

The City of Palm Beach Gardens, Florida

Your Guide to Popular Annual Financial Information

2020

FY ENDING
SEPTEMBER 30



PALM BEACH
Gardens



PALM BEACH
Gardens



A MESSAGE FROM RON FERRIS CITY MANAGER

TO THE CITIZENS OF THE CITY OF PALM BEACH GARDENS

We are pleased to present the City of Palm Beach Gardens Second Popular Annual Financial Report (PAFR) for the Fiscal year ending September 30, 2020.

This report is designed to provide a brief analysis of the City's fiscal operations, highlight the City's strong financial health and display the City's various ongoing projects. We understand the importance of being accountable for the proper management of public funds and specifically designed this report to be readily accessible and easily understandable to the general public. The City is committed to improve communication with our citizens and to increase public confidence in the government. The report is reflective of our commitment to preserving our residents' trust and the city's long-term financial health.

The financial information in this report is derived in large part from the financial statements contained in the City's Comprehensive Annual Financial Report which is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is audited by an independent certified public accounting firm. The financial section of this report focuses mainly on the City's governmental activities. The Comprehensive Annual Financial Report contains more detailed and extensive information, such as, the audited financial statements, notes, schedules, and other relevant information. A copy of the Comprehensive Annual Financial Report is available at the City of Palm Beach Gardens Municipal offices or on the City's website at www.pbgfl.com/629/financial-reports.com.

We hope you find this report to be informative and welcome your comments and questions.



Ron Ferris
City Manager



Allan Owens, CPA, CGFO
Finance Administrator



PALM BEACH
Gardens





POPULAR ANNUAL FINANCIAL REPORT

THE CITY OF PALM BEACH
GARDENS, FLORIDA

FISCAL YEAR ENDING
SEPTEMBER 30, 2020

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AT A GLANCE

CITY OF PALM BEACH GARDENS ACCOMPLISHMENTS

The City maintains an excellent financial position, as evidenced by the General Fund's unassigned reserves in FY 2020 of \$26 million, or 25.5% of operating expenditures, which complies with Council's policy of a minimum balance of 17%. In addition, the City maintains separate budget stabilization reserves of \$6.6 million.

The City's sound financial position is due to a currently strong economy and real estate market and pro-active financial management by the Council. New construction remains strong, with several significant projects either recently completed, underway, or in various stages of planning.

One measure of the City's financial condition is its bond rating. The rating agencies evaluate the City's management, economic conditions, financial performance and flexibility, and debt. The City's non-ad valorem debt is rated AAA by Standard and Poor's, AA+ by Fitch, and Aa1 by Moody's. These ratings reflect the strong investment quality of the City's bonds.

STRATEGIC GOALS

1. Sense of Community
2. Responsive and Fiscally Sound
3. Character of the City
4. Quality Education
5. Economic Vitality
6. Environmental Stewardship
7. Parks and Recreation
8. Quality and Affordable Housing
9. Water Management
10. Growth



ABOUT THIS REPORT



The City of Palm Beach Gardens is pleased to present the City's Second Popular Annual Financial Report. The Government Finance Officers Association (GFOA) established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to recognize government entities that provided the general public and other interested parties with an easy to understand and concise overview of information extracted from their comprehensive annual financial report.

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to The City of Palm Beach Gardens for its Popular Annual Financial Report for the fiscal year ended September 30, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Palm Beach Gardens has received its first Popular Award for fiscal year ended 2019. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Palm Beach Gardens

Florida

For its Annual Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

PALM BEACH GARDENS GOVERNANCE



Mayor
Carl Woods



Vice Mayor
Pro Tem
Rachelle Litt



Council Member
Chelsea Reed



Vice Mayor
Maria Marino



Council Member
Mark Marciano

OUR CITY GOVERNMENT

On March 20, 1959, John D. MacArthur, multimillionaire insurance magnate and landowner, announced his plan to develop approximately 4,000 acres and provide homes for 55,000 people in a new community. This land would be developed under his careful supervision. Mr. MacArthur's chosen name for the city was Palm Beach City. However, permission to use that name was denied, so MacArthur, in keeping with his "garden city" plan, decided to call the city Palm Beach Gardens. He wanted this new city to be a place to raise a family and make a living, to realize the American dream. He envisioned winding streets lined with lush native and transplanted foliage named after flowers and trees. He set to work carving the City of Palm Beach Gardens from empty miles of dairy cattle grazing land.

The City of Palm Beach Gardens has grown steadily during its sixty plus years in existence. In 1999, the John D. and Catherine T. MacArthur Foundation sold approximately 14,000 acres of land including approximately 5,000 acres in the City of Palm Beach Gardens. The City Council, entrusted with the responsibility of ensuring quality development, was able to reach an agreement with the purchasers to manage this new growth.

The City of Palm Beach Gardens operates with a Council-Manager form of government, pursuant to the city Charter. Residents are served by five at-large elected officials who are responsible for developing policy for the City.

These elected officials, the City Council, in turn, appoint the City Manager who is tasked with overseeing all administrative duties and the daily business operations of the city.

