



TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - MAR FY2021



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director



Welcome to the tenth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town audited financial results for the 2020 fiscal year from October 1, 2019 through September 30, 2020, and fiscal year FY21 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 21 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

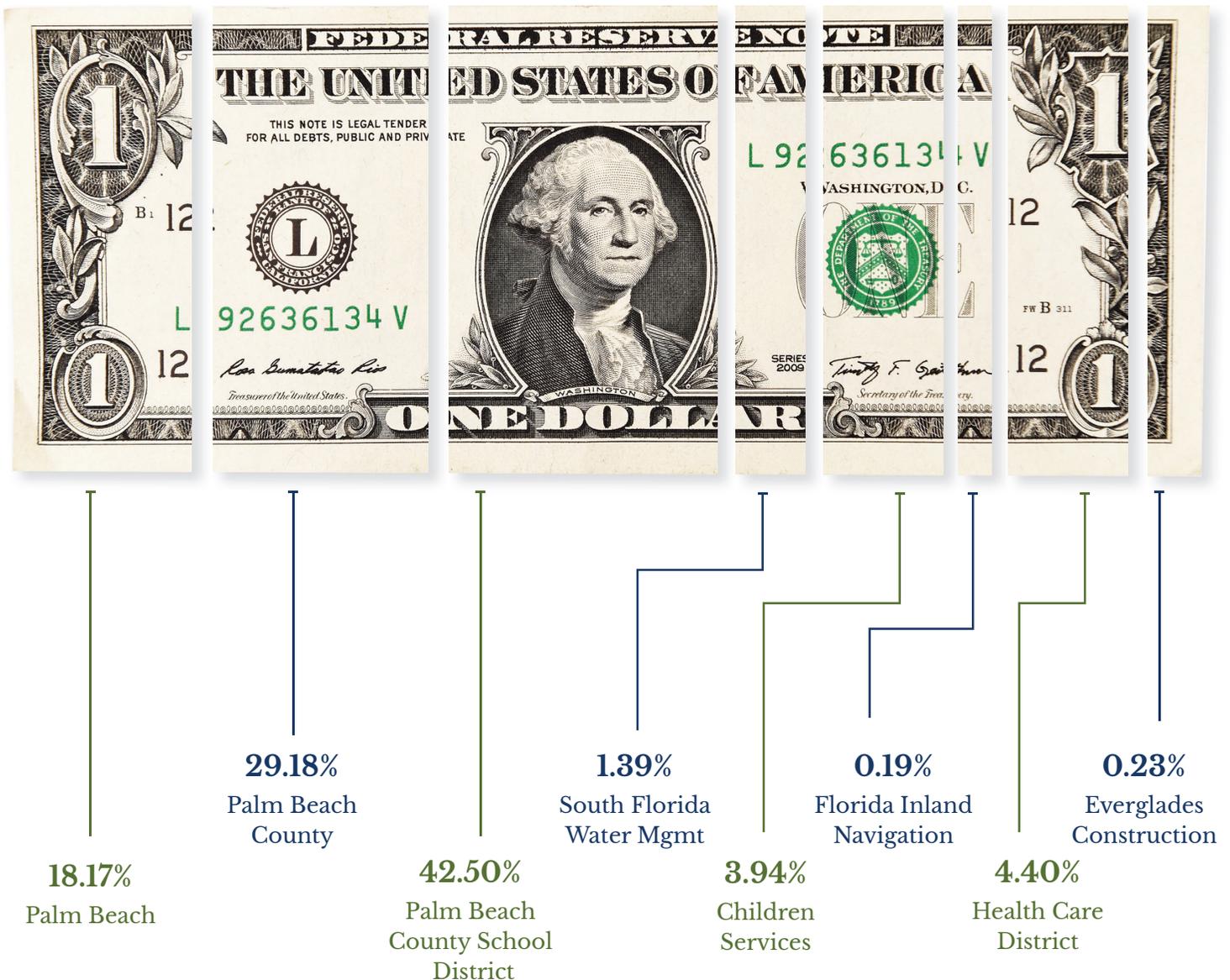
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

Operating budget and YTD results	page 4
Reserves and investment results	page 5
Pension and trust assets and liabilities	page 6
Property valuations and millage rate	page 7-8
Debt levels	page 9

