

# **Overview of Combined City, Library Agency and Debt Service Budgets**

## **Overview of Combined City and Library Agency Budgets**

With the creation of the independent Saint Paul Public Library Agency beginning with the 2004 budget year, detailed information about library budgets and activities is now presented in a separate document, and is generally excluded from the City budget information contained in this publication.

The information provided in this section is intended to give a high-level overview of the combined City and Library Agency budgets and permit overall year-to-year comparisons to be made more easily. Detailed information about the Library Agency budget will be made available in a separate publication published by the Agency.

**Property Tax Levy and State Aid: City, Library Agency and Port Authority Combined  
2010 Adopted vs. 2011 Adopted**

	<b>Property Tax Levy*</b>				<u>Pct of City</u>	<u>Pct of City</u>
	<u>2010</u>	<u>2011</u>	<u>Amount</u>	<u>Pct.</u>	<u>10 Total</u>	<u>11 Total</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Change</u>	<u>Change</u>		
City of Saint Paul						
General Fund	65,811,437	65,133,601	-677,836	-1.0%	71.1%	70.4%
General Debt Service	9,761,438	9,815,389	53,951	0.6%	10.6%	10.6%
Saint Paul Public Library Agency	16,924,646	17,548,531	623,885	3.7%	18.3%	19.0%
<b>Total (City and Library combined)</b>	<b>92,497,521</b>	<b>92,497,521</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Port Authority	2,111,700	2,111,700	0	0.0%		
<b>Overall Levy (City, Library &amp; Port)</b>	<b>94,609,221</b>	<b>94,609,221</b>	<b>0</b>	<b>0.0%</b>		

\* This is the total property tax levy used to determine tax rates. Actual financing available to support the budget is less, due to a 2.5% "shrinkage" allowance for delinquent taxes. The State pays a portion of the tax levy through the Market Value Homestead Credit, which is included in these numbers.

**Local Government Aid Financing**

	<u>2010</u>	<u>2011</u>	<u>Amount</u>	<u>Pct.</u>	<u>Pct. of</u>	<u>Pct. of</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Change</u>	<u>Change</u>	<u>10 Total</u>	<u>11 Total</u>
City of Saint Paul						
General Fund	52,471,674	62,505,032	10,033,358	19.1%	100.0%	100.0%
General Debt Service	0	0	0	N.A.	0.0%	0.0%
Saint Paul Public Library Agency*	0	0	0	0.0%	0.0%	0.0%
<b>Total (City and Library combined)</b>	<b>52,471,674</b>	<b>62,505,032</b>	<b>10,033,358</b>	<b>19.1%</b>	<b>100.0%</b>	<b>100.0%</b>

\* As of 2010, the Saint Paul Public Library Agency no longer budgets Local Government Aid as a revenue source.

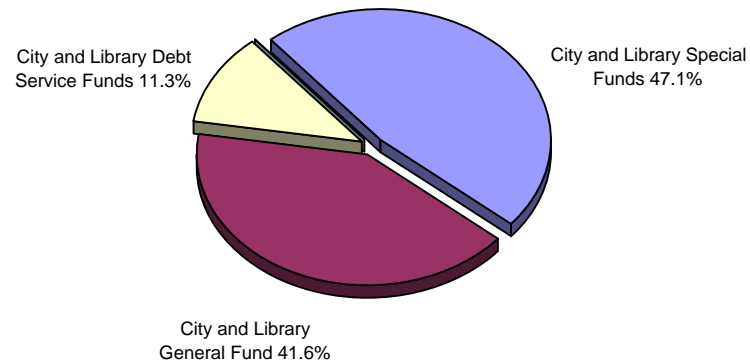


# **City and Library Agency Composite Summary**

## Composite Summary - Total Budget

City of Saint Paul: All Funds			
Composite Plan	2009 Actual*	2010 Adopted* Budget	2011 Adopted Budget
City General Fund	212,100,909	211,065,203	213,884,931
Library General Fund (a)	16,773,021	16,076,740	16,680,085
City Special Funds	252,991,026	258,862,086	259,095,156
Library Special Funds (a)	1,129,627	1,333,996	1,540,944
Operating Subtotal:	<u>482,994,584</u>	<u>487,338,025</u>	<u>491,201,116</u>
City Debt Service Funds	49,522,253	60,318,045	61,216,741
Library Debt Service Funds (a)	716,800	1,165,075	1,356,075
Debt Service Subtotal:	<u>50,239,053</u>	<u>61,483,120</u>	<u>62,572,816</u>
Grand Total:	<u>533,233,637</u>	<u>548,821,145</u>	<u>553,773,932</u>
Less Transfers	(100,025,421)	(50,431,897)	(45,780,306)
Less Subsequent Year Debt	0	(13,246,007)	(16,290,958)
Adjusted Spending Plan:	<u>433,208,216</u>	<u>485,143,241</u>	<u>491,702,668</u>
City Capital Improvements	61,838,168	112,680,000	45,337,000
Library Capital Improvements (a)	121,765	15,000	0
Capital Improvements Subtotal:	<u>61,959,933</u>	<u>112,695,000</u>	<u>45,337,000</u>
<p>* In 2011, the City of Saint Paul moved to a new Chart of Accounts. Previous years' data is reported as if the new chart had been in place in 2009 and 2010.</p> <p>**2010 data also reflects a decision to shift the STAR budget from the City's capital to the City's operating budget</p> <p>(a) Saint Paul Libraries became independent (the Library Agency) effective in 2004 and are no longer a part of the City of Saint Paul's operating and debt service budgets. Information is included here in the Composite Summary section for reference. The Saint Paul Public Libraries also publishes its own budget book each year.</p>			

### Composite Summary - Total Budget 2011 Adopted Budget



## Composite Summary - Workforce

City of Saint Paul and Saint Paul Public Library Agency Full Time Equivalents (FTEs)			
Department	2009* Adopted Budget	2010* Adopted Budget	2011 Adopted Budget
Attorney	68.8	64.3	63.5
Council	29.1	29.1	29.5
Debt Service Fund	2.8	3.1	3.3
Emergency Management	2.0	2.0	6.1
Financial Services (a)	42.7	38.9	40.6
Fire and Safety Services	457.2	472.0	472.0
General Government Accounts	2.1	2.1	2.2
StP-RC Health	49.2	43.6	41.2
HREEO (a)	34.6	35.2	32.5
Human Resources	31.3	27.4	29.4
Library Agency	187.9	168.8	169.4
Mayor's Office	17.0	16.0	16.0
Parks and Recreation	580.7	556.1	571.0
Planning and Economic Development (a)	79.8	75.2	72.2
Police	809.7	784.7	781.0
Public Works	396.8	387.6	389.9
Safety and Inspection	164.4	143.9	144.3
Office of Technology	83.4	80.7	81.7
<b>Total</b>	<u>3,039.5</u>	<u>2,930.7</u>	<u>2,945.7</u>
<b>Total City and Library General Fund</b>	<u>2,071.7</u>	<u>1,922.1</u>	<u>1,947.4</u>
<b>Total City and Library Special Fund</b>	<u>967.8</u>	<u>1,008.6</u>	<u>998.3</u>

\* In 2011, the City of Saint Paul moved to a new Chart of Accounts. FTE data is reported as if the new chart had been in place in 2009 and 2010.

(a) In 2009, the Contract Analysis and RiverPrint components of the Office of Financial Services, the Equal Employment program in the Planning and Economic Development department, and the Human Rights department will be merged to create the Human Rights and Equal Economic Opportunity (HREEO) department.

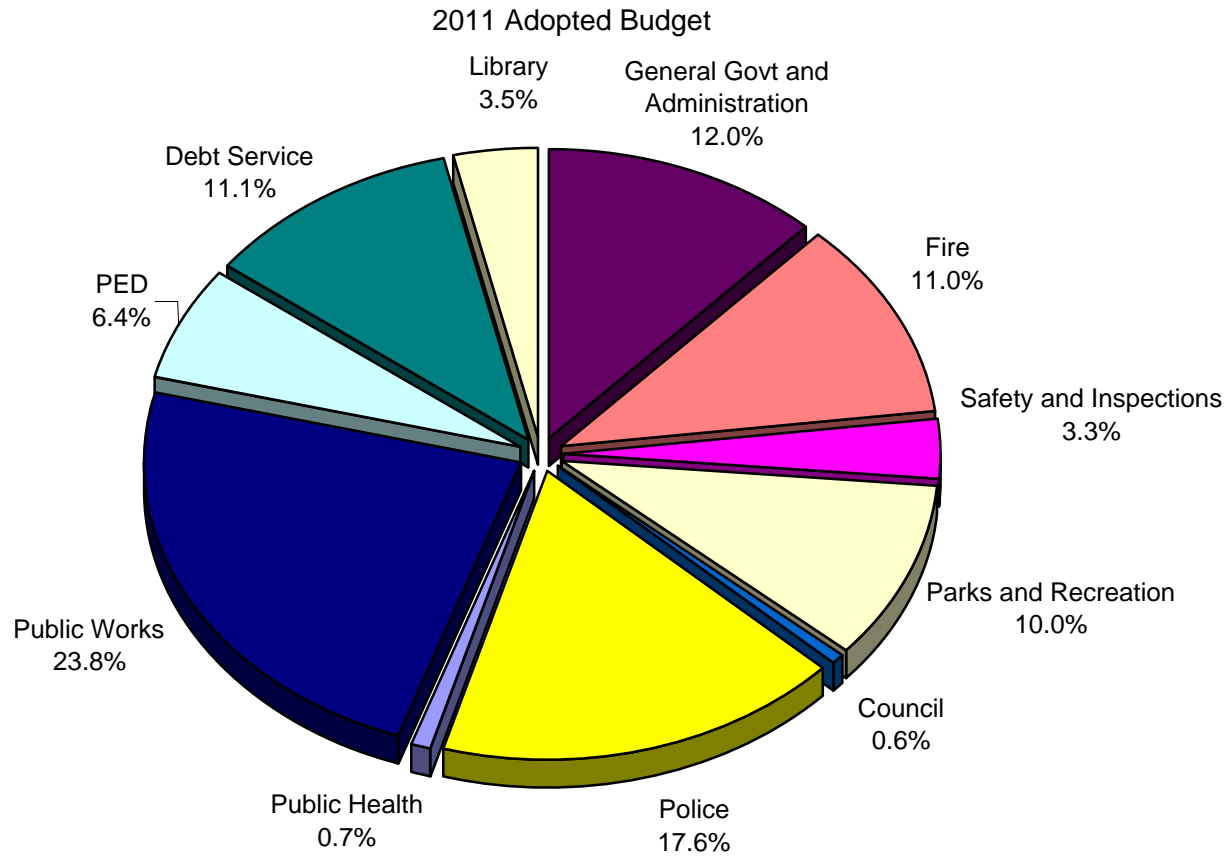
## Composite Spending - By Department

2011 Adopted Budget (By Department and Fund Type)					
Department	General Funds	Special Funds	Debt Service	Total All Budgets	Capital Budget
Attorney	6,863,484	1,118,000		7,981,484	
Council	3,101,567	0		3,101,567	
Debt Service			61,216,741	61,216,741	
Emergency Management	260,052	1,812,474		2,072,525	
Financial Services	2,004,923	19,875,585		21,880,508	
Fire and Safety Services	54,673,164	6,190,878		60,864,042	250,000
General Government Accounts	6,302,433			6,302,433	3,386,000
StP-RC Health		3,640,739		3,640,739	
HREEO	1,611,955	3,471,336		5,083,291	
Human Resources	3,239,921	4,348,389		7,588,310	
Libraries (a)	16,680,085	1,540,944	1,356,075	19,577,105	30,000
Mayor's Office	1,433,869	2,042,669		3,476,538	
Parks and Recreation	26,741,030	28,507,313		55,248,343	6,105,000
Planning and Economic Development		35,705,600		35,705,600	5,250,000
Police	78,126,037	19,415,031		97,541,069	
Public Works	2,204,511	129,803,762		132,008,273	29,816,000
Safety and Inspection	17,244,536	858,305		18,102,841	500,000
Technology	10,077,449	2,305,075		12,382,524	
Total	<u>230,565,016</u>	<u>260,636,100</u>	<u>62,572,816</u>	<u>553,773,932</u>	<u>45,337,000</u>

