



TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - SEP 2020



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director



Welcome to the ninth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town audited financial results for the 2019 fiscal year from October 1, 2018 through September 30, 2019, and year end unaudited FY20 financial information.

Our goal is to provide each quarter the latest information about many of the Town's most important data points that describe our Town's financial condition. This summary information is a service to residents, part of our effort to make our current complex financial reporting system more accessible to everyone.

The Dashboard Report is now, and will continue to be, a work in progress. Subsequent quarterly reports will contain updated data based, in part, upon user response. This report contains information on the Town's adopted FY21 budget and millage rate and fiscal year 20 financial information.

On the following pages are charts, graphs and flash numbers that describe trends in key aspects of the Town's financial performance. This Dashboard describes trends in General Fund revenues/expenditures; Town reserves; the status of key revenue sources such as construction activity and assessed property valuation; interest and investment income; pension assets and liabilities; and millage rate comparisons.

All of this information is accessible in much greater detail in publicly available reports found on the town's website. If you have questions, comments or suggestions, please contact Jane Le Clainche at (561) 227-6330 or by email at jleclainche@townofpalmbeach.com. We are eager to know what you think!

Sincerely,

Handwritten signature of Kirk Blouin in black ink.

Kirk Blouin

Handwritten signature of Jane Le Clainche in black ink.

Jane Le Clainche

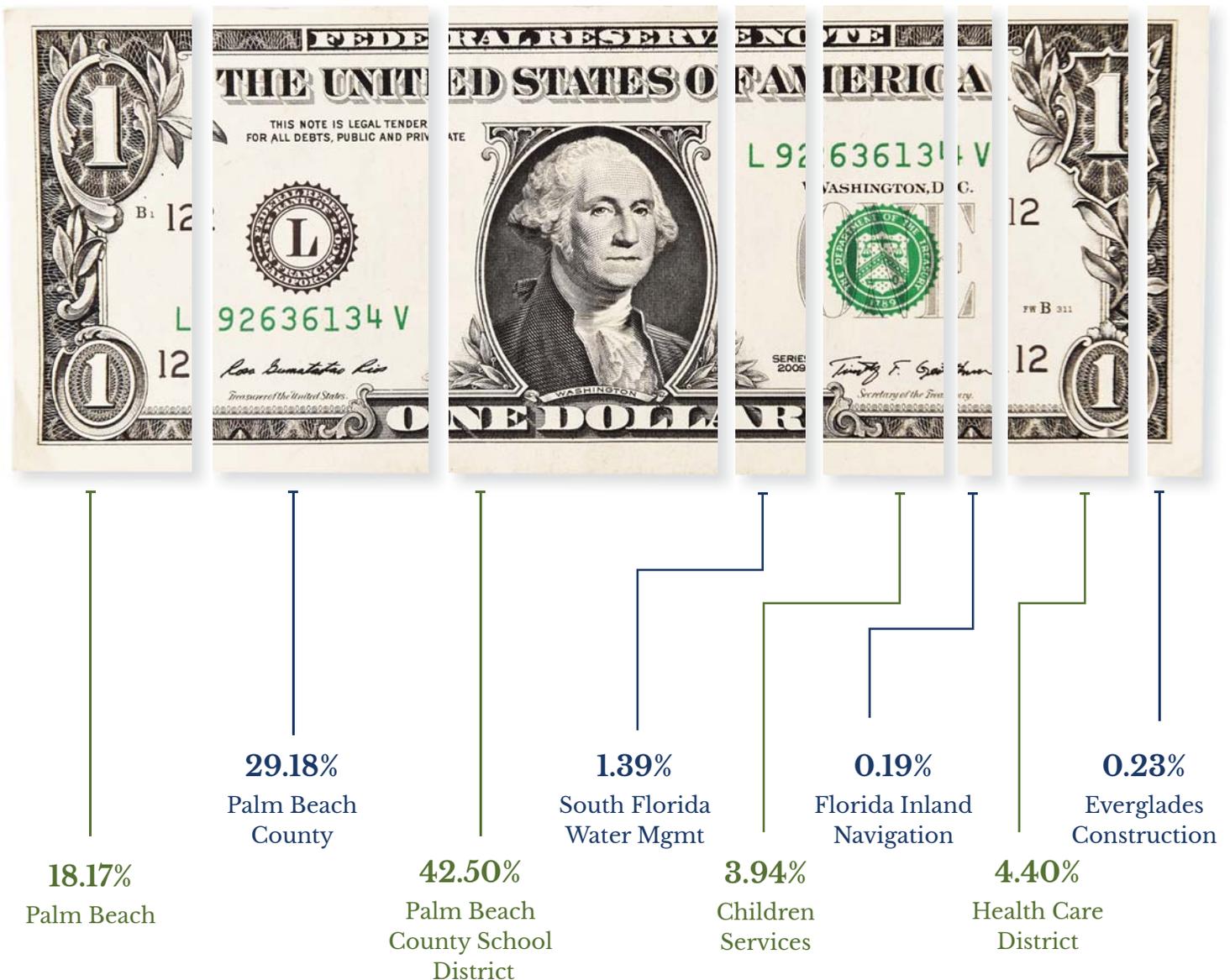
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

