,981	\$ 1,197,542	\$ 1,175,554	\$ 13,295,499
Investment Earnings	341,690	200,156	207,669	178,567	87,266	110,707	151,489	127,478	133,263	121,825	1,660,110
Total Revenues Available for Debt Service	\$ 1,381,010	\$ 1,518,133	\$ 1,433,725	\$ 1,274,722	\$ 1,922,649	\$ 1,526,781	\$ 1,578,946	\$ 1,691,459	\$ 1,330,805	\$ 1,297,379	\$ 14,955,609
Debt Service Requirements											
Principal	\$ 190,000	\$ 200,000	\$ 220,000	\$ 235,000	\$ 350,000	\$ 355,000	\$ 370,000	\$ 380,000	\$ 395,000	\$ 400,000	\$ 3,095,000
Interest	478,553	463,095	446,240	392,424	232,142	218,742	203,780	187,463	169,923	151,638	2,944,000
Total Debt Service Requirements	\$ 668,553	\$ 663,095	\$ 666,240	\$ 627,424	\$ 582,142	\$ 573,742	\$ 573,780	\$ 567,463	\$ 564,923	\$ 551,638	\$ 6,039,000
Coverage (Revenues / Debt Service)	2.07	2.29	2.15	2.03	3.30	2.66	2.75	2.98	2.36	2.35	2.48
SALES TAX REVENUE BONDS, SERIES 1993 AND 1996											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
City Sales Tax Revenues	\$ 13,344,192	\$ 13,312,004	\$ 13,753,085	\$ 14,154,920	\$ 14,798,156	\$ 15,201,412	\$ 15,393,811	\$ 17,153,570	\$ 18,652,765	\$ 20,125,431	\$ 155,889,346
Investment Earnings	33,685	18,495	22,509	61,737	109,608	122,831	47,160	(2,940)	(3,252)	(3,379)	406,454
Total Revenues Available for Debt Service	\$ 13,377,877	\$ 13,330,499	\$ 13,775,594	\$ 14,216,657	\$ 14,907,764	\$ 15,324,243	\$ 15,440,971	\$ 17,150,630	\$ 18,649,513	\$ 20,122,052	\$ 156,295,800
Debt Service Requirements											
Principal	\$ 995,000	\$ 1,065,000	\$ 1,140,000	\$ 1,220,000	\$ 1,310,000	\$ 1,400,000	\$ 1,500,000	\$ 1,605,000	\$ 1,720,000	\$ 1,840,000	\$ 13,795,000
Interest	3,501,365	3,430,720	3,355,105	3,274,165	3,187,545	3,094,535	2,995,135	2,888,635	2,774,680	2,652,560	31,154,445
Total Debt Service Requirements	\$ 4,496,365	\$ 4,495,720	\$ 4,495,105	\$ 4,494,165	\$ 4,497,545	\$ 4,494,535	\$ 4,495,135	\$ 4,493,635	\$ 4,494,680	\$ 4,492,560	\$ 44,949,445
Coverage (Revenues / Debt Service)	2.98	2.97	3.06	3.16	3.31	3.41	3.44	3.82	4.15	4.48	3.48
											continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
DOWNTOWN TAX INCREMENT BONDS, SERIES 1993 AND 1998											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 5,048,227	\$ 5,323,503	\$ 5,539,108	\$ 3,807,158	\$ 4,276,947	\$ 5,309,827	\$ 3,189,751	\$ -	\$ -	\$ -	\$ 32,494,521
Hotel-Motel Taxes	220,000	220,000	220,000	220,000	220,000	220,000	-	-	-	-	1,320,000
RiverCentre Revenues	125,000	100,000	100,000	100,000	100,000	100,000	200,000	-	-	-	825,000
N.O.C. Sales	-	-	-	-	-	12,871	-	-	-	-	12,871
Loan Repayments	-	-	-	273,047	2,026,344	-	-	-	-	-	2,299,391
Investment Earnings	291,471	74,065	82,602	60,326	105,094	292,631	148,288	-	-	-	1,054,477
Total Revenues Available for Debt Service	\$ 5,684,698	\$ 5,717,568	\$ 5,941,710	\$ 4,460,531	\$ 6,728,385	\$ 5,935,329	\$ 3,538,039	\$ -	\$ -	\$ -	\$ 38,006,260
Debt Service Requirements											
Principal	\$ 2,180,000	\$ 2,235,000	\$ 2,275,000	\$ 2,285,000	\$ 2,355,000	\$ 2,400,000	\$ 3,830,000	\$ -	\$ -	\$ -	\$ 17,560,000
Interest	1,064,791	933,871	797,635	657,314	512,803	363,052	223,775	-	-	-	4,553,241
Total Debt Service Requirements	\$ 3,244,791	\$ 3,168,871	\$ 3,072,635	\$ 2,942,314	\$ 2,867,803	\$ 2,763,052	\$ 4,053,775	\$ -	\$ -	\$ -	\$ 22,113,241
Coverage (Revenues / Debt Service)	1.75	1.80	1.93	1.52	2.35	2.15	0.87	N/A	N/A	N/A	1.72
RIVERCENTRE PARKING FACILITY LEASE REVENUE BONDS, SERIES 2000 & SERIES 2009											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Lease Payments from the City	\$ 400,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 657,928	\$ 758,559	\$ 835,943	\$ 1,098,963	\$ 580,367	\$ 586,422	\$ 6,163,182
Investment Earnings	36,339	43,200	43,229	40,630	36,129	11,728	5,022	27,744	19,761	19,596	283,378
Total Revenues Available for Debt Service	\$ 436,339	\$ 458,200	\$ 458,229	\$ 455,630	\$ 694,057	\$ 770,287	\$ 840,965	\$ 1,126,707	\$ 600,128	\$ 606,018	\$ 6,446,560
Debt Service Requirements											
Principal	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 425,000	\$ 525,000	\$ 650,000	\$ 360,000	\$ 370,000	\$ 2,830,000
Interest	414,250	411,600	408,900	406,150	396,363	375,956	348,988	290,673	240,800	229,850	3,523,530
Total Debt Service Requirements	\$ 464,250	\$ 461,600	\$ 458,900	\$ 456,150	\$ 696,363	\$ 800,956	\$ 873,988	\$ 940,673	\$ 600,800	\$ 599,850	\$ 6,353,530
Coverage (Revenues / Debt Service)	0.94	0.99	1.00	1.00	1.00	0.96	0.96	1.20	1.00	1.01	1.01
RIVERFRONT TAX INCREMENT BONDS, SERIES 1993C, 1993D, 2000D, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 516,215	\$ 823,386	\$ 718,705	\$ 768,344	\$ 775,838	\$ 794,927	\$ 979,997	\$ 1,035,466	\$ 1,067,737	\$ (223,653)	\$ 7,256,962
Tax Increment Pooling from Other Districts	396,916	364,000	610,335	571,150	576,714	520,420	368,455	319,165	214,049	702,798	4,644,002
Transfer from Capital Projects Fund	-	-	309,845	2,798	1,399	-	-	-	-	-	314,042
Investment Earnings	(21,324)	(22,326)	(4,281)	161	7,096	11,242	1,890	(4,216)	(368)	(14,128)	(46,254)
Total Revenues Available for Debt Service	\$ 891,807	\$ 1,165,060	\$ 1,634,604	\$ 1,342,453	\$ 1,361,047	\$ 1,326,589	\$ 1,350,342	\$ 1,350,415	\$ 1,281,417	\$ 465,017	\$ 12,168,751
Debt Service Requirements											
Principal	\$ 635,000	\$ 790,000	\$ 845,000	\$ 865,000	\$ 925,000	\$ 970,000	\$ 1,035,000	\$ 1,095,000	\$ 1,150,000	\$ 1,215,000	\$ 9,525,000
Interest	544,930	467,266	432,982	395,347	354,335	309,934	262,028	210,591	155,899	97,255	3,230,567
Total Debt Service Requirements	\$ 1,179,930	\$ 1,257,266	\$ 1,277,982	\$ 1,260,347	\$ 1,279,335	\$ 1,279,934	\$ 1,297,028	\$ 1,305,591	\$ 1,305,899	\$ 1,312,255	\$ 12,755,567
Coverage (Revenues / Debt Service)	0.76	0.93	1.28	1.07	1.06	1.04	1.04	1.03	0.98	0.35	0.95

continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
US BANK TAX INCREMENT BONDS, SERIES 2001, 2011F, AND 2011G											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ 347,905	\$ 879,169	\$ 1,034,905	\$ 993,054	\$ 1,175,602	\$ 1,223,585	\$ 1,388,596	\$ 1,497,416	\$ 8,540,232
Investment Earnings	133,570	145,265	67,457	16,281	44,179	42,039	15,594	10,052	16,670	19,255	510,362
Total Revenues Available for Debt Service	\$ 133,570	\$ 145,265	\$ 415,362	\$ 895,450	\$ 1,079,084	\$ 1,035,093	\$ 1,191,196	\$ 1,233,637	\$ 1,405,265	\$ 1,516,671	\$ 9,050,593
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ 125,000	\$ 335,000	\$ 275,000	\$ 285,000	\$ 335,000	\$ 410,000	\$ 400,000	\$ 2,165,000
Interest	726,935	754,169	754,169	754,169	742,877	726,606	712,106	696,789	677,692	677,870	7,223,382
Total Debt Service Requirements	\$ 726,935	\$ 754,169	\$ 754,169	\$ 879,169	\$ 1,077,877	\$ 1,001,606	\$ 997,106	\$ 1,031,789	\$ 1,087,692	\$ 1,077,870	\$ 9,388,382
Coverage (Revenues / Debt Service)	0.18	0.19	0.55	1.02	1.00	1.03	1.19	1.20	1.29	1.41	0.96
NORTH QUADRANT TAX INCREMENT BONDS, SERIES 2000 AND 2002, AND 9TH STREET LOFTS TAX INCREMENT BONDS, SERIES 2004											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 10,929	\$ 217,049	\$ 92,007	\$ 213,655	\$ 430,148	\$ 345,683	\$ 204,589	\$ 189,048	\$ 190,930	\$ 197,439	\$ 2,091,477
Bond Proceeds - Capitalized Interest	-	125,000	156,300	-	-	-	-	-	-	-	281,300
Investment Earnings	68,320	5,889	13	742	1,047	2,679	2,989	143	(956)	1,590	82,456
Total Revenues Available for Debt Service	\$ 79,249	\$ 347,938	\$ 248,320	\$ 214,397	\$ 431,195	\$ 348,362	\$ 207,578	\$ 189,191	\$ 189,974	\$ 199,029	\$ 2,455,233
Debt Service Requirements											
Principal	\$ -	\$ 5,000	\$ 8,000	\$ 17,000	\$ 42,000	\$ 84,000	\$ 87,000	\$ 53,000	\$ 38,000	\$ 41,000	\$ 375,000
Interest	79,249	172,337	149,505	234,478	294,779	240,806	224,558	240,079	225,002	222,939	2,083,732
Total Debt Service Requirements	\$ 79,249	\$ 177,337	\$ 157,505	\$ 251,478	\$ 336,779	\$ 324,806	\$ 311,558	\$ 293,079	\$ 263,002	\$ 263,939	\$ 2,458,732
Coverage (Revenues / Debt Service)	1.00	1.96	1.58	0.85	1.28	1.07	0.67	0.65	0.72	0.75	1.00
UPPER LANDING TAX INCREMENT BONDS, SERIES 2002A, 2002B, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ 201,311	\$ 600,473	\$ 1,049,372	\$ 1,281,447	\$ 1,609,155	\$ 1,769,019	\$ 1,952,421	\$ 8,463,198
Bond Proceeds - Capitalized Interest	4,537,870	-	-	-	-	-	-	-	-	-	4,537,870
Developer Shortfall Payments	-	-	-	-	498,044	696,192	687,476	517,590	261,324	130,176	2,790,802
Investment Earnings	322	298,905	341,621	126,908	200,503	112,409	73,086	38,818	21,728	32,681	1,246,981
Total Revenues Available for Debt Service	\$ 4,538,192	\$ 298,905	\$ 341,621	\$ 328,219	\$ 1,299,020	\$ 1,857,973	\$ 2,042,009	\$ 2,165,563	\$ 2,052,072	\$ 2,115,278	\$ 17,038,852
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,000	\$ 389,000	\$ 415,000	\$ 444,000	\$ 1,515,000
Interest	-	1,130,274	1,321,100	1,321,100	1,321,100	1,321,100	1,311,999	1,289,644	1,262,249	1,232,981	11,511,547
Total Debt Service Requirements	\$ -	\$ 1,130,274	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 1,578,999	\$ 1,678,644	\$ 1,677,249	\$ 1,676,981	\$ 13,026,547
Coverage (Revenues / Debt Service)	NA	0.26	0.26	0.25	0.98	1.41	1.29	1.29	1.22	1.26	1.31

continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
DRAKE MARBLE TAX INCREMENT BONDS, SERIES 2002											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ 66,750	\$ 137,494	\$ 152,908	\$ 171,187	\$ 180,593	\$ 180,044	\$ 236,731	\$ 177,334	\$ 219,640	\$ 1,522,681
Investment Earnings	36,461	65,712	172	721	937	1,684	1,737	1,373	183	(739)	108,241
Total Revenues Available for Debt Service	\$ 36,461	\$ 132,462	\$ 137,666	\$ 153,629	\$ 172,124	\$ 182,277	\$ 181,781	\$ 238,104	\$ 177,517	\$ 218,901	\$ 1,630,922
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ 55,000	\$ 33,000	\$ 36,000	\$ 38,000	\$ 74,000	\$ 57,000	\$ 61,000	\$ 354,000
Interest	-	95,175	121,500	121,500	117,788	114,953	113,130	109,890	104,186	101,723	999,845
Total Debt Service Requirements	\$ -	\$ 95,175	\$ 121,500	\$ 176,500	\$ 150,788	\$ 150,953	\$ 151,130	\$ 183,890	\$ 161,186	\$ 162,723	\$ 1,353,845
Coverage (Revenues / Debt Service)	NA	1.39	1.13	0.87	1.14	1.21	1.20	1.29	1.10	1.35	1.20
KOCH MOBIL TAX INCREMENT BONDS, SERIES 2004C, 2007B, AND 2010A											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ 19,822	\$ 160,828	\$ 275,936	\$ 202,986	\$ 299,002	\$ 269,163	\$ 1,227,737
Developer Shortfall Payments	-	-	-	-	-	-	-	237,190	-	-	237,190
Bond Proceeds - Capitalized Interest	-	-	266,625	-	-	-	-	-	-	-	266,625
Investment Earnings	-	-	-	1,601	4,485	2,845	4,589	8,114	2,649	5,005	29,288
Total Revenues Available for Debt Service	\$ -	\$ -	\$ 266,625	\$ 1,601	\$ 24,307	\$ 163,673	\$ 280,525	\$ 448,290	\$ 301,652	\$ 274,168	\$ 1,760,841
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,950,000	\$ -	\$ -	\$ -	\$ 150,000	\$ 4,100,000
Interest	-	-	44,437	88,875	88,875	127,207	165,538	165,538	124,419	79,113	884,002
Total Debt Service Requirements	\$ -	\$ -	\$ 44,437	\$ 88,875	\$ 88,875	\$ 4,077,207	\$ 165,538	\$ 165,538	\$ 124,419	\$ 229,113	\$ 4,984,002
Coverage (Revenues / Debt Service)	NA	NA	6.00	0.02	0.27	0.04	1.69	2.71	2.42	1.20	0.35
JJ HILL TAX INCREMENT BONDS, SERIES 2004											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ 259,004	\$ 261,006	\$ 200,351	\$ 281,183	\$ 290,744	\$ 308,946	\$ 303,555	\$ 1,904,789
Bond Proceeds - Capitalized Interest	-	-	403,765	-	-	-	-	-	-	-	403,765
Investment Earnings	-	-	444	1,278	5,375	18,680	(11,069)	1,140	373	403	16,624
Total Revenues Available for Debt Service	\$ -	\$ -	\$ 404,209	\$ 260,282	\$ 266,381	\$ 219,031	\$ 270,114	\$ 291,884	\$ 309,319	\$ 303,958	\$ 2,325,178
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 40,000	\$ 54,000	\$ 69,000	\$ 81,000	\$ 262,000
Interest	-	-	-	172,198	228,750	228,750	227,063	224,406	220,750	216,250	1,518,167
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ 172,198	\$ 228,750	\$ 246,750	\$ 267,063	\$ 278,406	\$ 289,750	\$ 297,250	\$ 1,780,167
Coverage (Revenues / Debt Service)	NA	NA	NA	1.51	1.16	0.89	1.01	1.05	1.07	1.02	1.31

continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	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	\$ 1,869,289	\$ 2,170,482	\$ 2,352,017	\$ 2,252,256	\$ 2,044,411	\$ 13,304,244
Bond Proceeds - Capitalized Interest	-	-	-	751,500	-	-	-	-	-	-	751,500
Investment Earnings	-	-	-	19,750	33,180	123,020	139,301	166,523	189,872	191,976	863,622
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 1,832,355	\$ 1,587,864	\$ 1,992,309	\$ 2,309,783	\$ 2,518,540	\$ 2,442,128	\$ 2,236,387	\$ 14,919,366
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ 295,000	\$ 495,000	\$ 485,000	\$ 480,000	\$ 485,000	\$ 510,000	\$ 535,000	\$ 3,285,000
Interest	-	-	-	128,259	357,478	336,702	314,761	292,700	269,762	244,612	1,944,274
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ 423,259	\$ 852,478	\$ 821,702	\$ 794,761	\$ 777,700	\$ 779,762	\$ 779,612	\$ 5,229,274
Coverage (Revenues / Debt Service)	NA	NA	NA	4.33	1.86	2.42	2.91	3.24	3.13	2.87	2.85
JIMMY LEE RECREATION FACILITY LEASE BONDS, SERIES 2008											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Lease Payments from the City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,980	\$ 538,560	\$ 521,579	\$ 529,575	\$ 1,812,694
Investment Earnings	-	-	-	-	-	-	72,671	(7,622)	69,224	24,500	158,773
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,651	\$ 530,938	\$ 590,803	\$ 554,075	\$ 1,971,467
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 190,000	\$ 195,000	\$ 205,000	\$ 665,000
Interest	-	-	-	-	-	-	146,188	348,600	342,900	336,075	1,173,763
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,188	\$ 538,600	\$ 537,900	\$ 541,075	\$ 1,838,763
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	1.34	0.99	1.10	1.02	1.07
EMERALD GARDENS TAX INCREMENT BONDS, SERIES 2010											
Fund Servicing Debt - HRA TI Capital Projects Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610,362	\$ 610,362
Investment Earnings	-	-	-	-	-	-	-	-	-	40,194	40,194
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,556	\$ 650,556
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000
Interest	-	-	-	-	-	-	-	-	-	448,342	448,342
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,342	\$ 488,342
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.33	1.33

