

Town of Highland Beach

5 Year Forecast

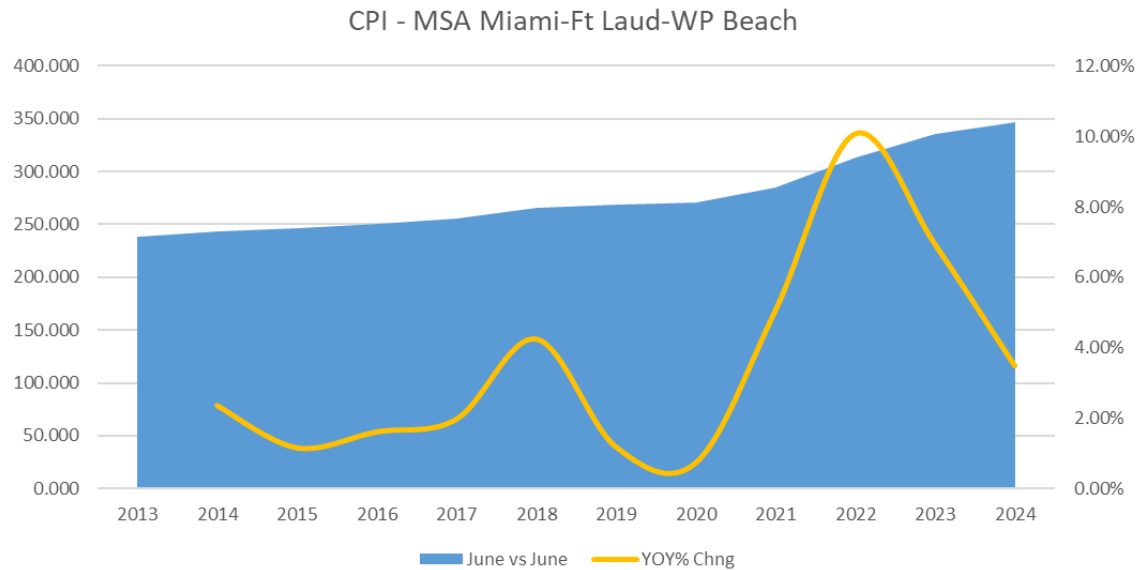
Executive Summary

- The 5-Year Budget Forecast outlines expected revenues, expenditures, and fund balances/cash for the Town's major operating funds.
 - General Fund
 - Building Fund
 - Water Fund
 - Sewer Fund
- Provides a roadmap for retaining and maintaining financial sustainability while addressing capital, operational, and service needs to our community.
- Our analysis continues the Town's tradition of reviewing three years of historical budgeted and actual revenues and expenditures and forecasting the next five years based on informed assumptions and financial trends.

General Assumptions

Expenditures

- Thankfully, Inflation appears to be settling down...from the 2022 highs of 10.1% to the most recent data showing 3.5%.
- For other major expenditures, we assumed a variety of percentages as follows:



Type	Code	2026	2027	2028	2029	2030
General Inflation	GI	3.5%	3.5%	3.5%	3.5%	3.5%
Utilities & Energy	U&E	4.0%	4.0%	3.5%	3.5%	3.5%
Healthcare	Health	8.0%	8.0%	5.0%	5.0%	5.0%
Transportation	Transp	3.0%	3.0%	3.0%	2.5%	2.5%
Worker's Comp Ins	WC	4.0%	4.0%	3.5%	3.5%	3.5%
Property Ins	PI	15.0%	13.0%	12.0%	11.0%	10.0%
Liability Ins	LI	7.0%	7.0%	5.0%	4.0%	4.0%
Retirement	RT	2.5%	2.5%	2.5%	2.0%	2.0%
R&R	R&R	5.0%	5.0%	5.0%	5.0%	5.0%

