

TOWN OF PALM BEACH

KEY FINANCIAL INDICATORS OCT - JUN 2020



Message from

KIRK BLOUIN

Town Manager

and

JANE LE CLAINCHE

Finance Director

Welcome to the fifth issue of the Town of Palm Beach Dashboard Report on key financial indicators. This issue contains Town audited 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 information on the Town's proposed FY21 budget and millage rate and fiscal year 20 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



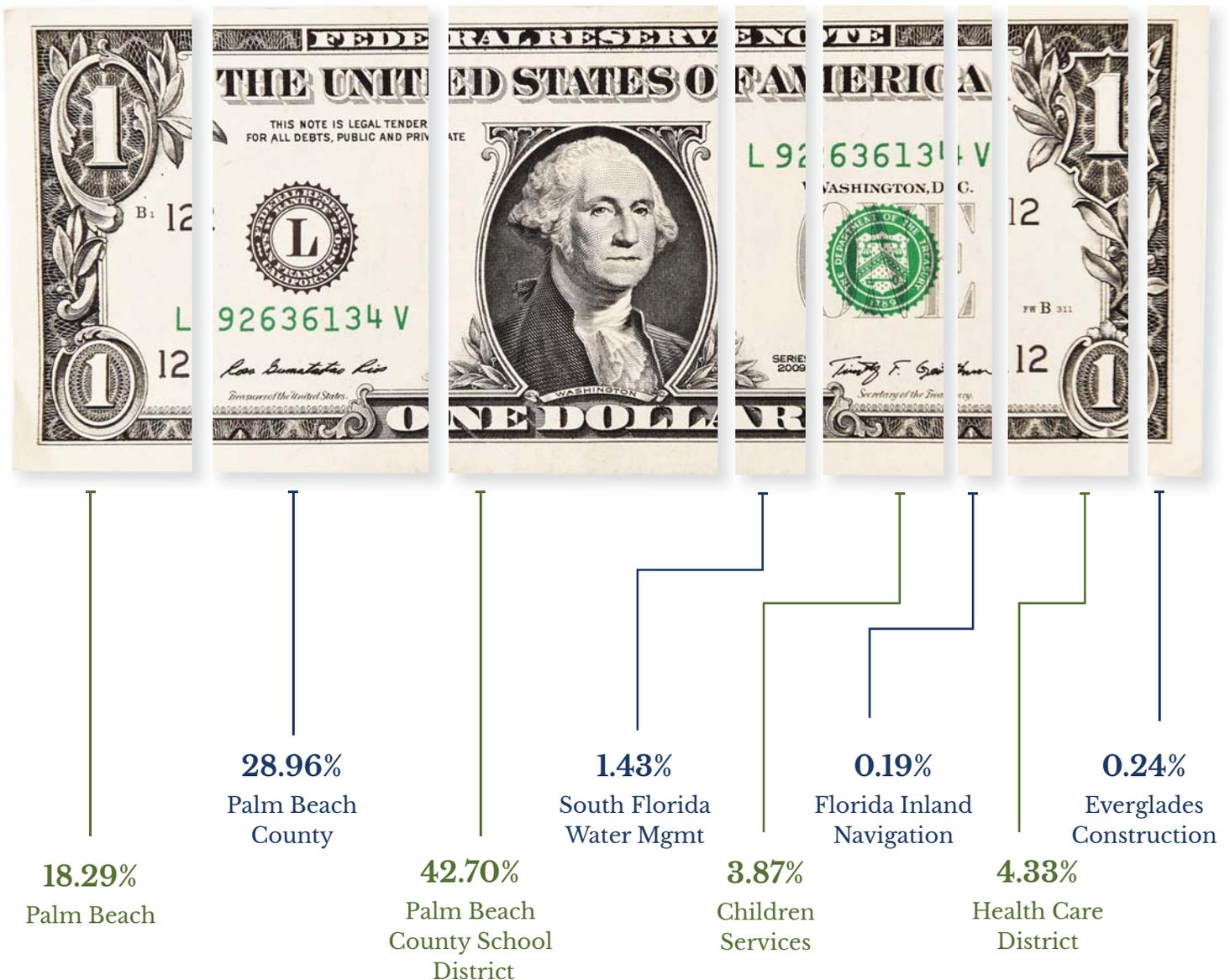
The Dashboard contains the following measures that represent a brief and comprehensive picture of the Town's most important financial indicators. The bullet points below explain the graphs and charts that appear in this report.