continued

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
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	\$ -	\$ -	\$ -	\$ -	\$ 1,404,760	\$ 7,492,423
Bond Proceeds - Capitalized Interest	-	-	2,387,200	-	-	-	-	-	-	-	2,387,200
Investment Earnings	-	-	120,529	641,722	874,360	741,206	314,168	5,594	24,642	2,033	2,724,254
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	\$ 741,206	\$ 314,168	\$ 5,594	\$ 24,642	\$ 1,406,793	\$ 16,159,161
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ 3,170,000	\$ 9,375,000	\$ 3,320,000	\$ 2,695,000	\$ 3,930,000	\$ 2,510,000	\$ -	\$ 25,000,000
Interest	-	-	357,759	764,656	777,522	569,468	291,500	50,782	1,681	-	2,813,368
Total Debt Service Requirements	\$ -	\$ -	\$ 357,759	\$ 3,934,656	\$ 10,152,522	\$ 3,889,468	\$ 2,986,500	\$ 3,980,782	\$ 2,511,681	\$ -	\$ 27,813,368
Coverage (Revenues / Debt Service)	NA	NA	7.01	1.12	0.66	0.19	0.11	0.00	0.01	N/A	0.58
PARKING REVENUE BONDS, SERIES 1992A, 1995A, 1995B, 2001A, 2002A, 2002B, 2005A, AND 2010A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Parking Facility Net Revenues	\$ 3,168,812	\$ 2,293,082	\$ 2,807,196	\$ 2,931,998	\$ 3,022,153	\$ 3,246,417	\$ 3,124,631	\$ 3,084,230	\$ 3,043,611	\$ 3,492,539	\$ 30,214,669
Parking Meter & Parking Fine Revenues	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	21,000,000
Bond Proceeds - Capitalized Interest	210,579	1,010,780	124,361	67,517	-	-	-	-	-	-	1,413,237
Total Revenues Available for Debt Service	\$ 5,379,391	\$ 5,303,862	\$ 4,931,557	\$ 4,999,515	\$ 5,022,153	\$ 5,246,417	\$ 5,124,631	\$ 5,084,230	\$ 5,043,611	\$ 6,492,539	\$ 52,627,906
Debt Service Requirements											
Principal	\$ 875,000	\$ 910,000	\$ 955,000	\$ 1,015,000	\$ 1,135,000	\$ 1,290,000	\$ 1,590,000	\$ 1,655,000	\$ 1,790,000	\$ 565,000	\$ 11,780,000
Interest	1,014,904	1,774,840	1,732,700	1,496,125	1,467,282	1,429,882	1,384,918	1,324,097	1,307,828	1,087,242	14,019,818
Total Debt Service Requirements	\$ 1,889,904	\$ 2,684,840	\$ 2,687,700	\$ 2,511,125	\$ 2,602,282	\$ 2,719,882	\$ 2,974,918	\$ 2,979,097	\$ 3,097,828	\$ 1,652,242	\$ 25,799,818
Coverage (Revenues / Debt Service)	2.85	1.98	1.83	1.99	1.93	1.93	1.72	1.71	1.63	3.93	2.04
PARKING REVENUE BONDS, SERIES 1997A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Ramp Lease Revenues	\$ 1,074,736	\$ 1,196,900	\$ 1,075,336	\$ 1,080,048	\$ 1,058,040	\$ 1,078,813	\$ 1,078,142	\$ 1,075,562	\$ 1,075,591	\$ 1,077,475	\$ 10,870,643
Investment Earnings	592	8,768	(3,235)	6,474	16,412	13,655	(1,480)	(3,993)	(4,018)	(4,023)	29,152
Total Revenues Available for Debt Service	\$ 1,075,328	\$ 1,205,668	\$ 1,072,101	\$ 1,086,522	\$ 1,074,452	\$ 1,092,468	\$ 1,076,662	\$ 1,071,568	\$ 1,071,573	\$ 1,073,452	\$ 10,899,794
Debt Service Requirements											
Principal	\$ 380,000	\$ 405,000	\$ 430,000	\$ 460,000	\$ 490,000	\$ 525,000	\$ 560,000	\$ 595,000	\$ 635,000	\$ 680,000	\$ 5,160,000
Interest	695,925	670,275	642,938	606,629	582,863	549,788	514,350	476,550	436,388	393,525	5,569,231
Total Debt Service Requirements	\$ 1,075,925	\$ 1,075,275	\$ 1,072,938	\$ 1,066,629	\$ 1,072,863	\$ 1,074,788	\$ 1,074,350	\$ 1,071,550	\$ 1,071,388	\$ 1,073,525	\$ 10,729,231
Coverage (Revenues / Debt Service)	1.00	1.12	1.00	1.02	1.00	1.02	1.00	1.00	1.00	1.00	1.02

continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals
BLOCK 39 TAX INCREMENT BONDS, SERIES 1998A, 1998B, 2009G & 2009H											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 1,195,454	\$ 1,203,263	\$ 982,602	\$ 687,327	\$ 689,844	\$ 889,488	\$ 1,067,054	\$ 1,159,081	\$ 1,236,563	\$ 1,226,734	\$ 10,337,410
Developer Shortfall Payments	-	100,640	237,104	681,886	707,372	386,514	126,816	-	-	-	2,240,332
Net Parking Revenues	1,910,988	1,865,629	1,940,275	1,957,191	2,387,011	1,958,727	1,929,248	1,640,037	1,924,977	1,946,959	19,461,041
Investment Earnings	207,513	74,901	199,881	112,108	97,039	261,767	138,493	37,016	152,120	184,762	1,465,600
Total Revenues Available for Debt Service	\$ 3,313,955	\$ 3,244,433	\$ 3,359,862	\$ 3,438,512	\$ 3,881,266	\$ 3,496,496	\$ 3,261,611	\$ 2,836,134	\$ 3,313,659	\$ 3,358,454	\$ 33,504,383
Debt Service Requirements											
Principal	\$ 855,000	\$ 950,000	\$ 1,055,000	\$ 1,135,000	\$ 1,300,000	\$ 1,445,000	\$ 1,570,000	\$ 2,340,000	\$ 1,295,000	\$ 1,575,000	\$ 13,520,000
Interest	2,133,410	2,081,815	2,023,908	1,931,407	1,886,780	1,804,069	1,712,473	1,954,043	763,015	935,129	17,226,049
Total Debt Service Requirements	\$ 2,988,410	\$ 3,031,815	\$ 3,078,908	\$ 3,066,407	\$ 3,186,780	\$ 3,249,069	\$ 3,282,473	\$ 4,294,043	\$ 2,058,015	\$ 2,510,129	\$ 30,746,049
Coverage (Revenues / Debt Service)	1.11	1.07	1.09	1.12	1.22	1.08	0.99	0.66	1.61	1.34	1.09
PARKING REVENUE BONDS (SMITH AVENUE TRANSIT CENTER), SERIES 2005 AND 2010B											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Parking & Transit Center Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,434	\$ 220,990	\$ 226,406	\$ 290,945	\$ 320,922	\$ 1,214,698
Investment Earnings	-	-	-	230,589	85,455	265,494	125,279	19,463	9,924	49,559	785,763
Bond Proceeds - Capitalized Interest	-	-	-	2,425,100	-	-	-	-	-	-	2,425,100
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 2,655,689	\$ 85,455	\$ 420,928	\$ 346,269	\$ 245,869	\$ 300,870	\$ 370,481	\$ 4,425,561
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000	\$ 125,000	\$ 130,000	\$ 305,000	\$ 680,000
Interest	-	-	-	349,160	619,200	619,200	619,200	614,525	406,450	563,798	3,791,533
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ 349,160	\$ 619,200	\$ 619,200	\$ 739,200	\$ 739,525	\$ 536,450	\$ 868,798	\$ 4,471,533
Coverage (Revenues / Debt Service)	NA	NA	NA	7.61	0.14	0.68	0.47	0.33	0.56	0.43	0.99
LOFTS AT FARMERS MARKET LIMITED TAX BONDS, SERIES 2010A AND 2010B											
Fund Servicing Debt - HRA Loan Enterprise Fund											
Revenues Available for Debt Service											
Build America Bond Interest Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,115	\$ 103,115
Bond Proceeds - Capitalized Interest	-	-	-	-	-	-	-	-	569,786	-	569,786
Investment Earnings	-	-	-	-	-	-	-	-	-	16,249	16,249
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,786	\$ 119,364	\$ 689,150
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	312,740	312,740
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,740	\$ 312,740
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.38	2.20