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## Composite Spending - By Department



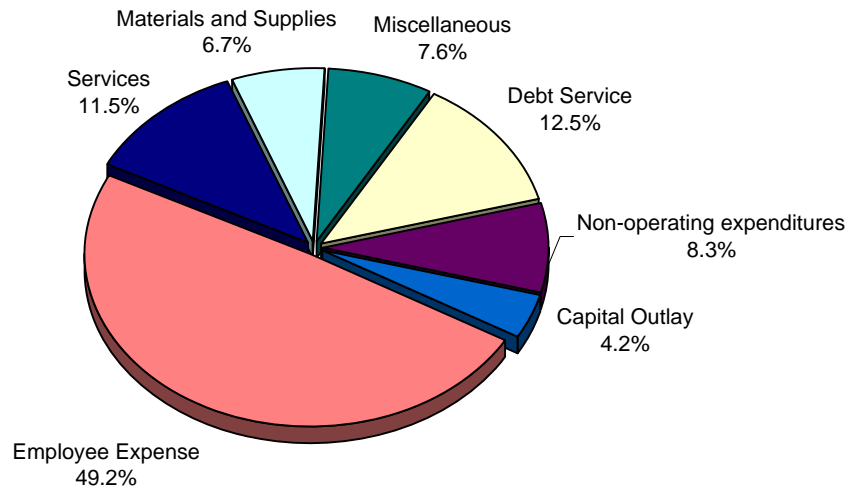
## Composite Summary - Spending and Financing

Adopted Spending Summary (2011 Spending by Major Account)					
Object	City and Library General Fund	City and Library Special Funds	City and Library Debt Service	City and Library Total	City and Library Capital Budget
Employee Expense	187,124,282	85,051,760	370,301	272,546,343	
Services	25,065,524	38,686,955	113,361	63,865,840	
Materials and Supplies	11,942,113	25,187,004	18,170	37,147,287	
Miscellaneous	4,461,155	37,375,724	0	41,836,879	45,337,000
Debt Service	0	8,013,853	60,975,607	68,989,460	
Non-operating expenditures	1,328,879	43,356,049	1,095,378	45,780,306	
Capital Outlay	643,063	22,964,755	0	23,607,818	
TOTAL	230,565,016	260,636,100	62,572,816	553,773,932	45,337,000

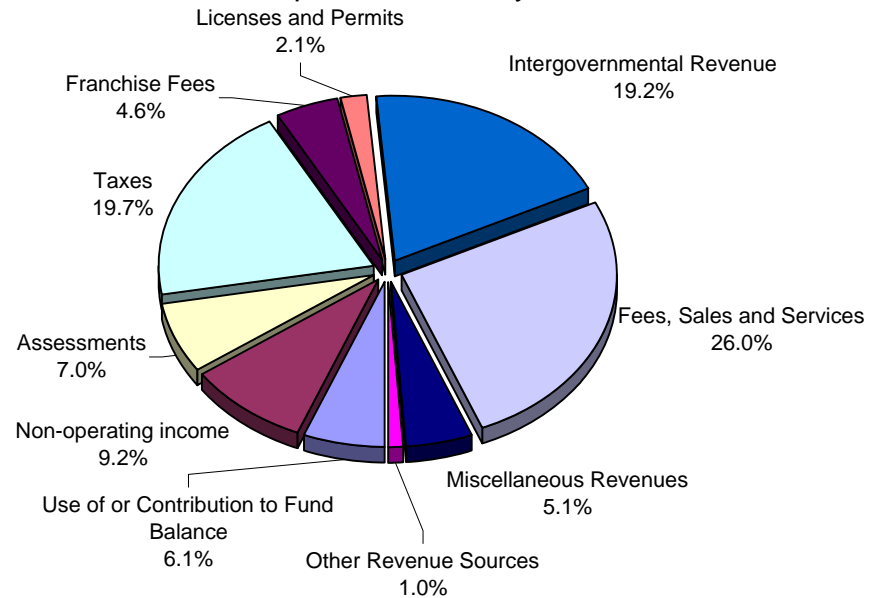
Adopted Financing Summary (2011 Revenue By Source)					
Source	City and Library General Fund	City and Library Special Funds	City and Library Debt Service	City and Library Total	City and Library Capital Budget
Use of or Contribution to Fund Balance	0	12,823,313	20,933,305	33,756,618	
Non-operating income	14,298,796	23,067,776	13,661,344	51,027,916	27,134,000
Assessments	0	34,426,865	4,088,705	38,515,570	
Taxes	78,575,395	16,775,368	13,620,194	108,970,957	0
Franchise Fees	25,546,891	45,000	0	25,591,891	
Licenses and Permits	9,989,303	1,963,943	0	11,953,246	
Intergovernmental Revenue	75,998,265	29,465,202	762,626	106,226,093	17,190,000
Fees, Sales and Services	22,884,218	121,044,417	80,000	144,008,635	
Miscellaneous Revenues	810,114	18,226,071	9,094,607	28,130,792	
Other Revenue Sources	2,462,034	2,798,145	332,035	5,592,214	1,013,000
TOTAL	230,565,016	260,636,100	62,572,816	553,773,932	45,337,000

# Summary - Spending and Financing

## 2011 Adopted Spending By Major Object



## 2011 Adopted Revenue By Source





# City General Fund

# General Fund – 2011 Adopted Budget

**Purpose:** The General Fund is the principal financial support for such basic city services as the police and fire departments, parks and recreation, and general government operations (i.e., Mayor and City Council, human resources, finance and other support services). The major financing sources for this fund are property taxes, local government aid, franchise fees, and other revenues not dedicated to a specific purpose. The tables and graphs on the following pages detail the General Fund's proposed 2011 spending and financing plan.

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## Financing Highlights

The major financing sources for this fund are:

- ❖ Property taxes – 30.7%
- ❖ State aids (incl. Local Government Aid) – 33.9%
- ❖ Franchise fees – 11.9%
- ❖ Other revenues, aids, and user fees – 23.5%

**Certified Local Government Aid (LGA):** The amount of Local Government Aid generally has been lower and less predictable since state aid cuts that began in 2003. Although the state legislature increased the 2009 LGA appropriation for the first time since 2006, LGA was reduced through the Governor's unallotment process by \$5.7 million at the end of 2008 and further reduced by \$5.0 million in 2009 and \$17 million in 2010. State certified aid for 2011 restores Saint Paul's LGA back to the amount that was originally appropriated in 2009, which is a \$10 million increase over the amount budgeted for 2010.

**Property Tax Levy:** Financing for the proposed budget includes no new property tax resources for City operations and debt service. The total proposed levy amount remains at \$94.6 million, about 70% of that will finance General Fund operations and 19% is for the Library Agency. The remainder is used for City debt service or is levied on behalf of the St. Paul Port Authority.

**Fund Balance:** Historically, dollars from the City's fund balance had been used to finance past budgets and avoid an increase in the City's property tax levy and bring the fund balance down to a level consistent with recommended best practices. By 2005 the General Fund balance approached a level consistent with industry best practices, and on the recommendation of the City's bond raters the City enacted a formal fund balance policy for the general fund. Adopted in 2006, the policy mandates that the General Fund balance be at least 15% of general operating spending. Despite significant mid-year reductions of LGA in 2008, 2009 and 2010, the City continues to successfully manage fund balance consistent with the adopted policy. No General Fund balance is planned to be spent in the 2011 proposed budget.

**City Franchise Fees:** The estimated 2011 financing level will increase slightly. There is a small projected increase in Xcel franchise fees and slight increases in current and deferred franchise fees from District Energy.

**General Fund Interest Earnings:** Interest estimates are projected to remain flat in 2011 based on expected investment pool balances and interest rates.

**Paramedic Fees:** The proposed budget for 2011 includes flat fees for paramedic runs, but expected revenue has been reduced by \$1.6 million to reflect actual collection trends.

# General Fund – 2011 Adopted Budget

## Budget Issues and Challenges

**Rate of Spending Growth:** Saint Paul's General Fund budget as adopted will increase by \$2.8 million, or 1.3% relative to 2010.

The growth in the budget is primarily related to growth in fringe benefits such as health care and pension obligations, staff shifts due to expiring grants and strategic investments to position the city for the future.

**Property Tax Base:** Saint Paul has a local property tax base that largely consists of residential properties, including both owner-occupied and rental units. In total 56% of the City's total local property tax levy falls on residential property. This is due to a variety of reasons, some longstanding and others more recent. Historically, as the home to many tax-exempt educational, medical, and state government institutions, nearly a third of the city's property has been exempted entirely from helping to pay the city property tax levy. During much of the past decade, rapid inflation in home values pushed up the share of taxes falling on homeowners and renters (through their rent payments). However, declines in residential property values in recent years has somewhat reversed the trend.

**State Budget Instability and Unpredictability of LGA:** Local Government Aid is a significant revenue source for the City's General Fund, accounting for nearly 30% of General Fund revenues. While the total share of the city budget dependent on state payments has dropped since 2003, the future of state Local Government Aid (LGA) remains a key variable in the City's ability to provide basic services. Since late 2008, the State has unallotted or otherwise reduced LGA by a total of \$27.7 million over a three year period, which has caused a series of budget challenges and the reduction of important City services. Enacting measures at the state level to ensure more balanced and predictable revenues would reduce fluctuations in local aid appropriations and help make future local budget planning and service delivery more predictable for both City officials and the citizens of Saint Paul.

**Cost Pressures:** The costs the City bears as an employer (wages, benefits, workers' compensation, etc.) compete for service delivery dollars. The largest General Fund expense is employee wages and benefits – 82.3% of all general fund spending is for personnel costs. The City continues to work hard to find ways to prudently and responsibly manage these costs in order to maintain service delivery levels and maintain the integrity of the City's finances.

