



TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - SEP FY2021



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director



Welcome to the twelfth 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 unaudited fiscal year end 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 FY22 budget and millage rate and fiscal year 2021 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

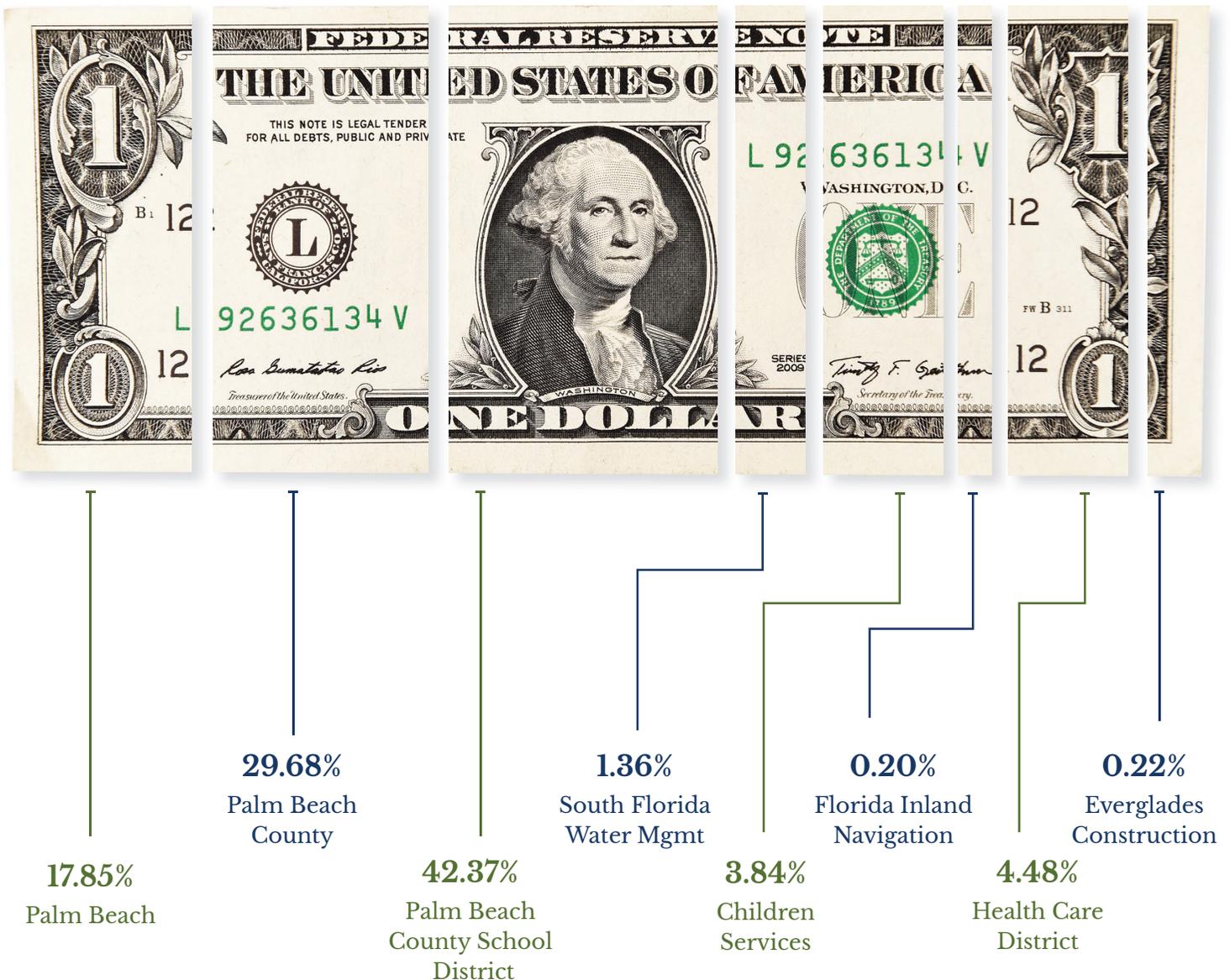
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town’s most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

