

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2012

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, 2012**

**David Thune, Chairperson
Chris Coleman, Mayor of the City of Saint Paul
Cecile Bedor, Executive Director**

HRA Board of Commissioners:

**Daniel Bostrom
Amy Brendmoen
Melvin Carter, III
Kathy Lantry
Russell Stark
David Thune
Chris Tolbert**

**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, 2012

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-11
City of Saint Paul Organization Chart	12
Principal Officials	13
Certificate of Achievement for Excellence in Financial Reporting	
FINANCIAL SECTION	
Independent Auditor's Report	15-17
Management's Discussion and Analysis	18-37
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	40-41
Statement of Activities	42
Fund Financial Statements	
Balance Sheet - Governmental Funds	44-45
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	46-47
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - HRA General Fund	48
Statement of Net Position - Proprietary Funds	50-51
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	52
Statement of Cash Flows - Proprietary Funds	53-54
Notes to the Financial Statements	55-101
Supplementary Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - HRA Debt Service Fund	103
Schedule of Deposits and Investments - All Funds	104
Schedule of Loans Receivable - All Funds	105
Schedule of Bonds and Notes Payable	106-108
Schedule of Debt Service Requirements to Maturity - Bonds and Notes	109-115
Schedule of Intergovernmental Revenue, Operating Grants, and Capital Grants - All Funds	116
Schedule of Intergovernmental Expenditures and Expenses - All Funds	117
Schedule of Expenditures of Federal Awards	118
Notes to Schedule of Expenditures of Federal Awards	119

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION	
Financial Trends	
Net Position by Component	121
Changes in Net Position	122-123
Program Revenues by Functions / Programs	124
Fund Balances - Governmental Funds	125
Changes in Fund Balances - Governmental Funds	126
Net Position - Proprietary Funds	127
Changes in Net Position - Proprietary Funds	128
Revenue Capacity	
Tax Revenues by Source - Governmental Funds	129
HRA Property Tax Levies, Property Values, and Rates	130
HRA Property Tax Levies and Collections	131
Property Tax Increment Levies and Collections	132
Principal Property Taxpayers	133
HRA Parking Facility Revenues	134
Debt Capacity	
Ratios of Outstanding Debt by Type	135
Schedule of Revenue Bond Coverage	136-142
Demographic and Economic Information	
Demographic and Economic Statistics	143
Principal Employers	144
Operating Information	
Operating Indicators	145
Capital Asset Statistics	146
OTHER INFORMATION(Unaudited)	
Project Expenditures - Multi-Year Budget and Actual	
HRA Federal & State Programs Special Revenue Fund	147
HRA Tax Increment Capital Projects Fund	148-149
HRA Development Capital Projects Fund	150



CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

25 West Fourth Street
Saint Paul, MN 55102

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

June 24, 2013

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, 2012 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, 2012.

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 gained 18,466 jobs from 2000 to 2012.¹ 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 2012 (6.2%).⁴
- Saint Paul ranks 6th highest in median household income (\$45,939), 4th highest in median family income (\$58,052) and 8th highest in per capita income (\$25,576).⁵
- The median value of owner-occupied houses in Saint Paul is 6th highest compared to peer cities (\$198,100).⁶
- Saint Paul ranked 3rd highest in percent of population over 25 years with a bachelor's degree (37.2%).⁷

¹ Minnesota Department of Employment and Economic Development, available at: <http://www.positivelyminnesota.com/aps/lmi/ces/>

² Metropolitan Council, *2030 Regional Development Framework*, updated January, 2013, 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://data.bls.gov/cgi-bin/dsrv?la>

⁵ 2011 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁶ 2011 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁷ 2011 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 2012 was just above the Minnesota rate and below the U.S. rate of 8.1%.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 (55,923 jobs in 2012; 32.9% of total). Other large super sectors include Public Administration (21,323 jobs; 12.5% of total), and Trade, Transportation and Utilities (18,573 jobs; 10.9% of total).⁹

Similarly, tax base growth has been strong and sustained: From Pay 2003 to estimates for Pay 2012, Saint Paul's taxable market values have increased over 44% (from \$12,644 billion to \$18,163 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 \$16.9 million in 2012. In 2013, revenues were estimated to be the same as 2012.

LONG-TERM FINANCIAL PLANNING

The Housing and Redevelopment Authority had unrestricted fund balance at year end in its General Fund that was greater than the stated goal of 5% of HRA annual budget spending in reserve. In addition, the Authority has committed fund balance in its General Fund at year end from the confirmed practice of accumulating conduit bond fees for Planning and Economic Development Administration costs. The committed fund balance at year end is greater than the annual support the Authority's General Fund provides for PED Administration costs.

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.

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/aps/lmi/qcew/AreaSel.aspx>

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 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 broke ground on this \$62 million, 254

apartment unit/Lunds store project in June 2012. The project has a HUD-insured mortgage and is scheduled to be complete by December 2013.

Lofts at Farmers Market: Construction of the Lofts at Farmers Market was completed in early 2012. The 58 units are 100% leased. In addition to high-end finishes, building amenities include a fitness room, a business center, and a second story green roof with patio for resident use. A commercial broker is working on leasing 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., purchased the historic Pioneer Endicott buildings located at 4th and Robert Streets. The developer converted these unique landmark buildings into 234 units of market rate rental housing and 20,000 square feet of commercial space that will include a wine store, an upscale deli, hair salon and skyway studios for artists. The Minnesota Museum of American Art has signed a two year lease for the first floor of the building. The project utilized state and federal historic tax credits and TIF financing from the City of Saint Paul.

HealthEast: The Saint Paul HRA issued two series of conduit refunding bonds totaling \$51 million for HealthEast hospitals in Saint Paul and Woodbury.

Regions Hospital: The hospital will be making a \$4.2 million investment to remodel and expand its cancer center. Construction is expected to begin in May 2013 and be done by the end of the year.

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 - have partnered to replace the 315-seat McKnight Theatre with a 1,100-seat music venue. The project's total price tag is \$40 million; funding will be provided by the State of Minnesota (bonding), \$10 million in Performing Arts Facility Revenue Bonds from the City of Saint Paul HRA, a \$3 million Cultural STAR grant from the City, and private fundraising. Construction started in spring 2013 and is expected to be completed by fall 2015.

Lowertown Ballpark: The City of Saint Paul secured \$25 million in state bonding, \$1 million in a DEED Clean-Up Grant, and \$1 million in a DEED Clean-Up Loan through the EPA for a Lowertown Ballpark that will be constructed on the site of the old Diamond Products building. It will be 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, provide \$10 million annually in economic activity, and attract 400,000 visitors annually to Lowertown. Construction is expected to begin in summer 2013 and the ballpark will be open for the start of the spring 2015 baseball season.

West Side Flats: Developer George Sherman started construction on West Side Flats, a \$35.4 million apartment project that will have 178 apartment units and 11,500 square feet of commercial space. Twenty percent of the units will be affordable. Funding was awarded from Minnesota Housing; DEED; and the Metropolitan Council. The Saint Paul HRA provided TIF and HOME funds to the project. Construction is expected to be completed by late 2013.

Cossetta's: The new three-level expansion to the existing Cossetta's Italian Market and Pizzeria on West Seventh Street was completed in late 2012. Cossetta's now offers a bakery, meat market, take-out meals, rooftop restaurant, and wine shop.

Rayette Lofts: In spring 2013, developer George Sherman will begin converting the building located at 261 5th Street into 88 units of apartments, 20% of which will be affordable. The \$23 million project is expected to be completed in 2014.

Post Office Building: Developer Jim Stolpestad executed a purchase agreement in early 2013 for the 17-story, 750,000 square foot central post office building on Kellogg Boulevard. Preliminary plans call for 250 units of market rate apartments.

Sears: Sears is developing plans to redevelop their store and the adjacent, Sears-owned land on Rice Street. Preliminary plans include additional retail space, a four-story office building, and apartments and townhomes.

II. Central Corridor

Central Corridor: Heavy construction is complete on the newest Light Rail Line in the region, which is the largest infrastructure project ever built in Minnesota. Testing of the light rail vehicles will continue throughout 2013 and the Green Line will begin operations in 2014.

As a result of the Green Line development, many community and economic development initiatives are taking root along the corridor. New projects (detailed below) taking advantage of proximity to transit have either just been completed, are under construction, or in the planning stages. Local, regional, and federal resources are being aligned to support projects that provide affordable housing, 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: The \$243 million renovation to Union Depot was completed in December 2012. The building is the region's best example of a multi-modal transportation hub. Amtrak, Jefferson Bus Lines, and Metro Transit will have operations at Union Depot as will the Green Line.

2700 The Avenue: Wellington Management is working with Flaherty & Collins, an Indiana based developer, to develop a 230-unit apartment project, with 20% of the units being affordable. This project is in the early planning stages, and the developer is meeting with city staff and community members on project design.

Chittenden & Eastman Building: Renovations were completed in 2012 on this historic building that was converted into 104 apartments. Leasing is advancing rapidly, and ahead of schedule.

Old Home Dairy Site: Old Home LLC, with general partners of Aurora St. Anthony CDC and Sands Companies, is purchasing the former Old Home Dairy site located at 300-378 University Avenue, from the Twin Cities Community Land Bank. Fifty-seven units of affordable rental housing and 12,000 square feet of commercial space is planned by the LLC. Another property along Aurora Street will be sold by the LLC to a partnership of the Aurora St. Anthony CDC and Model Cities to develop seven single family homes that will be sold under the MCASA program.

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 108 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 13,000 square feet of commercial space. Construction is scheduled to begin 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 \$45 million project will begin construction in May 2013 and will add 174 units of supportive senior housing. This new development will include 60 assisted living units (memory care and skilled nursing units), 64 market rate units, and 50 HUD 202 affordable rental units. The project also includes a therapy pool, fitness center, and a public coffee shop at the Fairview LRT station.

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. Current plans include underground parking, 6,705 square feet of commercial space, and 27 affordable workforce housing units. The project site has been purchased and cleared. Financing is currently being sought.

Habitat for Humanity Headquarters: Twin Cities Habitat for Humanity is in the process of developing a new Minnesota headquarters home for its organization along University Avenue near the future Fairview Avenue station of the LRT Green line. The planned 25,000-square-foot, three-story building will include office space and client service areas. The project will begin construction in 2013.

Central Corridor Ready for Rail Loan Program: A first for any major infrastructure project in the metro region, this unique \$4 million fund was launched in May 2011 as a modest safety net for small businesses whose sales would be affected by the LRT Green Line 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. So far, 239 loans to 199 businesses have been awarded.

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 Green line LRT development. To date, the program has assisted 24 projects, totaling \$1.7 million.

III. Neighborhoods

Schmidt Brewery: Dominion Development broke ground in January 2013 on the redevelopment and adaptive reuse of both the historic Bottle House and Brew House buildings located on the Schmidt Brewery site. The buildings will be redeveloped into 260 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. The total development cost is \$122 million. Some of the apartments will be completed and ready for occupancy by the end of 2013. Dominion received a Best in Real Estate Award for Adaptive Reuse-Multifamily from the Minneapolis-Saint Paul Business Journal in April 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 is now working on the historic re-design of the building for future office and restaurant uses. Blue Ox mini golf is one proposed user of some of the property adjacent to the Keg House.

Ford Assembly Plant Site: After 86 years in operation, the Ford Assembly Plant closed in December 2011. Ford is participating in the Minnesota Pollution Control Agency Voluntary Investigation and Cleanup (VIC) Program. A demolition site plan was recently approved by the city. The 550,000 square foot paint shop building is scheduled to be demolished in the near future, following months of interior environmental remediation. Main plant demolition will follow. Removal of the building slabs and foundations will proceed in 2014. The city is evaluating zoning and other tools to ensure a quality redevelopment. Ford anticipates putting the site on the market in 2015.

Payne-Maryland Project: The community center at Payne and Maryland Avenues on Saint Paul's East Side is taking the last step toward becoming a reality. 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 for Phase I of the project, finalized the Phase I design earlier this year with Hamel, Green and Abrahamson. Construction begins in May 2013. The Payne-Maryland Partnership is actively soliciting funds from private donors for the second phase.

Suite Living: White Bear Lake-based Suite Living Specialty Senior Services is proposing a two-phase assisted living facility located at 1880 Old Hudson Road that will break ground in summer 2013.

Carondelet Village: Adjacent to St. Catherine University, this \$55 million project by the Sisters of St. Joseph of Carondelet and Presbyterian Homes created 259 senior rental housing units. The final phase of the project was completed in 2012. The Saint Paul HRA provided conduit bond financing for this project.

Project for Pride in Living West 7th Street Project: This supportive housing project located on at West Seventh and Springfield Streets was completed in 2012.

Victoria Park: The former ExxonMobil “tank farm” and adjoining Koch/Flint Hills land off of Otto Avenue and West Seventh Street is gradually being converted into new uses. The 40-acre former Exxon property will be redeveloped into a new city park. Brighton Development Corporation sold some of its parcels adjacent to Otto Avenue to Chase Real Estate, which is building 215 apartments in two buildings, each of them composed of three stories of market-rate multi-family rental housing. Chase may buy seven additional acres from the city in 2014 for future housing development, and another five adjoining acres could house a new city park or playing field. Nova Classical Academy, a K-12 college preparatory charter school, has merged its two campuses into one on the site. A Mississippi Market opened in 2009, and the Shalom campus offers independent and assisted living.

J&J Distributing Urban Farm: A 40,000-square-foot, \$2 million greenhouse will be constructed in 2013 to produce mostly a tomato crop. This is the final stage of a multi-phase projects that invested \$17 million into the company and added 133 jobs.

Hmong College Prep Academy (HCPA): The HRA issued \$17.6 million in conduit revenue bonds to finance an expansion, and renovations, to the K-12 school located at 1515 Brewster Street. Construction is underway and is expected to be completed by fall 2013.

Hamm’s Brewery: Several buildings at the Hamms’ Brewery will see new life. Urban Organics will open a fish/leafy green farm in Building 17 of the Hamm’s Brewery. The company will produce tilapia fish and organic leafy greens via aquaponics. The company expects to employ 8 to 10 employees when it begins operations in summer 2013. Additional lease agreements have been signed with Flat Earth Brewery and Mill City Distillery to be housed in other buildings. Both projects have applied for STAR funding from the City of Saint Paul; award will be made summer of 2013. Both projects plan to open in late 2013/early 2014.

Beacon Bluff: This is the former home of 3M (Minnesota Mining and Manufacturing). On the west portion of the site, construction is complete on the HealthEast Medical Transportation’s new \$5 million, 46,000-square-foot hub. West Side Community Health Services, Inc. purchased four acres to build a new medical clinic which will be opening in 2013.

Phalen Corridor: Construction on a \$30 million, 144,000-square-foot baking plant for Baldinger Bakery on the 9.5-acre former Griffin Wheelworks site was completed in 2012. Next door, a Hmong Market opened in a space formerly leased by the Saint Paul School District. Future plans include senior housing and commercial development in Phalen Village. A market study was recently completed for this area as well.

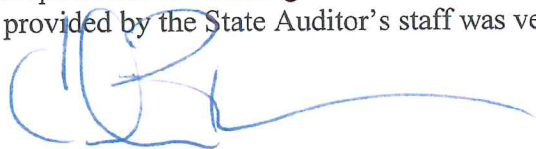
Rolling Hills: Financing on this project is scheduled to close in May 2013, and includes substantial rehab of 108 units of housing. This project serves many immigrant families and women fleeing abusive situations. Lutheran Social Services will provide support services. The Saint Paul HRA awarded low income housing tax credits to the project.

AWARDS AND ACKNOWLEDGMENTS

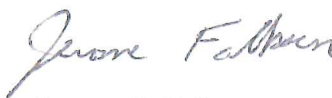
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the twenty-seventh 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.



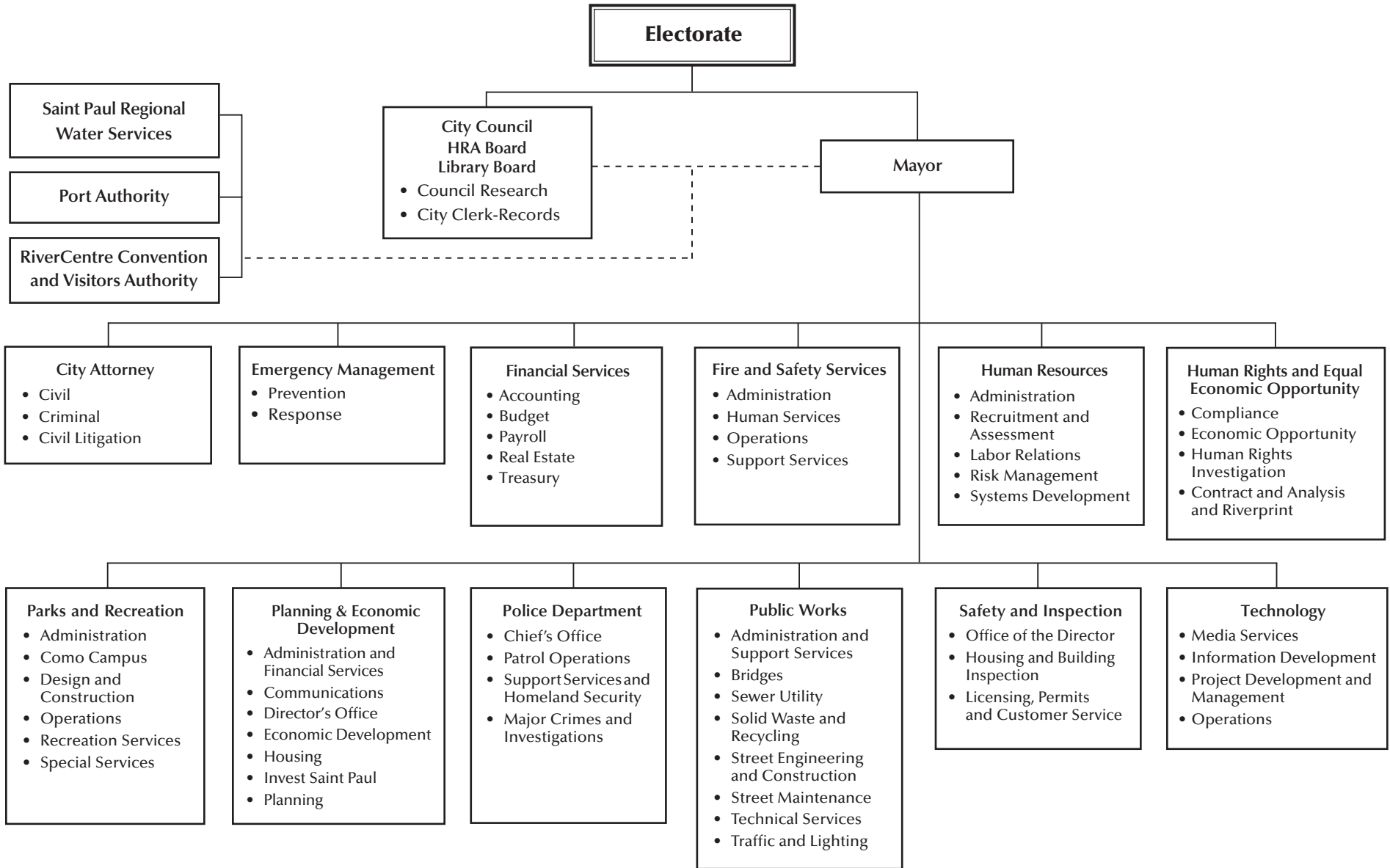
Cecile Bedor
Executive Director



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, 2015
Amy Brendmoen	January 11, 2012	December 31, 2015
Melvin Carter III	January 8, 2008	December 31, 2015
Kathy Lantry	January 1, 1998	December 31, 2015
Russ Stark	January 8, 2008	December 31, 2015
David Thune	January 14, 2004	December 31, 2015
Chris Tolbert	January 11, 2012	December 31, 2015

Officers

Chairperson

David Thune	January 11, 2012	December 31, 2015
-------------	------------------	-------------------

Vice-Chairperson

Dan Bostrom	January 11, 2012	December 31, 2015
-------------	------------------	-------------------

Secretary

Kathy Lantry	January 11, 2012	December 31, 2015
--------------	------------------	-------------------

Treasurer

Russ Stark	January 11, 2012	December 31, 2015
------------	------------------	-------------------

Executive Director

Cecile Bedor	June 26, 2006	Indefinite
--------------	---------------	------------

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, 2011

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



Christopher P. Morinell

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

Report on the Financial Statements

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, a component unit of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the HRA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



considers internal control relevant to the HRA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the HRA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Changes in Accounting Principles

As discussed in Note 2.C. to the financial statements, in 2012 the HRA adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012, which represents changes in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of the HRA of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the HRA of the City of Saint Paul's internal control over financial reporting and compliance.


REBECCA OTTO
STATE AUDITOR


GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 21, 2013

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements which are found on pages 42-101.

Financial Highlights

- Total position of the HRA exceeded total liabilities at the end of 2012 by \$43.0 million. Net position increased by \$5.7 million during 2012. This net increase included an increase in business-type activity net position by \$11.6 million and a decrease in governmental activity net position by \$5.9 million. The business-type activities are the HRA Loan Enterprise Fund and the HRA Parking Enterprise Fund.
- The government-wide statement of net position reflects a deficit of \$24.8 million in unrestricted net position at year-end 2012. 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 \$44.6 million. The unassigned balance is \$4.1 million, which is in the HRA General Fund. An amount of \$32.4 million is restricted, primarily for future debt service on existing long-term debt. The remainder of the fund balances is either nonspendable, committed, or assigned.
- The total principal amount of long-term debt decreased during 2012 by \$12.2 million to a total of \$188.6 million, a 6.1% decrease from 2011. The new debt issued in 2012 was the Upper Landing Refunding Bonds of \$15.8 million. Total interest expense on long-term debt in 2012 was \$12.7 million, a decrease of \$1.9 million from 2011.
- The assets of loans receivable and accrued interest on loans decreased by \$5.7 million to a total of \$85.8 million at December 31, 2012. 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 \$77.8 million at December 31, 2012, a decrease of \$5.8 million over December 31, 2011.
- Three new HRA administered tax increment financing districts were created in 2012.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

Total tax increment revenue for HRA Districts was \$21.6 million in 2012, an increase of \$0.6 million from 2011. The captured tax capacity of all Saint Paul tax increment financing districts is 8.85% of Saint Paul's total tax capacity. This represents a decrease of 0.93% from 2011.

- The major housing development initiative continued in 2012 with 106 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 40-42 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

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

The HRA's business-type activities are:

- Development loan programs
- Parking operations

The *statement of net position* presents financial information on all of the HRA's assets and liabilities at December 31, 2012, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during 2012. All changes in net position 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 44-48 and pages 50-54 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 balances of spendable resources available 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

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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 2012 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 55-101 of this report.

(Remainder of this page left intentionally blank)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

Financial Analysis of the HRA as a Whole

Net Position. The following chart shows components of the HRA's assets, liabilities, and net position and compares 2012 with 2011 at December 31.

**Saint Paul HRA's Assets, Liabilities and Net Position
At December 31, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	12/31/2012	12/31/2011 Restated	12/31/2012	12/31/2011 Restated	12/31/2012	12/31/2011 Restated	2012-2011
Assets							
Cash and Investments	\$50,214,147	\$61,504,978	\$31,357,207	\$26,388,181	\$81,571,354	\$87,893,159	-7.2%
Other Current Assets	1,344,306	1,315,346	131,127	1,279,712	1,475,433	2,595,058	-43.1%
Land Held for Resale	3,744,658	3,920,458	7,175,621	11,185,971	10,920,279	15,106,429	-27.7%
Loans Receivable	4,694,869	4,873,950	3,272,021	3,057,469	7,966,890	7,931,419	0.4%
Leases Receivable	12,475,000	13,070,000	--	--	12,475,000	13,070,000	-4.6%
Capital Assets	19,280,608	19,955,884	118,024,209	106,888,662	137,304,817	126,844,546	8.2%
Other Non-Current Assets	2,462,190	2,362,191	703,636	781,818	3,165,826	3,144,009	0.7%
Total Assets	94,215,778	107,002,807	160,663,821	149,581,813	254,879,599	256,584,620	-0.7%
Liabilities							
Current Liabilities	12,744,365	11,081,052	9,298,768	6,418,030	22,043,133	17,499,082	26.0%
Long-Term Debt	118,527,677	127,044,141	71,314,696	74,765,568	189,842,373	201,809,709	-5.9%
Total Liabilities	131,272,042	138,125,193	80,613,464	81,183,598	211,885,506	219,308,791	-3.4%
Net Position							
Net Investment in							
Capital Assets	8,680,756	9,356,032	42,227,870	30,569,951	50,908,626	39,925,983	27.5%
Restricted for Debt Service	12,230,743	14,346,114	4,159,287	4,235,499	16,390,030	18,581,613	-11.8%
Restricted for Operations and Maintenance	--	--	451,603	490,718	451,603	490,718	-8.0%
Unrestricted (Deficit)	(57,967,763)	(54,824,532)	33,211,597	33,102,047	(24,756,166)	(21,722,485)	-14.0%
Total Net Position	\$(37,056,264)	\$(31,122,386)	\$80,050,357	\$68,398,215	\$42,994,093	\$37,275,829	15.3%

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

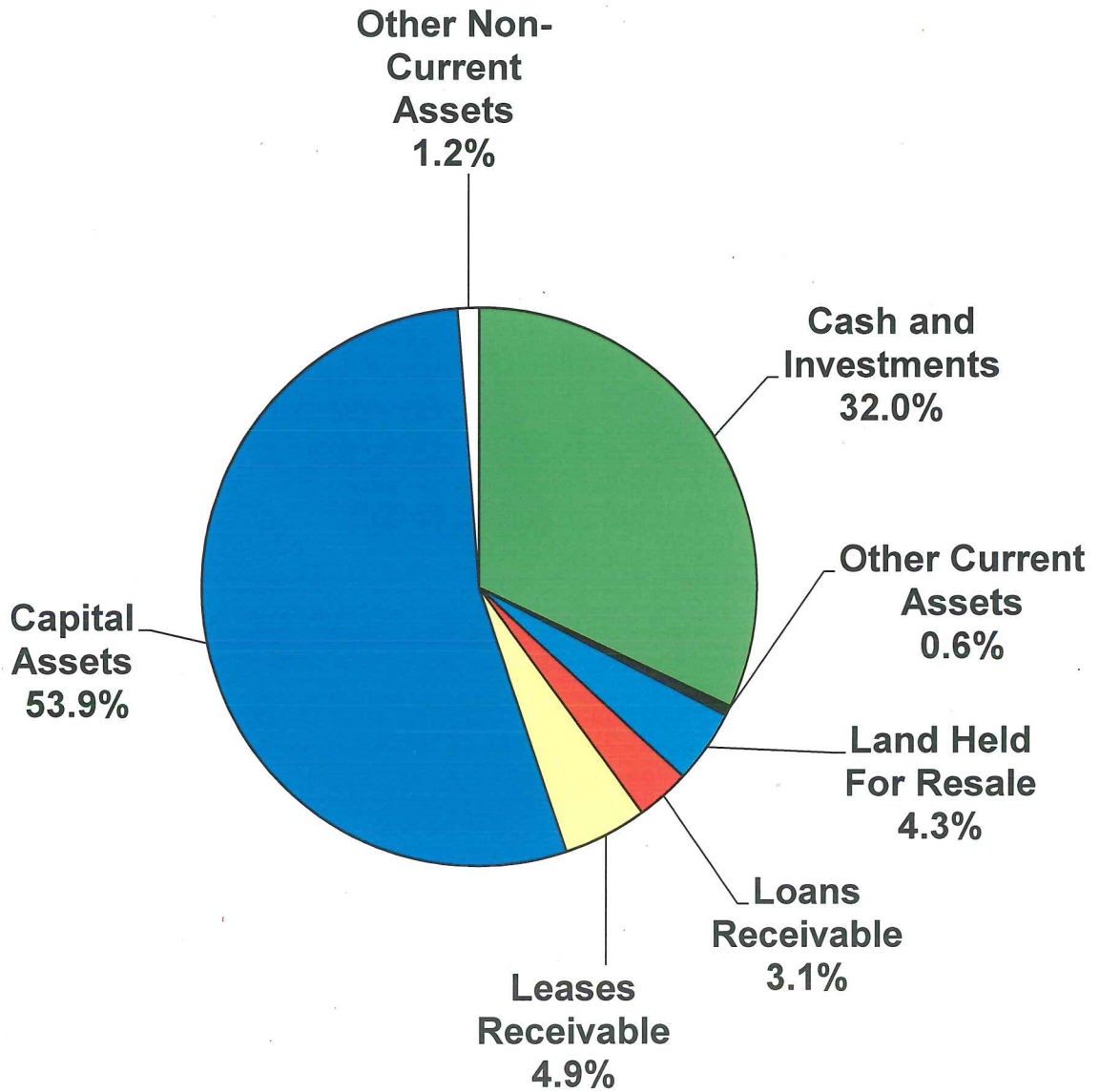
Total assets of the HRA exceeded total liabilities resulting in an overall surplus of \$43.0 million at December 31, 2012. Net position of the business-type activities are \$80.1 million at December 31, 2012. However, governmental activity net position is in a deficit position of \$37.1 million. In governmental 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 position in business-type activities is \$33.2 million at December 31, 2012. However, a large portion of the unrestricted net position is represented by loans receivable, which often have repayment terms in excess of twenty years.

