LEROY COLLINS INSTITUTE

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LEROY COLLINS INSTITUTE HIGHLIGHTS LOCAL DEBT OBLIGATIONS IN NEW REPORT

TALLAHASSEE, Fla. – The LeRoy Collins Institute (LCI) today released a new report in its *Tough Choices* series, *Benchmarking Debt Obligations in Florida Cities and Counties*, which evaluates the long-term debt obligations of all 67 Florida counties and the largest 162 municipalities. The benchmark data provided in the report can help residents and government officials identify how their city or county's debt compared to that of other local Florida governments.

The report measures debt obligations based on debt-per-capita and debt ratios while also monitoring changes in debt over time to best understand trends. It uses annual financial statements to measure the dollar value of total liabilities for both governmental and business-type activities, including: municipal bonds, bank loans, and retirement benefits.

The good news is that most of Florida's cities and counties have relatively stable debt levels and appear to be structurally solvent. However, the study also shows significant variation in debt levels among Florida cities and counties—a variation that has grown over the past five years.

"LCI is pleased to release our eighth report providing information for Florida residents and government officials on local governmental finances and obligations," said Dr. Carol Weissert, Florida State University (FSU) political science professor and LCI director. "A healthy balance of debt measure is key and will avoid the risk of having levels of debt too low, which could indicate a failure on the part of the government to provide necessary services within a community or too high which could raise issues of fiscal accountability.

This report finds:

- Debt obligations in Florida cities and counties were relatively stable from 2011 to 2014.
- Average debt obligations of Florida cities and counties significantly increased in fiscal years 2015 and 2016, which is primarily explained by new accounting standards that placed pension obligations on government balance sheets for the first time.
- Florida cities tend to have higher debt obligations than Florida counties.

- Debt obligations are significantly affected by the types of services that governments perform, with larger debt obligations more likely in governmental activities such as public safety and public works.
- Problem situations appear to be isolated to a small group of cities – Cape Coral, Fort Myers, Hollywood, Jacksonville and Miami are consistently ranked in the top 25 local governments with the largest debt-per-capita and debt ratio every year.

Generally, government debt financing promotes intergenerational equity, meaning taxpayers' funds are returned to them in the form of services organized and provided by the government. Debt becomes a significant issue when it outweighs the ability of communities to cover their obligations.

"The best way to ensure that debt levels are not rising unnecessarily is by being aware of how much spending is taking place each year and where that money is going," said Lester Abberger, chair of the LCI board. "We hope this report helps Floridians educate themselves on the debt obligations of their local city and county, and that citizens will continue to prudently monitor local government spending."

Dr. David Matkin, associate professor at the Rockefeller College of Public Affairs and Policy at the University at Albany—SUNY—and research fellow for LCI, wrote the report, assisted by University at Albany students Alex Pollinger and Emily Hetzel.

For more than 20 years, LCI has studied and promoted creative solutions to key private and public issues. Beginning in 2005, the Institute published several reports in a series called, Tough Choices: Shaping Florida's Future. These publications provided an in-depth analysis of Florida tax and spending policy.

To access a complete version of *Benchmarking Debt Obligations in Florida Cities and Counties,* please click here. Data for individual cities and counties may be found here.

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***About the LeRoy Collins Institute**: Established in 1988, the LeRoy Collins Institute is a nonpartisan, statewide policy organization which studies and promotes creative solutions to key private and public issues facing the people of Florida and the nation. The Institute, located in Tallahassee at Florida State University, is named in honor of former Florida Governor LeRoy Collins and is governed by a distinguished board of directors, chaired by Lester Abberger. Other board members include executives, local elected officials, and other professionals from throughout the state.*