

## FIVE-YEAR PROJECTIONS

Five-Year Projections focus on major funds, which fall into each of Polk County's seven Result Areas. Monitoring and forecasting these major funding sources is important to achieve the mission of enhancing the quality of life for Polk County residents. Five-Year Projections incorporate yearly revenue and expense assumptions based primarily on historic trends, economic conditions, and population estimates. This section will outline assumptions included in projections of each major funding source. The projections shown for each fund represent 100% of anticipated revenue and expense.

### **Projection Assumptions:**

**Salary:** A 3.00% salary increase is effective as of October 1, 2023, as well as a 2.00% anniversary date increase for FY 23/24; a 2.00% salary increase is budgeted as of October 1, 2024, with a 2.00% anniversary date increase for FY 24/25. A 3.00% annual increase is projected thereafter.

**Health Insurance:** There is no health insurance increase for FY 23/24. A 5.00% increase is budgeted in FY 24/25, and a 7.00% annual increase is projected thereafter.

**Interest Revenue:** Interest revenue is budgeted at 3.25% for FY 23/24 and 3.50% thereafter.

**Fuel Cost:** Unleaded fuel is estimated at \$3.75 per gallon and diesel fuel is estimated at \$4.70 for all budget years.

## Basic Needs

**Indigent Health Care Fund** (Health and Human Services Division): This fund is supported by revenue from the voter-approved half-cent sales surtax for the purpose of funding healthcare services for qualified indigent residents in Polk County. In November 2016, voters approved an extension of the half-cent sales tax for 25 years.

### Indigent Healthcare Fund

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>\$82,159,157</b>	<b>\$59,377,746</b>	<b>\$37,006,723</b>	<b>\$21,309,324</b>	<b>\$19,823,799</b>
Sales Surtax	81,035,419	84,438,907	87,096,689	90,754,749	95,531,315
Other Revenue	4,317,853	3,794,815	3,937,507	3,535,906	2,634,959
<b>TOTAL REVENUE</b>	<b>\$85,353,272</b>	<b>\$88,233,722</b>	<b>\$91,034,196</b>	<b>\$94,290,655</b>	<b>\$98,166,274</b>
Indigent Health Care (53)	89,249,076	90,032,649	85,987,365	74,796,431	76,091,861
Indigent Health Care Mandates (146)	18,744,230	20,425,771	20,592,784	20,823,002	21,403,095
Other Programs Expense	141,377	146,325	151,446	156,747	162,233
<b>TOTAL EXPENSE</b>	<b>\$108,134,683</b>	<b>\$110,604,745</b>	<b>\$106,731,595</b>	<b>\$95,776,180</b>	<b>\$97,657,189</b>
<b>ENDING FUND BALANCE</b>	<b>\$59,377,746</b>	<b>\$37,006,723</b>	<b>\$21,309,324</b>	<b>\$19,823,799</b>	<b>\$20,332,884</b>

### Major Revenue Impacts

**Sales Surtax:** surtax revenue is projected to increase by 3.30% in FY 23/24 and 4.20% thereafter.

**Other Revenue:** Interest is projected at 3.25% in FY 23/24 and 3.50% thereafter.

### Major Expense Impacts

**Indigent Health Care - Mandates:** Medicaid share mandate is projected to increase by \$1.7 million to \$15.3 million in FY 23/24 and projected to increase to \$17.0 million by FY 26/27. Beginning in FY 24/25, a 3.0% increase is projected each year for mental health/substance abuse local match requirement and H.C.R.A. claims made out of County.

**Indigent Health Care - Discretionary:** In addition to salary and benefit assumptions, this includes a decrease to the Polk HealthCare Plan claims of 6.0% in FY 23/24 (based on monthly enrollment of 5,500 members at \$366.48 per member per month) and a 4.5% increase thereafter. Grants and Aids funding is projected to increase \$31.4 million in FY 23/24 and remain at the same level of funding thereafter.

## **Strategic Planning**

Through strategic planning initiatives with the Citizen's Healthcare Oversight Committee, some of the programs that are new or expanding services this year include:

- \$2.4 million in IHC funding to Lakeland Regional Health for outpatient specialty/psych services, medical supplies, labs, imaging, outpatient testing labs, and prescription drugs
- \$84,000 increase to The Haley Center free clinic to add one part-time Registered Nurse to the pharmacy, expand specialty care and diagnostic services to other free clinics, and implement a new electronic health record software and dictation system for the volunteers' providers
- \$700,000 in IHC funding to Peace River Center for five behavioral health care navigators to assist in the community
- Additional strategic initiatives include the following:
  - Increase from \$6.0 million to \$10.2 million in IHC funding to United Way to assist disadvantaged communities and implement solutions to reduce health disparities to individuals and families in Polk County living at or below 200% of the Federal Poverty Level through the objectives of prevention/early intervention and behavioral health
  - \$2.3 million in local match contribution to the state Low-Income Pool (LIP) program to enhance the uncompensated care for Central Florida Health Care Inc., Peace River Center, and Tri-County Human Services
  - \$19.9 million for one-time and multiyear projects through direct contracting and request for proposals for healthcare capital improvements, healthcare services, or a combination of both

## Good Government

**General Fund** covers numerous Board of County Commissioners divisions and the Elected Officials. The primary sources of revenue are taxes, including Property Tax, Sales Tax, Communications Services Tax, and Public Service Tax. Most of the revenue sources in this fund may be utilized for any County function.

