



THE CITY OF PALM BEACH GARDENS, FLORIDA

**Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2020**

CITY OF PALM BEACH GARDENS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared By
Finance Department
City of Palm Beach Gardens, Florida

CITY OF PALM BEACH GARDENS, FLORIDA

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INTRODUCTORY SECTION



April 30, 2021

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Palm Beach Gardens, Florida

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Palm Beach Gardens, Florida for the fiscal year ended September 30, 2020.

This report consists of management’s representations concerning the finances of the City of Palm Beach Gardens. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Palm Beach Gardens has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Palm Beach Gardens’ financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Palm Beach Gardens’ comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palm Beach Gardens’ financial statements have been audited by Marcum LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palm Beach Gardens for the fiscal year ended September 30, 2020, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Palm Beach Gardens’ financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Palm Beach Gardens’ MD&A can be found immediately following the report of the independent auditors.

CITY OF PALM BEACH GARDENS

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Profile of the Government

Palm Beach Gardens, incorporated in 1959, is located in the southeastern part of Florida, approximately 7 miles north of West Palm Beach and 70 miles north of Miami. The City currently has a land area of 56 square miles, making it one of the largest cities in Palm Beach County, and has a population of 56,709. The City is empowered to levy a property tax on real property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Palm Beach Gardens has operated under the Council-Manager form of government from its inception. Policy-making and legislative authority are vested in the Governing Council, which consists of a Mayor and four Council Members. The Governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Governing Council, for overseeing the day-to-day operations of the City and for appointing the heads of the City's departments. The Council is elected on a non-partisan basis. Council Members are elected to three-year staggered terms, with two Council Members elected one year and three Council Members the following year. Council Members are elected at large; the Mayor is selected annually from among the Council Members by the Council Members themselves.

The City of Palm Beach Gardens provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water and sewer services are provided through Seacoast Utilities, a legally separate Water and Sewer Authority, which functions totally independent of the City of Palm Beach Gardens, and therefore has not been included as an integral part of the City of Palm Beach Gardens' financial statements. There are no component units of the City of Palm Beach Gardens at this time.

The annual budget serves as the foundation for the City of Palm Beach Gardens' financial planning and control. All departments of the City of Palm Beach Gardens are required to submit requests for appropriation to the City Manager in March each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Palm Beach Gardens' fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The budget may be amended in several ways. An intradepartmental or interdepartmental transfer within the same fund may be authorized by the City Manager. A transfer between different funds may be authorized initially by the City Manager, subject to approval within 30 days by resolution adopted by the City Council. A third way is a transfer from the contingency account of the City Council, which may be authorized only by resolution adopted by the Council; except that, in the event of an emergency declared by the Manager, such a transfer may be made initially upon authorization of the Manager, subject to approval within 30 days by resolution adopted by the Council. Any increase in the total appropriations for a fund must be approved by ordinance of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 94-95.

Local Economy. The City of Palm Beach Gardens has evolved into an upscale community with a fairly diverse economic base including employment in the fields of healthcare, technology, tourism and leisure, engineering, and education. The City also benefits from having the Scripps Florida Research Institute and Max Planck Society located in Northern Palm Beach County. The City has a strong tax base with approximately 77% of ad valorem taxes generated by the residential component. Additionally, the City does not assess many of the traditional taxes that other municipalities use for generating revenue, but rather, it primarily depends on ad valorem taxes to fund services. Residents are not assessed additional taxes for utility, solid waste, storm water, or fire rescue; and pay a minimal amount in communication services taxes. The City has opted to pay for these services out of ad valorem assessments.

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.

The following are some of the significant projects taking place:

Gardens Corporate Center – The project is approved for two 11-story professional office buildings that are 111,971 square-feet per tower and a parking garage totaling 478,000-square feet. The south tower building received a Certificate of Occupancy in December of 2019 along with the project's parking garage while the north tower building received a Certificate of Occupancy in September of 2020. According to the Palm Beach County Property Appraiser's records, the project was recently sold for approximately \$80 million.

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. The project also includes 20 acres of agriculture, 115-acre public civic/park/recreation parcel, and a 15-acre city annex parcel. The projected increase in population from this project represents approximately 15% of the City's current population. The project currently has single-family homes under construction as well as a 16,839 square foot Clubhouse and Recreation facility that includes indoor activities, covered outdoor dining, playground facilities, tennis and pickle ball courts, outdoor play space, resort style pool, lap pool, spa, and a splash pad. The City is currently reviewing Phase 1 of the project's Town Center District that includes a site plan for approximately 250 townhomes, a site plan for 119 single-family homes, and a site plan for a private residential golf course community with 463 single-family homes.

Alton – Alton Development of Regional Impact– Formerly known as the Florida Phase II/Briger Tract, 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.

Construction activity at Alton currently consists of 3 residential neighborhoods comprised of 1,002 single family homes and 398 multifamily townhomes. Currently, the Alton Town Center, is nearing completion with 18 out of 21 buildings completed. Two of the major tenants Publix

and PetSmart have already opened and the Home Depot, consisting of 135,877 square feet, is under construction.

Construction on the Carrier Corporation 224,066 square foot Center for Intelligent Buildings Technology Complex within Alton was completed in 2018 and the building is used to showcase the company's innovative products and integrated systems. This project represented a \$100 million capital investment, retained 70 local jobs and created 380 new jobs.

Florida Power & Light-The City approved a site plan for a 270,000 square foot 6-story office building and 3-story parking garage located between Kyoto Gardens Drive and PGA Boulevard that will provide for 1,000 employees on an 80-acre site. Construction of the project began in July of 2020.

The City's Transit Oriented Design (TOD) master plan was finalized in October 2018. The Master Plan has illustrated a series of different TOD development scenarios on strategic parcels within the Tri-Rail station area where new uses can be added to existing sites in various redevelopment approaches. It calls for a more extensive mix of uses, with expanded options for housing, office, retail/entertainment, and hospitality which will produce a more balanced use of the transportation network and greater efficiency for utilization of the City's infrastructure. In conjunction, the City adopted a Mobility Fee which went into effect in January 2020 and will be used for funding and other potential transit uses.

In an effort to diversify and thus stabilize the economic base, the City of Palm Beach Gardens realized the need to attract industries and employers. Before state and local officials began courting The Scripps Research Institute, the City adopted an Economic Development Element in the City's Comprehensive Plan in January 2005. Its adoption indicated the City's commitment to its economic goal to achieve a balanced and diversified economy which is compatible with the City's quality-built environment and protects important natural resources. The City adopted policies in order to attain the objectives of a balanced and diversified economy, moderate seasonality in employment, increase opportunity for small business enterprises, improve the availability of education and training opportunities, and maintain the balance between man-made and natural environments. Based on the skill sets of the citizenry (available work force) and demographic data collected, growth in targeted cluster industries such as biotechnology, communications, information technology, medical products, marine biology, aerospace research, and associated ancillary businesses would be encouraged. The City has committed a portion of fund balance that will be used to provide future economic incentives as a way to attract companies in these industries.

The City has currently earmarked funds for four companies that have already or plan to expand and establish headquarters within the City of Palm Beach Gardens. Chromalloy Gas Turbine LLC – manufacturer of jet turbines, TBC Corporation - a tire distribution company, Zimmer Biomet Holdings – a medical device company, and Carrier Corporation – a manufacturing company that focuses on HVAC, refrigeration and fire and security solutions.

Carrier Corporation was granted an ad valorem property tax exemption as part of a tax abatement agreement. In return, Carrier Corporation will retain and create 450 local jobs and commit to a capital investment of \$140 million. According to the regional economic model estimates, the agreement will have a five-year local economic impact of \$662.4 million.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include bioscience, technology, medical manufacturing, education, health care,

financial services, and leisure service industries. Major employers include Palm Beach County School Board, Palm Beach Gardens Medical Center, TBC Corp, PGA National Resort & Spa, Zimmer Biomet, Carrier Corporation, NuVista Living, DePuy Synthes, LRP Publications and Cross Match Technologies.

The City of Palm Beach Gardens had an unemployment rate of 5.1% as of September 2020. This rate compares favorably to the State of Florida rate of 7.6% and to the national unemployment rate of 7.9%. With the prospect of new development projects and the addition of a number of corporate headquarters, future employment within the City appears more than stable.

Long-term financial planning. As mentioned previously, there are major developments that present many opportunities for the future financial stability of the City. However, there are also many challenges that will need to be dealt with. There will be quality of life issues that the City must face, such as transportation, roads, education, recreation, public safety and general government levels of services that must not be compromised for either existing or future residents.

Palm Beach County voters approved a ballot issue to enact a one-cent infrastructure sales surtax to pay for the acquisition and improvements to public infrastructure. The additional tax went into effect January 1, 2017 and will be in place for up to ten years with the City's share of the proceeds estimated to be approximately \$30 million. The City reviewed current and long-term infrastructure needs and formulated a plan for the expenditure of the one-cent sales surtax to address current and projected shortages of office and meeting space, current and future parks, recreation amenities, as well as the long-term maintenance needs associated with the expansion of the parks and facilities. The City earmarked funds for certain projects that will address the demands caused by growth occurring within the City.

Unassigned fund balance in the general fund (29.3% of total general fund expenditures) exceeds the policy guideline of a minimum of 17%. Due to the potential risk of future uncertainties relating to natural disasters, an economic downturn, or legislative changes that could have an impact on local government revenue, the City is dedicated to maintaining a strong fund balance position throughout the coming fiscal years.

Major Initiatives. During 2020, there were several projects completed or started that will further enhance the City's roads, parks and facilities. Major projects included District Park improvements, City Hall expansion and a new Operations Center, as well as tennis center clubhouse and baseball complex expansion projects.

The Gardens North County District Park project was 93.7% complete as of September 30, 2020. The project consists of three multi-purpose fields, two flexible use playing fields, a concession/restroom building, playground, preserve area, nature trails, lighting, parking and landscaping. The cost of improvements will be covered by the one-cent infrastructure sales surtax.

The City Hall expansion project was 92.5% complete as of September 30, 2020 and is projected to be completed during the next fiscal year. The project includes expanding City Hall by 17,000 square feet and renovating 9,000 square feet of existing space. The cost of improvements will be covered by the one-cent infrastructure sales surtax.

The new Operations Center will centralize all maintenance divisions within the City to improve operations. The building will also be used during emergency management responses and will house emergency response staff and equipment. The project was 98.1% complete as of September 30, 2020. The cost of construction will be covered by the one-cent infrastructure sales surtax.

The tennis center club house expansion project was 93.4% complete as of September 30, 2020 and will be completed during the next fiscal year. The project includes the complete renovation of the clubhouse to address the aging facilities to support tennis operations.

The baseball complex expansion project was 94.9% complete as of September 30, 2020 and is projected to be completed during the next fiscal year. The project includes the addition of one new baseball field, covered batting cages, pitching areas, an artificial turf practice area, and a 10,000 square foot training facility proposed through a public-private partnership.

Awards and Acknowledgements

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Beach Gardens for its comprehensive annual financial report (“Annual Report”) for the fiscal year ended September 30, 2019. This was the 25th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awarded the Award for Distinguished Budget Presentation to the City of Palm Beach Gardens for its operating and capital improvements budget for the fiscal year ended September 30, 2020. This was the 23rd consecutive year the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Governing Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Palm Beach Gardens’ finances.

Respectfully submitted,



Ron Ferris
City Manager



Allan Owens, CPA, CGFO
Finance Administrator

CITY OF PALM BEACH GARDENS, FLORIDA

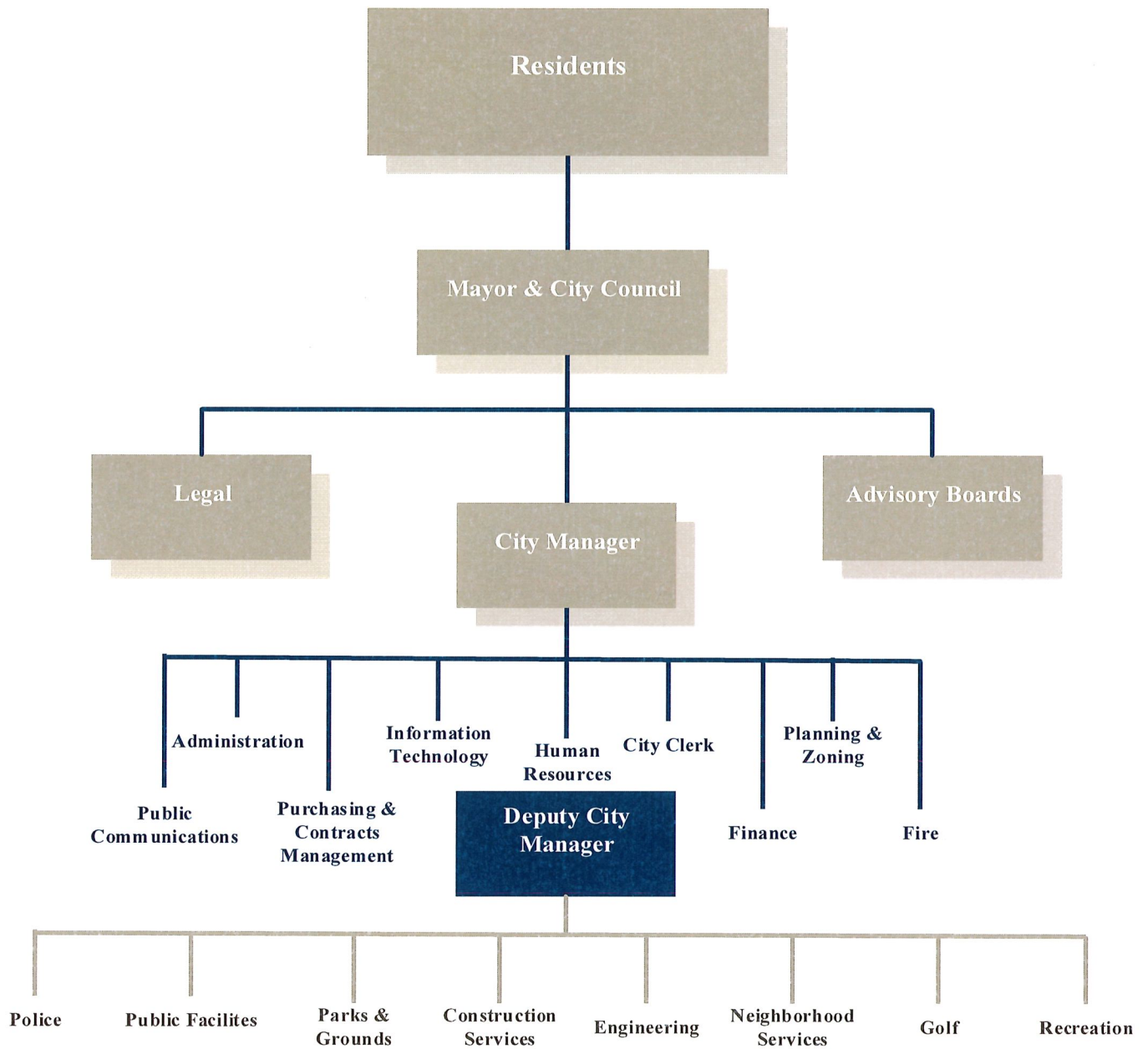
LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

TITLE	NAME
Mayor	Carl Woods
Vice-Mayor	Maria Marino
Vice-Mayor Pro Tem	Rachelle Litt
Council Member	Mark Marciano
Council Member	Chelsea Reed
City Manager	Ronald M. Ferris
Deputy City Manager	Stephen Stepp
City Attorney	Lohman Law Group, P.A.
City Clerk	Patricia Snider
Finance Administrator	Allan Owens
Human Resources Administrator	Sheryl Stewart
City Engineer	Todd Engle
Information Technology Administrator	Eric Holdt
Chief of Police	Clinton Shannon
Fire Chief	Keith Bryer

CITY OF PALM BEACH GARDENS, FLORIDA

ORGANIZATION CHART





Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**City of Palm Beach Gardens
Florida**

For its Comprehensive Annual Financial
Report

For the Fiscal Year Ended September

30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council and City Manager
City of Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palm Beach Gardens, Florida (the "City"), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Police Officers' Pension Fund and the City's Firefighters' Pension Fund, which represent 89 percent, 90 percent, and 45 percent, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's Police Officers' Pension Fund and the City's Firefighters' Pension Fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the budgetary comparison schedule and notes, schedule of total OPEB liability and related ratios, the schedules of the City's net pension liability and related ratios, schedules of proportionate share of net pension liability, schedules of City contributions and the schedules of investment returns - pensions, on pages 94 through 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of federal awards, as required by Title 2 U.S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements for Federal Awards*, and the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
April 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Management's Discussion and Analysis

As management of the City of Palm Beach Gardens, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to vi of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Palm Beach Gardens exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$136.45 million (*net position*).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.2 million, a decrease of approximately \$3.4 million in comparison with the prior year. 49.9% of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$35.0 million, or 34.2% of total general fund expenditures for financial reporting purposes. This amount includes the \$9.0 million budget stabilization fund.
- The City's total governmental activities debt decreased by \$5.6 million (16.4%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Palm Beach Gardens' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to these basic financial statements, this report contains other supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). Both the government-wide and fund financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include public safety, physical environment, transportation, culture and recreation, and general government services. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 18 – 19 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund and One-Cent Sales Surtax Capital Improvements fund, of which both are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 110 – 126 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget (pages 94 – 95).

The basic governmental fund financial statements can be found on pages 20 – 23 of this report.

Proprietary Funds. The City maintains only one type of proprietary fund. Internal service funds are used to account for the City's fleet maintenance and self-insurance provided to all departments on a cost reimbursement basis.

The basic proprietary fund financial statements can be found on pages 24 – 26 of this report. Combining and individual fund statements for the internal service funds can be found on pages 127 – 129 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 – 28 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 130 – 131 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

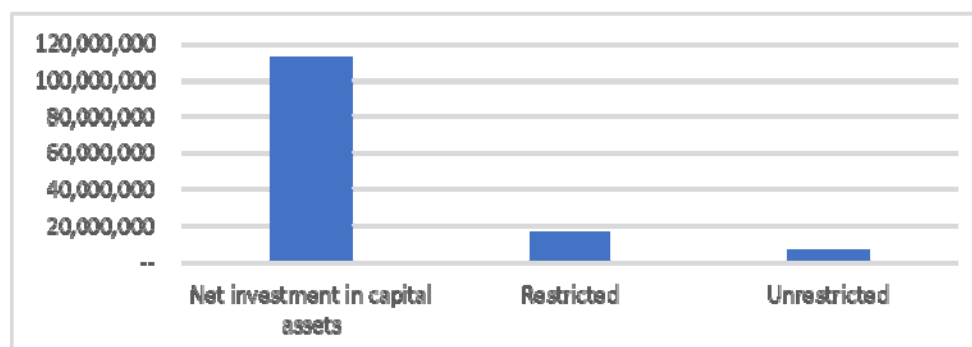
The notes to the basic financial statements can be found on pages 29 – 93 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

Required supplementary information can be found on pages 94 – 109 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Palm Beach Gardens, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$136.4 million at the close of the most recent fiscal year. The largest portion of the City's net position (82.7%) represents investment in capital assets (e.g., land, buildings and improvements, roadways, machinery and equipment), less any related outstanding debt and related deferred outflows used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



As the chart shown below illustrates, an additional portion of the City's net position, \$16.6 million (12.2%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$6.9 million (5.1%) may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Palm Beach Gardens
Summary of Net Position
September 30, 2020 and 2019**

The following table illustrates a summary of net position for Governmental activities:

	Governmental Activities	
	2020	2019
Current and other assets	\$ 92,694,780	\$ 99,389,622
Capital assets, net	141,792,177	129,086,966
Total assets	234,486,957	228,476,588
 Total deferred outflows of resources	 33,776,862	 30,485,502
Long-term liabilities	112,382,368	104,996,606
Other liabilities	10,098,833	14,462,997
Total liabilities	122,481,201	119,459,603
 Total deferred inflows of resources	 9,356,652	 15,868,741
Net investment in capital assets	112,859,024	102,515,810
Restricted	16,642,836	14,686,358
Unrestricted	6,924,106	6,431,578
Total net position	\$ 136,425,966	\$ 123,633,746

At the end of the current fiscal year, the City is able to report positive balances in net position for all governmental type activities.

There was an overall increase in the City's assets of \$6.0 million or 2.6% during the current fiscal year. This was due to increases in capital assets relating to the increase in the number of city-wide projects offset by reductions in prepaid items that related to employer pension contributions.

The City's deferred inflows and outflows of resources as well as a portion of liabilities all significantly changed due to the posting of activity to record changes in the net pension and total OPEB liabilities as well as deferred inflows and outflows relating to the City's pension plans. Long-term liabilities increased due to an increase in the net pension liability. The current year changes resulted in an increase to deferred outflows of resources of \$3.3 million, an increase in liabilities of \$3.0 million, and a decrease in deferred inflows of resources of \$6.5 million.

The following table summarizes changes in net position for governmental activities:

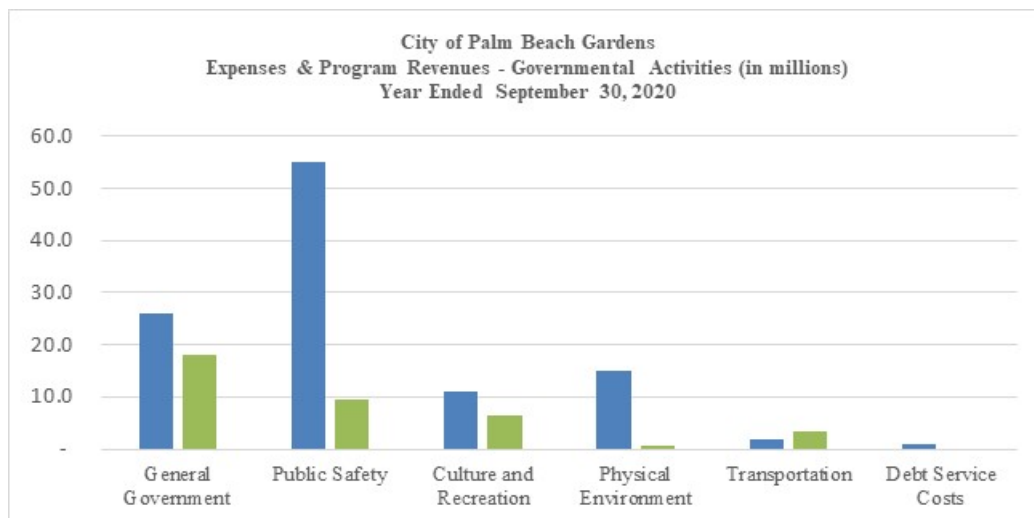
**City of Palm Beach Gardens
Summary of Changes in Net Position
Fiscal Years Ended September 30, 2020 and 2019**

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 33,705,415	\$ 31,280,635
Operating grants and contributions	4,496,879	2,326,455
Capital grants and contributions	50,748	5,135,658
General Revenues:		
Taxes:		
Property taxes	67,588,710	62,162,541
Local business tax	1,590,949	1,538,888
Public service taxes	1,913,129	1,983,296
Unrestricted intergovernmental:		
Sales Tax and local option gas tax	8,494,954	8,962,747
State shared revenue	1,708,901	1,850,104
Local shared revenue	-	7,572
Unrestricted investment earnings	1,763,480	2,795,006
Gain on disposal of capital assets	95,446	1,008,446
Miscellaneous	1,853,428	1,747,177
Total revenues	123,262,039	120,798,525
Expenses:		
General government	26,387,153	26,322,940
Public safety	55,430,678	51,936,783
Culture/recreation	10,761,387	10,518,847
Physical environment	14,739,278	12,881,501
Transportation	2,284,421	2,510,201
Interest on long-term debt	866,902	1,121,978
Total expenses	110,469,819	105,292,250
Change in net position	12,792,220	15,506,275
Net position – beginning	123,633,746	108,127,471
Net position – ending	\$ 136,425,966	\$ 123,633,746

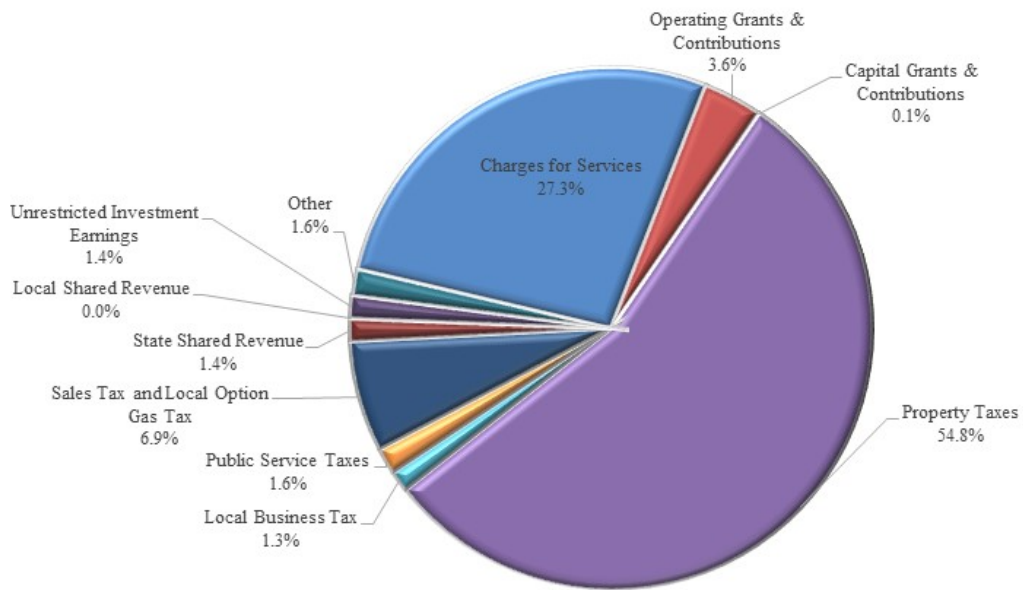
Governmental Activities. As illustrated in the table on the previous page, net position of the City's governmental activities increased by approximately \$12.8 million or 10.4% from \$123.6 million in last fiscal year to \$136.4 million in the current fiscal year. Key elements of this increase are:

- Total revenues exceeded expenses by \$12.8 million mostly due to unanticipated grant reimbursements from FEMA related to hurricane relief from prior years as well as a continued increase in taxable values and new construction activity.
- Total revenues increased by \$2.5 million as a net result of increases in property taxes of \$5.4 million (8.7%) and operating grants and contributions of \$2.2 million (93.3%), and an offsetting decrease in capital grants and contributions of \$5 million related to the value of donated land in the prior year. Property taxes increased due to rising property value and the operating grants and contributions increase was related to FEMA reimbursements received during the fiscal year that related to hurricane relief from prior years.
- Total expenses increased \$5.2 million (4.9%), mainly due to personnel increases, filling of vacant and new positions, and the effect of posting the change in the net pension liability.

The chart below depicts expenses and program revenues by function for all governmental activities. The graph illustrates the relatively minor amount of support for governmental operations that is derived from program revenues.



**City of Palm Beach Gardens
Revenues by Source - Governmental Activities
Year Ended September 30, 2020**

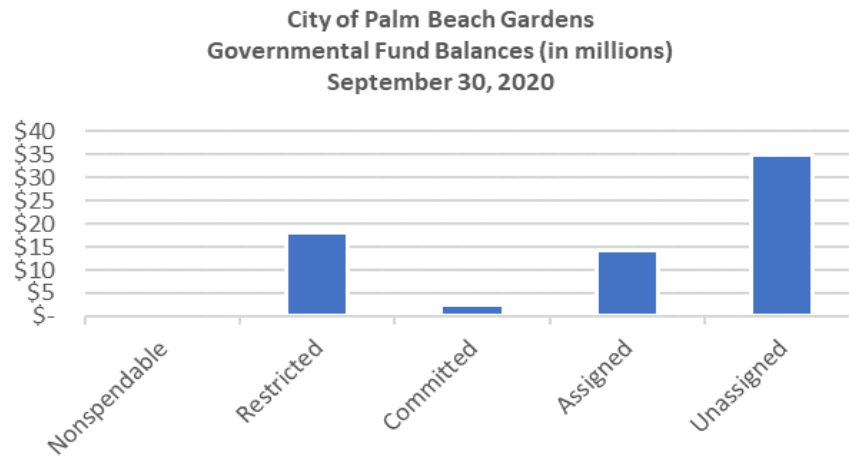


As illustrated in the chart above, property taxes comprise 54.8% of total governmental activity revenues.

