

## Long Term Financial Plan Overview and Executive Summary

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that governments establish a financial planning process that assesses the long-term financial implications of current and proposed policies, programs, and assumptions, and develops appropriate strategies to achieve its goals.

The Long Term Financial Plan (LTFP) is intended to serve as a tool, providing the Mayor, Town Council and staff with the insight required to address issues impacting the Town's financial condition. This plan consists of the following sections:

- Executive Summary
- Current Financial Condition
- General Fund Revenue and Expense Trend Analysis
- Forecast Details
- Enterprise Funds Forecast Summary
- Coastal Fund Forecast Summary
- Townwide Underground Utility Fund Forecast Summary
- Other Funds Trend and Forecast Summary
- Reserve Analysis

Financial planning expands a government's awareness of potential challenges and opportunities, as well as options for addressing them. The long-term revenue, expenditure and service implications of continuing or ending existing programs or adding new programs, services and debt can be identified. The financial planning process helps shape decisions about corrective measures to proactively address forecasted financial challenges. Generally, long-term financial plans have a time horizon that extends between five and ten years from the current period, with a five-year horizon being most common. The Town of Palm Beach plan uses a ten-year plan.

A financial plan does not state what is certain to happen. Rather, it highlights significant issues or problems that must be addressed if goals are to be achieved and provides forecasts of results expected if certain actions are taken.

The General Fund trend section includes 9 years of actual expenditures including the FY21 budget. A summary table containing the revenue and expenditure information for the past 10 years can be found at the end of this section of the document. In addition, a summarized forecast is also included as part of the executive summary.

The current financial status for FY21 has been provided in this document. In addition, a monthly financial report is provided to the Mayor and Town Council and posted on the Town's website. General Fund revenues will exceed budget estimates in most categories and expenditures are on track to finish the year at or slightly under the budget target, unless we experience a hurricane or other unexpected event. We anticipate a surplus of between \$1.5 and \$2 million at the end of the fiscal year.

The emphasis of this document is on the Town's General Fund. Forecast and trend information on the Enterprise Funds, Coastal Protection Fund, Townwide Underground Utility Fund, Risk Insurance Fund, Health Insurance Fund, OPEB Trust Fund, Debt Service Funds and the Retirement Fund are also included in this document.

## General Fund

### *General Fund Historical Trends*

The 10-year revenue and expenditure history shows the trend in revenues and expenditure categories and the ending surplus/deficits for FY12 – FY21. See page 5 for the ten-year revenue and expenditure history summary. Most of the deficits that were experienced over the 10-year period were the result of using unassigned fund balance for capital and coastal projects. Each surplus/deficit is described below:

- FY12 – Budget included a transfer of \$807,000 from fund balance to fund the contingency reserve. The ending surplus was \$2,500,562 resulting from higher than anticipated revenues and expenditure savings.
- FY13 – The budget included a transfer of \$843,000 from fund balance to fund the contingency reserve. The ending surplus of \$2,196,059 was the result of higher than anticipated revenues and expenditure savings.
- FY14 – Budget included a transfer from fund balance of \$4,860,000 to fund the annual contingency reserve and \$4,000,000 for coastal protection. The actual transfer was \$1,470,831 due to higher than anticipated revenue and expenditure savings.
- FY15 – The budget included a transfer to the coastal projection fund of \$4,777,000 and during the year, the Town Council approved an additional transfer of \$6,600,000 to the coastal protection fund from fund balance in order to increase the reserves of the Coastal fund. Due to higher than anticipated revenues, most of this transfer was made with the current surplus, and only \$195,076 was funded from reserve balances.
- FY16 – The budget included a transfer of fund balance of \$944,686 to fund the contingency reserve. The ending surplus of \$1,918,445 was due to higher than anticipated revenues and expenditure savings.
- FY17 – The budget included a transfer of fund balance of \$960,300 to fund the contingency reserve and a transfer of fund balance of \$2,800,000 to fund an extraordinary transfer to the Retirement Fund to begin to lower the Unfunded Liability. The ending deficit of \$2,824,289 was due to these transfers.
- FY18 – The budget included a transfer of fund balance of \$655,877 to fund the contingency reserve and a transfer of fund balance of \$3,832,893 to partially fund the additional transfer to the Retirement Fund to begin to lower the Unfunded Liability. The ending surplus of \$1,104,772 was due to cost cutting measures implemented during the year.
- FY19 – The budget included a transfer of fund balance of \$560,000 to fund the contingency reserve. The ending surplus of \$3,235,251 was due to higher than anticipated revenues and further cost cutting expenditure measures implemented during the year.
- FY20 – The budget included a transfer of fund balance of \$610,000 to fund the contingency reserve. The ending surplus of \$2,968,598 was due to revenues slightly above the budget

standard and much lower expenditures due to vacancies and the partial shutdown due to the pandemic.

- FY21 – The budget included a transfer of fund balance of \$600,000 to fund the contingency reserve.

More detail regarding revenue and expenditure trends can be found in the section titled General Fund Trends

*General Fund Forecast*

The forecast summary can be found on page 6. The General Fund forecast assumptions can be found under the section titled Forecast. On the expenditure side the proposed FY22 budget has been used as the baseline for the forecast. Because the proposed operating budget is 3.62% higher than the FY21 budget, the new forecasted expenditures have increased. We increased funding for the Capital Improvement Program to \$8,428,200 in the proposed FY22. A total of \$5,500,000 is included for the reconstruction of the North Fire-Rescue Station. Of this amount, \$4 million is from General Fund Reserves or future bank financing. The forecast in FY23 includes the additional \$1.5 million from taxes that was allocated for the North Fire-Rescue station, which may remain in the fund for future capital projects. Overall, the General Fund expenditure forecast includes annual increases that range from a decrease of 1.53% in FY23 to a top increase of 3.83% in FY25. The average increase through the forecast period is 2.33%.

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenues	89,140,573	87,789,044	90,900,974	94,384,191	97,604,552	100,245,540	101,954,195	104,477,851	107,103,702
Expenditures	89,140,573	87,789,043	90,900,974	94,384,191	97,604,552	100,245,539	101,954,195	104,477,851	107,103,702
Surplus/(Deficit)	0	0	0	0	0	0	0	0	0
Property Tax Revenue % Increase	4.43%	3.46%	3.75%	4.23%	3.66%	2.59%	1.36%	2.43%	2.61%

Most revenue increases were based on historical trends. We prepared the forecast using property tax revenue to balance each year of the forecast. The FY23 forecast contains a property tax revenue increase of 3.46%. A taxable value increase of 6.7% in FY23, which would include a “save our Homes” increase of 3%, and a decrease of 3.04% in the millage rate and would result in a \$0 increase per million of taxable value. It is far too early in the process to predict what the property tax increase will be for FY22. No additional funding from the Marina or the potential land lease revenue has been included in this forecast. These funding sources have the potential to lower property taxes or fund one-time expenditures in the future.

### Enterprise Funds

The Town Marina is expected to open November 1, 2021. Staff has updated the forecast with the FY22 proposed budget and extended the forecast through 2030.

The revenue forecast was based on dockage rate surveys were conducted and assessed by W. F. Baird, USMG and Town Staff ultimately resulting in the annual and seasonal rate schedule. The rates are 10 – 20% higher than comparable South Florida marinas. The forecast is based on total occupancy expectancy in the first year of operations at 62.1% and grows in future years by a combination of increased slip rentals and rate adjustments. The forecast shows a steady revenue progression and increases 46% from FY22 to FY30. The forecast used the same assumptions for expenses as were used in the General Fund. The forecast also includes a transfer of \$2,600,000 per year for the next

five years to the Townwide Underground Utility Project Fund to cover the deficit for that project. After all expenses and the transfer the forecasted unrestricted net position grows to \$38,174,243, assuming reserves are not used. In addition, the new Depreciation Reserve and Maintenance and Improvement Reserve have the potential to grow to \$12,298,953, assuming that no funds are used for repairs. The unrestricted net position of this fund could be used for one-time expenditures upon Town Council approval.

The Par 3 revenue projections are based on an improving economy after the pandemic, strategic price increases, growth in play and increased merchandise sales. Once the course reopened after the pandemic shutdown, demand for use has been very high. We expect improved performance in future years. Expenses increase due to operating costs for the clubhouse and gradual increases for costs of goods, services, and salaries/benefits.

The Building Enterprise Fund was established last year to account for all building permit revenue and expenses to allow for greater transparency as required by the State of Florida. The revenue and expenditure forecasts are based on the initial year of operations and can be found later in this document.

### **Coastal Protection Fund**

The Coastal Protection Fund section includes the Cash Flow projections for the next 10 years as well as actual results since 2013. Included are summaries of the current proposed budget and forecast, which includes \$12 million for the Mid-town seawall and annual funding of \$1,000,000 for bulkheads and seawalls for resiliency efforts.

### **Other Funds**

Other Funds included in this document are the Risk Insurance Fund, the Health Insurance Fund, the OPEB Trust Fund, the Debt Service Funds, and the Retirement Fund. Trend and forecast information can be found later in this document under the section marked “Other Funds”.

The Risk Fund forecast contains a 5% per year increase for property insurance, a 2% per year increase for liability insurance and a 3% per year increase for Worker’s Compensation insurance. The Health Fund and OPEB Trust fund forecast the same increases in health insurance costs as outlined in the assumption table. The Debt Service fund identifies future debt service for all Revenue Bonds based on the updated debt service schedules after the recent refinancings and also includes the 2018 GO Bond debt service forecast and the Marina Loan. The Retirement fund reflects the actuaries forecast based on current assumptions and the compensation and benefit study results with stress tests at 3% and 5% actual investment returns.

### **Reserve Status**

The final section of this document contains an update of the status of Town Reserves as of September 30, 2020. The reserve balances exceed all of the policy minimums that have been established. A total of \$28.2 million in excess reserves above the policy minimums has been identified.

**Town of Palm Beach  
Revenue and Expenditure History  
FY2012 - FY2021**

	<i>FY12 Actual</i>	<i>FY13 Actual</i>	<i>FY14 Actual</i>	<i>FY15 Actual</i>	<i>FY16 Actual</i>	<i>FY17 Actual</i>	<i>FY18 Actual</i>	<i>FY19 Actual</i>	<i>FY20 Actual</i>	<i>FY21 Budget</i>
<b>Revenues</b>										
Ad Valorem Taxes	36,662,916	37,473,108	39,110,926	43,869,888	47,882,187	50,195,981	52,282,254	54,883,747	56,817,697	57,134,000
Non Ad Valorem Taxes	7,315,317	7,433,859	7,946,097	8,056,312	8,061,358	8,353,685	8,392,264	8,526,302	8,543,852	8,601,000
Licenses & Permits	6,498,207	7,572,518	8,053,581	10,657,676	10,096,673	7,692,114	10,071,916	11,853,215	9,793,274	1,995,100
Intergovernmental	1,051,432	990,715	1,071,413	1,102,689	1,122,465	1,027,105	1,406,615	1,282,065	1,948,606	956,000
Charges for Services	4,081,259	3,576,156	3,741,183	3,957,603	4,131,756	3,681,926	3,763,590	5,152,779	5,655,960	5,410,200
Fines and Forfeitures	1,106,435	1,530,362	1,924,182	1,099,525	1,174,828	799,769	1,068,544	904,075	780,976	916,000
Investment Earnings	495,311	32,425	383,726	597,585	490,102	421,515	702,261	969,178	696,608	904,773
Miscellaneous and Transfers	1,534,738	1,508,796	1,584,625	1,098,106	1,117,897	1,201,273	1,008,466	2,621,707	528,146	3,694,000
<b>Total Operating Revenues</b>	<b>58,745,615</b>	<b>60,117,939</b>	<b>63,815,733</b>	<b>70,439,384</b>	<b>74,077,266</b>	<b>73,373,368</b>	<b>78,695,910</b>	<b>86,193,068</b>	<b>84,765,119</b>	<b>79,611,073</b>
<b>Transfers from Fund Balance</b>				-	-	-	-	-	-	1,304,500
<b>Total Revenues</b>	<b>58,745,615</b>	<b>60,117,939</b>	<b>63,815,733</b>	<b>70,439,384</b>	<b>74,077,266</b>	<b>73,373,368</b>	<b>78,695,910</b>	<b>86,193,068</b>	<b>84,765,119</b>	<b>80,915,573</b>
<b>Expenditures</b>										
Salaries and Wages	23,627,363	22,943,974	23,152,224	23,478,697	23,581,853	24,128,637	23,764,069	24,909,207	26,378,166	26,512,380
Pension Benefits	3,180,126	3,831,588	4,977,617	5,454,327	6,180,062	7,819,957	8,971,687	9,099,192	10,544,447	11,074,385
DC Plan Benefits	222,307	537,532	1,088,013	1,132,126	1,132,836	671,355	404,640	408,097	403,725	502,742
Other Employee Benefits	6,616,971	6,736,760	6,741,912	6,680,817	6,627,932	6,763,691	6,742,200	6,549,843	6,566,323	6,279,585
Contractual	7,139,390	7,224,092	7,602,595	8,191,690	8,876,307	9,649,474	10,021,787	9,870,999	10,668,321	10,407,395
Commodities	1,547,738	1,554,104	1,642,397	1,517,617	1,438,222	1,774,332	1,733,077	1,692,833	1,605,334	1,712,155
Equipment Replacement	1,881,319	2,033,744	2,097,896	1,893,244	2,858,676	3,053,651	2,538,572	2,533,598	2,461,528	2,318,836
Library Services	272,400	288,989	297,659	306,580	315,777	350,250	335,008	345,058	352,650	352,650
Other	12,932	29,863	4,251	-	-	70,455	-	-	-	-
Transfer to Capital Improvement	1,000,000	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000	2,420,000	2,662,000
Transfer to Coastal Protection	3,960,000	4,765,099	7,200,000	11,377,000	8,015,220	7,265,000	7,410,300	7,349,124	6,520,211	4,777,000
Transfer to the Underground Utility Fund	-	-	-	-	2,530,250	267,041	-	135,000	144,450	165,000
Transfer to Retirement Fund	-	-	-	-	-	2,800,000	4,759,016	9,501,699	5,420,000	5,420,000
Debt Service	3,500,000	3,500,000	6,100,000	6,100,000	6,265,462	6,088,728	5,982,331	5,994,738	5,983,913	5,691,148
Retiree Health	1,493,000	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383	423,014	429,858
Transfer to Risk Insurance Fund	1,791,507	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,850,382	1,933,046	1,904,441	2,010,439
Contingency	-	-	-	-	-	-	-	-	-	600,000
<b>Total Expenditures</b>	<b>56,245,053</b>	<b>58,107,525</b>	<b>65,286,564</b>	<b>70,634,460</b>	<b>72,000,082</b>	<b>76,169,808</b>	<b>77,591,093</b>	<b>82,957,817</b>	<b>81,796,523</b>	<b>80,915,573</b>
<b>Surplus/(Deficit)</b>	<b>2,500,562</b>	<b>2,010,414</b>	<b>(1,470,831)</b>	<b>(195,076)</b>	<b>2,077,184</b>	<b>(2,796,440)</b>	<b>1,104,817</b>	<b>3,235,251</b>	<b>2,968,596</b>	<b>-</b>

**Town of Palm Beach  
Revenue and Expenditure Forecast  
LTFP FY2022 - FY2030**

	<i>FY22</i>	<i>FY23</i>	<i>FY24</i>	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>
<b>Revenues</b>								
Ad Valorem Taxes	59,663,700	61,725,146	64,040,837	66,751,254	69,193,913	70,988,468	71,952,346	73,700,517
Non Ad Valorem Taxes	9,021,233	9,285,120	9,556,789	9,836,470	10,124,400	10,420,826	10,725,998	11,040,177
Licenses & Permits	2,108,500	2,161,500	2,250,390	2,302,561	2,397,752	2,454,476	2,556,463	2,618,159
Intergovernmental	1,121,700	1,108,435	1,133,461	1,159,092	1,185,345	1,212,234	1,239,776	1,267,988
Charges for Services	6,172,500	6,301,174	6,411,898	6,525,242	6,641,276	6,760,072	6,881,704	7,006,250
Fines and Forefeitures	1,025,500	1,033,170	1,040,917	1,048,741	1,056,644	1,064,627	1,072,689	1,080,832
Investment Earnings	359,812	540,000	790,000	940,000	1,140,000	1,240,000	1,390,000	1,390,000
Miscellaneous and Transfers	4,236,165	4,469,465	4,487,284	4,605,637	4,624,542	4,844,013	4,864,068	5,084,725
<b>Total Operating Revenues</b>	<b>83,709,110</b>	<b>86,624,010</b>	<b>89,711,576</b>	<b>93,168,997</b>	<b>96,363,872</b>	<b>98,984,716</b>	<b>100,683,044</b>	<b>103,188,648</b>
<b>Transfers from Fund Balance</b>	<b>5,431,463</b>	<b>1,165,034</b>	<b>1,189,399</b>	<b>1,215,193</b>	<b>1,240,680</b>	<b>1,260,824</b>	<b>1,271,150</b>	<b>1,289,204</b>
<b>Total Revenues</b>	<b>89,140,573</b>	<b>87,789,044</b>	<b>90,900,975</b>	<b>94,384,190</b>	<b>97,604,552</b>	<b>100,245,540</b>	<b>101,954,194</b>	<b>104,477,852</b>
<b>Expenditures</b>								
Salaries and Wages	27,950,544	28,739,872	29,969,947	31,270,183	32,607,866	34,033,497	35,516,134	37,041,441
Pension Benefits	11,109,914	11,564,176	12,204,973	12,843,333	13,368,056	13,235,872	12,237,936	11,759,113
DC Plan Benefits	510,167	531,065	553,977	575,854	598,097	621,244	645,274	670,021
Other Employee Benefits	6,317,062	6,589,654	6,883,156	7,155,584	7,465,188	7,800,143	8,152,532	8,512,807
Contractual	11,187,512	11,461,912	11,493,058	11,774,865	12,063,599	12,359,429	12,461,613	12,767,141
Commodities	1,693,282	1,735,615	1,779,007	1,823,483	1,869,072	1,915,800	1,963,697	2,012,790
Equipment Replacement	2,279,381	2,335,707	2,392,392	2,450,493	2,510,047	2,571,954	2,634,535	2,698,681
Library Services	363,230	374,126	385,350	396,911	408,818	421,083	433,715	446,726
Transfer to Capital Improvement	8,428,200	4,871,020	5,358,122	5,893,934	6,188,631	6,498,062	6,822,966	7,164,114
Transfer to Coastal Protection	4,920,310	5,067,919	5,219,957	5,376,556	5,537,852	5,703,988	5,875,107	6,051,361
Transfer to the UUTF	176,550	188,909	202,132	216,281	231,421	-	-	-
Extraordinary Transfer to Retirement Fund	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000
Debt Service	5,676,719	5,670,423	5,668,771	5,678,776	5,687,781	5,878,767	5,874,128	5,875,211
Retiree Health	334,214	331,219	336,762	343,474	350,603	358,156	366,355	375,255
Transfer to Risk Insurance Fund	2,173,487	2,274,106	2,376,752	2,481,555	2,588,613	2,697,954	2,809,747	2,924,104
Contingency	600,000	633,321	656,619	682,907	708,907	729,590	740,454	759,087
<b>Total Expenditures</b>	<b>89,140,572</b>	<b>87,789,044</b>	<b>90,900,975</b>	<b>94,384,189</b>	<b>97,604,551</b>	<b>100,245,539</b>	<b>101,954,193</b>	<b>104,477,852</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Status of the FY21 Budget

The adopted FY21 budget was 4.18% less than the FY20 budget. Personnel count totaled 345.57 positions. A monthly financial report has been sent each month to the Mayor and Town Council detailing the status of revenues and expenditures in the General Fund, Enterprise Funds and summary information for other funds. The current estimates discussed below are based on actual results through July 31, 2021.

### General Fund Revenues

Revenues for FY21 in total are expected to be above budget estimates and are currently at 97.6% of budget. The budgeted revenues for FY21 that are expected to be at or over budget include: Ad Valorem taxes, business tax receipts, permit fees, other licenses, fees, grant revenue, state shared revenue, public safety fees, parking meter fees, code violations, fines, other charges for services and miscellaneous revenues. Property taxes are collected early in the fiscal year so we have received to-date 101.5% of the expected revenues and should finish the year at or above 102%. Other licenses, fees and permits include right of way permits and residential parking permits. The residential parking permit fees currently exceeds budget estimates at 109%. We have received FEMA grant revenue for prior year hurricane expenditures and a funding from the pandemic related CARES act.

Investment income is expected to finish the year below budget estimates. Investment income is below expectations due to the very low interest rate environment.

In total, the FY21 revenue budget will exceed the budget estimates by \$2 million.

### General Fund Expenditures

Through July, expenditures in total are at the budget standard of 83%. General Government, and Town Manager, Town Clerk, and Police, are above the budget standard. General Government is over budget due to payments made for the vacation buy-back program in November and COVID-19 related expenditures were charged to this program. Direct COVID-19 expenditures for FY21 have totaled \$84,230. The Town Clerk's office is over budget due to the cost of the election. Police is over budget due to special assignment overtime. These overtime costs have come in over what the department had expected by 117%. These costs are offset by revenues which are also well over budget at 157%.

All other departments are at or below the budget standard to-date. The main reason for the reduction in expenditures for these departments is personnel costs. There are currently 21 vacant positions of which 5 have been frozen. Salaries at the current trend may finish the year approximately \$600,000 below budget. Employee benefits other than pensions will also come in slightly below budget. Some of the reduction in salary cost will be offset by increases in contractual costs. Contractual costs are expected to end the year over a million above budget.

Based on current estimates, we expect to end the year at or slightly above the expenditure budget. We are monitoring the expenditures and if we do exceed the expenditure budget we may bring a budget amendment to Council for approval.

### Summary

Over the past two years, staff has been able to reduce expenditures and improve efficiencies. These actions have allowed departments to run more efficiently with less resources and reduce the impact of the current COVID-19 recession.

Unless the revenue status worsens, or if Palm Beach experiences a major storm event during the summer, we expect to end the year with a surplus of approximately \$1.5-\$2 million.

Tables summarizing General Fund Revenues and Expenditures through July 31, 2021, can be found on the next two pages.

## General Fund Revenues

General Fund Revenues For the Period Ended July 31, 2021 (83% of FY2021)								
	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2020 Budget	FY2020 YTD Actual	% Budget vs. Actual	FY2020 Actual	% Budget vs. Actual
Ad Valorem Taxes	57,134,058	58,005,325	101.5%	55,979,439	56,800,190	101.5%	56,817,697	101.5%
Sales, Use and Fuel Taxes	345,000	242,727	70.4%	352,000	238,862	67.9%	315,146	89.5%
Utility Service Taxes	6,006,000	4,751,446	79.1%	6,107,000	4,672,778	76.5%	6,052,179	99.1%
Business Tax Receipts	770,000	958,533	124.5%	763,000	773,386	101.4%	813,903	106.7%
Building Permits	522,000	718,164	137.6%	7,008,000	6,611,800	94.3%	7,826,548	111.7%
Franchise Fees	2,250,000	1,507,099	67.0%	2,358,700	1,438,759	61.0%	2,176,527	92.3%
Other Licenses, Fees and Permits	748,100	639,600	85.5%	771,100	967,578	125.5%	1,184,138	153.6%
Federal and Local Grants	32,700	804,385	2459.9%	32,700	908,564	2778.5%	940,693	2876.7%
State Shared Revenues	900,800	815,942	90.6%	1,046,900	756,007	72.2%	989,019	94.5%
Shared Revenues from Other Local Units	22,500	8,879	39.5%	20,000	9,928	49.6%	18,895	94.5%
Public Safety Fees	2,188,000	2,748,103	125.6%	2,468,000	2,209,642	89.5%	2,807,939	113.8%
Physical Environment Fees	1,192,000	1,096,333	92.0%	1,323,000	1,079,062	81.6%	1,101,088	83.2%
Transportation Fees	1,100,000	1,640,481	149.1%	1,386,000	956,080	69.0%	1,194,083	86.2%
Culture and Recreation	820,700	745,875	90.9%	1,025,599	377,890	36.8%	456,684	0.0%
Other Charges for Services	84,000	133,648	159.1%	86,600	72,731	84.0%	88,841	102.6%
Judgments and Fines	736,500	719,985	97.8%	762,000	678,065	89.0%	656,261	86.1%
Violations of Local Ordinances	179,500	214,350	119.4%	180,000	122,590	68.1%	124,715	69.3%
Interest and Other Earnings	904,715	103,199	11.4%	1,230,000	669,444	54.4%	696,608	56.6%
Rents and Royalties	66,500	39,849	59.9%	72,267	24,174	33.5%	47,139	65.2%
Disposition of Fixed Assets	0	0	0.0%	0	0	100.0%	0	100.0%
Miscellaneous Revenues	383,000	366,192	95.6%	361,461	420,634	116.4%	432,016	119.5%
Interfund Transfers	4,529,500	2,687,500	59.3%	1,108,000	20,833	1.9%	25,000	2.3%
<b>Total Revenues</b>	<b>80,915,573</b>	<b>78,947,618</b>	<b>97.6%</b>	<b>84,441,766</b>	<b>79,809,000</b>	<b>94.5%</b>	<b>84,765,119</b>	<b>100.4%</b>

## General Fund Expenditures

General Fund Comparison of Expenditures Expenditures by Department For the Period Ended July 31, 2021 (83% of FY2021)								
	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2020 Budget	FY2020 YTD Actual	% Budget vs. Actual	FY2020 Actual	% Budget vs. Actual
Legislative	154,400	129,119	83.6%	154,400	93,879	60.8%	132,740	86.0%
General Government	863,542	885,771	102.6%	614,643	821,720	133.7%	1,021,926	166.3%
Town Manager	799,738	738,327	92.3%	774,011	671,172	86.7%	812,741	105.0%
Advice and Litigation	390,000	230,877	59.2%	528,200	222,108	42.0%	365,667	69.2%
Information Systems	2,904,848	2,221,083	76.5%	2,775,010	2,114,260	76.2%	2,457,796	88.6%
Human Resources	763,710	476,733	62.4%	752,902	524,887	69.7%	628,089	83.4%
Town Clerk	314,036	291,123	92.7%	307,400	186,798	60.8%	229,779	74.7%
Finance	1,764,316	1,438,646	81.5%	1,818,911	1,513,183	83.2%	1,816,158	99.8%
Planning, Zoning & Building	1,395,785	1,324,221	94.9%	4,215,179	3,187,069	75.6%	4,001,671	94.9%
Recreation	1,858,781	1,360,159	73.2%	1,682,074	1,154,715	68.6%	1,441,237	85.7%
Library	352,650	352,650	100.0%	352,650	352,650	100.0%	352,650	100.0%
Fire-Rescue	14,588,614	12,038,293	82.5%	14,456,969	11,608,121	80.3%	14,133,589	97.8%
Police	16,846,187	14,248,666	84.6%	16,809,302	13,414,493	79.8%	16,359,529	97.3%
Public Works	16,163,521	13,064,388	80.8%	15,777,708	12,626,297	80.0%	15,258,304	96.7%
Emergency Management	-	169	0.0%	-	214	0.0%	300	0.0%
<b>Transfers:</b>								
Capital Improvement Fund	2,662,000	2,218,333	83.3%	2,420,000	2,016,667	83.3%	2,420,000	100.0%
Coastal Protection Fund	4,777,000	3,980,833	83.3%	6,520,211	5,433,509	83.3%	6,520,211	100.0%
Transfer to Retirement Fund	5,420,000	5,420,000	100.0%	5,420,000	5,420,000	100.0%	5,420,000	100.0%
Transfer to Underground Utility	165,000	137,500	83.3%	144,450	120,375	83.3%	144,450	100.0%
Debt Service Fund	5,691,148	4,742,623	83.3%	5,983,913	4,986,594	83.3%	5,983,913	100.0%
OPEB Trust Fund	429,858	358,215	83.3%	423,014	352,512	83.3%	423,014	100.0%
Risk Insurance Fund	2,010,439	1,675,629	83.3%	1,900,819	1,587,602	83.5%	1,904,441	100.2%
Contingency	600,000	0	0.0%	610,000	0	0.0%	0	0.0%
<b>Total</b>	<b>80,915,573</b>	<b>67,333,359</b>	<b>83.2%</b>	<b>84,441,766</b>	<b>68,408,825</b>	<b>81.0%</b>	<b>81,828,204</b>	<b>96.9%</b>
General Fund Comparison of Expenditures Expenditures by Type								
	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2020 Budget	FY2020 YTD Actual	% Budget vs. Actual	FY2020 Actual	% Budget vs. Actual
Salaries and Wages	26,512,380	21,587,771	81.4%	28,004,601	21,454,629	76.6%	26,378,166	94.2%
Pension Benefits	11,615,860	9,679,883	83.3%	11,043,453	9,202,878	83.3%	11,043,453	100.0%
Other Employee Benefits	6,695,585	5,545,527	82.8%	7,183,033	5,859,473	81.6%	6,889,208	95.9%
Contractual	10,407,395	10,225,775	98.3%	10,682,513	10,379,592	97.2%	12,605,056	118.0%
Commodities	1,712,155	1,393,904	81.4%	1,753,420	1,203,869	68.7%	1,608,956	91.8%
Capital Outlay	2,293,961	2,048,560	89.3%	2,422,703	1,978,589	81.7%	2,461,527	101.6%
Contingency	600,000	0	0.0%	610,000	0	0.0%	0	0.0%
Transfers and Other	21,078,237	16,851,940	79.9%	22,742,043	18,329,795	80.6%	20,841,224	91.6%
<b>Total</b>	<b>80,915,573</b>	<b>67,333,359</b>	<b>83.2%</b>	<b>84,441,766</b>	<b>68,408,825</b>	<b>81.0%</b>	<b>81,827,591</b>	<b>96.9%</b>

## Enterprise Funds

The Town currently has three enterprise funds accounting for the operations of the Town Marina, Par 3 Golf Course, and Building Enterprise Fund.

### Town Marina

On May 1<sup>st</sup> of 2020, the Town Marina closed operations to begin the demolition, dredging and reconstruction of a new marina. Revenues were expected to be significantly less than prior years due to the closure. Revenues through July totaled \$22,542.

Expenses are expected to finish the year less than the budget estimates. An operating deficit of approximately \$1,500,000 is expected. Prior year reserves will be used to fund the deficit from the closure.

Town of Palm Beach, Florida Marina Enterprise Fund Revenue and Expenditure Report July 31, 2021								
	Budget FY2021	YTD Actual 2021	% Budget vs Actual	Budget FY2020	YTD Actual 2020	% Budget vs Actual	Actual 2020	% Budget vs Actual
<b>Revenues</b>								
Annual Slip Rental			0.00%	1,587,362	1,696,593	106.88%	1,696,593	106.88%
Transient Slip Rental			0.00%	595,000	578,058	97.15%	578,058	97.15%
Electricity			0.00%	135,000	132,226	97.95%	132,226	97.95%
Waiting List Application Fee	50,000	(10,940)	-21.88%	15,000		0.00%		0.00%
Maintenance and Improvement Fee			0.00%			0.00%		0.00%
Ice Sales			0.00%	650	417	64.15%	417	64.15%
Sales Tax Commissions			0.00%		187	0.00%	187	0.00%
Investment Income		33,583	100.00%		248,640	0.00%	267,966	0.00%
Grant Revenues	3,100,000		0.00%			0.00%		0.00%
Miscellaneous Revenue		(102)	0.00%	200	56	27.99%	56	27.99%
<b>Total Revenues</b>	<b>3,150,000</b>	<b>22,542</b>	<b>0.72%</b>	<b>2,333,212</b>	<b>2,656,178</b>	<b>113.84%</b>	<b>2,675,503</b>	<b>114.67%</b>
<b>Expenditures</b>								
Salaries and Wages	162,234	134,621	82.98%	242,373	159,515	65.81%	181,529	74.90%
Employee Benefits	73,500	62,884	85.56%	116,915	94,724	81.02%	112,561	96.28%
Contractual	548,400	403,710	73.62%	715,025	511,139	71.49%	531,705	74.36%
Commodities	9,200	937	10.18%	9,875	2,692	27.26%	2,871	29.07%
Depreciation	900,000		0.00%	1,060,000		0.00%	155,864	14.70%
Capital Expenses			0.00%			0.00%		0.00%
Contingency	39,686		0.00%	54,209		0.00%		0.00%
Debt Service	740,900	699,360	94.39%		297,717	0.00%	322,854	0.00%
Transfer to the General Fund			0.00%			0.00%		0.00%
<b>Total Expenditures</b>	<b>2,473,920</b>	<b>1,301,513</b>	<b>52.61%</b>	<b>2,198,397</b>	<b>1,065,788</b>	<b>48.48%</b>	<b>1,307,384</b>	<b>59.47%</b>
<b>Operating Revenue over/(under) Expenditures</b>	<b>676,080</b>	<b>(1,278,971)</b>		<b>134,815</b>	<b>1,590,390</b>		<b>1,368,120</b>	
<b>Town Docks Project</b>	<b>27,214,526</b>	<b>14,139,065</b>		<b>37,511,546</b>	<b>5,635,047</b>		<b>9,155,260</b>	
<b>Total Revenues over/(under) Expenditures</b>	<b>(26,538,446)</b>	<b>(15,418,036)</b>		<b>(37,376,731)</b>	<b>(4,044,657)</b>		<b>(7,787,140)</b>	
<b>% of Fiscal Year Completed: 83%</b>								

**Par 3 Golf Course**

Since the Par 3 Golf Course reopened on April 30, 2020, play has improved. FY21 has seen record play at the course, with revenues currently at 113% of budget estimates. The revenues from the Course are expected to be well above budget estimates and end the year over \$3.5 million.

Expenses currently total 72% of budget. Expenses are estimated to finish the year below budget by a little over \$100,000. Salaries and Capital expenditures will be less than the budget standard, all other expenditures will be at or above. If these revenue and expenditure projections hold, the Par 3 golf course will end the year with a surplus of over \$600,000.

Town of Palm Beach, Florida Golf Enterprise Fund Revenue and Expenditure Report July 31, 2021								
	Budget FY2021	YTD Actual 2021	% Budget vs Actual	Budget FY2020	YTD Actual 2020	% Budget vs Actual	Actual 2020	% Budget
<b>Revenues</b>								
Golf Pass Fees	20,500	36,259	176.87%	16,400	28,714	175.08%	31,247	190.53%
Greens Fees	1,155,000	1,530,884	132.54%	1,093,000	901,511	82.48%	1,021,771	93.48%
Food and Beverage Sales	400,000	432,819	108.20%	455,000	310,059	68.14%	356,230	78.29%
Golf Riding Cart Rental	357,000	529,785	148.40%	315,000	290,127	92.10%	350,562	111.29%
Golf Pull Cart Rental	30,000	29,431	98.10%	43,000	21,549	50.11%	22,585	52.52%
Driving Range Fees	130,000	141,247	108.65%	125,000	88,157	70.53%	105,428	84.34%
Golf Outings	85,000	78,828	92.74%	85,000	37,469	44.08%	41,244	48.52%
Town Tournaments	4,000	1,290	32.25%	3,000	1,083	36.10%	1,083	36.10%
Merchandise Sales	225,000	359,033	159.57%	200,000	179,175	89.59%	210,498	105.25%
Electricity Sales	4,000	2,776	69.41%	5,000	4,502	90.05%	5,944	118.88%
Town Share Golf Teaching Services	50,000	72,410	144.82%	37,000	40,670	109.92%	49,554	133.93%
Golf Maintenance and Improvement Fee		934	0.00%		10,286	0.00%	10,286	0.00%
Gift Certificates Sales - Net Redemptions		11,831	0.00%		8,984	0.00%	8,643	0.00%
Club Rentals	80,000	84,822	106.03%	70,000	58,161	83.09%	62,889	89.84%
Sales Tax Commissions	500	300	60.00%	150	270	180.00%	330	220.00%
Investment Income		519	0.00%		94	0.00%	150	0.00%
Use of Reserves	392,394		0.00%	274,634	0	0.00%	0	0.00%
Miscellaneous Revenue	1,500	1,992	132.80%	3,500	6,623	189.24%	10,926	312.18%
<b>Total Revenues</b>	<b>2,934,894</b>	<b>3,315,161</b>	<b>112.96%</b>	<b>2,725,684</b>	<b>1,987,433</b>	<b>72.92%</b>	<b>2,289,370</b>	<b>83.99%</b>
<b>Expenditures</b>								
Salaries and Wages	552,436	373,225	67.56%	569,252	411,613	72.31%	485,340	85.26%
Employee Benefits	293,395	242,887	82.79%	288,231	244,927	84.98%	288,250	100.01%
Contractual	680,285	650,546	95.63%	574,935	441,326	76.76%	589,291	102.50%
Commodities	338,350	378,023	111.73%	337,425	270,635	80.21%	337,059	99.89%
Capital Equipment	121,662	9,687	7.96%	55,000	49,321	89.67%	49,321	89.67%
Use of M&I Reserves	218,500	13,627	6.24%	173,500	176,579	101.77%	179,649	103.54%
Debt Service - Par 3	194,813	162,344	83.33%	199,813	166,511	83.33%	199,813	100.00%
Depreciation	417,230	255,511	61.24%	417,230	255,511	61.24%	324,696	77.82%
Contingency	93,223		0.00%	85,298		0.00%		0.00%
Transfer to the General Fund	25,000	20,833	83.33%	25,000	20,833	83.33%	25,000	100.00%
<b>Total Expenditures</b>	<b>2,934,894</b>	<b>2,106,685</b>	<b>71.78%</b>	<b>2,725,684</b>	<b>2,037,257</b>	<b>74.74%</b>	<b>2,478,419</b>	<b>90.93%</b>
<b>Total Revenues over/(under) Expenditures</b>		<b>1,208,477</b>			<b>(49,825)</b>		<b>(189,049)</b>	
<b>% of Fiscal Year Completed: 83%</b>								

### Building Enterprise Fund

Fiscal Year 2021 was the initial year of the Building Enterprise Fund. This fund was established to track all building permit revenue and related expenses. For the initial year of operations, revenues were estimated conservatively due to the COVID pandemic. Revenues are well over the budget estimates at 149%.