### General Fund

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>95,575,690</b>	<b>96,781,371</b>	<b>126,987,283</b>	<b>148,400,469</b>	<b>158,377,226</b>
Property Tax	289,308,585	311,006,728	323,446,998	336,384,878	349,840,273
Other Taxes	120,037,493	124,308,045	128,037,287	131,878,405	135,834,757
Other Revenue	84,457,861	83,018,543	85,565,737	86,421,394	87,285,608
<b>TOTAL REVENUE</b>	<b>\$589,379,628</b>	<b>\$615,114,688</b>	<b>\$664,037,304</b>	<b>\$703,085,146</b>	<b>\$731,337,864</b>
Board of County Commissioners	205,704,162	177,821,381	186,712,450	196,048,072	205,850,476
Other Elected Officials	286,894,095	310,306,024	328,924,385	348,659,849	369,579,439
<b>TOTAL EXPENSE</b>	<b>\$492,598,257</b>	<b>\$488,127,405</b>	<b>\$515,636,835</b>	<b>\$544,707,921</b>	<b>\$575,429,915</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 96,781,371</b>	<b>\$126,987,283</b>	<b>\$148,400,469</b>	<b>\$158,377,226</b>	<b>\$155,907,949</b>

**Property Tax and Other Tax Revenue Projections** are based on a 15.86% property value increase in FY 23/24, a 7.50% increase in FY 24/25, and a 4.00% increase thereafter. Other taxes reflect a moderate increase of 3.00%.

**Other Revenue** reflects expected increases and decreases in revenue for other charges for services and fine collections, as well as transfers in from other funds.

**Board of County Commissioners Expenditures** reflect a 5.00% increase for the Board's goals for needed capital expenditures and grant sharing costs, based on historical actuals.

**Constitutional Officers/Elected Officials** reflect an average increase of 6.00% for all Constitutional Officers/Elected Officials, based on historical actuals.

**Ending Fund Balance** represents the sum of forecasted revenue and expenditures. It is important to note that these unrestricted funds are used to maintain a reserve equal to 45 days of operating expenses in accordance with the County's reserve policy. The balance then is carried forward and allocated by the Board of County Commissioners through formal action.

**Strategic Planning** is individual to the divisions within the General Fund; more detailed information may be found in the program budgets and in the strategic plan appendix.

## Economic Development

**Tourism Tax Fund** (Tourism Division): Revenue is from the five-cent tourism tax on hotels and motels, also known as the “Bed Tax.” Tourism taxes are restricted by Florida Statute and must be used to promote tourism in Polk County.

**Tourism Division**  
(Tourism Tax Fund)

**Five Year Projection Summary**

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>13,655,513</b>	<b>11,069,426</b>	<b>17,325,480</b>	<b>23,802,135</b>	<b>30,508,345</b>
Tourism Tax (1,2,3 pennies)	14,788,335	14,788,335	14,788,335	14,788,335	14,788,335
Tourism Tax 4th & 5th Penny	9,858,890	9,858,890	9,858,890	9,858,890	9,858,890
Other Revenue	654,328	597,954	816,916	1,043,599	1,278,316
<b>TOTAL REVENUE</b>	<b>\$ 38,957,067</b>	<b>\$ 36,314,605</b>	<b>\$ 42,789,621</b>	<b>\$ 49,492,958</b>	<b>\$ 56,433,886</b>
Tourism Development (399)	13,376,769	12,929,406	12,909,668	12,888,146	12,865,595
Visitor Services/Outpost 27 (406)	1,747,235	1,688,426	1,703,671	1,725,186	1,747,736
Debt Service (4th & 5th Penny)	2,970,641	2,969,215	2,972,069	2,969,204	2,970,702
Other Expense Includes CIP	\$ 9,792,996	\$ 1,402,078	\$ 1,402,078	\$ 1,402,078	\$ 1,202,078
<b>TOTAL EXPENSE</b>	<b>\$ 27,887,641</b>	<b>\$ 18,989,124</b>	<b>\$ 18,987,487</b>	<b>\$ 18,984,614</b>	<b>\$ 18,786,112</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 11,069,426</b>	<b>\$ 17,325,480</b>	<b>\$ 23,802,135</b>	<b>\$ 30,508,345</b>	<b>\$ 37,647,774</b>

### Major Revenue Impacts

**Tourism Tax Revenue** for FY 22/23 set another record and was the largest in Polk County’s history (\$24,246,515), eclipsing last year’s (FY 21/22 record amount) by more than 9.0%. However, as PCTSM staff projected, total demand (sales) in the last five months of the fiscal year began to slow down. Macro-economic trends such as inflation, high interest rates, depleted savings, the resumption of student loan payments, and rising credit card debt will create a drag on consumer’s willingness to spend discretionary dollars on travel. Most economists are struggling to find a consensus on whether a recession is imminent. The bottom line is consumers are pulling back on travel spending, and the County believes that the slowdown will persist during the last quarter of 2023 and into the first quarter of 2024.

