

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF WEST ST. PAUL, MINNESOTA**

FOR THE YEAR ENDED

DECEMBER 31, 2011

**Prepared By The Finance Department
of the City of West St. Paul, Minnesota**

**Sandy Christensen
Director of Finance**

- This page intentionally left blank -

CITY OF WEST ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	Reference	Page No.
I. INTRODUCTORY SECTION		
Letter of Transmittal		3
Certificate of Achievement		9
Principal City Officials		11
Organization Chart		12
II. FINANCIAL SECTION		
Independent Auditor's Report		15
Management's Discussion and Analysis		17
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	Statement 1	33
Statement of Activities	Statement 2	34
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	Statement 4	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	Statement 5	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 6	42
Statement of Net Assets - Proprietary Funds	Statement 7	43
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	Statement 8	44
Statement of Cash Flows - Proprietary Funds	Statement 9	45
Notes to Financial Statements		47
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 10	82
Budgetary Comparison Schedule - Economic Development Authority	Statement 11	87
Budgetary Comparison Schedule - Note to RSI		88
Schedule of Funding Progress For the Retiree Health Plan	Statement 12	89

CITY OF WEST ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	Reference	Page No.
Combining and Individual Fund Financial Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 13	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	Statement 14	97
General Fund:		
Balance Sheet	Statement 15	102
Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 16	103
Special Revenue Funds:		
Community Development Block Grant Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 17	111
Landfill Abatement Program Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 18	112
Economic Development Authority Fund:		
Balance Sheet	Statement 19	113
Schedule of Revenues, Expenditures and Changes in Fund Balances	Statement 20	114
PERA Police Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 21	115
PERA Fire Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 22	116
Grants Management Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 23	117
Insurance Fund:		
Balance Sheet	Statement 24	118
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	Statement 25	119

CITY OF WEST ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Debt Service Funds:		
General Obligation Debt Service Funds:		
Combining Balance Sheet	Statement 26	122
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance	Statement 27	123
TIF Bonds Fund:		
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 28	124
Capital Note Funds:		
Combining Balance Sheet	Statement 29	125
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance	Statement 30	126
Special Assessment Funds:		
Combining Balance Sheet	Statement 31	128
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance	Statement 32	130
Capital Project Funds:		
Public Works Reserve Fund:		
Balance Sheet	Statement 33	135
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 34	136
Minnesota State-Aid Streets Fund:		
Balance Sheet	Statement 35	137
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 36	138
Equipment Acquisition Revolving Fund:		
Balance Sheet	Statement 37	139
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 38	140
Technology Replacement Fund:		
Balance Sheet	Statement 39	141
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 40	142
Equipment Replacement Fund:		
Balance Sheet	Statement 41	143
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 42	144
Parks Improvement Fund:		
Balance Sheet	Statement 43	145
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 44	146
Public Works Facility Fund:		
Balance Sheet	Statement 45	147
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 46	148
Permanent Improvement Revolving Fund:		
Balance Sheet	Statement 47	149
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 48	150
TIF Districts:		
Combining Balance Sheet	Statement 49	151
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance	Statement 50	152
Government Facilities:		
Balance Sheet	Statement 51	153
Statement of Revenue, Expenditures and Changes in Fund Balance	Statement 52	154

CITY OF WEST ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	Reference	Page No.
Enterprise Funds:		
Public Utilities Fund:		
Combining Schedule of Net Assets	Statement 53	156
Combining Schedule of Revenue, Expenses and Changes in Net Assets	Statement 54	157
Combining Schedule of Cash Flows	Statement 55	158
Recreation Fund:		
Combining Schedule of Net Assets	Statement 56	159
Combining Schedule of Revenue, Expenses and Changes in Net Assets	Statement 57	160
Combining Schedule of Cash Flows	Statement 58	161
Fiduciary Funds:		
Agency Fund:		
Statement of Changes in Assets and Liabilities	Statement 59	164

III. STATISTICAL SECTION (UNAUDITED)

Net Assets by Component	Table 1	168
Changes in Net Assets	Table 2	170
Fund Balances - Governmental Funds	Table 3	174
Changes in Fund Balances - Governmental Funds	Table 4	176
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	178
Direct and Overlapping Property Tax Rates	Table 6	179
Principal Property Taxpayers	Table 7	180
Property Tax Levies and Collections	Table 8	181
Ratios of Outstanding Debt By Type	Table 9	182
Ratios of General Bonded Debt Outstanding	Table 10	184
Direct and Overlapping Governmental Activities Debt	Table 11	185
Legal Debt Margin Information	Table 12	186
Pledged-Revenue Coverage	Table 13	188
Demographic and Economic Statistics	Table 14	190
Principal Employers	Table 15	191
Full-Time Equivalent City Government Employees by Function/Program	Table 16	192
Operating Indicators by Function/Program	Table 17	194
Capital Asset Statistics by Function/Program	Table 18	196

I. INTRODUCTORY SECTION

- This page intentionally left blank -



CITY OF WEST ST. PAUL

1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118-3972
www.ci.west-saint-paul.mn.us

MUNICIPAL CENTER	651-552-4100	POLICE	651-552-4200
PARKS/RECREATION	651-552-4150	FIRE	651-552-4176
FAX	651-552-4190	TDD	651-322-2323

May 31, 2012

To the Honorable Mayor, City Council, City Manager and
To The Citizens of West St. Paul, Minnesota:

The Comprehensive Annual Financial Report (CAFR) of the City of West St. Paul for the year ended December 31, 2011, is submitted herewith.

INTRODUCTION

As in past years, this comprehensive annual financial report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this letter of transmittal, a copy of our most recent Certificate of Achievement, an organizational chart and a list of the City's principal elected and appointed officials.

Pursuant to the City Financial Reporting Act of 1978, the City's Finance Officer is required to prepare the CAFR, which is then to be attested to by an external auditor. Accordingly, this report has been prepared by the City's Finance Department. This report consists of management's representations concerning the finances of the City of West St Paul. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of West St Paul has established an internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of West St Paul's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, it is asserted that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

These financial statements have been audited by the certified public accounting firm of HLB Tautges Redpath, LTD. Their opinion is the first item in the Financial Section. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of West St Paul for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon that audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West St Paul's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP.

City of West St. Paul
Letter of Transmittal

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of West St Paul's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF WEST ST. PAUL

The City of West St. Paul was incorporated in 1889 and is located in the Twin Cities metropolitan area of Minnesota, immediately adjacent to the State Capitol of St. Paul. With a population of 19,504 (based upon the 2010 Census), it is situated in the northern-most area of Dakota County, one of the fastest growing counties in the State of Minnesota. Although the City has a geographic area of only five square miles and is, for the most part, fully developed, it represents a major regional retail center. The majority of retail sales take place along a 2.5 mile, five-lane major state trunk highway known as South Robert Street that bisects the City. Nearly the entire length of this street is devoted to retail stores, shopping centers and restaurants.

The City of West St Paul operates under the council-manager form of government. Policy-making and legislative authority are vested in the City Council, consisting of a Mayor and six elected Councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting budgets, appointing committees and hiring both the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various operating departments. The City Council is elected on a non-partisan basis. Councilmembers are elected for four-year, staggered terms, with three Councilmembers being elected every two years. The Mayor is elected for a two-year term. The City is divided into three wards and two Councilmembers are elected from each ward. The Mayor is elected at-large.

The City of West St. Paul provides a full range of governmental services, including police protection, construction and maintenance of local streets and other infrastructure, recreational and community development activities. Certain community development services are provided through a legally separate Economic Development Authority (EDA), which functions, in essence, as a City operation since the EDA Board is composed of the Mayor and City Council. Therefore, the activities of the EDA have been included as part of these financial statements as a special revenue fund. Fire protection services are provided through a contract with South Metro Fire Department, a joint venture with the City of South St. Paul.

The annual budget serves as the foundation for the City of West St. Paul's financial planning and control. All departments of the City of West St Paul are required to submit their requests for appropriations (spending authority) to the City Manager each June. The City Manager, in cooperation with the Finance Director, uses these requests as a starting point for developing the Proposed Budget during July of each year. The City Manager then presents this Proposed Budget to the City Council in August. The City Council reviews the Proposed Budget, holds public hearings to receive public input and then adopts a final budget in December. The Adopted Budget document is prepared by fund and function. The City Manager may transfer appropriations within any given function, but any transfers between functions must be presented to and approved by the City Council. This CAFR provides budget-to-actual comparisons for the General Fund and for the EDA special revenue fund in statements 10 and 11. Other funds for which budgets have been adopted can be found in the statements 17 through 25.

ECONOMIC CONDITION AND OUTLOOK

As a mature, first-ring suburb of St. Paul, the City of West St. Paul recognizes the importance of redevelopment to its long-term vitality and has, therefore, made extraordinary efforts in this area. Residential and commercial activities include:

New Restaurants – Several new restaurants have opened in recent years including *Pollo Camparo*, which opened in 2010 and *Panera Bread* and *Panda Express* which opened in 2011, as well as the *Hibachi Grill*.

Homes on Emerson Hill – This 39 unit condominium project experienced slower-than-anticipated progress because of the declining housing market. As an alternative to the original plan, the developer is now proposing to construct retail instead of the eleven townhomes originally proposed. The developer has also requested the option to transition the facility to senior rentals.

PACE/CASE – The City puts an emphasis on the maintenance of residential and commercial properties through the Pro-Active Code Enforcement (PACE) and Complaint-Activated Spot Enforcement (CASE) programs. During 2011, 19 residential properties were inspected through the PACE program and 1,209 residential and commercial properties were inspected through the CASE program.

Major Remodeling Projects - *Super Target* and *Associated Bank* completed interior remodeling projects. *Wells Fargo* expanded by adding another drive-thru. *Wal-mart* completed an extensive exterior and interior remodel project including the addition of a full-service grocery store.

American Red Cross Distribution Center – Moved operations from Eagan to the *Lafayette Business Center* to operate a warehouse and supply distribution center. The project adds 20 new jobs to the community.

Super Target Outlot – the former *Target* outlot area was redeveloped to include: an 11,000 square foot commercial building with multiple units, which includes: *Panera Bread*, *T-Mobile*, *Mattress Giant*, *Regis Hair Salon* and *Panda Express*.

Robert Street Market Place Project - The exterior and interior of *Cub Foods* was completed. The developer had submitted a site plan and completed a traffic study for the remainder of the project.

Walker-Thompson Assisted Living Center – added a new 70-unit Assisted Living complex, including 24 memory care units, 36 24-hour transitional care units and 10 care suite units.

MAJOR INITIATIVES

During 2011, the City of West St. Paul continued its efforts at capital planning and replacement, infrastructure maintenance and other long-term concerns. Included among these efforts were the following:

Robert Street Reconstruction – Perhaps the most exciting initiative currently in progress in the City is planning for the receipt of federal Surface Transportation Program funding to reconstruct South Robert Street. This \$7.0 million grant was awarded to the City in early 2010, spurring a planning and implementation process that will take more than three years. By working with Dakota County, the City has garnered additional funding to add to the potential enhancement of this very important corridor in the City. The project is anticipated to be completed in late 2014.

City of West St. Paul
Letter of Transmittal

Sports Facility – the City Council is considering constructing a field turf sports dome located in the former city maintenance lot for such sports as soccer and Lacrosse. If the Council approves of the Sports Dome, staff will market the area for other types of development that will compliment the project.

Public Works Facility – Working collaboratively with Dakota County, the City constructed a new public works facility on property acquired in 2005. The \$6.5 million facility features geothermal heating and other environmentally friendly features. The facility opened in Fall of 2010.

Quality Housing - The City of West St Paul's Quality Housing Program is entering its eighth year. It is a collection of initiatives aimed at maintaining and improving the housing stock in the City. It includes the Outstanding Property Awards Program, the Pro Active Code Enforcement Program (PACE), Complaint Activated Spot Enforcement (CASE), the Housing Replacement Program, the Low Interest Home Improvement Loan Programs and the Housing Improvements Mini-Grant Program. A Rental Licensing Program was created to protect the public health, safety and welfare of citizens of the City who occupy rental units. A new Vacant Property program was created in 2009 to mitigate the impact of blighted properties on neighborhoods. Since 2009, sixteen properties have been purchased and demolished, four new houses were built and sold with an additional dwelling under construction. One property was donated for public park space.

Proposed Redevelopment Areas – The Economic Development Authority (EDA) has identified several areas to concentrate their redevelopment efforts. Staff is in the process of identifying proposed projects for these areas, the costs associated with the projects and establishing timelines for the redevelopment. Despite an economic downturn beginning in 2008, recent activity includes the development of the Target out-lot, an application for conduit financing for a \$17 million senior assisted living center and redevelopment plans for the 10 Acres site.

Fire Department Consolidation – In 2008, the planned merger of the fire departments from the cities of South St. Paul and West St Paul was completed. Cost-savings and increased efficiencies were the drivers of this consolidation. The entity has been in operation for four full years and has recently undertaken a study to review the services and costs to help determine future direction.

Future Park – In March 2009, the City completed its purchase of three acres of land that formerly housed a garden/nursery operation. While the City presently has no immediate plans to develop the property, its acquisition was a priority for the City Council. As virtually the last piece of sizable “green-space” in the City, its purchase represents an attempt on the part of the City Council to provide park-planning flexibility for the future.

Parks Master Plans – in 2011, at the direction of the Parks and Recreation Committee and City Council, revisions and updates were begun on the City's Parks' Master Plans. An updated plan was approved for the Sports Complex for implementation in 2012 at an estimated cost of \$500,000 to be funded from the City's Parks Improvement Fund.

Street Reconstruction Program – Continuing a program begun in 1986, the City improved 1.25 miles of local streets and 0.36 miles of alleys in various locations throughout the City in 2011. This is a significant decrease from the 1.7 miles improved in 2009. As part of its plan to control spending and the impact on residents, the City Council reduced the amount spent in the Street Reconstruction Program by approximately 50% for 2010 and 2011. The improvements are funded through a reimbursement bond issuance with assessments covering approximately 25% of the total construction costs.

Storm Water Management - The Metropolitan Surface Water Management Act (Chapter 509, Laws of 1982; Minnesota Statutes 473.875 - 473.883) requires the preparation of watershed management plans in the Minneapolis - St. Paul area. In response to this law, the Cities of Inver Grove Heights, Lilydale, Mendota Heights, St. Paul, South St. Paul, Sunfish Lake and West St. Paul created the Lower Mississippi River Watershed Management Organization (WMO) by Joint Powers Agreement on October 25, 1985. The WMO's watershed

management plan was approved on July 26, 1989. Since that time, the City has spent roughly \$1,225,000 for seven separate projects related to WMO concerns. It is currently estimated that total WMO construction costs could exceed \$1,500,000. The Joint Powers Agreement was renewed in 2001, which also saw the approval by all member cities of the “Second Generation” Watershed Management Plan. In response to this, the City completed an update of its current Storm Water Management Plan (SWMP) in 2006 which will be in effect for 10 years through 2016. In addition, the City implemented a City-wide Storm Water Utility Fee (SWUF) in 2006. The SWUF is meant to fund all storm water related improvements and maintenance activities within the City.

Greater Minneapolis and St. Paul (MSP) Regional Economic Development Partnership – The City, through its Economic Development Authority, recently joined this newly formed partnership designed to stimulate business and economic growth in the metro region. The purpose is to spark interest from business leads who might be interested in available light industrial or commercial space in the City.

Smith Avenue Revitalization – A new revitalization plan for the Smith Avenue Transit Corridor was completed last year. The plan lays out action steps to achieve an economically, environmentally and physically vital commercial and residential area. The new plan updated the 1984 Smith Avenue Task Force Report.

CASH MANAGEMENT

Cash during the year was invested in certificates of deposit, obligations of the U.S. Treasury, taxable municipal bond issues of other governments, agencies of the U.S. federal government, and two liquid asset accounts: 1) an investment pool administered by the League of Minnesota Cities known as the 4-M Fund, and 2) a wealth management money market account with UBS Financial Services. All allowable investment instruments are outlined in State law. The maturities of the investments ranged from 1 day to sixteen years. The average yield on the City’s \$23.4 million portfolio at December 31, 2011 was 1.7%. This is a slight decline from the yield at the end of 2010 of 2.0%. This CAFR reports investment interest earnings at their fair market value at the end of the fiscal year. These presented changes in value, however, do not necessarily represent a financial impact to the City. Since the City has a long-standing policy to hold all investments until they mature, any loss or gain in market value is of little consequence because the investment will not be sold, and therefore will mature, not at market value, but at the price originally paid for it. Additional information on the City’s approach to cash management can be found in Note 1 (F) and Note 2.

LONG TERM FINANCIAL PLANNING AND POLICIES

The City of West St Paul recognizes the need to plan for the future. Because the City is, for the most part, fully developed, consideration is given to redevelopment. As with other aging suburbs, the City of West St. Paul is challenged by deteriorating infrastructure and lack of growth in overall market value to provide resources for repairs and replacements. In 2011, the City adopted its third annual formal Capital Improvement Plan (CIP) to aid in identifying infrastructure needs at least five years in advance. The 2012-2016 CIP includes planned projects for streets, parks, sewer system and City facilities.

West St. Paul does not fund depreciation on an annual basis; therefore, the ability to look ahead for large future costs assists the City’s Management in determining how today’s action will impact future opportunities. The City continually reviews its existing debt structure – seeking ways to reduce the overall obligation. It is a goal of the City to plan debt issues to coincide with the retirement of existing debt. The City currently has debt issues and retirement planned through the year 2025.

One of the tools utilized by the City for long-term financial planning is its Fund Balance Policy. The policy dictates that the General Fund shall include a designation of funds equal to 52.5% of the subsequent year’s expenditures. This policy essentially provides for cash flow while awaiting tax payments in July and December

of the year. By utilizing the fund balance, the City avoids the extra cost of borrowing to meet its short term obligations. This rather conservative approach is carried through in the City's response the volatile funding from the State of Minnesota. Between the years 2008 and 2010, the State of Minnesota experienced significant budgetary deficits, which were passed along to local governments as cuts to promised aid payments. City officials identified the potential for the loss in funding at the end of 2008 and implemented wage and spending freezes and limitations for 2009 and 2010. In an effort to reduce its reliance on State revenues, the City budgeted for approximately one-third of the promised amount of aid for 2011. By doing so, the City was able to garner a surplus in this revenue source by approximately \$250,000.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West St Paul for its CAFR for the fiscal year ended December 31, 2010. This was the twenty-second consecutive year the City's CAFR has received this prestigious award beginning with the first award in 1987. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The 2010 report satisfied both GAAP and all applicable legal requirements.

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

BOND RATING

In November of 2010, the City issued General Obligation bonds. Standard and Poor's (S&P) was asked to rate the creditworthiness of the bonds. S&P rated the bonds AA. The rating maintains the higher step that was awarded in 2009. This bond rating signals the financial markets that the City's current financial condition is strong and that the framework to continue to improve is in place.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of West St. Paul and the City's Finance Department, particularly the City's Assistant Finance Director, Joan Carlson. Special thanks also go to the staff of HLB Tautges Redpath, Ltd. for their advice and counsel in the preparation of this CAFR.

Respectfully submitted,



Sandy Christensen
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West St. Paul
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

- This page intentionally left blank -

LEGISLATIVE

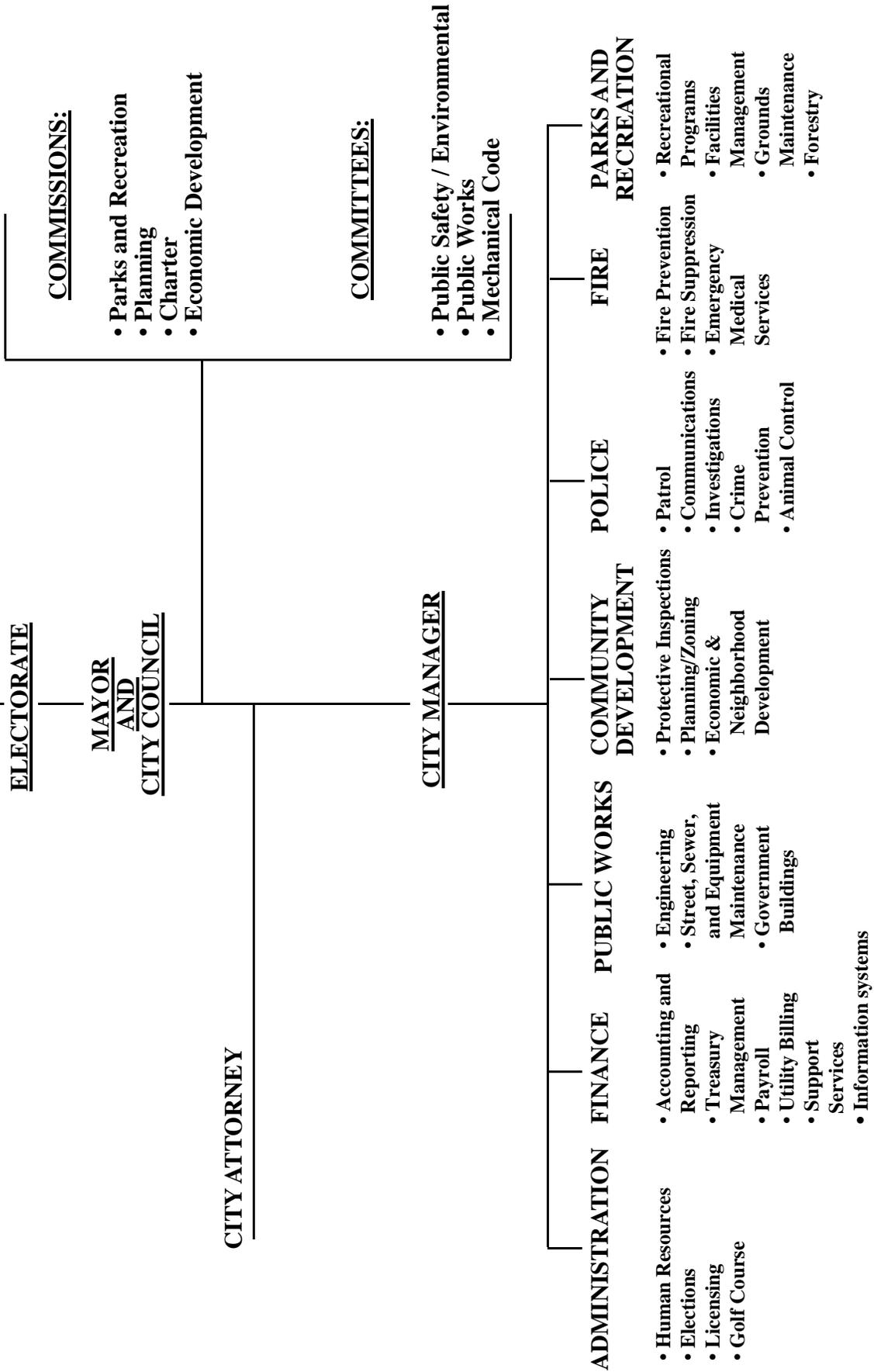
	<u>Term Expires</u>
Elected:	
Mayor:	
John Zanmiller	December 31, 2012
Council Members:	
Ed Hansen; Councilperson; 1st Ward	December 31, 2014
James Englin; Councilperson; 1st Ward	December 31, 2012
Edward H. Iago, Councilperson; 2nd Ward	December 31, 2014
Tony Vitelli; Councilperson; 2nd Ward	December 31, 2012
David K. Wright; Councilperson; 3rd Ward	December 31, 2014
Darlene Lewis; Councilperson; 3rd Ward	December 31, 2012

ADMINISTRATIVE

	<u>Date of Hire</u>
Acting City Manager:	
Sherrie Le	September 21, 2009
Acting Assistant City Manager/Human Resources:	
Daniel Tesch	November 9, 2011
Director of Finance/City Treasurer:	
Sandra K. Christensen	July 7, 2008
Police Chief:	
Manila G. Shaver	September 26, 1988
Director Parks and Recreations & Public Works:	
Matthew S. Saam	May 16, 2005
Director of Community Development:	
James D. Hartshorn	March 5, 2003

CITY OF WEST ST. PAUL, MINNESOTA

ORGANIZATION CHART



II. FINANCIAL SECTION

- This page intentionally left blank -



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of West St. Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West St. Paul, Minnesota, as of and for the year ended December 31, 2011 which collectively comprise the City of West St. Paul, Minnesota's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West St. Paul, Minnesota's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2010 financial statements and, in our report dated June 27, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West St. Paul, Minnesota, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011. Adoption of the provisions of this statement results in changes to classifications of the components of fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012 on our consideration of the City of West St. Paul, Minnesota'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 internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information and the Schedule of Funding Progress on pages 17 through 29 and 82 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West St. Paul, Minnesota's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

May 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West St. Paul, Minnesota (the City), we offer readers of the City of West St. Paul, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages 3 through 8 of this report.

Financial Highlights

The assets of the City of West St. Paul, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$63,250,815 (net assets). Of this amount, \$19,972,161 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net assets increased by \$2,478,934. This increase in net assets of roughly 4% is due to several factors. The largest contributing factor affecting the increase in net assets is associated with the elimination of long term debt in early 2011, utilizing refunding resources from 2010. Additional factors include an increased fund balance in the General Fund resulting from a surplus in Local Government Aid (as compared to the budget) as well as a significant increase in the market value of the City's investments. These, of course, were not the only increase/decreases in the City's operating funds, but the elimination of a portion of the City's long-term debt liability is the largest component.

As of the close of the current fiscal year, the City of West St. Paul, Minnesota's governmental funds reported combined ending fund balances of \$23,605,962. Of this total amount, \$2,003,349 is nonspendable, \$5,918,664 is restricted, \$2,454,012 is committed, \$7,392,462 is assigned and \$5,837,475 is unassigned.

\$8,372,676 or 35.5% is restricted or committed through legal restrictions and City Council authorization.

At the end of the current fiscal year the General Fund balance of \$7,144,113 was split as follows: \$782 was restricted, \$29,004 was assigned and \$7,114,327 was unassigned.

The City's total bonded debt decreased by \$2,592,900 during the current fiscal year, declining from \$23,347,600 to \$20,754,700. This decrease was the result of re-financing activity initiated in late 2010 and completed in February of 2011, as noted above.

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of West St. Paul, Minnesota's basic financial statements. The City's basic financial statements comprise 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 of West St. Paul, Minnesota's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of West St. Paul, Minnesota's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of West St. Paul, Minnesota is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of West St. Paul, Minnesota that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of West St. Paul, Minnesota include general government, public safety, public works and parks and recreation. The business-type activities of the City of West St. Paul, Minnesota include public utilities (storm sewer and sanitary sewer) and recreational activities (Civic Center Arena, Swimming Pool and Golf Course).

The government-wide financial statements can be found on pages 33 through 35 of this report.

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 of West St. Paul, Minnesota, 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 of West St. Paul, Minnesota can be divided into two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis

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 financial 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 City's near term financial decisions. Both the governmental fund balance sheet and 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 of West St. Paul, Minnesota maintains six individual major 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 Fund, one special revenue fund (Economic Development Authority), one debt service fund (Special Assessment Bonds) and three capital projects funds (Public Works Reserve, Permanent Improvement Revolving, and TIF Districts) 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 City of West St. Paul, Minnesota adopts an annual appropriated budget for its general and special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36 through 41 of this report.

Proprietary Funds. The City of West St. Paul, Minnesota maintains two enterprise funds as its one and only type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of West St. Paul, Minnesota uses enterprise funds to account for its public utilities and recreation activities.

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 storm sewer, sanitary sewer, golf course, civic center arena and swimming pool operations.

Management's Discussion and Analysis

The basic proprietary funds financial statements can be found on pages 43 through 45 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. The notes to the financial statements can be found on pages 47 through 80 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 94 through 161 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of West St. Paul, Minnesota, assets exceeded liabilities by \$63,250,815 at the close of the most recent fiscal year.

The largest portion of the City of West St. Paul, Minnesota's net assets (\$38,054,817 or 60% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of West St. Paul, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of West St. Paul, Minnesota'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.

City of West St. Paul, Minnesota's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$25,984,252	\$27,169,177	\$2,940,961	\$2,711,124	\$28,925,213	\$29,880,301
Capital assets	50,401,515	49,802,799	7,184,702	7,313,323	57,586,217	57,116,122
Total assets	<u>\$76,385,767</u>	<u>\$76,971,976</u>	<u>\$10,125,663</u>	<u>\$10,024,447</u>	<u>\$86,511,430</u>	<u>\$86,996,423</u>
Liabilities:						
Long-term liabilities outstanding	\$19,149,291	\$21,395,307	\$3,050,531	\$3,322,642	\$22,199,822	\$24,717,949
Other liabilities	912,573	1,314,868	148,220	191,725	1,060,793	1,506,593
Total liabilities	<u>\$20,061,864</u>	<u>\$22,710,175</u>	<u>\$3,198,751</u>	<u>\$3,514,367</u>	<u>\$23,260,615</u>	<u>\$26,224,542</u>
Net assets:						
Invested in capital assets						
Net of related debt	\$33,835,227	\$31,069,506	\$4,219,590	\$4,078,198	\$38,054,817	\$35,147,704
Restricted	5,223,837	5,065,984	-	257,135	5,223,837	5,323,119
Unrestricted	17,264,839	18,126,311	2,707,322	2,174,747	19,972,161	20,301,058
Total net assets	<u>\$56,323,903</u>	<u>\$54,261,801</u>	<u>\$6,926,912</u>	<u>\$6,510,080</u>	<u>\$63,250,815</u>	<u>\$60,771,881</u>

Management's Discussion and Analysis

A portion of the City of West St. Paul, Minnesota's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,972,161) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of West St. Paul, Minnesota is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the City of West St. Paul, Minnesota's net assets by \$2,062,102. There was also an increase in business-type net assets of \$416,832, for an overall increase of \$2,478,934. Key elements of this increase are attributable to revenue surpluses in the General Fund as well as favorable market values for the City's investment portfolio which resulted in year-ending market value adjustments of approximately \$360,000 in the governmental funds and \$370,000 overall. The nearly \$100,000 increase in charges for services revenues in the governmental funds results from the receipt of administrative fees for the issuance of private purpose bonds in the amount of \$91,000. Further, as part of the Robert Street Marketplace redevelopment project, the City received \$171,000 in parks dedication fees that were not budgeted. These revenue increases were offset by the impact of eliminating a majority of the City's licensing activities. Those businesses in the City that are already required to obtain licensure from the State of Minnesota are no longer licensed by the City. The impact is a reduction in annual fee revenue of approximately \$100,000.

The amount of revenue generated by operating grants and contributions declined by approximately \$225,000 between 2010 and 2011 mainly as a result of grant revenue received by the City's Economic Development Authority (EDA) in 2010 that was not repeated for 2011. In 2010, the EDA received \$150,000 from the Dakota County Community Development Agency to assist in purchasing blighted residential properties. The grant funding supplemented a planned use of fund balance, resulting in \$250,000 being available for the program. Additionally, property tax revenues increased from 2010 to 2011 by approximately \$700,000. This increase was planned as a response to continued reductions and uncertainty concerning aid revenues from the State of Minnesota. The City budgeted reductions in both Local Government Aid and Market Value Homestead Credit Aid. The revenues were reduced, but not to the extent that was budgeted, thereby contributing to the overall increase in revenues for governmental funds, particularly the General Fund. Future surpluses are anticipated in the near term as the City looks to continue reducing its reliance on these revenue sources.