ECONOMIC DEVELOPMENT

ONGOING PROJECTS

1 AVENIR

The project includes plans for 2,407 acres of conservation, 2,690 single family homes, 960 age-restricted dwelling units, 250 multifamily townhomes.

2 ALTON

Approved for 360,203 square feet of retail and commercial and is approximately 80% complete.

3 FLORIDA POWER & LIGHT

Approved site plan for a 270,000 square foot 6-story office and 3-story parking garage located between Kyoto Gardens and PGA Boulevard.

4 MIRASOL TOWN SQUARE

Completed building D, approved for 44,490 square feet of office.

5 PGA STATION

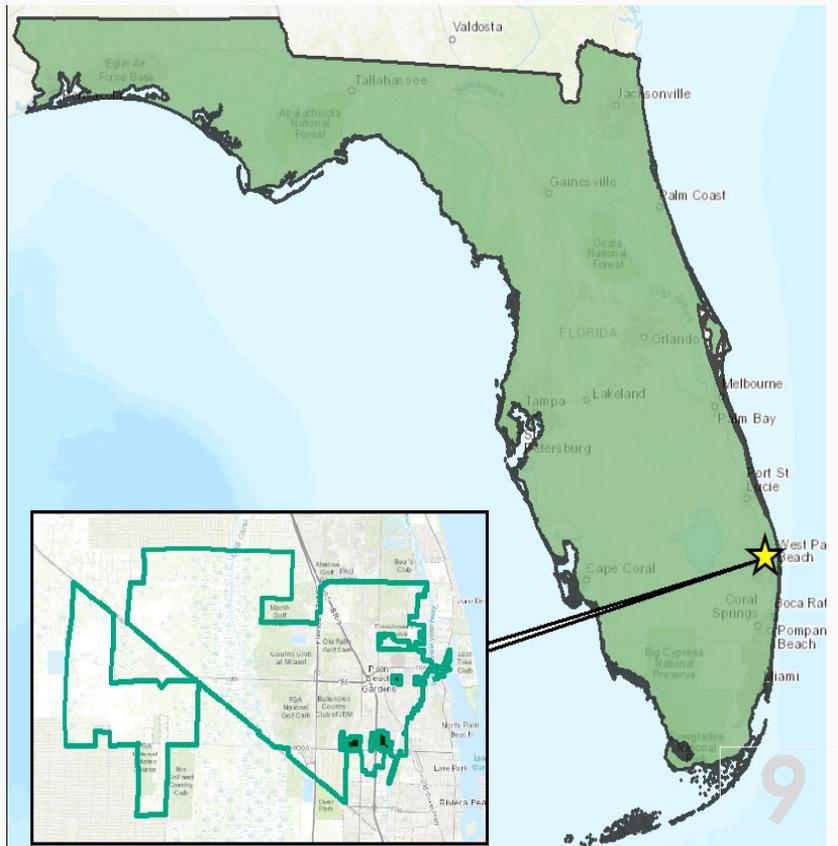
Completed construction of a 122-room Marriott Residence Inn hotel.

6 COSTCO WHOLESALE CLUB

Approved for 20,000 square foot expansion and completed construction on a 24-station fuel center.

The City of Palm Beach Gardens is located in Palm Beach County, Florida in the southeast part of the state. The City is approximately 7 miles north of West Palm Beach and 70 miles north of Miami. Current land area is 56.17 square miles, making it the largest land area in Palm Beach County.

Palm Beach Gardens has been fortunate to have land mass that is available for future development, which will only further enhance the City's economic base and allow the City to continue to prosper with additional employment opportunities and increases in property valuations and revenues. There is a significant amount of development within the City and multiple developments that could potentially increase employment.



THE IMPACT OF COVID-19



PREVENT THE SPREAD OF COVID-19

How to stay healthy and avoid the spread TOGETHER!



WASH YOUR HANDS



USE SANITIZER



COVER YOUR MOUTH WITH TISSUE



AVOID TOUCHING YOUR FACE



PRACTISE SOCIAL DISTANCING



DISINFECT SURFACES

Although the state and county began a phased reopening plan of businesses in May, the City's state-shared revenues continue to be impacted, and will continue until a vaccine has been developed, tested, and distributed on a wide-scale basis. Until this occurs and all businesses have fully recovered, the City's revenue stream from the state will be diminished: to what extent is simply unknowable at this time.

With respect to Fiscal Year 2021 revenue estimates, staff has estimated a loss of approximately \$1.1 million in other revenues due primarily to the COVID-19 pandemic. It should be noted that these revenue estimates were derived from the Office of Economic and Demographic Research county and municipal revenue estimates issued in July.

PROPERTY TAX

Did You Know...