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 Town Council met to review the FY21 proposed budget. The proposed FY21 General Fund Budget is 4.18% less than FY20. The proposed millage rate of 2.9962 is 2.34% less than FY20 and should result in a \$0 increase in Town taxes for homestead property owners. No reserves were used to balance the budget.
- The Long-Term Financial plan was updated with the FY21 proposed budget and is available on the Town's website.
- The Town will have an estimated revenue shortfall of \$1.3 million for FY20 because sales tax, recreation, parking meter fees and investment earnings will all be below the budget targets. Expenditure are expected to be \$3 million below budget due to reductions in personnel costs realized through vacancies and savings from the implementation of the compensation study. The Town should finish the year with a surplus of \$1.7 million.
- The Town is eligible for FEMA assistance for COVID -19 pandemic related expenses. We will be applying for all available public assistance to offset these unforeseen expenses.
- The Town has strong reserves set aside that will help weather the recession. As of September 30, 2019, total reserves were \$123 million, with excess reserves in all funds of approximately \$22.7 million. General Fund reserves total \$26,5 million with \$9 million in excess reserves available to stabilize the budget if needed.
- The cost cutting measures taken over the past three years have put the Town in a favorable position to weather the economic impacts caused by the COVID-19 crisis. Staff and the Town Council will continue to work to minimize future expenses while making sure to deliver all quality services at the level citizens have come to expect.
- The Marina project is proceeding very well. All construction activities are on schedule and on budget with an anticipated completion date of Fall 2021.
- Investment income earned through June 30, 2020, on the Town's excess cash and bond funds of approximately \$205,181,865 was \$3,887,239. 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 June 30, 2020, equals \$234,235,771, up from \$209,264,772 as of March 31, 2020. Preliminary results through June 30, 2020, indicate a fiscal year to date return since October 1st of 1.66%, up from -9.09% in March.
- The market value of the net assets of the Town's OPEB Trust as of June 30, 2020, equals \$33,290,196, up from \$29,343,928 as of March 31, 2020. Preliminary results through June 30, 2020, indicate a fiscal year to date return since October 1st of 1.02%, up from March fiscal year losses of -10.64%.
- The Par 3 operations have been closed through May 1. Since reopening, there has been record play. Revenues were up 7% for May and June over 2019. June 2020 rounds were up 18.2% over June 2019.
- Tennis rebounded exceptionally well after the COVID closure. Through the end of the third quarter, revenues are up 1% over 2019, which is remarkable considering the 28 day closure. June 2020 revenue was up 111.6% over June 2019.

