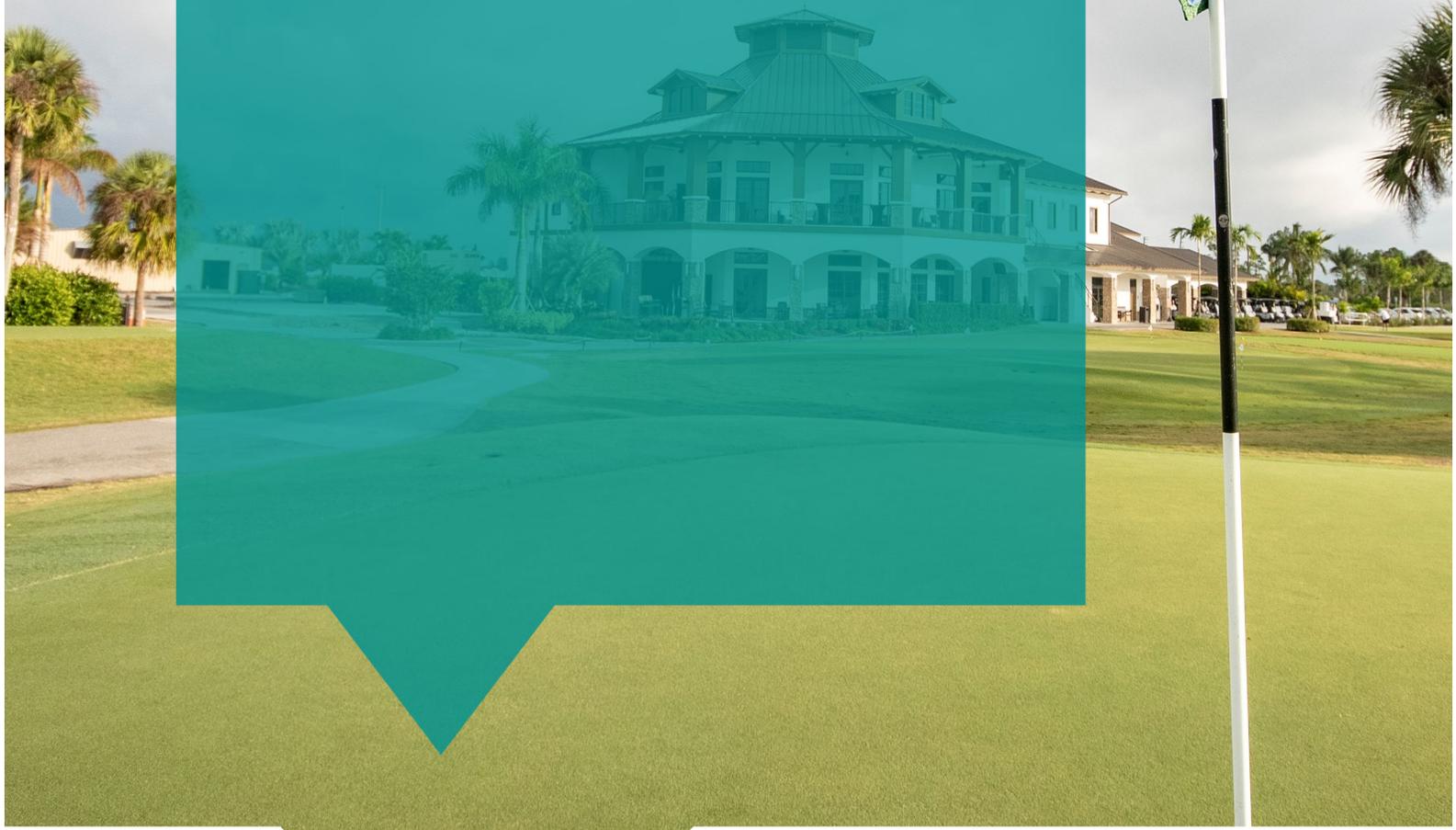


The City of Palm Beach Gardens, Florida

Your Guide to Popular Annual Financial Information



2021

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 Third Popular Annual Financial Report (PAFR) for the Fiscal year ending September 30, 2021.