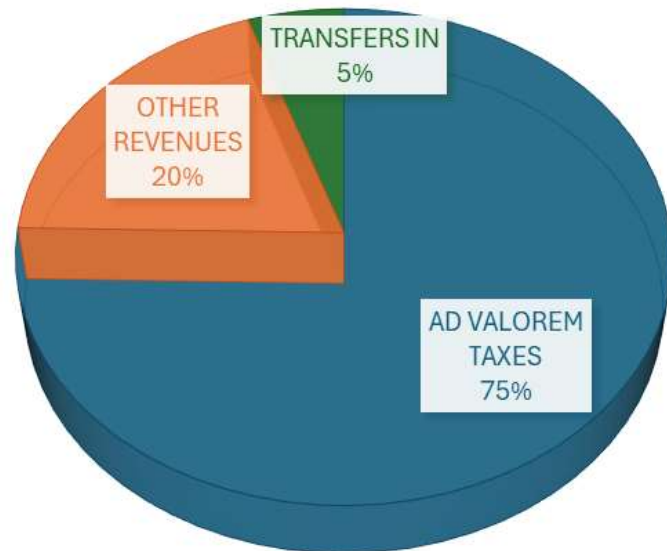
Cash & Equity Balances – All Funds

- Cash is allocated within Operating and Investment Accounts.
- We “Pool” cash and allocate to the various funds based on the fund's revenue & expenditures.

CASH AND EQUITY ACCOUNT BALANCE HISTORY REPORT FOR TOWN OF HIGHLAND BEACH

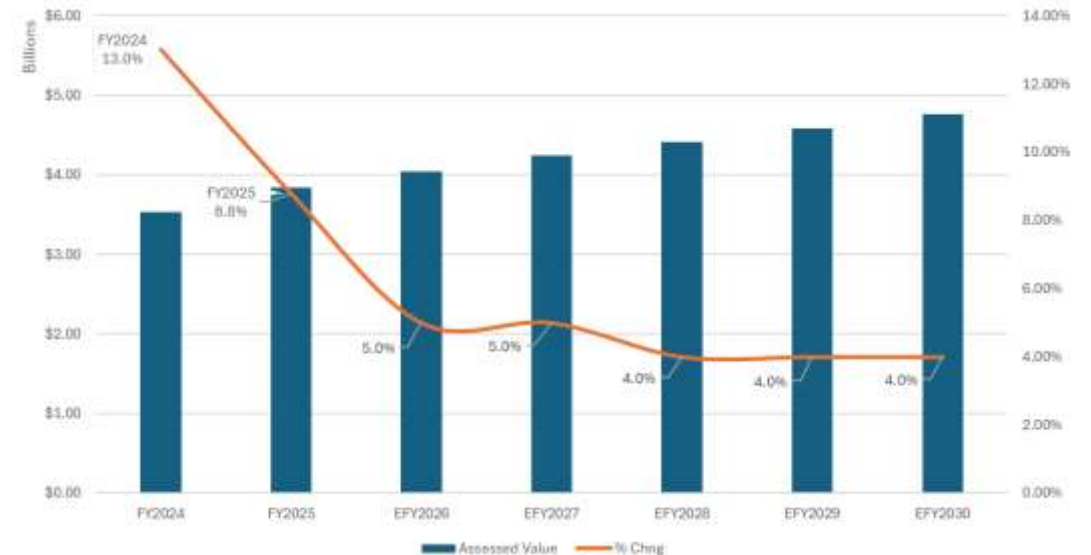
GL NUMBER	DESCRIPTION	BALANCE AS OF 09/30/2021	BALANCE AS OF 09/30/2022	BALANCE AS OF 09/30/2023	BALANCE AS OF 09/30/2024	% Int Rate
Fund 801 - TREASURERS FUND						
801-000.000-101.000	PNC OPERATING ACCT - 1035	\$ 699,272	\$ 83,471	\$ 443,937	\$ 164,489	2.2%
801-000.000-101.001	PAYROLL ACCOUNT NATIONAL CITY	110	110	110	110	
801-000.000-101.002	PNC RESERVE ACCOUNT - 9084	1,258,825	1,470,028	37,007	85,254	
801-000.000-101.004	PNC MONEY MARKET- 5058	-	-	1,990,087	5,361,711	2.8%
801-000.000-101.300	FLORIDA PRIME	5,710,089	7,916,162	3,525,555	3,725,870	4.9%
801-000.000-101.950	BLACKROCK MONEY MARKET ACCT	8,604,707	-	-	-	
801-000.000-101.960	FIDELITY- TREASURY MMA	3,171,930	-	-	-	
