

# **TOWN OF PALM BEACH, FLORIDA**

## **BUDGET IN BRIEF**

### **FISCAL YEAR 2002/2003 (October 1, 2002 - September 30, 2003)**

#### Town Council

Lesly S. Smith, Mayor (Term Expires 2/2003)

William J. Brooks, Town Council President (Term Expires 2/2004)

Norman P. Goldblum, Town Council President Pro-Tem (Term Expires 2/2004)

Jack McDonald, Town Councilman (Term Expires 2/2004)

Samuel C. McLendon, Town Councilman (Term Expires 2/2003)

Allen S. Wyett, Town Councilman (Term Expires 2/2003)

#### Town Manager

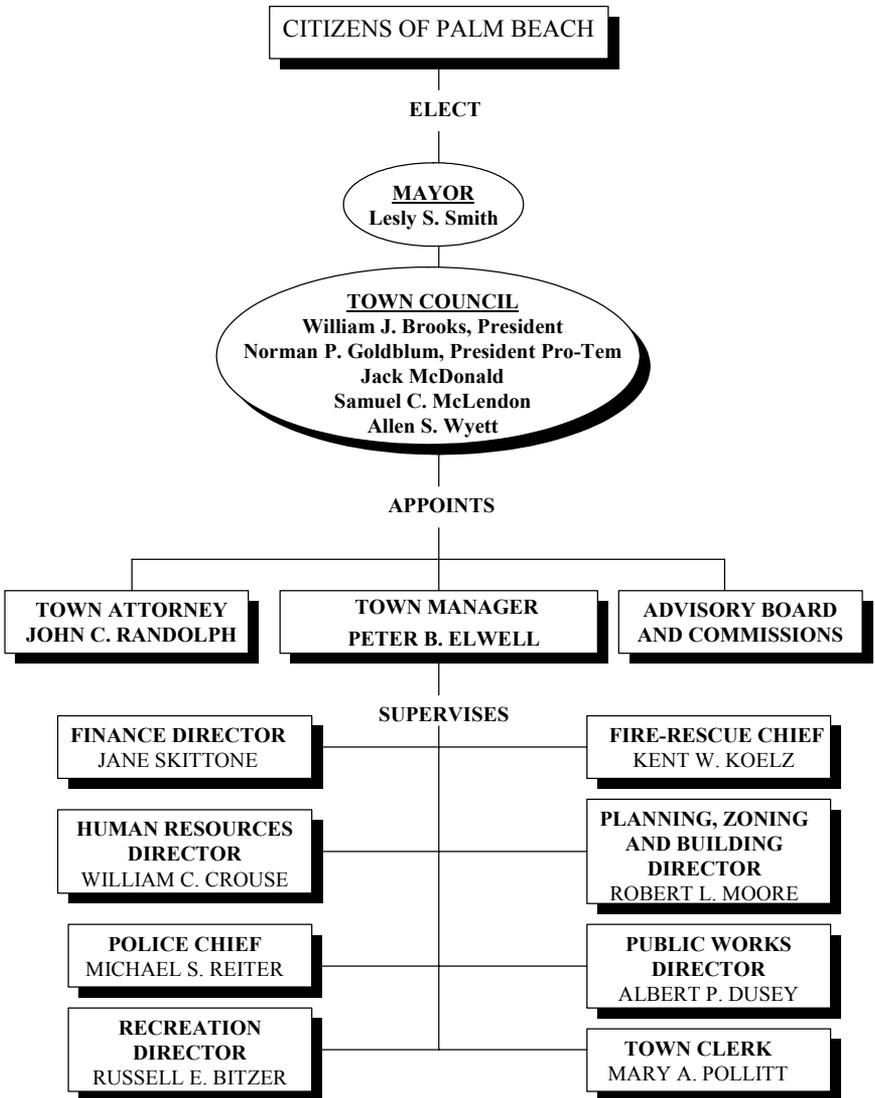
Peter B. Elwell

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# TOWN OF PALM BEACH

## ORGANIZATIONAL STRUCTURE



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# TOWN OF PALM BEACH

Office of the Town Manager

October 22, 2002

Dear Honorable Mayor, Town Council and  
Citizens of the Town of Palm Beach

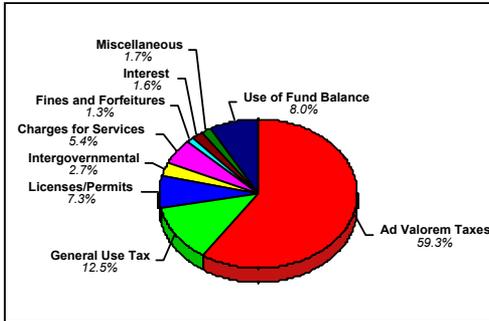
I am pleased to present the Town of Palm Beach Budget in Brief for fiscal year beginning October 1, 2002 and ending September 30, 2003. This document contains a concise summary of the Town's Comprehensive Annual Budget document. Copies of the comprehensive document are available for inspection in the Finance Department at Town Hall.

The Town Council established Townwide goals for fiscal year 2003 that were incorporated into the budget. The Townwide Goals that were adopted by the Town Council at its meeting on March 12, 2002, are as follows:

- ❖ Continue with implementation of plans to improve storm drainage to reduce property damage during future heavy rain events.
- ❖ Continue the implementation of the Town's Coastal Management Plan, including construction of the Mid-Town Beach Nourishment Project and final permitting of the Phipps Ocean Park Beach Restoration Project.
- ❖ Develop workable strategies for preventing excessively large homes, traffic-generating commercial facilities, and, in general, overbuilding that will strain our infrastructure capabilities.
- ❖ Maintain strict zoning regulations in order to preserve and increase green space as well as the beauty of Palm Beach.
- ❖ Continue visible and discreet actions to increase the safety and security of Town residents and employees as it related to potential natural disasters (emergency preparedness) and acts of terrorism (domestic security).

# GENERAL FUND BUDGET

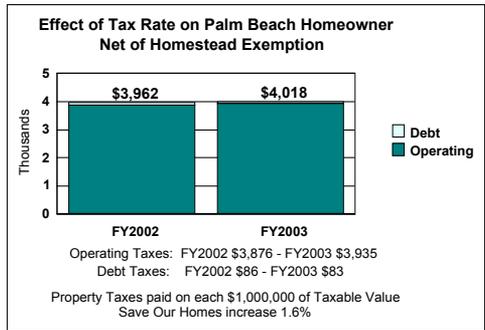
## Revenue Highlights



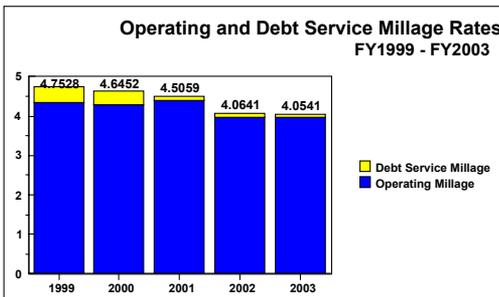
The total General Fund budget of \$48,671,671 is 1.4% higher than the FY2002 adopted General Fund Budget of \$48,017,466. Total revenues are expected to increase by \$654,205 (1.4%) over the adopted FY2002 budget.

### Ad Valorem Revenue

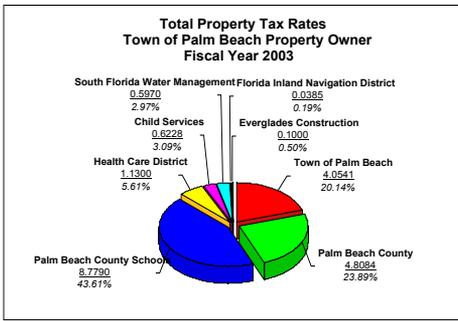
General Fund ad valorem tax revenues are anticipated to increase by \$2,496,265 (9.5%) over the adopted FY2002 budget. The preliminary total taxable value in the Town increased by 9.8%. An operating millage rate of 3.9706 mills (.13% decrease from FY2002) and a debt service millage rate of .0835 mills (5.5%



lower than FY2002) which total 4.0541 mills (.25% decrease) were approved by the Town Council. The aggregate impact of these changes on a Town taxpayer who maintains a homestead exemption on a property valued at \$1,000,000 will be an increase of \$56 in taxes paid to the Town.



The trend in the Town's total millage rate for the last five years including the FY2003 adopted rate is shown in the bar chart to the left. The rate has been steadily declining since FY1994. A more detailed chart showing taxable value and millage rate trends since FY1990 is located in the appendix.

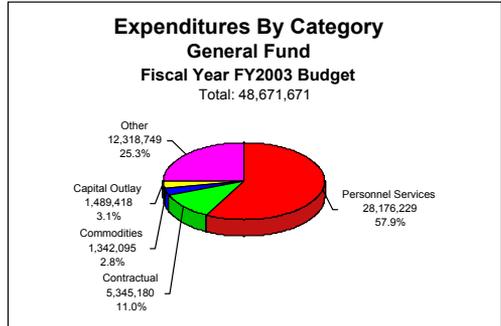


The Town of Palm Beach millage rate represents 20.14% of the total tax bill for a Palm Beach property owner. In other words, for every \$100 of property taxes paid by the property owner in the Town of Palm beach, only \$20 is returned to the Town. More details regarding the millage rate and total tax bill can be found in the appendix.

## Expenditure Highlights

The FY2003 budget represents a diligent effort by all departments in this challenging environment to look for all possible savings within their budgets while maintaining the Town’s high levels of service.

Total General Fund expenditures of \$48,671,671 represent a 1.4% increase over FY2002 expenditures. The largest increases relate to salaries, retirement contributions, and insurances, while decreases are anticipated in commodities, contractual, capital, and other areas.



The staff has worked hard to present a budget that maintains the Town’s high levels of service while holding down costs wherever possible. We have, at the same time, attempted to be prudent in anticipating necessary expenditure increases and in planning for future Town financial needs. We have been faced with large increases in our risk insurance costs as well as large increases in health insurance and retirement funding. In recognition of these increases and the decline in non-ad valorem revenue, we have *reduced* funding for commodities and *substantially reduced* funding for contractual services in FY2003.