Expenditures are currently tracking below budget estimates and should finish slightly below estimates. New software has been purchased that will utilize a portion of the reserves that will be generated.

Town of Palm Beach, Florida Building Enterprise Fund Revenue and Expenditure Report July 31, 2021								
	Budget FY2021	YTD Actual 2021	% Budget	Budget FY2020 *	YTD Actual 2020 *	% Budget	Actual 2020 *	% Budget vs Actual
<b>Revenues</b>								
Town Plan Review and Inspection	5,500,000	8,576,431	155.94%	6,019,000	5,925,246	98.44%	6,965,037	115.72%
Permit Processing	38,000	37,768	99.39%	38,000	33,571	88.34%	21,190	55.76%
Permit Penalty	15,000	23,500	156.67%	125,000	13,740	10.99%	25,888	20.71%
Reinspection Fees	1,600	1,610	100.63%	6,500	1,410	21.69%	1,510	23.23%
Contractor Registration Fees	8,500	7,975	93.82%	8,500	5,650	66.47%	6,725	79.12%
Building Permit Search Fee	50,000	98,925	197.85%	42,000	45,900	109.29%	55,650	132.50%
Permit Revision Fee	180,000	148,375	82.43%	180,000	143,325	79.63%	178,600	99.22%
Right of Way Permits	393,400	341,288	86.75%	236,040	331,439	140.42%	403,736	171.05%
Flood Plain Management Fee	10,000	17,100	171.00%	14,000	6,750	48.21%	11,250	80.36%
Building Insp Fund Fees	11,000	12,887	117.15%	11,000	9,034	82.12%	10,602	96.38%
Radon Gas	10,000	8,654	86.54%	10,000	6,084	60.84%	7,143	71.43%
ROW Violations	29,505	36,697	124.37%	29,505	20,046	67.94%	24,971	84.63%
Miscellaneous Revenue	15,000	1,266	8.44%	0	0	0.00%	0	0.00%
<b>Total Revenues</b>	<b>6,262,005</b>	<b>9,312,476</b>	<b>148.71%</b>	<b>6,719,545</b>	<b>6,542,194</b>	<b>97.36%</b>	<b>7,712,302</b>	<b>114.77%</b>
<b>Expenditures</b>								
Salaries and Wages	654,702	384,585	58.74%	624,079	357,600	57.30%	439,723	70.46%
Employee Benefits	365,946	281,992	77.06%	329,120	254,568	77.35%	301,090	91.48%
Contractual	241,100	157,075	65.15%	370,815	264,220	71.25%	356,971	96.27%
Commodities	19,000	12,536	65.98%	14,550	10,446	71.79%	14,143	97.20%
<i>Subtotal Permit Issuance</i>	<i>1,280,748</i>	<i>836,188</i>	<i>65.29%</i>	<i>1,338,564</i>	<i>886,834</i>	<i>66.25%</i>	<i>1,111,927</i>	<i>83.07%</i>
Salaries and Wages	763,421	507,605	66.49%	664,193	446,141	67.17%	559,190	84.19%
Employee Benefits	383,721	305,156	79.53%	334,965	271,130	80.94%	321,349	95.93%
Contractual	332,500	224,407	67.49%	344,094	308,984	89.80%	407,659	118.47%
Depreciation	96,038	80,032	83.33%	98,323	81,936	83.33%	98,323	100.00%
Commodities	14,000	3,991	28.51%	11,000	6,125	55.69%	9,624	87.49%
<i>Subtotal Inspection/Compliance</i>	<i>1,589,680</i>	<i>1,121,191</i>	<i>70.53%</i>	<i>1,452,575</i>	<i>1,114,316</i>	<i>76.71%</i>	<i>1,396,144</i>	<i>96.12%</i>
Contingency	138,720		0.00%					
Transfer to the General Fund	3,200,000	2,666,667	83.33%					
<b>Total Expenditures</b>	<b>6,209,148</b>	<b>4,624,046</b>	<b>74.47%</b>	<b>2,791,139</b>	<b>2,001,150</b>	<b>142.97%</b>	<b>2,508,072</b>	<b>89.86%</b>
<b>Total Revenues over/(under) Expenditures</b>	<b>52,857</b>	<b>4,688,429</b>		<b>3,928,406</b>	<b>4,541,044</b>		<b>5,204,230</b>	
<b>% of Fiscal Year Completed: 83%</b>								

\*Revenues and Expenses in 2020 were in the General Fund



### General Fund Trend Analysis

Financial trend analysis assists the Town in evaluating its financial condition. The trend analysis describes the fluctuations in the major categories of General Fund revenues and categories of expenditures. The financial trends present a picture of the Town’s financial strengths and weaknesses and allow staff to identify emerging issues before they become serious problems. The Town financial trends have been analyzed using the International City Management Association’s (ICMA) guidelines contained in “Evaluating Financial Condition”. This analysis is designed to present information on the fiscal health of the Town as part of the Long Term Financial Plan.

The City’s financial trends are analyzed annually in order to understand the financial condition of the Town. The factors include:

- The economic condition of the Town;
- Types and amounts of revenues and whether they are sufficient, and the right mix to support the Town;
- Expenditure levels and whether these expenditures are sufficient to provide the desired level of services the citizens expect;
- Fund balances and debt levels and their impact upon current Town financial resources.

The amounts in this section represent actual expenditures for the years FY12 through FY20 and budgeted amounts for FY21. The projected results for the FY21 budget are discussed in greater detail in the Current Status section of the document.

### General Fund Revenues

Revenues determine the capacity of a municipality to provide services. Important issues to consider when reviewing revenue trends are growth, flexibility, diversity, reliability and administration. Revenues should grow at a rate equal to or greater than the combined effects of inflation and expenditures.



General Fund Revenues are 37.7% higher in FY21 than they were in FY12. The major causes of recent increases are property tax revenue increases for coastal protection projects and pension funding

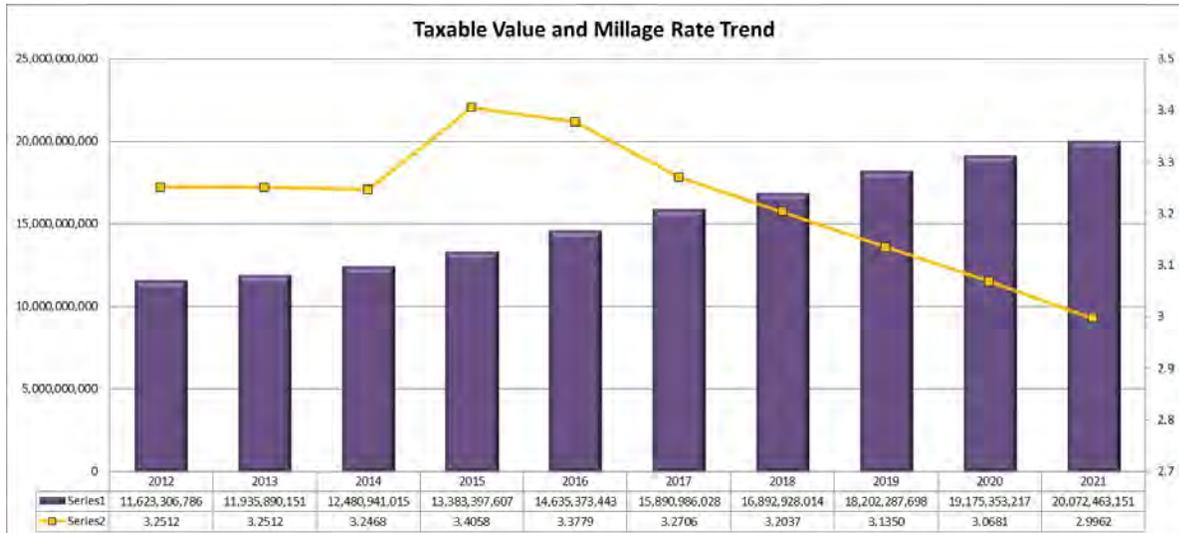
and increased revenue from, utility taxes, special assignment, parking meter, permit revenues, and utility tax revenues. In FY21, building permit revenue was transferred to the newly established Building Enterprise Fund, which accounted for most of the total revenue decline.

**Ad Valorem Revenue**

Ad valorem taxes are the Town’s largest revenue source. Municipalities in Florida are not permitted to levy property taxes at a rate of more than 10 mills for the operating millage. From 2010-2012 ad valorem revenue declined due to a decline in taxable value. In FY15, ad valorem revenue increased by 12%, with the entire increase of \$4.7 million allocated to coastal protection funding, and in FY16 another increase of 9.17% was approved to increase funding for coastal protection. The FY21 ad valorem increase was 2.06% over the FY20 budgeted amount. Currently, ad valorem revenue accounts for 70.61% of total revenue.



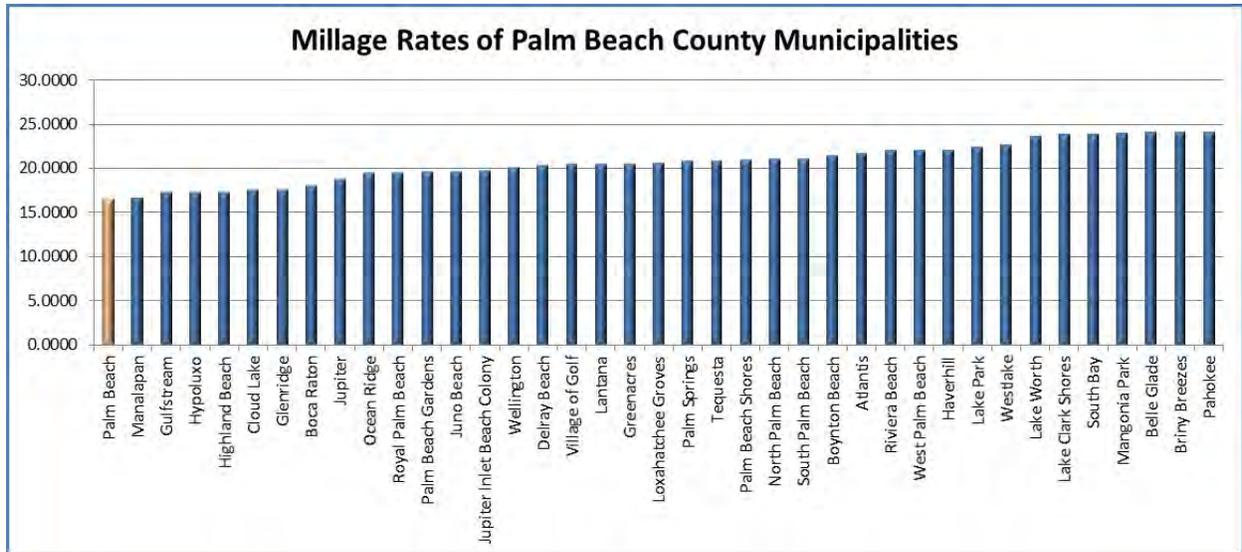
The millage rate was maintained at 3.2512 from FY09 through FY13. Taxable value has increased since 2012. The millage rate increased in 2015 to fund the coastal protection financing plan. Recent increases in taxable value have allowed the Town to reduce the millage rate to the lowest historical level.



State law limits millage rate increases to the rolled back rate (the rate that produces the same taxes as the prior year, exclusive of taxes from new construction) plus growth in personal income. Local governments are allowed to override the cap by extraordinary vote, either a 2/3 vote of the Council for up to a 10% increase over the rolled back rate, or a unanimous vote of the Council for an increase in excess of 10%. The total millage, for Palm Beach taxpayers, which includes all other applicable taxing districts, decreased 1.69% from 16.7774 to 16.4939 in FY21. The Town’s portion of the total millage is 18.17% of the total tax bill. The chart below identifies the taxing districts and the effect the changes in millage from FY20 to FY21 had on a taxpayer with a \$1 million value (assumes no change in taxable value from year to year). The total change in FY21, was a decrease of \$283.50 per million.

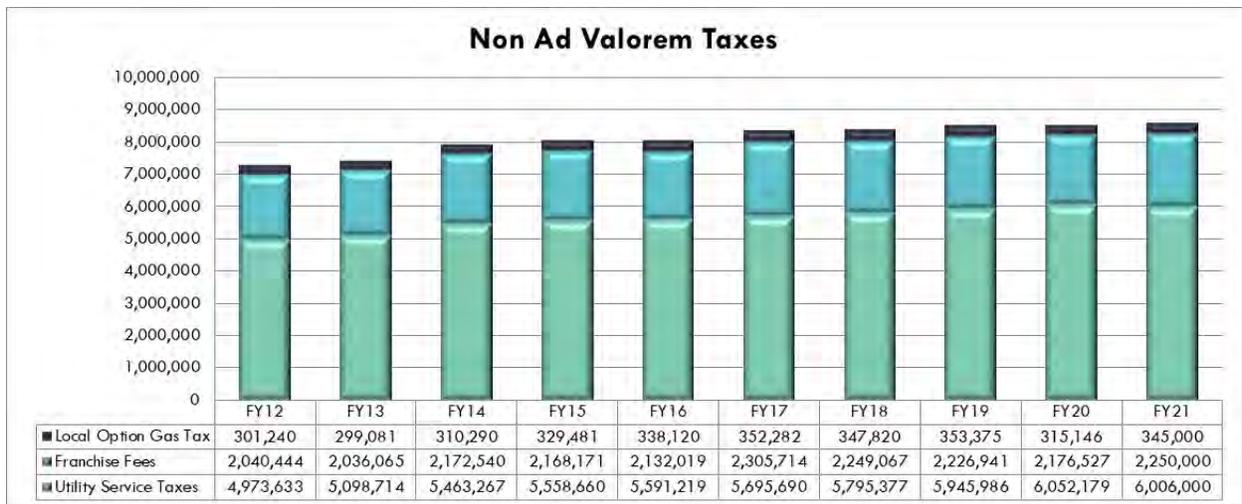
Taxing Authority	FY20 Millage Rate	FY21 Millage Rate	FY21 Tax Per \$1 Million Value	Change Per \$1 million Value	% Change	% of Total Tax Bill
<b>Palm Beach County School District</b>	7.1640	7.0100	\$7,010	-\$154.00	-2.15%	42.50%
<b>Palm Beach County</b>	4.8580	4.8124	\$4,812	-\$45.60	-0.94%	29.18%
<b>Palm Beach</b>	3.0681	2.9962	\$2,996	-\$71.90	-2.34%	18.17%
<b>Health Care District</b>	0.7261	0.7261	\$726	\$0.00	0.00%	4.40%
<b>Children Services</b>	0.6497	0.6497	\$650	\$0.00	0.00%	3.94%
<b>South Florida Water Mgmt</b>	0.2398	0.2295	\$230	-\$10.30	-4.30%	1.39%
<b>Everglades Construction</b>	0.0397	0.0380	\$38	-\$1.70	-4.28%	0.23%
<b>Florida Inland Navigation</b>	0.0320	0.0320	\$32	\$0.00	0.00%	0.19%
<b>Grand Total</b>	16.7774	16.4939	\$16,494	-\$283.50	-1.69%	100.00%

The Town of Palm Beach’s total millage rate is the lowest in Palm Beach County. The owner of a home with a taxable value of \$1 million pays \$16,494 in total taxes in Palm Beach versus \$18,058 in Boca Raton, \$18,721 in Jupiter, \$19,631 in Palm Beach Gardens and \$21,970 in West Palm Beach.



Many other municipalities in Palm Beach County have enterprise funds and charge separate fees for sewer, stormwater, sanitation, and other services over and above the funds collected from ad valorem taxes. The Town of Palm Beach does not charge separate fees for these services as all costs are included within the Town’s tax rate.

*Non Ad Valorem Tax Revenue*



Non Ad Valorem tax revenue includes local option gas taxes, franchise fees and utility service taxes.

Local Option Gas Tax and Franchise fee revenue declined from FY12 to FY13 and have increased in recent years. Utility service taxes have increased throughout the 10-year period. The budget estimates for FY21 were conservatively based due to the uncertainty caused by the pandemic.

*License and Permit Revenue*

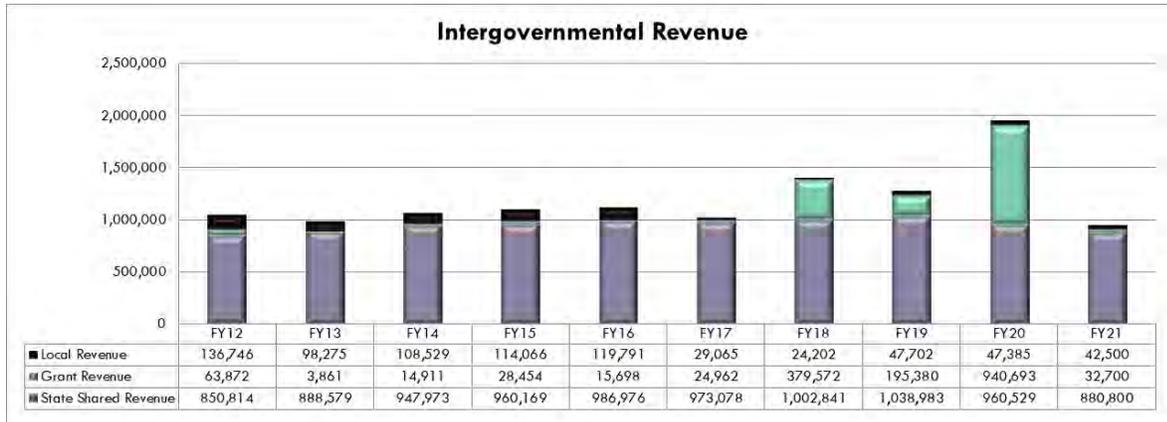
License and permit revenue includes, business licenses, building permit revenues and parking permits. The trend chart is shown below.



Building permit revenue makes up the majority of these revenues. Since FY12, revenues have improved due to increases in building activity. FY15, FY16, FY18 and FY19 were record years for permit activity. In FY17, a decline in permit activity occurred due to a brief slowdown in construction. The FY21 budget reflects the transfer of these revenues to the Building Enterprise Fund. The budget in the Building Enterprise fund was a conservative estimate for building permit revenues from the historic highs. The number of business licenses declined in FY15 due to a change in state law exempting real estate brokers from the business tax, but revenues have increased since that time. FY21 was budgeted conservatively due to the pandemic. Other licenses and fees have increased since FY12 due to increases in right-of-way permit and parking permit revenues. FY19 shows a record amount of right-of-way permits due stricter enforcement. The FY21 budget contains conservative estimates for these revenues and a portion of the right of way permits, relating to building construction was transferred to the Building Enterprise Fund.

*Intergovernmental Revenue*

Intergovernmental revenue includes revenue received from Federal, State, County and Local government sources. Revenues from the State of Florida sources include State revenue sharing, local government sales tax, and alcoholic beverage licenses. Local revenues include County occupational license revenue and Palm Beach County 911 reimbursement. Federal, State and Local grants are also included in this category.



State revenues were anticipated to decline for FY21 due to the pandemic, however, collections have been higher than anticipated to date. FY20 grant revenues contained funding from FEMA for prior storms.

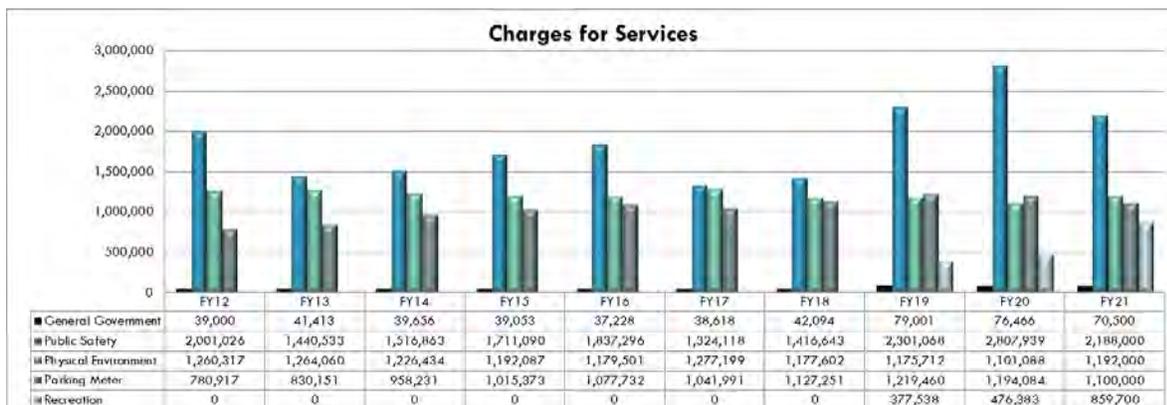
### Charges for Services

Charges for services include public safety fees, solid waste fees, parking meter collections and other small fees such as copy charges and lien searches.

Public safety fees have increased in the past due to increases in the EMS transport fees in FY12, and increases in revenues for police special detail. Revenues for police special detail have increased in FY19 through FY21 due to two new large contracts.

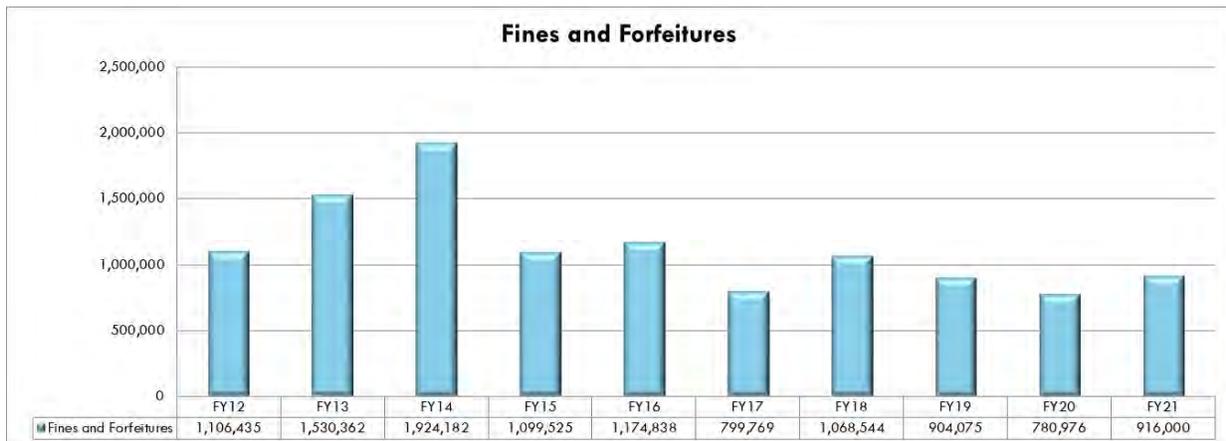
Physical environment fees include solid waste fees. Solid waste fees are billed through the non-ad valorem assessment process on the property tax bill. Compacted garbage fees are billed quarterly by the Town. These fees increase annually based upon the cost of providing the service.

In FY11, parking meter rates at Mid-Town Beach and Phipps Ocean Park were increased from \$2 to \$5 per hour. Parking meter revenue has increased in recent years due to the Park Mobile program and an increase in fees in FY20 from \$2 - \$3 for all other metered spaces. In FY20, the new Mandel Recreation Center opened. In prior years, recreation activities were accounted for in the Recreation Enterprise Fund. These programs were moved back to the General Fund in FY19.



*Fines and Forfeitures*

Fine and forfeiture revenue includes traffic violation fines, parking fines and penalties, right of way fines, and code enforcement violation fines.



In FY14, large code enforcement fines were collected causing spikes in revenues. In FY13, revenues from parking tickets increased due to an increase in parking fines. In recent years, parking fines have declined due to improved compliance. The FY21 budget is based on the recent trends.

*Investment Income*

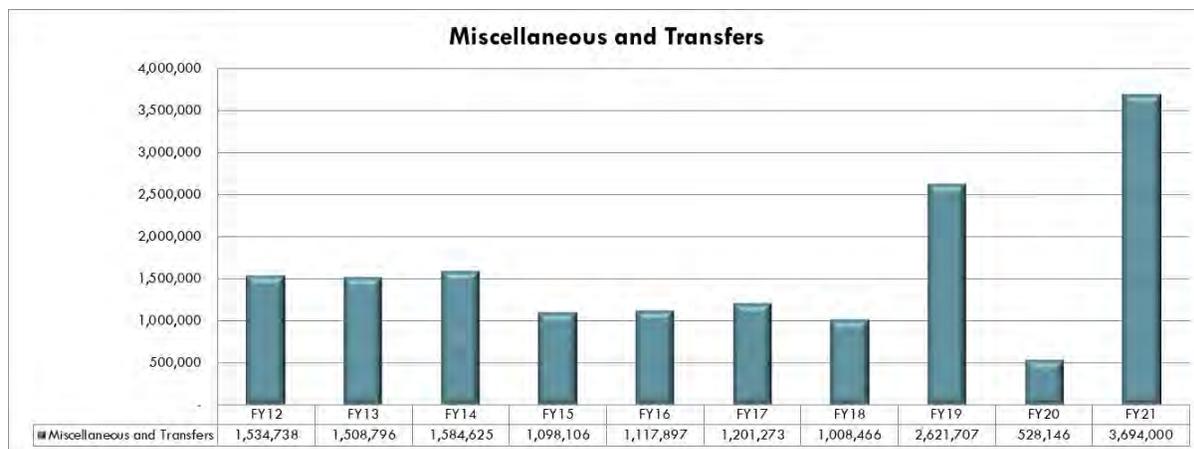
The Town’s Investment Advisory Committee oversees the investment of the Town’s surplus funds as well as the investments in the Town’s OPEB trust. The Town’s surplus funds are invested in fixed income securities, money market accounts, two bond funds with the Florida League of Cities Investment Trust and Certificate of Deposits.



Investment revenue during the 10-year period has fluctuated due to the interest rate environment. The growth in FY18-FY19 was due to higher reserves and interest rates which provided more opportunities to invest in short term securities. In FY20, revenues declined due to the lower rates caused by the pandemic recession. The FY21 budget was based on conservative estimates at the time and larger reserve balances. The returns so far in FY21 are not meeting expectations.

**Miscellaneous and Transfers**

Miscellaneous revenue includes rents and royalties, sales of fixed assets and other revenue. Transfers include transfers from the Recreation Enterprise Fund, until FY19 when the fund was eliminated. The FY21 budget contains transfers from the Par 3 Golf Course and the new Building Enterprise Fund.

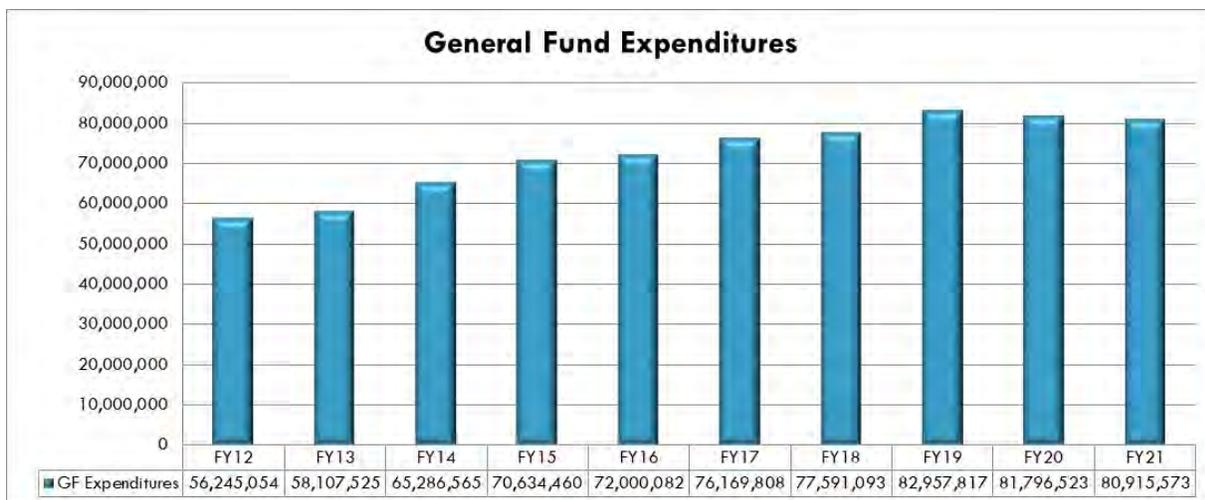


FY12 includes a transfer of \$800,000 from the Recreation Enterprise Fund and insurance proceeds from a large claim. Revenues in FY13 and FY14 include a transfer of \$885,000 from the Recreation Enterprise Fund and the proceeds from the sale of property. In FY16, FY17, and FY18 the transfer from the Recreation Enterprise Fund was reduced by \$100,000 in each year to add to the funding of the Dock Replacement Reserve. In FY19, the Recreation Enterprise Fund was eliminated and the recreation activities were returned to the General Fund. The Marina and Par 3 Golf Course are now accounted for in separate funds. In order to ease the burden on the General Fund in FY19, the transfer from the two enterprise funds was increased to \$1,307,160 for the first year. In addition, surplus funds from the Equipment Replacement Fund were transferred to the General Fund in FY19 from funds that were set aside for the beach cleaning equipment that was not replaced and the savings on the purchase of the quint fire truck totaling \$780,421. Due to the closure of the Marina for reconstruction, the transfer in FY20 was eliminated and only the Par 3 Golf Course transfer of \$25,000 was included. In FY21, the Par 3 Golf Course transfer of \$25,000 was made and a transfer from the new Building Enterprise Fund of \$3,200,000 was established based on a cost allocation model.

### General Fund Expenditures

Expenditures are a measure of a municipality’s service output. Ideally, a municipality’s expenditure growth should not exceed its revenue growth rate and the government should have maximum flexibility to adjust spending.

Since FY12, the General Fund budget has increased a total of 43.9%. A significant portion (40%) of the increase is due to increases in the coastal protection fund, the transfers to the debt service fund, and Capital Improvement Fund, and the extraordinary retirement contribution to reduce the UAAL. Operating costs have increased 33% during the 10-year period. The increases are described in greater detail later in this section. The total General Fund budget decreased by 4.18% in FY21 from the FY20 budget.



The major changes in the General Fund budget for FY12 – FY21 are detailed in the chart below and on the following pages by fiscal year. Large expenditures for capital and coastal projects and other non-recurring expenditures are noted in bold face type. Personnel cost changes are noted in italics.

