

TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - DEC 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 FY20 financial information.

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 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!

Sincerely,



Jane Le Clainche



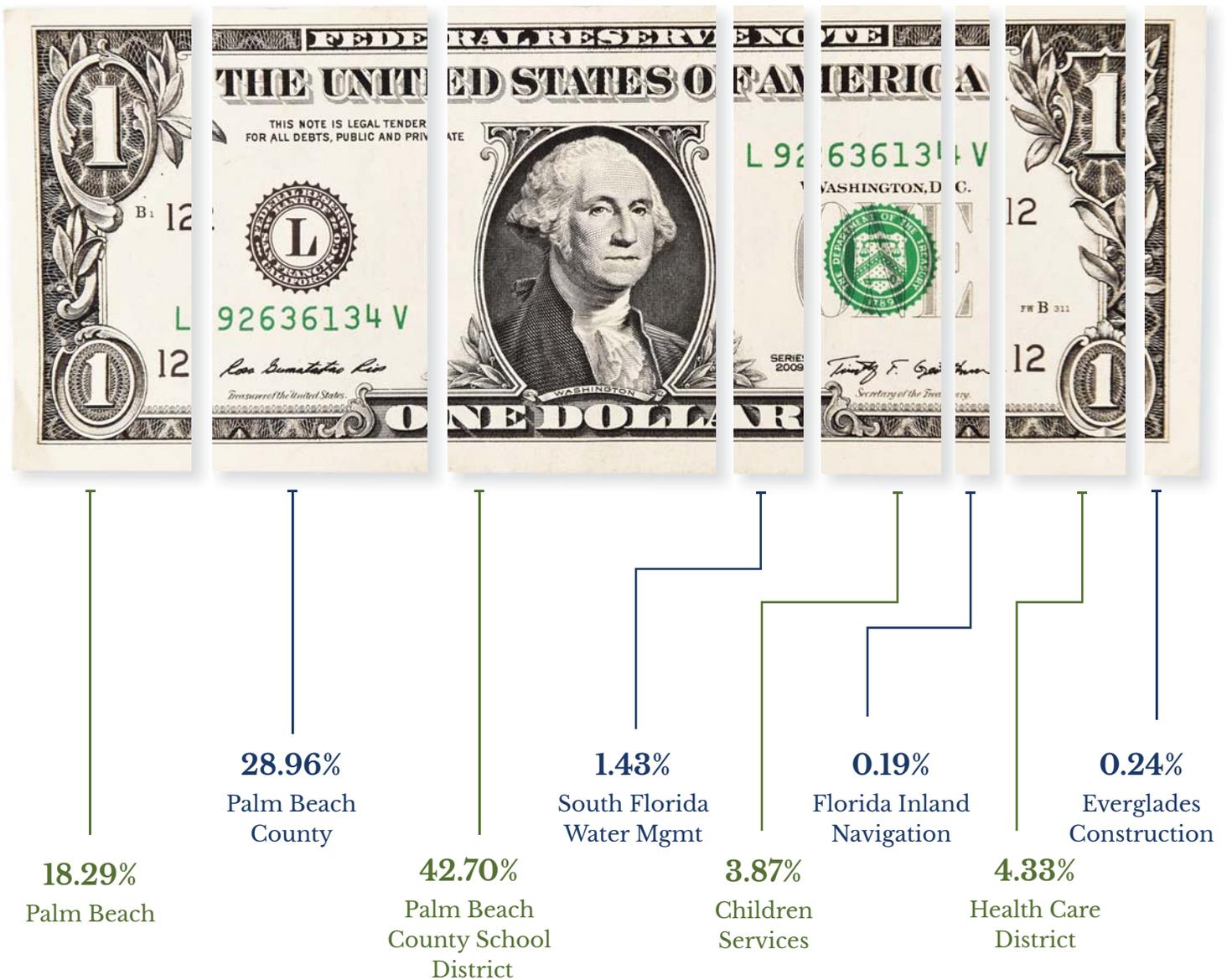
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

