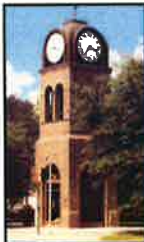




ECONOMIC FACTORS Summary Points

- **Dominant government sector**
 - University of Florida as economic engine for community
- **Stable economic growth**
- **Low unemployment**
- **Underemployment, marked by lower per capita income**
- **Low taxable ratios leading to low tax base**
- **Need to diversify revenue base**
- **Focused economic development and annexation strategies**
 - Successful downtown redevelopment



DEBT FACTORS Summary Points

- **Debt Structure dominated by Pension Obligation Bonds (74% of outstanding debt)**
 - Single purpose issue to generate projected savings of \$78M gross, \$34M NPV
 - Positive fiscal impact to date of \$47.2M
 - Alters City's otherwise typical debt profile
- **Net of POBs:**
 - 73% of principal retired over next 10 years
 - By rating agency benchmarks and peer city comparisons:
 - Low debt per capita
 - Low debt as % of taxable property value
 - Very low per capita debt as a % of per capita income



FINANCIAL FACTORS Summary Points

- Breakeven operating results
- Significant one-time receipts in FY99 boost fund balance
 - Expenditure of these receipts continuing through 2006
- Fund balance at 17% of revenues
 - Lower third of peer cities
- Fixed costs similar to other cities
- Debt service as % of revenue and expense in lower third of peer cities
- Excellent debt service coverage ratios



FINANCIAL FACTORS Summary Points

- Decreasing dependence on utility transfers
- Funded Pension plans
- Actuarially funded Retiree Health liability
- Reserves at 8.6% of revenue/expense – lower third of peer cities
- Significant unused tax capacity
- Manageable operating deficits forecast through FY2009



FINANCIAL MANAGEMENT PRACTICES

Recommendation to the City Commission

- Staff has drafted:
 - Debt management policy
 - Capital improvement planning policy
 - Amendments to existing budget administration policy
 - Amendments to existing fund balance reserve policy

RECOMMENDATION: REFER THESE POLICY DOCUMENTS TO AUDIT & FINANCE COMMITTEE FOR REVIEW