



Long Term Financial Forecasting

LONG-TERM FINANCIAL FORECASTING

Long-term financial planning involves projecting revenues, expenses, and key factors that have a financial impact on the organization. Understanding long-term trends and potential risk factors that may impact overall financial sustainability allows the community to proactively address these issues.

Long-term financial planning:

- Creates a long-term outlook into other planning processes like budgeting, capital planning, and revenue forecasting.
- Help to diagnose potential risks and causes of fiscal distress.
- Stimulates “big picture thinking”
- Provides a tool for evaluating long-term compliance with financial policies.
- Allows for pre-emptive action to mitigate forecasted financial distress.
- Defines parameters for decision-making.
- Communicates long-term financial position to residents and other stakeholders, including rating agencies and bond investors.

WHAT IS A LONG-TERM FINANCIAL PLAN?

A long-term financial plan serves as a "road map" for the County's financial goals and the strategies to achieve them. The following sections include discussions and explanations of revenue, historical expense, and economic impacts. The forecasts are prepared after State Revenues are published. Revenues illustrate the sources of the County's funding, what controls these revenues, and future projections based on past and current collections as well as economic factors. Expenses demonstrate the costs related to personal services, operating and capital over time.

WHO BENEFITS FROM HAVING A LONG-TERM FINANCIAL PLAN?

- Citizens: Effective financial stewardship enhances the community's quality of life, making it a more desirable place to live.
- Commission: Long-term financial plans guide Commission members and provide a consistent framework for Commission decisions, ensuring quality control.
- Businesses: Long-term financial plans provide certainty for business decisions, making the community a more attractive location for businesses.
- Management, Department Heads, and Staff: Financial planning sets priorities and direction from the elected Commission

DEVELOPING THE FINANCIAL PLAN

ELEMENTS

Time Horizon: Preliminary financial forecasts include an overview of the prior- year performance; expectations for the current year; and revenue estimates for the budget year. A further 3–5-year forecast projection will be developed.

Frequency: OMB works with each County department to develop expense requests and revenue estimates. OMB also works with departments to identify repurposing opportunities and provide advice based on the County’s overall revenue and expense outlook. OMB monitors financial performance and economic conditions underlying the financial forecast. Forecasts are reviewed annually during the budget process as well as monitored due to economic conditions impacting revenue collections.

Scope: The General Fund, MSTU-Law Enforcement, MSBU Fire Solid Waste, Stormwater, One Cent Surtax and Gas Tax Fund.

Content: Development will include analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance and plan monitoring mechanisms.

Our financial model is always changing as we study and adjust our assumptions. It is a tool that shows how our decisions and trends can impact our finances.

BUDGET PRINCIPLES

We have a set of budget principles to guide us when we make our budget and financial plans:

- Funding ongoing operating expenditures with ongoing revenue sources.
- Using one-time revenues for one-time expenditures (capital projects, for example).
- Maintaining sufficient reserve balances to address unforeseen events.
- Using a conservative approach to revenue estimation to avoid budget shortfalls during the fiscal year.
- Preparing equipment replacement and building maintenance schedules (and providing appropriate funding for these schedules).
- Budgeting Estimated Ending Fund Balances at a minimum 10% of projected revenue.
- Budgeting Estimated Reserve Balances at a level not less than 5% of the General Fund operating revenues and not greater than 10% of the total budget of the General Fund.

MOBILIZATION PHASE

- Alignment of Resources
- Preliminary Analysis
- Identification of Service Policies and Priorities
- Validation and Promulgation of Financial Policies
- Definition of Purpose and Scope of Planning

ANALYSIS PHASE

- Information Gathering
- Trend Projection
- Analysis

DECISION PHASE

- Decide How to Use the Information Provided
- Participative Process
- Review with Stakeholders
- Process for Executing the Plan

EXECUTION PHASE

- Strategies Become Operational Through:
- The Budget
- Performance Measures
- Action Plans
- Monitoring

Alachua County Commission meets throughout the fiscal year to discuss future projects and needs of the community. The County holds Special Budget Meetings for which staff prepares documentation as to the County's long-term needs and the County's current and future funding sources.

All County agenda items reference the fiscal impact related to the item being presented to the Board. Quarterly a revenue/expenditure financial report is provided to the Board and citizens on the meeting agenda. The County's financial position is continually reviewed and discussed which ensures all are informed as to the County's financial resources and health as these long-term plans are implemented. Throughout the year at Commission meetings projects and needs are discussed as information becomes available and as the County works toward their goals and objectives.

Readers can find more in-depth information regarding the County's long-term financial planning in the following budget sections:

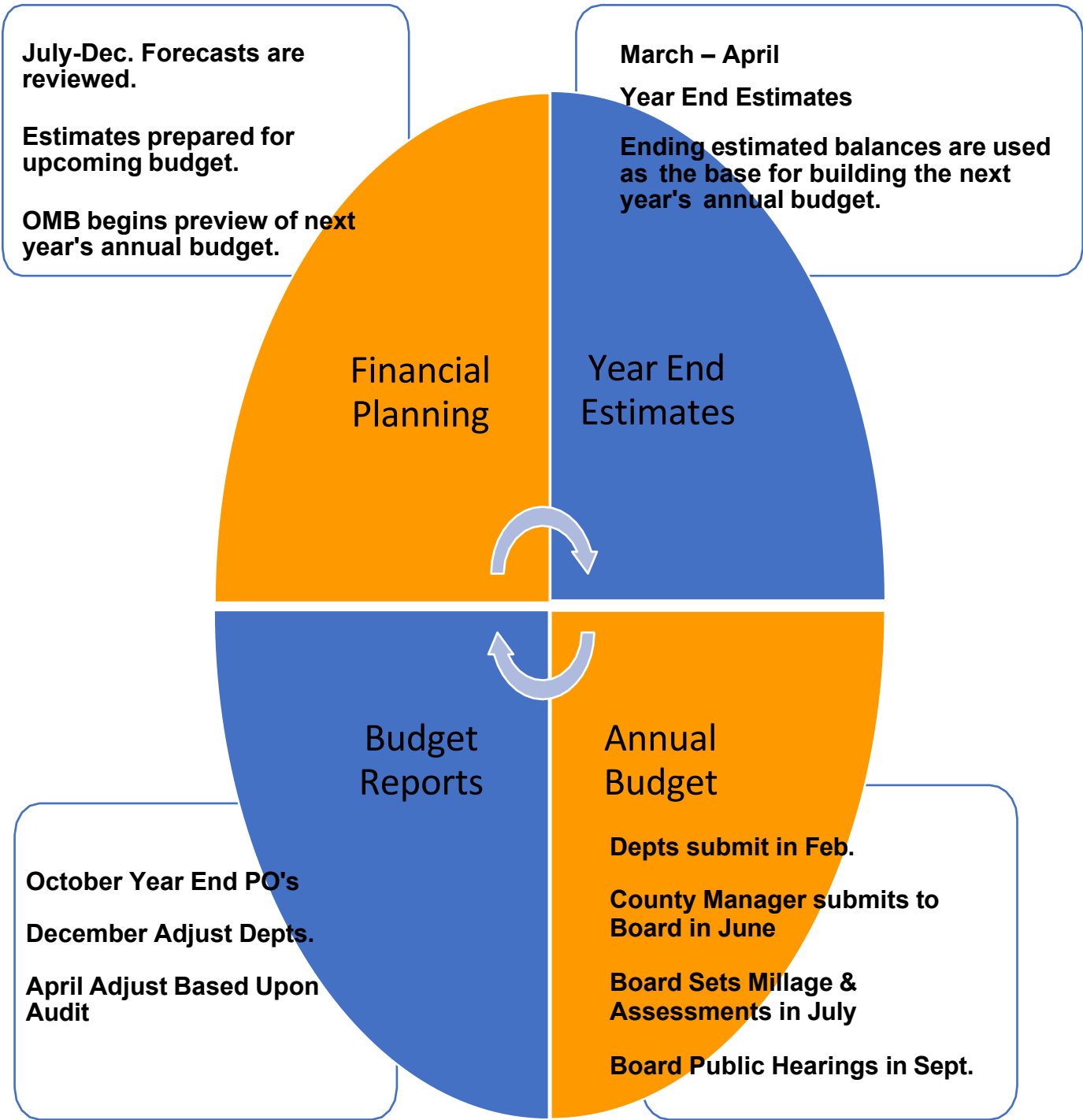
- Budget Overview and Policies
- Overview of Funds
- Fund Balance History (Fund Balance is where the County saves dollars for future projects)
- Strategic and Long-Term Planning
- Debt Information
- Capital Information