Operating budget and YTD results	page 4
Reserves and investment results	page 5
Pension and trust assets and liabilities	page 6
Property valuations and millage rate	page 7-8
Debt levels	page 9

Town Finance News You Can Use

- The new Mandel Recreation Center opened in December and was completed on time and on budget.
- Over 159 fitness center memberships of 3 months or more sold in the first two months (193 member ships of 1 month or more). The low end goal for FY20 was to sell 150 memberships of 1 month or more. All of the memberships sold were to residents of the Town.
- The Friends of Recreation have raised in excess of \$300,000 toward the Mandel Recreation Center Endowment.
- The Marina will be closing in May 2020, for an 18 month construction period. A 20 year loan has been secured at a fixed rate of 2.39% and a \$3.325 million FIND Grant was awarded to the Town for the Marina reconstruction project.
- The Town refinanced the 2013 Revenue bonds in January with a True Interest Cost of 2.99% generating net present values savings of 10.24% or \$4,385,248 over the remaining life of the loan. Annual savings will be approximately \$260,000.
- General Fund Revenues through December totalled \$52,348,494 an increase of \$1,619,659 from the same time last year and General Fund Expenditures totalled \$24,544,711 through December, a decrease of \$1,147,851 from the same time period last year.
- Due to the Town's healthy reserves of over \$102 million with excess reserves of approximately \$17 million, 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 December 31, 2019, on the Town's excess cash and bond funds of approximately \$166,350,000, was \$884,700. 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, 2019, equal \$254,026,943 up from \$228,145,968 as of September 30, 2019. Preliminary results through December 31, 2019, indicate a fiscal year to date return since October 1st of 5.73%.
- The market value of the net assets of the Town's OPEB Trust as of December 31, 2019, equal \$35,291,484 up from \$33,318,831 as of September 30, 2019. Preliminary results through December 21, 2019, indicate a fiscal year to date return since October 1st of 5.89%
- 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. Projections show a shortfall of approximately \$11.5 million that will have to be made up by 2025.
- The Town was notified that a \$8.5 million FEMA grant was awarded to the Town for the Underground Utility Project.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



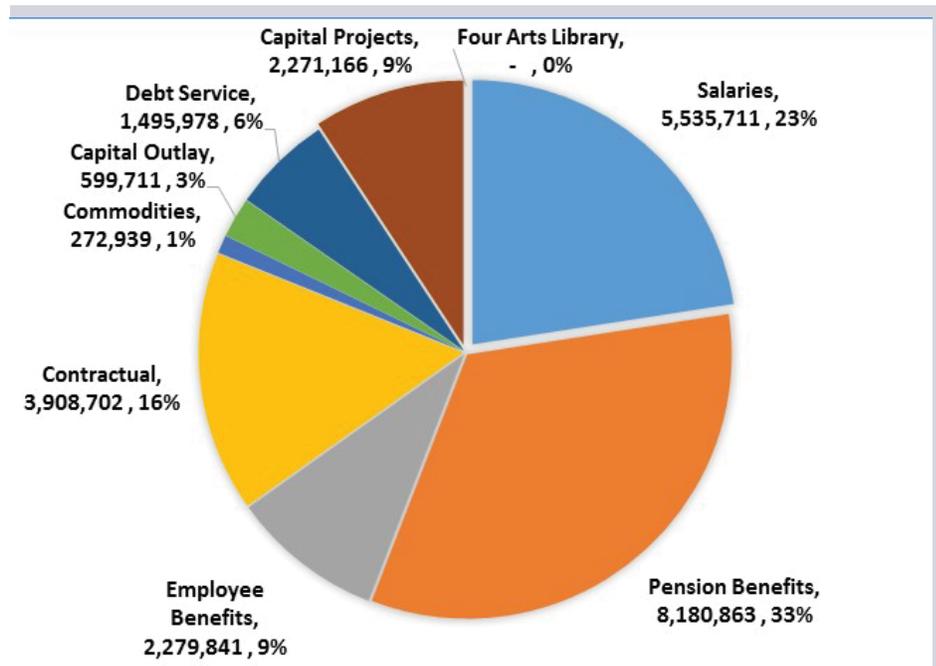
GENERAL FUND

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.

