



TOWN OF PALM BEACH

FINANCIAL INDICATORS OCT - SEPT FY2022



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director



Welcome to the fifteenth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town unaudited financial results for the 2022 fiscal year from October 1, 2021 through September 30, 2022.

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 FY23 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. We are eager to know what you think!

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Blouin".

A handwritten signature in black ink, appearing to read "Jane Le Clainche".

Jane Le Clainche

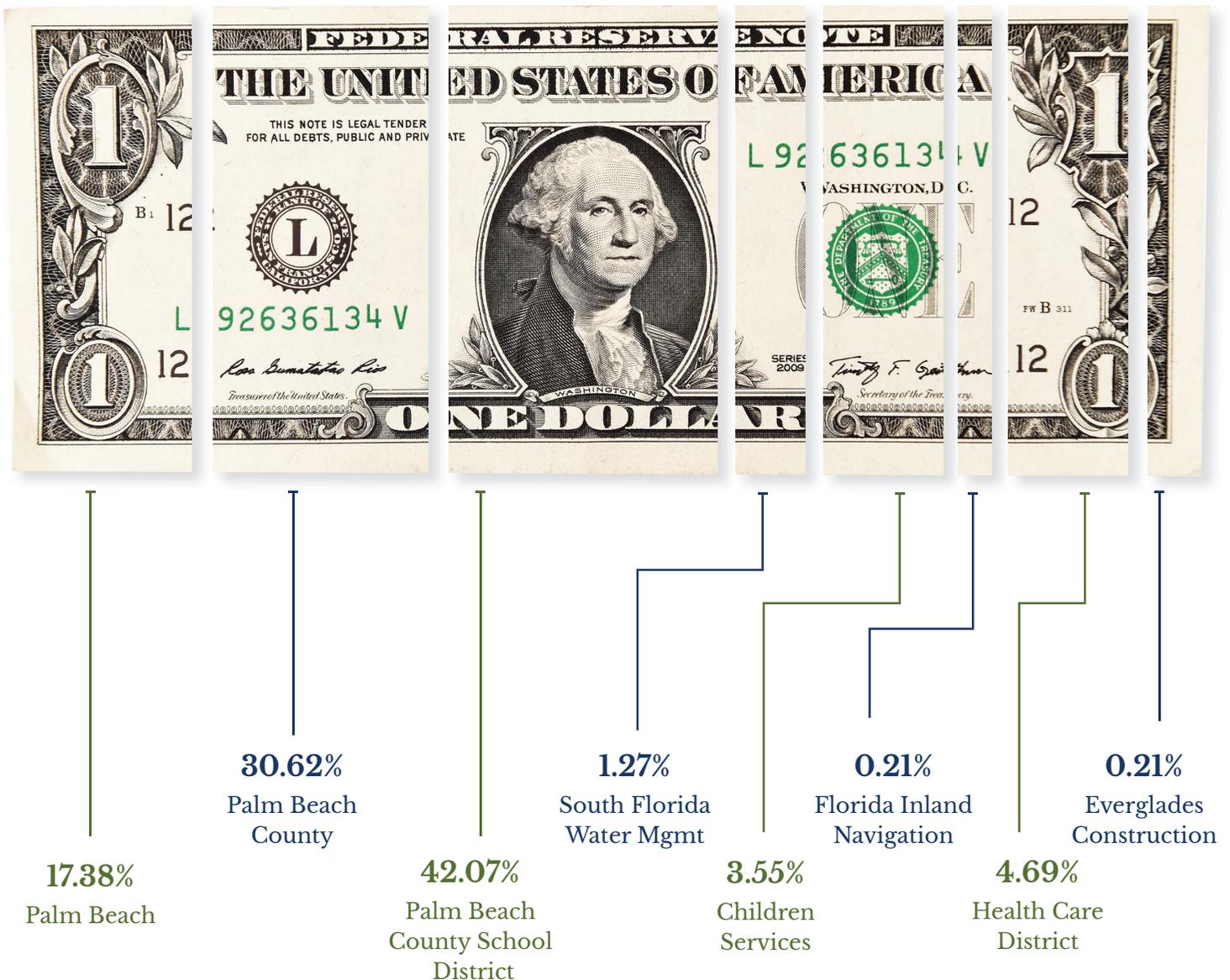
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town’s most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

