


Debt Management



DEBT MANAGEMENT

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 stands out, providing guidance on the County's borrowing practices through various targets and ratios. These measures aim to strike a balance between the flexibility needed to secure capital and ensuring ongoing access to capital markets. Specific targets include:

- The current debt service costs without the dedicated limited ad valorem debt service shall not exceed 35% of the total General Fund.
- Debt service costs on "Direct Debt" shall not exceed 5% of total General Fund
- Debt service costs on "Direct Debt" shall not exceed 10% of total General Fund operating expenditures.
- Total net direct indebtedness shall not exceed 3% of the full valuation of taxable property in the County.
- Total net direct indebtedness shall not exceed \$750 per capita.
- Per capita debt shall not exceed 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.

The County currently receives a bond rating from the national bond rating organization Moody's: "Alachua County has an Aa2 rating." - Moody's Investors Service. New York: Moody's Investors Service, Issuer Comment August 30, 2024.

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 currently has the following major non-ad valorem revenues as follows:

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

Many of the non-ad valorem revenues discussed here are limited in terms of use. 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.

There are various mechanisms for government borrowing, either long-term or short-term, and they can be repaid through tax revenues, user fees, or special assessments.

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 can also smooth out their expenses and create a more predictable cash flow.

SHORT-TERM DEBT can be used to cover a temporary cash-flow deficit or provide for an interim method of 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 on all the general income of the jurisdiction if a default occurs.

REVENUE DEBT relies on a pledge of specific revenue generated by the issuer for repayment.

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.

BOND RATING

“Alachua County has a Aa2 rating” - Moody’s Investors Service. New York: Moody’s Investors Service, Issuer Comment August 30, 2024. An Aa2 rating from Moody’s signifies a strong credit profile with very low credit risk, placing it within the investment-grade category. It’s considered a high-quality investment. Essentially, Aa2-rated bonds are considered safe investments with a relatively low risk of default.

**DEBT - 10 Obligations totaling \$113,218,972.
Additional Future 1 Obligation \$110,000,000**

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 for the purpose of construction of two Fire Stations and 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 2021 B 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. FY25 the Tax Collector Debt has been paid off.

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 \$24,430,000 its 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.

PLANNED FUTURE DEBT ISSUANCES

In 2025, the County intends to issue in capital revenue bonds rate-backed debt 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 issuance of debt 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.