Town Finance News You Can Use

- Even through the economic downturn caused by the pandemic, the Town's FY20 General Fund finished the year with a surplus of \$2,968,598.
- The last tranche of bonds for the underground utility project was issued on February 23, 2021. The issue totaled \$8,575,000 and carried an 1.91% interest rate.
- The rating agencies, Moody's and S&P, confirmed the Town's AAA General Obligation Bond rating and Aa1 rating on our non-ad valorem debt as part of the bonds issuance process. They cited as rationale for the confirmation, the town's strong management practices, adherence to formal fiscal policies, and active long-term capital and financial planning that continue to support a healthy financial position. They also cited the Town's mature and stable tax base with extremely high wealth levels that will provide additional stability.
- The Town offered the final prepayment opportunity for the Townwide Underground Utility Assessments to residents in January. A total of 689 property owners prepaid \$6,586,941 in assessments.
- The Town has strong reserves set aside that will help weather hard times or in case of program shortfalls. As of September 30, 2020, total reserves were \$183 million, with excess unassigned reserves in all funds of approximately \$28.2 million. General Fund reserves total \$29.6 million with \$12.6 million in excess unassigned reserves, an increase of \$3.1 million from the prior year.
- The Marina project is proceeding very well. All construction activities are on schedule and on budget with an anticipated completion date of Fall 2021. The Town Council has approved plans for the renovation of the Lake Drive Park. Generous donations of \$2.5 million will pay for a portion of the project.
- Investment income earned through March 31, 2021, on the Town's excess cash and bond funds of approximately \$223,884,651 was \$9,194. 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 March 31, 2021, equaled \$273,299,219, slightly down from \$273,888,184 as of December 31, 2020 due to distributions for retirees. Preliminary results through March 31, 2021, indicate a fiscal year to date return since October 1st of 11.67%. Our current rate of return assumption is 6.6% for FY21.
- The market value of the net assets of the Town's OPEB Trust as of March 31, 2021, equals \$39,274,632, up from \$38,377,947 as of December 31, 2020. Preliminary results through March 31, 2021, indicate a fiscal year to date return since October 1st of 12.32%. The current rate of return assumption for these funds is 5%.
- Palm Beach Par 3 rounds of golf are up 36% in the first six months of FY21 translating to a 42% increase in revenue.
- Tennis programs have experienced a resident participation increase of almost 16% from the first six months of FY21 compared to FY20. Teaching revenue is up over 29% (69,243 vs. \$53,433) Overall revenue is up over 38% (\$219,161 vs \$158,291).
- The Mandel Recreation Center has seen a dramatic increase in revenue through March 31, 2021 at 53% over FY20.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



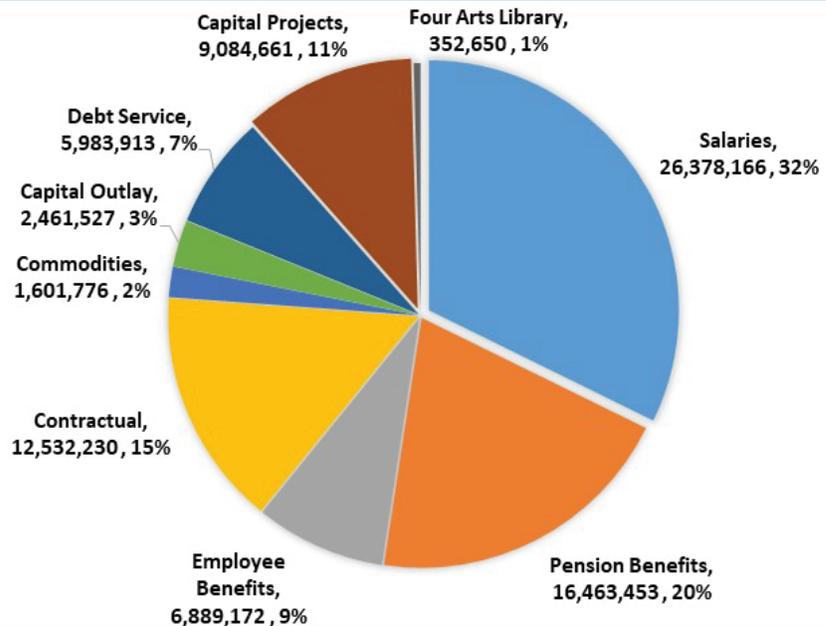
GENERAL FUND

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.

