

FY2022 – FY2032

Town of Palm Beach Long Term Financial Plan



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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 FY22 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 FY22 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.

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 FY13 – FY22. 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:

- 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. The ending surplus of \$2,320,713 was due to higher than anticipated revenues and personnel vacancies and other cost saving measures.
- FY22 – The budget included a transfer of fund balance of \$4,600,000 of which, \$4,000,000 is a transfer to the Capital Improvement Fund and \$600,000 is 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 FY23 budget has been used as the baseline for the forecast. Because the proposed budget is 9.03% higher than the FY22 budget, the new forecasted expenditures have increased. We increased funding for the Capital Improvement Program to \$9,371,020 in the proposed FY23 budget. An additional \$2,000,000 is included for the reconstruction of the North Fire-Rescue Station, this is on top of the \$5,500,000 included in the FY22 budget. The FY23 budget includes an additional \$2.5 million tax increase that was allocated to the Capital Improvement Fund for crosswalk improvements and an interconnect traffic signal management system. Overall, the total General Fund expenditure forecast includes annual increases that peak at an increase of 3.88% in FY25 and average 2.79% during the 9-year forecast period.

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Revenues	97,191,937	98,258,715	102,070,272	105,970,175	109,296,176	112,426,987	116,523,080	120,862,809	125,408,679	124,400,512
Expenditures	97,191,937	98,258,715	102,070,272	105,970,174	109,296,177	112,426,988	116,523,079	120,862,808	125,408,679	124,400,512
Forecast % Increase (Decrease)	9.03%	1.10%	3.88%	3.82%	3.14%	2.86%	3.64%	3.72%	3.76%	-0.80%
Property Tax Revenue % Increase	9.65%	4.11%	4.31%	4.25%	3.29%	3.09%	4.13%	4.29%	4.13%	-2.10%

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 budget contains a property tax revenue increase of 9.65%. Future potential property tax increases range from a decrease of 2.1% in FY32 to an increase of 4.31% in FY25 and average 3.28% through the 9-year forecast period. It is far too early in the process to predict what the property tax increase will be in the future. No additional funding from the Marina or the potential land lease revenue has been factored into 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 began operations on November 1, 2021. The initial year of operations has been a success with revenues exceeding budget expectations by 20% through July. Staff has updated the forecast with the FY23 proposed budget and extended the forecast through 2032.

The revenue forecast was originally based on dockage rate surveys that were conducted and assessed by W. F. Baird, USMC and Town Staff ultimately resulting in the initial annual and seasonal rate schedule. The forecast was updated with the FY23 budget, adopted rates, and positive expectations of continued success. The forecast is based on total occupancy expectancy of 72.5% in FY23 and grows in future years by a combination of increased slip rentals and rate adjustments to 95%. The forecast shows a steady revenue progression and increases 92% from FY23 to FY32. 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 four years to the Townwide Underground Utility Project

Fund to cover the deficit for that project. After all expenses and the above-mentioned transfer, the forecasted unrestricted net position grows to \$113,799,134, assuming reserves are not used. In addition, the recently established Depreciation Reserve and Maintenance and Improvement Reserve have the potential to grow to \$15,796,536, 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 Golf Course has enjoyed continued success. The revenue projections are based on 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 assumptions are the same as were used for the General Fund forecast.

The Building Enterprise Fund was established 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 current level 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 \$18.5 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 8% 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 includes the 2018 and 2021 GO Bond debt service forecast and the Marina Loan. The General Obligation bonds are paid for by special assessments for the Town Wide Underground Project and the Marina Loan is paid for from Marina revenues. The Retirement fund reflects the actuaries forecast based on current actuarial assumptions 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, 2021. The reserve balances exceed all of the policy minimums that have been established. A total of \$25.1 million in excess reserves above the policy minimums has been identified.

**Town of Palm Beach
Revenue and Expenditure History
FY2013 - FY2022**

	<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 Actual</i>	<i>FY22 Budget</i>
Revenues										
Ad Valorem Taxes	37,473,108	39,110,926	43,869,888	47,882,187	50,195,981	52,282,254	54,883,747	56,817,697	58,016,220	59,663,700
Non Ad Valorem Taxes	7,433,859	7,946,097	8,056,312	8,061,358	8,353,685	8,392,264	8,526,302	8,543,852	8,720,850	9,021,233
Licenses & Permits	7,572,518	8,053,581	10,657,676	10,096,673	7,692,114	10,071,916	11,853,215	9,793,274	2,484,894	2,108,500
Intergovernmental	990,715	1,071,413	1,102,689	1,122,465	1,027,105	1,406,615	1,282,065	1,948,606	2,033,204	1,121,700
Charges for Services	3,576,156	3,741,183	3,957,603	4,131,756	3,681,926	3,763,590	5,152,779	5,655,960	7,198,560	6,198,000
Fines and Forfeitures	1,530,362	1,924,182	1,099,525	1,174,828	799,769	1,068,544	904,075	780,976	918,509	1,025,500
Investment Earnings	32,425	383,726	597,585	490,102	421,515	702,261	969,178	696,608	109,289	359,811
Miscellaneous and Transfers	1,508,796	1,584,625	1,098,106	1,117,897	1,201,273	1,008,466	2,621,707	528,146	3,712,393	4,210,665
Total Operating Revenues	60,117,939	63,815,733	70,439,384	74,077,266	73,373,368	78,695,910	86,193,068	84,765,119	83,193,919	83,709,109
Transfers from Fund Balance			-	-	-	-	-	-	-	5,431,464
Total Revenues	60,117,939	63,815,733	70,439,384	74,077,266	73,373,368	78,695,910	86,193,068	84,765,119	83,193,919	89,140,573
Expenditures										
Salaries and Wages	22,943,974	23,152,224	23,478,697	23,581,853	24,128,637	23,764,069	24,909,207	26,378,166	26,301,194	27,950,544
Pension Benefits	3,831,588	4,977,617	5,454,327	6,180,062	7,819,957	8,971,687	9,099,192	10,544,447	10,998,538	11,109,914
DC Plan Benefits	537,532	1,088,013	1,132,126	1,132,836	671,355	404,640	408,097	403,725	455,497	510,167
Other Employee Benefits	6,736,760	6,741,912	6,680,817	6,627,932	6,763,691	6,742,200	6,549,843	6,566,323	6,267,504	6,317,062
Contractual	7,224,092	7,602,595	8,191,690	8,876,307	9,649,474	10,021,787	9,870,999	10,668,321	9,966,778	11,187,512
Commodities	1,554,104	1,642,397	1,517,617	1,438,222	1,774,332	1,733,077	1,692,833	1,605,334	1,771,227	1,693,282
Equipment Replacement	2,033,744	2,097,896	1,893,244	2,858,676	3,053,651	2,538,572	2,533,598	2,461,528	2,477,082	2,279,381
Library Services	288,989	297,659	306,580	315,777	350,250	335,008	345,058	352,650	352,650	363,230
Other	29,863	4,251	-	-	70,455	-	-	-	-	-
Transfer to Capital Improvement	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000	2,420,000	3,785,108	8,428,200
Transfer to Coastal Protection	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	4,920,310
Transfer to the Underground Utility Fund	-	-	-	2,530,250	267,041	-	135,000	144,450	165,000	176,550
Transfer to Retirement Fund	-	-	-	-	2,800,000	4,759,016	9,501,699	5,420,000	5,420,000	5,420,000
Debt Service	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	5,676,719
Retiree Health	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383	423,014	429,858	334,215
Transfer to Risk Insurance Fund	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,850,382	1,933,046	1,904,441	2,014,622	2,173,487
Contingency	-	-	-	-	-	-	-	-	-	600,000
Total Expenditures	58,107,525	65,286,564	70,634,460	72,000,082	76,169,808	77,591,093	82,957,817	81,796,523	80,873,206	89,140,573
Surplus/(Deficit)	2,010,414	(1,470,831)	(195,076)	2,077,184	(2,796,440)	1,104,817	3,235,251	2,968,596	2,320,713	-

**Town of Palm Beach
Revenue and Expenditure Forecast
LTFP FY2023 - FY2032**

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Revenues										
Ad Valorem Taxes	65,419,700	68,110,462	71,045,505	74,064,309	76,499,405	78,860,446	82,118,408	85,641,873	89,691,726	88,662,457
Non Ad Valorem Taxes	8,927,100	9,188,042	9,456,675	9,733,226	10,017,932	10,311,032	10,612,777	10,923,423	11,243,233	11,572,479
Licenses & Permits	2,757,400	2,836,250	2,954,225	3,034,323	3,161,260	3,248,575	3,385,227	3,480,438	3,627,625	3,731,477
Intergovernmental	1,181,000	1,160,940	1,186,987	1,213,657	1,240,964	1,268,925	1,297,556	1,326,873	1,356,895	1,387,638
Charges for Services	7,823,200	7,962,132	8,100,032	8,241,109	8,385,446	8,533,130	8,684,250	8,838,898	9,064,668	9,226,657
Fines and Forefeitures	943,200	949,874	956,615	963,424	970,301	977,247	984,262	991,348	998,506	1,005,735
Investment Earnings	213,216	305,000	435,000	590,000	690,000	690,000	690,000	690,000	740,000	740,000
Miscellaneous and Transfers	6,497,621	6,607,765	6,796,983	6,991,877	7,192,619	7,399,382	7,612,349	7,831,704	8,057,640	8,290,355
Total Operating Revenues	93,762,437	97,120,465	100,932,022	104,831,925	108,157,927	111,288,737	115,384,829	119,724,557	124,780,293	124,616,798
Transfers from Fund Balance	3,429,500	1,138,250	1,138,250	1,138,250	1,138,250	1,138,250	1,138,250	1,138,250	1,138,250	1,138,250
Total Revenues	97,191,937	98,258,715	102,070,272	105,970,175	109,296,177	112,426,987	116,523,079	120,862,807	125,918,543	125,755,048
Expenditures										
Salaries and Wages	31,365,775	32,823,254	34,699,870	36,685,629	38,786,891	41,010,385	43,363,235	45,852,978	48,487,593	51,275,524
Pension Benefits	10,807,525	10,793,090	10,797,068	10,676,780	9,823,397	8,671,388	7,991,921	7,271,466	6,871,996	6,494,124
DC Plan Benefits	600,694	634,278	669,741	707,189	746,734	788,493	832,590	879,157	928,330	980,258
Other Employee Benefits	7,263,110	7,604,447	7,981,244	8,365,685	8,764,569	9,189,541	9,631,548	10,089,149	10,555,510	11,045,615
Contractual	13,205,563	13,341,384	13,674,571	14,016,088	14,366,142	14,507,056	14,869,385	15,240,772	15,621,444	16,011,633
Commodities	1,932,622	1,990,601	2,040,367	2,091,377	2,143,663	2,197,256	2,252,189	2,308,495	2,366,209	2,425,366
Equipment Replacement	2,509,665	2,585,451	2,648,463	2,713,052	2,780,118	2,847,989	2,917,556	2,989,451	3,062,540	3,137,457
Library Services	374,126	385,350	396,911	408,818	421,083	433,715	446,726	460,128	473,932	488,150
Transfer to Capital Improvement	9,371,020	7,739,571	8,126,550	8,532,878	8,959,521	9,407,497	9,877,872	10,371,766	10,890,354	11,434,872
Transfer to Coastal Protection	5,264,732	5,791,205	6,370,326	7,007,358	7,708,094	8,478,904	9,326,794	10,259,473	11,285,421	12,413,963
Transfer to the UUTF	191,116	204,494	218,809	234,125	-	-	-	-	-	-
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	5,420,000	-
Debt Service	5,680,666	5,679,012	5,689,017	5,698,023	5,886,510	5,881,871	5,881,871	5,882,953	5,984,259	5,880,728
Retiree Health	331,217	336,761	343,474	350,604	358,158	366,356	375,254	384,560	395,192	406,794
Transfer to Risk Insurance Fund	2,274,106	2,329,817	2,393,861	2,462,568	2,531,296	2,626,535	2,736,137	2,852,459	2,975,763	3,160,564
Contingency	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total Expenditures	97,191,937	98,258,715	102,070,272	105,970,174	109,296,176	112,426,986	116,523,078	120,862,807	125,918,543	125,755,048
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-

Status of the FY22 Budget

The adopted FY22 budget was 10.16% higher than the FY21 budget. Personnel count totaled 350.43 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, 2022.

General Fund Revenues

Revenues for FY22 in total are expected to be above budget estimates and are currently at 92.6% of budget. The budgeted revenues for FY22 that are expected to be at or over budget include: Ad Valorem taxes, business tax receipts, permit fees, other licenses and fees, state shared revenue, public safety fees, physical environment 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.

Investment income is expected to finish the year below budget estimates. Investment income is below expectations due to the losses incurred in the rising interest rate environment.

In total, the FY22 revenue budget should exceed the budget estimates excluding transfers from fund balance, by \$5 million. A transfer from Fund Balance of \$4 million was budgeted for the North Fire Rescue Station construction. The surplus revenues should offset this transfer so the transfer may not be necessary and can be returned to fund balance.

General Fund Expenditures

Through July, expenditures in total are just under the budget standard at 82.5%. General Government, and Advice and Litigation, Planning and Zoning, are above the budget standard. General Government is over budget due to payments made for the vacation buy-back program in November and costs for the strategic plan that were charged to this program. Advice and Litigation is over budget due to costs associated with labor matters. Planning and Zoning costs are above budget due to legal costs and legal advertising.

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 31 vacant positions of which 8 have been frozen. Salaries at the current trend may finish the year approximately \$1,400,000 below budget. Some of the reduction in salary cost will be offset by increases in contractual and commodity costs. Commodity costs are slightly over budget due to higher costs for fuel and other inflationary increases in general supplies. Based on current estimates, we expect to end the year below the expenditure budget.

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. The current inflationary environment may cause strains on our ability to keep costs below budget. The FY23 budget reflects higher costs due to these cost increases.

Unless the finances change dramatically, or if Palm Beach experiences a major storm event during the summer, we expect to end the year with a surplus of approximately \$2 million.

Tables summarizing General Fund Revenues and Expenditures through July 31, 2022, can be found on the next two pages.

General Fund Revenues

General Fund Revenues For the Period Ended July 31, 2022 (83% of FY2022)								
	FY2022 Budget	FY2022 YTD Actual	% Budget vs. Actual	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2021 Actual	% Budget vs. Actual
Ad Valorem Taxes	59,663,700	60,529,980	101.5%	57,134,058	58,005,325	101.5%	58,016,220	101.5%
Sales, Use and Fuel Taxes	325,000	260,149	80.0%	345,000	242,727	70.4%	326,858	94.7%
Utility Service Taxes	6,385,500	4,880,045	76.4%	6,006,000	4,751,446	79.1%	6,125,995	102.0%
Business Tax Receipts	807,000	871,338	108.0%	770,000	958,533	124.5%	805,710	104.6%
Planning and Zoning Permits	600,000	1,138,892	189.8%	522,000	717,864	137.5%	867,638	166.2%
Franchise Fees	2,310,733	1,676,362	72.5%	2,250,000	1,507,099	67.0%	2,267,996	100.8%
Other Licenses, Fees and Permits	746,500	871,189	116.7%	748,100	639,879	85.5%	825,596	110.4%
Federal and Local Grants	32,700	28,552	87.3%	32,700	804,385	2459.9%	921,542	2818.2%
State Shared Revenues	1,071,500	936,763	87.4%	900,800	817,846	90.8%	1,088,919	120.9%
Shared Revenues from Other Local Units	17,500	6,875	39.3%	22,500	8,879	39.5%	22,743	101.1%
Public Safety Fees	1,852,000	2,050,534	110.7%	2,188,000	2,748,228	125.6%	3,039,469	138.9%
Physical Environment Fees	1,167,000	1,242,856	106.5%	1,192,000	1,096,333	92.0%	1,099,683	92.3%
Transportation Fees	2,131,000	2,543,528	119.4%	1,100,000	1,640,481	149.1%	2,004,501	182.2%
Culture and Recreation	926,500	1,015,452	109.6%	820,700	745,875	90.9%	879,079	0.0%
Other Charges for Services	96,000	95,685	99.7%	84,000	133,648	159.1%	149,653	178.2%
Judgments and Fines	846,000	895,004	105.8%	736,500	719,293	97.7%	702,109	95.3%
Violations of Local Ordinances	179,500	328,475	183.0%	179,500	214,350	119.4%	216,400	120.6%
Interest and Other Earnings	359,811	(372,705)	-103.6%	904,715	150,067	16.6%	109,289	12.1%
Rents and Royalties	71,500	46,577	65.1%	66,500	39,849	59.9%	66,504	100.0%
Disposition of Fixed Assets	0	0	0.0%	0	0	100.0%	0	100.0%
Miscellaneous Revenues	383,000	351,742	91.8%	383,000	366,244	95.6%	433,014	113.1%
Interfund Transfers	9,168,129	3,113,888	34.0%	4,529,500	2,687,500	59.3%	3,225,000	71.2%
Total Revenues	89,140,573	82,511,180	92.6%	80,915,573	78,995,853	97.6%	83,193,918	102.8%

General Fund Expenditures

General Fund Comparison of Expenditures								
Expenditures by Department								
For the Period Ended July 31, 2022								
(83% of FY2022)								
	FY2022 Budget	FY2022 YTD Actual	% Budget vs. Actual	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2021 Actual	% Budget vs. Actual
Legislative	152,500	108,403	71.1%	154,400	129,119	83.6%	152,981	99.1%
General Government	1,004,050	1,086,541	108.2%	863,542	885,771	102.6%	913,617	105.8%
Town Manager	947,587	722,591	76.3%	799,738	734,837	91.9%	852,953	106.7%
Advice and Litigation	365,000	343,656	94.2%	390,000	230,877	59.2%	359,863	92.3%
Information Systems	3,072,318	2,450,458	79.8%	2,904,848	2,231,963	76.8%	2,550,736	87.8%
Human Resources	729,523	552,585	75.7%	763,710	476,769	62.4%	573,443	75.1%
Town Clerk	357,145	257,585	72.1%	314,036	291,157	92.7%	350,313	111.6%
Finance	1,865,675	1,529,354	82.0%	1,764,316	1,439,421	81.6%	1,762,934	99.9%
Planning, Zoning & Building	1,579,265	1,436,008	90.9%	1,395,785	1,214,946	87.0%	1,543,481	110.6%
Recreation	2,049,732	1,509,751	73.7%	1,858,781	1,364,283	73.4%	1,700,038	91.5%
Library	363,230	363,230	100.0%	352,650	352,650	100.0%	352,650	100.0%
Fire-Rescue	15,346,841	12,312,578	80.2%	14,588,614	12,044,910	82.6%	14,608,089	100.1%
Police	16,877,684	13,611,408	80.6%	16,846,187	14,259,804	84.6%	17,189,367	102.0%
Public Works	16,700,542	13,714,156	82.1%	16,163,521	13,076,778	80.9%	15,679,763	97.0%
Emergency Management	-	1,367	0.0%	-	169	0.0%	240	0.0%
Transfers:								
Capital Improvement Fund	8,428,200	7,023,500	83.3%	2,662,000	2,218,333	83.3%	3,785,108	142.2%
Coastal Protection Fund	4,920,310	4,100,258	83.3%	4,777,000	3,980,833	83.3%	4,777,000	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	176,550	147,125	83.3%	165,000	137,500	83.3%	165,000	100.0%
Debt Service Fund	5,676,719	4,730,599	83.3%	5,691,148	4,742,623	83.3%	5,691,148	100.0%
OPEB Trust Fund	334,215	278,513	83.3%	429,858	358,215	83.3%	429,858	100.0%
Risk Insurance Fund	2,173,487	1,823,725	83.9%	2,010,439	1,675,629	83.3%	2,014,622	100.2%
Contingency	600,000	0	0.0%	600,000	0	0.0%	0	0.0%
Total	89,140,573	73,523,391	82.5%	80,915,573	67,266,589	83.1%	80,873,205	99.9%
General Fund Comparison of Expenditures								
Expenditures by Type								
	FY2022 Budget	FY2022 YTD Actual	% Budget vs. Actual	FY2021 Budget	FY2021 YTD Actual	% Budget vs. Actual	FY2021 Actual	% Budget vs. Actual
Salaries and Wages	27,950,544	22,099,984	79.1%	26,512,380	21,584,225	81.4%	26,301,194	99.2%
Pension Benefits	11,646,771	9,705,643	83.3%	11,615,860	9,679,883	83.3%	11,615,860	100.0%
Other Employee Benefits	6,624,587	5,558,553	83.9%	6,695,585	5,545,244	82.8%	6,535,537	97.6%
Contractual	13,360,999	11,027,537	82.5%	10,407,395	10,153,546	97.6%	11,977,217	115.1%
Commodities	1,693,282	1,441,500	85.1%	1,712,155	1,409,120	82.3%	1,775,410	103.7%
Capital Outlay	2,279,381	1,905,463	83.6%	2,293,961	2,042,631	89.0%	2,477,082	108.0%
Contingency	600,000	0	0.0%	600,000	0	0.0%	0	0.0%
Transfers and Other	24,985,009	21,784,713	87.2%	21,078,237	16,851,940	79.9%	20,190,906	95.8%
Total	89,140,573	73,523,391	82.5%	80,915,573	67,266,589	83.1%	80,873,205	99.9%

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

The Town Marina opened for operation in November 2021. First year revenues through July totaled \$11,468,114. Well over the \$9,554,961 anticipated budget for the initial year. Annual and transient rentals have exceeded expectations.

Expenses are expected to finish the year at or slightly less than the budget estimates. An operating profit approximately \$3,600,000 is expected.

Town of Palm Beach, Florida Marina Enterprise Fund Revenue and Expenditure Report July 31, 2022								
	Budget FY2022	YTD Actual 2022	% Budget vs Actual	Budget FY2021	YTD Actual 2021	% Budget vs Actual	Actual 2021	% Budget vs Actual
Revenues								
Annual and Seasonal Slip Rental	7,782,303	9,452,690	121.46%			0.00%	16,355	0.00%
Transient Slip Rental	1,084,223	1,551,634	143.11%		-	0.00%	4,673	0.00%
Electricity	621,000	435,803	70.18%		-	0.00%	-	0.00%
Waiting List Application Fee	-	280,000	0.00%	50,000	(10,940)	-21.88%	(10,940)	-21.88%
Tender Rental	36,000	0	0.00%			0.00%		0.00%
Sales Tax Commissions		300	0.00%			0.00%		0.00%
Investment Income	24,935	(253,673)	-1017.34%		39,681	0.00%	34,476	0.00%
Grant Revenues			0.00%	3,100,000		0.00%	1,918,494	61.89%
Miscellaneous Revenue	6,500	1,360	20.92%		(102)	0.00%	(102)	0.00%
Total Revenues	9,554,961	11,468,114	120.02%	3,150,000	28,640	0.91%	1,962,958	62.32%
Expenditures								
Salaries and Wages	330,625	274,590	83.05%	201,424	134,621	66.83%	179,384	89.06%
Employee Benefits	189,175	158,659	83.87%	77,399	62,884	81.25%	75,383	97.39%
Contractual	1,917,784	1,716,135	89.49%	516,000	409,313	79.32%	575,982	111.62%
Commodities	25,000	22,912	91.65%	9,200	937	10.18%	3,511	38.17%
Depreciation	1,246,774		0.00%	900,000	-	0.00%		0.00%
Capital Expenses			0.00%			0.00%		0.00%
Contingency	123,129		0.00%	39,686		0.00%		0.00%
Debt Service	1,992,763	683,399	34.29%	740,900	699,360	0.00%	699,360	0.00%
Transfer to M&I	95,550		0.00%					0.00%
Transfer to Town Wide Underground Fund	2,600,000	2,166,667	83.33%					0.00%
Transfer to the General Fund	511,665	426,388	83.33%			0.00%		0.00%
Total Expenditures	9,032,465	5,448,749	60.32%	2,484,609	1,307,116	52.61%	1,533,620	61.72%
Operating Revenue over/(under) Expenditures	522,496	6,019,365		665,391	(1,278,477)		429,337	
Town Docks Project	-	4,691,986		27,214,526	14,139,065		21,397,202	
Total Revenues over/(under) Expenditures	522,496	1,327,380		(26,549,135)	(15,417,542)		(20,967,865)	
% of Fiscal Year Completed: 83%								

Par 3 Golf Course

FY22 has seen record play at the course continue, with revenues currently at 118% of budget estimates. The revenues from the Course are expected to be well above budget estimates and end the year over \$4.1 million.

Expenses currently total 85.26% of budget. Expenses are estimated to finish the year at or slightly above budget by approximately \$190,000. 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 may end the year with a surplus of over \$850,000.

Town of Palm Beach, Florida Golf Enterprise Fund Revenue and Expenditure Report July 31, 2022								
	Budget FY2022	YTD Actual 2022	% Budget vs Actual	Budget FY2021	YTD Actual 2021	% Budget vs Actual	Actual 2021	% Budget
Revenues								
Golf Pass Fees	17,500	54,955	314.03%	20,500	36,259	176.87%	37,307	181.98%
Greens Fees	1,210,000	1,644,327	135.89%	1,155,000	1,531,712	132.62%	1,639,983	141.99%
Food and Beverage Sales	440,000	537,089	122.07%	400,000	432,819	108.20%	501,073	125.27%
Golf Riding Cart Rental	370,000	594,221	160.60%	357,000	529,785	148.40%	607,202	170.08%
Golf Pull Cart Rental	30,000	27,136	90.45%	30,000	29,431	98.10%	30,247	100.82%
Marina Cart Amenity	18,100	15,083	83.33%	-	0	0.00%	0	0.00%
Driving Range Fees	145,000	143,036	98.65%	130,000	141,247	108.65%	156,565	120.43%
Golf Outings	85,000	43,970	51.73%	85,000	78,828	92.74%	80,373	94.56%
Town Tournaments	4,000	1,463	36.56%	4,000	1,290	32.25%	1,290	32.25%
Merchandise Sales	267,200	602,462	225.47%	225,000	359,033	159.57%	400,884	178.17%
Electricity Sales	4,000	5,793	144.81%	4,000	2,776	69.41%	6,267	156.67%
Town Share Golf Teaching Services	60,000	70,536	117.56%	50,000	72,410	144.82%	78,475	156.95%
Golf Maintenance and Improvement Fee			0.00%		934	0.00%	934	0.00%
Gift Certificates Sales - Net Redemptions		13,492	0.00%		11,831	0.00%	12,036	0.00%
Club Rentals	80,000	109,404	136.75%	80,000	84,822	106.03%	95,937	119.92%
Sales Tax Commissions	-	300	0.00%	500	300	60.00%	360	72.00%
Investment Income		4,592	0.00%		670	0.00%	930	0.00%
Use of Reserves	548,661	0	0.00%	392,394	0	0.00%	0	0.00%
Miscellaneous Revenue	-	6,983	0.00%	1,500	1,992	132.80%	7,035	469.00%
Total Revenues	3,279,461	3,874,840	118.15%	2,934,894	3,316,140	112.99%	3,656,898	124.60%
Expenditures								
Salaries and Wages	545,995	419,695	76.87%	552,436	373,225	67.56%	454,604	82.29%
Employee Benefits	315,595	270,162	85.60%	293,395	242,887	82.79%	284,649	97.02%
Contractual	793,300	738,266	93.06%	680,285	650,855	95.67%	831,441	122.22%
Commodities	417,425	565,873	135.56%	338,350	380,251	112.38%	488,339	144.33%
Capital Equipment	98,000	43,041	43.92%	121,662	9,687	7.96%	78,638	64.64%
Use of M&I Reserves	190,500	136,297	71.55%	218,500	13,627	6.24%	40,539	18.55%
Debt Service - Par 3	191,100	159,250	83.33%	194,813	162,344	83.33%	194,813	100.00%
Depreciation	379,697	255,511	67.29%	417,230	255,511	61.24%	306,613	73.49%
Contingency	103,477		0.00%	93,223		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%
Total Expenditures	3,060,089	2,608,928	85.26%	2,934,894	2,109,221	71.87%	2,704,636	92.15%
Total Revenues over/(under) Expenditures	219,372	1,265,912			1,206,919		952,262	
% of Fiscal Year Completed: 83%								

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. In the second year for the fund, revenues are well over the budget estimates at 145%.

Expenditures are currently tracking below budget estimates and should finish slightly below estimates.

Town of Palm Beach, Florida Building Enterprise Fund Revenue and Expenditure Report July 31, 2022								
	Budget FY2022	YTD Actual 2022	% Budget	Budget FY2021	YTD Actual 2021	% Budget	Actual 2021	% Budget vs Actual
Revenues								
Town Plan Review and Inspection	5,930,200	8,974,883	151.34%	5,500,000	8,576,631	155.94%	9,847,393	179.04%
Permit Processing	40,000	27,400	68.50%	38,000	37,768	99.39%	41,993	110.51%
Permit Penalty	45,000	143,751	319.45%	15,000	23,500	156.67%	23,500	156.67%
Reinspection Fees	2,000	1,600	80.00%	1,600	1,710	106.88%	2,010	125.63%
Contractor Registration Fees	7,000	5,775	82.50%	8,500	7,975	93.82%	10,200	120.00%
Building Permit Search Fee	50,000	67,900	135.80%	50,000	98,925	197.85%	107,500	215.00%
Permit Revision Fee	180,000	197,989	109.99%	180,000	148,275	82.38%	184,100	102.28%
Right of Way Permits	600,000	477,809	79.63%	393,400	341,008	86.68%	430,666	109.47%
Flood Plain Management Fee	10,000	32,850	328.50%	10,000	17,100	171.00%	21,150	211.50%
Building Insp Fund Fees	10,000	13,501	135.01%	11,000	12,887	117.15%	14,815	134.68%
Radon Gas	10,000	9,048	90.48%	10,000	8,654	86.54%	9,952	99.52%
Interest Income		15,434			1,359		2,251	
ROW Violations	15,000	57,962	386.41%	29,505	36,697	124.37%	47,951	162.52%
Miscellaneous Revenue	4,919	1,080	21.96%	15,000	27,410	182.73%	27,510	0.00%
Total Revenues	6,904,119	10,026,982	145.23%	6,262,005	9,339,899	149.15%	10,770,991	172.01%
Expenditures								
Salaries and Wages	639,993	449,143	70.18%	655,564	384,585	58.66%	535,710	81.72%
Employee Benefits	334,018	274,125	82.07%	365,084	281,992	77.24%	339,876	93.10%
Contractual	442,800	303,272	68.49%	241,100	281,374	116.70%	340,783	141.35%
Commodities	18,500	34,339	185.62%	19,000	13,092	68.91%	22,061	116.11%
Capital Outlay	249,785	74,030	29.64%	74,030				
<i>Subtotal Permit Issuance</i>	<i>1,685,096</i>	<i>1,134,909</i>	<i>67.35%</i>	<i>1,354,778</i>	<i>961,043</i>	<i>70.94%</i>	<i>1,238,430</i>	<i>91.41%</i>
Salaries and Wages	959,295	638,161	66.52%	763,421	507,826	66.52%	777,607	101.86%
Employee Benefits	403,537	326,272	80.85%	383,721	305,439	79.60%	373,195	97.26%
Contractual	524,700	308,167	58.73%	332,500	237,901	71.55%	326,845	98.30%
Depreciation	93,363	77,803	83.33%	96,038	80,032	83.33%	96,038	100.00%
Commodities	13,500	38,106	282.27%	14,000	8,555	61.11%	10,919	77.99%
<i>Subtotal Inspection/Compliance</i>	<i>1,994,395</i>	<i>1,388,508</i>	<i>69.62%</i>	<i>1,589,680</i>	<i>1,139,753</i>	<i>71.70%</i>	<i>1,584,603</i>	<i>99.68%</i>
Contingency	166,817		0.00%	64,690		0.00%		0.00%
Transfer to the General Fund	3,200,000	2,666,667	83.33%	3,200,000	2,666,667	83.33%	3,200,000	100.00%
Total Expenditures	7,046,308	5,190,084	73.66%	6,209,148	4,767,462	142.63%	2,823,033	45.47%
Total Revenues over/(under) Expenditures	(142,189)	4,836,898		52,857	4,572,436		7,947,958	
% of Fiscal Year Completed: 83%								

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.

