

11:30am

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
WORKSHOP SUMMARY

Meeting Date: November 22, 2022

Department: Office of Financial Management and Budget

I. EXECUTIVE BRIEF

Motion and Title: Staff will present: FY 2024 Budget Projections.

Summary: Staff will present an overview of the FY2023 Budget and budget projections through FY2027. Based upon input from this presentation staff will begin to prepare for FY2024 Budget and future budget projections. Countywide (DB)

Background and Policy Issues: A Budget Presentation is given prior to the beginning of the budget process in order to gain input from the Board of County Commissioners as staff begin preparations for the FY2024 budget process.

Attachments:

1. Overview and Highlights of FY2023 budget and future projections

Recommended by: Sherry Bm
Department Director

11/14/2022
Date

Approved By: RBaker
County Administrator

11/17/22
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2023	2024	2025	2026	2027
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT					
# ADDITIONAL FTE POSITIONS (Cumulative)					

Is Item Included in Current Budget? Yes No

Is this item using Federal Funds Yes No

Budget Account No.: Fund Dept Unit Object Program

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

For review delivery 11/14/22

 OFMB *JA 11/14*

 Contract Dev. and Control

B. Legal Sufficiency:

 Assistant County Attorney

11/14/22

C. Other Department Review:

 Department Director



Palm Beach County, FL

FY 2024 Budget Projections

Board Workshop
November 22, 2022

VISION, MISSION, VALUES, GOALS & STRATEGIC PRIORITIES

Core Values




FUNDAMENTAL COMPETENCE
Trainings, tools, and professional development.



UNWAVERING COMMITMENT
Do the right thing for the right reasons for our residents.



CREATIVE LEADERSHIP
Explore fresh approaches with an open mind.



INTERACTIVE COMMUNICATION
Share information, listen attentively, provide feedback.

OUR VISION
Think strategically and anticipate the future. Ensure that decisions we make today will have lasting value.



Palm Beach County Board of County Commissioners

OUR MISSION
To drive a continuous improvement culture of excellence that achieves a measurably high level of public satisfaction.

OUR GOALS
Customer Focus
Performance Measures
Empowerment
Continuous Quality Improvement
Cost-Efficiency

Strategic Priorities

ECONOMIC DEVELOPMENT 

HOUSING & HOMELESSNESS 

ENVIRONMENTAL PROTECTION 

INFRASTRUCTURE 

PUBLIC SAFETY 

SUBSTANCE USE & BEHAVIOR DISORDERS 



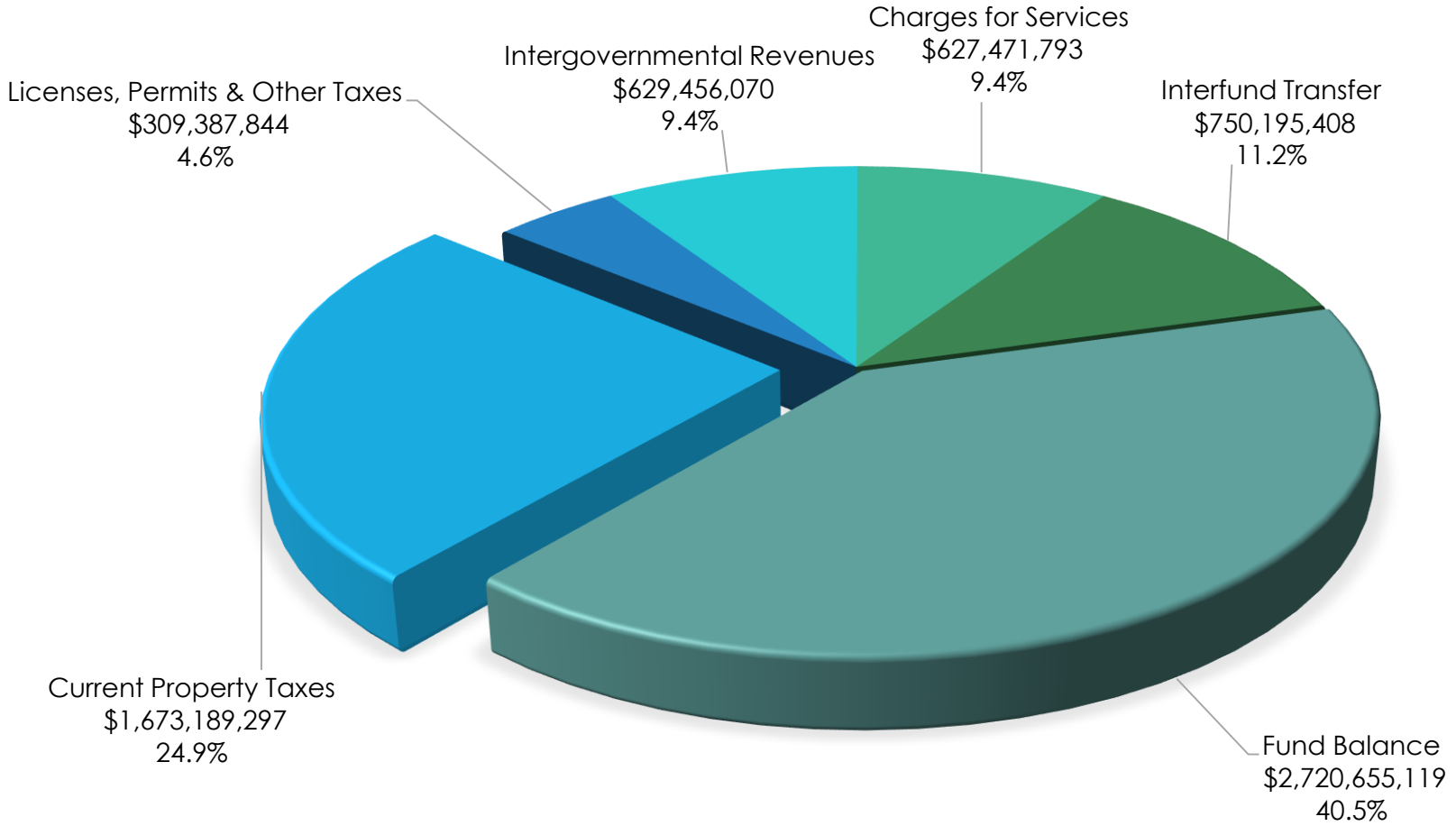
FY 2023 Budget Highlights

- FY 2023 – October 1, 2022 – September 30, 2023
- Millage Rate 4.715 – lowered after 11 consecutive years at 4.7815
- Total Gross Budget is \$6.7 Billion, of which \$1.9 Billion is the General Fund
- General Fund appropriated reserves are \$260.4 million, up \$70.7 million over FY 2022
- Includes 3rd and final phase of Evergreen Compensation Study – implemented on October 1, 2022
- Includes 6% Across the Board pay increase
- Includes \$10 Million annual allocation for housing – up from \$5 million in FY 2022



