

CITY OF ST. CLOUD, MINNESOTA

**Debt Service Funds
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CITY OF ST. CLOUD, MINNESOTA

Debt Service Funds Descriptions

The Debt Service Funds maintained by the City of St. Cloud are detailed in the following categories:

1. **General Obligation Bonds**

\$37,010,000 General Obligation Public Safety Facilities Bonds, Series 2008A

This fund was established for the purpose of financing the construction of a new police station and a new fire station.

2. **General Obligation Tax Increment Bonds**

\$410,000 General Obligation Tax Increment Bonds, Series 1996C

This fund was established for the purpose of financing public redevelopment costs within various downtown tax increment districts.

\$3,545,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 1997B

This fund was established for the purpose of advance refunding of the Taxable General Obligation Tax Increment Bonds, Series 1987, Series 1988 and Series 1989.

\$1,970,000 General Obligation Tax Increment Bonds, Series 2001D

This fund was established for the purpose of financing the construction of public improvements within Tax Increment District Number 42 for Westwood Planned Unit Development.

\$805,000 General Obligation Tax Increment Bonds, Series 2003A

This fund was established for the purpose of financing the construction of public improvements for a single-family housing development in the Westwood Tax Increment Financing District.

\$940,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2003B

This fund was established for the purpose of an advance refunding of the General Obligation Tax Increment Bonds, Series 1993D and Series 1995B.

CITY OF ST. CLOUD, MINNESOTA

Debt Service Funds Descriptions (Continued)

3. General Obligation Improvement Bonds

The General Obligation Improvement Bonds were issued in accordance with the provisions of Minnesota Statute, Chapter 475 and Chapter 429. The bonds are general obligations of the City for which its full faith and credit and unlimited taxing power is pledged. The Improvement Bonds are payable from special assessments levied against benefited property, utility revenues and general property tax levies. All of the following Improvement Bond Funds were established to account for the bonds issued to finance the various improvements such as water, sanitary sewer, storm sewer, street improvements and sidewalk improvements. A minimum of 20 percent of the project costs for the Improvement Bond Funds were assessed to benefited property.

\$8,950,000 General Obligation Infrastructure Management Bonds, Series 1999A

\$8,540,000 General Obligation Infrastructure Management Bonds, Series 2000A

\$11,805,000 General Obligation Infrastructure Management Bonds, Series 2001B

\$10,095,000 General Obligation Infrastructure Management Bonds, Series 2002A

\$21,380,000 General Obligation Variable Rate Infrastructure Management Bonds, Series 2004B

\$12,125,000 General Obligation Infrastructure Management Bonds, Series 2005A

\$19,635,000 General Obligation Infrastructure Management Bonds, Series 2006A

\$8,995,000 General Obligation Infrastructure Management Bonds, Series 2007B

\$5,215,000 General Obligation Infrastructure Management Bonds, Series 2008C

4. General Obligation Sales Tax Revenue Bonds

\$30,300,000 General Obligation Library Sales Tax Revenue Bonds, Series 2006B

This fund was established to account for payments on the bonds issued to finance the construction of a new regional public library in downtown St. Cloud.

CITY OF ST. CLOUD, MINNESOTA

DEBT SERVICE OVERVIEW

Debt Service has two components: Enterprise Funds and General Long-Term Debt. The debt issued for and supported by Enterprise activities is budgeted for in the appropriate Enterprise Fund. The City anticipates that all amounts required for payment of interest and principal on Enterprise Fund debt will be provided from the respective funds' revenues.

General Long-Term Debt is financed with revenue received from property taxes, food and beverage taxes, local sales tax, special assessments and transfers. The City of St. Cloud has not used General Long-Term Debt issues to fund operating programs, but has used the proceeds for capital improvement purposes only.

Bond Rating

City bond issues are assigned ratings by Moody's Investor Services and Standard and Poors. The City has a bond rating of AA3 by Moody's and AA- by Standard and Poors. According to Moody's Municipal Credit Report, the City's stable bond rating is due to the composition of a diverse mix of institutional, retail, manufacturing and residential components that continues to realize population and tax base growth. Annexations have provided the City with ample room for future economic growth over the next decade. In addition, the credit report stated that the City has conservatively managed financial operations and maintains ample reserve levels.