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 FY22 budget in September. The final millage rate is 2.8966 a decrease of 3.32% from FY21 resulting in a reduction in Town taxes of \$54 per million of taxable value.
- The taxable value of property in the Town rose 8.13% to approximately \$21.7 billion.
- The Town Council approved funding for the estimated \$5.5 million reconstruction of the North Fire-Rescue Station with a portion from taxes and the balance funded through General Fund reserves in the FY22 budget.
- The Marina was completed on schedule and on budget and welcomed the first vessels on November 1st. Annual and seasonal lease contracts were at 85% occupancy as of November 8, 2021, originally estimated at 62.1% occupancy.
- In conjunction with the marina project, the Town completed the renovation of the Lake Drive Park and the water main work along South Lake Drive. Generous donations of \$2.5 million will help offset the costs associated with the park.
- The Marina business forecast has been updated with estimated revenues and expenses for FY22 through FY30. Marina net income will be used to reduce the current deficit of approximately \$12.4 million in the Town-wide underground utility project at \$2.6 million per year for the next 5 years. Even after this transfer, the Marina is expected to generate future unassigned reserves of \$38 million by the end of FY30.
- Investment income earned through September 30, 2021, on the Town’s excess cash and bond funds of approximately \$194,889,393 was \$209,310. 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, 2021, equaled \$279,221,987, down from \$285,446,264 as of June 30, 2021. Preliminary results through September 30, 2021, indicate a fiscal year to date return since October 1st of 17.97%. 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 September 30, 2021, equals \$40,622,445, down from \$41,251,618 as of June 30, 2021. Preliminary results through September 30, 2021, indicate a fiscal year to date return since October 1st of 18.21%. The current rate of return assumption for these funds is 5%.
- Palm Beach Par 3 had a record year. revenues totalled over \$3.6 million for the first time and over \$1 million ahead of budget as rounds of golf have increased 30% and merchandise sales are up as well. Tony Chateauvert, Head Professional and Manager of the Par 3 Golf Course was named Employee of the Year for 2021.
- Tennis had a wonderfully successful year. Play remains very strong with residents representing 72% of play, made up of 67% of junior play and 85% of adult play. Revenue eclipsed last year's record by over 44%; with teaching revenue up 44.5% and merchandise sales up over 38% from the previous year.
- Even with program participation still restricted due to Covid-19, revenue for the Mandel Recreation Center more than doubled from last fiscal year, up 144% and the \$565,000 in revenue represents an all-time record. The Fitness Center sold 277 memberships (even with capacity restrictions throughout most of the fiscal year). The Mandel Recreation Center offered 252 programs with resident adult participation is at 95% and youth at 50%.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



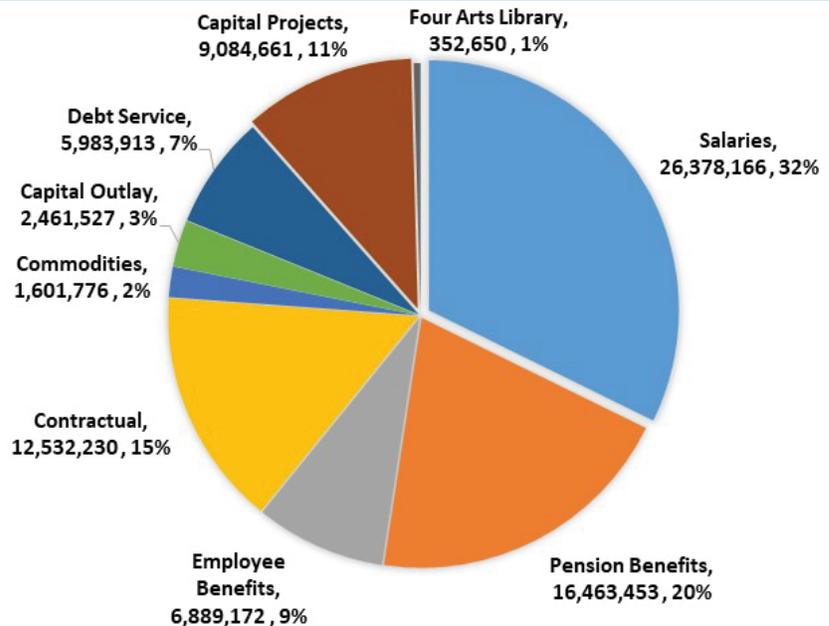
GENERAL FUND

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 current estimated year end surplus is \$3,147,291. The below numbers are preliminary and unaudited.

