Book-Entry Only **Rating: Standard & Poor's Ratings Services: "AAA"**
New Issue **Not Bank-Qualified**

In the opinion of Barnes & Thornburg LLP, Bond Counsel to the City, under existing laws, rules, regulations, and judicial decisions, as presently enacted and construed, interest on the Series 2015B Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes. Interest on the Series 2015B Bonds is not a specific preference item for purposes determining the federal alternative minimum tax imposed on individuals and corporations or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts. However, interest on the Series 2015B Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. Interest on the Series 2015B Bonds is included in the income of financial institutions and corporations for purposes of the Minnesota franchise tax. See "TAX EXEMPTION" in this Official Statement.

City of Saint Paul, Minnesota

$8,700,000
CITY OF SAINT PAUL, MINNESOTA
SEWER REVENUE BONDS
SERIES 2015B
(Green Bonds)

The City of Saint Paul, a home-rule city and political subdivision of the State of Minnesota (the "City"), is issuing the above-referenced bonds (the "Series 2015B Bonds"). Proceeds of the Series 2015B Bonds will be used by the City to (i) finance capital improvements to the City's Sewer System, (ii) fund a deposit to the Reserve Account securing all Parity Bonds issued under the terms of the Resolution on a parity with the Series 2015B Bonds, and (iii) pay costs of issuance for the Series 2015B Bonds. **The Series 2015B Bonds will be special, limited obligations of the City payable solely from and secured by a first charge and lien upon the Revenues of the Sewer System of the City. The Series 2015B Bonds and the Parity Bonds are not general obligations of the City and the full faith and credit and taxing power of the City is not pledged to the payment of the Series 2015B Bonds. Capitalized terms used on this cover shall have the meaning set forth in the Resolution.**

The Series 2015B Bonds are issuable in fully registered form and will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial ownership interests in the Series 2015B Bonds will be made in book-entry form only, in principal amounts of $5,000 or whole multiples thereof. Beneficial owners of the Series 2015B Bonds will not receive physical bond certificates. The City Treasurer is acting as paying agent and registrar for the Series 2015B Bonds. The Series 2015B Bonds are subject to optional redemption as more fully described herein under the heading "THE SERIES 2015B BONDS – Optional Redemption". The Series 2015B Bonds are scheduled to mature as set forth on the inside front cover hereof and the Terms of Proposal attached hereto.

This cover page contains certain information for quick reference only. This cover page is not intended to be a summary of the Series 2015B Bonds or the security therefor. An investment in the Series 2015B Bonds is subject to certain risks. See "INVESTMENT CONSIDERATIONS" herein. Investors must read the entire Official Statement, including the Appendices hereto.

The maturity schedule for the Series 2015B Bonds is set forth herein.

The Series 2015B Bonds are offered when, as and if issued by the City, subject to prior sale, to withdrawal or modification of the offer without notice, and to the opinion as to validity of the Series 2015B Bonds and tax exemption of the Series 2015B Bonds by Barnes & Thornburg LLP as Bond Counsel to the City, and certain other conditions. Barnes & Thornburg LLP, has assisted the City in the preparation of this Official Statement. Springsted Incorporated, Saint Paul, Minnesota has acted as municipal advisor to the City with respect to the sale of the Series 2015B Bonds. It is expected that delivery of the Series 2015B Bonds will be made through the facilities of DTC on or about May 5, 2015. See "UNDERWRITING" in this Official Statement for a discussion regarding the purchaser of the Series 2015B Bonds.

This Official Statement is dated April 15, 2015.

MATURITY SCHEDULE

$8,700,000
City of Saint Paul, Minnesota
Sewer Revenue Bonds
Series 2015B
(Green Bonds)

Maturity Schedule

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP**
2016	$360,000	4.000%	0.550%	105.393%	793071 NS6
2017	375,000	4.000	0.850	107.997	793071 NT4
2018	390,000	2.000	1.100	103.143	793071 NU1
2019	395,000	2.000	1.350	102.872	793071 NV9
2020	405,000	2.000	1.550	102.392	793071 NW7
2021	410,000	2.000	1.750	101.545	793071 NX5
2022	420,000	2.000	1.900	100.701	793071 NY3
2023	430,000	2.000	2.000	100.000	793071 NZ0
2024	435,000	2.250	2.250	100.000	793071 PA3
2025	445,000	2.375	2.375	100.000	793071 PB1
2026	460,000	2.500	2.601	99.000	793071 PC9
2027	470,000	3.000	2.600*	103.054	793071 PD7
2028	485,000	3.000	2.750*	101.896	793071 PE5
2029	500,000	3.000	3.000	100.000	793071 PF2
2030	510,000	3.000	3.081	99.000	793071 PG0
2031	530,000	3.000	3.116	98.500	793071 PH8
2032	545,000	3.000	3.149	98.000	793071 PJ4
2033	560,000	3.050	3.193	98.000	793071 PK1
2034	575,000	3.100	3.239	98.000	793071 PL9

* *Yield to the optional redemption date of December 1, 2023.*

** *CUSIP data is provided by Standard & Poor's, CUSIP Service Bureau, a Standard & Poor's Financial Services, LLC business. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2015B Bonds and neither the City nor the Purchaser make any representations with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.*

CITY OFFICIALS

Mayor of the City of Saint Paul
Christopher B. Coleman

City Council of the City of Saint Paul

Council Members	Ward
Russ Stark	Ward 4 – President of the Council
Dai Thao	Ward 1
Dave Thune	Ward 2
Chris Tolbert	Ward 3
Amy Brendmoen	Ward 5
Dan Bostrom	Ward 6
William Finney	Ward 7

Bond Counsel to the City
Barnes & Thornburg LLP
Minneapolis, Minnesota

Municipal Advisor
Springsted Incorporated
Saint Paul, Minnesota

Paying Agent and Registrar
Treasurer of the City of Saint Paul
Saint Paul, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Series 2015B Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City, except for the omission of certain information referred to in the succeeding paragraph.

This Official Statement shall constitute the "Final Official Statement" of the City with respect to the Series 2015B Bonds, as that term is defined in Rule 15c2-12.

The City designates the senior managing underwriter of the syndicate to which the Series 2015B Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each Participating Underwriter. Any underwriter delivering a Proposal with respect to the Series 2015B Bonds agrees thereby that if its bid is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Series 2015B Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

THE SERIES 2015B BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2015B BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH THE SERIES 2015B BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2015B BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2015B BONDS, A PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, sales person or other person has been authorized by the City to give any information or to make any representations with respect to the Series 2015B Bonds, other than as contained in the Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Official Statement or the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the date thereof.

Certain information contained in this Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

Any CUSIP numbers for a Series 2015B Bond included in this Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Series 2015B Bonds have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2015B Bonds or as set forth in this Official Statement. No assurance can be given that the CUSIP numbers for the Series 2015B Bonds will remain the same after the date of issuance and delivery of the Series 2015B Bonds.

TABLE OF CONTENTS

$8,700,000
City of Saint Paul, Minnesota
Sewer Revenue Bonds
Series 2015B
(Green Bonds)

SUMMARY STATEMENT

The following summary is qualified in its entirety by reference to the detailed information and financial statements appearing elsewhere in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement.

The Issuer .... The City of Saint Paul, Minnesota (the "City") is the capital of the State of Minnesota and county seat of Ramsey County. The City had an estimated population in 2013 of 294,873 as determined by the U.S. Census Bureau. See "APPENDIX A - GENERAL INFORMATION CONCERNING THE CITY" in this Official Statement.

The Series 2015B Bonds .... The City will issue its Sewer Revenue Bonds, Series 2015B (Green Bonds) (the "Series 2015B Bonds"), in the original aggregate principal amount of $8,700,000. The proceeds of the Series 2015B Bonds will be used by the City to (i) finance capital improvements to the City's Sewer System, (ii) fund a deposit to the Reserve Account securing the Parity Bonds, including the Series 2015B Bonds, and (iii) pay costs of issuance for the Series 2015B Bonds. See also "AUTHORITY AND PURPOSE" and "SOURCES AND USES OF FUNDS" in this Official Statement.

Authority for Issuance........... The Series 2015B Bonds are being issued by the City pursuant to (i) Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), (ii) the City Charter, (iii) the 1988 General Resolution pledging Revenues of the Sewer System, and (iv) a supplemental resolution to be adopted on April 8, 2015 by the City Council authorizing the sale of the Series 2015B Bonds (collectively, the "Resolution"). See "AUTHORITY AND PURPOSE" in this Official Statement.

Green Bonds........................... The City is issuing the Series 2015B Bonds as "Green Bonds" based upon the environmental benefits of the capital projects to be financed with proceeds of the Series 2015B Bonds. The City has designated the capital projects to be financed with the Series 2015B Bonds as "Green Projects" due to the fact that such projects are environmentally friendly. The purpose of the designation of the Series 2015B Bonds is to allow investors to invest directly in projects that are beneficial to the environment. See "AUTHORITY AND PURPOSE – *Green Bonds Designation* "in this Official Statement.

Principal and Interest............ Interest on the Series 2015B Bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2015, to the registered owners of the Series 2015B Bonds as such appear of record in the bond register as of the close of business on the fifteenth (15^{th}) day (whether or not a business day) of the immediately preceding month at the rate or rates set forth on the inside front cover hereof. Principal of the Series 2015B Bonds is payable annually on each December 1 as set forth on the inside front cover hereof in this Official Statement. See "THE SERIES 2015B BONDS" in this Official Statement.

Security for the Series 2015B Bonds	The Series 2015B Bonds are special, limited obligations of the City secured by a first charge and lien upon the Revenues of the Sewer System of the City. *The full faith and credit and taxing power of the City are not pledged to pay debt service on the Series 2015B Bonds, and the City does not have the authority to levy ad valorem property taxes in order to pay debt service on the Series 2015B Bonds.* See "THE SERIES 2015B BONDS" in this Official Statement.
Optional Redemption	The City may elect on December 1, 2023, and on any day thereafter, to prepay Series 2015B Bonds due on or after December 1, 2024. See THE SERIES 2015B BONDS – Optional Redemption" in this Official Statement.
Financial Statements	Excerpts from the City's 2013 Audited Comprehensive Annual Financial Report of the City are attached to this Official Statement as APPENDIX F. See "SEWER SYSTEM FINANCIAL STATEMENTS AND COVERAGE STATEMENT" and "APPENDIX F – EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013" in this Official Statement.
Delivery Information	Subject to the Terms of Proposal, it is expected that delivery of the Series 2015B Bonds will be made on or about May 5, 2015, through the facilities of DTC in New York, New York, against payment therefor.

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OFFICIAL STATEMENT

$8,700,000
CITY OF SAINT PAUL, MINNESOTA
SEWER REVENUE BONDS
SERIES 2015B
(Green Bonds)

INTRODUCTION

General

This Official Statement contains certain information relating to the City of Saint Paul, Minnesota (the "City" or the "Issuer") and its Sewer Revenue Bonds, Series 2015B (Green Bonds) (the "Series 2015B Bonds"), in the original aggregate principal amount of $8,700,000. The Series 2015B Bonds are issued pursuant to (i) Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), (ii) the City Charter, (iii) the 1988 General Resolution pledging Revenues of the Sewer System, and (iv) a supplemental resolution to be adopted April 8, 2015 by the City Council authorizing the sale of the Series 2015B Bonds (collectively, the "Resolution"). The Series 2015B Bonds are special, limited obligations of the City payable solely from and secured by a first charge and lien upon the Revenues (as defined below) of the City's sewer system (the "Sewer System"). *The Series 2015B Bonds are not general obligations of the City and the full faith and credit and taxing power of the City are not pledged to pay debt service on the Series 2015B Bonds. The City does not have the authority to levy ad valorem property taxes in order to pay debt service on the Series 2015B Bonds.*

The Resolution defines Revenues of the Sewer System as follows: all amounts received from the operation of or in connection with the Sewer System, including (a) sanitary sewer service charges or surcharges, storm sewer system charges, sewer availability charges, all other Sewer System charges or surcharges imposed on Sewer System users or City property owners, assessments, penalties or interest due on delinquent amounts, (b) earnings on money held in any fund or account, (c) money received upon the sale, lease, transfer, conveyance or other disposition of any real or personal property which is part of the Sewer System, and (d) any other revenues of whatever kind and from whatever source derived arising from the Sewer System; but excluding assessments for Sewer System improvements dedicated to other uses which preclude the application of such assessments to the payment of Series 2015B Bonds (collectively, the "Revenues").

All capitalized terms used but not defined herein shall have the meaning set forth in the Resolution, unless the context clearly requires another meaning. See "APPENDIX D – EXCERPTS OF THE RESOLUTION" in this Official Statement for certain excerpts and definitions contained in the Resolution.

Inquiries may be directed to Mr. Todd Hurley, Director, Office of Financial Services, 700 City Hall, 15 West Kellogg Boulevard, Saint Paul, Minnesota 55102, or by telephoning (651) 266-8549. Inquiries may also be made to Springsted Incorporated, Municipal Advisor to the City, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, or by telephoning (651) 223-3000.

THE SERIES 2015B BONDS

General Description

The Series 2015B Bonds are dated as of the date of delivery and will mature annually each December 1 as set forth on the inside front cover. The Series 2015B Bonds are issued in book-entry form. Interest on the Series 2015B Bonds is payable on each June 1 and December 1, commencing December 1, 2015. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the registrar on the fifteenth day of the calendar month next preceding such interest payment date. The Treasurer of the City will serve as Registrar and Paying Agent for the Series 2015B Bonds.

Optional Redemption

The City may elect on December 1, 2023, and on any day thereafter, to prepay the Series 2015B Bonds maturing on or after December 1, 2024. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2015B Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

Registration

The City Treasurer will be appointed as the initial bond registrar and paying agent (the "Registrar" and the "Paying Agent") for the Series 2015B Bonds. The City Treasurer will serve as Registrar unless and until a successor Registrar is duly appointed. A successor Registrar must be an officer of the City or a bank or trust company eligible for designation as Registrar pursuant to applicable law and may be appointed pursuant to any contract the City and such successor Registrar may execute. The Registrar will also serve as Paying Agent unless and until a successor Paying Agent is duly appointed. Principal and interest on the Series 2015B Bonds will be paid to the holder registered on the books of the Registrar (the "Holder" or "Registered Holder," or "Bondholder") on the fifteenth day of the calendar month next preceding each interest payment date (initially Cede & Co., as nominee of The Depository Trust Company).

The interest on the Series 2015B Bonds and, upon surrender of each Series 2015B Bond, the principal amount thereof, is payable by check or draft issued by the Registrar. Each Series 2015B Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Series 2015B Bonds has been paid or made available for payment, unless: (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Series 2015B Bonds will be dated as of the date of authentication; or (ii) the date of authentication is prior to the first interest payment date, in which case the Series 2015B Bonds will be dated as of the date of original issue.

Book-Entry System

The Series 2015B Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Series 2015B Bond for each maturity of the Series 2015B Bonds. Upon initial issuance, the ownership of each Series 2015B Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns ("DTC"). See "APPENDIX E – THE DEPOSITORY TRUST COMPANY" in this Official Statement.

AUTHORITY AND PURPOSE

Generally. The Series 2015B Bonds are being issued by the City pursuant to (i) the Municipal Debt Act, (ii) the Resolution, and (iii) the City Charter. Proceeds of the Series 2015B Bonds will be used by the City to (a) finance capital improvements to the City's Sewer System, (b) fund a deposit to the Reserve Account securing all Parity Bonds issued under the terms of the Resolution on a parity with the Series 2015B Bonds, and (c) pay costs of issuance for the Series 2015B Bonds.

Green Bonds Designation. The City is issuing the Series 2015B Bonds as "Green Bonds" based upon the environmental benefits of the capital projects to be financed with proceeds of the Series 2015B Bonds. The City has designated the capital projects to be financed with the Series 2015B Bonds as "Green Projects" due to the fact that such projects are designed to be environmentally beneficial in the broad categories of clean water and sustainable waste management. The purpose of the "Green Bond" designation is to allow holders of the Series 2015B Bonds to invest directly in projects that are beneficial to the environment and is not intended to provide or imply that a holder of the Series 2015B Bonds is entitled to any additional security. While the City will take steps to ensure compliance with the principles of Green Bonds in effect as of issuance of the Series 2015B Bonds, the City does not make any representation that the Series 2015B Bonds will comply with any changes to the principles of Green Bonds enacted at a later date as such principles may evolve over time.

The City's Office of Financial Services will track the use of the proceeds of the Series 2015B Bonds and the City will post to EMMA an annual update regarding the use of the proceeds of the Series 2015B Bonds until they are fully expended. Once all proceeds of the Series 2015B Bonds have been expended, the City will not post any further updates to EMMA regarding the expenditure of the Series 2015B proceeds.

SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses (rounded to the nearest dollar) for the Series 2015B Bonds described above and the proposed uses of the available funds.

Sources of Funds	
Principal Amount of Series 2015B Bonds	$8,700,000
Net Original Issue Premium	64,271
Total Sources of Funds	$8,764,271
Uses of Funds	
Deposit to Project Construction Fund	$8,033,304
Deposit to Reserve Account	597,605
Costs of Issuance(1)	133,362
Total Uses of Funds	$8,764,271

(1) *Includes estimated issuance costs for Bond Counsel, Rating Agency, the Municipal Advisor, Purchaser's Discount, and other miscellaneous costs associated with the issuance of the Series 2015B Bonds.*

SECURITY AND FINANCING

The Series 2015B Bonds are special, limited obligations of the City payable solely from and secured by a first and prior lien upon the revenues of the Sewer System on a parity of lien with the City's outstanding: (i) $7,040,000 Sewer Revenue Bonds, Series 2006C, dated April 1, 2006; (ii) $23,735,000 Sewer Revenue Bonds, Series 2008D, dated March 1, 2008; (iii) $9,000,000 Sewer Revenue Bonds, Series 2009C, dated June 1, 2009; (iv) $2,820,000 Sewer Revenue Refunding Bonds, Series 2009I, dated October 1, 2009; (v) $8,610,000 Sewer Revenue Bonds, Series 2010D, dated March 3, 2010, (vi) $8,900,000 Sewer Revenue Bonds, Series 2011C, dated April 4, 2011; (vii) $8,815,000 Sewer Revenue Bonds, Series 2012C, dated March 26, 2012; (viii) $11,515,000 Sewer Revenue and Refunding Bonds, Series 2013D, dated April 8, 2013, and (ix) $8,000,000 Sewer Revenue Bonds, Series 2014E, dated August 4, 2014 (together referred to as the "Parity Bonds"). The Series 2015B Bonds shall not constitute a debt for which the full faith and credit or taxing powers of the City will be pledged. Under the terms of the Resolution, Revenues will be applied by the City to the following order of priority: (i) debt service on the Parity Bonds; (ii) amounts payable to a bond insurer or surety; (iii) amounts required to maintain the Reserve Account; (iv) the Current Expenses of operations and maintenance of the System; (v) and to certain other uses authorized under the terms of the Resolution.

The City has certain general obligation sewer debt payable on a subordinate basis from the Revenues of the Sewer System after payment of the Parity Bonds. See "SECURITY AND FINANCING - Subordinate Debt" in this Official Statement.

Rate Covenant

Pursuant to the terms of the Resolution, the City has covenanted that it will establish, maintain and collect such charges and rates as will produce Revenues sufficient to pay the interest and premium, if any, on and the principal of all Parity Bonds as and when they become due, as well as to provide sufficient money to make the required appropriations to the various Funds and Accounts established by the Resolution and to pay the Current Expenses of the Sewer System. The rate covenant described above permits the City to apply fund balances, in addition to Revenues derived from current rates and charges, to provide all the amounts required for appropriations to the Fund and Accounts and to pay Current Expenses of the Sewer System. Therefore, to the extent that fund balances in the Sewer Service Enterprise Fund are made available to the Sewer Service Enterprise Fund, the City may make such appropriations or pay Current Expenses from those sources, and in recent years the City has done so.

Reserve Account

The City has covenanted to establish and maintain a Reserve Account in an amount equal to the sum of the Reserve Requirement for each series of bonds then outstanding under the Resolution. The Reserve Requirement for each series of bonds is, as of any date of calculation, the sum of the Reserve Requirements applicable to each series of bonds then outstanding; and for each series of bonds, while any of such bonds remain outstanding, the Reserve Requirement shall be, unless otherwise specifically provided in the Resolution or the appropriate Supplemental Resolution:

(a) for each series of Taxable Bonds, as of any date of calculation, an amount equal to the maximum amount of principal and interest to become due in any Fiscal Year on all then outstanding Taxable Bonds of that series;

(b) for each series of Tax-Exempt Bonds, as of any date of calculation, an amount equal to the least of: (1) ten percent (10%) of the lesser of (i) the original principal amount of such Tax-Exempt Bonds or (ii) the "issue price" of such Tax-Exempt Bonds, determined as required by Section 148 of the Code; (2) the maximum amount of principal and interest to become due in any fiscal year on all then outstanding Tax-Exempt Bonds of that series; or (3) the maximum amount permitted under Section 148 of the Code to be held in a reserve fund and invested at a yield in excess of the yield on such series of Tax-Exempt Bonds; provided that the calculation of the maximum amount of interest to become due on Variable Rate Bonds, Adjustable Rate Bonds or Temporary Bonds shall be based on methods described in the Resolution for the issuance of Additional Bonds.

Subordinate Debt

The City currently has six outstanding Minnesota Public Facilities Authority Loans ("PFA Loans"), which are general obligations of the City and have a subordinate lien on the Revenues of the Sewer System. The pledge of Revenues to the payment of the PFA Loans is subordinate to the pledge of the payment of Revenues to the Parity Bonds. As of May 5, 2015, $6,187,516 is outstanding under Minnesota Public Facilities Authority Loan Agreements relating to PFA Loans, with various annual maturities and a final maturity due on August 20, 2020.

FUNDS AND ACCOUNTS

The following is a summary of the funds and accounts established in the Resolution. This summary is not to be considered a full statement of the provisions of the Resolution and is qualified by reference to the complete Resolution. Certain portions of the Resolution are included herein as part of Appendix D.

The Resolution will provide for the continuation of the Sewer Service Enterprise Fund and the accounts therein. All revenues of the Sewer System will be deposited into the Sewer Service Enterprise Fund and the following accounts will be maintained therein:

Construction Account

Into this account shall be paid a portion of the proceeds from the sale of the Series 2015B Bonds less the sum of (1) any premium, unused discount (if any), and accrued interest paid by the purchaser upon delivery, (2) the amount capitalized for the Reserve Account, and (3) capitalized interest (if any) deposited in the Revenue Bond Debt Service Account.

From the Construction Account shall be paid all costs of the Sewer System improvements to be financed by the Series 2015B Bonds, including legal, engineering, financing, and other such expenses. There shall also be paid from the Construction Account the costs of issuance of the Series 2015B Bonds. The City may transfer from the Construction Account to the Revenue Bond Debt Service Account, monthly, amounts required to provide for the payment of interest on the Series 2015B Bonds during the period of construction of the improvements financed by the Series 2015B Bonds, and in such case the amount so transferred shall be credited against amounts otherwise required to be transferred from the Operation and Maintenance Account, provided however, that any amount of the proceeds of the Series 2015B Bonds deposited in the Revenue Bond Debt Service Account upon issuance the Series 2015B Bonds shall be used for that purpose before any transfers are made from the Construction Account.

Any excess money remaining in the Construction Account upon completion of the applicable improvements shall be, at the option of the City, applied to the payments of or reimbursement for the costs of any other improvements, or transferred to the Revenue Bond Debt Service Account.

Amounts required to pay the costs of any improvement not financed by bonds or other debt shall be deposited in the Construction Account and applied to pay or reimburse for the costs of improvements.

Earnings on amounts held from time to time in the Construction Account shall be retained therein except all excess earnings, shall be transferred from the Construction Account to the Excess Investment Earnings Fund at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants of the City relating to Tax-Exempt Bonds.

Operation and Maintenance Account

Into the Operation and Maintenance Account shall be paid all revenues, upon receipt. From this account shall be paid or transferred the following amounts in the following order of priority:

(a) To the Revenue Debt Service Account, monthly, the amounts required to pay debt service on the Series 2015B Bonds;

(b) In order, first to make payments to any interest rate swap provider; second to make payments to each credit provider, monthly, the amounts required to be paid to such credit provider pursuant to the applicable Credit Agreement; and third to each Fiduciary, monthly, the amount of its fees and expenses then due;

(c) To the Reserve Account, monthly the amounts required to maintain the balance on hand therein at the Reserve Requirement;

(d) To pay all Current Expenses then due;

(e) To the Operating Reserve Subaccount, monthly, the amount required to maintain the balance on hand therein at the Operating Reserve Requirement; and

(f) To pay any other amount then due with respect to the Sewer System, including, in any order, (i) amounts required to pay debt service on general obligation debt of the City incurred to finance Improvements, (ii) amounts required to pay the costs of any Improvement not financed by bonds or other debt or (iii) to make any other payment or transfer authorized by law.

The City shall maintain within the Operation and Maintenance Account an Operating Reserve Subaccount. The balance of funds held therein shall be maintained at an amount equal to 45 days' average Current Expenses for the preceding Fiscal Year.

Current Expenses means the normal, reasonable and current costs of operation and maintenance of the Sewer System determined in accordance with generally accepted accounting principles, including without limitation, payments due to the Metropolitan Council Environmental Services, but excluding the following: (i) allowance for depreciation; (ii) costs of major sewer repairs; (iii) debt service expenses; and (iv) Revenues transferred to other City funds or accounts to pay debt service on City general obligation debt as described in clause (a) above.

Excess earnings shall be transferred from the Operation and Maintenance Account to the Excess Investment Earnings Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants of the City relating to Tax-Exempt Bonds.

Revenue Bond Debt Service Account

Into the Revenue Bond Debt Service Account shall be credited and to which the City has irrevocably pledged from the Revenues of the operation of the Sewer System, monthly, a sum equal to at least 1/12 of the total principal to become due on all series of Parity Bonds during the ensuing twelve (12) months; and an amount equal to one-sixth (1/6) of the total interest to become due on all series of Parity Bonds during the ensuing six (6) months. No further payments need be made into the Revenue Bond Debt Service Account once the balance is sufficient to make all required debt service payments on and prior to the next maturity date.

Excess earnings shall be transferred from the Revenue Bond Debt Service Account to the Excess Investment Earnings Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants of the City relating to Tax-Exempt Bonds.

Reserve Account

The Reserve Account shall be drawn upon only when and if money in the Revenue Bond Debt Service Account or other money are insufficient on a Principal Payment Date or on an Interest Payment Date to pay the principal of, and premium, if any, and interest on the Series 2015B Bonds payable from the Revenue Bond Debt Service Account. The Reserve Requirement for the Series 2015B Bonds will be equal to the maximum principal and interest due in any year on the Series 2015B Bonds, estimated to be approximately $597,605.

Revenues in excess of those required for the foregoing purposes may be used for any proper purpose.

Additional Bonds

The City may issue additional revenue obligations ("Additional Bonds") payable from money in the Sewer Service Enterprise Fund on a parity lien with the Series 2015B Bonds and all other Parity Bonds if the City satisfies certain requirements set forth in the Resolution. See "APPENDIX D – EXCERPTS OF THE RESOLUTION – ADDITIONAL BONDS; REFUNDING BONDS; OTHER REVENUE OBLIGATIONS" in this Official Statement.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2015B Bonds should be aware that investment in the Series 2015B Bonds may entail some degree of risk. Each prospective investor in the Series 2015B Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Series 2015B Bonds and which could also affect the market price of the Series 2015B Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Special, Limited Obligation

The obligation of the City to pay debt service on the Series 2015B Bonds is a special, limited obligation of the City. *The Series 2015B Bonds are not general obligations of the City and the full faith and credit and taxing power of the City are not pledged to pay debt service on the Series 2015B Bonds. The City does not have the authority to levy ad valorem property taxes in order to pay debt service on the Series 2015B Bonds.* As further described elsewhere herein, debt service on the Series 2015B Bonds is payable solely from and secured by a first charge and lien upon the Revenues of the Sewer System described herein. While it is believed that Revenues of the Sewer System will be sufficient to pay operating and maintenance costs of the Sewer System as well as debt service on the Series 2015B Bonds when due, a number of factors described below may affect the receipt of sufficient Revenues from the Sewer System for such purposes, which may impair the ability of the City to make timely debt service payments on the Series 2015B Bonds.

General Factors that May Affect Sufficiency of Revenues

As stated above, the City is obligated to pay debt service on the Series 2015B Bonds solely from Revenues generated by the operation of the Sewer System. A number of factors may have an adverse affect on the receipt of money in an amount sufficient to pay operating and maintenance expenses of the Sewer System as well as debt service on the Series 2015B Bonds. These include potential adverse changes in the economic condition of the Sewer System, including potential decreases in population that may arise from decisions by employers located in and around the City to relocate their operations elsewhere; potential unemployment at a level that would preclude residents of the City from paying sufficient user fees in order to support the operations of the Sewer System and the payment of debt service on the Series 2015B Bonds; and other factors such as weather conditions that could result in a reduction in the demand for services.

Unforeseen Problems with the Sewer System

Payment of principal of and interest on the Series 2015B Bonds is dependent to a considerable degree upon the continued operation of the Sewer System for the purposes for which it was designed. While the City believes that the Sewer System is designed and constructed in such a manner as to permit its continued operation without requiring unreasonable costs for maintenance or repairs and has provided under the terms of the Resolution for the creation and maintenance of funds in amounts which it believes to be sufficient to provide for the necessary repairs and maintenance of the Sewer System, there can be no assurance that such amounts will, in fact, be sufficient to ensure the ongoing operation of the Sewer System. The Sewer System, as part of the City, is self-insured for worker’s compensation, automobile liability and general liability, and has a property insurance policy. However, casualties and other occurrences may result in damage to the Sewer System that may not be fully covered by the City’s $600,000 self-insurance reserve or by the net proceeds of any insurance award. Any material interruption of the operation of the Sewer System may have an adverse effect on the ability of the City to collect fees from users of the Sewer System and could, in turn, have a materially adverse effect on the ability of the City to make timely payment of debt service on the Series 2015B Bonds.

Maintenance of Credit Rating

The Series 2015B Bonds will be rated as to their creditworthiness by Standard & Poor's Ratings Services ("S&P" or the "Rating Agency"). No assurance can be given that the Series 2015B Bonds will maintain its original rating from the Rating Agency. If a rating on the Series 2015B Bonds decreases, the Series 2015B Bonds may lack liquidity in the secondary market in comparison to other municipal bonds. Adverse developments with respect to the financial condition of the Sewer System may have an unfavorable effect upon a holder's ability to sell the holder's Series 2015B Bonds or the bid and ask prices for the Series 2015B Bonds. See "RATING" in this Official Statement.

Risks of Construction

The construction of the Improvements financed with proceeds of the Series 2015B Bonds is subject to various construction risks, including (without limitation) cost overruns, insufficient funding, labor disputes, adverse environmental conditions, weather delays, construction or design defects, construction disputes, availability of labor and materials and other similar factors. No assurance can be given that, if any of such conditions or events occur, the Improvements will be completed for the amounts deposited to the Construction Account or that the Improvements will be completed by their currently estimated completion date. Significant costs in excess of the budgeted amounts and significant delays in completion of construction of the Improvements could affect the Revenues of the System.

While the construction of the Improvements employs standard, commonly utilized design features and materials and the Improvements can be constructed with existing techniques, no assurance can be given that the site conditions encountered during the construction of the Improvements will be the same as assumed by the City in designing the Improvements.

No Mortgage

The Series 2015B Bonds (and the Parity Bonds) are not secured by a mortgage lien or any other real estate security interest in any property or real estate. The Series 2015B Bonds (and the Parity Bonds) are payable solely from and secured by the Revenues of the System. See "SECURITY AND FINANCING" in this Official Statement.

No Acceleration

The Resolution does not contain a provision for acceleration of the Series 2015B Bonds (and the Parity Bonds) if there is a failure by the City to comply with any of the covenants set forth in the Resolution.

Internal Revenue Code Compliance

The Series 2015B Bonds could lose their tax-exempt status as a result of the City not complying with the various provisions of the Code, and the regulations promulgated thereunder, with respect to the use of the Sewer System and the proceeds of the Series 2015B Bonds. Following a determination by the Internal Revenue Service (the "IRS") that the interest on the Series 2015B Bonds should be included in gross income for federal tax purposes, the Series 2015B Bonds will not be subject to mandatory redemption as described under the heading "THE SERIES 2015B BONDS" and in the Resolution.

Interest on the Series 2015B Bonds may become subject to inclusion in gross income for purposes of federal income taxes retroactively to the date of issuance or the date of the breach of certain tax covenants in the Resolution.

The opinion of Bond Counsel will be obtained as described in "TAX EXEMPTION" and "APPENDIX B – FORM OF OPINION OF BOND COUNSEL" herein; however, application for a ruling or determination from the IRS regarding the tax-exempt status of the Series 2015B Bonds has not and will not be made, and an opinion of counsel is not binding upon the IRS. The laws, regulations, court decisions and administrative interpretations upon which the conclusions stated in the opinion of Bond Counsel are based on and subject to change by the United States Congress, the United States Treasury Department and later judicial and administrative decisions.

Internal Revenue Service Tax-Exempt Bond Program

The IRS has established a Tax-Exempt and Government Entities Division (the "TE/GE Division"). The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. The IRS has an active program of conducting examinations of tax-exempt bonds, such as the Series 2015B Bonds. In recent years, the number of IRS tax-exempt bond examinations has increased, and public statements made by individual IRS officials indicate that the number of IRS examinations of tax-exempt bonds, including governmental issues such as the Series 2015B Bonds, may increase in the future. IRS officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2015B Bonds. In order for potential investors to identify risk factors and make an informed decision with respect to the Series 2015B Bonds, potential investors in the Series 2015B Bonds should be thoroughly familiar with this entire Official Statement and the appendices hereto.

THE SEWER SYSTEM

The City's Sewer System (the "Sewer System" or the "System") provides sanitary and industrial wastewater for the City's residential, commercial and industrial areas, serving an area of approximately 34,238 acres within the City. The Sewer System consists of approximately 806 miles of collector, trunk, and interceptor sewer, including 24 lift stations. There is an additional 450 miles of storm sewer pipes and tunnels in the Sewer System. There are also four storm water pump stations used to pump rainfall and seepage from behind dikes and floodwalls when the river is at flood stage. The remainder of the time these stormwater pump stations are inoperative.

Sewer sizes range from 6 inches to over 13 feet in equivalent diameter. The materials of construction include handcrafted brick, cement, concrete (monolithic and precast), cast iron, ductile iron, corrugated metal, stone masonry, clay and segmented clay block, as well as modern plastics and partially lined sandrock and limestone tunnels. The majority of the sewers in the Sewer System were built of clay or concrete pipe.

The City maintains the Sewer System, routinely utilizing sewer cleaning and televising equipment, and undertakes rehabilitation and reconstruction as required. The City's wastewater is treated by Metropolitan Council Environmental Services ("MCES"). See "Metropolitan Council Environmental Services" herein.

Sewer System Customers

The total sewered consumption (residential, industrial, commercial and institutional) in 2014 was 10,093,435 net hundred cubic feet ("ccf"). The ten largest users generated 8.72% of the total sewered consumption. Approximately 69,459 residential customers contribute 47% of the Sewer System's flow. The remaining 53% comes from approximately 3,047 commercial, industrial or institutional customers. Several of the Sewer System's larger industrial and commercial users' water either goes into their product or ends up in the storm sewer. This flow is metered and credits are given to the sewer bills of those users. These credits average $1.7 million annually. The ten largest commercial and industrial sewer users of the Sewer System as measured in 2014 are listed below. Consumption is measured in 100 cubic feet units (ccf).

Customer	Consumption (ccf)
Rock-Tenn	455,186
Como Zoo	69,469
Regions Hospital	64,409
University of St. Thomas	61,552
United Hospitals	55,292
Rexam American	37,681
Hospital Linen Services	36,142
Co-Op Plating	34,617
1247 St. Anthony Ave	34,295
Shamrock Court Apartments	31,536
Total	880,179

Rates, Billing and Collections

Sanitary sewer charges in the City are based on the volume of sewage discharges into the Sewer System measured by the volume of water used and are established annually to finance the System. The Sewer Utility Enterprise Fund does not receive a budgetary allocation from the City's General Fund. The Mayor, based on advice from the City staff, recommends the amount and the basis of the sewer service charges, which then must be established by the City Council by resolution after a public hearing. Charges are collected by the Board of Water Commissioners of the City for a fee paid by the Sewer Utility Fund. Upon a customer default, water service is discontinued.

The City maintains a step rate structure for billing all residential, commercial and industrial users as follows. All rates are per 100 cubic feet. For 2015, the Sanitary Sewer rates are as follows:

First 100,000 cubic feet	$3.77
Next 400,000 cubic feet	$3.69
All over 500,000	$3.62

The City Council determines a minimum charge for properties based on water meter sizes. The minimum charges for 2015 are as follows:

Water Meter	Size Charge
3/4 inch and smaller	$7.20 per quarter
1 inch	$12.60 per quarter
1 1/4 inch	$5.60 per month
1 1/2 inch	$8.80 per month
2 inch	$20.00 per month
3 inch	$42.00 per month
4 inch	$104.00 per month
5 inch	$150.00 per month
6 inch	$200.00 per month
8 inch	$344.00 per month
10 inch	$492.00 per month
12 inch	$680.00 per month
Over 12 inch	$1,000.00 per month

The City anticipates the need for an increase to current service charges to offset the expected increase in charges from MCES. See "MCES Billing" discussion herein.

The following table shows MCES charges in comparison to Sewer Utility Enterprise Fund non-capital budget expenditures.

Saint Paul Sewer Utility Fund Expenditures

	Total Budget Less Capital Projects	MCES Charges	MCES Charges as % of Total Budget Less Capital Projects
2014*	$54,912,289	$19,004,747	34.61%
2013	54,912,293	17,688,433	32.21
2012	54,433,140	17,351,298	31.88
2011	50,822,357	15,567,088	30.63
2010	50,486,997	14,553,801	28.83

**2014 figures are unaudited.*

For one- and two-family homes, the sewer charge for the first quarterly billing of the year is based on water consumption. The charge for each of the remaining three quarters will not exceed the first quarter figure. For all other properties, the sewer charge is based on actual water consumption for each billing period. Billing occurs quarterly for all properties served by meters one inch or smaller, and all one- and two-family dwellings. Properties served by meters larger than one inch are billed monthly.

Another primary source of revenue for the Sewer Utility Enterprise Fund is the storm sewer system charge established by the City in 1986. This charge is based on the estimated storm water runoff that a typical property of each class discharges to the storm sewer system. The storm sewer system charge is based on property size and impervious area and has been used to pay a portion of the storm sewer construction cost and the operation and maintenance of the Sewer System. These amounts constitute Revenues and are therefore pledged to the payment of the Series 2015C Bonds and the Parity Bonds. The storm sewer system charge provides approximately $14 million annually.

Other sources of revenue for the Sewer Utility Enterprise Fund include, but are not limited to, tax increment financing, water surcharges, permit fees, interest and lake overflow charges.

Regulation

The City is not subject to federal or state regulation in the establishment of sewer rates and charges. The City is subject to the Federal Clean Water Act, as amended, as enforced by the U.S. Environmental Protection Agency ("EPA") and Minnesota law as enforced by the Minnesota Pollution Control Agency ("MPCA") regarding discharges to natural receiving water bodies.

The MPCA and the EPA work jointly to enforce the City's National Pollutant Discharge Elimination System ("NPDES") permits. However, the MPCA maintains immediate regulatory control over the System. The City finished its Combined Sewer Separation Program in 1995, and met all terms of its last NPDES sanitary sewer permit, which expired in June 2001. Because the Sewer System had accomplished all of the goals outlined through the NPDES permitting process, no new NPDES permit was required for sanitary sewer system operation.

The City received a NPDES permit for storm water discharge in January 2011 and the City has been operating the storm sewer system in compliance with this permit. Prior to January 2011 the City was in compliance under the 2000 NPDES permit until the MPCA adopted the final changes for the new permit.

Future Capital Needs

The Sewer System will have capital needs funded through a mix of current revenue borrowing and use of reserves. The following table represents the estimated future capital needs through 2020.

	Major Sewer Repairs	**Rehabilitation of Old Sewers**
2015	$2,683,925	$6,200,000
2016	2,764,443	6,324,000
2017	2,847,376	6,450,480
2018	2,932,797	6,579,490
2019	3,020,781	6,711,080
2020	3,111,404	6,845,302

The financial model for the Sewer Utility Enterprise Fund identifies capital improvements concentrating on Sewer Rehabilitation. All these projects were outlined in the Sewer System Rehabilitation Plan published in June 1997. These figures are current estimates that do not yet have a planned financing source.

METROPOLITAN COUNCIL ENVIRONMENTAL SERVICES

Service Area

Metropolitan Council Environmental Services ("MCES"), formerly Metropolitan Waste Control Commission, was established as an operating agency of the Metropolitan Council as the Metropolitan Sewer Board in 1969 pursuant to the Metropolitan Sewer Act for the purpose of consolidating wastewater treatment at centralized treatment facilities through acquisition of treatment works, interceptors, sewers and ancillary facilities for the purpose of achieving economies of scale in alleviating water pollution. MCES is further authorized to construct municipal sewage facilities, and charges benefiting municipalities' usage and betterment costs.

MCES operates, maintains and administers the area's Metropolitan Disposal System ("MDS"), consisting of major wastewater treatment facilities, interceptor collection sewers and sewer system appurtenances in the urbanized portion of the metropolitan area.

MCES provides sewage treatment to 105 local municipalities within the MDS service area. In addition, MCES receives liquid wastes from businesses outside the connected municipalities. Pursuant to Minnesota Statutes, Section 473.511, Subdivision 1, the Metropolitan Council has the authority to assume ownership of all local wastewater treatment plants and interceptors in the seven-county metropolitan area it deems necessary to implement an area-wide collection and treatment system and to construct any additional facilities needed for that purpose.

Currently, MCES owns and operates approximately 600 miles of interceptor collection sewers and seven regional treatment plants which treat about 250 million gallons of wastewater per day. The MDS services approximately 5,000 miles of local trunk sewers owned and maintained by the communities. There are over 2 million residents in the service area.

Local governmental units are required to pay MCES usage and betterment costs based on MCES's allocation of each unit's share in the annual operation, maintenance and debt service of the MDS in proportion to their benefit. State and federal laws require local government units to adopt a system of charges to recover MCES's cost allocation from the recipients of wastewater treatment services within each governmental unit, including charges for use and availability of the MDS.

The MCES annual budget for 2015 revenues was approximately $249.5 million. Municipal wastewater charges represent 77% of budgeted revenue, Service Availability Charge fund transfers represent 14%, industry-specific charges represent 6%, and other sources 3%. No taxes support the division.

Metropolitan Wastewater Treatment Plant

The Metropolitan Wastewater Treatment Plant (the "Metro Plant") was originally constructed in 1938 to provide primary treatment for wastewater from the City and Minneapolis. The plant, which is located near Pig's Eye Lake on the Mississippi River in the City, has undergone construction modifications to increase capacity and achieve secondary treatment standards, as mandated by the Water Pollution Control Act of 1972, as amended. In addition to water quality requirements, the plant must continue to comply with air quality and residual solids disposal standards imposed by state agencies.

The Metro Plant currently has the ability to treat an average of 250 million gallons per day of wastewater. Construction related efforts are ongoing in the areas of phosphorus removal, reduction of odor emissions from the preliminary and primary treatment process areas, and rehabilitation of the liquid treatment facilities, as well as projects to reduce air pollutant emissions.

MCES Billing

Municipal wastewater charges ("MWC") are billed to users of the system through a utility-like process, which distributes the annual cost among the municipal users in proportion to their wastewater volume. Currently, MCES bills MWC to 107 communities. Industry-specific charges are billed directly to approximately 800 industries.

In order to stabilize the flow of revenue, MCES uses a charging system referred to as the "Firm Flow Method." Instead of setting a rate based on estimating the system flow and then billing based on actual flows, MCES uses the last known flow numbers to allocate the municipal wastewater charges among the customer communities. For 2015 billing, flows from the period July 1, 2013 through June 30, 2014 were used to allocate a $190.7 million aggregate flow charge. Thus, the uncertainty of the billings has been eliminated, and the communities know their charges for the following year in advance. Flow will continue to be measured and will affect the subsequent year billings.

On a budget basis, MCES is statutorily required to allocate its capital costs between current and future users. The associated debt service costs multiplied by the percent of capacity used represents that portion of debt service costs considered to be current operating costs and is included in computing municipal wastewater charges to communities.

SAC fees are designed to cover the reserve capacity portion of capital expenses, approximately 35%-45% of debt service. Customer communities typically pass through SAC to property owners for new or expanded usage of the wastewater system.

The SAC fund balance is maintained, at a minimum, sufficient to cover a 20% shortfall in revenue projections for each of the next five years.

Revenues are also generated from direct (retail-type) fees. The largest such fee is the industrial strength charge, made to various industries discharging wastewater, which requires treatment for total suspended solids and/or chemical oxygen demand in excess of typical domestic discharge.

The City anticipates annual increases in MCES charges between 5% and 7% over the next four years, which will be offset with a comparable increase in service charges to the Sewer System's customers.

A more detailed description of MCES revenues and rates can be found at:
http://www.metrocouncil.org/Wastewater-Water/Funding-Finance/Rates-Charges.aspx.

Source: Metropolitan Council website and City of Saint Paul.

SEWER SYSTEM FINANCIAL STATEMENTS AND COVERAGE STATEMENT

The tables on the following pages provide the City's Sewer Utility Enterprise Fund Statement of Net Assets for the fiscal years ended December 31, 2014 (unaudited), and 2010 through 2013 (audited); the Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended December 31, 2014 (unaudited), and 2010 through 2013 (audited); and the projected coverage statement for this Issue. The information was taken from the audited financial statements of the City (except for the 2014 information, which was provided by the City's finance department).

Attached to this Official Statement as APPENDIX E are excerpts of the audited financial statements of the City for the fiscal year ended December 31, 2013. The financial statements included in APPENDIX E have been audited by the Office of the State Auditor. The City has neither requested nor obtained the consent of the Office of the State Auditor to include its Independent Auditor's Report, dated June 26, 2014, in this Official Statement. The Office of the State Auditor has not performed any procedures with respect to the financial statements contained in APPENDIX E to this Official Statement since its report dated June 26, 2014. The financial statements of the City for the fiscal year ended December 31, 2014 are not yet publicly available.