Legal Debt Limit

The State Legal Debt Limit is two percent (2%) of the assessor's market value of the City's tax base. Bond issues covered by this limit are those that are financed by property taxes unless at least twenty percent (20%) of the annual debt service costs are financed by special assessments or tax increments.

The difference between the Legal Debt Limit and the bonds outstanding that are covered by the debt limit is referred to as the Legal Debt Margin. As the table on the following page indicates, the City is significantly under the Legal Debt Limit allowed by the State of Minnesota.

CITY OF ST. CLOUD, MINNESOTA

Computation of Legal Debt Margin - Year Ended December 31, 2009

Two Percent (2%) of Gross Property Value		\$ 83,037,442
Amount of Debt Applicable to Debt Limit:		
Gross Bonded Debt	<u>\$ 167,621,413</u>	
Deductions:		
Tax Increment Bonds	\$ 3,370,000	
Improvement Bonds	66,640,000	
Sales Tax Revenue Bonds	27,845,000	
Revenue Bonds	<u>34,141,413</u>	
Total Deductions	<u>\$ 131,996,413</u>	
Net Debt Applicable to Debt Limit		<u>35,625,000</u>
Legal Debt Margin		<u><u>\$ 47,412,442</u></u>

Bonds Outstanding

The following recaps the Bonds Outstanding in the General Long-Term Debt Outstanding as of December 31, 2009:

General Obligation Tax Increment	\$ 3,370,000	
General Obligation Improvement	66,640,000	
General Obligation Sales Tax Revenue	27,845,000	
General Obligation	<u>35,390,000</u>	
Total	<u><u>\$133,245,000</u></u>	

CITY OF ST. CLOUD, MINNESOTA

Requirements to Maturity

The City is required to make payments according to each individual bond agreement. The annual requirements to amortize all general long-term debt outstanding as of December 31, 2009, including interest payments of \$34,562,155 are as follows:

	General Obligation	General Obligation Sales Tax Revenue	General Obligation Tax Increment	General Obligation Improvement	Total
2010	\$ 2,714,369	\$ 2,706,300	\$ 467,422	\$ 11,790,393	\$ 17,678,484
2011	2,712,119	2,852,000	475,776	11,396,243	17,436,138
2012	2,718,406	3,003,800	438,497	10,305,557	16,466,260
2013	2,727,988	3,166,000	305,581	9,121,328	15,320,897
2014	2,735,781	3,328,000	199,169	7,869,643	14,132,593
2015-2019	13,762,393	19,280,400	1,001,576	21,583,532	55,627,901
2020-2024	13,684,903	-	1,011,451	3,868,528	18,564,882
Total	\$ 41,055,959	\$ 34,336,500	\$ 3,899,472	\$ 75,935,224	\$ 155,227,155

General Long-Term Debt

The following table provides the five-year history of General Long-Term Debt from 2006 – 2010. The total budgeted revenue and expenditures for 2010 are equal at \$19,340,500. This is a decrease of \$2,312,600 from 2009. The decrease is directly attributable to the maturity of two outstanding tax increment bonds and two outstanding general obligation improvement bonds.

Revenues

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
General Obligation	\$ 255,383	\$ -	\$ 3,109,186	\$ 3,479,500	\$ 2,839,800
General Obligation Tax Increment	2,653,766	2,555,110	2,248,450	2,332,700	1,745,200
General Obligation Improvement	9,780,935	11,140,856	11,366,055	13,278,100	12,048,500
General Obligation Sales Tax Revenue	-	808,763	2,226,731	2,562,800	2,707,000
Total	\$ 12,690,084	\$ 14,504,729	\$ 18,950,422	\$ 21,653,100	\$ 19,340,500

CITY OF ST. CLOUD, MINNESOTA

General Long-Term Debt - Continued

Expenditures

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
General Obligation	\$ 304,036	\$ -	\$ -	\$ 3,479,500	\$ 2,839,800
General Obligation Tax Increment	4,199,509	2,508,842	2,162,232	2,332,700	1,745,200
General Obligation Improvement	11,230,508	12,026,332	12,223,088	13,278,100	12,048,500
General Obligation Sales Tax Revenue	-	808,763	2,226,731	2,562,800	2,707,000
Total	\$ 15,734,053	\$ 15,343,937	\$ 16,612,051	\$ 21,653,100	\$ 19,340,500

CITY OF ST. CLOUD, MINNESOTA

***GENERAL OBLIGATION
BONDS***

The City issues General Obligation Bonds for the construction of certain City facilities. The issuance of these types of bonds generally are placed on a referendum for voter approval. General Obligation bonds are secured by the full faith and credit of the City. The City levies property taxes to finance annual payments of principal and interest.

