

FY2019 – FY2028

Town of Palm Beach Long Term Financial Plan



Presentation at the July 11, 2019, Budget Workshop

Prepared by the Finance Department
360 South County Road,
Palm Beach, FL 33480

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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
- General Fund Revenue and Expense Trend Analysis
- Forecast Details
- Enterprise Fund Trend Analysis
- Enterprise Fund Forecast Summary
- Coastal Fund Forecast
- 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 FY19 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 FY19 can be found in the monthly report that is routinely provided to the Mayor and Town Council and posted on the Town's website. To date General Fund revenues are on track to exceed budget estimates in most categories and expenditures are on track to finish the year well 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, 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 FY10– FY19. 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:

- FY10 – Budget included a transfer from fund balance of \$4,978,800 to fund the second year of the early retirement buyout, one-time capital purchases, annual contingency reserve, and \$2,600,000 to ramp up funding for the 20 year CIP program. Actual transfer was \$3,647,037 due to higher than anticipated revenues and expenditure savings.
- FY11 – Budget included a transfer from fund balance of \$4,541,745 to fund the contingency reserve, the final funding for the early retirement buyout, and a transfer to the coastal protection fund of \$2,898,277. The actual transfer was \$2,010,598.
- FY12 – Budget included a transfer of \$807,000 from fund balance to fund the contingency reserve. The ending surplus was \$2,500,562 resulting from higher than anticipated revenues and expenditure savings.
- FY13 – The budget included a transfer of \$843,000 from fund balance to fund the contingency reserve. The ending surplus of \$2,196,059 was the result of higher than anticipated revenues and expenditure savings.
- FY14 – Budget included a transfer from fund balance of \$4,860,000 to fund the annual contingency reserve and \$4,000,000 for coastal protection. The actual transfer was \$1,470,831 due to higher than anticipated revenue and expenditure savings.
- FY15 – The budget included a transfer to the coastal projection fund of \$4,777,000 and during the year, the Town Council approved an additional transfer of \$6,600,000 to the coastal protection fund from fund balance in order to increase the reserves of the Coastal fund. Due to higher than anticipated revenues, most of this transfer was made with the current surplus, and only \$195,076 was funded from reserve balances.
- FY16 – The budget included a transfer of fund balance of \$944,686 to fund the contingency reserve. The ending surplus of \$1,918,445 was due to higher than anticipated revenues and expenditure savings.
- FY17 – The budget included a transfer of fund balance of \$960,300 to fund the contingency reserve. In addition, the budget included a transfer of fund balance of \$2,500,000 to fund an extraordinary transfer to the Retirement Fund to begin to lower the Unfunded Liability. The ending surplus of \$1,104,772 was due to higher than anticipated revenues and expenditure savings.
- FY18 – The budget included a transfer of fund balance of \$655,877 to fund the contingency reserve. In addition, the budget included 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.

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, all recommended estimated costs for the Compensation Study have been included in the forecast. We reduced funding for the coastal protection program by \$369,413 in the proposed FY20 budget which helped offset the costs of the compensation study. Going forward, the transfer is increased at 3% per year throughout the 10-year period. Due to the FEMA grant and Federal Awards, the Coastal Fund reserves are in excess of what is needed. The transfer from the General Fund to the Coastal Protection Fund may be reduced. Overall, General Fund expenditure increases range from an increase of 4.5% for FY21 to annual increases of between 1.68% and 3.16% throughout the forecast period.

Most revenue increases were based on historical trends. We prepared a forecast calculation for property tax revenue for two separate scenarios:

- 1) Property tax revenue was increased by 3.25% per year as has been done in the past. The results are shown in the first table. This forecast produces deficits for each year but the final year of the forecast. In FY21, due to construction on the new marina, there will be a decrease in revenues and it is unlikely that there will be revenues available to be transferred to the General Fund. In addition, pension costs will include the last year of the 2015 losses and the additional costs from the increases related to the compensation study.

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Revenues	86,884,037	89,959,905	92,373,748	94,875,556	97,428,164	100,115,998	102,883,604	105,824,344	108,702,009
Expenditures	88,715,055	91,439,755	93,039,112	95,442,306	98,456,764	101,040,696	103,143,259	104,871,702	107,417,108
Surplus/(Deficit)	(1,831,018)	(1,480,250)	(665,364)	(566,750)	(1,028,600)	(924,698)	(259,655)	(952,642)	1,284,901

- 2) The second chart below uses property tax to balance the forecast. If this option were used, the FY21 budget would contain a property tax revenue increase of 6.52%. Using the FY20 taxable value increase (5.63%) applied in FY21, the corresponding millage rate increase would be .84% and would result in an \$83 increase per million of taxable value. It is far too early in the process to predict what the property tax increase will be for FY21. In addition, since the loss of Marina revenue is a one-time occurrence, General Fund reserves or coastal reserves could be used to offset the loss and make up part of the deficit and thus bridge the gap until Marina and ground lease revenues are available.

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Revenues	88,715,055	91,439,755	93,039,112	95,442,306	98,456,764	101,040,696	103,143,259	104,871,702	107,417,108
Expenditures	88,715,055	91,439,755	93,039,112	95,442,306	98,456,764	101,040,696	103,143,259	104,871,702	107,417,108
% Tax Increase	6.52%	2.56%	1.84%	3.06%	3.94%	3.04%	2.24%	1.51%	2.83%

Enterprise Funds

The Par 3 Enterprise Fund Trend and Forecast details can be found later in this document under the Enterprise Fund tab.

The Town Docks forecast will be presented later this year when we present financing options for the construction costs of the new docks. The current construction costs are estimated to be between \$26.3 million and \$31.8 million. A Dock Replacement Fund was established in 2002 and has been funded with an amount equal to the annual depreciation on the docks. The current amount in the Dock Replacement Reserve is \$2,587,882 and we expect to end the year with a balance of approximately \$3,075,000. This reserve will not be sufficient to finance the anticipated costs of the dock replacement and a loan will be required for the balance.

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, which includes \$12.5 million for Groins and \$12 million for the Mid-town seawall at current funding levels. The summary was also prepared with reduced funding levels to show the potential funding available for other purposes.

Other Funds

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

The Risk Fund forecast contains a 5% per year increase for property insurance, a 2% per year increase for liability insurance and a 3% per year increase for Worker’s Compensation insurance. The Health Fund and OPEB Trust fund forecast the same increases in health insurance costs as outlined in the assumption table. The Debt Service fund identifies future debt service on the 2013 and 2016 ACIP bonds and also includes the 2018 GO Bond debt service forecast. The Retirement fund reflects the actuaries forecast based on current assumptions and the compensation and benefit study results with stress tests at 3% and 5% actual investment returns.

Reserve Status

The final section of this document contains an update of the status of Town Reserves as of September 30, 2018. The reserve balances exceed all of the policy minimums that have been established. A total of \$16.9 million in excess reserves above the policy minimums has been identified.

**Town of Palm Beach
Revenue and Expenditure History
FY2010 - FY2019**

	<i>FY10 Actual</i>	<i>FY11 Actual</i>	<i>FY12 Actual</i>	<i>FY13 Actual</i>	<i>FY14 Actual</i>	<i>FY15 Actual</i>	<i>FY16 Actual</i>	<i>FY17 Actual</i>	<i>FY18 Actual</i>	<i>FY19 Budget</i>
Revenues										
Ad Valorem Taxes	41,508,570	36,635,343	36,662,916	37,473,108	39,110,926	43,869,888	47,890,700	50,195,981	52,282,254	54,210,963
Non Ad Valorem Taxes	7,371,330	7,189,368	7,315,317	7,533,859	7,946,097	8,056,312	8,061,358	8,188,599	8,392,264	8,597,000
Licenses & Permits	4,777,557	6,382,545	6,498,207	7,572,518	8,053,581	10,657,676	10,096,673	7,677,953	10,071,916	8,293,108
Intergovernmental	1,101,206	1,319,119	1,051,432	990,715	1,071,413	1,102,689	1,122,465	1,028,493	1,406,615	1,076,255
Charges for Services	3,215,943	3,461,766	4,081,259	3,576,156	3,741,183	3,957,603	4,123,243	3,681,626	3,763,590	4,396,558
Fines and Forfeitures	594,473	1,297,226	1,106,435	1,253,760	1,924,182	1,099,525	1,016,089	938,624	1,068,544	1,171,000
Investment Earnings	1,168,997	495,649	495,311	32,425	383,726	597,585	490,102	424,365	702,261	828,000
Miscellaneous and Transfers	1,930,162	2,774,498	1,534,738	1,871,043	1,584,625	1,098,106	1,117,897	1,209,878	1,008,466	2,522,545
Total Operating Revenues	61,668,238	59,555,514	58,745,615	60,303,584	63,815,733	70,439,384	73,918,527	73,345,519	78,695,910	81,095,429
Transfers from Fund Balance						-	-	-	-	1,370,789
Total Revenues	61,668,238	59,555,514	58,745,615	60,303,584	63,815,733	70,439,384	73,918,527	73,345,519	78,695,910	82,466,218
Expenditures										
Salaries and Wages	26,359,064	24,396,538	23,627,363	22,943,974	23,152,224	23,478,697	23,581,853	24,128,637	23,764,069	26,200,355
Pension Benefits	7,303,519	8,771,681	3,180,126	3,831,588	4,977,617	5,454,327	6,180,062	7,819,957	8,971,687	9,099,192
DC Plan Benefits	-	-	222,307	537,532	1,088,013	1,132,126	1,132,836	671,355	404,640	548,677
Other Employee Benefits	6,913,472	6,601,573	6,616,971	6,736,760	6,741,912	6,680,817	6,627,932	6,763,691	6,742,200	6,659,821
Contractual	7,070,741	6,963,078	7,139,390	7,224,092	7,602,595	8,191,690	8,876,307	9,649,474	10,021,787	10,000,741
Commodities	1,627,774	1,484,765	1,547,738	1,554,104	1,642,397	1,517,617	1,438,222	1,774,332	1,733,077	1,775,363
Equipment Replacement	2,518,060	2,547,679	1,881,319	2,033,744	2,097,896	1,893,244	2,858,676	3,053,651	2,538,572	2,404,707
Library Services	272,400	272,400	272,400	288,989	297,659	306,580	315,777	350,250	335,008	345,058
Other	(2,075)	9,172	12,932	29,863	4,251	-	-	70,455	-	-
Transfer to Capital Improvement	4,828,957	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000
Transfer to Coastal Protection	1,046,900	3,090,000	3,960,000	4,765,099	7,200,000	11,377,000	8,015,220	7,265,000	7,410,300	7,349,124
Transfer to the Underground Utility Fund	-	-	-	-	-	-	2,530,250	267,041	-	135,000
Transfer to Retirement Fund	-	-	-	-	-	-	-	2,800,000	4,759,016	6,860,000
Debt Service	3,922,000	3,500,000	3,500,000	3,500,000	6,100,000	6,100,000	6,265,462	6,088,728	5,982,331	5,994,738
Retiree Health	1,550,000	1,533,000	1,493,000	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383
Transfer to Risk Insurance Fund	1,904,463	1,896,226	1,791,507	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,850,382	1,898,059
Contingency	-	-	-	-	-	-	-	-	-	560,000
Total Expenditures	65,315,275	61,566,112	56,245,053	58,107,525	65,286,564	70,634,460	72,000,082	76,169,808	77,591,093	82,466,218
Surplus/(Deficit)	(3,647,037)	(2,010,598)	2,500,562	2,196,059	(1,470,831)	(195,076)	1,918,445	(2,824,289)	1,104,817	-

**Town of Palm Beach
Revenue and Expenditure Forecast
LTFP FY2019 - FY2028**

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Revenues										
Ad Valorem Taxes	54,210,963	55,978,900	59,629,232	61,156,906	62,281,511	64,185,422	66,714,879	68,745,781	70,284,923	71,348,448
Non Ad Valorem Taxes	8,597,000	8,817,700	9,074,711	9,339,282	9,611,637	9,892,005	10,180,626	10,477,742	10,783,605	11,098,475
Licenses & Permits	8,293,108	8,485,100	8,621,100	8,677,000	8,697,085	8,755,993	8,777,301	8,839,379	8,861,985	8,927,407
Intergovernmental	1,076,255	1,099,600	1,090,787	1,115,246	1,140,292	1,165,939	1,192,202	1,219,096	1,246,638	1,274,844
Charges for Services	4,395,558	6,200,719	6,335,020	6,440,301	6,548,440	6,659,520	6,773,624	6,890,841	7,011,259	7,134,969
Fines and Forefeitures	1,171,000	942,000	958,400	1,026,540	1,030,289	1,034,150	1,038,126	1,042,221	1,046,439	1,050,782
Investment Earnings	828,000	1,230,000	1,345,000	1,430,000	1,460,000	1,460,000	1,470,000	1,495,000	1,545,000	1,660,000
Miscellaneous and Transfers	2,523,545	1,061,246	479,966	1,051,734	1,056,555	1,058,432	1,060,365	1,062,356	1,064,406	1,065,773
Total Operating Revenues	81,095,429	83,815,265	87,534,216	90,237,009	91,825,809	94,211,461	97,207,123	99,772,416	101,844,255	103,560,698
Transfers from Fund Balance	1,370,789	1,083,000	1,180,840	1,202,746	1,213,304	1,230,845	1,249,641	1,268,279	1,299,004	1,311,004
Total Revenues	82,466,218	84,898,265	88,715,056	91,439,755	93,039,113	95,442,306	98,456,764	101,040,695	103,143,259	104,871,702
Expenditures										
Salaries and Wages	26,200,355	28,001,601	29,288,237	30,695,434	31,327,484	32,569,816	33,984,751	35,440,145	36,991,720	38,605,189
Pension Benefits	9,965,820	10,474,061	11,772,882	11,937,527	11,675,290	11,451,155	11,145,700	10,750,628	10,202,581	9,035,180
DC Plan Benefits	548,677	559,296	585,215	603,681	614,374	636,417	661,609	687,226	713,903	741,597
Other Employee Benefits	6,661,422	6,770,115	7,104,808	7,386,763	7,725,530	8,089,907	8,471,555	8,870,957	9,287,860	9,724,442
Contractual	10,000,741	10,682,513	10,890,151	11,114,861	11,351,481	11,596,860	11,851,343	12,116,068	12,386,731	12,557,065
Commodities	1,775,363	1,753,420	1,788,491	1,824,263	1,862,575	1,902,623	1,944,483	1,988,430	2,033,371	2,079,328
Equipment Replacement	2,404,707	2,422,703	2,463,132	2,510,028	2,560,254	2,612,755	2,667,633	2,725,077	2,722,082	2,782,342
Library Services	345,058	355,409	366,072	377,054	388,366	400,016	412,017	424,377	437,109	450,222
Transfer to Capital Improvement	2,200,000	2,420,000	2,662,000	2,928,200	3,221,020	3,543,122	3,897,434	4,287,178	4,501,537	4,726,613
Transfer to Coastal Protection	7,349,124	6,979,711	7,189,102	7,404,775	7,626,919	7,855,726	8,091,398	8,334,140	8,584,164	8,841,689
Transfer to the UUTF	135,000	144,450	154,562	165,381	176,957	189,344	202,599	216,780	-	-
Extraordinary Transfer to Retirement Fund	5,991,771	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	5,994,738	5,983,913	5,994,738	5,983,913	5,948,038	5,947,413	5,945,913	5,948,163	5,958,538	5,947,038
Retiree Health	435,383	423,014	429,858	402,178	384,768	391,956	842,833	829,891	816,793	792,449
Transfer to Risk Insurance Fund	1,898,059	1,898,059	1,963,218	2,021,200	2,081,004	2,142,599	2,206,105	2,271,606	2,339,117	2,408,794
Contingency	560,000	610,000	642,590	664,497	675,053	692,597	711,391	730,029	747,753	759,754
Total Expenditures	82,466,218	84,898,265	88,715,056	91,439,755	93,039,113	95,442,306	98,456,764	101,040,695	103,143,259	104,871,702
Surplus/(Deficit)	-	-	-							

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.

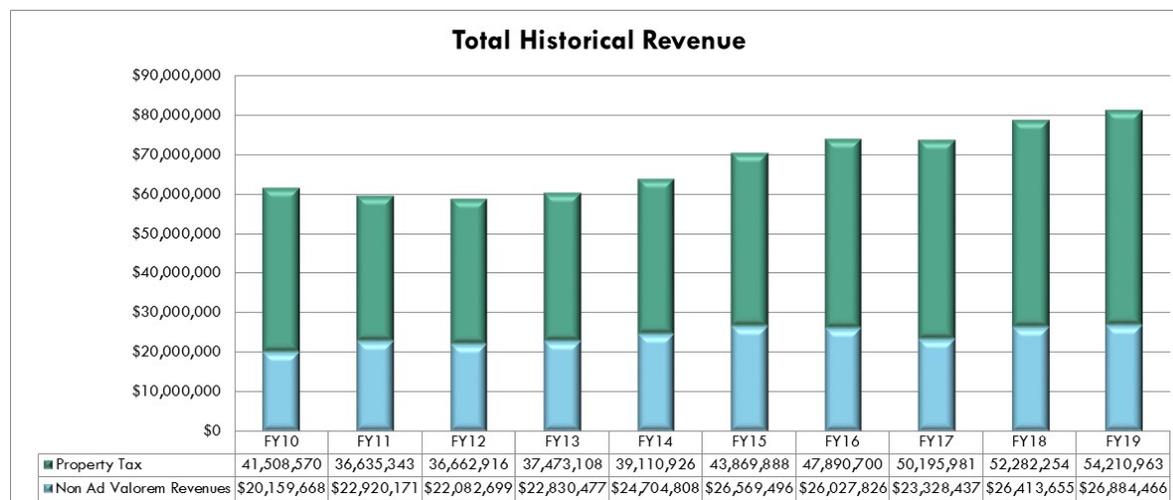
The City’s financial trends are analyzed annually in order to understand the financial condition of the Town. The factors include:

- 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 FY10 through FY18 and budgeted amounts for FY19.

General Fund Revenues

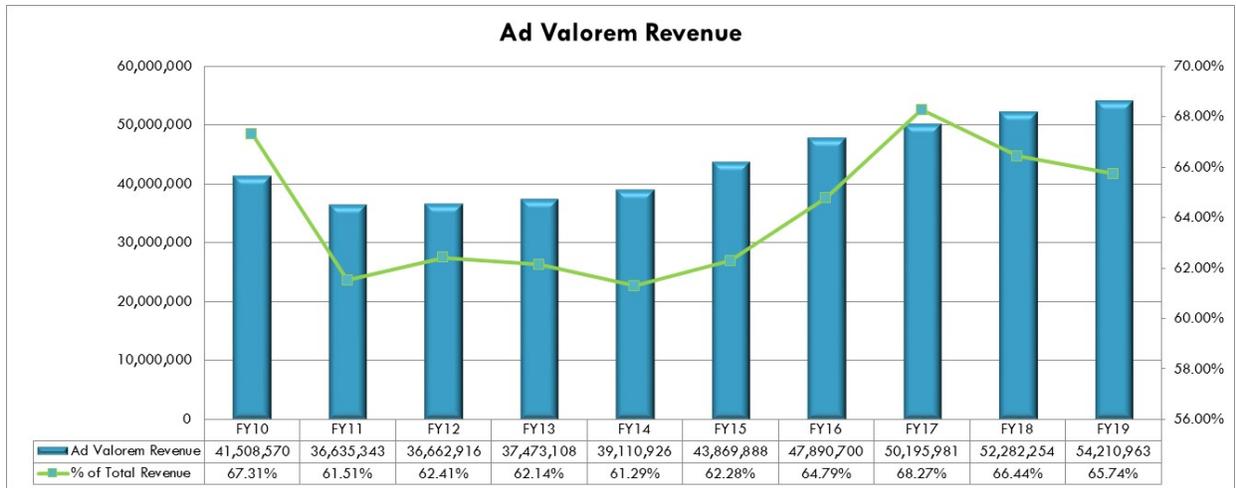
Revenues determine the capacity of a municipality to provide services. Important issues to consider when reviewing revenue trends are growth, flexibility, diversity, reliability and administration. Revenues should grow at a rate equal to or greater than the combined effects of inflation and expenditures.



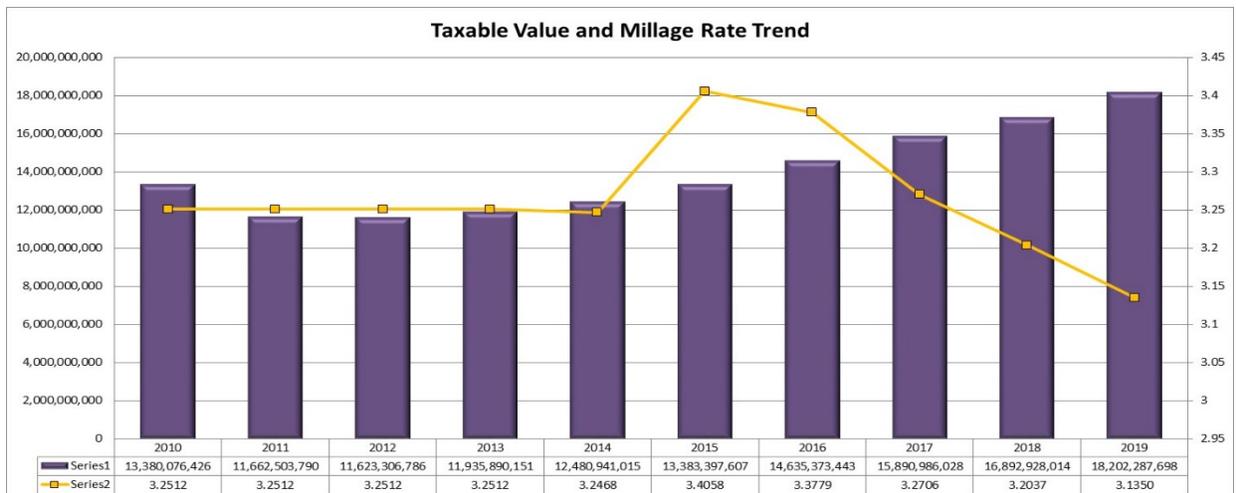
General Fund Revenues are 34% higher in FY19 than they were in FY10. The major causes of recent increases are property tax revenue increases for coastal protection projects and pension funding and increased revenue from parking meter, permit revenues, and utility tax revenues.

Ad Valorem Revenue

Ad valorem taxes are the Town's largest revenue source. Municipalities in Florida are not permitted to levy property taxes at a rate of more than 10 mills for the operating millage. From 2010-2012 ad valorem revenue declined due to a decline in taxable value in FY10, FY11 and FY12. In FY15, ad valorem revenue increased by 12%, with the entire increase allocated to coastal protection funding, and in FY16 another increase of 9.17% was approved to increase funding for coastal protection. The FY19 increase was 3.69%. Currently, ad valorem revenue accounts for 65.7% of total revenue, a percentage that has been declining since FY17.



The millage rate was maintained at 3.2512 from FY09 through FY13, which resulted in declining revenue due to the declining taxable values for FY10 – FY12. Taxable value increased since 2012. The millage rate increased in 2015 to fund the coastal protection fund. Recent increases in taxable value have allowed the Town to reduce the millage rate to the lowest historical level.

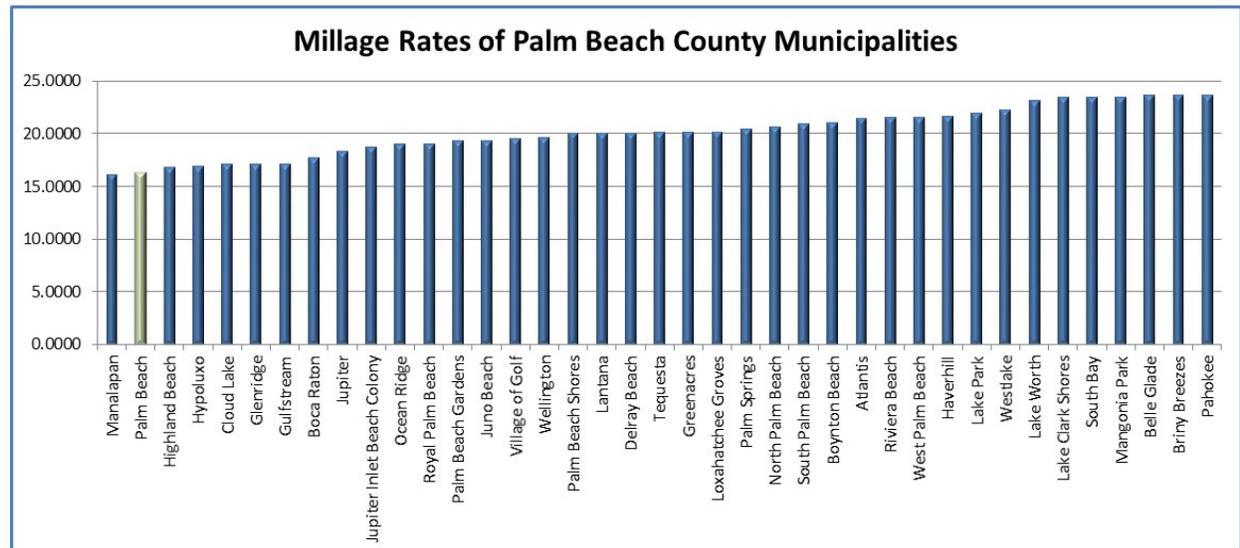


State law limits millage rate increases to the rolled back rate (the rate that produces the same taxes as the prior year, exclusive of taxes from new construction) plus growth in personal income. Local governments are allowed to override the cap by extraordinary vote, either a 2/3 vote of the Council

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 2.16% from 16.6568 to 16.2970. The Town's portion of the total millage is 19.24% of the total tax bill. The chart below identifies the taxing districts and the effect the changes in millage from FY18 to FY19 had on a taxpayer with a \$1 million value (assumes no change in taxable value from year to year). The total change was a reduction of \$359.80 per million.