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City of Saint Paul, Minnesota
Sewer Utility Enterprise Fund
Statement of Net Assets
For Fiscal Years Ending December 31

	Unaudited 2014	2013	2012	2011	2010
ASSETS					
Current Assets					
Cash and Investments with Treasurer	$ 25,146,322	$ 29,012,086	$ 34,097,476	$ 51,926,054	$ 47,464,718
Investments	-	-	-	-	-
Imprest Funds	150	150	150	150	150
Restricted Cash and Cash Equivalents					
Cash for General Obligation Bond Current Debt Service	-	-	-	-	-
Cash for Revenue Bond Current Debt Service	582,979	1,182,225	1,142,070	437,559	379,943
Cash for Revenue Bond Construction	3,479,462	1,329,041	6,099,481	5,445,690	5,947,796
Cash for Revenue Bond Operations and Maintenance	4,582,825	4,393,334	4,650,734	4,050,584	3,470,192
Cash for Budget and Rate Stabilization	5,062,769	4,905,552	4,888,513	4,586,606	4,597,519
Receivables					
Accounts (net of allowance for estimated uncollectibles)	27,482	19,413	727,807	14,628	22,489
Assessments	6,003,894	5,935,784	6,025,109	5,854,827	6,542,642
Accrued Interest	-	56,593	60,630	120,757	112,726
Due from Other Funds	-	-	19,599	767,695	493,374
Due from Component Units	-	2,758,127	2,703,178	2,706,969	2,632,172
Due from Other Governmental Units	-	180,997	221,756	174,245	131,532
Inventories					
Materials and Supplies	112,630	87,655	91,575	114,393	79,148
Total Current Assets	44,998,513	49,860,957	60,728,078	76,200,157	71,874,401
Noncurrent Assets					
Restricted Assets					
Investments for Revenue Bond Future Debt Service	6,332,832	5,595,365	5,207,661	5,211,750	4,373,277
Total Restricted Assets	6,332,832	5,595,365	5,207,661	5,211,750	4,373,277
Other Assets					
Advance to Other Funds	-	-	-	-	-
Deferred Charges	-	-	-	309,963	271,457
Total Other Assets	-	-	-	309,963	271,457
Capital Assets					
Land	493,549	488,435	82,186	82,186	82,186
Buildings and Structures	3,347,053	3,347,053	3,347,053	3,347,053	3,347,053
Less: Accumulated Depreciation	(968,193)	(887,853)	(807,512)	(727,172)	(646,831)
Public Improvements	403,377,001	391,794,242	374,578,099	370,681,780	366,265,479
Less: Accumulated Depreciation	(139,854,953)	(134,906,178)	(130,177,806)	(120,131,348)	(115,661,457)
Equipment	2,761,689	2,537,416	2,536,189	2,467,008	2,124,727
Less: Accumulated Depreciation	(2,031,776)	(1,871,872)	(1,735,334)	(1,618,212)	(1,551,571)
Construction in progress	3,343,894	3,668,971	-	-	554,860
Total Capital Assets	270,468,264	264,170,214	247,822,875	254,101,295	254,514,446
Total Noncurrent Assets	276,801,096	269,765,579	253,030,536	259,623,008	259,159,180
TOTAL ASSETS	$ 321,799,609	$ 319,626,536	$ 313,758,614	$ 335,823,165	$ 331,033,581

City of Saint Paul, Minnesota
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For Fiscal Years Ending December 31

	Unaudited 2014	2013	2012	2011	2010
OPERATING REVENUES					
Fees, Sales and Services	$ 49,231,789	$ 48,915,978	$ 50,992,440	$ 45,822,493	$ 46,921,439
Miscellaneous	30	2,633	193,073	34,088	51,311
Total Operating Revenues	49,231,819	48,918,611	51,185,513	45,856,581	46,972,750
OPERATING EXPENSES					
Salaries	3,596,174	3,325,380	3,480,715	3,481,113	3,475,501
Employee Fringe Benefits	1,532,738	1,579,129	1,934,061	1,733,251	1,762,528
Services	10,052,416	9,230,598	16,686,244	8,558,793	5,186,228
Materials and Supplies	519,545	598,526	609,924	708,018	514,276
Depreciation	5,189,020	4,969,923	4,960,153	4,682,687	4,601,214
Bad Debts	-	-	-	-	-
Metropolitan Council Environmental Services	19,004,747	17,688,433	17,351,298	15,754,113	14,553,801
Miscellaneous	1,185,967	846,674	2,603,214	754,609	337,032
Total Operating Expenses	41,080,607	38,238,663	47,625,609	35,672,584	30,430,580
OPERATING INCOME (LOSS)	8,151,212	10,679,948	3,559,904	10,183,997	16,542,170
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	338,681	72,711	73,340	73,100	73,200
Gain (Loss) on Sale of Assets	-	-	1,340	(17,279)	(1,671)
Investment Income:					
Interest Earned on Investments	16,382	310,088	440,370	608,002	458,917
Increase (Decrease) in Fair Value of Investments	-	(508,763)	(258,959)	618,901	(188,992)
Interest Earned - Other	-	-	-	-	-
Miscellaneous Other Revenue/Expense	(151,810)	(143,719)	7,045	-	-
Loss on Retirement of Assets	-	-	-	-	-
Interest Expense:					
General Obligation Bonds	-	-	-	-	-
Revenue Bonds	(2,337,184)	(2,634,615)	(2,326,984)	(2,106,167)	(1,882,012)
Revenue Notes	(249,021)	(289,418)	(328,500)	(366,214)	(402,635)
Amortization of Bond Issuance Costs	-	-	(309,963)	(21,515)	(8,641)
Total Non-Operating Revenues (Expenses)	(2,382,952)	(3,193,716)	(2,702,311)	(1,211,172)	(1,951,834)
Income Before Capital Contributions and Transfers	5,768,260	7,486,232	857,593	8,972,825	14,590,336
Capital Contributions	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(5,672,082)	(11,399,811)	(12,471,774)	(15,598,945)	(17,145,270)
Change in Net Assets	96,178	(3,913,579)	(11,614,181)	(6,626,120)	(2,554,934)
TOTAL NET ASSETS, January 1	242,079,668	245,993,247 *	247,608,113 *	259,945,334	262,500,268
TOTAL NET ASSETS, December 31	$ 242,175,846	$ 242,079,668	$ 235,993,932	$ 253,319,214	$ 259,945,334

* Adjusted beginning 2012 and 2013 net assets for prior period adjustment.

City of Saint Paul, Minnesota

Parity Debt Outstanding as of May 5, 2015

Parity Debt	Principal Outstanding	Total Debt Service Outstanding
$7,040,000 Sewer Revenue Bonds, Series 2006C	$ 3,260,000	$ 3,764,175
$23,735,000 Sewer Revenue Bonds, Series 2008D	17,565,000	23,155,233
$9,000,000 Sewer Revenue Bonds, Series 2009C	7,165,000	9,367,050
$2,820,000 Sewer Revenue Refunding Bonds, Series 2009I	1,455,000	1,601,900
$8,610,000 Sewer Revenue Bonds, Series 2010D	7,175,000	9,506,375
$8,900,000 Sewer Revenue Bonds, Series 2011C	7,770,000	10,539,006
$8,815,000 Sewer Revenue Bonds, Series 2012C	8,090,000	10,729,806
$11,515,000 Sewer Revenue and Refunding Bonds, Series 2013D	10,155,000	12,800,994
$8,000,000 Sewer Revenue Bonds, Series 2014E	8,000,000	10,866,136
Total Parity Debt	**$70,635,000**	**$92,330,675**

Subordinate Debt

The City currently has six outstanding PFA loans	$6,187,517	$6,804,191

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2014 Coverage Statement

City of Saint Paul, Minnesota
Sewer Revenue Bonds, Series 2015B

Coverage to Total Bond and Notes Payable from Sewer Revenues

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	The 2015B Bonds		**Parity Bond Coverage**			**Coverage on All Parity and Subordinate Debt Payable from Sewer Revenues**		
Principal Payment Date	**Principal**	**Principal & Interest**	**Existing Parity Debt**	**Total Parity Debt Service**	**Coverage to 2014 Net Revenues (times) ***	**Subordinate PFA Loans Payable from Sewer Revenues**	**Total All Bonds and Notes Payable from Sewer Revenues**	**Coverage to 2014 Net Revenues (times) ***
12/01/2015	-	135,251	6,995,747	7,130,998	1.90	1,102,987	8,233,985	1.64
12/01/2016	360,000	596,361	6,952,586	7,548,948	1.79	1,349,144	8,898,091	1.52
12/01/2017	375,000	596,961	6,916,886	7,513,848	1.80	1,310,834	8,824,682	1.53
12/01/2018	390,000	596,961	6,981,136	7,578,098	1.79	1,259,218	8,837,315	1.53
12/01/2019	395,000	594,161	6,557,686	7,151,848	1.89	1,095,428	8,247,276	1.64
12/01/2020	405,000	596,261	6,518,111	7,114,373	1.90	686,581	7,800,953	1.74
12/01/2021	410,000	593,161	5,864,886	6,458,048	2.10		6,458,048	2.10
12/01/2022	420,000	594,961	5,827,386	6,422,348	2.11		6,422,348	2.11
12/01/2023	430,000	596,561	5,820,714	6,417,276	2.11		6,417,276	2.11
12/01/2024	435,000	592,961	5,408,661	6,001,623	2.26		6,001,623	2.26
12/01/2025	445,000	593,174	5,409,128	6,002,302	2.26		6,002,302	2.26
12/01/2026	460,000	597,605	5,408,704	6,006,309	2.25		6,006,309	2.25
12/01/2027	470,000	596,105	5,388,579	5,984,684	2.26		5,984,684	2.26
12/01/2028	485,000	597,005	3,638,686	4,235,691	3.20		4,235,691	3.20
12/01/2029	500,000	597,455	2,971,831	3,569,286	3.79		3,569,286	3.79
12/01/2030	510,000	592,455	2,341,900	2,934,355	4.62		2,934,355	4.62
12/01/2031	530,000	597,155	1,689,406	2,286,561	5.92		2,286,561	5.92
12/01/2032	545,000	596,255	1,060,438	1,656,693	8.18		1,656,693	8.18
12/01/2033	560,000	594,905	578,200	1,173,105	11.54		1,173,105	11.54
12/01/2034	575,000	592,825	0	592,825	22.85		592,825	22.85
Total	8,700,000	11,448,541	92,330,675	103,779,216		6,804,191	109,990,582	

** The calculation of 2014 Net Revenues is shown below.*

2014 (Unaudited) Net Revenues Available for Debt Service	
Operating Revenues	$49,231,819
Operating Expenses	(41,080,607)
Net Operating Income	8,151,212
Non-operating Revenues (Expenses)	(2,382,952)
Add Back: Depreciation	5,189,020
Add Back: Bond Interest Expense	2,586,205
Net Revenues Available for Debt Service	**$13,543,485**

LITIGATION

The City is not aware of any pending or, to the City's knowledge, threatened legal or governmental proceedings seeking to affect, contest, enjoin, or restrain the issuance, sale, or delivery of the Series 2015B Bonds by the City or in any way contesting the validity of the Series 2015B Bonds. There is no litigation pending or, to the City's knowledge, threatened that contests the corporate existence or the boundaries of the City or the title of the officers of the City to their respective offices.

Like many municipalities of similar size, the City is involved in numerous lawsuits and claims related to the City's everyday operations. These lawsuits generally assert breach of contract claims or arise primarily out of injuries or property damage. Based on its review of the various cases and claims and past experience, the City believes that the pending actions, are such as may be fairly characterized as being in the ordinary course of business for a large municipality and should not have any material adverse impact on the financial position of the City.

APPROVAL OF LEGAL PROCEEDINGS

Issuance and delivery of the Series 2015B Bonds are subject to opinion as to the tax exemption of the Series 2015B Bonds and are subject to opinions as to the validity of the Series 2015B Bonds by Barnes & Thornburg LLP, bond counsel to the City ("Bond Counsel"). Barnes & Thornburg LLP has also been retained to advise the City with respect to, and to assist in the preparation of, this Official Statement. Certain matters will be reviewed for the City by the Office of the Saint Paul City Attorney. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinions with respect thereto. The proposed form of the opinion of Bond Counsel to be delivered in connection with the issuance of the Series 2015B Bonds is in substantially the form set forth in APPENDIX B – FORM OF OPINION OF BOND COUNSEL" to this Official Statement.

TAX EXEMPTION

In the opinion of Barnes & Thornburg LLP, Bond Counsel to the City, under existing statutes, regulations, rulings and decisions in effect on the date of issuance of the Series 2015B Bonds, interest on the Series 2015B Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation and, to the same extent, is excludable from net taxable income of individuals, estates or trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations and financial institutions.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Series 2015B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. However, interest on the Series 2015B Bonds is included in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. Interest on the Series 2015B Bonds is not includable for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to 15% of the interest on the Series 2015B Bonds that is received or accrued during the taxable year.

Interest on the Series 2015B Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Series 2015B Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

Noncompliance following the issuance of the Series 2015B Bonds with certain requirements of the Internal Revenue Code of 1986, as amended, (the "Code") and covenants of the Resolution may result in the inclusion of interest on the Series 2015B Bonds in gross income for federal tax purposes and net taxable income for State of Minnesota tax purposes of the owners thereof. No provision has been made for redemption of the Series 2015B Bonds, or for an increase in the interest rate on the Series 2015B Bonds, in the event that interest on the Series 2015B Bonds become subject to United States or State of Minnesota income taxation.

Original Issue Discount

The Series 2015B Bonds maturing on December 1, 2026 and December 1 in the years 2030 through 2034 (collectively, the "Discount Bonds") are being sold at a discount from the principal amount payable on such Discount Bonds at maturity. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will not be includable in gross income for federal income tax purposes or in taxable net income of individuals, estates or trusts for Minnesota income tax purposes, and will increase the owner's tax basis in such Discount Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond.

Original Issue Premium

The Series 2015B Bonds maturing on December 1 in the years 2016 through 2022 and 2027 through 2028 (collectively, the "Premium Bonds"), have been sold to the public at an amount in excess of the stated redemption price at maturity. Such excess of the purchase price of such Premium Bonds over the stated redemption price at maturity constitutes original issue premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize any original issue premium over the term of such Premium Bond using constant yield principles, based on the purchaser's yield to maturity. As original issue premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or a decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

Holders of Discount Bonds and Premium Bonds should consult their tax advisors with respect to computation and accrual of original issue discount and with respect to the state and local tax consequences of owning Discount Bonds and Premium Bonds.

Legislative Proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, both President Obama and the Chairman of the Committee on Ways and Means of the U.S. House of Representative have proposed legislation that effectively would impose a partial tax on otherwise tax exempt interest for certain higher income taxpayers. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Series 2015B Bonds). Prospective purchasers of the Series 2015B Bonds should consult their own tax advisors regarding the impact of any such change in law.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Series 2015B Bonds. The receipt of interest on the Series 2015B Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Series 2015B Bonds are encouraged to consult with their personal tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Series 2015B Bonds.

NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Series 2015B Bonds do not qualify to be designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

FUTURE FINANCING

The City does not currently anticipate issuing any additional bonds in 2015 that are secured by the Revenues of the Sewer System.

RATING

Standard & Poor's Ratings Services ("S&P"), 55 Water Street, 38th Floor, New York, New York has assigned a rating of "AAA" to the Series 2015B Bonds The rating reflects only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P. There is no assurance that the rating, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P circumstances so warrant. A revision, suspension, or withdrawal of a rating may have an adverse effect on the market price of the Series 2015B Bonds.

UNDERWRITING

Hutchinson, Shockey, Erley & Co. (the "Series 2015B Purchaser") has agreed to purchase the Series 2015B Bonds from the City at an aggregate purchase price of $8,693,850.35 (which amount represents the principal amount of the Series 2015B Bonds ($8,700,000.00) plus net original issue premium of $64,271.35 and less Series 2015B Purchaser's discount of $70,421.00). The Series 2015B Bonds are being offered for sale by the Series 2015B Purchaser to the public at the prices shown on the inside front cover of this Official Statement. Concessions from the initial offering prices set forth on the inside front cover hereof may be allowed to selected dealers and special purchasers. The initial offering prices of the Series 2015B Bonds are subject to change after the date hereof.

CONTINUING DISCLOSURE

In order to assist the purchasers of the Series 2015B Bonds in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof (the "Rule"), the City will enter into an undertaking (the "Undertaking") for the benefit of holders, including Beneficial Owners of the Series 2015B Bonds, to annually provide certain financial information and operating data relating to the City to the Electronic Municipal Market Access system ("EMMA") operated by the Municipal Securities Rulemaking Board, and to provide notices of the occurrence of certain events enumerated in the Rule to EMMA. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Undertaking to be executed and delivered by the City at the time the Series 2015B Bonds are delivered, is substantially in the form attached as "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" in this Official Statement.

Any and all of the information to be reported by the City may be incorporated by reference from other documents, including official statements, which have been submitted to EMMA or the Securities Exchange Commission.

The City currently contracts with Ehlers & Associates, Inc. ("Ehlers"), to assist the City in complying with its continuing disclosure undertakings. Ehlers is an independent financial advisory firm and provides continuing disclosure services for many municipalities, counties and school districts.

During the last five years, except as described in the following paragraph, the City has complied with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2015B Bonds (although holders will have any available remedy at law or in equity to enforce such undertakings). Nevertheless, a material noncompliance by the City with the Rule must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2015B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2015B Bonds and their market price.

In the City's 2010 and 2011 continuing disclosure filings (for fiscal years 2009 and 2010), the City inadvertently omitted certain tax levy and debt coverage information required under the Continuing Disclosure Undertaking with respect to the Port Authority of the City of Saint Paul's $12,495,000 Limited Tax-Supported Brownfields Redevelopment Program Bonds, Series 2007-2 (the "Series 2007-2 Bonds"). The City has filed the omitted information on EMMA as required by the continuing disclosure undertaking for the Series 2007-2 Bonds. The filing made by the City with EMMA in 2010 relating to the rating upgrade by Moody's Investors Service ("Moody's") to the City's general obligation, water revenue, and sewer revenue bonds (outstanding at that time) as a result of the recalibration of Moody's global ratings scale was inadvertently only attached to the CUSIPs for the City's general obligation bonds. The City subsequently amended the original 2010 filing on EMMA so that the CUSIPs for the City's outstanding water revenue and sewer revenue bonds (outstanding at that time) are also attached to such 2010 filing.

MUNICIPAL ADVISOR

The City has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota, ("Springsted") as municipal advisor in connection with certain aspects of the issuance of the Series 2015B Bonds. Portions of the financial and statistical data included in this Official Statement have been compiled by Springsted. In preparing this information, Springsted has relied upon governmental officials and other sources that have access to relevant data to provide accurate information for the Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. Springsted is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities.

CERTIFICATION

The City has authorized the distribution of this Official Statement for use in connection with the initial sale of the Series 2015B Bonds. As of the date of the settlement of the Series 2015B Bonds, the purchaser will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that, the Official Statement did not, and does not as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

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GENERAL INFORMATION CONCERNING THE CITY

CITY FUNDS ON HAND

The City funds on hand as of December 31, 2014 are set forth in the following table:

Fund	Cash and Short-Term Investments
General	$ 46,933,889
Special Revenue	36,907,787
Capital Projects	82,832,762
Enterprise	95,705,065
Internal Service	1,777,588
Permanent and Agency	11,199,781
Debt Service:	
General Obligation Supported by Taxes	42,527,500
HRA General Debt Service Fund	2,858,798
Total	$320,743,170

The table above represents the City's projected year end cash balances by type of fund. The City's conversion to a new financial system beginning for Fiscal year 2014 resulted in numerous changes to the chart of financial accounts and some of the year to year variances represented in the table above are due to this shift in the fund accounting structure.

CITY PROPERTY VALUES

Trend of Values

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(a)	Economic Market Value(b)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2013/14	$18,425,451,200	94.4%	$19,453,405,246	$1,182,188,200	$17,161,850,000	$218,772,524
2012/13	18,389,127,700	97.2	18,883,162,763	1,204,702,900	17,094,602,900	216,428,822
2011/12	19,465,297,400	99.2	19,483,213,536	1,178,904,200	18,187,547,600	229,722,035
2010/11	20,194,616,200	N/A	N/A	N/A	20,090,060,200	251,419,936
2009/10	21,626,927,100	N/A	N/A	N/A	21,509,626,800	266,352,654

(a) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx. Prior to 2011/12, a different methodology was used to calculate sales ratios.

(b) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx.

2013/14 Adjusted Taxable Net Tax Capacity: $218,772,542

Real Estate		
Residential Homestead	$ 88,584,388	41.20%
Commercial/Industrial, Public Utility, & Railroad	70,057,050	32.59
Residential Non-homestead	49,349,671	22.96
Agricultural and Seasonal Recreation	44,296	0.02
Personal Property	6,953,340	3.23
2013/14 Net Tax Capacity	$214,988,745	100.00%
Less: Captured Tax Increment Tax Capacity	(20,796,378)	
Less: Contribution to Fiscal Disparities Pool	(22,810,734)	
Plus: Distribution from Fiscal Disparities Pool	47,390,891	
2013/14 Adjusted Taxable Net Tax Capacity	$218,772,542	

CITY INVESTMENTS

The City's investment policy seeks to ensure the preservation of capital in the portfolio. Safety of principal is the foremost objective and all investments are made in accordance with Minnesota Statutes, Chapter 118A, as amended. The portfolio is invested in United States Treasury Obligations, obligations of agencies of the federal government, certificates of deposit, municipal securities, and money market accounts. The City has contracted investment management services with four outside money managers to manage a portion of the portfolio. The four managers and the approximate amount as of December 31, 2014 of the assets they manage are as follows:

Nuveen Asset Management	$ 28,604,590
Galliard Capital Management	41,168,847
Advantus Capital Management, Inc.	13,981,011
RBC Global Asset Management LLC	40,647,091
Total	$124,401,539

The Treasury Section of the Office of Financial Services is charged with organizing and establishing procedures for effective cash management within the guidelines of the investment policy. To ensure compliance with adopted procedures, determine specific strategies, and to monitor investment results, an Investment Committee consisting of the Director of the Office of Financial Services, the Treasurer, and the City's Cash Manager meets quarterly, or as necessary.

CITY GOVERNANCE

Mayor and City Council

The City of Saint Paul has been a municipal corporation since 1854. The first City Charter was adopted in 1900; the current Charter was adopted in 1970. The City has a Mayor-Council form of government, with executive power vested in the Mayor and legislative power in the Council. The Mayor has veto power, which the Council may override with a vote of five of its seven members.

Councilmembers are elected by Ward to four-year concurrent terms of office. The Mayor's term is four years. The City Council positions are part-time.

The Mayor was elected on November 8, 2005, re-elected on November 5, 2013, and his current term expires December 31, 2017. Terms of the seven (7) Councilmembers of the Council listed below expire on December 31, 2015.

Name	Office	In Office Since:
Christopher B. Coleman	Mayor	January 2006
Amy Brendmoen	Councilmember	January 2012
Daniel Bostrom	Councilmember	January 1996
Dai Thao	Councilmember	November 2013
Russ Stark	Councilmember/ Council President	January 2008
William Finney*	Councilmember	March, 2015
Dave Thune	Councilmember	January 2004
Chris Tolbert	Councilmember	January 2012

* *William Finney will serve as the interim Ward 7 councilmember through December 31, 2015, filling the position previously held by Kathy Lantry.*

Employees

As of December 31, 2014, the City has 2,822 full- and part-time employees (including 971 sworn police and fire employees). An organizational chart of the City is found at the end of this section.

In order to deliver better City financial services the Mayor and the Council has placed responsibility for managing the financial resources of the City in the Office of Financial Services. The Office of Financial Services manages all of the City's financial transactions from start to finish. The Office ensures that the budget process effectively meets budget users' needs, clearly reports useful information to elected officials and the citizens of the City regarding the finances of the City, manages cash and investments, facilitates the issuance of debt obligations, and measures costs and performance related to delivering City services.

Mr. Todd Hurley is the Director of the Office of Financial Services and the City Treasurer. This position includes responsibility for collection and disbursement of all City and Authority funds, actively managing an investment portfolio in excess of $250,000,000 and the planning and administration of City debt. Mr. Hurley has been employed by the City for over 26 years and has served with the City's Office of Financial Services, Treasury Section, for most of this time. Mr. Hurley earned a bachelor's degree in Business Administration from the University of St. Thomas which is located in the City of Saint Paul, Minnesota. Mr. Hurley is also a member of the Government Finance Officers Association of the United States and Canada (GFOA), the Association of Public Treasurers, and the Joint Debt Advisory Committee (JDAC).

Employee Pension Plans

All full-time and certain part-time employees of the City who are not participants of the Housing and Redevelopment Authority Pension Plan are covered by retirement plans administered by the Public Employees Retirement Association of Minnesota ("PERA"). PERA administers the General Employees Retirement Fund ("GERF") and the Public Employees Police and Fire Fund ("PEPFF"), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapter 353, as amended, and Minnesota Statutes, Chapter 356, as amended.

GERF members belong either to the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by social security and Basic Plan members are not. There currently are no Basic Plan members as of December 31, 2013. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after five years of credited service for employees hired after July 1, 2010 and three years of credited service for employees with an original date of hire before July 1, 2010. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula ("Method 1") or a level accrual formula ("Method 2"). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and all PEPFF members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and either 65 or 66 (depending on date hired) for GERF members. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single annuity is a lifetime annuity that ceases upon the death of the retiree; no survivor annuity is payable. Also available are various types of joint and survivor annuity options that will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org; or by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota, 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

The defined-benefit pension plans administered by PERA were established by Minnesota law and require membership by qualified City employees. Employees and the City are required to contribute to the pension plans. The rates for employer and employee contributions are established by Minnesota Statutes, Chapter 353, as amended, and the City makes annual contributions to the pension plans in accordance with the requirements of this law. The following table lists the required contribution rates for employees and employers under the various plans administered by PERA. Rates are applied to annual covered salary.

	2013		2014	
Retirement Plan	**Employee**	**Employer**	**Employee**	**Employer**
Public Employees Retirement Fund (GERF)				
Basic	9.10%	11.78%	9.10%	11.78%
Coordinated	6.25	7.25	6.25	7.25
Public Employees Police and Fire Fund (PEPFF)	9.60	14.40	10.20	15.30

The City's contributions to the cost-sharing retirement plans for the years ending December 31, 2014, 2013, 2012, and 2011 were the following

	2014 (unaudited)	2013	2012	2011
Public Employees Retirement Fund (GERF)				
Basic	$ 0	$ 0	$ 0	$ 1,159
Coordinated	6,639,106	6,521,067	6,756,676	6,806,186
	6,639,106	6,521,067	6,756,676	6,807,345
Public Employees Police and Fire Fund (PEPFF)	11,870,386	11,213,228	11,094,757	11,421,235
	$18,509,492	$17,734,295	$17,851,433	$18,228,580

The City's contributions to the cost-sharing retirement plans as of December 31, 2014, were as follows:

PEPFF – Public Employees Police and Fire Fund	$11,870,386
GERF – Basic and Coordinated Fund (excluding City's water utility)	6,639,106

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

The funding ratios indicated in the most recent actuarial valuations (June 30, 2014) are disclosed according to Statement No. 25 of the Governmental Accounting Standards Board (GASB) and are as follows:

PEPFF – Public Employees Police and Fire Fund	87.1%
GERF – Basic and Coordinated Fund	78.8%

The Housing and Redevelopment Authority defined-contribution plan covers seven (7) current employees of the City. The plan is an accommodation to those employees who transferred to the City from the Housing and Redevelopment Authority in 1978. Housing and Redevelopment Authority Pension Plan members are also a part of the Social Security system. Employees under this plan receive a pension based on the amount placed in the plan by the employee, the employer, and interest earned; therefore, the plan is fully funded at all times. Each active employee who participates in the Housing and Redevelopment Authority Pension Plan contributes 5.25% of the employee's salary. The City of Saint Paul contributes 7.00% of each active employee's salary. The City and the covered employees contributed $15,921 and $10,439, respectively, for the year ending December 31, 2014. The City also contributed $17,246 for 2013 and $20,514 for 2012. For each year, the City contribution equals the required contribution for each respective year.

Participants in the Authority Pension Plan will be vested in their own Trust Fund Share attributable to their individual contributions, supplementary contributions and any rollover contributions. Vesting is based on applying a percentage based on the number of years of service with each full year of service to be vested at 20%. If termination of service or death occurs, each participant or participant's beneficiary is entitled to receive interest in the Trust Fund, and it will be paid in accordance with the rules of the pension plan.

Additional information regarding the City pension plans can be found in "APPENDIX F –EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013" in Notes to the Financial Statements, Note VIII(A)-Other Information; Pension Plans.

Other Post-Employment Benefits

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as "Other Post Employment Benefits" or "OPEB"). In 2007, the City prospectively implemented the requirements of GASB 45.

In addition to the pension benefits described above, the City provides Other Post Employment Benefits (comprised of post-employment health care and life insurance benefits) for retired employees through a single employer defined benefit plan. The authority to provide these benefits is established in Minnesota Statutes Section 471.61, subdivision 2a. The benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through the City's collective bargaining agreements with employee groups. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is allocated as part of the City's fringe benefit charge.

To be eligible for OPEB, an employee must be collecting a state retirement pension and have been employed by the City for a minimum of twenty (20) years. This coverage may also extend to the retiree's family. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; vision care; preventative dental; and prescriptions. Life insurance in the amount of $5,000 to $20,000 is provided to some under age 65 (early retirees), depending upon collective bargaining agreements. A few over-age-65 retirees have varying amounts of life insurance that had been continued due to disability.

The majority of employees benefit amounts have been capped. The benefit amount varies depending upon employment date and bargaining unit agreement as indicated below:

	Under Age 65 (early retiree)	**Over Age 65 (regular retiree)**
Employees who retired before January 1, 1996	$250 per month	100%
Employees hired before January 1, 1996 and retiring after January 1, 1996	$350 per month	$550 per month
Employees hired after January 1, 1996	$300 per month	$300 per month

This benefit has been discontinued for police officers hired after July 1, 2005, and for Tri-Council employees hired after January 1, 1996.

As of December 31, 2014, the membership consisted of:

	Family Coverage	Single Coverage	Total
Retired Participants and Beneficiaries			
Under Age 65 (early retirees)	83	451	534
Over Age 65 (regular retirees)	469	990	1,459
Total Retired Participants	552	1,441	1,993
Active Participants			
Eligible to receive benefits			402
Not eligible to receive benefits			2,206
Total Active Participants			2,608
Total Participants			4,601

The City negotiates the OPEB contribution between the City and employees through sixteen (16) employee group agreements. The City currently finances this plan on a pay-as-you-go basis. Early retirees (under age 65) contribute to the health care plan at the same rate as active employees. This results in the early retirees receiving an implicit rate subsidy. For the fiscal year ended December 31, 2014, retirees contributed $2,166,886 and $7,600,783, respectively. Active employees do not contribute to the plan until retirement.

The average monthly premium contributions for 2014 were as follows:

	Age	Average Monthly City Contribution[(a)]	Average Monthly Retiree Contribution[(b)]
Health Insurance	Less than 65	$231,136[(a)]	$147,101 [(b)]
	65 and older	401,967 [(a)]	33,472 [(b)]
Life Insurance	Less than 65	284 [(c)]	N/A
	65 and older	N/A	N/A

(a) The average monthly City contribution for health insurance for individuals less than 65 is $454 and $271 for individuals 65 and older.

(b) The average monthly retiree contribution for health insurance for individuals less than 65 is $345 and $24 for individuals 65 and older.

(c) The average monthly City contribution for life insurance for individuals less than 65 is $1.

The City had an actuarial valuation performed for the OPEB plan as of September 30, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution for the fiscal year ended December 31, 2014. The actuarial valuation was performed by Van Iwaarden Associates of Minneapolis, Minnesota and was delivered to the City on July 8, 2013. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011-2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$15,756,623	$9,299,062	59.02%	$25,667,615
December 31, 2012	16,064,452	8,807,003	54.82	32,925,064
December 31, 2013	12,124,691	8,602,504	70.95	36,447,251
December 31, 2014 (projected)	12,190,478	7,845,228	64.36	40,640,187

The net OPEB obligation as of December 31, 2013 and December 31, 2014, respectively, were calculated as follows:

	2013	Projected 2014
Annual Required Contribution (ARC)	$12,646,139	$12,785,408
Interest on Net OPEB Obligation	1,431,541	1,633,272
Adjustment to Annual Required Contribution	(1,952,989)	(2,228,202)
Annual OPEB cost	$12,124,691	$12,190,478
Contributions Made		
Direct	$ 6,494,827	$6,733,338
Indirect Implicit Subsidy	1,146,944	1,111,890
Total Contributions Made	$ 7,641,771	$7,845,228
Increase (Decrease) in Net OPEB Obligation	4,482,920	4,345,250
Net OPEB Obligation Beginning of Year	$31,812,017	$36,294,937
Net OPEB Obligation End of Year	$36,294,937	$40,640,187

As of the actuarial valuation date of September 30, 2012, the funded status of the plans was as follows:

Actuarial Accrued Liability (AAL)	$156,415,280
Actuarial Value of Plan Assets	--
Unfunded Actuarial Accrued Liability (UALL)	$156,415,280
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Active Members Covered Payroll	$170,535,057
UALL as a Percentage of Covered Payroll	91.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, will present multi-year trend information as it becomes available. The schedule will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The projected unit credit actuarial cost method was used in the September 30, 2012 actuarial valuation report. The actuarial assumptions included 4.5 percent discount rate and an annual healthcare cost trend rate beginning at 8.5 percent for fiscal year 2012 and declining over ten (10) by 0.5 percent per year to 5.0 percent. Both rates include a 3.0 percent inflation assumption. The actuarial value of assets was not determined as the City has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over a thirty-year open amortization period. The remaining amortization period at December 31, 2014, was twenty-eight (28) years.

Additional information regarding the City OPEB obligations can be found in "APPENDIX F – EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013" in Notes to the Financial Statements, Note VIII(B)-Other Information; Postemployment Benefits Other than Pension.

City Budgeting Process

On or before August 15 of each year, the Mayor presents his budget to the City Council for the following calendar year. The budget includes proposed expenditures and advances and the means of financing them. The City Council holds public hearings in November and December to obtain taxpayer comments. The budget is legally adopted through passage of a Council resolution after the final public hearing. The budget is required by the City Charter to be balanced. Certification of the final levy to the County is required within five working days after December 20.

Additional information regarding the City budgeting process can be found in "APPENDIX F - EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013" in Notes to the Financial Statements, Note V(A)-Stewardship, Compliance, and Accountability; Budgets and Budgetary Accounting.

City Debt Policy

In 1977, the City, Ramsey County, Independent School District No. 625 (Saint Paul Public Schools) (the "Saint Paul School District"), and the Saint Paul Port Authority joined together and formed a Joint Debt Advisory Committee (the "JDAC") to control Saint Paul's general obligation debt in a responsible manner while providing for the future physical development of the City. In 1989, the City received two national awards in recognition of its overlapping debt management policy. The Government Finance Officers Association of the United States and Canada awarded its 1989 "Award for Excellence" to the City for debt management and also awarded the City its "Louisville Award for Innovation in Financial Management."

In 1998, the work of the JDAC was incorporated into the work of the Joint Property Tax Advisory Committee (the "JPTAC"). The JPTAC, created by Minnesota law, is made up of elected officials from the City, Ramsey County, and Saint Paul School District. The JPTAC is charged with the obligation to reduce the overall tax burden on the citizens of the City through tax reform and integration/consolidation of service delivery. Because the membership and ultimate goals of the JDAC and the JPTAC were consistent, the two efforts were merged under the aegis of the JPTAC. The goals of the JPTAC for the management of debt were completed and presented to the Committee in November 1998. The goals were adopted by resolutions of the City, Ramsey County, the Saint Paul School District, and the Saint Paul Port Authority in early 1999.

The JPTAC will continue to periodically prepare the report which serves as a planning tool that benefits each unit of government individually and collectively. The most recent report for 2011 was released in August 2012 and demonstrates an ongoing commitment to plan and work together to finance needed capital improvements in a responsible way that considers the impact upon the tax base of the City.

Housing and Redevelopment Authority

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Authority") is a public body, corporate and politic, created under Minnesota law and established in 1947. The Authority was originally established to undertake urban renewal programs. It now administers a full range of housing, redevelopment, and economic development activities, which are designed to redevelop the residential, commercial, and industrial areas of the City and to provide adequate jobs, a sound fiscal base, and a variety of affordable housing to City residents. The Authority is governed by the members of the City Council serving as Authority Commissioners, and is staffed by City employees.

Revenue Debt of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota

Certain revenue debt obligations of the Housing and Redevelopment Authority of the City of Saint Paul (the "Authority"), a component unit of the City, are listed in "APPENDIX E - HOUSING AND REDEVELOPMENT AUTHORITY REVENUE DEBT OBLIGATIONS" in this Official Statement. Such debt obligations are not secured by the full faith and credit or the taxing powers of the City. Such debt obligations are secured solely by the specific revenues expressly pledged to the payment of such debt obligations.

Saint Paul Port Authority

The Port Authority of the City of Saint Paul is a municipal corporation and a redevelopment agency under the laws of Minnesota and established in 1932. The Port Authority is an industrial development agency, seeking out and encouraging businesses to locate or expand in the City, and providing industrial redevelopment and financing to the manufacturing sector. The Port Authority is governed by a seven-member Board of Commissioners, appointed by the Mayor, subject to Council approval. Two Commissioners must be City Council Members. The Port Authority functions as an independent governmental entity separate from the City. Revenue bonds issued by the Port Authority do not constitute an indebtedness of the City. The Port Authority has issued certain bonds to which the City's full faith and credit is pledged, and for which the debt service is paid from revenues of the Port Authority and from taxes levied by the Port Authority. These obligations are listed in "APPENDIX D – PORT AUTHORITY OF THE CITY OF SAINT PAUL GENERAL OBLIGATION AND TAX LEVY SUPPORTED DEBT" in this Official Statement.

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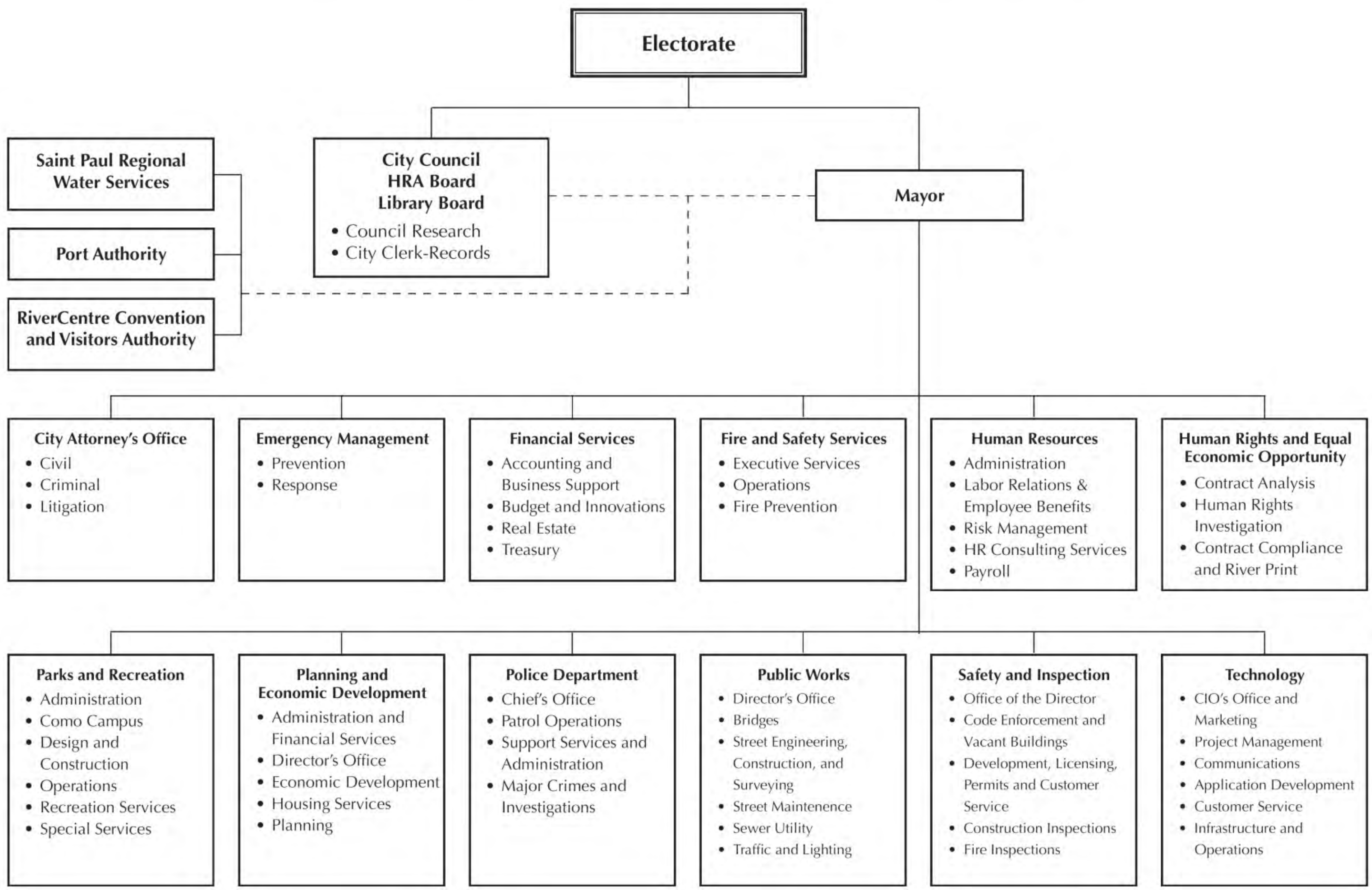
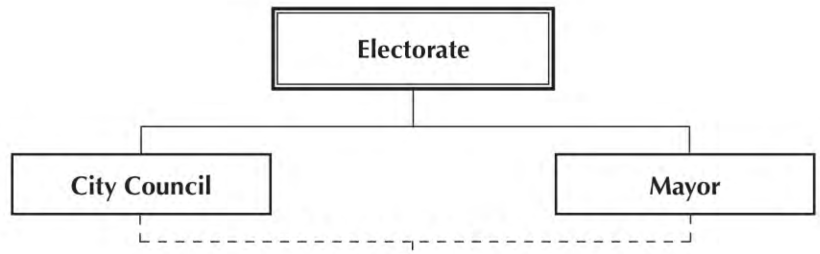
City of Saint Paul, Minnesota

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



8/06/14

City-Appointed Boards and Commissions



- Advisory Committee On Aging
- Board of Water Commissioners
- Board of Zoning Appeals
- Business Review Council (BRC)
- Capitol Area Architectural Planning Board
- Capitol Region Watershed District
- City-County Workforce Investment Board
- City of Saint Paul Labor-Management Safety Committee
- Community Action Partnership
- Cultural Capital Investment Program (Cultural STAR Board)
- District Energy Board of Directors
- Food and Nutrition Commission
- Heritage Preservation Commission
- Human Rights and Equal Economic Opportunity Commission (HREEO)
- Long-range Capital Improvement Budget (CIB) Committee of Saint Paul
- Mayor's Advisory Committee For People With Disabilities
- Minnesota Landmarks Board
- Mississippi Water Management Organizations
- Neighborhood Sales Tax Revitalization (STAR Program)
- Our Fair Carousel Board
- Police Civilian Review Commission
- Ramsey County League of Local Government
- Saint Paul Civil Service Commission
- Saint Paul Neighborhood Network (SPNN)
- Saint Paul Parks and Recreation Commission
- Saint Paul Planning Commission
- Saint Paul Port Authority
- Saint Paul Public Housing Agency (PHA)
- St. Paul RiverCentre Convention and Visitors Authority
- Saint Paul-Ramsey County Health Services Advisory Committee
- Transportation Committee
- Truth in Sale of Housing Board of Evaluators

8/02/13

GENERAL INFORMATION CONCERNING THE CITY

The City of Saint Paul is the capital of Minnesota and the second largest city in Minnesota. It is the older "twin" in the Twin Cities metropolitan area. The City encompasses an area of approximately 56 square miles (35,840 acres) and is situated wholly in Ramsey County. The area has a balanced and diversified employment picture with no single sector dominating.

Population and Household Data

	Population		Households	
Year	**Metro***	**Saint Paul**	**Metro***	**Saint Paul**
2014	N/A	N/A	1,184,620	117,119
2013	2,952,212	294,873	1,163,838	114,606
2010	3,229,833	285,068	1,272,677	111,001
2000	2,968,806	287,151	1,136,615	112,109
1990	2,464,124	272,235	1,118,681	110,249
1980	2,137,133	270,230	762,736	106,223

* *Seven-county metropolitan area*
Sources: U.S. Census Bureau, http://www.census.gov, Metropolitan Council, http://www.metrocouncil.org; and Claritas, Inc.

Median Household Income

	Current Dollars	
Year	**Metro***	**Saint Paul**
2014	74,899	48,094
1999	54,304	38,774
1989	36,565	26,498

* *Weighted estimate for seven-county metropolitan area.*
Sources: 1989 and 1999 data taken from U.S. Census Bureau, http://www.census.gov; Metropolitan Council, http://www.metrocouncil.org; and U.S. Bureau of Labor Statistics, http://www.bls.gov. 2014 data taken from Claritas, Inc.

Retail Sales and Effective Buying Income (EBI)

City of Saint Paul

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2014/15	$2,311,567	$6,299,790	40,897
2013/14	2,220,814	5,648,235	37,388
2012/13	2,305,841	5,484,183	34,883
2011/12	3,101,425	5,206,358	36,472
2010/11	3,144,781	5,355,098	37,017

Source: Claritas, Inc.

Ramsey County

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2014/15	$5,984,635	$12,840,803	46,377
2013/14	5,792,067	11,572,943	43,160
2012/13	6,042,244	11,289,070	40,372
2011/12	7,666,022	10,874,635	42,043
2010/11	7,668,794	10,971,610	42,425

The 2014/15 median household EBI for the State of Minnesota was $50,560. The 2014/15 median household EBI for the United States was $47,763.

Source: Claritas, Inc.

