DEBT MANAGEMENT

Like many local governments, Alachua County uses long-term financing to construct major public facilities and infrastructure without placing the full cost on a single year's taxpayers. The County carefully manages its debt through Board-adopted financial policies that promote affordability, maintain strong credit ratings, and protect long-term financial stability. This section provides an overview of the County's debt portfolio, financing strategies, and future borrowing plans.

The Constitution of the State of Florida does not impose a debt limit. However, as part of the annual budget process, the Board of County Commissioners implements a comprehensive set of Financial Policies. These policies are designed to establish and document a framework for fiscal decision-making, enhancing the County's financial management. Among these policies, Debt Management provides guidance for the County's borrowing practices through established financial targets and ratios. These measures balance the flexibility needed to finance capital improvements while maintaining long-term access to capital markets.

- **Board-Adopted Debt Policy Targets**

  ✔ Debt Service ≤ 35% of General Fund
  ✔ Direct Debt ≤ 5% of General Fund
  ✔ Direct Debt ≤ 10% of Operating Expenditures
  ✔ Net Direct Debt ≤ 3% of Taxable Value
  ✔ Net Direct Debt ≤ $750 Per Capita
  ✔ Per Capita Debt ≤ 5% of Per Capita Income

The County consults with its financial advisors and bond counsel to explore the most cost-effective financing options for all debt issuances. This adherence to prudent fiscal management has allowed the County to make several long-term infrastructure improvements for its residents.

FUNDING MECHANISMS FOR GOVERNMENT

The Florida Constitution does not limit the amount of ad valorem taxes a county may levy for the payment of bonds authorized by voter referendum. The County is limited by Article VII, Section 9 of the Florida Constitution, however, to a maximum levy of 10 mills per $1,000 of the assessed value of real estate and tangible personal property for county purposes other than the payment of voted bonds.

The County's primary non-ad valorem revenue sources include:

- local government half-cent sales tax,
- communications services tax,
- local option infrastructure surtax for community reinvestment,
- voted fuel tax (9th cent),
- local option fuel tax (1-6 cent),
- county fuel tax (7th cent),
- constitutional fuel tax,
- 4th cent tourist development tax,
- 5th cent tourist development tax,
- traffic surcharge revenues,

Many of the non-ad valorem revenues are legally restricted to specific purposes. For example, the county fuel tax and local option fuel tax are limited to transportation and road improvement-related costs, including debt service payments on transportation bonds; the 4th and 5th cents of the tourist development tax are limited to capital construction and maintenance of tourist-related facilities such as convention centers, sports arenas, and stadiums. The primary, unrestricted direct revenue sources available as security for a non-ad valorem/non-enterprise bond issue are the local government half-cent sales tax, the communication services tax, and the constitutional fuel tax.