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 Annual Comprehensive 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 Annual Comprehensive Financial Report contains more detailed and extensive information, such as, the audited financial statements, notes, schedules, and other relevant information. A copy of the Annual Comprehensive Financial Report is available at 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







POPULAR ANNUAL FINANCIAL REPORT

THE CITY OF PALM BEACH
GARDENS, FLORIDA
FISCAL YEAR ENDING
SEPTEMBER 30, 2021

At a Glance	6
About this Report.....	7
Governance	8
Our City.....	9
Local Economy.....	10
Principle Property Taxpayers.....	11
Property Tax.....	12
City Revenues and Expenditures.....	13
Summary of Financial Information.....	14
General Fund Reserves.....	16
Capital Assets.....	17
Significant Capital Projects.....	18
Debt.....	19

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 2021 of \$32.6 million, or 33% of total general fund expenditures, which complies with Council's policy of a minimum balance of 17%. This amount includes the \$6.6 million budget stabilization fund.

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 Third 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, 2020. 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, 2020

Christopher P. Morrill

Executive Director/CEO

PALM BEACH GARDENS GOVERNANCE



Mayor
Rachelle Litt



Vice Mayor
Chelsea Reed



Mayor
Carl Woods



Council Member
Mark Marciano



Council Member
Marcie Tinsley

OUR CITY GOVERNMENT

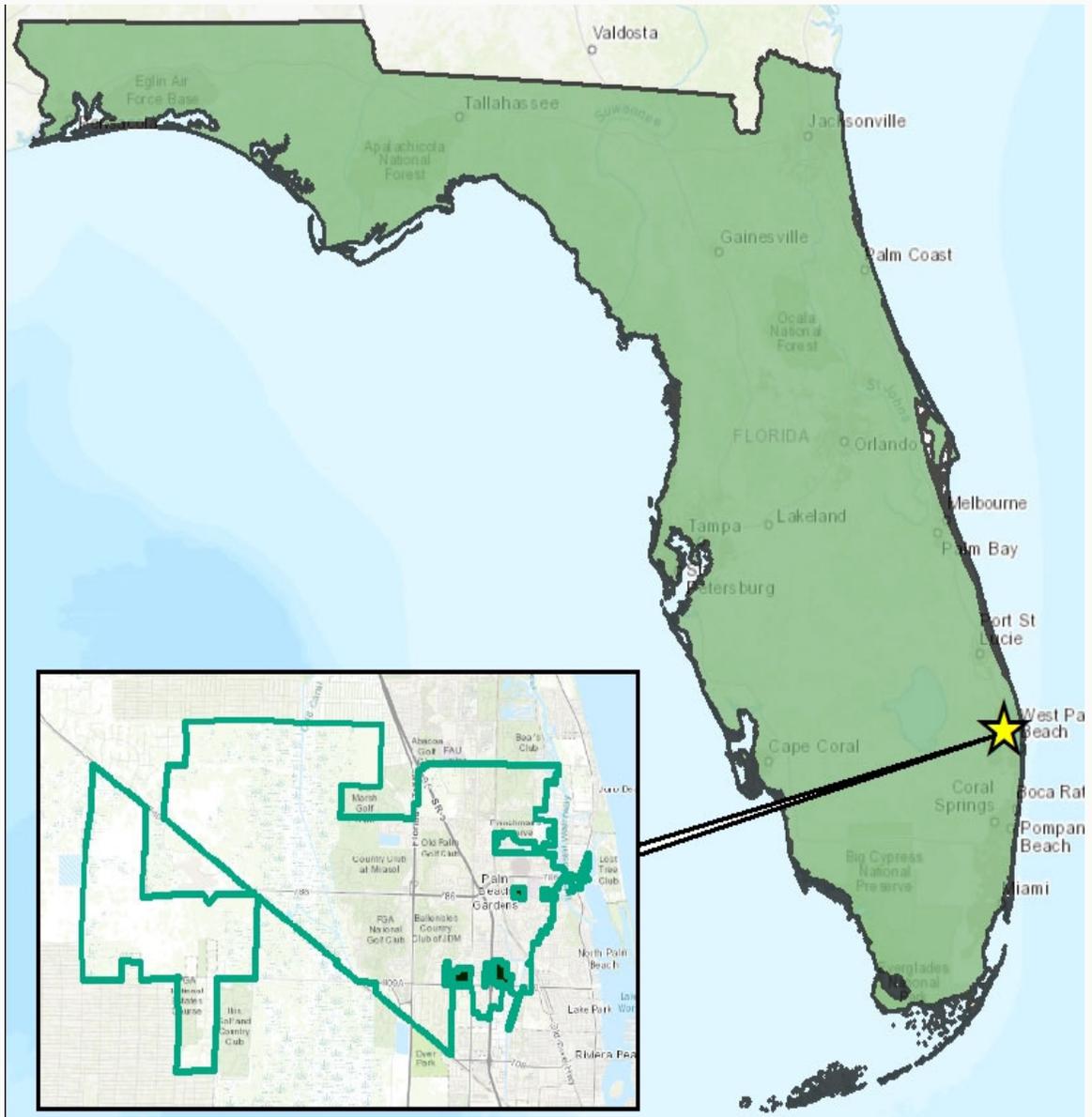
On March 20, 1959, John D. MacArthur, multimillionaire insurance magnate and landowner, announced his plan to develop approximately 4,000 acres and provide homes for 55,000 people in a new community. This land would be developed under his careful supervision. Mr. MacArthur's chosen name for the city 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.

