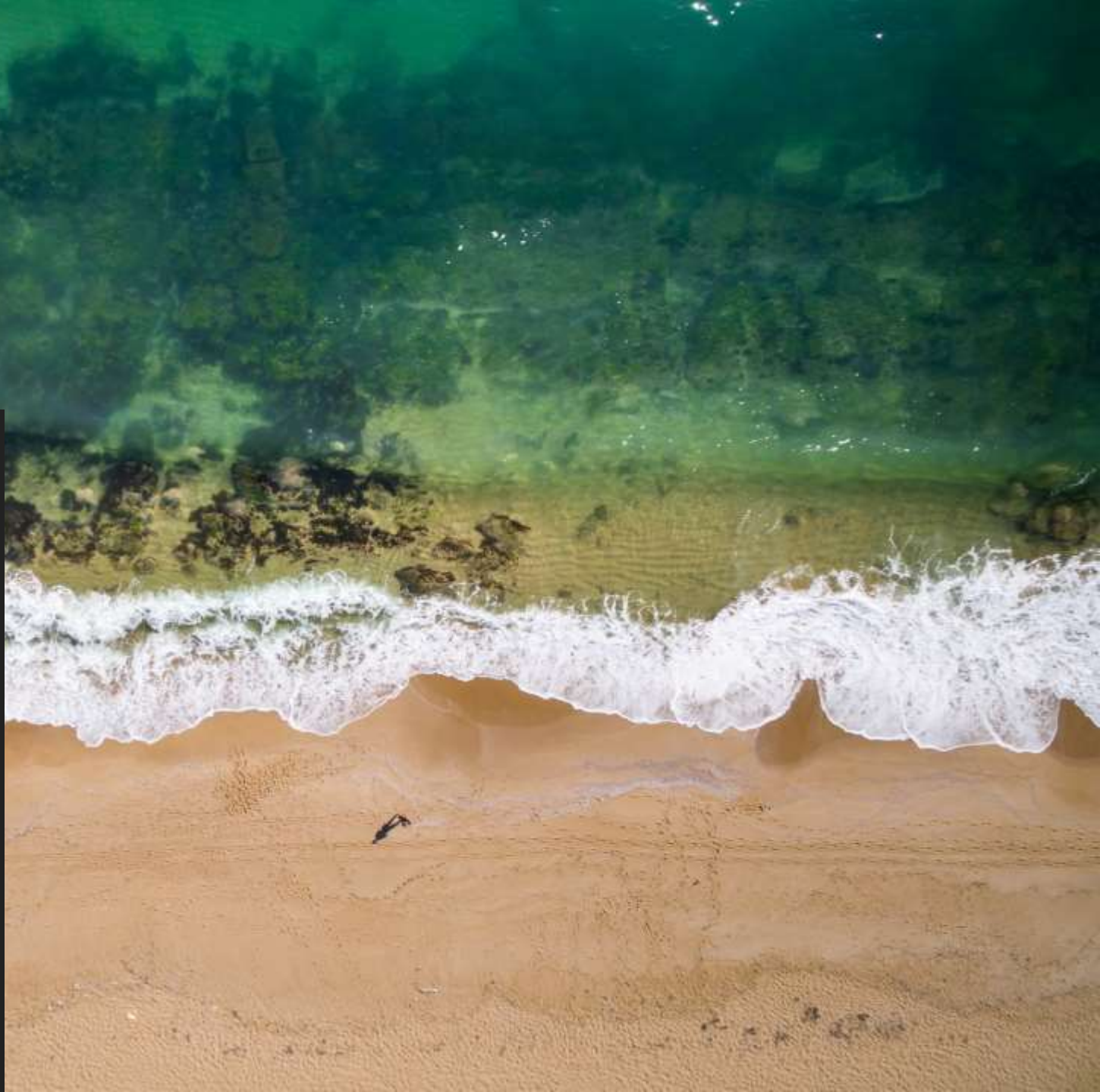




City of Lake Worth Beach

FY 2022 Integrated Financial
Sustainability Analysis -
Governmental Funds





Agenda

ITEM	AGENDA ITEM
1	The Integrated Financial Sustainability Process
	Governmental Funds
2	Beach Fund
3	General Fund
4	Live Modeling, Questions & Discussion
	Enterprise Funds
5	Electric Fund
6	Water Fund
7	Local Sewer Fund
8	Stormwater Utility Fund
9	Refuse Collection and Disposal Fund
10	Live Modeling, Questions & Discussion



Our Integrated Financial Sustainability

- Develops a financial forecast of each separate fund
 - Customer demands
 - Operating needs
 - Capital / R&R Needs
- Provides a framework to consider various scenarios and sensitivity tests
 - Compliance with existing and new debt covenants
 - Reserve target / policy
 - Interfund impacts and considerations
- Develops a long-term financial management plan
 - Revenue and operating cost forecasts
 - Capital funding plans (includes planning for future borrowing)
 - Reserve levels and other KPI's
 - Customer impacts



Key Factors in Analysis

- COVID 19 Pandemic
 - Impacted majority of funds in prior fiscal year (FY 2020)
 - Lingering impacts observed in FY 2021 year to date
- Unaudited FYE 2020 Financials as starting point for FY 2021 projections
- FY 2022 Budget and 5-year CIP
 - No rate increases in FY 2022 for Enterprise Funds and Governmental Funds
- FY 2022 Preliminary Tax Roll from Property Appraiser



Beach Fund Key Inputs / Assumptions



1. Projected FY 2022 parking revenues above prior forecasts
 - Park Mobile provides revenue benefit
 - FY 2021 beach activity growth expected to continue
2. FY 2022 now reflects NO parking meter rate adjustment vs. prior year estimate of \$0.50 increase
3. Parking transaction growth of 1% assumed through FY 2025
 - Parking capacity constraint starting in FY 2026
4. Beach property improvements in FY 2022 (\$6.0M project)
 - Assumed debt financing (\$300K annual debt service)
 - Annual \$0.25 parking rate increases starting in FY 2026