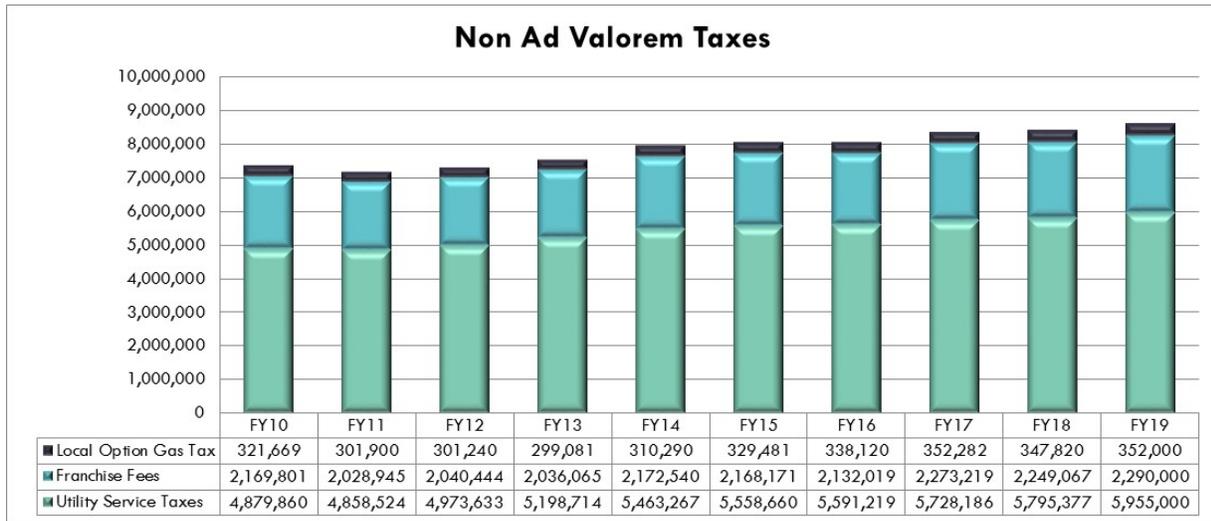
Taxing Authority	FY18 Millage Rate	FY19 Millage Rate	FY19 Tax \$1 Million Value	Change Per \$1 million Value	% Change	% of Total Tax Bill
Palm Beach	3.2037	3.1350	\$3,135	-\$68.70	-2.14%	19.24%
Palm Beach County	4.9023	4.8980	\$4,898	-\$4.30	-0.09%	30.05%
Palm Beach County School District	6.7690	6.5720	\$6,572	-\$197.00	-2.91%	40.33%
South Florida Water Mgmt	0.2659	0.2519	\$252	-\$14.00	-5.27%	1.55%
Children Services	0.6590	0.6403	\$640	-\$18.70	-2.84%	3.93%
Florida Inland Navigation	0.0320	0.0320	\$32	\$0.00	0.00%	0.20%
Health Care District	0.7808	0.7261	\$726	-\$54.70	-7.01%	4.46%
Everglades Construction	0.0441	0.0417	\$42	-\$2.40	-5.44%	0.26%
Grand Total	16.6568	16.2970	\$16,297	-\$359.80	-2.16%	100.00%

The Town of Palm Beach's total millage rate is the second lowest in Palm Beach County. The owner of a home with a taxable value of \$1 million pays \$16,297 in total taxes in Palm Beach versus \$17,755 in Boca Raton, \$19,352 in Palm Beach Gardens and \$21,637 in West Palm Beach.



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

Non Ad Valorem Tax Revenue



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

Local Option Gas Tax and Franchise fee revenue declined from FY10 through FY13 and have increased in recent years. Utility service taxes have increased throughout the 10-year period. The budget estimates for FY19 were conservatively based upon recent trends.

License and Permit Revenue

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

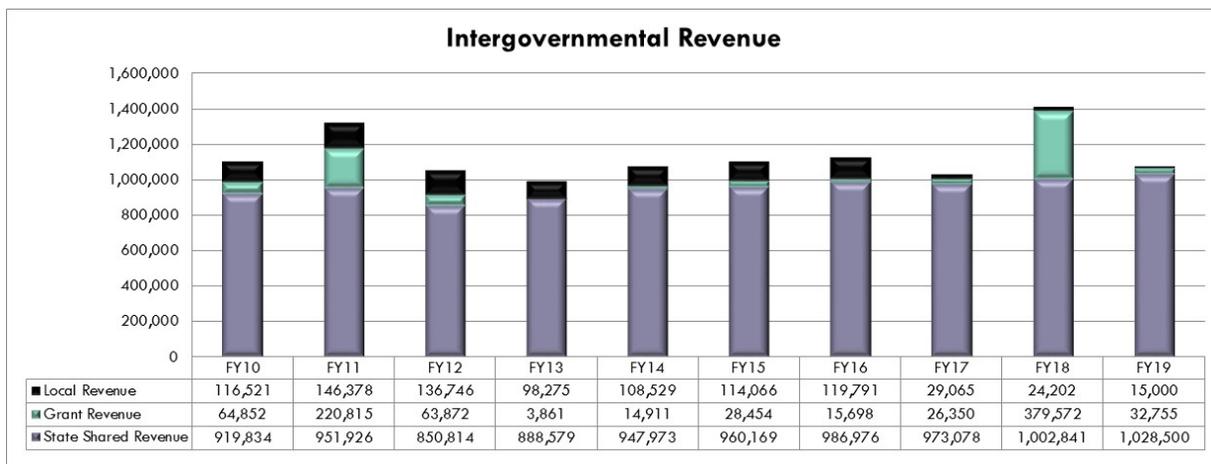


Building permit revenue makes up the majority of these revenues. Building permit revenues dropped significantly in FY10 from the prior years. The recession and downturn in housing caused

the decline. Since FY10, revenues have improved due to increases in building activity. FY15, FY16 and FY18 were record years for permit activity. In FY17, a decline in permit activity occurred due to a brief slowdown in construction. The FY19 budget reflects a conservative estimate for building permit revenues from the historic highs. The number of business licenses have declined from FY10 through FY15. A change in state law exempting real estate brokers from the business tax caused a further decline in FY15, but revenues have increased since that time. Other licenses and fees have increased since FY12 due to increases in right-of-way permit and parking permit 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 declined during FY12 and FY13, but have rebounded.

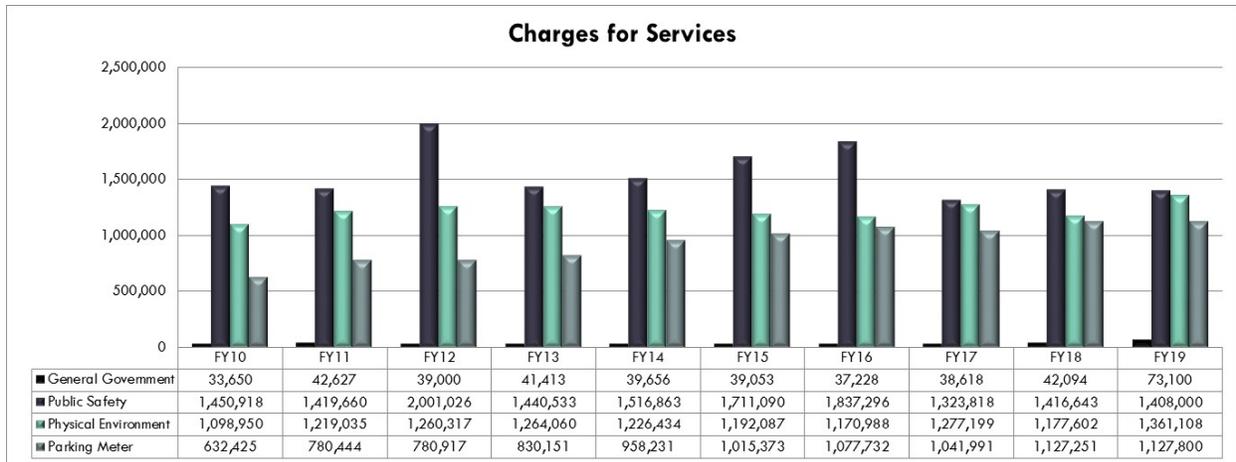
Charges for Services

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

Public safety fees have increased in the past due to increases in the EMS transport fees in FY12, and increases in revenues for police special detail. Revenues for police special detail dropped off in FY17 and have increased in FY18.

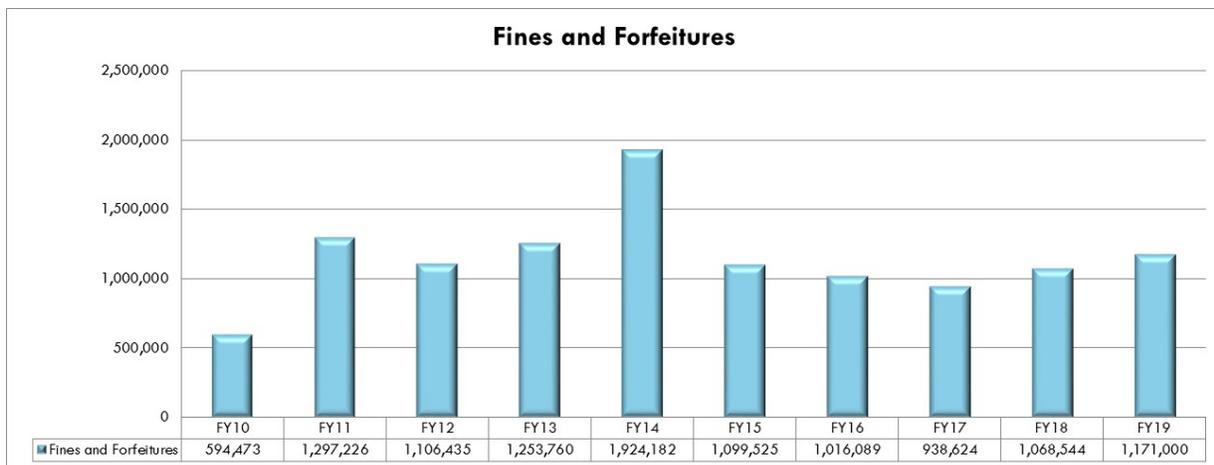
Physical environment fees include solid waste fees. Solid waste fees are billed through the non-ad valorem assessment process on the property tax bill. Compacted garbage fees are billed quarterly by the Town. These fees increase annually based upon the cost of providing the service.

In FY11, parking meter rates at Mid-Town Beach and Phipps Ocean Park were increased from \$2 to \$5 per hour. Parking meter revenue has increased in recent years due to the Park Mobile program.



Fines and Forfeitures

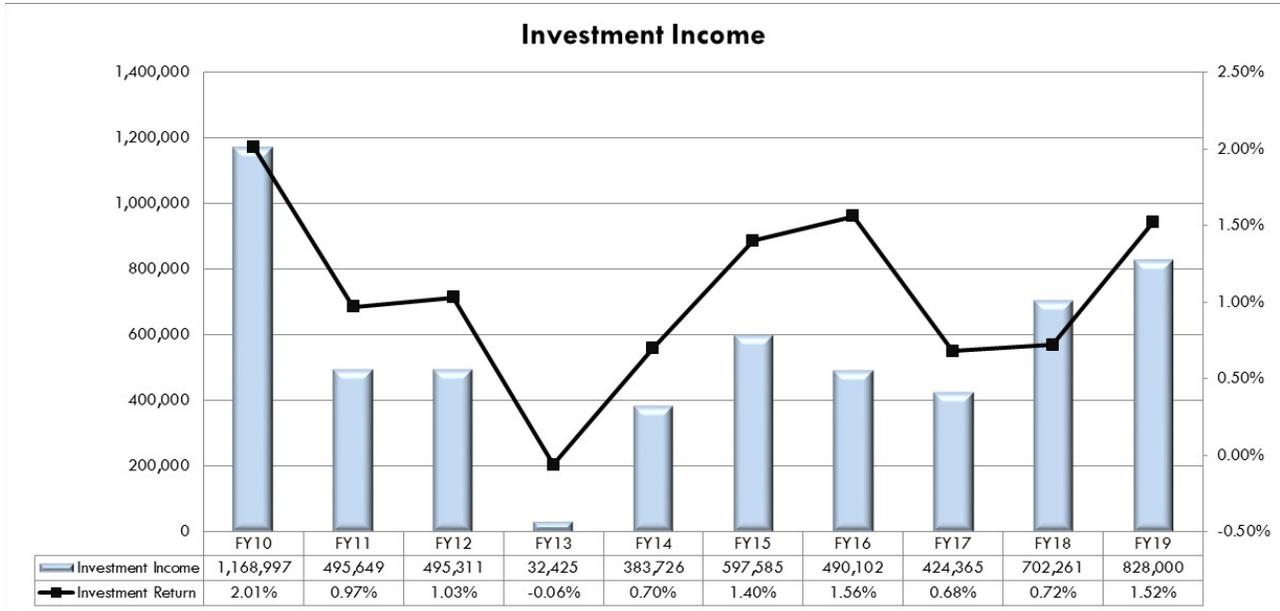
Fine and forfeiture revenue includes traffic violation fines, parking fines and penalties, right of way fines, and code enforcement violation fines.



In FY11 and 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 FY19 budget was based on the trend at the end of FY18 showing improved revenues.

Investment Income

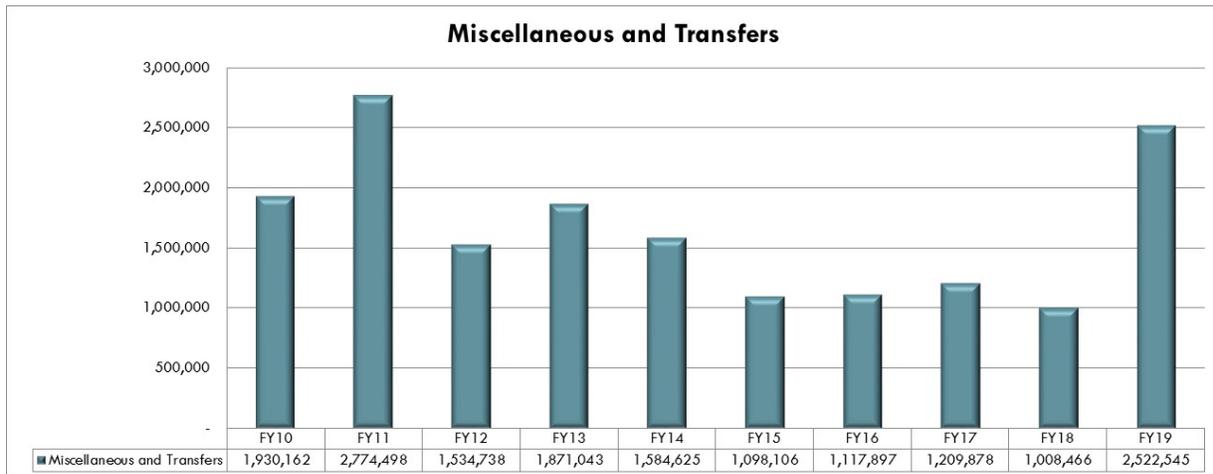
The Town's Investment Advisory Committee oversees the investment of the Town's surplus funds as well as the investments in the Town's OPEB trust. The Town's surplus funds are invested in fixed income securities, money market accounts, two bond funds with the Florida League of Cities Investment Trust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



Since 2011, historically low interest rates have caused investment revenue to decline. The recent growth is due to higher reserves and the forecast for FY19 is improved due to recent increases in interest rates providing more opportunities to invest in short term securities.

Miscellaneous and Transfers

Miscellaneous revenue includes rents and royalties, sales of fixed assets and other revenue. Transfers include transfers from the Recreation Enterprise Fund.



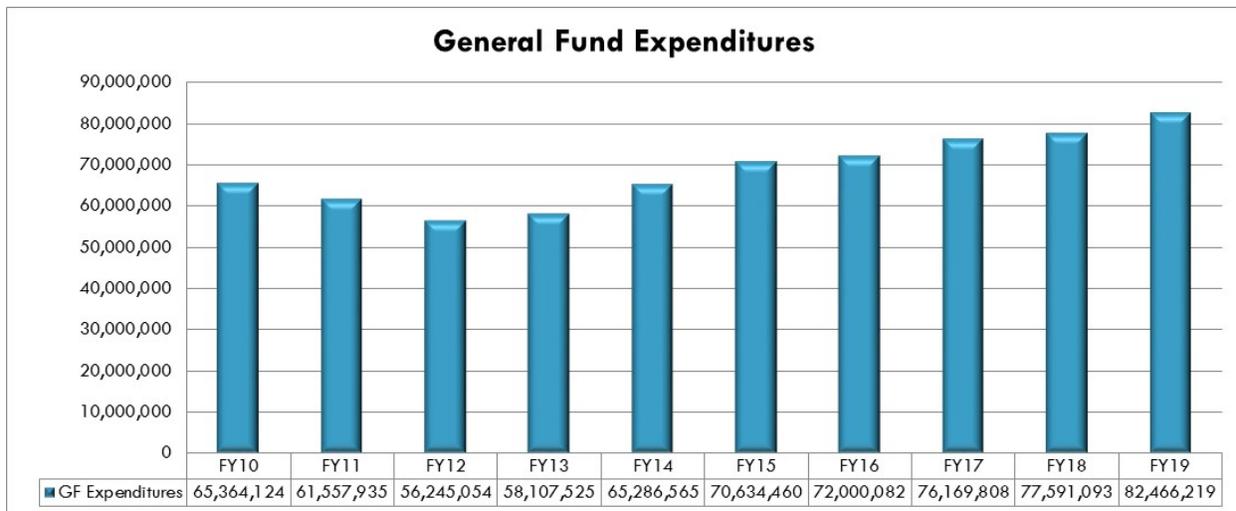
In FY10, FDOT took by eminent domain, Town property located just east of the Flagler Bridge. FY11 revenues included a transfer from the Capital Improvement Fund and an increase in the Recreation Enterprise Fund transfer. The Town had transferred \$2.6 million in FY10 to the Capital Improvement Program to begin to fund the 20 year CIP program. Bonds were issued in FY10 to fund the program, so most of the funds were no longer needed in the CIP program and \$1.4 million was transferred back to the General Fund. FY12 includes a transfer of \$800,000 from the

Recreation Enterprise Fund and insurance proceeds from a large claim. Revenues in FY13 and FY14 include a transfer of \$885,000 from the Recreation Enterprise Fund and the proceeds from the sale of property. In FY16, FY17, and FY18 the transfer from the Recreation Enterprise Fund was reduced by \$100,000 in each year to add to the funding of the Dock Replacement Reserve. For 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, the transfer from the two enterprise funds was increased to \$1,307,160 from \$585,000 for the first year. In addition, surplus funds from the Equipment Replacement Fund were transferred to the General Fund from funds that were set aside for the beach cleaning equipment that will not be replaced and the savings on the purchase of the quint fire truck totaling \$780,421.

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 FY10, the General Fund budget has increased a total of 26.2%. A significant portion (71%) of the increase is due to increases in the coastal protection fund, the transfers to the debt service fund, and Capital Improvement Fund, and the extraordinary retirement contribution to reduce the UAAL. Operating costs have increased 9.44% during the 10-year period. The increase from the low point in the past decade (2012) was 46.62%. The increases are described in greater detail later in this section. The total General Fund budget increased by 2.46% in FY19 from the FY18 budget.



The major changes in the General Fund budget for FY10 – FY19 are detailed in the chart 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
FY2010 Budget Decrease .7%	<ul style="list-style-type: none"> • Total General Fund Budget - \$66,853,300 • Maintained millage rate at 3.2512, taxable value declined 2.23% • Reduction in property tax revenue - (\$1,217,000) • <i>Elimination of 9.25 positions (savings of \$1,058,100)</i> • <i>Salary freeze implemented for all employees</i> • <i>Second year cost of early retirement buyout - 858,000</i> • <i>Increase in contribution to retirement fund - \$655,631</i> • <i>Elimination of extraordinary longevity - (\$88,700)</i> • <i>Decrease in Town contribution for health insurance - (\$300,000)</i> • Final year of Townwide software upgrade - \$160,000 • Decreased contribution for feral cat program - (\$50,000) • Increase in debt service funding - \$132,000 • Increase in transfer to the Capital Improvement Program - \$3,011,957 (included \$2,600,000 from fund balance for one time transfer for 20 year CIP program) • Contracted a Pension Consultant - \$127,268 • Contracted with an Internal Auditor - \$110,710 • Elimination of printing and mailing of Annual Report - (\$9,500)
FY2011 Budget Decrease 4.7%	<ul style="list-style-type: none"> • Total General Fund Budget - \$63,734,848 • Maintained millage rate at 3.2512, taxable value declined 11.42% • Reduction in property tax revenue - (\$5,080,500) • <i>Second year of a salary freeze for all employees</i> • <i>Elimination of 32.65 positions - (savings of \$1,788,439)</i> • <i>Increase in contribution to retirement fund - \$1,568,698</i> • <i>Final payment for early retirement buyout - \$136,000</i> • <i>Decrease in Town contribution for health insurance - (\$205,000)</i> • Reduced funding for lobbying services - (\$50,000) • Cut employee events - (\$40,000) • Eliminated funding for 4th of July event - (\$25,000) • Decrease in debt service funding - (\$422,000) • Decrease in transfer to the Capital Improvement Program - (\$4,328,957) • Transfer to Coastal Protection Fund \$3,090,000 (partially funded with a transfer from fund balance of \$2,898,277)
FY2012 Budget Decrease 8.2%	<ul style="list-style-type: none"> • Total General Fund Budget - \$58,535,436 • Maintained millage rate at 3.2512, taxable value declined .46% • Reduction in property tax revenue - (\$246,300) • <i>Decrease in contribution to retirement fund due to pension reform – (savings of \$5,577,544)</i> • <i>Elimination of 4.68 positions</i> • <i>Reinstated performance based pay increases for employees - \$327,300</i> • <i>Increase in health insurance funding - \$272,700</i>

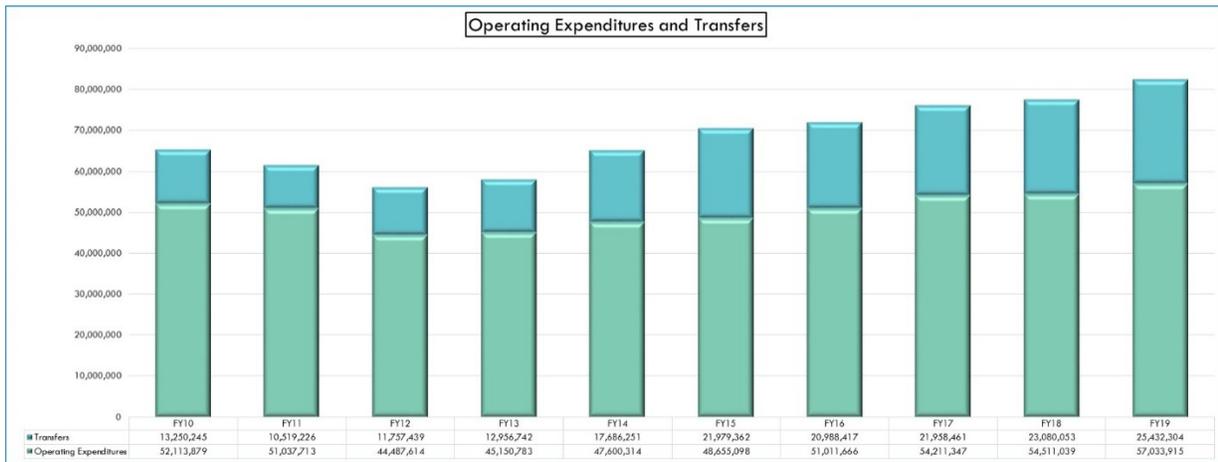
	<ul style="list-style-type: none"> • New funding for the Palm Beach County Inspector General - \$100,000 • Modification to funding for Equipment Replacement Program - (Savings of \$344,271) • Increased transfer from Recreation Enterprise Fund - \$161,000 • Increased the transfer to the Capital Improvement Program by - \$500,000 • Transfer to Coastal Protection Fund - \$3,960,000
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 Budget Increase 2.89%	<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% • 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
FY2016 Budget Increase 6.86%	<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>

	<ul style="list-style-type: none"> • <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
FY2017 Budget Increase 6.87%	<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> • <i>Transferred \$2,500,000 from unassigned fund balance to the Retirement Fund</i> • <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
FY2018 Budget Increase 4.73%	<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> • <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
FY2019 2.46% Budget Increase	<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>

- *Decrease in DC contributions of \$28,892.*
- *Provided for an extraordinary transfer to the Retirement Fund of \$5,420,000 for policy mandated transfer.*
- *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.*
- *Decreased the transfer to the OPEB Trust fund due to favorable experience \$524,617.*
- **Decreased transfer to Coastal Protection fund by \$61,176.**
- **Increased the transfer to the Capital Improvement Fund by \$211,976.**

General Fund Operating Expenditures

The chart below shows the trend in General Fund expenditures broken out between operating expenditures and transfers since FY10.



Since FY10, operating expenditures have increased a total of \$4,920,036 or 9.44% over the 10-year period. Most of the increase coming from pension benefits and contractual expenditures. The total budget increased \$17,102,095 over the same time period with \$12,182,059 or 71%, of the total from the Town transfers, specifically coastal protection and debt service and the new extraordinary transfer to the retirement fund. From the lowest point of the budget trend in FY12, the budget has increased \$26,221,165 or 46.6% with \$12,546,300 coming from operating expenditures and the other \$13,674,865 of the increase coming from transfers. 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 below. FY19 salaries are .61% less than they were in FY10. A wage freeze was in effect for FY10 and FY11 for all employees. For FY12, merit and step increases were included the budget and in FY13 through FY19 merit and step increases were included, along with an increase in employee pay ranges in all years except FY14. The FY19 budget increased .76% from the FY18 budget due to merit pay and an increase in the ranges offset by a reduction of 14.65 FTEs. On the chart below, FY19 shows a large increase over the actual FY18 amount. This is due to a reduction in expenses paid out in FY18 due to retirements and vacancies that occurred during the year. As of October 1, 2018, there were 37 vacant positions, 17 were frozen and 20 were vacant but not frozen positions. The FY18 actual for salaries was \$2,237,793 less than the FY18 budget due to these vacancies.