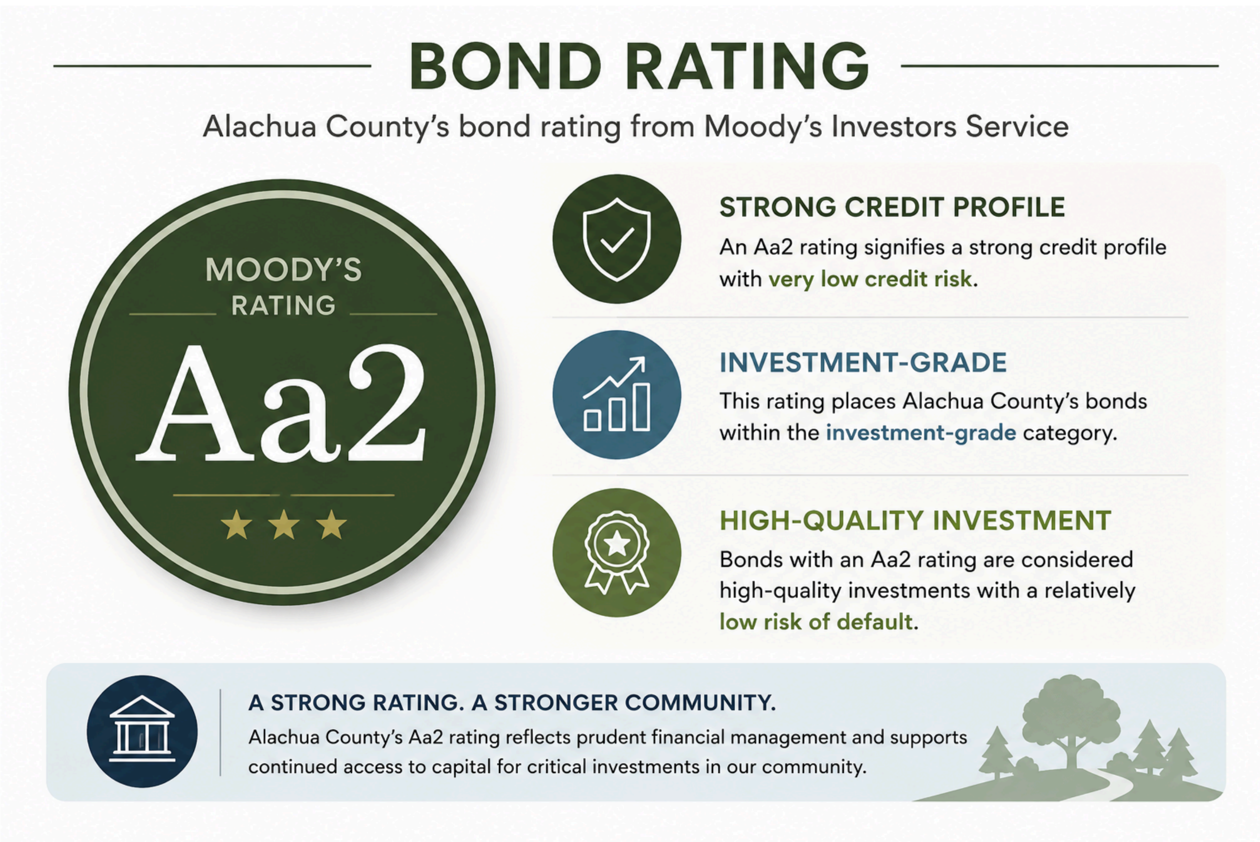
The County utilizes several financing mechanisms to fund capital improvements, each with different repayment sources and legal requirements. Each financing method is selected based on the legal authority, repayment source, useful life of the asset, and overall cost to taxpayers.

CAPITAL FINANCING TIMELINE

Alachua County strategically uses long-term financing to invest in major public facilities and infrastructure that provide lasting benefits to residents while preserving financial flexibility. By matching the cost of long-lived assets with the generations that will use them, the County is able to address critical community needs without placing the full financial burden on current taxpayers.

The Capital Financing Timeline highlights significant investments made through debt financing over the past decade, including public safety facilities, transportation improvements, recreational amenities, and government infrastructure, as well as planned future investments. Each financing decision is evaluated through the County's Board-adopted financial policies, Capital Budget and Financial Plan Program, and long-term financial planning process to ensure affordability, sustainability, and compliance with established debt management guidelines.

This disciplined approach has enabled Alachua County to maintain strong credit ratings, preserve debt capacity, and continue investing in facilities that enhance public safety, support economic development, improve operational efficiency, and strengthen the quality of life for current and future residents.



Credit ratings directly influence borrowing costs. Maintaining a strong rating reduces interest expense and allows more public dollars to be invested in County services and infrastructure.

LONG-TERM DEBT is a commonly used means of financing large capital assets such as infrastructure, buildings, and large pieces of equipment. By spreading out the debt payments over many years, local governments smooth capital expenditures over multiple fiscal years and create a more predictable cash flow.

