

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

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, 2008**

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

HRA Board of Commissioners:

**Daniel Bostrom
Melvin Carter, III
Patrick Harris
Lee Helgen
Kathy Lantry
Russell Stark
David Thune**

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2008

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2008

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CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

25 West Fourth Street
Saint Paul, MN 55102

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

July 24, 2009

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, 2008 is hereby presented to the Board of Commissioners and the citizens of Saint Paul. This report has been prepared pursuant to, and demonstrates compliance with Minnesota Statutes Section 469.013; and recognizes the HRA's past and current practices of financial disclosure.

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

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

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

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, 2008.

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

HRA UNIFIED CREDIT PROCESS

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

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

CASH MANAGEMENT POLICIES AND PRACTICES

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

ECONOMIC OUTLOOK

Saint Paul is an important part of the overall strong Twin Cities metro area economy. The area gained 46,200 jobs between December 2005 and December 2006.¹ The Minneapolis-Saint Paul area is expected to gain 563,000 jobs by 2030, a 36% 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 6th lowest annual unemployment rate in 2007 (4.6%).⁴
- Saint Paul ranks 3rd highest in median household income (\$45,560), 2nd highest in median family income (\$56,824) and 7th highest in per capita income (\$24,934).⁵
- Saint Paul is 6th highest in percent of housing that is owner occupied (58.0%).⁶
- The median value of owner-occupied houses in Saint Paul is 8th highest compared to peer cities (\$208,500).⁷
- Saint Paul ranked 3rd highest in percent of population over 25 years with a bachelor's degree (38.4%).⁸

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 2007 was on par with both the Minnesota and U.S. rate of 4.6%.⁹ 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 (51,906 jobs in 2008; 28.7% of total). Other large super sectors include Public Administration (22,495 jobs; 12.4% of total), and Trade, Transportation and Utilities (20,677 jobs; 11.4% of total).¹⁰

¹ Metropolitan Council, *2009 Regional Economic Indicators*, available at: <http://www.metrocouncil.org/metroarea/regIndicators2009.pdf>

² Metropolitan Council, *2030 Regional Development Framework*, updated January, 2007, available at: <http://www.metrocouncil.org/planning/framework/Framework.pdf>

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

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

⁵ 2007 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁶ 2007 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁷ 2007 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁸ 2007 American Community Survey, through the American Fact Finder, available at: <http://www.census.gov>

⁹ Minnesota Department of Employment and Economic Development, available at: <http://www.deed.state.mn.us>

¹⁰ Minnesota Department of Employment and Economic Development's Quarterly Census Employment and Wages (QCEW) tool, available at <http://www.deed.state.mn.us/lmi/tools/qcew.htm>

Similarly, tax base growth has been strong and sustained: From Pay 2003 to estimates for Pay 2009, Saint Paul's taxable market values have increased over 80% (from \$12,659 billion to \$23,805 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.
- Strong growth in the tax capacity of commercial and industrial properties has offset slowing in the residential market. Net tax capacities for commercial and industrial properties were projected to grow by 12.9%, compared to 9.7% for residential properties in the 2007 assessment year (for taxes payable in 2008).

Saint Paul began collecting a half-cent sales tax at the end of 1993, and added a use tax in 2000. Annual net sales and use tax revenues have increased from \$8.4 million in 1994 to \$15.1 million in 2008. In 2009, revenues were estimated to increase only modestly.

MAJOR INITIATIVES

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

City Strategic Plan

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

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

Central Corridor

The Central Corridor begins in downtown Saint Paul and runs along University Avenue from the State Capitol to Minneapolis. It has attracted significant investment in the past few years, and stands to attract more in the future as Light Rail Transit (LRT) is constructed. (All required local matches have been secured and LRT construction is scheduled to begin in 2010). The City Council recently adopted the "Central Corridor Development Strategy", which is a vision and set of strategies for how Central Corridor can grow and change over time in response to the LRT investment. The City Council has also adopted seven station area plans. Planning is underway for three additional stops and for the downtown plan which includes two LRT stations including the joint use development of the Cedar Street Station.

Downtown District

The Penfield development will complete downtown Saint Paul's evolution as a full-service residential neighborhood. The project features 210-230 market rate apartments and a 30,000-square-foot. full service Lunds grocery store at street level.

Westside Flats is a 45-acre site bordered by Wabash Street, Plato Boulevard, Robert Street, and the Mississippi River. Phase I of a proposed \$64 million market rate rental and mixed use development will soon be constructed on a 3.6-acre riverfront site with views of downtown.

Cedar Street Station is a mixed use, transit-oriented redevelopment which will transform a key, under-

utilized city block in the central business district into a lively urban center, complete with shops, jobs and housing. The redevelopment will create an activity area where light rail and bus transit converge for downtown workers and residents and 2 million annual visitors. It will showcase best practices for transit development in a northern climate, combining skyways and walkable streets that better control distinct areas of downtown including Rice Park and the Minnesota Event District to Lowertown and Mears Park.

Cray Inc. and Microsoft both recently announced their moves to downtown Saint Paul. Cray Inc. will bring 230 professional positions to the central business district and Microsoft brings 26 with the expectation of local office growth to 35.

New downtown restaurants have opened within the last year, including the American Burger Bar, POP!, The Bulldog, and II Vesco Vino. Barrio is scheduled to open in June 2009.

East

Phalen Corridor is a formerly blighted and underutilized industrial corridor served by railroads that runs northeast from downtown to the Phalen Village neighborhood. The last section of the new 2.5-mile, \$61 million Phalen Boulevard opened in 2006. It is the first new road built in Saint Paul in more than 20 years, and it gives the East Side direct access to Interstate 35E. Major developments in the corridor include Phalen Village, with a new \$60 million building for the State Bureau of Criminal Apprehension, and over \$50 million in more than 400 units of new and rehabilitated housing adjacent to a repositioned commercial center, in which a new Cub supermarket is located. At the west end of Phalen Boulevard are the Williams Hill Business Center, the Metro Transit bus barns, and the Westminster Junction Business Center, which together provide almost 1,500 new jobs developed on former brownfields that used to provide only about 50 jobs.

The Winnipeg Apartments on Rice Street is a completed 56-unit affordable housing with first floor retail space. This development is a key gateway to the Invest Saint Paul project area and the Rice Street commercial strip.

West

Carlton Place at Raymond and University is the second phase Carlton Place Lofts. Phase 1, now completed, has 169 units. Phase II will have 174 rental units and 325 underground parking spaces. Except for state clean-up funds, Phase II is privately financed: there are no other public dollars in this project. This is exciting as it is an indication of market interest in this important LRT corridor.

Frogtown Square is another Central Corridor project on University Avenue. This is a partnership of Episcopal Homes and local Community Development Corporations. This is a 50-unit senior housing project with 18,000-square-feet of new commercial space at a key light rail station area. The project was recently approved for a \$6.4 million HUD Section 202 Program Grant.

Trader Joe's at Lexington and Randolph is a 14,000-square-foot store with 5,000-square-feet of additional retail space in an adjacent building. The Grand Opening was June 26, 2009

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the twenty-third 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.

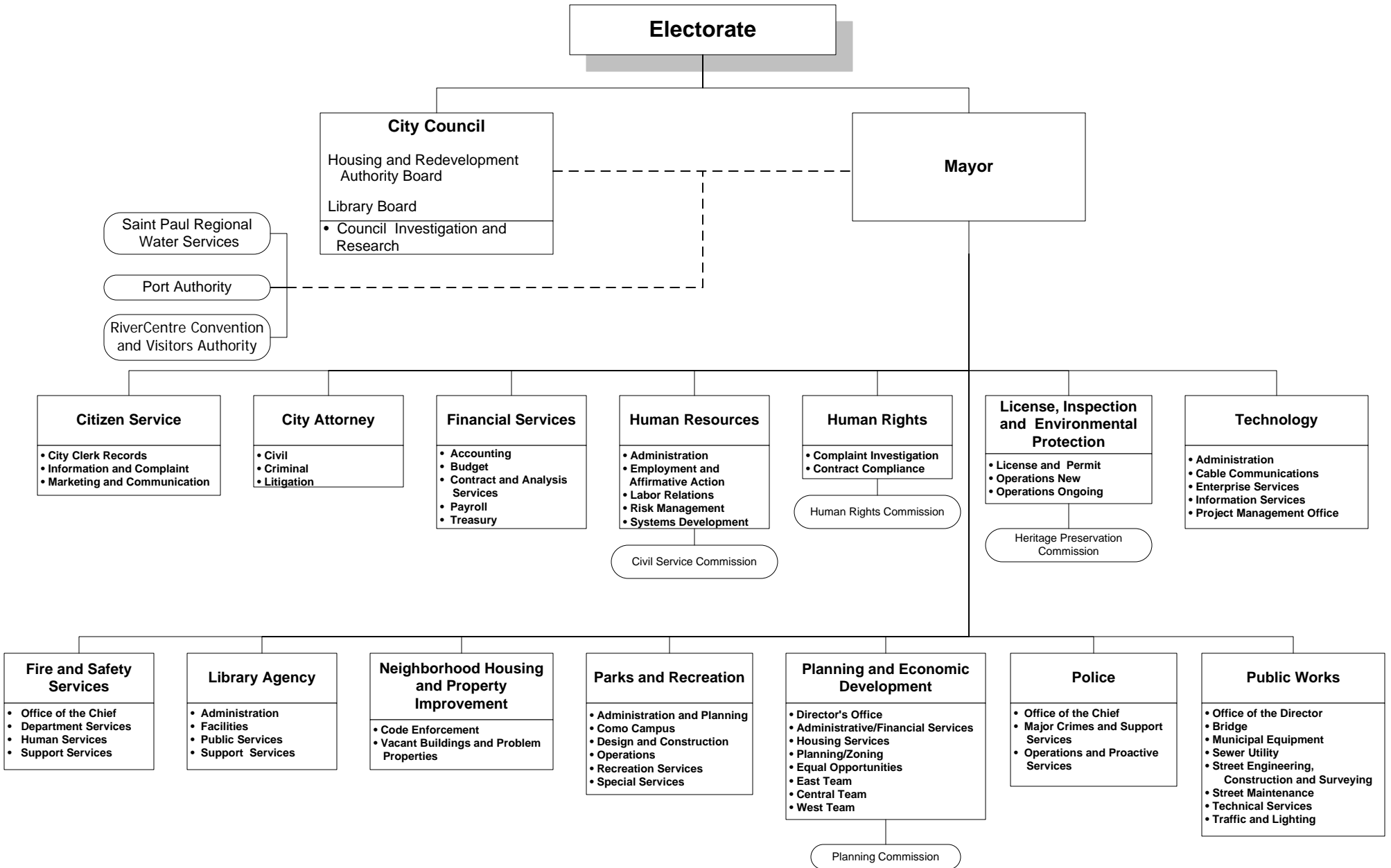
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Organizational Chart



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

PRINCIPAL OFFICIALS

Term of Office

<u>From</u>	<u>To</u>
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Commissioners

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

Officers

Chairperson

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

Dan Bostrom	January 8, 2008	December 31, 2011
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Secretary

Kathy Lantry	January 8, 2008	December 31, 2011
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Treasurer

Lee Helgen	January 8, 2008	December 31, 2011
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Executive Director

Cecile Bedor	June 26, 2006	Indefinite
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing and Redevelopment
Authority of the City of Saint Paul
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, Minnesota, a component unit of the City of Saint Paul, as of and for the year ended December 31, 2008, which collectively comprise the HRA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the HRA's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the HRA of the City of Saint Paul as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the HRA of the City of Saint Paul's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2009, on our consideration of the HRA of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 22, 2009

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

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, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements which are found on pages 34-92.

Financial Highlights

- Total assets of the HRA exceeded total liabilities at the end of 2008 by \$28.5 million. Net assets increased by \$9.7 million during 2008. This net increase included an increase in business-type activity net assets by \$1.5 million and an increase in governmental activity net assets by \$8.2 million. The business-type activities are the HRA Loan Enterprise Fund and the HRA Parking Enterprise Fund.
- The government-wide statement of net assets was presented for the first time as of December 31, 2002, as required by GASB 34. This statement reflects a deficit of \$13.7 million in unrestricted net assets at year-end 2008. 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 \$65.7 million. The unreserved, undesignated balance is \$26.8 million, which is in the HRA General Fund and the HRA Development Capital Projects Fund. The remainder of the fund balances is either reserved or designated for specific use. An amount of \$21.4 million is reserved for future debt service on existing long-term debt.
- The total principal amount of long-term debt decreased during 2008 by \$9.7 million to a total of \$214.2 million, a 4.3% decrease from 2007. An amount of \$2.7 million was retired on the Housing 5000 Land Assembly Bonds in 2008. The only new debts issued in 2008 were the Jimmy Lee Recreational Facility Lease Revenue bonds at \$7.7 million and the Upper Landing Tax Increment Note at \$2.0 million. Total interest expense on long-term debt in 2008 was \$15.6 million, a decrease of \$.7 million from 2007.
- The assets of loans receivable and accrued interest on loans decreased by \$5.2 million to a total of \$69.6 million at December 31, 2008. During 2008, a \$4.3 million loan to the St. Paul RiverCentre was written off. There was an overall decrease in the net loans receivable after subtracting the allowance for uncollectible loans and loan interest. Many

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

of the large loans issued for affordable housing projects in 2008 were risk rated in the categories of "loss" and "forgivable". The allowance for uncollectible loans and interest, based on an analysis of credit risk and payment delinquency, is \$56.2 million at December 31, 2008, a decrease of \$4.5 million over December 31, 2007.

- One HRA administered tax increment financing district was created in 2008 in the 2700 The Avenue area. Total tax increment revenue for HRA Districts was \$15.4 million in 2008, a decrease of \$2.1 million from 2007. The captured tax capacity of all Saint Paul tax increment financing districts is 9.22% of Saint Paul's total tax capacity, which compares favorably with other major Minnesota Cities. This represents an increase of .90 % from 2007.
- The major housing development initiative continued in 2008 with 10 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 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 34-36 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

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

- Multi-year development projects that are locally funded

The HRA's business-type activities are:

- Development loan programs
- Parking operations

The *statement of net assets* presents information on all of the HRA's assets and liabilities at December 31, 2008, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the HRA's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the HRA's net assets changed during 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the HRA can be divided into two categories: governmental funds and proprietary funds. The governmental fund and proprietary fund financial statements are found on pages 38-42 and pages 44-48 of this report.

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on spendable resources at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the HRA's near-term financing decisions. Both the *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The HRA maintains the following five governmental funds: HRA General Fund, HRA Federal &

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

State Programs Special Revenue Fund, HRA Debt Service Fund, HRA Tax Increment Capital Projects Fund; and HRA Development Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these 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. Budgetary comparison schedules have been provided in the supplementary schedules for the other four governmental funds. The HRA's governmental funds reflected almost exclusively positive variances compared to the final 2008 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 49-92 of this report.

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**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

Financial Analysis of the HRA as a Whole

Net Assets. The following chart shows components of the HRA's assets, liabilities, and net assets and compares 2008 with 2007 at December 31.

**Saint Paul HRA's Assets, Liabilities and Net Assets
At December 31, 2008 and 2007**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007	2008-2007
Assets							
Cash and Investments	\$72,314,428	\$59,879,908	\$29,315,032	\$30,953,808	\$101,629,460	\$90,833,716	11.9%
Other Current Assets	(3,861,154)	12,584,957	6,718,899	6,351,934	2,857,745	18,936,891	-84.9%
Land Held For Resale	2,008,513	2,625,115	12,838,752	13,109,097	14,847,265	15,734,212	-5.6%
Loans Receivable	7,187,368	7,388,722	6,175,338	6,726,093	13,362,706	14,114,815	-5.3%
Leases Receivable	13,230,000	6,145,000	--	--	13,230,000	6,145,000	115.3%
Capital Assets	8,784,001	7,193,628	103,685,355	107,694,143	112,469,356	114,887,771	-2.1%
Other Non-Current Assets	1,745,716	1,183,554	1,368,295	1,289,476	3,114,011	2,473,030	25.9%
Total Assets	101,408,872	97,000,884	160,101,671	166,124,551	261,510,543	263,125,435	-0.6%
Liabilities							
Current Liabilities	12,628,338	13,347,679	6,163,277	7,018,666	18,791,615	20,366,345	-7.7%
Long-Term Debt	125,281,768	128,396,590	88,985,363	95,610,421	214,267,131	224,007,011	-4.3%
Total Liabilities	137,910,106	141,744,269	95,148,640	102,629,087	233,058,746	244,373,356	-4.6%
Net Assets							
Invested in Capital Assets, Net of Related Debt	8,784,001	7,193,628	21,467,557	22,141,220	30,251,558	29,334,848	3.1%
Restricted for Debt Service	5,187,806	5,644,230	6,148,877	13,700,225	11,336,683	19,344,455	-41.4%
Restricted for Bond Operations and Maintenance	--	--	573,827	686,198	573,827	686,198	-16.4%
Unrestricted	(50,473,041)	(57,581,243)	36,762,770	26,967,821	(13,710,271)	(30,613,422)	55.2%
Total Net Assets	(\$36,501,234)	(\$44,743,385)	\$64,953,031	\$63,495,464	\$28,451,797	\$18,752,079	51.7%

Total assets of the HRA exceeded total liabilities resulting in an overall surplus of \$28.5 million at December 31, 2008. Net assets of the business-type activities are \$65.0 million at December

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

31, 2008. However, governmental activity net assets are in a deficit position of \$36.5 million. In governmental activities, the HRA issues long-term debt for housing and economic development purposes and, in many cases, does not acquire or construct HRA-owned capital assets with the debt proceeds. This is common for housing and redevelopment authorities. For the Saint Paul HRA, this has been the case with the tax increment bonds and the sales tax bonds. The debt is to be retired with future revenues, namely property tax increments and city sales taxes. In past years financing has been sufficient for all governmental activity long-term debt service payments and other debt service requirements. Likewise, it is projected that future revenues will adequately finance all existing debt service requirements. Unrestricted net assets in business-type activities are \$36.8 million at December 31, 2008. However, a large portion of the unrestricted net assets is represented by loans receivable, which often have repayment terms in excess of twenty years.

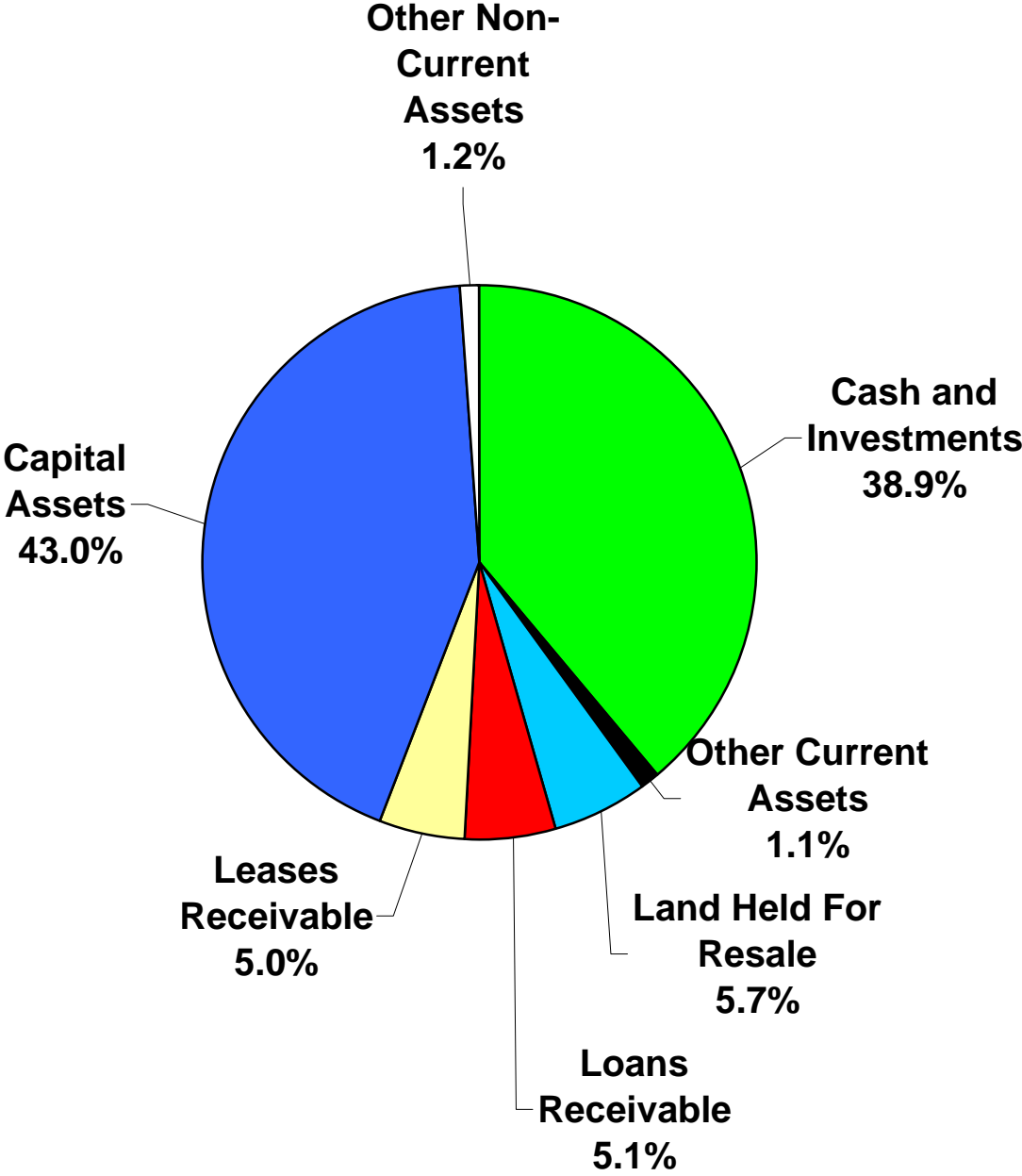
Total assets of the HRA decreased by 0.6%, to a total of \$261.5 million at year-end. Cash and investment balances increased by 11.9% in 2008 primarily due to the receipt in the HRA Development Capital Projects Fund of cash from the 2007 Sales Tax Bond proceeds. Land held for resale decreased with the sale of some land in 2008. With the high loss allowance on outstanding loans, the collection of loans in 2008, and the write off of a large loan in 2008, the net asset for loans less their allowance decreased in 2008 by 5.3 %. Capital assets decreased during 2008 2.1% with the sale of some parking lots.

The HRA's long-term debt, at \$214.3 million is 92.2 % of its total liabilities. The outstanding balance of long-term debt decreased by 4.3% during 2008. Governmental activity long-term debt includes tax-supported debt – the tax increment bonds and the sales tax bonds, along with the lease revenue bonds and various development notes. Business-type activity debt includes the parking revenue bonds and notes, that were issued to finance the construction of HRA owned parking ramps, and the 2004 issued Housing 5000 Land Assembly Bonds.

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2008 Assets



**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

Changes in Net Assets. The following chart shows the changes in net assets during 2008 and compares this with 2007.

**Saint Paul HRA's Changes in Net Assets
For the Fiscal Years Ended December 31, 2008 and 2007**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
<u>Revenues</u>							
Program Revenues:							
Charges for Services	\$2,811,075	\$4,410,071	\$12,944,361	\$11,120,972	\$15,755,436	\$15,531,043	1.4 %
Operating Grants and Contributions	21,744,714	37,517,617	3,765,808	938,546	25,510,522	38,456,163	-33.7 %
Capital Grants and Contributions	1,861,975	--	--	11,412,775	1,861,975	11,412,775	-83.7 %
General Revenues:							
Property Taxes	15,301,532	17,141,080	1,193,871	1,276,002	16,495,403	18,417,082	-10.4 %
Other Taxes and Unrestricted Grants	246,796	452,816	--	--	246,796	452,816	-45.5 %
Investment Income	1,881,031	2,201,832	794,694	2,102,439	2,675,725	4,304,271	-37.8 %
Gain on Sale of Capital Asset	--	--	1,336,484	--	1,366,484	--	100.0%
Total Revenues	43,847,123	61,723,416	20,035,218	26,850,734	63,882,341	88,574,150	-27.9 %
<u>Expenses</u>							
Housing and Economic Development	24,163,156	22,227,153	--	--	24,163,156	22,227,153	8.7 %
Interest on Govt Activity Long-Term Debt	10,945,951	11,141,353	--	--	10,945,951	11,141,353	-1.8 %
Development Loan Programs	--	--	6,444,810	14,768,515	6,444,810	14,768,515	-56.4 %
Parking Operations	--	--	12,628,706	12,990,561	12,628,706	12,990,561	-2.8 %
Total Expenses	35,109,107	33,368,505	19,073,516	27,759,076	54,182,623	61,127,581	-11.4 %
Excess (Deficiency) before Transfers	8,738,016	28,354,911	961,702	(908,342)	9,699,718	27,446,569	
Transfers	(495,865)	12,345,680	495,865	(12,345,680)	--	--	
Change in Net Assets	8,242,151	40,700,591	1,457,567	(13,254,022)	9,699,718	27,446,569	
Net Assets, January 1	(44,743,385)	(85,443,976)	63,495,464	76,749,486	18,752,079	(8,694,490)	
Net Assets, December 31	(\$36,501,234)	(\$44,743,385)	\$64,953,031	\$63,495,464	\$28,451,797	\$18,752,079	

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

Total revenues of the HRA decreased by 27.9% in 2008, while total expenses decreased by 11.4%, resulting in an increase in net assets in 2008 of \$9.7 million.

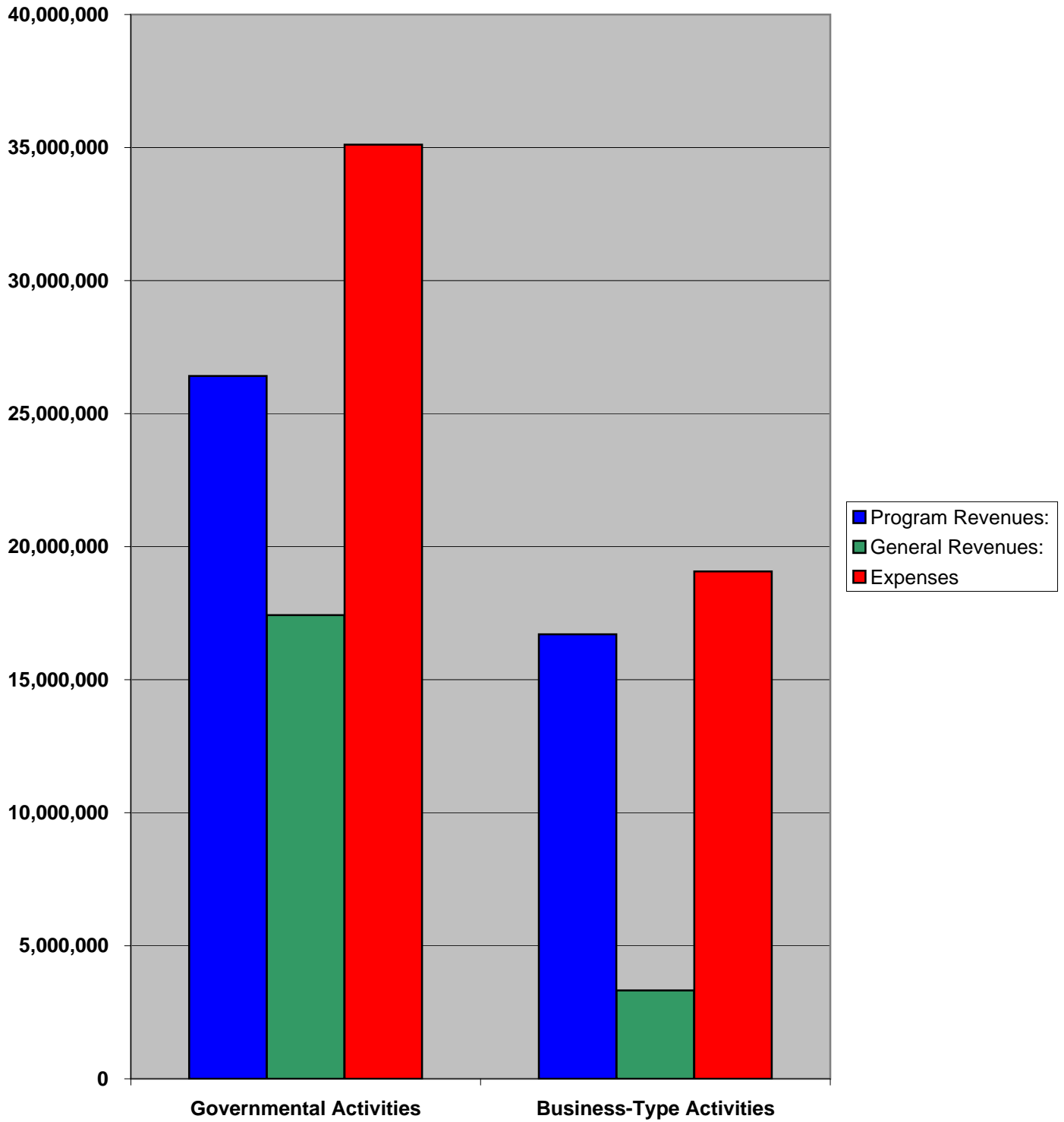
As shown in the table on the previous page, governmental activities are financed heavily with tax revenue and operating grants. Property tax revenue in governmental activities decreased by 10.4% with most of the decrease being in tax increment revenue. Operating grants and contributions decreased by 33.7 % in 2008. Housing and Economic Development expenses increased in 2008 from 2007 by \$1.9 million, or 8.7%. The largest increase in these expenses was for the expenditure of funds from the Development Capital Projects Fund. Interest on governmental activity long-term debt decreased in 2008 by 1.8% from 2007, primarily due to decreased outstanding debt.