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

- The Town Council approved the FY23 millage rate of 2.6932 representing a 7.02% decrease from FY22. This millage rate will result in a reduction in Town taxes of \$113 per million of taxable value for homestead property owners. The Town's portion of the total ad valorem tax bill is 17.38%.
- The Town Council approved the FY23 General Fund budget of \$97,191,938 a 9.03% increase over FY22. A majority of the increase is due to transfers for Capital and Coastal projects, inflationary increases for Salaries and Benefits and Contractual expenses.
- Investment income earned through September 30, 2022, on the Town’s excess cash and bond funds of approximately \$204,036,927 declined -(\$3,338,721) 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 September 30, 2022, equaled \$236,358,447, down from \$255,428,813 as of June 30, 2022. Preliminary results through September 30, 2022, indicate a fiscal year to date loss since October 1st of -16.66% 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 September 30, 2022, equaled \$34,630,598, down from \$35,955,464 as of September 30, 2022. Preliminary results through September 30, 2022, indicate a fiscal year to date loss of -12.65% since October 1st. The current rate of return assumption for these funds is 5%.
- The Marina has had a successful first year of operations! Overall revenue for the year is over \$11.5 million which is 121% of the FY22 revenue estimate.
- Palm Beach Par 3 is having another record year! Revenues for the year were up over 20%, Total revenues were approximately \$4.4 million and over 134% of budget estimates.
- Tennis is following up on a successful FY22. Comparing FY21 and FY22, the play remains very strong (up over 4%), with residents representing 72% of overall play. Revenue is up almost 20% compared to last year, and teaching revenue is up quite a bit, at a little over 27.5%.
- Revenue for the Mandel Recreation Center significantly increased by 45.08% from FY21. Youth Enrichment revenue increased by 29.47% and passes and daily admissions increased by 10.98%. The Mandel Recreation Center offered 214 programs through FY22.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