Operating budget and YTD results	page 4
Reserves and investment results	page 5
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Debt levels	page 9

Town Finance News You Can Use

- The Town Council adopted the FY21 budget in September. The FY21 General Fund Budget came in at 4.18% less than FY20's budget. The adopted millage rate of 2.9962 is 2.34% less than FY20 and resulted in a \$0 increase in Town taxes for homestead property owners. No reserves were used to balance the budget.
- The Long-Term Financial plan was updated with the FY21 budget and is available on the Town's website.
- The Town's unaudited General Fund revenues are expected to finish the year at budget targets. Considering the drop in revenue during the initial stages of the pandemic, revenues rebounded to budget targets. Unaudited expenditure are expected to be \$2.6 million below budget due to reductions in personnel costs realized through vacancies and savings from the implementation of the compensation study. The Town's expected surplus for FY20 is a healthy \$2.5 million.
- The Town has strong reserves set aside that will help weather hard times or in case of program shortfalls, if necessary. As of September 30, 2019, total reserves were \$123 million, with excess reserves in all funds of approximately \$22.7 million. General Fund reserves total \$26.5 million with \$9 million in excess reserves, plus the FY20 surplus.
- The Marina project is proceeding very well. All construction activities are on schedule and on budget with an anticipated completion date of Fall 2021.
- Investment income earned through September 30, 2020, on the Town's excess cash and bond funds of approximately \$203,030,164 was \$4,191,141. Pension and retiree health trust funds are not included in this total.
- The market value of the net assets of the pension trust funds as of September 30, 2020, equaled \$238,692,955, up from \$209,264,772 as of March 31, 2020. Preliminary results through September 30, 2020, indicate a fiscal year to date return since October 1st of 5.78%, up from -9.09% in March.
- The market value of the net assets of the Town's OPEB Trust as of September 30, 2020, equals \$34,936,812, up from \$29,343,928 as of March 31, 2020. Preliminary results through September 30, 2020, indicate a fiscal year to date return since October 1st of 6.01%, up from March fiscal year losses of -10.64%.
- The Par 3 operations since reopening in April 2020, have continued at a record pace. Revenues were up 66.91% from July - September 30. Rounds were up 63.17% over the same period.
- Tennis also continued its rebound exceptionally well. The 4th quarter revenues were up 96.69% over the 4th quarter of FY2019. Both facilities were quite busy with participation up almost 50%.
- The Mandel Recreation Center also did quite well notwithstanding the COVID the closure and limited offerings. Revenue was up almost 25% for the 4th quarter of 2020 compared to last year. Staff made adjustments through social distancing and other safety measures in the fitness center which, enhanced this increase in revenue.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