OUR CITY



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.

HOW MUCH DO YOU KNOW ABOUT

THE LOCAL ECONOMY?

SOME SIGNIFICANT PROJECTS TAKING PLACE:

The City of Palm Beach Gardens has been fortunate to have land mass that has been 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.

Downtown Palm Beach Gardens

The property owners have been moving forward with plans to update and rejuvenate the site. The project name was changed from Downtown at the Gardens to Downtown Palm Beach Gardens. A new 116,862 square foot LifeTime Health Club facility with a 426-space parking garage is well under construction with completion estimated for May 2022.

Avenir

The project includes a 4,763-acre site with plans for 2,407 acres of conservation, 2,690 single family homes, 960 age-restricted dwelling units, 250 multifamily townhomes, 1.8 million square feet of office, 400,000 square feet of retail, 200,000 square feet of medical office and 300 hotel rooms.

PGA STATION

This project was approved for a site amendment in November, 2021, to add an 8-story, 396-unit multi-family residential building that includes 40 workforce housing units, with a 606-space parking garage, and a new 8-story, 200,000 square foot office building with a separate 998-space parking garage that contains 7,049 square feet of ground-floor retail space along two facades of the parking garage.

Alton

Is a 681-acre Development of Regional Impact (DRI) project with approval for 1,018 single family homes, 681 multifamily townhomes, 353 apartment units, 2.6 million square feet of industrial/research, 1.2 million square feet of office, 450,000 square feet of retail, and 300 hotel rooms.

PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
The Gardens Venture LLC	\$ 360,000,000	1	2.75%	\$ 205,000,000	1	2.64%
Florida Power & Light	122,406,712	2	0.94%	79,926,052	2	1.03%
PR The Quaye Owner LLC	108,409,288	3	0.83%			
GLL US Retail LP	100,000,034	4	0.77%	75,000,034	3	0.97%
BREIT MF San Merano LLC	96,330,580	5	0.74%	60,963,354	4	0.79%
BSREP III PBG Resort LLC	90,955,834	6	0.70%			
KH Alton LLC	87,677,601	7	0.67%			
Advenir @ PGA LLC	86,690,913	8	0.66%			
Northlake Blvd LLC	86,178,526	9	0.66%	43,721,685	6	0.56%
Excel Gardens LLC	75,018,847	10	0.57%	30,000,000	9	0.39%
3801 PGA Acquisition Co				50,622,243	5	0.65%
Devonshire at PGA National LLC				40,702,679	7	0.52%
Old Palm Holdings LP				33,273,000	8	0.43%
Mirasol Club Inc.				15,852,845	10	0.20%
	<u>\$ 1,213,668,335</u>		<u>9.29%</u>	<u>\$ 635,061,892</u>		<u>8.18%</u>



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 2021 millage rate is based upon the certified property valuation received from the Palm Beach County Property Appraiser in the amount of \$13,533,810,519, this includes new construction of \$165,303,143, and represents an increase of 3.56% from last year's valuation. This is the tenth consecutive year that the City's property valuation has increased.