## General Fund Budget

General Fund Spending (By Department)			
Department/Office	2009 Actual*	2010 Adopted Budget*	2011 Adopted Budget
City Attorney (b)	6,271,921	6,396,084	6,863,484
Council	2,734,484	3,062,966	3,101,567
Emergency Management	244,367	252,429	260,052
Financial Services	3,617,099	3,387,997	2,004,923
Fire and Safety Services	49,707,545	53,178,411	54,673,164
General Government Accounts	4,665,677	7,469,095	6,302,433
HREEO (a)	1,196,309	1,370,164	1,611,955
Human Resources	3,017,099	3,169,122	3,239,921
Mayor's Office	1,296,391	1,434,754	1,433,869
Parks and Recreation	28,093,125	25,493,943	26,741,030
Police	74,423,599	76,306,811	78,126,037
Public Works	6,693,944	2,224,658	2,204,511
Safety and Inspection (b)	18,731,302	17,979,015	17,244,536
Technology	<u>11,408,048</u>	<u>9,339,754</u>	<u>10,077,449</u>
Total	212,100,909	211,065,203	213,884,931

\* In 2011, the City of Saint Paul moved to a new Chart of Accounts. Previous years' data is reported as if the new chart had been in place in 2009 and 2010.

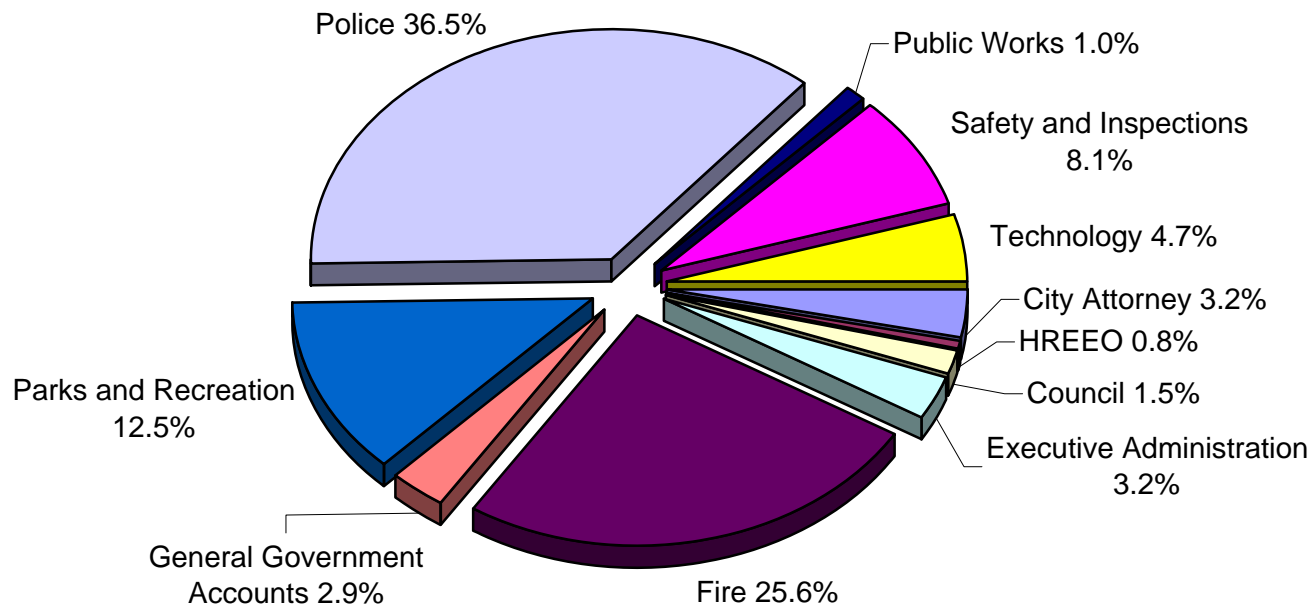
a) In 2009, the Contract Analysis and RiverPrint components of the Office of Financial Services, the Equal Employment program in the Planning and Economic Development department, and the Human Rights department were merged to create the Human Rights and Equal Economic Opportunity (HREEO) department.

b) In 2011, portions of the Department of Safety and Inspections (DSI) were moved from special funds into the City's General Fund. To eliminate an unnecessary interdepartmental transfer, city attorneys supporting DSI actives were also shifted from a special fund to the general fund.



# General Fund Budget

## 2011 Adopted Spending by Department



## General Fund Budget

General Fund Spending (By Major Account)			
	2009	2010	2011
Object	Actual*	Adopted Budget*	Adopted Budget
Employee Expenses	164,366,084	168,933,752	175,929,866
Services	21,531,254	23,271,825	22,953,714
Materials and Supplies	9,089,896	9,855,497	10,160,657
Non Operating Expenses	12,434,655	1,602,456	1,260,508
Miscellaneous Spending	4,400,980	6,089,635	2,979,923
Capital Outlay	195,541	1,312,038	600,263
Debt Service	82,500	0	0
Total	212,100,909	211,065,203	213,884,931

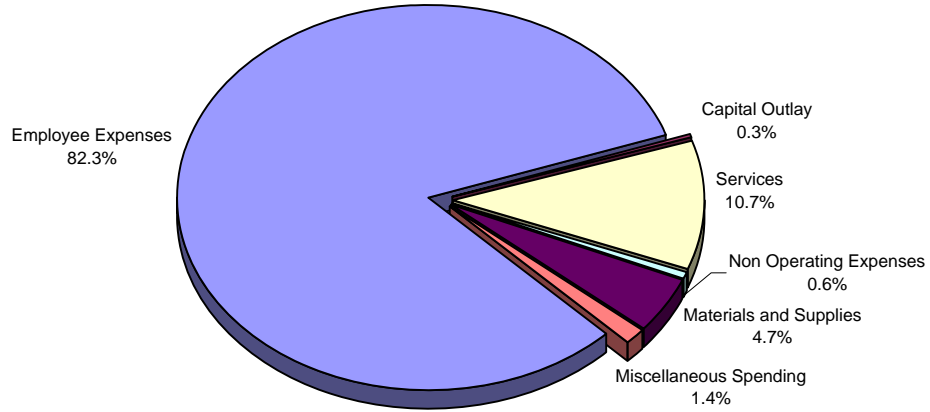
General Fund Financing (Revenue By Source)			
	2009	2010	2011
Source	Actual*	Adopted Budget*	Adopted Budget
Use of/Contribution to Fund Balance (a)	0	1,130,012	0
Taxes	61,361,389	68,141,980	65,570,310
Fees, Sales and Services	22,531,743	25,353,944	22,884,218
Franchise Fees	23,074,891	24,728,913	25,546,891
Fines and Forfeitures	82,788	47,000	47,000
Intergovernmental Revenue	66,072,036	63,044,351	72,498,265
Investment Income	2,376,868	2,415,034	2,415,034
License and Permits	9,408,719	9,833,274	9,989,303
Miscellaneous Revenue	3,162,543	603,865	635,114
Non-Operating Income	24,817,858	15,766,830	14,298,796
Total	212,888,834	211,065,203	213,884,931

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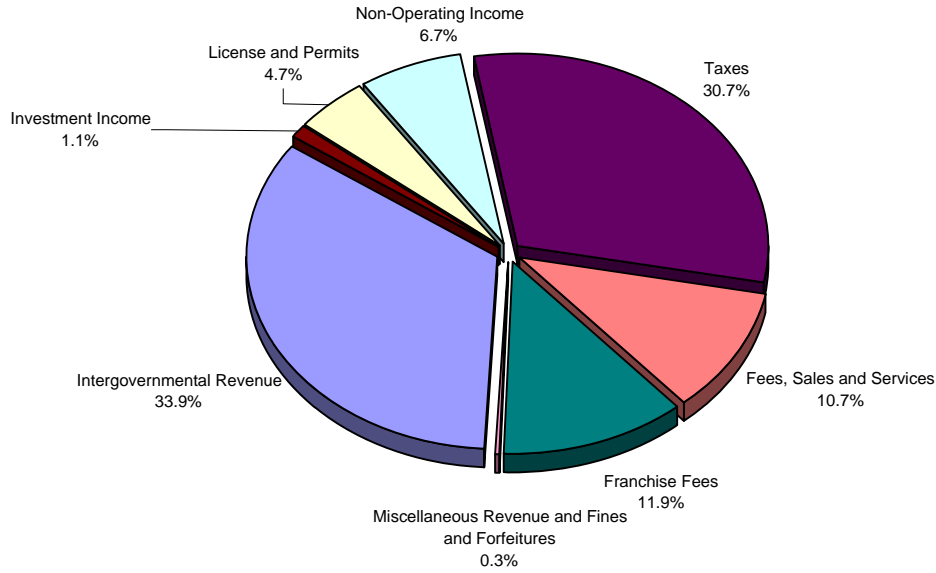
a) In 2011, portions of the Department of Safety and Inspections (DSI) were moved from special funds into the City's General Fund. Because 2010 data is presented as if this new chart was in place, DSI's 2010 use of special fund fund balance is reported here.

# General Fund Budget

## 2011 Adopted Spending By Major Object



## 2011 Adopted Revenue By Source





# **City Special Funds**

## Special Fund Budgets

Special Fund Spending (By Department)			
Department	2009 Actual*	2010 Adopted* Budget	2011 Adopted Budget
Attorney	1,164,310	1,557,961	1,118,000
Council	0	0	0
Emergency Management	581,017	1,543,704	1,812,474
Financial Services Office (a)	16,881,032	19,515,366	19,875,585
Fire and Safety Services	4,662,907	4,834,116	6,190,878
StP-RC Health	3,424,173	3,777,352	3,640,739
HREEO (a)	2,967,335	3,573,579	3,471,336
Human Resources	2,734,792	3,379,141	4,348,389
Mayor's Office	2,280,820	586,890	2,042,669
Parks and Recreation	25,014,412	28,314,144	28,507,313
Planning and Economic Development (a)	59,629,324	18,467,902	35,705,600
Police	15,984,992	24,241,624	19,415,031
Public Works	115,301,513	129,653,163	129,803,762
Safety and Inspection	1,238,192	1,818,236	858,305
Office of Technology	<u>1,126,207</u>	<u>1,672,242</u>	<u>2,305,075</u>
Total	252,991,026	242,935,420	259,095,156

Special fund budgets are designed to track revenues and expenditures for specific designated purposes. With some exceptions, special fund budgets are not supported by property taxes. Rather, special fund spending is supported by user fees, assessments and grants, which are generally restricted in some way. The restrictions require accounting in separate funds, which include operating funds, project funds, debt service funds and trust funds.