801-000.000-101.961	PNC CUSTODIAL ACCT	-	11,721,664	12,091,453	8,845,456	3.7%
		<u>\$19,444,934</u>	<u>\$ 21,191,436</u>	<u>\$18,088,150</u>	<u>\$18,182,890</u>	
801-000.000-229.001	GENERAL FUND EQUITY	(10,499,270)	(11,043,956)	(8,993,024)	(8,319,124)	CAGR -7.5%
801-000.000-229.101	OPEN SPACE & RECREATION EQUITY	(232,628)	(232,768)	(240,552)	(251,100)	2.6%
801-000.000-229.102	LIBRARY DONATION EQUITY	(7,452)	(7,942)	(8,523)	(9,247)	7.5%
801-000.000-229.103	DISCRETIONARY FUND-EQUITY	(392,530)	(436,785)	(614,051)	(633,615)	17.3%
801-000.000-229.104	SPECIAL LAW ENFORCEMENT EQUITY	(6,864)	(6,909)	(7,140)	(7,453)	2.8%
801-000.000-229.106	BUILDING FUND EQUITY	(1,735,279)	(2,159,978)	(3,038,406)	(3,720,676)	28.9%
801-000.000-229.401	WATER SYSTEM EQUITY	(4,138,931)	(4,211,750)	(2,742,282)	(2,209,838)	-18.9%
801-000.000-229.402	SEWER SYSTEM EQUITY	(2,431,980)	(3,091,348)	(2,444,170)	(3,031,835)	7.6%
Total Fund 801 - TREASURERS FUND		<u>(19,444,934)</u>	<u>(21,191,436)</u>	<u>(18,088,150)</u>	<u>(18,182,890)</u>	