The good news is, PCTSM forecasted this slowdown and has already activated numerous strategies to bolster Polk County’s competitive position, including various recession-resistant strategies and tactics. Most importantly, the division not taking their foot off the gas, rather they are ramping up marketing efforts to mitigate the effects of this macroeconomic slowdown, yet positioning the County to easily transition the focus when more favorable economic conditions eventually unfold. In addition, balancing supply and demand will continue to be a core focus of PCTSM’s destination management philosophy.

Driving demand in tough market conditions will change this fiscal year and carry forward over the next five years. One of the biggest changes has been the development of a comprehensive culinary campaign that will permeate virtually every aspect of PCTSM’s strategic plan. The County has already witnessed some impressive results and significant media coverage. PCTSM’s social media efforts have also proven more effective than staff anticipated. PTSM is

focused on reemerging international markets, particularly in the UK, Canada, and Latin America have been impressive, as well. Often overlooked, PCTSM's Visitor Services department, which has proven to increase visitor spending and reduce economic leakages, has been singled out by the Director of Visit Florida's Official Welcome Centers as the best in the state and a model for others to follow.

PCTSM's supply-side strategies and development (accommodations and facilities) continue to produce significant recession resistant economic dividends for the County. As the division looks to the next three years, the inventory of new hotel rooms is projected to increase by more than 1,200, which will be much needed with the projected increase in demand from several projects that are coming to fruition, including a new commercial airline coming to Lakeland, the addition of a new Sea Life Aquarium to LEGOLAND's portfolio, a new marketing agreement and seven year contract extension with the Detroit Tigers, and a massive increase in the quantity of sporting events (more than 300 next year). PCTSM's recently completed supply-side development projects included a new championship ski lake and a new stadium, both located at the Lake Myrtle Sports Complex. PCTSM will also break ground on four major projects this fiscal year which will bolster PCTSM's revenue-generating capabilities. They include the redesign and construction of a new baseball quad at the Chain of Lakes Baseball Complex, a renovated softball/baseball complex in Bartow, the installation of six turf multi-purpose fields with lighting at Simmers-Young Park, and because of successfully recruiting the American Powerboat Association's headquarters from Michigan, the expansion of PCTSM's office building at Lake Myrtle. These economic development initiatives and several more that are in the works are a direct result of PCTSM's effective supply side development strategies.

### **Major Expense Impacts**

Debt service obligations remain steady throughout the five-year projection. Dedicated reserves are being maintained for PCTSM's debt obligations and operating revenue. As a result of PCTSM's record-breaking years from FY 21-23, the resulting unobligated carryforward will be used to invest in new projects mentioned earlier in accordance with the strategic plan to "Develop Polk County's tourism/sports supply-side infrastructure." In addition, \$1.6 million has been set aside for an airline recruiting and marketing initiative as a solid prospect; the City of Lakeland and PCTSM are scheduled to make an official announcement in FY 23/24 quarter one.

## Growth and Infrastructure

**Building Fund** (Building Division): The primary source of revenue is from issuance of building permits, contractor licenses, plan reviews, and field inspections. Revenue is restricted by Florida Statute for the purpose of solely fulfilling the local government's responsibilities in enforcing the Florida Building Code.

### Building Fund

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>10,586,990</b>	<b>8,384,642</b>	<b>6,195,305</b>	<b>4,539,250</b>	<b>3,255,520</b>
Building Permits	10,742,026	10,849,446	11,066,435	11,287,764	11,513,519
Other Revenue	485,001	699,772	922,970	1,146,649	1,170,819
<b>TOTAL REVENUE</b>	<b>\$ 21,814,017</b>	<b>\$ 19,933,860</b>	<b>\$ 18,184,710</b>	<b>\$ 16,973,663</b>	<b>\$ 15,939,858</b>
Building Division (31)	12,365,762	12,674,941	12,581,847	12,654,530	13,043,983
Other Expense	1,063,613	1,063,613	1,063,613	1,063,613	1,063,613
<b>TOTAL EXPENSE</b>	<b>\$ 13,429,375</b>	<b>\$ 13,738,554</b>	<b>\$ 13,645,460</b>	<b>\$ 13,718,143</b>	<b>\$ 14,107,596</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 8,384,642</b>	<b>\$ 6,195,305</b>	<b>\$ 4,539,250</b>	<b>\$ 3,255,520</b>	<b>\$ 1,832,261</b>

#### Major Revenue Impacts:

Material shortages and supply costs will remain a challenge in FY 23/24. Because of mortgage rate increases, new construction permits may level off and stay consistent with FY 22/23 levels. Many factors, including a recession, can negatively impact the housing industry. However, if mortgage rates and prices of homes begin to decline, the County will continue to see new development demand.

#### Major Expense Impacts:

In FY 23/24, the Building Division will continue to invest in innovative technology such as a new lobby queue system that will provide for more efficient operations. In addition, a new phone system will be purchased with the integration of a chat bot (Artificial Intelligence) to help provide new opportunities in how information is delivered to customers. New legislation may increase the demand on permit delivery turnaround, resulting in the need for additional staff and further automation of the permitting system.