Year	Major Areas of Change to General Fund Revenues and Expenditures
FY2012 Budget Decrease 8.2%	<ul style="list-style-type: none"> <li>• Total General Fund Budget - \$58,535,436</li> <li>• Maintained millage rate at 3.2512, taxable value declined .46%</li> <li>• Reduction in property tax revenue - (\$246,300)</li> <li>• <i>Decrease in contribution to retirement fund due to pension reform – (savings of \$5,577,544)</i></li> <li>• <i>Elimination of 4.68 positions</i></li> <li>• <i>Reinstated performance based pay increases for employees - \$327,300</i></li> <li>• <i>Increase in health insurance funding - \$272,700</i></li> <li>• Modification to funding for Equipment Replacement Program - (Savings of \$344,271)</li> <li>• Increased transfer from Recreation Enterprise Fund - \$161,000</li> <li>• Increased the transfer to the Capital Improvement Program by - \$500,000</li> </ul>

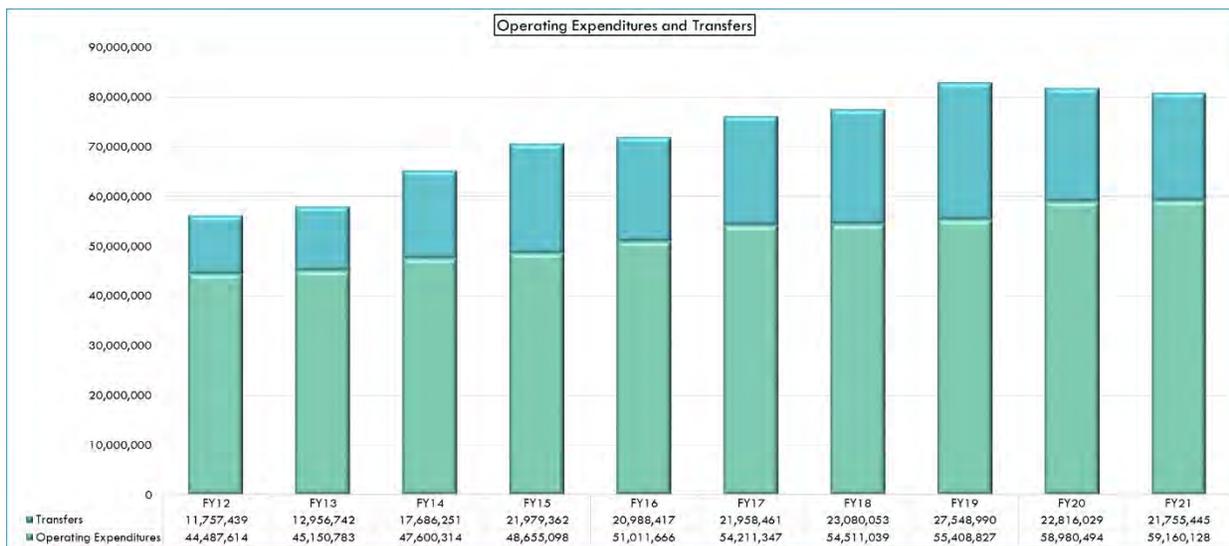
	<ul style="list-style-type: none"> <li>● <b>Transfer to Coastal Protection Fund - \$3,960,000</b></li> </ul>
FY2013 Budget Increase 2.01%	<ul style="list-style-type: none"> <li>● Total General Fund Budget - \$59,711,280</li> <li>● Maintained millage rate at 3.2512, taxable value increased by 2.69%</li> <li>● Increase in property tax revenue - \$866,200</li> <li>● <i>Elimination of 8.71 positions</i></li> <li>● <i>Increased the pay ranges 3% for all non-union positions.</i></li> <li>● <i>Increase in pension costs - \$1,035,548</i></li> <li>● <i>Increase in health insurance and OPEB costs- \$556,727</i></li> <li>● <i>Decrease in FICA tax - \$115,019</i></li> <li>● Increase in sewage treatment and disposal costs - \$303,634</li> <li>● Increase in risk insurance costs - \$101,273</li> <li>● <b>Transfer to Coastal Protection Fund - \$2,765,099</b></li> </ul>
FY2014 Budget Increase 9.54%	<ul style="list-style-type: none"> <li>● Total General Fund Budget - \$65,406,493</li> <li>● Reduced millage rate to 3.2468, taxable value increased by 5.16%</li> <li>● Increase in property tax revenue - \$1,782,300</li> <li>● <i>Elimination of 5.00 positions</i></li> <li>● <i>Provided for merit pay raises for all non-union positions</i></li> <li>● <i>Increase in DB pension costs - \$1,939,921. Changed investment earnings and wage assumptions. Used \$930,690 in prepaid Town contributions as a partial offset.</i></li> <li>● <i>Provided for a discretionary 4% employer contribution to DC plan - \$587,902</i></li> <li>● <i>Modification to required employee contribution to pension plan - \$152,515</i></li> <li>● Increase in debt service transfer for 2013 bond - \$2,600,000</li> <li>● <b>Transfer to Coastal Protection Fund - \$4,200,000</b></li> </ul>
FY2015 Budget Increase 2.89%	<ul style="list-style-type: none"> <li>● Total General Fund Budget - \$67,295,344</li> <li>● Increased millage rate to 3.4058, taxable value increased by 7.53%</li> <li>● Increase in property tax revenue - \$4,777,000</li> <li>● <i>Addition of 2.58 positions</i></li> <li>● <i>Provided for merit pay raises and an increase in the employee pay ranges.</i></li> <li>● <i>Increase in DB pension costs - \$509,600</i></li> <li>● <i>Provided for a discretionary 4% employer contribution to the DC plan</i></li> <li>● <b>Transfer to Coastal Protection Fund - \$4,777,000</b></li> </ul>
FY2016 Budget Increase 6.86%	<ul style="list-style-type: none"> <li>● Total General Fund Budget - \$71,914,331</li> <li>● Decreased millage rate to 3.3779, taxable value increased by 9.74%</li> <li>● Increase property tax revenue - \$3,706,700</li> <li>● <i>Addition of 4.91 positions</i></li> <li>● <i>Provided for merit pay raises and a 2% increase in the employee pay ranges.</i></li> <li>● <i>Increase in pension costs - \$800,441</i></li> <li>● <i>Provided for a discretionary 4% employer contribution to the DC plan</i></li> <li>● <b>Transfer to Coastal Protection Fund - \$8,015,220</b></li> <li>● <b>Purchase of an Opticom System - \$171,000</b></li> <li>● <b>Purchase of StarChase Pursuit Management Systems - \$16,800</b></li> </ul>

<p>FY2017 Budget Increase 6.87%</p>	<ul style="list-style-type: none"> <li>• Total General Fund Budget - \$76,852,377</li> <li>• Decreased millage rate to 3.2706, taxable value increased 8.84%</li> <li>• Increased property tax revenue \$2,363,500</li> <li>• <i>Decrease of 2.22 positions</i></li> <li>• <i>Provided for merit pay raises and a 2% increase in the employee pay ranges.</i></li> <li>• <i>Increase in pension costs - \$1,279,333</i></li> <li>• <i>Provided for a discretionary 4% employer contribution to the DC plan</i></li> <li>• <b>Transferred \$2,500,000 from unassigned fund balance to the Retirement Fund</b></li> <li>• <i>Increased the transfer to the OPEB trust due to the reduction in the investment assumption change from 8% to 7.5% - \$159,000</i></li> <li>• <b>Increased the transfer to Capital Improvement Fund by \$1,260,200</b></li> <li>• <b>Decreased transfer to the Coastal Protection Fund by \$750,220</b></li> </ul>
<p>FY2018 Budget Increase 4.73%</p>	<ul style="list-style-type: none"> <li>• Total General Fund Budget \$80,489,411</li> <li>• Decreased millage rate to 3.2037, taxable value increased 6.42%</li> <li>• Increased property tax revenue \$1,976,000</li> <li>• Increase in overtime for visits by the President and dignitaries \$204,000</li> <li>• <i>Increase of 7 positions</i></li> <li>• <i>Provided for merit pay raises (\$434,799) and a 2.5% increase in the employee pay ranges. (\$108,897)</i></li> <li>• <i>Health Insurance cost increased \$242,549 – Paid from Health Insurance Reserves</i></li> <li>• <i>Increase in DB pension costs of \$1,151,730 offset by a reduction in DC pension costs of \$398,437</i></li> <li>• <i>Included costs for the pension changes for firefighters and general employees.</i></li> <li>• <b>Provided for an extraordinary transfer to the Retirement Fund of \$4,759,016 as part of the \$5,420,000 policy mandated transfer. The balance was transferred in FY17.</b></li> <li>• <b>Decreased the transfer to the OPEB Trust fund due to favorable experience \$379,000</b></li> <li>• <b>Increased transfer to Coastal Protection fund by \$145,300</b></li> </ul>
<p>FY2019 2.46% Budget Increase</p>	<ul style="list-style-type: none"> <li>• Total General Fund Budget \$82,466,218</li> <li>• Decreased millage rate to 3.1350, taxable value increased 7.75%</li> <li>• Increased property tax revenue \$2,740,463</li> <li>• <i>Decrease of 14.65 positions</i></li> <li>• <i>Provided for merit pay raises (\$377,030) and a 3% increase in the employee pay ranges. (\$165,490)</i></li> <li>• <i>Health Insurance cost decreased \$249,372</i></li> <li>• <i>Increase in DB pension costs of \$311,212 offset by a reduction for the early payment interest savings for a net decrease of \$17,853.</i></li> <li>• <i>Decrease in DC contributions of \$28,892.</i></li> <li>• <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 for policy mandated transfer.</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Provided funding of \$1,440,000 to lower the amortization rate for the Retirement Fund from 25 years to 15 years. Ultimately the decision was made to use a amortization of 15 years for experience Gains/Losses and Plan Changes; 20-year for Assumption/Method Changes which cost \$879,055 instead of \$1,440,000 a difference of \$558,298.</i></li> <li>• <i>Decreased the transfer to the OPEB Trust fund due to favorable experience \$524,617.</i></li> <li>• <b>Decreased transfer to Coastal Protection fund by \$61,176.</b></li> <li>• <b>Increased the transfer to the Capital Improvement Fund by \$211,976.</b></li> </ul>
<p>FY2020 2.4% Budget Increase</p>	<ul style="list-style-type: none"> <li>• Total General Fund Budget \$84,441,766</li> <li>• Decreased millage rate to 3.0681, taxable value increased 5.63%</li> <li>• Increased property tax revenue \$1,768,476</li> <li>• <i>Increase of 7.48 including 3 firefighter positions and positions for the new Recreation Center</i></li> <li>• <i>Salaries increased by \$804,246 due to the results of the compensation study.</i></li> <li>• <i>Health Insurance cost were flat</i></li> <li>• <i>Increase in DB pension costs of \$558,981.</i></li> <li>• <i>Decrease in DC contributions of \$10,619.</i></li> <li>• <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 for policy mandated transfer.</i></li> <li>• <i>Decreased the transfer to the OPEB Trust fund due to favorable experience \$12,369.</i></li> <li>• <b>Decreased transfer to Coastal Protection fund by \$828,913.</b></li> <li>• <b>Increased the transfer to the Capital Improvement Fund by \$220,000.</b></li> </ul>
<p>FY2021 4.18% Budget Decrease</p>	<ul style="list-style-type: none"> <li>• Total General Fund Budget \$80,915,573.</li> <li>• Decreased millage rate to 2.9962, taxable value increased 4.68%.</li> <li>• Increased property tax revenue \$1,154,619.</li> <li>• Moved all revenues and expenditures related to building permits to the Building Enterprise Fund.</li> <li>• Added a transfer from the Building Enterprise Fund of \$3,200,000 representing allocated costs of General Fund services provided for the Building permit process.</li> <li>• <i>Decreased 16.68 positions.</i></li> <li>• <i>Salaries decreased by \$1,492,221 due to the reduction in positions and the transfer of costs to the Building Enterprise Fund.</i></li> <li>• <i>Provided for merit and step increases (\$323,815) and a 2.5% increase in employee pay ranges (\$91,071).</i></li> <li>• <i>Health Insurance costs were lower due to fewer positions.</i></li> <li>• <i>Increase in DB pension costs of \$1,000,841.</i></li> <li>• <i>Increase in DC costs of \$9,604.</i></li> <li>• <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 per policy.</i></li> <li>• <i>Transfer to OPEB Trust increased by \$6,844. The return assumption was lowered to 6%.</i></li> <li>• <i>Transfer to Risk fund increased by \$109,620.</i></li> <li>• <b>Transfer to Capital Improvement Fund increased by \$242,000.</b></li> <li>• <b>Decreased transfer to Coastal Fund \$1,743,211</b></li> </ul>

### General Fund Operating Expenditures

The chart below shows the trend in General Fund expenditures broken out between operating expenditures and transfers since FY12.



Since FY12, operating expenditures have increased a total of \$14,672,514 or 33% over the 10-year period. Most of the increase coming from pension benefits, contractual expenditures and salary increases. The total budget increased \$24,670,520 over the same time period with \$9,998,006 or 40.5%, of the total from the Town transfers, specifically capital improvement, coastal protection and debt service and the extraordinary transfer to the retirement fund. A more detailed analysis of the expenditures by category follows.

### Expenditure by Category Trend Analysis

#### Salaries and Wages

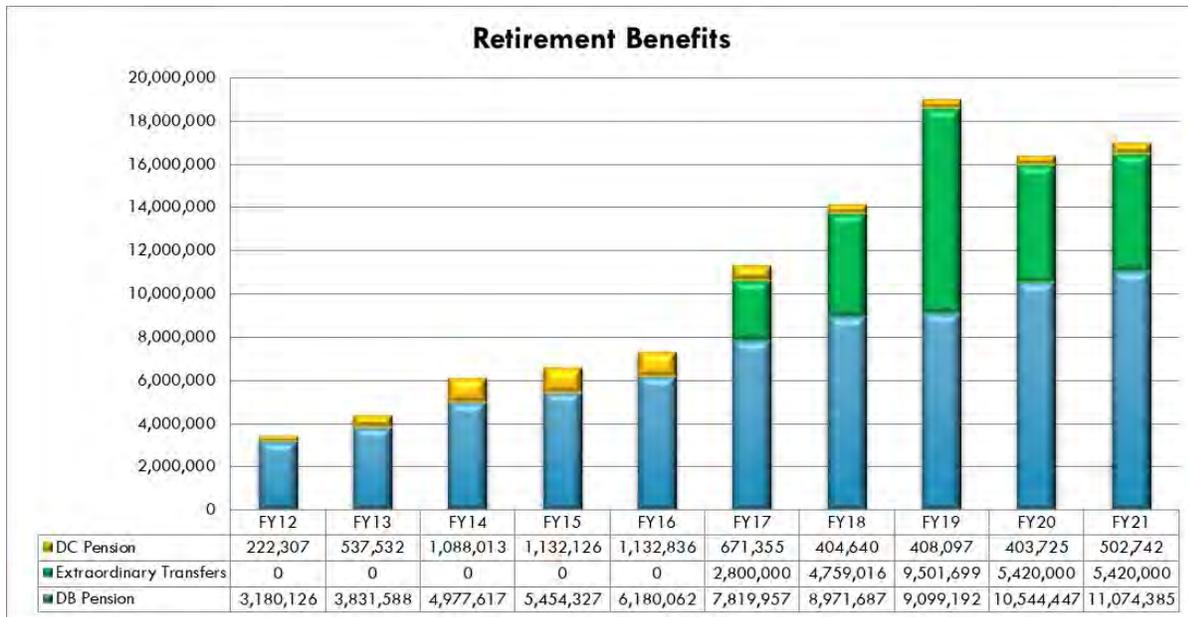
The salary and wage trend is shown on the graph on the following page. FY21 salaries are 12.2% more than they were in FY12. Merit and step increases have been included the budget and in FY13 through FY19, an increase in employee pay ranges was included in all years except FY14. The FY21 budget decreased 5.61% from the FY20 budget due to the transfer of building permit costs to the new Building Enterprise Fund. FY20 costs were below budget due to vacancies. Costs in FY20 increased due to the results of the compensation and benefits study which included the addition of 3 firefighters in order to add a Kelly Day. On the chart on the following page, FY20 shows a large increase over the actual FY19 amount. This is due to a reduction in expenses paid out in FY19 due to retirements and vacancies that occurred during the year. At the beginning of the fiscal year, there were 30 vacant positions, 12 were frozen and 18 were vacant but not frozen positions. The FY19 actual for salaries was \$891,148 less than the FY19 budget due to these vacancies.

The FY21 budget has 17.08 less positions than 2012. There are currently, as of July 31, 2021, 26 vacant positions of which 5 are frozen and 21 are vacant and not frozen. We expect the FY21 year-end salary amount to be much less than the budget amount due to these vacancies.

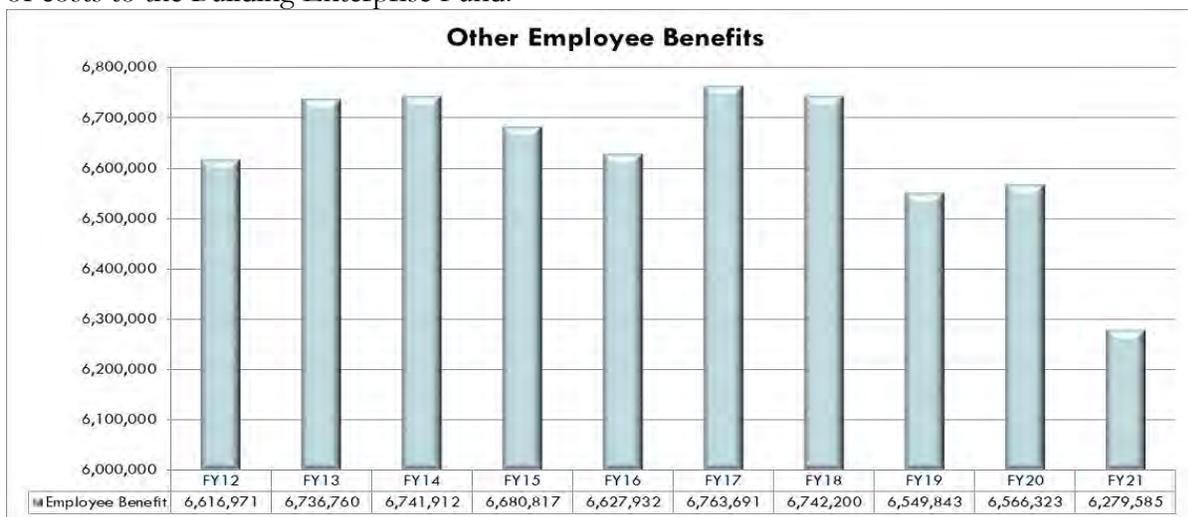


**Employee Benefits**

For purposes of this analysis, we have broken employee benefits into retirement benefit trends and other employee benefit trends. On May 1, 2012, pension reform measures to decrease the level of benefits and reduce the long term cost were implemented. The first year savings was \$5,369,248. The pension benefit at that time was a hybrid plan with a defined benefit and defined contribution component for all employees. Increases in FY13 and FY14 were due to modifications to the plan and more retirements than anticipated. The actuarial assumptions for investment returns and wage inflation were reduced and employee contribution rates were modified. In FY14, the Town Council approved a discretionary 4% employer contribution to the defined contribution plan. During FY16, the Town Council adopted changes to the police and non-union firefighters pension plan, and in FY17, changes were made to the union firefighters pension plan. These changes eliminated the DC portion of the benefit and improved the multiplier and age benefit for a pure DB plan for these two groups. Also in FY17, the Town Council adopted changes to the General Employees pension plan. The changes included modifications to both the DC and DB benefits and kept the hybrid DB/DC system. In FY18, costs increased due to the change in mortality table and the smoothing of the investment losses from FY15. In 2018, the Town Council approved a policy to transfer additional funds to the retirement system to lower the unfunded liability. In FY17 the Town transferred \$2,800,000, in FY18 the town transferred \$4,759,016 for this funding and in FY19 and thereafter the Town transferred \$5,420,000 annually. In addition, funding of \$1,440,000 was added to the budget to pay for a reduction in the amortization of the UAAL from 25 years to 15 years. Also at the end of FY19, as a result of the compensation and benefits study, an additional \$2,641,699 was contributed to pre-fund UAAL increase associated with the benefit and compensation changes.

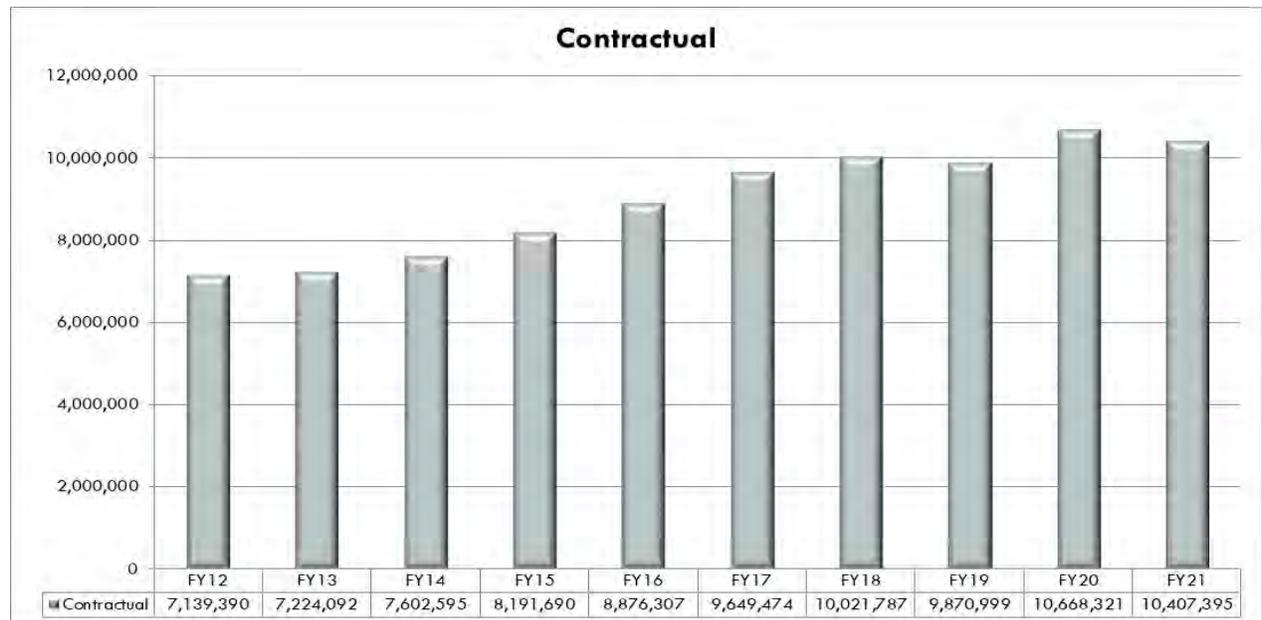


Other employee benefits include health insurance, FICA, bonuses, allowances, incentives, and uniform maintenance. Since FY12, other employee benefits have decreased 5.1% over the 10-year period. Since FY13, health insurance costs have been maintained through changes in the program, cost shifting to employees, wellness programs, and having fewer employees in the plan due to the reduction in full time staff positions. In FY18, health insurance costs increased but the increase was funded from the Health Insurance reserves. In FY19, the health insurance costs decreased due to improved claims performance and fewer employees. In FY20 and FY21, health insurance costs remained flat. Included in the other employees benefits category is the transfer to the OPEB Trust. The transfer has decreased by \$1,063,142 since FY12, due to the improved funding level of the plan. The plan is 133% funded at the end of FY20. Also over the 10- year period, the longevity/bonus program costs decreased due to the phasing out of the longevity program accomplished through retirements and freezing the benefit at FY18 levels. The cell phone allowance also decreased due to the reductions in the stipend provided to the employee. The FY21 costs declined due to the transfer of costs to the Building Enterprise Fund.



*Contractual Services*

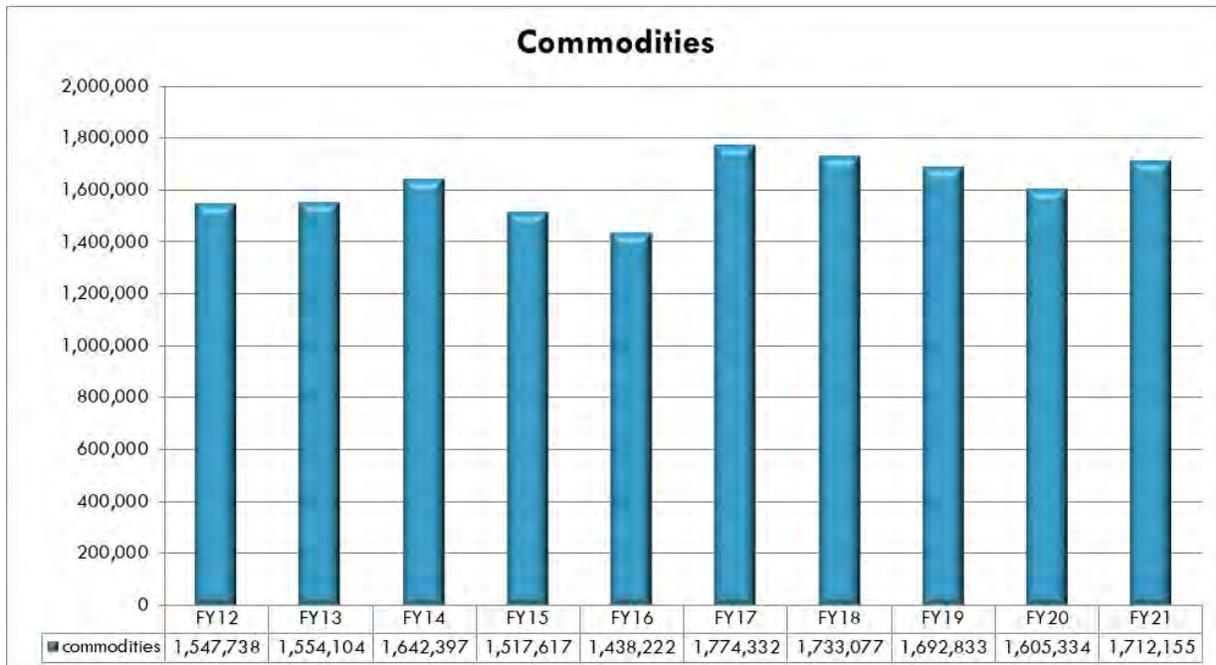
Contractual services include legal advice, lobbyists, consulting services, sewage treatment, solid waste disposal costs, building maintenance, landscape contracting and software maintenance.



Contractual services have increased 45.7% since FY12. Much of the increase since FY12 is due to increases the use of contractual services for duties that were once done in house like contracting with Palm Beach County for Fire-Rescue mechanic services and landscape contracting. Other contractual cost increases were due to increases in legal services, lobbying, landmark preservation consulting, credit card fees for payment of building permits, landfill maintenance, employee recruiting, and digital scanning. In FY17, costs increased due to the post storm clean-up efforts for hurricanes Mathew and Irma. A significant portion of the increase since FY12 was caused by increased costs from West Palm Beach for sewer treatment and disposal. In FY21, funding was appropriated for increases for landscape maintenance, recreation contracts, and software maintenance, contractual parking enforcement officers, all offset by the transfer of building permit related costs to the Building Enterprise Fund.

*Commodities*

Commodity costs include fuel, electric, water, office supplies and equipment, building and vehicle maintenance supplies, publications and subscriptions, membership dues, medical supplies, and uniform services.

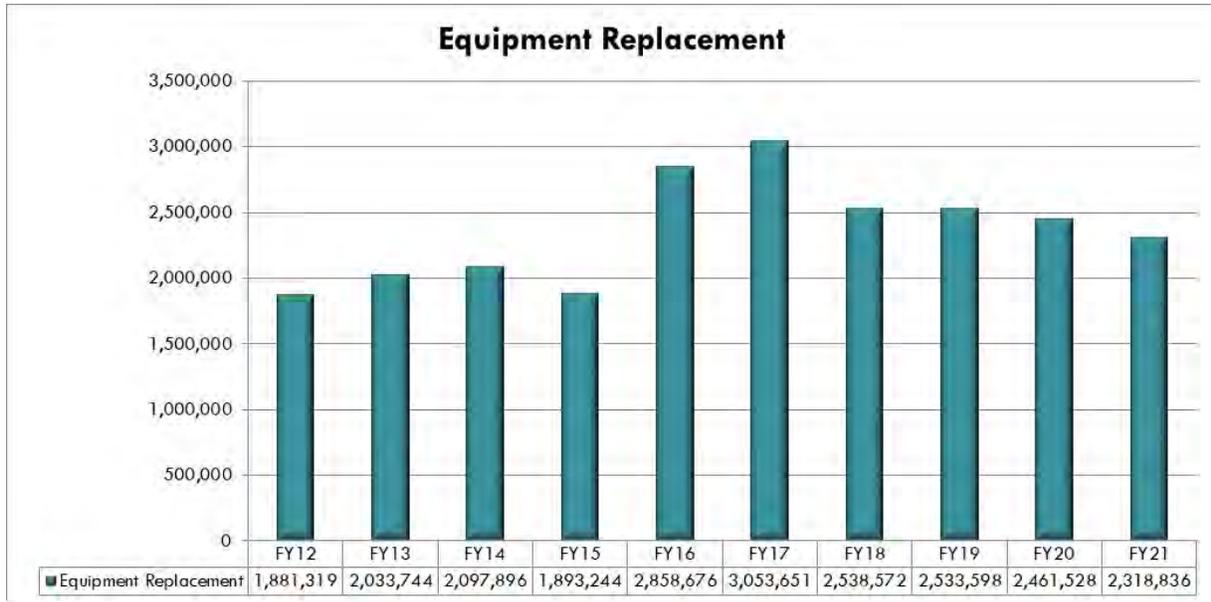


The total cost of commodities in FY21 is 10.6% higher than it was in FY12. The decreases in FY15 are due to decreases in fuel costs and supplies. FY16 actual amounts reflect lower fuel expenditures during the year and other savings during the year amounting to total savings of \$336,017. The FY17 costs increases were due to increased costs for fuel and other operational supplies. FY18 expenditures included additional uniforms for the new firefighter positions, telecommunication lockers and patrol equipment. In addition, travel and per diem costs were moved from the contractual category to commodities to provide a more accurate cost for training. This category has remained relatively flat for the past few years.

***Capital Outlay/Equipment Replacement***

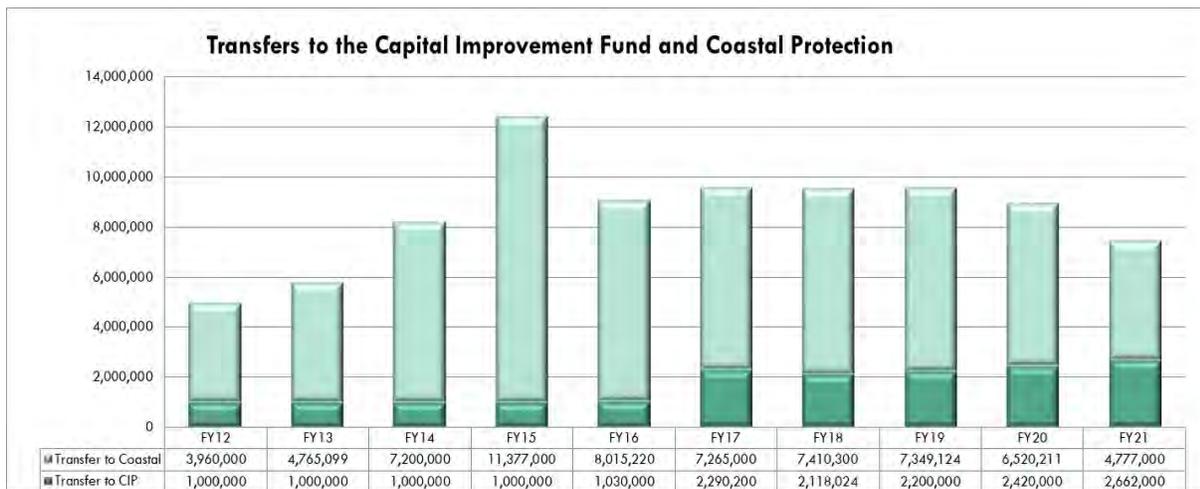
Capital Outlay expenses include depreciation on the Town’s fixed assets, purchases of new equipment that are not purchased through the Equipment Replacement Fund, and purchases of equipment through grant funding.

The total cost of capital equipment in FY21 is 23.3% higher than it was in FY12. The Town utilizes an Equipment Replacement Fund (ERF). Transfers are made to the ERF based on the annual depreciation based on the replacement cost of each asset. The increases since FY12 were due to increases in depreciation on new equipment purchased. In FY16, an Opticom system was purchased and in FY16 and FY17 there was a specific increase in the estimated depreciation for 3 fire rescue pumpers due to the higher than anticipated increases in the cost of these vehicles. In FY20, the budget decreased due to purchases that were made in FY19 versus FY20. In addition, Recreation and Tennis equipment was added to the General Fund and depreciation on this equipment is now included in this category. FY21 decreased due to equipment purchases made in FY20 and the transfer of costs related to building permits to the Building Enterprise Fund.



*Transfer to the Capital Improvement Fund and Coastal Protection Fund*

Historically, the Town funded capital projects on a pay-as-you-go basis. If additional funding was necessary for larger projects, transfers from fund balance were used to supplement the funding. In FY10 and FY13 the Town issued bonds to fund the costs of the 20 year Accelerated Capital Improvement Program (ACIP). The trend in the transfer to the Capital Improvement Program and the Coastal Protection fund is shown on the chart below.



The coastal transfer since FY12 has increased \$817,000 after significant increases from FY14 – FY20. The decrease is due to the award of Federal funding for the Mid-Town beach project. The CIP transfer has increased \$1,662,000. In FY12, \$3,960,000 was transferred to the Coastal Protection Fund and the transfer to the Capital Improvement Program was increased to \$1,000,000. In FY13, \$4,765,099 was transferred to the Coastal Protection Fund and in FY14 an additional \$7,200,000 was transferred to build reserves for the Mid-Town and Phipps beach renourishment projects. In FY15,

\$6,600,000 was transferred to the coastal fund from various town reserves, in addition, a property tax increase of \$4,777,000 was established to begin to fund the coastal protection fund through property taxes. In FY16 the annual transfer to coastal was increased to \$8,015,220 due to higher than expected costs of the Mid-Town and Phipps beach renourishment projects. In FY17, the coastal transfer was decreased due to the reduction in the funding for the Reach 8 restoration project. Also in FY17, the transfer to the CIP fund was increased to begin to build up the reserves for capital projects once the ACIP bond funds were spent and to fund a portion of the underground utility project costs for the Lake Worth section and to hire a project coordinator. For FY18, the coastal transfer was increased by 3%, and the CIP transfer was decreased by \$172,176 due to the transfer of projects to the ACIP fund. In FY21, the coastal transfer was decreased due to the receipt of Federal and State Funding for beach renourishment projects and the CIP transfer was increased by 10%.

*Transfers to the Debt Service Fund, OPEB Trust Fund and Risk Insurance Fund*

*Debt Service*

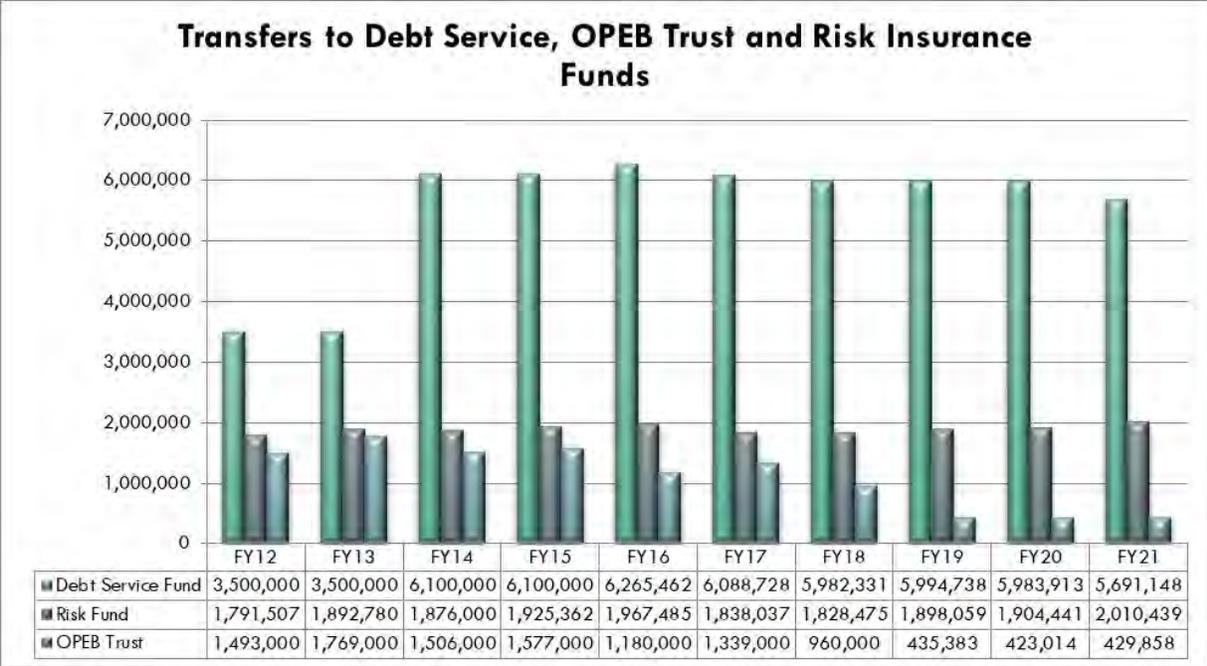
Debt service costs have increased 62.6% since FY12. In 2010, the 2000 revenue bond for coastal projects was paid in full and the Town issued a bond for the 20 year accelerated capital improvement program and refinanced the 2006 bond and the 2008 revenue note. In 2013, the Town issued bonds for the second phase of the accelerated capital improvement program. The FY14 increase reflects the additional debt service for the new bonds. In FY16, the Town refunded the 2010 bonds, which lowered the debt service for the Town's bonds reflected in the subsequent budgets. In FY19, the Town refinanced the 2013 bonds which lowered the debt service for FY20 and beyond.

*Retiree Health Benefits (OPEB Trust)* For many years, the Town accumulated reserves in the Health Insurance Fund in anticipation of the implementation of GASB 43, which required governments to begin to fund their retiree health benefits in the same manner as retirement benefits. In FY07, the Town established the Health Insurance Trust with a transfer of \$16 million from the health insurance fund. Prior to the implementation of GASB 43, the Town paid retiree health benefits on a pay-as-you-go basis. The new pronouncement required an actuarial study to determine the amount of the Town's total liability and the amount of the annual contribution. The Town's total OPEB Liability as of October 1, 2020 was calculated to be \$25,931,118. The actuarial value of assets in the trust are \$34,728,235. The resulting OPEB asset is \$8,797,117. The funded ratio for the plan is 133.9% for FY20. The Investment Advisory Committee recommended decreasing the return assumption to 5% due to the favorable status. The above numbers were calculated at the 5% rate. The annual budgeted contribution for FY21 is \$429,858, which was \$6,844 more than FY20.

*Risk Insurance Fund*

The Town funds the Risk Insurance Program with a transfer from the General Fund. The Risk Insurance program includes insurance for property, liability and worker's compensation insurance.

Since FY12, the transfer to the Risk Fund has had an overall increase of 12.2% or \$218,932 over the 10-year period. The Town's risk insurance costs have been maintained over the past decade, due to the changes in carriers and other cost-saving measures in the overall insurance program and healthy reserves.