Unaudited

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (2)</u>	<u>Labor Force (3)</u>	<u>Unemployment Rate (3)</u>
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	286,620	23,675	6,444,728,300	146,616	4.1%
2007	287,669	24,934	6,639,009,400	144,446	4.6%
2008	288,055	27,120	7,294,251,800	144,618	5.5%
2009	287,540	24,702	6,947,235,100	145,773	8.1%
2010	285,068	25,514	7,070,562,100	146,389	7.3%
2011	285,439	N/A	N/A	145,003	7.1%

(1) 2002-2009 data based on Metropolitan Council estimates.
 2010-2011 data is 2010 U.S. Census results.

(2) 2002-2010 data provided by U.S. Census Bureau's Annual American Community Survey.
 2011 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 and Five Years Ago

<u>Employers</u>	2011			2006		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
University of Minnesota (1)	22,608	1	12.93%	-		-
State of Minnesota	14,560	2	8.32%	13,671	1	7.54%
3M Company (1)	10,000	3	5.72%	-		-
Health East Care System / St Joseph's Hospital (1)	7,200	4	4.12%	5,080	3	2.80%
St. Paul Public Schools	5,870	5	3.36%	6,567	2	3.62%
Ramsey County	4,422	6	2.53%	3,770	7	2.08%
Health Partners, Inc. / Regions Hospital	4,300	7	2.46%	4,000	6	2.21%
U.S. Bancorp	3,500	8	2.00%	4,700	4	2.59%
Allina Health System / United Hospital	3,200	9	1.83%	3,300	9	1.82%
Target Corporation	2,731	10	1.56%	-		-
City of St. Paul	-		-	3,400	8	1.88%
Marsden Building Maintenance	-		-	4,000	5	2.21%
U.S. Postal Service	-		-	3,200	10	1.77%
Total	78,391		44.82%	51,688		28.52%

Data from nine years ago is not available. The Government Finance Officers Association (GFOA) recommends presenting data from the earliest year available, 2006
 Sources: MN Department of Employment and Economic Development for 2006 data; Telephone survey of individual employers done by Springsted Inc., February, 2012 for 2011 data.
 (1) Represents the total number of employees.

unaudited

OPERATING INDICATORS
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
New and Substantially Rehabilitated Housing Units	1,632	1,278	1,331	1,130	428	355	10	100	96	100

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CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of Pedestrian Skyway Bridges	37	37	37	37	37	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	\$ 5,767,112	\$ 5,443,069	\$ 5,119,026	\$ 4,794,984	\$ 4,473,933
Number of Parking Ramps	7	7	8	8	8	9	9	9	9	9
Number of Parking Lots	11	11	11	11	11	11	8	8	8	8
Number of Parking Spaces	7,395	7,395	8,439	8,439	8,439	9,042	7,958	7,958	7,958	7,958
Depreciated Cost of Parking Ramps, Lots, and Buildings	\$ 69,867,298	\$ 68,541,993	\$84,258,336	\$81,977,271	\$79,718,115	\$105,863,097	\$ 101,652,375	\$ 99,337,412	\$ 97,997,999	\$ 93,596,580

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

Inception through December 31, 2011

(Amounts in dollars)