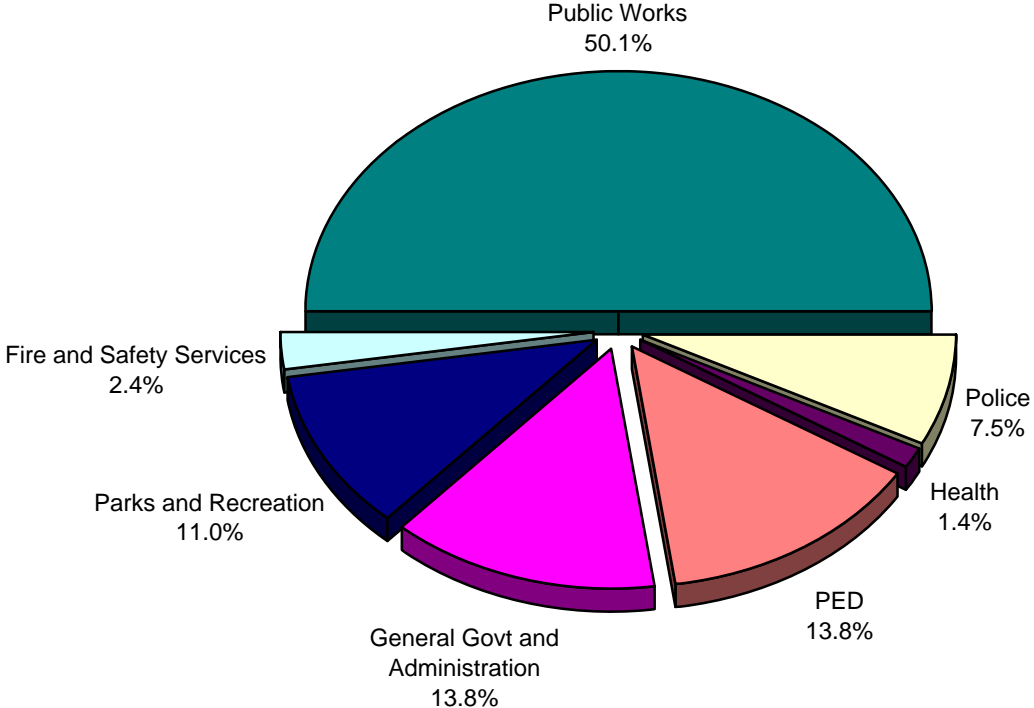
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\*\*Starting in 2011, the City Sales Tax (STAR) program, which was previously budgeted in the City's Capital Improvement Budget, will be budgeted in the Planning and Economic Development department's operating budget. The total 2010 budget for the program was \$15,926,666.

(a) In 2009, the Contract Analysis and RiverPrint components of the Office of Financial Services, the Equal Employment program in the Planning and Economic Development department, and the Human Rights department were merged to create the Human Rights and Equal Economic Opportunity (HREEO) department.

# Special Fund Budgets

## 2011 Adopted Budget



General Government and Administration includes the City Attorney's Office, Emergency Management, Financial Services, HREEO, Human Resources, Mayor's Office, Safety and Inspection, and Technology.

## Special Fund Budgets

Special Fund Spending (By Major Account)			
Object	2009* Actual	2010* Adopted Budget	2011 Adopted Budget
Employee Expense	70,143,733	83,064,106	84,900,080
Services	34,560,188	36,079,254	38,451,755
Materials and Supplies	19,576,879	25,694,034	24,432,354
Non Operating Expenditures	81,593,390	48,101,208	43,356,049
Debt Service	8,882,713	7,463,619	8,013,853
Capital Outlay	2,480,583	10,340,090	22,565,340
Miscellaneous	<u>35,753,540</u>	<u>32,193,109</u>	<u>37,375,724</u>
Total	252,991,026	242,935,420	259,095,156

Special Fund Financing (Revenue By Source)			
Source	2009* Actual	2010* Adopted Budget	2011 Adopted Budget
Use of/Contribution to Fund Balance	0	11,177,356	12,747,563
Non Operating Income	46,834,647	20,334,222	23,067,776
Taxes	15,418,947	165,000	16,820,368
License and Permits	1,708,173	1,863,297	1,963,943
Intergovernmental Revenue	31,190,693	35,208,891	29,205,932
Fees, Sales and Services	103,374,165	121,444,352	120,976,517
Assessments and Other Revenue Sources	<u>54,633,805</u>	<u>52,742,302</u>	<u>54,313,057</u>
Total	253,160,429	242,935,420	259,095,156

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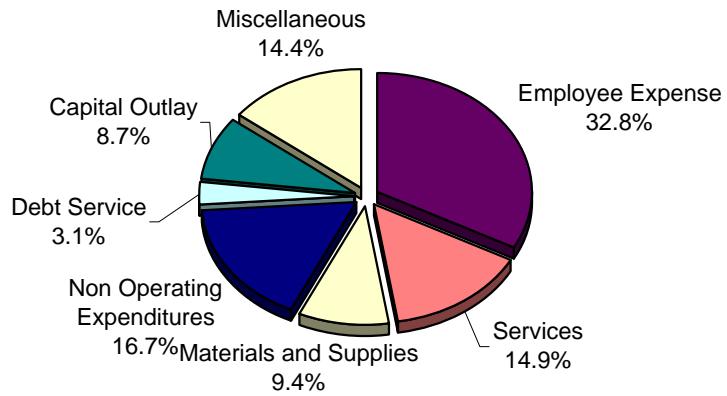
\*\*Starting in 2011, the City Sales Tax (STAR) program, which was previously budgeted in the City's Capital Improvement Budget, will be budgeted in the Planning and Economic Development department's operating budget. The total 2010 budget for the program was \$15,926,666.

Special fund budgets are designed to track revenues and expenditures for specific designated purposes. With some exceptions, special fund budgets are not supported by property taxes. Rather, special fund spending is supported by user fees, assessments and grants, which are generally restricted in some way. The restrictions require accounting in separate funds, which include operating funds, project funds, debt service funds and trust funds.

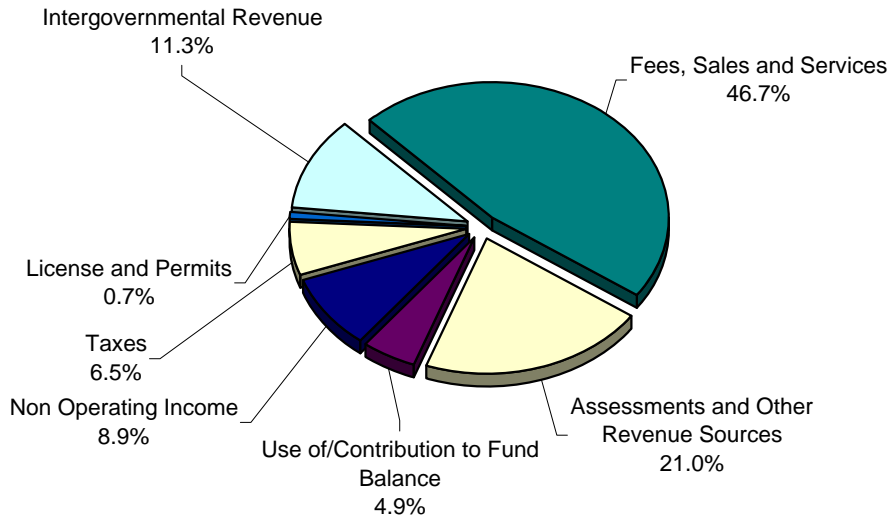


# Special Fund Budgets

## 2011 Spending By Major Object



## 2011 Revenue By Source





# **City Debt Service**

## Debt Service Funds

Debt Service Spending (By Major Account)			
Object	2009* Actual	2010* Adopted Budget	2011 Adopted Budget
Employee Expenses	311,116	333,933	370,301
Services	315,894	91,069	113,361
Materials and Supplies	21,225	18,170	18,170
Non Operating Expenditures	5,448,170	229,005	1,095,378
Debt Service	40,249,829	59,645,868	59,619,532
Other Misc Spending	288,200	0	0
Total	<u>46,634,433</u>	<u>60,318,045</u>	<u>61,216,741</u>

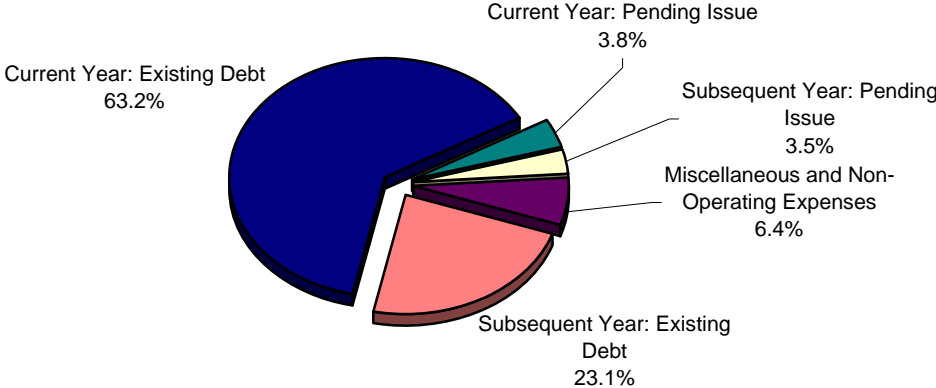
Debt Service Financing (Revenue By Source)			
Source	2009* Actual	2010* Adopted Budget	2011 Adopted Budget
Use of Fund Balance	0	19,015,512	20,273,280
Non Operating Income	21,310,663	19,024,242	13,661,344
Taxes	10,240,524	9,290,873	12,929,144
Intergovernmental Revenue	479,950	676,546	762,626
Fees, Sales and Services	256,248	80,000	80,000
Assessments and Other Revenue Sources	11,129,886	12,230,872	13,510,347
Total	<u>43,417,271</u>	<u>60,318,045</u>	<u>61,216,741</u>

\* In 2011, the City of Saint Paul moved to a new Chart of Accounts. Previous years' data is reported as if the new chart had been in place in 2009 and 2010.

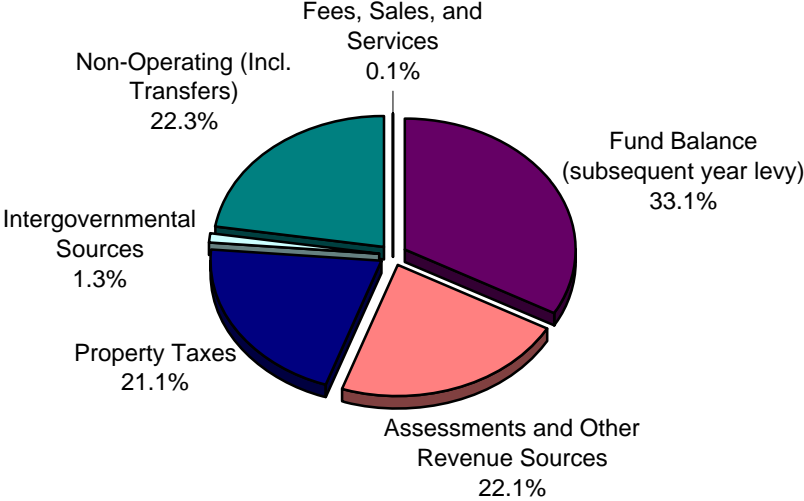
The city's general debt service budget provides for the principal and interest payments on its general obligation bond issues. The budget consists of two sets of appropriations: 1) an amount needed to meet the budget year debt service obligations, and 2) an amount needed to meet the obligations of the first half of the following year. Therefore, the amount appropriated for general debt service exceeds the amount actually spent in the budget year. This additional amount remains in fund balance to use as a financing source for the subsequent year's debt service payments. While complicated, this budget structure solves a cash flow problem for the city. The city receives state aids and property taxes mid-year and at the end of the year. If the city did not budget for subsequent year debt service payments, it would lack the cash to make the debt service payments due before the city receives its major cash infusions each year.