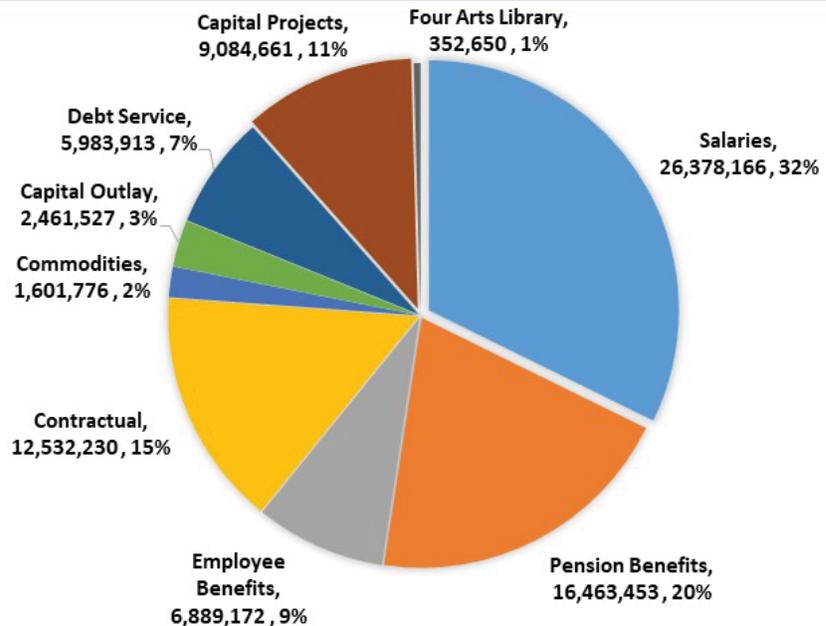
GENERAL FUND

General Fund Revenues and Expenditures

The General Fund is used to account for the day-to-day operations of the Town which are financed from property taxes, fees, licenses, permits, fines and other general revenues. This fund finances Town operations including, police, fire rescue, public works, planning zoning and building and town administration. The below numbers are preliminary and unaudited.

	FY2020 Revenues	FY2020 Expenditures	Difference
October	2,084,814	11,301,416	(9,216,602)
November	7,352,807	6,332,671	1,020,135
December	42,912,674	6,928,268	35,984,407
January	4,547,204	7,253,636	(2,706,432)
February	5,019,728	5,896,115	(876,387)
March	3,839,189	5,801,929	(1,962,740)
April	3,981,109	5,735,245	(1,754,136)
May	3,203,740	6,074,320	(2,870,580)
June	3,232,566	6,139,547	(2,906,981)
July	3,635,168	6,945,678	(3,310,510)
August	2,048,070	5,757,685	(3,709,615)
September	3,337,181	7,581,074	(4,243,894)
Total	85,194,250	81,747,584	3,446,666

General Fund Expenditures to Date By Type

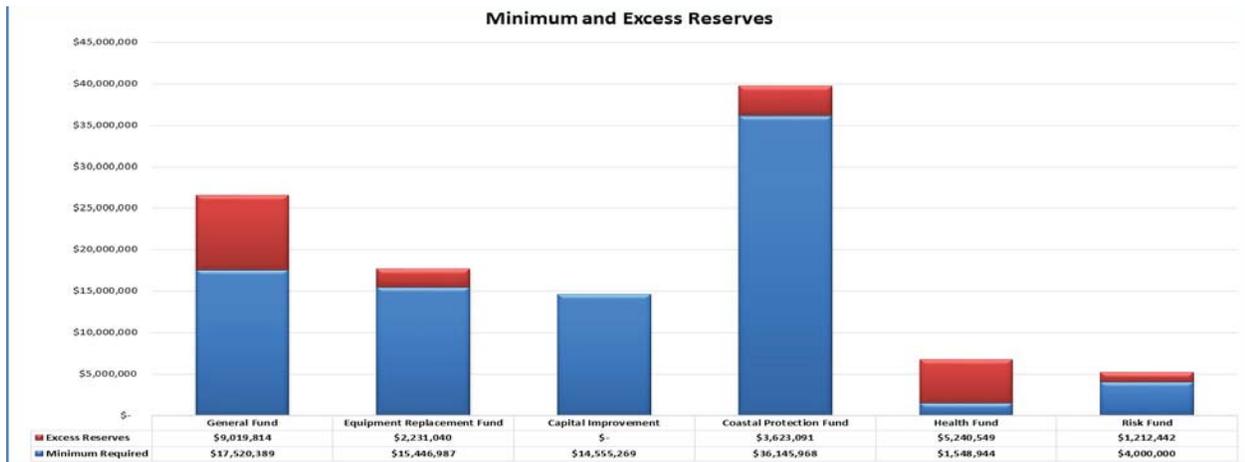
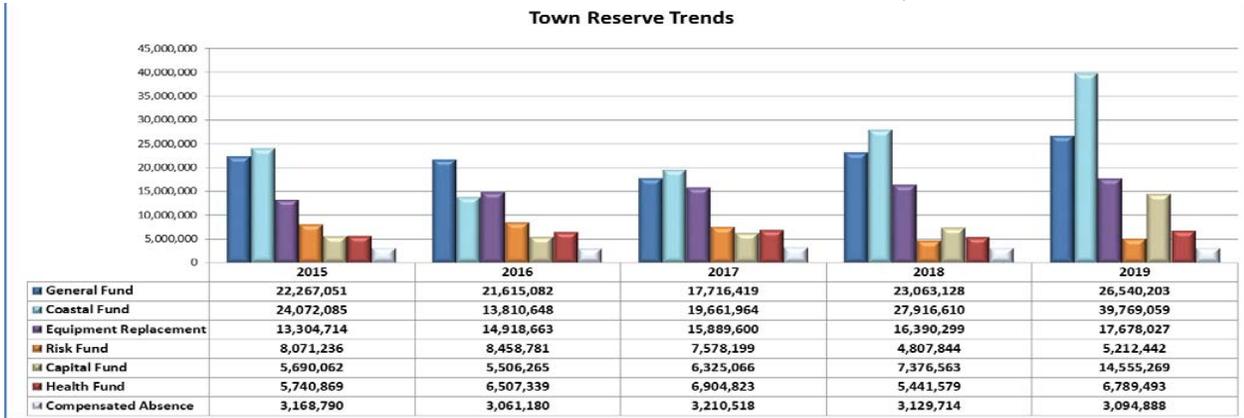