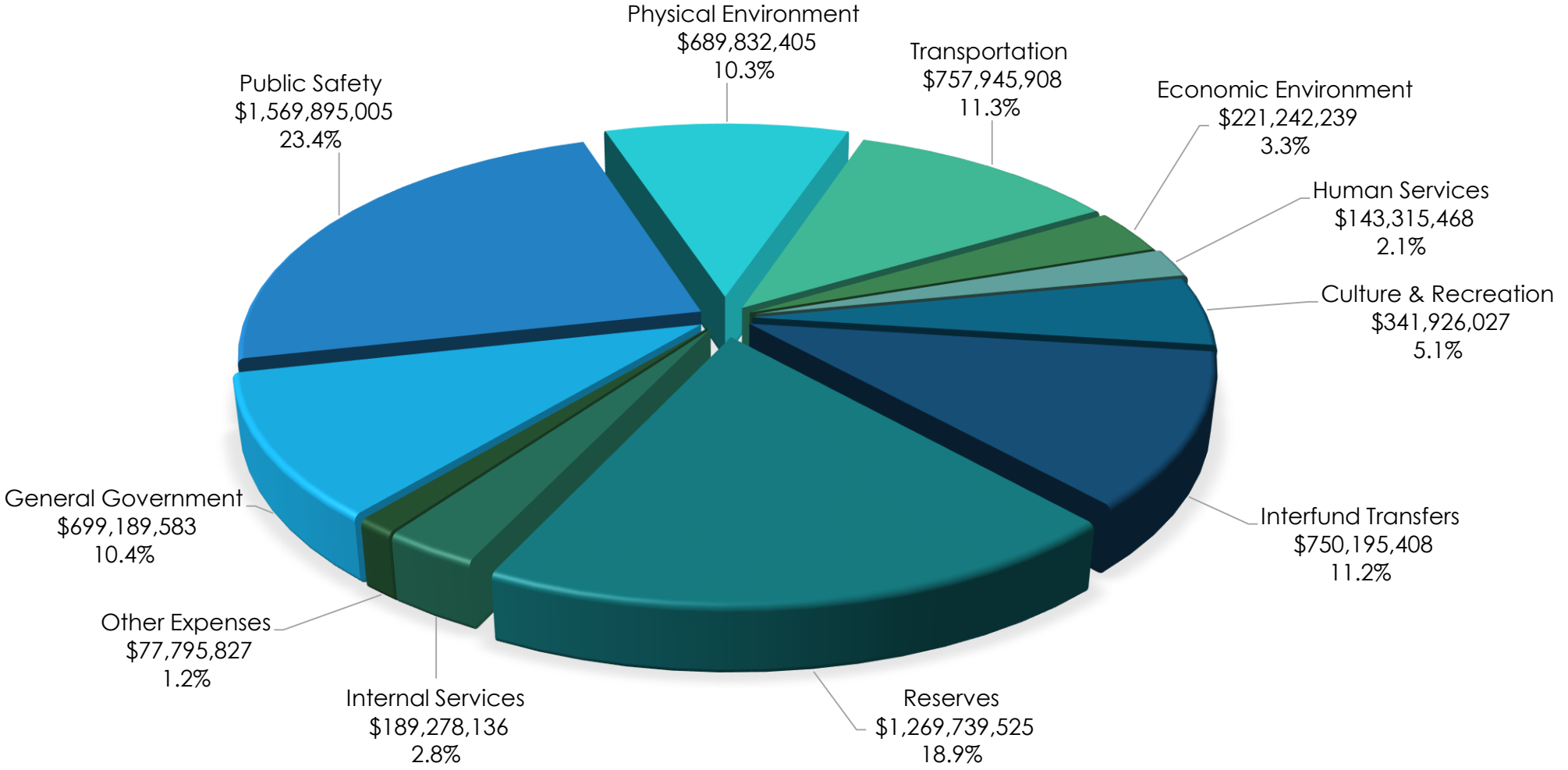
FY 2023 Sources of Funds by Category

Total Budget - \$6,710,355,531



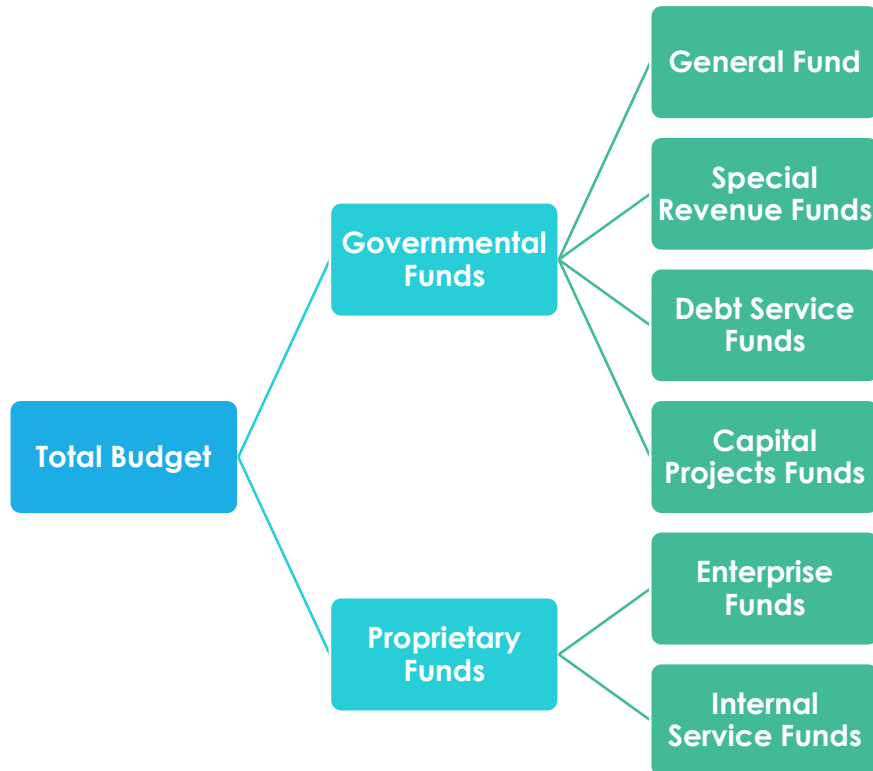
FY 2023 Total Appropriation Budget

Total Budget - \$6,710,355,531



What is a Fund?

