



# TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - DEC FY2023



Message from

**KIRK BLOUIN**

Town Manager

and

**BOB MIRACLE**

Deputy Town Manager



Welcome to the latest issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town unaudited financial results for the 2023 fiscal year from October 1, 2022 through December 31, 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 2023 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 Bob Miracle at (561) 227-6303 or by email at [rmiracle@townofpalmbeach.com](mailto:rmiracle@townofpalmbeach.com). We are eager to know what you think!

Sincerely,

Handwritten signature of Kirk Blouin in black ink.

Kirk Blouin

Handwritten signature of Bob Miracle in black ink.

Bob Miracle

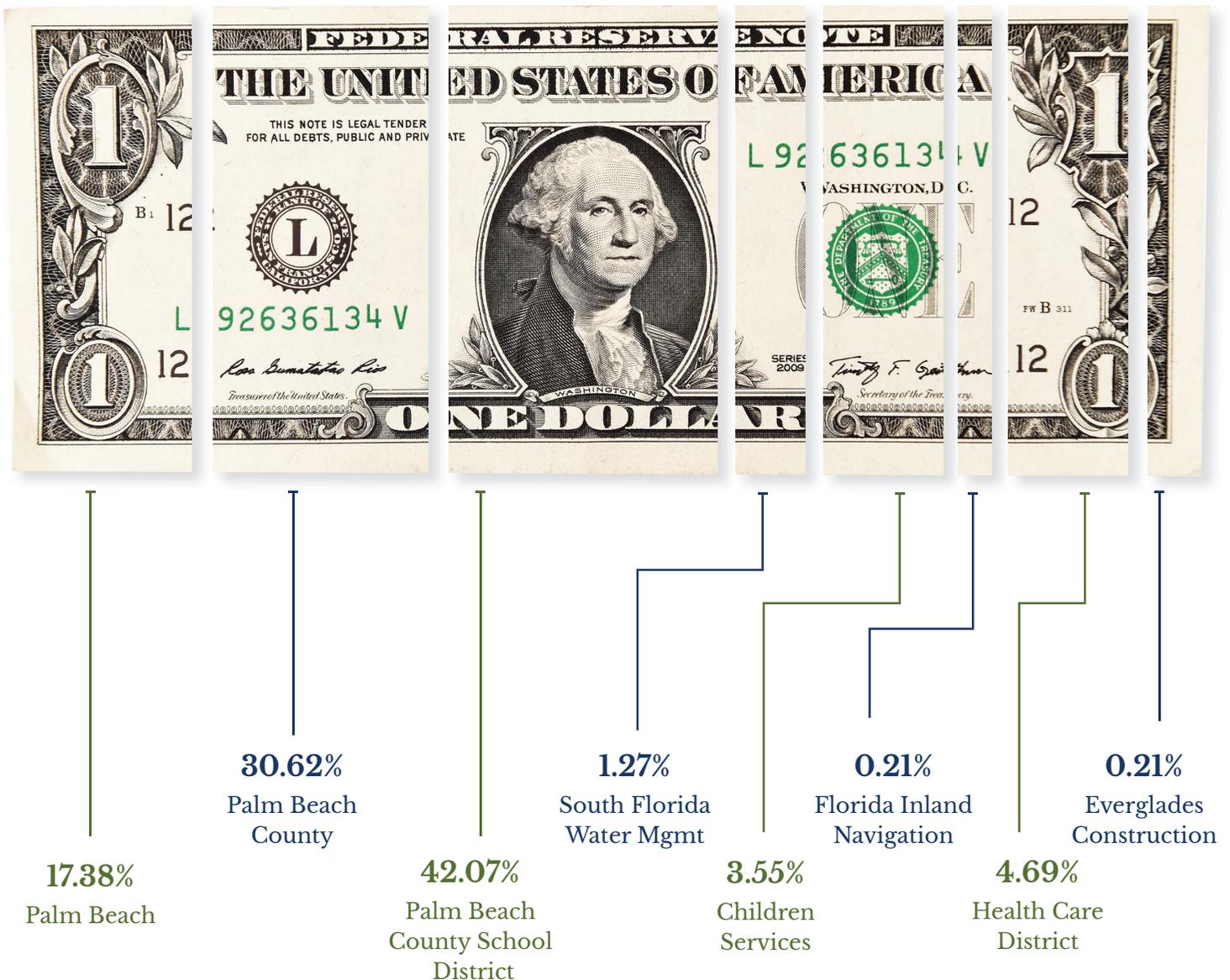
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