# Debt Service Funds

## 2011 Spending by Major Category



## 2011 Financing by Major Source



## General Obligation Debt

<b>Allocation of Revenue to Type of Debt</b>							
as of December 2010							
	Property Tax Levy	Water and Sewer Charges	Assessments	Tax Increments	Parking Revenue	Self Supporting Total	Total
Capital Improvements	69,685,000						69,685,000
Library Bonds	15,180,000						15,180,000
Street Improvements	41,514,291		23,530,709			23,530,709	65,045,000
Public Safety Bonds	24,430,000						24,430,000
DSI GO Note	797,127						797,127
COMET Bonds	14,235,000						14,235,000
Tax Increment:							
Riverfront Development				2,510,000		2,510,000	2,510,000
Midway Marketplace				3,280,000		3,280,000	3,280,000
Lawson TI Refunding Bonds				7,360,000	20,695,000	28,055,000	28,055,000
Koch Mobil				2,670,000		2,670,000	2,670,000
Water Pollution Abatement						-	-
Sewer Loan (PFA *)		10,926,579				10,926,579	10,926,579
Water Loan (PFA*)		1,662,810				1,662,810	1,662,810
<b>TOTAL</b>	<b>165,841,418</b>	<b>12,589,389</b>	<b>23,530,709</b>	<b>15,820,000</b>	<b>20,695,000</b>	<b>72,635,098</b>	<b>238,476,516</b>
Percent of Total	69.5%	5.3%	9.9%	6.6%	8.7%	30.5%	100.0%

\* PFA is the Public Facilities Authority.

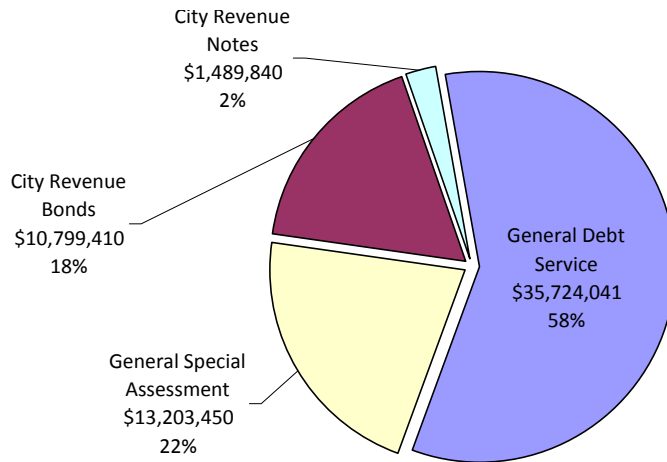
**2011 Adopted Budget  
Debt Service**

**Department Description:**

The Debt Section of the Office of Financial Services sells City debt instruments at the lowest possible cost, manages existing City's debt, researches and implements alternative financing scenarios to ensure savings and manages all facets of the bond sale process. Staff also periodically reviews financing alternatives for major capital projects and works with other City staff to make sure elected officials are aware of all options for financing various projects, including the costs and benefits associated with each.

**Department Facts**

**Debt Composition**



**Department Goals**

- Develop and implement financing alternatives for the City
- Sell City debt instruments at the lowest borrowing cost
- Ensure accurate and timely post-sale debt portfolio management
- Identify and utilize new public finance tools created by the American Recovery and Reinvestment Act

**Recent Accomplishments**

- Maintained the City's AAA from Standard and Poor's while being upgraded to Aa1 by Moody's.
- Refinanced five parking revenue bonds and four parking revenue notes.
- Coordinated the issuance of bonds to finance the Payne/Maryland and Como/Highland Pool Facilities using the combination of Recovery Zone Bonds and Build America Bonds.
- Successfully sold 2010 General Obligation Capital Improvement, Capital Improvement Refunding, Street Improvement, Koch Mobile TIF, Sewer Revenue bonds, Water Revenue notes, and Police and Fire Vehicle Leases.
- Worked with the state Legislature to pass the Jobs Bill.
- Timely and accurately paid existing debt and compiled arbitrage regulations and disclosure requirements.

- Total Debt Budget: \$ 61,216,741
- Total FTEs: 3.3
- AAA bond rating from Standard & Poor's
- Aa1 bond rating from Moody's
- 80% of general obligation debt is retired in 10 years; nearly 100% in 20 years.
- "Strong" financial management rating from Standard & Poor's.

**CITY OF SAINT PAUL**  
**Department Budget Summary**

Department: DEBT SERVICES

Budget Year: 2011

		2008 Actuals	2009 Actuals	2010 Adopted	2011 Adopted	Change From 2010 Adopted
<b>Spending by Fund</b>						
3100	CITY DEBT	40,495,094	112,582,253	60,318,045	61,216,741	898,696
<b>TOTAL SPENDING BY FUND</b>		<b>40,495,094</b>	<b>112,582,253</b>	<b>60,318,045</b>	<b>61,216,741</b>	<b>898,696</b>
<b>Spending by Major Account</b>						
	EMPLOYEE EXPENSE	200,115	311,116	333,933	370,301	36,368
	SERVICES	33,799	315,894	91,069	113,361	22,292
	MATERIALS AND SUPPLIES	18,989	21,225	18,170	18,170	-
	OTHER MISCELLANEOUS	-	288,200	-	-	-
	DEBT SERVICE	36,982,156	40,249,829	59,645,868	59,619,532	(26,337)
	NON OPERATING EXPENSE	3,260,035	71,395,990	229,005	1,095,378	866,373
<b>TOTAL SPENDING BY MAJOR ACCOUNT</b>		<b>40,495,094</b>	<b>112,582,253</b>	<b>60,318,045</b>	<b>61,216,741</b>	<b>898,696</b>
<b>Financing by Major Account</b>						
DEBT FUND REVENUES						
	TAXES	7,770,829	10,240,524	9,290,873	12,929,144	3,638,271
	INTERGOVERNMENTAL REVENUE	299,257	479,950	676,546	762,626	86,080
	FEES SALES AND SERVICES	102,234	256,248	80,000	80,000	-
	ASSESSMENT	3,003,331	2,918,062	3,391,115	4,088,705	697,590
	INVESTMENT INCOME	1,845,733	992,023	262,035	327,035	65,000
	INTEREST EARNED OTHER	-	52,995	-	-	-
	MISCELLANEOUS REVENUE	7,104,042	7,166,806	8,577,722	9,094,607	516,885
	OTHER FINANCING SOURCE NON OPERATING INCOME	18,404,501	89,653,483	19,024,242	13,661,344	(5,362,898)
	BUDGET ADJUSTMENTS	-	-	19,015,512	20,273,280	1,257,768
<b>TOTAL FINANCING BY MAJOR ACCOUNT</b>		<b>38,529,927</b>	<b>111,760,091</b>	<b>60,318,045</b>	<b>61,216,741</b>	<b>898,696</b>



# **Major General Fund Revenues**

# Property Taxes

Property tax revenues account for 33% of general fund revenue. In any given year several factors affect how much an individual property owner pays in city property taxes, including the following:

- City spending and financing needs.
- Size of the tax base.
- Composition of the tax base.

## City Spending and Financing Needs

Property tax is the primary revenue source that the Mayor and City Council control. The state establishes guidelines by which property taxes are administered, including how the tax burden is spread among different types of properties, but local elected officials have discretion over how much total property tax revenue to collect. As a result, city spending pressures and the availability of other funding, like state aid and local fees, often dictate the size of the property tax levy in any given year.

<b>Minnesota Property Tax Class Rates</b> <i>Payable in 2011</i>	
<b>Property Type</b>	<b>Class Rate</b>
Residential Homestead	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Residential Non-Homestead	
Single Unit	
Up to \$500,000	1.00%
Over \$500,000	1.25%
2-3 Unit	1.25%
Apartments (4 or more units)	1.25%
Commercial/Industrial	
Up to \$150,000	1.50%
Over \$150,000	2.00%

## Property Tax Base

The size of the property tax base is a function of taxable market value and the composition of the tax base. Yearly changes in market values are attributable to many factors, the most important of which is the demand for both residential and commercial property. As property values change, the size of the tax base also changes proportionately. A larger base allows for a broader distribution of the tax burden, which results in a lower tax rate.

## Tax Base and Class Rates

The composition of the tax base determines the relative distribution of the tax levy among taxpayers. The State of Minnesota sets a class rate system which allocates different shares of property tax burden based on the use of a property (see chart). Apartments, residential homes, and commercial/industrial properties all have a different class rate. A higher class rate will result in a relatively higher share of tax capacity. Based on the class rate structure, one dollar of commercial/industrial property value has a greater relative tax capacity than one dollar of residential property value.

<b>St. Paul Taxable Market Value</b>	
Payable in 2009	\$22,776,772,200
Payable in 2010	\$21,482,001,200
Payable in 2011 (proj.)	\$20,086,311,500

<b>St. Paul Net Tax Capacity</b>	
Payable in 2009	\$ 279,536,007
Payable in 2010	\$ 265,145,261
Payable in 2011 (proj.)	\$ 247,786,317

# Property Taxes

## 2011 Adopted Budget and Levy

The 2011 City levy is \$94.6 million, which is unchanged from 2010. Of the proposed levy, \$92.5 million will fund city activities. \$65.1 million will go to the City's general fund, \$9.8 million for debt service, and \$17.6 million will fund the St. Paul Public Library Agency. The City also levies taxes on behalf of the St. Paul Port Authority, whose 2011 levy is \$2.1 million.

## Tax Dollars and the Services They Buy

Taxpayers often wonder what happens to the property taxes they pay. Here is an example for a typical home in Saint Paul in 2011:

The property tax bill is a combined statement covering the City of Saint Paul, School District 625, Ramsey County, and other "special taxing districts" such as the Metropolitan Council and local watershed districts. In 2011, a home with a taxable value of \$155,500 had a total property tax bill of \$2,082.

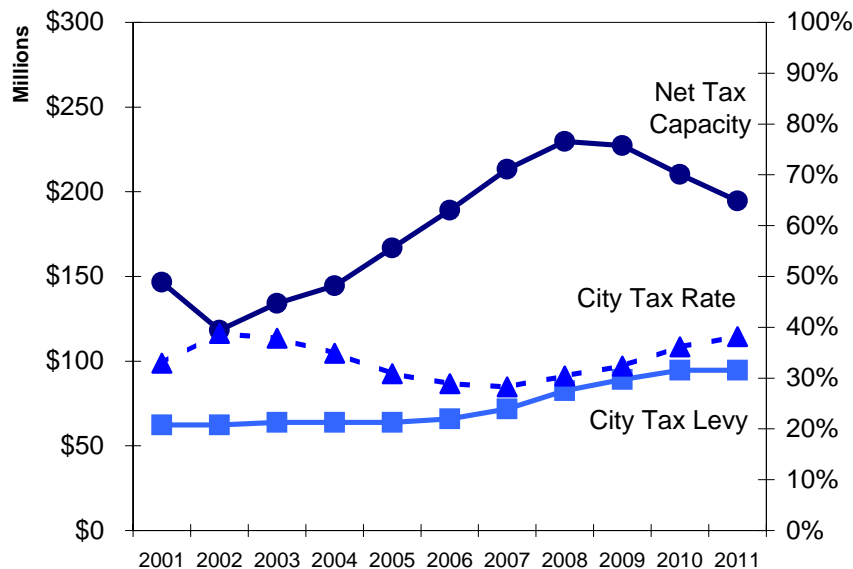
Of the total property tax bill, the single largest share goes to the county and then to the school district. The City receives about 25% of the total tax payment – \$527 in this example.