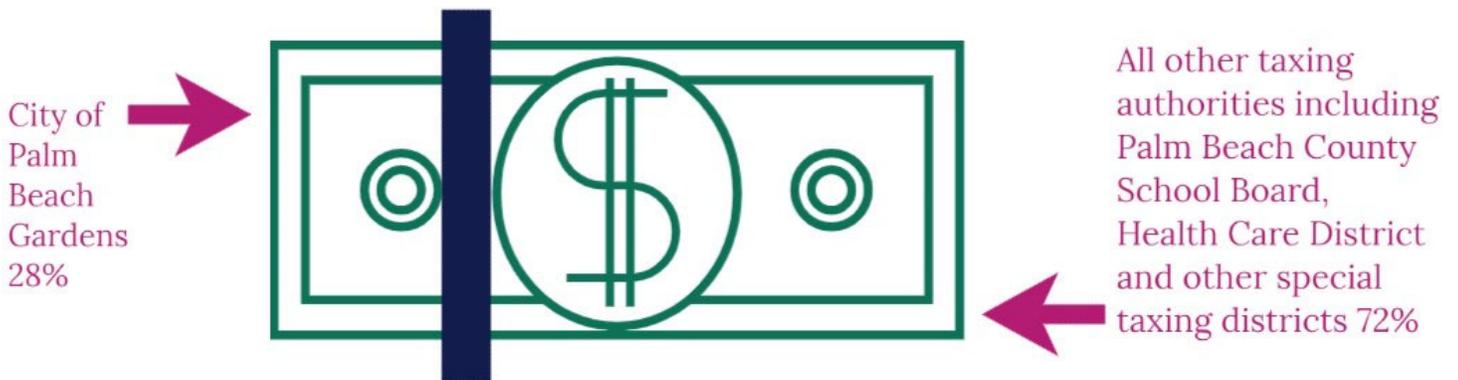
The tax levy of the City is established by the Council prior to October 1st of each year during the budget process. The Palm Beach County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements.

The Fiscal year 2020 millage rate is based upon the certified property valuation received from the Palm Beach County Property Appraiser in the amount of \$12,659,064,259. As illustrated in the graphic below, this includes new construction of \$666,094,841, and represents an increase of 9.9% from last year's valuation. This is the eighth consecutive year that the City's property valuation has increased.

Increase in City of Palm Beach Gardens Taxable Assessment from FY 2019 to FY 2020:



The City of Palm Beach Gardens property millage rate for the 2020 fiscal year was 5.55, which is down 1% from last year's total rate of 5.6003. The operating rate is 5.55, the same as last year, and the debt service millage rate is -0- mills, which is down from last year's rate of .0503.



OUR VISION

“Our Vision – a Strategic Plan” lays the groundwork upon which the levels of service the City provides to its citizens is formulated. Using these principles as the starting point in determining the long-term planning for the future of the City, the process undertaken by the City in its annual budgeting process can be summarized in the graphic below:

A SIGNATURE CITY

QUICK FACTS

Total Operating Budget:
\$128 million

General Fund:
\$98 million

Unassigned General Fund Reserves:
\$26 million

Millage Rate:
5.55 mills



| Operating Budget | FY 2020 | FY 2019 | Percentage of Increase (Decrease) |
|-----------------------------------|----------------------|---------------|-----------------------------------|
| General Fund | \$98,299,786 | \$92,072,721 | 7% |
| Police Training Fund | 6,000 | 8,000 | (25%) |
| Gas Tax Fund | 1,496,299 | 1,168,804 | 28% |
| Recreation Special Revenue Fund | 5,200,780 | 4,702,234 | 11% |
| Golf Course Special Revenue Fund | 2,614,979 | 2,577,956 | 1% |
| Recreation Impact Fund | 1,218,500 | 0 | 100% |
| Police Impact Fund | 0 | 425,000 | (100%) |
| Fire Impact Fund | 400,000 | 0 | 100% |
| Road Impact Fund | 1,482,110 | 688,779 | 115% |
| One-Cents Sales Tax Fund | 3,342,815 | 3,344,525 | (0.05%) |
| Public Facilities Impact Fund | 510,000 | 250,000 | 104% |
| Fleet Maint. Internal Srv. Fund | 4,034,797 | 3,427,451 | 18% |
| Self Insurance Internal Srv. Fund | 10,252,484 | 10,152,283 | 1% |
| Total budget | \$128,858,550 | \$118,817,753 | 8% |

