



TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - SEP 2019



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director

Welcome to the fourth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town unaudited financial results for the 2019 fiscal year from October 1, 2018 through September 30, 2019, and serves as a wrap-up report for the 2019 fiscal year.

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 updated information on the Town's final FY20 budget and millage rate and fiscal year end 19 unaudited 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!



Kirk Blouin



Jane Le Clainche



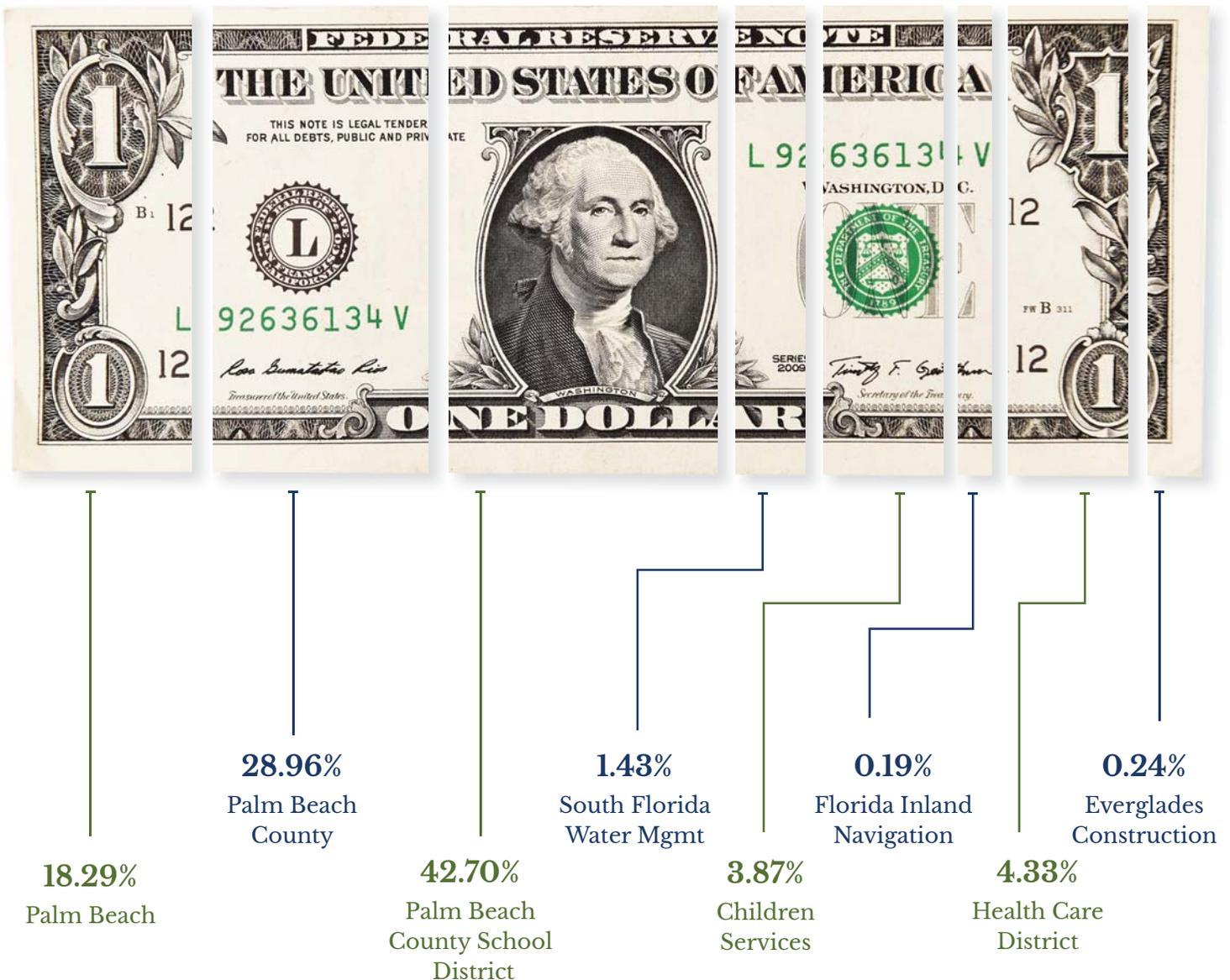
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

Operating budget and YTD results	page 4
Reserves and investment results	page 5
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Town Finance News You Can Use