Financial Analysis of the City's Funds

As noted earlier, the City of Palm Beach Gardens uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.2 million, a decrease of \$3.4 million in comparison with the prior year.

Approximately 49.9% of this total amount (\$35.0 million) represents unassigned fund balance, which includes the budget stabilization fund and amounts available for spending at the City's discretion. The remainder of fund balance was restricted, committed, assigned, or nonspendable for a variety of purposes, such as construction projects, infrastructure improvements, economic development, and law enforcement.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.

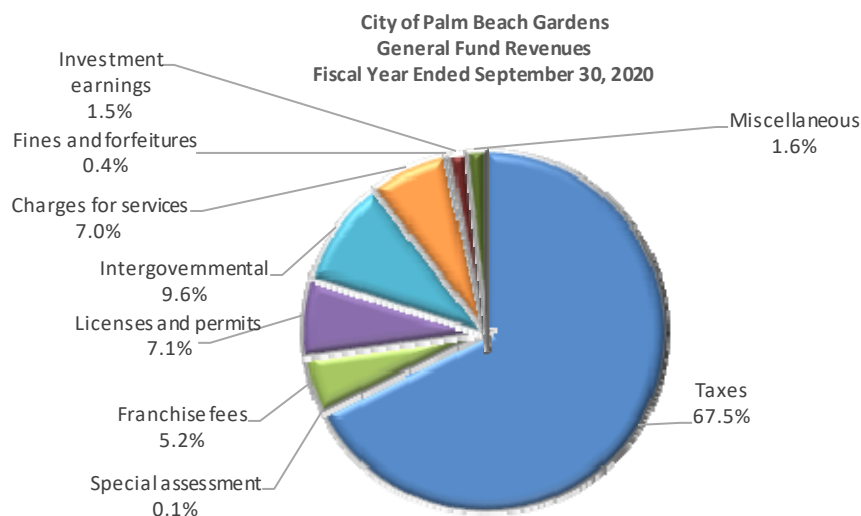
At the end of the current fiscal year, unassigned fund balance of the General Fund was \$35.0 million, nonspendable fund balance was approximately \$414 thousand, restricted fund balance was approximately \$1.0 million, committed fund balance was approximately \$2.3 million, and assigned fund balance was \$12.2 million for a total fund balance of \$51.0 million.

The amount of General Fund revenues by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

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)	(16.8)%
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 earnings	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%

As illustrated above, General Fund revenues increased by approximately \$9.1 million, or 9.4%, in fiscal year 2020.

Taxes increased by \$5.4 million or 8.2% as a result of an increase in property values and new construction. Licenses and permits increased by \$2.1 million or 39.7% due to an increase in building permit activity. Intergovernmental revenue increased by \$1.7 million or 19.7% due to FEMA reimbursements related to hurricane relief from prior years.



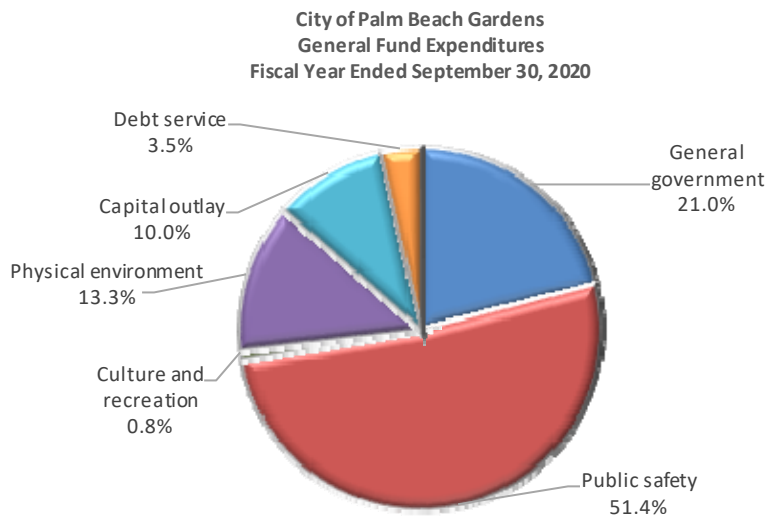
The graph above illustrates the percentage composition of General Fund revenues by type. As can be seen, taxes comprise the majority of General Fund revenues, with the next largest sources of revenues being licenses and permits and intergovernmental revenues.

Expenditures in the General Fund are shown in the following schedule:

Expenditures	2020 Amount	Percent of Total	2019 Amount	Percent of Total	Increase (Decrease) From 2019	Percentage of Increase (Decrease)
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%

In fiscal year 2020, total General Fund expenditures increased \$8.3 million or 8.8% compared to the prior year. The increase in public safety of \$1.7 million relates to salary increases. Physical environment increased by \$1.8 million due to salary increases and the addition of personnel. Capital outlay increased by \$4.7 million or 85.3% due to the construction of the tennis center clubhouse and the fire training tower.

As illustrated in the graph below, Public Safety expenditures account for 51.4% of total General Fund expenditures.



One-Cent Sales Surtax Capital Improvements Fund. The City's One-Cent Sales Surtax Capital Improvements Fund is a capital project fund used to account for the receipt and disbursement of a voter approved one-cent sales infrastructure surtax restricted for the purpose of constructing infrastructure projects within the City. Revenues consisted of approximately \$3.7 million from the one-cent sales surtax and \$141 thousand from investment income. Capital outlay expenditures of \$7.4 million were related to various infrastructure projects. Debt service costs of \$3.3 million were related to the funding of infrastructure projects with the use of future one-cent sales surtax revenues to make the bond payments. At the end of the current fiscal year, fund balance was \$6.4 million.

General Fund Budgetary Highlights

During the past fiscal year, the budget was amended twice. The Council authorized the budget amendment principally to:

- Adjust the carryover of funds by the amounts restricted, committed, or assigned for purchase orders and projects from the previous fiscal year.
- Adjust fund balance carryovers to actual amounts per the fiscal year 2019 audit.
- Establish a budget for the creation of a new capital project fund.
- Fund additional capital projects.
- Record two capital leases
- Adjust funds for the negative impact caused by the COVID-19 pandemic.

Actual revenue exceeded final budgeted revenue by approximately \$4.0 million mostly due to favorable variances in building permit and inspection activity of \$1.1 million and \$689 thousand in investment earnings due to increases in favorable realized gains.

Expenditures were \$12.6 million less than the final budget. The variance is mostly attributed to unspent capital projects and purchase orders that will be included in the next fiscal year's budget amendment to carryover funds.

Capital Assets and Debt Administration

Capital Assets. The following table illustrates the City's capital assets for its governmental activities as of September 30, 2020, which amount to \$141.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roadways, drainage and structures, improvements other than buildings and machinery and equipment. The total increase in the City's capital assets for the current fiscal year was 9.8%.

	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.

Additional information on the City's capital assets can be found in Note 5 starting on page 51 of this report.

Long-term Debt. The following 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.

	Governmental Activities	
	2020	2019
Debt payable:		
Non ad valorem bonds payable	\$ 23,874,816	\$ 28,958,527
Capital leases payable	4,851,343	5,415,230
Total	\$ 28,726,159	\$ 34,373,757

All of the City's general obligation debt is rated AAA by Standard & Poor's and Aaa by Moody's. The City's non-ad valorem debt is rated AAA by Standard & Poor's, AA+ by Fitch and Aa1 by Moody's. The City's comprehensive plan provides that debt expenditures shall not exceed 20% of total annual revenues and total outstanding debt is limited to no more than 10% of the City's property tax base.

Additional information on the City's long-term debt can be found in Note 6 starting on page 52 of this report.

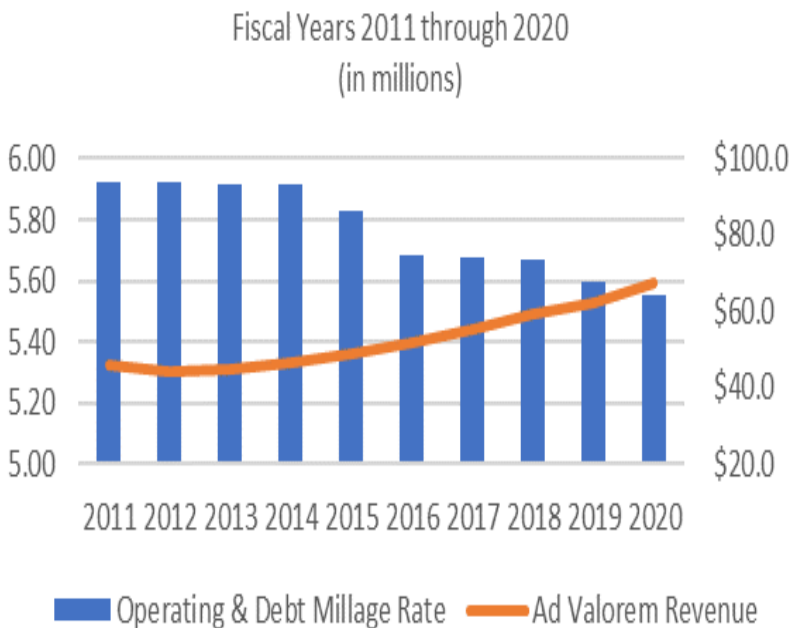
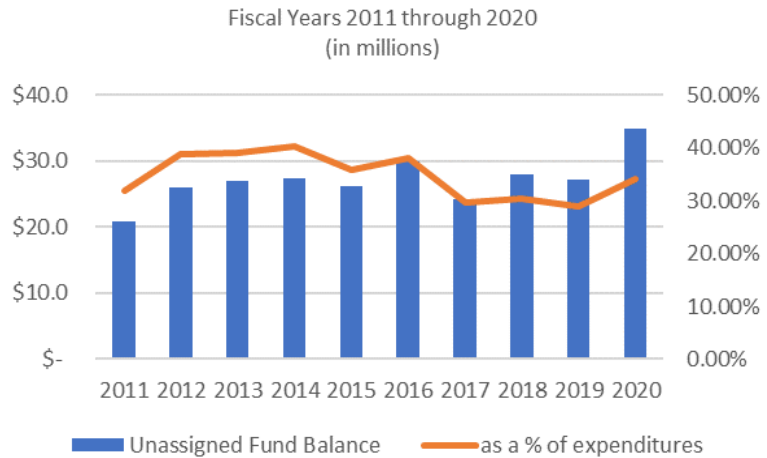
Economic Factors and Next Year's Budgets and Rates

The City's local economy is primarily based upon construction, retail and service activities. The unemployment rate for the City is currently 5.1%. The City's current economic condition continues to expand as new construction continues to grow with \$531 million in permit valuation issued during the fiscal year.

One of the most significant factors affecting the formulation of next year's budget was the recent economic shutdown necessitated by the COVID-19 pandemic and the unknown impact this will have on future intergovernmental revenues from the State of Florida. With respect to next fiscal year's budgeted revenues, the City has estimated a loss of approximately \$1.1 million in revenues due primarily to the COVID-19 pandemic. This revenue loss will not have a significant impact on the budget as these losses have been offset by reductions in expenditures.

These factors were considered in preparing the City of Palm Beach Gardens' budget for the year ending September 30, 2021.

During the current fiscal year, unassigned fund balance in the General Fund was \$35.0 million. It is approximately equal to four months of the General Fund expenditures. The current year balance includes approximately \$9.0 million as part of the budget stabilization fund. Over the last ten years, the City has been able to maintain its unassigned fund balance, not only in dollar value but as a percentage of expenditures, within the fund balance policy target of 17% as shown in the graph to the right.



In 1995, the State of Florida limited increases in home-steaded property taxable values in any given year to 3% or cost of living, whichever is lower. The graph to the left indicates the property tax revenue collected and millage rate trends over the last ten fiscal years. The left axis refers to the millage rate and the right axis refers to the dollar value (millions) of revenue collected. The millage rate will fluctuate from year to year depending on the total taxable value of the City and the required amount of revenue needed to maintain current levels of service. The millage rate of \$5.55 was adopted for fiscal year 2021, which was the same millage rate as fiscal year 2020.

Requests for Information

This financial report is designed to provide a general overview of the City of Palm Beach Gardens' finances for all those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Allan Owens, Finance Administrator, Finance Department, City of Palm Beach Gardens, 10500 North Military Trail, Palm Beach Gardens, Florida 33410.



BASIC FINANCIAL STATEMENTS

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 51,621,483
Investments	34,866,859
Receivables (net)	2,700,291
Due from other governments	671,117
Inventory	212,523
Prepaid items	473,223
Investment in joint venture	2,149,284
Capital assets not being depreciated	51,264,646
Capital assets being depreciated, net	<u>90,527,531</u>
Total Assets	<u>234,486,957</u>
Deferred Outflows of Resources	
Deferred outflows relating to pensions	33,037,745
Deferred outflows relating to OPEB	<u>739,117</u>
Total Deferred Outflows of Resources	<u>33,776,862</u>
Liabilities	
Accounts payable	2,454,754
Contracts and retainage payable	1,760,441
Accrued liabilities	3,317,759
Claims payable	516,185
Unearned revenue	1,789,044
Accrued interest payable	260,650
Noncurrent liabilities:	
Due within one year	5,724,956
Due in more than one year	28,250,291
Net pension liability	68,659,097
Total OPEB liability	<u>9,748,024</u>
Total Liabilities	<u>122,481,201</u>
Deferred Inflows of Resources	
Deferred inflows relating to pensions	8,784,170
Deferred inflows relating to OPEB	<u>572,482</u>
Total Deferred Inflows of Resources	<u>9,356,652</u>
Net Position	
Net investment in capital assets	112,859,024
Restricted for:	
Capital improvements	10,097,431
Road improvements	4,350,326
Other purposes	2,195,079
Unrestricted	<u>6,924,106</u>
Total Net Position	<u><u>\$ 136,425,966</u></u>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2020

Functions/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 26,387,153	\$ 15,516,812	\$ 2,639,877	\$ --	\$ (8,230,464)
Public safety	55,430,678	7,845,228	1,608,729	50,748	(45,925,973)
Culture and recreation	10,761,387	6,495,652	115,996	--	(4,149,739)
Physical environment	14,739,278	653,488	--	--	(14,085,790)
Transportation	2,284,421	3,194,235	132,277	--	1,042,091
Interest on long-term debt	866,902	--	--	--	(866,902)
Total Governmental Activities	\$ 110,469,819	\$ 33,705,415	\$ 4,496,879	\$ 50,748	(72,216,777)
General Revenues					
Taxes:					
Property taxes					67,588,710
Local business tax					1,590,949
Public service taxes					1,913,129
Unrestricted intergovernmental:					
Sales tax and local option gas tax					8,494,954
State shared revenue					1,708,901
Unrestricted investment earnings					1,763,480
Gain on disposal of capital assets					95,446
Miscellaneous					1,853,428
Total General Revenues					85,008,997
Change in Net Position					12,792,220
Net Position - Beginning					123,633,746
Net Position - Ending					\$ 136,425,966

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	One-Cent Sales Surtax Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 21,036,712	\$ 6,731,342	\$ 13,784,690	\$ 41,552,744
Investments	34,866,859	--	--	34,866,859
Receivables:				
Accounts (net of allowance for doubtful accounts of \$1,402,175)	350,999	--	20,821	371,820
Special assessment	1,020,010	--	--	1,020,010
Franchise fees	1,058,044	--	--	1,058,044
Utility taxes	154,385	--	--	154,385
Interest	96,032	--	--	96,032
Due from other governments	367,166	243,318	60,633	671,117
Inventory	--	--	79,414	79,414
Prepaid items	413,791	--	6,283	420,074
Total Assets	<u>\$ 59,363,998</u>	<u>\$ 6,974,660</u>	<u>\$ 13,951,841</u>	<u>\$ 80,290,499</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,097,756	\$ 14,857	\$ 148,425	\$ 2,261,038
Contracts and retainage payable	580,695	553,628	626,118	1,760,441
Accrued liabilities	3,184,159	--	106,655	3,290,814
Unearned revenue	1,518,925	--	270,119	1,789,044
Total Liabilities	<u>7,381,535</u>	<u>568,485</u>	<u>1,151,317</u>	<u>9,101,337</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessment	1,020,010	--	--	1,020,010
Fund Balances				
Nonspendable:				
Prepaid items	413,791	--	6,283	420,074
Inventory	--	--	79,414	79,414
Restricted for:				
Capital improvements	--	6,406,175	5,244,703	11,650,878
Road improvements	--	--	4,350,326	4,350,326
Law enforcement	1,026,535	--	185,797	1,212,332
Art improvements	--	--	982,747	982,747
Committed to:	--	--	--	--
Economic development	2,324,225	--	--	2,324,225
Assigned to:	--	--	--	--
Capital improvement and replacement	8,067,472	--	--	8,067,472
Special projects	609,322	--	--	609,322
Other purposes	1,273,130	--	1,951,254	3,224,384
Subsequent year budget	2,247,810	--	--	2,247,810
Unassigned	35,000,168	--	--	35,000,168
Total Fund Balances	<u>50,962,453</u>	<u>6,406,175</u>	<u>12,800,524</u>	<u>70,169,152</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,363,998</u>	<u>\$ 6,974,660</u>	<u>\$ 13,951,841</u>	<u>\$ 80,290,499</u>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Total fund balances - governmental funds (page 20) \$ 70,169,152

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Excludes internal service fund capital assets.) 140,755,340

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.
(Excludes internal service fund liabilities.)

Long-term liabilities at year-end consist of:

Bonds payable	\$ (23,874,816)	
Net pension liability	(67,662,408)	
Capital leases payable	(4,614,054)	
Total OPEB liability	(9,510,255)	
Accrued interest payable	(260,651)	
Compensated absences	<u>(4,794,513)</u>	
		(110,716,697)

Certain deferred inflows and outflows are not required to be reported in the governmental funds but are required to be reported at the government-wide level.

Deferred outflows relating to pension activity	32,672,669	
Deferred outflows relating to OPEB activity	723,868	
Deferred inflows relating to pension activity	(8,744,640)	
Deferred inflows relating to OPEB activity	<u>(558,201)</u>	
		24,093,696

The internal service funds are used by management to charge the cost of fleet maintenance activities and insurance to individual funds. The assets, deferred outflows and liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position. 8,955,181

Other long-term assets/deferred outflows and liabilities/deferred inflows are not available to pay for current period revenues or expenditures, and therefore, are not recognized in the funds.

Investment in joint venture	2,149,284	
Special assessment	<u>1,020,010</u>	

Total Net Position of Governmental Activities (page 19) **\$ 136,425,966**

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	General Fund	One-Cent Sales Surtax Capital Improvements Fund	Other Governmental Funds	Total 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>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds (page 22)	\$ (3,454,337)
--	----------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold, and therefore, were not capitalized.

Expenditures for capital assets	\$ 20,895,345	
Less: current year depreciation	<u>(7,807,723)</u>	
		13,087,622

Governmental funds report special assessments as revenue when collected, but the statement of activities recorded the full amount of the special assessment as revenue when there became an enforceable legal claim.

Special assessment	(112,970)
--------------------	-----------

In the statement of activities, the net effect of various miscellaneous transactions involving capital assets (disposals) is to increase net position, whereas in the governmental funds these items have no effect on current financial resources:

Loss on disposal of capital assets	(63,052)
------------------------------------	----------

Debt proceeds provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the payment of premiums, discounts and similar items when debt is first issued.

Capital lease financing	(712,175)	
Principal payments on debt	6,183,646	
Amortization of deferred amount on refunding	(121,670)	
Amortization of premium	<u>7,042</u>	
		5,356,843

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Increase in accrued interest payable	58,856	
Increase in compensated absences	<u>(459,577)</u>	
		(400,721)

Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68.

Amount of pension expenses recognized at government-wide level	(2,306,451)
--	-------------

Certain OPEB expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 75.

Amount of OPEB expenses recognized at government-wide level	(209,300)
---	-----------

Governmental funds report the investment in joint venture as expenditures. However, the cost of the investment in joint venture is recorded as an asset in the statement of net position

139,948

Internal service funds are used by management to charge the cost of fleet maintenance and self-insurance activities to individual funds. The net revenues of the internal service funds are reported with governmental activities.

754,638

Change in Net Position of Governmental Activities (page 19)

\$ 12,792,220

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2020

	Governmental Activities
	Internal Service Funds
Assets	
Current assets:	
Cash and cash equivalents	\$ 10,068,739
Inventory	133,109
Prepaid items	53,149
Total current assets	<u>10,254,997</u>
Noncurrent assets:	
Capital assets being depreciated, net	<u>1,036,838</u>
Total noncurrent assets	<u>1,036,838</u>
Total Assets	<u>11,291,835</u>
Deferred Outflows of Resources	
Deferred outflows relating to pensions	365,076
Deferred outflows relating to OPEB	<u>15,248</u>
Total Deferred Outflows of Resources	<u>380,324</u>
Liabilities	
Current liabilities:	
Accounts payable	193,716
Accrued liabilities	26,945
Claims payable	516,185
Capital lease payable, current portion	<u>173,796</u>
Total current liabilities	<u>910,642</u>
Noncurrent liabilities:	
Claims payable	411,013
Net pension liability	996,689
Total OPEB liability	237,769
Compensated absences payable	43,562
Capital lease payable, net of current portion	<u>63,492</u>
Total noncurrent liabilities	<u>1,752,525</u>
Total Liabilities	<u>2,663,167</u>
Deferred Inflows of Resources	
Deferred inflows relating to pensions	39,530
Deferred inflows relating to OPEB	<u>14,281</u>
Total Deferred Inflows of Resources	<u>53,811</u>
Net Position	
Net investment in capital assets	799,550
Unrestricted	<u>8,155,631</u>
Total Net Position	<u>\$ 8,955,181</u>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 31, 2020

	Governmental Activities
	<u>Internal Service Funds</u>
Operating Revenues	
Charges for services	\$ 3,441,318
Employer contributions	8,660,245
Employee contributions	1,626,953
Miscellaneous	<u>390,218</u>
Total Operating Revenues	<u>14,118,734</u>
Operating Expenses	
Personnel expenses	920,102
Claims expense	8,022,605
Insurance premiums	667,949
Repair and maintenance	386,413
Fuel and chemicals	518,990
Equipment rental	1,173,348
Operating supplies	176,906
Other professional and contractual	1,099,906
Other expenses	15,209
Depreciation	<u>514,666</u>
Total Operating Expenses	<u>13,496,094</u>
Operating Income	<u>622,640</u>
Nonoperating Revenues (Expenses)	
Investment earnings	36,447
Gain on disposal of capital assets	108,399
Interest expense	<u>(12,847)</u>
Total Nonoperating Revenues (Expenses)	<u>131,999</u>
Change in Net Position	754,639
Net Position - Beginning	<u>8,200,542</u>
Net Position - Ending	<u>\$ 8,955,181</u>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 31, 2020

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Receipts for interfund services provided	\$ 13,823,350
Payments to suppliers for goods and services	(4,042,022)
Payments to employees for services	(820,294)
Payments for claims	(8,036,845)
Other operating revenues	<u>390,218</u>
Net Cash Provided by Operating Activities	<u>1,314,407</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(195,308)
Proceeds from sale of capital assets	108,399
Principal paid on capital lease	(169,085)
Interest paid on capital lease	<u>(12,847)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(268,841)</u>
Cash Flows from Investing Activities	
Interest earned	<u>36,447</u>
Net Cash Provided by Investing Activities	<u>36,447</u>
Net increase in cash and cash equivalents	1,082,013
Cash and cash equivalents, Beginning of Year	<u>8,986,726</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,068,739</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ <u>622,640</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	514,666
Changes in operating assets/deferred outflows and liabilities/deferred inflows	
Accounts receivable	97,034
Inventory	(15,463)
Prepaid items	(2,649)
Deferred outflows relating to pensions	(5,895)
Deferred outflows relating to OPEB	(14,944)
Accounts payable	16,815
Accrued liabilities	22,164
Claims payable	(36,404)
Net pension liability	101,572
Total OPEB liability	22,370
Compensated absences	16,481
Deferred inflows relating to pensions	(20,953)
Deferred inflows relating to OPEB	<u>(3,027)</u>
Total Adjustments	<u>691,767</u>
Net Cash Provided by Operating Activities	<u>\$ 1,314,407</u>

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 339,619
Investments:	
Money market funds	3,779,919
U.S. Government obligations	8,851,527
Mortgage backed securities	12,117,455
Municipal obligations	2,341,185
Fixed income funds	11,319,174
Collateralized mortgage obligations	2,977,031
Certificates of deposit	290,770
Corporate obligations	20,432,100
Equity securities	74,246,863
Equity funds	60,439,154
Foreign bonds	830,760
International funds	3,741,751
Real estate funds	21,394,163
Total investments	222,761,852
Receivables:	
Interest and dividends	400,192
Employer	572,683
Pending trades	1,015,662
State of Florida	747,253
Employees	19,250
Total receivables	2,755,040
Prepaid items	332,702
Total Assets	226,189,213
Liabilities	
Accounts payable	183,082
Pending trades payable	1,084,006
Total Liabilities	1,267,088
Net Position	
Net position restricted for pension benefits	\$ 224,922,125

See notes to basic financial statements.

CITY OF PALM BEACH GARDENS, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Pension Trust Funds
Additions	
Contributions:	
City	\$ 6,272,018
Insurance premium taxes collected by the State of Florida on behalf of the City of Palm Beach Gardens	1,466,720
Employees	1,282,867
Total contributions	9,021,605
Investment earnings:	
Net appreciation in fair value of investments	9,697,882
Interest and dividends	4,501,483
Other	8,750
Total investment earnings	14,208,115
Less investment expense	(794,684)
Net investment earnings	13,413,431
Total Additions	22,435,036
Deductions	
Pension benefits	11,898,317
Refund of participant contributions	68,886
Administrative expenses	299,472
Total Deductions	12,266,675
Change in Net Position	10,168,361
Net Position Restricted for Pension Benefits	
Beginning of year	214,753,764
End of year	\$ 224,922,125

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Palm Beach Gardens, Florida (the “City”) was incorporated in 1959, pursuant to House Bill No. 2186, and is located in Northern Palm Beach County, Florida. The City is governed by an elected City Council (the “Council”), which appoints a City Manager. The City provides the following services to its residents: public safety, growth management, sanitation, streets and roads, parks, recreation and a golf course. The Council is responsible for legislative and fiscal control of the City. The City operates under a Council-Manager form of government.

Significant accounting and reporting policies and practices used by the City are described below:

A. FINANCIAL REPORTING ENTITY

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements were prepared in accordance with GASB, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The City reported no business-type activities during the current fiscal year.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits are recorded only when payment is due.

Property taxes when levied for, franchise taxes, licenses, charges for services, intergovernmental if eligibility requirements are met, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period if available. All other revenue items are considered to be measurable only when cash is received by the City.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

The City reports the following major governmental funds:

The *General Fund* – The general fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the City except those required to be accounted for in another fund.

The *One-Cent Sales Surtax Capital Improvements Fund* – This capital projects fund accounts for the receipt and disbursement of a voter approved one-cent sales infrastructure surtax restricted for the purpose of constructing infrastructure projects within the City.

Additionally, the City reports the following fund types:

The *Internal Service Funds* – The City operates two internal service funds to account for fleet management services provided to other departments on a cost reimbursement basis and to account for self-insurance health benefits.

The *Pension Trust Funds* – The City's three defined benefit pension plans are accounted for in individual pension trust funds. The pension trust funds are the General Employees' Pension, the Police Pension and the Fire Pension.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

principal ongoing operations. The principal operating revenues of an internal service fund are charges to other funds for usage. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as deposits with financial institutions, money market accounts, local government investment pools and highly liquid investments which are readily convertible to known amounts of cash and have a maturity when purchased of three months or less.