Employment Data: Covered Employment and Wages

	Average Annual Covered Employment			Average Annual Wage		
Year	**Saint Paul**	**Metro[(a)]**	**Minnesota**	**Saint Paul**	**Metro[(a)]**	**Minnesota**
2014	177,011	1,646,565	2,746,456	$52,000	$55,848	$50,180
2013	174,501	1,616,958	2,688,900	53,612	56,316	49,972
2012	173,816	1,588,495	2,644,895	52,832	55,952	49,348
2011	173,755	1,563,548	2,604,121	51,844	54,340	47,840
2010	174,127	1,533,434	2,560,335	50,804	52,988	46,748
2009	175,632	1,541,821	2,572,442	50,284	51,376	45,292

(a) Seven-county metropolitan area
(b) 2014 third quarter data; most recent information available.
Note: Figures are based on the North American Industry Classification System ("NAICS").
Source: Minnesota Department of Employment and Economic Development, http://www.apps.deed.state.mn.us.

Saint Paul Covered Employment by NAICS Super-Sector(a)

NAICS Super-Sector	Employment	% of Total Employment by NAICS Super-Sector
Education and Health Services	57,306	32.37%
Public Administration	23,231	13.12
Professional and Business Services	21,220	11.99
Trade, Transportation and Utilities	19,175	10.83
Leisure and Hospitality	15,203	8.59
Financial Activities	14,779	8.35
Manufacturing	7,948	4.49
Other Services	7,095	4.01
Construction	5,700	3.22
Information	5,306	3.00
Natural Resources and Mining	46	0.03
Total	177,009	100.00%

(a) 2014 third quarter data; most recent information available.
(b) State and Federal data confidentiality restrictions preclude the release of information that, directly or indirectly, can be attributed to a specific employer.
Source: Minnesota Department of Employment and Economic Development, http://www.apps.deed.state.mn.us.

Average Annual Labor Force Data

	Total Labor Force		Unemployment Rate			
	City of Saint Paul	Minneapolis-St. Paul Area*	City of Saint Paul	Minneapolis-St. Paul Area*	State of Minnesota	United States
2014	148,150	1,882,231	4.4%	4.1%	4.3%	6.2%
2013	148,255	1,876,212	5.3	4.9	5.1	7.4
2012	147,105	1,857,426	6.2	5.5	5.6	8.1
2011	145,003	1,848,656	7.1	6.4	6.5	8.9
2010	144,229	1,844,516	7.7	7.2	7.3	9.6

* *Represents the Minneapolis-Saint Paul Minnesota-Wisconsin 13-county Metropolitan Statistical Area.*
Source: Minnesota Department of Employment and Economic Development, http://www.apps.deed.state.mn.us.

Major Employers within the City

The following table lists provide major employers in the City of Saint Paul ranked by the number of full-time employees in the City.

Private Employers in the City

Employer	Product/Service	Approximate Employment
3M Company	Industrial and consumer products	10,500
Securian Financial Group	Insurance and annuities	2,532
Ecolab Inc.	Chemical products and cleaning systems	2,500
The Traveler's Companies, Inc.	Insurance	2,200[(a)]
U.S. Bancorp	Financial Services	2,000
Marsden	Janitorial services	1,539[(b)]
Abbey Care Inc.	Home health care services	1,000
Merrill Corp.	Management consulting	820
Green Tree Servicing LLC	Mortgage Lending Services	700
RockTenn Recycling	Recycled paper products	700[(a)(c)]
Canadian Pacific Railway	Transportation	690[(b)]
People Incorporated	Mental Health Services	642
Infor, formerly Lawson Software	Computer consulting/software development	575
Hubbard Broadcasting	Television station	500[(a)]

(a) *As of February 2014; most recent information available.*
(b) *Includes full- and part-time employees.*
(c) *Includes employees throughout the State of Minnesota.*

Non-Profit and Government Employers in the City

Employer	Product/Service	Approximate Employment
University of Minnesota	Post-secondary education	18,000[(a)]
State of Minnesota	State government	15,427[(a)]
HealthEast	Health care	4,317
Independent School District No. 625	Public education	6,101
Regions Hospital	Health care	3,740
Ramsey County	County government	4,378[(a)]
United Hospital	Health care	2,924
City of Saint Paul	City government	2,822[(a)(b)]
University of St. Thomas	Post-secondary education	1,920[(a)]
Children's Hospital and Clinics of Minnesota	Health care	1,376
Science Museum of Minnesota	Museum	600

(a) *Includes full- and part-time employees.*
(b) *Includes 971 sworn police and fire employees.*
Source: This does not purport to be a comprehensive list and is based on a February 2015 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

Annual Building Permits Issued by the City

Total Building Permits

Year	Number	Value
2015 (March 2)	718	$ 74,819,458
2014	7,950	717,883,411
2013	7,738	453,448,341
2012	8,582	474,073,321
2011	11,647	521,087,066
2010	9,886	366,237,688
2009	8,135	337,136,732
2008	8,498	335,663,606
2007	8,802	530,995,699
2006	8,818	555,104,063

Annual Residential Building Permits Issued by the City

New Residential Construction

	Single Family		Duplex and Multiple Unit		Total Residential		
	No. of Permits	Value	No. of Permits	Value	No. of Units	No. of Permits	Value
2015							
(March 2)			1	$ 38,419,47	209	8	$ 39,983,595
	7	$ 1,564,117		8			
2014	73	16,587,706	10	95,319,706	676	83	111,907,412
2013	45	11,187,018	7	32,340,805	486	52	43,527,823[(a)]
2012	35	6,155,545	11	103,861,509	755	48	110,017,054[(b)]
2011	29	4,400,805	2	7,773,602	46	31	12,174,407
2010	18	3,902,040	2	296,350	4	20	4,198,390
2009	14	3,268,000	8	25,360,000	177	22	28,628,000[(c)]
2008	17	3,377,674	5	13,320,000	146	22	16,697,674
2007	69	13,472,938	14	47,034,684	558	83	60,507,622[(d)]
2006	119	18,688,103	30	63,723,065	426	149	82,411,168[(e)]

(a) An additional 1 permit was issued for footing/foundation in 2013; 174 units, valuation $1,894,708 (43 multi-family units above were additions to existing structures).
(b) 2012 figures including building perms that convert commercial properties to residential properties.
(c) An additional 1 permit was issued for footing/foundation in 2009; 171 units, valuation $1,500,000.
(d) An additional 2 permits were issued for footing/foundation in 2007; valuation $1,089,000.
(e) An additional 3 permits were issued for footing/foundation in 2006; 90 units, valuation $1,080,000.

Public Education

Independent School District No. 625 (Saint Paul Public Schools) is coterminous with the City boundaries and employs approximately 6,255 personnel. Its education program encompasses kindergarten through grade 12 and post-high school vocational courses. Enrollments as of October 1 are shown below:

	Actual at October 1				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Pre-School Handicapped	843	807	851	799	790
Early Kindergarten	1,135	1,425	1,138	1,352	1,397
Kindergarten (includes Handicapped)	3,170	3,286	3,478	3,495	3,347
Grades 1-6	17,397	17,479	17,430	17,474	17,675
Grades 7-12	16,370	16,298	16,114	16,057	16,032
Total	38,915	39,295	39,011	39,177	39,241

Colleges and Universities Located in the City

College/University	Fall 2013 Enrollment[(a)] (Head Count)
University of Minnesota (metro campuses)	51,525
University of St. Thomas[(b)]	10,192
Metropolitan State University	8,510
Saint Paul College	6,740
St. Catherine University[(b)]	5,015
Hamline University	4,581
Concordia University	3,631
Macalester College	2,038
William Mitchell College of Law[(c)]	809
Luther Seminary	696
College of Visual Arts[(d)]	0

(a) Includes full- and part-time students. Latest information available.
(b) Includes both Minneapolis and Saint Paul campuses. The main campuses for both the University of St. Thomas and St. Catherine University are located in Saint Paul.
Sources: Basic Data Series 2013 (posted June 2014) by the Minnesota Office of Higher Education, http://www.ohe.state.mn.us; and Luther Seminary, http://www.luthersem.edu.
(c) William Mitchell College of Law and Hamline University School of Law have announced their intention to combine schools, to be known as the Mitchell/Hamline School of Law, pending authorization from the American Bar Association.
(d) The College of Visual Arts has closed.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

BARNES & THORNBURG LLP

225 South Sixth Street, Suite 2800
Minneapolis, MN 55402-4662 U.S.A.
(612) 333-2111
Fax (612) 333-6798

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

$8,700,000
City of Saint Paul, Minnesota
Sewer Revenue Bonds
Series 2015B
(Green Bonds)

We have acted as Bond Counsel to the City of Saint Paul, Minnesota (the "Issuer") in connection with the authorization, issuance and sale by the Issuer of its Sewer Revenue Bonds, Series 2015B (Green Bonds) (the "Series 2015B Bonds"), dated May 5, 2015, issued in the original aggregate principal amount of $8,700,000. In such capacity, we have examined (i) the provisions of Minnesota law that we have deemed relevant and (ii) certified copies of certain proceedings taken, and certain certificates and affidavits furnished, by the Issuer in the authorization, sale and issuance of the Series 2015B Bonds, including the form of the Series 2015B Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us by various parties, without undertaking to verify the same by independent investigation. All capitalized terms used but otherwise not defined herein shall have the meanings granted to them in Resolution No. 88-835 adopted by the City Council of the Issuer on May 24, 1998 (the "General Resolution"), as subsequently amended by the City Council of the Issuer by various resolutions, including a resolution adopted by the City Council of the Issuer on April 8, 2015 (the "Series 2015B Bond Resolution" and together with the General Resolution, the "Resolution").

From such examination, assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photocopies, and the authenticity of originals of such latter documents and the accuracy of the statements of fact contained in certificates furnished to us by officials of the Issuer, and based upon federal and Minnesota laws (which excludes any pending legislation which may have a retroactive effect prior to the date hereof), regulations, rulings, and decisions in effect on the date hereof, we are of the opinion that:

1. The Series 2015B Bonds are in due form and have been duly executed and delivered by the Issuer.

2. The Series 2015B Bonds are valid and binding special, limited obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution. The principal of and interest on the Series 2015B Bonds are payable solely and exclusively from the Revenues of the Sewer System of the Issuer pledged to the payment thereof. The Series 2015B Bonds are secured on a parity lien with certain other outstanding bonds of the Issuer made payable on a parity with the Series 2015B Bonds. *The general credit and taxing power of the Issuer are not pledged to the payment of the Series 2015B Bonds and the Series 2015B Bonds are not general obligations of the Issuer.*

3. Interest on the Series 2015B Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the State of Minnesota alternative minimum tax imposed on individuals, trusts and estates, but such interest is includable in the computation of "adjusted current earnings," used in the calculation of federal alternative minimum taxable income of corporations, and is subject to State of Minnesota franchise taxes on corporations (including financial institutions) measured by income and the alternative minimum tax base. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply

with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2015B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and excludable from taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2015B Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Series 2015B Bonds. We express no opinion regarding tax consequences arising with respect to the Series 2015B Bonds other than as expressly set forth herein.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and to principles of equity, whether considered at law or in equity.

We have not been engaged, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Series 2015B Bonds and, accordingly, we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law or facts that may hereafter occur.

Dated at Saint Paul, Minnesota, May __, 2015.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE
$8,700,000
City of Saint Paul, Minnesota
Sewer Revenue Bonds
Series 2015B
(Green Bonds)

May 1, 2015

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Saint Paul, Minnesota (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2015B (Green Bonds) (the "Series 2015B Bonds"), in the original aggregate principal amount of $8,700,000. The Series 2015B Bonds are being issued pursuant to an award resolution adopted by the City Council of the Issuer on April 8, 2015 (the "Resolution"). The Series 2015B Bonds are being delivered to Hutchinson, Shockey, Erley & Co. (the "Purchaser"), on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (defined herein) of the Series 2015B Bonds in order to assist the Participating Underwriter (defined herein) in complying with the Rule (defined herein). This Disclosure Certificate, together with the Resolution, constitutes the written agreement or contract for the benefit of the Holders of the Series 2015B Bonds that is required by the Rule (defined herein).

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with generally accepted accounting principles ("GAAP") for Governmental Units as Prescribed by the Governmental Accounting Standards Board ("GASB").

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the final Official Statement, dated April 15, 2015, which constitutes the final official statement delivered in connection with the Series 2015B Bonds, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Holder" means the person in whose name an Obligation is registered or a beneficial owner of such an Obligation.

"Issuer" means the City of Saint Paul, Minnesota, which is the obligated person with respect to the Series 2015B Bonds.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, its successors and assigns.

"Participating Underwriter" means any of the original underwriter(s) of the Series 2015B Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Series 2015B Bonds.

"Purchaser" means Hutchinson, Shockey, Erley & Co., its successors and assigns.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5), 17 CFR §240.15c2-12, promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means the Securities and Exchange Commission, its successors and assigns.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository, as soon as available, but not later than twelve (12) months after the end of the Fiscal Year, commencing with the year that ends December 31, 2014, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and will be submitted as soon as available.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of the Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

(a) The Sewer System, subheadings "Sewer System Customers" and "Rates, Billings and Collections"; and

(b) Sewer System Financial Statements and Coverage Statement, subheadings "City of Saint Paul, Minnesota Sewer Utility Enterprise Fund Statement of Net Assets", "City of Saint Paul, Minnesota Sewer Utility Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets", and "2015 Coverage Statement".

In addition to the items listed above, the Annual Report shall include Audited Financial Statements relating to the sewer utility submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Listed Events") with respect to the Series 2015B Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other listed events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Series 2015B Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Listed Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, or upon the redemption or payment in full of all the Series 2015B Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolution constituting the undertaking and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the Resolution and this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Series 2015B Bonds. The provisions of the Resolution and this Disclosure Certificate may be amended without the consent of the Holders of the Series 2015B Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of the Resolution and this Disclosure Certificate and by the Issuer with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Series 2015B Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Series 2015B Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Holders from time to time of the Series 2015B Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF SAINT PAUL, MINNESOTA

By: ______________________________
Its: Mayor or his designee

By: ______________________________
Its: Director, Office of Financial Services or his designee

Approved as to form:

____
Assistant City Attorney

(City signature page to Continuing Disclosure Certificate)

APPENDIX D

EXCERPTS OF THE RESOLUTION

APPENDIX D

EXCERPTS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution, as amended. Such summary does not purport to be complete and is qualified in its entirety by reference to the Resolution.

DEFINITIONS

As used in the Resolution or any Supplemental Resolution, the following terms will have the meanings assigned below.

Accreted Value: with respect to a Capital Appreciation Bond on any date, the present value thereof on the immediately preceding date specified in such Bond (or if such date is the specified date, then on such date), determined by computing the present worth of all payments of principal and interest remaining to be paid thereon using a discount factor equal to the yield at which such Capital Appreciation Bond was initially offered to the public, as further specified in a table of Accreted Values contained in the Capital Appreciation Bond and in the related Supplemental Resolution;

Act: Minnesota Statutes, Chapter 475 and Section 116.19, as amended;

Additional Bonds: Bonds issued pursuant to this Resolution as from time to time supplemented, other than the Series 1988A Bonds, including Additional Parity Bonds and Refunding Bonds issued as permitted by the Resolution;

Adjustable Rate Bond: any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond, but for which the period between redeterminations of the interest rate is two (2) years or more;

Bond Account: the "Revenue Bond Debt Service Account" or "Bond Account" within the Sewer Service Enterprise Fund created and established by the Resolution;

Bond Registrar: the Treasurer of the City who will act as bond registrar, transfer agent and paying agent, or any Fiduciary acting as bond registrar, transfer agent or paying agent for any Bonds or series thereof;

Bond Year: for each series of Bonds, each twelve-month calendar period ending on the anniversary of the delivery of such series of Bonds to the Purchaser thereof and payment therefor;

Bondholder: a Holder;

Bonds: any bonds from time to time issued pursuant to this Resolution or a Supplemental Resolution, while such Bonds remain outstanding;

Capital Appreciation Bonds: any Bonds issued on the basis that interest thereon will be accrued and compounded periodically, and that payment of interest thereon will only be made at maturity or at a specified time or times prior to maturity or upon earlier redemption, by sinking fund installment or otherwise;

City: the City of Saint Paul, Minnesota, or any successor to its functions with respect to the Sewer System;

Code: the Internal Revenue Code of 1986, as amended, or any successor code, and all regulations, rulings and decisions thereunder;

Commitment: either (A) a binding commitment by a bank, a surety, insurance company or other financial institution generally regarded as responsible, which Commitment (i) provides financing sufficient to pay or purchase, as the case may be, Committed Temporary Bonds when due or required to be purchased, (ii) provides for repayment of amounts drawn thereunder over a period of at least five years and (iii) is filed with the City, together with an opinion of independent legal counsel stating in effect that the Commitment is binding and enforceable in accordance with its terms, subject to such customary exceptions relating to bankruptcy laws, insolvency laws and other similar laws affecting creditors' rights generally as such independent legal counsel deems necessary or (B) a binding covenant of the City to issue Bonds to refund the Committed Temporary Bonds if there are insufficient funds to pay or purchase, as the case may be, Committed Temporary Bonds when due or required to be purchased;

Committed Temporary Bonds: Temporary Bonds secured by a Commitment;

Construction Account: the account by that name within the Sewer Service Enterprise Fund created and established by the Resolution;

Credit Agreement: any reimbursement agreement or similar instrument between the City and a Credit Provider with respect to a Credit Facility;

Credit Facility: a letter of credit, surety bond, insurance policy or comparable instrument furnished by a Credit Provider with respect to one or more series of Bonds to satisfy in whole or part the City's obligation to maintain the Reserve Requirement with respect to a series of Bonds or to secure (a) the payment of debt service (which may include the premium due on payment of a Bond) on Bonds of a specified series, (b) the payment of the purchase price (which may include accrued interest to the date of purchase) of Bonds of a specified series on the applicable purchase dates or tender dates, or (c) both the payment of debt service on a specified series of Bonds and the payment of the purchase price of Bonds of a specified series;

Credit Provider: the bank, insurance company, financial institution or other entity providing a Credit Facility pursuant to a Credit Agreement;

Current Expenses: the normal, reasonable and current cots of operation and maintenance of the Sewer System determined in accordance with generally accepted accounting principles, including, without limitation, payments due to the Metropolitan Waste Control Commission, but excluding the following: allowance for depreciation; costs of major sewer repairs; Debt Service Expense; and Revenues transferred to other City funds or accounts to pay debt service on City general obligation debt pursuant to the Resolution;

Debt Service Expense: the amounts required to be paid or transferred from the Operation and Maintenance Account pursuant to the Resolution;

Depository: a trust company or other fiduciary acting as a depository pursuant to a Depository Letter Agreement with respect to Global Certificates;

Depository Letter Agreement: with respect to the Series 1988A Bonds, the Depository Letter Agreement dated June 14, 1988, by and among the City, the Bond Registrar (if other than the City) and Midwest Securities Trust Company; and with respect to any other series of Bonds, the similar instrument with respect to Global Certificates by and among the City, the Bond Registrar (if other than the City) and a Depository;

Excess Earnings: the amount of investment earnings on money held in the Sewer Service Enterprise Fund or any Account therein, or in any other fund or account, required to be transferred to the Excess Investment Earnings Account as earnings on "gross proceeds" (as defined by or under the Code) in excess of the "yield" (calculated as required by or under the Code) on Tax-Exempt Bonds;

Excess Investment Earnings Account: the account by that name within the City's Agency Fund created as established by the Resolution;

Fiduciary: any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as a paying agent, Bond Registrar, tender agent, or escrow agent, or in a similar function; provided that a Depository will not be considered a Fiduciary;

Fiscal Year: the twelve (12) month period beginning on January 1 of each year and ending on December 31 of the same year; provided that the City may, by Supplemental Resolution, provide for a different twelve (12) month Fiscal Year for the Sewer System;

Fixed Rate Bond: a Bond, the interest rate on which is established (with no right to vary) at the time of calculation at a single numerical rate for the remaining term of such Bond;

Global Certificate: Bonds in the form of one certificate per maturity, each representing the entire principal amount of a series of Bonds due on a particular maturity date, which single certificate per maturity may be transferred on the City's bond register as required by the Uniform Commercial Code, but which may not be exchanged for smaller denominations unless the City determines to issue Replacement Bonds as provided in the Resolution;

Holder: the person or entity in whose name a Bond is registered on the books of the City, or, in the case of Global Certificates, registered in the name of the Depository or its nominee;

Improvements: any expansion, construction, reconstruction, equipping, modification or other betterment of a capital nature to the Sewer System;

Interest Payment Date: any date on which an installment of interest is scheduled to become due on Bonds; in the case of Capital Appreciation Bonds, the Interest Payment Date will be the earliest of (1) the stated maturity date, (2) the redemption date, or (3) the dates on which interest is to be paid after conversion of such Capital Appreciation Bonds to a Bond on which interest is paid periodically;

Interest Rate Swap Agreement: an agreement entered into by the City of the kind described in Minnesota Statutes, Section 475.54, Subdivision 16.

Minimum Variable Rate Interest Amount: for Variable Rate Bonds, the amount of interest to be paid or to accrue on such Variable Rate Bonds during any one-month period at the highest interest rate permitted by the terms of the Supplemental Resolution relating thereto, excluding the period, if any, after such Variable Rate Bonds may convert to Fixed Rate Bonds;

National System: the computerized national securities clearance and settlement system to register transfer of ownership interests in debt securities by making book entries on the books of a Depository, and through which payments are distributed to Participants as shown on the books of the Depository as the owners of such interests;

Net Revenues: for any period of calculation, Revenues attributable to such period less Current Expenses;

Non-Global Bonds: Replacement Bonds, and any series of Additional Bonds which are not issued in the form of Global Certificates;

Operating Reserve Requirement: the amount required to be maintained in the Operating Reserve Subaccount as provided in the Resolution;

Operating Reserve Subaccount: the subaccount by that name within the Operation and Maintenance Account created and established by the Resolution;

Operation and Maintenance Account: the account by that name within the Sewer Service Enterprise Fund created and established as provided in the Resolution with an Operating Reserve Subaccount therein;

Parity Bonds: As of issuance of the Series 2015B Bonds the City's outstanding: (i) $7,040,000 Sewer Revenue Bonds, Series 2006C, dated April 1, 2006; (ii) $23,735,000 Sewer Revenue Bonds, Series 2008D, dated March 1, 2008; (iii) $9,000,000 Sewer Revenue Bonds, Series 2009C, dated June 1, 2009; (iv) $2,820,000 Sewer Revenue Refunding Bonds, Series 2009I, dated October 1, 2009; (v) $8,610,000 Sewer Revenue Bonds, Series 2010D, dated March 3, 2010, (vi) $8,900,000 Sewer Revenue Bonds, Series 2011C, dated April 4, 2011;

(vii) $8,815,000 Sewer Revenue Bonds, Series 2012C, dated March 26, 2012; (viii) $11,515,000 Sewer Revenue and Refunding Bonds, Series 2013D, dated April 8, 2013, (ix) $8,000,000 Sewer Revenue Bonds, Series 2014E, dated August 4, 2014 and (x) the Series 2015B Bonds;

Participants: the financial institutions or securities dealers for whom the Depository effects book-entry transfers and pledges of securities deposited and immobilized with the Depository;

Principal Payment Date: any date on which an installment of Principal is scheduled to become due on Bonds, whether by scheduled maturity or scheduled mandatory redemption or otherwise;

Purchaser: the person or entity specified in this Resolution or a Supplemental Resolution as the original purchaser of a series of Bonds;

Rebate Amount: the amount required to be paid to the United States Treasury pursuant to Section 148 of the Code as rebate of investment earnings (and, if applicable, actual or imputed earnings thereon) to the extent such investment earnings are in excess of the yield on a series of Tax-Exempt Bonds and are subject to rebate;

Replacement Bonds: Bonds which replace Global Certificates as provided in the Resolution;

Reserve Account: the account by that name within the Sewer Service Enterprise Fund created and established by the Resolution;

Reserve Requirement: as of any date of calculation, the sum of the Reserve Requirements applicable to each series of Bonds then outstanding; and for each series of Bonds, while any of such Bonds remain outstanding, the Reserve Requirement will be, unless otherwise specifically provided in this Resolution or the appropriate Supplemental Resolution:

(a) for each series of Taxable Bonds, as of any date of calculation, an amount equal to the maximum amount of principal and interest to become due in any Fiscal Year on all then outstanding Bonds of that series;

(b) for each series of Tax-Exempt Bonds, as of any date of calculation, an amount equal to the least of: (I) ten percent (10%) (or such higher percentage as the City establishes as necessary to the satisfaction of the Secretary of the United States Department of the Treasury) of the lesser of (i) the original principal amount of such Bonds or (ii) the "issue price" of such Bonds, determined as required by Section 148 of the Code; or (II) the maximum amount of principal and interest to become due in any Fiscal Year on all then outstanding Bonds of that series; or (III) the maximum amount permitted under Section 148 of the Code to be held in a reserve fund and invested at a yield in excess of the yield on such series of Tax-Exempt Bonds;

provided that, the calculation of the maximum amount of interest to become due on Variable Rate Bonds, Adjustable Rate Bonds or Temporary Bonds will be based on the same method used for the purposes of the Resolution;

Resolution: the General Resolution Relating to Sewer Revenue Bonds, adopted by the City Council of the City on May 24, 1988, as from time to time amended or supplemented;

Revenues: all amounts received from the operation of or in connection with the Sewer System, including (a) sanitary sewer service charges or surcharges, storm sewer system charges, sewer availability charges, all other Sewer System charges or surcharges imposed on Sewer System users or City property owners, assessments, penalties or interest due on delinquent amounts, (b) earnings on money held in any fund or Account, (c) money received upon the sale, lease, transfer, conveyance or other disposition of any real or personal property which is part of the Sewer System, and (d) any other revenues of whatever kind and from whatever source derived arising from the Sewer System; but excluding assessments for Sewer System improvements dedicated to other uses which preclude the application of such assessments to the payment of Bonds;

Series 1988A Bonds: the City's Sewer Revenue Bonds, Series 1988A, in the original principal amount of $78,450,000;

Series 2015B Bonds: the City's Sewer Revenue Bonds, Series 2015B (Green Bonds), in the original aggregate principal amount of $8,700,000;

Sewer Service Enterprise Fund: the Sewer Service Enterprise Fund created and established as provided in the Resolution as an enterprise fund, with Accounts therein as provided in the Resolution;

Sewer System: the City's storm and sanitary sewer systems, including all piping, pumps, valves, maintenance equipment and buildings, improvements and real and personal property used in connection therewith, and all funds, accounts, contract rights, permits, authorization, approach and intangibles related thereto;

Substitute Depository: a trust company or other fiduciary which replaces a Depository;

Supplemental Resolution: a resolution adopted by the City Council of the City which supplements or amends this Resolution, including any Supplemental Resolution authorizing the issuance of Bonds other than the Series 1988A Bonds;

Taxable Bonds: any Bonds which are not Tax-Exempt Bonds on their date of original issue;

Tax-Exempt Bonds: Bonds issued pursuant to this resolution as from time to time supplemented for which the City receives, on the date of their original issuance, an opinion of bond counsel to the effect that interest on such Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code;

Temporary Bonds: any series of Bonds with (i) an initial term of three years or less, (ii) a provision that requires mandatory purchase of such series of Bonds within three years of its issuance or (iii) a provision which permits the Holders thereof to require redemption of such series of Bonds within three years of its issuance; provided however, that a series of Bonds will not be deemed Temporary Bonds by reason or any right of the Holders thereof to (A) accelerate or cause the obligations to be prepaid or purchased upon the happening of an event of default or (B) tender the Bonds of that series for purchase;

Variable Rate Bond: any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond and for which the period between redetermination of the interest rate is two (2) years or less.

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SEWER SERVICE ENTERPRISE FUND; ACCOUNTS;
EXCESS EARNINGS FUND

Sewer Service Enterprise Fund; Accounts

For the convenience and proper administration of the proceeds from the sale of the Bonds and for the payment of principal of and interest on the Bonds, there is hereby created and established as a separate fund of the City until all of the bonds are fully paid and retired, a Sewer Service Enterprise Fund (the "Sewer Enterprise Fund"), with the Accounts therein created and established by the Resolution.

Construction Account

(A) There is hereby created and established a Construction Account within the Sewer Enterprise Fund, into which there will be paid the proceeds from the sale of each series of the bonds, less the sum of (1) any premium, unused discount (if any) and accrued interest paid by the Purchaser upon delivery, (2) the amount capitalized for the Reserve Account established pursuant to the Resolution, and (3) capitalized interest deposited in the Bond Account. A separate subaccount will be created and established within the Construction Account in which will be deposited the proceeds of any specific series of Bonds, if the Supplemental Resolution authorizing the issuance of such series requires such a separate subaccount. From the Construction Account (or, if applicable, from a separate subaccount) will be paid all costs of the Improvements to be financed by the Bonds, including legal, engineering, financing and other such expenses incidental thereto. There will also be paid from the Construction Account the costs of issuance of each series of Bonds and any fees or premiums required to be paid to a Credit Provider upon issuance of a series of bonds. The City may transfer from the Construction Account to the Bond Account, monthly, amounts required to provide for the payment of interest on a series of Bonds during the period of construction of the Improvements financed by such series of Bonds, and in such case the amount so transferred will be credited against amounts otherwise required to be transferred from the Operation and Maintenance Account pursuant to the Resolution; provided however, that any amount of the proceeds of such series of Bonds deposited in the Bond Account upon issuance of such Bonds (other than a Minimum Variable Rate Bond Amount) will be used for that purpose before any transfers are made from the Construction Account.

(B) Any excess money remaining in the Construction Account upon completion of the applicable Improvements will be, at the option of the City, applied to the payment of or reimbursement for the costs of any other Improvements, or transferred to the Bond Account.

(C) Amounts described in the Resolution will be deposited in the Construction Account and applied to pay or reimburse for the costs of Improvements.

(D) Except as provided in subsection (E) below, earnings on amounts held from time to time in the Construction Account will be retained therein.

(E) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, all Excess Earnings will be transferred from the Construction Account to the Excess Investment Earnings Fund at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in the Resolution.

Operations and Maintenance Account

(A) There is hereby created and established an Operation and Maintenance Account within the Sewer Enterprise Fund into which will be paid all Revenues, upon receipt, except as provided in subsection (B) below. From the Operation and Maintenance Account there will be paid or transferred the following amounts in the following order of priority:

First, to the Bond Account, monthly, the amounts required to pay the Bonds, as further specified in the Resolution;

Second, in order, first to make payments under an Interest Rate Swap Agreement, second to each Credit Provider, monthly, the amounts required to be paid to such Credit Provider pursuant to the applicable Credit Agreement, and third to each Fiduciary, monthly, the amount of its fees and expenses then due;

Third, to the Reserve Account, monthly, the amounts required to maintain the balance on hand therein at the Reserve Requirement;

Fourth, to pay all Current Expenses then due;

Fifth, to the Operating Reserve Subaccount, monthly, the amount required to maintain the balance on hand therein at the Operating Reserve Requirement; and

Sixth, to pay any other amount then due with respect to the Sewer System, including, in any order, (1) amounts required to pay debt service on general obligation debt of the City incurred to finance Improvements, (2) amounts required to pay the costs of any Improvements not financed by Bonds or other debt, or (3) to make any other payment or transfer authorized by law.

(B) Revenues of the kind described in clause (c) of the definition of "Revenues" as defined in the Resolution will be (1) deposited in the Construction Account to pay or reimburse for the costs of Improvements, (2) deposited in the bond Account to pay the principal of, premium if any and interest on the Bonds, or (3) transferred to other accounts of the City to pay general obligation debt incurred by the City to pay the costs of Improvements.

(C) The City will maintain within the Operation and Maintenance Account and Operating Reserve Subaccount. The balance of funds held therein will be maintained at an amount equal to 45 days average Current Expenses for the preceding Fiscal Year (the "Operating Reserve Requirement").

(D) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, Excess Earnings will be transferred from the Operation and Maintenance Account to the Excess Investment Earnings Fund at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in the Resolution.

Revenue Bond Debt Service Account

(A) There is hereby created and established a Revenue Bond Debt Service Account or "Bond Account" within the Sewer Service Enterprise Fund, into which there will be credited and to which there is hereby irrevocably pledged from the Revenues of the operation of the Sewer System, monthly, commencing July 1, 1988, a sum equal to:

(1) for all Fixed Rate Bonds, an amount equal to the sum of (a) one-twelfth (1/12) of the total principal to become due on all Principal Payment Dates for all series of Fixed Rate Bonds during the ensuing twelve (12) months; and (b) an amount equal to one-sixth (1/6) of the total interest to become due on all series of Fixed Rate Bonds during the ensuing six (6) months; and

(2) for all Variable Rate Bonds, an amount equal to the sum of (a) one-twelfth (1/12) the total principal to become due on all Principal Payment Dates for all series of Variable Rate Bonds during the ensuing twelve (12) months; and (b) the amount of interest paid or accrued during the preceding month on all series of Variable Rate Bonds;

provided, however, (i) that no further payments need be made to said Account on account of a series of Bonds when the money held therein are sufficient for the payment of all principal and interest due on such series of Bonds on and prior to the next maturity or redemption date, and (ii) for the period immediately subsequent to the issuance of any series of Bonds, there will be credited against the monthly amounts due on account of such series the sum deposited in the Bond Account from the proceeds of such series of Bonds as capitalized interest, excluding any deposit made as the Minimum Variable Rate Interest Amount. Earnings on amounts held in the Bond Account (other than Excess Earnings) will be retained therein and credited against the amounts next due to be transferred to the

Bond Account from the Operation and Maintenance Account. No money will be paid out of said Account except to pay principal, premium, if any, and interest on the Bonds, to correct any misapplication of funds and to make transfers to the Excess Investment Earnings Account.

Deposits to the bond Account may be made directly from Revenues or may be made by transfers from the Operation and Maintenance Account.

(B) There will be credited to and deposited in the Bond Account each of the following:

(1) The accrued interest, unused discount if any and premium, if any, paid by the Purchaser of a series of Bonds upon delivery thereof;

(2) From the proceeds of a series of Bonds, the amount determined by the City to be necessary or desirable to capitalize interest on such series of Bonds for an initial period not exceeding the period permitted by law; and

(3) from the proceeds of a series of Variable Rate Bonds, the Minimum Variable Rate Interest Amount attributable thereto.

(C) The City will immediately deposit in the Bond Account, from Revenues, any amount required to pay the principal of and premium, if any, and interest on all Bonds when due on any Principal Payment Date or Interest Payment Date to the extent such amounts have not theretofore been deposited in the Bond Account from Revenues or transferred to the Bond Account from the Reserve Account. In addition, the City will deposit in the Bond Account, from Revenues, any amount required to maintain the Minimum Variable Rate Interest Amount for a series of Variable Rate Bonds, after giving effect to the monthly deposit provided for in the Resolution.

(D) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, excess Earnings will be transferred from the Bond Account to the Excess Investment Earnings Fund at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in the Resolution.

Reserve Account

(A) There is hereby created and established a Reserve Account within the Sewer Service Enterprise Fund. The Reserve Account will be drawn upon only when and if money in the Bond Account are insufficient on a Principal Payment Date or on an Interest Payment Date to pay the principal of, and premium, if any, and interest on the Bonds payable from the Bond Account, or when otherwise permitted by the Resolution.

(B) Money in the Reserve Account may be withdrawn therefrom and applied to the payment of the latest installments of principal on a series of Bonds if the amount remaining in the Reserve Account after each such withdrawal is not less than the Reserve Requirement then in effect for all other series of Bonds then outstanding.

(C) Money in the Reserve Account may be used to prepay Bonds, when such prepayments will retire all of the Bonds then outstanding.

(D) Investments held for the credit of the Reserve Account will be valued (as provided in the Resolution) as of the last day of each Fiscal Year, and as of the first day of the month preceding the month in which each series of Additional Bonds are issued. For the purpose of determining whether the Reserve Requirement is being maintained, the securities held for the Reserve Account will be assumed to have the value established on the most recent valuation date and any Credit Facility held for the credit of the Reserve Account will be valued at the lesser of its stated amount or the remaining amount which may be drawn thereunder.

(E) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, Excess Earnings will be transferred from the Reserve Account to the Excess Investment Earnings Fund at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in the Resolution.

(F) Except as provided in subsection (e) above, earnings on investments held for the credit of the Reserve Account will be transferred to the Operation and Maintenance Account no less often than annually. The balance of funds on hand in the Reserve Account will at all times be maintained in an amount equal to the Reserve Requirement, and accordingly, the City will transfer money from the Operation and Maintenance Account to the Reserve Account in an amount sufficient to cure any deficiency in the Reserve Fund as further provided in the Resolution.

(G) Whenever the money in the Reserve Account exceed the Reserve Requirement after giving effect to any withdrawal made pursuant to other subsections of the Resolution, such excess may be transferred to the Bond Account, and either (1) credited against the transfers next due to be made from the Operation and Maintenance Account, or (2) applied to the purchase or prepayment of Bonds.

(H) The City may deposit a Credit Facility in the Reserve Account in lieu of cash either at the time a series of Bonds is originally issued, or at any time thereafter, subject to the following conditions:

> (1) The proceeds of each such Credit Facility must be available for the purposes and at the times required for the purposes of the Reserve Account;
>
> (2) In calculating whether the amount then held in the Reserve Account is equal to the Reserve Requirement, each Credit Facility held therein will be valued at its stated amount, or, if less, the amount which remains available thereunder;
>
> (3) If a Credit Facility will replace cash in the Reserve Account to satisfy the Reserve Requirement for one or more series of Bonds then outstanding, the substitution of the Credit Facility for cash must not result in a lowering of the rating(s) then in effect for such series of Bonds; and
>
> (4) If the Credit Facility states an expiration or termination date prior to the last maturity date of the series of Bonds secured thereby, the Credit Facility must provide that it may be drawn upon prior to its stated expiration or termination date if on or before that date the City either fails to provide a replacement or new Credit Facility or fails to deposit cash to replace the Credit Facility, as further provided in this the Resolution.

Upon deposit of a Credit Facility in the Reserve Account to replace cash then held therein, the amount so replaced will be transferred to the Construction Account and applied to pay the costs of Improvements. On or before the date of expiration or termination of a Credit Facility held for the Reserve Account, the City will replace the Credit Facility with either a new Credit Facility which satisfies the conditions expressed in clauses (1) through (4) above, or with cash; provided that such replacement may be, at the City's option, partially by the deposit of cash and partially by a new or replacement Credit Facility.

Excess Investment Earnings Account

(A) There is hereby created an Excess Investment Earnings Account within the City's "Agency Fund." The City will deposit in the Excess Investment Earnings Account, within thirty (30) days after the last day of the Bond Year for each series of Tax-Exempt Bonds, all Excess Earnings attributable to such series of Tax-Exempt Bonds; and for purposes of making such deposits the City will transfer from the Construction Account, Reserve Account, Bond Account, and Operation and Maintenance Account, to the Excess Investment Earnings Account a sum equal to the Excess Earnings attributable to sums held in each such other Account as "gross proceeds" of Tax-Exempt Bonds, as defined in and under Section 148 of the Code.

(B) The City will, within 30 days after the last day of the Bond Year for each series of Tax-Exempt Bonds, prepare and file a report with respect to the Construction Account, Reserve Account, Bond Account, and Operation and Maintenance Account setting forth the total amount invested during the preceding Bond Year, the investments made with the money in the Construction Account, Reserve Account, Bond Account, and Operation and Maintenance Account investment earnings (and losses) resulting from such investments. Such records will be retained for the period required by Section 148 of the Code.

(C) The City will remit sums in the Excess Investment Earnings Account to the United States Treasury as payment of rebatable arbitrage as required by Section 148 of the Code together with any additional amount then held in any Account in the Sewer Enterprise Fund required to bring the total amount of such remittance to the correct Rebate Amount.

(D) The City may at any time transfer to any Account any amount held in the Excess Investment Earnings Account which the City determines is in excess of amounts required to be paid to the United States as rebatable arbitrage.

Insufficient Amounts

In the event that the money in the Bond Account will be insufficient at any particular time to pay the principal then due and interest then accrued on all Bonds payable therefrom, and such deficiency cannot be cured by withdrawals from the Reserve Account or from some other source, said money will first be applied to the payment pro rata of the accrued interest on all such Bonds, and any balance will be applied in payment pro rata of the principal then due on all such Bonds; provided further that if it will ever be determined by a court of competent jurisdiction while any such Bonds remain outstanding that the sums available and to become available for the payment of the principal thereof and interest thereon are insufficient whether or not then due, then the money in the Bond Account will be applied in payment of all principal then outstanding whether or not then due and the interest accrued thereon to the date of payment ratably according to the aggregate amount thereof without any preference or priority.

Other Account Provisions

(A) Revenues in excess of those required for the foregoing purposes may be used for any purpose authorized by law.

(B) If in any month the money on hand in any Account are insufficient for the purposes of the Resolution, the deficiency will be made up in the following month or months after payments for other purposes having a prior claim on Revenues have been made in full.

(C) All money held in the Excess Investment Earnings Fund, Bond Account and Reserve Account created by this Resolution will be kept separate and apart from all other City funds and accounts.

Investments

(A) Money held from time to time in any Account may be invested by the City in any investment then permitted by Minnesota law, and, to the extent applicable, by federal law.

(B) Investments will be valued as follows:

(1) Investments maturing within one (1) year or less will be valued at par;

(2) Investment agreements or similar instruments which may be liquidated at par will be valued at par regardless of maturity;

(3) Investments maturing after one (1) year will be valued at cost; and

(4) Investments purchased at a discount or premium will be valued on the basis that such discount is included in cost, or such premium is amortized, in equal installments for each year to elapse until the stated maturity of the investments; and

provided, that for the purposes of calculating Excess Earnings and Rebate Amounts and amounts held or deposited in the Reserve Account attributable to Tax-Exempt Bonds, investments will be valued as required by Section 148 of the Code.

(C) Amounts held for the credit of each Account will be invested to mature at such time or times as may be necessary to assure that the funds so invested will be available for the purposes of such Account, when needed; provided that amounts held for the credit of the Reserve Account and attributable to the Reserve Requirement for a series of Bonds may be invested at the discretion of the Treasurer of the City for a term not exceeding the term of such series of Bonds.

COVENANTS

Covenants

For the protection of the Holders of the Bonds authorized pursuant to the Resolution, the City covenants and agrees to and with the holders thereof from time to time as follows:

(A) It will at all times adequately maintain and efficiently operate the Sewer System. It will from time to time make all needful and proper repairs, replacements, additions and betterments to the equipment and facilities of the Sewer System so that it may at all times be operated properly and advantageously, and whenever any equipment of the Sewer System will have been worn out, destroyed or otherwise become insufficient for proper use, it will be promptly replaced or repaired so that the value and efficiency of the facilities will be at all times fully maintained and its Revenues unencumbered by reason thereof.

(B) The rates for all sewer service and the charges for all sewer service supplied by the Sewer System to the City and its residents and to all other consumers will be reasonable and just, taking into account the cost and value of the Sewer System, the cost of maintaining and operating the Sewer System, the proper and necessary allowances for depreciation, the amounts required for the payment of principal and interest on all indebtedness payable from the Revenues of the Sewer System, the need for future expansion of or improvements to the Sewer System, the amounts properly reimbursable to the City for current or past payments from funds or accounts of the City for Sewer System purposes, and all other sums customarily paid from the Revenues of the Sewer System.

(C) The City will, as required by the City Charter (and it will continue to do so whether or not required by said Charter), establish, maintain and collect such charges and rates as will produce Revenues sufficient to pay the interest and premium, if any, on and principal of all Bonds authorized pursuant to the Resolution as and when they become due and to pay the reasonable cost of operation, repair and maintenance of the Sewer System and to provide sufficient money to make the required appropriations to the various Funds and Accounts established pursuant to the Resolution. The City will review the schedule of rates and charges for the Sewer System at least annually. Nothing in this the Resolution will be construed to limit the discretion of the City to enter into, or later modify, amend or terminate, contracts for the furnishing of sewer services.

(D) The City may sell, lease, mortgage, transfer, convey, assign or dispose of a portion of the Sewer System or property of any nature relating thereto if such transaction will not materially adversely impair (1) the adequacy of the Revenues generated by the Sewer System to pay debt service on the Bonds and all operating and maintenance expenses, or (2) the operating efficiency of the Sewer System. Further, the City may sell or dispose of, at fair market value, any real estate, equipment or other non-revenue-producing properties which in the judgment of the City have become unnecessary, uneconomical or inexpedient to use in connection with the Sewer System. The proceeds of any sale, transfer or disposition of Sewer System property (all of which are Revenues as provided in clause (c) of the definition thereof) will be deposited or applied as provided in the Resolution. The City may sell all or substantially all of the Sewer System if simultaneously with or prior to such sale all outstanding Bonds are discharged as provided in the Resolution.

(E) It will cause to be kept proper books, records and accounts adapted to the Sewer System separate from other account of the City. The City's comprehensive annual financial report will include the Sewer Service Enterprise Fund and the Accounts therein, and a copy of that report will be furnished, without cost, to the Purchaser of any series of Bonds authorized pursuant to the Resolution. If the City fails to provide such report within a reasonable time after then end of said fiscal year, the Holders of twenty percent (20%) of more of the outstanding Bonds may cause an audit of the Sewer System accounts to be made at the expense of the City. The expense of preparing such audit will be paid as current operating expenses of the Sewer System. The Purchasers of any series of Bonds and the Holders thereof, or their duly appointed representatives, from time to time will have the right, at all reasonable times, to inspect the Sewer System and to inspect and copy the books, records, accounts and data relating thereto. The City agrees to furnish copies of such audit, without cost, to any Holder or Holders of the Bonds at their request within a reasonable time after the end of each fiscal year.

(F) It will faithfully and punctually perform all duties with reference to the Sewer System required by the City Charter, the Constitution and laws of the State of Minnesota and this resolution.

(G) It will grant no franchise to any other sewer utility, unless:

(1) the City enacts an ordinance granting to the owner and operator of such other sewer utility a franchise for such ownership and operation and for use of public streets and rights of way, and such ordinance imposes upon such owner or operator a franchise fee and provides that the franchise fee will be deemed part of the "Revenues" and requires that such franchise fees be deposited, upon receipt, in the Operation and Maintenance Account; and

(2) the existence and operation of such other sewer utility will not materially impair the ability of the City to generate sufficient Revenues to pay debt service on all Bonds outstanding under this Resolution, as supplemented, and to pay all "current expenses" of the Sewer System.

Tax Covenants

The following special covenants of the City apply only to Tax-Exempt Bonds.

