

DEBT SERVICE BUDGET

Local governments traditionally issue debt to pay for capital projects for several reasons. First, the cost of these projects is normally too high to absorb into an annual budget. Second, financing spreads the cost of the project to future populations who also benefit from the use of the facility or improvement paid for with the borrowed funds.

The revenue sources pledged to debt costs are diverse. There are five outstanding "general obligation" bond issues, which are funded through voter-approved property tax levies. The remainder of the County's bond issues pledges other revenue sources for repayment. Some of the issues pledge a specific source such as gas taxes, waste disposal fees, airport rents and landing fees, or water and sewer charges. The County has also issued long-term debt, which pledges as a group its "non-ad valorem revenue" sources including sales tax, interest earnings, state revenue sharing, and other miscellaneous fees and charges. Both Certificates of Participation and the Loan Pool utilize non-ad valorem revenue sources as the primary pledge.

The County utilizes commercial paper and the First Florida Loan Pool for short-term borrowing needs. In some cases, commercial paper is issued in anticipation of a major bond issue in order to provide temporary funding for capital projects in advance of the receipt of bond proceeds. The County also utilizes commercial paper and the Loan Pool to obtain funds for capital items with short asset lives such as vehicles and equipment.

The fiscal year 2006 debt service budget is increased by approximately \$33 million over fiscal year 2005. Several factors significantly impact the 2006 debt service budget: There is a \$6 million increase in the general debt service budget primarily due to issuance of the final phase of the Parks and Land Preservation General Obligation Bonds, and a \$22 million increase in the Aviation debt service due to the issuance of additional bonds. For fiscal year 2006, Water/Wastewater debt service expenses increase \$3.8 million and the reserve increases \$3.8 million due to issuance of additional bonds. The total debt service budget in fiscal year 2006 is \$341,904,930. Enterprise debt service totals \$211,456,430 for fiscal year 2006, which is over 60 percent of the total debt service budget. General Obligation debt service totals approximately \$65 million in fiscal year 2006, accounting for 18 percent of the total debt service budget.

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