Operating budget and YTD results .....	page 4
Reserves and investment results .....	page 5
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Property valuations and millage rate .....	page 7-8
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## Town Finance News You Can Use

- Moody's has upgraded the Town's revenue bonds from Aa1 to Aaa. This is the highest rating the Town can receive, and the Town now has an "AAA" rating for all of its bonded debt.
- The General Fund finished FY22 with an unaudited surplus of \$519,215. This is after the additional \$5.5 million was transferred to the Capital Fund for the reconstruction of the North Fire Station.
- Investment income earned through November 30, 2022, on the Town's excess cash and bond funds of approximately \$188,073,074 increased \$1,063,695 from October 1, 2022. 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 December 31, 2022, equaled \$261,625,333, up from \$236,358,447 as of September 30, 2022. Preliminary results through December 31, 2022, indicate a fiscal year to date gain since October 1st of 5.97%. Our current rate of return assumption is 6.2% for FY23.
- The market value of the net assets of the Town's OPEB Trust as of December 31, 2022, equaled \$36,221,347, up from \$34,630,598 as of September 30, 2022. Preliminary results through December 31, 2022, indicate a fiscal year to date gain of 4.57% since October 1st. The current rate of return assumption for these funds is 5%.
- The Marina had a successful first quarter, as it generated \$13.9 million in revenue, which eclipses the total revenue generated during FY22 by nearly \$1.5 million. The vast majority of the revenue is generated in the first quarter when annual slip leases are renewed. Currently 88% of slips are occupied with annual leases.
- The Palm Beach Par 3 is on the trajectory for another record-breaking year, as the first quarter shows a revenue increase of 23% compared to FY22.
- Tennis numbers were affected by two fall hurricanes, but the play has remained consistent compared to FY22. Teaching revenue has increased by 42% compared to the first quarter of FY22. Daily tennis revenue has increased in the first quarter, up 10%.
- Revenue for the Mandel Recreation Center significantly increased by 55.2% compared to the first quarter of FY22. Youth enrichment revenue increased by 72%, group fitness classes increased by 113% and passes/daily admission revenue increased by 31% compared to the first quarter of FY22. There were 60 programs offerenced during the first quarter of FY23.