**Town of Palm Beach  
Revenue Trend Analysis  
FY12 - FY21**

Analysis of Revenues by Category Revenue Sources	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget
<b>Ad Valorem Revenues</b>	<b>36,662,916</b>	<b>37,473,108</b>	<b>39,110,926</b>	<b>43,869,888</b>	<b>47,882,187</b>	<b>50,195,981</b>	<b>52,282,254</b>	<b>54,883,747</b>	<b>56,817,697</b>	<b>57,134,000</b>
% Increase	0.08%	2.21%	4.37%	12.17%	9.15%	4.83%	4.16%	4.98%	3.52%	0.56%
\$ Increase	27,573	810,191	1,637,818	4,758,962	4,012,299	2,313,794	2,086,273	2,601,493	1,933,950	316,303
<b>Non Ad Valorem Taxes</b>	<b>7,315,317</b>	<b>7,433,859</b>	<b>7,946,097</b>	<b>8,056,312</b>	<b>8,061,358</b>	<b>8,353,685</b>	<b>8,392,264</b>	<b>8,526,302</b>	<b>8,543,852</b>	<b>8,601,000</b>
% Increase	1.75%	1.62%	6.89%	1.39%	0.06%	3.63%	0.46%	1.60%	0.21%	0.67%
\$ Increase	125,948	118,543	512,238	110,215	5,046	292,328	38,578	134,038	17,550	57,148
<b>Licenses and Permits</b>	<b>6,498,207</b>	<b>7,572,518</b>	<b>8,053,581</b>	<b>10,657,676</b>	<b>10,096,673</b>	<b>7,692,114</b>	<b>10,071,916</b>	<b>11,853,215</b>	<b>9,793,274</b>	<b>1,995,100</b>
% Increase	1.81%	16.53%	6.35%	32.33%	-5.26%	-23.82%	30.94%	17.69%	-17.38%	-79.63%
\$ Increase	115,662	1,074,311	481,064	2,604,095	-561,003	-2,404,558	2,379,802	1,781,299	-2,059,941	-7,798,174
<b>Intergovernmental Revenue</b>	<b>1,051,432</b>	<b>990,715</b>	<b>1,071,413</b>	<b>1,102,689</b>	<b>1,122,465</b>	<b>1,027,105</b>	<b>1,406,615</b>	<b>1,282,065</b>	<b>1,948,606</b>	<b>956,000</b>
% Increase	-20.29%	-5.77%	8.15%	2.92%	1.79%	-8.50%	36.95%	-8.85%	51.99%	-50.94%
\$ Increase	-267,687	-60,716	80,697	31,276	19,776	-95,360	379,509	-124,550	666,541	-992,606
<b>Charges for Services</b>	<b>4,081,259</b>	<b>3,576,156</b>	<b>3,741,183</b>	<b>3,957,603</b>	<b>4,131,756</b>	<b>3,681,926</b>	<b>3,763,590</b>	<b>5,152,779</b>	<b>5,655,960</b>	<b>5,410,200</b>
% Increase	16.81%	-12.38%	4.61%	5.78%	4.40%	-10.89%	2.22%	36.91%	9.77%	-4.35%
\$ Increase	587,454	-505,103	165,027	216,420	174,153	-449,829	81,663	1,389,189	503,181	-245,760
<b>Fines and Forfeitures</b>	<b>1,106,435</b>	<b>1,530,362</b>	<b>1,924,182</b>	<b>1,099,525</b>	<b>1,174,838</b>	<b>799,769</b>	<b>1,068,544</b>	<b>904,075</b>	<b>780,976</b>	<b>916,000</b>
% Increase	-20.30%	38.31%	25.73%	-42.86%	6.85%	-31.93%	33.61%	-15.39%	-13.62%	17.29%
\$ Increase	-281,776	423,927	393,820	-824,657	75,313	-375,069	268,775	-164,469	-123,099	135,024
<b>Interest Income</b>	<b>495,311</b>	<b>32,425</b>	<b>383,726</b>	<b>597,585</b>	<b>490,102</b>	<b>421,515</b>	<b>702,261</b>	<b>969,178</b>	<b>696,608</b>	<b>904,773</b>
% Increase	-0.07%	-93.45%	1083.43%	55.73%	-17.99%	-13.99%	66.60%	38.01%	-28.12%	29.88%
\$ Increase	-338	-462,886	351,301	213,859	-107,483	-68,587	280,746	266,917	-272,570	208,165
<b>Miscellaneous and Transfers</b>	<b>1,534,738</b>	<b>1,508,796</b>	<b>1,584,625</b>	<b>1,098,106</b>	<b>1,117,897</b>	<b>1,201,273</b>	<b>1,008,466</b>	<b>2,621,707</b>	<b>528,146</b>	<b>3,694,000</b>
% Increase	-44.68%	-1.69%	5.03%	-30.70%	1.80%	7.46%	-16.05%	159.97%	-79.85%	599.43%
\$ Increase	-1,239,760	-25,942	75,829	-486,519	19,791	83,376	-192,807	1,613,241	-2,093,561	3,165,854
<b>Transfers from Fund Balance</b>	<b>0</b>	<b>1,304,500</b>								
% Increase	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ Increase	0	0	0	0	0	0	0	0	0	1,304,500
<b>Total Revenues</b>	<b>58,745,615</b>	<b>60,117,939</b>	<b>63,815,733</b>	<b>70,439,384</b>	<b>74,077,275</b>	<b>73,373,370</b>	<b>78,695,909</b>	<b>86,193,068</b>	<b>84,765,119</b>	<b>80,915,573</b>
% Increase	-1.56%	2.34%	6.15%	10.38%	5.16%	-0.95%	7.25%	9.53%	-1.66%	-4.54%
\$ Increase	-932,923	1,372,324	3,697,794	6,623,651	3,637,891	-703,905	5,322,539	7,497,159	-1,427,949	-3,849,546

Town of Palm Beach  
Expenditure Trend Analysis  
FY12 - FY21

Analysis of Expenses by Category Expenditure Categories	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Budget
<b>Salaries/Wages</b>	<b>23,627,363</b>	<b>22,943,974</b>	<b>23,152,224</b>	<b>23,478,697</b>	<b>23,581,853</b>	<b>24,128,637</b>	<b>23,764,069</b>	<b>24,909,207</b>	<b>26,378,166</b>	<b>26,512,380</b>
% Increase	-3.15%	-2.89%	0.91%	1.41%	0.44%	2.32%	-1.51%	4.82%	5.90%	0.51%
\$ Increase	-769,175	-683,389	208,251	326,473	103,155	546,784	-364,568	1,145,138	1,468,959	134,214
<b>Pension Benefits</b>	<b>3,180,126</b>	<b>3,831,588</b>	<b>4,977,617</b>	<b>5,454,327</b>	<b>6,180,062</b>	<b>7,819,957</b>	<b>8,971,687</b>	<b>9,099,192</b>	<b>10,544,447</b>	<b>11,074,385</b>
% Increase	-63.75%	20.49%	29.91%	9.58%	13.31%	26.54%	14.73%	1.42%	15.88%	5.03%
\$ Increase	-5,591,555	651,462	1,146,029	476,710	725,735	1,639,895	1,151,730	127,505	1,445,255	529,938
<b>DC Plan</b>	<b>222,307</b>	<b>537,532</b>	<b>1,088,013</b>	<b>1,132,126</b>	<b>1,132,836</b>	<b>671,355</b>	<b>404,640</b>	<b>408,097</b>	<b>403,725</b>	<b>502,742</b>
% Increase	0.00%	141.80%	102.41%	4.05%	0.06%	-40.74%	-39.73%	0.85%	-1.07%	24.53%
\$ Increase	222,307	315,226	550,480	44,113	711	-461,481	-266,715	3,457	-4,372	99,017
<b>Other Employee Benefits</b>	<b>6,616,971</b>	<b>6,736,760</b>	<b>6,741,912</b>	<b>6,680,817</b>	<b>6,627,932</b>	<b>6,763,691</b>	<b>6,742,200</b>	<b>6,549,843</b>	<b>6,566,323</b>	<b>6,279,585</b>
% Increase	0.23%	1.81%	0.08%	-0.91%	-0.79%	2.05%	-0.32%	-2.85%	0.25%	-4.37%
\$ Increase	15,398	119,788	5,152	-61,095	-52,885	135,759	-21,491	-192,357	16,479	-286,738
<b>Contractual</b>	<b>7,139,390</b>	<b>7,224,092</b>	<b>7,602,595</b>	<b>8,191,690</b>	<b>8,876,307</b>	<b>9,649,474</b>	<b>10,021,787</b>	<b>9,870,999</b>	<b>10,668,321</b>	<b>10,407,395</b>
% Increase	2.53%	1.19%	5.24%	7.75%	8.36%	8.71%	3.86%	-1.50%	8.08%	-2.45%
\$ Increase	176,312	84,702	378,503	589,094	684,618	773,167	372,313	-150,789	797,323	-260,926
<b>Commodities</b>	<b>1,547,738</b>	<b>1,554,104</b>	<b>1,642,397</b>	<b>1,517,617</b>	<b>1,438,222</b>	<b>1,774,332</b>	<b>1,733,077</b>	<b>1,692,833</b>	<b>1,605,334</b>	<b>1,712,155</b>
% Increase	4.24%	0.41%	5.68%	-7.60%	-5.23%	23.37%	-2.33%	-2.32%	-5.17%	6.65%
\$ Increase	62,973	6,366	88,293	-124,781	-79,394	336,110	-41,255	-40,244	-87,499	106,821
<b>Equipment Replacement</b>	<b>1,881,319</b>	<b>2,033,744</b>	<b>2,097,896</b>	<b>1,893,244</b>	<b>2,858,676</b>	<b>3,053,651</b>	<b>2,538,572</b>	<b>2,533,598</b>	<b>2,461,528</b>	<b>2,318,836</b>
% Increase	-26.16%	8.10%	3.15%	-9.76%	50.99%	6.82%	-16.87%	-0.20%	-2.84%	-5.80%
\$ Increase	-666,360	152,425	64,152	-204,652	965,432	194,975	-515,079	-4,974	-72,070	-142,691
<b>Library Services</b>	<b>272,400</b>	<b>288,989</b>	<b>297,659</b>	<b>306,580</b>	<b>315,777</b>	<b>350,250</b>	<b>335,008</b>	<b>345,058</b>	<b>352,650</b>	<b>352,650</b>
% Increase	0.00%	6.09%	3.00%	3.00%	3.00%	10.92%	-4.35%	3.00%	2.20%	0.00%
\$ Increase	0	16,589	8,670	8,921	9,197	34,473	-15,242	10,050	7,592	0
<b>Total Operating Expenses</b>	<b>44,487,614</b>	<b>45,150,783</b>	<b>47,600,314</b>	<b>48,655,098</b>	<b>51,011,666</b>	<b>54,211,347</b>	<b>54,511,039</b>	<b>55,408,827</b>	<b>58,980,494</b>	<b>59,160,128</b>
% Increase	-12.83%	1.49%	5.43%	2.22%	4.84%	6.27%	0.55%	1.65%	6.45%	0.30%
\$ Increase	-6,550,099	663,168	2,449,531	1,054,784	2,356,568	3,199,681	299,692	897,788	3,571,667	179,634
<b>TRANSFER TO OTHER FUNDS AND OTHER EXPENSES</b>										
CAPITAL IMPROV. FUND (307)	1,000,000	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000	2,420,000	2,662,000
COASTAL PROTECTION FUND (309)	3,960,000	4,765,099	7,200,000	11,377,000	8,015,220	7,265,000	7,410,300	7,349,124	6,520,211	4,777,000
TRANSFER TO UNDERGROUND UTILITY FUND	0	0	0	0	2,530,250	267,041	0	135,000	144,450	165,000
TRANSFER TO RETIREMENT FUND	0	0	0	0	0	2,800,000	4,759,016	9,501,699	5,420,000	5,420,000
DEBT SERVICE FUND (203)	3,500,000	3,500,000	6,100,000	6,100,000	6,265,462	6,088,728	5,982,331	5,994,738	5,983,913	5,691,148
RETIREE HEALTH INS.(OPEB) (610)	1,493,000	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383	423,014	429,858
RISK-W/C, LIAB.PROP. (501)	1,791,507	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,828,475	1,898,059	1,904,441	2,010,439
CONTINGENT APPROP.	0	0	0	0	0	0	0	0	0	600,000
INVENTORY ADJUSTMENTS	12,932	29,863	4,251	0	0	70,455	21,907	34,987	0	0
<b>Total Transfers and Other Expenses</b>	<b>11,757,439</b>	<b>12,956,742</b>	<b>17,686,251</b>	<b>21,979,362</b>	<b>20,988,417</b>	<b>21,958,461</b>	<b>23,080,053</b>	<b>27,548,990</b>	<b>22,816,029</b>	<b>21,755,445</b>
% Increase	11.77%	10.20%	36.50%	24.27%	-4.51%	4.62%	5.11%	19.36%	-17.18%	-4.65%
\$ Increase	1,238,213	1,199,303	4,729,509	4,293,111	-990,945	970,044	1,121,592	4,468,937	-4,732,961	-1,060,584
<b>Total Expenditures</b>	<b>56,245,054</b>	<b>58,107,525</b>	<b>65,286,565</b>	<b>70,634,460</b>	<b>72,000,082</b>	<b>76,169,808</b>	<b>77,591,093</b>	<b>82,957,817</b>	<b>81,796,523</b>	<b>80,915,573</b>
% Increase	-8.63%	3.31%	12.35%	8.19%	1.93%	5.79%	1.87%	6.92%	-1.40%	-1.08%
\$ Increase	-5,311,886	1,862,471	7,179,040	5,347,895	1,365,623	4,169,726	1,421,284	5,366,725	-1,161,294	-880,950

## General Fund Long Term Financial Plan Forecast

Financial forecasts are the foundation of a long term financial plan. These forecasts provide the Mayor, Town Council and staff with information they need to more effectively determine future levels of service and methods of funding. We prepared this forecast of General Fund revenues and expenditures to include the FY22 proposed budget and an 8-year forecast through FY30.

### Assumptions

The forecast for the first 2 - 4 years is based upon recent trends and specific expectations. The forecast for the remaining years is less tactical and more mathematical, and is based primarily upon estimates by actuaries and long term inflation expectations.

The major assumptions that were used to prepare the forecast are as follows:

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Ad Valorem Tax Increase</b>	3.46%	3.75%	4.23%	3.66%	2.59%	1.36%	2.43%	2.61%
<b>General Inflation</b>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
<b>Salaries &amp; Wages</b>	2.82%	4.28%	4.34%	4.28%	4.37%	4.36%	4.29%	4.30%
<b>Health Insurance</b>	6.00%	5.75%	5.60%	5.44%	5.29%	5.13%	4.98%	4.83%
<b>Pension (ADEC)</b>	4.17%	5.6%	5.29%	4.12%	-0.97%	-7.03%	-3.82%	-4.06%
<b>Other Employee Benefits</b>	1.83%	2.85%	1.85%	2.86%	3.42%	3.70%	3.65%	3.43%
<b>Property Insurance</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Liability Insurance</b>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>W/C Insurance</b>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Revenue forecasts are based upon historical trends and recent activity. The forecast was prepared using property tax to balance the budget. The percentage increases for ad valorem taxes are shown in the table above. This will not be the ultimate result in future years. The forecast for all revenue categories are described in greater detail later in this section.

The assumption for inflation for FY23 and the next eight years is 2.5% which is based upon the forecast in the June 2021, *Livingston Survey* issued by the Federal Reserve Bank of Philadelphia. The salary and wage assumption is based upon the most recent compensation and benefits study in FY20 and average annual increases for all employee groups and forecasted retirements from FY23 through FY30. The health insurance forecast assumption is based upon input from our health consultant's actuary. The pension forecast assumptions were updated by the Town's pension actuary to include the results of the compensation study results. The other employee benefit assumptions have been calculated based upon anticipated retirements and other inflation factors and does not include health

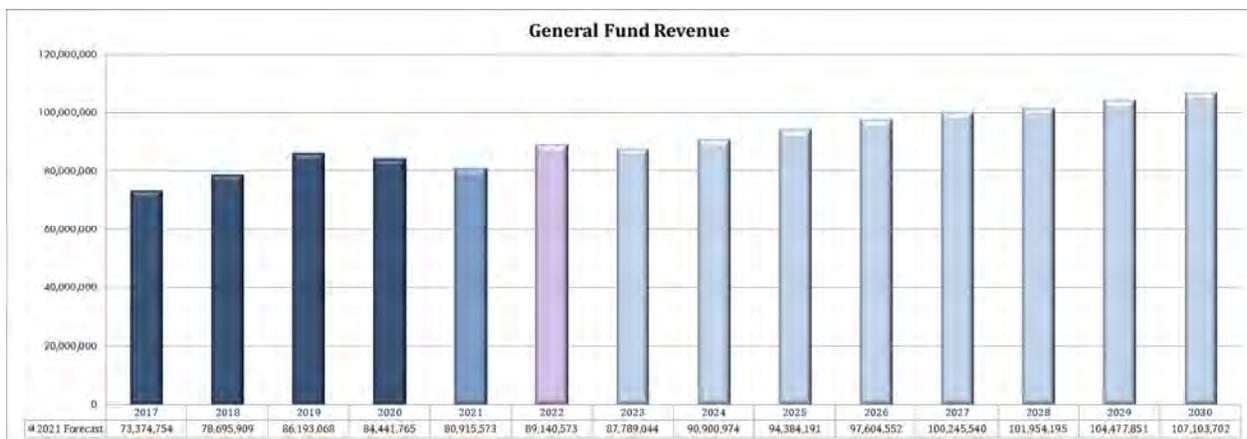
insurance. Property, Liability and Workmen’s Compensation insurance assumptions are based upon information received from our brokers regarding potential increases.

### 2021 Forecast

The forecast charts shown on the following pages include actual results for 2017-2020 shown in dark blue, the FY21 budget, shown in medium blue and the proposed FY22 budget shown in violet, and then forecasts through FY30 shown in light blue. The forecast maintains service levels and funds the additional contribution of \$5,420,000 for the retirement program.

### General Fund Revenue Forecast

The forecast for revenues is conservative and should allow for minor fluctuations in various revenue sources. The forecast details for each major revenue category are included in this analysis. The forecast chart below contains the property tax increases based on the assumptions shown on the table at the beginning of the document.



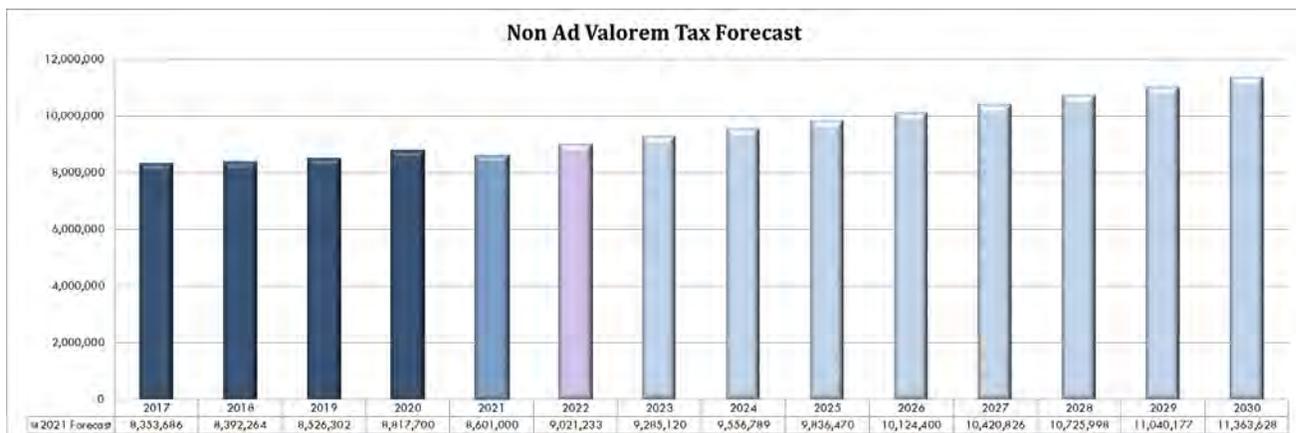
### Property Tax Revenue

As mentioned earlier, we used ad valorem property taxes as the plug to balance the budget for the forecast years of FY23 through FY30. Over the past 5 years, taxable value has increased by 32.1% an average of 6.42% per year. The taxable value increase for FY22 was 8.13%. Over the past five years through FY21, the Town portion of the property tax bill for a \$1,000,000 homesteaded property has decreased by \$117. In FY20, the school district millage increased based on a voter approved tax increase which caused the overall tax bill for a \$1 million homestead property owner to increase by \$1,123 in FY20. Prior to FY20, the total bill had decreased \$1,131 since 2016. Through FY21, the total tax bill has increased by \$147 since 2016.



**Non Ad Valorem Taxes**

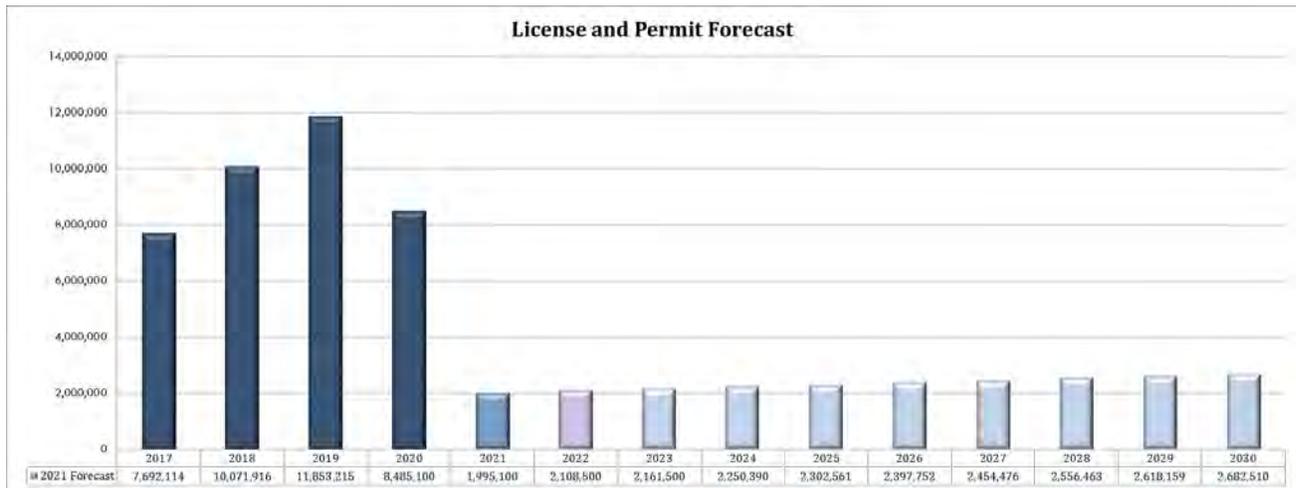
Non ad valorem taxes include local option gas taxes, franchise fees and utility service taxes. The forecast has increased because recent revenue collections have improved. The forecast and trend chart is shown below:



**License and Permit Revenue**

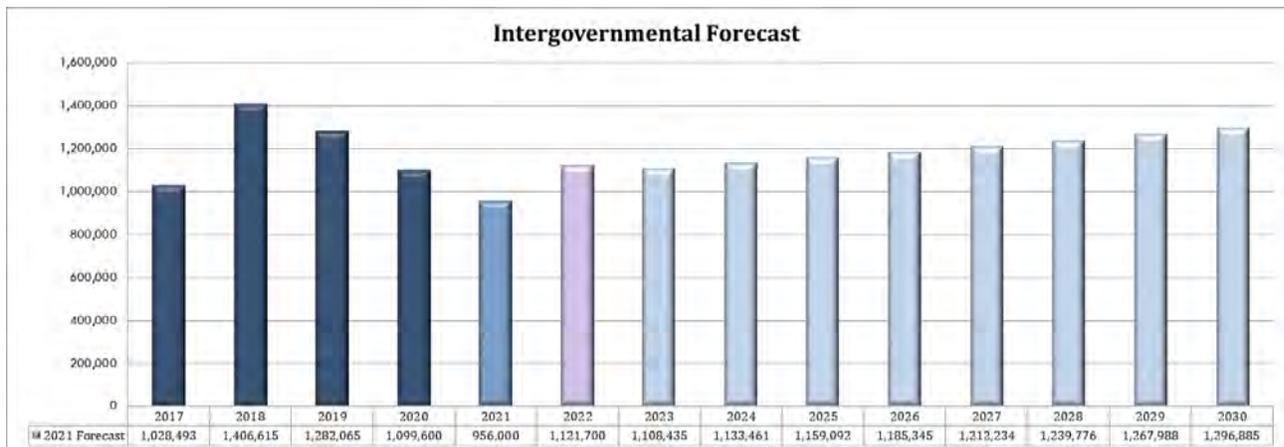
License and permit revenue includes business licenses, building permit revenues and parking permits.

The chart on the following page shows record years for these revenues sources in FY16, FY18 and FY19. In FY20, revenues were lower due to the COVID-19 shutdown. For FY21 through 30, the building permit related revenues have been transferred to the Building Enterprise Fund. The forecast is for the remaining non-building permit revenues.



**Intergovernmental Revenue**

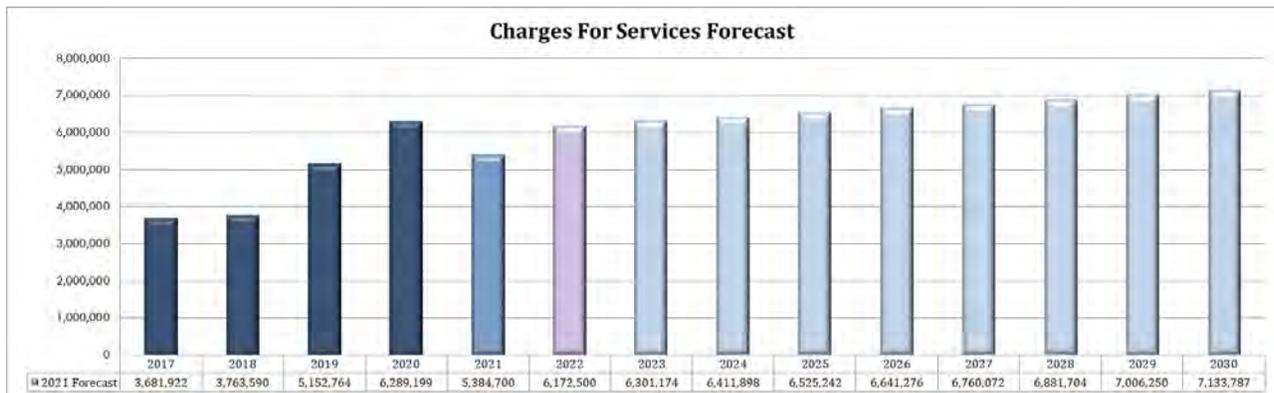
Intergovernmental revenue includes revenue received from Federal, State, County and local government sources. Revenues from the State of Florida include State revenue sharing, local government sales tax and alcoholic beverage licenses. Local revenues include County occupational license revenue, and the 911 reimbursement from Palm Beach County. Federal and State grants are also included in this category.



The forecast for intergovernmental revenues has increased for FY22 based on revenues received from the State of Florida for sales tax and revenue sharing returning to more normalized levels. FY18 contained grant funds from FEMA and the Federal Government. The updated forecast for all other revenues anticipates a small inflationary increase per year.

*Charges for Services*

Charges for services include public safety fees, solid waste fees, parking meter collections and other small fees such as copy charges and lien searches. The updated forecast reflects the increase in special assignment overtime for two new large contracts. This revenue source offsets increased expenditures in the salary and wage budget in the police department. If the contracts were not renewed and the revenue was lost, the expenditures would also decline by approximately the same amount. This category also includes the revenue for the Recreation Center that opened in FY20. The forecast for these revenue sources reflect small inflationary increases.



*Fines and Forfeitures*

Fine and Forfeiture revenue includes traffic violation fines and penalties, parking fines and penalties and code enforcement violation fines.

Revenues from these sources have been variable. Recent efforts to add contractual parking enforcement officers have increased revenues.



*Investment Income*

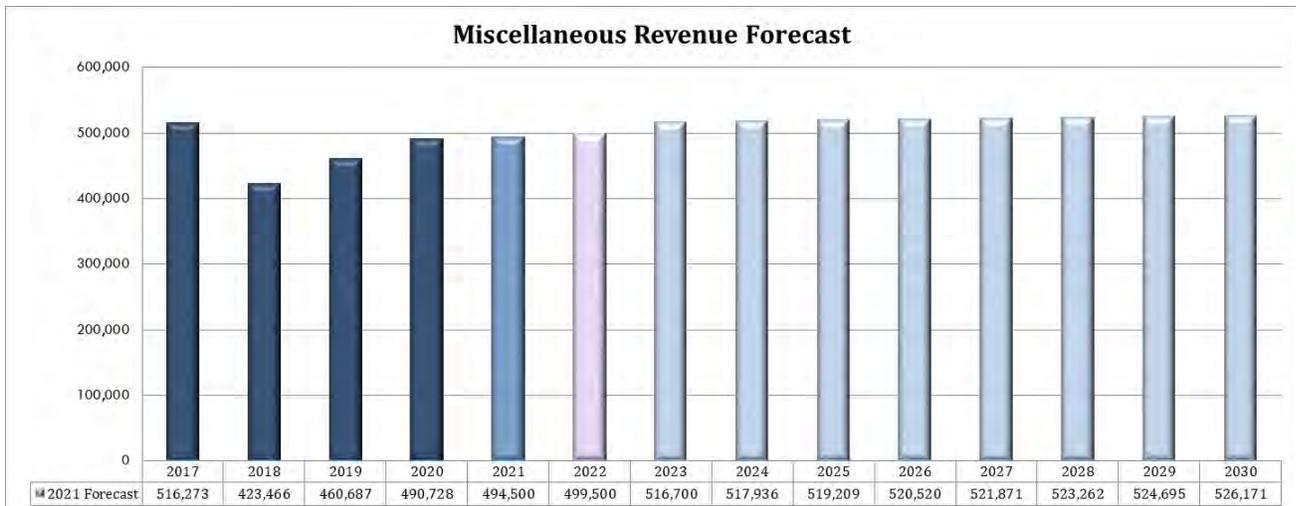
Investment returns had started to increase due to rising interest rates until the Federal Reserve cut interest rates in response to the COVID-19 recession, so we have lowered our FY21 and FY22

budgets and maintain the low rates through FY23. The future forecast begins to increase the rates to prior levels near the end of the forecast period. The Investment Advisory Committee and our investment consultants are monitoring the situation closely and will adjust the duration of the portfolios as required.



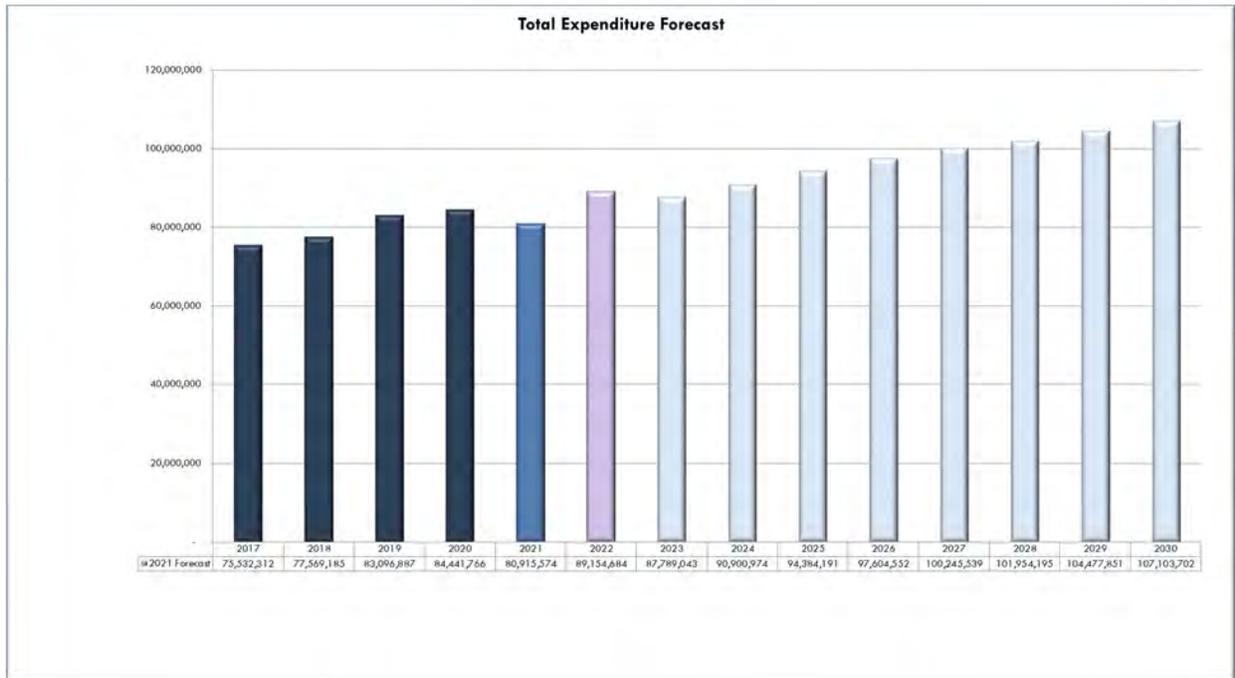
*Miscellaneous and Transfers*

Miscellaneous revenue includes rents and royalties, the sale of fixed assets and other revenue.



### Total General Fund Expenditures

The 2021 forecast contains the FY22 proposed budget and includes the annual additional funding of \$5,420,000 for the pension fund, and an increase in CIP funding due to the reconstruction of the North Fire-Rescue Station. In addition, the forecast reflects the expenditure increase assumptions outlined earlier in this section. The charts in this section include four years of actual data from 2017-2020 in dark blue, the FY21 budget in medium blue, the proposed FY22 budget in violet and the forecast through FY30 in light blue. The forecast reflects the transfer of the Building Permit related expenses to the new Building Enterprise Fund beginning in FY21.



### Salary and Wages

The forecasted salary and wage increases are based upon the employee pay policies and replacements of retirees at lower salaries through the forecast period. The salary and wage assumption is based upon the compensation study results and the change to the merit system and new step program including COLA on October 1<sup>st</sup> of each year. In recent years expenditures have come in well below budget due to vacancies from retirements and turnover. We expect the FY21 actual costs to be below the budget amount. For FY22, a COLA increase of 3.2% is included in the budget. The chart on the following page shows the forecast and past trends.

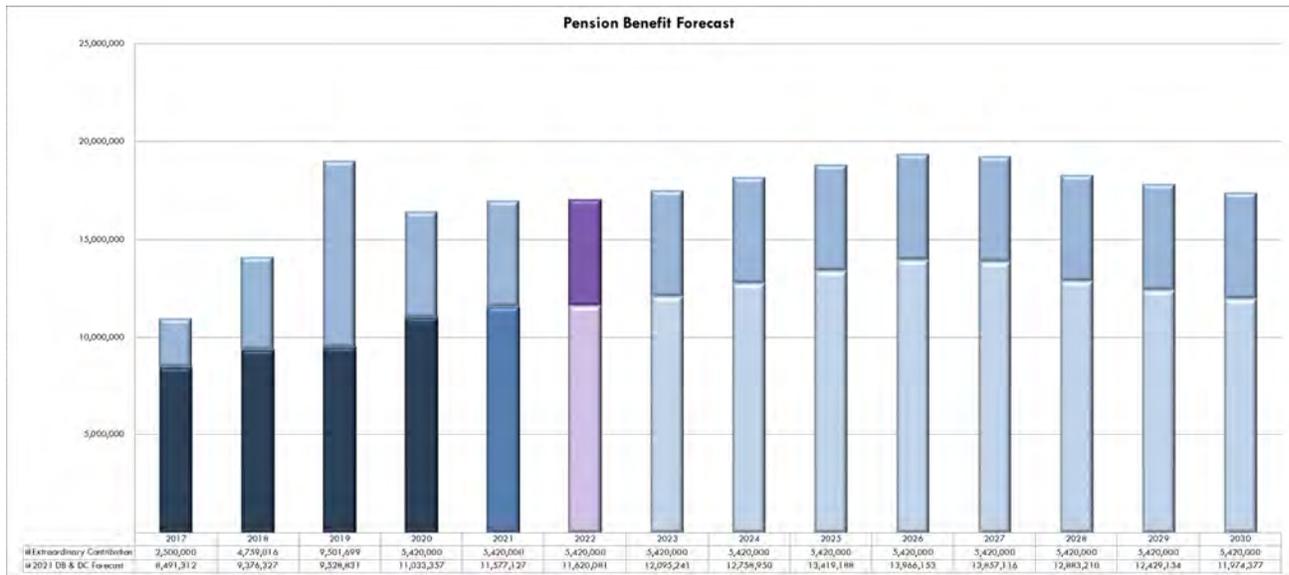


Vacancies have kept these costs stable in recent years. The average increase throughout the forecast period is 4.15% for total salary and wages.