Charges for service revenue increased in business-type activities in 2008 - \$1.8 million, or 16.4%. Operating grants and contributions increased by \$2.8 million. Capital grants and contributions decreased due to the recognition of land value for the Smith Avenue Transit Center in 2007. Total business-type activities expenses decreased substantially in 2008 - \$8.7 million or 31.3%. The major reason for this decrease in expenses was the reduction in issuance of large development loans from 2007 with credit risk ratings of "loss" and "forgivable" which resulted in large loss allowance expenses in 2007. Parking operation expenses decreased by 2.8% in 2008.

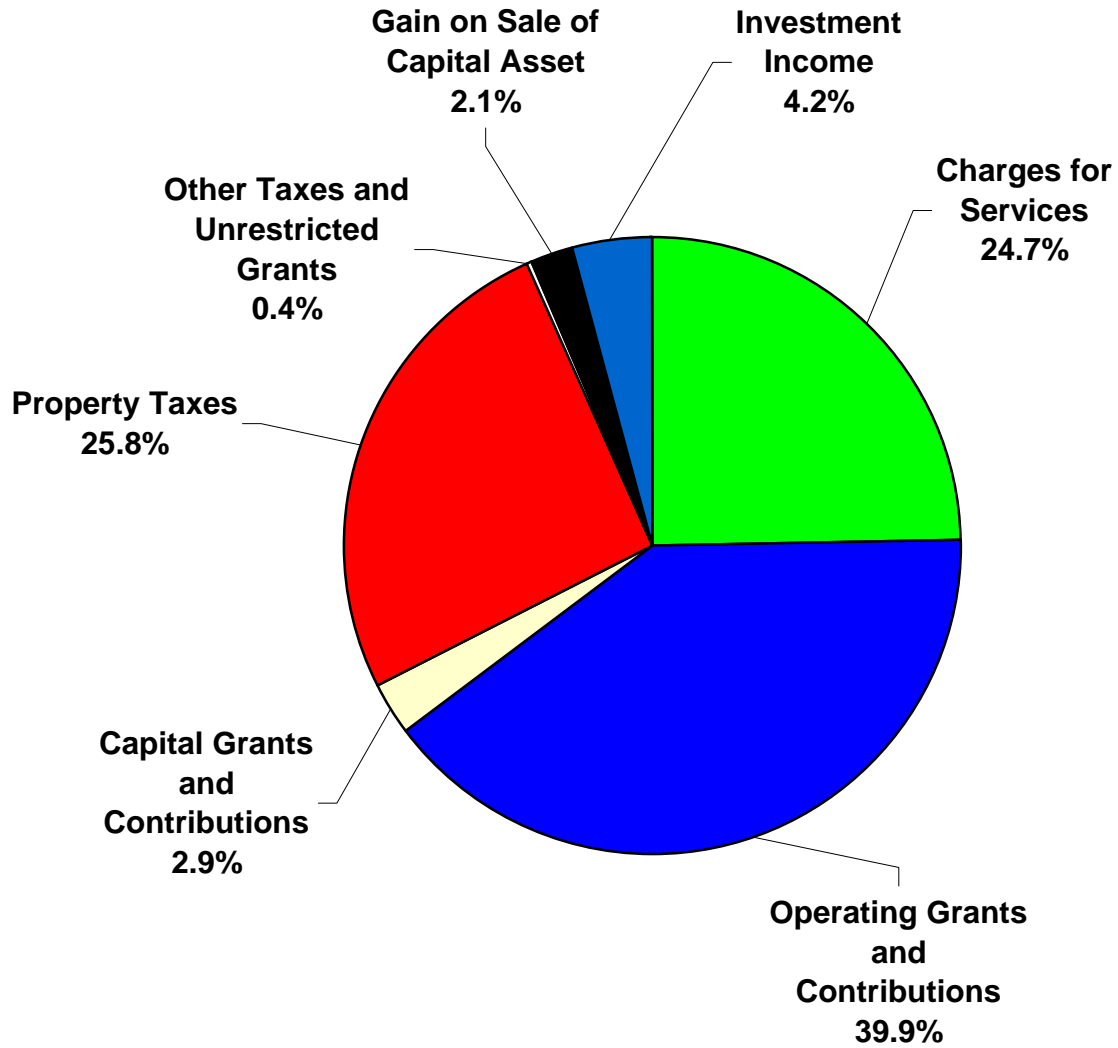
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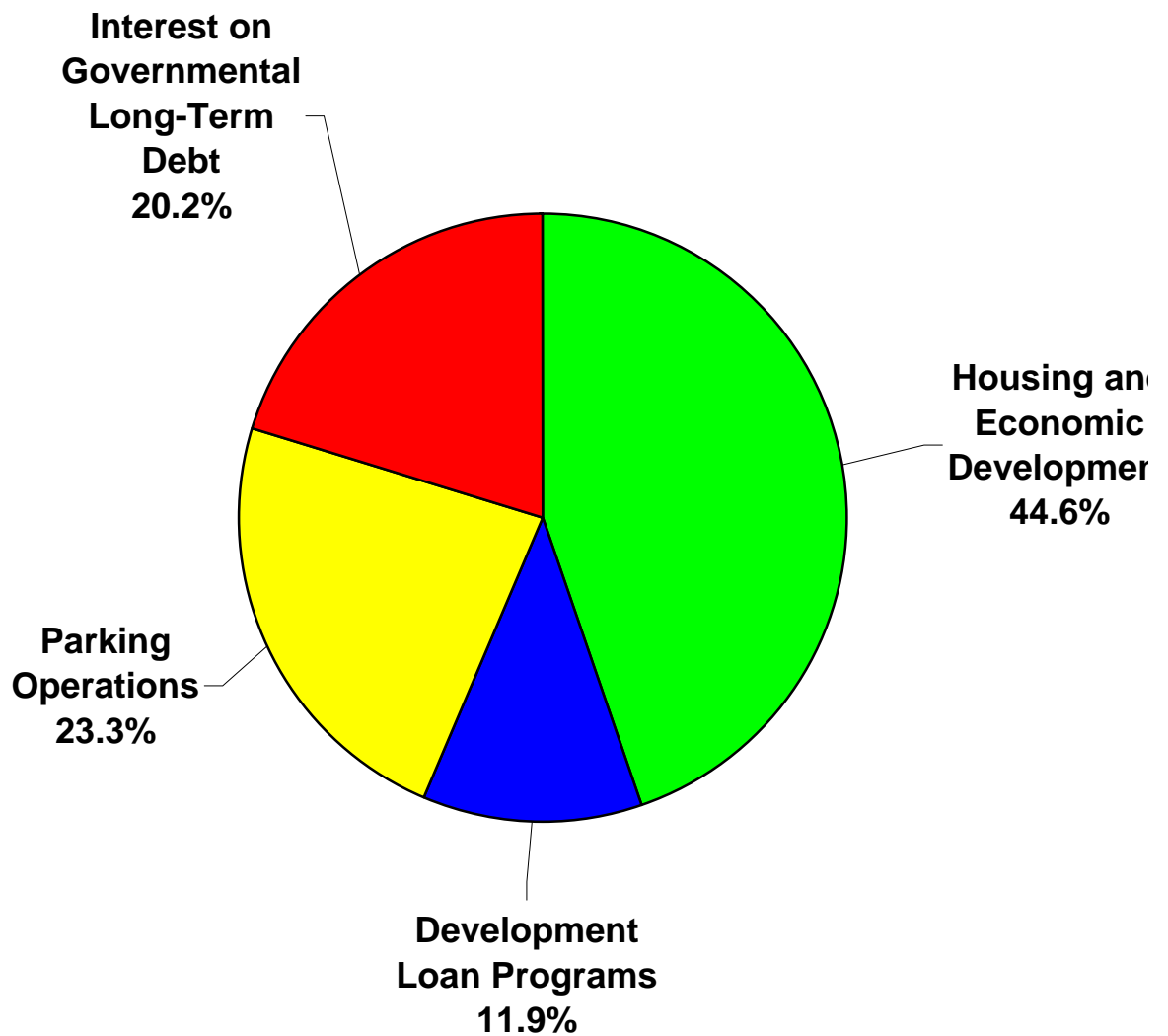
2008 Revenue and Expenses



2008 Revenues by Source



2008 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, 2008**

Financial Analysis of the HRA's Funds

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

Governmental Funds

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

At December 31, 2008, the HRA's governmental funds reported total fund balances of \$65.7 million. Approximately 36.2% of this is reserved to indicate that it is not available for new spending. Almost all of the reserved portion is for future debt service on existing bonds and notes (\$21.4 million). Unreserved balances total \$41.9 million. Of the total unreserved fund balances, \$6.9 million has been designated in the HRA Tax Increment Capital Projects Fund for unspent balances of previously budgeted projects, primarily in the HRA administered tax increment financing districts, and \$24.1 million to be allocated for projects in the HRA Development Capital Projects Fund.

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 2008 by \$3.0 million to a total of \$11.7 million at December 31, 2008 due to excess tax increments from a tax increment district which closed in 2008.

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 2008, the Special Revenue Fund received \$2.6 million in revenues, of which \$2.5 million were grant revenues from other governments.

The HRA Debt Service Fund accumulates resources and pays debt service for the HRA's debt that is not financed by the two enterprise funds. Debt service on the bonds is financed by property tax increments, City sales taxes, lease payments from the City, and investment earnings. At December 31, 2008, the fund balance is \$21.4 million, which is entirely reserved for future debt service. Total debt spending during 2008 was \$16.8 million.

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

The HRA Tax Increment Capital Projects Fund accounts for HRA major development projects and capital projects in Saint Paul tax increment districts and other redevelopment areas. The total fund balance at December 31, 2008, of \$6.9 million is reserved or designated for unspent balances of previously approved projects. Total 2008 spending from this Fund was \$4.8 million. Projects with the largest 2008 spending include the Minnesota Mutual Tax Increment District and for the payment of interest on debt. All of these projects are financed with tax increment bond proceeds.

The HRA Development Capital Projects Fund was established during 2007 to account for HRA multi-year development projects. These projects are locally funded through transfers from other funds and bonds sold for development purposes. During 2007, the HRA implemented the Invest Saint Paul Initiative program which is financed in part with Sales Tax Revenue Bonds. The fund balance at year-end was \$25.7 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 loans issued and related servicing for various housing and economic development programs and projects. The Fund has unrestricted net assets totaling \$21.4 million at December 31, 2008. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at \$6.2 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 \$7.6 million at December 31, 2008. The Fund had an overall decrease in net assets of \$449 thousand for 2008.

The HRA Parking Enterprise Fund accounts for the operation of HRA owned parking facilities in Saint Paul. The Fund has unrestricted net assets of \$15.4 million at December 31, 2008. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$103.7 million. Long-term debt used for financing the construction of the parking facilities is \$82.3 million in principal outstanding at December 31, 2008. The Fund had operating income of \$3.5 million during 2008.

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

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 2008 spending was 19.9% different from the final spending budget. Actual revenues were 125.9% higher than the final financing budget. The major positive revenue variances were in conduit revenue bond fees and excess tax increments (after the tax increment district closed) to the General Fund.

Long-Term Debt

At December 31, 2008 the HRA had total long-term debt outstanding of \$214.2 million as shown in the following chart.

**Saint Paul HRA's Long-Term Debt
At December 31, 2008 and 2007**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Tax Increment Bonds	\$57,961,560	\$64,573,740	\$ --	\$ --	\$57,961,560	\$64,573,740	-10.2%
Sales Tax Revenue Bonds	40,685,000	42,185,000	--	--	40,685,000	42,185,000	-3.6%
Lease Revenue Bonds	13,230,000	6,145,000	--	--	13,230,000	6,145,000	115.3%
Parking Revenue Bonds	--	--	33,850,000	36,000,000	33,850,000	36,000,000	-6.0%
Tax Increment – Parking Bonds	--	--	31,690,000	33,260,000	31,690,000	33,260,000	-4.7%
Parking Bonds (Smith Avenue Transit Center)	--	--	15,860,000	15,980,000	15,860,000	15,980,000	-0.8%
Housing 5000 Land Assembly Bonds	--	--	6,440,000	9,135,000	6,440,000	9,135,000	-29.5%
Parking Revenue Notes	--	--	890,000	960,000	890,000	960,000	-7.3%
Development Notes	13,387,774	15,460,472	195,190	195,190	13,582,964	15,655,662	-13.2%
Totals	\$125,264,334	\$128,364,212	\$88,925,190	\$95,530,190	\$214,189,524	\$223,894,402	-4.3%

(Continued)

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2008**

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 \$44.4 million outstanding at year-end 2008. 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 \$2 million collected annually in parking meter and parking fine revenues.

During 2008, the HRA issued \$9.7 million in long-term debt. The Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008 were issued in the amount of \$7,685,000 to acquire the facility and lease it back to the City of Saint Paul. The Upper Landing Tax Increment Note, Series 2008 was issued in the amount of \$2,019,087 to replace an amount borrowed from the City of Saint Paul to complete the Upper Landing Building Complex.

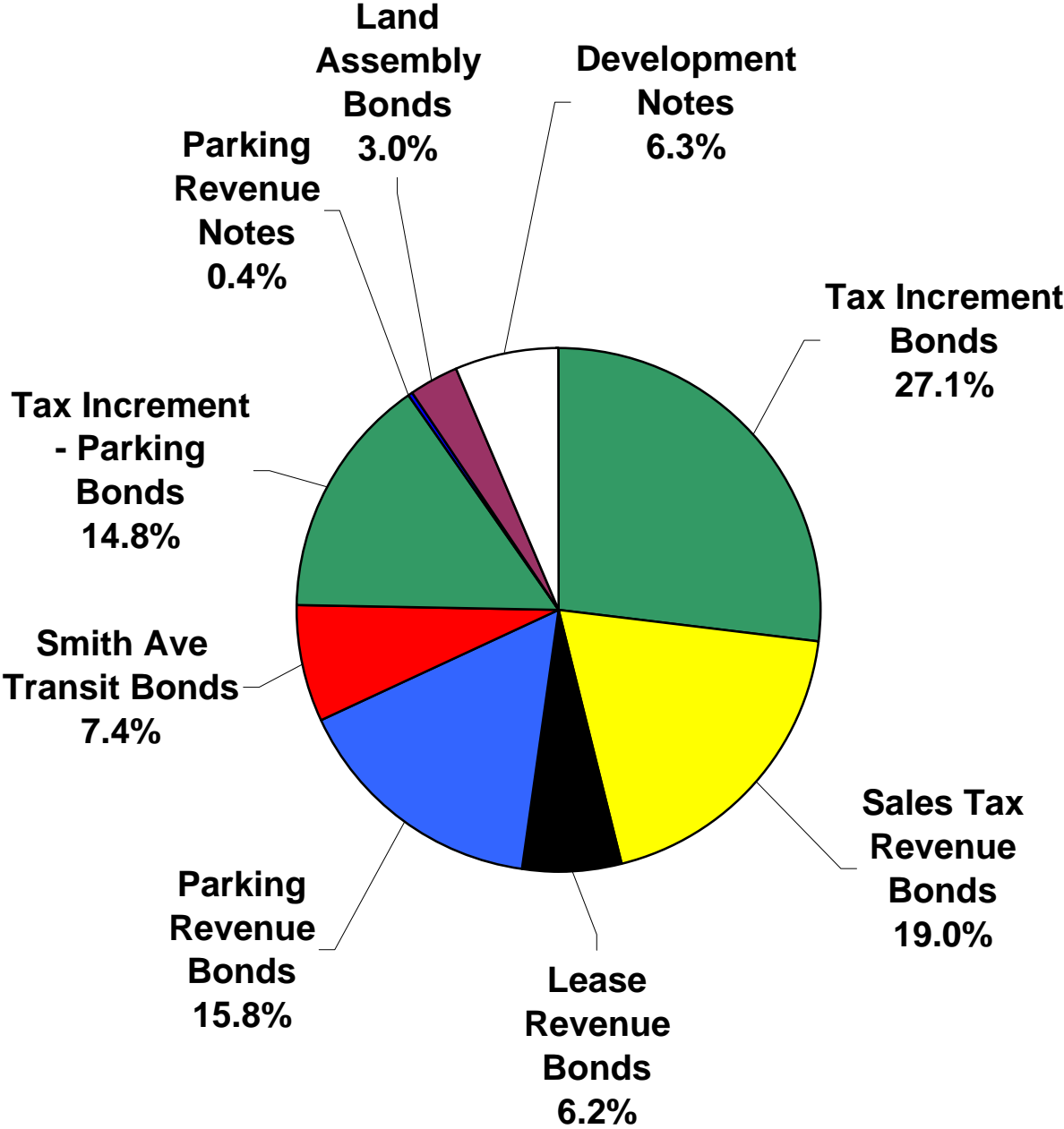
All 2008 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

Additional information on the HRA's long-term debt can be found in Note 5.F. on pages 77-83 of this report. The schedule of revenue bond coverage in the Statistical Section of this report shows the history and reliability of debt service financing sources.

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2008 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, 2008**

Capital Assets

The HRA's investment in capital assets for its governmental and business-type activities as of December 31, 2008 is \$112.5 million (net of accumulated depreciation) as shown in the following chart.

**Saint Paul HRA's Capital Assets
(Net of Depreciation)
At December 31, 2008 and 2007**

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Land	\$1,088,230	\$1,088,230	\$28,921,408	\$30,275,590	\$30,009,638	\$31,363,820	-4.3%
Buildings	317,143	338,286	1,746,536	1,799,245	2,063,679	2,137,531	-3.5%
Equipment	--	--	286,444	31,081	286,444	31,801	800.7%
Parking Ramps	--	--	72,730,967	75,587,507	72,730,967	75,587,507	-3.8%
Pedestrian Skyway Bridges	5,443,069	5,767,112	--	--	5,443,069	5,767,112	-5.6%
Construction In Progress	1,935,559	--	--	--	1,935,559	--	100.0%
Totals	\$8,784,001	\$7,193,628	\$103,685,355	\$107,694,143	\$112,469,356	\$114,887,771	-2.1%

Construction was started in 2008 on the City Head and Sack House and should be completed in 2009.

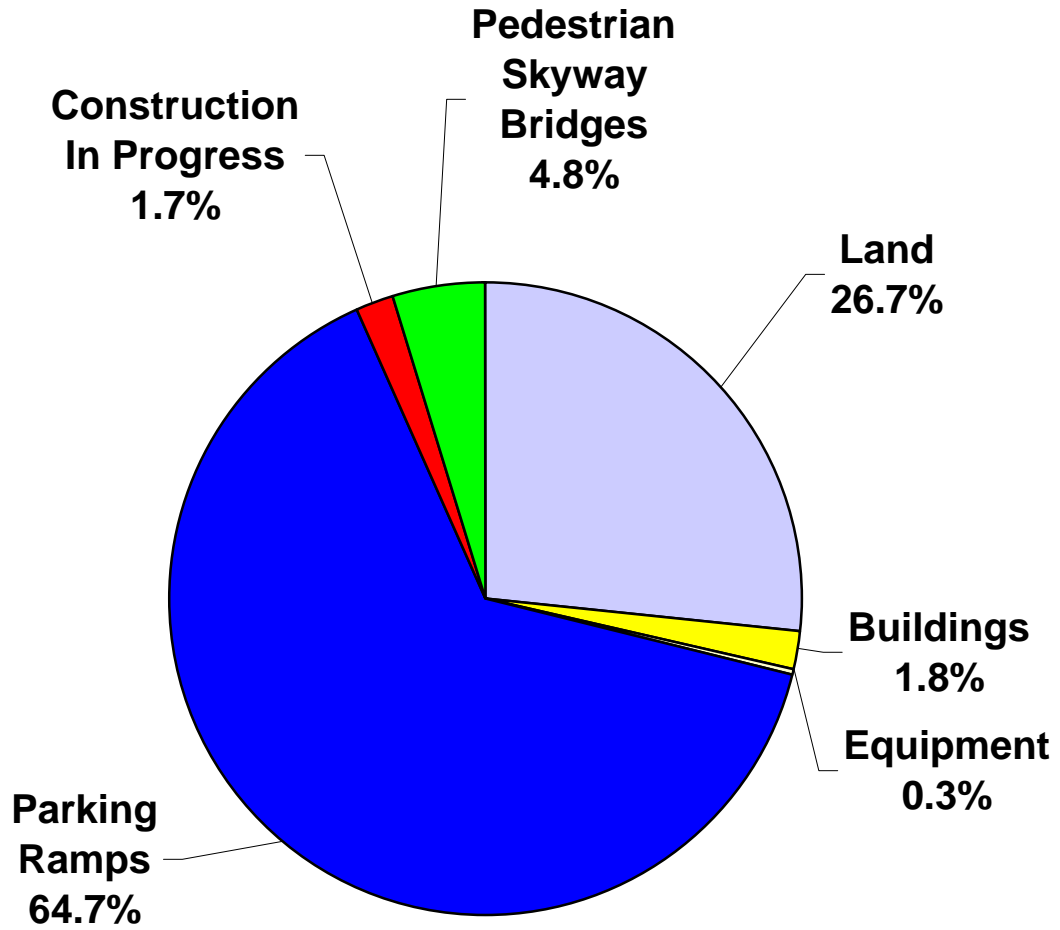
Total depreciation expense for governmental and business type activities during 2008 was \$3.1 million.

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

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2008 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, 2008**

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.

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STATEMENT OF NET ASSETS

At December 31, 2008

(Amounts in dollars)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments with Treasurer	53,463,435	17,787,506	71,250,941
Cash with Fiscal Agent	-	719,140	719,140
Cash and Investments with Trustees	18,850,993	1,434,381	20,285,374
Accounts Receivable (Net of Allowance)	114,776	485,094	599,870
Property Taxes Receivable - Due from Ramsey County	190,142	-	190,142
Delinquent Property Taxes Receivable (Net of Allowance)	71,819	54,929	126,748
Delinquent Assessments Receivable (Net of Allowance)	-	933	933
Accrued Interest Receivable on Investments	249,654	90,880	340,534
Internal Balances	(6,087,063)	6,087,063	-
Due from Other Governmental Units	1,599,518	-	1,599,518
Land Held for Resale	2,008,513	12,838,752	14,847,265
Restricted Assets:			
Cash for Revenue Bond Debt Service	-	5,988,968	5,988,968
Cash for Revenue Bond Reserve	-	1,005,000	1,005,000
Cash for Revenue Bond Development & Construction	-	128,972	128,972
Cash for Revenue Bond Operations and Maintenance	-	573,827	573,827
Investment for Revenue Bond Future Debt Service	-	1,677,238	1,677,238
Direct Financing Leases Receivable	13,230,000	-	13,230,000
Loans Receivable	30,045,398	32,605,669	62,651,067
Accrued Interest Receivable on Loans	3,150,583	3,796,574	6,947,157
Less Allowance for Uncollectible Loans and Interest	(26,008,613)	(30,226,905)	(56,235,518)
Advance to City of Saint Paul	640,000	480,000	1,120,000
Deferred Charges	1,105,716	888,295	1,994,011
Capital Assets, Net of Related Depreciation:			
Land	1,088,230	28,921,408	30,009,638
Buildings	317,143	1,746,536	2,063,679
Equipment	-	286,444	286,444
Parking Ramps	-	72,730,967	72,730,967
Pedestrian Skyway Bridges	5,443,069	-	5,443,069
Construction In Progress	1,935,559	-	1,935,559
TOTAL ASSETS	101,408,872	160,101,671	261,510,543

Continued

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

STATEMENT OF NET ASSETS

At December 31, 2008

(Amounts in dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Accounts Payable	1,250,903	855,054	2,105,957
Contracts Payable	638,563	1,324,562	1,963,125
Due to Other Governmental Units	841,110	2,565,769	3,406,879
Accrued Interest Payable on Long-Term Debt	1,998,622	458,998	2,457,620
Unearned Revenue	7,899,140	-	7,899,140
Liabilities Payable from Restricted Assets:			
Accounts Payable	-	18,278	18,278
Accrued Interest on Bonds Payable	-	940,616	940,616
Revenue Bonds Payable	-	4,746,162	4,746,162
Long-Term Liabilities:			
Revenue Bonds Payable - Due within One Year	5,467,891	8,005,000	13,472,891
Revenue Notes Payable - Due within One Year	67,062	275,190	342,252
Revenue Bonds Payable - Due in more than One Year	106,426,103	75,149,011	181,575,114
Notes Payable - Due in more than One Year	<u>13,320,712</u>	<u>810,000</u>	<u>14,130,712</u>
TOTAL LIABILITIES	<u>137,910,106</u>	<u>95,148,640</u>	<u>233,058,746</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	8,784,001	21,467,557	30,251,558
Restricted for Debt Service	5,187,806	6,148,877	11,336,683
Restricted for Operations and Maintenance	-	573,827	573,827
Unrestricted (Deficit)	<u>(50,473,041)</u>	<u>36,762,770</u>	<u>(13,710,271)</u>
TOTAL NET ASSETS (DEFICIT)	<u>(36,501,234)</u>	<u>64,953,031</u>	<u>28,451,797</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2008

(Amounts in Dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services/ Loan Programs	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Housing and Economic Development	24,163,156	2,811,075	21,744,714	1,861,975	2,254,608	-	2,254,608
Interest on Governmental Long-Term Debt	10,945,951	-	-	-	(10,945,951)	-	(10,945,951)
Total - Governmental Activities	<u>35,109,107</u>	<u>2,811,075</u>	<u>21,744,714</u>	<u>1,861,975</u>	<u>(8,691,343)</u>	<u>-</u>	<u>(8,691,343)</u>
Business-type Activities:							
Development Loan Programs	6,444,810	1,164,671	3,765,808	-	-	(1,514,331)	(1,514,331)
Parking Operations	12,628,706	11,779,690	-	-	-	(849,016)	(849,016)
Total Business-type Activities	<u>19,073,516</u>	<u>12,944,361</u>	<u>3,765,808</u>	<u>-</u>	<u>-</u>	<u>(2,363,347)</u>	<u>(2,363,347)</u>
Total - All Functions/Programs	<u>54,182,623</u>	<u>15,755,436</u>	<u>25,510,522</u>	<u>1,861,975</u>	<u>(8,691,343)</u>	<u>(2,363,347)</u>	<u>(11,054,690)</u>
General Revenues:							
HRA Property Tax					1,123,627	-	1,123,627
Property Tax Increments					14,177,905	1,193,871	15,371,776
State Market Value Homestead Credit					246,796	-	246,796
Investment Income					1,881,031	794,694	2,675,725
Gain on Sale of Capital Asset					-	1,336,484	1,336,484
Transfers					(495,865)	495,865	-
Total General Revenues and Transfers					<u>16,933,494</u>	<u>3,820,914</u>	<u>20,754,408</u>
Change in Net Assets					8,242,151	1,457,567	9,699,718
Net Assets, January 1, 2008					<u>(44,743,385)</u>	<u>63,495,464</u>	<u>18,752,079</u>
Net Assets, December 31, 2008					<u>(36,501,234)</u>	<u>64,953,031</u>	<u>28,451,797</u>

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

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BALANCE SHEET
GOVERNMENTAL FUNDS

At December 31, 2008

(Amounts in dollars)

	HRA General	HRA Federal & State Programs Special Revenue	HRA Debt Service	HRA Tax Increment Capital Projects	HRA Development Capital Projects	Total Governmental Funds
ASSETS						
Cash and Investments with Treasurer	11,904,877	65,184	12,110,726	12,485,132	16,897,516	53,463,435
Cash and Investments with Trustee	-	-	9,457,592	1,089,395	8,304,006	18,850,993
Property Taxes Receivable:						
Due from County	10,311	-	147,604	32,227	-	190,142
Delinquent Taxpayer	39,835	-	156,051	53,307	-	249,193
Accounts Receivable (Net of Allowance)	113,235	-	1,541	-	-	114,776
Accrued Interest Receivable on Investments	79,944	-	77,150	91,384	1,176	249,654
Loans Receivable	-	26,412,718	-	3,504,280	128,400	30,045,398
Accrued Interest Receivable on Loans	-	3,078,193	-	72,390	-	3,150,583
Allowance for Uncollectible Loans and Interest	-	(22,617,585)	-	(3,294,728)	(96,300)	(26,008,613)
Due from Other Funds	-	-	57,766	422,174	-	479,940
Due from Other Governmental Units	-	1,099,518	-	-	500,000	1,599,518
Advances to Other Funds	717,599	-	-	-	-	717,599
Advances to Other Governmental Units	-	-	-	-	640,000	640,000
Land Held for Resale	498,013	-	-	808,500	702,000	2,008,513
Direct Financing Leases Receivable	-	-	13,230,000	-	-	13,230,000
TOTAL ASSETS	<u>13,363,814</u>	<u>8,038,028</u>	<u>35,238,430</u>	<u>15,264,061</u>	<u>27,076,798</u>	<u>98,981,131</u>
LIABILITIES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	23,592	558,218	17,632	30,912	620,549	1,250,903
Contracts Payable	638,563	-	-	-	-	638,563
Due to Other Funds	89,290	-	332,884	54,766	-	476,940
Due to Other Governmental Units	359,310	121,746	79,383	280,671	-	841,110
Deferred Revenue	570,156	-	12,908,274	1,177,677	734,100	15,390,207
Unearned Revenue	-	7,358,064	541,076	-	-	7,899,140
Advance from Other Funds	-	-	-	6,807,662	-	6,807,662
Total Liabilities	<u>1,680,911</u>	<u>8,038,028</u>	<u>13,879,249</u>	<u>8,351,688</u>	<u>1,354,649</u>	<u>33,304,525</u>