While the primary focus of a County's budget is to address the needs for the upcoming fiscal year, a broader range of economic factors must also be considered. These factors are crucial not only for determining the annual budget but also for planning future budgets, including allocating reserves or savings for future projects and purchases.

It is imperative that historical analysis be completed to determine what fiscal needs and impacts have changed and why. It is imperative to look forward as to what dollars the County will need in the future to address infrastructure and operational needs.

It is crucial to consider external impacts and trends that will affect the County's budgets. Analysis is needed to determine:

- What external factors will impact the County financially?
- Whether these factors can be adjusted for or controlled by the County.
- How will the County need to adjust or change to compensate for both negative and positive external impacts?



COUNTY REVENUES

Revenue estimates for the budget come from multiple sources:

- Operating departments, agencies, and Constitutional Officers provide estimates for program-related fees, grants, licenses, permits, and fines based on past trends and current conditions.
- The Florida Department of Revenue provides estimates for the Local Government Half-Cent Sales Tax, state-collected gasoline taxes, and the State Revenue Sharing program.
- Ad valorem tax revenue, a major source, is estimated using taxable property values provided by the Property Appraiser by July 1st each year, along with the applicable millage rates.

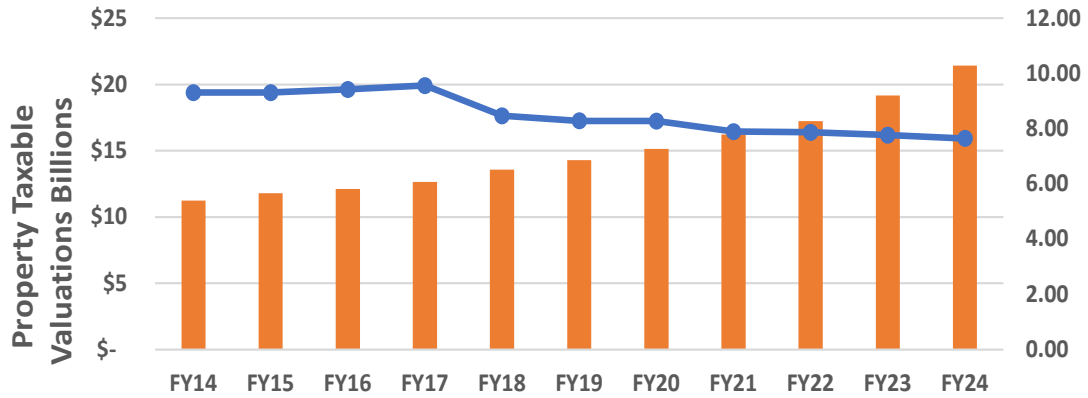
Alachua County funds its operations and capital projects through various revenue sources, including taxes, special assessments, fees, intergovernmental funding, and service charges. Key factors affecting these revenues are changes in taxable property values and millage rates, county population, service demands, real disposable income, and inflation. These "drivers" can directly or indirectly impact revenues. Therefore, the budget process includes forecasting and trend analysis to predict future revenue changes. To create the long-term financial plan, we start by reviewing County revenues and their historical changes.

AD VALOREM TAXES

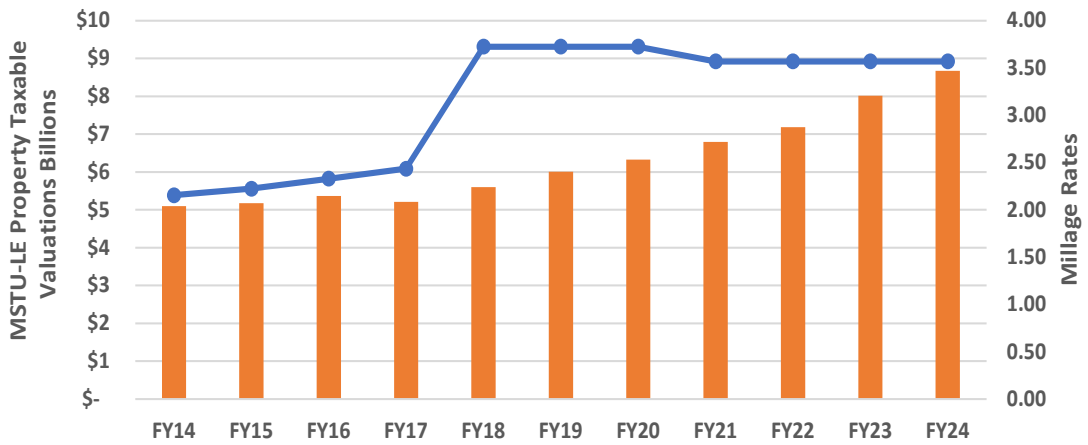
Taxes obtained are affected by population, restrictions for use, distribution factors and other things outside the County's control and most often controlled by the State. While the County controls the millage rate that creates the property taxes obtained, there is still a cap (10 mil/\$1,000 of value) to how much the County can obtain in property taxes.