- A separate fiscal and budgetary entity, required by Governmental Accounting Standards Board (GASB)
- Each fund must be balanced per Florida Statute – Revenues = Expenditures
- Used to maintain control over resources that have been segregated for specific activities or objectives



General Fund – Used to account for financial transactions which are applicable to the general financial requirements of the County

Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed for a specific purpose

Debt Service Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for debt service

Capital Projects Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays

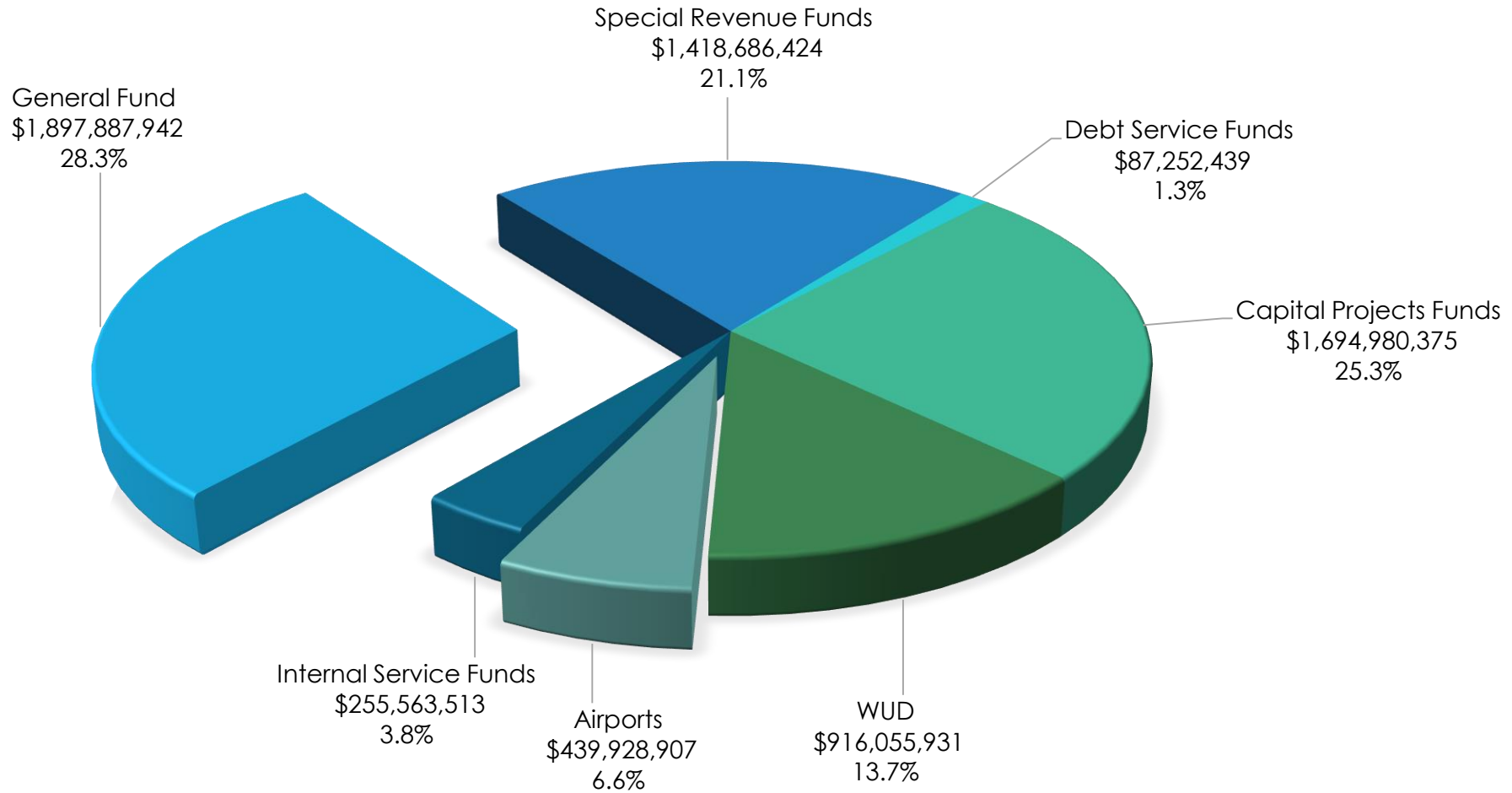
Enterprise Funds – Used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public are financed or recovered primarily through user charges

Internal Service Funds – Used to account for the goods and services which are provided by departments for the benefit of other County departments on a cost reimbursement basis