(A) Notwithstanding anything to the contrary in the Resolution, money in the Excess Investment Earnings Account and the Sewer Service Enterprise Fund (and any Account therein), in that order, will be used to pay any rebate of excess investment earnings on gross proceeds of Tax-Exempt Bonds (and, if applicable, any actual or imputed earnings on such Excess Earnings amounts) required to be paid to the United States in order to maintain the exclusion from gross income under Section 103 of the Code of the interest on the Tax-Exempt Bonds.

(B) No portion of the proceeds of any series of Tax-Exempt Bonds will be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher, yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, (2) as part of a reasonably required reserve or replacement fund not in excess of ten percent (10%) of the proceeds of the Bonds (or in a higher amount which the City establishes is necessary to the satisfaction of the Secretary of the Treasury of the United States), and (3) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or $100,000. To this end, any proceeds of the Tax-Exempt Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Account, Reserve Account or Bond Account (or any other City account which will be used to pay principal or interest to become due on the Tax-Exempt Bonds payable therefrom) in excess of amounts which under then-applicable federal arbitrage regulations may be invested without regard to yield will not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods", minor portion or reserve made available under the federal arbitrage regulations. Money in the Sewer Service Enterprise Fund will not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause a series of Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. The proceeds of Tax-Exempt Bonds will not be invested in other tax-exempt obligations the interest on which is subject to alternative minimum tax under the Code, unless the City has received an opinion of bond counsel to the effect that such investment will not jeopardize the tax-exempt status of the Tax-Exempt Bonds.

Negative Covenant as to Use of Improvements

The City hereby covenants not to use the proceeds of Tax-Exempt Bonds or to use the Improvements, or to cause or permit them or any of them to be used, or to enter into any deferred payment arrangements for the cost of the Improvements, in such a manner as to cause the Tax-Exempt Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code unless such Tax-Exempt Bonds are issued, and the proceeds thereof applied, in full compliance with the provisions of the Code applicable to “private activity bonds.”

Tax-Exempt Status of the Bonds; Rebate

The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the code of the interest on all series of Tax-Exempt Bonds, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Tax-Exempt Bonds, and the rebate of excess investment earnings to the United States.

Covenant with Holders

Each and all of the terms and provisions of this Resolution as from time to time supplemented will be and constitute a covenant on the part of the City to and with each and every Holder from time to time of the Bonds issued hereunder.

ADDITIONAL BONDS; REFUNDING BONDS; OTHER REVENUE OBLIGATIONS

Additional Bonds; Other Revenue Obligations

(A) The Bonds issued hereunder will be a first charge and lien upon the Revenues of the Sewer System. Except as permitted by the Resolution, no additional obligations payable from the Sewer Service Enterprise Fund will be hereafter issued unless the lien on Revenues securing such additional revenue obligations is expressly made a junior and subsequent lien upon Revenues. Nothing in this Section will be construed to preclude the City from applying excess Revenues to the payment of general obligations of the City as provided in the Resolution.

(B) Except as provided in the Resolution, no additional revenue obligations (“Additional Bonds”) payable from the money in the Sewer Service Enterprise Fund on a parity of lien with the then outstanding Bonds will be hereafter issued unless the annual Net Revenues of the Sewer System for each of the two (2) completed Fiscal Years immediately preceding the issuance of such Additional Bonds will have been one and one-quarter (1.25) times the maximum annual principal and interest coming due thereafter on all Bonds (including the Additional Bonds) having a parity of lien upon Revenues. If the annual Net Revenues in either or both of the aforesaid two (2) completed Fiscal Years will be insufficient to meet the foregoing test, then the City will be entitled to adjust the Net Revenues for either or both of those Fiscal Years by increasing the Net Revenues based on a projection of additional Revenues which would have been available from any rate increase placed in effect prior to the adjustment, or from new users. The adjustment of Revenues may assume such increase would have been available for the entire Fiscal Year of adjustment. The projection for adjustment and a finding of sufficiency of Net Revenues for the issuance of Additional Bonds will be shown by a certificate issued by the Director, Department of Public Works, or the City Budget Director, or by an independent consulting engineering firm knowledgeable in such matters and will be a finding of an recited in the resolution of the City authorizing such Additional Bonds.

For the purposes of the foregoing test, the following special provisions will apply:

(1) If the Additional Bonds to be issued will be Variable Rate Bonds, the calculation of maximum annual principal and interest will assume that such Additional Variable Rate Bonds bear interest at the highest interest rate permitted by the terms of the Additional Variable Rate Bonds and related Supplemental Resolution; provided that other or different assumptions may be used if necessary to obtain an investment grade credit rating for the Variable Rate Bonds, or to maintain the credit rating(s) then in effect for the Bonds then outstanding.

(2) If the Additional Bonds to be issued will be Adjustable Rate Bonds, the calculation of maximum annual principal and interest will assume that such Adjustable Rate Bonds bear interest at the highest interest rates permitted by the terms of the Adjustable Rate Bonds and related Supplemental Resolution; provided that if no maximum interest rate is provided for, then such calculation will assume the Adjustable Rate Bonds bear interest at the then prevailing interest rate for utility revenue bonds of comparable credit quality and maturity, taking into account whether such Bonds are Taxable Bonds or Tax-Exempt Bonds; and provided further that other or different assumptions may be used if necessary to obtain an investment grade credit rating for the Adjustable Rate Bonds or to maintain the credit rating(s) then in effect for the Bonds then outstanding.

(3) If the Additional Bonds are subject to mandatory purchase or are to be purchased upon tender by the Holders thereof, any Revenues required to be segregated or set aside by the City to fulfill its purchase obligation will be deemed additional debt service on the related series of Bonds in the amounts and at the times such amounts are required to be so set aside.

(4) If the Additional Bonds to be issued will be Temporary Bonds, the calculation of maximum annual principal and interest will assume either:

(a) that principal and interest will be paid at the times and at the interest rate specified in the related Commitment; or, at the election of the City,

(b) that principal and interest will be paid on a level debt service basis over a period of ten (10) years from the maturity or mandatory purchase date for the series of Temporary Bonds, and that the series of Temporary Bonds will bear interest from and after that date at the then prevailing interest rates for utility revenue bonds of comparable credit quality, taking into account whether such Bonds are Taxable Bonds or Tax-Exempt Bonds;

provided, that other or different assumptions may be used if necessary to obtain an investment grade credit rating for the Temporary Bonds or to maintain the credit rating(s) then in effect for the Bonds then outstanding.

(C) In addition to the requirements of subsection (B) above, the following conditions will be met prior to the issuance of each series of Additional Bonds:

(1) The payments required to be made (at the time of the issuance of such Additional Bonds) into the various Funds and Accounts provided for in this Resolution will have been made.

(2) The proceeds of such Additional Bonds will be used only for the purpose of making Improvements to the Sewer System or to refund (or advance refund) Bonds or any other bonds or obligations issued to finance the Sewer System, and capitalizing interest or making a deposit to the Reserve Fund and paying the costs of such financing.

(D) The conversion of Variable Rate Bonds or Adjustable Rate Bonds to Fixed Rate Bonds will not be treated as the issuance of Additional Bonds subject to the requirements of subsection (B) above unless the interest rate to be borne by such Bonds from and after the date of conversion will exceed the maximum rate taken into account for the purposes of subsection (B), Clauses (1) or (2).

Refunding Bonds

(A) The City also reserves the right and privilege of issuing Additional Bonds if and to the extent needed to refund maturing Bonds payable from the money in the Sewer Service Enterprise Fund in case the money in the Bond Account are insufficient to pay the same at maturity, which refunding Additional Bonds may be on a parity with other Bonds as to interest payments, but will mature subsequent to all the Bonds which are payable from the Revenues and which are outstanding upon issuance of the refunding Additional Bonds. This Section will not apply to Additional Bonds issued to refund Temporary Bonds.

(B) The City further reserves the right and privilege of issuing Additional Bonds payable from the money in the Sewer Service Enterprise Fund to refund or advance refund all or any portion of the bonds (or any series thereof) then outstanding if the aggregate principal and interest to become due in any Fiscal Year after the issuance of such refunding or advance refunding Additional Bonds will not be more than the principal and interest which would have been due in any future Fiscal Year if such refunding or advance refunding Additional Bonds had not been issued.

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APPENDIX E

THE DEPOSITORY TRUST COMPANY

APPENDIX E

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015B Bonds. The Series 2015B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012 Bond will be issued for each maturity of each series of the Series 2015B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015B Bonds, except in the event that use of the book-entry system for the Series 2015B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of the Series 2015B

Bonds may wish to ascertain that the nominee holding the Series 2015B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2015B Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2015B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2015B Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, the Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, City, or the City's agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Series 2015B Bonds purchased or tendered, through its Participant, to Agent, and will effect delivery of such Series 2015B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2015B Bonds, on DTC's records, to Agent. The requirement for physical delivery of Series 2015B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2015B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2015B Bonds to Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2015B Bonds at any time by giving reasonable notice to the City or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX F

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

APPENDIX F

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

The City is independently audited each year by the Office of the State Auditor. Data on the following pages was extracted from the City's audited financial statements for the fiscal year ended December 31, 2013. The City's audited financial statements for the fiscal year ended December 31, 2014 are not yet available. Financial statements for governmental funds were prepared on the modified accrual basis of accounting. The accrual basis is followed for proprietary funds. The reader should be aware that the complete audits may contain additional information which may interpret, explain, or modify the data presented here.

A copy of the City of Saint Paul, Minnesota Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2013 (CAFR) is available at the Office of Financial Services, Room 700, City Hall, Saint Paul, Minnesota, and can also be obtained from the Official Website of the City under "Government" – "Financial Services" – "Comprehensive Annual Financial Report".

The City has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for the last thirty-eight (38) consecutive years (fiscal years ended 1976 through 2013). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

The Honorable Christopher B. Coleman, Mayor
and Members of the City Council
City of Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Minnesota as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority, which represent 1 percent, 1 percent, and 16 percent, respectively, and the Port Authority of the City of Saint Paul, which represent 37 percent, 13 percent, and 29 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Saint Paul RiverCentre Convention and Visitors Authority and the Port Authority of the City of Saint Paul, is based solely on the reports of the other auditors. 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. The financial statements of the Saint Paul RiverCentre Convention and Visitors Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note II to the financial statements, in 2013 the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saint Paul's basic financial statements. The introductory section, the supplementary information, the other supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Saint Paul's internal control over financial reporting and compliance. It does not include the Saint Paul RiverCentre Convention and Visitors Authority or the Port Authority of the City of Saint Paul, which were audited by other auditors.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 26, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

As management of the City of Saint Paul, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the City's financial statements and the additional information that we have furnished in our letter of transmittal, which can be found on pages v-xii of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Saint Paul exceeded its liabilities at the close of the most recent fiscal year by $1,256.9 million (*net position*). Of this amount $141.3 million is restricted for specific purposes and $1,179.1 million is invested in capital assets net of related debt. The total net assets include all major infrastructure networks.

- The City's total net position decreased by $10.2 million. Governmental activities decreased by $10.6 million and business-type activities increased by $.4 million.

- The City of Saint Paul's governmental funds reported combined ending fund balances of $203.4 million, a decrease of $5.1 million in comparison with the prior year. Approximately 15.0% of this amount or, $30.5 million, is unassigned and available for use in accordance with the City's spending policies.

- The City adopted a fund balance policy for the General and General Debt Service Funds. The policy established specific goals and guidance for future decisions regarding the appropriate level and use of fund balance. The General Fund fund balance should be maintained at 15% of the next year's planned budget for the General Fund and the Library Agency Fund which is financed by property taxes and local government aid. The General Debt Service fund balance should maintain an amount equal to the first half of the subsequent year's debt service, plus 7.5%, in addition to any reserves required by bond indentures, covenants, ordinances, other debt obligations and any net unrealized gains or losses associated with the fair value of investments.

- At the end of the fiscal year, fund balance for the General Fund was $46.9 million, a decrease of $3.4 million or a 6.7% decrease of the 2012 fund balance. The General Fund fund balance is 20.3% of the budgeted 2014 General Fund expenditures of $231 million plus the Library Agency expenditures of $15.9 million. This is in compliance with the fund balance policy of 15%.

- At the end of the fiscal year, fund balance for the General Debt Service Fund was $31.5 million or 104.8% of the governmental activities due within one year debt service payments of $30.1 million.

- The City's total long-term bonds and notes decreased by $5.3 million, a .9% decrease from 2012 for a total outstanding on December 31, 2013 of $582.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 information 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 overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The S*tatement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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 only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, health, culture and recreation, and housing and economic development. The business-type activities of the City of Saint Paul include sewer; development loan programs; parking; parks, recreation and athletics; impound lot; and printing.

The government-wide financial statements include not only the City of Saint Paul itself (known as the primary government), but also Saint Paul RiverCentre Convention & Visitors Authority (RCVA), Saint Paul Regional Water Services (SPRWS) and Port Authority of the City of Saint Paul, which are separate legal entities for which the City of Saint Paul is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Housing and Redevelopment Authority of the City of Saint Paul (HRA) and the Saint Paul Library Agency, although legally separate, function for all practical purposes as departments of the City of Saint Paul, and therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found in the Basic Financial Statements section of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's 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 government'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 City maintains 41 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Library Agency, HRA General, General Debt Service, HRA General Debt Service and Capital Improvement Projects, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found Basic Financial Statements section of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer Utility, HRA Loan Enterprise, HRA Parking, Special Services, Watergate Marina, Impounding Lot and RiverPrint Saint Paul/Ramsey County activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for City Attorney-Outside Services, Risk Management Retention, Internal Borrowing, Purchasing's Value Added Services, Information Systems, Equipment Services Fire-Police, Public Works Engineering, Energy Conservation Investment, Public Works Traffic, Signal and Lighting Maintenance, Asphalt Plant, Public Works Equipment, Public Works Administration, Real Estate Management, Parks and Recreation Special Projects, Parks and Recreation Supply and Maintenance, and Planning and Economic Development Administration. The services provided by these funds predominately benefit the governmental rather than the business-type functions. They have been included within governmental activities in the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility, HRA Loan Enterprise and HRA Parking funds, since they are considered to be major funds of the City. Data from the other enterprise funds are combined into a single aggregated presentation. All internal service funds are combined into a separate single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found Basic Financial Statements section of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found Basic Financial Statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, *Required Supplementary Information,* presents a detailed budgetary comparison schedule for the General Fund, Library Agency and the HRA General Fund to demonstrate compliance with the budget. In accordance with the requirements of GASB Statement 45, it also includes other post-employment benefit plan information: a) schedule of funding progress and b) schedule of employer contributions. These schedules can be found in the Required Supplementary Information section of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, internal service funds and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found in the Supplementary Information section of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The analysis of the City's financial position begins with a review of the *Statement of Net Position* and the *Statement of Changes in Net Position*. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Saint Paul, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,256.9 million as of December 31, 2013.

CONDENSED STATEMENT OF NET POSITION
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Current and Other Assets	$ 333,592	$ 355,621	$ 93,303	$ 101,417	$ 426,895	$ 457,038	(6.60)%
Capital Assets	1,192,783	1,175,464	426,299	370,803	1,619,082	1,546,267	4.71%
Total Assets	$ 1,526,375	$ 1,531,085	$ 519,602	$ 472,220	$ 2,045,977	$ 2,003,305	2.13%
Deferred Outflows of Resources	9,279	15,543	-	-	9,279	15,543	(40.30)%
Long-Term Liabilities	$ 535,514	$ 527,956	$ 184,209	$ 151,821	$ 719,723	$ 679,777	5.88%
Other Liabilities	53,197	54,907	16,113	11,480	69,310	66,387	4.40%
Total Liabilities	$ 588,711	$ 582,863	$ 200,322	$ 163,301	$ 789,033	$ 746,164	5.75%
Deferred Inflows of Resources	9,279	15,543	-	-	9,279	15,543	(40.30)%
Net Position:							
Invested in Capital Assets, Net of Related Debt	$ 927,972	$ 914,832	$ 251,126	$ 228,207	$ 1,179,098	$ 1,143,039	3.15%
Restricted	126,429	104,248	14,870	14,928	141,299	119,176	18.56%
Unrestricted	(116,737)	(70,858)	53,284	65,784	(63,453)	(5,074)	1150.55%
Total Net Position	$ 937,664	$ 948,222	$ 319,280	$ 308,919	$ 1,256,944	$ 1,257,141	(0.02)%

The largest portion of the City's net position, $1,179 million (approximately 93.8%), reflects its investments in capital assets (e.g., land, building, improvements, equipment, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Restricted net assets of $141.3 million (approximately 11.2%), represents resources that are subject to external restriction on how they may be used. The remaining balance, unrestricted net position of ($63.5) million (approximately – 5.1%), may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2013. Overall, both the governmental and business-type activities revenue and expenses remained stable. Governmental activities decreased the City of Saint Paul's net position by $10.6 million. Business-type activities increased the City's net position by $.4 million.

CONDENSED STATEMENT OF CHANGES IN NET POSITION

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program Revenues							
Charges for Services	$ 127,304	$ 121,256	$ 72,623	$ 72,139	$ 199,927	$ 193,395	3.38%
Operating Grants and Contributions	65,382	51,949	-	143	65,382	52,092	25.51%
Capital Grants and Contributions	18,554	31,948	113	1,076	18,667	33,024	(43.47)%
General Revenues							
Property Taxes	120,344	117,833	1,738	1,439	122,082	119,272	2.36%
City Sales Tax	17,034	15,941	-	-	17,034	15,941	6.86%
Franchise Fees and Other Taxes	32,533	28,035	-	-	32,533	28,035	16.04%
Local Government Aid	53,909	53,744	-	-	53,909	53,744	0.31%
Grants and Contributions Not Restricted	1,068	511	1,245	681	2,313	1,192	94.04%
Investment Income	(3,981)	6,919	(362)	482	(4,343)	7,401	(158.68)%
Gain on Sale of Capital Assets	97	91	2	4	99	95	4.21%
Noncapital Contributions	283	168	-	302	283	470	(39.79)%
Miscellaneous	7,418	9,165	6	-	7,424	9,165	(19.00)%
Total Revenues	$ 439,945	$ 437,560	$ 75,365	$ 76,266	$ 515,310	$ 513,826	0.29%

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

CONDENSED STATEMENT OF CHANGES IN NET POSITION
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Expenses:							
General Government	$ 45,897	$ 36,960	$ -	$ -	$ 45,897	$ 36,960	24.18%
Public Safety	180,336	168,819	-	-	180,336	168,819	6.82%
Highway and Streets	73,113	72,375	-	-	73,113	72,375	1.02%
Sanitation	4,419	4,137	-	-	4,419	4,137	6.82%
Health	3,281	3,652	-	-	3,281	3,652	(10.16)%
Culture and Recreation	78,240	76,469	-	-	78,240	76,469	2.32%
Housing and Economic Development	54,377	55,918	-	-	54,377	55,918	(2.76)%
Interest and Fiscal Charges	21,170	21,654	-	-	21,170	21,654	(2.24)%
Sewer	-	-	41,534	50,049	41,534	50,049	(17.01)%
Development Loan Programs	-	-	2,112	2,729	2,112	2,729	(22.61)%
Parking	-	-	11,640	11,056	11,640	11,056	5.28%
Parks, Recreation and Athletics	-	-	4,740	4,985	4,740	4,985	(4.91)%
Impound Lot	-	-	3,241	2,519	3,241	2,519	28.66%
Printing	-	-	1,405	1,394	1,405	1,394	0.79%
Total Expenses	$ 460,833	$ 439,984	$ 64,672	$ 72,732	$ 525,505	$ 512,716	2.49%
Change in Net Assets before Transfers and Special Item	$ (20,889)	$ (2,425)	$ 10,693	$ 3,534	$ (10,196)	$ 1,109	(1019.39)%
Transfers	10,331	3,918	(10,331)	(3,918)	-	-	
Change in Net Position	$ (10,558)	$ 1,493	$ 362	$ (384)	$ (10,196)	$ 1,109	(1019.39)%
Net Position, January 1, as restated	$ 948,222	$ 946,729	$ 318,918	$ 309,303	$ 1,267,140	$ 1,256,032	0.88%
Net Position, December 31	$ 937,664	$ 948,222	$ 319,280	$ 308,919	$ 1,256,944	$ 1,257,141	(0.02)%

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Governmental Activities

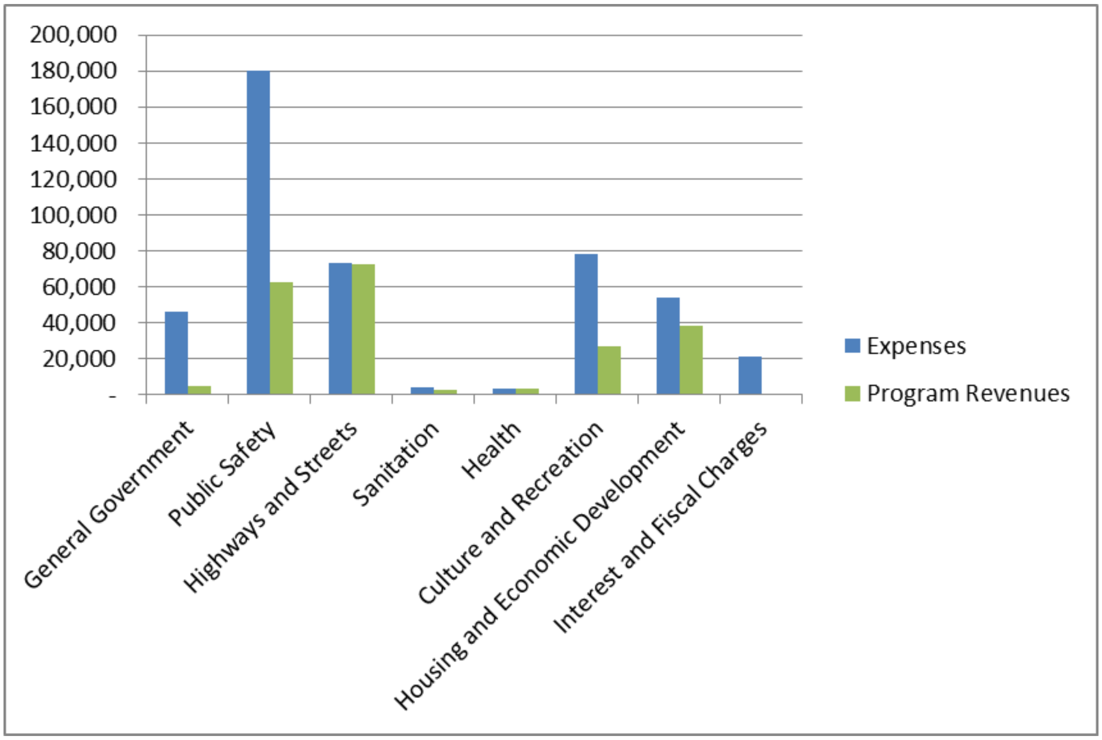
Governmental activities decreased the City's net position by $10.6 million, a reduction of $12.1 million in net change in net position compared to 2012 increase of $1.5 million. Overall the governmental activities in 2013 were very stable, with increased revenues, comparable to increased expenses. Revenues increased by $2.4 million while the expenses increased by $20.8 million and the net transfers increased by $6.4 million. Public Safety expenses increased by $11.5 million as a result of an increase in claims and judgments payable and increased operating expenses for the General Fund public safety functions compared to 2012. General Government expenses also increased in 2013 by $8.9 million mainly due to an increase in operating expenses for the General Fund general government functions and claims and judgments compared to 2012.

Business-type Activities

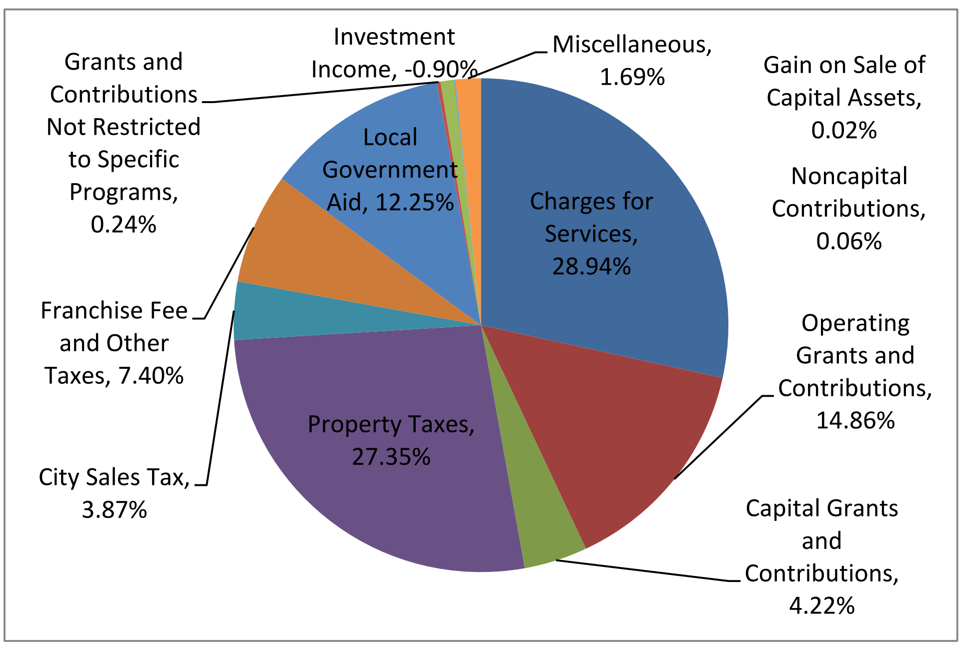
Business-type activities experienced a $.4 million increase in net position. This is a result of the revenues decreasing by $1 million while the expenses decreased by $8.1 million and transfers increased by $6.4 million) compared to 2012. Most of the decrease in expenses occurred in Sewer. Sewer service charges decreased significantly due to various repair and maintenance projects being completed in 2012.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Expenses and Program Revenues – Governmental Activities (in thousands)

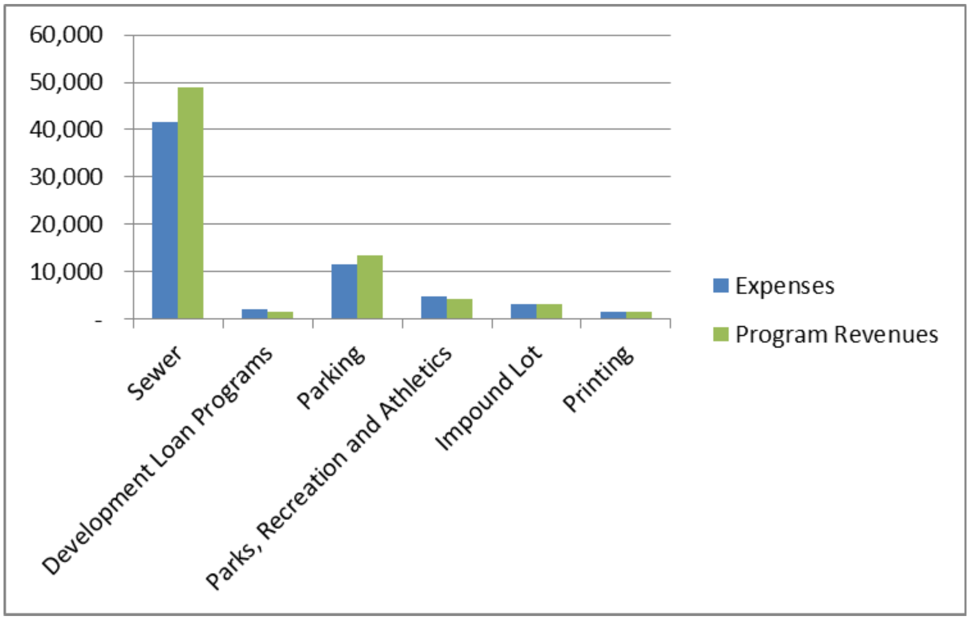


Revenue by Source– Governmental Activities

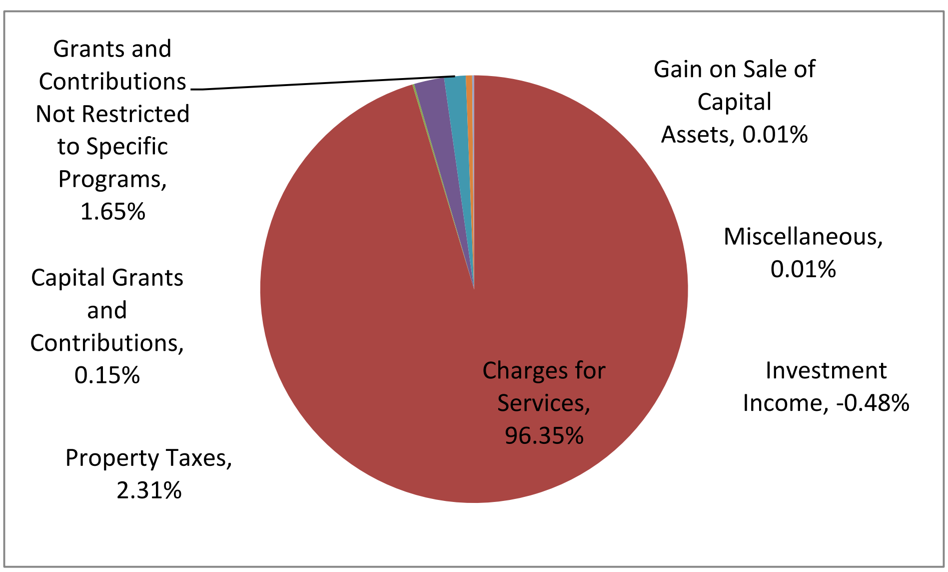


FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Expenses and Program Revenues – Business-type Activities (in thousands)



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City of Saint Paul's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balances (committed, assigned and unassigned) may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Saint Paul's governmental funds reported combined ending fund balances of $203.4 million. The majority of the fund balance is either nonspendable or restricted which comprise 62.2% of the total. The rest at 37.8% is unrestricted.

Nonspendable fund balance (0.6% of total) includes amounts that are not in spendable form, or legally or contractually required to be maintained intact. Restricted fund balance comprises 61.6% of the total fund balance. Fund balance are reported as restricted when constraints place on the use of the resources are either externally imposed by the creditors (such as through debt covenants), grantors, other governments or is imposed by law through constitutional provisions or enabling legislation.

Of the total $77.7 million of unrestricted fund balance, $19.3 million is committed, $27.9 million is assigned and $30.5 million is unassigned. The total unassigned balance is net of the reported balance in the General Fund of $44.0 million and the rest that are reported in various special revenue funds for ($6.0) million and capital project funds for ($7.5) million.

			Unrestricted				
Purposes	Nonspendable	Restricted	Committed	Assigned	Unassigned	Subtotal	Total
Advance to Component Units	$ 376,840	$ -	$ -	$ -	$ -	$ -	$ 376,840
Corpus of Permanent Funds	35,000	-	-	-	-	-	35,000
General Government	-	15,738,532	417,346	880,538	-	1,297,884	17,036,416
Public Safety	-	2,776,535	212,450	2,622,271	-	2,834,721	5,611,256
Highways and Streets	-	28,053,898	-	10,491,829	-	10,491,829	38,545,727
Sanitation	-	-	-	1,132,443	-	1,132,443	1,132,443
Health	-	-	-	53,497	-	53,497	53,497
Culture and Recreation	-	1,323,852	1,795,446	2,648,581	-	4,444,027	5,767,879
Housing and Economic Development	-	19,456,051	16,834,070	10,088,081	-	26,922,151	46,378,202
Debt Service	-	57,951,175	-	-	-	-	57,951,175
Unassigned	-	-	-	-	30,527,878	30,527,878	30,527,878
Total	$ 411,840	$ 125,300,043	$ 19,259,312	$ 27,917,240	$ 30,527,878	$ 77,704,430	$ 203,416,313
Percent of Total	0.2%	61.6%	9.5%	13.7%	15.0%	38.2%	100.0%

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund is the primary operating fund of the City. Total fund balance as of December 31, 2013, was $46.9 million, of which $44.0 million was unassigned fund balance. It may be useful to compare unassigned fund balance to total fund balance and total fund expenditures as a measure of the fund's liquidity. Unassigned fund balance represents 93.7% of total fund balance and 20.5% of total 2013 fund expenditures including transfers out. The fund balance decreased by $3.4 million during the current fiscal year.

The following table provides an overview of General Fund revenues by source.

Revenues by Source	2013	2012	Net Change	Total Percent Change
Property Tax	$ 73,232,114	$ 71,997,184	$ 1,234,930	1.72%
Franchise Fees and Other Taxes	31,192,015	26,542,872	4,649,143	17.52%
Intergovernmental	62,952,915	60,035,959	2,916,956	4.86%
Fees, Sales and Services	48,541,596	47,004,518	1,537,078	3.27%
Interest	(2,129,559)	3,019,042	(5,148,601)	(170.54)%
Miscellaneous	5,394,396	1,118,637	4,275,759	382.23%
Transfers In	6,284,040	6,647,124	(363,084)	(5.46)%
Sale of Capital Assets	27,281	128,766	(101,485)	(78.81)%
Total	$ 225,494,798	$ 216,494,102	$ 9,000,696	4.16%

Overall, General Fund revenues increased by $9.0 million (4.2%) in 2013 as compared to 2012. This is mainly due to an $8.8 million prepayment of deferred franchise fees and deferred loan repayments made by District Energy. Property Tax, Franchise Fees and Other Taxes, Fees, Sales and Services, Intergovernmental, Miscellaneous, Transfers In and Sale of Capital Assets increased while Invest Income decreased.

In 2013, property tax revenue increased by $1.2 million or 1.7%. Total property tax levy in 2013 was $99.4 a 1.6% increase over 2012. The General Fund portion of $72.1 million (72.5% of total) increased by $1 million. Current property tax revenue increased by $1.1 million and delinquent property tax revenue increased by $0.1 million. The remaining portion of the property tax levy supports the Saint Paul Library Agency for $17.3 million (17.4%) and three debt service funds for $10.1 million (10.2%).

Intergovernmental revenue increased by $2.9 million primarily due to a $2 million an annual appropriation grant from the state for sports facilities project.

Fees, sales and services increased by $1.5 million. The increase was due to small incremental increases in numerous fees, sales and services charges from increased activity.

Interest earnings decreased by $5.1 million in 2013 due economic conditions which resulted in lower interest rates on investments and a decrease in fair market value of investments compared to 2012.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The following table provides an overview of General Fund expenditures by function.

Expenditures by Function	2013	2012	Net Change	Total Percent Change
General Government	$ 31,691,983	$ 27,269,041	$ 4,422,942	16.22%
Public Safety	150,081,179	145,482,911	4,598,268	3.16%
Highways and Streets	3,313,132	1,980,656	1,332,476	67.27%
Culture and Recreation	26,596,065	26,662,735	(66,670)	(0.25)%
Miscellaneous	6,319,286	7,059,195	(739,909)	(10.48)%
Debt	7,426	8,065	(639)	(7.92)%
Transfers Out	10,861,972	1,222,172	9,639,800	788.74%
Total	$ 228,871,043	$ 209,684,775	$ 19,186,268	9.15%

Total General Fund expenditures increased by $19.2 million or 9.2% as compared to 2012.

General Government expenditures increased by $4.4 million. The increase was mainly due to the following: increased staffing levels and supplies to support various general government functions $4.1 million.

Public Safety expenditures increased by $4.6 million. The increase was mainly due to increased staffing levels in various public safety departments and the increase in fringe benefits costs associated with those staffing increases.

Transfers Out increased by $9.6 million. The increase was due to a $7.7 million transfer to the General Debt Service fund of proceeds from a prepayment of District Energy deferred franchise fees and deferred loan repayments.

Library Agency Fund accounts for the general operations of the Saint Paul Public Library. The purpose of separating the Library from the General Fund was to increase its visibility within the community. Revenues to support the agency are from property taxes, and outside grants. Revenues reported from these sources totaled $15.8 million with expenditures including transfers out of $15.4 million. The fund balance increased $0.4 million. The fund is reporting a fund balance on December 31, 2013, of $1.4 million.

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 2013 by $0.3 million to a total of $11.9 million at December 31, 2013, due to decreased spending of staff administration for HRA programs and projects.

General Debt Service Fund accounts for the revenues and expenditures relating to the City's general obligation debt that is supported by property tax revenues. In 2013, $6.6 million was received in taxes, $1.1 million more than in 2012. The transfers in of $27.7 million have increased by $13.8 million. The total fund revenues and transfers in were $35.2 million and the expenditures for debt payments in 2013 totaled $19.7 million. The remaining fund balance of $31.5 million at the end of the fiscal year is to be used for future debt service payments.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

HRA General 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, 2013, the fund balance is $11.7 million, which is entirely restricted for future debt service. Total debt spending during 2013 was $11.2 million.

Capital Improvement Projects Fund accounts for the major capital improvement projects relating to City-owned capital assets. The fund has a total fund balance of $8.2 million. The net increase in fund balance during the current year was $4.5 million. This is mainly due to unspent bond proceeds for capital projects still in the process of completion.

Proprietary Funds

The City of Saint Paul's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Sewer Utility Fund performance in 2013 ended with an unrestricted net position balance of $34.1 million at December 31, 2013. The net position balance decreased in 2013 by $3.9 million. Operating cash is being maintained in the $30-$40 million range; cash balance at December 31, 2013 was $46.4 million. Revenues are being increased with a 3% increase in sanitary sewer rates and a 3% increase in storm rates, which was recommended by the Mayor and adopted by the City Council in late 2013 for implementation on January 1, 2014.

The Sewer Utility Enterprise Fund anticipates a decrease in unrestricted net position as a result of continuation of an Inflow / Infiltration program, major reconstruction of storm sewer tunnels, and other construction repair work. At this time, the restrictions placed on resources in the Sewer Utility Enterprise Fund are those related to outstanding debt ($6.9 million), and the restriction for operation and maintenance ($4.4 million). In March 2013, Standard & Poor's Rating Group indicated their support of Sewer Utility management by maintaining their rating of the Sewer Utility's revenue bonds as AAA and Moody's upgraded their rating to Aa1 with a stable outlook.

HRA Loan Enterprise Fund accounts for: (1) loans issued and related servicing for various housing and economic development programs and projects, and (2) the Lofts at Farmers Market and the Penfield Apartments, market-rate rental projects. The Fund has unrestricted net position totaling $13.4 million at December 31, 2013. The assets of the Fund include loans receivable and accrued interest on these loans which are reported at $2.6 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 $12.3 million at December 31, 2013. The Fund had an overall increase in net position of $2.3 million for 2013.

HRA Parking Enterprise Fund accounts for the operation of HRA owned parking facilities in Saint Paul. The Fund has unrestricted net position of $13.2 million at December 31, 2013. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of $90.8 million. Long-term debt used for financing the construction of the parking facilities is $61.1 million in principal outstanding at December 31, 2013. The Fund had operating income of $4.5 million during 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the 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 and commitments), plus any additional supplemental appropriations that were legislated by City Council during the year. The total original adopted financing and spending budget including transfers was $222.0 million, which included the 2012 appropriation of $2.6 million that was carried forward to 2013.

The majority of the difference between the 2013 adopted and the 2012 final budget was in Fees, Sales and Services revenue for $10.5 million. This is mainly due to a change in budgeting practices in 2012, a Central Service charge administered by the General Fund to other City funds was previously budgeted as a Transfer In but in 2013 was instead budget as a Fee to more appropriately reflect the nature of the revenue.

The 2013 actual spending including transfers out was $228.2 million, as compared to the final budget of $233.4 million, resulted in a $5.2 million positive variance. Actual expenditures were 97.8% of the final budgeted amount.

The 2013 actual financing including transfers in was $224.7 million compared to the final budget of $229.9 million, and resulted in a negative variance of $5.2 million. Actual revenues were 97.7% of the final budgeted amount.

Overall, General Fund budget to actual results reflected a negative variance of $(.06) million, with an actual net change in fund balance of $(3.4) million.

CAPITAL ASSETS

At the end of 2013, the City had invested a total of $1,619.1 million in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress of the City, including the capital assets recorded for the City's internal service funds which have a depreciated value of $11.1 million.

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

The Public Works Department completed its 18th year of the Residential Street Vitality Program (RSVP) in 2013, completing three more projects: Arlington/Rice, Madison/Benson and Hatch/Agate. Public Works completed construction of the Hamline Bridge project November 14, 2013. Construction began on the Wheelock Bridge with a planned completion July 2014 and continued work on the Central Corridor and Pierce Butler projects

The Sewer System Rehabilitation program is now in its 16th year. The City awarded contracts for the Jesse/James relining project, the Hamline/Pleasant relining project, the Selby/Thomas relining project and the University/Lynnhurst relining project in the total amount of $7.13 million. All projects have an estimated completion date of November 30, 2014. A contract for the rehabilitation of the St. Anthony Storm Tunnel Phase IV was awarded in the fall 2013 so that work could take place during the winter months.

The Saint Paul Parks and Recreation Department is now in its 2nd year of a major construction project for the Lowertown Ballpark. The $63.0 million project will be home to the Saint Paul Saints and host several events for the amateur sports community. The ballpark will be open for the spring 2015 baseball season.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total
	2013	2012	2013	2012	2013	2012	Percent Change
Land	$ 152,395	$ 152,059	$ 35,755	$ 35,349	$ 188,150	$ 187,408	0.40%
Buildings and Structures	346,418	361,132	73,912	77,067	420,330	438,199	(4.08)%
Improvements other than Buildings	93,201	98,424	-	-	93,201	98,424	(5.31)%
Public Improvements	-	-	257,318	244,749	257,318	244,749	5.14%
Equipment	27,594	27,120	2,595	2,627	30,189	29,747	1.49%
Infrastructure	455,503	454,422	-	-	455,503	454,422	0.24%
Construction in Progress	117,672	82,307	56,718	11,011	174,390	93,318	86.88%
Total	$ 1,192,783	$ 1,175,464	$ 426,298	$ 370,803	$ 1,619,081	$ 1,546,267	4.71%

Additional information on the City of Saint Paul's capital assets can be found in Note VI.E in the Notes to the Financial Statements section of this report.

LONG-TERM OBLIGATIONS

During 2013, the City issued $38.1 million in bonds and retired/defeased $38.4 million in bonds, resulting in $496.6 million in bonds payable and $75.9 million in notes payable at the end of 2013. Of the bonded debt, $166.1 million is considered to be gross direct general property tax supported debt; considering the $31.5 million available in the General Debt Service Fund and $6.9 million available in the G.O. Special Assessment - Streets Debt Service Fund, the net general property tax supported debt at year end was $127.7 million or $442 per capita.

The City's General Obligation bonds issued in 2013 received a Aa1 rating from Moody's Investors Service, Inc. and continued their AAA rating from Standard & Poor's Corporation. The Sewer Revenue bonds issued in 2013 received an AAA rating from Standard & Poor's Corporation and a Aa1 rating from Moody's Investors Service, Inc.

OUTSTANDING DEBT GENERAL OBLIGATION, REVENUE, LEASE REVENUE AND SALES TAX NOTES AND BONDS
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
General Obligation Bonds	$ 201,925	$ 194,755	$ 23,235	$ 24,875	$ 225,160	$ 219,630	2.52%
Limited Tax Bonds	-	-	7,855	7,855	7,855	7,855	0.00%
Revenue Bonds	-	-	71,910	68,550	71,910	68,550	4.90%
Sales Tax Revenue Bonds	78,160	81,570	-	-	78,160	81,570	(4.18)%
HRA Tax Increment Revenue Bonds	32,420	33,694	-	-	32,420	33,694	(3.78)%
HRA Parking Facilities Revenue Bonds	-	-	37,815	39,565	37,815	39,565	(4.42)%
HRA Sales Tax Revenue Bonds	31,430	33,545	-	-	31,430	33,545	(6.30)%
HRA Lease Revenue Bonds	11,880	12,490	-	-	11,880	12,490	(4.88)%
General Obligation Notes	17,219	19,450	-	-	17,219	19,450	(11.47)%
Revenue Notes	31,250	32,750	7,563	8,722	38,813	41,472	(6.41)%
HRA Revenue Notes	18,310	18,931	1,580	1,580	19,890	20,511	(3.03)%
Total	$ 422,594	$ 427,185	$ 149,958	$ 151,147	$ 572,552	$ 578,332	(1.00)%

Additional information on the City of Saint Paul's long-term obligations can be found in Note VI.G in the Notes to the Financial Statements section of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Financial Outlook

The City's budget, and in particular the General, Library Agency and General Debt Service funds remain heavily influenced by state budget decisions to reduce state aid payments, called Local Government Aid (LGA).

In 2008, 2009, 2010, 2011, and 2012 the State had a significant budget deficit and resolved it in part by sharply reducing aid payments to local governments. These reductions occurred each year after the City had adopted its annual budgets. The City made mid-year budget amendments using hiring and spending freezes, as well as a limited use of available fund balance in excess of its fund balance policy requirements. These actions brought the budget back in line with forecasted revenues.

State aid payments are a significant source of financing for the City's General Fund budget. In the 2013 legislative session, the legislature increased LGA (Local Government Aid) to $53.7 million, which represents a $10.1 million increase from the 2013 certified amount.

The LGA increase approved during the 2013 legislative session is a good step toward renewing a more balanced and predictable state/local fiscal relationship, which will help make local budget planning and service delivery more predictable for the citizens of Saint Paul.

The Mayor is committed to working closely with the City Council to address any budgetary concerns by continued evaluation of management measures to restructure and resize service delivery systems, and the need for balanced growth in local revenues, while addressing the citizens' concerns about both the current level of property taxation and preserving the scope and quality of municipal services.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Employment Outlook

The 2013 annual average unemployment rate for the City of Saint Paul was reported by the Bureau of Labor Statistics at 5.3%, compared to the state unemployment rate of 4.7% and a U.S. average rate of 7.4%. Saint Paul has a balanced, diversified employment base with no single industry sector dominating and is well-positioned to weather the current economic downturn. Employment is not overly reliant on slowing and cyclical sectors, like manufacturing, but is centered with stable and growing employment sectors. Saint Paul's largest employment sector is education and health services (56,467 jobs in 2013, 32.5% of total). Other large sectors include public administration (22,370 jobs, 12.9%); and trade, transportation, and utilities (19,061 jobs, 11.0%) according to Minnesota Department of Employment and Economic Development.

Through the third quarter of 2013 Saint Paul employers paid an average of $52,745 annually compared to 2012 average of $51,878 which represents an increase of 1.7%. An average wage in the Metro increased by 2.4% ($58,968 vs. $
57,581) and by 2% statewide ($49,695 vs. $48,724) during the same period.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Office of Financial Services, Attn: Tami Jansen, Accounting Manager, at 15 W. Kellogg Blvd., Room 700; Saint Paul, Minnesota 55102, call 651-266-8835, or e-mail tami.jansen@ci.stpaul.mn.us.

