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## **DEBT SERVICE**

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Debt Service Costs include the annual payments of interest, principal and other fees on long term bond indebtedness. The debt service reflected here relates only to debt obligations which provide a benefit to the community as a whole. Debt service for specific user groups is included within the budgets of the specific department and independent agencies, such as the Water System.



## DEBT SERVICE

### Description

This section accounts for debt service that is not separately reported within the Enterprise section of the budget or elsewhere in the document. The specific bonds presented here are the Capital Improvement Revenue Bonds, Series 2000 and 2002.

### Goals & Objectives

- \* Minimize debt service costs through the judicious use of available debt instruments, consistent with the desirability of maintaining stable current tax rates and distributing the costs of certain long-lived facilities among all users, present and future.
- \* Maintain a high credit rating while making attempts to strengthen credit rating; identify factors and strategies to address them.

### Explanatory Notes

The Long Term Debt Structure for Pinellas County is presented on page B-15 of the Summary section of this document. The County's Debt Policies are presented on page 3 of the Budget Message Exhibits.

### Operating Budget Comparison

	FY06 Actual	Revised FY07	Projected FY07	Adopted FY08
DEBT SERVICE	\$31,170,610	\$30,120,180	\$30,310,920	\$23,117,580
TRANSFERS	\$0	\$0	\$0	\$90,000
RESERVES	\$0	\$280,490	\$0	\$116,720
<b>Total Operating Budget</b>	<b>\$31,170,610</b>	<b>\$30,400,670</b>	<b>\$30,310,920</b>	<b>\$23,324,300</b>

### Permanent Full Time Positions

0

0

### Analysis

Pinellas County has historically assumed a "pay-as-you-go" philosophy in the funding of infrastructure. However, when circumstances have dictated that this is not a viable approach, the County has utilized the bond market to generate additional capital. The Debt Service Funds account for the annual payments of principal, interest and other fees on long-term bond indebtedness.

Local government debt is typically divided into the following categories:

**General obligation debt bonds** pledge the full faith and credit of the County, with general taxing power as the method of repayment. These types of bonds are required to be approved by voter referenda. Revenues collected from the ad valorem taxes on real estate and other sources of general revenue are used to service the government's debt. Capital improvements financed through general obligation bonds should benefit the County as a whole rather than a particular area. The County has no general obligation bonds outstanding.

**Non-self supporting revenue bonds** pledge a specific revenue source as a method of repayment for the outstanding bonds. This type of bond is a special obligation of the County and does not constitute a general obligation of the County. This type of debt can be used for a variety of projects. This type of debt may be approved by the Board of County Commissioners without a voter referendum.

**Self supporting revenue bonds** are financed by those directly benefiting from the capital improvement. Revenue obtained from the issuance of these bonds is used to finance the enterprise systems, such as the water or sewer systems or capital infrastructure to support these systems. User revenues collected from the customers of these systems are used to retire the bond obligations. The issuance of the bonds may be approved by the Board of County Commissioners without a voter referendum. Funds are deposited to trust accounts and restricted to a specific use. In Pinellas County, revenues of the Water, Sewer and Solid Waste systems have been pledged as a method of repayment of outstanding bonds.

**Summary of Existing and Anticipated Debt (including Enterprise Funds)**

There are presently five outstanding debt issues for Pinellas County. There are two non-self supporting revenue bonds, the \$155,520,000 Capital Improvement Revenue Bonds, Series 2000, and the \$26,620,000 Capital Improvement Revenue Bonds, Series 2002. Currently, there are three self-supporting (Enterprise) revenue bonds, the \$104,795,000 Sewer Revenue and Revenue Refunding Bonds, Series 1998, the \$86,580,000 Sewer Revenue Bonds, Series 2003, and the \$25,205,000 Sewer Revenue Refunding Bonds, Series 2006. In addition, there are two self-supporting bond issues and one non-self supporting bond issue contemplated for FY08.