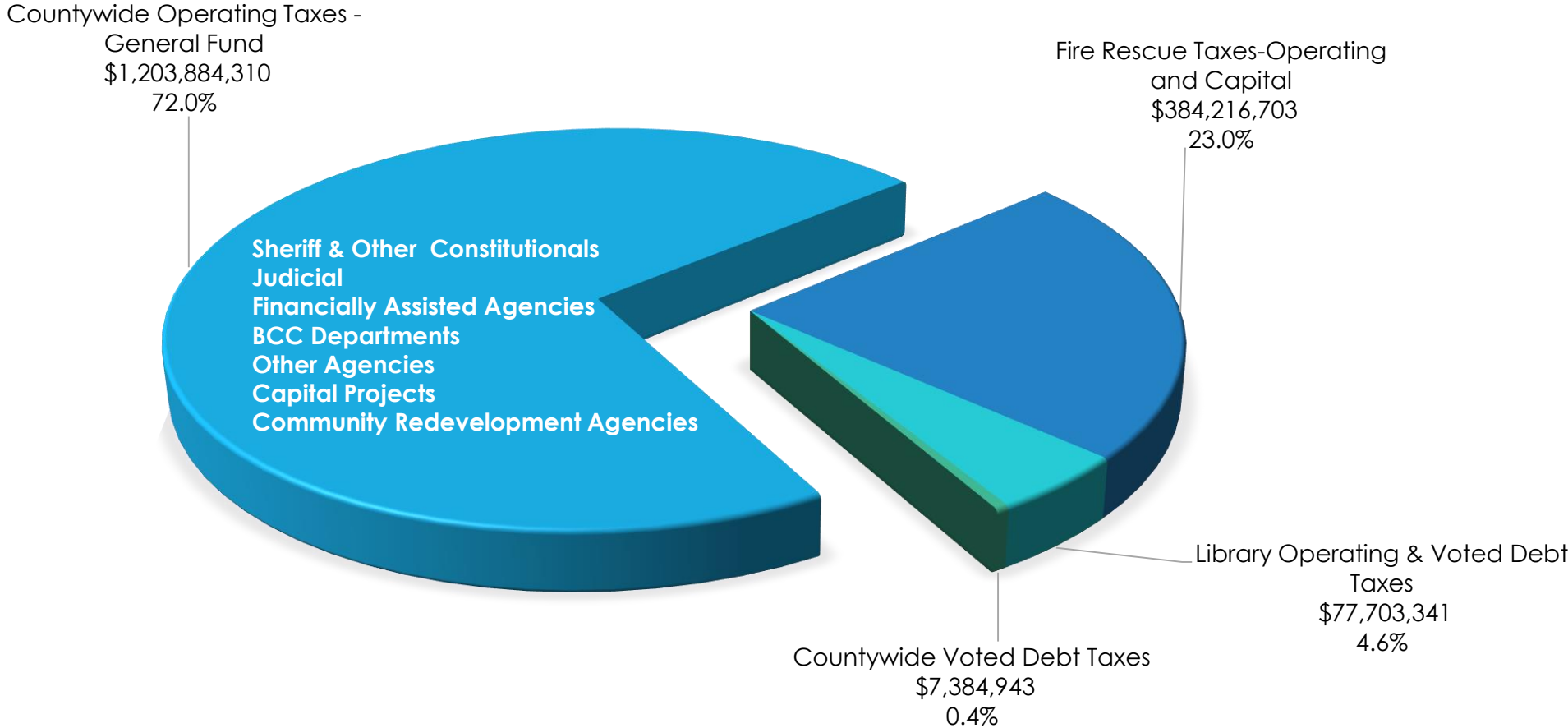
FY 2023 Total Budget by Fund

Total Budget - \$6,710,355,531



FY 2023 Property Taxes

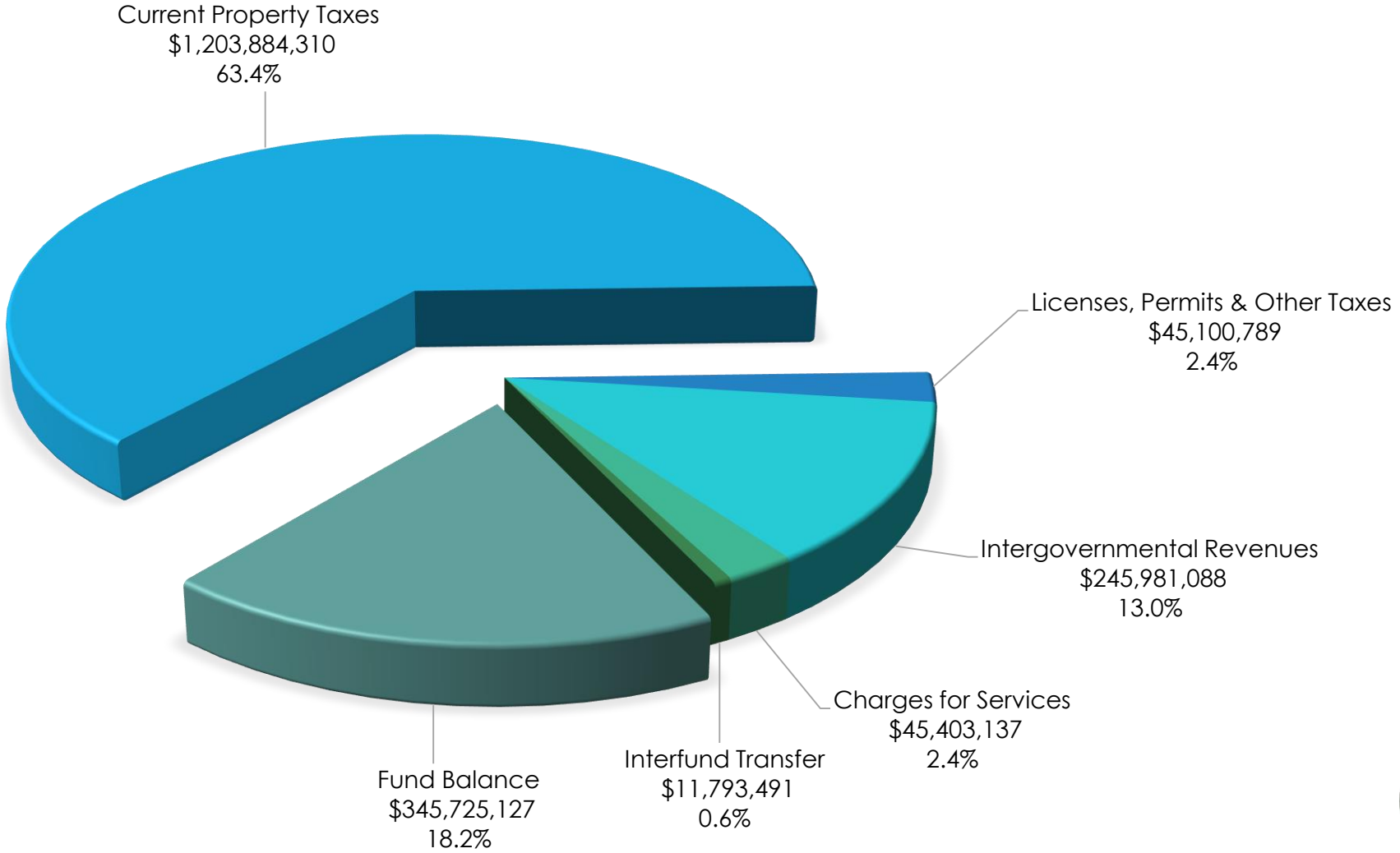
Total Property Taxes - \$1,673,189,297



FY 2023 General Fund Revenues by Category

Total General Fund Budget - \$1,897,887,942

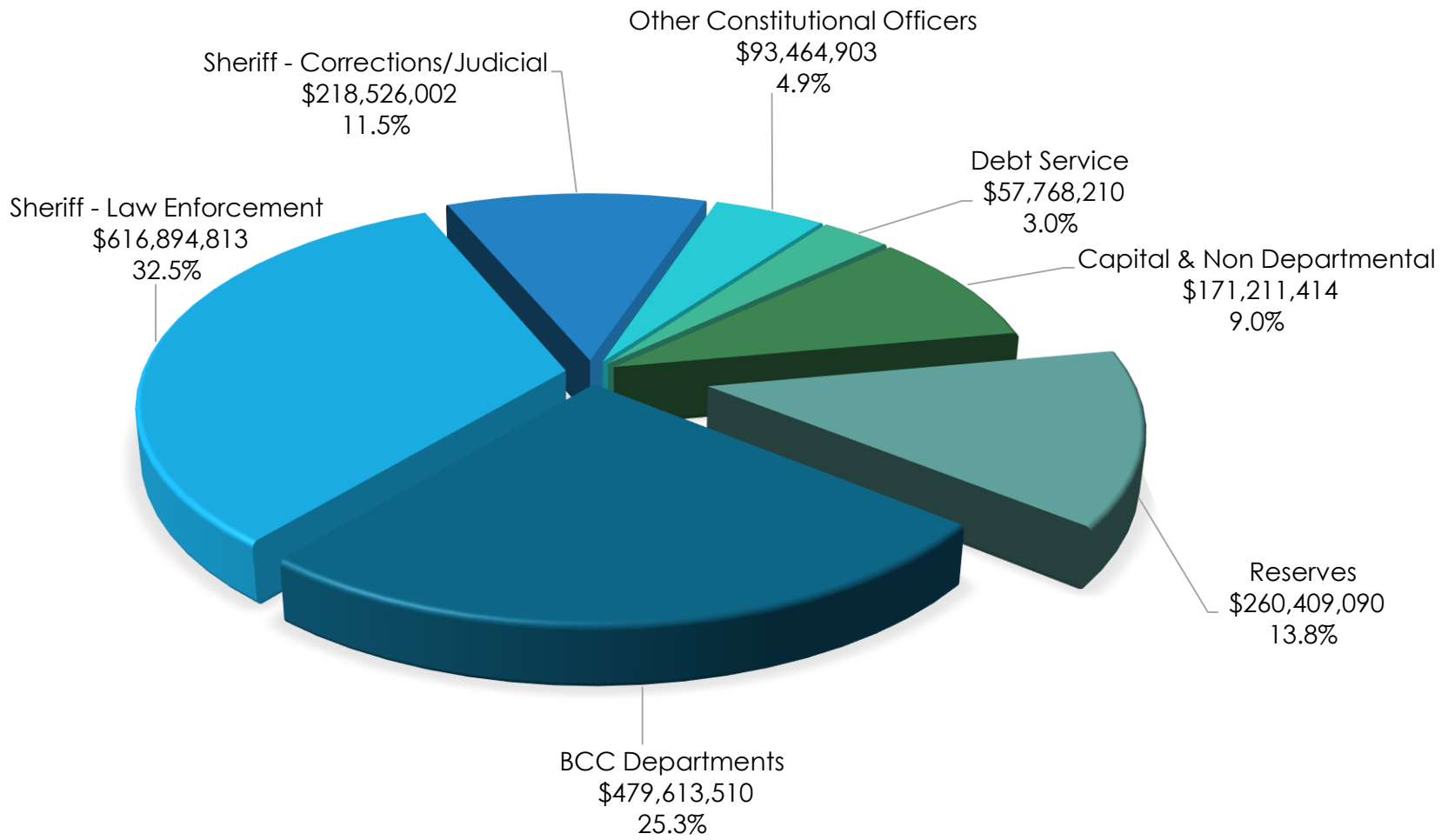
Includes Sheriff Revenues
of \$91.9 million