- The FY20 budget was adopted in September. The budget incorporates decision made to increase salaries and employee pension benefits costing \$1.1 in FY20 million without raising taxes on homesteaded property owners or reducing the Town's high level of services.
- The FY20 budget recommended a reduction in the Town millage rate of 2.13% to 3.0681 representing a savings of \$5 per million for a homesteaded property and an increase of \$115 for an average non-homesteaded property.
- Taxable property values increased by 5.82% over the prior year to \$19.2 billion.
- The FY20 budget also expands Town-wide recreation services with the opening of the new Recreation Center in December. The Recreation Center was completed on time and on budget.
- The FY20 budget for the Marina assumes a May 2020 close for 18 months for construction.
- The Town Council prepaid the compensation and benefit study effects on the unfunded pension liability which lowered the overall FY20 budget costs by \$170,000.
- Total reserves for all town funds excluding trust funds were \$102,790,953 of which, the minimum policy required reserve amount is \$85,833,092, leaving a balance of \$16,957,861 in excess reserves. We expect to add over \$3 million to the General Fund reserves in FY19 increasing the excess reserves to approximately \$20 million.
- Due to the Town's healthy reserves and strong financial management practices, the Town has maintained its AAA rating by Moody's Investors Service, and Standard and Poor's.
- The investment income earned through the fiscal year ending September 30, 2019, on the Town's excess cash and bond funds of approximately \$186,400,000, was \$5,418,444. 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, 2019, equal \$228,145,968. Preliminary results through September 30, 2019, indicate a fiscal year to date return of 4.58%.
- The Town's Underground Utility Project year end cost estimate was \$102 million. A recent opinion of cost update reflects a total net cost of \$120,885,059.
- The Town was notified that a \$8.5 million FEMA grant was awarded to the Town for the Underground Utility Project. In addition, a \$3.325 million FIND Grant was awarded to the Town for the Marina reconstruction project.
- The General Fund revenues for FY19 were 101% of budget compared to 96.6% last year and expenditures ended the year 97.5% of budget compared to 96.4% last year. The Town's General Fund operating surplus is estimated to be \$3.2 million.
- The Town entered into a contract for a land lease of Town-owned property on Okeechobee Blvd. The lease is expected to generate \$867,000 in annual revenue for the first 5 years with an escalator thereafter. The term is 50 years with an option for a 10 year renewal. We expect to begin to receive revenue in 24 months.
- The Town recently refinanced a portion of the 2010A bonds resulting in net present value savings of \$1,157,902 and \$70,000 in debt service savings annually.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



