

# TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - MAR FY2022



Message from

**KIRK BLOUIN**

Town Manager

and

**JANE LE CLAINCHE**

Finance Director



Welcome to the thirteenth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town audited financial results for the 2021 fiscal year from October 1, 2020 through September 30, 2021, and unaudited fiscal year FY22 financial information through March.

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 2022 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](mailto:jleclainche@townofpalmbeach.com). We are eager to know what you think!

Sincerely,

A handwritten signature in black ink that reads "Kirk Blouin".

Kirk Blouin

A handwritten signature in black ink that reads "Jane Le Clainche".

Jane Le Clainche

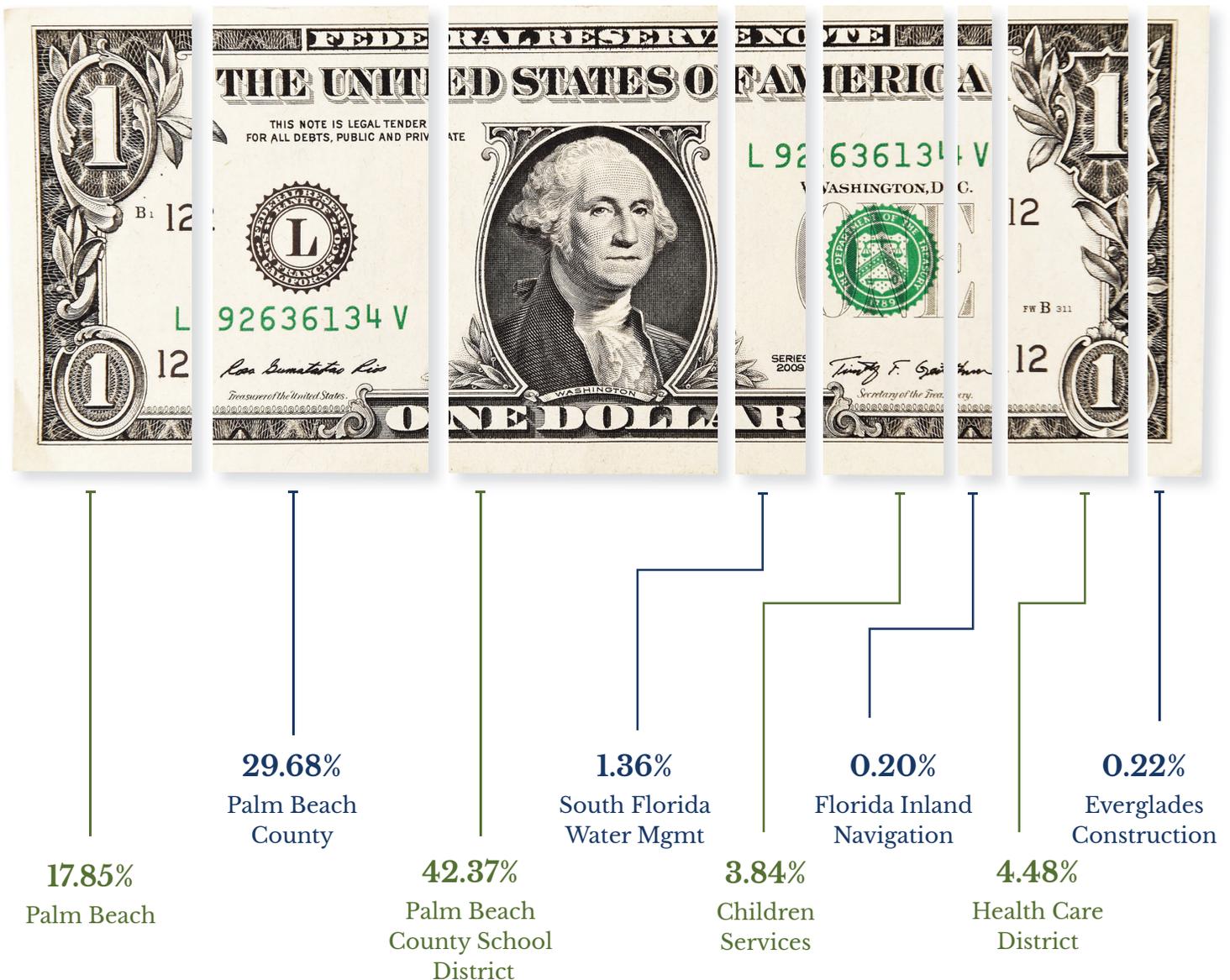
**The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.**