Overall, expenditure levels remained stable between 2010 and 2011, reflecting an increase of 1%. The increase, albeit minor, is the result of wage increases for City staff of 1.0% effective July 1, 2011. A second increase of 1.5% for July 1, 2012 is currently included in bargaining unit contracts. A summary of the expense and revenue changes for the governmental funds is reflected in the table on the following page:

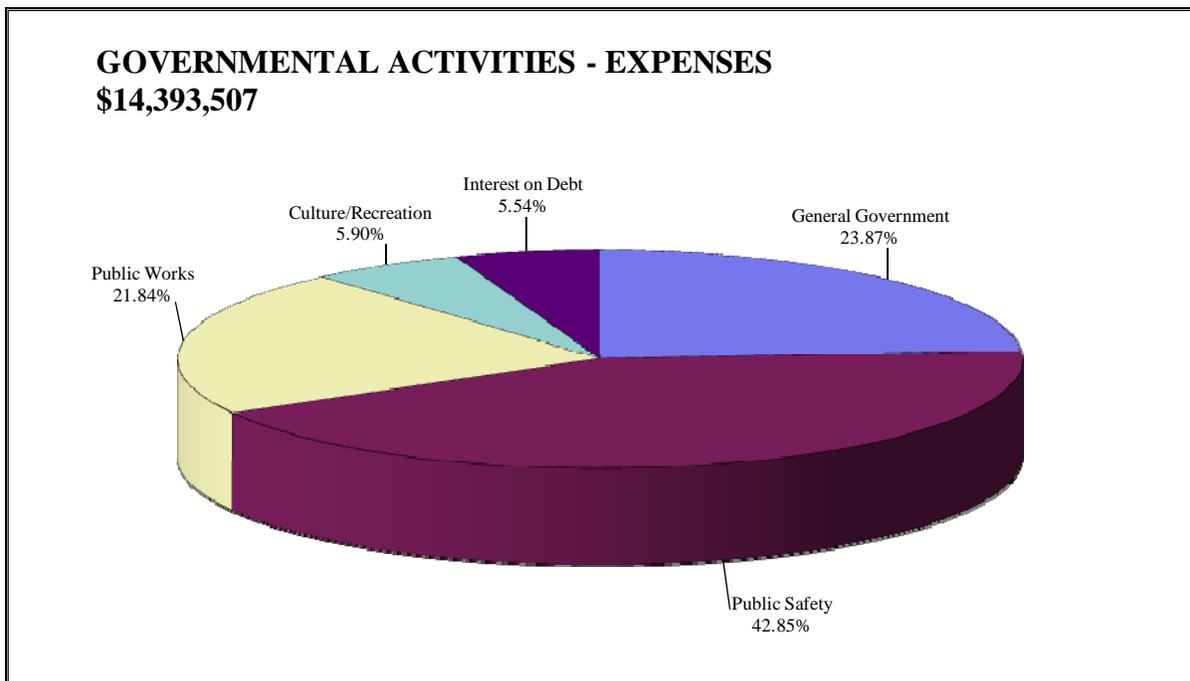
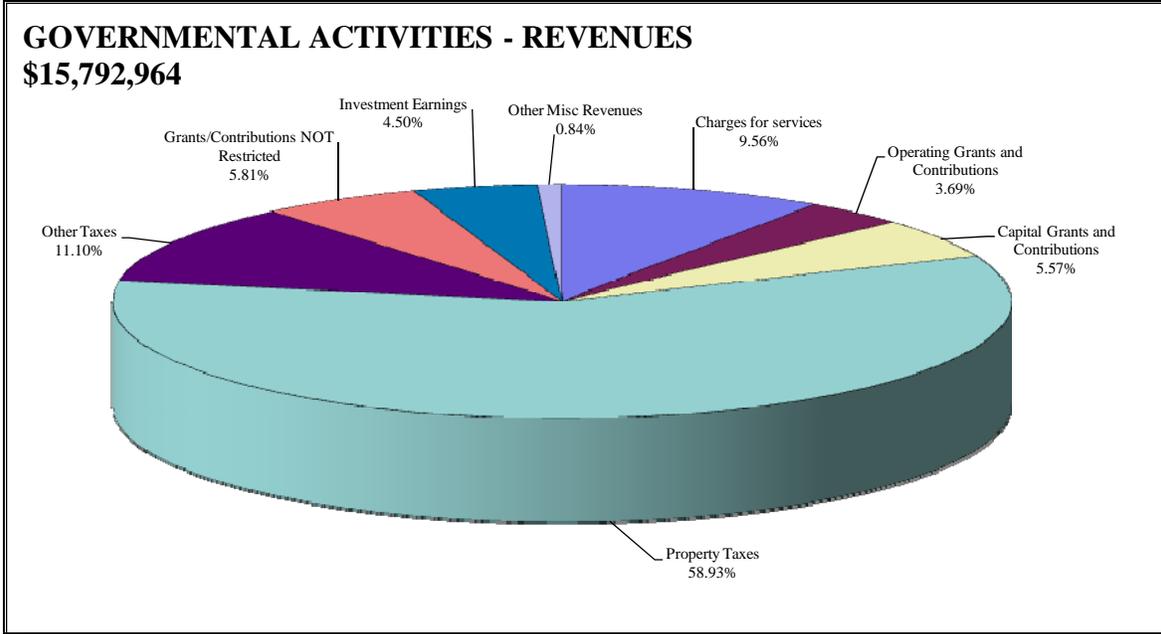
Management's Discussion and Analysis

City of West St. Paul, Minnesota's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$1,510,275	\$1,427,325	\$3,443,652	\$3,146,016	\$4,953,927	\$4,573,341
Operating grants and contributions	582,445	808,067	-	-	582,445	808,067
Capital grants and contributions	880,307	797,237	117,060	-	997,367	797,237
General revenues:						
Property taxes	9,304,895	8,593,238	45,403	264,946	9,350,298	8,858,184
Other taxes	1,752,508	1,745,054	-	-	1,752,508	1,745,054
Grants and contributions not restricted to specific programs	917,984	899,359	658	3,866	918,642	903,225
Unrestricted investment earnings	710,644	250,365	45,269	14,432	755,913	264,797
Other miscellaneous revenues	133,906	100,647	-	-	133,906	100,647
Total revenues	15,792,964	14,621,292	3,652,042	3,429,260	19,445,006	18,050,552
Expenses:						
General government	3,437,501	3,302,702	-	-	3,437,501	3,302,702
Public safety	6,167,218	6,049,004	-	-	6,167,218	6,049,004
Public works	3,143,689	3,213,509	-	-	3,143,689	3,213,509
Parks and recreation	849,591	860,994	-	-	849,591	860,994
Interest and fees on long-term debt	795,508	824,286	-	-	795,508	824,286
Public utilities	-	-	2,146,608	2,139,272	2,146,608	2,139,272
Recreation	-	-	516,700	584,478	516,700	584,478
Total expenses	14,393,507	14,250,495	2,663,308	2,723,750	17,056,815	16,974,245
Increase (decrease) in net assets before transfers	1,399,457	370,797	988,734	705,510	2,388,191	1,076,307
Transfers	662,645	736,390	(662,645)	(736,390)	-	-
Increase (decrease) in net assets	2,062,102	1,107,187	326,089	(30,880)	2,388,191	1,076,307
Net assets - January 1 as previously reported	54,261,801	53,610,612	6,510,080	6,545,190	60,771,881	60,155,802
Prior period adjustment	-	(605,458)	90,743	(4,230)	90,743	(609,688)
Effective change in accounting principle	-	149,460	-	-	-	149,460
Net assets - January 1, as restated	54,261,801	53,154,614	6,600,823	6,540,960	60,862,624	59,695,574
Net assets - December 31	\$56,323,903	\$54,261,801	\$6,926,912	\$6,510,080	\$63,250,815	\$60,771,881

Management's Discussion and Analysis

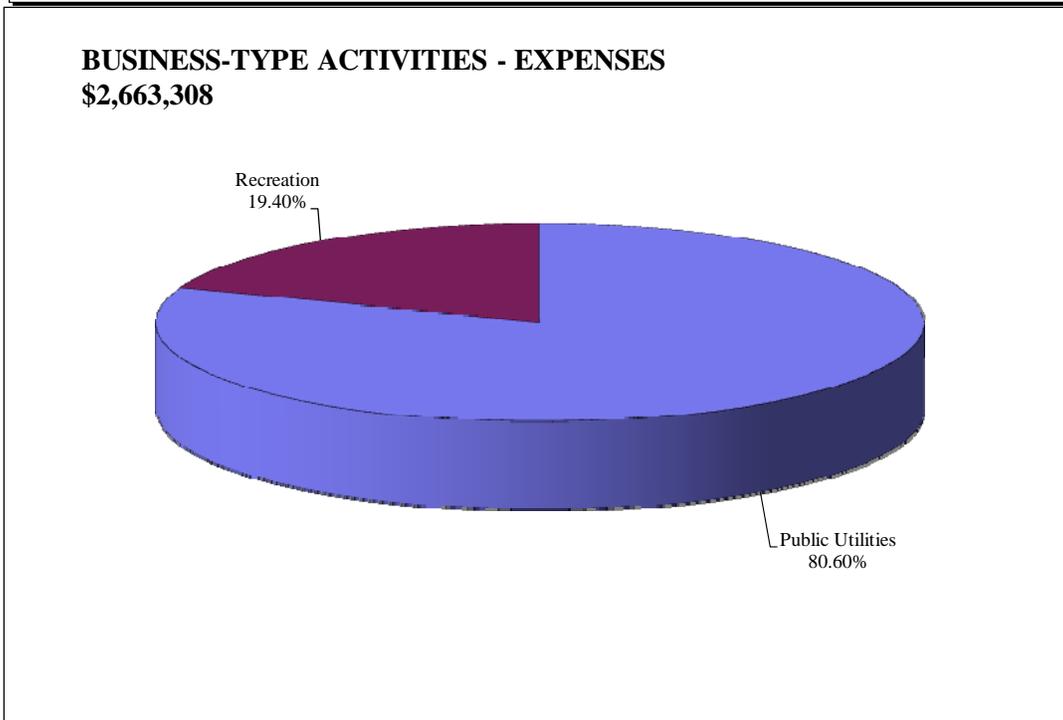
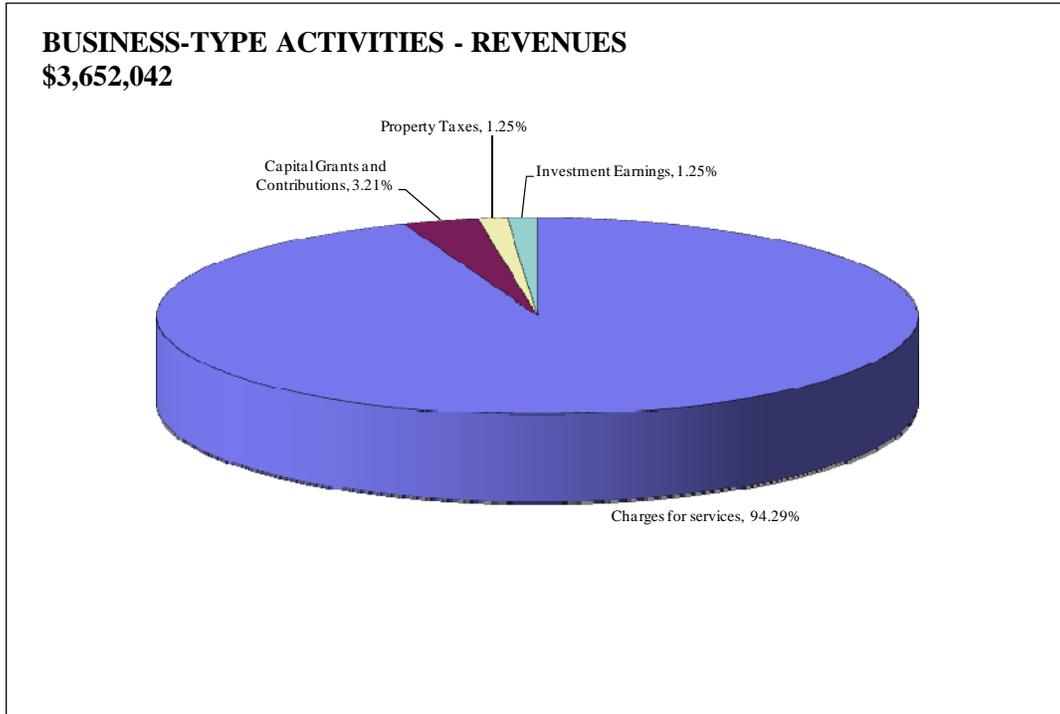
The charts below reflect the sources and uses of funds associated with governmental activities:



Management's Discussion and Analysis

Business-Type Activities

Business-type activities increased net assets by \$416,832. The increase in net assets is a direct result of rate increases in the Public Utilities Fund as part of an effort to build funding for future capital projects. The graphs below show the business-type activities sources and uses of funds:



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City of West St. Paul, Minnesota'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 of West St. Paul, Minnesota's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of West St. Paul, Minnesota's governmental funds reported combined ending fund balances of \$23,605,962.

Approximately 24.7% of this fund total amount (\$5,837,475) constitutes unassigned fund balance. The remainder of the fund balance is as follows; (\$2,003,349) nonspendable, (\$5,918,664) restricted, (\$2,454,012) committed and (\$7,392,462) assigned.

The General Fund increased by \$1,232,560 in 2011. Expenditure levels remained stable in relation to 2010 levels. However, increases in property tax revenues associated with the City's intent to reduce its reliance on Local Government Aid contributed approximately \$800,000 to the surplus. Additionally, administrative charges for the issuance of private purpose bonds contributed approximately \$100,000 to the revenue surplus.

The EDA Fund decreased by (\$118,154) in 2011. The decrease is the result of planned use of fund equity for purchasing blighted properties as identified in the EDA 2011 adopted budget.

The Special Assessment Bonds Fund decreased by (\$714,150). The Special Assessments fund balance decrease was due to the current refunding of the 2002A Improvement Bond. Funds in the amount of \$840,000 were received in December 2010 and were subsequently used to pay of the prior issue in February of 2011.

The Public Works Reserve Fund decreased by (\$385,227) in 2011. The Public Works Reserve fund balance decreased as a result of funds authorized by the City Council to supplement bond-generated funds for construction of the Public Works Facility. When bonds were originally issued for the project, bids had not yet been received. In anticipation of a favorable bid environment, \$6.5 million in CIP bonds were issues versus a project estimate of \$8.1 million. In late 2011, \$445,000 in funds was transferred from the Public Works Reserve Fund to the Public Works Facility Capital Project Fund to complete the project, rather than issuing additional debt.

The Permanent Improvement Revolving Fund decreased by (\$1,495,268) in 2011. This is a planned decrease, as this fund serves as a funding source for the City's Street Reconstruction Program. This fund accumulates two years of construction costs and then bonds are issued to recover those costs. Bonds were issued in 2008 resulting in an increase; then decreased in 2009 and with the issuance of bonds again in 2010 an increase occurred. Bonds will again be issued in 2012.

Management's Discussion and Analysis

The TIF District Funds increased by \$477,837 during 2011. During 2011, existing TIF districts continued to generate tax increment revenues as projects were completed, continuing an increase noted for 2010.

The Nonmajor Special Revenue Funds decreased by (\$666,045) for 2011. The non-major special revenue funds declined due to re-defining several funds from special revenue to capital projects in accordance with GASB 54.

The Nonmajor Debt Service Funds increased by \$137,055 for 2011. The non-major debt service funds increased because the 2011 tax levy was adjusted to insure adequate resources over the life of the bonds outstanding. As with the special assessments bonds, these GO bonds are reviewed annually and the tax levy is adjusted as needed.

The Nonmajor Capital Projects Funds increased by \$958,301 for 2011. The non-major capital projects fund balance increased due primarily to re-defining several special revenue funds as capital project funds and subsequently transferring the balances to the Equipment Acquisition Revolving Funds. The remaining increase is attributable to the aforementioned allocation of funds from the Public Works Reserve Fund to the Public Works Facility Capital Project Fund in lieu of issuing additional debt to complete the construction project.

Proprietary Funds. The City's proprietary funds consist of two major service areas: Public Utilities and Recreation.

The Public Utilities Funds increased by \$419,763 for 2011. The increase in fund balance in the Public Utility fund is the result of timing issues concerning recognition of revenue. Year-to-date revenues for 2011 reflect 13 months of revenue while figures for 2010 reflect 11 months of revenue.

The Recreation Funds decreased by (\$93,674) for 2011. The decline in the Recreation funds balances for 2011 is consistent with the \$85,739 decrease for 2010 and the \$84,457 decrease for 2009. For these operations, operating revenue is insufficient to fund equipment depreciation which accounts for the declining fund balance.

Budgetary Highlights

General Fund

The City budgets for its major source of intergovernmental aid, Local Government Aid (LGA), from the State of Minnesota in the General Fund. In recent years, this funding source has been somewhat erratic and subject to unilateral unallotment. As a result, the City may not receive the promised amount of LGA which causes funding challenges for General Fund activities.

In response to the unreliable nature of this funding source, the City implemented a plan to become less reliant on this source of revenue by a combination of expenditure reductions and increases in other revenues, including property taxes. For the 2011 budget, the State of Minnesota certified an LGA allocation of \$1.5 million. The City assumed that there was a

Management's Discussion and Analysis

possibility of additional unallotment of funding and, therefore, budgeted to receive \$500,000. The final allocation for 2011 was \$773,000 which resulted in a surplus for the City of \$273,000. The City Council intends to utilize LGA surpluses for one-time purchases such as capital to continue to reduce reliance on these funds for on-going operations.

In addition to LGA, another aid source has been subject to unallotment – Market Value Homestead Credits. For 2011, the City was forewarned of this payment being withheld and subsequently did not budget to receive it. The reduction in funding was offset by an increase in property taxes, accounting for the approximately \$700,000 increase in property tax revenues between 2010 and 2011.

The 5% Gross Earnings Franchise Tax from the local electric energy provider continues to be a major part of the General Fund annual revenues. \$779,287 was collected for 2011. This compares to \$708,447 collected for 2010.

Capital Asset and Debt Administration

Capital Assets. The City of West St. Paul, Minnesota's gross investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounted to \$57,586,217 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

City of West St. Paul, Minnesota's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$3,443,362	\$3,407,762	\$1,144,168	\$1,144,168	\$4,587,530	\$4,551,930
Construction in progress	8,607,046	9,846,373	-	-	8,607,046	9,846,373
Software in progress	-	121,458	-	-	-	121,458
Buildings	2,206,039	2,305,031	3,580,827	3,750,320	5,786,866	6,055,351
Improvements other than buildings	252,066	287,540	-	-	252,066	287,540
Vehicles, machinery and equipment	1,181,780	1,146,214	389,517	401,908	1,571,297	1,548,122
Software	146,500	-	-	-	146,500	-
Infrastructure	34,564,722	32,688,421	2,070,190	2,016,927	36,634,912	34,705,348
Net Capital Assets	<u>\$50,401,515</u>	<u>\$49,802,799</u>	<u>\$7,184,702</u>	<u>\$7,313,323</u>	<u>\$57,586,217</u>	<u>\$57,116,122</u>

Additional information on the City of West St. Paul, Minnesota's capital assets can be found in Note 4.

Long-term debt. At the end of the current fiscal year, the City of West St. Paul, Minnesota had total bonded long-term debt outstanding of \$20,754,700, a decrease of \$2,592,900 from 2010. \$9,730,000 is for general obligation improvement debt, which is supported in part by special assessments. \$6,370,000 is general obligation bonded debt that is financed solely by annual property tax levies. \$1,495,000 of general obligation tax increment bonds are outstanding, which will be financed with tax increment collections. Additionally, there are outstanding certificates of indebtedness (Capital Notes) of \$239,700, which financed capital equipment acquisitions and

Management's Discussion and Analysis

are funded with annual property tax levies. Finally, there is \$2,920,000 in revenue bonds (total) issued to finance improvements to the sanitary sewer system, and construction of the City's golf course.

City of West St. Paul, Minnesota's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Special Assessment Bonds	\$9,730,000	\$11,730,000	\$ -	\$ -	\$9,730,000	\$11,730,000
General Obligations Bonds	6,370,000	6,500,000	-	-	6,370,000	6,500,000
Capital notes	239,700	407,600	-	-	239,700	407,600
TIF bonds	1,495,000	1,525,000	-	-	1,495,000	1,525,000
Revenue bonds	-	-	2,920,000	3,185,000	2,920,000	3,185,000
Total long-term debt	<u>\$17,834,700</u>	<u>\$20,162,600</u>	<u>\$2,920,000</u>	<u>\$3,185,000</u>	<u>\$20,754,700</u>	<u>\$23,347,600</u>

The City of West St. Paul, Minnesota received an increase in its bond rating to AA by Standard & Poor's in October 2009. The City maintained this rating for special assessment bonds sold in late 2010. Following its capital infrastructure financing plan, the City plans to issue debt again in 2012 and subsequently maintain its current bond rating.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City of West St. Paul, Minnesota is \$44,557,350. Only \$6,306,249 of the City's outstanding debt is counted within the statutory limitation.

Additional information on the City of West St. Paul, Minnesota's debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

Economic redevelopment continues in West St. Paul. The development formerly known as 10 Acres was purchased in 2008. Plans to remodel the existing grocery complex were submitted in 2010 with plans for completion in 2012. The construction of two out-buildings is also planned. The City purchased six blighted residential properties for demolition and is in the process of marketing these for new residential construction. The existing out-lot of Target was sold to United Properties for construction of an 11,000 square foot building to include Panera Bread, a relocated Mattress Giant, Regis Salon and Panda Express. The City has further collaborated with the City of St. Paul for redevelopment opportunities on Smith Avenue (along the West St. Paul and St. Paul border).

The City continues to be challenged by current economic conditions locally and nationally. During 2008 and 2009, the City's residents experience a significant number of foreclosures, resulting in vacant properties. Property values have dropped in each of the past four years. However, with the declining prices, more residents are seeking building permits to upgrade existing properties to either make them more saleable or to remain in the home. This is anticipated to eventually result in increased values.

Management's Discussion and Analysis

In recognition of challenging economic times, the City maintains a conservative approach to budgeting in holding wage increases for staff to minimal, mid-year adjustments, delaying capital purchases and refinancing debt when advantageous.

Requests for Information

This financial report is designed to provide a general overview of the City of West St. Paul, Minnesota's finances for all those with an interest in the City of West St Paul's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of West St. Paul, 1616 Humboldt Avenue, West St. Paul, Minnesota 55118-3972.

- This page intentionally left blank -

BASIC FINANCIAL STATEMENTS

- This page intentionally left blank -

CITY OF WEST ST. PAUL, MINNESOTA

STATEMENT OF NET ASSETS

Statement 1

December 31, 2011

With Comparative Totals For December 31, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	
			2011	2010
Assets:				
Cash and investments	\$21,996,251	\$1,435,940	\$23,432,191	\$24,420,666
Accounts receivable - net	575,054	697,865	1,272,919	1,168,681
Property taxes receivable	216,263	2,658	218,921	282,498
Special assessments receivable	1,105,915	624,220	1,730,135	1,924,714
Accrued interest receivable	97,747	6,386	104,133	72,242
Due from other governments	1,075,677	126,817	1,202,494	814,290
Inventory	-	3,647	3,647	2,250
Prepaid items	-	-	-	278
Deferred bond issue costs	250,632	43,428	294,060	317,024
Notes receivable	69,000	-	69,000	86,759
Land held for resale	597,713	-	597,713	790,899
Capital assets - net of accumulated depreciation:				
Nondepreciable	12,050,408	1,144,168	13,194,576	14,519,761
Depreciable	38,351,107	6,040,534	44,391,641	42,596,361
Total assets	<u>76,385,767</u>	<u>10,125,663</u>	<u>86,511,430</u>	<u>86,996,423</u>
Liabilities:				
Accounts payable	274,099	75,399	349,498	340,165
Deposits payable	90,070	-	90,070	82,182
Contracts payable	138,627	-	138,627	504,905
Accrued salaries and fringes	103,605	7,157	110,762	133,843
Accrued interest payable	231,103	20,306	251,409	241,107
Unearned revenue	8,952	-	8,952	11,758
Due to other governmental units	66,117	45,358	111,475	192,633
Long-term liabilities:				
Due within one year				
Compensated absences payable	355,333	25,396	380,729	219,837
Debt payable	1,367,610	280,012	1,647,622	2,604,622
Due in more than one year				
Compensated absences payable	328,386	27,502	355,888	536,450
Debt payable	16,537,441	2,685,100	19,222,541	20,870,164
Other postemployment benefits	560,521	32,521	593,042	486,876
Total liabilities	<u>20,061,864</u>	<u>3,198,751</u>	<u>23,260,615</u>	<u>26,224,542</u>
Net assets:				
Invested in capital assets, net of related debt	33,835,227	4,219,590	38,054,817	35,147,704
Restricted for:				
Debt service	1,872,259	-	1,872,259	2,645,136
Capital improvements	-	-	-	818,205
Specific programs	-	-	-	37,117
Tax increment purposes	2,598,494	-	2,598,494	921,097
Police expenditures	15,343	-	15,343	51,990
Fire expenditures	514,678	-	514,678	592,439
Park improvements	223,063	-	223,063	-
Unrestricted	17,264,839	2,707,322	19,972,161	20,558,193
Total net assets	<u>\$56,323,903</u>	<u>\$6,926,912</u>	<u>\$63,250,815</u>	<u>\$60,771,881</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$3,437,501	\$868,587
Public safety	6,167,218	354,840
Public works	3,143,689	223,280
Parks and recreation	849,591	63,568
Interest on long-term debt	795,508	-
Total governmental activities	<u>14,393,507</u>	<u>1,510,275</u>
Business-type activities:		
Storm Sewer	26,168	377,666
Sanitary Sewer	2,120,440	2,733,536
Golf Course	181,936	141,605
Civic Center Arena	249,110	188,901
Swimming Pool	85,654	1,944
Total business-type activities	<u>2,663,308</u>	<u>3,443,652</u>
Total primary government	<u>\$17,056,815</u>	<u>\$4,953,927</u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Assets Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
				2011	2010
\$25,050	\$ -	(\$2,543,864)	\$ -	(\$2,543,864)	(\$2,356,133)
274,155	-	(5,538,223)	-	(5,538,223)	(5,334,844)
163,184	642,452	(2,114,773)	-	(2,114,773)	(2,015,906)
-	237,855	(548,168)	-	(548,168)	(771,310)
120,056	-	(675,452)	-	(675,452)	(739,673)
<u>582,445</u>	<u>880,307</u>	<u>(11,420,480)</u>	<u>0</u>	<u>(11,420,480)</u>	<u>(11,217,866)</u>
-	-	-	351,498	351,498	307,984
-	117,060	-	730,156	730,156	325,116
-	-	-	(40,331)	(40,331)	(57,242)
-	-	-	(60,209)	(60,209)	(67,020)
-	-	-	(83,710)	(83,710)	(86,572)
<u>0</u>	<u>117,060</u>	<u>0</u>	<u>897,404</u>	<u>897,404</u>	<u>422,266</u>
<u>\$582,445</u>	<u>\$997,367</u>	<u>(11,420,480)</u>	<u>897,404</u>	<u>(10,523,076)</u>	<u>(10,795,600)</u>
General revenues:					
General property taxes		9,304,895	45,403	9,350,298	8,858,184
Tax increment taxes		898,424	-	898,424	1,017,676
Franchise and other taxes		854,084	-	854,084	727,378
Grants and contributions not restricted to specific programs		917,984	658	918,642	903,225
Unrestricted investment earnings		710,644	45,269	755,913	264,797
Gain on disposal of capital assets		8,418	-	8,418	6,523
Miscellaneous		125,488	-	125,488	94,124
Transfers		662,645	(662,645)	-	-
Total general revenues and transfers		<u>13,482,582</u>	<u>(571,315)</u>	<u>12,911,267</u>	<u>11,871,907</u>
Change in net assets		<u>2,062,102</u>	<u>326,089</u>	<u>2,388,191</u>	<u>1,076,307</u>
Net assets - beginning, as previously reported		54,261,801	6,510,080	60,771,881	60,155,802
Prior period adjustment		-	90,743	90,743	(609,688)
Effective change in accounting principle		-	-	-	149,460
Net assets - beginning, as restated		<u>54,261,801</u>	<u>6,600,823</u>	<u>60,862,624</u>	<u>59,695,574</u>
Net assets - ending		<u>\$56,323,903</u>	<u>\$6,926,912</u>	<u>\$63,250,815</u>	<u>\$60,771,881</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	Economic Development Authority	Special Assessment Bonds Fund
Assets			
Cash and investments	\$6,022,302	\$1,490,175	\$2,093,829
Accrued interest receivable	26,800	6,627	9,314
Due from other funds	214,761	-	-
Due from other governmental units	772,443	26,063	128,140
Accounts receivable	539,850	27,000	-
Delinquent taxes receivable	136,927	6,608	31,026
Special assessments receivable:			
Delinquent	9,354	-	9,974
Deferred	28,676	-	698,300
Loans receivable	-	69,000	-
Interfund loan receivable	-	1,336,636	-
Land held for resale	-	597,713	-
Total assets	\$7,751,113	\$3,559,822	\$2,970,583
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$119,430	\$6,759	\$ -
Deposits payable	86,070	-	-
Contracts payable	-	-	-
Accrued salaries and withholdings payable	98,418	3,983	-
Deferred revenue	238,920	75,608	739,299
Due to other governmental units	64,162	8	-
Due to other funds	-	-	-
Interfund loan payable	-	-	-
Total liabilities	607,000	86,358	739,299
Fund balance:			
Nonspendable	-	2,003,349	-
Restricted	782	-	2,231,284
Committed	-	1,470,115	-
Assigned	29,004	-	-
Unassigned	7,114,327	-	-
Total fund balance	7,144,113	3,473,464	2,231,284
Total liabilities and fund balance	\$7,751,113	\$3,559,822	\$2,970,583

The accompanying notes are an integral part of these financial statements.