For purposes of the statement of cash flows, cash and cash equivalents also include each respective internal service fund's equity in pooled cash and investments that are described above. Each fund is able to withdraw cash at any time without prior notice or penalty and there is sufficient liquidity to meet the daily cash needs of each fund.

INVESTMENTS

The City categorizes investments according to the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on observable and unobservable inputs used in establishing the fair value of a financial asset or liability. Investments are reported at fair value based on quoted market prices in active markets on a trade date basis. Money market mutual funds and commercial paper that has a remaining life of one year or less upon acquisition are reported at amortized cost. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains and losses for securities which are sold. Interest and dividend income are recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade basis. Additional information regarding the fair value measurement of investments is disclosed in Note 2.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

INTERFUND RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

RECEIVABLES

Receivables include amounts due for a special assessment, franchise taxes, insurance claims, utility taxes, extra police services and emergency medical services. The City does not require collateral for accounts receivable. Receivables for emergency medical service billings are reported net of an allowance for doubtful accounts, which is determined based on the age of the individual receivable. Generally, the allowance includes accounts over 60 days past due. Receivables are written off on an individual basis in the fiscal year the City deems them to be uncollectible.

INVENTORY

Inventory is valued at cost for items not held for sale and at the lower of cost or net realizable value (only if held for sale) using the first-in, first-out basis and accounted for using the consumption method whereby inventories are charged against operations in the period when used. Inventory in the special revenue recreation and golf funds consists of merchandise held for resale. Inventory in the internal service fund consists of vehicle engine parts and fuel held for consumption. The non-spendable portion of fund balance for inventory in governmental fund types equals the physical inventory to indicate that a portion of fund balance is not available for appropriation.

PREPAID ITEMS

Prepaid items consists of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. These items are accounted for using the purchasing method. Reported amounts in governmental funds are equally offset by a non-spendable category of fund balance to indicate that these amounts are not available for appropriation.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure (e.g., streets, sidewalks, drainage or similar items) are reported in governmental activities in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. Lease agreements that qualify as capital leases are recorded at the present value of their future minimum lease payments as of the inception date. The City did not retroactively record their intangible assets with the implementation of GASB Statement No. 51. For fiscal year 2020, no separately identifiable intangible assets met the threshold for recording.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, buildings, equipment and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	15 – 25
Roadways	3 – 40
Drainage and structures	35 – 75
Machinery and equipment	3 – 7
Improvements other than buildings	15
Land improvements	25

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is reported.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

UNEARNED REVENUE, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Unearned revenue is a liability that arises when resources are obtained before revenue recognition criteria, other than time recognition criteria, have been satisfied. The unearned revenue consists mainly of business taxes and impact fees received in advance of the fiscal year for which they are levied. These amounts are recognized as revenue in the fiscal year that the revenue recognition criteria has been met.

In addition to assets and liabilities, the government-wide statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

The City has one item, unavailable revenues relating to a special assessment that is reported as a deferred inflow of resources within the governmental fund financial statements. These amounts are recognized as revenue in the year that the amounts become available.

Within the government-wide statement of net position, the City reports deferred inflows/outflows of resources related to pensions and OPEB for amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension plans. The amounts will be amortized over a five-year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable. See Note 8 and 9 for additional details.

The City also recognizes a deferred charge on refunding, which qualifies for reporting as a deferred outflow of resources reported on the government-wide statement of net position. The refunding loss on bonds payable resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refunding has been fully amortized as of September 30, 2020.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate a limited amount of earned but unused personal leave, which will be paid upon separation of service. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured, for example, as a result of employee resignation or retirements. Compensated absences for governmental activities typically have been liquidated in the general fund.

ON-BEHALF PAYMENTS

The City receives on-behalf payments from the State of Florida to be used for Police and Fire-Rescue pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP basis government-wide and general fund financial statements, but are not budgeted and therefore are not included in the general fund budgetary comparison schedule. On-behalf payments paid to the City by the State totaled \$1,466,719 for the fiscal year ended September 30, 2020. Pursuant to City Ordinance, the Fire Pension deducts 2% of the total compensation for participants from the Chapter 175 taxes received during the fiscal year and allocates this amount as Employee Contributions in lieu of increasing the members' contribution rate.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized during the current period. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments on debt are reported as debt service expenditures.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

NET POSITION

Equity in the government-wide statement of net position is displayed in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets consist of capital assets reduced by accumulated depreciation and by any outstanding debt and any deferred inflows/outflows associated with the debt, incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Net position is reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors. Unrestricted net position consists of all remaining net position that do not meet the definition of either of the other two components.

FUND BALANCE

In the fund financial statements, fund balance is a measurement of available financial resources and is the difference between total assets and deferred outflows and total liabilities and deferred inflows in each fund. Governmental accounting principles distinguish fund balance classification based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, the City's fund balance amounts will be reported in the following categories:

Nonspendable. Represents amounts that are not in a spendable form, or are legally or contractually required to be maintained intact.

Restricted. Represents amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.

Committed. Represents amounts that can be used only for the specific purposes determined by a formal action (ordinance or resolution which are of equal authority) of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through the same action that created the commitment.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

FUND BALANCE (CONTINUED)

Assigned. Represents amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or by a designee to whom the governing body delegates the authority. Under the City's adopted policy through resolution, only the City Council or City Manager may assign amounts for specific purposes. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned. Includes all amounts not contained in other classifications and is the residual classification of the General Fund only. Unassigned amounts are the portion of Fund Balance which is not obligated or specifically designated and is available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The goal of the City's fund balance policy is to achieve and maintain an Unassigned Fund Balance in the General Fund at fiscal year-end of not less than 17% of expenditures, which represents approximately two (2) months' operating expenditures. If the Unassigned Fund Balance at fiscal year-end falls below the goal, the City shall develop a restoration plan to achieve and maintain the minimum fund balance. At the end of the fiscal year, the City's unassigned fund balance equaled 29.3% of expenditures.

FLOW ASSUMPTIONS

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

FLOW ASSUMPTIONS (CONTINUED)

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows/outflows and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2020, excluding amounts held by Fiduciary Funds, include petty cash of \$5,405 and deposits with financial institutions with a carrying value of \$22,711,059 and a bank balance of \$23,263,088. Cash equivalents also includes \$28,905,018 in money market mutual funds which are recorded at amortized costs and \$2,199,731 in treasury bills. Cash equivalents consist of amounts invested in money market mutual funds, local government investment pools and securities with a maturity of less than three months.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CASH AND CASH EQUIVALENTS (CONTINUED)

The FEITF is an external investment pool that is not registered with the Securities Exchange Commission (SEC) but operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant net asset value of \$1.00 per share. There are no restrictions or fees to withdrawal from this pool.

Cash of the Fiduciary Funds at September 30, 2020, consist of deposits with financial institutions with a carrying value and bank balance of \$339,619.

All deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured. The money market mutual funds are uninsured and uncollateralized.

INVESTMENTS

Florida Statutes and the City's investment policy authorize the City to invest in obligations and agencies of the U.S. Government; fully collateralized interest bearing time deposits or savings accounts with banks or savings and loan associations; the State Board of Administration Florida PRIME Fund; local government investment pools; short-term corporate obligations; investments in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio of such investment company is limited to Government Obligations and to repurchase agreements fully collateralized by such Government Obligations; Government National Mortgage Association, Fannie Mae or Florida Home Loan Mortgage Corporation. The City's Pension Boards have full power and authority to invest and reinvest subject to the general terms, conditions, limitations and restrictions imposed by Part VII, Chapter 112, Florida Statutes, on the investments of public employee retirement systems.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The General Employees' Pension Plan is a participating member in the Florida Municipal Pension Trust Fund (FMPTF) and therefore the investments follow the policies established by the Master Trust Agreement. The agreement provides that the Master Trustees have the authority and discretion to manage and control the assets of the FMPTF. The established investment policy and portfolio guidelines are designed to assist the plan administrator in monitoring the assets and to guide investment managers with structuring portfolios that are consistent with the FMPTF desired performance results and levels of acceptable risk. A variance of more than 5% from the approved allocation percentages of any asset class requires approval by the Master Trustees. The FMPTF has adopted operating procedures consistent with the requirements for a 2a-7 like pool. The FMPTF is an external investment pool and therefore, the fair value of the City's position in the pool is the same as the value of pool shares.

Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

FAIR VALUE HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1

Investments' fair values based on prices quoted in active markets for identical assets.

Level 2

Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

Level 3

Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the City's investments. Level 1 and 2 prices are obtained from various pricing sources by the City's custodian bank:

Money market funds and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual fund equities.

Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.

The General Employees' Pension Plan invests in various funds in which the underlying securities have observable Level 1 quoted pricing inputs or observable Level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. Value is based on market corroborated data. (Level 2 inputs).

The General Employees' Pension Plan invests in a Core Plus Fixed Income Fund. This fund invests in two underlying funds, which are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments. Value is based on unobservable inputs. (Level 3 inputs).

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The General Employees' Pension Plan also invests in a Core Real Estate Fund. This fund invests in one underlying fund, which are not publicly quoted. The underlying fund invests in core real estate in the United States, which is valued based on quarterly real estate appraisals. Value is based on unobservable inputs. (Level 3 inputs).

The Police Officer and Fire Pensions hold certain investments in alternative assets consisting of real estate funds and a collective investment trust fund which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following are recurring fair value measurements as of September 30, 2020:

Investment Types	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Investments by fair value level:				
U.S. Government obligations	\$ 15,627,046	\$ --	\$ 15,627,046	\$ --
Mortgage backed securities	6,272,395	--	6,272,395	--
Corporate obligations	4,976,241	--	4,976,241	--
Municipal obligations	293,788	--	293,788	--
Total Investments by Fair Value Level	<u>27,169,470</u>	<u>\$ --</u>	<u>\$ 27,169,470</u>	<u>\$ --</u>
Commercial paper (exempt)	7,697,389			
Total Primary Government Investments	<u>\$ 34,866,859</u>			
Fiduciary Funds				
Investments by fair value level:				
U.S. Government obligations	\$ 8,851,527	\$ 1,484,770	\$ 7,366,757	\$ --
Mortgage-backed securities	12,117,455	--	12,117,455	--
Collateralized mortgage obligations	2,977,031	--	2,977,031	--
Fixed income funds	11,319,174	10,517,043	399,628	402,503
Corporate obligations	20,432,100	--	20,432,100	--
Municipal obligations	2,341,185	--	2,341,185	--
Foreign bonds	830,760	--	830,760	--
Certificates of deposit	290,770	--	290,770	--
Equity securities	46,664,954	45,369,664	1,295,290	--
Equity funds	91,305,685	84,950,692	1,331,135	5,023,858
International funds	457,129	--	457,129	--
Real estate funds	5,528,302	--	--	5,528,302
Total Investments by Fair Value Level	<u>203,116,072</u>	<u>\$ 142,322,169</u>	<u>\$ 49,839,240</u>	<u>\$ 10,954,663</u>
Investments Measured at the Net Asset Value (NAV) *				
Real estate funds	15,865,861			
Total Investments Measured at NAV	15,865,861			
Money market funds (exempt)	3,779,919			
Total Fiduciary Funds Investments	<u>\$ 222,761,852</u>			

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (Days)
Real estate fund ¹	\$ 9,862,791	\$ --	Quarterly	10 days
Real estate fund ²	6,003,070	--	Quarterly	90 days
Total Investments Measured at NAV	\$ 15,865,861	\$ --		

(1) Real estate fund: The fund is an open-end diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.

(2) Real estate fund: The fund is an open-ended real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 90 days prior to quarter end.

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities collateralized by mortgage obligations, commercial mortgage backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk disclosures are required for debt investment pools - such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool and other fixed income securities. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Cash equivalents have a weighted average maturity of ninety days or less, resulting in minimal interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy states that securities included within the short-term fund will have maturities of less than one year. Investments included in the core fund will have a maximum maturity of five (5) years. Although the Fiduciary Funds' investment policies do not provide limitations as to maturities, the Funds minimize the risk of fair value losses in fixed income portfolios due to rising interest rates by structuring the investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections. The table below summarizes the scheduled maturities of fixed income investments at September 30, 2020:

Investment Types	Value	Investment Maturities			
		Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Primary Government					
U.S. Government obligations	\$ 15,627,046	\$ --	\$ 15,627,046	\$ --	\$ --
Mortgage backed securities	6,272,395	--	6,272,395	--	--
Corporate obligations	4,976,241	--	4,976,241	--	--
Municipal obligations	293,788	--	293,788	--	--
Commercial paper	7,697,389	7,697,389	--	--	--
Total Primary Government	\$ 34,866,859	\$ 7,697,389	\$ 27,169,470	\$ --	\$ --

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Investment Types	Value	Investment Maturities			
		Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Fiduciary Funds					
Money market funds (at cost)	\$ 3,779,919	\$ 3,779,919	\$ --	\$ --	\$ --
U.S. Government obligations	8,851,527	2,229,092	2,791,124	1,842,680	1,988,631
Mortgage-backed securities	12,732,622	14	218,695	3,146,274	9,367,639
Collateralized mortgage obligations	2,361,864	--	173,579	468,421	1,719,864
Fixed income funds	802,131	--	802,131	--	--
Corporate obligations	20,432,100	421,416	6,708,800	8,853,456	4,448,428
Municipal obligations	2,341,185	--	811,847	300,624	1,228,714
Foreign bonds	830,760	15,277	258,407	205,852	351,224
Certificates of deposit	<u>290,770</u>	<u>--</u>	<u>40,645</u>	<u>--</u>	<u>250,125</u>
Total Fiduciary Funds	\$ 52,422,878	\$ 6,445,718	\$ 11,805,228	\$ 14,817,307	\$ 19,354,625

CREDIT RISK

Credit risk is the risk that an issuer will not fulfill its obligations. The City's investment policy minimizes credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The Police Pension Plan's investment policy limits corporate obligations to only those holding a rating of one of the three highest classifications by an NRSRO. The Fire Pension Plan's policy limits investments to securities with a rating of investment grade or a higher classification by an NRSRO. The General Employee Pension Plan's investment policy does not limit corporate obligations to those with one of the three highest classifications by an NRSRO. The NRSRO ratings for the City's and the Plan's investments at September 30, 2020, are summarized below.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

Investment Type	NRSRO Rating	Value
Money market funds (at cost)	Aaa-mf	\$ 2,003,636
Money market funds (at cost)	Aaa-mf	1,776,283
Fixed income funds	AA	802,131
U.S. Gov't bonds & notes	Aaa...AA+	15,627,046
U.S. Gov't bonds & notes	Aaa...AA+	6,212,551
U.S. Gov't bonds & notes	Aaa	2,638,976
U.S. Gov't agency securities	Aaa...AA+	6,272,395
U.S. Gov't agency securities	Aaa...A	3,705,425
U.S. Gov't agency securities	Aaa	8,412,030
Commercial paper	A-1...P-1	7,697,389
Collateralized mortgage obligations	Aaa...A	615,167
Collateralized mortgage obligations	Aaa	2,361,864
Corporate Obligations	Aa1...BBB-	4,976,241
Corporate Obligations	Aaa...Baa3	12,135,478
Corporate Obligations	Aaa...Baa1	8,296,622
Municipal Obligations	Aa1...A	293,788
Municipal Obligations	Aaa...Baa2	2,341,185
Foreign bonds	Aa2...Baa3	830,760
Certificates of deposit	Unrated	290,770
Fixed income funds	Unrated	10,517,043
Equity securities	Unrated	74,246,863
Equity funds	Unrated	60,439,154
International funds	Unrated	3,741,751
Real estate funds	Unrated	21,394,163

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policy of the City minimizes this risk by prohibiting the purchase of securities subject to custodial credit risk. The City and its pension plans require that all securities be held by a third party custodian in the name of the City or the respective Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy limits the concentration of credit risk by setting limits on the maximum amount of securities held by type and by single issuer. The City's Police Pension Plan's investment policies limit investments in the stock of any one issuing company to 5% of the Plan's assets and to 5% of the outstanding capital stock of any issuing company. The City's Fire Pension Plan's investment policy limits investments in the stock of any one issuing company to 3% of the Fund's assets, and to 3% of the outstanding capital stock of any issuing company. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement.

The General Employees' Pension Plan as well as the Police and Fire Pension Plans did not hold investments in any one organization that represents 5% or more of the pension plan's fiduciary net position.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no direct exposure to foreign currency risk in the City's and the Plans' investments at September 30, 2020 as all foreign investments are denominated in U.S. dollars.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 – RECEIVABLES

Receivables and the related allowance for doubtful accounts at September 30, 2020, are summarized as follows:

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Governmental Activities			
Due from EMS	\$1,710,714	\$(1,402,175)	\$ 308,539
Special assessment	1,020,010	--	1,020,010
Franchise fees	1,058,044	--	1,058,044
Special claim reimbursement	--	--	--
Utility taxes	154,385	--	154,385
Interest	96,032	--	96,032
Extra police services	20,821	--	20,821
Other miscellaneous services	42,460	--	42,460
Total Governmental Activities	<u>\$4,102,466</u>	<u>\$(1,402,175)</u>	<u>\$2,700,291</u>

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State law. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

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 millage rate assessed by the City for the fiscal year ended September 30, 2020, was 5.55 (\$5.55 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November, or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 – PROPERTY TAXES (CONTINUED)

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2020, unpaid delinquent taxes are not material and have not been recorded by the City.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Additions/ Transfers	Retirements/ Transfers	Balance September 30, 2020
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 19,779,365	\$ --	\$ --	\$ 19,779,365
Construction in progress	<u>25,828,482</u>	<u>20,027,556</u>	<u>(14,370,757)</u>	<u>31,485,281</u>
Total capital assets not being depreciated	<u>45,607,847</u>	<u>20,027,556</u>	<u>(14,370,757)</u>	<u>51,264,646</u>
Capital assets being depreciated:				
Buildings	45,798,473	798,108	(45,229)	46,551,352
Roadways	72,147,531	1,188,485	--	73,336,016
Drainage and structures	18,052,974	--	--	18,052,974
Machinery and equipment	34,465,719	3,308,296	(1,703,558)	36,070,457
Improvements other than buildings	<u>28,877,329</u>	<u>10,138,965</u>	<u>(198,327)</u>	<u>38,817,967</u>
Total capital assets being depreciated	<u>199,342,026</u>	<u>15,433,854</u>	<u>(1,947,114)</u>	<u>212,828,766</u>
Less accumulated depreciation:				
Buildings	(23,668,357)	(1,816,839)	28,399	(25,456,797)
Roadways	(47,697,348)	(1,238,096)	--	(48,935,444)
Drainage and structures	(5,233,568)	(180,922)	--	(5,414,490)
Machinery and equipment	(22,418,901)	(3,487,426)	1,678,400	(24,227,927)
Improvements other than buildings	<u>(16,844,733)</u>	<u>(1,599,106)</u>	<u>177,262</u>	<u>(18,266,577)</u>
Total accumulated depreciation	<u>(115,862,907)</u>	<u>(8,322,389)</u>	<u>1,884,061</u>	<u>(122,301,235)</u>
Total capital assets being depreciated, net	<u>83,479,119</u>	<u>7,111,465</u>	<u>(63,053)</u>	<u>90,527,531</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 129,086,966</u></u>	<u><u>\$27,139,021</u></u>	<u><u>\$ (14,433,810)</u></u>	<u><u>\$141,792,177</u></u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Governmental Activities

General government	\$ 933,299
Public safety	2,780,581
Culture and recreation	2,701,057
Physical environment	410,367
Transportation	<u>1,497,085</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$ 8,322,389</u></u>

NOTE 6 – LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Governmental Activities					
Debt Payable					
Pubic improvement refunding bonds	\$ 2,780,000	\$ --	\$ (1,775,000)	\$ 1,005,000	\$ 325,000
Add premium on revenue bonds	7,042	--	(7,042)	--	--
Public improvement bonds from direct borrowings	26,171,485	--	(3,301,669)	22,869,816	3,370,307
Capital lease obligations from direct borrowings	<u>5,415,230</u>	<u>712,175</u>	<u>(1,276,062)</u>	<u>4,851,343</u>	<u>1,348,059</u>
Total Debt Payable	<u>34,373,757</u>	<u>712,175</u>	<u>(6,359,773)</u>	<u>28,726,159</u>	<u>5,043,366</u>
Other Liabilities					
Compensated absences	4,362,017	4,539,447	(4,063,389)	4,838,075	270,577
Claims payable	<u>373,704</u>	<u>7,365,626</u>	<u>(7,328,317)</u>	<u>411,013</u>	<u>411,013</u>
Total Other Liabilities	<u>4,735,721</u>	<u>11,905,073</u>	<u>(11,391,706)</u>	<u>5,249,088</u>	<u>681,590</u>
Total Governmental Activities	<u><u>\$ 39,109,478</u></u>	<u><u>\$ 12,617,248</u></u>	<u><u>\$ (17,751,479)</u></u>	<u><u>\$ 33,975,247</u></u>	<u><u>\$ 5,724,956</u></u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

CAPITAL LEASES PAYABLE

The City has entered into various lease agreements as lessee for financing the acquisition of fire rescue and police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

	Governmental Activities
Assets	
Machinery and equipment	\$ 9,472,924
Less accumulated depreciation	<u>(3,544,688)</u>
Total	<u><u>\$ 5,928,236</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

Fiscal Year Ending September 30,	Governmental Activities
2021	\$ 1,494,765
2022	1,108,850
2023	1,459,498
2024	508,394
2025	373,142
2026-2028	<u>302,843</u>
Total Minimum Lease Payments	5,247,492
Less amount representing interest	<u>(396,149)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 4,851,343</u></u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

OPERATING LEASES

The City has entered into a fleet leasing agreement with Enterprise Fleet Management to lease fleet vehicles rather than purchasing the units outright. The leasing program will result in a complete change out of all current fleet vehicles, including police and public service vehicles within five years. At September 30, 2020, the City was in possession of 126 vehicles of which 9 vehicles had a term of 36 months and 117 vehicles had a term of 60 months. Total costs for the leases were \$800,757 for the fiscal year ended September 30, 2020.

The future minimum lease payments for these leases are as follows:

Fiscal Year Ending September 30,	Governmental Activities
2021	\$ 852,089
2022	810,617
2023	784,467
2024	350,776
2025	63,618
Total Minimum Lease Payments	\$ 2,861,567

BONDS PAYABLE

Public Improvement Bonds

On November 6, 2003, the City Council approved, through adoption of Resolution 174, 2003, the issuance of Public Improvement Bonds in one or more series for the purpose of financing the costs of acquiring, constructing and installing capital and non-capital projects and refunding prior obligations issued by the City. The bonds are payable from non-ad valorem revenues.

	Outstanding Balance
<u>Public Improvement Bonds</u>	
<u>Series 2011</u>	
The City issued \$16,190,000 Public Improvement Refunding Bonds, Series 2011 on November 8, 2011, to advance refund the outstanding Public Improvement Refunding Bonds, Series 2003. Interest at rates ranging from 0.85% to 3.75% is payable semi-annually on May 1 and November 1. Principal is payable in annual installments of \$325,000 to \$1,880,000, with the final payment due May 1, 2023. Debt service payments will be made from the general fund.	
	\$ 1,005,000

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE (CONTINUED)

Public Improvement Bonds from Direct Borrowings

	<u>Outstanding Balance</u>
<u>Series 2013</u>	
On June 6, 2013, the City approved, through adoption of Resolution 39, 2013, the issuance of the Public Improvement Bond, Series 2013, in the amount of \$4,300,000 for the purpose of financing the cost of improvements to the City's Golf Course and the construction of a new fire station. Interest at rates ranging from 1.77% to 2.29% is payable semiannually on June 1 and December 1. Principal is payable in annual installments of \$209,370 to \$245,403, with the final payment due December 1, 2022. Debt service payments will be made from the general fund.	<u>1,204,816</u>
<u>Series 2017</u>	
On February 9, 2017, the City approved, through adoption of Resolution 14, 2017, the issuance of the Public Improvement Bond, Series 2017, in the amount of \$30,000,000 for the purpose of financing the cost of certain infrastructure projects within the City relating to the one-cent sales surtax. Interest at the rate of 2.20% is payable semiannually on April 1 and October 1. Principal is payable in annual installments of \$2,725,000 to \$3,300,000, with the final payment due October 1, 2026. Debt service payments will be made from the one-cent sales surtax capital improvements fund.	<u>21,665,000</u>
Total Public Improvement Bonds	<u><u>\$ 23,874,816</u></u>

Annual debt service payments to maturity for all bonds are as follows:

Fiscal Year Ending September 30	Public Improvement Bonds		Public Improvement Bonds from Direct Borrowings		<u>Total</u>
	Principal	Interest	Principal	Interest	
2021	\$ 325,000	\$ 35,631	\$ 3,370,307	\$ 469,119	\$ 4,200,057
2022	335,000	24,662	3,444,106	394,020	4,197,788
2023	345,000	12,938	3,270,403	317,293	3,945,634
2024	--	--	3,095,000	247,225	3,342,225
2025	--	--	3,160,000	178,420	3,338,420
2026-2027	--	--	6,530,000	144,430	6,674,430
Total	<u>\$ 1,005,000</u>	<u>\$ 73,231</u>	<u>\$ 22,869,816</u>	<u>\$ 1,750,507</u>	<u>\$ 25,698,554</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

IN-SUBSTANCE DEFEASANCE – PRIOR YEARS

In 2003, the City defeased a bond issue (Florida Intergovernmental Finance Commission Capital Revenue Bonds, 2001 Series B) by creating a separate irrevocable trust fund. New debt was issued and the proceeds of the new debt were used to purchase U.S. government securities that were placed in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2020, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$1,540,000.

In 2011, the City defeased the Public Improvement and Refunding Bonds, Series 2003 by creating a separate irrevocable trust fund. New debt was issued and the proceeds of the new debt were used to purchase U.S. government securities that were placed in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2020, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$1,020,000.

NOTE 7 – INTERFUND TRANSFERS

The following is a summary of transfers by fund type for the fiscal year ended September 30, 2020:

Transfer Out	Transfer In		
	General Fund	Non-major governmental funds	Total
General Fund	\$ --	\$ 3,197,754	\$ 3,197,754
Non-major governmental funds	682,110	--	682,110
Total Funds	<u>\$ 682,110</u>	<u>\$ 3,197,754</u>	<u>\$ 3,879,864</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 – INTERFUND TRANSFERS (CONTINUED)

Transfers were made to move funds from the general fund to the recreation special revenue fund to offset the anticipated operating loss. Transfers from the general fund to the public facilities impact fund and road impact fund were made to fund capital projects. A transfer to the general fund from the road impact fund was made for scheduled debt service payments.

NOTE 8 – PENSION PLANS

COST-SHARING DEFINED BENEFIT PLANS

In October 2006, the City approved, through the adoption of Resolution 84, 2006, the participation in the Florida Retirement System (“FRS”) for general employees, including elected officials and senior management. Employees participating in another City retirement plan that were hired prior to October 1, 2006, had the right to elect to continue participating in the City plan or discontinue participation in the City plan and join the FRS. Employees that elected to join the FRS were eligible for past service credit, at the City’s expense, for the period of the participation in the City retirement plan, up to 9.75 years. Additional past service credit could be purchased at the employee’s expense.

There are two defined benefit plans as part of the Florida Retirement System. The FRS is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) for eligible employees. The Health Insurance Subsidy Program (“HIS”) is a cost-sharing, multiple-employer defined benefit pension plan. The FRS and HIS were created by the Florida Legislature and are administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries while HIS assists retirees in paying costs related to health insurance. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112 Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

Both plans are included as a fiduciary fund in the State of Florida’s Comprehensive Annual Financial Report. The report is available via the Florida Department of Financial Services’ homepage at www.myfloridacfo.com. FRS issues a publicly available financial report that includes statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plans. The report is available from the Florida Department of Management Services’ website (www.dms.myflorida.com).

