



The Town of
Highland Beach, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended September 30, 2022



***The Town of
Highland Beach, Florida***

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2022

**Prepared by:
Finance Department**

**David DiLena
Finance Director**

TOWN OF HIGHLAND BEACH, FLORIDA
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INTRODUCTORY SECTION



Town of Highland Beach

3614 South Ocean Boulevard • Highland Beach, Florida 33487

June 30, 2023

Honorable Mayor and Members of the Town Commission
Town of Highland Beach, Florida

Pursuant to the Town's Charter and in accordance with State law, all general-purpose local governments publish, within nine months of the close of the fiscal year, a complete set of financial statements. These are presented in conformity with generally accepted accounting principles (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Commensurate with this requirement, we are pleased to present the Town of Highland Beach's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022.

This report consists of the management's representation concerning the finances of the Town of Highland Beach. Consequently, the Town's management assumes full responsibility for both the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, the management of the Town of Highland Beach has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework for internal controls has been designed to provide reasonable, rather than absolute, assurances that the financial statements will be free of material misstatements. 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 Town of Highland Beach's financial statements have been audited by Nowlen, Holt & Miner, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Highland Beach for the fiscal year ended September 30, 2022, are fairly stated and free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor has concluded and issued an unmodified ("clean") opinion on the Town of Highland Beach's financial statements for the fiscal year ended September 30, 2022. The independent auditor's report is presented as the first component of the financial section of this report.

The organization and content of this report are based primarily on the financial reporting standards set by the Governmental Accounting Standards Board (GASB) and recommendations of the Government Finance Officers Association of the United States and Canada. This report is

divided into four principal sections to provide detailed financial information and activities to the Town commission, residents, and other interested parties. These sections consist of an introductory section, financial section, statistical section, and a compliance section. The Management's Discussion and Analysis (MD&A), a narrative designed to assist the reader by providing an overview and analysis of the financial activities of the Town, can be found immediately following the report of independent auditors.

The financial reporting entity includes all the funds of the primary government (i.e., the Town of Highland Beach, Florida as legally defined), as well as all its component units in accordance with GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Reporting Entity."* Although the Palm Beach County Board of County Commissioners, Palm Beach County School Board, and South Florida Water Management District, among other governments, levy and collect taxes on property located within the corporate limits of the Town of Highland Beach, financial information on these taxing authorities are not included in this report since the Town is not financially accountable for these agencies. Annual financial reports from these other taxing authorities are available upon request from each respective authority.

THE TOWN

The Town of Highland Beach is in the southern portion of eastern Palm Beach County, which is in the southeastern part of the State of Florida. The Town encompasses 0.6 square miles and is bounded on the north and northwest by the City of Delray Beach and on the south and southwest by the City of Boca Raton. The Atlantic Ocean lies adjacent to the Town on the east and the Intracoastal Waterway lies to the west. The Town is a residential community with a year-round population of 4,302 (2022 Estimated – Florida Legislature, Office of Economic and Demographic Research), which increases to approximately 7,900 during the winter months. According to www.city-data.com the most recently reported (2019) median age in Highland Beach is 68.4 years. Males make up approximately 48.2% and females 51.8% of the total population in Highland Beach.

The governing body of the Town consists of a five-member Town Commission, each of whom is elected for three-year overlapping terms. Commission members may serve two consecutive terms. The Town was incorporated under the laws of Florida governing municipal corporations in 1949 and operates under a Charter adopted by its citizens. Day-to-day operations of the Town are under the leadership of a Town Manager who is appointed by the Town Commission.

The Town provides general municipal services such as police protection, water and wastewater utility services, public works, street maintenance, landscaping as well as a municipal library. The Town also provides fire protection, solid waste services, and a postal substation through contracts with others.

ECONOMIC CONDITION AND OUTLOOK

The overall economic condition of the Town of Highland Beach is thriving. General Fund Ad Valorem (property tax) tax revenues continue to exceed operating expenditures. Substantial new construction and redevelopment have been added to the tax base of the community. In addition,

increases in assessed values assigned by the Palm Beach County Property Appraiser's Office have ensured a reliable increase in ad valorem tax revenues year over year. The Town is nearly built-out, with just a few remaining parcels that are available for low-density development. Over the last year, the Town added approximately \$29.3 million worth of new construction to the tax base. The trend of replacing the older single-family homes with larger homes continues throughout the community and several condominiums have undergone major restoration work. The Palm Beach County Property Appraiser anticipates another favorable increase in property values for Highland Beach.

The water and wastewater enterprise funds continue to improve their financial condition. A revenue sufficiency and rate study, completed in January 2021, resulted in uniform rate adjustments for the water and sewer rates. The Commission adopted a rate structure that increases annually by a rate index that is tied to municipal operations. This rate structure will allow the water and sewer systems to maintain adequate reserves that are necessary for capital repairs and replacements.