**Pension Benefits**

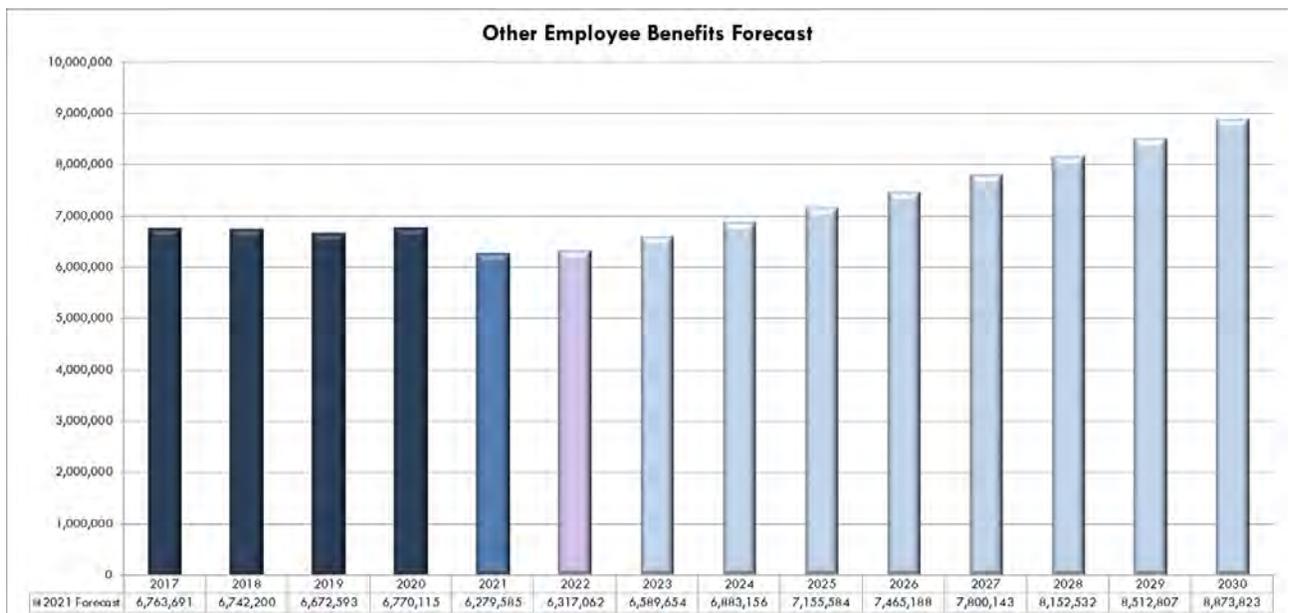
The pension estimate is based upon the actuary’s forecast of the annual required contribution and estimates for the General Employee DC contributions. The forecast for annual contributions include the compensation study results and the benefit changes for police officers and firefighters made in FY19. The extraordinary contribution of \$5,420,000 is included in each year of the forecast.

The forecast reflects the Town’s Retirement Board recommended a change in the investment assumption from 7.0% to 6.0% over a 5-year period, the change in the payroll growth assumption, the increase in the wage growth assumption and the new mortality tables. The actuary forecasts the costs will begin to decline over the end of the 8-year period if all assumptions are met. The FY19 extraordinary contribution includes additional funds paid into the system for the new amortization and the prepayment of the UAAL for the effects of the compensation study. If the assumptions are met and the extraordinary contribution is continued through FY30, the funded ratio of the plan is estimated to be 92.7%.



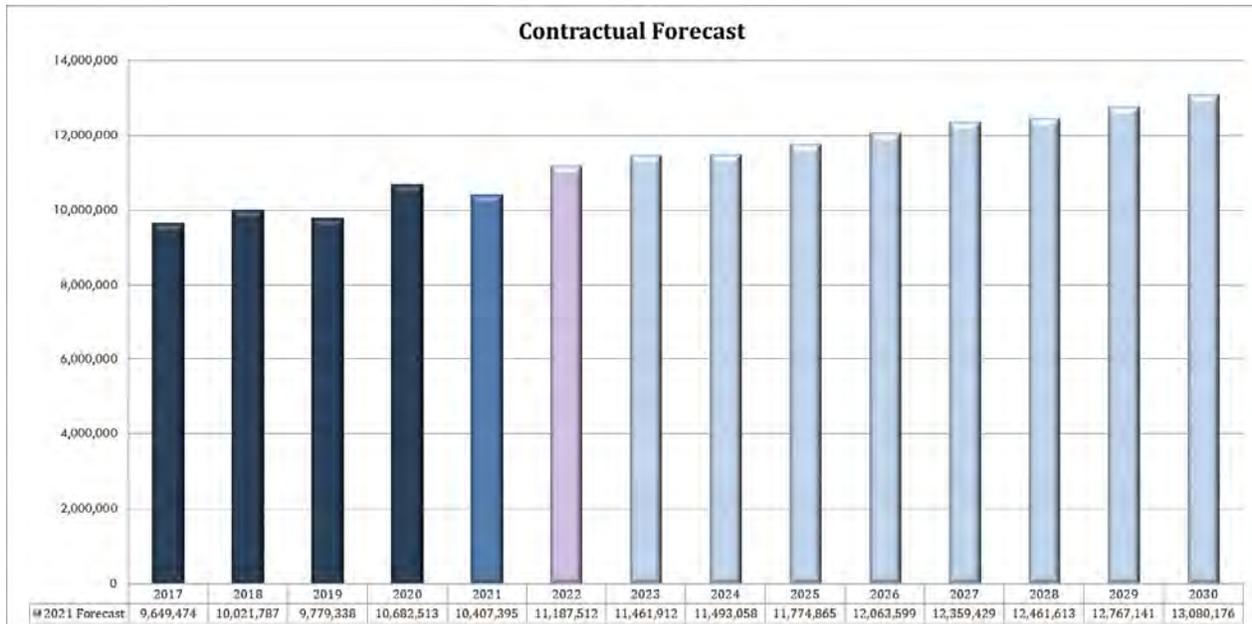
**Other Employee Benefits**

Other Employee Benefits category includes all other benefits including health insurance. Health insurance costs have remained flat for seven years. The health insurance forecast reflects the forecast prepared by the plan’s actuary. Health increases range from 6% in FY23 and decrease to 4.83% in FY30. It is our expectation that the forecast for health increases is higher than what we will experience based on our past experience in managing the plan. Other employee benefits (including FICA, longevity, incentives, and allowances) are expected to increase at a much lower rate.



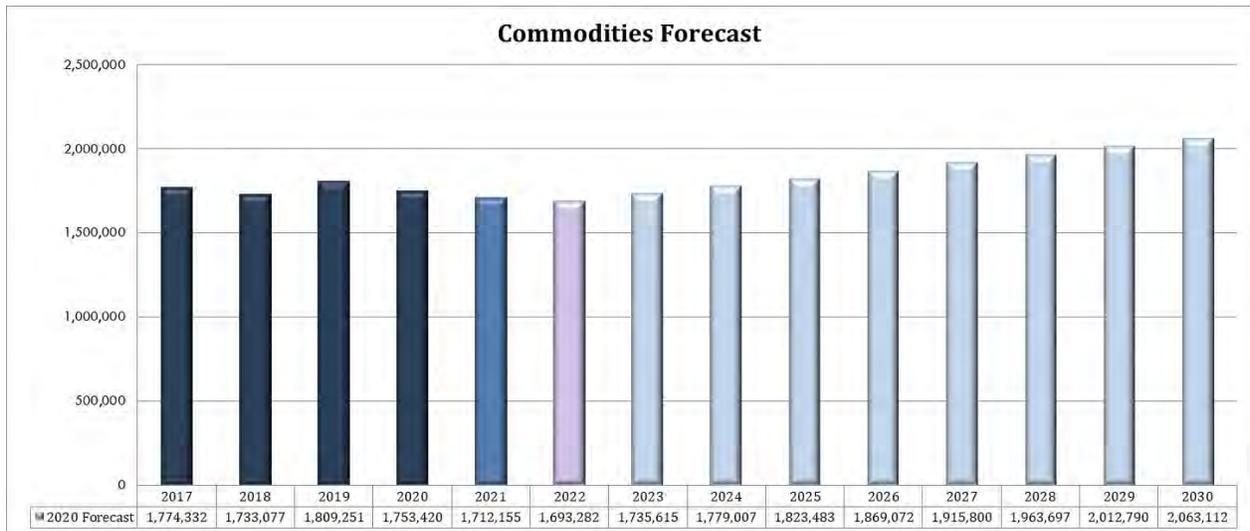
*Contractual*

The contractual costs have increased due to increases in software maintenance agreements, sanitary sewer treatment costs, landscape maintenance and the addition of Recreation Department expenses. In recent years contractual costs have increased due to contracting out parking enforcement, lifeguards, and some recreation positions. Contractual expenditures are forecasted to increase by the rate of inflation.



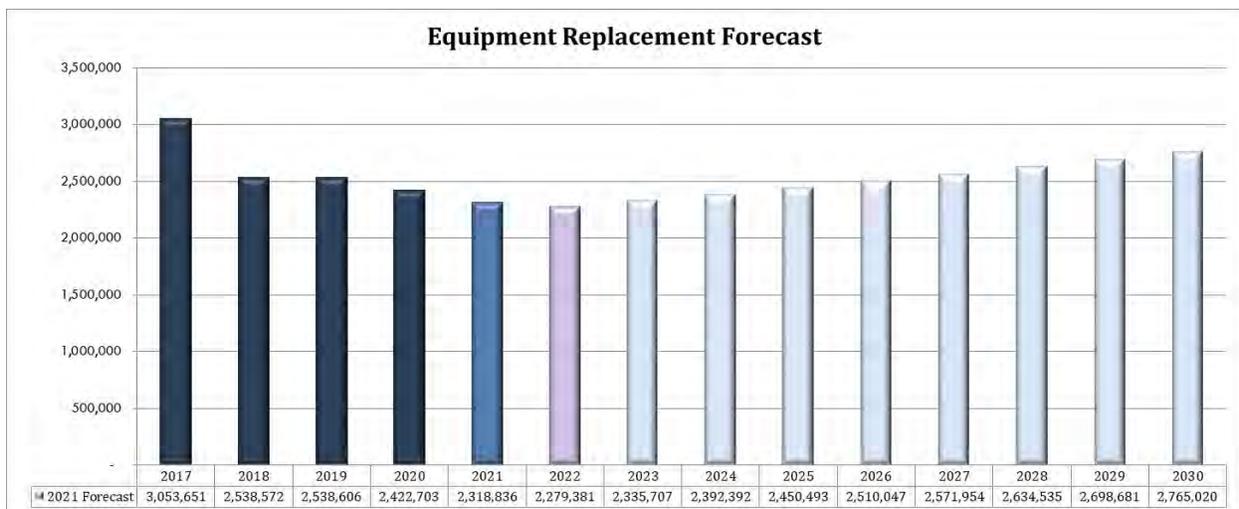
*Commodities*

The commodity forecast is based upon the assumed rate of inflation. Commodity budgets include fuel, supplies, dues, software, some computer hardware and vehicle maintenance and uniforms. The reduction in expenses in recent years represent an overall town effort to reduce expenses wherever possible.



**Equipment Replacement/Capital Outlay**

This category includes depreciation on Town vehicles and equipment that is charged to the departments and transferred to the Equipment Replacement Fund. It also includes purchases of new equipment that is not replacement equipment. There were large capital purchases in FY17 in the Police and Fire-Rescue Departments that caused the spike in that year.



**Transfers**

The Transfers category includes transfers to the Capital Improvement Program, Coastal Protection Fund, Debt Service Fund, Risk Insurance Fund and Retiree Health Insurance Trust. It also includes the annual contingency allocation.



- In FY17, the transfer to the Capital Improvement Program increased by \$1,260,200. This transfer was intended to begin to build reserves for capital projects in the pay-as-you-go fund once the ACIP bond funds had been spent at the end of 2019. The spike in FY22 includes the transfer of \$5,500,000 for the reconstruction of the North Fire-Rescue Station. A portion of the transfer (\$1,500,000) is from an increase in taxes and the balance of \$4 million is from General Fund reserves, or future bank financing. The forecast assumes a 10% increase per year until 2025 then a 5% increase thereafter. The increases are in anticipation of the need to increase funding in the Capital Improvement fund going forward to move toward pay-as-you-go funding for capital improvement projects.
- The Town Council approved a 10 year \$84 million Coastal Protection program in 2013. The first year funding in FY15 was approved at \$4,777,000. The transfer increased to \$8,015,220 due to increased beach renourishment project costs. In FY17, the transfer was lowered to \$7,265,000 due to the reduction in scope of some projects. In FY20 the transfer was reduced by \$369,413 and in FY21 the budget was reduced to the original \$4,777,000 because of grant awards from FEMA, Federal and State agencies. The forecast for FY23 forward assumes a 3% increase per year in funding.
- Debt service decreased in FY17 due to the refunding of the 2010A bonds at a lower interest rate. The budget for FY21 was reduced due to the refunding of the balance of the 2010A bonds and the 2013 bonds. The forecast includes the debt service on both the 2016 and 2019 bonds which are paid mostly from General Fund revenues.
- Risk insurance premium increases have been estimated as follows: Property Insurance 5% per year, Liability Insurance 2% per year, and Worker’s Compensation 3% per year throughout the forecast period.

- Retiree Health Insurance is based upon a forecast for Town Contributions prepared by the Town's actuary. Due to the over funded status of this trust the transfer has been reduced to \$334,215 in FY22. The actuary calculated the amounts in the forecast to keep the plan 100% funded if the investment return assumption is set at 5%.
- The General Fund contingency appropriation has been estimated to be 1% of the forecasted operating expenditures as required by Town policy. The General Fund contingency is funded through a transfer from fund balance rather than through operating revenues.
- The Town's contribution to the Four Arts Library is forecasted to increase by CPI capped at 3% per year.

**Town of Palm Beach  
Revenue Forecast  
FY22 - FY30**

Analysis of Revenues by Category Revenue Sources	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated	2030 Estimated
<b>Ad Valorem Revenues</b>	<b>59,663,700</b>	<b>61,725,146</b>	<b>64,040,837</b>	<b>66,751,254</b>	<b>69,193,913</b>	<b>70,988,468</b>	<b>71,952,346</b>	<b>73,700,517</b>	<b>75,622,057</b>
% Increase	4.43%	3.46%	3.75%	4.23%	3.66%	2.59%	1.36%	2.43%	2.61%
\$ Increase	2,529,700	2,061,446	2,315,691	2,710,417	2,442,659	1,794,555	963,878	1,748,171	1,921,540
<b>Non Ad Valorem Taxes</b>	<b>9,021,233</b>	<b>9,285,120</b>	<b>9,556,789</b>	<b>9,836,470</b>	<b>10,124,400</b>	<b>10,420,826</b>	<b>10,725,998</b>	<b>11,040,177</b>	<b>11,363,628</b>
% Increase	4.89%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%
\$ Increase	420,233	263,887	271,669	279,681	287,931	296,426	305,172	314,178	323,452
<b>Licenses and Permits</b>	<b>2,108,500</b>	<b>2,161,500</b>	<b>2,250,390</b>	<b>2,302,561</b>	<b>2,397,752</b>	<b>2,454,476</b>	<b>2,556,463</b>	<b>2,618,159</b>	<b>2,682,510</b>
% Increase	5.68%	2.51%	4.11%	2.32%	4.13%	2.37%	4.16%	2.41%	2.46%
\$ Increase	113,400	53,000	88,890	52,171	95,190	56,724	101,988	61,696	64,351
<b>Intergovernmental Revenue</b>	<b>1,121,700</b>	<b>1,108,435</b>	<b>1,133,461</b>	<b>1,159,092</b>	<b>1,185,345</b>	<b>1,212,234</b>	<b>1,239,776</b>	<b>1,267,988</b>	<b>1,296,885</b>
% Increase	17.33%	-1.18%	2.26%	2.26%	2.26%	2.27%	2.27%	2.28%	2.28%
\$ Increase	165,700	-13,265	25,026	25,632	26,253	26,889	27,542	28,211	28,897
<b>Charges for Services</b>	<b>6,172,500</b>	<b>6,301,174</b>	<b>6,411,898</b>	<b>6,525,242</b>	<b>6,641,276</b>	<b>6,760,072</b>	<b>6,881,704</b>	<b>7,006,250</b>	<b>7,133,787</b>
% Increase	14.63%	2.08%	1.76%	1.77%	1.78%	1.79%	1.80%	1.81%	1.82%
\$ Increase	787,800	128,674	110,725	113,344	116,034	118,796	121,632	124,545	127,537
<b>Fines and Forfeitures</b>	<b>1,025,500</b>	<b>1,033,170</b>	<b>1,040,917</b>	<b>1,048,741</b>	<b>1,056,644</b>	<b>1,064,627</b>	<b>1,072,689</b>	<b>1,080,832</b>	<b>1,089,057</b>
% Increase	11.95%	0.75%	0.75%	0.75%	0.75%	0.76%	0.76%	0.76%	0.76%
\$ Increase	109,500	7,670	7,747	7,825	7,903	7,982	8,062	8,143	8,225
<b>Interest Income</b>	<b>359,812</b>	<b>540,000</b>	<b>790,000</b>	<b>940,000</b>	<b>1,140,000</b>	<b>1,240,000</b>	<b>1,390,000</b>	<b>1,390,000</b>	<b>1,440,000</b>
% Increase	-60.23%	50.08%	46.30%	18.99%	21.28%	8.77%	12.10%	0.00%	3.60%
\$ Increase	-544,961	180,188	250,000	150,000	200,000	100,000	150,000	0	50,000
<b>Miscellaneous and Transfers</b>	<b>4,236,165</b>	<b>4,469,465</b>	<b>4,487,284</b>	<b>4,605,637</b>	<b>4,624,542</b>	<b>4,844,013</b>	<b>4,864,068</b>	<b>5,084,725</b>	<b>5,106,002</b>
% Increase	13.89%	5.51%	0.40%	2.64%	0.41%	4.75%	0.41%	4.54%	0.42%
\$ Increase	516,665	233,300	17,819	118,354	18,904	219,471	20,055	220,657	21,277
<b>Transfers from Fund Balance</b>	<b>5,431,463</b>	<b>1,165,034</b>	<b>1,189,399</b>	<b>1,215,193</b>	<b>1,240,680</b>	<b>1,260,824</b>	<b>1,271,150</b>	<b>1,289,204</b>	<b>1,369,776</b>
% Increase	316.36%	-78.55%	2.09%	2.17%	2.10%	1.62%	0.82%	1.42%	6.25%
\$ Increase	4,126,963	-4,266,429	24,365	25,794	25,487	20,144	10,326	18,054	80,572
<b>Total Revenues</b>	<b>89,140,573</b>	<b>87,789,044</b>	<b>90,900,974</b>	<b>94,384,191</b>	<b>97,604,552</b>	<b>100,245,540</b>	<b>101,954,195</b>	<b>104,477,851</b>	<b>107,103,702</b>
% Increase	10.16%	-1.52%	3.54%	3.83%	3.41%	2.71%	1.70%	2.48%	2.51%
\$ Increase	8,225,000	-1,351,529	3,111,931	3,483,217	3,220,361	2,640,988	1,708,656	2,523,656	2,625,851

**Town of Palm Beach  
Expenditure Forecast  
FY22- FY30**

Analysis of Expenses by Category Expenditure Categories	2022 Budget	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated	2030 Estimated
<b>Salaries/Wages</b>	<b>27,950,544</b>	<b>28,739,872</b>	<b>29,969,947</b>	<b>31,270,183</b>	<b>32,607,866</b>	<b>34,033,497</b>	<b>35,516,134</b>	<b>37,041,441</b>	<b>38,634,649</b>
% Increase	5.42%	2.82%	4.28%	4.34%	4.28%	4.37%	4.36%	4.29%	4.30%
\$ Increase	1,438,164	789,328	1,230,075	1,300,236	1,337,683	1,425,631	1,482,638	1,525,306	1,593,208
<b>Pension Benefits</b>	<b>11,109,914</b>	<b>11,564,176</b>	<b>12,204,973</b>	<b>12,843,333</b>	<b>13,368,056</b>	<b>13,235,872</b>	<b>12,237,936</b>	<b>11,759,113</b>	<b>11,278,639</b>
% Increase	0.32%	4.09%	5.54%	5.23%	4.09%	-0.99%	-7.54%	-3.91%	-4.09%
\$ Increase	35,529	454,262	640,797	638,360	524,723	-132,184	-997,936	-478,823	-480,474
<b>DC Plan</b>	<b>510,167</b>	<b>531,065</b>	<b>553,977</b>	<b>575,854</b>	<b>598,097</b>	<b>621,244</b>	<b>645,274</b>	<b>670,021</b>	<b>695,738</b>
% Increase	1.48%	4.10%	4.31%	3.95%	3.86%	3.87%	3.87%	3.84%	3.84%
\$ Increase	7,425	20,898	22,912	21,878	22,242	23,147	24,030	24,747	25,717
<b>Other Employee Benefits</b>	<b>6,317,062</b>	<b>6,589,654</b>	<b>6,883,156</b>	<b>7,155,584</b>	<b>7,465,188</b>	<b>7,800,143</b>	<b>8,152,532</b>	<b>8,512,807</b>	<b>8,873,823</b>
% Increase	0.60%	4.32%	4.45%	3.96%	4.33%	4.49%	4.52%	4.42%	4.24%
\$ Increase	37,477	272,592	293,503	272,427	309,604	334,955	352,390	360,274	361,016
<b>Contractual</b>	<b>11,187,512</b>	<b>11,461,912</b>	<b>11,493,058</b>	<b>11,774,865</b>	<b>12,063,599</b>	<b>12,359,429</b>	<b>12,461,613</b>	<b>12,767,141</b>	<b>13,080,176</b>
% Increase	7.50%	2.45%	0.27%	2.45%	2.45%	2.45%	0.83%	2.45%	2.45%
\$ Increase	780,117	274,400	31,146	281,808	288,734	295,830	102,184	305,528	313,035
<b>Commodities</b>	<b>1,693,282</b>	<b>1,735,615</b>	<b>1,779,007</b>	<b>1,823,483</b>	<b>1,869,072</b>	<b>1,915,800</b>	<b>1,963,697</b>	<b>2,012,790</b>	<b>2,063,112</b>
% Increase	-1.10%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
\$ Increase	-18,873	42,333	43,392	44,477	45,588	46,728	47,896	49,094	50,321
<b>Equipment Replacement</b>	<b>2,279,381</b>	<b>2,335,707</b>	<b>2,392,392</b>	<b>2,450,493</b>	<b>2,510,047</b>	<b>2,571,954</b>	<b>2,634,535</b>	<b>2,698,681</b>	<b>2,765,020</b>
% Increase	-1.70%	2.47%	2.43%	2.43%	2.43%	2.47%	2.43%	2.43%	2.46%
\$ Increase	-39,455	56,326	56,684	58,102	59,554	61,906	62,582	64,146	66,338
<b>Library Services</b>	<b>363,230</b>	<b>374,126</b>	<b>385,350</b>	<b>396,911</b>	<b>408,818</b>	<b>421,083</b>	<b>433,715</b>	<b>446,726</b>	<b>460,128</b>
% Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
\$ Increase	10,580	10,897	11,224	11,561	11,907	12,265	12,632	13,011	13,402
<b>TOTAL OPERATING EXPENSES</b>	<b>61,411,092</b>	<b>63,332,128</b>	<b>65,661,860</b>	<b>68,290,708</b>	<b>70,890,743</b>	<b>72,959,020</b>	<b>74,045,436</b>	<b>75,908,720</b>	<b>77,851,284</b>
% Increase	3.80%	3.13%	3.68%	4.00%	3.81%	2.92%	1.49%	2.52%	2.56%
\$ Increase	2,250,964	1,921,036	2,329,732	2,628,848	2,600,035	2,068,278	1,086,416	1,863,283	1,942,564
<b>TRANSFER TO OTHER FUNDS</b>									
CAPITAL IMPROV. FUND (307)	8,428,200	4,871,020	5,358,122	5,893,934	6,188,631	6,498,062	6,822,966	7,164,114	7,522,320
COASTAL PROTECTION FUND (309)	4,920,310	5,067,919	5,219,957	5,376,556	5,537,852	5,703,988	5,875,107	6,051,361	6,232,901
TRANSFER TO UU FUND	176,550	188,909	202,132	216,281	231,421	0	0	0	0
EXTRAORDINARY TRANSFER TO RETIRE	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000
DEBT SERVICE FUND (203)	5,676,720	5,670,423	5,668,771	5,678,776	5,687,781	5,878,767	5,874,128	5,875,211	5,872,985
RETIREE HEALTH INS.(OPEB) (610)	334,214	331,217	336,761	343,474	350,604	358,158	366,356	375,254	384,560
RISK-W/C, LIAB.PROP. (501)	2,173,487	2,274,106	2,376,752	2,481,555	2,588,613	2,697,954	2,809,747	2,924,104	3,041,138
CONTINGENT APPROP.	600,000	633,321	656,619	682,907	708,907	729,590	740,454	759,087	778,513
<b>Total Transfers and Other</b>	<b>27,729,481</b>	<b>24,456,915</b>	<b>25,239,114</b>	<b>26,093,483</b>	<b>26,713,809</b>	<b>27,286,519</b>	<b>27,908,759</b>	<b>28,569,131</b>	<b>29,252,417</b>
% Increase	27.46%	-11.80%	3.20%	3.39%	2.38%	2.14%	2.28%	2.37%	2.39%
\$ Increase	5,974,036	-3,272,566	782,199	854,369	620,326	572,710	622,240	660,372	683,286
<b>Total Expenditures</b>	<b>89,140,573</b>	<b>87,789,043</b>	<b>90,900,974</b>	<b>94,384,191</b>	<b>97,604,552</b>	<b>100,245,539</b>	<b>101,954,195</b>	<b>104,477,851</b>	<b>107,103,702</b>
% Increase	10.16%	-1.52%	3.54%	3.83%	3.41%	2.71%	1.70%	2.48%	2.51%
\$ Increase	8,224,999	-1,351,530	3,111,931	3,483,217	3,220,361	2,640,987	1,708,656	2,523,656	2,625,851



## Enterprise Fund Forecast

### *Marina*

The Town Marina forecast was recently updated by USMG. The forecast covered a 5 year period. Staff has updated the forecast with FY22 budget information and extended it out to FY30. For FY21, the marina was closed for construction and is scheduled to reopen November 1, 2021.

Revenue estimates are based on the operation of a world-class marina in a one of a kind destination which provides the opportunity to charge premium rates. Dockage rate surveys were conducted and assessed by W.F. Baird, USMG and Town staff, ultimately resulting in the annual and seasonal rate schedule that was approved by Town Council in January 2021. These rates are 10-20% higher than comparable South Florida marinas. The revenue forecast is based on a total occupancy expectancy in the marina's first year of operation at 62.1% and grows in future years by a combination of increased slip rentals and rate adjustments. Staff created a plan that would address the right balance of slip mix between annual, seasonal and transient leases in order to maximize revenue. Achieving a near one hundred percent (100%) occupancy creates a situation where demand is substantial, and directly influences rates based on limited supply. The forecast shows a steady revenue progression and increases 46% from FY22 to FY30. A robust marketing plan will keep the marina at the top of their mind for customers and slips leased year round in order to meet revenue goals.

Expense estimates were based on assumptions used in the Town's overall LTFP forecasts. Salaries are estimated based 4.55 FTEs throughout the forecast period and average Town pay increases. The employee benefit forecast represents the actuarial estimates for pension and health. Contractual and commodity expense estimates were based on inflationary increases as well as increases in occupancy, and revenues.

Debt service is based on the amortization of the \$31 million loan for the construction of the marina. The loan is structured to include a 1% prepayment premium during the first four years and no prepayment premium thereafter.

The Depreciation expense amount is based on the cost to build the marina less the bulkhead, divided by a 30 year estimated life. Furniture and fixtures are depreciated over a 10 year life. A reserve has been approved to fund the annual depreciation. This reserve can then be used to offset the future cost of construction or fund major repairs in the future.

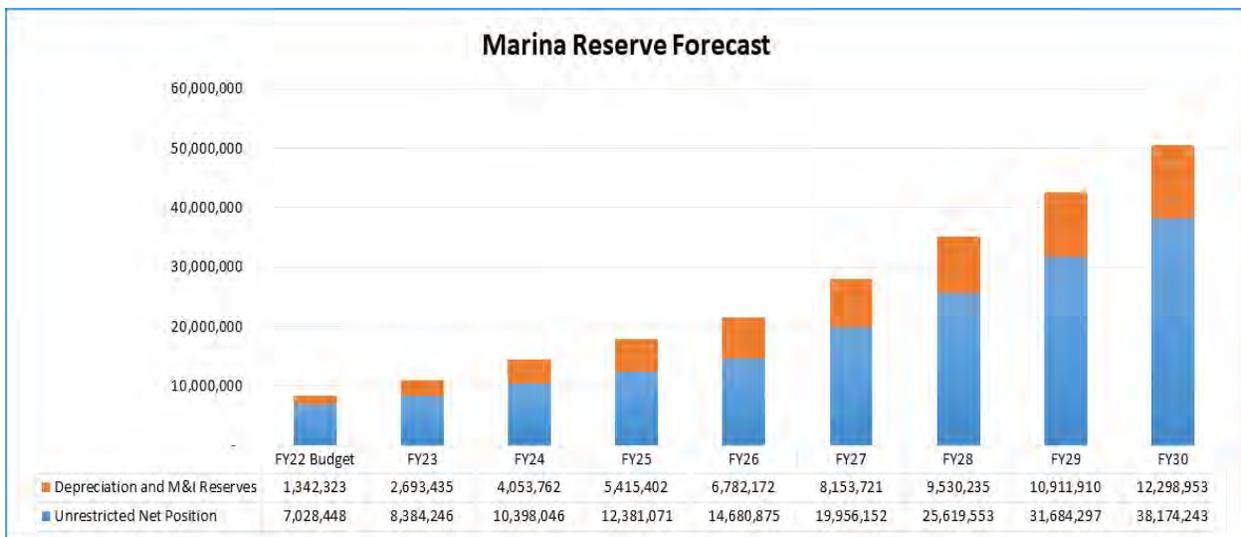
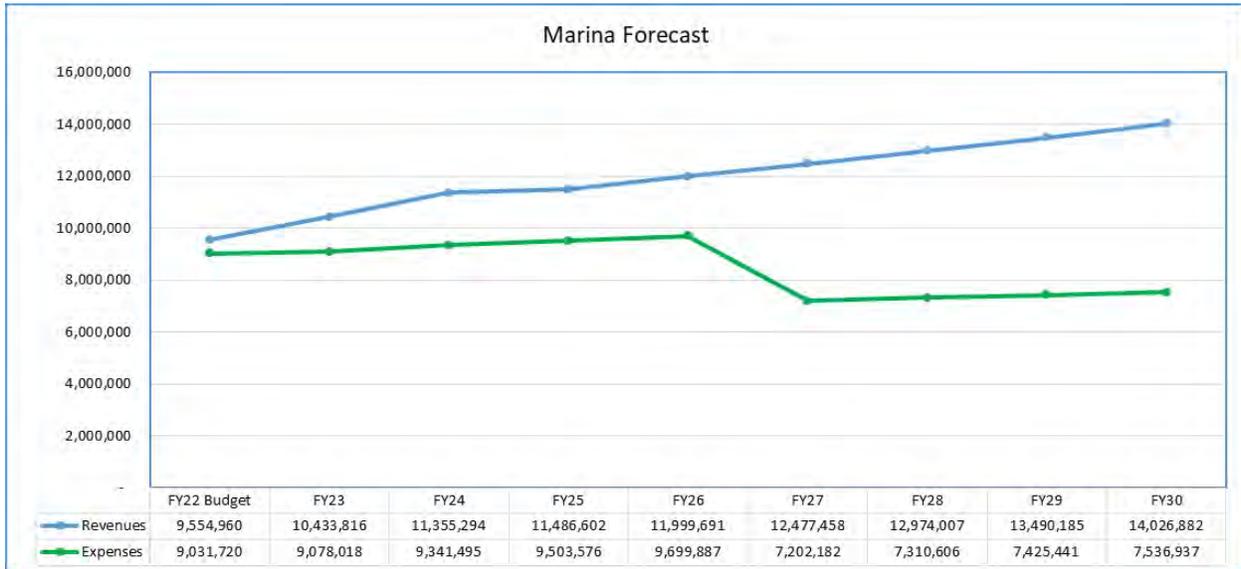
Staff proposed and the Town Council approved the use of a portion of the net income from the Marina to fund the Townwide Underground Utility Project's projected deficit. The projected deficit is over \$12 million at this time. A transfer of \$2.6 million per year for the next five years to offset the costs of the Townwide underground project is included in the forecast.

Contingency is based on 5% of operating expenses based on past policy.

A cost allocation was developed in-house to allocate General Fund costs for operations. These costs include, the Town Manager's Office, Finance, Purchasing, Human Resources, Public Works

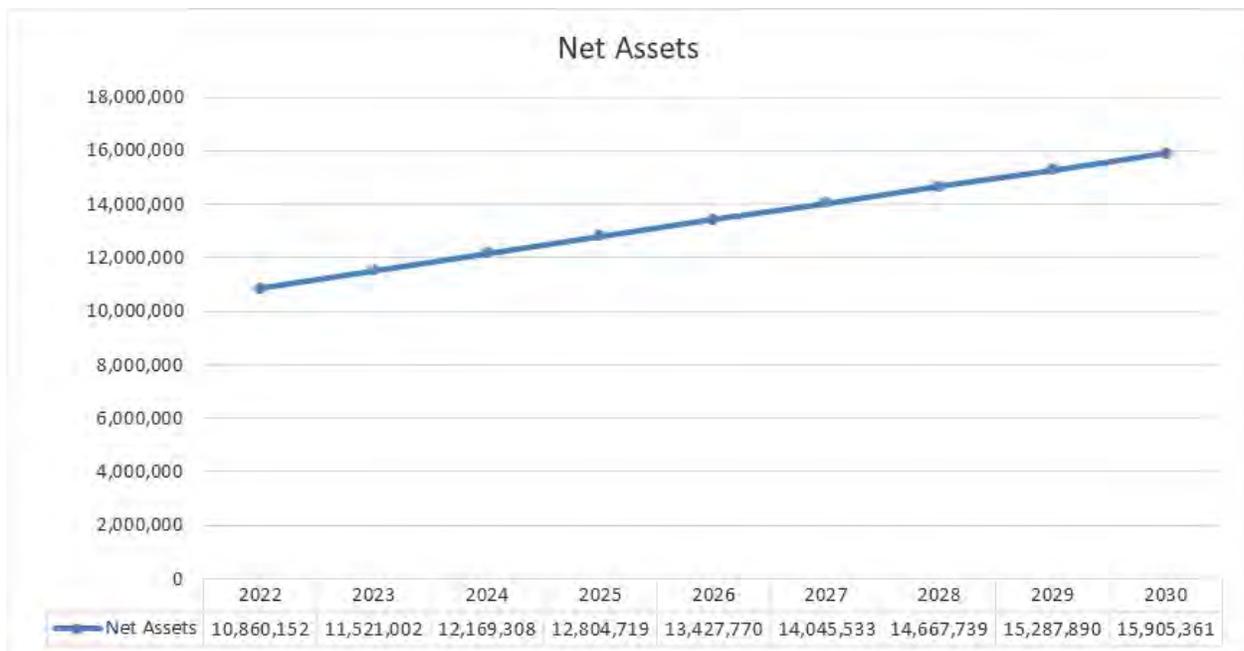
administration, facility maintenance, and general engineering. These allocations total \$511,665 for FY22.

A summary of the forecast is included in this section. The charts below shows the forecast for revenues and expenditures and net assets through FY30. The forecast assumes the transfer of \$2.6 million per year through FY26 to the Townwide Underground Project.