Continued

BALANCE SHEET
GOVERNMENTAL FUNDS

At December 31, 2008

(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>
Fund Balances						
Reserved for:						
Encumbrances	83,935	-	-	2,595	954,402	1,040,932
Debt Service	-	-	21,359,181	-	-	21,359,181
Advances to Other Funds	717,599	-	-	-	-	717,599
Advances to Other Governmental Units	-	-	-	-	640,000	640,000
Unreserved, Designated for:						
Specific HRA Activities	6,722,567	-	-	6,909,778	-	13,632,345
Next Year's Appropriation	949,623	-	-	-	-	949,623
Cash Flow and Revenue Estimates	500,000	-	-	-	-	500,000
Unreserved, Undesignated	2,709,179	-	-	-	24,127,747	26,836,926
Total Fund Balances	<u>11,682,903</u>	<u>-</u>	<u>21,359,181</u>	<u>6,912,373</u>	<u>25,722,149</u>	<u>65,676,606</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>13,363,814</u>	<u>8,038,028</u>	<u>35,238,430</u>	<u>15,264,061</u>	<u>27,076,798</u>	<u>98,981,131</u>

Amounts reported for governmental activities in the Statement of Net Assets (pages 34-35) are different because:

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,784,001
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	15,390,207
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.	(126,174,674)
4. Bad debt expense is not an outlay of financial resources and is, therefore, not reported in the funds.	(177,374)
Total Reconciling Items	<u>(102,177,840)</u>
Fund Balances per Balance Sheet - Governmental Funds, December 31, 2008	<u>65,676,606</u>
Net Assets (Deficit) per Statement of Net Assets - Governmental Activities column, December 31, 2008	<u>(36,501,234)</u>

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

For the Fiscal Year Ended December 31, 2008

(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	953,678	-	-	-	-	953,678
Delinquent Property Taxes	20,254	-	-	-	-	20,254
Fiscal Disparities	183,574	-	-	-	-	183,574
Property Tax Increments	-	-	11,900,162	4,695,297	-	16,595,459
Intergovernmental	2,738,516	2,487,223	16,938,706	60,689	250,000	22,475,134
Fees, Sales and Services						
Revenue Bond Fees	1,520,336	-	-	-	-	1,520,336
Other Fees and Services	13,950	20,493	-	-	-	34,443
Sales of Land	378,386	-	-	-	-	378,386
Rentals of Property	347	-	1,058,923	-	-	1,059,270
Interest on Loans	-	11,579	300,641	3,692	-	315,912
Loan Repayments	-	74,529	-	13,689	-	88,218
Investment Income						
Interest Earned on Investments	380,163	-	590,818	433,072	8	1,404,061
Increase (Decrease) in the Fair Value of Investments	144,930	-	177,929	165,161	-	488,020
Miscellaneous						
Developer Contributions	15,000	-	887,476	-	-	902,476
Total Revenues	6,349,134	2,593,824	31,854,655	5,371,600	250,008	46,419,221
EXPENDITURES						
Current						
Housing and Economic Development	3,244,887	1,438,591	3,750	1,374,152	4,593,994	10,655,374
Intergovernmental - City	102,808	-	16,278,143	-	6,800,000	23,180,951
Intergovernmental - County	-	-	2,307,107	-	-	2,307,107
Capital Outlay	-	1,186,100	-	-	-	1,186,100
Debt Service						
Principal Payment on Bonds	-	-	8,712,180	-	-	8,712,180
Interest on Bonds	-	-	7,331,774	-	-	7,331,774
Principal Payment on Notes	-	-	199,495	-	-	199,495
Interest on Notes	-	-	543,347	3,223,028	-	3,766,375
Bond Issuance Costs	-	-	-	-	274,195	274,195
Total Expenditures	3,347,695	2,624,691	35,375,796	4,597,180	11,668,189	57,613,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,001,439	(30,867)	(3,521,141)	774,420	(11,418,181)	(11,194,330)

Continued

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

For the Fiscal Year Ended December 31, 2008
 (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	-	30,867	708,205	352,993	-	1,092,065
Transfers Out	-	-	(352,993)	(167,130)	(1,141,391)	(1,661,514)
Bonds Issued	-	-	-	-	7,685,000	7,685,000
Notes Issued	-	-	-	2,019,087	-	2,019,087
Discount on Bonds Issued	-	-	-	-	(68,326)	(68,326)
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,867</u>	<u>355,212</u>	<u>2,204,950</u>	<u>6,475,283</u>	<u>9,066,312</u>
Net Changes in Fund Balances	3,001,439	-	(3,165,929)	2,979,370	(4,942,898)	(2,128,018)
FUND BALANCES, January 1	<u>8,681,464</u>	<u>-</u>	<u>24,525,110</u>	<u>3,933,003</u>	<u>30,665,047</u>	<u>67,804,624</u>
FUND BALANCES, December 31	<u>11,682,903</u>	<u>-</u>	<u>21,359,181</u>	<u>6,912,373</u>	<u>25,722,149</u>	<u>65,676,606</u>

Amounts reported for governmental activities in the Statement of Activities (page 36) are different because:

Net change in fund balances - total governmental funds (above)	<u>(2,128,018)</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.	
Capital asset expenditures	1,186,100
Current year depreciation	<u>(345,186)</u>
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	840,914
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(922,214)
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.	9,836,984
Total Reconciling Items	<u>614,485</u>
Change in Net Assets of Governmental Activities - Statement of Activities	<u>10,370,169</u>
	<u>8,242,151</u>

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

For the Fiscal Year Ended December 31, 2008

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	1,191,585	1,191,585	1,157,506	(34,079)
Intergovernmental	49,130	49,130	2,738,516	2,689,386
Fees, Sales and Services	1,024,831	1,244,831	1,913,019	668,188
Investment Income	325,000	325,000	525,093	200,093
Miscellaneous	-	-	15,000	15,000
Total Revenues	<u>2,590,546</u>	<u>2,810,546</u>	<u>6,349,134</u>	<u>3,538,588</u>
EXPENDITURES				
Current				
Housing and Economic Development	3,856,466	4,076,466	3,244,887	831,579
Intergovernmental - City	102,808	102,808	102,808	-
Total Expenditures	<u>3,959,274</u>	<u>4,179,274</u>	<u>3,347,695</u>	<u>831,579</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,368,728)	(1,368,728)	3,001,439	4,370,167
FUND BALANCE, January 1	<u>8,681,464</u>	<u>8,681,464</u>	<u>8,681,464</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>7,312,736</u></u>	<u><u>7,312,736</u></u>	<u><u>11,682,903</u></u>	<u><u>4,370,167</u></u>

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

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**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

At December 31, 2008

(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	3,407,263	14,380,243	17,787,506
Cash with Fiscal Agents	-	719,140	719,140
Cash and Investments with Trustee	1,434,381	-	1,434,381
Accounts Receivable (Net of Allowance)	11,164	473,930	485,094
Delinquent Property Taxes Receivable (Net of Allowance)	-	54,929	54,929
Delinquent Assessments Receivable (Net of Allowance)	933	-	933
Accrued Interest Receivable on Investments	62,745	28,135	90,880
Land Held for Resale	12,838,752	-	12,838,752
Restricted Cash for Revenue Bond Debt Service	1,740,371	4,248,597	5,988,968
Restricted Cash for Revenue Bond Reserve	1,005,000	-	1,005,000
Restricted Cash for Revenue Bond Development & Construction	-	128,972	128,972
Restricted Cash for Revenue Bond Operations and Maintenance	-	573,827	573,827
Total Current Assets	<u>20,500,609</u>	<u>20,607,773</u>	<u>41,108,382</u>
Noncurrent Assets:			
Restricted Investment for Revenue Bond Future Debt Service	-	1,677,238	1,677,238
Loans Receivable	32,605,669	-	32,605,669
Accrued Interest Receivable on Loans	3,796,574	-	3,796,574
Less: Allowance for Uncollectible Loans and Interest	(30,226,905)	-	(30,226,905)
Advances to Other Funds	6,090,063	-	6,090,063
Advances to Other Governmental Units	480,000	-	480,000
Deferred Charges	-	888,295	888,295
Capital Assets:			
Land	-	28,921,408	28,921,408
Parking Ramps	-	105,029,528	105,029,528
Buildings	-	2,108,356	2,108,356
Equipment	-	320,363	320,363
Less: Accumulated Depreciation	-	(32,694,300)	(32,694,300)
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>103,685,355</u>	<u>103,685,355</u>
Total Noncurrent Assets	<u>12,745,401</u>	<u>106,250,888</u>	<u>118,996,289</u>
TOTAL ASSETS	<u>33,246,010</u>	<u>126,858,661</u>	<u>160,104,671</u>

Continued

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

At December 31, 2008

(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>
LIABILITIES			
Current Liabilities:			
Accounts Payable	238,338	616,716	855,054
Contracts Payable	1,324,562	-	1,324,562
Due to Other Funds	-	3,000	3,000
Due to Other Governmental Units	2,499,227	66,542	2,565,769
Accrued Interest on Bonds Payable	-	410,323	410,323
Revenue Bonds Payable	2,348,287	-	2,348,287
Accrued Interest on Long-Term Notes	-	48,675	48,675
Revenue Notes Payable	195,190	80,000	275,190
Accounts Payable from Restricted Assets	-	18,278	18,278
Accrued Interest on Bonds Payable from Restricted Assets	14,691	925,925	940,616
Revenue Bonds Payable from Restricted Assets	<u>1,581,713</u>	<u>3,164,449</u>	<u>4,746,162</u>
Total Current Liabilities	<u>8,202,008</u>	<u>5,333,908</u>	<u>13,535,916</u>
Noncurrent Liabilities:			
Revenue Bonds Payable	2,510,000	78,295,724	80,805,724
Revenue Notes Payable	<u>-</u>	<u>810,000</u>	<u>810,000</u>
Total Noncurrent Liabilities	<u>2,510,000</u>	<u>79,105,724</u>	<u>81,615,724</u>
TOTAL LIABILITIES	<u>10,712,008</u>	<u>84,439,632</u>	<u>95,151,640</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	21,467,557	21,467,557
Restricted for Debt Service	1,148,967	4,999,910	6,148,877
Restricted for Maintenance and Repair	-	573,827	573,827
Unrestricted	<u>21,385,035</u>	<u>15,377,735</u>	<u>36,762,770</u>
TOTAL NET ASSETS	<u>22,534,002</u>	<u>42,419,029</u>	<u>64,953,031</u>

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

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

For the Year Ended December 31, 2008

(Amounts in dollars)

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>HRA Loan Enterprise</u>	<u>HRA Parking Enterprise</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Fees, Sales and Services	388,149	11,779,690	12,167,839
Interest Earned on Loans	776,522	-	776,522
Total Operating Revenues	<u>1,164,671</u>	<u>11,779,690</u>	<u>12,944,361</u>
OPERATING EXPENSES			
Development Loan Programs	3,581,561	-	3,581,561
Costs of Parking Facility Operation	-	5,497,193	5,497,193
Depreciation	-	2,758,238	2,758,238
Bad Debt Expense on Loans	365,486	-	365,486
Forgivable Loan Expense	1,920,551	-	1,920,551
Total Operating Expenses	<u>5,867,598</u>	<u>8,255,431</u>	<u>14,123,029</u>
OPERATING INCOME (LOSS)	(4,702,927)	3,524,259	(1,178,668)
NONOPERATING REVENUES (EXPENSES)			
Property Tax Increments	-	1,193,871	1,193,871
Gain on Sale of Capital Asset	-	1,336,484	1,336,484
Operating Grants	84,539	-	84,539
Noncapital Contributions	3,681,269	-	3,681,269
Investment Income:			
Interest Earnings	473,833	182,082	655,915
Increase in Fair Value of Investments	95,697	43,082	138,779
Revaluation of Land Held for Resale	(270,345)	-	(270,345)
Interest on Bonds	(268,691)	(4,142,817)	(4,411,508)
Interest on Notes	(28,176)	(53,475)	(81,651)
Intergovernmental Expenses	(10,000)	(66,483)	(76,483)
Amortization of Bond Issuance Costs	-	(110,500)	(110,500)
Total Nonoperating Revenues (Expenses)	<u>3,758,126</u>	<u>(1,617,756)</u>	<u>2,140,370</u>
Income Before Contributions and Transfers	(944,801)	1,906,503	961,702
Transfers In	600,316	-	600,316
Transfers Out	(104,451)	-	(104,451)
CHANGE IN NET ASSETS	<u>(448,936)</u>	<u>1,906,503</u>	<u>1,457,567</u>
TOTAL NET ASSETS, January 1	<u>22,982,938</u>	<u>40,512,526</u>	<u>63,495,464</u>
TOTAL NET ASSETS, December 31	<u><u>22,534,002</u></u>	<u><u>42,419,029</u></u>	<u><u>64,953,031</u></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, 2008

(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	684,203	11,584,595	12,268,798
Payments to Suppliers	<u>(3,710,614)</u>	<u>(5,347,571)</u>	<u>(9,058,185)</u>
Net Cash Provided (Used) for Operating Activities	<u>(3,026,411)</u>	<u>6,237,024</u>	<u>3,210,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received	84,539	-	84,539
Noncapital Contributions Received	1,917,602	-	1,917,602
Intergovernmental Expenses Paid	-	(36,752)	(36,752)
Interest Paid on Revenue Bonds for Noncapital Activities	(291,500)	-	(291,500)
Interest Paid on Notes for Noncapital Activities	(28,175)	-	(28,175)
Principal Paid on Bonds for Noncapital Activities	(2,695,000)	-	(2,695,000)
Advances Made to Other Funds	(482,740)	-	(482,740)
Transfers In from Other Funds	600,316	-	600,316
Transfers Out to Other Funds	<u>(40,867)</u>	<u>-</u>	<u>(40,867)</u>
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(935,825)</u>	<u>(36,752)</u>	<u>(972,577)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Property Tax Increments Received for Capital Debt	-	1,181,224	1,181,224
Proceeds from Sale of Capital Assets:			
Land	-	1,637,159	1,637,159
Public Improvements	-	1,970,155	1,970,155
Payments for Acquisition and Construction of Capital Assets:			
Building and Structures	-	(975,901)	(975,901)
Public Improvements	-	(75,046)	(75,046)
Equipment	-	(268,729)	(268,729)
Construction In Progress	(73,584)	-	(73,584)
Principal Paid on Debt Maturities:			
Revenue Bonds	-	(3,840,000)	(3,840,000)
Notes	-	(70,000)	(70,000)
Interest Paid on Debt:			
Revenue Bonds	-	(4,230,941)	(4,230,941)
Notes	<u>-</u>	<u>(57,600)</u>	<u>(57,600)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(73,584)</u>	<u>(4,729,679)</u>	<u>(4,803,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investment Securities	-	(1,595,000)	(1,595,000)
Interest and Dividends Received	558,178	238,707	796,885
Increase (Decrease) in the Fair Value of Investments	<u>85,380</u>	<u>(38,052)</u>	<u>47,328</u>
Net Cash Provided (Used) for Investing Activities	<u>643,558</u>	<u>(1,394,345)</u>	<u>(750,787)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,392,262)	76,248	(3,316,014)

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, 2008

(Amounts in dollars)

	Business Type Activities - Enterprise Funds		
	HRA Loan Enterprise	HRA Parking Enterprise	Total Proprietary Funds
CASH AND CASH EQUIVALENTS, January 1	10,979,277	19,974,531	30,953,808
CASH AND CASH EQUIVALENTS, December 31	<u>7,587,015</u>	<u>20,050,779</u>	<u>27,637,794</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	(4,702,927)	3,524,259	(1,178,668)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:			
Increase (decrease) in allowance for uncollectible loans	(126,687)	-	(126,687)
Depreciation Expense	-	2,758,238	2,758,238
Miscellaneous Nonoperating Expenses Paid	-	(27,099)	(27,099)
(Increase) decrease in accounts receivable	(2,049)	(195,095)	(197,144)
(Increase) decrease in assessments receivable	(209)	-	(209)
(Increase) decrease in loans receivable	2,207,613	-	2,207,613
(Increase) decrease in accrued interest receivable on loans	(274,118)	-	(274,118)
(Increase) decrease in due from other governmental units	1,018	-	1,018
Increase (decrease) in accounts payable	22,840	226,265	249,105
Increase (decrease) in contracts payable	(101,385)	-	(101,385)
Increase (decrease) in due to other funds	(51,519)	(49,544)	(101,063)
Increase (decrease) in due to other governmental units	1,012	-	1,012
Total Adjustments	<u>1,676,516</u>	<u>2,712,765</u>	<u>4,389,281</u>
Net Cash Provided (Used) for Operating Activities	<u>(3,026,411)</u>	<u>6,237,024</u>	<u>3,210,613</u>
DETAILS OF CASH AND CASH EQUIVALENTS			
Cash and Investments with Treasurer	3,407,263	14,380,243	17,787,506
Cash with Fiscal Agent	1,434,381	719,140	2,153,521
Restricted Cash for Revenue Bond Debt Service	1,740,371	4,248,597	5,988,968
Restricted Cash for Revenue Bond Reserve	1,005,000	-	1,005,000
Restricted Cash for Revenue Bond Development & Construction	-	128,972	128,972
Restricted Cash for Bond Operations and Maintenance	-	573,827	573,827
Total Cash and Cash Equivalents	<u>7,587,015</u>	<u>20,050,779</u>	<u>27,637,794</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Revaluation of Land Held for Resale	(207,345)	-	(207,345)
Prior Year Loans - from Outside Sources	1,763,667	-	1,763,667
Capital Asset Transfer to Governmental Activities Capital Assets	(73,584)	-	(73,584)
Capital Assets Purchased on Account - Buildings	-	10,923	10,923

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, 2008**

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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(Continued)**

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HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

1. Reporting Entity

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

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

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

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

Also, in applying the financial accountability criteria, it has been determined that the HRA is a component unit of the City of Saint Paul and is, therefore, included in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. 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, 2008, can be obtained from the Financial Services Office, Accounting Section, 700 City Hall, Saint Paul, Minnesota 55102.

Joint Venture

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 1. (Continued)

individual components of the housing plan for each city and to issue revenue bonds to finance such programs. All bonds are special limited obligations of the Board and shall be payable only out of funds specifically pledged for each issue. Total net assets at December 31, 2008, were \$16,139,760. The 2008 operations resulted in an increase of \$7,896,664 to net assets.

During 2008, 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, 2008. There has been no investment made by the HRA in the joint venture. Thus, the financial statements do not reflect an equity interest in the joint venture. Complete financial statements of the Board can be obtained from the City of Minneapolis Community Planning and Economic Development Department at Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota 55401.

2. Summary of Significant Accounting Policies

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

A summary of the significant accounting policies follows:

A. Fund Accounting

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

Governmental Funds

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.A. (Continued)

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

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

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

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 the HRA's loan operations that are financed primarily by loan repayments from the recipients.

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

B. Government-Wide and Fund Financial Statements

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

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2. (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and contributions are recognized as revenue when eligibility requirements imposed by the provider have been met.

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

Revenues

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

Nonexchange Transactions

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

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.C. (Continued)

requirements are met, usually when the corresponding HRA expenditure is incurred, using the guidelines of the legal and contractual requirements of the individual programs.

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

Exchange Transactions

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

Expenditures

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

D. Proprietary Fund Financial Statement Presentation

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.D. (Continued)

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

E. Cash and Investments

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

Investments are reported at fair value on the balance sheet with the exception of non-negotiable investment contracts and money market investments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations, that have a remaining maturity at time of purchase of one year or less. These exceptions are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer. All investment income, including changes in the fair value of investments, is reported as revenue. Since it is the City's practice to ensure that investments can be held to maturity if necessary, a portion of fund equity on the governmental funds balance sheet has been designated for net unrealized gains, when applicable. The fair value of investments is determined using quoted market prices at December 31, 2008.

Beginning in 1996, the City has participated in a securities lending program. The City has reported its securities lending transactions in accordance with the provisions of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. The Director of the Department of Technology and Management Services and the Director of the Office of Financial Services approved a "Policy Statement" which provides for the allocation of assets, liabilities, revenues, and expenditures/expenses relating to securities lending transactions. As of and for the year ended December 31, 2008, no assets, liabilities, revenues, and expenditures/expenses relating to securities lending transactions were allocated to the HRA under the provisions of this policy statement.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.E. (Continued)

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

F. Property Taxes

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

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

G. Restricted Assets

Certain proceeds of HRA Parking Enterprise Fund revenue bonds and HRA Loan Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The *revenue bond debt service* account is used to segregate resources accumulated for debt service payments over the next 12 months. The *revenue bond reserve* account is used for a required reserve for the Housing 5000 Land Assembly Bonds. The *revenue bond development and construction* account is used to segregate parking revenue bond proceeds that are to be used for the construction of parking facilities and Housing 5000 Land Assembly Bond proceeds that are to be used for housing development purposes. The *revenue bond operations and maintenance* account is used to segregate resources set aside to subsidize potential deficiencies from the parking operations that could adversely affect debt service payments. The *investment for revenue bond future debt service* account is used for a required reserve for the Smith Avenue Transit Center Bonds.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2. (Continued)

H. Loans Receivable

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

I. Land Held for Resale

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

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

J. Leases Receivable

The HRA, as the lessor, entered into a lease agreement with the City of Saint Paul during the year ended December 31, 2000, through which the HRA is leasing certain improvements made to the RiverCentre Parking Ramp. The cost of the improvements was financed by the HRA through the issuance of the RiverCentre Parking Facility Lease Revenue Bonds, Series 2000. The lease is reported as a direct financing lease since the HRA has transferred substantially all of the risks and benefits of ownership of the improvements to the City, and

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008**

Note 2.J. (Continued)

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 revenue of an amount equal to the leases receivable is also reported in the HRA Debt Service Fund since none of the receivable is considered to be available to finance expenditures of the current period. In the government-wide financial statements, this deferred revenue is eliminated when converting the governmental funds balance sheet to the governmental activities column on the Statement of Net Assets.

K. Capital Assets

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.K. (Continued)

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

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

L. Deferred and Unearned Revenues

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

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

M. Long-Term Liabilities

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

N. Net Assets

In the government-wide financial statements and the proprietary fund financial statements, net assets include three components. First is the amount invested in capital assets net of related debt. Second, restricted net assets reports amounts that have restrictions imposed by

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 2.N. (Continued)

parties outside the HRA (such as creditors, grantors, or federal or state laws). Finally, the difference between total net assets and the first two components is unrestricted net assets.

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

O. Fund Balances - Governmental Fund Financial Statements

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

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers. Transfers between governmental funds and transfers between proprietary funds are eliminated in the government-wide financial statements.

3. Reconciliation of Government-Wide and Fund Financial Statements

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 3.A. (Continued)

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 \$126,174,674 difference are as follows:

Governmental activity premium on bonds payable	\$ 17,434
Governmental activity bonds payable	111,876,560
Governmental activity notes payable	13,387,774
Accrued interest payable	1,998,622
Deferred charge for issuance costs	<u>(1,105,716)</u>
Net Adjustment to Decrease Fund Balance - Total	
Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 126,174,674</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the Government-Wide Statement of Activities.

The third element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.” The details of this \$9,836,984 difference are as follows:

Bonds issued in 2008	\$ (7,685,000)
Notes issued in 2008	(2,019,087)
2008 amortization of premium	14,944
2008 amortization of issuance costs	(77,838)
2008 principal payments on bonds	8,712,180
2008 principal payments on notes	4,091,785
2008 transfer of bond proceeds for City of St. Paul Capital Projects	<u>6,800,000</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net	
Assets of Governmental Activities	<u>\$ 9,836,984</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

4. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The HRA followed these procedures in establishing the 2008 budget:

On August 22, 2007, 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 fund.

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

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 4.A. (Continued)

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, 2008, total \$42,625,000. Bonds authorized and unissued at December 31, 2008, are equal to \$775,000. Proceeds from the sale of these bonds were used to finance specific urban renewal program costs and redevelopment project costs. The outstanding Urban Renewal Bonds are an obligation of the City and are retired by annual City appropriations.

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 4.B. (Continued)

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

In March 2007, the City of Saint Paul issued Koch Mobil Tax Increment Refunding Bonds, Series 2007B, in the amount of \$3,895,000. The proceeds of the 2007 bonds were used to currently refund Koch Mobil Tax Increment Bonds, Series 2004C. The 2007 bonds have semiannual interest payments until March 2010 when the entire principal is due and will likely be refunded through a subsequent bond issue. The interest payments are to be financed by HRA tax increment revenue from the Koch Mobil Tax Increment District. The City has issued a general obligation pledge on the 2007 bonds. The outstanding Series 2007B bonds are reported as a liability in the governmental activities column of the HRA's Government-Wide Statement of Net Assets (Note 5.F.).

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 4. (Continued)

C. Tax Increment Financing Districts

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

District Number	District	Year Established	Duration of District	Outstanding Long-Term Debt (Including Advances)
12 & 173	New Housing & Blighted Land	1981	25 years	\$ -
82	Downtown & Seventh Place	1978	30 years	-
83	Spruce Tree Centre/Metz Bakery Area	1987	25 years	1,092,560
87	Riverfront	1987	25 years	4,755,000
100	Neighborhood Business Development - Scattered Sites	1988	25 years	5,760,000
135	Snelling-University	1990	25 years	4,055,000
193	Hubbard Site	1997	20 years	-
194	1919 University	1997	25 years	-
212	Block 4 Minnesota Mutual	1997	25 years	-
213	Block 39 Lawson/Arena	1997	25 years	31,690,000
215	Superior Street Cottages	1998	25 years	-
224	North Quadrant Phase 1 – Essex	2000	25 years	-
225	Riverfront Renaissance-Upper Landing	2001	25 years	19,544,795
228	Emerald Park-Emerald	2002	25 years	67,832
232	Straus Building	2002	25 years	-
233	North Quadrant Expansion 1 - Dakota	2003	25 years	1,099,000
234	Phalen Village	2001	25 years	365
236	J. J. Hill	2001	25 years	3,629,738
237	Osceola Park	2002	25 years	2,971
240	Bridgecreek Senior Place	2003	25 years	10,251
241	North Quadrant Phase 2	2004	25 years	1,263,772
243	Shepard - Davern Owner Occupied	2003	25 years	4,658,472
244	Shepard - Davern Rental Housing	2003	25 years	21,346
245	Shepard - Davern Senior Rental	2003	25 years	14,357
248	Koch Mobil	2004	25 years	3,895,000
257	Payne Phalen	2005	25 years	14,217
260	North Quadrant – Sibley	2006	25 years	974,839
261	Riverfront Renaissance - US Bank	2006	25 years	15,692,117
262	Riverfront Renaissance - Drake Marble	2006	25 years	1,638,000
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
New	2700 The Avenue	2008	25 years	12,002
Total Outstanding Long-Term Debt At December 31, 2008				<u>\$ 101,077,909</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended December 31, 2008**

Note 4. C. (Continued)

Total tax capacity amounts and tax increment revenue for these districts in 2008 are as follows.

Current tax capacity (assessed in 2007, payable in 2008)	\$24,954,258
Captured tax capacity retained by the HRA	\$20,922,755
Tax increment revenue in 2008	\$17,765,841
Delinquent tax increment receivable at December 31, 2008	\$264,287

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 2008, the HRA's audit was performed in accordance with Circular A-133. The auditor's report on their consideration of the HRA's internal control over financial reporting and their tests of the HRA's compliance with certain provisions of laws, regulations, contracts, and grants will be issued at a later date.

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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 \$1,300,000,000 at December 31, 2008. 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 113 conduit bonds issued subsequent to January 1, 1996.

F. Deficit - Net Assets of Governmental Activities

On the Government-Wide Statement of Net Assets, the HRA is reporting an overall deficit for the governmental activities of \$36,501,234. 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.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008**

Note 5.A. (Continued)

(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 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, 2008 consist of the City cash and investment pool in an amount of \$75,764,975 and the parking ramp checking accounts in the amount of \$719,140. The City cash and investment pool is entirely insured or collateralized in the City's name at third party institutions. The parking ramp checking accounts are collateralized in the City's name at third-party institutions.

