

**ST. LUCIE COUNTY
FISCAL YEAR 2001-2002 BUDGET
DEBT SERVICE**

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DEBT ADMINISTRATION OVERVIEW

The County Administrator and the Director of Finance are responsible for the administration of the Policy; however, the Board of County Commissioners is ultimately in charge of approval of the form and dollar amount of all of the County borrowings. The Debt Management Policy is part of the comprehensive St. Lucie County's Financial Policy included under the Introduction tab in this issue of the Budget Book. The details of the outstanding debt obligations such as original amounts, outstanding balances, fiscal year principal and interest are shown in the Debt Summary Schedule in this section of the book.

Debt Issuance Procedures

The County Administration in cooperation with the BOCC evaluate each debt proposal and compare it with other competing interests in the County. Requests are considered in accordance with the County's overall adopted priorities and 5-year Capital Plan. St. Lucie County retains the services of professional financial consultants to facilitate the process.

The County may issue general obligation (GO) bonds and other debt instruments by means of referendums, County Ordinances, Bond Resolutions and/or other applicable provisions of law as required, and in full compliance with, the Constitution and Statutes of the State of Florida.

Throughout the process, the County Administration and the Department of Finance coordinate the issuance of debt, such as sizing the new issue, structuring the debt, identifying the repayment sources and determining the mix and method of sale. The County, as a practice, structures all long-term debt with prepayment options except when alternative structures are more advantageous. The County's debt service requirements reflect its fiscal policies regarding the prudent use of tax-exempt financing.

Credit Ratings

St. Lucie County Debt Policy strives to maintain a minimum underlying bond rating equivalent to a Moody Rating Service Aa. St. Lucie County has not received a formal rating review in the recent years. The County's Budget Office in conjunction with the County's Financial Advisor have initiated a process of preparation for a formal rating review in the near future. The County Debt Policy also outlines several key indicators designed to keep direct debt at the lowest possible level:

DEBT RATIOS *	BENCHMARK **	09/30/00	09/30/01
Net Direct Debt per Capita	\$400	\$315	\$336
Net Direct Debt per Capita as % of Income per Capita	2%	1.39%	1.52%
Net Direct Debt as % of Taxable Property Value	1%	0.57%	0.77%
Net Direct Debt Service as % of General Fund Expenditures	10%	9.70%	9.38%
<u>Calculations of the debt ratios are based on the following data and sources:</u>			
192,695	Population of St. Lucie County Source: U.S. Census Bureau, 2000 Census, http://quickfacts.census.gov/qfd/states/12/12111.html		
\$22,189	Per Capita Income in St. Lucie County Source: U.S. Dept. of Commerce, 1999, http://www.bea.doc.gov/bea/regional/reis/drill.cfm		
\$78,833,129	General Government Expenditures Source: Fund 001, Banner, FY01 as of September 30, 2001.		
\$64,778,549	Net Direct Debt (general obligation and voted debt) Source: Banner, FY01 as of September 30, 2001.		
\$7,390,935	Net Direct Debt Service (annual principal, interest and other debt service costs) Source: Banner, FY01 as of September 30, 2001.		
\$8,466,144,825	Taxable Property Value (Property Appraisor's total property value before exemptions) Source: St. Lucie County FY02 Tentative Budget Book		
* Expressions used in these calculations are defined in the St. Lucie County Financial Policy section of this book			
** Benchmarks are desirable ratio levels outlined in the St. Lucie County Financial Policy section of this book			