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## Town Finance News You Can Use

- The General Fund finished FY21 with a surplus of \$2,320,713.
- Town reserves (excluding pension and OPEB Trust) increased by \$12,094,806 in FY21.
- The Town's pension funding has improved due to the improved investment returns. The funded ratio of the plan is now 76.1% up from 72.7% last year. If current assumptions hold, the Town's funded ratio would improve to 80% funded by 2023 and over 100% funded by FY31.
- The Marina was completed on schedule and on budget and welcomed the first vessels on November 1st, with the Grand Opening on December 9th. The first six months have been a success! Annual and seasonal lease contracts were at 100% occupancy through March 31, 2022, higher than the 63% occupancy that we anticipated. Overall revenue is already over \$10.4 million which is 109% of the FY22 revenue estimate for one half of the year.
- Investment income earned through February 28, 2022, on the Town's excess cash and bond funds of approximately \$264,933,395 declined -(\$1,345,485) due to the current rate environment. 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 February 28, 2022, equaled \$291,115,787, down from \$308,604,506 as of December 31, 2021. Preliminary results through February 28, 2022, indicate a fiscal year to date loss since October 1st of -2.21% due to market conditions. Our current rate of return assumption is 6.4% for FY22.
- The market value of the net assets of the Town's OPEB Trust as of February 28, 2022, equals \$40,336,964, down from \$42,430,867 as of December 31, 2021. Preliminary results through February 28, 2022, indicate a fiscal year to date loss of -.75% since October 1st. The current rate of return assumption for these funds is 5%.
- 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.
- Palm Beach Par 3 is starting even better than the FY21 record year! Revenues for the 1st half of the year were up over 20%, and merchandise revenues alone increased over 82%! Also, the Town share of revenue from Al Fresco was up over 39%.
- Tennis is following up on a wonderfully successful year with a strong FY22 1st half. Comparing FY21 and FY22, year to date play remains very strong (up over 8%), with residents still representing 72% of overall play. Revenue is up over 8% compared to last year, and teaching revenue is up quite a bit, at a little over 42%.
- Despite Covid-19 restrictions continuing, revenue for the Mandel Recreation Center increased 48.83% from last fiscal year's 1st half which was an all-time record fiscal year. The Fitness Center class revenue increased over 28%, while passes and daily Fitness Center admissions increased over 57%, and building rentals over 42%.