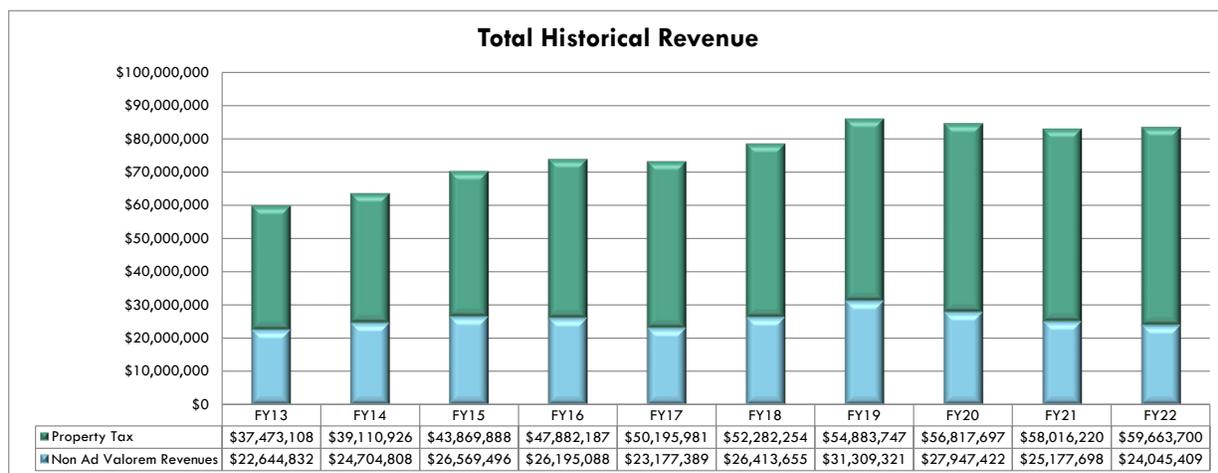
The City’s financial trends are analyzed annually in order to understand the financial condition of the Town. The factors include:

- 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 FY13 through FY21 and budgeted amounts for FY22. The projected results for the FY22 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.

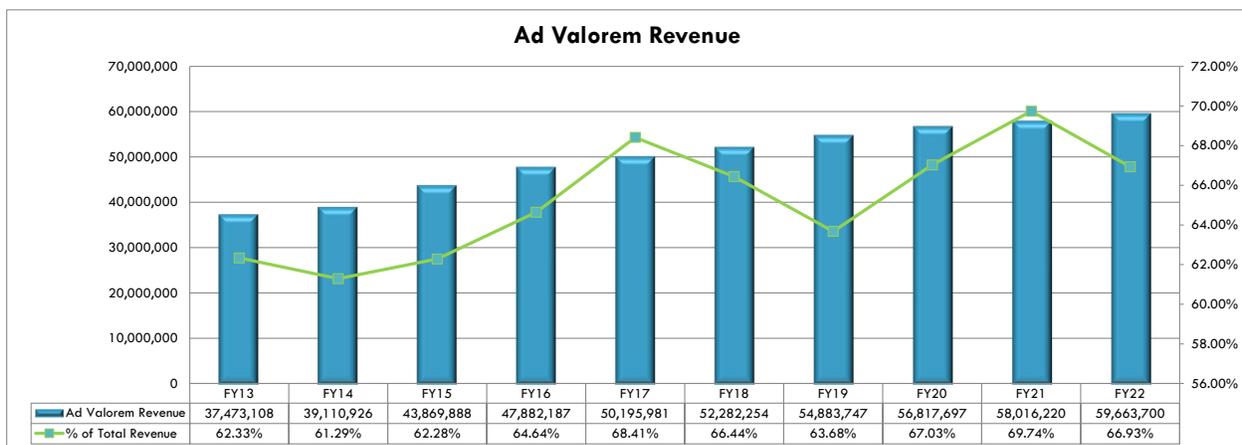


General fund budgeted revenues are 48.3% higher in FY22 than they were in FY13. The major causes of the increases are taxable value increases and interfund transfers for coastal protection projects and

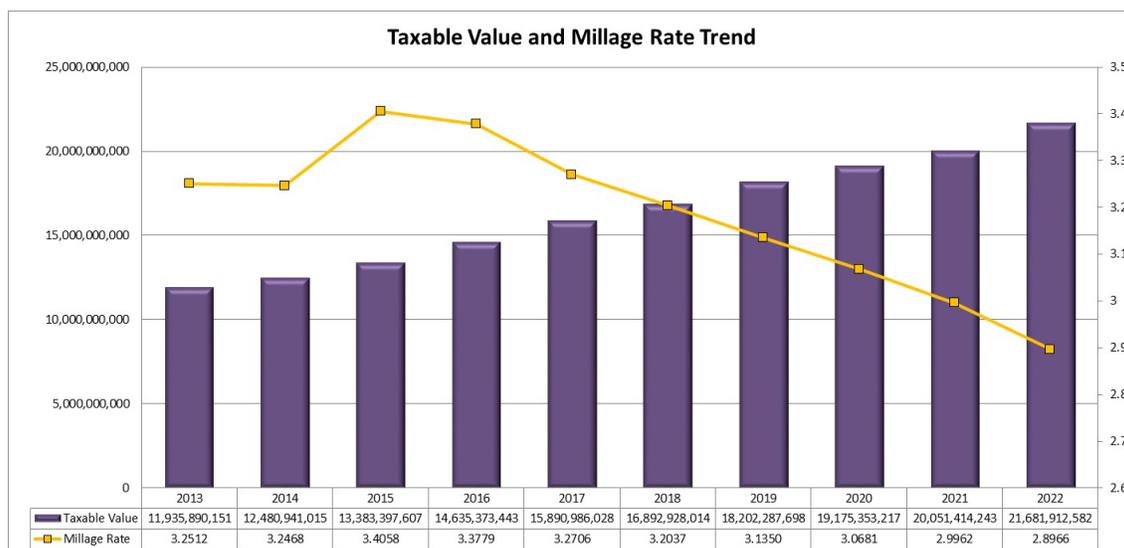
pension funding, along with increased revenue from utility taxes, special assignment, parking meter revenues. In FY21, building permit revenue was transferred to the newly established Building Enterprise Fund, which accounted for most of the non ad valorem revenue decline.

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. 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 FY22 ad valorem increase was 4.43% over the FY21 budgeted amount. Currently, ad valorem revenue accounts for 66.93% of total revenue.



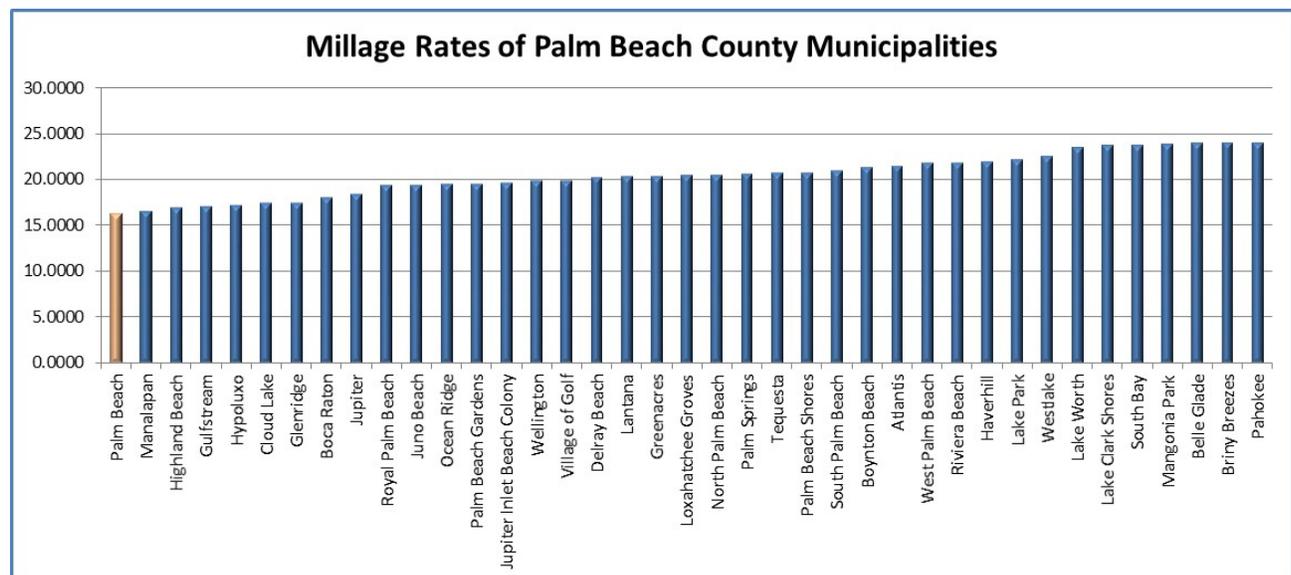
Taxable value has increased since 2012. The millage rate increased in 2015 to fund the coastal protection financing plan. Recent increases in taxable value have allowed the Town to reduce the millage rate to the lowest historical level.



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 1.63% from 16.4939 to 16.2251 in FY22. The Town's portion of the total millage is 17.85% of the total tax bill. The chart below identifies the taxing districts and the effect the changes in millage from FY21 to FY22 had on a taxpayer with a \$1 million value (assumes no change in taxable value from year to year). The total change in FY22, was a decrease of \$268.80 per million.

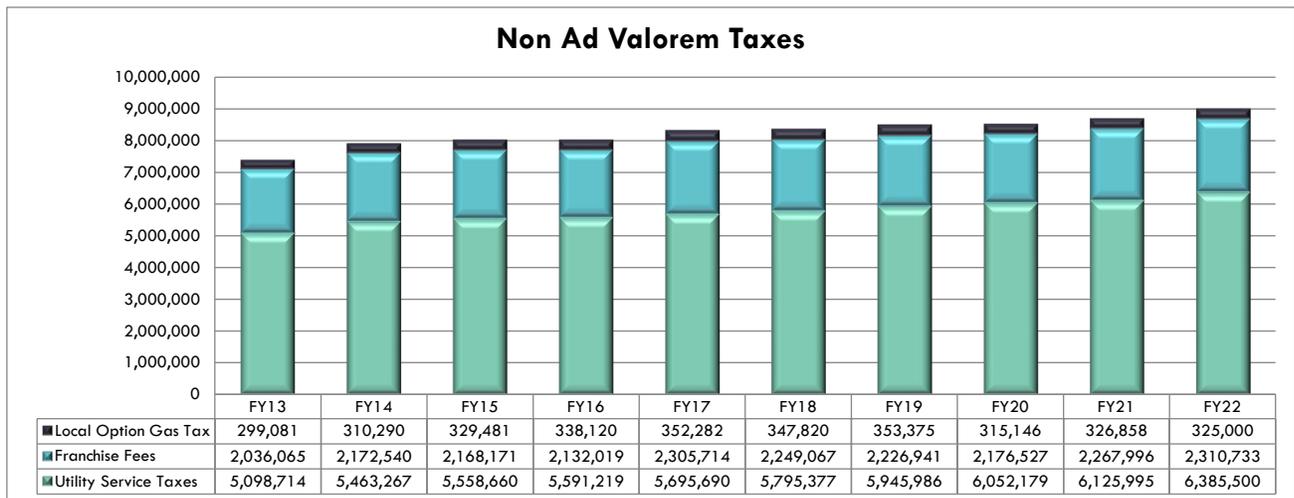
Taxing Authority	FY21 Millage Rate	FY22 Millage Rate	FY22 Tax Per \$1 Million Value	Change Per \$1 million Value	% Change	% of Total Tax Bill
Palm Beach County School District	7.0100	6.8750	\$6,875	-\$135.00	-1.93%	42.37%
Palm Beach County	4.8124	4.8149	\$4,815	\$2.50	0.05%	29.68%
Palm Beach	2.9962	2.8966	\$2,897	-\$99.60	-3.32%	17.85%
Health Care District	0.7261	0.7261	\$726	\$0.00	0.00%	4.48%
Children Services	0.6497	0.6233	\$623	-\$26.40	-4.06%	3.84%
South Florida Water Mgmt	0.2295	0.2207	\$221	-\$8.80	-3.83%	1.36%
Everglades Construction	0.0380	0.0365	\$37	-\$1.50	-3.95%	0.22%
Florida Inland Navigation	0.0320	0.0320	\$32	\$0.00	0.00%	0.20%
Grand Total	16.4939	16.2251	\$16,225	-\$268.80	-1.63%	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 \$16,225 in total taxes in Palm Beach versus \$18,057 in Boca Raton, \$18,424 in Jupiter, \$19,461 in Palm Beach Gardens and \$21,747 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

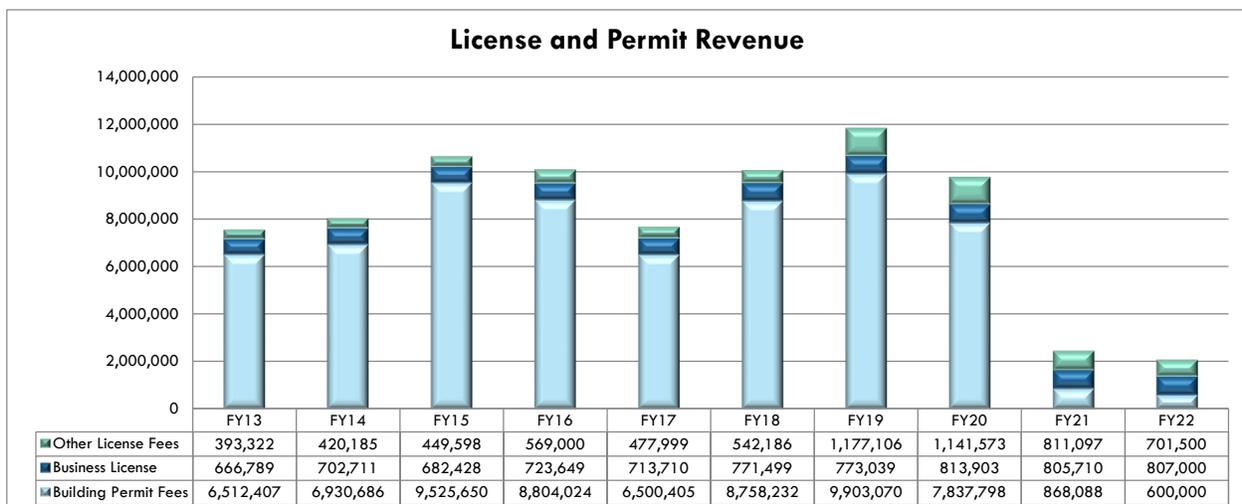


Non Ad Valorem tax revenue includes local option gas taxes, franchise fees and utility service taxes.

Local Option Gas Tax had a 10% decrease in FY20, possibly due to the pandemic, and increased almost 4% in FY21, but still below the FY19 level. Franchise fee revenue has fluctuated throughout the 10-year period but has remained at fairly constant dollar amount of \$2.2 million. Utility service taxes have increased throughout the 10-year period.

License and Permit Revenue

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

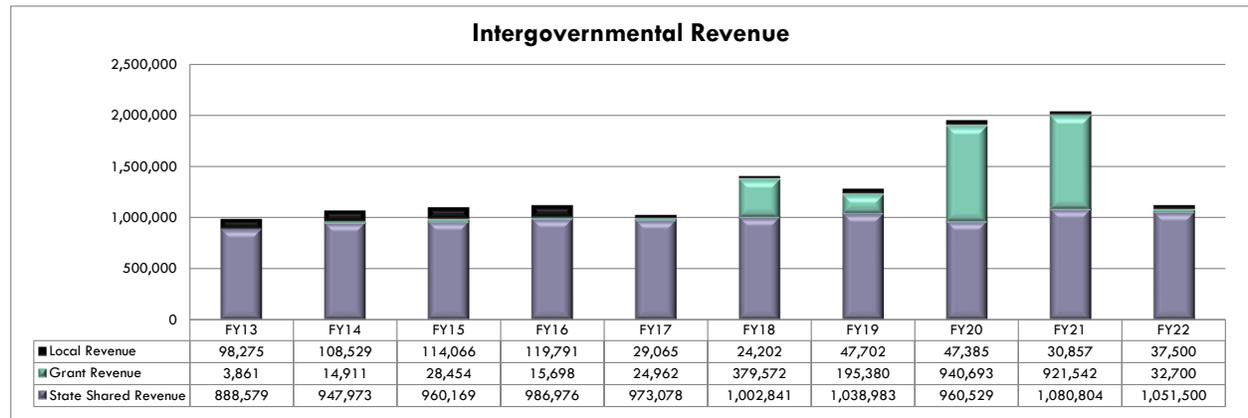


Building permit revenue makes up the majority of these revenues. Since FY13, revenues have improved due to increases in building activity. FY15, FY16, FY18 and FY19 were record years for permit activity. In FY17, a decline in permit activity occurred due to a brief slowdown in construction.

The decrease in FY21 reflects the transfer of these revenues to the newly formed Building Enterprise Fund. 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. FY22 was budgeted conservatively. Other licenses and fees have increased since FY13 due to increases in right-of-way permit and parking permit revenues. FY19 shows a record amount of right-of-way permits due to stricter enforcement. In FY21, a portion of the right of way permits, relating to building construction were transferred to the Building Enterprise Fund. The FY22 budget contains conservative estimates for these revenues.

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 were up 12.5% over FY20. FY20 and FY21 grant revenues contained funding from FEMA for prior storms. FY21 also contained CARES Act funding from the Federal Government.

Charges for Services

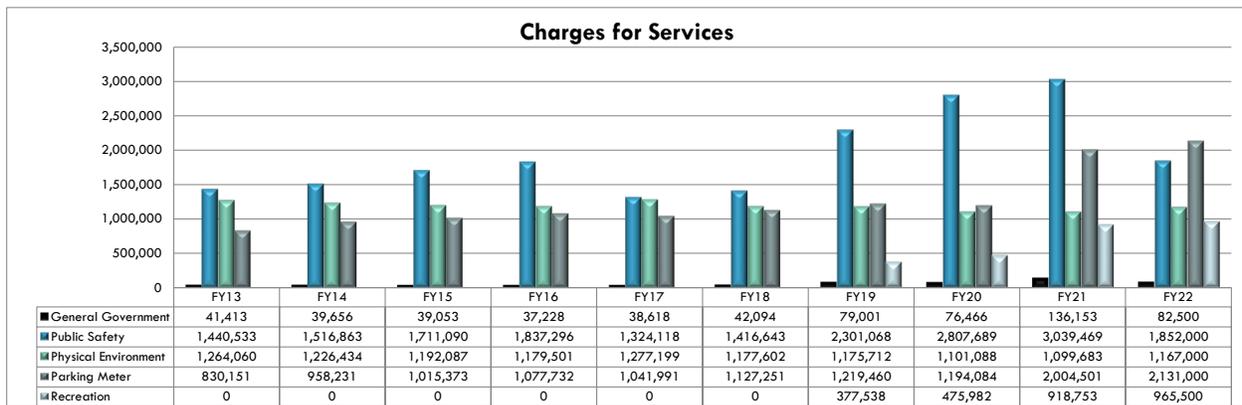
Charges for services include public safety fees, solid waste fees, parking meter collections, recreation fees and other small fees such as copy charges and lien searches.

Public safety fees have increased in the past due to increases in revenues for police special detail. Revenues for police special detail have increased in FY19 through FY21 due to two new large contracts. The budget for FY22 was decreased due to the reduction of 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.

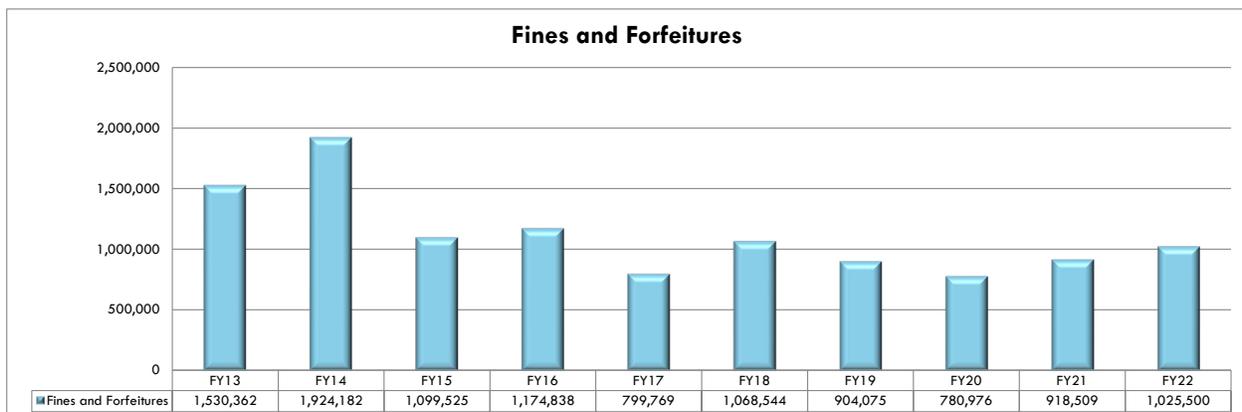
Parking meter revenue has increased in recent years due to the Park Mobile program and an increase in fees in FY20 from \$2 - \$3 per hour for all other metered spaces and new kiosks were installed on the 100 block of Sunrise, the 100, 200 and 300 blocks of North County. In FY21, parking meter fees were increased from \$3 - \$4 per hour and the 100 block streets and ocean front parking were increased from \$5 - \$6 per hour.

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

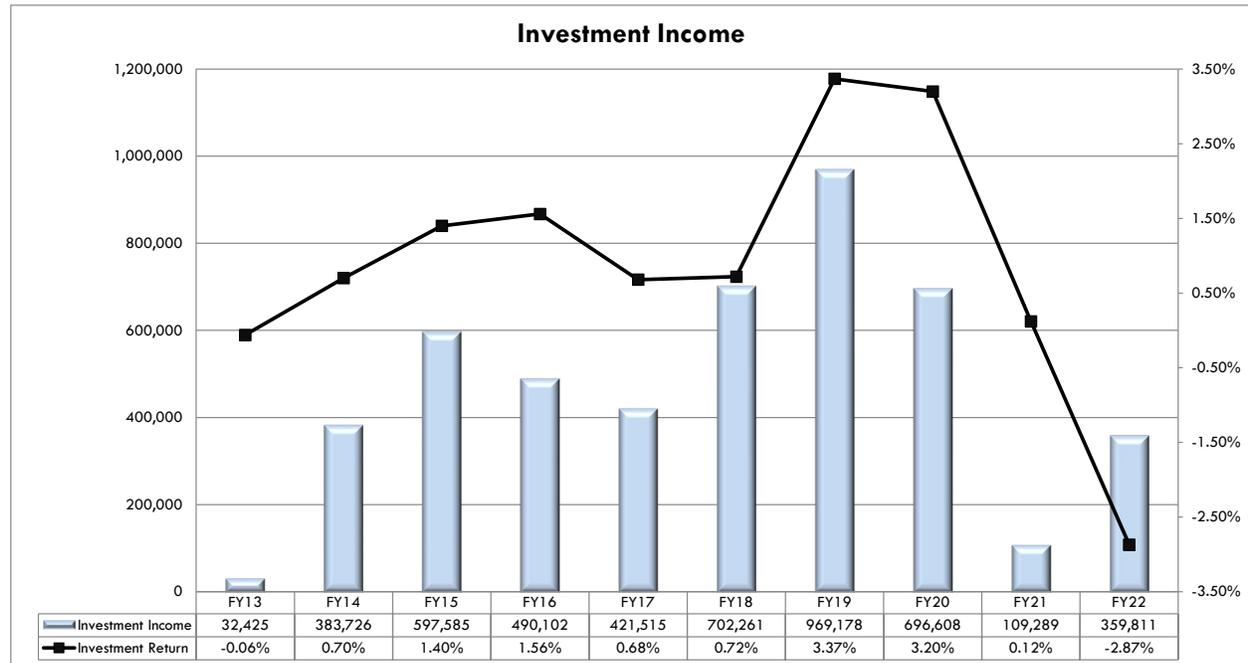
Fine and forfeiture revenue includes traffic violation fines, parking fines and penalties, right of way fines, and code enforcement violation fines.



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 FY22 budget is based on the recent trends.

Investment Income

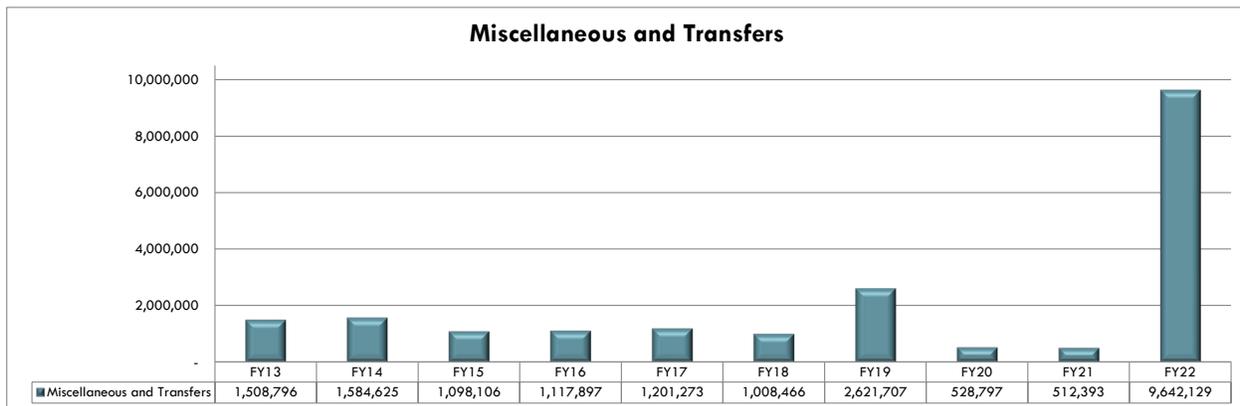
The Town’s Investment Advisory Committee oversees the investment of the Town’s surplus funds as well as the investments in the Town’s OPEB trust. The Town’s surplus funds are invested in fixed income securities, money market accounts, two bond funds with the Florida League of Cities Investment Trust 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 and FY21, revenues declined due to the lower rates caused by the pandemic recession. The FY22 budget was based on conservative estimates at the time and larger reserve balances. The returns so far in FY22 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 FY22 budget contains newly implemented transfers from the Marina and the Building Enterprise Fund.

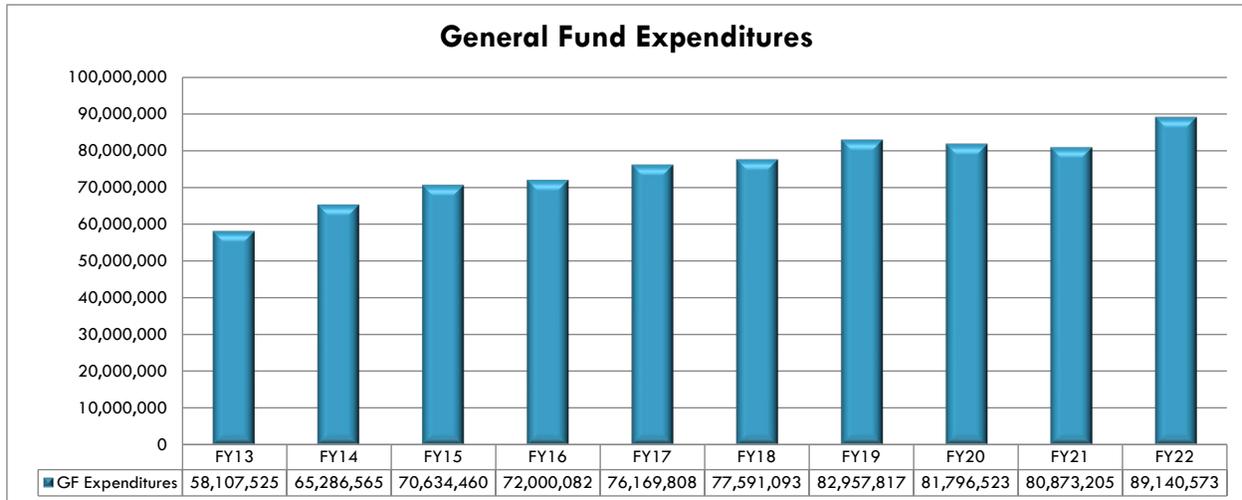


Revenues in FY13 and FY14 include a transfer of \$885,000 from the Recreation Enterprise Fund and the proceeds from the sale of property. In FY16, FY17, and FY18 the transfer from the Recreation Enterprise Fund was reduced by \$100,000 in each year to add to the funding of the Dock Replacement Reserve. 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 in FY22 a transfer from the new Building Enterprise Fund of \$3,200,000 was established based on a cost allocation model. Additionally, in FY22, there was a transfer from the Marina Fund of \$536,665 and a one-time transfer of \$2 million for the renovation of the North Fire Station. Based on the estimated surplus the transfer in FY22 from fund balance will be less than budgeted.

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 FY13, the General Fund budget has increased a total of 53.4%. A significant portion (48%) of the increase is due to increases in the transfers to the debt service fund, Capital Improvement Fund, and the extraordinary retirement contribution to reduce the UAAL (Unfunded Actuarial Accrued Liability). Operating costs have increased 36% during the 10-year period. The increases are described in greater detail later in this section. The total General Fund budget increased by 10.16% in FY22 from the FY21 budget, 70% of this increase was an increase in the transfer to the Capital improvement Fund.