## Fund Balance

For the third year in a row, the budget does not include any use of fund balance as a revenue source to balance the budget. The staff believes this is an important policy decision for the Town’s continued financial strength.

As of September 30, 2001, the Town's General Fund undesignated Fund Balance was \$17,017,373. The General Fund undesignated Fund Balance Policy requires that the General Fund maintain an undesignated fund balance of 25% of budgeted expenditures. This requires a minimum undesignated fund balance of \$12,167,918 for FY2003. It is anticipated that the undesignated fund balance for fiscal year ending 2002 will be approximately \$18,000,000. The FY2003 budget includes an appropriation from undesignated fund balance of \$3,900,000 for the North Lake Way drainage project. The estimated remaining General Fund undesignated fund balance of approximately \$14,100,000 represents 29.9% of the FY2003 budget and is approximately \$1,932,082 over the required minimum.

**OTHER FUNDS**

***Debt Service Funds (200, 203)***

The Debt Service Funds provide for the payment of principal and interest on the Town's outstanding 1993 General Obligation Bond and the 2000 Revenue Bond. Each year a debt millage is assessed to fund actual dollars needed to meet the annual debt payments for the 1993 General Obligation Bond and related expenses. The 2000 Revenue Bond is funded from a transfer from the General Fund's non-ad valorem revenues.

The Town's outstanding bonded debt as of September 30, 2002 is as follows:

<b>Year Issued</b>	<b>Outstanding Principal Balance @ September 30, 2002</b>	<b>Purpose</b>
<b>2000</b>	\$23,530,000	To finance the Coastal Protection Project
<b>1993</b>	<u>1,935,000</u>	To refund the callable portion of the 1986 Bond Issue. (Final payment 7/1/2005)
<b>Total</b>	<u>\$25,465,000</u>	

As of September 30, 2002 the Town's net bonded debt was well below the Town Charter's legal limit of \$348,727,533 (5% of FY2001 final taxable value of \$6,974,550,663).

The Town's Revenue Bonds have been rated Aaa by Moody's Investors Service, Inc. and AAA by Standard & Poor's Rating Services based upon insurance issued by Financial Security Assurance, Inc. (FSA). The Bonds have been rated Aa2 by Moody's and A+ by Standard and Poor's without regard to the bond insurance policy.

The Town has maintained an Aaa rating by Moody's since 1988.

The 1993 GO debt service appropriation is \$700,675 in FY2003 and is funded through a separate debt service levy of .0835 mills. The 2000 Revenue Bond debt service appropriation is \$1,211,858 and is funded from non-ad valorem revenues.

### ***Capital Improvement Funds (307, 308, 309)***

Most of the Town's capital projects are funded on a pay-as-you-go basis. The five-year Capital Improvement Program is updated annually, but only the current year is actually adopted and funded. For FY2003, a transfer from the General Fund of \$6,662,000 is appropriated to partially offset the anticipated costs of the scheduled projects, which include:

- Continuation of major drainage improvements
- Replacement of sanitary sewer mains
- Town facilities projects

Planning, design, and permitting of the Town's coastal protection projects have been funded on a pay-as-you-go basis through the Comprehensive Coastal Management Plan (CCMP) pay-as-you-go Fund (308). Construction of these projects will be funded by the proceeds of the Town's 2000 Revenue Bond and the interest accrued in CCMP Construction Fund (309).

### ***Equipment Replacement Fund (320)***

The Equipment Replacement Fund was established in FY2002 with a transfer from the General Fund Undesignated Fund Balance for the accumulated depreciation of all fixed assets over the established thresholds of \$2,500 for capital equipment and \$1,500 for computer equipment. The purpose of this fund is to pay for the replacement cost of existing equipment, vehicles, and computers when they reach the end of their useful lives. The reserve will significantly reduce the budgetary fluctuations and eliminate the need for equipment financing.

The annual depreciation transfer for FY2003 is \$892,036, of this amount \$136,794 represents the annual depreciation for computer equipment and \$755,242 represents the annual depreciation for other fixed assets.

### ***Enterprise Funds - Golf Course (401)***

The Palm Beach Par 3 Golf Course, which operates as an enterprise fund, recovers the majority of its costs through user charges such as membership fees, play tickets, daily green fees, cart rentals and driving range fees. The Par 3 Golf Course is staffed with professionals who provide private lessons, group clinics, and special events throughout the year.

Staff recommended and the Town Council approved rate increases that are anticipated to increase revenues by \$21,500 over FY2002 budgeted revenues. This will foster continued improvement of the financial condition of the Golf Course Fund, which owed the General Fund \$181,919 at September 30, 2001.

Overall, expenses are estimated to increase by 4.3%. Contractual Services is increasing 12.3% due to anticipated increases in charges for water for irrigation.

***Enterprise Funds - Marina (402)***

The Town Docks (at Brazilian, Australian, and Peruvian Avenues) have a total of 88 slips ranging from 50 feet to 262 feet. Slips are leased seasonally or annually; transient vessels are accepted on a short-term basis when slips are available.

The rate increases that were approved by the Town Council, and other factors are anticipated to increase revenues by \$326,955 over FY2002 budgeted revenues.

Overall expenses are estimated to increase by 7.8%. Contractual services is increasing by 5% due to increases in electric charges, building maintenance expense, and increases in the submerged land lease. The capital budget includes the estimated cost to replace the Australian Dock fire line stand pipe as well as the FY2003 depreciation expense for the new Marina Dock Replacement Reserve. The depreciation expense has increased from FY2002 due to the change in the estimated useful life of the docks from 30 years to 25 years as recommended in the new policy.

The Town Council approved the establishment of a Marina Dock Replacement Reserve to fund the replacement of the docks when they reach the end of their useful lives.

***Internal Service Funds - Self Insurance Fund for Risk Management (501)***

The Office of Risk Management is responsible for administering the Town's property, liability and worker's compensation coverage, and the related safety and loss control programs. The cost of operating the Office of Risk Management and of funding the Town's self-insurance and excess insurance programs will be funded by a transfer from the General Fund of \$2,746,915 and interest income earned on the retained earnings within the fund. The transfer from the General Fund has been increased from FY2002 to reflect the significant anticipated increase in premiums due to the turmoil in the insurance markets since September 11, 2001.

A reserve for catastrophic exposures/emergencies has been appropriated in the FY2003 budget in the amount of \$2,500,000 and a contingency account has been appropriated for \$500,000. Both amounts will be appropriated from the retained earnings of the fund, in order to avoid amending the budget in case of an emergency. The amounts are based on the adopted Risk Reserve policy and

contingency policy. New deductible accounts have been funded from retained earnings for Public Officials coverage to separate the Public Officials' coverage, as they are not included in the loss fund. The new deductible amounts total \$150,000.

***Internal Service Funds - Self Insurance Fund for Health (502)***

The health insurance program for Town employees and retirees, and their dependents, consists of medical, dental, life, long-term disability, accidental death and dismemberment, supplemental life insurance, specific reinsurance, aggregate reinsurance, medical conversion, COBRA, network access fees, utilization review, consulting services, flexible spending program and claims administration. The program is funded by a transfer of \$4,000,000, along with interest income earned on the retained earnings, and payroll deductions of Town employees and retirees. The transfer represents an increase of \$300,000 over FY2002. The increase is due to projected increases in health insurance claims costs. This is the first time that the transfer has been increased since FY1992.

Budgeted expenditures for the Town's health insurance program in FY2003 have increased by \$277,584 (6.9%) over the FY2002 budget due to increases in health care costs.

***Trust Funds - Retirement (600, 601)***

The Town administers the Town of Palm Beach General Employees' Retirement Plan (600) and the Town of Palm Beach Public Safety Retirement Plan (601).

The Town and each plan's participants are obligated to fund that plan's costs based upon annual actuarial valuations. The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. This year both retirement boards adopted a revision in an actuarial assumption. This revision changed the smoothing method for gains/losses on the funds from 4 years to 5 years resulting in a savings to the Town of \$988,144. This savings is being spread over 4 years and will reduce the Town's contribution by \$247,036 for FY2003.

An analysis of the Town’s share of the retirement funding costs for all Town funds is as follows:

	<b>FY2002</b>	<b>FY2003</b>	<b>Change</b>	<b>% Change</b>
<b>General Employees</b>	\$ 516,344	\$ 893,843	\$ 377,499	73.1%
<b>Lifeguards</b>	41,336	58,142	16,806	40.7%
<b>Police</b>	310,756	452,334	141,578	45.6%
<b>Fire-Rescue</b>	<u>233,590</u>	<u>337,218</u>	<u>103,628</u>	<u>44.4%</u>
<b>Total</b>	\$ 1,102,026	\$ 1,741,537	\$ 639,511	58.1%

**New Central Fire-Rescue Station**

The current Central Fire-Rescue Station was constructed in 1927. It has been modified several times, but no longer meets all of the Town’s needs for a modern public safety facility. The FY2002 Capital Improvement Program included a \$3,223,000 expenditure line item for the construction of a new Central Fire-Rescue Station.

There are no funds appropriated in the FY2003 budget for debt service on the financing of this project. The project could be initially funded from excess undesignated fund balance and then be reimbursed by a future bond issue. Staff is also anticipating the receipt of approximately \$2,000,000 from the sale of the Pike Road property, which could be used to offset the cost of this project or the Town Hall Renovation/PZB project. Another source of funding for the Fire-Rescue Station would be the use of donated funds. We have received \$1,074,000 from donations to date.

If the Town Council decides to borrow funds to finance this project, the decision regarding the specific method of financing will be made during the winter of 2002-2003 when further information is available on the total cost of the Town facility project, the status of receipts from Pike Road, and any additional donations.

**Drainage Projects**

A comprehensive drainage improvement program was initiated in FY2001. Since March 13, 2001, \$5,922,000 has been appropriated to drainage projects. Of this amount \$3,600,000 has been funded from the General Fund Undesignated Fund Balance. In the FY2003 budget an additional \$5,579,000 is appropriated for drainage of which \$3,900,000 is to be appropriated from undesignated fund balance. The Town Council approved at its September 10, 2002 meeting a pay-as-you-go-financing plan for the \$23,700,000 project that is planned to be completed over the course of the next 9 years.