General information relating to the City of Saint Paul, Minnesota, can be found at the City's internet website, www.stpaul.gov.

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
ASSETS				
Cash and Investments	210,182,160	52,641,298	262,823,458	20,297,207
Investments	-	6,262,115	6,262,115	15,852,967
Receivables (Net of Allowance for Uncollectibles)	66,548,437	6,604,513	73,152,950	75,555,761
Due from Component Units	239,030	2,775,731	3,014,761	-
Due from Primary Government	-	-	-	135,097
Due from Other Governmental Units	32,641,686	412,694	33,054,380	983,412
Advance to Component Units	376,840	-	376,840	-
Internal Balances	3,654,713	(3,654,713)	-	-
Inventories	13,838,146	7,787,191	21,625,337	2,201,856
Other Assets	4,211,429	103,393	4,314,822	463,292
Restricted Cash and Investments	-	17,445,747	17,445,747	50,778,015
Long Term Receivables	1,900,000	2,925,160	4,825,160	29,555,768
Capital Assets Not Being Depreciated				
Land	152,394,933	35,755,074	188,150,007	9,336,436
Construction in Progress	117,672,020	56,718,442	174,390,462	35,949,104
Capital Assets Net of Accumulated Depreciation				
Buildings and Structures	346,418,355	73,912,360	420,330,715	48,844,866
Improvements Other than Buildings	93,200,964	-	93,200,964	-
Public Improvements	-	257,317,753	257,317,753	197,497,180
Equipment	27,593,732	2,595,097	30,188,829	24,297,308
Infrastructure	455,502,621	-	455,502,621	-
Total Assets	1,526,375,066	519,601,855	2,045,976,921	511,748,269
DEFERRED OUTFLOWS OF RESOURCES				
Unrealized Loss on Derivatives	9,278,828	-	9,278,828	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	16,914,680	11,085,259	27,999,939	8,226,374
Accrued Salaries	9,199,960	296,235	9,496,195	677,604
Due to Component Units	59,933	75,164	135,097	-
Due to Primary Government	-	-	-	3,014,761
Due to Other Governmental Units	5,038,736	6,034	5,044,770	4,774,333
Liabilities Payable from Restricted Assets	-	4,638,366	4,638,366	51,344,429
Pollution Remediation Obligation	2,130,144	-	2,130,144	-
Unearned Revenue	19,853,657	11,729	19,865,386	19,611,286
Noncurrent Liabilities:				
Due Within One Year	42,441,709	5,868,557	48,310,266	799,180
Due in More than One Year	493,072,281	178,340,318	671,412,599	133,282,261
Total Liabilities	588,711,100	200,321,662	789,032,762	221,730,228
DEFERRED INFLOWS OF RESOURCES				
Interest Swap Derivative	9,278,828	-	9,278,828	-
NET POSITION				
Net Investment in Capital Assets	927,971,657	251,126,046	1,179,097,703	228,936,112
Restricted for:				
General Government	38,475,351	-	38,475,351	-
Public Safety	2,776,535	-	2,776,535	-
Highways and Streets	5,012,267	-	5,012,267	-
Culture and Recreation	2,330,771	-	2,330,771	-
Economic Development	20,392,239	-	20,392,239	32,694,466
Debt Service	57,360,840	10,202,208	67,563,048	21,858,069
Permanent Activities				
Expendable	46,479	-	46,479	-
Nonexpendable	35,000	-	35,000	-
Operations and Maintenance	-	4,667,983	4,667,983	-
Unrestricted	(116,737,173)	53,283,956	(63,453,217)	6,529,394
Total Net Position	937,663,966	319,280,193	1,256,944,159	290,018,041

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

City of Saint Paul, Minnesota
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended December 31, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	Component Units
Primary Government								
Governmental Activities								
General Government	45,897,421	4,468,536	550,801	5,079	(40,873,005)	-	(40,873,005)	-
Public Safety	180,335,655	48,557,047	13,971,750	-	(117,806,858)	-	(117,806,858)	-
Highways and Streets	73,112,752	57,350,782	11,326,776	3,619,795	(815,399)	-	(815,399)	-
Sanitation	4,418,516	2,030,145	690,092	-	(1,698,279)	-	(1,698,279)	-
Health	3,281,326	3,248,970	-	-	(32,356)	-	(32,356)	-
Culture and Recreation	78,240,164	11,095,412	6,416,026	9,793,301	(50,935,425)	-	(50,935,425)	-
Housing and Economic Development	54,376,822	552,943	32,426,873	5,135,744	(16,261,262)	-	(16,261,262)	-
Interest and Fiscal Charges	21,170,331	-	-	-	(21,170,331)	-	(21,170,331)	-
Total Governmental Activities	460,832,987	127,303,835	65,382,318	18,553,919	(249,592,915)	-	(249,592,915)	-
Business-Type Activities								
Sewer	41,534,100	48,918,611	-	-	-	7,384,511	7,384,511	-
Development Loan Programs	2,112,059	1,469,932	-	-	-	(642,127)	(642,127)	-
Parking	11,639,747	13,485,208	-	17,971	-	1,863,432	1,863,432	-
Parks, Recreation and Athletics	4,739,628	4,162,394	-	94,923	-	(482,311)	(482,311)	-
Impound Lot	3,241,403	3,171,264	-	-	-	(70,139)	(70,139)	-
Printing	1,404,767	1,415,416	-	-	-	10,649	10,649	-
Total Business-Type Activities	64,671,704	72,622,825	-	112,894	-	8,064,015	8,064,015	-
Total Primary Government	525,504,691	199,926,660	65,382,318	18,666,813	(249,592,915)	8,064,015	(241,528,900)	-
Component Units								
RiverCentre Convention & Visitors Authority	14,699,233	9,110,935	948,730	3,937,226	-	-	-	(702,342)
Regional Water Services	49,107,550	52,008,155	87,960	1,332,696	-	-	-	4,321,261
Port Authority	21,856,136	8,106,174	10,776,751	-	-	-	-	(2,973,211)
Total Component Units	85,662,919	69,225,264	11,813,441	5,269,922	-	-	-	645,708
General Revenues								
Taxes								
Property Taxes, Levied for General Purposes					98,981,989	1,738,167	100,720,156	-
Property Taxes, Levied for Debt Service					21,361,771	-	21,361,771	6,724,082
City Sales Tax					17,034,422	-	17,034,422	-
Gross Earnings Franchise Fee					29,570,068	-	29,570,068	-
Other Taxes					2,962,513	-	2,962,513	1,683,765
Revenues Not Restricted to Specific Programs								
Local Government Aid					53,909,136	-	53,909,136	-
Grants and Contributions					1,067,620	1,245,094	2,312,714	-
Investment Income								
Interest Earned on Investments					5,284,518	624,323	5,908,841	713,662
Increase (Decrease) in Fair Value of Investments					(9,426,616)	(986,276)	(10,412,892)	(1,757,206)
Other Investment Income					160,732	-	160,732	-
Gain on Sale of Capital Assets					96,719	1,777	98,496	30,469
Noncapital Contribution					283,149	-	283,149	-
Miscellaneous					7,417,423	6,322	7,423,745	1,859,222
Transfers					10,331,230	(10,331,230)	-	-
Total General Revenues and Transfers					239,034,674	(7,701,823)	231,332,851	9,253,994
Change in Net Position					(10,558,241)	362,192	(10,196,049)	9,899,702
Net Position, January 1, as restated (Note III-C)					948,222,207	318,918,001	1,267,140,208	280,118,339
Net Position, December 31					937,663,966	319,280,193	1,256,944,159	290,018,041

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

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	General	Library Agency	HRA General Fund	General Debt Service
ASSETS				
Cash and Investments with Treasurer	38,700,550	1,385,096	11,411,215	31,259,066
Cash and Investments with Trustees	-	42,800	-	-
Imprest Funds	42,125	-	-	-
Receivables				
Property Taxes - Due from Ramsey County	1,795,234	417,828	17,039	239,411
Property Taxes - Delinquent	1,884,472	443,556	77,884	228,842
Accounts (net of allowance for estimated uncollectible)	3,465,945	175,000	30,628	-
Assessments	-	-	-	-
Notes and Loans	-	-	-	-
Accrued Interest	453,743	-	66,086	192,486
Due from Xcel Energy	1,143,298	-	-	-
Due from Other Funds	15,219,359	-	433,770	-
Due from Component Units	191,402	-	-	-
Due from Other Governmental Units	969,671	-	-	-
Advance to Other Funds	-	-	717,599	-
Advance to Component Units	376,840	-	-	-
Land Held for Resale	-	-	492,834	-
TOTAL ASSETS	64,242,639	2,464,280	13,247,055	31,919,805
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Salaries Payable	6,764,043	371,147	-	7,297
Accounts Payable	1,761,399	131,376	28,929	9,490
Contracts/Retention Payable	-	-	397,373	-
Due to Other Funds	1,126,681	-	327,592	26,165
Due to Component Unit	-	-	-	-
Due to Other Governmental Units	1,874,337	-	1,042	-
Advance from Other Funds	1,768,830	-	-	-
Unearned Revenue	31,076	-	-	-
Total Liabilities	13,326,366	502,523	754,936	42,952
Deferred Inflows of Resources				
Unavailable Revenue	3,999,044	572,771	588,383	345,270
Fund Balance				
Nonspendable	376,840	-	-	-
Restricted	-	-	-	31,531,583
Committed	-	950,777	6,534,429	-
Assigned	2,559,942	438,209	5,369,307	-
Unassigned	43,980,447	-	-	-
Total Fund Balances	46,917,229	1,388,986	11,903,736	31,531,583
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	64,242,639	2,464,280	13,247,055	31,919,805

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

	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments with Treasurer	4,211,660	613,563	83,589,961	171,171,111
Cash and Investments with Trustees	7,298,234	8,042,218	9,629,370	25,012,622
Imprest Funds	-	-	58,020	100,145
Receivables				
Property Taxes - Due from Ramsey County	184,853	-	21,809	2,676,174
Property Taxes - Delinquent	120,532	-	82,707	2,837,993
Accounts (net of allowance for estimated uncollectible)	-	492,895	936,217	5,100,685
Assessments	-	15,381,164	34,605,736	49,986,900
Notes and Loans	-	-	12,159,698	12,159,698
Accrued Interest	70,803	-	613,029	1,396,147
Due from Xcel Energy	-	-	-	1,143,298
Due from Other Funds	-	2,217,152	204,762	18,075,043
Due from Component Units	-	-	-	191,402
Due from Other Governmental Units	-	16,391,342	10,990,464	28,351,477
Advance to Other Funds	-	-	2,612,191	3,329,790
Advance to Component Units	-	-	-	376,840
Land Held for Resale	-	-	10,102,819	10,595,653
TOTAL ASSETS	11,886,082	43,138,334	165,606,783	332,504,978
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Salaries Payable	-	3,394	1,111,814	8,257,695
Accounts Payable	-	550,633	3,842,770	6,324,597
Contracts/Retention Payable	-	5,824,471	-	6,221,844
Due to Other Funds	-	162,440	11,182,928	12,825,806
Due to Component Unit	-	59,933	-	59,933
Due to Other Governmental Units	-	1,578,557	1,558,029	5,011,965
Advance from Other Funds	-	-	4,764,026	6,532,856
Unearned Revenue	-	327,423	18,519,725	18,878,224
Total Liabilities	-	8,506,851	40,979,292	64,112,920
Deferred Inflows of Resources				
Unavailable Revenue	177,235	26,388,745	32,904,297	64,975,745
Fund Balance				
Nonspendable	-	-	35,000	411,840
Restricted	11,708,847	15,726,278	66,333,335	125,300,043
Committed	-	-	11,774,106	19,259,312
Assigned	-	-	19,549,782	27,917,240
Unassigned	-	(7,483,540)	(5,969,029)	30,527,878
Total Fund Balances	11,708,847	8,242,738	91,723,194	203,416,313
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	11,886,082	43,138,334	165,606,783	332,504,978

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

City of Saint Paul, Minnesota
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET AND
THE GOVERNMENT - WIDE STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balances - Governmental Funds	$ 203,416,313
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	1,181,634,003
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements, excluding the provision for an allowance for uncollectible taxes.	58,961,155
Internal Service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	20,439,473
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	(526,786,978)
Net Position of Governmental Activities	$ 937,663,966

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

	General	Library Agency	HRA General Fund	General Debt Service
REVENUES				
Taxes				
Property Taxes				
Current Taxpayer	70,373,875	15,508,357	2,508,566	6,510,145
Current Tax Increment	2,497,319	-	-	-
Delinquent Taxpayer	360,920	73,626	(45,307)	44,573
Delinquent Tax Increment	-	-	-	-
Total Property Taxes	73,232,114	15,581,983	2,463,259	6,554,718
City Sales Tax	-	-	-	-
Gross Earnings Franchise Fees	29,570,068	-	-	-
Hotel-Motel Tax	1,490,362	-	-	-
Other Taxes	131,585	-	-	-
Total Taxes	104,424,129	15,581,983	2,463,259	6,554,718
Licenses and Permits	10,796,051	-	-	-
Intergovernmental Revenue (Schedule 5)	62,952,915	-	70	473,239
Fees, Sales and Services	37,745,545	-	1,434,288	141,822
Assessments	12,728	-	-	-
Investment Income				
Interest Earned on Investments	1,752,840	-	279,846	887,689
Increase (Decrease) in Fair Value of Investments	(3,966,039)	-	(500,840)	(909,707)
Interest Earned - Other	83,640	-	-	-
Miscellaneous Revenue				
Program Income	-	-	-	-
Other	5,381,668	176,803	300	-
Total Revenues	219,183,477	15,758,786	3,676,923	7,147,761
EXPENDITURES				
Current				
General Government	31,691,983	-	-	633,015
Public Safety	150,081,179	-	-	-
Highways and Streets	3,313,132	-	-	-
Sanitation	-	-	-	-
Health	-	-	-	-
Culture and Recreation	26,596,065	14,833,668	-	-
Housing and Economic Development	-	-	4,271,322	-
Miscellaneous	6,319,286	-	-	-
Capital Outlay	-	8,100	-	-
Debt Service				
Bond Principal	-	-	-	15,810,000
Other Debt Principal	-	-	-	-
Interest - Bonds	-	-	-	3,895,837
Interest - Other Debt	7,426	-	-	-
Bond Issuance Costs	-	-	-	-
Total Expenditures	218,009,071	14,841,768	4,271,322	20,338,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,174,406	917,018	(594,399)	(13,191,091)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,284,040	-	1,155,363	27,723,618
Transfers Out	(10,861,972)	(544,596)	(286,041)	(512,558)
Bonds Issued	-	-	-	318,390
Premium on Bonds Issued	-	-	-	-
Capital Contribution	-	-	-	-
Capital Lease	-	42,800	-	-
Sale of Capital Assets	27,281	-	-	-
Total Other Financing Sources (Uses)	(4,550,651)	(501,796)	869,322	27,529,450
Net Change in Fund Balances	(3,376,245)	415,222	274,923	14,338,359
FUND BALANCES, January 1	50,293,474	973,764	11,628,813	17,193,224
FUND BALANCES, December 31	46,917,229	1,388,986	11,903,736	31,531,583

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

	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property Taxes				
Current Taxpayer	-	-	4,655,359	99,556,302
Current Tax Increment	10,161,321	-	9,234,226	21,892,866
Delinquent Taxpayer	-	-	-	433,812
Delinquent Tax Increment	(15,404)	-	(68,399)	(83,803)
Total Property Taxes	10,145,917	-	13,821,186	121,799,177
City Sales Tax	-	-	17,034,422	17,034,422
Gross Earnings Franchise Fees	-	-	-	29,570,068
Hotel-Motel Tax	-	-	1,735,601	3,225,963
Other Taxes	-	-	-	131,585
Total Taxes	10,145,917	-	32,591,209	171,761,215
Licenses and Permits	-	-	430,828	11,226,879
Intergovernmental Revenue (Schedule 5)	-	23,657,906	44,689,645	131,773,775
Fees, Sales and Services	-	2,367,169	26,771,225	68,460,049
Assessments	-	5,490,316	31,645,590	37,148,634
Investment Income				
Interest Earned on Investments	104,636	-	2,186,495	5,211,506
Increase (Decrease) in Fair Value of Investments	(450,623)	-	(3,599,384)	(9,426,593)
Interest Earned - Other	-	-	143,828	227,468
Miscellaneous Revenue				
Program Income	-	-	524,683	524,683
Other	1,002,725	7,054,975	11,831,063	25,447,534
Total Revenues	10,802,655	38,570,366	147,215,182	442,355,150
EXPENDITURES				
Current				
General Government	-	1,696,301	6,258,659	40,279,958
Public Safety	-	248,861	15,397,049	165,727,089
Highways and Streets	-	15,765,531	24,378,120	43,456,783
Sanitation	-	-	4,369,645	4,369,645
Health	-	-	3,248,970	3,248,970
Culture and Recreation	-	913,799	17,254,119	59,597,651
Housing and Economic Development	1,758,109	119,803	47,338,264	53,487,498
Miscellaneous	-	-	-	6,319,286
Capital Outlay	-	55,273,447	4,076,380	59,357,927
Debt Service				
Bond Principal	5,303,862	-	7,905,000	29,018,862
Other Debt Principal	454,785	-	4,174,999	4,629,784
Interest - Bonds	5,064,957	-	8,095,042	17,055,836
Interest - Other Debt	350,977	-	3,422,823	3,781,226
Bond Issuance Costs	-	346,738	66,009	412,747
Total Expenditures	12,932,690	74,364,480	145,985,079	490,743,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,130,035)	(35,794,114)	1,230,103	(48,388,112)
OTHER FINANCING SOURCES (USES)				
Transfers In	19,831,816	22,716,721	35,747,404	113,458,962
Transfers Out	(18,223,677)	(2,818,042)	(66,179,070)	(99,425,956)
Bonds Issued	-	19,863,610	6,443,000	26,625,000
Premium on Bonds Issued	-	234,973	434,700	669,673
Capital Contribution	-	283,149	-	283,149
Capital Lease	-	-	1,561,700	1,604,500
Sale of Capital Assets	-	-	14,078	41,359
Total Other Financing Sources (Uses)	1,608,139	40,280,411	(21,978,188)	43,256,687
Net Change in Fund Balances	(521,896)	4,486,297	(20,748,085)	(5,131,425)
FUND BALANCES, January 1	12,230,743	3,756,441	112,471,279	208,547,738
FUND BALANCES, December 31	11,708,847	8,242,738	91,723,194	203,416,313

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

City of Saint Paul, Minnesota

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds	$	(5,131,425)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Net Position, the cost of these assets is capitalized and depreciated over their estimated useful lives with depreciation expense reported in the Statement of Activities.		21,091,214
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements and contributions) is to increase or decrease net assets		(1,364,221)
Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(16,620,896)
Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		5,353,403
Governmental funds report the effect of premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		(2,872)
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(11,908,077)
Internal Service funds are used by management to charge the costs of various services provided to individual funds. The net revenues of certain activities of internal service funds are reported with governmental activities.		(1,975,367)
Change in Net Position of Governmental Activities	$	(10,558,241)

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

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals	
ASSETS						
Current Assets						
Cash and Investments with Treasurer	29,012,086	5,526,268	10,679,908	216,422	45,434,684	12,686,786
Cash and Investments with Trustees	-	6,103,951	1,100,913	-	7,204,864	1,210,271
Imprest Funds	150	-	-	1,600	1,750	1,225
Restricted Cash and Cash Equivalents	11,810,152	628,775	5,006,820	-	17,445,747	-
Receivables						
Delinquent Taxes Receivable	-	-	95,190	-	95,190	-
Accounts - net	19,413	585	338,374	82,730	441,102	309,446
Assessments	5,935,784	934	-	-	5,936,718	-
Accrued Interest	56,593	39,387	25,833	9,690	131,503	1
Due from Other Funds	-	-	295,323	44,266	339,589	3,256,236
Due from Component Units	2,758,127	-	-	17,604	2,775,731	47,628
Due from Other Governmental Units	180,997	3,043	-	228,654	412,694	688,030
Inventories	87,655	-	-	362,103	449,758	3,242,493
Prepaid Items	-	103,393	-	-	103,393	4,211,429
Land Held for Resale	-	7,337,433	-	-	7,337,433	-
Total Current Assets	49,860,957	19,743,769	17,542,361	963,069	88,110,156	25,653,545
Noncurrent Assets						
Restricted Assets						
Investment for Revenue Bond Future Debt Service	5,595,365	-	-	-	5,595,365	-
Investment for Revenue Bond Construction	-	-	-	666,750	666,750	-
Advance to Other Funds	-	2,921,882	1,329,744	-	4,251,626	738,331
Other Long-Term Loans Receivable	-	2,047,508	236,250	-	2,283,758	1,900,000
Accrued Interest Receivable on Loans	-	567,847	73,555	-	641,402	-
Capital Assets						
Land	488,435	4,507,344	27,247,487	3,511,808	35,755,074	80,907
Buildings and Structures	3,347,053	9,239,408	107,410,008	2,742,672	122,739,141	14,437,290
Less: Accumulated Depreciation	(887,853)	(442,721)	(45,804,842)	(1,691,365)	(48,826,781)	(9,086,239)
Public Improvements	391,794,242	-	518,513	-	392,312,755	-
Less: Accumulated Depreciation	(134,906,178)	-	(88,824)	-	(134,995,002)	-
Equipment	2,537,416	23,245	2,283,889	2,873,892	7,718,442	27,461,351
Less: Accumulated Depreciation	(1,871,872)	(4,456)	(745,299)	(2,501,718)	(5,123,345)	(21,744,687)
Construction in Progress	3,668,971	53,049,471	-	-	56,718,442	-
Total Noncurrent Assets	269,765,579	71,909,528	92,460,481	5,602,039	439,737,627	13,786,953
TOTAL ASSETS	319,626,536	91,653,297	110,002,842	6,565,108	527,847,783	39,440,498

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

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals	
LIABILITIES						
Current Liabilities (Payable from Current Assets)						
Accrued Salaries Payable	131,058	-	-	165,177	296,235	942,265
Accounts Payable	786,660	8,727,798	862,616	526,816	10,903,890	712,889
Contracts Payable	-	27,368	-	-	27,368	-
Due to Other Funds	98,636	13,490	152,353	7,028,063	7,292,542	1,559,749
Due to Component Units	75,164	-	-	-	75,164	-
Due to Other Governmental Units	-	-	76	5,958	6,034	26,771
Unearned Revenue	-	6,833	4,896	-	11,729	3,105,577
Compensated Absences Payable	25,500	-	-	17,121	42,621	112,025
Revenue Bonds Payable	3,597,917	-	721,331	310,000	4,629,248	-
Revenue Notes Payable	1,196,688	-	-	-	1,196,688	-
Capital Lease Payable	-	-	-	-	-	764,246
Accrued Interest Payable	88,713	-	-	65,288	154,001	35,191
Total Current Liabilities (Payable from Current Assets)	6,000,336	8,775,489	1,741,272	8,118,423	24,635,520	7,258,713
Current Liabilities (Payable from Restricted Assets)						
General Obligation Bonds Payable	-	-	1,710,000	-	1,710,000	-
Revenue Bonds Payable	327,083	-	1,108,669	-	1,435,752	-
Accrued Interest Payable	202,148	299,723	990,743	-	1,492,614	-
Total Current Liabilities (Payable from Restricted Assets)	529,231	299,723	3,809,412	-	4,638,366	-
Total Current Liabilities	6,529,567	9,075,212	5,550,684	8,118,423	29,273,886	7,258,713
Noncurrent Liabilities						
General Obligation Bonds Payable (net)	-	-	22,154,931	-	22,154,931	-
Limited Tax Bonds Payable	-	7,855,000	-	-	7,855,000	-
Revenue Bonds Payable (net)	64,091,335	-	36,080,579	5,172,767	105,344,681	-
Revenue Notes Payable	6,366,081	1,580,000	-	-	7,946,081	-
Mortgage Payable	-	33,372,108	-	-	33,372,108	-
Capital Lease Payable	-	-	-	-	-	3,676,985
Advance from Other Funds	-	814,744	-	-	814,744	972,147
Compensated Absences Payable	272,527	-	-	447,324	719,851	2,294,919
Net Other Postemployment Benefits Obligation	287,359	-	-	660,307	947,666	4,936,906
Total Noncurrent Liabilities	71,017,302	43,621,852	58,235,510	6,280,398	179,155,062	11,880,957
TOTAL LIABILITIES	77,546,869	52,697,064	63,786,194	14,398,821	208,428,948	19,139,670
NET POSITION						
Net Investment in Capital Assets	197,482,920	25,145,183	29,045,421	(547,478)	251,126,046	6,707,391
Restricted	10,439,545	414,569	4,016,077	-	14,870,191	-
Unrestricted	34,157,202	13,396,481	13,155,150	(7,286,235)	53,422,598	13,593,437
TOTAL NET POSITION	242,079,667	38,956,233	46,216,648	(7,833,713)	319,418,835	20,300,828
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(138,642)	
Net Position of Business-Type Activities					319,280,193	

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

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals	
OPERATING REVENUES						
Intergovernmental Revenue	-	-	-	-	-	2,786,884
Fees, Sales and Services	48,915,978	1,077,475	13,483,008	8,008,675	71,485,136	56,849,865
Rents and Leases	-	-	-	732,242	732,242	1,927,297
Interest Earned on Loans	-	(113,248)	-	-	(113,248)	201,709
Miscellaneous	2,633	505,705	2,200	8,157	518,695	380,604
Total Operating Revenues	48,918,611	1,469,932	13,485,208	8,749,074	72,622,825	62,146,359
OPERATING EXPENSES						
Cost of Merchandise Sold	-	-	-	243,843	243,843	571,812
Salaries	3,325,380	-	-	3,223,905	6,549,285	23,747,673
Employee Fringe Benefits	1,579,129	-	-	1,313,967	2,893,096	8,978,439
Agent	-	414,961	4,435,578	-	4,850,539	-
Services	26,919,031	281,828	1,201,566	2,871,742	31,274,167	9,941,758
Materials and Supplies	598,526	-	7,390	1,228,699	1,834,615	15,000,621
Depreciation	4,969,923	233,310	3,013,542	231,662	8,448,437	1,743,031
Bad Debts	-	(278,623)	3,150	-	(275,473)	101,172
Miscellaneous	846,674	946,492	307,866	13,200	2,114,232	117,865
Total Operating Expenses	38,238,663	1,597,968	8,969,092	9,127,018	57,932,741	60,202,371
OPERATING INCOME (LOSS)	10,679,948	(128,036)	4,516,116	(377,944)	14,690,084	1,943,988
NON-OPERATING REVENUES (EXPENSES)						
Property Tax Increment	-	618,035	1,120,132	-	1,738,167	-
Intergovernmental Revenue (Schedule 5)	72,711	1,172,383	-	-	1,245,094	-
Operating Grants	-	-	-	-	-	75,000
Gain on Sale of Capital Assets	-	-	-	1,777	1,777	67,352
Investment Income						
Interest Earned on Investments	310,088	146,609	130,361	37,265	624,323	13,279
Increase (Decrease) in Fair Value of Investments	(508,763)	(261,545)	(196,753)	(19,215)	(986,276)	(22)
Miscellaneous Other Revenue (Expense)	-	-	-	6,322	6,322	16,911
Loss on Retirement of Assets	-	-	(105,707)	-	(105,707)	(11,992)
Interest Expense						
Revenue Bonds	(2,634,615)	(514,091)	(2,564,948)	(258,780)	(5,972,434)	-
Capital Lease	-	-	-	-	-	(146,802)
Revenue Notes	(289,418)	-	-	-	(289,418)	-
Advance from Other Funds	-	-	-	-	-	(5,811)
Bond Issuance Costs	(143,720)	-	-	-	(143,720)	-
Total Non-Operating Revenues (Expenses)	(3,193,717)	1,161,391	(1,616,915)	(232,631)	(3,881,872)	7,915
Income (Loss) Before Capital Contributions and Transfers	7,486,231	1,033,355	2,899,201	(610,575)	10,808,212	1,951,903
Capital Contributions	-	-	17,971	94,923	112,894	-
Transfers In	-	2,709,828	1,000,000	230,000	3,939,828	989,950
Transfers Out	(11,399,811)	(1,429,897)	(1,107,934)	(333,416)	(14,271,058)	(4,742,450)
Change in Net Position	(3,913,580)	2,313,286	2,809,238	(619,068)	589,876	(1,800,597)
NET POSITION, January 1, as restated (Note III-C)	245,993,247	36,642,947	43,407,410	(7,214,645)		22,101,425
NET POSITION, December 31	242,079,667	38,956,233	46,216,648	(7,833,713)		20,300,828
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					174,770	
Total change in net position of business-type activities					764,646	

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

	Business-type Activities - Enterprise Funds					Governmental
	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Loan Recipients and Other Customers	49,704,420	1,236,291	13,569,719	7,799,341	72,309,771	22,741,207
Receipts from Other Funds for Services Provided	17,318	528	-	2,063,686	2,081,532	43,266,038
Other Operating Receipts	-	-	-	14,479	14,479	251,157
Payment to Suppliers	(22,423,938)	(1,278,505)	(4,972,252)	(1,845,343)	(30,520,038)	(19,311,184)
Payment to Employees	(3,331,473)	-	-	(3,154,464)	(6,485,937)	(21,342,535)
Payment for Fringe Benefits and Payroll Taxes	(1,685,018)	-	-	(1,349,436)	(3,034,454)	(9,725,425)
Payment to Other Funds for Services Used	(8,049,463)	(384,680)	(935,109)	(1,364,121)	(10,733,373)	(6,919,899)
Other Operating Payments	-	-	-	(941,460)	(941,460)	(1,449,973)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	14,231,846	(426,366)	7,662,358	1,222,682	22,690,520	7,509,386
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In from Other Funds	-	2,709,828	1,000,000	230,000	3,939,828	1,798,687
Transfers Out to Other Funds	(12,631,992)	(715,215)	(1,012,546)	(333,416)	(14,693,169)	(4,188,024)
Hotel and Motel Tax Received	-	618,035	-	-	618,035	-
Operating Grants Received	72,711	1,172,383	-	-	1,245,094	75,000
Noncapital Contributions Received from Outside Sources	-	250	-	-	250	-
Advance Received From Other Funds	-	(2,145,085)	-	(306,192)	(2,451,277)	1,435,948
Repayment of Advance Made to Other Funds	-	197,464	332,037	(503,371)	26,130	-
Advance Made to Other Funds	-	-	(1,957,104)	-	(1,957,104)	(584,014)
Repayment of Advance Received for Pooled Cash and Investments Overdrafts	-	-	-	-	-	-
Repayment of Advance Received from Other Funds	-	78,182	-	-	78,182	(892,600)
Collection of an Advance to Other Funds	-	-	-	-	-	(15,831)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(12,559,281)	1,915,842	(1,637,613)	(912,979)	(13,194,031)	(2,370,834)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Property Tax Increments Received for Financing Capital Debt	-	-	1,121,801	-	1,121,801	-
Capital Contributions	-	-	-		-	-
Proceeds from Issuance of Mortgage	-	33,347,108	-	-	33,347,108	-
Proceeds from Issuance of Revenue Bonds	7,753,723	-	-	-	7,753,723	-
Proceeds from Issuance of Capital Lease	-	-	-	-	-	1,210,000
Proceeds from Sale of Capital Assets						
Buildings and Structures	-	-	31,681	-	31,681	-
Equipment	-	-	-	1,777	1,777	84,672
Cash Received for Capital Acquisition						
From Grants	-	-	-	-	-	(11,317)
Principal Paid On						
General Obligation Bonds	-	-	(1,640,000)	-	(1,640,000)	-
Revenue Bonds	(3,500,000)	-	(1,750,000)	-	(5,250,000)	-
Revenue Notes	(1,159,388)	-	-	-	(1,159,388)	-
Capital Lease	-	-	-	-	-	(660,239)
Payments for Acquisition and Construction of Capital Assets						
Land	(406,249)	-	-		(406,249)	
Buildings and Structures	-	-	(220,990)	-	(220,990)	(374,392)
Improvements Other Than Buildings	-	-	-	(116,358)	(116,358)	(19,905)
Public Improvements	(6,985,147)	-	(126,382)	-	(7,111,529)	-
Equipment	(33,049)	-	(187,851)	-	(220,900)	(954,742)
Construction in Progress	(3,668,971)	(37,050,907)	-	-	(40,719,878)	-
Interest Paid On						
General Obligation Bonds	-	-	(830,905)	-	(830,905)	-
Limited Tax Bonds	(2,700,757)	(514,093)	(1,850,961)	-	(5,065,811)	-
Revenue Bonds	(302,700)	85,451	-	-	(217,249)	-
Capital Lease	-	-	-	-	-	(146,440)
Payments of Bond Issue Costs	(143,720)	-	-	-	(143,720)	-
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	(11,146,258)	(4,132,441)	(5,453,607)	(114,581)	(20,846,887)	(872,363)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Investment Securities	(482,938)	-	-	-	(482,938)	-
Interest and Dividends Received	314,124	140,288	79,266	37,133	570,811	14,010
Increase (Decrease) in Fair Value of Investments	(413,529)	(261,546)	(196,753)	(19,215)	(891,043)	(22)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(582,343)	(121,258)	(117,487)	17,918	(803,170)	13,988
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,056,036)	(2,764,223)	453,651	213,040	(12,153,568)	4,280,177
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,878,424	15,023,217	16,333,990	4,982	82,240,613	9,618,105
CASH AND CASH EQUIVALENTS AT END OF YEAR	40,822,388	12,258,994	16,787,641	218,022	70,087,045	13,898,282

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

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	10,679,948	(128,036)	4,516,116	(377,944)	14,690,084	1,943,988
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	4,969,923	233,310	3,013,542	231,663	8,448,438	1,741,426
Increase (Decrease) in Allowance for						
Uncollectible Accounts/Loans	341	(3,100,840)	-	6,322	(3,094,177)	209,267
Nonoperating Miscellaneous Other Revenue Received	-	-	-	-	-	(26,611)
Nonoperating Miscellaneous Other Expenses Paid	-	(1,216,079)	40,564	-	(1,175,515)	-
Changes in Assets and Liabilities						
(Increase) Decrease in						
Accounts Receivable	708,053	29,093	42,201	(34,138)	745,209	295,683
Assessments Receivable	89,326	-	-	-	89,326	-
Notes and Loans Receivable	-	3,863,664	-	-	3,863,664	833,746
Accrued Interest Receivable	-	94,634	-	-	94,634	10,032
Due from Other Funds	19,599	-	-	104,355	123,954	3,183,920
Due from Component Units	(54,949)	-	-	(17,354)	(72,303)	248,787
Due from Other Governmental Units	40,758	(2,518)	-	243,011	281,251	95,066
Inventories	3,919	-	-	(93,858)	(89,939)	(387,137)
Prepaid Items	-	(103,393)	30,675	-	(72,718)	853,756
Land Held for Resale	-	(161,812)	-	-	(161,812)	-
Increase (Decrease) in						
Accrued Salaries Payable	(6,093)	-	-	61,605	55,512	24,466
Accounts Payable	(1,279,145)	84,816	146,022	305,442	(742,865)	(777,224)
Contracts and Retention Payable	-	13,803	-	-	13,803	-
Due to Other Funds	(862,841)	(38,277)	(131,685)	782,882	(249,921)	(359,494)
Due to Component Units	7,115	-	-	-	7,115	-
Due to Other Governmental Units	-	(1,564)	27	(6,993)	(8,530)	(80,649)
Unearned Revenue	-	6,833	4,896	-	11,729	(599,436)
Compensated Absences Payable	6,491	-	-	5,795	12,286	43,946
Net Other Postemployment Benefits Obligation	(90,599)	-	-	11,894	(78,705)	255,854
Total Adjustments	3,551,898	(298,330)	3,146,242	1,600,626	8,000,436	5,565,398
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	14,231,846	(426,366)	7,662,358	1,222,682	22,690,520	7,509,386
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS						
Cash and Investments with Treasurer	29,012,086	5,526,268	10,679,908	216,422	45,434,684	12,686,786
Cash and Investments with Trustees	-	6,103,951	1,100,913	-	7,204,864	1,210,271
Imprest Funds	150	-	-	1,600	1,750	1,225
Restricted Cash	11,810,152	628,775	5,006,820	-	17,445,747	-
TOTAL CASH AND CASH EQUIVALENTS	40,822,388	12,258,994	16,787,641	218,022	70,087,045	13,898,282
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Capital Assets Purchased on Account						
Buildings and Structures	-	-	-	-	-	-
Public Improvements	-	-	-	-	-	-
Construction in Progress	452,904	8,568,483	-	-	9,021,387	-
Equipment	-	-	57,882	-	57,882	-
Loss on Disposition of Capital Assets	-	-	(137,388)	-	(137,388)	11,695
Contribution from Governmental Activities Capital Assets						
Construction in Progress	-	-	-	-	-	-
Improvements Other Than Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	11,316
Buildings and Structures	-	-	-	-	-	-
Contribution to Governmental Activities Capital Assets						
Improvements Other Than Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Buildings and Structures	-	-	-	-	-	-
Non Cash Advance from Fund					-	
Contribution from Proprietary Activities Capital Assets	-	-	17,971	-	17,971	-
Prior Year Loans From Outside Sources	-	501,146	-	-	501,146	-
Prior Year Adjustment to Infrastructure	9,999,315	-	-	-	9,999,315	-
Increase/(Decrease) in Fair Market Value of Investments	(508,763)	(261,545)	(196,753)	(19,215)	(986,276)	(22)

City of Saint Paul, Minnesota
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2013

ASSETS	
Cash and Investments with Treasurer	4,366,937
Receivables	
Property Taxes - Due from Ramsey County	28,646
Accounts (net of allowance for estimated uncollectibles)	1,958
Accrued Interest	8,172
Due from Other Funds	7,229
TOTAL ASSETS	4,412,942
LIABILITIES	
Accounts Payable	1,962,733
Due to Other Governmental Units	2,450,209
TOTAL LIABILITIES	4,412,942

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

STATEMENT OF NET POSITION
ALL DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2013

	RiverCentre Convention & Visitors Authority	Regional Water Services	Port Authority	Total
ASSETS				
Current Assets				
Cash and Investments	2,035,835	13,042,305	4,983,297	20,061,437
Investments	413,785	5,021,827	10,417,355	15,852,967
Departmental Cash	-	228,770	-	228,770
Imprest Funds	-	7,000	-	7,000
Restricted Cash and Cash Equivalents				
Cash for Operations	-	-	233,640	233,640
Cash for Grants and Other Contributions	-	1,070	17,896,496	17,897,566
Cash for General Obligation Debt Service	-	-	2,019,162	2,019,162
Cash for Revenue Bond Debt Service	-	-	2,805,822	2,805,822
Investments for Revenue Bond Debt Service	-	3,428,600	-	3,428,600
Investments for Revenue Note Debt Service	-	1,495,766	-	1,495,766
Receivables				
Accounts (net of allowance for Estimated Uncollectibles)	1,366,976	5,585,615	830,776	7,783,367
Assessments	-	3,517,510	-	3,517,510
Accrued Interest	-	111,435	89,406	200,841
Due from Primary Government	-	135,097	-	135,097
Due from Other Governmental Units	-	983,412	-	983,412
Inventory - Materials and Supplies	-	2,171,931	29,925	2,201,856
Prepaid Items	160,376	-	302,916	463,292
Total Current Assets	3,976,972	35,730,338	39,608,795	79,316,105
Noncurrent Assets				
Restricted Assets				
Cash for Operations	2,045,142	-	-	2,045,142
Investments for Port Authority Operations	-	-	3,199,308	3,199,308
Investments for Other Funds Held in Trust	-	-	8,324,644	8,324,644
Investments for Revenue Bond Future Debt Service	-	4,924,365	695,875	5,620,240
Investments for Revenue Bond and Notes	-	-	2,096,436	2,096,436
Investments for Revenue Bond Operations and Maintenance	-	1,611,689	-	1,611,689
Total Restricted Assets	2,045,142	6,536,054	14,316,263	22,897,459
Other Assets				
Other Long-Term Receivables	-	140,000	29,415,768	29,555,768
Taxes Receivable	-	-	64,054,043	64,054,043
Total Other Assets	-	140,000	93,469,811	93,609,811
Capital Assets				
Land	-	1,307,887	8,028,549	9,336,436
Buildings and Structures	-	56,006,802	19,146,030	75,152,832
Less: Accumulated Depreciation	-	(20,397,623)	(5,910,343)	(26,307,966)
Public Improvements	-	272,048,509	29,137,328	301,185,837
Less: Accumulated Depreciation	-	(77,263,198)	(26,425,459)	(103,688,657)
Equipment	180,642	52,054,400	2,248,733	54,483,775
Less: Accumulated Depreciation	(129,331)	(28,356,231)	(1,700,905)	(30,186,467)
Construction in Progress	-	19,664,841	16,284,263	35,949,104
Total Capital Assets	51,311	275,065,387	40,808,196	315,924,894
Total Noncurrent Assets	2,096,453	281,741,441	148,594,270	432,432,164
Total Assets	6,073,425	317,471,779	188,203,065	511,748,269

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

	RiverCentre Convention & Visitors Authority	Regional Water Services	Port Authority	Total
LIABILITIES				
Current Liabilities (Payable from Current Assets)				
Accrued Salaries Payable	-	659,987	17,617	677,604
Compensated Absences Payable	-	73,036	95,614	168,650
Claims and Judgments Payable	-	630,530	-	630,530
Accounts Payable	1,046,436	2,041,911	4,920,465	8,008,812
Contract Retention Payable	-	217,562	-	217,562
Due to Primary Government	191,360	2,823,401	-	3,014,761
Due to Other Governmental Units	-	3,714,764	1,059,569	4,774,333
Unearned Revenue	486,948	492,321	18,632,017	19,611,286
Total Current Liabilities (Payable from Current Assets)	1,724,744	10,653,512	24,725,282	37,103,538
Current Liabilities (Payable from Restricted Assets)				
Accounts Payable	-	2,287	-	2,287
General Obligation Bonds	-	-	1,760,000	1,760,000
Revenue Bonds Payable	-	2,875,000	24,347,214	27,222,214
Revenue Notes Payable	-	1,237,291	768,592	2,005,883
Accrued Interest Payable				
General Obligation Bonds	-	-	528,177	528,177
Revenue Bonds	-	46,133	19,420,299	19,466,432
Revenue Notes	-	43,218	316,218	359,436
Total Current Liabilities (Payable from Restricted Assets)	-	4,203,929	47,140,500	51,344,429
Total Current Liabilities	1,724,744	14,857,441	71,865,782	88,447,967
Noncurrent Liabilities				
General Obligation Bonds Payable	-	-	33,585,000	33,585,000
Add: Unamortized Premium	-	-	86,334	86,334
Revenue Bonds Payable	-	18,150,000	33,847,057	51,997,057
Add: Unamortized Premium	-	768,638	265,269	1,033,907
Revenue Notes Payable	-	25,981,354	10,891,803	36,873,157
Less: Unamortized Discount	-	-	(138,922)	(138,922)
Advance from Primary Government	376,840	-	-	376,840
Compensated Absences Payable	-	1,721,515	-	1,721,515
Net Other Postemployment Benefits Obligation	-	3,805,727	71,920	3,877,647
Claims and Judgments Payable	-	3,869,726	-	3,869,726
Total Noncurrent Liabilities	376,840	54,296,960	78,608,461	133,282,261
Total Liabilities	2,101,584	69,154,401	150,474,243	221,730,228
NET POSITION				
Net Investment in Capital Assets	51,311	226,053,104	2,831,697	228,936,112
Restricted	-	11,371,069	43,181,466	54,552,535
Unrestricted	3,920,530	10,893,205	(8,284,341)	6,529,394
Total Net Position	3,971,841	248,317,378	37,728,822	290,018,041

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

City of Saint Paul, Minnesota
STATEMENT OF ACTIVITIES
ALL DISCRETELY PRESENTED COMPONENT UNITS
For The Fiscal Year Ended December 31, 2013

Statement 12
(Page 1 of 1)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets — Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	RiverCentre Convention & Visitors Authority	Regional Water Services	Port Authority	Totals
RiverCentre Convention & Visitors Authority	14,699,233	9,110,935	948,730	3,937,226	(702,342)	-	-	(702,342)
Regional Water Services	49,107,550	52,008,155	87,960	1,332,696	-	4,321,261	-	4,321,261
Port Authority	21,856,136	8,106,174	10,776,751	-	-	-	(2,973,211)	(2,973,211)
Total Component Units	85,662,919	69,225,264	11,813,441	5,269,922	(702,342)	4,321,261	(2,973,211)	645,708
General Revenues								
Taxes								
Property Taxes, Levied for Debt Service					-	-	6,724,082	6,724,082
Hotel/Motel Tax					1,683,765	-	-	1,683,765
Investment Income								
Interest Earned on Investments					75,776	422,433	215,453	713,662
Increase (Decrease) in Fair Value of Investments					(91,100)	(1,666,106)	-	(1,757,206)
Gain on Sale of Capital Assets					-	30,469	-	30,469
Miscellaneous					5,337	135,073	1,718,812	1,859,222
Total General Revenues					1,673,778	(1,078,131)	8,658,347	9,253,994
Change in Net Position					971,436	3,243,130	5,685,136	9,899,702
Net Position, January 1					3,000,405	245,074,248	32,043,686	280,118,339
Net Position, December 31					3,971,841	248,317,378	37,728,822	290,018,041

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

Note I. Form of Government

The City of Saint Paul, Minnesota has a mayor-council form of government. The mayor is elected by the voters of the City at large for four years on a full-time basis. The City is divided into seven wards. Voters of each ward elect a member of the City Council for four years on a part-time basis. Executive power is vested in the mayor; legislative power is vested in the Council. The mayor has veto power, which the Council may override with a vote of five members.

Note II. Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 – *The Financial Reporting Entity* and GASB Statement No. 61 – *The Financial Reporting Entity – Omnibus,* the City's financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable for the component unit if it appoints a voting majority of the component unit's governing body and is able to impose its will on the component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Saint Paul (the primary government) and its component units (legally separate organizations). The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the City's reporting entity either as blended component units or as discretely presented component units. Blended component units' financial data is reported as part of the primary government and are reported with similar funds of the primary government. Discretely presented component units' financial data is reported in a column separate from the financial data of the primary government to emphasize that they are legally separate from the City.