Salaries and Benefits make up 61% of General Fund expenditures, followed by Contractual Services at 15% Capital Projects at 11% and Debt Service at 7%.

RESERVES AND INVESTMENT RESULTS

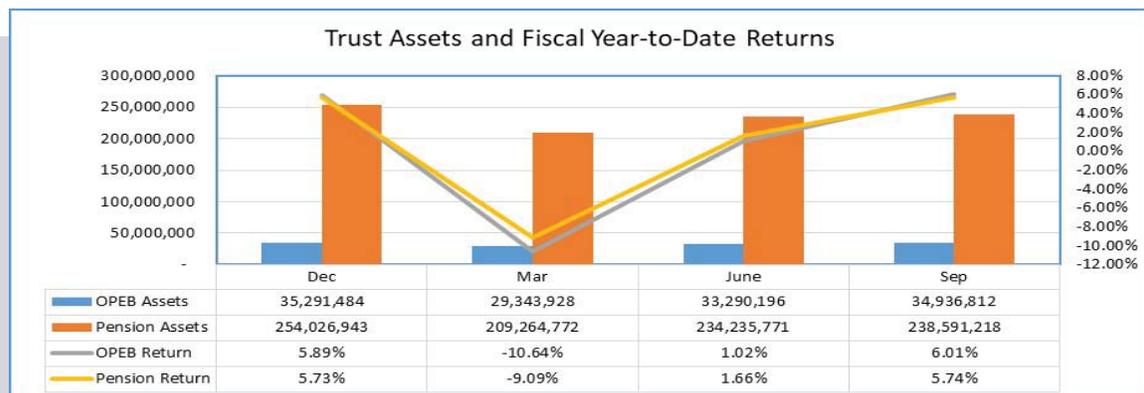
Town Annual Reserve Trends FY15 - FY19

The Town's Reserves represent the net assets of each of the Town funds. Most of these funds are invested in short-term fixed income investments. The chart below breaks down annual trends in seven funds over the preceding five years. All Reserves are at or above recommended policy levels as shown in the second chart below. Total reserves excluding trust funds are \$123,610,673, excess reserves over the minimum required total \$22,708,289.