Public Works Reserve Fund	Permanent Improvement Revolving Fund	TIF Districts	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
					2011
\$3,038,970	\$971,377	\$2,609,669	\$5,769,929	\$ -	\$21,996,251
13,515	4,318	11,612	25,561	-	97,747
-	-	-	-	(214,761)	-
17,615	17,021	38,573	75,822	-	1,075,677
-	459	4,000	3,745	-	575,054
6,324	-	18,636	16,742	-	216,263
-	-	-	-	-	19,328
2,354	357,257	-	-	-	1,086,587
-	-	-	-	-	69,000
-	-	-	-	(1,336,636)	-
-	-	-	-	-	597,713
<u>\$3,078,778</u>	<u>\$1,350,432</u>	<u>\$2,682,490</u>	<u>\$5,891,799</u>	<u>(\$1,551,397)</u>	<u>\$25,733,620</u>
\$12,688	\$41,436	\$2,719	\$91,067	\$ -	\$274,099
-	-	4,000	-	-	90,070
-	112,886	-	25,741	-	138,627
-	1,204	-	-	-	103,605
8,678	357,257	18,636	16,742	-	1,455,140
-	-	-	1,947	-	66,117
-	214,761	-	-	(214,761)	-
-	-	1,336,636	-	(1,336,636)	-
<u>21,366</u>	<u>727,544</u>	<u>1,361,991</u>	<u>135,497</u>	<u>(1,551,397)</u>	<u>2,127,658</u>
-	-	-	-	-	2,003,349
-	-	2,582,361	1,104,237	-	5,918,664
-	-	-	983,898	-	2,454,013
3,057,412	622,888	-	3,683,157	-	7,392,461
-	-	(1,261,862)	(14,990)	-	5,837,475
<u>3,057,412</u>	<u>622,888</u>	<u>1,320,499</u>	<u>5,756,302</u>	<u>0</u>	<u>23,605,962</u>
<u>\$3,078,778</u>	<u>\$1,350,432</u>	<u>\$2,682,490</u>	<u>\$5,891,799</u>	<u>(\$1,551,397)</u>	<u>\$25,733,620</u>

The accompanying notes are an integral part of these financial statements.

- This page intentionally left blank -

CITY OF WEST ST. PAUL, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
For The Year Ended December 31, 2011

Statement 4

	2011	
Total fund balances for governmental funds	\$23,605,962	
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	3,443,362	
Construction in progress	8,607,046	
Infrastructure	62,235,812	
Land improvements	1,110,912	
Buildings	3,936,931	
Machinery and equipment	3,586,131	
Software	340,288	
Total capital assets	83,260,482	
Less: accumulated depreciation	(32,858,967)	50,401,515
Some of the City's property taxes, special assessments and fees will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.		
		1,446,188
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net assets.		
		(231,103)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.		
Balances at year end are:		
Bonds payable	(17,834,700)	
Unamortized premiums	(140,616)	
Unamortized discount	70,265	
Deferred bond issuance costs	250,632	
OPEB payable	(560,521)	
Compensated absence payable	(683,719)	(18,898,659)
Total net assets of governmental activities		\$56,323,903

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	General Fund	Economic Development Authority	Special Assessment Bonds Fund
Revenues:			
General property taxes	\$6,743,889	\$266,181	\$1,301,394
Tax increment collections	-	-	-
Franchise and other taxes	851,778	-	-
Licenses and permits	548,118	-	-
Intergovernmental	1,304,473	26,092	18,044
Special assessments	33,420	-	254,479
Charges for services	793,623	163	-
Fines and forfeits	95,600	-	-
Investment income	164,432	93,031	60,802
Miscellaneous	49,732	8,252	-
Total revenues	10,585,065	393,719	1,634,719
Expenditures:			
Current:			
General government	2,136,173	487,050	-
Public safety	5,889,245	-	-
Public works	1,294,364	-	-
Parks and recreation	689,698	-	-
Unallocated general expenditures	4,954	-	-
Capital outlay	40	-	-
Debt service:			
Principal	-	-	2,000,000
Interest and fees	-	-	346,405
Costs of issuance	-	-	-
Miscellaneous	-	-	2,464
Total expenditures	10,014,474	487,050	2,348,869
Revenues over (under) expenditures	570,591	(93,331)	(714,150)
Other financing sources (uses):			
Sale of capital assets	8,418	-	-
Refunding bonds issued	-	-	-
Issuance of debt	-	-	-
Premium on debt issued	-	-	-
Insurance recoveries	-	-	-
Transfers in	691,971	18,429	-
Transfers out	(38,420)	(43,252)	-
Total other financing sources (uses)	661,969	(24,823)	0
Net change in fund balance	1,232,560	(118,154)	(714,150)
Fund balance (deficit) - January 1, as previously reported	5,911,553	3,591,618	2,945,434
Prior period adjustment	-	-	-
Fund balance - January 1 (as restated)	5,911,553	3,591,618	2,945,434
Fund balance (deficit) - December 31	\$7,144,113	\$3,473,464	\$2,231,284

The accompanying notes are an integral part of these financial statements.

Public Works Reserve Fund	Permanent Improvement Revolving Fund	TIF Districts	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
					2011	2010
\$174,728	\$ -	\$ -	\$820,051	\$ -	\$9,306,243	\$8,595,194
-	-	958,223	-	-	958,223	939,241
-	-	-	-	-	851,778	777,432
-	-	-	-	-	548,118	539,594
2,400	25,000	1,789	301,536	-	1,679,334	1,727,751
-	274,276	-	-	-	562,175	990,289
-	-	-	-	-	793,786	695,683
-	-	-	-	-	95,600	124,744
96,681	37,649	75,581	182,468	-	710,644	250,365
484	150	-	357,610	-	416,228	196,851
<u>274,293</u>	<u>337,075</u>	<u>1,035,593</u>	<u>1,661,665</u>	<u>0</u>	<u>15,922,129</u>	<u>14,837,144</u>
19,352	-	156,419	51,523	-	2,850,517	2,764,914
-	-	-	141,930	-	6,031,175	5,868,395
70,009	1,338	-	75,132	-	1,440,843	1,415,267
-	-	-	34,520	-	724,218	771,283
3,272	-	-	112,731	-	120,957	123,535
121,887	1,841,951	305,874	633,099	-	2,902,851	8,148,622
-	-	-	327,900	-	2,327,900	1,402,900
-	-	-	424,064	-	770,469	674,433
-	-	-	-	-	-	46,808
-	-	-	1,349	-	3,813	1,113
<u>214,520</u>	<u>1,843,289</u>	<u>462,293</u>	<u>1,802,248</u>	<u>0</u>	<u>17,172,743</u>	<u>21,217,270</u>
<u>59,773</u>	<u>(1,506,214)</u>	<u>573,300</u>	<u>(140,583)</u>	<u>0</u>	<u>(1,250,614)</u>	<u>(6,380,126)</u>
-	-	-	-	-	8,418	21,103
-	-	-	-	-	-	485,885
-	-	-	-	-	-	2,454,115
-	-	-	-	-	-	71,453
-	-	-	6,460	-	6,460	4,853
-	10,946	-	1,331,026	(1,351,307)	701,065	1,445,484
<u>(445,000)</u>	<u>-</u>	<u>(95,463)</u>	<u>(767,592)</u>	<u>1,351,307</u>	<u>(38,420)</u>	<u>(709,094)</u>
<u>(445,000)</u>	<u>10,946</u>	<u>(95,463)</u>	<u>569,894</u>	<u>0</u>	<u>677,523</u>	<u>3,773,799</u>
<u>(385,227)</u>	<u>(1,495,268)</u>	<u>477,837</u>	<u>429,311</u>	<u>0</u>	<u>(573,091)</u>	<u>(2,606,327)</u>
3,442,639	2,118,156	842,662	5,326,991	-	24,179,053	26,841,728
-	-	-	-	-	-	(56,348)
<u>3,442,639</u>	<u>2,118,156</u>	<u>842,662</u>	<u>5,326,991</u>	<u>0</u>	<u>24,179,053</u>	<u>26,785,380</u>
<u>\$3,057,412</u>	<u>\$622,888</u>	<u>\$1,320,499</u>	<u>\$5,756,302</u>	<u>\$0</u>	<u>\$23,605,962</u>	<u>\$24,179,053</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 6

	<u>2011</u>	<u>2010</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 5)	(\$573,091)	(\$2,606,327)
Prior period adjustment	-	549,110
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	2,902,851	8,148,622
Capital outlay not capitalized	(499,258)	(424,697)
Proceeds from sale of capital assets	(8,418)	(21,103)
Gain on sale of capital assets	8,418	6,523
Loss on sale of capital assets	(4,250)	(50,896)
Depreciation	(1,836,227)	(1,781,009)
Donated land	35,600	-
In the statement of activities, other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal years 2010 and 2011, other postemployment benefits payable changed.		
Other postemployment benefits - December 31, 2009	-	317,034
Other postemployment benefits - December 31, 2010	459,954	(459,954)
Other postemployment benefits - December 31, 2011	(560,521)	-
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the government funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Issuance of general obligation bonds and bond premium	-	(2,940,000)
Repayment of debt principal	2,327,900	1,402,900
Interest expense	(11,758)	(150,348)
Deferred charges	(18,139)	(49,016)
Amortization of bond discount/premium	6,710	(27,793)
Delinquent and deferred property taxes and special assessments receivable will be collected subsequent to year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.		
Deferred revenue - December 31, 2009	-	(2,412,055)
Deferred revenue - December 31, 2010	(1,625,830)	1,625,830
Deferred revenue - December 31, 2011	1,446,188	-
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2011, compensated absence payable changed.		
	<u>11,973</u>	<u>(19,634)</u>
Change in net assets of governmental activities (Statement 2)	<u>\$2,062,102</u>	<u>\$1,107,187</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011
With Comparative Totals For December 31, 2010

Statement 7

	Business-Type Activities - Enterprise Funds			
	Public Utilities	Recreation	Totals	
	Fund	Fund	2011	2010
Assets				
Current assets:				
Cash and investments	\$1,233,490	\$202,450	\$1,435,940	\$1,421,141
Due from other governments	122,173	4,644	126,817	22,400
Receivables:				
Accounts	72,307	113	72,420	11,082
User accounts - current and delinquent	590,698	34,747	625,445	528,852
Delinquent taxes receivable	888	1,770	2,658	5,088
Customer assessments	624,220	-	624,220	704,001
Interest receivable on investments	5,486	900	6,386	4,486
Inventory	-	3,647	3,647	2,250
Deferred bond issuance costs	43,428	-	43,428	48,253
Total current assets	2,692,690	248,271	2,940,961	2,747,553
Capital assets:				
Land	10,945	1,133,223	1,144,168	1,144,168
Buildings and improvements	2,242,652	4,081,222	6,323,874	6,317,292
Vehicles, machinery, and equipment	436,479	317,691	754,170	719,802
Distribution and collection systems	5,015,596	-	5,015,596	4,897,414
Total capital assets	7,705,672	5,532,136	13,237,808	13,078,676
Less: accumulated depreciation	(3,947,231)	(2,105,875)	(6,053,106)	(5,765,353)
Net capital assets	3,758,441	3,426,261	7,184,702	7,313,323
Total assets	6,451,131	3,674,532	10,125,663	10,060,876
Liabilities				
Current liabilities:				
Payroll withholdings payable	4,247	2,910	7,157	14,251
Accounts payable	61,675	13,724	75,399	19,648
Due to other funds	-	-	-	36,429
Due to other governmental units	43,952	1,406	45,358	136,064
Accrued bond interest payable	18,900	1,406	20,306	21,762
Accrued compensated absences, current portion	19,533	5,863	25,396	21,089
Bonds payable, current portion	245,012	35,000	280,012	270,012
Total current liabilities	393,319	60,309	453,628	519,255
Noncurrent liabilities:				
Accrued compensated absences	-	27,502	27,502	39,506
Other post employment benefits payable	22,637	9,884	32,521	26,922
Bonds payable, net of current portion	2,230,100	455,000	2,685,100	2,965,113
Total noncurrent liabilities	2,252,737	492,386	2,745,123	3,031,541
Total liabilities	2,646,056	552,695	3,198,751	3,550,796
Net assets:				
Invested in capital assets, net of related debt	1,283,329	2,936,261	4,219,590	4,078,198
Unrestricted	2,521,746	185,576	2,707,322	2,431,882
Total net assets	\$3,805,075	\$3,121,837	\$6,926,912	\$6,510,080

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 8

Business-Type Activities - Enterprise Funds

	Public Utilities Fund	Recreation Fund	Totals	
			2011	2010
Operating revenue:				
User charges for services	\$3,082,515	\$316,182	\$3,398,697	\$3,112,118
Retained fees	8,009	-	8,009	4,356
Miscellaneous	5	16,268	16,273	24,692
Total operating revenue	<u>3,090,529</u>	<u>332,450</u>	<u>3,422,979</u>	<u>3,141,166</u>
Operating expenses:				
Personal services	260,581	153,509	414,090	458,187
Supplies	17,362	39,788	57,150	67,574
Contractual services	1,627,852	165,734	1,793,586	1,683,438
Miscellaneous other charges	11,347	9,238	20,585	116,625
Repairs	-	-	-	1,609
Depreciation	157,492	130,261	287,753	295,359
Total operating expenses	<u>2,074,634</u>	<u>498,530</u>	<u>2,573,164</u>	<u>2,622,792</u>
Operating income (loss)	<u>1,015,895</u>	<u>(166,080)</u>	<u>849,815</u>	<u>518,374</u>
Nonoperating revenue (expense):				
Property taxes	430	44,973	45,403	264,946
Investment income	38,723	6,546	45,269	14,432
Interest on special assessments	20,673	-	20,673	4,850
Intergovernmental	21	637	658	3,866
Bond interest expense	(71,974)	(18,170)	(90,144)	(100,958)
Total nonoperating revenue (expense)	<u>(12,127)</u>	<u>33,986</u>	<u>21,859</u>	<u>187,136</u>
Income (loss) before transfers and capital contributions	<u>1,003,768</u>	<u>(132,094)</u>	<u>871,674</u>	<u>705,510</u>
Transfers and capital contributions:				
Capital contributions	117,060	-	117,060	-
Transfers in	-	38,420	38,420	157,450
Transfers out	(701,065)	-	(701,065)	(893,840)
Total transfers and capital contributions	<u>(584,005)</u>	<u>38,420</u>	<u>(545,585)</u>	<u>(736,390)</u>
Change in net assets	<u>419,763</u>	<u>(93,674)</u>	<u>326,089</u>	<u>(30,880)</u>
Net assets - January 1, as previously reported	3,294,569	3,215,511	6,510,080	6,545,190
Prior period adjustment	90,743	-	90,743	(4,230)
Net assets - January 1, as restated	<u>3,385,312</u>	<u>3,215,511</u>	<u>6,600,823</u>	<u>6,540,960</u>
Net assets - December 31	<u>\$3,805,075</u>	<u>\$3,121,837</u>	<u>\$6,926,912</u>	<u>\$6,510,080</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST ST. PAUL, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

Statement 9

	Business-Type Activities - Enterprise Funds			
	Public Utilities Fund	Recreation Fund	Totals	
			2011	2010
Cash flows from operating activities:				
Receipts from customers and users	\$3,023,313	\$314,808	\$3,338,121	\$3,253,207
Payment to suppliers	(1,731,824)	(210,881)	(1,942,705)	(1,863,758)
Payment to employees	(261,824)	(161,458)	(423,282)	(459,844)
Miscellaneous revenue	5	16,268	16,273	24,692
Net cash flows provided (used) by operating activities	<u>1,029,670</u>	<u>(41,263)</u>	<u>988,407</u>	<u>954,297</u>
Cash flows from noncapital financing activities:				
Property taxes	1,727	46,106	47,833	263,508
Increase in customer assessments receivable	79,781	-	79,781	(602)
Intergovernmental	8,151	4,962	13,113	(16,663)
Transfers in	-	38,420	38,420	157,450
Transfers out	(701,065)	-	(701,065)	(893,840)
Net cash flows provided (used) by noncapital financing activities	<u>(611,406)</u>	<u>89,488</u>	<u>(521,918)</u>	<u>(490,147)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(159,132)	-	(159,132)	(137,297)
Principal paid on capital debt	(230,000)	(35,000)	(265,000)	(130,000)
Interest paid on capital debt	(73,225)	(18,375)	(91,600)	-
Interest received on special assessments	20,673	-	20,673	(83,633)
Net cash flows used by capital and related financing activities	<u>(441,684)</u>	<u>(53,375)</u>	<u>(495,059)</u>	<u>(350,930)</u>
Cash flows from investing activities:				
Investment income	37,127	6,242	43,369	16,556
Net increase (decrease) in cash and cash equivalents	13,707	1,092	14,799	129,776
Cash and cash equivalents - January 1	1,219,783	201,358	1,421,141	1,291,365
Cash and cash equivalents - December 31	<u>\$1,233,490</u>	<u>\$202,450</u>	<u>\$1,435,940</u>	<u>\$1,421,141</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$1,015,895</u>	<u>(\$166,080)</u>	<u>\$849,815</u>	<u>\$523,224</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	157,492	130,261	287,753	295,359
Changes in assets and liabilities:				
(Increase) decrease in receivables	(67,211)	23	(67,188)	131,883
(Increase) decrease in other assets	-	(1,397)	(1,397)	(26,667)
Increase (decrease) in payables	(80,394)	3,879	(76,515)	11,613
Increase (decrease) in accrued compensated absences	3,888	(7,949)	(4,061)	18,885
Total adjustments	<u>13,775</u>	<u>124,817</u>	<u>138,592</u>	<u>431,073</u>
Net cash provided (used) by operating activities	<u>\$1,029,670</u>	<u>(\$41,263)</u>	<u>\$988,407</u>	<u>\$954,297</u>
Noncash capital financing activities:				
Amortization of bond premium	\$5,013	\$ -	\$5,013	\$5,013
Amortization of deferred charges	\$4,825	\$ -	\$4,825	\$4,825
Capital grant receivable at year end	\$117,060	\$ -	\$117,060	\$ -

The accompanying notes are an integral part of these financial statements.

- This page intentionally left blank -

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West St. Paul, Minnesota (the City) operates as a "Home Rule Charter City" as defined by Minnesota State Statutes and is organized as a Council-Manager form of government. The City Council, composed of an elected mayor and six elected council persons, exercises legislative authority and determines all matters of policies.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

BLENDED COMPONENT UNIT

The Economic Development Authority (EDA) is an entity legally separate from the City. However, for financial reporting purposes, the EDA is reported as if it were part of the City's operations because the members of the City Council serve as EDA board members and its purpose is to promote development within the City. The EDA fund is a special revenue fund. Separate financial statements are not prepared for the EDA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 have been met. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Economic Development Authority Fund* accounts for the facilitation of redevelopment of property within the City. The City established the EDA according to Minnesota Statute §469.109. Significant revenue sources for the EDA are general property taxes and intergovernmental revenues.

The *Special Assessment Bonds Fund* accounts for the revenues accumulated and payments made on long-term general obligation special assessment bonds.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

The *Public Works Reserve Fund* accounts for major capital improvements of a public works nature as set forth in the City Code, Section 315.03. Financing is provided by a specific annual property tax levy to the extent that miscellaneous revenue is not sufficient to cover the required expenditures.

The *Permanent Improvement Revolving Fund* accounts for the costs of constructing various street, sanitary sewer, storm sewer, and water projects. These costs are accumulated until it becomes prudent to issue bonds. The bond proceeds are then placed here to finance future construction. Thus, the fund acts as a large, revolving pool of working capital.

The *TIF District Fund* accounts for the activities within the City's four tax increment districts.

The City reports the following major proprietary funds:

The *Public Utilities Fund* accounts for the provision of sewer service to properties within the City. This fund is maintained pursuant to City Code, Section 705.01. Sewer system users are billed regularly for the services provided, with said collections used to cover the cost of central sewage processing by the Metropolitan Council Environmental Services and the City costs of maintenance, operations, administration, and billing.

The *Recreation Fund* accounts for City-owned recreation operations consisting of a golf course, civic center arena and swimming pool.

The City reports the following fiduciary funds:

The *South Metro Fire Fund* accounts for funds obtained from the State of Minnesota which are passed through to the South Metro Fire Department.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 public utilities and recreation enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

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

D. BUDGETS

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General and Special Revenue Funds. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The City Manager is authorized to transfer appropriations within any department budget. Additional interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council as allowed by City Charter.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Supplementary budgets are adopted for the debt service and proprietary funds. These budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance, respectively, and are not reflected in the financial statements, because these are adopted for management purposes only and do not represent a legally adopted budget.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.

8. Budgeted appropriations for expenditures are controlled at the departmental level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services and benefits; materials, supplies, services, capital outlay) within each activity.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are stated at fair value, based upon quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the Proprietary Funds have original maturities of 90 days or less. Therefore the entire balance in the Proprietary Funds is considered cash equivalents.

G. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the upcoming year. Long-term interfund loans, if any, are classified as "interfund loan receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund loan receivables, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes, special assessments, and ambulance receivables have been reported net of estimated uncollectible accounts (see Note 1 H, I and L). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

H. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes and credits not collected by the County by December 31 (remitted to the City the following January) are classified as delinquent taxes receivable. Delinquent taxes receivable are fully offset by deferred revenue because they are not available to finance current expenditures.

I. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to a tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred revenues.

J. INVENTORIES

GOVERNMENTAL FUNDS

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventories.

PROPRIETARY FUNDS

Inventories of the Proprietary Funds are recorded at the lower of cost or market, using the first-in, first-out (FIFO) method. Inventories are recorded as expenditures when consumed.

K. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (except for easements which is \$50,000 and software which is \$10,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Pursuant to GASB Statement 34, in the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. These assets are reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2011, no interest was capitalized in connection with construction in progress.

The City implemented GASB 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010, which required the City to capitalize and amortize intangible assets. Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose to capitalize intangible assets retroactively to 1980. The City had not accounted for computer software at historical cost and therefore retroactive reporting was necessary. The City was able to obtain historical costs and estimated fair value of donated intangible assets as of the date of donation for the initial reporting of easements through public works project records.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	
Buildings and improvements	20 – 50 years
Machinery and equipment	5 – 20 years
Motor vehicles	5 – 20 years
Trails, sidewalks and streetlights	30 years
Storm sewers	50 years
Streets	40 years
Distribution and collection systems	75 years
Software	5 years

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary 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. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is vested as severance pay.

The City's policy regarding vacation leave is contained in the City Code, Section 310.37. Vacation leave may be accumulated by an employee up to a maximum of twice the annual amount that they are eligible for at any point in time. Upon separation from City service, the employee can receive all unused vacation leave as severance pay, subject to this limitation.

The City's policy regarding sick leave is contained in the City Code, Section 310.43. The maximum accumulation allowed is 120 working days. Upon the employee's termination from City service, the City will pay all of the accumulated sick leave as severance pay.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

O. FUND EQUITY

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City Manager and/or Finance Director are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

P. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

Q. LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or realizable value. Due to the nature of redevelopment activities, cost is frequently higher than realizable value. Realizable values are determined using appraised values or estimated actual sales price.

R. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

S. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

T. COMPARATIVE TOTALS

The basic financial statements, required supplementary information, combining and individual fund financial statements and schedules, and supplementary financial information include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City 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 bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2011 the bank balance of the City's deposits was covered by federal depository insurance or perfected collateral provided by the financial institution and held in the City's name.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - 1) 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;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

As of December 31, 2011 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (In Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Home Loan Bank Notes	AA+	\$2,037,180	\$ -	\$1,502,480	\$534,700	\$ -
Federal Home Loan Mortgage Corp. Notes	AA+	506,192	-	500,630	5,562	-
Federal National Mortgage Assn. Notes	AA+	5,220,094	-	3,717,484	1,502,610	-
Municipal Bond	(1)	490,000	-	-	-	490,000
Taxable Bonds	A-	597,058	-	597,058	-	-
Taxable Bonds	A+	1,527,265	504,875	1,022,390	-	-
Taxable Bonds	AA	2,497,190	-	995,950	-	1,501,240
Taxable Bonds	AA-	592,476	-	592,476	-	-
Taxable Bonds	AAA	604,186	-	401,279	202,907	-
Taxable Bonds	AAA	1,633,960	-	1,633,960	-	-
Taxable Bonds	NA	1,310,113	-	502,776	807,338	-
External Investment Pool - 4M Fund	(2)	1,083,354	1,083,354	-	-	-
Negotiable Certificates of Deposit	(2)	3,033,162	732,399	2,300,764	-	-
Money Market	(2)	1,666,253	1,666,253	-	-	-
Total		\$22,798,483	\$3,986,880	\$13,767,246	\$3,053,117	\$1,991,240
Total Investments		\$22,798,483				
Deposits		632,108				
Petty Cash		1,600				
Total Cash and Investments		\$23,432,191				

(1) internal investment in City of West St. Paul 1995 gross revenue golf course bonds, which are not rated.
(2) not rated

C. INVESTMENT RISKS

The City's investment policy is to follow Minnesota State Statutes as described above which reduces the City's exposure to credit, custodial credit, and interest rate risks. Specific risk information for the City is as follows:

Custodial credit risk – Investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial risk. However, investments in securities are held by the City's broker-dealer of which \$500,000 is insured through SIPC. The broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts.

Interest rate risk - The City's investment policy states the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The portfolio shall be structured so that securities mature concurrent with cash needs to meet anticipated demands and the portfolio should consist largely of securities with active secondary or resale markets.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to commercial paper to those rated in the highest quality category by at least two nationally recognized rating agencies; in any security of the State of Minnesota or any of its municipalities which is rated “A” or better by a national bond rating service for general obligation and rated “AA” or better for a revenue obligation; a general obligation of the Minnesota Housing Finance Agency to those rated “A” or better by a national bond rating agency; mutual funds or money market funds whose investments are restricted to securities described in MS 118A.04. The City’s investment policy does not place further restrictions on investment options. The City’s external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares. The City’s investment policy does not place further restrictions on investment options.

Concentration of credit risk - The City’s investment policy places limits on various security types as a percentage of the total portfolio. United States governmental securities are allowed to be 100% of the portfolio. State and local securities cannot exceed 20% of the portfolio. The City has placed limits on other types of securities, but has not invested in these types. The City places no limit on the amount the City may invest in any one issuer (except commercial paper). More than 5% of the City’s investments are in various holdings as follows:

Federal Home Loan Bank Notes	9%
Federal National Mortgage Assn. Notes	22%

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2011 are as follows:

	Loan Receivable	Interfund Loan Receivable	Property Taxes Receivable	Special Assessments Receivable	Total
Major Funds:					
General Fund	\$ -	\$ -	\$39,100	\$ -	\$39,100
EDA	69,000	1,336,636	-	-	1,405,636
Special Assessment Bonds	-	-	8,800	573,900	582,700
Permanent Improvement Revolving	-	-	-	324,000	324,000
TIF Districts	-	-	5,300	-	5,300
Public Utilities Fund	-	-	-	547,800	547,800
Total	<u>\$69,000</u>	<u>\$1,336,636</u>	<u>\$53,200</u>	<u>\$1,445,700</u>	<u>\$2,904,536</u>

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable:		
General fund	\$136,927	\$ -
EDA	6,608	-
Special assessments bonds	31,026	-
Public works reserve	6,324	-
Nonmajor funds	16,742	-
Delinquent tax increment:		
TIF districts	18,636	-
Certified bills not yet due:		
General fund	38,030	-
Special assessments delinquent or not yet due:		
Special assessments bonds	708,273	-
Public works reserve	2,354	-
Permanent improvement revolving	357,257	-
Loans receivable:		
EDA	69,000	-
Prepaid antenna lease:		
General fund	-	8,952
Other Receivables:		
General fund	<u>55,011</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$1,446,188</u></u>	<u><u>\$8,952</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 4 CAPITAL ASSETS

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

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$3,407,762	\$35,600	\$ -	\$3,443,362
Construction in progress	9,846,373	2,105,235	(3,344,562)	8,607,046
Software in progress	121,458	18,317	(139,775)	-
Total capital assets, not being depreciated	<u>13,375,593</u>	<u>2,159,152</u>	<u>(3,484,337)</u>	<u>12,050,408</u>
Capital assets, being depreciated:				
Buildings	3,936,931	-	-	3,936,931
Improvements other than buildings	1,142,987	-	(32,075)	1,110,912
Machinery and equipment	3,527,093	257,038	(198,000)	3,586,131
Software	177,510	162,778	-	340,288
Infrastructure	58,891,250	3,344,562	-	62,235,812
Total capital assets, being depreciated	<u>67,675,771</u>	<u>3,764,378</u>	<u>(230,075)</u>	<u>71,210,074</u>
Less accumulated depreciation for:				
Buildings	1,631,900	98,992	-	1,730,892
Improvements other than buildings	855,447	35,474	(32,075)	858,846
Machinery and equipment	2,380,879	217,222	(193,750)	2,404,351
Software	177,510	16,278	-	193,788
Infrastructure	26,202,829	1,468,261	-	27,671,090
Total accumulated depreciation	<u>31,248,565</u>	<u>1,836,227</u>	<u>(225,825)</u>	<u>32,858,967</u>
Total capital assets being depreciated - net	<u>36,427,206</u>	<u>1,928,151</u>	<u>(4,250)</u>	<u>38,351,107</u>
Governmental activities capital assets - net	<u>\$49,802,799</u>	<u>\$4,087,303</u>	<u>(\$3,488,587)</u>	<u>\$50,401,515</u>

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Primary Government	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$1,144,168	\$ -	\$ -	\$1,144,168
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,144,168</u>	<u>0</u>	<u>0</u>	<u>1,144,168</u>
Capital assets, being depreciated:				
Buildings and improvements	6,317,292	6,582	-	6,323,874
Vehicles, machinery and equipment	719,802	34,368	-	754,170
Distribution and collection systems	4,897,414	118,182	-	5,015,596
Total capital assets, being depreciated	<u>11,934,508</u>	<u>159,132</u>	<u>0</u>	<u>12,093,640</u>
Less accumulated depreciation for:				
Buildings and improvements	2,566,972	176,075	-	2,743,047
Vehicles, machinery and equipment	317,894	46,759	-	364,653
Distribution and collection systems	2,880,487	64,919	-	2,945,406
Total accumulated depreciation	<u>5,765,353</u>	<u>287,753</u>	<u>0</u>	<u>6,053,106</u>
Total capital assets being depreciated - net	<u>6,169,155</u>	<u>(128,621)</u>	<u>0</u>	<u>6,040,534</u>
Business-type activities capital assets - net	<u>\$7,313,323</u>	<u>(\$128,621)</u>	<u>\$0</u>	<u>\$7,184,702</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$113,603
Public safety	79,228
Public works, including depreciation of general infrastructure assets	1,569,119
Parks and recreation	74,277
Total depreciation/amortization expense - governmental activities	<u>\$1,836,227</u>
Business-type activities:	
Public utilities	\$157,492
Recreation	130,261
Total depreciation/amortization expense - business-type activities	<u>\$287,753</u>

CONSTRUCTION COMMITMENTS

At December 31, 2011, the City had construction project contracts in progress. The commitments related to the remaining contract balances at December 31, 2011 totaled \$77,592.

Note 5 **LONG-TERM DEBT**

GENERAL OBLIGATION BONDS

The City issues general obligation (G.O.) bonds, including G.O. bonds, G.O. special assessment bonds, G.O. capital notes, G.O. tax increment bonds, and G.O. revenue bonds, to provide funds for the acquisition and construction of major capital facilities and equipment. G.O. bonds have been issued for both governmental and business-type activities. G.O. bonds are direct obligations and pledge the full faith and credit of the City.

