

Fund Balance Guidelines/Fire Rescue Implementation

Discussion:

- Increase Disaster Recovery Reserve to 16.7% from 8.3%
- Use full amount of remaining unassigned reserve toward the Fire Rescue Implementation
- Consider timing of expenditures and avoid the costs of a loan or bond issue

Highland Beach
General Fund Balance and Reserves
Current Policy vs. Proposed Policy

Current Policy		
	Amount	Percent of Budget
General Fund Budget	13,243,373	
General Fund Balance	10,430,366	
Non-spendable	-	
Restricted	-	
Assigned		
Budget Stabilization	2,207,229	16.7%
Disaster Recovery	1,103,614	8.3%
True up Fire Rescue	109,765	
Total Assigned Reserve	3,420,608	25.8%
Unassigned	7,009,758	52.9%

Proposed - increase disaster recovery to be 16.7% of budget		
	Amount	Percent of Budget
General Fund Budget	13,243,373	
General Fund Balance	10,430,366	
Non-spendable	-	
Restricted	-	
Assigned		
Budget Stabilization	2,207,229	16.7%
Disaster Recovery	2,207,229	16.7%
True up Fire Rescue	109,765	
Total Assigned Reserve	4,524,223	34.2%
Unassigned	5,906,143	44.6%

Motion by Highland Beach Financial Advisory Board at Jan 27, 2022 meeting:

Increase Disaster Recovery reserve to be 16.7% of General Fund Budget and use the full amount of remaining unassigned reserve toward the Fire Rescue Implementation

Property – Inland Marine

Term: October 1, 2021 to October 1, 2022

Company: Preferred Governmental Insurance Trust (*Preferred*)

Covered Property (Per Schedule Provided)	
\$26,299,456	Blanket Value Buildings and Contents
Special Property Coverages	
\$5,000,000	Flood
\$5,000,000	Earth Movement
\$5,000,000	TRIA Terrorism
Inland Marine (Per Schedule Provided)	
\$250,000	Blanket Unscheduled Inland Marine***
Included in Blanket	Communication Equipment***
\$71,525	Contractor's / Mobile Equipment***
Included in Blanket	Electronic Data Processing Equipment***
Included in Blanket	Emergency Portable Service Equipment***
Included in Blanket	Fine Arts***
Included in Blanket	Other Inland Marine
\$50,000	Rented, Leased or Borrowed Equipment♦♦
\$50,000	Valuable Papers
Not Included	Watercraft, Not Including Hull Coverage**

Deductibles: \$5,000 per Occurrence – Buildings and Contents, Earth Movement and TRIA

5% of TIV per Occurrence / Per Location for “Named Storm” subject to minimum of \$25,000 Per Occurrence. Location is defined by each itemized listing on the applicable schedule. Also applies to Inland Marine

\$5,000 any one occurrence for Flood, except:
Excess of maximum NFIP available whether purchased or not or 5% of the TIV at each affected location whichever is greater for Zones A & V

\$500 per Occurrence – Inland Marine

***Unscheduled items are subject to a maximum value of \$25,000 or less per item. Items valued above this amount must be scheduled.

**Watercraft, not exceeding 25 feet, coverage is not hull coverage. Limited to Specified Perils only, excluding collision with another object.

♦♦Unscheduled items are subject to a maximum value of \$250,000 or less per item, subject to the maximum per occurrence loss limit shown on the Inland Marine Schedule. Items valued above \$250,000 must be scheduled.

Property – Inland Marine

Sublimits of Coverage	
Sublimits apply as part of, and not in addition to, the overall Total Insured Values coverage limit.	
\$500,000	Accounts Receivable, per occurrence
\$1,000,000	Additional Expense
\$5,000	Animals, annual aggregate
\$500,000	Business Income
\$3,000,000, or 25% of loss whichever is greater	Debris Removal, per occurrence
\$3,000,000	Demolition Cost, Ordinance & Increased Cost of Construction, per occurrence
\$250,000	Errors and Omissions, per occurrence
\$5,000	Expediting Expense, per occurrence
\$25,000	Fire Department Charges, per occurrence
\$50,000	Fungus Cleanup Expense, annual aggregate
\$25,000 Per Occurrence \$1,000 Max per Tree	Lawns, Plants, Trees and Shrubs, Excludes Wind (see policy form for additional restrictions)
\$2,000,000	New Locations, per occurrence – 60 days from the date new location(s) is first purchased, rented or occupied, whichever is earlier. See policy for details.
\$50,000	Personal Property of Employees, per occurrence
\$50,000	Pollution Cleanup Expense, annual aggregate
\$250,000	Preservation of Property, per occurrence
\$20,000	Professional Fees, per occurrence
\$150,000	Property at Miscellaneous Unnamed Locations
\$10,000	Recertification, per occurrence
\$100,000	Service Interruption Coverage, per occurrence
\$250,000	Transit, per occurrence