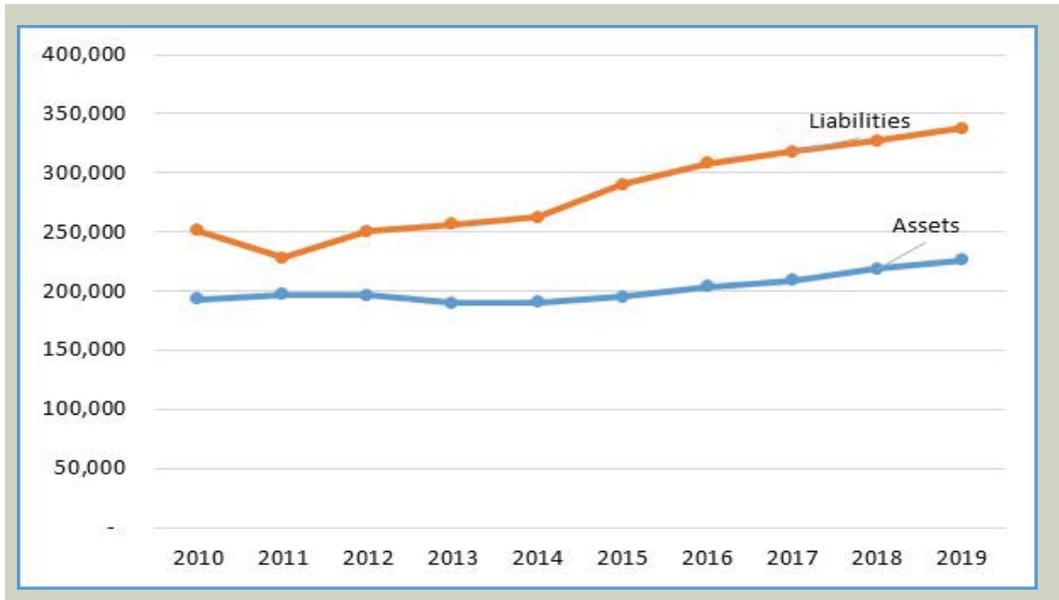
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

Trust assets represent the total market value of assets in the Pension and Retiree Health (OPEB) trust funds. The returns shown are the fiscal year-to-date returns that are reported quarterly.



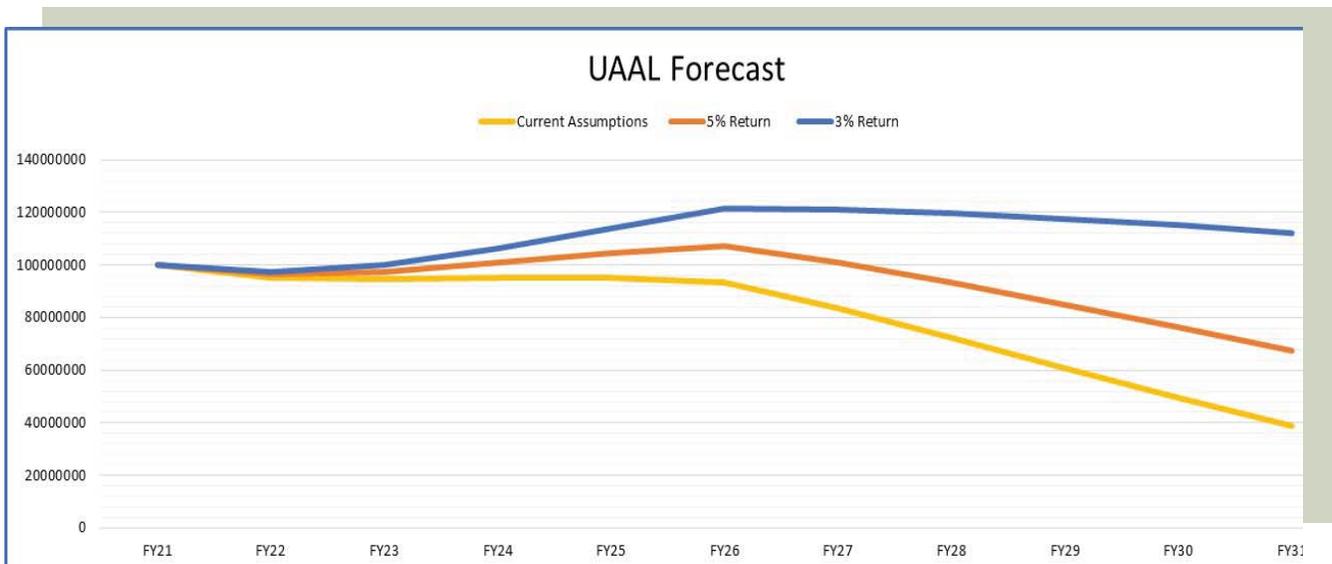
Pension Assets and Liabilities (In Millions)

The chart below represents the trend since 2010 of the assets and pension liabilities for our pension fund. The difference between the two numbers represents the Unfunded Actuarial Liability of \$100,219,557. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2010 the funded ratio was 78% and declined to 70% in 2019. The actuarial value of plan assets as of September 30, 2019 was \$237,693,298, while the total amount owed to retirees was \$337,912,855 if the entire amount were to be paid at fiscal year end September 30, 2019.