BUILD AMERICA BONDS

In 2009, the City issued \$6,500,000 Taxable General Obligation CIP Bonds, Series 2009B (Build America Bonds – Direct Pay).

REVENUE BONDS

In 1995, the City issued \$970,000 gross revenue Golf Course Bonds for the construction of a new public recreation golf course in the City. These bonds and interest thereon are payable solely from the gross revenues of the golf course and are not a general obligation of the City.

The City is also the current owner of the bonds which are included in the City's investment pool. The bonds and related investments are reported as if they were external transactions since the bonds are a legal debt issue, were purchased by the City on the open market, and could be re-sold on the open market.

In 2009, the City issued \$1,545,000 General Obligation Sewer Revenue Bonds for the Sewer Inflow and Infiltration Project which would include sanitary sewer lining and replacement. These bonds and interest thereon are payable from the net revenues of the Sewer Systems, but are General Obligations of the City should the revenues pledged be insufficient to pay principal and interest as they become due.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Long-term debt at December 31, 2011 consisted of the following:

	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Outstanding
Governmental-Type Activities:					
G.O. Special Assessment Bonds:					
Refunding Improvement Bonds of 2002B	2.50-4.00%	12/18/2002	8/1/2012	\$1,680,000	\$160,000
Improvement Bonds of 2004A	2.25-4.00%	12/1/2004	12/1/2018	1,360,000	825,000
Improvement Bonds of 2006A	3.50-3.90%	12/7/2006	12/1/2021	2,450,000	1,900,000
Improvement Bonds of 2008A	2.50-4.60%	12/23/2008	12/2/2023	2,370,000	2,050,000
Refunding Improvement Bonds of 2009A	2.00-3.50%	3/18/2009	2/1/2021	2,685,000	1,855,000
Improvement and Refunding Bonds of 2010A	3.00-3.75%	12/29/2010	2/1/2026	<u>2,940,000</u>	<u>2,940,000</u>
Total G.O. special assessment bonds				<u>13,485,000</u>	<u>9,730,000</u>
G.O. Bonds:					
G.O. TIF Bonds of 2005A	3.75-4.50%	11/1/2005	2/1/2031	1,605,000	1,495,000
G.O. Capital Improvement Bonds 2009B	1.50-6.00%	11/18/2009	2/1/2035	<u>6,500,000</u>	<u>6,370,000</u>
Total general obligation bonds				<u>8,105,000</u>	<u>7,865,000</u>
G.O. Capital Notes:					
Capital Note of 2007	4.75%	10/1/2007	10/1/2012	190,000	40,000
Capital Note of 2008	4.95%	10/1/2008	10/1/2013	230,000	95,000
Capital Note of 2009	1.75-3.00%	10/1/2009	10/1/2014	<u>169,500</u>	<u>104,700</u>
Total capital notes				<u>589,500</u>	<u>239,700</u>
Unamortized bond discount				N/A	<u>(70,265)</u>
Unamortized bond premium				N/A	<u>140,616</u>
Compensated absences				N/A	<u>683,719</u>
Total governmental type activities					<u>\$18,588,770</u>
Business-Type Activities:					
Revenue bonds:					
Golf Course Bonds of 1995	6.50%	7/1/1995	12/1/2016	\$970,000	\$490,000
Refunding Improvement Bonds of 2009A	2.00-3.50%	3/18/2009	2/1/2018	1,315,000	1,015,000
G.O. Sewer Revenue Bonds of 2009C	2.00-3.50%	11/18/2009	2/1/2020	<u>1,545,000</u>	<u>1,415,000</u>
Total revenue bonds				<u>3,830,000</u>	<u>2,920,000</u>
Unamortized bond premium				N/A	45,112
Compensated absences				N/A	<u>52,898</u>
Total business-type activities				<u>\$3,830,000</u>	<u>\$3,018,010</u>

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Annual debt service requirements to maturity for long-term debt issues are as follows:

Due in Year	Governmental Activities					
	G.O.Bonds		G.O. Special Assessment Bonds		Tax Increment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$150,000	\$340,261	\$1,055,000	\$331,910	\$35,000	\$64,200
2013	155,000	336,349	1,095,000	298,898	40,000	62,700
2014	160,000	331,578	1,000,000	264,603	40,000	61,100
2015	160,000	326,138	975,000	232,808	45,000	59,400
2016	165,000	319,935	925,000	203,158	50,000	57,438
2017	170,000	312,813	965,000	171,689	50,000	55,312
2018	175,000	305,156	660,000	138,275	55,000	53,081
2019	180,000	296,944	550,000	113,685	60,000	50,637
2020	185,000	288,043	575,000	93,485	65,000	47,981
2021	195,000	278,544	595,000	71,826	70,000	45,113
2022	205,000	268,543	365,000	48,820	70,000	42,138
2023	220,000	257,781	380,000	34,333	75,000	39,056
2024	245,000	245,559	190,000	18,563	85,000	35,603
2025	265,000	231,687	195,000	11,344	90,000	31,775
2026	285,000	215,850	205,000	3,844	95,000	27,727
2027	310,000	198,000	-	-	100,000	23,400
2028	325,000	178,950	-	-	105,000	18,788
2029	345,000	158,850	-	-	115,000	13,838
2030	370,000	137,400	-	-	120,000	8,550
2031	390,000	114,600	-	-	130,000	2,926
2032	405,000	90,750	-	-	-	-
2033	420,000	66,000	-	-	-	-
2034	435,000	40,350	-	-	-	-
2035	455,000	13,650	-	-	-	-
Totals	<u>\$6,370,000</u>	<u>\$5,353,731</u>	<u>\$9,730,000</u>	<u>\$2,037,241</u>	<u>\$1,495,000</u>	<u>\$800,763</u>

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Due in Year	Governmental Activities		Business-Type Activities	
	G.O. Capital Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$120,900	\$8,975	\$275,000	\$85,812
2013	82,900	4,287	290,000	79,313
2014	35,900	1,077	295,000	72,150
2015	-	-	300,000	63,663
2016	-	-	315,000	54,388
2017	-	-	320,000	44,637
2018	-	-	330,000	34,737
2019	-	-	340,000	24,326
2020	-	-	350,000	12,862
2021	-	-	50,000	3,675
2022	-	-	55,000	1,925
2023	-	-	-	-
2024	-	-	-	-
Totals	<u>\$239,700</u>	<u>\$14,339</u>	<u>\$2,920,000</u>	<u>\$477,488</u>

CHANGE IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. bonds	\$6,500,000	\$ -	(\$130,000)	\$6,370,000	\$150,000
G.O. improvement bonds	11,730,000	-	(2,000,000)	9,730,000	1,055,000
G.O. capital notes	407,600	-	(167,900)	239,700	120,900
G.O. TIF bonds	1,525,000	-	(30,000)	1,495,000	35,000
Unamortized bond discount	(75,551)	5,286	-	(70,265)	(5,286)
Unamortized bond premium	152,612	-	(11,996)	140,616	11,996
Compensated absences	695,692	350,556	(362,529)	683,719	355,333
Total government activity long-term liabilities	<u>\$20,935,353</u>	<u>\$355,842</u>	<u>(\$2,702,425)</u>	<u>\$18,588,770</u>	<u>\$1,722,943</u>
Business-type activities					
Revenue bonds	\$3,185,000	\$ -	(\$265,000)	\$2,920,000	\$275,000
Unamortized bond premium	50,125	-	(5,012)	45,113	5,012
Compensated absences	60,595	24,721	(32,418)	52,898	25,396
Total business-type activity long-term liabilities	<u>\$3,295,720</u>	<u>\$24,721</u>	<u>(\$302,430)</u>	<u>\$3,018,011</u>	<u>\$305,408</u>

Governmental compensated absences are typically liquidated (paid) by the General Fund.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

PLEDGED REVENUE

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Revenue Pledged				Current Year 2011		
		Type	Percent of total debt service	Debt service as a % of net revenues	Term of Pledge	Remaining Principal and Interest	Principal and Interest paid	Pledged Revenue received
521 2002B Refunding Improvement Bonds \$1,680K	Infrastructure Improvement Projects	Assessments	6.59%	N/A	2002-2012	\$166,400	\$178,000	\$ -
522 2004A Improvement Bonds \$1,360 K	Infrastructure Improvement Projects	Assessments	14.43%	N/A	2004-2014	\$950,935	\$148,750	\$30,832
523 2006A Improvement Bonds \$2,450 K	Infrastructure Improvement Projects	Assessments	28.90%	N/A	2006-2016	\$2,343,265	\$314,513	\$29,868
524 2008A Improvement Bonds \$2,370 K	Infrastructure Improvement Projects	Assessments	13.48%	N/A	2008-2018	\$2,618,055	\$245,115	\$55,971
527 2009B Taxable GO Capital Improvement Bonds \$6,500 K	Capital Improvement Projects	Federal BAB's User Fees	16.71% 26.49%	N/A	2009-2034	\$11,723,731	\$473,018	\$120,056
528 2010A Improvement and Refunding Bonds \$4,275 K	Infrastructure Improvement Projects	Assessments	40.00%	N/A	2010-2011	\$3,646,181	\$55,481	\$92,279
375 2005A GO TIF Bonds \$1,605 K	Redevelopment and Renovation	Tax Increment	100.00%	N/A	2005-2033	\$2,294,638	\$95,463	\$ -
525 2009A Improvement Refunding Bonds \$ 1,300 K	Infrastructure Improvement Projects	User Fees	100.00%	N/A	2009-2019	\$2,142,400	\$363,625	\$146
526 2009C GO Sewer Revenue Bonds \$1,545 K	Infrastructure Improvement Projects	User Fees	100.00%	N/A	2009-2019	\$1,617,988	\$171,025	\$171,025

Note 6 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City are covered by defined benefit 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 Statute, 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 Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters 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 State Statute, and vest after three years of credited service. 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.

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 receiving them yet are bound by the provisions in effect at the time they last terminated their 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, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. 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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. The City was required to contribute the following percentages of annual covered payroll in 2011: 11.78% for Basic Plan GERF members, 7.25% for Coordinated Plan GERF members, and 14.4% for PEPFF members. The City's contributions to the General Employees Retirement Fund for the years ending December 31, 2011, 2010 and 2009 were \$202,218, \$190,900 and \$177,597 respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2011, 2010 and 2009 were \$298,794, \$312,648 and \$302,252 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 7 OTHER POST-EMPLOYMENT BENEFITS

In 2008, the City prospectively implemented the requirement of a new accounting pronouncement, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 6, the City provides post-employment health care benefits (OPEB) for retired employees and police and firefighters disabled in the line of duty through a single-employer defined benefit plan. The City of West St. Paul, Minnesota's OPEB plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

B. BENEFITS PROVIDED

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement or disability benefits from a Minnesota public pension plan. The employee may continue to participate in the City's group health insurance plan that the employee was a participant of immediately prior to retirement. Employees may obtain dependent coverage at retirement only if the employee was receiving dependent coverage immediately prior to retirement. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

All health care benefits are provided through the City's group health insurance plans. The retiree pays 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

C. PARTICIPANTS

As of the actuarial valuation dated January 1, 2011, participants consisted of:

Retirees and beneficiaries currently receiving benefits	10
Active employees	<u>72</u>
Total	<u><u>82</u></u>
Participating employers	<u><u>1</u></u>

D. FUNDING POLICY

Retiree health care benefits are currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

E. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 days.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

The net OPEB obligation as of December 31, 2011, was calculated as follows:

Annual required contribution (ARC)	\$177,174
Interest on net OPEB obligation	19,468
Adjustment to ARC	<u>(28,147)</u>
Annual OPEB cost	168,495
Contributions made during the year	<u>(62,329)</u>
Increase (decrease) in net OPEB obligation	106,166
Net OPEB obligation - beginning of year	<u>486,876</u>
Net OPEB obligation - end of year	<u><u>\$593,042</u></u>

For governmental activities, other post-employment benefits are generally liquidated through the General Fund.

The City first had an actuarial valuation performed for the plan as of January 1, 2008 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, 2008. The City's annual OPEB cost (expense) of \$283,891 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of December 31, 2007. A subsequent actuarial valuation was performed for the Plan as of January 1, 2011 which revalued the annual required contribution (ARC) to \$177,174 beginning December 31, 2011. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$280,754	\$135,284	48.2%	\$336,190
December 31, 2010	285,970	135,284	47.3%	486,876
December 31, 2011	168,495	62,329	36.9%	593,042

F. FUNDED STATUS AND FUNDING PROGRESS

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits, therefore, the actuarial value of assets is zero. The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
January 1, 2011	\$ -	\$1,621,549	\$1,621,549	0.0%	\$4,800,000	33.78%

*Using the projected unit credit cost method.

G. 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 health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) 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 financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an initial annual health care cost trend rate of 10% reduced by 0.50% each year to arrive at an ultimate health care cost trend rate of 5.0%, which includes a 3% inflation assumption. The actuarial value of assets was \$0. The plan’s unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll method over 30 years on a closed basis. The remaining amortization period at December 31, 2011, was 26 years.

Note 8 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

Interfund loans receivable and payable are not expected to be collected within one year. These loans were provided to fund tax increment projects and will be repaid with future tax increment collections. A summary at December 31, 2011 is as follows:

Fund	Interfund Loans	
	Receivable	Payable
EDA	\$1,336,636	\$ -
TIF Districts	-	1,336,636
Total	\$1,336,636	\$1,336,636

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Interfund transfers:

	Transfer In					Total
	General	EDA	PIR	Recreation	Nonmajor Governmental Fund	
Transfer out:						
General ⁽⁴⁾	\$ -	\$ -	\$ -	\$38,420	\$ -	\$38,420
EDA ⁽⁵⁾	43,252	-	-	-	-	43,252
Public Utilities Fund ⁽⁶⁾	559,160	-	-	-	141,905	701,065
Nonmajor Governmental Fund ⁽¹⁾⁽³⁾	89,559	18,429	10,946	-	648,658	767,592
Public Works Reserve ⁽²⁾	-	-	-	-	445,000	445,000
TIF Districts ⁽⁷⁾	-	-	-	-	95,463	95,463
Total transfers	<u>\$691,971</u>	<u>\$18,429</u>	<u>\$10,946</u>	<u>\$38,420</u>	<u>\$1,331,026</u>	<u>\$2,090,792</u>

- (1) Fund closure.
- (2) Transfer from the Public Works Reserve Fund to the Public Works Facility Fund to prevent negative cash balance and provide funds for completion of the construction project.
- (3) Transfer to pay debt service.
- (4) Transfer of funds due to negative cash in Golf Course Fund.
- (5) Budgeted transfer of funds from the EDA to the General Fund for indirect support costs and City maintenance.
- (6) Transfer of funds for indirect costs and administrative support.
- (7) To pay debt service.

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by other funds or close-out funds. All of the City's interfund transfers fall under these categories. All of the 2011 transfers are considered routine and consistent with previous practices.

Note 9 TAX INCREMENT DISTRICTS

The City is the administrating authority for the various tax increment districts within the municipal development districts established under MS 472.A as redevelopment districts.

The City has authorized three tax increment pay-as-you-go revenue notes. These notes are not general obligations of the City and are payable solely from available tax increments. Accordingly, these notes are not reflected in the financial statements of the City.

Note 10 CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is not retrospectively rated. However, the actual premium is adjusted based on audited payroll amounts. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property, casualty, and automobile insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability insurance.

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.

B. LITIGATION

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City management, remotely recoverable by plaintiffs.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2011.

D. TAX INCREMENT DISTRICTS

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

Note 11 GOLF COURSE LAND USAGE AGREEMENT

A portion of the City's golf course is located on property owned by a third party. The City entered into an agreement with the third party which guarantees that the City will have exclusive rights to use this property in exchange for limited exclusive rights for the third party to use a portion of certain City owned parkland. The term of this agreement expires June 30, 2024.

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 12 FUND BALANCE

The City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. This standard changed fund balance classifications for governmental fund statements. Definitions for the new classifications are included in Note 10.

A. CLASSIFICATIONS

At December 31, 2011, a summary of the governmental fund balance classifications are as follows:

	General Fund	EDA	Special Assessment Bond Fund	Public Works Reserved	Permanent Improvement Revolving	TIF Districts	Other Governmental	Total
Nonspendable:								
Land held for resale	\$ -	\$597,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$597,713
Interfund loan receivable	-	1,336,636	-	-	-	-	-	1,336,636
Loans receivable	-	69,000	-	-	-	-	-	69,000
Total nonspendable	<u>0</u>	<u>2,003,349</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,003,349</u>
Restricted for:								
Debt service	-	-	2,231,284	-	-	-	351,935	2,583,219
Tax increment	-	-	-	-	-	2,582,361	-	2,582,361
Police	782	-	-	-	-	-	14,561	15,343
Fire	-	-	-	-	-	-	514,678	514,678
Park improvement	-	-	-	-	-	-	223,063	223,063
Total restricted	<u>782</u>	<u>0</u>	<u>2,231,284</u>	<u>0</u>	<u>0</u>	<u>2,582,361</u>	<u>1,104,237</u>	<u>5,918,664</u>
Committed to:								
Economic development	-	1,470,115	-	-	-	-	-	1,470,115
Insurance deductibles, litigation, risk mitigation	-	-	-	-	-	-	983,898	983,898
Total committed	<u>0</u>	<u>1,470,115</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>983,898</u>	<u>2,454,013</u>
Assigned to:								
Public works capital improvements	-	-	-	3,057,412	-	-	-	3,057,412
Capital improvements	-	-	-	-	622,888	-	-	622,888
Street rehabilitation	-	-	-	-	-	-	565,573	565,573
Equipment acquisition	-	-	-	-	-	-	1,257,201	1,257,201
Technology replacement	-	-	-	-	-	-	771,629	771,629
Park improvement	-	-	-	-	-	-	1,037,742	1,037,742
Capital facilities	-	-	-	-	-	-	51,012	51,012
Subsequent year expenditures budget	29,004	-	-	-	-	-	-	29,004
Total assigned	<u>29,004</u>	<u>0</u>	<u>0</u>	<u>3,057,412</u>	<u>622,888</u>	<u>0</u>	<u>3,683,157</u>	<u>7,392,461</u>
Unassigned	7,114,327	-	-	-	-	(1,261,862)	(14,990)	5,837,475
Total	<u>\$7,144,113</u>	<u>\$3,473,464</u>	<u>\$2,231,284</u>	<u>\$3,057,412</u>	<u>\$622,888</u>	<u>\$1,320,499</u>	<u>\$5,756,302</u>	<u>\$23,605,962</u>

B. MINIMUM UNASSIGNED FUND BALANCE POLICY

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the amount of 52.5% of the subsequent year’s budgeted expenditures. At December 31, 2011, the unassigned fund balance of the General Fund was 67.1% of the subsequent year’s budgeted expenditures.

Note 13 RESTRICTIONS OF NET ASSETS

At December 31, 2011 and 2010, the City had net assets restricted for specific programs reported in the governmental activities. Detail of this restriction is as follows:

	December 31,	
	2011	2010
Restricted for:		
CDBG grant	\$ -	\$10,877
Landfill abatement	-	18,310
Grants	-	7,930
	<u> </u>	<u> </u>
Total restricted for specific purposes	<u>\$0</u>	<u>\$37,117</u>

Note 14 CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2011, there were four series of Industrial Revenue Bonds outstanding, with an aggregate scheduled principal amount payable of \$23,420,325.

Note 15 JOINT VENTURES

A. DCC-JOINT POWERS DEBT COMMITMENT

On August 25, 2005, the City entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount and South St. Paul, Minnesota and, Dakota County Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a county-wide public safety answering point and communications center for law enforcement, fire, emergency medical services, and other public safety services for the mutual benefit of residents residing in the abovementioned cities and county. Pursuant to the joint powers agreement, members are required to provide DCC their pro rata share of cost of operations and maintenance, and capital projects.

On May 1, 2008, the DCC issued Public Safety Revenue Bonds, Series 2008 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special obligations of the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due on the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.5% - 5.0%. The debt will be re-paid with member assessments over a seven year amortization. All members reserve the right to prepay, in whole or in part on any date, their allocated share of principal and interest on the bonds.

Payments from the City are provided from General Fund appropriations. The City's future member payments to DCC as of December 31, 2011 are as follows:

2012	\$71,350
2013	<u>78,750</u>
Total	<u>\$150,100</u>

Pursuant to Section 9.5 of the joint powers agreement, member payments are submitted monthly and held in escrow by U.S. Bank National Association (trustee) until the funds are remitted to the bond holders according to the established bond principal and interest due dates. The interest earnings from the escrow account will reduce future member obligations on the debt. Information regarding the Dakota Communications Center can be obtained at the website www.mn-dcc.org/stats.asp.

B. SOUTH METRO FIRE DEPARTMENT

The City entered into a joint power agreement with the City of South St. Paul to consolidate the cities of West St. Paul and South St. Paul fire departments thereby creating a new entity known as the South Metro Fire Department (SMFD) as of January 1, 2008, the operational date.

The SMFD is governed by a five-member board of directors (Board) that include two council members from each joint city, and one public member which is not an employee nor a resident of either city. The City Council from each respective city appoints four out of the five members to the board. The process for filling the public member position is as follows:

1. The Board shall approve 3 names to be forwarded to each City Council.
2. Each City Council shall rank each nominee in order of preference.
3. If the highest ranked person is the same on each list, then that person is appointed by each Council.

As required by the agreement, the City transferred fire department property and equipment to the SMFD on January 1, 2008, retaining its rights to these assets in the event of SMFD's dissolution. The property and equipment has an estimated original value of \$1,446,249 as of December 31, 2011.

The activities of the SMFD are funded entirely by the Cities of West St. Paul and South St. Paul, with each contributing an equal share of the SMFD annual budget which must be approved by the Board by a four-fifths vote of all of its members. In addition, each City performed in-kind contributed services of approximate equal value during 2011 with additional service agreements in future years. Information regarding the South Metro Fire Department can be obtained at the website www.southmetrofire.com.

Financial statements may be obtained by writing to the South Metro Fire Department, 1616 Humboldt Avenue, West St. Paul, MN 55118

CITY OF WEST ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 16 PRIOR PERIOD ADJUSTMENTS

During 2011, corrections to the prior year financial statements were made to correct accounts receivable in the Public Utilities Fund. A summary of these changes are as follows:

	<u>Public Utilities Fund</u>
Net assets:	
December 31, 2010, as previously reported	\$3,294,569
Prior period adjustments:	
Accounts receivable adjustment	<u>90,743</u>
Net assets:	
January 1, 2011, as restated	<u><u>\$3,385,312</u></u>

Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Statement No. 61 *The Financial Reporting Entity Omnibus – An Amendment of GASB No. 14 and No. 34.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Statement No. 65 *Items Previously Reported as Assets and Liabilities.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Statement No. 66 *Technical Corrections – 2012.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenues:					
Taxes:					
Current	\$6,511,602	\$6,511,602	\$6,657,604	\$146,002	\$5,827,272
Delinquent	75,000	75,000	86,281	11,281	90,217
Franchise tax - Xcel Energy 5% gross earnings	700,000	700,000	779,287	79,287	708,447
Franchise tax - cable	45,000	45,000	52,705	7,705	50,801
Water Surcharge	18,000	18,000	19,786	1,786	18,184
Gravel tax	2,000	2,000	4	(1,996)	27
Total taxes	<u>7,351,602</u>	<u>7,351,602</u>	<u>7,595,667</u>	<u>244,065</u>	<u>6,694,948</u>
Licenses and permits:					
Licenses:					
Liquor, beer and wine	109,500	109,500	90,438	(19,062)	117,983
General business	134,805	134,805	154,688	19,883	105,850
Miscellaneous	4,500	4,500	14,968	10,468	14,276
Permits:					
Building	150,000	150,000	169,886	19,886	203,828
Electrical	25,000	25,000	29,425	4,425	20,135
Mechanical	65,000	65,000	88,713	23,713	77,522
Total licenses and permits	<u>488,805</u>	<u>488,805</u>	<u>548,118</u>	<u>59,313</u>	<u>539,594</u>
Intergovernmental:					
State:					
Local government aid	496,674	496,674	773,763	277,089	773,763
Market value homestead credit	127,223	127,223	91,733	(35,490)	84,947
Police services	187,174	187,174	206,847	19,673	211,711
Highway maintenance	131,000	131,000	139,905	8,905	120,000
County grants	-	-	18,000	18,000	40,061
Miscellaneous	46,000	46,000	74,225	28,225	67,793
Total intergovernmental	<u>988,071</u>	<u>988,071</u>	<u>1,304,473</u>	<u>316,402</u>	<u>1,298,275</u>
Charges for services:					
Public safety services	141,668	141,668	157,693	16,025	143,372
Recreation programs and leagues	62,000	62,000	57,771	(4,229)	62,163
General government services	199,702	199,702	264,258	64,556	286,656
Administrative - construction	180,300	180,300	219,548	39,248	200,504
Administrative - other	-	-	94,353	94,353	-
Total charges for services	<u>583,670</u>	<u>583,670</u>	<u>793,623</u>	<u>209,953</u>	<u>692,695</u>
Court fines and fees	<u>127,000</u>	<u>127,000</u>	<u>95,600</u>	<u>(31,400)</u>	<u>124,744</u>
Investment income	<u>75,000</u>	<u>75,000</u>	<u>164,432</u>	<u>89,432</u>	<u>40,587</u>
Miscellaneous:					
Penalties and interest on taxes and assessments	9,000	9,000	17,268	8,268	14,370
Special assessments	13,000	13,000	33,420	20,420	15,823
Contributions	3,500	3,500	16,173	12,673	15,595
Insurance policy dividends	2,500	2,500	-	(2,500)	4,310
Miscellaneous	-	-	16,291	16,291	15,800
Total miscellaneous	<u>28,000</u>	<u>28,000</u>	<u>83,152</u>	<u>55,152</u>	<u>65,898</u>
Total revenues	<u>9,642,148</u>	<u>9,642,148</u>	<u>10,585,065</u>	<u>942,917</u>	<u>9,456,741</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures:					
General government:					
Mayor/council:					
Personal services	\$51,173	\$51,173	\$51,728	\$555	\$51,728
Supplies	400	400	161	(239)	111
Contractual services	55,400	55,400	57,757	2,357	41,880
Other charges	21,500	21,500	21,340	(160)	20,990
Total mayor/council	<u>128,473</u>	<u>128,473</u>	<u>130,986</u>	<u>2,513</u>	<u>114,709</u>
Manager and administration:					
Personal services	380,377	380,377	390,657	10,280	375,716
Supplies	15,850	15,850	7,201	(8,649)	5,528
Contractual services	11,550	11,550	6,110	(5,440)	6,126
Other charges	12,600	12,600	13,071	471	11,905
Total manager and administration	<u>420,377</u>	<u>420,377</u>	<u>417,039</u>	<u>(3,338)</u>	<u>399,275</u>
Finance:					
Personal services	380,395	380,395	372,165	(8,230)	369,471
Supplies	4,500	4,500	1,272	(3,228)	2,545
Contractual services	17,300	17,300	11,579	(5,721)	11,895
Other charges	8,900	8,900	7,691	(1,209)	5,243
Total finance	<u>411,095</u>	<u>411,095</u>	<u>392,707</u>	<u>(18,388)</u>	<u>389,154</u>
Human relations:					
Personal services	147,995	147,995	66,478	(81,517)	66,020
Supplies	900	900	697	(203)	744
Contractual services	43,200	43,200	16,354	(26,846)	27,706
Other charges	1,850	1,850	839	(1,011)	3,975
Total human relations	<u>193,945</u>	<u>193,945</u>	<u>84,368</u>	<u>(109,577)</u>	<u>98,445</u>
Elections:					
Personal services	9,419	9,419	-	(9,419)	22,278
Supplies	800	800	540	(260)	677
Contractual services	975	975	-	(975)	1,083
Other charges	2,900	2,900	2,825	(75)	3,096
Total elections	<u>14,094</u>	<u>14,094</u>	<u>3,365</u>	<u>(10,729)</u>	<u>27,134</u>
City attorney:					
Contractual services	<u>289,000</u>	<u>289,000</u>	<u>263,597</u>	<u>(25,403)</u>	<u>259,362</u>
Charter commission:					
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>2,352</u>	<u>1,352</u>	<u>1,206</u>
General government buildings:					
Personal services	54,033	54,033	57,294	3,261	55,681
Supplies	15,175	15,175	20,657	5,482	13,066
Contractual services	131,927	131,927	118,409	(13,518)	89,935
Other charges	27,750	27,750	55,002	27,252	26,006
Total general government buildings	<u>228,885</u>	<u>228,885</u>	<u>251,362</u>	<u>22,477</u>	<u>184,688</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Planning and zoning					
Personal services	\$81,187	\$81,187	\$84,174	\$2,987	\$79,804
Supplies	200	200	73	(127)	-
Contractual services	4,900	4,900	24,973	20,073	2,821
Other charges	300	300	437	137	300
Total planning and zoning	<u>86,587</u>	<u>86,587</u>	<u>109,657</u>	<u>23,070</u>	<u>82,925</u>
Building inspection:					
Personal services	163,886	163,886	170,969	7,083	158,771
Supplies	5,550	5,550	2,616	(2,934)	3,135
Contractual services	35,700	35,700	51,444	15,744	47,919
Other charges	1,500	1,500	701	(799)	344
Total building inspection	<u>206,636</u>	<u>206,636</u>	<u>225,730</u>	<u>19,094</u>	<u>210,169</u>
Management information systems					
Personal services	163,695	163,695	154,278	(9,417)	105,715
Supplies	4,200	4,200	573	(3,627)	1,592
Contractual services	74,200	74,200	74,407	207	71,155
Other charges	16,000	16,000	25,483	9,483	24,133
Total management information systems	<u>258,095</u>	<u>258,095</u>	<u>254,741</u>	<u>(3,354)</u>	<u>202,595</u>
Administrative citations:					
Personal services	100	100	8	(92)	13
Contractual services	2,500	2,500	261	(2,239)	9,423
Total administrative citations	<u>2,600</u>	<u>2,600</u>	<u>269</u>	<u>(2,331)</u>	<u>9,436</u>
Total general government	<u>2,240,787</u>	<u>2,240,787</u>	<u>2,136,173</u>	<u>(104,614)</u>	<u>1,979,098</u>
Public safety:					
Dispatching:					
Contractual services	563,980	563,980	558,873	(5,107)	523,674
Other charges	-	-	393	393	-
Total dispatching	<u>563,980</u>	<u>563,980</u>	<u>559,266</u>	<u>(4,714)</u>	<u>523,674</u>
Police protection:					
Personal services	3,093,507	3,093,507	3,031,618	(61,889)	3,050,774
Supplies	151,233	151,233	143,954	(7,279)	136,709
Contractual services	96,700	96,700	107,844	11,144	81,316
Other charges	46,900	46,900	43,590	(3,310)	52,285
Capital outlay	-	-	40	40	3,444
Total police protection	<u>3,388,340</u>	<u>3,388,340</u>	<u>3,327,046</u>	<u>(61,294)</u>	<u>3,324,528</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures: (continued)					
Public safety: (continued)					
Fire protection:					
Supplies	\$ -	\$ -	\$ -	\$ -	\$76
Capital outlay	81,650	81,650	-	(81,650)	\$ -
Contractual services	1,910,107	1,910,107	1,993,241	83,134	1,911,057
Total fire protection	<u>1,991,757</u>	<u>1,991,757</u>	<u>1,993,241</u>	<u>1,484</u>	<u>1,911,133</u>
Civil defense:					
Supplies	2,000	2,000	845	(1,155)	444
Contractual services	350	350	343	(7)	1,025
Other charges	6,560	6,560	5,001	(1,559)	5,384
Capital outlay	-	-	-	-	160
Total civil defense	<u>8,910</u>	<u>8,910</u>	<u>6,189</u>	<u>(2,721)</u>	<u>7,013</u>
Animal control:					
Contractual services	5,500	5,500	3,543	(1,957)	3,996
Total public safety	<u>5,958,487</u>	<u>5,958,487</u>	<u>5,889,285</u>	<u>(69,202)</u>	<u>5,770,344</u>
Public works:					
Engineering:					
Personal services	119,747	119,747	127,090	7,343	119,624
Supplies	2,410	2,410	2,147	(263)	2,017
Contractual services	10,970	10,970	7,141	(3,829)	6,014
Other charges	1,375	1,375	1,024	(351)	999
Total engineering	<u>134,502</u>	<u>134,502</u>	<u>137,402</u>	<u>2,900</u>	<u>128,654</u>
Street department:					
Personal services	804,318	804,318	787,161	(17,157)	788,948
Supplies	161,859	161,859	170,691	8,832	158,480
Contractual services	66,875	66,875	45,939	(20,936)	62,613
Other charges	17,975	17,975	10,669	(7,306)	8,467
Total street department	<u>1,051,027</u>	<u>1,051,027</u>	<u>1,014,460</u>	<u>(36,567)</u>	<u>1,018,508</u>
Traffic signs:					
Supplies	5,450	5,450	4,738	(712)	4,348
Contractual services	12,100	12,100	11,275	(825)	9,151
Other charges	500	500	450	(50)	438
Total traffic signs	<u>18,050</u>	<u>18,050</u>	<u>16,463</u>	<u>(1,587)</u>	<u>13,937</u>
Street lighting:					
Supplies	375	375	685	310	176
Contractual services	132,000	132,000	125,354	(6,646)	126,526
Total street lighting	<u>132,375</u>	<u>132,375</u>	<u>126,039</u>	<u>(6,336)</u>	<u>126,702</u>
Total public works	<u>1,335,954</u>	<u>1,335,954</u>	<u>1,294,364</u>	<u>(41,590)</u>	<u>1,287,801</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 10
Page 5 of 5