Legal Debt Margin

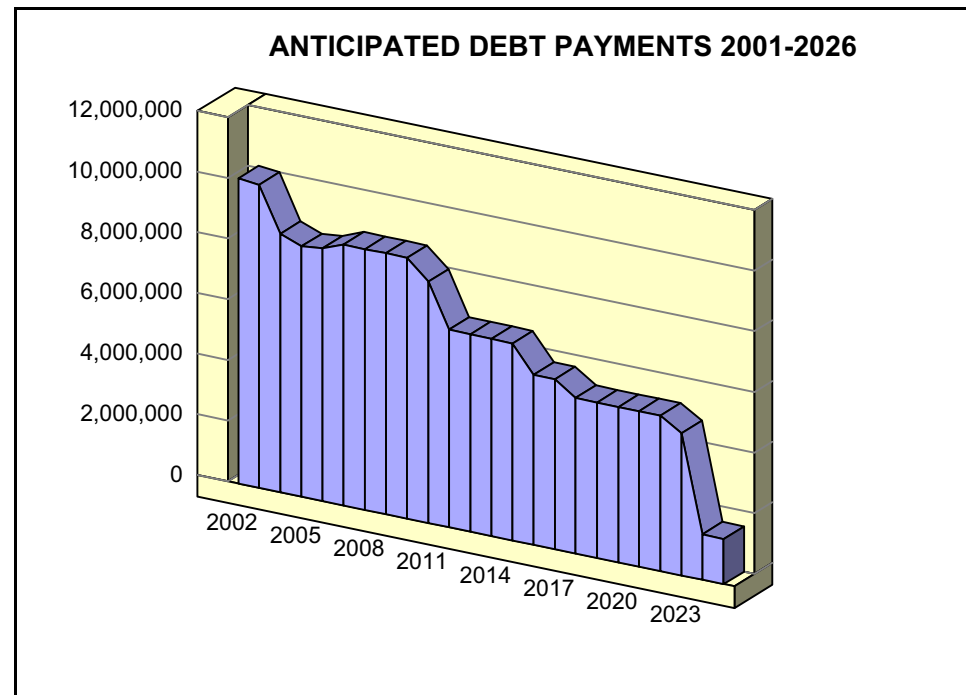
Neither the Florida Constitution, Florida Statutes, nor the St. Lucie Board of County Commissioners place limit on the amount of debt the voters may approve by referendum. As of September 30, 2001 the County had \$64.78 million of general obligation and voted debt outstanding. Based on the assessed valuation of \$8,671.49 million for the fiscal year ending September 30, 2001, the County's general obligation and voted debt ratio currently equals 0.77 percent (0.77%).

Outstanding Indebtedness

The County's total outstanding debt as of September 30, 2001 was \$124.76 million. Approximately 14 % of the total County debt is repaid with property tax revenues (\$5.11 million for ad valorem, and \$12.35 million limited ad valorem bonds). The remainder is repaid with pledged revenues, including sales tax, tourist tax and special taxing units.

General Obligation and Limited General Obligation Bonds

As of September 30, 2001, St. Lucie County had two outstanding general obligation bonds (GO), payable from and secured by a lien upon and pledge of the proceeds of a direct, annual ad valorem tax upon all taxable property within the County. Additionally, the County had one limited ad valorem tax bond. Listed below are the outstanding principal GO balances as of September 30, 2001:



- \$1.97 million GO Bonds, Series 1991 Refunding 10 million GO bonds from 1983 issued in connection with the Save Our Coast Program of the State of Florida, for the purpose of acquiring oceanfront land.
- \$3.14 million, GO Bonds, Series 1997 issued to pay the cost of land acquisition in the Port of Fort Pierce for marine, commercial, recreation, and tourism purposes.
- \$12.35 million, Limited Ad Valorem Tax Bond, Series 1999 issued to provide funding to 1) acquire environmentally sensitive lands to protect water quality, open spaces and wildlife within the County; and 2) repay a Bond anticipation Note previously issued to provide temporary funding for the same purpose. The bonds are secured solely by a lien upon and pledge of the proceeds received from the levy by the County of an ad valorem tax not to exceed one-quarter of one mil in any year on all taxable property within the County.

Non-Ad Valorem Revenue Bonds

The St. Lucie County currently has several outstanding non-ad valorem revenue bonds. As of September 30, 2001 the outstanding principal balances were as follows:

- \$8.22 million Public Improvement Revenue Bond issued in 2000 to cover the cost of acquisition, construction, and installation of an 800 MHz Radio System for the County. The security for this bond consists of pledged revenues including Radio System Fines and amounts paid to the County by public agencies bound by the Radio System agreements.
- \$38.02 million Sales Tax Refunding Revenue Bonds, Series 1994 issued to 1) advance refund of all of the County's outstanding Sales Tax Revenue bonds, Series 1992, 2) pay the cost of certain capital improvements (Sheriff's building, additional court, jail, library and other administrative facilities), 3) purchase a Debt Service Reserve Account surety bond. The bonds are secured by the County's Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury. Money in this Trust Fund is distributed on a monthly basis to eligible cities and counties.
- \$805,000 Special Assessment Improvement Bonds, Series 1996 issued to pay the cost of acquiring and constructing certain paving and drainage improvements, including realignment of an existing roadway, within the Becker Road Municipal Service Benefit Unit (MSBU). The bonds are secured by a first lien on special assessments levied by the County against the lands and real estate within Becker Road MSBU. In case of insufficiency of such assessments, the County has a covenant to budget and appropriate bond payments from legally available non-ad valorem revenues.
- \$9.05 million Solid Waste Refunding Revenue Bonds, Series 1993 issued to finance the costs of advance refunding the County's outstanding Solid Waste System Revenue Bonds, Series 1990. The bonds are secured by a pledge of the net revenues of the County's solid waste system.

- \$5.37 million North Hutchinson Island Water and Sewer System Revenue Refunding Bonds, Series 1997. These bonds were issued to refund portions of prior financing for the re-use line on North Hutchinson Island. The bonds are payable from the net revenues of the acquired system and certain capital facilities charges collected with respect to the system.
- \$5.65 million Holiday Pines Water and Wastewater System Revenue Bonds, Series 1999 issued for the purpose of financing the cost of acquiring a privately-owned water and sewer utility and establishing the utility as a separate County water and sewer system. The bonds are secured by 1) a pledge of the net revenues of the Holiday Pines utility system, 2) certain capital facilities charges collected with respect to the system and 3) covenant of the County to budget and appropriate non-ad valorem revenues amounts needed to cure any deficiency in the sinking fund to pay debt service.
- \$12.67 million South Hutchinson Island Wastewater System, 1998 Series issued to refinance the County's Special Assessment Bonds Series 1995 for the construction of regional wastewater system on South Hutchinson Island. These bonds are secured by a first lien on special assessments levied by the County against the lands and real estate benefitting from the project.
- \$605,000 South Hutchinson Bonds, 1998A Series issued to finance the cost of extending sewer lines from SHI Wastewater Treatment Plant directly to the north of the FPL nuclear power plant (North District). These bonds are secured by a first lien on special assessments levied by the County against the lands and real estate benefitting by the project.

Loans

As of September 30, 2001, the St. Lucie County had a total of \$1.75 million outstanding balances in notes payable from government type funds, and \$74,673 in notes payable from proprietary type funds. These obligations are secured by St. Lucie County's covenants to budget and appropriate from legally available non-ad valorem revenues in an amount sufficient to pay the required annual principal and interest on the notes.

Capital Leases

The St. Lucie County has entered into several capital lease agreements for equipment at interest rates ranging from 4.9 to 12 percent. The total outstanding balance as of September 30, 2001 was \$323,353. All capital lease transactions undergo a thorough process of comparison to actual cost of acquisition of assets. Lease options are chosen if the annual cost of owning and maintaining the assets is higher. Capital leases are a cost-saving mechanism designed to keep up with the fast-changing technologies and high service and repair costs related to assets owned by the County.

Other Long-Term Obligations

The St. Lucie currently levies a four-percent Tourist Development Tax on the use of tourist facilities in the County. Of this amount, two percent is used to cover any operating deficits of the Thomas J. White sports complex. Any remaining balance is applied to the 1988 lease agreement that St. Lucie County entered into with the Thomas J. White Corp to finance the cost of this major league baseball spring training facility. The balance of this liability on September 30, 2001 was \$16.0 million. The remaining obligation, if any, is to be forgiven by the White Corporation at the end of the repayment period.

Airport Payback to Florida Department of Transportation is a non-interest bearing obligation to repay certain grant funds received in prior years for the expansion of the County's airport facilities. Due to the fact that the expansion projects were discontinued by the St. Lucie Board of Commissioners, some of the advanced grant funds have to be returned to the granting agency.