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



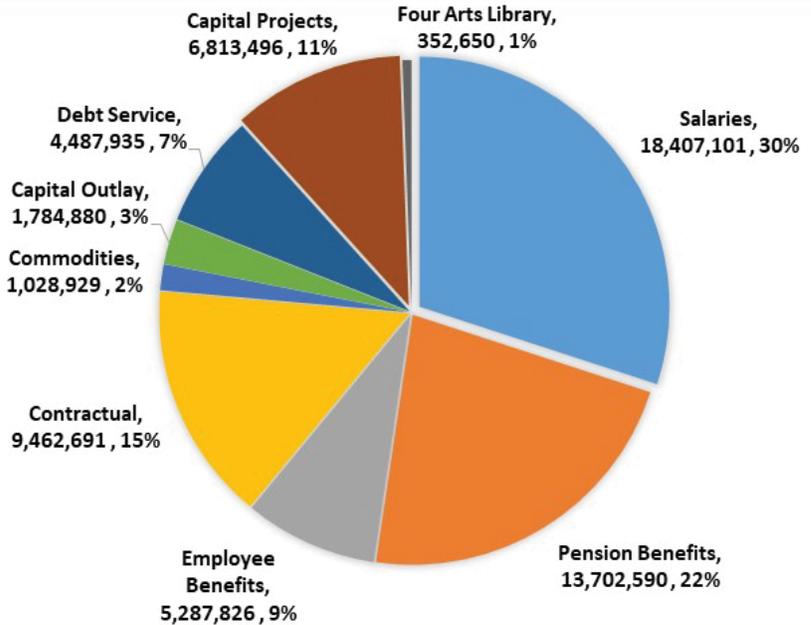
GENERAL FUND

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	6,332,582	1,020,225
December	42,911,974	6,928,268	35,983,706
January	4,547,004	7,244,017	(2,697,013)
February	5,019,728	5,895,247	(875,519)
March	3,844,429	5,801,567	(1,957,138)
April	3,818,300	5,735,521	(1,917,221)
May	3,196,288	6,069,329	(2,873,041)
June	3,009,291	6,015,784	(3,006,493)
July			
August			
September			
Total	75,785,237	61,323,550	14,461,687

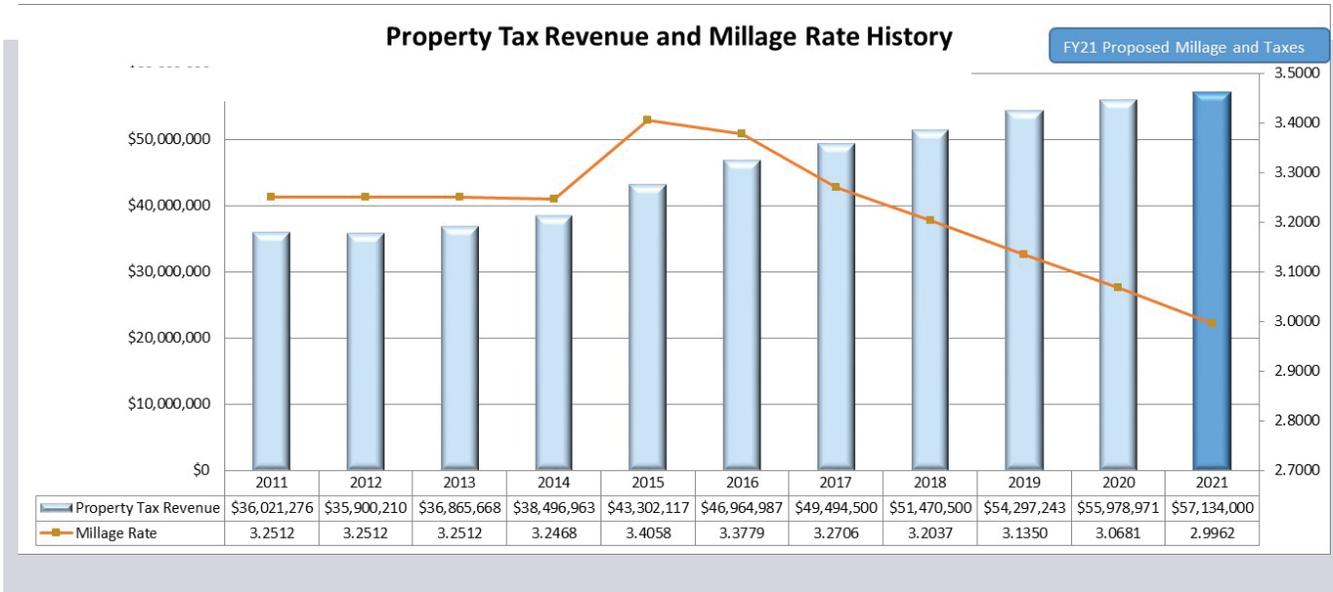
General Fund Expenditures to Date By Type