	FY2021 Revenues	FY2021 Expenditures	Difference
October	1,842,723	11,436,578	(9,593,855)
November	6,340,174	6,007,669	332,505
December	46,047,584	6,813,628	39,233,956
January	3,267,343	7,356,014	(4,088,671)
February	4,785,256	5,754,555	(969,299)
March	4,135,267	5,613,755	(1,478,488)
April			-
May			-
June			-
July			-
August			-
September			-
Total	66,418,347	42,982,199	23,436,148

General Fund Expenditures to Date By Type

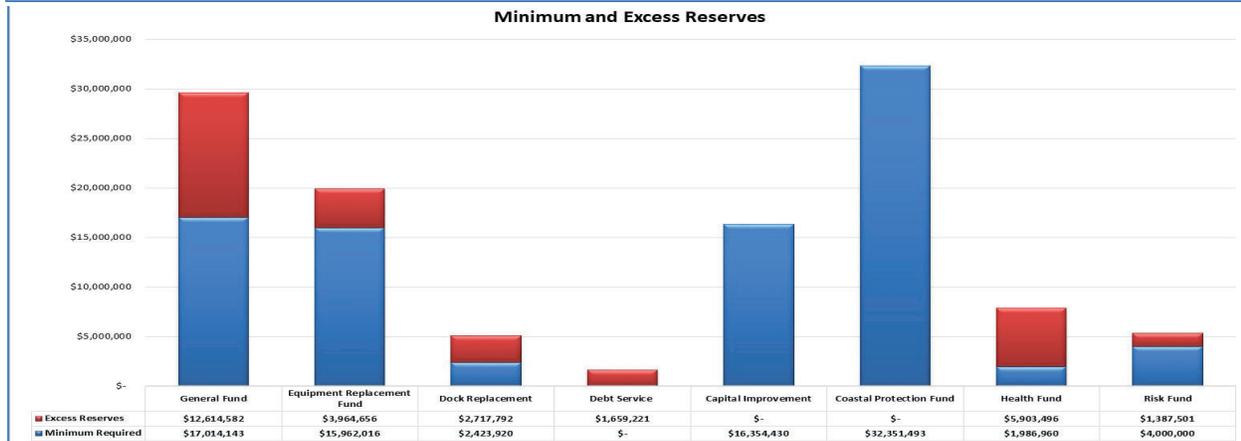
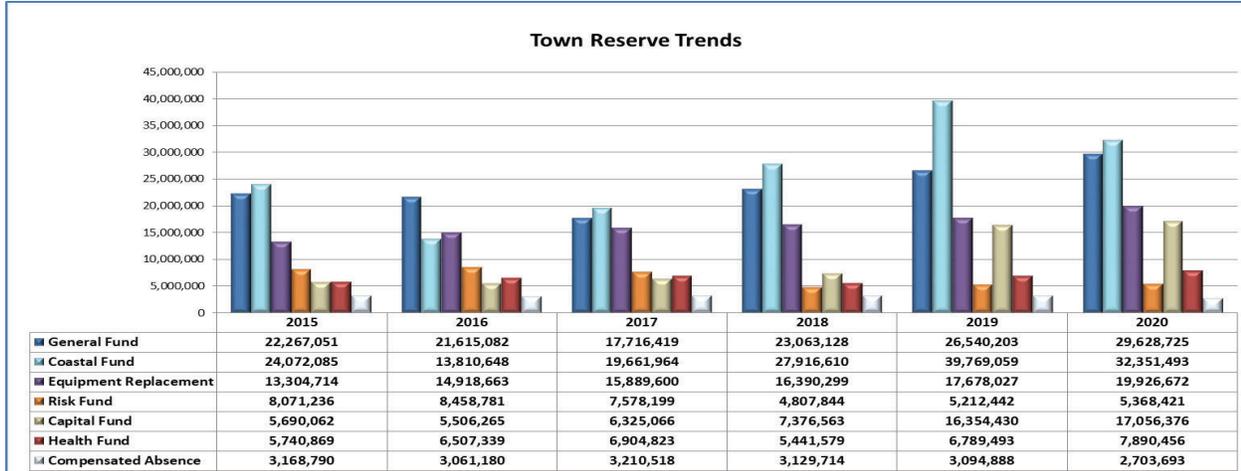


Salaries and Benefits make up 61% of General Fund expenditures, followed by Contractual Services at 15% Capital Projects at 11% and Debt Service at 7%.