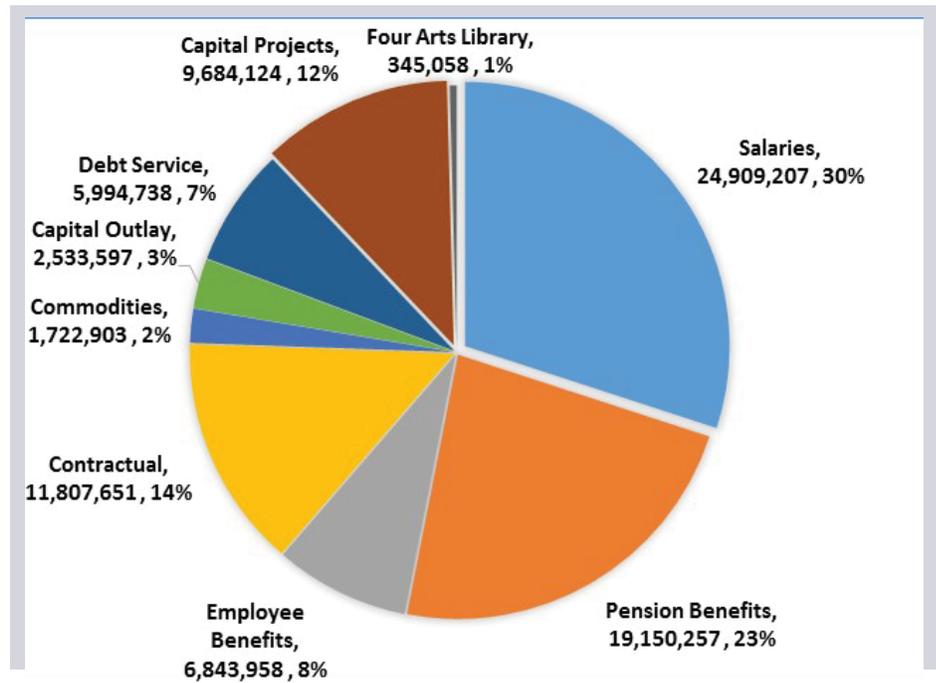
GENERAL FUND

General Fund Revenues and Expenditures

The General Fund is used to account for the day-to-day operations of the Town which are financed from property taxes, fees, licenses, permits, fines and other general revenues. This fund finances Town operations including, police, fire rescue, public works, planning zoning and building and town administration. The Town is expected to end the year with a surplus over \$3.191 million.

	FY2019 Revenues	FY2019 Expenditures	Difference
October	2,198,563	13,007,873	(10,809,309)
November	10,333,457	6,136,800	4,196,657
December	38,196,814	6,548,090	31,648,724
January	5,061,253	6,016,902	(955,649)
February	4,850,484	5,617,783	(767,299)
March	4,090,189	6,822,371	(2,732,182)
April	5,660,471	5,596,081	64,390
May	3,617,812	5,541,653	(1,923,841)
June	3,008,070	5,827,086	(2,819,015)
July	3,973,896	5,594,174	(1,620,277)
August	2,748,979	6,633,438	(3,884,459)
September	2,443,212	9,649,244	(7,206,031)
Total	86,183,201	82,991,493	3,191,708

General Fund Expenditures to Date By Type

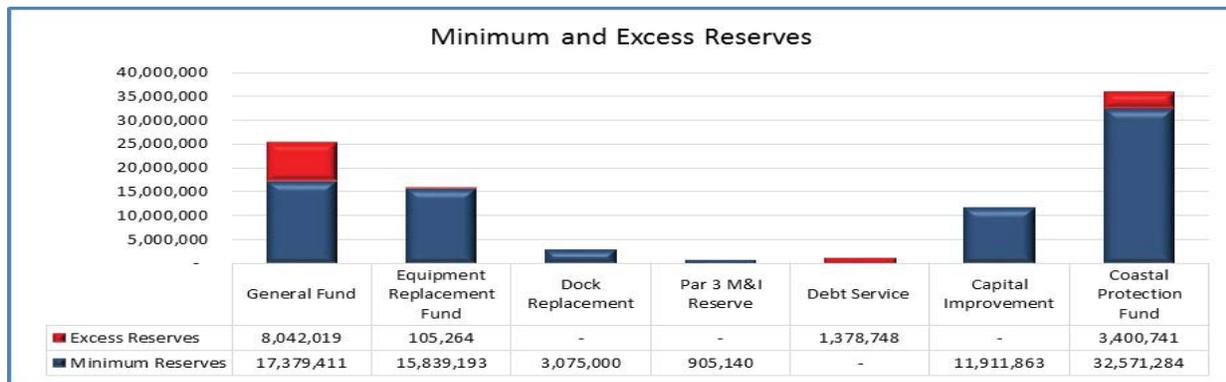
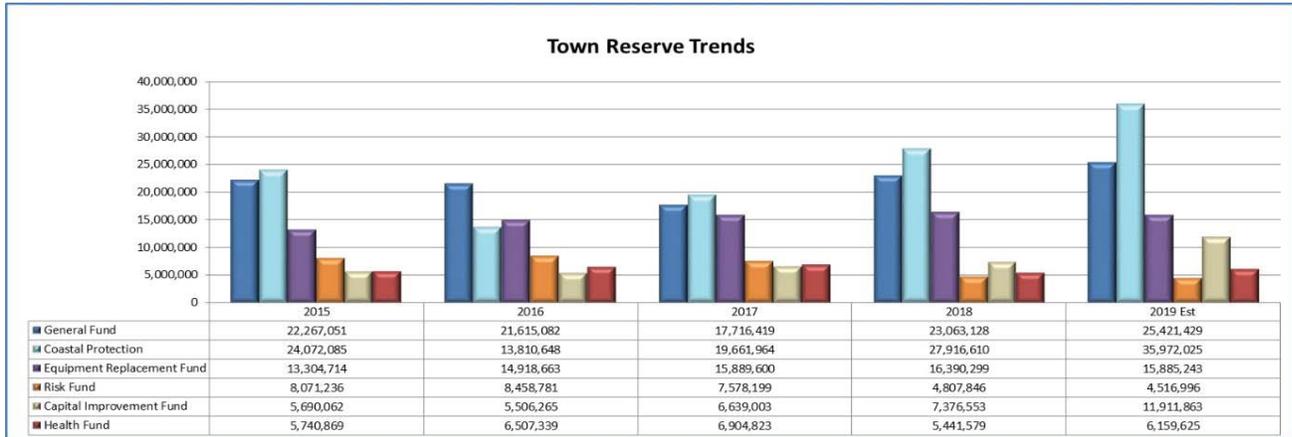