	FY2020 Revenues	FY2020 Expenditures	Difference
October	2,085,416	11,301,236	(9,215,820)
November	7,352,807	6,332,039	1,020,768
December	42,910,271	6,911,636	35,998,635
January			
February			
March			
April			
May			
June			
July			
August			
September			
Total	52,348,494	24,544,911	27,803,583

General Fund Expenditures to Date By Type

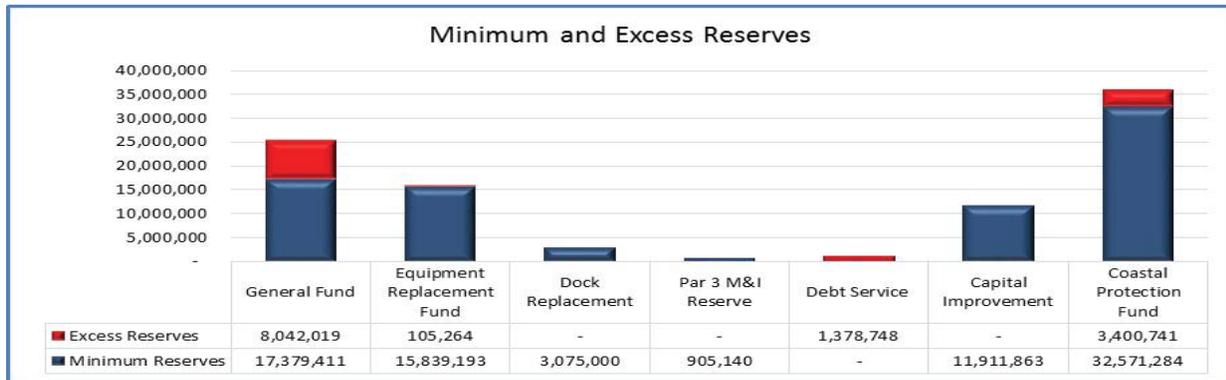
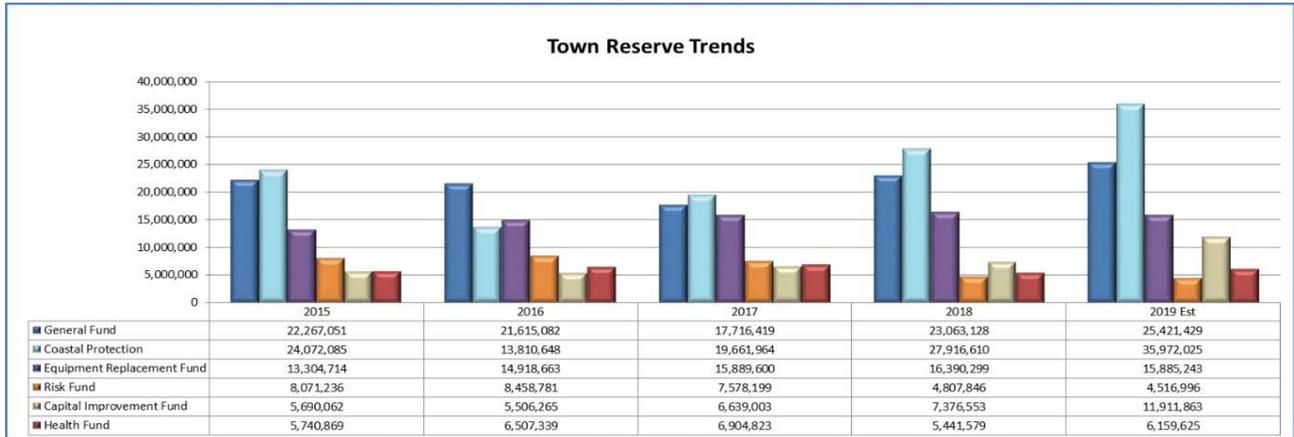


Salaries and Benefits make up 65% of General Fund expenditures, followed by contractual services at 16% Capital Projects at 3% and Debt Service at 6%.