The major changes in the General Fund budget for FY13 – FY22 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
FY2013 Budget Increase 2.01%	<ul style="list-style-type: none"> Total General Fund Budget - \$59,711,280 Maintained millage rate at 3.2512, taxable value increased by 2.69% Increase in property tax revenue - \$866,200 <i>Elimination of 8.71 positions</i> <i>Increased the pay ranges 3% for all non-union positions.</i> <i>Increase in pension costs - \$1,035,548</i> <i>Increase in health insurance and OPEB costs- \$556,727</i> <i>Decrease in FICA tax - \$115,019</i> Increase in sewage treatment and disposal costs - \$303,634 Increase in risk insurance costs - \$101,273 Transfer to Coastal Protection Fund - \$2,765,099
FY2014 Budget Increase 9.54%	<ul style="list-style-type: none"> Total General Fund Budget - \$65,406,493 Reduced millage rate to 3.2468, taxable value increased by 5.16% Increase in property tax revenue - \$1,782,300 <i>Elimination of 5.00 positions</i> <i>Provided for merit pay raises for all non-union positions</i> <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> <i>Provided for a discretionary 4% employer contribution to DC plan - \$587,902</i> <i>Modification to required employee contribution to pension plan - \$152,515</i> Increase in debt service transfer for 2013 bond - \$2,600,000 Transfer to Coastal Protection Fund - \$4,200,000
FY2015	<ul style="list-style-type: none"> Total General Fund Budget - \$67,295,344 Increased millage rate to 3.4058, taxable value increased by 7.53%

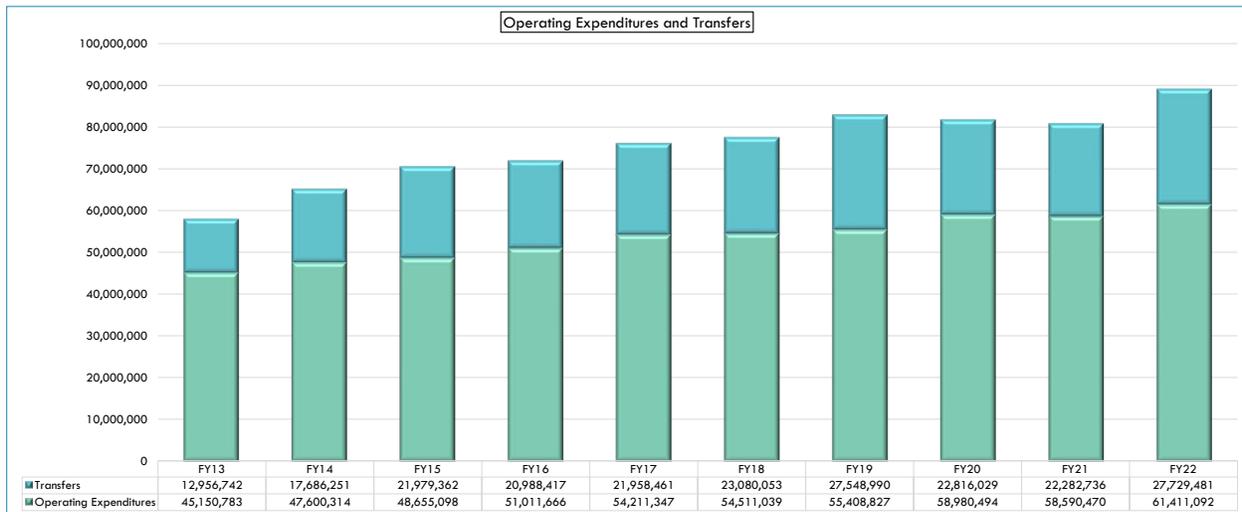
<p>Budget Increase 2.89%</p>	<ul style="list-style-type: none"> • Increase in property tax revenue - \$4,777,000 • <i>Addition of 2.58 positions</i> • <i>Provided for merit pay raises and an increase in the employee pay ranges.</i> • <i>Increase in DB pension costs - \$509,600</i> • <i>Provided for a discretionary 4% employer contribution to the DC plan</i> • Transfer to Coastal Protection Fund - \$4,777,000
<p>FY2016 Budget Increase 6.86%</p>	<ul style="list-style-type: none"> • Total General Fund Budget - \$71,914,331 • Decreased millage rate to 3.3779, taxable value increased by 9.74% • Increase property tax revenue - \$3,706,700 • <i>Addition of 4.91 positions</i> • <i>Provided for merit pay raises and a 2% increase in the employee pay ranges.</i> • <i>Increase in pension costs - \$800,441</i> • <i>Provided for a discretionary 4% employer contribution to the DC plan</i> • Transfer to Coastal Protection Fund - \$8,015,220 • Purchase of an Opticom System - \$171,000 • Purchase of StarChase Pursuit Management Systems - \$16,800
<p>FY2017 Budget Increase 6.87%</p>	<ul style="list-style-type: none"> • Total General Fund Budget - \$76,852,377 • Decreased millage rate to 3.2706, taxable value increased 8.84% • Increased property tax revenue \$2,363,500 • <i>Decrease of 2.22 positions</i> • <i>Provided for merit pay raises and a 2% increase in the employee pay ranges.</i> • <i>Increase in pension costs - \$1,279,333</i> • <i>Provided for a discretionary 4% employer contribution to the DC plan</i> • Transferred \$2,500,000 from unassigned fund balance to the Retirement Fund • <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> • Increased the transfer to Capital Improvement Fund by \$1,260,200 • Decreased transfer to the Coastal Protection Fund by \$750,220
<p>FY2018 Budget Increase 4.73%</p>	<ul style="list-style-type: none"> • Total General Fund Budget \$80,489,411 • Decreased millage rate to 3.2037, taxable value increased 6.42% • Increased property tax revenue \$1,976,000 • Increase in overtime for visits by the President and dignitaries \$204,000 • <i>Increase of 7 positions</i> • <i>Provided for merit pay raises (\$434,799) and a 2.5% increase in the employee pay ranges. (\$108,897)</i> • <i>Health Insurance cost increased \$242,549 – Paid from Health Insurance Reserves</i> • <i>Increase in DB pension costs of \$1,151,730 offset by a reduction in DC pension costs of \$398,437</i> • <i>Included costs for the pension changes for firefighters and general employees.</i>

	<ul style="list-style-type: none"> • <i>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.</i> • Decreased the transfer to the OPEB Trust fund due to favorable experience \$379,000 • Increased transfer to Coastal Protection fund by \$145,300
<p>FY2019 2.46% Budget Increase</p>	<ul style="list-style-type: none"> • Total General Fund Budget \$82,466,218 • Decreased millage rate to 3.1350, taxable value increased 7.75% • Increased property tax revenue \$2,740,463 • <i>Decrease of 14.65 positions</i> • <i>Provided for merit pay raises (\$377,030) and a 3% increase in the employee pay ranges. (\$165,490)</i> • <i>Health Insurance cost decreased \$249,372</i> • <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> • <i>Decrease in DC contributions of \$28,892.</i> • <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 for policy mandated transfer.</i> • <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> • <i>Decreased the transfer to the OPEB Trust fund due to favorable experience \$524,617.</i> • Decreased transfer to Coastal Protection fund by \$61,176. • Increased the transfer to the Capital Improvement Fund by \$211,976.
<p>FY2020 2.4% Budget Increase</p>	<ul style="list-style-type: none"> • Total General Fund Budget \$84,441,766 • Decreased millage rate to 3.0681, taxable value increased 5.63% • Increased property tax revenue \$1,768,476 • <i>Increase of 7.48 including 3 firefighter positions and positions for the new Recreation Center</i> • <i>Salaries increased by \$804,246 due to the results of the compensation study.</i> • <i>Health Insurance cost were flat</i> • <i>Increase in DB pension costs of \$558,981.</i> • <i>Decrease in DC contributions of \$10,619.</i> • <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 for policy mandated transfer.</i> • <i>Decreased the transfer to the OPEB Trust fund due to favorable experience \$12,369.</i> • Decreased transfer to Coastal Protection fund by \$828,913. • Increased the transfer to the Capital Improvement Fund by \$220,000.
<p>FY2021 4.18% Budget Decrease</p>	<ul style="list-style-type: none"> • Total General Fund Budget \$80,915,573. • Decreased millage rate to 2.9962, taxable value increased 4.68%. • Increased property tax revenue \$1,154,619.

	<ul style="list-style-type: none"> • Moved all revenues and expenditures related to building permits to the Building Enterprise Fund. • 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. • <i>Decreased 16.68 positions.</i> • <i>Salaries decreased by \$1,492,221 due to the reduction in positions and the transfer of costs to the Building Enterprise Fund.</i> • <i>Provided for merit and step increases (\$323,815) and a 2.5% increase in employee pay ranges (\$91,071).</i> • <i>Health Insurance costs were lower due to fewer positions.</i> • <i>Increase in DB pension costs of \$1,000,841.</i> • <i>Increase in DC costs of \$9,604.</i> • <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 per policy.</i> • <i>Transfer to OPEB Trust increased by \$6,844. The return assumption was lowered to 6%.</i> • <i>Transfer to Risk fund increased by \$109,620.</i> • Transfer to Capital Improvement Fund increased by \$242,000. • Decreased transfer to Coastal Fund \$1,743,211
<p>FY2022 10.16% Budget Increase</p>	<ul style="list-style-type: none"> • Total General Fund Budget \$89,140,573. • Decreased millage rate to 2.8966, taxable value increased 8.13%. • Increased property tax revenue \$1,711,742. • An added transfer of \$5.5 million to the Capital Improvement Fund for the reconstruction of the North Fire-Rescue Station. • <i>Increase of 7.11 positions (1.18 in the General Fund).</i> • <i>Salaries and wages increased by \$1,438,164 due to the increase in FTE's, merit and step increases totaling \$427,661, and a COLA increase of \$734,565.</i> • <i>Health insurance costs were slightly lower.</i> • <i>Increase in the Defined Benefit and Defined Contribution costs of \$55,786.</i> • <i>Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 per policy.</i> • <i>Transfer to OPEB Trust decreased by \$95,643. The return assumption was lowered to 5%.</i> • <i>Transfer to the Risk fund increased by \$163,048.</i>

General Fund Operating Expenditures

The chart below shows the trend in General Fund expenditures broken out between operating expenditures and transfers since FY13.



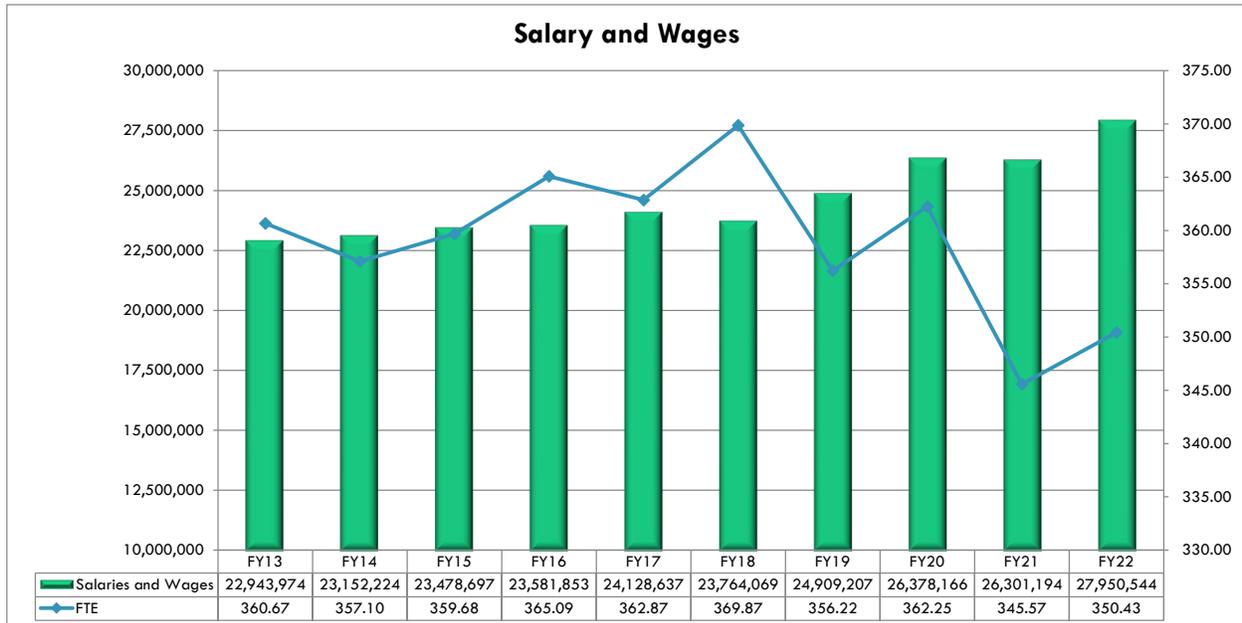
Since FY13, operating expenditures have increased a total of \$16,260,309 or 36% over the 10-year period. Most of the increase coming from pension benefits, contractual expenditures and salary increases. The total budget increased \$31,033,048 over the same time period with \$14,772,739 or 47.6% of the 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

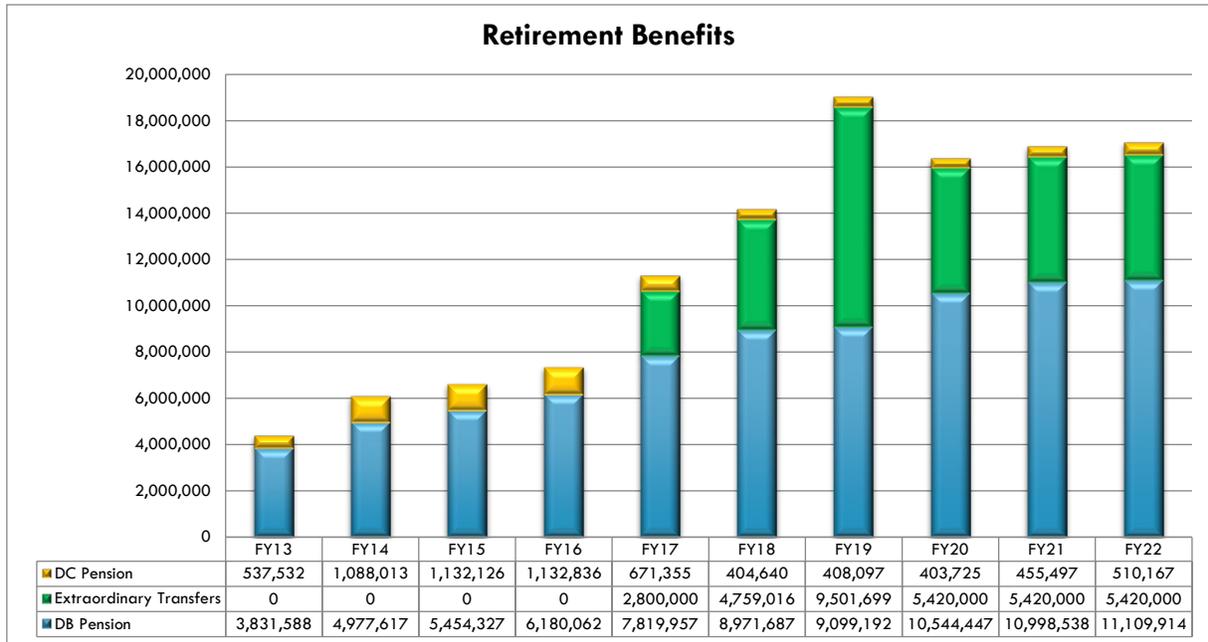
The salary and wage trend is shown on the graph on the following page. FY22 salaries are 21.8% more than they were in FY13. Merit and step increases have been included the budget and in FY13 through FY21, an increase in employee pay ranges was included in all years except FY14 and FY20. The FY22 budget increased 5.42% from the FY21 budget due to merit and step increases and an increase in FTE's. FY21 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.

The FY22 budget has 10.24 less positions than 2013. There are currently, as of August 8, 2022, 31 vacant positions of which 8 are frozen and 23 are vacant and not frozen. We expect the FY22 year-end salary amount to be much less than the budget amount due to these vacancies.

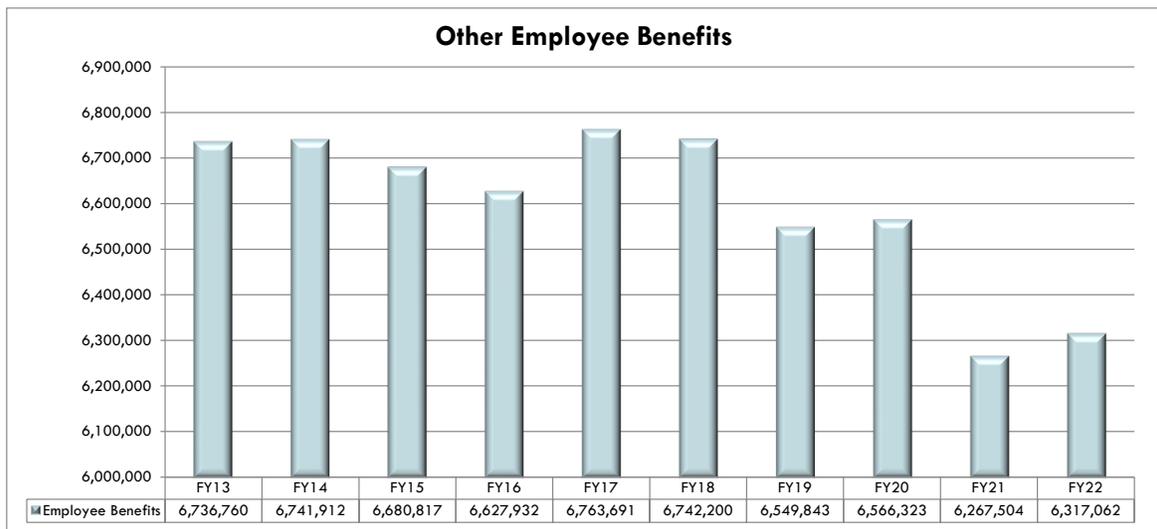


Employee Benefits

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 FY17, the Town began to transfer additional funding to the Retirement Fund to lower the UAAL. 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 in FY19, 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.

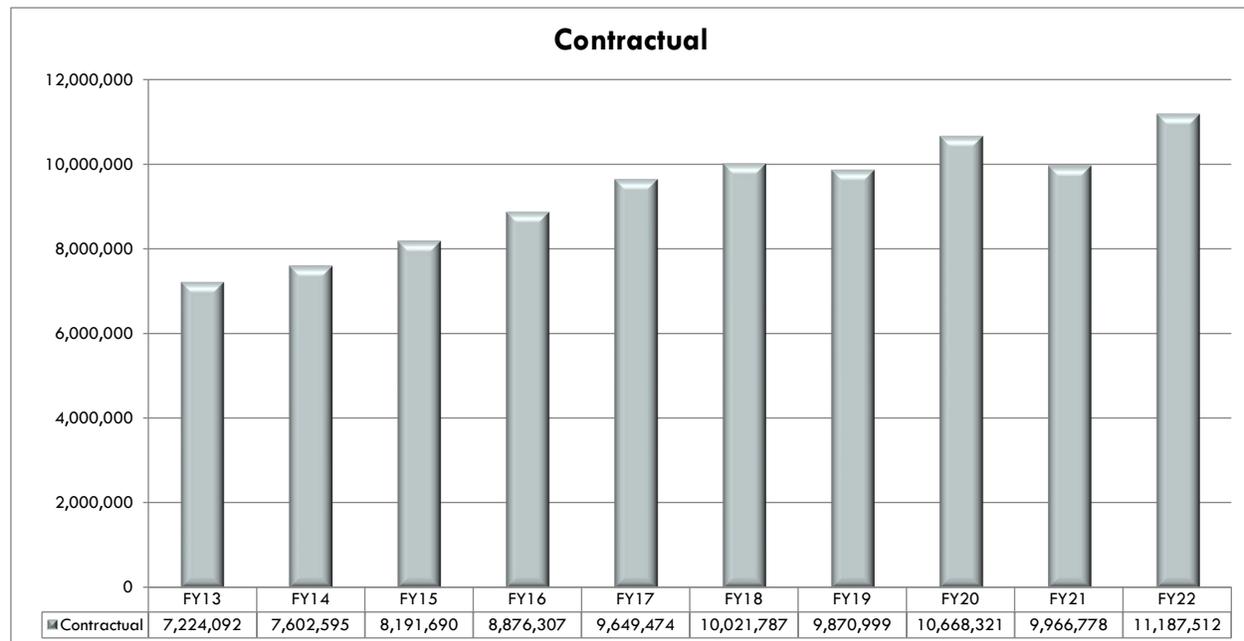


Other employee benefits include health insurance, FICA, bonuses, allowances, incentives, and uniform maintenance. Since FY13, other employee benefits have decreased 6.23% over the 10-year period. Since FY13, health insurance costs have been maintained through changes in the program, cost shifting to 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 \$1,434,785 since FY13, due to the improved funding level of the plan. The plan is 147.8% funded at the end of FY21. 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.



Contractual Services

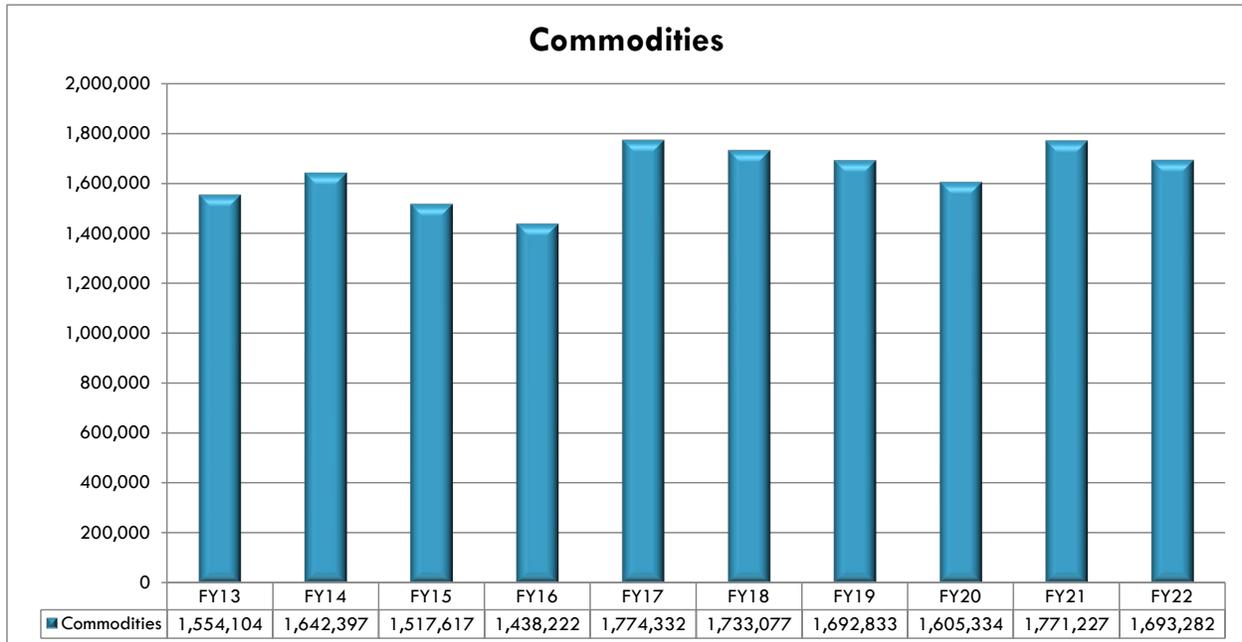
Contractual services include legal advice, lobbyists, consulting services, sewage treatment, solid waste disposal costs, building maintenance, landscape contracting and software maintenance.



Contractual services have increased 54.9% since FY13. Much of the increase since FY13 is due to increased 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 FY13 was caused by increased costs from West Palm Beach for sewer treatment and disposal. In FY22, funding was appropriated for increases for landscape maintenance, recreation contracts and software maintenance.

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.

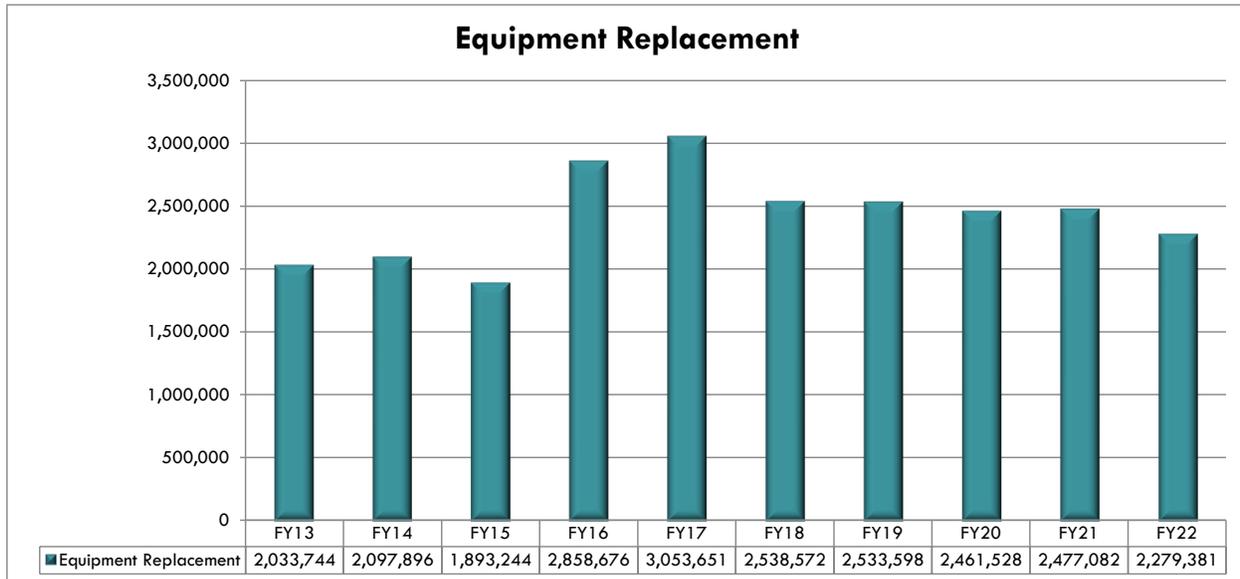


The total cost of commodities in FY22 is 9% higher than it was in FY13. The decreases in FY15 are due to decreases in fuel costs and supplies. FY16 actual amounts reflect lower fuel expenditures during the year. The FY17 costs increases were due to increased costs for fuel and other operational supplies. 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. In FY21 commodity costs increased due increases in supply and fuel costs, along with IT equipment. This category has remained relatively flat for the past few years.

Capital Outlay/Equipment Replacement

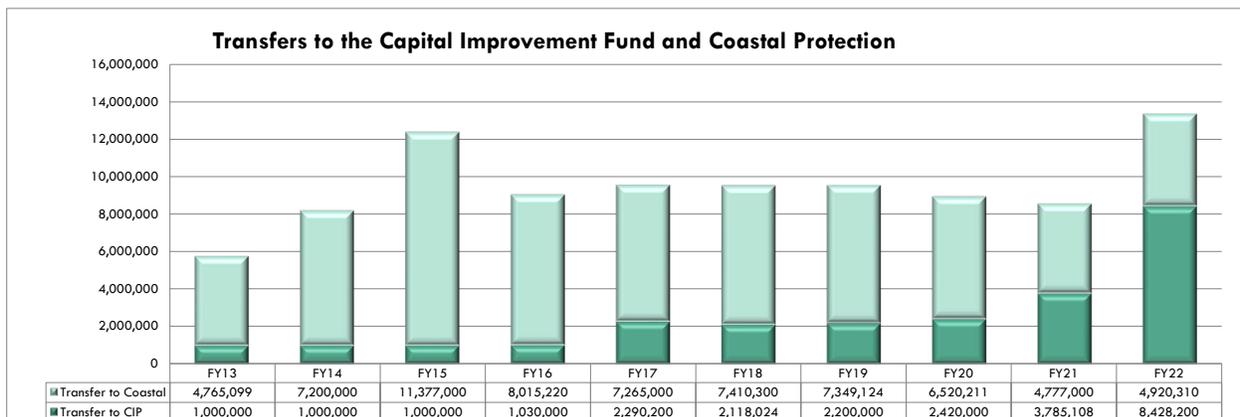
Capital Outlay expenses include depreciation on the Town’s fixed assets, purchases of new equipment that are not purchased through the Equipment Replacement Fund, and purchases of equipment through grant funding.

The total cost of capital equipment in FY22 is 12.1% higher than it was in FY13. 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 FY13 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, costs 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. FY22 decreased due to equipment purchases made in FY21 and the extension of life for equipment in certain categories.



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 FY13 has increased \$155,211 after significant increases from FY14 – FY20. The decrease in FY21 is due to the award of Federal funding for the Mid-Town beach project. The CIP transfer has increased \$7,428,200. 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% plus an additional \$1,123,108 for the Lake Park Drive Park Project. In FY22, the coastal transfer was increased 3% and the CIP fund transfer was increased by \$5,766,200, which includes \$5.5 million for the reconstruction of the North Fire Station.

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

Debt Service

Debt service costs have increased 62.2% since FY13. 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.

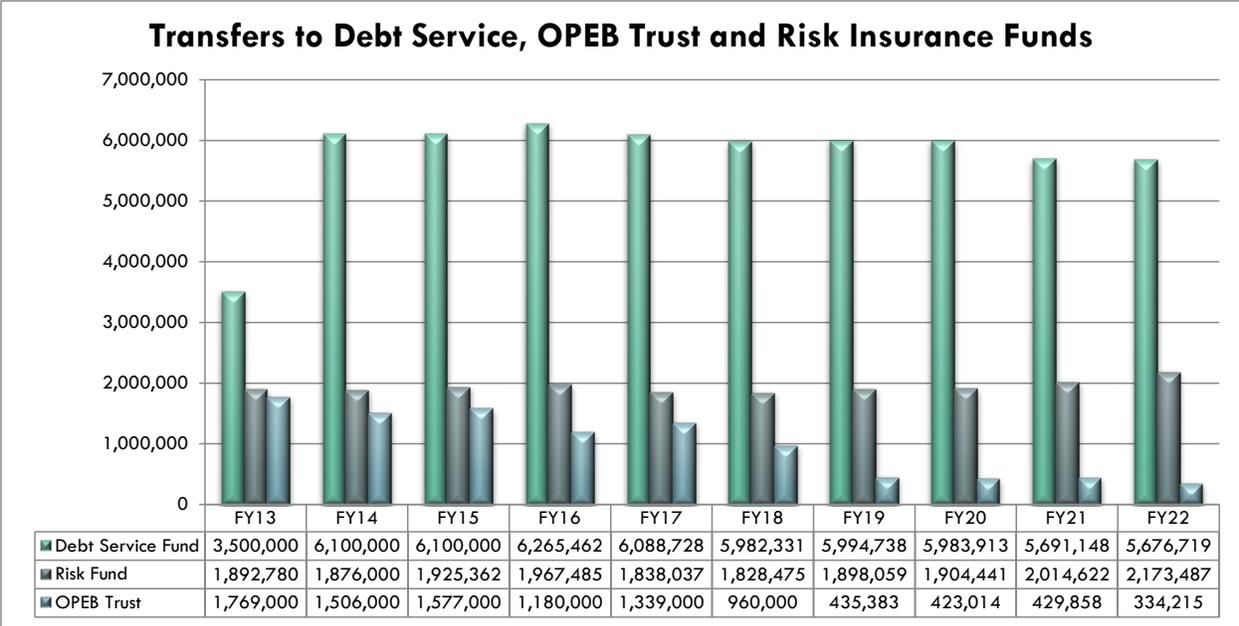
Retiree Health Benefits (OPEB Trust)

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, 2021 was calculated to be \$27,343,375 and the net position in the trust was \$40,417,394. The resulting OPEB asset is \$13,074,019. The funded ratio for the plan is 147.8% for FY21. 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 FY22 is \$331,217, which was \$98,641 less than FY21.