#### Strategic Plan

The focus of the strategic planning process for the Building Division is to identify innovative technologies, processes, and procedures to streamline the permitting process while also providing the best and most efficient service to customers. Accela has successfully migrated to the cloud, which has provided greater productivity to the customer and staff. The virtual inspections program has received great initial feedback and its capabilities may grow in the future. Other technology implemented is Develop Polk, a virtual assistant that assists customers in obtaining permitting, land use, and fee information; a text messaging feature that allows a customer to schedule, cancel, and review inspection results; and the launch of an inspection tracker that allows a customer to see if they are an AM or PM inspection and receive a text

message when they are next in the queue. Additional innovative technologies that are live are the auto-assigning of building inspections and new software for plans review and customer payments. A current area of focus is enhancements to the Accela system; one example of this is the auto-assigning of window and door permits. This relieves workload for Building Division staff, which helps increase productivity on permit issuance demand. All these technology innovations add value to the process and provide the customer with a better user experience.



## Transportation Millage and Transportation Trust Fund

**Transportation Millage Fund** revenue is committed by the Board via approval of the Countywide ad valorem millage rate which includes a designated component for funding transportation construction and maintenance in Polk County.

**Transportation Trust Fund:** Revenue is composed of various gas taxes and is restricted by statute for building and maintaining roads.

### Roads and Drainage Division

(Transportation Millage & Transportation Trust Fund)

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>167,380,826</b>	<b>116,037,675</b>	<b>133,645,086</b>	<b>108,928,861</b>	<b>77,294,763</b>
Gas Tax	38,240,750	38,623,158	38,623,158	39,009,389	39,009,389
Ad Valorem Tax-0064	68,948,662	72,967,690	77,084,604	78,626,296	80,198,822
Other Revenue	13,909,322	12,600,770	15,815,876	22,103,819	12,937,067
<b>TOTAL REVENUE</b>	<b>\$ 288,479,560</b>	<b>\$ 240,229,293</b>	<b>\$ 265,168,723</b>	<b>\$ 248,668,365</b>	<b>\$ 209,440,041</b>
Survey and Mapping - 1559	1,778,344	1,828,843	1,883,708	1,940,220	1,998,426
Inspection and Testing - 1560	1,424,744	1,462,346	1,506,216	1,551,403	1,597,945
Roads and Drainage Engineering - 1558	1,343,625	1,383,519	1,425,025	1,467,775	1,511,809
Roadway Maintenance - 1561	20,292,535	20,686,715	21,307,316	21,946,536	22,604,932
GIS Asset Management - 1710	1,300,320	1,370,630	1,411,749	1,454,101	1,497,724
Traffic - 202	5,414,291	5,629,346	5,798,226	5,972,173	6,151,338
Administration - 1557	1,572,348	1,623,322	1,672,022	1,722,182	1,773,848
Real Estate Services - 193	343,060	356,165	366,850	377,855	389,191
Other Expense-Millage	8,323,712	8,587,504	8,889,267	8,787,500	8,931,822
Other Expense-TTF	15,758,783	15,143,817	10,887,482	24,911,856	16,686,962
Community Investment Program (CIP)	114,890,123	48,512,000	101,092,000	101,242,000	51,592,000
<b>TOTAL EXPENSE</b>	<b>\$ 172,441,885</b>	<b>\$ 106,584,207</b>	<b>\$ 156,239,861</b>	<b>\$ 171,373,602</b>	<b>\$ 114,735,997</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 116,037,675</b>	<b>\$ 133,645,086</b>	<b>\$ 108,928,861</b>	<b>\$ 77,294,763</b>	<b>\$ 94,704,044</b>

### Major Revenue Impacts

**Gas Tax:** County gas tax revenue projects remain constant with no increases for the next five years. Gas taxes will be monitored each year should a trend begin to emerge.

**Ad Valorem Tax:** The Transportation Millage Fund revenue is projected to increase by 7.5% in FY 23/24 and 4.0% thereafter.

**Major Expense Impacts:** The number of CIP Projects have increased significantly over the past three years. Due to inflation, the costs for design, right-of-way, and construction are increasing at an accelerated rate.

**New Positions:** No new positions were added during this fiscal year.

## **Community Investment Program (CIP):**

### **Major Funded Capacity Projects:**

- Lake Wilson (CR54 to CR532)
- West Pipkin Road (Medulla Road to South Florida Avenue/SR 37)

Roads and Drainage began design and right of way work on the following major capacity projects during FY 22/23:

- CR557 Widening (US17/92 to I-4)
- Marigold Avenue (Cypress Parkway South to Palmetto Street)
- Cypress Parkway Widening (Poinciana Parkway to Solivita Boulevard)  
*CURRENTLY ON HOLD DUE TO CFX – SOUTHPORT CONNECTOR PD&E*
- Northridge Trail Phase I (Deen Still Road to Sand Mine Road)
- Thompson Nursery Road Phase One (US 17 to West Lake Ruby)
- Thompson Nursery Road Phase One Segment 3 (Developer Agreement Vmar Dev.LLC)
- Thompson Nursery Road Phase II (West Lake Ruby Drive to US 27)
- Design of FDC Grove Road/Northridge Trail Flyover

### **Strategic Plan**

The Roads and Drainage Division is striving to become a more efficient division by pursuing cost saving and technical strategic goals by enhancing the Asset Management System and by documenting and improving the efficiency and effectiveness of current processes, procedures, and practices. The Division also strives to maintain sustainable funding by identifying and maintaining existing assets.