RESERVES AND INVESTMENT RESULTS

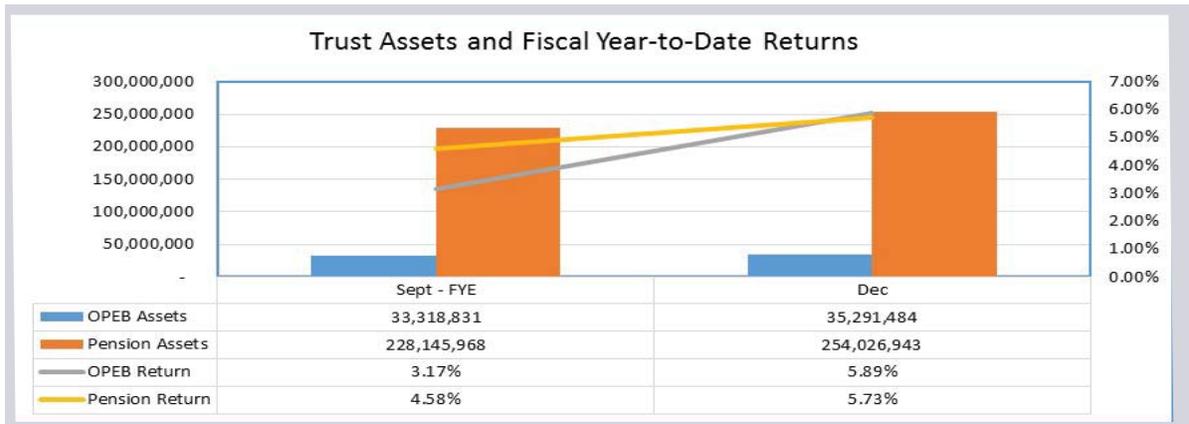
Town Annual Reserve Trends FY15 - Est FY19

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.



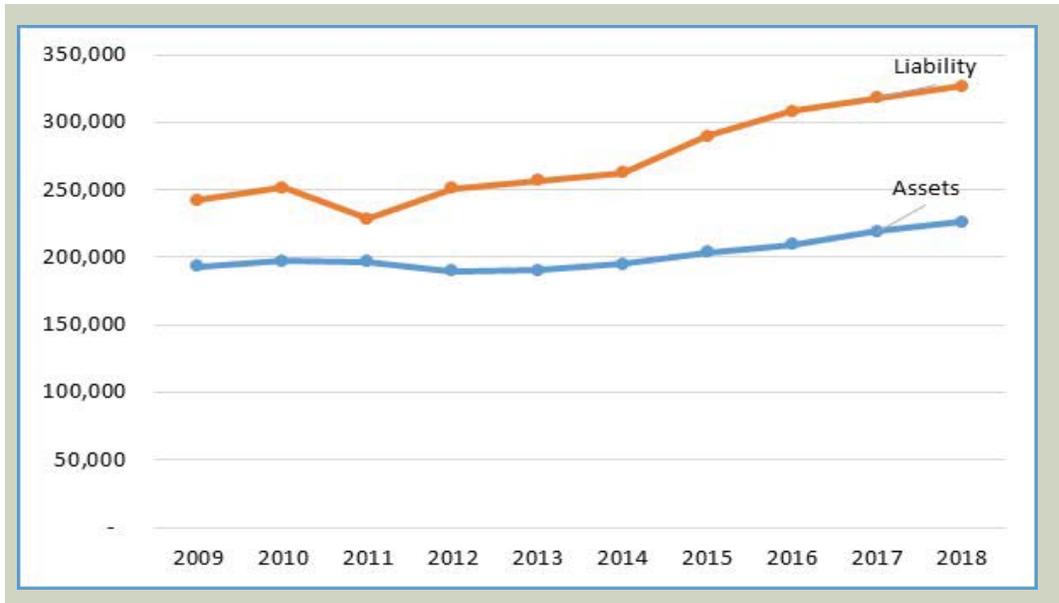
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