Program Title	Activity Code	Multi-Year Budget	Actual Program Costs		Amount To Be Completed
			Inception Through 12/31/10	Fiscal Year Ended 12/31/11	
FEDERAL HOME PROGRAM					
Single Family Housing Rehabilitation	37001	29,237,345	24,108,113	959,193	4,170,039
New Rental Housing	37002	2,169,000	2,169,000	-	-
Community Housing Development	37003	9,839,525	6,711,249	1,785,265	1,343,011
Program Administration	37004	4,174,007	3,518,628	106,815	548,564
Single Family Housing Rehab - Program Income	37005	1,556,759	1,556,759	-	-
Total Federal HOME Program		<u>46,976,636</u>	<u>38,063,749</u>	<u>2,851,273</u>	<u>6,061,614</u>
FEDERAL ADDI HOUSING GRANT					
Single Family Housing	37006	531,139	274,400	-	256,739
FEDERAL SHELTER PLUS CARE GRANT					
Shelter Plus Care Program	37007	361,920	143,206	45,730	172,984
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	6,156,553	92,974	195,473
Minnesota Urban & Rural Homestead Program	38102	62,158	61,358	-	800
Program Administration	38104	423,610	376,998	-	46,612
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		<u>10,316,848</u>	<u>8,630,315</u>	<u>92,974</u>	<u>1,593,559</u>
RAMSEY COUNTY CDBG HOUSING REHABILITATION PROGRAMS					
Single Family & Rental Rehabilitation	38107-38108	2,320,134	1,948,864	-	371,270
METROPOLITAN COUNCIL LIVABLE COMMUNITY GRANTS					
Brewery Neighborhood Project	38200	750,000	750,000	-	-
LAAND - Central Corridor	38209	4,500,000	-	443,832	4,056,168
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		<u>6,090,265</u>	<u>1,595,265</u>	<u>443,832</u>	<u>4,051,168</u>
STATE OF MINNESOTA GRANTS					
Railroad Island Project	38203	1,300,000	1,124,000	-	176,000
Capital Heights City Homes	38113	200,000	-	-	200,000
Federal Highway - State Administered - Head & Sack House	38206	1,186,100	1,186,100	-	-
Total State of Minnesota Grants		<u>2,686,100</u>	<u>2,310,100</u>	<u>-</u>	<u>376,000</u>
FEDERAL SECTION 108					
Section 108 Loan Repayment	38204	-	4,700,000	-	(4,700,000)
FEDERAL AMERICAN RECOVERY AND REINVESTMENT ACT					
Tax Credit Assistance Program	38208	3,166,171	3,164,171	2,000	-
Section 1602 Tax Credit Exchange Program	38210	11,302,321	11,302,314	-	7
Total Federal Tax Credits		<u>14,468,492</u>	<u>14,466,485</u>	<u>2,000</u>	<u>7</u>
TOTAL HRA FEDERAL & STATE PROGRAMS FUND		<u>84,129,015</u>	<u>72,509,865</u>	<u>3,435,809</u>	<u>8,183,341</u> Unaudited

**PROJECT EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA TAX INCREMENT CAPITAL PROJECTS FUND**For the Fiscal Years Ended December 31, 1997 through 2011
(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2010</u>	<u>Costs - Fiscal Year Ended 12/31/11</u>	<u>Amount To Be Completed</u>
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	1,174,318	1,183,590	-	(9,272)
North Quadrant - Phase I	76203	4,392,268	1,489,305	120,452	2,782,511
North Quadrant - Non TIF	76204	441,114	383,434	4,450	53,230
North Quadrant - Phase II	76205	4,347,273	1,101,604	184,452	3,061,217
Superior Street Cottages	76206	686,025	300,193	43,057	342,775
J.J. Hill	76207	12,959,912	4,052,222	1,759	8,905,931
Sibley Park - Phase I	76208	6,495,378	881,348	220,588	5,393,442
Sibley Park - Phase II	76209	3,037,617	736,642	218,756	2,082,219
Straus Park	76210	1,447,696	250,231	58,666	1,138,799
North Quadrant Public Improvements	76211	948,673	867,427	-	81,246
Bridgecreek Senior Place	76213	6,747,810	586,386	167,400	5,994,024
Phalen Village TIF District	76214	10,867,104	1,040,876	53,360	9,772,868
North Quadrant - Phase III	76215	6,149,000	2,060,710	235,428	3,852,862
Phalen Village TIF District Uncommitted	76216	839,338	219,663	635,540	(15,865)
Phalen Village Cub Store	76217	6,352,896	192,364	310,430	5,850,102
West Midway	76300	2,526,781	2,526,781	-	-
Spruce Tree Centre	76302	5,999,777	3,084,134	57,310	2,858,333
Neighborhood Business Development - Scattered Sites	76304	35,101,569	10,783,880	995,161	23,322,528
Twin City Testing	76305	318,450	318,450	-	-
Snelling-University	76306	16,502,010	503,416	1,455,245	14,543,349
Snelling-University - Hazardous Substance	76307	2,208,368	2,208,368	-	-
Energy Park FBS Data Center	76308	55,373	55,373	-	-
Midway Marketplace Bonds	76309	2,915,547	2,915,547	-	-
Hubbard Site	76310	5,851,260	4,715,401	504,999	630,860
1919 University	76311	2,855,076	1,518,103	234,132	1,102,841
Midway Marketplace Pay-As-You-Go TIF Note	76312	952,397	952,397	-	-
Scattered Site Business TIF Bonds, Series 2005	76314	7,250,388	6,447,058	-	803,330
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	6,670,910	2,329,995	9,069	4,331,846
Riverfront Renaissance - US Bank	76703	68,914,628	20,374,917	1,214,546	47,325,165
Riverfront Renaissance - Upper Landing	76704	61,896,457	3,694,577	7,773	58,194,107
Upper Landing Interfund Loan	76705	-	986,015	250,223	(1,236,238)
Osceola Park	76706	2,899,714	325,051	102,932	2,471,731