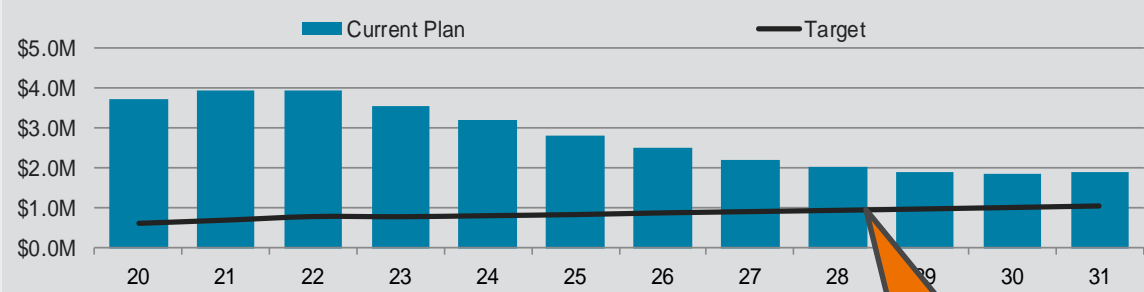


\$0.25 annual increases starting FY 2026

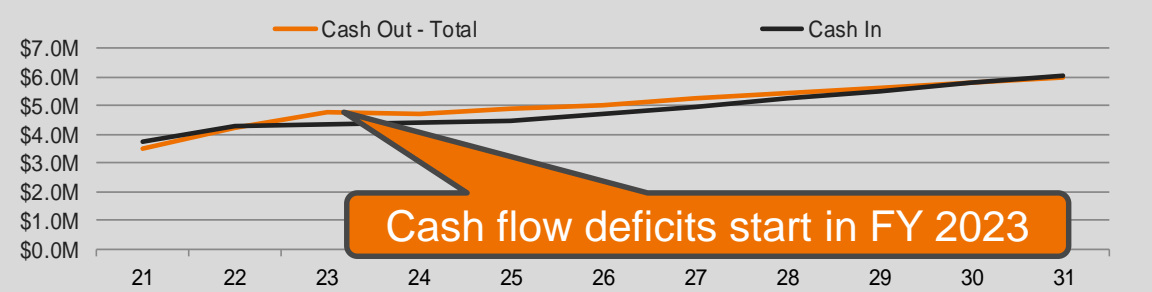
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
Metered Parking Rate	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.25	\$ 3.50	\$ 3.75	\$ 4.00	\$ 4.25	\$ 4.50	
Cash Flow Surplus/(Deficit) \$M	\$ 0.22	\$ 0.02	\$ (0.40)	\$ (0.33)	\$ (0.42)	\$ (0.31)	\$ (0.29)	\$ (0.19)	\$ (0.10)	\$ (0.03)	\$ 0.04	Growth 1.00%
End of Year Fund Balance \$M	\$ 3.92	\$ 3.94	\$ 3.54	\$ 3.22	\$ 2.79	\$ 2.48	\$ 2.20	\$ 2.00	\$ 1.90	\$ 1.87	\$ 1.91	Elasticity 0.00
Target Fund Balance \$M	\$ 0.71	\$ 0.79	\$ 0.79	\$ 0.81	\$ 0.84	\$ 0.88	\$ 0.90	\$ 0.93	\$ 0.97	\$ 1.00	\$ 1.04	Beach Property Yes
Balance % of Expenses	111.49%	92.93%	74.78%	68.17%	57.44%	49.49%	41.80%	36.94%	33.88%	32.28%	31.87%	

BEACH FUND

Working Capital Fund



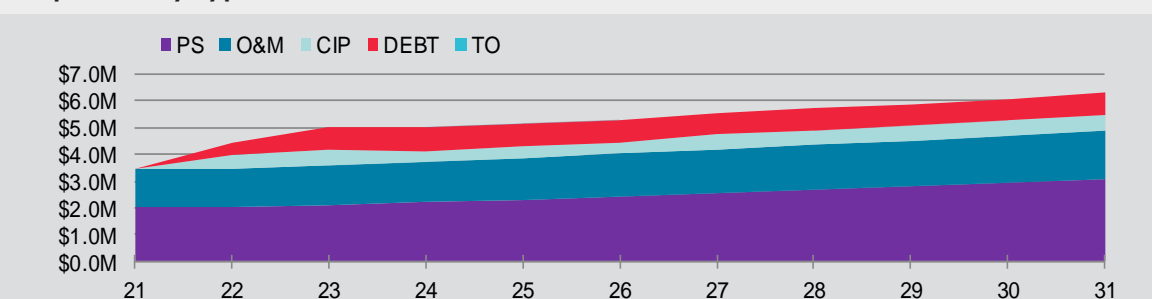
Revenues vs. Expenses



CIP Spending



Expenses by Type





General Fund Key Inputs / Assumptions



1. Continued property value growth
 - 10.2% average growth over past 4 years
 - 9.3% growth in FY 2022 per Preliminary Tax Roll
 - 7.0% assumed in each year thereafter
2. FY 2022 franchise fees reflect ~ 8.7% of revenues for GF
 - Reflects 8% of gross revenues for each Enterprise Fund
3. Projected expenses outpace revenues starting in FY 2023
 - Assumed cost inflation and no revenue adjustments (besides growth)
 - Consideration for future expense reduction or revenue enhancements

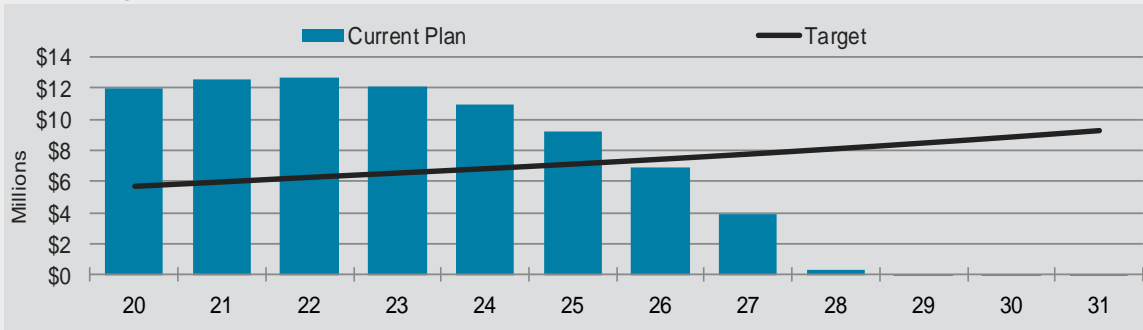


No millage rate adjustments

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
Millage Rate	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	5.4945	
Fire MSTU	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	3.4581	
Total Millage	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	8.9526	
Taxable Value Increase	8.8%	9.3%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7% projected property growth
Cash Flow Surplus/(Deficit) \$M	\$ 0.57	\$ 0.17	\$ (0.60)	\$ (1.14)	\$ (1.72)	\$ (2.32)	\$ (2.97)	\$ (3.62)	\$ (4.33)	\$ (5.01)	\$ (5.77)	Include PAYGO N
End of Year Fund Balance \$M	\$ 12.51	\$ 12.68	\$ 12.08	\$ 10.94	\$ 9.22	\$ 6.90	\$ 3.93	\$ 0.31	\$ (4.02)	\$ (9.03)	\$ (14.80)	PAYGO Offset N
Target Fund Balance \$M	\$ 5.97	\$ 6.27	\$ 6.54	\$ 6.82	\$ 7.12	\$ 7.43	\$ 7.76	\$ 8.11	\$ 8.47	\$ 8.86	\$ 9.27	
Balance % of Expenses	33.12%	31.59%	28.61%	24.78%	19.96%	14.28%	7.77%	0.58%	-7.24%	-15.51%	-24.22%	