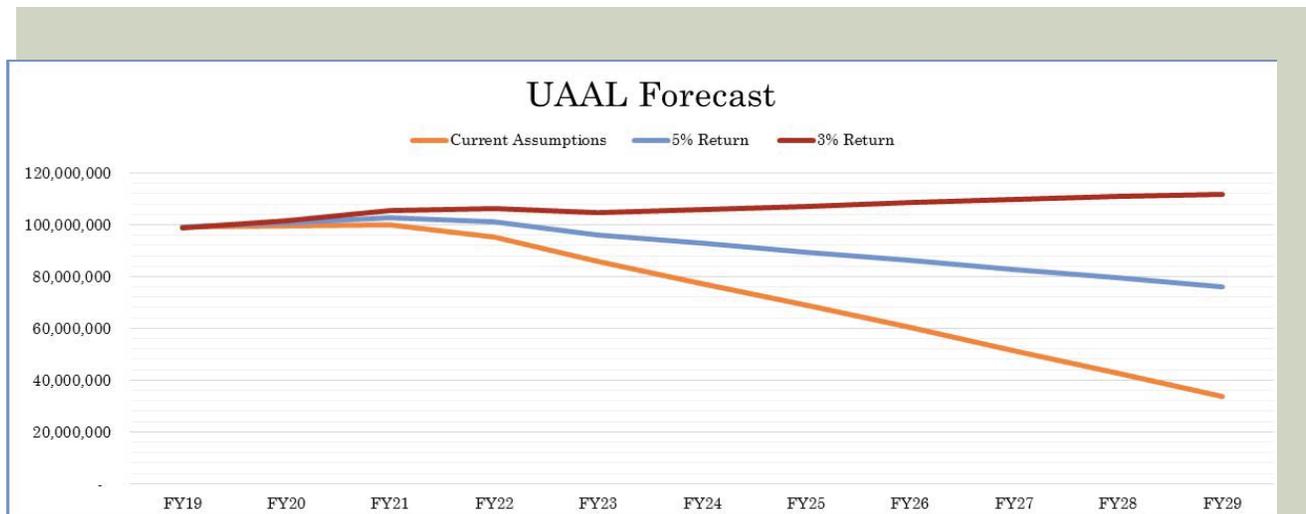
Pension Assets and Liabilities (In Millions)

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. Updated numbers will be released in March and included in the next dashboard update.



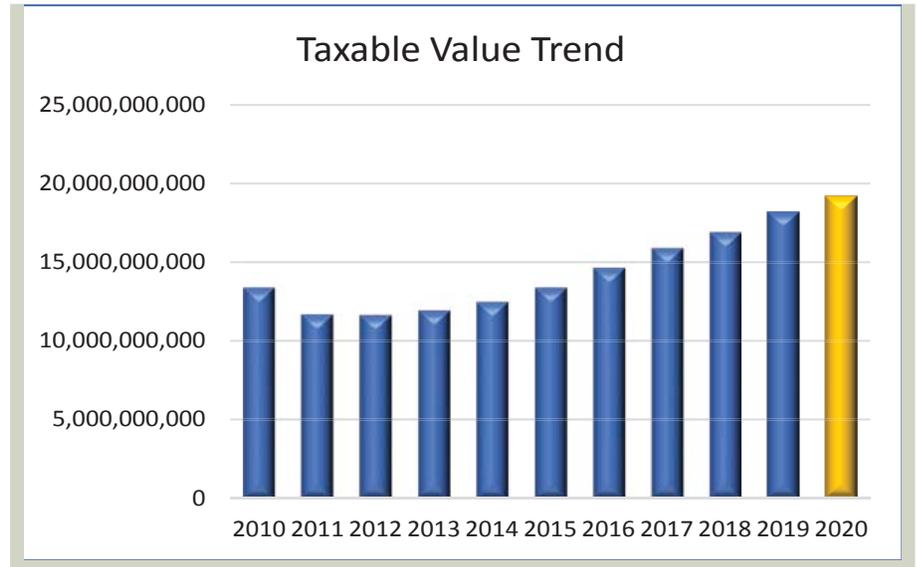
Unfunded Actuarial Accrued Liability (UAAL) Forecast

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, increased 5.82% and are now over \$19 billion for the Town.