Total assets of the HRA decreased by 0.7%, to a total of \$254.9 million at year-end. Cash and investment balances decreased by 7.2% in 2012. Land held for resale decreased with the transfer of some land to capital assets in 2012. The net asset for loans less their allowance increased in 2012 by 0.4%. Capital assets increased during 2012 by 8.2%.

The HRA's long-term debt, at \$189.8 million is 89.6% of its total liabilities. The outstanding balance of long-term debt decreased by 5.9% during 2012. 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.

(Remainder of this page left intentionally blank)

2012 Assets



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

Changes in Net Position. The following chart shows the changes in net position during 2012 and compares this with 2011.

**Saint Paul HRA's Changes in Net Position
For the Fiscal Years Ended December 31, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012-2011
<u>Revenues</u>							
Program Revenues:							
Charges for Services	\$3,651,135	\$1,465,054	\$13,106,090	\$14,618,528	\$16,757,225	\$16,083,582	4.2%
Operating Grants and Contributions	24,344,903	23,644,851	983,084	647,787	25,327,987	24,292,638	4.3%
Capital Grants and Contributions	--	148,459	15,713	1,592,480	15,713	1,740,939	-99.1%
General Revenues:							
Property Taxes	23,115,988	22,969,349	1,438,609	1,242,838	24,554,597	24,212,187	1.4%
Other Taxes and Unrestricted Grants	--	347,852	--	--	--	347,852	-100.0%
Gain on Sale of Capital Assets	--	--	2,500	--	2,500	--	100.0%
Investment Income	370,954	1,900,121	259,732	733,407	630,686	2,633,528	-76.1%
Total Revenues	<u>51,482,980</u>	<u>50,475,686</u>	<u>15,805,728</u>	<u>18,835,040</u>	<u>67,288,708</u>	<u>69,310,726</u>	<u>-2.9%</u>
<u>Expenses</u>							
Housing and Economic Development	38,347,251	42,665,853	--	--	38,347,251	42,665,853	-10.1%
Interest on Govt Activity Long-Term Debt	9,027,333	11,037,746	--	--	9,027,333	11,037,746	-18.2%
Development Loan Programs	--	--	3,090,554	4,688,350	3,090,554	4,688,350	-34.1%
Parking Operations	--	--	11,105,306	13,299,586	11,105,306	13,299,586	-16.5%
Total Expenses	<u>47,374,584</u>	<u>53,703,599</u>	<u>14,195,860</u>	<u>17,987,936</u>	<u>61,570,444</u>	<u>71,691,535</u>	<u>-14.1%</u>
Excess (Deficiency) before Transfers	<u>4,108,396</u>	<u>(3,227,913)</u>	<u>1,609,868</u>	<u>847,104</u>	<u>5,718,264</u>	<u>(2,380,809)</u>	
Transfers	<u>(10,042,274)</u>	<u>(188,087)</u>	<u>10,042,274</u>	<u>188,087</u>	<u>--</u>	<u>--</u>	
Change in Net Position	<u>(5,933,878)</u>	<u>(3,416,000)</u>	<u>11,652,142</u>	<u>1,035,191</u>	<u>5,718,264</u>	<u>(2,380,809)</u>	
Net Position, January 1	<u>(31,122,386)</u>	<u>(27,706,386)</u>	<u>68,398,215</u>	<u>67,363,024</u>	<u>37,275,829</u>	<u>39,656,638</u>	
Net Position, December 31	<u><u>(\$37,056,264)</u></u>	<u><u>(\$31,122,386)</u></u>	<u><u>\$80,050,357</u></u>	<u><u>\$68,398,215</u></u>	<u><u>\$42,994,093</u></u>	<u><u>\$37,275,829</u></u>	

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

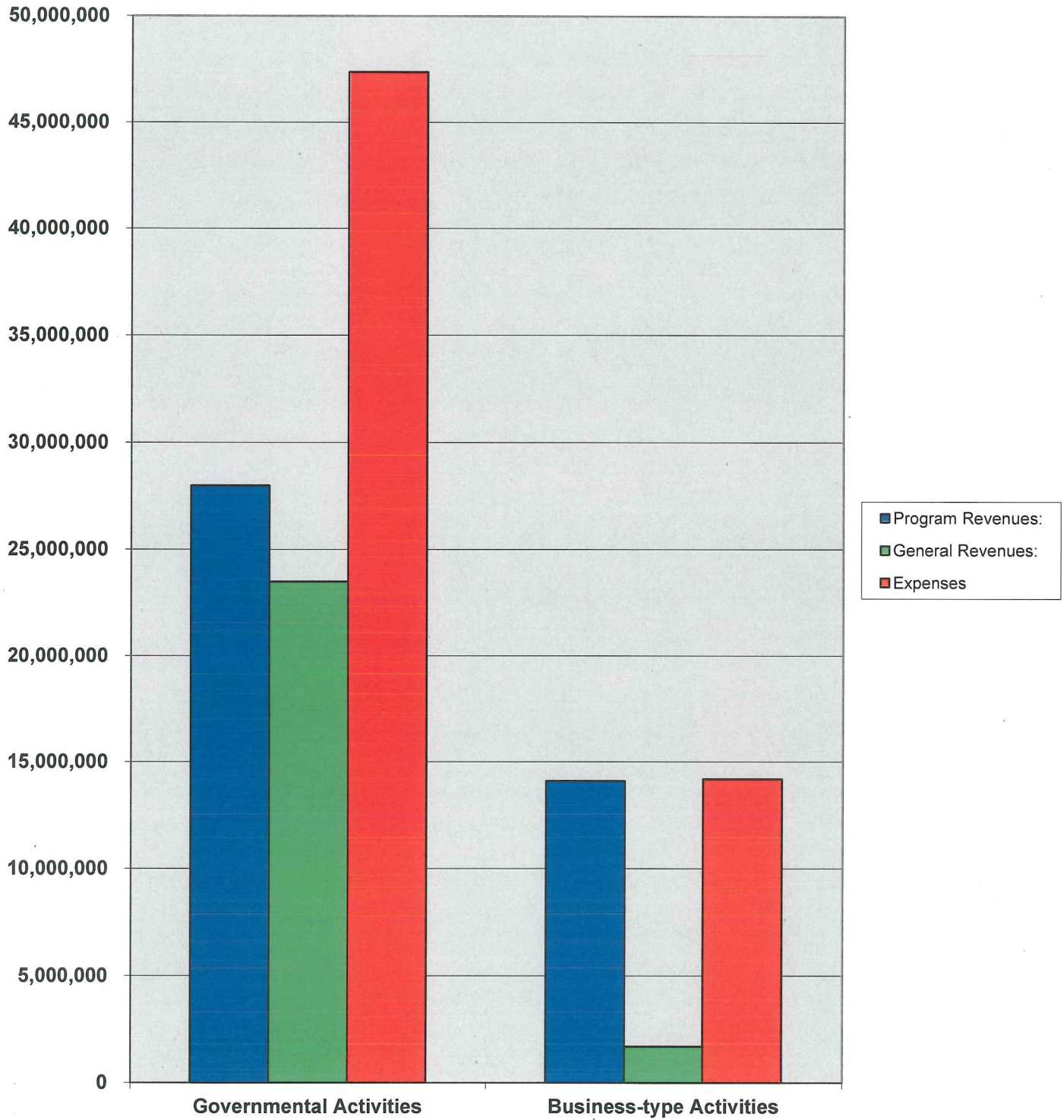
Total revenues of the HRA decreased by 2.9% in 2012, while total expenses decreased by 14.1%, resulting in an increase in net position in 2012 of \$5.7 million.

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 increased by 0.6% with most of the increase being in tax increment revenue. Operating grants and contributions increased by 3.0% in 2012. Housing and Economic Development expenses decreased in 2012 from 2011 by \$4.3 million, or 10.1%. Interest on governmental activity long-term debt decreased in 2012 by 18.2% from 2011, primarily due to increased interest payments on Authority contribution notes in 2011.

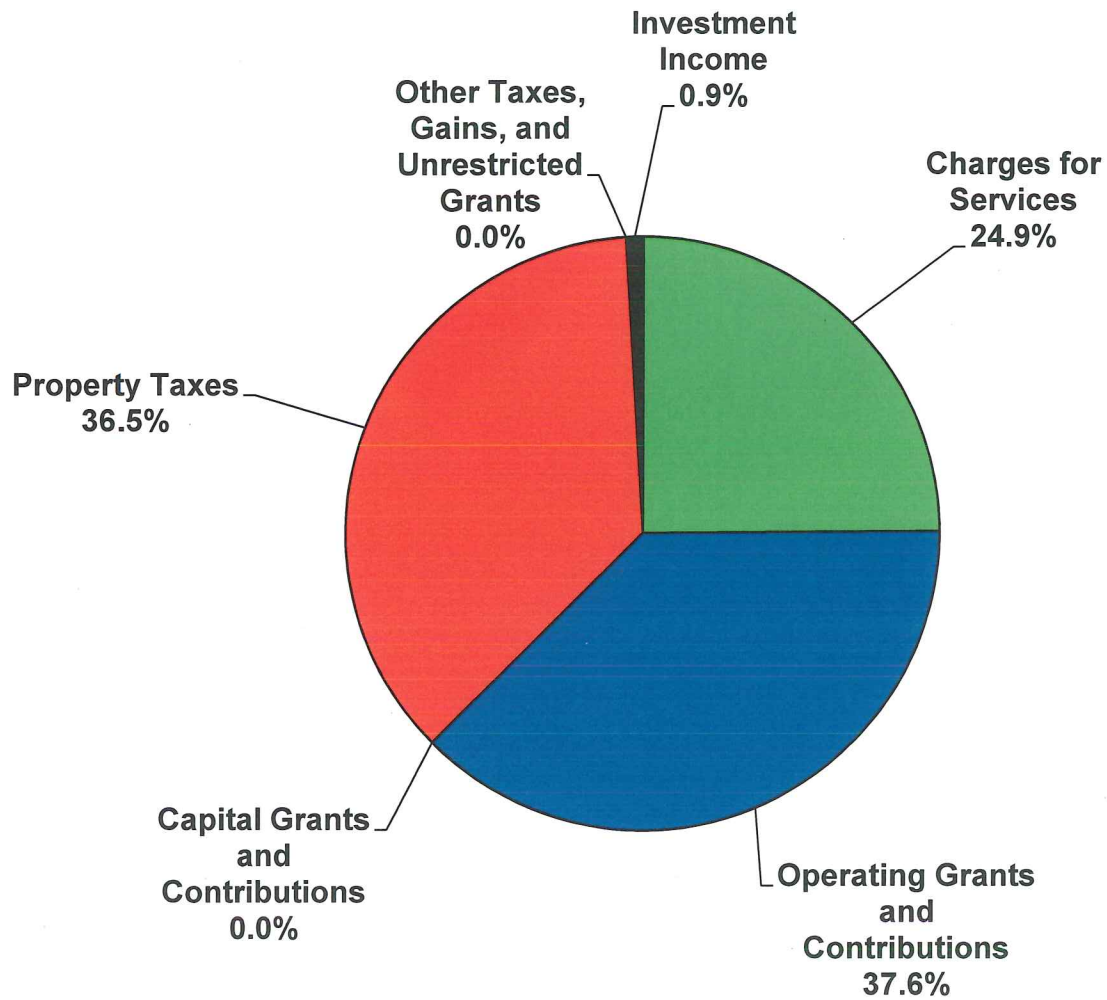
Charges for service revenue in business-type activities in 2012 decreased by 10.3%. Operating grants and contributions increased by \$0.3 million. Capital grants and contributions decreased by \$1.6 million. Total business-type activities expenses decreased in 2012 by \$3.8 million or 21.1%. The major reason for this decrease in expenses was the cost of land sold in 2011. Parking operation expenses decreased by 16.5% in 2012.

(Remainder of this page left intentionally blank)

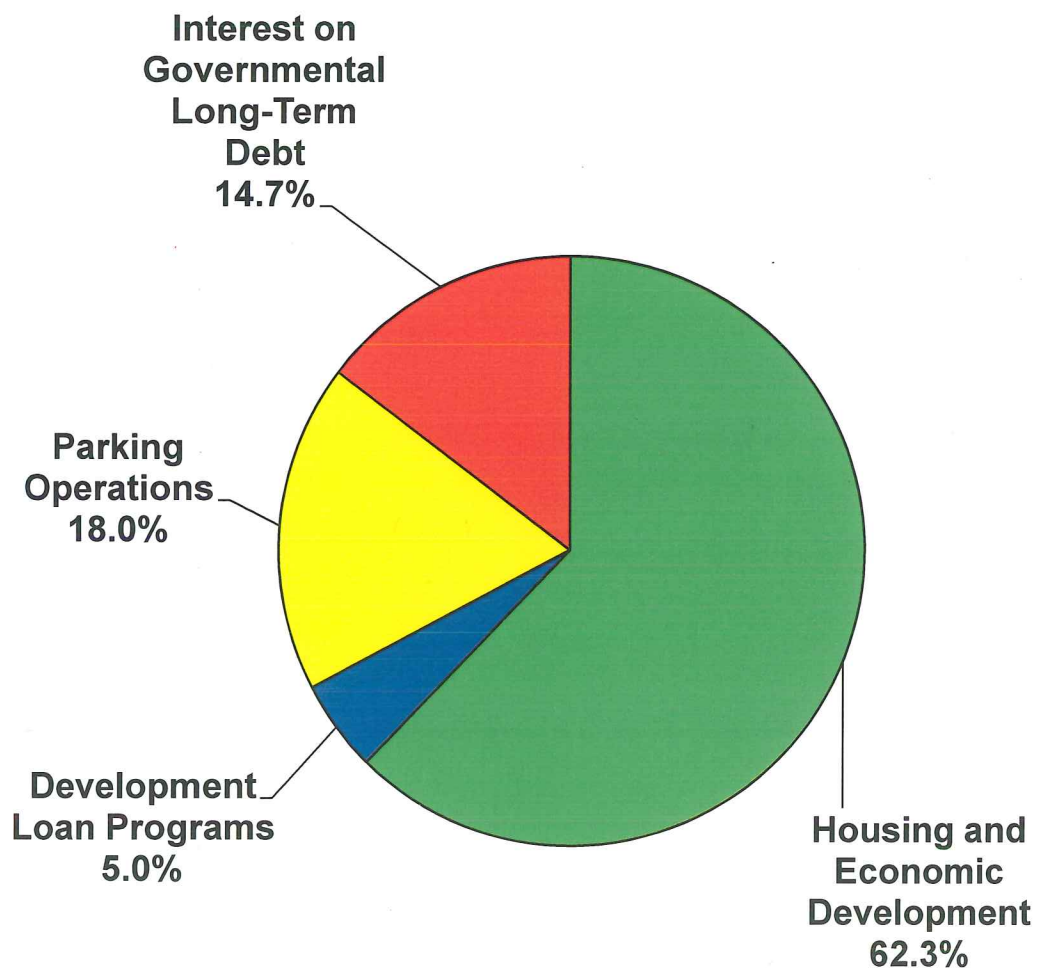
2012 Revenue and Expenses



2012 Revenues by Source



2012 Expenses by Function



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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 financial-related 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, 2012, the HRA's governmental funds reported total fund balances of \$44.6 million. Approximately 74.3% of this is either nonspendable or restricted to indicate that it is not available for new spending. Of the restricted amounts totaling \$32.4 million, \$12.2 million is for future debt service on existing bonds and notes. Committed, assigned, and unassigned balances total \$11.5 million. Of the committed, assigned, and unassigned fund balances, \$6.2 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 2012 by \$0.8 million to a total of \$11.6 million at December 31, 2012, 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 2012, the Special Revenue Fund received \$5.3 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, 2012, the fund balance is \$12.2 million, which is entirely restricted for future debt service. Total debt spending during 2012 was \$14.5 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. \$8.9 million of the total fund balance at December 31, 2012, is restricted for unspent balances of

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

previously approved projects. Total 2012 spending from this Fund was \$13.1 million. Projects with the largest 2012 spending include the support of the RiverCentre from the MN Events District. 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 \$11.9 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 \$22.4 million at December 31, 2012. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at \$3.0 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 \$15.0 million at December 31, 2012. The Fund had an overall increase in net position of \$11.7 million for 2012.

The HRA Parking Enterprise Fund accounts for the operation of HRA owned parking facilities in Saint Paul. The Fund has unrestricted net position of \$10.8 million at December 31, 2012. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$93.5 million. Long-term debt used for financing the construction of the parking facilities is \$64.4 million in principal outstanding at December 31, 2012. The Fund had operating income of \$3.9 million during 2012.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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 2012 spending was 17.6% lower than the final spending budget. Actual revenues were 38.5% higher than the final financing budget. The major positive revenue variance was in conduit revenue bond fees.

Long-Term Debt

At December 31, 2012, the HRA had total long-term debt outstanding of \$188.6 million as shown in the following chart.

**Saint Paul HRA's Long-Term Debt
At December 31, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2012-2011
Tax Increment Bonds	\$49,763,862	\$55,536,657	\$ --	\$ --	\$49,763,862	\$55,536,657	-10.4%
Sales Tax Revenue Bonds	33,545,000	35,520,000	--	--	33,545,000	35,520,000	-5.6%
Lease Revenue Bonds	12,490,000	13,080,000	--	--	12,490,000	13,080,000	-4.5%
Parking Revenue Bonds	--	--	39,565,000	41,235,000	39,565,000	41,235,000	-4.1%
Tax Increment – Parking Bonds	--	--	24,875,000	26,480,000	24,875,000	26,480,000	-6.1%
Limited Tax Bonds	--	--	7,855,000	7,855,000	7,855,000	7,855,000	0.0%
Mortgage	--	--	25,000	--	25,000	--	100.0%
Development Notes	18,931,187	19,532,701	1,580,000	1,580,000	20,511,187	21,112,701	-2.8%
Totals	\$114,730,049	\$123,669,358	\$73,900,000	\$77,150,000	\$188,630,049	\$200,819,358	-6.1%

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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 \$40.9 million outstanding at year-end 2012. 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 \$3.0 million collected annually in parking meter and parking fine revenues.

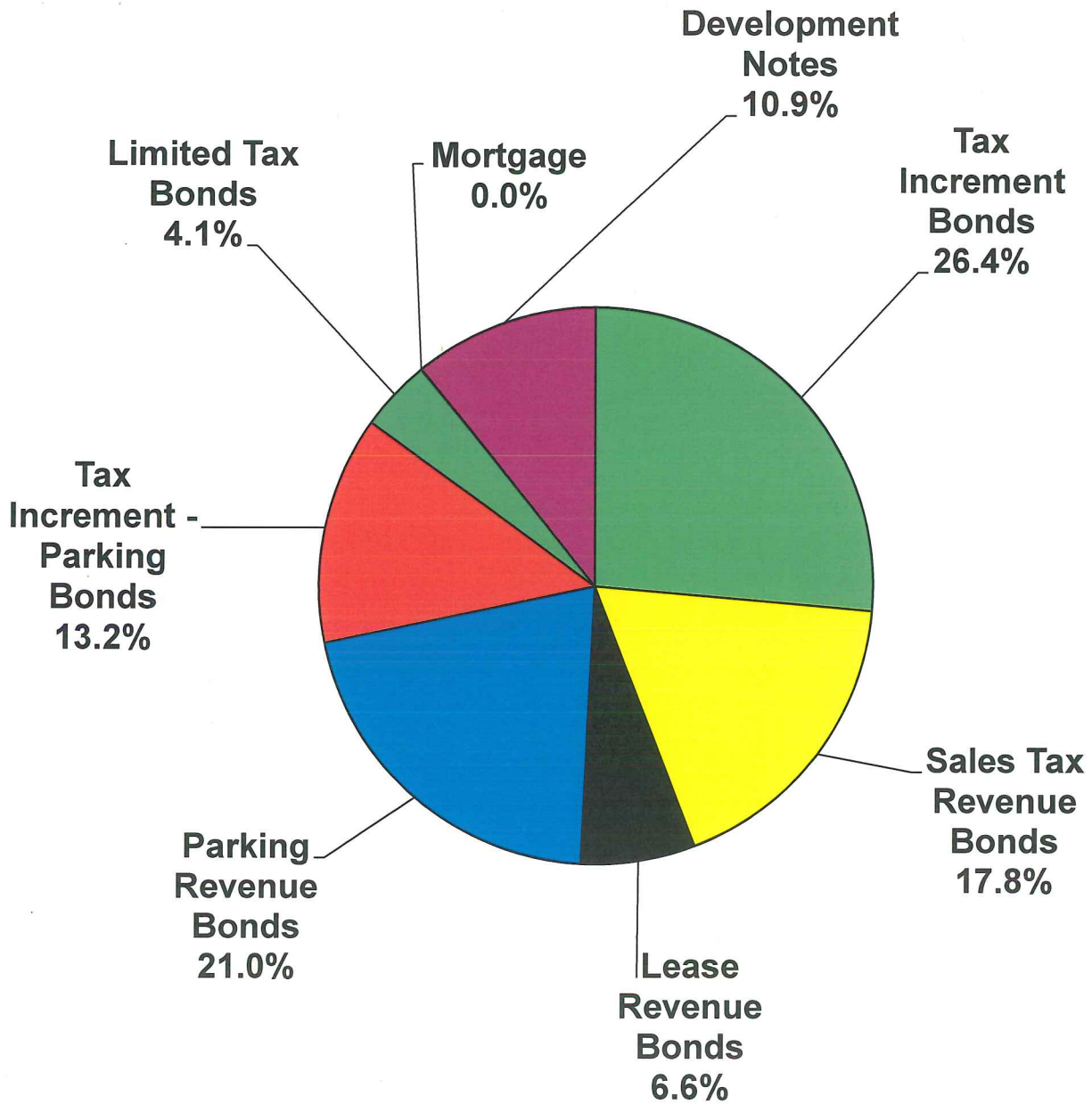
During 2012, the HRA issued \$15.8 million in long-term debt. The Upper Landing Tax Increment Refunding Bonds, Series 2012 were issued to refund the Upper Landing Tax Increment Bonds, Series 2001.

All 2012 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 85-90 of this report. The schedule of revenue bond coverage in the Statistical Section of this report shows the history and reliability of debt service financing sources.

(Remainder of this page left intentionally blank)

2012 Long-Term Debt



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

Capital Assets

The HRA's investment in capital assets for its governmental and business-type activities as of December 31, 2012 is \$137.3 million (net of accumulated depreciation) as shown in the following chart.

**Saint Paul HRA's Capital Assets
(Net of Depreciation)
At December 31, 2012 and 2011**

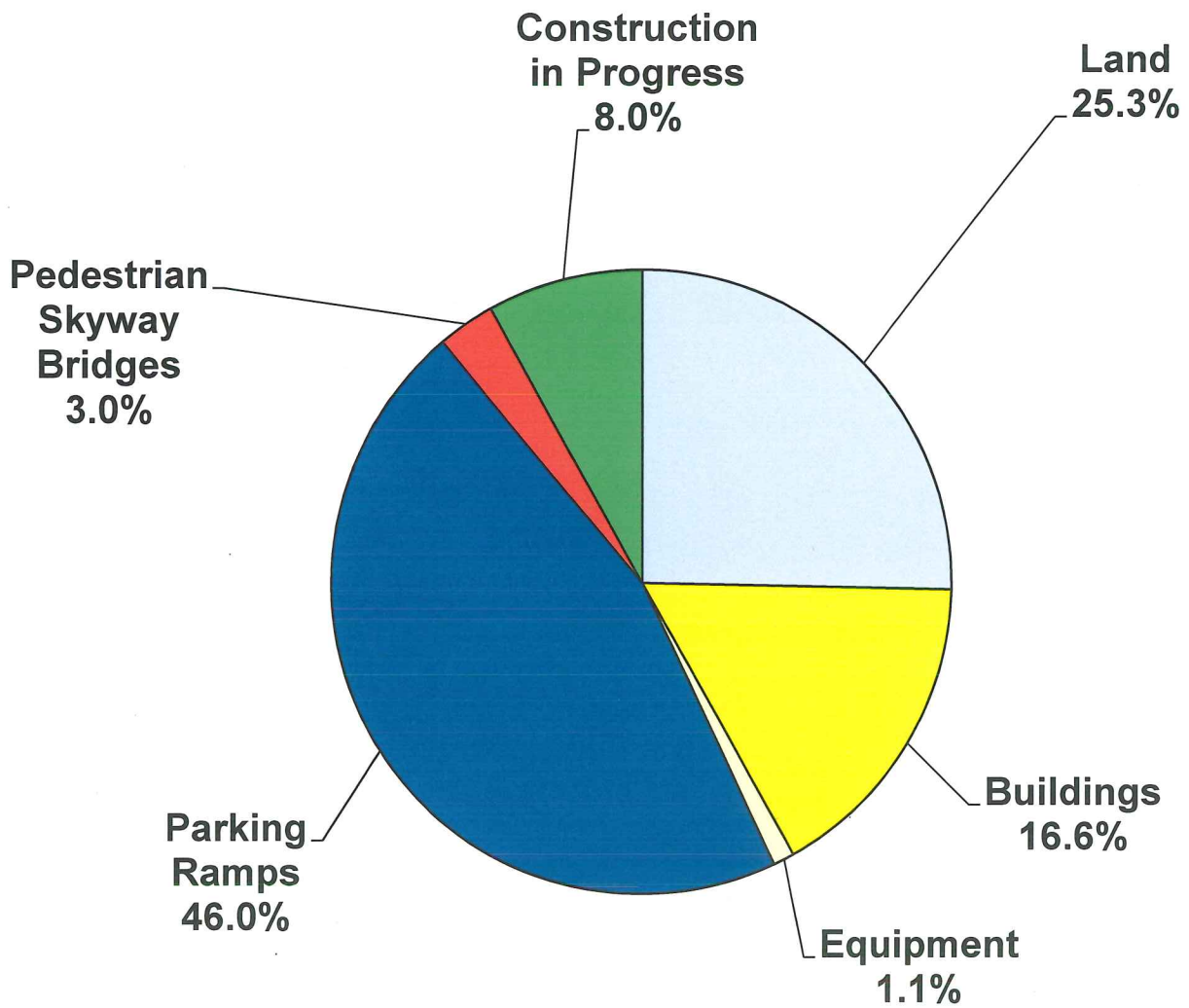
	Governmental Activities		Business-type Activities		Totals		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2012-2011
Land (Not Depreciated)	\$3,042,169	\$3,042,169	\$31,754,831	\$28,194,831	\$34,797,000	\$31,237,000	11.4%
Buildings	12,080,111	12,439,782	10,630,279	1,660,038	22,710,390	14,099,820	61.1%
Equipment	--	--	1,541,367	1,448,589	1,541,367	1,448,589	6.4%
Parking Ramps	--	--	63,087,145	65,401,749	63,087,145	65,401,749	-3.5%
Pedestrian Skyway Bridges	4,158,328	4,473,933	--	--	4,158,328	4,473,933	-7.1%
Construction in Progress (Not Depreciated)	--	--	11,010,587	10,183,455	11,010,587	10,183,455	8.1%
Totals	\$19,280,608	\$19,955,884	\$118,024,209	\$106,888,662	\$137,304,817	\$126,844,546	8.2%

On February 1st, 2012, the Certificate of Occupancy was issued for the Lofts at Farmers Market project, and construction work was started on the Penfield project. Total depreciation expense for governmental and business-type activities during 2012 was \$3.9 million.

