

Note: These pages are from the Charlotte County Clerk of Courts Comprehensive Annual Financial Report for Fiscal Year ending September 30, 2014.

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

	Balance as of 10/1/2013	Additions	Deletions	Balance as of 9/30/2014	Due Within One Year
Governmental Activities					
Loans/Promissory Note Payable	\$ 61,031,988	\$ 3,700,000	\$ 3,605,560	\$ 61,126,428	\$ 3,935,789
Special Assessment Loans Payable	15,313,150	-	1,696,550	13,616,600	1,581,800
Revenue Bonds Payable	22,775,000	-	915,000	21,860,000	960,000
General Obligation Debt	38,925,000	-	2,415,000	36,510,000	2,465,000
Self-Insurance Claims Payable	5,984,000	1,308,713	410,000	6,882,713	3,464,713
Other Postemployment Benefits	22,622,935	4,622,318	-	27,245,253	-
Accrued Compensated Absences	13,115,068	7,681,503	7,100,216	13,696,355	617,048
Total	179,767,141	17,312,534	16,142,326	180,937,349	13,024,350
Business-type Activities					
Revenue Bonds	149,040,000	-	9,705,000	139,335,000	10,605,000
Special Assessment Bonds	280,000	-	140,000	140,000	140,000
Utility Loans Payable	4,577,966	-	1,467,592	3,110,374	1,514,456
Special Assessment Loans	10,984,433	-	1,859,621	9,124,812	3,407,054
Other Postemployment Benefits	752,793	95,842	-	848,635	-
Accrued Compensated Absences	1,078,901	940,402	880,658	1,138,645	120,043
Landfill Closure	10,028,404	-	245,083	9,783,321	-
Unamortized Premium/(Discount)	3,980,342	-	383,851	3,596,491	-
Total	180,722,839	1,036,244	14,681,805	167,077,278	15,786,553
Long-Term Debt	\$ 360,489,980	\$ 18,348,778	\$ 30,824,131	\$ 348,014,627	\$ 28,810,903

Long-term debt liabilities for internal service funds are included as part of the total for governmental activities, because they predominantly serve the government funds. At year-end, \$1,269,236 of internal service fund compensated absences are included in the above amount. For governmental activities, compensated absences, claims and judgments and postemployment benefit obligations are generally liquidated by the General Fund.

Other postemployment benefits are funded on a pay-as-you-go basis from the County's general fund when due.

Long-term debt payable at September 30, 2014 is comprised of the following issues:

Revenue Bonds Payable Business-Type Activities

\$34,870,000 Series 2006 Utility System Refunding Revenue Bonds, issued to refund the Series 1996A Utility bond that refunded the 1994 Bonds (additional utility acquisition costs), maturing serially through 2021. Interest is at 4.0% to 5.0% secured by a pledge of 100% of the net revenues of the system operations and connection fees. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$25,888,125.

\$ 21,830,000

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Revenue Bonds Payable Business-Type Activities, Continued

\$23,455,000 Series 2008 Utility Refunding Revenue Bonds, issued to refund the Series 1996B (South Gulf Cove Water Expansion Phase 1) and 1998 Utility Bonds, (the 1998 bonds refunded the 1996A bonds that were issued for reserve account insurance), maturing serially through 2023, interest at 3.94%, secured by a pledge of 100% of the net revenues of the system operations and connection fees. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$29,785,592. 22,345,000

\$64,900,000 Series 2011 Utility Refunding Revenue Bonds, issued to (1) refund the Series 2001 (issued to purchase the Rotonda Utility System), (2) refund the Series 2003B (issued to refund the Series 1991 bonds, which were issued to purchase the utility system from GDU), (3) refund the Series 2009 (issued for the expansion of the reclaimed water system and the expansion of the Burnt Store reverse osmosis water plant), (4) payoff the \$18,000,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission (issued to finance the expansion of the Burnt Store Utility Reverse Osmosis Water Treatment Plant and to refinance a loan previously made to the County by the Commissions, the proceeds of which were used to finance the acquisition of a utility system from Florida Water Services), (5) to fund the reserve account, (6) to pay the costs of terminating that portion of a Qualified Hedge Agreement relating to the 2003B Bonds and (7) to pay certain expenses relating to issuance and sale of the 2011 Bonds, including the premiums for a Bond Insurance Policy and a Reserve Account Insurance Policy. The bonds mature serially through 2024 at interest rates of 3% - 5.25% and are secured by a pledge of the net revenues derived from the operation of the system and water and sewer connection fees. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$76,416,863. 57,640,000

\$41,385,000 Series 2013 Utility System Refunding Revenue Bonds, issued by Banc of America Preferred Funding Corporation to refund the Series 2003A utility bonds. The 2003A utility bonds refunded the 1993 utility bonds which refunded the 1991 utility bonds that were issued to purchase the utility system from General Development Utility. The 2013 bonds mature in 2021, with interest at 1.44%, secured by a pledge of 100% of the net revenues of the system operations and connections fees. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$40,150,408. 37,660,000