## Utilities

**Utilities Funds** (Utilities Division): Annual water and wastewater rates are established by the Board of County Commissioners per adopted rate resolutions and consider environmental and financial stewardship. Since FY 16/17, an Alternative Water supply surcharge of \$0.30 per 1,000 gallons has been in place to fund alternative water supply projects and utility system interconnection initiatives.

### Utilities Division

(All Utilities Funds)

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>116,426,128</b>	<b>97,540,662</b>	<b>73,943,742</b>	<b>93,555,389</b>	<b>85,073,340</b>
Alternative Water Supply (AWS) Surcharge	1,844,358	1,881,245	1,918,870	1,957,247	1,996,392
Water & Wastewater Rates	83,558,866	85,194,220	86,862,806	88,565,317	90,302,462
Water & Wastewater Connection Fees	13,586,418	13,586,418	13,586,418	13,586,418	13,586,418
Other Revenue	17,442,758	27,594,762	27,108,966	27,046,364	30,575,748
Bond Proceeds	-	-	55,000,000	-	-
<b>TOTAL REVENUE</b>	<b>232,858,528</b>	<b>225,797,307</b>	<b>258,420,802</b>	<b>224,710,735</b>	<b>221,534,360</b>
Customer Service - 213	2,604,224	2,670,049	2,803,551	2,943,729	3,090,915
SCADA (Plant Monitoring) - 216	2,019,186	2,125,880	2,232,174	2,343,783	2,460,972
Utilities Metering - 437	5,317,675	5,844,708	6,136,943	6,443,791	6,765,980
Utilities Back Flow/Large Meters - 412	1,259,015	1,213,378	1,274,047	1,337,749	1,404,637
Water Resource Enforcement - 1511	1,352,201	1,367,703	1,436,088	1,507,893	1,583,287
Infrastructure Information Section - 214	1,553,287	1,621,308	1,702,373	1,787,492	1,876,867
Regulatory Affairs - 403	2,372,809	2,440,635	2,562,667	2,690,800	2,825,340
Electrical and Mechanical Maintenance - 76	15,148,423	15,021,932	15,773,029	16,561,680	17,389,764
Water and Wastewater Plant Operations - (401 & 402)	18,286,994	19,043,773	19,995,962	20,995,760	22,045,548
Underground Maintenance - 1222	9,119,885	8,599,031	9,028,983	9,480,432	9,954,453
Utilities CIP Inspection - 1644	377,100	385,816	405,107	425,362	446,630
Utilities Asset Management - 1722	1,426,702	1,199,984	1,259,983	1,322,982	1,389,131
Capacity and Planning - 1719	958,830	1,001,471	1,051,545	1,104,122	1,159,328
Other Expense	33,287,699	33,946,790	45,399,272	28,970,930	39,747,238
Community Investment Program (CIP)- Expansion/Renewal & Replacement (320 & 77)	40,233,836	55,371,107	53,803,690	41,720,891	21,907,625
<b>TOTAL EXPENSE</b>	<b>\$ 135,317,866</b>	<b>\$ 151,853,565</b>	<b>\$ 164,865,413</b>	<b>\$ 139,637,395</b>	<b>\$ 134,047,716</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 97,540,662</b>	<b>\$ 73,943,742</b>	<b>\$ 93,555,389</b>	<b>\$ 85,073,340</b>	<b>\$ 87,486,645</b>

### Major Revenue Impacts

**Polk Water Resource Initiatives/Alternative Water Supply (AWS):** Funds from this surcharge are restricted to developing and paying for Alternative Water Supply projects.

**Service fees:** Growth is anticipated to provide sufficient revenue to cover expenses. It is anticipated that growth will remain 1.5% to 3.0% for several more years due to growth in the Northwest Service Area. These projections are based on historical projections of capital improvements and operating expenses. However, higher than anticipated construction costs due to supply chain issues, market volatility, and the need to fund expensive Alternative Water Supply projects and other emerging regulatory requirements for the utilities industry may necessitate rate increases during the five-year period. PCU is in the process of performing a rate study to determine if adjustments are needed to continue to fund current and future activities and projects. These fees provide the resources for operating, capital investment, and debt service for initiatives to excel in service delivery, customer service, and system reliability.

**Connection Fees:** Connection Fees are restricted for expanding the utility system capacity. Better-than-anticipated growth has brought in higher-than-anticipated connection fees. However, faster growth necessitates the need for plant expansion sooner and the Division is speeding up some master planning efforts to make sure it stays ahead of growth. This source of funds will be critical to funding the needed projects.

### **Major Expense Impacts**

**Personnel Changes:** In order to address additional maintenance and operating requirements due to system growth, seven new positions were added in FY 23/24. This is a continued investment a professional and skilled workforce.

**Operating Expenses:** Operating expenses will be higher in the upcoming fiscal year due to the need for some significant maintenance and safety improvements that are necessary, as well as ongoing maintenance due to continued system expansion related to growth.