Additional information on the HRA's capital assets can be found in Note 5.E. on pages 83-84 of this report.

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

2012 Capital Assets



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2012**

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.

STATEMENT OF NET POSITION

At December 31, 2012

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments with Treasurer	40,997,307	15,018,689	56,015,996
Cash with Fiscal Agents	-	9,963,033	9,963,033
Cash and Investments with Trustees	8,966,540	508,729	9,475,269
Accounts Receivable (Net of Allowance)	63,942	407,103	471,045
Property Taxes Receivable - Due from Ramsey County	318,809	-	318,809
Delinquent Property Taxes Receivable (Net of Allowance)	-	96,859	96,859
Delinquent Assessments Receivable (Net of Allowance)	-	933	933
Accrued Interest Receivable on Investments	151,959	60,969	212,928
Internal Balances	465,937	(465,937)	-
Due From Other Government Units	343,659	525	344,184
Prepaid Expense	-	30,675	30,675
Land Held for Resale	3,744,658	7,175,621	10,920,279
Restricted Assets:			
Cash for Revenue Bond Debt Service	-	2,652,317	2,652,317
Cash for General Obligation Bond Debt Service	-	2,481,248	2,481,248
Cash for Revenue Bond Operations and Maintenance	-	249,044	249,044
Cash for Limited Tax Bond Debt Service	-	268,403	268,403
Cash for Limited Tax Bond Construction	-	13,185	13,185
Cash for Limited Tax Bond Operations and Maintenance	-	202,559	202,559
Cash for Note Debt Service	250,300	-	250,300
Direct Financing Leases Receivable	12,475,000	-	12,475,000
Loans Receivable (Net of Allowance)	4,594,028	2,725,186	7,319,214
Accrued Interest Receivable on Loans (Net of Allowance)	100,841	546,835	647,676
Note Receivable	100,000	-	100,000
Advance to Other Government Units	2,362,190	703,636	3,065,826
Capital Assets, Net of Related Depreciation:			
Land (Not Depreciated)	3,042,169	31,754,831	34,797,000
Construction in Progress (Not Depreciated)	-	11,010,587	11,010,587
Buildings	12,080,111	10,630,279	22,710,390
Equipment	-	1,541,367	1,541,367
Parking Ramps	-	63,087,145	63,087,145
Pedestrian Skyway Bridges	4,158,328	-	4,158,328
TOTAL ASSETS	<u>94,215,778</u>	<u>160,663,821</u>	<u>254,879,599</u>

Continued

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

STATEMENT OF NET POSITION

At December 31, 2012

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Accounts Payable	254,098	4,377,575	4,631,673
Contracts Payable	622,145	46,415	668,560
Due to Other Governmental Units	5,476,735	242,031	5,718,766
Accrued Interest Payable on Long-Term Debt	1,212,782	1,028,541	2,241,323
Unearned Revenue	5,178,605	-	5,178,605
Revenue Bonds Payable- Due within One Year	-	675,498	675,498
Liabilities Payable from Restricted Assets:			
Accrued Interest on Bonds Payable	-	214,206	214,206
General Obligation Bonds Payable	-	1,640,000	1,640,000
Revenue Bonds Payable	-	1,074,502	1,074,502
Long-Term Liabilities:			
Revenue Bonds Payable - Due within One Year	5,275,862	-	5,275,862
Revenue Notes Payable - Due within One Year	415,911	-	415,911
Revenue Bonds Payable - Due in more than One Year	91,814,534	37,914,327	129,728,861
General Obligation Bonds Payable - Due in more than One Year	-	23,940,369	23,940,369
Limited Tax Bonds Payable - Due in more than One Year	-	7,855,000	7,855,000
Mortgage Payable	-	25,000	25,000
Notes Payable - Due in more than One Year	18,515,276	1,580,000	20,095,276
Pollution Remediation Obligation	<u>2,506,094</u>	<u>-</u>	<u>2,506,094</u>
TOTAL LIABILITIES	<u>131,272,042</u>	<u>80,613,464</u>	<u>211,885,506</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,680,756	42,227,870	50,908,626
Amounts Restricted for:			
Debt Service	12,230,743	4,159,287	16,390,030
Operations and Maintenance	-	451,603	451,603
Unrestricted Amounts (Deficit)	<u>(57,967,763)</u>	<u>33,211,597</u>	<u>(24,756,166)</u>
TOTAL NET POSITION (DEFICIT)	<u>(37,056,264)</u>	<u>80,050,357</u>	<u>42,994,093</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2012

(Amounts in Dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		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	38,347,251	3,651,135	24,344,903	-	(10,351,213)	-	(10,351,213)
Interest on Governmental Long-Term Debt	9,027,333	-	-	-	(9,027,333)	-	(9,027,333)
Total - Governmental Activities	<u>47,374,584</u>	<u>3,651,135</u>	<u>24,344,903</u>	<u>-</u>	<u>(19,378,546)</u>	<u>-</u>	<u>(19,378,546)</u>
Business-type Activities:							
Development Loan Programs	3,090,554	919,137	983,084	15,713	-	(1,172,620)	(1,172,620)
Parking Operations	11,105,306	12,186,953	-	-	-	1,081,647	1,081,647
Total Business-type Activities	<u>14,195,860</u>	<u>13,106,090</u>	<u>983,084</u>	<u>15,713</u>	<u>-</u>	<u>(90,973)</u>	<u>(90,973)</u>
Total - All Functions/Programs	<u>61,570,444</u>	<u>16,757,225</u>	<u>25,327,987</u>	<u>15,713</u>	<u>(19,378,546)</u>	<u>(90,973)</u>	<u>(19,469,519)</u>
General Revenues:							
HRA Property Tax					2,678,548	257,046	2,935,594
Property Tax Increments					20,437,440	1,181,563	21,619,003
Investment Income					370,954	259,732	630,686
Gain on Sale of Capital Assets					-	2,500	2,500
Transfers					(10,042,274)	10,042,274	-
Total General Revenues and Transfers					<u>13,444,668</u>	<u>11,743,115</u>	<u>25,187,783</u>
Change in Net Position					(5,933,878)	11,652,142	5,718,264
Net Position, January 1, 2012, restated					<u>(31,122,386)</u>	<u>68,398,215</u>	<u>37,275,829</u>
Net Position, December 31, 2012					<u>(37,056,264)</u>	<u>80,050,357</u>	<u>42,994,093</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS

At December 31, 2012

(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	13,024,651	334,752	3,176,460	12,247,188	12,214,256	40,997,307
Cash and Investments with Trustees	-	-	8,965,126	-	1,414	8,966,540
Property Taxes Receivable:						
Due from County	48,416	-	69,943	200,450	-	318,809
Delinquent Taxpayer	79,145	-	148,950	88,619	-	316,714
Accounts Receivable (Net of Allowance)	60,698	814	-	-	2,430	63,942
Accrued Interest Receivable on Investments	63,358	-	46,792	41,809	-	151,959
Loans Receivable (Net of Allowance)	-	3,727,730	-	756,250	110,048	4,594,028
Accrued Interest Receivable on Loans (Net of Allow.)	-	100,831	-	-	10	100,841
Note Receivable	-	-	-	-	100,000	100,000
Due from Other Governmental Units	-	343,659	-	-	-	343,659
Land Held for Resale	493,622	-	-	1,352,328	1,898,708	3,744,658
Restricted Assets: Cash for Note Debt Service	-	-	-	250,300	-	250,300
Advances to Other Funds	717,599	-	-	2,709,828	250,000	3,677,427
Advances to Other Governmental Units	-	-	-	-	2,362,190	2,362,190
Direct Financing Leases Receivable	-	-	12,475,000	-	-	12,475,000
TOTAL ASSETS	14,487,489	4,507,786	24,882,271	17,646,772	16,939,056	78,463,374
LIABILITIES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	1,160	118,746	-	41,611	92,581	254,098
Contracts Payable	622,145	-	-	-	-	622,145
Due to Other Governmental Units	1,640,904	15,346	-	3,309,142	65,156	5,030,548
Unearned Revenue	-	4,373,694	-	-	2,769,930	7,143,624
Advance from Other Funds	-	-	-	3,211,490	-	3,211,490
Total Liabilities	2,264,209	4,507,786	-	6,562,243	2,927,667	16,261,905
<u>Total Deferred Inflows of Resources (1)</u>	<u>594,467</u>	<u>-</u>	<u>12,651,528</u>	<u>2,208,743</u>	<u>2,108,766</u>	<u>17,563,504</u>

Continued

**BALANCE SHEET
GOVERNMENTAL FUNDS**

At December 31, 2012

(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	-	-	12,230,743	8,875,786	11,340,274	32,446,803
Committed	6,168,246	-	-	-	-	6,168,246
Assigned	597,945	-	-	-	562,349	1,160,294
Unassigned	<u>4,145,023</u>	-	-	-	-	<u>4,145,023</u>
Total Fund Balances	<u>11,628,813</u>	<u>-</u>	<u>12,230,743</u>	<u>8,875,786</u>	<u>11,902,623</u>	<u>44,637,965</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>14,487,489</u></u>	<u><u>4,507,786</u></u>	<u><u>24,882,271</u></u>	<u><u>17,646,772</u></u>	<u><u>16,939,056</u></u>	<u><u>78,463,374</u></u>

(1) The individual items in the summary total of deferred inflows are shown in Note 5.N, page 94

Amounts reported for governmental activities in the Statement of Net Position (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.	19,280,608
2. Other long-term resources are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.	17,022,429
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.	(117,234,365)
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	(2,506,094)
Unearned revenue	2,506,094
5. Bad debt expense is not an outlay of financial resources and is, therefore, not reported in the funds.	(762,901)
Total Reconciling Items	<u>(81,694,229)</u>
Fund Balances per Balance Sheet - Governmental Funds, December 31, 2012	<u>44,637,965</u>
Net Position (Deficit) per Statement of Net Position - Governmental Activities column, December 31, 2012	<u><u>(37,056,264)</u></u>

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

For the Fiscal Year Ended December 31, 2012

(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	2,219,539	-	-	-	-	2,219,539
Delinquent Property Taxes	13,260	-	-	-	-	13,260
Fiscal Disparities	633,373	-	-	-	-	633,373
Property Tax Increments	-	-	10,756,935	10,779,624	-	21,536,559
Intergovernmental	-	5,284,609	17,784,954	-	159,665	23,229,228
Fees, Sales and Services						
Revenue Bond Fees	2,289,624	-	-	-	-	2,289,624
Other Fees and Services	54,800	10,989	-	2,149	8,683	76,621
Sales of Land	-	-	-	-	650,131	650,131
Rentals of Property	-	-	607,712	-	-	607,712
Interest on Loans	-	28,766	-	1,924	364	31,054
Loan Repayments	-	522,078	-	70,681	515	593,274
Investment Income						
Interest Earned on Investments	332,440	-	137,103	306,223	-	775,766
Increase (Decrease) in the Fair Value of Investments	10,831	-	(402,537)	29,204	-	(362,502)
Miscellaneous						
Outside Contributions	-	-	410,370	-	548,841	959,211
Developer Contributions	-	-	156,464	-	-	156,464
Total Revenues	5,553,867	5,846,442	29,451,001	11,189,805	1,368,199	53,409,314
EXPENDITURES						
Current						
Housing and Economic Development	3,770,962	5,855,768	-	10,254,026	2,062,816	21,943,572
Intergovernmental - City	1,234,839	-	14,974,517	-	-	16,209,356
Debt Service						
Principal Payment on Bonds	-	-	24,127,795	-	-	24,127,795
Interest on Bonds	-	-	6,373,644	-	-	6,373,644
Principal Payment on Notes	-	-	444,746	156,768	-	601,514
Interest on Notes	-	-	372,666	2,747,638	-	3,120,304
Bond Issuance Costs	-	-	297,016	-	-	297,016
Total Expenditures	5,005,801	5,855,768	46,590,384	13,158,432	2,062,816	72,673,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	548,066	(9,326)	(17,139,383)	(1,968,627)	(694,617)	(19,263,887)

Continued

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

For the Fiscal Year Ended December 31, 2012
(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	257,046	9,326	3,820,279	5,625,597	-	9,712,248
Transfers Out	-	-	(5,581,597)	(13,096,875)	-	(18,678,472)
Current Refunding Bonds Issued	-	-	15,790,000	-	-	15,790,000
Premium on Bonds Issued	-	-	995,330	-	-	995,330
Total Other Financing Sources (Uses)	<u>257,046</u>	<u>9,326</u>	<u>15,024,012</u>	<u>(7,471,278)</u>	<u>-</u>	<u>7,819,106</u>
Net Changes in Fund Balances	805,112	-	(2,115,371)	(9,439,905)	(694,617)	(11,444,781)
FUND BALANCES, January 1	<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>
FUND BALANCES, December 31	<u><u>11,628,813</u></u>	<u><u>-</u></u>	<u><u>12,230,743</u></u>	<u><u>8,875,786</u></u>	<u><u>11,902,623</u></u>	<u><u>44,637,965</u></u>

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

Net change in fund balances - total governmental funds (above)	<u>(11,444,781)</u>
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	<u>(675,276)</u> (675,276)
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(2,960,634)
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 premiums and discounts when debt is issued, whereas, these amounts are 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.	8,978,279
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.	338,670
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 position in the Statement of Activities.	<u>(170,136)</u>
Total Reconciling Items	<u>5,510,903</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>(5,933,878)</u></u>

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

For the Fiscal Year Ended December 31, 2012

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	2,574,788	2,574,788	2,866,172	291,384
Fees, Sales and Services	1,174,144	1,174,144	2,344,424	1,170,280
Investment Income	260,000	260,000	343,271	83,271
Total Revenues	<u>4,008,932</u>	<u>4,008,932</u>	<u>5,553,867</u>	<u>1,544,935</u>
EXPENDITURES				
Current				
Housing and Economic Development	5,631,357	5,631,357	3,770,962	1,860,395
Intergovernmental - City	442,274	442,274	1,234,839	(792,565)
Total Expenditures	<u>6,073,631</u>	<u>6,073,631</u>	<u>5,005,801</u>	<u>1,067,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,064,699)	(2,064,699)	548,066	2,612,765
OTHER FINANCING SOURCES (USES)				
Transfers In	539,797	539,797	257,046	(282,751)
Total Other Financing Sources (Uses)	<u>539,797</u>	<u>539,797</u>	<u>257,046</u>	<u>(282,751)</u>
Net Changes in Fund Balances	<u>(1,524,902)</u>	<u>(1,524,902)</u>	<u>805,112</u>	<u>2,330,014</u>
FUND BALANCE, January 1	<u>10,823,701</u>	<u>10,823,701</u>	<u>10,823,701</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>9,298,799</u></u>	<u><u>9,298,799</u></u>	<u><u>11,628,813</u></u>	<u><u>2,330,014</u></u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**At December 31, 2012
(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>
ASSETS			
Current Assets:			
Cash and Investments with Treasurer	4,848,783	10,169,906	15,018,689
Cash with Fiscal Agents	9,181,558	781,475	9,963,033
Cash and Investments with Trustees	508,729	-	508,729
Accounts Receivable (Net of Allowance)	29,678	377,425	407,103
Delinquent Property Taxes Receivable (Net of Allowance)	-	96,859	96,859
Delinquent Assessments Receivable (Net of Allowance)	933	-	933
Accrued Interest Receivable on Investments	33,067	27,902	60,969
Due From Other Government Units	525	-	525
Land Held for Resale	7,175,621	-	7,175,621
Prepaid Expense	-	30,675	30,675
Restricted Cash for Revenue Bond Debt Service	-	2,652,317	2,652,317
Restricted Cash for General Obligation Bond Debt Service	-	2,481,248	2,481,248
Restricted Cash for Limited Tax Bond Debt Service	268,403	-	268,403
Restricted Cash for Limited Tax Bond Construction	13,185	-	13,185
Restricted Cash for Revenue Bond Operations and Maintenance	-	249,044	249,044
Restricted Cash for Limited Tax Bond Operations and Maintenance	202,559	-	202,559
Total Current Assets	<u>22,263,041</u>	<u>16,866,851</u>	<u>39,129,892</u>
Noncurrent Assets:			
Loans Receivable (Net of Allowance)	2,488,936	236,250	2,725,186
Accrued Interest Receivable on Loans (Net of Allowance)	482,730	64,105	546,835
Advances to Other Funds	2,493,891	-	2,493,891
Advances to Other Governmental Units	703,636	-	703,636
Capital Assets:			
Land (Not Depreciated)	4,507,344	27,247,487	31,754,831
Parking Ramps	-	105,670,537	105,670,537
Buildings	9,239,408	2,182,469	11,421,877
Equipment	23,245	2,056,391	2,079,636
Construction in Progress (Not Depreciated)	11,010,587	-	11,010,587
Less: Accumulated Depreciation	(213,867)	(43,699,392)	(43,913,259)
Total Capital Assets (Net of Accumulated Depreciation)	<u>24,566,717</u>	<u>93,457,492</u>	<u>118,024,209</u>
Total Noncurrent Assets	<u>30,735,910</u>	<u>93,757,847</u>	<u>124,493,757</u>
TOTAL ASSETS	<u>52,998,951</u>	<u>110,624,698</u>	<u>163,623,649</u>

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**At December 31, 2012
(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,624,657	752,918	4,377,575
Contracts Payable	43,915	2,500	46,415
Due to Other Governmental Units	53,332	188,699	242,031
Advance from Other Funds	2,959,828	-	2,959,828
Accrued Interest on General Obligation Bonds Payable from Restricted Assets	-	358,735	358,735
Accrued Interest on Revenue Bonds Payable from Restricted Assets	-	669,740	669,740
Accrued Interest on Limited Tax Bonds Payable from Restricted Assets	214,206	-	214,206
Accrued Interest on Mortgage Payable	66	-	66
Revenue Bonds Payable - Due within One Year	-	675,498	675,498
General Obligation Bonds Payable from Restricted Assets	-	1,640,000	1,640,000
Revenue Bonds Payable from Restricted Assets	-	1,074,502	1,074,502
Total Current Liabilities	6,896,004	5,362,592	12,258,596
Noncurrent Liabilities:			
General Obligation Bonds Payable	-	23,940,369	23,940,369
Revenue Bonds Payable	-	37,914,327	37,914,327
Limited Tax Bonds Payable	7,855,000	-	7,855,000
Mortgage Payable	25,000	-	25,000
Revenue Notes Payable	1,580,000	-	1,580,000
Total Noncurrent Liabilities	9,460,000	61,854,696	71,314,696
TOTAL LIABILITIES	16,356,004	67,217,288	83,573,292
NET POSITION			
Net Investment in Capital Assets			
Capital Assets			
Capital Assets	24,780,584	137,156,884	161,937,468
Accumulated Depreciation	(213,867)	(43,699,392)	(43,913,259)
Debt: (Related Debt issued for Capital Acquisition)			
Bonds Payable	(7,816,815)	(64,440,000)	(72,256,815)
Mortgage Payable	(25,000)	-	(25,000)
Advance from Other Funds	(2,709,828)	-	(2,709,828)
Unamortized Discount and Premium	-	(804,696)	(804,696)
Total Net Investment in Capital Assets	14,015,074	28,212,796	42,227,870
Restricted for Debt Service	54,197	4,105,090	4,159,287
Restricted for Operations and Maintenance	202,559	249,044	451,603
Unrestricted Amounts (deficit)	22,371,117	10,840,480	33,211,597
TOTAL NET POSITION	36,642,947	43,407,410	80,050,357

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

For the Year Ended December 31, 2012

(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
OPERATING REVENUES			
Fees, Sales and Services	726,949	12,101,480	12,828,429
Interest Earned on Loans	192,188	85,473	277,661
Total Operating Revenues	<u>919,137</u>	<u>12,186,953</u>	<u>13,106,090</u>
OPERATING EXPENSES			
Development Loan Programs	639,686	-	639,686
Costs of Parking and Apartment Facility Operation	364,447	5,287,985	5,652,432
Depreciation	213,867	2,973,302	3,187,169
Total Operating Expenses	<u>1,218,000</u>	<u>8,261,287</u>	<u>9,479,287</u>
OPERATING INCOME (LOSS)	<u>(298,863)</u>	<u>3,925,666</u>	<u>3,626,803</u>
NONOPERATING REVENUES (EXPENSES)			
Property Tax Increments and Levy	257,046	1,181,563	1,438,609
Operating Grants	681,284	-	681,284
Noncapital Contributions	301,800	-	301,800
Investment Income:			
Interest Earnings	193,833	117,305	311,138
Increase (Decrease) in Fair Value of Investments	(11,644)	(39,762)	(51,406)
Interest on Bonds	(514,094)	(2,686,959)	(3,201,053)
Interest on Mortgage	(417)	-	(417)
Intergovernmental Expenses	(362,232)	(39,969)	(402,201)
Gain on Sale of Capital Asset	-	2,500	2,500
Loss on Retirement of Assets	-	(117,091)	(117,091)
Mortgage Issuance Cost	(995,811)	-	(995,811)
Total Nonoperating Revenues (Expenses)	<u>(450,235)</u>	<u>(1,582,413)</u>	<u>(2,032,648)</u>
Income Before Contributions and Transfers	(749,098)	2,343,253	1,594,155
Capital Contributions	1,076,050	15,713	1,091,763
Transfers In	11,654,120	-	11,654,120
Transfers Out	<u>(310,372)</u>	<u>(2,377,524)</u>	<u>(2,687,896)</u>
CHANGE IN NET POSITION	<u>11,670,700</u>	<u>(18,558)</u>	<u>11,652,142</u>
TOTAL NET POSITION, January 1, restated	<u>24,972,247</u>	<u>43,425,968</u>	<u>68,398,215</u>
TOTAL NET POSITION, December 31	<u>36,642,947</u>	<u>43,407,410</u>	<u>80,050,357</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**For the Year Ended December 31, 2012
(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	1,536,615	12,250,030	13,786,645
Payments to Suppliers	(1,831,605)	(5,329,973)	(7,161,578)
Net Cash Provided (Used) for Operating Activities	<u>(294,990)</u>	<u>6,920,057</u>	<u>6,625,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received	681,284	-	681,284
Noncapital Contributions Received	102,000	-	102,000
Advances Made to Other Funds	(84,806)	-	(84,806)
Advance Received from Other Funds	935,511	-	935,511
Repayment of Advance Made to Other Funds	270,000	-	270,000
Repayment of Advance Made to Other Governments	78,182	-	78,182
Transfers In from Other Funds	2,377,524	-	2,377,524
Transfers Out to Other Funds	(310,372)	(2,400,872)	(2,711,244)
Net Cash Provided (Used) for Noncapital Financing Activities	<u>4,049,323</u>	<u>(2,400,872)</u>	<u>1,648,451</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Property Tax Increments Received for Capital Debt	257,046	1,197,779	1,454,825
Transfer in from Other Funds	9,276,596	-	9,276,596
Proceeds from Sale of Land	-	2,500	2,500
Proceeds from Issuance of Mortgage	25,000	-	25,000
Payments for Acquisition and Construction of Capital Assets:			
Equipment	(23,245)	(206,002)	(229,247)
Building and Structures	-	(335,988)	(335,988)
Public Improvements	-	(168,458)	(168,458)
Construction in Progress	(5,918,740)	-	(5,918,740)
Principal Paid on Debt Maturities:			
General Obligation Bonds	-	(1,605,000)	(1,605,000)
Revenue Bonds	-	(1,670,000)	(1,670,000)
Interest Paid on Debt:			
General Obligation Bonds	-	(880,999)	(880,999)
Revenue Bonds	-	(1,928,452)	(1,928,452)
Limited Tax Bonds	(514,093)	-	(514,093)
Mortgage	(351)	-	(351)
Mortgage Issuance Costs	(995,811)	-	(995,811)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>2,106,402</u>	<u>(5,594,620)</u>	<u>(3,488,218)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends Received	195,002	40,129	235,131
Increase (Decrease) in the Fair Value of Investments	(11,644)	(39,761)	(51,405)
Net Cash Provided (Used) for Investing Activities	<u>183,358</u>	<u>368</u>	<u>183,726</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,044,093	(1,075,067)	4,969,026

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**For the Year Ended December 31, 2012
(Amounts in dollars)

	Business-type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
CASH AND CASH EQUIVALENTS, January 1	8,979,124	17,409,057	26,388,181
CASH AND CASH EQUIVALENTS, December 31	15,023,217	16,333,990	31,357,207
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	(298,863)	3,925,666	3,626,803
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:			
Increase (decrease) in allowance for uncollectible loans	(4,408,259)	-	(4,408,259)
Depreciation Expense	213,867	2,973,302	3,187,169
Miscellaneous Nonoperating Expense	(362,232)	-	(362,232)
(Increase) decrease in accounts receivable	(29,678)	84,445	54,767
(Increase) decrease in loans receivable	3,851,271	-	3,851,271
(Increase) decrease in accrued interest receivable on loans	606,341	-	606,341
(Increase) decrease in land held for resale	450,350	-	450,350
(Increase) decrease in prepaid items	-	(30,676)	(30,676)
Increase (decrease) in accounts payable	1,153	(22,015)	(20,862)
Increase (decrease) in due to other funds	-	(10,714)	(10,714)
Increase (decrease) in contracts payable	(28)	-	(28)
Increase (decrease) in due to other governmental units	(318,912)	49	(318,863)
Total Adjustments	3,873	2,994,391	2,998,264
Net Cash Provided (Used) for Operating Activities	(294,990)	6,920,057	6,625,067
DETAILS OF CASH AND CASH EQUIVALENTS			
Cash and Investments with Treasurer	4,848,783	10,169,906	15,018,689
Cash with Fiscal Agents	9,181,558	781,475	9,963,033
Cash and Investments with Trustees	508,729	-	508,729
Restricted Cash for Revenue Bond Debt Service	-	2,652,317	2,652,317
Restricted Cash for General Obligation Bond Debt Service	-	2,481,248	2,481,248
Restricted Cash for Limited Tax Bond Debt Service	268,403	-	268,403
Restricted Cash for Limited Tax Bond Construction	13,185	-	13,185
Restricted Cash for Limited Tax Bond Operations and Maintenance	202,559	-	202,559
Restricted Cash for Revenue Bond Operations and Maintenance	-	249,044	249,044
Total Cash and Cash Equivalents	15,023,217	16,333,990	31,357,207
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Prior Year Loans - from Outside Sources	199,800	-	199,800
Capital Asset Contribution from Governmental Activities	1,076,050	15,713	1,091,763
Capital Assets Purchased on Account - Building	-	60,500	60,500
Capital Assets Purchased on Account - Construction in Progress	3,580,507	-	3,580,507
Capital Assets Purchased on Account - Equipment	-	36,205	36,205
Capital Asset Contribution from Outside Source	3,560,000	-	3,560,000
Loss on Retirement of Assets	-	117,091	117,091

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

**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, 2012**

INDEX

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

(Continued)

**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, 2012**

INDEX

- D. Federal Audit Requirements
- E. Conduit Debt Obligations
- F. Deficit - Net Position of Governmental Activities

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

- 6. Contingent Liabilities

- 7. Segment Information

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

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 is a component unit 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, 2012. 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, 2012, can be obtained from the Financial Services Office, Accounting Section, 700 City Hall, Saint Paul, Minnesota 55102.