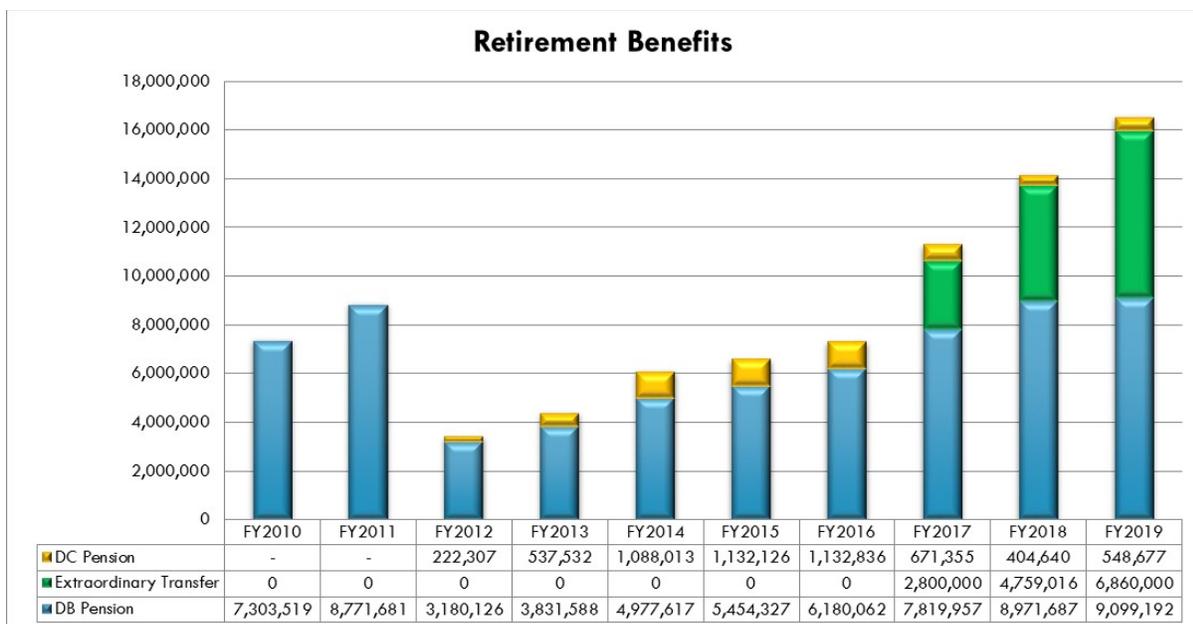
The lowest point in the trend (2013) shows that the actual salary amount is \$3,256,381 (14.2%) less than the FY19 budget. The FY19 budget has 4.45 less positions than 2013. In 2013, there was reduction of 8.7 FTEs in the budget and a significant amount of turnover (42 positions). This caused the actual amount paid out for salaries to be \$1,520,955 less than the amount budgeted for 2013. There are currently, as of June 20, 2019, 39 vacation positions of which 18 are frozen and 21 are vacant and not frozen. We expect the FY19 year-end salary amount to be much less than the budget amount due to these vacancies.



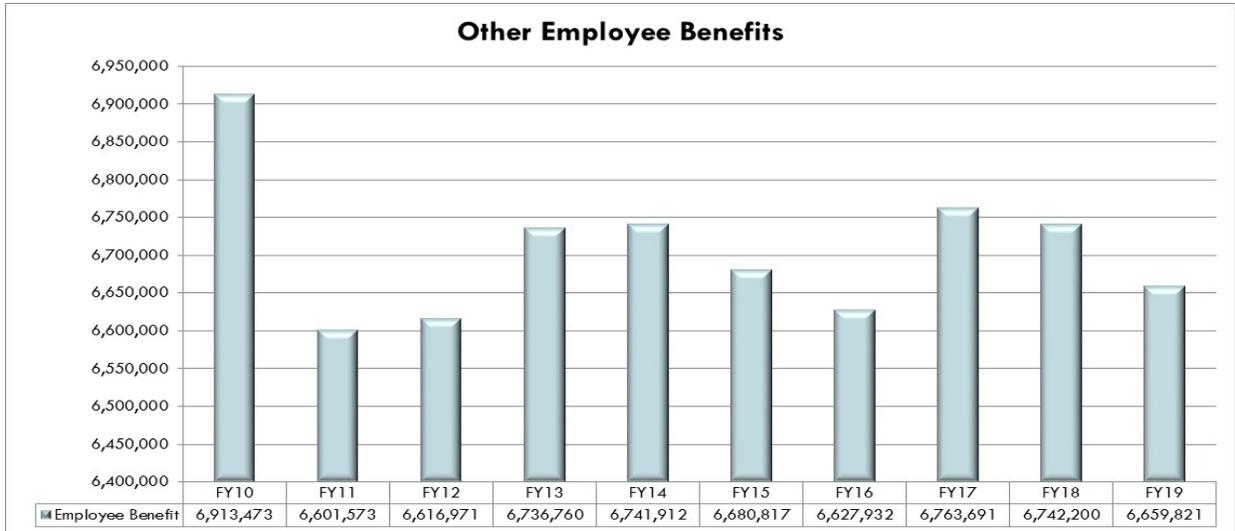
Employee Benefits

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 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. 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 investment losses in FY15. 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, FY18 the town transferred \$4,759,016 for this funding and in FY19 the Town transferred \$5,420,000. In addition, \$1,440,000 was added to the budget to fund a reduction in the amortization of the UAAL from 25 years to 15 years.

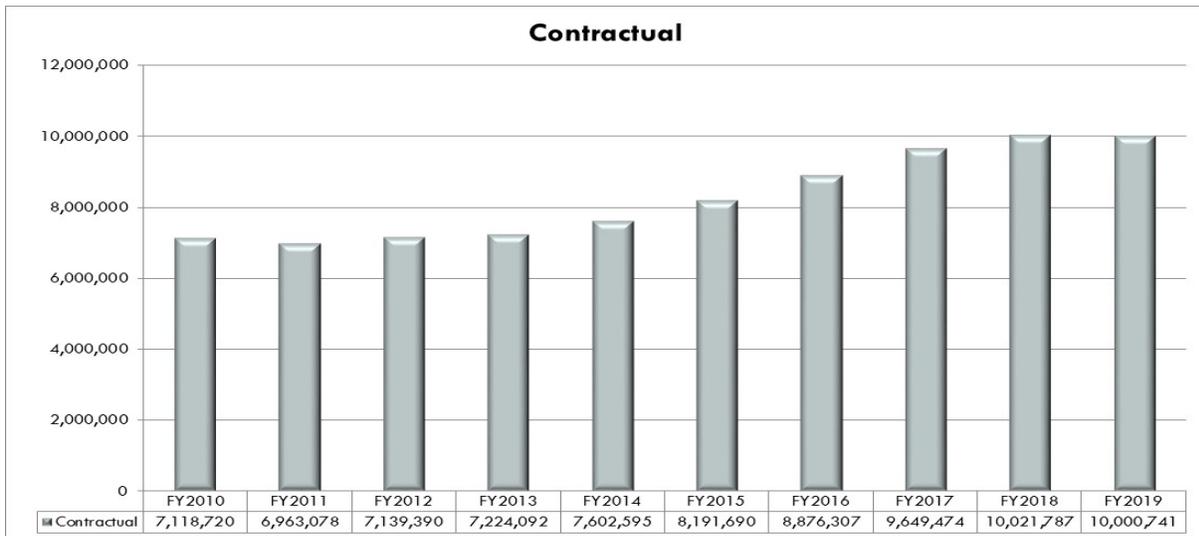


Other employee benefits include health insurance, FICA, bonuses, allowances, incentives, and uniform maintenance. Since FY10, other employee benefits have decreased 3.67% over the 10-year period. For most of the time period since FY13, health insurance costs have been maintained through changes in the 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. Included in the other employees benefits category is the transfer to the OPEB Trust. The transfer decreased by \$524,617 in FY19 due to the improved funding level of the plan. Also 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

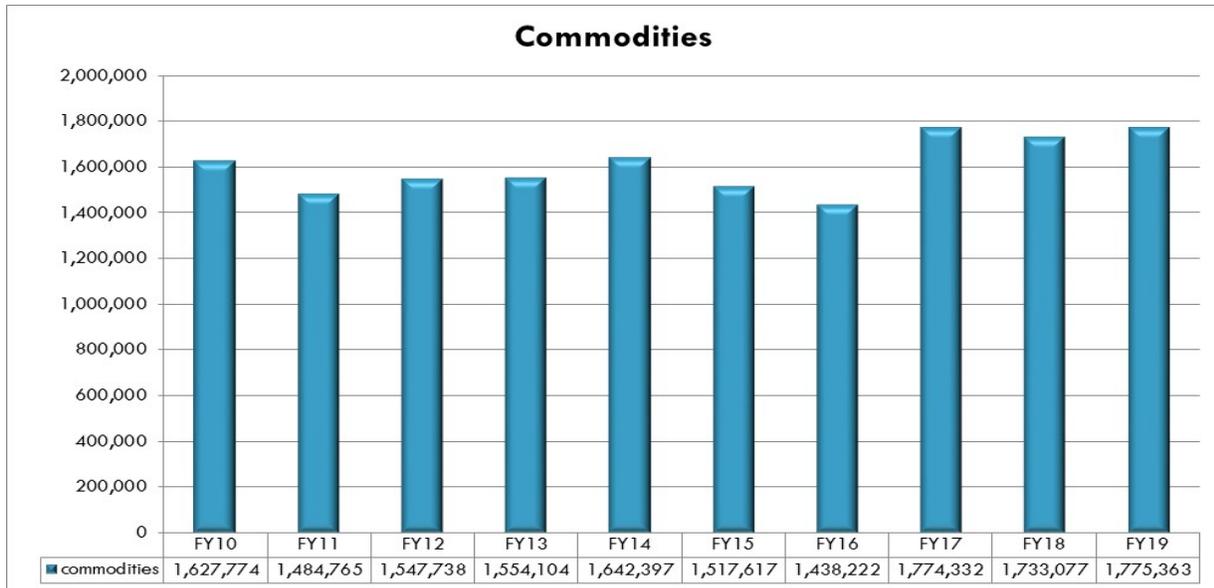
Contractual services include legal advice, lobbyists, consulting services, sewage treatment, solid waste disposal costs, building maintenance, landscape contracting and software maintenance.



Contractual services have increased 40.49% since FY10. Much of the increase since FY11 is due to increases the use of contractual services for duties that were once done in house like contracting with Palm Beach County for Fire-Rescue mechanic services and landscape contracting. Other contractual cost increases were due to increases in sewage treatment and disposal costs, 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. In FY18 and FY19 increases were caused by an increase from West Palm Beach for sewer treatment and disposal costs.

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.



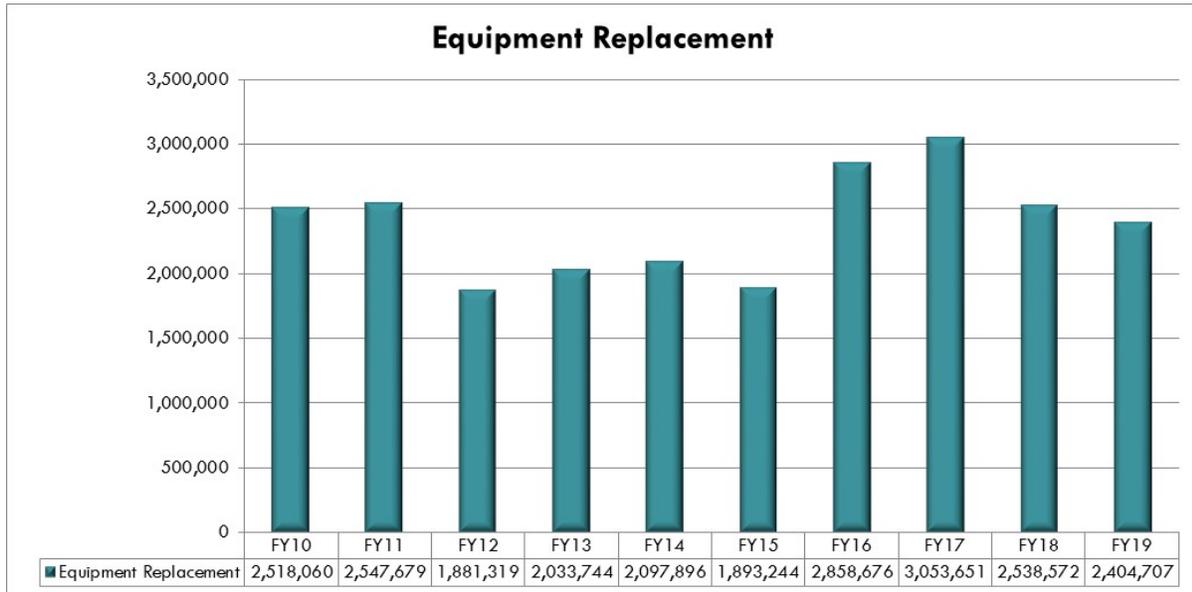
The total cost of commodities in FY19 is 9.07% higher than it was in FY10. Decreases in FY11 were due to the implementation of cost containment measures throughout all Town departments. The increase for FY12 related to increases in fuel costs. The decreases in FY15 are due to decreases in fuel costs and supplies. FY16 actual amounts reflect lower fuel expenditures during the year and other savings during the year amounting to total savings of \$336,017 versus the budgeted amount. 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 for a more accurate costs for training. The FY19 budget included decreases from the FY18 budget for minor equipment and supplies. The FY19 budget was \$173,730 less than the FY18 budget. Due to cost containment measures, the FY18 actual was \$216,016 less than the FY18 budget.

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.

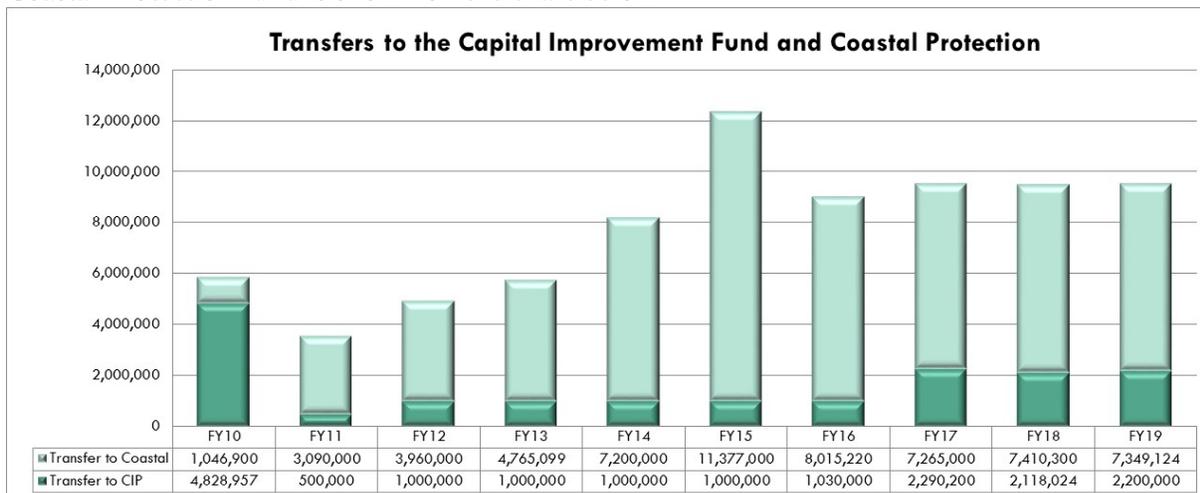
The total cost of capital equipment in FY19 is 4.5% lower than it was in FY10. The Town has an Equipment Replacement Fund (ERF). Transfers are made to the ERF based on the annual depreciation based on the replacement cost of each asset. In FY12, the depreciation transfer decreased by \$344,271. The reduction is the result of a thorough analysis by staff of the useful lives of the equipment, which resulted in extension of useful lives for some items and elimination of

some other items. The increases since FY12 were due to increases in depreciation on new equipment purchased. In FY16, an Opticom system was purchased and in FY16 and FY17 there was a specific increase in the estimated depreciation for 3 fire rescue pumpers due to the higher than anticipated increases in the cost of these vehicles. In FY19, the budget decreased due to purchases that were made in FY18 versus FY19. In addition, Recreation and Tennis equipment was added to the General Fund and depreciation on this equipment is now included in this category.



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. 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 FY10 has increased \$6,302,224, and the CIP transfer has decreased \$2,628,957. In FY10, a one-time transfer of \$2.6 million was included to begin to fund the 20-year Capital Improvement Program and \$1,046,000 was transferred from the unassigned net assets to the Coastal Protection Fund for a sand search study and groin analysis. In FY11, a total of \$3,090,000 was transferred to the Coastal Protection Fund for projects and \$500,000 was budgeted for the pay-as-you-go portion of the Capital Improvement Program. In FY12, \$3,960,000 was transferred to the Coastal Protection Fund and the transfer to the Capital Improvement Program was increased to \$1,000,000. In FY13, \$4,765,099 was transferred to the Coastal Protection Fund and in FY14 an additional \$7,200,000 was transferred to build reserves for the Mid-Town and Phipps beach renourishment projects. In FY15, \$6,600,000 was transferred to the coastal fund from various town reserves, in addition, a property tax increase of \$4,777,000 was established to begin to fund the coastal protection fund through property taxes. In FY16 the 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 have been 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, a 3% increase was appropriated to the Coastal Protection transfer and the CIP transfer was decreased by \$172,176 due to the transfer of projects to the ACIP fund. In FY19, the coastal transfer was decreased due to the transfer of debt service to the General Fund for the ACIP program as a result of the transfer of funds to ACIP that were originally for groins.

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

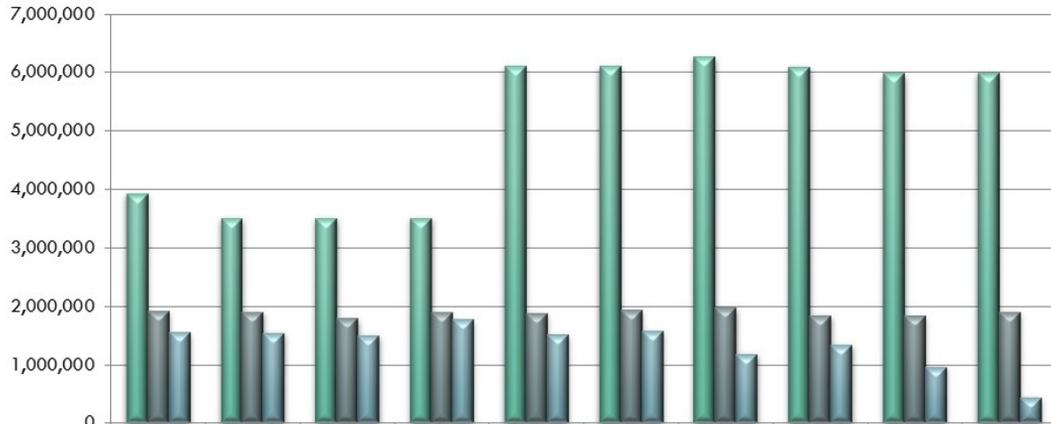
Debt Service

Debt service costs have increased 52.8% since FY10. 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. The payoff of the 2000 bond and the issuance of the new bond resulted in lower annual debt service payments in FY11. 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.

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, 2018 is calculated to be \$28,380,000. The actuarial value of assets in the trust are \$32,680,000. The OPEB asset is \$4,300,000. The funded ratio for the plan is 115.2% for FY18. The annual budgeted contribution for FY19 is \$435,383, which is \$524,617 less than FY18.

Transfers to Debt Service, OPEB Trust and Risk Insurance Funds



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
■ Debt Service Fund	3,922,000	3,500,000	3,500,000	3,500,000	6,100,000	6,100,000	6,265,462	6,088,728	5,982,331	5,994,738
■ Risk Fund	1,904,463	1,896,226	1,791,507	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,828,475	1,898,059
■ OPEB Trust	1,550,000	1,533,000	1,493,000	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383

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 FY10, the transfer to the Risk Fund has remained relatively flat. Overall, 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.

**Town of Palm Beach
Revenue Trend Analysis
FY10 - FY19**

Analysis of Revenues by Category Revenue Sources	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget
Ad Valorem Revenues	41,508,570	36,635,343	36,662,916	37,473,108	39,110,926	43,869,888	47,882,187	50,195,981	52,282,254	54,210,963
% Increase	-3.21%	-11.74%	0.08%	2.21%	4.37%	12.17%	9.15%	4.83%	4.16%	3.69%
\$ Increase	-1,378,646	-4,873,227	27,573	810,191	1,637,818	4,758,962	4,012,299	2,313,794	2,086,273	1,928,709
Non Ad Valorem Taxes	7,405,691	7,189,368	7,315,317	7,433,859	7,946,097	8,056,312	8,061,358	8,353,685	8,392,264	8,597,000
% Increase	0.26%	-2.92%	1.75%	1.62%	6.89%	1.39%	0.06%	3.63%	0.46%	2.44%
\$ Increase	19,293	-216,322	125,948	118,543	512,238	110,215	5,046	292,328	38,578	204,736
Licenses and Permits	4,777,557	6,382,545	6,498,207	7,572,518	8,053,581	10,657,676	10,096,673	7,692,114	10,071,916	8,293,108
% Increase	-13.81%	33.59%	1.81%	16.53%	6.35%	32.33%	-5.26%	-23.82%	30.94%	-17.66%
\$ Increase	-765,477	1,604,988	115,662	1,074,311	481,064	2,604,095	-561,003	-2,404,558	2,379,802	-1,778,808
Intergovernmental Revenue	1,043,810	1,319,119	1,051,432	990,715	1,071,413	1,102,689	1,122,465	1,027,105	1,406,615	1,076,255
% Increase	-29.72%	26.38%	-20.29%	-5.77%	8.15%	2.92%	1.79%	-8.50%	36.95%	-23.49%
\$ Increase	-441,318	275,309	-267,687	-60,716	80,697	31,276	19,776	-95,360	379,509	-330,360
Charges for Services	3,194,384	3,493,805	4,081,259	3,576,156	3,741,183	3,957,603	4,131,756	3,681,926	3,763,590	4,396,558
% Increase	-2.56%	9.37%	16.81%	-12.38%	4.61%	5.78%	4.40%	-10.89%	2.22%	16.82%
\$ Increase	-83,796	299,421	587,454	-505,103	165,027	216,420	174,153	-449,829	81,663	632,968
Fines and Forefeitures	594,473	1,388,212	1,106,435	1,530,362	1,924,182	1,099,525	1,174,838	799,769	1,068,544	1,171,000
% Increase	-48.43%	133.52%	-20.30%	38.31%	25.73%	-42.86%	6.85%	-31.93%	33.61%	9.59%
\$ Increase	-558,334	793,739	-281,776	423,927	393,820	-824,657	75,313	-375,069	268,775	102,456
Interest Income	1,168,997	495,649	495,311	32,425	383,726	597,585	490,102	421,515	702,261	828,000
% Increase	-39.22%	-57.60%	-0.07%	-93.45%	1083.43%	55.73%	-17.99%	-13.99%	66.60%	17.90%
\$ Increase	-754,227	-673,348	-338	-462,886	351,301	213,859	-107,483	-68,587	280,746	125,739
Miscellaneous and Transfers	1,929,806	2,774,498	1,534,738	1,508,796	1,584,625	1,098,106	1,117,897	1,201,273	1,008,466	2,522,545
% Increase	140.65%	43.77%	-44.68%	-1.69%	5.03%	-30.70%	1.80%	7.46%	-16.05%	150.14%
\$ Increase	1,127,905	844,692	-1,239,760	-25,942	75,829	-486,519	19,791	83,376	-192,807	1,514,079
Transfers from Fund Balance	0	1,370,789								
% Increase	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ Increase	0	0	0	0	0	0	0	0	0	1,370,789
Total Revenues	61,623,288	59,678,539	58,745,615	60,117,939	63,815,733	70,439,384	74,077,275	73,373,370	78,695,909	82,466,218
% Increase	-4.40%	-3.16%	-1.56%	2.34%	6.15%	10.38%	5.16%	-0.95%	7.25%	4.79%
\$ Increase	-2,834,600	-1,944,749	-932,923	1,372,324	3,697,794	6,623,651	3,637,891	-703,905	5,322,539	3,770,309