Using the final property valuation number, the total millage rate is 5.55 which is the same as last year. This rate represents a 2.3% increase over the roll-back rate of 5.4253 mills.

WHERE DOES YOUR TAX DOLLAR GO?



CITY REVENUES AND EXPENDITURES

YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road Impact Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad valorem taxes	\$ 69,931,518	\$ --	\$ --	\$ 69,931,518
Local business taxes	1,587,489	--	--	1,587,489
Utility taxes	1,904,408	--	--	1,904,408
Special assessment	112,436	--	--	112,436
Franchise fees	5,731,627	--	--	5,731,627
Licenses and permits	10,499,890	--	--	10,499,890
Intergovernmental	12,325,700	--	5,190,877	17,516,577
Impact fees	--	1,220,845	3,153,908	4,374,753
Charges for services	7,429,263	--	5,539,763	12,969,026
Fines and forfeitures	222,458	--	11,241	233,699
Investment earnings	150,654	886	10,562	162,102
Miscellaneous	1,753,877	--	1,240,398	2,994,275
Total Revenues	<u>111,649,320</u>	<u>1,221,731</u>	<u>15,146,749</u>	<u>128,017,800</u>
Expenditures				
Current:				
General government	21,802,557	--	--	21,802,557
Public safety	55,333,103	--	349,029	55,682,132
Culture and recreation	902,850	--	6,525,901	7,428,751
Physical environment	13,873,167	--	--	13,873,167
Transportation	--	--	824,380	824,380
Capital outlay	4,483,499	378,113	2,532,404	7,394,016
Debt service:				
Principal	1,952,066	--	2,917,518	4,869,584
Interest	194,434	--	448,875	643,309
Bond issuance costs	59,000	--	--	59,000
Total Expenditures	<u>98,600,676</u>	<u>378,113</u>	<u>13,598,107</u>	<u>112,576,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,048,644</u>	<u>843,618</u>	<u>1,548,642</u>	<u>15,440,904</u>
Other Financing Sources (Uses)				
Transfers in	--	--	2,339,968	2,339,968
Transfers out	(2,339,968)	--	--	(2,339,968)
Capital lease financing	14,000,000	--	--	14,000,000
Total Other Financing Sources (Uses)	<u>11,660,032</u>	<u>--</u>	<u>2,339,968</u>	<u>14,000,000</u>
Net Change in Fund Balances	24,708,676	843,618	3,888,610	29,440,904
Fund Balances - Beginning	<u>50,962,453</u>	<u>960,252</u>	<u>18,246,447</u>	<u>70,169,152</u>
Fund Balances - Ending	<u>\$ 75,671,129</u>	<u>\$ 1,803,870</u>	<u>\$ 22,135,057</u>	<u>\$ 99,610,056</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 65.8% 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 \$55 million.