Blended Component Units. The following component units have been presented as blended component units because the component units' governing bodies are the same as the governing body of the City and a financial benefit or burden relationship exists or the City has operational responsibility for the component unit.

Housing and Redevelopment Authority of the City of Saint Paul (HRA)
The Housing and Redevelopment Authority of the City of Saint Paul (HRA) was established to undertake urban renewal programs. These programs strive to redevelop the residential, commercial and industrial areas of the City of Saint Paul and to provide adequate jobs, a sound fiscal base and a variety of affordable housing for City residents. The City of Saint Paul's City Councilmembers act as the HRA Board and the City has operational responsibility of the HRA. The Authority's budget and tax levy are approved by the City Council. The City has a general obligation pledge on certain HRA debt. Separate financial statements for the HRA can be obtained from the City of Saint Paul, Department of Planning and Economic Development, 1400 City Hall Annex, 25 West Fourth Street, Saint Paul, MN 55102.

Note II. Financial Reporting Entity (continued)

The HRA's component unit, Penfield Apartments, LLC is presented as a blended component unit of the HRA because the component unit's governing body is the same as the governing body of the HRA. Penfield Apartments, LLC is the developer and owner of a 253-unit market rate apartment complex, with structured parking and a grocery store located in the complex. It is a special purpose entity LLC, financed primarily by a U.S. Department of Housing and Urban Development mortgage, and is wholly owned by a single entity, the HRA. The HRA Board acts as the Penfield Apartments, LLC Board. Separate financial statements for the Penfield Apartments, LLC can be obtained from the City of Saint Paul, Department of Planning and Economic Development, 1400 City Hall Annex, 25 West Fourth Street, Saint Paul, MN 55102.

Saint Paul Library Agency

The Saint Paul Library Agency was established in 2003 and is responsible for operating the City's public library system. This system provides reading materials to meet the interests of all ages, responds to the community's need for information and facilitates lifelong learning to enrich the quality of life in the community. The City of Saint Paul's City Councilmembers act as the Library Board and the City has operational responsibility of the agency. The agency's budget is approved by the Board. The agency's tax levy is approved by City Council. The City has a general obligation pledge on Library debt. The Library Agency consists of an operating fund, debt service fund and a capital improvement fund. These funds are incorporated into the City's financial report.

Discretely Presented Component Units. The component unit columns in the government-wide financial statements includes the financial data of the City's other component units. The governing bodies of these component units are not substantively the same as the governing body of the primary government and the component units do not provide services exclusively to the primary government.

RiverCentre Convention & Visitors Authority

The Saint Paul RiverCentre Convention & Visitors Authority (RCVA), a Minnesota non-profit corporation, was organized to equip, maintain, manage and operate the RiverCentre Convention Center, Roy Wilkins Auditorium, RiverCentre Parking Ramp and pedestrian connection and operate a convention bureau to market and promote the City as a tourist and convention destination. The Mayor appoints the President and CEO. There are nineteen individuals on the Board of Directors. Ten directors are designated by the Mayor with the approval of City Council, three directors are City Councilmembers and six directors are members of the RCVA who represent the business community. Debt obligations have been issued on behalf of the RCVA and the operational revenues have been committed to the repayment of those obligations. However, ultimately, the City of Saint Paul or the Saint Paul Housing and Redevelopment Authority would be obligated to pay those debt obligations if the RCVA's revenues were insufficient to meet debt service. Separate financial statements for the RCVA can be obtained from the Saint Paul RiverCentre Convention & Visitors Authority; 175 West Kellogg Boulevard; Suite 502; Saint Paul, MN 55102.

Saint Paul Regional Water Services

The Saint Paul Regional Water Services provides safe, quality water to Saint Paul and surrounding communities at a reasonable price. The Board of Water Commissioners consists of seven members. Five board members are appointed by the Mayor with the consent of the City Council, three of whom are City Councilmembers and two are citizens. The remaining two board members are appointed by suburban city councils. The City Council approves the Regional Water Services' water rates and the City has issued general obligation bonded debt on behalf of Regional

Note II. Financial Reporting Entity (continued)

Water Services. As part of the annual audit of the City performed by the State Auditor's Office, the Regional Water Services' financial statements have been included in their audit. Separate financial statements can be obtained from the Regional Water Services; Business Division; 1900 Rice Street; Saint Paul, MN 55113.

Port Authority of the City of Saint Paul

The Port Authority of the City of Saint Paul was established to increase the volume of commerce in the City through the creation of development districts and the acquisition and construction of industrial, commercial and other revenue-producing projects. The Port Authority finances this development in order to expand the tax base and create job opportunities. The Mayor appoints the Port Authority's board of commissioners with the consent of the City Council. Two of the seven board of commissioners are City Councilmembers. The Port Authority has issued general obligation debt and the Authority's development activities are financed in part with tax increment financing. It should be noted that other debt issued by the Port Authority, including industrial development revenue bonds, are not liabilities of the City of Saint Paul. The Port Authority considers these bonds as no-commitment debt, and they are excluded from its financial statements. The Authority defines no-commitment debt as debt for which the Authority has no further financial obligation. The industrial development bonds do not constitute indebtedness of the City and are secured solely by revenues from the commercial organizations on whose behalf the bonds are issued. The City assumes no responsibility for the day-to-day operations of the Port Authority, nor is it responsible for financing deficits. Separate financial statements can be obtained from the Port Authority of the City of Saint Paul, Chief Financial Officer, 380 St. Peter Street; Suite 850; Saint Paul, MN 55102.

The Port Authority's component unit, Capital City Properties (CCP), is a Minnesota not-for-profit corporation established in 1991 for the purpose of performing the functions and carrying out the public purposes of the Port Authority. All of the members of the board of directors of CCP are either commissioners or staff of the Port Authority. CCP leases the Capital City Plaza Parking Garage St. Paul, as well as participates in various joint ventures. Subject to the authorization of the CCP board of directors, excess cash flow may be utilized to carry out the public purpose of the Port Authority. Complete financial statements can be obtained from Capital City Properties, Chief Financial Officer, 380 St. Peter Street; Suite 850; Saint Paul, MN 55102-1313.

Related Organizations. The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. Related organizations are not included in the City's reporting entity.

The Public Housing Agency of the City of Saint Paul owns and operates housing projects for low income, elderly and handicapped families. The commissioners of the Public Housing Agency are appointed by the City Council. The City does not provide funding, has no obligation for the debt of the Agency, and cannot impose its will on the Agency.

The Riverfront Redevelopment Corporation was established to affect the planning and implementation of the development and preservation of the Mississippi River Corridor within Saint Paul. The operations of the Redevelopment Corporation are managed by a board of directors consisting of not less than eight and no more than seventeen members. All members of the board of directors are appointed by the Mayor with the consent of the City Council. Four of the directors of the corporation are designated as the City representatives. These are (1) Mayor or the Mayor's designee, (2) two members of the City Council and (3) the Director of the City of Saint Paul, Department of Planning and Economic Development. The City has no ability to impose its will to significantly influence the programs, projects or level of services performed or provided by the Riverfront Redevelopment Corporation. The City

is not responsible for funding debts, operating deficiencies and/or disposing of surpluses.

Joint Venture. The Minneapolis/Saint Paul Housing Finance Board (the Board) was established in accordance with a Joint Powers Agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul

(HRA), and the former Minneapolis Community Development Agency (MCDA), and accepted by the cities of Minneapolis and Saint Paul under State of Minnesota laws. The governing bodies of the HRA and the City of Minneapolis each appoint three of the six members of the Board. The Board was created for the public purpose of providing decent, safe, sanitary and affordable housing to the residents of the City of Saint Paul and the City of Minneapolis. The powers exercised by the Board include the power to undertake financing programs to implement individual components of the housing plan for each city and to issue revenue bonds to finance such programs. All bonds are special limited obligations of the Board and shall be payable only out of funds specifically pledged for each issue. Total net position at December 31, 2013 was $12,481,402. The 2013 operations resulted in a decrease of $4,460,597 to net position. During 2013, no distributions were made from the HRA or 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, 2013. 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, Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, MN 55401.

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Note III. Summary of Significant Accounting Policies

The financial statements of the City of Saint Paul have been prepared in conformity with generally accepted accounting principles (GAAP) 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. The more significant of the City's accounting policies are described below.

A. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and are prepared on the full accrual basis. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City allocates indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows/outflows of resources, fund equity/net position, revenues and expenditures/expenses. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Note III. Summary of Significant Accounting Policies (continued)

1. Total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

- General Fund – accounts for the City's primary operating activities financed mainly from property taxes, franchise fees and local government aid. It is used to account for all financial resources except those accounted for in another fund.
- Library Agency – accounts for the primary operating activities of the Library financed mainly from property taxes to provide a full range of library services.
- HRA General Fund – accounts for the HRA's primary operating activities financed mainly from property taxes and conduit bond fees. It is used to account for all financial resources except those accounted for in another fund.
- General Debt Service – accounts for resources accumulated, mainly from property taxes, investment earnings and payments made for principal and interest on long-term obligations other than tax increment district or enterprise fund debt.
- HRA General Debt Service – accounts for HRA resources accumulated, mainly from property tax increment, investment earnings and payments made for principal and interest on long-term obligations other than enterprise fund debt.
- Capital Improvement Projects – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The City reports the following major enterprise funds:

- Sewer Utility – accounts for all fees collected from the customers connected to the City sewer system and for all expenses of operating this system.
- HRA Loan Enterprise – accounts for: (1) loans issued under HRA housing and business programs and (2) the Lofts at Farmers Market and the Penfield Apartments, market-rate rental projects.
- HRA Parking – accounts for parking revenues which are used for acquisition, construction, operation and maintenance of HRA-owned parking facilities.

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Note III. Summary of Significant Accounting Policies (continued)

The City reports the following non-major governmental and enterprise funds:

Non-Major Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

- Special Projects – General Government
- Media Services
- Emergency Communications Center Consolidation
- Fire Responsive Services
- Lighting Maintenance Assessment Districts
- Special Projects – Division of Health
- Forestry Special
- Special Recreation Activities
- Charitable Gambling
- Parks and Recreation Opportunity
- Library Agency Revenues and Grants
- Community Development Block Grant
- HRA Federal and State Programs
- Charitable Gambling Enforcement
- Special Projects Police
- Right of Way Maintenance
- Solid Waste and Recycling
- Municipal Stadium
- Como Campus
- Municipal Athletic Programming
- Debt – Capital Improvement
- Parks and Recreation Grants and Aids
- Rella Havens Memorial Fund
- State Grant Programs

Debt Service Funds are used to account for and report the accumulation of financial resources that are restricted, committed, or assigned to expenditure for general long-term debt principal, interest and related costs.

- G.O. Special Assessment – Streets
- Library Debt
- City Revenue Bonds and Other Long-Term Debt
- Revenue Notes and Other Long-Term Debt

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets.

- Capital Improvement Bonds
- City Sales Tax
- HRA Tax Increment
- Library Capital Projects
- HRA Development Capital Projects

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs; that is, for the benefit of the government or its citizenry.

- Japanese Gardens
- Hoffman Memorial

Note III. Summary of Significant Accounting Policies (continued)

Non-Major Enterprise Funds

Enterprise Funds are used to report any activity for which a fee is charged to external users of goods or services, and must be used for activities which meet certain debt or cost-recovery criteria.

- Special Services
- Impounding Lot
- Watergate Marina
- River Print Saint Paul/Ramsey County

In addition, the City reports the following fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis, including attorney, purchasing, technology, equipment, engineering and administrative services.

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These funds include employee withholding, funds payable to the State of Minnesota for sales and use tax, building permit surcharge and unclaimed property, and others.

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Note III. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements – Governmental Funds

Governmental funds 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 and City sales tax are 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, franchise fees and capital improvement special assessments are imposed nonexchange transactions. Revenues from property taxes and capital improvement special assessments 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, franchise fees and capital improvement special assessments receivable which are not available are reported as deferred inflow of resources, and will be recognized as revenue in the fiscal year that they become available. The City considers these revenues as available if they are collected within sixty 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 City perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when the eligibility and time requirements are met, usually when the corresponding 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 grants, entitlements, appropriations 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. Gifts and contributions from individuals and miscellaneous revenues are also considered voluntary nonexchange transactions, and are generally recognized when received in cash because they are 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 City considers revenues from tax credits paid by the state as available if they are collected within sixty days after year end.

Exchange Transactions

Exchange transactions include revenues such as interest earned, service-type special assessments, fees, sales and services, licenses and permits. Sales and services, interest earned and service-type special assessments are reported as revenue when they become both measurable and available to finance expenditures of the fiscal period. The City considers these revenues as available if they are collected within sixty days after year end. Licenses, permits and fees 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 when the fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Fund Financial Statements – Proprietary Funds and Fiduciary Funds

Proprietary funds, consisting of enterprise and internal service funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Material unbilled accounts receivables are recorded at year end.

Note III. Summary of Significant Accounting Policies (continued)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's Fiduciary Funds consist solely of Agency Funds. Agency Funds do not have a measurement focus, but are reported on an accrual basis of accounting.

Fund Financial Statements – All Funds

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

C. Restatement of Net Position

1. Prior Period Adjustment of the Capital Assets Used in the Operation of Business-Type Activities

The January 1, 2013 net position of the Sewer Utility Enterprise Fund was increased by $9,999,315 due to a prior period adjustment affecting its capital assets. The Sewer Utility Enterprise Fund determined that $9,999,315 of prior year costs should have been capitalized.

<u>Net Position:</u>

	Sewer Utility Enterprise Fund	Business-Type Activities
Net Position, January 1, 2013, as Previously Reported	$ 235,993,932	$ 308,918,686
Restatement	9,999,315	9,999,315
Net Position, January 1, 2013, as Restated	$ 245,993,247	$ 318,918,001

<u>Capital Assets:</u>

	Construction in Progress	Public Improvements
January 1, 2013, as Previously Reported	$ 11,010,587	$ 374,970,230
Restatement	3,803,303	6,196,012
January 1, 2013, as Restated	$ 14,813,890	$ 381,166,242

Note III. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

1. Cash and Investments

The City maintains a general portfolio, which is a pool of investments covering pooled cash and cash equivalents. The City's Office of Financial Services, Treasury Section, also manages the deposit and investment function of the Regional Water Services and the majority of the RiverCentre Convention & Visitors Authority discretely presented component units. Each fund's portion of this pool is displayed on the financial statements within "Cash and Investments with Treasurer."

Cash equivalents are cash on hand, cash in bank and highly-liquid investments adjusted to fair value having original maturities (time span from purchase date to maturity date) of three months or less. Cash equivalents are identified only for the purpose of the Statement of Cash Flows. Included in the classification of cash equivalents are cash and investments with treasurer, cash and investments of imprest funds and restricted cash.

In addition, the City invests non-pooled cash within various funds. In accordance with Governmental Accounting Standards Board Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (Statement 31), the City's investments are reported at fair value with recognition of the corresponding changes in fair value of investments reported as revenue in the year in which the change occurred. Accordingly, investments are stated at fair value based upon quoted market prices at December 31, 2013. Investments in nonparticipating interest-earning contracts, such as savings accounts and nonnegotiable certificates of deposit are reported at cost. Money market investments and participating interest-earning investment contracts (negotiable certificates of deposit), are reported at amortized cost, since these investments had a remaining maturity of one year or less at the time of purchase. Money market investments are short-term, highly-liquid debt instruments, bankers' acceptances and U.S. Treasury and agency obligations. Investments in Rule 2a7-like investment pools are measured at the net asset value per share provided by the pool.

It is the City's practice to ensure that investments can be held to maturity. The amounts of unrealized gains or losses are included in investment income as an increase (decrease) in fair value of investments. In 2013, the City recorded a "decrease in fair value of investments" as investment income of $(10,412,891) for governmental and proprietary funds. The calculation of realized gains and losses 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 were included as part of the change in the fair value of investments reported in the current year.

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Note III. Summary of Significant Accounting Policies (continued)

"Interest Earned on Investments"

In accordance with legal provisions, investment earnings from pooled deposits and investments are recorded in the following funds:

General Fund

Special Revenue Funds:
- HRA General Fund
- Special Projects – General Government
- Special Projects Police
- Municipal Athletic Programming
- Charitable Gambling
- Debt – Capital Improvements
- Parks and Recreation Opportunity
- Rella Havens Memorial Fund
- State Grant Programs

Debt Service Funds:
- General Debt Service
- HRA General Debt Service
- G.O. Special Assessment – Streets
- City Revenue Bonds and Other Long-Term Debt
- Library Debt
- Revenue Notes and Other Long-Term Debt

Capital Projects Funds:
- Capital Improvement Bonds
- Library Capital Projects
- City Sales Tax
- HRA Tax Increment

Permanent Funds:
- Japanese Gardens
- Hoffman Memorial

Enterprise Funds:
- Sewer Utility
- HRA Loan Enterprise
- HRA Parking
- Special Services

Note III. Summary of Significant Accounting Policies (continued)

Internal Service Funds:
- Energy Conservation Investment

Investment earnings are allocated based on average monthly cash balances.

See Note VI.A for further information.

2. Receivables

Property Taxes

Property tax levies are set by the City Council in October each year, and are 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 assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. Personal property taxes on leased government-owned property may be paid in two equal installments on May 15 and October 15; property taxes on other personal property are to be paid in full on May 15.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable, and are fully offset by deferred inflows of resources, because they are not known to be available to finance current expenditures. No allowance for uncollectible taxes has been provided, because such amounts are not expected to be material.

Accounts Receivable

Accounts receivable have been shown net of an allowance for uncollectible accounts of $452,139.

Interfund Receivables Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances to other funds as reported in the fund financial statements are included in nonspendable fund balance in the General Fund to indicate the asset is not in spendable form and in restricted, committed, or assigned fund balance in the other governmental funds to indicate the level of constraint placed upon the proceeds from the repayment of the advance.

Note III. Summary of Significant Accounting Policies (continued)

Notes and Loans Receivable

Notes and loans (hereafter referred to as "loans") have been issued to financially assist private developers in various Saint Paul development projects or to provide housing or commercial rehabilitation financing for Saint Paul property owners. All loans are secured by first or second property mortgages, with the exception of the STAR Program loans, which are not always secured.

Loans receivable in governmental funds are reported as an asset in the amount of loan proceeds disbursed less collections on principal. In order to satisfy federal grant reporting requirements, deferred inflows of resources of an equal amount to the asset is also reported on the respective governmental fund balance sheet and revenues are reported when principal payments are received from the loan recipient. An allowance for uncollectible loans, which offsets the total gross loans receivables, is recognized for the amount of loans receivable for which collection is doubtful or questionable.

Deferred inflows of resources is also reduced by the amount of the allowance for uncollectible loans. At the time of the disbursement of the loan, expenditures and loans receivable are debited in the amount of the loan issued, with the loans receivable being offset by a credit to deferred inflows of resources. In the HRA Federal and State Programs special revenue fund, in order to satisfy federal grant reporting requirements, deferred inflows of resources of an equal amount to the asset is also reported in the balance sheet and revenues are reported when principal payments are received from the loan recipient.

For enterprise funds, 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.

The allowance for uncollectible loans is based upon an analysis of credit risk and payment delinquency.

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Proprietary fund inventories are generally used for construction, for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

Certain payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

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Note III. Summary of Significant Accounting Policies (continued)

4. Land Held for Resale

Land is acquired by the HRA for subsequent resale for redevelopment purposes and not as an investment program. In order to entice development, the land is often resold at prices substantially lower than the HRA's cost. Land Held for Resale is reported as an asset at the net realizable value for all assets acquired before 2009 and at cost of purchase for all assets purchased after 2008 in the fund which acquired it. Deferred inflow of resources 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 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 drawdowns from the federal government for reimbursement of expenditures incurred are adjusted by program income available at that date.

5. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt.

6. Capital Assets

Government-wide Financial Statements

Capital assets, which include land, buildings and structures, improvements, equipment and infrastructure (e.g., streets, bridges and sewers), are defined by the City as assets with an initial cost of more than $5,000 for general capital assets and $100,000 for infrastructure assets, and an estimated useful life of at least three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date received. Certain assets for which actual costs are not available have been valued on the basis of a professional valuation that determined their approximate historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to related capital asset accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from capital asset accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Note III. Summary of Significant Accounting Policies (continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statements of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is spread over the assets' estimated useful lives using the straight line method of depreciation. The range of estimated useful lives and method of depreciation by type of asset is as follows:

Asset	Method	Years
Buildings and Structures	Straight-Line	15-75
Public Improvements	Straight-Line	15-30
Equipment	Straight-Line	3-20
Infrastructure	Straight-Line	20-100

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the unrealized loss on derivative instruments (interest swap derivative) reported in the government-wide governmental activities statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from the following sources: property taxes, accounts receivable, loans receivable, notes receivable, special assessments, and miscellaneous other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide governmental activities statement of net position the City reports only one deferred inflows of resources, the interest swap derivative.

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Note III. Summary of Significant Accounting Policies (continued)

8. Compensated Absences

The compensated absences liability includes earned but unpaid vacation and compensatory time, vested sick leave, an estimate of current vesting sick leave that will eventually vest, and salary-related payments (fringe benefits) associated with the payment of vacation and compensatory time balances.

Employees earn vacation based on years of service and their bargaining unit. Vacation must be used in the year it is earned, except for 120 hours, which may be carried over to the following year. Employees are paid 100% of their accumulated vacation pay when they terminate their employment. All amounts are paid to a Post-Employment Health Plan (PEHP).

Sick leave earning varies based on bargaining units and ranges from 13 to 15 days per year and may be accumulated indefinitely. Terminated employees receive severance pay based upon unused sick leave. All severance pay is paid to a PEHP in the year following termination. Eligibility requirements and maximum allowable amounts vary, depending upon an employee's bargaining unit.

All vested vacation is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

9. Arbitrage Rebate

Expenditures/expenses for arbitrage rebate are recognized annually in the appropriate funds at the time of the interest payment closest to the date of the bonds. For the fiscal year ended December 31, 2013, the City reported $280,000 of expenditures relating to arbitrage rebate. These amounts are set aside in the Arbitrage Rebate Agency Fund for subsequent payment to the federal government. In 2013, the City remitted $50,741 to the federal government from the Arbitrage Rebate Agency Fund.

10. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures at the time of the debt issuance. The accounting in proprietary funds is the same as it is in the government-wide statements.

Note III. Summary of Significant Accounting Policies (continued)

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

Conduit bonds issued subsequent to January 1, 1996, have an outstanding principal balance of $1.4 billion at December 31, 2013. 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 138 conduit bonds issued subsequent to January 1, 1996.

11. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements.

The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

12. Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including infrastructure, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Note III. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements

Classification of Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – the nonspendable fund balance category includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – fund balance is reported as restricted when constraints placed on the use of the resources are either externally imposed by the creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – the assigned fund balance classification includes amounts the City intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned fund balance represents intended uses established by the City Council or the Office of Financial Services Director who has been delegated that authority by the City Council.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

The City has adopted an accounting policy that in determining the composition of its ending fund balance will consider restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts of the unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

Note IV. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

Statement 4 is a reconciliation between fund balance – total governmental funds as reported in governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Details of most of the elements of that reconciliation are as follows:

One element of the reconciliation states that "Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds." These assets, which include land, buildings and structures, improvements other than buildings, equipment, infrastructure and construction in progress are reported in the statement of net position as shown below.

Historical Cost of Capital Assets	$ 1,831,784,938
Accumulated Depreciation	(650,150,935)
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position of Governmental Activities	$ 1,181,634,003

Another element of the reconciliation states that "Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements, excluding the provision for an allowance for uncollectible taxes." Below are details of that difference.

Unavailable Revenue	
General Government Revenues	$ 2,160,578
Public Safety Revenues	9,392,535
Highways and Streets Revenues	38,606,792
Sanitation Revenues	1,599,168
Culture and Recreation Revenues	412,825
Housing and Economic Development Revenues	4,811,372
Property Taxes	1,243,311
Interest Earned on Investments	402,308
Miscellaneous Revenues	332,266
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position of Governmental Activities	$ 58,961,155

Note IV. Reconciliation of Government-wide and Fund Financial Statements (continued)

Another element of the reconciliation states that "Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds." They are, however, reported in the government-wide statements. Long-term liabilities at the end of the year include the following:

Pollution Remediation Obligation	$ 2,130,144
Reduction in Unearned Revenue Related to the Pollution Remediation Obligation	(2,130,144)
Deferred Outflow - Unrealized Loss on Derivatives	9,278,828
Derivative Interest Swap	(9,278,828)
Bonds Payable	(355,815,000)
Discount and Premium	(7,385,128)
Revenue Notes Payable	(66,779,408)
Capital Lease Payable	(8,180,777)
Compensated Absences Payable	(16,993,262)
Net Other Postemployment Benefits Obligation	(30,410,277)
Claims and Judgments Payable	(38,165,057)
Accrued Interest	(3,058,069)
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position of Governmental Activities	$ (526,786,978)

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

Statement 6 is a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of those assets is capitalized and depreciated over their estimated useful lives with depreciation expense reported in the Statement of Activities." The details of this $21,091,214 difference are as follows:

Capital outlay is reported as an expenditure in the fund financial statements	$ 59,357,927
Add: Some items reported as functional expenditures were capitalized	551,989
Depreciation is reported in the government-wide statements	(38,818,702)
Net Excess (Deficit) of Capital Outlay Over Depreciation	$ 21,091,214

Note IV. Reconciliation of Government-wide and Fund Financial Statements (continued)

Another element of that reconciliation states that "Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position." Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premium, discount and similar items, when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. The details of this $5,353,403 difference are as follows:

Debt Issued or Incurred:		
General Obligations Bonds	$ (26,625,000)	
Capital Lease	(1,889,500)	
Total Debt Issued		$ (28,514,500)
RiverCentre Equipment Lease Paid by Discrete Component Unit		-
Principal Payments		
General Obligations Bonds	$ 19,455,000	
Revenue Bonds	7,408,862	
Revenue Notes	4,351,511	
Capital Lease	2,652,530	
Total Principal Payments		33,867,903
Net Adjustment to Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities		$ 5,353,403

Another element of that reconciliation states that "Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this ($11,908,077) difference are as follows:

Compensated Absences	$ 2,572,776
Net Other Postemployment Benefits	(3,156,682)
Claims and Judgments	(11,422,506)
Interest on Debt	98,335
Net Adjustment to Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$ (11,908,077)

Note V. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

Budget Control

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 within the following major object levels of expenditure: salaries, fringes, debt service, other spending and transfers out. Proprietary funds with annually adopted budgets are controlled administratively at the fund level within the same major object levels of expenditure as in governmental funds. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund, which is at the department/office level.

1. General Budget Procedure – City Funds

The City Council followed these procedures in establishing the 2013 budgets:

a. On August 15, 2012, the Mayor presented his budget to the City Council for the following calendar year. The budget included proposed expenditures and advances and the means of financing them.

b. The City Council held a public hearing on December 5, 2012, to obtain taxpayer comments.

c. The budget was legally adopted through passage of council resolution #12-2247 during the City Council meeting on December 12, 2012.

City budget amendments that authorize an increase in total fund spending require the approval of the City Council. In addition, City Council approval is required for budget amendments transferring appropriations between departments within the General Fund.

2. General Budget Procedure – HRA Funds

The Housing and Redevelopment Authority (HRA) followed these procedures in establishing the 2013 budgets:

a. On August 22, 2012, the Executive Director presented her proposed budget to the HRA Board of Commissioners for the fiscal year commencing the following January 1. This budget included proposed expenditures and other uses and the means of financing them.

b. Upon approval by the HRA Board, the Executive Director submitted the HRA budget to the Mayor of the City of Saint Paul, who submitted this budget to the City Council for consideration, approval and certification.

c. The budget was approved through passage of council resolution #12-2232.

HRA budget amendments that authorize an increase in total fund spending require the approval of the HRA Board of Commissioners.

Note V. Stewardship, Compliance and Accountability (continued)

3. General Budget Procedure – Library Agency Funds

The Library Agency followed these procedures in establishing the 2013 budgets:

a. On August 15, 2012, the Mayor presented his proposed budget for the Saint Paul Public Library Agency to the Library Board of Commissioners for the fiscal year commencing the following January 1. The budget included proposed expenditures and other uses and the means of financing them.

b. The Library Board held a public hearing on December 5, 2012 to obtain taxpayer comments.

c. The budget was legally adopted through passage of Saint Paul Library Agency resolution #12-2223 during the Library Board meeting on December 12, 2012.

Library Agency budget amendments that authorize an increase in total fund spending require the approval of the Library Board.

4. Annual and Multi-year Governmental Fund Budgets

Annual governmental fund budgets are reported in the following fund types and are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP):

General Fund

Special Revenue Funds (except: Community Development Block Grant, State Grant Programs, and HRA Federal and State Programs, which have multi-year budgets).

Permanent Funds

In addition, multi-year governmental fund budgets are utilized in the capital projects funds.

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Note V. Stewardship, Compliance and Accountability (continued)

The following provides a summary reconciliation of the actual results for annually budgeted special revenue funds and multi-year budgeted special revenue funds.

	Revenues	Expenditures	Net Other Financing Sources (Uses)	Fund Balances 12/31/13
SPECIAL REVENUE FUNDS				
Library Agency	$ 15,758,786	$ 14,841,768	$ (501,796)	$ 1,388,986
HRA General Fund	3,676,923	4,271,322	869,322	11,903,736
Annually Budgeted Nonmajor Funds	69,627,222	72,150,446	(2,565,922)	16,197,662
Multi-year Budgeted Nonmajor Funds				
Community Development Block Grant	8,140,425	8,062,319	(78,106)	-
State Grant Programs	24,069,547	24,135,671	67,000	1,008,612
HRA Federal and State Programs	2,974,104	3,987,725	1,013,621	-
Total Multi-year Budgeted Nonmajor Funds	35,184,076	36,185,715	1,002,515	1,008,612
Total Special Revenue Funds	$ 124,247,007	$ 127,449,251	$ (1,195,881)	$ 30,498,996

5. Appropriation Revisions

Budgeted amounts are as originally adopted or as amended by the City Council. During 2013, increases and decreases to annual expenditures, other financing uses and transfers out appropriations were as follows:

	Original Budgeted Amounts	Net Amendments	Final Budgeted Amounts
General Fund	$ 221,987,242	$ 11,393,951	$ 233,381,193
Special Revenue Funds	101,071,468	2,739,284	103,810,752
Permanent Funds	2,000	-	2,000

6. Appropriation Year-end Balances

Unexpended appropriation balances lapse at the end of the fiscal year in the annual governmental fund budgets. However, upon City Council approval, the appropriations for the subsequent year are increased in the amount necessary to satisfy the outstanding encumbrances at the end of the fiscal year.

Unexpended appropriation balances do not lapse at the end of the fiscal year in the multi-year governmental fund budgets.

Note V. Stewardship, Compliance and Accountability (continued)

B. 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:

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

For 2013, the City of Saint Paul's audit was performed in accordance with Circular A-133. The auditor's report on consideration of the City's internal control over financial reporting and tests of the City's compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters will be issued at a later date.

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City of St. Paul, Minnesota
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2013

Note V. Stewardship, Compliance and Accountability (continued)

C. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit fund balances or net position at year end. The following funds had deficit fund balances or net position at December 31, 2013:

		Fund Balance/ Net Position
Special Revenue Funds:		
Emergency Communications Center Consolidation	$	(1,373,904)
Municipal Stadium		(311,322)
Forestry Special		(1,996,043)
Como Campus		(2,263,507)
Special Recreation Activities		(6,337)
Capital Project Funds:		
Library Capital Projects		(188)
Enterprise Funds:		
Special Services		(7,394,404)
Watergate Marina		(110,607)
Impounding Lot		(383,351)

Emergency Communications Center Consolidation

The Emergency Communication Center Consolidation Fund reported a deficit fund balance of $1,373,904 due to revenue being $1,510,332 under budget in 2013. It is projected that the deficit will be eliminated in 2014 by way of increased revenues or a transfer from another fund.

Municipal Stadium

The Municipal Stadium Fund recognized a significant decrease in total Other Financing Sources and Total Revenue as the result of a decrease transferred amounts received from the General Fund and a decrease in facility rental from the St. Paul Saints.

Forestry Special

In 2013, the Street Tree Maintenance activity was overspent, causing the entire Forestry Special Fund to be significantly overspent, both compared to budget and compared to revenue received. This loss in the Street Tree Maintenance Activity was partially from the unexpected high cost and demand for work to be done.

Special Recreation Activities

The Special Recreation Activities fund reported a deficit fund balance of $6,337 at December 31, 2013 due to revenues being overbudgeted by $ 41,986 and expenditures exceeded the budget by $65,347.

Note V. Stewardship, Compliance and Accountability (continued)

Library Capital Projects

The Library Capital Projects Fund had a deficit fund balance of $188 at December 31, 2013 due to a decrease in fair value of investments during the year.

Como Campus

The Como Campus Fund continued to have a significant negative fund balance, as of December 31, 2013. The net loss in 2013 was primarily the result of not reaching budgeted revenues. This loss contributed further to the cumulative negative position at year end. In 2014, management will continue its measures to closely monitor the monthly spending compared to budget. Revenue is also being analyzed frequently to ensure its accuracy to the budget. With a continued focus on both revenue and spending, the goal is to achieve positive results of operations in 2014 and therefore reverse the trend of recent years.

Special Services

The Special Services Fund has developed a negative overall net position balance during recent history. 2012 was no exception to this recent trend. The net position went from negative ($6,831,705) in 2012 to negative ($7,394,404) at the end of 2013. The spending that is required maintaining the essential operations in the fund, as well as the debt service activities in the fund, have caused the overall net position balance to worsen significantly. Golf's nonoperating expense was the main contributor to a negative balance in 2013. In addition, the lack of expected revenue has been a contributing factor. Due to the very significant negative net position, this fund has become an even greater point of emphasis. All actions are being taken to do whatever is possible to eliminate the net loss in 2014 and therefore reverse the trend of recent years.

Watergate Marina

The City contracted with an outside company to manage and operate the Watergate Marina in 2000 to ensure that the Marina would operate at no net cost or financial risk to the City. The City is paid an annual commission which has been used to steadily improve the fund equity position from a net position balance of ($311,346) for the year 2000 to the 2013 net position balance of ($110,607).

Impounding Lot

The Impounding Lot Fund ended year 2013 with a deficit net position balance of ($383,351). Expenses exceeded revenue in 2013 by $72,863 due to the harsher winter and the increase in snow emergencies. Plans for reduction in expenses for 2014 will help stabilize and improve the current net position balance.

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Note V. Stewardship, Compliance and Accountability (continued)

D. Excess of Expenditures over Appropriations in Individual Funds

Total expenditures exceeded total appropriations in the following funds:

	Final Budgeted Amounts	Actual	Variance with Final Budgets
Special Revenue Funds:			
HRA General Fund	$ 4,066,476	$ 4,271,322	$ (204,846)
Right of Way Maintenance	22,663,437	24,292,571	(1,629,134)
Lighting Maintenance Assessment Districts	342,000	344,419	(2,419)
Forestry Special	4,643,614	4,942,413	(298,799)
Special Recreation Activities	1,971,929	2,037,276	(65,347)
Charitable Gambling	25,000	104,291	(79,291)

- The fund managers have been directed that in the future, funds must have been an appropriation budget to cover all obligations incurred.
- The General Fund did not exceed total appropriations at the fund level; however, total expenditures exceeded appropriations in the following department:

	Final Budgeted Amounts	Actual	Variance with Final Budgets
General Fund:			
Financial Services	$ 3,274,872	$ 3,300,959	$ (26,087)
Emergency Management	262,183	270,226	(8,043)
Highways and Streets	2,376,547	3,313,132	(936,585)
Culture and Recreation	26,459,072	26,596,065	(136,993)
Miscellaneous - Other	7,812,229	8,541,984	(729,755)
Interest - Other Debt	-	7,426	(7,426)

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Note VI. Detailed Notes on All Funds

A. Deposits, Investments and Securities Lending

Deposits

In accordance with Minn. Stat. §118A.02 and 118A.04, the City maintains deposits at financial institutions authorized by the City Council.

Minn. Stat. §118A.03 further requires that all City deposits be protected by insurance, surety bond, collateral or an irrevocable letter of credit issued by Federal Home Loan Banks. The market value of collateral pledged must equal 110% of the deposits 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.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk for deposits is to maintain compliance with Minnesota Statutes that require the City's deposits be protected by insurance, surety bond or pledged collateral.

As of December 31, 2013, the City's bank balance of checking and interest-bearing accounts and certificates of deposit totaled $82,444,233. The carrying amount of these balances was $86,179,621. As of December 31, 2013, the City's deposits were not exposed to custodial credit risk.

Imprest Funds on Hand

At December 31, 2013, the total imprest funds were $103,120. Of this amount, the City had $96,620 on hand. The remaining $6,500 were in various bank accounts and are included with the collateralized deposits.

Investments

General

The City's Investment Policy Statement governs the investment portfolio of the City of Saint Paul. The goals of the City for the Portfolio are to preserve financial assets for future operating expenses, maintain reserves to fund unplanned shortfalls and generate income to support the activities of the City. The portfolio is managed in three components as follows:

1. Daily Portfolio: The daily component represents current operating funds on which draws are made frequently, requiring daily liquidity and preservation of principal. The time horizon on the Daily Portfolio is within a 12-month period.

2. Short Term Portfolio: A short-term component serves as a cushion to provide liquidity for possible shortfalls in the Daily Portfolio. Draws against the short-term portfolio are expected to be infrequent.

Note VI. Detailed Notes on All Funds (continued)

3. The time horizon on the Short Term Portfolio is between one and three years.

4. Intermediate Term Portfolio: The balance of the Portfolio represents the intermediate term component, which serves as a reserve for unplanned shortfalls. In general, the Intermediate Term Portfolio is not expected to experience withdrawals and the time horizon on the Intermediate Portfolio is longer than three years. A portion of the Intermediate Term Portfolio is managed internally and the balance is managed by external managers.

Minnesota Statutes §§ 118A.04 and 118A.05 authorize the following types of investments for local governments:

a. 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 Minnesota Statutes Section 118A.04, Subd. 6;

b. in shares of an investment company registered under the Federal Investment Company Act of 1940, provided the mutual fund receives certain ratings depending on its investments.

c. general obligations of the State of Minnesota and its municipalities and in any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service.

d. in bankers acceptances of United States Banks, or in 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.

e. Repurchase agreements may be entered into with:

   1. a bank qualified as a depository;

   2. any national or state bank in the United States which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds $10,000,000;

   3. primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or

   4. a securities broker-dealer, licensed pursuant to Chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of $40,000,000 or more, exclusive of subordinated debt.

f. Securities lending agreements, and Guaranteed investment contracts.

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Note VI. Detailed Notes on All Funds (continued)

Credit Risk

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 only in securities that meet the ratings requirements set by state statute.

The City's exposure to credit risk as of December 31, 2013, is as follows:

Rating Agency	Rating	Fair Value
Moody's	Aaa	$ 154,491,352
Moody's	Aa1	1,892,904
Moody's	Aa2	8,334,564
Moody's	Aa3	430,672
Moody's	A1	410,961
Moody's	A2	593,419
Fitch	AAA	129,705
S&P	AAA	4,658,724
S&P	AA+	7,553,250
S&P	AA	7,090,269
S&P	A+	440,035
S&P	AA-	983,340
S&P	A-	301,113
N/A	N/R	1,905,169
N/A	N/A	18,223,728
Total		$ 207,439,205

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. According to City policy, all securities purchased are held by a third-party safekeeping agent appointed as custodian (US Bank) who is also the lending agent/counterparty. Certificates of Deposit and select securities purchased from the City of St. Paul may be kept in the City's safe. The securities lending agreement, although program is suspended, in place between the City and its custodian is also consistent with this policy.

The City has no custodial credit risk for investments at December 31, 2013.

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 that U.S. Treasury securities, U.S. Agency Securities, and obligations backed by U.S. Treasury and/or U.S. Agency securities, may be held without limit.

At December 31, 2013, the City does not have investments in any one issuer that represent 5% or more of the City's total investments portfolio and therefore, also not subject to concentration of credit risk.

Note VI. Detailed Notes on All Funds (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's internal portfolio has a shorter overall weighted duration than the benchmarks established for each component portfolio. All else being equal, this would be expected to reduce the risk to adverse effects from rising interest rates.

The External Managers, as part of their mandate, have to satisfy the parameters for liquidity and risk tolerance, a maximum duration of 125% of the benchmark duration. The performance benchmark for External Managers was 80% Barclay's Intermediate Government Index/20% 15-year MBS Index.

At December 31, 2013, the City had the following investments:

Investment Type	Fair Value	Less Than 2 years	2 - 4 Years	5 - 10 Years	More Than 10 Years
U.S. Agencies	$ 45,277,365	$ 593,409	$ 2,594,197	$ 5,024,209	$ 37,065,550
State & Local Govt Securities	875,587	208,837	666,750	-	-
Munis	26,368,883	493,629	1,763,476	14,426,135	9,685,643
Money market funds	11,737,282	11,737,282	-	-	-
Guaranteed Investment Contract	2,200,000	2,200,000	-	-	-
Internal Investment Total	$ 86,459,117	$ 15,233,157	$ 5,024,423	$ 19,450,344	$ 46,751,193
U.S. Agencies - US Bancorp	$ 17,404,910	$ 4,220,564	$ 4,077,403	$ 5,578,003	$ 3,528,940
U.S. Agencies - Galliard	24,823,838	6,237,851	1,388,848	8,818,719	8,378,420
U.S. Agencies - NorthShore	6,402,514	390,857	950,286	3,251,608	1,809,763
U.S. Agencies - RBC	18,571,421	126,744	1,932,947	10,916,188	5,595,542
Corporate Obligations - NorthShore	1,992,463	-	200,116	1,792,347	-
Munis - Galliard	5,642,621	10,140	1,084,351	3,966,021	582,109
Munis - NorthShore	2,960,096	-	648,571	2,311,525	-
Munis - RBC	7,801,806	-	4,877,307	2,924,499	-
US Treasuries - US Bancorp	5,393,512	-	153,568	4,094,861	1,145,083
US Treasuries - Galliard	9,216,611	-	2,001,216	4,358,614	2,856,781
US Treasuries - NorthShore	4,137,951	97,570	2,431,325	1,609,056	-
US Treasuries - RBC	13,197,916	-	-	8,032,850	5,165,066
Investment Pool/Mutual Funds - US Bancorp	2,790,169	2,790,169	-	-	-
Investment Pool/Mutual Funds - Galliard	525,235	525,235	-	-	-
Investment Pool/Mutual Funds - NorthShore	95,456	95,456	-	-	-
Investment Pool/Mutual Funds - RBC	23,569	23,569	-	-	-
External Managers Investment Total	$ 120,980,088	$ 14,518,155	$ 19,745,938	$ 57,654,291	$ 29,061,704
Total Investments	$ 207,439,205	$ 29,751,312	$ 24,770,361	$ 77,104,635	$ 75,812,897

Included in the total investment pool of $207,439,205 is an equity investment of the RiverCentre Convention & Visitors Authority, a component unit of the City, in the amount of $2,817,189. The remaining amount of $204,622,016 belongs to the City.

Note VI. Detailed Notes on All Funds (continued)

Duration

Duration is a measure of a fixed income investment's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable-rate debt.

As of December 31, 2013, the City had the following investments in its external investment pools.

	Fair Value	Effective Duration
FAF Advisors	$ 27,581,055	3.21
Galliard	40,208,306	3.26
NorthShore	13,596,016	3.27
RBC	39,594,711	3.25
Total External Investment Pool	$ 120,980,088	
Benchmark (80% Barclay's Interm Gov't/20% 15 Year MBS)		3.34

Recap

Deposits and investments as described above appear in the City's financial statements consistent with the following analysis:

Cash Deposits	$ 86,179,621	Cash and Investments with Treasurer	$ 233,659,518
Investments	204,622,016	Cash and Investments with Trustees	33,427,757
Imprest Funds on Hand	96,620	Imprest Funds	103,120
		Restricted Cash	17,445,747
		Restricted Investments	6,262,115
Total	$ 290,898,257	Total	$ 290,898,257

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Note VI. Detailed Notes on All Funds (continued)

B. Receivables

Summary of Receivables

Receivables as of year end for the City's individual major governmental and enterprise funds, nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities	General	Library Agency	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Nonmajor and Other Funds	Total
Receivables:								
Taxes	$ 3,679,706	$ 861,384	$ 94,923	$ 468,253	$ 305,385	$ -	$ 104,516	$ 5,514,167
Accounts	3,871,449	175,000	30,628	-	-	492,895	936,217	5,506,189
Special Assessments	-	-	-	-	-	15,381,164	34,605,736	49,986,900
Interest	453,743	-	66,086	192,486	70,803	-	613,029	1,396,147
Xcel Energy	1,143,298	-	-	-	-	-	-	1,143,298
Intergovernmental	969,671	-	-	-	-	16,391,342	10,990,464	28,351,477
Gross Receivables	10,117,867	1,036,384	191,637	660,739	376,188	32,265,401	47,249,962	91,898,178
Less: Allowance for Uncollectibles	(405,504)	-	-	-	-	-	-	(405,504)
Net Total Receivables	$ 9,712,363	$ 1,036,384	$ 191,637	$ 660,739	$ 376,188	$ 32,265,401	$ 47,249,962	$ 91,492,674
Amounts not expected to be collected within one year	$ -	$ -	$ -	$ -	$ -	$ 9,011,824	$ 12,887,176	$ 21,899,000

Business-Type Activities	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total
Receivables:					
Taxes	$ -	$ -	$ 95,190	$ -	$ 95,190
Accounts	66,048	585	338,374	82,730	487,737
Special Assessments	5,935,784	934	-	-	5,936,718
Interest	56,593	39,387	25,833	9,690	131,503
Intergovernmental	180,997	3,043	-	228,654	412,694
Gross Receivables	6,239,422	43,949	459,397	321,074	7,063,842
Less: Allowance for Uncollectibles	(46,635)	-	-	-	(46,635)
Net Total Receivables	$ 6,192,787	$ 43,949	$ 459,397	$ 321,074	$ 7,017,207

Note VI. Detailed Notes on All Funds (continued)

Property Taxes

For property taxes collectible in 2013, Saint Paul's taxable net tax capacity (including Tax Increment Districts) was $216,428,822; the estimated market value was $18,389,127,700; the net tax capacity was 1.18% of the estimated market value. Estimated market values are converted to tax capacities based on a statutory rate for each class of property.