**Existing Debt: Current Non-Self Supporting Revenue Bonds**

**\$155,520,000 Capital Improvement Revenue Bonds, Series 2000**

These bonds were issued to finance the acquisition, expansion, construction, renovation, equipping and improvement to certain capital improvement projects, including certain judicial and general governmental projects, public safety and law enforcement projects, conservation and resource management projects, surface water management projects, transportation projects and cultural and recreation projects. These bonds are supported solely by a lien upon a pledge of the county's portion of the net proceeds of the discretionary infrastructure sales surtax (Penny for Pinellas), that was originally approved by a county-wide referendum held in November, 1989 and extended in March, 2007.

**\$26,620,000 Capital Improvement Revenue Bonds, Series 2002**

These bonds were issued to finance all or a portion of the cost of certain land acquisition and infrastructure capital projects within the County. These bonds are supported solely by a lien upon a pledge of the county's portion of the net proceeds of the discretionary infrastructure sales surtax (Penny for Pinellas), that was originally approved by a county-wide referendum held in November, 1989 and extended in March, 2007.

**Non-Self Supporting Revenue Bonds (in thousands)**

Debt Issue		FY08	FY09	FY10	FY11	FY12	Final Fiscal Year of Debt Payments
Capital Improvement Revenue Bonds, Series 2000	Principal	\$ 16,650	\$ 17,605	\$ 18,620	\$ 0	\$ 0	FY10
	Interest	\$ 2,375	\$ 1,391	\$ 442	\$ 0	\$ 0	
	Total	\$ 19,025	\$ 18,996	\$ 19,062	\$ 0	\$ 0	
Capital Improvement Revenue Bonds, Series 2002	Principal	\$ 3,700	\$ 3,830	\$ 3,980	\$ 0	\$ 0	FY10
	Interest	\$ 442	\$ 312	\$ 159	\$ 0	\$ 0	
	Total	\$ 4,142	\$ 4,142	\$ 4,139	\$ 0	\$ 0	

**Existing Debt: Current Self Supporting (Enterprise) Revenue Bonds**

**\$104,795,000 Sewer Revenue and Revenue Refunding Bonds, Series 1998\***

These bonds were issued to refund all of the County's then outstanding Sewer Revenue Bonds, Series 1994, and to finance in part the up-grading and rehabilitating of the County's regional wastewater treatment facilities located in west central Pinellas County. Payments of principal and interest are supported by the net revenues derived from the operation of the County's Sewer System.

**\$86,580,000 Sewer Revenue Bonds, Series 2003\***

These bonds were issued to finance certain capital improvements to the County's Sewer System, to fund the reserve fund requirement for the Series 2003 Bonds through the purchase of a debt service reserve fund surety bond, and to pay related costs and expenses in connection with the issuance of the Series 2003 Bonds. Payments of principal and interest are supported by the net revenues derived from the operation of the County's Sewer System.

**\$25,205,000 Sewer Revenue Refunding Bonds, Series 2006\***

These bonds were issued to refund a portion of the County's outstanding Sewer Revenue and Revenue Refunding Bonds, Series 1998 and to pay the related costs and expenses in connection with the issuance of the Series 2006 Bonds. Payments of principal and interest are supported by the net revenues derived from the operation of the County's Sewer System.

\* Minimum annual debt service coverage of 115% is required by the Bond Resolution.

**Self Supporting (Enterprise) Revenue Bonds (in thousands)**

Debt Issue		FY08	FY09	FY10	FY11	FY12	Final Fiscal Year of Debt Payments
Sewer Revenue and Revenue Refunding Bonds, Series 1998	Principal	\$ 3,440	\$ 2,550	\$ 2,660	\$ 2,795	\$ 2,935	FY24
	Interest	\$ 3,139	\$ 2,988	\$ 2,873	\$ 2,740	\$ 2,600	
	Total	\$ 6,579	\$ 5,538	\$ 5,533	\$ 5,535	\$ 5,535	
Sewer Revenue Bonds, Series 2003	Principal	\$ 1,735	\$ 1,820	\$ 1,910	\$ 2,010	\$ 2,110	FY32
	Interest	\$ 3,739	\$ 3,652	\$ 3,561	\$ 3,466	\$ 3,365	
	Total	\$ 5,474	\$ 5,472	\$ 5,471	\$ 5,476	\$ 5,475	
Sewer Revenue Refunding Bonds, Series 2006	Principal	\$ 105	\$ 1,145	\$ 1,195	\$ 1,245	\$ 1,290	FY24
	Interest	\$ 1,027	\$ 1,022	\$ 977	\$ 929	\$ 882	
	Total	\$ 1,132	\$ 2,167	\$ 2,172	\$ 2,174	\$ 2,172	