(2) Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §§ 118A.04, sub. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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

- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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

Custodial Credit Risk - Investments

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

Concentration of Credit Risk

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

The following table represents the HRA's investment balances at December 31, 2008, 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	
U.S. Treasury Securities					
U.S. Treasury Notes	N/A	N/R		05/01/09	\$ 724,000
U.S. Treasury Notes	N/A	N/R		08/01/11	577,185
Total U.S. Government Securities			5.18%		<u>\$ 1,301,185</u>
Federal Home Loan Bank					
Federal Home Loan Bank Bonds	AAA	S&P		11/17/17	\$ 596,211
Federal Home Loan Bank Bonds	AAA	S&P		06/29/10	1,677,238
Total Federal Home Loan Bank			9.04%		<u>\$ 2,273,449</u>
Mutual Funds					
First American Government Treas. Obligations Fund Class D	N/A	N/R	8.11%	N/A	\$ 2,038,349
First American Government Treas. Obligations Fund Class Y	N/A	N/R	43.62%	N/A	10,969,232
Wells Fargo Government Securities Fund	N/A	N/R	34.05%	N/A	<u>8,563,130</u>
Total Investments					<u>\$ 25,145,345</u>
Deposits:					
Parking Ramp Checking Accounts at Saint Paul Banks					\$ 719,140
City Cash and Investment Pool					<u>75,764,975</u>
Total Deposits					<u>76,484,115</u>
Total Deposits and Investments					<u>\$ 101,629,460</u>

N/A - Not applicable

N/R - Not rated

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

Deposits - City of Saint Paul Cash and Investment Pool - Additional disclosures required by GASB Statement No. 40, "Deposit and Investment Risk Disclosures," are disclosed on an entity-wide basis in the City of Saint Paul Comprehensive Annual Financial Report for the year ended December 31, 2008.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.A. (Continued)

(3) Reconciliation

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

Cash and Investments with Treasurer	\$ 71,250,941
Cash with Fiscal Agents	719,140
Cash and Investments with Trustees	20,285,374
Restricted Cash for Revenue Bond Debt Service	5,988,968
Restricted Cash for Revenue Bond Reserve	1,005,000
Restricted Cash for Revenue Bond Development & Construction	128,972
Restricted Cash for Revenue Bond Operations and Maintenance	573,827
Restricted Investment for Revenue Bond Future Debt Service	<u>1,677,238</u>
 Total	 <u>\$ 101,629,460</u>

Net Increase in the Fair Value of Investments

All investment income, including changes in the fair value of investments, is reported as revenue on the operating statements of both governmental and proprietary funds. The calculation of realized gains and losses from the sale of investments is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The increase in the fair value of investments during 2008 was \$626,799. 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, 2008, was \$718,403.

B. Loans Receivable

Loans receivable are reported as assets in the following funds at December 31, 2008 (net of allowances):

HRA Federal & State Programs Special Revenue Fund	\$ 6,622,509
HRA Tax Increment Capital Projects Fund	278,066
HRA Development Capital Projects Fund	32,100
HRA Loan Enterprise Fund	<u>5,298,621</u>
 Total All Funds	 <u>\$ 12,231,296</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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 \$50,419,771 at December 31, 2008. During 2007, loans determined to be uncollectible or forgiven were written off the books in the amount of \$7,006,733.

Changes in total gross loans receivable, allowances for uncollectible loans, and accrued interest receivable on loans for 2008 are shown below.

Total gross loans receivable - January 1, 2008	\$ 68,464,817
Single family mortgage loans issued	5,725,200
Single family mortgage loans sold	(5,822,300)
All other loans issued	2,685,149
Principal payments received	(1,395,066)
Loans written off	(2,648,566)
Loans forgiven	(4,358,167)
	<hr/>
Total Gross Loans Receivable - December 31, 2008	\$ 62,651,067
	<hr/>
Less: allowance for uncollectible loans - January 1, 2008	\$ 55,400,247
Increase for bad debts and forgiveness	2,026,257
Loans written off	(2,648,566)
Loans forgiven	(4,358,167)
	<hr/>
Total allowance for uncollectible loans - December 31, 2008	\$ 50,419,771
	<hr/>
Net Loans Receivable - December 31, 2008	\$ 12,231,296
	<hr/>
Accrued Interest Receivable on Loans - December 31, 2008 (Net of Allowance)	\$ 1,131,410
	<hr/>

During 2006, the HRA entered into an agreement with the City to sell a loan receivable from The Science Museum of Minnesota (SM). The SM loan was sold for \$2,400,000 and had a principal balance of \$4,000,000 at the time of sale which resulted in a loss on the sale of \$1,600,000. The \$2,400,000 in sale proceeds was used by the HRA to repay Ramsey County relating to the final closeout of the West Midway Tax Increment Financing District. Also, as part of the loan sale agreement, the HRA is obligated to advance to the City an amount of \$860,000 in installments from 2006 through 2010. In 2008, the HRA advanced \$190,000 to the City, and thus far has advanced \$480,000, of this total. The City is to repay this advance, together with 5% interest, in installments from 2011 through 2020.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.B. (Continued)

At December 31, 2008, future minimum principal and interest payments to be received under the loan agreements for the next ten years are as follows:

2009	\$	9,967,890
2010		5,411,885
2011		3,887,821
2012		1,734,154
2013		2,196,454
2014 - 2018		<u>8,487,163</u>
Total	\$	<u>31,685,367</u>

C. Land Held for Resale

Land held for resale is reported in the following funds as an asset at net realizable value at December 31, 2008.

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
HRA General Fund	\$ 1,507,168	\$ -	\$ 1,009,155	\$ 498,013
HRA Tax Increment Capital Projects Fund	1,117,947	-	309,447	808,500
HRA Development Capital Project Fund	-	702,000	-	702,000
HRA Loan Enterprise Fund	<u>13,109,097</u>	<u>709,500</u>	<u>979,845</u>	<u>12,838,752</u>
Total All Funds	<u>\$ 15,734,212</u>	<u>\$ 1,411,500</u>	<u>\$ 2,298,447</u>	<u>\$ 14,847,265</u>

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5. (Continued)

D. Leases Receivable

As described in Note 2.J., the HRA entered into direct financing leases with the City during the year ended December 31, 2000, and during the year ended December 31, 2008.

The City is obligated under the RiverCentre Parking Facility Improvement Lease to make lease payments through 2014, which are to be used by the HRA to finance debt service payments on its RiverCentre Parking Facility Lease Revenue Bonds, Series 2000. The RiverCentre Authority of the City of Saint Paul has approved a debt capital management plan which includes the amounts needed to make the lease payments through 2014. The 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, 2008.

	River Centre Parking Facility Improvement Lease	Jimmy Lee Recreational Facility Lease	Total City Leases
Balance of leases receivable - January 1, 2008	\$ 6,145,000	\$ -	\$ 6,145,000
New 2008 lease receivable	-	7,685,000	7,685,000
Principal portion of lease payments received – 2008	(525,000)	(75,000)	(600,000)
Balance of Leases Receivable - December 31, 2008	<u>\$ 5,620,000</u>	<u>\$ 7,610,000</u>	<u>\$ 13,230,000</u>

The interest portion of the lease payments received in 2008 was \$458,923. On the Governmental Fund Balance Sheet, the HRA Debt Service Fund reports deferred revenue to offset the entire amount of the lease receivable, since the lease payments are not available to finance current period expenditures. Revenues for the principal amount of the lease payments will be reported in the HRA Debt Service Fund in future years when the payments are received. On the Government-Wide Statement of Net Assets, the leases receivable are not offset with the liability for deferred revenue.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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
2009	\$ 538,600	\$ 1,027,838	\$ 1,566,438
2010	537,900	1,124,175	1,662,075
2011	541,075	1,223,950	1,765,025
2012	538,388	1,313,950	1,852,338
2013	539,988	1,192,450	1,732,438
2014 - 2018	2,685,688	514,100	3,199,788
2019 - 2023	2,697,525	-	2,697,525
2024 - 2028	2,689,912	-	2,689,912
2029 - 2032	2,160,250	-	2,160,250
Total	\$ 12,929,326	\$ 6,396,463	\$ 19,325,789

E. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities	Balance January 1, 2008	Increase	Decrease	Balance December 31, 2008
Land (not depreciated)	\$ 1,088,230	\$ -	\$ -	\$ 1,088,230
Construction in progress (not depreciated)	-	1,935,559	-	1,935,559
Buildings	845,716	-	-	845,716
Pedestrian skyway bridges	13,016,925	-	-	13,016,925
Totals at historical cost	\$ 14,950,871	\$ 1,935,559	\$ -	\$ 16,886,430
Less: accumulated depreciation				
Buildings	\$ (507,430)	\$ (21,143)	\$ -	\$ (528,573)
Pedestrian skyway bridges	(7,249,813)	(324,043)	-	(7,573,856)
Total accumulated depreciation	\$ (7,757,243)	\$ (345,186)	\$ -	\$ (8,102,429)
Total Governmental Activities Capital Assets – Net	\$ 7,193,628	\$ 1,590,373	\$ -	\$ 8,784,001

The construction in progress for governmental activities increase of \$1,935,559 in 2008 was due to construction on the City Head and Sack House Project.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.E. (Continued)

Business-Type Activities	Balance January 1, 2008	Increase	Decrease	Balance December 31, 2008
Land (not depreciated)	\$ 30,275,590	\$ -	\$ (1,354,182)	\$ 28,921,408
Construction in progress (not depreciated)	-	73,584	(73,584)	-
Buildings	2,108,356	-	-	2,108,356
Parking ramps	105,907,597	751,552	(1,629,621)	105,029,528
Equipment	51,634	268,729	-	320,363
Totals at historical cost	\$ 138,343,177	\$ 1,093,865	\$ (3,057,387)	\$ 136,379,655
Less: accumulated depreciation				
Buildings	\$ (309,111)	\$ (52,709)	\$ -	\$ (361,820)
Parking ramps	(30,320,090)	(2,691,443)	712,972	(32,298,561)
Equipment	(19,833)	(14,086)	-	(33,919)
Total accumulated depreciation	\$ (30,649,034)	\$ (2,758,238)	\$ 712,972	\$ (32,694,300)
Total Business-Type Activities Capital Assets – Net	\$ 107,694,143	\$ (1,664,373)	\$ (2,344,415)	\$ 103,685,355

Depreciation expense for 2008 was charged to functions/programs as follows:

Governmental Activities	
Housing and economic development	\$ 345,186
Business-Type Activities	
Parking operations	2,758,238

F. Long-Term Debt

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

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.F. (Continued)

(1) Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2008, was as follows:

Governmental Activities	Balance January 1, 2008	Increase	Decrease	Balance December 31, 2008	Due Within One Year
Bonds payable					
Tax increment bonds	\$ 64,573,740	\$ -	\$ 6,612,180	\$ 57,961,560	\$ 3,022,891
Sales tax revenue bonds	42,185,000	-	1,500,000	40,685,000	1,605,000
Lease revenue bonds	6,145,000	7,685,000	600,000	13,230,000	840,000
Add: unamortized premium on tax increment bonds	32,378	-	14,944	17,434	-
Totals bonds payable	\$ 112,936,118	\$ 7,685,000	\$ 8,727,124	\$ 111,893,994	\$ 5,467,891
Notes payable	15,460,472	2,019,087	4,091,785	13,387,774	67,062
Total Governmental Activities Long-Term Debt	\$ 128,396,590	\$ 9,704,087	\$ 12,818,909	\$ 125,281,768	\$ 5,534,953
Business-Type Activities	Balance January 1, 2008	Increase	Decrease	Balance December 31, 2008	Due Within One Year
Bonds payable					
Land assembly bonds	\$ 9,135,000	\$ -	\$ 2,695,000	\$ 6,440,000	\$ 3,930,000
Parking revenue bonds	36,000,000	-	2,150,000	33,850,000	2,250,000
Tax increment – parking bonds	33,260,000	-	1,570,000	31,690,000	1,700,000
Parking revenue bonds (Smith Avenue Transit)	15,980,000	-	120,000	15,860,000	125,000
Add: unamortized premium on parking revenue bonds	80,230	-	20,058	60,172	-
Total bonds payable	\$ 94,455,230	\$ -	\$ 6,555,058	\$ 87,900,172	\$ 8,005,000
Notes payable					
Parking revenue notes	\$ 960,000	\$ -	\$ 70,000	\$ 890,000	\$ 80,000
St. Paul Foundation Housing Loan	195,190	-	-	195,190	195,190
Total notes payable	\$ 1,155,190	\$ -	\$ 70,000	\$ 1,085,190	\$ 275,190
Total Business-Type Activities Long-Term Debt	\$ 95,610,420	\$ -	\$ 6,625,058	\$ 88,985,362	\$ 8,280,190

All 2008 scheduled principal and interest payments were made in accordance with the terms of the bonds and notes.

The Jimmy Lee Recreation Facility Lease Revenue Bonds, Series 2008, were issued in the amount of \$7,685,000 to acquire the facility and lease it back to the City of Saint Paul. The Upper Landing Tax Increment Note, Series 2008 was issued in the amount of \$2,019,087 to replace an advance from the City of Saint Paul to complete the Upper Landing Building complex. This advance was previously 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, 2008

Note 5.F. (Continued)

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

Governmental Activities

The governmental activity long-term debt, represented by the Tax Increment Bonds, the Sales Tax Revenue Bonds, the Lease Revenue Bonds, and the long-term notes are not general obligations of the HRA, are not backed by the full faith and credit of the HRA, and are to be retired through specific revenue sources. Under Minn. Stat. § 469.034, the HRA is not authorized to issue bonds which constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Tax increments, sales taxes, and lease payments are pledged under the respective bond covenants. Debt service payments have been made on the bonds and notes using the designated financing sources. The City has issued a general obligation pledge on the Riverfront Tax Increment Bonds, Series 2000D and Series 2002C; the Koch Mobil Tax Increment Refunding Bonds, Series 2007B; and the Snelling-University Tax Increment Bonds Series 2005C. The governmental activity bonds and notes are serviced by the HRA Debt Service Fund. A listing of the governmental activity bonds and notes at December 31, 2008, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2008
Sales Tax Revenue Refunding Bonds, Series 1996	1/2 Percent City Sales Tax/RiverCentre Revenues	7.10	\$ 40,685,000
Downtown Tax Increment Refunding Bonds, Series 1998	Downtown & 7 th Place District Tax Increments, RiverCentre Revenues, Hotel/Motel Taxes	5.00-6.50	-
RiverCentre Parking Facility Lease Bonds, Series 2000	Lease Payments from the City	4.87-6.00	5,620,000
Riverfront Tax Increment Refunding Bonds, Series 2000D	Riverfront District Tax Increments	4.50-5.00	3,640,000
US Bank Tax Increment Bonds, Series 2001	Riverfront Renaissance District Tax Increments	5.00 - 6.75	10,980,000
Riverfront Tax Increment Refunding Bonds, Series 2002C	Riverfront District Tax Increments	2.90 - 5.65	1,115,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	North Quadrant District Tax Increments	7.50	973,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	North Quadrant District Tax Increments	7.00	1,099,000
Upper Landing Tax Increment Bonds, Series 2002A	Riverfront Renaissance District Tax Increments	6.80	5,000,000

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2008
Upper Landing Tax Increment Bonds, Series 2002B-1	Riverfront Renaissance District Tax Increments	6.40 - 7.00	11,901,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Riverfront Renaissance District Tax Increments	6.90	1,962,000
Drake Marble Tax Increment Bonds, Series 2002	Riverfront Renaissance District Tax Increments	6.75	1,638,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Spruce Tree/Metz District Tax Increments	6.50	1,092,560
9th Street Lofts Tax Increment Bonds, Series 2004	North Quadrant District Tax Increments	6.37	1,249,000
J.J. Hill Tax Increment Bonds, Series 2004	J.J. Hill District Tax Increments	6.25	3,602,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Neighborhood Scattered Site District Tax Increments	4.24-5.45	5,760,000
Snelling-University Tax Increment Refunding Bonds, Series 2005C	Snelling-University District Tax Increments	3.60-5.12	4,055,000
Koch Mobil Tax Increment Refunding Bonds, Series 2007B	Koch Mobil District Tax Increments	4.25	3,895,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	City of Saint Paul	3.00-5.00	7,610,000
HUD Section 108 Note, Series 2003-A	EDI Grants, Port Authority	5.20	3,300,000
HUD Section 108 Note, Series 2003-B	Land Sale Proceeds	Variable	3,450,000
Upper Landing Tax Increment Note, Series 2008	Upper Landing District Tax Increments	5.75%	2,019,087
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Shepard Davern District Tax Increments	5.09	4,618,687
Total Governmental Activities Long-Term Debt			\$ 125,264,334

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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

Business-Type Activities

The business-type activity long-term debt is reported in the HRA Parking Enterprise Fund and the HRA Loan Enterprise Fund where specific fund revenues are used to service the debt. The City has issued a general obligation pledge on the Block 39 Tax Increment Bonds, Series 1998A and Series 1998B. A listing of the business-type bonds and notes at December 31, 2008, follows:

Debt Issue	Sources for Retirement	Interest Rate (%)	Amount Payable December 31, 2008
Parking Revenue Bonds, Series 1997A	7th Street Ramp Parking Revenues	6.75	\$ 7,060,000
Block 39 Tax Increment Bonds, Series 1998A	Block 39 Ramp Parking Revenues, Block 39 District Tax Increments	4.60 – 4.75	21,255,000
Block 39 Tax Increment Bonds, Series 1998B	Block 39 Ramp Parking Revenues, Block 39 District Tax Increments	5.68 – 6.45	10,435,000
Parking Revenue Refunding Bonds, Series 2001A	Parking Facility Revenues, City Parking Meter and Fine Revenue	4.00 – 5.00	4,110,000
Parking Revenue Bonds, Series 2002A	Parking Facility Revenues, City Parking Meter and Fine Revenue	4.85 – 5.35	14,295,000
Parking Revenue Bonds, Series 2002B	Parking Facility Revenues, City Parking Meter and Fine Revenue	5.10 – 6.50	3,755,000
Parking Revenue Refunding Bonds, Series 2005A	Parking Facility Revenues, City Parking Meter and Fine Revenue	2.50 – 3.37	4,630,000
Parking Revenue Bonds (Smith Avenue Transit Center), Series 2005	Smith Avenue Transit and Parking Ramp Revenues	3.90	15,860,000
Housing 5000 Land Assembly Bonds, Series 2004	Land Sale Proceeds	Variable	6,440,000
RiverCentre Exhibit Hall Parking Ramp Notes	RiverCentre Exhibit Hall Ramp Parking Revenues	6.00	890,000
Saint Paul Foundation Housing Loan	Housing Project Revenues	1.00	195,190
Total Business-Type Activities Long-Term Debt			\$ 88,925,190

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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
2009	\$ 3,022,891	\$ 3,480,955	\$ 1,605,000	\$ 2,888,635	\$ 840,000	\$ 663,937
2010	7,054,364	3,234,144	1,720,000	2,774,680	970,000	617,075
2011	3,329,648	2,977,668	1,840,000	2,652,560	1,130,000	560,025
2012	3,543,795	2,791,182	1,975,000	2,521,920	1,285,000	492,338
2013	2,391,862	2,624,627	2,115,000	2,381,695	1,445,000	414,938
2014 – 2018	11,898,000	10,926,629	13,045,000	9,431,995	2,195,000	1,489,788
2019 – 2023	9,422,000	7,677,347	18,385,000	4,094,215	1,530,000	1,167,524
2024 – 2028	13,975,000	3,841,136	-	-	1,920,000	769,912
2029 – 2033	3,324,000	114,751	-	-	1,915,000	245,250
Total	\$ 57,961,560	\$ 37,668,439	\$ 40,685,000	\$ 26,745,700	\$ 13,230,000	\$ 6,420,787

Year Ending December 31	Development Notes		Total Governmental Activity	
	Principal	Interest	Principal	Interest
2009	\$ 67,062	\$ 690,960	\$ 5,534,953	\$ 7,724,487
2010	139,965	723,819	9,884,329	7,349,718
2011	648,129	710,655	6,947,777	6,900,908
2012	706,768	674,915	7,510,563	6,480,355
2013	715,911	636,122	6,667,773	6,057,382
2014 – 2018	3,836,508	2,564,139	30,974,508	24,412,551
2019 – 2023	2,654,744	1,497,597	31,991,744	14,436,683
2024 – 2028	-	1,175,456	15,895,000	5,786,504
2029 – 2033	4,618,687	822,820	9,857,687	1,182,821
Total	\$ 13,387,774	\$ 9,496,483	\$ 125,264,334	\$ 80,331,409

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

Year Ending December 31	Parking Revenue Bonds HRA Parking Enterprise Fund		Tax Increment - Parking Bonds HRA Parking Enterprise Fund		Parking Ramp Notes HRA Parking Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 2,375,000	\$ 2,415,172	\$ 1,700,000	\$ 1,611,888	\$ 80,000	\$ 53,100
2010	2,475,000	2,305,291	1,885,000	1,500,281	80,000	48,600
2011	2,595,000	2,188,812	2,040,000	1,378,135	90,000	43,800
2012	18,060,000	1,764,951	2,210,000	1,243,623	90,000	38,700
2013	2,710,000	1,336,408	2,430,000	1,104,389	100,000	33,300
2014 – 2018	9,315,000	4,729,229	10,785,000	3,616,956	450,000	70,200
2019 – 2023	4,695,000	2,767,163	7,240,000	1,699,313	-	-
2024 – 2028	6,070,000	1,386,720	3,400,000	163,400	-	-
2029 – 2033	1,415,000	75,702	-	-	-	-
Total	\$ 49,710,000	\$ 18,969,448	\$ 31,690,000	\$ 12,317,985	\$ 890,000	\$ 287,700

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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

Year Ending December 31	Housing 5000 Land Assembly Bonds HRA Loan Enterprise Fund		Saint Paul Foundation Housing Loan HRA Loan Enterprise Fund		Total Business-Type Activity	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 3,930,000	\$ 171,210	\$ 195,190	\$ 1,952	\$ 8,280,190	\$ 4,253,322
2010	-	151,560	-	-	4,440,000	4,005,732
2011	-	151,560	-	-	4,725,000	3,762,307
2012	-	151,560	-	-	20,360,000	3,198,834
2013	-	151,560	-	-	5,240,000	2,625,657
2014 – 2018	-	757,800	-	-	20,550,000	9,174,185
2019 – 2023	-	757,800	-	-	11,935,000	5,224,276
2024 – 2028	2,510,000	3,737	-	-	11,980,000	1,553,857
2029 – 2033	-	-	-	-	1,415,000	75,702
Total	\$ 6,440,000	\$ 2,296,787	\$ 195,190	\$ 1,952	\$ 88,925,190	\$ 33,873,872

(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, 2008, \$48,745,000 of the following outstanding bonds are considered defeased:

Sales Tax Revenue Bonds, Series 1993	Amount Outstanding December 31, 2008 <hr/> \$ 48,745,000
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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, 2008

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, 2008, 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 \$441,700. Likewise, \$441,700 is owed under the line of credit at December 31, 2008, and is reported as contracts payable.

Changes in the balance due on the line of credit for the year ended December 31, 2008, are as follows:

Balance Due December 31, 2007	Increase 2008	Decrease 2008	Balance Due December 31, 2008
\$ 538,800	\$ 5,725,200	\$ 5,822,300	\$ 441,700

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, 2008, are as follows:

Balance Due December 31, 2007	Increase 2008	Decrease 2008	Balance Due December 31, 2008
\$ 195,190	\$ -	\$ -	\$ 195,190

During 2007, an advance was made by the Foundation to the HRA in the amount of \$195,190 for the Dorothy Day Center Project. This amount of \$195,190 is reported as notes payable at December 31, 2008 (see Note 5.F.). Under the revolving loan agreement, there is \$2,304,810 available in loan funds from the Foundation at December 31, 2008.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

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, 2007, liability for claims and judgments; nor were there any fiscal year 2007 or 2008 claims or claims payments, which resulted in any end of fiscal year 2007 or 2008 claims liabilities.

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, 2008

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, 2008.

No.	Tax Increment Financing District - Project	Date Issued	Note Amount	Note Principal Balance 12/31/2007	Note Principal Balance 12/31/2008	Total Amount Expended (Principal & Interest) Under Notes for the Year Ended 12/31/2008
215	Superior Street Cottages	7/16/1998	\$ 311,341	\$ 264,538	\$ 261,520	\$ 18,217
194	1919 University	11/7/1997	1,357,000	1,357,000	1,357,000	126,255
193	Hubbard Site	7/31/1999	1,259,924	483,893	394,241	104,288
212	Block 4-TIR Note, Series 2004	5/6/2004	17,800,000	17,800,000	17,800,000	947,165
212	Block 4-Taxable TIR Note Series 2004	5/6/2004	2,975,838	2,647,083	2,264,921	527,561
260	North Quadrant Rental Phase I	2/1/2001	2,140,000	2,140,000	2,140,000	122,735
268	North Quadrant Rental Phase II	2/28/2002	1,500,000	1,500,000	1,500,000	-
268	North Quadrant Shortfall TIR Note II	6/20/2002	179,781	179,781	179,781	110,764
228	Emerald Park Owner Occupied Phase I	2/26/2003	3,067,000	2,914,386	2,880,386	245,206
267	Emerald Park Owner Occupied Phase II	4/12/2005	2,074,000	2,074,000	2,030,000	165,705
267	Emerald Park Rental	10/16/2002	3,110,000	3,110,000	3,110,000	273,764
266	Emerald Park Commercial/Metro Project	6/21/2005	1,225,000	1,225,000	1,211,000	82,889
237	Osceola Park Series 2002	11/4/2002	950,000	950,000	950,000	50,039
234	Phalen Village Ames Lake	8/1/2003	418,000	418,000	418,000	18,302
232	Straus Building	12/26/2002	600,000	596,964	596,964	43,292
240	Bridgescreek Senior Place Project	6/30/2004	2,398,952	2,398,952	2,398,952	141,202
241	Lyons Court Rental Project	4/14/2004	682,000	682,000	682,000	32,014
243	Shepard-Davern Ownership Housing	11/1/2006	3,257,067	3,257,067	3,155,991	312,657
264	Llewelyn-West Side Flats	10/24/2006	701,055	701,055	701,055	-
271	Carlton Lofts	10/1/2005	2,358,660	2,358,660	2,358,660	46,780
245	Shepard-Davern Gateway Senior	12/2/2003	1,353,286	1,353,286	1,353,286	72,129
257	Phalen Senior Lofts Project (Payne Phalen TIF)	2/10/2005	925,000	925,000	908,750	50,465
278	River Pointe Lofts Project	12/27/2007	1,829,000	-	829,000	-
	Total		\$ 52,472,904	\$ 49,336,665	\$ 50,481,507	\$ 3,491,429

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, 2008, 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, 2008

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, 2008, is \$1,348,500. The portion of these loans that the HRA has guaranteed is \$690,750. No liability has been recorded by the HRA for these loans at December 31, 2008.

M. Construction and Other Significant Commitments

At December 31, 2008, the HRA had the following commitments:

United Family Practice Project	\$	300,000
Gander Mountain Strategic Investment Loan		431,000

N. Interfund Transactions

(1) Interfund Receivables and Payables

During the course of its operations, the HRA has transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of December 31, 2008, individual fund interfund receivable and payable balances were as follows:

Fund	Interfund Receivable	Interfund Payable
HRA General Fund	\$ 717,599	\$ 89,290
HRA Debt Service Fund	57,766	332,884
HRA Tax Increment Capital Projects Fund	422,174	6,862,428
HRA Loan Enterprise Fund	6,090,063	-
HRA Parking Fund	-	3,000
Total Interfund Receivables and Payables - All Funds	<u>\$ 7,287,602</u>	<u>\$ 7,287,602</u>

The interfund receivables in the HRA General Fund (\$717,599) and the HRA Loan Enterprise Fund (\$6,090,063) were advanced to the HRA Tax Increment Capital Projects Fund for the purpose of financing development expenditures in various tax increment financing districts prior to the receipt of tax increment revenues in these districts. The advances are to be repaid with interest when future available tax increment revenues are received in these districts.

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008**

Note 5.N. (Continued)

(2) Interfund Transfers

Individual fund interfund transfers during the fiscal year ended December 31, 2008, were as follows:

<u>Transfers</u>	<u>Transfers In From Other Funds</u>	<u>Transfers Out To Other Funds</u>
HRA Development Capital Projects Fund	\$ -	\$ 1,141,391
HRA Federal & State Programs Special Revenue Fund	30,867	-
HRA Debt Service Fund	708,205	352,993
HRA Tax Increment Capital Projects Fund	352,993	167,130
HRA Loan Enterprise Fund	<u>600,316</u>	<u>104,451</u>
Total Interfund Transfers -All Funds	<u>\$ 1,692,381</u>	<u>\$ 1,765,965</u>

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

The transfers in and out do not balance at the fund level (by \$73,584) due to a capital asset transfer from the HRA Loan Enterprise Fund to the General Capital Assets.