CITY REVENUES AND EXPENDITURES

YEAR ENDED SEPTEMBER 30, 2020

| | One-Cent Sales | | | Total Governmental Funds |
|--|----------------------|--|--------------------------------|--------------------------------|
| | General Fund | Surtax Capital Improvements Fund | Other Governmental Funds | |
| Revenues | | | | |
| Taxes: | | | | |
| Ad valorem taxes | \$ 67,588,710 | \$ -- | \$ -- | \$ 67,588,710 |
| Local business taxes | 1,590,949 | -- | -- | 1,590,949 |
| Utility taxes | 1,913,129 | -- | -- | 1,913,129 |
| Special assessment | 112,970 | -- | -- | 112,970 |
| Franchise fees | 5,473,521 | -- | -- | 5,473,521 |
| Licenses and permits | 7,468,226 | -- | -- | 7,468,226 |
| Intergovernmental | 10,091,901 | 3,706,532 | 740,673 | 14,539,106 |
| Impact fees | -- | -- | 6,113,239 | 6,113,239 |
| Charges for services | 7,353,394 | -- | 4,673,075 | 12,026,469 |
| Fines and forfeitures | 437,638 | -- | 9,150 | 446,788 |
| Investment earnings | 1,542,513 | 140,932 | 43,588 | 1,727,033 |
| Miscellaneous | 1,690,216 | -- | 585,689 | 2,275,905 |
| Total Revenues | <u>105,263,167</u> | <u>3,847,464</u> | <u>12,165,414</u> | <u>121,276,045</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 21,419,757 | -- | -- | 21,419,757 |
| Public safety | 52,588,700 | -- | 323,958 | 52,912,658 |
| Culture and recreation | 800,757 | -- | 6,466,589 | 7,267,346 |
| Physical environment | 13,569,137 | -- | -- | 13,569,137 |
| Transportation | -- | -- | 801,697 | 801,697 |
| Capital outlay | 10,249,870 | 7,380,138 | 4,860,025 | 22,490,033 |
| Debt service: | | | | |
| Principal | 3,327,464 | 2,835,000 | 21,182 | 6,183,646 |
| Interest | 285,043 | 507,815 | 5,425 | 798,283 |
| Total Expenditures | <u>102,240,728</u> | <u>10,722,953</u> | <u>12,478,876</u> | <u>125,442,557</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>3,022,439</u> | <u>(6,875,489)</u> | <u>(313,462)</u> | <u>(4,166,512)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 682,110 | -- | 3,197,754 | 3,879,864 |
| Transfers out | (3,197,754) | -- | (682,110) | (3,879,864) |
| Capital lease financing | 595,000 | -- | 117,175 | 712,175 |
| Total Other Financing Sources (Uses) | <u>(1,920,644)</u> | <u>--</u> | <u>2,632,819</u> | <u>712,175</u> |
| Net Change in Fund Balances | 1,101,795 | (6,875,489) | 2,319,357 | (3,454,337) |
| Fund Balances - Beginning | <u>49,860,658</u> | <u>13,281,664</u> | <u>10,481,167</u> | <u>73,623,489</u> |
| Fund Balances - Ending | <u>\$ 50,962,453</u> | <u>\$ 6,406,175</u> | <u>\$ 12,800,524</u> | <u>\$ 70,169,152</u> |

GOVERNMENTAL FUNDS

Typically used to account for tax-supported activities, the governmental funds of the City of Palm Beach Gardens include the following activities: Police, Fire, Public Facilities, Construction Services, Planning and Zoning, and Culture/Recreation. Also included are the various administrative programs such as Council, Administration, Legal, Clerk, Engineering, Purchasing and Contracts Management, Finance, Information Technology, Human Resources, and General Services. Effective January 1, 2017, County voters approved a ballot issue to enact a one-cent infrastructure sales surtax to pay for acquisition or improvements to public infrastructure.

Property Taxes comprise 67.5% of the General Fund operating revenues. This high percentage is because the City does not impose garbage/trash collection fees, utility service taxes, fire assessments, or storm water utility taxes. Most of the expenditures in the General fund are personnel related, due to the labor-intensive nature of providing general government services. As illustrated in the chart to the left, Public Safety expenditures represent the largest portion of the budget, at slightly more than \$52 million.

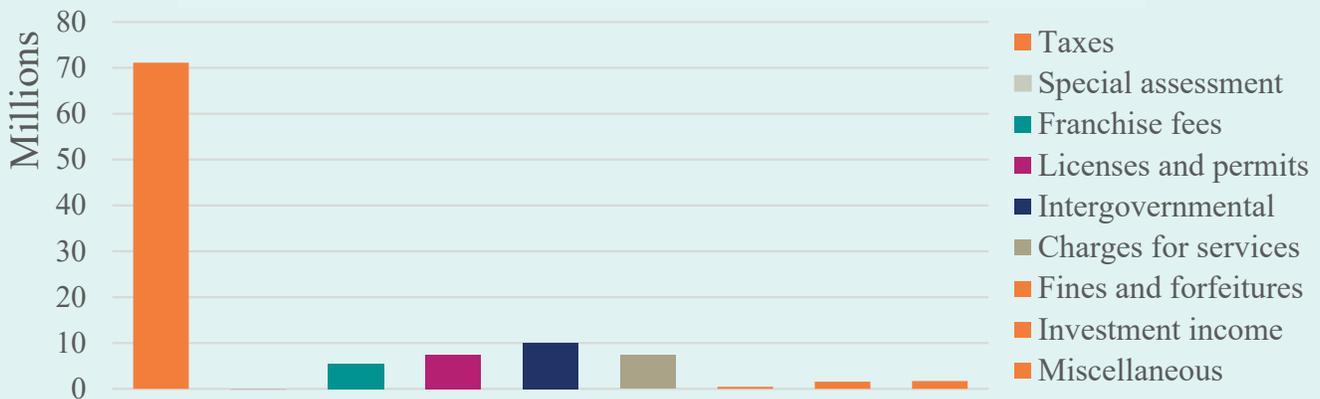
Capital outlay under the City's One-Cent Sales Surtax Capital Improvements Fund comprised of a little over \$10 million related to various infrastructure projects. The City is obligated to use the Tax proceeds in a manner consistent with Florida Statutes Section 212.055, which provides that the Tax proceeds must be restricted to finance, plan, and construct infrastructure and to acquire land for public recreation or conservation or protection of natural resources.