	FY2021 Revenues	FY2021 Expenditures	Difference
October	1,842,723	11,436,578	(9,593,855)
November	6,340,737	6,004,169	336,568
December	46,073,941	6,814,914	39,259,027
January	3,305,413	7,357,540	(4,052,127)
February	4,811,076	5,760,481	(949,406)
March	4,197,760	5,806,306	(1,608,546)
April	4,833,013	5,929,385	(1,096,372)
May	2,370,987	5,602,201	(3,231,214)
June	2,425,626	5,834,346	(3,408,720)
July	2,795,264	6,719,764	(3,924,501)
August	1,961,550	5,401,886	(3,440,336)
September	1,927,022	7,070,249	(5,143,227)
Total	82,885,111	79,737,819	3,147,291

General Fund Expenditures to Date By Type

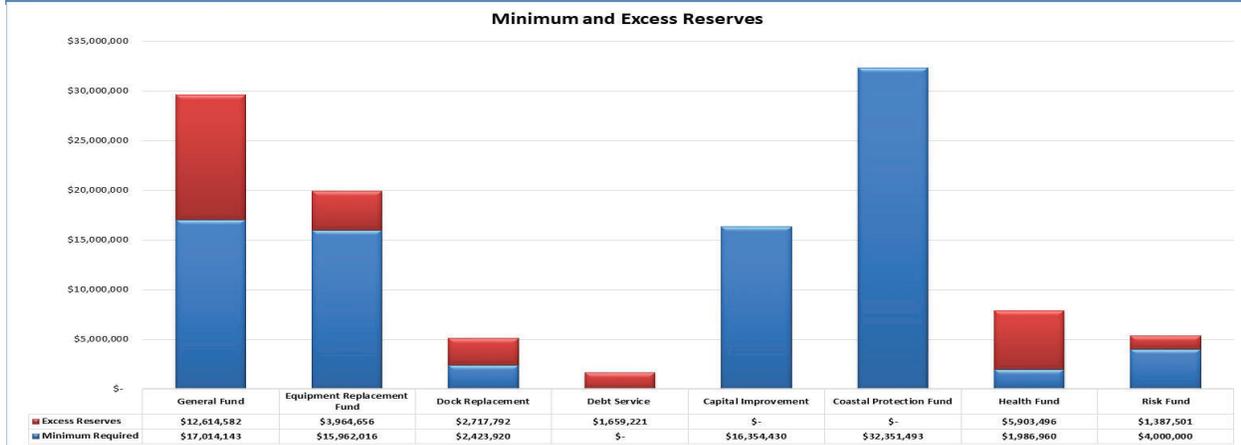
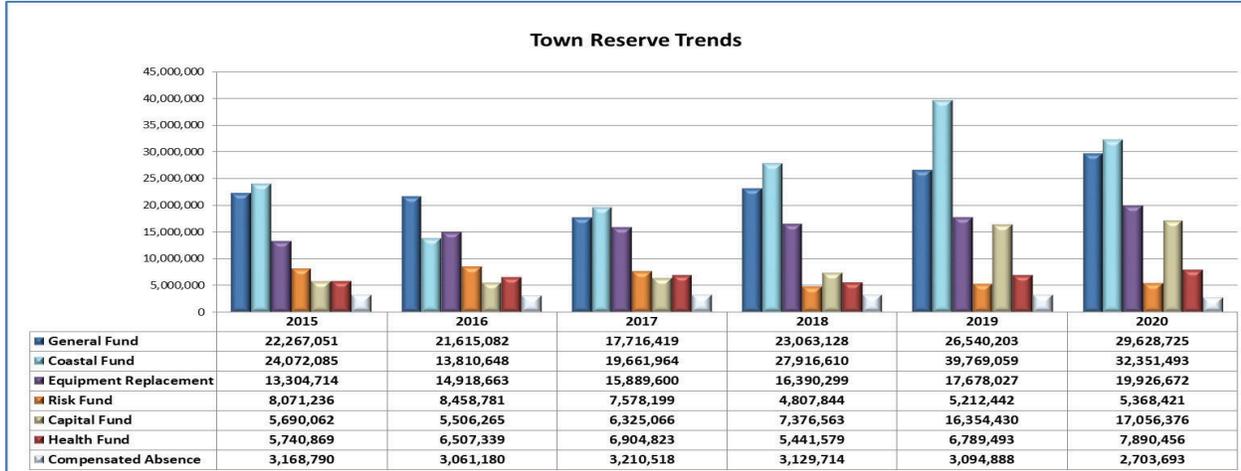


Salaries and Benefits, including pensions, make up 61% of General Fund expenditures, followed by Contractual Services at 15% Capital Projects at 11% and Debt Service at 7%.