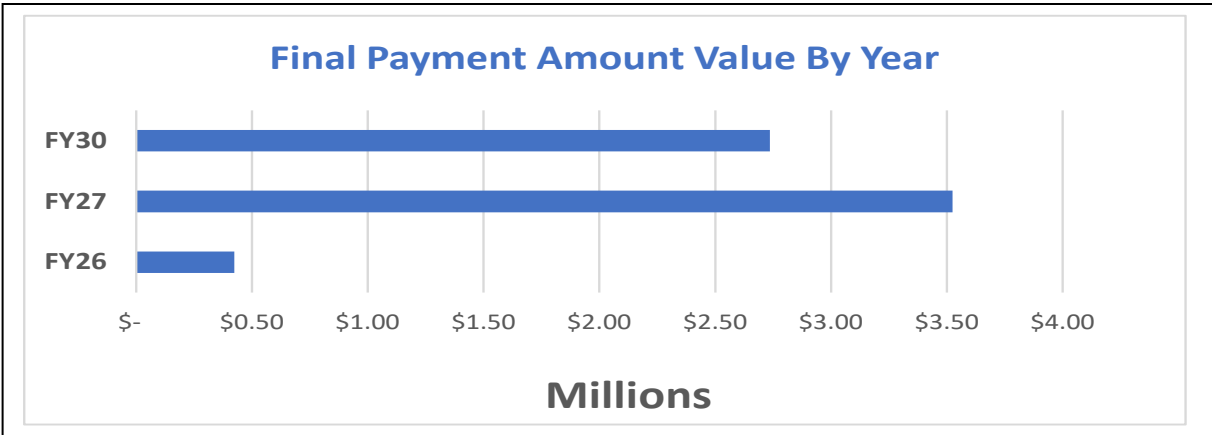
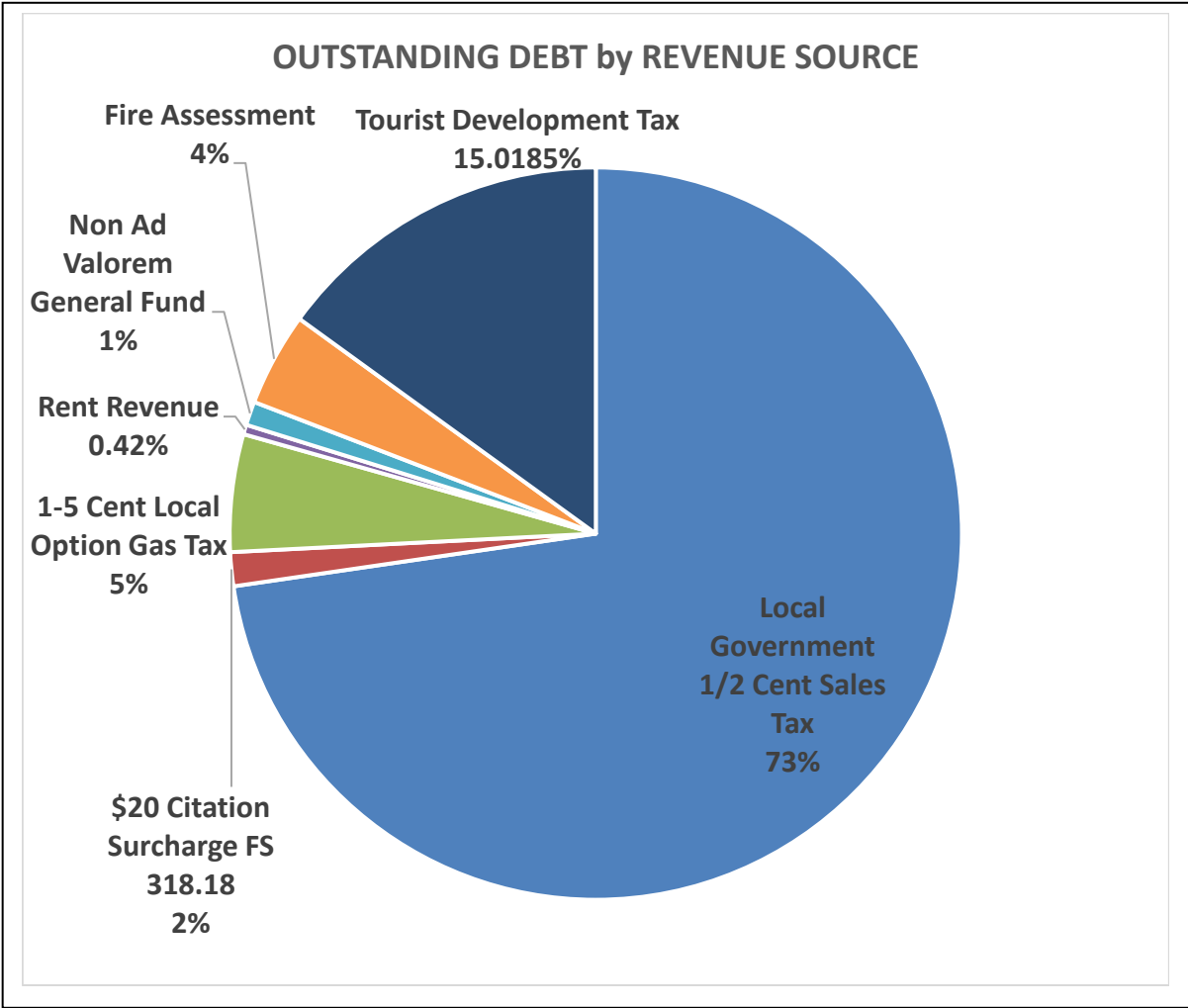
The debt issuance will fund the construction of a state-of-the-art Animal Services Building, which will include advanced veterinary facilities, increased capacity for housing animals, and dedicated spaces for community education and outreach programs. This project is designed to improve the efficiency and effectiveness of animal services in the county, ultimately leading to better outcomes for both animals and residents.