Total Revenue Bonds 139,335,000

Total Special Assessment Bonds 140,000

Total Bonds 139,475,000

Plus Unamortized Premium 3,596,491

Total Revenue and Special Assessment Bonds for Business-type Activities \$ 143,071,491

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Loans Payable, Business-type Activities

\$23,110,002 State of Florida Department of Environment Protection Revolving Loan, issued to fund the East Port utility plant upgrade and expansion and secured by a pledge of 100% of the net revenues and available sewer connection fees. The interest rate of the loan is 2.84% to 3.79%. The loan is repayable in forty (40) semi-annual loan payments, beginning October 1, 1996. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$3,134,448. \$ 3,013,952

\$587,294 State of Florida Department of Environment Protection Revolving Loan issued to fund the South Port utility plant demolition, secured by a pledge of 100% of the net revenues and available sewer connection fees. The interest rate of the loan is 2.97%. The loan is repayable in forty (40) semi-annual loan payments beginning October 15, 1997. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$101,494. 96,422

Total Utility Loans Payable 3,110,374

\$985,115 State of Florida Department of Environment Protection Revolving Loan, issued to fund the South Gulf Cove Phase 2 MSBU sewer expansion, secured by the collection of assessments of the SGC Ph 2 sewer MSBU. The interest rate of the loan is 3.34%. The loan is repayable in forty (40) semi-annual loan payments, beginning October 15, 2001. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$439,834. 389,323

\$1,728,664 State of Florida Department of Environment Protection Revolving Loan, issued to fund the South Gulf Cove Phase 2 MSBU water expansion, secured by the collection of assessments of the SGC Ph 2 water MSBU. The interest rate of the loan is 3.52% to 3.57%. The loan is repayable in forty (40) semi-annual loan payments, beginning October 15, 2001. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$805,898. 707,548

\$1,104,928 State of Florida Department of Environment Protection Revolving Loan, issued to fund the South Gulf Cove Phase 3 MSBU sewer expansion, secured by the collection of assessments of the SGC Ph 3 sewer MSBU. The interest rate of the loan is 3.16%. The loan is repayable in forty (40) semi-annual loan payments beginning February 15, 2003. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$497,829. 436,862

\$1,793,615 State of Florida Department of Environment Protection Revolving Loan, issued to fund the South Gulf Cove Phase 3 MSBU water expansion, secured by the collection of assessments of the SGC Ph 3 water MSBU. The interest rate of the loan is 3.05%. The loan is repayable in forty (40) semi-annual loan payments beginning August 15, 2002. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$911,514. 803,433

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Loans Payable, Business-type Activities, Continued

\$1,761,769 State of Florida Department of Environment Protection Revolving Loan issued to fund the South Gulf Cove Phase 4 MSBU sewer expansion, secured by the collection of assessments of the SGC Ph 4 sewer MSBU. The interest rate of the loan is 2.93%. The loan is repayable in forty (40) semi-annual loan payments beginning April 15, 2004. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$1,092,639.	947,744
\$2,047,527 State of Florida Department of Environment Protection Revolving Loan issued to fund the South Gulf Cove Phase 4 MSBU water expansion, secured by the collection of assessments of the SGC Ph 4 water MSBU. The interest rate of the loan is 2.67%. The loan is repayable in forty (40) semi-annual loan payments beginning December 15, 2004. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$1,342,889.	1,171,750
\$556,822 State of Florida Department of Environment Protection Revolving Loan issued to fund the South Gulf Cove Phase 5 MSBU sewer expansion, secured by the collection of assessments of the SGC Ph 5 sewer MSBU. The interest rate of the loan is 3.16%. The loan is repayable in forty (40) semi-annual payments beginning November 15, 2005. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$398,396.	339,021
\$863,558 State of Florida Department of Environment Protection Revolving Loan issued to fund the South Gulf Cove Phase 5 MSBU water expansion, secured by the collection of assessments of the SGC Ph 5 water MSBU. The interest rate of the loan is 2.81%. The loan is repayable in forty (40) semi-annual payments, beginning February 15, 2006. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$605,681.	517,918
\$170,781 State of Florida Department of Environment Protection Revolving Loan issued to fund the Pirate Harbor MSBU pre-construction sewer expansion, expenses secured by the collections of assessments of the Pirate Harbor MSBU. The interest rate of the loan is 2.63%. The loan is repayable in forty (40) payments beginning March 15, 2010. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$165,533.	136,054
\$1,070,649 State of Florida Department of Environment Protection Revolving Loan issued to fund the Pirate harbor MSBU construction sewer expansion, expenses secured by the collections of assessments of the Pirate Harbor MSBU. The interest rate of the loan is 3.12%. The loan is repayable in forty (40) payments beginning October 15, 2009. The total pledged revenue at 9/30/14, which equals remaining principal and interest, is \$1,083,650.	860,159

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Loans Payable, Business-type Activities, Continued

\$5,251,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission, for certain paving projects in Englewood East and Gulf Cove and for \$5,251,000 for the Rotonda Villas sewer and water expansion, secured by the collection of assessments of the Rotonda Villas MSBU. The loan is financed over a five year period. Interest is due monthly, calculated in a manner provided in Treasury regulations section 1.148-4. The total pledged revenue at 9/30/14 is \$2,815,000.