Summary of Property Insurance for the Town of Highland Beach

Annual Premium for Property Insurance for the Town of Highland Beach

Amount we pay: 126,000

Covered Property 26,299,456

Deductible 5%

Assume complete loss of property:

Amount of Deductible 1,314,973 A

Proposed Disaster Recovery Reserve

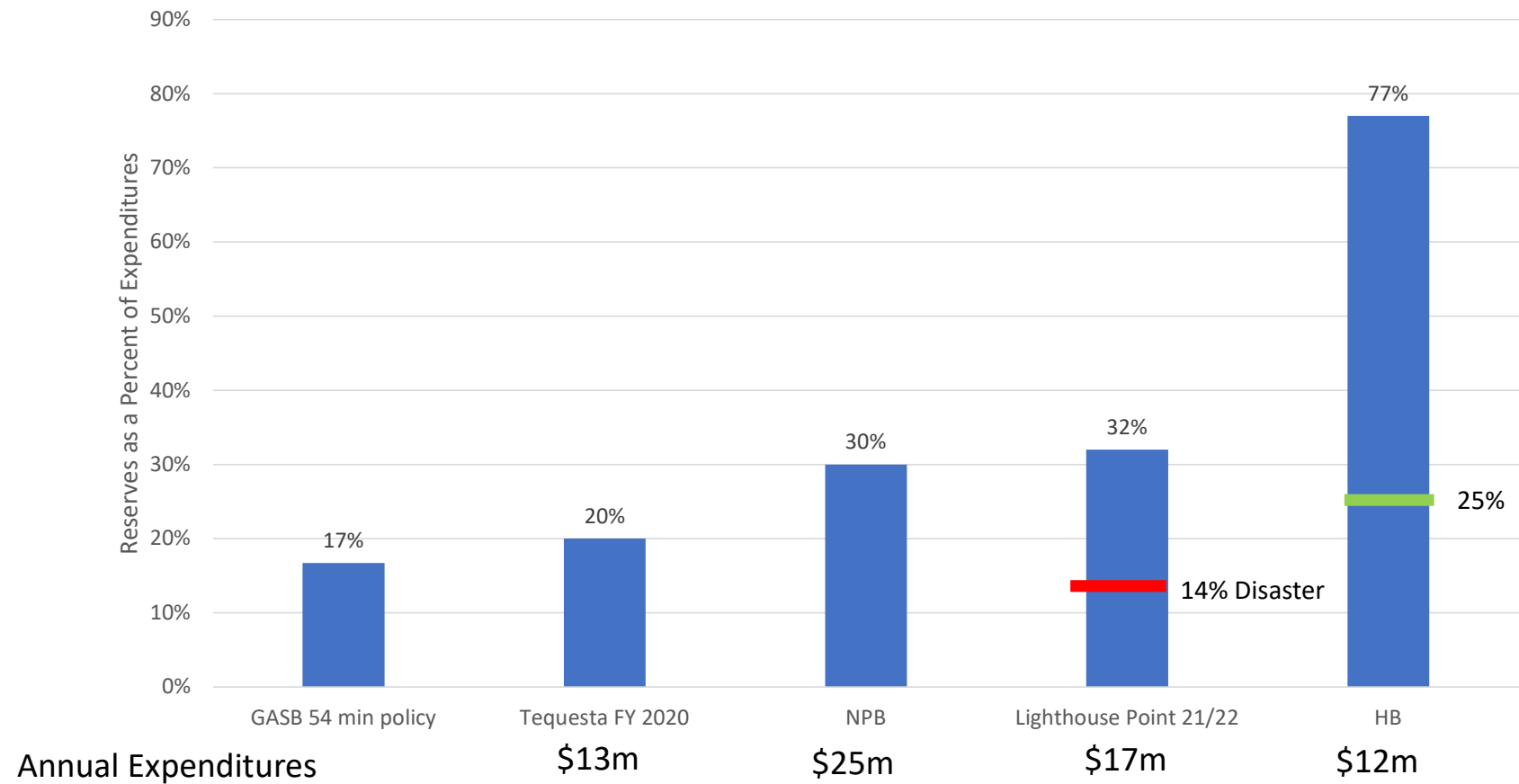
2,207,229 B

Remaining amount of disaster recovery reserve available to pay for
clearing roads and debris removal:

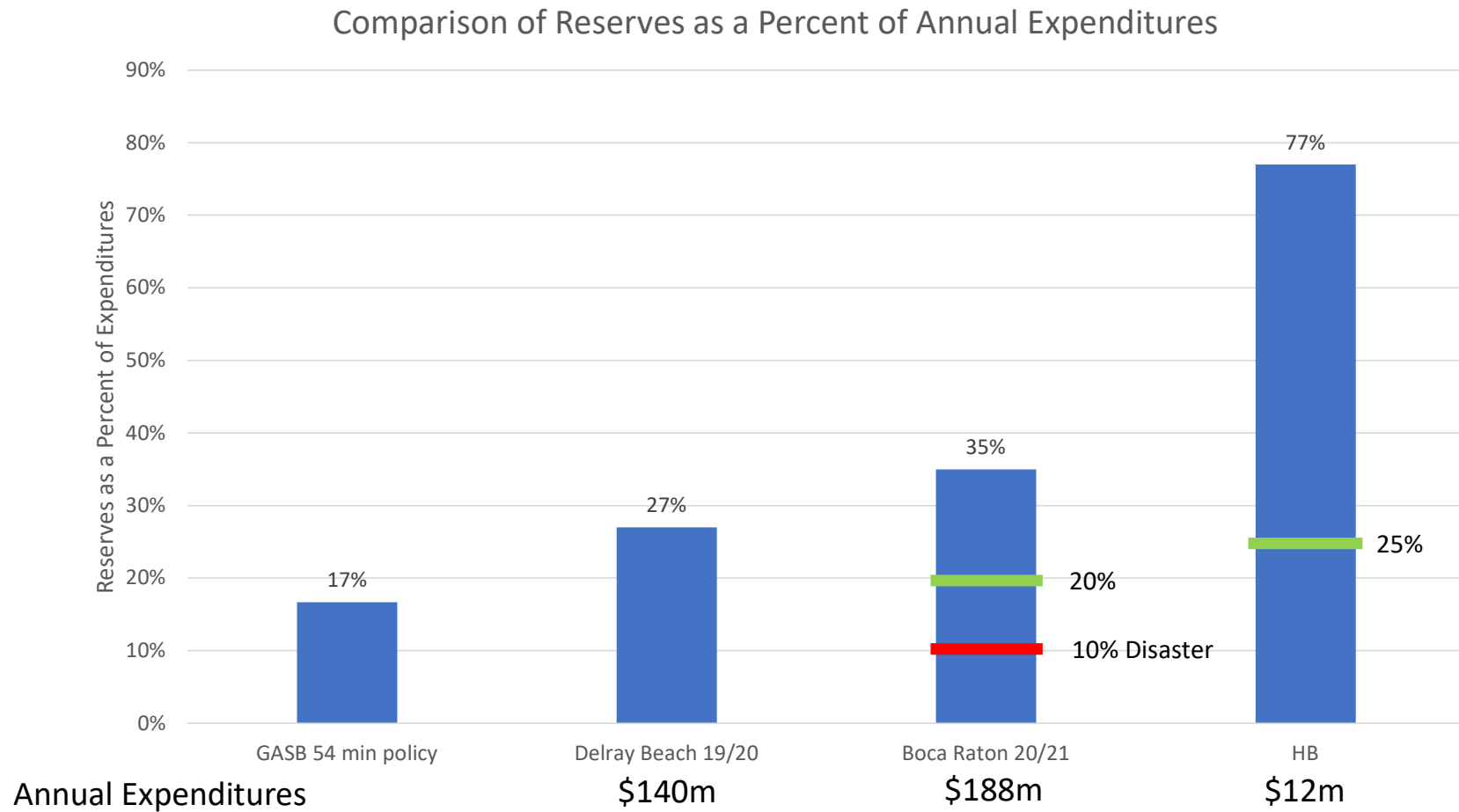
B - A = 892,256

Reserve Levels in Highland Beach Compared to Neighbors with Similar Size Budgets

Comparison of Reserves as a Percent of Annual Expenditures

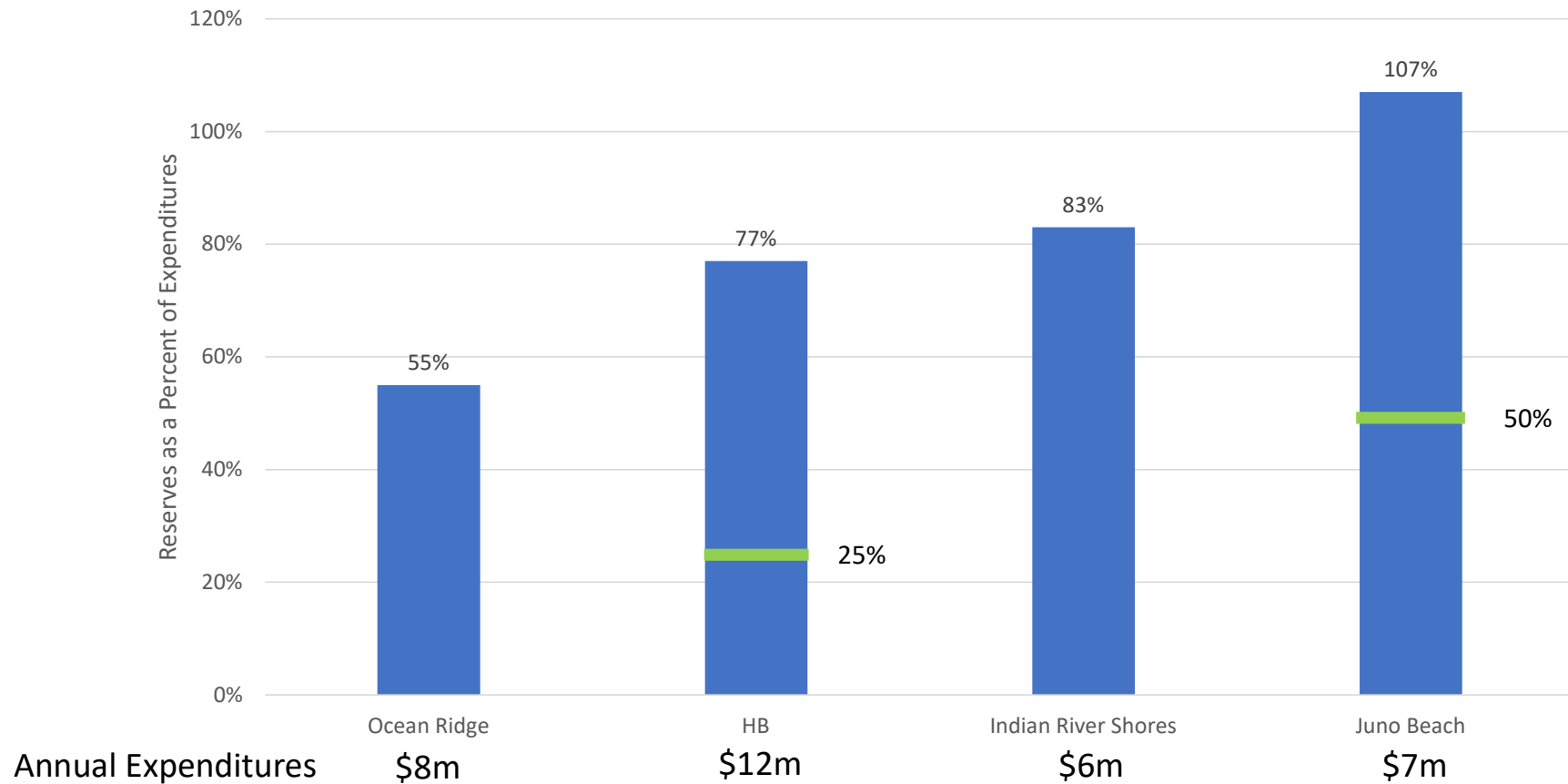


Reserve Levels in Highland Beach Compared to Neighbors with Larger Budgets



Reserve Levels in Highland Beach Compared to Neighbors With Smaller Budgets

Comparison of Reserves as a Percent of Annual Expenditures



City of Lighthouse Point

Florida



Fiscal Year 2021/22 Adopted Budget

Overview of General Fund Expenditures

The General Fund is the primary operating fund of the City. The Police and Fire Departments make up the largest portion of the overall budget, followed by Public Works, Support Services, and Finance/Administration.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Projected	FY 2022 Adopted	Chg from FY 21 Proj	
						\$	%
City Commission	\$ 127,498	\$ 104,769	\$ 121,114	\$ 125,092	\$ 138,692	\$ 13,600	10.9%