# WHERE DO YOUR PROPERTY TAX DOLLARS GO?



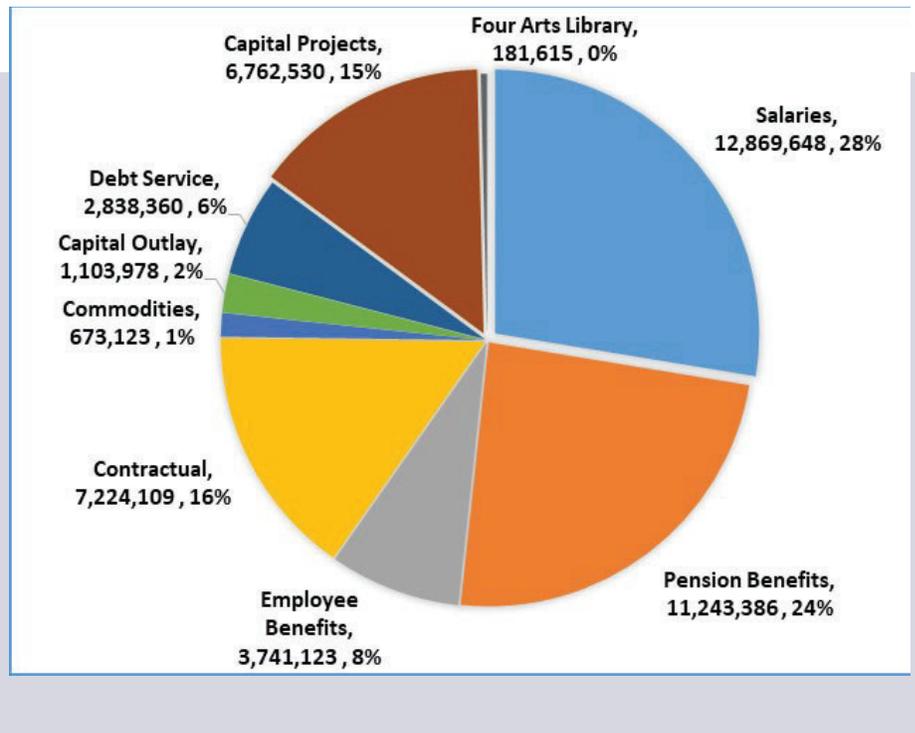
## GENERAL FUND

### 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 town administration.

	FY2022 Revenues	FY2022 Expenditures	Difference
October	2,077,609	12,104,794	(10,027,185)
November	20,335,388	6,671,194	13,664,194
December	32,670,094	7,495,972	25,174,122
January	4,932,339	6,466,582	(1,534,243)
February	4,989,089	6,366,827	(1,377,738)
March	4,131,257	6,532,500	(2,401,243)
April			-
May			-
June			-
July			-
August			-
September			-
<b>Total</b>	<b>69,135,776</b>	<b>45,637,869</b>	<b>23,497,907</b>

### General Fund Expenditures to Date By Type

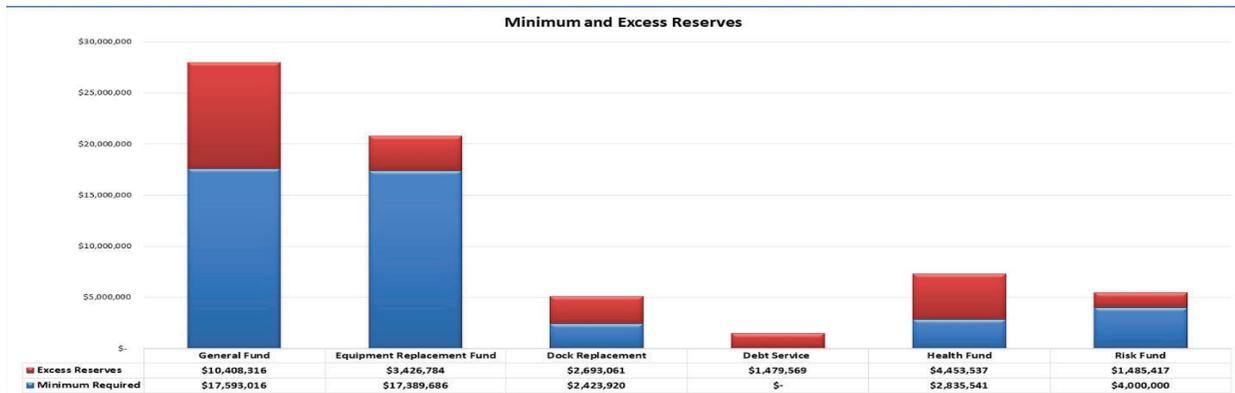
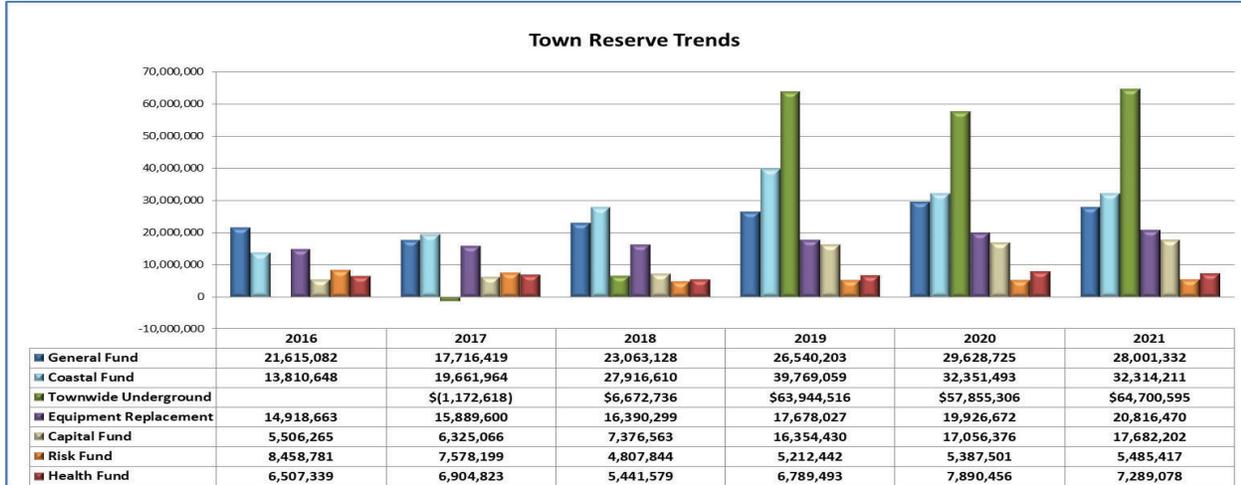