Salaries and Benefits make up 61% of General Fund expenditures, followed by contractual services at 14% Capital Projects at 12% and Debt Service at 7%.

RESERVES AND INVESTMENT RESULTS

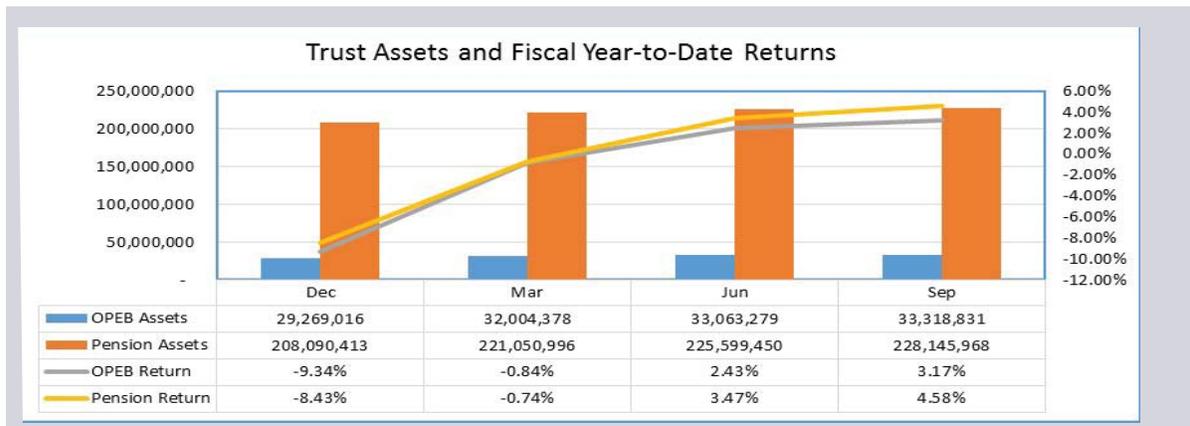
Town Annual Reserve Trends FY15 - Est FY19

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 eight funds over the preceding five years. All Reserves are at or above recommended policy levels as shown in the second chart below. Total reserves excluding trust funds are \$102,790,953, excess reserves over the minimum required total \$16,957,861. The preliminary FY20 results anticipate an increase to the General Fund reserve of approximately \$3.2 million.



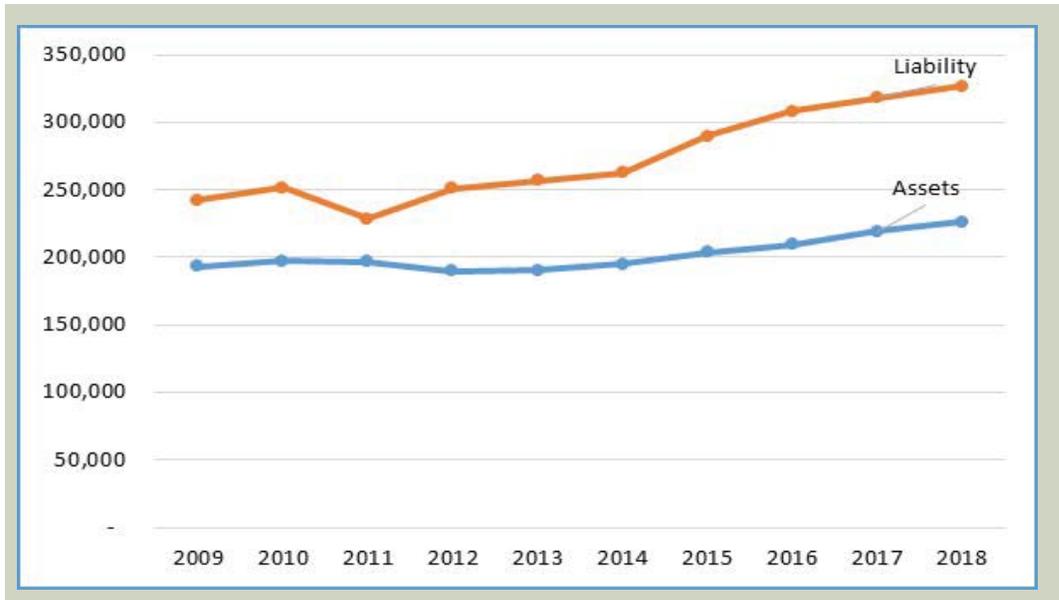
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