Mayor	36,908	48,375	49,598	44,538	50,905	6,367	14.3%
Finance / Administration	834,194	792,110	856,418	931,404	925,520	(5,884)	-0.6%
City Attorney	280,771	264,611	245,976	225,976	224,720	(1,256)	-0.6%
Support Services	858,377	825,546	875,656	851,249	996,690	145,441	17.1%
Police Department	5,600,916	5,650,280	6,049,646	6,266,088	6,210,046	(56,042)	-0.9%
Fire Department	4,192,141	4,212,675	4,554,000	4,720,252	4,419,754	(300,498)	-6.4%
Building Division	800,507	824,760	771,748	977,757	921,196	(56,561)	-5.8%
Code Enforcement	309,711	320,457	348,338	346,292	373,733	27,441	7.9%
Public Works	1,528,247	1,711,505	1,682,403	2,319,338	1,762,935	(556,403)	-24.0%
Community Bus	50,421	43,475	63,289	52,869	52,809	(60)	-0.1%
Library	400,191	432,740	494,001	483,271	498,537	15,266	3.2%
Recreation	723,880	655,687	750,683	777,954	1,218,566	440,612	56.6%
Total Expenditures	\$ 15,743,764	\$ 15,886,990	\$ 16,862,870	\$ 18,122,080	\$ 17,794,103	\$ (327,977)	-1.8%