Blended Component Unit. The following component unit has been presented as a blended component unit because the component unit's governing body is the same as the governing body of the Housing and Redevelopment Authority of the City of Saint Paul(HRA)

Penfield Apartments, LLC

Penfield Apartments, LLC is the developer and owner of a 253 unit market rate apartment complex, with structured parking and a grocery store located in the complex. It is a special purpose entity LLC, financed primarily by a HUD guaranteed mortgage, and is wholly owned by a single entity,

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 1. (Continued)

the HRA. The City of Saint Paul's HRA Board of Commissioners act as the Penfield Apartments, LLC board. Separate financial statements for the Penfield Apartments, LLC can be obtained from the City of Saint Paul, Department of Planning and Economic Development, 1400 City Hall Annex, 25 West Fourth Street, 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 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 position at December 31, 2012, was \$19,580,793. The 2012 operations resulted in a decrease of \$4,691,155 to net position.

During 2012, 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, 2012. 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:

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012**

Note 2. (Continued)

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.

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, LLC, 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 Position and Statement of Activities) report information on all of the activities of the HRA. Governmental activities,

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.B. (Continued)

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.

C. Restatement of Net Position

(1) Restatement of the Deferred Charges Used in the Operation of Business-type Activities

The January 1, 2012 balance of the Deferred Charges used in the Operation of Business-type Activities decreased by \$1,887,356 to a zero balance. The HRA is adopting implementation of GASB 65 in 2012, and is making a restatement expensing any remaining debt issuance costs which were shown as a Deferred Charges asset in the 2011 CAFR.

	<u>Amount</u>
Balance, January 1, 2012 as previously reported	\$ 1,887,356
Restatement for Deferred Charges	
Deferred Charges	<u>(1,887,356)</u>
Net Effect to Deferred Charges	<u>(1,887,356)</u>
Balance, January 1, 2012, as restated	<u>\$ -</u>

(2) Restatement of the Governmental Funds Balance Sheet

The January 1, 2012 balance of Net Position per Statement of Net Position – Governmental Activities column was adjusted. The HRA implemented GASB 65 in 2012, and is making a restatement expensing any remaining debt issuance costs which were shown as a reconciling item in the computation of Net Position – Governmental Activities, 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, 2012

Note 2.C.(2) (Continued)

	<u>Amount</u>
Item 3 – Governmental Activities Reconciliation	
Balance, January 1, 2012, as previously reported	\$ (124,259,498)
Restatement for Deferred Charges	
Debt Issuance Costs	<u>(1,424,431)</u>
Net Effect to Reconciling Item 3	<u>(1,424,431)</u>
Balance, January 1, 2012, as restated	<u>\$ (125,683,929)</u>

(3) Restatement of Net Position in the Statement of Activities

The adjustment of the January 1, 2012 Deferred Charges Used in the Operation of Business-type Activities resulted in a restatement of the January 1, 2012 net position balance of the Business-type Activities in the Statement of Activities.

	<u>Amount</u>
Net Position, Business-type Activities	
Balance, January 1, 2012, as previously reported	\$ 70,285,571
Restatement for Deferred Charges	
Deferred Charges	<u>(1,887,356)</u>
Net Effect to Net Position	<u>(1,887,356)</u>
Balance, January 1, 2012, as restated	<u>\$ 68,398,215</u>

The adjustment of the reconciling item 3 in amounts reported for Governmental Activities in the Statement of Net Position resulted in an adjustment of the January 1, 2012 net position balance of the Governmental Activities in the Statement of Activities.

	<u>Amount</u>
Net Position, Governmental Activities	
Balance, January 1, 2012, as previously reported	\$ (29,697,955)
Restatement for Reconciliation	
Item 3	<u>(1,424,431)</u>
Net Effect to Net Position	<u>(1,424,431)</u>
Balance, January 1, 2012, as restated	<u>\$ (31,122,386)</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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.D. (Continued)

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

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

Revenues

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

Nonexchange Transactions

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

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which they were levied to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflows of resources 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.D. (Continued)

or contract. Contributions from individuals and miscellaneous revenues are also considered voluntary nonexchange transactions and are generally recognized when received in cash because they are usually not measurable until received. Tax credits paid by the state (included in intergovernmental revenue) are recognized as revenue in the fiscal year that they become available. The HRA considers revenues from tax credits paid by the state as available if they are collected within 60 days after year-end.

Exchange Transactions

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

Expenditures

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

E. Proprietary Fund Financial Statement Presentation

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.F. (Continued)

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, 2012.

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 inflows of resources, 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 and general obligation 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 position because their use is limited by applicable bond covenants. The *revenue bond*, *general obligation 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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.H. (Continued)

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.

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. Unavailable 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. Unavailable revenue is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Position.

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,

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.K. (Continued)

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 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 inflows of resources in 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 inflows of resources is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Position.

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, 2012

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. Unearned Revenues

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 Position. Bond discounts and premiums, 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 and premiums during the current period. The face amount of debt is reported as other financing sources for governmental funds.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The government had no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has the following items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, these items, *various unavailable revenues*, are reported only in the governmental funds balance sheet. The

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2.O. (Continued)

governmental funds report unavailable revenues from seven sources: property tax levy and increments, investment interest receivable, accounts receivable, note and loans receivable, lease receivable, and land held for resale. These amounts are recognized as an inflow of resources in the period that the amounts become available.

P. Net Position

In the government-wide financial statements and the proprietary fund financial statements, net position includes three components. First is the amount for Net Investment in Capital Assets. Second, restricted net position 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 position and the first two components is unrestricted net position.

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.

Q. Fund Balances - Governmental Fund Financial 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 classification includes amounts that can be used only for the specific purposes determined by a board resolution of the HRA Board of Commissioners. Once the resolution is passed, the limitation imposed by the resolution remains in place until the HRA Board of Commissioners passes a resolution removing or revising the limitation, or the specific fund balance amount is spent. The HRA Board of Commissioners is the highest level of decision-making authority for the HRA.

Amounts in the assigned fund balance classification are intended to be used by the HRA for HRA spending purposes but do not meet the criteria to be classified as committed. The HRA Board of Commissioners has assigned fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments may be removed without an additional resolution being passed.

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 needed.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 2. (Continued)

R. 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 Position

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

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 \$117,234,364 difference are as follows:

Governmental activity premium on bonds payable	\$ 1,291,534
Governmental activity bonds payable	95,798,862
Governmental activity notes payable	18,931,187
Accrued interest payable	<u>1,212,782</u>
Net Adjustment to Decrease Fund Balance - Total	
Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 117,234,365</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 position 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 position. Also, governmental funds report the effect of premiums and discounts when debt is issued, whereas, premiums and discounts are deferred

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 3.B. (Continued)

and amortized in the Statement of Activities. The details of this \$8,978,279 difference are as follows:

Bonds issued in 2012	\$ (15,790,000)
2012 amortization of premium	38,970
2012 principal payments on bonds	24,127,795
2012 principal payments on notes	<u>601,514</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 8,978,279</u>

4. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

The HRA followed these procedures in establishing the 2012 budget:

On August 24, 2011, 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 4.A. (Continued)

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

Spending budgets are controlled by encumbering proposed obligations against appropriations. Encumbering instruments which exceed available appropriations are not authorized until additional appropriations are made available.

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

Minn. Laws 1973, ch. 395, authorized the City of Saint Paul to issue \$43,400,000 in Urban Renewal Bonds. Bonds issued and sold as of December 31, 2012, total \$42,625,000. Bonds authorized and unissued at December 31, 2012, 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 were retired in 2012.

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 4.B. (Continued)

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 Position (Note 5.F.).

During 1998, the City of Saint Paul issued Block 39 Tax Increment General Obligation Bonds, Series 1998A and Series 1998B, in the amount of \$21,255,000 and \$18,745,000, respectively. Proceeds from the Series 1998A and Series 1998B were used to finance the acquisition of Block 39 properties in the downtown area and to construct a parking facility and retail space. 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 Position (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 Position (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 Position (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, 2012

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	\$ 246,862
87	Riverfront	1987	25 years	-
100	Neighborhood Business Development - Scattered Sites	1988	25 years	3,665,000
135	Snelling - University	1990	25 years	2,460,000
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	24,875,000
215	Superior Street Cottages	1998	25 years	-
224	North Quadrant Phase 1 - Essex	2000	25 years	-
225	Riverfront Renaissance-Upper Landing	2001	25 years	17,978,958
228	Emerald Park - Emerald	2002	25 years	6,332,832
232	Straus Building	2002	25 years	-
233	North Quadrant Expansion 1 - Dakota	2003	25 years	1,049,000
234	Phalen Village	2001	25 years	365
236	J. J. Hill	2001	25 years	3,331,738
237	Osceola Park	2002	25 years	2,971
240	Bridgescreek Senior Place	2003	25 years	10,251
241	North Quadrant Phase 2	2004	25 years	1,139,771
243	Shepard - Davern Owner Occupied	2003	25 years	39,785
244	Shepard - Davern Rental Housing	2003	25 years	4,045,518
245	Shepard - Davern Senior Rental	2003	25 years	14,357
248	Koch Mobil	2004	25 years	2,425,000
257	Payne Phalen	2005	25 years	14,217
260	North Quadrant - Sibley	2006	25 years	900,839
261	Riverfront Renaissance - US Bank	2006	25 years	12,300,945
262	Riverfront Renaissance - Drake Marble	2006	25 years	1,350,000
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	Minnesota Building	2010	25 years	-
281	2700 The Avenue	2008	25 years	12,002
282	Minnesota Events District	2009	25 years	-
291	Carondelet Village	2011	25 years	-
299	Cossetta Project	2011	25 years	-
Total Outstanding Long-Term Debt at December 31, 2012				<u>\$ 83,381,686</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 4.C. (Continued)

Total tax capacity amounts and tax increment revenue for these districts in 2012 are as follows.

Current tax capacity (assessed in 2011, payable in 2012)	\$21,961,592
Captured tax capacity retained by the HRA	\$18,495,795
Tax increment revenue in 2012	\$22,668,140
Delinquent tax increment receivable at December 31, 2012	\$334,427

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 2012, 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, 2012

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 \$1.4 billion at December 31, 2012. 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 132 conduit bonds issued subsequent to January 1, 1996.

F. Deficit - Net Position of Governmental Activities

On the Government-Wide Statement of Net Position, the HRA is reporting an overall deficit for the governmental activities of \$37,056,264. 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, 2012

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, 2012 consist of the City cash and investment pool in an amount of \$61,759,615, the parking ramp, Lofts, and Penfield checking accounts in the amount of \$880,182, and the Penfield escrow account in the amount of \$9,082,852. The City cash and investment pool is entirely insured or collateralized in the City's name at third party institutions. The parking ramps and Lofts 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, 2012

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, 2012

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, 2012, 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 Home Loan Bank Bonds	AA+	S&P	6.33%	11/17/17	\$ 623,402
Trustee Cash	N/A	N/R	< 5%	N/A	349
Certificate of Deposit – Highland Bank	N/A	N/R	6.16%	03/30/19	606,288
Mutual Funds					
First American Government Treas. Obligations Fund Class D	N/A	N/R	25.95%	N/A	2,555,605
First American Government Treas. Obligations Fund Class Y	N/A	N/R	15.51%	N/A	1,527,234
US Bank Money Market Account 10	N/A	N/R	<5%	N/A	64,261
Wells Fargo Advantage 100% Treasuries Fund	N/A	N/R	45.40%	N/A	4,471,566
Total Investments					\$ 9,848,705
Deposits:					
Parking Ramp Checking Accounts at Saint Paul Banks					\$ 781,475
Lofts at Farmers Market Checking Accounts					98,219
Penfield Apartments, LLC Checking Account					488
Penfield Apartments, LLC Escrow Accounts					9,082,852
City Cash and Investment Pool					61,759,615
Total Deposits					\$ 71,722,649
Total Deposits and Investments					\$ 81,571,354

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, 2012.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.A. (Continued)

(3) Reconciliation

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

Cash and Investments with Treasurer	\$ 56,015,996
Cash with Fiscal Agents	9,963,033
Cash and Investments with Trustees	9,475,269
Restricted Cash for Revenue Bond Debt Service	2,652,317
Restricted Cash for General Obligation Bond Debt Service	2,481,248
Restricted Cash for Limited Tax Bond Debt Service	268,403
Restricted Cash for Limited Tax Bond Operations and Maintenance	202,559
Restricted Cash for Revenue Bond Operations and Maintenance	249,044
Restricted Cash for Limited Tax Bond Construction	13,185
Restricted Cash for Note Debt Service	<u>250,300</u>
 Total	 <u>\$ 81,571,354</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 decrease in the fair value of investments during 2012 was \$413,908. 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, 2012, was \$1,178,176.

B. Loans Receivable

Loans receivable are reported as assets in the following funds at December 31, 2012 (net of allowances):

HRA Federal & State Programs Special Revenue Fund	\$ 3,727,730
HRA Tax Increment Capital Projects Fund	756,250
HRA Development Capital Projects Fund	110,048
HRA Parking Enterprise Fund	236,250
HRA Loan Enterprise Fund	<u>2,488,936</u>
 Total All Funds	 <u>\$ 7,319,214</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

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 \$70,699,562 at December 31, 2012. During 2012, loans determined to be uncollectible or forgiven were written off the books in the amount of \$8,180,868.

Changes in total gross loans receivable, allowances for uncollectible loans, and accrued interest receivable on loans for 2012 are shown below.

Total gross loans receivable - January 1, 2012	\$ 83,574,336
Single family mortgage loans issued	-
Single family mortgage loans sold	(12,600)
All other loans issued	3,085,068
Principal payments received	(447,160)
Loans written off	(926,327)
Loans forgiven	<u>(7,254,541)</u>
 Total Gross Loans Receivable - December 31, 2012	 <u>\$ 78,018,776</u>
 Less: allowance for uncollectible loans - January 1, 2012	 \$ 76,212,591
Increase for bad debts and forgiveness	2,434,432
Loans written off	(692,920)
Loans forgiven	<u>(7,254,541)</u>
 Total Allowance for Uncollectible Loans - December 31, 2012	 <u>\$ 70,699,562</u>
 Net Loans Receivable - December 31, 2012	 <u>\$ 7,319,214</u>
 Accrued Interest Receivable on Loans - December 31, 2012 (Net of Allowance)	 <u>\$ 647,676</u>

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, 2012

Note 5.B. (Continued)

At December 31, 2012, future minimum principal and interest payments to be received under the loan agreements for the next ten years are as follows:

2013	\$	6,504,629
2014		2,229,268
2015		5,085,840
2016		2,212,308
2017		5,760,930
2018 - 2022		<u>15,572,257</u>
Total	<u>\$</u>	<u>37,365,232</u>

C. Land Held for Resale

Land held for resale is reported in the following funds as an asset at December 31, 2012.

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
HRA General Fund	\$ 496,009	\$ -	\$ 2,387	\$ 493,622
HRA Tax Increment Capital Projects Fund	1,352,328	-	-	1,352,328
HRA Development Capital Projects Fund	2,072,121	16,082	189,495	1,898,708
HRA Loan Enterprise Fund	<u>11,185,971</u>	<u>-</u>	<u>4,010,350</u>	<u>7,175,621</u>
Total All Funds	<u>\$ 15,106,429</u>	<u>\$ 16,082</u>	<u>\$ 4,202,232</u>	<u>\$ 10,920,279</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 was 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 was transferred to Capital Assets – Land, as Penfield Apartments, LLC is a blended component of 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, 2012

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, 2012.

	RiverCentre Parking Facility Improvement Lease	Jimmy Lee Recreational Facility Lease	Total City Leases
Balance of leases receivable - January 1, 2012	\$ 6,050,000	\$ 7,020,000	\$ 13,070,000
Principal portion of lease payments received - 2012	(385,000)	(210,000)	(595,000)
Balance of Leases Receivable - December 31, 2012	<u>\$ 5,665,000</u>	<u>\$ 6,810,000</u>	<u>\$ 12,475,000</u>

The interest portion of the lease payments received in 2012 was \$546,988. On the Governmental Fund Balance Sheet, the HRA Debt Service Fund reports deferred inflows of resources in an amount 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 Position, the leases receivable are not offset with deferred inflows of resources.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

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
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	537,681	606,494	1,144,175
2018 - 2022	2,694,456	3,037,335	5,731,791
2023 - 2027	2,693,075	911,667	3,604,742
2028 - 2032	2,697,000	-	2,697,000
Total	<u>\$ 10,773,361</u>	<u>\$ 6,985,182</u>	<u>\$ 17,758,543</u>

E. Capital Assets

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

Governmental Activities	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012
Land (not depreciated)	\$ 3,042,169	\$ -	\$ -	\$ 3,042,169
Buildings	14,386,848	-	-	14,386,848
Pedestrian skyway bridges	13,016,925	-	-	13,016,925
Construction in Progress	-	1,076,050	(1,076,050)	-
Totals at historical cost	<u>\$ 30,445,942</u>	<u>\$ 1,076,050</u>	<u>\$ (1,076,050)</u>	<u>\$ 30,445,942</u>
Less: accumulated depreciation				
Buildings	\$ (1,947,066)	\$ (359,671)	\$ -	\$ (2,306,737)
Pedestrian skyway bridges	(8,542,992)	(315,605)	-	(8,858,597)
Total accumulated depreciation	<u>\$ (10,490,058)</u>	<u>\$ (675,276)</u>	<u>\$ -</u>	<u>\$ (11,165,334)</u>
Total Governmental Activities Capital Assets - Net	<u>\$ 19,955,884</u>	<u>\$ 400,774</u>	<u>\$ (1,076,050)</u>	<u>\$ 19,280,608</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.E. (Continued)

Business-type Activities	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012
Land (not depreciated)	\$ 28,194,831	\$ 3,560,000	\$ -	\$ 31,754,831
Buildings	2,182,469	9,239,408	-	11,421,877
Parking ramps	105,447,736	532,101	309,300	105,670,537
Construction in progress (not depreciated)	10,183,455	10,066,540	9,239,408	11,010,587
Equipment	1,798,469	281,167	-	2,079,636
	\$ 147,806,960	\$ 23,679,216	\$ 9,548,708	\$ 161,937,468
Less: accumulated depreciation				
Buildings	\$ (522,431)	\$ (269,167)	\$ -	\$ (791,598)
Parking ramps	(40,045,987)	(2,729,613)	192,208	(42,583,392)
Equipment	(349,880)	(188,389)	-	(538,269)
	\$ (40,918,298)	\$ (3,187,169)	\$ 192,208	\$ (43,913,259)
Total Business-type Activities Capital Assets – Net	\$ 106,888,662	\$ 20,492,047	\$ 9,356,500	\$ 118,024,209

Depreciation expense for 2012 was charged to functions/programs as follows:

Governmental Activities	
Housing and economic development	\$ 675,276
Business-type Activities	
Parking operations	2,973,302
Apartment operations	213,867
Total Business-type Activities	\$ 3,187,169

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, 2012

Note 5.F. (Continued)

(1) Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2012, was as follows:

Governmental Activities	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012	Due Within One Year
Bonds payable					
Tax increment bonds	\$ 55,536,657	\$ 15,790,000	\$ 21,562,795	\$ 49,763,862	\$ 2,550,862
Sales tax revenue bonds	35,520,000	-	1,975,000	33,545,000	2,115,000
Lease revenue bonds	13,080,000	-	590,000	12,490,000	610,000
Add: unamortized premium on revenue bonds	176,820	-	14,241	162,579	-
Add: unamortized premium on tax increment bonds	158,354	995,330	24,729	1,128,955	-
Totals bonds payable	\$ 104,471,831	\$ 16,785,330	\$ 24,166,765	\$ 97,090,396	\$ 5,275,862
Notes payable	19,532,701	-	601,514	18,931,187	415,911
Total Governmental Activities Long-Term Debt	\$ 124,004,532	\$ 16,785,330	\$ 24,768,279	\$ 116,021,583	\$ 5,691,773
Business-type Activities	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012	Due Within One Year
Bonds payable					
Limited tax bonds	\$ 7,855,000	\$ -	\$ -	\$ 7,855,000	\$ -
Parking revenue bonds	41,235,000	-	1,670,000	39,565,000	1,750,000
Tax increment – parking bonds	26,480,000	-	1,605,000	24,875,000	1,640,000
Add: unamortized premium on tax increment bonds	780,807	-	75,438	705,369	-
Add: unamortized premium on parking revenue bonds	212,219	-	15,401	196,818	-
Add: unamortized discount on parking revenue bonds	(102,458)	-	(4,967)	(97,491)	-
Total bonds payable	\$ 76,460,568	\$ -	\$ 3,360,872	\$ 73,099,696	\$ 3,390,000
Notes and mortgage payable					
LAAND Initiative Loans	\$ 1,580,000	\$ -	\$ -	\$ 1,580,000	\$ -
Penfield Apartments Mortgage	-	25,000	-	25,000	-
Total notes and mortgage payable	\$ 1,580,000	\$ 25,000	\$ -	\$ 1,605,000	\$ -
Total Business-type Activities Long-Term Debt	\$ 78,040,568	\$ 25,000	\$ 3,360,872	\$ 74,704,696	\$ 3,390,000

All 2012 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

A description of the new 2012 issued long-term debt follows:

The Upper Landing Refunding Bonds, Series 2012, were issued in December, 2012 in the amounts of \$15,790,000, and, along with existing funds of the HRA, currently refunded the Upper Landing Tax Increment Bonds, Series 2002A, Series 2002B-1, and Series 2002B-2. This current refunding was done to take advantage of lower interest rates and restructure debt service payments. Total debt service payments decreased by \$5,895,464. The current refunding resulted in an economic gain (difference between

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.F.(1) (Continued)

the present value of the debt payments of the refunded and the refunding bonds) of \$3,599,959. The reacquisition price was \$17,141,000 and the net carrying amount of the refunded bonds was \$17,503,250. Tax Increments from the Riverfront Renaissance – Upper Landing Tax Increment District will be used to retire the Series 2012 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 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, 2012, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2012
Sales Tax Revenue Refunding Bonds, Series 1996	City ½ Percent Sales Tax RiverCentre Revenues	7.10	\$ 55,865,000	\$ 33,545,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	North Quadrant District Tax Increments	7.50	1,089,000	899,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	North Quadrant District Tax Increments	7.00	1,140,000	1,049,000
Drake Marble Tax Increment Bonds, Series 2002	Riverfront Renaissance District Tax Increments	6.75	1,800,000	1,350,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Spruce Tree/Metz District Tax Increments	6.50	1,890,000	246,862
9th Street Lofts Tax Increment Bonds, Series 2004	9 th Street Lofts District Tax Increments	6.375	1,335,000	1,125,000
J.J. Hill Tax Increment Bonds, Series 2004	J.J. Hill District Tax Increments	6.25	3,660,000	3,304,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Neighborhood Scattered Site District Tax Increments	4.24 - 5.45	7,515,000	3,665,000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.F.(2) (Continued)

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2012
Snelling-University Tax Increment Refunding Bonds, Series 2005C	Snelling-University District Tax Increments	3.60 - 5.12	\$ 5,130,000	\$ 2,460,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	City of Saint Paul	3.00 - 5.00	7,685,000	6,810,000
RiverCentre Parking Facility Lease Revenue Bonds, Series 2009	City of Saint Paul	3.00 - 4.50	6,790,000	5,680,000
Koch Mobil Tax Increment Refunding Bonds, Series 2010A	Koch Mobil District Tax Increments	2.00 - 4.00	2,670,000	2,425,000
Emerald Gardens Tax-Exempt Tax Increment Bonds, Series 2010	Emerald Gardens District Tax Increments	5.00 - 6.50	6,595,000	6,265,000
US Bank Tax Increment Refunding Bonds, Series 2011F	Riverfront Renaissance District Tax Increments	2.00	3,060,000	2,315,000
US Bank Tax Increment Refunding Bonds, Series 2011G	Riverfront Renaissance District Tax Increments	2.00 - 4.00	8,870,000	8,870,000
Upper Landing Tax Increment Refunding Bonds, Series 2012	Riverfront Renaissance District Tax Increments	5.00	15,790,000	15,790,000
HUD Section 108 Note, Series 2003-A	EDI Grants, Port Authority	5.20	3,300,000	2,800,000
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Shepard Davern District Tax Increments	5.09	4,820,000	4,024,172
Upper Landing Tax Increment Note Series 2008	Upper Landing District Tax Increments	5.75	2,019,087	1,507,163
Catholic Charities Midway Residence POPSHP Loan	Forgiven after 20 years of compliance	-	10,599,852	10,599,852
Total Governmental Activities Long-Term Debt			<u>\$ 151,622,939</u>	<u>\$ 114,730,049</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.F.(2) (Continued)

Business-type Activities

The business-type activity long-term debt is reported in the HRA Parking Enterprise Fund and the HRA Loan Enterprise Fund where specific fund revenues are used to service the debt. The City has issued a general obligation pledge on the Block 39 Tax Increment Bonds, Series 2009G and 2009H. A listing of the business-type bonds and notes at December 31, 2012, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Original Debt Issue Amount	Amount Payable December 31, 2012
Parking Revenue Bonds, Series 1997A	7th Street Ramp Parking Revenues	6.75	\$ 11,305,000	\$ 4,425,000
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	4,180,000
Parking Revenue Refunding Bonds, Series 2010A	HRA Parking Revenue	3.00 - 5.00	24,135,000	22,955,000
Parking Revenue Refunding Bonds, Series 2010B	HRA Parking Revenue	3.00 - 5.00	12,820,000	12,185,000
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
Penfield Apartments, LLC Mortgage A	Apartment Operations	3.12	5,064	5,064
Penfield Apartments, LLC Mortgage B	Apartment Operations	3.12	19,936	19,936
Total Business-type Activities Long-Term Debt			<u>\$ 87,070,000</u>	<u>\$ 73,900,000</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