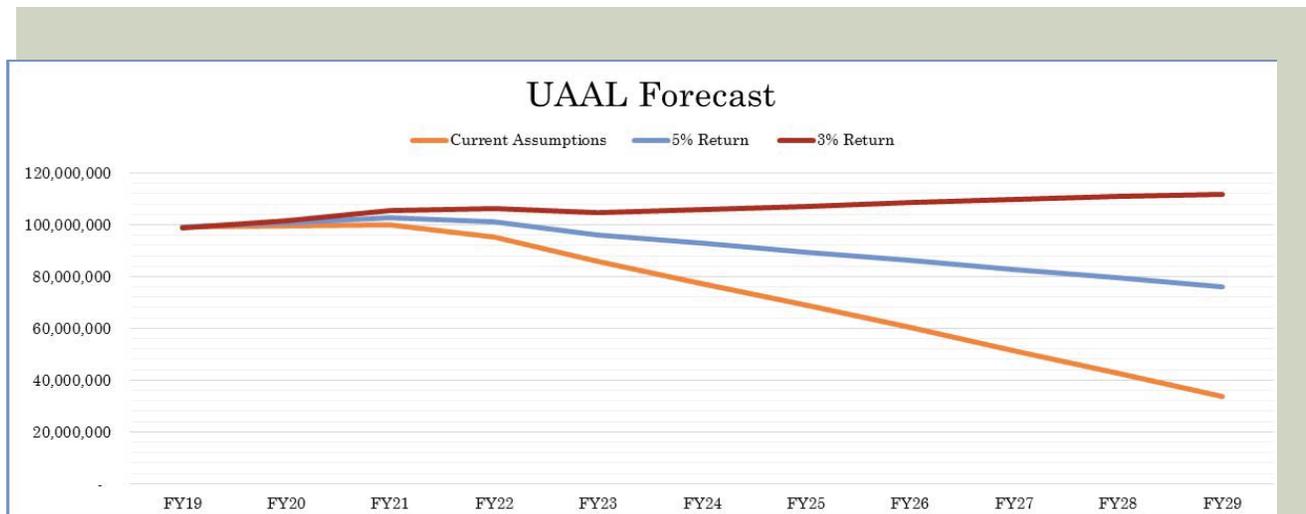
Pension Assets and Liabilities (In Millions)

The chart below represents the trend since 2009 of the assets and pension liabilities for our pension fund. The difference between the two numbers represents the Unfunded Actuarial Liability of \$100,469,731. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2009 the funded ratio was 80% and declined to 69% in 2018. The actuarial value of plan assets as of September 30, 2018 was \$226,185,226, while the total amount owed to retirees was \$326,654,957 if the entire amount were to be paid at fiscal year end September 30, 2018.



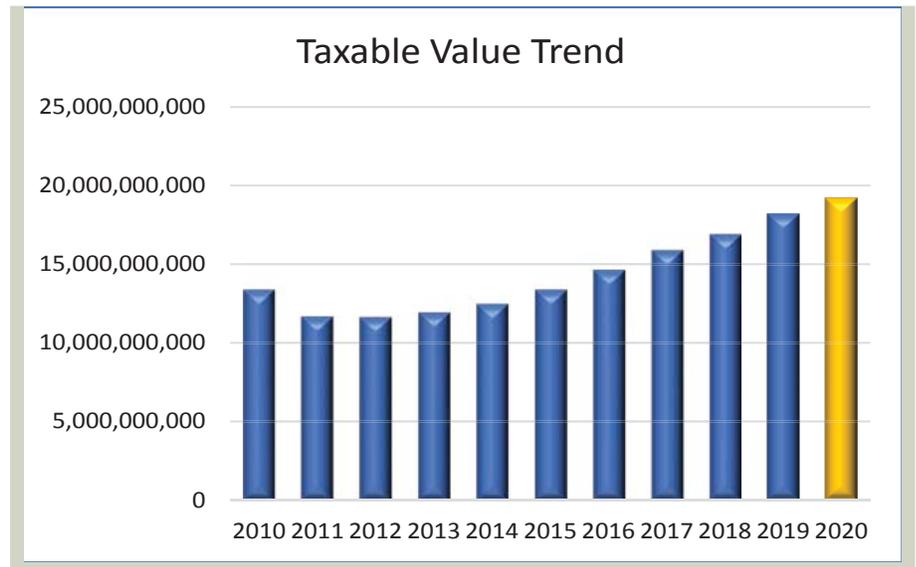
Unfunded Actuarial Accrued Liability (UAAL) Forecast