*Par 3 Golf Course*

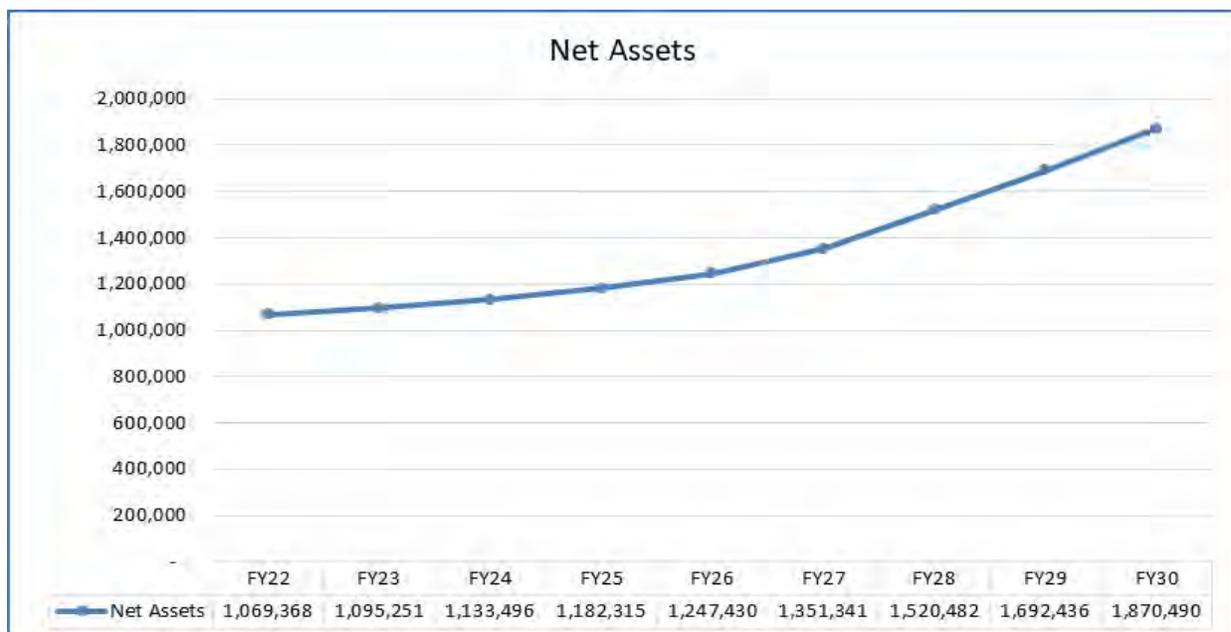
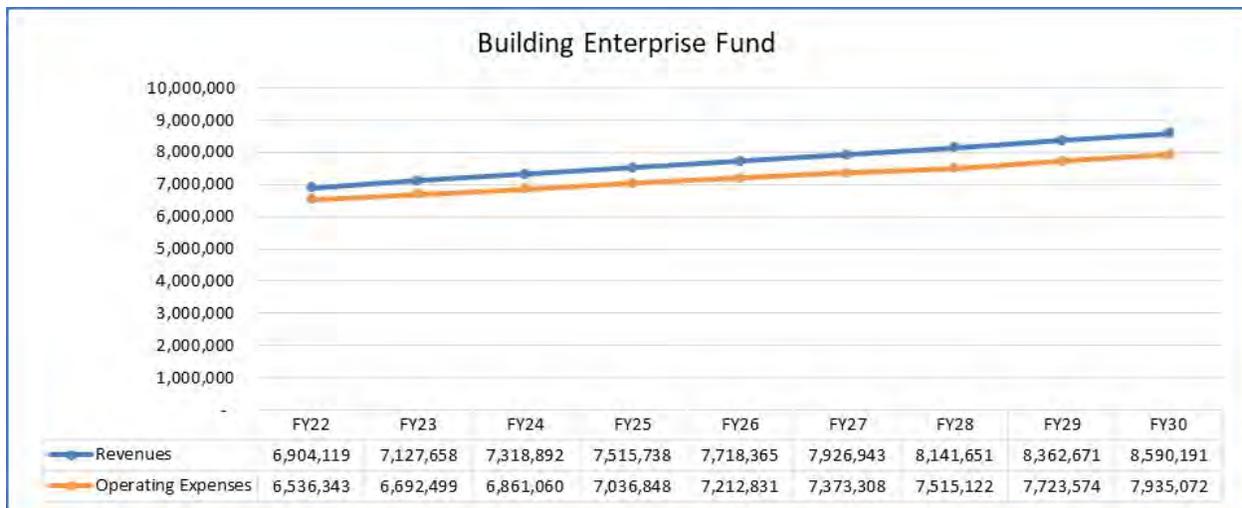
Revenue projections are based on an improving economy after the pandemic, strategic price increases, growth in play and increased merchandise sales. Once the course reopened after the pandemic closure, demand for use has been very high and we expect improved performance in future years. Expenses increase in the forecast due to operating costs for the new clubhouse, and gradual increases for costs of goods, services, and salaries/benefits.



***Building Enterprise Fund***

The Building Enterprise Fund was created in FY21 to account for all building permit revenue and expenses and allow for greater transparency as required by the State of Florida. During FY20, a cost allocation study was performed to confirm the appropriate permit fee multiplier to stay consistent with Florida Statutes and to provide the basis for implementing reduced permit fees for owners and contractors that choose to use private providers on their construction projects.

The forecast for revenues includes a increase of 4% for FY23 then 3% increases thereafter The forecast for expenses is based on the assumptions used for the General Fund. The expenses also include a transfer to the General Fund which is for the allocated costs for services that the General Fund provides to the building permit process.



Marina Forecast  
FY22 - FY30

Marina Income	FY22 Budget	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Annual/Seasonal Lease Revenue	7,782,303	8,073,865	8,706,705	8,604,755	8,908,971	9,219,894	9,541,669	9,874,673	10,219,299
Transient Rental	1,084,223	1,579,381	1,773,583	1,918,155	2,036,043	2,160,241	2,292,016	2,431,829	2,580,170
<b>Sub-Total Dockage revenues</b>	<b>8,866,525</b>	<b>9,653,246</b>	<b>10,480,288</b>	<b>10,522,910</b>	<b>10,945,014</b>	<b>11,380,135</b>	<b>11,833,684</b>	<b>12,306,502</b>	<b>12,799,469</b>
Tender revenue	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Utility Reimbursement	621,000	687,700	756,700	819,950	885,500	903,210	921,274	939,700	958,494
Investment Income	24,935	49,871	74,806	99,742	124,677	149,613	174,548	199,484	224,419
Miscellaneous Revenue/Deposits	6,500	7,000	7,500	8,000	8,500	8,500	8,500	8,500	8,500
<b>TOTAL REVENUE</b>	<b>9,554,960</b>	<b>10,433,816</b>	<b>11,355,294</b>	<b>11,486,602</b>	<b>11,999,691</b>	<b>12,477,458</b>	<b>12,974,007</b>	<b>13,490,185</b>	<b>14,026,882</b>
Total Occupancy Expectation	62.1%	72.5%	83.8%	88.9%	93.7%	95.0%	95.0%	95.0%	95.0%
<b>Marina Expenses</b>									
Salaries and Wages	329,915	343,112	356,836	371,110	385,954	401,392	417,448	434,146	451,511
Employee Benefits	189,175	204,407	215,032	225,923	245,695	250,484	254,157	256,994	259,136
Contractual Costs	1,720,044	1,714,348	1,913,053	2,017,294	2,141,236	2,195,249	2,250,762	2,307,819	2,366,468
Commodities	25,000	28,845	29,508	30,187	30,881	31,592	32,318	33,062	33,822
<b>Total Marina Operating Expenses</b>	<b>2,264,134</b>	<b>2,290,711</b>	<b>2,514,430</b>	<b>2,644,513</b>	<b>2,803,767</b>	<b>2,878,717</b>	<b>2,954,684</b>	<b>3,032,021</b>	<b>3,110,938</b>
FTE Count	4.550	4.550	4.550	4.550	4.550	4.550	4.550	4.550	4.550
<b>Net Income from Operations</b>	<b>7,290,826</b>	<b>8,143,105</b>	<b>8,840,864</b>	<b>8,842,089</b>	<b>9,195,924</b>	<b>9,598,742</b>	<b>10,019,323</b>	<b>10,458,164</b>	<b>10,915,944</b>
<b>Other Non Operating Expenses</b>									
Capital Expense									
Debt Service	1,992,763	1,992,950	1,992,463	1,996,244	1,999,238	1,996,500	1,998,031	2,003,719	2,003,563
Depreciation Reserve	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Contingency	123,094	114,536	125,721	132,226	140,188	143,936	147,734	151,601	155,547
Maintenance and Improvement Reserve 1% of Revenue	95,550	104,338	113,553	114,866	119,997	124,775	129,740	134,902	140,269
Transfer to General Fund for Cost Allocation	511,665	527,015	542,825	559,110	575,883	593,160	610,955	629,283	648,162
Transfer to Recreation for customer amenities	197,740	201,695	205,729	209,843	214,040	218,321	222,687	227,141	231,684
Transfer to TWUU Fund	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000				
<b>Total Non Operating Expenses</b>	<b>6,767,585</b>	<b>6,787,307</b>	<b>6,827,065</b>	<b>6,859,063</b>	<b>6,896,121</b>	<b>4,323,465</b>	<b>4,355,921</b>	<b>4,393,420</b>	<b>4,425,998</b>
<b>Net Income Including all Operating and Non Operating Marina Expenses</b>	<b>523,241</b>	<b>1,355,798</b>	<b>2,013,799</b>	<b>1,983,026</b>	<b>2,299,804</b>	<b>5,275,277</b>	<b>5,663,401</b>	<b>6,064,744</b>	<b>6,489,946</b>
<b>Beginning Unrestricted Net Position</b>	<b>6,505,208</b>	<b>7,028,448</b>	<b>8,384,246</b>	<b>10,398,046</b>	<b>12,381,071</b>	<b>14,680,875</b>	<b>19,956,152</b>	<b>25,619,553</b>	<b>31,684,297</b>
<b>Ending Unrestricted Net Position</b>	<b>7,028,448</b>	<b>8,384,246</b>	<b>10,398,046</b>	<b>12,381,071</b>	<b>14,680,875</b>	<b>19,956,152</b>	<b>25,619,553</b>	<b>31,684,297</b>	<b>38,174,243</b>
<b>Depreciation Reserve Balance</b>	<b>1,246,774</b>	<b>2,493,548</b>	<b>3,740,321</b>	<b>4,987,095</b>	<b>6,233,869</b>	<b>7,480,643</b>	<b>8,727,416</b>	<b>9,974,190</b>	<b>11,220,964</b>
<b>Maintenance and Improvement Reserve</b>	<b>95,550</b>	<b>199,888</b>	<b>313,441</b>	<b>428,307</b>	<b>548,304</b>	<b>673,078</b>	<b>802,818</b>	<b>937,720</b>	<b>1,077,989</b>
<b>Total Reserves</b>	<b>1,342,323</b>	<b>2,693,435</b>	<b>4,053,762</b>	<b>5,415,402</b>	<b>6,782,172</b>	<b>8,153,721</b>	<b>9,530,235</b>	<b>10,911,910</b>	<b>12,298,953</b>

**Par 3 Golf Course Forecast  
FY22 - FY30**

	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Budget	Estimates							
<b>Revenues</b>									
Golf Resident Pass Fees	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
Golf 12 Play Passes	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501
Greens Fees	1,210,000	1,234,200	1,258,884	1,284,062	1,309,743	1,335,938	1,362,657	1,389,910	1,417,708
Golf Riding Cart Rental	370,000	381,100	392,533	404,309	416,438	428,931	441,799	455,053	468,705
Golf Pull Cart Rental	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003
Golf Driving Range	145,000	149,350	153,831	158,445	163,199	168,095	173,138	178,332	183,682
Club Rentals	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342
Golf Teaching Services	60,000	61,200	62,424	63,672	64,946	66,245	67,570	68,921	70,300
Golf Merchandise	267,200	272,544	277,995	283,555	289,226	295,010	300,911	306,929	313,067
Golf F&B Revenue (Restaurant)	440,000	444,400	448,844	453,332	457,866	462,444	467,069	471,740	476,457
Programs & Events	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067
Golf Outings	85,000	87,550	90,177	92,882	95,668	98,538	101,494	104,539	107,675
Marina Amenity	18,100	18,462	18,831	19,208	19,592	19,984	20,384	20,791	21,207
Electricity sales	4,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>TOTAL REVENUES</b>	<b>2,730,800</b>	<b>2,788,751</b>	<b>2,847,526</b>	<b>2,907,659</b>	<b>2,969,182</b>	<b>3,032,130</b>	<b>3,096,539</b>	<b>3,162,443</b>	<b>3,229,881</b>
	7.4%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
<b>Expenses</b>									
Salaries/Wages	543,213	558,532	582,437	607,715	633,725	661,418	690,256	719,868	750,823
Pension Benefits - DB	148,066	154,240	162,878	171,494	178,560	176,828	164,397	158,117	151,697
Pension Benefits - DC	24,437	25,126	26,202	27,339	28,509	29,755	31,052	32,384	33,777
Other Employee Benefits	143,092	149,010	155,686	161,882	168,924	176,543	184,558	192,752	200,963
Contractual	793,300	813,133	833,461	854,297	875,655	897,546	919,985	942,984	966,559
Commodities	417,425	427,861	438,557	449,521	460,759	472,278	484,085	496,187	508,592
<b>TOTAL EXPENSES</b>	<b>2,069,533</b>	<b>2,127,901</b>	<b>2,199,220</b>	<b>2,272,248</b>	<b>2,346,131</b>	<b>2,414,367</b>	<b>2,474,332</b>	<b>2,542,293</b>	<b>2,612,410</b>
	11.3%	2.8%	3.4%	3.3%	3.3%	2.9%	2.5%	2.7%	2.8%
<b>Operating Revenues over/(under) Expenses</b>	<b>661,267</b>	<b>660,850</b>	<b>648,306</b>	<b>635,411</b>	<b>623,051</b>	<b>617,763</b>	<b>622,206</b>	<b>620,151</b>	<b>617,471</b>
<b>Cost Recovery %</b>	<b>132%</b>	<b>131%</b>	<b>129%</b>	<b>128%</b>	<b>127%</b>	<b>126%</b>	<b>125%</b>	<b>124%</b>	<b>124%</b>
<b>Other Non Operating Expenses</b>									
Transfer to ERF and Golf Course Reserves	226,391	228,655	230,941	233,251	235,583	237,939	240,319	242,722	245,149
Transfer to General Fund	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Debt Service	191,100	187,426	188,206	183,998	184,997	185,564	185,635	185,322	189,795
Contingency (5% operating expenses)	103,477	106,395	109,961	113,612	117,307	120,718	123,717	127,115	130,621
<b>Total Non Operating Expenses</b>	<b>545,968</b>	<b>547,476</b>	<b>554,108</b>	<b>555,861</b>	<b>562,887</b>	<b>569,222</b>	<b>574,670</b>	<b>580,158</b>	<b>590,565</b>
<b>TOTAL REVENUES OVER/(UNDER) EXPENSES</b>	<b>115,299</b>	<b>113,374</b>	<b>94,198</b>	<b>79,550</b>	<b>60,164</b>	<b>48,541</b>	<b>47,536</b>	<b>39,992</b>	<b>26,906</b>
<b>Beginning Net Assets</b>	<b>10,198,885</b>	<b>10,860,152</b>	<b>11,521,002</b>	<b>12,169,308</b>	<b>12,804,719</b>	<b>13,427,770</b>	<b>14,045,533</b>	<b>14,667,739</b>	<b>15,287,890</b>
<b>Ending Net Assets</b>	<b>10,860,152</b>	<b>11,521,002</b>	<b>12,169,308</b>	<b>12,804,719</b>	<b>13,427,770</b>	<b>14,045,533</b>	<b>14,667,739</b>	<b>15,287,890</b>	<b>15,905,361</b>
<b>Golf Course &amp; Buildings Reserves</b>									
<b>Beginning Balance</b>	<b>1,046,955</b>	<b>994,762</b>	<b>749,569</b>	<b>774,376</b>	<b>927,683</b>	<b>1,080,990</b>	<b>1,234,297</b>	<b>1,387,604</b>	<b>1,540,911</b>
Capital Expenses	(205,500)	(398,500)	(128,500)	-	-	-	-	-	-
Transfer to Reserve Fund	153,307	153,307	153,307	153,307	153,307	153,307	153,307	153,307	153,307
<b>Ending Balance</b>	<b>994,762</b>	<b>749,569</b>	<b>774,376</b>	<b>927,683</b>	<b>1,080,990</b>	<b>1,234,297</b>	<b>1,387,604</b>	<b>1,540,911</b>	<b>1,694,218</b>
<b>Equipment Replacement Reserves</b>									
<b>Beginning Balance</b>	<b>588,425</b>	<b>651,254</b>	<b>666,340</b>	<b>733,728</b>	<b>753,463</b>	<b>825,593</b>	<b>850,166</b>	<b>927,230</b>	<b>956,836</b>
Equipment Replacement Purchases	(50,000)	(100,000)	(50,000)	(100,000)	(50,000)	(100,000)	(50,000)	(100,000)	(100,000)
Transfer to Reserve Fund	112,829	115,086	117,388	119,735	122,130	124,573	127,064	129,605	132,198
<b>Ending Balance</b>	<b>651,254</b>	<b>666,340</b>	<b>733,728</b>	<b>753,463</b>	<b>825,593</b>	<b>850,166</b>	<b>927,230</b>	<b>956,836</b>	<b>989,033</b>

**Building Enterprise Fund Forecast  
FY22 - FY20**

<b>Revenues</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>
Town Plan Review and Town Inspection	5,930,200	6,167,408	6,352,430	6,543,003	6,739,293	6,941,472	7,149,716	7,364,208	7,585,134
Permit Processing	40,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
Permit Penalty	45,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Reinspection Fees	2,000	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Contractor Registration Fee	7,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Permit Revision Fee	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Flood Plain Management Fee	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Right of Way Permits	600,000	606,000	612,060	618,181	624,362	630,606	636,912	643,281	649,714
Building Insp Fund Fees	10,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Radon Gas	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
ROW Violations	15,000	15,150	15,302	15,455	15,609	15,765	15,923	16,082	16,243
Building permit search fee	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Miscellaneous Revenue	4,919	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total Revenue</b>	<b>6,904,119</b>	<b>7,127,658</b>	<b>7,318,892</b>	<b>7,515,738</b>	<b>7,718,365</b>	<b>7,926,943</b>	<b>8,141,651</b>	<b>8,362,671</b>	<b>8,590,191</b>

<b>Expenses</b>									
Salaries and Wages	1,599,288	1,650,465	1,706,086	1,769,211	1,833,080	1,898,154	1,965,728	2,035,512	2,107,772
Pension - DB	317,426	330,663	349,180	367,651	382,799	379,085	352,436	338,973	325,210
Pension - DC	66,451	68,577	70,888	73,511	76,165	78,869	81,677	84,576	87,579
Other Employee Benefits	353,678	368,306	384,806	400,122	417,527	436,357	456,168	476,422	496,717
Contractual	967,500	991,688	1,016,480	1,041,892	1,067,939	1,094,637	1,122,003	1,150,053	1,178,805
Commodities	32,000	32,800	33,620	34,461	35,322	36,205	37,110	38,038	38,989
Capital Outlay	-	-	-	-	-	-	-	-	-
General Fund Cost Allocation	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000	3,500,000	3,600,000	3,700,000
<b>Total Operating Expenses</b>	<b>6,536,343</b>	<b>6,692,499</b>	<b>6,861,060</b>	<b>7,036,848</b>	<b>7,212,831</b>	<b>7,373,308</b>	<b>7,515,122</b>	<b>7,723,574</b>	<b>7,935,072</b>
	9.41%	2.39%	2.52%	2.56%	2.50%	2.22%	1.92%	2.77%	2.74%
<b>Operating Revenues over/(under) Expenses</b>	<b>367,776</b>	<b>435,159</b>	<b>457,832</b>	<b>478,891</b>	<b>505,534</b>	<b>553,635</b>	<b>626,529</b>	<b>639,097</b>	<b>655,118</b>
Depreciation	(343,148)	(96,038)	(98,439)	(100,900)	(103,422)	(106,008)	(108,658)	(111,375)	(114,159)
Contingency	(166,817)	(334,625)	(343,053)	(351,842)	(360,642)	(368,665)	(375,756)	(386,179)	(396,754)
<b>Total Revenues over/(under) Expenses</b>	<b>(142,189)</b>	<b>4,496</b>	<b>16,340</b>	<b>26,148</b>	<b>41,470</b>	<b>78,962</b>	<b>142,115</b>	<b>141,544</b>	<b>144,206</b>

<b>Beginning Net Assets</b>	<b>1,187,801</b>	<b>1,069,368</b>	<b>1,095,251</b>	<b>1,133,496</b>	<b>1,182,315</b>	<b>1,247,430</b>	<b>1,351,341</b>	<b>1,520,482</b>	<b>1,692,436</b>
<b>Ending Net Assets</b>	<b>1,045,612</b>	<b>1,073,864</b>	<b>1,111,591</b>	<b>1,159,645</b>	<b>1,223,784</b>	<b>1,326,392</b>	<b>1,493,455</b>	<b>1,662,026</b>	<b>1,836,642</b>



**Coastal Program - Cash Flow Projection through FY2031**

Fiscal Year	Beginning Balance	General and Other Funds Transfers In	Bond Deposits		Non-Bond Project Costs	Interest Earnings	Debt Service	Ending Period Balance
			Additional Transfers Federal/State/County	Bondable Project Costs				
2013	15,448,557							15,448,557
2014	15,448,557	12,402,807	11,900,000	(243,783)	(1,278,817)	83,361	(295,100)	38,017,025
2015	38,017,025	4,777,000	6,925,412	(3,935,588)	(21,306,354)	329,203	(734,613)	24,072,085
2016	24,072,085	8,015,220	2,541,573	(2,591,110)	(17,653,274)	157,317	(731,163)	13,810,648
2017	13,810,648	7,265,000	43,385	-	(798,150)	72,496	(731,413)	19,661,966
2018	19,661,966	7,410,300	7,112,416	(4,603,045)	(1,110,235)	181,246	(736,038)	27,916,610
2019	27,916,610	7,349,124	6,100,465	(1,018,826)	(1,140,348)	1,104,641	(542,606)	39,769,060
2020	39,769,060	6,520,211	1,080,655	(3,400,741)	(12,116,014)	1,042,431	(544,107)	32,351,494
2021	32,351,494	4,777,000	21,011,130	-	(30,728,544)	100,000	(512,702)	26,998,378
2022	26,998,378	4,920,310	-	-	(7,838,275)	539,968	(508,482)	24,111,898
2023	24,111,898	5,067,919	-	-	(6,399,763)	482,238	(509,134)	22,753,159
2024	22,753,159	5,219,957	11,902,800	-	(31,885,906)	568,829	(508,463)	8,050,375
2025	8,050,375	5,376,556	-	-	(5,193,233)	201,259	(508,760)	7,926,197
2026	7,926,197	5,537,852	-	-	(6,230,750)	198,155	(511,417)	6,920,038
2027	6,920,038	5,703,988	-	-	(2,912,463)	173,001	(512,778)	9,371,785
2028	9,371,785	5,875,107	16,765,760	-	(29,980,376)	234,295	(512,395)	1,754,176
2029	1,754,176	6,051,361	-	-	(2,838,498)	43,854	(511,062)	4,499,832
2030	4,499,832	6,232,901	-	-	(3,663,833)	112,496	(510,867)	6,670,529
2031	6,670,529	6,419,889	-	-	(2,892,388)	166,763	(510,832)	9,853,961
Total		114,922,502	85,383,595	(15,793,093)	(185,967,222)	5,791,553	(9,931,932)	

Assumes a 3% increase in revenue per year



**Townwide Undergrounding Project**

**Cash Flow Projection through 2026 with Updated Opinion of Cost and 2021 GO Bond and Prepaid Assessments and Marina Transfer**

		Project Income						Project Expenses				
Fiscal Year	Beginning Cash Balance	1 Cent Sales Tax & Transfers In	Marina Fund Transfers	Bond Deposits Grant Funds	Assessments and Prepaid Assessments	Interest Earnings	Other Income	Project Costs	Other Costs	Costs for Debt Issuance	Debt Service	Ending Cash Balance
<b>2016 A</b>	-				2,530,250			(693,339)				1,836,911
<b>2017 A</b>	1,836,911	1,027,241				16,531	49,250	(3,946,801)	(91,001)	(64,750)		(1,172,618)
<b>2018 A</b>	(1,172,618)	1,130,000			15,688,010	449,285	378,298	(8,321,847)	(1,119,669)	(126,194)	(232,528)	6,672,735
<b>2019 A</b>	6,672,735	635,000		60,499,897	4,338,050	1,719,181	800,654	(7,519,182)	(314,331)	(422,642)	(2,464,848)	63,944,515
<b>2020 A</b>	63,944,515	644,450			4,530,945	810,606	234,594	(8,552,487)	(358,967)		(3,398,350)	57,855,306
<b>2021 E</b>	57,855,306	665,000		9,198,896	10,761,264	115,711	236,939	(28,257,447)	(367,941)	(202,380)	(3,464,929)	46,540,420
<b>2022 E</b>	46,540,420	673,250	2,600,000	-	3,850,000	232,702	239,309	(26,183,117)	(377,139)		(3,847,805)	23,727,620
<b>2023 E</b>	23,727,620	681,913	2,600,000	8,500,000	3,850,000	237,276	241,702	(24,398,494)	(386,568)		(3,848,755)	11,204,694
<b>2024 E</b>	11,204,694	691,008	2,600,000		3,850,000	112,047	244,119	(13,706,134)	(396,232)		(3,846,855)	752,647
<b>2025 E</b>	752,647	700,558	2,600,000		3,850,000		246,560	(6,560,679)	(406,138)		(3,847,105)	(2,664,156)
<b>2026 E</b>	(2,664,156)	500,000	2,600,000		3,850,000	-	249,026				(3,847,355)	687,515
<b>Total</b>		<b>7,348,419</b>	<b>13,000,000</b>	<b>78,198,794</b>	<b>57,098,519</b>	<b>3,693,339</b>	<b>2,920,451</b>	<b>(128,139,526)</b>	<b>(3,817,985)</b>	<b>(815,966)</b>	<b>(28,798,530)</b>	

A= Actual E= Estimate

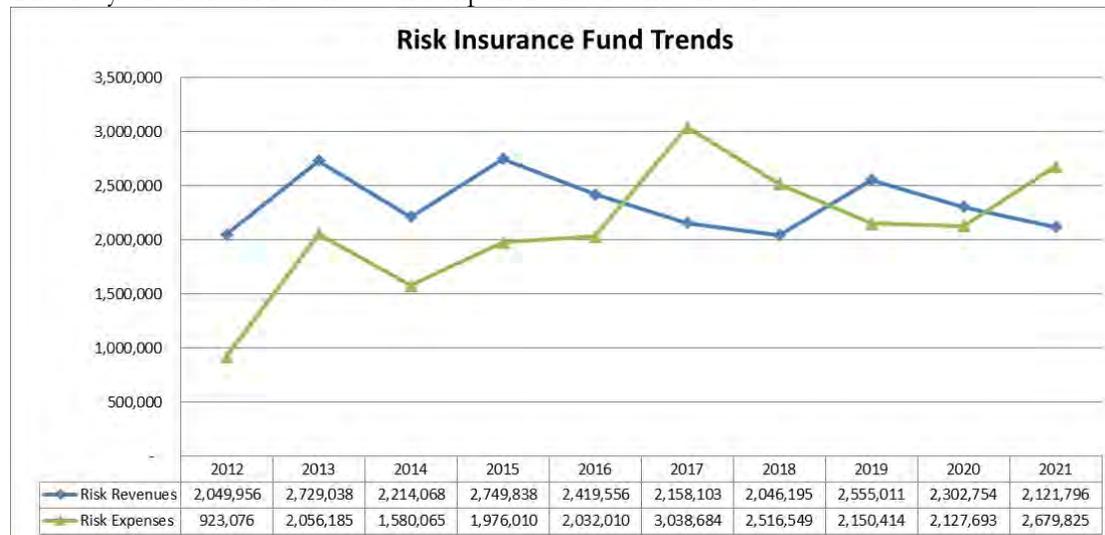


### Self-Insurance Fund – Risk Management

The Risk Management program is under the direction of the Human Resources Department. Responsibility includes insurance management for workers' compensation, property and casualty, general liability, automobile liability, and public officials and employment practices insurance. Other responsibilities include: claims investigation and administration; contract review regarding hold harmless agreements, indemnification and insurance requirements of vendors; safety, loss prevention and control programs; and review of proposed legislation which could impact the Town.

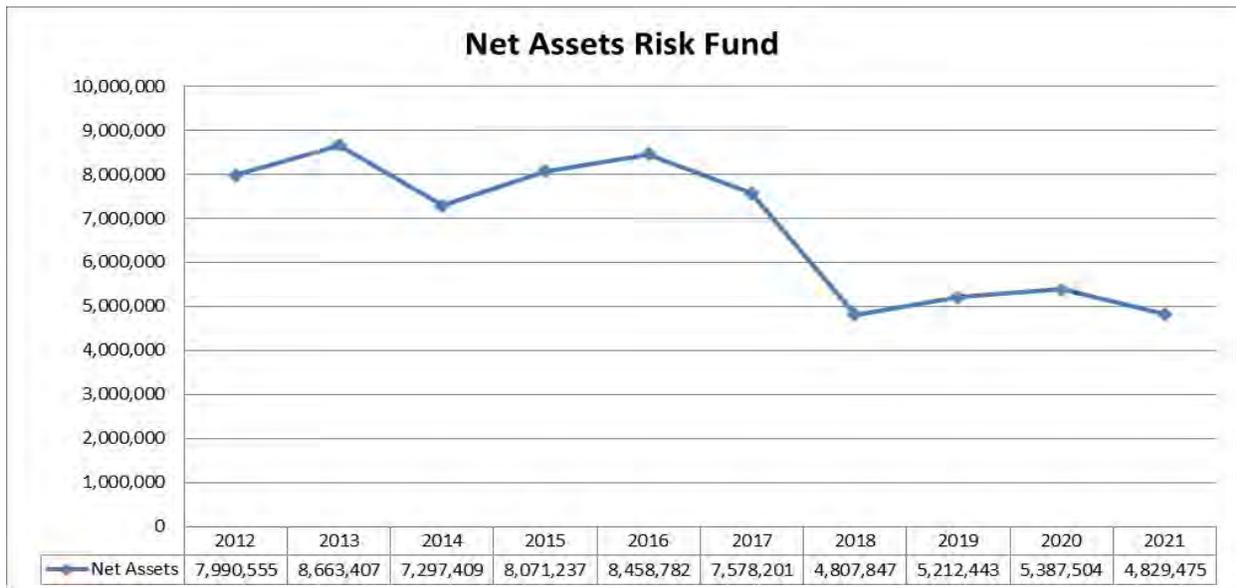
The Office of Risk Management and the Town's insurance programs are funded by an annual transfer from the General Fund and interest earned on the net assets within the fund.

The 10-year trend in revenues and expenditures is shown below.

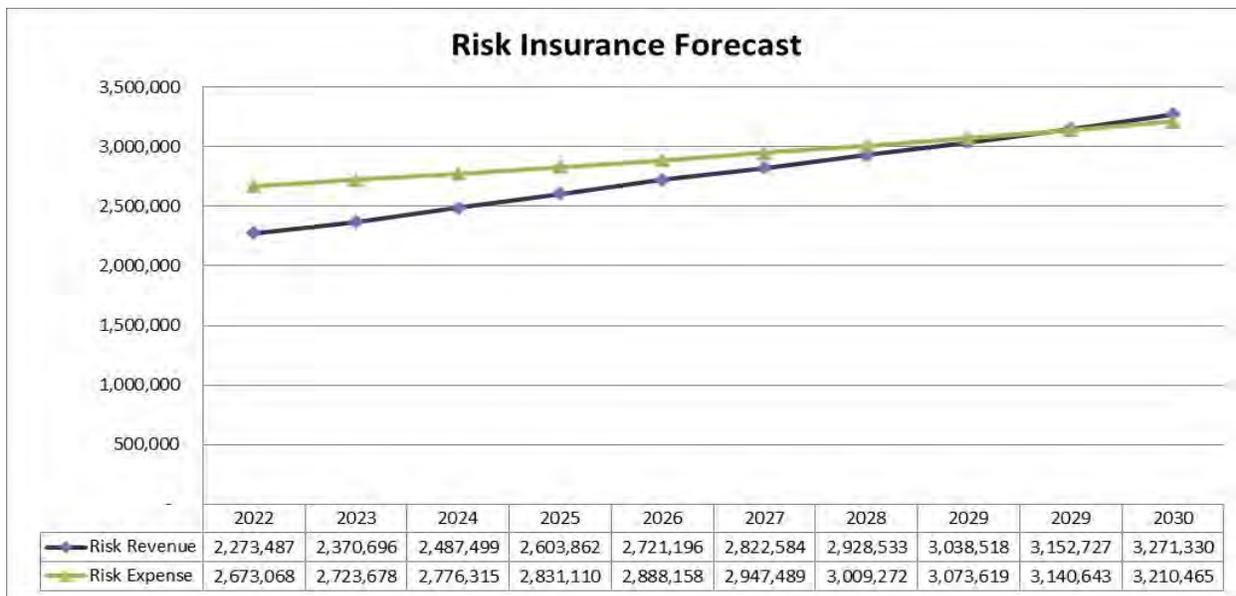


The Risk revenues represent the transfer from the General Fund, investment income and excess claims payments. In 2012, the retention levels were lowered which caused a decrease in expense. The increase in expense in 2013 was due to abnormally high claims for the year. Risk expenses in 2014 were lower than expected due to lower claims. In 2015 we increased funding for the stop loss from \$780,000 to \$900,000 and in 2017 funding was increased again from \$900,000 to \$1,100,000. Insurance claims were higher in FY17 than in recent years. FY18 included expenditures related to Hurricane Irma. The FY21 budget included an estimated increase in fixed costs.

The Net Assets of the fund have been used to fund uninsured losses. In FY14, a transfer from the excess Net Assets of the Risk Fund was made to the Coastal Protection Fund of \$2,000,000 to fund coastal projects and in FY18 a transfer of \$2,300,000 was made to partially fund the Town's portion of the new Recreation Center construction cost.



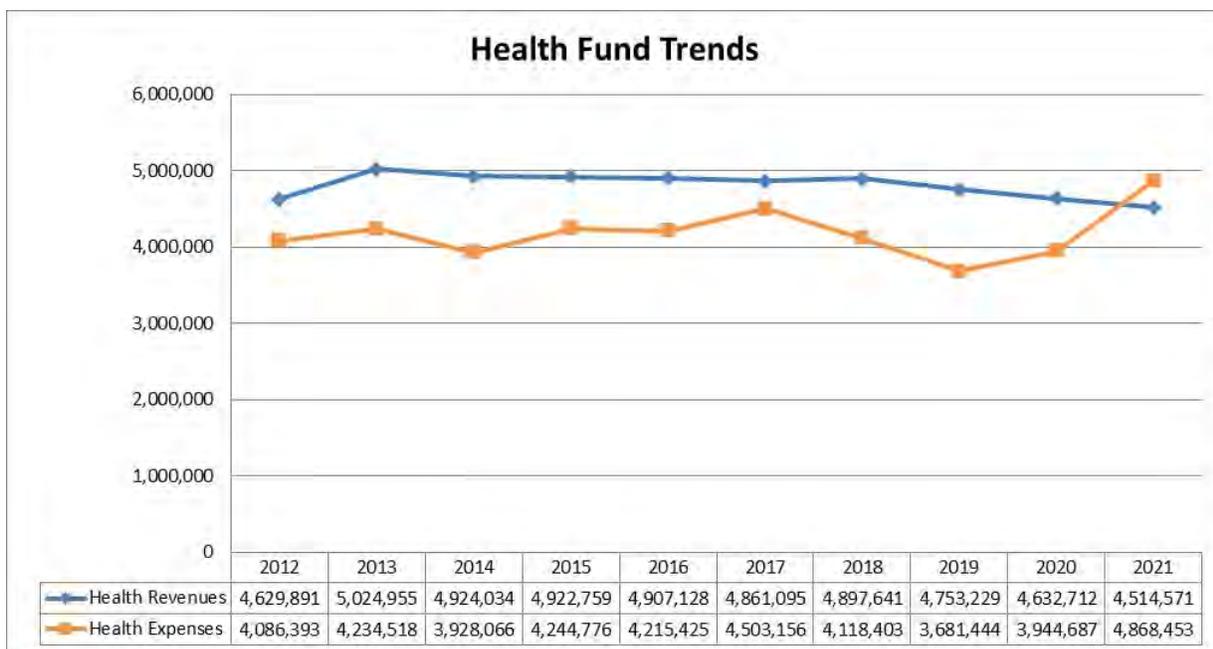
The Risk Insurance Fund forecast assumes annual increases of 5% for property, 2% for liability insurance and 3% for workers' compensation insurance. The stop loss reserves were increased from \$780,000 in 2014, \$900,000 in 2015 to \$1,100,000 in 2017 based upon the recommendation by our insurance carrier which was based upon the Town's claims history.