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
2013	\$ 2,550,862	\$ 2,157,780	\$ 2,115,000	\$ 2,381,695	\$ 610,000	\$ 527,038
2014	3,233,000	2,272,368	2,265,000	2,231,530	630,000	506,313
2015	3,118,000	2,135,876	2,425,000	2,070,715	650,000	485,013
2016	3,019,000	1,997,286	2,595,000	1,898,540	670,000	462,481
2017	3,540,000	1,834,076	2,780,000	1,714,295	695,000	438,319
2018 – 2022	11,298,000	7,506,290	17,170,000	5,313,285	3,930,000	1,737,693
2023 – 2027	14,893,000	4,361,230	4,195,000	297,845	2,970,000	909,018
2028 – 2032	8,112,000	449,160	-	-	2,335,000	362,000
2033 – 2037	-	-	-	-	-	-
2038 – 2040	-	-	-	-	-	-
Total	\$ 49,763,862	\$ 22,714,066	\$ 33,545,000	\$ 15,907,905	\$ 12,490,000	\$ 5,427,875

Year Ending December 31	Development Notes		Total Governmental Activity	
	Principal	Interest	Principal	Interest
2013	\$ 415,911	\$ 437,861	\$ 5,691,773	\$ 5,504,374
2014	425,589	416,109	6,553,589	5,426,320
2015	435,830	393,542	6,628,830	5,085,146
2016	446,669	370,028	6,730,669	4,728,335
2017	508,140	345,582	7,523,140	4,332,272
2018 – 2022	2,075,024	1,325,033	34,473,024	15,882,301
2023 – 2027	10,599,852	1,024,150	32,657,852	6,592,243
2028 – 2032	4,024,172	870,528	14,471,172	1,681,688
2033 – 2037	-	-	-	-
2038 – 2040	-	-	-	-
Total	\$ 18,931,187	\$ 5,182,833	\$ 114,730,049	\$ 49,232,679

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
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	100,000	511,918
2015	1,915,000	1,678,924	1,650,000	727,846	110,000	507,350
2016	2,010,000	1,588,476	1,725,000	664,081	120,000	502,347
2017	2,105,000	1,492,925	1,800,000	593,581	135,000	496,801
2018 – 2022	6,135,000	6,483,405	9,665,000	1,981,122	820,000	2,381,083
2023 – 2027	7,500,000	5,118,776	6,685,000	358,314	1,185,000	2,127,375
2028 – 2032	9,445,000	3,166,305	-	-	1,670,000	1,686,087
2033 – 2037	6,875,000	698,750	-	-	1,490,000	1,094,881
2038 – 2040	-	-	-	-	2,225,000	277,313
Total	\$ 39,565,000	\$ 23,838,650	\$ 24,875,000	\$ 5,944,101	\$ 7,855,000	\$ 10,099,248

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.F.(3) (Continued)

Year Ending December 31	Penfield Apartments, LLC Mortgage LAAND Initiative Loans HRA Loan Enterprise Fund		Total Business-type Activity	
	Principal	Interest	Principal	Interest
	2013	\$ -	\$ -	\$ 3,390,000
2014	1,605,000	1,194	5,245,000	3,061,490
2015	-	-	3,675,000	2,914,120
2016	-	-	3,855,000	2,754,904
2017	-	-	4,040,000	2,583,307
2018 – 2022	-	-	16,620,000	10,845,610
2023 – 2027	-	-	15,370,000	7,604,465
2028 – 2032	-	-	11,115,000	4,852,392
2033 – 2037	-	-	8,365,000	1,793,631
2038 – 2040	-	-	2,225,000	277,313
Total	\$ 1,605,000	\$ 1,194	\$ 73,900,000	\$ 39,883,193

(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, 2012, \$48,745,000 of the following outstanding bonds are considered defeased:

	Amount Outstanding December 31, 2012
Sales Tax Revenue Bonds, Series 1993	\$ 48,745,000

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, 2012

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, 2012, 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 zero.

Changes in the balance due on the line of credit for the year ended December 31, 2012, are as follows:

Balance Due January 1, 2012	Increase 2012	Decrease 2012	Balance Due December 31, 2012
\$ 12,607	\$ -	\$ 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, 2012, are as follows:

Balance Due January 1, 2012	Increase 2012	Decrease 2012	Balance Due December 31, 2012
\$ -	\$ -	\$ -	\$ -

Under the revolving loan agreement, there is \$2,500,000 available in loan funds from the Foundation at December 31, 2012.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

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, 2011, or 2012 claims or claims payments, which resulted in any end of fiscal year 2010, 2011, or 2012 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, 2012

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, 2012.

No.	Tax Increment Financing District – Project	Date Issued	Note Amount	Note Principal Balance 12/31/2011	Note Principal Balance 12/31/2012	Total Amount Expended (Principal & Interest) Under Notes for the Year Ended 12/31/2012
215	Superior Street Cottages	7/16/1998	\$ 311,341	\$ 239,120	\$ 226,714	\$ 25,078
194	1919 University	11/7/1997	1,357,000	1,357,000	1,357,000	190,076
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	1,023,500
212	Block 4-Taxable TIR Note, Series 2004	5/6/2004	2,975,838	886,137	559,500	453,535
260	North Quadrant Rental Phase I	2/1/2001	2,140,000	2,140,000	2,140,000	134,748
268	North Quadrant Rental Phase II	2/28/2002	1,500,000	1,500,000	1,500,000	114,136
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	335,471
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	64,215
234	Phalen Village Ames Lake	8/1/2003	418,000	418,000	418,000	15,947
234	Phalen Village CUB Foods Proj.	3/1/2008	3,100,000	2,922,000	2,922,000	309,178
232	Straus Building	12/26/2002	600,000	596,964	596,964	33,224
240	Bridgecreek Senior Place Project	6/30/2004	2,398,952	2,398,952	2,398,952	137,383
241	Lyons Court Rental Project	4/14/2004	682,000	682,000	682,000	24,467
243	Shepard-Davern Ownership Housing	11/1/2006	3,257,067	2,848,627	2,771,803	260,387
271	Carlton Lofts	10/1/2005	2,358,660	2,358,660	2,358,660	65,045
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	31,811
278	River Pointe Lofts Project	12/27/2007	1,829,000	1,750,024	1,702,035	139,218
279	Minnesota Building	6/9/2010	936,000	936,000	936,000	-
299	Cosseta	11/4/2011	388,000	388,000	388,000	4,858
	Total		\$ 56,195,849	\$ 45,723,301	\$ 45,259,445	\$ 3,456,203

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, 2012, 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, 2012

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, 2012, 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, 2012.

M. Construction and Other Significant Commitments

At December 31, 2012, the HRA had no commitments. The wholly owned entity, Penfield Apartments, LLC, a blended component unit of the HRA, has begun construction in 2012.

N. Deferred Inflows of Resources

The amount reported as Deferred Inflows of Resources on the Balance Sheet – Governmental Funds in the HRA General Fund, HRA Debt Service Fund, HRA Tax Increment Capital Projects Fund, and HRA Development Capital Projects Fund include \$594,467, \$12,651,528, \$2,208,743, and \$2,108,766, respectively, which are from the following unavailable revenue sources:

	HRA General Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	HRA Development Capital Projects Fund	Total
Property Tax Increments	\$ -	\$ 148,950	\$ 88,619	\$ -	\$ 237,569
Property Tax Levy	79,145	-	-	-	79,145
Investment Interest	17,510	27,578	11,546	-	56,634
Accounts Receivable	4,190	-	-	-	4,190
Lease Receivable	-	12,475,000	-	-	12,475,000
Land Held for Resale	493,622	-	1,352,328	1,898,708	3,744,658
Notes and Loans Receivable	-	-	756,250	210,058	966,308
Total Deferred Inflows of Resources	\$ 594,467	\$ 12,651,528	\$ 2,208,743	\$ 2,108,766	\$ 17,563,504

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5. (Continued)

O. 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, 2012, individual fund interfund receivable and payable balances were as follows:

Fund	Interfund Receivable	Interfund Payable
HRA General Fund	\$ 717,599	\$ -
HRA Tax Increment Capital Projects Fund	2,709,828	3,211,490
HRA Development Capital Projects Fund	250,000	-
HRA Loan Enterprise Fund	2,493,891	2,959,828
Total Interfund Receivables and Payables - All Funds	<u>\$ 6,171,318</u>	<u>\$ 6,171,318</u>

The interfund receivables in the HRA General Fund, and the HRA Loan Enterprise Fund include \$717,599, and \$2,493,891, 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 \$2,709,828, respectively, which were advanced to the HRA Enterprise Fund for the purchase of land held for resale, and for rental apartment construction.

(2) Interfund Transfers

Individual fund interfund transfers during the fiscal year ended December 31, 2012, were as follows:

Transfers	Transfers In From Other Funds	Transfers Out To Other Funds
HRA Federal & State Programs Special Revenue Fund	\$ 9,326	\$ -
HRA General Fund	257,046	-
HRA Debt Service Fund	3,820,279	5,581,597
HRA Tax Increment Capital Projects Fund	5,625,597	13,096,875
HRA Parking Enterprise Fund	-	2,377,524
HRA Loan Enterprise Fund	11,654,120	310,372
Total Interfund Transfers - All Funds	<u>\$ 21,366,368</u>	<u>\$ 21,366,368</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.O.(2) (Continued)

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, (3) use unrestricted revenues collected in the HRA General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) use restricted revenues in the HRA Tax Increment Capital Projects Fund to finance a portion of the construction of Penfield Apartments.

P. Net Position/Fund Balances

(1) Net Position - Governmental Activities

The amount reported as “Net Investment in Capital Assets” on the government-wide Statement of Net Position for the governmental activities as of December 31, 2012, is determined as follows:

Capital assets	\$ 30,445,942
Less: accumulated depreciation	(11,165,334)
Less: outstanding principal of related debt	<u>(10,599,852)</u>
Net Investment in Capital Assets	<u>\$ 8,680,756</u>

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Position for the governmental activities is based on required balances per bond indentures. This amount is \$12,230,743 at December 31, 2012.

(2) Net Position - Business-type Activities

The amount reported as “Net Investment in Capital Assets” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for the HRA Parking Enterprise and Loan Enterprise Funds as of December 31, 2012, is determined as follows:

Capital assets	\$ 161,937,468
Less: accumulated depreciation	(43,913,259)
Less: outstanding principal of Parking Enterprise debt	(65,244,696)
Less: outstanding principal of Loan Enterprise debt	(7,841,815)
Less: advance from other funds	<u>(2,709,828)</u>
Net Investment in Capital Assets	<u>\$ 42,227,870</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.P.(2) (Continued)

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Position for the business-type activities and on the Statement of Net Position for Proprietary Funds as of December 31, 2012, as follows:

	HRA Loan Enterprise Fund	HRA Parking Enterprise Fund	Total Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>
Restricted Assets			
Cash for revenue bond debt service	\$ -	\$ 2,652,317	\$ 2,652,317
Cash for general obligation bond debt service	-	2,481,248	2,481,248
Cash for limited tax bond debt service	268,403	-	268,403
Less: liabilities payable from restricted assets accrued interest on bonds	<u>(214,206)</u>	<u>(1,028,475)</u>	<u>(1,242,681)</u>
Restricted for Debt Service	<u>\$ 54,197</u>	<u>\$ 4,105,090</u>	<u>\$ 4,159,287</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 Position for the business-type activities and on the Statement of Net Position for Proprietary Funds as of December 31, 2012, as follows:

Restricted assets - cash for revenue bond operations and maintenance	\$ 249,044
Restricted assets - cash for limited tax bond operations and maintenance	<u>202,559</u>
Restricted for Operations and Maintenance	<u>\$ 451,603</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 5.P. (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, 2012, 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	-	12,230,743	-	-	12,230,743
Tax Increment Financing	-	-	8,875,786	-	8,875,786
Bond Proceeds	-	-	-	8,834,177	8,834,177
Pollution Rem. Contribution	-	-	-	2,506,097	2,506,097
Total Restricted	-	12,230,743	8,875,786	11,340,274	32,446,803
Total Committed	6,168,246	-	-	-	6,168,246
Assigned					
Excess TIF funds Housing and Economic Development	597,945	-	-	-	597,945
	-	-	-	562,349	562,349
Total Assigned	597,945	-	-	562,349	1,160,294
Unassigned	4,145,023	-	-	-	4,145,023
Total HRA Fund Balance	\$ 11,628,813	\$ 12,230,743	\$ 8,875,786	\$ 11,902,623	\$ 44,637,965

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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 6. (Continued)

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.

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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 6. (Continued)

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, \$581,274 paid out in 2011, and \$533,515 paid out in 2012, and thus far (remaining \$2,506,094), is identified in the Statement of Net Position – 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.

7. Segment Information

In 2012, the HRA, as the sole owner of the Penfield Apartments, LLC, began construction of a 253 unit apartment complex. It is being financed with a HUD insured mortgage, and contributions from the HRA. Since the HRA Board of Directors acts as the Penfield Apartments, LLC Board, the Penfield Apartments, LLC is a blended component unit of the HRA, and is accounted for in the Loan Enterprise Fund, which is an enterprise fund. Summary financial information is presented below.

Condensed Statement of Net Position

	<u>Loan Enterprise</u>
ASSETS	
Current Assets	\$ 9,083,340
Capital Assets (net of Accumulated Depreciation)	<u>14,570,588</u>
Total Assets	<u>23,653,928</u>
LIABILITIES	
Current Liabilities	3,544,654
Noncurrent Liabilities	<u>25,000</u>
Total Liabilities	<u>\$ 3,569,654</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2012

Note 7. (Continued)

NET POSITION	
Net Investment in Capital Assets	\$ 14,015,074
Unrestricted	<u>6,069,200</u>
TOTAL NET POSITION	<u>\$ 20,084,274</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Loan Enterprise</u>
Other Operating Expenses	<u>\$ (299)</u>
Operating Income(Loss)	<u>(299)</u>
Nonoperating Revenues (Expenses)	
Investment Income	415
Capital Contribution	4,636,050
Interest Expense	(417)
Mortgage Issuance Cost	(995,811)
Transfers In (Out)	<u>15,062,195</u>
Total Other Nonoperating Revenues(Expenses)	18,702,432
Changes in Net Assets	18,702,133
Beginning Net Position	<u>1,382,141</u>
ENDING NET POSITION	<u>\$ 20,084,274</u>

Condensed Statement of Cash Flows

	<u>Loan Enterprise</u>
Net Cash Provided (Used) by	
Operating Activities	\$ (299)
Capital and Related Financing Activities	9,083,224
Investing Activities	<u>415</u>
Net Increase (Decrease)	9,083,340
Beginning Cash and Cash Equivalents	<u>-</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 9,083,340</u>

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

For the Fiscal Year Ended December 31, 2012

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	11,160,051	11,160,051	10,756,935	(403,116)
Intergovernmental	20,200,000	20,200,000	17,784,954	(2,415,046)
Fees, Sales and Services	848,600	848,600	607,712	(240,888)
Investment Income	565,000	565,000	(265,434)	(830,434)
Miscellaneous	-	-	566,834	566,834
Total Revenues	32,773,651	32,773,651	29,451,001	(3,322,650)
EXPENDITURES				
Intergovernmental - City	15,703,080	15,703,080	14,974,517	728,563
Debt Service				
Principal Payment on Bonds	6,393,795	23,534,795	24,127,795	(593,000)
Interest on Bonds	6,316,910	6,675,866	6,373,644	302,222
Principal Payment on Notes	250,000	250,000	444,746	(194,746)
Interest on Notes	617,006	617,006	372,666	244,340
Bond Issuance Costs	-	610,221	297,016	313,205
Total Expenditures	29,280,791	47,390,968	46,590,384	800,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,492,860	(14,617,317)	(17,139,383)	(2,522,066)
OTHER FINANCING SOURCES (USES)				
Transfers In	651,426	651,426	3,820,279	3,168,853
Transfers Out	-	-	(5,581,597)	(5,581,597)
Current Refunding Bonds Issued	-	17,250,000	15,790,000	(1,460,000)
Premium on Bonds Issued	-	-	995,330	995,330
Total Other Financing Sources (Uses)	651,426	17,901,426	15,024,012	(2,877,414)
Net Changes in Fund Balances	4,144,286	3,284,109	(2,115,371)	(5,399,480)
FUND BALANCE, January 1	14,346,114	14,346,114	14,346,114	-
FUND BALANCE, December 31	18,490,400	17,630,223	12,230,743	(5,399,480)

SCHEDULE OF DEPOSITS AND INVESTMENTS
ALL FUNDS

At December 31, 2012

(Amounts in dollars)

Investment Description	Maturity Date	Interest Rate	Reported Amount
Parking Ramp Checking Accounts at St. Paul Banks			781,475
Lofts at Farmers Market Checking Accounts at St. Paul Banks			98,219
Penfield Apartments, LLC Checking Account at St. Paul Bank			488
Penfield Apartments, LLC Escrow Accounts at Title Company		0.00%	9,082,852
First American Government Obligations Fund Class D		0.00%	2,555,605
First American Government Obligations Fund Class Y		0.00%	1,527,234
US Bank Money Market Account 10		0.05%	64,261
Wells Fargo Advantage Government Money Market Fund		0.01%	4,471,566
Federal Home Loan Bank Bonds	11/17/2017	5.00%	623,402
Highland Bank Certificate of Deposit	3/30/2019	3.75%	606,288
Trustee Cash		0.00%	349
City Cash and Investment Pool			61,759,615
TOTAL DEPOSITS AND INVESTMENTS			81,571,354

Summary by Statement of Net Position Account

Cash and Investments with Treasurer	56,015,996
Cash with Fiscal Agents	9,963,033
Cash and Investments with Trustees	9,475,269
Restricted Cash for Revenue Bond Debt Service	2,652,317
Restricted Cash for General Obligation Bond Debt Service	2,481,248
Restricted Cash for Limited Tax Bond Debt Service	268,403
Restricted Cash for Limited Tax Bond Construction	13,185
Restricted Cash for Revenue Bond Operations and Maintenance	249,044
Restricted Cash for Limited Tax Bond Operations and Maintenance	202,559
Restricted Cash for Note Debt Service	250,300
TOTAL DEPOSITS AND INVESTMENTS	81,571,354

SCHEDULE OF LOANS RECEIVABLE**ALL FUNDS**

At December 31, 2012

(Amounts in dollars)

<u>Fund - Program</u>	<u>Number of Loans Outstanding</u>	<u>Principal Balance 12/31/2012</u>	<u>Allowance for Uncollectible Loans 12/31/2012</u>	<u>Net Reported Assets 12/31/2012</u>
HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND				
Federal HOME Program	91	26,917,606	25,903,476	1,014,130
Federal ADDI Program	23	224,400	170,800	53,600
Ready for Rail Program	137	1,822,320	1,822,320	-
Tax Credit Assistance Program	5	14,468,485	14,468,485	-
HUD 108 Loan Guaranty Program	7	2,890,000	230,000	2,660,000
Total HRA Federal & State Programs Special Revenue Fund	263	46,322,811	42,595,081	3,727,730
HRA DEVELOPMENT CAPITAL PROJECTS FUND				
HRA Funded	8	142,857	142,857	-
ISP STAR	15	543,419	433,371	110,048
Total HRA Development Capital Projects Fund	23	686,276	576,228	110,048
HRA TAX INCREMENT CAPITAL PROJECTS FUND				
Jobs Bill Loan Program	37	4,755,154	4,161,404	593,750
Scattered Site TIF Bonds	10	3,336,428	3,173,928	162,500
Total HRA Tax Increment Capital Projects Fund	47	8,091,582	7,335,332	756,250
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	1,254,528	993,750	260,778
Commercial Real Estate	7	1,733,001	1,664,963	68,038
Home Purchase and Rehab	54	535,649	416,398	119,251
Home Ownership Opportunities	57	955,765	955,765	-
Housing Real Estate	17	7,031,388	6,230,500	800,888
Mixed Income Housing	10	1,426,917	1,090,263	336,654
Strategic Investment Program	6	919,535	919,535	-
Business - UDAG	3	98,979	58,989	39,990
Housing - UDAG	6	1,472,884	1,443,567	29,317
Downtown Tax Increment	1	427,326	320,495	106,831
Neighborhood Development Tax Increment	1	84,000	4,200	79,800
HUD Rental Rehab	12	2,158,104	2,072,475	85,629
New Housing and 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	236	2,028,594	1,782,608	245,986
Mortgage Housing - Phase I and Phase II	12	142,920	7,146	135,774
Affordable Housing	1	78,076	78,076	-
Total HRA Loan Enterprise Fund	435	22,603,107	20,114,171	2,488,936
TOTAL ALL FUNDS	769	78,018,776	70,699,562	7,319,214

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2012

(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>
GOVERNMENTAL ACTIVITIES								
BONDS:								
Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996	Public Sale	City 1/2% Sales Tax, RiverCentre Revenues	7.10%	1996	2023	55,865,000	22,320,000	33,545,000
Riverfront Tax Increment Refunding Bonds, Series 2000D *	Public Sale	Riverfront District TI's	4.50% - 5.00%	2000	2012	8,335,000	8,335,000	-
Riverfront Tax Increment Refunding Bonds, Series 2002C *	Public Sale	Riverfront District TI's	2.90% - 5.65%	2002	2012	2,335,000	2,335,000	-
North Quadrant Tax Increment Refunding Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.50%	2002	2028	1,089,000	190,000	899,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.00%	2002	2028	1,140,000	91,000	1,049,000
Upper Landing Tax Increment Bonds, Series 2002A	Public Sale	Riverfront Renaissance District TI's	6.80%	2002	2029	5,000,000	5,000,000	-
Upper Landing Tax Increment Bonds, Series 2002B-1	Public Sale	Riverfront Renaissance District TI's	6.40% - 7.00%	2002	2029	12,130,000	12,130,000	-
Upper Landing Tax Increment Bonds, Series 2002B-2	Public Sale	Riverfront Renaissance District TI's	6.90%	2002	2029	2,000,000	2,000,000	-
Drake Marble Tax Increment Bonds, Series 2002	Public Sale	Riverfront Renaissance District TI's	6.75%	2002	2028	1,800,000	450,000	1,350,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Public Sale	Spruce Tree/Metz District TI's	6.50%	2003	2013	1,890,000	1,643,138	246,862
9th Street Lofts Tax Increment Bonds, Series 2004	Private Placement	9th Street Lofts District TI's	6.375%	2004	2028	1,335,000	210,000	1,125,000
JJ Hill Tax Increment Bonds, Series 2004	Private Placement	JJ Hill District TI's	6.25%	2004	2029	3,660,000	356,000	3,304,000

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2012

(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	3,850,000	3,665,000
Snelling-University Tax Increment Bonds, Series 2005C *	Public Sale	Snelling-University Site District TI's	3.60% - 5.12%	2005	2017	5,130,000	2,670,000	2,460,000
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	875,000	6,810,000
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	1,110,000	5,680,000
Koch Mobil Tax Increment Refunding Bonds, Series 2010A *	Public Sale	Koch Mobil District TI's	2.00% - 4.00%	2010	2031	2,670,000	245,000	2,425,000
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	330,000	6,265,000
US Bank Tax Increment Refunding Bonds, Series 2011F *	Public Sale	Riverfront Renaissance District TI's	2.00%	2011	2015	3,060,000	745,000	2,315,000
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
Upper Landing Tax Increment Refunding Bonds, Series 2012	Public Sale	Riverfront Renaissance District TI's	5.00%	2012	2029	15,790,000	-	15,790,000
TOTAL BONDS - GOVERNMENTAL ACTIVITIES						<u>160,684,000</u>	<u>64,885,138</u>	<u>95,798,862</u>
NOTES:								
HUD Section 108 Note, Series 2003-A	Public Sale	EDI Grant, Port Authority	5.20%	2003	2022	3,300,000	500,000	2,800,000
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	795,828	4,024,172
Upper Landing Tax Increment Revenue Note, Series 2008	City of Saint Paul	Upper Landing District TI's	5.75%	2008	2020	2,019,087	511,924	1,507,163
TOTAL NOTES - GOVERNMENTAL ACTIVITIES						<u>20,738,939</u>	<u>1,807,752</u>	<u>18,931,187</u>
TOTAL BONDS AND NOTES - GOVERNMENTAL ACTIVITIES						<u>181,422,939</u>	<u>66,692,890</u>	<u>114,730,049</u>

Continued

SCHEDULE OF BONDS AND NOTES PAYABLEAt December 31, 2012
(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 AND MORTGAGES								
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	580,000	-	580,000
Penfield Apartments, LLC Mortgage A	Dougherty Mtge	Penfield Apartments District TI's	3.12%	2012	2039	5,064	-	5,064
Penfield Apartments, LLC Mortgage B	Dougherty Mtge	Penfield Apartments Rental Revenues	3.12%	2012	2054	19,936	-	19,936
TOTAL NOTES AND MORTGAGES - BUSINESS -TYPE ACTIVITIES						<u>1,605,000</u>	<u>-</u>	<u>1,605,000</u>
BONDS:								
Parking Revenue Bonds, Series 1997A, (7th Street Ramp)	Public Sale	7th Street Ramp Parking Revenues	6.75%	1997	2017	11,305,000	6,880,000	4,425,000
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	4,475,000	4,180,000
Parking Revenue Refunding Bonds, Series 2010A	Public Sale	HRA Parking Revenues	3.00% - 5.00%	2010	2035	24,135,000	1,180,000	22,955,000
Parking Revenue Refunding Bonds, Series 2010B	Public Sale	HRA Parking Revenues	3.00% - 5.00%	2010	2035	12,820,000	635,000	12,185,000
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>13,170,000</u>	<u>72,295,000</u>
TOTAL BONDS, NOTES, AND MORTGAGES - BUSINESS-TYPE ACTIVITIES						<u>87,070,000</u>	<u>13,170,000</u>	<u>73,900,000</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, 2012

(Amounts in dollars)