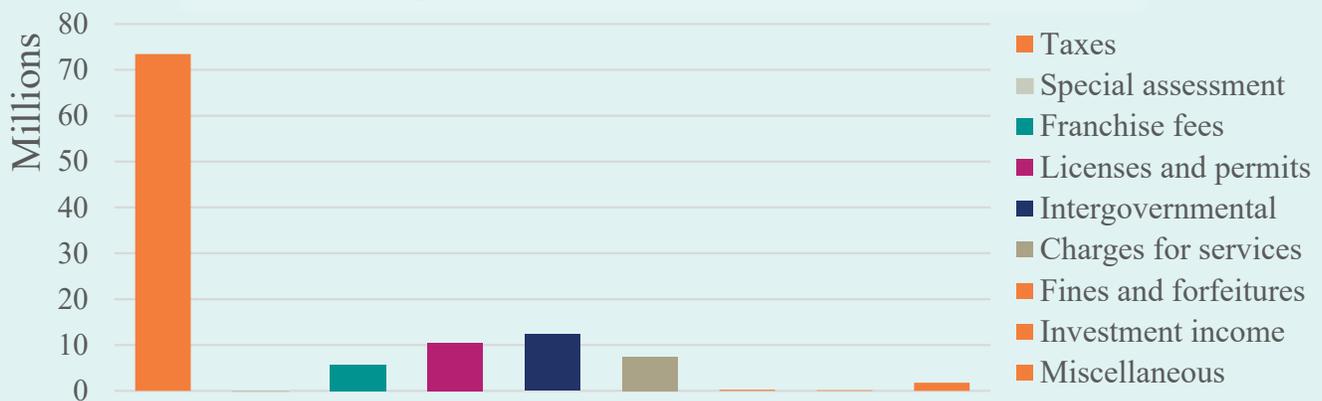
On January 14, 2021, the City approved, through adoption of Resolution 7, 2021, the issuance of the Public Improvement Bond, Series 2021, in the amount of \$14,000,000 for the purpose of financing the cost of an 18 hole par-three golf course and related facilities.



SUMMARY OF FINANCIAL INFORMATION

Revenue Sources	Percent		Percent		Increase (Decrease) From 2020	Percentage of Increase (Decrease)
	2021 Amount	of Total	2020 Amount	of Total		
Taxes	\$ 73,423,415	65.8%	\$ 71,092,788	67.5%	\$ 2,330,627	3.3%
Special assessment	112,436	0.1%	112,970	0.1%	(534)	100.0%
Franchise fees	5,731,627	5.1%	5,473,521	5.2%	258,106	4.7%
Licenses and permits	10,499,890	9.4%	7,468,226	7.1%	3,031,664	40.6%
Intergovernmental	12,325,700	11.0%	10,091,901	9.6%	2,233,799	22.1%
Charges for services	7,429,263	6.7%	7,353,394	7.0%	75,869	1.0%
Fines and forfeitures	222,458	0.2%	437,638	0.4%	(215,180)	(49.2)%
Investment income	150,654	0.1%	1,542,513	1.5%	(1,391,859)	(90.2)%
Miscellaneous	1,753,877	1.6%	1,690,216	1.6%	63,661	3.8%
Total revenues	\$ 111,649,320	100.0%	\$ 105,263,167	100.0%	\$ 6,386,153	6.1%

The revenues for governmental activities total \$111,649,320 for 2021.



Taxes comprise of all funds most of the City's revenue, 65.8% 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 9.4% 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 6.7% of the total Governmental Fund revenues. Revenues included in this category are EMS Fees, dispatch service charges, and fire inspection fees.

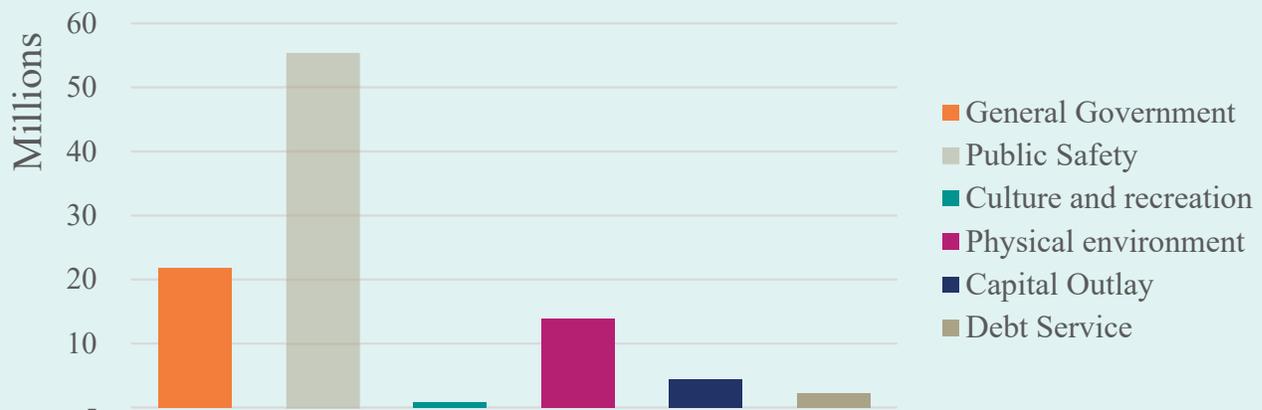
Fines and forfeitures revenues include court and code enforcement fines.