# WHERE DO YOUR PROPERTY TAX DOLLARS GO?



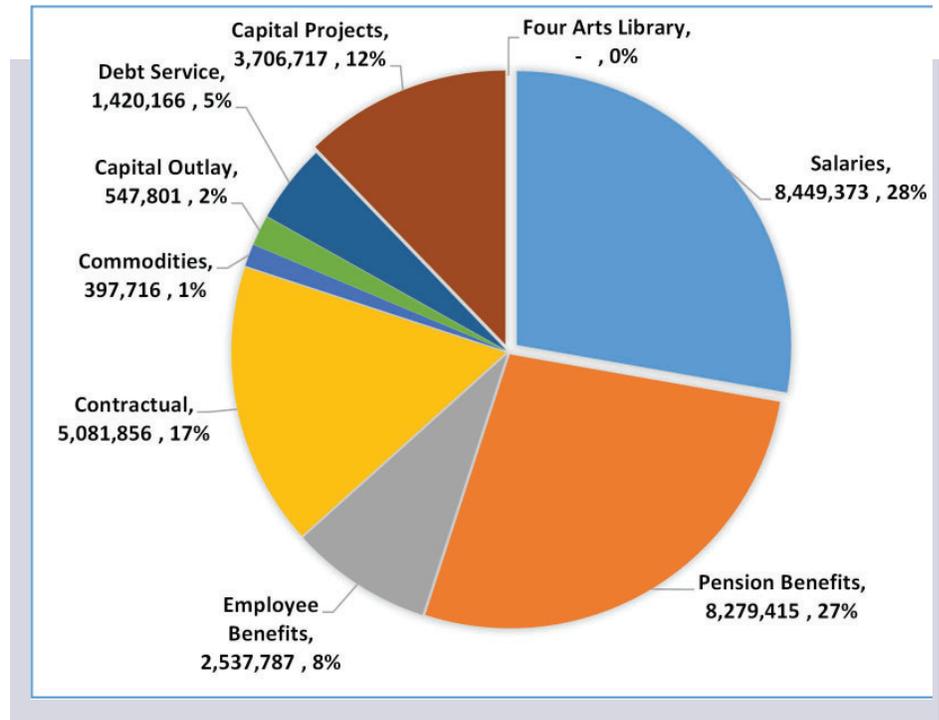
## GENERAL FUND

### 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.

	FY 2023 Revenues	FY 2023 Expenditures	Difference
<b>October</b>	<b>2,765,743</b>	<b>14,441,750</b>	<b>(11,676,007)</b>
<b>November</b>	<b>27,724,348</b>	<b>6,832,648</b>	<b>20,891,700</b>
<b>December</b>	<b>31,721,217</b>	<b>9,146,434</b>	<b>22,574,783</b>
<b>January</b>			
<b>February</b>			
<b>March</b>			
<b>April</b>			
<b>May</b>			
<b>June</b>			
<b>July</b>			
<b>August</b>			
<b>September</b>			
<b>Total</b>	<b>62,211,308</b>	<b>30,420,832</b>	<b>31,790,476</b>

### General Fund Expenditures to Date By Type

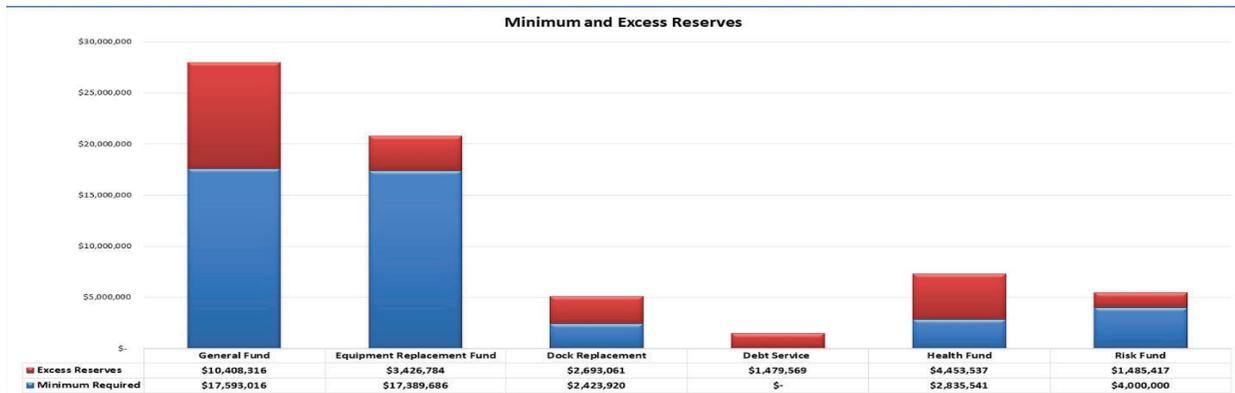
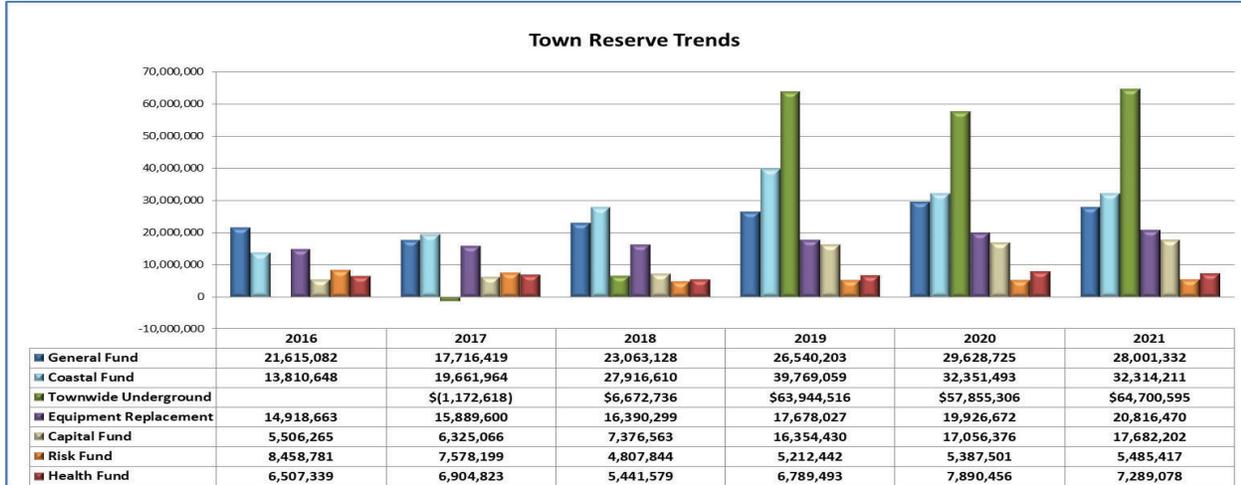