**Town of Palm Beach
Expenditure Trend Analysis
FY10 - FY19**

Analysis of Expenses by Category Expenditure Categories	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Budget
Salaries/Wages	26,359,933	24,396,538	23,627,363	22,943,974	23,152,224	23,478,697	23,581,853	24,128,637	23,764,069	26,200,355
% Increase	-3.61%	-7.45%	-3.15%	-2.89%	0.91%	1.41%	0.44%	2.32%	-1.51%	10.25%
\$ Increase	-986,624	-1,963,395	-769,175	-683,389	208,251	326,473	103,155	546,784	-364,568	2,436,286
Pension Benefits	7,303,519	8,771,681	3,180,126	3,831,588	4,977,617	5,454,327	6,180,062	7,819,957	8,971,687	9,099,192
% Increase	10.31%	20.10%	-63.75%	20.49%	29.91%	9.58%	13.31%	26.54%	14.73%	1.42%
\$ Increase	682,451	1,468,162	-5,591,555	651,462	1,146,029	476,710	725,735	1,639,895	1,151,730	127,505
DC Plan	-	-	222,307	537,532	1,088,013	1,132,126	1,132,836	671,355	404,640	548,677
% Increase	0.00%	0.00%	0.00%	141.80%	102.41%	4.05%	0.06%	-40.74%	-39.73%	35.60%
\$ Increase	-	-	222,307	315,226	550,480	44,113	711	-461,481	-266,715	144,037
Other Employee Benefits	6,913,473	6,601,573	6,616,971	6,736,760	6,741,912	6,680,817	6,627,932	6,763,691	6,742,200	6,659,821
% Increase	-5.10%	-4.51%	0.23%	1.81%	0.08%	-0.91%	-0.79%	2.05%	-0.32%	-1.22%
\$ Increase	-371,586	-311,900	15,398	119,788	5,152	-61,095	-52,885	135,759	-21,491	-82,379
Contractual	7,118,720	6,963,078	7,139,390	7,224,092	7,602,595	8,191,690	8,876,307	9,649,474	10,021,787	10,000,741
% Increase	-18.27%	-2.19%	2.53%	1.19%	5.24%	7.75%	8.36%	8.71%	3.86%	-0.21%
\$ Increase	-1,590,831	-155,642	176,312	84,702	378,503	589,094	684,618	773,167	372,313	-21,046
Commodities	1,627,774	1,484,765	1,547,738	1,554,104	1,642,397	1,517,617	1,438,222	1,774,332	1,733,077	1,775,363
% Increase	-6.89%	-8.79%	4.24%	0.41%	5.68%	-7.60%	-5.23%	23.37%	-2.33%	2.44%
\$ Increase	-120,444	-143,009	62,973	6,366	88,293	-124,781	-79,394	336,110	-41,255	42,286
Equipment Replacement	2,518,060	2,547,679	1,881,319	2,033,744	2,097,896	1,893,244	2,858,676	3,053,651	2,538,572	2,404,707
% Increase	-7.55%	1.18%	-26.16%	8.10%	3.15%	-9.76%	50.99%	6.82%	-16.87%	-5.27%
\$ Increase	-205,640	29,618	-666,360	152,425	64,152	-204,652	965,432	194,975	-515,079	-133,865
Library Services	272,400	272,400	272,400	288,989	297,659	306,580	315,777	350,250	335,008	345,058
% Increase	0.00%	0.00%	0.00%	6.09%	3.00%	3.00%	3.00%	10.92%	-4.35%	3.00%
\$ Increase	0	0	0	16,589	8,670	8,921	9,197	34,473	-15,242	10,050
Total Operating Expenses	52,113,879	51,037,713	44,487,614	45,150,783	47,600,314	48,655,098	51,011,666	54,211,347	54,511,039	57,033,915
% Increase	-4.74%	-2.07%	-12.83%	1.49%	5.43%	2.22%	4.84%	6.27%	0.55%	4.63%
\$ Increase	-2,592,674	-1,076,165	-6,550,099	663,168	2,449,531	1,054,784	2,356,568	3,199,681	299,692	2,522,875
TRANSFER TO OTHER FUNDS AND OTHER EXPENSES										
CAPITAL IMPROV. FUND (307)	4,828,957	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,030,000	2,290,200	2,118,024	2,200,000
COASTAL PROTECTION FUND (309)	1,046,900	3,090,000	3,960,000	4,765,099	7,200,000	11,377,000	8,015,220	7,265,000	7,410,300	7,349,124
TRANSFER TO UNDERGROUND UTILITY FUND	0	0	0	0	0	0	2,530,250	267,041	0	135,000
TRANSFER TO RETIREMENT FUND	0	0	0	0	0	0	0	2,800,000	4,759,016	6,860,000
DEBT SERVICE FUND (203)	3,922,000	3,500,000	3,500,000	3,500,000	6,100,000	6,100,000	6,265,462	6,088,728	5,982,331	5,994,738
RETIREE HEALTH INS.(OPEB) (610)	1,550,000	1,533,000	1,493,000	1,769,000	1,506,000	1,577,000	1,180,000	1,339,000	960,000	435,383
RISK-W/C, LIAB.PROP. (501)	1,904,463	1,896,226	1,791,507	1,892,780	1,876,000	1,925,362	1,967,485	1,838,037	1,828,475	1,898,059
CONTINGENT APPROP.	0	0	0	0	0	0	0	0	0	560,000
INVENTORY ADJUSTMENTS	-2,075	0	12,932	29,863	4,251	0	0	70,455	21,907	0
Total Transfers and Other Expenses	13,250,245	10,519,226	11,757,439	12,956,742	17,686,251	21,979,362	20,988,417	21,958,461	23,080,053	25,432,304
% Increase	18.58%	-20.61%	11.77%	10.20%	36.50%	24.27%	-4.51%	4.62%	5.11%	10.19%
\$ Increase	2,076,190	-2,731,019	1,238,213	1,199,303	4,729,509	4,293,111	-990,945	970,044	1,121,592	2,352,251
Total Expenditures	65,364,124	61,556,939	56,245,054	58,107,525	65,286,565	70,634,460	72,000,082	76,169,808	77,591,093	82,466,219
% Increase	-0.78%	-5.82%	-8.63%	3.31%	12.35%	8.19%	1.93%	5.79%	1.87%	6.28%
\$ Increase	-516,484	-3,807,184	-5,311,886	1,862,471	7,179,040	5,347,895	1,365,623	4,169,726	1,421,284	4,875,126

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 typically use the current year budget to prepare the forecast but due to the delay caused by the review of the compensation and benefits study, we prepared this forecast of General Fund revenues and expenditures to include the FY20 proposed budget and an 8-year forecast through FY28.

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:

	<i>FY21</i>	<i>FY22</i>	<i>FY23</i>	<i>FY24</i>	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>
<i>Ad Valorem Tax Increase</i>	6.52%	2.56%	1.84%	3.06%	3.94%	3.04%	2.24%	1.51%
<i>General Inflation</i>	2.00%	2.00%	2.10%	2.15%	2.20%	2.26%	2.26%	2.26%
<i>Salaries & Wages</i>	4.59%	4.80%	2.06%	3.97%	4.34%	4.28%	4.38%	4.36%
<i>Health Insurance</i>	6.5%	6.25%	6.12%	6.00%	5.87%	5.75%	5.62%	5.49%
<i>Pension (ADEC)</i>	12.4%	1.4%	-2.20	-1.92%	-2.67%	-3.54%	-5.10%	-11.44%
<i>Other Employee Benefits</i>	4.94%	3.97%	4.59%	4.72%	4.72%	4.71%	4.70%	4.70%
<i>Property Insurance</i>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<i>Liability Insurance</i>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<i>W/C Insurance</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Revenue forecasts are based upon historical trends and recent activity. In the past, we would project a 3.25% increase in ad valorem taxes per year rather than estimate the increase in taxable value and show the surplus/deficit each year. This year, in addition, we used 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, in fact, in FY21, since the Marina will be offline and we will lose revenue for the year, the Town Council may choose to use reserves to balance the budget for this one time anomaly. The forecast for all revenue categories are described in greater detail later in this section.

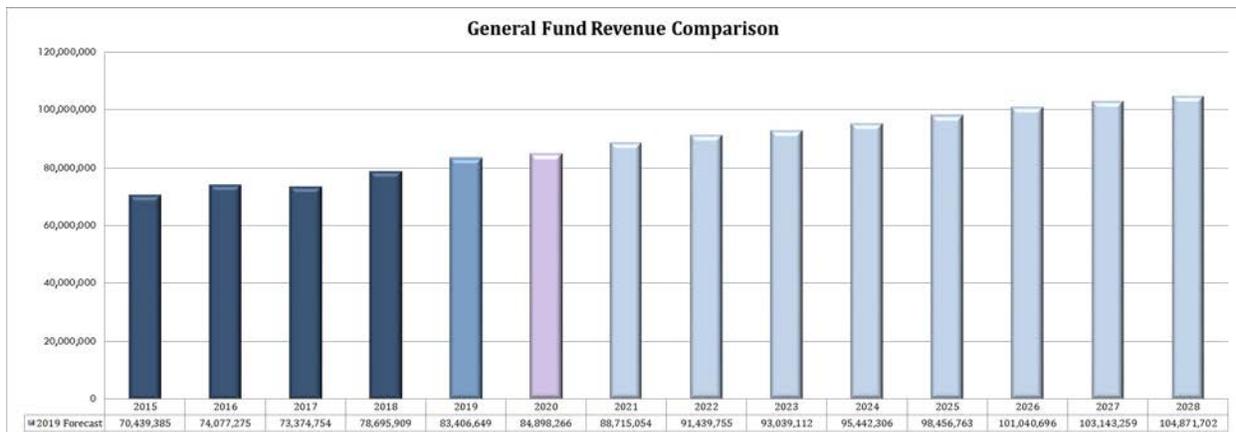
The assumption for inflation for FY21 and beyond is 2.0% for two years then increasing to 2.26% in later years which is based upon the forecast in the *Livingston Survey* issued by the Federal Reserve Bank of Philadelphia. The salary and wage assumption is based upon the most recent compensation and benefits study for FY20 and average annual increases for all employee groups and forecasted retirements from FY21 through FY28. The health insurance forecast assumption is based upon input from our health consultant’s actuary. The pension forecast assumptions were updated by the Town’s pension actuary to include the results of the compensation study results. The other employee benefit assumptions have been calculated based upon anticipated retirements and other inflation factors and does not include health insurance. Property, Liability and Workmen’s Compensation insurance assumptions are based upon information received from our brokers regarding potential increases.

2019 Forecast

The forecast charts shown on the following pages include actual results for 2015-2018 shown in dark blue, the FY19 budget, shown in medium blue and the proposed FY20 budget shown in violet, and then forecasts through FY28 shown in light blue. The updated forecast maintains service levels, funds the additional contribution of \$5,420,000 for the retirement program, and the results of the compensation and benefits study.

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

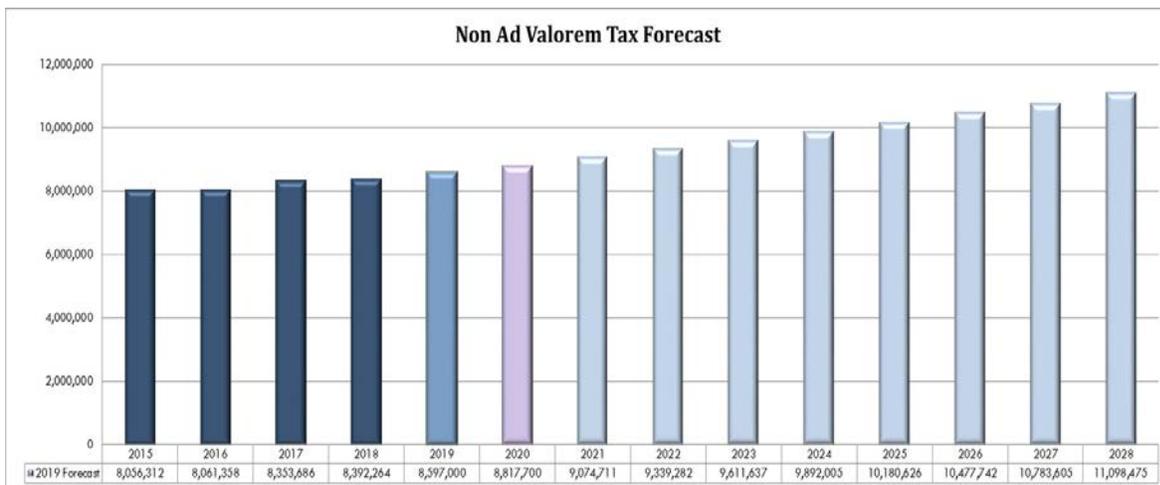
As mentioned earlier, this year we used ad valorem property taxes as the plug to balance the budget for the forecast years of FY21 through FY28. Over the past 5 years, taxable value has increased by 37.6% an average of 7.5% per year. The preliminary taxable value increase for FY20 was 5.63%. Over the past five years, the Town portion of the property tax bill for a \$1,000,000 homesteaded

property has decreased by \$108. As of FY19, the total ad valorem tax bill including all taxing districts declined by \$1,131 per million of taxable value over the same five year period.



Non Ad Valorem Taxes

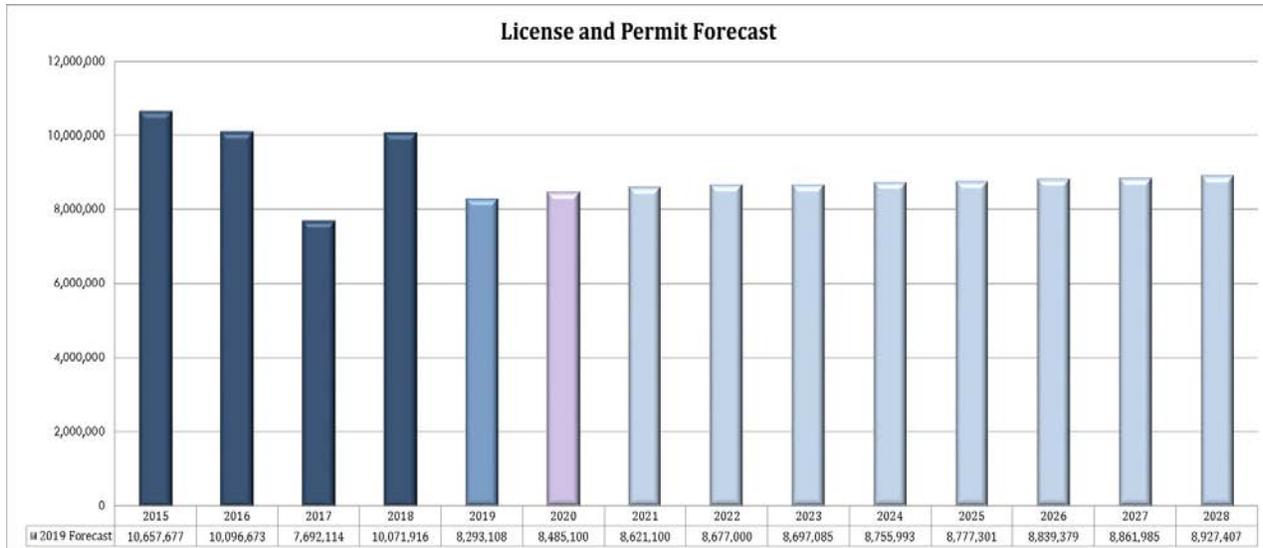
Non ad valorem taxes include local option gas taxes, franchise fees and utility service taxes. The forecast has increased because recent revenue collections have improved. The forecast and trend chart is shown below:



License and Permit Revenue

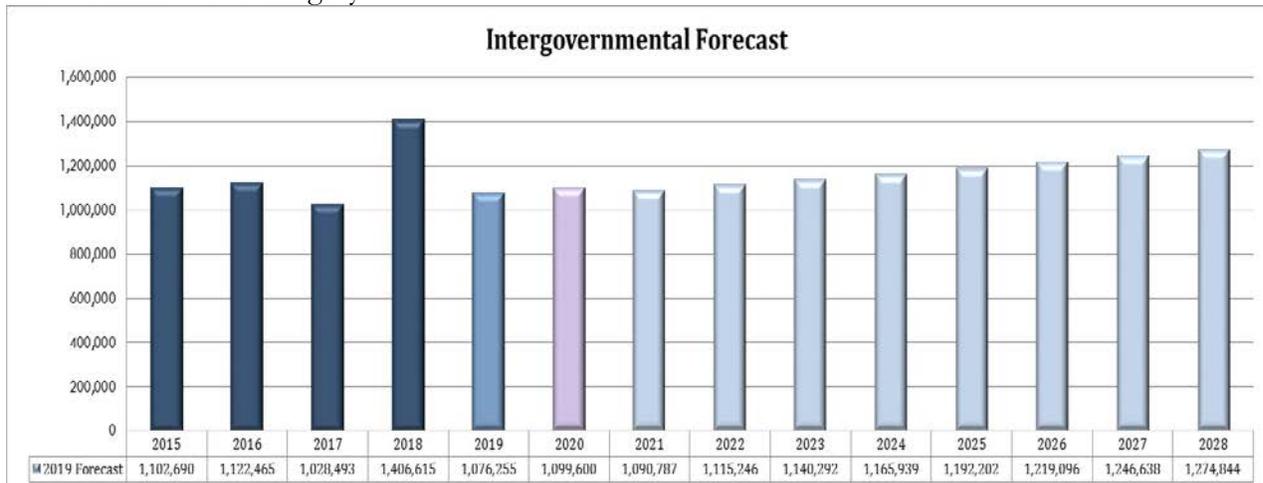
License and permit revenue includes business licenses, building permit revenues and parking permits.

The chart on the following page shows record years for these revenues sources in FY15, FY16 and FY18. We budget conservatively for these revenues, so from FY19 –FY29 the revenues are relatively flat.



Intergovernmental Revenue

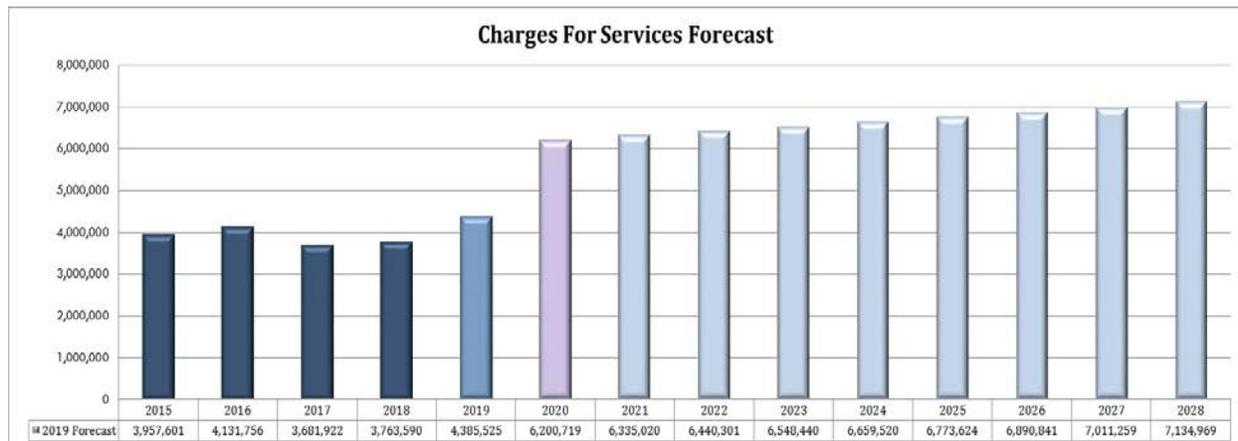
Intergovernmental revenue includes revenue received from Federal, State, County and local government sources. Revenues from the State of Florida include State revenue sharing, local government sales tax and alcoholic beverage licenses. Local revenues include County occupational license revenue, and the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



The forecast for intergovernmental revenues has remained flat based on revenues received from the State of Florida for sales tax and revenue sharing. FY18 contained grant funds from FEMA and the Federal Government. The updated forecast anticipates a small inflationary increase per year in the State revenues.

Charges for Services

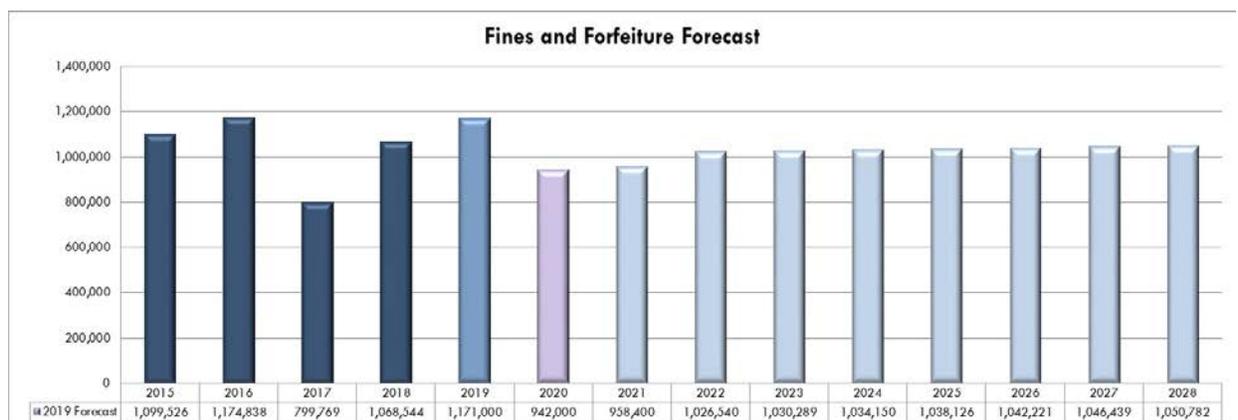
Charges for services include public safety fees, solid waste fees, parking meter collections and other small fees such as copy charges and lien searches. The updated forecast reflects the increase in special assignment overtime for two new large contracts. This revenue source offsets increased expenditures 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 estimates for the revenue for the new Recreation Center beginning in FY20. The forecast for these revenue sources reflect small inflationary increases.



Fines and Forfeitures

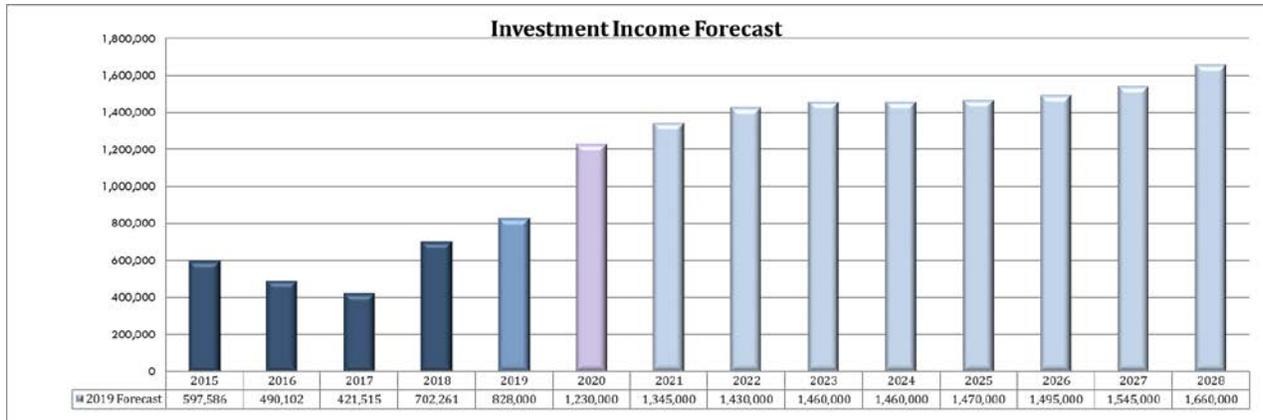
Fine and Forfeiture revenue includes traffic violation fines and penalties, parking fines and penalties and code enforcement violation fines.

Revenues from these sources have been variable and have declined in recent years. There have been several recent vacancies in parking enforcement and officers have been pulled from their duties to handle traffic duty during presidential visits. In addition, the new parking meter system allows a customer to update their meter time on their mobile device, so fewer tickets are being issued for parking meters. The downward forecast in these revenues from FY19 reflect the current status.



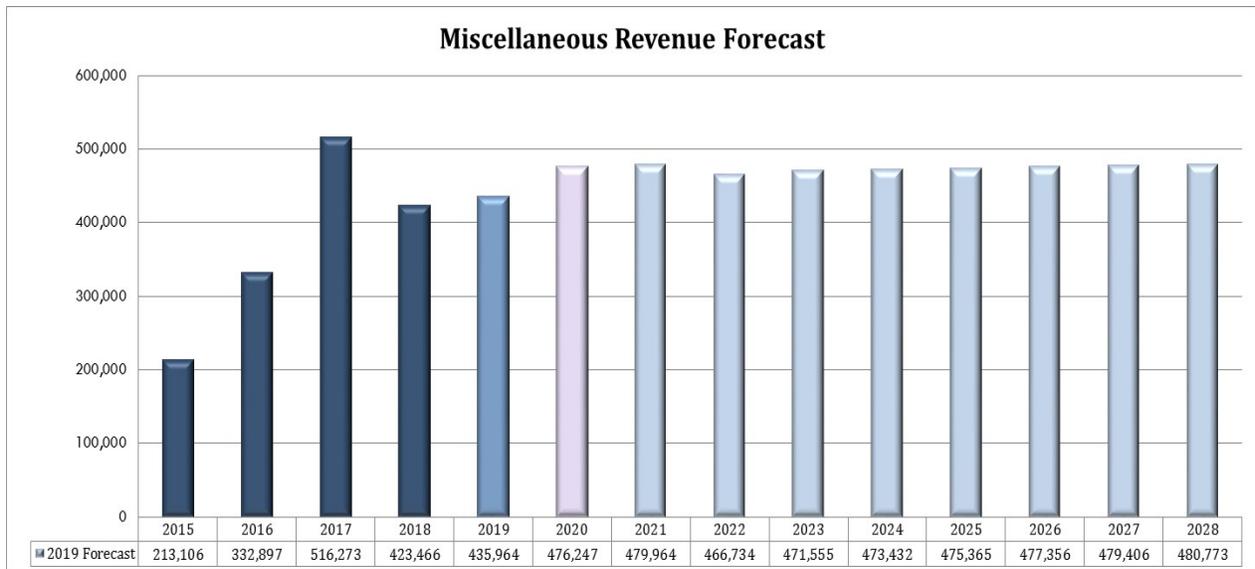
Investment Income

We are forecasting investment returns will increase due to the rising interest rate environment. Recent increases in rates over the long term should have a positive impact on revenues. In the short term certain bond funds may experience market losses. The Investment Advisory Committee and our investment consultants are monitoring the situation closely and will adjust the duration of the portfolios as required to mitigate the losses.