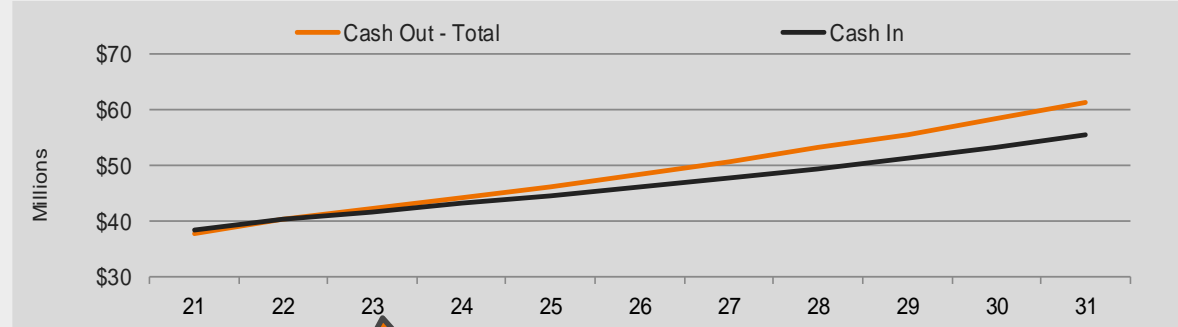
GENERAL FUND

Working Capital Balance



Revenue/expense adjustments required to meet 2-month target

Revenues vs. Expenses



Cash flow deficits start in FY 2023



Enterprise Funds



LAKE WORTH BEACH ELECTRIC UTILITY

1.73% revenue adjustments start in FY 2023

Combined System targets are met

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2026	FY 2031
% Monthly Bill Increase	0.00%	0.00%	1.73%	1.75%	1.77%	1.79%	1.81%	1.83%	1.85%	1.87%	1.89%		
Residential Bill (1000 kWh)	\$107.99	\$107.99	\$109.85	\$111.78	\$113.75	\$115.79	\$117.89	\$120.05	\$122.27	\$124.56	\$126.92		
Senior-Lien DSC	10.22	2.50	2.73	2.92	1.84	1.60	1.52	1.49	1.44	1.38	1.32		
Combined System DSC	8.37	2.79	2.70	2.16	1.98	1.80	1.72	1.72	1.69	1.68	1.65		
Combined System Reserve (Days)	178	186	219	241	252	273	251	227	201	176	150		
Franchise Fee % of Revenue	7.7%	8.3%	8.1%	8.0%	7.9%	7.7%	8.1%	8.0%	7.9%	7.7%	7.5%		
Net Cash Flow (\$ M)	8.89	(0.72)	2.43	2.34	1.46	0.38	(0.18)	(0.43)	(0.90)	(1.43)	(2.04)		