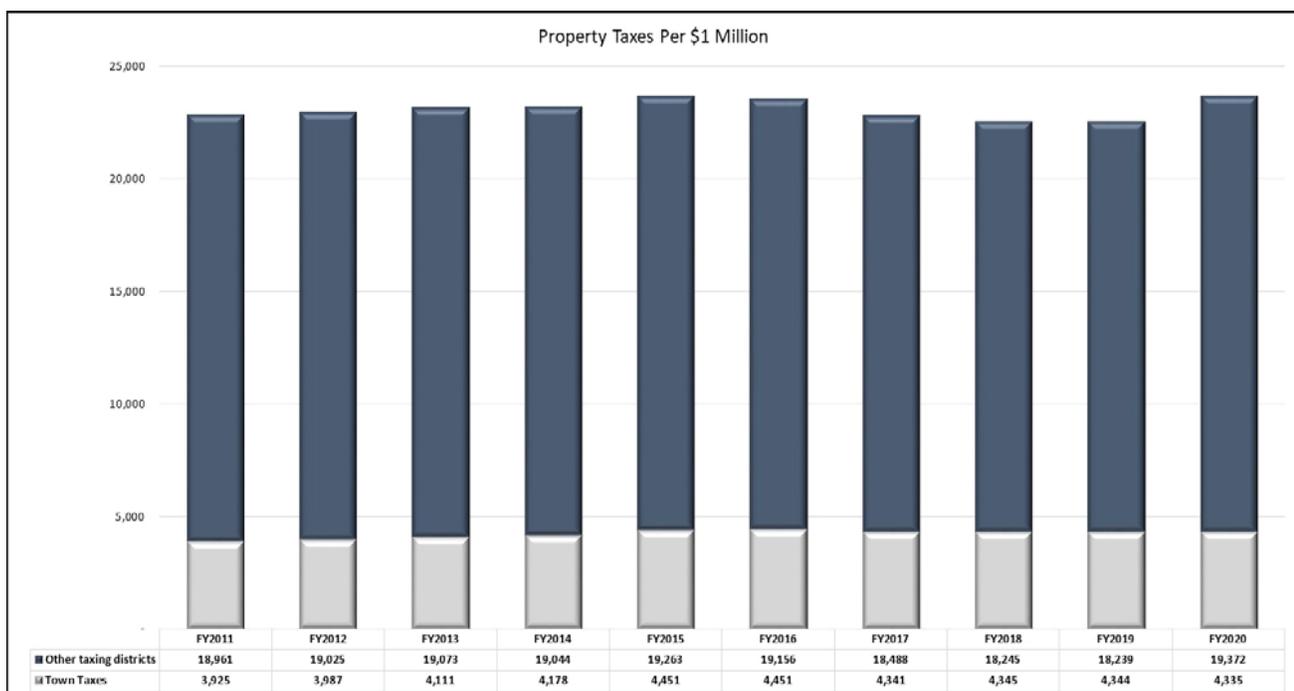
Salaries and Benefits make up 61% of General Fund expenditures, followed by Contractual Services at 15% Capital Projects at 11% and Debt Service at 7%.

Property Tax Revenue and Millage Rate History

The recent trend in the Town's millage rate is shown below. The Town is proposing a millage rate of 2.9962 for FY21. This will result in a \$0 increase for homestead property owners.