General Fund - Revenues



(Full Service Coastal Communities) millage rate at 3.5875 Mills.

- This structure allows staff the resources to meet/exceed Board and Community.
- Replenish reserves when property values grow.
- Use reserves when (if) property values change.
- Re-invest in needed capital without assuming debt.
- Assumed 5% Property Value growth followed by 4% in remaining forecast



General Fund – 5 Year Forecast Summary

- The General Fund continues to remain strong and healthy through the 5-year forecast period.
- No draw on reserves are anticipated
- Continue to replenish reserves.
- Fund Major Capital Projects

	For the Fiscal Year Ending September 30,					CAGR
	2026	2027	2028	2029	2030	
AD VALOREM TAXES	\$ 13,898,421	\$ 14,593,342	\$ 15,177,075	\$ 15,784,158	\$ 16,415,525	4.2%
OTHER REVENUES	3,654,339	3,788,611	3,925,647	4,070,426	4,223,443	3.7%
	17,552,760	18,381,953	19,102,723	19,854,584	20,638,968	
TRANSFERS IN	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	0.0%
APPROPRIATION FROM RESERVE						
TOTAL SOURCES OF FUNDS	18,602,760	19,431,953	20,152,723	20,904,584	21,688,968	
Dept 511.000 - TOWN COMMISSION	356,860	367,303	378,109	389,148	400,536	2.9%
Dept 512.000 - TOWN MANAGER	805,155	861,085	919,180	981,619	1,048,772	6.8%
Dept 512.100 - TOWN CLERK	504,788	528,999	549,581	570,663	592,558	4.1%
Dept 513.000 - FINANCE	653,000	681,686	707,140	733,123	760,072	3.9%
Dept 519.000 - PUBLIC WORKS	836,823	857,907	878,199	899,196	920,953	2.4%
Dept 519.300 - SUPPORT SERVICES	721,753	749,204	775,880	803,444	831,987	3.6%
Dept 521.000 - POLICE DEPARTMENT	4,828,233	5,115,555	5,403,769	5,709,901	6,026,213	5.7%
Dept 522.000 - FIRE RESCUE	6,363,692	6,757,834	7,154,894	7,578,760	8,019,307	6.0%
Dept 534.000 - SOLID WASTE	1,155,625	1,236,343	1,322,706	1,415,108	1,513,972	7.0%
Dept 571.000 - LIBRARY	518,831	543,902	565,272	587,145	609,846	4.1%
Dept 582.000 - DEBT SERVICE	677,961	677,961	677,961	677,961	677,960	0.0%
	17,422,721	18,377,779	19,332,691	20,346,068	21,402,177	5.3%
TRANSFERS OUT	55,000	55,000	55,000	55,000	55,000	
CONTINGENCIES	50,000	50,000	50,000	50,000	50,000	
APPROPRIATION TO RESERVE	1,075,039	949,174	715,032	453,516	181,791	
TOTAL USES OF FUNDS	\$ 18,602,760	\$ 19,431,953	\$ 20,152,723	\$ 20,904,584	\$ 21,688,968	

General Fund – Major Projects Summary

- The General Fund has 3 major projects that could be accomplished with unrestricted funds.
- We estimated the current year cost and then adjusted for inflation based on an estimated date the project will begin.
- We anticipate funding these projects with Unassigned Fund Balance funds.

Cumulative Inflation		7.00%	10.50%	14.00%
Annual Inflation	3.50%	3.50%	3.50%	3.50%

Priority	Project	Estimated Cost	For the Fiscal Year Ending September 30,				
			2026	2027	2028	2029	2030
2	Police Dock	1,200,000		1,242,000			
3	Police Build-Out	1,000,000			1,070,000		
4	Old Fire Station	1,200,000				1,326,000	
		<u>\$ 3,400,000</u>					

General Fund – Fund Balance

- Our Fund Balance Policy restricts how much we can budget in any given year for projects utilizing unassigned dollars.
- Adjusted Unassigned Funds for Major Projects.

FUND BALANCE/NET POSITION HISTORY REPORT FOR TOWN OF HIGHLAND BEACH

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
GENERAL FUND	Audited	Unaudited	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
Budget Stabilization	\$ 1,809,496	\$ 1,809,496	\$ 2,831,295	\$ 2,874,749	\$ 3,032,334	\$ 3,189,894	\$ 3,357,101	\$ 3,531,359
Disaster Recovery	1,809,496	1,809,496	2,831,295	2,874,749	3,032,334	3,189,894	3,357,101	3,531,359
Fire Rescue	4,320,312	1,963,858	250,000	250,000	250,000	250,000	250,000	250,000
Other	66,855	316,855	316,855	316,855	316,855	316,855	316,855	316,855
Unassigned	986,865	2,419,419	3,288,249	4,276,380	3,668,385	2,998,296	1,791,397	1,913,197
	<u>\$ 8,993,024</u>	<u>\$ 8,319,124</u>	<u>\$ 9,517,694</u>	<u>\$ 10,592,733</u>	<u>\$ 10,299,907</u>	<u>\$ 9,944,939</u>	<u>\$ 9,072,454</u>	<u>\$ 9,542,770</u>

Building Fund – 5 Year Forecast Summary

- Building Fund continues to grow and remain healthy.
- We assumed a conservative growth rate for revenues and expenditures throughout the forecast period