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures: (continued)					
Parks and recreation:					
Parks:					
Personal services	\$531,625	\$531,625	\$536,453	\$4,828	\$483,341
Supplies	44,771	44,771	55,105	10,334	42,540
Contractual services	69,186	69,186	69,612	426	64,542
Other charges	49,900	49,900	28,528	(21,372)	31,077
Total parks	<u>695,482</u>	<u>695,482</u>	<u>689,698</u>	<u>(5,784)</u>	<u>621,500</u>
Total parks and recreation	<u>695,482</u>	<u>695,482</u>	<u>689,698</u>	<u>(5,784)</u>	<u>621,500</u>
Unallocated general expenditures:					
Supplies	3,000	3,000	743	(2,257)	27
Contractual services	2,000	2,000	1,975	(25)	1,243
Other charges	1,500	1,500	2,236	736	2,002
Total unallocated general expenditures	<u>6,500</u>	<u>6,500</u>	<u>4,954</u>	<u>(1,546)</u>	<u>3,272</u>
Total expenditures	<u>10,237,210</u>	<u>10,237,210</u>	<u>10,014,474</u>	<u>(222,736)</u>	<u>9,662,015</u>
Revenues over (under) expenditures	<u>(595,062)</u>	<u>(595,062)</u>	<u>570,591</u>	<u>1,165,653</u>	<u>(205,274)</u>
Other financing sources (uses):					
Sale of capital assets	11,000	11,000	8,418	(2,582)	21,103
Transfers in	684,062	684,062	691,971	7,909	561,361
Transfers out	-	-	(38,420)	(38,420)	(170,276)
Total other financing sources (uses)	<u>695,062</u>	<u>695,062</u>	<u>661,969</u>	<u>(33,093)</u>	<u>412,188</u>
Net change in fund balance	<u>\$100,000</u>	<u>\$100,000</u>	<u>1,232,560</u>	<u>\$1,132,560</u>	<u>206,914</u>
Fund balance - January 1, as previously reported			5,911,553		5,747,663
Prior period adjustment			-		(43,024)
Fund balance - January 1 (as restated)			<u>5,911,553</u>		<u>5,704,639</u>
Fund balance - December 31			<u>\$7,144,113</u>		<u>\$5,911,553</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT AUTHORITY
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 11

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenues:					
Property taxes:					
Current	\$281,582	\$281,582	\$261,629	(\$19,953)	\$284,287
Delinquent	4,000	4,000	4,552	552	5,892
Intergovernmental:					
Market value homestead credit	-	-	3,692	3,692	4,199
County grants	22,000	22,000	22,400	400	178,700
Investment income	60,000	60,000	93,031	33,031	58,924
Charges for services	-	-	163	163	2,988
Miscellaneous:					
Other income	6,000	6,000	8,252	2,252	21,864
Total revenue	<u>373,582</u>	<u>373,582</u>	<u>393,719</u>	<u>20,137</u>	<u>556,854</u>
Expenditures:					
General government:					
Personal services	235,528	235,528	227,844	(7,684)	228,791
Supplies	2,202	2,202	1,913	(289)	980
Contractual services	113,000	113,000	163,950	50,950	199,569
Other charges	29,600	29,600	93,343	63,743	98,630
Capital outlay	100,000	100,000	-	(100,000)	-
Total expenditures	<u>480,330</u>	<u>480,330</u>	<u>487,050</u>	<u>6,720</u>	<u>527,970</u>
Revenue over (under) expenditures	<u>(106,748)</u>	<u>(106,748)</u>	<u>(93,331)</u>	<u>13,417</u>	<u>28,884</u>
Other financing sources (uses):					
Sale of capital assets	50,000	50,000	-	(50,000)	-
Transfers in	-	-	18,429	18,429	-
Transfers out	(43,252)	(43,252)	(43,252)	-	(13,165)
Total other financing sources (uses)	<u>6,748</u>	<u>6,748</u>	<u>(24,823)</u>	<u>(31,571)</u>	<u>(13,165)</u>
Net change in fund balance	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>(118,154)</u>	<u>(\$18,154)</u>	<u>15,719</u>
Fund balance - January 1, as previously reported			3,591,618		3,588,291
Prior period adjustment			-		(12,392)
Fund Balance - January 1, as restated			<u>3,591,618</u>		<u>3,575,899</u>
Fund balance - December 31			<u>\$3,473,464</u>		<u>\$3,591,618</u>

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2011

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund and Economic Development Authority budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the major funds.

During 2011, the Economic Development Authority Special Revenue Fund had expenditures of \$487,050, which exceeded budgeted expenditures of \$480,330 by \$6,720.

General Fund exceeded the final budget by \$5,000 or more at the departmental level are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund:			
General government buildings	\$228,885	\$251,362	\$22,477
Planning and zoning	86,587	109,657	23,070
Building inspections	206,636	225,730	19,094

CITY OF WEST ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
For The Year Ended December 31, 2011

Statement 12

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$2,294,555	\$2,294,555	0.0%	\$4,918,450	46.7%
1/1/2011	\$ -	\$1,621,549	\$1,621,549	0.0%	\$4,800,000	33.8%

Note, the first OPEB actuarial valuation was conducted as of January 1, 2008. There is no data available prior to the first valuation.

- This page intentionally left blank -

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on general long-term debt.

CAPITAL PROJECT FUNDS

The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF WEST ST. PAUL, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Nonmajor Special	Debt Service Funds			Totals Nonmajor Debt Service Funds
	Revenue Fund	General Obligation Bonds	General Obligation CIP Bonds	Capital Note Funds	
	Insurance Fund				
Assets					
Cash and investments	\$967,072	\$19,815	\$183,255	\$100,381	\$303,451
Accounts receivable	2,745	-	-	-	-
Delinquent taxes receivable	6,687	267	5,064	4,334	9,665
Accrued interest receivable	4,302	-	816	446	1,262
Due from other governmental units	28,378	129	33,144	13,949	47,222
Total assets	\$1,009,184	\$20,211	\$222,279	\$119,110	\$361,600
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$16,652	\$ -	\$ -	\$ -	\$ -
Due to other governments	1,947	-	-	-	-
Contracts payable	-	-	-	-	-
Deferred revenue	6,687	267	5,064	4,334	9,665
Total liabilities	25,286	267	5,064	4,334	9,665
Fund balance:					
Restricted	-	19,944	217,215	114,776	351,935
Committed	983,898	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	983,898	19,944	217,215	114,776	351,935
Total liabilities and fund balance	\$1,009,184	\$20,211	\$222,279	\$119,110	\$361,600

Capital Project Funds								Totals	Total
Equipment Acquisition Revolving	Minnesota State-Aid Streets	Technology Replacement	Equipment Replacement	Parks Improvement	Public Works Facility	Government Facilities	Nonmajor Capital Project Funds	Nonmajor Governmental Funds	
								2011	2011
\$678,905	\$563,068	\$782,557	\$1,099,626	\$1,285,663	\$89,587	\$ -	\$4,499,406	\$5,769,929	
-	-	-	-	1,000	-	-	1,000	3,745	
-	-	-	-	390	-	-	390	16,742	
3,018	2,505	3,480	4,891	5,719	384	-	19,997	25,561	
-	-	-	-	222	-	-	222	75,822	
<u>\$681,923</u>	<u>\$565,573</u>	<u>\$786,037</u>	<u>\$1,104,517</u>	<u>\$1,292,994</u>	<u>\$89,971</u>	<u>\$0</u>	<u>\$4,521,015</u>	<u>\$5,891,799</u>	
\$ -	\$ -	14,408	\$ -	\$31,799	\$13,218	\$14,990	\$74,415	\$91,067	
-	-	-	-	-	-	-	-	1,947	
-	-	-	-	-	25,741	-	25,741	25,741	
-	-	-	-	390	-	-	390	16,742	
<u>0</u>	<u>0</u>	<u>14,408</u>	<u>0</u>	<u>32,189</u>	<u>38,959</u>	<u>14,990</u>	<u>100,546</u>	<u>135,497</u>	
529,239	-	-	-	223,063	-	-	752,302	1,104,237	
-	-	-	-	-	-	-	-	983,898	
152,684	565,573	771,629	1,104,517	1,037,742	51,012	-	3,683,157	3,683,157	
-	-	-	-	-	-	(14,990)	(14,990)	(14,990)	
<u>681,923</u>	<u>565,573</u>	<u>771,629</u>	<u>1,104,517</u>	<u>1,260,805</u>	<u>51,012</u>	<u>(14,990)</u>	<u>4,420,469</u>	<u>5,756,302</u>	
<u>\$681,923</u>	<u>\$565,573</u>	<u>\$786,037</u>	<u>\$1,104,517</u>	<u>\$1,292,994</u>	<u>\$89,971</u>	<u>\$0</u>	<u>\$4,521,015</u>	<u>\$5,891,799</u>	

- This page intentionally left blank -

CITY OF WEST ST. PAUL, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 14
Page 1 of 2

	Nonmajor Special Revenue Funds						Totals
	Community Development Block Grant	Landfill Abatement Program	PERA Police	PERA Fire	Grants Management	Insurance Fund	Nonmajor Special Revenue Funds
Revenues:							
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$303,914	\$303,914
Intergovernmental	-	-	-	-	-	4,222	4,222
Investment income	69	119	340	3,889	(21)	28,817	33,213
Insurance dividends	-	-	-	-	-	42,595	42,595
Other	-	-	-	-	-	1,463	1,463
Total revenues	<u>69</u>	<u>119</u>	<u>340</u>	<u>3,889</u>	<u>(21)</u>	<u>381,011</u>	<u>385,407</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	28,039	28,039
Public safety	-	-	-	-	-	141,930	141,930
Public works	-	-	-	-	-	75,132	75,132
Parks and recreation	-	-	-	-	-	24,668	24,668
Unallocated general expenditures	-	-	-	-	-	102,201	102,201
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>371,970</u>	<u>371,970</u>
Revenues over (under) expenditures	<u>69</u>	<u>119</u>	<u>340</u>	<u>3,889</u>	<u>(21)</u>	<u>9,041</u>	<u>13,437</u>
Other financing sources (uses):							
Insurance recoveries	-	-	-	-	-	6,460	6,460
Transfers in	-	-	-	-	-	-	-
Transfers out	(10,946)	(18,429)	(52,330)	(596,328)	(7,909)	-	(685,942)
Total other financing sources (uses)	<u>(10,946)</u>	<u>(18,429)</u>	<u>(52,330)</u>	<u>(596,328)</u>	<u>(7,909)</u>	<u>6,460</u>	<u>(679,482)</u>
Net increase (decrease) in fund balance	(10,877)	(18,310)	(51,990)	(592,439)	(7,930)	15,501	(666,045)
Fund balance - January 1	<u>10,877</u>	<u>18,310</u>	<u>51,990</u>	<u>592,439</u>	<u>7,930</u>	<u>968,397</u>	<u>1,649,943</u>
Fund balance - December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$983,898</u>	<u>\$983,898</u>

CITY OF WEST ST. PAUL, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	Debt Service Funds				Capital Projects Funds		
	General Obligation Bonds		General Obligation CIP Bonds	Capital Note Funds	Totals Nonmajor Debt Service Funds	Equipment Acquisition Revolving	Minnesota State-Aid Streets
	Bonds	TIF Bonds	CIP Bonds	Note Funds	Funds		
Revenues:							
General property taxes	\$218	\$ -	\$372,766	\$142,648	\$515,632	\$ -	\$ -
Intergovernmental	-	-	125,253	1,975	127,228	-	170,078
Investment income	468	-	5,642	3,838	9,948	17,985	17,745
Insurance dividends	-	-	-	-	-	-	-
Other	-	-	-	192	192	-	-
Total revenues	<u>686</u>	<u>0</u>	<u>503,661</u>	<u>148,653</u>	<u>653,000</u>	<u>17,985</u>	<u>187,823</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Unallocated general expenditures	-	-	-	-	-	1,636	-
Capital outlay	-	-	-	-	-	143,248	198,641
Debt service:							
Principal	-	30,000	130,000	167,900	327,900	-	-
Interest and fiscal charges	-	65,463	343,018	15,583	424,064	-	-
Miscellaneous	-	-	1,349	-	1,349	-	-
Total expenditures	<u>0</u>	<u>95,463</u>	<u>474,367</u>	<u>183,483</u>	<u>753,313</u>	<u>144,884</u>	<u>198,641</u>
Revenues over (under) expenditures	<u>686</u>	<u>(95,463)</u>	<u>29,294</u>	<u>(34,830)</u>	<u>(100,313)</u>	<u>(126,899)</u>	<u>(10,818)</u>
Other financing sources (uses):							
Insurance recoveries	-	-	-	-	-	-	-
Transfers in	-	95,463	141,905	-	237,368	648,658	-
Transfers out	-	-	-	-	-	(81,650)	-
Total other financing sources (uses)	<u>0</u>	<u>95,463</u>	<u>141,905</u>	<u>0</u>	<u>237,368</u>	<u>567,008</u>	<u>0</u>
Net change in fund balance	686	0	171,199	(34,830)	137,055	440,109	(10,818)
Fund balance - January 1	<u>19,258</u>	<u>-</u>	<u>46,016</u>	<u>149,606</u>	<u>214,880</u>	<u>241,814</u>	<u>576,391</u>
Fund balance - December 31	<u>\$19,944</u>	<u>\$0</u>	<u>\$217,215</u>	<u>\$114,776</u>	<u>\$351,935</u>	<u>\$681,923</u>	<u>\$565,573</u>

Capital Projects Funds

Technology Replacement	Equipment Replacement	Parks Improvement	Public Works Facility	Government Facilities	Totals Nonmajor Capital Project Funds	Total Nonmajor	Govt'l Funds
						2011	2010
\$ -	\$ -	\$505	\$ -	\$ -	\$505	\$820,051	\$584,673
-	-	4	4	-	170,086	301,536	93,100
24,436	33,648	37,505	7,988	-	139,307	182,468	74,893
-	-	-	-	-	-	42,595	35,427
-	-	274,876	38,484	-	313,360	315,015	88,482
<u>24,436</u>	<u>33,648</u>	<u>312,890</u>	<u>46,476</u>	<u>0</u>	<u>623,258</u>	<u>1,661,665</u>	<u>876,575</u>
1,330	579	-	6,585	14,990	23,484	51,523	63,031
-	-	-	-	-	-	141,930	101,655
-	-	-	-	-	-	75,132	64,730
-	-	9,852	-	-	9,852	34,520	145,097
2,148	1,636	-	5,110	-	10,530	112,731	6,077,124
69,532	-	61,060	160,618	-	633,099	633,099	347,486
-	-	-	-	-	-	327,900	282,900
-	-	-	-	-	-	424,064	333,504
-	-	-	-	-	-	1,349	450
<u>73,010</u>	<u>2,215</u>	<u>70,912</u>	<u>172,313</u>	<u>14,990</u>	<u>676,965</u>	<u>1,802,248</u>	<u>7,415,977</u>
(48,574)	31,433	241,978	(125,837)	(14,990)	(53,707)	(140,583)	(6,539,402)
-	-	-	-	-	-	6,460	4,853
-	-	-	445,000	-	1,093,658	1,331,026	654,833
-	-	-	-	-	(81,650)	(767,592)	(90,439)
<u>0</u>	<u>0</u>	<u>0</u>	<u>445,000</u>	<u>0</u>	<u>1,012,008</u>	<u>569,894</u>	<u>569,247</u>
(48,574)	31,433	241,978	319,163	(14,990)	958,301	429,311	(5,970,155)
820,203	1,073,084	1,018,827	(268,151)	-	3,462,168	5,326,991	11,297,146
<u>\$771,629</u>	<u>\$1,104,517</u>	<u>\$1,260,805</u>	<u>\$51,012</u>	<u>(\$14,990)</u>	<u>\$4,420,469</u>	<u>\$5,756,302</u>	<u>\$5,326,991</u>

- This page intentionally left blank -

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
BALANCE SHEET
December 31, 2011

Statement 15

Assets	<u>2011</u>
Cash and investments	\$6,022,302
Accounts receivable	539,850
Delinquent taxes receivable	136,927
Delinquent and deferred special assessment receivables	38,030
Accrued interest receivable	26,800
Due from other governmental units	50,362
Due from State	11,343
Due from County	710,738
Due from other funds	<u>214,761</u>
 Total assets	 <u><u>\$7,751,113</u></u>
 Liabilities and Fund Balance	
 Liabilities:	
Accrued salaries and withholdings payable	\$98,418
Accounts payable	119,430
Due to other governmental units	64,162
Deposits payable	86,070
Deferred revenue	238,920
Total liabilities	<u>607,000</u>
 Fund balance:	
Restricted	782
Assigned	29,004
Unassigned	7,114,327
Total liabilities	<u>7,144,113</u>
 Total liabilities and fund balance	 <u><u>\$7,751,113</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 16
Page 1 of 5

	2011	2010
Revenues:		
Taxes:		
Current	\$6,657,604	\$5,827,272
Delinquent	86,281	90,217
Franchise tax - Xcel Energy 5% gross earnings	779,287	708,447
Franchise tax - cable	52,705	50,801
Water surcharge	19,786	18,184
Gravel tax	4	27
Total taxes	<u>7,595,667</u>	<u>6,694,948</u>
Licenses and permits:		
Licenses:		
Liquor, beer and wine	90,438	117,983
General business	154,688	105,850
Miscellaneous	14,968	14,276
Permits:		
Building	169,886	203,828
Electrical	29,425	20,135
Mechanical	88,713	77,522
Total licenses and permits	<u>548,118</u>	<u>539,594</u>
Intergovernmental:		
State:		
Local government aid	773,763	773,763
Market value homestead credit	91,733	84,947
Police services	206,847	211,711
Highway maintenance	139,905	120,000
County grants	18,000	40,061
Miscellaneous	74,225	67,793
Total intergovernmental	<u>1,304,473</u>	<u>1,298,275</u>
Charges for services:		
General government services	264,258	286,656
Public safety services	157,693	143,372
Recreation programs and leagues	57,771	62,163
Administrative - construction	219,548	200,504
Administrative - other	94,353	-
Total charges for services	<u>793,623</u>	<u>692,695</u>
Court fines and fees	95,600	124,744
Investment income	164,432	40,587
Miscellaneous:		
Penalties and interest on taxes and assessments	17,268	14,370
Special assessments	33,420	15,823
Contributions	16,173	15,595
Insurance policy dividends	-	4,310
Miscellaneous	16,291	15,800
Total miscellaneous	<u>83,152</u>	<u>65,898</u>
Total revenues	<u>10,585,065</u>	<u>9,456,741</u>

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Expenditures:		
General government:		
Mayor/council:		
Personal services	\$51,728	\$51,728
Supplies	161	111
Contractual services	57,757	41,880
Other charges	21,340	20,990
Total mayor/council	<u>130,986</u>	<u>114,709</u>
Manager and administration:		
Personal services	390,657	375,716
Supplies	7,201	5,528
Contractual services	6,110	6,126
Other charges	13,071	11,905
Total manager and administration	<u>417,039</u>	<u>399,275</u>
Finance:		
Personal services	372,165	369,471
Supplies	1,272	2,545
Contractual services	11,579	11,895
Other charges	7,691	5,243
Total finance	<u>392,707</u>	<u>389,154</u>
Human relations:		
Personal services	66,478	66,020
Supplies	697	744
Contractual services	16,354	27,706
Other charges	839	3,975
Total human relations	<u>84,368</u>	<u>98,445</u>
Elections:		
Personal services	-	22,278
Supplies	540	677
Contractual services	-	1,083
Other charges	2,825	3,096
Total elections	<u>3,365</u>	<u>27,134</u>
City attorney:		
Contractual services	263,597	259,362
Charter commission:		
Contractual services	2,352	1,206
General government buildings:		
Personal services	57,294	55,681
Supplies	20,657	13,066
Contractual services	118,409	89,935
Other charges	55,002	26,006
Total general government buildings	<u>251,362</u>	<u>184,688</u>

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Expenditures (continued):		
General government (continued):		
Planning and zoning:		
Personal services	\$84,174	\$79,804
Supplies	73	-
Contractual services	24,973	2,821
Other charges	437	300
Total planning and zoning	<u>109,657</u>	<u>82,925</u>
Building inspection:		
Personal services	170,969	158,771
Supplies	2,616	3,135
Contractual services	51,444	47,919
Other charges	701	344
Total building inspection	<u>225,730</u>	<u>210,169</u>
Management information systems:		
Personal services	154,278	105,715
Supplies	573	1,592
Contractual services	74,407	71,155
Other charges	25,483	24,133
Total management information systems	<u>254,741</u>	<u>202,595</u>
Administrative citations:		
Personal services	8	13
Contractual services	261	9,423
Total administrative citations	<u>269</u>	<u>9,436</u>
Total general government	<u>2,136,173</u>	<u>1,979,098</u>
Public safety:		
Dispatching:		
Contractual services	558,873	523,674
Other charges	393	-
Total dispatching	<u>559,266</u>	<u>523,674</u>
Police protection:		
Personal services	3,031,618	3,050,774
Supplies	143,954	136,709
Contractual services	107,844	81,316
Other charges	43,590	52,285
Capital outlay	40	3,444
Total police protection	<u>3,327,046</u>	<u>3,324,528</u>

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Expenditures (continued):		
Public safety (continued):		
Fire protection:		
Supplies	\$ -	\$76
Contractual services	1,993,241	1,911,057
Total fire protection	<u>1,993,241</u>	<u>1,911,133</u>
Civil defense:		
Supplies	845	444
Contractual services	343	1,025
Other charges	5,001	5,384
Capital outlay	-	160
Total civil defense	<u>6,189</u>	<u>7,013</u>
Animal control:		
Contractual services	<u>3,543</u>	<u>3,996</u>
Total public safety	<u>5,889,285</u>	<u>5,770,344</u>
Public works:		
Engineering:		
Personal services	127,090	119,624
Supplies	2,147	2,017
Contractual services	7,141	6,014
Other charges	1,024	999
Total engineering	<u>137,402</u>	<u>128,654</u>
Street department:		
Personal services	787,161	788,948
Supplies	170,691	158,480
Contractual services	45,939	62,613
Other charges	10,669	8,467
Total street department	<u>1,014,460</u>	<u>1,018,508</u>
Traffic signs:		
Supplies	4,738	4,348
Contractual services	11,275	9,151
Other charges	450	438
Total traffic signs	<u>16,463</u>	<u>13,937</u>
Street lighting:		
Supplies	685	176
Contractual services	125,354	126,526
Total street lighting	<u>126,039</u>	<u>126,702</u>
Total public works	<u>1,294,364</u>	<u>1,287,801</u>

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Expenditures (continued):		
Parks and recreation:		
Parks:		
Personal services	\$536,453	\$483,341
Supplies	55,105	42,540
Contractual services	69,612	64,542
Other charges	28,528	31,077
Total parks	<u>689,698</u>	<u>621,500</u>
Total parks and recreation	<u>689,698</u>	<u>621,500</u>
Unallocated general expenditures:		
Supplies	743	27
Contractual services	1,975	1,243
Other charges	2,236	2,002
Total unallocated general expenditures	<u>4,954</u>	<u>3,272</u>
Total expenditures	<u>10,014,474</u>	<u>9,662,015</u>
Revenues over (under) expenditures	<u>570,591</u>	<u>(205,274)</u>
Other financing sources (uses):		
Sale of capital assets	8,418	21,103
Transfers in	691,971	561,361
Transfers out	(38,420)	(170,276)
Total other financing sources (uses)	<u>661,969</u>	<u>412,188</u>
Net change in fund balance	<u>1,232,560</u>	<u>206,914</u>
Fund balance - January 1, as previously reported	5,911,553	5,747,663
Prior period adjustment	-	(43,024)
Fund balance - January 1, as restated	<u>5,911,553</u>	<u>5,704,639</u>
Fund balance - December 31	<u><u>\$7,144,113</u></u>	<u><u>\$5,911,553</u></u>

- This page intentionally left blank -

INDIVIDUAL FUND STATEMENTS - SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes. The City maintained the following Special Revenue Funds during 2011:

Community Development Block Grant - used to account for the receipt and disbursement of a \$593,000 Community Development Block Grant awarded to the City in March 1981 under the Metro Small Cities Program of the United States Department of Housing and Urban Development. The Dakota County HRA has administered all aspects of this program on behalf of the City. Final payment under this grant was received by the City in early 1985. Current activity in this fund represents accumulating repayments of loans made to property owners under the rehabilitation program. These accumulated monies can be used by the City Council for any community development purpose. During 1987, the City Council approved using these monies to abate street assessments resulting from the Street Reconstruction Program for low income property owners.

Landfill Abatement Program - used to account for recycling operations of the City of West St. Paul. Funding for these operations comes from a Dakota County Landfill Abatement Funding Assistance Program. Currently, the following types of activities are being accounted for through this fund:

- 1) Various forms of financial support for recycling efforts operating in the City.
- 2) Purchase and distribution of containers for recyclable goods to all City residents.
- 3) Contracting with a part-time recycling coordinator to manage the City's recycling efforts.

Economic Development Authority – used to account for the facilitation of redevelopment of property within the City. The City established the EDA according to Minnesota Statutes §469.109.

PERA Police Fund – used to account for refund of residual assets of the overfunded PERA monies for police staff.

PERA Fire Fund – used to account for refund of residual assets of the overfunded PERA monies for fire staff.

Grants Management Fund – used to account for the various grants received by the City for use in the various operating departments that are not of sufficient size or duration to justify the creation of a separate Special Revenue Fund.

Insurance Fund – used to account for claims paid under the City’s liability, property and casualty and miscellaneous insurance policy deductibles. This is not considered to be a self-insurance fund.