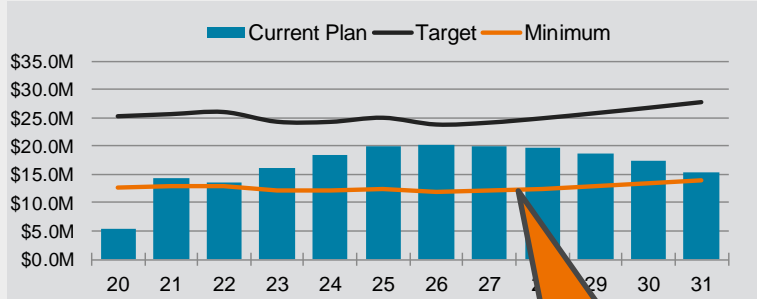
Scenario Manager

Normalize Rev.	No
Inventories	25%
Reimburse 21	Yes

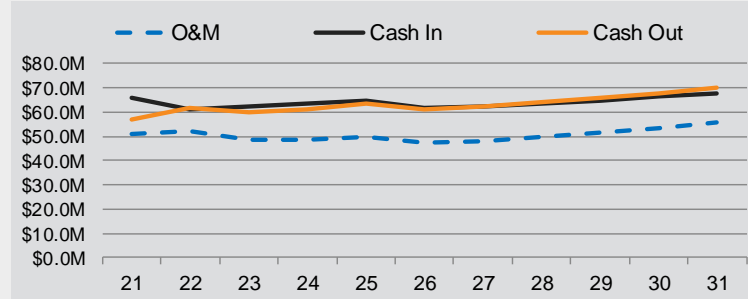
Check

ELECTRIC FUND

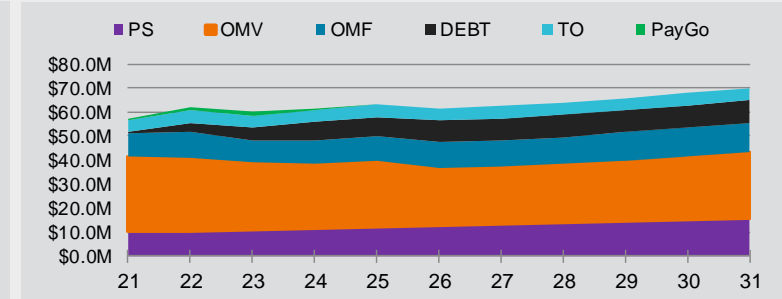
Working Capital Fund



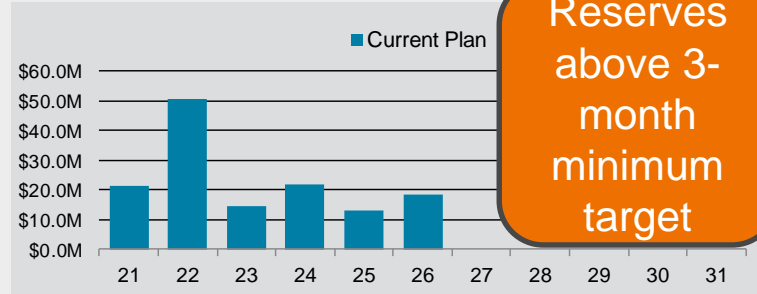
Revenues vs. Expenses



Expenses by Type

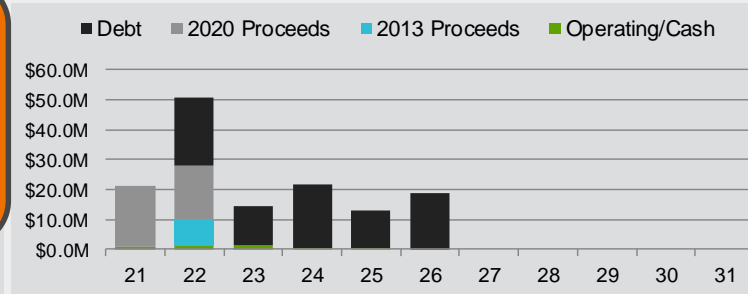


CIP Spending

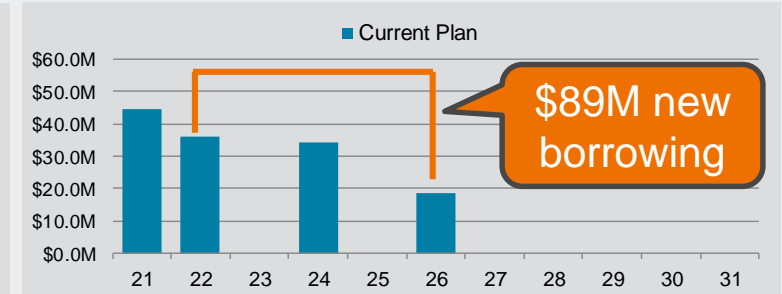


Reserves above 3-month minimum target

CIP Funding

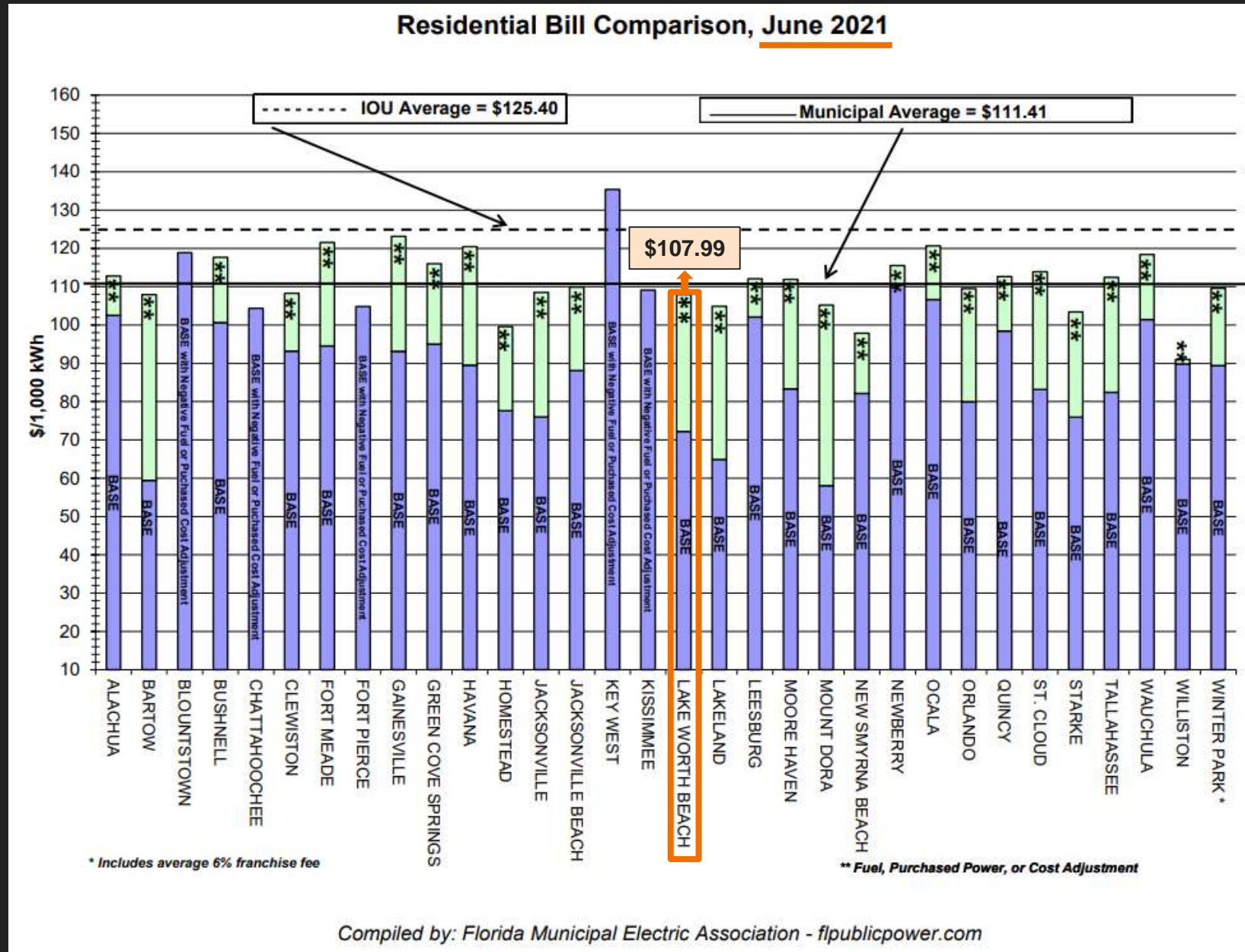


Borrowing



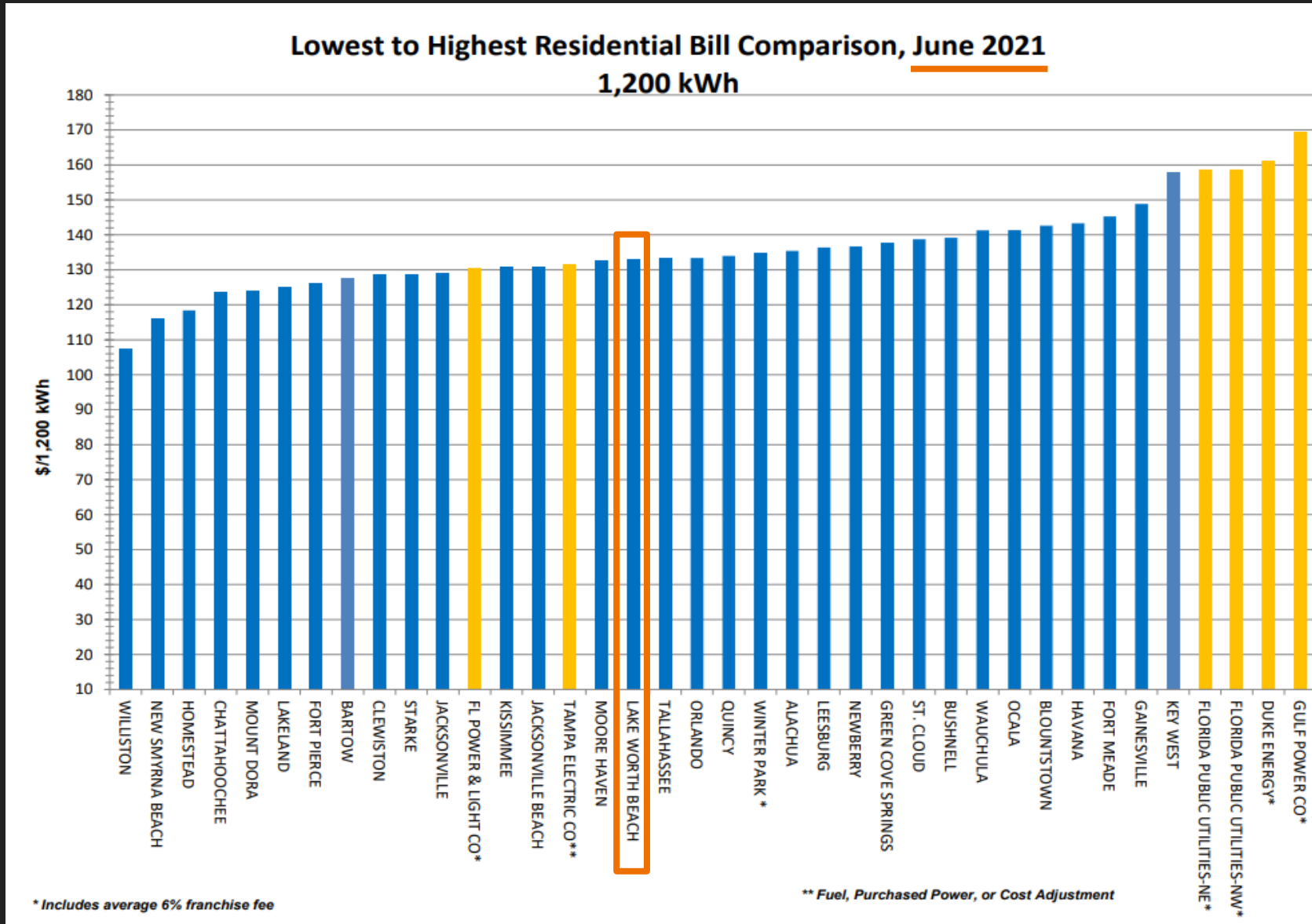


FY 2021 Monthly Residential Bill Comparison @ 1,000 kWh





FY 2021 Monthly Residential Bill Comparison @ 1,200 kWh





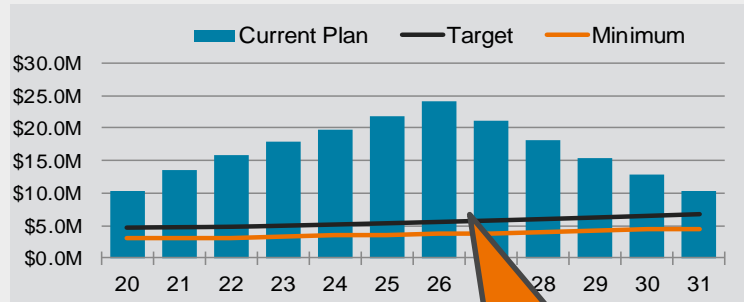
LAKE WORTH BEACH WATER FUND

3.75% rate plan
starting in FY 2023

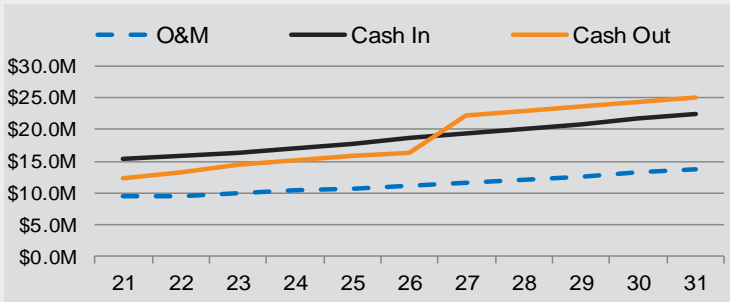
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2026	FY 2031