Salaries and Benefits, including pensions, make up 55% of General Fund expenditures, followed by Contractual Services at 17%, Capital Projects at 12% and Debt Service at 5%.

# RESERVES AND INVESTMENT RESULTS

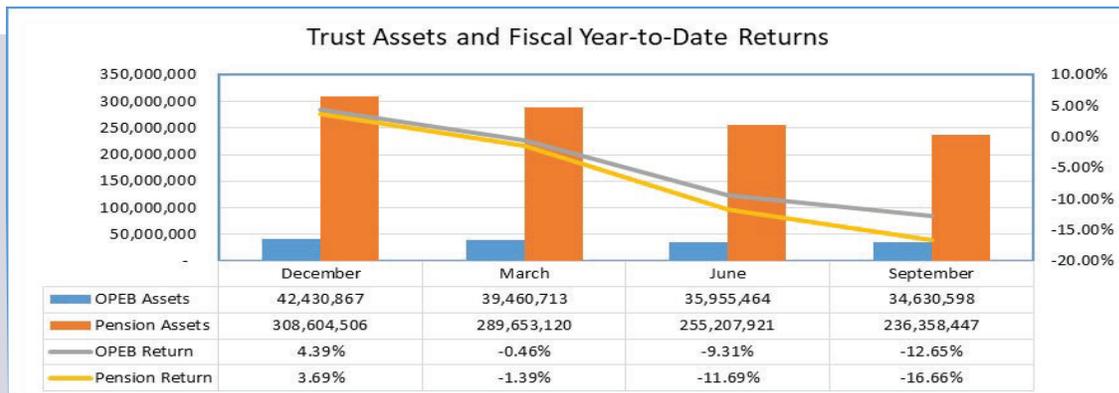
## Town Annual Reserve Trends FY16 - FY21

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.



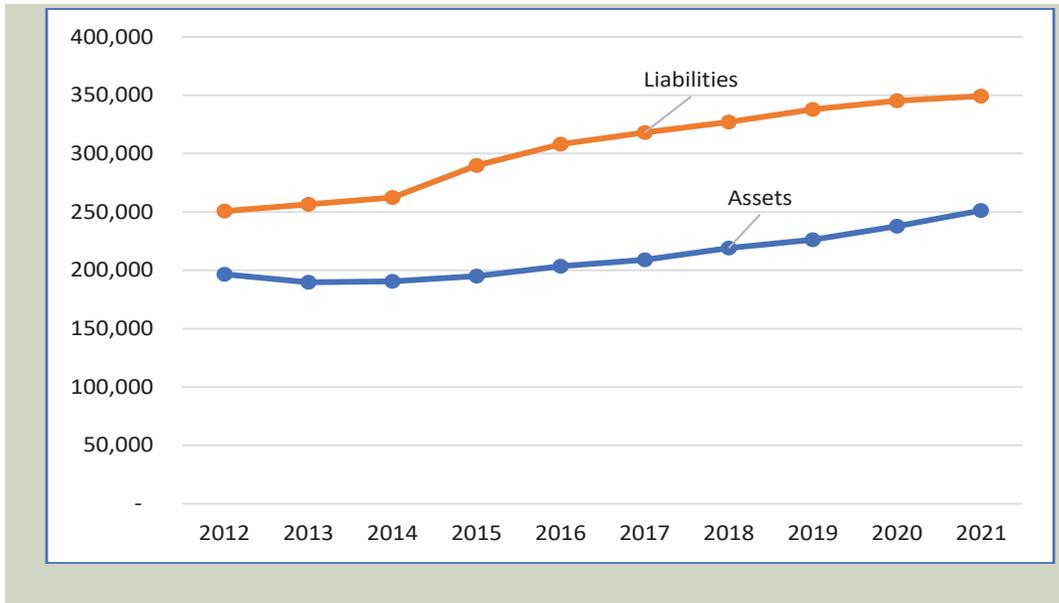
## Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