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 FY13, the transfer to the Risk Fund has had an overall increase of 14.8% or \$280,707 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
FY13 - FY22**

Analysis of Revenues by Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue Sources	Actual	Budget								
Ad Valorem Revenues	37,473,108	39,110,926	43,869,888	47,882,187	50,195,981	52,282,254	54,883,747	56,817,697	58,016,220	59,663,700
% Increase	2.21%	4.37%	12.17%	9.15%	4.83%	4.16%	4.98%	3.52%	2.11%	2.84%
\$ Increase	810,191	1,637,818	4,758,962	4,012,299	2,313,794	2,086,273	2,601,493	1,933,950	1,198,522	2,846,003
Non Ad Valorem Taxes	7,433,859	7,946,097	8,056,312	8,061,358	8,353,685	8,392,264	8,526,302	8,543,852	8,720,850	9,021,233
% Increase	1.62%	6.89%	1.39%	0.06%	3.63%	0.46%	1.60%	0.21%	2.07%	3.44%
\$ Increase	118,543	512,238	110,215	5,046	292,328	38,578	134,038	17,550	176,997	477,381
Licenses and Permits	7,572,518	8,053,581	10,657,676	10,096,673	7,692,114	10,071,916	11,853,215	9,793,274	2,484,894	2,108,500
% Increase	16.53%	6.35%	32.33%	-5.26%	-23.82%	30.94%	17.69%	-17.38%	-74.63%	-15.15%
\$ Increase	1,074,311	481,064	2,604,095	-561,003	-2,404,558	2,379,802	1,781,299	-2,059,941	-7,308,379	-7,684,774
Intergovernmental Revenue	990,715	1,071,413	1,102,689	1,122,465	1,027,105	1,406,615	1,282,065	1,948,606	2,033,204	1,121,700
% Increase	-5.77%	8.15%	2.92%	1.79%	-8.50%	36.95%	-8.85%	51.99%	4.34%	-44.83%
\$ Increase	-60,716	80,697	31,276	19,776	-95,360	379,509	-124,550	666,541	84,598	-826,906
Charges for Services	3,576,156	3,741,183	3,957,603	4,131,756	3,681,926	3,763,590	5,152,779	5,655,309	7,198,560	6,198,000
% Increase	-12.38%	4.61%	5.78%	4.40%	-10.89%	2.22%	36.91%	9.75%	27.29%	-13.90%
\$ Increase	-505,103	165,027	216,420	174,153	-449,829	81,663	1,389,189	502,530	1,543,251	542,691
Fines and Forefeitures	1,530,362	1,924,182	1,099,525	1,174,838	799,769	1,068,544	904,075	780,976	918,509	1,025,500
% Increase	38.31%	25.73%	-42.86%	6.85%	-31.93%	33.61%	-15.39%	-13.62%	17.61%	11.65%
\$ Increase	423,927	393,820	-824,657	75,313	-375,069	268,775	-164,469	-123,099	137,533	244,524
Interest Income	32,425	383,726	597,585	490,102	421,515	702,261	969,178	696,608	109,289	359,811
% Increase	-93.45%	1083.43%	55.73%	-17.99%	-13.99%	66.60%	38.01%	-28.12%	-84.31%	229.23%
\$ Increase	-462,886	351,301	213,859	-107,483	-68,587	280,746	266,917	-272,570	-587,319	-336,797
Miscellaneous and Transfers	1,508,796	1,584,625	1,098,106	1,117,897	1,201,273	1,008,466	2,621,707	528,797	3,712,393	4,210,665
% Increase	-1.69%	5.03%	-30.70%	1.80%	7.46%	-16.05%	159.97%	-79.83%	602.05%	13.42%
\$ Increase	-25,942	75,829	-486,519	19,791	83,376	-192,807	1,613,241	-2,092,910	3,183,596	3,681,868
Transfers from Fund Balance	0	5,431,464								
% Increase	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	200.00%	100.00%
\$ Increase	0	0	0	0	0	0	0	0	0	5,431,464
Total Revenues	60,117,939	63,815,733	70,439,384	74,077,275	73,373,370	78,695,909	86,193,068	84,765,119	83,193,918	89,140,573
% Increase	2.34%	6.15%	10.38%	5.16%	-0.95%	7.25%	9.53%	-1.66%	-1.85%	7.15%
\$ Increase	1,372,324	3,697,794	6,623,651	3,637,891	-703,905	5,322,539	7,497,159	-1,427,949	-1,571,201	4,375,454

Town of Palm Beach
Expenditure Trend Analysis
FY13 - FY22

Analysis of Expenses by Category Expenditure Categories	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Budget
Budget										
Salaries/Wages	22,943,974	23,152,224	23,478,697	23,581,853	24,128,637	23,764,069	24,909,207	26,378,166	26,301,194	27,950,544
% Increase	-2.89%	0.91%	1.41%	0.44%	2.32%	-1.51%	4.82%	5.90%	-0.29%	5.96%
\$ Increase	-683,389	208,251	326,473	103,155	546,784	-364,568	1,145,138	1,468,959	-76,972	1,572,378
Pension Benefits	3,831,588	4,977,617	5,454,327	6,180,062	7,819,957	8,971,687	9,099,192	10,544,447	10,998,538	11,109,914
% Increase	20.49%	29.91%	9.58%	13.31%	26.54%	14.73%	1.42%	15.88%	4.31%	5.36%
\$ Increase	651,462	1,146,029	476,710	725,735	1,639,895	1,151,730	127,505	1,445,255	454,091	565,467
DC Plan	537,532	1,088,013	1,132,126	1,132,836	671,355	404,640	408,097	403,725	455,497	510,167
% Increase	141.80%	102.41%	4.05%	0.06%	-40.74%	-39.73%	0.85%	-1.07%	12.82%	26.36%
\$ Increase	315,226	550,480	44,113	711	-461,481	-266,715	3,457	-4,372	51,772	106,442
Other Employee Benefits	6,736,760	6,741,912	6,680,817	6,627,932	6,763,691	6,742,200	6,549,843	6,566,323	6,267,504	6,317,062
% Increase	1.81%	0.08%	-0.91%	-0.79%	2.05%	-0.32%	-2.85%	0.25%	-4.55%	-3.80%
\$ Increase	119,788	5,152	-61,095	-52,885	135,759	-21,491	-192,357	16,479	-298,819	-249,261
Contractual	7,224,092	7,602,595	8,191,690	8,876,307	9,649,474	10,021,787	9,870,999	10,668,321	9,966,778	11,187,512
% Increase	1.19%	5.24%	7.75%	8.36%	8.71%	3.86%	-1.50%	8.08%	-6.58%	4.87%
\$ Increase	84,702	378,503	589,094	684,618	773,167	372,313	-150,789	797,323	-701,544	519,191
Commodities	1,554,104	1,642,397	1,517,617	1,438,222	1,774,332	1,733,077	1,692,833	1,605,334	1,771,227	1,693,282
% Increase	0.41%	5.68%	-7.60%	-5.23%	23.37%	-2.33%	-2.32%	-5.17%	10.33%	5.48%
\$ Increase	6,366	88,293	-124,781	-79,394	336,110	-41,255	-40,244	-87,499	165,893	87,948
Equipment Replacement	2,033,744	2,097,896	1,893,244	2,858,676	3,053,651	2,538,572	2,533,598	2,461,528	2,477,082	2,279,381
% Increase	8.10%	3.15%	-9.76%	50.99%	6.82%	-16.87%	-0.20%	-2.84%	0.63%	-7.40%
\$ Increase	152,425	64,152	-204,652	965,432	194,975	-515,079	-4,974	-72,070	15,555	-182,147
Library Services	288,989	297,659	306,580	315,777	350,250	335,008	345,058	352,650	352,650	363,230
\$ Increase	16,589	8,670	8,921	9,197	34,473	-15,242	10,050	7,592	0	10,580
Total Operating Expenses	45,150,783	47,600,314	48,655,098	51,011,666	54,211,347	54,511,039	55,408,827	58,980,494	58,590,470	61,411,092
% Increase	1.49%	5.43%	2.22%	4.84%	6.27%	0.55%	1.65%	6.45%	-0.66%	4.12%
\$ Increase	663,168	2,449,531	1,054,784	2,356,568	3,199,681	299,692	897,788	3,571,667	-390,024	2,430,598
TRANSFER TO OTHER FUNDS AND OTHER EXPENSES										
CAPITAL IMPROV. FUND (307)	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000	2,420,000	3,785,108	8,428,200
COASTAL PROTECTION FUND (309)	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	4,920,310
TRANSFER TO UNDERGROUND UTILITY FUND	0	0	0	2,530,250	267,041	0	135,000	144,450	165,000	176,550
TRANSFER TO RETIREMENT FUND	0	0	0	0	2,800,000	4,759,016	9,501,699	5,420,000	5,420,000	5,420,000
DEBT SERVICE FUND (203)	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	5,676,719
RETIREE HEALTH INS.(OPEB) (610)	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383	423,014	429,858	334,215
RISK-W/C, LIAB.PROP. (501)	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,828,475	1,898,059	1,904,441	2,014,622	2,173,487
CONTINGENT APPROP.	0	0	0	0	0	0	0	0	0	600,000
INVENTORY ADJUSTMENTS	29,863	4,251	0	0	70,455	21,907	34,987	0	0	0
Total Transfers and Other Expenses	12,956,742	17,686,251	21,979,362	20,988,417	21,958,461	23,080,053	27,548,990	22,816,029	22,282,736	27,729,481
% Increase	10.20%	36.50%	24.27%	-4.51%	4.62%	5.11%	19.36%	-17.18%	-2.34%	21.54%
\$ Increase	1,199,303	4,729,509	4,293,111	-990,945	970,044	1,121,592	4,468,937	-4,732,961	-533,294	4,913,452
Total Expenditures	58,107,525	65,286,565	70,634,460	72,000,082	76,169,808	77,591,093	82,957,817	81,796,523	80,873,205	89,140,573
% Increase	3.31%	12.35%	8.19%	1.93%	5.79%	1.87%	6.92%	-1.40%	-1.13%	8.98%
\$ Increase	1,862,471	7,179,040	5,347,895	1,365,623	4,169,726	1,421,284	5,366,725	-1,161,294	-923,318	7,344,050

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 FY23 proposed budget and a 9-year forecast through FY32.

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:

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Ad Valorem Tax Increase	4.11%	4.31%	4.25%	3.29%	3.09%	4.13%	4.29%	4.13%	-2.10%
General Inflation	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salaries & Wages	4.65%	5.72%	5.72%	5.73%	5.73%	5.74%	5.74%	5.75%	5.75%
Health Insurance	5.75%	5.60%	5.44%	5.29%	5.13%	4.98%	4.82%	4.54%	4.54%
Pension (ADEC)	-0.12%	0.06%	-1.12%	-8.01%	-11.16%	-7.70%	-8.96%	-12.48%	-19.17%
Other Employee Benefits	3.05%	4.20%	4.07%	4.13%	4.53%	5.62%	4.70%	4.77%	4.82%
Property Insurance	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Liability Insurance	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
W/C Insurance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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 is described in greater detail later in this section.

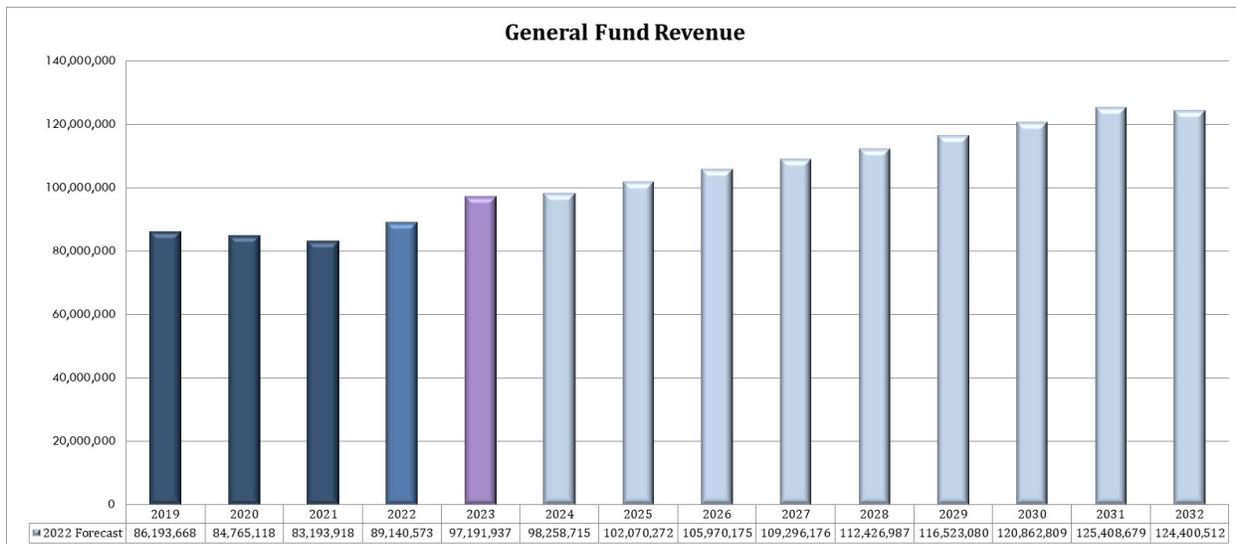
The assumption for inflation for FY24 is 3% and the balance of the forecast is 2.5% which is based upon the forecast in the June 2022, *Livingston Survey* issued by the Federal Reserve Bank of Philadelphia. The salary and wage assumption is based upon the most recent compensation and benefits study and actuarial estimates for General, Police and Firefighters. 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. 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 Worker's Compensation insurance assumptions are based upon information received from our brokers regarding potential increases.

2022 Forecast

The forecast charts shown on the following pages include actual results for 2019-2021 shown in dark blue, the FY22 budget, shown in medium blue and the proposed FY23 budget shown in violet, and then forecasts through FY32 shown in light blue. The forecast maintains service levels and funds the additional contribution of \$5,420,000 for the retirement program through FY31 and no contribution in FY32 when the actuarial estimates show the plan at 100% funded.

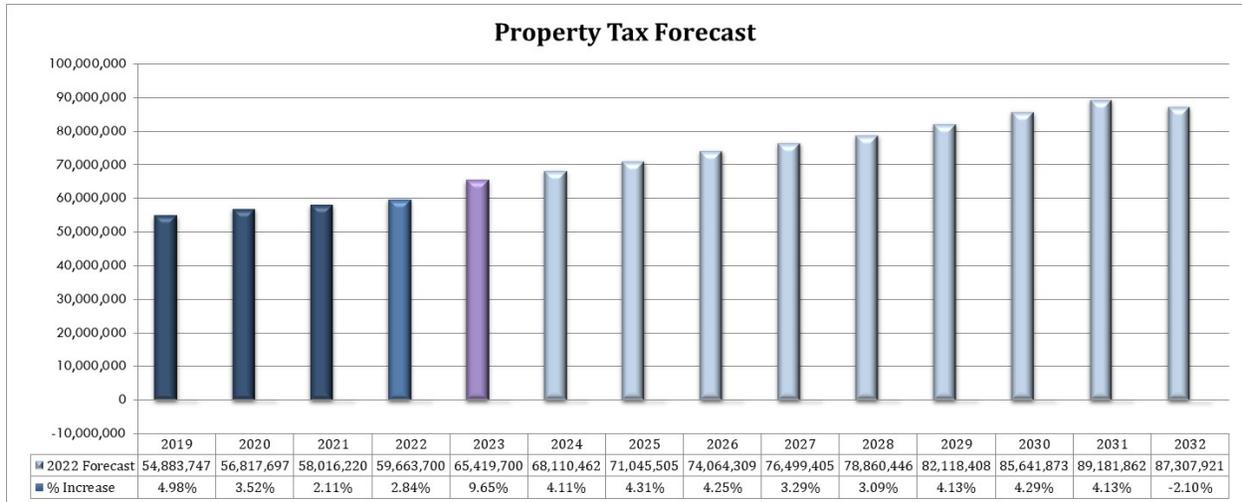
General Fund Revenue Forecast

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.



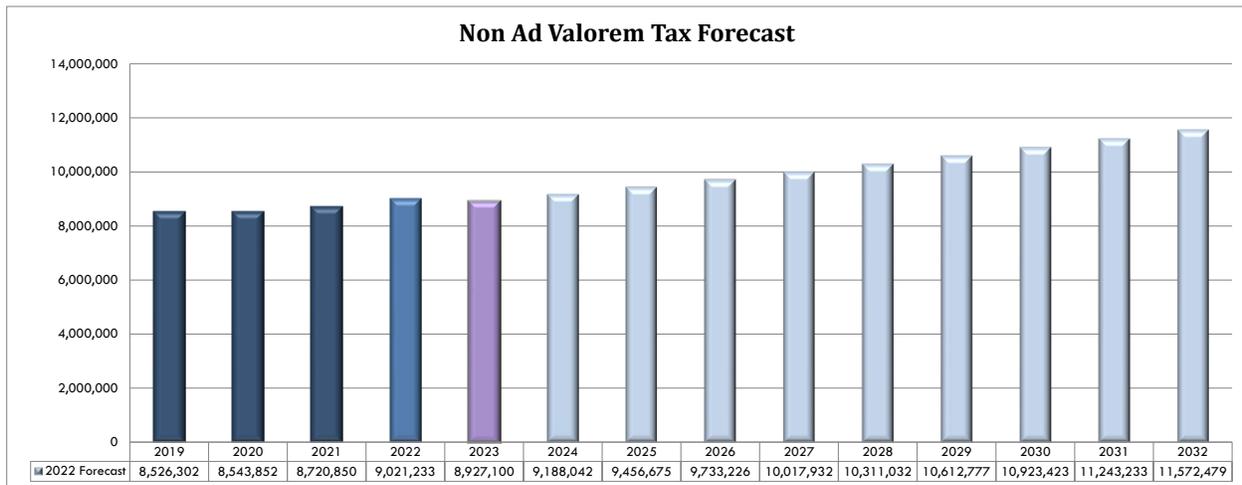
Property Tax Revenue

As mentioned earlier, we used ad valorem property taxes as the plug to balance the budget for the forecast years of FY24 through FY32. Over the past 5 years, taxable value has increased by 38.6% an average of 8.44% per year. The taxable value increase for FY23 was 18.07%. Over the past five years from FY17 through FY22, the Town portion of the property tax bill for a \$1,000,000 homesteaded property has decreased by \$200. The total tax bill during the same 5-year period, including all taxing districts has increased \$205 for a homestead property.



Non Ad Valorem Taxes

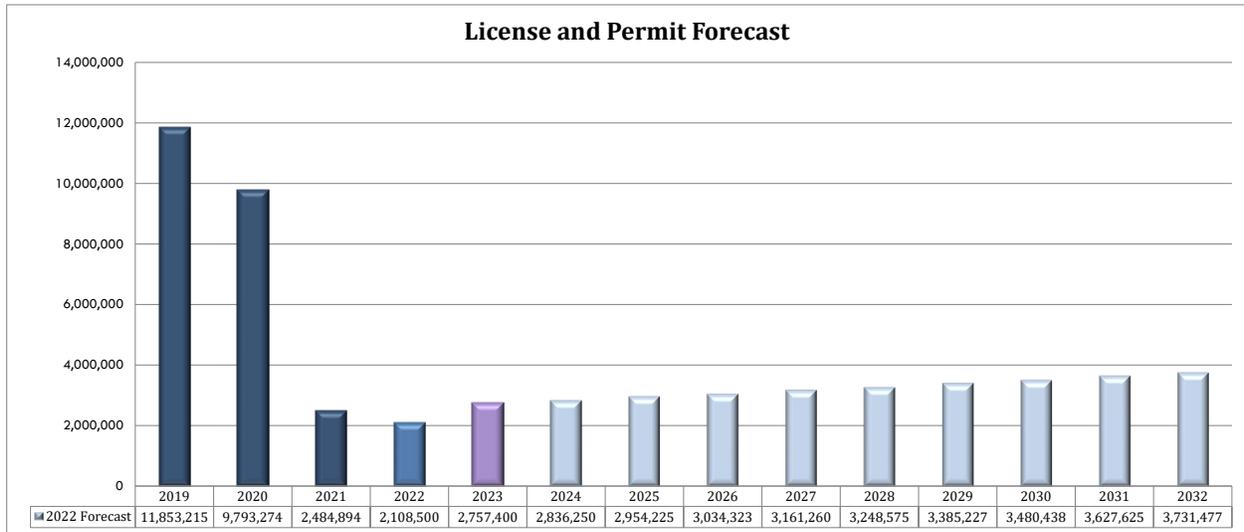
Non ad valorem taxes include local option gas taxes, franchise fees and utility service taxes. The forecast has increased because recent revenue collections have improved. The forecast and trend chart is shown below:



License and Permit Revenue

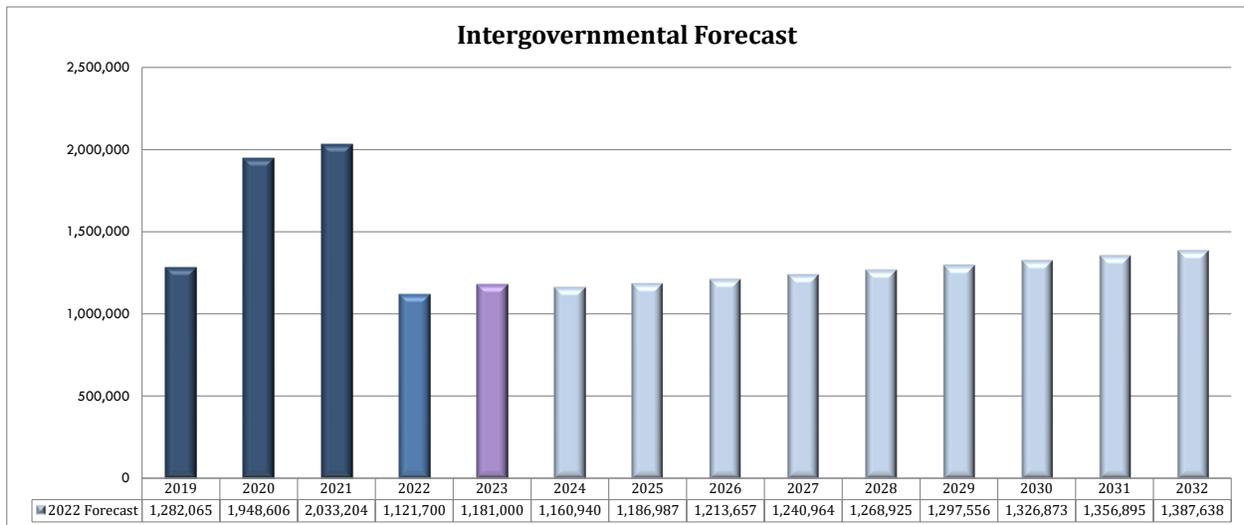
License and permit revenue includes business licenses, building permit revenues and parking permits.

The chart on the following page shows a record year for these revenue sources in 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

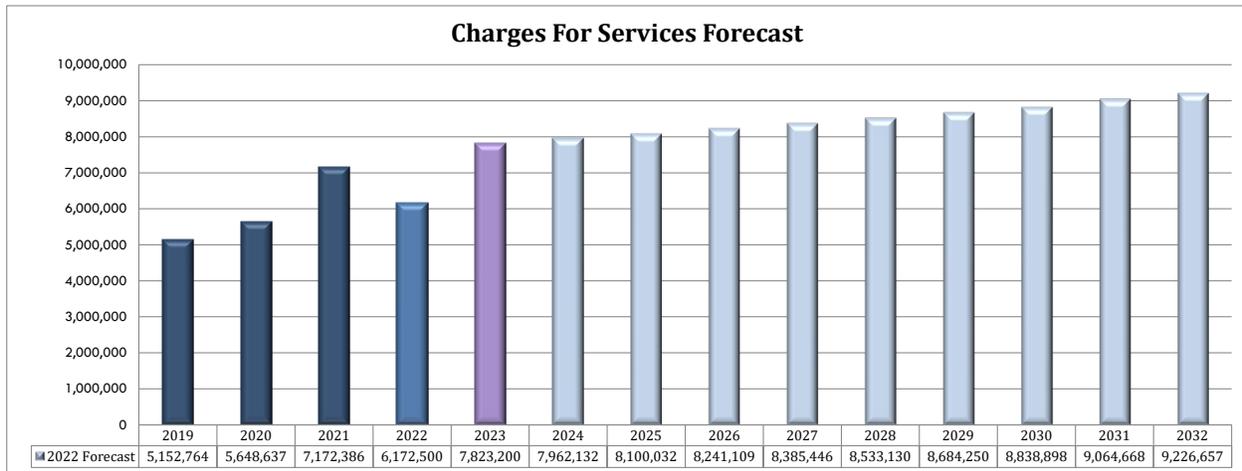
Intergovernmental revenue includes revenue received from Federal, State, County and local government sources. Revenues from the State of Florida include State revenue sharing, local government sales tax and alcoholic beverage licenses. Local revenues include County occupational license revenue, and the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



The forecast for intergovernmental revenues has decreased slightly for FY24 based on revenues received from the State of Florida for sales tax and revenue sharing returning to more normalized levels. FY20 and FY21 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

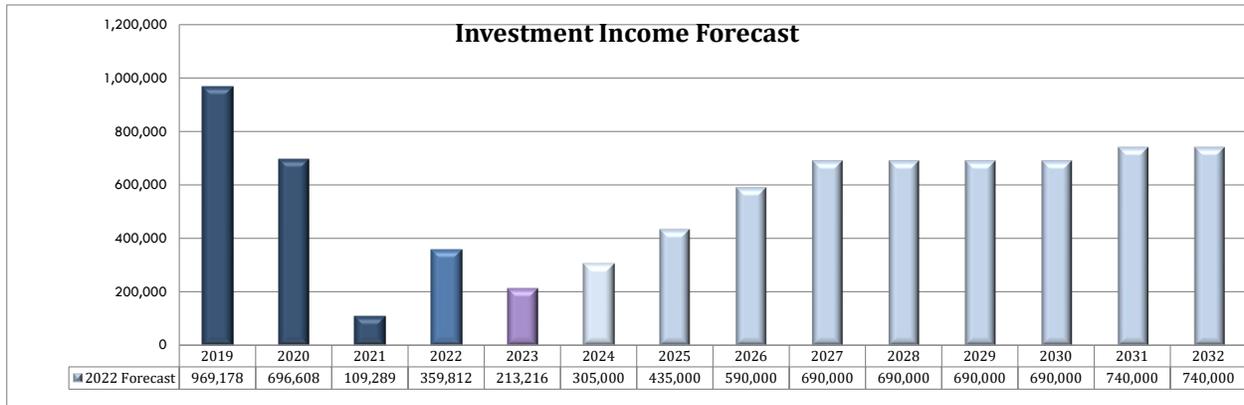
Fine and Forfeiture revenue includes traffic violation fines and penalties, parking fines and penalties and code enforcement violation fines.

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



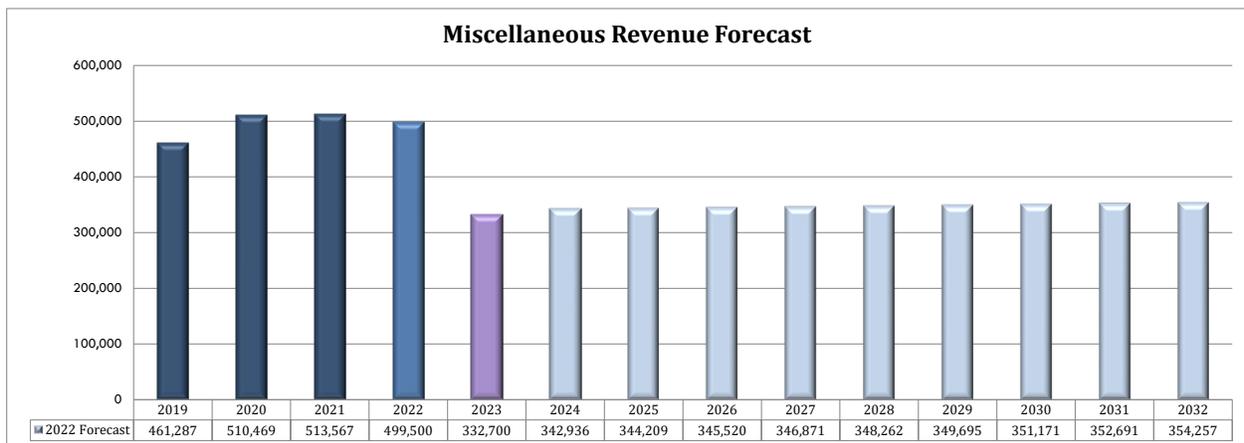
Investment Income

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 FY22 and FY23 budgets and maintain the low investment income through FY24. The future forecast begins to increase investment income to lower than trend levels through 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.



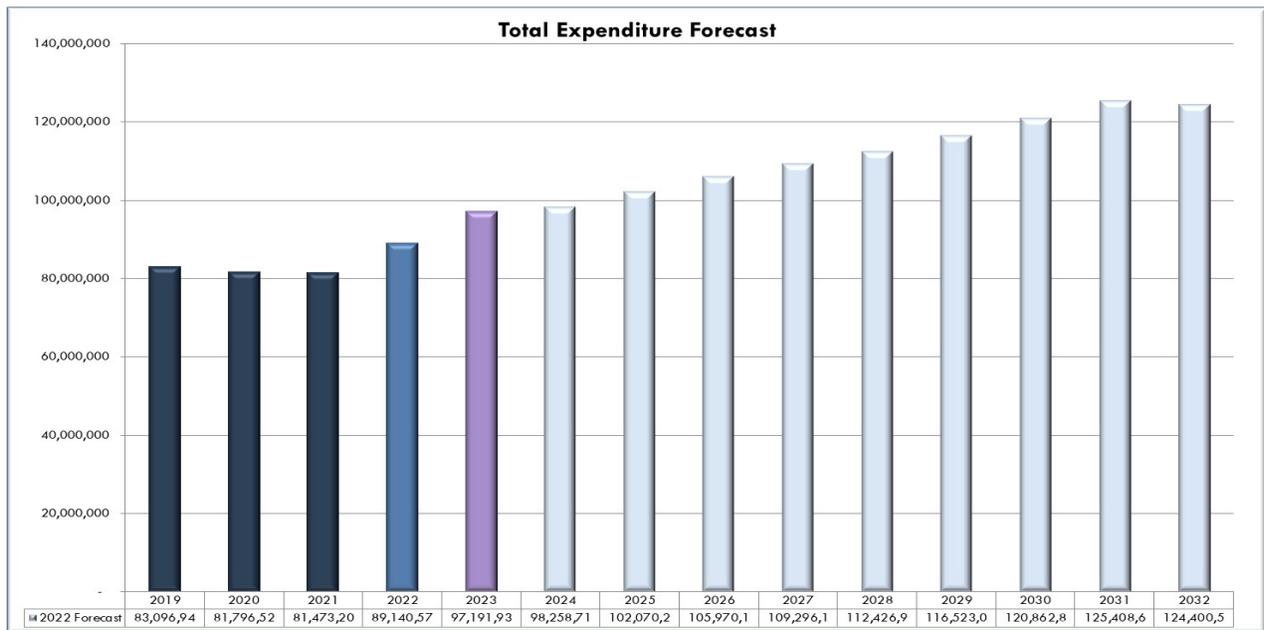
Miscellaneous and Transfers

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



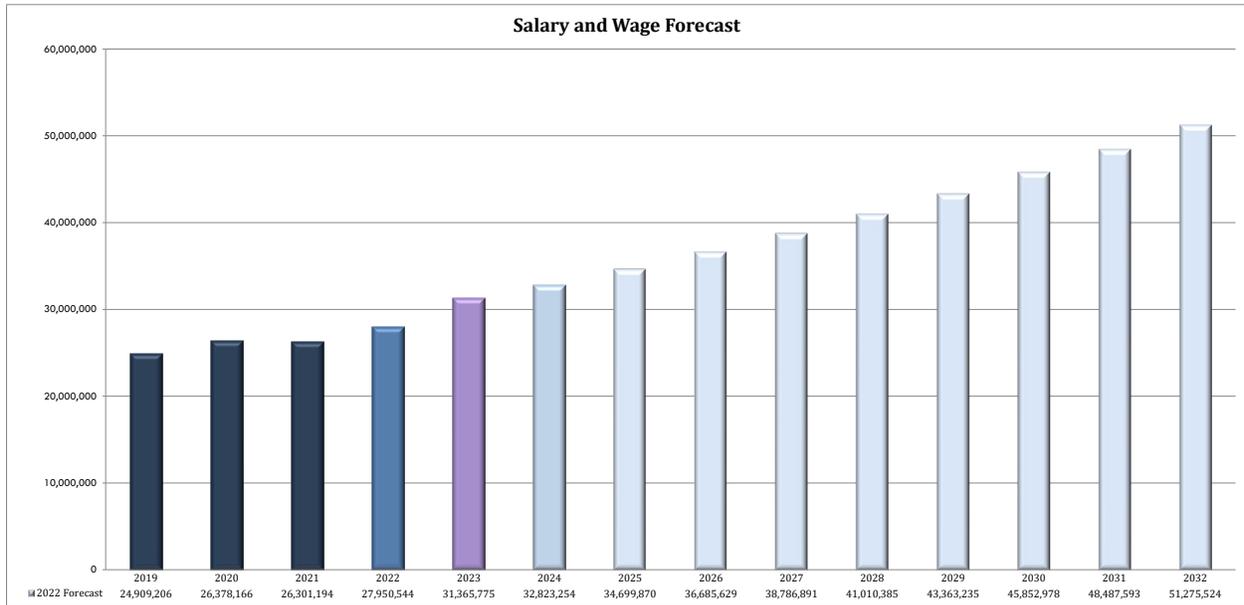
Total General Fund Expenditures

The 2022 forecast contains the FY23 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 and enhancements to crosswalks and traffic signals. In addition, the forecast reflects the expenditure increase assumptions outlined earlier in this section. The charts in this section include three years of actual data from 2019-2021 in dark blue, the FY22 budget in medium blue, the proposed FY23 budget in violet and the forecast through FY32 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 the actuarial assumptions for General, Police and Firefighters. 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 1st of each year. In recent years expenditures have come in well below budget due to vacancies from retirements and turnover. We expect the FY22 actual costs to be below the budget amount. For FY23, a COLA increase of 8.9% is included in the budget. The chart on the following page shows the forecast and past trends.