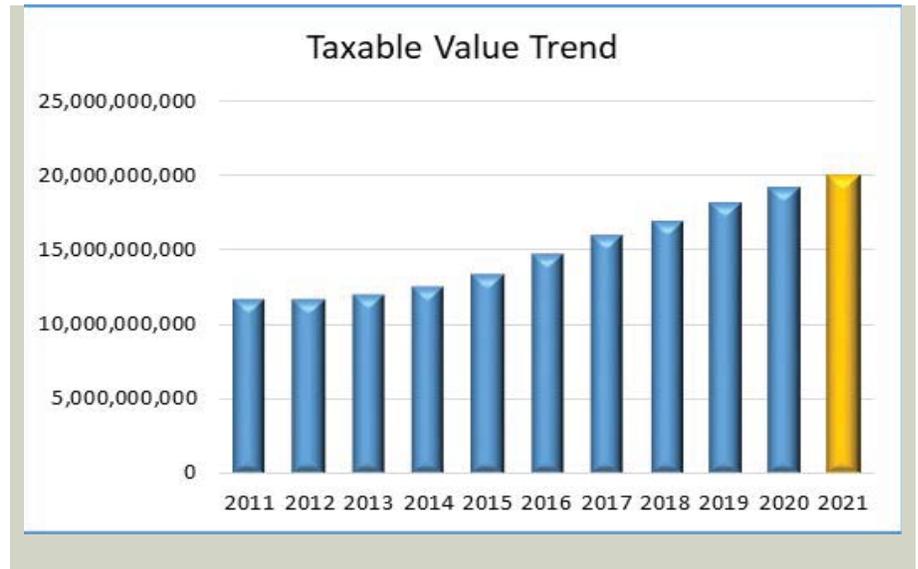


Town taxes represent 18.29% of the total tax bill of approximately \$306 million. The chart below represents the 10-year trend of the Town and other taxing districts property taxes per \$1 million of taxable value.



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. Recently released taxable values for FY21, increased by 4.68% and are now over \$20 billion for the Town.



Construction Valuation

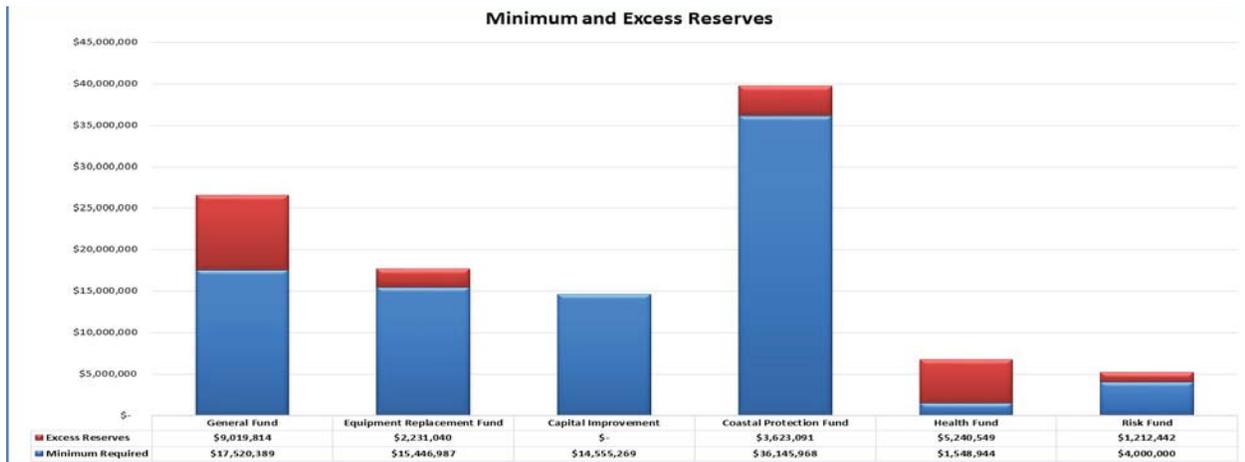
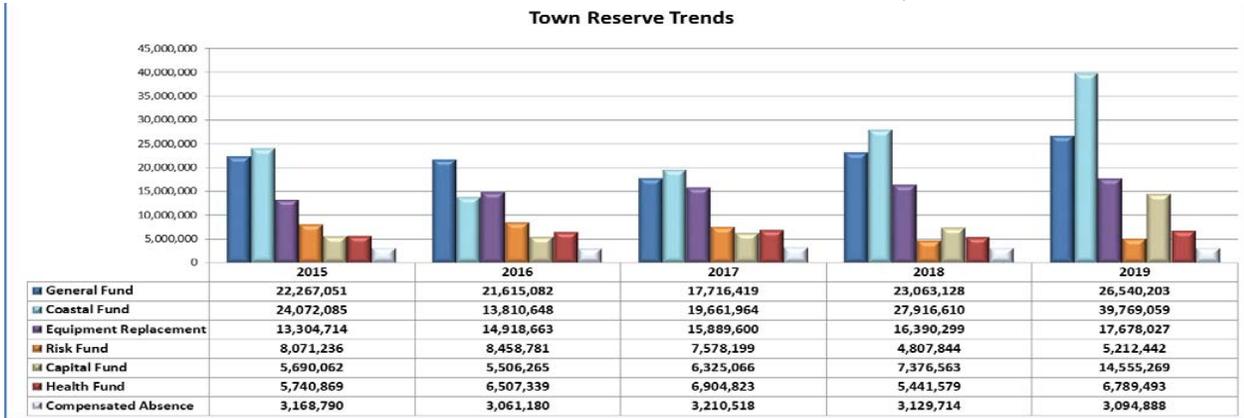
Part of the increase in taxable value is related to construction activity in Palm Beach. The trend over the past 5 years is shown below. Fiscal year 2018 was a record construction year for the Town, and FY19 came close to meeting the FY18 record. FY20 construction activity has declined due to the recent downturn caused by the pandemic, but will meet or exceed the FY20 budget.