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Benefits Provided

HIS - The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

FRS –The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants. DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Benefits Provided (continued)

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The plan's total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

Below is the percentage value for each year of service credit earned:

Regular Class members initially enrolled before July 1, 2011

Retirement up to age 62 or up to 30 years of service 1.60%

Retirement at age 63 or with 31 years of service 1.63%

Retirement at age 64 or with 32 years of service 1.65%

Retirement at age 65 or with 33 or more years of service 1.68%

Regular Class members initially enrolled on or after July 1, 2011

Retirement up to age 65 or up to 33 years of service 1.60%

Retirement at age 66 or with 34 years of service 1.63%

Retirement at age 67 or with 35 years of service 1.65%

Retirement at age 68 or with 36 or more years of service 1.68%

Elected County Officers 3.00%

Senior Management Service Class 2.00%

Special Risk Regular Class 3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Benefits Provided (continued)

Employees in the Florida Retirement System Pension Plan and Investment Plan are required to contribute 3% of their income as part of SB 2100 FRS reform measures that passed in the 2011 Florida legislative session. The total amount of employee contributions was \$609,948. Contribution percentage amounts are subject to change each year based on legislative law changes, investment experience and the actuarial experience of the trust fund. As of September 30, 2020, the City's required annual contribution is 10.00% of the covered salary for general employees, 27.29% for senior management, 49.18% for elected officials, and 24.45% for special risk. The City's contribution to FRS for the fiscal year ended September 30, 2020 was \$2,336,238, equal to 100% of the required contribution for the fiscal year. Included in these rates is 1.66% relating to the HIS plan for all classes of employees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the City reported liabilities of \$21,392,591 for its proportionate share of the FRS net pension liability and \$6,974,343 for the HIS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's fiscal year 2020 contributions relative to the fiscal year 2019 contributions of all participating members. At September 30, 2020, the City's proportionate share was 0.04936 percent for the FRS plan and 0.05712 percent for the HIS plan, which was a decrease of 0.00057 percent and an increase of 0.00022 percent respectively, from the proportionate share measured as of June 30, 2019.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$5,604,640. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 818,738	\$ 285,293	\$ 1,104,031
Assumption Changes	3,872,740	749,940	4,622,680
Net Difference between projected and actual earnings on pension plan investments	1,273,735	5,568	1,279,303
Changes in proportion and differences between City contributions and proportionate share of contributions	787,882	579,797	1,367,679
Employer contributions subsequent to the measurement date	<u>457,330</u>	<u>76,187</u>	<u>533,517</u>
Total Deferred Outflows of Resources	<u>\$ 7,210,425</u>	<u>\$ 1,696,785</u>	<u>\$ 8,907,210</u>
	Deferred Inflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ --	\$ 5,380	\$ 5,380
Assumption Changes	--	405,531	405,531
Net Difference between projected and actual earnings on pension plan investments	--	--	--
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>203,243</u>	<u>--</u>	<u>203,243</u>
Total Deferred Inflows of Resources	<u>\$ 203,243</u>	<u>\$ 410,911</u>	<u>\$ 614,154</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The deferred outflows of resources related to pensions, totaling \$533,517, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Employer Share of Deferred Outflows / (Inflows)		
	FRS	HIS	Total
2021	\$ 1,481,595	\$ 365,289	\$ 1,846,884
2022	2,156,268	291,628	2,447,896
2023	1,751,072	172,113	1,923,185
2024	966,688	150,388	1,117,076
2025	194,229	128,277	322,506
Thereafter	--	101,992	101,992
Total	<u>\$ 6,549,852</u>	<u>\$ 1,209,687</u>	<u>\$ 7,759,539</u>

Actuarial Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
	PUB-2010 base table projected generationally with Scale MP-2018	PUB-2010 base table projected generationally with Scale MP-2018
Mortality Table	7/1/13-6/30/18	N/A
Experience Study	Individual Entry	Age Normal
Actuarial Cost Method	6.80%	2.21%
Investment rate of return	3.25%	3.25%
Projected salary increases	2.40%	2.40%
Inflation		

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Compound		Standard Deviation
		Annual Arithmetic Return	Annual (Geometric) Return	
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			
Assumed inflation-Mean		2.4%		1.7%

Discount Rate

The discount rate used to measure the total pension liability was 6.80 percent for the FRS plan. The fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The HIS program uses a pay as you go funding structure, therefore, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate. The municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Since the prior measurement date, the discount rate for FRS was decreased from 6.90% to 6.80%. The HIS discount rate was decreased from 3.50% to 2.21%.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.

The following table presents the sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2020.

Pension Plan	City's Proportionate Share of the Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
FRS	\$ 34,160,373	\$ 21,392,591	\$ 10,728,884
HIS	8,062,029	6,974,343	6,084,075

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

CITY SPONSORED – DEFINED BENEFIT PLANS

Plan Descriptions

The City is the sponsor of three single-employer defined benefit plans: City of Palm Beach Gardens Police Officers' Pension Fund (the "Police Pension") covering police officers, City of Palm Beach Gardens Retirement Plan for Firefighters (the "Fire Pension") covering Firefighters, and City of Palm Beach Gardens Retirement Plan for General Employees (the "General Employees' Pension"). The defined benefit plan for general employees was closed to new employees hired after May 1, 1995. All three plans are reported as pension trust funds. The City Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

At the election of the Pension Boards, separate audited financial statements are produced for the Police Pension and the Fire Pension. The General Employees' Pension does not issue separate statements. The stand-alone statements for the Police Pension and the Fire Pension are available on the City's homepage at www.pbgfl.com.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Plan Descriptions (continued)

Each pension plan has its own board that acts as plan administrator and trustee. Each plan's assets may only be used for the payment of benefits to the members and beneficiaries of the plan in accordance with the terms of each plan document. The costs of administering each plan are financed in the appropriate pension trust fund.

The General Employees' Pension Board has three members and is comprised of a plan member or retiree or HR administrator if one of these is unable to serve; the City's finance administrator and the City manager or designee.

The Police and Fire Pension Boards are managed by a five-member Board of Trustees comprised of two members appointed by City Council, two members that are elected by plan membership, and a fifth member who is chosen by the other four members.

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer and State of Florida contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments

Investments are reported at fair value except for money market funds and commercial paper which are at amortized cost, and are managed by third party money managers. The Plans' independent custodians and individual money managers price each instrument using various third party pricing sources. The benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plan.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS

General Employees' Pension

The Plan provides normal retirement, early retirement, deferred retirement, disability retirement and death benefits. The benefit provisions are established and may be amended under the authority of City Ordinance. A participant may retire with normal benefits after age 62 with 10 years of credited service. Reduced early retirement benefits are available once a participant reaches age 55 and accumulates 10 years of credited service. Normal retirement benefits are calculated at 2.5% of the participant's average earnings times the participant's credited service years. A participant becomes 100% vested after 10 years of credited service. Early retirement benefits are the same as normal retirement benefits, reduced by 0.55% for each of the first sixty months by which the early retirement age precedes age 62 and further reduced by 0.27% for each of the next twenty-four months by which the early retirement age precedes age 62. Average earnings for purposes of calculating benefits is the average of the three highest years of pensionable earnings out of the last five years of employment. Salary means the average monthly earnings reported to the Internal Revenue Service for income tax purposes.

Disability Benefits

A participant must become totally and permanently disabled prior to his termination of employment as determined by the pension board. The disability benefit is a monthly 10-year certain and life annuity equal to the participant's monthly accrued benefit, but offset as necessary to preclude the total of the participant's worker's compensation, 50% of the participant's social security disability benefit, and any other City-provided disability compensation from exceeding his final monthly salary excluding overtime. For this purpose, the amount of any lump sum worker's compensation payment is converted to an equivalent monthly benefit payable for 10 years certain by dividing the lump sum amount by 83.9692. A disabled participant may elect the single life annuity or a joint and contingent annuity in lieu of the 10-year certain and life form of payment. Regardless of the form of payment, benefits cease upon the participant's recovery from the disability prior to normal retirement date.

Eligibility for disability benefits begins from the participant's date of hire, if the disability is service connected, or after 10 years of service if non-service connected. Service-incurred disability benefits are 60% of the participant's average final compensation, and not less than 2.0% of the participant's average final compensation times his or her credited service years. Non-service incurred disability benefits are 2.5% of the participant's average final compensation times his or her credited service years up to a maximum of 50% of average final compensation.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

General Employees' Pension (continued)

Death Benefits

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity equal to the participant's monthly accrued benefit, payable beginning at the participant's early or normal retirement age. If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

Termination Benefits

Termination benefits for unvested participants are the return of the participant's contributions. For participants who are vested when they terminate, their vested accrued pension benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of 10 years of credited service.

Police Pension

The Plan provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City of Palm Beach Gardens, in conjunction with the Palm Beach County Police Benevolent Association. A member hired before September 13, 2012 may retire with normal benefits after the earlier of age 52 with 10 years of credited service, or 20 years of credited service regardless of age. A member hired on or after September 13, 2012 may retire with normal benefits upon the attainment of age 55 and 10 years of credited service. Reduced early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service. For members retiring prior to September 13, 2012, normal retirement benefits are 3.5% of the member's average monthly earnings times his or her credited service years, up to a maximum of 100% of average monthly earnings, plus a monthly supplemental benefit of \$12.50 per year of service. For members hired prior to September 13, 2012 and retiring on or after September 13, 2012, but not having attained the normal retirement date prior to September 13, 2012, normal retirement benefits are 3.5% of the member's average monthly earnings times his or her credited service years earned prior to September 13, 2012 plus 2.75% of the member's average monthly earnings times his or her credited service years earned on or after September 13, 2012 through October 1, 2019, plus 3.0% of the member's average monthly earnings times his or her credited service years earned after October 1, 2019, up to a maximum of 75% of average monthly earnings, plus a monthly supplemental benefit of \$12.50 per year of service. For members hired on or after September 13, 2012, normal retirement benefits are 2.75% of the member's average monthly earnings times his or her credited service years through October 1, 2019, plus 3.0% of

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

Police Pension (continued)

the member's average monthly earnings times his or her credited service years earned after October 1, 2019, up to a maximum of 75% of average monthly earnings, plus a monthly supplemental benefit of \$12.50 per year of service. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which early retirement precedes the normal retirement date. Average monthly earnings for purposes of calculating benefits is the average of salary during the last five years of employment producing the highest average. Salary means the average monthly earnings reported to the Internal Revenue Service for income tax purposes, plus deferred compensation. Beginning with salary after December 31, 2008, the definition of salary includes amounts paid by the City as differential wages to members who are absent from employment while in qualified military service. Notwithstanding the preceding two sentences, effective September 13, 2012, salary will henceforth mean base pay, excluding all other compensation, provided that the salary of any member employed on September 13, 2012 shall include payment for unused accrued sick and annual leave up to the dollar amount of unused sick and annual leave that the member has accrued as of September 13, 2012. However, in no event will the salary of any member who is employed on September 13, 2012 be less than the member's salary on September 12, 2012 as determined in accordance with the definition of salary in effect on September 12, 2012.

Deferred Retirement Option Plan

Any member who attains 20 years of service or age 52 with 10 years of service may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. The election to enter the DROP must be made prior to completing 25 years of credited service. Upon participation in the DROP, the member becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the Plan. Normal retirement payments that would have been payable to the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member at the first to occur of: termination of employment, 30 years of credited service or 5 years of participation.

Disability Benefits

Eligibility for disability benefits begins from the member's date of hire, if the disability is service connected, or after 10 years of service if non-service connected. Service-incurred disability benefits are 60% of the member's current compensation, and not less than the accrued pension benefit. Non-service incurred disability benefits are calculated the same as a normal retirement pension based on average monthly earnings and credited service at the time of disability, but not less than 25% of average monthly earnings or the accrued pension benefit, whichever is greater.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

Police Pension (continued)

Death Benefits

Pre-retirement death benefits for service related deaths are paid to the member's beneficiary for life. Benefits are calculated at 50% of the member's average monthly earnings, with a minimum equal to the accrued pension benefit (with no early retirement reduction). Pre-retirement death benefits for non-service related deaths are paid to the member's beneficiary for life. For members with less than 5 years of contributing service at the date of death, the benefit is the return of the member's contributions without interest. For members with 5 years or more of contributing service at the date of death, the benefit is equal to that payable at early or normal retirement age. If the member is eligible for normal retirement, the benefit is equal to his or her accrued pension benefit, and is payable for life.

Termination Benefits

Termination benefits for unvested members are the return of the member's contributions. For members who are vested when they terminate, their vested accrued pension benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of 10 years of credited service.

Fire Pension

The Plan provides normal retirement, early retirement, deferred retirement, disability retirement and death benefits. The benefit provisions are established and may be amended under the authority of City Ordinance. A participant may retire with normal benefits after the earlier of age 52 with 10 years of credited service, or 25 years of credited service regardless of age. Reduced early retirement benefits are available once a participant reaches age 50 and accumulates 10 years of credited service. Normal retirement benefits are 3.0% of the participant's average final compensation times the participant's credited service years up to a maximum of 99% (75% for participants retiring on or after September 13, 2012 who were not eligible for normal retirement or who did not have an accrued pension benefit in excess of 75% of average final compensation on that date) of average final compensation. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which the commencement of benefits precedes age 52. Average final compensation for purposes of calculating benefits is one twelfth of the average annual salary for the best five years of the last ten years of credited service. Salary means the total

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

Fire Pension (continued)

compensation for services rendered to the City as a firefighter is reportable on the participant's W-2 form plus all tax deferred, tax-sheltered or tax exempt items of income derived from elective employee payroll deduction or salary reduction. Notwithstanding the preceding sentence, effective September 13, 2012, salary shall exclude all overtime compensation as well as payments for unused accrued sick and annual leave; provided the salary of any participant employed on September 13, 2012 shall include payment for unused accrued sick and annual leave up to the number of hours of unused sick and annual leave accrued on September 13, 2012.

Deferred Retirement Option Plan

Any participant who attains 25 years of service or age 52 with 10 years of service may elect to participate in the deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the participant becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the Plan. Normal retirement payments that would have been payable to the participant as a result are accumulated and invested in the DROP plan to be distributed to the participant upon his or her termination of employment. Participation in the DROP plan ceases for a participant at the first to occur of: termination of employment or 5 years of participation.

Disability Benefits

Eligibility for disability benefits begins from the participant's date of hire, if the disability is service connected, or after 10 years of service if non-service connected. Service-incurred disability benefits are 60% of the participant's average final compensation, and not less than 2.0% of the participant's average final compensation times his or her credited service years. Non-service incurred disability benefits are 2.5% of the participant's average final compensation times his or her credited service years up to a maximum of 50% of average final compensation.

Death Benefits

The death benefit for a participant who was partially or fully vested, but had not attained at least age 50, is a payment of the participant's accrued pension benefit to the participant's beneficiary for 10 years, beginning on the date that the participant would have attained age 52 for a normal retirement benefit or age 50 for an early retirement benefit, at the option of the beneficiary. The death benefit for a participant who was not vested is a return of the participant's contributions to the participant's beneficiary.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

Fire Pension (continued)

Termination Benefits

Termination benefits for unvested participants are the return of the participant's contributions. For participants who are vested when they terminate, their vested accrued pension benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of 10 years of credited service.

Cost of Living Adjustments

Beginning January 1, 2004, and each January 1 thereafter, all participants receiving benefits, excluding disability retirees, shall receive an age based cost of living adjustment. The amount will be 1.0% for participants who are age 53, 2.0% for participants who are age 54, and 3.0% for participants who are age 55 or greater. Effective January 1, 2013, the applicable percentage for participants who are age 55 or greater, and who were not employed and eligible for normal retirement on September 13, 2012, shall be 1.5%.

All Plans

The plan membership as of October 1, 2020 for the General Employees' and October 1, 2019 for the Police and Fire, the date of the latest actuarial valuations are listed below:

	General Employees'	Police	Fire
Active Employees	2	111	97
Benefits	8	81	60
Inactive Employees Entitled to but not yet Receiving Benefits	2	3	10
Total	12	195	167

Contributions

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Fire Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirement for the then most recently completed fiscal year.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

BENEFIT TERMS (CONTINUED)

The following schedule summarizes the contribution rates for the City and its plan members:

	General Employees'	Police	Fire
Contribution Rates:			
City	105.43%	43.62%	54.19%
State	N/A	7.34%	6.80%
Plan members	6.00%	8.60%	6.00%

The Police Officers' and Firefighters' Pension Plans are partially funded by contributions from the State of Florida under Chapters 185 and 175, respectively, of the Florida Statutes. This contribution consists of excise taxes collected by the State on property and casualty insurance premiums on policies written within the City and totaled \$1,466,719 for the year ended September 30, 2020: \$723,647 for property insurance contracts for firefighters and \$743,072 for casualty insurance contracts for police officers. These amounts are recognized as insurance premium tax revenues and public safety expenditures in the General Fund.

NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2019 for the Police Pension and Fire Pension and the General Employees' Pension was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial accounting valuation as of these dates.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019 for the Police Pension and Fire Pension and the General Employees' Pension used an actuarial valuation as of October 1, 2019 updated to September 30, 2020. The following actuarial assumptions, applied to all measurement periods:

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions (continued)

	General Employees'	Police	Fire
	RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB	RP-2000 Table for annuitants with mortality improvement projected to all future years using Scale BB	RP-2000 Generational Table using Scale BB
Mortality Table	7.00%	6.50%	7.15%
Investment rate of return	5.00%	3% - 4.5%	4.5% - 8.2%
Projected salary increases	0.00%	2.50%	2.50%
Inflation	0.00%	N/A	1%-2%
Cost of living adjustments			

The actuarial assumptions used in the September 30, 2019 accounting valuation for the Police Pension and Fire Pension were based on the results of an actuarial experience study for the period of October 1, 2013 – September 30, 2016. The assumptions used in the September 30, 2019 accounting valuation for the General Employees' Pension were based on the results of an actuarial experience study for the period of October 1, 2014 – September 30, 2017.

Long-term Expected Rate of Return

The long-term expected rate of return for the General Employees' Pension, Police Pension and the Fire Pension investments were determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the General Employee's Pension, Police Pension and Fire Pension plan's target asset allocation as of September 30, 2020 are summarized and included in the following table.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

Long-term Expected Rate of Return (continued)

Plan	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
General Employees	Core bonds	30%	1.85%
	U.S. large cap equity	34%	4.60%
	U.S. small cap equity	11%	5.50%
	Non-U.S. equity	15%	6.70%
	Real estate	10%	5.00%
Fire	Domestic equity	50%	7.50%
	Foreign equity	10%	8.50%
	Domestic fixed income	20%	2.50%
	Global fixed income	5%	3.50%
	Real estate	10%	4.50%
	Alternative	5%	3.50%
Police	Domestic equity	50%	7.50%
	International equity	10%	8.50%
	Domestic bonds	30.0%	2.50%
	Real estate	10.0%	4.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the General Employees' Pension, 6.50% for the Police Pension, and 7.15% for the Fire Pension. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made as legally required. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

Discount Rate (continued)

Since the prior measurement date, the discount rate of the Police Pension discount rate has been lowered each year for the past eight years until the rate reached 6.50%.

Changes in the Net Pension Liability

The changes in the net pension liability at the measurement date, were as follows:

	General Employees'	Police	Fire
Total Pension Liability			
Service Cost	\$ 17,744	\$ 2,042,596	\$ 2,064,570
Interest	247,256	7,225,485	9,012,325
Change in Excess State Money	--	--	--
Share Plan Allocation	--	219,362	141,612
Changes of Benefit Terms	--	1,667,089	(9,669)
Differences Between Expected and Actual Experience	11,593	587,484	1,733,462
Changes of Assumptions	--	1,084,094	1,520,614
Benefit Payments Including Refunds of Employee Contributions	(229,887)	(6,339,560)	(4,508,950)
Net Change in Total Pension Liability	46,706	6,486,550	9,953,964
Total Pension Liability - Beginning	3,663,952	110,494,550	124,507,507
Total Pension Liability - Ending (a)	<u>\$ 3,710,658</u>	<u>\$ 116,981,100</u>	<u>\$ 134,461,471</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

Changes in the Net Pension Liability (continued)

	General Employees'	Police	Fire
Plan Fiduciary Net Position			
Contributions - Employer	\$ 57,497	\$ 3,566,126	\$ 6,899,640
Contributions - State	--	913,938	699,764
Contributions - Employee	11,280	694,166	492,488
Net Investment Income	180,820	2,046,222	5,689,306
Benefit Payments Including Refunds of Employee Contributions	(229,887)	(6,339,560)	(4,508,950)
Administrative Expense	(10,925)	(144,764)	(158,798)
Other	--	--	--
Net Change in Plan Fiduciary Net Position	8,785	736,128	9,113,450
Plan Fiduciary Net Position - Beginning	<u>2,866,237</u>	<u>97,649,282</u>	<u>104,487,184</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,875,022</u></u>	<u><u>*\$ 98,385,410</u></u>	<u><u>\$ 113,600,634</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 835,636</u></u>	<u><u>\$ 18,595,690</u></u>	<u><u>\$ 20,860,837</u></u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	77.48%	84.10%	84.49%
Covered Payroll	\$ 109,969	\$ 8,071,698	\$ 8,208,129
Net Pension Liability as a % of Covered Payroll	759.88%	230.38%	254.15%

* The amount does not agree to the General Employees' Pension Trust Fund by \$946 due to differences related to the timing of an adjusting journal entry.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the current discount rates and the liability using discount rates that are one percentage point lower and one percentage point higher than the current rates:

Pension Plan	Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
General Employees'	\$1,197,686	\$ 835,636	\$ 523,874
Police	30,649,848	18,595,690	8,595,275
Fire	37,850,525	20,860,837	7,141,647

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for General Employees, 6.50% for Police and 7.15% for the Fire Plan.

Pension plan fiduciary net position. Detailed information about the Police Pension and Fire Pension fiduciary net position is available in the separately issued financial reports. The General Employees' fiduciary net position information is shown below:

General Employees Pension Trust Fund

Statement of Fiduciary Net Position

September 30, 2020

Assets

Cash and cash equivalents	\$ 23,000
Investments	2,852,022
Receivables	492

Total Assets

2,875,514

Liabilities

Accounts payable	1,438
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Net Position Restricted for Pension Benefits

\$ 2,874,076

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

General Employees Pension Trust Fund Statement of Changes in Fiduciary Net Position Year Ended September 30, 2020

Additions

Contributions:

Employer	\$ 114,994
Employees	11,357

Total Contributions	<u>126,351</u>
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Investment earnings:

Net increase in the fair value of investments	180,819
Less investment expenses	(5,729)
Net investment gain	<u>175,090</u>

Total Additions	<u>301,441</u>
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Deductions

Pension benefits	229,887
Administrative expenses	5,200

Total Deductions	<u>235,087</u>
-------------------------	----------------

Change in Net Position	66,354
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Net Position Restricted for Pension Benefits:

Beginning	<u>2,807,722</u>
Ending	<u>\$ 2,874,076</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2020, The City recognized pension expense of \$10,625,993. Deferred outflows and inflows of resources related to pensions are as follows:

	Deferred Outflows of Resources			
	General Employees'	Police	Fire	Total
Differences between expected and actual experience	\$ --	\$ 1,000,511	\$ 2,846,356	\$ 3,846,867
Assumption Changes	128,271	2,292,687	4,727,116	7,148,074
Net Difference between projected and actual earnings on pension plan investments	31,652	3,560,368	--	3,592,020
Differences between expected and actual experience	21,370	--	--	21,370
Employer and State contributions subsequent to the measurement date	--	4,127,736	5,394,468	9,522,204
Total Deferred Outflows of Resources	<u>\$ 181,293</u>	<u>\$ 10,981,302</u>	<u>\$ 12,967,940</u>	<u>\$ 24,130,535</u>
	Deferred Inflows of Resources			
	General Employees'	Police	Fire	Total
Differences between expected and actual experience	\$ 76,068	\$ --	\$ 1,600,634	\$ 1,676,702
Net Difference between projected and actual earnings on pension plan investments	37,336	4,836,266	1,619,712	6,493,314
Total Deferred Inflows of Resources	<u>\$ 113,404</u>	<u>\$ 4,836,266</u>	<u>\$ 3,220,346</u>	<u>\$ 8,170,016</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

CITY SPONSORED – DEFINED BENEFIT PLANS (CONTINUED)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources related to City contributions made subsequent to the measurement date of \$9,522,204 will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending September 30	General Employees'	Police	Fire	Total
2021	\$ (8,150)	\$ (478,375)	\$ 1,410,116	\$ 923,591
2022	22,758	(46,777)	1,416,761	1,392,742
2023	25,971	865,951	473,406	1,365,328
2024	19,129	1,352,968	1,052,843	2,424,940
2025	8,181	269,609	--	277,790
Thereafter	--	53,924	--	53,924
Total	<u>\$ 67,889</u>	<u>\$ 2,017,300</u>	<u>\$ 4,353,126</u>	<u>\$ 6,438,315</u>

The following summarizes the pension related amounts for the City as of the indicated measurement date:

	Measurement Date	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
FRS	6/30/2020	\$ 21,392,591	\$ 7,210,425	\$ 203,243	\$ 4,825,409
HIS	6/30/2020	6,974,343	1,696,785	410,911	779,231
General Employees'	9/30/2020	835,636	181,293	113,404	67,656
Police	9/30/2019	18,595,690	10,981,302	4,836,266	4,785,450
Fire	9/30/2019	<u>20,860,837</u>	<u>12,967,940</u>	<u>3,220,346</u>	<u>5,772,887</u>
Total		<u>\$ 68,659,097</u>	<u>\$ 33,037,745</u>	<u>\$ 8,784,170</u>	<u>\$ 16,230,633</u>

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

DEFINED CONTRIBUTION PLANS

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 3.30%, Special Risk Administrative Support class 4.95%, Special Risk class 11.00%, Senior Management Service class 4.67% and County and Local Elected Officers class 8.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

DEFINED CONTRIBUTION PLANS (CONTINUED)

Investment Plan (continued)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$643,277 for the fiscal year ended September 30, 2020.

Defined Contribution Plan

The City of Palm Beach Gardens Money Purchase Plan (the "General Plan") and the City of Palm Beach Gardens Executive Plan (the "Executive Plan") are defined contribution plans established by the City and administered by ICMA Retirement Corporation to provide benefits at retirement to the employees of the City. The General Plan was closed to new employees hired on or after October 1, 2006.

Employees of the City that were hired prior to October 1, 2006, and elected not to join the FRS are eligible to participate in the General Plan. There were eleven plan members during the fiscal year. The City contributes to the General Plan an amount equal to the FRS contribution rate at the time of election (9.85% general employee and 13.12% senior management) of the employee's base salary each month. Employees also contribute an amount equal to 4% of their base salary in the General Plan. The City's contributions for each employee (and interest allocated to the employees' accounts) are fully vested after one year of continuous service. Plan revisions and contribution requirements are established and may be amended by the City Council.

The City Manager is the only employee eligible to participate in the Executive Plan. The City contributes 15% to the Executive Plan. As part of the employment agreement with the City Manager, the City contributes 3% of the base salary to the Executive Plan, in addition to the 15%.

The City's contributions were calculated using the base salary amount of \$845,719 for the General Plan and \$287,045 for the Executive Plan. The City made its required contributions of \$92,700 for the General Plan and \$51,668 for the Executive Plan and employees made their required contributions of \$33,829 to the General Plan.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – PENSION PLANS (CONTINUED)

DEFINED CONTRIBUTION PLANS (CONTINUED)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. This plan, available to all City employees, permits them to defer the payment of a portion of their salary until future years. Participation in this plan is voluntary and the City makes no contributions to this plan on behalf of the employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred, including the investments and earnings thereon, vest with the employee and are not subject to the claims of the City's general creditors.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The City follows the guidance contained in Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain post-employment health care benefits provided by the City for the fiscal year ended September 30, 2020.