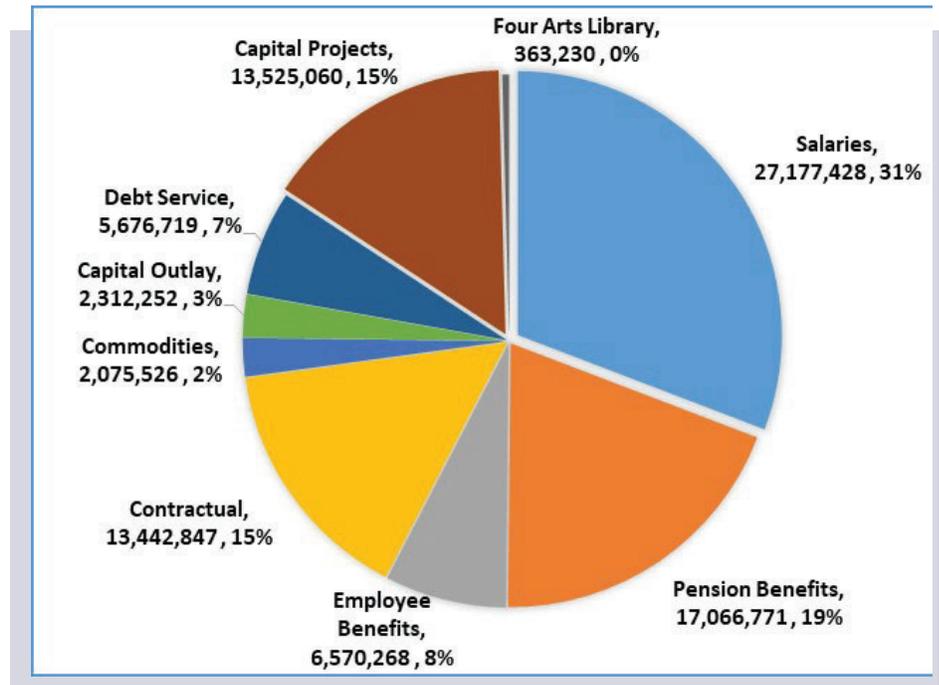
GENERAL FUND

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	2,076,574	12,104,794	(10,028,220)
November	20,335,388	6,668,887	13,666,501
December	32,673,504	8,496,865	24,176,639
January	4,932,239	6,465,108	(1,532,869)
February	4,988,980	6,387,632	(1,398,652)
March	4,011,387	6,511,174	(2,499,787)
April	4,899,974	6,390,030	(1,490,056)
May	2,872,230	6,643,565	(3,771,335)
June	2,669,485	6,543,409	(3,873,924)
July	3,154,310	7,561,902	(4,407,592)
August	2,532,675	5,950,691	(3,418,016)
September	2,261,829	8,486,044	(6,224,215)
Total	87,408,575	88,210,101	(801,525)

General Fund Expenditures to Date By Type

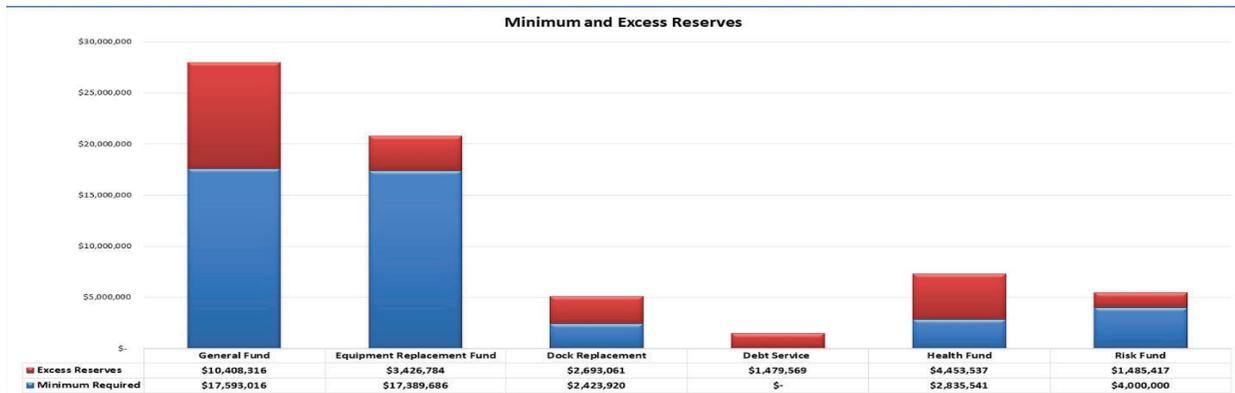
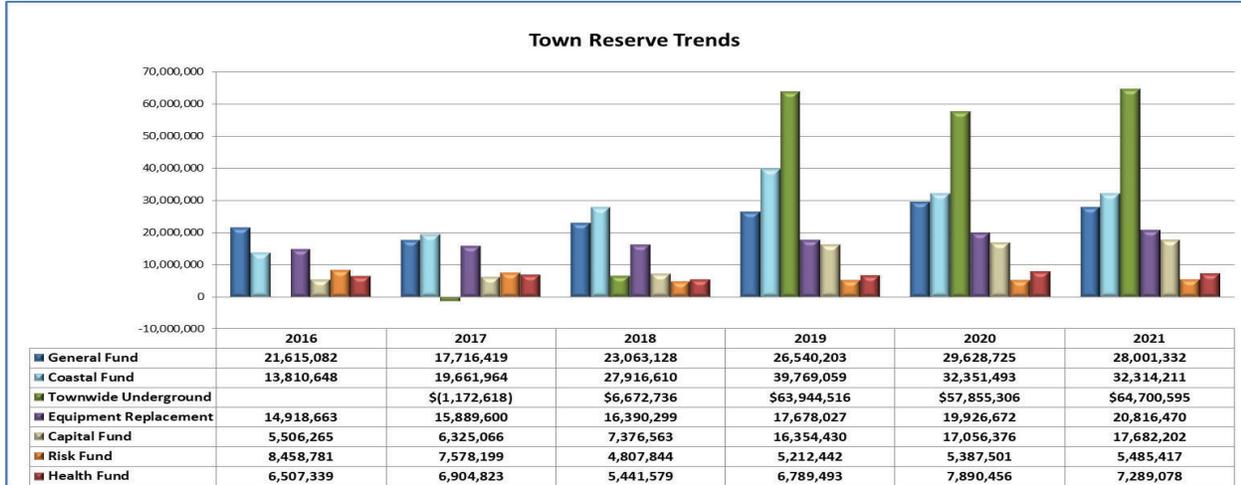