Salaries and Benefits, including pensions, make up 60% of General Fund expenditures, followed by Contractual Services at 16% Capital Projects at 15% and Debt Service at 6%.

# RESERVES AND INVESTMENT RESULTS

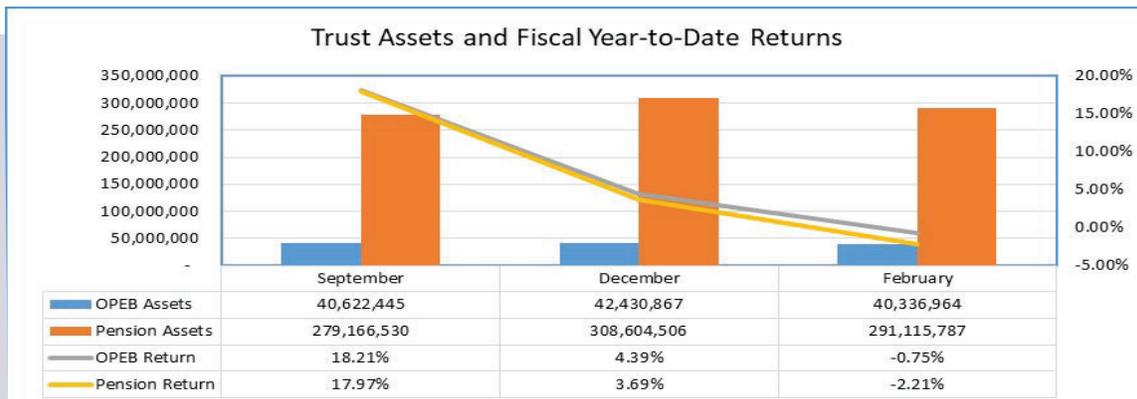
## Town Annual Reserve Trends FY16 - FY21

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 \$195,162,982. Excess unassigned reserves over the minimum required total \$25,123,830.