The chart shows the updated 10-year UAAL Forecast based on the updated amortization schedule under two investment return scenarios, current assumption for returns are 7.1% for FY19, 7% for FY20. The second line assumes a 5% return for all years. Other assumptions include a payroll growth rate of 2.75%, salary increases of 3.5%, and the RP-2000 Mortality Tables. If the current assumptions hold, the Town's funded ratio would increase to 80% funding by 2023.



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. Total taxable values for FY20, show an increase of 5.82% and are now over \$19 billion for the Town.



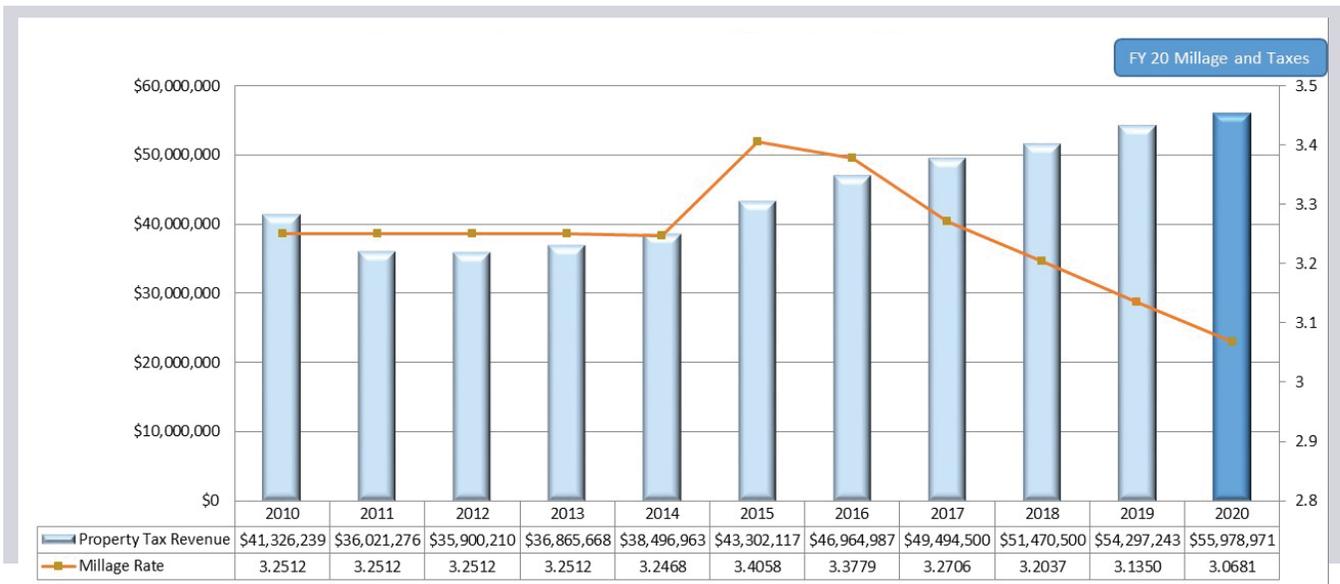
Construction Valuation

Part of the increase in taxable value is related to construction activity in Palm Beach. The trend over the past 5 years is shown below. Fiscal year 2018 was a record construction year for the Town, and FY19 came close to meeting the FY18 record.