City Commission

Costs in this budget include the City's labor attorney, legal advertising, election expenses, funding for local organizations that provide services to the community, and modest compensation for elected officials. The budget contains an estimated contribution of \$10,164 to the Area Agency on Aging and \$1,000 to Broward Regional Health Planning Council. The proposed budget is 10.9% higher than the current year projected total and includes projected election expenses received from the Broward Supervisor of Elections. The budget also includes an increase to the Flexible Spending contribution for elected officials in the amount of \$600 bringing the total to \$2,600 per year for each elected official.

Mayor

This budget provides for the Office of the Mayor including compensation, City newsletters, promotional activities, and City memberships in the Florida and Broward League of Cities. The proposed budget is \$50,905, a 14.3% (\$6,367) increase from the current year. This includes an increase in health insurance premiums, Flexible Spending contribution, and a mailed newsletter.

Finance and Administration

This budget includes the City Administrator, the City Clerk's Office, and Finance. The proposed budget for FY 2021/22 is 0.6% lower than the current year projection due to the increase in salaries/benefits being offset by lower operating expenditures projected in FY 2021/22.

City Attorney

The City Attorney provides comprehensive legal services to the City, and advises officials on a variety of matters. The proposed budget includes the retainer fee and a 3% increase effective October 1, 2021, along with funding for special items not covered by the retainer. The City also hires special counsel whenever necessary and appropriate to do so.

General Fund—Analysis of Fund Balance

General Fund	FY 2019 Actual	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected
Fund Balance, Beginning of Year	\$ 3,845,711	\$ 6,405,133	\$ 7,101,097	\$ 6,466,097
Fund Balance, End of Year	\$ 6,405,133	\$ 7,101,097	\$ 6,466,097	\$ 5,911,281
Nonspendable				
Prepaid Expenses	90,932	89,273	92,000	95,000
Restricted	233,996	251,700	250,000	200,000
Committed				
Minimum Fund Balance	1,416,224	1,443,144	1,443,144	1,491,174
Encumbrances	-	56,176	-	-
Subsequent year's budget	-	225,000	554,816	-
Assigned				
Disaster recovery	2,500,000	2,500,000	2,500,000	2,500,000
Emergency bridge replacement	1,250,000	1,250,000	1,250,000	1,250,000

The purpose of the fund balance categories is to provide classifications that can be more consistently applied between governments. In the chart above, both the FY 2021 and 2022 projections rely on estimates of the use of budget surplus, minimum fund balance, restricted fund balance, and outstanding encumbrances. FY 2022 reflects the use of \$554,816 of fund balance, equal to the amount in the proposed budget. In FY 2019, the City reimbursed itself for a land purchase made in FY 2018 and applicable adjustments were made to the fund balance classifications.

Nonspendable fund balance includes items like prepaid expenses. The City typically prepays its first Workers' Compensation premium since it is due on October 1, prior to the start of the fiscal year. This is not reflected as an expense in the year the funds are disbursed.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The building department excess revenues over expenditures are considered restricted.

The **Committed** fund balance classification includes amounts that can be used only for the specific purposes determined by action of the City Commission. In the General Fund, this includes Minimum Fund Balance requirements as established by the Fund Balance Policy, open encumbrances at fiscal year end, and any portion of fund balance designated for use in the following fiscal year budget. Minimum fund balance is based on the operating budget and continues to increase each year since the General Fund budget rises over time.

Amounts in the **Assigned** fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The Mayor has designated that a total of \$3,750,000 be assigned for emergency and disaster recovery purposes.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