RESERVES AND INVESTMENT RESULTS

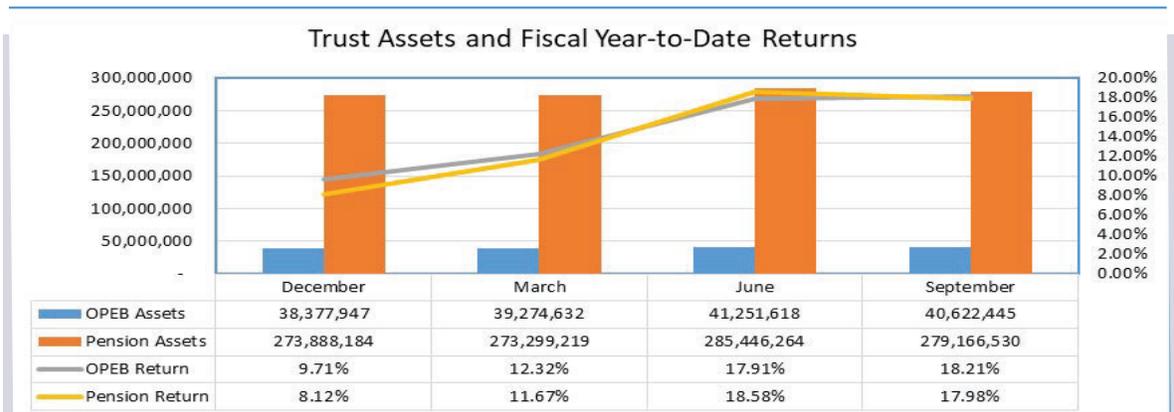
Town Annual Reserve Trends FY15 - FY20

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 at fiscal year end, 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.



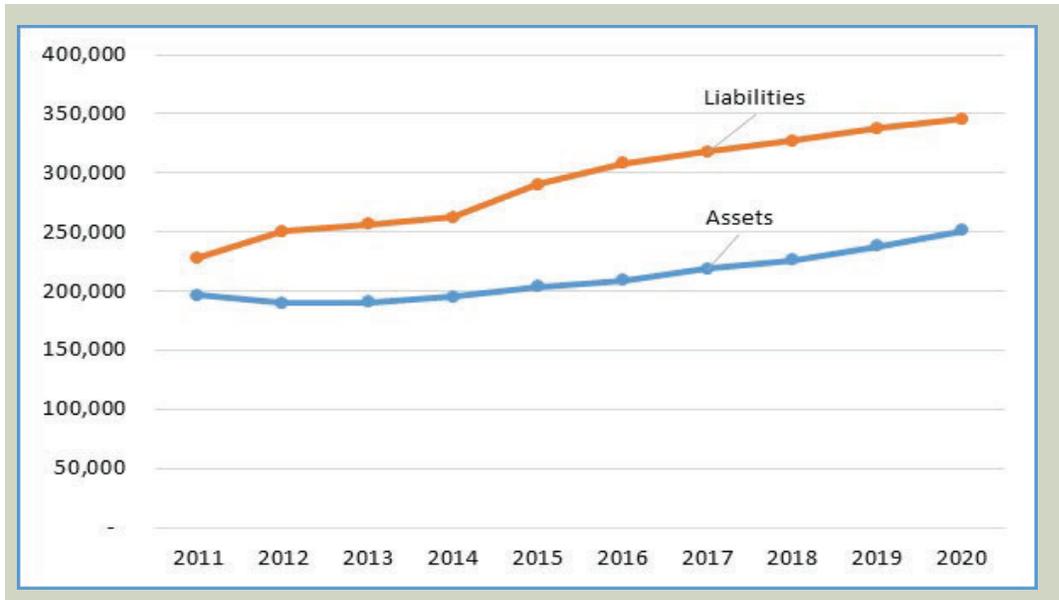
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