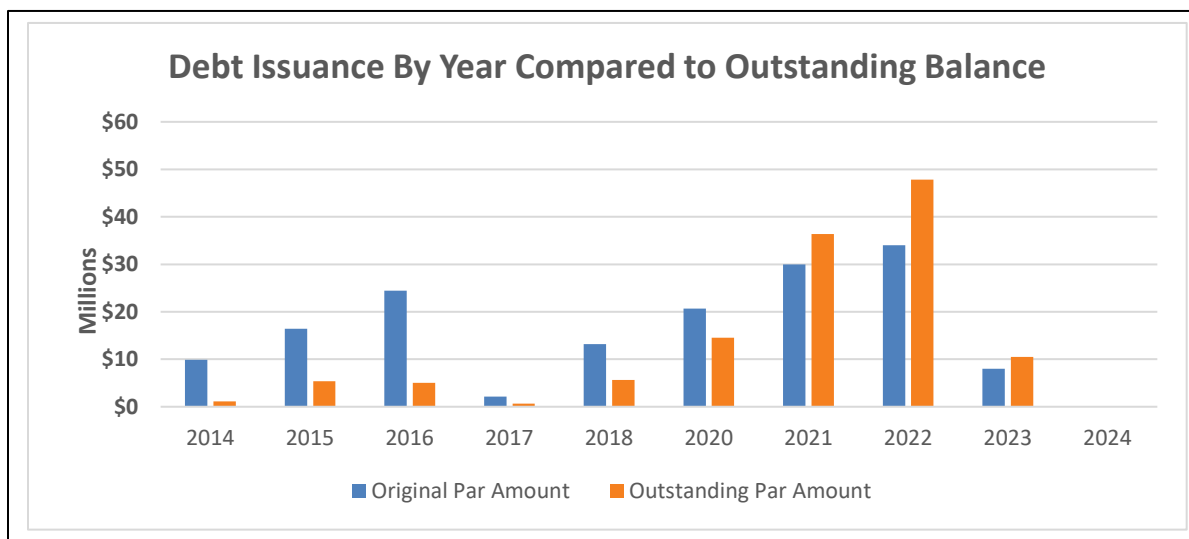
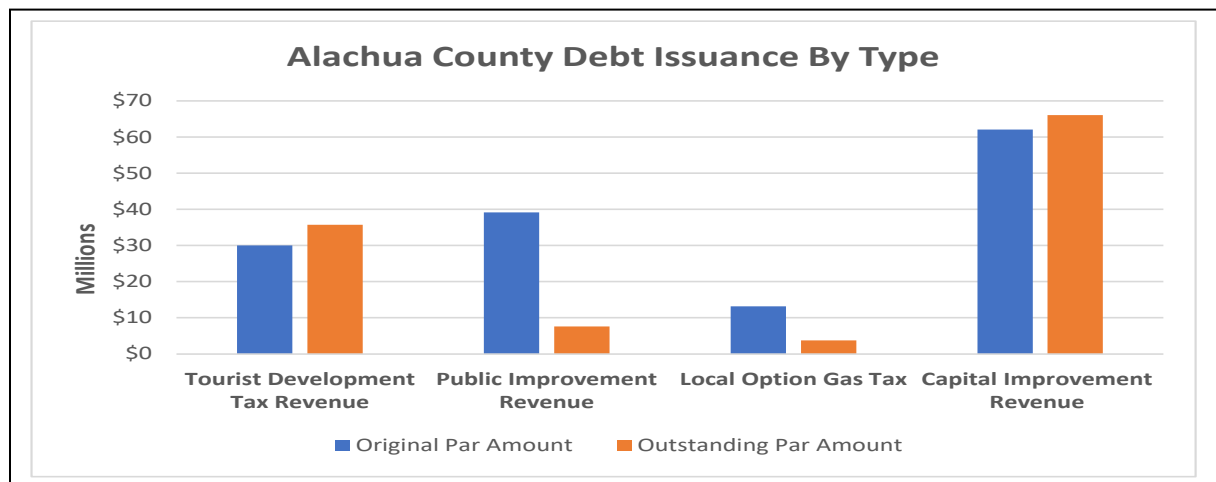
Fire Station #25 Tech City: The construction of this station will improve emergency response in the rapidly growing Tech City corridor.

CONCLUSION

The County actively and aggressively 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.





The following chart is a detailed schedule of the county's existing debt, including the following information:

- 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 FY25 to FY30
- "Thereafter" Column: Cumulative amount for payments beyond FY30
- "Total" Column: Full principal and interest for each issuance