Continued Unaudited

**PROJECT EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA TAX INCREMENT CAPITAL PROJECTS FUND**For the Fiscal Years Ended December 31, 1997 through 2011
(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2010</u>	<u>Costs - Fiscal Year Ended 12/31/11</u>	<u>Amount To Be Completed</u>
Block - Minnesota Mutual	76707	46,739,637	12,702,922	2,562,552	31,474,163
Emerald Park - Owner Occupied	76708	30,715,960	8,467,942	1,051,626	21,196,392
Emerald Park - Rental	76709	13,215,895	2,157,619	432,823	10,625,453
Emerald Park - Commercial	76710	28,000	456,924	34,355	(463,279)
Riverfront Renaissance - Llewellyn	76711	17,915,978	64,946	16,592	17,834,440
Riverfront Renaissance - West Side Flats	76712	4,565,408	1,933,001	784	2,631,623
Riverfront Renaissance - Upper Landing TIF Bonds, Series 2002A	76713	5,178,128	5,178,388	-	(260)
Riverfront Renaissance - Upper Landing TIF Bonds, Series 2002B	76714	14,443,600	14,442,700	-	900
Shepard Davern - Phase I	76715	9,683,191	1,186,225	1,001,801	7,495,165
Shepard Davern - Phase II	76716	15,529,676	4,853,363	233,451	10,442,862
Shepard Davern - Phase III	76717	3,024,432	336,310	124,838	2,563,284
Downtown & 7th Place Redevelopment - Series 1989 Bonds	76801&2	1,458,854	1,458,854	-	-
Block 39 - Acquisition, Demolition, Parking Ramp & Retail	76803	42,844,807	42,701,809	28,276	114,722
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	7,350,295	7,350,295	-	-
Armstrong-Quinlan House	76813	2,900,000	2,900,000	-	-
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	202,422	196,814	-	5,608
Koch Mobil Infrastructure	76819	79,096,354	3,848,837	106,110	75,141,407
TIF District Administration - Advance Funding	76820	1,298,070	14,976	1,741	1,281,353
Payne / Phalen Senior Lofts TIF District	76822	2,847,354	144,939	31,204	2,671,211
Carleton Lofts TIF District	76823	9,257,028	405,552	171,285	8,680,191
Penfield TIF District	76824	47,536,340	-	-	47,536,340
Highland Pointe Lofts TIF District	76825	5,089,171	80,534	131,019	4,877,618
2700 University	76826	7,303,240	23,388	1,018	7,278,834
Minnesota Building TIF District	76827	-	2,171	-	(2,171)
Minnesota Events TIF District (2009-2023)	76829	116,645,421	9,903,250	7,606,937	99,135,234
Scattered Sites Empire Guilder	76830	1,711,241	-	1,510	1,709,731
Cossetta TIF District	76831	641,155	-	-	641,155
TOTAL HRA TAX INCREMENT FUND		893,236,351	316,106,784	20,623,650	556,505,917 Unaudited

**PROJECT EXPENDITURES - MULTI-YEAR BUDGET AND ACTUAL
HRA DEVELOPMENT CAPITAL PROJECTS FUND**

For the Fiscal Years Ended December 31, 2006 through 2011
(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/06-2010</u>	<u>Costs - Fiscal Year Ended 12/31/11</u>	<u>Amount To Be Completed</u>
Land Assembly Bonds	76903	15,000,000	10,556,032	266,059	4,177,909
Star Funds	76904	20,300,000	18,577,786	156,885	1,565,329
HRA Funded Projects	76905	6,150,000	4,161,081	26,570	1,962,349
Other/Private Sources	76906	750,000	750,000	-	-
Invest Saint Paul Star Taxable Bonds, Series 2007B	76907	15,000,000	7,823,607	1,985,566	5,190,827
Invest Saint Paul Star Tax Exempt Bonds, Series 2007A	76908	2,000,000	350,706	1,195,190	454,104
Invest Saint Paul Minnesota Housing Financing Grant Program	76909	1,545,000	319,607	-	1,225,393
Exxon Land Site	76910	5,000,000	1,029,317	651,912	3,318,771
Recreation Facility Lease Revenue Bonds, Series 2008	76915	7,604,999	7,683,595	-	(78,596)
TOTAL HRA DEVELOPMENT CAPITAL PROJECTS FUND		<u><u>73,349,999</u></u>	<u><u>51,251,731</u></u>	<u><u>4,282,182</u></u>	<u><u>17,816,086</u></u>

Note: The Costs for Fiscal Years Ended December 31, 2006 were reported in the HRA Loan Enterprise Fund prior to Fiscal Year 2007.
Future costs for these projects will be reported in the HRA Development Capital Projects Fund.

Unaudited