CITY OF BOCA RATON

FY 2021-22

PROPOSED BUDGET



Scott Singer
Mayor

Andrea Levine O'Rourke
Deputy Mayor

Monica Mayotte
Council Member

Yvette Drucker
Council Member

Andy Thomson
Council Member

Leif J. Ahnell
City Manager

City of Boca Raton FY 21-22 Budget

GENERAL FUND STATEMENT OF FUND BALANCE *

FUND BALANCE October 1, 2020		\$ 72,262,300
2020-21 Revenue	\$ 180,446,500	
2020-21 Expenditures	\$ (187,446,500)	
Net Increase (Decrease)	(7,000,000)	
Fund Balance:		
Planned Fund Balance	\$ 18,744,700	
Designated Carry Forward	20,431,000	
Hurricane/Disaster Emergency Reserve	18,870,000	
Army Corps of Engineers Reserve	170,000	
Building Permits	7,046,600	
	-0-	\$ 65,262,300
FUND BALANCE October 1, 2021		\$ 65,262,300
2021-22 Revenue	\$ 188,572,000	
2021-22 Expenditures	(204,188,600)	
Net Increase (Decrease)	(15,616,600)	
Fund Balance:		
Planned Fund Balance	\$ 19,714,200	
Designated Carry Forward	10,891,500	
Hurricane/Disaster Emergency Reserve	18,870,000	
Army Corps of Engineers Reserve	170,000	
Building Permits	-	
	-0-	\$ 49,645,700

*The Statement of Fund Balances represent the City of Boca Raton actual fund balances as of October 1, 2020. The fund balances for October 1, 2021, are based on anticipated revenues and expenditures. The actual fund balance for fiscal year 2020-21 will be available upon completion of the City's annual audit in early 2022. The reserves shown in the Statement of Fund Balances are based on conservative revenue estimates and one hundred percent (100%) of the budgeted expenditures being expended.

The projected fiscal year 2021-22 fund balance has decreased. Although an increase in revenues is anticipated, the forecast includes an increase in operating expenditures due to an increase in new personnel and programs.

Cost of Unassigned Reserves

Current Unassigned Reserves	7,009,758
Inflation in 2021	7%
Annual Cost to Hold Unassigned Reserves	490,683
Interest Earned on Unassigned Reserves (0.1%)	70,098
Loss to Highland Beach Residents for 2021	(420,585)
 Total Taxable Assessed Value for Highland Beach	 2,737,531,331
 Share of Unassigned Reserves:	
Resident with taxable value of \$250,000	640
Resident with taxable value of \$500,000	1,280
Resident with taxable value of \$1 million	2,561

Cost of Financing

Time Horizon	Loan amount	Loan Amount plus Expenses	Total Cost of Financing	Cost of Financing per Year
10	4,250,000	4,608,344	358,344	35,834
10	5,250,000	5,692,780	442,780	44,278
10	6,250,000	6,777,111	527,111	52,711
15	4,250,000	4,961,278	711,278	47,419
15	5,250,000	6,128,719	878,719	58,581
15	6,250,000	7,295,930	1,045,930	69,729
20	4,475,000	5,633,680	1,158,680	57,934
20	5,475,000	6,891,868	1,416,868	70,843
20	6,475,000	8,150,907	1,675,907	83,795

Unassigned Reserves Covers the Cost of the Fire Rescue Implementation Until Fiscal Year 23/24

	Start Date	End Date	Highland Beach Fire Rescue Implementation Cost	Reduction in Highland Beach Budget Due to Termination of DB Fire Contract		Cost to be Included in Highland Beach Budget for Fire Rescue Implementation	Balance of Unassigned Reserves
							5,906,143
FY 21/22	10/1/2021	9/30/2022	600,000			600,000	5,306,143
FY 22/23	10/1/2022	9/30/2023	4,600,000			4,600,000	706,143
FY 23/24	10/1/2023	9/30/2024	2,700,000	(968,179)	#	1,731,821	(1,025,678)
Apparatus: Lease			1,300,000				
Total Implementation Cost			9,200,000				

Sources to cover shortfall in FY 23/24:

Retain the current tax rate, don't take the reduction for in Debt Service Millage (0.1629 mills)
as part of Water Rate Transition

Can we eliminate or reduce the transfer to water fund, which is about \$1 million?

Can the Building Department contribute to the Fire Rescue Implementation?

When will we know if we receive appropriation from the state?

DB Fire Rescue 2024 Cost Projection	5,669,471	from Matrix Study
DB Fire Rescue Costs - monthly	472,456	
# of months reduction for FY 23/24 HB Budget	5	
Reduction in FY 23/24 Budget due DB Termination	2,362,280	A
Highland Beach Cost Projection for 2024	3,345,842	from Matrix Study
Highland Beach - Monthly Cost	278,820	
# of months in service	5	
Highland Beach Cost for 5 months in service	1,394,101	B
Highland Beach Cost Less Delray Beach Cost: B - A	(968,179)	#

medical services contract, and the early termination of the current agreement, the first year cost for this alternative is approximately \$7,619,216. Within the time frame of the current agreement and the termination provisions, the best course of action would be allowing the contract to expire and establish a public safety department and contract for emergency medical services following the end of the agreement.

It is important to note that this model is adaptive and can range in design from administrative consolidation only to administrative and consolidating functions such as records, training, professional standards etc. From there moving to a full public safety department which would include cross training of police and/or fire personnel could occur from training police in EMS services to full cross training of all police, fire and EMS disciplines.