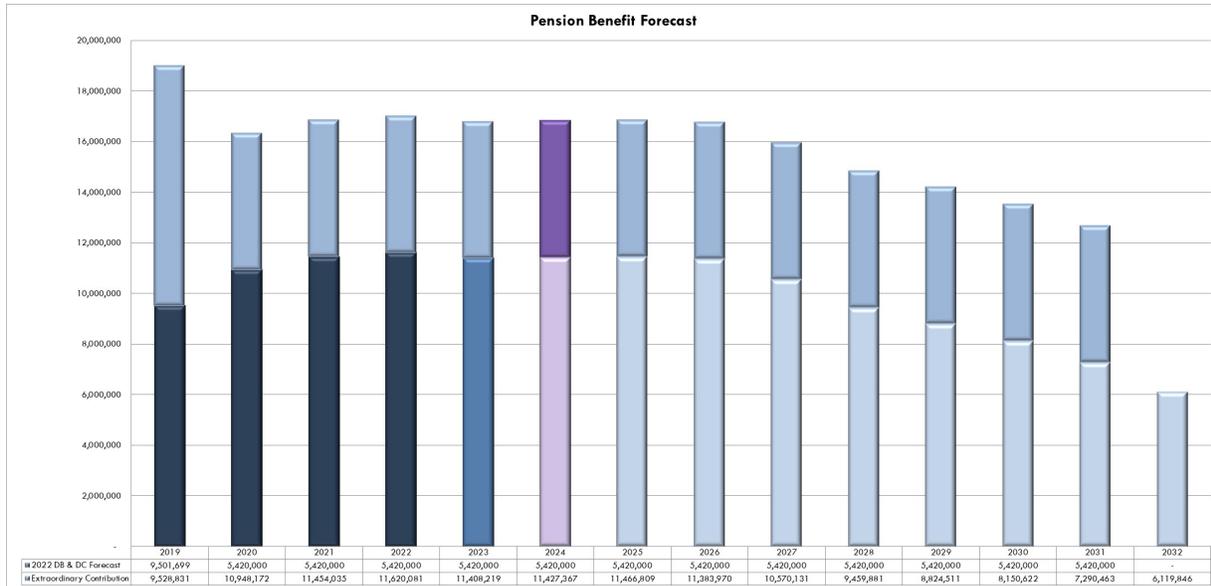


Vacancies have kept these costs stable in recent years. The average increase throughout the forecast period is 5.61% for total salary and wages.

Pension Benefits

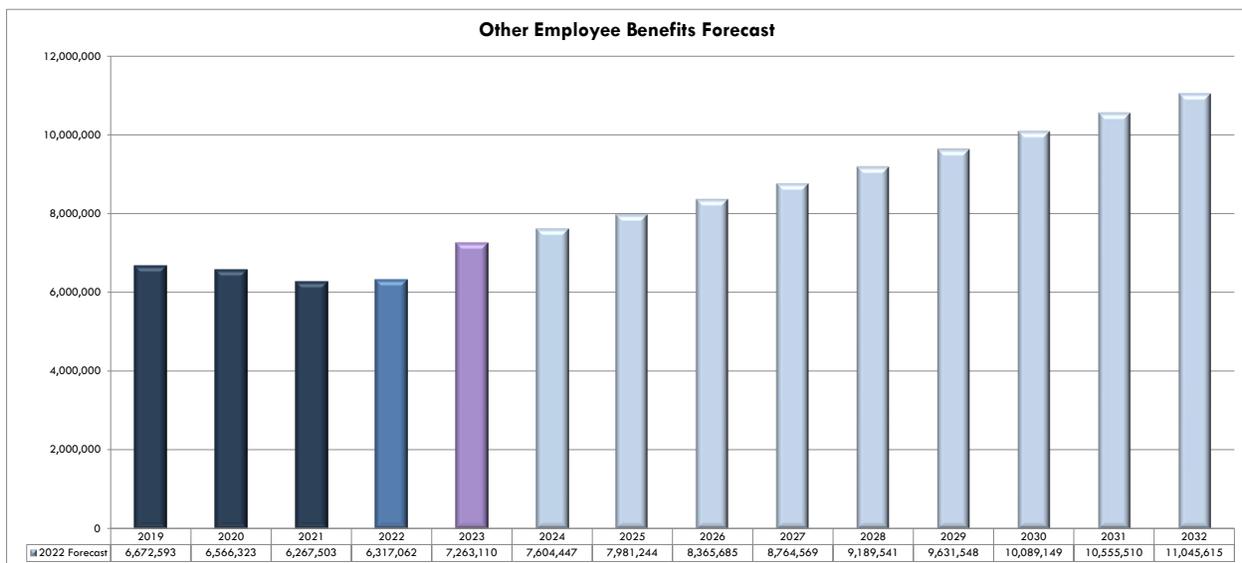
The pension estimate is based upon the actuary’s forecast of the annual required contribution and estimates for the General Employee DC contributions. The forecast for annual contributions includes the compensation study results and the benefit changes for police officers and firefighters made in FY19. The extraordinary contribution of \$5,420,000 is included in each year of the forecast except FY32 when, based on the actuarial estimates, the plan is at 100% funded.

The forecast reflects the Town’s Retirement Board recommended 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 decline over the 9-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 FY31, the funded ratio of the plan is estimated to be 99.1% in FY31 and 101% in FY32.



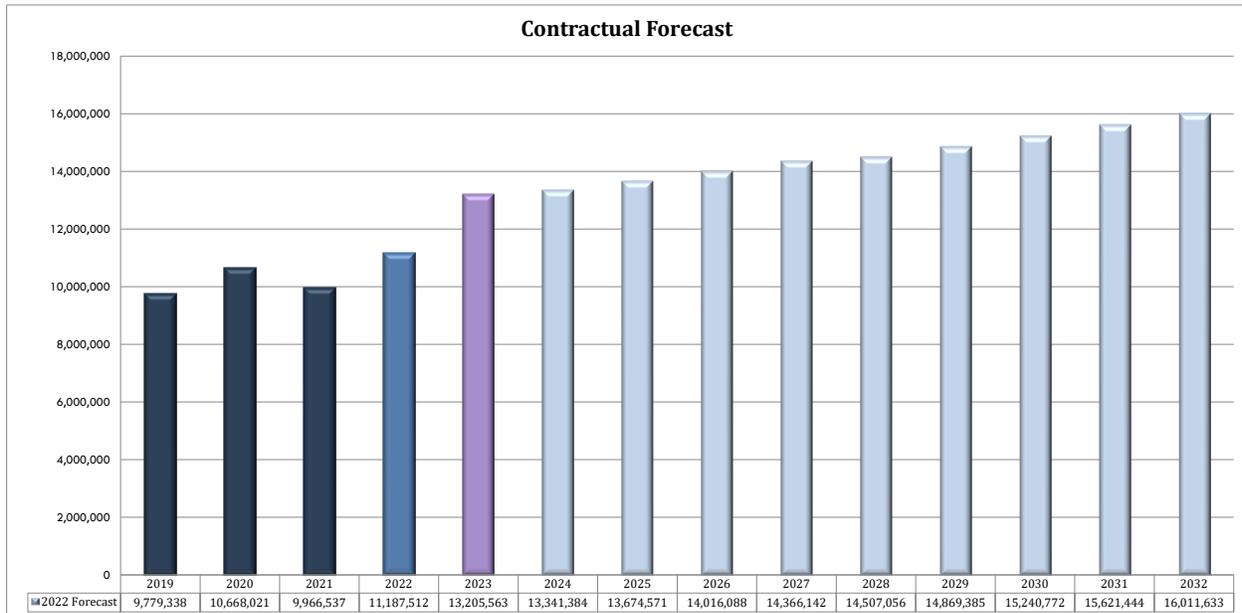
Other Employee Benefits

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 5.75% in FY24 and decrease to 4.54% in FY32. It is our expectation that the forecast for health increases is higher than what we will experience based on our experience in managing the plan. Other employee benefits (including FICA, longevity, incentives, and allowances) are expected to increase at a much lower rate.



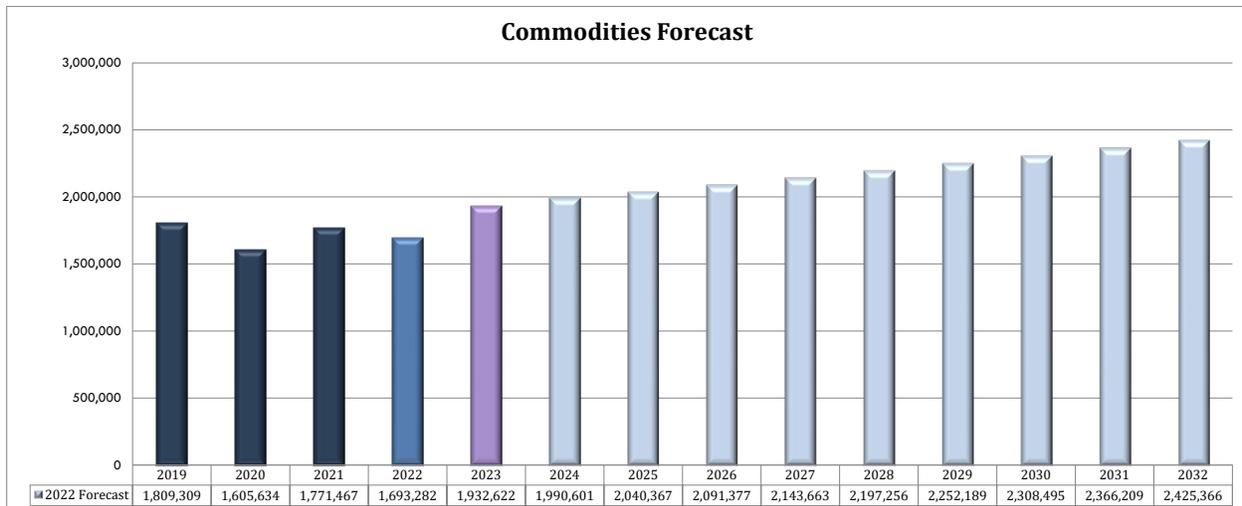
Contractual

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.



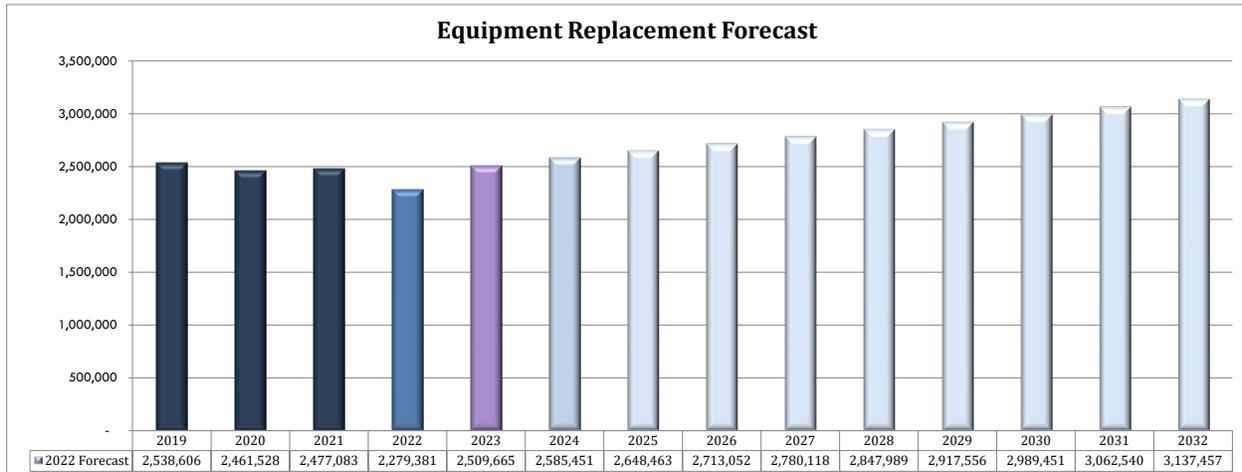
Commodities

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.



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.



- The spike in FY22 includes the transfer to the Capital Improvement Fund 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. The forecast assumes a 17.4% decrease in FY24 due to the one time transfer for the North Fire-

Rescue Station, and a 5% increase through FY32. The increases are in anticipation of the need for increased funding in the Capital Improvement fund going forward for the pay-as-you-go program 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 in FY16 due to increased beach renourishment project costs. In FY21 the budget was reduced to the original \$4,777,000 because of grant awards from FEMA, Federal and State agencies. The budget for FY23 includes a 7% increase and the forecast assumes a 10% increase per year in funding.
- The Debt Service Transfer 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 8% 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 \$331,217 in FY23. 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
FY23 - FY32**

Analysis of Revenues by Category Revenue Sources	2023 Budget	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated	2030 Estimated	2031 Estimated	2032 Estimated
Ad Valorem Revenues	65,419,700	68,110,462	71,045,505	74,064,309	76,499,405	78,860,446	82,118,408	85,641,873	89,181,862	87,307,921
% Increase	9.65%	4.11%	4.31%	4.25%	3.29%	3.09%	4.13%	4.29%	4.13%	-2.10%
\$ Increase	5,756,000	2,690,762	2,935,043	3,018,804	2,435,096	2,361,041	3,257,962	3,523,465	3,539,989	-1,873,941
Non Ad Valorem Taxes	8,927,100	9,188,042	9,456,675	9,733,226	10,017,932	10,311,032	10,612,777	10,923,423	11,243,233	11,572,479
% Increase	-1.04%	2.92%	2.92%	2.92%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%
\$ Increase	-94,133	260,942	268,633	276,552	284,705	293,101	301,745	310,645	319,810	329,247
Licenses and Permits	2,757,400	2,836,250	2,954,225	3,034,323	3,161,260	3,248,575	3,385,227	3,480,438	3,627,625	3,731,477
% Increase	30.78%	2.86%	4.16%	2.71%	4.18%	2.76%	4.21%	2.81%	4.23%	2.86%
\$ Increase	648,900	78,850	117,975	80,098	126,938	87,315	136,652	95,211	147,186	103,853
Intergovernmental Revenue	1,181,000	1,160,940	1,186,987	1,213,657	1,240,964	1,268,925	1,297,556	1,326,873	1,356,895	1,387,638
% Increase	5.29%	-1.70%	2.24%	2.25%	2.25%	2.25%	2.26%	2.26%	2.26%	2.27%
\$ Increase	59,300	-20,060	26,047	26,669	27,307	27,961	28,631	29,318	30,021	30,743
Charges for Services	7,823,200	7,962,132	8,100,032	8,241,109	8,385,446	8,533,130	8,684,250	8,838,898	9,064,668	9,226,657
% Increase	26.74%	1.78%	1.73%	1.74%	1.75%	1.76%	1.77%	1.78%	2.55%	1.79%
\$ Increase	1,650,700	138,932	137,900	141,077	144,337	147,684	151,120	154,648	225,770	161,989
Fines and Forfeitures	943,200	949,874	956,615	963,424	970,301	977,247	984,262	991,348	998,506	1,005,735
% Increase	-8.03%	0.71%	0.71%	0.71%	0.71%	0.72%	0.72%	0.72%	0.72%	0.72%
\$ Increase	-82,300	6,674	6,741	6,809	6,877	6,946	7,016	7,086	7,157	7,229
Interest Income	213,216	305,000	435,000	590,000	690,000	690,000	690,000	690,000	740,000	740,000
% Increase	-40.74%	43.05%	42.62%	35.63%	16.95%	0.00%	0.00%	0.00%	7.25%	0.00%
\$ Increase	-146,596	91,784	130,000	155,000	100,000	0	0	0	50,000	0
Miscellaneous and Transfers	6,497,621	6,607,765	6,796,983	6,991,877	7,192,619	7,399,382	7,612,349	7,831,704	8,057,640	8,290,355
% Increase	53.38%	1.70%	2.86%	2.87%	2.87%	2.87%	2.88%	2.88%	2.88%	2.89%
\$ Increase	2,261,456	110,144	189,218	194,894	200,741	206,764	212,966	219,355	225,936	232,714
Transfers from Fund Balance	3,429,500	1,138,250								
% Increase	-36.86%	-66.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ Increase	-2,001,963	-2,291,250	0	0	0	0	0	0	0	0
Total Revenues	97,191,937	98,258,715	102,070,272	105,970,175	109,296,176	112,426,987	116,523,080	120,862,809	125,408,679	124,400,512
% Increase	9.03%	1.10%	3.88%	3.82%	3.14%	2.86%	3.64%	3.72%	3.76%	-0.80%
\$ Increase	8,051,364	1,066,778	3,811,557	3,899,903	3,326,002	3,130,811	4,096,092	4,339,729	4,545,870	-1,008,167

**Town of Palm Beach
Expenditure Forecast
FY23- FY32**

Analysis of Expenses by Category Expenditure Categories	2023 Budget	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated	2030 Estimated	2031 Estimated	2032 Estimated
Salaries/Wages	31,365,775	32,823,254	34,699,870	36,685,629	38,786,891	41,010,385	43,363,235	45,852,978	48,487,593	51,275,524
% Increase	12.22%	4.65%	5.72%	5.72%	5.73%	5.73%	5.74%	5.74%	5.75%	5.75%
\$ Increase	3,415,231	1,457,479	1,876,615	1,985,759	2,101,262	2,223,495	2,352,850	2,489,743	2,634,615	2,787,931
Pension Benefits	10,807,525	10,793,090	10,797,068	10,676,780	9,823,397	8,671,388	7,991,921	7,271,466	6,362,132	5,139,589
% Increase	-2.72%	-0.13%	0.04%	-1.11%	-7.99%	-11.73%	-7.84%	-9.01%	-12.51%	-19.22%
\$ Increase	-302,389	-14,435	3,978	-120,288	-853,384	-1,152,009	-679,467	-720,455	-909,333	-1,222,544
DC Plan	600,694	634,278	669,741	707,189	746,734	788,493	832,590	879,157	928,330	980,258
% Increase	17.74%	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%
\$ Increase	90,527	33,584	35,463	37,449	39,545	41,759	44,097	46,566	49,174	51,927
Other Employee Benefits	7,263,110	7,604,447	7,981,244	8,365,685	8,764,569	9,189,541	9,631,548	10,089,149	10,555,510	11,045,615
% Increase	14.98%	4.70%	4.95%	4.82%	4.77%	4.85%	4.81%	4.75%	4.62%	4.64%
\$ Increase	946,048	341,337	376,797	384,441	398,884	424,972	442,007	457,600	466,362	490,104
Contractual	13,205,563	13,341,384	13,674,571	14,016,088	14,366,142	14,507,056	14,869,385	15,240,772	15,621,444	16,011,633
% Increase	18.04%	1.03%	2.50%	2.50%	2.50%	0.98%	2.50%	2.50%	2.50%	2.50%
\$ Increase	2,018,051	135,821	333,187	341,517	350,055	140,914	362,329	371,387	380,672	390,189
Commodities	1,932,622	1,990,601	2,040,367	2,091,377	2,143,663	2,197,256	2,252,189	2,308,495	2,366,209	2,425,366
% Increase	14.13%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
\$ Increase	239,340	57,979	49,766	51,011	52,286	53,593	54,933	56,306	57,714	59,157
Equipment Replacement	2,509,665	2,585,451	2,648,463	2,713,052	2,780,118	2,847,989	2,917,556	2,989,451	3,062,540	3,137,457
% Increase	10.10%	3.02%	2.44%	2.44%	2.47%	2.44%	2.44%	2.46%	2.44%	2.45%
\$ Increase	230,284	75,786	63,013	64,588	67,066	67,871	69,567	71,895	73,089	74,917
Library Services	374,126	385,350	396,911	408,818	421,083	433,715	446,726	460,128	473,932	488,150
% Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
\$ Increase	10,897	11,224	11,561	11,907	12,265	12,632	13,011	13,402	13,804	14,218
TOTAL OPERATING EXPENSES	68,059,080	70,157,854	72,908,235	75,664,618	77,832,597	79,645,824	82,305,151	85,091,596	87,857,692	90,503,591
% Increase	10.83%	3.08%	3.92%	3.78%	2.87%	2.33%	3.34%	3.39%	3.25%	3.01%
\$ Increase	6,647,988	2,098,774	2,750,380	2,756,384	2,167,979	1,813,226	2,659,328	2,786,445	2,766,096	2,645,899
TRANSFER TO OTHER FUNDS										
CAPITAL IMPROV. FUND (307)	9,371,020	7,739,571	8,126,550	8,532,878	8,959,521	9,407,497	9,877,872	10,371,766	10,890,354	11,434,872
COASTAL PROTECTION FUND (309)	5,264,732	5,791,205	6,370,326	7,007,358	7,708,094	8,478,904	9,326,794	10,259,473	11,285,421	12,413,963
TRANSFER TO UU FUND (122)	191,116	204,494	218,809	234,125	0	0	0	0	0	0
EXTRAORDINARY TRANSFER TO RETIREMENT	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	0
DEBT SERVICE FUND (205)	5,680,666	5,679,012	5,689,017	5,698,023	5,886,510	5,881,871	5,881,871	5,882,953	5,984,259	5,880,728
RETIREE HEALTH INS.(OPEB) (610)	331,217	336,761	343,474	350,604	358,158	366,356	375,254	384,560	395,192	406,794
RISK-W/C, LIAB.PROP. (501)	2,274,106	2,329,817	2,393,862	2,462,568	2,531,296	2,626,536	2,736,137	2,852,460	2,975,761	3,160,565
CONTINGENT APPROP.	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total Transfers and Other	29,132,857	28,100,860	29,162,037	30,305,556	31,463,579	32,781,164	34,217,928	35,771,212	37,550,987	33,896,922
% Increase	5.06%	-3.54%	3.78%	3.92%	3.82%	4.19%	4.38%	4.54%	4.98%	-9.73%
\$ Increase	1,403,376	-1,031,997	1,061,177	1,143,519	1,158,023	1,317,584	1,436,764	1,553,284	1,779,775	-3,654,066
Total Expenditures	97,191,937	98,258,715	102,070,272	105,970,174	109,296,177	112,426,988	116,523,079	120,862,808	125,408,679	124,400,512
% Increase	9.03%	1.10%	3.88%	3.82%	3.14%	2.86%	3.64%	3.72%	3.76%	-0.80%
\$ Increase	8,051,364	1,066,777	3,811,558	3,899,902	3,326,002	3,130,811	4,096,092	4,339,729	4,545,871	-1,008,167

Enterprise Fund Forecast

Marina

The Town Marina forecast was originally prepared by USMG. The forecast covered a 5-year period. Staff has updated the forecast with FY23 budget information and extended it out to FY32.

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 initial annual and seasonal rate schedule that was approved by Town Council in January 2021. The rates were 10-20% higher than comparable South Florida marinas. The revenue forecast is based on the initial success of the marina's first year of operation 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 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 92% from FY23 to FY32. A robust marketing plan will keep the marina at the top of the mind of 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.

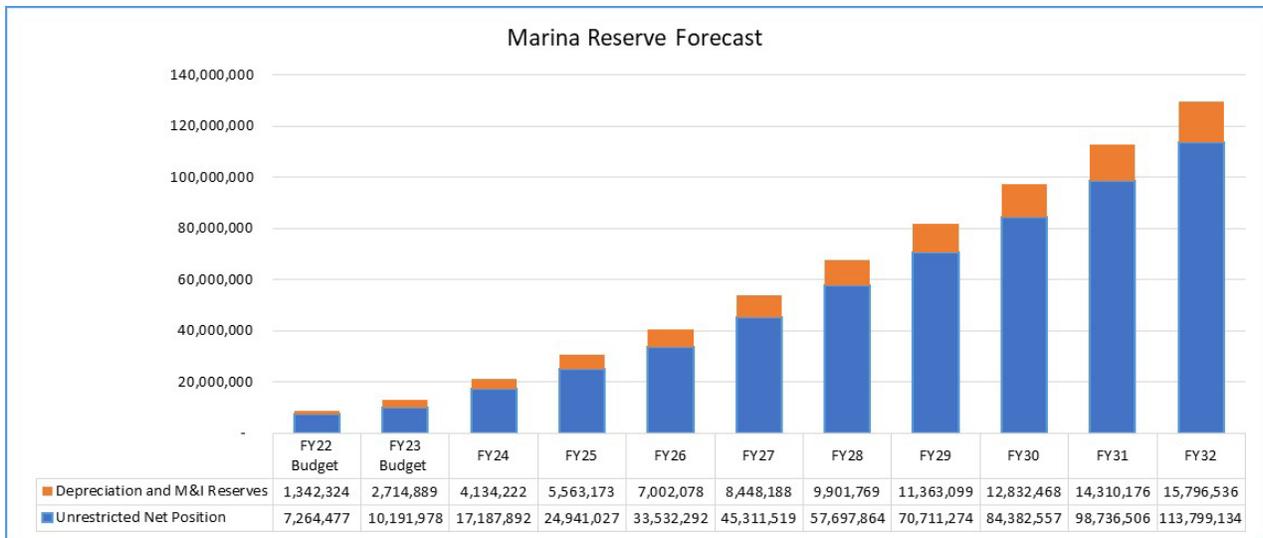
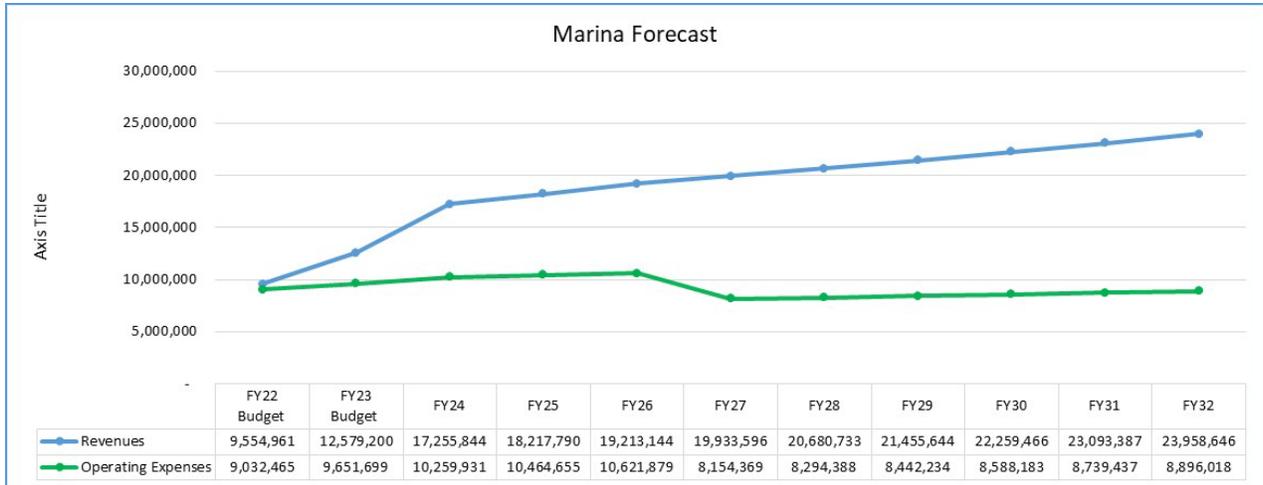
The Depreciation expense amount is based on the cost to build the marina less the bulkhead, divided by a 30-year estimated life. Furniture and fixtures are depreciated over a 10-year life. A reserve has been established to fund the annual depreciation. This reserve will be used to offset the future cost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

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.