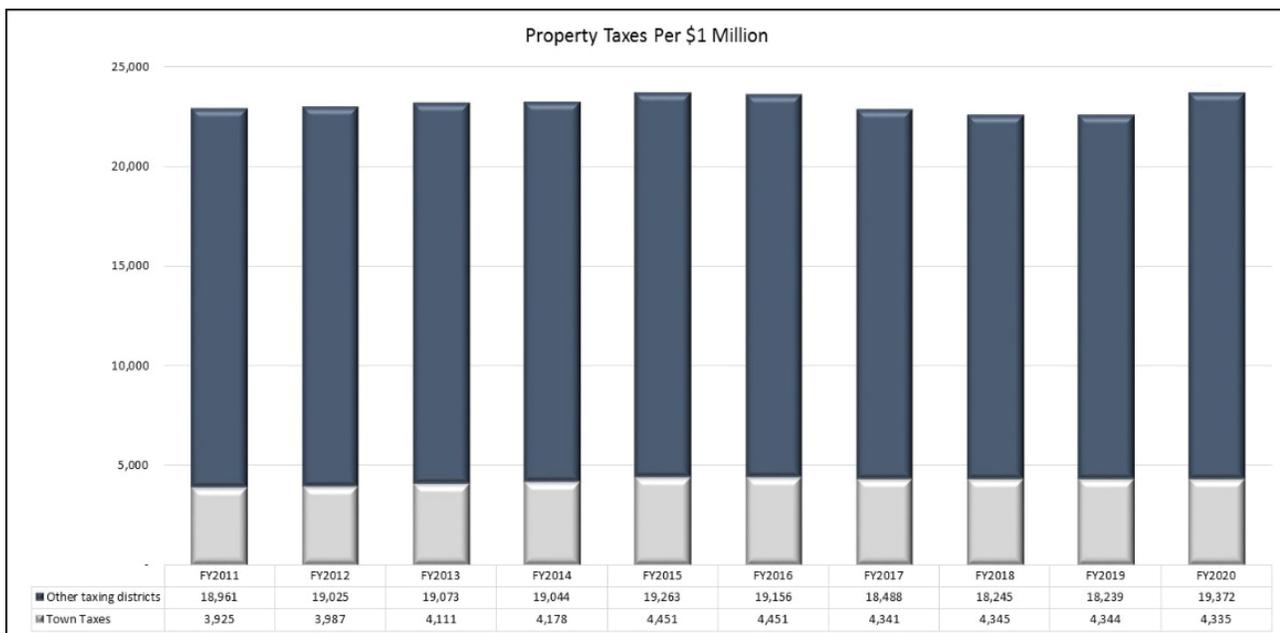


Property Tax Revenue and Millage Rate History

The recent trend in the Town's millage rate is shown below. The Town adopted a reduced millage rate of 3.0681 for FY20.



Town taxes represent 18.29% of the total tax bill of approximately \$306 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



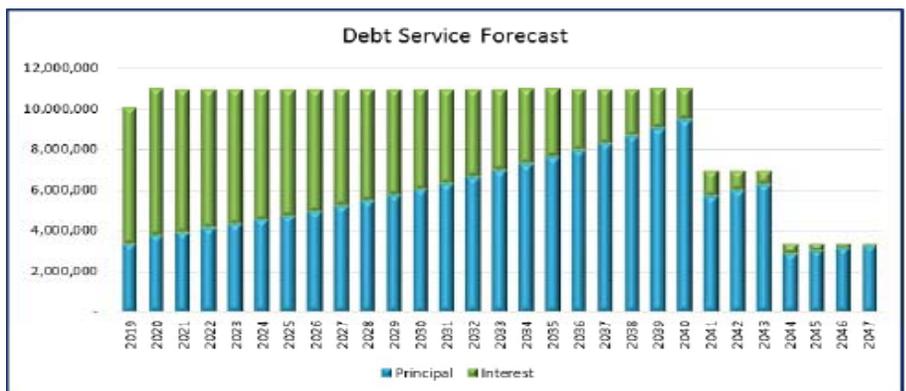
Total Outstanding Debt

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. Overall, Town infrastructure debt levels are expected to decrease by over \$39 million or 24% during the next 10 years. Total outstanding debt equals \$158,090,000.



At year end the Town held 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 given by these rating agencies.

The Town's annual debt service forecast is shown below. The total debt service is approximately \$11 million per year with approximately \$6 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 Town recently refinanced a portion of the 2010A bonds resulting in net present value savings of \$1,157,902 and \$70,000 in debt service savings annually.





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