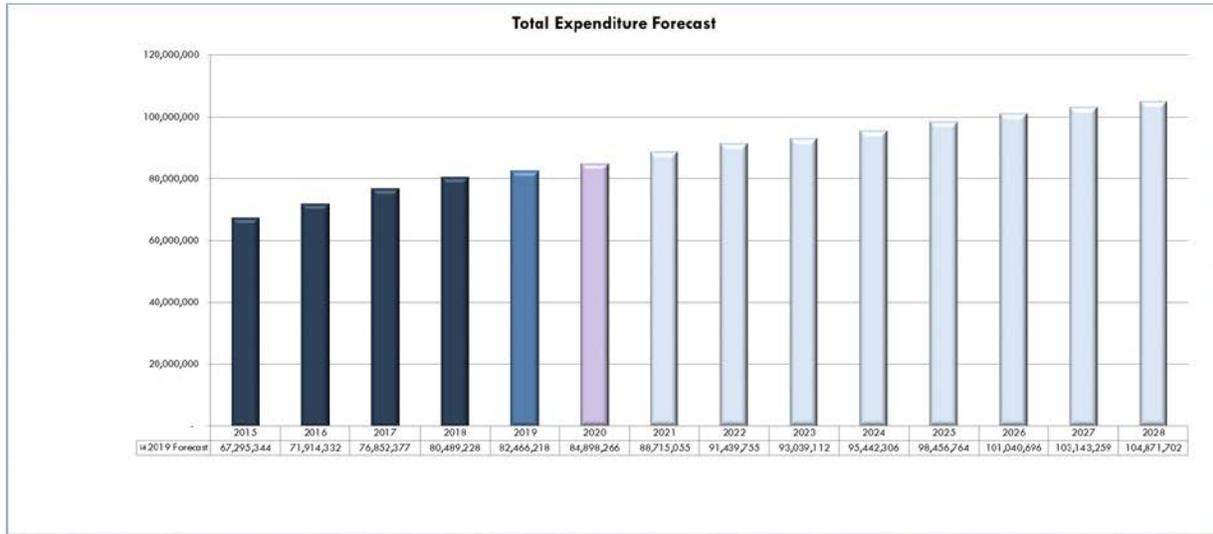
Miscellaneous and Transfers

Miscellaneous revenue includes rents and royalties, the sale of fixed assets and other revenue. The increase in the 2019 forecast is due to new revenue from the p-card rebate program, and higher than anticipated DC forfeiture funds.



Total General Fund Expenditures

The 2019 forecast contains the results of the compensation and benefit study and additional funding of \$5,420,000 annually for the pension fund. In addition, the forecast reflects the expenditure increase assumptions outlined earlier in this section. The charts in this section include four years of actual data from 2015-2018 in dark blue, the FY19 budget in medium blue, the proposed FY20 budget in violet and the forecast through FY28 in light blue.



Salary and Wages

The forecasted salary and wage increases are based upon the employee pay policies and replacements of retirees at lower salaries through the forecast period. The salary and wage assumption is based upon the compensation study results and the change to the merit system and new step program including COLA on October 1st of each year.

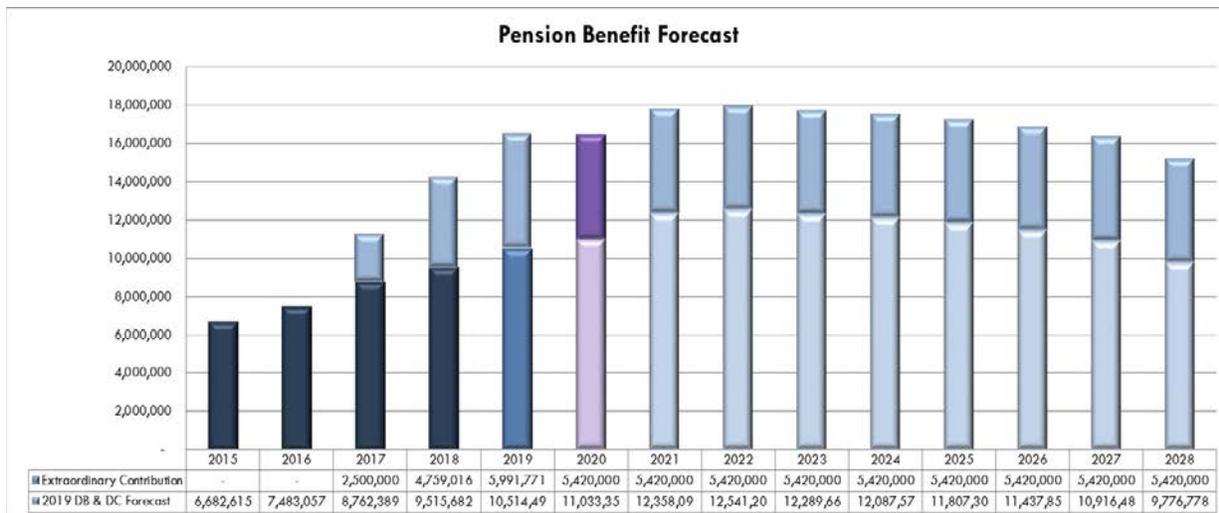
Reducing staffing has improved the salary forecast over recent years. The 2019 forecast contains the personnel cuts that have been made in FY19 and FY20 and the reductions planned through attrition in future years. The average increase throughout the forecast period is 4.4% for total salary and wages.



Pension Benefits

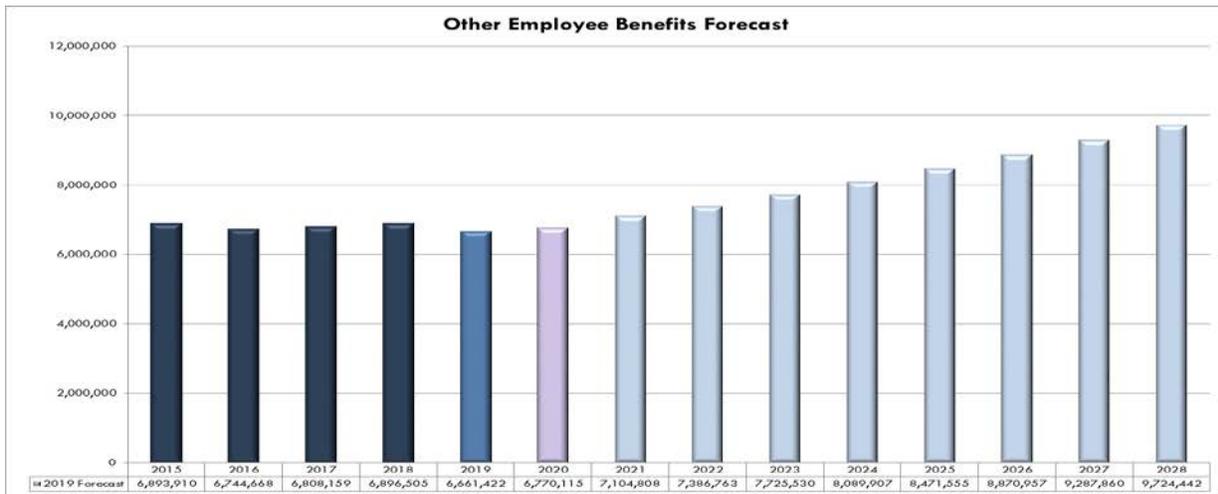
The pension estimate is based upon the actuary’s forecast for pension costs for the annual required contribution and estimates for the General Employee DC contributions. The forecast for annual contributions has been updated to include the compensation study results and the benefit changes for police officers and firefighters.

The forecast reflects the Town’s Retirement Board recommended a change in the investment assumption from 7.5% to 7.0% 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 to decline over the 10-year period if all assumptions are met. The FY19 extraordinary contribution includes additional funds paid into the system for the new amortization



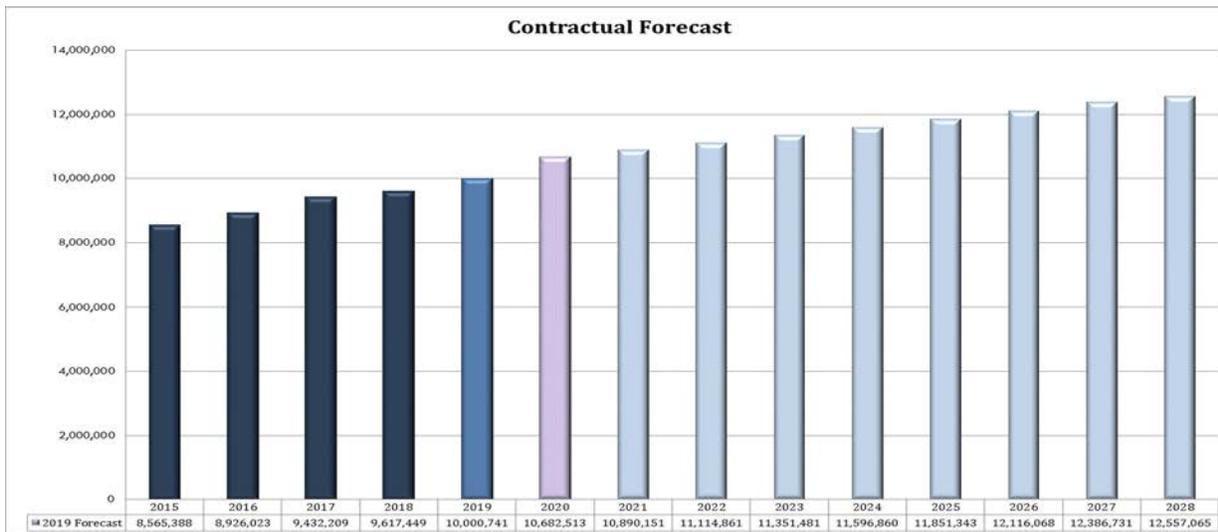
Other Employee Benefits

Other Employee Benefits includes all other benefits including health insurance. Health insurance costs have remained flat for five years. To be conservative, the health insurance forecast reflects an increase of 6.5% for FY21, then 6.25% for FY22, and reductions through the forecast period to 5.49%. The Town’s actuary for the health plan provided the health insurance forecast. Other employee benefits (including FICA, longevity, incentives, and allowances) are expected to increase at a much lower rate.



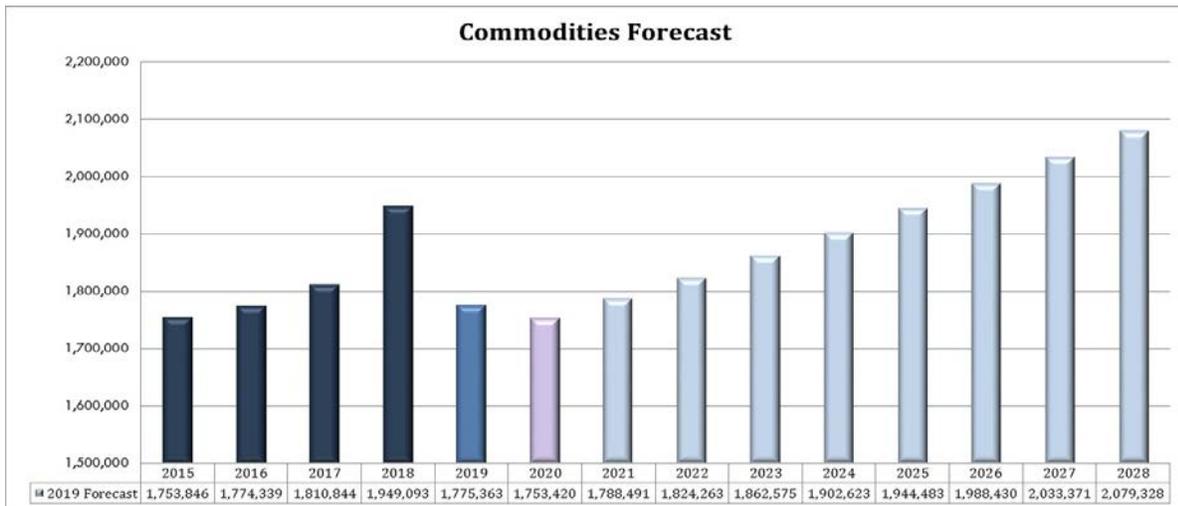
Contractual

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. Contractual expenditures are forecasted to increase by the rate of inflation.



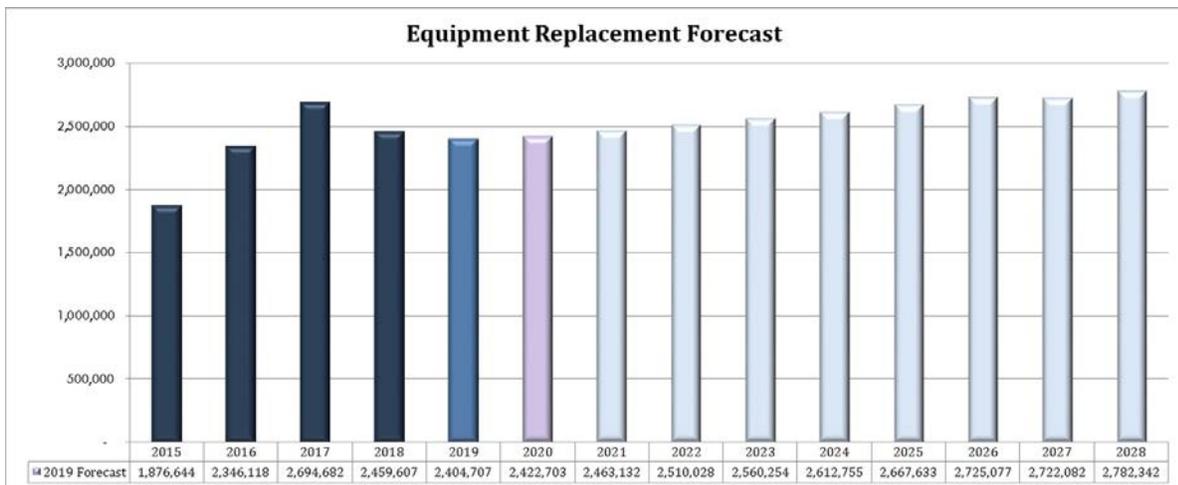
Commodities

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 represent an overall town effort to reduce expenses wherever possible.



Equipment Replacement/Capital Outlay

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



Transfers

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



- In FY17, the transfer to the Capital Improvement Program increased by \$1,260,200. This transfer is intended to begin to build reserves for capital projects in the pay-as-you-go fund once the ACIP bond funds have been spent at the end of 2019. The forecast assumes a 10% increase per year until 2027 then a 5% increase thereafter. The increases are in anticipation of the need to increase funding in the Capital Improvement fund going forward to move toward pay-as-you-go funding for capital improvement projects.
- The Town Council approved a 10 year \$84 million Coastal Protection program in 2013. The first year funding in FY15 was approved at \$4,777,000. The transfer increased to \$8,015,220 due to increased beach renourishment project costs. In FY17, the transfer was lowered to \$7,265,000 due to the reduction in scope of some projects. In FY20 the transfer was reduced by \$369,413. The forecast for FY21 forward assumes a 3% increase per year in funding.
- Debt service decreased in FY17 due to the refunding of the 2010A bonds at a lower interest rate. The forecast includes the debt service on both the 2013 and 2016 bonds which are paid mostly from General Fund revenues.
- Risk insurance premium increases have been estimated as follows: Property Insurance 5% per year, Liability Insurance 2% per year, and Worker's Compensation 3% per year throughout the forecast period.
- Retiree Health Insurance is based upon a forecast for Town Contributions prepared by the Town's actuary. Due to the over funded status of this trust the transfer has been reduced to \$423,014 in FY20. The actuary calculated the amounts in the forecast to keep the plan 100% funded if the investment return assumption is set at 6%.

- 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 policy was modified to reduce the appropriation from 1.5% to 1% in FY18.
- The Town's contribution to the Four Arts Library is forecasted to increase by 3% per year.

**Town of Palm Beach
Revenue Forecast
FY19 - FY28**

Analysis of Revenues by Category Revenue Sources	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated
Ad Valorem Revenues	54,210,963	55,978,900	59,629,232	61,156,906	62,281,511	64,185,422	66,714,879	68,745,781	70,284,923	71,348,448
% Increase	3.69%	3.26%	6.52%	2.56%	1.84%	3.06%	3.94%	3.04%	2.24%	1.51%
\$ Increase	1,928,709	1,767,937	3,650,332	1,527,674	1,124,605	1,903,911	2,529,457	2,030,902	1,539,142	1,063,525
Non Ad Valorem Taxes	8,597,000	8,817,700	9,074,711	9,339,282	9,611,637	9,892,005	10,180,626	10,477,742	10,783,605	11,098,475
% Increase	2.44%	2.57%	2.91%	2.92%	2.92%	2.92%	2.92%	2.92%	2.92%	2.92%
	204,736	220,700	257,011	264,571	272,355	280,369	288,620	297,116	305,864	314,870
Licenses and Permits	8,293,108	8,485,100	8,621,100	8,677,000	8,697,085	8,755,993	8,777,301	8,839,379	8,861,985	8,927,407
% Increase	-17.66%	2.32%	1.60%	0.65%	0.23%	0.68%	0.24%	0.71%	0.26%	0.74%
\$ Increase	-1,778,808	191,992	136,000	55,900	20,085	58,908	21,308	62,078	22,606	65,422
Intergovernmental Revenue	1,076,255	1,099,600	1,090,787	1,115,246	1,140,292	1,165,939	1,192,202	1,219,096	1,246,638	1,274,844
% Increase	-23.49%	2.17%	-0.80%	2.24%	2.25%	2.25%	2.25%	2.26%	2.26%	2.26%
\$ Increase	-330,360	23,345	-8,813	24,459	25,046	25,647	26,263	26,895	27,542	28,206
Charges for Services	4,395,558	6,200,719	6,335,020	6,440,301	6,548,440	6,659,520	6,773,624	6,890,841	7,011,259	7,134,969
% Increase	16.79%	41.07%	2.17%	1.66%	1.68%	1.70%	1.71%	1.73%	1.75%	1.76%
\$ Increase	631,968	1,805,161	134,301	105,280	108,139	111,080	114,105	117,217	120,418	123,711
Fines and Forfeitures	1,171,000	942,000	958,400	1,026,540	1,030,289	1,034,150	1,038,126	1,042,221	1,046,439	1,050,782
% Increase	9.59%	-19.56%	1.74%	7.11%	0.37%	0.37%	0.38%	0.39%	0.40%	0.42%
\$ Increase	102,456	-229,000	16,400	68,140	3,749	3,861	3,976	4,095	4,218	4,344
Interest Income	828,000	1,230,000	1,345,000	1,430,000	1,460,000	1,460,000	1,470,000	1,495,000	1,545,000	1,660,000
% Increase	17.90%	48.55%	9.35%	6.32%	2.10%	0.00%	0.68%	1.70%	3.34%	7.44%
\$ Increase	125,739	402,000	115,000	85,000	30,000	0	10,000	25,000	50,000	115,000
Miscellaneous and Transfers	2,523,545	1,061,247	479,964	1,051,734	1,056,555	1,058,432	1,060,365	1,062,356	1,064,406	1,065,773
% Increase	150.24%	-57.95%	-54.77%	119.13%	0.46%	0.18%	0.18%	0.19%	0.19%	0.13%
\$ Increase	1,515,079	-1,462,298	-581,283	571,770	4,821	1,877	1,933	1,991	2,050	1,367
Transfers from Fund Balance	1,370,789	1,083,000	1,180,840	1,202,746	1,213,304	1,230,845	1,249,641	1,268,279	1,299,004	1,311,004
% Increase	0.00%	-20.99%	9.03%	1.86%	0.88%	1.45%	1.53%	1.49%	2.42%	0.92%
\$ Increase	1,370,789	-287,789	97,840	21,906	10,557	17,542	18,795	18,638	30,724	12,000
Total Revenues	82,466,218	84,898,266	88,715,055	91,439,755	93,039,112	95,442,306	98,456,764	101,040,696	103,143,259	104,871,702
% Increase	4.79%	2.95%	4.50%	3.07%	1.75%	2.58%	3.16%	2.62%	2.08%	1.68%
\$ Increase	3,770,309	2,432,048	3,816,789	2,724,700	1,599,357	2,403,194	3,014,458	2,583,932	2,102,563	1,728,443

**Town of Palm Beach
Expenditure Forecast
FY19- FY28**

Analysis of Expenses by Category Expenditure Categories	2019 Budget	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated
Salaries/Wages	26,200,355	28,001,601	29,288,237	30,695,434	31,327,484	32,569,816	33,984,751	35,440,145	36,991,720	38,605,189
% Increase	0.76%	6.87%	4.59%	4.80%	2.06%	3.97%	4.34%	4.28%	4.38%	4.36%
\$ Increase	198,493	1,801,246	1,286,636	1,407,196	632,050	1,242,332	1,414,935	1,455,394	1,551,575	1,613,469
Pension Benefits	9,965,820	10,474,061	11,772,882	11,937,527	11,675,290	11,451,155	11,145,700	10,750,628	10,202,581	9,035,180
% Increase	11.08%	5.10%	12.40%	1.40%	-2.20%	-1.92%	-2.67%	-3.54%	-5.10%	-11.44%
\$ Increase	994,133	508,241	1,298,821	164,646	-262,237	-224,135	-305,455	-395,072	-548,047	-1,167,400
DC Plan	548,677	559,296	585,215	603,681	614,374	636,417	661,609	687,226	713,903	741,597
% Increase	0.86%	1.94%	4.63%	3.16%	1.77%	3.59%	3.96%	3.87%	3.88%	3.88%
\$ Increase	4,682	10,619	25,919	18,466	10,692	22,043	25,192	25,617	26,677	27,695
Other Employee Benefits	6,661,422	6,770,115	7,104,808	7,386,763	7,725,530	8,089,907	8,471,555	8,870,957	9,287,860	9,724,442
% Increase	-3.41%	1.63%	4.94%	3.97%	4.59%	4.72%	4.72%	4.71%	4.70%	4.70%
\$ Increase	-235,083	108,693	334,693	281,956	338,766	364,377	381,649	399,401	416,904	436,582
Contractual	10,000,741	10,682,513	10,890,151	11,114,861	11,351,481	11,596,860	11,851,343	12,116,068	12,386,731	12,557,065
% Increase	3.99%	6.82%	1.94%	2.06%	2.13%	2.16%	2.19%	2.23%	2.23%	1.38%
\$ Increase	383,292	681,772	207,638	224,710	236,620	245,379	254,484	264,724	270,663	170,334
Commodities	1,775,363	1,753,420	1,788,491	1,824,263	1,862,575	1,902,623	1,944,483	1,988,430	2,033,371	2,079,328
% Increase	-8.91%	-1.24%	2.00%	2.00%	2.10%	2.15%	2.20%	2.26%	2.26%	2.26%
\$ Increase	-173,730	-21,943	35,071	35,772	38,312	40,048	41,860	43,947	44,941	45,956
Equipment Replacement	2,404,707	2,422,703	2,463,132	2,510,028	2,560,254	2,612,755	2,667,633	2,725,077	2,722,082	2,782,342
% Increase	-2.23%	0.75%	1.67%	1.90%	2.00%	2.05%	2.10%	2.15%	-0.11%	2.21%
\$ Increase	-54,900	17,996	40,428	46,896	50,226	52,502	54,878	57,444	-2,995	60,260
Library Services	345,058	355,409	366,072	377,054	388,366	400,016	412,017	424,377	437,109	450,222
% Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
\$ Increase	10,050	10,352	10,662	10,982	11,312	11,651	12,000	12,361	12,731	13,113
TOTAL OPERATING EXPENSES	57,902,143	61,019,119	64,258,987	66,449,611	67,505,352	69,259,550	71,139,091	73,002,909	74,775,357	75,975,365
% Increase	1.98%	5.38%	5.31%	3.41%	1.59%	2.60%	2.71%	2.62%	2.43%	1.60%
\$ Increase	1,126,938	3,116,976	3,239,868	2,190,624	1,055,741	1,754,197	1,879,541	1,863,818	1,772,448	1,200,008
TRANSFER TO OTHER FUNDS										
CAPITAL IMPROV. FUND (307)	2,200,000	2,420,000	2,662,000	2,928,200	3,221,020	3,543,122	3,897,434	4,287,178	4,501,537	4,726,613
COASTAL PROTECTION FUND (309)	7,349,124	6,979,711	7,189,102	7,404,775	7,626,919	7,855,726	8,091,398	8,334,140	8,584,164	8,841,689
TRANSFER TO UU FUND	135,000	144,450	154,562	165,381	176,957	189,344	202,599	216,780	0	0
EXTRAORDINARY TRANSFER TO RETIRE	5,991,771	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000	5,420,000
DEBT SERVICE FUND (203)	5,994,738	5,983,913	5,994,738	5,983,913	5,948,038	5,947,413	5,945,913	5,948,163	5,958,538	5,947,038
RETIREE HEALTH INS.(OPEB) (610)	435,383	423,014	429,858	402,178	384,768	391,956	842,833	829,891	816,793	792,449
RISK-W/C, LIAB.PROP. (501)	1,898,059	1,898,059	1,963,218	2,021,200	2,081,004	2,142,599	2,206,105	2,271,606	2,339,117	2,408,794
CONTINGENT APPROP.	560,000	610,000	642,590	664,496	675,054	692,595	711,391	730,029	747,754	759,754
Total Transfers and Other	24,564,075	23,879,147	24,456,068	24,990,143	25,533,760	26,182,756	27,317,673	28,037,787	28,367,902	28,896,337
% Increase	3.58%	-2.79%	2.42%	2.18%	2.18%	2.54%	4.33%	2.64%	1.18%	1.86%
\$ Increase	850,052	-684,928	576,921	534,076	543,616	648,997	1,134,917	720,114	330,115	528,435
Total Expenditures	82,466,218	84,898,266	88,715,055	91,439,755	93,039,112	95,442,306	98,456,764	101,040,696	103,143,259	104,871,702
% Increase	2.46%	2.95%	4.50%	3.07%	1.75%	2.58%	3.16%	2.62%	2.08%	1.68%
\$ Increase	1,976,990	2,432,048	3,816,789	2,724,700	1,599,357	2,403,194	3,014,458	2,583,932	2,102,563	1,728,443

Enterprise Fund Trends

Marina

Revenues

2010 - 2011: Decrease in revenue is attributed to the slow economy and boating/yacht market at that time, and not achieving 100% occupancy.