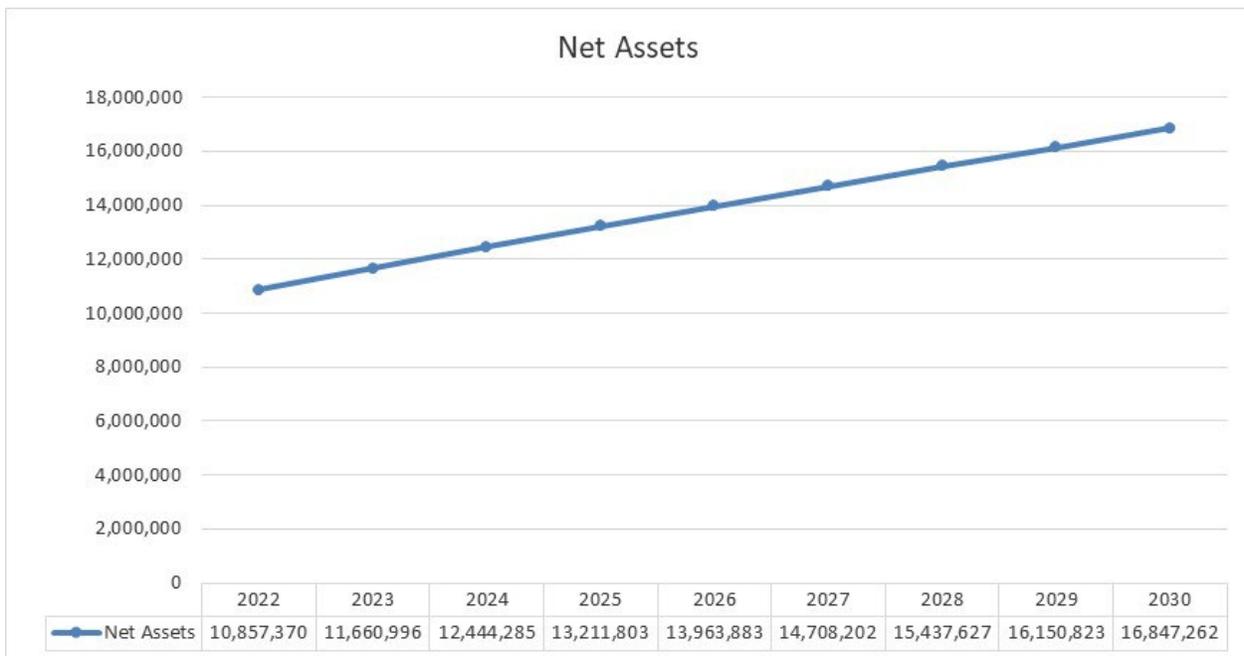
A cost allocation was developed in-house to allocate General Fund costs for operations. These costs include, the Town Manager's Office, Finance, Purchasing, Human Resources, Public Works administration, facility maintenance, and general engineering. These allocations total \$620,465 for FY23.

A summary of the forecast is included in this section. The charts below show 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

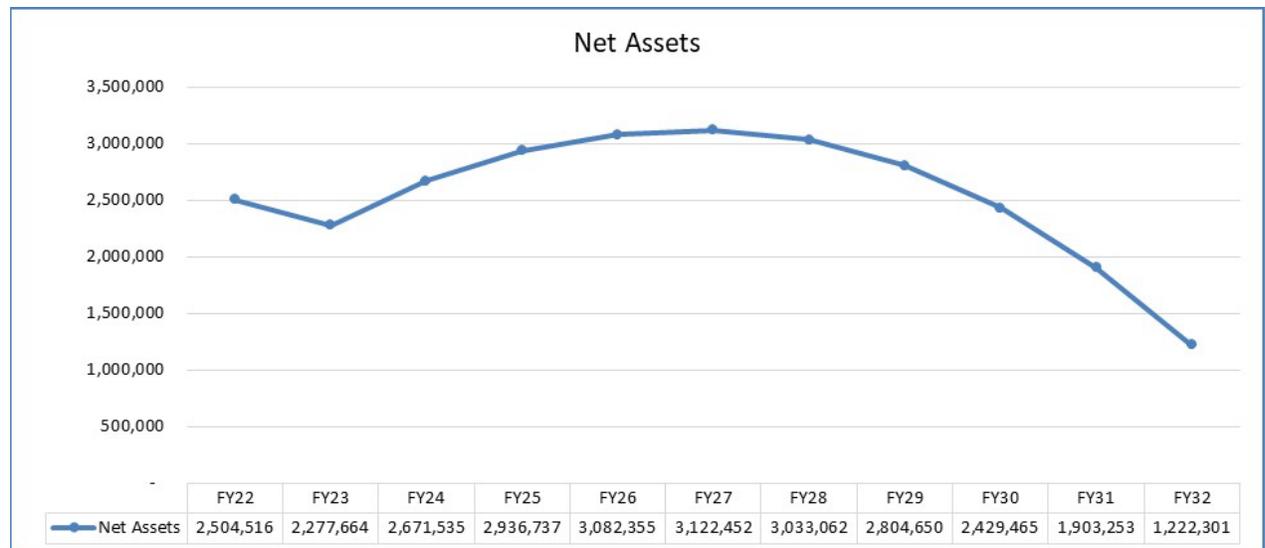
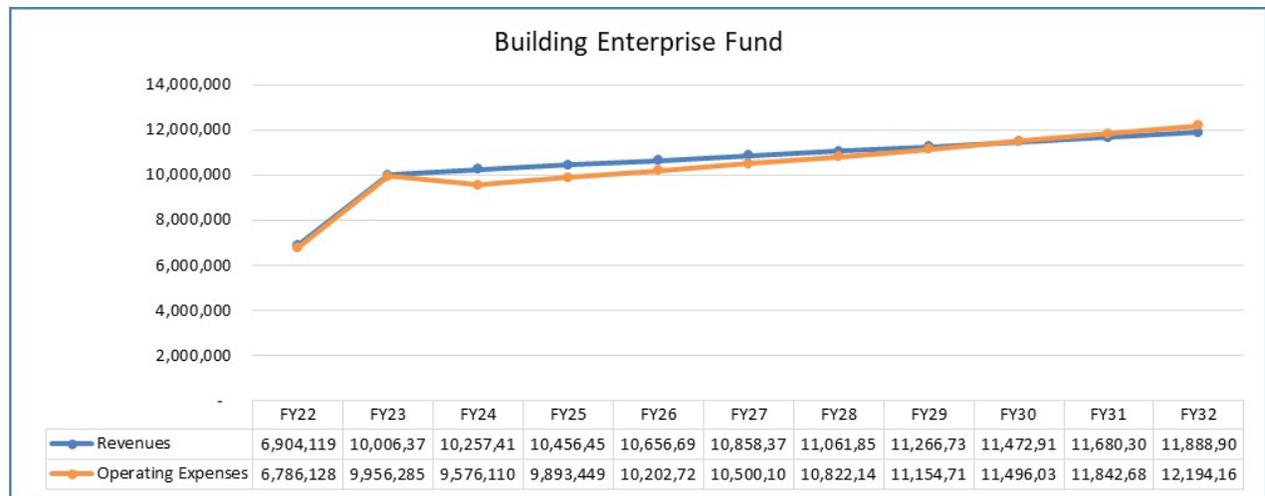
Revenue projections are based on an improving economy after the pandemic, strategic price increases, growth in play and increased merchandise sales. Once the course reopened after the pandemic closure, demand for use has been very high and we expect improved performance in future years. Expenses increase 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 3% for FY24 then 2% 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 Budget Forecast for Business Plan
FY23 - FY32

Marina Income	FY23 Budget	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Annual/Seasonal Lease Revenue	11,000,000	14,933,566	15,680,245	16,464,257	17,038,859	17,633,515	18,248,925	18,885,813	19,544,928	20,227,045
Transient Rental	770,000	1,437,812	1,563,924	1,683,798	1,786,510	1,895,487	2,011,111	2,133,789	2,263,950	2,402,051
Sub-Total Dockage revenues	11,770,000	16,371,378	17,244,168	18,148,055	18,825,369	19,529,002	20,260,037	21,019,602	21,808,878	22,629,097
Tender revenue	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance and Improvement Fee	-	-	-	-	-	-	-	-	-	-
Utility Reimbursement	687,700	756,700	819,950	885,500	903,210	921,274	939,700	958,494	977,664	997,217
Investment Income	50,000	74,806	99,742	124,677	149,613	174,548	199,484	224,419	249,355	274,290
Merchandise	20,000	20,460	20,931	21,412	21,904	22,408	22,924	23,451	23,990	24,542
Waiting List Fee	40,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Grant Revenue										
Miscellaneous Revenue/Deposits	6,500	7,500	8,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500
TOTAL REVENUE	12,579,200	17,255,844	18,217,790	19,213,144	19,933,596	20,680,733	21,455,644	22,259,466	23,093,387	23,958,646
Marina Expenses										
Salaries and Wages	373,904	388,860	404,415	420,591	437,415	454,911	473,108	492,032	511,713	532,182
Employee Benefits	192,889	202,949	213,057	232,281	237,416	241,667	245,284	248,387	251,969	256,042
Contractual Costs	2,320,740	2,812,447	2,949,980	3,032,405	3,112,209	3,194,475	3,279,288	3,366,737	3,456,912	3,549,910
Commodities	32,200	32,941	33,698	34,473	35,266	36,077	36,907	37,756	38,624	39,513
Total Marina Operating Expenses	2,919,733	3,437,197	3,601,150	3,719,750	3,822,305	3,927,131	4,034,588	4,144,912	4,259,219	4,377,646
FTE Count	4.550	4.550	4.550	4.550	4.550	4.550	4.550	4.550	4.550	4.550
Net Income from Operations	9,659,467	13,818,647	14,616,640	15,493,394	16,111,291	16,753,602	17,421,056	18,114,554	18,834,167	19,581,000
Other Non Operating Expenses										
Capital Expense										
Debt Service	1,992,950	1,992,463	1,996,244	1,999,238	1,996,500	1,998,031	2,003,719	2,003,563	2,003,563	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	1,246,774
Contingency	145,985	171,860	180,058	185,987	191,115	196,357	201,729	207,246	212,961	218,882
Maintenance and Improvement Reserve 1% of Revenue	125,792	172,558	182,178	192,131	199,336	206,807	214,556	222,595	230,934	239,586
Transfer to General Fund for Cost Allocation	620,465	639,079	658,251	677,999	698,339	719,289	740,868	763,094	785,986	809,566
Transfer to TWUU Fund	2,600,000	2,600,000	2,600,000	2,600,000						
Total Non Operating Expenses	6,731,966	6,822,734	6,863,505	6,902,130	4,332,064	4,367,258	4,407,646	4,443,271	4,480,218	4,518,372
Net Income Including all Operating and Non Operating Marina Expenses	2,927,501	6,995,913	7,753,136	8,591,265	11,779,227	12,386,345	13,013,410	13,671,283	14,353,949	15,062,628
Beginning Unrestricted Net Position	7,264,477	10,191,978	17,187,892	24,941,027	33,532,292	45,311,519	57,697,864	70,711,274	84,382,557	98,736,506
Ending Unrestricted Net Position	10,191,978	17,187,892	24,941,027	33,532,292	45,311,519	57,697,864	70,711,274	84,382,557	98,736,506	113,799,134
Depreciation Reserve Balance	2,493,548	3,740,322	4,987,095	6,233,869	7,480,643	8,727,417	9,974,190	11,220,964	12,467,738	13,714,512
Maintenance and Improvement Reserve	221,342	393,900	576,078	768,209	967,545	1,174,353	1,388,909	1,611,504	1,842,438	2,082,024
Total Reserves	2,714,889	4,134,222	5,563,173	7,002,078	8,448,188	9,901,769	11,363,099	12,832,468	14,310,176	15,796,536

**Par 3 Golf Course Forecast
FY23 - FY32**

	2023 Budget	2024 Estimates	2025 Estimates	2026 Estimates	2027 Estimates	2028 Estimates	2029 Estimates	2030 Estimates	2031 Estimates	2032 Estimates
Revenues										
Golf Resident Pass Fees	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
Golf 12 Play Passes	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Greens Fees	1,425,000	1,453,500	1,482,570	1,512,221	1,542,466	1,573,315	1,604,781	1,636,877	1,669,615	1,703,007
Golf Riding Cart Rental	610,000	628,300	647,149	666,563	686,560	707,157	728,372	750,223	772,730	795,912
Golf Pull Cart Rental	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143
Golf Driving Range	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Club Rentals	85,000	87,550	90,177	92,882	95,668	98,538	101,494	104,539	107,675	110,906
Golf Teaching Services	70,000	71,400	72,828	74,285	75,770	77,286	78,831	80,408	82,016	83,656
Golf Merchandise	425,000	433,500	442,170	451,013	460,034	469,234	478,619	488,191	497,955	507,914
Golf F&B Revenue (Restaurant)	500,000	505,000	510,050	515,151	520,302	525,505	530,760	536,068	541,428	546,843
Programs & Events	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219
Golf Outings	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191
Marina Amenity	19,000	19,380	19,768	20,163	20,566	20,978	21,397	21,825	22,262	22,707
Electricity sales	4,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
TOTAL REVENUES	3,407,000	3,480,200	3,554,593	3,630,722	3,708,628	3,788,358	3,869,955	3,953,468	4,038,942	4,126,428
	24.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%	2.2%	2.2%	2.2%
Expenses										
Salaries/Wages	641,895	677,199	714,445	753,740	795,195	838,931	885,072	933,751	985,108	1,039,289
Pension Benefits - DB	135,279	135,306	135,644	134,017	122,813	116,451	109,243	100,296	88,220	72,129
Pension Benefits - DC	27,426	28,934	30,526	32,205	33,976	35,845	37,816	39,896	42,090	44,405
Other Employee Benefits	177,522	185,581	194,823	204,253	214,037	224,460	235,302	246,526	257,964	269,985
Contractual	1,006,955	1,037,164	1,063,093	1,089,670	1,116,912	1,144,835	1,173,455	1,202,792	1,232,862	1,263,683
Commodities	614,297	632,726	648,544	664,758	681,377	698,411	715,871	733,768	752,112	770,915
TOTAL EXPENSES	2,603,374	2,696,911	2,787,076	2,878,642	2,964,309	3,058,933	3,156,760	3,257,029	3,358,356	3,460,406
	25.6%	3.6%	3.3%	3.3%	3.0%	3.2%	3.2%	3.2%	3.1%	3.0%
Operating Revenues over/(under) Expenses	803,626	783,289	767,518	752,080	744,319	729,425	713,196	696,439	680,586	666,022
Cost Recovery %	131%	129%	128%	126%	125%	124%	123%	121%	120%	119%
Other Non Operating Expenses										
Transfer to ERF and Golf Course Reserves	268,393	271,077	273,788	276,526	279,291	282,084	284,905	287,754	290,631	293,537
Transfer to General Fund	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Debt Service	187,426	188,206	183,998	184,997	185,564	185,635	185,322	189,795	189,795	189,795
Contingency (5% operating expenses)	130,169	134,846	139,354	143,932	148,215	152,947	157,838	162,851	167,918	173,020
Total Non Operating Expenses	610,988	619,128	622,139	630,455	638,070	645,665	653,065	665,400	673,344	681,353
TOTAL REVENUES OVER/(UNDER) EXPENSES	192,638	164,161	145,378	121,625	106,249	83,760	60,131	31,039	7,242	(15,331)
Beginning Net Assets	10,857,370	11,660,996	12,444,285	13,211,803	13,963,883	14,708,202	15,437,627	16,150,823	16,847,262	17,527,848
Ending Net Assets	11,660,996	12,444,285	13,211,803	13,963,883	14,708,202	15,437,627	16,150,823	16,847,262	17,527,848	18,193,870
Golf Course & Buildings Reserves										
Beginning Balance	1,009,762	374,679	447,986	509,293	612,600	655,907	809,214	962,521	1,115,828	1,269,135
Capital Expenses	(788,390)	(80,000)	(92,000)	(50,000)	(110,000)	-	-	-	-	-
Transfer to Reserve Fund	153,307	153,307	153,307	153,307	153,307	153,307	153,307	153,307	153,307	153,307
Ending Balance	374,679	447,986	509,293	612,600	655,907	809,214	962,521	1,115,828	1,269,135	1,422,442
Equipment Replacement Reserves										
Beginning Balance	603,254	589,085	623,981	610,574	648,900	638,992	680,886	674,617	670,223	667,742
Equipment Replacement Purchases	(97,400)	(50,000)	(100,000)	(50,000)	(100,000)	(50,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfer to Reserve Fund	83,231	84,896	86,594	88,325	90,092	91,894	93,732	95,606	97,518	99,469
Ending Balance	589,085	623,981	610,574	648,900	638,992	680,886	674,617	670,223	667,742	667,211

**Building Enterprise Fund Forecast
FY23 - FY32**

Revenues	FY23 Budget	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Town Plan Review and Town Inspection	8,985,785	9,255,359	9,440,466	9,629,275	9,821,861	10,018,298	10,218,664	10,423,037	10,631,498	10,844,128
Permit Processing	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Permit Penalty	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reinspection Fees	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Contractor Registration Fee	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Permit Revision Fee	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Flood Plain Management Fee	30,000	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	656,211
Building Insp Fund Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Radon Gas	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
ROW Violations	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Building permit search fee	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Miscellaneous Revenue	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Investment Income	50,090	45,553	53,431	58,735	61,647	62,449	60,661	56,093	48,589	38,065
Total Revenue	10,006,375	10,257,412	10,456,456	10,656,690	10,858,370	11,061,853	11,266,737	11,472,911	11,680,301	11,888,904

Expenses										
Salaries and Wages	1,735,709	1,831,173	1,931,888	2,038,141	2,150,239	2,268,502	2,393,270	2,524,900	2,663,769	2,810,277
Pension - DB	330,663	330,729	331,556	327,577	300,192	284,642	267,022	245,153	215,637	176,305
Pension - DC	68,577	72,349	76,328	80,526	84,955	89,628	94,557	99,758	105,245	111,033
Other Employee Benefits	543,631	568,312	596,614	625,490	655,451	687,371	720,571	754,942	789,972	826,784
Contractual	1,034,200	1,065,226	1,091,857	1,119,153	1,147,132	1,175,810	1,205,205	1,235,336	1,266,219	1,297,874
Commodities	36,000	37,080	38,007	38,957	39,931	40,929	41,953	43,001	44,076	45,178
Capital Outlay	688,049	-	-	-	-	-	-	-	-	-
General Fund Cost Allocation	5,519,456	5,671,241	5,827,200	5,972,880	6,122,202	6,275,257	6,432,139	6,592,942	6,757,766	6,926,710
Total Operating Expenses	9,956,285	9,576,110	9,893,449	10,202,725	10,500,102	10,822,140	11,154,718	11,496,033	11,842,684	12,194,162
	46.72%	-3.82%	3.31%	3.13%	2.91%	3.07%	3.07%	3.06%	3.02%	2.97%
Operating Revenues over/(under) Expenses	50,090	681,302	563,007	453,965	358,268	239,713	112,019	(23,121)	(162,383)	(305,258)
Depreciation	(89,503)	(92,188)	(94,493)	(96,855)	(99,276)	(101,758)	(104,302)	(106,910)	(109,583)	(112,322)
Contingency	(187,439)	(195,243)	(203,312)	(211,492)	(218,895)	(227,344)	(236,129)	(245,155)	(254,246)	(263,373)
Total Revenues over/(under) Expenses	(226,852)	393,871	265,202	145,618	40,097	(89,390)	(228,412)	(375,186)	(526,211)	(680,952)

Beginning Net Assets	2,504,516	2,277,664	2,671,535	2,936,737	3,082,355	3,122,452	3,033,062	2,804,650	2,429,465	1,903,253
Ending Net Assets	2,277,664	2,671,535	2,936,737	3,082,355	3,122,452	3,033,062	2,804,650	2,429,465	1,903,253	1,222,301

Coastal Program - Cash Flow Projection through FY2032

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	9,440,315	-	(13,730,009)	(11,407)	(513,181)	32,314,211
2022	32,314,211	4,920,310	5,006,854	-	(11,475,499)	(821,712)	(508,482)	29,435,682
2023	29,435,682	5,264,732	-	-	(4,909,275)	686,600	(509,134)	29,968,605
2024	29,968,605	5,791,205	11,902,800	-	(31,058,522)	749,215	(508,463)	16,844,840
2025	16,844,840	6,370,325	-	-	(29,954,352)	421,121	(508,760)	(6,826,826)
2026	(6,826,826)	7,007,358	-	-	(4,212,587)	-	(511,417)	(4,543,472)
2027	(4,543,472)	7,708,094	-	-	(3,413,414)	-	(512,778)	(761,570)
2028	(761,570)	8,478,903	16,765,760	-	(30,249,447)	-	(512,395)	(6,278,749)
2029	(6,278,749)	9,326,793	-	-	(3,127,690)	-	(511,062)	(590,708)
2030	(590,708)	10,259,473	-	-	(3,975,151)	-	(510,867)	5,182,747
2031	5,182,747	11,285,420	-	-	(3,223,835)	129,569	(510,832)	12,863,069
2032	12,863,069	12,413,962	10,764,000	-	(36,675,750)	321,577	(511,710)	(824,852)
Total		134,929,275	78,819,634	(15,793,093)	(194,732,974)	4,124,082	(9,932,411)	

Assumes a 10% increase in revenue per year

**Townwide Undergrounding Project
Cash Flow Projection through 2026**

		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
2016 A	-				2,530,250			(693,339)				1,836,911
2017 A	1,836,911	1,027,241				16,531	49,250	(3,946,801)	(91,001)	(64,750)		(1,172,618)
2018 A	(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
2019 A	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
2020 A	63,944,515	644,450			4,530,945	810,606	234,594	(8,552,487)	(358,967)		(3,398,350)	57,855,306
2021 A	57,855,306	665,000		9,198,896	10,856,488	86,212	220,557	(10,195,979)	(318,576)	(202,380)	(3,464,929)	64,700,596
2022 E	64,700,596	676,550	2,600,000	311,959	3,850,000	323,503	95,120	(19,380,240)	(326,541)		(3,847,805)	49,003,143
2023 E	49,003,143	681,913	2,600,000	8,188,041	3,850,000	490,031	96,071	(36,080,242)	(334,704)		(3,848,755)	24,645,497
2024 E	24,645,497	691,008	2,600,000		3,850,000	246,455	97,032	(27,150,997)	(343,072)		(3,846,855)	789,068
2025 E	789,068	700,558	2,600,000		3,850,000	15,781	98,002	(8,155,982)	(351,649)		(3,847,105)	(4,301,326)
2026 E	(4,301,326)	710,586	2,600,000		3,850,000	-	98,982				(3,847,355)	(889,113)
Total		7,562,305	13,000,000	78,198,794	57,193,744	4,157,585	2,168,560	(129,997,096)	(3,558,509)	(815,966)	(28,798,530)	

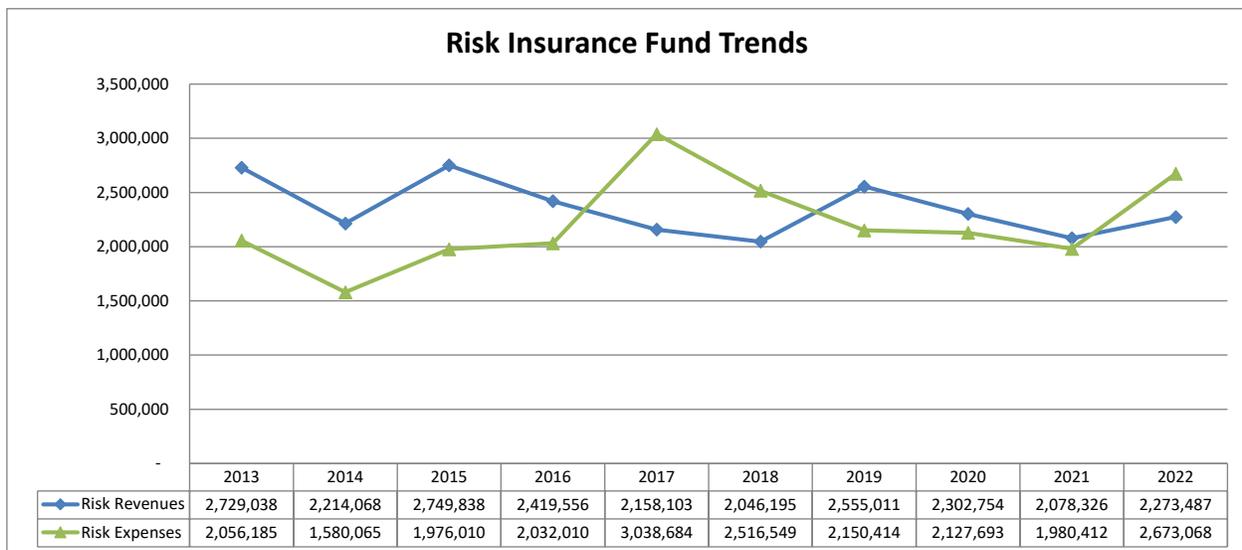
A= Actual E= Estimate

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.

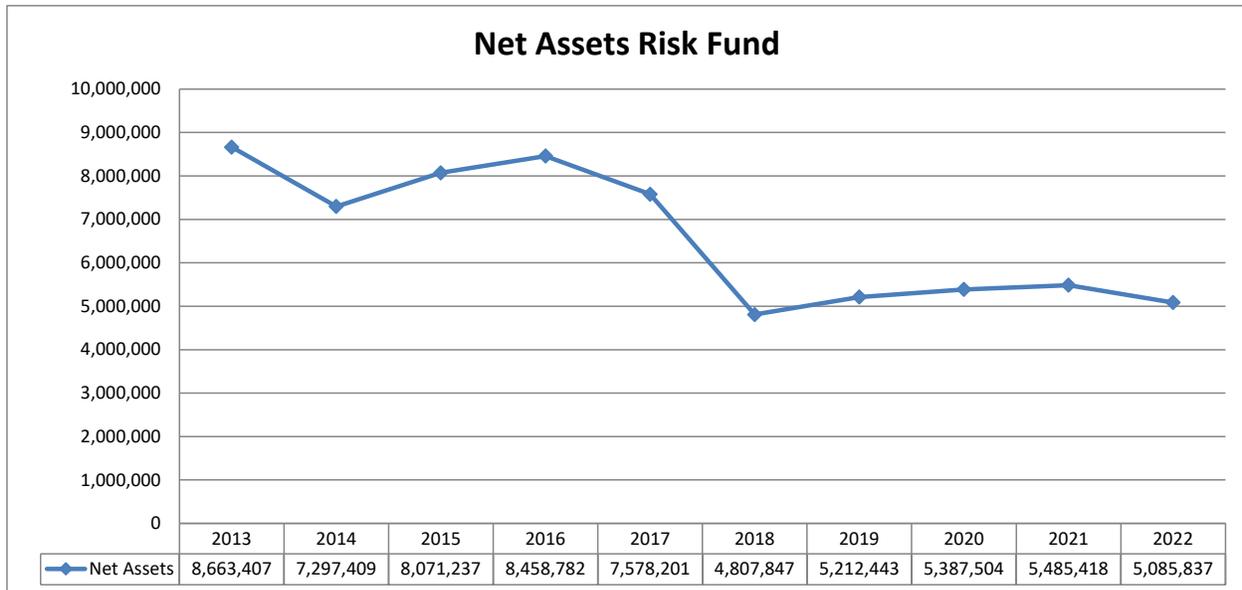
The Office of Risk Management and the Town's insurance programs are funded by an annual transfer from the General Fund and interest earned on the net assets within the fund.

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

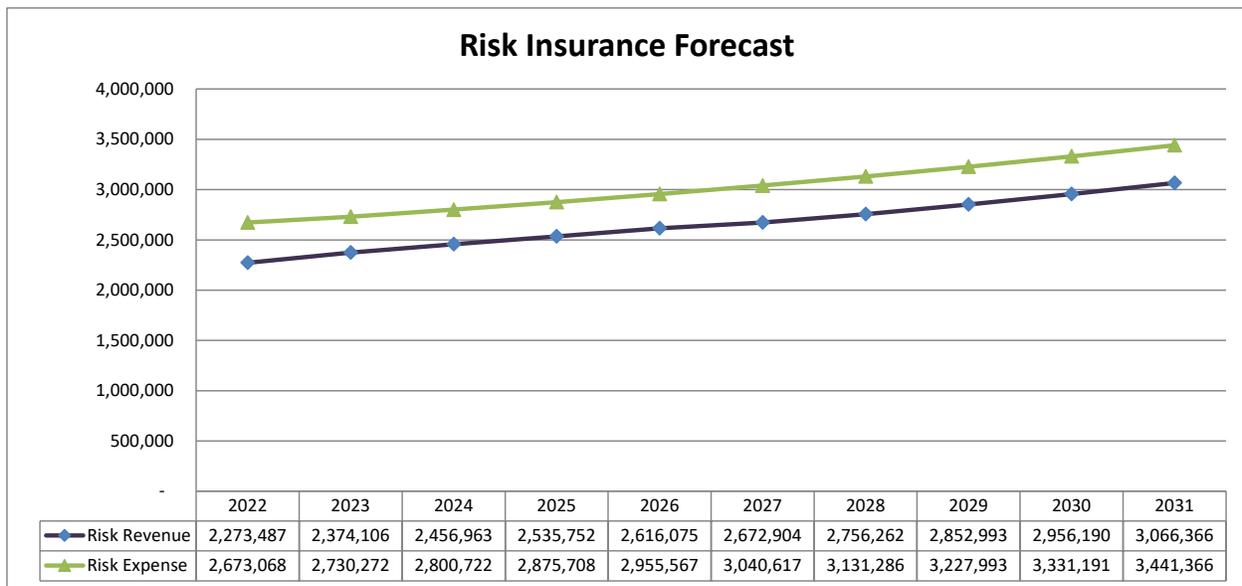


The Risk revenues represent the transfer from the General Fund, investment income and excess claims payments. In FY13 there were abnormally high claims for the year. Risk expenses in 2014 were lower than expected due to lower claims. In 2015 we increased funding for the stop loss from \$780,000 to \$900,000 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. In FY21 liability and property claims were much lower than previous years and the FY22 budgeted amounts.

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.



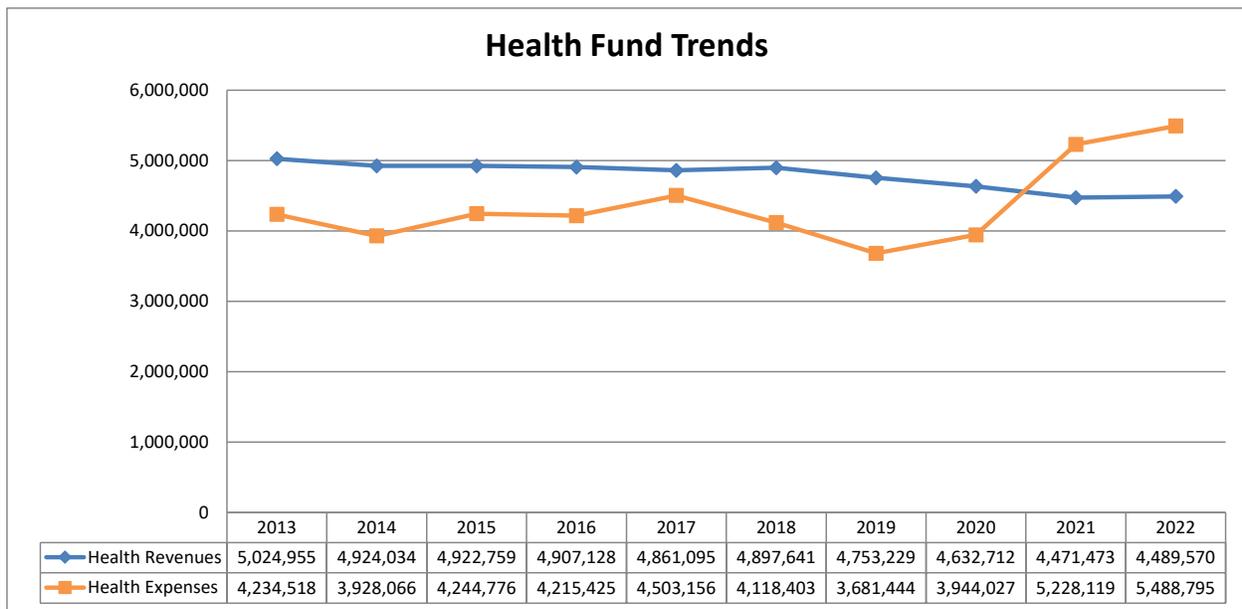
The Risk Insurance Fund forecast assumes annual increases of 8% for property, 2% for liability insurance and 3% for workers' compensation insurance. The stop loss reserves were increased from \$780,000 in 2014, \$900,000 in 2015 to \$1,100,000 in 2017 based upon the recommendation by our insurance carrier 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 FY22 budget for claims is conservatively based and is on track to finish the year at budget estimates.