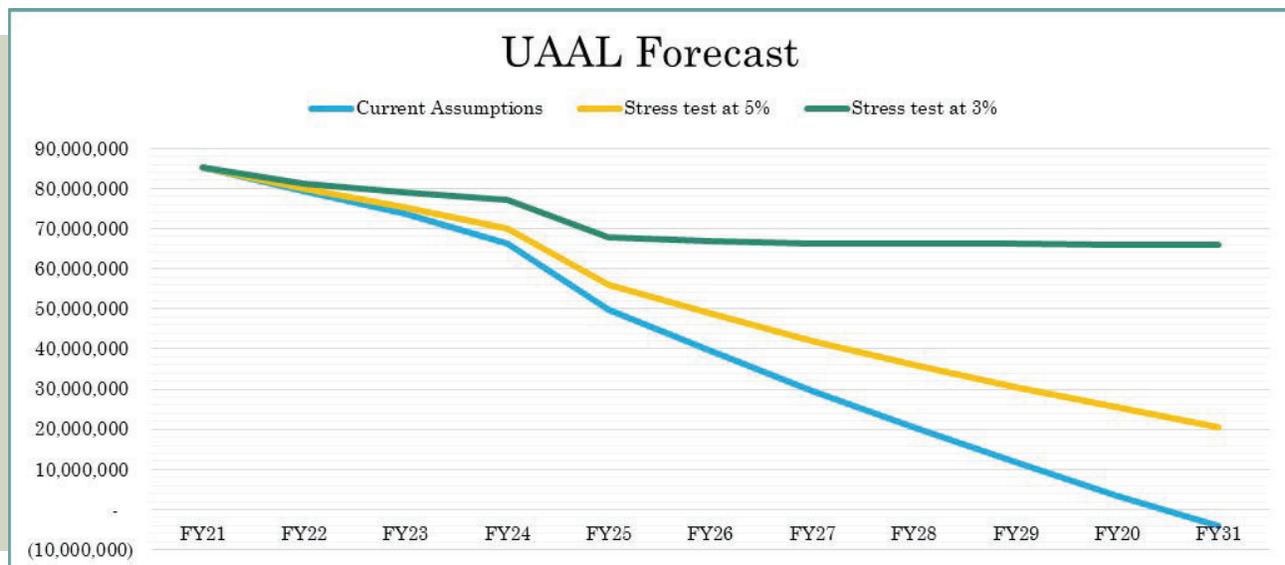
## Pension Assets and Liabilities (In Millions)

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.