**Alternative Water Resources:** The Utilities Division participates in several cooperatives that are collaboratively planning and implementing projects to provide future water from nontraditional resources. These projects will have a significant impact on future water supply infrastructure and operating costs.

**Community Investment Program (Major Projects):** Significant investments in information technology, alternative water supplies, reclaimed water system expansion, improved emergency response capabilities, water quality improvement, regionalization projects, and wastewater plant reliability projects are programed into the Community Investment Plan over the five-year period. PCU is increasing the budget for the repair and replacement program as well as investing in a robust asset management initiative to help guide future investments in the repair and replacement program which will become more critical as the system ages.

## Natural Resources and Environment

**Waste and Recycling Funds** (Waste and Recycling Division): An annual rate resolution is adopted by the Board of County Commissioners for collection and disposal fees. Landfill tipping fees are adopted periodically based on ordinance requirements to support operation costs.

### Waste & Recycling Division

(All Waste & Recycling Funds)

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	176,968,492	169,017,745	171,071,475	173,905,797	175,025,436
Collections & Disposal Assessment Revenue	34,659,945	33,679,683	31,708,210	31,709,812	31,711,421
Landfill Tipping Fees	19,194,516	19,571,286	19,948,259	20,332,628	20,709,794
Other Revenue	7,337,877	6,674,135	6,584,822	6,476,111	6,323,817
<b>TOTAL REVENUE</b>	<b>\$ 238,160,830</b>	<b>\$ 228,942,850</b>	<b>\$ 229,312,767</b>	<b>\$ 232,424,348</b>	<b>\$ 233,770,469</b>
Landfill Operations	6,848,865	11,136,641	11,762,169	12,452,213	13,203,269
Residential Waste Management Collection	37,111,976	38,414,887	39,705,352	41,043,251	42,448,046
Community Investment Program (CIP)-Operations	25,182,244	8,319,847	3,939,448	3,903,448	3,903,448
<b>TOTAL EXPENSE</b>	<b>\$ 69,143,085</b>	<b>\$ 57,871,375</b>	<b>\$ 55,406,969</b>	<b>\$ 57,398,912</b>	<b>\$ 59,554,763</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 169,017,745</b>	<b>\$ 171,071,475</b>	<b>\$ 173,905,797</b>	<b>\$ 175,025,436</b>	<b>\$ 174,215,707</b>

### Major Revenue Impacts

**Collections & Disposal Assessment Revenue:** The FY 23/24 annual assessment is \$144.50 and \$62.00 per dwelling unit for collection and disposal, respectively, for FY 23/24 per Board direction. The disposal assessment for an additional cart is \$52.50.

**Landfill Tipping Fees:** Landfill tipping fees remain at \$36.50 per ton for garbage and \$22.00 per ton for yard trash.

### Major Expense Impacts

**Landfill Operations Program:** The FY 23/24 budget includes approximately \$3 million for leachate disposal. Construction of the North Central Landfill Constructed Wetland Leachate Treatment System is underway with an expected completion mid-2024.

**Landfill Closure Reserve** requirement is approximately \$54 million in fund balance to maintain the landfill after its closure in FY 20/21.

**Annual Dividend to General Fund:** Waste & Recycling is able to provide an annual dividend to the Polk County General Fund due to continuing improvements to best management practices, efficiencies and right-sizing of its workforce to meet core business needs, and control of operating costs without sacrificing service to customers.

**Community Cleanup Fund:** These expenditures were moved to the General Fund and are currently paid for by monies from the annual dividend.

**Community Investment Program (Operations):** The FY 23/24 budget includes projects such as the design, permit, and construction of an alternative leachate disposal system and the construction of a new disposal area.

**Strategic Planning:** Several tasks identified during the strategic planning process have been completed. Specifically in reviewing tasks carrying monetary costs, this year's budget process took steps to make strides in two areas:

- Minimize expenditures of third-party maintenance services by attracting and hiring qualified talent to perform in-house repairs which in turn will maximize equipment uptime
- Ensure cost efficiency and filling sequence of new landfill cells (Phase VI-A and VI-B) to maximize compaction, air space, and stormwater diversion preventing the production of leachate
- Maximize Landfill Gas (LFG) collection once construction is completed of the Renewable Natural Gas (RNG) facility is complete (estimated September 2024) to maximize profitability for the sale of this naturally-occurring landfill byproduct
- Early design and construction document preparation and permitting for landfill expansion Phase IV; pre-planning, design, and preparation for procurement of this landfill expansion will provide the County an opportunity for extensive review for cost saving measures and bidding to ensure the County receives a quality product at the best pricing in advance to meet the demand for landfill capacity

## Recreation and Cultural Arts

**Leisure Services Municipal Services Taxing Unit (MSTU) Fund** (Parks and Natural Resources Division): The primary revenue source is from MSTU Ad Valorem Tax for the purpose of funding recreation services, parks maintenance, and facility improvement in accordance with Florida Statute and Board resolution.