O. Net Assets/Fund Balances

(1) Net Assets - Governmental Activities

The amount reported as “Invested in Capital Assets, Net of Related Debt” on the government-wide Statement of Net Assets for the governmental activities as of December 31, 2008, is determined as follows:

Capital assets	\$ 16,886,430
Less: accumulated depreciation	(8,102,429)
Less: outstanding principal of related debt	<u>-</u>
Invested in Capital Assets - Net of Related Debt	<u>\$ 8,784,001</u>

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Assets for the governmental activities is based on required balances per bond indentures. This amount is \$5,187,806 at December 31, 2008.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.O. (Continued)

(2) Net Assets - Business-Type Activities

The amount reported as “Invested in Capital Assets, Net of Related Debt” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for the HRA Parking Enterprise Fund as of December 31, 2008, is determined as follows:

Capital assets	\$ 136,379,655
Less: accumulated depreciation	(32,694,300)
Less: outstanding principal of related debt	(82,346,770)
Add: unspent proceeds of capital related debt	<u>128,972</u>
Invested in Capital Assets - Net of Related Debt	<u>\$ 21,467,557</u>

The amount reported as “Restricted for Debt Service” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for Proprietary Funds as of December 31, 2008, as follows:

	<u>HRA Loan Enterprise Fund</u>	<u>HRA Parking Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Restricted Assets			
Cash for revenue bond debt service	\$ 1,740,371	\$ 4,248,597	\$ 5,988,968
Cash for revenue bond reserve	1,005,000	-	1,005,000
Investment for revenue bond future debt service	-	1,677,238	1,677,238
Less: liabilities payable from restricted assets			
Revenue bonds payable	(1,581,713)	-	(1,581,713)
Accrued interest on bonds	<u>(14,691)</u>	<u>(925,925)</u>	<u>(940,616)</u>
Restricted for Debt Service	<u>\$ 1,148,967</u>	<u>\$ 4,999,910</u>	<u>\$ 6,148,877</u>

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

The amount reported as “Restricted for Operations and Maintenance” on the government-wide Statement of Net Assets for the business-type activities and on the Statement of Net Assets for the HRA Parking Enterprise Fund as of December 31, 2008, is determined as follows:

Restricted assets - cash for revenue bond operations and maintenance	\$ 573,827
Less: liabilities payable from restricted assets	<u>-</u>
Restricted for Operations and Maintenance	<u>\$ 573,827</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

Note 5.O. (Continued)

(3) Fund Balances - Governmental Funds

In the fund financial statements, fund balances in governmental funds are reserved to report amounts that are not available for appropriation and/or are legally restricted to a specific use that is narrower than the purpose of the fund itself. At December 31, 2008, fund balance reservations were reported in the following governmental funds:

	HRA General Fund	HRA Debt Service Fund	HRA Tax Increment Capital Projects Fund	HRA Development Capital Project Fund	Total
Reserved for					
Encumbrances	\$ 83,935	\$ -	\$ 2,595	\$ 954,402	\$ 1,040,932
Debt service on bonds and notes	-	21,359,181	-	-	21,359,181
Advances to other Funds	717,599	-	-	-	717,599
Advances to other governmental units	-	-	-	640,000	640,000
Total Reserved Fund Balances	<u>\$ 801,534</u>	<u>\$ 21,359,181</u>	<u>\$ 2,595</u>	<u>\$ 1,594,402</u>	<u>\$ 23,757,712</u>

In the fund financial statements, unreserved fund balances in governmental funds are designated to report amounts that represent tentative management plans for future use of financial resources. At December 31, 2008, fund balances designations were reported in the following governmental funds:

	HRA General Fund	HRA Tax Increment Capital Projects Fund	Total
Unreserved, designated for			
Specific HRA activities	\$ 6,722,567	\$ 6,909,778	\$ 13,632,345
Next year's appropriation	949,623	-	949,623
Cash flow and revenue estimates	500,000	-	500,000
Total Unreserved, Designated Fund Balance	<u>\$ 8,172,190</u>	<u>\$ 6,909,778</u>	<u>\$ 15,081,968</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008

6. Contingent Liabilities

Litigation

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

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

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

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

Regions Hospital Parking Ramp Contingent Lease

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

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

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2008**

Note 6. (Continued)

Cleanup of Hazardous Materials

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

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

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

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

For the Fiscal Year Ended December 31, 2008

(Amounts in dollars)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	10,083,533	10,846,644	11,900,162	1,053,518
Intergovernmental	18,200,885	18,200,885	16,938,706	(1,262,179)
Fees, Sales and Services	1,627,957	1,627,957	1,359,564	(268,393)
Investment Income	444,377	471,177	768,747	297,570
Miscellaneous	100,000	100,000	887,476	787,476
Total Revenues	30,456,752	31,246,663	31,854,655	607,992
EXPENDITURES				
Housing and Economic Development	-	-	3,750	(3,750)
Intergovernmental - City	14,526,450	13,903,265	16,278,143	(2,374,878)
Intergovernmental - County	997,195	2,190,057	2,307,107	(117,050)
Debt Service				
Principal Payment on Bonds	8,591,180	8,676,180	8,712,180	(36,000)
Interest on Bonds	7,185,089	7,371,646	7,331,774	39,872
Principal Payment on Notes	549,020	549,020	199,495	349,525
Interest on Notes	636,800	636,808	543,347	93,461
Total Expenditures	32,485,734	33,326,976	35,375,796	(2,048,820)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,028,982)	(2,080,313)	(3,521,141)	(1,440,828)
OTHER FINANCING SOURCES (USES)				
Transfers In	114,174	854,936	708,205	(146,731)
Transfers Out	(2,500,000)	(2,500,000)	(352,993)	2,147,007
Total Other Financing Sources (Uses)	(2,385,826)	(1,645,064)	355,212	2,000,276
Net Changes in Fund Balances	(4,414,808)	(3,725,377)	(3,165,929)	559,448
FUND BALANCE, January 1	24,525,110	24,525,110	24,525,110	-
FUND BALANCE, December 31	20,110,302	20,799,733	21,359,181	559,448

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

Inception Through December 31, 2008

(Amounts in dollars)

Program Title	Activity Code	Multi-Year Budget	Actual Program Costs		Amount To Be Completed
			Inception Through 12/31/07	Fiscal Year Ended 12/31/08	
FEDERAL HOME PROGRAM					
Single Family Housing Rehabilitation	37001	25,464,226	20,736,200	222,046	4,505,980
New Rental Housing	37002	2,169,000	2,169,000	-	-
Community Housing Development	37003	7,039,525	4,755,722	689,866	1,593,937
Program Administration	37004	3,714,561	3,126,558	156,680	431,323
Single Family Housing Rehab - Program Income	37005	1,556,759	1,556,759	-	-
Total Federal HOME Program		39,944,071	32,344,239	1,068,592	6,531,240
FEDERAL ADDI HOUSING GRANT					
Single Family Housing	37006	513,639	244,400	20,000	249,239
FEDERAL SHELTER PLUS CARE GRANT					
Shelter Plus Care Program	37007	361,920	-	48,010	313,910
FEDERAL HOPE-3 PROGRAM					
Property Acquisition, Rehab & Mgmt	37101-37106	377,481	377,481	-	-
MINNESOTA HOUSING FINANCE AGENCY PROGRAMS					
Community Rehab Fund	38100	525,596	517,513	-	8,083
Single Family Home Improvement Loan Program	38101	6,445,000	5,146,246	281,496	1,017,258
Minnesota Urban & Rural Homestead Program	38102	62,158	61,358	-	800
Program Administration	38104	419,110	346,997	20,493	51,620
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		10,312,348	7,590,007	301,989	2,420,352
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	-	-
Capital Heights City Homes	38113	300,000	300,000	-	-
Tax Based Revitalization Grants	38103	540,265	545,265	-	(5,000)
Total Metropolitan Council Livable Community Grants		1,590,265	1,595,265	-	(5,000)
STATE OF MINNESOTA GRANTS					
Railroad Island Project	38203	1,300,000	542,875	-	757,125
Capital Heights City Homes	38113	200,000	-	-	200,000
Federal Highway - State Administered - Head & Sack House	38206	1,186,100	-	1,186,100	-
Total State of Minnesota Grants		2,686,100	542,875	1,186,100	957,125
FEDERAL SECTION 108					
Section 108 Loan Repayment	38204	-	1,250,550	-	(1,250,550)
TOTAL HRA FEDERAL & STATE PROGRAMS FUND		58,105,958	45,893,681	2,624,691	9,587,586

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

For the Fiscal Years Ended December 31, 1997 through 2008

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2007</u>	<u>Costs - Fiscal Year Ended 12/31/08</u>	<u>Amount To Be Completed</u>
New Housing & Blighted Lands - Direct Increment Financed	76200	5,581,242	5,581,242	-	-
New Housing & Blighted Lands - Bond Financed	76201	2,922,131	2,922,131	-	-
New Housing & Blighted Lands - Post 1982 Subdistrict	76202	1,174,318	1,183,590	-	(9,272)
North Quadrant - Phase I	76203	4,392,268	1,488,088	742	2,903,438
North Quadrant - Non TIF	76204	441,114	370,836	4,210	66,068
North Quadrant - Phase II	76205	4,347,273	1,100,387	742	3,246,144
Superior Street Cottages	76206	686,025	179,424	20,618	485,983
J.J. Hill	76207	12,959,912	4,033,048	4,571	8,922,293
Sibley Park - Phase I	76208	6,495,378	575,560	124,843	5,794,975
Sibley Park - Phase II	76209	3,037,617	411,103	112,873	2,513,641
Straus Park	76210	1,447,696	132,651	45,703	1,269,342
North Quadrant Public Improvements	76211	948,673	867,427	-	81,246
Bridgecreek Senior Place	76213	6,747,810	206,436	143,623	6,397,751
Phalen Village TIF District	76214	10,867,104	462,886	20,704	10,383,514
North Quadrant - Phase III	76215	6,149,000	1,629,081	162,563	4,357,356
Phalen Village TIF District Uncommitted	76216	-	10,579	-	(10,579)
Phalen Village Cub Store	76217	6,352,896	-	12,227	6,340,669
West Midway	76300	2,526,781	2,526,781	-	-
Spruce Tree Centre	76302	2,889,449	2,888,606	-	843
Neighborhood Business Development - Scattered Sites	76304	31,180,202	8,512,768	241,697	22,425,737
Twin City Testing	76305	318,450	318,450	-	-
Snelling-University	76306	8,361,600	321,934	441	8,039,225
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	5,271,106	3,688,504	104,288	1,478,314
1919 University	76311	2,855,076	1,094,952	128,676	1,631,448
Midway Marketplace Pay-As-You-Go TIF Note	76312	952,397	952,397	-	-
Scattered Site Business TIF Bonds, Series 2005	76314	7,515,000	6,445,787	1,271	1,067,942
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	2,281,706	26,706	4,362,498
Riverfront Renaissance - US Bank	76703	68,914,628	20,043,279	308,958	48,562,391
Riverfront Renaissance - Upper Landing	76704	61,896,457	3,603,007	35,582	58,257,868
Upper Landing Interfund Loan	76705	-	488,991	102,018	(591,009)

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

For the Fiscal Years Ended December 31, 1997 through 2008

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/97-2007</u>	<u>Costs - Fiscal Year Ended 12/31/08</u>	<u>Amount To Be Completed</u>
Osceola Park	76706	2,899,714	159,414	52,440	2,687,860
Block - Minnesota Mutual	76707	46,739,637	7,917,481	1,546,057	37,276,099
Emerald Park - Owner Occupied	76708	26,401,961	1,086,563	452,462	24,862,936
Emerald Park - Rental	76709	13,215,895	1,247,195	300,128	11,668,572
Emerald Park - Commercial	76710	2,180,100	79,687	109,776	1,990,637
Riverfront Renaissance - Llewellyn	76711	17,915,978	32,482	2,197	17,881,299
Riverfront Renaissance - West Side Flats	76712	4,565,408	1,902,593	18,408	2,644,407
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	227,639	325,101	9,130,451
Shepard Davern - Phase II	76716	15,529,676	4,850,283	302	10,679,091
Shepard Davern - Phase III	76717	3,024,432	92,045	74,531	2,857,856
Downtown & 7th Place Redevelopment - Series 1989 Bonds	76801	1,458,854	1,458,854	-	(0)
Block 39 - Acquisition, Demolition, Parking Ramp & Retail	76803	42,844,807	42,608,671	47,547	188,589
Block 39 - Construction of Lawson Office Building	76804	56,729,826	56,729,826	-	-
Downtown & 7th Place Redevelopment - Direct Increment Financed	76805	16,104,598	16,104,598	-	-
Parking Revenue Bonds, Series 1992A	76806	5,616	5,616	-	-
RiverCentre Exhibit Hall Parking Ramp	76809	2,125,368	2,125,368	-	-
World Trade Center Parking Ramp	76810	13,238,148	13,238,148	-	-
RiverCentre Parking Facility Lease Revenue Bonds	76811	7,350,295	7,350,295	-	-
Armstrong-Quinlan House	76813	2,900,000	2,900,000	-	-
Central Library Renovation Lease Revenue Bonds	76814	13,162,076	13,162,076	-	-
City Financed Capital Projects	76815	3,925,000	3,925,000	-	-
Smith Avenue Transit Hub	76818	202,422	197,793	-	4,629
Koch Mobil Infrastructure	76819	79,096,354	3,529,063	64,106	75,503,185
TIF District Administration - Advance Funding	76820	1,100,070	-	-	1,100,070
Payne / Phalen Senior Lofts TIF District	76822	2,847,354	16,305	57,245	2,773,804
Carleton Lofts TIF District	76823	9,257,028	10,468	81,274	9,165,286
Penfield TIF District	76824	47,536,340	-	-	47,536,340
Highland Pointe Lofts TIF District	76825	5,089,171	11,389	14,018	5,063,764
2700 University	76826	7,303,240	-	13,491	7,289,749
Minnesota Building TIF District	76827	-	-	2,171	(2,171)
TOTAL HRA TAX INCREMENT FUND		<u>755,551,650</u>	<u>282,506,421</u>	<u>4,764,310</u>	<u>468,280,919</u>

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

For the Fiscal Years Ended December 31, 2006 through 2008

(Amounts in dollars)

<u>Activity Title</u>	<u>Activity Code</u>	<u>Multi-Year Budget</u>	<u>Costs - Fiscal Years Ended 12/31/06-2007</u>	<u>Costs - Fiscal Year Ended 12/31/08</u>	<u>Amount To Be Completed</u>
Land Assembly Bonds	76903	15,000,000	7,696,139	103,183	7,200,678
Star Funds	76904	20,000,000	16,210,758	812,738	2,976,504
HRA Funded Projects	76905	6,150,000	2,700,606	1,856	3,447,538
Other/Private Sources	76906	750,000	250,000	500,000	-
Invest Saint Paul Series 2007B Star Taxable Bonds	76907	15,000,000	-	3,628,965	11,371,035
Invest Saint Paul Series 2007A Star Tax Exempt Bonds	76908	2,000,000	-	-	2,000,000
Invest Saint Paul Minnesota Housing Financing Grant Program	76909	1,545,000	-	147,568	1,397,432
Recreation Facility Lease Revenue Bonds, Series 2008	76915	7,604,999	-	7,683,596	(78,597)
TOTAL HRA DEVELOPMENT CAPITAL PROJECTS FUND		68,049,999	26,857,503	12,877,906	28,314,590

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.

SCHEDULE OF DEPOSITS AND INVESTMENTS
ALL FUNDS

At December 31, 2008

(Amounts in dollars)

Investment Description	Maturity Date	Interest Rate	Reported Amount
Parking Ramp Checking Accounts at St Paul Banks			719,140
First American Government Obligations Fund Class D		0.10%	2,038,349
First American Government Obligations Fund Class Y		0.17%	10,969,232
Wells Fargo Advantage Government Money Market Fund			8,563,130
Federal Home Loan Bank Bonds	11/17/2017	5.00%	596,211
United States Treasury Notes	5/1/2009	5.92%	724,000
Federal Home Loan Bank Bonds	6/29/2010	4.38%	1,677,238
United States Treasury Notes	11/18/2011	5.75%	577,185
City Cash and Investment Pool			75,764,975
			<u>101,629,460</u>
TOTAL CASH AND INVESTMENTS			101,629,460

Summary by Statement of Net Assets Account

Cash and Investments with Treasurer	71,250,941
Cash with Fiscal Agents	719,140
Cash and Investments with Trustees	20,285,374
Restricted Cash for Revenue Bond Debt Service	1,005,000
Restricted Cash for Revenue Bond Reserve	5,988,968
Restricted Cash for Revenue Bond Development and Construction	128,972
Restricted Cash for Bond Operations and Maintenance	573,827
Restricted Investment for Revenue Bond Debt Service	1,677,238
	<u>101,629,460</u>
Total Cash and Investments	101,629,460

SCHEDULE OF LOANS RECEIVABLE**ALL FUNDS**

At December 31, 2008

(Amounts in dollars)

<u>Fund - Program</u>	<u>Number of Loans Outstanding</u>	<u>Principal Balance 12/31/2008</u>	<u>Allowance for Uncollectible Loans 12/31/2008</u>	<u>Net Reported Assets 12/31/2008</u>
HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND				
Federal HOME Program	149	19,408,868	17,712,184	1,696,684
Federal ADDI Program	26	254,400	188,300	66,100
HUD 108 Loan Guaranty Program	2	6,749,450	1,889,725	4,859,725
Total HRA Federal & State Programs Special Revenue Fund	177	26,412,718	19,790,209	6,622,509
HRA DEVELOPMENT CAPITAL PROJECTS FUND				
ISP STAR	5	128,400	96,300	32,100
Total HRA Development Capital Projects Fund	5	128,400	96,300	32,100
HRA TAX INCREMENT CAPITAL PROJECTS FUND				
Scattered Site TIF Bonds	4	3,504,280	3,226,214	278,066
Total HRA Tax Increment Capital Projects Fund	4	3,504,280	3,226,214	278,066
HRA LOAN ENTERPRISE FUND				
Enterprise Leverage	11	1,810,068	1,552,379	257,689
Commercial Real Estate	9	2,810,261	2,520,747	289,514
Home Purchase and Rehab	61	588,208	475,157	113,051
Home Ownership Opportunities	121	1,747,296	1,659,931	87,365
Housing Real Estate	29	8,573,216	6,684,501	1,888,715
Mixed Income Housing	10	4,678,080	4,229,500	448,580
Minority Business Development	2	100,000	95,000	5,000
Strategic Investment Program	10	1,774,577	1,772,222	2,355
Business - UDAG	5	251,572	85,808	165,764
Housing - UDAG	5	1,452,933	1,350,741	102,192
Neighborhood Development Revolving Loan Program	1	17,308	8,654	8,654
Riverfront Tax Increment	1	36,988	35,139	1,849
Downtown Tax Increment	1	393,660	98,415	295,245
Neighborhood Development Tax Increment	10	1,027,884	655,190	372,694
New Housing & Blighted Lands Tax Increment	1	360,000	180,000	180,000
HUD Rental Rehab	14	2,398,197	2,184,081	214,116
Land Assembly	3	2,430,595	2,309,065	121,530
Mortgage Housing Loan Origination Program	68	1,476,041	1,218,475	257,566
Mortgage Housing - Phase I and Phase II	42	503,114	25,156	477,958
Affordable Housing	1	175,671	166,887	8,784
Total HRA Loan Enterprise Fund	405	32,605,669	27,307,048	5,298,621

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2008

(Amounts in dollars)

<u>Bonds and Notes</u>	<u>Lender</u>	<u>Source for Retirement</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
<u>GOVERNMENTAL ACTIVITIES</u>								
BONDS:								
Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996	Public Sale	City 1/2% Sales Tax, RiverCentre Revenues	7.10%	1996	2023	55,865,000	15,180,000	40,685,000
Downtown Tax Increment Refunding Bonds, Series 1998	Public Sale	Downtown and 7th Place District TI's, RiverCentre Revenues, City Hotel/Motel Taxes	5.00% - 6.50%	1998	2009	24,295,000	24,295,000	-
RiverCentre Parking Facility Lease Revenue Bonds, Series 2000	Public Sale	Lease Payments from the City of Saint Paul	4.87% - 6.00%	2000	2014	7,240,000	1,620,000	5,620,000
Riverfront Tax Increment Refunding Bonds, Series 2000D *	Public Sale	Riverfront District TI's	4.50% - 5.00%	2000	2012	8,335,000	4,695,000	3,640,000
US Bank Tax Increment Bonds, Series 2001	Public Sale	Riverfront Renaissance District TI's	5.00% - 6.75%	2001	2028	12,000,000	1,020,000	10,980,000
Riverfront Tax Increment Refunding Bonds, Series 2002C *	Public Sale	Riverfront District TI's	2.90% - 5.65%	2002	2012	2,335,000	1,220,000	1,115,000
North Quadrant Tax Increment Refunding Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.50%	2002	2028	1,089,000	116,000	973,000
North Quadrant Phase II Tax Increment Bonds, Series 2002	Public Sale	North Quadrant District TI's	7.00%	2002	2028	1,140,000	41,000	1,099,000
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	229,000	11,901,000
Upper Landing Tax Increment Bonds, Series 2002B-2	Public Sale	Riverfront Renaissance District TI's	6.90%	2002	2029	2,000,000	38,000	1,962,000
Drake Marble Tax Increment Bonds, Series 2002	Public Sale	Riverfront Renaissance District TI's	6.75%	2002	2028	1,800,000	162,000	1,638,000
Spruce Tree Tax Increment Refunding Bonds, Series 2003	Public Sale	Spruce Tree/Metz District TI's	6.50%	2003	2013	1,890,000	797,440	1,092,560
9th Street Lofts Tax Increment Bonds, Series 2004	Private Placement	9th Street Lofts District TI's	6.375%	2004	2028	1,335,000	86,000	1,249,000

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2008

(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):								
JJ Hill Tax Increment Bonds, Series 2004	Private Placement	JJ Hill District TI's	6.25%	2004	2029	3,660,000	58,000	3,602,000
Neighborhood Scattered Site Tax Increment Bonds, Series 2005	Public Sale	Neighborhood Scattered Site District TI's	4.24% - 5.45%	2005	2017	7,515,000	1,755,000	5,760,000
Snelling-University Tax Increment Bonds, Series 2005 *	Public Sale	Snelling-University Site District TI's	3.60% - 5.12%	2005	2017	5,130,000	1,075,000	4,055,000
Koch Mobil Tax Increment Refunding Bonds, Series 2007B *	Public Sale	Koch Mobil District TI's	4.25%	2007	2010	3,895,000	-	3,895,000
Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008	Public Sale	City of St. Paul 25 -Year Lease	Variable	2008	2032	7,685,000	75,000	7,610,000
TOTAL BONDS - GOVERNMENTAL ACTIVITIES						<u>164,339,000</u>	<u>52,462,440</u>	<u>111,876,560</u>
NOTES:								
CDBG Float Note	City of Saint Paul	Downtown and 7th Place	0.00%	1990	2008	7,800,000	7,800,000	-
Downtown & 7th Place Redevelopment Project Subordinated Tax Increment Revenue Note	City of Saint Paul	Downtown and 7th Place District TI's	11.00%	1998	2009	26,146,165	26,146,165	-
Upper Landing Tax Increment Revenue Note, Series 2008	City of Saint Paul	Upper Landing District TI's	5.75%	2008	2020	2,019,087	-	2,019,087
HUD Section 108 Note, Series 2003-A	Public Sale	EDI Grant, Port Authority	5.20%	2003	2022	3,300,000	-	3,300,000
HUD Section 108 Note, Series 2003-B	Public Sale	Property Sale Proceeds	Variable	2003	2022	4,700,000	1,250,000	3,450,000
Shepard Davern Rental Housing Tax Increment Note, Series 2006	Gateway Apts Ltd Partnership	Shepard Davern District TI's	5.09%	2006	2032	4,820,000	201,313	4,618,687
TOTAL NOTES - GOVERNMENTAL ACTIVITIES						<u>48,785,252</u>	<u>35,397,478</u>	<u>13,387,774</u>
TOTAL BONDS AND NOTES - GOVERNMENTAL ACTIVITIES						<u>213,124,252</u>	<u>87,859,918</u>	<u>125,264,334</u>

Continued

SCHEDULE OF BONDS AND NOTES PAYABLE

At December 31, 2008

(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 - HRA LOAN ENTERPRISE FUND</u>								
BONDS:								
Housing 5000 Land Assembly Bonds, Series 2004	Public Sale	Land Sale Proceeds, Bank Letter of Credit Land Sales	Variable	2004	2024	25,000,000	18,560,000	6,440,000
NOTES:								
Saint Paul Foundation Housing Loan	St Paul Foundation	Revenues from Housing Projects	1.00%	2006	2015	195,190	-	195,190
TOTAL BONDS AND NOTES - HRA LOAN ENTERPRISE FUND						<u>25,195,190</u>	<u>18,560,000</u>	<u>6,635,190</u>
<u>BUSINESS-TYPE ACTIVITIES - HRA PARKING ENTERPRISE FUND</u>								
BONDS:								
Parking Revenue Bonds, Series 1997A, (7th Street Ramp)	Public Sale	7th Street Ramp Parking Revenues	6.75%	1997	2017	11,305,000	4,245,000	7,060,000
Block 39 Tax Increment Bonds, Series 1998A *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	4.60% - 4.75%	1998	2025	21,255,000	-	21,255,000
Block 39 Tax Increment Bonds, Series 1998B *	Public Sale	Block 39 District TI's, Block 39 Parking Revenues	5.68% - 6.45%	1998	2015	18,745,000	8,310,000	10,435,000
Parking Revenue Refunding Bonds, Series 2001A	Public Sale	HRA Parking Revenues	4.00% - 5.00%	2001	2017	6,755,000	2,645,000	4,110,000
Parking Revenue Bonds, Series 2002A	Public Sale	HRA Parking Revenues	4.85% - 5.35%	2002	2029	14,295,000	-	14,295,000
Parking Revenue Bonds, Series 2002B	Public Sale	HRA Parking Revenues	5.10% - 6.50%	2002	2016	4,250,000	495,000	3,755,000
Parking Revenue Refunding Bonds, Series 2005A	Public Sale	HRA Parking Revenues	2.50% - 3.37%	2005	2013	7,790,000	3,160,000	4,630,000
Parking Revenue Bonds (Smith Avenue Transit Center), Series 2005	Public Sale	Smith Avenue Transit & Parking Ramp Revenues	3.90%	2005	2012	15,980,000	120,000	15,860,000
NOTES:								
RiverCentre Exhibit Hall Parking Ramp Notes	Downtown Businesses	HRA Parking Revenues	6.00%	1995	2017	1,500,000	610,000	890,000
TOTAL BONDS AND NOTES - HRA PARKING ENTERPRISE FUND						<u>101,875,000</u>	<u>19,585,000</u>	<u>82,290,000</u>
TOTAL BONDS AND NOTES - BUSINESS-TYPE ACTIVITIES						<u>127,070,190</u>	<u>38,145,000</u>	<u>88,925,190</u>

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

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2008

(Amounts in dollars)

Year	Sales Tax Revenue Refunding Bonds (RiverCentre Project), Series 1996		Jimmy Lee Recreational Facility Lease Revenue Bonds, Series 2008		RiverCentre Parking Facility Lease Revenue Bonds, Series 2000		Riverfront Tax Increment Refunding Bonds, Series 2000D		US Bank Tax Increment Bonds, Series 2001	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	1,605,000	2,888,635	190,000	348,600	650,000	315,337	845,000	156,462	305,000	700,949
2010	1,720,000	2,774,680	195,000	342,900	775,000	274,175	880,000	115,494	325,000	684,129
2011	1,840,000	2,652,560	205,000	336,075	925,000	223,950	925,000	72,047	340,000	665,894
2012	1,975,000	2,521,920	210,000	328,388	1,075,000	163,950	990,000	24,750	360,000	646,626
2013	2,115,000	2,381,695	220,000	319,988	1,225,000	94,950			385,000	625,275
2014	2,265,000	2,231,530	225,000	311,188	970,000	29,100			405,000	601,387
2015	2,425,000	2,070,715	235,000	302,188					435,000	576,122
2016	2,595,000	1,898,540	245,000	292,787					460,000	549,172
2017	2,780,000	1,714,295	255,000	282,681					490,000	520,537
2018	2,980,000	1,516,915	265,000	271,844					515,000	490,066
2019	3,190,000	1,305,335	280,000	260,250					555,000	457,909
2020	3,420,000	1,078,845	290,000	247,650					590,000	422,912
2021	3,660,000	836,025	305,000	234,600					630,000	383,912
2022	3,920,000	576,165	320,000	220,112					670,000	342,312
2023	4,195,000	297,845	335,000	204,912					715,000	297,675
2024			350,000	189,000					760,000	248,569
2025			365,000	172,375					815,000	196,425
2026			385,000	155,037					875,000	140,400
2027			400,000	136,750					930,000	80,494
2028			420,000	116,750					420,000	16,537
2029			445,000	95,750						
2030			465,000	73,500						
2031			490,000	50,250						
2032			515,000	25,750						
Totals	<u>40,685,000</u>	<u>26,745,700</u>	<u>7,610,000</u>	<u>5,319,325</u>	<u>5,620,000</u>	<u>1,101,462</u>	<u>3,640,000</u>	<u>368,753</u>	<u>10,980,000</u>	<u>8,647,302</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTESAt December 31, 2008
(Amounts in dollars)