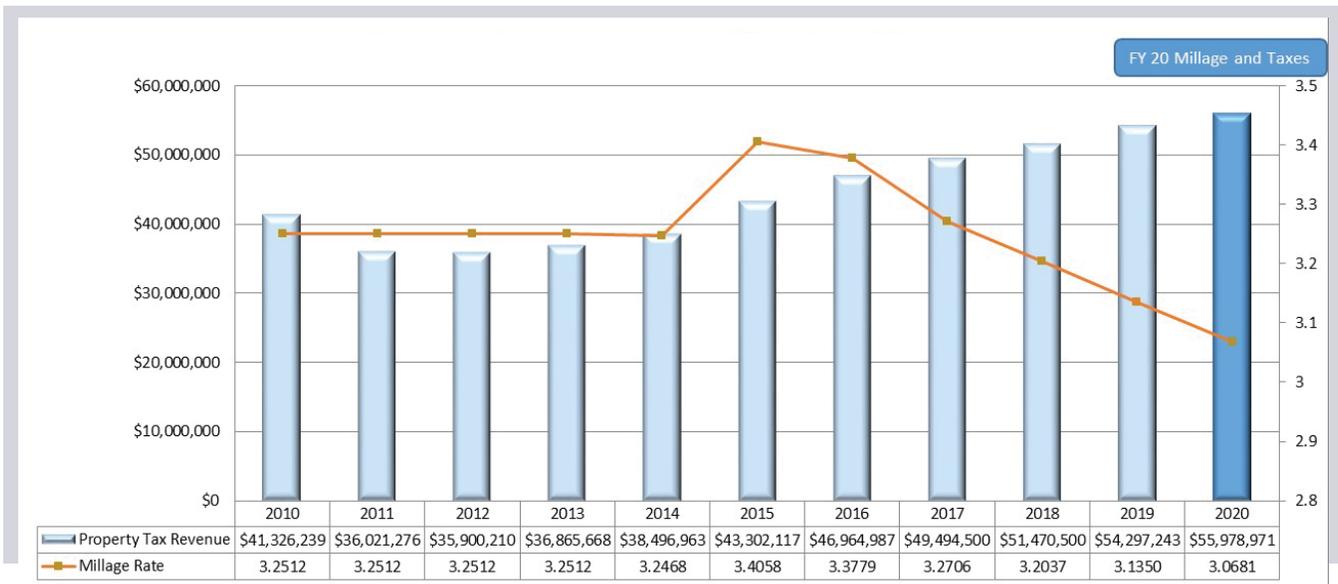
Construction Valuation

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.