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		Percent		Percent	Increase	Percentage
	2021	of	2020	of	(Decrease)	of Increase
Expenditures	Amount	Total	Amount	Total	From 2020	(Decrease)
General government	\$ 21,802,557	22.0%	\$ 21,419,757	21.0%	\$ 382,800	1.8%
Public safety	55,333,103	56.1%	52,588,700	51.4%	2,744,403	5.2%
Culture and recreation	902,850	0.9%	800,757	0.8%	102,093	12.7%
Physical environment	13,873,167	14.1%	13,569,137	13.3%	304,030	2.2%
Capital outlay	4,483,499	4.5%	10,249,870	10.0%	(5,766,371)	(56.3)%
Debt service	2,205,500	2.2%	3,612,507	3.5%	(1,407,007)	(38.9)%
Total expenditures	\$ 98,600,676	100.0%	\$ 102,240,728	100.0%	\$ (3,640,052)	(3.6)%

The expenditures for governmental activities total \$98,600,676 for 2021.



The expenditures for governmental activities total \$98,600,676 for 2021. The largest category is for public safety and represents 56.1% 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 4.5% 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.

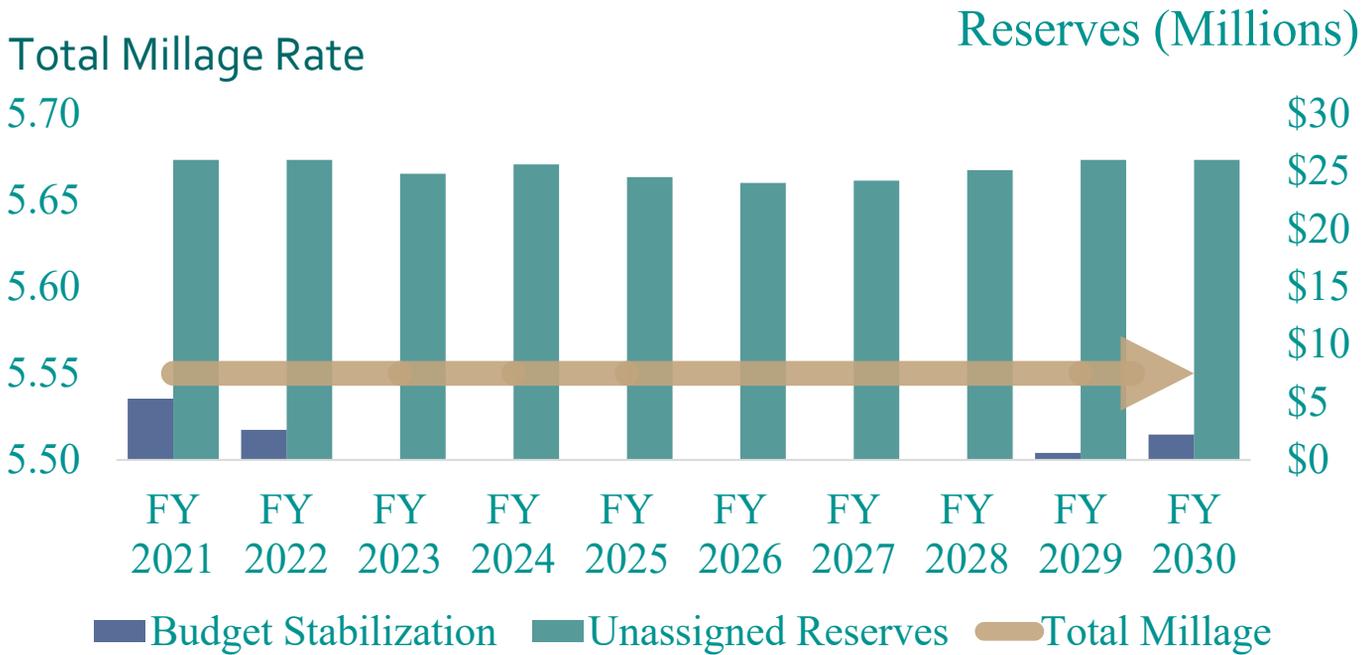
Debt service includes principal and interest payments for the acquisition, construction, or improvement of major capital projects or equipment.