CITY OF WEST ST. PAUL, MINNESOTA
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 17

	2011		Actual Amounts	Actual Over (Under) Final Budget	2010 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenue:					
Investment income	\$ -	\$ -	\$69	\$69	\$134
Expenditures:					
General government:					
Contractual services	-	-	-	-	10,862
Revenue over (under) expenditures	0	0	69	69	(10,728)
Other financing sources (uses):					
Transfers out	-	-	(10,946)	(10,946)	-
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(10,877)	<u>(\$10,877)</u>	(10,728)
Fund balance - January 1			<u>10,877</u>		<u>21,605</u>
Fund balance - December 31			<u>\$0</u>		<u>\$10,877</u>

CITY OF WEST ST. PAUL, MINNESOTA
LANDFILL ABATEMENT PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 18

	2011		Actual Amounts	Actual Over (Under) Final Budget	2010 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenue:					
Investment income	\$ -	\$ -	\$119	\$119	\$128
Expenditures:					
Unallocated general expenditures:					
Other charges	-	-	-	-	23
Revenue over expenditures	0	0	119	119	105
Other financing sources (uses):					
Transfers out	-	-	(18,429)	(18,429)	-
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(18,310)	<u>(\$18,310)</u>	105
Fund balance - January 1			<u>18,310</u>		<u>18,205</u>
Fund balance - December 31			<u>\$0</u>		<u>\$18,310</u>

CITY OF WEST ST. PAUL, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
BALANCE SHEET
December 31, 2011

Statement 19

	<u>2011</u>
Assets	
Cash and investments	\$1,490,175
Accounts receivable	27,000
Delinquent taxes receivable	6,608
Accrued interest receivable	6,627
Due from other governmental units	828
Due from county	25,235
Loans receivable	69,000
Interfund loan receivable	1,336,636
Land held for resale	<u>597,713</u>
Total assets	<u><u>\$3,559,822</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$6,759
Accrued salaries and fringes	3,983
Due to other governmental units	8
Deferred revenue	<u>75,608</u>
Total liabilities	<u>86,358</u>
Fund balance:	
Nonspendable	2,003,349
Committed	<u>1,470,115</u>
Total fund balance	<u>3,473,464</u>
Total liabilities and fund balance	<u><u>\$3,559,822</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUE, EXPENDITURES
CHANGES IN FUND BALANCES
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 20

	<u>2011</u>	<u>2010</u>
Revenue:		
General property taxes:		
Current	\$261,629	\$284,287
Delinquent	4,552	5,892
Intergovernmental:		
Market value homestead credit	3,692	4,199
County grants	22,400	178,700
Charges for services	163	2,988
Investment income	93,031	58,924
Miscellaneous:		
Other income	8,252	21,864
Total revenue	<u>393,719</u>	<u>556,854</u>
Expenditures:		
General government:		
Personal services	227,844	228,791
Supplies	1,913	980
Contractual services	163,950	199,569
Other charges	93,343	98,630
Total expenditures	<u>487,050</u>	<u>527,970</u>
Revenue over (under) expenditures	<u>(93,331)</u>	<u>28,884</u>
Other financing sources (uses):		
Transfers in	18,429	-
Transfers out	(43,252)	(13,165)
Total other financing sources (uses)	<u>(24,823)</u>	<u>(13,165)</u>
Net change in fund balance	<u>(118,154)</u>	<u>15,719</u>
Fund balance - January 1, as previously reported	3,591,618	3,588,291
Prior period adjustment	-	(12,392)
Fund balance - January 1, as restated	<u>3,591,618</u>	<u>3,575,899</u>
Fund balance - December 31	<u><u>\$3,473,464</u></u>	<u><u>\$3,591,618</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PERA POLICE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 21

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenue:					
Investment income	\$ -	\$ -	\$340	\$340	\$431
Expenditures:					
Public safety:					
Other charges	-	-	-	-	64
Revenue over expenditures	0	0	340	340	367
Other financing sources (uses):					
Transfers out	-	-	(52,330)	(52,330)	-
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(51,990)	<u>(\$51,990)</u>	367
Fund balance - January 1			<u>51,990</u>		<u>51,623</u>
Fund balance - December 31			<u>\$0</u>		<u>\$51,990</u>

CITY OF WEST ST. PAUL, MINNESOTA

PERA FIRE

Statement 22

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**

For The Year Ended December 31, 2011

With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenue:					
Investment income	\$ -	\$ -	\$3,889	\$3,889	\$4,900
Expenditures:					
Public safety:					
Other	-	-	-	-	734
Revenue over expenditures	0	0	3,889	3,889	4,166
Other financing sources (uses):					
Transfers out	(81,650)	(81,650)	(596,328)	(514,678)	-
Net change in fund balance	<u>(\$81,650)</u>	<u>(\$81,650)</u>	(592,439)	<u>(\$510,789)</u>	4,166
Fund balance - January 1			592,439		588,273
Fund balance - December 31			<u>\$0</u>		<u>\$592,439</u>

CITY OF WEST ST. PAUL, MINNESOTA
GRANTS MANAGEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 23

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenue:					
Investment income	\$ -	\$ -	(\$21)	(\$21)	(\$89)
Expenditures:					
Public safety:					
Other charges	-	-	-	-	10
Revenue over (under) expenditures	0	0	(21)	(21)	(99)
Other financing sources (uses):					
Transfers out	-	-	(7,909)	(7,909)	-
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(7,930)	<u>(\$7,930)</u>	(99)
Fund balance - January 1			<u>7,930</u>		<u>8,029</u>
Fund balance - December 31			<u>\$0</u>		<u>\$7,930</u>

CITY OF WEST ST. PAUL, MINNESOTA
INSURANCE FUND
BALANCE SHEET
December 31, 2011

Statement 24

	<u>2011</u>
Assets	
Cash and investments	\$967,072
Accounts receivable	2,745
Accrued interest receivable	4,302
Delinquent taxes receivable	6,687
Due from county	<u>28,378</u>
Total assets	<u><u>\$1,009,184</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$16,652
Due to other funds	1,947
Deferred revenue	<u>6,687</u>
Total liabilities	<u><u>25,286</u></u>
Fund balance:	
Committed	<u>983,898</u>
Total liabilities and fund balance	<u><u>\$1,009,184</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For The Year Ended December 31, 2011
With Comparative Actual Amounts For The Year Ended December 31, 2010

Statement 25

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenue:					
General property taxes	\$322,284	\$322,284	\$303,914	(\$18,370)	\$280,993
Intergovernmental - MVHC	-	-	4,222	4,222	4,084
Investment income	18,000	18,000	28,817	10,817	7,272
Insurance dividends	25,000	25,000	42,595	17,595	35,427
Miscellaneous revenue	-	-	1,463	1,463	248
Total revenue	<u>365,284</u>	<u>365,284</u>	<u>381,011</u>	<u>15,727</u>	<u>328,024</u>
Expenditures:					
General government	34,980	34,980	28,039	(6,941)	39,002
Public safety	123,834	123,834	141,930	18,096	100,847
Public works	72,195	72,195	75,132	2,937	64,069
Parks and recreation	28,994	28,994	24,668	(4,326)	99,793
Unallocated general expenditures	111,281	111,281	102,201	(9,080)	110,332
Total expenditures	<u>371,284</u>	<u>371,284</u>	<u>371,970</u>	<u>686</u>	<u>414,043</u>
Revenue over (under) expenditures	(6,000)	(6,000)	9,041	15,041	(86,019)
Other financing sources (uses):					
Insurance recoveries	<u>6,000</u>	<u>6,000</u>	<u>6,460</u>	<u>460</u>	<u>4,853</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	15,501	<u>\$15,501</u>	(81,166)
Fund balance - January 1			<u>968,397</u>		<u>1,049,563</u>
Fund balance - December 31			<u>\$983,898</u>		<u>\$968,397</u>

- This page intentionally left blank -

INDIVIDUAL FUND STATEMENTS - DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources and payment of bond principal and interest and related costs on general long-term debt.

General Obligation Bonds - used to accumulate monies for payment of general obligation bonds which have been issued to finance projects which have not been assessed.

TIF Bonds Fund - used to account for the payment of principal and interest on tax increment debt.

Capital Note Funds - used to accumulate monies for payment of various capital notes which were sold to provide funding for the acquisition of major capital equipment, as authorized by Minnesota Statutes Section 410.32.

Special Assessment Bond Funds - used to account for the payment of principal and interest on Special Assessment Bonds issued to fund the costs of constructing various street, sanitary sewer, storm sewer, and water projects benefiting specified properties in the City.

CITY OF WEST ST. PAUL, MINNESOTA
GENERAL OBLIGATION DEBT SERVICE FUND
COMBINING BALANCE SHEET
 December 31, 2011
 With Comparative Totals For December 31, 2010

Statement 26

Assets	General Obligation Bonds	General Obligation CIP Bonds	Totals	
			2011	2010
Cash and investments	\$19,815	\$183,255	\$203,070	\$62,862
Accrued interest receivable	-	816	816	56
Due from county	129	33,144	33,273	2,384
Delinquent taxes receivable	267	5,064	5,331	1,047
Total assets	\$20,211	\$222,279	\$242,490	\$66,349
Liabilities and Fund Balance				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$28
Deferred revenue	267	5,064	5,331	1,047
Total liabilities	267	5,064	5,331	1,075
Fund balance:				
Restricted	19,944	217,215	237,159	65,274
Total liabilities and fund balance	\$20,211	\$222,279	\$242,490	\$66,349

CITY OF WEST ST. PAUL, MINNESOTA

GENERAL OBLIGATION DEBT SERVICE FUND

Statement 27

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

	General	General	Totals	
	Obligation Bonds	Obligation CIP Bonds	2011	2010
Revenue:				
General property taxes:				
Current	\$ -	\$372,457	\$372,457	\$27,650
Delinquent	218	309	527	888
Total general property taxes	218	372,766	372,984	28,538
Intergovernmental	-	125,253	125,253	85,021
Investment income	468	5,642	6,110	407
Total revenue	686	503,661	504,347	113,966
Expenditures:				
Debt service:				
Principal	-	130,000	130,000	50,000
Interest and fiscal charges	-	343,018	343,018	243,279
Miscellaneous	-	1,349	1,349	450
Total expenditures	0	474,367	474,367	293,729
Revenue over (under) expenditures	686	29,294	29,980	(179,763)
Other financing sources (uses):				
Transfers in	-	141,905	141,905	175,133
Transfers out	-	-	-	(550)
Total other financing sources	0	141,905	141,905	174,583
Net change in fund balances	686	171,199	171,885	(5,180)
Fund balance - January 1	19,258	46,016	65,274	70,454
Fund balance - December 31	\$19,944	\$217,215	\$237,159	\$65,274

CITY OF WEST ST. PAUL, MINNESOTA

TIF BONDS FUND

Statement 28

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Revenue	<u>\$ -</u>	<u>\$ -</u>
Expenditures:		
Debt service:		
Principal	30,000	30,000
Interest	65,463	66,587
Total expenditures	<u>95,463</u>	<u>96,587</u>
Revenue over (under) expenditures	(95,463)	(96,587)
Other financing sources (uses):		
Transfers in	<u>95,463</u>	<u>96,587</u>
Net change in fund balance	0	0
Fund balance - January 1	<u>-</u>	<u>-</u>
Fund balance - December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
CAPITAL NOTE DEBT SERVICE FUND
COMBINING BALANCE SHEET
 December 31, 2011
 With Comparative Totals For December 31, 2010

Statement 29

	2005 Capital	2006 Capital	2007 Capital	2008 Capital	2009 Capital	Totals	
	Note (324)	Note (325)	Note (326)	Note (327)	Note (328)	2011	2010
Assets							
Cash and investments	\$ -	\$69,824	\$9	\$9	\$30,539	\$100,381	\$129,338
Accrued interest receivable	-	311	-	-	135	446	383
Due from county	-	1,958	3,181	4,003	4,807	13,949	19,957
Delinquent taxes receivable	795	763	824	1,018	934	4,334	6,139
Total assets	\$795	\$72,856	\$4,014	\$5,030	\$36,415	\$119,110	\$155,817
Liabilities and Fund Balance							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$72
Deferred revenue	795	763	824	1,018	934	4,334	6,139
Total liabilities	795	763	824	1,018	934	4,334	6,211
Fund balance:							
Restricted	-	72,093	3,190	4,012	35,481	114,776	149,606
Total liabilities and fund balance	\$795	\$72,856	\$4,014	\$5,030	\$36,415	\$119,110	\$155,817

CITY OF WEST ST. PAUL, MINNESOTA
CAPITAL NOTE DEBT SERVICE FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	2003 Capital Note (322)	2004 Capital Note (323)	2005 Capital Note (324)
Revenue:			
General property taxes:			
Current	\$ -	\$ -	\$ -
Delinquent	-	-	-
Total general property taxes	<u>0</u>	<u>0</u>	<u>0</u>
Intergovernmental	-	-	-
Investment income	-	-	-
Other	-	-	-
Total revenue	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Revenue over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other financing sources (uses):			
Transfers in	43	-	-
Transfers out	-	(125)	(3,537)
Total other financing sources (uses)	<u>43</u>	<u>(125)</u>	<u>(3,537)</u>
Net change in fund balance	43	(125)	(3,537)
Fund balance - January 1	<u>(43)</u>	<u>125</u>	<u>3,537</u>
Fund balance - December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

2006 Capital Note (325)	2007 Capital Note (326)	2008 Capital Note (327)	2009 Capital Note (328)	Intra-Activity Eliminations	Totals	
					2011	2010
\$18,169	\$32,703	\$41,788	\$46,330	\$ -	\$138,990	\$237,626
785	610	690	1,573	-	3,658	4,105
18,954	33,313	42,478	47,903	0	142,648	241,731
263	460	591	661	-	1,975	3,510
2,330	146	163	1,199	-	3,838	1,566
-	-	-	192	-	192	-
21,547	33,919	43,232	49,955	0	148,653	246,807
50,000	39,000	46,000	32,900	-	167,900	202,900
2,375	3,476	6,980	2,752	-	15,583	23,619
-	-	-	-	-	-	19
52,375	42,476	52,980	35,652	0	183,483	226,538
(30,828)	(8,557)	(9,748)	14,303	0	(34,830)	20,269
-	2,511	3,728	3,663	(9,945)	-	-
-	-	-	(6,283)	9,945	-	-
0	2,511	3,728	(2,620)	0	0	0
(30,828)	(6,046)	(6,020)	11,683	0	(34,830)	20,269
102,921	9,236	10,032	23,798	-	149,606	129,337
\$72,093	\$3,190	\$4,012	\$35,481	\$0	\$114,776	\$149,606

CITY OF WEST ST. PAUL, MINNESOTA
SPECIAL ASSESSMENT DEBT SERVICE FUND
COMBINING BALANCE SHEET
December 31, 2011
With Comparative Totals For December 31, 2010

	1998 G.O. Refunding Bonds (518)	2002 G.O. Improvement Bonds (520)	2002 G.O. Refunding Bonds (521)
Assets			
Cash and investments	\$ -	\$496	\$77,207
Accrued interest receivable	-	-	342
Due from other funds	-	-	-
Due from County	-	1,026	1,483
Delinquent taxes receivable	1,602	1,159	2,357
Delinquent special assessments receivable	-	-	-
Deferred special assessments receivable	-	-	-
	<u>1,602</u>	<u>2,681</u>	<u>81,389</u>
Total assets	<u>\$1,602</u>	<u>\$2,681</u>	<u>\$81,389</u>
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue:			
Taxes	1,602	1,159	2,357
Special assessments	-	-	-
Total liabilities	<u>1,602</u>	<u>1,159</u>	<u>2,357</u>
Fund balance:			
Restricted fund balance	-	1,522	79,032
	<u>-</u>	<u>1,522</u>	<u>79,032</u>
Total liabilities and fund balance	<u>\$1,602</u>	<u>\$2,681</u>	<u>\$81,389</u>

2004 G.O. Improvement Bonds (522)	2006 G.O. Improvement Bonds (523)	2008 G.O. Improvement Bonds (524)	2009 G.O. Refunding Bonds (525)	2010 G.O. Improvement Bonds (528)	Totals	
					2011	2010
\$219,583	\$99,853	\$290,126	\$575,401	\$831,163	\$2,093,829	\$2,783,966
976	444	1,292	2,560	3,700	9,314	7,891
-	-	-	-	-	-	34,288
9,799	26,172	35,440	23,672	30,548	128,140	121,213
2,429	5,183	6,082	8,228	3,986	31,026	34,837
625	1,840	2,448	583	4,478	9,974	12,269
46,068	87,905	169,992	-	394,335	698,300	887,471
<u>\$279,480</u>	<u>\$221,397</u>	<u>\$505,380</u>	<u>\$610,444</u>	<u>\$1,268,210</u>	<u>\$2,970,583</u>	<u>\$3,881,935</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,923
2,429	5,183	6,082	8,228	3,986	31,026	34,837
46,692	89,744	172,441	583	398,813	708,273	899,741
<u>49,121</u>	<u>94,927</u>	<u>178,523</u>	<u>8,811</u>	<u>402,799</u>	<u>739,299</u>	<u>936,501</u>
<u>230,359</u>	<u>126,470</u>	<u>326,857</u>	<u>601,633</u>	<u>865,411</u>	<u>2,231,284</u>	<u>2,945,434</u>
<u>\$279,480</u>	<u>\$221,397</u>	<u>\$505,380</u>	<u>\$610,444</u>	<u>\$1,268,210</u>	<u>\$2,970,583</u>	<u>\$3,881,935</u>

CITY OF WEST ST. PAUL, MINNESOTA
SPECIAL ASSESSMENT DEBT SERVICE FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

	1998 G.O. Improvement Bonds (517)	1998 G.O. Refunding Bonds (518)	2000 G.O. Improvement Bonds (519)	2002 G.O. Improvement Bonds (520)	2002 G.O. Refunding Bonds (521)
Revenue:					
General property taxes:					
Current	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent	-	-	-	1,884	3,177
Delinquent tax increment collections	-	-	-	-	-
Total general property taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,884</u>	<u>3,177</u>
Intergovernmental	-	-	-	12	24
Special assessments:					
Current and delinquent	-	-	-	-	-
Prepayments	-	-	-	-	-
Investment income	-	-	-	(119)	2,090
Total revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,777</u>	<u>5,291</u>
Expenditures:					
Debt service:					
Principal	-	-	-	1,020,000	165,000
Interest and fiscal charges	-	-	-	20,921	13,000
Costs of issuance	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,040,921</u>	<u>178,000</u>
Revenue over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,039,144)</u>	<u>(172,709)</u>
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Transfers in	5	134	3	37,751	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>5</u>	<u>134</u>	<u>3</u>	<u>37,751</u>	<u>0</u>
Net change in fund balance	5	134	3	(1,001,393)	(172,709)
Fund balance - January 1	<u>(5)</u>	<u>(134)</u>	<u>(3)</u>	<u>1,002,915</u>	<u>251,741</u>
Fund balance - December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,522</u>	<u>\$79,032</u>

2004 G.O. Improvement Bonds (522)	2006 G.O. Improvement Bonds (523)	2008 G.O. Improvement Bonds (524)	2009 G.O. Refunding Bonds (525)	2010 G.O. Improvement Bonds (528)	Intra-Activity Eliminations	Totals	
						2011	2010
						\$92,660	\$278,889
1,771	2,085	-	-	3,245	-	12,162	16,854
-	-	-	7,873	54,475	-	62,348	8,175
94,431	280,974	374,743	240,432	305,753	0	1,301,394	1,456,706
1,311	3,909	5,224	3,329	4,235	-	18,044	21,135
30,832	29,868	55,971	146	92,279	-	209,096	233,585
-	-	28,960	-	16,423	-	45,383	424,675
7,184	3,716	7,636	19,017	21,278	-	60,802	16,265
133,758	318,467	472,534	262,924	439,968	0	1,634,719	2,152,366
115,000	235,000	160,000	305,000	-	-	2,000,000	1,120,000
33,750	79,513	85,115	58,625	55,481	-	346,405	340,929
-	-	-	-	-	-	-	7,563
199	305	661	-	1,299	-	2,464	663
148,949	314,818	245,776	363,625	56,780	0	2,348,869	1,469,155
(15,191)	3,649	226,758	(100,701)	383,188	0	(714,150)	683,211
-	-	-	-	-	-	-	485,885
-	-	-	-	-	-	-	11,544
-	-	-	-	-	(37,893)	-	193,458
-	-	-	-	(37,893)	37,893	-	(179,847)
0	0	0	0	(37,893)	0	0	511,040
(15,191)	3,649	226,758	(100,701)	345,295	0	(714,150)	1,194,251
245,550	122,821	100,099	702,334	520,116	-	2,945,434	1,751,183
\$230,359	\$126,470	\$326,857	\$601,633	\$865,411	\$0	\$2,231,284	\$2,945,434

- This page intentionally left blank -

INDIVIDUAL FUND STATEMENTS - CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Public Works Reserve – used to account for major capital improvements of a public works nature as set forth in the City Code, Section 315.03. Financing is provided by a specific annual property tax levy to the extent that miscellaneous revenue is not sufficient to cover the required expenditures.

Minnesota State-Aid Streets – used to account for construction done on designated state-aid streets. Financing is provided by State grants for specific state-aid street projects. State law requires that these grants be used for the projects specified in the grant application, or on similar state-aid street projects.

Equipment Acquisition Revolving – used to account for the acquisition of major pieces of capital equipment. Financing is provided by the issuance of an annual capital note, pursuant to Minnesota Statutes, Section 410.32.

Technology Replacement – used to account for the acquisition of computer hardware and software. Financing is provided by interest earnings on a specified pool of money, which was established in 2001.

Equipment Replacement – used to account for the acquisition of major pieces of capital equipment. Financing is provided by interest earnings on a specified pool of money, which was established in 2001.

Parks Improvement – used to account for the acquisition, development and maintenance of the City’s park infrastructure. Financing is provided by park dedication fees, donations, property taxes and interest earnings on a specified pool of money. This fund was established in 2004.

Public Works Facility – used to account for costs associated with the 2009-2010 construction of the Public Works Facility. Financing was provided through the 2009B Taxable G.O. CIP Build America Bonds.

Permanent Improvement Revolving – used to account for the costs of constructing various street, sanitary sewer, storm sewer, and water projects. These costs are accumulated until it becomes prudent to issue bonds. The bond proceeds are then placed here to finance future construction. Thus, the fund acts as a large, revolving pool of working capital.

TIF District Funds – used to account for the activities of the City’s tax increment districts.

Government Facilities – used to account for costs associated with construction and capital costs relating to current and future City-owned facilities. Funding is provided through a combination of bond proceeds and transfers from other funds.

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC WORKS RESERVE FUND
BALANCE SHEET
December 31, 2011

Statement 33

	2011
Assets	
Cash and investments	\$3,038,970
Accrued interest receivable	13,515
Delinquent taxes receivable	6,324
Deferred special assessments receivable	2,354
Due from county	17,615
Total assets	\$3,078,778
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$12,688
Deferred revenue	8,678
Total liabilities	21,366
Fund balance:	
Assigned	3,057,412
Total fund balance	3,057,412
Total liabilities and fund balance	\$3,078,778

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC WORKS RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

Statement 34

For The Year Ended December 31, 2011

With Comparative Amounts For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Revenue:		
General property taxes:		
Current	\$168,968	\$337,859
Delinquent	5,760	8,261
Total general property taxes	<u>174,728</u>	<u>346,120</u>
Intergovernmental:		
Market value homestead credit	2,400	4,990
Investment income	96,681	30,577
Miscellaneous	484	-
Total revenue	<u>274,293</u>	<u>381,687</u>
Expenditures:		
Current:		
General government:		
Contractual services	19,352	5,850
Unallocated general expenditures	3,272	5,075
Total general government	<u>22,624</u>	<u>10,925</u>
Public works:		
Engineering	-	5,925
Streets	70,009	49,839
Total public works	<u>70,009</u>	<u>55,764</u>
Parks and recreation	-	4,686
Capital outlay:		
General government building	-	10,098
Public safety	70,736	-
Public works	51,151	3,297
Total capital outlay	<u>121,887</u>	<u>13,395</u>
Total expenditures	<u>214,520</u>	<u>84,770</u>
Revenue over expenditures	59,773	296,917
Other financing sources (uses):		
Transfers out	<u>(445,000)</u>	<u>-</u>
Net change in fund balance	(385,227)	296,917
Fund balance - January 1	<u>3,442,639</u>	<u>3,145,722</u>
Fund balance - December 31	<u><u>\$3,057,412</u></u>	<u><u>\$3,442,639</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
MINNESOTA STATE-AID STREETS
BALANCE SHEET
December 31, 2011

Statement 35

	<u>2011</u>
Assets	
Cash and investments	\$563,068
Accrued interest receivable	<u>2,505</u>
Total assets	<u><u>\$565,573</u></u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund balance: Assigned	<u>565,573</u>
Total liabilities and fund balance	<u><u>\$565,573</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
MINNESOTA STATE-AID STREETS
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 36

	<u>2011</u>	<u>2010</u>
Revenue:		
Intergovernmental:		
State grant	\$170,078	\$ -
Miscellaneous:		
Investment income	17,745	4,753
Total revenue	<u>187,823</u>	<u>4,753</u>
Expenditures:		
Street reconstruction:		
Public works	-	661
Capital outlay	198,641	80,871
Total expenditures	<u>198,641</u>	<u>81,532</u>
Revenue over (under) expenditures	(10,818)	(76,779)
Other financing sources (uses):		
Transfers in	-	122,948
Net change in fund balance	(10,818)	46,169
Fund balance - January 1	<u>576,391</u>	<u>530,222</u>
Fund balance - December 31	<u><u>\$565,573</u></u>	<u><u>\$576,391</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
EQUIPMENT ACQUISITION REVOLVING
BALANCE SHEET
December 31, 2011

Statement 37

	<u>2011</u>
Assets	
Cash and investments	\$678,905
Accrued interest receivable	<u>3,018</u>
Total assets	<u><u>\$681,923</u></u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund balance:	
Restricted	529,239
Assigned	<u>152,684</u>
Total fund balance	<u><u>681,923</u></u>
Total liabilities and fund balance	<u><u>\$681,923</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
EQUIPMENT ACQUISITION REVOLVING
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 38

	<u>2011</u>	<u>2010</u>
Revenue:		
Miscellaneous:		
Investment income	\$17,985	\$2,503
Expenditures:		
Current:		
General government:		
Unallocated general expenditures	1,636	1,416
Capital outlay:		
Public safety	37,770	43,750
Public works	3,085	41,444
Parks and recreation	102,393	-
Total expenditures	<u>144,884</u>	<u>86,610</u>
Revenue over (under) expenditures	<u>(126,899)</u>	<u>(84,107)</u>
Other financing sources (uses):		
Transfers in	648,658	-
Transfers out	(81,650)	-
Total other financing sources (uses)	<u>567,008</u>	<u>0</u>
Net change in fund balance	440,109	(84,107)
Fund balance - January 1	<u>241,814</u>	<u>325,921</u>
Fund balance - December 31	<u><u>\$681,923</u></u>	<u><u>\$241,814</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
TECHNOLOGY REPLACEMENT
BALANCE SHEET
December 31, 2011

Statement 39

	<u>2011</u>
Assets	
Cash and investments	\$782,557
Accrued interest receivable	<u>3,480</u>
Total assets	<u><u>\$786,037</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	<u>\$14,408</u>
Fund balance:	
Assigned	<u>771,629</u>
Total liabilities and fund balance	<u><u>\$786,037</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
TECHNOLOGY REPLACEMENT
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 40

	<u>2011</u>	<u>2010</u>
Revenue:		
Investment income	<u>\$24,436</u>	<u>\$6,916</u>
Expenditures:		
General government:		
Management information systems	1,330	8,875
Unallocated general expenditures	2,148	1,622
Capital outlay:		
General government	67,862	176,216
Management information systems	<u>1,670</u>	<u>-</u>
Total expenditures	<u>73,010</u>	<u>186,713</u>
Revenue over (under) expenditures	(48,574)	(179,797)
Other financing sources (uses):		
Transfers in	<u>-</u>	<u>109,081</u>
Net change in fund balance	(48,574)	(70,716)
Fund balance - January 1	<u>820,203</u>	<u>890,919</u>
Fund balance - December 31	<u><u>\$771,629</u></u>	<u><u>\$820,203</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
EQUIPMENT REPLACEMENT
BALANCE SHEET
December 31, 2011

Statement 41

	<u>2011</u>
Assets	
Cash and investments	\$1,099,626
Accrued interest receivable	<u>4,891</u>
Total assets	<u><u>\$1,104,517</u></u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund balance:	
Assigned	<u>1,104,517</u>
Total liabilities and fund balance	<u><u>\$1,104,517</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
EQUIPMENT REPLACEMENT
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 42

	<u>2011</u>	<u>2010</u>
Revenue:		
Investment income	<u>\$33,648</u>	<u>\$8,826</u>
Expenditures:		
Current:		
General government:		
MIS	579	30
Miscellaneous:		
Unallocated general expenditures	<u>1,636</u>	<u>1,795</u>
Total expenditures	<u>2,215</u>	<u>1,825</u>
Revenue over expenditures	31,433	7,001
Other financing sources (uses):		
Transfers in	<u>-</u>	<u>61,195</u>
Net change in fund balance	31,433	68,196
Fund balance - January 1	<u>1,073,084</u>	<u>1,004,888</u>
Fund balance - December 31	<u><u>\$1,104,517</u></u>	<u><u>\$1,073,084</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PARKS IMPROVEMENT
BALANCE SHEET
December 31, 2011

Statement 43

	<u>2011</u>
Assets	
Cash and investments	\$1,285,663
Accounts receivable	1,000
Delinquent taxes receivable	390
Accrued interest receivable	5,719
Due from county	<u>222</u>
Total assets	<u><u>\$1,292,994</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$31,799
Deferred revenue - special assessments	<u>390</u>
Total liabilities	<u><u>32,189</u></u>
Fund balance:	
Restricted	223,063
Assigned	<u>1,037,742</u>
Total fund balance	<u><u>1,260,805</u></u>
Total liabilities and fund balance	<u><u>\$1,292,994</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PARKS IMPROVEMENT
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 44

	<u>2011</u>	<u>2010</u>
Revenue:		
Property taxes:		
Current	\$ -	\$32,836
Delinquent	505	575
Intergovernmental:		
State:		
Market value homestead credit	4	485
Charges for services - parks and recreation	5,797	5,316
Miscellaneous:		
Investment income	37,505	8,401
Contributions	202,255	22,205
Other	66,824	60,713
Total revenue	<u>312,890</u>	<u>130,531</u>
Expenditures:		
Other charges - parks and recreation	9,852	45,304
Capital improvement projects:		
Parks and recreation	61,060	5,205
Total expenditures	<u>70,912</u>	<u>50,509</u>
Revenue over expenditures	241,978	80,022
Fund balance - January 1	<u>1,018,827</u>	<u>938,805</u>
Fund balance - December 31	<u>\$1,260,805</u>	<u>\$1,018,827</u>

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC WORKS FACILITY
BALANCE SHEET
December 31, 2011

Statement 45

	<u>2011</u>
Assets	
Cash and investments	\$89,587
Accrued interest receivable	<u>384</u>
Total assets	<u><u>\$89,971</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$13,218
Contracts payable	<u>25,741</u>
Total liabilities	<u><u>38,959</u></u>
Fund balance:	
Assigned	<u>51,012</u>
Total fund balance	<u><u>51,012</u></u>
Total liabilities and fund balance	<u><u>\$89,971</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC WORKS FACILITY
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 46

	<u>2011</u>	<u>2010</u>
Revenue:		
Investment income	\$7,988	\$28,745
Intergovernmental	4	-
Miscellaneous:		
Other	38,484	-
Total revenue	<u>46,476</u>	<u>28,745</u>
Expenditures:		
General government - materials and supplies	6,585	499
Capital improvement projects:		
Maintenance center project	160,618	5,961,936
Miscellaneous expenses	<u>5,110</u>	<u>3,763</u>
Total expenditures	<u>172,313</u>	<u>5,966,198</u>
Revenue over (under) expenditures	(125,837)	(5,937,453)
Other financing sources (uses):		
Transfers in	<u>445,000</u>	<u>-</u>
Net change in fund balance	319,163	(5,937,453)
Fund balance - January 1	<u>(268,151)</u>	<u>5,669,302</u>
Fund balance - December 31	<u><u>\$51,012</u></u>	<u><u>(\$268,151)</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PERMANENT IMPROVEMENT REVOLVING FUND
BALANCE SHEET
December 31, 2011

Statement 47

	<u>2011</u>
Assets	
Cash and investments	\$971,377
Accounts receivable	459
Deferred special assessments receivable	357,257
Accrued interest receivable	4,318
Due from county	2,420
Due from other governmental units	14,601
	<u>14,601</u>
Total assets	<u><u>\$1,350,432</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$41,436
Payroll withholdings payable	1,204
Due to other funds	214,761
Contracts payable	112,886
Deferred revenue - special assessments	357,257
Total liabilities	<u>727,544</u>
Fund balance:	
Assigned	<u>622,888</u>
Total liabilities and fund balance	<u><u>\$1,350,432</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
PERMANENT IMPROVEMENT REVOLVING FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011
With Comparative Amounts For The Year Ended December 31, 2010