Water Rate Plan	0.00%	0.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	15.86%	39.29%
Senior-Lien DSC	17.74	5.16	3.46	3.14	2.89	2.89	3.00	3.11	3.22	3.32	3.44	Scenario Manager	
Combined System Coverage	8.37	2.79	2.70	2.16	1.98	1.80	1.72	1.72	1.69	1.68	1.65	Cash Funded CIP	Yes
Combined System Reserve (Days)	178	186	219	241	252	273	251	227	201	176	150		
Franchise Fee % of Revenue	10.0%	8.8%	8.6%	8.3%	7.9%	7.6%	7.3%	7.0%	6.8%	6.5%	6.3%		
Average Single Family Bill	\$40.03	\$40.03	\$41.54	\$43.09	\$44.71	\$46.37	\$48.12	\$49.91	\$51.79	\$53.76	\$55.77		
Net Cash Flow	3.20	2.38	2.00	2.01	2.02	2.21	(2.97)	(2.86)	(2.75)	(2.60)	(2.48)	Check	-

WATER FUND

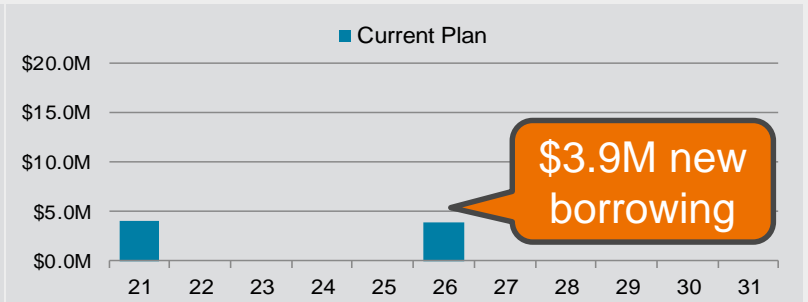
Working Capital Fund



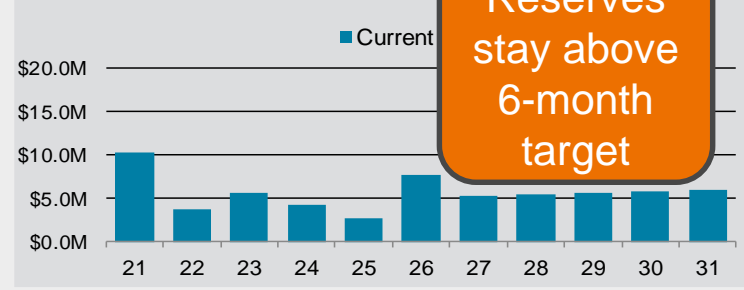
Revenues vs. Expenses



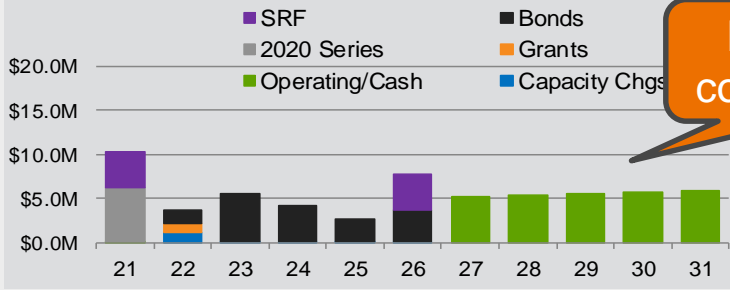
SRF Borrowing



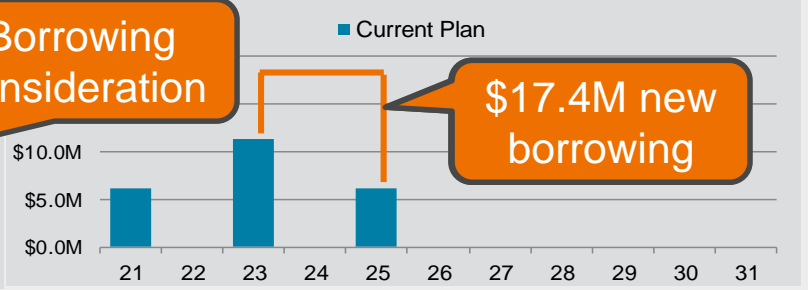
CIP Spending