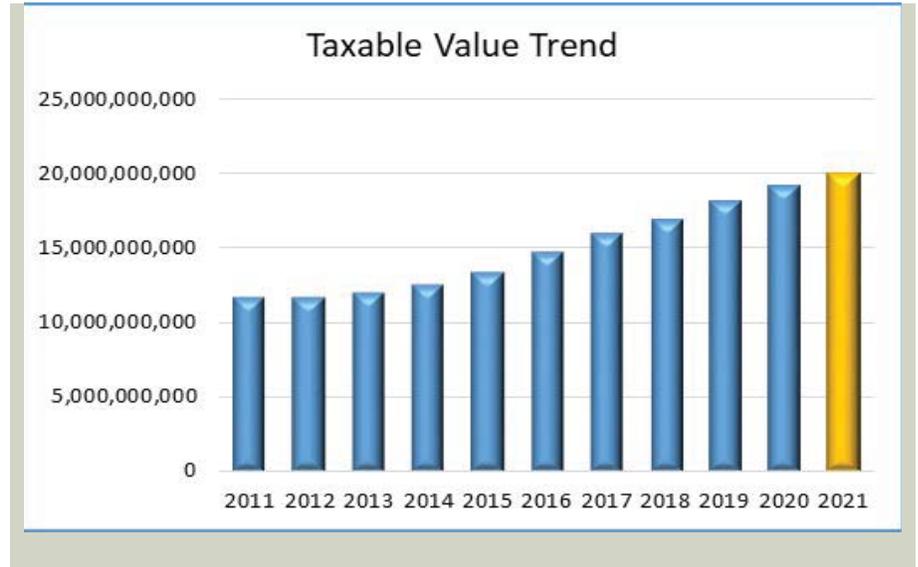
Unfunded Actuarial Accrued Liability (UAAL) Forecast

The chart shows the updated 10-year UAAL Forecast based on the updated amortization schedule under two investment return scenarios, current assumption for returns are 7.1% for FY19, 6.8% for FY20 and going down to 6% by 2024. The second line assumes a 5% return for all years. Other assumptions include a payroll growth rate of 2.75%, expected salary increases by pension group, and the RP-2000 Mortality Tables. If the current assumptions hold, the Town's funded ratio would improve to 81.7% funding by 2026.



Taxable Value Trend

Each year the Palm Beach County property appraiser provides each municipality the total taxable value of all parcels within the municipality. The Town's property values have grown significantly since the bottom of the market in 2012. The taxable values for FY21, increased by 4.68% and are now over \$20 billion for the Town.