Statement 48

	<u>2011</u>	<u>2010</u>
Revenue:		
Intergovernmental:		
State	\$ -	\$1,935
County grants	25,000	123,579
Special assessments:		
Current and delinquent	274,276	315,958
Interest	-	248
Investment income	37,649	11,609
Miscellaneous	150	1,003
Total revenue	<u>337,075</u>	<u>454,332</u>
Expenditures:		
Public works:		
Sidewalk replacement	213	1,261
Miscellaneous other expenditures	1,125	5,711
Capital improvement projects:		
Street reconstruction program:		
Noncapitalized street reconstruction	82,557	82,309
Capitalized street reconstruction	1,759,394	1,545,254
Bond issuance costs	-	39,245
Total expenditures	<u>1,843,289</u>	<u>1,673,780</u>
Revenue over (under) expenditures	<u>(1,506,214)</u>	<u>(1,219,448)</u>
Other financing sources (uses):		
Issuance of debt	-	2,454,115
Premium on debt issued	-	59,909
Transfers in	10,946	-
Transfers out	-	(122,948)
Total other financing sources (uses)	<u>10,946</u>	<u>2,391,076</u>
Net change in fund balance	<u>(1,495,268)</u>	<u>1,171,628</u>
Fund balance - January 1, as previously reported	2,118,156	947,460
Prior period adjustment	-	(932)
Fund balance - January 1, as restated	<u>2,118,156</u>	<u>946,528</u>
Fund balance - December 31	<u>\$622,888</u>	<u>\$2,118,156</u>

CITY OF WEST ST. PAUL, MINNESOTA
TIF DISTRICTS
COMBINING BALANCE SHEET
December 31, 2011

Statement 49

	<u>TIF 1-1 (450)</u>	<u>TIF 1-2 (451)</u>	<u>TIF 1-3 (452)</u>	<u>TIF 1-4 (453)</u>	<u>Total</u>
Assets					
Cash and investments	\$2,264,351	\$132,083	\$75,978	\$137,257	\$2,609,669
Accounts receivable	-	-	4,000	-	4,000
Tax increment receivable	17,462	440	734	-	18,636
Accrued interest receivable	10,075	588	338	611	11,612
Due from other governmental units	6,124	31,272	1,177	-	38,573
Total assets	<u>\$2,298,012</u>	<u>\$164,383</u>	<u>\$82,227</u>	<u>\$137,868</u>	<u>\$2,682,490</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$2,719	\$ -	\$2,719
Deposits payable	-	-	4,000	-	4,000
Deferred revenue	17,462	440	734	-	18,636
Interfund loan payable	-	-	1,336,636	-	1,336,636
Total liabilities	<u>17,462</u>	<u>440</u>	<u>1,344,089</u>	<u>0</u>	<u>1,361,991</u>
Fund balance:					
Restricted	2,280,550	163,943	-	137,868	2,582,361
Unassigned	-	-	(1,261,862)	-	(1,261,862)
Total fund balance	<u>2,280,550</u>	<u>163,943</u>	<u>(1,261,862)</u>	<u>137,868</u>	<u>1,320,499</u>
Total liabilities and fund balance	<u>\$2,298,012</u>	<u>\$164,383</u>	<u>\$82,227</u>	<u>\$137,868</u>	<u>\$2,682,490</u>

CITY OF WEST ST. PAUL, MINNESOTA

TIF DISTRICTS

Statement 50

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

For The Year Ended December 31, 2011

With Comparative Actual Amounts For The Year Ended December 31, 2010

	TIF 1-1 (450)	TIF 1-2 (451)	TIF 1-3 (452)	TIF 1-4 (453)	Totals	
					2011	2010
Revenue:						
Property taxes:						
Tax increment collections	\$538,755	\$242,442	\$86,304	\$86,823	\$954,324	\$935,346
Delinquent tax increment collections	3,899	-	-	-	3,899	3,895
Intergovernmental	-	409	1,380	-	1,789	1,838
Investment income	66,633	3,473	1,710	3,765	75,581	17,510
Total revenue	<u>609,287</u>	<u>246,324</u>	<u>89,394</u>	<u>90,588</u>	<u>1,035,593</u>	<u>958,589</u>
Expenditures:						
General government	5,434	76,866	69,990	4,129	156,419	188,965
Construction/acquisition costs	220,392	-	-	85,482	305,874	194,638
Total expenditures	<u>225,826</u>	<u>76,866</u>	<u>69,990</u>	<u>89,611</u>	<u>462,293</u>	<u>383,603</u>
Revenue over (under) expenditures	<u>383,461</u>	<u>169,458</u>	<u>19,404</u>	<u>977</u>	<u>573,300</u>	<u>574,986</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	35,832
Transfers out	-	(95,463)	-	-	(95,463)	(132,419)
Total other financing sources (uses)	<u>0</u>	<u>(95,463)</u>	<u>0</u>	<u>0</u>	<u>(95,463)</u>	<u>(96,587)</u>
Net change in fund balance	383,461	73,995	19,404	977	477,837	478,399
Fund balance (deficit) - January 1	<u>1,897,089</u>	<u>89,948</u>	<u>(1,281,266)</u>	<u>136,891</u>	<u>842,662</u>	<u>364,263</u>
Fund balance (deficit) - December 31	<u><u>\$2,280,550</u></u>	<u><u>\$163,943</u></u>	<u><u>(\$1,261,862)</u></u>	<u><u>\$137,868</u></u>	<u><u>\$1,320,499</u></u>	<u><u>\$842,662</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
GOVERNMENT FACILITIES
BALANCE SHEET
December 31, 2011

Statement 51

	<u>2011</u>
Assets	
Assets	<u><u>\$ -</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	<u>\$14,990</u>
Fund balance:	
Unassigned	<u>(14,990)</u>
Total liabilities and fund balance	<u><u>\$0</u></u>

CITY OF WEST ST. PAUL, MINNESOTA
GOVERNMENT FACILITIES
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2011

Statement 52

	<u>2011</u>
Revenue	<u>\$ -</u>
Expenditures:	
General government	<u>14,990</u>
Revenue over (under) expenditures	(14,990)
Fund balance - January 1	<u>-</u>
Fund balance - December 31	<u><u>(\$14,990)</u></u>

INDIVIDUAL FUND STATEMENTS - ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's Council has decided that periodic determination of net income is appropriate for accountability purposes. The City maintained the following Enterprise Funds during 2011:

Public Utilities Fund - used to account for the provision of sewer service to properties within the City. This fund is maintained pursuant to City Code, Section 705.01. Sewer system users are billed regularly for the services provided, with said collections used to cover the cost of central sewage processing by the Metropolitan Council Environmental Services and the City costs of maintenance, operations, administration, and billing.

Recreation Fund - used to account for City-owned recreation operations including the following:

- Golf course
- Civic center arena
- Swimming pool

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC UTILITIES FUND
COMBINING SCHEDULE OF NET ASSETS

Statement 53

December 31, 2011

With Comparative Amounts For December 31, 2010

Assets	Storm Sewer	Sanitary Sewer	Totals	
	(600)	(602) (526)	2011	2010
Current assets:				
Cash and investments	\$616,618	\$616,872	\$1,233,490	\$1,219,783
Due from other governments	-	122,173	122,173	13,431
Receivables:				
User accounts - current and delinquent	11,754	578,944	590,698	493,969
Accounts	72,307	-	72,307	11,082
Property taxes	-	888	888	2,185
Customer assessments	-	624,220	624,220	704,001
Deferred bond issuance costs	-	43,428	43,428	48,253
Interest receivable on investments	2,743	2,743	5,486	3,890
Total current assets	703,422	1,989,268	2,692,690	2,496,594
Capital assets:				
Land	-	10,945	10,945	10,945
Buildings and improvements	-	2,242,652	2,242,652	2,236,070
Vehicles, machinery, and equipment	-	436,479	436,479	402,111
Distribution and collection systems	-	5,015,596	5,015,596	4,897,414
Total capital assets	0	7,705,672	7,705,672	7,546,540
Less: accumulated depreciation	-	(3,947,231)	(3,947,231)	(3,789,739)
Net capital assets	0	3,758,441	3,758,441	3,756,801
Total assets	703,422	5,747,709	6,451,131	6,253,395
Liabilities				
Current liabilities:				
Accounts payable	-	61,675	61,675	10,724
Payroll withholdings payable	-	4,247	4,247	9,378
Due to other funds	-	-	-	35,958
Due to other governments	805	43,147	43,952	134,208
Accrued bond interest payable	-	18,900	18,900	20,151
Accrued compensated absences	-	19,533	19,533	19,844
Bonds payable, current portion	-	245,012	245,012	235,012
Total current liabilities	805	392,514	393,319	465,275
Noncurrent liabilities:				
Other post employment benefits payable	-	22,637	22,637	18,438
Bonds payable, net of current portion	-	2,230,100	2,230,100	2,475,113
Total noncurrent liabilities	0	2,252,737	2,252,737	2,493,551
Total liabilities	805	2,645,251	2,646,056	2,958,826
Net assets:				
Invested in capital assets, net of related debt	-	1,283,329	1,283,329	1,046,676
Unrestricted	702,617	1,819,129	2,521,746	2,247,893
Total net assets	\$702,617	\$3,102,458	\$3,805,075	\$3,294,569

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC UTILITIES FUND
COMBINING SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 54

	Storm Sewer	Sanitary Sewer	Totals	
	(600)	(602) (526)	2011	2010
Operating revenue:				
User charges for services	\$377,666	\$2,704,849	\$3,082,515	\$2,757,291
Retained fees	-	8,009	8,009	4,356
Special assessments	-	-	-	4,850
Miscellaneous revenue	-	5	5	5,875
Total operating revenue	<u>377,666</u>	<u>2,712,863</u>	<u>3,090,529</u>	<u>2,772,372</u>
Operating expenses:				
Personal services	-	260,581	260,581	258,867
Supplies	68	17,294	17,362	14,360
Contractual services	17,162	1,610,690	1,627,852	1,513,607
Miscellaneous other charges	8,938	2,409	11,347	93,765
Depreciation	-	157,492	157,492	162,439
Total operating expenses	<u>26,168</u>	<u>2,048,466</u>	<u>2,074,634</u>	<u>2,043,038</u>
Operating income	<u>351,498</u>	<u>664,397</u>	<u>1,015,895</u>	<u>729,334</u>
Nonoperating revenue (expense):				
Property taxes	-	430	430	156,857
Investment income	19,156	19,567	38,723	12,552
Interest on special assessments	-	20,673	20,673	(14,876)
Intergovernmental	-	21	21	2,284
Bond interest expense	-	(71,974)	(71,974)	(81,358)
Total nonoperating revenue (expense)	<u>19,156</u>	<u>(31,283)</u>	<u>(12,127)</u>	<u>75,459</u>
Income before transfers	<u>370,654</u>	<u>633,114</u>	<u>1,003,768</u>	<u>804,793</u>
Transfers:				
Capital contributions	-	117,060	117,060	-
Transfers in	-	-	-	143,906
Transfers out	(196,467)	(504,598)	(701,065)	(893,840)
Total transfers	<u>(196,467)</u>	<u>(387,538)</u>	<u>(584,005)</u>	<u>(749,934)</u>
Change in net assets	<u>174,187</u>	<u>245,576</u>	<u>419,763</u>	<u>54,859</u>
Net assets - January 1, as previously reported	528,430	2,766,139	3,294,569	3,242,076
Prior period adjustment	-	90,743	90,743	(2,366)
Net assets - January 1, as restated	<u>528,430</u>	<u>2,856,882</u>	<u>3,385,312</u>	<u>3,239,710</u>
Net assets - December 31	<u>\$702,617</u>	<u>\$3,102,458</u>	<u>\$3,805,075</u>	<u>\$3,294,569</u>

CITY OF WEST ST. PAUL, MINNESOTA
PUBLIC UTILITIES FUND
COMBINING SCHEDULE OF CASH FLOWS

Statement 55

For The Year Ended December 31, 2011
 With Comparative Amounts For The Year Ended December 31, 2010

	Storm Sewer	Sanitary	Totals	
	(600)	Sewer (602) (526)	2011	2010
Cash flows from operating activities:				
Receipts from customers and users	\$362,049	\$2,661,264	\$3,023,313	\$2,885,924
Payment to suppliers	(27,420)	(1,704,404)	(1,731,824)	(1,628,924)
Payment to employees	-	(261,824)	(261,824)	(258,739)
Miscellaneous revenue	-	5	5	5,875
Net cash flows from operating activities	<u>334,629</u>	<u>695,041</u>	<u>1,029,670</u>	<u>1,004,136</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	143,906
Transfers out	(196,467)	(504,598)	(701,065)	(893,840)
Increase in customer assessments receivable	-	79,781	79,781	(602)
Property taxes	-	1,727	1,727	154,672
Intergovernmental	6,340	1,811	8,151	(10,392)
Net cash flows from noncapital financing activities	<u>(190,127)</u>	<u>(421,279)</u>	<u>(611,406)</u>	<u>(606,256)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(159,132)	(159,132)	(137,297)
Principal paid on capital debt	-	(230,000)	(230,000)	(95,000)
Interest paid on capital debt	-	(73,225)	(73,225)	(64,033)
Interest received on special assessments	-	20,673	20,673	-
Net cash flows from capital and related financing activities	<u>0</u>	<u>(441,684)</u>	<u>(441,684)</u>	<u>(296,330)</u>
Cash flows from investing activities:				
Investment income	<u>17,757</u>	<u>19,370</u>	<u>37,127</u>	<u>14,297</u>
Net increase (decrease) in cash and cash equivalents	162,259	(148,552)	13,707	115,847
Cash and cash equivalents - January 1	<u>454,359</u>	<u>765,424</u>	<u>1,219,783</u>	<u>1,103,936</u>
Cash and cash equivalents - December 31	<u>\$616,618</u>	<u>\$616,872</u>	<u>\$1,233,490</u>	<u>\$1,219,783</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	<u>\$351,498</u>	<u>\$664,397</u>	<u>\$1,015,895</u>	<u>\$714,458</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	157,492	157,492	162,439
Changes in assets and liabilities:				
Decrease (increase) in receivables	(15,617)	(51,594)	(67,211)	119,427
Increase (decrease) in other assets	-	-	-	(27,143)
Increase (decrease) in payables	(1,252)	(79,142)	(80,394)	29,041
Increase (decrease) in accrued compensated absences	-	3,888	3,888	5,914
Total adjustments	<u>(16,869)</u>	<u>30,644</u>	<u>13,775</u>	<u>289,678</u>
Net cash provided by operating activities	<u>\$334,629</u>	<u>\$695,041</u>	<u>\$1,029,670</u>	<u>\$1,004,136</u>
Noncash capital financing activities:				
Amortization of bond premium	\$ -	\$5,013	\$5,013	\$5,013
Amortization of deferred charges	\$ -	\$4,825	\$4,825	\$4,825
Capital grant receivable at year end	\$ -	\$117,060	\$117,060	\$ -

CITY OF WEST ST. PAUL, MINNESOTA
RECREATION FUND
COMBINING SCHEDULE OF NET ASSETS

Statement 56

December 31, 2011

With Comparative Amounts For December 31, 2010

Assets	Golf Course (613)	Civic Center Arena (615)	Swimming Pool (616)	Totals	
				2011	2010
Current assets:					
Cash and investments	\$2	\$179,069	\$23,379	\$202,450	\$201,358
Due from other governments	1,290	-	3,354	4,644	8,969
Receivables:					
Accounts	113	-	-	113	-
User accounts - current and delinquent	-	34,677	70	34,747	34,883
Delinquent taxes receivable	805	-	965	1,770	2,903
Interest receivable on investments	-	796	104	900	596
Inventory	3,647	-	-	3,647	2,250
Total current assets	5,857	214,542	27,872	248,271	250,959
Capital assets:					
Land	1,070,302	32,296	30,625	1,133,223	1,133,223
Buildings and improvements	276,975	2,084,298	1,719,949	4,081,222	4,081,222
Vehicles, machinery, and equipment	198,841	118,850	-	317,691	317,691
Total capital assets	1,546,118	2,235,444	1,750,574	5,532,136	5,532,136
Less: accumulated depreciation	(301,181)	(1,215,089)	(589,605)	(2,105,875)	(1,975,614)
Net capital assets	1,244,937	1,020,355	1,160,969	3,426,261	3,556,522
Total assets	1,250,794	1,234,897	1,188,841	3,674,532	3,807,481
Liabilities					
Current liabilities:					
Payroll withholdings payable	25	2,884	1	2,910	4,873
Accounts payable	2,022	6,619	5,083	13,724	8,924
Due to other funds	-	-	-	-	471
Due to other governments	1,094	312	-	1,406	1,856
Accrued bond interest payable	1,406	-	-	1,406	1,611
Accrued compensated absences	-	5,863	-	5,863	1,245
Bonds payable, current portion	35,000	-	-	35,000	35,000
Total current liabilities	39,547	15,678	5,084	60,309	53,980
Noncurrent liabilities:					
Accrued compensated absences	-	27,502	-	27,502	39,506
Other postemployment benefits payable	2,337	5,444	2,103	9,884	8,484
Bonds payable, net of current portion	455,000	-	-	455,000	490,000
Total noncurrent liabilities	457,337	32,946	2,103	492,386	537,990
Total liabilities	496,884	48,624	7,187	552,695	591,970
Net assets:					
Invested in capital assets, net of related debt	754,937	1,020,355	1,160,969	2,936,261	3,031,522
Unrestricted	(1,027)	165,918	20,685	185,576	183,989
Total net assets	\$753,910	\$1,186,273	\$1,181,654	\$3,121,837	\$3,215,511

CITY OF WEST ST. PAUL, MINNESOTA
RECREATION FUND
COMBINING SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
For The Year Ended December 31, 2011
With Comparative Totals For The Year Ended December 31, 2010

Statement 57

	Golf Course (613)	Civic Center Arena (615)	Swimming Pool (616)	Totals	
				2011	2010
Operating revenue:					
User charges for services	\$127,040	\$187,594	\$1,548	\$316,182	\$354,827
Miscellaneous	14,565	1,307	396	16,268	18,817
Total operating revenue	<u>141,605</u>	<u>188,901</u>	<u>1,944</u>	<u>332,450</u>	<u>373,644</u>
Operating expenses:					
Personal services	30,592	121,292	1,625	153,509	199,320
Supplies	19,676	7,624	12,488	39,788	53,214
Contractual services	81,587	62,930	21,217	165,734	169,831
Miscellaneous other charges	8,050	28	1,160	9,238	7,984
Repairs	-	-	-	-	1,609
Depreciation	23,861	57,236	49,164	130,261	132,920
Total operating expenses	<u>163,766</u>	<u>249,110</u>	<u>85,654</u>	<u>498,530</u>	<u>564,878</u>
Operating income (loss)	<u>(22,161)</u>	<u>(60,209)</u>	<u>(83,710)</u>	<u>(166,080)</u>	<u>(191,234)</u>
Nonoperating revenue (expense):					
Property taxes	10,071	-	34,902	44,973	108,089
Intergovernmental	150	-	487	637	1,582
Investment income	192	5,696	658	6,546	1,880
Bond interest expense	(18,170)	-	-	(18,170)	(19,600)
Total nonoperating revenue (expense)	<u>(7,757)</u>	<u>5,696</u>	<u>36,047</u>	<u>33,986</u>	<u>91,951</u>
Income (loss) before transfers and capital contributions	<u>(29,918)</u>	<u>(54,513)</u>	<u>(47,663)</u>	<u>(132,094)</u>	<u>(99,283)</u>
Transfers and capital contributions:					
Transfers in	<u>38,420</u>	<u>-</u>	<u>-</u>	<u>38,420</u>	<u>13,544</u>
Change in net assets	<u>8,502</u>	<u>(54,513)</u>	<u>(47,663)</u>	<u>(93,674)</u>	<u>(85,739)</u>
Net assets - January 1, as previously reported	745,408	1,240,786	1,229,317	3,215,511	3,303,114
Prior period adjustment	-	-	-	-	(1,864)
Net assets - January 1, as restated	<u>745,408</u>	<u>1,240,786</u>	<u>1,229,317</u>	<u>3,215,511</u>	<u>3,301,250</u>
Net assets - December 31	<u>\$753,910</u>	<u>\$1,186,273</u>	<u>\$1,181,654</u>	<u>\$3,121,837</u>	<u>\$3,215,511</u>

CITY OF WEST ST. PAUL, MINNESOTA
RECREATION FUND
COMBINING SCHEDULE OF CASH FLOWS

Statement 58

For The Year Ended December 31, 2011
 With Comparative Totals For The Year Ended December 31, 2010

	Golf Course	Civic Center	Swimming	Totals	
	(613)	Arena (615)	Pool (616)	2011	2010
Cash flows from operating activities:					
Receipts from customers and users	\$125,530	\$187,800	\$1,478	\$314,808	\$367,283
Payment to suppliers	(107,934)	(73,034)	(29,913)	(210,881)	(234,834)
Payment to employees	(32,226)	(127,620)	(1,612)	(161,458)	(201,105)
Miscellaneous revenue	14,565	1,307	396	16,268	18,817
Net cash flows from operating activities	(65)	(11,547)	(29,651)	(41,263)	(49,839)
Cash flows from noncapital financing activities:					
Property taxes	10,910	-	35,196	46,106	108,836
Intergovernmental	3,934	-	1,028	4,962	(6,271)
Transfers in	38,420	-	-	38,420	13,544
Net cash flows from noncapital financing activities	53,264	0	36,224	89,488	116,109
Cash flows from capital and related financing activities:					
Principal paid on capital debt	(35,000)	-	-	(35,000)	(35,000)
Interest paid on capital debt	(18,375)	-	-	(18,375)	(19,600)
Net cash flows from capital and related financing activities	(53,375)	0	0	(53,375)	(54,600)
Cash flows from investing activities:					
Investment income	192	5,448	602	6,242	2,259
Net increase (decrease) in cash and cash equivalents	16	(6,099)	7,175	1,092	13,929
Cash and cash equivalents - January 1	(14)	185,168	16,204	201,358	187,429
Cash and cash equivalents - December 31	\$2	\$179,069	\$23,379	\$202,450	\$201,358
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	(\$22,161)	(\$60,209)	(\$83,710)	(\$166,080)	(\$191,234)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	23,861	57,236	49,164	130,261	132,920
Changes in assets and liabilities:					
Decrease (increase) in receivables	(113)	206	(70)	23	12,456
Increase (decrease) in other assets	(1,397)	-	-	(1,397)	476
Increase (decrease) in payables	1,379	(2,452)	4,952	3,879	(17,428)
Increase (decrease) in accrued compensated absences	(1,634)	(6,328)	13	(7,949)	12,971
Total adjustments	22,096	48,662	54,059	124,817	141,395
Net cash provided by operating activities	(\$65)	(\$11,547)	(\$29,651)	(\$41,263)	(\$49,839)

- This page intentionally left blank -

FIDUCIARY FUNDS

CITY OF WEST ST. PAUL, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For The Year Ended December 31, 2011

Statement 59

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2011
<u>South Metro Fire Fund:</u>				
Assets:				
Cash and investments	\$ -	\$131,708	(\$131,708)	\$ -
Liabilities:				
Due to other governmental units	\$ -	\$131,708	(\$131,708)	\$ -

III. STATISTICAL SECTION (UNAUDITED)

- This page intentionally left blank -

III. STATISTICAL SECTION (UNAUDITED)

This part of the City of West St. Paul, Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of West St. Paul, Minnesota's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF WEST ST. PAUL, MINNESOTA**NET ASSETS BY COMPONENT**Last Nine Fiscal Years⁽¹⁾

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$27,458,440	\$27,388,025	\$28,530,217
Restricted	7,497,280	7,156,411	7,304,612
Unrestricted	12,313,518	11,890,845	9,643,747
Total governmental activities net assets	<u>\$47,269,238</u>	<u>\$46,435,281</u>	<u>\$45,478,576</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$6,053,964	\$6,039,322	\$5,919,902
Restricted	-	-	-
Unrestricted	2,954,589	2,481,016	2,460,843
Total business-type activities net assets	<u>\$9,008,553</u>	<u>\$8,520,338</u>	<u>\$8,380,745</u>
Primary government:			
Invested in capital assets, net of related debt	\$33,512,404	\$33,427,347	\$34,450,119
Restricted	7,497,280	7,156,411	7,304,612
Unrestricted	15,268,107	14,371,861	12,104,590
Total primary government net assets	<u>\$56,277,791</u>	<u>\$54,955,619</u>	<u>\$53,859,321</u>

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

Table 1

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$28,838,130	\$28,849,102	\$28,259,027	\$30,796,241	\$31,069,506	\$33,835,227
7,105,350	7,041,256	7,390,280	12,968,106	5,065,984	5,223,837
11,335,204	13,668,115	14,788,580	9,846,265	18,126,311	17,264,839
<u>\$47,278,684</u>	<u>\$49,558,473</u>	<u>\$50,437,887</u>	<u>\$53,610,612</u>	<u>\$54,261,801</u>	<u>\$56,323,903</u>
\$5,857,428	\$5,736,609	\$5,744,038	\$5,657,805	\$4,078,198	\$4,219,590
-	-	-	-	257,135	-
2,340,294	2,283,949	2,291,545	887,385	2,174,747	2,707,322
<u>\$8,197,722</u>	<u>\$8,020,558</u>	<u>\$8,035,583</u>	<u>\$6,545,190</u>	<u>\$6,510,080</u>	<u>\$6,926,912</u>
\$34,695,558	\$34,585,711	\$34,003,065	\$36,454,046	\$35,147,704	\$38,054,817
7,105,350	7,041,256	7,390,280	12,968,106	5,323,119	5,223,837
13,675,498	15,952,064	17,080,125	10,733,650	20,301,058	19,972,161
<u>\$55,476,406</u>	<u>\$57,579,031</u>	<u>\$58,473,470</u>	<u>\$60,155,802</u>	<u>\$60,771,881</u>	<u>\$63,250,815</u>

CITY OF WEST ST. PAUL, MINNESOTA

CHANGES IN NET ASSETS

Last Nine Fiscal Years⁽¹⁾

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$2,867,679	\$3,824,547	\$3,625,984
Public safety	4,760,028	4,485,265	4,883,434
Public works	2,977,382	2,680,865	2,817,726
Parks and recreation	763,272	700,766	678,888
Interest and fees on long-term debt	519,701	531,889	529,178
Total governmental activities expenses	<u>11,888,062</u>	<u>12,223,332</u>	<u>12,535,210</u>
Business-type activities:			
Public utilities	1,688,851	1,826,699	1,776,694
Recreation	663,548	661,034	668,694
Total business-type activities expenses	<u>2,352,399</u>	<u>2,487,733</u>	<u>2,445,388</u>
Total primary government expenses	<u><u>\$14,240,461</u></u>	<u><u>\$14,711,065</u></u>	<u><u>\$14,980,598</u></u>
Program revenues			
Governmental activities:			
Charges for services:			
General government	\$863,367	\$940,156	\$816,436
Public safety	448,516	419,966	519,993
Public works	54,451	91,733	94,653
Parks and recreation	79,729	32,028	60,168
Operating grants and contributions	529,660	547,533	527,126
Capital grants and contributions	663,975	2,017,748	627,689
Total governmental activities program revenues	<u>2,639,698</u>	<u>4,049,164</u>	<u>2,646,065</u>
Business-type activities:			
Charges for services:			
Public utilities	1,973,946	1,950,711	2,007,210
Recreation	482,861	494,184	473,027
Operating grants and contributions	-	-	-
Capital grants and contributions	-	24,974	-
Total business-type activities program revenues	<u>2,456,807</u>	<u>2,469,869</u>	<u>2,480,237</u>
Total primary government program revenues	<u><u>\$5,096,505</u></u>	<u><u>\$6,519,033</u></u>	<u><u>\$5,126,302</u></u>
Net (expense) revenue:			
Governmental activities	(\$9,248,364)	(\$8,174,168)	(\$9,889,145)
Business-type activities	104,408	(17,864)	34,849
Total primary government net (expense) revenue	<u><u>(9,143,956)</u></u>	<u><u>(8,192,032)</u></u>	<u><u>(9,854,296)</u></u>

Table 2
Page 1 of 2

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$2,950,118	\$2,586,165	\$2,796,893	\$3,360,035	\$3,302,702	\$3,437,501
5,248,453	6,072,424	5,927,420	5,890,526	6,049,004	6,167,218
2,907,025	3,165,152	3,867,676	3,435,137	3,213,509	3,143,689
665,065	808,763	912,410	838,059	860,994	849,591
545,727	573,403	556,157	397,208	824,286	795,508
<u>12,316,388</u>	<u>13,205,907</u>	<u>14,060,556</u>	<u>13,920,965</u>	<u>14,250,495</u>	<u>14,393,507</u>
1,991,350	1,884,927	2,361,447	3,824,046	2,139,272	2,146,608
685,347	692,598	686,534	655,524	584,478	516,700
<u>2,676,697</u>	<u>2,577,525</u>	<u>3,047,981</u>	<u>4,479,570</u>	<u>2,723,750</u>	<u>2,663,308</u>
<u>\$14,993,085</u>	<u>\$15,783,432</u>	<u>\$17,108,537</u>	<u>\$18,400,535</u>	<u>\$16,974,245</u>	<u>\$17,056,815</u>
\$699,460	\$720,739	\$515,872	\$617,830	\$747,044	\$868,587
414,528	452,865	274,322	297,953	393,749	354,840
182,852	176,451	217,132	297,969	219,053	223,280
63,526	260,802	78,598	64,684	67,479	63,568
562,144	882,769	748,435	1,401,375	808,067	582,445
2,007,373	587,582	530,873	581,053	797,237	880,307
<u>3,929,883</u>	<u>3,081,208</u>	<u>2,365,232</u>	<u>3,260,864</u>	<u>3,032,629</u>	<u>2,973,027</u>
2,377,834	2,492,158	2,787,280	2,965,137	2,772,372	3,111,202
467,611	469,462	435,019	444,752	373,644	332,450
560	-	-	-	-	-
-	105	158,345	-	-	117,060
<u>2,846,005</u>	<u>2,961,725</u>	<u>3,380,644</u>	<u>3,409,889</u>	<u>3,146,016</u>	<u>3,560,712</u>
<u>\$6,775,888</u>	<u>\$6,042,933</u>	<u>\$5,745,876</u>	<u>\$6,670,753</u>	<u>\$6,178,645</u>	<u>\$6,533,739</u>
(\$8,386,505)	(\$10,124,699)	(\$11,695,324)	(\$10,660,101)	(\$11,217,866)	(\$11,420,480)
169,308	384,200	332,663	(1,069,681)	422,266	897,404
<u>(8,217,197)</u>	<u>(9,740,499)</u>	<u>(11,362,661)</u>	<u>(11,729,782)</u>	<u>(10,795,600)</u>	<u>(10,523,076)</u>

CITY OF WEST ST. PAUL, MINNESOTA

CHANGES IN NET ASSETS

Last Nine Fiscal Years⁽¹⁾

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
General revenues and other changes in net assets			
Governmental activities:			
Taxes:			
Property taxes	\$5,659,786	\$5,018,466	\$6,447,982
Tax increment collections	48,149	-	139,217
Franchise and other taxes	558,632	562,465	632,746
Grants and contributions not restricted to specific programs	1,167,551	1,589,976	752,494
Unrestricted investment earnings	587,327	346,232	540,474
Gain on sale of capital assets	9,340	11,236	19,229
Miscellaneous revenues	87,485	140,127	124,798
Transfers	577,437	229,378	275,500
Total governmental activities	<u>8,695,707</u>	<u>7,897,880</u>	<u>8,932,440</u>
Business-type activities:			
Property taxes	-	-	27,937
Grants and contributions not restricted to specific programs	-	-	2,063
Unrestricted investment earnings	94,503	54,528	71,058
Gain on sale of capital assets	-	-	-
Miscellaneous revenues	-	1,378	-
Transfers	(577,437)	(229,378)	(275,500)
Total business-type activities	<u>(482,934)</u>	<u>(173,472)</u>	<u>(174,442)</u>
Total primary government	<u>\$8,212,773</u>	<u>\$7,724,408</u>	<u>\$8,757,998</u>
Change in net assets:			
Governmental activities	(\$552,657)	(\$276,288)	(\$956,705)
Business-type activities	(378,526)	(191,336)	(139,593)
Total primary government	<u>(\$931,183)</u>	<u>(\$467,624)</u>	<u>(\$1,096,298)</u>

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$7,148,433	\$7,588,912	\$8,114,780	\$9,230,584	\$8,593,238	\$9,304,895
312,082	736,055	885,302	1,001,532	1,017,676	898,424
728,551	775,255	784,951	778,465	727,378	854,084
660,873	962,269	1,439,729	1,780,315	899,359	917,984
790,632	1,166,186	789,661	493,389	259,595	710,644
-	40,596	45,165	5,774	6,523	8,418
54,165	48,531	-	-	84,894	125,488
491,877	(321,950)	515,150	542,768	736,390	662,645
<u>10,186,613</u>	<u>10,995,854</u>	<u>12,574,738</u>	<u>13,832,827</u>	<u>12,325,053</u>	<u>13,482,582</u>
28,351	90,211	100,036	100,112	264,946	45,403
1,721	-	5,192	5,245	3,866	658
109,098	132,134	92,284	16,699	14,432	45,269
376	800	-	-	-	-
-	435	-	-	-	-
(491,877)	321,950	(515,150)	(542,768)	(736,390)	(662,645)
<u>(352,331)</u>	<u>545,530</u>	<u>(317,638)</u>	<u>(420,712)</u>	<u>(453,146)</u>	<u>(571,315)</u>
<u>\$9,834,282</u>	<u>\$11,541,384</u>	<u>\$12,257,100</u>	<u>\$13,412,115</u>	<u>\$11,871,907</u>	<u>\$12,911,267</u>
\$1,800,108	\$871,155	\$879,414	\$3,172,726	\$1,107,187	\$2,062,102
(183,023)	929,730	15,025	(1,490,393)	(30,880)	326,089
<u>\$1,617,085</u>	<u>\$1,800,885</u>	<u>\$894,439</u>	<u>\$1,682,333</u>	<u>\$1,076,307</u>	<u>\$2,388,191</u>

CITY OF WEST ST. PAUL, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS

Last Nine Fiscal Years⁽¹⁾

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2003 ⁽²⁾	2004	2005
General Fund:			
Reserved	\$ -	\$ -	\$ -
Unreserved			
Designated for subsequent years' budget	72,550	75,000	83,725
Designated for working capital	3,490,143	3,469,774	3,667,070
Designated for contingencies	821,210	816,417	770,846
Designated for police forfeitures	-	-	-
Undesignated	491,487	280,141	-
Fund balance:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total general fund	<u>\$4,875,390</u>	<u>\$4,641,332</u>	<u>\$4,521,641</u>
All other governmental funds:			
Reserved	\$2,409,488	\$2,523,129	\$3,789,964
Unreserved, reported in:			
Special revenue funds	2,315,070	998,406	1,000,000
Capital projects funds	5,628,387	3,966,143	3,889,151
Undesignated	4,240,303	6,531,263	4,861,916
Fund balance:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total all other governmental funds	<u>\$14,593,248</u>	<u>\$14,018,941</u>	<u>\$13,541,031</u>

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

⁽²⁾The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011, resulting in significant reclassification of the components of fund balance.