CIP Funding



Long-Term Borrowing



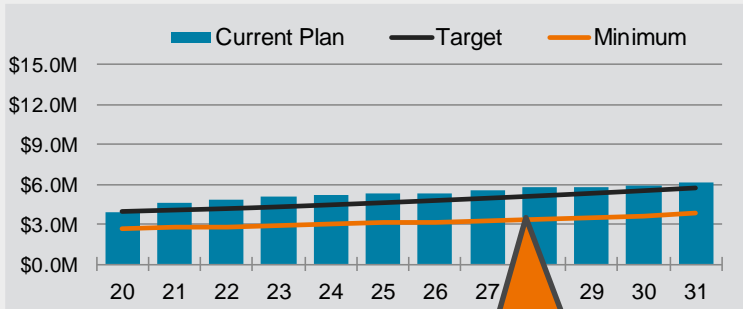


LAKE WORTH BEACH LOCAL SEWER

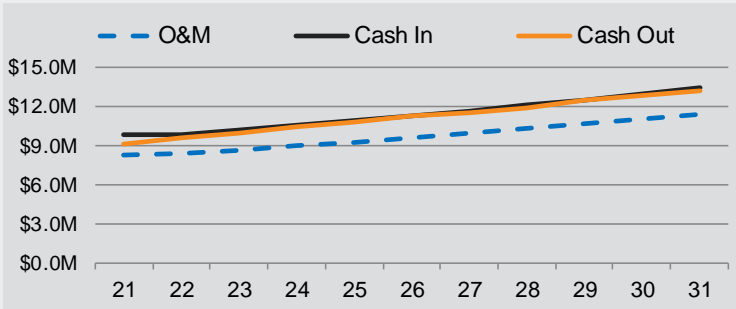
3.25% rate plan
starting in FY 2023

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2026	FY 2031
Local Sewer Rate Plan		0.00%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	13.61%	33.27%
Debt Service Coverage	24.56	5.46	3.00	2.60	2.17	2.11	2.33	2.30	2.06	2.03	1.96	Scenario Manager	
Combined System DSC	8.37	2.79	2.70	2.16	1.98	1.80	1.72	1.72	1.69	1.68	1.65	CIP Optimized	No
Combined System Reserve (Days)	178	186	219	241	252	273	251	227	201	176	150		
Franchise Fee % of Revenue	6.6%	8.3%	8.3%	8.0%	7.7%	7.5%	7.2%	7.0%	6.7%	6.5%	6.3%		
Single Family Residential Bill	\$42.29	\$42.29	\$43.69	\$45.10	\$46.58	\$48.09	\$49.66	\$51.25	\$52.91	\$54.64	\$56.40		
Net Cash Flow (\$ M)	0.70	0.25	0.20	0.16	0.07	0.08	0.19	0.22	0.02	0.17	0.16		