SHORT-TERM DEBT can be used to cover a temporary cash-flow deficit or provide interim financing until long-term borrowing has been secured.

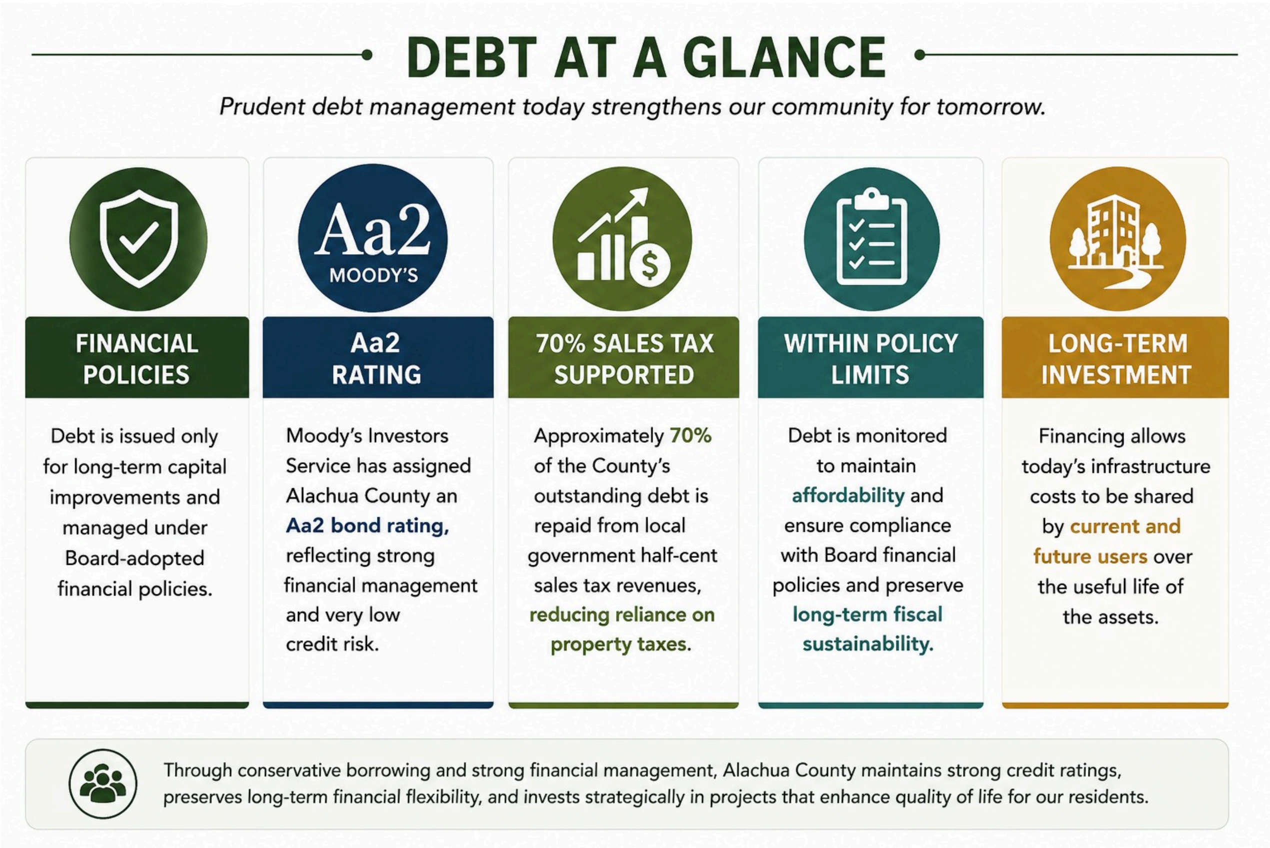
GENERAL OBLIGATION (GO) DEBT is secured by the full faith and credit of the government issuing the debt. The County pledges its tax revenues unconditionally to pay the interest and principal on the debt as it matures. If the debt is in the form of a bond, the bond owners have a legal claim against the issuer's available general revenues if a default occurs.