For this particular home, the property tax payment of \$527 to the City of St. Paul would break down to the following amounts:

- \$155 per year for police services
- \$108 per year for fire and emergency medical services
- \$53 per year to operate and maintain the park and recreation system
- \$33 per year to operate and buy materials for the Saint Paul Public Libraries
- \$59 per year for capital debt service—the cost of building new libraries, recreation centers and playgrounds, and street construction

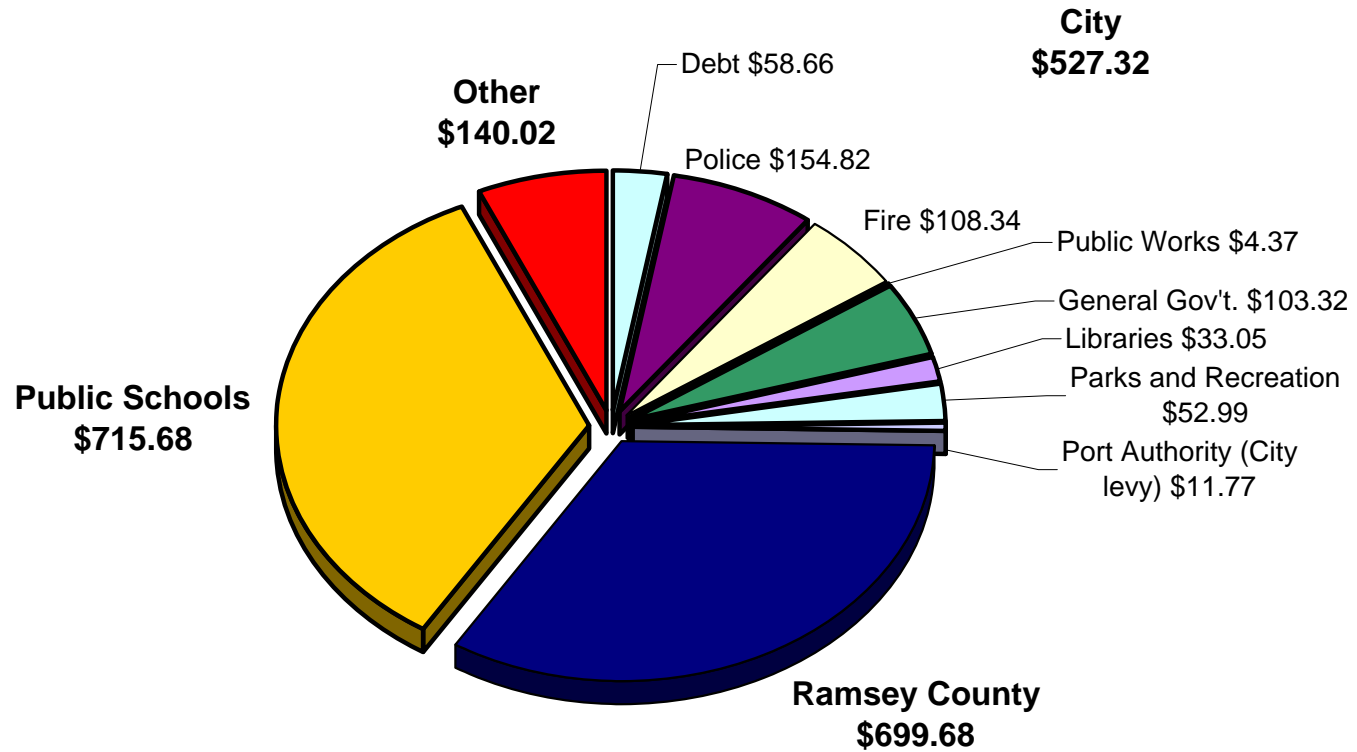
Property taxes cover only a small part of the total cost of services. In total, property taxes supply only about 13% of the City's total revenue and cover about 33% of the general fund budget. In comparison, the City's total adopted 2011 property tax levy for all purposes—approximately \$94.6 million—is less than the \$97.5 million total operating budget of the Police Department.

**City of St. Paul Property Tax Levy, Tax Rates and Net Tax Capacity, 2001-2011**



# Estimated 2011 Saint Paul Property Taxes

2011 Final Tax Rates Applied to a Typical Home Valued at \$155,500



# Local Government Aid (LGA)

Local Government Aid was initiated in 1971 as part of the “Minnesota Miracle”, and was intended to provide property tax relief to Minnesota cities. The state provides Local Government Aid to cities throughout Minnesota based on a “need/capacity” formula that compares each city’s tax base to an estimated level of spending needs based on local conditions. Cities which will not have enough local revenue capacity to meet their spending needs under this formula receive Local Government Aid.

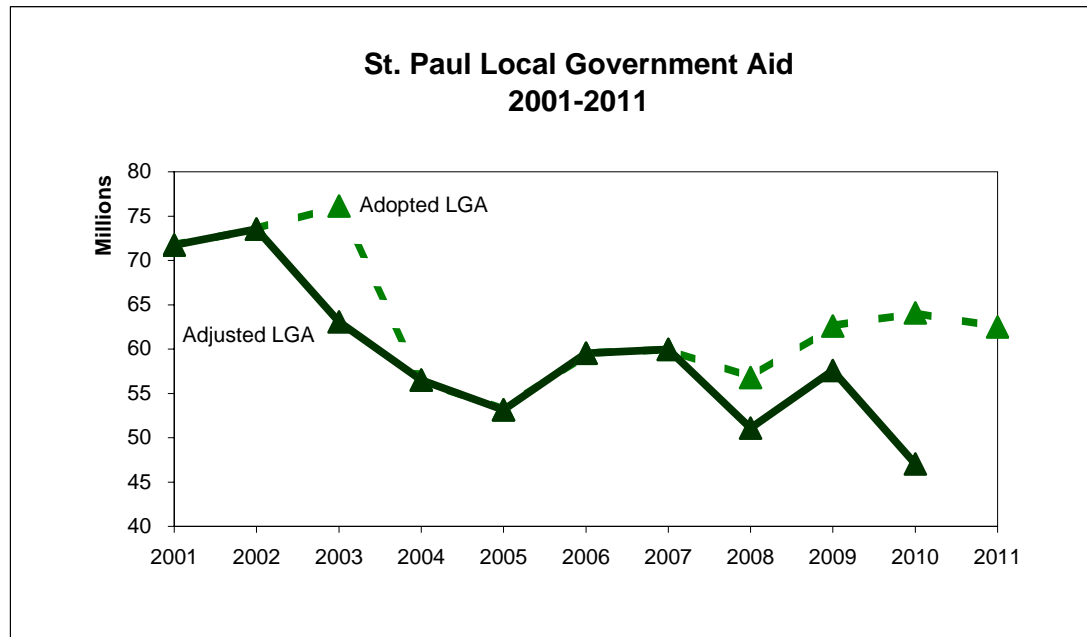
For many years, LGA was adjusted annually based on inflationary growth. In 2003, the Governor and Legislature approved changes to the funding formula and levels that greatly reduced St. Paul’s LGA. Additionally, the Legislature enacted a mid-year LGA adjustment in 2003 to address the state budget shortfall that year. This adjustment reduced St. Paul’s previously certified LGA funding by \$13 million.

LGA has continued to remain a volatile revenue source since 2003. In addition to certified appropriation cuts during the legislative session, LGA has been reduced midyear in 2008, 2009 and 2010. Saint Paul’s certified LGA for 2011 is near the level originally appropriated in 2009.

St. Paul Local Government Aid 2001-2011		
	LGA Funding	Change
2001	71,739,170	
2002	73,554,056	2.5%
2003	76,129,865	3.5%
2003*	63,082,166	-14.2%
2004	56,488,168	-10.5%
2005	53,151,835	-5.9%
2006	59,544,561	12.0%
2007	59,961,201	0.7%
2008	56,781,644	-5.3%
2008*	51,092,991	-10.0%
2009	62,600,018	22.5%
2009*	57,569,445	-8.0%
2010	64,079,116	11.3%
2010**	47,030,727	-26.6%
2011	62,505,032	32.9%

\*Adjusted LGA revenues

\*\*2010 adjusted LGA includes the reduction in Market Value Homestead Credit



# Franchise Fees

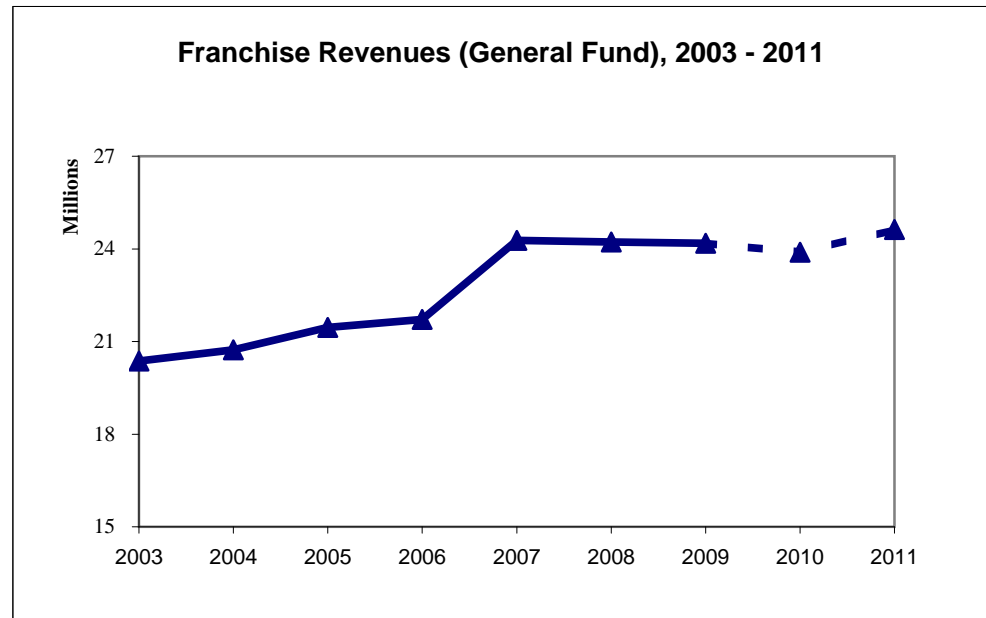
Utilities pay the City of St. Paul a fee for use of City streets and right-of-ways in delivering services to the citizens and businesses of St. Paul. This fee represents usage charges for City-owned assets that utilities may use or disrupt in the process of constructing, installing, and maintaining their distribution and delivery systems.

Under state law, utilities may pass on their fees to utility customers on monthly bills. For each utility, the franchise fee is based on a negotiated formula adopted by City Council ordinance. Most of this revenue goes to the General Fund, but some franchise revenue supports debt service or specific City programs.