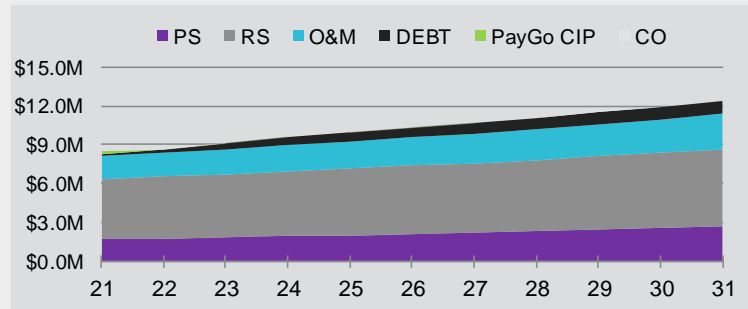
Working Capital Fund



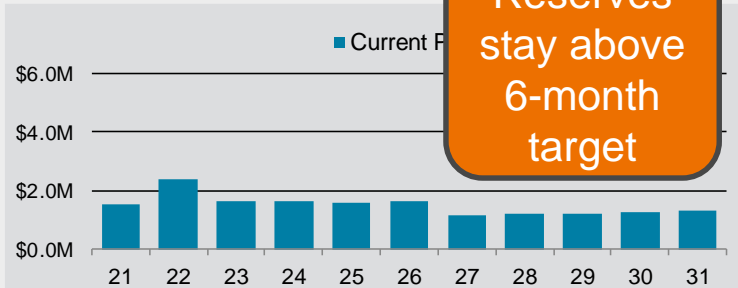
Revenues vs. Expenses



Expenses by Type

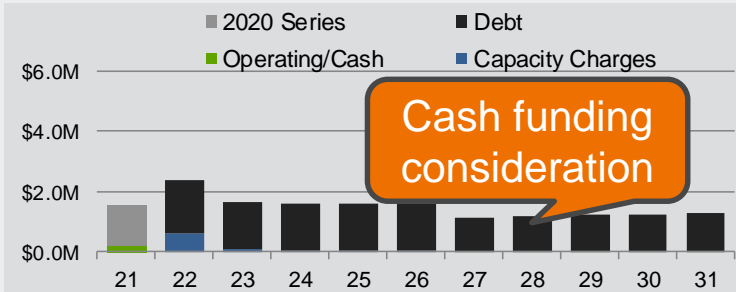


CIP Spending



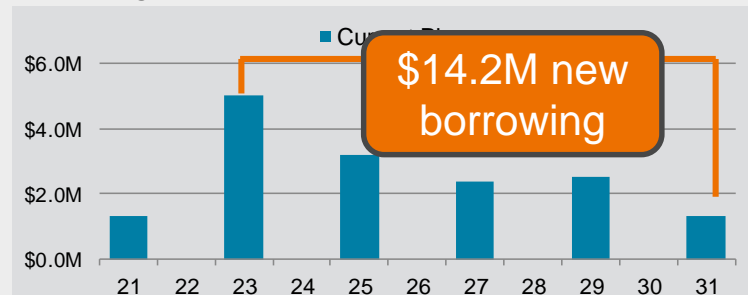
Reserves stay above 6-month target

CIP Funding



Cash funding consideration

Borrowing

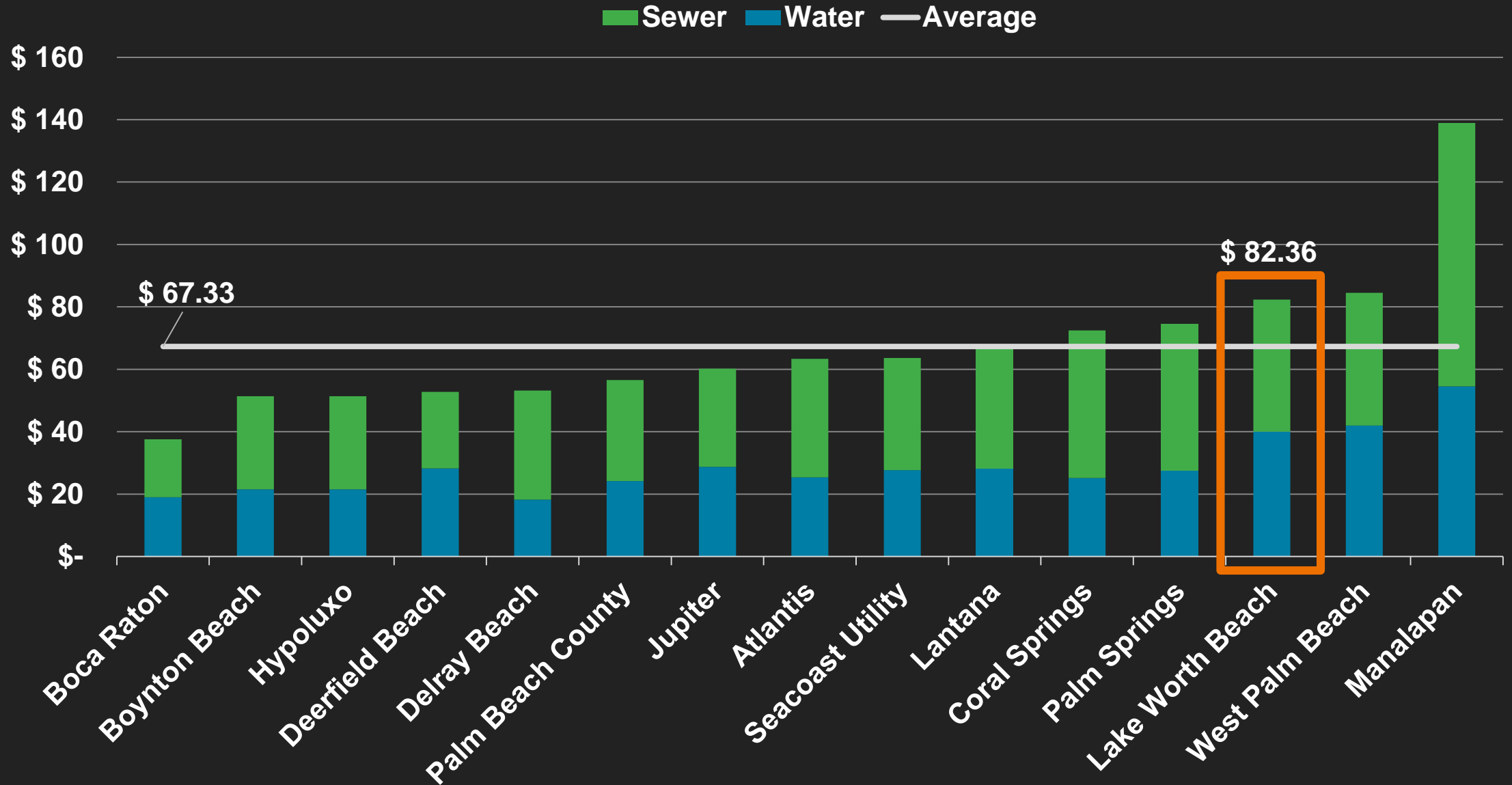


\$14.2M new borrowing



FY 2021 Rates @ 5,000 Gallons per Month

WATER & SEWER RATE SURVEY



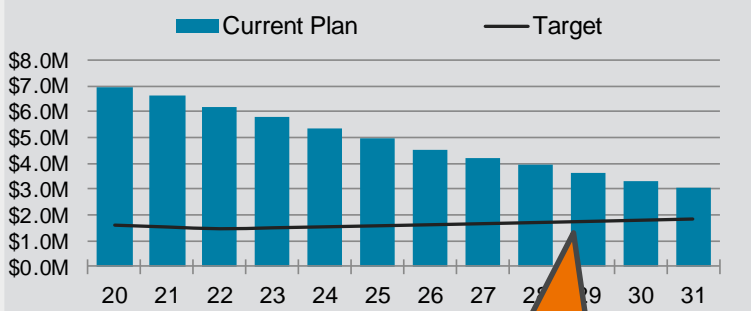


3.00% plan starting in FY 2023

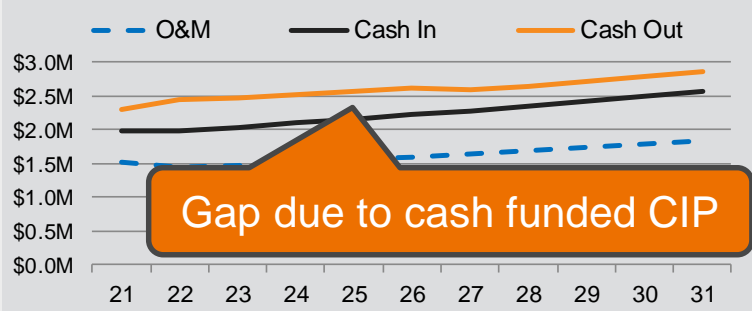
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2026	FY 2031
ERU Adjustment		0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	12.56%	30.48%
Annual Assessment per ERU	\$78.25	\$78.25	\$80.60	\$83.02	\$85.51	\$88.08	\$90.72	\$93.44	\$96.24	\$99.13	\$102.10	CIP Borrow	No
Franchise Fee % of Revenue	7.8%	8.3%	8.3%	8.1%	7.9%	7.7%	7.5%	7.3%	7.1%	6.9%	6.7%		
Operating Cash Flow (\$ M)	0.20	0.00	-0.06	-0.05	-0.03	-0.01	0.28	0.30	0.32	0.34	0.36		
Net Cash Flow (\$ M)	-0.32	-0.45	-0.42	-0.42	-0.41	-0.41	-0.30	-0.30	-0.30	-0.30	-0.29		