REVENUE DEBT relies on a pledge of specific revenue generated by the financed project or pledged revenue source.

SPECIAL ASSESSMENT DEBT is debt repaid from assessments against those who directly benefit from the project the funds have been used to finance.

DEBT LIMITATION is total current debt service on "Direct Debt" less any dedicated limited ad valorem debt service measured as a percent of the current total General Fund revenue less any General Fund ad valorem revenue.

The County's conservative debt management practices have resulted in strong credit ratings and continued access to favorable borrowing terms.



SUMMARY OF RECENT AND FUTURE DEBT ISSUANCES

DEBT ISSUANCES

On August 24, 2023, the County issued an $8,000,000 Capital Improvement Revenue Note pledging non-ad valorem revenues for the purpose of funding capital improvements for purchase and renovation of the armory for emergency operations and Fire Rescue/EMS Administration approved by the Board of County Commissioners on August 22, 2023 - Resolution Number 2023-59.

On October 20, 2022, the County issued a $34,000,000 Capital Improvement Revenue Note pledging non-ad valorem revenues for the purpose of funding capital improvements in the amount of $34,000,000 which constructed two Fire Stations, Court Service Buildings, and Warehouse approved by the Board of County Commissioners on October 11, 2022 - Resolution Number 2022-94.

On August 31, 2021, the County issued its Series 2021A and 2021B Tourist Development Tax Revenue Note in the amount of $30,000,000. The 2021A and 2021B Bonds were issued in order to fund the Sports Event Center building project approved by the Board of County Commissioners on August 24, 2021 - Resolution Number 2021-99.

On August 27, 2020, the County issued its Series 2020A Bond in the amount of $3,750,000 and 2020B Bond in the amount of $4,400,000 in Capital Revenue Bonds to construct the Medical Examiner Building and the Tax Collector Building approved by the Board of County Commissioners on August 25, 2020 - Resolution Number 2020-89. The Tax Collector building debt was fully retired during FY25.

On September 24, 2020, the County issued its Series 2020C Bond in the amount of $12,500,000 in Capital Revenue Bonds to construct the Agricultural and Equestrian Center approved by the Board of County Commissioners on September 22, 2020 - Resolution Number 2020-102.