Salaries and Benefits, including pensions, make up 58% of General Fund expenditures, followed by Contractual Services at 15% Capital Projects at 15% and Debt Service at 7%.

RESERVES AND INVESTMENT RESULTS

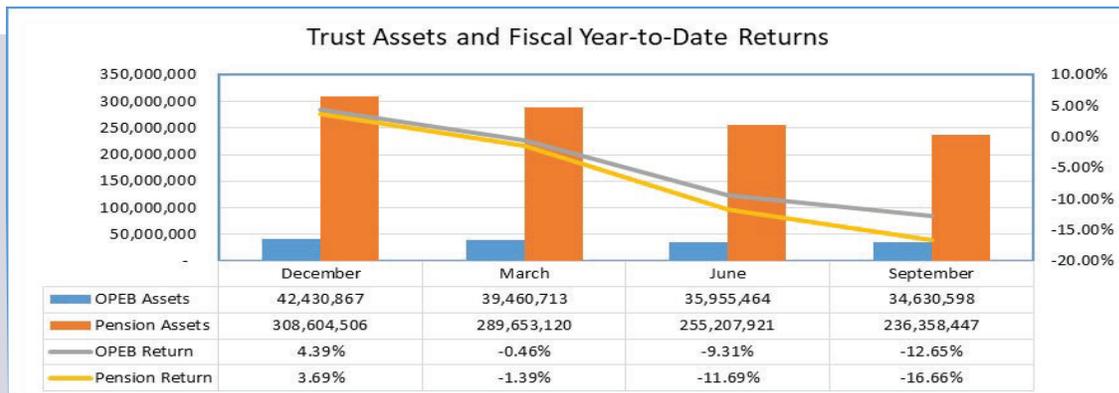
Town Annual Reserve Trends FY16 - FY21

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.



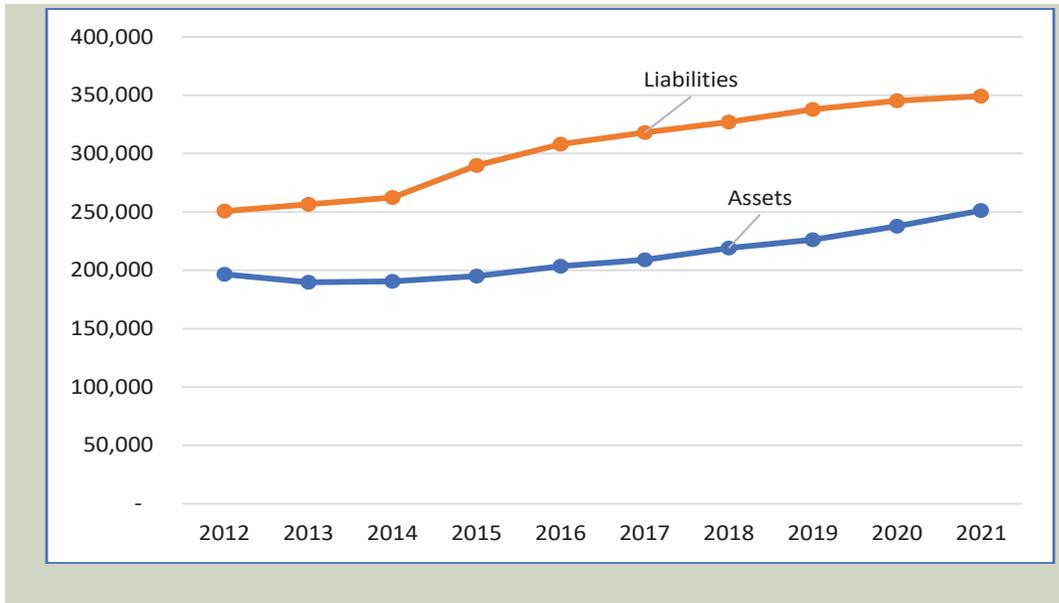
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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