PLAN DESCRIPTION

The City provides certain healthcare benefits to active and retired employees and their dependents. The health plan is a single-employer plan administered by the City. The benefits, levels of benefit, employee contributions, and employer contributions are governed by the City and can be amended by the City through management recommendations to, and approval by, City Council as part of the annual budget adoption process. The plan is not reported as a trust fund nor has an irrevocable trust or equivalent arrangement been established to account for the plan. As a result, the plan does not issue a separate financial report. The activity of the plan is reported in the City's Self-Insurance fund, an internal service fund.

BENEFITS PROVIDED

Retired City employees can continue the same medical coverage they had as active employees. The City provides postemployment health care benefits to its retired employees and their dependents. To be eligible for benefits, an employee must reach retirement eligibility in their respective pension plan.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

BENEFITS PROVIDED (CONTINUED)

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, and substance abuse care; dental care; and prescriptions. Upon a retired employee reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

MEMBERSHIP

As of September 30, 2019, the measurement date, membership consisted of:

Membership September 30, 2019	
Active Employees	503
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>58</u>
Total	<u>561</u>

FUNDING POLICY

The City establishes the individual premium to be paid by the retired employees. The State of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees. Generally accepted accounting principles, however, require that the actuarial information presented below be calculated using age adjusted premiums approximating claim costs for retirees separate from the active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. For the year ended September 30, 2020, retired employees contributed \$851,417 to the plan. For those employees, through its Self-Insurance Fund, the City paid \$1,122,151 in claims and administrative costs resulting in a net cost of \$270,734. Active employees do not contribute 100% of the premium cost to the plan until retirement.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

TOTAL OPEB LIABILITY

The City's total OPEB liability was measured as of September 30, 2019. The total OPEB liability was determined by an actuarial accounting valuation as of this date.

Actuarial Assumptions

The total OPEB liability in the October 1, 2019 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement.

The actuarial assumptions included a 2.75% investment discount rate, inflation rate of 2.2%, an annual healthcare cost trend rate of 5.50% decreasing until it reaches 4.00%, and payroll growth of 3.5%. Life expectancies were based upon data found in the RP-2000 healthy and disability tables. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions used in the valuation were based on October 1, 2019 census data, which included data and medical claims from October 2016-September 2019.

Changes in the Total OPEB Liability

The changes in the total OPEB liability at the measurement date, were as follows:

Total OPEB Liability	
Service cost	\$ 374,846
Interest cost	323,509
Changes of benefit terms	--
Differences between expected and actual experience	31,877
Changes of assumptions	817,600
Benefit payments	<u>(461,170)</u>
Net Change in Total OPEB Liability	1,086,662
Total OPEB Liability - Beginning	<u>8,661,362</u>
Total OPEB Liability - Ending	<u><u>\$ 9,748,024</u></u>
Covered Employee Payroll	\$ 38,275,907
Total OPEB Liability as a Percentage of Payroll	25.47%

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the City's total pension liability calculated using the current discount rates and the liability using discount rates that are one percentage point lower and one percentage point higher than the current rates:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	\$ 10,591,661	\$9,748,024	\$ 8,987,922

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the City's total OPEB liability calculated using the current healthcare cost trend rates and the liability using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current rates:

	1% Decrease 2.80%	Healthcare Cost Trend Rate 3.80%	1% Increase 4.80%
Total OPEB Liability	\$ 8,852,161	\$9,748,024	\$ 10,781,837

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

NET PENSION LIABILITY (CONTINUED)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2020, The City recognized OPEB expense of \$674,869. Deferred outflows and inflows of resources related to OPEB are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,317	\$ 97,280
Assumption Changes	700,800	475,202
Net Difference between projected and actual earnings on OPEB plan investments	--	--
Employer and State contributions subsequent to the measurement date	--	--
Total	\$ 739,117	\$ 572,482

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2021	\$ (23,486)
2022	(23,486)
2023	(23,483)
2024	57,870
2025	57,868
Thereafter	121,352
Total	\$ 166,635

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various claims and legal actions occurring in the course of operations. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

NOTE 11 – COMMITMENTS

Commitments on major construction contracts consist of the following:

Project	Total Project Authorization	Expended at September 30, 2020	Balance to Complete
City Hall Expansion	\$ 8,971,382	\$ 8,299,649	\$ 671,733
Aquatic Complex Renovation	3,000,000	4,263	2,995,737
New Soccer Complex- District Park	13,700,000	12,831,728	868,272
New Operations Center	6,860,655	6,726,795	133,860
Tennis Center Clubhouse Expansion	4,900,116	4,578,353	321,763
Baseball Complex Expansion	<u>2,975,873</u>	<u>2,825,057</u>	<u>150,816</u>
	<u>\$ 40,408,026</u>	<u>\$ 35,265,845</u>	<u>\$ 5,142,181</u>

SOLID WASTE, RECYCLING, AND VEGETATIVE WASTE COLLECTION SERVICES

On January 4, 2018, the City entered into an agreement to retain the services of Waste Management, Inc. of Florida and granting an exclusive solid waste, recycling and vegetative waste collection services franchise. The agreement is for a period of ten years commencing April 1, 2018 through March 31, 2028, with no options to renew. The cost of the contract totaled \$2,913,934 for the fiscal year ended September 30, 2020.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 11 – COMMITMENTS (CONTINUED)

ENCUMBRANCES

Encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized by the City during the year. Because appropriations expire at year end, even if encumbered, it is the City's policy to re-appropriate such amounts at the beginning of the next fiscal year. Encumbrances outstanding at year end are reported as part of restricted and assigned fund balances. Below is a listing of outstanding encumbrances by fund at September 30, 2020:

Fund	Encumbrances Outstanding
General fund	\$ 4,513,096
One-cent sales surtax capital improvements fund	774,089
Non-major governmental funds	<u>758,254</u>
Total	<u><u>\$ 6,045,439</u></u>

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

The City, through an interlocal agreement with certain other municipalities and Palm Beach County, created the Seacoast Utility Authority ("Seacoast") which provides water and sewer service to the citizens of each of the participating municipalities and a portion of Palm Beach County. Seacoast's governing board is comprised of one member from each participating entity. Seacoast is an independent authority organized under the laws of the State of Florida and the City has no participating equity ownership in Seacoast. The City paid \$274,703 to Seacoast during the fiscal year for water and sewer service and connection fees relating to capital projects.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 13 – RISK MANAGEMENT AND HEALTH INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the City carries commercial insurance. Specifically, the City purchases commercial insurance for property, liability, and workers' compensation. The City is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements in excess of insurance coverage for the past three fiscal years.

SELF-INSURANCE FUND

During fiscal year 2009, the City established the Self-Insurance Fund (internal service fund) to account for medical insurance claims of City employees and their covered dependents. Under this program, the fund provides the employee with an unlimited lifetime maximum benefit. A maximum deductible of \$275,000 for specific claims has been set. Commercial insurance for specific loss claims in excess of the coverage provided by the fund is supplied by Symetra Life Insurance Company. The City has contracted with Blue Cross/Blue Shield to perform certain administrative functions, such as monitoring, reviewing and paying claims. Settled claims have not exceeded the excess insurance limits during the fiscal year.

All City departments participate in the program and make payments to the Self-Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 13 – RISK MANAGEMENT AND HEALTH INSURANCE (CONTINUED)

SELF-INSURANCE FUND (CONTINUED)

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether the expenses are allocated to specific claims. Changes in claims liabilities were as follows:

Fiscal Year Ended	Claims Payable Beginning of Year	Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
9/30/2019	\$337,617	\$6,940,608	\$(6,904,521)	\$ 373,704
9/30/2020	373,704	7,365,626	(7,328,317)	411,013

NOTE 14 – INVESTMENT IN JOINT VENTURE

The City entered into an interlocal agreement with two other municipalities in Palm Beach County to purchase and operate a county-wide public safety communications system. The interlocal agreement established the Municipal Public Safety Communications Consortium of Palm Beach County (“MPSCC”) whose purpose is to provide its members with expanded radio communication services (via the 800MHz trunked radio system) to aid in public safety over a larger geographical region. The MPSCC is a cost sharing organization. Its annual budget is prepared by the Executive Director and approved by the Board of Directors of MPSCC. The member municipalities of the MPSCC are obligated for the debt incurred by the consortium and each municipality is responsible for their respective portion of costs incurred by the MPSCC. The City’s initial investment in this joint venture was \$676,200, which represented 13.8% of the total consortium investment. During the current fiscal year, the City had expenditures of \$139,948 relating to the consortium. The City’s investment in the joint venture is \$2,149,284 as of September 30, 2020. Separate financial statements for the MPSCC may be obtained from, Palm Beach Gardens Police, Attention: Ernie Carr, 10500 Military Trail, Palm Beach Gardens, Florida 33410.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 15 – INTERLOCAL AGREEMENT

On September 30, 2010, the City adopted Resolution 74, 2010, entering into an agreement with three other municipalities (the Town of Jupiter, Town of Juno Beach, and Jupiter Inlet Colony) to provide consolidated police dispatch operations in Palm Beach County. On September 17, 2014, the Village of North Palm Beach entered the interlocal agreement. The Northern Municipal Regional Communications Center's (NMRCC) budget for the fiscal year was \$4,058,454 which was offset by \$34,519 in Palm Beach County 911 reimbursements. In addition, each participating municipality was responsible for its pro-rata share of administrative service fees totaling \$541,167.

The allocation of expenditures to the four municipalities is based on population with the City's share at 40.7%, the Town of Jupiter at 46.9%, the Village of North Palm Beach at 9.5%, the Town of Juno Beach at 2.6% and the Jupiter Inlet Colony at .3%. The City received payments from the Town of Jupiter, Town of Juno Beach, Village of North Palm Beach and Jupiter Inlet Colony for dispatch services totaling \$2,719,832, which included an administrative services fee of \$321,156. The City was responsible for \$1,845,274. Actual expenditures were less than the dispatch operations budget during the fiscal year by \$88,339. The accumulated portion of payments from municipalities that exceed actual expenditures is shown as restricted for law enforcement on the governmental funds balance sheet.

NOTE 16 – CONDUIT DEBT OBLIGATIONS

On December 7, 2017, the City adopted Resolution 83, 2017, authorizing the issuance of a debt obligation of the City in the amount of \$10,257,000 with the proceeds loaned to St. Mark's Church, Inc. and used for the purpose of refinancing certain outstanding debt of the borrower in connection with the acquisition, construction, and equipping of facilities for a pre-kindergarten to grade eight school. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2020, the outstanding balance of the debt was \$9,496,127.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 17 – TAX ABATEMENT

On July 11, 2019, the City adopted Ordinance 13, 2019, approving an economic development ad valorem tax exemption with Carrier Corporation. The tax exemption will be for a period of ten years commencing on January 1, 2020 and expiring on December 31, 2029. The economic development incentive approves a 100% exemption for the first five years and a 50% exemption for the next five years. There was no impact on the current fiscal year's ad valorem tax revenues as the exemption began with the January 1, 2020 property valuation which will affect the September 30, 2021 fiscal year revenues.

NOTE 18 – SUBSEQUENT EVENT

On January 14, 2021, the City adopted Resolution 7, 2021, authorizing the issuance of 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.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues					
Taxes:					
Ad valorem taxes	\$ 67,183,805	\$ --	\$ 67,183,805	\$ 67,588,710	\$ 404,905
Local business taxes	1,550,000	--	1,550,000	1,590,949	40,949
Utility taxes	2,052,000	(133,000)	1,919,000	1,913,129	(5,871)
Special assessment	115,000	--	115,000	112,970	(2,030)
Franchise fees	5,612,000	(271,000)	5,341,000	5,473,521	132,521
Licenses and permits	4,217,792	2,900,000	7,117,792	7,468,226	350,434
Intergovernmental	6,423,000	1,669,000	8,092,000	8,625,182	533,182
Charges for services	5,976,210	--	5,976,210	7,353,394	1,377,184
Fines and forfeitures	177,000	--	177,000	437,638	260,638
Investment income	854,000	--	854,000	1,542,513	688,513
Miscellaneous	1,483,400	--	1,483,400	1,690,216	206,816
Total Revenues	95,644,207	4,165,000	99,809,207	103,796,448	3,987,241
Expenditures					
General Government:					
City Council	519,708	--	519,708	412,735	106,973
Administration	809,412	--	809,412	868,426	(59,014)
Purchasing and Contract Management	172,298	--	172,298	199,237	(26,939)
Information Technology	2,674,297	30,506	2,704,803	2,586,722	118,081
City Clerk	926,107	(4,520)	921,587	688,782	232,805
Legal Services	503,084	--	503,084	528,839	(25,755)
Public Communications	442,733	--	442,733	329,701	113,032
Engineering Services	838,828	--	838,828	835,208	3,620
Human Resources	956,702	--	956,702	798,028	158,674
Finance	1,191,777	1,000	1,192,777	1,230,959	(38,182)
General Services	6,502,226	2,099,574	8,601,800	8,031,622	570,178
Planning and Zoning:					
Administration	579,166	165,576	744,742	510,421	234,321
Development Compliance	535,639	--	535,639	476,953	58,686
Planning	931,933	(5,600)	926,333	883,127	43,206
GIS	312,073	(5,300)	306,773	290,981	15,792
Construction Services - Building	2,087,488	(42,500)	2,044,988	1,845,398	199,590
Code Enforcement	1,021,050	--	1,021,050	902,618	118,432
Total general government	21,004,521	2,238,736	23,243,257	21,419,757	1,823,500
Public safety:					
Police	28,059,198	111,447	28,170,645	26,972,118	1,198,527
Fire and Emergency Services	24,995,626	33,510	25,029,136	24,149,863	879,273
Total public safety	53,054,824	144,957	53,199,781	51,121,981	2,077,800

(Continued)

See notes to required supplementary information.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Adopted Budget	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and Recreation:					
Administrative Services	\$ 359,085	\$ --	\$ 359,085	\$ 223,705	\$ 135,380
Seniors and Wellness	79,827	--	79,827	50,686	29,141
Aquatics	266,364	--	266,364	103,909	162,455
Tennis	265,194	(20,116)	245,078	261,161	(16,083)
Programs	208,384	(1,311)	207,073	161,296	45,777
Total cultural and recreation	<u>1,178,854</u>	<u>(21,427)</u>	<u>1,157,427</u>	<u>800,757</u>	<u>356,670</u>
Physical Environment:					
Administrative Services	1,298,618	10,750	1,309,368	1,196,631	112,737
Facilities Maintenance	4,047,620	1,129,418	5,177,038	4,228,189	948,849
Stormwater and Street Maintenance	3,394,947	546,114	3,941,061	3,495,262	445,799
Parks and Grounds	<u>5,008,538</u>	<u>(51,491)</u>	<u>4,957,047</u>	<u>4,649,055</u>	<u>307,992</u>
Total physical environment	<u>13,749,723</u>	<u>1,634,791</u>	<u>15,384,514</u>	<u>13,569,137</u>	<u>1,815,377</u>
Capital outlay	<u>5,177,889</u>	<u>11,589,480</u>	<u>16,767,369</u>	<u>10,249,870</u>	<u>6,517,499</u>
Debt Service:					
Principal	3,353,636	--	3,353,636	3,327,464	26,172
Interest	<u>282,586</u>	<u>--</u>	<u>282,586</u>	<u>285,043</u>	<u>(2,457)</u>
Total debt service	<u>3,636,222</u>	<u>--</u>	<u>3,636,222</u>	<u>3,612,507</u>	<u>23,715</u>
Total Expenditures	<u>97,802,033</u>	<u>15,586,537</u>	<u>113,388,570</u>	<u>100,774,009</u>	<u>12,614,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,157,826)</u>	<u>(11,421,537)</u>	<u>(13,579,363)</u>	<u>3,022,439</u>	<u>16,601,802</u>
Other Financing Sources/(Uses)					
Transfers in	682,110	--	682,110	682,110	--
Transfers out	(497,754)	(2,700,000)	(3,197,754)	(3,197,754)	--
Capital lease financing	--	594,189	594,189	595,000	811
Sale of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources/(Uses)	<u>184,356</u>	<u>(2,105,811)</u>	<u>(1,921,455)</u>	<u>(1,920,644)</u>	<u>811</u>
Net Change in Fund Balance	<u>(1,973,470)</u>	<u>(13,527,348)</u>	<u>(15,500,818)</u>	<u>1,101,795</u>	<u>16,602,613</u>
Fund Balance, Beginning	<u>30,991,522</u>	<u>18,869,136</u>	<u>49,860,658</u>	<u>49,860,658</u>	<u>--</u>
Fund Balance, End	<u>\$ 29,018,052</u>	<u>\$ 5,341,788</u>	<u>\$ 34,359,840</u>	<u>\$ 50,962,453</u>	<u>\$ 16,602,613</u>

See notes to required supplementary information.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BUDGETARY INFORMATION

State of Florida statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general fund, special revenue funds (except the extra duty police fund), capital projects funds and the proprietary fund. The procedures for establishing budgetary data are as follows:

Prior to the first Council meeting in August of each year, the City Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them.

The Council holds public meetings to obtain taxpayer comments.

Upon completion of the public hearings, a final operating budget is legally enacted through the passage of an ordinance before September 30th. Estimated fund balances are considered in the budgetary process.

A City ordinance establishes the legal level of budgetary control at the fund level. Any increase in the total amount appropriated for any funds must be approved by ordinance of the Council. Any transfer between funds must be approved by the City Manager and by ordinance of the City Council. Transfers from the Council contingency account must be approved by the City Council. Any other budget transfer within the same fund must be approved by the City Manager.

The adopted budgets are prepared in accordance with generally accepted accounting principles. The Council also adopts non-appropriated operating budgets for the proprietary funds substantially on a basis consistent with generally accepted accounting principles, except that depreciation is not budgeted and capital outlay purchases are presented as expenditures. The reported budgetary data represents the final appropriated budgets after amendments adopted by the Council.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 – BUDGET AND ACTUAL COMPARISONS

The Budgetary Comparison Schedule for the General Fund is required to be prepared under the basis of accounting used in preparing the budget. As indicated in Note 1, the modified accrual basis of accounting is used for budgetary purposes. On-behalf payments from the State of Florida for Police and Fire-Rescue pensions are not included in the budget. As a result, General Fund revenue and expenditures reported in the budget and actual statement differ from the corresponding amounts reported on the basis of U.S. generally accepted accounting principles. These differences can be reconciled as follows:

	<u>Revenue</u>	<u>Expenditures</u>
Budgetary basis	\$103,796,448	\$100,774,009
State on-behalf payments for Police and Fire-Rescue pension contributions not included in budgetary basis	<u>1,466,719</u>	<u>1,466,719</u>
GAAP Basis	<u><u>\$105,263,167</u></u>	<u><u>\$102,240,728</u></u>

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

September 30 Reporting Date,	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 390,934	\$ 377,769	\$ 374,846
Interest cost	264,888	300,906	323,509
Changes of benefit terms	--	--	--
Differences between expected and actual experience	(194,561)	15,392	31,877
Changes of assumptions	(293,572)	(459,782)	817,600
Benefit payments	(115,134)	(325,087)	(461,170)
Net Change in Total OPEB Liability	52,555	(90,802)	1,086,662
Total OPEB Liability - Beginning	8,699,609	8,752,164	8,661,362
Total OPEB Liability - Ending	<u>\$ 8,752,164</u>	<u>\$ 8,661,362</u>	<u>\$ 9,748,024</u>
Covered Employee Payroll	\$ 34,490,167	\$ 36,593,959	\$ 38,275,907
Total OPEB Liability as a Percentage of Payroll	25.38%	23.67%	25.47%

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

Changes of assumptions:

The discount rate was changed as follows:

Discount Rate	
9/30/2018	3.50%
9/30/2019	3.83%
9/30/2020	2.75%

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION PLAN**

Measurement Date September 30	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 22,444	\$ 26,882	\$ 28,547	\$ 29,083	\$ 28,765	\$ 17,504	\$ 17,744
Expected interest growth	247,973	216,936	225,546	229,409	245,929	245,555	247,256
Unexpected investment income	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--
Differences between expected and actual experience	--	(177,492)	45,110	92,626	(9,661)	(5,122)	11,593
Changes of assumptions	--	299,295	--	122,668	--	--	--
Benefit payments, including refunds of member contributions	(255,756)	(244,528)	(240,519)	(237,655)	(233,373)	(231,946)	(229,887)
Net Change in Total Pension Liability	14,661	121,093	58,684	236,131	31,660	25,991	46,706
Total Pension Liability - Beginning	3,175,732	3,190,393	3,311,486	3,370,170	3,606,301	3,637,961	3,663,952
Total pension liability - Ending	\$ 3,190,393	\$ 3,311,486	\$ 3,370,170	\$ 3,606,301	\$ 3,637,961	\$ 3,663,952	\$ 3,710,658
Plan Fiduciary Net Position							
Contributions - employer	\$ 120,572	\$ 172,758	\$ 146,187	\$ 253,534	\$ 104,336	\$ 262,022	\$ 57,497
Contributions - member	9,540	10,080	9,976	10,111	10,927	11,296	11,280
Expected interest growth	173,559	156,819	151,081	160,489	194,699	154,504	180,820
Unexpected investment income	12,965	(155,031)	24,668	154,538	--	--	--
Benefit payments, including refunds of member contributions	(244,528)	(244,528)	(240,519)	(237,655)	(233,373)	(231,946)	(229,887)
Administrative expense	(5,486)	(11,175)	(10,675)	(11,796)	(10,513)	(10,661)	(10,925)
Net Change in Plan Fiduciary Net Position	66,622	(71,077)	80,718	329,221	66,076	185,215	8,785
Plan Fiduciary Net Position - Beginning	2,209,462	2,276,084	2,205,007	2,285,725	2,614,946	2,681,022	2,866,237
Plan Fiduciary Net Position - Ending	2,276,084	2,205,007	2,285,725	2,614,946	2,681,022	2,866,237	2,875,022
City's Net Pension Liability - Ending	\$ 914,309	\$ 1,106,479	\$ 1,084,445	\$ 991,355	\$ 956,939	\$ 797,715	\$ 835,636
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.34%	66.59%	67.82%	72.51%	73.70%	78.23%	77.48%
Covered Payroll	\$ 101,085	\$ 166,945	\$ 176,405	\$ 174,581	\$ 176,946	\$ 106,824	\$ 109,969
City's Net Pension Liability as a Percentage of Covered Payroll	904.50%	662.78%	614.75%	567.85%	540.81%	746.76%	759.88%

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

The Plan Fiduciary Net Position ending balance does not agree to the General Employees' Pension Trust Fund for the below fiscal years due to differences related to the timing of employer contributions and adjusting journal entries.

Fiscal Year	Variance
2016	\$ 857
2017	\$ 92,024
2018	\$ 939
2019	\$ 58,515
2020	\$ 946

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS GENERAL EMPLOYEES' PLAN

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions Recognized By the Plan	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2012	\$ 130,810	\$ 130,810	\$ --	\$ 122,051	107.18%
2013	120,572	120,572	--	101,085	119.28%
2014	120,572	120,572	--	101,085	119.28%
2015	142,615	172,758	(30,143)	166,945	103.48%
2016	149,812	146,187	3,625	176,405	82.87%
2017	182,198	253,534	(71,336)	174,581	145.22%
2018	182,198	104,336	77,862	176,946	58.96%
2019	204,525	262,022	(57,497)	106,824	245.28%
2020	114,994	57,497	57,497	109,969	52.28%

Note: Information is only included for pension plans that do not issue stand-alone financial statements. Data not available prior to 2012.

Notes to Schedule:

Valuation Date	October 1, 2019
Asset Valuation Method	4-year smoothed
Actuarial Cost Method	Aggregate Cost
Amortization Method	Level percent of pay, open
Amortization Period	30 years

Actuarial Assumptions:

Investment return	7.00%
Projected salary increases	5.00%
Inflation	(1)
Cost of living adjustments	(1)

(1) Included in projected salary increases

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS DEFINED BENEFIT PENSION PLANS

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense		
	General	Police	Fire
	Employees'		
2012	17.37%	18.63%	17.64%
2013	11.82%	14.53%	14.29%
2014	8.68%	10.73%	11.65%
2015	0.08%	1.29%	0.92%
2016	8.15%	10.96%	8.21%
2017	13.74%	13.60%	14.37%
2018	7.63%	11.27%	8.75%
2019	5.73%	1.34%	5.35%
2020	6.50%	7.73%	5.36%

Note: Data not available prior to 2012.

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN**

Measurement Date, September 30,	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 1,229,681	\$ 1,232,020	\$ 1,321,153	\$ 1,496,123	\$ 1,708,681	\$ 2,042,596
Interest	6,083,570	6,501,215	6,705,476	6,883,615	7,040,412	7,225,485
Change in Excess State Money	--	--	--	--	--	--
Share Plan Allocation	134,105	(426,717)	(70,233)	74,487	94,711	219,362
Changes of Benefit Terms	885,269	--	--	--	--	1,667,089
Differences Between Expected and Actual Experience	264,087	911,791	53,192	533,315	370,717	587,484
Changes of Assumptions	876,591	750,916	1,038,564	989,323	1,030,495	1,084,094
Benefit Payments Including Refunds of Employee Contributions	(2,284,524)	(3,297,505)	(3,946,901)	(6,546,403)	(6,150,399)	(6,339,560)
Net Change in Total Pension Liability	7,188,779	5,671,720	5,101,251	3,430,460	4,094,617	6,486,550
Total Pension Liability - Beginning	85,007,723	92,196,502	97,868,222	102,969,473	106,399,933	110,494,550
Total Pension Liability - Ending (a)	\$ 92,196,502	\$ 97,868,222	\$ 102,969,473	\$ 106,399,933	\$ 110,494,550	\$ 116,981,100
Plan Fiduciary Net Position						
Contributions - Employer	2,712,635	3,007,780	2,897,754	2,843,423	2,834,931	3,566,126
Contributions - State	546,749	524,479	643,259	624,188	664,636	913,938
Contributions - Employee	391,188	422,145	452,421	515,513	599,553	694,166
Net Investment Income	6,798,928	925,754	8,107,238	10,747,480	9,658,544	2,046,222
Benefit Payments Including Refunds of Employee Contributions	(2,284,524)	(3,297,505)	(3,946,901)	(6,546,403)	(6,150,399)	(6,339,560)
Administrative Expense	(114,098)	(116,088)	(132,973)	(121,211)	(134,667)	(144,764)
Other	--	--	--	--	--	--
Net Change in Plan Fiduciary Net Position	8,050,878	1,466,565	8,020,798	8,062,990	7,472,598	736,128
Plan Fiduciary Net Position - Beginning	64,575,453	72,626,331	74,092,896	82,113,694	90,176,684	97,649,282
Plan Fiduciary Net Position - Ending (b)	72,626,331	74,092,896	82,113,694	90,176,684	97,649,282	98,385,410
Net Pension Liability - Ending (a) - (b)	\$ 19,570,171	\$ 23,775,326	\$ 20,855,779	\$ 16,223,249	\$ 12,845,268	\$ 18,595,690
Plan Fiduciary Net Position as a % of the Total Pension Liability	78.77%	75.71%	79.75%	84.75%	88.37%	84.10%
Covered Payroll	\$ 4,548,698	\$ 4,908,663	\$ 5,260,709	\$ 5,994,337	\$ 6,971,547	\$ 8,071,698
Net Pension Liability as a % of Covered Payroll	430.24%	484.35%	396.44%	270.64%	184.25%	230.38%

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS POLICE PENSION PLAN

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions Recognized By the Plan	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 3,125,279	\$ 3,125,279	\$ --	\$ 4,548,698	68.71%
2015	3,357,659	3,420,424	(62,765)	4,908,663	69.68%
2016	3,316,250	3,456,991	(140,741)	5,260,709	65.71%
2017	3,256,067	3,393,124	(137,057)	5,994,337	56.61%
2018	3,394,168	3,404,856	(10,688)	6,971,547	48.84%
2019	3,754,169	4,260,702	(506,533)	8,071,698	52.79%
2020	4,295,022	4,295,022	--	8,789,651	48.86%

Note: Data not available prior to 2014.