SUMMARY OF FINANCIAL INFORMATION

| Revenue Sources | 2020 Amount | Percent of Total | 2019 Amount | Percent of Total | Increase (Decrease) From 2019 | Percentage of Increase (Decrease) |
|-----------------------|-----------------------|------------------------|----------------------|------------------------|-------------------------------------|---|
| Taxes | \$ 71,092,788 | 67.5% | \$ 65,684,725 | 68.3% | \$ 5,408,063 | 8.2% |
| Special assessment | 112,970 | 0.1% | 135,785 | 0.1% | (22,815) | 100.0% |
| Franchise fees | 5,473,521 | 5.2% | 5,808,900 | 6.0% | (335,379) | (5.8)% |
| Licenses and permits | 7,468,226 | 7.1% | 5,344,130 | 5.6% | 2,124,096 | 39.7% |
| Intergovernmental | 10,091,901 | 9.6% | 8,427,563 | 8.8% | 1,664,338 | 19.7% |
| Charges for services | 7,353,394 | 7.0% | 6,505,181 | 6.8% | 848,213 | 13.0% |
| Fines and forfeitures | 437,638 | 0.4% | 265,396 | 0.3% | 172,242 | 64.9% |
| Investment income | 1,542,513 | 1.5% | 2,035,193 | 2.1% | (492,680) | (24.2)% |
| Miscellaneous | 1,690,216 | 1.6% | 1,983,359 | 2.0% | (293,143) | (14.8)% |
| Total revenues | \$ 105,263,167 | 100.0% | \$ 96,190,232 | 100.0% | \$ 9,072,935 | 9.4% |

The revenues for governmental activities total \$105,263,167 for 2020.



Taxes comprise of all funds most of the City's revenue, 67.5% and is generated by property taxes, local business taxes, and utility taxes.

Special assessments revenue collections are related to the Neighborhood Improvement Assessment Program (NIAP) project for infrastructure improvements.

Franchise fee include both electric and solid waste franchise fees.

Licenses and permits account for 7.1% of Governmental Fund revenues includes city business license taxes.

Intergovernmental category includes federal and state grants, ½ cent sales tax, and state shared revenues.

Impact fees are fees charged on new residential construction and can only be used for capital expenditures that are a direct result of the demand for services attributed to the new development.

Charges for services contribute 7% of the total Governmental Fund revenues. Revenues included in this category are EMS Fees, dispatch service charges, and fire inspection fees.

Fines and forfeitures revenues include court and code enforcement fines.

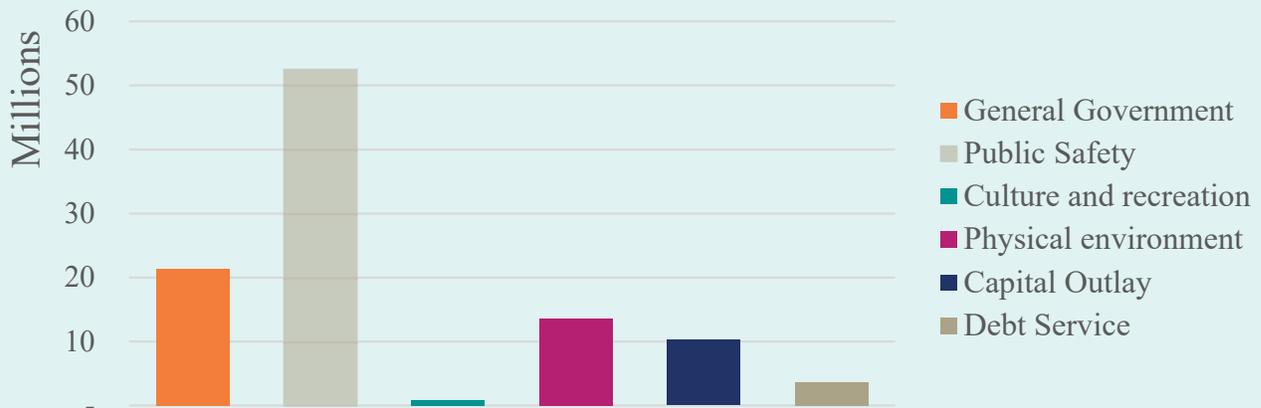
Investment earnings include favorable interest rates and unrealized gains resulting from City held investments.

Miscellaneous revenues in this category include reimbursement of city services, tax searches, and rental fees for wireless towers.

Expenditure by Function

| Expenditures | 2020 | | 2019 | | Increase (Decrease) From 2019 | Percentage of Increase (Decrease) |
|---------------------------|----------------------|------------------------|----------------------|------------------------|-------------------------------------|---|
| | Amount | Percent of Total | Amount | Percent of Total | | |
| General government | \$ 21,419,757 | 20.9% | \$ 20,752,846 | 22.1% | \$ 666,911 | 3.2% |
| Public safety | 52,588,700 | 51.4% | 50,920,055 | 54.2% | 1,668,645 | 3.3% |
| Culture and recreation | 800,757 | 0.8% | 846,384 | 0.9% | (45,627) | (5.4)% |
| Physical environment | 13,569,137 | 13.3% | 11,766,857 | 12.5% | 1,802,280 | 15.3% |
| Capital outlay | 10,249,870 | 10.0% | 5,530,348 | 5.9% | 4,719,522 | 85.3% |
| Debt service | 3,612,507 | 3.5% | 4,153,878 | 4.4% | (541,371) | (13.0)% |
| Total expenditures | \$102,240,728 | 100.0% | \$ 93,970,368 | 100.0% | \$ 8,270,360 | 8.8% |

The expenditures for governmental activities total **\$102,240,728** for **2020**.