Other jurisdictions within the county also have the authority to levy property taxes. These entities include cities, the St. John's River Water Management District, the Suwannee River Water Management District, the Alachua County Library District, the Children's Trust, and the Alachua County School District. All these tax levies are itemized on a consolidated tax bill sent to individual taxpayers.

FY14-FY24 Ad Valorem Property Values & Millage Rates



FY14-FY24 MSTU-LE Ad Valorem Property Values & Millage Rates

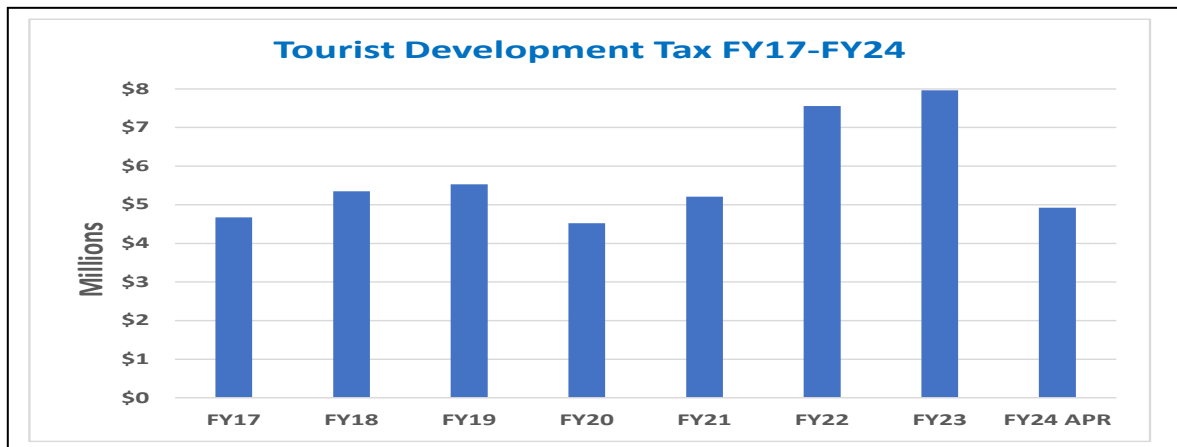


2023 Millage Rates		Total Millage if Suwannee	Total Millage if St Johns
County	7.6414		
MSTU-Law	3.5678		
Library	1.0339		
Children's Trust	0.4612		
Suwannee Water Mgt.	0.3113		
St Johns Water Mgt.	0.1793		
School Discretionary	3.2480		
School Required Local	3.1840		
Alachua	5.9500	21.8298	
Archer (includes MSTU Law)	5.5479	24.9955	
Gainesville	6.4297	22.3095	22.1775
Hawthorne (includes MSTU Law)	5.8594		25.1750
High Springs	6.9900	22.8698	
Lacrosse	6.5410	22.4208	
Micanopy	5.2000		20.9478
Newberry	5.9000	21.7798	
Waldo (includes MSTU Law)	6.4000	25.8476	25.7156
Unincorporated		19.4476	19.3156

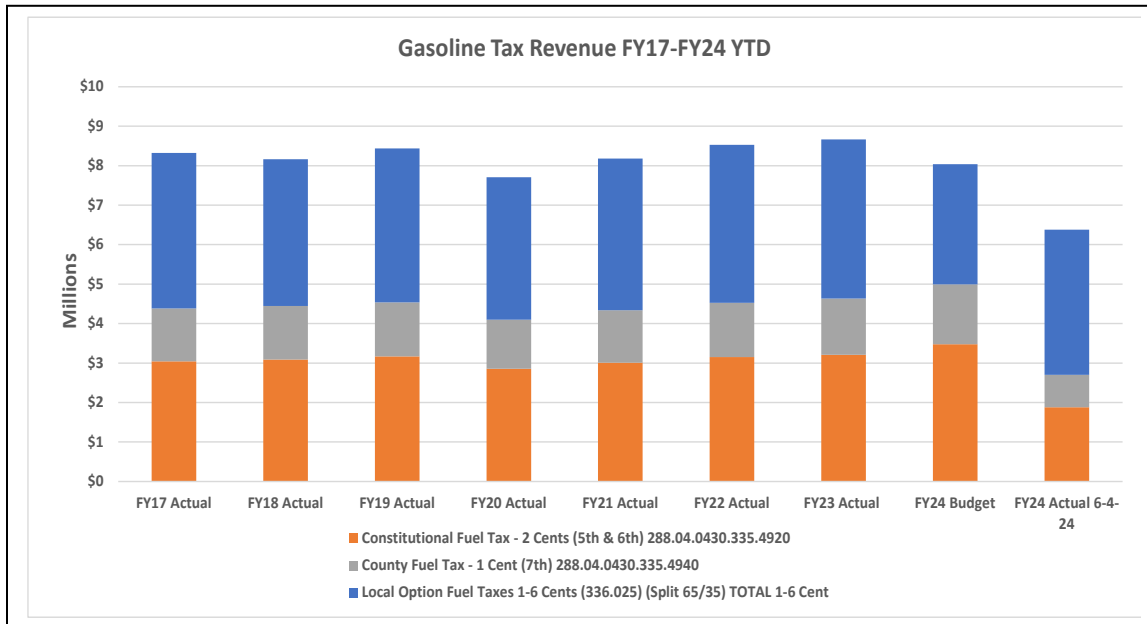
OTHER TAXES

The Other Taxes category includes receipts from non-ad valorem sources such as certain types of locally imposed gasoline and sales taxes, and tourist development taxes.