Year	Riverfront Tax Increment Refunding Bonds, Series 2002C		North Quadrant Tax Increment Refunding Bonds, Series 2002		North Quadrant Phase II Tax Increment Bonds, Series 2002		Upper Landing Tax Increment Bonds, Series 2002A		Upper Landing Tax Increment Bonds, Series 2002B-1	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	250,000	54,128	24,000	72,526	27,000	76,475	104,000	336,464	245,000	819,182
2010	270,000	40,405	26,000	70,688	29,000	74,550	111,000	329,154	261,000	801,961
2011	290,000	25,208	27,000	68,738	31,000	72,485	118,000	321,368	279,000	783,583
2012	305,000	8,616	30,000	66,638	33,000	70,280	126,000	313,072	298,000	763,943
2013			32,000	64,350	35,000	67,935	135,000	304,198	318,000	742,974
2014			34,000	61,913	38,000	65,415	144,000	294,712	340,000	720,574
2015			37,000	59,325	41,000	62,720	154,000	284,580	364,000	696,603
2016			39,000	56,513	43,000	59,815	165,000	273,734	388,000	670,994
2017			43,000	53,513	47,000	56,735	176,000	262,140	414,000	643,680
2018			46,000	50,213	49,000	53,410	188,000	249,764	443,000	614,075
2019			49,000	46,726	53,000	49,910	201,000	236,538	474,000	581,980
2020			53,000	42,975	57,000	46,130	214,000	222,428	507,000	547,645
2021			57,000	38,926	61,000	42,070	229,000	207,366	542,000	510,930
2022			61,000	34,575	65,000	37,730	244,000	191,284	580,000	471,660
2023			67,000	29,888	70,000	33,110	261,000	174,114	621,000	429,625
2024			71,000	24,788	75,000	28,105	279,000	155,754	665,000	384,615
2025			77,000	19,351	80,000	22,785	298,000	136,136	711,000	336,455
2026			83,000	13,463	86,000	17,080	318,000	115,192	761,000	284,935
2027			89,000	7,126	92,000	10,955	340,000	92,820	814,000	229,810
2028			28,000	1,050	87,000	3,045	363,000	68,918	871,000	170,835
2029							832,000	28,288	2,005,000	70,175
2030										
2031										
2032										
Totals	<u>1,115,000</u>	<u>128,357</u>	<u>973,000</u>	<u>883,285</u>	<u>1,099,000</u>	<u>950,740</u>	<u>5,000,000</u>	<u>4,598,024</u>	<u>11,901,000</u>	<u>11,276,234</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2008

(Amounts in dollars)

Year	Upper Landing Tax Increment Bonds, Series 2002B-2		Drake Marble Tax Increment Bonds, Series 2002		Spruce Tree Tax Increment Refunding Bonds, Series 2003		9th Street Lofts Tax Increment Bonds, Series 2004		JJ Hill Tax Increment Bonds, Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	40,000	133,998	38,000	110,565	191,891	71,016	34,000	79,082	54,000	224,407
2010	43,000	131,134	-	108,000	204,364	58,544	36,000	76,882	69,000	220,750
2011	47,000	128,030	-	108,000	217,648	45,260	39,000	74,556	81,000	216,250
2012	50,000	124,683	-	108,000	231,795	31,113	41,000	72,038	94,000	211,001
2013	53,000	121,129	-	108,000	246,862	16,046	44,000	69,360	108,000	204,906
2014	57,000	117,335	-	108,000			47,000	66,523	124,000	197,906
2015	60,000	113,298	-	108,000			49,000	63,495	136,000	189,906
2016	64,000	109,020	-	108,000			53,000	60,307	144,000	181,281
2017	69,000	104,431	-	108,000			57,000	56,865	153,000	172,156
2018	73,000	99,533	-	108,000			61,000	53,168	163,000	162,438
2019	78,000	94,323	-	108,000			63,000	49,247	173,000	152,094
2020	84,000	88,734	-	108,000			69,000	45,135	184,000	141,094
2021	90,000	82,731	-	108,000			73,000	40,673	195,000	129,438
2022	96,000	76,314	-	108,000			77,000	35,955	209,000	117,031
2023	102,000	69,483	-	108,000			82,000	30,983	221,000	103,782
2024	109,000	62,203	-	108,000			87,000	25,659	236,000	89,751
2025	117,000	54,407	-	108,000			93,000	20,018	250,000	74,782
2026	125,000	46,057	-	108,000			99,000	13,994	266,000	58,906
2027	133,000	37,157	-	108,000			106,000	7,586	283,000	42,032
2028	143,000	27,635	1,600,000	18,000			39,000	1,243	301,000	24,063
2029	329,000	11,350							158,000	4,938
2030										
2031										
2032										
Totals	<u>1,962,000</u>	<u>1,832,985</u>	<u>1,638,000</u>	<u>2,072,565</u>	<u>1,092,560</u>	<u>221,979</u>	<u>1,249,000</u>	<u>942,769</u>	<u>3,602,000</u>	<u>2,918,912</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2008
 (Amounts in dollars)

Year	Neighborhood Scattered Site Tax Increment Bonds, Series 2005		Snelling-University Tax Increment Bonds, Series 2005C		Koch Mobil Tax Increment Refunding Bonds, Series 2007B		Upper Landing Tax Increment Revenue Note, Series 2008	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	485,000	292,700	380,000	187,463	-	165,538	67,062	77,399
2010	510,000	269,762	395,000	169,923	3,895,000	82,768	139,965	110,258
2011	535,000	244,611	400,000	151,638			148,129	102,094
2012	565,000	217,854	420,000	132,568			156,768	93,454
2013	585,000	188,556	450,000	111,898			165,911	84,311
2014	620,000	157,858	470,000	89,583			175,589	74,634
2015	660,000	124,468	490,000	65,940			185,830	64,392
2016	690,000	88,835	515,000	40,615			196,669	53,553
2017	1,110,000	30,247	535,000	13,709			208,140	42,082
2018							220,280	29,942
2019							233,128	17,094
2020							121,616	3,497
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
Totals	<u>5,760,000</u>	<u>1,614,891</u>	<u>4,055,000</u>	<u>963,337</u>	<u>3,895,000</u>	<u>248,306</u>	<u>2,019,087</u>	<u>752,710</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTESAt December 31, 2008
(Amounts in dollars)

Year	HUD Section 108 Note, Series 2003-A		HUD Section 108 Note, Series 2003-B		Shepard Davern Rental Housing Tax Increment Note, Series 2006		Parking Revenue Bonds, Series 1997A		Block 39 Tax Increment Bonds, Series 1998A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	-	171,470	-	207,000	-	235,091	595,000	476,550	-	1,004,650
2010	-	171,470	-	207,000	-	235,091	635,000	436,388	-	1,004,650
2011	250,000	171,470	250,000	202,000	-	235,091	680,000	393,525	-	1,004,650
2012	250,000	160,370	300,000	186,000	-	235,091	725,000	347,625	-	1,004,650
2013	250,000	148,720	300,000	168,000	-	235,091	775,000	298,688	1,125,000	978,775
2014	250,000	136,645	300,000	150,000	-	235,091	825,000	246,375	1,630,000	915,206
2015	250,000	124,320	300,000	132,000	-	235,091	880,000	190,687	2,475,000	819,350
2016	250,000	111,645	300,000	114,000	-	235,091	940,000	131,288	2,930,000	691,600
2017	300,000	98,670	300,000	96,000	-	235,091	1,005,000	67,837	1,200,000	593,513
2018	300,000	82,800	300,000	78,000	-	235,091			1,255,000	535,206
2019	300,000	66,660	300,000	60,000	-	235,091			1,315,000	474,169
2020	300,000	50,280	300,000	42,000	-	235,091			1,380,000	410,163
2021	300,000	33,690	300,000	24,000	-	235,091			1,445,000	343,069
2022	300,000	16,920	200,000	8,000	-	235,091			1,515,000	272,769
2023					-	235,091			1,585,000	199,143
2024					-	235,091			1,660,000	122,075
2025					-	235,091			1,740,000	41,325
2026					-	235,091				
2027					-	235,091				
2028					-	235,091				
2029					-	235,091				
2030					-	235,091				
2031					-	235,091				
2032					4,618,687	117,546				
Totals	<u>3,300,000</u>	<u>1,545,130</u>	<u>3,450,000</u>	<u>1,674,000</u>	<u>4,618,687</u>	<u>5,524,643</u>	<u>7,060,000</u>	<u>2,588,963</u>	<u>21,255,000</u>	<u>10,414,963</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2008

(Amounts in dollars)

Year	Block 39 Tax Increment Bonds, Series 1998B		Parking Revenue Refunding Bonds, Series 2001A		Parking Revenue Bonds, Series 2002A		Parking Revenue Bonds, Series 2002B		Parking Revenue Refunding Bonds, Series 2005A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	1,700,000	607,238	380,000	194,360	-	751,485	400,000	233,290	875,000	144,962
2010	1,885,000	495,631	395,000	178,020	-	751,485	420,000	211,010	895,000	118,713
2011	2,040,000	373,485	415,000	160,640	-	751,485	445,000	186,650	925,000	91,862
2012	2,210,000	238,973	430,000	141,965	-	751,485	475,000	159,950	955,000	64,113
2013	1,305,000	125,614	455,000	122,185	-	751,485	500,000	130,975	980,000	33,075
2014	980,000	51,922	475,000	100,800	-	751,485	645,000	98,475		
2015	315,000	10,159	495,000	78,000	-	751,485	685,000	56,550		
2016			520,000	53,250	545,000	751,485	185,000	12,025		
2017			545,000	27,250	765,000	725,052				
2018					805,000	687,185				
2019					845,000	646,935				
2020					890,000	602,572				
2021					935,000	555,848				
2022					985,000	506,760				
2023					1,040,000	455,048				
2024					1,090,000	400,448				
2025					1,150,000	342,132				
2026					1,210,000	280,608				
2027					1,275,000	215,872				
2028					1,345,000	147,660				
2029					1,415,000	75,702				
2030										
2031										
2032										
Totals	<u>10,435,000</u>	<u>1,903,022</u>	<u>4,110,000</u>	<u>1,056,470</u>	<u>14,295,000</u>	<u>11,653,702</u>	<u>3,755,000</u>	<u>1,088,925</u>	<u>4,630,000</u>	<u>452,725</u>

Continued

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY - BONDS AND NOTES

At December 31, 2008

(Amounts in dollars)

Year	Parking Revenue Bonds (Smith Avenue Transit Center), Series 2005		RiverCentre Exhibit Hall Parking Ramp Notes		Housing 5000 Land Assembly Bonds, Series 2004		Saint Paul Foundation Housing Loan		TOTAL BONDS AND NOTES	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	125,000	614,525	80,000	53,100	3,930,000	171,210	195,190	1,952	13,815,143	11,977,809
2010	130,000	609,675	80,000	48,600	-	151,560			14,324,329	11,355,450
2011	130,000	604,650	90,000	43,800	-	151,560			11,672,777	10,663,215
2012	15,475,000	299,813	90,000	38,700	-	151,560			27,870,563	9,679,189
2013			100,000	33,300	-	151,560			11,907,773	8,683,039
2014			100,000	27,300	-	151,560			11,119,589	7,992,517
2015			110,000	21,000	-	151,560			10,781,830	7,351,954
2016			120,000	14,400	-	151,560			11,387,669	6,709,510
2017			120,000	7,500	-	151,560			10,572,140	6,063,544
2018					-	151,560			7,663,280	5,469,210
2019					-	151,560			8,109,128	4,993,821
2020					-	151,560			8,459,616	4,486,711
2021					-	151,560			8,822,000	3,957,929
2022					-	151,560			9,242,000	3,402,238
2023					-	151,560			9,294,000	2,820,259
2024					2,510,000	3,737			7,892,000	2,077,795
2025									5,696,000	1,759,282
2026									4,208,000	1,468,763
2027									4,462,000	1,203,693
2028									5,617,000	830,827
2029									5,184,000	521,294
2030									465,000	308,591
2031									490,000	285,341
2032									5,133,687	143,296
Totals	<u>15,860,000</u>	<u>2,128,663</u>	<u>890,000</u>	<u>287,700</u>	<u>6,440,000</u>	<u>2,296,787</u>	<u>195,190</u>	<u>1,952</u>	<u>214,189,524</u>	<u>114,205,281</u>

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

For the Fiscal Year Ended December 31, 2008

(Amounts in dollars)

	<u>Federal</u>	<u>State</u>	<u>City</u>	<u>Totals 2008</u>
<u>HRA GENERAL FUND</u>				
Excess Tax Increments - Downtown District	-	-	2,694,079	2,694,079
Market Value Homestead Credit	-	44,437	-	44,437
Total HRA General Fund	<u>-</u>	<u>44,437</u>	<u>2,694,079</u>	<u>2,738,516</u>
<u>HRA FEDERAL & STATE PROGRAMS SPECIAL REVENUE FUND</u>				
HUD HOME Investment Partnership Program	982,484	-	-	982,484
HUD American Dream Initiative Program	20,000	-	-	20,000
HUD Shelter Plus Care Grant	48,010	-	-	48,010
DOT TEA 21 Grant - State of Minnesota Administered	1,186,100	-	-	1,186,100
Minnesota Housing Finance Agency Programs	-	250,629	-	250,629
Total HRA Federal & State Programs Special Revenue Fund	<u>2,236,594</u>	<u>250,629</u>	<u>-</u>	<u>2,487,223</u>
<u>HRA DEBT SERVICE FUND</u>				
Market Value Homestead Credit	-	141,670	-	141,670
Financing for Sales Tax Revenue Bonds	-	-	16,797,036	16,797,036
Total HRA Debt Service Fund	<u>-</u>	<u>141,670</u>	<u>16,797,036</u>	<u>16,938,706</u>
<u>HRA TAX INCREMENT CAPITAL PROJECTS FUND</u>				
Market Value Homestead Credit	-	60,689	-	60,689
Total HRA Tax Increment Capital Projects Fund	<u>-</u>	<u>60,689</u>	<u>-</u>	<u>60,689</u>
<u>HRA DEVELOPMENT CAPITAL PROJECTS FUND</u>				
Financing for Invest Saint Paul Program	-	250,000	-	250,000
Total HRA Development Capital Projects Fund	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<u>HRA LOAN ENTERPRISE FUND</u>				
Mortgage Foreclosure Prevention Program	47,539	37,000	-	84,539
Total HRA Loan Enterprise Fund	<u>47,539</u>	<u>37,000</u>	<u>-</u>	<u>84,539</u>
TOTAL INTERGOVERNMENTAL REVENUE, OPERATING GRANTS, AND CAPITAL GRANTS	<u>2,284,133</u>	<u>784,425</u>	<u>19,491,115</u>	<u>22,559,673</u>

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

For the Fiscal Year Ended December 31, 2008

(Amounts in dollars)

	<u>City</u>	<u>County</u>	<u>Totals 2008</u>
<u>HRA GENERAL FUND</u>			
Financing for Citizen Participation Program	102,808	-	102,808
Total HRA General Fund	<u>102,808</u>	<u>-</u>	<u>102,808</u>
<u>HRA DEBT SERVICE FUND</u>			
Financing for City Sales Tax Revenue Bonds	8,352,803	-	8,352,803
Surplus Sales Tax Revenues for City STAR Program	3,745,761	-	3,745,761
Repayment of CDBG Float Note	410,000	-	410,000
Repayment of Downtown & 7th Place Redevelopment Project Subordinated Tax Increment Revenue Note	3,769,579	-	3,769,579
Excess Tax Increments - Downtown District	-	2,307,107	2,307,107
Total HRA Debt Service Fund	<u>16,278,143</u>	<u>2,307,107</u>	<u>18,585,250</u>
<u>HRA DEVELOPMENT CAPITAL PROJECTS FUND</u>			
Financing for City Capital Projects	6,800,000	-	6,800,000
Total HRA Loan Enterprise Fund	<u>6,800,000</u>	<u>-</u>	<u>6,800,000</u>
<u>HRA LOAN ENTERPRISE FUND</u>			
Financing for City Capital Projects	10,000	-	10,000
Total HRA Loan Enterprise Fund	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<u>HRA PARKING ENTERPRISE FUND</u>			
Financing for City Capital Projects	66,483	-	66,483
Total HRA Parking Enterprise Fund	<u>66,483</u>	<u>-</u>	<u>66,483</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES AND EXPENSES	<u><u>23,257,434</u></u>	<u><u>2,307,107</u></u>	<u><u>25,564,541</u></u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended December 31, 2008

(Amounts in dollars)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Grants		
Housing Counseling Assistance Program Grant	14.169	47,539
HOME Investment Partnerships Program	14.239	982,484
HOME Investment Partnerships Program - American Dream Downpayment Initiative Program	14.239	20,000
Shelter Plus Care Grant	14.238	<u>48,010</u>
Total U.S. Department of Housing and Urban Development		<u>1,098,033</u>
U.S. Department of Transportation		
Passed through the Minnesota Department of Transportation		
Highway Planning and Construction		
City House Project - TEA 21 Grant	20.205	<u>1,186,100</u>
TOTAL FEDERAL AWARDS		<u><u>2,284,133</u></u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, a blended component unit of the City of Saint Paul. The HRA's reporting entity is defined in Note 1 to the basic financial statements.
2. The expenditures on this schedule are on the basis accounting used by the individual funds of the HRA. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis.
3. During 2008, \$959,921 of CFDA #14.239 was passed through to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$ 10,357,471	\$ 10,010,905	\$ 8,167,326	\$ 8,965,271	\$ 7,540,194	\$ 7,193,628	\$ 8,784,001
Restricted	6,912,435	6,265,106	9,523,636	10,105,742	6,861,982	5,644,230	5,187,806
Unrestricted	<u>(69,843,966)</u>	<u>(83,561,703)</u>	<u>(94,315,958)</u>	<u>(98,153,673)</u>	<u>(99,846,152)</u>	<u>(57,581,243)</u>	<u>(50,473,041)</u>
Total Governmental Activities Net Assets (a)	<u>(52,574,060)</u>	<u>(67,285,692)</u>	<u>(76,624,996)</u>	<u>(79,082,660)</u>	<u>(85,443,976)</u>	<u>(44,743,385)</u>	<u>(36,501,234)</u>
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843	22,141,220	21,467,557
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632	14,386,423	6,722,704
Unrestricted	<u>53,949,217</u>	<u>52,934,377</u>	<u>57,577,103</u>	<u>59,894,720</u>	<u>50,759,011</u>	<u>26,967,821</u>	<u>36,762,770</u>
Total Business-Type Activities Net Assets	<u>59,321,445</u>	<u>61,938,860</u>	<u>71,792,702</u>	<u>81,826,888</u>	<u>76,749,486</u>	<u>63,495,464</u>	<u>64,953,031</u>
TOTAL SAINT PAUL HRA							
Invested in Capital Assets, Net of Related Debt	13,939,096	16,290,721	13,624,319	14,509,271	18,409,037	29,334,848	30,251,558
Restricted	8,703,038	8,989,773	18,282,242	26,493,910	21,983,614	20,030,653	11,910,510
Unrestricted	<u>(15,894,749)</u>	<u>(30,627,326)</u>	<u>(36,738,855)</u>	<u>(38,258,953)</u>	<u>(49,087,141)</u>	<u>(30,613,422)</u>	<u>(13,710,271)</u>
Total Housing & Redevelopment Authority Net Assets	<u>\$ 6,747,385</u>	<u>\$ (5,346,832)</u>	<u>\$ (4,832,294)</u>	<u>\$ 2,744,228</u>	<u>\$ (8,694,490)</u>	<u>\$ 18,752,079</u>	<u>\$ 28,451,797</u>

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
EXPENSES							
Governmental Activities:							
Housing & Economic Development	\$ 32,639,713	\$ 39,091,894	\$ 32,512,704	\$ 31,189,699	\$ 37,524,430	\$ 22,227,153	\$ 24,163,156
Interest on Long-Term Debt	<u>10,581,752</u>	<u>10,326,891</u>	<u>10,251,572</u>	<u>10,949,282</u>	<u>12,024,646</u>	<u>11,141,352</u>	<u>10,945,951</u>
Total Governmental Activities Expenses	<u>43,221,465</u>	<u>49,418,785</u>	<u>42,764,276</u>	<u>42,138,981</u>	<u>49,549,076</u>	<u>33,368,505</u>	<u>35,109,107</u>
Business-Type Activities:							
Development Loan Programs	4,404,208	6,163,748	11,820,912	8,450,161	18,506,591	14,768,515	6,444,810
Parking Operations	<u>9,389,968</u>	<u>8,431,480</u>	<u>11,104,139</u>	<u>10,739,279</u>	<u>11,564,825</u>	<u>12,990,561</u>	<u>12,628,706</u>
Total Business-Type Activities Expenses	<u>13,794,176</u>	<u>14,595,228</u>	<u>22,925,051</u>	<u>19,189,440</u>	<u>30,071,416</u>	<u>27,759,076</u>	<u>19,073,516</u>
Total Saint Paul HRA Expenses	<u>57,015,641</u>	<u>64,014,013</u>	<u>65,689,327</u>	<u>61,328,421</u>	<u>79,620,492</u>	<u>61,127,581</u>	<u>54,182,623</u>
PROGRAM REVENUES							
Governmental Activities:							
Charges for Services - Housing & Econ Development	4,765,602	3,381,272	1,735,249	4,180,247	2,776,370	4,410,071	2,811,075
Operating Grants and Contributions	<u>23,701,920</u>	<u>18,002,402</u>	<u>20,582,957</u>	<u>20,067,244</u>	<u>19,229,867</u>	<u>37,517,617</u>	<u>21,744,714</u>
Capital Grants and Contributions	<u>1,627,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,861,975</u>
Total Governmental Activities Program Revenues	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>
Business-Type Activities:							
Charges for Services:							
Development Loan Programs	1,619,812	2,652,971	2,524,308	5,477,876	7,046,559	429,076	1,164,671
Parking Operations	<u>8,377,127</u>	<u>8,646,251</u>	<u>9,855,748</u>	<u>10,266,046</u>	<u>10,799,883</u>	<u>10,691,896</u>	<u>11,779,690</u>
Operating Grants and Contributions	<u>485,341</u>	<u>2,002,488</u>	<u>13,750,499</u>	<u>10,025,408</u>	<u>1,480,019</u>	<u>938,546</u>	<u>3,765,808</u>
Capital Grants and Contributions	<u>3,350,733</u>	<u>615,884</u>	<u>1,780,421</u>	<u>900,000</u>	<u>6,235,374</u>	<u>11,412,775</u>	<u>-</u>
Total Business-Type Activities	<u>13,833,013</u>	<u>13,917,594</u>	<u>27,910,976</u>	<u>26,669,330</u>	<u>25,561,835</u>	<u>23,472,293</u>	<u>16,710,169</u>
Total Saint Paul HRA Program Revenues	<u>43,927,690</u>	<u>35,301,268</u>	<u>50,229,182</u>	<u>50,916,821</u>	<u>47,568,072</u>	<u>65,399,981</u>	<u>43,127,933</u>
NET (EXPENSE) REVENUE							
Governmental Activities	(13,126,788)	(28,035,111)	(20,446,070)	(17,891,490)	(27,542,839)	8,559,183	(8,691,343)
Business-Type Activities	<u>38,837</u>	<u>(677,634)</u>	<u>4,985,925</u>	<u>7,479,890</u>	<u>(4,509,581)</u>	<u>(4,286,783)</u>	<u>(2,363,347)</u>
Total Saint Paul HRA Net Expense	<u>(13,087,951)</u>	<u>(28,712,745)</u>	<u>(15,460,145)</u>	<u>(10,411,600)</u>	<u>(32,052,420)</u>	<u>4,272,400</u>	<u>(11,054,690)</u>

Continued

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS							
Governmental Activities:							
HRA Property Tax	774,231	772,649	767,867	828,287	924,042	992,320	1,123,627
Property Tax Increments	10,486,685	12,548,743	11,725,158	12,227,167	13,680,244	16,148,760	14,177,905
Hotel-Motel Tax	220,000	220,000	220,000	220,000	220,000	220,000	-
State Market Value Homestead Credit	269,408	278,150	263,091	331,212	221,207	232,816	246,796
Investment Income	2,801,699	1,310,057	1,053,345	1,381,833	1,627,343	2,201,832	1,881,031
Transfers	<u>1,124,442</u>	<u>(1,806,120)</u>	<u>(2,922,695)</u>	<u>445,327</u>	<u>4,508,687</u>	<u>12,345,680</u>	<u>(495,865)</u>
Total Governmental Activities	<u>15,676,465</u>	<u>13,323,479</u>	<u>11,106,766</u>	<u>15,433,826</u>	<u>21,181,523</u>	<u>32,141,408</u>	<u>16,933,494</u>
Business-Type Activities							
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216	1,276,002	1,193,871
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694
Gain on Sale of Capital Assets	-	-	-	-	-	-	1,336,484
Transfers	<u>(1,124,442)</u>	<u>1,806,120</u>	<u>2,922,695</u>	<u>(445,327)</u>	<u>(4,508,687)</u>	<u>(12,345,680)</u>	<u>495,865</u>
Total Business-Type Activities	<u>1,720,108</u>	<u>3,295,049</u>	<u>4,867,917</u>	<u>2,554,296</u>	<u>(567,821)</u>	<u>(8,967,239)</u>	<u>3,820,914</u>
Total Saint Paul HRA General Revenues	17,396,573	16,618,528	15,974,683	17,988,122	20,613,702	23,174,169	20,754,408
CHANGES IN NET ASSETS							
Governmental Activities	2,549,677	(14,711,632)	(9,339,304)	(2,457,664)	(6,361,316)	40,700,591	8,242,151
Business-Type Activities	<u>1,758,945</u>	<u>2,617,415</u>	<u>9,853,842</u>	<u>10,034,186</u>	<u>(5,077,402)</u>	<u>(13,254,022)</u>	<u>1,457,567</u>
Total Saint Paul HRA Changes in Net Assets	<u>\$ 4,308,622</u>	<u>\$ (12,094,217)</u>	<u>\$ 514,538</u>	<u>\$ 7,576,522</u>	<u>\$ (11,438,718)</u>	<u>\$ 27,446,569</u>	<u>\$ 9,699,718</u>

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>GOVERNMENTAL ACTIVITIES</u>							
Housing and Economic Development							
Charges for Services	\$ 4,765,602	\$ 3,381,272	\$ 1,735,249	\$ 4,180,247	\$ 2,776,370	\$ 4,410,071	\$ 2,811,075
Operating Grants	23,701,920	18,002,402	20,582,957	20,067,244	19,229,867	37,517,617	21,744,714
Capital Grants and Contributions	<u>1,627,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,861,975</u>
Total Housing and Economic Development	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>30,094,677</u>	<u>21,383,674</u>	<u>22,318,206</u>	<u>24,247,491</u>	<u>22,006,237</u>	<u>41,927,688</u>	<u>26,417,764</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Development Loan Programs							
Charges for Services	1,619,812	2,652,971	2,524,308	5,477,876	7,046,559	429,076	1,164,671
Operating Grants	485,341	2,002,488	13,750,499	9,400,408	1,480,019	938,546	3,765,808
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Development Loan Programs	<u>2,105,153</u>	<u>4,655,459</u>	<u>16,274,807</u>	<u>14,878,284</u>	<u>8,526,578</u>	<u>1,367,622</u>	<u>4,930,479</u>
Parking Operations							
Charges for Services	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883	10,691,896	11,779,690
Operating Grants	-	-	-	625,000	-	-	-
Capital Grants and Contributions	<u>3,350,733</u>	<u>615,884</u>	<u>1,780,421</u>	<u>900,000</u>	<u>6,235,374</u>	<u>11,412,775</u>	<u>-</u>
Total Parking Operations	<u>11,727,860</u>	<u>9,262,135</u>	<u>11,636,169</u>	<u>11,791,046</u>	<u>17,035,257</u>	<u>22,104,671</u>	<u>11,779,690</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>13,833,013</u>	<u>13,917,594</u>	<u>27,910,976</u>	<u>26,669,330</u>	<u>25,561,835</u>	<u>23,472,293</u>	<u>16,710,169</u>
TOTAL - ALL FUNCTIONS / PROGRAMS	<u>\$ 43,927,690</u>	<u>\$ 35,301,268</u>	<u>\$ 50,229,182</u>	<u>\$ 50,916,821</u>	<u>\$ 47,568,072</u>	<u>\$ 65,399,981</u>	<u>\$ 43,127,933</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
HRA General Fund										
Reserved	\$ 88,621	\$ 28,990	\$ 5,564	\$ 208,253	\$ 558,847	\$ 1,127,614	\$ 940,748	\$ 1,112,171	\$ 688,545	\$ 801,534
Unreserved	<u>6,216,362</u>	<u>6,555,620</u>	<u>7,331,886</u>	<u>7,979,800</u>	<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>
Total HRA General Fund	<u>6,304,983</u>	<u>6,584,610</u>	<u>7,337,450</u>	<u>8,188,053</u>	<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>
HRA Federal & State Programs Special Revenue Fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	<u>57,762</u>	<u>130</u>	<u>11</u>	-	-	-	-	-
Total HRA Federal & State Programs Special Revenue Fund	-	-	<u>57,762</u>	<u>130</u>	<u>11</u>	-	-	-	-	-
HRA Debt Service Fund										
Reserved	27,687,002	31,586,760	35,542,256	31,308,032	26,882,040	25,566,375	19,525,037	20,460,082	24,525,110	21,359,181
Unreserved	-	-	-	<u>413,593</u>	<u>185,615</u>	<u>56,753</u>	-	-	-	-
Total HRA Debt Service Fund	<u>27,687,002</u>	<u>31,586,760</u>	<u>35,542,256</u>	<u>31,721,625</u>	<u>27,067,655</u>	<u>25,623,128</u>	<u>19,525,037</u>	<u>20,460,082</u>	<u>24,525,110</u>	<u>21,359,181</u>
HRA Tax Increment Capital Projects Fund										
Reserved	36,406	1,172,710	4,519,140	239,864	131,011	195,541	172,688	188,631	2,595	2,595
Unreserved	<u>16,596,680</u>	<u>35,844,030</u>	<u>15,804,568</u>	<u>21,431,472</u>	<u>18,185,679</u>	<u>18,119,212</u>	<u>18,540,401</u>	<u>4,463,031</u>	<u>3,930,408</u>	<u>6,909,778</u>
Total HRA Tax Increment Capital Projects Fund	<u>16,633,086</u>	<u>37,016,740</u>	<u>20,323,708</u>	<u>21,671,336</u>	<u>18,316,690</u>	<u>18,314,753</u>	<u>18,713,089</u>	<u>4,651,662</u>	<u>3,933,003</u>	<u>6,912,373</u>
HRA Development Capital Projects Fund										
Reserved	-	-	-	-	-	-	-	-	932,190	1,594,402
Unreserved	-	-	-	-	-	-	-	-	<u>29,732,857</u>	<u>24,127,747</u>
Total HRA Tax Development Capital Projects Fund	-	-	-	-	-	-	-	-	<u>30,665,047</u>	<u>25,722,149</u>
TOTAL - ALL GOVERNMENTAL FUNDS										
Reserved	27,812,029	32,788,460	40,066,960	31,756,149	27,571,898	26,889,530	20,638,473	21,760,884	26,148,440	23,757,712
Unreserved	<u>22,813,042</u>	<u>42,399,650</u>	<u>23,194,216</u>	<u>29,824,995</u>	<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>
Total Fund Balances - All Governmental Funds	<u>\$50,625,071</u>	<u>\$75,188,110</u>	<u>\$63,261,176</u>	<u>\$61,581,144</u>	<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>