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

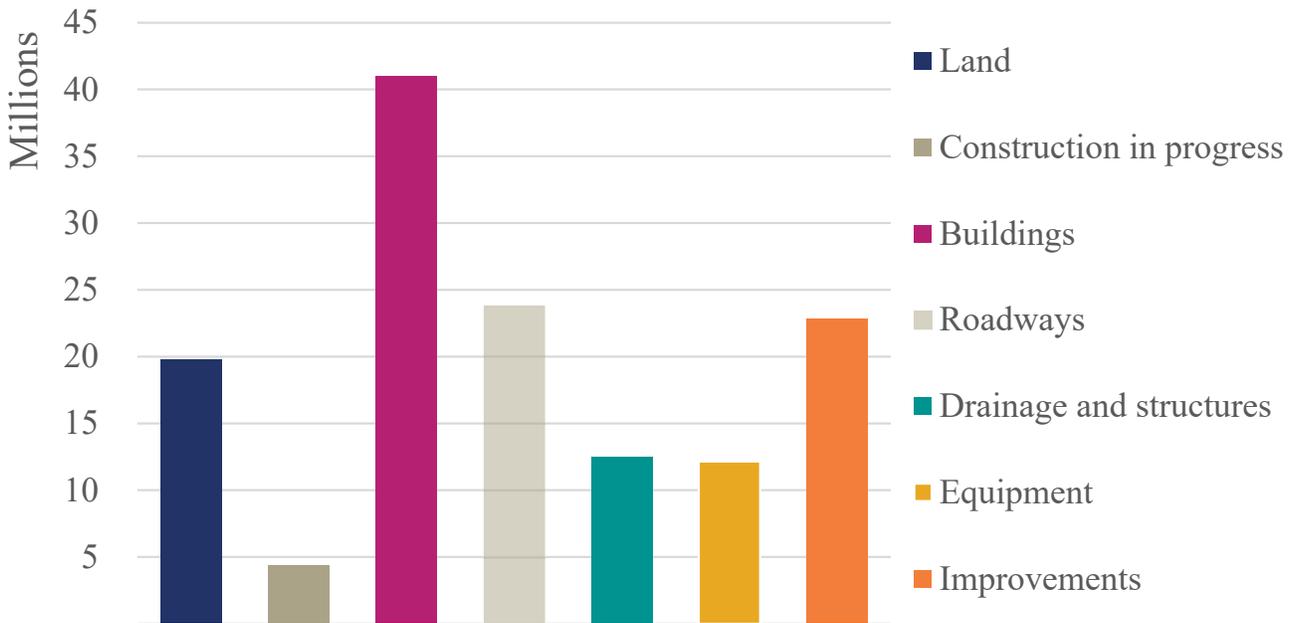
The City of Palm Beach Gardens recognizes the need to keep pace with the growth of the community and the needs of the City’s residents. The City prioritizes projects according to guidelines set forth by the Capital Improvements Element of the Comprehensive Plan. The Capital Budget is designed to balance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

As of September 30, 2021, the City’s capital assets for both governmental and business type activities amounted to \$136,336,741 (net depreciation). Capital assets include land, roadways, drainage and structures, equipment, improvements, buildings, and construction in progress.