### Parks and Natural Resources Division

(Leisure Services MSTU)

#### Five-Year Projection Summary

FISCAL YEAR	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>17,911,227</b>	<b>7,287,789</b>	<b>10,291,214</b>	<b>11,230,370</b>	<b>12,290,740</b>
Property Tax	17,802,341	19,137,517	19,903,017	20,699,138	21,527,104
Fees (Camping/Parks/Summer Rec)	810,295	826,404	842,932	859,790	876,986
Other Revenue	4,697,915	624,904	742,976	789,322	840,450
<b>TOTAL REVENUE</b>	<b>\$ 41,221,778</b>	<b>\$ 27,876,614</b>	<b>\$ 31,780,140</b>	<b>\$ 33,578,620</b>	<b>\$ 35,535,281</b>
Parks Maintenance (35)	10,368,172	10,306,230	10,690,842	11,101,718	11,533,063
Recreation Activities (36)	2,290,907	2,390,768	2,487,301	2,588,624	2,694,989
Other Program Expense*	7,127,886	3,438,402	3,646,627	3,872,538	3,936,129
Community Investment Program (CIP)	14,147,024	1,450,000	3,725,000	3,725,000	3,725,000
<b>TOTAL EXPENSE</b>	<b>\$ 33,933,989</b>	<b>\$ 17,585,400</b>	<b>\$ 20,549,770</b>	<b>\$ 21,287,880</b>	<b>\$ 21,889,181</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 7,287,789</b>	<b>\$ 10,291,214</b>	<b>\$ 11,230,370</b>	<b>\$ 12,290,740</b>	<b>\$ 13,646,100</b>

\*Note: Includes Indirects, Parks Administration, and other expenditures not directly related to a specific Parks & Natural Resources program

### Major Revenue Impacts

**Property Tax:** The Leisure Services MSTU projections utilize the same valuation assumptions as other County MSTU Funds, which is an 15.01% increase in FY 23/24 and a 7.50% increase in FY 24/25. A 4.00% increase is projected thereafter.

### Major Expense Impacts

**Parks Maintenance Program:** The standard County assumptions were used in future projections after consideration of historical expenditure rates and labor resources changes/increases requested in the budget. Recurring revenues exceed recurring expenditures for the foreseeable future. This would include covering debt service appropriated for most of the Northeast Regional Park (NERP) Baseball field buildout.

**Community Investment Program (CIP):** After completion of current projects, using a multiple-funded approach to complete the last phase of NERP, outfitting several fields in Simmers-Young Park with artificial turf, and planning for artificial turf replacement, the only funded recurring CIP project stems from the Parks Master Plan and earmarks \$1 million to larger maintenance and facility repurpose type projects.

**Strategic Planning:** Several tasks identified during the strategic planning process are significantly underway for completion. Specifically in reviewing tasks carrying monetary costs, this year's budget process is making strides in several areas:

- Goal 1 of the strategic plan includes implementing the Parks, Recreation, and Preserves Master Plan where facilities were prioritized for funding to repurpose or replace park amenities. This was accomplished with budgeting for inclusive playground equipment instead of traditional equipment to allow a broader group of youth to be able to use equipment. The Community Investment Plan projects include prioritized funding to replace natural turf with artificial turf in high priority parks to accommodate the tremendous increase in use by the public. In addition, funding for providing instructors for diverse recreation activities in resource centers is being implemented.
- Goal 2 is to enhance and utilize improved tools and technology. Therefore, robotic sport field equipment was investigated, and it was determined to proceed with procuring a robotic painting machine with AI and GPS that allows preprogramming of lines for the different sports which will expedite striping of fields for recreation games. In addition, two software programs are being funded to support better efficiencies in reserving facilities by the public and allowing work orders to be generated to instruct staff to prepare the requested facility for use.
- Goal 5 is to strengthen financial capacity and identify alternative funding sources. Source of funding is evaluated regarding federal, state, and private grants, applications are submitted, and the Division successfully supplements local funding with these funds to expedite expansion of park amenities such as Bone Valley ATV Park.
- Goal 6 which includes stabilizing and strengthening staffing is being addressed as additional career ladder paths have been added to build depth to the recreation programs and allow for longer retention of staff.



## Safety

**Fire Fund (Fire Rescue Division):** The primary revenue for the Fire Rescue Fund is non-ad valorem special assessments levied upon real estate parcels containing any building or structure in the unincorporated areas of Polk County, as well as some cities that contract with the County. Use of these funds are restricted by Florida Statute and Board resolution.

### Fire Fund

#### Five-Year Projection Summary

FISCAL YEAR	Projected FY 23/24	Projected FY 24/25	Projected FY 25/26	Projected FY 26/27	Projected FY 27/28
<b>Beginning Fund Balance</b>	<b>8,574,164</b>	<b>5,993,651</b>	<b>7,308,639</b>	<b>9,306,998</b>	<b>11,723,211</b>
Fire Assessments	61,876,015	64,987,550	68,491,542	71,916,120	75,511,926
Fire Inspections	308,326	308,326	308,326	308,326	308,326
Other Revenue	1,166,533	1,284,840	1,314,713	1,353,383	1,396,717
<b>TOTAL REVENUE</b>	<b>\$ 71,925,038</b>	<b>\$ 72,574,367</b>	<b>\$ 77,423,220</b>	<b>\$ 82,884,827</b>	<b>\$ 88,940,180</b>
Fire Operations (158)	56,263,405	55,706,568	58,356,274	61,187,656	63,956,673
Fire Prevention (161)	1,589,992	1,646,941	1,710,176	1,775,498	1,844,309
Fire Support Services (1244)	2,351,259	2,215,917	2,296,726	2,379,426	2,466,647
Other Expense	5,726,732	5,696,302	5,753,048	5,819,036	5,888,906
<b>TOTAL EXPENSE</b>	<b>\$ 65,931,388</b>	<b>\$ 65,265,728</b>	<b>\$ 68,116,224</b>	<b>\$ 71,161,616</b>	<b>\$ 74,156,535</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 5,993,651</b>	<b>\$ 7,308,639</b>	<b>\$ 9,306,996</b>	<b>\$ 11,723,211</b>	<b>\$ 14,783,645</b>
<b>GENERAL FUND SUBSIDY EXPENSE</b>	<b>\$ 5,334,489</b>	<b>\$ 5,365,582</b>	<b>\$ 5,409,189</b>	<b>\$ 5,493,704</b>	<b>\$ 5,581,699</b>