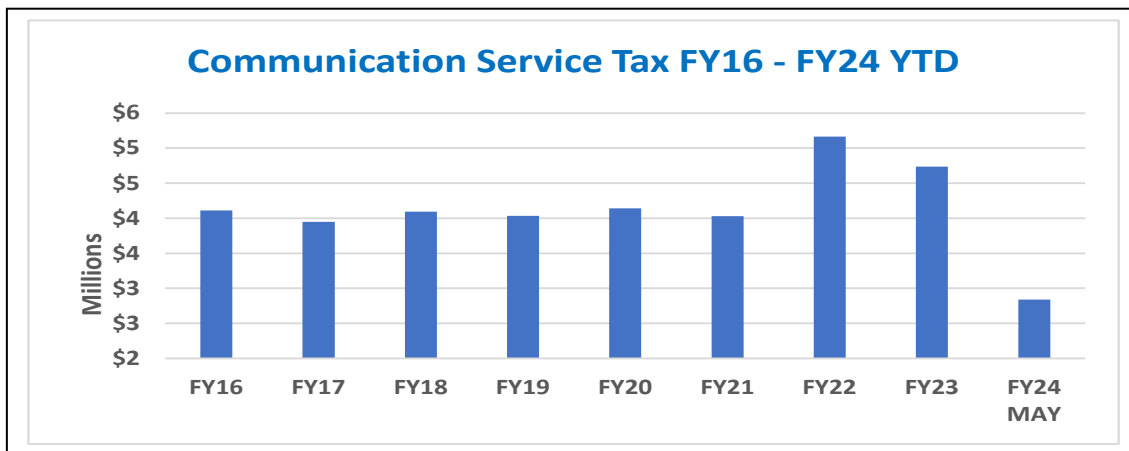
Local Option Tourist Development Tax – This tax is imposed primarily on tourist-related resorts and facilities and provides funding for tourist enhancement activities. Changes in this revenue are largely dependent on fluctuations in the hotel occupancy rate, which in turn depends on the performance of the state economy in general. A 1st and 2nd cent tax has been imposed and is used to fund capital projects and marketing. A 3rd cent tax funds the Tourism Grant Program. A 4th and 6th cent Tourist Development Tax was imposed during FY10; this revenue is used to fund operations of the Alachua County Visitors and Convention Bureau, known as Visit Gainesville, Alachua County, FL.



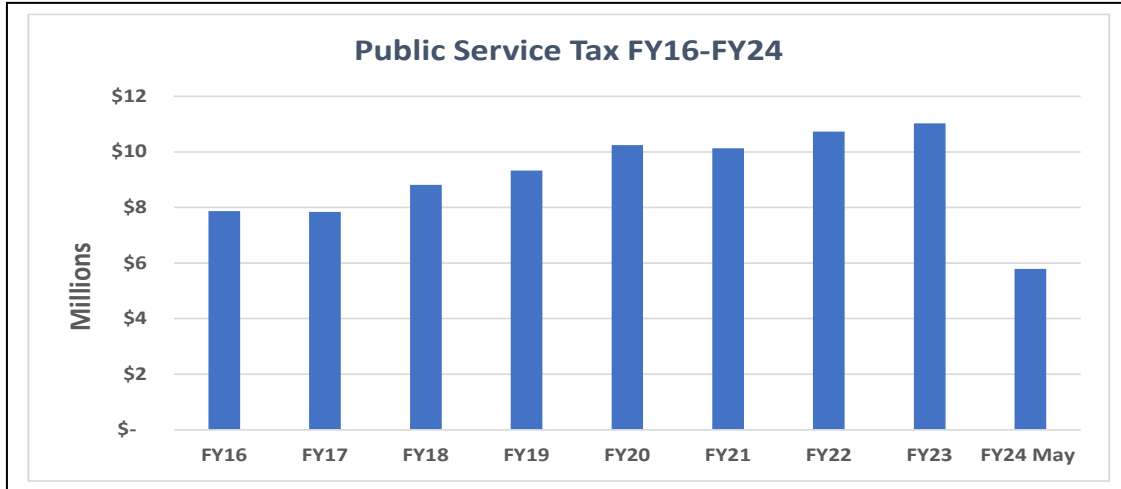
Fuel Taxes – This revenue category includes the Voted (9th Cent) Gasoline Tax and two Local Option taxes: the 1-6 cent Local Option Fuel Tax and the 1-5 cent Local Option Fuel Tax. The County Commission approved the 1-5 cent Local Option Fuel Tax in 2007, and it took effect on January 1, 2008, along with a two-cent constitutional tax and a one-cent county tax. Fuel taxes collected within Alachua County are distributed among the County and its nine municipalities. Fuel taxes are an important source of funds for road network improvement, maintenance, and road resurfacing. It is important to note that this tax is per gallon of gasoline and is not based upon the price of the fuel. Increases to fuel prices do not increase the revenue to the County.



Communications Services Tax – In 2001, Florida established the Communications Services Tax, which consolidated several state and local taxes into a single tax with two components: the Florida communications services tax and the local communications services tax. Alachua County currently has a rate of 6.90% for this tax, which is applied only in the unincorporated areas. Each of the nine municipalities levy their own communications services tax. This tax is likely to be affected by rapid changes in the communications industry, complicating revenue forecasting.



Public Service Tax – The public service tax is a 10% surcharge on consumption of utilities including electric, water, diesel, and propane.



Wild Spaces Public Places - 0.5% Infrastructure Surtax – In November 2016, Alachua County voters approved a 0.5 percent local government infrastructure surtax, to be effective for eight years, from January 1, 2017, through December 31, 2024. The total is split among the municipalities within the county and Alachua County received 57% of the total. This infrastructure tax ended December 31, 2022, and the County will spend the remainder of unspent funds that have been collected to that date split 90% for land conservation and 10% for parks and recreational locations.

1.0% Infrastructure Surtax – On November 8, 2022, Alachua County voters approved a 1.0 percent local government infrastructure surtax, to be effective for ten years, from January 1, 2023, through December 31, 2032. The total is split among the municipalities within the county and Alachua County receives 57% of the total.

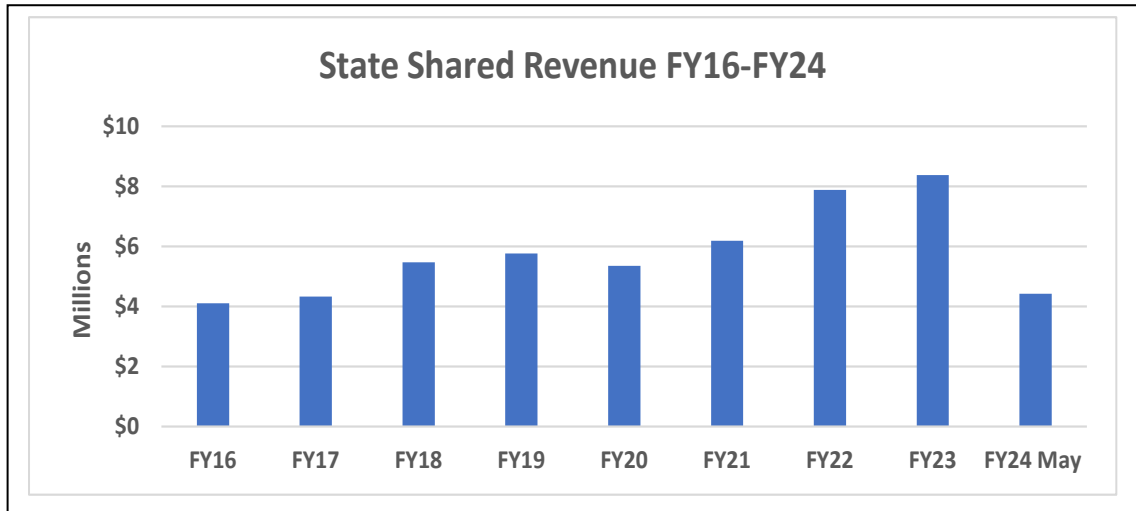
One half of revenues from this surtax is to be used to acquire and improve conservation lands, and create, improve, and maintain parks and recreational facilities. This portion is split 80% for land conservation and 20% for parks and recreational locations. The other half of revenues is to be used for other infrastructure, including repaving, and repairing roads and acquiring or building affordable housing. This portion is split 70% for roads and 30% work force housing.