Notes to Schedule:

Valuation Date	October 1, 2018
Asset Valuation Method	The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the fair value of assets and expected actuarial asset value.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Amortization Period	14 years
Actuarial Assumptions:	
Investment return	6.6%
Projected salary increases:	3%-4.5%
Inflation	2.5%
Cost of living adjustments	N/A

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION PLAN**

Measurement Date, September 30,	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 1,741,473	\$ 1,760,152	\$ 1,637,466	\$ 1,799,419	\$ 1,899,698	\$ 2,064,570
Interest	6,280,207	6,786,918	7,174,074	7,817,426	8,615,415	9,012,325
Change in Excess State Money	--	--	--	--	--	--
Share Plan Allocation	304,698	222,133	51,623	483,485	188,808	141,612
Changes of Benefit Terms	--	--	--	--	--	(9,669)
Differences Between Expected and Actual Experience	--	(1,460,746)	(1,684,439)	3,648,972	(1,326,161)	1,733,462
Changes of Assumptions	1,772,793	2,004,899	5,890,763	3,032,216	--	1,520,614
Benefit Payments Including Refunds of Employee Contributions	(1,844,859)	(1,935,428)	(1,803,517)	(2,353,058)	(3,607,721)	(4,508,950)
Net Change in Total Pension Liability	8,254,312	7,377,928	11,265,970	14,428,460	5,770,039	9,953,964
Total Pension Liability - Beginning	77,410,798	85,665,110	93,043,038	104,309,008	118,737,468	124,507,507
Total Pension Liability - Ending (a)	\$ 85,665,110	\$ 93,043,038	\$ 104,309,008	\$ 118,737,468	\$ 124,507,507	\$ 134,461,471
Plan Fiduciary Net Position						
Contributions - Employer	2,866,126	3,746,995	3,088,524	3,048,414	4,082,027	6,899,640
Contributions - State	843,533	726,993	568,403	483,485	723,847	699,764
Contributions - Employee	475,442	445,465	455,983	449,828	472,093	492,488
Net Investment Income	6,977,925	835,212	6,152,911	11,585,691	8,475,048	5,689,306
Benefit Payments Including Refunds of Employee Contributions	(1,844,859)	(1,935,428)	(1,803,517)	(2,353,058)	(3,607,721)	(4,508,950)
Administrative Expense	(88,142)	(84,807)	(91,145)	(101,089)	(101,721)	(158,798)
Other	--	--	--	--	--	--
Net Change in Plan Fiduciary Net Position	9,230,025	3,734,430	8,371,159	13,113,271	10,043,573	9,113,450
Plan Fiduciary Net Position - Beginning	59,994,726	69,224,751	72,959,181	81,330,340	94,443,611	104,487,184
Plan Fiduciary Net Position - Ending (b)	\$ 69,224,751	\$ 72,959,181	\$ 81,330,340	\$ 94,443,611	\$ 104,487,184	\$ 113,600,634
Net Pension Liability - Ending (a) - (b)	\$ 16,440,359	\$ 20,083,857	\$ 22,978,668	\$ 24,293,857	\$ 20,020,323	\$ 20,860,837
Plan Fiduciary Net Position as a % of the Total Pension Liability	80.81%	78.41%	77.97%	79.54%	83.92%	84.49%
Covered Payroll	\$ 7,924,041	\$ 9,695,082	\$ 7,599,715	\$ 7,497,133	\$ 7,868,225	\$ 8,208,129
Net Pension Liability as a % of Covered Payroll	207.47%	207.16%	302.36%	324.04%	254.45%	254.15%

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS FIREFIGHTERS' PENSION PLAN

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions Recognized By the Plan	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2013	\$ 3,443,143	\$ 3,911,687	\$ (468,544)	\$ 8,294,732	47.16%
2014	3,404,960	3,404,960	--	7,924,041	42.97%
2015	3,460,519	4,251,855	(791,336)	9,695,082	43.86%
2016	3,605,305	3,605,305	--	7,599,715	47.44%
2017	3,531,899	3,531,899	--	7,497,133	47.11%
2018	4,807,157	4,807,157	--	7,868,225	61.10%
2019	5,228,578	7,599,404	(2,370,826)	8,208,129	92.58%
2020	5,054,544	3,194,793	1,859,751	8,280,709	38.58%

Note: Data not available prior to 2013.

Notes to Schedule:

Valuation Date	October 1, 2018	
Asset Valuation Method	The Actuarial Value of Assets is calculated by recognizing 25% of the difference between the fair value of assets and expected market value of assets.	
Actuarial Cost Method	Entry age normal	
Amortization Method	Level percent of pay, closed	
Amortization Period	20 years	
Actuarial Assumptions:		
Investment return	7.25%	
Projected salary increases:	Age	Increase
	20	5.2%
	30	2.6%
	40	2.2%
	50	1.7%
	60	1.5%
Inflation	3.00%	
Cost of living adjustments	(1)	

⁽¹⁾ 1.0% increase for members who are Age 53, 2.0% increase for members who are age 54, and 3.0% increase for members who are Age 55 or greater.

Note to Schedule:

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM**

June 30,	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.049358246%	0.049933421%	0.050299922%	0.047587909%	0.038860308%	0.039859281%
City's proportionate share of the net pension liability	\$ 21,392,591	\$ 17,196,375	\$ 15,150,597	\$ 14,081,016	\$ 9,812,258	\$ 5,148,361
City's covered payroll	\$ 19,828,390	\$ 19,073,189	\$ 18,215,273	\$ 16,481,558	\$ 14,725,436	\$ 13,927,291
City's proportionate share of the net pension liability as a percentage of its covered payroll	107.89%	90.16%	83.18%	85.43%	66.63%	36.97%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM

September 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,639,956	\$ 1,548,296	\$ 1,433,507	\$ 1,238,830	\$ 947,671	\$ 971,803
Contributions in relation to the contractually required contribution	\$ (1,639,956)	\$ (1,548,296)	\$ (1,433,507)	\$ (1,238,830)	\$ (947,671)	\$ (971,803)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
City's covered payroll	\$ 20,799,178	\$ 19,225,025	\$ 18,272,280	\$ 17,317,803	\$ 14,920,339	\$ 14,032,498
Contributions as a percentage of covered payroll	7.88%	8.05%	7.85%	7.15%	6.35%	6.93%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PROGRAM

June 30,	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.057120688%	0.056895930%	0.056601158%	0.053413415%	0.047598032%	0.045751278%
City's proportionate share of the net pension liability	\$ 6,974,343	\$ 6,366,085	\$ 5,990,730	\$ 5,711,200	\$ 5,547,353	\$ 4,665,911
City's covered payroll	\$ 19,828,390	\$ 19,073,189	\$ 18,215,273	\$ 16,481,558	\$ 14,725,436	\$ 13,927,291
City's proportionate share of the net pension liability as a percentage of its covered payroll	35.17%	33.38%	32.89%	34.65%	37.67%	33.50%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.

CITY OF PALM BEACH GARDENS, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS**

FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PROGRAM

September 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 329,160	\$ 315,938	\$ 306,950	\$ 282,679	\$ 243,970	\$ 174,890
Contributions in relation to the contractually required contribution	<u>(329,160)</u>	<u>(315,938)</u>	<u>(306,950)</u>	<u>(282,679)</u>	<u>(243,970)</u>	<u>(174,890)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 20,799,178	\$ 19,225,025	\$ 18,272,280	\$ 17,317,803	\$ 14,920,339	\$ 14,032,498
Contributions as a percentage of covered payroll	1.58%	1.64%	1.68%	1.63%	1.64%	1.25%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68

This schedule is intended to have 10 years of data. Additional data to be compiled as information becomes available.



**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than debt service or capital projects. The nonmajor special revenue funds of the City are as follows:

Police Training Fund – This fund is established to account for fees collected from traffic citations to be used for the training and education of the City's police.

Recreation Programs Fund – This fund is used to account for revenues and costs related to special programs such as special events and athletic programs.

Golf Course Fund – This fund is used to account for revenues and costs related to the operations of the City's Golf Course.

Extra Duty Police Fund – This fund is used to account for revenues to be used to fund extra police duty.

Local Option Gas Tax Fund – This fund is established to account for the receipt of local option gas taxes. The use of these funds is restricted for transportation related capital improvements or maintenance costs.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are established to account for financial resources to be used for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. The nonmajor capital projects funds of the City are as follows:

Recreation Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of enhancing the recreational facilities within the City.

Police Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of enhancing the level of law enforcement services in the City.

Fire Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of enhancing the level of fire/rescue services in the City.

Art Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of providing art and cultural activities.

Road Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of improving roads within the City.

Capital Improvement & Replacement Fund – This fund is established to account for the receipt and disbursement of debt proceeds and special assessments related to infrastructure and capital improvement and replacement projects.

Public Facilities Impact Capital Projects Fund – This fund is established to account for the receipt and disbursement of developer paid impact fees restricted for the purpose of improving public facilities within the City.

Mobility Fee Fund – This fund is established to account for the receipt and disbursement of developer paid mobility fees restricted for the purpose of improving multimodal transportation systems within the City.

CITY OF PALM BEACH GARDENS, FLORIDA

**COMBINING BALANCE SHEET
OTHER GOVERNMENT FUNDS**

SEPTEMBER 30, 2020

	Special Revenue Funds					
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax	Total
Assets						
Cash and cash equivalents	\$ 21,002	\$ 1,644,444	\$ 508,976	\$ 143,359	\$ 1,046,793	\$ 3,364,574
Receivables	--	--	--	20,821	--	20,821
Due from other governments	615	--	--	--	60,018	60,633
Inventory	--	11,537	67,877	--	--	79,414
Prepaid items	--	4,722	1,561	--	--	6,283
Total Assets	<u>\$ 21,617</u>	<u>\$ 1,660,703</u>	<u>\$ 578,414</u>	<u>\$ 164,180</u>	<u>\$ 1,106,811</u>	<u>\$ 3,531,725</u>
Liabilities						
Accounts payable	\$ --	\$ 26,433	\$ 49,202	\$ --	\$ 45,435	\$ 121,070
Contracts and retainage payable	--	--	--	--	--	--
Accrued liabilities	--	--	--	--	--	--
Unearned revenue	--	111,369	15,162	--	--	126,531
Total Liabilities	<u>--</u>	<u>137,802</u>	<u>64,364</u>	<u>--</u>	<u>45,435</u>	<u>247,601</u>
Fund Balances						
Nonspendable:						
Prepaid items	--	4,722	1,561	--	--	6,283
Inventory	--	11,537	67,877	--	--	79,414
Restricted for:						
Capital improvements	--	--	--	--	--	--
Road improvements	--	--	--	--	1,061,376	1,061,376
Law enforcement	21,617	--	--	164,180	--	185,797
Art improvements	--	--	--	--	--	--
Assigned	--	1,506,642	444,612	--	--	1,951,254
Total Fund Balances	<u>21,617</u>	<u>1,522,901</u>	<u>514,050</u>	<u>164,180</u>	<u>1,061,376</u>	<u>3,284,124</u>
Total Liabilities and Fund Balances	<u>\$ 21,617</u>	<u>\$ 1,660,703</u>	<u>\$ 578,414</u>	<u>\$ 164,180</u>	<u>\$ 1,106,811</u>	<u>\$ 3,531,725</u>

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

**COMBINING BALANCE SHEET
OTHER GOVERNMENT FUNDS (CONTINUED)**

SEPTEMBER 30, 2020

	Capital Projects Funds									Total Other Governmental Funds
	Recreation Impact	Police Impact	Fire Impact	Art Impact	Road Impact	Capital Improvement & Replacement	Public Facilities Impact	Mobility Fee	Total	
Assets										
Cash and cash equivalents	\$ 2,776,204	\$ 1,220,215	\$ 1,308,309	\$ 1,090,902	\$ 1,116,463	\$ 186,775	\$ 346,018	\$ 2,375,230	\$ 10,420,116	\$ 13,784,690
Receivables	--	--	--	--	--	--	--	--	--	20,821
Due from other governments	--	--	--	--	--	--	--	--	--	60,633
Inventory	--	--	--	--	--	--	--	--	--	79,414
Prepaid items	--	--	--	--	--	--	--	--	--	6,283
Total Assets	<u>\$ 2,776,204</u>	<u>\$ 1,220,215</u>	<u>\$ 1,308,309</u>	<u>\$ 1,090,902</u>	<u>\$ 1,116,463</u>	<u>\$ 186,775</u>	<u>\$ 346,018</u>	<u>\$ 2,375,230</u>	<u>\$ 10,420,116</u>	<u>\$ 13,951,841</u>
Liabilities										
Accounts payable	\$ 432	\$ --	\$ 13,861	\$ --	\$ 11,530	\$ --	\$ --	\$ 1,532	\$ 27,355	\$ 148,425
Contracts and retainage payable	268,288	--	209,087	1,500	1,093	--	101,150	45,000	626,118	626,118
Accrued liabilities	--	--	--	106,655	--	--	--	--	106,655	106,655
Unearned revenue	--	--	--	--	143,588	--	--	--	143,588	270,119
Total Liabilities	<u>268,720</u>	<u>--</u>	<u>222,948</u>	<u>108,155</u>	<u>156,211</u>	<u>--</u>	<u>101,150</u>	<u>46,532</u>	<u>903,716</u>	<u>1,151,317</u>
Fund Balances										
Nonspendable:										
Prepaid items	--	--	--	--	--	--	--	--	--	6,283
Inventory	--	--	--	--	--	--	--	--	--	79,414
Restricted for:										
Capital improvements	2,507,484	1,220,215	1,085,361	--	--	186,775	244,868	--	5,244,703	5,244,703
Road improvements	--	--	--	--	960,252	--	--	2,328,698	3,288,950	4,350,326
Law enforcement	--	--	--	--	--	--	--	--	--	185,797
Art improvements	--	--	--	982,747	--	--	--	--	982,747	982,747
Assigned	--	--	--	--	--	--	--	--	--	1,951,254
Total Fund Balances	<u>2,507,484</u>	<u>1,220,215</u>	<u>1,085,361</u>	<u>982,747</u>	<u>960,252</u>	<u>186,775</u>	<u>244,868</u>	<u>2,328,698</u>	<u>9,516,400</u>	<u>12,800,524</u>
Total Liabilities and Fund Balances	<u>\$ 2,776,204</u>	<u>\$ 1,220,215</u>	<u>\$ 1,308,309</u>	<u>\$ 1,090,902</u>	<u>\$ 1,116,463</u>	<u>\$ 186,775</u>	<u>\$ 346,018</u>	<u>\$ 2,375,230</u>	<u>\$ 10,420,116</u>	<u>\$ 13,951,841</u>

CITY OF PALM BEACH GARDENS, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds					
	Police Training	Recreation Programs	Golf	Extra Duty Police	Local Option Gas Tax	Total
Revenues						
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$ 740,673	\$ 740,673
Impact fees	--	--	--	--	--	--
Charges for services	--	2,776,765	1,896,310	--	--	4,673,075
Fines and forfeitures	9,150	--	--	--	--	9,150
Investment income	--	6,433	3,550	585	3,500	14,068
Miscellaneous	--	14,050	102,431	336,931	132,277	585,689
Total Revenues	<u>9,150</u>	<u>2,797,248</u>	<u>2,002,291</u>	<u>337,516</u>	<u>876,450</u>	<u>6,022,655</u>
Expenditures						
Current:						
Public safety	6,040	--	--	317,918	--	323,958
Culture and recreation	--	4,471,737	1,994,852	--	--	6,466,589
Physical environment	--	--	--	--	--	--
Transportation	--	--	--	--	801,697	801,697
Capital outlay	--	1,313	172,326	--	226,468	400,107
Debt service:						
Principal	--	--	--	--	21,182	21,182
Interest	--	--	--	--	5,425	5,425
Total Expenditures	<u>6,040</u>	<u>4,473,050</u>	<u>2,167,178</u>	<u>317,918</u>	<u>1,054,772</u>	<u>8,018,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,110</u>	<u>(1,675,802)</u>	<u>(164,887)</u>	<u>19,598</u>	<u>(178,322)</u>	<u>(1,996,303)</u>
Other Financing Sources (Uses)						
Transfers in	--	2,832,065	--	--	--	2,832,065
Transfers out	--	--	--	--	--	--
Capital lease financing	--	--	--	--	117,175	117,175
Total Other Financing Sources (Uses)	<u>--</u>	<u>2,832,065</u>	<u>--</u>	<u>--</u>	<u>117,175</u>	<u>2,949,240</u>
Net Change in Fund Balances	<u>3,110</u>	<u>1,156,263</u>	<u>(164,887)</u>	<u>19,598</u>	<u>(61,147)</u>	<u>952,937</u>
Fund Balances - Beginning	<u>18,507</u>	<u>366,638</u>	<u>678,937</u>	<u>144,582</u>	<u>1,122,523</u>	<u>2,331,187</u>
Fund Balances - Ending	<u>\$ 21,617</u>	<u>\$ 1,522,901</u>	<u>\$ 514,050</u>	<u>\$ 164,180</u>	<u>\$ 1,061,376</u>	<u>\$ 3,284,124</u>

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS (CONTINUED)**

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Capital Projects Funds									Total Other Governmental Funds
	Recreation Impact	Police Impact	Fire Impact	Art Impact	Road Impact	Capital Improvement & Replacement	Public Facilities Impact	Mobility Fee	Total	
Revenues										
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 740,673
Impact fees	1,634,856	319,636	457,242	303,717	523,744	--	203,553	2,670,491	6,113,239	6,113,239
Charges for services	--	--	--	--	--	--	--	--	--	4,673,075
Fines and forfeitures	--	--	--	--	--	--	--	--	--	9,150
Investment income	10,838	3,406	3,467	2,710	6,663	--	1,809	627	29,520	43,588
Miscellaneous	--	--	--	--	--	--	--	--	--	585,689
Total Revenues	<u>1,645,694</u>	<u>323,042</u>	<u>460,709</u>	<u>306,427</u>	<u>530,407</u>	<u>--</u>	<u>205,362</u>	<u>2,671,118</u>	<u>6,142,759</u>	<u>12,165,414</u>
Expenditures										
Current:										
Public safety	--	--	--	--	--	--	--	--	--	323,958
Culture and recreation	--	--	--	--	--	--	--	--	--	6,466,589
Physical environment	--	--	--	--	--	--	--	--	--	--
Transportation	--	--	--	--	--	--	--	--	--	801,697
Capital outlay	2,784,371	--	449,764	161,500	92,850	10,500	618,513	342,420	4,459,918	4,860,025
Debt service:										
Principal	--	--	--	--	--	--	--	--	--	21,182
Interest	--	--	--	--	--	--	--	--	--	5,425
Total Expenditures	<u>2,784,371</u>	<u>--</u>	<u>449,764</u>	<u>161,500</u>	<u>92,850</u>	<u>10,500</u>	<u>618,513</u>	<u>342,420</u>	<u>4,459,918</u>	<u>12,478,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,138,677)</u>	<u>323,042</u>	<u>10,945</u>	<u>144,927</u>	<u>437,557</u>	<u>(10,500)</u>	<u>(413,151)</u>	<u>2,328,698</u>	<u>1,682,841</u>	<u>(313,462)</u>
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	200,000	--	165,689	--	365,689	3,197,754
Transfers out	--	--	--	--	(682,110)	--	--	--	(682,110)	(682,110)
Capital lease financing	--	--	--	--	--	--	--	--	--	117,175
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(482,110)</u>	<u>--</u>	<u>165,689</u>	<u>--</u>	<u>(316,421)</u>	<u>2,632,819</u>
Net Change in Fund Balances	<u>(1,138,677)</u>	<u>323,042</u>	<u>10,945</u>	<u>144,927</u>	<u>(44,553)</u>	<u>(10,500)</u>	<u>(247,462)</u>	<u>2,328,698</u>	<u>1,366,420</u>	<u>2,319,357</u>
Fund Balances - Beginning	<u>3,646,161</u>	<u>897,173</u>	<u>1,074,416</u>	<u>837,820</u>	<u>1,004,805</u>	<u>197,275</u>	<u>492,330</u>	<u>--</u>	<u>8,149,980</u>	<u>10,481,167</u>
Fund Balances - Ending	<u>\$ 2,507,484</u>	<u>\$ 1,220,215</u>	<u>\$ 1,085,361</u>	<u>\$ 982,747</u>	<u>\$ 960,252</u>	<u>\$ 186,775</u>	<u>\$ 244,868</u>	<u>\$ 2,328,698</u>	<u>\$ 9,516,400</u>	<u>\$ 12,800,524</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL POLICE TRAINING - SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 9,150</u>	<u>\$ 1,150</u>
Total Revenues	8,000	8,000	9,150	1,150
Expenditures				
Current:				
Public Safety	<u>6,000</u>	<u>6,000</u>	<u>6,040</u>	<u>(40)</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,040</u>	<u>(40)</u>
Net Change in Fund Balance	2,000	2,000	3,110	1,110
Fund Balance - Beginning	<u>9,416</u>	<u>18,507</u>	<u>18,507</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 11,416</u>	<u>\$ 20,507</u>	<u>\$ 21,617</u>	<u>\$ 1,110</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL RECREATION PROGRAMS - SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 4,830,169	\$ 4,830,169	\$ 2,776,765	\$ (2,053,404)
Investment income	1,000	1,000	6,433	5,433
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>14,050</u>	<u>(10,950)</u>
Total Revenues	<u>4,856,169</u>	<u>4,856,169</u>	<u>2,797,248</u>	<u>(2,058,921)</u>
Expenditures				
Current:				
Culture and recreation	5,200,780	5,200,780	4,471,737	729,043
Capital outlay	<u>--</u>	<u>--</u>	<u>1,313</u>	<u>(1,313)</u>
Total Expenditures	<u>5,200,780</u>	<u>5,200,780</u>	<u>4,473,050</u>	<u>727,730</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(344,611)	(344,611)	(1,675,802)	(1,331,191)
Other Financing Sources				
Transfers in	<u>332,065</u>	<u>2,832,065</u>	<u>2,832,065</u>	<u>--</u>
Net Change in Fund Balance	(12,546)	2,487,454	1,156,263	(1,331,191)
Fund Balance - Beginning	<u>628,889</u>	<u>366,638</u>	<u>366,638</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 616,343</u>	<u>\$ 2,854,092</u>	<u>\$ 1,522,901</u>	<u>\$ (1,331,191)</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GOLF COURSE - SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 2,212,723	\$ 2,537,723	\$ 1,896,310	\$(641,413)
Investment income	2,700	2,700	3,550	850
Miscellaneous	<u>417,500</u>	<u>92,500</u>	<u>102,431</u>	<u>9,931</u>
Total Revenues	<u>2,632,923</u>	<u>2,632,923</u>	<u>2,002,291</u>	<u>(630,632)</u>
Expenditures				
Current:				
Culture and recreation	2,549,979	2,563,179	1,994,852	568,327
Capital outlay	<u>65,000</u>	<u>256,924</u>	<u>172,326</u>	<u>84,598</u>
Total Expenditures	<u>2,614,979</u>	<u>2,820,103</u>	<u>2,167,178</u>	<u>652,925</u>
Net Change in Fund Balance	17,944	(187,180)	(164,887)	22,293
Fund Balance - Beginning	<u>495,626</u>	<u>678,937</u>	<u>678,937</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 513,570</u>	<u>\$ 491,757</u>	<u>\$ 514,050</u>	<u>\$ 22,293</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LOCAL OPTION GAS TAX - SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 833,340	\$ 833,340	\$ 740,673	\$ (92,667)
Investment income	9,319	9,319	3,500	(5,819)
Miscellaneous	<u>124,000</u>	<u>124,000</u>	<u>132,277</u>	<u>8,277</u>
Total Revenues	966,659	966,659	876,450	(90,209)
Expenditures				
Current:				
Transportation	1,348,691	1,348,691	801,697	546,994
Capital outlay	<u>121,000</u>	<u>330,041</u>	<u>226,468</u>	<u>103,573</u>
Debt Service:				
Principal	--	21,182	21,182	--
Interest	<u>--</u>	<u>5,426</u>	<u>5,425</u>	<u>1</u>
Total debt service	<u>--</u>	<u>26,608</u>	<u>26,607</u>	<u>1</u>
Total Expenditures	<u>1,469,691</u>	<u>1,705,340</u>	<u>1,054,772</u>	<u>650,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(503,032)</u>	<u>(738,681)</u>	<u>(178,322)</u>	<u>560,359</u>
Other Financing Sources				
Capital lease financing	<u>--</u>	<u>111,175</u>	<u>117,175</u>	<u>(6,000)</u>
Total Other Financing Sources	<u>--</u>	<u>111,175</u>	<u>117,175</u>	<u>(6,000)</u>
Net Change in Fund Balance	(503,032)	(627,506)	(61,147)	554,359
Fund Balance - Beginning	<u>584,559</u>	<u>1,122,523</u>	<u>1,122,523</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 81,527</u>	<u>\$ 495,017</u>	<u>\$ 1,061,376</u>	<u>\$ 554,359</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL RECREATION IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ 1,618,000	\$ 1,618,000	\$ 1,634,856	\$ 16,856
Investment income	<u>6,367</u>	<u>6,367</u>	<u>10,838</u>	<u>4,471</u>
Total Revenues	<u>1,624,367</u>	<u>1,624,367</u>	<u>1,645,694</u>	<u>21,327</u>
Expenditures				
Capital outlay	<u>1,218,500</u>	<u>4,215,800</u>	<u>2,784,371</u>	<u>1,431,429</u>
Total Expenditures	<u>1,218,500</u>	<u>4,215,800</u>	<u>2,784,371</u>	<u>1,431,429</u>
Net Change in Fund Balance	405,867	(2,591,433)	(1,138,677)	1,452,756
Fund Balance - Beginning	<u>636,737</u>	<u>3,646,161</u>	<u>3,646,161</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 1,042,604</u>	<u>\$ 1,054,728</u>	<u>\$ 2,507,484</u>	<u>\$ 1,452,756</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL ROAD IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ 2,162,454	\$ 162,454	\$ 523,744	\$ 361,290
Investment income	<u>--</u>	<u>--</u>	<u>6,663</u>	<u>6,663</u>
Total Revenues	<u>2,162,454</u>	<u>162,454</u>	<u>530,407</u>	<u>367,953</u>
Expenditures				
Capital outlay	<u>800,000</u>	<u>685,149</u>	<u>92,850</u>	<u>592,299</u>
Total Expenditures	<u>800,000</u>	<u>685,149</u>	<u>92,850</u>	<u>592,299</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,362,454	(522,695)	437,557	960,252
Other Financing Sources/(Uses)				
Transfers in	--	200,000	200,000	--
Transfers out	<u>(682,110)</u>	<u>(682,110)</u>	<u>(682,110)</u>	<u>--</u>
Total Other Financing Sources/(Uses)	<u>(682,110)</u>	<u>(482,110)</u>	<u>(482,110)</u>	<u>--</u>
Net Change in Fund Balance	680,344	(1,004,805)	(44,553)	960,252
Fund Balance - Beginning	<u>169,649</u>	<u>1,004,805</u>	<u>1,004,805</u>	<u>3,145,703</u>
Fund Balance - Ending	<u>\$ 849,993</u>	<u>\$ --</u>	<u>\$ 960,252</u>	<u>\$ 4,105,955</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL POLICE IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ 396,193	\$ 396,193	\$ 319,636	\$ (76,557)
Investment income	<u>4,756</u>	<u>4,756</u>	<u>3,406</u>	<u>(1,350)</u>
Total Revenues	<u>400,949</u>	<u>400,949</u>	<u>323,042</u>	<u>(77,907)</u>
Expenditures				
Capital outlay	<u>--</u>	<u>425,000</u>	<u>--</u>	<u>425,000</u>
Total Expenditures	<u>--</u>	<u>425,000</u>	<u>--</u>	<u>425,000</u>
Net Change in Fund Balance	400,949	(24,051)	323,042	(502,907)
Fund Balance - Beginning	<u>475,624</u>	<u>897,173</u>	<u>897,173</u>	<u>(739,874)</u>
Fund Balance - Ending	<u>\$ 876,573</u>	<u>\$ 873,122</u>	<u>\$ 1,220,215</u>	<u>\$ (1,242,781)</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FIRE IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ 557,924	\$ 557,924	\$ 457,242	\$ (100,682)
Investment income	<u>7,976</u>	<u>7,976</u>	<u>3,467</u>	<u>(4,509)</u>
Total Revenues	<u>565,900</u>	<u>565,900</u>	<u>460,709</u>	<u>(105,191)</u>
Expenditures				
Capital outlay	<u>400,000</u>	<u>713,103</u>	<u>449,764</u>	<u>263,339</u>
Total Expenditures	<u>400,000</u>	<u>713,103</u>	<u>449,764</u>	<u>263,339</u>
Net Change in Fund Balance	165,900	(147,203)	10,945	158,148
Fund Balance - Beginning	<u>797,565</u>	<u>1,074,416</u>	<u>1,074,416</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 963,465</u>	<u>\$ 927,213</u>	<u>\$ 1,085,361</u>	<u>\$ 158,148</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL ART IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ --	\$ --	\$ 303,717	\$ 303,717
Investment income	<u>--</u>	<u>--</u>	<u>2,710</u>	<u>2,710</u>
Total Revenues	<u>--</u>	<u>--</u>	<u>306,427</u>	<u>306,427</u>
Expenditures				
Current:				
Culture and recreation	--	--	--	--
Capital outlay	<u>--</u>	<u>271,844</u>	<u>161,500</u>	<u>110,344</u>
Total Expenditures	<u>--</u>	<u>271,844</u>	<u>161,500</u>	<u>110,344</u>
Net Change in Fund Balance	--	(271,844)	144,927	416,771
Fund Balance - Beginning	<u>758,275</u>	<u>837,820</u>	<u>837,820</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 758,275</u>	<u>\$ 565,976</u>	<u>\$ 982,747</u>	<u>\$ 416,771</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL IMPROVEMENT & REPLACEMENT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ --	\$ --	\$ --	\$ --
Investment income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures				
Current:				
Physical environment	--	--	--	--
Capital outlay	<u>--</u>	<u>147,285</u>	<u>10,500</u>	<u>136,785</u>
Total Expenditures	<u>--</u>	<u>147,285</u>	<u>10,500</u>	<u>136,785</u>
Net Change in Fund Balance	--	(147,285)	(10,500)	136,785
Fund Balance - Beginning	<u>49,990</u>	<u>197,275</u>	<u>197,275</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 49,990</u>	<u>\$ 49,990</u>	<u>\$ 186,775</u>	<u>\$ 136,785</u>