FY 2023 General Expenses by Function

Total General Fund Budget - \$1,897,887,942

Sheriff Net Budget
\$743.5 million



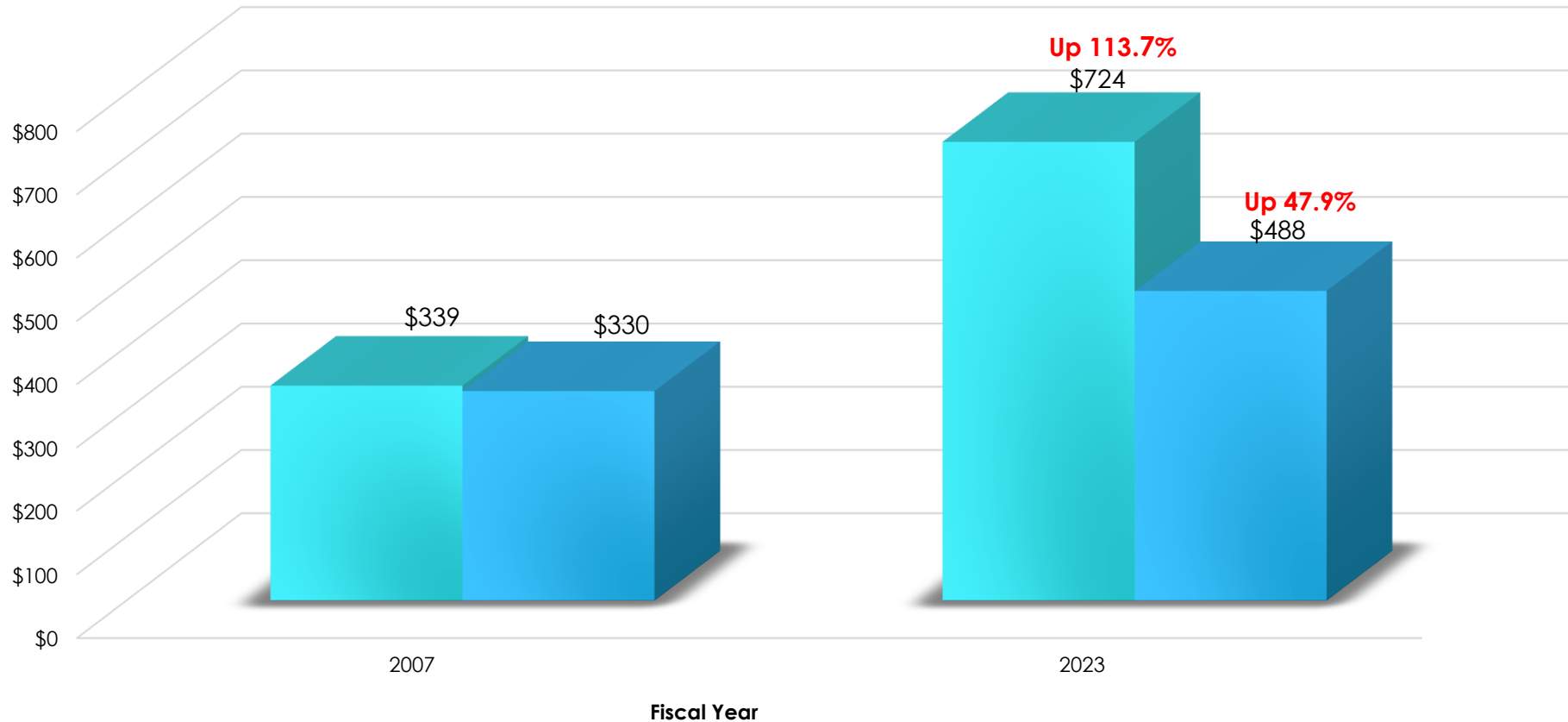
General Fund Expenses

Total General Fund Budget - \$1,897,887,942

	Actual	Actual	Actual	Budget	Budget	Budget Difference	
	2019	2020	2021	FY 2022	FY 2023	\$	%
BCC Departments	319,304,575	321,253,203	327,079,389	424,928,962	479,613,510	54,684,548	12.9%
Sheriff	670,250,501	722,193,959	762,364,970	788,915,950	835,420,815	46,504,865	5.9%
Other Constitutional Officers	69,625,206	66,304,923	72,221,469	81,856,184	93,464,903	11,608,719	14.2%
Debt Service	58,913,296	57,285,448	54,702,878	57,826,898	57,768,210	(58,688)	-0.1%
CRAs	41,715,729	45,308,287	48,224,416	51,544,652	61,379,899	9,835,247	19.1%
Reserves	-	-	-	189,662,614	260,409,090	70,746,476	37.3%
Capital	37,363,000	42,008,736	38,975,000	40,975,000	59,015,000	18,040,000	44.0%
Non-Departmental	35,717,934	38,585,866	21,969,413	44,179,427	50,717,515	6,538,088	14.8%
Total	1,232,890,241	1,292,940,422	1,325,537,535	1,679,889,687	1,897,788,942	217,899,255	13.0%