Year	Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996		North Quadrant Tax Increment Refunding Bonds, Series 2002		North Quadrant Phase II Tax Increment Bonds, Series 2002		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
2013	2,115,000	2,381,695	32,000	66,826	35,000	72,835	-	91,125	246,862	16,046
2014	2,265,000	2,231,530	34,000	64,388	38,000	70,315	-	91,125		
2015	2,425,000	2,070,715	37,000	61,801	41,000	67,620	-	91,125		
2016	2,595,000	1,898,540	39,000	58,988	43,000	64,715	-	91,125		
2017	2,780,000	1,714,295	43,000	55,988	47,000	61,635	-	91,125		
2018	2,980,000	1,516,915	46,000	52,688	49,000	58,310	-	91,125		
2019	3,190,000	1,305,335	49,000	49,200	53,000	54,810	-	91,125		
2020	3,420,000	1,078,845	53,000	45,451	57,000	51,030	-	91,125		
2021	3,660,000	836,025	57,000	41,400	61,000	46,970	-	91,125		
2022	3,920,000	576,165	61,000	37,051	65,000	42,630	-	91,125		
2023	4,195,000	297,845	67,000	32,363	70,000	38,010	-	91,125		
2024			71,000	27,263	75,000	33,005	-	91,125		
2025			77,000	21,825	80,000	27,685	-	91,125		
2026			83,000	15,938	86,000	21,980	-	91,125		
2027			89,000	9,600	92,000	15,855	-	91,125		
2028			61,000	2,280	157,000	5,495	1,350,000	45,563		
2029										
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>33,545,000</u>	<u>15,907,905</u>	<u>899,000</u>	<u>643,050</u>	<u>1,049,000</u>	<u>732,900</u>	<u>1,350,000</u>	<u>1,412,438</u>	<u>246,862</u>	<u>16,046</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(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
2013	44,000	71,017	108,000	204,906	585,000	188,556	450,000	111,898	220,000	319,988
2014	47,000	68,181	124,000	197,906	620,000	157,858	470,000	89,583	225,000	311,188
2015	49,000	65,153	136,000	189,906	660,000	124,468	490,000	65,940	235,000	302,188
2016	53,000	61,965	144,000	181,281	690,000	88,835	515,000	40,615	245,000	292,787
2017	57,000	58,523	153,000	172,156	1,110,000	30,247	535,000	13,709	255,000	282,681
2018	61,000	54,825	163,000	162,438					265,000	271,844
2019	63,000	50,904	173,000	152,094					280,000	260,250
2020	69,000	46,792	184,000	141,094					290,000	247,650
2021	73,000	42,330	195,000	129,438					305,000	234,600
2022	77,000	37,613	209,000	117,031					320,000	220,112
2023	82,000	32,641	221,000	103,782					335,000	204,912
2024	87,000	27,317	236,000	89,751					350,000	189,000
2025	93,000	21,675	250,000	74,782					365,000	172,375
2026	99,000	15,650	266,000	58,906					385,000	155,037
2027	106,000	9,244	283,000	42,032					400,000	136,750
2028	65,000	2,071	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>1,125,000</u>	<u>665,901</u>	<u>3,304,000</u>	<u>2,046,504</u>	<u>3,665,000</u>	<u>589,964</u>	<u>2,460,000</u>	<u>321,745</u>	<u>6,810,000</u>	<u>3,963,362</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(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
2013	390,000	207,050	100,000	74,713	195,000	375,557	755,000	46,300	-	287,544
2014	405,000	195,125	100,000	72,712	205,000	365,556	770,000	31,200	-	287,544
2015	415,000	182,825	100,000	70,713	225,000	354,806	790,000	15,800	-	287,544
2016	425,000	169,694	105,000	68,662	240,000	342,431			570,000	287,544
2017	440,000	155,638	105,000	66,431	260,000	328,369			580,000	276,143
2018	455,000	139,387	110,000	63,820	280,000	313,181			600,000	258,744
2019	475,000	120,788	110,000	60,878	300,000	296,869			615,000	240,744
2020	495,000	101,387	115,000	57,697	325,000	279,290			635,000	222,294
2021	510,000	81,288	120,000	54,230	350,000	259,213			655,000	203,244
2022	535,000	60,387	125,000	50,493	380,000	236,400			675,000	183,594
2023	555,000	37,894	130,000	46,475	405,000	211,868			695,000	163,344
2024	580,000	13,050	130,000	42,250	440,000	185,462			715,000	140,756
2025			135,000	37,810	475,000	156,869			740,000	116,625
2026			140,000	33,065	510,000	125,450			770,000	90,725
2027			150,000	27,915	550,000	91,000			795,000	62,812
2028			155,000	22,347	590,000	53,950			825,000	33,000
2029			160,000	16,440	535,000	17,388				
2030			165,000	10,100						
2031			170,000	3,400						
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>5,680,000</u>	<u>1,464,513</u>	<u>2,425,000</u>	<u>880,151</u>	<u>6,265,000</u>	<u>3,993,659</u>	<u>2,315,000</u>	<u>93,300</u>	<u>8,870,000</u>	<u>3,142,201</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(Amounts in dollars)

Year	Upper Landing Tax Increment Refunding Bonds, Series 2012		Upper Landing Tax Increment Revenue Note, Series 2008		HUD Section 108 Note, Series 2003-A		Catholic Charities Midway Residence POPSHP Loan		Shepard Davern Rental Housing Tax Increment Note, Series 2006	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	-	550,457	165,911	84,311	250,000	148,720	-	-	-	204,830
2014	825,000	776,000	175,589	74,634	250,000	136,645	-	-	-	204,830
2015	590,000	741,000	185,830	64,392	250,000	124,320	-	-	-	204,830
2016	620,000	711,125	196,669	53,553	250,000	111,645	-	-	-	204,830
2017	650,000	679,750	208,140	42,082	300,000	98,670	-	-	-	204,830
2018	680,000	646,875	220,280	29,942	300,000	82,800	-	-	-	204,830
2019	720,000	612,375	233,128	17,094	300,000	66,660	-	-	-	204,830
2020	810,000	576,000	121,616	3,497	300,000	50,280	-	-	-	204,830
2021	915,000	533,500			300,000	33,690	-	-	-	204,830
2022	960,000	487,125			300,000	16,920	-	-	-	204,830
2023	1,010,000	438,500					-	-	-	204,830
2024	1,065,000	387,375					-	-	-	204,830
2025	1,115,000	333,500					-	-	-	204,830
2026	1,175,000	277,000					10,599,852	-	-	204,830
2027	1,235,000	217,500							-	204,830
2028	1,295,000	155,000							-	204,830
2029	2,125,000	53,125							-	204,830
2030									-	204,830
2031									-	204,830
2032									4,024,172	51,208
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
Totals	<u>15,790,000</u>	<u>8,176,207</u>	<u>1,507,163</u>	<u>369,505</u>	<u>2,800,000</u>	<u>870,350</u>	<u>10,599,852</u>	<u>-</u>	<u>4,024,172</u>	<u>3,942,978</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(Amounts in dollars)

Year	LAAND Initiative Metropolitan Council Loan Saxon Site		LAAND Initiative Family Housing Fund Midway Chev Site		Penfield Apartments, LLC Mortgage A		Penfield Apartments, LLC Mortgage B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	-	-	-	-	-	-	-	-
2014	1,000,000	-	580,000	-	5,064	243	19,936	951
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
Totals	<u>1,000,000</u>	<u>-</u>	<u>580,000</u>	<u>-</u>	<u>5,064</u>	<u>243</u>	<u>19,936</u>	<u>951</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(Amounts in dollars)

Year	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		Parking Revenue Refunding Bonds, Series 2010B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	775,000	298,688	-	731,381	1,640,000	104,160	635,000	1,019,607	340,000	528,032
2014	825,000	246,375	-	731,381	1,710,000	52,235	655,000	1,000,556	350,000	517,831
2015	880,000	190,687	820,000	714,981	830,000	12,865	675,000	980,906	360,000	507,331
2016	940,000	131,288	1,725,000	664,081			695,000	960,657	375,000	496,531
2017	1,005,000	67,837	1,800,000	593,581			715,000	939,806	385,000	485,282
2018			1,850,000	520,581			745,000	911,206	395,000	473,250
2019			1,855,000	455,756			765,000	886,994	410,000	459,425
2020			1,920,000	397,931			800,000	856,393	425,000	444,050
2021			1,985,000	336,916			830,000	824,394	440,000	427,050
2022			2,055,000	269,938			865,000	791,193	460,000	409,450
2023			2,125,000	196,788			895,000	756,594	480,000	390,475
2024			2,225,000	120,663			935,000	719,675	500,000	370,075
2025			2,335,000	40,863			975,000	679,938	520,000	348,825
2026							1,015,000	638,500	545,000	326,075
2027							1,065,000	587,750	570,000	300,869
2028							1,120,000	534,500	595,000	274,506
2029							1,175,000	478,500	620,000	246,987
2030							1,235,000	419,750	650,000	218,312
2031							1,295,000	358,000	680,000	188,250
2032							1,360,000	293,250	715,000	154,250
2033							1,430,000	225,250	750,000	118,500
2034							1,500,000	153,750	790,000	81,000
2035							1,575,000	78,750	830,000	41,500
2036										
2037										
2038										
2039										
2040										
Totals	<u>4,425,000</u>	<u>934,875</u>	<u>20,695,000</u>	<u>5,774,841</u>	<u>4,180,000</u>	<u>169,260</u>	<u>22,955,000</u>	<u>15,095,919</u>	<u>12,185,000</u>	<u>7,807,856</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2012

(Amounts in dollars)

Year	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
2013	-	484,295	-	29,798	9,081,773	8,700,335
2014	-	484,295	100,000	27,623	11,798,589	8,487,810
2015	-	484,295	110,000	23,055	10,303,830	7,999,266
2016	-	484,295	120,000	18,052	10,585,669	7,483,239
2017	-	484,295	135,000	12,506	11,563,140	6,915,579
2018	-	484,295	145,000	6,416	9,344,280	6,343,472
2019	85,000	482,446	75,000	1,631	9,751,128	5,870,208
2020	165,000	476,803			10,184,616	5,372,439
2021	170,000	468,970			10,626,000	4,849,213
2022	180,000	460,522			11,187,000	4,292,579
2023	205,000	450,988			11,470,000	3,698,434
2024	220,000	440,087			7,629,000	3,081,684
2025	235,000	427,262			7,395,000	2,755,989
2026	255,000	412,563			15,928,852	2,466,844
2027	270,000	396,475			5,605,000	2,193,757
2028	290,000	378,975			7,224,000	1,853,330
2029	310,000	360,225			5,528,000	1,478,183
2030	335,000	340,069			2,850,000	1,266,561
2031	355,000	316,731			2,990,000	1,121,461
2032	380,000	290,087			6,994,172	814,545
2033	405,000	261,631			2,585,000	605,381
2034	255,000	237,706			2,545,000	472,456
2035	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>7,170,000</u>	<u>9,980,167</u>	<u>685,000</u>	<u>119,081</u>	<u>188,630,049</u>	<u>89,115,872</u>

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

For the Fiscal Year Ended December 31, 2012

(Amounts in dollars)

	<u>Federal</u>	<u>State</u>	<u>City</u>	<u>Other</u>	<u>Totals 2012</u>
<u>HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND</u>					
HUD HOME Investment Partnerships Program	3,047,072	-	-	-	3,047,072
HUD Shelter Plus Care	18,450	-	-	-	18,450
Metropolitan Council - LAAND	-	-	-	2,126,019	2,126,019
Minnesota Housing Finance Agency Programs					
Great Minnesota Fix-up Fund	-	93,068	-	-	93,068
Total HRA Federal & State Programs Special Revenue Fund	<u>3,065,522</u>	<u>93,068</u>	<u>-</u>	<u>2,126,019</u>	<u>5,284,609</u>
<u>HRA DEBT SERVICE FUND</u>					
Financing for Sales Tax Revenue Bonds	-	-	17,784,954	-	17,784,954
Total HRA Debt Service Fund	<u>-</u>	<u>-</u>	<u>17,784,954</u>	<u>-</u>	<u>17,784,954</u>
<u>HRA DEVELOPMENT CAPITAL PROJECTS FUND</u>					
Central Corridor Neighborhood Commercial Parking Program	-	-	159,665	-	159,665
Total HRA Development Capital Projects Fund	<u>-</u>	<u>-</u>	<u>159,665</u>	<u>-</u>	<u>159,665</u>
<u>HRA LOAN ENTERPRISE FUND</u>					
HUD Housing Counseling Assistance Program	30,516	-	-	-	30,516
Minnesota Housing Finance Agency (MHFA)					
Mortgage Foreclosure Mitigation Counseling	58,627	15,000	-	-	73,627
Mortgage Assistance Loan Program	-	407,637	-	-	407,637
Build America Bonds Interest Subsidy	-	-	-	169,504	169,504
Total HRA Loan Enterprise Fund	<u>89,143</u>	<u>422,637</u>	<u>-</u>	<u>169,504</u>	<u>681,284</u>
TOTAL INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS	<u><u>3,154,665</u></u>	<u><u>515,705</u></u>	<u><u>17,944,619</u></u>	<u><u>2,295,523</u></u>	<u><u>23,910,512</u></u>

SCHEDULE OF INTERGOVERNMENTAL EXPENDITURES AND EXPENSES

ALL FUNDS

For the Fiscal Year Ended December 31, 2012

(Amounts in dollars)

	<u>City</u>	<u>County</u>	<u>Totals 2012</u>
<u>HRA GENERAL FUND</u>			
Financing for PED Salaries, Fringes, and Expenses	832,565	-	832,565
Financing for HRA Board Salaries and Expenses	299,466	-	299,466
Financing for Citizen Participation Program	<u>102,808</u>	-	<u>102,808</u>
Total HRA General Fund	<u>1,234,839</u>	-	<u>1,234,839</u>
<u>HRA DEBT SERVICE FUND</u>			
Financing for RiverCentre	2,549,785	-	2,549,785
Financing for City Sales Tax Revenue Bonds	<u>12,424,732</u>	-	<u>12,424,732</u>
Total HRA Debt Service Fund	<u>14,974,517</u>	-	<u>14,974,517</u>
<u>HRA LOAN ENTERPRISE FUND</u>			
Financing for PED Salaries, Fringes, and Expenses	<u>362,232</u>	-	<u>362,232</u>
Total HRA Loan Enterprise Fund	<u>362,232</u>	-	<u>362,232</u>
<u>HRA PARKING ENTERPRISE FUND</u>			
Financing for City Capital Projects	<u>39,969</u>	-	<u>39,969</u>
Total HRA Parking Enterprise Fund	<u>39,969</u>	-	<u>39,969</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES AND EXPENSES	<u>16,611,557</u>	<u>-</u>	<u>16,611,557</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended December 31, 2012

(Amounts in dollars)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Grants		
Housing Counseling Assistance Program	14.169	30,516
Shelter Plus Care	14.238	18,450
HOME Investment Partnerships Program	14.239	<u>3,047,072</u>
Total U.S. Department of Housing and Urban Development		<u>3,096,038</u>
U. S. Department of Treasury		
Passed through Minnesota Housing Finance Agency		
National Foreclosure Mitigation Counseling	21.000	<u>58,627</u>
TOTAL FEDERAL AWARDS		<u><u>3,154,665</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, 2012

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, 2012. 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 position, 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	\$ 18,450
14.239	HOME Investment Partnerships Program	\$ 338,950
	Total	<u>\$ 357,400</u>

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

	<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>2012</u>
Governmental Activities									(b)	
Net Investment in Capital Assets	\$ 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	\$ 8,680,756
Restricted	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	12,230,743
Unrestricted	<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>(54,824,532)</u>	<u>(57,967,763)</u>
Total Governmental Activities Net Position (a)	<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>(31,122,386)</u>	<u>(37,056,264)</u>
Business-type Activities									(b)	
Net Investment in Capital Assets	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	42,227,870
Restricted	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	4,610,890
Unrestricted	<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>33,102,047</u>	<u>33,211,597</u>
Total Business-type Activities Net Position	<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>68,398,215</u>	<u>80,050,357</u>
TOTAL SAINT PAUL HRA										
Net Investment in Capital Assets	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	50,908,626
Restricted	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	16,841,633
Unrestricted	<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>(21,722,485)</u>	<u>(24,756,166)</u>
Total Housing & Redevelopment Authority Net Position	<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>\$ 37,275,829</u>	<u>\$ 42,994,093</u>

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

(b) Restated

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES									(1)	
Governmental Activities:										
Housing and Economic Development	\$ 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	\$ 38,347,251
Interest on Long-Term Debt	10,326,891	10,251,572	10,949,282	12,024,646	11,141,352	10,945,951	10,264,402	10,132,800	11,037,746	9,027,333
Total Governmental Activities Expenses	49,418,785	42,764,276	42,138,981	49,549,076	33,368,505	35,109,107	40,695,148	64,001,577	52,279,168	47,374,584
Business-type Activities:										
Development Loan Programs	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	3,090,554
Parking Operations	8,431,480	11,104,139	10,739,279	11,564,825	12,990,561	12,628,706	11,864,859	11,610,535	11,584,599	11,105,306
Total Business-type Activities Expenses	14,595,228	22,925,051	19,189,440	30,071,416	27,759,076	19,073,516	17,059,086	13,073,081	16,100,580	14,195,860
Total Saint Paul HRA Expenses	64,014,013	65,689,327	61,328,421	79,620,492	61,127,581	54,182,623	57,754,234	77,074,658	68,379,748	61,570,444
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Housing and Economic Development	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	3,651,135
Operating Grants and Contributions	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	24,344,903
Capital Grants and Contributions	-	-	-	-	-	1,861,975	271,305	27,711	148,459	-
Total Governmental Activities Program Revenues	21,383,674	22,318,206	24,247,491	22,006,237	41,927,688	26,417,764	22,860,902	42,663,033	25,258,364	27,996,038
Business-type Activities:										
Charges for Services:										
Development Loan Programs	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	919,137
Parking Operations	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	12,186,953
Operating Grants and Contributions	2,002,488	13,750,499	10,025,408	1,480,019	938,546	3,765,808	1,352,810	317,340	647,787	983,084
Capital Grants and Contributions	615,884	1,780,421	900,000	6,235,374	11,412,775	-	-	534,591	1,592,480	15,713
Total Business-type Activities	13,917,594	27,910,976	26,669,330	25,561,835	23,472,293	16,710,169	14,305,942	12,750,714	16,858,795	14,104,887
Total Saint Paul HRA Program Revenues	35,301,268	50,229,182	50,916,821	47,568,072	65,399,981	43,127,933	37,166,844	55,413,747	42,117,159	42,100,925
NET (EXPENSE) REVENUE										
Governmental Activities	(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)	(19,378,546)
Business-type Activities	(677,634)	4,985,925	7,479,890	(4,509,581)	(4,286,783)	(2,363,347)	(2,753,144)	(322,367)	758,215	(90,973)
Total Saint Paul HRA Net Expense	(28,712,745)	(15,460,145)	(10,411,600)	(32,052,420)	4,272,400	(11,054,690)	(20,587,390)	(21,660,911)	(26,262,589)	(19,469,519)

Continued

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

	<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>2012</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									(1)	
Governmental Activities:										
HRA Property Tax	772,649	767,867	828,287	924,042	992,320	1,123,627	2,172,763	2,990,745	3,174,596	2,678,548
Property Tax Increments	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	20,437,440
Hotel-Motel Tax	220,000	220,000	220,000	220,000	220,000	-	-	-	-	-
State Market Value Homestead Credit	278,150	263,091	331,212	221,207	232,816	246,796	305,835	354,395	347,852	-
Investment Income	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	370,954
Transfers	<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>	<u>(10,042,274)</u>
Total Governmental Activities	<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>	<u>13,444,668</u>
Business-type Activities										
HRA Property Tax	-	-	-	-	-	-	-	-	-	257,046
Property Tax Increments	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	1,181,563
Investment Income	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694	99,135	305,311	733,407	259,732
Gain on Sale of Capital Assets	-	-	-	-	-	1,336,484	-	-	-	2,500
Transfers	<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>	<u>10,042,274</u>
Total Business-type Activities	<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>	<u>11,743,115</u>
Total Saint Paul HRA General Revenues	<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>	<u>25,187,783</u>
CHANGES IN NET ASSETS										
Governmental Activities	(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)	(5,933,878)
Business-type Activities	<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>	<u>11,652,142</u>
Total Saint Paul HRA Changes in Net Position	<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>	<u>\$ 5,718,264</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.

(1) Restated

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

	<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>2012</u>
GOVERNMENTAL ACTIVITIES									(1)	
Housing and Economic Development										
Charges for Services	\$ 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	\$ 3,651,135
Operating Grants and Contributions	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	24,344,903
Capital Grants and Contributions	-	-	-	-	-	1,861,975	271,305	27,711	148,459	-
Total Housing and Economic Development	<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>27,996,038</u>
TOTAL GOVERNMENTAL ACTIVITIES	<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>27,996,038</u>
BUSINESS-TYPE ACTIVITIES										
Development Loan Programs										
Charges for Services	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	919,137
Operating Grants and Contributions	2,002,488	13,750,499	9,400,408	1,480,019	938,546	3,765,808	1,352,810	317,340	647,787	983,084
Capital Grants and Contributions	-	-	-	-	-	-	-	534,591	1,592,480	15,713
Total Development Loan Programs	<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>	<u>1,917,934</u>
Parking Operations										
Charges for Services	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	12,186,953
Operating Grants and Contributions	-	-	625,000	-	-	-	-	-	-	-
Capital Grants and Contributions	615,884	1,780,421	900,000	6,235,374	11,412,775	-	-	-	-	-
Total Parking Operations	<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>	<u>12,186,953</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<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>	<u>14,104,887</u>
TOTAL - ALL FUNCTIONS / PROGRAMS	<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>	<u>\$ 42,100,925</u>

(1) Restated

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
									(1)	
HRA General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,599	\$ 717,599
Committed	-	-	-	-	-	-	-	-	4,448,812	6,168,246
Assigned	-	-	-	-	-	-	-	-	1,414,495	597,945
Unassigned	-	-	-	-	-	-	-	-	4,242,795	4,145,023
Reserved	558,847	1,127,614	940,748	1,112,171	688,545	801,534	742,647	731,031	-	-
Unreserved	<u>6,010,425</u>	<u>4,216,124</u>	<u>7,180,814</u>	<u>6,898,759</u>	<u>7,992,919</u>	<u>10,881,369</u>	<u>9,614,435</u>	<u>9,133,372</u>	-	-
Total HRA General Fund	<u>\$ 6,569,272</u>	<u>\$ 5,343,738</u>	<u>\$ 8,121,562</u>	<u>\$ 8,010,930</u>	<u>\$ 8,681,464</u>	<u>\$ 11,682,903</u>	<u>\$ 10,357,082</u>	<u>\$ 9,864,403</u>	<u>\$ 10,823,701</u>	<u>\$ 11,628,813</u>
All Other HRA Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	44,696,696	32,446,803
Assigned	-	-	-	-	-	-	-	-	562,349	562,349
Reserved	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	<u>18,371,305</u>	<u>18,175,965</u>	<u>18,540,401</u>	<u>4,463,031</u>	<u>33,663,265</u>	<u>31,037,525</u>	<u>28,496,659</u>	<u>21,230,536</u>	-	-
Total All Other HRA Funds	<u>\$ 45,384,356</u>	<u>\$ 43,937,881</u>	<u>\$ 38,238,126</u>	<u>\$ 25,111,744</u>	<u>\$ 59,123,160</u>	<u>\$ 53,993,703</u>	<u>\$ 53,863,513</u>	<u>\$ 52,277,787</u>	<u>\$ 45,259,045</u>	<u>\$ 33,009,152</u>
TOTAL - ALL HRA FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,599	\$ 717,599
Restricted	-	-	-	-	-	-	-	-	44,696,696	32,446,803
Committed	-	-	-	-	-	-	-	-	4,448,812	6,168,246
Assigned	-	-	-	-	-	-	-	-	1,976,844	1,160,294
Unassigned	-	-	-	-	-	-	-	-	4,242,795	4,145,023
Reserved	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	<u>24,381,730</u>	<u>22,392,089</u>	<u>25,721,215</u>	<u>11,361,790</u>	<u>41,656,184</u>	<u>41,918,894</u>	<u>38,111,094</u>	<u>30,363,908</u>	-	-
Total All HRA Funds	<u>\$ 51,953,628</u>	<u>\$ 49,281,619</u>	<u>\$ 46,359,688</u>	<u>\$ 33,122,674</u>	<u>\$ 67,804,624</u>	<u>\$ 65,676,606</u>	<u>\$ 64,220,595</u>	<u>\$ 62,142,190</u>	<u>\$ 56,082,746</u>	<u>\$ 44,637,965</u>

(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)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 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	\$ 24,402,731
Intergovernmental	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	23,229,228
Fees, Sales and Services	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	4,248,416
Investment Income	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	413,264
Miscellaneous	482,042	260,000	117,412	598,044	802,192	902,476	543,551	2,448,040	1,223,558	1,115,675
Total Revenues	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	53,409,314
EXPENDITURES										
Housing and Economic Development	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	31,220,168
Intergovernmental	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	16,209,356
Capital Outlay	615,884	-	1,078,511	648,337	-	1,186,100	-	-	-	-
Debt Service:										
Interest	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	9,493,948
Principal	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	7,588,309
Issuance Costs	119,530	289,809	326,867	-	6,777	274,195	141,085	384,506	139,665	297,016
Total Expenditures	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	64,808,797
Excess of Revenues over (under) Expenditures	(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)	(11,399,483)
OTHER FINANCING SOURCES (USES)										
Proceeds from Borrowing	10,570,000	9,034,981	7,515,000	-	-	9,635,761	-	6,595,000	-	-
Proceeds from Refunding	1,890,000	-	5,125,399	4,820,000	3,939,831	-	7,003,608	2,682,662	12,085,316	16,785,330
Redemption of Refunded Bonds	(1,890,000)	-	(5,005,000)	(4,820,000)	(3,895,000)	-	(4,970,000)	(3,895,000)	(9,835,000)	(17,141,000)
Transfers In	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	9,712,248
Transfers Out	(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)	(9,401,876)
Total Other Financing Sources (Uses)	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	(45,298)
Net Change in Fund Balance	\$ (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)	\$ (11,444,781)
Debt Service as a Percentage of Noncapital Expenditures	35.9%	37.0%	42.5% (a)	33.6%	47.2%	35.5%	32.7%	26.4% (b)	30.4%	26.4%

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

	<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>2012</u>
HRA Loan Enterprise Fund									(1)	
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,292)	\$ 1,530,300	\$ 14,015,074
Restricted	-	2,024,282	11,289,819	7,049,537	6,823,402	1,148,967	1,072,523	7,250,562	393,566	256,756
Unrestricted	<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>	<u>22,371,117</u>
Total HRA Loan Enterprise Fund	<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>24,972,247</u>	<u>36,642,947</u>
HRA Parking Enterprise Fund										
Net Investment in Capital Assets	6,279,816	5,456,993	5,544,000	10,868,843	22,141,220	21,467,557	23,496,206	26,594,793	27,152,295	28,212,796
Restricted	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	4,354,134
Unrestricted	<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>	<u>10,840,480</u>
Total HRA Parking Enterprise Fund	<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>43,425,968</u>	<u>43,407,410</u>
TOTAL - ALL PROPRIETARY FUNDS										
Net Investment in Capital Assets	6,279,816	5,456,993	5,544,000	10,868,843	22,141,220	21,467,557	23,496,206	26,573,501	28,682,595	42,227,870
Restricted	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	4,610,890
Unrestricted	<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>	<u>33,211,597</u>
Total Net Position - All Proprietary Funds	<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>\$ 68,398,215</u>	<u>\$ 80,050,357</u>

(1) Restated

CHANGES IN NET POSITION - PROPRIETARY FUNDS

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING REVENUES									(2)	
Fees, Sales and Services:										
Loan Programs	\$ 1,691,109	\$ 1,458,128	\$ 4,022,486	\$ 5,356,857	\$ 291,776	\$ 388,149	\$ 1,329,083	\$ 139,364	\$ 1,466,278	\$ 726,949
Parking Facilities	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	12,101,480
Interest Earned on Loans	961,862	1,066,180	1,455,390	1,689,702	137,300	776,522	419,306	364,922	1,012,165	277,661
Total Operating Revenues	<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>	<u>13,106,090</u>
OPERATING EXPENSES										
Development Loan Programs	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	639,686
Costs of Parking and Apartment Facility Operation	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	5,652,432
Depreciation	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	3,187,169
Bad Debt Expense on Loans	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>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>	<u>9,479,287</u>
OPERATING INCOME (LOSS)	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	3,626,803
NONOPERATING REVENUES (EXPENSES)										
Property Tax Increments	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	1,438,609
Operating Grants	491,214	12,765,521	9,088,500	429,793	134,746	84,539	427,828	294,329	519,025	681,284
Gain on Sale of Capital Assets	-	-	-	-	-	1,336,484	-	-	-	2,500
Noncapital Contributions	1,511,274	984,978	936,908	1,050,226	803,800	3,681,269	924,982	23,011	128,762	301,800
Investment Income	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694	99,134	305,311	733,407	259,732
Miscellaneous Revenue	-	-	-	21,743	-	-	-	-	-	-
Revaluation of Land Held for Resale	-	-	-	-	(1,867,546)	(270,345)	-	-	-	-
Interest on Long-Term Debt	(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)	(3,201,470)
Intergovernmental Expenses	(300,000)	(907,000)	(1,476,438)	(1,157,624)	(2,256,955)	(76,483)	(357,244)	(312,089)	(467,116)	(402,201)
Loss on Retirement of Assets	-	-	-	-	-	-	-	-	(405,036)	(117,091)
Litigation Mediation - Noncash Advance	-	-	-	-	-	-	-	(412,753)	-	-
Amortization of Debt Issuance Costs (1)	(26,091)	(207,615)	(407,877)	(425,996)	(112,053)	(110,500)	(116,768)	(145,386)	(2,090,223)	(995,811)
Total Nonoperating Revenues (Expenses)	<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>(3,652,117)</u>	<u>(2,032,648)</u>
Capital Contributions	615,884	1,780,421	900,000	6,235,374	11,412,775	-	-	947,344	1,592,480	10,368,359
Transfers In	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	2,377,524
Transfers Out	<u>(1,249,496)</u>	<u>(711,333)</u>	<u>(2,945,327)</u>	<u>(5,561,771)</u>	<u>(13,762,113)</u>	<u>(104,451)</u>	<u>(396,869)</u>	<u>(16,312)</u>	<u>(7,103)</u>	<u>(2,687,896)</u>
CHANGE IN NET POSITION	<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>\$ 1,035,191</u>	<u>\$ 11,652,142</u>

(1) In 2012, with adoption of GASB 65, total debt issuance cost for the year is expensed, not amortized.