2012 - 2013: Revenue increases from growth in business as yachting industry improved.

2014: Revenue increases due to increased occupancy and minor increases in dockage rates and electrical charges.

2015: Growth in revenue can be attributed to achievement of 100% annual and seasonal lease occupancy and increased transient business.

2016: Revenue increases can be correlated to dockage rate increases and the increase in the number of transient nights.

2017: Revenue increases due to increases in dockage rates.

2018: Growth in revenue can be attributed to restructuring of dockage rates, institution of Maintenance & Improvement Fee and Utility Fees.

2019: Increase in revenue is due to an increase in dockage and electricity rates.

Expenses

2010: Decreased expenses were due to an unfilled vacancy of the Assistant Dockmaster position for most of the fiscal year.

2011: Decreased expenses were due to the elimination of Assistant Dockmaster position, reduction in private security contract costs, and Dockmaster vacancy for a large part of the fiscal year.

2012: Increased expenses were due to fully funded Dockmaster position and partial reallocation of an Assistant Director's salary.

2013: Increased expenses were due to minor facility improvements.

2014: Increased expenses were due to upgraded shore power and minor facility improvements.

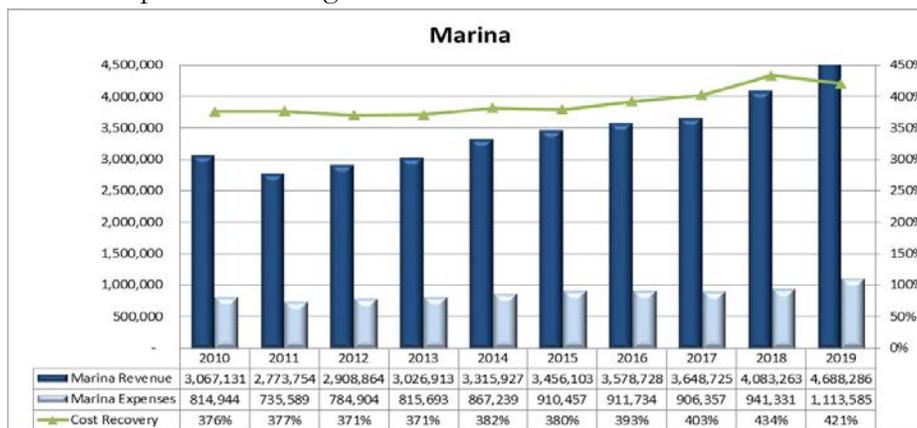
2015: Expense increases were attributed to enhanced security measures, which included extended security guard hours and the installation of security cameras.

2016: Expenses at the marina showed little fluctuation with a .1% variance from the previous year.

2017: Expenses at the marina exhibited a minor reduction, with a .5% cut from the previous fiscal year.

2018: Increase in expenses is due to utility costs and calculations of submerged land lease based upon revenue.

2019: Increase in expenses are due to the allocation of recreation administrative expenses to the Marina due to the enterprise fund reorganization.



Par 3 Golf Course

Revenues

2010: The Par 3 closed until mid-December for renovations. Also, unseasonable weather negatively impacted play from December - March. Along with the weather challenges, the overall economic conditions had an effect on golf play.

2011: Revenue increases reflect re-positioning efforts of the golf course, through enhanced marketing approaches, new price structures, and growth in play.

2012: Revenue decreased due to rainier than normal season and A1A road closure.

2013: Revenue increased from growth in business and improved golf economy.

2014: Revenue increased from growth in rounds played and merchandise sales, as well as new revenue associated with the restaurant vendor agreement.

2015: Revenue increased from growth in restaurant business and increased golf cart rental.

2016: Revenue growth can be attributed to expansion of restaurant business and increase in rounds of golf.

2017: Revenue increases are reflected in the restructuring of the fee schedule.

2018: Revenue growth can be attributed to enhanced marketing efforts through the redeveloped website and on-line store, slight modification to season dates and establishment of non-resident cart fees.

2019: Revenue growth continues to improve through greens fees and the food and beverage lease.

Expenses

2010: Expenses reflect the use of contract labor to establish and maintain a higher level of maintenance standards which offset the elimination of a full-time Equipment Operator position.

2011: Eliminated the Pro-Manager leadership model and a Golf Manager model was implemented.

2013: Increase in expenses due mostly to purchase of new golf cart fleet.

2014: Increase in expenses attributed to additional staff needed to meet increased play and pro-shop business, as well as operating costs for the new clubhouse.

2015: Increase in expenses due to higher personnel costs and building maintenance costs.

2016: Expenses reflect the addition of a Crew Foreman/Irrigation Specialist position and the additional costs for maintenance projects at the clubhouse and on the golf course.

2017: Expense increases can be attributed to the increase in maintenance projects completed on the Par 3 Clubhouse and Golf Course funded through the Maintenance & Improvement Fund.

2018: Expenses reflect the completion of multiple maintenance projects and equipment replacement.

2019: Increase in expenses are due to the allocation of recreation administrative expenses to the Par 3 due to the enterprise fund reorganization.



Enterprise Fund Forecast

Marina

The Town Docks forecast will be presented later this year when we present financing options for the construction costs of the new docks. The current construction costs are estimated to be between \$26.3 million and \$31.8 million. A Dock Replacement Fund was established in 2002 and has been funded with an amount equal to the annual depreciation on the docks. The current amount in the Dock Replacement Reserve is \$2,587,882 and we expect to end the year with a balance of approximately \$3,075,000. This reserve will not be sufficient to finance the anticipated costs of the dock replacement and financing will be required.

Par 3 Golf Course

Revenue projections are based on an improved economy, strategic price increases, growth in play and increased merchandise sales all due to the recent success of the new clubhouse and restaurant agreement and course redesign. Expenses increase due to operating costs for the new clubhouse, and gradual increases for costs of goods, services, and salaries/benefits.



**Coastal Program - Cash Flow Projection through FY2029 w/Groins \$4 Million & Midtown Seawall \$12 Million
Reduced Funding of \$369,413 To Balance FY20 Budget**

Fiscal Year	Beginning Balance	General and Other Funds Transfers In	Bond Deposits		Bondable Project Costs	Non-Bond Project Costs	Interest Earnings	Debt Service	Ending Period Balance
			Additional Transfers	Federal/State/County Funds					
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	(2,750,000)	(2,963,280)	181,246	(736,038)	27,916,610
2019	27,916,610	7,349,124		7,177,314	-	(6,678,417)	750,000	(542,606)	35,972,024
2020	35,972,024	6,979,711		24,903,657	(3,400,741)	(33,226,322)	899,301	(544,107)	31,583,523
2021	31,583,523	7,189,102			-	(4,765,972)	789,588	(542,232)	34,254,009
2022	34,254,009	7,404,775		-		(5,669,791)	856,350	(540,982)	36,304,362
2023	36,304,362	7,626,919		-		(5,053,785)	907,609	(546,107)	39,238,998
2024	39,238,998	7,855,726		11,902,800		(29,949,958)	980,975	(540,732)	29,487,809
2025	29,487,809	8,091,398		-		(4,257,317)	737,195	(539,982)	33,519,103
2026	33,519,103	8,334,140		-		(5,256,866)	837,978	(543,607)	36,890,748
2027	36,890,748	8,584,164		-		(2,438,612)	922,269	(546,481)	43,412,088
2028	43,412,088	8,841,689		13,685,760	-	(28,344,561)	1,085,302	(543,731)	38,136,547
2029	38,136,547	9,106,940		-	-	(2,402,717)	953,414	(541,831)	45,252,352
Total		109,285,387		72,506,556	(12,921,222)	(141,296,915)	8,504,888	(8,115,163)	

Possible Excess reserves transfer for Marina

Assumes a 3% increase in revenue per year

**Coastal Program - Cash Flow Projection through FY2029 w/Groins \$4 Million & Midtown Seawall \$12 Million
Potential Reduction in Funding of \$3,500,000 in FY21**

Fiscal Year	Beginning Balance	General and Other Funds Transfers In	Bond Deposits		Bondable Project Costs	Non-Bond Project Costs	Interest Earnings	Debt Service	Ending Period Balance
			Additional Transfers	Federal/State/County Funds					
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	(2,750,000)	(2,963,280)	181,246	(736,038)	27,916,610
2019	27,916,610	7,349,124		7,177,314	-	(6,678,417)	750,000	(542,606)	35,972,024
2020	35,972,024	6,979,711		24,903,657	(3,400,741)	(33,226,322)	899,301	(544,107)	31,583,523
2021	31,583,523	3,479,711			-	(4,765,972)	789,588	(542,232)	30,544,618
2022	30,544,618	3,584,102		-		(5,669,791)	763,615	(540,982)	28,681,563
2023	28,681,563	3,691,625		-		(5,053,785)	717,039	(546,107)	27,490,335
2024	27,490,335	3,802,374		11,902,800		(29,949,958)	687,258	(540,732)	13,392,078
2025	13,392,078	3,916,445		-		(4,257,317)	334,802	(539,982)	12,846,026
2026	12,846,026	4,033,939		-		(5,256,866)	321,151	(543,607)	11,400,643
2027	11,400,643	4,154,957		-		(2,438,612)	285,016	(546,481)	12,855,523
2028	12,855,523	4,279,606		13,685,760	-	(28,344,561)	321,388	(543,731)	2,253,984
2029	2,253,984	4,407,994		-	-	(2,402,717)	56,350	(541,831)	3,773,780
Total		80,862,316		72,506,556	(12,921,222)	(141,296,915)	6,371,394	(8,115,163)	

Possible Excess reserves transfer for Marina

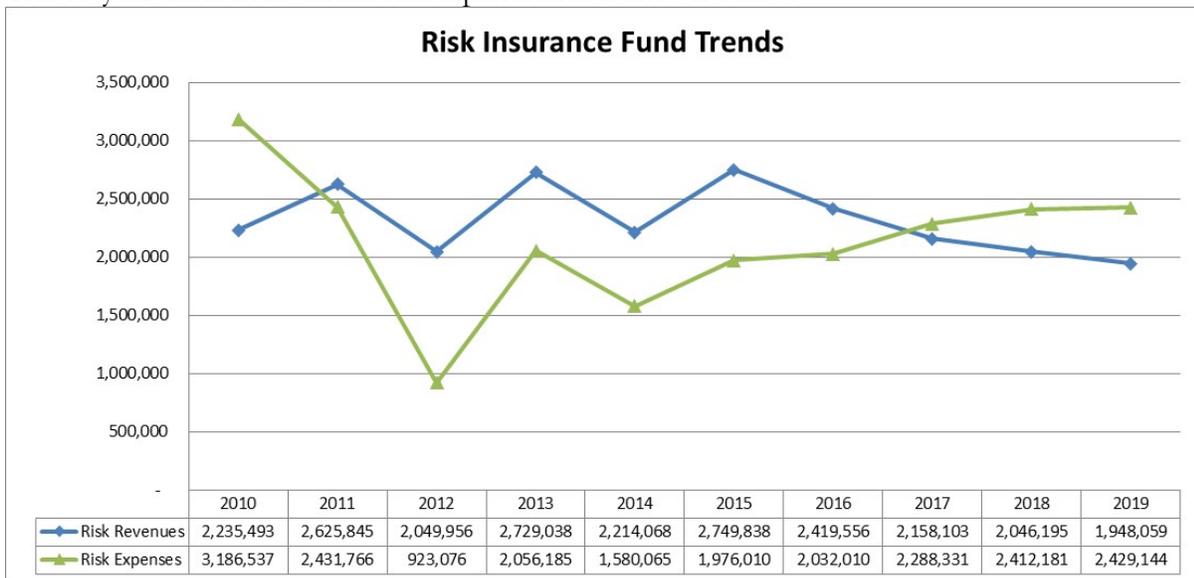
Assumes a 3% increase in revenue per year

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.

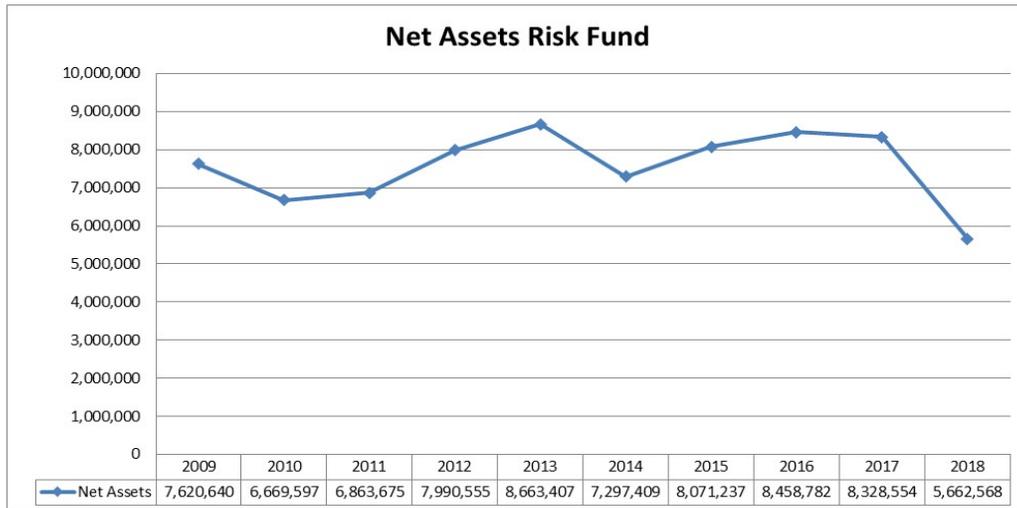
The Office of Risk Management and the Town's insurance programs are funded by an annual transfer from the General Fund and interest earned on the net assets within the fund.

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

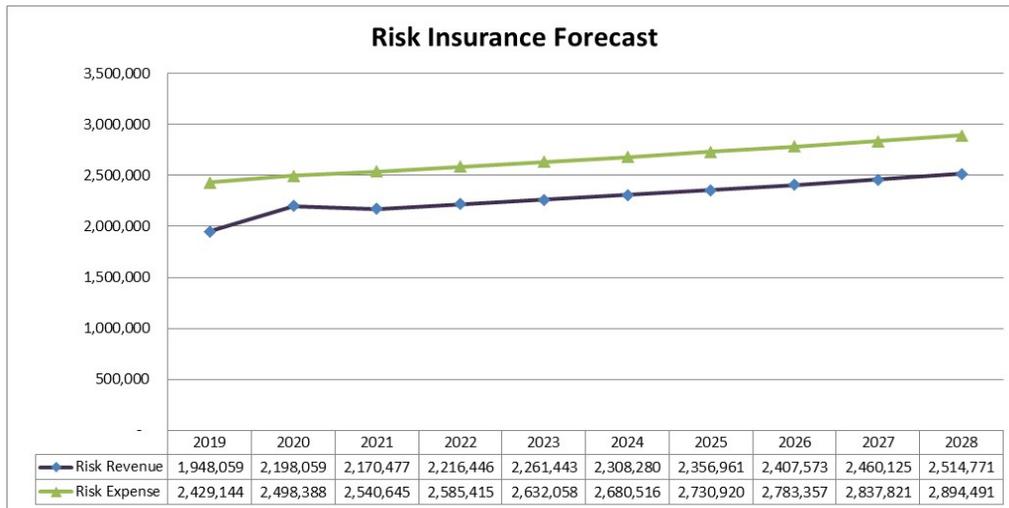


The Risk revenues represent the transfer from the General Fund, investment income and excess claims payments. The 2010 expenditures included increases to the retention levels, which caused adjustments to the reserves for worker's compensation claims. In 2012, the retention levels were lowered which caused a decrease in expense. The increase in expense in 2013 was due to abnormally high claims for the year. Risk expenses in 2014 were lower than expected due to lower claims. In 2015 we increased funding for the stop loss from \$780,000 to \$900,000 and in 2017 we increased funding for the stop loss from \$900,000 to \$1,100,000. Insurance claims were higher in FY17 than in recent years. FY18 included expenditures related to Hurricane Irma. The FY19 budget included an estimated increase in fixed costs.

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



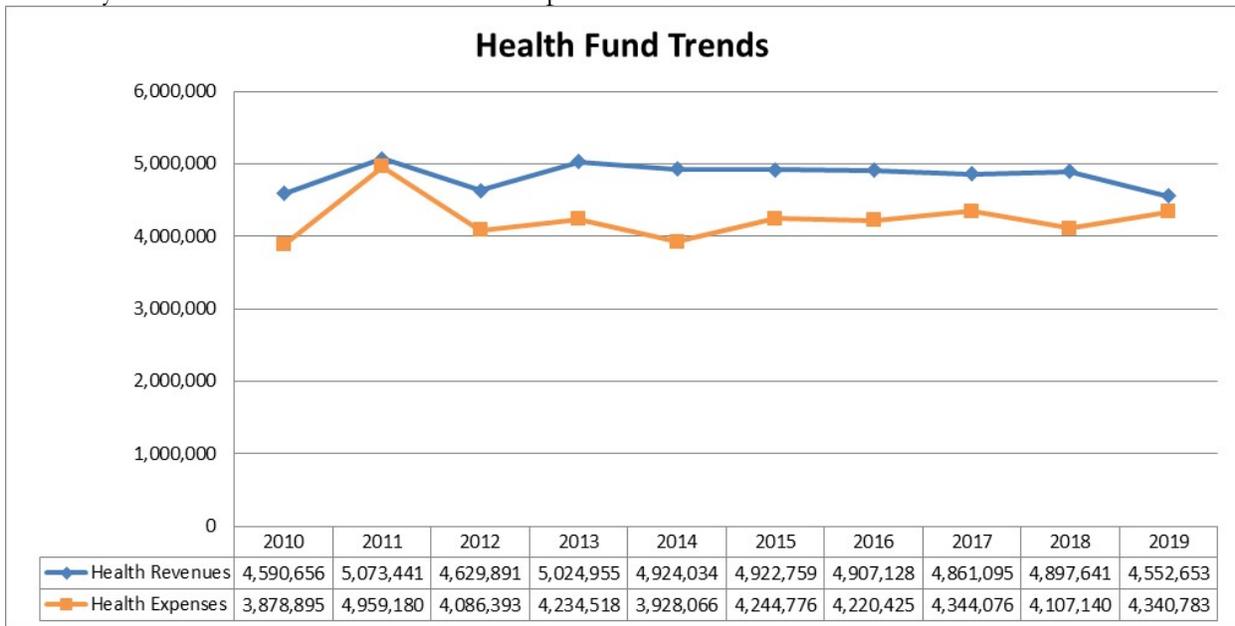
The Risk Insurance Fund forecast assumes annual increases of 5% for property, 2% for liability insurance and 3% for workers' compensation insurance. The stop loss reserves have been increased from \$780,000 in 2014, \$900,000 in 2015 to \$1,100,000 in 2017 based upon the recommendation by our insurance carrier 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 from the General Fund as well as interest income earned on the net assets and payroll deductions from Town employees.

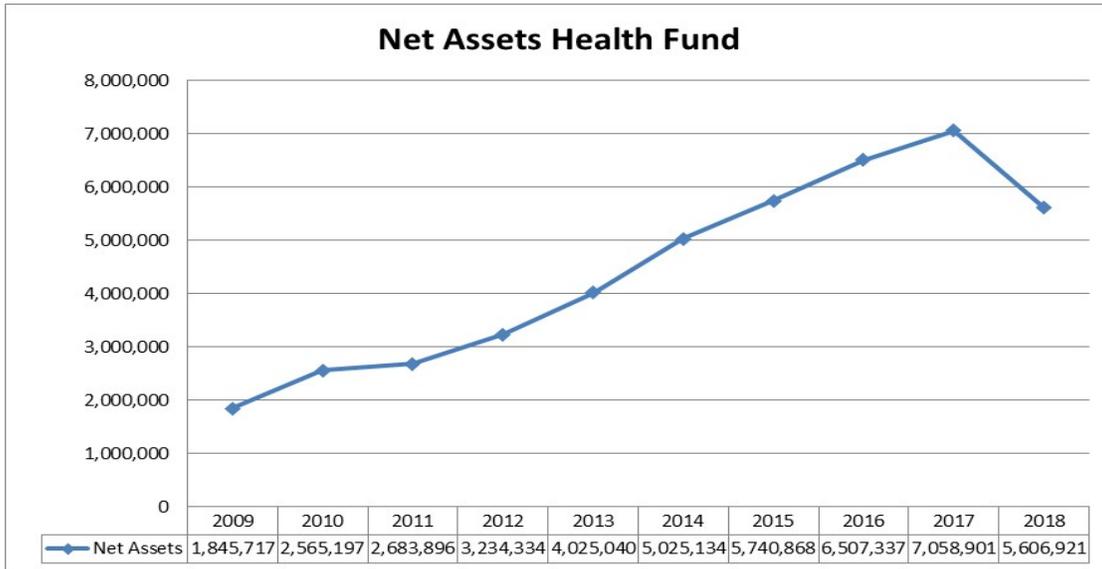
The 10-year trend in health revenues and expenditures is shown below.



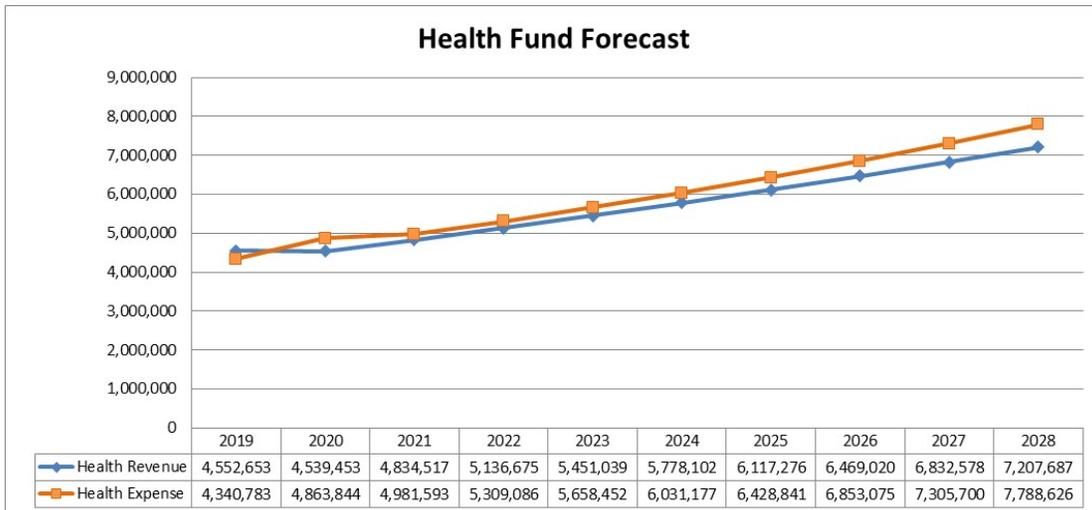
Health claims in 2012 through and 2018 were below expectations due to cost containment measures that were implemented.

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

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



The Health Fund forecast assumes an increase of 6.5% for 2021, then decreasing to 5.49% by 2028. These estimates were provided by the Town's health insurance actuary. Town staff believes 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.

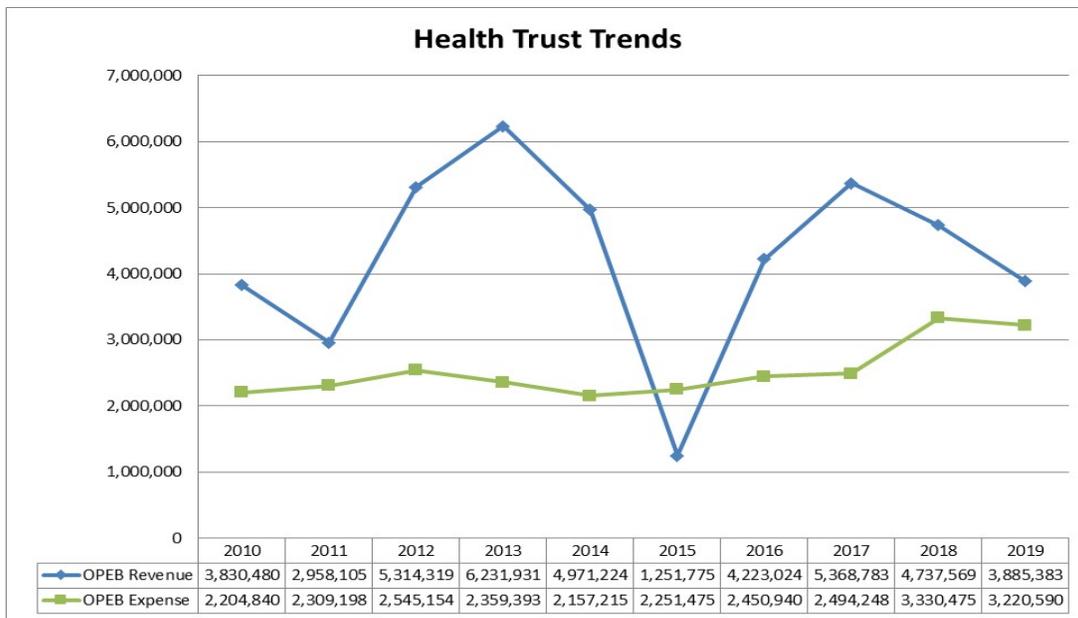


The Health Insurance Trust (OPEB)

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.