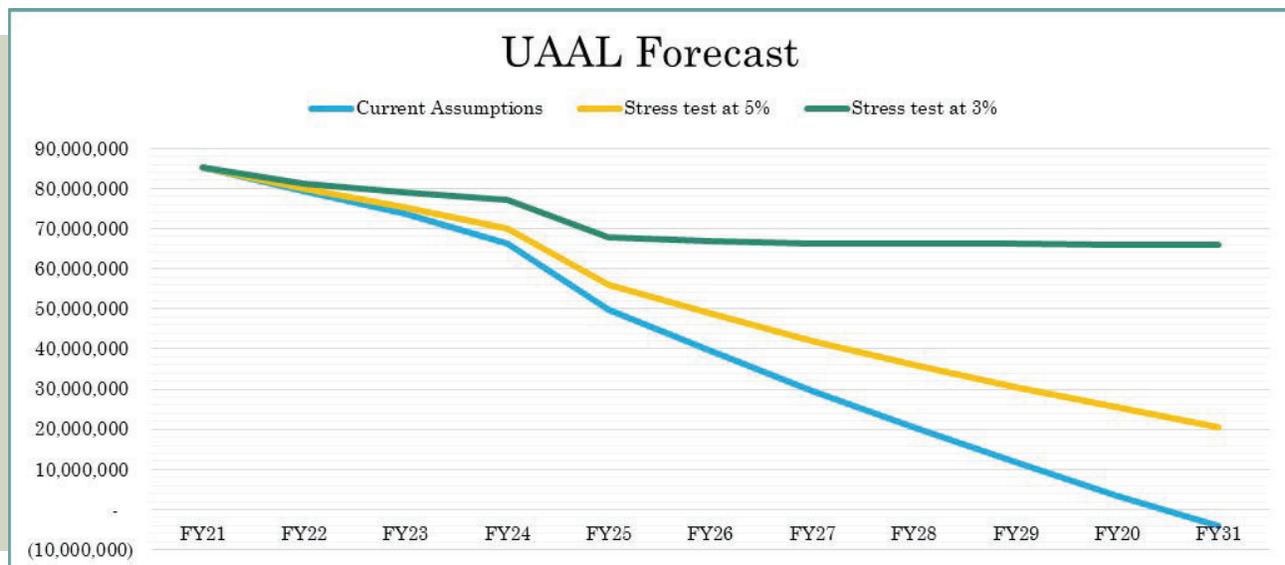
Pension Assets and Liabilities (In Millions)

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 \$78,118. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2012 the funded ratio was 76% and is now 78% for 2021. In 2021 the funded ratio improved from 73% to 78%. 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.



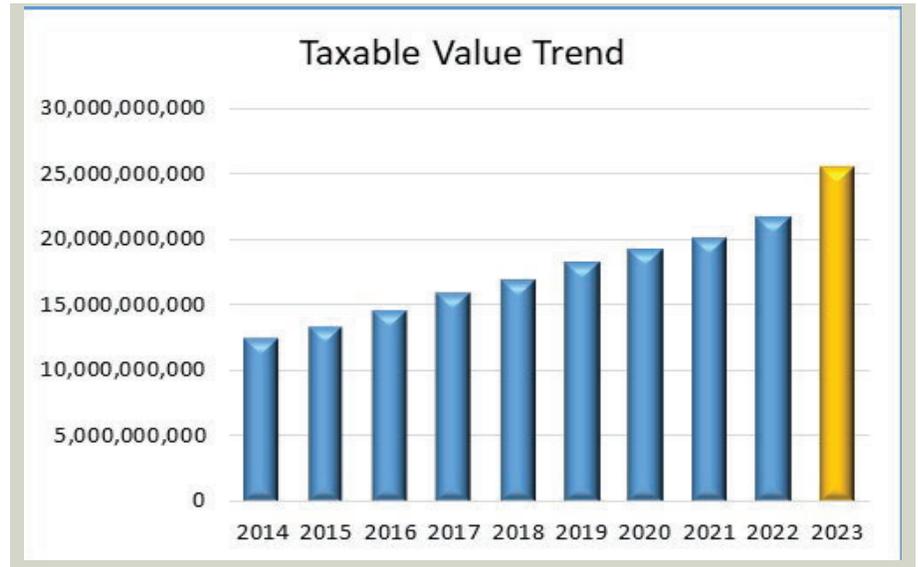
Unfunded Actuarial Accrued Liability (UAAL)