RESERVES AND INVESTMENT RESULTS

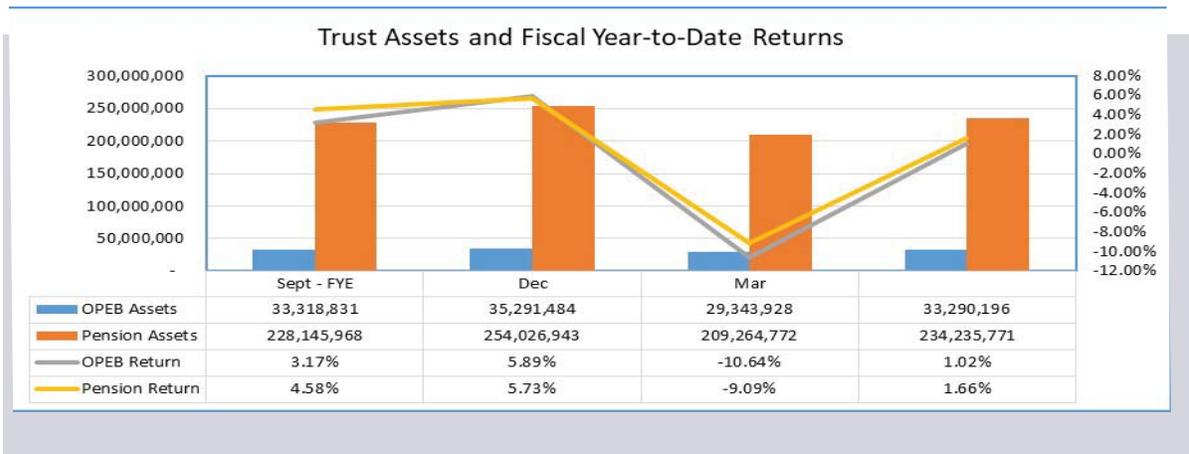
Town Annual Reserve Trends FY15 - Est FY19

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 seven 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 \$123,610,673, excess reserves over the minimum required total \$22,708,289.