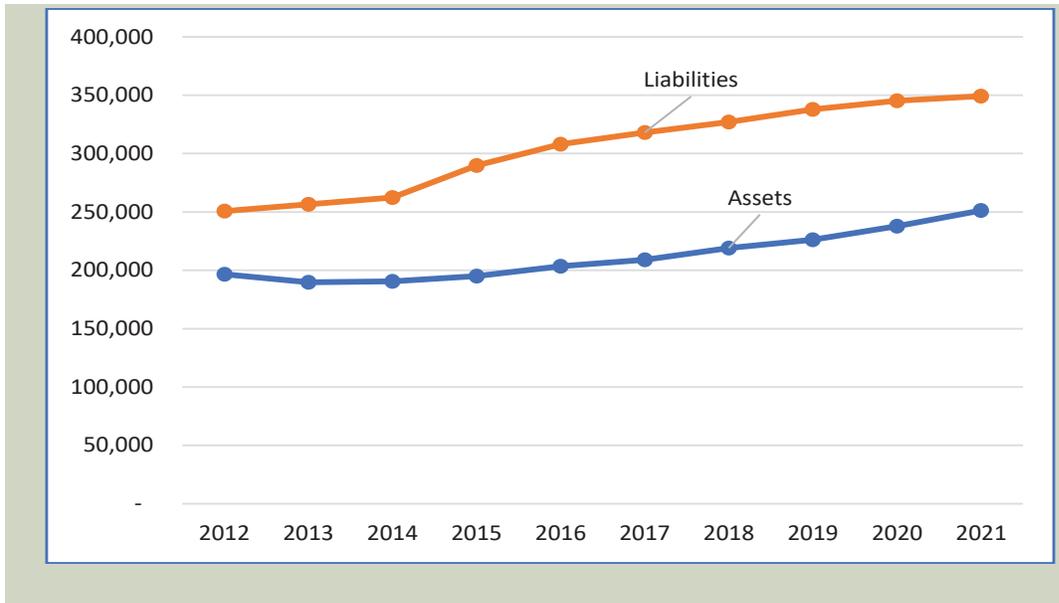
## Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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



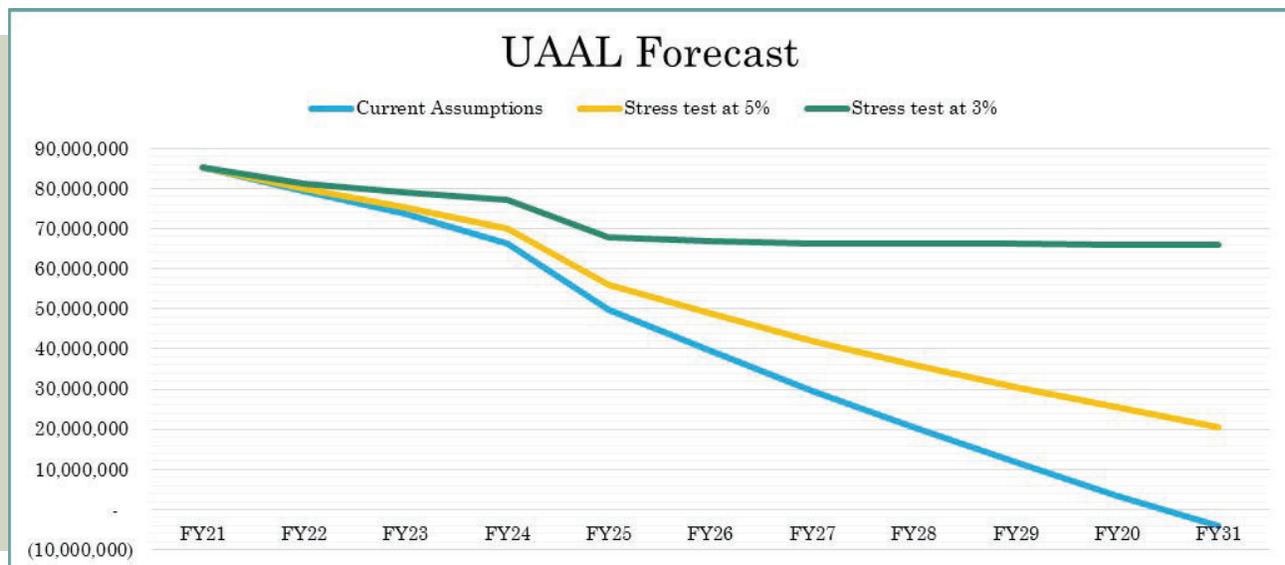
## Pension Assets and Liabilities (In Millions)

The chart below represents the trend since 2012 of the assets and pension liabilities for our pension fund. The difference between the two numbers represents the Unfunded Actuarial Liability of \$85,333,977. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2012 the funded ratio was 76% and is now back to 76.1% for 2021. In 2021, the funded ratio improved from 73% in 2020 to 76%. The actuarial value of plan assets as of September 30, 2021 was \$271,133,956, while the total amount owed to retirees was \$356,467,933 if the entire amount were to be paid at fiscal year end September 30, 2021.