## St. Paul Franchise Agreements for 2011:

- **Xcel Energy** supplies natural gas and electrical service to St. Paul homes and businesses.
- **Comcast** provides cable television to St. Paul homes and businesses.
- **District Cooling**, part of District Energy, supplies cooled water for air conditioning in most of downtown St. Paul.
- **District Energy** provides heat to much of downtown St. Paul and electricity to Xcel Energy.
- **Empire Builder** is the heating and cooling utility serving the Empire Builder development north of downtown St. Paul.

	Budget	Actual	
<b>2003</b>	18,344,184	20,363,250	111.0%
<b>2004</b>	18,640,603	20,734,091	111.2%
<b>2005</b>	18,720,511	21,453,093	114.6%
<b>2006</b>	19,059,867	21,719,071	114.0%
<b>2007</b>	21,418,043	24,274,128	113.3%
<b>2008</b>	21,595,500	24,224,292	112.2%
<b>2009</b>	22,158,299	24,184,937	109.1%
<b>Adopted 2010</b>	23,893,730	-	-
<b>Adopted 2011</b>	24,629,518	-	-

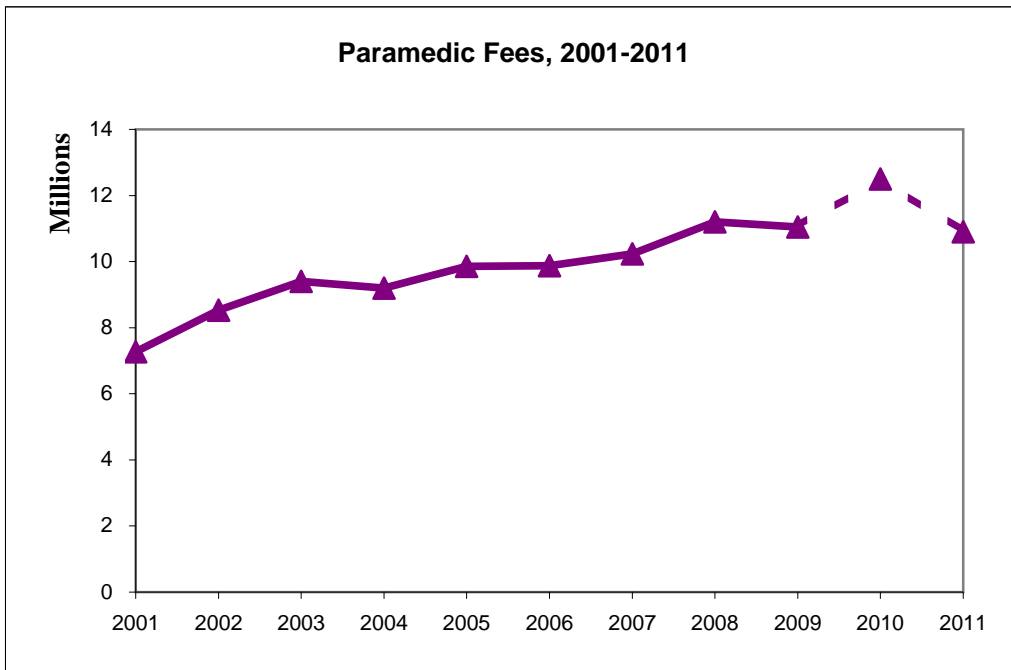


# Paramedic Fees

The St. Paul Fire Department's paramedics and emergency medical technicians respond to nearly 27,000 emergency calls each year. Most of their calls require ambulance trips to hospitals from fires, accidents or other incidents. For these transportation and life support services, the Fire Department charges a series of fees. Most of these fees are paid through insurance, and are based on the prices of private providers and other municipalities. Medicare and Medicaid reimburse for paramedic services at a fixed rate below that of most providers, which can reduce the collected fee per run.

St. Paul is one of the few paramedic services not charging additional fees for high-level Advanced Life Support (ALS-2) services, including assisted breathing and other crucial life support functions. St. Paul also has one of the Metro area's lowest treatment fees for individuals who are treated and released at the scene of an incident.

Paramedic fees support the General Fund, which also supports the majority of spending on Fire and Safety Services.



	Budget	Actual	
<b>2001</b>	6,540,000	7,274,858	111.2%
<b>2002</b>	7,339,000	8,530,288	116.2%
<b>2003</b>	9,563,455	9,402,844	98.3%
<b>2004</b>	9,926,767	9,200,000	92.7%
<b>2005</b>	10,655,407	9,856,956	92.5%
<b>2006</b>	10,200,000	9,876,413	96.8%
<b>2007</b>	11,835,896	10,236,954	86.5%
<b>2008</b>	10,641,856	11,199,523	105.2%
<b>2009</b>	12,530,936	11,045,682	88.1%
<b>Adopted 2010</b>	12,498,551	N/A	-
<b>Adopted 2011</b>	10,900,000	N/A	-

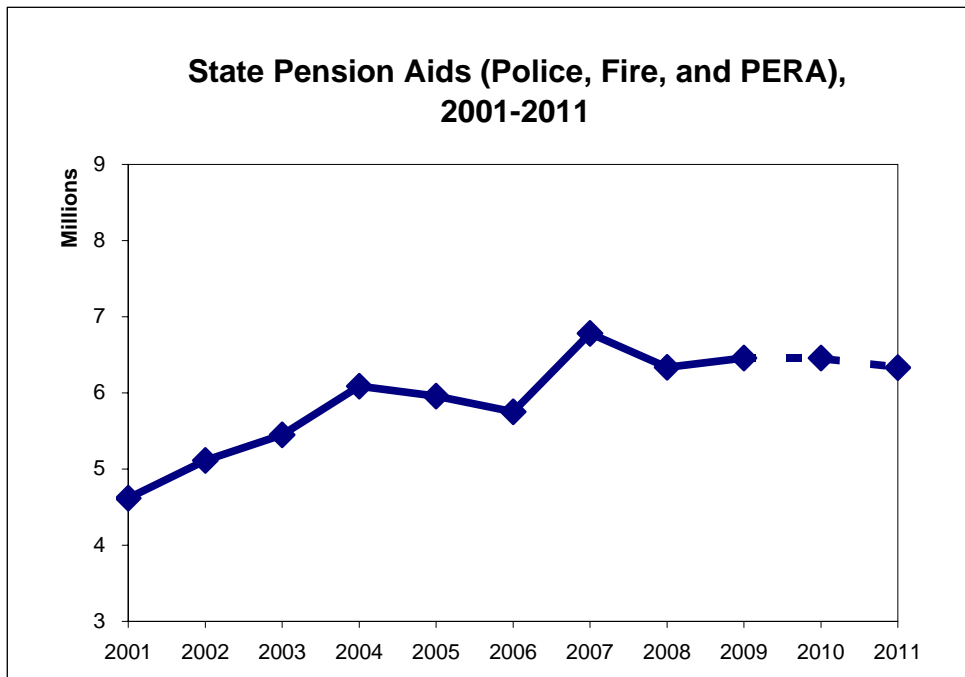
# State Pension Aids

The state distributes aid to Police and Fire retirement programs in counties and municipalities based on fire and auto insurance premiums collected in the state. Taxes paid by insurers on those premiums are used to supplement police and fire pension contributions. St. Paul receives aid for Police and Fire pensions based on a number of factors:

- the number of full-time firefighters and sworn police officers St. Paul employs
- the uncovered liabilities (if any) of the police and fire pension funds
- the premiums collected by insurance companies in Minnesota

Only fire and auto insurance premiums are used to calculate pension aid.

State aid is also given to support PERA, the pension fund that includes non-public safety City employees. The vast majority (91%) of state pension aid goes to support Police and Fire pensions. In 2011, pension aids are budgeted to remain fairly stable at \$6.3 million.



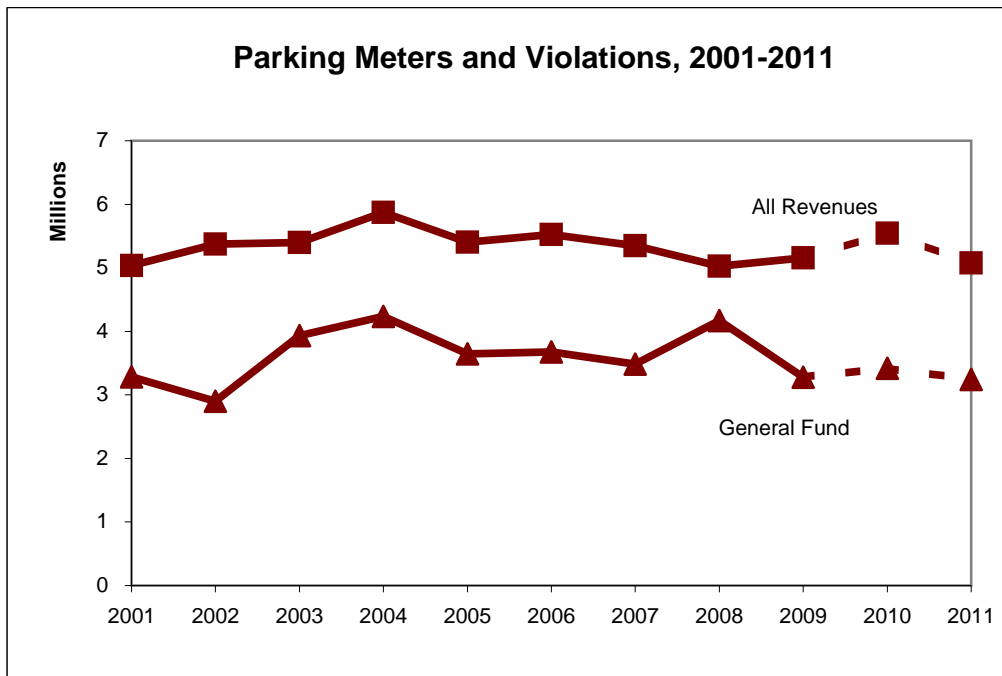
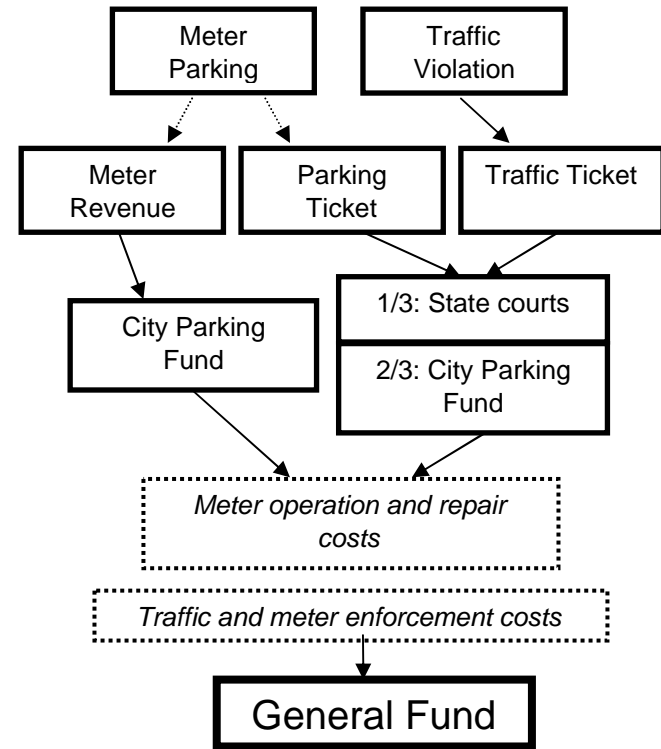
	Budget	Actual	
<b>2001</b>	4,945,633	4,618,796	93.4%
<b>2002</b>	5,170,633	5,111,382	98.9%
<b>2003</b>	5,020,472	5,447,696	108.5%
<b>2004</b>	5,017,512	6,086,374	121.3%
<b>2005</b>	5,303,198	5,957,264	112.3%
<b>2006</b>	6,186,094	5,753,112	93.0%
<b>2007</b>	5,957,264	6,780,409	113.8%
<b>2008</b>	6,736,230	6,335,966	94.1%
<b>2009</b>	6,250,691	6,459,128	103.3%
<b>Adopted 2010</b>	6,459,128	N/A	-
<b>Adopted 2011</b>	6,333,132	N/A	-



# Parking Meters and Fines

The City operates over 1,000 parking meters in areas around St. Paul, and St. Paul Police enforce both parking rules and the state's traffic laws on St. Paul streets and highways. Meter payments are collected by a contracted vendor on behalf of the City, and fines are collected through the state court system. The courts retain 1/3 of the revenue to cover costs, and the remainder is transferred to the City.