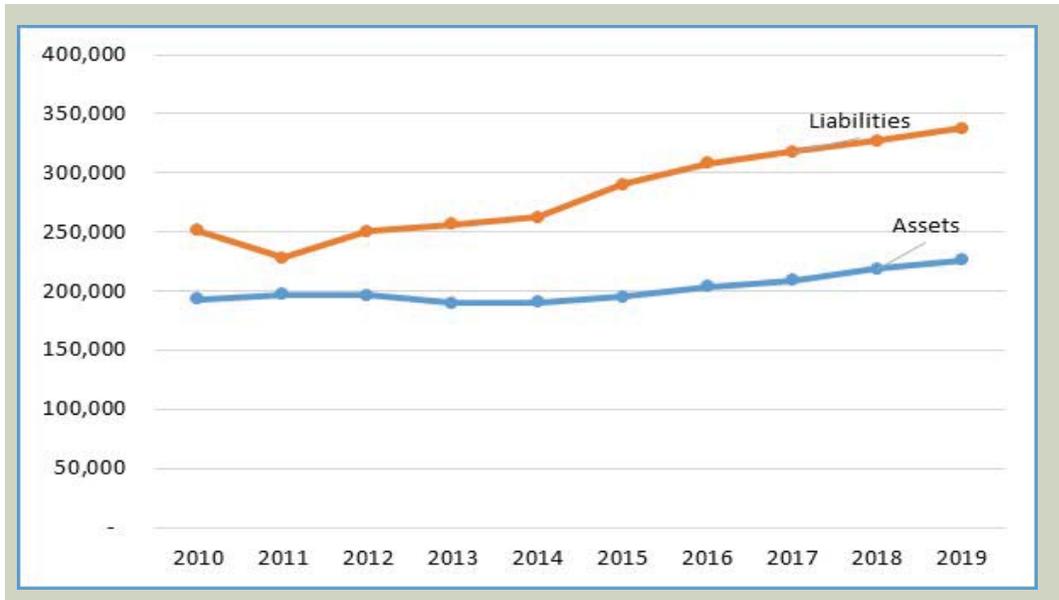
Pension and Retiree Health Trust Assets and Fiscal YTD Returns

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.



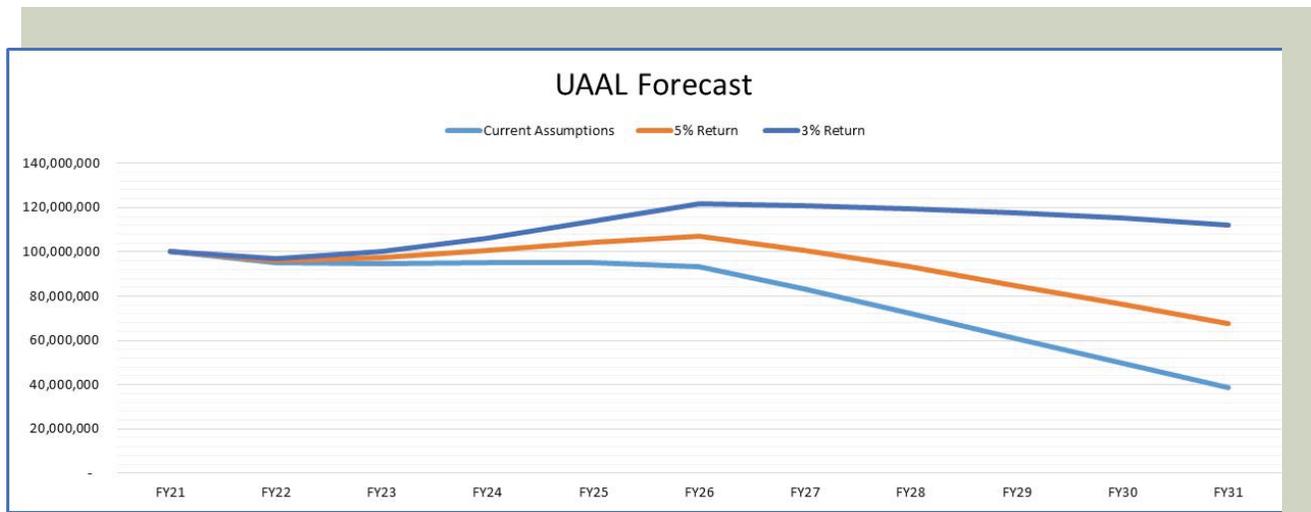
Pension Assets and Liabilities (In Millions)

The chart below represents the trend since 2010 of the assets and pension liabilities for our pension fund. The difference between the two numbers represents the Unfunded Actuarial Liability of \$100,219,557. Pension Assets divided by the Liabilities equal the Funded Ratio of the plan. In 2010 the funded ratio was 78% and declined to 70% in 2019. The actuarial value of plan assets as of September 30, 2019 was \$237,693,298, while the total amount owed to retirees was \$337,912,855 if the entire amount were to be paid at fiscal year end September 30, 2019.