RESERVES AND INVESTMENT RESULTS

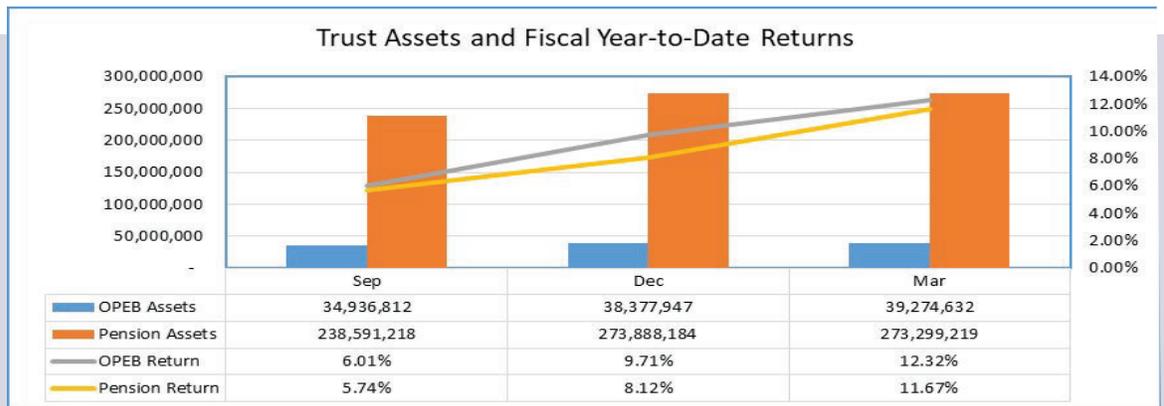
Town Annual Reserve Trends FY15 - FY20

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 \$182,987,214. Excess unassigned reserves over the minimum required total \$28,247,248.



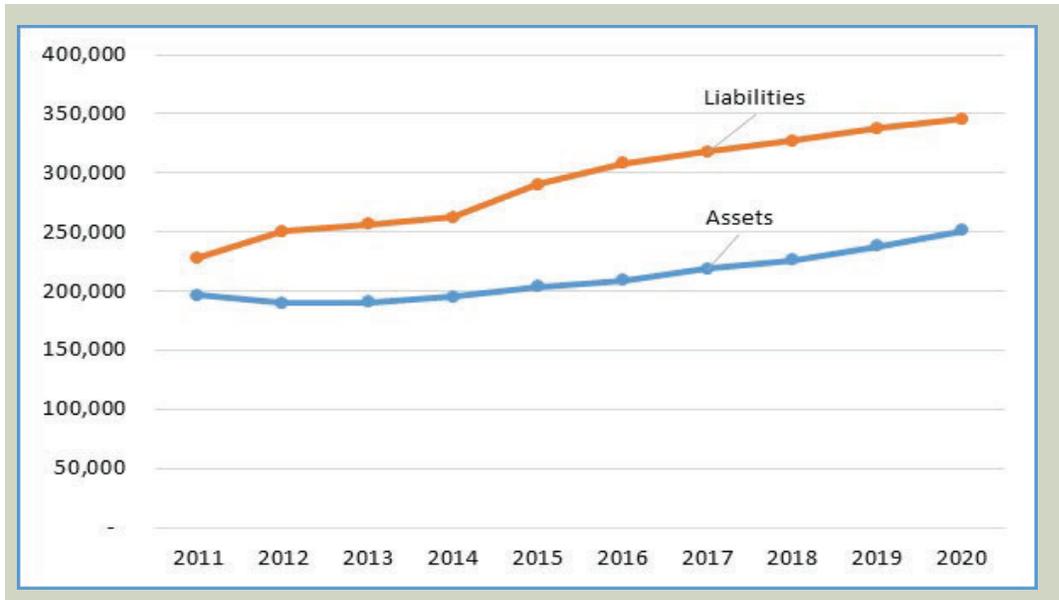
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