One Cent Infrastructure Surtax			
	FY23 Budget	Actual YTD	FY24 Budget
Land	\$ 4,814,693	\$ 3,150,531	\$ 13,332,374
Parks	\$ 1,203,673	\$ 787,633	\$ 3,333,093
Roads	\$ 4,212,856	\$ 14,468,644	\$ 11,665,827
Housing	\$ 1,805,510	\$ 6,200,847	\$ 6,779,640
Totals	\$ 12,036,732	\$ 24,607,655	\$ 35,110,934

INTERGOVERNMENTAL REVENUES

Grants – Major grants received by the county include funding for Foster Grandparents, Victims of Crime Advocacy (VOCA), anti-drug and mental health programs, environmental issues, and housing grants for community development and housing rental.

State-Shared Revenues – The County Revenue Sharing and Local Government Half-Cent Sales Tax Programs are important sources of funding for the County.

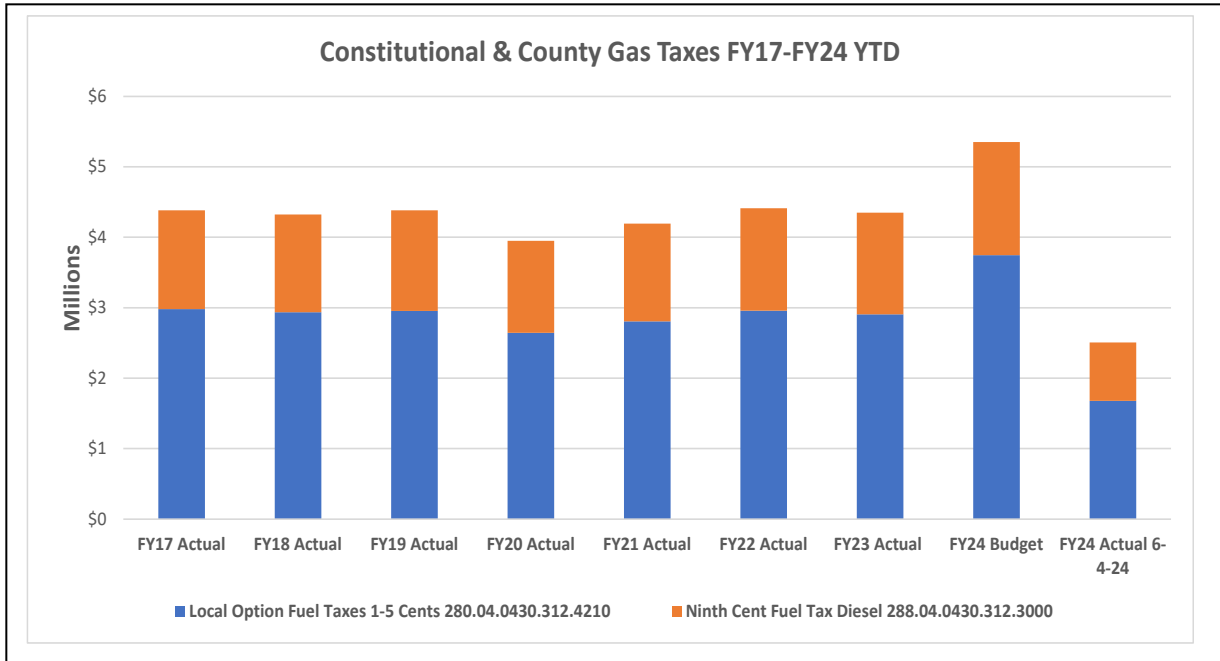


County Revenue Sharing Program created through The Florida Revenue Sharing Act of 1972 was an attempt to ensure a minimum level of revenue parity across units of local government. This program is funded by net cigarette tax and sales and use tax collections.

Local Government Half-Cent Sales Tax Program was authorized in 1982, this program generates the largest amount of revenue for local governments among the state-shared revenue sources. It distributes a portion of state sales tax revenue, and a portion of communications services tax revenue. This program's primary purpose is to provide relief from ad valorem and utility taxes in addition to providing revenues for local programs.

The Constitutional Fuel Tax is a 2-cent levy shared with counties only. Eighty percent of the revenue can be used for debt service, if any, to be managed by the State Board of Administration. Any remainder of the 80 percent portion is then distributed to the County. The other 20 percent is given to the County for the acquisition, construction, and maintenance of roads. This revenue will remain a continuous source of income.

The County (1 Cent) Fuel Tax is considered a State-Shared Revenue since its distribution is based on a State-set formula – not based solely on total collections within the county of collection. This revenue, along with other gasoline taxes and road network impact fees, is used to finance road network improvements and maintenance.



The Documentary Stamp Tax is levied at the rate of \$.70 per \$100 (or portion thereof) on documents that transfer interest in Florida real property, such as warranty deeds and quit claim deeds. This tax is paid to the Clerk of Court when the document is recorded. The Clerk of Court sends the money to the Department of Revenue which then distributes the funds according to law. Portions of the documentary stamp tax are transferred into the Local Government Housing Trust Fund for distribution to eligible county and municipal governments to fund the implementation of local housing assistance plans.

CHARGES FOR SERVICES

Charges for Services comprise receipts from such services as ambulance transports, pet adoptions, parking fees at Poe Springs Park, internal service charges, fees for housing federal prisoners, and municipal, commercial and franchise solid waste disposal fees. In preparing the County’s annual budget, the departments whose operations are supported by these fees provide the estimates of anticipated revenue. Departments rely upon past trends and their accumulated expert knowledge to construct these estimates.

Enhanced 911 Fee is a fee paid by landline telephone subscribers within Alachua County to fund the 911 emergency service programs. The monthly rate is 40 cents per access line. There is a similar fee imposed by the State of Florida on cellular telephone subscribers to fund the electronic 911 system. Part of this levy is shared with the Counties.

MISCELLANEOUS REVENUES

Miscellaneous Revenues account for interest, special assessments, impact fees, rental income, sale of surplus equipment, property and land, and contributions and donations. The County does not currently budget for unrealized changes in the value of its investments, but they are reflected in its financial statements, and they impact future years’ budgets through changes in the fund balance brought forward.