## **Long Term Financial Plan**

Staff has prepared a draft long term financial plan for preliminary review by the Strategic Planning Board and the Town Council. This plan will be finalized and formally presented for Town Council consideration during the FY2004 budget process.

### **Summary**

The review and adoption of the annual budget is one of the most important policy making responsibilities of the Town Council. The Budget is utilized to guide Town staff toward defined commitments and goals, and communicates to the Town's taxpayers the Town's financial status, objectives, policies, and performance standards.

The budget process provides an important opportunity for the Town Manager to communicate to the Town's policy decision makers the short term and long term impact that policy decisions have on the operating and capital expenses of the Town.

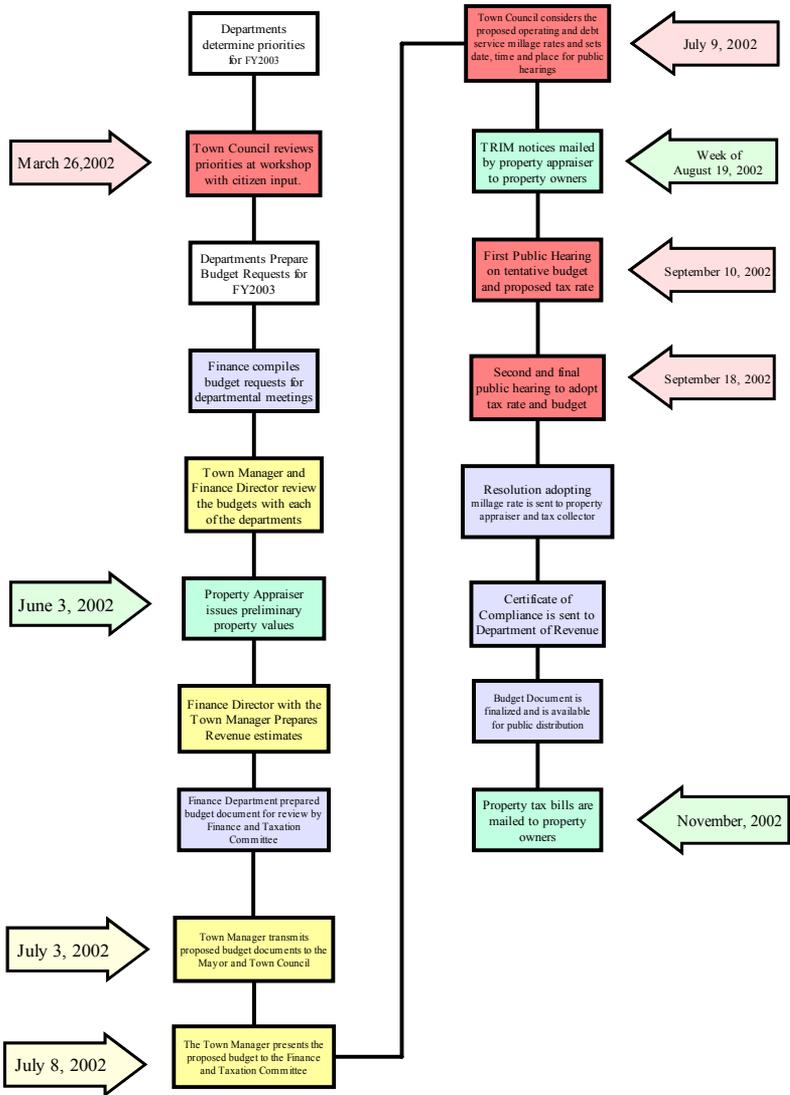
The fiscal year 2003 General Fund Budget represents our continued effort to provide a high level of municipal services to Town taxpayers in the most cost effective manner.

Respectfully submitted,



Peter B. Elwell  
Town Manager

# Flow Chart of Budget Process



- Departmental Actions
- Finance Department Actions
- Town Manager Actions
- Town Council Actions
- Palm Beach County Actions

# FUND OVERVIEW

## Description of Funds and Fund Types

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For accounting purposes a state or local government is not treated as a single, integral entity. Rather, a government is viewed instead as a collection of smaller, separate entities known as “funds.”

All of the funds used by a government must be classified into one of seven “fund types.” Four of these fund types are used to account for a state or local government’s “governmental-type” activities and are known as “governmental funds.” Two of these fund types are used to account for a government’s “business-type” activities and are known as “proprietary funds.” Finally, the seventh fund type is reserved for a government’s “fiduciary activities.”

## Governmental Funds

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Four fund types are used to account for governmental-type activities. These are the general fund, special revenue funds, debt service funds, and capital projects funds.

### General Fund

The General Fund is used to account for most of the day-to-day operations of the Town, which are financed from property taxes and other general revenue. Activities financed by the General Fund include those of line and staff departments within the Town except for activities of the Enterprise Funds. There can only be one General Fund.

### Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government and which therefore cannot be diverted to other uses. The Town has the following special revenue funds for which an annual budget is not adopted:

- State Forfeiture Fund
- Federal Forfeiture Fund
- Donations Fund

## **Debt Service Funds**

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The Debt Service Funds are used to account for the payment of interest and principal on general, special obligation debts, and revenue bonds other than those payable from special assessments and debt issued for and serviced by a governmental enterprise. The Town has two Debt Service Funds.

- General Obligation Refunding Series 93
- Revenue Bond Series 2000

## **Capital Projects Funds**

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The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital equipment and facilities by the Town including the Comprehensive Coastal Management Plan (CCMP) except those financed by Enterprise and Internal Service Funds.

- Capital Improvement Fund
- CCMP Pay As You Go Fund
- CCMP Bond Proceeds Construction Fund
- Equipment Replacement Fund

## **Proprietary Funds**

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Two fund types are used to account for a government's business-type activities (activities that receive a significant portion of their funding through user fees). These are the enterprise funds and the internal service funds.

### **Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; where the intent of the government's board is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

- Par 3 Golf Course Fund
- Marina Fund

### **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other department or agencies on a cost reimbursement basis. Accounting for Internal Service Funds as a proprietary fund type is designed to accumulate the total cost (including

depreciation) of providing a particular service. Costs for services are reimbursed by the departments or agencies to which the services are provided.

- Risk Management - Self Insurance Fund
- Health Insurance - Self Insurance Fund

## **Fiduciary Funds**

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These funds are used when a government holds or manages financial resources in an agent or fiduciary capacity. This single type is subdivided into four “sub-fund types” to account for various types of fiduciary obligations. These are pension trust funds, nonexpendable trust funds, expendable trust funds, and agency funds. The Town does not have nonexpendable or expendable trust funds at this time.

### **Pension Trust Funds**

Pension trust funds are used when governments manage pension plans.

- Employees Retirement Fund
- Public Safety Retirement Fund

### **Agency Funds**

Trust funds typically involve some degree of financial management. Agency funds are used when the government plays a more limited role by just collecting funds on behalf of a third party. The Town has one agency fund.

- Kreuzler Park Fund

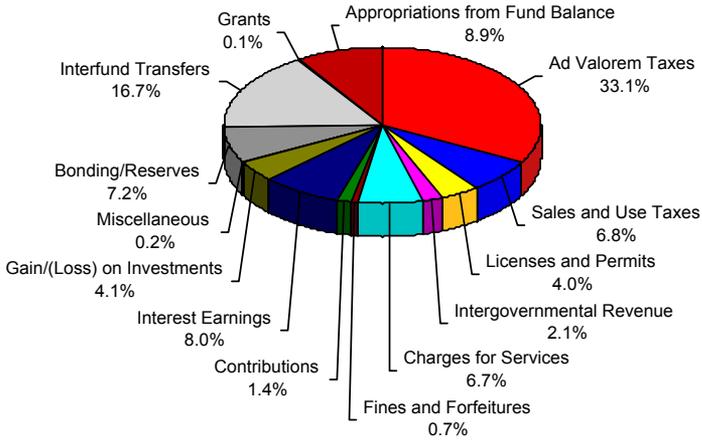
**Budget Summary by Fund Type, Revenues and Expenditures  
FY03 Approved Budget**

	General	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Totals
<b>Revenues</b>							
Ad Valorem Taxes	\$28,885,500	\$610,200	\$0	\$0	\$0	\$0	\$29,495,700
Sales and Use Taxes	6,094,500	0	0	0	0	0	6,094,500
Licenses and Permits	3,554,650	0	0	0	0	0	3,554,650
Intergovernmental Revenue	1,253,605	0	0	0	0	580,000	1,833,605
Charges for Services	2,639,125	0	0	3,328,500	0	0	5,967,625
Fines and Forfeitures	626,000	0	0	0	0	0	626,000
Contributions	0	0	40,000	0	0	1,233,000	1,273,000
Interest Earnings	802,616	12,008	1,167,000	69,000	403,000	8,430,000	10,883,624
Miscellaneous	172,950	0	0	10,060	0	11,600	194,610
Bonding/Reserves	0	0	6,400,000	0	0	0	6,400,000
Interfund Transfers	675,000	1,211,850	4,517,736	0	6,746,915	1,741,537	14,893,038
Grants	67,725	0	0	0	0	0	67,725
Subtotal	44,771,671	1,834,058	12,124,736	3,407,560	7,149,915	11,996,137	81,284,077
Appropriations from Fund Balance	3,900,000	80,475	934,900	0	3,045,204	0	7,960,579
<b>Total Revenues</b>	<b>\$48,671,671</b>	<b>\$1,914,533</b>	<b>\$13,059,636</b>	<b>\$3,407,560</b>	<b>\$10,195,119</b>	<b>\$11,996,137</b>	<b>\$89,244,656</b>

