

City Debt Service

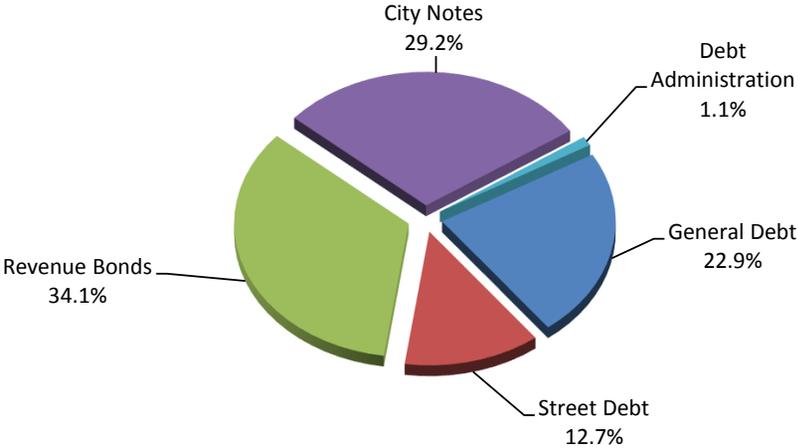
Debt Service Funds

Debt Service Spending (By Major Account)			
Object	2016 Actual	2017 Adopted Budget	2018 Mayor's Proposed
Salaries	145,651	200,653	234,346
Fringes	47,970	65,204	74,084
Services	189,969	226,897	238,294
Materials and Supplies	2,615	18,169	18,169
Additional Expenses	3,302,892	2,300,000	2,300,000
Debt Service	63,980,518	59,194,846	58,744,993
Other Spending Uses	<u>21,373,137</u>	<u>67,034,871</u>	<u>71,053,074</u>
Debt Service Fund Subtotal	89,042,752	129,040,639	132,662,961
Less Intrafund Transfers		<u>(52,254,625)</u>	<u>(54,773,562)</u>
Total		76,786,014	77,889,399
Debt Service Financing (Revenue By Source)			
Source	2016 Actual	2017 Adopted Budget	2018 Mayor's Budget
Use of Fund Balance	0	15,630,709	16,595,503
Taxes	12,269,480	13,418,242	13,769,383
Assessments	4,231,111	3,400,000	3,485,000
Fees, Sales and Services	143,776	50,000	100,000
Intergovernmental Revenue	3,141,587	3,163,923	3,157,081
Interest	470,505	1,196,045	973,598
Miscellaneous Revenue	8,986,655	8,561,417	8,604,488
Other Financing Sources	<u>71,722,393</u>	<u>83,620,303</u>	<u>85,977,909</u>
Debt Service Fund Subtotal	100,965,507	129,040,639	132,662,961
Less Intrafund Transfers		<u>(52,254,625)</u>	<u>(54,773,562)</u>
Total		76,786,014	77,889,399

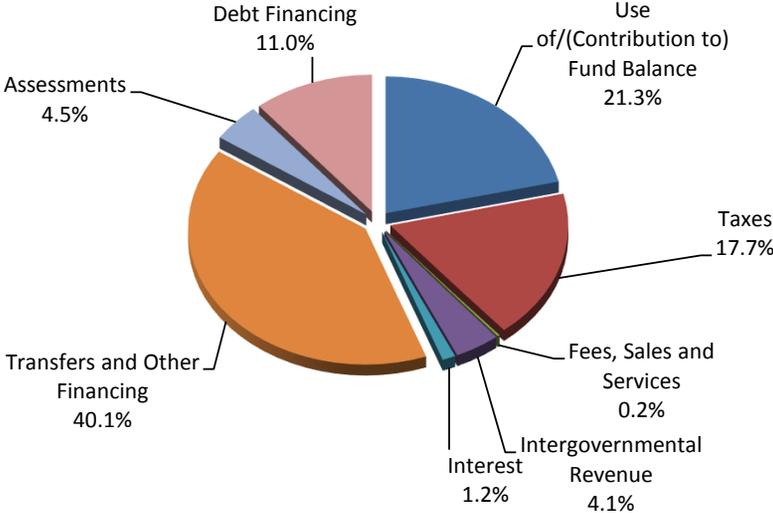
The City's general debt service budget provides for the principal and interest payments on its general obligation bond issues. The budget consists of two sets of appropriations: 1) an amount needed to meet the budget year debt service obligations, and 2) an amount needed to meet the obligations of the 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

2018 Spending by Major Category



2018 Financing by Major Source



The charts above show spending and financing in the debt service fund net of intrafund transfers.