Municipal Services Benefit Units (MSBU)

MSBUs are special assessments districts established to finance various neighborhood improvement projects. Special assessments are imposed against the properties benefitting from the projects. They are legally set up as trust accounts and are not an obligation of the County. The St. Lucie County is currently acting as the agent for the property owners in several municipal service taxing/benefit units located within the County. The County is in no way liable for repayment of the debt and is only collecting the assessments and forwarding the collections to the paying agent.

Industrial Development Bonds

The St. Lucie County acted as a facilitator for the Industrial Development Bonds transactions. These obligations are not in any way a debt of the County. In the last ten years, Florida Power and Light obtained tax-exempt bonds totaling \$329.46 million to finance a portion of the St. Lucie Nuclear Power Plant. These bonds are secured by a combination of net revenues from the St. Lucie Nuclear Power Plant and all assets of FP&L. There are several other local companies who have completed the Industrial Development bond transactions totaling \$25.18 million.

Community Development District Bonds

St. Lucie County acted as a facilitator for a number of tax-exempt bond transactions issued on behalf of local services districts and the Housing Finance Authority. The purpose of these bonds was to finance various local projects: water and sewer, irrigation, storm water and paving improvements, as well as for stimulating the construction and rehabilitation of housing through the use of public financing. These bonds are not an obligation of the County.

ST. LUCIE COUNTY - BASIC DEBT SCHEDULE

LINE	FUND	OBLIGATION	YEAR ISSUED	MATURITY	ORIGINAL AMOUNT	INTEREST RATE	PRINCIPAL OUTSTANDING ON 09/30/01	PAYMENTS DUE IN FY 02			
								PRINCIPAL	INTEREST	OTHER COST	TOTAL
7		<u>GENERAL OBLIGATIONS & LIMITED AD VALOREM:</u>									
8											(ESTIMATES)
9	205	BEACH BOND I&S, GO AD VALOREM	1991	Mar-03	8,635,000	5.2%-6.5%	1,970,000	950,000	96,700	500	1,047,200
10		Refunding voted 1983 bonds for oceanfront land acquisition.									
11											
12	242	PORT I&S (Cotton Property), GO AD VALOREM	1997	Jan-17	3,500,000	4%-5.37%	3,140,000	130,000	164,003	1,000	295,003
13		Bond for purchasing land in the Port of Fort Pierce.									
14											
15	282	ENVIRONMENTAL LAND BOND	1999	Oct-11	15,300,000	4%-4.28%	12,355,000	1,045,000	500,610	2,500	1,548,110
16		Limited Ad valorem tax bonds for land acquisition									
17					TOTAL:						
					27,435,000		17,465,000	2,125,000	761,313	4,000	2,890,313
18											
19		<u>BONDS - GOVERNMENT FUNDS:</u>									
20											
21	204	800 MHZ RADIO SYSTEM	2000	Apr-23	8,770,000	4.2% - 5.5%	8,225,000	490,000	412,578	4,000	906,578
22		Public Improvement Revenue Bonds Series 2000A									
23											
24	215	5 BLDG BOND	1994	Oct-23	44,775,000	2.5%-5%	38,025,000	1,010,000	1,875,240	3,500	2,888,740
25		Refunding 1992 Sales Tax Revenue Bonds issued for County facilities.									
26											
27	235	BECKER ROAD	1996	Nov-17	1,860,000	6.375%-6.5%	960,000	0	62,063	1,500	63,563
28		MSTU paving and drainage improvements.									
29					TOTAL:						
					55,405,000		47,210,000	1,500,000	2,349,881	9,000	3,858,881
30											
31		<u>BONDS - ENTERPRISE AND OTHER FUNDS:</u>									
32											
33	401	SOLID WASTE SERIES 93	1993	Sep-15	12,945,000	2.65%-5%	9,055,000	605,000	439,045	4,000	1,048,045
34		Revenue bonds refunding 1990 issues & retiring unneeded funding									
35											
36	441	N HUTCHINSON W&S 1997	1997	Oct-22	5,560,000	7.25%-7.5%	5,370,000	150,000	284,410	1,500	435,910
37		Revenue refunding bonds for acquisition of N Hutchinson system									
38											
39	441?	N HUTCHINSON W&S 2002	2002	Oct-31	1,710,000	3%-5%	1,710,000	20,000	59,567	1,500	81,067
40		Revenue bonds for additional N. Hutch projects									
41											
42	471	HOLIDAY PINES WATER AND WASTEWATER SYSTEM	1999	Oct-29	5,840,000	3.4%-5%	5,655,000	100,000	290,411	1,500	391,911
43		Revenue bonds, Series 1999									
44											
45		<u>BONDS - OTHER SELF-SUPPORTING FUNDS:</u>									
46											
47	673	S HUTCH W&S SPECIAL ASSESSMT BONDS	1998	Nov-25	14,920,000	4.2%-5%	12,670,000	0	619,768	30,620	650,388
48		Refinancing of Bond for SHI Water & Sewer improvements.									
49											
50	673	SOUTH HUTCH - NORTH DISTRICT SERIES 1998A	1998	Nov-25	910,000	7%	605,000	0	42,350	0	42,350
51		Construct a wastewater/reuse water collection & transmission system.									
52											
53					TOTAL:						
					41,885,000		35,065,000	875,000	1,735,551	39,120	2,649,671