2,815,000

Total Special Assessment Loans

9,124,812

Total Loans and Bonds Payable for Business-type Activities

\$ 155,306,677

Total principal and interest for utility bonds and loans for 2014 was \$15,961,426. The total pledged revenue less expenses was \$23,903,000 resulting in a debt coverage for 2014 of 1.50%.

The total principal and interest for special assessment loans for 2014 was \$1,636,591. The total pledged revenue less expenses for 2014 was \$1,406,870, resulting in a debt coverage for 2014 of .86%.

Special Assessment Loans Payable, Governmental Activities

\$3,118,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission, for various paving and dredging improvements, financed over a five year period (2011-2016), with a balloon payment of \$1,870,800 in June 2016. Interest due monthly, calculated in the manner provided in Treasury Regulation Section 1.148-4.

\$ 2,182,600

\$4,700,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission, for various capital improvements financed over a five year period (2012-2017), with a balloon payment of \$2,820,000 in December 2017. Interest due monthly calculated in the manner provided in Treasury Regulation Section 1.148-4.

4,230,000

\$8,004,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission, for various paving and dredging improvements, financed over a four year period (2013-2017), with a balloon payment of \$4,804,000 in December 2017. Interest due monthly calculated in the manner provided in Treasury Regulation Section 1.148-4.

7,204,000

Total Special Assessment Loans Payable

13,616,600

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Loans/Promissory Note Payable, Governmental Activities

\$11,200,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission, for various paving and dredging improvements, financed over a five year period (2011-2016), with a balloon payment of \$8,207,200 in June 2016. Interest due monthly, calculated in the manner provided in Treasury Regulations Section 1.148-4. \$ 8,955,400

\$5,000,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission for Murdock Village, financed over a five year period (2012-2017), with a final balloon payment of \$5,000,000. Interest due monthly, calculated in the manner provided in Treasury Regulations Section 1.148.4. 5,000,000

\$3,700,000 Series A Tax Exempt Commercial Paper Loan Program through the Florida Local Government Finance Commission for Energy Efficiency Capital Improvements, financed over a five year period (2014-2018), with a final balloon payment of \$2,720,000. Interest is due monthly, calculated in the manner provided in Treasury Regulations Section 1.148.4. 3,700,000

The Series A Tax Exempt Commercial Paper Loan Program loans are secured 100% by non-ad valorem pledged revenues. The total principal and interest remaining to be paid on the programs are \$31,822,836 and the total available revenue for the paving and dredging projects was \$63,449,513, and Murdock Village was \$50,638,277 in fiscal year 2014.

\$49,095,000 Promissory Note, Series 2012, issued to finance acquisition of land for the Murdock Village project, through Bank of America. The Promissory Note, Series 2012, is a refinancing of the Series 2009A over a ten year period (2012-2022), with a balloon payment of \$18,234,187. Funding to extinguish the debt is being appropriated through the annual budget process, using a fifteen (15) year amortization schedule until such time a developer is selected and a combination of proceeds from sale and tax increment financing extinguishes the remaining debt. The debt is secured by 100% non-ad valorem pledged revenues, the total principal and interest remaining to be paid on the program is \$50,861,558 and the total available revenue was \$50,638,277 in fiscal year 2014. Interest is due quarterly at the rate of 2.95%. 43,471,028

Total Loans/Promissory Note Payable 61,126,428

Total Special Assessments/Loans/Promissory Note Payable for Governmental Activities 74,743,028

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Bonds Payable

\$27,755,000 Capital Improvements Revenue Bonds, Series 2007, issued to fund the Stadium improvements, maturing serially through 2036, interest at 3.8% - 5%. The debt is secured and pledged by 100% Communication Service Tax. The total principal and interest remaining to be paid on the program is \$32,036,537 and the total available revenue was \$5,290,112 in fiscal year 2014. 21,860,000

\$41,290,000 Limited General Obligation Bond Series 2012, issued to fund Conservation Charlotte, maturing serially through 2026, interest is at 2.11%. This debt is secured and pledged 100% by .2 mills of the ad-valorem tax. The total principal and interest remaining to be paid on the program is \$41,911,341 and the total available revenue was \$2,324,516 in fiscal year 2014. 36,510,000