Unaudited

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes	\$ 13,268,529	\$ 16,478,434	\$ 19,862,459	\$ 10,942,762	\$ 12,684,963	\$ 14,121,135	\$ 13,698,751	\$ 14,936,361	\$ 18,258,162	\$ 17,752,965
Intergovernmental	22,364,927	21,357,159	22,651,878	23,704,408	21,510,552	22,447,640	20,331,044	18,953,030	37,048,241	22,475,134
Fees, Sales and Services	4,414,402	6,497,411	6,256,491	4,147,876	3,118,678	2,818,649	11,044,619	2,993,929	4,748,864	3,396,565
Investment Income	1,990,388	4,255,906	3,862,534	2,764,409	1,234,298	1,059,411	1,525,187	1,653,875	2,233,360	1,892,081
Miscellaneous	595,196	1,328,781	619,502	645,982	482,042	260,000	117,412	598,044	802,192	902,476
Total Revenues	<u>42,633,442</u>	<u>49,917,691</u>	<u>53,252,864</u>	<u>42,205,437</u>	<u>39,030,533</u>	<u>40,706,835</u>	<u>46,717,013</u>	<u>39,135,239</u>	<u>63,090,819</u>	<u>46,419,221</u>
EXPENDITURES										
Housing and Economic Development	13,492,785	13,055,720	21,622,830	26,960,630	18,698,890	14,620,402	16,010,586	20,182,150	7,760,374	10,655,374
Intergovernmental	13,343,244	13,903,211	20,708,772	12,680,339	17,613,616	16,264,384	16,242,742	17,133,171	13,755,067	25,488,058
Capital Outlay	39,231,120	9,306,900	2,395,968	-	615,884	-	1,078,511	648,337	-	1,186,100
Debt Service:										
Interest	11,028,273	12,270,402	11,645,817	10,053,770	10,365,689	10,208,651	11,029,802	12,033,425	11,353,161	11,098,149
Principal	5,567,375	6,232,443	13,148,735	10,332,337	10,008,320	8,107,884	13,031,162	6,883,857	7,924,001	8,911,675
Issuance Costs	21,242	442,233	669,864	803,977	119,530	289,809	326,867	-	6,777	274,195
Total Expenditures	<u>82,684,039</u>	<u>55,210,909</u>	<u>70,191,986</u>	<u>60,831,053</u>	<u>57,421,929</u>	<u>49,491,130</u>	<u>57,719,670</u>	<u>56,880,940</u>	<u>40,799,380</u>	<u>57,613,551</u>
Excess of Revenues over (under) Expenditures	(40,050,597)	(5,293,218)	(16,939,122)	(18,625,616)	(18,391,396)	(8,784,295)	(11,002,657)	(17,745,701)	22,291,439	(11,194,330)
OTHER FINANCING SOURCES (USES)										
Proceeds from Borrowing	2,000,000	20,298,000	13,780,420	22,070,000	10,570,000	9,034,981	7,515,000	-	-	9,635,761
Proceeds from Refunding	-	8,340,671	6,762,463	3,424,000	1,890,000	-	5,125,399	4,820,000	3,939,831	-
Redemption of Refunded Bonds	-	-	(15,920,000)	(3,364,000)	(1,890,000)	-	(5,005,000)	(4,820,000)	(3,895,000)	-
Sale of Fixed Assets	-	54,654,583	-	-	-	-	-	-	-	-
Notes Retired from Fixed Asset Sale	-	(53,521,583)	-	-	-	-	-	-	-	-
Transfers In	8,494,224	16,795,853	14,714,431	7,208,678	4,398,354	3,178,053	5,409,072	5,737,337	16,281,547	1,092,065
Transfers Out	(8,457,665)	(16,711,267)	(14,325,126)	(6,084,236)	(6,204,474)	(6,100,748)	(4,963,745)	(1,228,650)	(3,935,867)	(1,661,514)
Total Other Financing Sources (Uses)	<u>2,036,559</u>	<u>29,856,257</u>	<u>5,012,188</u>	<u>23,254,442</u>	<u>8,763,880</u>	<u>6,112,286</u>	<u>8,080,726</u>	<u>4,508,687</u>	<u>12,390,511</u>	<u>9,066,312</u>
Net Change in Fund Balance	<u>\$ (38,014,038)</u>	<u>\$ 24,563,039</u>	<u>\$ (11,926,934)</u>	<u>\$ 4,628,826</u>	<u>\$ (9,627,516)</u>	<u>\$ (2,672,009)</u>	<u>\$ (2,921,931)</u>	<u>\$ (13,237,014)</u>	<u>\$ 34,681,950</u>	<u>\$ (2,128,018)</u>
Debt Service as a percentage of Noncapital Expenditures	38.2%	41.3%	37.6%	34.8%	36.1%	37.6%	43.1% (a)	33.6%	47.3%	35.9%

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
HRA Loan Enterprise Fund							
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	2,024,282	11,289,819	7,049,537	6,823,402	1,148,967
Unrestricted	<u>44,763,590</u>	<u>45,222,845</u>	<u>48,111,651</u>	<u>48,515,462</u>	<u>40,291,549</u>	<u>16,159,536</u>	<u>21,385,035</u>
Total HRA Loan Enterprise Fund	<u>44,763,590</u>	<u>45,222,845</u>	<u>50,135,933</u>	<u>59,805,281</u>	<u>47,341,086</u>	<u>22,982,938</u>	<u>22,534,002</u>
HRA Parking Enterprise Fund							
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843	22,141,220	21,467,557
Restricted	1,790,603	2,724,667	6,734,324	5,098,349	8,072,095	7,563,021	5,573,737
Unrestricted	<u>9,185,627</u>	<u>7,711,532</u>	<u>9,465,452</u>	<u>11,379,258</u>	<u>10,467,462</u>	<u>10,808,285</u>	<u>15,377,735</u>
Total HRA Parking Enterprise Fund	<u>14,557,855</u>	<u>16,716,015</u>	<u>21,656,769</u>	<u>22,021,607</u>	<u>29,408,400</u>	<u>40,512,526</u>	<u>42,419,029</u>
TOTAL - ALL PROPRIETARY FUNDS							
Invested in Capital Assets, Net of Related Debt	3,581,625	6,279,816	5,456,993	5,544,000	10,868,843	22,141,220	21,467,557
Restricted	1,790,603	2,724,667	8,758,606	16,388,168	15,121,632	14,386,423	6,722,704
Unrestricted	<u>53,949,217</u>	<u>52,934,377</u>	<u>57,577,103</u>	<u>59,894,720</u>	<u>50,759,011</u>	<u>26,967,821</u>	<u>36,762,770</u>
Total Net Assets - All Proprietary Funds	<u>\$ 59,321,445</u>	<u>\$ 61,938,860</u>	<u>\$ 71,792,702</u>	<u>\$ 81,826,888</u>	<u>\$ 76,749,486</u>	<u>\$ 63,495,464</u>	<u>\$ 64,953,031</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
OPERATING REVENUES							
Fees, Sales and Services - Loan Programs	\$ 664,277	\$ 1,691,109	\$ 1,458,128	\$ 4,022,486	\$ 5,356,857	\$ 291,776	\$ 388,149
Fees, Sales and Services - Parking Facilities	8,377,127	8,646,251	9,855,748	10,266,046	10,799,883	10,691,896	11,779,690
Interest Earned on Loans	<u>955,535</u>	<u>961,862</u>	<u>1,066,180</u>	<u>1,455,390</u>	<u>1,689,702</u>	<u>137,300</u>	<u>776,522</u>
Total Operating Revenues	<u>9,996,939</u>	<u>11,299,222</u>	<u>12,380,056</u>	<u>15,743,922</u>	<u>17,846,442</u>	<u>11,120,972</u>	<u>12,944,361</u>
OPERATING EXPENSES							
Development Loan Programs	3,859,826	5,402,975	5,659,563	3,588,607	5,241,210	4,892,487	3,581,561
Costs of Parking Facility Operation	2,386,485	2,913,055	3,919,292	3,585,103	4,554,017	4,264,292	5,497,193
Depreciation	1,904,165	1,920,757	2,348,534	2,340,511	2,315,180	2,455,650	2,758,238
Bad Debt Expense on Loans	318,281	433,994	1,466,939	618,681	6,137,550	5,996,934	365,486
Forgivable Loan Expense	<u>-</u>	<u>-</u>	<u>3,547,055</u>	<u>1,839,768</u>	<u>4,986,221</u>	<u>944,676</u>	<u>1,920,551</u>
Total Operating Expenses	<u>8,468,757</u>	<u>10,670,781</u>	<u>16,941,383</u>	<u>11,972,670</u>	<u>23,234,178</u>	<u>18,554,039</u>	<u>14,123,029</u>
OPERATING INCOME (LOSS)	1,528,182	628,441	(4,561,327)	3,771,252	(5,387,736)	(7,433,067)	(1,178,668)
NONOPERATING REVENUES (EXPENSES)							
Property Tax Increments	1,195,454	1,203,262	1,219,705	1,372,349	1,397,216	1,276,002	1,193,871
Operating Grants	485,341	491,214	12,765,521	9,088,500	429,793	134,746	84,539
Gain on Sale of Capital Assets	-	-	-	-	-	-	1,336,484
Noncapital Contributions	-	1,511,274	984,978	936,908	1,050,226	803,800	3,681,269
Investment Income	1,649,096	285,667	725,517	1,627,274	2,543,650	2,102,439	794,694
Miscellaneous Revenue	-	-	-	-	21,743	-	-
Revaluation of Land Held for Resale	-	-	-	-	-	(1,867,546)	(270,345)
Interest on Long-Term Debt	(5,256,581)	(3,598,356)	(4,869,053)	(5,332,455)	(5,275,361)	(4,968,483)	(4,493,159)
Intergovernmental Expenses	(42,747)	(300,000)	(907,000)	(1,476,438)	(1,157,624)	(2,256,955)	(76,483)
Amortization of Bond Issuance Cost	<u>(26,091)</u>	<u>(26,091)</u>	<u>(207,615)</u>	<u>(407,877)</u>	<u>(425,996)</u>	<u>(112,053)</u>	<u>(110,500)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,995,528)</u>	<u>(433,030)</u>	<u>9,712,053</u>	<u>5,808,261</u>	<u>(1,416,353)</u>	<u>(4,888,050)</u>	<u>2,140,370</u>
Capital Contributions	3,350,733	615,884	1,780,421	900,000	6,235,374	11,412,775	-
Transfers In	3,763	3,055,616	3,634,028	2,500,000	1,053,084	1,416,433	600,316
Transfers Out	<u>(1,128,205)</u>	<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>
CHANGE IN NET ASSETS	<u>\$ 1,758,945</u>	<u>\$ 2,617,415</u>	<u>\$ 9,853,842</u>	<u>\$ 10,034,186</u>	<u>\$ (5,077,402)</u>	<u>\$ (13,254,022)</u>	<u>\$ 1,457,567</u>

Unaudited

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>
1999	\$ 850,069	\$12,198,460	\$ 220,000	\$13,268,529
2000	834,917	15,423,517	220,000	16,478,434
2001	833,160	18,803,401	225,898	19,862,459
2002	775,151	9,947,611	220,000	10,942,762
2003	760,130	11,704,833	220,000	12,684,963
2004	777,961	13,123,174	220,000	14,121,135
2005	824,978	12,653,773	220,000	13,698,751
2006	920,206	13,796,155	220,000	14,936,361
2007	997,821	17,040,341	220,000	18,258,162
2008	1,157,506	16,595,459	-	17,752,965
Change 1999-2008	36.2%	36.0%	-100.0%	33.8%

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

LEVY - PAYABLE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Tax Capacity*	162,553,273	172,563,457	189,530,112	150,408,675	167,879,665	180,113,604	202,575,538	225,186,571	253,000,058	274,846,144
Taxable Market Value*	8,480,678,600	9,157,393,201	10,164,670,200	11,226,398,800	12,643,120,100	14,214,708,900	16,403,703,100	18,550,595,100	21,103,230,000	23,071,399,600
Tax Capacity Rate	0.5090%	0.4760%	0.4330%	0.5100%	0.4970%	0.4580%	0.4400%	0.4340%	0.4140%	0.4470%
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%	0.0144%
Maximum Tax Levy per State Law	\$ 1,221,218	\$ 1,318,665	\$ 1,463,713	\$ 1,616,601	\$ 1,820,609	\$ 2,046,918	\$ 2,362,133	\$ 2,671,286	\$ 3,038,865	\$ 3,038,865
Actual Tax Levy Certified	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903
Actual Levy under Maximum	\$ 112,144	\$ 209,591	\$ 354,639	\$ 776,427	\$ 980,435	\$ 1,206,744	\$ 1,463,147	\$ 1,691,391	\$ 1,981,558	\$ 1,822,962
% of Actual Levy to Maximum	90.82%	84.11%	75.77%	51.97%	46.15%	41.05%	38.06%	36.68%	34.79%	40.01%

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.

* Amounts are in Dollars. Real and Personal Property and Fiscal Disparity

HRA PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Taxes Levied for Current Fiscal Year	\$ 1,109,074	\$ 1,109,074	\$ 1,109,074	\$ 840,174	\$ 840,174	\$ 840,174	\$ 898,986	\$ 979,895	\$ 1,057,307	\$ 1,215,903
Collection of Current Year Tax Levy										
From Taxpayers	\$ 625,070	\$ 614,420	\$ 622,097	\$ 526,934	\$ 584,041	\$ 594,122	\$ 661,061	\$ 750,062	\$ 819,668	\$ 953,678
Fiscal Disparity Aid	\$ 214,768	\$ 210,574	\$ 202,879	\$ 234,526	\$ 170,273	\$ 171,938	\$ 160,358	\$ 157,181	\$ 169,430	\$ 183,574
State Credits and Aids	\$ 258,237	\$ 268,900	\$ 268,900	\$ 61,625	\$ 46,766	\$ 38,346	\$ 54,331	\$ 49,130	\$ 44,056	\$ 44,437
Total Collection of Current Levy	<u>\$ 1,098,075</u>	<u>\$ 1,093,894</u>	<u>\$ 1,093,876</u>	<u>\$ 823,085</u>	<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>
Percentage of Current Year Levy Collected in the Fiscal Year of Levy	99.01	98.63	98.63	97.97	95.35	95.74	97.42	97.60	97.72	97.19
Delinquent Taxes Collected in subsequent years										
1st Year Delinquent (1)	\$ 9,923	\$ 8,184	\$ 13,691	\$ 5,816	\$ 11,901	\$ 3,559	\$ 12,963	\$ 8,723	\$ 20,254	\$ -
Total Tax Collections as of 12/31/08	<u>\$ 1,107,998</u>	<u>\$ 1,102,078</u>	<u>\$ 1,107,567</u>	<u>\$ 828,901</u>	<u>\$ 812,981</u>	<u>\$ 807,965</u>	<u>\$ 888,713</u>	<u>\$ 965,096</u>	<u>\$ 1,053,408</u>	<u>\$ 1,181,689</u>
Percentage of Levy Collected as of 12/31/08	99.90	99.37	99.86	98.66	96.76	96.17	98.86	98.49	99.63	97.19

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

Note: Collections do not include Tax Increment Districts.

unaudited

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL

PROPERTY TAX INCREMENT LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
TOTAL - ALL TAX INCREMENT DISTRICTS										
Original Tax Capacity Before Development - All Tax Increment Districts	\$5,275,631	\$5,692,397	\$5,561,735	\$3,352,904	\$4,412,971	\$4,237,620	\$3,870,673	\$4,281,963	\$4,359,920	\$4,753,195
Current Tax Capacity - All Tax Increment Districts	\$17,203,188	\$20,026,721	\$24,294,312	\$16,636,079	\$19,068,276	\$20,620,510	\$21,631,284	\$22,515,669	\$27,333,156	\$32,663,913
Captured Tax Capacity Retained by HRA / Port Authority	\$11,928,010	\$14,363,837	\$18,732,577	\$13,291,072	\$14,655,305	\$16,382,890	\$17,770,799	\$18,233,706	\$22,973,236	\$27,910,718
Tax Increment Spread	\$17,259,112	\$20,346,267	\$24,806,993	\$16,867,927	\$18,409,185	\$19,671,336	\$19,580,530	\$19,733,859	\$23,710,560	\$28,448,140
Tax Increment Collected:										
Current	\$16,868,809	\$19,280,709	\$24,770,985	\$15,570,639	\$16,960,281	\$19,394,530	\$17,571,466	\$19,085,800	\$23,569,649	\$24,466,765
Delinquent	\$77,510	\$38,638	\$147,931	(\$215,849)	\$29,747	(\$1,212,024)	(\$623,121)	(\$56,558)	\$108,908	\$159,896
Developer Shortfall Payments	\$ -	\$1,368,859	\$ -	\$ -	\$225,548	\$352,404	\$797,186	\$819,772	\$478,743	\$178,011
Homestead Credit	\$ -	\$ -	\$ -	\$207,783	\$259,400	\$275,941	\$301,109	\$193,706	\$216,482	\$228,422
Total Tax Increment Collected	\$16,946,319	\$20,688,206	\$24,918,916	\$15,562,573	\$17,474,976	\$18,810,851	\$18,046,640	\$20,042,720	\$24,373,782	\$25,033,094
Percentage of Tax Increment Collected to Tax Increment Spread	98.19	101.68	100.45	92.26	94.93	95.63	92.17	101.57	102.80	88.00
Delinquent Tax Increment Receivable a December 31	\$828,759	\$925,779	\$1,368,838	\$1,342,025	\$1,353,961	\$1,195,199	\$510,678	\$221,683	\$455,265	\$399,845
Percentage of Delinquent Tax Increment Receivable to Tax Increment Spread	4.80	4.55	5.52	7.96	7.35	6.08	2.61	1.12	1.92	1.41
Percentage of Captured Tax Capacity to Saint Paul Total Tax Capacity	6.84	7.68	8.99	8.12	8.03	8.34	8.06	7.49	8.32	9.22

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

Unaudited

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

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>2007 Net Tax Capacity for Taxes Payable in 2008</u>	<u>Rank</u>	<u>Percentage of 2007 Total Net Tax Capacity for Taxes Payable in 2008</u>	<u>1998 Net Tax Capacity for Taxes Payable in 1999</u>	<u>Rank</u>	<u>Percentage of 1998 Total Net Tax Capacity for Taxes Payable in 1999</u>
Xcel Energy (Northern States Power Company)	\$4,940,299	1	1.79%	\$6,721,417	1	4.13%
Minnesota Mutual Life Insurance Company	2,784,210	2	1.01%	772,181	6	0.48%
Ford Motor Company	1,947,330	3	0.71%	838,425	5	0.52%
St. Paul Tower LP (World Trade Center)	1,839,250	4	0.67%			
U.S. Bank Corp. Property & U.S. Bancorp	1,712,968	5	0.62%			
St. Paul Fire & Marine Insurance Company	1,559,180	6	0.57%			
Behringer Harvard LC LLC (Lawson Software)	1,239,250	7	0.45%			
CSM Corporation & Investors	976,710	8	0.35%			
BNSF Railway Company	827,410	9	0.30%	758,513	7	0.47%
Griffin Capital LLC	805,250	10	0.29%			
St. Paul Companies				2,328,838	2	1.43%
Principal Mutual Life Insurance Company				1,387,474	3	0.85%
Minnesota Street Associates				1,041,527	4	0.64%
KB Fund II				746,901	8	0.46%
St. Paul Real Estate LLC				658,973	9	0.41%
3M Company				636,868	10	0.39%
	<u>\$18,631,857</u>		<u>6.76%</u>	<u>\$15,891,117</u>		<u>9.78%</u>

Data Source
 Ramsey County Department of Property Records and Revenue

unaudited

HRA PARKING FACILITY REVENUES**Last Seven Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Block 7A Ramp							
Operating Revenues	\$ 827,468	\$ 846,913	\$ 845,775	\$ 879,184	\$ 889,550	\$ 942,753	\$ 1,015,628
Operating Expenses	\$ 624,894	\$ 555,265	\$ 492,466	\$ 493,758	\$ 456,309	\$ 494,551	\$ 480,518
Operating Income (Loss)	<u>\$ 202,574</u>	<u>\$ 291,648</u>	<u>\$ 353,309</u>	<u>\$ 385,426</u>	<u>\$ 433,241</u>	<u>\$ 448,202</u>	<u>\$ 535,110</u>
Seventh Street Ramp							
Operating Revenues	\$ 1,178,436	\$ 1,150,039	\$ 1,200,036	\$ 1,204,748	\$ 1,170,240	\$ 1,228,513	\$ 1,227,842
Operating Expenses	\$ 335,355	\$ 338,494	\$ 340,083	\$ 341,538	\$ 495,950	\$ 346,293	\$ 421,835
Operating Income (Loss)	<u>\$ 843,081</u>	<u>\$ 811,545</u>	<u>\$ 859,953</u>	<u>\$ 863,210</u>	<u>\$ 674,290</u>	<u>\$ 882,220</u>	<u>\$ 806,007</u>
Robert Street Ramp							
Operating Revenues	\$ 1,287,726	\$ 1,303,923	\$ 1,085,176	\$ 1,194,462	\$ 1,072,025	\$ 1,130,831	\$ 1,142,381
Operating Expenses	\$ 594,882	\$ 502,248	\$ 498,078	\$ 509,752	\$ 544,774	\$ 518,435	\$ 559,901
Operating Income (Loss)	<u>\$ 692,844</u>	<u>\$ 801,675</u>	<u>\$ 587,098</u>	<u>\$ 684,710</u>	<u>\$ 527,251</u>	<u>\$ 612,396</u>	<u>\$ 582,480</u>
Kellogg Street Ramp							
Operating Revenues	\$ 981,027	\$ 999,085	\$ 880,546	\$ 938,007	\$ 979,675	\$ 980,206	\$ 924,210
Operating Expenses	\$ 561,929	\$ 546,474	\$ 525,788	\$ 617,826	\$ 628,937	\$ 547,161	\$ 747,589
Operating Income (Loss)	<u>\$ 419,098</u>	<u>\$ 452,611</u>	<u>\$ 354,758</u>	<u>\$ 320,181</u>	<u>\$ 350,738</u>	<u>\$ 433,045</u>	<u>\$ 176,621</u>
Lowertown Ramp							
Operating Revenues	\$ 956,881	\$ 1,098,663	\$ 795,476	\$ 932,953	\$ 1,160,210	\$ 1,204,184	\$ 1,275,598
Operating Expenses	\$ 364,515	\$ 748,523	\$ 630,104	\$ 681,949	\$ 771,846	\$ 804,191	\$ 904,894
Operating Income (Loss)	<u>\$ 592,366</u>	<u>\$ 350,140</u>	<u>\$ 165,372</u>	<u>\$ 251,004</u>	<u>\$ 388,364</u>	<u>\$ 399,993</u>	<u>\$ 370,704</u>
Block 19 Ramp							
Operating Revenues	\$ -	\$ -	\$ 640,858	\$ 886,918	\$ 779,947	\$ 688,451	\$ 963,400
Operating Expenses	\$ -	\$ -	\$ 643,949	\$ 751,451	\$ 693,548	\$ 724,049	\$ 802,959
Operating Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,091)</u>	<u>\$ 135,467</u>	<u>\$ 86,399</u>	<u>\$ (35,598)</u>	<u>\$ 160,441</u>
Block 39 - Lawson Ramp							
Operating Revenues	\$ 2,699,185	\$ 2,520,730	\$ 2,794,316	\$ 2,772,537	\$ 3,300,934	\$ 2,841,018	\$ 3,088,511
Operating Expenses	\$ 1,347,305	\$ 1,215,727	\$ 1,414,944	\$ 1,376,249	\$ 1,474,826	\$ 1,443,988	\$ 1,745,391
Operating Income (Loss)	<u>\$ 1,351,880</u>	<u>\$ 1,305,003</u>	<u>\$ 1,379,372</u>	<u>\$ 1,396,288</u>	<u>\$ 1,826,108</u>	<u>\$ 1,397,030</u>	<u>\$ 1,343,120</u>
Spruce Tree Ramp							
Operating Revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Operating Expenses	\$ 54,762	\$ 67,723	\$ 102,332	\$ 53,887	\$ 108,559	\$ 62,276	\$ 86,720
Operating Income (Loss)	<u>\$ (24,762)</u>	<u>\$ (37,723)</u>	<u>\$ (72,332)</u>	<u>\$ (23,887)</u>	<u>\$ (78,559)</u>	<u>\$ (32,276)</u>	<u>\$ (56,720)</u>
Smith Avenue Transit Hub							
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,410	\$ 824,582
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,323	\$ 1,112,112
Operating Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,913)</u>	<u>\$ (287,530)</u>
HRA Parking Lots / Miscellaneous							
Operating Revenues	\$ 416,404	\$ 696,898	\$ 1,583,565	\$ 1,427,237	\$ 1,417,302	\$ 1,354,530	\$ 1,287,538
Operating Expenses	\$ 407,008	\$ 859,358	\$ 1,620,082	\$ 1,099,204	\$ 1,694,448	\$ 1,423,675	\$ 1,393,512
Operating Income (Loss)	<u>\$ 9,396</u>	<u>\$ (162,460)</u>	<u>\$ (36,517)</u>	<u>\$ 328,033</u>	<u>\$ (277,146)</u>	<u>\$ (69,145)</u>	<u>\$ (105,974)</u>
TOTAL PARKING FACILITIES							
Operating Revenues	\$ 8,377,127	\$ 8,646,251	\$ 9,855,748	\$ 10,266,046	\$ 10,799,883	\$ 10,691,896	\$ 11,779,690
Operating Expenses	\$ 4,290,650	\$ 4,833,812	\$ 6,267,826	\$ 5,925,614	\$ 6,869,197	\$ 6,719,942	\$ 8,255,431
Operating Income (Loss)	<u>\$ 4,086,477</u>	<u>\$ 3,812,439</u>	<u>\$ 3,587,922</u>	<u>\$ 4,340,432</u>	<u>\$ 3,930,686</u>	<u>\$ 3,971,954</u>	<u>\$ 3,524,259</u>

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Saint Paul HRA	Per Capita (1)	Percentage of Personal Income(2)
	Tax Increment Bonds	Sales Tax Bonds	Lease Revenue Bonds	Development Notes	Parking Revenue Bonds	Tax Increment Parking Bonds	Housing 5000 Land Assembly Bonds	Revenue Notes			
1999	\$46,555,000	\$51,105,000	\$ -	\$62,499,164	\$28,710,000	\$40,000,000	\$ -	\$3,420,000	\$232,289,164	\$ 870	N/A
2000	52,958,000	50,240,000	19,015,000	17,533,206	27,670,000	40,000,000	-	3,370,000	210,786,206	734.06	3.63%
2001	53,193,000	49,315,000	15,045,000	15,254,891	26,125,000	40,000,000	-	6,740,000	205,672,891	715.98	3.30%
2002	71,579,000	48,320,000	12,195,000	12,511,554	43,415,000	39,145,000	-	6,220,000	233,385,554	810.37	3.91%
2003	71,744,000	47,255,000	9,015,000	25,153,234	42,100,000	38,195,000	-	3,210,000	236,672,234	822.91	4.03%
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	904.58	4.46%
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	909.87	4.25%
2006	69,420,923	43,585,000	6,570,000	17,649,619	53,795,000	34,705,000	12,455,000	1,225,190	239,405,732	833.05	3.71%
2007	64,573,740	42,185,000	6,145,000	15,460,472	51,980,000	33,260,000	9,135,000	1,155,190	223,894,402	781.15	3.37%
2008	57,961,560	40,685,000	13,230,000	13,387,774	49,710,000	31,690,000	6,440,000	1,085,190	214,189,524	744.57	3.23%
% Change 1999-2008	24.50	(20.39)	(30.42)	(78.58)	73.15	(20.78)	(74.24)	(68.27)	(7.79)		

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 2008 ratio is calculated using population for the prior calendar year.