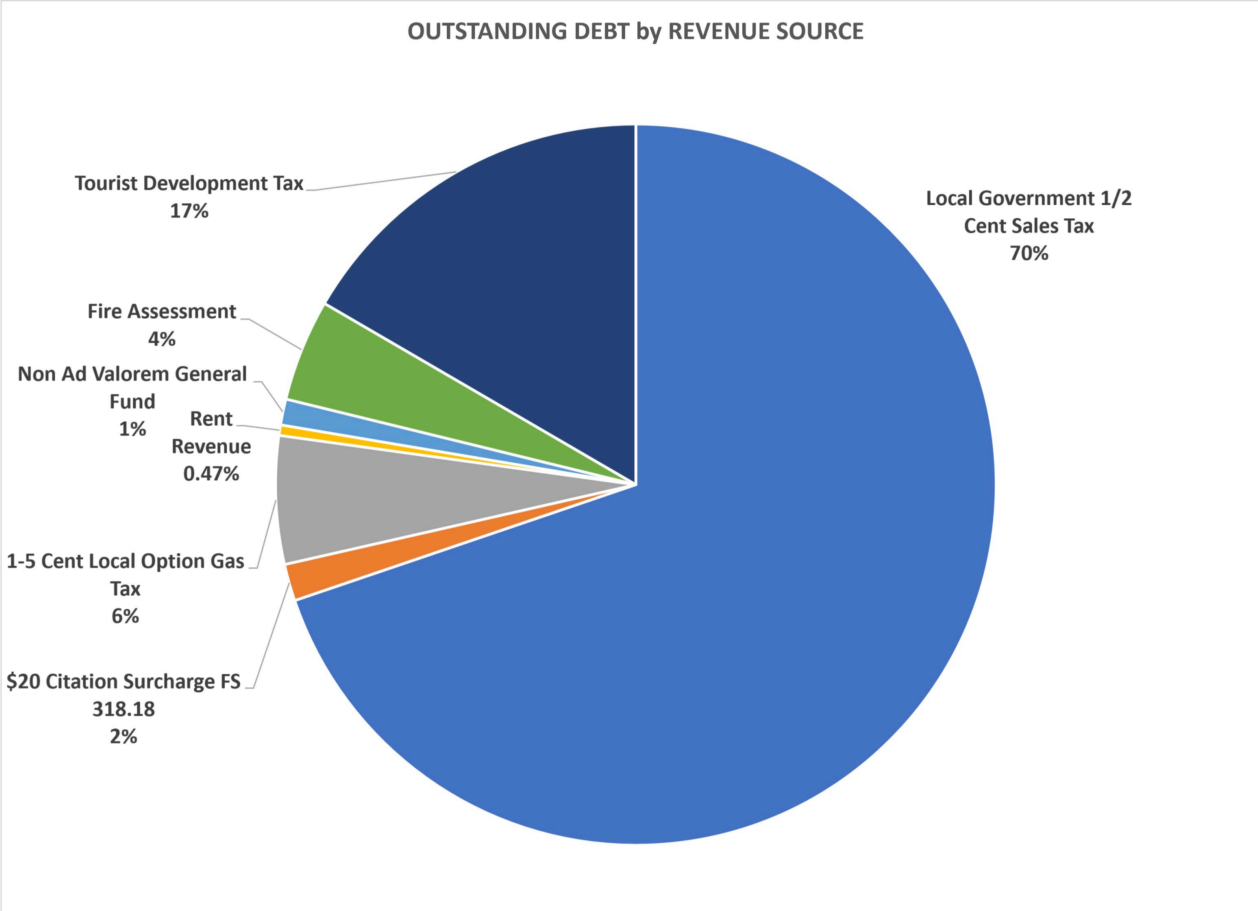
On August 14, 2018, the County issued its Series 2018 Bond in the amount of $13,200,000 in Gas Tax Revenue Bonds to fund certain improvements to the County's Transportation System approved by the Board of County Commissioners on August 14, 2018 - Resolution Number 2018-53.

On January 12, 2017, the County issued its Series 2017 Bond in the amount of $2,120,000 in Public Revenue Note to construct two fire stations approved by the Board of County Commissioners on January 10, 2017 - Resolution Number 17-01.

On May 4, 2016, the County issued its $24,430,000 Series 2016 Bond Refunding of Notes Series 2007A and 2007B public improvement revenue bonds approved by the Board of County Commissioners on April 26, 2016 - Resolution Number 16-48.

On April 23, 2015, the County issued $3,800,000, its Series 2015A Revenue Bond in order to construct the Public Defender building approved by the Board of County Commissioners on April 14, 2015 - Resolution Number 15-35.

On April 23, 2015, the County issued $12,637,000, its Series 2015B Bond in order to refund the county's Sales Tax Revenue Bond Series 2007A approved by the Board of County Commissioners on April 14, 2015 - Resolution Number 15-36.



Approximately 70% of the County's outstanding debt is supported by local government half-cent sales tax revenues, reducing reliance on property taxes.

Issuing debt allows the County to construct major facilities today while spreading costs over the useful life of the asset so that future residents who benefit also share in the cost.

These investments support the County's strategic priorities by maintaining essential public infrastructure, protecting public safety, and providing facilities needed to serve a growing community.