	Governmental Activities	
	2021	2020
Land	\$ 19,779,365	\$ 19,779,365
Construction in progress	4,353,595	31,485,281
Buildings	40,963,031	21,094,555
Roadways	23,806,749	24,400,572
Drainage and structures	12,457,608	12,638,484
Machinery and equipment	12,145,933	11,842,530
Improvements other than buildings	22,830,460	20,551,390
Total	\$ 136,336,741	\$ 141,792,177

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

- ▶ Tennis Center Clubhouse totaling \$5 million.
- ▶ Fire Training Tower totaling \$1.67 million.
- ▶ Gardens Park Miracle Field Improvement \$531 thousand.
- ▶ Logistics Fuel Station totaling \$393 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 2021. 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.

NON-RECURRING CAPITAL PROJECTS

1 Aquatic Complex Renovation

Project location: Burns Road Community Center (BRCC)
Budgeted Cost: \$215,000
The renovation will consist of removal and replacement of pool components to bring the facility up to today's standards. This amount was added to the \$3,000,000 budgeted in FY 2020

2 Plant Drive Pickleball Court Restrooms

Project location: Plant Drive Park
Budgeted Cost: \$160,000
Furnish and install a stand-alone restroom at Plant Drive Park near the pickleball courts

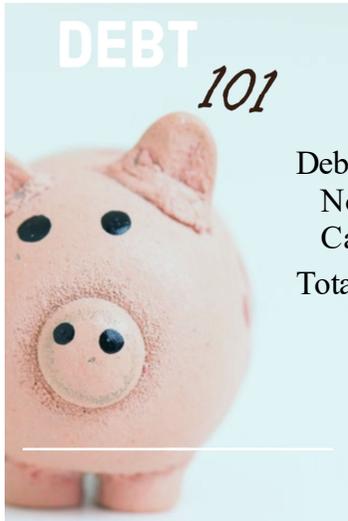
3 Electronic Security System for Fire Station 3, 4, and 5

Project location: Fire Station 3, 4 and 5
Budgeted Cost: \$140,000
Furnish and install electronic security systems for fire stations 3, 4 and 5

4 Campus Drive from RCA to PGA

Project location: Campus Drive and Fairchild Avenue Intersection
Budgeted Cost: \$1,300,000
Campus Drive Improvements includes a round-about at the intersection of Campus Drive and Fairchild Avenue intersection. The City will install multiuse paths for pedestrians and bicycles, crosswalks with solar flashers and expanding the turn lane northbound Campus Drive onto east bound PGA Blvd

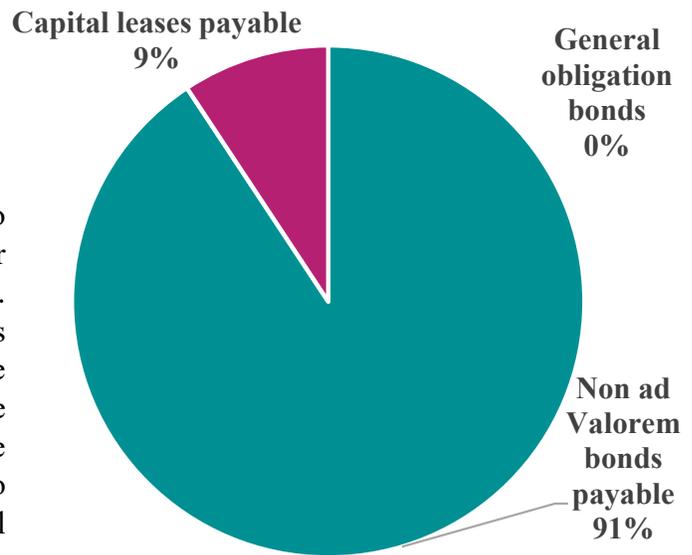
DEBT



Debt payable:	
Non ad valorem bonds payable	\$ 34,179,509
Capital leases payable	3,503,270
Total	\$ 37,682,779

Governmental Activities	
2021	2020
\$ 34,179,509	\$ 23,874,816
3,503,270	4,851,343
\$ 37,682,779	\$ 28,726,159

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. The City currently has no general obligation debt. 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 \$37.6 million. All of the City's outstanding debt is secured by specified revenue sources.



PALM BEACH
Gardens

Get Social! Follow us on your favorite Social media sites



@CityofPBG