The expenditures for governmental activities total \$102,240,728 for 2020. The largest category is for public safety and represents 51.4% of all governmental activities.

General Government expenditures comprise departments whose responsibilities are related to the legislative and administrative services for the benefit of the public and the city unit.

Public Safety expenditures provide services for the security of persons and property.

Culture and Recreation include expenditures toward maintaining recreational facilities for the benefit of citizens and visitors. This includes various parks, the aquatic complex, tennis courts and golf course.

Physical environment include expenditures for services that provide a suitable living environment by controlling and utilizing elements of the environment. This would comprise of sustaining safe streets and roadways, as well as subsidiary facilities such as sidewalks and bridges.

Transportation include expenditures to provide safe and adequate flow of vehicles and pedestrians through the construction and maintenance of roads, bridges, traffic signals, pathways, and sidewalks.

Capital outlay expenditures stand at 10% of the total and include capital expenditures that cost more than \$1,000 and result in a fixed asset for the City. Also included in this category are capital improvement projects that results in a capital asset or improvement that costs at least \$50,000 and have a useful lifespan of five (5) years.

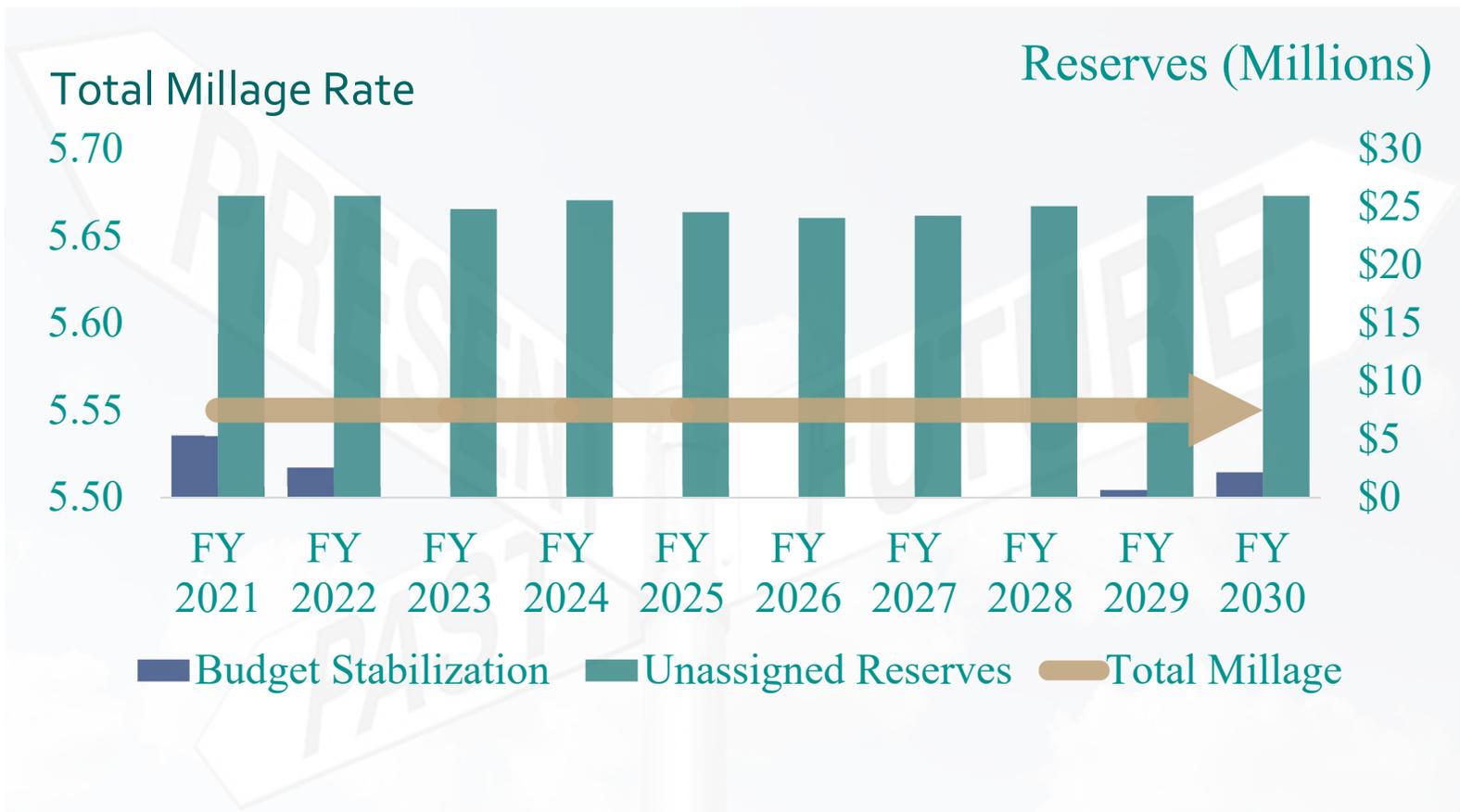
Debt service includes principal and interest payments for the acquisition, construction, or improvement of major capital projects or equipment.