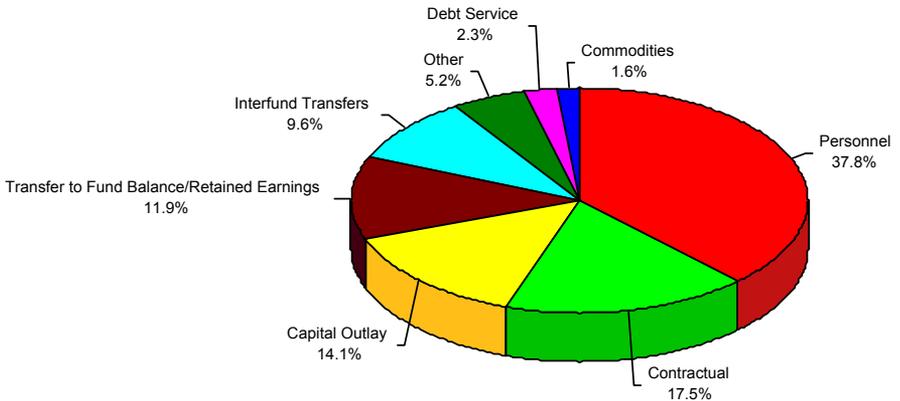
<b>Expenditures</b>							
Personnel	\$28,176,229	\$0	\$0	\$666,543	\$4,917,634	\$0	\$33,760,406
Contractual	5,345,180	0	0	528,100	2,257,717	7,479,000	15,609,997
Commodities	1,342,095	0	0	97,125	5,368	0	1,444,588
Capital Outlay	1,489,418	0	11,043,100	43,500	0	0	12,576,018
Debt Service	146,000	1,912,533	0	0	0	0	2,058,533
Interfund Transfers	11,484,465	0	0	951,983	0	0	12,436,448
Other	688,284	2,000	934,900	12,000	3,000,000	4,517,137	9,154,321
Subtotal	48,671,671	1,914,533	11,978,000	2,299,251	10,180,719	11,996,137	87,040,311
Transfer to Fund Balance/ Retained Earnings	0	0	1,081,636	1,108,309	14,400	0	2,204,345
<b>Total Expenditures</b>	<b>\$48,671,671</b>	<b>\$1,914,533</b>	<b>\$13,059,636</b>	<b>\$3,407,560</b>	<b>\$10,195,119</b>	<b>\$11,996,137</b>	<b>\$89,244,656</b>

<b>Financial Ratios</b>							
	General	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Totals
Ad Valorem Taxes as percentage of total fund budget	59.35%	31.87%	0.00%	0.00%	0.00%	0.00%	33.05%
Ad Valorem Taxes per capita (9,676 population)	\$2,985	\$63	\$0	\$0	\$0	\$0	\$3,048
Total expenditures per capita (9,676 population)	\$5,030	\$198	\$1,350	\$352	\$1,054	\$1,240	\$9,223
Personnel as a percentage of the total budget	57.89%	0.00%	0.00%	19.56%	48.24%	0.00%	37.83%
Capital projects as percentage of total fund budget	3.06%	0.00%	84.56%	1.28%	0.00%	0.00%	14.09%
Capital projects per capita (9,676 population)	\$0	\$0	\$1,350	\$0	\$0	\$0	\$1,350

## FY03 Budget by Revenue Type - All Funds



## FY03 Budget by Expenditure Classification All Funds



## FUND BALANCE AND RESERVE ANALYSIS

In August, 2001 the Town Council adopted ten financial policies, eight of which addressed reserves. The reserve policies serve to safeguard the Town's financial resources and endure fiscal stability. The size of a municipalities' fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow.

The following table summarizes the trend of the undesignated fund/equity balances for FY1998 through an estimated FY2002 for all of the funds of the Town.

### Undesignated Fund Balance/Retained Earnings Summary Fiscal Years 1998 - 2002

Fund	1998	1999	2000	2001	Est 2002
General Fund	\$8,467,263	\$12,650,056	\$19,925,376	\$17,017,373	\$17,017,000
Capital Fund	709,262	1,620,878	2,076,121	134,455	1,000,000
Marina Fund	2,561,759	2,931,022	3,573,128	4,328,300	5,167,000
Golf Fund	339,952	293,856	262,587	224,274	138,000
Health Fund	11,593,639	12,984,387	14,302,994	15,463,080	15,581,000
Risk Fund	2,601,985	3,022,637	3,133,567	3,518,595	3,600,000
Pension Fund	<u>109,078,270</u>	<u>122,992,243</u>	<u>142,441,955</u>	<u>132,241,528</u>	<u>136,251,000</u>
<b>Total</b>	<b>135,352,130</b>	<b>156,495,079</b>	<b>185,715,728</b>	<b>172,927,605</b>	<b>178,754,000</b>

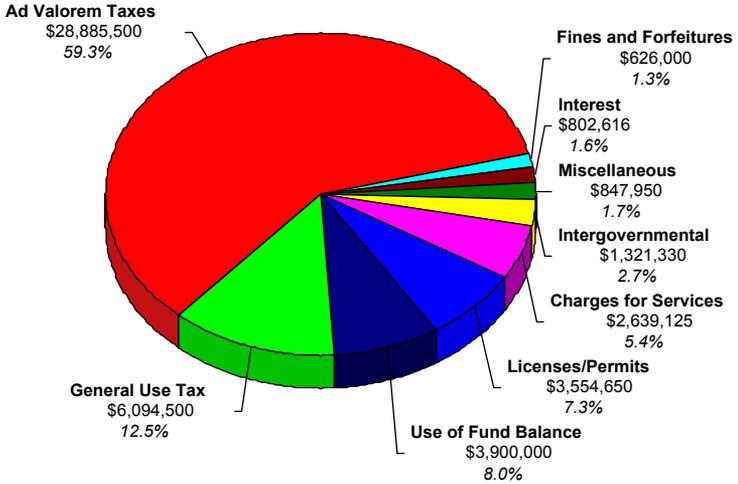
**Town of Palm Beach, Florida**  
**General Fund Revenues and Expenditures**  
**Budget Comparison**  
**Fiscal Years 2002 - 2003**

	Budget FY2002*	Budget FY2003	Difference	%Change	% of Total Budget
<b>Revenues</b>					
Ad Valorem Taxes	\$26,389,250	\$28,885,500	\$2,496,250	9.5%	63.6%
Non Ad Valorem Taxes	5,782,400	6,094,500	312,100	5.4%	13.4%
Licenses & Permits	5,126,600	3,554,650	(1,571,950)	-30.7%	7.8%
Intergovernmental	1,071,700	1,321,330	249,630	23.3%	2.9%
Charges for Services	2,122,650	2,639,125	516,475	24.3%	5.8%
Fines and Forfeitures	645,000	626,000	(19,000)	-2.9%	1.4%
Contributions	180,000	0	(180,000)	0.0%	0.0%
Investment Earnings	1,316,206	802,616	(513,590)	-39.0%	1.8%
Miscellaneous Revenues	176,750	172,950	(3,800)	-2.1%	0.4%
Installment Purchase Proceeds	145,000	0	(145,000)	-100.0%	0.0%
Interfund Transfers	675,000	675,000	0	0.0%	1.5%
<b>Total Operating Revenues</b>	<b>\$43,630,556</b>	<b>\$44,771,671</b>	<b>\$1,141,115</b>	<b>2.6%</b>	<b>98.5%</b>
<b>Expenditures</b>					
<b>Department</b>					
Legislative	\$254,100	\$80,845	(\$173,255)	-68.2%	0.2%
Town Manager	860,766	937,408	76,642	8.9%	2.1%
Human Resources	584,361	593,519	9,158	1.6%	1.3%
Town Hall Maintenance	0	0	0	0.0%	0.0%
Information Systems	755,718	976,537	220,819	29.2%	2.1%
Town Clerk	252,179	269,491	17,312	6.9%	0.6%
Finance	1,064,100	1,128,779	64,679	6.1%	2.5%
Planning/Building/Zoning	2,287,641	2,341,735	54,094	2.4%	5.2%
Recreation	898,928	931,087	32,159	3.6%	2.0% *
Library	235,000	235,000	0	0.0%	0.5%
Fire-Rescue	5,984,731	6,882,181	897,450	15.0%	15.1% *
Police	10,891,603	11,158,561	266,958	2.5%	24.6% *
Hurricane Preparedness	110,000	110,000	0	0.0%	0.2%
Public Works	10,484,783	10,274,808	(209,975)	-2.0%	22.6% *
Transfer to Other Funds	8,370,343	8,345,366	(24,977)	-0.3%	18.4%
Capital Lease Acquisitions	145,000	0	(145,000)	-100.0%	0.0%
**Contingent Appropriations	461,371	506,354	44,983	9.7%	1.1%
<b>Total Operating Expenditures</b>	<b>\$43,640,624</b>	<b>\$44,771,671</b>	<b>\$1,304,302</b>	<b>3.0%</b>	<b>98.4%</b>
<b>Transfer from Undesignated Fund Balance to Capital Funds</b>	<b>\$4,386,910</b>	<b>\$3,900,000</b>	<b>(\$486,910)</b>	<b>-11.1%</b>	
<b>Total General Fund Budget</b>	<b>\$48,027,534</b>	<b>\$48,671,671</b>	<b>\$644,137</b>	<b>1.3%</b>	

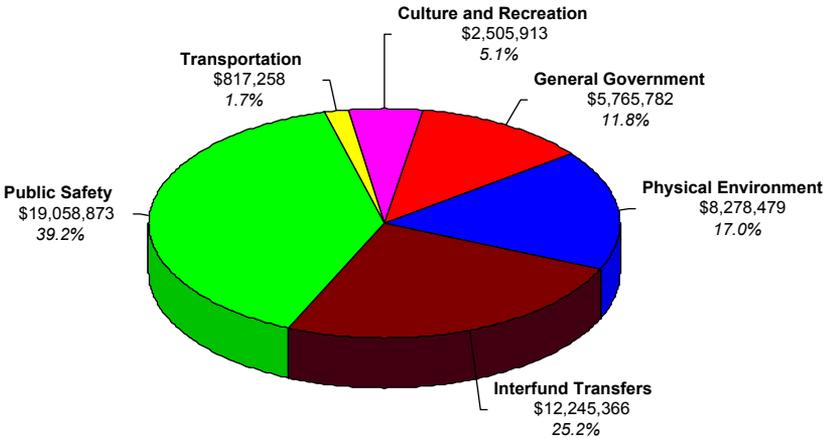
\* The FY2002 budget has been updated to reflect the transfer of Building Maintenance accounts to the Public Works Department.

\*\* The original FY2002 appropriation for contingency was \$852,652 prior to Town Council approved allocations of \$454,590. The proposed FY2003 appropriation is 48% less than the original FY2002 appropriation.