Net Operating Budget

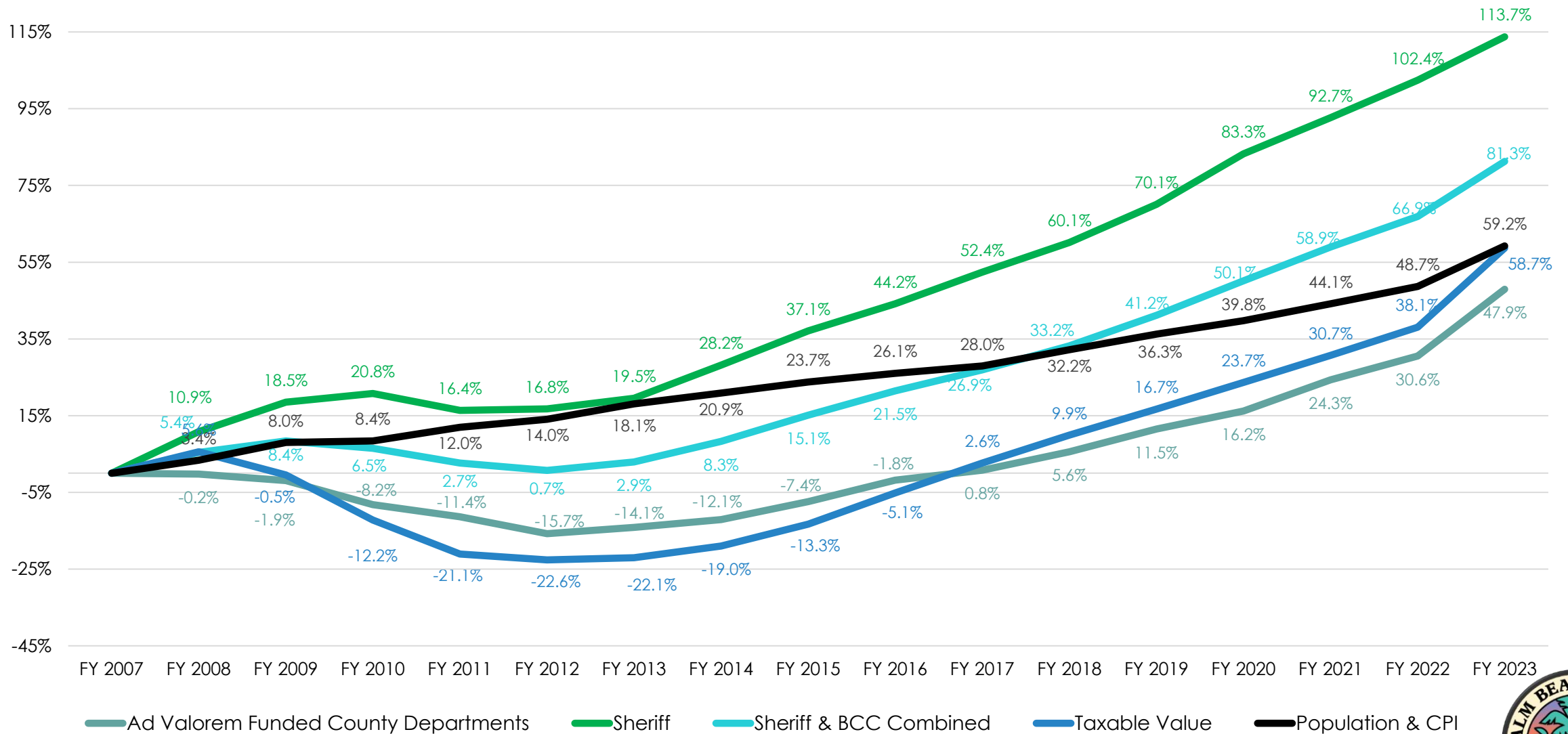


During this period, inflation was up 41.7% and population was up 17.6%

■ Sheriff ■ Ad Valorem Funded County Departments



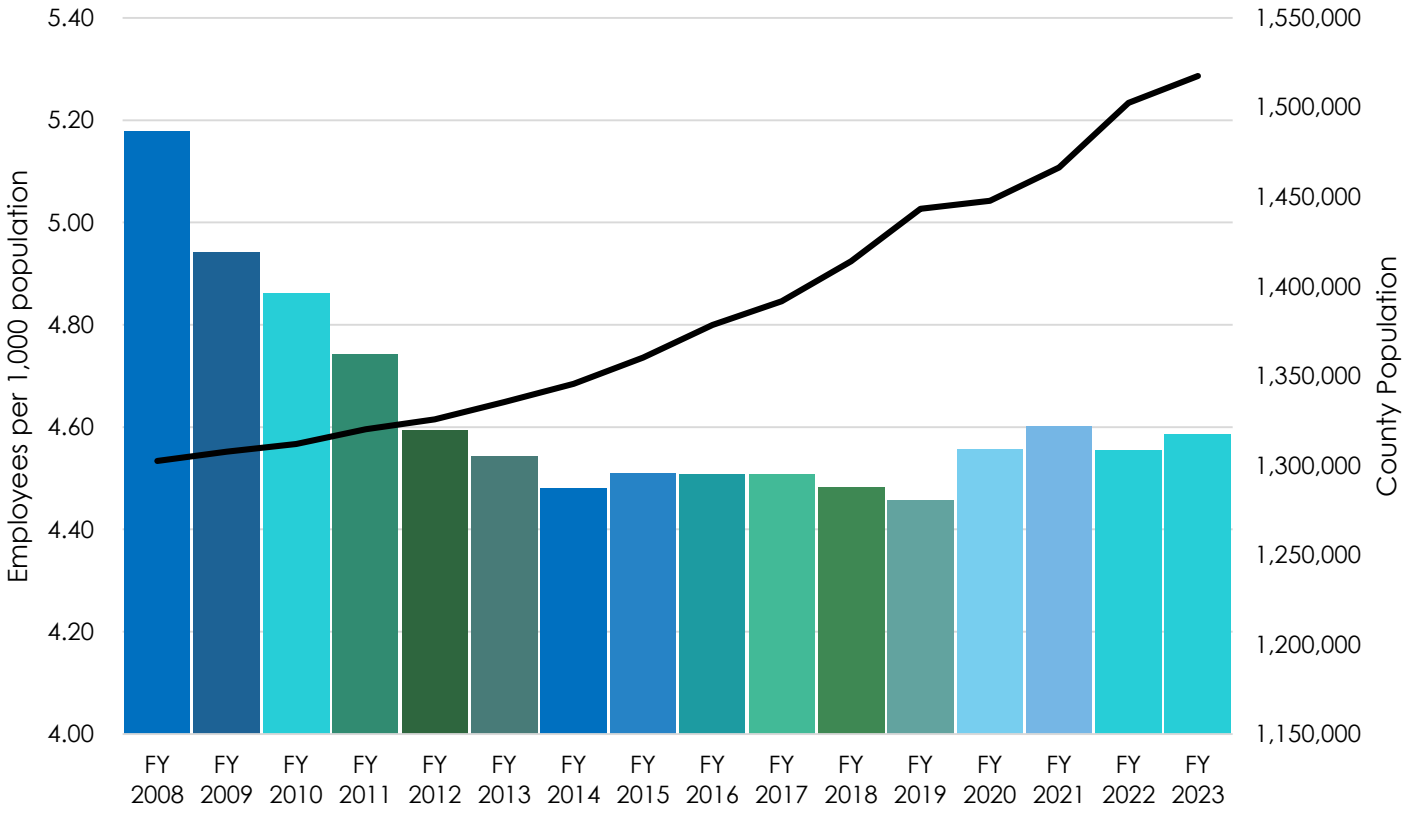
Cumulative Percentage Increase in Ad Valorem Support