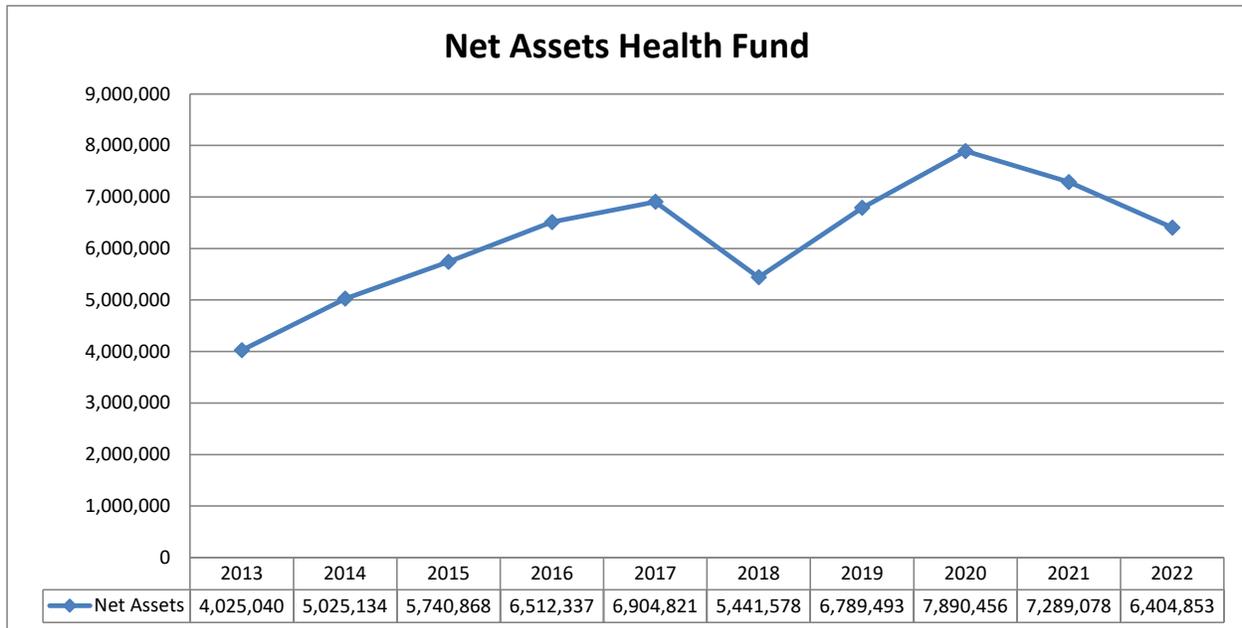
The 10-year trend in health revenues and expenditures is shown below.



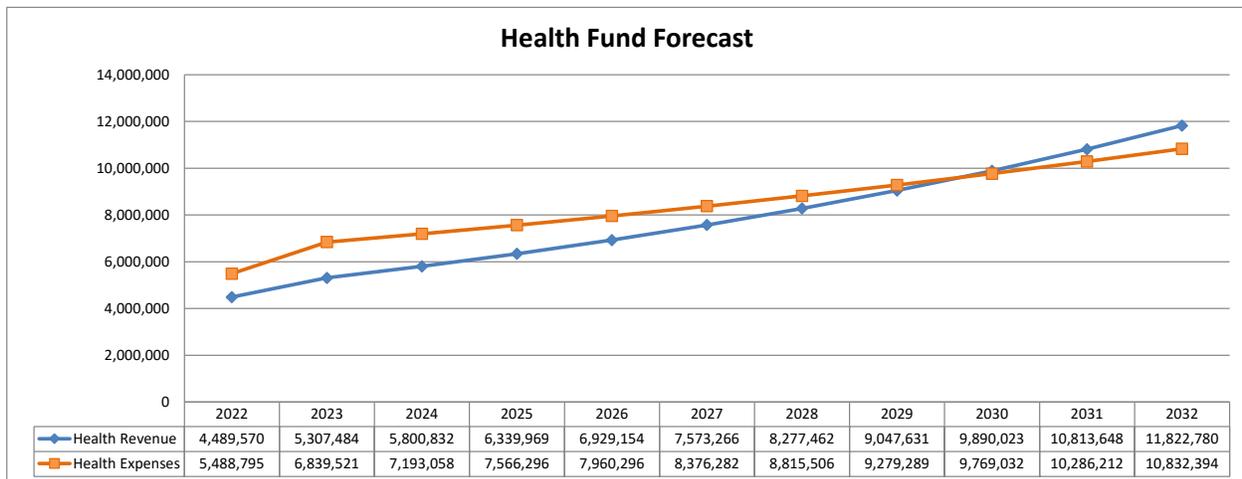
Health claims in 2013 through 2020 were below expectations due to cost containment measures that were implemented. In FY21 claims increased due to pandemic conditions and the FY22 budget reflects a cost increase, and actual expenses are on track to be close to budget estimates.

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. In FY18, 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. Net assets in FY21 decreased due to higher than anticipated claims from the pandemic. The FY22 budget kept revenues flat and budgeted expenses higher than prior years. The FY22 year end results may reflect a deficit.

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 5.0% in FY22 and 5.75% in FY23 and then decreasing to 4.54% by FY32. 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.

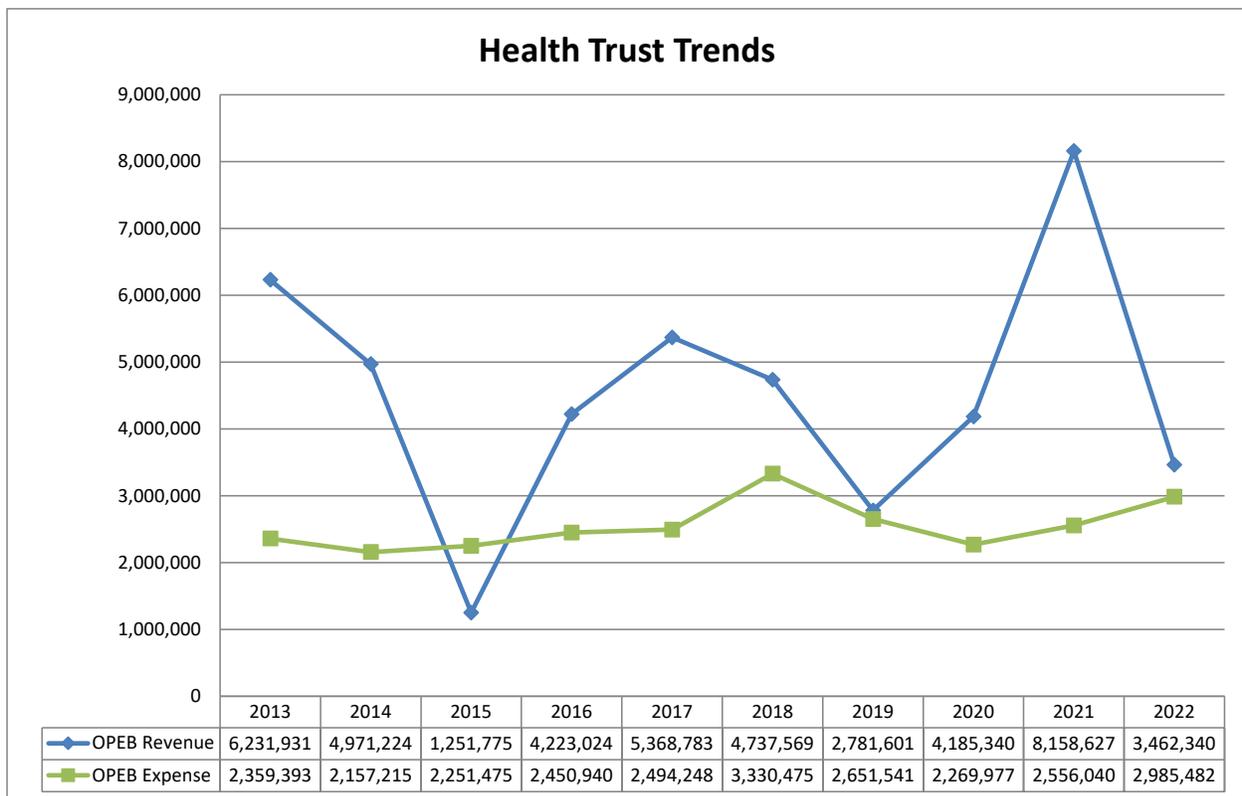


The Health Insurance Trust (OPEB)

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.

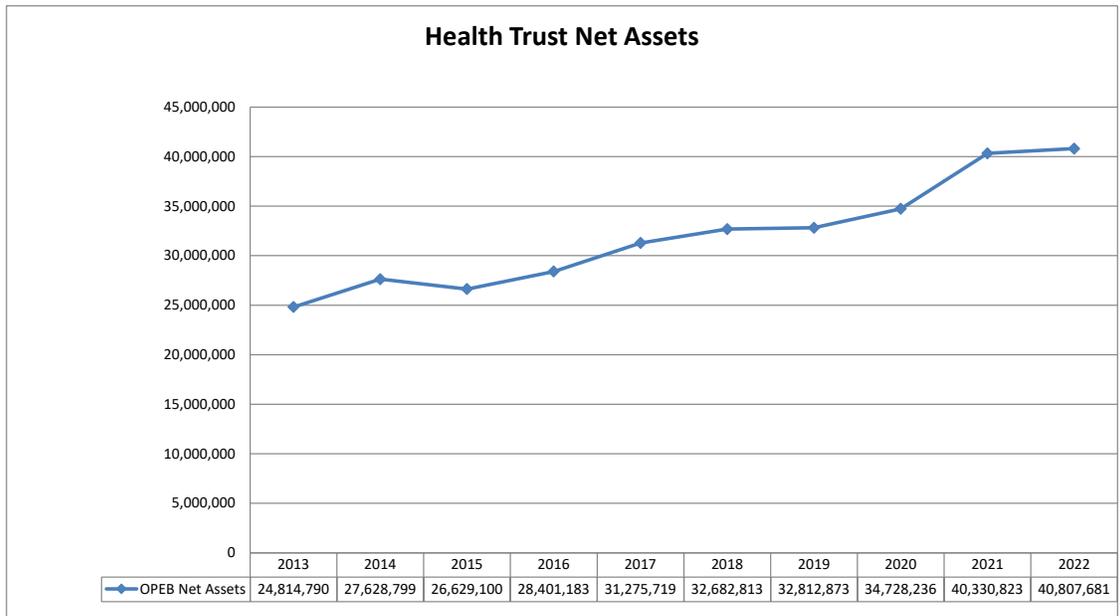
The bi-annual actuarial valuation of the retiree health plan was prepared as of September 30, 2020. The GASB 74 & 75 report updated the Town’s OPEB liability for September 30, 2021 and was determined to be \$27,343,375. The plan net assets totaled \$40,417,394 resulting in a funded ratio of 147.8%. The annual budgeted contribution for FY22 was \$334,215 and was reduced to \$331,217 for FY23. 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 2013 is shown below.

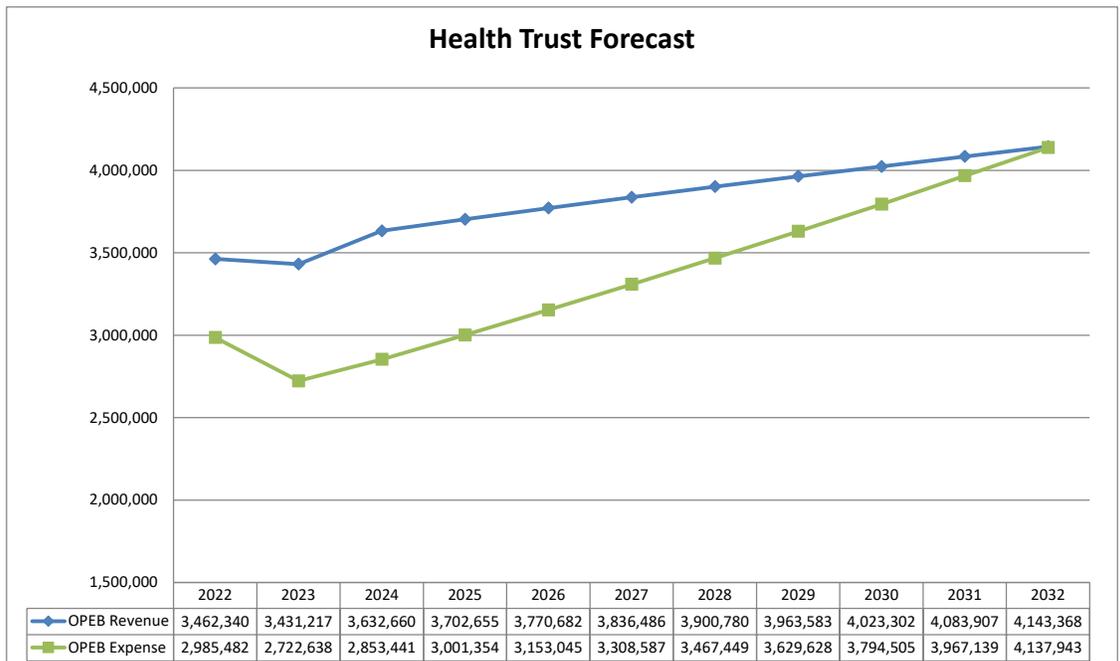


Annually, modifications were made to the health plan to stabilize the growth in expenditures. The revenue volatility is due to investment performance.

The net assets of the trust have increased over the past 10-year period due to the positive results of this fund. The chart below 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 believe we can continue to manage this benefit proactively to contain future cost 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.

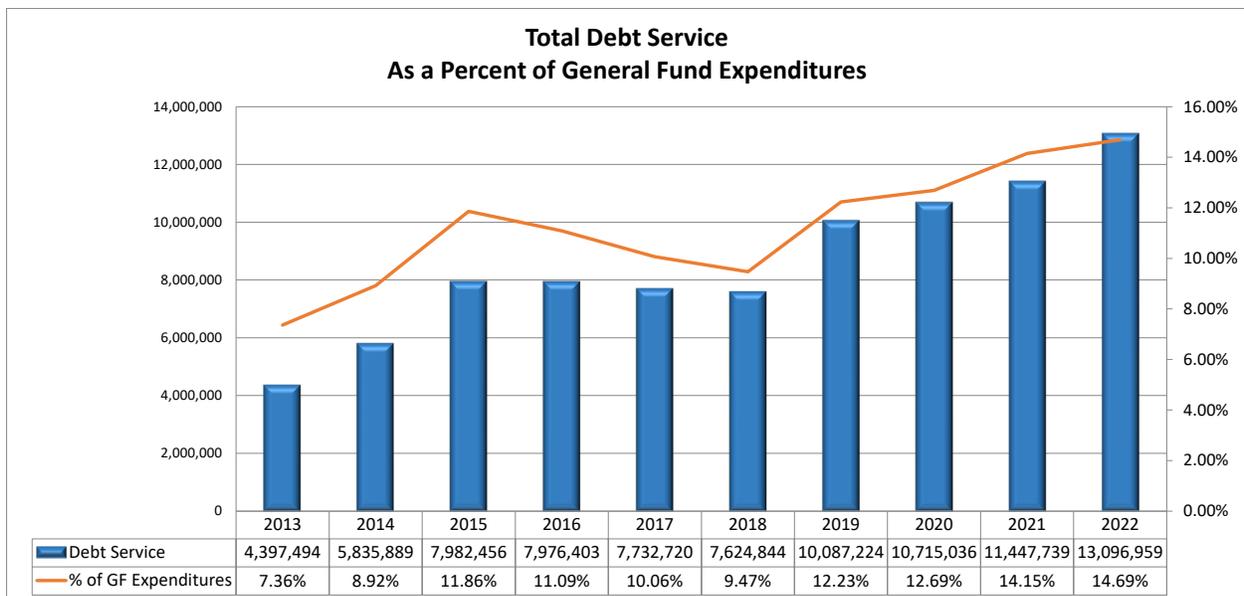
On August 25, 2016, the Town issued bonds to refund the 2010A & 2010B bonds. This transaction produced gross savings of \$8,900,539 over 23 years. The net present value savings is \$6,895,965 or 13.35%. The all-in true interest costs (TIC) for the 2016 issue was 2.75%. On October 17, 2019, the Town refunded 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

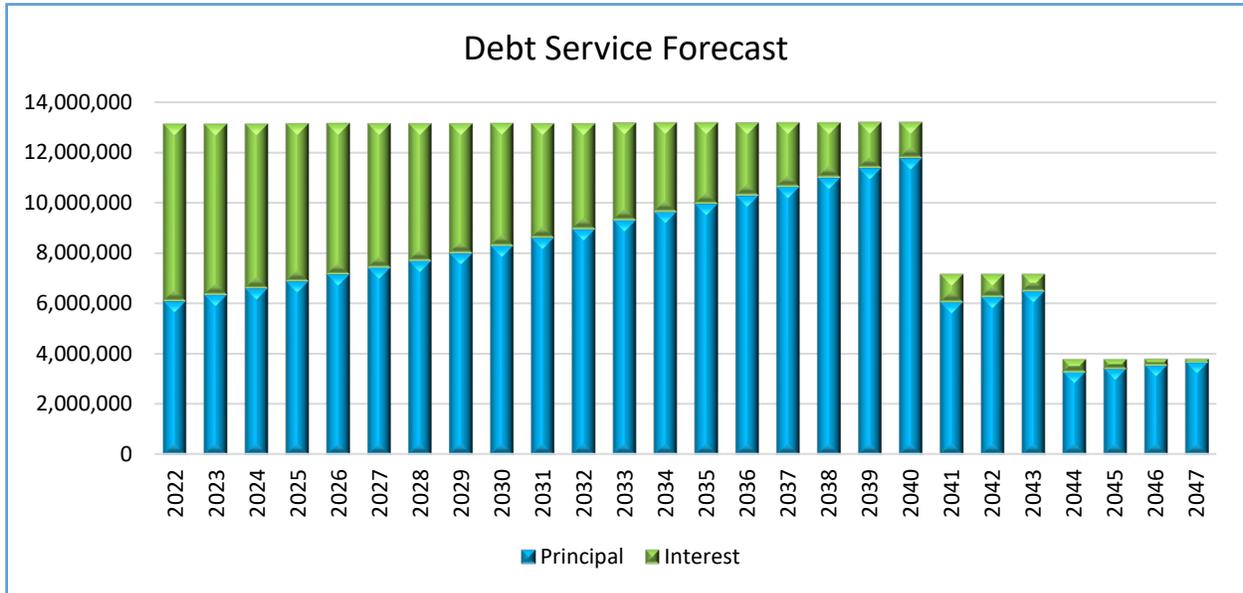
Program (\$44,997,957) groin rehabilitation and seawall replacement (\$11,900,000) and the Town's portion of the Par 3 Clubhouse project (\$1,250,000). The all-in true interest costs (TIC) for the 2013 issue was 4.49%. In 2019, the Town issued bonds to refund most of the 2013 bonds. The transaction produced 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.

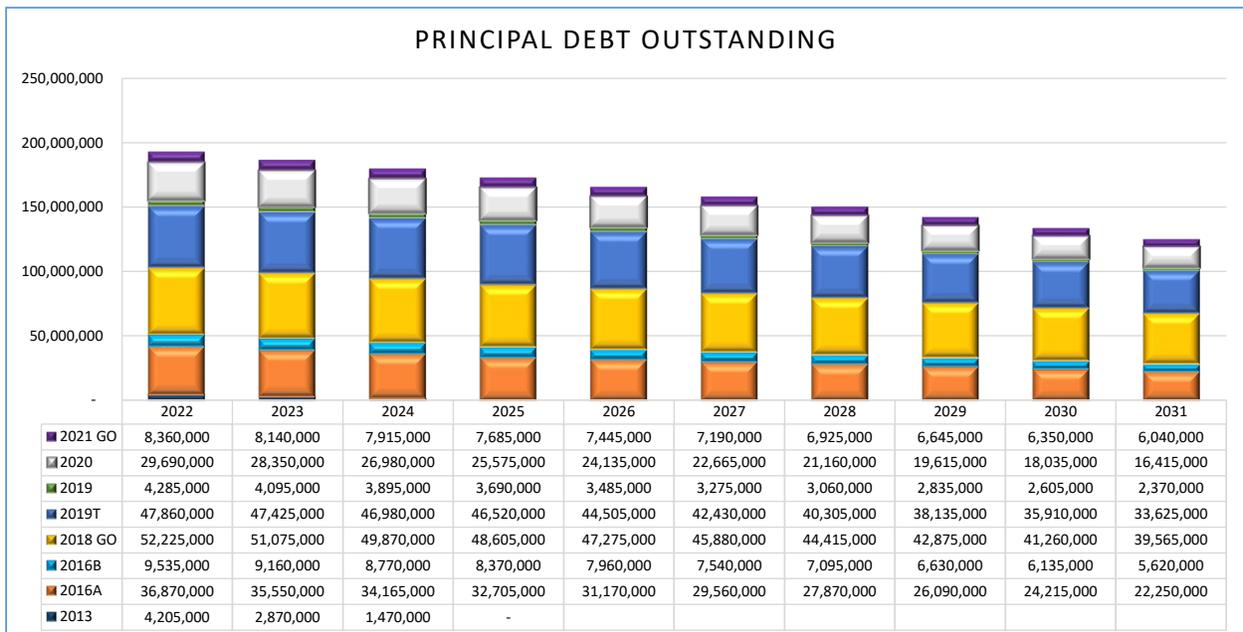
The debt service trend as a percent of General Fund Expenditures is shown below. The total debt service beginning in FY19 includes the General Obligation Bond. The General Obligation bond debt service is paid using non ad valorem assessments on the properties affected by the project.



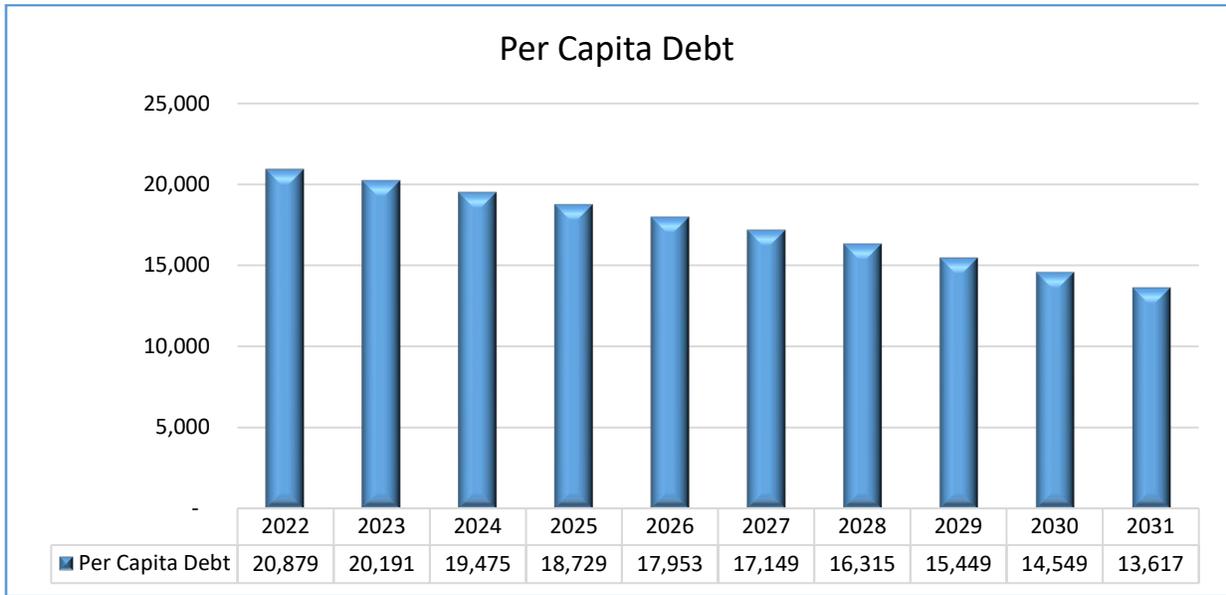
The forecasted total annual debt service through the life of all outstanding debt, broken down by principal and interest is shown on the chart on the following page.



The total principal debt outstanding for the all debt outstanding as of this forecast for FY22 through FY31 is shown in the chart below:



The per capita debt utilizing the current census population of 9,245 for the period of 2022 through 2031 is shown below:



The Retirement Fund

The Town provides pension benefits for General Employees, Police Officers and Firefighters. Approximately 275 active employees and 443 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, 2021 valuation was 6.6%.

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%.

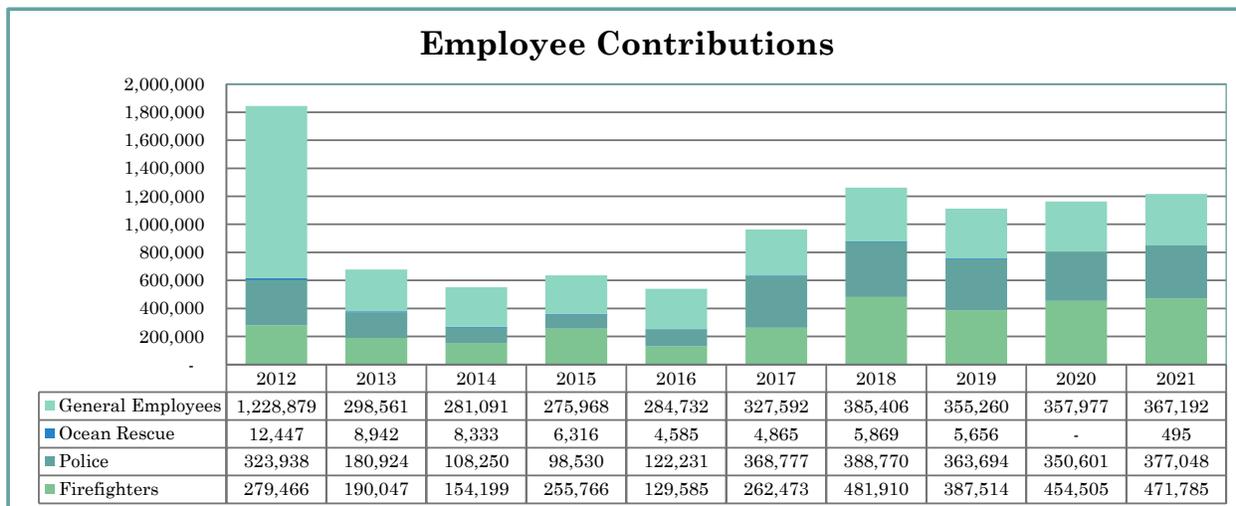
Due to concerns regarding the rising unfunded liability, the Town Council adopted a policy beginning in FY18, requiring an annual extraordinary contribution of \$5,420,000 to the Town's retirement system each year.

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.

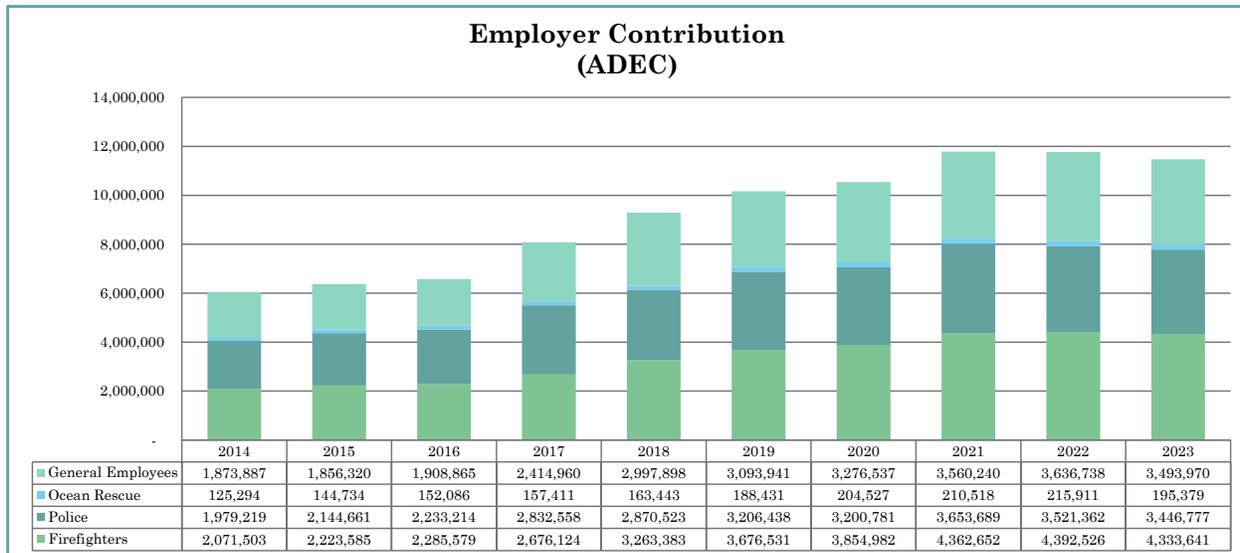
Town and Employee Contributions

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 FY22 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 FY14 – FY23 are shown in the table on the following page 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.