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% funding by 2025 and 100% funding by FY33.



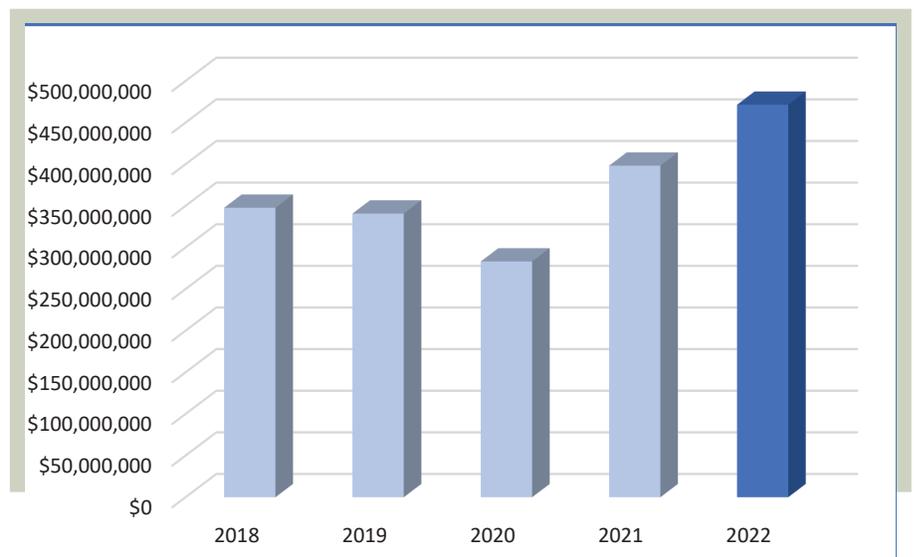
Taxable Value Trend

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 FY23, increased by 17.95% and are now over \$25.5 billion for the Town.



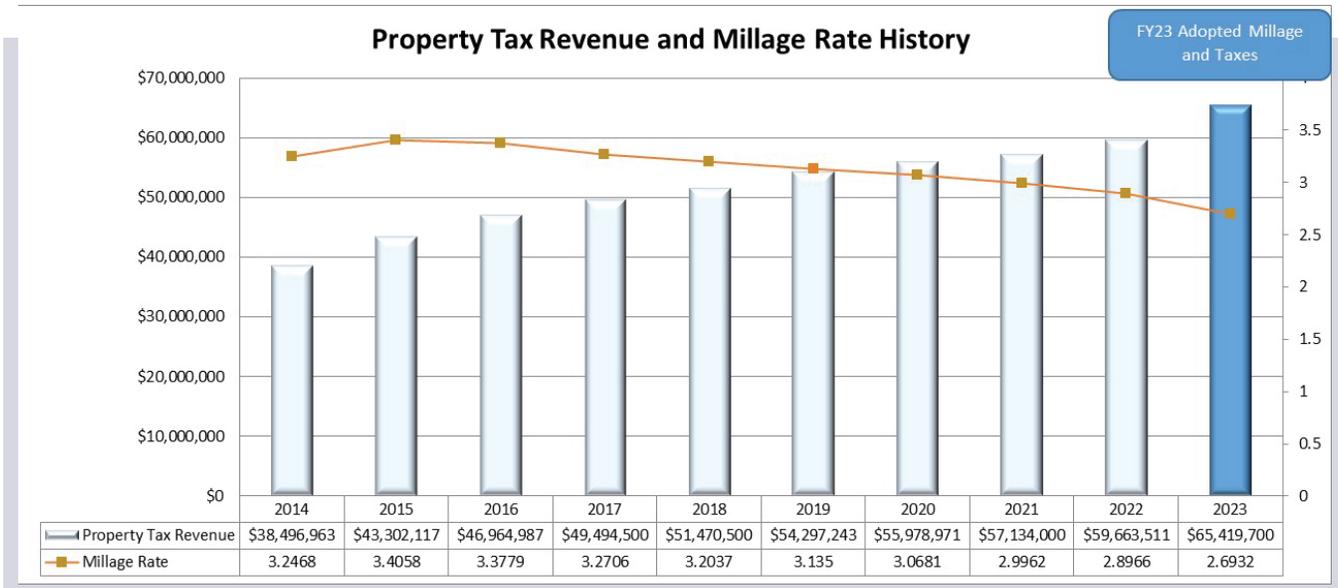
Part of the increase in taxable value is related to construction activity in Palm Beach. The trend over the past 5 years is shown below. FY20 construction activity declined due to the downturn caused by the pandemic. FY21 was record construction year and FY22 was an even bigger year at \$471,352,200 of construction value.