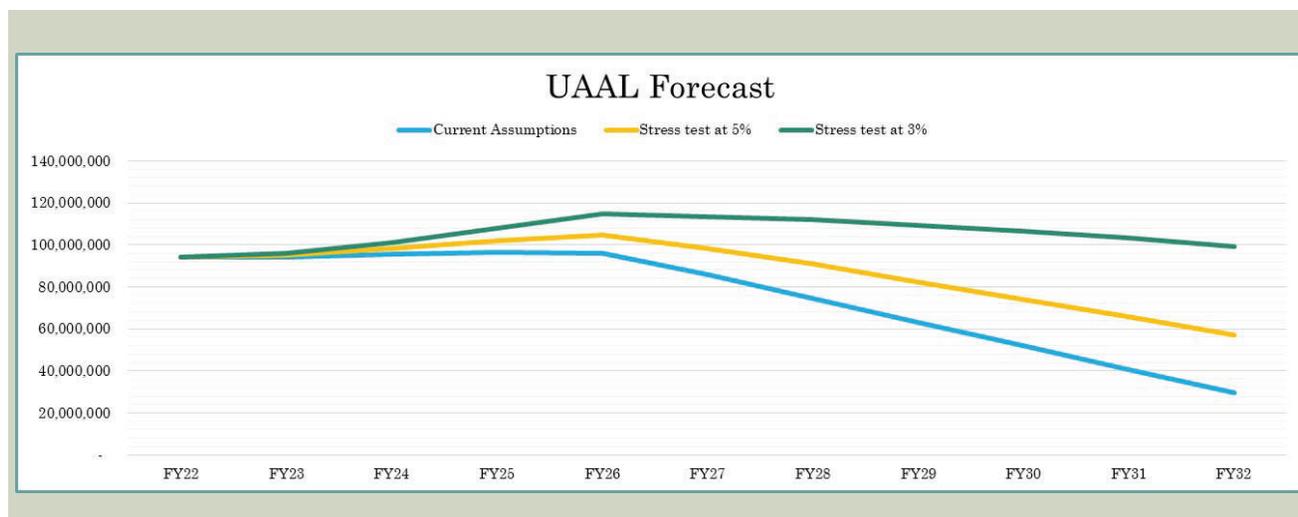
Pension Assets and Liabilities (In Millions)

The chart below represents the trend since 2011 of the assets and pension liabilities for our pension fund. The difference between the two numbers represents the Unfunded Actuarial Liability of \$94,163,607. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2011 the funded ratio was 86% and declined to 73% in 2020. In 2020 the funded ratio improved from 70% to 73%. The actuarial value of plan assets as of September 30, 2020 was \$251,212,425, while the total amount owed to retirees was \$345,376,032 if the entire amount were to be paid at fiscal year end September 30, 2020.



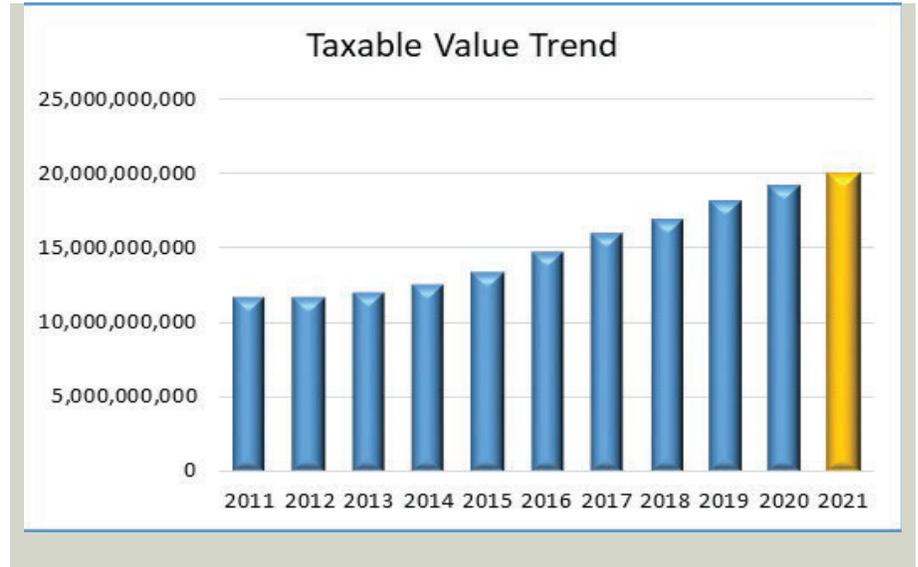
Unfunded Actuarial Accrued Liability (UAAL) Forecast

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 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% 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.