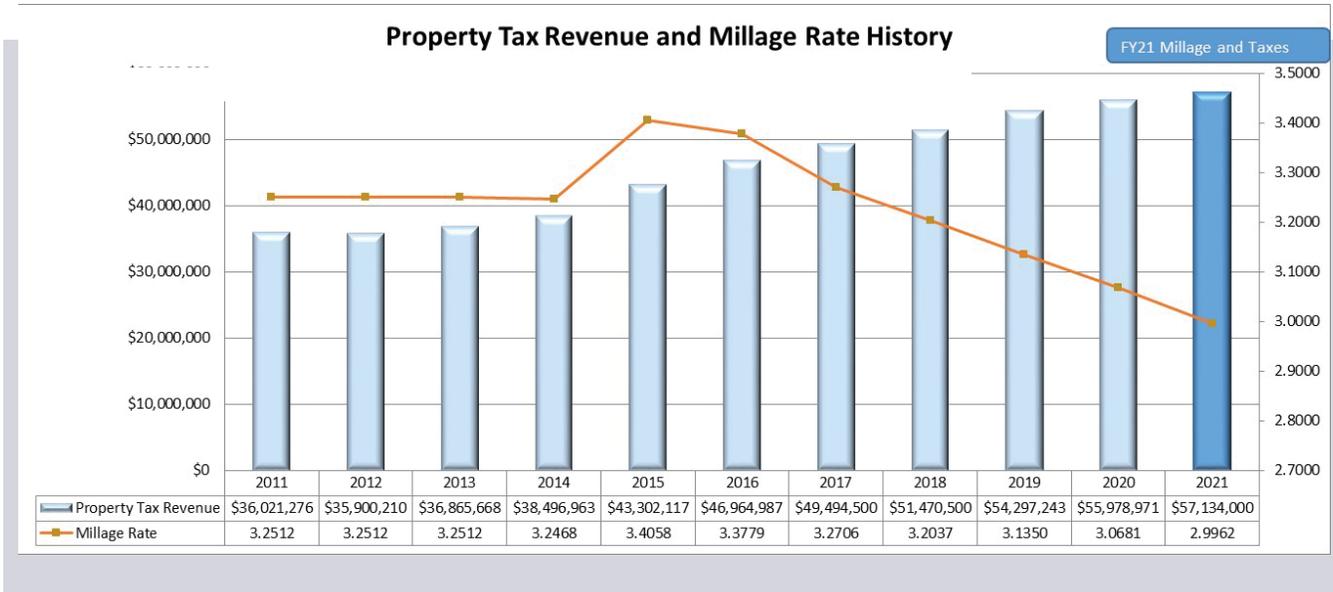
Construction Valuation

Part of the increase in taxable value is related to construction activity in Palm Beach. The trend over the past 5 years is shown below. Fiscal year 2018 was a record construction year for the Town, and FY19 came close to meeting the FY18 record. FY20 construction activity has declined due to the downturn caused by the pandemic, but exceeded the FY20 budget targets.

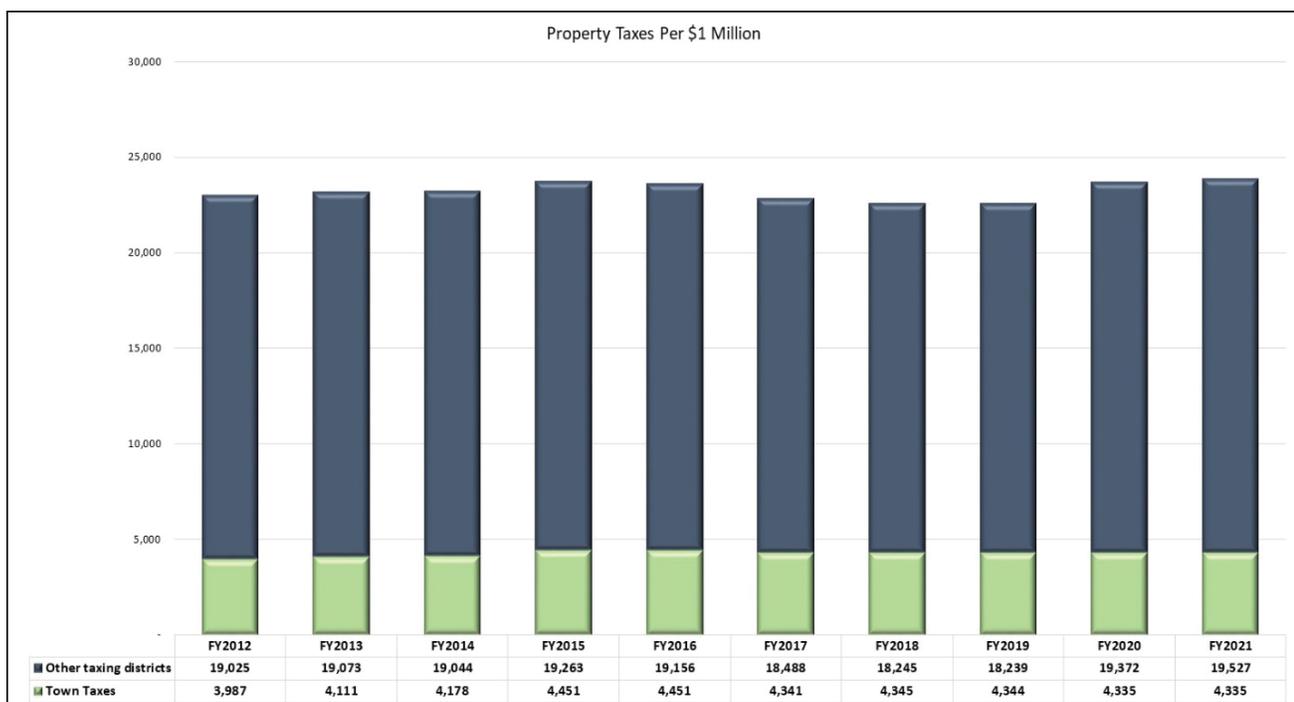


Property Tax Revenue and Millage Rate History

The recent trend in the Town's millage rate is shown below. The Town adopted a millage rate of 2.9962 for FY21. This will result in a \$0 increase for homestead property owners.



