

Research Update:

Palm Beach County, FL Series 2025 Public Improvement Revenue Bonds Assigned 'AAA' Rating; Outlook Stable

October 3, 2025

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Palm Beach County, Fla.](#)'s \$82.745 million series 2025 public improvement revenue bonds.
- At the same time, we affirmed our 'AAA' long-term rating on the county's general obligation (GO) debt outstanding.
- In addition, we affirmed our 'AAA' long-term rating on the county's previously issued bonds secured by a covenant to budget and appropriate from non-ad-valorem revenue bonds.
- The outlooks are stable.

Rationale

Security

A covenant to budget and appropriate from legally available non-ad-valorem revenue secures the county's public improvement revenue bonds. We consider non-ad-valorem pledges as general operating pledges and believe they are inseparable from operations, so the ratings on the non-ad-valorem secured bonds are equivalent to our rating on the county's general creditworthiness. Series 2025 bond proceeds will be used to finance replacement of the community services department building; expand and renovate an animal care and control facility; and design the South County Administrative Complex redevelopment.

Revenue from ad valorem taxes on all taxable property within the county, without limitation as to rate or amount, secures the series GO bonds. The county's full faith, credit, and taxing power within the library district's boundaries secure the library district GO bonds outstanding.

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Credit highlights

The 'AAA' rating reflects our view of Palm Beach County's robust and diverse economic base, which realized a peak in new construction growth at \$5.5 million for fiscal 2026, and 7.8% growth in total property values. Management is projecting that annual growth in property values will moderate closer to the average of 5% in the next few years. During fiscal 2024, the county realized 23 relocation and expansion projects resulting in about 1,500 new jobs. In addition, the county's bioscience cluster continues to thrive, with recent growth primarily in research and development.

The county has maintained and increased available reserves with consecutive general fund surpluses since fiscal 2015. In the most recent audited year (fiscal 2024), nominal available reserves increased to about \$530 million, largely because the majority of revenue line items came in well above budget, and due to expenditure savings through vacant positions. For fiscal 2025, the county is estimating net operating performance will deteriorate by \$52 million, largely due to a \$45 million transfer to the sheriff for federal protection costs not budgeted and not yet reimbursed. This is also because of a declining trend in state-shared and half-cent sales tax revenue, which is expected to come in below budget assumptions amid state-level initiatives to provide taxpayer relief. The fiscal 2026 budget is balanced with the use of \$6 million in reserves to fund increases in salaries and public safety vehicle replacements. Despite plans to utilize reserves, we believe they will remain robust and comparable with those of 'AAA' peers.

Following this issuance, the county's net direct debt position amounts to \$821.5 million. Pension and other postemployment benefit (OPEB) fixed costs remain manageable. The county plans to issue about \$465 million in additional bonds during the next two years, including \$140 million in non-ad-valorem revenue bonds in fiscal 2026 for improvements to its airport center building; \$220 million in non-ad-valorem revenue bonds in fiscal 2027 for redevelopment of a south county administration complex; and \$105 million in taxable general obligation bonds for workforce and affordable housing projects. We anticipate that the debt profile will remain manageable and have incorporated these additional issuance plans in our analysis.

The rating reflects our opinion of Palm Beach County's:

- Robust development, coupled with similar economic output and stronger projected incomes relative to the nation's;
- Realistic and forward-looking budget assumptions, with long term financial forecasts and capital planning on a five-year horizon. Furthermore, the county maintains robust, well-defined policies with thorough reporting;
- Growth in total available reserves, due partly to positive variance in budget-to-actual performance;
- Manageable fixed costs and liabilities per capita, coupled with additional debt plans; and
- Institutional framework assessment as a Florida county (see: "[Institutional Framework Assessment: Florida Local Governments](#)," Sept. 9, 2024).

Environmental, social, and governance

Environmental risks are elevated for Palm Beach County given its location along Florida's southeastern coast, which makes it more susceptible to weather events and the effects of climate change. The county's department of built environment risk reduction is developing a climate change vulnerability assessment for unincorporated Palm Beach County and all county-owned assets within other municipalities. In addition, the county is developing a resilience action

plan focusing on priority projects that reduce infrastructure risk exposure. Governance and social risks are credit neutral and in line with the sector standard.

Rating above the sovereign

We rate Palm Beach County higher than the sovereign because we think it could maintain better credit characteristics than the nation in a stress scenario. This is given its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. In addition, local taxes generated about 70% of general fund revenue in fiscal 2024, demonstrating a lack of dependence on central government revenue.

Outlook

The stable outlook incorporates our expectation that Palm Beach County will maintain its credit profile given robust economic growth, comprehensive practices and policies, and a healthy financial profile.

Downside scenario

Although we view such events as unlikely, a sustained deterioration in Palm Beach County's financial position or a substantial increase in debt and contingent liabilities could lead to a negative rating action.

Palm Beach County, Florida--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.50
Economy	1.5
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	2.00

Palm Beach County, Florida--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	102	--	102	101
County PCPI % of U.S.	166	--	166	163
Market value (\$000s)	514,117,158	514,117,158	486,639,579	404,387,505
Market value per capita (\$)	324,648	324,648	311,800	268,108
Top 10 taxpayers % of taxable value	0.1	0.1	0.1	0.1
County unemployment rate (%)	3.6	3.3	3.0	3.0
Local median household EBI % of U.S.	103	103	102	106
Local per capita EBI % of U.S.	116	116	116	121
Local population	1,508,303	--	--	1,508,303
Financial performance				
Operating fund revenues (\$000s)	--	1,876,728	1,771,601	1,818,638

Palm Beach County, Florida--Key credit metrics

	Most recent	2024	2023	2022
Operating fund expenditures (\$000s)	--	1,596,452	1,495,720	1,328,106
Net transfers and other adjustments (\$000s)	--	(259,263)	(164,960)	(425,349)
Operating result (\$000s)	--	21,013	110,921	65,183
Operating result % of revenues	--	1.1	6.3	3.6
Operating result three-year average %	--	3.7	4.9	3.4
Reserves and liquidity				
Available reserves % of operating revenues	--	28.2	28.7	21.9
Available reserves (\$000s)	--	530,154	508,859	397,929
Debt and liabilities				
Debt service cost % of revenues	--	3.2	3.5	3.2
Net direct debt per capita (\$)	519	516	490	409
Net direct debt (\$000s)	821,583	817,837	764,318	616,998
Direct debt 10-year amortization (%)	55	61	--	--
Pension and OPEB cost % of revenues	--	7.0	8.0	7.0
NPLs per capita (\$)	--	1,100	1,131	1,022
Combined NPLs (\$000s)	--	1,742,707	1,765,655	1,541,448

Ratings List

New Issue Ratings

US\$82.745 mil pub imp rev bnds ser 2025 dtd 11/17/2025 due 12/01/2045

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Palm Beach Cnty, FL Non Ad Valorem Revenues AAA/Stable

Palm Beach Cnty, FL Unlimited Tax General Obligation AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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