(2) Restated

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>
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
2012	2,866,172	21,536,559	-	24,402,731
Change 2003-2012	277.1%	84.0%	-100.0%	92.4%

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

LEVY - PAYABLE	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tax Capacity*										
Real Property*							247,182,526	234,400,482	217,930,655	197,620,962
Personal Property*							6,885,304	5,850,737	7,032,252	6,062,185
Fiscal Disparities*							25,238,471	26,101,435	26,457,028	25,556,968
Total Net Tax Capacity*	167,879,665	180,113,604	202,575,538	225,186,571	253,000,058	275,575,863	279,306,301	266,352,654	251,419,935	229,240,115
Taxable Market Value*	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	18,163,450,800
Tax Capacity Rate	0.4970%	0.4580%	0.4400%	0.4340%	0.4140%	0.4470%	0.8980%	1.2720%	1.2620%	1.4180%
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0185%	0.0185%	0.0185%	0.0185%
Maximum Tax Levy per State Law	\$ 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	\$ 3,360,238
Actual Tax Levy Certified	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148	\$ 3,178,148	\$ 3,178,148
Actual Levy under Maximum	\$ 980,435	\$ 1,206,744	\$ 1,463,147	\$ 1,691,391	\$ 1,981,558	\$ 2,106,379	\$ 1,935,555	\$ 808,951	\$ 533,924	\$ 182,090
% of Actual Levy to Maximum	46.15%	41.05%	38.06%	36.68%	34.79%	36.60%	54.07%	79.71%	85.62%	94.58%

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.

HRA PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	<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>2012</u>
Total Taxes Levied for Current Fiscal Year	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903	\$ 2,278,148	\$ 3,178,148	\$ 3,178,148	\$ 3,178,148
Collection of Current Year Tax Levy										
From Taxpayers	\$ 584,041	\$ 594,122	\$ 661,061	\$ 750,062	\$ 819,668	\$ 953,678	\$ 1,874,829	\$ 2,259,765	\$ 2,470,269	\$ 2,476,585
Fiscal Disparity Aid	170,273	171,938	160,358	157,181	169,430	183,574	223,759	493,367	693,746	633,373
State Credits and Aids	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	<u>\$ 801,080</u>	<u>\$ 804,406</u>	<u>\$ 875,750</u>	<u>\$ 956,373</u>	<u>\$ 1,033,154</u>	<u>\$ 1,181,689</u>	<u>\$ 2,186,562</u>	<u>\$ 3,062,976</u>	<u>\$ 3,272,667</u>	<u>\$ 3,109,958</u>
								(1)		
Percentage of Current Year Levy Collected in the Fiscal Year of Levy	95.35%	95.74%	97.42%	97.60%	97.72%	97.19%	95.98%	96.38%	102.97%	97.85%
Delinquent Taxes Collected in subsequent years										
1st Year Delinquent	\$ 10,862	\$ 3,325	\$ 12,866	\$ 9,124	\$ 18,191	\$ 28,026	\$ 41,495	\$ 14,489	\$ 21,851	\$ -
2nd Year Delinquent	(1,030)	(415)	(1,337)	881	2,101	2,991	9,941	(8,660)	-	-
3rd Year Delinquent	(185)	(45)	619	588	(157)	(4,334)	(654)	-	-	-
4th Year Delinquent	692	304	361	(415)	699	349	-	-	-	-
5th Year Delinquent	97	94	74	180	18	-	-	-	-	-
6th Year & Prior Delinquent	178	16	622	356	-	-	-	-	-	-
Total Delinquent Collections	<u>\$ 10,614</u>	<u>\$ 3,279</u>	<u>\$ 13,205</u>	<u>\$ 10,714</u>	<u>\$ 20,852</u>	<u>\$ 27,032</u>	<u>\$ 50,782</u>	<u>\$ 5,829</u>	<u>\$ 21,851</u>	<u>\$ -</u>
Total Tax Collections as of 12/31/12	<u>\$ 811,694</u>	<u>\$ 807,685</u>	<u>\$ 888,955</u>	<u>\$ 967,087</u>	<u>\$ 1,054,006</u>	<u>\$ 1,208,721</u>	<u>\$ 2,237,344</u>	<u>\$ 3,068,805</u>	<u>\$ 3,294,518</u>	<u>\$ 3,109,958</u>
Percentage of Levy Collected as of 12/31/12	96.61%	96.13%	98.88%	98.69%	99.69%	99.41%	98.21%	96.56%	103.66%	97.85%

(1) 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.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

PROPERTY TAX INCREMENT LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	<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>2012</u>
TOTAL - ALL TAX INCREMENT DISTRICTS										
Original Tax Capacity Before Development - All Tax Increment Districts	\$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	\$4,977,370
Current Tax Capacity - All Tax Increment Districts	\$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	\$26,928,860
Captured Tax Capacity Retained by HRA / Port Authority	\$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	\$21,961,592
Tax Increment Spread	\$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	\$27,580,222
Tax Increment Collected:										
Current	\$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	\$26,690,452
Delinquent	\$29,747	(\$1,212,024)	(\$623,121)	(\$56,558)	\$108,908	\$159,896	\$128,882	(\$592,694)	(\$1,359,307)	\$495,150
Developer Shortfall Payments	\$225,548	\$352,404	\$797,186	\$819,772	\$478,743	\$178,011	\$252,345	-	-	-
Homestead Credit	\$259,400	\$275,941	\$301,109	\$193,706	\$216,482	\$228,422	\$217,861	\$238,616	\$239,200	-
Total Tax Increment Collected	<u>\$17,474,976</u>	<u>\$18,810,851</u>	<u>\$18,046,640</u>	<u>\$20,042,720</u>	<u>\$24,373,782</u>	<u>\$25,033,094</u>	<u>\$26,936,653</u>	<u>\$26,817,447</u>	<u>\$24,901,458</u>	<u>\$27,185,603</u>
Percentage of Tax Increment Collected to Tax Increment Spread	94.93%	95.63%	92.17%	101.57%	102.80%	88.00%	98.78%	93.42%	91.29%	98.57%
Delinquent Tax Increment Receivable at December 31	\$1,353,961	\$1,195,199	\$510,678	\$221,683	\$455,265	\$399,845	\$746,588	\$696,706	\$1,188,906	\$459,660
Percentage of Delinquent Tax Increment Receivable to Tax Increment Spread	7.35%	6.08%	2.61%	1.12%	1.92%	1.41%	2.74%	2.43%	4.36%	1.67%
Percentage of Captured Tax Capacity to Saint Paul Total Tax Capacity	8.03%	8.34%	8.06%	7.49%	8.32%	9.22%	8.52%	8.67%	9.23%	8.85%

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 for 2011.

Unaudited

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

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>2011 Net Tax Capacity for Taxes Payable in 2012</u>	<u>Rank</u>	<u>Percentage of 2011 Total Net Tax Capacity for Taxes Payable in 2012</u>	<u>2002 Net Tax Capacity for Taxes Payable in 2003</u>	<u>Rank</u>	<u>Percentage of 2002 Total Net Tax Capacity for Taxes Payable in 2003</u>
Xcel Energy (Northern States Power Company)	\$4,875,966	1	2.12%	\$7,286,040	1	4.34%
Minnesota Mutual Life Insurance Company	2,155,744	2	0.94%	979,063	7	0.58%
St. Paul Tower, LP (World Trade Center)	1,713,500	3	0.75%	-	-	-
Traveler's Insurance (St. Paul Companies)	1,371,650	4	0.60%	-	-	-
U.S. Bank Corp. Property & U.S. Bancorp	1,154,250	5	0.50%	-	-	-
CSM Investors	1,076,804	6	0.47%	-	-	-
Behringer Harvard L C, LLC	1,024,418	7	0.45%	-	-	-
CH Hampden/CH Midway, LLC	1,000,066	8	0.44%	-	-	-
Ford Motor Company *	855,874	9	0.37%	1,140,733	6	0.68%
Court International, LLC	733,492	10	0.32%	-	-	-
Capitol City Property Management	-	-	-	2,807,809	2	1.67%
St. Paul Fire & Marine Insurance Company	-	-	-	2,440,873	3	1.45%
Principal Mutual Life Insurance Company	-	-	-	1,901,129	4	1.13%
Vance Minnesota	-	-	-	1,412,698	5	0.84%
St. Paul Real Estate, LLC	-	-	-	952,242	8	0.57%
St. Paul Burlington, LP	-	-	-	886,763	9	0.53%
Qwest	-	-	-	886,602	10	0.53%
	<u>\$15,961,764</u>		<u>6.95%</u>	<u>\$20,693,952</u>		<u>12.33%</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

	<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>2012</u>
Block 7A Ramp										
Operating Revenues	\$ 846,913	\$ 845,775	\$ 879,184	\$ 889,550	\$ 942,753	\$ 1,015,628	\$ 993,836	\$ 1,008,924	\$ 1,033,804	\$ 1,059,400
Operating Expenses	\$ 555,265	\$ 492,466	\$ 493,758	\$ 456,309	\$ 494,551	\$ 480,518	\$ 508,861	\$ 491,015	\$ 521,086	\$ 516,900
Operating Income (Loss)	\$ 291,648	\$ 353,309	\$ 385,426	\$ 433,241	\$ 448,202	\$ 535,110	\$ 484,975	\$ 517,909	\$ 512,718	\$ 542,500
Seventh Street Ramp										
Operating Revenues	\$ 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	\$ 1,226,439
Operating Expenses	\$ 338,494	\$ 340,083	\$ 341,538	\$ 495,950	\$ 346,293	\$ 421,835	\$ 379,331	\$ 384,743	\$ 430,719	\$ 456,382
Operating Income (Loss)	\$ 811,545	\$ 859,953	\$ 863,210	\$ 674,290	\$ 882,220	\$ 806,007	\$ 845,931	\$ 840,548	\$ 817,656	\$ 770,057
Robert Street Ramp										
Operating Revenues	\$ 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	\$ 1,319,575
Operating Expenses	\$ 502,248	\$ 498,078	\$ 509,752	\$ 544,774	\$ 518,435	\$ 559,901	\$ 590,226	\$ 622,956	\$ 596,312	\$ 598,830
Operating Income (Loss)	\$ 801,675	\$ 587,098	\$ 684,710	\$ 527,251	\$ 612,396	\$ 582,480	\$ 550,805	\$ 540,257	\$ 567,790	\$ 720,745
Kellogg Street Ramp										
Operating Revenues	\$ 999,085	\$ 880,546	\$ 938,007	\$ 979,675	\$ 980,206	\$ 924,210	\$ 996,824	\$ 970,621	\$ 1,043,662	\$ 961,304
Operating Expenses	\$ 546,474	\$ 525,788	\$ 617,826	\$ 628,937	\$ 547,161	\$ 747,589	\$ 763,337	\$ 815,042	\$ 856,609	\$ 893,418
Operating Income (Loss)	\$ 452,611	\$ 354,758	\$ 320,181	\$ 350,738	\$ 433,045	\$ 176,621	\$ 233,487	\$ 155,579	\$ 187,053	\$ 67,886
Lowertown Ramp										
Operating Revenues	\$ 1,098,663	\$ 795,476	\$ 932,953	\$ 1,160,210	\$ 1,204,184	\$ 1,275,598	\$ 1,316,502	\$ 1,287,034	\$ 1,432,031	\$ 1,345,168
Operating Expenses	\$ 748,523	\$ 630,104	\$ 681,949	\$ 771,846	\$ 804,191	\$ 904,894	\$ 863,920	\$ 944,781	\$ 982,832	\$ 915,991
Operating Income (Loss)	\$ 350,140	\$ 165,372	\$ 251,004	\$ 388,364	\$ 399,993	\$ 370,704	\$ 452,582	\$ 342,254	\$ 449,198	\$ 429,177
Block 19 Ramp										
Operating Revenues	\$ -	\$ 640,858	\$ 886,918	\$ 779,947	\$ 688,451	\$ 963,400	\$ 865,927	\$ 932,988	\$ 1,096,533	\$ 1,306,133
Operating Expenses	\$ -	\$ 643,949	\$ 751,451	\$ 693,548	\$ 724,049	\$ 802,959	\$ 814,198	\$ 813,000	\$ 820,691	\$ 811,633
Operating Income (Loss)	\$ -	\$ (3,091)	\$ 135,467	\$ 86,399	\$ (35,598)	\$ 160,441	\$ 51,728	\$ 119,988	\$ 275,842	\$ 494,500
Block 39 - Lawson Ramp										
Operating Revenues	\$ 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	\$ 3,029,724
Operating Expenses	\$ 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	\$ 1,512,407
Operating Income (Loss)	\$ 1,305,003	\$ 1,379,372	\$ 1,396,288	\$ 1,826,108	\$ 1,397,030	\$ 1,343,120	\$ 1,078,457	\$ 1,362,816	\$ 1,369,835	\$ 1,517,317
Spruce Tree Ramp										
Operating Revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,025
Operating Expenses	\$ 67,723	\$ 102,332	\$ 53,887	\$ 108,559	\$ 62,276	\$ 86,720	\$ 69,191	\$ 81,139	\$ 86,405	\$ 94,876
Operating Income (Loss)	\$ (37,723)	\$ (72,332)	\$ (23,887)	\$ (78,559)	\$ (32,276)	\$ (56,720)	\$ (39,191)	\$ (51,139)	\$ (56,405)	\$ (64,851)
Smith Avenue Transit Hub										
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ 291,410	\$ 824,582	\$ 774,855	\$ 844,516	\$ 831,464	\$ 660,969
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 355,323	\$ 1,112,112	\$ 1,029,106	\$ 1,013,551	\$ 971,022	\$ 977,159
Operating Income (Loss)	\$ -	\$ -	\$ -	\$ -	\$ (63,913)	\$ (287,530)	\$ (254,251)	\$ (169,035)	\$ (139,558)	\$ (316,190)
HRA Parking Lots / Miscellaneous										
Operating Revenues	\$ 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	\$ 1,162,743
Operating Expenses	\$ 859,358	\$ 1,620,082	\$ 1,099,204	\$ 1,694,448	\$ 1,423,675	\$ 1,393,512	\$ 1,116,330	\$ 1,655,659	\$ 1,381,405	\$ 1,483,691
Operating Income (Loss)	\$ (162,460)	\$ (36,517)	\$ 328,033	\$ (277,146)	\$ (69,145)	\$ (105,974)	\$ (9,599)	\$ (537,067)	\$ (10,540)	\$ (320,948)
TOTAL PARKING FACILITIES										
Operating Revenues	\$ 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	\$ 12,101,480
Operating Expenses	\$ 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	\$ 8,261,287
Operating Income (Loss)	\$ 3,812,439	\$ 3,587,922	\$ 4,340,432	\$ 3,930,686	\$ 3,971,954	\$ 3,524,259	\$ 3,394,923	\$ 3,122,110	\$ 3,973,590	\$ 3,840,193

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities						Total Saint Paul HRA	Per Capita (1)
	Tax Increment Bonds	Sales Tax Bonds	Lease Revenue Bonds	Development Notes	Parking Revenue Bonds	Tax Increment Parking Bonds	Housing 5000 Land Assembly Bonds	Limited Tax Bonds	Revenue Notes	Mortgage		
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
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
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
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
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
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
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
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
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
2012	49,763,862	33,545,000	12,490,000	18,931,187	39,565,000	24,875,000	-	7,855,000	1,580,000	25,000	188,630,049	658.70
Change 2003-2012	-30.64%	-29.01%	38.55%	-24.74%	-6.02%	-34.87%	-	100.00%	-50.78%	100.00%	-20.30%	

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 2012 ratio is calculated using population for the prior calendar year.

(2) See the "Demographic and Economic Statistics" Table for personal income data. The 2012 percentage is calculated using personal income for the prior calendar year.

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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	\$ 335,790	\$ 325,416	\$ 296,044	\$ 283,041	\$ 290,730	\$ 334,855	\$ 375,697	\$ 441,406	\$ 480,427	\$ 392,445	\$ 3,555,851
Developer Shortfall Payments	124,908	115,300	115,300	112,400	92,229	51,195	15,155	-	-	-	626,487
Investment Earnings	18,383	28,038	24,322	52,669	90,639	85,645	58,277	53,062	52,227	(52,150)	411,112
Total Revenues Available for Debt Service	<u>\$ 479,081</u>	<u>\$ 468,754</u>	<u>\$ 435,666</u>	<u>\$ 448,110</u>	<u>\$ 473,598</u>	<u>\$ 471,695</u>	<u>\$ 449,129</u>	<u>\$ 494,468</u>	<u>\$ 532,654</u>	<u>\$ 340,295</u>	<u>\$ 4,593,450</u>
Debt Service Requirements											
Principal	\$ 175,000	\$ 140,058	\$ 149,162	\$ 158,857	\$ 169,183	\$ 180,180	\$ 191,891	\$ 204,364	\$ 217,648	\$ 231,795	\$ 1,818,138
Interest	135,938	122,850	113,746	104,051	93,725	82,728	71,016	58,544	45,260	31,113	858,971
Total Debt Service Requirements	<u>\$ 310,938</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,907</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 262,908</u>	<u>\$ 2,677,109</u>
Coverage (Revenues / Debt Service)	1.54	1.78	1.66	1.70	1.80	1.79	1.71	1.88	2.03	1.29	1.72

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	\$ 1,317,977	\$ 1,226,056	\$ 1,096,155	\$ 1,835,383	\$ 1,416,074	\$ 1,427,457	\$ 1,563,981	\$ 1,197,542	\$ 1,175,554	\$ 1,888,544	\$ 14,144,723
Investment Earnings	200,156	207,669	178,567	87,266	110,707	151,489	127,478	133,263	121,825	(81,945)	1,236,475
Total Revenues Available for Debt Service	<u>\$ 1,518,133</u>	<u>\$ 1,433,725</u>	<u>\$ 1,274,722</u>	<u>\$ 1,922,649</u>	<u>\$ 1,526,781</u>	<u>\$ 1,578,946</u>	<u>\$ 1,691,459</u>	<u>\$ 1,330,805</u>	<u>\$ 1,297,379</u>	<u>\$ 1,806,599</u>	<u>\$ 15,381,198</u>
Debt Service Requirements											
Principal	\$ 200,000	\$ 220,000	\$ 235,000	\$ 350,000	\$ 355,000	\$ 370,000	\$ 380,000	\$ 395,000	\$ 400,000	\$ 420,000	\$ 3,325,000
Interest	463,095	446,240	392,424	232,142	218,742	203,780	187,463	169,923	151,638	132,568	2,598,015
Total Debt Service Requirements	<u>\$ 663,095</u>	<u>\$ 666,240</u>	<u>\$ 627,424</u>	<u>\$ 582,142</u>	<u>\$ 573,742</u>	<u>\$ 573,780</u>	<u>\$ 567,463</u>	<u>\$ 564,923</u>	<u>\$ 551,638</u>	<u>\$ 552,568</u>	<u>\$ 5,923,015</u>
Coverage (Revenues / Debt Service)	2.29	2.15	2.03	3.30	2.66	2.75	2.98	2.36	2.35	3.27	2.60

SALES TAX REVENUE BONDS, SERIES 1993 AND 1996

Fund Servicing Debt - HRA Debt Service Fund

Revenues Available for Debt Service											
City Sales Tax Revenues	\$ 13,312,004	\$ 13,753,085	\$ 14,154,920	\$ 14,798,156	\$ 15,201,412	\$ 15,393,811	\$ 17,153,570	\$ 18,652,765	\$ 20,125,431	\$ 18,811,159	\$ 161,356,313
Investment Earnings	18,495	22,509	61,737	109,608	122,831	47,160	(2,940)	(3,252)	(3,379)	(3,940)	368,829
Total Revenues Available for Debt Service	<u>\$ 13,330,499</u>	<u>\$ 13,775,594</u>	<u>\$ 14,216,657</u>	<u>\$ 14,907,764</u>	<u>\$ 15,324,243</u>	<u>\$ 15,440,971</u>	<u>\$ 17,150,630</u>	<u>\$ 18,649,513</u>	<u>\$ 20,122,052</u>	<u>\$ 18,807,219</u>	<u>\$ 161,725,142</u>
Debt Service Requirements											
Principal	\$ 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	\$ 1,975,000	\$ 14,775,000
Interest	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	2,521,920	30,175,000
Total Debt Service Requirements	<u>\$ 4,495,720</u>	<u>\$ 4,495,105</u>	<u>\$ 4,494,165</u>	<u>\$ 4,497,545</u>	<u>\$ 4,494,535</u>	<u>\$ 4,495,135</u>	<u>\$ 4,493,635</u>	<u>\$ 4,494,680</u>	<u>\$ 4,492,560</u>	<u>\$ 4,496,920</u>	<u>\$ 44,950,000</u>
Coverage (Revenues / Debt Service)	2.97	3.06	3.16	3.31	3.41	3.44	3.82	4.15	4.48	4.18	3.60

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Totals
DOWNTOWN TAX INCREMENT BONDS, SERIES 1993 AND 1998											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 5,323,503	\$ 5,539,108	\$ 3,807,158	\$ 4,276,947	\$ 5,309,827	\$ 3,189,751	\$ -	\$ -	\$ -	\$ -	\$ 27,446,294
Hotel-Motel Taxes	220,000	220,000	220,000	220,000	220,000	-	-	-	-	-	1,100,000
RiverCentre Revenues	100,000	100,000	100,000	100,000	100,000	200,000	-	-	-	-	700,000
N.O.C. Sales	-	-	-	-	12,871	-	-	-	-	-	12,871
Loan Repayments	-	-	273,047	2,026,344	-	-	-	-	-	-	2,299,391
Investment Earnings	74,065	82,602	60,326	105,094	292,631	148,288	-	-	-	-	763,006
Total Revenues Available for Debt Service	<u>\$ 5,717,568</u>	<u>\$ 5,941,710</u>	<u>\$ 4,460,531</u>	<u>\$ 6,728,385</u>	<u>\$ 5,935,329</u>	<u>\$ 3,538,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,321,562</u>
Debt Service Requirements											
Principal	\$ 2,235,000	\$ 2,275,000	\$ 2,285,000	\$ 2,355,000	\$ 2,400,000	\$ 3,830,000	\$ -	\$ -	\$ -	\$ -	\$ 15,380,000
Interest	933,871	797,635	657,314	512,803	363,052	223,775	-	-	-	-	3,488,450
Total Debt Service Requirements	<u>\$ 3,168,871</u>	<u>\$ 3,072,635</u>	<u>\$ 2,942,314</u>	<u>\$ 2,867,803</u>	<u>\$ 2,763,052</u>	<u>\$ 4,053,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,868,450</u>
Coverage (Revenues / Debt Service)	1.80	1.93	1.52	2.35	2.15	0.87	N/A	N/A	N/A	N/A	1.71
RIVERCENTRE PARKING FACILITY LEASE REVENUE BONDS, SERIES 2000 AND SERIES 2009											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Lease Payments from the City	\$ 415,000	\$ 415,000	\$ 415,000	\$ 657,928	\$ 758,559	\$ 835,943	\$ 1,098,963	\$ 580,367	\$ 586,422	\$ 607,712	\$ 6,370,894
Investment Earnings	43,200	43,229	40,630	36,129	11,728	5,022	27,744	19,761	19,596	20,075	267,114
Total Revenues Available for Debt Service	<u>\$ 458,200</u>	<u>\$ 458,229</u>	<u>\$ 455,630</u>	<u>\$ 694,057</u>	<u>\$ 770,287</u>	<u>\$ 840,965</u>	<u>\$ 1,126,707</u>	<u>\$ 600,128</u>	<u>\$ 606,018</u>	<u>\$ 627,787</u>	<u>\$ 6,638,008</u>
Debt Service Requirements											
Principal	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 425,000	\$ 525,000	\$ 650,000	\$ 360,000	\$ 370,000	\$ 380,000	\$ 3,160,000
Interest	411,600	408,900	406,150	396,363	375,956	348,988	290,673	240,800	229,850	218,600	3,327,880
Total Debt Service Requirements	<u>\$ 461,600</u>	<u>\$ 458,900</u>	<u>\$ 456,150</u>	<u>\$ 696,363</u>	<u>\$ 800,956</u>	<u>\$ 873,988</u>	<u>\$ 940,673</u>	<u>\$ 600,800</u>	<u>\$ 599,850</u>	<u>\$ 598,600</u>	<u>\$ 6,487,880</u>
Coverage (Revenues / Debt Service)	0.99	1.00	1.00	1.00	0.96	0.96	1.20	1.00	1.01	1.05	1.02
RIVERFRONT TAX INCREMENT BONDS, SERIES 1993C, 1993D, 2000D, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 823,386	\$ 718,705	\$ 768,344	\$ 775,838	\$ 794,927	\$ 979,997	\$ 1,035,466	\$ 1,067,737	\$ (223,653)	\$ 986,088	\$ 7,726,835
Tax Increment Pooling from Other Districts	364,000	610,335	571,150	576,714	520,420	368,455	319,165	214,049	702,798	296,000	4,543,086
Transfer from Capital Projects Fund	-	309,845	2,798	1,399	-	-	-	-	-	-	314,042
Investment Earnings	(22,326)	(4,281)	161	7,096	11,242	1,890	(4,216)	(368)	(14,128)	(19,360)	(44,290)
Total Revenues Available for Debt Service	<u>\$ 1,165,060</u>	<u>\$ 1,634,604</u>	<u>\$ 1,342,453</u>	<u>\$ 1,361,047</u>	<u>\$ 1,326,589</u>	<u>\$ 1,350,342</u>	<u>\$ 1,350,415</u>	<u>\$ 1,281,418</u>	<u>\$ 465,017</u>	<u>\$ 1,262,728</u>	<u>\$ 12,539,673</u>
Debt Service Requirements											
Principal	\$ 790,000	\$ 845,000	\$ 865,000	\$ 925,000	\$ 970,000	\$ 1,035,000	\$ 1,095,000	\$ 1,150,000	\$ 1,215,000	\$ 1,295,000	\$ 10,185,000
Interest	467,266	432,982	395,347	354,335	309,934	262,028	210,591	155,899	97,255	33,366	2,719,003
Total Debt Service Requirements	<u>\$ 1,257,266</u>	<u>\$ 1,277,982</u>	<u>\$ 1,260,347</u>	<u>\$ 1,279,335</u>	<u>\$ 1,279,934</u>	<u>\$ 1,297,028</u>	<u>\$ 1,305,591</u>	<u>\$ 1,305,899</u>	<u>\$ 1,312,255</u>	<u>\$ 1,328,366</u>	<u>\$ 12,904,003</u>
Coverage (Revenues / Debt Service)	0.93	1.28	1.07	1.06	1.04	1.04	1.03	0.98	0.35	0.95	0.97