Parking revenues are collected by the Department of Public Works, and a portion is retained to cover costs of meter collection and maintenance and police parking enforcement. The remainder is used as a General Fund resource. The flow chart at right illustrates the movement of revenues from collection to the General Fund.



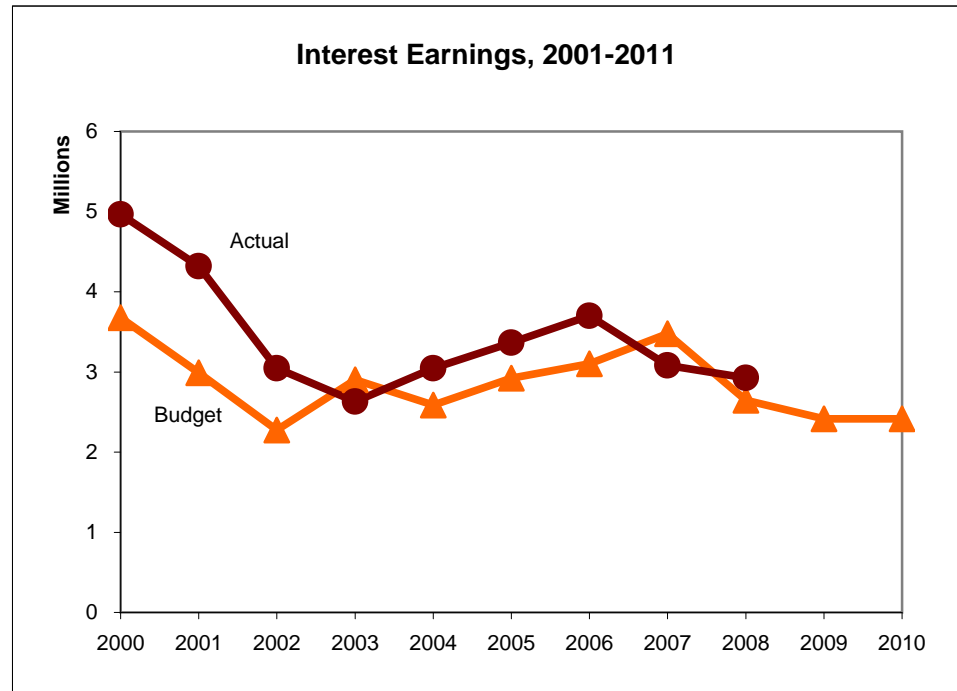
	Budget	Actual	
2001	3,869,950	3,282,280	84.8%
2002	3,868,494	2,900,191	75.0%
2003	3,928,286	3,934,738	100.2%
2004	3,884,407	4,234,327	109.0%
2005	3,901,394	3,644,042	93.4%
2006	3,678,231	3,678,231	100.0%
2007	3,484,043	3,484,043	100.0%
2008	4,170,320	4,170,320	100.0%
2009	3,278,907	3,278,907	100.0%
Adopted 2010	3,418,835	N/A	-
Adopted 2011	3,245,483	N/A	-

# Interest Earnings

The City's investment pool earns annual returns based on two key factors: the investment balance of the pool (total amount invested), and the performance of the market. Interest earnings in certain Special Funds have also been awarded to the General Fund in past years.

The City's Investment Policy sets guidelines and restrictions on investments based on the duration of those investments and their relative risk. Investment objectives are **safety, liquidity, return, and loss avoidance**. The investment pool is currently invested in compliance with the City's Investment Policy and State statutes. State law restricts the types of securities municipal governments may invest in.

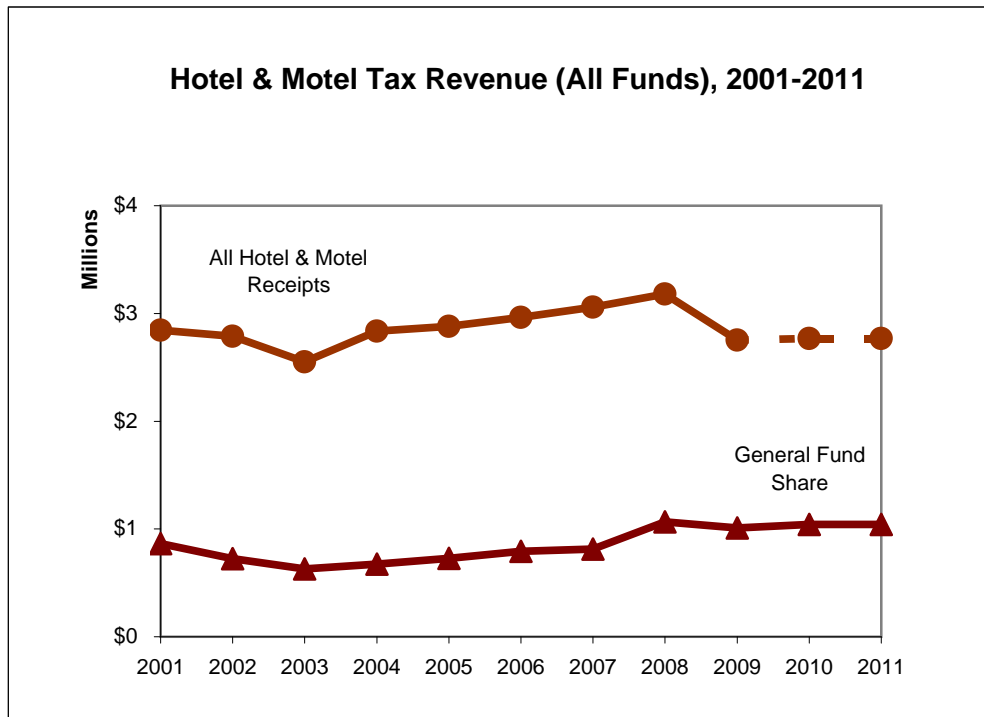
	Budget	Actual	
<b>2001</b>	3,675,000	4,965,250	135.1%
<b>2002</b>	2,991,274	4,319,715	144.4%
<b>2003</b>	2,275,000	3,047,557	134.0%
<b>2004</b>	2,901,500	2,632,212	90.7%
<b>2005</b>	2,587,865	3,046,535	117.7%
<b>2006</b>	2,923,500	3,366,431	115.2%
<b>2007</b>	3,100,000	3,700,995	119.4%
<b>2008</b>	3,477,000	3,083,717	88.7%
<b>2009</b>	2,646,534	2,924,892	110.5%
<b>Adopted 2010</b>	2,415,034	N/A	-
<b>Adopted 2011</b>	2,415,034	N/A	-



# Hotel & Motel Tax

The City charges a 6% tax on all room charges in St. Paul, in addition to the state sales tax. For hotels and motels under 50 rooms, the tax is 3%. The tax rate is set by state law.

The receipts from the hotel and motel tax are divided among the City's General and Debt Service Funds as well as the RiverCentre Convention and Visitors Bureau and other City promotional efforts. Most of the revenue from the Hotel & Motel Tax is spent on efforts to promote the City as a destination for conventions and tourism, and to pay debt on visitor destinations like the RiverCentre. Of the 6% tax, roughly 1.65% goes to the General Fund to support City operations.



	General Fund Budget	General Fund Actual	
<b>2001</b>	786,296	863,568	109.8%
<b>2002</b>	839,198	725,949	86.5%
<b>2003</b>	668,700	629,440	94.1%
<b>2004</b>	609,080	673,208	110.5%
<b>2005</b>	734,900	726,526	98.9%
<b>2006</b>	762,760	794,072	104.1%
<b>2007</b>	850,700	815,041	95.8%
<b>2008</b>	1,102,760	1,065,381	96.6%
<b>2009</b>	1,100,000	1,009,590	91.8%
<b>Adopted 2010</b>	1,043,400	N/A	-
<b>Adopted 2011</b>	1,043,400	N/A	-



## Glossary – Continued

*Special Revenue Fund:* A fund established to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, and capital projects) that are legally restricted to expenditures for specified functions or activities.

*Spending Plan:* Provides a unit or subunit of an organization with spending authority to pay for the resources required to effectively accomplish the performance plan.

*STAR:* Acronym for sales tax revitalization program. This is also referred to sometimes as cultural sales tax revenue.

*State Aids:* The following are the major types of intergovernmental revenues received by the City of Saint Paul from the State of Minnesota:

*Local Government Aid (LGA):* Begun in 1971, this program was designed to provide indirect property tax relief through the redistribution of income tax and sales tax revenues collected at the state level to local units of government. The amount of funding received by local units of government is based on a distribution formula determined by the Minnesota State Legislature. The distribution formula is based on "need" as well as "capacity". The 2001 State Legislature rolled the Homestead and Agricultural Credit Aid into Local Government Aid.

*Market Value Homestead Credit (MVHC).* The MVHC program reduces the property tax owed on a homestead property by 0.4% of the homestead's market value, up to a maximum per property of \$304. The maximum credit of \$304 occurs at a market value of \$76,000. For homesteads with market values over \$76,000, the credit is reduced by 0.09% of the excess market value. Homesteads with market value of \$413,778 and higher do not receive any credit. On each homeowner's property tax bill, the market value homestead credit is allocated to the local taxing districts according to the share of the total tax rate that each taxing district represents.

*Municipal State Aids (MSA).* This program is financed by motor vehicle related taxes collected at the state level. The state gasoline tax is the largest revenue source and the dollars collected are constitutionally dedicated for expenses related to MSA routes. The revenues are redistributed back to municipalities of 5,000 or more residents to be used for construction and maintenance of their MSA designated routes.

*Tax Increment District:* A tax increment district is a designated geographical area where a city is undertaking redevelopment or development activity. Any increase in assessed valuation due to new development activity is captured by the district. Property taxes levied against those captured values are used to finance the public improvement costs incurred to induce the private development activity. Public improvement costs can be financed by issuing bonds or by a pay-as-you-go plan.