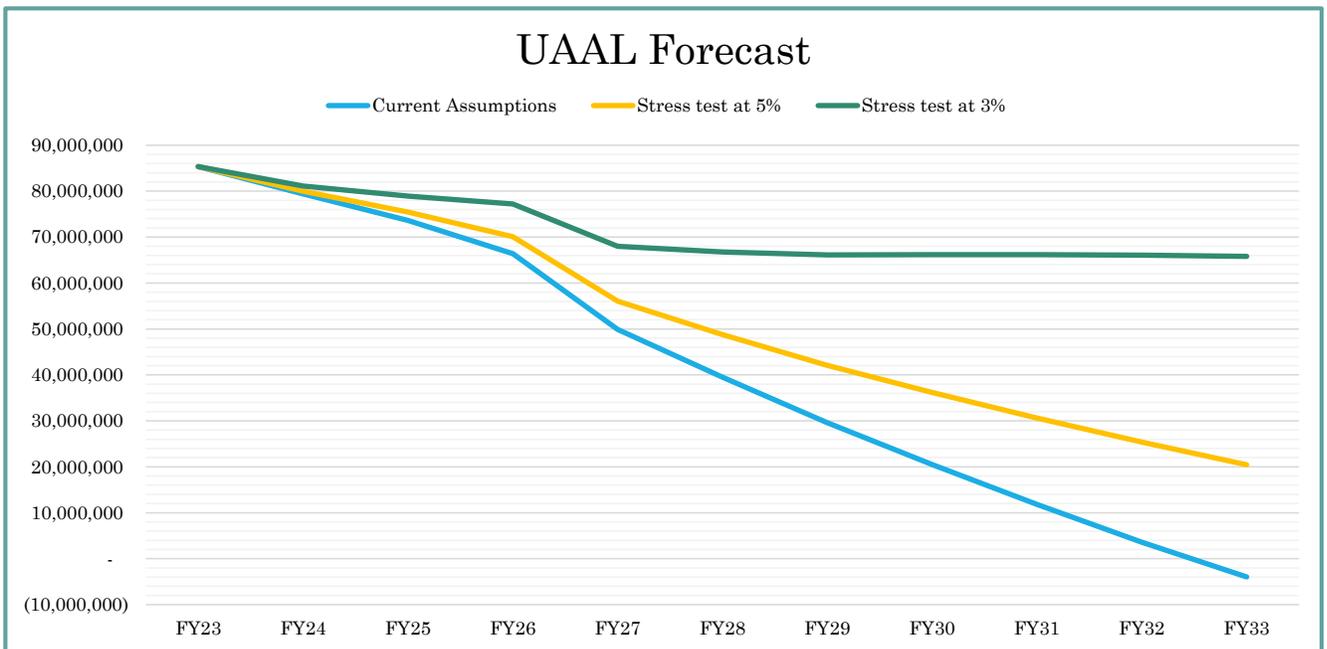
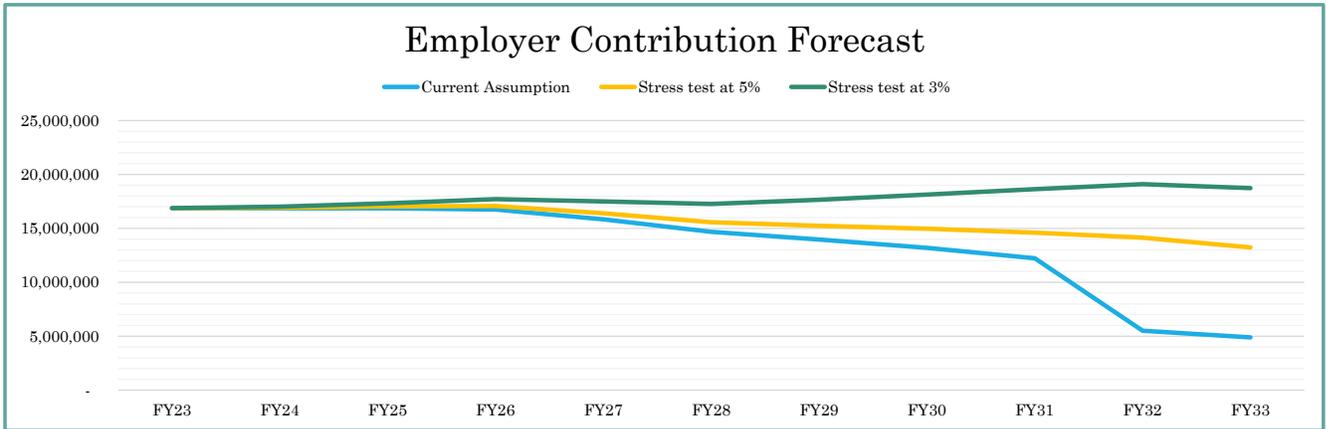
Actuarially Determined Contribution Breakdown by Benefit Tier					
Valuation Date: September 30, 2021					
	Total Plan	General	Ocean Rescue	Police	Firefighters
Participants	275	151	0	57	67
Total Plan					
Employer Normal Cost	13.35%	9.19%	0.00%	17.73%	17.56%
Amortization of UAAL	41.95%	25.75%	0.00%	58.45%	58.85%
Total	55.30%	34.94%	0.00%	76.18%	76.41%
Town Contribution	\$ 11,457,243	\$ 3,493,970	\$ 182,855	\$ 3,446,777	\$ 4,333,641
Plan B - Ongoing Plan					
Employer Normal Cost	13.35%	9.19%	0.00%	17.73%	17.56%
Amortization of UAAL	2.01%	1.61%	0.00%	2.27%	2.56%
Total	15.36%	10.80%	0.00%	20.00%	20.12%
Town Contribution	\$ 3,182,182	\$ 1,129,226	\$ 6,935	\$ 904,903	\$ 1,141,118
Plan A - Legacy Plan					
Employer Normal Cost	0.00%	0.00%	0.00%	0.00%	0.00%
Amortization of UAAL	39.94%	24.14%	0.00%	56.18%	56.29%
Total	39.94%	24.14%	0.00%	56.18%	56.29%
Town Contribution	\$ 8,275,061	\$ 2,364,744	\$ 175,920	\$ 2,541,874	\$ 3,192,523
Legacy cost	72.2%	67.7%	96.2%	73.7%	73.7%

The Town Council has committed to lowering the investment return assumption from the current rate of 6.6% by .2% per year until it reaches 6%. As of the September 30, 2021, valuation date the cost to lower the assumption to 6% immediately would increase the Town Contribution for FY23 by \$1,923,769 and increase the UAAL by \$24,961,949. The details are shown below:

	Total Plan
Current Rate of 6.6%	
Employer Normal Cost	13.35%
Amortization of UAAL	41.95%
Total	55.30%
Town Contribution	\$ 11,457,243
UAAL	\$ 85,333,977
Funded Ratio	76.10%
Assumption Change to 6%	
Employer Normal Cost	15.77%
Amortization of UAAL	48.69%
Total	64.46%
Town Contribution	\$ 13,381,012
UAAL	\$ 110,295,926
Funded Ratio	71.10%
Difference	
Town Contribution	\$ 1,923,769
UAAL	\$ 24,961,949
Funded Ratio	-5.00%

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 6.6% until the rate reaches 6% as of September 30, 2024 and includes 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.

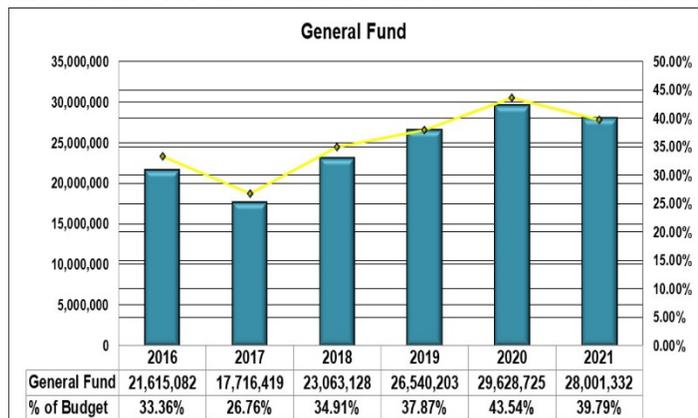
Below is a table showing the projected fund balance through September 30, 2023, based on the estimated ending fund balance at September 30, 2022 plus FY23 budgeted revenues less expenditures for all funds.

Fund Balance Projections Fiscal Year 2023 Annual Budget

Fund	Estimated Fund Balance at 9/30/22	Estimated FY2023 Revenues	Estimated FY2023 Expenditures	Projected Fund Balance at 9/30/23
General Fund	\$ 37,479,326	\$ 89,140,574	\$ 89,140,574	\$ 37,479,326
Townwide Underground Utilities Fund	\$ 41,466,696	\$ 15,966,016	\$ 34,001,121	\$ 23,431,591
2013 and 2016A Bonds Debt Service Fund	\$ 1,312,569	\$ 6,562,226	\$ 6,562,226	\$ 1,312,569
2016B Worth Avenue Bond Debt Service Fund	\$ 180,191	\$ 723,513	\$ 723,513	\$ 180,191
Capital Improvement Fund	\$ 17,688,703	\$ 12,999,563	\$ 10,073,902	\$ 20,614,364
Coastal Management Fund	\$ 32,314,211	\$ 9,927,164	\$ 3,850,038	\$ 38,391,337
Worth Avenue Assessment District Fund	\$ 246,292	\$ 435,300	\$ 500,297	\$ 181,295
Marina Enterprise Fund	\$ 12,006,656	\$ 11,609,190	\$ 13,586,095	\$ 10,029,751
Par 3 Golf Course Enterprise Fund	\$ 11,571,168	\$ 3,123,450	\$ 2,776,584	\$ 11,918,034
Building Fund	\$ 2,646,705	\$ 8,931,474	\$ 6,214,978	\$ 5,363,201
Risk Insurance Fund	\$ 5,485,417	\$ 2,048,487	\$ 2,646,241	\$ 4,887,663
Health Insurance Fund	\$ 7,289,078	\$ 4,496,070	\$ 6,086,889	\$ 5,698,259
Equipment Replacement Fund	\$ 30,258,192	\$ 1,728,287	\$ 2,499,112	\$ 29,487,367
Employee's Retirement Fund	\$288,216,109	\$ 19,904,441	\$ 22,682,113	\$285,438,437
OPEB Trust Fund	\$ 40,330,823	\$ 1,344,215	\$ 2,854,297	\$ 38,820,741
Totals	\$528,492,136	\$188,939,970	\$ 204,197,980	\$513,234,126

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 FY22 General Fund operating budget (General Fund budget less CIP, coastal and extraordinary retirement transfer) is \$17,593,016. The



FY21 ending fund balance was \$28,001,332. The unassigned fund balance exceeded the minimum requirement by \$10,408,316. The General Fund Undesignated Fund Balance has consistently exceeded the required minimum level of 25%. The minimum required unassigned fund balance based on the FY23 budget will be \$19,284,047. The FY21 ending balance still exceeds the new minimum. The chart shows the trend for the General Fund Undesignated Fund Balance and the percent of budgeted expenditures the balance represents. The FY23 budget includes a \$2 million transfer from reserves to the Capital improvement Fund for additional funding for the North Fire-Rescue station project. In addition, the \$600,000 contingency balance is funded from this reserve.

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, 2021, was \$2,645,408. The FY23 appropriation for the pay-out of eligible accrued vacation, sick and compensatory time from this reserve is \$829,500.

Townwide Underground Utilities Fund

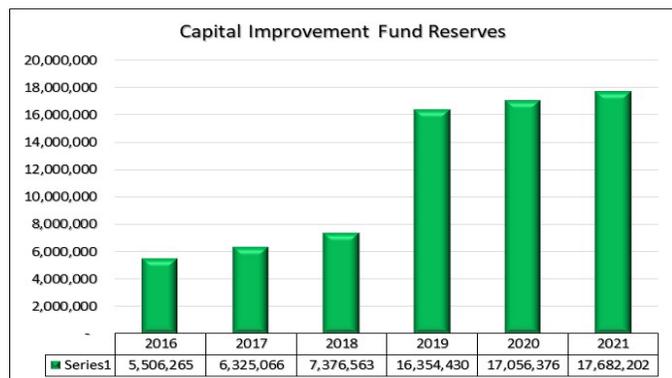
The Town issued General Obligation Bonds in FY19 and FY21 for the Townwide Underground Utilities Project. Phase 1 North was completed in FY19. Phase 1 South and Phase 2 North were completed in FY20. During FY21, Phase 3 North was completed. During FY22, Phase 2 South and Phase 4 North are close to completion. Phase 3 South to be substantially complete. Phase 4 South, Phase 5 North and South are under construction. Construction for Phase 6 North and South is due to begin this fall. Design is underway and easements are being secured for Phases 7 and 8 of the project. The completion of these projects will reduce the net assets in this fund during FY23. The project estimates showed a deficit of over \$12 million for the project. This deficit was approved to be funded from excess profits from the new Town Marina in FY22 and an annual appropriation of \$2,600,000 was included in the FY22 budget and is included in the FY23 budget.

Debt Service Funds

The debt service fund for the 2016A and 2019 bonds has excess reserves of \$1,479,569 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

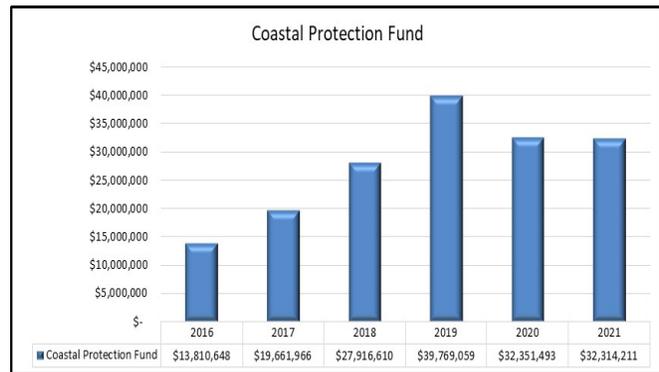
The Town funds most of the capital infrastructure improvements through pay-as-you-go financing. For FY23, the transfer to Capital Improvement Fund from the General Fund is \$7,371,020 plus an additional \$2 million to fund additional project costs for the North Fire-Rescue station renovation. The increase 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 \$4,199,743 have been encumbered for current projects. The balance of \$13,482,459 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 FY23 transfer will be \$5,264,732. As of September 30, 2021, the reserve balance in this fund is \$32,314,211. 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 next renourishment project, Phipps Ocean Park Reach 7, is scheduled for FY24.

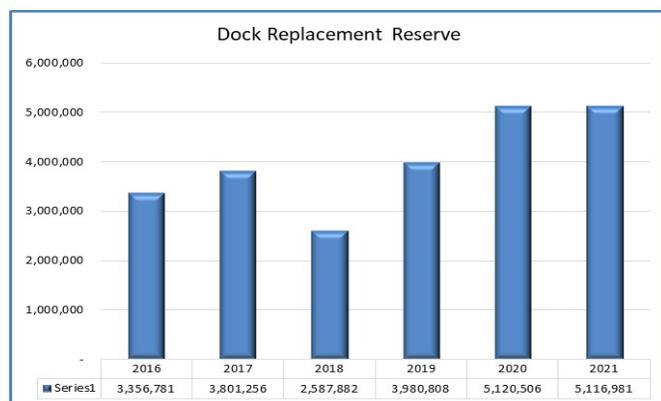


Worth Avenue Assessment District

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 of \$246,292 have accumulated since the initial capital project was completed.

Marina Enterprise Fund Reserves

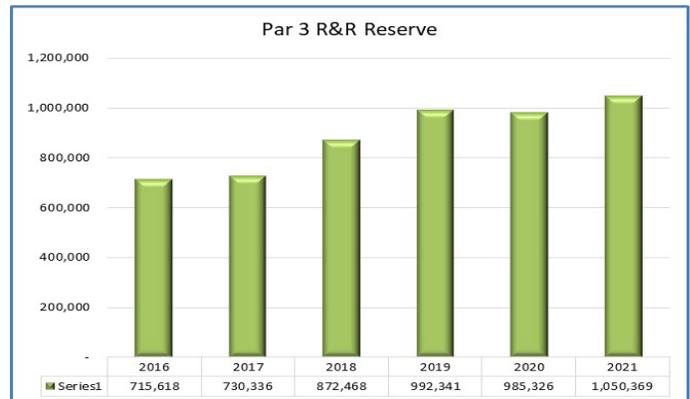
At the end of FY21, \$5,116,981 has been set aside in the Dock Replacement Reserve and at the end of FY21 the unassigned fund balance totalled \$10,361,146. The unassigned fund balance will decline in FY22 once the construction project has been closed out. The Dock Replacement reserve was created to partially fund the replacement cost of the construction of the Town's docks. 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 2020 season to begin construction of the new Marina. A loan was secured for \$31,000,000 to finance a portion of the construction. Construction was finished and the Marina reopened November 1, 2021. Due to funding from the Florida Inland Navigation District, the dock replacement reserve was not used for the Marina Project. The annual depreciation for the new Marina is \$1,246,774. These funds will be set aside for future replacement. 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.

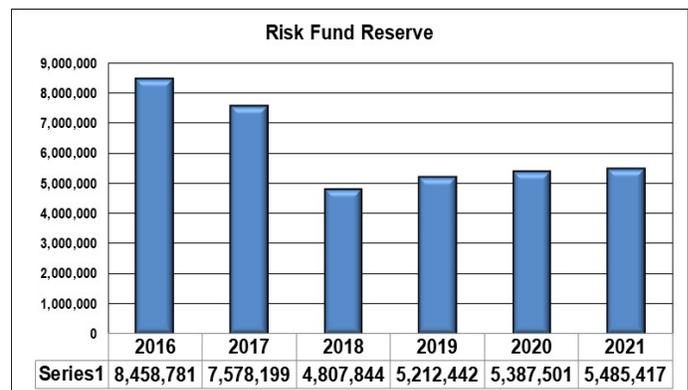
Par 3 Enterprise Fund Reserves

The Par 3 Golf course repair and replacement reserve is funded with a transfer equal to ½ of the annual depreciation on the clubhouse and golf course. The balance in this reserve as of September 30, 2021 is \$1,050,369. The Par 3 Enterprise Fund also has an Equipment Replacement Fund with a reserve balance at the end of FY21 of \$555,779.



Risk Fund Reserves

The total reserve balance for the Risk Fund was \$5,485,417 as of September 30, 2021. 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 FY21 is \$1,485,417. The \$3,000,000 appropriated each year for contingency and the Reserve for Catastrophic Exposures/Emergencies are not expected to be spent unless there is an emergency event such as a hurricane that would require the use of these reserves.

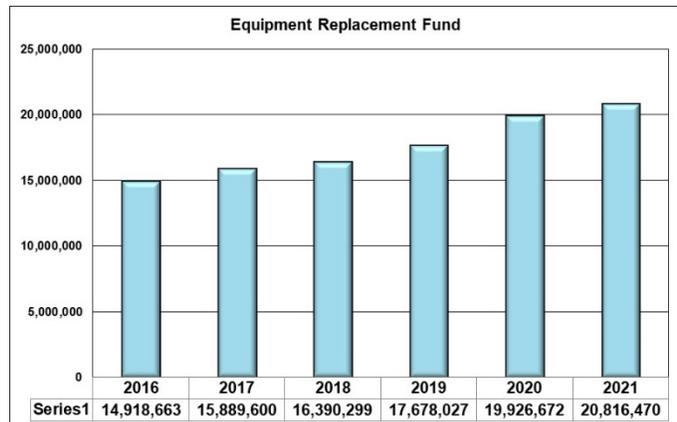
Reserve for Catastrophic Exposures/Emergencies - Risk Fund

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.

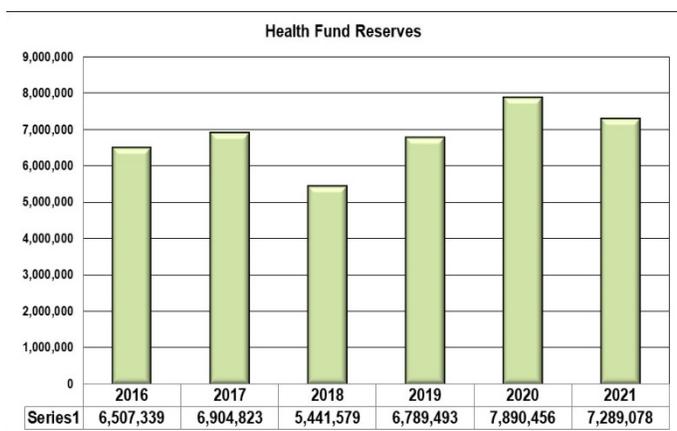
The Unassigned balance in the Equipment Replacement Fund Reserve for year-end FY21 was \$20,816,470. In FY13, the Town Council approved the use of funds from this reserve for internal financing for small neighborhood underground utility projects financed by special assessments. To date, there is a balance of \$805,562 remaining from this allocation. Currently the total amount in the fund for equipment replacement is \$17,389,686 leaving an excess of \$3,426,784.



For FY23, income including the depreciation transfer will total \$2,145,297 and expenditures for capital equipment are budgeted at \$2,415,079 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 FY21 was \$7,289,078. 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 FY22. 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. In FY21, reserves decreased due to higher than expected claims due to COVID. The actuary recommends a minimum reserve of 6 months of estimated claims, plus 60 days of claims, as well as the incurred but not Recorded (IBNR) claims. These amounts at the end of FY21 totaled \$2,835,541, leaving a surplus reserve amount of \$4,453,537. For FY23, funding for health insurance increased for the first time since FY13. We expect a decrease in reserves in FY22 due to higher than expected claims.



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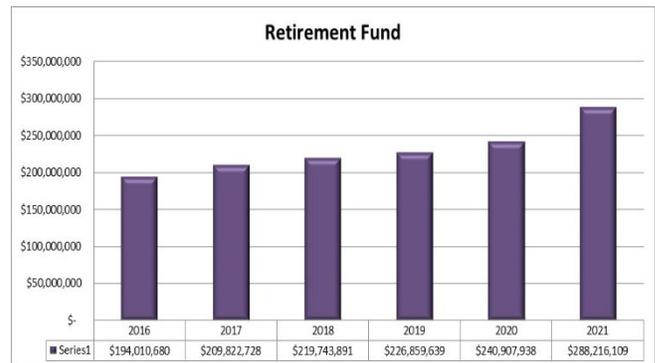
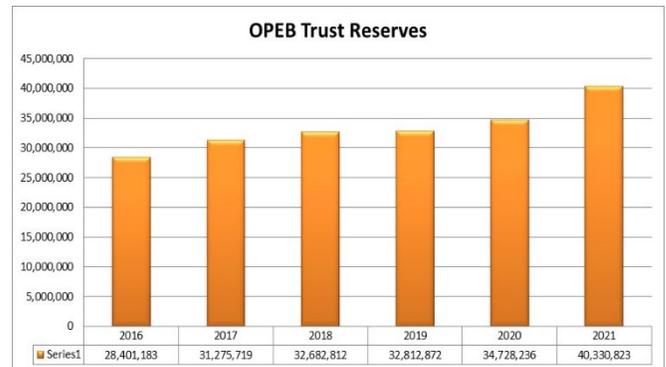
OPEB (Other Post Employment Benefits) Trust

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 Committee has set the investment assumption at 5%. The net asset balance in this trust was \$40,330,823 as of September 30, 2021. The total OPEB liability at the end of FY21, was calculated to be \$27,343,375, resulting in a Net OPEB asset of \$13,074,019, and a funded ratio of 147.81% using

a 5% return assumption. The actuarially determined transfer from the General Fund for the OPEB liability for FY23 is \$331,217. 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 FY21 were \$288,216,109. The increase was a result of good investment performance during the year and the extraordinary retirement contribution. The funded ratio improved to 76.1% compared to 72.7% last year. The improvement in the actuarial results resulted in a decrease of \$288,762 in the actuarially determined employer contribution for FY23.



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 \$600,000 in the FY23 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 2018 through FY2023 budget.

**Contingency Balances
2018-2023**

Contingency	2018	2019	2020	2021	2022	2023
General Fund Budget	\$ 655,877	\$ 560,000	\$ 610,000	\$ 600,000	\$ 600,000	\$ 600,000
General Fund Actual	\$ 12,000	\$ 79,864	\$ 160,280	\$ 105,000	\$ 42,000	\$ -
CIP Budget	\$ 284,500	\$ 603,750	\$ 693,500	\$ 352,000	\$ 1,154,000	\$ 1,280,835
CIP Actual	\$ -	\$ 95,796	\$ -	\$ -	\$ -	\$ -
ERF Budget	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
ERF Actual	\$ 105,252	\$ -	\$ -	\$ 30,000	\$ 130,000	\$ -
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	\$ 130,169
Par 3 Golf Course Actual	\$ -	\$ 55,882	\$ 69,000	\$ -	\$ -	\$ -
Marina Budget	\$ -	\$ 55,679	\$ 54,209	\$ 39,686	\$ 123,094	\$ 134,671
Marina Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Permit Fund Budget	\$ -	\$ -	\$ -	\$ 138,720	\$ 166,817	\$ 187,439
Building Permit Fund Actual	\$ -	\$ -	\$ -	\$ 74,030	\$ -	\$ -
Recreation Enterprise Budget	\$ 168,303	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Enterprise Actual	\$ 37,750	\$ -	\$ -	\$ -	\$ -	\$ -

Unassigned Net Position

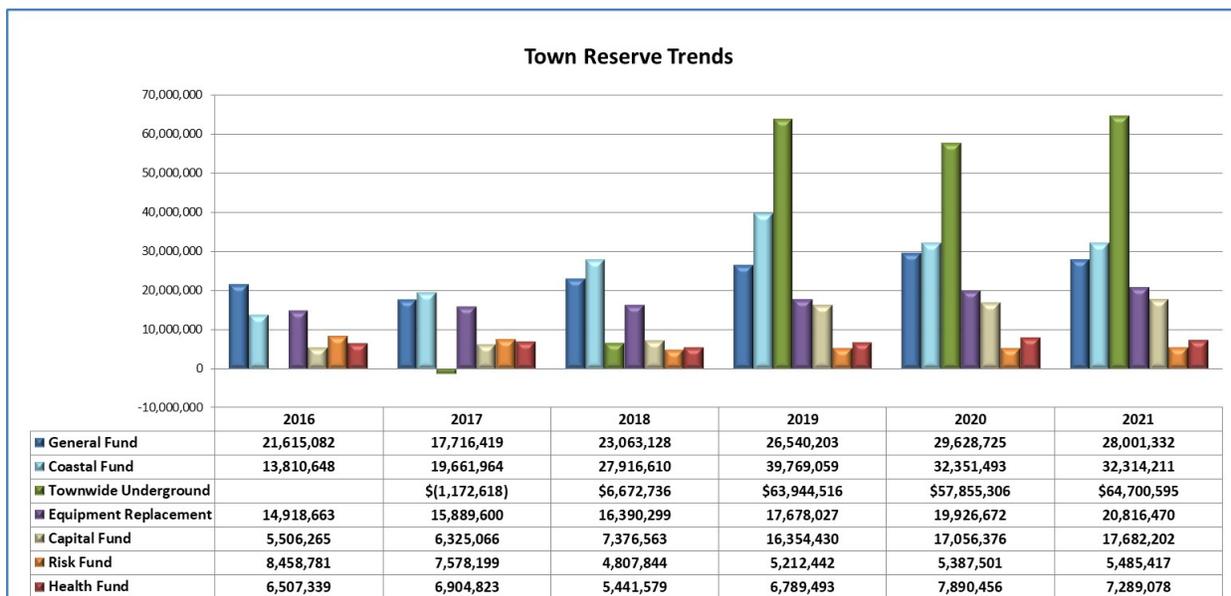
All reserves are at or over the policy established minimum. The financial strength of the Town can be measured by the health of its reserves. Bond rating agencies look closely at the reserve levels and the financial policies in place when rating a municipality. The rating agencies reviewed the Town's 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 2016 through fiscal year end 2021. Total reserves equal \$523,709,914. Reserves less Pension and Retiree Health Trust total \$195,162,982. Total Town reserves have grown over 61.9% since 2016. Total reserves *less* the Pension Fund and Retiree Health OPEB Trust have grown by 93.1% or \$94,074,172 over the same period. The Pension and Retiree Health Funds have grown by \$106,135,069 or 47.7% since 2016. Funding for future capital, coastal and Townwide underground utility projects held in reserves totals \$114,697,008.

Town Reserve Balance History
2016 – 2021

Fund	2016	2017	2018	2019	2020	2021
General Fund	\$ 21,615,082	\$ 17,716,419	\$ 23,063,128	\$ 26,540,203	\$ 29,628,725	\$ 28,001,332
Compensated Absence (GF)	\$ 3,061,180	\$ 3,210,518	\$ 3,129,714	\$ 3,094,888	\$ 2,703,693	\$ 2,645,408
Equipment Replacement Fund	\$ 14,918,663	\$ 15,889,600	\$ 16,390,299	\$ 17,678,027	\$ 19,926,672	\$ 20,816,470
Recreation Enterprise Fund	\$ 169,291	\$ 777,250	\$ -	\$ -	\$ -	\$ -
Recreation ERF	\$ 583,475	\$ 651,225	\$ -	\$ -	\$ -	\$ -
Town Docks Unassigned Reserve						\$ 4,330,345
Dock Replacement	\$ 3,356,781	\$ 3,801,256	\$ 2,587,882	\$ 3,980,807	\$ 5,141,712	\$ 5,116,981
Tennis M&I reserve	\$ 53,852	\$ 61,142	\$ 71,610	\$ 80,841	\$ 80,962	\$ 80,962
Par 3 R&R Reserve	\$ 715,617	\$ 730,336	\$ 872,468	\$ 992,341	\$ 985,326	\$ 1,050,369
Par 3 Equipment Replacement			\$ 638,842	\$ 524,641	\$ 524,869	\$ 555,779
Building Fund						\$ 2,572,742
Donation Fund	\$ 1,180,331	\$ 3,018,697	\$ 1,666,199	\$ 1,490,547	\$ 1,011,637	\$ 1,041,522
Debt Service	\$ 955,441	\$ 1,569,976	\$ 1,566,248	\$ 1,381,353	\$ 1,659,221	\$ 1,479,569
Capital Improvement	\$ 5,506,265	\$ 6,639,003	\$ 7,376,553	\$ 16,354,430	\$ 17,056,376	\$ 17,682,202
Coastal Protection Fund	\$ 13,810,648	\$ 19,661,966	\$ 27,916,610	\$ 39,769,059	\$ 32,351,493	\$ 32,314,211
Townwide Underground Fund		\$ (1,172,618)	\$ 6,672,736	\$ 63,944,516	\$ 57,855,306	\$ 64,700,595
2013 ACIP Fund	\$ 20,196,064	\$ 12,095,772	\$ 7,286,574	\$ 1,601,603	\$ 864,227	\$ -
Health Fund	\$ 6,507,339	\$ 6,904,823	\$ 5,441,578	\$ 6,789,493	\$ 7,890,456	\$ 7,289,078
Risk Fund	\$ 8,458,781	\$ 7,578,199	\$ 4,807,846	\$ 5,212,442	\$ 5,387,501	\$ 5,485,417
Health - OPEB Trust	\$ 28,401,183	\$ 31,275,719	\$ 32,682,812	\$ 32,812,872	\$ 34,728,236	\$ 40,330,823
Pension Funds	\$ 194,010,680	\$ 209,822,728	\$ 219,743,891	\$ 226,859,639	\$ 240,907,938	\$ 288,216,109
Total	\$ 323,500,673	\$ 340,232,011	\$ 361,914,990	\$ 449,107,701	\$ 458,704,350	\$ 523,709,914

The chart below shows the reserve trends of the major Town funds excluding enterprise funds and special revenue funds.



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 FY21 ending balance, minimum reserve amount and excess reserve balances. Total excess reserves are \$25,123,830.

Fund	2021 Reserve Balance	Minimum Required Balance	Excess Reserves
General Fund	\$ 28,001,332	\$ 17,593,016	\$ 10,408,316
Building Enterprise Fund	\$ 2,572,742	\$ 2,572,742	\$ -
Equipment Replacement Fund	\$ 20,816,470	\$ 17,389,686	\$ 3,426,784
Dock Replacement	\$ 5,116,981	\$ 1,246,774	\$ 3,870,207
Debt Service	\$ 1,479,569	\$ -	\$ 1,479,569
Capital Improvement	\$ 17,682,202	\$ 17,682,202	\$ -
Coastal Protection Fund	\$ 32,314,211	\$ 32,314,211	\$ -
Health Fund	\$ 7,289,078	\$ 2,835,541	\$ 4,453,537
Risk Fund	\$ 5,485,417	\$ 4,000,000	\$ 1,485,417
Health - OPEB Trust	\$ 40,330,823	\$ 40,330,823	\$ -
Pension Funds	\$ 288,216,109	\$ 288,216,109	\$ -
Total	\$ 455,394,686	\$ 430,270,856	\$ 25,123,830