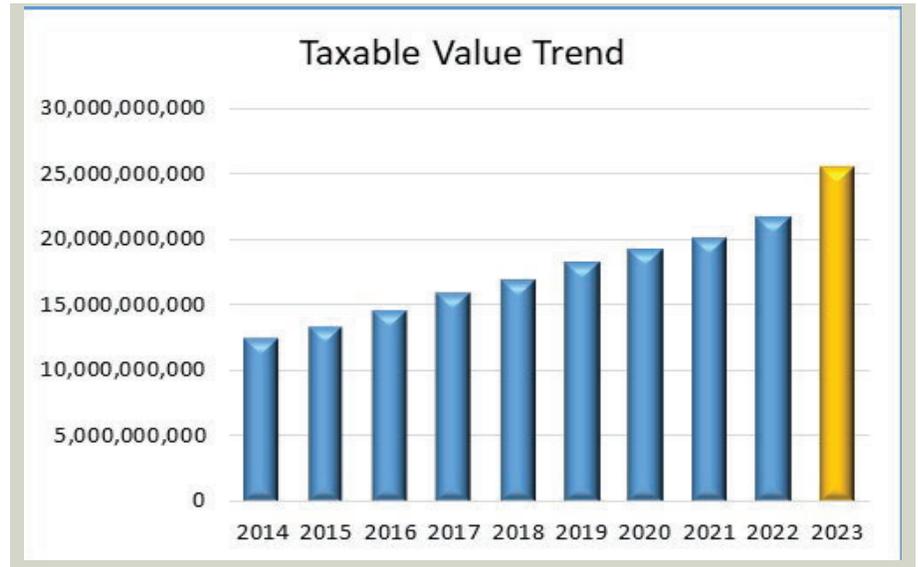
## Unfunded Actuarial Accrued Liability (UAAL)

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.



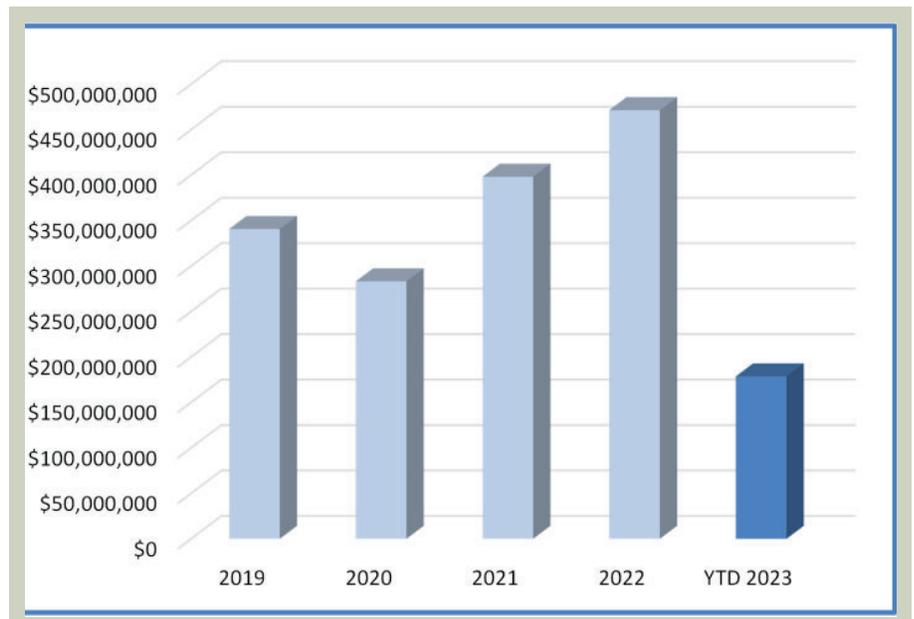
## Taxable Value Trend

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.