Current property tax collections for the year ended December 31, 2013, were as follows:

	City	HRA
Dollar Amount	$ 100,176,571	$ 3,126,670
Percent of Levy Spread	100.79%	98.40%

Notes and Loans Receivable

Notes and Loans Receivable are reported as assets in the following funds at December 31, 2013:

Special Revenue Funds:	
Community Development Block Grant	$ 3,406,081
State Grant Programs	1,818,115
HRA Federal and State Programs	2,943,537
Total Special Revenue Funds	8,167,733
Capital Projects Funds:	
City Sales Tax	3,025,891
HRA Development Capital Projects	209,824
HRA Tax Increment	756,250
Total Capital Projects Funds	3,991,965
Total	$ 12,159,698

In addition to the above amounts reported as "Notes and Loans Receivable" on Statement 3, other long-term loans receivable are included in "Other Long-Term Receivables" in the following funds:

Enterprise Fund:	
HRA Loan Enterprise	$ 2,047,508
HRA Parking	236,250
Internal Service Funds:	
Internal Borrowing	1,900,000
Total	$ 4,183,758

The amount reported for loans receivable is net of allowances for uncollectible loans. Allowances for uncollectible loans have been established for loans for which collection is doubtful or questionable. At December 31, 2013, the allowance for uncollectible loans recorded was $117,768,815.

Note VI. Detailed Notes on All Funds (continued)

C. Land Held for Resale

Land Held for Resale is reported in the following funds as an asset as of December 31, 2013:

Special Revenue Funds	
HRA General Fund	$ 492,834
Community Development Block Grant	3,093,029
State Grant Programs	3,882,051
Total Special Revenue Funds	7,467,914
Capital Projects Funds	
HRA Development Capital Projects	1,775,411
HRA Tax Increment	1,352,328
Total Capital Projects Funds	3,127,739
Enterprise Fund	
HRA Loan Enterprise	7,337,433
Total	$ 17,933,086

D. Restricted Assets

As of December 31, 2013, the following restricted assets were reported in the following enterprise funds:

	Sewer Utility	HRA Loan Enterprise	HRA Parking	Special Services
Cash for General Obligation Bond Current Debt Service	$ -	$ -	$ 2,080,046	$ -
Cash for Limited Bond Debt Service	-	338,527	-	-
Cash for Limited Bond Operations and Maintenance	-	290,248	-	-
Cash for Revenue Bond Debt Service	1,182,225	-	2,652,125	-
Cash for Revenue Bond Operations and Maintenance	4,393,334	-	274,649	-
Cash for Revenue Bond Construction	1,329,041	-	-	-
Cash for Budget and Rate Stabilization	4,905,552	-	-	-
Investment for Revenue Bond Future Debt Service	5,595,365	-	-	666,750
Total	$ 17,405,517	$ 628,775	$ 5,006,820	$ 666,750

Note VI. Detailed Notes on All Funds (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities

	Balance 01/01/13	Additions	Deductions	Balance 12/31/13
Capital Assets Not Being Depreciated:				
Land	$ 152,058,915	$ 336,018	$ -	$ 152,394,933
Construction in Progress	82,307,459	53,760,069	(18,395,508)	117,672,020
Total Capital Assets Not Being Depreciated	234,366,374	54,096,087	(18,395,508)	270,066,953
Capital Assets Being Depreciated:				
Buildings and Structures	615,379,537	-	(1,262,133)	614,117,404
Improvements Other than Buildings	145,666,544	564,103	(89,999)	146,140,648
Equipment	104,716,837	6,126,610	(6,914,337)	103,929,110
Infrastructure	728,378,673	20,573,739	(9,442,041)	739,510,371
Total Capital Assets Being Depreciated	1,594,141,591	27,264,452	(17,708,510)	1,603,697,533
Less: Accumulated Depreciation for:				
Buildings and Structures	(254,248,213)	(14,657,625)	1,206,789	(267,699,049)
Improvements Other than Buildings	(47,242,054)	(5,697,630)	-	(52,939,684)
Equipment	(77,596,623)	(6,619,202)	7,880,447	(76,335,378)
Infrastructure	(273,956,775)	(13,587,276)	3,536,301	(284,007,750)
Total Accumulated Depreciation	(653,043,665)	(40,561,733)	12,623,537	(680,981,861)
Total Capital Assets Being Depreciated, Net	941,097,926	(13,297,281)	(5,084,973)	922,715,672
Governmental Activities Capital Assets, Net	$ 1,175,464,300	$ 40,798,806	$ (23,480,481)	$ 1,192,782,625

Depreciation expense was charged to the following governmental functions:

General Government	$ 1,628,711
Public Safety	4,911,461
Highways and Streets	15,148,198
Culture and Recreation	17,807,240
Housing and Economic Development	1,066,123
Total Governmental Activities Depreciation Expense	$ 40,561,733

Note VI. Detailed Notes on All Funds (continued)

Business-Type Activities

	Balance 01/01/13 As Restated	Additions	Deductions	Balance 12/31/13
Capital Assets Not Being Depreciated:				
Land	$ 35,348,825	$ 406,249	$ -	$ 35,755,074
Construction in Progress	14,813,890	41,904,552	-	56,718,442
Total Capital Assets Not Being Depreciated	50,162,715	42,310,801	-	92,473,516
Capital Assets Being Depreciated:				
Buildings and Structures	122,790,008	167,850	(218,717)	122,739,141
Public Improvements	381,166,242	11,146,513	-	392,312,755
Equipment	7,313,496	464,678	(59,732)	7,718,442
Total Capital Assets Being Depreciated	511,269,746	11,779,041	(278,449)	522,770,338
Less: Accumulated Depreciation for:				
Buildings and Structures	(45,722,550)	(3,217,766)	113,535	(48,826,781)
Public Improvements	(130,220,917)	(4,774,085)	-	(134,995,002)
Equipment	(4,686,925)	(456,586)	20,166	(5,123,345)
Total Accumulated Depreciation	(180,630,392)	(8,448,437)	133,701	(188,945,128)
Total Capital Assets Being Depreciated, Net	330,639,354	3,330,604	(144,748)	333,825,210
Business-Type Activities Capital Assets, Net	$ 380,802,069	$ 45,641,405	$ (144,748)	$ 426,298,726

Depreciation expense was charged to the following business-type functions:

Sewer	$ 5,050,668
Parking	3,013,542
Parks, Recreation and Athletics	133,204
Apartment Operations (Included in Development Loan Programs)	233,310
Printing	17,713
Total Business-Type Activities Depreciation Expense	$ 8,448,437

Note VI. Detailed Notes on All Funds (continued)

F. Interfund Receivables/Payables/Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including loans made from the General Fund to other Funds as of December 31, 2013:

Due to/from Other Funds

	Payable Fund					
Receivable Fund	General	Library Agency	HRA General Fund	General Debt Service	Capital Improvement Projects	Other Governmental Funds
General	$ -	$ -	$ -	$ -	$ -	$ 7,237,618
HRA General Fund	-	-	-	-	-	-
General Debt Service	-	-	-	-	-	-
Capital Improvement Projects	63,223	-	-	-	-	2,114,005
Other Governmental Funds	92,247	-	-	-	-	4,647
Sewer Utility	295,323	-	-	-	-	-
Other Enterprise Funds	39,119	-	-	-	-	-
Internal Service Funds	633,258	-	327,592	26,165	162,440	1,826,035
Fiduciary-Agency Funds	3,511	-	-	-	-	623
Total All Funds	$ 1,126,681	$ -	$ 327,592	$ 26,165	$ 162,440	$ 11,182,928

table continued below

	Payable Fund					
Receivable Fund	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Internal Service Funds	Total All Funds
General	$ 999	$ -	$ -	$ 7,020,298	$ 960,444	$ 15,219,359
HRA General Fund	-	-	-	-	433,770	433,770
General Debt Service	-	-	-	-	-	-
Capital Improvement Projects	-	-	-	-	39,924	2,217,152
Other Governmental Funds	-	-	107,868	-	-	204,762
HRA Parking	-	-	-	-	-	295,323
Other Enterprise Funds	-	-	-	-	5,147	44,266
Internal Service Funds	97,537	13,490	44,485	6,661	118,573	3,256,236
Fiduciary-Agency Funds	100	-	-	1,104	1,891	7,229
Total All Funds	$ 98,636	$ 13,490	$ 152,353	$ 7,028,063	$ 1,559,749	$ 21,678,097

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note VI. Detailed Notes on All Funds (continued)

Advances to/from Other Funds

The following is a schedule of interfund advances as of December 31, 2013:

	Payable Fund				
Receivable Fund	General Fund	Other Governmental Funds	HRA Loan Enterprise	Internal Service Funds	Total All Funds
HRA General Fund	$ -	$ 717,599	$ -	$ -	$ 717,599
Other Governmental Funds	612,191	1,750,000	250,000	-	2,612,191
HRA Loan Enterprise	-	2,296,427	-	625,455	2,921,882
HRA Parking	765,000	-	564,744	-	1,329,744
Internal Service Funds	391,639	-	-	346,692	738,331
Total All Funds	$ 1,768,830	$ 4,764,026	$ 814,744	$ 972,147	$ 8,319,747

The advances shown above are long-term amounts not due within one year. Short-term advances that are due within one year are reported as a due to/from other fund.

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Note VI. Detailed Notes on All Funds (continued)

Transfers

The following is a schedule of interfund transfers as of December 31, 2013:

Transfers In	Transfers Out: General	Library Agency	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds
General	$ -	$ 29,212	$ 286,041	$ -	$ -	$ 1,815,572	$ 1,845,100
HRA - General Fund	-	-	-	-	-	-	20,000
General Debt Service	7,689,825	508,753	-	-	-	-	7,711,775
HRA General Debt Service	-	-	-	512,558	-	-	19,319,258
Capital Improvement Projects	144,997	-	-	-	-	-	21,418,086
Other Governmental Funds	1,379,694	-	-	-	18,223,677	742,210	13,089,423
HRA Loan Enterprise	392,360	-	-	-	-	-	2,317,468
HRA Parking	1,000,000	-	-	-	-	-	-
Other Enterprise Funds	200,000	-	-	-	-	-	30,000
Internal Service Funds	55,096	6,631	-	-	-	260,260	427,960
Total Transfers Out	$ 10,861,972	$ 544,596	$ 286,041	$ 512,558	$ 18,223,677	$ 2,818,042	$ 66,179,070

table continued below

Transfers In	Transfers Out: Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Internal Service Funds	Total Transfers In
General	$ 437,226	$ 714,682	$ -	$ 296,552	$ 859,655	6,284,040
HRA - General Fund	-	701,594	-	-	433,769	1,155,363
General Debt Service	8,517,479	-	-	-	3,295,786	27,723,618
HRA General Debt Service	-	-	-	-	-	19,831,816
Capital Improvement Projects	1,153,638	-	-	-	-	22,716,721
Other Governmental Funds	1,156,656	13,621	1,107,934	34,189	-	35,747,404
HRA Loan Enterprise	-	-	-	-	-	2,709,828
HRA Parking	-	-	-	-	-	1,000,000
Other Enterprise Funds	-	-	-	-	-	230,000
Internal Service Funds	134,812	-	-	2,675	102,516	989,950
Total Transfers Out	$ 11,399,811	$ 1,429,897	$ 1,107,934	$ 333,416	$ 4,691,726	$ 118,388,740
Capital Assets Used in the Operation of Governmental Funds					50,724	
					$ 4,742,450	

The total governmental and proprietary fund transfers in is $118,338,016 and the total governmental and proprietary funds transfers out is $118,388,740. The variance of $50,724 is capital assets transfers from the Internal Service Funds to the Governmental Activities Capital Assets.

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 a debt service fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note VI. Detailed Notes on All Funds (continued)

G. Long-Term Obligations

1. Changes in Long-Term Obligations

Long-term obligations activity in the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
General Obligation Bonds					
Property Tax Supported	$ 159,476,620	$ 23,757,482	$ 17,096,160	$ 166,137,942	$ 14,307,522
Special Assessment Debt with Governmental Commitment	19,208,380	2,867,518	1,053,840	21,022,058	1,192,478
HRA Tax Increment	16,070,000	-	1,305,000	14,765,000	1,340,000
Total General Obligation Bonds	194,755,000	26,625,000	19,455,000	201,925,000	16,840,000
Revenue Bonds					
Sales Tax Revenue Bonds	81,570,000	-	3,410,000	78,160,000	3,595,000
HRA Tax Increment Revenue Bonds	33,693,862	-	1,273,862	32,420,000	1,885,000
HRA Sales Tax Revenue Bonds	33,545,000	-	2,115,000	31,430,000	2,265,000
HRA Lease Revenue Bonds	12,490,000	-	610,000	11,880,000	630,000
Total Revenue Bonds	161,298,862	-	7,408,862	153,890,000	8,375,000
Add/(Subtract) Deferred Amounts for: (Discounts)/Premiums Refundings - Gains/(Losses)	6,954,135	669,673	623,987	6,999,821	569,054
Total Bonds	363,007,997	27,294,673	27,487,849	362,814,821	25,784,054
Revenue Notes Payable					
General Obligation Notes Payable	19,449,732	-	2,230,815	17,218,917	2,331,985
Revenue Notes Payable	32,750,000	-	1,500,000	31,250,000	1,500,000
HRA Revenue Notes Payable	18,931,187	-	620,696	18,310,491	425,589
Add/(Subtract) Deferred Amounts for: (Discounts)/Premiums Refundings - Gains/(Losses)	428,119	-	42,812	385,307	42,812
Total Revenue Notes Payable	71,559,038	-	4,394,323	67,164,715	4,300,386
Other Liabilities:					
Compensated Absences	21,902,543	-	2,502,337	19,400,206	1,018,063
Net Other Postemployment Benefits Obligation	31,908,633	3,438,550	-	35,347,183	-
Claims and Judgments Payable	26,742,551	24,033,467	12,610,961	38,165,057	8,500,122
Capital Leases	12,835,277	3,099,500	3,312,769	12,622,008	2,839,084
Total Other Liabilities	93,389,004	30,571,517	18,426,067	105,534,454	12,357,269
Total Governmental Activities Long-Term Liabilities	$ 527,956,039	$ 57,866,190	$ 50,308,239	$ 535,513,990	$ 42,441,709

Note VI. Detailed Notes on All Funds (continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds Payable:					
General Obligation Bonds					
HRA General Obligation Debt	$ 24,875,000	$ -	$ 1,640,000	$ 23,235,000	$ 1,710,000
Total General Obligation Bonds	24,875,000	-	1,640,000	23,235,000	1,710,000
Limited Tax Bonds	7,855,000	-	-	7,855,000	-
Revenue Bonds					
Revenue Bonds	68,550,000	11,515,000	8,155,000	71,910,000	4,235,000
HRA Parking Facilities Revenue Bonds	39,565,000	-	1,750,000	37,815,000	1,830,000
Total Revenue Bonds	108,115,000	11,515,000	9,905,000	109,725,000	6,065,000
Add/(Subtract) Deferred Amounts for: (Discounts)/Premiums Refundings - Gains/(Losses)	1,878,627	598,723	162,738	2,314,612	-
Total Bonds	142,723,627	12,113,723	11,707,738	143,129,612	7,775,000
Mortgage Payable	25,000	33,347,108	-	33,372,108	-
Revenue Notes Payable					
Revenue Notes Payable	8,722,158	-	1,159,389	7,562,769	1,196,688
HRA Revenue Notes Payable	1,580,000	-	-	1,580,000	-
Total Revenue Notes Payable	10,302,158	-	1,159,389	9,142,769	1,196,688
Other Liabilities:					
Compensated Absences	760,125	16,840	14,493	762,472	42,621
Net Other Postemployment Benefits Obligation	1,016,431	21,834	90,599	947,666	-
Total Other Liabilities	1,776,556	38,674	105,092	1,710,138	42,621
Total Business-Type Activities Long-Term Liabilities	$ 154,827,341	$ 45,499,505	$ 12,972,219	$ 187,354,627	$ 9,014,309
TOTAL LONG-TERM OBLIGATION	$ 682,783,380	$ 103,365,695	$ 63,280,458	$ 722,868,617	$ 51,456,018

Internal Service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of the totals reported for governmental funds. At year end, $2,406,944 of compensated absences, $4,441,231 of capital leases and $4,936,906 of net other postemployment benefits obligation were included in the amounts reported for the governmental funds.

The government-wide statement of net position includes $3,145,752 of the long-term liabilities due within one year for business-type activities in "liabilities payable from restricted assets." The remaining amount of $5,868,557 was displayed as "noncurrent liabilities due within one year" on the same statement.

Note VI. Detailed Notes on All Funds (continued)

2. Annual Requirements – Principal and Interest on Long-Term Obligations

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

Year Ended	Governmental Activities		Business-Type Activities		Total	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 16,840,000	$ 7,659,541	$ 1,710,000	$ 783,616	$ 18,550,000	$ 8,443,157
2015	15,955,000	7,121,938	1,650,000	727,846	17,605,000	7,849,784
2016	15,315,000	6,598,538	1,725,000	664,081	17,040,000	7,262,619
2017	14,430,000	6,103,531	1,800,000	593,581	16,230,000	6,697,112
2018	12,470,000	5,641,098	1,850,000	520,581	14,320,000	6,161,679
2019-2023	57,050,000	21,645,959	9,940,000	1,657,329	66,990,000	23,303,288
2024-2028	41,940,000	11,519,919	4,560,000	161,526	46,500,000	11,681,445
2029-2033	22,690,000	3,672,554	-	-	22,690,000	3,672,554
2034-2038	4,710,000	499,630	-	-	4,710,000	499,630
2039-2043	525,000	15,484	-	-	525,000	15,484
Total General Obligation Bonds Debt	$ 201,925,000	$ 70,478,192	$ 23,235,000	$ 5,108,560	$ 225,160,000	$ 75,586,752

Limited Tax bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-Type Activities		Total	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ -	$ -	$ 100,000	$ 511,918	$ 100,000	$ 511,918
2015	-	-	110,000	507,350	110,000	507,350
2016	-	-	120,000	502,348	120,000	502,348
2017	-	-	135,000	496,801	135,000	496,801
2018	-	-	145,000	490,711	145,000	490,711
2019-2023	-	-	880,000	2,341,360	880,000	2,341,360
2024-2028	-	-	1,270,000	2,055,363	1,270,000	2,055,363
2029-2033	-	-	1,785,000	1,568,744	1,785,000	1,568,744
2034-2038	-	-	1,690,000	977,438	1,690,000	977,438
2039-2043	-	-	1,620,000	133,126	1,620,000	133,126
Total Limited Tax Bonds Debt	$ -	$ -	$ 7,855,000	$ 9,585,159	$ 7,855,000	$ 9,585,159

Note VI. Detailed Notes on All Funds (continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total Principal	Total Interest
2014	$ 8,375,000	$ 8,690,199	$ 6,065,000	$ 4,451,687	$ 14,440,000	$ 13,141,886
2015	8,491,000	8,226,728	6,270,000	4,241,336	14,761,000	12,468,064
2016	8,969,000	7,742,668	6,500,000	4,013,087	15,469,000	11,755,755
2017	9,883,000	7,207,334	6,735,000	3,764,136	16,618,000	10,971,470
2018	9,293,000	6,669,065	6,220,000	3,490,968	15,513,000	10,160,033
2019-2023	56,107,000	24,388,203	29,480,000	13,898,231	85,587,000	38,286,434
2024-2028	44,014,000	8,227,249	28,430,000	7,907,723	72,444,000	16,134,972
2029-2033	8,758,000	627,838	15,330,000	3,052,875	24,088,000	3,680,713
2034-2038	-	-	4,695,000	355,000	4,695,000	355,000
Total Revenue Bonds Debt	$ 153,890,000	$ 71,779,284	$ 109,725,000	$ 45,175,043	$ 263,615,000	$ 116,954,327

Revenue notes debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total Principal	Total Interest
2014	$ 4,257,574	$ 869,587	$ 1,196,688	$ 262,743	$ 5,454,262	$ 1,132,330
2015	9,267,089	797,161	2,752,132	221,906	12,019,221	1,019,067
2016	7,631,545	711,152	1,167,899	181,245	8,799,444	892,397
2017	7,752,609	618,663	1,170,141	140,692	8,922,750	759,355
2018	7,841,823	518,445	1,159,600	99,617	9,001,423	618,062
2019-2023	16,054,744	1,454,691	1,696,309	85,700	17,751,053	1,540,391
2024-2028	10,599,852	1,024,150	-	-	10,599,852	1,024,150
2029-2033	3,374,172	665,698	-	-	3,374,172	665,698
Total Revenue Notes Debt	$ 66,779,408	$ 6,659,547	$ 9,142,769	$ 991,903	$ 75,922,177	$ 7,651,450

Mortgage debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total Principal	Total Interest
2014	$ -	$ -	$ -	$ 953,113	$ -	$ 953,113
2015	-	-	654,797	1,253,194	654,797	1,253,194
2016	-	-	675,521	1,232,470	675,521	1,232,470
2017	-	-	696,900	1,211,090	696,900	1,211,090
2018	-	-	718,957	1,189,033	718,957	1,189,033
2019-2023	-	-	3,950,865	5,589,089	3,950,865	5,589,089
2024-2028	-	-	4,616,939	4,923,015	4,616,939	4,923,015
2029-2033	-	-	5,395,307	4,144,646	5,395,307	4,144,646
2034-2038	-	-	6,304,900	3,235,055	6,304,900	3,235,055
2039-2054	-	-	10,357,922	3,747,764	10,357,922	3,747,764
Total Revenue Notes Debt	$ -	$ -	$ 33,372,108	$ 27,478,469	$ 33,372,108	$ 27,478,469

The mortgage debt service requirements are based on a projection. Mortgage not fully drawn down.

Note VI. Detailed Notes on All Funds (continued)

Compensated Absences
Included in the City's governmental long-term obligations is $19,400,206 of accrued compensated absences relating to employees not accounted for in proprietary funds. Governmental funds that report salaries in their statement of revenues, expenditures and changes in fund balance are charged on a proportionate basis for the actual payments made by the General Fund of the severance pay portion of the compensated absences liability. Actual payments of the vacation and compensatory time portion of the compensated absences liability are made directly from the same governmental funds that incurred the salary expenditures.

Claims and Judgments Payable
Claim and judgment 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 liabilities include an estimate of claims that have been incurred but not reported (IBNR). Claim expenditures relating to tort liabilities are paid from the General Fund. Workers' Compensation claim expenditures are recorded in the General Fund and are allocated to other City funds based upon a fringe benefit rate applied to each fund's actual salaries. The liability for claims and judgments is reported in the government-wide financial statements. At December 31, 2013, the claims and judgments liability was $38,165,057.

Net Other Postemployment Benefits Obligation
At December 31, 2013, the net other postemployment benefits liability was $35,347,183. Other postemployment benefits are generally liquidated through the General Fund.

Capital Leases
A 20-year lease agreement in the amount of $3,000,000, dated October 14, 1998, was issued to finance the acquisition and renovation of expanded heating, ventilation and air conditioning systems, electrical and fire suppression systems and workstations for the City Hall Annex. The related equipment of $315,998 and building of $2,684,002 are included as capital assets. On April 1, 2007, the City refinanced this capital lease for $2,150,657 which represented the balance of the refunded capital lease plus a refinancing cost of $38,689. At December 31, 2013, the balance of this capital lease was $1,070,481, and was reported in the Real Estate Management Internal Service Fund.

A $2,300,000 supplement to the above City Hall Annex lease agreement was issued on September 1, 2008, to be used to defray the expense of the acquisition and installation of improvements, including the renovation of floors three through five with HVAC, electrical, plumbing, fixtures, furniture, equipment, telecom equipment and a marble corridor. The 20 installment payments started on March 1, 2009, with the applicable annual interest rate of 4.76%. At December 31, 2013, the balance of this capital lease was $1,282,872 and was reported in the Real Estate Management Internal Service Fund.

A 30-year RiverCentre Pedestrian Link Cooperative Agreement dated May 23, 2002, was entered into with Ramsey County to finance the designing and construction of a pedestrian connection between the RiverCentre Complex and the existing skyway system in Landmark Tower. The related improvement other than building capital asset of $6,872,000 is reported in the City's Government-Wide Statement of Net Position and Capital Assets Used in Operation of Governmental Funds. A capital lease payable of $4,912,000 was outstanding at December 31, 2013. Annual liquidation of this capital lease liability is reported in the Revenue Notes and Other Long-Term Debt Service Fund.

During May 2011, the City entered into a supplemental agreement for lease purchase of public safety vehicles for $1,950,500 at 1.55%. Annual liquidation of this capital lease liability is reported in the Revenue Notes and Other Long-Term Debt Service Fund. At December 31, 2013, the balance is $331,376.

Note VI. Detailed Notes on All Funds (continued)

During May 2012, the City entered into a master tax-exempt lease agreement for the purchase of public safety for $2,700,000 at 1.13% and public works vehicles for $1,210,000 at 1.71%. Annual liquidation of this capital lease liability is reported in the Revenue Notes and Other Long-Term Debt Service Fund. At December 31, 2013, the balances are $1,361,179 and $962,524 respectively.

During May 2013, the City entered into a master tax-exempt lease agreement for the purchase of public safety for $1,889,500 at 1.16% and public works vehicles for $1,210,000 at 1.81%. Annual liquidation of this capital lease liability is reported in the Revenue Notes and Other Long-Term Debt Service Fund. At December 31, 2013, the balances are $1,576,223 and $1,125,355 respectively.

The following is a schedule by years of future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments of December 31, 2013.

Capital Leases – Governmental Activity

Year Ended December 31	City Hall Annex Improvements	RiverCentre Pedestrian Link	2011 Public Safety Vehicle Lease	2012 Public Safety Vehicle Lease	2012 Public Works Vehicle Lease	2013 Public Safety Vehicle Lease	2013 Public Works Vehicle Lease
2014	$ 531,863	$ 391,341	$ 333,944	$ 917,751	$ 184,175	$ 638,641	$ 181,377
2015	531,863	393,622	-	458,875	184,175	638,641	181,377
2016	531,862	390,545	-	-	184,175	319,321	181,377
2017	531,862	392,288	-	-	184,175	-	181,377
2018	531,863	393,672	-	-	184,175	-	181,377
Thereafter	-	4,681,953	-	-	92,088	-	272,065
Total Minimum Lease Payments	2,659,313	6,643,421	333,944	1,376,626	1,012,963	1,596,603	1,178,950
Less Amount Representing Interest	(305,960)	(1,731,421)	(2,568)	(15,447)	(50,439)	(20,380)	(53,595)
Present Value of Future Capital Lease Payments	$ 2,353,353	$ 4,912,000	$ 331,376	$ 1,361,179	$ 962,524	$ 1,576,223	$ 1,125,355

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Note VI. Detailed Notes on All Funds (continued)

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, 2013, are as follows:

Balance Due January 1, 2013	Increase 2013	Decrease 2013	Balance Due December 31, 2013
$ -	$ -	$ -	$ -

Under the revolving loan agreement, there is $2,500,000 available in loan funds from the Foundation at December 31, 2013.

Long term loans in the amount of $1,580,000 were obtained from the LAAND Initiative Fund of the Metropolitan Council and the Family Housing Fund to purchase two parcels of land along the Central Corridor route. This land is to be developed for affordable housing use. Sales of the land parcels will be used to retire the loans. The total principal amount of the long-term portion of the loans at December 31, 2013, was $1,580,000.

Compensated Absences
Proprietary fund accrued liabilities for compensated absences are also included in the City's long-term obligations of $762,472. Liabilities have been reported in the appropriate fund's financial statements.

Net Other Postemployment Benefits
Proprietary fund accrued liabilities for net other postemployment benefits are also included in the City's long-term obligations of $947,666. Liabilities have been reported in the appropriate fund's financial statements.

Refunding Bonds
During April 2013 the City issued Sewer Revenue Bonds, Series 2013D in the amount of $11,515,000. The debt is secured by Sewer System charges. At December 21, 2013 the outstanding balance was $10,785,000. Bond proceeds in the amount of $3,815,000, together with other funds on hand, were used to refund the Sewer Revenue Bonds, Series 2004E in advance of the call on December 1, 2014, while the balance was used to pay for Capital projects and maintenance of the Sewer system. A bond reserve funded by bond proceeds together with other funds on hand in the amount of $934,977 has also been established. The sale resulted in a Net Present Value Benefit (NPV) of $319,171 from the advance refunding of the Series 2004E bonds.

Note VI. Detailed Notes on All Funds (continued)

5. Bonds Payable - by Issue

Bonds payable at December 31, 2013, are composed of the following individual issues:

	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Authorized and Issued	Outstanding as of 12/31/2013
GENERAL OBLIGATION BONDS						
Property Tax Supported						
Capital Improvement	4.00%	(3/1; 9/1)	3/15/05	3/1/15	$ 19,000,000	$ 3,375,000
	4.00%	(4/1;10/1)	4/1/06	4/1/16	11,000,000	3,280,000
	3.80 to 4.00%	(4/1;10/1)	4/18/07	4/1/17	6,250,000	2,570,000
	2.00 to 3.50%	(3/1; 9/1)	3/1/08	3/1/18	6,330,000	3,255,000
	2.00 to 3.25%	(3/1; 9/1)	6/1/09	3/1/19	4,500,000	2,715,000
	2.00 to 3.00%	(3/1; 9/1)	3/11/10	3/1/20	7,350,000	2,115,000
	2.00 to 3.00%	(4/1;10/1)	10/1/10	10/1/17	4,400,000	2,315,000
	3.224 to 5.096%	(4/1;10/1)	10/1/10	10/1/30	4,675,000	4,675,000
	2.583 to 5.096%	(4/1;10/1)	10/1/10	10/1/30	7,765,000	7,765,000
	2.00 to 3.25%	(3/1; 9/1)	9/1/11	3/1/21	15,040,000	8,720,000
	2.00 to 4.00%	(3/1; 9/1)	4/2/12	3/1/22	5,735,000	5,185,000
	3.92%	(6/1;12/1)	12/17/13	12/1/39	8,500,000	8,500,000
	2.00 to 3.00%	(3/1; 9/1)	4/8/13	3/1/23	6,325,000	6,325,000
					106,870,000	60,795,000
Taxable Library RZEDs Series 2010H	5.196%	(4/1;10/1)	10/1/10	10/1/35	3,700,000	3,700,000
Saint Paul Public Library Series 2004	2.00 to 4.75%	(3/1; 9/1)	4/1/04	3/1/24	12,280,000	10,180,000
Public Safety						
Series 2008C	3.00 to 4.375%	(5/1;11/1)	3/1/08	5/1/33	10,510,000	9,085,000
Series 2009D	3.00 to 3.50%	(6/1;12/1)	6/2/09	12/1/21	5,575,000	3,935,000
Series 2009E	5.336 to 6.032%	(6/1;12/1)	6/2/09	12/1/34	9,275,000	9,275,000
Series 2011H	2.00 to 3.00%	(6/1;12/1)	12/13/11	12/1/23	14,605,000	9,165,000
					39,965,000	31,460,000
Street Improvement	4.00 to 4.375%	(4/1;10/1)	4/1/06	4/1/26	9,504,750	6,524,058
	4.00 to 4.375%	(4/1;10/1)	4/18/07	4/1/27	9,222,750	6,694,021
	5.00%	(5/1;11/1)	3/1/08	5/1/28	9,014,221	7,429,216
	3.00 to 5.00%	(5/1;11/1)	6/1/09	5/1/29	7,557,911	6,401,124
	.80 to 5.75%	(5/1;11/1)	3/3/10	5/1/30	10,023,250	8,796,405
	2.00 to 4.25%	(5/1;11/1)	4/4/11	11/1/31	9,624,750	8,685,376
	2.00 to 4.50%	(5/1;11/1)	4/2/12	5/1/32	6,971,774	6,540,260
	2.00 to 3.125%	(5/1;11/1)	4/8/13	5/1/33	8,932,482	8,932,482
					70,851,888	60,002,942
Total General Obligation Bonds - Property Tax Supported					$ 233,666,888	$ 166,137,942
Special Assessment Debt with Governmental Commitment						
Assessed Reconstruction Work	2.00 to 3.75%	(3/1; 9/1)	3/1/04	3/1/16	$ 2,500,000	$ 1,185,000
	3.00 to 4.00%	(3/1; 9/1)	3/15/05	3/1/17	2,400,000	1,250,000
	4.00 to 4.375%	(4/1;10/1)	4/1/06	4/1/26	2,995,250	2,055,940
	4.00 to 4.375%	(4/1;10/1)	4/18/07	4/1/27	3,277,250	2,375,978
	5.00%	(5/1;11/1)	3/1/08	5/1/28	2,530,779	2,085,784
	3.00 to 5.00%	(5/1;11/1)	6/1/09	5/1/29	2,667,089	2,258,875
	.80 to 5.75%	(5/1;11/1)	3/3/10	5/1/30	2,476,750	2,173,597
	2.00 to 4.25%	(5/1;11/1)	4/4/11	11/1/31	2,875,250	2,594,626
	2.00 to 4.50%	(5/1;11/1)	4/2/12	5/1/32	2,318,226	2,174,740
	2.00 to 3.00%	(5/1;11/1)	4/8/13	5/1/33	2,867,518	2,867,518
Total General Obligation Bonds - Special Assessment Debt with Governmental Commitment					$ 26,908,112	$ 21,022,058

Note VI. Detailed Notes on All Funds (continued)

	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Authorized and Issued	Outstanding as of 12/31/2013
HRA Tax Increment Fund						
University-Snelling Tax Increment - Refunding Series 2005A	3.60 to 5.125%	(3/1; 9/1)	3/15/05	3/1/17	5,130,000	2,010,000
Koch Mobil Tax Increment Series 2010A	2.00 to 4.00%	(3/1; 9/1)	2/25/10	3/1/31	2,670,000	2,325,000
US Bank Tax Increment Taxable Refunding Bonds Series 2011F	2.00%	(2/1; 8/1)	8/15/11	8/1/15	3,060,000	1,560,000
US Bank Tax Increment Refunding Bonds Series 2011G	2.00 to 4.00%	(2/1; 8/1)	8/15/11	8/1/28	8,870,000	8,870,000
Total General Obligation Bonds - HRA Tax Increment Bonds					$ 19,730,000	$ 14,765,000
HRA Parking Facilities Enterprise Fund						
Block 39 Tax Increment Series 2009G Tax Exempt Refunding	3.125 to 4.00%	(2/1; 8/1)	10/19/09	2/1/25	$ 20,695,000	$ 20,695,000
Series 2009HTaxable Refunding	3.10%	(2/1; 8/1)	10/19/09	2/1/15	8,655,000	2,540,000
Total General Obligation Bonds - HRA Parking Facilities Enterprise Fund Bonds					$ 29,350,000	$ 23,235,000
TOTAL GENERAL OBLIGATION BONDS					$ 309,655,000	$ 225,160,000

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Note VI. Detailed Notes on All Funds (continued)

	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Authorized and Issued	Outstanding as of 12/31/2013
REVENUE BONDS						
Sewer Utility Enterprise Fund						
Sewer Revenue Bonds - Series 2006C	4.00 to 4.50%	(6/1; 12/1)	4/1/06	12/1/20	7,040,000	3,730,000
Sewer Revenue Bonds - Series 2008D	3.00 to 5.00%	(6/1; 12/1)	3/1/08	12/1/27	23,735,000	18,575,000
Sewer Revenue Bonds - Series 2009C	2.00 to 4.00%	(6/1; 12/1)	6/1/09	12/1/28	9,000,000	7,570,000
Sewer Revenue Bonds - Series 2009I Refunding	2.00 to 4.00%	(6/1; 12/1)	10/1/09	12/1/18	2,820,000	1,755,000
Sewer Revenue Bonds - Series 20010D	3.00 to 4.00%	(6/1; 12/1)	3/3/10	12/1/29	8,610,000	7,540,000
Sewer Revenue Bonds - Series 2011C	2.00 to 4.25%	(6/1; 12/1)	4/4/11	12/1/30	8,900,000	8,150,000
Sewer Revenue Bonds - Series 2012C	2.00 to 4.00%	(6/1; 12/1)	4/2/12	12/1/31	8,815,000	8,455,000
Sewer Revenue Bonds - Series 2013D	2.00 to 4.00%	(6/1; 12/1)	4/8/13	12/1/32	3,815,000	3,480,000
Sewer Revenue Bonds - Series 2012D	2.00 to 4.00%	(6/1; 12/1)	4/8/13	12/1/32	7,700,000	7,305,000
					$ 86,735,000	$ 66,560,000
Special Services Enterprise Fund						
Recreational Facilities Revenue Bonds - Series 2005	3.50 to 5.00%	(4/1; 10/1)	10/27/05	10/1/25	$ 7,310,000	$ 5,350,000
City Revenue Bonds and Other Long-Term Debt – Debt Service Fund						
Subordinate Sales Tax Revenue Bonds - Series 2007A	5.00%	(5/1; 11/1)	10/1/07	11/1/30	$ 10,580,000	$ 10,580,000
Taxable Subordinate Sales Tax Revenue Bonds - Series 2007B	5.30 to 6.125%	(5/1; 11/1)	10/1/07	11/1/25	16,700,000	13,415,000
Taxable Sales Tax Revenue Bonds - Series 2009 Refunding	5.23%	(11/1)	4/3/09	11/1/25	65,455,000	54,165,000
					$ 92,735,000	$ 78,160,000

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City of St. Paul, Minnesota
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2013

Note VI. Detailed Notes on All Funds (continued)

	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Authorized and Issued	Outstanding as of 12/31/2013
HRA General Debt Service Fund						
HRA Tax Increment Revenue Bonds -						
Spruce Tree Center Refunding Bonds Series 2003	6.50%	(3/1)	3/1/03	3/1/13	$ 1,890,000	$ -
North Quadrant Tax Increment Refunding Bonds Series 2002	7.50%	(2/15; 8/15)	5/1/02	2/15/28	1,089,000	876,000
Phase II Bonds Series 2002	7.00%	(2/15; 8/15)	6/13/02	2/15/28	1,140,000	1,033,000
Upper Landing Tax Increment Bonds - Series 2012 HRA	5.00%	(3/1; 9/1)	12/20/12	3/1/29	15,790,000	15,790,000
Drake Marble Tax Increment Bonds -Series 2002A	6.75%	(3/1; 9/1)	11/15/02	3/1/28	1,800,000	1,302,000
9th St Lofts Tax Increment Bonds, Series 2004	6.375%	(2/15; 8/15)	4/14/04	2/15/28	1,335,000	1,103,000
JJ Hill Tax Increment Bonds Series 2004	6.25%	(3/1; 9/1)	11/30/04	3/1/29	3,660,000	3,196,000
Neighborhood Scattered Site TIF Bonds - Series 2005	4.24 to 5.45%	(3/1; 9/1)	4/28/05	3/1/17	7,515,000	3,080,000
Emerald Gardens Tax Increment Bonds - Series 2010	5.00 to 6.50%	(3/1)	7/15/10	3/1/29	6,595,000	6,040,000
Total HRA Tax Increment Revenue Bonds					$ 40,814,000	$ 32,420,000

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Note VI. Detailed Notes on All Funds (continued)

	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Authorized and Issued	Outstanding as of 12/31/2013
HRA General Debt Service Fund						
HRA Sales Tax Revenue Refunding Bonds (RiverCentre Project)						
Series 1996	7.10%	(5/1; 11/1)	4/1/96	11/1/23	$ 55,865,000	$ 31,430,000
HRA Lease Revenue Bonds						
Jimmy Lee Lease Revenue Series 2008	3.00 to 5.00%	(6/1; 12/1)	7/1/08	12/1/32	$ 7,685,000	$ 6,590,000
RiverCentre Parking Ramp Improvement	3.00 to 4.50%	(5/1; 11/1)	5/5/09	5/1/24	6,790,000	5,290,000
Total HRA Lease Revenue					$ 14,475,000	$ 11,880,000
Total HRA General Debt Service Fund					$ 111,154,000	$ 75,730,000
HRA Parking System Revenue Bonds						
Refunding Bonds						
Series 2010A	3.00 to 5.00%	(2/1; 8/1)	7/20/10	8/1/35	$ 24,135,000	$ 22,320,000
Series 2010B	3.00 to 5.00%	(2/1; 8/1)	7/20/10	8/1/35	12,820,000	11,845,000
World Trade Center Ramp Bonds Series 1997A	6.75%	(6/1; 12/1)	11/13/97	12/1/17	11,305,000	3,650,000
Total HRA Parking System Revenue Bonds					$ 48,260,000	$ 37,815,000
TOTAL REVENUE BONDS					$ 346,194,000	$ 263,615,000
TOTAL BONDS PAYABLE					$ 655,849,000	$ 488,775,000

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Note VI. Detailed Notes on All Funds (continued)

7. Prior Year Defeasance of Debt

In prior years, the City and HRA defeased certain general obligation bonds and self-supporting revenue bonds by placing the proceeds of the advance refunding bonds in special escrow accounts and investing in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payment dates of the refunded bonds and have been certified to be sufficient to pay all principal and interest on the bonds when due as required by applicable laws. Accordingly, the original refunded bonds have been eliminated and the new advance refunding bonds added to the appropriate financial statements. The City and HRA remain contingently liable to pay the refunded bonds.

At December 31, 2013 the City had no balance of refunded debt outstanding. The HRA had $33,825,000 of refunded debt outstanding at December 31, 2013.

	HRA Refunded Bonds	
Issue	Refunded Amount	Balance Outstanding
HRA Sales Tax Revenue Bonds, Series 1993	$ 63,930,000	$ 33,825,000

H. Operating Lease

From 1998 through 2013, the City entered into noncancelable operating leases for personal computers. Total payments made for the leases during 2013 were $1,027,067. The following schedule presents the future minimum rental payments for these operating leases:

Year Ending December 31	Amount
2014	$ 721,581
2015	484,487
2016	243,224
2017	85,061
Total Minimum Payments Required	$ 1,534,353

Note VI. Detailed Notes on All Funds (continued)

I. Segment Information

The City issued revenue bonds in 1996 to finance the construction of the Rice and Arlington Sports Dome. In October 2005, the City issued revenue bonds to refund the Recreational Facilities Gross Revenue bonds (Sports Dome Project) and to finance the reconstruction of the Highland National Golf Course. The 2005 bonds are accounted for in the Special Services Fund which is a nonmajor enterprise fund. Summary financial information is presented below.

Condensed Statement of Net Position

	Special Services
ASSETS	
Current Assets	$ 117,223
Restricted Assets	666,750
Capital Assets (net of Accumulated Depreciation)	4,891,950
Total Assets	5,675,923
LIABILITIES	
Current Liabilities	7,147,142
Noncurrent Liabilities	5,923,185
Total Liabilities	13,070,327
NET POSITION	
Net Investment in Capital Assets	(590,817)
Unrestricted	(6,803,587)
TOTAL NET POSITION	$ (7,394,404)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Special Services
Fees, Sales, Services and Rental Charges	$ 4,139,402
Depreciation Expense	(204,586)
Other Operating Expenses	(4,259,115)
Operating Income (Loss)	(324,299)
Nonoperating Revenues (Expenses)	
Investment Income	18,050
Gain on Sale of Capital Assets	1,777
Interest Expense	(258,780)
Miscellaneous Revenue (Expenses)	6,322
Total Other Nonoperating Revenues (Expenses)	(232,631)
Transfers In (Out)	(5,769)
Changes in Net Position	(562,699)
Beginning Net Position	(6,831,705)
ENDING NET POSITION	$ (7,394,404)

Note VI. Detailed Notes on All Funds (continued)

Condensed Statement of Cash Flows

	Special Services
Net Cash Provided (Used) by	
Operating Activities	$ 765,305
Noncapital Financing Activities	(668,642)
Capital and Related Financing Activities	(114,581)
Investing Activities	17,918
Net Increase (Decrease)	-
Beginning Cash and Cash Equivalents	600
ENDING CASH AND CASH EQUIVALENTS	$ 600

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

Condensed Statement of Net Position

	HRA Loan Enterprise
ASSETS	
Current Assets	$ 5,532,295
Capital Assets (net of Accumulated Depreciation)	56,609,471
Total Assets	62,141,766
LIABILITIES	
Current Liabilities	8,709,040
Noncurrent Liabilities	33,372,108
Total Liabilities	42,081,148
NET POSITION	
Net Investment in Capital Assets	23,237,363
Unrestricted	(3,176,745)
TOTAL NET POSITION	$ 20,060,618

Note VI. Detailed Notes on All Funds (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	HRA Loan Enterprise
Operating Revenue	$ 24,178
Operating Expenses	(48,245)
Operating Income (Loss)	(24,067)
Nonoperating Revenues (Expenses)	
Investment Income	411
Grants	559,904
Total Other Nonoperating Revenues (Expenses)	560,315
Transfers In (Out)	(559,904)
Changes in Net Position	(23,656)
Beginning Net Position	20,084,274
ENDING NET POSITION	$ 20,060,618

Condensed Statement of Cash Flows

	HRA Loan Enterprise
Net Cash Provided (Used) by	
Operating Activities	$ (24,067)
Capital and Related Financing Activities	(3,631,366)
Investing Activities	411
Net Increase (Decrease)	(3,655,022)
Beginning Cash and Cash Equivalents	9,083,340
ENDING CASH AND CASH EQUIVALENTS	$ 5,428,318

Note VI. Detailed Notes on All Funds (continued)

J. Deferred Inflows of Resources

Governmental Activities	General	Library Agency	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Nonmajor and Other Funds	Total
Deferred Inflows of Resources:								
Property Taxes	$ 2,444,408	$ 572,771	$ 77,884	$ 299,891	$ 120,532	$ -	$ 82,707	$ 3,598,193
Operating Grants & Contributions	-	-	-	-	-	11,007,581	214,478	11,222,059
Accounts Receivable	1,447,666	-	2,085	-	-	-	2,452,189	3,901,940
Accrued Interest Receivable	106,970	-	15,580	45,379	56,703	-	177,677	402,309
Notes and Loans Receivable	-	-	-	-	-	-	3,991,973	3,991,973
Land Held for Resale	-	-	492,834	-	-	-	3,127,739	3,620,573
Special Assessments	-	-	-	-	-	15,381,164	22,857,534	38,238,698
Total Deferred Inflows of Resources	$ 3,999,044	$ 572,771	$ 588,383	$ 345,270	$ 177,235	$ 26,388,745	$ 32,904,297	$ 64,975,745

Note VI. Detailed Notes on All Funds (continued)

K. Fund Balance Classifications

Fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The December 31, 2013, fund balances are as follows:

		Major Special Revnue Funds						
Fund Balances:	General Fund	Library Agency Fund	HRA General Fund	General Debt Service Fund	HRA General Debt Service Fund	Capital Improvement Projects	Other Governmental Funds	Total
Nonspendable:								
Advance to Component Units	$ 376,840	$ -	$ -	$ -	$ -	$ -	$ -	$ 376,840
Corpus of Permanent Funds	-	-	-	-	-	-	35,000	35,000
Total	376,840	-	-	-	-	-	35,000	411,840
Restricted For:								
Capital Improvements	-	-	-	-	-	15,726,278	26,849,365	42,575,643
Grants	-	-	-	-	-	-	5,074,774	5,074,774
Right of Way Maintenance	-	-	-	-	-	-	926,515	926,515
Lighting Maintenance	-	-	-	-	-	-	278,018	278,018
Cultural Improvements	-	-	-	-	-	-	46,479	46,479
Housing and Economic Development	-	-	-	-	-	-	12,812,496	12,812,496
Tax Increment	-	-	-	-	-	-	5,634,943	5,634,943
Debt Service	-	-	-	31,531,583	11,708,847	-	14,710,745	57,951,175
Total	-	-	-	31,531,583	11,708,847	15,726,278	66,333,335	125,300,043
Committed To:								
Equipment Replacement	-	-	-	-	-	-	629,796	629,796
Loan Programs	-	-	-	-	-	-	10,299,641	10,299,641
Library Improvements	-	950,777	-	-	-	-	844,669	1,795,446
Housing and Economic Development	-	-	6,534,429	-	-	-	-	6,534,429
Total	-	950,777	6,534,429	-	-	-	11,774,106	19,259,312
Assigned:								
General Government	627,374	-	-	-	-	-	253,164	880,538
Public Safety	1,871,820	-	-	-	-	-	750,451	2,622,271
Highways and Streets	4,150	-	-	-	-	-	10,487,679	10,491,829
Sanitation	-	-	-	-	-	-	1,132,443	1,132,443
Health	-	-	-	-	-	-	53,497	53,497
Culture and Recreation	56,598	438,209	-	-	-	-	2,153,774	2,648,581
Housing and Economic Development	-	-	5,369,307	-	-	-	4,718,774	10,088,081
Total	2,559,942	438,209	5,369,307	-	-	-	19,549,782	27,917,240
Unassigned	43,980,447	-	-	-	-	(7,483,540)	(5,969,029)	30,527,878
Total	$ 46,917,229	$ 1,388,986	$ 11,903,736	$ 31,531,583	$ 11,708,847	$ 8,242,738	$ 91,723,194	$ 203,416,313

Note VII. Discretely Presented Component Units

A. Basis of Presentation and Basis of Accounting

The RiverCentre Convention & Visitors Authority (RCVA), Saint Paul Regional Water Services (Regional Water Services) and the Port Authority of the City of Saint Paul (Port Authority) are accounted for as proprietary fund types. Proprietary fund types are reported on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred.