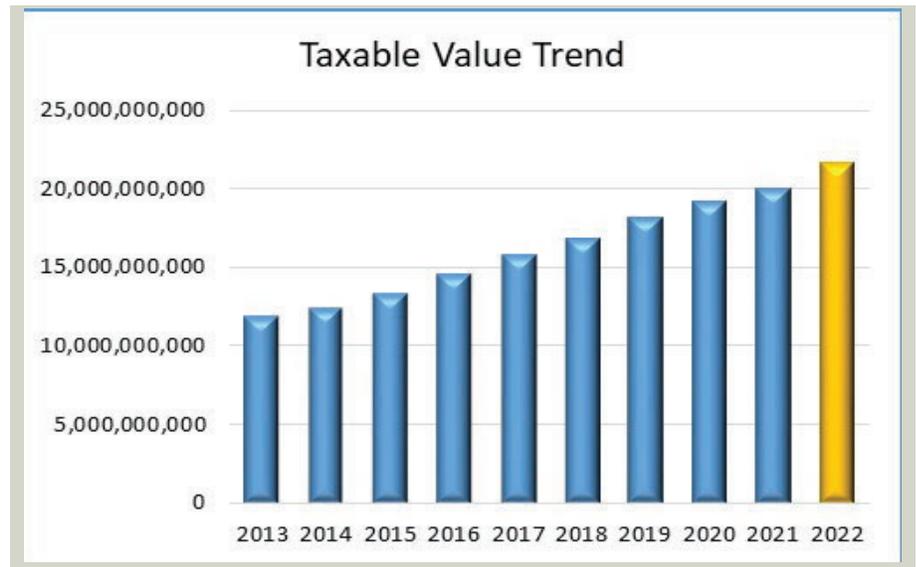
## Unfunded Actuarial Accrued Liability (UAAL)

The chart below shows the updated 10-year UAAL Forecast based showing the current assumption for returns which 6.6% for FY21 and going down to 6% by 2024. The second line assumes a 5% return for all years and third line assumes a 3% return assumption 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 80% funded by 2023 and over 100% funded by FY31.



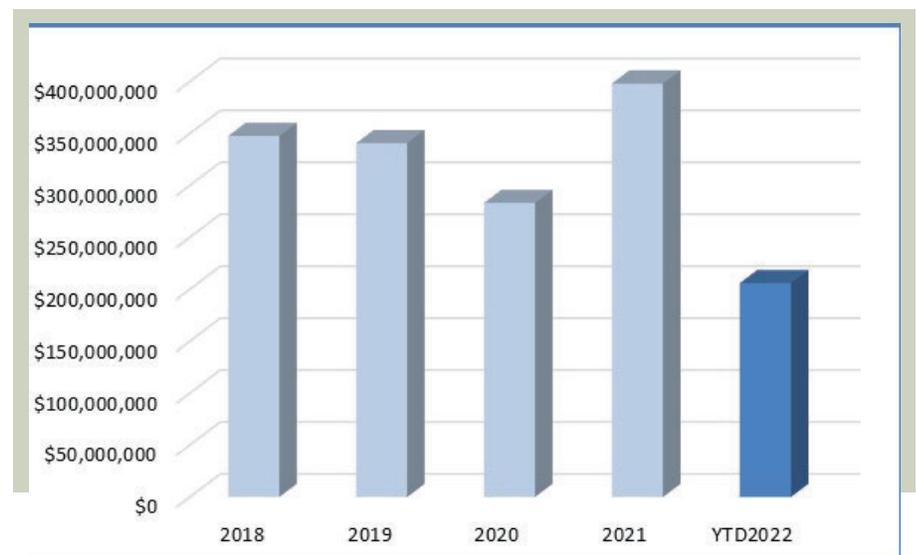
## Taxable Value Trend

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.