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 2.6932 for FY23. This will result in a \$113 decrease per million of taxable value for homestead property owners.



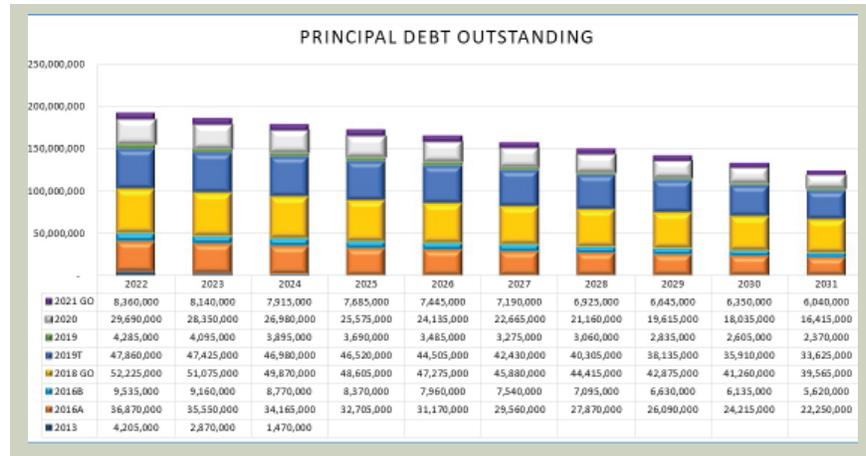
Town taxes represent 17.38% of the total tax bill of approximately \$376 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



OUTSTANDING DEBT AND DEBT SERVICE LEVELS

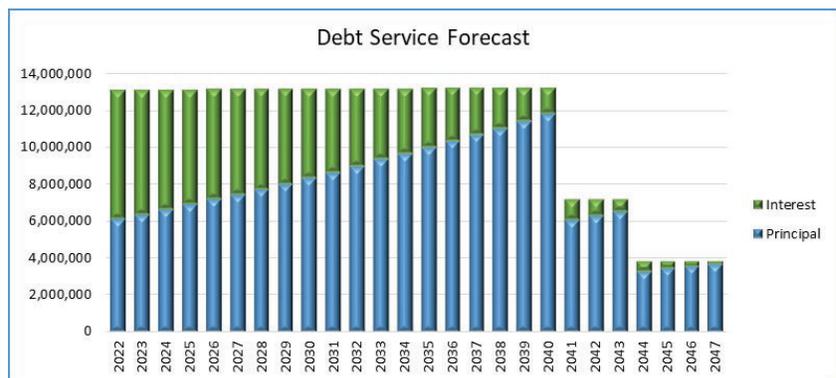
Total Outstanding Debt

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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