PLANNED FUTURE DEBT ISSUANCES

The County intends to issue capital revenue bonds backed by pledged revenues for the purpose of the following projects:

CIVIL COURTHOUSE, PARKING GARAGE AND MECHANICAL PLANT: The project includes construction of a Central Energy Plant (CEP) with a screen wall and utility connections to both the Civil and Criminal Courthouses. The plant will meet current and future heating and cooling needs of the court complex using an ice storage thermal energy system.

A five-level parking structure will provide approximately 700 spaces, along with necessary utility and fire protection connections. The ground floor will include public restrooms, an activity space, and a street-facing art walk.

A new Civil Courthouse, approximately 80,000 square feet and two to four stories tall, will be built adjacent to the existing Criminal Courthouse to expand court services and improve operational efficiency.

ANIMAL RESOURCES BUILDING: The proposed debt financing for the new Animal Resources Building is a strategic investment aimed at enhancing the County's animal care infrastructure. This project is essential to meet the growing demand for animal services, provide better facilities for the care and shelter of animals, and ensure compliance with modern standards for animal welfare.

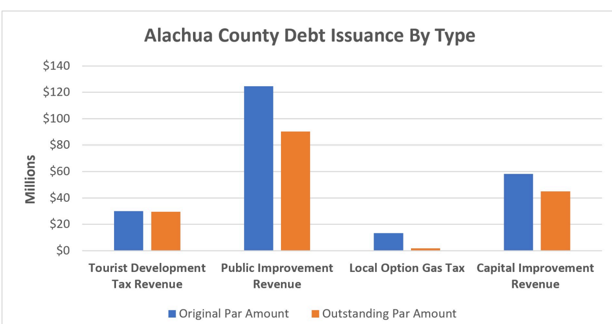
The debt issuance will fund the construction of a modern Animal Resources Building, which will include advanced veterinary facilities, increased capacity for housing animals, and dedicated spaces for community education and outreach programs. This project is designed to improve service delivery for residents and animals.

FIRE STATION #25 TECH CITY: The construction of this station will improve emergency response times in the rapidly growing Tech City corridor, while supporting future development.