In 2008, the City issued \$37,010,000 in General Obligation bonds for the construction of a new police station and a new fire station. The City levied property taxes in advance to build a reserve for future debt service payments.

Bonds Outstanding

	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
General Obligation Public Safety Facilities	3.25 to 4.75%	May 1, 2008	Feb. 1, 2028	\$ 37,010,000	\$ 1,620,000	\$ 35,390,000

Revenues

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Property Taxes	\$ 194,097	\$ -	\$ 2,986,996	\$ 2,872,000	\$ 2,839,800
Intergovernmental	15,472	-	-	-	-
Miscellaneous	-	-	122,190	607,500	-
Transfers	45,814	-	-	-	-
Total	\$ 255,383	\$ -	\$ 3,109,186	\$ 3,479,500	\$ 2,839,800

Expenditures

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Principal	\$ 290,000	\$ -	\$ -	\$ 1,620,000	\$ 1,395,000
Interest and Fiscal Charges	14,036	-	-	1,859,500	1,444,800
Total	\$ 304,036	\$ -	\$ -	\$ 3,479,500	\$ 2,839,800

CITY OF ST. CLOUD, MINNESOTA

**GENERAL OBLIGATION
TAX INCREMENT BONDS**

The City issues General Obligation Tax Increment Bonds to finance the redevelopment costs of projects approved by the City Council and administered by the St. Cloud Housing and Redevelopment Authority. The debt payments on these bond issues are secured by the tax increment revenue generated by the districts benefiting from the redevelopment. The City does not anticipate the need to levy property taxes for retirement of any of the Tax Increment Bonds.

Bonds Outstanding

	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
Tax Increment	4.15 to 5.50	Aug. 1, 1996	Feb. 1, 2012	\$ 410,000	\$ 340,000	\$ 70,000
Taxable Tax Increment Refunding	5.80 to 7.30	Feb. 1, 1997	Feb. 1, 2012	3,545,000	3,260,000	285,000
Taxable Tax Increment	3.625 to 5.00	Nov. 1, 2001	Feb. 1, 2028	1,970,000	190,000	1,780,000
Taxable Tax Increment	3.75 to 4.75	Nov. 1, 2003	Feb. 1, 2031	805,000	10,000	795,000
Taxable Tax Increment Refunding	2.00 to 4.90	Nov. 1, 2003	Feb. 1, 2013	940,000	500,000	440,000
Total				\$ 7,670,000	\$ 4,300,000	\$ 3,370,000

CITY OF ST. CLOUD, MINNESOTA

Revenues

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Tax Increment	\$ 1,196,184	\$ 1,251,803	\$ 1,023,044	\$ 1,032,700	\$ 470,200
Food and Beverage Tax	1,247,725	1,287,635	1,207,616	1,300,000	1,275,000
Interest	70,132	15,672	17,790	-	-
Transfers	139,725	-	-	-	-
Total	\$ 2,653,766	\$ 2,555,110	\$ 2,248,450	\$ 2,332,700	\$ 1,745,200

Expenditures

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Principal	\$ 1,020,000	\$ 960,000	\$ 780,000	\$ 840,000	\$ 310,000
Interest and Fiscal Charges	352,465	294,189	243,358	195,100	160,200
Miscellaneous	-	-	-	476,100	517,000
Remittance of Revenue	330,000	330,000	165,000	310,000	310,000
Transfers	2,497,044	924,653	973,874	511,500	448,000
Total	\$ 4,199,509	\$ 2,508,842	\$ 2,162,232	\$ 2,332,700	\$ 1,745,200

CITY OF ST. CLOUD, MINNESOTA

***GENERAL OBLIGATION
IMPROVEMENT BONDS***

The City issues Improvement Bonds to finance various improvements such as water, sanitary sewer, storm sewer, street improvements and sidewalk improvements. The bonds are secured by special assessments levied against benefiting property, utility revenues and general property tax levies. A minimum of twenty percent (20%) of the project costs for the Improvement Bond Funds are assessed to benefiting property. In 2008, the City issued \$5,215,000 Infrastructure Management bonds. This debt has been used to finance various improvement projects within the City.