### Self-Insurance Fund – Health

The Health Insurance program consists of medical, dental, life, long-term disability, accidental death and dismemberment, supplemental life insurance, specific reinsurance, aggregate reinsurance, medical conversion, COBRA, network access fees, utilization review, consulting services, flexible spending program, and claims administration. This program is funded by a transfer based on FTEs from the various Town funds as well as interest income earned on the net assets and payroll deductions from Town employees. The FY21 budget for claims is conservatively based and is on track to finish the year below the budget and in line with prior years expenses.

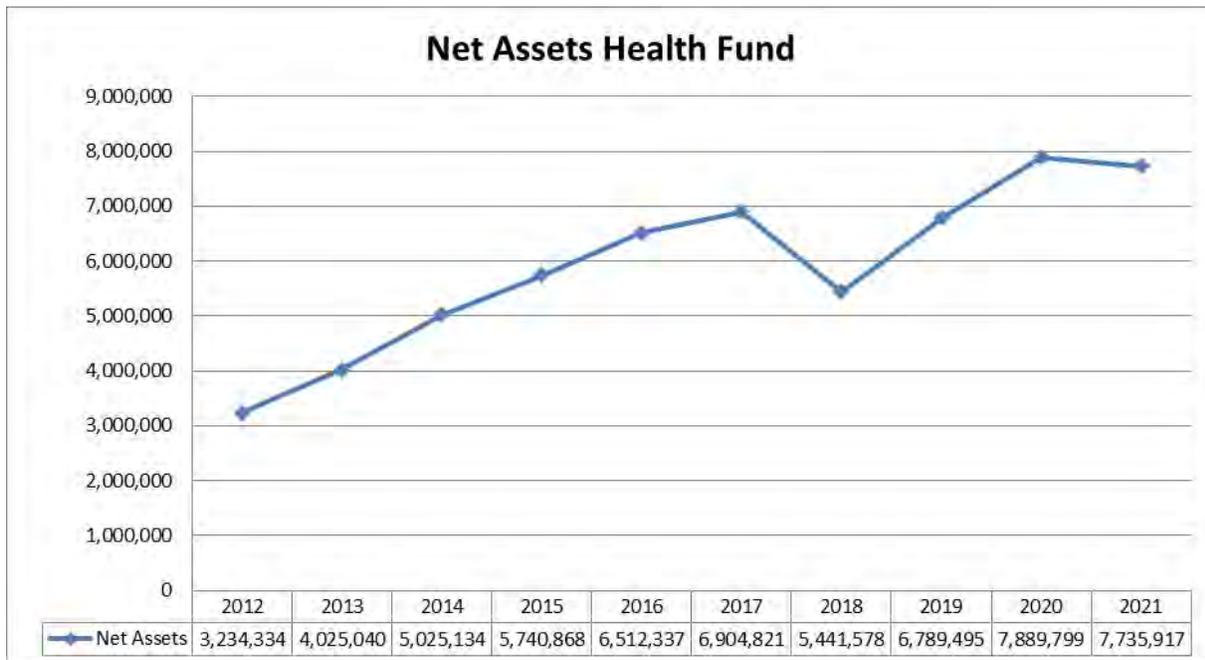
The 10-year trend in health revenues and expenditures is shown below.



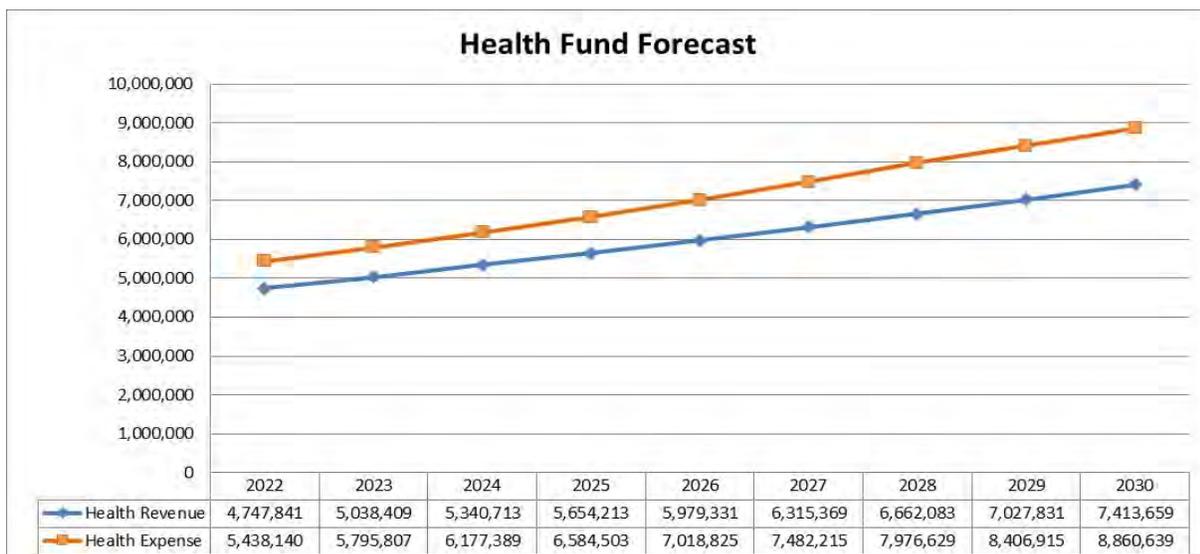
Health claims in 2012 through and 2020 were below expectations due to cost containment measures that were implemented. The FY21 budget reflects a cost increase but actual expenses are on track to be less than anticipated.

Reserves of the Health Fund have increased throughout the 10-year period due to favorable claims experience and steps taken to manage the fund throughout the years. These reserves can be used in case of claims in excess of coverage. A transfer of \$2,300,000 of the excess reserves were used to partially pay for the costs of the new Recreation Center construction costs.

The trend in the net assets of the health fund is shown in the chart on the following page.



The Health Fund forecast assumes an increase of 6.5% for 2023 and then decreasing to 4.83% by 2030. These estimates were provided by the Town’s health insurance actuary. Town staff believes the plan will continue to be managed proactively to contain future cost increases and will be lower than market levels as have been in the past.

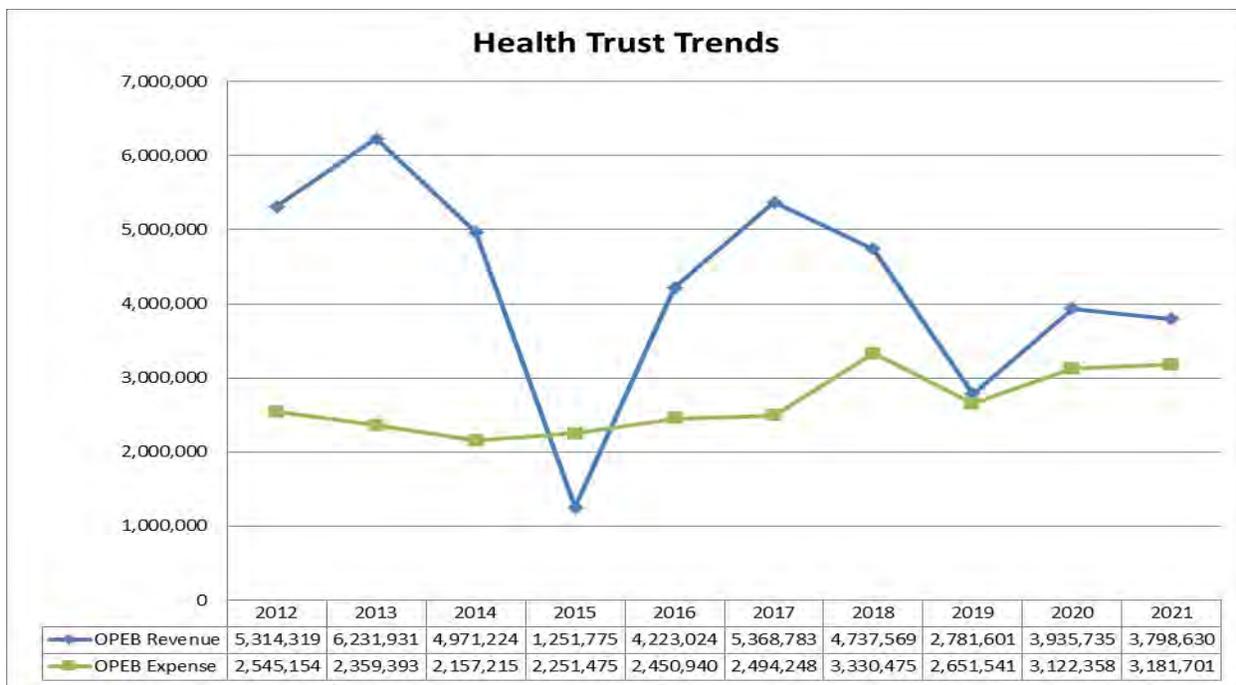


### The Health Insurance Trust (OPEB)

In compliance with the requirements of applicable State Statutes, the Town makes post-employment health care benefits available to retirees and funds a portion of the retiree health insurance benefits. In FY2007, the Town established a Health Insurance Trust to comply with GASB 43 and 54, which required the establishment of a liability for actuarially determined costs of retiree health benefits. The trust was established with an initial deposit of \$16,000,000 transferred from the reserves from the Health Insurance Fund. The Town’s Investment Advisory Committee oversees the investment of the assets of this trust.

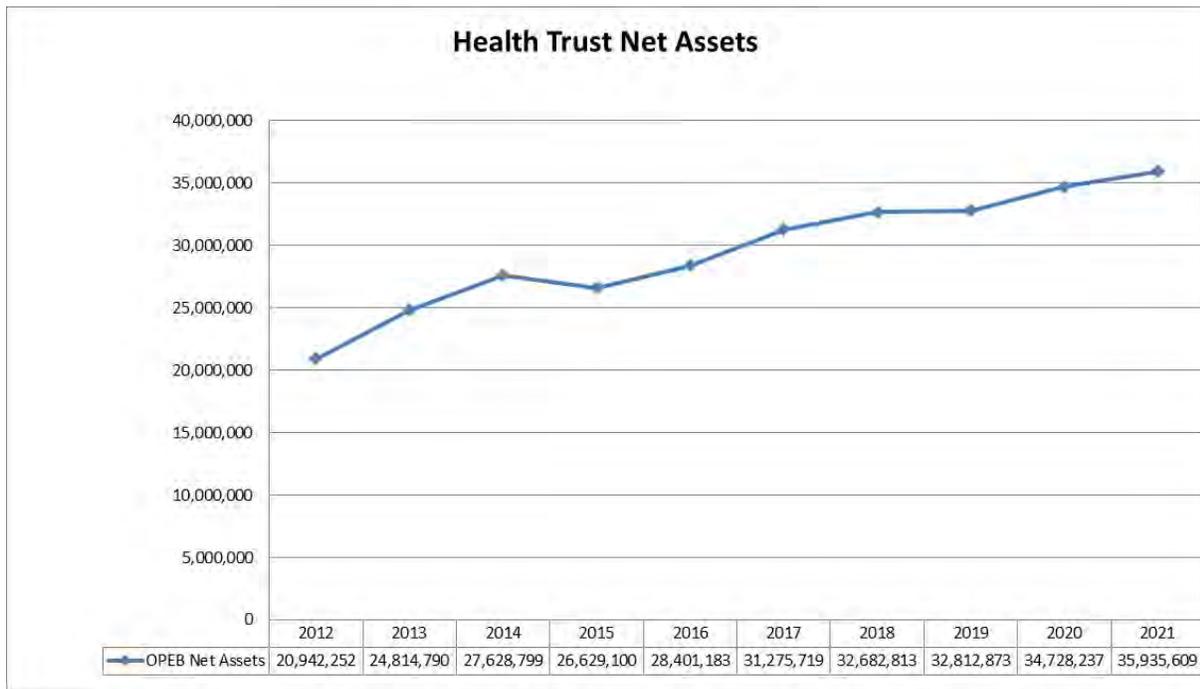
The bi-annual actuarial valuation of the retiree health plan was prepared as of September 30, 2020. The Town’s OPEB liability for September 30, 2020 was determined to be \$25,931,118. The plan net assets totaled \$34,728,235 resulting in a funded ratio of 133.9%. The annual budgeted contribution for FY21 was \$429,858 and was reduced to \$334,215 for FY22. The Investment Advisory Committee recommended a decrease to the return assumption from 6% to 5% for this fund beginning in FY21.

The trend in revenues and expenditures since 2012 is shown below.

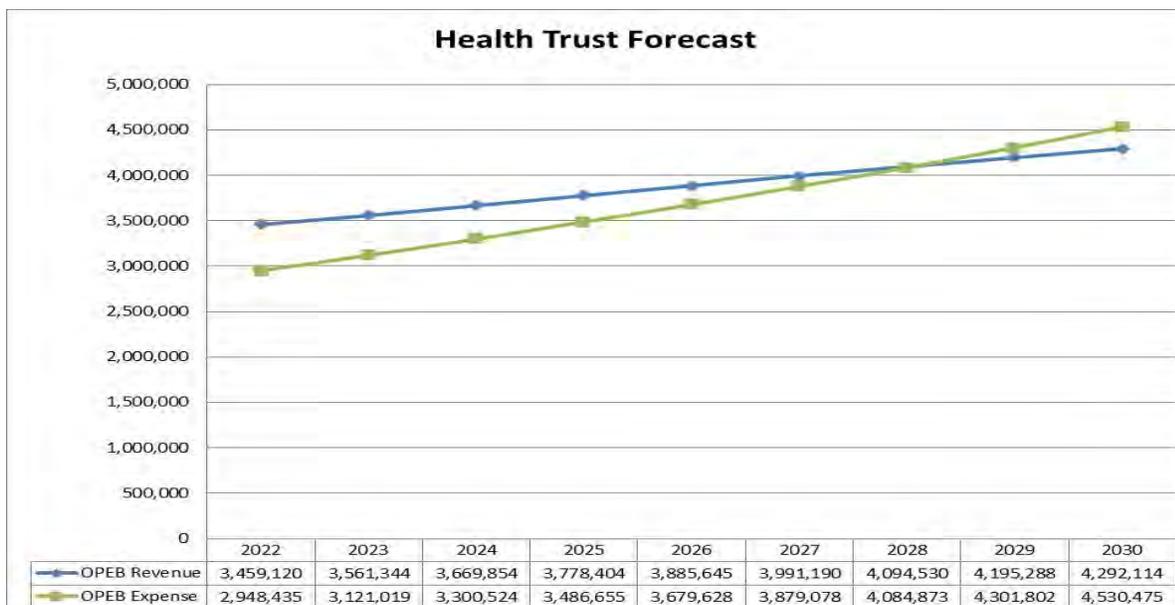


Annually, modifications were made to the health plan to stabilize the growth in expenditures. The revenue volatility is due to investment performance.

The net assets of the trust have increased over the past 10-year period due to the positive results of this fund. The chart on the following page shows the trend in the Health Trust Net Assets.



The 10-year forecast assumes the same increases in health costs for FY23 and beyond as the Health Insurance Fund. Town staff believes we can continue to manage this benefit proactively to contain future costs increases to lower than market levels, as we have done in the past. The Town's contribution estimates were based upon actuarial estimates for the next 10-year period. Included in the forecast is an investment return assumption of 5%.



## Debt Service Fund

### General Obligation Bonds

The voters approved a referendum on March 15, 2016 for the issuance of \$90,000,000 in General Obligation Bonds for the Townwide Underground Utility Project. The Town issued \$56,040,000 of the General Obligation Bonds in October 2018. The all-in true interest cost (TIC) for the 2018 series was 3.64%.

In 2021, the Town issued \$8,575,000 in General Obligation Bonds through Robert W. Baird & Co. Inc. for the Underground Utility Project. The all-in true interest cost (TIC) for the 2021 series was 2.02%.

The General Obligation Bonds shall be payable first from the Underground Utility Project Special Assessments and, to the extent the Underground Utility Project Special Assessments are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town on all taxable property in the Town sufficient to pay principal and interest on the bonds as they become due and payable. The Town may apply other legally available sources of revenues to the payment of the Bonds.

### Revenue Bonds

In 2010 the Town issued 2010A Public Improvement Revenue and Refunding Bonds in the principal amount of \$57,035,000, and 2010B Worth Avenue Commercial District Project bonds in the principal amount of \$14,770,000. The all-in true interest costs (TIC) for the 2010A issue was 4.52% and the 2010B issue was 4.51%.

The 2010A bonds refunded the 2003B bonds (\$5,310,000), the 2008 Revenue Note (\$10,000,000), and a 2009 Line of Credit (\$600,000) which was issued for the Worth Avenue Project. The balance of the proceeds were to fund a portion of the Town's Accelerated Capital Improvement Program totaling \$41,232,000 and \$1,740,844 was used to reimburse the Town for the Town's portion of the Par 3 Golf Course Project.

The 2010B bonds were used to fund the Worth Avenue Commercial District streetscape project. The Town imposed a special capital assessment against real property in the Worth Avenue Commercial District to pay the costs of the Worth Avenue Projects. The assessments will be payable over a thirty year period. The assessments will be security for the 2010B bonds.

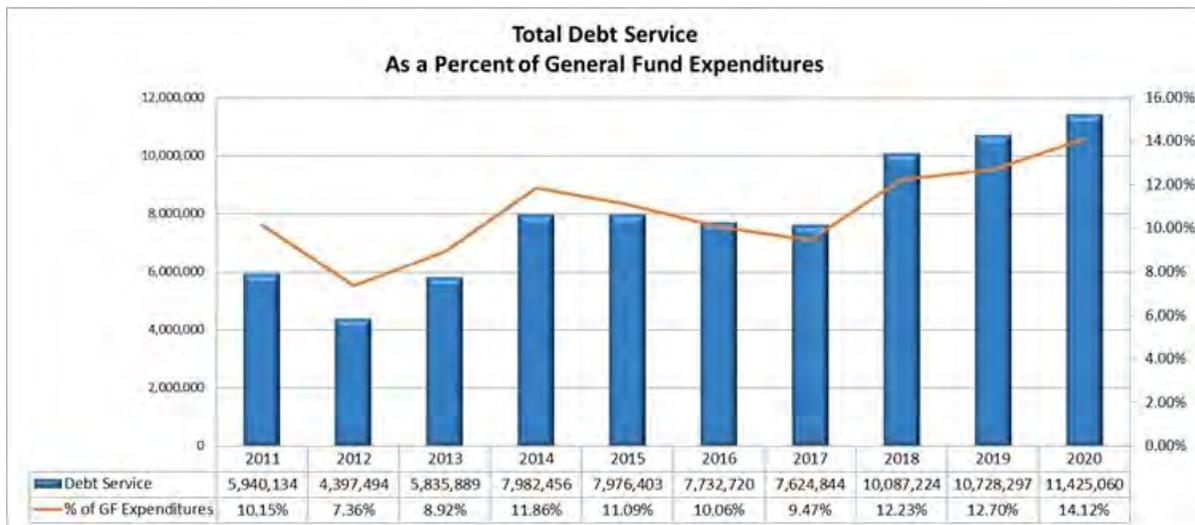
On January 1, 2012, the Town used excess funds remaining after completion of the Worth Avenue Project to redeem \$1,485,000 of the 2010B Bonds.

On August 25, 2016, the Town issued bonds to refund the 2010A & 2010B bonds. This transaction produced gross savings of \$8,900,539 over 23 years. The net present value savings is \$6,895,965 or 13.35%. The all-in true interest costs (TIC) for the 2016 issue was 2.75%. On October 17, 2019, the Town refunded the remaining \$4,660,000 of the 2010A bonds. The refunding achieved \$1,157,902 of net present value debt service savings or 25.39% of the refunded bonds par amount. The all-in true interest Cost (TIC) was 2.46%.

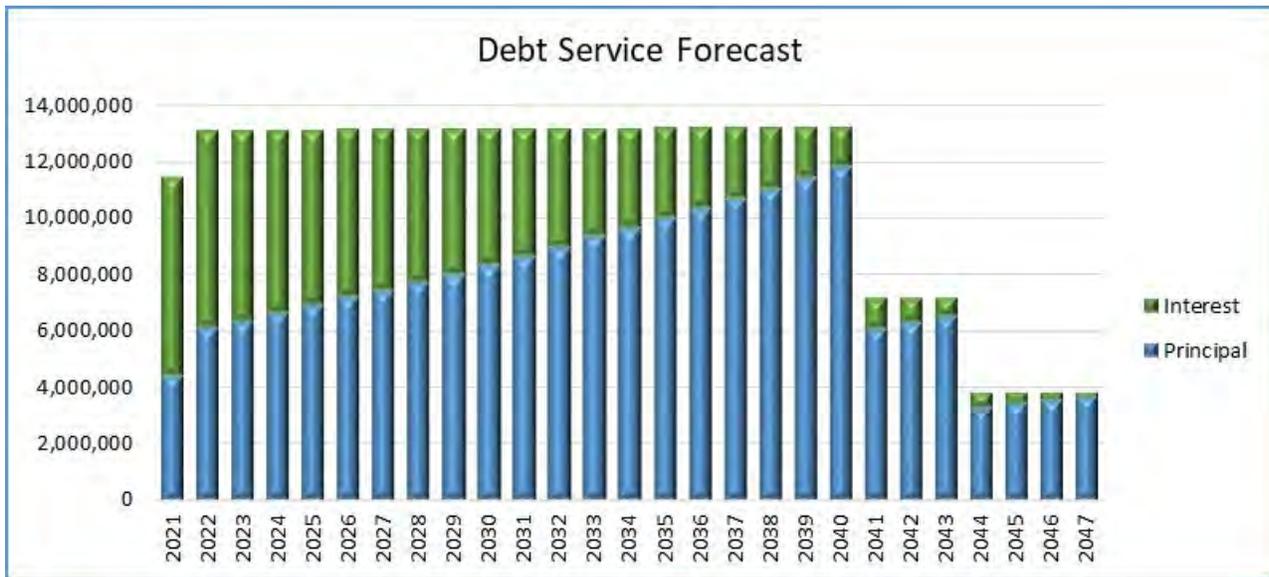
In 2013, the Town issued Public Improvement Revenue Bonds in a par amount of \$55,590,000. The proceeds of the bond were used for the second phase of the Town’s Accelerated Capital Improvement Program (\$44,997,957) groin rehabilitation and seawall replacement (\$11,900,000) and the Town’s portion of the Par 3 Clubhouse project (\$1,250,000). The all-in true interest costs (TIC) for the 2013 issue was 4.49%. In 2019, the Town issued bonds to refund most of the 2013 bonds. The transaction produced savings of \$4,385,248 or 10.24%. The all-in true interest cost (TIC) for the 2019 refunding was 3.036%.

In 2020, the Town issued \$31,000,000 in Revenue Bond through CenterState Bank for the Marina Construction project. This bond is secured by non-ad valorem revenues. The rate on the bonds is 2.25%. Debt service for this bond will be paid from revenues of the Marina Fund.

The debt service trend as a percent of General Fund Expenditures is shown below. The total debt service beginning in FY19 includes the General Obligation Bond. The General Obligation bond debt service is paid using non ad valorem assessments on the properties affected by the project.



The forecasted total annual debt service through the life of all outstanding debt, broken down by principal and interest is shown on the chart on the following page.



The total principal debt outstanding for the all debt outstanding as of this forecast for FY21 through FY30 is shown in the chart below:



The per capita debt utilizing the current census population of 9,245 for the period of 2021 through 2030 is shown below:



## The Retirement Fund

The Town provides pension benefits for General Employees, Police Officers and Firefighters. Approximately 268 active employees and 444 retirees are covered by the three plans.

The Town of Palm Beach Retirement System Board of Trustees is responsible for the administration of all the Town's pension assets and retirement programs. An outside investment consultant and a retirement system administrator service the board.

On May 1, 2012, the retirement benefits for most Town employees were changed from a defined benefit plan to a hybrid pension plan. Employees who were eligible to retire on or before that date were grandfathered into the old defined benefit plan, and the accrued benefits for all other employees were frozen as of May 1, 2012. Benefits accrued after that date by those not grandfathered were in a new hybrid pension plan that contained a defined benefit component and a defined contribution component. In addition, the Town ceased participation in the State of Florida's Chapter 175 and 185 programs for firefighters and police officers.

The Town Council also decided in 2012, to reduce the investment assumption from 8% to 7.5% in 2012. In 2015, after an experience study was completed, several demographic assumption changes were made to the plan and in 2016, the mortality tables changed.

In 2016, the Town Council decided to further reduce the investment return assumption from 7.5% in .1% annual increments until the ultimate 7% return assumption is reached. During FY20, the Town Council decided to reduce the return assumption to 6% in .2% annual increments. The investment return assumption used for the September 30, 2020 valuation was 6.8%.

During 2016, the Town Council approved benefit changes for non-union public safety officers. The changes included the elimination of the hybrid option and include an enhanced DB plan with an increased multiplier and reduced retirement age.

During 2017, the Town Council approved benefit changes for union firefighters, general employees and lifeguards. The union firefighters have an enhanced DB plan with an increased multiplier and reduced retirement age. The plan is the same as was approved for the non-union public safety officers. The Town Council approved a change to the hybrid plan for the General Employees that included an increase in the multiplier and reduced age for the DB plan and a reduced DC plan.

During 2019, the Town Council again approved benefit changes for police and firefighters. Normal retirement eligibility for police officers and firefighters was changed to age 55 with at least 10 years of service or age 52 with at least 25 years of service. In addition, the member contribution rate for these groups was changed to a fixed rate of 8.5%.

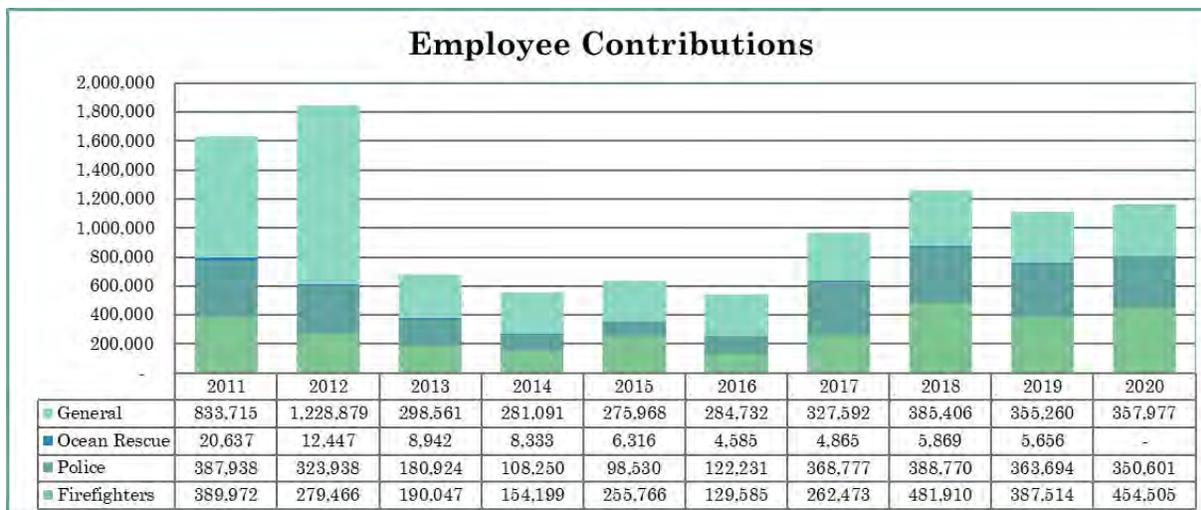
Due to concerns regarding the rising unfunded liability, the Town Council adopted a policy beginning in FY18, requiring an annual extraordinary contribution of \$5,420,000 to the Town's retirement system each year.

In FY19, the Town Council approved reducing the UAAL amortization period from 25 years to 15 years for experience gains/losses and plan changes and 20 years for assumption and method changes.

### Town and Employee Contributions

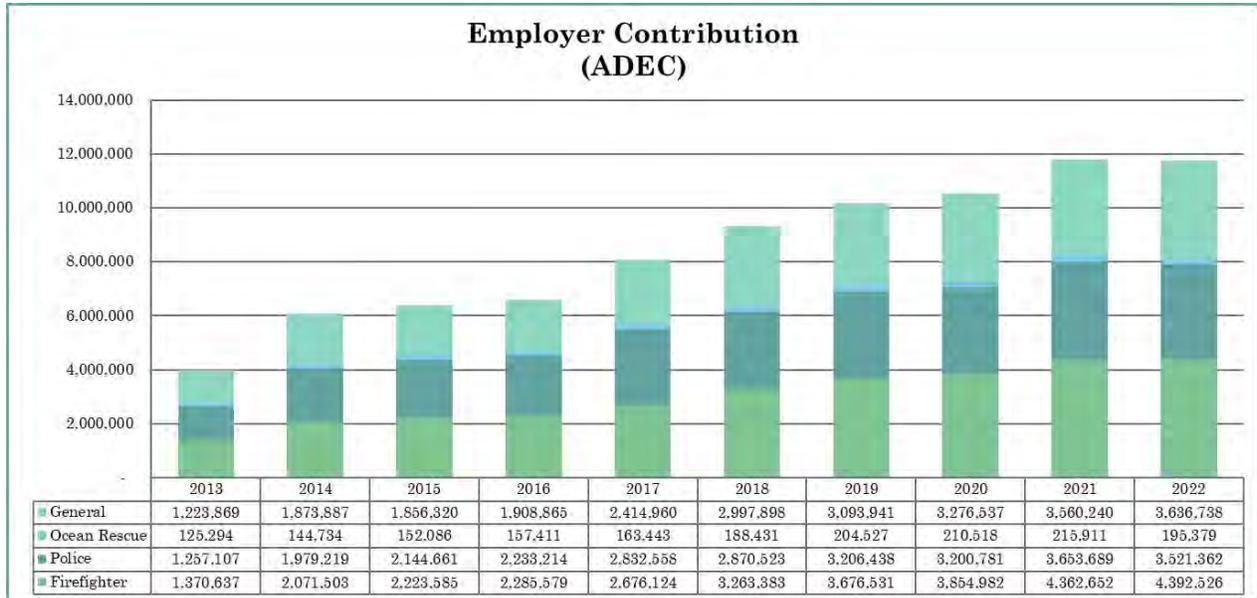
The contribution requirements of the Plan members are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual pensionable wages as described in the following table. The member contribution rates for the FY21 budget year (presented as a percentage of the employees' annual compensation) vary by benefit group, and are shown below (along with the Town's matching contribution rates for the 401(a) plan):

Benefit Group	Defined Benefit Plan Employee Contribution	401(a) Defined Contribution Plan			
		Mandatory Contribution		Voluntary Contribution (post tax)	
		Employee	Employer	Employee	Employer
General Employees	3.5%	3%	3%	Voluntary up to the maximum allowable under IRS regulations	Up to 2.0%
Lifeguard Employees	3.5%	3%	3%	Voluntary up to the maximum allowable under IRS regulations	Up to 2.0%
Firefighter Union	8.5% Variable				
Firefighter Non-Union	8.5% Variable				
Police Officer	8.5% Variable				



The Town's annual appropriation for the defined benefit pension plan is based upon the actuaries' determined rate. In addition, the Town Council adopted a policy that provides for an annual

appropriation of \$5,420,000 to begin to provide funding to reduce the UAAL. The Town's actuarial determined contributions (ADEC) for the defined benefit plans for FY21 are shown in the table below and do not include the extraordinary \$5,420,000 contribution:



The table below shows the breakdown in costs between Normal costs and the amortization of the UAAL by benefit tier (Legacy and Plan B), for the plan as a whole and each employee group.