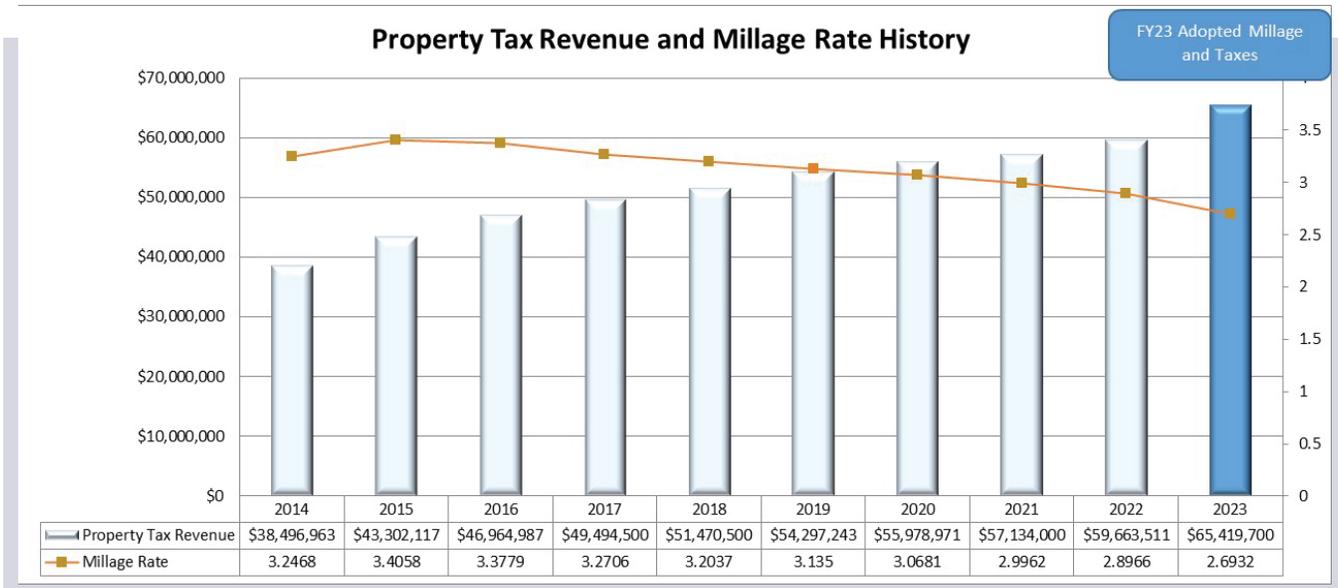
## Construction Valuation

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. 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.



## 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.



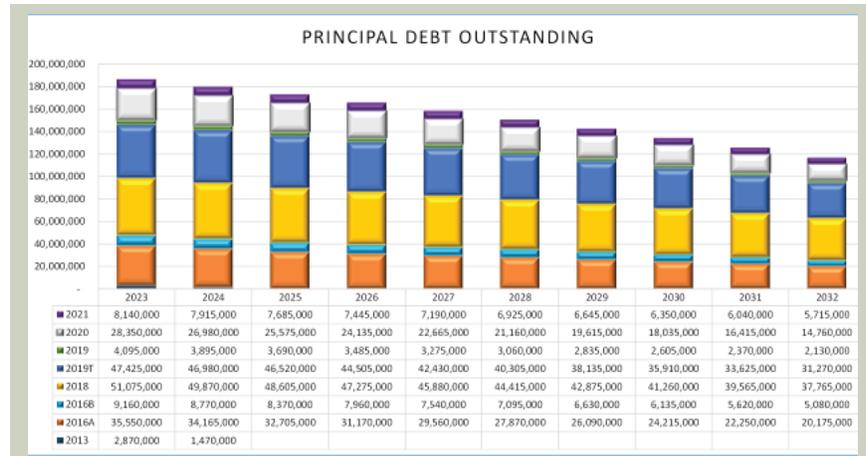
Town taxes represent 17.38% of the total tax bill of approximately \$376 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



# OUTSTANDING DEBT AND DEBT SERVICE LEVELS

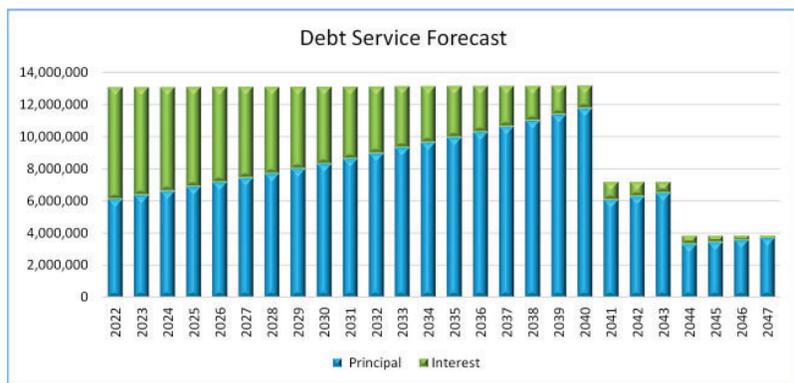
## Total Outstanding Debt

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, Marina, 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 \$76 million or 39.4% during the next 10 years. As of this report, total outstanding debt equals \$193,030,000.



The Town holds Aaa/AAA issuer bond ratings from both Moody's Investor Services and Standard and Poor's and Aaa/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 \$5.9 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 is paid from revenues generated by the Marina.





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