GENERAL FUND RESERVES

GENERAL FUND RESERVES AND HISTORICAL DATA

Looking to the future, by maintaining the same operating millage rate of 5.55, the ten-year financial forecast projects a gradual reduction in reserves through FY 2029. Beginning in FY 2029, projections indicate this trend will reverse and surpluses will begin to be added back to reserves as more development in Avenir comes on to the tax rolls.

Ten-Year Financial Forecast



CAPITAL ASSETS

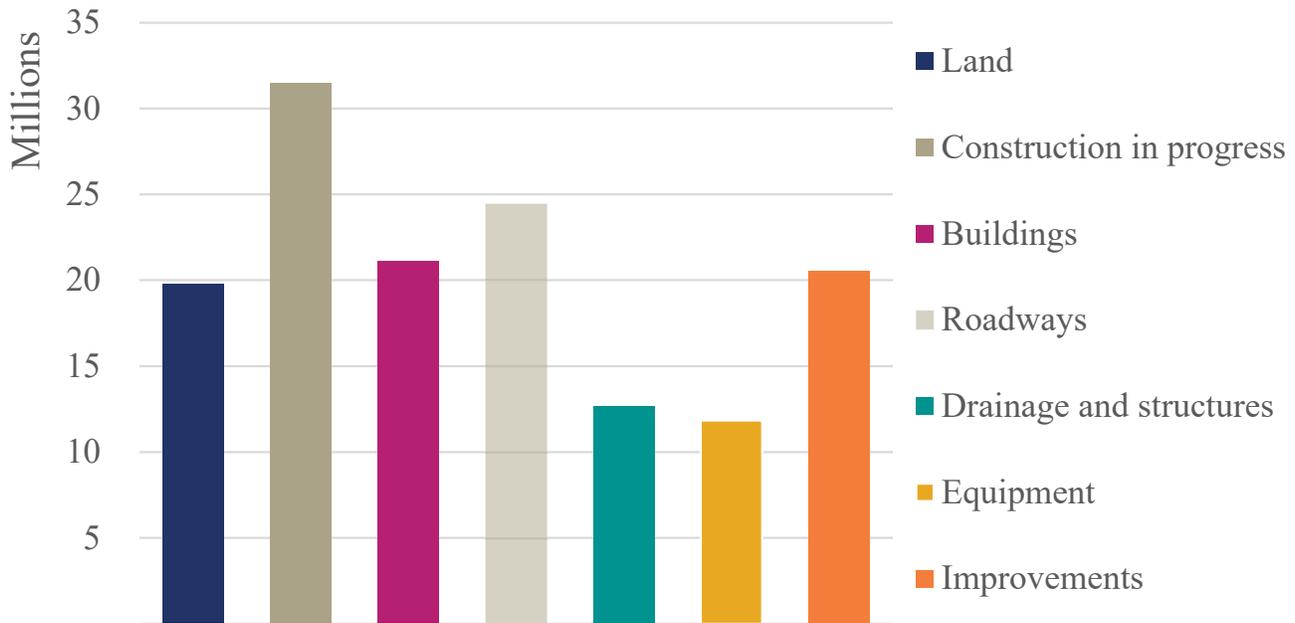
The City of Palm Beach Gardens recognizes the need to keep pace with the growth of the community and the needs of the City’s residents. The City prioritizes projects according to guidelines set forth by the Capital Improvements Element of the Comprehensive Plan. The Capital Budget is designed to balance the need for public facilities and infrastructure as stated in the City ‘s Comprehensive Plan.

As of September 30, 2020, the City’s capital assets for both governmental and business type activities amounted to \$141,792,177 (net depreciation). Capital assets include land, roadways, drainage and structures, equipment, improvements, buildings, and construction in progress.

| | Governmental Activities | |
|-----------------------------------|------------------------------------|----------------|
| | 2020 | 2019 |
| Land | \$ 19,779,365 | \$ 19,779,365 |
| Construction in progress | 31,485,281 | 25,828,482 |
| Buildings | 21,094,555 | 22,130,116 |
| Roadways | 24,400,572 | 24,450,183 |
| Drainage and structures | 12,638,484 | 12,819,406 |
| Machinery and equipment | 11,842,530 | 12,046,818 |
| Improvements other than buildings | 20,551,390 | 12,032,596 |
| Total | \$ 141,792,177 | \$ 129,086,966 |

Major capital asset additions during the current fiscal year included the following:

- ▶ District Park improvements totaling \$10.6 million.
- ▶ Road improvement projects totaling \$1.2 million.
- ▶ Three building generators totaling approximately \$514 thousand.
- ▶ Capital lease purchases of fire breathing apparatus and one truck totaling approximately \$712 thousand.