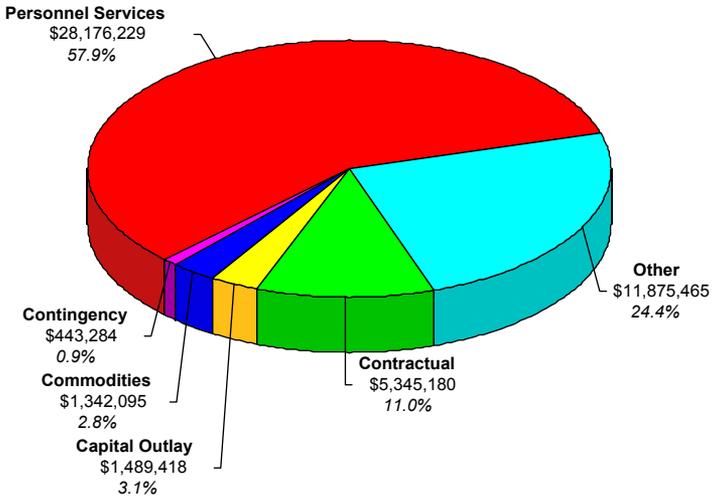
## GENERAL FUND REVENUES FY2003 BUDGET



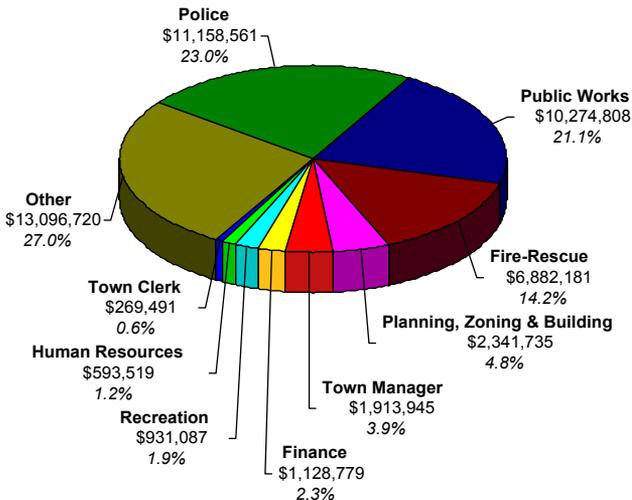
## GENERAL FUND EXPENDITURES FY2003 BUDGET BY FUNCTION



# GENERAL FUND EXPENDITURES FY2003 BUDGET BY EXPENDITURE TYPE



# GENERAL FUND EXPENDITURES FY2003 BUDGET BY DEPARTMENT



## DEBT SERVICE FUNDS

The outstanding debt for the Town of Palm Beach is summarized as follows:

<b>Analysis of Debt Service Requirements As of October 1, 2002</b>		
	General Obligation Bond	Revenue Bond
Issue Date	1993	2000
Retirement	2005	2010
Original Debt	\$6,675,000	\$23,530,000
Outstanding Principal	\$1,935,000	\$23,530,000
Interest Rate	4.4% - 4.75%	5% - 5.3%
<b>Annual Debt Service Requirements</b>		
2003	700,675	1,211,858
2004	707,615	4,010,108
2005	712,300	4,012,858
2006	0	4,011,395
2007	0	4,009,845
2008	0	4,007,868
2009	0	4,009,221
2010	0	4,008,483
<b>Total</b>	<b>\$2,120,590</b>	<b>\$29,281,636</b>

# CAPITAL PROJECTS FUNDS

**Description of Funds:** The Town accounts for four Capital Funds as described below:

## **1) Capital Improvement Program (307)**

The Capital Improvement Program represents a multi-year analysis of financial requirements, infrastructure needs and policy intention. The Program provides the best assessment of anticipated capital improvements based upon available information and preliminary engineering evaluations and opinions. However, the changing conditions of the Town's infrastructure require that the Program be reviewed and revised annually to insure that potential capital emergencies are averted and that improvements are planned in a timely and cost effective manner.

The magnitude of the cost of many capital projects often causes municipal officials to defer funding for the short-term purpose of avoiding taxation. The longer term analysis provided by our five-year plan is designed to emphasize the continuing need to adequately address the Town's infrastructure requirements which over the longer term will provide much greater and necessary benefits to the Town's taxpayers.

The Capital Improvement Program incorporates the policy of "pay as you go" for meeting the infrastructure needs of Palm Beach. This policy was adopted in 1985 and provides major benefits to taxpayers by providing for our infrastructure needs in a timely manner, at the lowest overall cost. This funding policy will also reduce, if not eliminate, the Town's future dependency on general obligation bonds for capital improvements, and will enhance the long term financial stability of the Town of Palm Beach.

While the Capital Improvement Program encompasses a five year period, only the first year of the Program is actually adopted each year by the Town Council for funding and implementation. The out years of the Program is not a budget but provides appropriate financial information for prudent budget and planning recommendations and assists the Town's Elected Officials and Management Staff in the decision making process. Through budgetary action, the first year of the Program becomes the Capital Projects allocation which is funded from the General Operating Budget for the Town.

## **2) Comprehensive Coastal Management Plan (CCMP) (308)**

This fund accounts for the pay-as-you-go portion of the Beach Restoration Project.

**3) Comprehensive Coastal Management Plan (CCMP) (309)**

This fund accounts for the Beach Restoration Project construction costs financed with proceeds from the 2000 Revenue Bond. The proceeds of the Bonds will be used for beach improvement, restoration and renourishment through the placement of sand and possible construction of groin fields and environmental mitigation for beach stabilization in all or a portion of the beaches located in Town.

**4) Equipment Replacement Fund (320)**

The purpose of this fund is to create a reserve to fund the replacement cost of existing equipment, vehicles and computers when they reach the end of their useful lives. The fund will significantly reduce budgetary fluctuations due to the purchase of large costly pieces of equipment. The fund will receive an annual appropriated transfer from the General Fund equal to the annual depreciation amount on the assets in the fund.

**Capital Improvement Fund (307)**

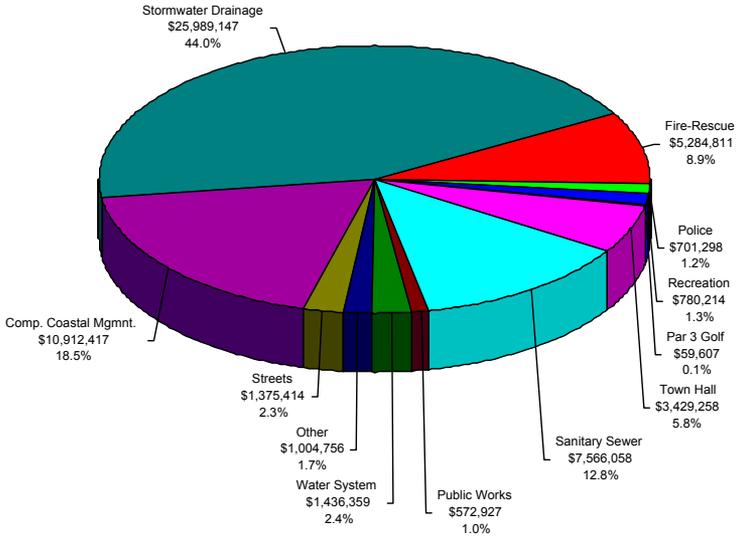
✓ FY03 Budget - The projects and their respective budget appropriations are listed below. The FY2003 budget amount includes new FY2003 appropriations of \$9,349,000 and reappropriated budgets of \$12,609,797.

<b>Description</b>	<b>Budget</b>
Stormwater Drainage Improvements	\$8,129,303
D-12 Wells to Royal Poinciana	773,970
D-17 Clarendon Avenue	595,402
D-14 Stormwater Collection Phase III	344,022
D-14 Stormwater Pump Station Royal Palm	55,232
Subtotal Stormwater Drainage	\$9,897,929
Sanitary Sewer Improvements	\$4,226,156
West Palm Beach Central Pump Station Bypass	141,973
Force Main Isolation Valves	98,141
Subtotal Sanitary Sewer	\$4,466,270
Central Fire-Rescue Station	\$3,431,488
North Fire-Rescue Station Generator	29,199
Subtotal Fire-Rescue	\$3,460,687
(Continued on next page)	

<b>Description</b>	<b>Budget</b>
Planning/Zoning/Building Relocation	\$2,500,000
Town Hall Renovation	219,433
Town Hall Generator	85,428
Subtotal Town Hall	\$2,804,861
West Palm Beach Transmission Facilities	\$608,000
West Palm Beach Water Main Lake Way	27,076
Subtotal Water System	\$635,076
Public Works - Expand Office Space	\$180,000
Parks - Town Park at South County Road & Peruvian	\$159,496
Phipps Ocean Park Irrigation Improvements	80,408
Seaview Park Irrigation Improvements	30,000
Golf (Par 3) - Driving Range Drainage	18,000
Subtotal Recreation	\$128,408
Police - Station Expansion (Including Shutters)	\$82,104
Underground Conduit North Lake Way	\$75,551
Underground Street Light Wiring	5,976
Subtotal Streets	\$81,527
Lakefront - Bulkhead Repairs	\$62,439
<b>Total</b>	<b>\$21,958,797</b>

- ✓ Capital Improvement Fund Trends - The chart below indicates total funds expended/budgeted from FY1993 through FY2003 by project type. Coastal Management and the Town's stormwater drainage and sanitary sewer infrastructure have accounted for 75% of the fund expenditures during this eleven year period.

## Capital Program Expenditures FY1993 - FY2003 Total - \$59,112,266

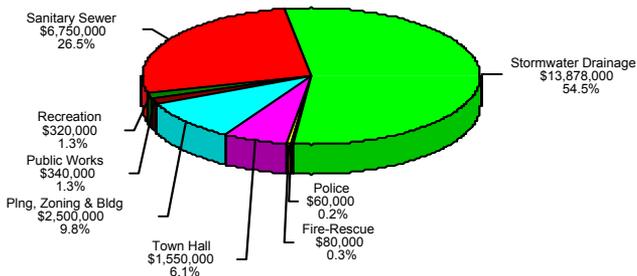


- ✓ Five Year Capital Improvement Plan - The Capital Improvement Program represents a multi-year analysis of financial requirements and infrastructure needs. The Program provides the best assessment of anticipated capital improvements based upon available information and preliminary engineering evaluations and opinions.