Financial information is presented as a discrete column in the statement of net position and statement of activities.

B. Deposits and Investments

RiverCentre Convention & Visitors Authority:

Certain balances of the RiverCentre Convention & Visitors Authority's deposits are managed by the City's Office of Financial Services, Treasury Section. City policies are applied to this portfolio of deposits and investments. Deposits are maintained in accordance with Minnesota §118A.02 and §118A.04. Investments are governed by the City's Investment Policy. (See Note VI.A Deposits, Investments and Securities Lending).

Deposits

The RCVA places its cash with several financial institutions. As of December 31, 2013, the RiverCentre Convention & Visitors Authority's deposits in checking and interest bearing accounts total $1,050,809. The RCVA's policy in managing the custodial credit risk is by depositing their cash in large, stable banking institutions.

Investments

The RCVA reports investments at fair value, based on quoted market prices. Investment income and realized and unrealized gains and losses are reflected on the statement of activities as investment income. Certain balances are invested in the cash and investments pool managed and maintained by the City. Earnings from this pool are allocated to the RCVA based on averaged monthly cash balances. The City invests available cash in various securities in accordance with the requirements set forth in Minnesota Statutes.

At December 31, 2013, RCVA's investments include the following:

	Fair Value
Marketable Certificates of Deposit	$ 238,830
Mutual Fund Equities	174,955
Investments with the City's Cash and Investments Pool	2,817,189
Total	$ 3,230,974

Note VII. Discretely Presented Component Units (continued)

Recap

Deposits	$ 1,050,809	Cash and Investments	$ 2,035,835
Investments	3,443,953	Investments	413,785
		Restricted Cash	2,045,142
Total	$ 4,494,762	Total	$ 4,494,762

Regional Water Services:

Regional Water Services deposit and investment functions are managed by the City's Office of Financial Services, Treasury Section. City policies are applied to the Regional Water Services portfolio of deposits and investments. Deposits are maintained in accordance with Minnesota §118A.02 and §118A.04. Investments are governed by the City's Investment Policy. (See Note VI.A Deposits, Investments and Securities Lending).

Deposits

As of December 31, 2013, the Regional Water Services deposits in checking and interest bearing accounts and certificates of deposits total $13,043,375. The deposits are covered with insurance or pledged collateral at 110% of deposits that is held in the City's name at a third-party institutions, and therefore are not exposed to custodial credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the Regional Water Services deposits may not be returned to it. As of December 31, 2013, the Regional Water Services deposits were not exposed to custodial credit risk. All pledged collateral is held in the City's name at third party institutions, pledged at 110% of deposits not covered by insurance or bonds.

Investments

Credit Risk

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 only in securities that meet the ratings requirements set by state statute.

The Regional Water Services exposure to credit risk as of December 31, 2013, is as follows:

Rating Agency	Rating	Fair Value
Moody's	Aaa	$ 16,482,247

Note VII. Discretely Presented Component Units (continued)

Custodial Credit Risk

The custodial risk for investments 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 investment or collateral securities that are in the possession of an outside party. At December 31, 2013, all investment securities were in the City's name and were held in the custody of US Bank under the City's name and, therefore, are not subject to custodial credit risk.

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 that U.S. Treasury Securities, U.S. Agency Securities and obligations backed by U.S. Treasury and/or U.S. Agency Securities, may be held without limit.

At December 31, 2013, the City does not have investments in any one issuer that represent 5% or more of the City's total investments portfolio and, therefore, also not subject to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's internal portfolio has a shorter overall weighted duration than the benchmarks established for each component portfolio. All else being equal, this would be expected to reduce the risk to adverse effects from rising interest rates.

At December 31, 2013, Regional Water Services had the following investments:

Investment Type	Fair Value	Less Than 2 years	2-4 Years	5-10 Years	Over 10 Years
U.S. Government Agency	$ 16,482,247	$ -	$ 2,594,197	$ -	$ 13,888,050
Total Investments	$ 16,482,247	$ -	$ 2,594,197	$ -	$ 13,888,050

Recap

Deposits	$ 13,043,375	Cash and Investments	$ 13,042,305
Investments	16,482,247	Investments	5,021,827
Departmental Cash	228,770	Departmental Cash	228,770
Imprest Funds on Hand	7,000	Imprest Funds	7,000
		Restricted Cash	1,070
		Restricted Investments for Debt Service	11,460,420
Total	$ 29,761,392		$ 29,761,392

Note VII. Discretely Presented Component Units (continued)

Port Authority:

Deposits

In accordance with applicable Minnesota State Statutes, the Port Authority maintains deposits at financial institutions authorized by the Board of Commissioners. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Minnesota Statutes require securities pledged as collateral held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk

Minnesota statutes require that all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance (140% if collateralized with notes secured by first mortgages). The Port Authority's accounts were maintained at depositories and consisted of checking, savings, certificates of deposit and money market accounts.

Investments

Statutes authorize the Port Authority to invest in certain securities which are direct obligations, guaranteed, or insured issues of the United States, its agencies, its instrumentalities or organizations created by acts of Congress. Also authorized are investments in certain state and local securities, commercial paper with maturities of less than 270 days, guaranteed investment contracts, bankers' acceptances, time deposits, repurchase agreements, securities lending agreements and authorized mutual funds with final maturities no longer than 13 months. The investments for Capital City Properties (CCP), the Port Authority's component unit, are managed by the Port Authority. The Port Authority's investment policy is limited to those investments authorized by statute.

Credit Risk

As a means of managing its exposure that an issuer of a debt security will not fulfill its obligation, it is the Port Authority's practice to follow state law, which limits investments in authorized securities to certain credit risk ratings and maturities. It is the Port Authority's policy that securities must carry an A- or higher long-term rating by one rating agency or the highest quality short term rating (without regard to modifiers) by two of the following rating agencies: Standard & Poors, Fitch or Moody's. The Port Authority's investments at December 31, 2013, carried the following ratings:

Rating	Fair Value
AAA/Aaa	$ 14,972,483
AA/Aa	7,007,253
A	411,386
Not Rated	2,342,496
	$ 24,733,618

Note VII. Discretely Presented Component Units (continued)

Custodial Credit Risk

For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Port Authority will not be able to recover the value of its investments that are in the possession of another party. The Port Authority requires all securities purchased to be made in such a manner so that the securities are registered in the Port Authority's name or are in the possession of the Port Authority or a third-party custodian.

Concentration of Credit Risk

The Port Authority diversifies its portfolio in order to minimize the impact of losses from any one individual issuer. It is the Port Authority's policy to limit the amount invested in any one issuer at the time of the purchase, excluding securities of the U.S. Government and government sponsored enterprise securities. There were no violations of the policy during the year. It is the Port Authority's general practice to limit the amount the Port Authority may invest in any one issuer at the time of purchase to no more than 5% of the total investments managed by the Port Authority.

At December 31, 2013, more than 5% of the Port Authority's and Capital City Properties (CCP)'s investments are in the following issuers:

Issuer	Percent of Investments
Federal Home Loan Mortgage Corp (Freddie Mac)	8.0%
Federal National Mortgage Association (Fannie Mae)	16.0%

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, it is the Port Authority's practice to match maturities to its liquidity needs. The Port Authority establishes benchmarks that reflect its expected cash flow needs and minimize interest rates that are materially longer or shorter than those established by the benchmarks chosen. Maximum duration of the portfolio is 120% of the benchmark duration.

Note VII. Discretely Presented Component Units (continued)

The schedule of the average maturities by investment type as of December 31, 2013, is as follows:

Investment Type	Fair Value	Less Than 1 year	1-5 Years	6-10 Years	Over 10 Years
Federal Farm Credit Bank Note	$ 500,125	$ 500,125	$ -	$ -	$ -
Federal Home Loan Mortgage Corp (Freddie Mac)	1,615,639	125,196	250,865	1,239,578	-
Federal National Mortgage Assoc. (Fannie Mae)	5,557,843	517,702	4,544,706	495,435	-
Governmental National Mortgage Assoc (Ginnie Mae)	16,871	-	-	16,871	-
Guaranteed Investment Contracts	372,800	-	-	-	372,800
Federal Home Loan Bank	50,698	-	50,698	-	-
Negotiable Certificates of Deposit	2,325,625	2,325,625	-	-	-
State & Local Obligations:					
Municipal Bonds	2,661,764	851,412	1,606,604	203,748	-
Time deposits					
US Dept Agriculture Taxable Bonds	157,989	-	-	-	157,989
US Dept Agriculture Loan Certificates	39,265	-	-	-	39,265
US Treasury Notes	11,434,999	5,105,105	3,484,970	2,844,924	-
Total	$ 24,733,618	$ 9,425,165	$ 9,937,843	$ 4,800,556	$ 570,054

Recap

Deposits	$ 27,938,417	Cash and Investments	$ 4,983,297
Investments	24,733,618	Investments	10,417,355
		Restricted Cash	22,955,120
		Restricted Investments	14,316,263
Total	$ 52,672,035	Total	$ 52,672,035

Note VII. Discretely Presented Component Units (continued)

D. Capital Assets

Summary of Changes in Capital Assets of RiverCentre Convention & Visitors Authority:

	Balance 01/01/13	Additions	Deductions	Balance 12/31/13
Capital Assets Not Being Depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated:				
Buildings and Structures	-	-	-	-
Public Improvements	-	-	-	-
Equipment	164,064	16,578	-	180,642
Total Capital Assets Being Depreciated	164,064	16,578	-	180,642
Less: Accumulated Depreciation for:				
Buildings and Structures	-	-	-	-
Public Improvements	-	-	-	-
Equipment	(104,956)	(24,375)	-	(129,331)
Total Accumulated Depreciation	(104,956)	(24,375)	-	(129,331)
Total Capital Assets Being Depreciated, Net	59,108	(7,797)	-	51,311
Capital Assets, Net	$ 59,108	$ (7,797)	$ -	$ 51,311

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Note VII. Discretely Presented Component Units (continued)

Summary of Changes in Capital Assets of Regional Water Services:

	Balance 01/01/13	Additions	Deductions	Balance 12/31/13
Capital Assets Not Being Depreciated:				
Land	$ 1,307,887	$ -	$ -	$ 1,307,887
Construction in Progress	33,610,904	15,769,043	(29,715,106)	19,664,841
Total Capital Assets Not Being Depreciated	34,918,791	15,769,043	(29,715,106)	20,972,728
Capital Assets Being Depreciated:				
Buildings and Structures	56,382,178	298,658	(674,034)	56,006,802
Public Improvements	251,390,108	28,205,163	(7,546,762)	272,048,509
Equipment	51,565,300	1,211,285	(722,185)	52,054,400
Total Capital Assets Being Depreciated	359,337,586	29,715,106	(8,942,981)	380,109,711
Less: Accumulated Depreciation for:				
Buildings and Structures	(19,327,257)	(1,411,718)	341,352	(20,397,623)
Public Improvements	(78,031,086)	(4,498,451)	5,266,339	(77,263,198)
Equipment	(26,944,655)	(2,089,332)	677,756	(28,356,231)
Total Accumulated Depreciation	(124,302,998)	(7,999,501)	6,285,447	(126,017,052)
Total Capital Assets Being Depreciated, Net	235,034,588	21,715,605	(2,657,534)	254,092,659
Capital Assets, Net	$ 269,953,379	$ 37,484,648	$ (32,372,640)	$ 275,065,387

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Note VII. Discretely Presented Component Units (continued)

Summary of Changes in Capital Assets of Port Authority:

	Balance 01/01/13	Additions	Deductions	Balance 12/31/13
Capital Assets Not Being Depreciated:				
Land	$ 8,027,165	$ 1,384	$ -	$ 8,028,549
Construction in Progress	10,384,549	6,058,250	(158,536)	16,284,263
Total Capital Assets Not Being Depreciated	18,411,714	6,059,634	(158,536)	24,312,812
Capital Assets Being Depreciated:				
Buildings	47,899,067	384,291	-	48,283,358
Equipment	2,350,178	372,133	(473,578)	2,248,733
Total Capital Assets Being Depreciated	50,249,245	756,424	(473,578)	50,532,091
Less: Accumulated Depreciation for:				
Buildings	(31,007,296)	(1,328,506)	-	(32,335,802)
Equipment	(2,067,395)	(105,381)	471,871	(1,700,905)
Total Accumulated Depreciation	(33,074,691)	(1,433,887)	471,871	(34,036,707)
Total Capital Assets Being Depreciated, Net	17,174,554	(677,463)	(1,707)	16,495,384
Capital Assets, Net	$ 35,586,268	$ 5,382,171	$ (160,243)	$ 40,808,196

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Note VII. Discretely Presented Component Units (continued)

E. Long-Term Obligations

RiverCentre Convention & Visitors Authority:

At December 31, 2013, long-term obligations of the RiverCentre Convention & Visitors Authority consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Capital Lease	$ 1,354	$ -	$ 1,354	$ -	$ -

Regional Water Services:

At December 31, 2013, long-term obligations of Regional Water Services consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue Bonds	$ 23,720,000	$ 14,480,000	$ 17,175,000	$ 21,025,000
Revenue Notes	25,629,803	2,908,879	1,320,037	27,218,645
Capital Lease	1,847	-	1,847	-
Compensated Absences	1,794,551	184,568	184,568	1,794,551
Net Other Postemployment Benefits	3,495,166	1,003,004	692,443	3,805,727
Claims and Judgments	3,205,760	2,126,156	831,660	4,500,256
Total	$ 57,847,127	$ 20,702,607	$ 20,205,555	$ 58,344,179

Port Authority:

At December 31, 2013, long-term obligations of Port Authority consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Bonds	$ 28,770,000	$ 8,050,000	$ 1,475,000	$ 35,345,000	$ 1,760,000
Revenue Bonds	59,395,813	8,800,000	10,001,542	58,194,271	24,347,214
Add/(Subtract) Deferred Amounts for: (Discounts)/Premiums Refundings - Gains/(Losses)	171,802	56,318	15,439	212,681	-
Total Bonds	88,337,615	16,906,318	11,491,981	93,751,952	26,107,214
Revenue Notes	7,729,954	3,930,441	-	11,660,395	768,592
Net Other Postemployment Benefits Obligation	61,530	10,390	-	71,920	-
Total	$ 96,129,099	$ 20,847,149	$ 11,491,981	$ 105,484,267	$ 26,875,806

Note VII. Discretely Presented Component Units (continued)

F. Principal and Interest Requirements on Long Term Obligations - Bonds and Notes

Regional Water Services:

Total principal and interest requirements relating to outstanding revenue bonds and notes at December 31, 2013, were as follows:

	Principal	Interest	Total
Revenue Bonds	$ 21,025,000	$ 2,650,225	$ 23,675,225
Revenue Notes	27,218,645	4,947,798	32,166,443
Total	$ 48,243,645	$ 7,598,023	$ 55,841,668

Port Authority:

Total principal and interest requirements relating to outstanding revenue bonds and notes at December 31, 2013, were as follows:

	Principal	Interest	Total
General Obligation Bonds	$ 35,345,000	$ 8,675,351	$ 44,020,351
Revenue Bonds	58,194,271	12,667,230	70,861,501
Revenue Notes	11,660,395	723,482	12,383,877
Total	$ 105,199,666	$ 22,066,063	$ 127,265,729

The Port Authority has issued debt obligations to finance numerous development projects. The debt is secured by the related amounts to be received under leases, loan agreements and ad valorem property taxes. These obligations are not secured by the credit of the Authority, and the Authority is not obligated in any manner for repayment of the debt. Accordingly, this no-commitment debt is not reported as a liability in the Port Authority's financial statements. At December 31, 2013, outstanding no-commitment debt totaled $428.3 million.

G. Net Position – Restricted

As of December 31, 2013, net position was restricted for the following purposes:

	RiverCentre Convention and Visitors Authority	Regional Water Services	Port Authority	Total
For Economic Development	$ -	$ -	$ 32,694,466	$ 32,694,466
For Debt Service	-	11,371,069	10,487,000	21,858,069
Total	$ -	$ 11,371,069	$ 43,181,466	$ 54,552,535

Note VII. Discretely Presented Component Units (continued)

H. Condensed Financial Information

The following provides component unit condensed financial information for the year ended December 31, 2013:

Condensed Statement of Net Position

	RiverCentre Convention and Visitors Authority	Regional Water Services	Port Authority	Total
ASSETS				
Current Assets	$ 3,976,972	$ 35,730,338	$ 39,608,795	$ 79,316,105
Restricted Assets	2,045,142	6,536,054	14,316,263	22,897,459
Capital Assets, Net	51,311	275,065,387	40,808,196	315,924,894
Other Assets	-	140,000	93,469,811	93,609,811
Total Assets	6,073,425	317,471,779	188,203,065	511,748,269
LIABILITIES				
Current Liabilities	1,724,744	14,857,441	71,865,782	88,447,967
Noncurrent Liabilities	376,840	54,296,960	78,608,461	133,282,261
Total Liabilities	2,101,584	69,154,401	150,474,243	221,730,228
NET POSITION				
Invested in Capital Assets, Net of Related Debt	51,311	226,053,104	2,831,697	228,936,112
Restricted	-	11,371,069	10,487,000	21,858,069
Unrestricted	3,920,530	10,893,205	24,410,125	39,223,860
TOTAL NET POSITION	$ 3,971,841	$ 248,317,378	$ 37,728,822	$ 290,018,041

Condensed Statement of Revenues, Expenses and Changes in Net Position

	RiverCentre Convention and Visitors Authority	Regional Water Services	Port Authority	Total
Operating Revenues	$ 11,743,430	$ 52,008,155	$ 19,290,312	$ 83,041,897
Operating Expenses	11,949,059	37,000,260	20,805,088	69,754,407
Depreciation	-	7,494,060	1,049,654	8,543,714
Operating Income (Loss)	(205,629)	7,513,835	(2,564,430)	4,743,776
Total Nonoperating Revenues (Expenses)	1,177,065	(5,603,401)	8,249,566	3,823,230
Capital Contributions	-	1,332,696	-	1,332,696
Changes in Net Position	971,436	3,243,130	5,685,136	9,899,702
Net Position, January 1	3,000,405	245,074,248	32,043,686	280,118,339
Net Position, December 31	$ 3,971,841	$ 248,317,378	$ 37,728,822	$ 290,018,041

Note VII. Discretely Presented Component Units (continued)

I. Pension Plans

RiverCentre Convention & Visitors Authority:

The RiverCentre Convention & Visitors Authority (RCVA) has a defined contribution 401(k) retirement plan that covers substantially all employees meeting certain eligibility requirements. The RCVA has the option to contribute discretionary amounts to the plan. The RCVA makes matching contributions of up to 5% of compensation. During 2004, an additional discretionary contribution of 2% of each participant's salary was approved by the Board. Discretionary contributions have not been made from 2005 through 2013. Retirement expense was $39,990 and $31,178 for 2013 and 2012 respectively.

Regional Water Services:

Regional Water Services employees are employees of the City of Saint Paul and are covered by the Public Employees Retirement Association (PERA) pension plan. PERA does not make separate measurements of assets and pension benefit obligation for individual employers. Total contributions in 2013 were $982,507. See Note VIII.A for disclosures relating to the PERA pension plan.

Port Authority:

All employees hired after June 30, 2003, as well as certain other employees, are participants in the General Employees Retirement Fund (GERF), which is a cost sharing, multiple employer retirement plan. All other full-time employees are required to participate in a Port Authority- sponsored Section 414(d) employee benefit plan. The following is a description of these plans.

Port Authority 414(d) Plan: The Port Authority sponsors a Section 414(d) employee benefit plan covering all full-time employees who were hired prior to June 30, 2003, and did not elect to participate in the GERF. Employee participation in the plan is mandatory, and employees are required to contribute 6.25% of their salary. The Port Authority provides a contribution of 7.25%. Total contributions were $41,000 in 2013.

General Employees Retirement Fund (GERF): All full-time employees of the Port Authority who were hired after June 30, 2003, as well as certain other employees who elected to participate in GERF, are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The Port Authority contributed $100,000 in 2013.

GERF members belong to the Coordinated Plan. All participating employees of the Port Authority are Coordinated Plan members and are covered by Social Security.

J. Postemployment Benefits Other than Pension

RiverCentre Convention & Visitors Authority:

The RiverCentre Convention & Visitors Authority does not provide other postemployment benefits.

Note VII. Discretely Presented Component Units (continued)

Regional Water Services:

Plan Description

In addition to providing the pension benefits described in Note VIII.A, Regional Water Services, through the City of Saint Paul (City) provides other postemployment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The authority to provide these benefits is established in Minnesota Statutes §471.61, Subd. 2a. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided

Eligibility requirements and contribution levels vary substantially between the 11 bargaining agreements. The typical eligibility requirements are 20 years of service and currently receiving a public employee pension. This coverage may also extend to the retiree's family. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through the City's collective bargaining agreements with employee groups. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; vision care; preventative dental; and prescriptions.

Retirees under the age of 65 (early retirees) are included in the pool with active employees. Each year during open enrollment, active employees and early retirees select from three options with the City's health insurance carrier. Retirees over 65 (regular retirees) have two plan options under a separate policy. Medicare becomes the primary insurer and the City's plan becomes secondary. Life insurance in the amount of $5,000 to $20,000 is provided to some early retirees, depending upon collective bargaining agreements.

The majority of employees benefit amounts have been capped. The benefit amount varies depending upon employment date and bargaining unit agreement as indicated in the following:

Health Care Benefit

.	Under Age 65 (early retiree)	Over Age 65 (regular retiree)
Employees who retired before January 1, 1996	$250 per month	100%
Employees hired before January 1, 1996 and retiring after January 1, 1996	$350 per month	$550 per month
Employees hired after January 1, 1996	$300 per month	$300 per month

Note VII. Discretely Presented Component Units (continued)

Membership

As of the actuarial valuation date of September 30, 2012 the membership consisted of:

	Family Coverage	Single Coverage	Total
Retired Participants and Beneficiaries			
Under Age 65 (Early Retirees)	2	30	32
Over Age 65 (Regular Retirees)	43	109	152
Total Retired Participants	45	139	184
Active Participants			
Eligible to receive benefits			222
Not eligible to receive benefits*			179
Total Active Participants			401
Total Participants			585

* Participants who have not reached retirement age and minimum service requirements

Funding Policy

Retiree health care benefits are currently funded based on the benefit disclosed above on a pay-as-you-go basis. Regional Water may change the funding policy at any time. The average monthly premium contributions for 2013 were as follows:

	Age	Average Monthly Regional Water Contribution	Average Monthly Retiree Contribution
Health Insurance	Less than 65	$ 336	$ 336
	65 and older	$ 275	$ 14
Life Insurance	Less than 65	$ 1	Not applicable
	65 and older	Not applicable	Not applicable

These plans are fully insured.

The expenses for these post-employment benefits are recognized as premiums and are paid to the insurers. For Regional Water, the 2013 expense totaled $593,794 for approximately 174 retirees. Retirees contributed $124,253; active employees do not contribute to the plan until retirement.

Note VII. Discretely Presented Component Units (continued)

Annual OPEB Costs and Net OPEB Obligation

Regional Water had an actuarial valuation performed for the plan as of September 30, 2012, to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2013. Regional Water's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$ 1,316,167	$ 726,426	55.20%	$ 2,858,414
December 31, 2012	$ 1,345,224	$ 708,472	52.67%	$ 3,495,166
December 31, 2013	$ 1,003,004	$ 692,443	69.04%	$ 3,805,727

The net OPEB obligation (NOPEBO) as of December 31, 2013, was calculated as follows:

Annual Required Contribution (ARC)	$ 1,058,497
Interest on Net OPEB Obligation	152,348
Adjustment to Annual Required Contribution	(207,841)
Annual OPEB cost	1,003,004
Contributions Made	
Direct	593,794
Indirect Implicit Subsidy	98,649
Total Contributions Made	692,443
Increase (Decrease) in Net OPEB Obligation	310,561
Net OPEB Obligation Beginning of Year	3,495,166
Net OPEB Obligation End of Year	$ 3,805,727

Funded Status and Funding Progress

The actuarial accrued liability for benefits, as of September 30, 2012, the most recent actuarial valuation date, was $13,455,536. This liability will be phased in over 30 years based on the requirements of the Governmental Accounting Standards Board Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

As of the actuarial valuation date of September 30, 2012, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	$ 13,455,536
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liabililty (UAAL)	$ 13,455,536
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Active Members Covered Payroll	$ 12,584,670
UAAL as a Percentage of Covered Payroll	106.9%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of

the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the September 30, 2012, actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.5% discount rate and an annual healthcare cost trend rate of beginning at 8.5% for fiscal year 2012 and declining over 7 years by 0.5% per year to 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as Regional Water has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30-year open amortization period (30-year period restarted with each valuation).

Port Authority:

Plan Description

The Port Authority employees retiring after 20 or more years of service are eligible for up to $300 per month toward the cost of health insurance. Employees retiring prior to 1996 are reimbursed for 100 percent of the cost of health insurance for themselves and their spouse. At December 31, 2013, there were 18 current employees that may become eligible for benefits in the future and 9 beneficiaries receiving benefits. The plan does not issue a stand-alone financial report.

Funding Policy

Retiree health care benefits are currently funded based on the benefit disclosed above on a pay-as-you-go basis. The Board of Commissioners may change the funding policy at any time.

Annual OPEB Cost and Net OPEB Obligation

The Port Authority's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC). The Port Authority has elected to calculate the ARC and related information using the alternative measurement permitted by GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a 30-year period.

The following table shows the components of the annual OPEB cost, the amount actually contributed to the plan, and changes in the OPEB obligation to the Retiree Healthcare Benefit Program:

Note VII. Discretely Presented Component Units (continued)

Annual Required Contribution (ARC)	$	48,000
Interest on Net OPEB Obligation		2,000
Adjustment to Annual Required Contribution		(3,000)
Annual OPEB cost		47,000
Contributions Made		36,610
Increase (Decrease) in Net OPEB Obligation		10,390
Net OPEB Obligation Beginning of Year		61,530
Net OPEB Obligation End of Year	$	71,920

The Port Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligations for 2013:

Fiscal Year Ended	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$ 46,769	91.5%	$ 50,895
December 31, 2012	$ 46,050	76.9%	$ 61,530
December 31, 2013	$ 47,000	76.6%	$ 71,920

Funded Status and Funding Progress

The actuarial accrued liability for benefits as of December 31, 2012, the most recent actuarial valuation date, was $629,247. This liability will be phased in over 30 years based on the requirements of GASB Statement No. 45.

Actuarial Accrued Liability (AAL)	$	629,247
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liabililty (UAAL)	$	629,247
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0.00%
Active Members Covered Payroll	$	1,839,000
UAAL as a Percentage of Covered Payroll		36.00%

Actuarial Methods and Assumptions

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority has estimated the liability associated with this benefit using an alternative valuation method which takes into account the existing age of the individuals, their years of service and life expectancy, probability of receiving a benefit, a health care cost trend factor of 6.2% and a 5% present value assumption. Alternative measurement calculations assume a level of percentage projected payroll 30-year open amortization period. The remaining amortization period at December 31, 2013, was 24 years.

Note VIII. Other Information

A. Pension Plans

1. Defined Benefit Plans: Public Employees Retirement Association

a. Plan Descriptions

All full-time and certain part-time employees of the City of Saint Paul who are not participants of the Housing and Redevelopment Authority Pension Plan are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and the Basic Plan members are not. All new members must participate in the Coordinated Plan, and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for GERF Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all GERF members, whose annuity is calculated using Method 1, and all PEPFF members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and either 65 or 66 (depending on date hired) for GERF members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive Suite 200, Saint Paul, Minnesota, 55103-2088 or by calling 651-296-7460 or 1-800-652-9026.

Note VIII. Other Information (continued)

b. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statutes Chapter 353. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. The following table lists the required contribution rates for employees and employers under the various plans administered by GERF. Rates are applied to annual covered salary.

The City is required to contribute the following percentages of annual covered payroll in 2013 and 2014:

	2013		2014	
Retirement Plan	Employee	Employer	Employee	Employer
General Employees Retirement Fund (GERF)				
Basic	9.10%	11.78%	9.10%	11.78%
Coordinated	6.25%	7.25%	6.25%	7.25%
Public Employees Police and Fire Fund (PEPFF)	9.60%	14.10%	9.60%	14.10%

The City's contributions for the years ending December 31, 2013, 2012, and 2011 for GERF and PEPFF were:

	2013	2012	2011
General Employees Retirement Fund (GERF)			
Basic	$ -	$ -	$ 1,159
Coordinated	6,789,836	6,756,676	6,806,186
	6,789,836	6,756,676	6,807,345
Public Employees Police and Fire Fund (PEPFF)	11,679,318	11,094,757	11,421,235
	$ 18,469,154	$ 17,851,433	$ 18,228,580

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

Note VIII. Other Information (continued)

2. Defined Contribution Plan: Housing and Redevelopment Authority Pension Plan

a. Plan Description

Employees of the City of Saint Paul who were formerly employed by Housing and Redevelopment Authority (HRA) before the latter merged with the City of Saint Paul and who elected to continue to participate in this pension plan upon becoming employees of the City of Saint Paul are covered by the Housing and Redevelopment Authority Pension Plan, a defined contribution plan. The merger was authorized under the provision of Minnesota Laws of 1976, Chapter 234, as amended in 1977 Session Laws, Chapter 165. The law also provided that employees who elected to continue with the HRA pension plan shall be responsible for the difference in cost between the HRA pension plan and the City of Saint Paul pension plan. The HRA Pension Plan Trustees, in conjunction with Principal Financial Group, administers the HRA Pension Plan.

Participants in the HRA Pension Plan will be vested in their own Trust Fund Share attributable to their individual contributions, supplementary contributions and any rollover contributions. Vesting is based on applying a percentage based on the number of years of service with each full year of service to be vested at 20%. If termination of service or death occurs, each participant or participant's beneficiary is entitled to receive interest in the Trust Fund, and it will be paid in accordance with the rules of the pension plan.

b. Funding Policy

Each active employee who participates in the HRA Pension Plan contributes 5.25% of the employee's salary. The City of Saint Paul contributes 7.00% of each active employee's salary who belongs in the pension plan. The City and the covered employees contributed $19,786 and $14,390, respectively, for the year ending December 31, 2013. The City also contributed $20,514 for 2012 and $26,271 for 2011. For each year, the City contribution equals the required contribution for each respective year.

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Note VIII. Other Information (continued)

B. Postemployment Benefits Other than Pension

1. Plan Description

In addition to the pension benefits described in Note VIII.A, the City provides other postemployment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The authority to provide these benefits is established in Minnesota Statutes Section 471.61, Subd. 2a. The benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through the City's collective bargaining agreements with employee groups. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is allocated as part of the City's fringe benefit charge.

2. Benefits Provided

The City provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must be collecting a state retirement pension and have been employed by the City for a minimum of 20 years. This coverage may also extend to the retiree's family. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; vision care; preventative dental; and prescriptions.

Life insurance in the amount of $5,000 to $20,000 is provided to some under age 65 (early retirees), depending upon collective bargaining agreements. A few over age 65 retirees have varying amounts of life insurance that had been continued due to disability.

The majority of employees benefit amounts have been capped. The benefit amount varies depending upon employment date and bargaining unit agreement as indicated below:

Health Care Benefit

	Under Age 65 (early retiree)	Over Age 65 (regular retiree)
Employees who retired before January 1, 1996	$250 per month	100%
Employees hired before January 1, 1996 and retiring after January 1, 1996	$350 per month	$550 per month
Employees hired after January 1, 1996	$300 per month	$300 per month

This benefit has been discontinued for Police officers hired after July 1, 2005 and for Tri-Council employees hired after January 1, 1996.

Life Insurance Benefit

Retirees are eligible to continue on the City's life insurance program until age 65 in amounts that range from $5,000 - $20,000.

City of St. Paul, Minnesota
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2013

Note VIII. Other Information (continued)

3. Membership

As of actuarial valuation date of September 30, 2012 the membership consisted of:

	Family Coverage	Single Coverage	Total
Retired Participants and Beneficiaries			
Under Age 65 (Early Retirees)	102	433	535
Over Age 65 (Regular Retirees)	473	886	1,359
Total Retired Participants	575	1,319	1,894
Active Participants			
Eligible to receive benefits			333
Not eligible to receive benefits*			2,520
Total Active Participants			2,853
Total Participants			4,747

* Participants who have not reached retirement age and minimum service requirements

4. Funding Policy

The City negotiates the contribution between the City and employees through 16 employee group agreements. The City currently finances this plan on a pay as you go basis. Early retirees (under age 65) contribute to the health care plan at the same rate as active employees. This results in the early retirees receiving an implicit rate subsidy. For the fiscal year ending December 31, 2013, retirees contributed $2,793,893 and the City contributed $7,455,560. Active employees do not contribute to the plan until retirement.

The average monthly premium contributions for 2013 were as follows:

	Age	Average Monthly City Contribution [1]	Average Monthly Retiree Contribution[2]
Health Insurance	Less than 65	$ 245,130 [1]	$ 186,300 [2]
	65 and older	$ 366,191 [1]	$ 32,424 [2]
Life Insurance	Less than 65	$ 357 [3]	Not applicable
	65 and older	Not applicable	Not applicable

(1) The average monthly City contribution for health insurance for individuals less than 65 is $454 and $271 for individuals 65 and older.
(2) The average monthly retiree contribution for health insurance for individuals less than 65 is $345 and $24 for individuals 65 and older.
(3) The average monthly City contribution for life insurance for individuals less than 65 is $1.

Note VIII. Other Information (continued)

5. Annual OPEB costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of September 30, 2012, to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2013. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$ 15,756,623	$ 9,299,062	59.02%	$ 25,667,615
December 31, 2012	$ 16,064,452	$ 9,920,050	61.75%	$ 31,812,017
December 31, 2013	$ 12,124,691	$ 7,641,771	63.03%	$ 36,294,937

The net OPEB obligation (NOPEBO) as of December 31, 2012, was calculated as follows:

Annual Required Contribution (ARC)	$ 12,646,139
Interest on Net OPEB Obligation	1,431,541
Adjustment to Annual Required Contribution	(1,952,989)
Annual OPEB cost	12,124,691
Contributions Made	
Direct	6,494,827
Indirect Implicit Subsidy	1,146,944
Total Contributions Made	7,641,771
Increase (Decrease) in Net OPEB Obligation	4,482,920
Net OPEB Obligation Beginning of Year	31,812,017
Net OPEB Obligation End of Year	$ 36,294,937

6. Funded Status and Funding Progress

As of the actuarial valuation date of September 30, 2012, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	$ 156,415,280
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UALL)	$ 156,415,280
Fund Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Active Members Covered Payroll	$ 170,535,057
UAAL as a Percentage of Covered Payroll	91.7%

Note VIII. Other Information (continued)

7. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, will present multi-year trend information as it becomes available. The schedule will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the September 30, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 5.00% discount rate and an annual healthcare cost trend rate of beginning at 10.0% for fiscal year 2010 and declining over 10 years by 0.5% per year to 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30-year open amortization period (30-year period restarted with each valuation).

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Note VIII. Other Information (continued)

C. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City accounts for and finances its risk management activities in the Risk Management Retention Internal Service Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claim expenditures relating to tort liabilities are paid from the General Fund and other funds responsible for losses as determined by the tort claim manager. Workers' compensation claim expenditures are directly charged to department funds responsible for the employee at time of injury. The following discloses the change in the balance of the claims liability during fiscal years 2012 and 2013.

	Year Ended December 31, 2013	Year Ended December 31, 2012
Beginning of Fiscal Year Liability	$ 26,742,551	$ 32,874,387
Current Year Claims and Changes in Estimates	24,033,467	(3,393,894)
Claim Payments	(12,610,961)	(2,737,942)
End of Fiscal Year Liability	$ 38,165,057	$ 26,742,551

Minnesota Statutes Section 466.04 limits the City's tort financial exposure for claims arising from general liability or vehicle liability exposures. The limits are $300,000 per individual and $750,000 per accident for any number of claims arising out of a single occurrence for claims arising on or after January 1, 1998, and before January 1, 2000. For claims arising on or after January 1, 2000, and before January 1, 2008, the limit per accident for any number of claims arising out of a single occurrence is $1,000,000 and $300,000 per individual. For claims arising on or after January 1, 2008 and before July 1, 2009, the limit per accident for any number of claims arising out of a single occurrence is $1,200,000 and $400,000 per individual. For claims arising on or after July 1, 2009, the limit per accident for any number of claims arising out of a single occurrence is $1,500,000 and $500,000 per individual. The limits double when the claim arises out of the release or threatened release of a hazardous substance. The City does not carry commercial liability and collision insurance for City-owned vehicles.

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

The City has purchased all risk property insurance coverage of $1.3 billion for its real and personal property throughout the City. The deductible for each occurrence of damage or loss of property is $250,000. Each City department participating in the risk retention 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 not covered by insurance. The City department is responsible for the first $10,000 of each loss. Losses that exceed $10,000 are reimbursed by the risk retention pool. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City purchases coverage for employee health and life insurance benefits. These benefit plans are fully insured. The contributions required by employees to the health and life insurance programs are dependent upon an employee's bargaining unit. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Note VIII. Other Information (continued)

The City self-insures its liability for unemployment compensation benefits and City funds are directly charged for the actual costs incurred.

The City's Risk Management Division provides direction, management, coordination and planning services for risk, insurance and employee benefit programs. The Division conducts an audit and actuarial analysis to ensure proper premium, retention and administrative charges. Tort liability, workers' compensation and unemployment compensation programs are administered internally with professional claim managers and adjusters. Litigated tort claims (both general liability and vehicle liability) are handled by the City Attorney's Office and its staff.

D. Construction and Other Significant Commitments

At December 31, 2013, the City had commitments for the following major construction projects:

Project Title	Remaining Construction Committed
Wheelock Bridge Project	$ 909,231
Prince Street Project	1,208,474
Charles Street Projecct	553,874
St Anthony Tunnel Phase 5	2,538,620
Selby/Thomas Sewer Lining	1,384,757
Jesse/James Sewer Lining	1,300,566
St. Anthony Tunnel Repairs	1,127,600
Penfield Apartments	6,712,648
Total	$ 15,735,770

E. Interest Rate Swap Agreements

Summary of Notional Amounts and Fair Values

The City enters into contracts to hedge its exposure to fluctuating interest rates. These contracts are evaluated pursuant to GASB Statement No. 53 - *Accounting and Financial Reporting for Derivative Instruments*, to determine whether they meet the definition of derivative instruments, and, if so, whether they effectively hedge the expected cash flows associated with interest rate exposures.

The City applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred outflow of resources (derivative instrument interest swap liability) in the statement of net position. For the reporting period, all of the City's derivatives meet the effectiveness tests.

For interest rate derivatives, the City contracted with Springsted Investment Advisors, Inc., an independent mark-to-market service, to estimate fair value based upon the market close rate data provided by Bloomberg Financial.

The following is a summary of the fair values and notional amounts of derivative instruments outstanding as of December 31, 2013 (gains shown as positive amounts, losses as negative).

Note VIII. Other Information (continued)

Governmental Activities	2013 Change in Fair Value		Fair Value at December 31, 2013		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow hedges					
Interest Rate Derivatives:					
Pay-fixed swaps, interest rate	Deferred Outflow	$ (6,264,546)	Derivative	$ (9,278,828)	$ 54,165,000

Objective and Terms of Hedging Derivative Instruments

In November 2007, the City entered into two interest rate swap agreements for $32,727,500 each, for a total notional amount of $65,455,000 with Piper Jaffray Financial Products, Inc., and Royal Bank of Canada relating to the 1999 Taxable Sales Tax Revenue Bonds. These interest rate swap agreements took place in November 2007 and will end on November 1, 2025. On May 1, 2009, the 1999 Taxable Sales Tax Revenue Bonds were refunded through the issuance of taxable variable rate bonds. The objective of this agreement is to be able to refund the bonds at a lower estimated total synthetic interest rate of 5.58% compared to the present interest rates of 6.44% through 7.09% on the original bonds payable from 2009 through 2025.

Risks of Derivative Instruments

1. Credit Risk

Credit risk is the risk of loss due to a counterparty defaulting on its obligations. The City seeks to minimize credit risk by transacting with creditworthy counterparties. Interest rate swap counterparties are evaluated at the time of transaction execution.

2. Termination Risk

Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default, and mergers in which the successor entity does not meet credit criteria. One aspect of termination risk is that the City would lose the hedging benefit of a derivative that becomes subject to a termination event. Another aspect of termination risk is that, if at the time of termination the mark-to-market value of the derivative was a liability to the City, the City could be required to pay that amount to the counterparty. Termination risk is associated with the City's derivative up to the fair value amount.

3. Hedged Debt

Net cash flows for the City's synthetic fixed-rate debt are shown below. These amounts assume that the interest rates of the bonds and the reference rates of the hedging derivative instruments remain at December 31, 2013 levels. These rates will vary and, as they do, interest payments on the variable-rate bonds and net receipts/payments on the interest rate swaps will vary. The table shows only the City's effectively hedged synthetic fixed-rate debt, which is a subset of the City's total debt. As of December 31, 2013, all of the City's variable-rate debt is effectively hedged.

Note VIII. Other Information (continued)

Year Ending December 31,	Principal	Interest	Net Payment on Derivatives	Total
2014	$ 2,730,000	$ 112,093	$ 2,696,940	$ 5,539,033
2015	2,890,000	106,339	2,558,520	5,554,859
2016	3,045,000	100,254	2,412,107	5,557,361
2017	3,215,000	93,840	2,257,786	5,566,626
2018	3,395,000	61,096	1,469,443	4,925,539
2019-2023	20,000,000	298,694	7,187,069	27,485,763
2024-2026	18,890,000	100,242	2,411,814	21,402,056
Totals	$ 54,165,000	$ 872,558	$ 20,993,679	$ 76,031,237

F. Contingent Liabilities

Litigation

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

University Enterprise Laboratory Project

The City of Saint Paul entered into a $6 million guaranty of principal and interest with Wells Fargo on January 21, 2005, to help secure financing for the $24.2 million University Enterprise Laboratory (UEL) Project at 1000 Westgate Drive in St. Paul, Minnesota.

In January 2012, the original 2005 debt was refinanced through various funds, including the proceeds of a loan from US Bank for $9.4 million. The effect of the refunding was to reduce the City of St. Paul's guaranty to $4 million. Going forward, the City's contingent liability will drop further, as the City's guaranty automatically declines as the mortgage is paid down. The current guaranty encumbrance is against the General Fund.

Cleanup of Hazardous Materials

Properties owned by the HRA and City 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 City.

The following HRA and City 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 been completed on the Koch site. The Mobil/Exxon site remediation is underway pursuant to a purchase agreement executed in December 2009. The HRA is to remediate the pollution and restricts the future use of the land to specific uses. The land was purchased for $1 and, in addition, the seller (Exxon) donated $5,000,000 to the HRA for pollution remediation and possible park improvements.

Note VIII. Other Information (continued)

3. Bruce Vento Interpretive Center – Possible pollution or contamination.
4. Seventh Street (Fire Station) - Possible pollution or contamination.
5. Rivoli Street Properties – Remediation has already been completed by the original polluter.

G. Subsequent Events

In 2014, the City issued the following bonds and refunded the following bonds:

	Amount	Final Maturity
General Obligation Bonds		
Property Tax Supported		
Capital Improvement Bonds	$ 14,655,000	9/1/2024
Library Bonds	14,830,000	3/1/2033
Special Assessment Bonds Debt		
Street Improvement Bonds with Governmental Commitment	28,375,000	11/1/2034
Total Issued	$ 57,860,000	
Refunded Bonds		
Capital Improvement Bonds	$ 4,920,000	
Library Bonds	9,180,000	
Special Assessment Bonded Debt	18,165,000	
Total Refunded	$ 32,265,000	