Emergency Services Alternative Cost Comparison

The following table illustrates the total cost, including the indirect costs, for each alternative and includes the projections for the next five years. For the status quo 3 person rescue the third position is a Lieutenant. For the Municipal 3 person rescue the third position is a driver operator.

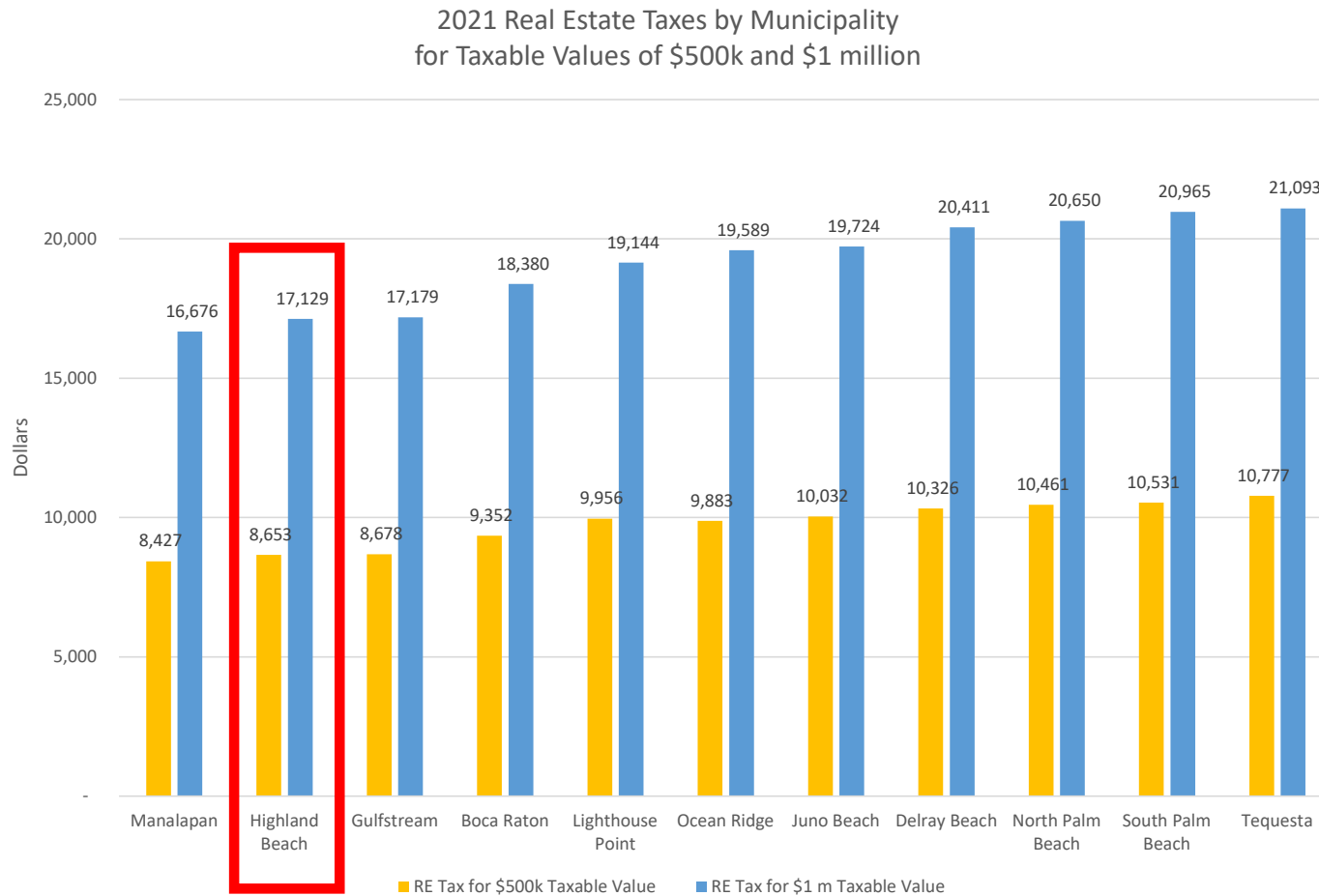
Highland Beach Service Alternatives Cost Projection						
Service Alternative	2022 Start	2023 Projection	2024 Projection	2025 Projection	2026 Projection	2027 Projection
Status Quo	\$5,142,377	\$5,399,496	\$5,669,471	\$5,952,944	\$6,250,592	\$6,563,121
Status Quo 3 Person Rescue	\$5,767,377	\$6,055,746	\$6,358,533	\$6,676,460	\$7,010,283	\$7,360,797
Municipal	\$3,436,222	\$3,608,034	\$3,788,435	\$3,977,857	\$4,176,750	\$4,385,587
Municipal 3 Person Rescue	\$3,771,291	\$3,959,856	\$4,157,849	\$4,365,741	\$4,584,028	\$4,813,230
Private Service Provider	\$4,245,523	\$4,457,799	\$4,680,689	\$4,914,724	\$5,160,460	\$5,418,483
Hybrid - Private EMS	\$3,622,821	\$3,803,962	\$3,994,160	\$4,193,868	\$4,403,562	\$4,623,740
Public Safety/Private EMS	\$3,416,551	\$3,587,378	\$3,766,747	\$3,955,085	\$4,152,839	\$4,360,481
Public Safety/Muni EMS	\$3,034,777	\$3,186,516	\$3,345,842	\$3,513,134	\$3,688,791	\$3,873,230