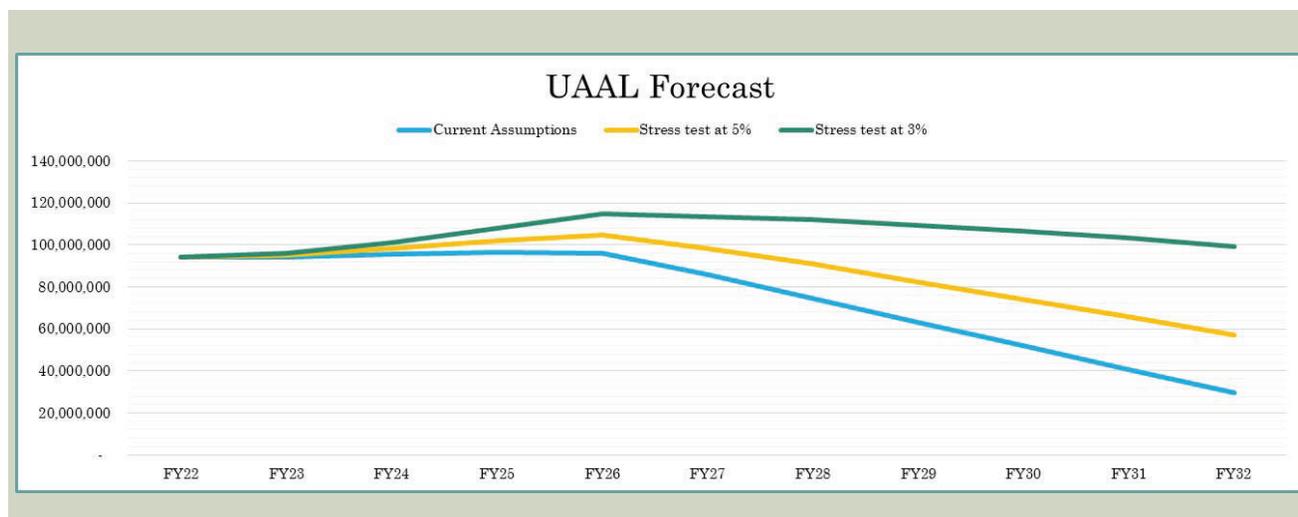
Pension Assets and Liabilities (In Millions)

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.



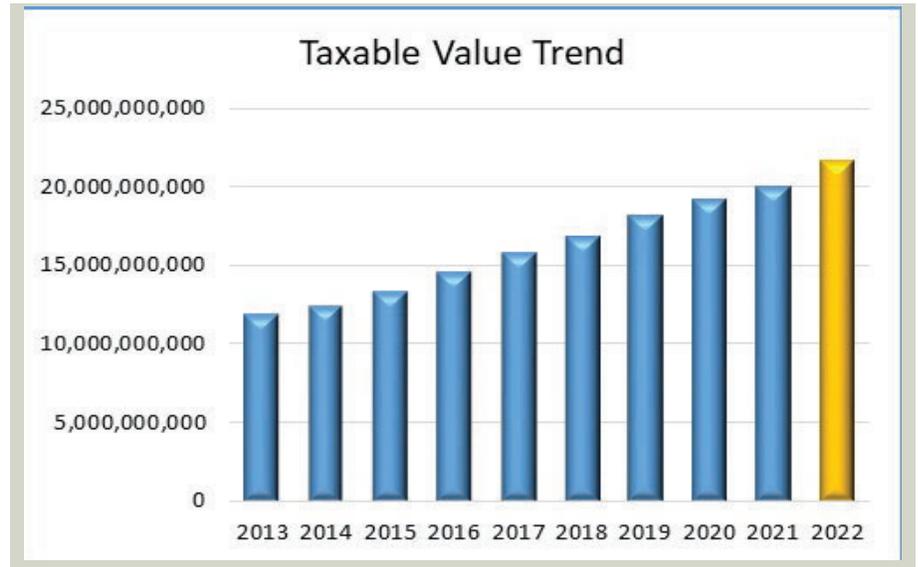
Unfunded Actuarial Accrued Liability (UAAL) Forecast

The chart below 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 FY22, increased by 8.13% and are now over \$21.6 billion for the Town.