While the Capital Improvement Program encompasses a five year period, only the first year of the Program is actually adopted each year by the Town Council for funding and implementation. The out years of the Program is not a budget but provides appropriate financial information for prudent budget and planning recommendations.

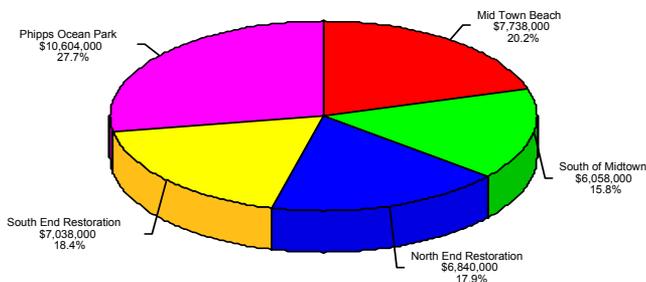
The following chart reflects the Capital Improvement Program plan by project area from FY2003 through FY2007. The Stormwater Drainage budget includes modifications approved by Town Council in September 2002.

### Five Year Capital Improvement Plan FY2003 - FY2007



**2) Comprehensive Coastal Management Plan (CCMP) (308)(309) - Effective with the FY2000 budget year, the Comprehensive Coastal Management Plan has been accounted for in funds 308 and 309. Fund 308 accounts for the pay-as-you go portion of the Beach Restoration Project. Fund 309 accounts for the Beach Restoration construction costs financed with proceeds from the 2000 Revenue Bond issued for \$23.53M. The proceeds of the bonds will be used for beach improvement, restoration and renourishment through the placement of sand and possible construction of groin fields and environmental mitigation for beach stabilization in all or a portion of the beaches located in Town. The expenditure budget, as currently approved is established for \$38,278,000 and is shown on the following pie chart by reach. State funds will offset 50% of approved expenditures for Mid Town Beach. The other reaches may be eligible to receive up to 50% in state funding. In addition to state funds, some county funds may be available to offset beach restoration efforts.**

### Comprehensive Coastal Management Plan



**3) Equipment Replacement Fund (320)** - The purpose of the Equipment Replacement Fund is to create a reserve to fund the replacement cost of existing equipment, vehicles and computers when they reach the end of their useful lives. The fund will significantly reduce budgetary fluctuations due to the purchase of large costly pieces of equipment.

This fund was established in FY2002 with \$4.386M (from excess General Fund balance) which consisted of accumulated depreciation of \$3.5M and the initial annual depreciation of \$.886M. The fund will receive an annual appropriated transfer from the General Fund equal to the annual depreciation amount on assets in the fund. The trend for the annual depreciation amount will increase over time as new equipment items are purchased and depreciated over the years adding to the current inventory of equipment.

## ENTERPRISE FUNDS

The Town of Palm Beach has two Enterprise Funds, the Golf Course Fund and the Marina Fund.

### **Golf Course Fund (Fund 401)**

The Palm Beach Golf Course is a scenic and challenging eighteen hole, par 3 course with holes ranging in length from 100 to 240 yards. Four of the holes border the Atlantic Ocean and three run along the Intracoastal Waterway.

The Par 3 is staffed with P.G.A. professionals with private lessons and group clinics available throughout the year. The Golf Course recovers the majority of its costs through user fees.

	FY2002 Budget	FY2002 Projected	FY2003 Budget	% Change
<b><u>Revenues</u></b>				
Golf Pro Admin Fee	6,000	6,000	6,000	0.00%
Resident Permit Fees	25,000	21,661	24,000	-4.00%
Non-resident Permit Fees	10,000	11,632	12,500	25.00%
Resident Play Tickets	42,000	29,234	42,000	0.00%
Non-resident Play Tickets	24,000	15,150	25,000	4.17%
Resident Green Fees	96,000	80,111	96,000	0.00%
Non-resident Green Fees	335,000	282,232	335,000	0.00%
Riding Cart Rental	123,000	98,057	125,000	1.63%
Pull Cart Rental	30,000	24,495	31,000	3.33%
Driving Range	98,000	85,106	118,000	20.41%
Maint. and Improvement Fee	37,500	30,030	38,000	1.33%
Sales Tax Commission	350	359	350	0.00%
Vending Machine Commission	500	0	0	-100.00%
Miscellaneous	7,000	0	3,000	-57.14%
<b>TOTALS</b>	<b>834,350</b>	<b>684,067</b>	<b>855,850</b>	<b>2.58%</b>
<b><u>Expenses</u></b>				
Personal Services	445,058	451,150	488,505	9.76%
Contractual	155,200	190,714	174,300	12.31%
Commodities	94,000	92,003	87,800	-6.60%
Capital Outlay	84,100	25,058	69,700	-17.12%
Other	54,992	2,462	34,545	-37.18%
<b>TOTALS</b>	<b>833,350</b>	<b>761,387</b>	<b>854,850</b>	<b>2.58%</b>
<b>Total Revenues Over/(Under) Expenses</b>				
Beginning Retained Earnings	224,274	224,274	172,012	
Capital Purchs (adj to GAAP)	29,000	25,058	11,500	
<b>Ending Retained Earnings</b>	<b>254,274</b>	<b>172,012</b>	<b>184,512</b>	

**Marina (Fund 402)**

The Marina has three docks with a total of eighty-eight slips. The slips range in length from fifty feet to two hundred sixty two feet. Slips are leased seasonally or annually and transient vessels are accepted on a short term basis when slips are available.

	<b>FY2002 Budget</b>	<b>FY2002 Projected</b>	<b>FY2003 Budget</b>	<b>% Change</b>
<b><u>Revenues</u></b>				
Peruvian Avenue Docks	525,435	538,042	596,400	13.51%
Australian Avenue Docks	990,605	1,058,865	1,146,000	15.69%
Brazilian Avenue Docks	588,535	585,425	669,100	13.69%
Electricity	70,470	66,415	70,500	0.04%
Interest on Investments	49,000	50,844	69,000	40.82%
Grants	0	3,000	0	0.00%
Sales Tax Commissions	360	354	360	0.00%
Miscellaneous Revenue	350	260	350	0.00%
<b>TOTALS</b>	<b>2,224,755</b>	<b>2,303,205</b>	<b>2,551,710</b>	<b>14.70%</b>
<b><u>Expenses</u></b>				
Personal Services	167,189	167,558	186,276	11.42%
Contractual	979,600	1,043,553	1,028,800	5.02%
Commodities	10,200	5,999	9,325	-8.58%
Capital Outlay	157,000	0	219,000	39.49%
Other	27,400	3,495	0	-100.00%
<b>TOTALS</b>	<b>1,341,389</b>	<b>1,220,605</b>	<b>1,443,401</b>	<b>7.61%</b>
<b>Total Revenues Over/(Under) Expenses</b>	<b>883,366</b>	<b>1,082,600</b>	<b>1,108,309</b>	
Beginning Retained Earnings	4,328,300	4,328,300	5,433,170	
Capital Purchs (adj to GAAP)	0	22,270	32,000	
<b>Ending Retained Earnings</b>	<b>5,211,666</b>	<b>5,433,170</b>	<b>6,573,479</b>	

## INTERNAL SERVICE FUNDS

The Town of Palm Beach has two Internal Service Funds, the Risk Management Self Insurance Fund that accounts for the Town's property, liability, and workman's compensation insurance and the Self Insurance Health Fund that accounts for the Town's employee health insurance costs.

### **Risk Management Self Insurance Fund (Fund 501)**

The Risk Management Division is responsible for planning, organizing, implementing and directing the activities of the Town's Risk Management Program.

Work in this division is performed under the direction of the Assistant Town Manager. Responsibility includes self-insurance and excess insurance management; claims investigation and administration including litigation strategies; contractual review regarding hold harmless, indemnification and insurance requirements of vendors, contractors, etc.; safety, loss prevention and control programs; and comprehensive review of proposed legislation which could impact the Town from a Risk Management perspective.

	FY2002 Budget	FY2002 Projected	FY2003 Budget	% Change
<b><u>Revenues</u></b>				
Risk Funding	2,292,628	2,303,060	2,746,915	19.82%
Interest on Investments	190,000	107,542	103,000	-45.79%
<b>TOTALS</b>	<b>2,482,628</b>	<b>2,410,602</b>	<b>2,849,915</b>	<b>14.79%</b>
<b><u>Expenses</u></b>				
Personal Services	702,456	458,466	653,802	-6.93%
Contractual	1,338,800	1,476,728	2,237,317	67.11%
Commodities	4,800	2,915	4,000	-16.67%
Capital Outlay	0	2,740	0	0.00%
Other	2,900,000	14,000	3,000,000	3.45%
<b>TOTALS</b>	<b>4,946,056</b>	<b>1,954,849</b>	<b>5,895,119</b>	<b>19.19%</b>
<b>Total Revenues</b>				
<b>Over/(Under) Expenses</b>	(2,463,428)	455,753	(3,045,204)	
Beginning Retained Earnings	3,519,076	3,519,076	3,977,744	
Capital Outlay (adj to GAAP)	0	2,915	0	
<b>Ending Fund Equity</b>	<b>1,055,648</b>	<b>3,977,744</b>	<b>932,540</b>	

**Self Insurance Health Fund (Fund 502)**

The Human Resources Department is responsible for planning, organizing, implementing and directing the self insurance fund as it pertains to the Town’s Health Insurance Program.

The Health Insurance program consists of medical, dental, life, long-term disability, accidental death and dismemberment, supplemental life insurance, specific reinsurance, aggregate reinsurance, medical conversion, COBRA, network access fees, utilization review, consulting services, flexible spending program and claims administration. The program administrator is also responsible for comprehensive review of proposed legislation which could impact the plan.