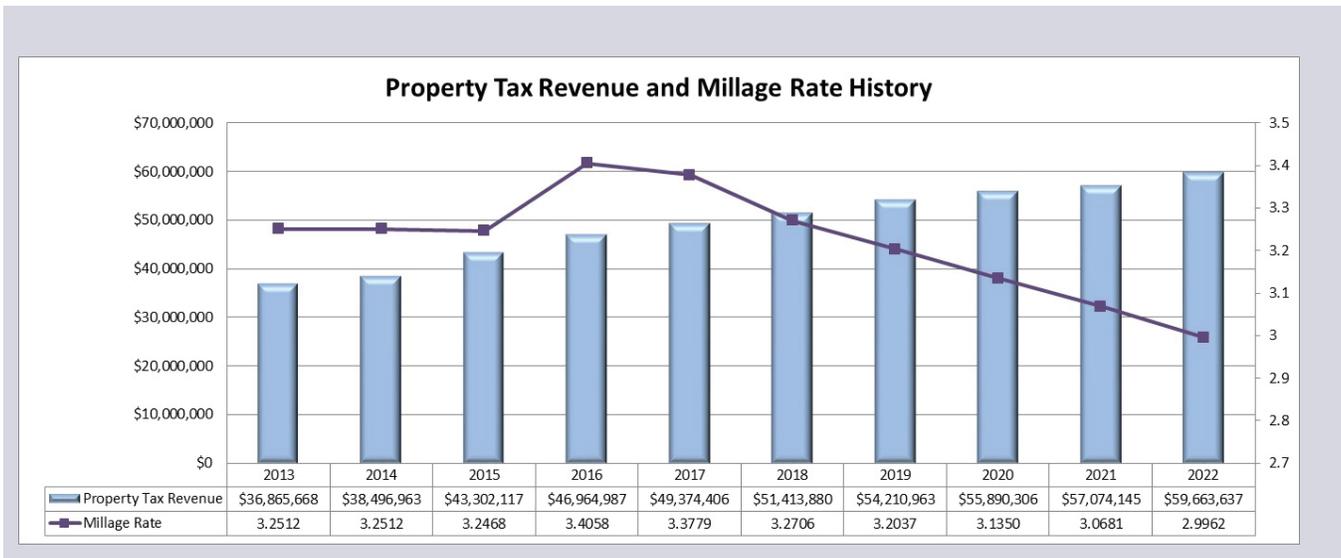
## Construction Valuation

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.