ALACHUA COUNTY CUMULATIVE DEBT SCHEDULE AS OF 10-01-2025												
PROJECT	PLEDGE FUNDING SOURCE	FUND	AMOUNT	INTEREST	FY26	FY27	FY28	FY29	FY30	FY31	Thereafter	TOTAL
Public Defender Building	\$20 Citation Surcharge FS 318.18	285	\$ 3,800,000	2.25%	\$ 423,714							\$ 423,714
8th Ave Extension, SW 61st Extension, SW 61st/SW 24th Ave Intersection	1-5 Cent Local Option Gas Tax	280	\$ 13,200,000	2.98%	\$ 1,877,131	\$ 1,879,385						\$ 3,756,516
Refund 2007A PI Bond	Local Government 1/2 Cent Sales Tax	286	\$ 12,637,000	2.25%	\$ 1,520,333	\$ 1,518,898						\$ 3,039,231
2 Fire Stations	Local Government 1/2 Cent Sales Tax	289	\$ 2,120,000	2.74%	\$ 255,522	\$ 126,713						\$ 382,235
Medical Examiner Building	Non Ad Valorem & Rent Revenue	295	\$ 3,750,000	1.38%	\$ 406,910	\$ 406,666	\$ 406,353	\$ 405,971	\$ 405,520			\$ 2,031,420
AG Equestrian Center/Auditorium/IFAS Building	Non Ad Valorem & Tourist Development Tax	294	\$ 12,500,000	1.45%	\$ 1,488,530	\$ 1,488,448	\$ 1,493,075	\$ 1,492,340	\$ 1,491,315			\$ 7,453,708
Refund 2007A (Balance and 2007B PI Bond)	Local Government 1/2 Cent Sales Tax	287	\$ 24,430,000	1.89%	\$ 847,813	\$ 842,135	\$ 846,155	\$ 839,874	\$ 838,342			\$ 4,214,319
Sports Event Center	Tourist Development Tax	299	\$ 30,000,000	1.75% & 2.07%	\$ 690,695	\$ 693,507	\$ 686,232	\$ 689,045	\$ 691,770	\$ 1,674,407	\$ 30,588,848	\$ 35,714,504
Warehouse; Fire Station 21; Fire Station 80; Court Complex Parking Garage & Mechanical Plant; Court Services Building	Non-Ad Valorem / Fire Assessment	282	\$ 34,000,000	3.52%	\$ 2,077,568	\$ 2,078,424	\$ 2,078,048	\$2,081,440	\$2,078,424	\$ 2,079,176	\$ 33,257,776	\$ 45,730,856
Armory - Purchase & Renovate for Emergency Operations & Fire Rescue/EMS	Non-Ad Valorem	291	\$ 8,000,000	4.21%	\$ 599,908	\$ 602,910	\$ 600,280	\$ 602,229	\$ 603,546	\$ 599,232	\$ 6,864,365	\$ 10,472,469
Civil Courthouse, Parking Garage, Mechanical Plant, Fire Station, #25 Animal Services Building	Local Government 1/2 Cent Sales Tax	296	\$ 110,000,000								\$110,000,000	
TOTALS			\$ 254,437,000		\$10,188,124	\$9,637,086	\$6,110,143	\$6,110,899	\$6,108,917	\$4,352,815	\$70,710,989	\$223,218,972
PLEDGED SOURCES												
	Local Government 1/2 Cent Sales Tax		\$ 184,974,500		\$ 5,170,157	\$ 5,037,799	\$ 3,394,907	\$3,392,668	\$ 3,390,015	\$ 2,036,359	\$ 29,852,140	\$ 52,274,044
	\$20 Citation Surcharge FS 318.18		\$ 3,800,000		\$ 423,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,714
	1-5 Cent Local Option Gas Tax		\$ 13,200,000		\$ 1,877,131	\$ 1,879,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,756,516
	Rent Revenue		\$ 1,078,500		\$ 117,027	\$ 116,957	\$ 116,867	\$ 116,757	\$ 116,628	\$ -	\$ -	\$ 584,236
	Non Ad Valorem General Fund		\$ 2,671,500		\$ 289,883	\$ 289,709	\$ 289,486	\$ 289,214	\$ 288,892	\$ -	\$ -	\$ 1,447,184
	Fire Assessment		\$ 10,500,000		\$ 641,553	\$ 641,818	\$ 641,701	\$ 642,748	\$ 641,818	\$ 642,049	\$ 10,270,001	\$ 14,121,688
	Tourist Development Tax		\$ 38,212,500		\$ 1,668,659	\$ 1,671,418	\$ 1,667,182	\$1,669,512	\$ 1,671,564	\$ 1,674,407	\$ 30,588,848	\$ 40,611,590
	TOTAL		\$ 254,437,000		\$ 10,188,124	\$ 9,637,086	\$ 6,110,143	\$6,110,899	\$ 6,108,917	\$ 4,352,815	\$ 70,710,989	\$ 113,218,972