Table 3

Fiscal Year					
2006	2007	2008	2009	2010	2011 ⁽²⁾
\$ -	\$ -	\$ -	\$ -	\$278	\$ -
-	-	-	-	-	-
3,918,128	4,152,541	4,096,047	5,274,336	5,374,535	-
495,324	980,223	980,223	468,023	527,811	-
22,223	22,223	22,223	5,304	8,929	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	782
-	-	-	-	-	-
-	-	-	-	-	29,004
-	-	-	-	-	7,114,327
<u>\$4,435,675</u>	<u>\$5,154,987</u>	<u>\$5,098,493</u>	<u>\$5,747,663</u>	<u>\$5,911,553</u>	<u>\$7,144,113</u>
\$4,140,803	\$4,140,803	\$4,366,569	\$10,016,943	\$5,327,248	\$ -
1,000,000	1,000,000	1,000,000	1,737,298	3,074,627	-
3,894,047	3,964,170	3,887,555	7,253,715	9,291,114	-
6,032,981	5,801,188	7,135,022	2,086,109	574,511	-
-	-	-	-	-	2,003,349
-	-	-	-	-	5,917,882
-	-	-	-	-	2,454,012
-	-	-	-	-	7,363,458
-	-	-	-	-	(1,276,852)
<u>\$15,067,831</u>	<u>\$14,906,161</u>	<u>\$16,389,146</u>	<u>\$21,094,065</u>	<u>\$18,267,500</u>	<u>\$16,461,849</u>

CITY OF WEST ST. PAUL, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Nine Fiscal Years⁽¹⁾

	Fiscal Year		
	2003	2004	2005
Revenues:			
General property taxes	\$5,021,210	\$5,613,840	\$6,461,819
Tax increment collections	-	48,149	139,217
Franchise and other taxes	562,465	558,632	632,746
Licenses and permits	609,384	710,632	602,122
Intergovernmental	3,811,605	1,938,928	1,283,509
Special assessments	473,016	463,801	439,923
Charges for services	623,497	674,711	687,304
Fines and forfeits	84,095	68,905	91,986
Investment income	346,232	587,327	540,474
Contributions and donations	11,242	14,913	20,703
Sale of land held for resale	105,937	-	-
Miscellaneous	166,277	120,563	164,941
Insurance policy dividends	-	10,057	104,495
Total revenues	<u>11,814,960</u>	<u>10,810,458</u>	<u>11,169,239</u>
Expenditures:			
Current:			
General government	1,959,718	2,643,264	3,247,668
Public safety	4,194,462	4,563,019	4,661,066
Public works	1,495,343	1,630,255	1,421,692
Parks and recreation	669,323	734,512	641,397
Unallocated general expenditures	173,719	131,253	225,597
Capital outlay	2,896,523	2,915,948	1,720,909
Debt service:			
Principal	1,163,173	1,257,034	1,349,482
Interest	509,877	531,818	534,528
Bond issuance costs	-	25,152	23,669
Miscellaneous	-	-	-
Total expenditures	<u>13,062,138</u>	<u>14,432,255</u>	<u>13,826,008</u>
Revenues over (under) expenditures	<u>(1,247,178)</u>	<u>(3,621,797)</u>	<u>(2,656,769)</u>
Other financing sources (uses):			
Sale of capital assets	31,097	9,340	19,229
Issuance of debt	225,000	1,540,000	1,790,000
Capital lease	-	703,000	-
Bond discount	-	(16,345)	(25,561)
Bond premium	-	-	-
Insurance recoveries	-	-	-
Transfers in	2,437,486	1,297,232	1,941,046
Transfers out	(2,208,108)	(719,795)	(1,665,546)
Total other financing sources (uses)	<u>485,475</u>	<u>2,813,432</u>	<u>2,059,168</u>
Net change in fund balance	<u>(\$761,703)</u>	<u>(\$808,365)</u>	<u>(\$597,601)</u>
Debt service as a percentage of noncapital expenditures	16.5%	15.8%	15.8%

⁽¹⁾The City implemented GASB Statement No. 34 for the fiscal year ended December 31, 2003. Therefore, information for years prior to 2003 is not available.

Table 4

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$7,093,714	\$7,589,626	\$8,026,104	\$8,198,676	\$8,595,194	\$9,306,243
311,127	737,231	890,559	1,038,990	939,241	958,223
728,551	770,594	775,702	766,070	777,432	851,778
557,771	725,347	470,559	515,595	539,594	548,118
2,549,294	2,144,118	2,039,715	3,003,528	1,727,742	1,679,334
531,896	470,834	526,298	557,691	990,289	562,175
681,772	615,954	572,455	681,621	695,683	793,786
98,384	117,986	119,783	132,957	124,744	95,600
790,632	1,151,057	789,661	493,389	250,374	710,644
17,690	-	-	-	-	-
-	-	-	-	-	-
157,604	444,912	94,268	146,371	192,541	416,228
5,935	16,872	17,160	9,190	4,310	-
<u>13,524,370</u>	<u>14,784,531</u>	<u>14,322,264</u>	<u>15,544,078</u>	<u>14,837,144</u>	<u>15,922,129</u>
2,639,410	2,467,715	2,903,076	2,970,876	2,764,914	2,850,517
4,982,224	5,908,111	5,738,646	5,727,556	5,868,395	6,031,175
1,543,044	1,711,250	1,645,992	1,512,683	1,415,267	1,440,843
635,065	725,223	800,658	744,114	771,283	724,218
163,397	112,637	158,914	113,079	123,535	120,957
3,280,104	1,887,240	2,614,096	3,355,188	8,148,622	2,902,851
1,485,546	1,640,579	1,497,996	5,054,428	1,402,900	2,327,900
534,765	590,245	510,674	647,703	674,433	770,469
30,055	-	64,703	-	46,808	-
-	1,130	904	40,819	1,113	3,813
<u>15,293,610</u>	<u>15,044,130</u>	<u>15,935,659</u>	<u>20,166,446</u>	<u>21,217,270</u>	<u>17,172,743</u>
<u>(1,769,240)</u>	<u>(259,599)</u>	<u>(1,613,395)</u>	<u>(4,622,368)</u>	<u>(6,380,126)</u>	<u>(1,250,614)</u>
21,192	35,102	45,165	5,774	21,103	8,418
2,692,000	190,000	2,600,000	9,427,915	2,940,000	-
-	-	-	-	-	-
(18,008)	-	(28,440)	-	-	-
-	-	-	-	71,453	-
-	-	-	-	4,853	6,460
1,122,751	834,908	693,134	1,919,527	1,445,484	701,065
(607,861)	(334,758)	(177,984)	(1,376,759)	(709,094)	(38,420)
<u>3,210,074</u>	<u>725,252</u>	<u>3,131,875</u>	<u>9,976,457</u>	<u>3,773,799</u>	<u>677,523</u>
<u>\$1,440,834</u>	<u>\$465,653</u>	<u>\$1,518,480</u>	<u>\$5,354,089</u>	<u>(\$2,606,327)</u>	<u>(\$573,091)</u>
17.1%	17.0%	15.6%	34.2%	16.3%	21.7%

CITY OF WEST ST. PAUL, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

Fiscal Year Ended December 31,	Residential Property	Commercial/Industrial Property	All Other	Total Tax Capacity	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2002	\$6,987,235	\$2,663,187	\$2,848,691	\$12,499,113	\$931,299	\$9,650,422	44.520	\$1,007,948,500	0.96%
2003	7,848,732	2,818,253	2,890,421	13,557,406	1,112,696	10,666,985	38.720	1,126,369,000	0.95%
2004	8,807,151	1,932,827	3,844,079	14,584,057	1,174,964	10,739,978	41.680	1,243,913,500	0.86%
2005	10,059,828	3,182,145	2,873,191	16,115,164	1,222,578	13,241,973	42.289	1,382,649,200	0.96%
2006	11,320,958	3,553,175	2,878,158	17,752,291	1,338,159	14,874,133	42.761	1,530,023,000	0.97%
2007	12,330,829	4,865,981	2,419,777	19,616,587	1,487,932	17,196,810	42.082	1,687,050,300	1.02%
2008	12,573,491	5,234,351	2,489,211	20,297,053	1,855,711	17,807,842	43.706	1,734,621,300	1.03%
2009	12,188,009	5,568,526	2,418,915	20,175,450	2,001,404	17,756,535	44.608	1,707,579,700	1.04%
2010	11,048,101	5,569,775	2,596,131	19,214,007	3,271,505	16,617,876	50.873	1,594,050,200	1.04%
2011	10,240,464	5,279,185	2,429,209	17,948,858	3,271,375	15,519,649	56.078	1,485,245,000	1.04%

Source: Dakota County Assessing Services

Note: The year associated with a Tax Capacity or a Market Value means one of two things:
 Assessment Year: the year for which the property market values are determined. Market values must be assessed annually on January 2nd. Pay year or tax payment year: the year in which the taxes are payable. Current year taxes - are based on the prior January 2nd assessment. To more accurately compare the information on this table to the financial statements the year is the pay year.

CITY OF WEST ST. PAUL, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Table 6

Fiscal Year	City Rate Applicable to Debt	City Rate Applicable to Operations	Total City Direct Rate	Overlapping Rates*			Total
				School District	Other Districts	County	
2002	10.76	33.76	44.520	15.270	5.020	33.100	97.910
2003	10.31	28.41	38.720	14.400	5.230	32.460	90.810
2004	10.46	31.22	41.680	12.920	4.930	30.300	89.830
2005	10.37	31.92	42.289	21.878	4.907	28.267	97.341
2006	10.61	32.15	42.761	21.428	4.616	26.318	95.123
2007	8.28	33.80	42.082	19.838	4.416	25.127	91.463
2008	10.09	33.62	43.706	18.914	4.393	25.184	92.197
2009	10.03	34.58	44.608	18.051	4.328	25.821	92.808
2010	11.04	39.84	50.873	18.850	4.421	27.269	101.413
2011	11.06	44.59	56.078	19.692	4.644	29.149	109.563

Source: Dakota County website www.dakotacounty.us

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners

CITY OF WEST ST. PAUL, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2011			2002		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Robert Street 2008 LLC	\$293,450	1	1.63%	\$190,398	3	1.52%
Signal Hills Co. II	261,094	2	1.45%	215,570	1	1.72%
Target Corporation	259,942	3	1.45%	161,680	6	1.29%
Menards	200,960	4	1.12%	na	na	na
Lowes Home Centers Inc.	198,060	5	1.10%	na	na	na
Xcel Energy	197,928	6	1.10%	159,540	7	1.28%
Wal-Mart	187,022	7	1.04%	na	na	na
Westview Apartments	162,815	8	0.91%	136,544	8	1.09%
Mailand Property Ltd. Partnership	161,500	9	0.90%	191,528	2	1.53%
Walker Senior Housing Corp.	150,000	10	0.84%	163,296	4	1.31%
Total	<u>\$2,072,771</u>		11.55%	<u>\$1,218,556</u>		9.75%
Total All Property	<u>\$17,948,858</u>			<u>\$12,499,113</u>		

Source: 2011 information from Ehler's Annual Disclosure.
 2002 from City's 2002 CAFR.

CITY OF WEST ST. PAUL, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$5,751,650	\$5,686,864	98.87%	\$64,786	\$5,751,650	100.00%
2003	5,559,625	5,502,703	98.98%	54,487	5,557,190	99.96%
2004	6,209,900	6,112,388	98.43%	95,855	6,208,243	99.97%
2005	6,941,900	6,854,442	98.74%	86,326	6,940,768	99.98%
2006	7,607,225	7,482,046	98.35%	122,487	7,604,533	99.96%
2007	8,094,100	7,969,034	98.45%	119,013	8,088,047	99.93%
2008	8,522,075	8,409,350	98.68%	98,460	8,507,810	99.83%
2009	8,745,974	8,629,734	98.67%	100,850	8,730,584	99.82%
2010	9,265,888	8,844,367	95.45%	96,446	8,940,813	96.49%
2011*	9,760,512	9,212,265	94.38%	-	9,212,265	94.38%

Sources: City Budget Book (Levy) and Dakota County tax collection reports of Finance.

* The total amount of property taxes levied is partially supported by property tax relief payments on behalf of lower-valued residential properties. In FY 2010 and 2011, 75% this payment, known as Market Value Homestead Credit was withheld by the State of Minnesota, resulting in a lower overall collection percentage.

CITY OF WEST ST. PAUL, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Governmental Activities	Percentage of Tax Capacity
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Capital Leases		
2002	\$867,000	\$10,595,000	-	-	\$11,462,000	91.70%
2003	895,000	9,785,000	-	-	10,680,000	78.78%
2004	860,000	10,275,000	-	608,355	11,743,355	80.52%
2005	816,000	9,370,000	1,605,000	476,548	12,267,548	76.12%
2006	826,000	10,790,000	1,605,000	338,026	13,559,026	76.38%
2007	766,000	9,615,000	1,605,000	192,447	12,178,447	62.08%
2008	746,000	10,985,000	1,580,000	39,450	13,350,450	65.78%
2009	7,160,500	9,105,000	1,555,000	-	17,820,500	88.33%
2010	6,907,600	11,730,000	1,525,000	-	20,162,600	101.22%
2011	6,609,700	9,730,000	1,495,000	-	17,834,700	99.36%

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

^(a)See Table 14 for personal income and population data.

Table 9

<u>Business-Type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of County-Wide Personal Income^(a)</u>	<u>Per Capita^(a)</u>
<u>Sewer Bonds</u>	<u>Term Loan Payable</u>	<u>Total Business-Type Activities</u>			
1,710,000	\$2,245,000	\$3,955,000	\$15,417,000	0	\$786
1,650,000	2,155,000	3,805,000	14,485,000	1.00%	734
1,585,000	2,055,000	3,640,000	15,383,355	1.00%	790
1,520,000	1,950,000	3,470,000	15,737,548	0.99%	835
1,450,000	1,840,000	3,290,000	16,849,026	N/A	895
1,375,000	1,740,000	3,115,000	15,293,447	N/A	809
1,300,000	1,635,000	2,935,000	16,285,450	N/A	857
2,755,000	1,365,000	4,120,000	21,940,500	N/A	1,158
2,660,000	525,000	3,185,000	23,347,600	N/A	1,195
2,430,000	490,000	2,920,000	20,754,700	N/A	1,062

CITY OF WEST ST. PAUL, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Table 10

Fiscal Year	General Obligation Bonds	Less: Amount Available In Debt Service Fund	Total	Percentage of Est. Actual Taxable Value of Property ^(a)	Per Capita ^(b)
2002	\$867,000	\$182,003	\$684,997	0.07%	\$36.14
2003	895,000	141,987	753,013	0.07%	40.04
2004	860,000	102,651	757,349	0.06%	40.25
2005	816,000	105,296	710,704	0.05%	37.77
2006	826,000	117,328	708,672	0.05%	37.66
2007	766,000	120,243	645,757	0.04%	34.32
2008	746,000	152,363	593,637	0.03%	31.55
2009	7,160,500	199,241	6,961,259	0.41%	368.05
2010	6,907,600	214,880	6,692,720	0.39%	353.85
2011	6,609,700	303,451	6,306,249	0.42%	322.74

(a) See Table 5 for property value data.

(b) See Table 14 for population data.

CITY OF WEST ST. PAUL, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2011

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Dakota County	\$57,880,000	3.76%	\$2,177,503
School Districts:			
ISD No. 197	69,210,000	26.29%	18,197,108
Metropolitan Council	223,105,000	0.41%	921,015
Subtotal - overlapping debt			21,295,627
City direct debt			17,834,700
Total direct and overlapping debt			\$39,130,327

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for the County's capital lease, loan, and other debt. The applicable percentage of the County Economic Development Bonds, which are backed by county sales taxes, was estimated by dividing the City's retail sales by the County's retail sales.

CITY OF WEST ST. PAUL, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011

Market value	<u>\$1,485,245,000</u>
Debt limit (3% of market value) (a)	<u>44,557,350</u>
Debt applicable to limit:	
General obligation bonds	6,609,700
Less: Amount set aside for repayment of general obligation debt	<u>303,451</u>
Total net debt applicable to limit	<u>6,306,249</u>
Legal debt margin	<u><u>\$38,251,101</u></u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$20,158,970	\$22,527,380	\$24,878,270	\$27,652,984
Total net debt applicable to limit	<u>782,938</u>	<u>773,326</u>	<u>772,626</u>	<u>621,066</u>
Legal debt margin	<u><u>\$19,376,032</u></u>	<u><u>\$21,754,054</u></u>	<u><u>\$24,105,644</u></u>	<u><u>\$27,031,918</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3.88%	3.43%	3.11%	2.56%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(a) In 2008 debt limitation increased from 2% of market value to 3%.

Table 12

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$30,600,460	\$33,741,006	\$52,038,639	\$51,227,391	\$47,821,506	\$44,557,350
<u>645,757</u>	<u>645,757</u>	<u>593,637</u>	<u>461,259</u>	<u>6,692,720</u>	<u>6,306,249</u>
<u><u>\$29,954,703</u></u>	<u><u>\$33,095,249</u></u>	<u><u>\$51,445,002</u></u>	<u><u>\$50,766,132</u></u>	<u><u>\$40,026,406</u></u>	<u><u>\$38,251,101</u></u>
2.11%	1.91%	1.14%	0.90%	14.00%	14.15%

CITY OF WEST ST. PAUL, MINNESOTA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Sewer Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	\$1,815,702	\$1,376,430	\$439,272	\$55,000	\$85,495	3.13
2003	1,927,375	1,626,499	300,876	60,000	83,020	2.10
2004	1,953,124	1,469,313	483,811	65,000	80,320	3.33
2005	1,999,199	1,550,140	449,059	65,000	77,395	3.15
2006	2,364,928	1,776,688	588,240	70,000	74,470	4.07
2007	2,445,899	1,956,727	489,172	75,000	71,320	3.34
2008	2,747,281	2,121,595	625,686	80,000	67,945	4.23
2009	2,940,335	3,636,003	(695,668)	95,000	45,616	(4.95)
2010	2,757,291	1,895,475	861,816	135,012	47,227	4.73
2011	3,082,515	1,915,459	1,167,056	230,000	73,413	3.85

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. Golf course revenue bonds are excluded since they are an internal issue.

Table 13

Special Assessment Collections	Improvement Bonds			Tax Increment Collections	Tax Increment Bonds		
	Debt Service		Coverage		Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$220,160	\$1,050,800	\$443,062	0.15	N/A	N/A	N/A	N/A
199,686	810,000	387,938	0.17	N/A	N/A	N/A	N/A
160,797	870,000	393,962	0.13	N/A	N/A	N/A	N/A
161,694	905,000	401,431	0.12	N/A	N/A	N/A	N/A
135,485	1,030,000	364,239	0.10	51,769	-	51,769	1.00
109,947	1,175,000	411,260	0.07	69,025	-	69,025	1.00
77,718	1,000,000	373,735	0.06	93,556	25,000	68,556	1.00
102,651	1,090,000	424,397	0.07	92,619	25,000	67,619	1.00
233,585	1,190,000	340,929	0.15	96,587	30,000	66,587	1.00
254,479	2,000,000	331,910	0.11	95,463	30,000	65,463	1.00

CITY OF WEST ST. PAUL, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 14

<u>Fiscal Year</u>	<u>Population *</u>	<u>County-Wide Personal Income **</u>	<u>Per Capita Personal Income **</u>	<u>Unemployment Rate ***</u>
2002	19,624	\$1,384,000,000	\$37,543	4.00%
2003	19,740	14,487,000,000	38,819	4.20%
2004	19,481	15,432,000,000	40,788	4.00%
2005	18,849	15,878,000,000	41,416	4.10%
2006	18,816	16,627,273,000	43,095	4.00%
2007	18,914	17,541,000,000	45,045	4.00%
2008	19,002	18,243,000,000	46,357	6.90%
2009	18,947	17,594,416,000	44,374	7.50%
2010	19,540	17,970,760,000	45,022	7.30%
2011	19,540	18,730,923,148	46,926	6.20%

* Source of data: Metropolitan Council, except 2010 for which the source is the U.S. Bureau of Census. Updated data is not available for 2011.

** Source of data: Bureau of Economic Analysis, Rates prior to 2011 are for Dakota County - 2011 rates are extrapolated using the Minneapolis/St Paul metro area percentage change from 2009 to 2010.

*** Source of data: Minnesota Department of Employment and Economic Development.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

CITY OF WEST ST. PAUL, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 15

Employer	2011		Employer	2002	
	Employees	Percentage of Total City Employment		Employees	Percentage of Total City Employment
Dakota County	593	(a)	I.S.D. No. 197	778	(a)
Super Target	375	(a)	Dakota County	581	(a)
Southview Acres Health Center	345	(a)	Southview Acres Health Center	320	(a)
Wal-Mart Superstore	240	(a)	TapeMark Company	285	(a)
I.S.D. No. 197	<u>177</u>	(a)	Super Target	<u>210</u>	(a)
Total	<u><u>1,730</u></u>		Total	<u><u>2,174</u></u>	

Source: Ehlers and Associates, Inc.

Employment rates are not compiled for individual communities within Dakota County
 Only information for the top 5 employers is available for each year presented.

CITY OF WEST ST. PAUL, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of December 31,		
	2002	2003	2004
General government:			
Administration	4.0	4.0	4.0
Finance	6.0	6.0	5.0
Community Development	6.0	6.0	6.0
Building	1.0	1.0	1.0
MIS	1.0	1.0	-
Police:			
Officers	26.0	26.0	26.0
Civilians	5.0	4.0	4.0
Dispatch	5.0	7.0	7.0
Fire:			
Firefighters and officers	20.0	20.0	19.0
Civilians	0.5	0.5	0.5
Public works:			
Engineering	3.0	3.0	3.0
Streets	12.0	12.0	11.0
Sewer	3.0	3.0	3.0
Building inspections	2.0	2.0	2.0
Parks and recreation	7.0	7.0	7.0
Golf course manager	2.0	2.0	2.0
Ice arena / pool manager	1.0	1.0	1.0
Total	102.5	103.5	99.5

Source: City Budget Books

- Notes: 1. The numbers above represent full-time and permanent part-time budgeted positions. Seasonal employees are not included.
 2. Building inspections was moved to Community Development in 2002.

Table 16

Full-Time Equivalent Employees as of December 31,						
2005	2006	2007	2008	2009	2010	2011
4.0	5.0	5.0	5.0	4.0	4.0	4.0
5.0	4.0	5.0	5.0	5.0	5.0	5.0
5.0	5.0	5.0	5.0	4.0	3.8	3.8
1.0	1.0	1.5	1.5	1.5	1.5	1.0
-	1.0	1.0	1.0	1.0	1.0	2.0
26.0	28.0	30.0	30.0	30.0	30.0	29.0
4.0	5.5	6.0	6.0	5.8	5.6	5.6
7.0						
19.0	19.0	20.0	-	-	-	-
0.5	0.5	0.5	-	-	-	-
1.0	2.0	2.0	2.0	2.0	2.0	2.0
11.0	10.0	11.0	11.0	11.0	11.0	11.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	2.0	2.0	2.0	2.0
7.0	6.0	7.0	7.0	7.0	7.0	7.0
1.0	1.0	1.0	1.0	1.0	-	-
1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>95.5</u>	<u>92.0</u>	<u>99.0</u>	<u>78.5</u>	<u>76.8</u>	<u>75.4</u>	<u>76.4</u>

CITY OF WEST ST. PAUL, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2002	2003	2004
Police:			
Part 1 Crimes reports	1,097	1,282	1,227
Part 2 Crimes reports	1,215	1,148	1,021
Total arrests	945	888	792
Part 1 arrests	284	313	301
Cases investigated	383	334	158
Building inspection:			
Permits issued:			
Residential	N/A	716	655
Commercial/Other	N/A	103	111
Public works:			
Streets/Alleys patched (person hrs)	N/A	N/A	3,220
Parks and recreation:			
Recreation programs offered	N/A	N/A	N/A
Ice Arena annual admissions	N/A	N/A	N/A
Golf course:			
Rounds played	17,098	18,425	15,345
Golf cars rented	N/A	N/A	N/A
Wastewater:			
Average sewer lines cleaned (miles)	N/A	N/A	41

Sources: Various City departments.

Table 17

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
1,323	1,177	N/A	N/A	1,265	1,007	713
1,220	1,184	N/A	N/A	1,045	1,042	720
978	1,099	N/A	N/A	1,117	801	395
331	392	N/A	N/A	525	334	185
442	387	N/A	N/A	628	N/A	N/A
627	451	1,023	623	790	744	689
101	83	156	83	55	886	967
2,310	3,380	2,195	3,035	3,409	2,900	2,889
N/A	150	160	167	170	60	59
N/A	65,000	65,425	65,700	65,750	N/A	65,750
14,472	13,330	12,487	12,348	14,713	14,837	10,263
N/A	N/A	566	608	1,086	1,176	1,110
41	30	38	31	43	30	31

CITY OF WEST ST. PAUL, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2002	2003	2004
Police:			
Stations	1	1	1
Police Vehicles:			
Marked	7	8	9
Unmarked	6	6	7
Gun Range			1
Holding cells	3	3	3
Fire:			
Stations	1	1	1
Engines	3	3	3
Ladder	1	1	1
Ambulances	2	2	2
Rescue truck	-	-	1
Vehicles	2	2	2
SCBA	20	20	20
Public works:			
Streets (miles)	69.16	69.16	69.16
Alley (miles)	5	5	5
Streetlights	240	240	240
Parks and recreation:			
Acreage	136.5	136.5	136.5
Parks and playgrounds	17	17	17
Baseball/softball diamonds	9	9	9
Soccer/football fields	3	3	3
Community (senior) centers	1	1	1
Outdoor skating rinks	11	11	11
Executive golf course (par 29)	1	1	1
Public swimming pool	1	1	1
Public ice arena	1	1	1
Wastewater:			
Sanitary sewers (miles)	63	63	63
Storm sewers (miles)	35	35	35

Sources: Various City departments.

Table 18

							Fiscal Year			
2005	2006	2007	2008	2009	2010	2011				
1	1	1	1	1	1	1				
10	10	10	11	11	11	11				
8	8	8	8	8	8	8				
1	1	1	1	1	1	1				
3	3	3	3	3	3	3				
1	1	1	1	1	1	1				
3	3	3	N/A	N/A	N/A	N/A				
1	1	1	N/A	N/A	N/A	N/A				
2	2	2	N/A	N/A	N/A	N/A				
1	1	1	N/A	N/A	N/A	N/A				
2	2	2	N/A	N/A	N/A	N/A				
20	20	20	N/A	N/A	N/A	N/A				
69.16	69.16	71.16	71.16	71.20	71.20	71.20				
5	5	5	5	5	5	5				
240	240	240	240	243	253	256				
136.5	136.5	152.0	152.0	155.0	155.0	155.0				
17	17	17	17	17	17	17				
9	9	9	9	9	9	9				
3	3	3	3	3	3	3				
1	1	1	1	1	1	1				
11	11	12	12	12	12	12				
1	1	1	1	1	1	1				
1	1	1	1	1	1	1				
1	1	1	1	1	1	1				
63	63	63	63	63	63	63				
35	35	35	35	35	35	35				

- This page intentionally left blank -