During this period, inflation was up 41.7% and population was up 17.6%



Employees per 1,000 Population*



	Employees	County Population	Employees per 1,000 population
FY 2008	6,744	1,302,451	5.18
FY 2009	6,463	1,307,784	4.94
FY 2010	6,379	1,312,016	4.86
FY 2011	6,261	1,320,134	4.74
FY 2012	6,089	1,325,758	4.59
FY 2013	6,066	1,335,415	4.54
FY 2014	6,030	1,345,652	4.48
FY 2015	6,134	1,360,238	4.51
FY 2016	6,214	1,378,417	4.51
FY 2017	6,274	1,391,741	4.51
FY 2018	6,339	1,414,144	4.48
FY 2019	6,433	1,433,417	4.49
FY 2020	6,597	1,447,857	4.56
FY 2021	6,748	1,466,494	4.60
FY 2022	6,844	1,502,495	4.56
FY 2023	6,961	1,518,152	4.59

* Net of 250 Head Start positions eliminated in FY 2014



FY 2024 Budget Calendar - Proposed

Important Dates	
Budget and Strategic Priority Workshop	November 22, 2022
Departments Start Budget Development	January 2023
Budgets due to OFMB	Mid-March
Management Team Meeting	May
Initial Budget Workshop	June 13, 2023
Board Sets Millage Rate	July 11, 2023
1 st Public Hearing	September 12, 2023
2 nd Public Hearing	September 19, 2023



FY 2024 Budget Additional Considerations

- Affordable/Workforce Housing
- Continue to build CIP
- Continue to build reserves
- Prepare for leveling off of property value increases



FY 2023 – FY 2027 Projection

General Fund

	FY 2023 Adopted Budget	FY 2024 Proposed Budget	FY 2025 Projected Budget	FY 2026 Projected Budget	FY 2027 Projected Budget
Property Values*	\$ 255,330,712,693	\$ 275,748,356,663	\$ 289,546,813,326	\$ 304,014,528,820	\$ 319,212,477,185
Revenues					
Ad Valorem Taxes at current rate of 4.715	\$ 1,203,884,310	\$ 1,300,153,502	\$ 1,365,213,225	\$ 1,433,428,503	\$ 1,505,086,830
Major Revenue	267,358,860	272,706,037	278,160,158	283,723,361	289,397,828
Sheriff Revenue	91,881,504	93,719,134	95,593,517	97,505,387	99,455,495
BCC Dept. Revenue	47,142,132	48,084,975	49,046,674	50,027,608	51,028,160
Balance Brought Forward	345,725,127	357,103,415	360,103,415	363,103,415	366,103,415
Other Revenues	23,104,059	23,469,280	23,841,806	24,221,782	24,609,358
Statutory Reserve	(81,208,050)	(86,906,646)	(90,592,769)	(94,445,332)	(98,478,884)
Total Net Revenue at Simple Majority Vote	\$ 1,897,887,942	\$ 2,008,329,697	\$ 2,081,366,026	\$ 2,157,564,724	\$ 2,237,202,202
Appropriations					
Sheriff	\$ 835,420,815	\$ 857,011,008	\$ 899,861,558	\$ 944,854,636	\$ 992,097,368
BCC Departments	479,613,510	508,594,186	534,023,895	560,725,090	588,761,344
Other Constitutional Officers	84,776,880	89,015,724	93,466,510	98,139,836	103,046,827
Judicial	8,688,023	9,122,424	9,578,545	10,057,473	10,560,346
Non Departmental	112,196,414	123,416,055	135,757,661	149,333,427	164,266,770
Capital	59,015,000	65,000,000	68,250,000	71,662,500	75,245,625
Reserves - Undesignated	260,409,090	340,409,090	360,409,090	380,409,090	400,409,090
Debt Service (excludes voted)	57,768,210	54,651,932	54,581,155	46,994,824	47,143,926
Total Appropriations	\$ 1,897,887,942	\$ 2,047,220,419	\$ 2,155,928,414	\$ 2,262,176,876	\$ 2,381,531,296
Projected Shortfall at Simple Majority Vote		\$ (92,937,400)	\$ (79,166,182)	\$ (108,625,144)	\$ (148,255,407)
Projected Shortfall Current Millage 4.715		\$ (38,890,722)	\$ (74,562,388)	\$ (104,612,152)	\$ (144,329,094)
Current Millage Millage	4.7150	4.7150	4.7150	4.7150	4.7150
MM Rate with Simple Majority Vote		4.5190	4.6991	4.7018	4.7027
MM Rate with Super Majority Vote		4.9709	5.1690	5.1720	5.1730

Assumes 8% increase in Property Values in FY 2024 and 5% each year after



Palm Beach County Bonded Debt

- **Palm Beach County issues 3 Types of Bonds:**
- General Obligation Bonds (GO) – Debt Service is funded by dedicated line item on property tax bills.
 - \$26,250,000 Outstanding as of 10/01/2022
- Non-Ad Valorem Bonds (NAV) – Debt Service is funded by County non ad-valorem revenues
 - \$563,647,337 Outstanding as of 10/01/2022
- Revenue Bonds – Debt Service is funded by user fees (Water Utility Bonds and Airport Bonds)
 - \$180,224,721 Outstanding as of 10/01/2022



Palm Beach County Bonded Debt – Bond Ratings

- General Obligation Bonds (GO) – AAA Rated by Standard & Poors, Fitch, and Moodys
- Non-Ad Valorem Bonds (NAV) – AAA Rated by Standard & Poors
 - AA+ Rated by Fitch
 - Aa1 Rated by Moodys
- Revenue Bonds –
 - Water Utility Bonds - AAA Rated by Standard & Poors, Fitch, and Moodys
 - Airport Bonds – A+ Rated by Standard & Poors
A+ Rated by Fitch
A1 Rated by Moodys



Palm Beach County Bonded Debt – Bond Ratings

- Palm Beach County's AAA Bond Rating directly impacts the community's economic vitality and development. As the most visible indicator of credit worthiness, the County's AAA designation allows for unfettered access to the capital markets. As an issuer of municipal bonds, the County's credit worthiness translates into lower borrowing costs and more flexibility as to financing structures and vehicles. From an investor's perspective, the County's bond rating is emblematic of financial strength and conveys a risk/reward ratio of relative safety.
- When evaluating an issuer's profile in order to determine credit worthiness, the rating agencies consider a variety of factors including but not limited to economic diversity, tax base composition, strength of financial management, population demographics, infrastructure integrity, employment rates, economic seasonality, housing availability and affordability, transportation modes and accessibility, disaster readiness, environmental challenges and threats, education system quality, healthcare quality and accessibility, and leadership vision.
- The County's AAA Bond rating translates into a lower cost of capital which directly impacts the quality and affordability of governmental services provided. The County's financial stability as measured by its bond rating serves as an inducement to businesses that are considering locating or relocating their operations and headquarters in Palm Beach County. While economic growth has its attendant social and infrastructure challenges, in order to maintain its AAA bond rating, Palm Beach County must continue to evidence prudent financial stewardship while promoting economic growth.