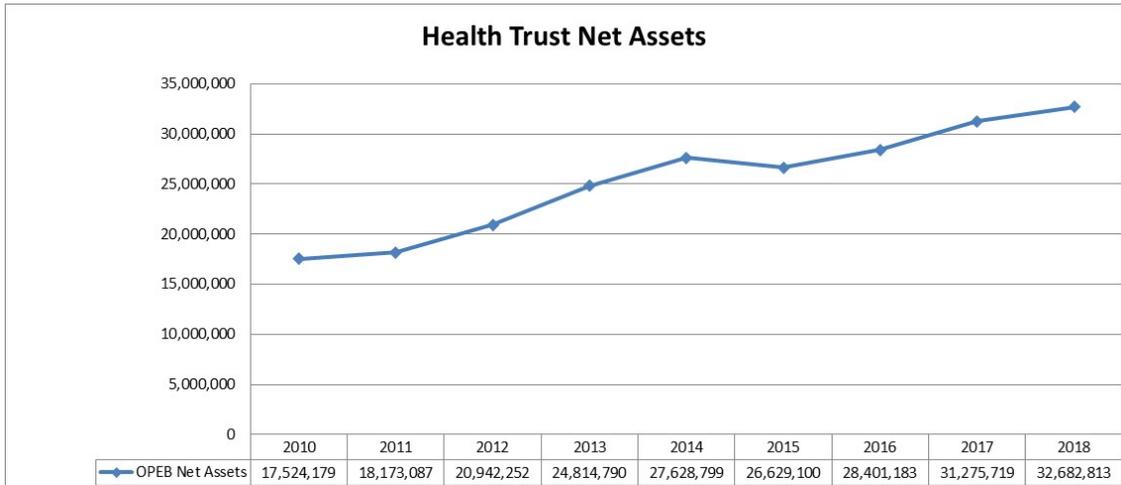
The bi-annual actuarial valuation of the retiree health plan was prepared as of September 30, 2018. The Town’s OPEB liability for September 30, 2019 was determined to be \$30,440,027. The plan net assets totaled \$32,682,812 resulting in a funded ratio of 107.4%. The annual budgeted contribution for FY20 is \$423,900.

The trend in revenues and expenditures since 2010 is shown below.

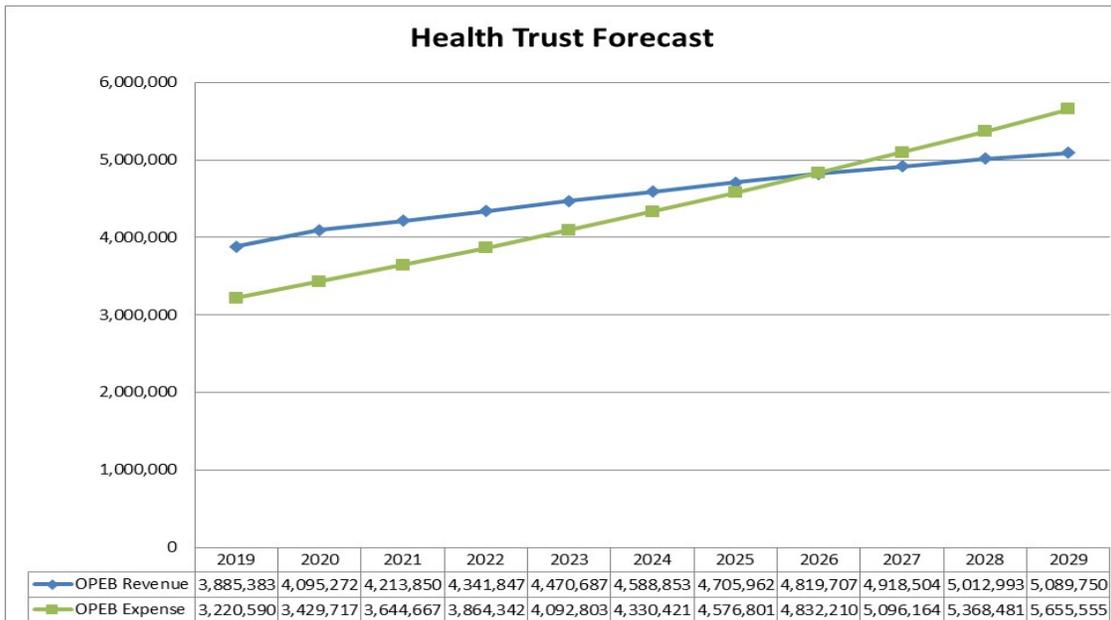


In 2010, modifications were made to the health plan and retiree contributions were increased to stabilize the growth in expenditures. The revenue increase in revenue in 2012, 2013, 2014, 2016 and 2017 was due to investment performance.

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



The 10-year forecast assumes the same increases in health costs for FY20 and beyond as the Health Insurance Fund. Town staff believes we can continue to manage this benefit proactively to contain future costs increases to lower than market levels, as we have done in the past. The Town's contribution estimates were based upon actuarial estimates for the next 10-year period. Included in the forecast is a reduced investment return assumption of 6.0%.



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%.

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.

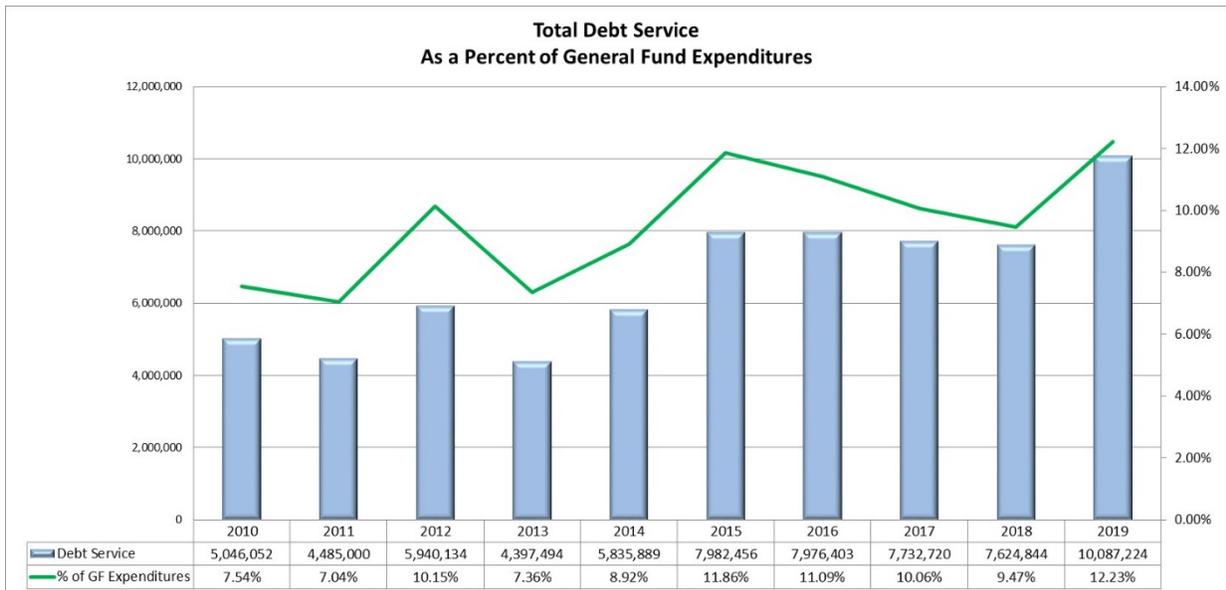
The 2010B bonds were used to fund the Worth Avenue Commercial District streetscape project. The Town imposed a capital special assessment against real property in the Worth Avenue Commercial District to pay the costs of the Worth Avenue Projects. The assessments will be payable over a thirty year period.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

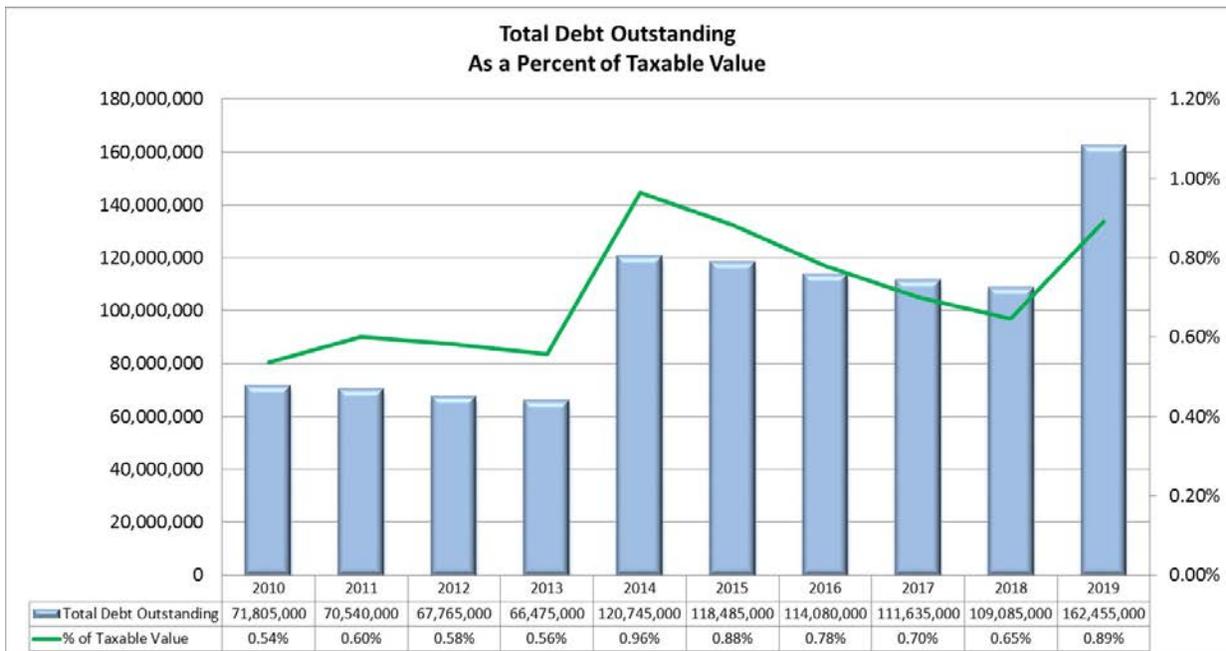
On August 25, 2016, the Town issued bonds to refund the 2010A & 2010B bonds. This transaction produced gross savings of \$8,900,539 over 23 years. The net present value savings is \$6,895,965 or 13.35%. The all-in true interest costs (TIC) for the 2016 issue was 2.75%.

In 2013, the Town issued Public Improvement Revenue Bonds in a par amount of \$55,590,000. The proceeds of the bond will be 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%.

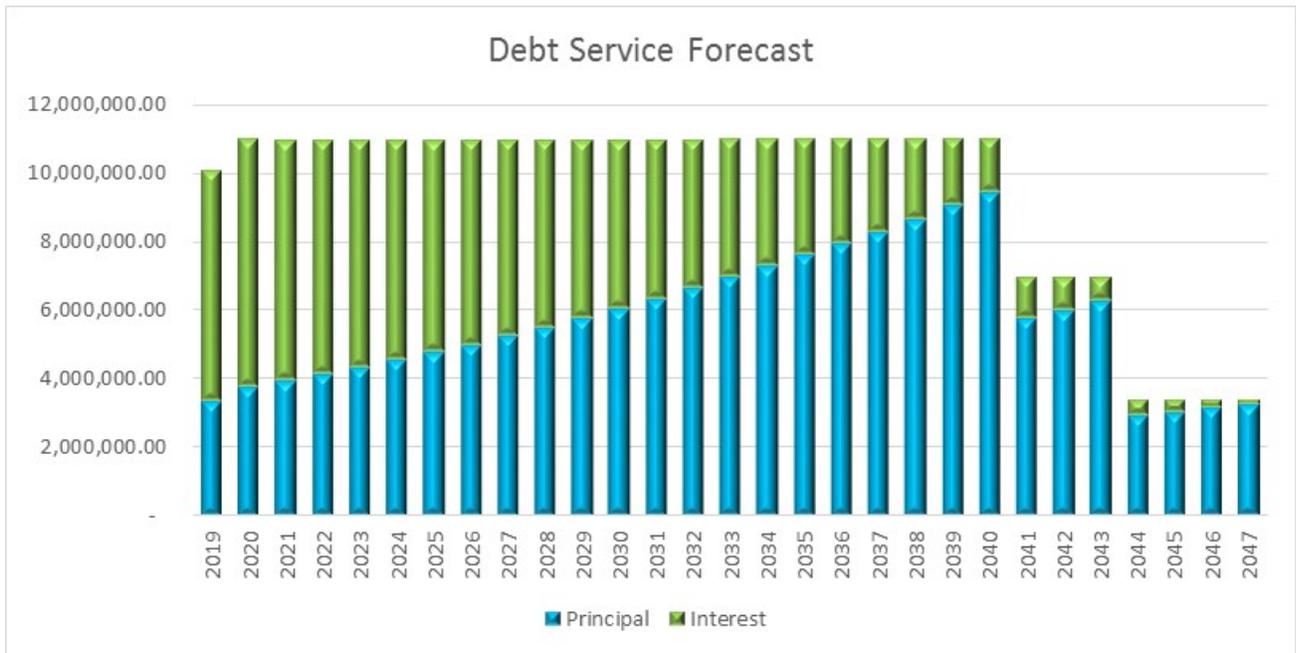
The debt service trend as a percent of General Fund Expenditures is shown on the following page. The Total debt service for FY19 includes the General Obligation Bond. The General Obligation bond debt service is paid using non ad valorem assessments on the properties affected by the project.



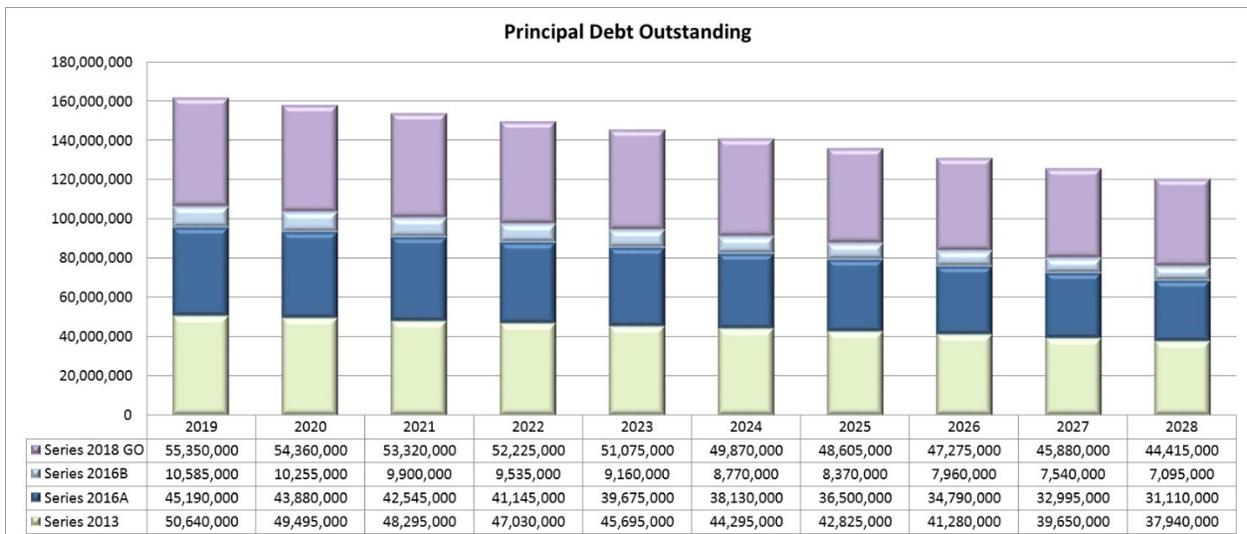
Total debt outstanding as a percent of taxable value 10-year trend is shown below:



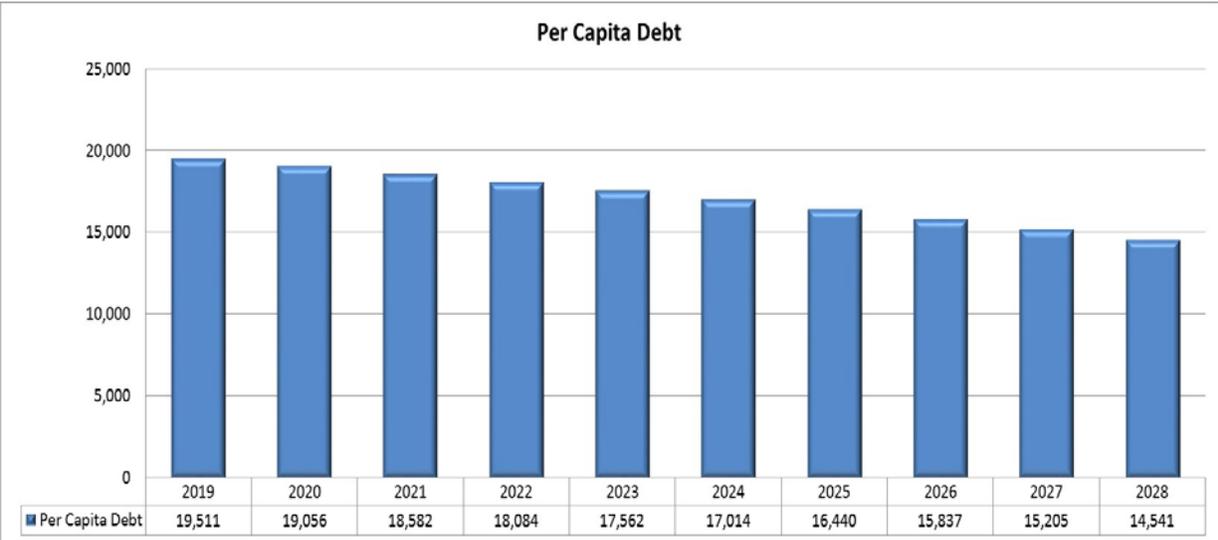
The forecasted total annual debt service through the life of all outstanding debt, broken down by principal and interest is shown on the chart on the following page.



The total principal debt outstanding for the all debt outstanding as of this forecast for FY19 through FY28 is shown in the chart below:



The per capita debt utilizing the current census population of 8,291 for the period of 2019 through 2028 is shown on the following page:



The Retirement Fund

The Town provides pension benefits for General Employees, Police Officers and Firefighters. Approximately 275 active employees and 435 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 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.

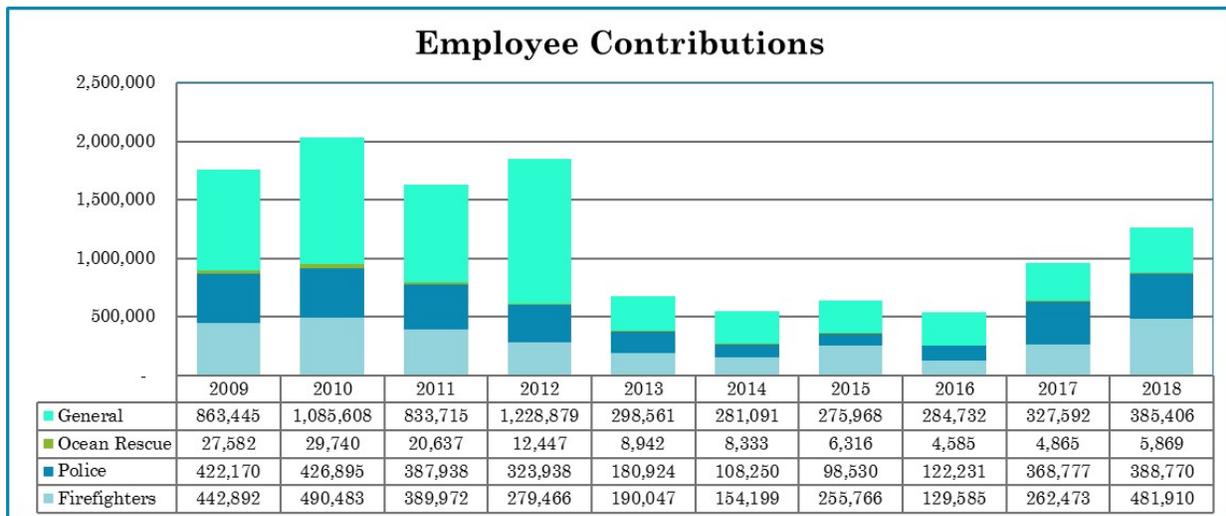
Due to concerns regarding the rising unfunded liability, the Town Council adopted a policy beginning in FY18, requiring an annual extraordinary contribution of \$5,420,000 to the Town's retirement system each year.

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.

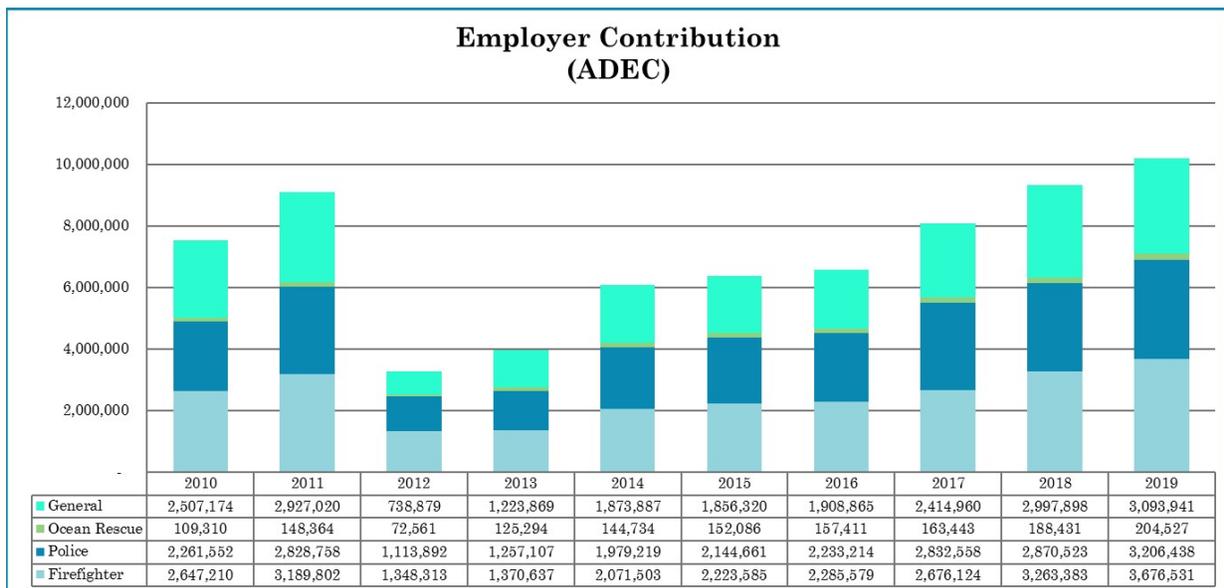
Town and Employee Contributions

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 FY19 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	10% Variable				
Firefighter Non-Union	10% Variable				
Police Officer	10% 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 FY19 are shown in the table below and do not include the extraordinary \$5,420,000 contribution:



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

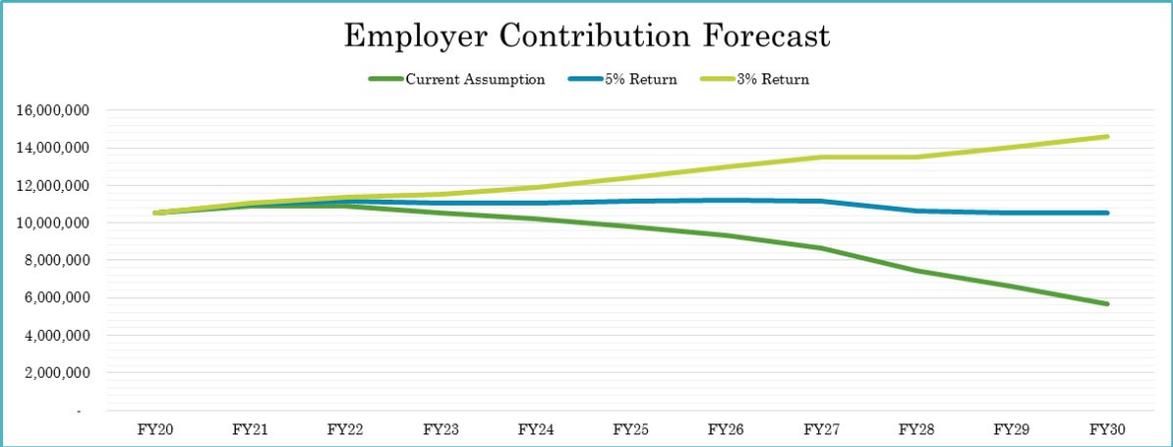
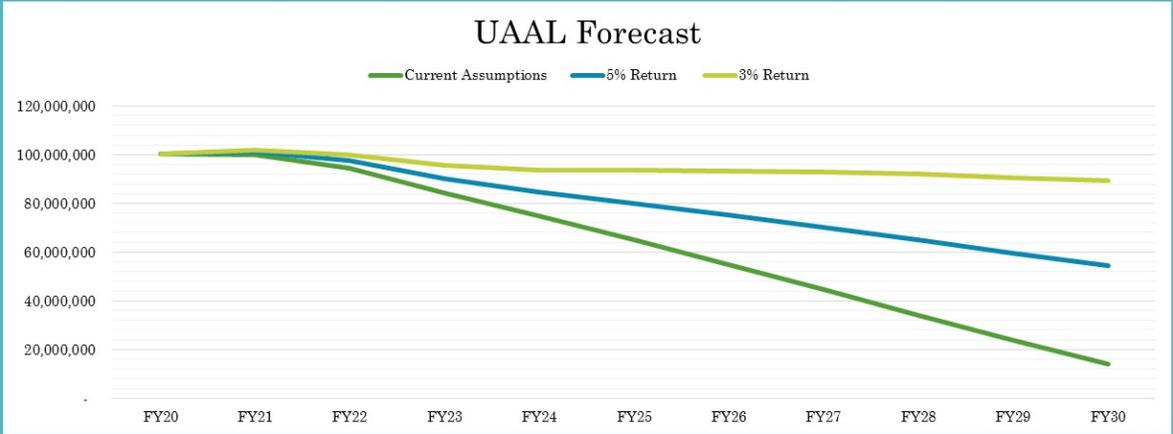
Actuarially Determined Contribution Breakdown by Benefit Tier					
Valuation Date: September 30, 2018					
	Total Plan	General	Ocean Rescue	Police	Firefighters
Participants	275	164	4	50	57
Total Plan					
Employer Normal Cost	7.78%	6.61%	5.78%	9.58%	9.20%
Amortization of UAAL	49.63%	24.85%	132.85%	78.69%	83.18%
Total	57.41%	31.46%	138.63%	88.27%	92.38%
Town Contribution	\$ 10,542,818	\$ 3,276,537	\$ 210,518	\$ 3,200,781	\$ 3,854,982
Plan B - Ongoing Plan					
Employer Normal Cost	7.65%	6.38%	5.78%	9.58%	9.20%
Amortization of UAAL	0.79%	0.84%	0.60%	0.64%	0.82%
Total	8.44%	7.22%	6.38%	10.22%	10.02%
Town Contribution	\$ 1,550,367	\$ 751,958	\$ 9,688	\$ 370,590	\$ 418,131
Plan A - Legacy Plan					
Employer Normal Cost	0.13%	0.23%	0.00%	0.00%	0.00%
Amortization of UAAL	48.84%	24.01%	132.25%	78.05%	82.36%
Total	48.97%	24.24%	132.25%	78.05%	82.36%
Town Contribution	\$ 8,992,451	\$ 2,524,579	\$ 200,830	\$ 2,830,191	\$ 3,436,851
Legacy cost	85.3%	77.1%	95.4%	88.4%	89.2%

