

FY22 Five Year Plan

Enclosed is the 2022 Five Year Budget Plan. It is meant as a road map for the Town Commission (TC.)

The projections are based on assumptions informed by historic performance over the last 10 years and some knowns such as increases in fire/rescue and Waste Management contracts. The assumptions are conservative, both revenue and expenses. The current millage rate is maintained at the current level for all five years.

This is not a plan that the TC need approve. It is just meant to inform.

The goal that we set informally last year is to have 60% of yearly operating expenses in the operating reserve. You can see that by FY2026 we have 56%. In FY25, the mortgage on 50 Colony will be paid off and Admin expenses will be reduced by \$88,000 thereafter.

Explanation of Reserves and FY22 Expenditures

Operating Reserve

The OR is the unrestricted reserve based on budget surpluses in past and current FYs. In effect, it is the Town's "savings account." The only time the TC would draw from the OR is for nonbudgeted expenses approved individually by the TC during a FY when the operating surplus does not cover such costs. It is there for extraordinary expenses caused by unforeseeable emergencies such as hurricane damage.

By the end of this FY, I estimate that the OR will be \$750,000. (See August Cash Flow Report.)

NRP Reserve

The NRP reserve is restricted by loan covenants and can be used only with the approval of legal counsel and the TC for Town improvements. It is based on the non- ad valorem receipts from the NRP. The net amount will be returned to property owners who chose to pay the assessment yearly when the loan is liquidated in 2032. As of July 31, 2021, there is \$552,000 in the NRP Reserve.

We reduced the annual assessment last year by \$438 per year but we continue to receive more in assessments than loan repayment, so the reserve is replenished each year by a small amount.

Projects approved by the TC in FY21 from this reserve:

North Walk ADA handicapped accessible ramp \$24,000

Street/Stop Signs \$36,000

Penny Sales Tax

This money is highly restricted for use on infrastructure projects and town vehicles. There is now \$67,000 in the account. We will receive about \$30,000 per year until FY28. If the funds are not utilized by JIC, the net will be remitted to the County.

Projects approved by the TC :

Park pergola and park infrastructure \$24,000.

Projects to be considered, not yet approved:

North and South walkover replacement and expansion \$80-100,000 estimated

Undergrounding Reserve

We have \$28,000 in this reserve, which functions the same as the NRP reserve. The funds will be returned to property owners in FY27. There are no plans to utilize this reserve.

Federal CARES Funds.

This is highly restricted \$192,000 for Covid rescue. The money can be used for infrastructure, payments to staff who worked here during 2020 including police, town vehicles and any other expenses that can be attributed directly or indirectly to Covid. All expenditures must be reported to the federal government and funds not utilized by 2026 must be returned to the federal treasury.

Discussed but not approved by the TC:

Code enforcement truck \$40,000

Total OR and other funds as of end of FY21: \$1,589,000.

Of course, the approved expenditures from reserves are nonrecurring and approved on an ad hoc basis. Therefore, there is no plan or budget for use of reserves. However, as you know, the reserves are included in the monthly financials and are highlighted in the monthly cash flow report which I prepare.

I hope and trust that the plan and information provided above helps in understanding the strong financial condition of the Town.