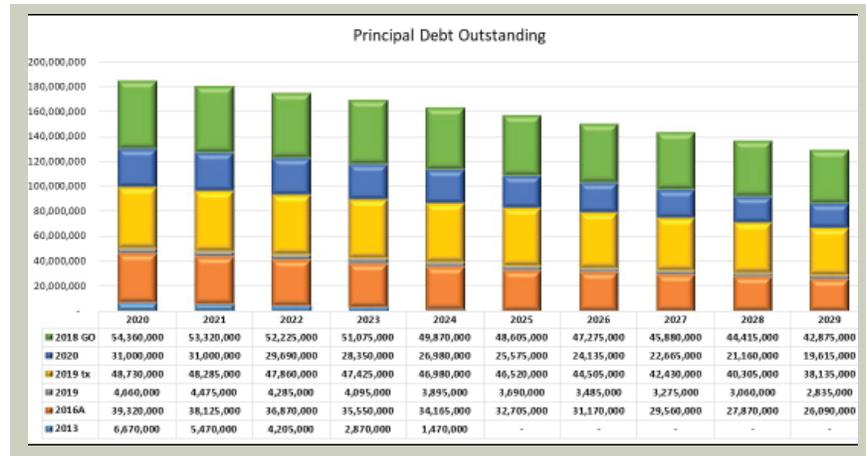
Town taxes represent 18.17% of the total tax bill of approximately \$314 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



OUTSTANDING DEBT AND DEBT SERVICE LEVELS

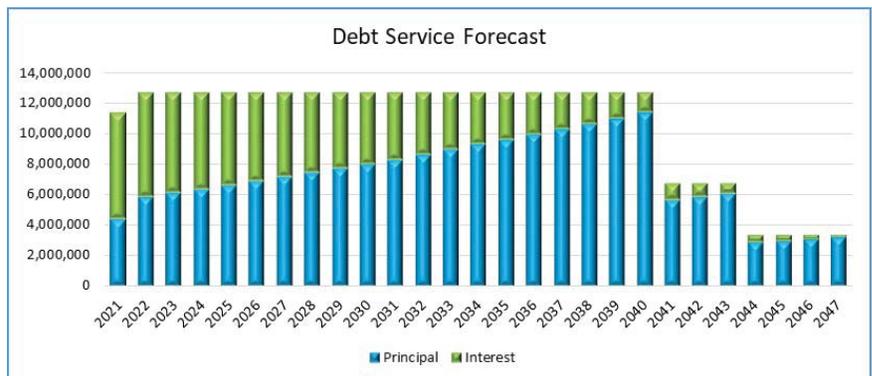
Total Outstanding Debt

The Town has issued debt for infrastructure projects such as sewer and drainage projects. In addition, a portion of the outstanding debt is for the Par 3 clubhouse and golf course and the Worth Avenue beautification project. The Town refinanced the 2013 Revenue Bonds, the remaining 2010A Revenue Bonds in FY20. In 2020, the Town issued \$31 million in debt for the Marina Project. Overall, Town debt levels are expected to decrease by over \$58.8 million or 30% during the next 10 years. Total outstanding debt equals \$194,995,000.



The Town holds Aaa/AAA issuer bond ratings from both Moody's Investor Services and Standard and Poor's and Aa1/AAA ratings on the Town's Revenue bonds. These ratings are the highest rating classifications given by these rating agencies.

The Town's annual debt service forecast is shown below. The total debt service is approximately \$11.4 million per year with approximately \$5.6 million paid through the General Fund. The Worth Avenue debt service is paid for by assessments on the property owners in the project district and the Par 3 debt is paid for with revenues from the Golf Course, the Marina debt will be paid with revenues from the Marina. The Town refinanced the 2013 bonds resulting in net present value savings of \$4,385,248 and \$260,000 in debt service savings annually.





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