Bonds Outstanding

	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
Infrastructure Mgmt.	4.20 to 5.00	Sept. 1, 1999	Mar. 1, 2011	\$ 8,950,000	\$ 7,460,000	\$ 1,490,000
Infrastructure Mgmt.	4.35 to 4.875	Sept. 15, 2000	Feb. 1, 2012	8,540,000	6,245,000	2,295,000
Infrastructure Mgmt.	3.00 to 4.00	Nov. 1, 2001	Feb. 1, 2013	11,805,000	7,500,000	4,305,000
Infrastructure Mgmt.	2.50 to 3.625	Oct. 1, 2002	Feb. 1, 2014	10,095,000	5,375,000	4,720,000
Infrastructure Mgmt.	Varies	Nov. 1, 2004	Feb. 1, 2016	21,380,000	8,515,000	12,865,000
Infrastructure Mgmt.	3.25 to 4.00	Nov. 15, 2005	Feb. 1, 2017	12,125,000	3,040,000	9,085,000
Infrastructure Mgmt.	4.00 to 4.25	Dec. 1, 2006	Feb. 1, 2027	19,635,000	1,965,000	17,670,000
Infrastructure Mgmt.	3.88 to 4.00	Nov. 15, 2007	Feb. 1, 2019	8,995,000	-	8,995,000
Infrastructure Mgmt.	3.00 to 4.50	Nov. 15, 2008	Feb. 1, 2020	5,215,000	-	5,215,000
Total				\$ 106,740,000	\$ 40,100,000	\$ 66,640,000

CITY OF ST. CLOUD, MINNESOTA

Revenues

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Taxes	\$ 2,274	\$ 2,196	\$ 109	\$ -	\$ -
Special Assessment	245,409	191,982	49,766	-	-
Interest	70,830	62,160	17,246	-	-
Miscellaneous	67	-	-	-	-
Transfers	9,462,355	10,884,518	11,298,934	13,278,100	12,048,500
Total	\$ 9,780,935	\$ 11,140,856	\$ 11,366,055	\$ 13,278,100	\$ 12,048,500

Expenditures

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Principal	\$ 8,585,000	\$ 9,005,000	\$ 9,020,000	\$ 10,360,000	\$ 9,610,000
Interest and Fiscal Charges	2,438,628	2,776,620	2,740,898	2,918,100	2,438,500
Miscellaneous	1,369	447	229	-	-
Transfers	205,511	244,265	461,961	-	-
Total	\$ 11,230,508	\$ 12,026,332	\$ 12,223,088	\$ 13,278,100	\$ 12,048,500

CITY OF ST. CLOUD, MINNESOTA

***GENERAL OBLIGATION
SALES TAX
REVENUE BONDS***

The City issues General Obligation Sales Revenue Tax Bonds for the construction of certain City facilities. The issuance of these types of bonds generally are placed on a referendum for voter approval. General Obligation bonds are secured by the full faith and credit of the City. The City pledges one-half percent of sales and use tax to finance annual payments of principal and interest.

On December 1, 2006, the City issued \$30,300,000 General Obligation Library Sales Tax Revenue Bonds to build a new regional Public Library.

Bonds Outstanding

	Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
General Obligation Library Sales Tax Revenue	4.00%	Dec. 1, 2006	Feb. 1, 2019	\$ 30,300,000	\$ 2,455,000	\$ 27,845,000

Revenues

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Transfers	\$ -	\$ 808,763	\$ 2,226,731	\$ 2,562,800	\$ 2,707,000

Expenditures

	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Budget
Principal	\$ -	\$ -	\$ 1,035,000	\$ 1,420,000	\$ 1,625,000
Interest and Fiscal Charges	-	808,763	1,191,731	1,142,800	1,082,000
Total	\$ -	\$ 808,763	\$ 2,226,731	\$ 2,562,800	\$ 2,707,000