The Town Council has committee to lowering the investment return assumption from the current 7.2% to 7% by .1% per year. As of the September 30, 2018, valuation date the cost to lower the assumption to 7% immediately would increase the Town Contribution for FY19 by \$528,572 and increase the UAAL by \$7,500,617. The details are shown below:

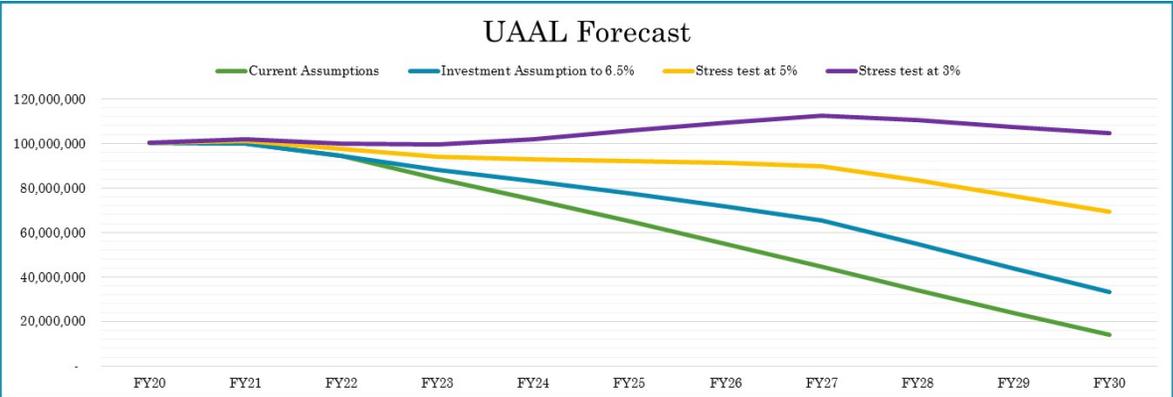
	Total Plan
Current Rate of 7.2%	
Employer Normal Cost	7.78%
Ammortization of UAAL	49.63%
Total	57.41%
Town Contribution	\$ 10,542,818
UAAL	\$ 100,469,731
Funded Ratio	69.20%
Assumption Change to 7%	
Employer Normal Cost	8.28%
Ammortization of UAAL	51.97%
Total	60.25%
Town Contribution	\$ 11,071,390
UAAL	\$ 107,970,348
Funded Ratio	66.60%
Difference	
Town Contribution	\$ 528,572
UAAL	\$ 7,500,617
Funded Ratio	-1.50%

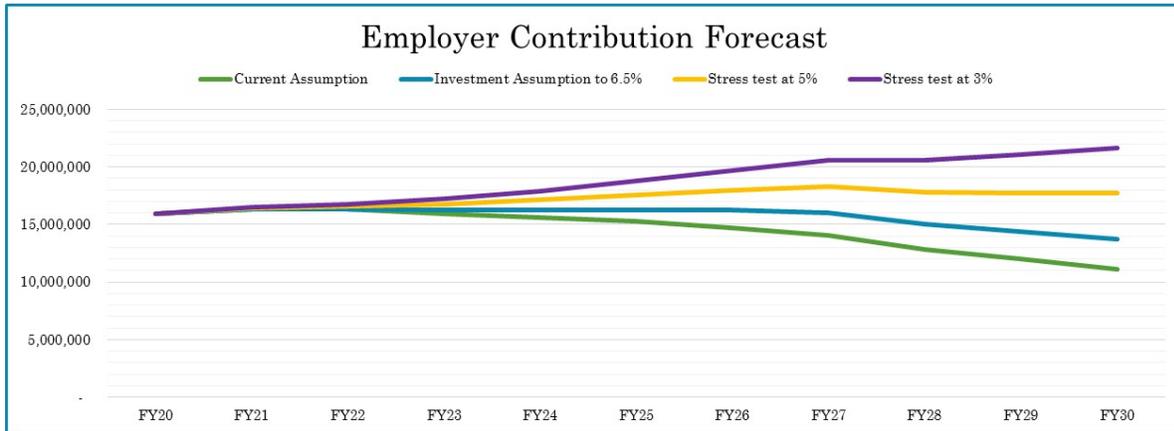
UAAL and Employer Contribution Forecast

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 below and on the following page. The current assumptions include the reduction in investment return by .1% per year from 7.2% used in the September 30, 2018 actuarial valuation report to 7% as of September 30, 2020. The forecast was also run at an actual 5% return and 3% return to stress test the results.



The actuary was requested to prepare an additional forecast showing the effect further reductions in the investment return assumption from 7% to 6.5% in .1% increments from 2020 through 2025 on the UAAL and employer contribution. The charts comparing the current assumptions to the new scenario are shown below. The results were also stress tested at an assumed 5% and 3% actual rate of return on plan assets to be earned each year.





Current assumptions would result in a funded ratio of 96.1% or UAAL of \$13,957,436 as of September 30, 2028, and the worst case stress test results at 3% shows a funded ratio of 72.4% or UAAL of \$104,580,321 at the same point in time compared to the 69.2% funded ratio or a UAAL of \$100,469,731, as of September 30, 2018.

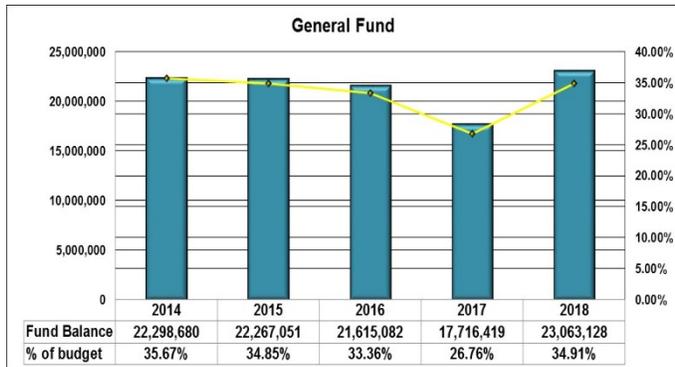
The employer contribution under the current assumptions would result in an \$11,075,661 employer contribution as of September 30, 2028 and the worst case stress test at 3% would result in an employer contribution of \$21,613,623 at the same point in time. The employer contribution for FY20 (actuarial results as of September 30, 2018) is \$15,962,818.

Town of Palm Beach Reserves

The Town Council has adopted eighteen financial policies, fifteen 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.

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 FY19 General Fund operating budget (General Fund budget less CIP, coastal and extraordinary retirement transfer) is \$16,514,274. The FY18 ending fund balance was \$23,063,128. The unassigned fund balance exceeds the minimum requirement by \$6,548,855.

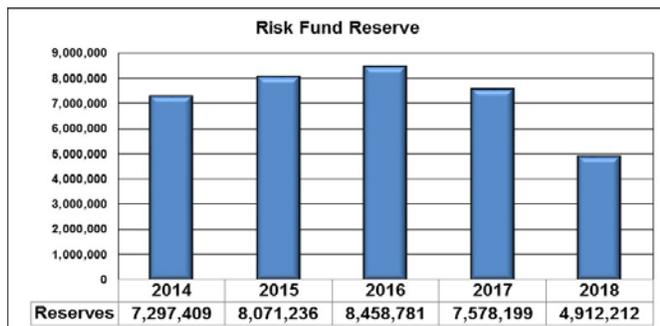


The General Fund Undesignated Fund Balance has consistently exceeded the required minimum level of 25%. The chart details the General Fund Undesignated Fund Balance and the percent of budgeted expenditures the balance represents.

The FY19 budget includes a transfer of \$560,000 to fund the contingency reserve. The fund balance amount of \$23,063,128 is net of this transfer.

Reserves - Risk Fund

The total reserve balance for the Risk Fund was \$4,783,248 as of September 30, 2018. 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 on the next page. In 2014, the Town Council approved a transfer of \$2,000,000 from the reserves of the Risk Fund to the Coastal Protection Fund. The fund balance declined in FY18 due to a transfer of \$2,300,000 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 is \$783,248.

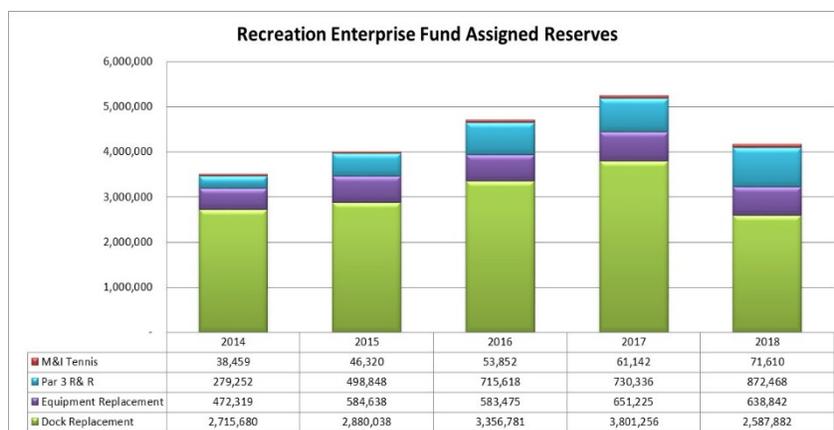
Reserve for Catastrophic Exposures/Emergencies - Risk Fund

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.

Recreation Enterprise Fund Reserves

The Recreation Enterprise Fund has been separated in FY19. The Marina and Par 3 Golf Course will have separate enterprise funds. The Recreation Activities have been transferred to the General Fund. The ending FY18 reserves will be divided between the Marina and the Par 3 Golf course and any reserves related to the Recreation activities and Tennis will be transferred to the General Fund.

The Town’s Recreation Enterprise fund included the operations of the Town Docks, the Par 3 Golf Course, tennis activities and youth and adult recreation programs.



At the end of FY18, the net asset balance for the Recreation Enterprise Fund (REF) was \$12,731,660. This amount includes \$4,600,000 that was transferred from the Risk and Health Insurance Funds for the Recreation Center Project. Separate reserves were set aside from this amount for the dock replacement, Par 3 Improvements, tennis improvements and equipment replacement.

At the end of FY18, \$2,587,882 had been set aside in the Dock Replacement Reserve. The Dock Replacement reserve was created to fund the replacement cost of the construction of the Town’s docks whenever it is determined they must be replaced. The replacement reserve is to be maintained at 100% of accumulated depreciation plus accumulated interest earned on the reserve. In FY16, the Town committed to lowering the transfer to the General Fund each year by \$100,000 and add these funds each year to the Dock Replacement Reserve. In FY18, the Town used a portion of these reserves to fund the engineering and permitting costs associated with the dock replacement project.

At the end of FY18, the Par 3 Golf Course maintenance and improvement reserve and the Par 3 Clubhouse reserve were combined into the Par 3 Golf course repair and replacement reserve. This

reserve is funded with the proceeds from the Maintenance and Improvement fee and a transfer equal to ½ of the annual depreciation on the clubhouse and golf course. The balance in this reserve as of September 30, 2018 is \$872,468.

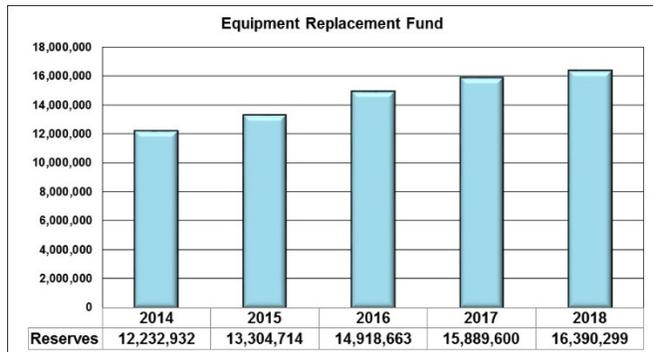
In FY10, a maintenance and improvement fee was implemented for the Tennis program. This reserve at the end of FY18 is \$71,610 and has been set aside for improvements to the tennis centers.

The Recreation Enterprise Fund’s equipment replacement reserve allows for the purchase of capital equipment and is funded with accumulated replacement cost depreciation from Recreation Net Assets. The balance in the REF Equipment Replacement Fund for FY18 is \$638,842.

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 and ensures compliance with the fixed asset inventory and depreciation schedule required by GASB34.

The balance in the Equipment Replacement Fund Reserve for year-end FY18 is \$16,390,299. In FY13, the Town Council approved the use of funds from this reserve for internal financing for small underground utility projects financed by special assessments. To date, a balance of \$2,509,451 has been used for these projects. Currently the total amount in the fund available for equipment replacement is \$14,990,313. There are excess reserves in this fund of \$1,399,986.



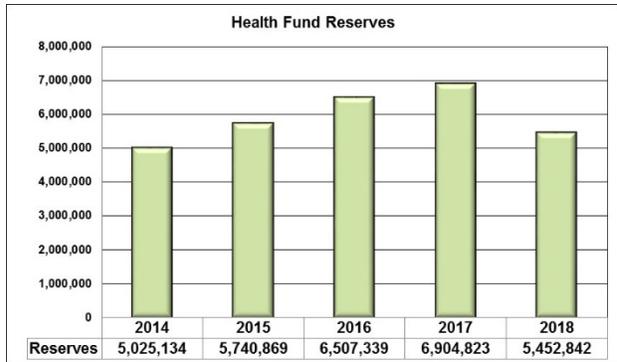
For FY19, income including the depreciation transfer will total \$2,493,173 and expenditures for capital equipment are budgeted at \$2,462,990.

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

A 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, sick and compensatory time and the related payroll tax liability. The balance in the reserve as of September 30, 2018, was \$3,129,714. The FY18 appropriation for the pay-out of eligible accrued vacation, sick and compensatory time from this reserve is \$810,789.

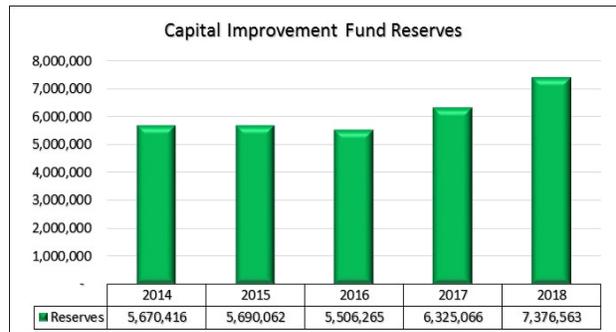
Health Insurance Reserve

The balance of the reserve in the Health Fund at the end FY18 is \$5,464,579. 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 has maintained level funding of health insurance benefits due to good claims experience and the wellness program. These reserves have also provided cushion in case claims unexpectedly increase. In FY18, a transfer of \$2,300,000 to the Recreation Enterprise Fund was made to fund the Town's portion of the new Recreation Center. The actuary recommends a minimum reserve of 6 months of estimated claims as well as the incurred but not Recorded (IBNR) claims. These amounts total \$1,777,795, leaving a excess reserve amount of \$3,686,784.



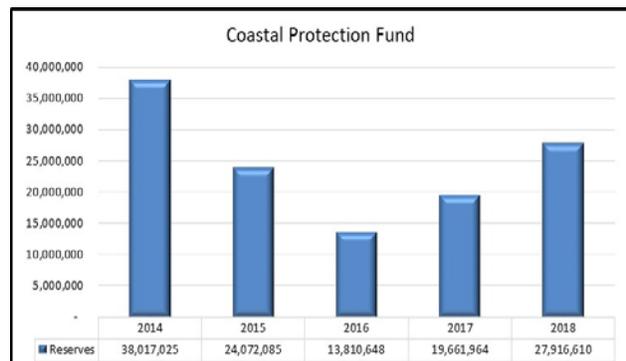
Capital Improvement Fund

For many years, the Town funded all of the capital infrastructure improvements through pay-as-you-go financing. In 2010, the Town issued the first of two bonds for capital improvements to accelerate many large scale capital improvement projects identified in the 20 year plan. In FY17, the transfer to Capital Improvement Fund from the General Fund increased to \$2,290,200 to begin to build up the reserves for projects once the bond proceeds have been spent. Once the bond proceeds have been spent on the remaining projects, it is proposed to return to pay-as-you-go financing. The balance in this reserve is set aside for use for future capital projects.



Coastal Protection Fund

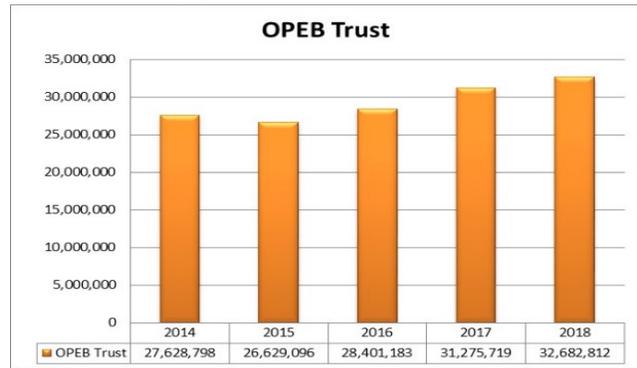
The Coastal Protection Fund reserves are in place to reserve funds for beach renourishment projects. The Coastal Protection financing plan calls for annual transfers from the General Fund to the Coastal Fund to accumulate funds for renourishment projects and the other costs associated with the plan. The FY19 transfer is \$7,349,124. As of September 30, 2018, the reserve balance in this fund is \$27,916,610. Excess reserves from closed out projects total



\$3,400,741. The next planned project is the Mid-Town beach renourishment project in FY21. Sufficient funds will be available for this project.

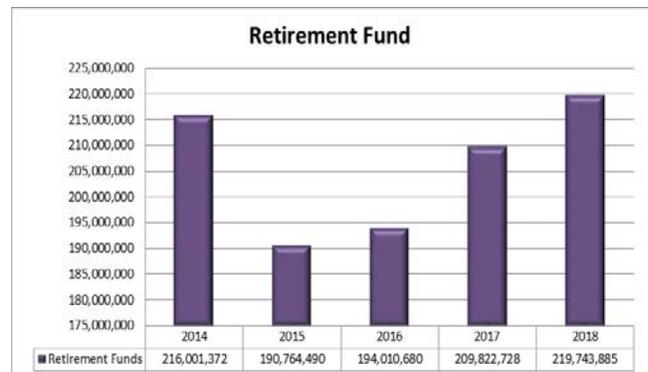
OPEB (Other Post Employment Benefits) Trust

The Town’s OPEB Trust Fund was established in 2007 to comply with GASB Statements 43 and 54, which required the establishment of a liability for actuarially determined costs of retiree health benefits. This fund’s investments are overseen by the Town’s Investment Advisory Committee. The net asset balance in this trust is \$32,682,812 as of September 30, 2018. The total OPEB liability for 2018 is calculated to be \$30,440,000, resulting in a Net OPEB asset of \$2,240,000, resulting in a funded ratio of 107.4% using a 6% return assumption. The actuarially determined transfer from the General Fund for the OPEB liability for FY19 is \$420,000. The Town continues to be well ahead of other government agencies in funding this liability.



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 FY18 were \$219,743,885. The increase is a result of good investment performance during the year and the extraordinary retirement contribution. The decline from FY14 to FY15 was due to investment losses.



Contingency Reserves

Contingency reserves were established for the General Fund, Capital Fund, Equipment Replacement Fund, Recreation Enterprise Fund, Risk Insurance Fund and Health Insurance Fund to provide for unanticipated unbudgeted expenditures of a nonrecurring nature. The amount of the General Fund Contingency has been funded at 1% of the FY19 operating budget. The Capital Fund Contingency is appropriated at 10% of the capital budget, while the Equipment Replacement Fund, Risk, and Health Contingency Reserves are appropriated at \$500,000 each. The Enterprise Funds maintain a Contingency Reserve at 5% of the operating expenses. All of the contingency reserves are annually appropriated in the budget process from the net asset reserves of each of the funds. Amounts from

the contingency are appropriated for expenditures through an affirmative vote of the Town Council.

The table below identifies the contingency budgets and actual expenditures for the fiscal years 2015 through fiscal YTD 2019.

**Contingency Reserves
FY2015 – FYTD2019**

Contingency	2015	2016	2017	2018	2019 YTD
General Fund Budget	\$ 909,000	\$ 944,686	\$ 960,300	\$ 655,877	\$560,000
General Fund Actual	\$ 246,361	\$ 764,145	\$ 759,644	\$ 12,000	\$ 40,000
CIP Budget	\$ 205,000	\$ 208,000	\$ 348,600	\$ 284,500	\$603,750
CIP Actual	\$ 205,000	\$ 208,000	\$ -	\$ -	\$ 95,796
ERF Budget	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$500,000
ERF Actual	\$ -	\$ 29,111	\$ 10,391	\$ 105,252	\$ -
Risk Budget	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$500,000
Risk Actual	\$ -	\$ -	\$ -	\$ -	\$ -
Health Budget	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$500,000
Health Actual	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Budget	\$ 272,100	\$ 285,300	\$ 321,200	\$ 168,303	\$ -
Recreation Actual	\$ 39,000	\$ 135,030	\$ -	\$ 37,750	\$ -
Town Docks	\$ -	\$ -	\$ -	\$ -	\$ 55,679
Town Docks Actual	\$ -	\$ -	\$ -	\$ -	\$ -
Par 3	\$ -	\$ -	\$ -	\$ -	\$ 89,630
Par 3 Actual	\$ -	\$ -	\$ -	\$ -	\$ -

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 2010, 2013, 2016 and 2018 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 next page summarize the trend of the unassigned net position, compensated absence, and replacement reserve balances for fiscal year ending FY14 through FY18.

Reserve Balances Fiscal Years 2014 – 2018

Fund	2014	2015	2016	2017	2018
General Fund	\$ 22,298,680	\$ 22,267,051	\$ 21,615,082	\$ 17,716,419	\$ 23,063,128
Compensated Absence (GF)	3,456,532	3,168,789	3,061,180	3,210,518	3,129,714
Equipment Replacement Fund	12,232,932	13,304,714	14,918,663	15,889,600	16,390,299
Recreation Enterprise Fund	1,025,665	179,645	169,291	777,250	0
Recreation ERF	472,319	584,638	583,475	651,225	638,842
Dock Replacement	2,715,680	2,880,038	3,356,781	3,801,256	2,587,882
Par 3 M&I Reserve	279,252	351,246	388,132	442,910	0
Tennis M&I reserve	38,459	46,320	53,852	61,142	71,610
Par 3 Clubhouse M&I	0	147,602	327,485	287,426	872,468
Donation Fund	611,943	564,368	1,180,331	3,018,697	1,666,199
Debt Service	1,745,086	1,567,384	955,441	1,569,976	1,566,248
Capital Improvement	5,670,416	5,898,531	5,506,265	6,325,066	7,376,553
Coastal Protection Fund	38,017,024	24,072,085	13,810,648	19,661,966	27,916,610
2013 ACIP Fund	43,347,077	34,967,926	20,196,064	12,095,772	7,286,574
Health Fund	5,025,134	5,740,869	6,507,339	6,904,823	5,464,579
Risk Fund	7,297,409	8,071,236	8,458,781	7,578,199	4,783,248
Health - OPEB Trust	27,628,798	26,629,096	28,401,183	31,275,719	32,682,812
Pension Funds	<u>216,001,372</u>	<u>190,764,490</u>	<u>194,010,680</u>	<u>209,822,728</u>	<u>219,743,885</u>
Total	\$ 387,863,778	\$ 341,206,028	\$ 323,500,673	\$ 341,090,692	\$ 355,240,651



Excess Reserves

Many of the Town's reserves must be maintained at a minimum level set by policy or based on recommendations of the Town's actuarial firms. The various capital fund reserves represent funds that have been accrued for future projects, or in the case of the 2013 ACIP funds, the remaining bond funds available for projects. The chart below shows the FY18 ending balance, minimum reserve amount and excess reserve balances.

Fund	2018 Estimated Reserve Balance	Minimum Required Balance	Excess Reserves
General Fund	\$ 23,063,128	\$ 16,514,274	\$ 6,548,855
Compensated Absence (GF)	\$ 3,129,714	3,129,714	0
Equipment Replacement Fund	\$ 16,390,299	14,990,313	1,399,986
Recreation ERF	\$ 638,842	638,842	0
Dock Replacement	\$ 2,587,882	2,587,882	0
Tennis M&I reserve	\$ 71,610	71,610	0
Par 3 R&R Reserve	\$ 872,468	872,468	0
Donation Fund	\$ 1,666,199	1,666,199	0
Debt Service	\$ 1,566,248	405,000	1,161,248
Capital Improvement	\$ 7,376,553	7,376,553	0
Coastal Protection Fund	\$ 27,916,610	24,515,869	3,400,741
2013 ACIP Fund	\$ 7,286,574	7,286,574	0
Health Fund	\$ 5,464,579	1,777,795	3,686,784
Risk Fund	\$ 4,783,248	4,000,000	783,248
Health - OPEB Trust	\$ 32,682,812	32,682,812	0
Pension Funds	\$ 219,743,885	219,743,885	0
Total	\$ 355,240,650	\$ 338,259,789	\$ 16,980,861