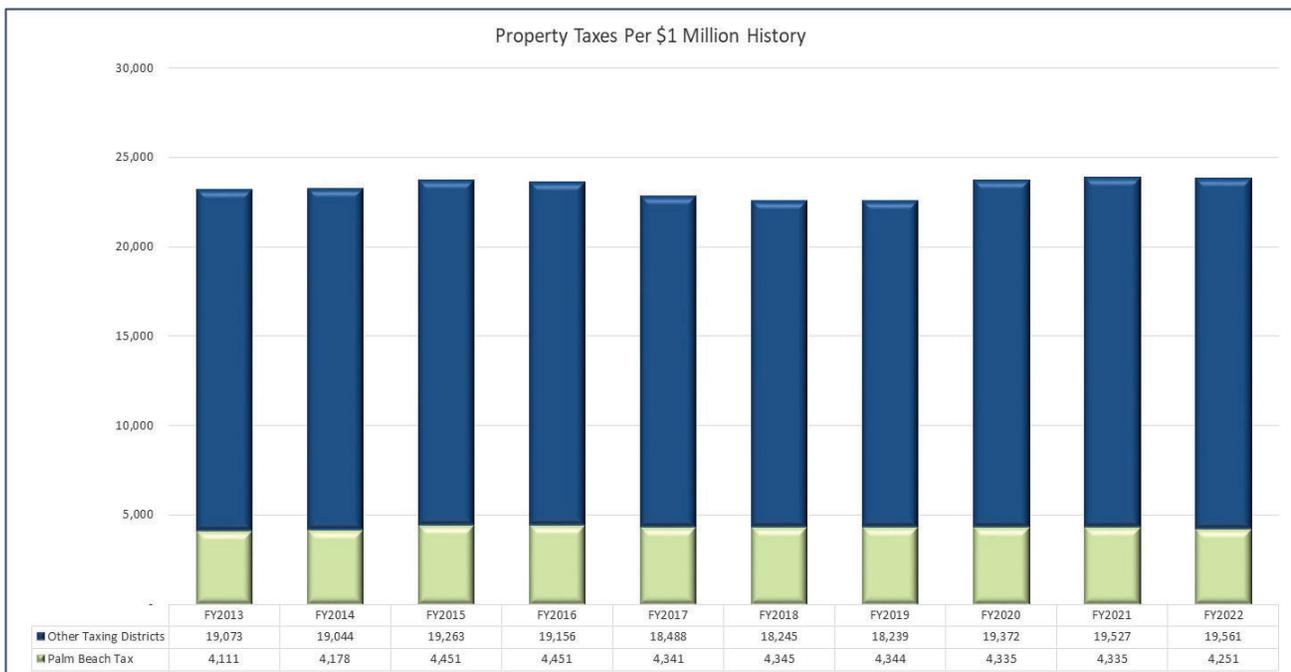


## Property Tax Revenue and Millage Rate History

The recent trend in the Town’s millage rate is shown below. The Town adopted a millage rate of 2.8966 for FY22. This will result in a \$54 decrease per million of taxable value for homestead property owners. The Town has the lowest total millage rate in Palm Beach County.



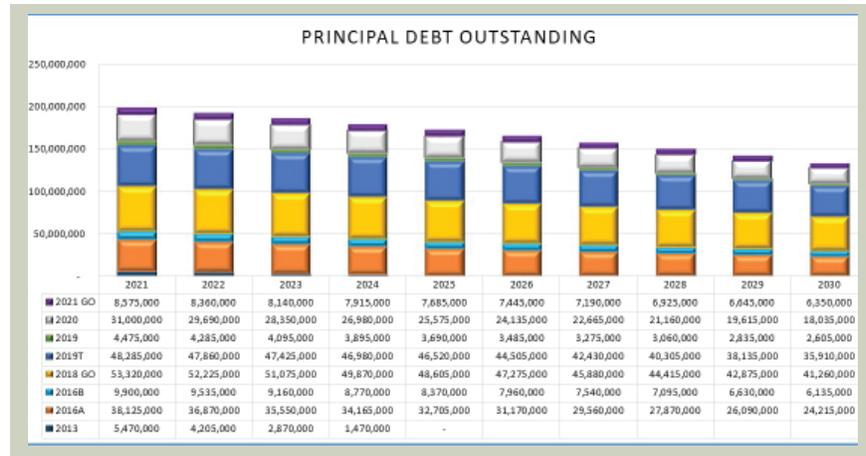
Town taxes represent 17.85% of the total tax bill of approximately \$334 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



# OUTSTANDING DEBT AND DEBT SERVICE LEVELS

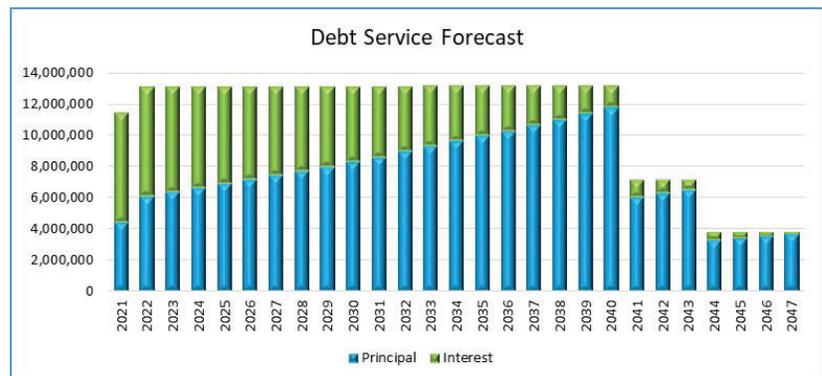
## Total Outstanding Debt

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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