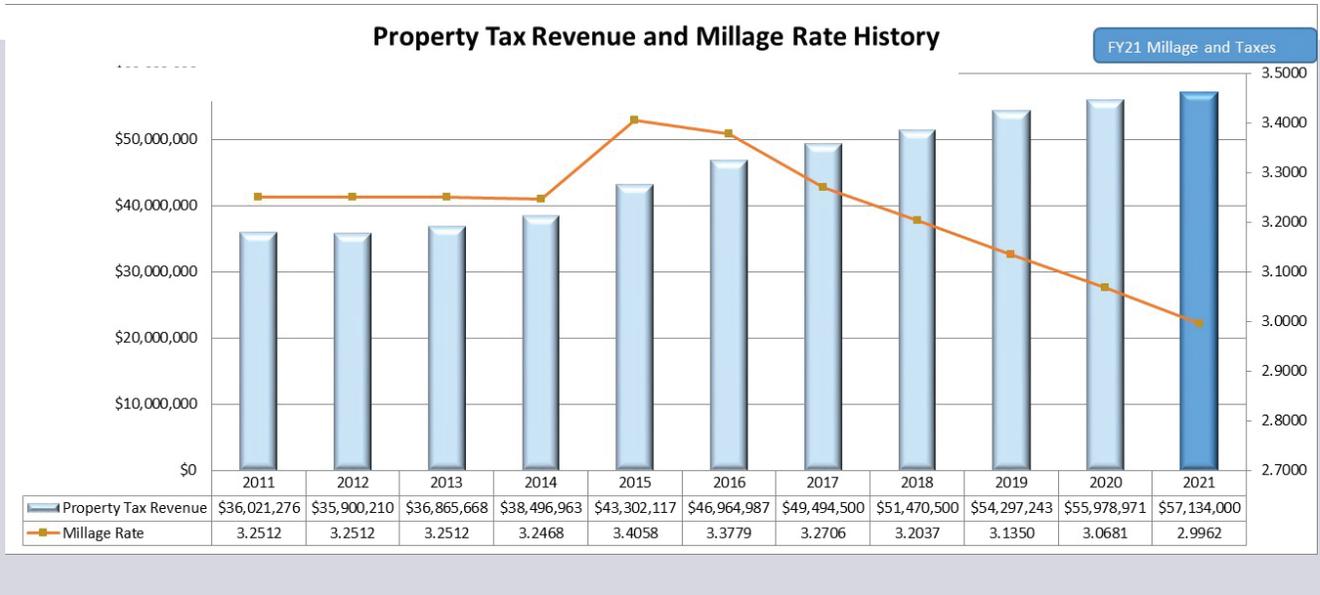
Part of the increase in taxable value is related to construction activity in Palm Beach. The trend over the past 5 years is shown below. Fiscal year 2018 was a record construction year for the Town, and FY19 came close to meeting the FY18 record. FY20 construction activity declined due to the downturn caused by the pandemic, but exceeded the FY20 budget targets. FY21 is off to a good start through March.