CITY OF PALM BEACH GARDENS, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ONE-CENT SALES SURTAX CAPITAL IMPROVEMENTS - CAPITAL PROJECTS FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,438,420	\$ 3,438,420	\$ 3,706,532	\$ 268,112
Investment income	<u>42,163</u>	<u>42,163</u>	<u>140,932</u>	<u>98,769</u>
Total Revenues	<u>3,480,583</u>	<u>3,480,583</u>	<u>3,847,464</u>	<u>366,881</u>
Expenditures				
Capital outlay	--	8,931,304	7,380,138	1,551,166
Debt Service:				
Principal	2,835,000	2,835,000	2,835,000	--
Interest	<u>507,815</u>	<u>507,815</u>	<u>507,815</u>	<u>--</u>
Total Expenditures	<u>3,342,815</u>	<u>12,274,119</u>	<u>10,722,953</u>	<u>1,551,166</u>
Net Change in Fund Balance	137,768	(8,793,536)	(6,875,489)	(1,184,285)
Fund Balance - Beginning	<u>4,216,327</u>	<u>13,281,664</u>	<u>13,281,664</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 4,354,095</u>	<u>\$ 4,488,128</u>	<u>\$ 6,406,175</u>	<u>\$ (1,184,285)</u>

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MOBILITY FEE - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ --	\$ 2,000,000	\$ 2,670,491	\$ 670,491
Investment income	--	--	627	627
Total Revenues	--	2,000,000	2,671,118	671,118
Expenditures				
Capital outlay	--	2,000,000	342,420	1,657,580
Total Expenditures	--	2,000,000	342,420	1,657,580
Net Change in Fund Balance	--	--	2,328,698	2,328,698
Fund Balance - Beginning	--	--	--	--
Fund Balance - Ending	\$ --	\$ --	\$ 2,328,698	\$ 2,328,698

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PUBLIC FACILITIES IMPACT - CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Impact fees	\$ 230,343	\$ 230,343	\$ 203,553	\$ (26,790)
Investment income	<u>1,128</u>	<u>1,129</u>	<u>1,809</u>	<u>680</u>
Total Revenues	<u>231,471</u>	<u>231,472</u>	<u>205,362</u>	<u>(26,110)</u>
Expenditures				
Capital outlay	<u>510,000</u>	<u>889,491</u>	<u>618,513</u>	<u>270,978</u>
Total Expenditures	<u>510,000</u>	<u>889,491</u>	<u>618,513</u>	<u>270,978</u>
Deficiency of Revenues Under Expenditures	(278,529)	(658,019)	(413,151)	244,868
Other financing sources:				
Transfers in	<u>165,689</u>	<u>165,689</u>	<u>165,689</u>	<u>--</u>
Net Change in Fund Balance	(112,840)	(492,330)	(247,462)	244,868
Fund Balance - Beginning	<u>112,840</u>	<u>492,330</u>	<u>492,330</u>	<u>--</u>
Fund Balance - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 244,868</u>	<u>\$ 244,868</u>

CITY OF PALM BEACH GARDENS, FLORIDA

**INTERNAL SERVICES FUNDS
COMBINING STATEMENT OF NET POSITION**

SEPTEMBER 30, 2020

	Fleet Management	Self Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,169,311	\$ 8,899,428	\$ 10,068,739
Inventory	133,109	--	133,109
Prepaid items	<u>2,649</u>	<u>50,500</u>	<u>53,149</u>
Total current assets	<u>1,305,069</u>	<u>8,949,928</u>	<u>10,254,997</u>
Noncurrent assets:			
Capital assets being depreciated, net	<u>1,019,413</u>	<u>17,425</u>	<u>1,036,838</u>
Total noncurrent assets	<u>1,019,413</u>	<u>17,425</u>	<u>1,036,838</u>
Total Assets	<u>2,324,482</u>	<u>8,967,353</u>	<u>11,291,835</u>
Deferred Outflows of Resources			
Deferred outflows relating to pensions	365,076	--	365,076
Deferred outflows relating to OPEB	<u>15,248</u>	<u>--</u>	<u>15,248</u>
Total Deferred Outflows of Resources	<u>380,324</u>	<u>--</u>	<u>380,324</u>
Liabilities			
Current liabilities:			
Accounts payable	44,706	149,010	193,716
Accrued liabilities	--	26,945	26,945
Claims payable	--	516,185	516,185
Capital lease payable, current portion	<u>173,796</u>	<u>--</u>	<u>173,796</u>
Total current liabilities	218,502	692,140	910,642
Noncurrent liabilities:			
Claims payable	--	411,013	411,013
Net pension liability	996,689	--	996,689
Total OPEB liability	237,769	--	237,769
Compensated absences payable	43,562	--	43,562
Capital lease payable, net of current portion	<u>63,492</u>	<u>--</u>	<u>63,492</u>
Total noncurrent liabilities	<u>1,341,512</u>	<u>411,013</u>	<u>1,752,525</u>
Total Liabilities	<u>1,560,014</u>	<u>1,103,153</u>	<u>2,663,167</u>
Deferred Inflows of Resources			
Deferred inflows relating to pensions	39,530	--	39,530
Deferred inflows relating to OPEB	<u>14,281</u>	<u>--</u>	<u>14,281</u>
Total Deferred Inflows of Resources	<u>53,811</u>	<u>--</u>	<u>53,811</u>
Net Position			
Net investment in capital assets	782,125	17,425	799,550
Unrestricted	<u>308,856</u>	<u>7,846,775</u>	<u>8,155,631</u>
Total Net Position	<u>\$ 1,090,981</u>	<u>\$ 7,864,200</u>	<u>\$ 8,955,181</u>

CITY OF PALM BEACH GARDENS, FLORIDA

INTERNAL SERVICE FUNDS COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Fleet Management	Self Insurance	Total
Operating Revenues			
Charges for services	\$ 3,441,318	\$ --	\$ 3,441,318
Employer contributions	--	8,660,245	8,660,245
Employee contributions	--	1,626,953	1,626,953
Miscellaneous	<u>100,200</u>	<u>290,018</u>	<u>390,218</u>
Total Operating Revenues	<u>3,541,518</u>	<u>10,577,216</u>	<u>14,118,734</u>
Operating expenses			
Personnel expenses	918,098	2,004	920,102
Claims expense	--	8,022,605	8,022,605
Insurance premiums	--	667,949	667,949
Repair and maintenance	386,413	--	386,413
Fuel and chemicals	518,990	--	518,990
Equipment rental	1,173,348	--	1,173,348
Operating supplies	106,950	69,956	176,906
Other professional and contractual	63,290	1,036,616	1,099,906
Other expenses	15,209	--	15,209
Depreciation	<u>511,545</u>	<u>3,121</u>	<u>514,666</u>
Total Operating Expenses	<u>3,693,843</u>	<u>9,802,251</u>	<u>13,496,094</u>
Operating Income (Loss)	<u>(152,325)</u>	<u>774,965</u>	<u>622,640</u>
Nonoperating Revenues/(Expenses)			
Investment income	5,348	31,099	36,447
Gain on disposal of capital assets	108,399	--	108,399
Interest expense	<u>(12,847)</u>	<u>--</u>	<u>(12,847)</u>
Total Nonoperating Revenues/(Expenses)	<u>100,900</u>	<u>31,099</u>	<u>131,999</u>
Change in Net Position	(51,425)	806,064	754,639
Net Position - Beginning	<u>1,142,406</u>	<u>7,058,136</u>	<u>8,200,542</u>
Net Position - Ending	<u>\$ 1,090,981</u>	<u>\$ 7,864,200</u>	<u>\$ 8,955,181</u>

CITY OF PALM BEACH GARDENS, FLORIDA

**INTERNAL SERVICES FUNDS
COMBINING STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Fleet Management	Self Insurance	Total
Cash Flows from Operating Activities			
Receipts for interfund services provided	\$ 3,441,318	\$ 10,382,032	\$ 13,823,350
Payments to suppliers for goods and services	(2,285,006)	(1,757,016)	(4,042,022)
Payments to employees for services	(820,294)	--	(820,294)
Payments for claims	--	(8,036,845)	(8,036,845)
Other operating revenues	<u>100,200</u>	<u>290,018</u>	<u>390,218</u>
Net Cash Provided by Operating Activities	<u>436,218</u>	<u>878,189</u>	<u>1,314,407</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(195,308)	--	(195,308)
Proceeds from sale of capital assets	108,399	--	108,399
Principal paid on capital lease	(169,085)	--	(169,085)
Interest paid on capital lease	<u>(12,847)</u>	<u>--</u>	<u>(12,847)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(268,841)</u>	<u>--</u>	<u>(268,841)</u>
Cash Flows from Investing Activities			
Interest earned	<u>5,348</u>	<u>31,099</u>	<u>36,447</u>
Net Cash Provided by Investing Activities	<u>5,348</u>	<u>31,099</u>	<u>36,447</u>
Net Increase in Cash and Cash Equivalents	172,725	909,288	1,082,013
Cash and Cash Equivalents - Beginning of Year	<u>996,586</u>	<u>7,990,140</u>	<u>8,986,726</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,169,311</u>	<u>\$ 8,899,428</u>	<u>\$ 10,068,739</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (152,325)</u>	<u>\$ 774,965</u>	<u>\$ 622,640</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	511,545	3,121	514,666
Changes in operating assets/deferred outflows, and liabilities/deferred inflows:			
Accounts receivable	2,200	94,834	97,034
Inventory	(15,463)	--	(15,463)
Prepaid items	(2,649)	--	(2,649)
Deferred outflows relating to pensions	(5,895)	--	(5,895)
Deferred outflows relating to OPEB	(14,944)	--	(14,944)
Accounts payable	(2,694)	19,509	16,815
Accrued liabilities	--	22,164	22,164
Claims payable	--	(36,404)	(36,404)
Net pension liability	101,572	--	101,572
Total OPEB liability	22,370	--	22,370
Compensated absences	16,481	--	16,481
Deferred inflows relating to pensions	(20,953)	--	(20,953)
Deferred inflows relating to OPEB	<u>(3,027)</u>	<u>--</u>	<u>(3,027)</u>
Total Adjustments	<u>588,543</u>	<u>103,224</u>	<u>691,767</u>
Net Cash Provided by Operating Activities	<u>\$ 436,218</u>	<u>\$ 878,189</u>	<u>\$ 1,314,407</u>

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	Pension Trust Funds			
	General Employees	Police	Fire	Total
Assets				
Cash and cash equivalents	\$ 23,000	\$ 296,106	\$ 20,513	\$ 339,619
Investments:				
Money market funds	--	2,003,636	1,776,283	3,779,919
U.S. Government obligations	--	2,638,976	6,212,551	8,851,527
Mortgage backed securities	--	8,412,030	3,705,425	12,117,455
Municipal obligations	--	2,341,185	--	2,341,185
Fixed income funds	802,131	--	10,517,043	11,319,174
Collateralized mortgage obligations	--	2,361,864	615,167	2,977,031
Certificates of deposit	--	290,770	--	290,770
Corporate obligations	--	8,296,622	12,135,478	20,432,100
Equity securities	--	12,477,476	61,769,387	74,246,863
Equity funds	1,331,135	54,084,161	5,023,858	60,439,154
Foreign bonds	--	--	830,760	830,760
International funds	457,129	--	3,284,622	3,741,751
Real estate funds	261,627	9,862,791	11,269,745	21,394,163
Total investments	2,852,022	102,769,511	117,140,319	222,761,852
Receivables:				
Interest and dividends	--	121,676	278,516	400,192
Employer	--	301,215	271,468	572,683
Pending trades	--	1,001,680	13,982	1,015,662
State of Florida	--	743,073	4,180	747,253
Employees	492	--	18,758	19,250
Total receivables	492	2,167,644	586,904	2,755,040
Prepaid items	--	332,702	--	332,702
Total Assets	2,875,514	105,565,963	117,747,736	226,189,213
Liabilities				
Accounts payable	1,438	53,695	127,949	183,082
Pending trades payable	--	1,002,709	81,297	1,084,006
Total Liabilities	1,438	1,056,404	209,246	1,267,088
Net Position				
Net Position Restricted for Pension Benefits	\$ 2,874,076	\$ 104,509,559	\$ 117,538,490	\$ 224,922,125

CITY OF PALM BEACH GARDENS, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Pension Trust Funds			
	General Employees	Police	Fire	Total
Additions				
Contributions:				
Employer	\$ 114,994	\$ 3,685,878	\$ 2,471,146	\$ 6,272,018
State of Florida	--	743,073	723,647	1,466,720
Employees	<u>11,357</u>	<u>755,910</u>	<u>515,600</u>	<u>1,282,867</u>
Total contributions	<u>126,351</u>	<u>5,184,861</u>	<u>3,710,393</u>	<u>9,021,605</u>
Investment Earnings				
Net appreciation in fair value of investments	180,819	6,203,076	3,313,987	9,697,882
Interest and dividends	--	1,250,904	3,250,579	4,501,483
Other	<u>--</u>	<u>8,750</u>	<u>--</u>	<u>8,750</u>
Total investment earnings	180,819	7,462,730	6,564,566	14,208,115
Less investment expenses	<u>(5,729)</u>	<u>(331,572)</u>	<u>(457,383)</u>	<u>(794,684)</u>
Net Investment Earnings	<u>175,090</u>	<u>7,131,158</u>	<u>6,107,183</u>	<u>13,413,431</u>
Total Additions	<u>301,441</u>	<u>12,316,019</u>	<u>9,817,576</u>	<u>22,435,036</u>
Deductions				
Pension benefits	229,887	5,982,441	5,685,989	11,898,317
Refund of participant contributions	--	61,754	7,132	68,886
Administrative expenses	<u>5,200</u>	<u>147,675</u>	<u>146,597</u>	<u>299,472</u>
Total Deductions	<u>235,087</u>	<u>6,191,870</u>	<u>5,839,718</u>	<u>12,266,675</u>
Change in Net Position	66,354	6,124,149	3,977,858	10,168,361
Net Position - Beginning	<u>2,807,722</u>	<u>98,385,410</u>	<u>113,560,632</u>	<u>214,753,764</u>
Net Position - Ending	<u>\$ 2,874,076</u>	<u>\$ 104,509,559</u>	<u>\$ 117,538,490</u>	<u>\$ 224,922,125</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Palm Beach Garden's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

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Sources: Unless other wise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PALM BEACH GARDENS, FLORIDA**NET POSITION BY COMPONENT****LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	2011	2012	2013	2014
Governmental Activities				
Net Investment in capital assets	\$ 70,503,248	\$ 69,245,447	\$ 70,034,049	\$ 69,151,586
Restricted	9,383,210	7,934,680	11,487,326	10,927,847
Unrestricted	<u>26,203,130</u>	<u>28,494,191</u>	<u>28,797,278</u>	<u>37,132,301</u>
Total Governmental Activities Net Position	<u>106,089,588</u>	<u>105,674,318</u>	<u>110,318,653</u>	<u>117,211,734</u>
Primary Government				
Net Investment in capital assets	70,503,248	69,245,447	70,034,049	69,151,586
Restricted	9,383,210	7,934,680	11,487,326	10,927,847
Unrestricted	<u>26,203,130</u>	<u>28,494,191</u>	<u>28,797,278</u>	<u>37,132,301</u>
Total Primary Government Net Position	<u>\$ 106,089,588</u>	<u>\$ 105,674,318</u>	<u>\$ 110,318,653</u>	<u>\$ 117,211,734</u>

Table 1

2015	2016	2017	2018	2019	2020
\$ 72,259,435	\$ 78,370,940	\$ 87,952,986	\$ 95,276,106	\$ 102,515,810	\$ 112,859,024
16,288,640	12,549,249	9,051,076	10,702,072	14,686,358	16,642,836
<u>(4,045,911)</u>	<u>4,088,222</u>	<u>6,420,075</u>	<u>2,149,293</u>	<u>6,431,578</u>	<u>6,924,106</u>
<u>84,502,164</u>	<u>95,008,411</u>	<u>103,424,137</u>	<u>108,127,471</u>	<u>123,633,746</u>	<u>136,425,966</u>
72,259,435	78,370,940	87,952,986	95,276,106	102,515,810	112,859,024
16,288,640	12,549,249	9,051,076	10,702,072	14,686,358	16,642,836
<u>(4,045,911)</u>	<u>4,088,222</u>	<u>6,420,075</u>	<u>2,149,293</u>	<u>6,431,578</u>	<u>6,924,106</u>
<u>\$ 84,502,164</u>	<u>\$ 95,008,411</u>	<u>\$ 103,424,137</u>	<u>\$ 108,127,471</u>	<u>\$ 123,633,746</u>	<u>\$ 136,425,966</u>

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	2011	2012	2013
Expenses			
Governmental activities:			
General Government	\$ 13,637,124	\$ 13,772,084	\$ 14,577,754
Public Safety	43,117,470	43,586,151	41,943,456
Culture/Recreation	7,586,300	7,470,717	7,435,778
Physical Environment	6,688,611	6,876,606	7,031,948
Transportation	2,558,809	1,927,567	2,214,405
Interest on long-term debt	1,148,800	945,926	935,201
Other debt service costs	--	91,923	36,500
Total Governmental Activities Expenses	<u>74,737,114</u>	<u>74,670,974</u>	<u>74,175,042</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	8,006,806	8,749,869	9,710,901
Public Safety	3,267,903	4,321,215	4,883,193
Culture/Recreation	4,717,578	5,030,609	5,879,675
Physical Environment	--	--	--
Transportation	120,663	109,553	627,407
Operating grants and contributions	1,458,831	1,650,949	1,470,016
Capital grants and contributions	579,543	167,897	123,665
Total Governmental Activities Program Revenues	<u>18,151,324</u>	<u>20,030,092</u>	<u>22,694,857</u>
Total Primary Government Program Revenues	<u>\$ 18,151,324</u>	<u>\$ 20,030,092</u>	<u>\$ 22,694,857</u>

Table 2

2014	2015	2016	2017	2018	2019	2020
\$ 14,130,877	\$ 14,978,857	\$ 17,541,387	\$ 20,064,766	\$ 21,148,515	\$ 26,322,940	\$ 26,387,153
40,628,867	42,414,598	43,962,040	48,503,388	50,752,213	51,936,783	55,430,678
7,753,450	7,988,072	8,301,284	8,904,360	10,755,062	10,518,847	10,761,387
7,822,307	8,986,513	9,700,482	10,991,757	11,936,744	12,881,501	14,739,278
2,329,335	2,529,685	2,050,549	2,742,420	2,045,453	2,510,201	2,284,421
916,909	818,570	725,961	1,095,700	1,266,773	1,121,978	866,902
--	--	--	62,720	--	--	--
<u>73,581,745</u>	<u>77,716,295</u>	<u>82,308,703</u>	<u>92,365,111</u>	<u>97,904,760</u>	<u>105,292,250</u>	<u>110,469,819</u>
12,320,246	11,781,970	11,868,769	13,300,392	13,245,743	13,321,888	15,516,812
2,709,767	5,860,916	6,075,497	7,094,400	6,955,992	6,975,745	7,845,228
5,528,028	6,962,118	6,150,055	6,627,415	6,718,228	9,934,801	6,495,652
--	--	1,660,821	185,809	310,747	798,365	653,488
338,718	350,647	546,678	1,093,669	570,071	249,836	3,194,235
1,794,424	1,616,429	1,679,128	1,529,434	1,921,496	2,326,455	4,496,879
<u>63,000</u>	<u>135,307</u>	<u>596,851</u>	<u>415,926</u>	<u>87,109</u>	<u>5,135,658</u>	<u>50,748</u>
<u>22,754,183</u>	<u>26,707,387</u>	<u>28,577,799</u>	<u>30,247,045</u>	<u>29,809,386</u>	<u>38,742,748</u>	<u>38,253,042</u>
<u>\$ 22,754,183</u>	<u>\$ 26,707,387</u>	<u>\$ 28,577,799</u>	<u>\$ 30,247,045</u>	<u>\$ 29,809,386</u>	<u>\$ 38,742,748</u>	<u>\$ 38,253,042</u>

(Continued)

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	2011	2012	2013	2014
Net (Expense) Revenue				
Governmental activities	\$ (56,585,790)	\$ (54,640,882)	\$ (51,480,185)	\$ (50,827,562)
Total Primary Government Net Expense	<u>\$ (56,585,790)</u>	<u>\$ (54,640,882)</u>	<u>\$ (51,480,185)</u>	<u>\$ (50,827,562)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 45,755,279	\$ 44,232,540	\$ 44,946,393	\$ 46,310,990
Local business tax	1,421,834	1,370,720	1,424,382	1,480,360
Public service taxes	1,005,079	1,829,028	2,220,036	2,162,550
Unrestricted intergovernmental:				
Sales tax and local option gas tax	3,864,850	3,850,419	4,013,779	4,280,034
State shared revenue	1,195,559	1,236,054	1,304,870	1,405,807
Local shared revenue	188,040	119,452	74,589	65,982
Unrestricted investment earnings	348,553	299,589	165,741	223,316
Gain/(loss) on disposal of capital assets	32,867	(7,165)	290,676	146,150
Miscellaneous	1,251,286	1,294,975	1,837,258	1,645,457
Cumulative effect of change in accounting principle	--	--	--	--
Total Governmental Activities	<u>55,063,347</u>	<u>54,225,612</u>	<u>56,277,724</u>	<u>57,720,646</u>
Total Primary Government	<u>55,063,347</u>	<u>54,225,612</u>	<u>56,277,724</u>	<u>57,720,646</u>
Change in Net Position				
Governmental activities	\$ (1,522,443)	\$ (415,270)	\$ 4,797,539	\$ 6,893,084
Total Primary Government	<u>\$ (1,522,443)</u>	<u>\$ (415,270)</u>	<u>\$ 4,797,539</u>	<u>\$ 6,893,084</u>

2015	2016	2017	2018	2019	2020
<u>\$ (51,008,908)</u>	<u>\$ (53,560,795)</u>	<u>\$ (62,118,066)</u>	<u>\$ (68,095,374)</u>	<u>\$ (66,549,502)</u>	<u>\$ (72,216,777)</u>
<u>\$ (51,008,908)</u>	<u>\$ (53,560,795)</u>	<u>\$ (62,118,066)</u>	<u>\$ (68,095,374)</u>	<u>\$ (66,549,502)</u>	<u>\$ (72,216,777)</u>
\$ 49,094,541	\$ 51,974,181	\$ 55,324,350	\$ 59,347,671	\$ 62,162,541	\$ 67,588,710
1,642,308	1,600,232	1,608,214	1,530,796	1,538,888	1,590,949
2,094,656	2,015,310	2,028,360	2,069,939	1,983,296	1,913,129
4,558,257	4,736,527	7,010,462	8,754,312	8,962,747	8,494,954
1,513,243	1,601,965	1,694,011	1,773,158	1,850,104	1,708,901
60,735	38,788	68,618	17,633	7,572	--
423,980	442,722	497,772	1,121,587	2,795,006	1,763,480
60,378	293,043	397,739	182,618	1,008,446	95,446
1,985,539	1,534,383	1,904,266	2,372,299	1,747,177	1,853,428
(43,134,299)	--	--	(4,371,305)	--	--
<u>18,299,338</u>	<u>64,237,151</u>	<u>70,533,792</u>	<u>72,798,708</u>	<u>82,055,777</u>	<u>85,008,997</u>
<u>18,299,338</u>	<u>64,237,151</u>	<u>70,533,792</u>	<u>72,798,708</u>	<u>82,055,777</u>	<u>85,008,997</u>
<u>\$ (32,709,570)</u>	<u>\$ 10,676,356</u>	<u>\$ 8,415,726</u>	<u>\$ 4,703,334</u>	<u>\$ 15,506,275</u>	<u>\$ 12,792,220</u>
<u>\$ (32,709,570)</u>	<u>\$ 10,676,356</u>	<u>\$ 8,415,726</u>	<u>\$ 4,703,334</u>	<u>\$ 15,506,275</u>	<u>\$ 12,792,220</u>

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 47,033	\$ 114,228	\$ 77,819	\$ 14,857	\$ 7,018	\$ 10,289	\$ 3,409,759	\$ 4,519,841	\$ 4,103,290	\$ 413,791
Restricted	3,050,763	626,283	3,518,253	3,374,314	1,844,608	486,302	852,620	1,066,476	902,687	1,026,535
Committed	1,253,889	1,253,889	2,632,575	2,632,575	2,367,875	2,350,475	2,324,225	2,297,975	2,324,225	2,324,225
Assigned	2,836,036	786,693	1,411,359	5,062,949	6,241,970	5,591,893	13,540,429	10,507,213	15,365,817	12,197,734
Unassigned	<u>20,964,535</u>	<u>26,058,560</u>	<u>27,109,724</u>	<u>27,529,515</u>	<u>26,200,218</u>	<u>29,931,355</u>	<u>24,300,582</u>	<u>27,984,472</u>	<u>27,164,639</u>	<u>35,000,168</u>
Total General Fund	<u>28,152,256</u>	<u>28,839,653</u>	<u>34,749,730</u>	<u>38,614,210</u>	<u>36,661,689</u>	<u>38,370,314</u>	<u>44,427,615</u>	<u>46,375,977</u>	<u>49,860,658</u>	<u>50,962,453</u>
All Other Governmental Funds										
Nonspendable	25,662	36,357	31,270	36,743	21,473	26,151	3,158,655	56,019	61,499	85,697
Restricted	7,650,881	7,308,397	7,969,073	7,553,533	14,444,032	12,062,947	37,870,178	35,865,179	22,717,256	17,169,748
Assigned	<u>1,034,597</u>	<u>1,004,043</u>	<u>772,850</u>	<u>2,288,839</u>	<u>955,757</u>	<u>1,068,221</u>	<u>814,682</u>	<u>467,289</u>	<u>984,076</u>	<u>1,951,254</u>
Total All Other Governmental Funds	<u>8,711,140</u>	<u>8,348,797</u>	<u>8,773,193</u>	<u>9,879,115</u>	<u>15,421,262</u>	<u>13,157,319</u>	<u>41,843,515</u>	<u>36,388,487</u>	<u>23,762,831</u>	<u>19,206,699</u>
Total Governmental Funds	<u>\$36,863,396</u>	<u>\$37,188,450</u>	<u>\$43,522,923</u>	<u>\$48,493,325</u>	<u>\$52,082,951</u>	<u>\$51,527,633</u>	<u>\$86,271,130</u>	<u>\$82,764,464</u>	<u>\$73,623,489</u>	<u>\$70,169,152</u>