	<b>FY2002 Budget</b>	<b>FY2002 Projected</b>	<b>FY2003 Budget</b>	<b>% Change</b>
<b><u>Revenues</u></b>				
Group Medical	3,700,000	3,854,100	4,000,000	8.11%
Interest on Investments	620,000	336,507	300,000	-51.61%
<b>TOTALS</b>	<b>4,320,000</b>	<b>4,190,607</b>	<b>4,300,000</b>	<b>-0.46%</b>
<b><u>Expenses</u></b>				
Personal Services	3,982,716	3,907,753	4,263,832	7.06%
Contractual	20,600	14,730	20,400	-0.97%
Commodities	1,000	1,045	1,000	0.00%
Capital Outlay	3,700	0	368	-90.05%
Other	0	0	0	0.00%
<b>TOTALS</b>	<b>4,008,016</b>	<b>3,923,528</b>	<b>4,285,600</b>	<b>6.93%</b>
<b>Total Revenues Over/(Under) Expenses</b>	<b>311,984</b>	<b>267,079</b>	<b>14,400</b>	
<b>Beginning Retained Earnings</b>	<b>15,463,081</b>	<b>15,463,081</b>	<b>15,730,160</b>	
<b>Ending Retained Earnings</b>	<b>15,775,065</b>	<b>15,730,160</b>	<b>15,744,560</b>	

## RETIREMENT FUNDS

The Town administers two single employer, defined benefit pension plans. The General Employees' Pension Trust Fund covers all full time general employees and lifeguards, and the Public Safety Pension Trust Fund covers all full time police and fire-rescue personnel. Prior to January 1, 2000, both plans were part of a single defined pension plan, the Town of Palm Beach Employees' Retirement System.

The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The contributions are segregated between general employees (including lifeguards) and public safety employees (police and fire-rescue). The Public Safety Pension Plan also receives payments from the State of Florida pursuant to Chapters 175 and 185 of the Florida Statutes for the benefit of police officers and fire-rescue personnel.

The contribution requirements of the Plan members and the Town are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual covered salary as described in the following table. The Town is required to contribute at an actuarially determined rate. The contribution rates for the FY03 budget year as a percentage of the employees annual compensation, will be as follows:

Description	Member Contribution	Town and State Contribution
General Employees	6.47%	10.83%
Lifeguards	7.21%	15.59%
Police	6.98%	19.34%
Fire-Rescue	6.82%	22.36%

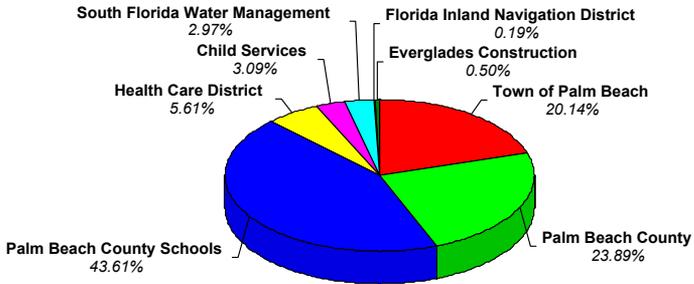
An analysis of the Town's share of the retirement funding costs is as follows:

	FY2002	FY2003	Change	% Change
General Employees	516,344	893,843	377,499	73.11%
Lifeguards	41,336	58,472	17,136	41.46%
Police	310,756	452,334	141,578	45.56%
Fire-Rescue	233,590	337,218	103,628	44.36%
<b>Total</b>	<b>1,102,026</b>	<b>1,741,867</b>	<b>639,841</b>	<b>58.06%</b>

# Appendix



**TOTAL PROPERTY TAX RATES  
TOWN OF PALM BEACH PROPERTY OWNER  
FISCAL YEAR 2003**



TAXING DISTRICTS	ADOPTED MILLAGE RATES	% OF TOTAL
Town of Palm Beach	4.0541	20.14%
Palm Beach County	4.8084	23.89%
Palm Beach County Schools	8.7790	43.61%
Health Care District	1.1300	5.61%
Child Services	0.6228	3.09%
South Florida Water Management	0.5970	2.97%
Florida Inland Navigation District	0.0385	0.19%
Everglades Construction	<u>0.1000</u>	<u>0.50%</u>
<b>Total</b>	<b>20.1298</b>	<b>100.00%</b>

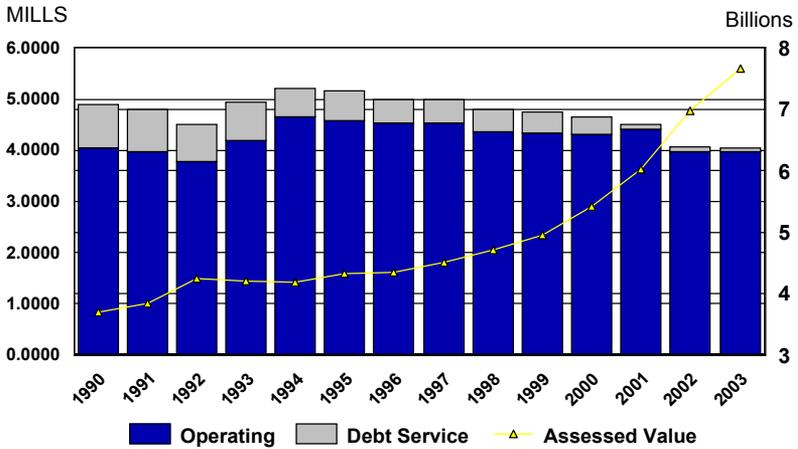
Note: 1 MILL = \$1.00 per \$1,000 of Taxable Value

**Of every \$100 paid in property taxes, only \$20 is returned to the Town**

# TOWN OF PALM BEACH

## ASSESSED VALUES AND PROPERTY TAX RATES

### FISCAL YEARS 1990- 2003



#### HISTORICAL PROPERTY TAX RATES (IN MILLS)

1 MILL = \$1,000 OF TAXABLE VALUE

FISCAL YEAR	ASSESSED VALUATION	GENERAL FUND	DEBT SERVICE	TOTAL	REVENUE GENERATED
1990	3,696,563,373	4.0550	0.8453	4.9003	\$14,125,762
1991	3,838,353,643	3.9679	0.8192	4.7871	\$14,372,550
1992	4,250,881,608	3.7707	0.7397	4.5104	\$15,205,679
1993	4,212,856,866	4.1984	0.7338	4.9322	\$16,725,385
1994	4,187,821,700	4.6526	0.5513	5.2039	\$18,427,993
1995	4,328,630,328	4.5888	0.5791	5.1679	\$18,918,705
1996	4,336,830,534	4.5371	0.4589	4.9960	\$19,078,793
1997	4,498,027,409	4.5319	0.4491	4.9810	\$19,712,823
1998	4,710,632,410	4.3588	0.4313	4.7901	\$19,799,200
1999	4,954,502,270	4.3400	0.4128	4.7528	\$20,788,015
2000	5,428,850,566	4.3000	0.3452	4.6452	\$22,589,538
2001	6,030,344,117	4.4019	0.1040	4.5059	\$25,674,254
2002	6,986,984,760	3.9757	0.0884	4.0641	\$26,688,138
2003	7,657,720,708	3.9706	0.0835	4.0541	\$28,885,500

**Town of Palm Beach  
FY2003 Adopted Millage Rate - Change on Homestead Property  
Taxable Value Comparison FY2002 vs. FY2003**

	2001(FY2002) Final	2002(FY2003) Preliminary		Difference	% Difference
Operating Taxable Value	\$6,974,550,663	\$7,657,720,708		\$683,170,045	9.80%
Debt Service Taxable Value	6,985,875,892	7,688,393,031		702,517,139	10.06%

**Millage Rate/Ad Valorem Revenue Budget Comparison FY2002 vs. FY2003**

	FY2002 Adopted	FY2003 Adopted		Difference	% Difference
Operating Millage	3.9757	3.9706 (1)		-0.0051	-0.13%
Debt Service Millage	0.0884	0.0835		-0.0049	-5.54%
Total	4.0641	4.0541		-0.0100	-0.25%
Operating Revenue	\$26,342,285	\$28,885,459 (2)		\$2,543,174	9.65%
Debt Service Revenue	\$586,674	\$609,882		23,208	3.96%
Total	\$26,928,959	\$29,495,340		\$2,566,381	9.53%

**Effect of FY2003 Adopted Millage Rate Change on Homestead Property**

	FY2002	FY2003	\$ Difference	% Difference
<b>Example I at \$500,000</b>				
Taxable Value	\$500,000	\$508,000 (3)		
Homestead	(25,000)	(25,000)		
Adjusted Taxable Value	475,000	483,000		
Millage	4.0641	4.0541		
Town Taxes	\$1,930	\$1,958	28.00	1.45%
<b>Example II at \$1,000,000</b>				
Taxable Value	\$1,000,000	\$1,016,000 (3)		
Homestead	(25,000)	(25,000)		
Adjusted Taxable Value	975,000	991,000		
Millage	4.0641	4.0541		
Town Taxes	\$3,962	\$4,018	56.00	1.41%
<b>Example III at \$1,500,000</b>				
Taxable Value	\$1,500,000	\$1,524,000 (3)		
Homestead	(25,000)	(25,000)		
Adjusted Taxable Value	1,475,000	1,499,000		
Millage	4.0641	4.0541		
Town Taxes	\$5,995	\$6,077	82.00	1.37%

(1) 3.9706 Operating mills is 7.929% higher than the rolled-back millage of 3.6789 mills.

(2) One mill at 95% would generate \$ 7,274,835 in taxes. One mill equals \$1.00 of taxes per \$1,000 of taxable value.

(3) Save our homes percentage increase of 1.6% is applied to FY02 taxable value.

## Location

The Town of Palm Beach is a municipal corporation organized and existing under the laws of the State of Florida. The Town, located on a barrier island, is on the east coast of Florida in the eastern portion of Palm Beach County.

The land area of the Town is approximately 3.77 square miles with 12.1 miles of coastline on the Atlantic Ocean. The Town is also bound on the west by 15.9 miles of Intracoastal frontage (Lake Worth), on the north by the Palm Beach Inlet, and on the south by the Town of South Palm Beach.