Allocation of Outstanding Debt by Type

As of April 6, 2017

General Obligation Debt

General Obligation Tax Levy	\$ 133,546,012
General Obligation Levy (Library)	14,880,000
General Obligation Special Assessment	97,195,000
General Obligation Tax Increment	26,565,000
General Obligation Utility Revenue	3,877,261
	\$ 276,063,273

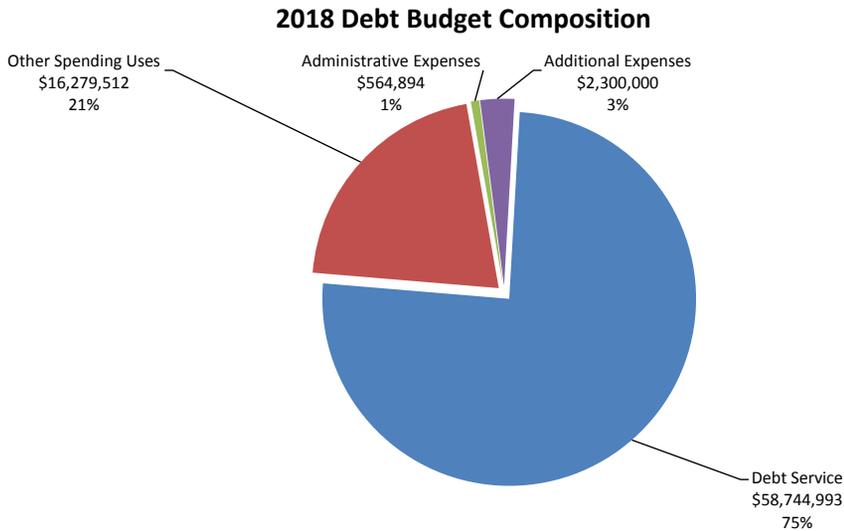
Revenue Debt

Lease Appropriation	\$ 11,636,306
Water Revenue	38,139,000
Sewer Revenue	83,040,000
Sales Tax	101,000,000
	\$ 233,815,306

**2018 Proposed Budget
Debt Service**

Department Description:

The Debt Management section of the Office of Financial Services sells debt instruments at the lowest possible cost, manages the City's existing debt, researches and implements alternative financing scenarios for major capital projects to ensure savings, and facilitates all facets of the bond sale and post-sale compliance processes. Staff work with other City personnel to ensure elected officials are aware of all options for financing various projects, including the costs and benefits associated with each.



- Total City Debt Budget: \$77,889,399
- Total FTEs: 2.45
- AAA bond rating from Standard & Poor's and Fitch Ratings.
- "Very Strong" financial management rating from Standard & Poor's.
- More than 70% of general obligation debt is retired in 10 years; nearly 100% in 20 years.

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.
- Increase transparency about the City's debt obligations.

Recent Accomplishments

- Saint Paul is one of only 215 municipalities nationally with a AAA bond rating.
- OFS manages a \$510 million debt portfolio consisting of general obligation and revenue bonds.
- Successfully sold general obligation bonds, "green" sewer revenue bonds, and general obligation notes totaling roughly \$39.5 million in 2016, utilizing various financing tools.
- Refinanced more than \$75 million of sewer revenue, general obligation and sales tax revenue bonds generating an estimated total of \$6 million present value savings.
- Accurately paid existing debt on time and in full and complied with ongoing disclosure and arbitrage requirements in a newly regulated market.
- Launched a new investor relations website: <https://www.stpaulbonds.com>.