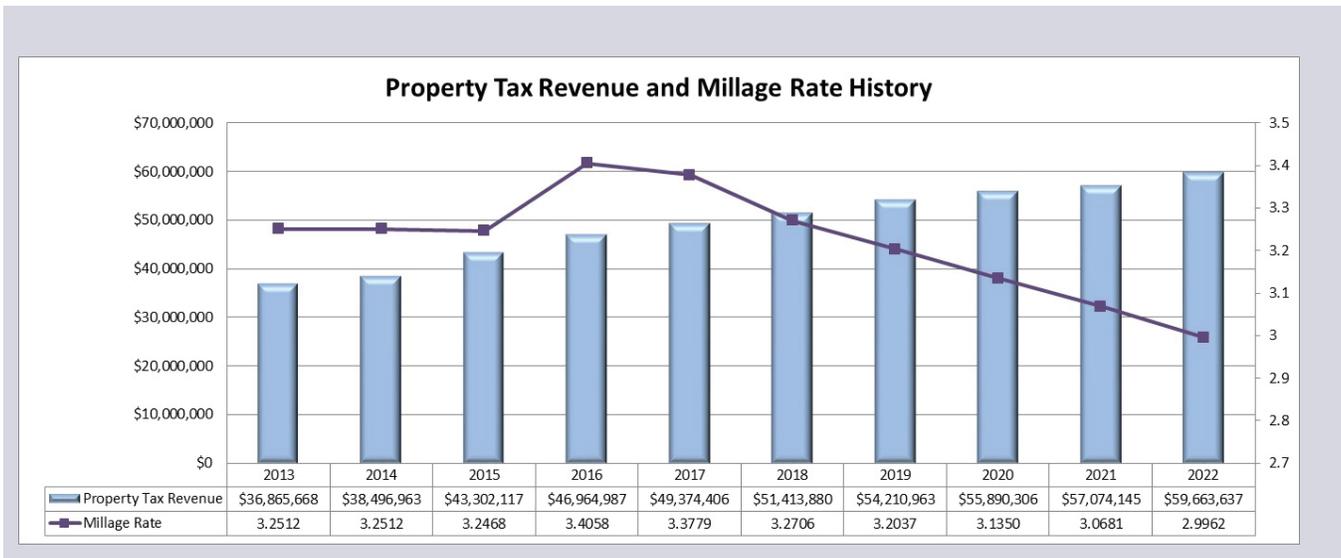
Construction Valuation

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 declined due to the downturn caused by the pandemic, and FY21 has set another record construction year at \$398,172,523 of construction value.