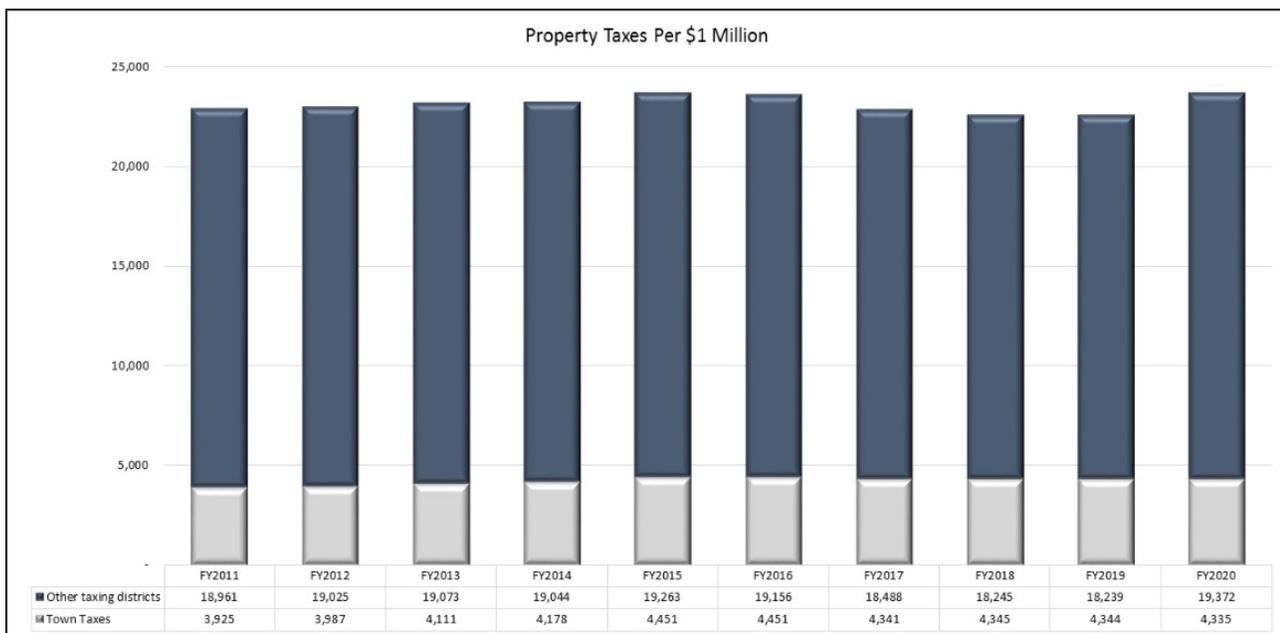


Property Tax Revenue and Millage Rate History

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

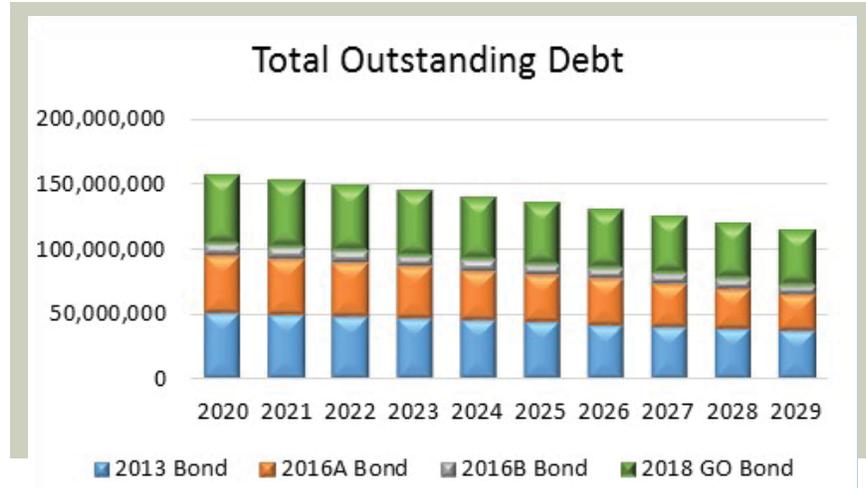


Town taxes represent 18.29% of the total tax bill of approximately \$306 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



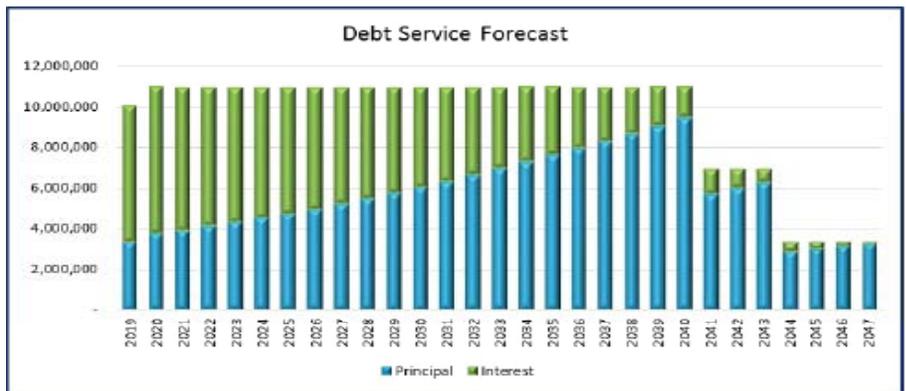
Total Outstanding Debt

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 the 2013 bonds resulting in net present value savings of \$4,385,248 and \$260,000 in debt service savings annually.





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