STORMWATER FUND

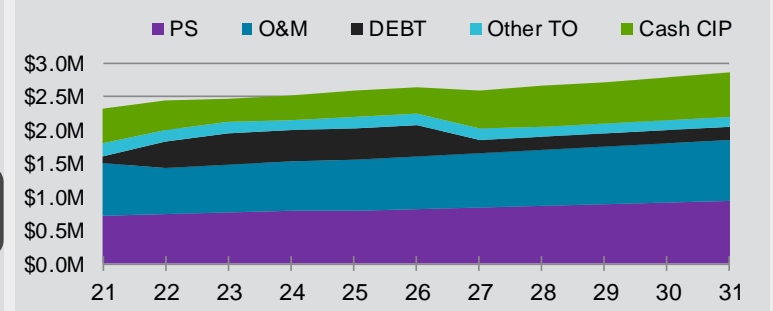
Working Capital Fund



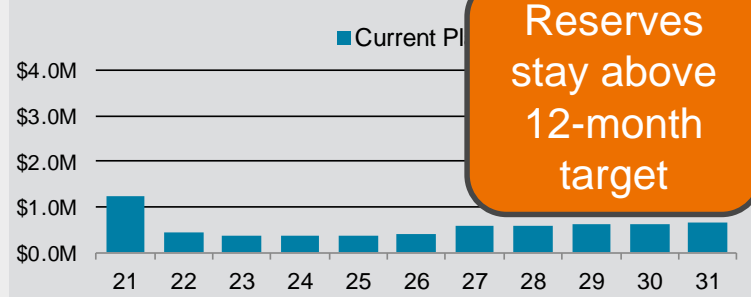
Revenues vs. Expenses



Expenses by Type

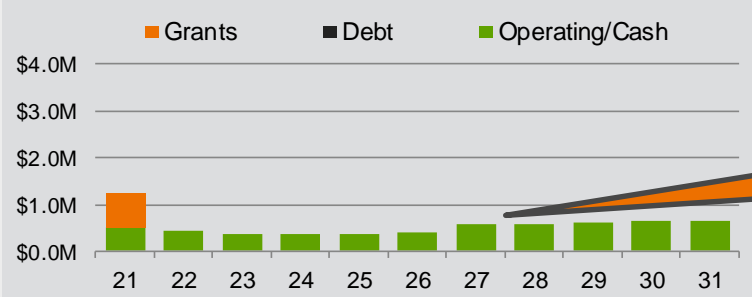


CIP Spending

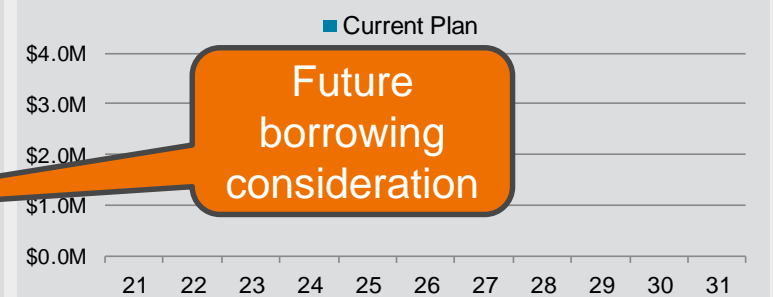


Reserves stay above 12-month target

CIP Funding



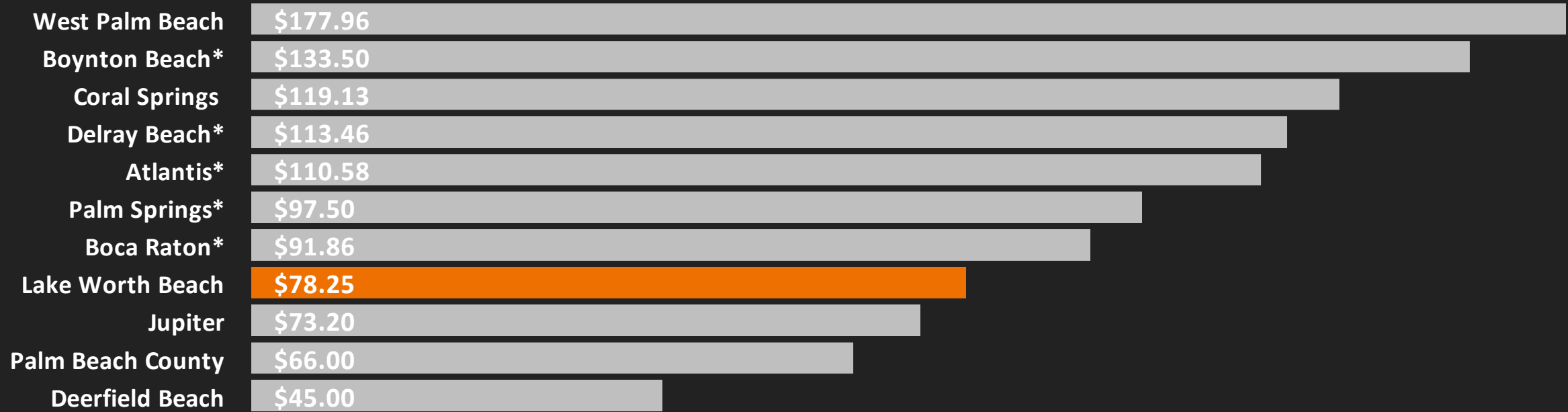
Borrowing





FY 2021 Annual Residential Fee Comparison

STORMWATER RATE SURVEY



*Annual fee includes Lake Worth Drainage District Fee of \$49.50

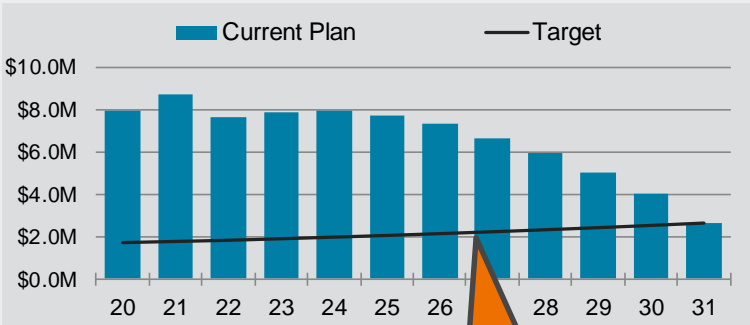


Out year rate increases to maintain reserves at target

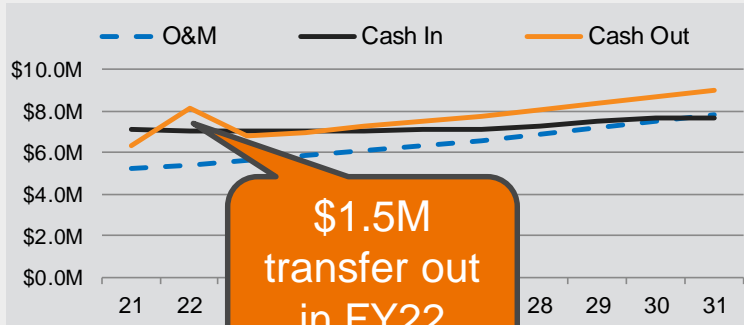
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2026	FY 2031
Override ▶	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.00%	2.50%	2.50%	0.00%	Cumulative	
Revenue Adjustment Plan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.00%	2.50%	2.50%	0.00%	0.00%	8.21%
Single Family Residential Bill	\$245.14	\$245.14	\$245.14	\$245.14	\$245.14	\$245.14	\$245.14	\$252.49	\$258.80	\$265.27	\$265.27	CIP Borrow	No
Franchise Fee % of Revenue	8.9%	7.5%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.3%	7.2%	7.0%		
Net Cash Flow (\$ M)	0.77	-1.10	0.21	0.06	-0.18	-0.43	-0.65	-0.74	-0.87	-1.02	-1.37		

REFUSE FUND

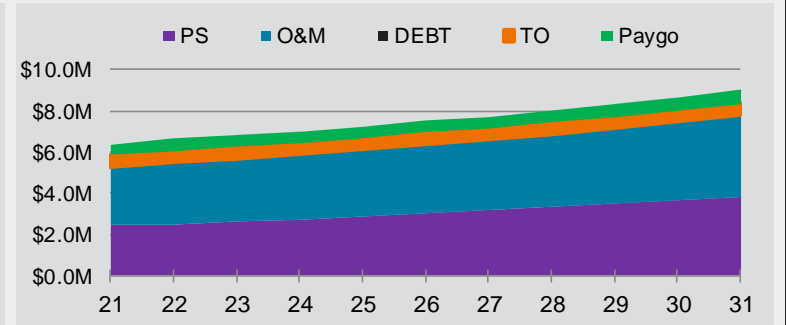
Working Capital Fund



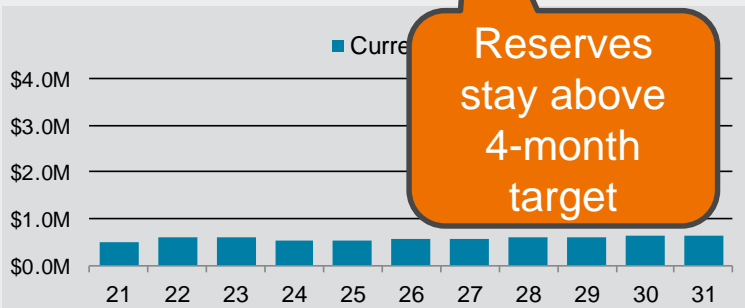
Revenues vs. Expenses



Expenses by Type

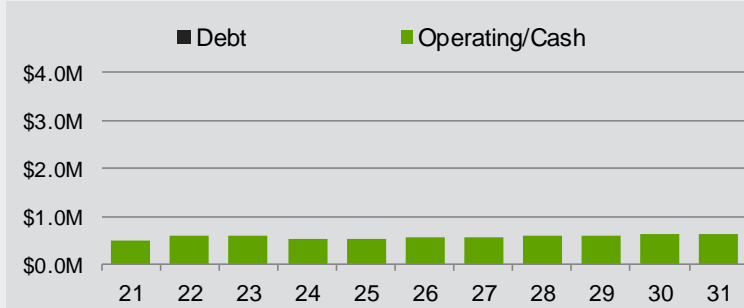


CIP Spending

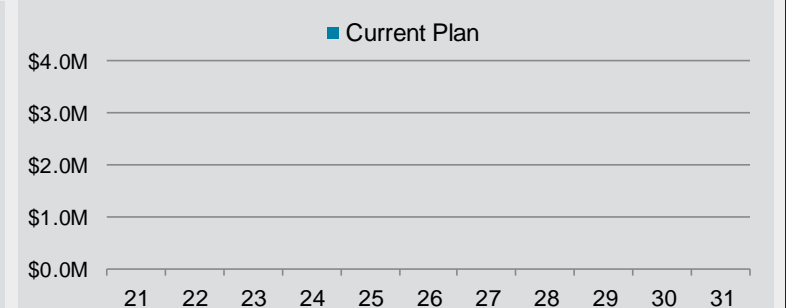


Reserves stay above 4-month target

CIP Funding



Borrowing





FY 2021 Annual Residential Garbage & Recycling Fee Comparison



***Fees shown herein do NOT include FY 2021 annual disposal fee of \$173.00 to be paid to Palm Beach County. All entities above, except for Deerfield Beach and Coral Springs, pay disposal fee.**



Live Modeling, Questions & Discussion

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Senior Financial Analyst - Financial Services
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