Unfunded Actuarial Accrued Liability (UAAL) Forecast

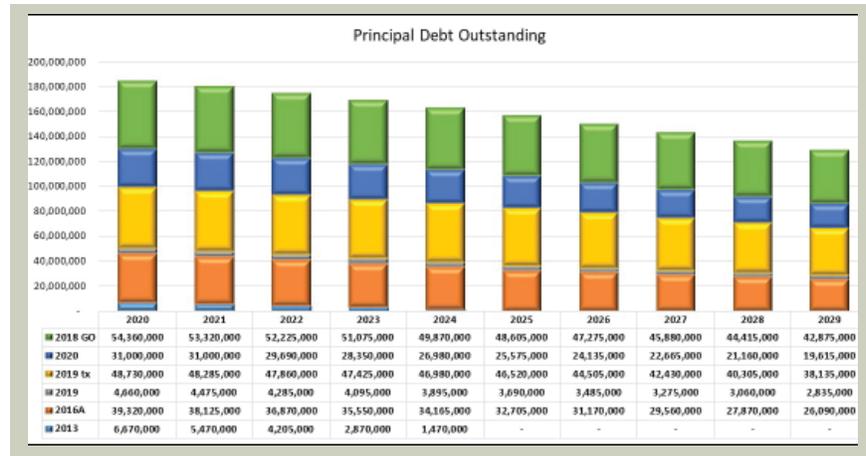
The chart shows the updated 10-year UAAL Forecast based on the updated amortization schedule under two investment return scenarios, current assumption for returns are 7.1% for FY19, 6.8% for FY20 and going down to 6% by 2024. The second line assumes a 5% return for all years. Other assumptions include a payroll growth rate of 2.75%, expected salary increases by pension group, and the RP-2000 Mortality Tables. If the current assumptions hold, the Town's funded ratio would improve to 81.7% funding by 2026.



OUTSTANDING DEBT AND DEBT SERVICE LEVELS

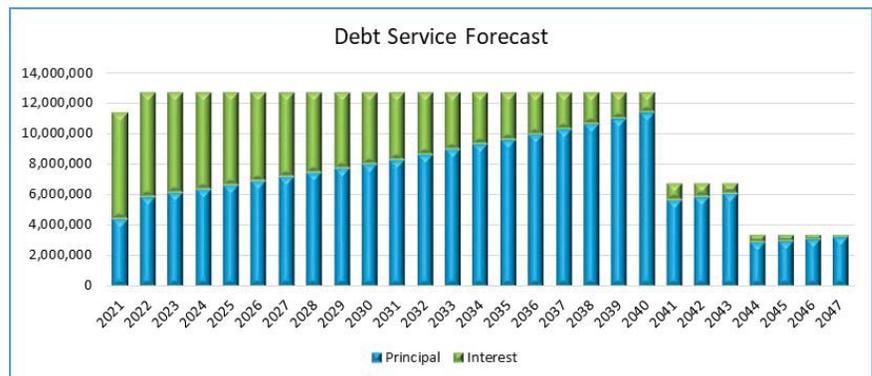
Total Outstanding Debt

The Town has issued debt for infrastructure projects such as sewer and drainage projects. In addition, a portion of the outstanding debt is for the Par 3 clubhouse and golf course and the Worth Avenue beautification project. The Town recently refinanced the 2013 Revenue Bonds, the remaining 2010A Revenue Bonds. In 2020, the Town issued \$31 million in debt for the Marina Project. Overall, Town debt levels are expected to decrease by over \$58.8 million or 30% during the next 10 years. Total outstanding debt equals \$194,995,000.



The Town holds Aaa/AAA issuer bond ratings from both Moody's Investor Services and Standard and Poor's and Aa1/AAA ratings on the Town's Revenue bonds. These ratings are the highest rating classifications given by these rating agencies.

The Town's annual debt service forecast is shown below. The total debt service is approximately \$11.4 million per year with approximately \$5.6 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 Marina debt will be paid with revenues from the Marina. 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.





DESIGN
DONATED BY

ODONNELL
AGENCY

www.odonnell.agency





360 S. County Road | Palm Beach, FL 33480
561.838.5400

www.townofpalmbeach.com