SIGNIFICANT CAPITAL PROJECTS

As part of its budget process, the City prepares and submits to the City Council a Five-Year Capital Improvement Plan beginning with the next fiscal year. The City included several significant non-recurring projects budgeted for FY 2020. A project is considered significant if the costs are projected to exceed \$100,000 or it potentially has a considerable impact on the current or future operating budgets. Funding for the significant capital projects listed below are from General Fund, Capital Projects Fund, Special Revenue, and Internal Service Funds.



**BUILDING
FOR OUR
TOMORROW**

Aquatic Complex Renovation

Project location: Burns Road Community Center (BRCC)

Budgeted Cost: \$3,000,000

The renovation will consist of removal and replacement of pool components to bring the facility up to today's standards.

Johnson Dairy Road Expansion – Phase II Signal

Project location: Johnson Dairy Road intersection at Military Trail

Budgeted Cost: \$550,000

This project includes the installation of a new traffic signal at the intersection of Johnson Dairy Road and Military Trail. The signal will be installed to improve traffic circulation for City Hall, Police Station, Fire Station, Sports Complex and the residential area on Johnson Dairy Road Blvd.

Fire Station 1 Renovations

Project location: City Hall Complex

Budgeted Cost: \$510,000

Interior renovations of Fire Station 1 will be expanded by 240 square feet on the north side of the building. An additional 4,900 square feet will be renovated to accommodate a new fitness center and relocate the City's inhouse employee health clinic that is currently housed in Fire Station 3.

Apparatus and Central Supply Building

Project location: Burns Road and Alt A1A

Budgeted Cost: \$400,000

This project will re-purpose the vacated Fleet Maintenance building to store public safety apparatus and support supplies. Additionally, the building can be used to store City equipment/assets and to serve as an additional staging area for needed supplies and resources during Emergency Management activations in the event of a catastrophic impact to the City.

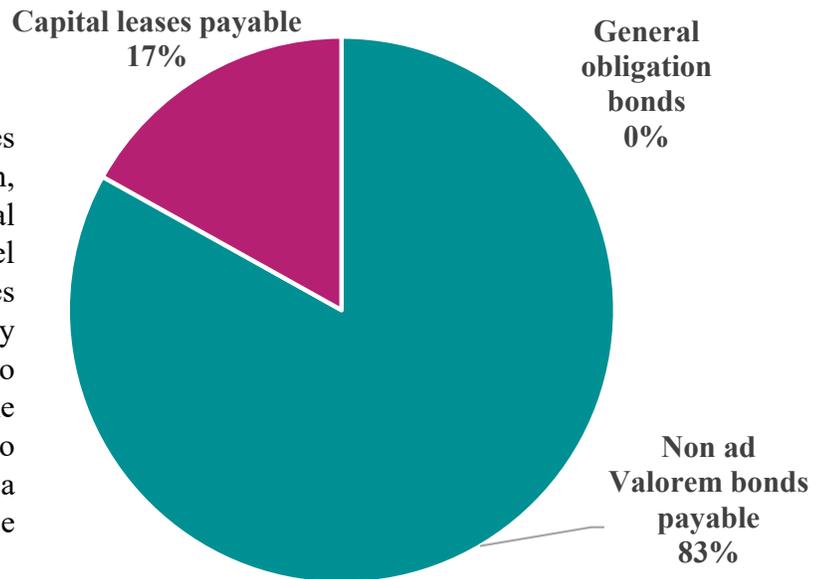
DEBT



Debt payable
 Non ad valorem bonds payable
 Capital leases payable
 Total

| Governmental Activities | |
|-------------------------|----------------------|
| 2020 | 2019 |
| \$ 23,874,816 | \$ 28,958,527 |
| \$ 4,851,343 | \$ 5,415,230 |
| \$ 28,726,159 | \$ 34,373,757 |

The City of Palm Beach Gardens at times needs to incur debt to fund the acquisition, construction, or improvement of major capital projects or equipment. To keep the City's level of indebtedness within its available resources while holding down costs, the City carefully analyzes each new borrowing. The amount to be borrowed, interest rate, term, and the existing debt service structure are evaluated to achieve a balance between the need for a capital project and the City's ability to finance it.



Much of the City's debt requirements are met through the issuance of general obligation bonds, public improvement bonds, bank notes, and capital leases. General obligation bonds are voter approved and backed by the full faith, credit, and taxing power of the City. They are payable out of ad valorem taxes. Public improvement bonds and notes are pledged with non-ad valorem revenues. One measure of the City's financial condition is its bond rating. The rating agencies evaluate the City's management, economic conditions, financial performance and flexibility, and debt. The City's non-ad valorem debt is rated AAA by Standard and Poor's, AA+ by Fitch, and Aa1 by Moody's. These ratings reflect the strong investment quality of the City's bonds.

The City of Palm Beach Gardens is committed to consistent capital planning through the adoption and periodic amendments to a Comprehensive Plan. The City's Comprehensive Plan provides that its total debt service expenditures shall not exceed 20% of total annual revenues and that total outstanding debt is limited to no more than 10% of the City's property tax base.

The above table illustrates the City's governmental activities long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$28.7 million. All of the City's outstanding debt is secured by specified revenue sources.



PALM BEACH
Gardens

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@CityofPBG