### Major Revenue Impacts

**Fire Assessment Revenue:** This revenue is from fees charged to residents in unincorporated areas of Polk County to support fire operations services provided. The fire assessment revenue is not enough to maintain service levels and cover expenditures for Fire Rescue operations; therefore, the General Fund subsidizes part of the cost of operations. This revenue source only increases with growth (more people and structures) or rate increases by the Board. In FY 23/24, the Board approved a 5% increase to the Single-Family Residential (SFR) Fire Assessment to cover Fire operations improvements and decrease the General Fund subsidy to an average of \$5.4 million per year.

### Major Expense Impacts

**Fire Rescue Operations Program:** The FY 23/24 budget includes three additional Driver Engineers to provide staff for coverage on water tenders. The Board also approved budget for additional training equipment and gear for Special Operations teams, including the marine unit. The Division also added funding to replace two outdated pieces of apparatus (one ladder and one tanker). In addition, the Board continues to fund a scholarship program and approved funding for much-needed improvements to some of the older stations. One of the biggest challenges for the Fire Fund is not covering all current costs of operations such as increasing salaries to be comparable to surrounding organizations.

**General fund Subsidy:** The FY 23/24 budget includes debt payments for a portion of Fire station costs, recurring capital gear, and equipment. General Fund subsidy also continues to help fund the employee mental health wellness program. The FY 23/24 General Fund subsidy continues to maintain the projected costs in excess of the approved Fire Assessment rate

increase which allows more costs to be covered in Fire Fund. With the continued 5% indexing of the Fire Assessment, the Division maintains a General Fund subsidy of approximately \$5.4 million per year at current expense projections.

### **Strategic Plan**

Within the Fire Fund, the County continues to budget funds for continued inhouse training for all level of employees. This is one of the main goals within the strategic plan. The Division continues to promote and provide career development for the employees. Also, with the replacement of outdated equipment within this budget, staff can focus on the health and safety of field employees along with mental health and wellness programs the County continues to fund.

## Radio Communications Fund

**Radio Communications Fund** (Emergency Management Division): The primary sources of funds are from Radio User Fees and court fines. The use of court fines is restricted by Florida Statute.

### Radio Communications Fund

Emergency Management Division

#### Five-Year Projection Summary

Fiscal Year	Projection FY 23/24	Projection FY 24/25	Projection FY 25/26	Projection FY 26/27	Projection FY 27/28
<b>BEGINNING FUND BALANCE</b>	<b>138,150</b>	<b>67,243</b>	<b>182,156</b>	<b>363,802</b>	<b>343,477</b>
Court Fines	500,000	500,000	500,000	500,000	500,000
Radio User Fees	4,163,352	4,408,200	4,653,048	4,653,048	4,653,048
Rents	200,000	200,000	200,000	200,000	200,000
Other Revenue	2,763	1,513	4,098	8,186	7,728
<b>TOTAL REVENUE</b>	<b>\$ 5,004,265</b>	<b>\$ 5,176,956</b>	<b>\$ 5,539,302</b>	<b>\$ 5,725,036</b>	<b>\$ 5,704,253</b>
Radio Communications	3,746,478	3,734,224	3,844,892	4,050,951	4,086,140
Radio Replacement	1,190,544	1,260,576	1,330,608	1,330,608	1,330,608
<b>TOTAL EXPENSE</b>	<b>\$ 4,937,022</b>	<b>\$ 4,994,800</b>	<b>\$ 5,175,500</b>	<b>\$ 5,381,559</b>	<b>\$ 5,416,748</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 67,243</b>	<b>\$ 182,156</b>	<b>\$ 363,802</b>	<b>\$ 343,477</b>	<b>\$ 287,505</b>

#### Major Revenue Impacts

**Radio User Fees:** These user fees are collected from Board entities, the Sheriff's Office, and other outside agencies to have system access, maintenance, and replacement for over 4,000 radios. The Board approved a five-year index of user fees which will be effective FY 21/22 through FY 25/26.

#### Major Expense Impacts

**Radio Communications Program:** The radio capital replacement program was implemented with increases each year to fund bulk replacements and sustain the radio systems infrastructure. The FY 23/24 budget increase is mostly attributed to funding for a replacement generator, a deployment vehicle, and outdated tower equipment.