Fines and Forfeitures consist mainly of court and local ordinance violation fines.

Interest Earnings are revenues earned from the County’s investments. The majority of the County’s investments are with the State Board of Administration. All interest earned is remitted to the County.

Impact Fees on new construction were implemented to finance capital facilities needed to maintain service levels in areas of growth, including roads, parks, and fire.

FIRE PROTECTION ASSESSMENT

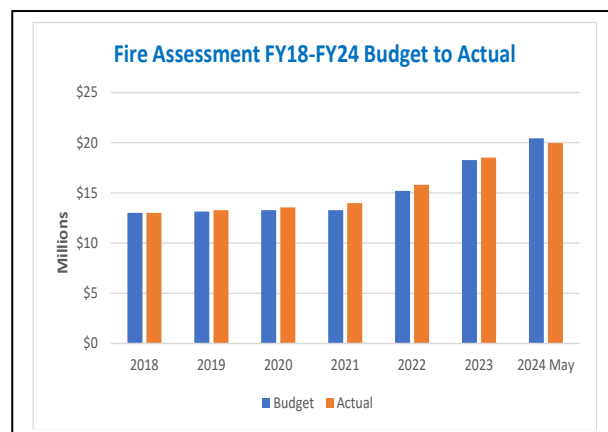
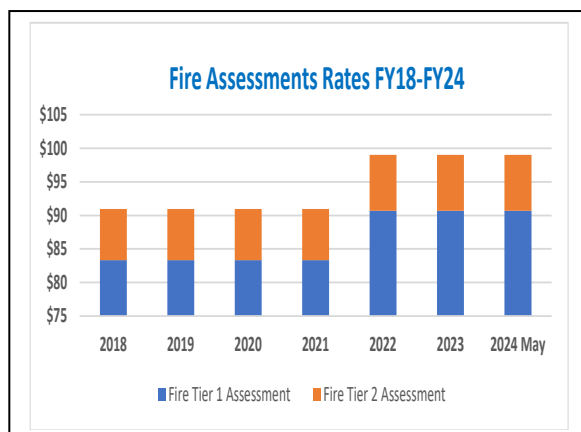
The fire assessment in Alachua County is a non-ad valorem fee imposed on property owners to fund fire protection services. This assessment is designed to cover the costs associated with fire prevention, fire suppression, emergency response, and related services provided by the county.

Tier 1 – Based on the simple availability of Fire Protection service which is available equally to all parcels of all types within the County by virtue of the continued state of fire protection readiness provided and maintained by the County. This tier is equal for all parcels.

Tier 2 – In order for the assessment to be fairly and reasonably apportioned among the properties that receive the special benefit, Tier 2 is based on the level of improvement related to each parcel. Thus, the higher the level of improvement, the higher the Tier 2 Assessment that would be charged. This tier is based on Equivalent Benefit Units (EBUs). Each EBU is representative of each \$5,000 of structure value. For example, a structure with a value of \$15,000 would equate to 3 EBUs.

Exemptions include government, agricultural, faith based, and charitable properties.

Fire Assessment	Unit Type	FY23 Assessment (Per Unit)	FY24 Adopted Assessment (Per Unit)
Tier 1 - Response Readiness	Per Parcel	\$90.69	\$90.69
Tier 2 - Structure Loss Protection	Per EBU	\$8.31	\$8.31



STORMWATER ASSESSMENT

The Florida Legislature mandates that local governments, including the County, develop compatible storm water management programs aligned with state and local regulations. The County's storm water management system includes inlets, conduits, manholes, channels, ditches, drainage easements, retention and detention basins, infiltration facilities, and natural waterways. These elements benefit properties by managing storm water collection, storage, treatment, and conveyance. Costs for operating, maintaining, repairing, and improving the system should be allocated based on the benefits received, services provided, or burdens imposed. Poor storm water management adversely affects public health, safety, and welfare due to poor water quality and flooding.

Benefitted Property gains from the operation of the storm water management system through:

- Storm water management services and facilities for safe detention, retention, conveyance, or treatment of discharged storm water.
- Stabilized or increased property values.
- Increased safety and better property access.
- Improved property appearance.
- Enhanced adaptability for current or future higher uses.
- Alleviation of storm water runoff burdens.
- Promotion of environmentally responsible use and enjoyment of natural resources.
- Storm water charges equitably fund capital improvements and service costs by allocating expenses based on the storm water burden generated by each property's physical characteristics and use.

Stormwater Assessments shall be collected pursuant to the Uniform Assessment Collection Act, and the County shall comply with all applicable provisions thereof.

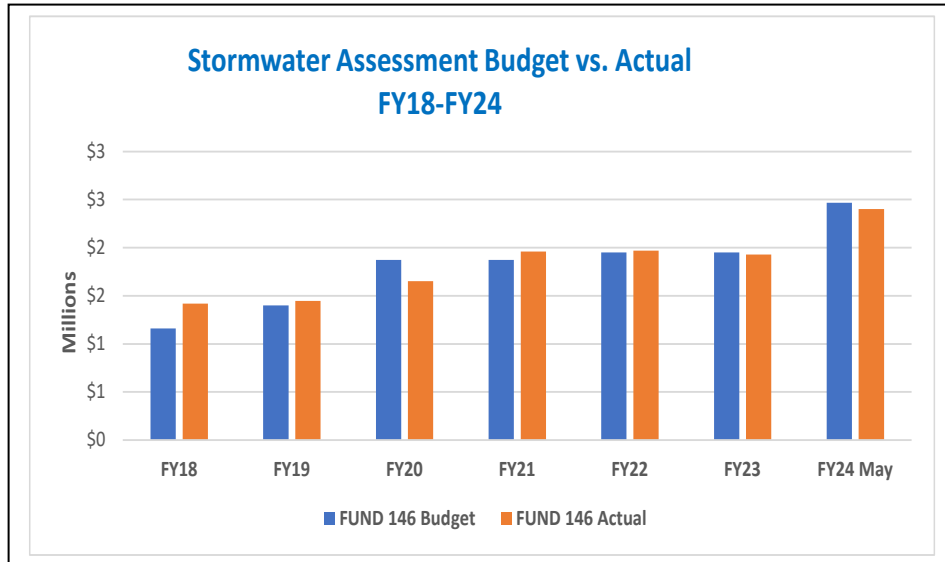
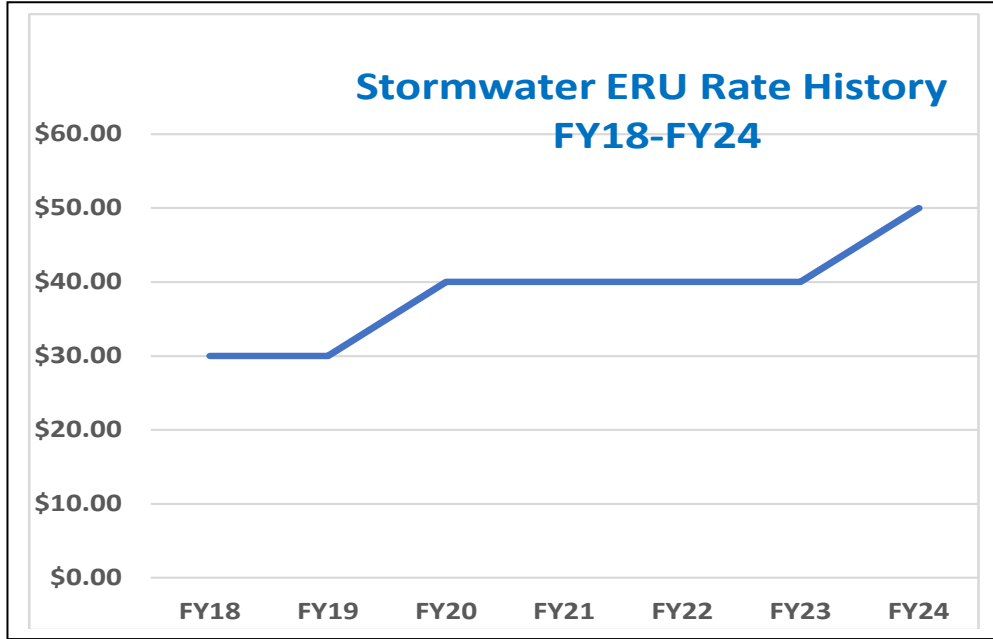
STORMWATER EXEMPTIONS