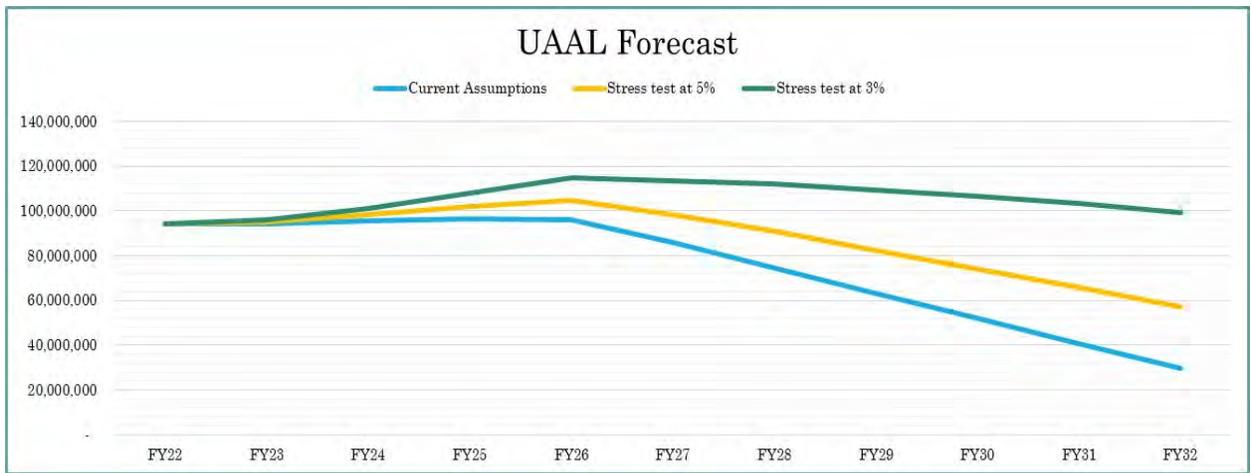
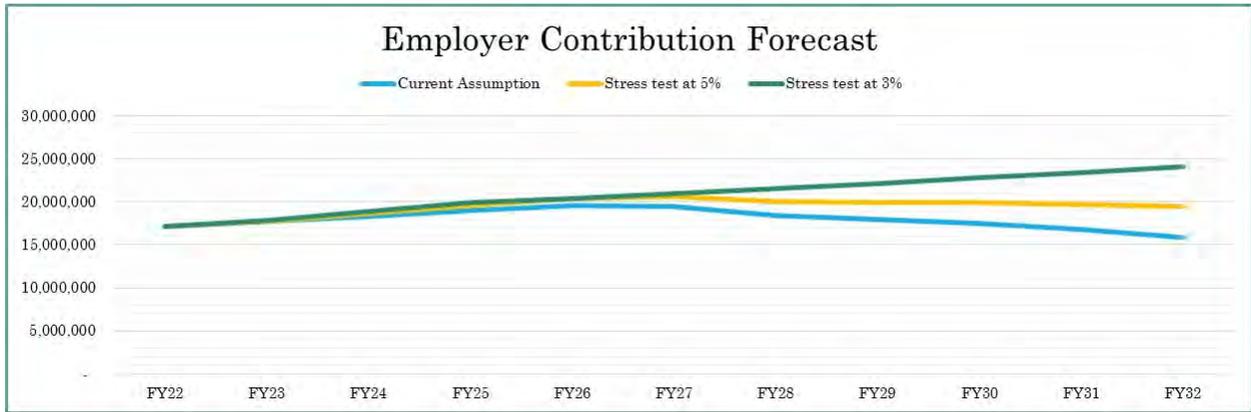
<b>Actuarially Determined Contribution Breakdown by Benefit Tier</b>					
<b>Valuation Date: September 30, 2020</b>					
	<b>Total Plan</b>	<b>General</b>	<b>Ocean Rescue</b>	<b>Police</b>	<b>Firefighters</b>
<b>Participants</b>	<b>268</b>	<b>149</b>	<b>0</b>	<b>55</b>	<b>64</b>
<b>Total Plan</b>					
<b>Employer Normal Cost</b>	12.83%	8.86%	0.00%	17.30%	16.90%
<b>Amortization of UAAL</b>	46.97%	26.63%	0.00%	67.67%	66.76%
<b>Total</b>	59.80%	35.49%	0.00%	84.97%	83.66%
<b>Town Contribution</b>	<b>\$ 11,746,005</b>	<b>\$ 3,636,738</b>	<b>\$ 195,379</b>	<b>\$ 3,521,362</b>	<b>\$ 4,392,526</b>
<b>Plan B - Ongoing Plan</b>					
<b>Employer Normal Cost</b>	12.83%	8.86%	0.00%	17.30%	16.90%
<b>Amortization of UAAL</b>	1.97%	1.63%	0.00%	2.24%	2.43%
<b>Total</b>	14.80%	10.49%	0.00%	19.54%	19.33%
<b>Town Contribution</b>	<b>\$ 2,907,423</b>	<b>\$ 1,074,933</b>	<b>\$ 7,793</b>	<b>\$ 809,785</b>	<b>\$ 1,014,912</b>
<b>Plan A - Legacy Plan</b>					
<b>Employer Normal Cost</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Amortization of UAAL</b>	45.00%	25.00%	0.00%	65.43%	64.33%
<b>Total</b>	45.00%	25.00%	0.00%	65.43%	64.33%
<b>Town Contribution</b>	<b>\$ 8,838,582</b>	<b>\$ 2,561,805</b>	<b>\$ 187,586</b>	<b>\$ 2,711,577</b>	<b>\$ 3,377,614</b>
<b>Legacy cost</b>	75.2%	70.4%	96.0%	77.0%	76.9%

The Town Council has committed to lowering the investment return assumption from the current rate of 6.8% by .2% per year until it reaches 6%. As of the September 30, 2020, valuation date the cost to lower the assumption to 6% immediately would increase the Town Contribution for FY22 by \$2,423,625 and increase the UAAL by \$32,678,905. The details are shown below:

	<b>Total Plan</b>
<b>Current Rate of 6.8%</b>	
<b>Employer Normal Cost</b>	12.83%
<b>Ammortization of UAAL</b>	46.97%
<b>Total</b>	59.80%
<b>Town Contribution</b>	<b>\$ 11,746,005</b>
<b>UAAL</b>	<b>\$ 94,163,607</b>
<b>Funded Ratio</b>	72.70%
<b>Assumption Change to 6%</b>	
<b>Employer Normal Cost</b>	15.93%
<b>Ammortization of UAAL</b>	56.01%
<b>Total</b>	71.94%
<b>Town Contribution</b>	<b>\$ 14,169,630</b>
<b>UAAL</b>	<b>\$ 126,842,512</b>
<b>Funded Ratio</b>	66.40%
<b>Difference</b>	
<b>Town Contribution</b>	<b>\$ 2,423,625</b>
<b>UAAL</b>	<b>\$ 32,678,905</b>
<b>Funded Ratio</b>	-6.30%

#### UAAL and Employer Contribution Forecast

A ten-year forecast of the Unfunded Actuarial Accrued Liability (UAAL) and employer contribution has been prepared by the actuary and the results are shown on the charts on the following page. The current assumptions include the reduction in investment return by .2% per year from 6.8% until the rate reaches 6% as of September 30, 2024 and include the annual extraordinary contribution of \$5,420,000. The forecast was also run at an actual 5% return and 3% return to stress test the results.





### Town of Palm Beach Reserves

The Town Council has adopted twenty two financial policies, nineteen of which address reserves. The reserve policies serve to safeguard the Town’s financial resources and ensure fiscal stability. The size of a municipality’s fund balance can affect its ability to withstand financial emergencies. Reserves can also be used to accumulate funds for capital purchases or capital projects without having to borrow.

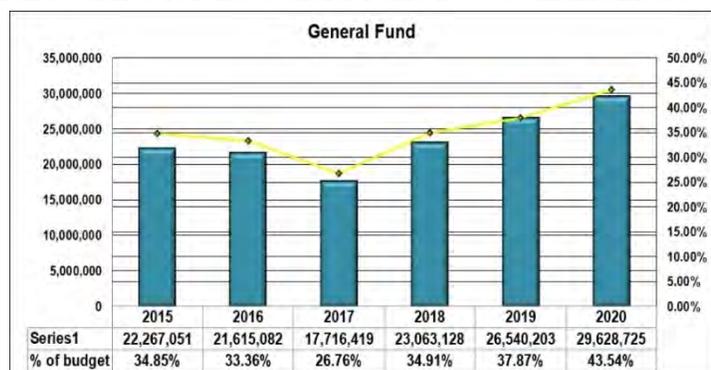
Below is a table showing the projected fund balance through September 30, 2021, based on the ending fund balance at September 30, 2020 plus FY21 budgeted revenues less expenditures for all funds.

#### Fund Balance Projections Fiscal Year 2022 Annual Budget

Fund	Estimated Fund Balance at 9/30/21	Estimated FY2022 Revenues	Estimated FY2022 Expenditures	Projected Fund Balance at 9/30/22
General Fund	\$ 30,128,725	\$ 89,140,574	\$ 89,140,574	\$ 30,128,725
Townwide Underground Utilities Fund	\$ 54,311,659	\$ 7,620,868	\$ 53,008,854	\$ 8,923,673
2013 and 2016A Bonds Debt Service Fund	\$ 1,659,221	\$ 6,376,777	\$ 6,561,777	\$ 1,474,221
2016B Worth Avenue Bond Debt Service Fund	\$ 173,121	\$ 724,613	\$ 724,613	\$ 173,121
Capital Improvement Fund	\$ 18,846,416	\$ 13,127,290	\$ 21,271,837	\$ 10,701,869
Coastal Management Fund	\$ 42,907,129	\$ 5,666,601	\$ 28,055,508	\$ 20,518,222
Worth Avenue Assessment District Fund	\$ 243,363	\$ 436,727	\$ 486,727	\$ 193,363
Marina Enterprise Fund	\$ 6,505,208	\$ 9,554,961	\$ 9,032,465	\$ 7,027,704
Par 3 Golf Course Enterprise Fund	\$ 10,449,262	\$ 2,730,800	\$ 2,618,422	\$ 10,561,640
Building Fund	\$ 1,817,671	\$ 6,904,119	\$ 7,046,308	\$ 1,675,482
Risk Insurance Fund	\$ 4,680,841	\$ 2,273,487	\$ 5,672,520	\$ 1,281,808
Health Insurance Fund	\$ 8,458,804	\$ 4,604,570	\$ 5,988,795	\$ 7,074,579
Equipment Replacement Fund	\$ 27,727,568	\$ 2,478,287	\$ 2,326,831	\$ 27,879,024
Employee's Retirement Fund	\$ 279,172,631	\$ 39,955,005	\$ 23,779,478	\$ 295,348,158
OPEB Trust Fund	\$ 37,399,588	\$ 3,462,340	\$ 2,985,482	\$ 37,876,446
<b>Totals</b>	<b>\$524,481,207</b>	<b>\$195,057,019</b>	<b>\$ 258,700,191</b>	<b>\$460,838,035</b>

#### Unassigned Fund Balance - General Fund

Pursuant to adopted policy, the unassigned fund balance for the General Fund is to be maintained at a minimum level of 25% of current year General Fund budgeted expenditures. This minimum level is to be maintained to protect the Town against economic downturns, temporary revenue shortfalls, unpredicted one-time expenditures, and for tax rate stabilization purposes. Twenty-five percent of the FY21 General Fund operating budget (General Fund budget less CIP, coastal and extraordinary retirement transfer) is \$17,014,143. The FY20 ending fund balance was \$29,628,725. The unassigned fund balance exceeded the minimum



requirement by \$12,614,582. The General Fund Undesignated Fund Balance has consistently exceeded the required minimum level of 25%. The chart shows the trend for the General Fund Undesignated Fund Balance and the percent of budgeted expenditures the balance represents. The Town Council approved the use of a portion of the excess fund balance for the Lake Drive Park project. A preliminary amount of \$1,123,108 has been approved to transfer to the Capital Improvement Fund. The entire amount may not be necessary and once all costs are known any excess will remain in the General Fund reserve. For the FY22 budget, \$4 million transfer from reserves to the Capital Improvement Fund has been approved for the North Fire-Rescue project. The Town Council may decide to utilize bank financing instead and these funds may not be used.

**Designation of General Fund Reserves for Payment of Liability Related to Compensated Absences Leave Balances**

The Reserve for Compensated Absences reduces the budgetary fluctuations due to the payout of accrued leave time to employees when they leave Town service. This reserve is funded at a rate of 100% of the fiscal year end accrued leave balances. Funds are appropriated annually from this reserve based upon estimates of pay-outs of eligible accrued vacation and sick time and the related payroll tax liability. The balance in the reserve as of September 30, 2020, was \$2,703,693. The FY21 appropriation for the pay-out of eligible accrued vacation, sick and compensatory time from this reserve is \$490,705.

**Townwide Underground Utilities Fund**

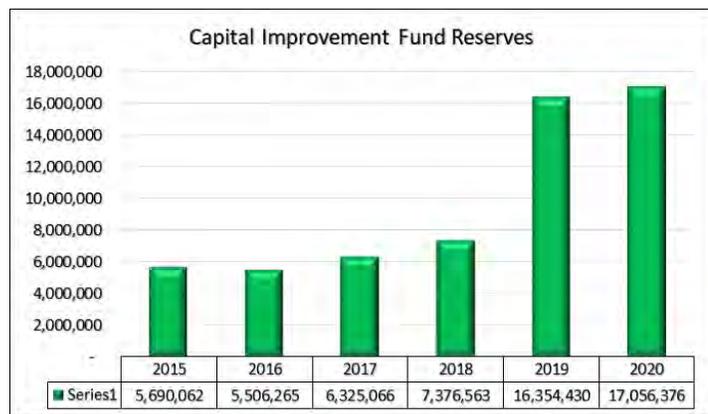
The Town issued General Obligation Bonds in FY19 for the Townwide Underground Utilities Project. Phase 1 North was completed in FY19. Phase 1 South and Phase 2 North were completed in FY20. During FY21, Phase 2 South, Phase 3 South, and Phase 4 North are under construction, and Phase 3 North is almost complete. Phase 4 South, Phase 5 North and South design is complete and construction will start fall of 2021. Engineering and design is underway for Phases 6, 7 and 8 of the project. The completion of these projects will reduce the net assets in this fund during FY22. Current project estimates show a deficit of over \$12 million for the project. This deficit will be funded from excess profits from the new Town Marina.

**Debt Service Funds**

The debt service fund for the 2016A and 2019 bonds has excess reserves of \$1,659,221 that had accrued since the issuance of the 2013 bonds. These excess funds are being used to lower the annual transfer from the General Fund to the debt service fund.

**Capital Improvement Fund**

For many years, the Town funded all of the capital infrastructure improvements through pay-as-you-go financing. For FY21, the transfer to Capital Improvement Fund from the General Fund increased to \$2,662,000 to fund future projects. The increase in reserves to the FY19 balance is due to the transfer of the Mandel Recreation Center project to this fund from the Recreation Enterprise Fund and contributions from the Mandel

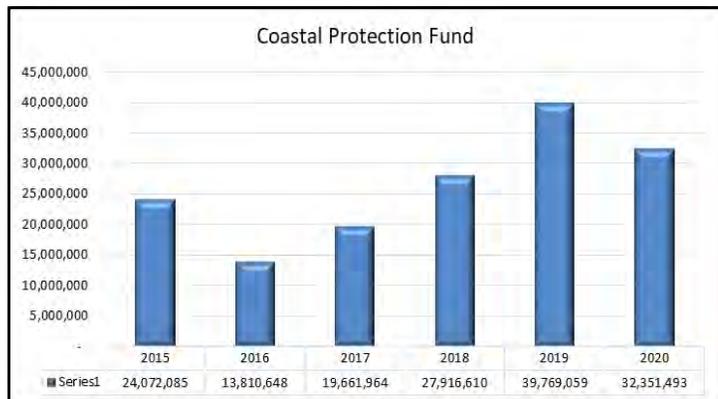


foundation and the Friends of Recreation. Reserves of \$7,051,303 have been encumbered for current projects. The balance of \$10,005,073 is reserved for future projects.

### Coastal Protection Fund

The Coastal Protection Fund reserves are in place for beach renourishment projects. The Coastal Protection financing plan calls for annual transfers from the General Fund to the Coastal Fund to accumulate funds for renourishment projects and the other costs associated with the plan. The FY21 transfer was \$4,777,000. As of September 30, 2020, the reserve balance in this fund is \$32,351,495.

In FY20 portion of this reserve, (\$3,562,492), was approved to be used for the replacement of the bulkhead at the new Town marina. The Mid-Town beach renourishment project occurred in FY20 which lowered the balance of these reserves. Sufficient funds will be available for future projects with Federal, State and County grant funds expected to offset a significant amount of the cost.



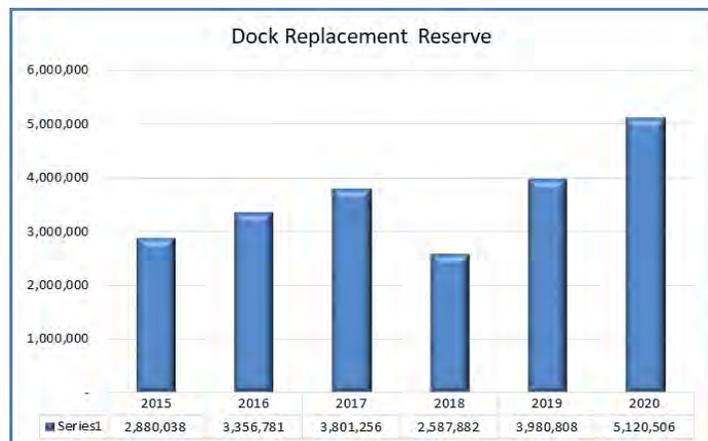
The coastal fund also has accumulated \$2 million in reserves and has budgeted \$1 million per year in the 10 year plan for bulkhead rehabilitation or replacement. These funds are planned as part of the resiliency efforts and may be transferred out to a separate fund once decisions are made on the Town's future resiliency plan.

### Worth Avenue Assessment District

The Worth Avenue Assessment District is used to account for the maintenance of the improvements on Worth Avenue. The maintenance and debt service is fully paid through assessments on the property owners in this district. The reserves in this fund have accumulated since the initial capital project was completed. The reserves in FY21 are being used to offset increased maintenance costs and for valet service during the season.

### Marina Enterprise Fund Reserves

At the end of FY20, \$5,120,506 had been set aside in the Dock Replacement Reserve. The Dock Replacement reserve was created to partially fund the replacement cost of the construction of the Town's docks when they are replaced. In FY18, the Town used a portion of these reserves to fund the engineering and permitting costs associated with the dock replacement project. The Marina was closed at the end of the season to begin construction of the new Marina. A loan was secured for \$31,000,000 to finance a portion of the construction. Construction is expected to be finished in the fall of 2021. The Marina Enterprise Fund net assets are expected to decline in FY21 due



to the closure of the marina. Due to funding from the Florida Inland Navigation District, the dock replacement reserve will not need to be used for the Marina Project. The Town Council approved an allocation from these reserves to be used to fund a portion (\$1,133,500) of the Lake Drive Park project that is related to the Marina. The Town Council also approved the use of future profits in the amount of \$2,600,000 per year for 5 years from the Marina to the Townwide Underground Utility Project.

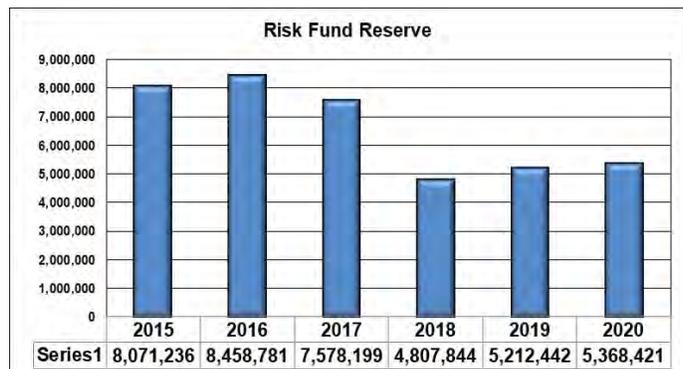
### Par 3 Enterprise Fund Reserves

The Par 3 Golf course repair and replacement reserve is funded with a transfer equal to 1/2 of the annual depreciation on the clubhouse and golf course. The balance in this reserve as of September 30, 2020 is \$985,326. The Par 3 Enterprise Fund also has an Equipment Replacement Fund with a reserve balance at the end of FY20 of \$624,869.



### Risk Fund Reserves

The total reserve balance for the Risk Fund was \$5,368,421 as of September 30, 2020. Out of this reserve balance, the Town funds the Reserve for Catastrophic Exposures/Emergencies - Risk Fund in the amount of \$2,500,000 and the Contingency Reserve for \$500,000. The trend for the Risk Fund Reserve is shown in the table. The fund balance declined in FY18 due to a transfer of \$2,300,000 of excess reserves to the Recreation Enterprise Fund to partially fund the Town's portion of the new Recreation Center. The minimum recommended reserve balance is \$4,000,000, which represents the amount of the Reserve for Catastrophic Exposures/Emergencies and the Contingency Reserve plus an equity amount of \$1 million to safeguard the Town's budget from an adverse event recommended by the actuary. The excess reserve for this fund at the end of FY20 is \$1,368,421. The \$3,000,000 appropriated each year for contingency and the Reserve for Catastrophic Exposures/Emergencies is not expected to be spent unless there is an emergency event such as a hurricane that would require the use of these reserves.



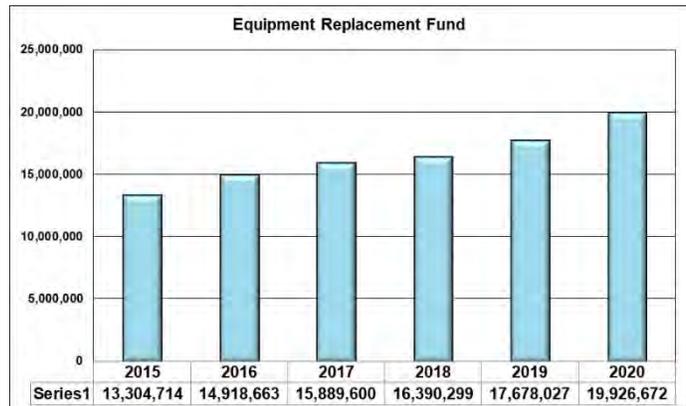
### Reserve for Catastrophic Exposures/Emergencies - Risk Fund

The Reserve for Catastrophic Exposures/Emergencies for the Risk Fund is funded at a minimum of \$2,500,000. This reserve was established to set aside emergency funds to protect the Town against the potential financial impacts of large judgments in excess of insurance coverage and the financial impacts of response to and recovery from a man-made or natural emergency situation. In addition, the reserve can be used in response to increases in premium rates and/or loss fund increases. This reserve is funded with a budget appropriation from the Net Asset reserves of the Risk Fund.

### Equipment Replacement Fund

The Town-wide Equipment Replacement Fund is intended to fund the replacement cost of existing equipment, vehicles and computers when they reach the end of their useful life. This reserve significantly reduces the budgetary fluctuations due to purchases of large pieces of equipment.

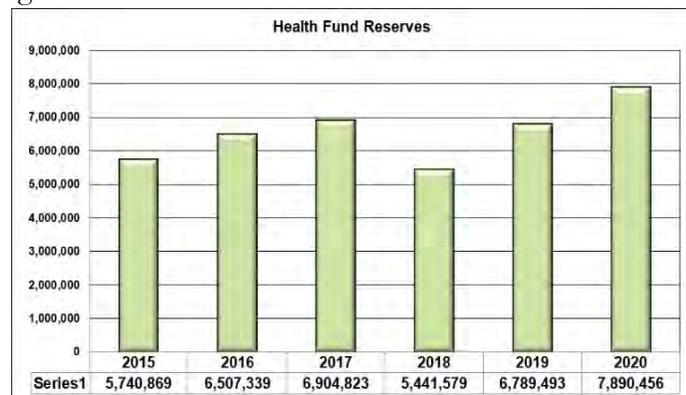
The Unassigned balance in the Equipment Replacement Fund Reserve for year-end FY20 was \$19,926,672. In FY13, the Town Council approved the use of funds from this reserve for internal financing for small neighborhood underground utility projects financed by special assessments. To date, there is a balance of \$1,701,946 remaining from this allocation. Currently the total amount in the fund for equipment replacement is \$15,962,016 leaving an excess of \$3,964,656.



For FY21, income including the depreciation transfer will total \$2,503,424 and expenditures for capital equipment are budgeted at \$2,333,096 which will cause the net assets of this fund to increase.

### Health Insurance Reserve

The balance of the reserve in the Health Fund at the end FY20 was \$7,890,456. These reserves guard against any deficiencies in the Town's self-insurance health fund for active employees' insurance expenditures. The trend in the reserve balance is shown in the chart. Since FY13, the Town maintained level funding of health insurance benefits due to the wellness program and good claims experience which enabled a reduction in funding for FY19 and FY20 and allowed for maintained level funding in FY21. The reserves of this fund have provided a cushion in case claims unexpectedly increase. In FY18, a transfer of \$2,300,000 from excess reserves to the Recreation Enterprise Fund was made to fund the Town's portion of the new Recreation Center. The actuary recommends a minimum reserve of 6 months of estimated claims as well as the incurred but not Recorded (IBNR) claims.

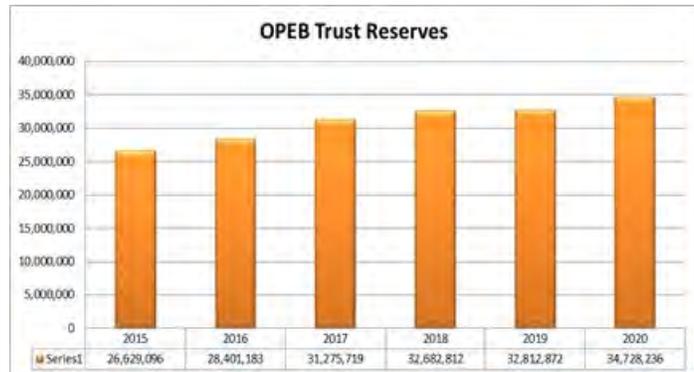


These amounts at the end of FY20 totalled \$1,986,960, leaving a surplus reserve amount of \$5,903,496. For FY21, the contingency balance is not expected to be spent and the projected fund balance is expected to be stable.

### OPEB (Other Post Employment Benefits) Trust

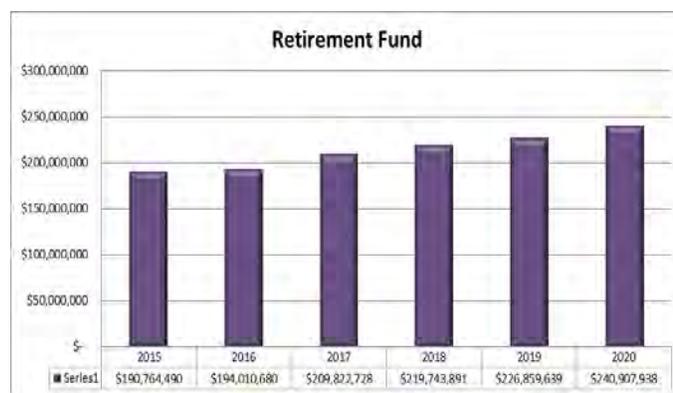
The Town's OPEB Trust Fund was established in 2007 to comply with GASB Statements 43 and 54, which required the establishment of a liability for actuarially determined costs of retiree health benefits. This fund's investments are overseen by the Town's Investment Advisory Committee. The net asset balance in this trust was \$34,728,236 as of September 30, 2020. The total OPEB liability is calculated

to be \$24,931,118, resulting in a Net OPEB asset of \$8,797,117, and a funded ratio of 133.9% using a 5% return assumption. The actuarially determined transfer from the General Fund for the OPEB liability for FY21 is \$429,858. The Town is exceptionally well funded and continues to be well ahead of other government agencies.



### Retirement Fund

The Town provides pension benefits for General Employees, Lifeguards, Police Officers, and Firefighters. The funds were separately managed by three pension boards until the consolidation on April 1, 2012, into the Employee’s Retirement Fund. The Retirement Board oversees all of the Town’s pension assets and retirement programs. The net assets of the consolidated retirement fund at the end of FY20 were \$240,907,938. The increase was a result of good investment performance during the year and the extraordinary retirement contribution. The funded ratio improved to 72.7% compared to 70.3% last year.



### Contingency Reserves

Contingency reserves were established for the General Fund, Capital Fund, Equipment Replacement Fund, Marina and Par 3 Enterprise Funds, Building Enterprise Fund, Risk Insurance Fund and Health Insurance Fund to provide for unanticipated unbudgeted expenditures of a nonrecurring nature. The amount of the General Fund Contingency has been funded at 1% of the FY20 operating budget. The Capital Fund Contingency is appropriated at 10% of the capital budget, while the Equipment Replacement Fund, Risk, and Health Contingency Reserves are appropriated at \$500,000 each. The Enterprise Funds maintain a Contingency Reserve at 5% of the operating expenses. All of the contingency reserves are annually appropriated in the budget process from the net asset reserves of each of the funds. Amounts from the contingency are appropriated for expenditures through an affirmative vote of the Town Council.

The table on the following page identifies the contingency budgets and actual expenditures for the fiscal years 2017 through FY2022 budget.

**Contingency Balances**  
2017-2022

<b>Contingency</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Fund Budget	\$ 960,300	\$ 655,877	\$560,000	\$610,000	\$600,000	\$600,000
General Fund Actual	\$ 759,644	\$ 12,000	\$ 79,864	\$160,280	\$105,000	\$ -
CIP Budget	\$ 348,600	\$ 284,500	\$603,750	\$693,500	\$352,000	\$604,000
CIP Actual	\$ -	\$ -	\$ 95,796	\$ -	\$ -	\$ -
ERF Budget	\$ 500,000	\$ 500,000	\$500,000	\$500,000	\$500,000	\$500,000
ERF Actual	\$ 10,391	\$ 105,252	\$ -	\$ -	\$ 30,000	\$ -
Risk Budget	\$ 500,000	\$ 500,000	\$500,000	\$500,000	\$500,000	\$500,000
Risk Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Budget	\$ 500,000	\$ 500,000	\$500,000	\$500,000	\$500,000	\$500,000
Health Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Par 3 Golf Course Budget	\$ -	\$ -	\$ 89,630	\$ 85,298	\$ 93,223	\$103,477
Par 3 Golf Course Actual	\$ -	\$ -	\$ 55,882	\$ 69,000	\$ -	\$ -
Marina Budget	\$ -	\$ -	\$ 55,679	\$ 54,209	\$ 39,686	\$123,094
Marina Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Permit Fund	\$ -	\$ -	\$ -	\$ -	\$138,720	\$154,790
Building Permit Fund	\$ -	\$ -	\$ -	\$ -	\$ 74,030	\$ -
Recreation Enterprise Budget	\$ 321,200	\$ 168,303	\$ -	\$ -	\$ -	\$ -
Recreation Enterprise Actual	\$ -	\$ 37,750	\$ -	\$ -	\$ -	\$ -

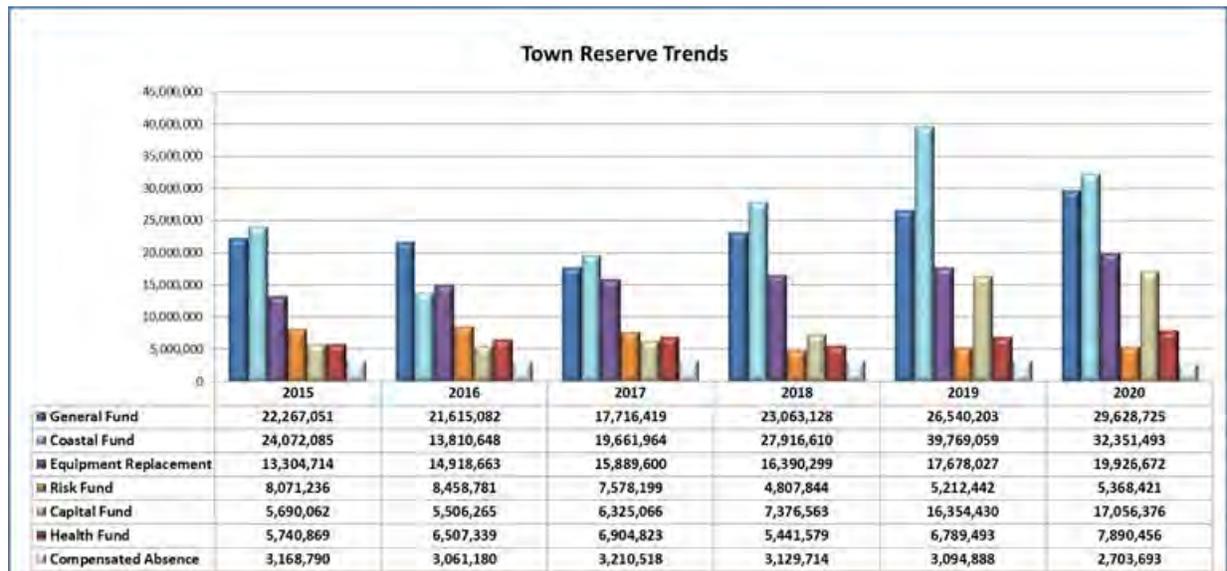
**Unassigned Net Position**

All reserves are at or over the policy established minimum. The financial strength of the Town can be measured by the health of its reserves. Bond rating agencies look closely at the reserve levels and the financial policies in place when rating a municipality. The rating agencies reviewed the Town's credit ratings in preparation for the issuance of the Town's bonds. They cited the Town's healthy reserves, solid fiscal policies, and conservative management practices as some of the reasons for our exceptional bond ratings. Moody's Investors Service gave the Town an Aa1 for the Revenue Bonds and provided the Town with a General Obligation Bond rating of Aaa. Standard and Poor's has recently upgraded the credit rating on the revenue bonds to AAA and provided the Town's General Obligation Bond a rating of AAA. These revenue bond ratings and issuer credit ratings are the highest ratings these two services issue and represent the highest quality investment grade debt.

The table and the chart on the following page summarize the trend of the unassigned net position, compensated absence, and replacement reserve balances for fiscal year ending 2015 through fiscal year end 2020. Total reserves equal \$458,623,388. Reserves less Pension and Retiree Health Trust total \$182,987,214. Total Town reserves have grown over 34.2% since 2015. Total reserves *less* the Pension Fund and Retiree Health OPEB Trust have grown by 47.8% or \$59,174,772 over the same period. The Pension and Retiree Health Funds have grown by \$58,242,588 or 26.8% since 2015. Funding for future capital, coastal and Townwide underground utility projects held in reserves totals \$108,127,402.

Town Reserve Balance History  
2015 - 2020

Fund	2015	2016	2017	2018	2019	2020
General Fund	\$ 22,267,051	\$ 21,615,082	\$ 17,716,419	\$ 23,063,128	\$ 26,540,203	\$ 29,628,725
Compensated Absence (GF)	\$ 3,168,789	\$ 3,061,180	\$ 3,210,518	\$ 3,129,714	\$ 3,094,888	\$ 2,703,693
Equipment Replacement Fund	\$ 13,304,714	\$ 14,918,663	\$ 15,889,600	\$ 16,390,299	\$ 17,678,027	\$ 19,926,672
Recreation Enterprise Fund	\$ 179,645	\$ 169,291	\$ 777,250	\$ -	\$ -	\$ -
Recreation ERF	\$ 584,638	\$ 583,475	\$ 651,225	\$ -	\$ -	\$ -
Dock Replacement	\$ 2,880,038	\$ 3,356,781	\$ 3,801,256	\$ 2,587,882	\$ 3,980,807	\$ 5,141,712
Par 3 M&I Reserve	\$ 351,246	\$ 388,132	\$ 442,910	\$ -	\$ -	\$ -
Tennis M&I reserve	\$ 46,320	\$ 53,852	\$ 61,142	\$ 71,610	\$ -	\$ -
Par 3 M&I	\$ 147,602	\$ 327,485	\$ 287,426	\$ 872,468	\$ 992,341	\$ 985,326
Par 3 Equipment Replacement					\$ 524,641	\$ 524,869
Donation Fund	\$ 564,368	\$ 1,180,331	\$ 3,018,697	\$ 1,666,199	\$ 1,490,547	\$ 1,011,637
Debt Service	\$ 1,567,384	\$ 955,441	\$ 1,569,976	\$ 1,566,248	\$ 1,381,353	\$ 1,659,221
Capital Improvement	\$ 5,898,531	\$ 5,506,265	\$ 6,639,003	\$ 7,376,553	\$ 16,354,430	\$ 17,056,376
Coastal Protection Fund	\$ 24,072,085	\$ 13,810,648	\$ 19,661,966	\$ 27,916,610	\$ 39,769,059	\$ 32,351,493
Townwide Underground Fund			\$ (1,172,618)	\$ 6,672,736	\$ 63,944,516	\$ 57,855,306
2013 ACIP Fund	\$ 34,967,926	\$ 20,196,064	\$ 12,095,772	\$ 7,286,574	\$ 1,601,603	\$ 864,227
Health Fund	\$ 5,740,869	\$ 6,507,339	\$ 6,904,823	\$ 5,441,578	\$ 6,789,493	\$ 7,890,456
Risk Fund	\$ 8,071,236	\$ 8,458,781	\$ 7,578,199	\$ 4,807,846	\$ 5,212,442	\$ 5,387,501
Health - OPEB Trust	\$ 26,629,096	\$ 28,401,183	\$ 31,275,719	\$ 32,682,812	\$ 32,812,872	\$ 34,728,236
Pension Funds	\$ 190,764,490	\$ 194,010,680	\$ 209,822,728	\$ 219,743,891	\$ 226,859,639	\$ 240,907,938
<b>Total</b>	<b>\$ 341,206,028</b>	<b>\$ 323,500,673</b>	<b>\$ 340,232,011</b>	<b>\$ 361,276,148</b>	<b>\$ 449,026,861</b>	<b>\$ 458,623,388</b>



### Excess Reserves

Many of the Town's reserves must be maintained at a minimum level set by policy or based on recommendations of the actuarial firms used by the Town. The various capital fund reserves represent funds that have been accrued for future projects. The chart below shows the FY20 ending balance, minimum reserve amount and excess reserve balances. Total excess reserves are \$28,247,248. Of this amount, the Town Council in FY21 has allocated \$1,133,500 from the Marina Reserve and \$1,123,108 from the General Fund Reserve for the Lake Park Project.

Fund	2020 Reserve Balance	Minimum Required Balance	Excess Reserves
General Fund	\$ 29,628,725	\$ 17,014,143	\$ 12,614,582
Compensated Absence (GF)	\$ 2,703,693	\$ 2,703,693	\$ -
Equipment Replacement Fund	\$ 19,926,672	\$ 15,962,016	\$ 3,964,656
Dock Replacement	\$ 5,141,712	\$ 2,423,920	\$ 2,717,792
Debt Service	\$ 1,659,221	\$ -	\$ 1,659,221
Capital Improvement	\$ 16,354,430	\$ 16,354,430	\$ -
Coastal Protection Fund	\$ 32,351,493	\$ 32,351,493	\$ -
Health Fund	\$ 7,890,456	\$ 1,986,960	\$ 5,903,496
Risk Fund	\$ 5,387,501	\$ 4,000,000	\$ 1,387,501
Health - OPEB Trust	\$ 34,728,236	\$ 34,728,236	\$ -
Pension Funds	\$ 240,907,938	\$ 240,907,938	\$ -
<b>Total</b>	<b>\$ 399,201,909</b>	<b>\$ 370,954,661</b>	<b>\$ 28,247,248</b>