Listed below are various statistics regarding elevation and weather in Palm Beach:

### Island Elevation

Average.....	4.0 ft. above sea level
Maximum.....	15.0 ft. above sea level
Temperature	
Annual Average.....	74.7F degrees
August Average.....	82.5F degrees
January Average.....	65.1F degrees
Annual Precipitation.....	60.7 inches

## Economy

The Town is a unique, long-established, internationally famous upscale residential/estate community known for its distinctive architecture and landscaping, gracious homes and apartments, golf courses and clubs, attractive stores and restaurants. Commercial activities are restricted primarily to Town-serving sources rendered by banks, retail shops, hotels, and restaurants to its permanent population of 9,676 and seasonal residents. There is no industrial

development within the Town.

## Town Government

Incorporated on April 17, 1911, the Town is governed by an elected Mayor and a five member Council. The Mayor's term is for two years. The five members of the Town Council are elected at large and serve overlapping two year terms. The Town has 8,304 registered voters as of January 2002.

The Governing Body meets in regular session once each month for purposes of setting policy and carrying out the legislative matters of the Town. The administrative day to day responsibilities are carried out through the Town Manager who is appointed annually by the Governing Body. All of the Town departments and staff report to the Town Manager. As of September 30, 2002, the Town employed approximately 394 full and part time employees.

The Town of Palm Beach provides a full range of municipal services including Fire-Rescue and Police protection, Sanitation, Recreation, Streets and Roads Maintenance, Planning, Zoning and Building and General Administrative Services.

The following services are provided to residents by other governments:

Transit.....	Palm Beach County
Solid Waste	Solid Waste Authority
Disposal.....	of Palm Beach County
	City of West
Potable Water.....	Palm Beach
Sanitary Sewage	City of West
Disposal.....	Palm Beach

**Population**

The Town has a year round population of approximately 9,676. The Town's population will grow during the time of year traditionally known as the "Season" (generally from November 15th to April 1st) at which time the population swells to approximately 25,000. The Town has experienced considerable growth in its year-round resident population over the last few decades.

<u>Year</u>	<u>Population</u>	<u>%</u>
	<u>Change</u>	
1950	3,886	
1960	6,055	+55.8%
1970	9,086	+50.1%
1980	9,432	+ 3.8%
1990	9,814	+ 4.1%
2000	9,676	- 1.4%

**Demographics**

Per Capita Income (2000).....	\$109,219
Median Household Income (2000).....	\$94,562
Median Age (2000).....	66.6 years

**Infrastructure**

Police Stations (78 sworn officers).....	1
Fire-Rescue Stations (74 full-time firefighters).....	3
Fire Hydrants.....	367
Public Elementary School.....	1
Enrollment (K - 5).....	414
Public Libraries.....	1
Recreation Facilities.	
Tennis Courts.....	9
Golf Course (Par 3).....	1
Marina (88 Boat Slips).....	1
Community Building.....	1
Playfields.....	5
Bicycle Paths.....	9.3 miles

Picnic Tables.....	77
Outdoor Grills.....	28
Recreation Areas	
Phipps Ocean Park.....	24 Acres
Seaview Park.....	4.6 Acres
Neighborhood Parks	
Bradley Park.....	4.5 Acres
Kaplan Park.....	0.3 Acres
Special Use Parks/Facilities	
Public Park on Beach.....	3.0 Acres
Municipal Beach.....	5.6 Acres
Municipal Docks.....	5.3 Acres
Southern Boulevard Causeway.....	9.6 Acres
Nature Islands.....	39.0 Acres
Public Roads - Paved.....	90 Lane Miles

**Bond Ratings**

<u>Rating Agency</u>	<u>Rev Bd</u>	<u>Obligation</u>
Moody's	Aaa	Aaa
Standard & Poor's	AAA	AA

(1) Based on a policy of insurance issued by FSA.

## Top Ten Taxpayers

The property taxpayers listed below represent the ten largest taxpayers within the Town of Palm Beach:

<u>Taxpayer</u>	2000 Assessed <u>Valuation</u>
The Breaker's Hotel	\$ 154,174,852
J.V.Associates	47,000,000
Nelson & Claudia Peltz	43,413,450
Worth Avenue Association	32,900,000
Everglades Club	30,195,086
Sidney Kimmel	24,873,562
Thirty Eight East Corp	24,814,779
Abraham Gosman	23,879,745
Mar-a-Lago Club, Inc	22,156,732
Sydney Spiegel Trust	21,586,747
Denmar Association	<u>19,971,605</u>
Total	\$ 444,966,558

## Homestead Exemptions

All homesteaded property within the State of Florida is subject to a \$25,000 exemption in taxable value. The annual increase in taxable value is limited to 3% or the National Consumer Price Index, whichever is less. The increase for FY2003 was 1.6%. The Town has 3,408 (36.4%) homesteaded properties.

## Real Estate Parcels by Type

The following information reflects the taxable value of real estate by type:

<u>Type</u>	Taxable Value (In Bill.)	# of Parcels
Vacant Residential	\$ 250.8	207
Single Family Residential	4,704.9	2,254
Multi-Family, 10 units or more	76.4	15
Condominiums	1,574.3	5,454
Cooperatives	113.7	1,040
Retirement Homes & Misc	.8	3
Multi-Family Less Than 10 Units	70.0	75
Vacant Commercial	1.8	3
Improved Commercial	692.3	195
Improved Industrial	.5	1
Institutional	41.0	21
Government	.2	49
Miscellaneous	<u>2.8</u>	<u>40</u>
Total	\$7,529.7	9,357

# HISTORY OF PALM BEACH

Palm Beach is a barrier island sixteen miles long. The Town of Palm Beach is 3/4 mile at its widest part, 12.1 miles along the Atlantic Ocean, and contains approximately 3.75 square miles. To the east is the Atlantic Ocean and to the west is Lake Worth - the Intracoastal Waterway - which separates the Town from the cities of West Palm Beach and Lake Worth.

According to early settler accounts, Palm Beach received its name from a shipwreck named the "Providencia". The ship washed ashore in January of 1878 with a load of coconuts bound from Havana to Barcelona. Early settlers lost no time claiming salvage and planting the coconuts which were not native to South Florida in an effort to launch tropical South Florida on a commercial coconut industry.

In 1893 millionaire industrialist Henry M. Flagler and his second wife honeymooned in St. Augustine. Impressed with the beauty and history of the area, he envisioned an "American Riviera". Flagler left home at age 14 with an eighth-grade education. Later, with John D. Rockefeller and Samuel Adams, he founded Standard Oil, and the rest is history. Having invested large sums in several hotels in the St. Augustine area, Flagler extended his holdings southward. He bought and improved existing railways anticipating the tremendous potential for South Florida. His railway was named the Florida East Coast Railway.

Flagler's agents soon were buying acres of land on the island of Palm Beach. Many early homesteaders found themselves very wealthy, as orders had been given to buy "at any price". Ground was broken May 1, 1893, and on February 11, 1894, the Royal Poinciana Hotel, the largest wood structure in the world, opened in Palm Beach and welcomed 17 guests. A month after the opening, the first train pulled from the station on Loftin Street (later used as an office and warehouse by the Town of Palm Beach) in West Palm Beach on the newly built bridge across Lake Worth to deliver vacationing residents, some in their own private railway cars, to the new hotel. Henry Flagler built his own house in 1902, Whitehall, as a wedding present for his third wife, Mary Lily Kenan. Whitehall is now the Henry Morrison Flagler Museum and is open to the public.

Flagler continued to develop the Royal Poinciana Hotel property and built a second hotel, the Palm Beach Inn, on the beachfront portion of the Royal Poinciana's property. When the Palm Beach Inn burned in 1903 the first Breakers Hotel was built. Destroyed by a fire in 1925, it was rebuilt as the splendid hotel it is today. The Breakers is listed in the National Register of Historic Places.

On April 17, 1911, a meeting of the registered and qualified voters of Palm Beach, Florida, was held at the Palm Beach Hotel for the purpose of incorporating the Town of Palm Beach. Thirty-four qualified voters voted to incorporate the Town.

In 1918, before the end of World War I, Addison Mizner, an established New York architect who was born in California and studied in Spain, accepted an invitation from Paris Singer to recuperate from a leg injury in Palm Beach. As Mizner's health improved his boredom turned into creativity, and he transformed Singer's bungalow into a Chinese villa. The conversion was a success, but Singer looked forward to a larger project. Having established two hospitals in France, Paris Singer decided to build a convalescent home in Palm Beach for service men returning from the war. The buildings were completed, but before the opening of the club

house in January 1919, the “Touchstone Convalescent Club” had been transformed into the exclusive Everglades Club on Worth Avenue where it still is today. Mizner’s era had begun and was to continue along the southeast Florida coast through the 1920’s.

The Town of Palm Beach soon began long range plans to develop and protect this island paradise, and the beauty which Town residents now enjoy is due to the efforts of several generations of planning activity. In 1929, the Garden Club of Palm Beach joined the Town and formally sponsored the preparation of a Town Plan. The overall goal of the 1929 Plan stated the following:

*“One attractive and well managed public bath and beach, the concentration of general traffic upon a limited number of streets, beautification without especial reference to main arteries of travel, and a system of leisurely and convenient byways free from automobiles, punctuated with gardens: this is a plan which will localize recreation seeking crowds, discourage trespassing, and provide safety and quite for residents of Palm Beach.”*

Also included in the plan was the following statement:

*“There are many communities which can be said to be beautiful. The places in which charm is the additional attribute are very few. The element of charm is the thing which lifts a community out of the ordinary and makes it distinctive. The attribute of charm may be produced by an intelligent development of physical advantages in an unusual way.”*

Today’s Comprehensive Plan in Palm Beach builds on the early foundation as an effort to preserve the quality and beauty of Palm Beach.

The Town of Palm Beach has 8,304 registered voters in the year 2002 with approximately 9,676 full time residents. The population swells to approximately 25,000 during “season” which is from November to April. Residents and visitors enjoy the very best in dining, shopping, and luxurious surroundings. Worth Avenue shops attract visitors worldwide.

Sources for this article:

Town of Palm Beach Comprehensive Plan

On Lake Worth, Beverly Mustaine

Palm Beach Chamber of Commerce

Historic Sites Survey, Research Atlantica, Inc. 1997

Palm Beach Sun, 1947

Compiled by:

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