Florida law provides specific exemptions to reduce the value of property subject to taxation exemptions.

[Hardship Exemption](#) – To qualify for a hardship exemption for residential property, the owner must meet the following criteria:

- Occupy the property and have a homestead exemption per Chapter 196, Florida Statutes.
- For the 12 months prior to the application, the combined income of all occupants must be below the Income Exemption Standard, or the owner must have received AFDC, Supplemental Security Income, or services from the Office of Social Services within the past year.
- Intend to maintain the property as their permanent residence for the entire Fiscal Year for which the exemption is sought.
- Entities also exempt include charitable, religious non-profit organizations, burial grounds, or Disabled Veterans.

STORMWATER ASSESSMENT	Unit Type	FY23 Assessment (Per Unit)	FY24 Adopted Assessment (Per Unit)
Equivalent Residential Unit (ERU)	ERU	\$40.00	\$50.00



SOLID WASTE ASSESSMENT

The Solid Waste Assessment is a non-ad valorem fee imposed by the County on residential property to fund solid waste management, including collection and disposal services, and to generate necessary revenue.

Solid waste cost includes:

- The annual funding required for solid waste management, recycling, and disposal services.
- The estimated costs for collecting the assessment, including Tax Collector and Property Appraiser fees, and discounts for early payment.
- This regulation serves a public purpose by promoting the health, safety, and welfare of Alachua County residents.

SOLID WASTE EXEMPTIONS

Florida law provides specific exemptions to reduce the value of property subject to taxation exemptions. The Solid Waste Assessment exemptions include those of the property taxation exemptions, as well as:

[Hardship Exemption](#) – To qualify for a hardship exemption for Residential Property, the owner must meet the following criteria:

- Occupy the property and have a homestead exemption per Chapter 196, Florida Statutes.
- For the 12 months prior to the application, the combined income of all occupants must be below the Income Exemption Standard, or the owner must have received AFDC, Supplemental Security Income, or services from the Office of Social Services.
- Intend to maintain the property as their permanent residence for the entire Fiscal Year for which the exemption is sought.

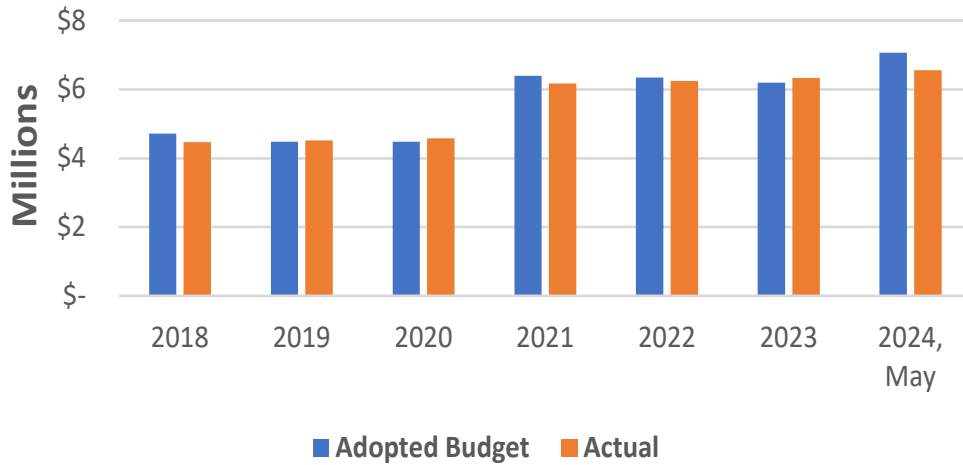
[Exemption for Inaccessibility](#)- Residential property in the Mandatory Area, which is inaccessible to a contractor, may apply for a partial exemption from the Solid Waste Assessment.

SOLID WASTE RESIDENTIAL ASSESSMENTS

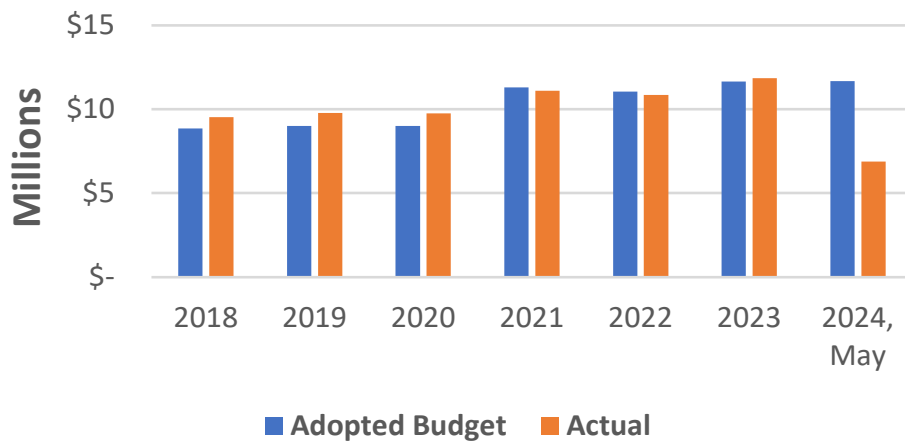
Non-ad valorem assessments, which appear on the ad valorem tax bill, fund residential solid waste collection and disposal, providing a stable revenue source. These assessments began in the mid-1980s, requiring all County residents to pay for refuse disposal. The fee varies based on residency in an incorporated town, the "mandatory collection urban area," or rural areas. Additionally, a management assessment is charged. Most residents are charged based on the quantity of refuse, and franchise haulers must purchase a franchise license. All users of the transfer station pay a tipping fee.