CITY OF PALM BEACH GARDENS, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	2011	2012	2013	2014
Revenues				
Ad valorem taxes	\$ 45,755,279	\$ 44,232,540	\$ 44,946,393	\$ 46,310,990
Local business tax	1,421,834	1,370,720	1,424,382	1,480,360
Utility taxes	1,005,079	1,829,028	2,220,036	2,162,550
Special assessment	--	--	--	--
Franchise fees	4,946,864	5,327,897	5,101,610	5,493,667
Licenses and permits	2,066,521	2,414,586	3,537,512	3,537,090
Intergovernmental	7,250,927	6,894,564	7,159,350	7,531,569
Impact fees	535,700	754,853	2,563,745	1,259,848
Charges for services	7,306,291	8,427,574	8,356,187	9,155,442
Fines and forfeitures	184,221	163,076	308,095	253,207
Investment income	348,002	299,204	162,847	219,231
Miscellaneous	1,537,789	1,621,486	1,874,051	1,917,229
Total Revenues	<u>72,358,507</u>	<u>73,335,528</u>	<u>77,654,208</u>	<u>79,321,183</u>
Expenditures				
Current:				
General Government	12,820,887	13,101,603	13,891,617	13,670,394
Public Safety	40,678,920	41,616,208	39,690,034	39,918,404
Culture and Recreation	5,688,357	5,505,915	5,461,517	5,749,601
Physical Environment	6,081,652	6,151,650	6,496,310	7,311,775
Transportation	827,068	591,089	882,857	802,773
Capital outlay	5,974,920	2,081,097	6,045,352	3,431,802
Debt service:				
Principal	3,113,455	3,328,573	3,623,063	3,857,772
Interest	1,066,464	850,124	713,851	720,871
Bond issuance costs	28,000	117,944	36,500	--
Other debt service costs	--	91,923	--	--
Total Expenditures	<u>76,279,723</u>	<u>73,436,126</u>	<u>76,841,101</u>	<u>75,463,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,921,216)</u>	<u>(100,598)</u>	<u>813,107</u>	<u>3,857,791</u>
Other Financing Sources (Uses)				
Transfers in	2,338,257	803,596	630,786	2,434,043
Transfers out	(2,338,257)	(743,460)	(647,494)	(2,434,043)
Capital leases	--	136,451	1,208,074	1,022,611
Sale of capital assets	--	--	30,000	90,000
Bonds and notes issued	--	--	4,300,000	--
Refunding bonds issued	4,440,997	16,190,000	--	--
Premium on bond issuance	--	101,429	--	--
Refunded bonds redeemed	(4,412,997)	--	--	--
Payment to refunded bond escrow agent	--	(16,062,364)	--	--
Total Other Financing Sources (Uses)	<u>28,000</u>	<u>425,652</u>	<u>5,521,366</u>	<u>1,112,611</u>
Special Items				
Proceeds from defined contribution plan	--	--	--	--
Payment to defined benefit plan	--	--	--	--
Total Special Items	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ (3,893,216)</u>	<u>\$ 325,054</u>	<u>\$ 6,334,473</u>	<u>\$ 4,970,402</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.96%</u>	<u>5.84%</u>	<u>6.09%</u>	<u>6.32%</u>

Table 4

2015	2016	2017	2018	2019	2020
\$ 49,094,541	\$ 51,974,181	\$ 55,324,350	\$ 59,347,671	\$ 62,162,541	\$ 67,588,710
1,642,308	1,600,232	1,608,214	1,530,796	1,538,888	1,590,949
2,094,656	2,015,310	2,028,360	2,069,939	1,983,296	1,913,129
--	--	114,377	115,709	135,785	112,970
5,559,815	5,425,438	5,564,984	5,542,336	5,808,900	5,473,521
4,546,357	4,905,124	5,832,223	5,392,299	5,344,130	7,468,226
7,824,817	8,078,313	10,256,074	12,473,767	13,119,959	14,539,106
2,625,215	1,730,260	2,934,014	1,735,643	3,801,311	6,113,239
10,557,716	10,709,338	11,993,327	12,825,955	13,401,124	12,026,469
271,264	321,570	172,986	173,132	275,187	446,788
418,442	436,783	491,590	1,092,977	2,717,467	1,727,033
2,366,415	2,051,152	2,463,251	2,233,836	3,275,551	2,275,905
87,001,546	89,247,701	98,783,750	104,534,060	113,564,139	121,276,045
14,757,766	15,762,838	16,736,979	17,633,866	20,752,846	21,419,757
42,140,959	43,328,804	44,110,412	47,018,092	51,433,031	52,912,658
5,956,101	6,214,376	6,853,710	7,977,514	7,546,130	7,267,346
8,031,030	8,203,345	9,606,325	10,733,099	11,766,857	13,569,137
849,961	965,058	616,681	641,199	958,324	801,697
7,095,189	12,108,700	13,585,815	18,570,340	24,328,627	22,490,033
3,954,800	4,038,352	6,642,493	4,313,966	6,532,722	6,183,646
626,114	562,576	906,256	777,250	965,681	798,283
--	--	62,720	--	--	--
--	--	--	--	--	--
83,411,921	91,184,049	99,121,391	107,665,326	124,284,218	125,442,557
3,589,626	(1,936,348)	(337,641)	(3,131,266)	(10,720,079)	(4,166,512)
8,005,816	3,191,233	1,801,320	1,701,843	1,691,845	3,879,864
(8,005,816)	(3,191,233)	(1,801,320)	(1,701,843)	(1,691,845)	(3,879,864)
--	1,152,030	1,965,638	2,641,100	679,504	712,175
--	229,000	--	99,000	899,600	--
--	--	30,000,000	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	1,381,030	31,965,638	2,740,100	1,579,104	712,175
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
\$ 3,589,626	\$ (555,318)	\$ 31,627,997	\$ (391,166)	\$ (9,140,975)	\$ (3,454,337)
5.90%	5.71%	8.63%	5.64%	7.31%	6.68%

CITY OF PALM BEACH GARDENS, FLORIDA

NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property				Total
	Residential Property	Commercial Property	Industrial Property	Other Property	
2011	\$ 5,848,513,461	\$ 1,449,291,192	\$ 159,894,950	\$ 46,154,142	\$ 7,503,853,745
2012	5,845,989,740	1,356,197,434	158,956,614	46,668,841	7,407,812,629
2013	5,971,391,486	1,362,505,644	137,804,685	54,067,590	7,525,769,405
2014	6,179,351,874	1,399,487,396	138,859,513	53,618,149	7,771,316,932
2015	6,655,059,315	1,519,351,040	70,050,865	138,572,340	8,383,033,560
2016	7,120,899,821	1,733,042,304	75,316,429	100,964,163	9,030,222,717
2017	7,578,568,351	1,949,533,937	82,092,236	108,638,650	9,718,833,174
2018	8,205,876,033	2,140,701,464	91,118,225	106,370,063	10,544,065,785
2019	8,648,423,475	2,277,266,953	102,974,514	152,169,262	11,180,834,204
2020	9,457,125,507	2,506,801,419	114,807,321	205,391,600	12,284,125,847

Note: Assessed values are established by the Palm Beach County Property Appraiser's Office as of January 1, each year. Assessments were increased to 100% of market value as of 1980.

Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Palm Beach County Property Appraiser's Office

Table 5

Personal Property	Centrally Assessed	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 419,393,252	\$ 1,530,479	\$ 7,924,777,476	\$ 5.9258	\$ 9,478,563,840	83.61%
355,387,197	1,580,454	7,764,780,280	5.9225	9,524,962,077	81.52%
357,685,952	1,261,843	7,884,717,200	5.9194	9,634,287,354	81.84%
357,264,904	1,567,443	8,130,149,279	5.9137	10,015,793,537	81.17%
374,540,771	1,842,341	8,759,416,672	5.8315	11,106,390,736	78.87%
400,381,117	2,111,042	9,432,714,876	5.6871	12,267,715,478	76.89%
376,051,655	2,332,101	10,097,216,930	5.6781	13,251,477,046	76.20%
328,044,724	2,460,119	10,874,570,628	5.6678	14,150,783,918	76.85%
327,384,323	2,472,492	11,510,691,019	5.6003	14,779,198,726	77.88%
358,183,261	2,470,709	12,644,779,817	5.5500	15,861,880,186	79.72%

CITY OF PALM BEACH GARDENS, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

City of Palm Beach Gardens					
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Palm Beach County School District	Palm Beach County
2011	5.7404	0.1854	5.9258	8.1540	4.9960
2012	5.7404	0.1821	5.9225	8.1800	4.9925
2013	5.7404	0.1790	5.9194	7.7780	4.9902
2014	5.7404	0.1733	5.9137	7.5860	4.9852
2015	5.6700	0.1615	5.8315	7.5940	4.9729
2016	5.5500	0.1371	5.6871	7.5120	4.9277
2017	5.5500	0.1281	5.6781	7.0700	4.9142
2018	5.5500	0.1178	5.6678	6.7690	4.9023
2019	5.5500	0.0503	5.6003	6.5720	4.8980
2020	5.5500	0.0000	5.5500	7.1640	4.8580

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Source: City of Palm Beach Gardens Finance Department and Palm Beach County Property Appraiser's Office

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Palm Beach Gardens. Not all overlapping rates apply to all City of Palm Beach Gardens property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Table 6

Overlapping Rates ⁽¹⁾					
Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	Total Direct and Overlapping Rates
1.1451	0.5491	0.6240	0.7513	0.0345	22.1798
1.1250	0.6081	0.4363	0.7475	0.0345	22.0464
1.1220	0.6066	0.4289	0.7300	0.0345	21.6096
1.0800	0.6065	0.4110	0.7025	0.0345	21.3194
1.0800	0.6024	0.3842	0.6745	0.0345	21.1740
1.0426	0.5985	0.1459	0.6677	0.0320	20.6135
0.8993	0.5933	0.3307	0.6833	0.0320	20.2009
0.7808	0.5891	0.3100	0.6590	0.0320	19.7100
0.7261	0.5901	0.2936	0.6403	0.0320	19.3524
0.7261	0.5491	0.2795	0.6497	0.0320	19.8084

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

Taxpayer	2020			2011		
	Taxable	Rank	Percent of	Taxable	Rank	Percent of
	Assessed		Total Taxable	Assessed		Total Taxable
	Value		Assessed Value ⁽¹⁾	Value		Assessed Value ⁽¹⁾
The Gardens Venture LLC	\$ 354,322,879	1	2.80%	\$ 205,000,000	1	2.59%
GLL US Retail LP	104,683,150	2	0.83%	105,147,822	2	1.33%
PR The Quaye Owner LLC	101,852,224	3	0.81%			
Excel Gardens LLC	97,000,000	4	0.77%	67,247,126	3	0.85%
BSREP III PBG Resort LLC	94,196,079	5	0.74%	50,000,000	9	0.63%
BREIT MF San Merano LLC	93,091,708	6	0.74%	54,206,475	7	0.56%
Northlake Blvd LLC	79,341,992	7	0.63%	56,833,511	5	0.72%
Advenir @ PGA LLC	79,303,333	8	0.63%			
GS Valencia LLC	63,076,431	9	0.50%			
Devonshire at PGA National LLC	59,879,232	10	0.47%	54,455,275	6	0.68%
WCI Communities				65,208,300	4	0.82%
REEP OFC Financial Center FL LLC				50,622,243	8	0.64%
Terra Funding GB Inc				44,060,479	10	0.56%
	<u>\$ 1,126,747,028</u>		<u>8.92%</u>	<u>\$ 752,781,231</u>		<u>9.38%</u>

Source: Tax roll provided by Palm Beach County Property Appraisers Office.

(1) See the Schedule of Net Assessed Value on page 141 for Estimated Actual Value of Taxable Property.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2011	\$ 46,934,495	\$ 45,094,498	96.08%	\$ 95,204	\$ 45,189,702	96.28%
2012	45,986,911	44,142,070	95.99%	129,642	44,271,712	96.27%
2013	46,672,795	44,866,669	96.13%	103,485	44,970,154	96.35%
2014	48,079,264	46,260,814	96.22%	77,724	46,338,538	96.38%
2015	51,080,538	49,137,584	96.20%	26,623	49,164,207	96.25%
2016	53,644,793	51,655,014	96.29%	86,038	51,741,052	96.45%
2017	57,333,007	55,238,312	96.35%	(78,934)	55,159,378	96.21%
2018	61,634,891	59,426,605	96.42%	37,074	59,463,679	96.48%
2019	64,463,323	62,125,467	96.37%	28,207	62,153,674	96.42%
2020	70,178,528	67,560,503	96.27%	--	67,560,503	96.27%

Source: City of Palm Beach Gardens Finance Department and Palm Beach County Tax Collector's Office.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Revenue Bonds	General Obligation Bonds	Capital Leases			
2011	\$ 16,366,001	\$ 8,579,140	\$ 762,039	\$ 25,707,180	0.0360%	\$ 531
2012	14,445,715	7,489,697	801,213	22,736,625	0.0301%	469
2013	18,188,016	6,365,138	1,608,643	26,161,797	0.0329%	529
2014	15,805,833	5,204,098	2,304,750	23,314,681	0.0249%	466
2015	13,376,878	4,004,775	1,966,269	19,347,922	0.0198%	383
2016	10,889,118	2,884,475	2,676,052	16,449,645	0.0158%	319
2017	36,065,480	1,730,056	4,378,159	42,173,695	0.0383%	802
2018	33,928,667	540,466	5,836,189	40,305,322	0.0340%	749
2019	28,958,527	--	5,415,230	34,373,757	N/A	618
2020	23,874,816	--	4,851,343	28,726,159	N/A	507

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 152 for population data.

N/A - Information not available

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value ⁽¹⁾	Per Capita ⁽²⁾
2011	\$ 8,579,140	0.11%	\$ 177
2012	7,489,697	0.10%	155
2013	6,365,138	0.08%	129
2014	5,204,098	0.06%	104
2015	4,004,775	0.05%	79
2016	2,884,475	0.03%	56
2017	1,730,056	0.01%	33
2018	540,466	0.00%	10
2019	--	0.00%	--
2020	--	0.00%	--

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

(1) See the Schedule of Net Assessed Value on page 141 for Estimated Actual Value of Taxable Property.

(2) See the Schedule of Demographic and Economic Statistics on page 152 for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**AS OF SEPTEMBER 30, 2020**

Government Unit	Net Debt Outstanding	Percentage Applicable to the City of Palm Beach Gardens ⁽¹⁾	Amount Applicable to the City of Palm Beach Gardens
Debt Repaid with Property Taxes			
Palm Beach County	\$ 44,740,000	5.22%	\$ 2,335,428
Palm Beach County School Board	--	5.21%	--
Other Debt			
Palm Beach County	794,196,617	5.22%	41,457,063
Palm Beach County School Board	1,474,433,000	5.21%	<u>76,817,959</u>
Subtotal, Overlapping Debt			120,610,450
City of Palm Beach Gardens Direct Debt			<u>28,726,159</u>
Total Direct and Overlapping Debt			<u><u>\$ 149,336,609</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business.

Source: Data provided by the Palm Beach County Finance Department and the Palm Beach County School Board.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School Board's taxable assessed value that is within the City's boundaries.

CITY OF PALM BEACH GARDENS, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

2011 Public Improvement and Refunding Bonds					
Fiscal Year Ended September 30,	Local Business Tax	Utility Taxes	Special Assessment	Franchise Fees	Licenses and Permits
2011	\$ 1,421,834	\$ 1,005,079	\$ --	\$ 4,946,864	\$ 2,066,521
2012	1,370,720	1,829,028	--	5,327,897	2,414,586
2013	1,424,382	2,220,036	--	5,101,610	3,537,512
2014	1,480,360	2,162,550	--	5,493,667	3,537,089
2015	1,642,308	2,094,656	--	5,559,815	4,546,357
2016	1,600,232	2,015,310	--	5,425,438	4,905,124
2017	1,608,214	2,028,360	114,377	5,564,984	5,832,223
2018	1,530,796	2,069,939	115,709	5,542,336	5,392,299
2019	1,538,888	1,983,296	135,785	5,808,900	5,344,130
2020	1,590,949	1,913,129	112,970	5,473,521	7,468,226

	Non Ad Valorem Revenue Available for Debt Coverage	Debt Service		Coverage
		Principal	Interest	
2011	\$ 26,067,528	\$ 2,005,259	\$ 828,446	9.20
2012	28,348,135	2,239,130	593,622	10.01
2013	30,144,070	2,498,505	492,496	10.08
2014	31,750,341	2,696,732	536,167	9.82
2015	35,281,790	2,755,476	479,293	10.91
2016	30,144,070	2,918,051	453,439	10.54
2017	31,750,341	5,488,075	440,911	6.84
2018	43,450,746	3,268,015	749,601	10.82
2019	47,600,287	6,160,231	962,061	6.68
2020	47,574,096	6,352,730	811,131	6.64

Note: The City's 2011 Public Improvement Revenue Bonds are obligations of the City payable solely from and secured solely by non ad valorem revenue. The original bonds were issued in November 2003 to refund certain prior obligations of the City. Additional bonds were issued in 2013 and 2017 to finance the cost of improvements to the City's golf course, parks, and facilities.

Source: City of Palm Beach Gardens Finance Department

Table 12

Inter- governmental	Charges for Services	Fines and Forfeitures	Investment Income	Miscellaneous	Non Ad Valorem Revenue Available for Debt Coverage
\$ 7,250,927	\$ 7,306,291	\$ 184,221	\$ 348,002	\$ 1,537,789	\$ 26,067,528
6,894,564	8,427,574	163,076	299,204	1,621,486	28,348,135
7,159,350	8,356,187	308,095	162,847	1,874,051	30,144,070
7,531,570	9,155,443	253,206	219,233	1,917,223	31,750,341
7,824,817	10,557,716	271,264	418,442	2,366,415	35,281,790
8,078,313	10,709,338	321,570	436,783	2,051,152	35,543,260
10,256,074	11,993,327	172,986	491,590	2,463,251	40,525,386
12,473,767	12,825,955	173,132	1,092,977	2,233,836	43,450,746
13,119,959	13,401,124	275,187	2,717,467	3,275,551	47,600,287
14,539,106	12,026,469	446,788	1,727,033	2,275,905	47,574,096

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Palm Beach County Personal Income ⁽²⁾ (In Thousands)	Palm Beach County Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2011	48,452	\$ 71,432,467	\$ 53,500	10,838	6.9%
2012	48,452	75,461,490	52,191	10,514	5.7%
2013	49,434	79,564,774	57,985	10,492	5.1%
2014	50,067	93,526,272	66,914	10,793	4.1%
2015	50,521	97,806,900	68,743	10,548	4.0%
2016	51,532	103,876,015	71,946	10,024	4.1%
2017	52,591	109,973,732	74,754	10,295	3.4%
2018	53,800	118,519,249	79,760	10,531	2.4%
2019	55,621	N/A	N/A	10,472	2.3%
2020	56,709	N/A	N/A	10,523	5.1%

Sources:

- (1) University of Florida Bureau of Business and Economic Research
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Palm Beach County School Board Budget Office
- (4) U.S. Bureau of Labor Statistics

N/A: Information not available

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS PRIOR

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palm Beach County School Board (estimated)	922	1	3.42%	1,193	1	4.39%
Tenet Healthcare Corp (estimated)	900	2	3.33%	855	2	3.15%
TBC Corporation (Headquarters)	870	3	3.22%			
PGA National Resort & Spa	700	4	2.59%	780	3	2.87%
Zimmer Biomet	659	5	2.44%	519	4	1.91%
Carrier Corporation (Headquarters)	595	6	2.20%			
City of Palm Beach Gardens	539	7	2.00%	437	7	1.61%
Belcan Engineering Group	401	8	1.49%	467	6	1.72%
NuVista Living	330	9	1.22%			
Cross Match Technologies (Headquarters)	300	10	1.11%			
Virtual Bank				497	5	1.83%
Palm Beach Gardens Marriott				277	8	1.02%
Global Care Solutions				250	9	0.92%
Synthes Anspach Companies				242	10	0.89%
	<u>6,216</u>		<u>23.03%</u>	<u>5,517</u>		<u>20.31%</u>

Source: 2020/2017 Business Development Board of Palm Beach County and City of Palm Beach Gardens' Economic Development Program

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of Employees										
General Government	66	71	71	73	75	81	84	86	92	94
Public Safety	280	278	281	278	280	283	298	309	317	317
Culture and Recreation	38	38	39	36	38	41	43	43	42	42
Physical Environment	66	65	64	67	67	67	71	77	78	79
Total Number of Employees	450	452	455	450	460	472	496	515	529	532

Source: City of Palm Beach Gardens Finance Department

CITY OF PALM BEACH GARDENS, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General Government				
Information Technology:				
Number of online inspections scheduled	12,150	7,720	4,051	3,569
City Clerk:				
Public records request	110	95	127	207
Finance:				
A/P checks issued	4,914	3,863	3,183	3,391
Public Safety				
Police personnel and officers	162	163	158	160
Fire personnel	118	118	113	118
Number of police foot patrols	10,874	9,028	8,619	8,771
Number of police service calls	38,220	36,866	30,515	30,540
Number of fire rescue calls	7,836	7,582	9,492	9,594
Culture and Recreation				
Special event attendees	110,000	144,000	167,000	170,000
General program participants	17,000	16,500	17,000	16,000
Total program participants	N/A	N/A	N/A	N/A
Youth camp registrations	3,775	3,988	4,072	3,591
Tennis members	367	455	409	453
Rounds of golf played	41,954	39,107	28,904	32,742
Athletic field utilization (hours)	N/A	N/A	N/A	N/A
General pool admissions	37,826	31,723	30,530	34,130
Physical Environment				
Curb miles swept	2,779	2,335	1,551	2,605
Linear feet of storm drains cleaned/repared	--	--	140	58
Permits issued	6,315	6,822	7,560	7,712
Value of permits	\$ 188,625,476	\$ 208,997,432	\$ 293,661,857	\$ 232,474,244
Inspections performed	18,100	18,605	24,105	22,882

Sources: Various City Departments

Table 16

Fiscal Year					
2015	2016	2017	2018	2019	2020
3,647	9,000	9,583	11,000	N/A	N/A
148	316	157	207	161	170
3,174	2,969	2,610	2,605	4,606	3,598
160	163	168	176	183	183
120	120	130	133	134	134
9,516	9,631	14,319	11,797	13,405	10,421
33,827	34,833	41,577	34,618	32,260	25,316
9,899	10,876	10,800	12,098	12,098	12,048
170,000	186,461	191,125	200,681	506,840	367,182
16,000	16,010	17,706	20,913	N/A	N/A
N/A	N/A	N/A	N/A	90,390	41,113
3,495	5,287	4,900	3,497	3,744	--
453	413	547	567	N/A	N/A
32,742	39,781	--	--	44,209	43,000
N/A	N/A	N/A	N/A	35,362	44,289
34,130	26,128	9,924	24,907	N/A	N/A
2,364	2,000	2,364	1,762	2,529	2,529
462	814	800	2,200	121	100
7,565	8,248	8,883	10,575	10,516	10,833
\$ 406,243,050	\$ 294,899,950	\$ 560,765,434	\$ 360,719,935	\$ 344,059,889	\$ 531,463,180
20,814	23,399	24,397	24,397	30,210	30,500

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire stations	5	5	5	5	5	5	5	5	5	5
Transportation										
Miles of streets	54	54	54	57	57	59	59	61	61	61
Culture and Recreation										
Parks acreage	172	172	172	172	201	222	222	222	312	312
Parks	11	11	11	11	14	16	16	16	17	17
Golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	140	140	140	140	140	140	140	140	140	140
Multipurpose fields	11	11	11	11	15	15	15	17	17	17
Multipurpose rinks	2	2	2	2	2	1	1	1	1	1
Baseball/softball fields	17	17	17	17	17	17	17	17	17	18
Tennis courts	19	19	19	19	24	24	26	26	26	28
Pickleball courts	0	0	0	0	0	6	12	18	18	18
Playgrounds	9	9	9	9	10	17	17	17	17	17
Basketball courts	13	13	13	13	15	18	18	18	18	18
Racquetball courts	6	6	6	6	6	6	6	6	6	6
Skatepark	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3

Sources: Various City Departments

REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, City Council and City Manager
City of Palm Beach Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palm Beach Gardens, Florida (the City) as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
April 30, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor, City Council and City Manager
City of Palm Beach Gardens, Florida

Report on Compliance for the Major Federal Program

We have audited the City of Palm Beach Gardens, Florida (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the fiscal year ended September 30, 2020. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and, the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
April 30, 2021

CITY OF PALM BEACH GARDENS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Federal Agency, Pass-through Entity Federal Program Project	CFDA Number	Contract/ Grant No.	Total Expenditures
<i>United States Department of Homeland Security</i>			
Indirect Program:			
Passed through State of Florida, Division of Emergency Management -			
Disaster Relief Funding, Hurricane Irma	97.036	Z1558	\$ 1,536,064
Disaster Relief Funding, Hurricane Dorian	97.036	4468	344,381
Disaster Relief Funding, Hurricane Michael	97.036	4399	<u>11,110</u>
<i>Total United States Department of Homeland Security</i>			<u>1,891,555</u>
<i>United States Department of Housing and Urban Development</i>			
Direct Program:			
Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants (Cluster)	14.218	B-19-MC-12-0065	<u>97,070</u>
<i>Total United States Department of Housing and Urban Development</i>			<u>97,070</u>
<i>United States Department of Justice</i>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	n/a	<u>8,124</u>
Indirect Programs:			
Passed through Palm Beach Sheriff's Office - Regional Fugitive Task Force			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JLEO-20-0308	10,255
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAGD-PALM-3-Y6-021	<u>10,000</u>
			20,255
<i>Total United States Department of Justice</i>			<u>28,379</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 2,017,004</u>

Note: There were no amounts transferred to subrecipients.

See notes to schedule of expenditures of federal awards.

CITY OF PALM BEACH GARDENS, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of the City of Palm Beach Gardens, Florida (the City) under programs of the federal government for the fiscal year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF PALM BEACH GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the
Financial statements audited were prepared in accordance
with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Non-compliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major program:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Type of auditors’ report issued on compliance for
major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be
reported in accordance with CFR 200.516(a)?

___ Yes X No

Identification of major program:

CFDA No.
97.036

Federal Program or Cluster
Division of Emergency Management –
Disaster Relief Funding

Dollar threshold used to distinguish between Type A and
Type B programs – Federal

\$750,000

Auditee qualified as low-risk auditee pursuant to the
Uniform Guidance?

___ Yes X No

CITY OF PALM BEACH GARDENS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF PALM BEACH GARDENS, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The City was not subject to a federal single audit in the prior year.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, City Council, and City Manager
City of Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Palm Beach Gardens, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 30, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for The Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated April 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has made these disclosures in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. This assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, FL
April 30, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To the Honorable Mayor, City Council and City Manager
City of Palm Beach Gardens, Florida

We have examined the City of Palm Beach Gardens, Florida (the City)'s compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2020.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
April 30, 2021