

DEBT ADMINISTRATION

The City of Gulfport adopts a Five Year Service and Capital Plan based on the prioritized issues identified by a comprehensive committee comprised of the City Council, City advisory board members, concerned citizens and staff. In conjunction with this review, the City adopted certain financial policies pertaining to capital purchases and the issuance of debt.

Pursuant to Florida Statutes Chapter 166 and the City Charter, the City is authorized to borrow funds for any purpose with short term or long term. There is no legal debt limit established by the State of Florida for its municipalities, counties and independent taxing districts.

Debt Policies

- Long-term borrowing will not be used to finance current operations or normal maintenance.
- All debt issued, including by lease-purchase methods, will be repaid within a period not to exceed the expected useful lives of the improvements financed by debt.
- The City will not issue tax or revenue anticipation notes.
- For any enterprise fund that is supporting debt, an annual rate study will be performed to ensure that the fees or rates are sufficient to meet the debt service requirements.
- The City will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements.
- The City will strive not to issue bonds more frequently than once every two fiscal years.
- The City will maintain its bonded debt at a level not to exceed 2% of the assessed valuation of taxable property within the City.
- The City will strive to ensure that its net bonded debt per capita, as a percentage of per capita income, does not exceed 2 ½ times the assessed valuation of taxable property.

The City of Gulfport has no direct general obligation bonded debt. If the City issued bonds, it would limit itself to no more than 2% of the assessed taxable value of property, which is 2% of \$887,909,072 or \$17,758,182.

Summary of Outstanding Debt

Marina Renovations

On February 25, 2004, the City Council authorized the City Manager to borrow up to \$500,000 to finance Phase III C & D of the marina renovations. On May 4, 2004 this amount was increased by \$80,000 for an emergency repair to the seawall on the eastside of the marina channel. This brings the total amount authorized to \$580,000. This was in addition to the \$210,000 already booked for the project - bringing the total authorized to \$790,000. Of this authorized amount, only \$499,640 was actually borrowed. In FY 2006 an additional \$70,000 was borrowed bringing the total amount to \$569,640.

The inter-fund loan is to be repaid in a maximum of five years. The actual loan amount will be determined at the end of each fiscal year. This amount inclusive of interest will be repaid from the unrestricted funds in the Marina at the end of each fiscal year beginning in FY 2006.

Debt is amortized as follows:

Marina Renovations:

	<u>OUTSTANDING BALANCE</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST PAYMENT</u>	<u>BUDGET AMOUNT</u>
FY 2005	\$499,640	\$167,509	\$ 12,491	\$180,000
FY 2006	\$402,131	\$109,967	\$ 10,053	\$120,020
FY 2007	\$292,434	\$100,000	\$ 7,311	\$107,311
FY 2008	\$192,434	\$100,000	\$ 4,811	\$104,811
FY 2009	\$ 92,434	\$ 92,434	\$ 2,311	\$ 94,745

Bond Rating

The City does not currently have a bond rating as Moody's Investors Service and Standard and Poor's rate bond issues rather than the entity doing the borrowing. The City of Gulfport annually provides a copy of their Comprehensive Annual Financial Report (CAFR) to the rating agencies should a rating be required.