Universal Collection Assessment			
	Code	FY23 Rates	FY24 Rates
Residential Mandatory Collection Area			
appx. 20 gal cart	0120	\$184.73	\$203.89
35 gal cart	0135	\$210.49	\$227.08
64 gal cart	0164	\$264.56	\$276.86
96 gal cart	0196	\$322.68	\$330.00
Multi-Family Residential			
appx. 20 gal cart	0220	\$184.73	\$203.89
35 gal cart	0235	\$210.49	\$227.08
64 gal cart	0264	\$264.56	\$276.86
96 gal cart	0296	\$322.68	\$330.00
Condo - Residential			
appx. 20 gal cart	0320	\$184.73	\$203.89
35 gal cart	0335	\$210.49	\$227.08
64 gal cart	0364	\$264.56	\$276.86
96 gal cart	0396	\$322.68	\$330.00
Rural Collection Assessment			
	Code	FY23 Rates	FY24 Rates
Rural Collection Area	501	\$110.58	\$132.01
Solid Waste Management Assessment			
	Code	FY23 Rates	FY24 Rates
Residential			
Residential (Mandatory and Municipal)	710	\$20.78	\$25.27
Commercially Collected Residential	720	\$19.29	\$25.27
Non-Mandatory Residential	730	\$12.08	\$15.81
Commercial			
0-4.9 tons	801	\$20.47	\$23.61
5-9.9 tons	802	\$62.26	\$71.78
10-19.9 tons	803	\$124.93	\$144.05
20-29.9 tons	804	\$208.50	\$240.40
30-39.9 tons	805	\$292.06	\$336.76
40-49.9 tons	806	\$375.63	\$433.11
50-74.9 tons	807	\$521.87	\$601.73
75-99.9 tons	808	\$730.78	\$842.61
100-149.9 tons	809	\$1,044.16	\$1,203.94
150-199.9 tons	810	\$1,461.99	\$1,685.71
200-499.9 tons	811	\$2,924.39	\$3,371.90
500-999.9 tons	812	\$6,267.03	\$7,226.05
1000-1899.9 tons	813	\$12,116.64	\$13,970.82
1900 < tons	814	\$18,384.50	\$21,197.84

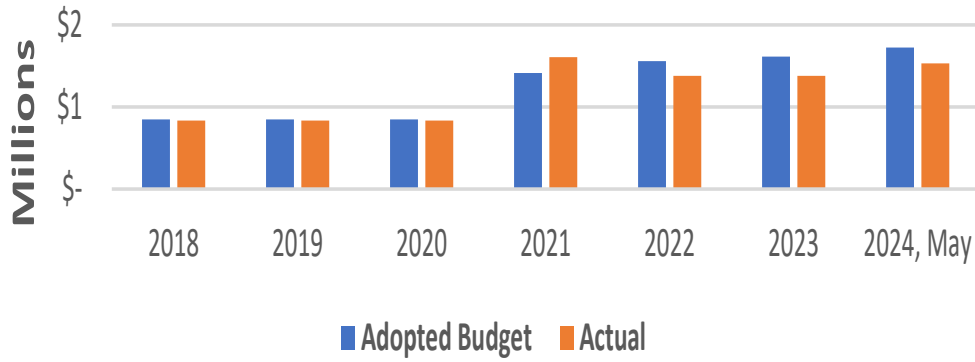
Fund 148 MSBU Refuse Collection Revenues FY18-FY24 YTD



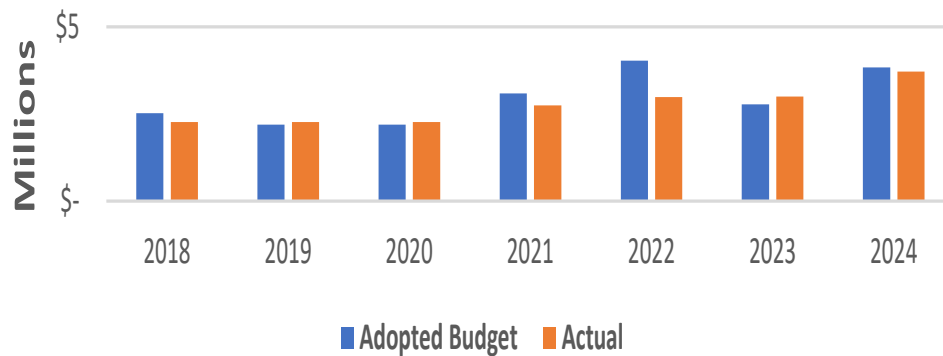
Fund 400 Tipping Fee Revenues FY18-FY24 YTD



Fund 403 Collection Centers Revenues FY18-FY24 YTD



Fund 405 Waste Management Collection Revenues FY18-FY24 YTD



ECONOMIC CONDITIONS TO CONSIDER

Items	Impact	Strategy
Property Values Increase in property values over the past three years has been an average of 9.11%	Increased property values have provided the County the ability to reduce millage rates	Monitoring of home sales throughout the year to determine stability of property values as well as concern for plateau
Property Values Concern that housing market will slow or plateau	Lower property values affect baseline to calculate millage rates.	Monitor trends and evaluate service levels to determine impacts
Property Values Foreclosures	Increased foreclosures can result in lower property values	Monitor foreclosure and home value rates
State Revenue Sharing	Consistent – return to pre-pandemic levels but cautious due to rising food and fuel prices	Monitor monthly trends to watch for mix of purchasing goods and services, savings, and inflation levels
Gas Tax Revenues	Increased gas price does not directly increase gas tax revenue	Monitor monthly revenues taking into account seasonal adjustments for trend analysis
Supply Chain	Impacts on project timelines, vendor hesitancy to commit due to fluctuating labor and materials costs	Review of vehicle and technology assets will occur to determine supply chain delay impacts as well as future project related cost updates
Energy Costs	Rising cost of Gasoline and Diesel	Quarterly review of gasoline and diesel pricing to monitor the impact on County operational expenses
Employment	Multiple impacts, Job Recruitment & Retention, Remote Work, Hybrids, Work-Life Balance	Monitor employment industry changes and unemployment rates