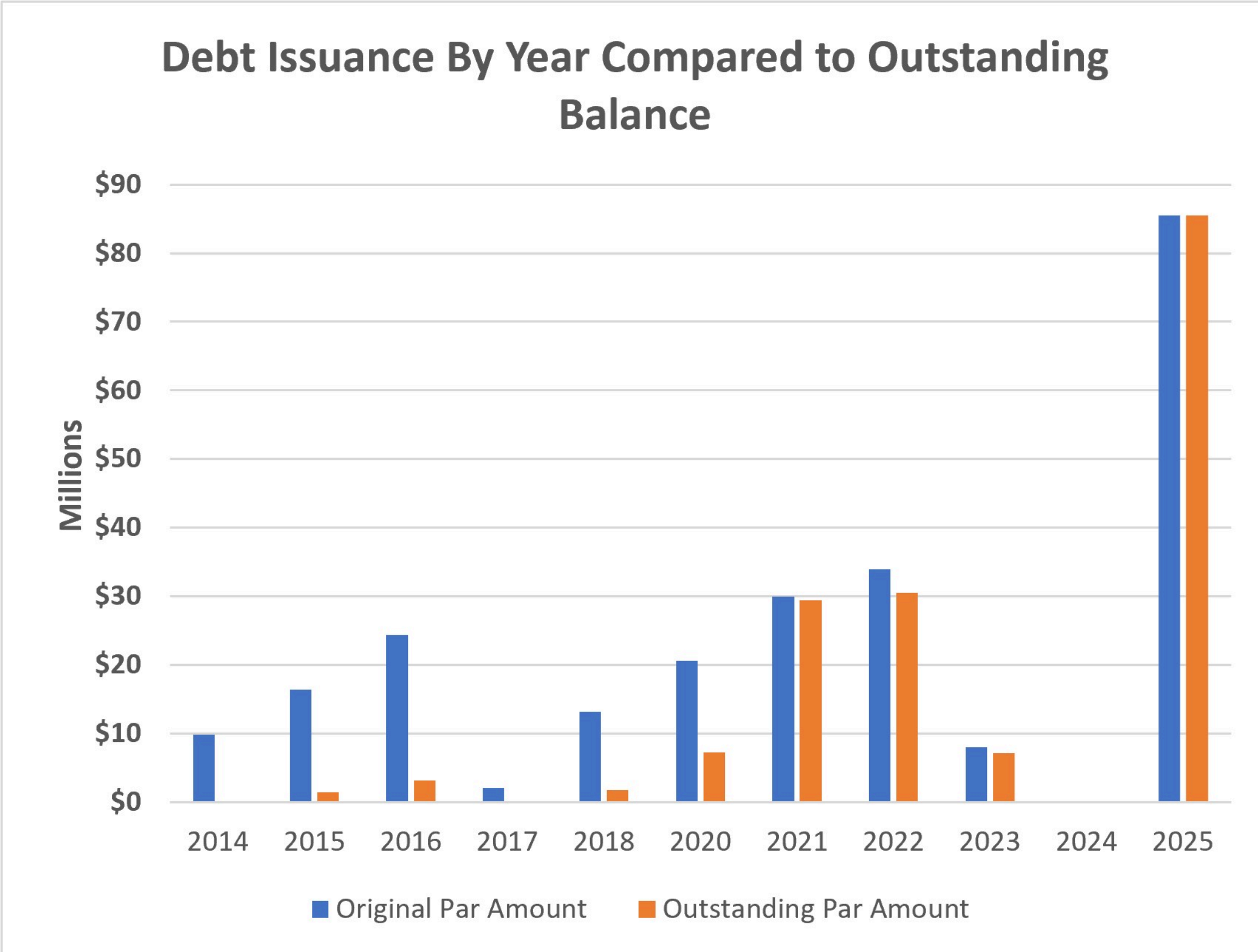
CONCLUSION

The County actively monitors market opportunities to refinance, defease, or redeem its outstanding debt to achieve lower debt service costs. When legally and economically feasible, lower-interest-rate debt or available reserves will be issued to pay off higher interest rate debt.

In summary, as confirmed by its credit ratings, the County's financial condition is characterized by strong debt service coverage from pledged revenue, a broad and varied local economy, and strong financial management.



PLEDGED SOURCES	
Local Government 1/2 Cent Sales Tax	$ 160,474,500
$20 Citation Surcharge FS 318.18	$ 3,800,000
1-5 Cent Local Option Gas Tax	$ 13,200,000
Rent Revenue	$ 1,078,500
Non Ad Valorem General Fund	$ 2,671,500
Fire Assessment	$ 10,500,000
Tourist Development Tax	$ 38,212,500
TOTAL	**$ 229,937,000**



The schedule on the following page provides complete debt service requirements for all outstanding obligations and planned issuances.

The schedule summarizes the County's outstanding debt portfolio, including the purpose of each borrowing, pledged revenue source, repayment schedule, and remaining obligations. Each debt issue includes:

- Project Associated with the Debt
- Pledged Funding Source
- County Fund Number Assigned to the Project
- Original Amount Borrowed
- Interest Rate Charged
- Annual Payments for Interest and Principal from FY27 to FY32
- "Thereafter" Column: Cumulative amount for payments beyond FY32
- "Total" Column: Full principal and interest for each issuance