(2) See the "Demographic and Economic Statistics" Table for personal income data. The 1999 percentage is not available. The 2008 percentage is calculated using personal income for the prior calendar year.

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	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	\$ 470,037	\$ 506,661	\$ 530,406	\$ 332,493	\$ 335,790	\$ 325,416	\$ 296,044	\$ 283,041	\$ 290,730	\$ 334,855	\$ 3,705,473
Developer Shortfall Payments	-	-	-	-	124,908	115,300	115,300	112,400	92,229	51,195	611,332
Investment Earnings	24,875	47,896	22,246	7,912	18,383	28,038	24,322	52,669	90,639	85,645	402,625
Total Revenues Available for Debt Service	\$ 494,912	\$ 554,557	\$ 552,652	\$ 340,405	\$ 479,081	\$ 468,754	\$ 435,666	\$ 448,110	\$ 473,598	\$ 471,695	\$ 4,719,430
Debt Service Requirements											
Principal	\$ 125,000	\$ 125,000	\$ 125,000	\$ 150,000	\$ 175,000	\$ 140,058	\$ 149,162	\$ 158,857	\$ 169,183	\$ 180,180	\$ 1,497,440
Interest	315,234	303,516	291,797	278,906	135,938	122,850	113,746	104,051	93,725	82,728	1,842,491
Total Debt Service Requirements	\$ 440,234	\$ 428,516	\$ 416,797	\$ 428,906	\$ 310,938	\$ 262,908	\$ 262,908	\$ 262,908	\$ 262,908	\$ 262,908	\$ 3,339,931
Coverage (Revenues / Debt Service)	1.12	1.29	1.33	0.79	1.54	1.78	1.66	1.70	1.80	1.79	1.41
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	\$ 1,595,996	\$ 1,775,208	\$ 2,078,179	\$ 1,039,320	\$ 1,317,977	\$ 1,226,056	\$ 1,096,155	\$ 1,835,383	\$ 1,416,074	\$ 1,427,457	\$ 14,807,805
Developer Shortfall Payments	-	-	-	-	-	-	-	-	-	-	-
Investment Earnings	6,070	204,936	194,935	341,690	200,156	207,669	178,567	87,266	110,707	151,489	1,683,485
Bond Proceeds - Capitalized Interest	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Available for Debt Service	\$ 1,602,066	\$ 1,980,144	\$ 2,273,114	\$ 1,381,010	\$ 1,518,133	\$ 1,433,725	\$ 1,274,722	\$ 1,922,649	\$ 1,526,781	\$ 1,578,946	\$ 16,491,290
Debt Service Requirements											
Principal	\$ 150,000	\$ 160,000	\$ 175,000	\$ 190,000	\$ 200,000	\$ 220,000	\$ 235,000	\$ 350,000	\$ 355,000	\$ 370,000	\$ 2,405,000
Interest	517,593	505,733	492,791	478,553	463,095	446,240	392,424	232,142	218,742	203,780	3,951,093
Total Debt Service Requirements	\$ 667,593	\$ 665,733	\$ 667,791	\$ 668,553	\$ 663,095	\$ 666,240	\$ 627,424	\$ 582,142	\$ 573,742	\$ 573,780	\$ 6,356,093
Coverage (Revenues / Debt Service)	2.40	2.97	3.40	2.07	2.29	2.15	2.03	3.30	2.66	2.75	2.59
SALES TAX REVENUE BONDS, SERIES 1993 AND 1996											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
City Sales Tax Revenues	\$ 10,829,384	\$ 13,007,632	\$ 13,432,179	\$ 13,344,192	\$ 13,312,004	\$ 13,753,085	\$ 14,154,920	\$ 14,798,156	\$ 15,201,412	\$ 15,393,811	\$ 137,226,775
RiverCentre Revenues	-	-	-	-	-	-	-	-	-	-	-
Investment Earnings	104,493	158,621	85,348	33,685	18,495	22,509	61,737	109,608	122,831	47,160	764,487
Total Revenues Available for Debt Service	\$ 10,933,877	\$ 13,166,253	\$ 13,517,527	\$ 13,377,877	\$ 13,330,499	\$ 13,775,594	\$ 14,216,657	\$ 14,907,764	\$ 15,324,243	\$ 15,440,971	\$ 137,991,262
Debt Service Requirements											
Principal	\$ 810,000	\$ 865,000	\$ 925,000	\$ 995,000	\$ 1,065,000	\$ 1,140,000	\$ 1,220,000	\$ 1,310,000	\$ 1,400,000	\$ 1,500,000	\$ 11,230,000
Interest	3,685,965	3,628,455	3,567,040	3,501,365	3,430,720	3,355,105	3,274,165	3,187,545	3,094,535	2,995,135	33,720,030
Total Debt Service Requirements	\$ 4,495,965	\$ 4,493,455	\$ 4,492,040	\$ 4,496,365	\$ 4,495,720	\$ 4,495,105	\$ 4,494,165	\$ 4,497,545	\$ 4,494,535	\$ 4,495,135	\$ 44,950,030
Coverage (Revenues / Debt Service)	2.43	2.93	3.01	2.98	2.97	3.06	3.16	3.31	3.41	3.44	3.07

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals
DOWNTOWN TAX INCREMENT BONDS, SERIES 1993 AND 1998											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 8,043,156	\$ 9,025,598	\$ 10,139,895	\$ 5,048,227	\$ 5,323,503	\$ 5,539,108	\$ 3,807,158	\$ 4,276,947	\$ 5,309,827	\$ 3,189,751	\$ 59,703,170
Hotel-Motel Taxes	220,000	220,000	225,898	220,000	220,000	220,000	220,000	220,000	220,000	-	1,985,898
RiverCentre Revenues	660,000	660,000	-	125,000	100,000	100,000	100,000	100,000	100,000	200,000	2,145,000
N.O.C. Sales	-	-	-	-	-	-	-	-	12,871	-	12,871
Loan Repayments	-	-	-	-	-	-	273,047	2,026,344	-	-	2,299,391
Investment Earnings	100,592	151,020	181,171	291,471	74,065	82,602	60,326	105,094	292,631	148,288	1,487,260
Total Revenues Available for Debt Service	\$ 9,023,748	\$ 10,056,618	\$ 10,546,964	\$ 5,684,698	\$ 5,717,568	\$ 5,941,710	\$ 4,460,531	\$ 6,728,385	\$ 5,935,329	\$ 3,538,039	\$ 67,633,590
Debt Service Requirements											
Principal	\$ 1,850,000	\$ 1,945,000	\$ 2,060,000	\$ 2,180,000	\$ 2,235,000	\$ 2,275,000	\$ 2,285,000	\$ 2,355,000	\$ 2,400,000	\$ 3,830,000	\$ 23,415,000
Interest	1,394,470	1,294,498	1,184,996	1,064,791	933,871	797,635	657,314	512,803	363,052	223,775	8,427,205
Total Debt Service Requirements	\$ 3,244,470	\$ 3,239,498	\$ 3,244,996	\$ 3,244,791	\$ 3,168,871	\$ 3,072,635	\$ 2,942,314	\$ 2,867,803	\$ 2,763,052	\$ 4,053,775	\$ 31,842,205
Coverage (Revenues / Debt Service)	2.78	3.10	3.25	1.75	1.80	1.93	1.52	2.35	2.15	0.87	2.12
RIVERCENTRE PARKING FACILITY LEASE REVENUE BONDS, SERIES 2000											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Lease Payments from the City	\$ -	\$ 200,000	\$ 400,000	\$ 400,000	\$ 415,000	\$ 415,000	\$ 415,000	\$ 657,928	\$ 758,559	\$ 835,943	\$ 4,497,430
Investment Earnings	-	92,538	128,124	36,339	43,200	43,229	40,630	36,129	11,728	5,022	436,939
Total Revenues Available for Debt Service	\$ -	\$ 292,538	\$ 528,124	\$ 436,339	\$ 458,200	\$ 458,229	\$ 455,630	\$ 694,057	\$ 770,287	\$ 840,965	\$ 4,934,369
Debt Service Requirements											
Principal	\$ -	\$ -	\$ 170,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 425,000	\$ 525,000	\$ 1,620,000
Interest	-	211,925	419,706	414,250	411,600	408,900	406,150	396,363	375,956	348,988	3,393,838
Total Debt Service Requirements	\$ -	\$ 211,925	\$ 589,706	\$ 464,250	\$ 461,600	\$ 458,900	\$ 456,150	\$ 696,363	\$ 800,956	\$ 873,988	\$ 5,013,838
Coverage (Revenues / Debt Service)	NA	1.38	0.90	0.94	0.99	1.00	1.00	1.00	0.96	0.96	0.98
RIVERFRONT TAX INCREMENT BONDS, SERIES 1993C, 1993D, 2000D, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ 641,698	\$ 848,048	\$ 1,079,136	\$ 516,215	\$ 823,386	\$ 718,705	\$ 768,344	\$ 775,838	\$ 794,927	\$ 979,997	\$ 7,946,294
Tax Increment Pooling from Other Districts	-	201,843	304,808	396,916	364,000	610,335	571,150	576,714	520,420	368,455	3,914,641
Loan Repayments and Sales Proceeds	201,976	-	-	-	-	-	-	-	-	-	201,976
Transfer from Capital Projects Fund	-	-	-	-	-	309,845	2,798	1,399	-	-	314,042
Investment Earnings	(455)	114,825	(23,104)	(21,324)	(22,326)	(4,281)	161	7,096	11,242	1,890	63,724
Total Revenues Available for Debt Service	\$ 843,219	\$ 1,164,716	\$ 1,360,840	\$ 891,807	\$ 1,165,060	\$ 1,634,604	\$ 1,342,453	\$ 1,361,047	\$ 1,326,589	\$ 1,350,342	\$ 12,440,677
Debt Service Requirements											
Principal	\$ 575,000	\$ 625,000	\$ 650,000	\$ 635,000	\$ 790,000	\$ 845,000	\$ 865,000	\$ 925,000	\$ 970,000	\$ 1,035,000	\$ 7,915,000
Interest	735,888	705,300	732,392	544,930	467,266	432,982	395,347	354,335	309,934	262,028	4,940,402
Total Debt Service Requirements	\$ 1,310,888	\$ 1,330,300	\$ 1,382,392	\$ 1,179,930	\$ 1,257,266	\$ 1,277,982	\$ 1,260,347	\$ 1,279,335	\$ 1,279,934	\$ 1,297,028	\$ 12,855,402
Coverage (Revenues / Debt Service)	0.64	0.88	0.98	0.76	0.93	1.28	1.07	1.06	1.04	1.04	0.97

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals
US BANK TAX INCREMENT BONDS, SERIES 2001											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,905	\$ 879,169	\$ 1,034,905	\$ 993,054	\$ 1,175,602	\$ 4,430,635
Investment Earnings	-	-	47,154	133,570	145,265	67,457	16,281	44,179	42,039	15,594	511,539
Bond Proceeds - Capitalized Interest	-	-	2,641,606	-	-	-	-	-	-	-	2,641,606
Total Revenues Available for Debt Service	\$ -	\$ -	\$ 2,688,760	\$ 133,570	\$ 145,265	\$ 415,362	\$ 895,450	\$ 1,079,084	\$ 1,035,093	\$ 1,191,196	\$ 7,583,780
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 335,000	\$ 275,000	\$ 285,000	\$ 1,020,000
Interest	-	-	-	726,935	754,169	754,169	754,169	742,877	726,606	712,106	5,171,031
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ 726,935	\$ 754,169	\$ 754,169	\$ 879,169	\$ 1,077,877	\$ 1,001,606	\$ 997,106	\$ 6,191,031
Coverage (Revenues / Debt Service)	NA	NA	NA	0.18	0.19	0.55	1.02	1.00	1.03	1.19	1.22
NORTH QUADRANT TAX INCREMENT BONDS, SERIES 2000 AND 2002, AND 9TH STREET LOFTS TAX INCREMENT BONDS, SERIES 2004											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ 10,929	\$ 217,049	\$ 92,007	\$ 213,655	\$ 430,148	\$ 345,683	\$ 204,589	\$ 1,514,060
Bond Proceeds - Capitalized Interest	-	-	-	-	125,000	156,300	-	-	-	-	281,300
Investment Earnings	-	-	60,219	68,320	5,889	13	742	1,047	2,679	2,989	141,898
Total Revenues Available for Debt Service	\$ -	\$ -	\$ 60,219	\$ 79,249	\$ 347,938	\$ 248,320	\$ 214,397	\$ 431,195	\$ 348,362	\$ 207,578	\$ 1,937,258
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 8,000	\$ 17,000	\$ 42,000	\$ 84,000	\$ 87,000	\$ 243,000
Interest	-	-	60,219	79,249	172,337	149,505	234,478	294,779	240,806	224,558	1,455,931
Total Debt Service Requirements	\$ -	\$ -	\$ 60,219	\$ 79,249	\$ 177,337	\$ 157,505	\$ 251,478	\$ 336,779	\$ 324,806	\$ 311,558	\$ 1,698,931
Coverage (Revenues / Debt Service)	NA	NA	1.00	1.00	1.96	1.58	0.85	1.28	1.07	0.67	1.14
UPPER LANDING TAX INCREMENT BONDS, SERIES 2002A, 2002B, AND 2002C											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,311	\$ 600,473	\$ 1,049,372	\$ 1,281,447	\$ 3,132,603
Bond Proceeds - Capitalized Interest	-	-	-	4,537,870	-	-	-	-	-	-	4,537,870
Developer Shortfall Payments	-	-	-	-	-	-	-	498,044	696,192	687,476	1,881,712
Investment Earnings	-	-	-	322	298,905	341,621	126,908	200,503	112,409	73,086	1,153,754
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 4,538,192	\$ 298,905	\$ 341,621	\$ 328,219	\$ 1,299,020	\$ 1,857,973	\$ 2,042,009	\$ 10,705,939
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,000	\$ 267,000
Interest	-	-	-	-	1,130,274	1,321,100	1,321,100	1,321,100	1,321,100	1,311,999	7,726,673
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ 1,130,274	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 1,321,100	\$ 1,578,999	\$ 7,993,673
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	0.26	0.26	0.25	0.98	1.41	1.29	1.34

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	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	\$ 888,976
Investment Earnings	-	-	-	36,461	65,712	172	721	937	1,684	1,737	107,424
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ 36,461	\$ 132,462	\$ 137,666	\$ 153,629	\$ 172,124	\$ 182,277	\$ 181,781	\$ 996,400
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 33,000	\$ 36,000	\$ 38,000	\$ 162,000
Interest	-	-	-	-	95,175	121,500	121,500	117,788	114,953	113,130	684,046
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ 95,175	\$ 121,500	\$ 176,500	\$ 150,788	\$ 150,953	\$ 151,130	\$ 846,046
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	1.39	1.13	0.87	1.14	1.21	1.20	1.18
KOCH/MOBIL TAX INCREMENT BONDS, SERIES 2004C and 2007B											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,822	\$ 160,828	\$ 275,936	\$ 456,586
Bond Proceeds - Capitalized Interest	-	-	-	-	-	266,625	-	-	-	-	266,625
Investment Earnings	-	-	-	-	-	-	1,601	4,485	2,845	4,589	13,520
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,625	\$ 1,601	\$ 24,307	\$ 163,673	\$ 280,525	\$ 736,731
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,950,000	\$ -	\$ 3,950,000
Interest	-	-	-	-	-	44,437	88,875	88,875	127,207	165,538	514,932
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,437	\$ 88,875	\$ 88,875	\$ 4,077,207	\$ 165,538	\$ 4,464,932
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	6.00	0.02	0.27	0.04	1.69	0.17
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	\$ 1,001,544
Bond Proceeds - Capitalized Interest	-	-	-	-	-	403,765	-	-	-	-	403,765
Investment Earnings	-	-	-	-	-	444	1,278	5,375	18,680	(11,069)	14,708
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,209	\$ 260,282	\$ 266,381	\$ 219,031	\$ 270,114	\$ 1,420,017
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 40,000	\$ 58,000
Interest	-	-	-	-	-	-	172,198	228,750	228,750	227,063	856,761
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,198	\$ 228,750	\$ 246,750	\$ 267,063	\$ 914,761
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	1.51	1.16	0.89	1.01	1.55

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	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	\$ 6,655,560
Bond Proceeds - Capitalized Interest	-	-	-	-	-	-	751,500	-	-	-	751,500
Investment Earnings	-	-	-	-	-	-	19,750	33,180	123,020	139,301	315,251
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832,355	\$ 1,587,864	\$ 1,992,309	\$ 2,309,783	\$ 7,722,311
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,000	\$ 495,000	\$ 485,000	\$ 480,000	\$ 1,755,000
Interest	-	-	-	-	-	-	128,259	357,478	336,702	314,761	1,137,200
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,259	\$ 852,478	\$ 821,702	\$ 794,761	\$ 2,892,200
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	4.33	1.86	2.42	2.91	2.67
JIMMY LEE RECREATION FACILITY LEASE BONDS, SERIES 2008											
Fund Servicing Debt - HRA Debt Service Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments from the City	-	-	-	-	-	-	-	-	-	222,980	222,980
Investment Earnings	-	-	-	-	-	-	-	-	-	72,671	72,671
Total Revenues Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,651	\$ 295,651
Debt Service Requirements											
Principal	-	-	-	-	-	-	-	-	-	75,000	75,000
Interest	-	-	-	-	-	-	-	-	-	146,188	146,188
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,188	\$ 221,188
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.34	1.34
HOUSING 5000 LAND ASSEMBLY BONDS, SERIES 2004											
Fund Servicing Debt - HRA Loan Enterprise Fund											
Revenues Available for Debt Service											
Land Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,779,663	\$ 2,308,000	\$ -	\$ -	\$ 6,087,663
Bond Proceeds - Capitalized Interest	-	-	-	-	-	2,387,200	-	-	-	-	2,387,200
Investment Earnings	-	-	-	-	-	120,529	641,722	874,360	741,206	314,168	2,691,985
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	\$ 14,722,132
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,170,000	\$ 9,375,000	\$ 3,320,000	\$ 2,695,000	\$ 18,560,000
Interest	-	-	-	-	-	357,759	764,656	777,522	569,468	291,500	2,760,905
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,759	\$ 3,934,656	\$ 10,152,522	\$ 3,889,468	\$ 2,986,500	\$ 21,320,905
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	7.01	1.12	0.66	0.19	0.11	0.69

Unaudited

SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals
PARKING REVENUE BONDS, SERIES 1992A, 1995A, 1995B, 2001A, 2002A, 2002B, AND 2005A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Parking Facility Net Revenues	\$ 3,448,732	\$ 3,473,247	\$ 3,462,193	\$ 3,168,812	\$ 2,293,082	\$ 2,807,196	\$ 2,931,998	\$ 3,022,153	\$ 3,246,417	\$ 3,124,631	\$ 30,978,461
Parking Meter & Parking Fine Revenues	1,816,000	1,989,400	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	19,805,400
Bond Proceeds - Capitalized Interest	-	-	-	210,579	1,010,780	124,361	67,517	-	-	-	1,413,237
Total Revenues Available for Debt Service	<u>\$ 5,264,732</u>	<u>\$ 5,462,647</u>	<u>\$ 5,462,193</u>	<u>\$ 5,379,391</u>	<u>\$ 5,303,862</u>	<u>\$ 4,931,557</u>	<u>\$ 4,999,515</u>	<u>\$ 5,022,153</u>	<u>\$ 5,246,417</u>	<u>\$ 5,124,631</u>	<u>\$ 52,197,098</u>
Debt Service Requirements											
Principal	\$ 670,000	\$ 710,000	\$ 925,000	\$ 875,000	\$ 910,000	\$ 955,000	\$ 1,015,000	\$ 1,135,000	\$ 1,290,000	\$ 1,590,000	\$ 10,075,000
Interest	832,494	866,879	766,316	1,014,904	1,774,840	1,732,700	1,496,125	1,467,282	1,429,882	1,384,918	12,766,340
Total Debt Service Requirements	<u>\$ 1,502,494</u>	<u>\$ 1,576,879</u>	<u>\$ 1,691,316</u>	<u>\$ 1,889,904</u>	<u>\$ 2,684,840</u>	<u>\$ 2,687,700</u>	<u>\$ 2,511,125</u>	<u>\$ 2,602,282</u>	<u>\$ 2,719,882</u>	<u>\$ 2,974,918</u>	<u>\$ 22,841,340</u>
Coverage (Revenues / Debt Service)	3.50	3.46	3.23	2.85	1.98	1.83	1.99	1.93	1.93	1.72	2.29
PARKING REVENUE BONDS, SERIES 1997A											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Ramp Lease Revenues	\$ 1,056,653	\$ 930,501	\$ 1,062,688	\$ 1,074,736	\$ 1,196,900	\$ 1,075,336	\$ 1,080,048	\$ 1,058,040	\$ 1,078,813	\$ 1,078,142	\$ 10,691,857
Investment Earnings	11,405	18,348	7,718	592	8,768	(3,235)	6,474	16,412	13,655	(1,480)	78,657
Bond Proceeds - Capitalized Interest	-	128,993	-	-	-	-	-	-	-	-	128,993
Total Revenues Available for Debt Service	<u>\$ 1,068,058</u>	<u>\$ 1,077,842</u>	<u>\$ 1,070,406</u>	<u>\$ 1,075,328</u>	<u>\$ 1,205,668</u>	<u>\$ 1,072,101</u>	<u>\$ 1,086,522</u>	<u>\$ 1,074,452</u>	<u>\$ 1,092,468</u>	<u>\$ 1,076,662</u>	<u>\$ 10,899,507</u>
Debt Service Requirements											
Principal	\$ 310,000	\$ 330,000	\$ 355,000	\$ 380,000	\$ 405,000	\$ 430,000	\$ 460,000	\$ 490,000	\$ 525,000	\$ 560,000	\$ 4,245,000
Interest	763,093	742,163	719,887	695,925	670,275	642,938	606,629	582,863	549,788	514,350	6,487,911
Total Debt Service Requirements	<u>\$ 1,073,093</u>	<u>\$ 1,072,163</u>	<u>\$ 1,074,887</u>	<u>\$ 1,075,925</u>	<u>\$ 1,075,275</u>	<u>\$ 1,072,938</u>	<u>\$ 1,066,629</u>	<u>\$ 1,072,863</u>	<u>\$ 1,074,788</u>	<u>\$ 1,074,350</u>	<u>\$ 10,732,911</u>
Coverage (Revenues / Debt Service)	1.00	1.01	1.00	1.00	1.12	1.00	1.02	1.00	1.02	1.00	1.02
BLOCK 39 TAX INCREMENT BONDS, SERIES 1998A AND 1998B											
Fund Servicing Debt - HRA Parking Enterprise Fund											
Revenues Available for Debt Service											
Tax Increments	\$ -	\$ -	\$ 1,753,832	\$ 1,195,454	\$ 1,203,263	\$ 982,602	\$ 687,327	\$ 689,844	\$ 889,488	\$ 1,067,054	\$ 8,468,864
Developer Shortfall Payments	-	1,368,859	-	-	100,640	237,104	681,886	707,372	386,514	126,816	3,609,191
Net Parking Revenues	156,796	1,373,474	1,907,913	1,910,988	1,865,629	1,940,275	1,957,191	2,387,011	1,958,727	1,929,248	17,387,252
Investment Earnings	34,453	134,468	106,898	207,513	74,901	199,881	112,108	97,039	261,767	138,493	1,367,521
Bond Proceeds - Capitalized Interest	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Available for Debt Service	<u>\$ 191,249</u>	<u>\$ 2,876,801</u>	<u>\$ 3,768,643</u>	<u>\$ 3,313,955</u>	<u>\$ 3,244,433</u>	<u>\$ 3,359,862</u>	<u>\$ 3,438,512</u>	<u>\$ 3,881,266</u>	<u>\$ 3,496,496</u>	<u>\$ 3,261,611</u>	<u>\$ 30,832,828</u>
Debt Service Requirements											
Principal	\$ -	\$ -	\$ -	\$ 855,000	\$ 950,000	\$ 1,055,000	\$ 1,135,000	\$ 1,300,000	\$ 1,445,000	\$ 1,570,000	\$ 8,310,000
Interest	2,157,692	2,157,692	2,157,692	2,133,410	2,081,815	2,023,908	1,931,407	1,886,780	1,804,069	1,712,473	20,046,938
Total Debt Service Requirements	<u>\$ 2,157,692</u>	<u>\$ 2,157,692</u>	<u>\$ 2,157,692</u>	<u>\$ 2,988,410</u>	<u>\$ 3,031,815</u>	<u>\$ 3,078,908</u>	<u>\$ 3,066,407</u>	<u>\$ 3,186,780</u>	<u>\$ 3,249,069</u>	<u>\$ 3,282,473</u>	<u>\$ 28,356,938</u>
Coverage (Revenues / Debt Service)	0.09	1.33	1.75	1.11	1.07	1.09	1.12	1.22	1.08	0.99	1.09

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SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals	
PARKING REVENUE BONDS (SMITH AVENUE TRANSIT CENTER), SERIES 2005												
Fund Servicing Debt - HRA Parking Enterprise Fund												
Revenues Available for Debt Service												
Parking & Transit Center Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,434	\$ 220,990	\$ 376,424	
Investment Earnings	-	-	-	-	-	-	230,589	85,455	265,494	125,279	706,817	
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	\$ 3,508,341	
Debt Service Requirements												
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000	
Interest	-	-	-	-	-	-	349,160	619,200	619,200	619,200	2,206,760	
Total Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,160	\$ 619,200	\$ 619,200	\$ 739,200	\$ 2,326,760	
Coverage (Revenues / Debt Service)	NA	NA	NA	NA	NA	NA	7.61	0.14	0.68	0.47	1.51	

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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>
1999	266,927	N/A	N/A	138,498	2.9%
2000	287,151	\$20,216	\$5,805,016,300	140,788	3.5%
2001	287,260	22,949	6,232,998,475	144,764	4.1%
2002	288,000	21,488	5,974,694,440	150,079	5.1%
2003	287,604	21,893	5,878,881,200	163,039	5.5%
2004	287,410	22,533	5,822,971,800	152,123	5.4%
2005	287,385	23,541	6,157,265,700	149,832	4.4%
2006	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	N/A	N/A	N/A	144,618	5.5%

- (1) 1999 and 2001-2007 data based on Metropolitan Council estimates.
 2000 data provided by U.S. Census Bureau.
 2008 estimate not yet available from Metropolitan Council.
- (2) Data is not available for 1999.
 2000-2007 data provided by U.S. Census Bureau's Annual American Community Survey.
 2008 data is not yet available.
- (3) Annual average - not seasonally adjusted.
 Data provided by Minnesota Department of Employment and Economic Development (DEED).

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

	2008		
<u>Employers</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
State of Minnesota	13,200	1	7.29%
St Paul Public Schools	5,737	2	3.17%
US Bancorp	4,700	3	2.60%
Health Partners, Inc. / Regions Hospital	4,554	4	2.52%
United States Federal Government	4,184	5	2.31%
Allina Health System / United Hospital	3,791	6	2.09%
Health East Care System / St Joseph's Hospital	3,078	7	1.70%
City of Saint Paul	2,877	8	1.59%
Ramsey County	2,686	9	1.48%
The Travelers Companies, Inc.	<u>2,550</u>	10	<u>1.40%</u>
Total	<u><u>47,357</u></u>		<u><u>26.15%</u></u>

Data from nine years ago is not available.

Source: Capital City Partnership

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OPERATING INDICATORS
Last Seven Fiscal Years

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

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CAPITAL ASSET STATISTICS
Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Pedestrian Skyway Bridges	37	37	37	37	37	37	37
Depreciated Cost of Pedestrian Skyway Bridges	\$ 7,394,227	\$ 7,068,804	\$ 6,743,381	\$ 6,417,958	\$ 6,092,535	\$ 5,767,112	\$ 5,443,069
Number of Parking Ramps	7	7	8	8	8	9	9
Number of Parking Lots	11	11	11	11	11	11	8
Number of Parking Spaces	7,395	7,395	8,439	8,439	8,439	9,042	7,958
Depreciated Cost of Parking Ramps and Lots	\$69,867,298	\$68,541,993	\$84,258,336	\$81,977,271	\$79,718,115	\$105,863,097	\$101,652,375

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