### **New Debt Issues Anticipated for Fiscal Year 2008**

There are two self-supporting bond issues contemplated for FY08, \$61,400,000 Sewer Revenue Bonds, Series 2008, and \$90,000,000 Water Revenue Bonds, Series 2008. The scheduled October, 2008 Sewer Bond issue for \$61,400,000 will be used for the expansion of the North and South County Reclaimed Water Systems and improvements to the W.E. Dunn Water Reclamation Facility and South Cross Water Reclamation Facility. The budgeted principal amount for FY08 is \$775,000 and for interest is \$922,340. The scheduled October, 2008 Water Bond issue for \$90,000,000 will be used for the Water Blending Facility construction project and the replacement of the 48 inch Belcher Road water main construction project. The budgeted principal amount for FY08 is \$3,580,000 and for interest is \$2,700,000.

One non-self supporting bond issue is tentatively scheduled for FY08, \$50,000,000 Capital Improvement Revenue Bonds, Series 2008, to accelerate projects funded by the Penny for Pinellas one-cent infrastructure sales tax. This issue, if required, will occur late in FY08 and debt service payments would not be required until FY09.

**Comparison of Outstanding Bonded Debt  
and Debt Ratios with Other Florida Counties  
as of September 30, 2005**  
(most current data available)

	Pinellas County	Hillsborough County	Orange County	Palm Beach County	Duval County <sup>c</sup>
Population	947,744	1,131,546	1,043,437	1,265,900	861,150
Per Capita Personal Income <sup>a</sup>	\$ 34,846	\$ 30,798	\$ 28,221	\$ 43,755	\$ 30,623
Taxable Assessed Property Value (000's)	\$ 54,866,545	\$ 55,617,000	\$ 67,095,326	\$ 110,203,249	\$ 45,623,991
General Bonded Debt	\$ 0	\$ 43,590,000 <sup>b</sup>	\$ 1,200,000	\$ 283,885,000	\$ 0
General Bonded Debt per Capita	\$ 0.00	\$ 38.52	\$ 1.15	\$ 224.26	\$ 0.00
General Bonded Debt as % of Personal Income, per Capita	0.00%	0.13%	0.00%	0.51%	0.00%
General Bonded Debt as % of Taxable Assessed Value	0.00%	0.08%	0.00%	0.26%	0.00%
Non-Self Supporting Revenue Debt	\$ 122,570,000	\$ 411,086,000	\$ 512,948,928	\$ 634,471,275	\$ 2,037,011,000
Non-Self Supporting Revenue Debt per Capita	\$ 129.33	\$ 363.30	\$ 491.60	\$ 501.20	\$ 2,365.45
Non-Self Supporting Revenue Debt as % of Personal Income, per Capita	0.37%	1.18%	1.74%	1.15%	7.72%
Non-Self Supporting Revenue Debt as % of Taxable Assessed Value	0.22%	0.74%	0.76%	0.58%	4.46%
Self Supporting Debt	\$ 207,425,000	\$ 213,415,000	\$ 1,124,955,000	\$ 506,424,818	\$ 67,990,000
Self Supporting Debt per Capita	\$ 218.86	\$ 188.60	\$ 1,078.12	\$ 400.05	\$ 78.95
Self Supporting Debt as % of Personal Income, per Capita	0.63%	0.61%	3.82%	0.91%	0.26%
Self Supporting Debt as % of Taxable Assessed Value	0.38%	0.38%	1.68%	0.46%	0.15%

- (a) Most recent Personal Income provided by the Bureau of Economic Analysis of the U.S. Department of Commerce is 2004, which was applied to 2005 population estimates.
- (b) Includes \$26,950,000 in limited ad valorem bonds.
- (c) Duval County is a consolidated city/county political entity where all municipalities (except Jacksonville Beach, Atlantic Beach, Neptune Beach and the Town of Baldwin), authorities and public agencies (except Duval County School Board) were consolidated.

**Debt Per Capita**