ALACHUA COUNTY CUMULATIVE DEBT SCHEDULE AS OF 10-01-2026													
PROJECT	PLEDGE FUNDING SOURCE	FUND	YEAR	AMOUNT	INTEREST	FY27	FY28	FY29	FY30	FY31	FY32	Thereafter	TOTAL
8th Ave Extension, SW 61st Extension, SW 61st/SW 24th Ave Intersection	1-5 Cent Local Option Gas Tax	280	2018	$ 13,200,000	2.98%	$ 1,879,385							$ 1,879,385
Refund 2007A PI Bond	Local Government 1/2 Cent Sales Tax	286	2015B	$ 12,637,000	2.25%	$ 1,518,898							$ 1,518,898
2 Fire Stations	Local Government 1/2 Cent Sales Tax	289	2017	$ 2,120,000	2.74%	$ 126,713							$ 126,713
Medical Examiner Building	Non Ad Valorem & Rent Revenue	295	2020A	$ 3,750,000	1.38%	$ 406,666	$ 406,353	$ 405,971	$ 405,520				$ 1,624,510
AG Equestrian Center/Auditorium/IFAS Building	Non Ad Valorem & Tourist Development Tax	294	2020C	$ 12,500,000	1.45%	$ 1,488,448	$ 1,493,075	$ 1,492,340	$ 1,491,315				$ 5,965,178
Refund 2007A (Balance and 2007B PI Bond)	Local Government 1/2 Cent Sales Tax	287	2016	$ 24,430,000	1.89%	$ 842,135	$ 846,155	$ 839,874	$ 838,342				$ 3,366,506
Sports Event Center	Tourist Development Tax	299	2021AB	$ 30,000,000	1.75% & 2.07%	$ 693,507	$ 686,232	$ 689,045	$ 691,770	$ 1,674,407	$ 1,679,807	$ 28,909,041	$ 35,023,809
Warehouse; Fire Station 21; Fire Station 80; Court Complex Parking Garage & Mechanical Plant; Court Services Building	Non-Ad Valorem / Fire Assessment	282	2022	$ 34,000,000	3.52%	$ 2,078,424	$ 2,078,048	$ 2,081,440	$ 2,078,424	$ 2,079,176	$ 2,078,520	$ 31,179,256	$ 43,653,288
Armory - Purchase & Renovate for Emergency Operations & Fire Rescue/EMS	Non-Ad Valorem	291	2023	$ 8,000,000	4.21%	$ 602,910	$ 600,280	$ 602,229	$ 603,546	$ 599,232	$ 599,497	$ 6,264,868	$ 9,872,560
Civil Courthouse, Parking Garage, Mechanical Plant	Local Government 1/2 Cent Sales Tax	296	2025	$ 85,500,000	3.95%	$ 4,615,306	$ 4,898,702	$ 4,897,140	$ 4,896,029	$ 4,895,252	$ 4,893,711	$ 116,841,073	$ 145,937,212
Fire Station, Animal Services Building													
	TOTALS			$229,937,000		$14,252,391	$11,008,845	$11,008,038	$11,004,946	$9,248,067	$9,251,535	$183,194,237	$248,968,059

DEBT POLICY COMPLIANCE

Alachua County manages debt in accordance with Board-adopted financial policies to ensure affordability and long-term financial sustainability.

FINANCIAL POLICY	POLICY TARGET	COMPLIANCE
Debt Service Costs *(excluding dedicated limited ad valorem debt service)*	Shall not exceed 35% of total General Fund	COMPLIANT
Debt Service Costs on "Direct Debt"	Shall not exceed 5% of total General Fund	COMPLIANT
Debt Service Costs on "Direct Debt"	Shall not exceed 10% of total General Fund operating expenditures	COMPLIANT
Total Net Direct Indebtedness	Shall not exceed 3% of the full valuation of taxable property in the County	COMPLIANT
Total Net Direct Indebtedness	Shall not exceed $750 per capita	COMPLIANT
Per Capita Debt	Shall not exceed 5% of per capita income	COMPLIANT

The County remains well within all Board-adopted debt policy limits, demonstrating fiscal responsibility and maintaining financial strength for current and future generations.

Alachua County's conservative debt management practices have enabled the County to maintain strong credit ratings, preserve long-term financial flexibility, and invest strategically in facilities and infrastructure that benefit current and future residents. The County will continue to evaluate financing opportunities that balance affordability with responsible stewardship of public resources.