Construction Valuation

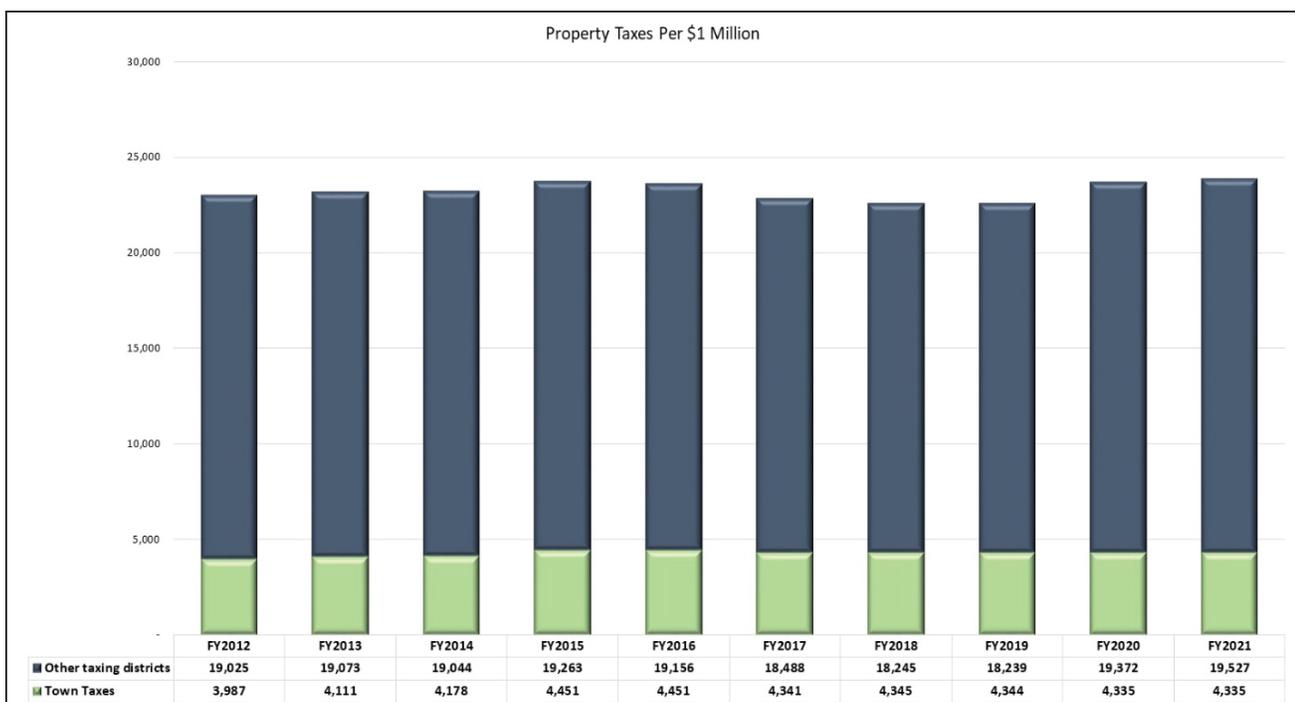


Property Tax Revenue and Millage Rate History

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.



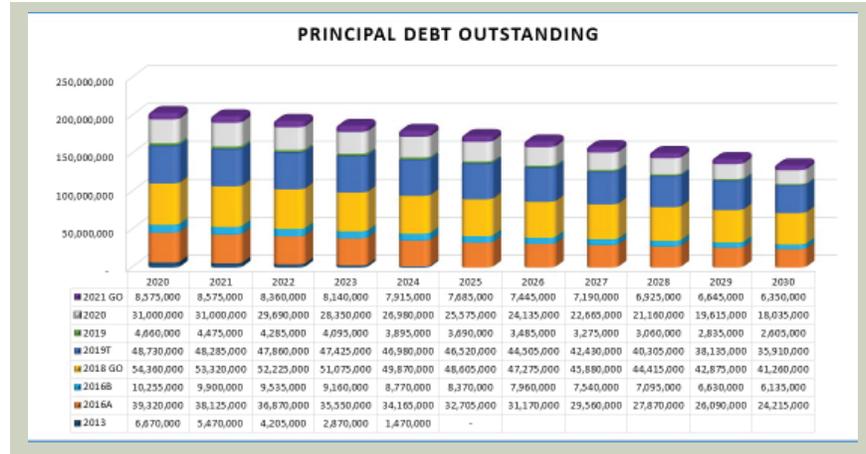
Town taxes represent 18.17% of the total tax bill of approximately \$314 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



OUTSTANDING DEBT AND DEBT SERVICE LEVELS

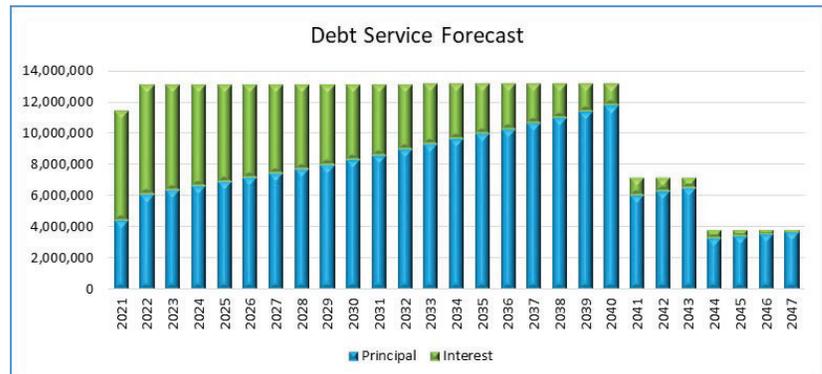
Total Outstanding Debt

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. In 2021, the Town issued \$8.6 million in debt for the Townwide Underground Utility Project. Overall, Town debt levels are expected to decrease by over \$69 million or 34% during the next 10 years. Total outstanding debt equals \$203,570,000.



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 after the 2021 GO Bond is approximately \$13.1 million per year with approximately \$5.7 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.





DESIGN
DONATED BY

ODONNELL
AGENCY

www.odonnell.agency





360 S. County Road | Palm Beach, FL 33480
561.838.5400

www.townofpalmbeach.com