LINE	FUND	OBLIGATION	YEAR ISSUED	MATURITY	ORIGINAL AMOUNT	INTEREST RATE	PRINCIPAL OUTSTANDING ON 09/30/01	PAYMENTS DUE IN FY 02			
								PRINCIPAL	INTEREST	OTHER COST	TOTAL
111		<u>OTHER LONG-TERM OBLIGATIONS:</u>									
112											
113	XXX	SPORTS COMPLEX LEASE FROM T.J. WHITE	1988	2003	16,079,939	No Interest	16,778,639	TBD	TBD	TBD	0
114		2 out of 3 cents from Tourist Dev. tax are used to cover operating deficits of the stadium									
115		and the leftover is used for lease payments. The remaining obligation is to be forgiven by the									
116		T.J. White Company									
117											
118	140	Airport Payback to FDOT	1998	2005	8,998,351	PRINC. ONLY	7,969,968	0	0	0	0
119											
120				TOTAL:	25,078,290		24,748,607	0	0	0	0
121											
122		<u>SPECIAL ASSESSMENTS:</u>									
123		An MSBU is a Municipal Services Benefit Unit. The debt service is paid by assessments on									
124		on benefiting property, and unless guaranteed by the Board, is not an obligation of county									
125		government.									
126											
127											
128	672	FFA ROAD MSBU	1995	Feb-04	120,000	6.5%	45,000	15,000	2,438	0	17,438
129		Payable to Sunbank									
130											
131	674	DRIFTWOOD MANOR MSBU	1997	2007	132,000	7%	78,000	10,500	5,285	0	15,785
132		Classified as a trust account.									
133											
134	676	KING ORANGE MSBU	1996	Oct-11	225,000	7.5%	115,000	0	9,750	0	9,750
135		MSBU paving and drainage improvements. Classified as a trust account.									
136											
137		<u>NOTE: 185K Special Assesment Bond, Series 1999 combines Lost Tree, Anita St. and Timberlake:</u>									
138											
139	677	LOST TREE MSBU	1999	2013	24,000	7.08%	21,784	1,212	1,542	0	2,754
140											
141	678	ANITA STREET MSBU	1999	2013	32,000	7.08%	29,046	1,616	2,056	0	3,672
142											
143	679	TIMBERLAKE MSBU	1999	2013	129,000	7.08%	117,092	6,515	8,290	0	14,805
144											
145	691	NORTH A1A MSBU	2000	2008	68,000	6.75%	53,762	6,260	3,629	0	9,889
146											
147	692	IDEAL HOLDING MSBU	2000	2014	96,000	6.49%	91,152	4,678	5,916	0	10,593
148											
149	693	WESTHAVEN MSBU	2000	2014	152,000	6.49%	144,325	7,406	9,367	0	16,773
150											
151	694	RAINTREE FOREST INTERFUND LOAN	2000	2010	51,000	6.75%	46,464	3,883	3,244	0	7,127
152											
153											
154				TOTAL:	367,000		335,703	22,227	22,156	0	44,383
155											
156											
157											
158											
159											
160		TOTAL COUNTY DEBT OBLIGATIONS:			159,711,374		131,758,825	5,199,706	4,974,280	91,805	10,265,791