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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	\$ 1,511,315	\$ 10,051,547
Investment Earnings	145,265	67,457	16,281	44,179	42,039	15,594	10,052	16,670	19,255	(26,204)	350,588
Total Revenues Available for Debt Service	<u>\$ 145,265</u>	<u>\$ 415,362</u>	<u>\$ 895,450</u>	<u>\$ 1,079,084</u>	<u>\$ 1,035,093</u>	<u>\$ 1,191,196</u>	<u>\$ 1,233,637</u>	<u>\$ 1,405,265</u>	<u>\$ 1,516,671</u>	<u>\$ 1,485,111</u>	<u>\$ 10,402,134</u>
Debt Service Requirements											
Principal	\$ -	\$ -	\$ 125,000	\$ 335,000	\$ 275,000	\$ 285,000	\$ 335,000	\$ 410,000	\$ 400,000	\$ 745,000	\$ 2,910,000
Interest	754,169	754,169	754,169	742,877	726,606	712,106	696,789	677,692	677,870	335,182	6,831,629
Total Debt Service Requirements	<u>\$ 754,169</u>	<u>\$ 754,169</u>	<u>\$ 879,169</u>	<u>\$ 1,077,877</u>	<u>\$ 1,001,606</u>	<u>\$ 997,106</u>	<u>\$ 1,031,789</u>	<u>\$ 1,087,692</u>	<u>\$ 1,077,870</u>	<u>\$ 1,080,182</u>	<u>\$ 9,741,629</u>
Coverage (Revenues / Debt Service)	0.19	0.55	1.02	1.00	1.03	1.19	1.20	1.29	1.41	1.37	1.07

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	\$ 217,049	\$ 92,007	\$ 213,655	\$ 430,148	\$ 345,683	\$ 204,589	\$ 189,048	\$ 190,930	\$ 197,439	\$ 175,610	\$ 2,256,158
Bond Proceeds - Capitalized Interest	125,000	156,300	-	-	-	-	-	-	-	-	281,300
Investment Earnings	5,889	13	742	1,047	2,679	2,989	143	(956)	1,590	3,049	17,185
Total Revenues Available for Debt Service	<u>\$ 347,938</u>	<u>\$ 248,320</u>	<u>\$ 214,397</u>	<u>\$ 431,195</u>	<u>\$ 348,362</u>	<u>\$ 207,578</u>	<u>\$ 189,191</u>	<u>\$ 189,974</u>	<u>\$ 199,029</u>	<u>\$ 178,659</u>	<u>\$ 2,554,643</u>
Debt Service Requirements											
Principal	\$ 5,000	\$ 8,000	\$ 17,000	\$ 42,000	\$ 84,000	\$ 87,000	\$ 53,000	\$ 38,000	\$ 41,000	\$ 116,000	\$ 491,000
Interest	172,337	149,505	234,478	294,779	240,806	224,558	240,079	225,002	222,939	218,594	2,223,077
Total Debt Service Requirements	<u>\$ 177,337</u>	<u>\$ 157,505</u>	<u>\$ 251,478</u>	<u>\$ 336,779</u>	<u>\$ 324,806</u>	<u>\$ 311,558</u>	<u>\$ 293,079</u>	<u>\$ 263,002</u>	<u>\$ 263,939</u>	<u>\$ 334,594</u>	<u>\$ 2,714,077</u>
Coverage (Revenues / Debt Service)	1.96	1.58	0.85	1.28	1.07	0.67	0.65	0.72	0.75	0.53	0.94

UPPER LANDING TAX INCREMENT BONDS, SERIES 2002A, 2002B-1, 2002B-2, and 2012

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	\$ 1,906,253	\$ 10,369,451
Developer Shortfall Payments	-	-	-	498,044	696,192	687,476	517,590	261,324	130,176	156,464	2,947,266
Investment Earnings	298,905	341,621	126,908	200,503	112,409	73,086	38,818	21,728	32,681	4,950	1,251,609
Total Revenues Available for Debt Service	<u>\$ 298,905</u>	<u>\$ 341,621</u>	<u>\$ 328,219</u>	<u>\$ 1,299,020</u>	<u>\$ 1,857,973</u>	<u>\$ 2,042,009</u>	<u>\$ 2,165,563</u>	<u>\$ 2,052,072</u>	<u>\$ 2,115,278</u>	<u>\$ 2,067,667</u>	<u>\$ 14,568,327</u>
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,000	\$ 389,000	\$ 415,000	\$ 444,000	\$ 474,000	\$ 1,989,000
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	1,563,948	13,075,495
Total Debt Service Requirements	<u>\$ 1,130,274</u>	<u>\$ 1,321,100</u>	<u>\$ 1,321,100</u>	<u>\$ 1,321,100</u>	<u>\$ 1,321,100</u>	<u>\$ 1,578,999</u>	<u>\$ 1,678,644</u>	<u>\$ 1,677,249</u>	<u>\$ 1,676,981</u>	<u>\$ 2,037,948</u>	<u>\$ 15,064,495</u>
Coverage (Revenues / Debt Service)	0.26	0.26	0.25	0.98	1.41	1.29	1.29	1.22	1.26	1.01	0.97

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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	\$ 213,154	\$ 1,735,835
Investment Earnings	65,712	172	721	937	1,684	1,737	1,373	183	(739)	(299)	71,481
Total Revenues Available for Debt Service	\$ 132,462	\$ 137,666	\$ 153,629	\$ 172,124	\$ 182,277	\$ 181,781	\$ 238,104	\$ 177,517	\$ 218,901	\$ 212,855	\$ 1,807,316
Debt Service Requirements											
Principal	\$ -	\$ -	\$ 55,000	\$ 33,000	\$ 36,000	\$ 38,000	\$ 74,000	\$ 57,000	\$ 61,000	\$ 96,000	\$ 450,000
Interest	95,175	121,500	121,500	117,788	114,953	113,130	109,890	104,186	101,723	96,019	1,095,864
Total Debt Service Requirements	\$ 95,175	\$ 121,500	\$ 176,500	\$ 150,788	\$ 150,953	\$ 151,130	\$ 183,890	\$ 161,186	\$ 162,723	\$ 192,019	\$ 1,545,864
Coverage (Revenues / Debt Service)	1.39	1.13	0.87	1.14	1.21	1.20	1.29	1.10	1.35	1.11	1.17
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	\$ 241,305	\$ 1,469,042
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	8,734	38,022
Total Revenues Available for Debt Service	\$ -	\$ 266,625	\$ 1,601	\$ 24,307	\$ 163,673	\$ 280,525	\$ 448,290	\$ 301,652	\$ 274,168	\$ 250,039	\$ 2,010,880
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ 3,950,000	\$ -	\$ -	\$ -	\$ 150,000	\$ 95,000	\$ 4,195,000
Interest	-	44,437	88,875	88,875	127,207	165,538	165,538	124,419	79,113	76,663	960,665
Total Debt Service Requirements	\$ -	\$ 44,437	\$ 88,875	\$ 88,875	\$ 4,077,207	\$ 165,538	\$ 165,538	\$ 124,419	\$ 229,113	\$ 171,663	\$ 5,155,665
Coverage (Revenues / Debt Service)	N/A	6.00	0.02	0.27	0.04	1.69	2.71	2.42	1.20	1.46	0.39
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	\$ 284,913	\$ 2,189,702
Bond Proceeds - Capitalized Interest	-	403,765	-	-	-	-	-	-	-	-	403,765
Investment Earnings	-	444	1,278	5,375	18,680	(11,069)	1,140	373	403	2,022	18,646
Total Revenues Available for Debt Service	\$ -	\$ 404,209	\$ 260,282	\$ 266,381	\$ 219,031	\$ 270,114	\$ 291,884	\$ 309,319	\$ 303,958	\$ 286,935	\$ 2,612,113
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 40,000	\$ 54,000	\$ 69,000	\$ 81,000	\$ 94,000	\$ 356,000
Interest	-	-	172,198	228,750	228,750	227,063	224,406	220,750	216,250	211,000	1,729,167
Total Debt Service Requirements	\$ -	\$ -	\$ 172,198	\$ 228,750	\$ 246,750	\$ 267,063	\$ 278,406	\$ 289,750	\$ 297,250	\$ 305,000	\$ 2,085,167
Coverage (Revenues / Debt Service)	N/A	N/A	1.51	1.16	0.89	1.01	1.05	1.07	1.02	0.94	1.25

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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	\$ 1,974,102	\$ 15,278,346
Bond Proceeds - Capitalized Interest	-	-	751,500	-	-	-	-	-	-	-	751,500
Investment Earnings	-	-	19,750	33,180	123,020	139,301	166,523	189,872	191,976	(152,884)	710,738
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	\$ 1,821,218	\$ 16,740,584
Debt Service Requirements											
Principal	\$ -	\$ -	\$ 295,000	\$ 495,000	\$ 485,000	\$ 480,000	\$ 485,000	\$ 510,000	\$ 535,000	\$ 565,000	\$ 3,850,000
Interest	-	-	128,259	357,478	336,702	314,761	292,700	269,762	244,612	217,854	2,162,128
Total Debt Service Requirements	\$ -	\$ -	\$ 423,259	\$ 852,478	\$ 821,702	\$ 794,761	\$ 777,700	\$ 779,762	\$ 779,612	\$ 782,854	\$ 6,012,128
Coverage (Revenues / Debt Service)	N/A	N/A	4.33	1.86	2.42	2.91	3.24	3.13	2.87	2.33	2.78
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	\$ 507,199	\$ 2,319,893
Investment Earnings	-	-	-	-	-	72,671	(7,622)	69,224	24,500	23,865	182,638
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,651	\$ 530,938	\$ 590,803	\$ 554,075	\$ 531,064	\$ 2,502,531
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 190,000	\$ 195,000	\$ 205,000	\$ 210,000	\$ 875,000
Interest	-	-	-	-	-	146,188	348,600	342,900	336,075	328,388	1,502,151
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,188	\$ 538,600	\$ 537,900	\$ 541,075	\$ 538,388	\$ 2,377,151
Coverage (Revenues / Debt Service)	N/A	N/A	N/A	N/A	N/A	1.34	0.99	1.10	1.02	0.99	1.05
EMERALD GARDENS TAX INCREMENT BONDS, SERIES 2010											
Fund Servicing Debt - HRA TI Capital Projects Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610,362	\$ 730,938	\$ 1,341,300
Investment Earnings	-	-	-	-	-	-	-	-	40,194	5,571	45,765
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,556	\$ 736,509	\$ 1,387,065
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 290,000	\$ 330,000
Interest	-	-	-	-	-	-	-	-	448,342	388,431	836,773
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,342	\$ 678,431	\$ 1,166,773
Coverage (Revenues / Debt Service)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.33	1.09	1.19

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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	(4,057)	2,720,197
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	\$ (4,057)	\$ 16,155,104
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)	N/A	7.01	1.12	0.66	0.19	0.11	0.00	0.01	N/A	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	\$ 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	\$ 3,794,576	\$ 30,840,433
Parking Meter and 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	3,000,000	3,000,000	22,000,000
Bond Proceeds - Capitalized Interest	1,010,780	124,361	67,517	-	-	-	-	-	-	-	1,202,658
Total Revenues Available for Debt Service	\$ 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	\$ 6,794,576	\$ 54,043,091
Debt Service Requirements											
Principal	\$ 910,000	\$ 955,000	\$ 1,015,000	\$ 1,135,000	\$ 1,290,000	\$ 1,590,000	\$ 1,655,000	\$ 1,790,000	\$ 565,000	\$ 615,000	\$ 11,520,000
Interest	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	1,038,056	14,042,970
Total Debt Service Requirements	\$ 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	\$ 1,653,056	\$ 25,562,970
Coverage (Revenues / Debt Service)	1.98	1.83	1.99	1.93	1.93	1.72	1.71	1.63	3.93	4.11	2.11
PARKING REVENUE BONDS, SERIES 1997A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Ramp Lease Revenues	\$ 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	\$ 1,076,739	\$ 10,872,646
Investment Earnings	8,768	(3,235)	6,474	16,412	13,655	(1,480)	(3,993)	(4,018)	(4,023)	(3,884)	24,676
Total Revenues Available for Debt Service	\$ 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	\$ 1,072,855	\$ 10,897,321
Debt Service Requirements											
Principal	\$ 405,000	\$ 430,000	\$ 460,000	\$ 490,000	\$ 525,000	\$ 560,000	\$ 595,000	\$ 635,000	\$ 680,000	\$ 725,000	\$ 5,505,000
Interest	670,275	642,938	606,629	582,863	549,788	514,350	476,550	436,388	393,525	347,625	5,220,931
Total Debt Service Requirements	\$ 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	\$ 1,072,625	\$ 10,725,931
Coverage (Revenues / Debt Service)	1.12	1.00	1.02	1.00	1.02	1.00	1.00	1.00	1.00	1.00	1.02

Continued

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Totals
BLOCK 39 TAX INCREMENT BONDS, SERIES 1998A, 1998B, 2009G AND 2009H											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 1,203,263	\$ 982,602	\$ 687,327	\$ 689,844	\$ 889,488	\$ 1,067,054	\$ 1,159,081	\$ 1,236,563	\$ 1,226,734	\$ 1,181,563	\$ 10,323,519
Developer Shortfall Payments	100,640	237,104	681,886	707,372	386,514	126,816	-	-	-	-	2,240,332
Net Parking Revenues	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	2,121,341	19,671,394
Investment Earnings	74,901	199,881	112,108	97,039	261,767	138,493	37,016	152,120	184,762	(8,022)	1,250,065
Total Revenues Available for Debt Service	\$ 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	\$ 3,294,882	\$ 33,485,310
Debt Service Requirements											
Principal	\$ 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	\$ 1,605,000	\$ 14,270,000
Interest	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	885,839	15,978,478
Total Debt Service Requirements	\$ 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	\$ 2,490,839	\$ 30,248,478
Coverage (Revenues / Debt Service)	1.07	1.09	1.12	1.22	1.08	0.99	0.66	1.61	1.34	1.32	1.11
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	\$ 145,161	\$ 1,359,859
Investment Earnings	-	-	230,589	85,455	265,494	125,279	19,463	9,924	49,559	33,800	819,563
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	\$ 178,961	\$ 4,604,522
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000	\$ 125,000	\$ 130,000	\$ 305,000	\$ 330,000	\$ 1,010,000
Interest	-	-	349,160	619,200	619,200	619,200	614,525	406,450	563,798	537,931	4,329,464
Total Debt Service Requirements	\$ -	\$ -	\$ 349,160	\$ 619,200	\$ 619,200	\$ 739,200	\$ 739,525	\$ 536,450	\$ 868,798	\$ 867,931	\$ 5,339,464
Coverage (Revenues / Debt Service)	NA	NA	7.61	0.14	0.68	0.47	0.33	0.56	0.43	0.21	0.86
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	\$ 169,504	\$ 272,619
Apartment Net Revenues	-	-	-	-	-	-	-	-	-	309,787	309,787
Bond Proceeds - Capitalized Interest	-	-	-	-	-	-	-	569,786	-	-	569,786
Investment Earnings	-	-	-	-	-	-	-	-	16,249	5,494	21,743
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,786	\$ 119,364	\$ 484,785	\$ 1,173,935
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	312,740	514,093	826,833
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,740	\$ 514,093	\$ 826,833
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	0.38	0.94	1.42

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>
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	286,367	25,576	7,106,711,800	145,003	7.1%
2012	N/A	N/A	N/A	147,362	6.2%

- (1) 2003-2009 data based on Metropolitan Council estimates.
 2010-2011 data is 2010 U.S. Census results. 2012 data is not yet available.
- (2) 2003-2011 data provided by U.S. Census Bureau's Annual American Community Survey.
 2012 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 Six Years Ago

<u>Employers</u>	2012			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	12.88%	-	-	-
State of Minnesota	14,560	2	8.30%	13,671	1	7.54%
3M Company (1)	10,000	3	5.70%	-	-	-
Health East Care System / St. Joseph's Hospital (1)	7,200	4	4.10%	5,080	3	2.80%
Saint Paul Public Schools	5,870	5	3.34%	6,567	2	3.62%
Ramsey County	4,422	6	2.52%	3,770	7	2.08%
Health Partners, Inc. / Regions Hospital	4,300	7	2.45%	4,000	6	2.21%
U.S. Bancorp	3,500	8	1.99%	4,700	4	2.59%
City of Saint Paul	3,406	9	1.94%	3,400	8	1.88%
Allina Health System / United Hospital	3,200	10	1.82%	3,300	9	1.82%
Marsden Building Maintenance	-	-	-	4,000	5	2.21%
U.S. Postal Service	-	-	-	3,200	10	1.77%
Total	79,066		45.05%	51,688		28.52%

Data from ten 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.
 (1) Represent total number of employees.

Unaudited

OPERATING INDICATORS
Last Ten Fiscal Years

	<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>2012</u>
New and Substantially Rehabilitated Housing Units	1,278	1,331	1,130	428	355	10	100	96	100	106

Remainder of this page is left blank intentionally.

Unaudited

CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	<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>2012</u>
Number of Pedestrian Skyway Bridges	37	37	37	37	37	37	37	37	37	37
Depreciated Cost of Pedestrian Skyway Bridges	\$ 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	\$ 4,158,328
Number of Parking Ramps	7	8	8	8	9	9	9	9	9	9
Number of Parking Lots	11	11	11	11	11	8	8	8	8	8
Number of Parking Spaces	7,395	8,439	8,439	8,439	9,042	7,958	7,958	7,958	7,958	7,958
Depreciated Cost of Parking Ramps, Lots, and Buildings	\$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	\$ 92,237,595
Number of Apartment Houses	-	-	-	-	-	-	-	-	-	2
Depreciated Cost of Apartment Houses and Land	-	-	-	-	-	-	-	-	-	\$ 24,545,604

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

Inception through December 31, 2012

(Amounts in dollars)

Program Title	Activity Code	Multi-Year Budget	Actual Program Costs		Amount To Be Completed
			Inception Through 12/31/11	Fiscal Year Ended 12/31/12	
FEDERAL HOME PROGRAM					
Single Family Housing Rehabilitation	37001	30,834,396	25,067,306	3,366,329	2,400,761
New Rental Housing	37002	2,169,000	2,169,000	-	-
Community Housing Development	37003	9,689,525	8,496,514	167,971	1,025,040
Program Administration	37004	4,312,568	3,625,443	74,605	612,520
Single Family Housing Rehab - Program Income	37005	1,556,759	1,556,759	-	-
Total Federal HOME Program		48,562,248	40,915,022	3,608,905	4,038,321
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	188,936	18,450	154,534
FEDERAL HOPE-3 PROGRAM					
Property Acquisition, Rehab And 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	6,249,527	102,394	93,079
Minnesota Urban And 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		10,316,848	8,723,289	102,394	1,491,165
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	2,126,019	1,930,149
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		6,090,265	2,039,097	2,126,019	1,925,149
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 And Sack House	38206	1,186,100	1,186,100	-	-
Total State of Minnesota Grants		2,686,100	2,310,100	-	376,000
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	3,166,171	-	-
Section 1602 Tax Credit Exchange Program	38210	11,302,321	11,302,314	-	7
Total Federal Tax Credits		14,468,492	14,468,485	-	7
TOTAL HRA FEDERAL AND STATE PROGRAMS FUND		85,714,627	75,945,674	5,855,768	3,913,185 Unaudited

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

For the Fiscal Years Ended December 31, 1997 through 2012

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2011</u>	<u>Costs - Fiscal Year Ended 12/31/12</u>	<u>Amount To Be Completed</u>
New Housing and Blighted Lands - Direct Increment Financed	76200	5,581,242	5,581,242	-	-
New Housing and Blighted Lands - Bond Financed	76201	2,922,131	2,922,131	-	-
New Housing and Blighted Lands - Post 1982 Subdistrict	76202	1,174,318	1,183,590	-	(9,272)
North Quadrant - Phase I	76203	4,392,268	1,609,757	74	2,782,437
North Quadrant - Non TIF	76204	441,114	387,884	4,286	48,944
North Quadrant - Phase II	76205	4,347,273	1,286,056	(19,926)	3,081,143
Superior Street Cottages	76206	686,025	343,250	25,434	317,341
J.J. Hill	76207	12,959,912	4,053,981	6,109	8,899,822
Sibley Park - Phase I	76208	6,495,378	1,101,936	134,823	5,258,619
Sibley Park - Phase II	76209	3,037,617	955,398	124,068	1,958,151
Straus Park	76210	1,447,696	308,897	38,612	1,100,187
North Quadrant Public Improvements	76211	948,673	867,427	-	81,246
Bridgecreek Senior Place	76213	6,747,810	753,786	162,771	5,831,253
Phalen Village TIF District	76214	10,867,104	1,094,236	19,808	9,753,060
North Quadrant - Phase III	76215	6,149,000	2,296,138	148,551	3,704,311
Phalen Village TIF District Uncommitted	76216	839,338	855,203	17,855	(33,720)
Phalen Village Cub Store	76217	6,352,896	502,794	311,150	5,538,952
West Midway	76300	2,526,781	2,526,781	-	-
Spruce Tree Centre	76302	5,999,777	3,141,444	2,097,956	760,377
Neighborhood Business Development - Scattered Sites	76304	35,101,569	11,779,041	5,662,517	17,660,011
Twin City Testing	76305	318,450	318,450	-	-
Snelling-University	76306	16,502,010	1,958,661	5,374,503	9,168,846
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	5,220,400	655,000	(24,140)
1919 University	76311	2,855,076	1,752,235	185,949	916,892
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	2,339,064	9,102	4,322,744
Riverfront Renaissance - US Bank	76703	68,914,628	21,589,463	97,392	47,227,773
Riverfront Renaissance - Upper Landing	76704	61,896,457	3,702,350	41,925	58,152,182
Upper Landing Interfund Loan	76705	-	1,236,238	250,223	(1,486,461)
Osceola Park	76706	2,899,714	427,983	74,572	2,397,159

Continued Unaudited

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

For the Fiscal Years Ended December 31, 1997 through 2012

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2011</u>	<u>Costs - Fiscal Year Ended 12/31/12</u>	<u>Amount To Be Completed</u>
Block - Minnesota Mutual	76707	46,739,637	15,265,474	1,965,062	29,509,101
Emerald Park - Owner Occupied	76708	30,715,960	9,519,568	1,208,682	19,987,710
Emerald Park - Rental	76709	13,215,895	2,590,442	399,109	10,226,344
Emerald Park - Commercial	76710	28,000	491,279	110,068	(573,347)
Riverfront Renaissance - Llewellyn	76711	17,915,978	81,538	27,426	17,807,014
Riverfront Renaissance - West Side Flats	76712	4,565,408	1,933,785	1,854	2,629,769
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	2,188,026	270,189	7,224,976
Shepard Davern - Phase II	76716	15,529,676	5,086,814	41,576	10,401,286
Shepard Davern - Phase III	76717	3,024,432	461,148	102,400	2,460,884
Downtown AND 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	42,730,085	17,000	97,722
Block 39 - Construction of Lawson Office Building	76804	56,729,826	56,729,826	-	-
Downtown AND 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	3,954,947	655,587	74,485,820
TIF District Administration - Advance Funding	76820	1,298,070	16,717	30,672	1,250,681
Payne / Phalen Senior Lofts TIF District	76822	2,847,354	176,143	32,215	2,638,996
Carleton Lofts TIF District	76823	9,257,028	576,837	75,754	8,604,437
Penfield TIF District	76824&33	47,536,340	-	2,559	47,533,781
Highland Pointe Lofts TIF District	76825	5,089,171	211,553	140,491	4,737,127
2700 University	76826	7,303,240	24,406	9,989	7,268,845
Minnesota Building TIF District	76827	2,314,596	2,171	22,910	2,289,515
Carondelet Village TIF District	76828	10,609,947	-	-	10,609,947
Minnesota Events TIF District (2009-2023)	76829	116,645,421	17,510,187	5,693,263	93,441,971
Scattered Sites Empire Guilder	76830	1,711,241	1,510	1,183	1,708,548
Cossetta TIF District	76831	641,155	-	-	641,155
Pioneer/Endicott TIF District	76832	10,728,000	-	5,045	10,722,955
Schmidt Brewery TIF District	76834	1,913,000	-	19,519	1,893,481
West Side Flats TIF District	76835	8,172,000	-	-	8,172,000
TOTAL HRA TAX INCREMENT FUND		926,973,894	336,730,434	26,255,307	563,988,153 Unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

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

For the Fiscal Years Ended December 31, 2006 through 2012

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/06-2011</u>	<u>Costs - Fiscal Year Ended 12/31/12</u>	<u>Amount To Be Completed</u>
Land Assembly Bonds	76903	15,000,000	10,822,091	259,926	3,917,983
Star Funds	76904	22,800,000	18,734,671	16,444	4,048,885
HRA Funded Projects	76905	6,150,000	4,187,651	-	1,962,349
Other/Private Sources	76906	750,000	750,000	-	-
Invest Saint Paul Star Taxable Bonds, Series 2007B	76907	15,568,342	9,809,173	760,396	4,998,773
Invest Saint Paul Star Tax Exempt Bonds, Series 2007A	76908	2,000,000	1,545,896	402,209	51,895
Invest Saint Paul Minnesota Housing Financing Grant Program	76909	1,545,000	319,607	75,000	1,150,393
Exxon Land Site	76910	5,000,000	1,681,229	548,841	2,769,930
Recreation Facility Lease Revenue Bonds, Series 2008	76915	7,604,999	7,683,595	-	(78,596)
TOTAL HRA DEVELOPMENT CAPITAL PROJECTS FUND		<u>76,418,341</u>	<u>55,533,913</u>	<u>2,062,816</u>	<u>18,821,612</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