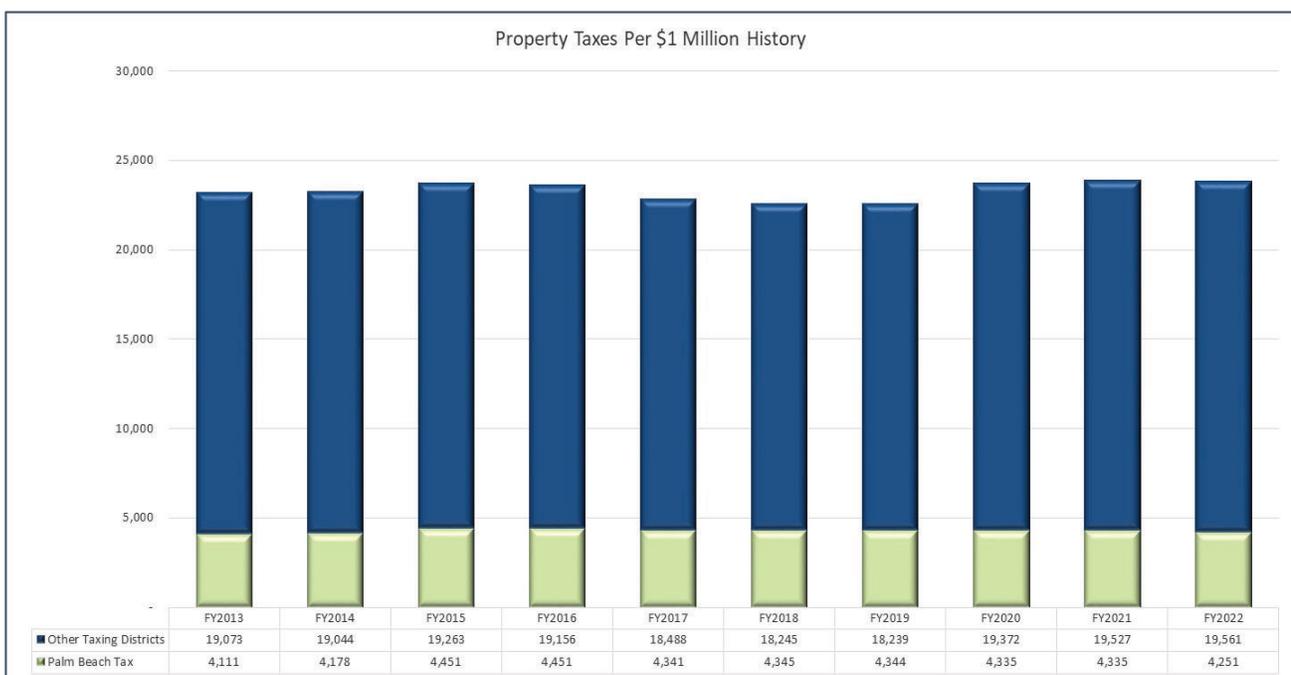


Property Tax Revenue and Millage Rate History

The recent trend in the Town's millage rate is shown below. The Town is proposing a millage rate of 2.8966 for FY22. This will result in a \$54 decrease per million of taxable value for homestead property owners.



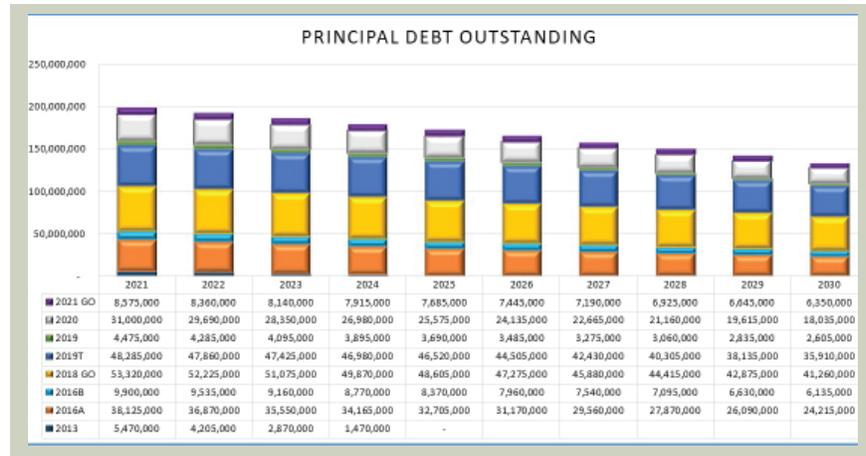
Town taxes represent 17.85% of the total tax bill of approximately \$334 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



OUTSTANDING DEBT AND DEBT SERVICE LEVELS

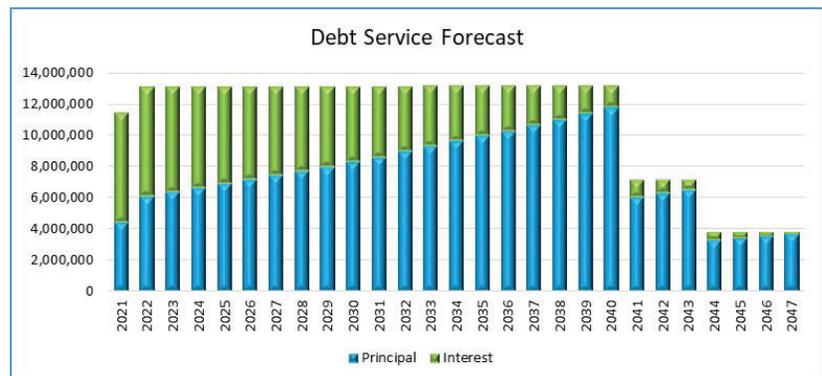
Total Outstanding Debt

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 \$65 million or 32% during the next 10 years. As of this report, total outstanding debt equals \$199,150,000.



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 awarded to municipalities 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.





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