As shown the status quo uses the FY2021 bill recently submitted by Delray Beach with an additional 5% added per year for the projection. This coincides with the current collective bargaining agreement.

For the 3 person rescue options, the status quo would have Delray Beach charging the town for an additional four (4) lieutenant positions. In the municipal option, the project team recommended staffing the rescue with an additional driver operator position to gain the 3rd position on the rescue. This resulted in the need for three (3) additional driver operator positions in the municipal option.

It is important to note that the current contract has language requiring the Town of Highland Beach to pay the salary costs of the surplus personnel for up to three (3) years

Highland Beach Millage Tax Rates are Second Lowest



Real Estate Millage Tax Rates by Municipality

Municipality	Total County Ad Valorem	Total Municipal Ad Valorem		Municipal & Fire		Debt & Other	Non-Ad Valorem
Manalapan	13.3	3.2	=	3.2	+	0.0	178
Highland Beach	13.3	3.6	=	3.2	+	0.4	178
Gulfstream	13.3	3.7	=	3.7	+	0.0	178
Boca Raton	13.3	4.7	=	3.6	+	1.1	323
Ocean Ridge	13.3	6.1	=	5.5	+	0.6	178
Lighthouse Point	14.1	4.2	=	3.6	+	0.7	767
Juno Beach	13.3	6.1	=	5.4	+	0.7	340
Delray Beach	13.3	6.8	=	6.7	+	0.2	242
North Palm Beach	13.3	7.1	=	7.1	+	0.0	271
South Palm Beach	13.3	7.5	=	7.0	+	0.6	96
Tequesta	13.3	7.3	=	6.6	+	0.7	461

Sample Real Estate Tax Bill

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2021 REAL ESTATE PROPERTY TAX BILL

READ REVERSE SIDE BEFORE CALLING	AD VALOREM TAXES				READ REVERSE SIDE BEFORE CALLING	
TAXING AUTHORITY	TELEPHONE	ASSESSED	EXEMPTION	TAXABLE	MILLAGE	TAX AMOUNT
COUNTY	561-355-3996	1,121,745	50,000	1,071,745	4.7815	5,124.55
COUNTY DEBT	561-355-3996	1,121,745	50,000	1,071,745	0.0334	35.80
TOWN OF HIGHLAND BEACH	561-278-4548	1,121,745	50,000	1,071,745	3.2294	3,461.09
TOWN OF HIGHLAND BEACH DEBT	561-278-4548	1,121,745	50,000	1,071,745	0.3930	421.20
CHILDRENS SERVICES COUNCIL	561-740-7000	1,121,745	50,000	1,071,745	0.6233	668.02
F.I.N.D.	561-627-3386	1,121,745	50,000	1,071,745	0.0320	34.30
PBC HEALTH CARE DISTRICT	561-859-1270	1,121,745	50,000	1,071,745	0.7261	778.19
SCHOOL LOCAL	561-434-8837	1,121,745	25,000	1,096,745	3.2480	3,562.23
SCHOOL STATE	561-434-8837	1,121,745	25,000	1,096,745	3.6270	3,977.89
SWMD EVERGLADES CONST PROJECT	561-686-8800	1,121,745	50,000	1,071,745	0.0365	39.12
SO FLA WATER MANAGEMENT DIST.	561-686-8800	1,121,745	50,000	1,071,745	0.1061	113.71
SO FLA WATER MGMT - OKEE BASIN	561-686-8800	1,121,745	50,000	1,071,745	0.1146	122.82

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TOTAL AD VALOREM 18,338.92

READ REVERSE SIDE BEFORE CALLING		NON-AD VALOREM ASSESSMENTS		READ REVERSE SIDE BEFORE CALLING			
LEVYING AUTHORITY		TELEPHONE		RATE		AMOUNT	
SOLID WASTE AUTHORITY OF PBC		561-640-4000		178.00		178.00	