	For the Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	CAGR
OPERATING REVENUES	\$ 2,083,832	\$ 2,155,219	\$ 2,229,053	\$ 2,305,420	\$ 2,384,408	3.4%
OTHER REVENUES	200,000	206,000	212,180	218,545	225,102	3.0%
	2,283,832	2,361,219	2,441,233	2,523,965	2,609,509	
TRANSFERS IN	55,000	55,000	55,000	55,000	55,000	
APPROPRIATION FROM RESERVE	4,966	10,186	5,866	1,044		
TOTAL SOURCES OF FUNDS	2,343,798	2,426,404	2,502,099	2,580,009	2,664,509	
LABOR AND RELATED	925,189	970,835	1,008,205	1,046,461	1,086,254	4.1%
OPERATING EXPENSES	603,398	628,510	654,534	681,420	709,092	4.1%
CAPITAL	122,874	127,174	131,625	136,232	141,000	3.5%
	1,651,460	1,726,518	1,794,364	1,864,113	1,936,346	
TRANSFERS OUT	500,000	500,000	500,000	500,000	500,000	
GS ALLOCATION TO GF	192,338	199,886	207,735	215,896	224,382	
APPROPRIATION TO RESERVE					3,781	
TOTAL USES OF FUNDS	\$ 2,343,798	\$ 2,426,404	\$ 2,502,099	\$ 2,580,009	\$ 2,664,509	

Building Fund – Fund Balance

- There are certain restrictions on the Fund Balance within this fund.

FUND BALANCE/NET POSITION HISTORY REPORT FOR:

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Audited	Unaudited	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
BUILDING FUND	2,892,624	3,598,977	4,203,617	4,198,651	4,188,465	4,182,599	4,181,555	4,185,336
	2,892,624	3,598,977	4,203,617	4,198,651	4,188,465	4,182,599	4,181,555	4,185,336

Water Fund – 5 Year Forecast Summary

- Assumed a 5% annual rate increase through the forecast period.
- Over the Five-Year Forecast, we have a mix of draws from reserves and appropriation to reserves.
- Debt Service is reduced by \$173K

	For the Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	CAGR
OPERATING REVENUES	\$ 4,002,594	\$ 4,202,724	\$ 4,412,860	\$ 4,633,503	\$ 4,865,179	5.0%
OTHER REVENUES	134,737	138,487	142,349	146,327	150,425	2.8%
	4,137,331	4,341,211	4,555,209	4,779,831	5,015,604	
TRANSFERS IN	220,000	220,000	220,000	220,000	220,000	
APPROPRIATION FROM RESERVE	104,077	49,604				
TOTAL SOURCES OF FUNDS	4,461,408	4,610,815	4,775,209	4,999,831	5,235,604	
LABOR AND RELATED	1,120,514	1,179,817	1,226,825	1,275,088	1,325,361	4%
OPERATING EXPENSES	1,580,125	1,665,229	1,751,850	1,841,178	1,932,774	5%
CAPITAL	400,000	405,000	410,125	414,328	418,614	1%
	3,100,639	3,250,046	3,388,799	3,530,594	3,676,749	
TRANSFERS OUT	550,000	550,000	550,000	550,000	550,000	
DEBT SERVICE	810,769	810,769	810,769	637,607	513,921	
APPROPRIATION TO RESERVE			25,641	281,630	494,934	
TOTAL USES OF FUNDS	\$ 4,461,408	\$ 4,610,815	\$ 4,775,209	\$ 4,999,831	\$ 5,235,604	

Water Fund – Debt Data and Balances

- Interest Rate on Debt are very favorable
- Debt Balance drops over 57% by the end of the 5-year forecast

Loan No	Pmt Months	Annual Debt Service	Maturity Date	Int Rate	Year Ending Balance					
					2025	2026	2027	2028	2029	2030
500200	Mar & Sept	\$ 198,311	Sep-30	2.82%	\$ 918,805	745,189	566,643	383,026	194,194	-
500210	Jun & Dec	\$ 265,473	Dec-37	1.18%	3,053,682	2,825,572	2,594,762	2,361,220	2,124,915	1,885,813
500201	Mar & Sept	\$ 52,136	Sep-30	2.61%	242,907	196,812	149,506	100,957	51,133	-
BOA	All	\$ 296,880	Feb-29	3.41%	956,034	687,651	409,960	122,638	-	-
					\$ 5,171,428	\$ 4,455,224	\$ 3,720,871	\$ 2,967,841	\$ 2,370,242	\$ 1,885,813

Water Fund – Net Position Balance

Net Position improves by FY2029 and
FY2030 as Debt Service continues to
reduce.