Total Bonds Payable for Governmental Activities 58,370,000

Total Loans and Bonds Payable for Governmental Activities \$ 133,113,028

CHARLOTTE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Long-Term Obligations (continued)

Fiscal Year	Principal	Interest	Total	Interest Rate
2015	\$ 15,666,510	\$ 5,436,030	\$ 21,102,540	1.44%-5.00%
2016	13,248,109	5,039,928	18,288,037	1.44%-5.00%
2017	12,087,174	4,631,901	16,719,075	1.44%-5.00%
2018	12,443,464	4,246,760	16,690,224	1.44%-5.00%
2019	12,863,448	3,822,698	16,686,146	1.44%-5.25%
2020-2024	69,958,659	12,238,109	82,196,768	1.44%-5.25%
2025-2029	15,442,822	820,777	16,263,599	2.63%-5.25%
Subtotal				
Business-type Debt	\$ 151,710,186	\$ 36,236,203	\$ 187,946,389	
Premium on Bonds	3,596,491	-	3,596,491	
Total all				
Business-type Debt	<u>\$ 155,306,677</u>	<u>\$ 36,236,203</u>	<u>\$ 191,542,880</u>	

Fiscal Year	Principal	Interest	Total	Interest Rate
2015	\$ 7,982,589	\$ 3,231,961	\$ 11,214,550	.20% - 5%
2016	18,103,360	3,005,893	21,109,253	.20% - 5%
2017	21,084,750	2,718,709	23,803,459	.20% - 5%
2018	9,608,835	2,432,829	12,041,664	.20% - 5%
2019	7,084,698	2,232,882	9,317,580	.20% - 5%
2020 - 2024	48,318,796	7,184,094	55,502,890	.20% - 5%
2025 - 2029	17,670,000	2,073,470	19,743,470	.20% - 5%
2030 - 2034	1,895,000	542,859	2,437,859	.20% - 5%
2035 - 2038	1,365,000	96,547	1,461,547	.20% - 5%
Total all				
Governmental Debt	<u>\$ 133,113,028</u>	<u>\$ 23,519,244</u>	<u>\$ 156,632,272</u>	

Restrictive Covenants

Utility System revenue bonds are payable solely from and collateralized by a first lien upon and pledge of the net revenues and certain other fees and charges derived from the operation of the utility system. The pledge of the net revenues derived from the County from these operations does not constitute a lien upon the utility systems or any other property of the County.

The County has established and funded the Closure Reserve Account to ensure the availability of financial resources for the proper closure of the landfill in accordance with Section 403.7125 of the Florida Statutes.

The County has established the Utility System Sinking Fund and Reserve Accounts in accordance with the resolution authorizing the issuance of the utility system revenue bonds. Monies deposited in the sinking fund and reserve accounts are pledged solely for the payment of the principal and interest on the bonds.

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Note 9. Long-Term Obligations (continued)

The County has established a Renewal and Replacement Fund in accordance with the resolution authorizing the issuance of the utility system revenue bonds. The money deposited in this fund shall only be used for the purpose of paying the cost of major extensions, improvements or extraordinary repairs to the utility system or water facilities.

The Board has pledged Communications Services Taxes (CST) with respect to the Series 2007 Charlotte County Capital Improvement Revenue Bonds, requiring compliance with the flows of funds and establishment of debt service funds and restricted revenue accounts under the Bond resolution.

The covenants of the various loan agreements, authorizing the various Florida Local Government Finance Commissions loans outstanding, include appropriation in the annual budget amounts of non-ad valorem revenues or other legally available funds sufficient to satisfy the loan repayments.

In the opinion of management, the County is compliant with all debt covenants as of September 30, 2014.

Note 10. Conduit Debt Obligations

In accordance with GASB Interpretation No. 2, Disclosure of Conduit Debt Obligations, an interpretation of NCGA Statement 1, the County discloses certain conduit debt obligations. Conduit debt obligations occur when the governmental entity issues debt bearing its name to lower the cost of borrowing for specific governmental or nongovernmental third parties. The County has conduit debt obligations related to bonds issued in the name of the Charlotte County Industrial Development Authority, a discretely presented component units. Neither the issuing government nor the Component Unit assumes any responsibility for repayment of this debt or interest thereon. The County has conduit debt as follows:

Charlotte County Industrial Development Authority - \$1,587,961 Charlotte County Industrial Development Authority Refunding Revenue Bond (Charlotte County Family YMCA Project), Series 2010. The principal purpose of this bond is for refunding the Prior Indebtedness (the Series 2000 Bonds) which was used to pay a portion of the costs of the acquisition, construction and equipping of the facilities. The outstanding principal balance at September 30, 2014 is \$1,290,256.