Non-Ad Valorem Revenue (NAV) Bonds

- NAV Revenue Bond proceeds are not backed by ad valorem tax revenues.
- NAV Revenue Bonds are funded by all unrestricted revenues in the General Fund and some special revenue funds.
- Bond proceeds must be used for a paramount public purpose.



General Obligation (GO) Bonds

- Backed by the credit and taxing power of PBC
- Countywide
- Debt Service is funded by separate millage rate line item on property tax bill.
- Does not impact County's 10 mill cap
- Bond proceeds must be used for a paramount public purpose.



History of PBC GO Bonds

Issue/Purpose	Original Issue	Issue Date	Maturity Date	Referendum Date
50M GO Bonds Series 1991 Acquiring, Preserving, and Protecting Environmentally Sensitive Lands	\$50,000,000	11/7/91	10/1/02	\$100M approved by voter referendum on March 12, 1991
50M GO Bonds Series 1994 Acquiring, Preserving, and Protecting Environmentally Sensitive Lands	\$50,000,000	12/20/94	12/1/05	\$100M approved by voter referendum on March 12, 1991
25M GO Bonds Series 1999A Recreation and Cultural Facilities	\$25,000,000	11/3/99	8/1/09	\$25M approved by voter referendum on March 9, 1999
75M GO Bonds Series 1999B Acquiring Agricultural/Environmentally Sensitive Lands	\$75,000,000	12/1/99	8/1/19	\$150M approved by voter referendum on March 9, 1999
75M GO Bonds Series 2001A Acquiring Agricultural/Environmentally Sensitive Lands	\$75,000,000	3/13/01	6/1/20	\$150M approved by voter referendum on March 9, 1999
30.5M GO Bonds Series 2003 Library District Improvement Project	\$30,500,000	7/8/03	7/1/13	\$55M approved by voter referendum on November 5, 2002
25M GO Bonds Series 2003 Recreation and Cultural Facilities	\$25,000,000	7/29/03	7/1/13	\$50M approved by voter referendum on November 5, 2002
25M GO Bonds Series 2005 Recreation and Cultural Facilities	\$25,000,000	6/2/05	7/1/15	\$50M approved by voter referendum on November 5, 2002
22.3M GO Bonds Series 2006 Library District Improvement Project	\$22,335,000	2/22/06	8/1/16	\$55M approved by voter referendum on November 5, 2002
50M GO Bonds Series 2006 Waterfront Access Projects	\$50,000,000	3/21/06	8/1/16	\$50M approved by voter referendum on November 2, 2004



Outstanding GO Bonds

Issue/Purpose	Original Issue	Maturity Date	Amount Outstanding as of 10/1/22	Millage Rate
28.7M Refunding Bonds, Series 2010 Recreation and Cultural Facilities; 2003A & 2005	50,000,000	7/1/25	6,870,000	0.0149
28.0M Refunding Bonds, Series 2014 Waterfront Access; 2006	50,000,000	8/1/26	12,765,000	0.0140
Total - Countywide General Obligation Bonds			\$19,635,000	0.0289
19.5M Refunding Bonds, Series 2010 Library Expansion Facilities; 2003	30,500,000	7/1/23	2,090,000	0.0166
11.9M Refunding Bonds; Series 2014 Library Facilities; 2006	11,865,000	8/1/25	4,525,000	0.0124
Total - Library General Obligation Bonds			\$6,615,000	0.0290



General Obligation (GO) Bonds for Workforce/Affordable Housing

- A referendum was approved by voters on November 8, 2022:
 - BCC will approve a bond resolution.
 - Staff works with Financial Advisor, Underwriter, Bond Counsel to issue bonds.
 - Bond proceeds will be allocated to projects approved by BCC.
 - During budget preparation for FY 2024, include millage rate to fund debt service
 - TRIM notices/tax bills will include debt service millage.



Financial

HOUSING BOND

- \$200 million
- Taxable, 20 year maturity
- Issue in April 2023 or later
- Can be multiple issues in smaller amounts over several years
- Annual Debt Service For \$100M:
 - Taxable \$8,704,000
- Taxable Property Values for Debt Service (FY 2023)
 - \$255.5B
- Estimated millage rate based on \$8.7M D/S – 0.0315
- For each \$100k of taxable property, taxpayer pays \$3.15 annually
 - \$325,950 taxable property (Median Assessed Value of \$375,950 less \$50,000 Homestead exemption per FY 2023 Proposed Budget) - \$10.26



Debt Service - \$200M Bond

	FY 2022		Adopted FY 2023		8.0% FY 2024		5.0% FY 2025		5.0% FY 2026		4.0% FY 2027		
Values	Countywide - Debt												
	\$	222,321,012,790		255,534,385,101		275,977,135,909		289,775,992,705		304,264,792,340		316,435,384,033	
Debt Service	Taxes	Millage Rate	Taxes	Millage Rate	Taxes	Millage Rate	Taxes	Millage Rate	Taxes	Millage Rate	Taxes	Millage Rate	
Parks	\$	3,846,154	0.0173	3,807,462	0.0149	1,901,750	0.0069	1,900,500	0.0066		0	-	
Waterfront Access	\$	3,579,368	0.0161	3,577,481	0.0140	3,447,650	0.0125	3,448,000	0.0119	3,450,500	0.0113	0	-
	\$	7,425,522	0.0334	7,384,943	0.0289	5,349,400	0.0194	5,348,500	0.0185	3,450,500	0.01134	-	-
Proposed \$200M Bond					8,700,000	0.0315	8,700,000	0.0300	8,700,000	0.0286	17,400,000	0.0550	
TOTAL	\$	7,425,522	0.0334	\$ 7,384,943	0.0289	\$ 14,049,400	0.0509	\$ 14,048,500	0.0485	\$ 12,150,500	0.0399	\$ 17,400,000	0.0550
Homeowner - \$100k Taxable Value													
Existing GO Bonds	\$	3.34		\$ 2.89		\$ 1.94		\$ 1.85		\$ 1.13		\$ -	
Additional GO Bonds						\$ 3.15		\$ 3.00		\$ 2.86		\$ 5.50	
	\$	3.34		\$ 2.89		\$ 5.09		\$ 4.85		\$ 3.99		\$ 5.50	
Homeowner - \$325,950 Taxable Value													
Existing GO Bonds	\$	10.89		\$ 9.42		\$ 6.32		\$ 6.02		\$ 3.70		\$ -	
Additional GO Bonds						\$ 10.28		\$ 9.79		\$ 9.32		\$ 17.92	
	\$	10.89		\$ 9.42		\$ 16.59		\$ 15.80		\$ 13.02		\$ 17.92	





Questions/Comments