FUND BALANCE/NET POSITION HISTORY REPORT FOR:

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Audited	Unaudited	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
WATER SYSTEM - UNREST	2,858,064	2,653,710	2,570,042	2,465,965	2,416,361	2,442,002	2,723,632	3,218,566
	2,858,064	2,653,710	2,570,042	2,465,965	2,416,361	2,442,002	2,723,632	3,218,566

Sewer Fund – 5 Year Forecast Summary

- Assumed a 5% annual rate increase through the forecast period.
- Over the Five-Year Forecast, we have a mix of draws from reserves and appropriation to reserves.

	For the Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	CAGR
OPERATING REVENUES	\$ 2,269,008	\$ 2,382,458	\$ 2,501,581	\$ 2,626,660	\$ 2,757,993	5.0%
OTHER REVENUES	120,000	123,600	127,308	131,127	135,061	3.0%
	<u>\$ 2,389,008</u>	<u>\$ 2,506,058</u>	<u>\$ 2,628,889</u>	<u>\$ 2,757,788</u>	<u>\$ 2,893,054</u>	
TRANSFERS IN						
APPROPRIATION FROM RESERVE	4,296					
TOTAL SOURCES OF FUNDS	<u>\$ 2,393,304</u>	<u>\$ 2,506,058</u>	<u>\$ 2,628,889</u>	<u>\$ 2,757,788</u>	<u>\$ 2,893,054</u>	
SEWER TREATMENT	\$ 1,126,125	\$ 1,182,431	\$ 1,241,553	\$ 1,303,630	\$ 1,368,812	5.0%
OPERATING EXPENSES	672,179	696,780	722,090	748,374	775,652	3.6%
CAPITAL	375,000	375,000	375,000	375,000	375,000	0.0%
	<u>\$ 2,173,304</u>	<u>\$ 2,254,212</u>	<u>\$ 2,338,642</u>	<u>\$ 2,427,004</u>	<u>\$ 2,519,464</u>	
TRANSFERS OUT	220,000	220,000	220,000	220,000	220,000	
APPROPRIATION TO RESERVE		31,847	70,247	110,783	153,591	
TOTAL USES OF FUNDS	<u>\$ 2,393,304</u>	<u>\$ 2,506,059</u>	<u>\$ 2,628,889</u>	<u>\$ 2,757,787</u>	<u>\$ 2,893,055</u>	

Sewer Fund – Unfunded Major Projects Summary

- The Sewer Fund has 1 major projects that could be accomplished with unrestricted funds or possible interfund loans.
- This project is the #1 propriety for major capital projects

			Cumulative Inflation		7.00%	10.50%	14.00%
			Annual Inflation		3.50%	3.50%	3.50%
Priority	Project	Estimated	For the Fiscal Year Ending September 30,				
		Cost	2026	2027	2028	2029	2030
1	Sewer Lining	\$ 2,000,000	\$ 2,000,000				
		\$ 2,000,000					

Sewer Fund – Net Position Balance

We could possibly fund the Sewer Lining
Project with Unrestricted Sewer Funds
or Possibly Inter-fund loan

FUND BALANCE/NET POSITION HISTORY REPORT FOR:

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Audited	Unaudited	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
SEWER SYSTEM - UNREST	2,174,203	2,761,782	2,472,013	2,467,717	2,499,564	2,569,811	2,680,594	2,834,185
	2,858,064	2,653,710	2,570,042	2,465,965	2,416,361	2,442,002	2,723,632	3,218,566