The overall economic outlook for the Town appears to be bright. The increase in assessed value of existing and new residential units and condominiums will allow the Town's assessed value to continue in growth mode. Through the enforcement of Town codes and ordinances, the Town will continue to enhance the aesthetic appearance of the Town and maintain the high quality of life that exists in the community.

The following table demonstrates the previously mentioned points regarding the growth in assessed value in the Town.

Fiscal Year Ended	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Just Value
2013	1,727,623,028	15,040,000	9,610,456	1,752,273,484	4.87	1,966,422,907
2014	1,798,567,981	15,400,000	10,043,245	1,824,011,226	4.81	2,072,656,191
2015	1,910,980,084	15,400,000	10,683,925	1,937,064,009	4.64	2,260,380,097
2016	2,047,110,813	16,170,000	11,959,998	2,075,240,811	4.15	2,475,549,166
2017	2,186,088,224	17,787,000	12,448,224	2,216,323,448	3.86	2,716,856,926
2018	2,369,865,868	19,565,700	11,139,513	2,400,571,081	3.70	2,915,050,463
2019	2,449,537,041	21,524,470	12,241,737	2,483,303,248	3.72	2,939,022,067
2020	2,566,581,797	23,676,917	12,083,552	2,602,342,266	3.80	3,079,744,504
2021	2,830,390,866	26,312,862	14,849,795	2,871,553,523	3.79	3,210,768,746
2022	3,201,309,493	28,944,149	17,058,146	3,247,311,788	3.62	4,221,158,007

Source: Palm Beach County Property Appraiser's Office

Long-term financial planning

As of September 30, 2022, the governmental fund balance increased marginally by 3.5% by \$442,586, from \$12.8M to \$13.2M. The Town Commission continues to take an aggressive approach toward preserving the financial future of the Town by adopting policies that create cash reserve designations labeled as assigned fund balance. These cash reserves are assigned for a specific use such as recovering from natural disasters.

In June 2022, the Town issued the Non-Ad Valorem Revenue Note Series 2022, in the principal amount not to exceed \$5,050,000 to provide for the construction and equipping of new fire station and related costs; covenanting to budget and appropriate funds from legally available non-ad valorem revenues to repay the Note. The Town received a draw in the amount of \$52,100 upon issuance of the Note to pay costs of issuing the Note. The balance of the proceeds of the Note will be received on a draw-down basis to pay construction costs for the new fire station. The Note bears interest at a fixed rate of 3.26%.

MAJOR INITIATIVES

The Town passed Ordinance No. 2021-009 on June 15, 2021, to establish a municipal fire-rescue department. The City of Delray Beach, the current provider of fire rescue/EMS service, is set to terminate on April 30, 2024. The Town has completed the design and planning stage of construction on a new fire station as part of the transition to independently operating their own full-service Fire rescue department as of September 30, 2022.

In order to better respond to economic cycles in the construction industry, the Town transitioned to a hybrid model of providing Building Department services. A portion of the Building Department services are provided by full-time Town employees with the remainder provided through contractual services. The hybrid service model will allow for scaling back of certain services if there is a downturn in the construction industry and less demand for these services.

In August 2022, the Commission approved an interlocal agreement (ILA) with the Town of Gulf Stream to provide building plan review and inspection services to the Town of Gulf Stream. The Building Department has the capacity to handle the increased workload while increasing revenues and improving overall services to Highland Beach residents.

For the Future

The Town plans to improve State Road A1A in partnership with the Florida Department of Transportation. The Resurfacing, Restoration and Rehabilitation (RRR) Project not only aims to improve the drivability and flow of traffic but also improve pedestrian safety and reduce roadway flooding. The Town also plans to address the condition of its sanitary sewer collection system. Given the age of the sanitary sewer collection system and the salty environment in which the pipes are situated, there is the need for significant repairs and replacements to ensure sewer system integrity. The Town is working to secure public support for a referendum to approve funding of the project which exceeds the charter limit of \$350,000. The Town is planning to install new entry signs into the Town to enhance aesthetics and complete a Beach Erosion/Dune Management Study to identify critical erosion areas needing restoration to protect against

potential storm surge and protect sea turtle nesting habitat. Lastly, the Town continues to undertake an annual strategic planning process to align operations and policy development with the goals of the community.

American Rescue Plan Act (ARPA)

The Town initiated the grant process with the State of Florida, Division of Emergency Management on August 16, 2021, for the American Rescue Plan Act (ARPA) and related Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding agreement as established by the U.S. Department of the Treasury. The Town was awarded \$1,961,343 paid in two increments of \$980,671.50. The Town received the first payment in September 2021 and the second payment in September 2022. These funds are restricted by the Federal Government for certain projects. The Town has identified two projects that meet the restriction thresholds. The construction of the new fire station and acquisition of fire equipment along with Lift Station Rehabilitation are budgeted to begin in Fiscal Year 2023. The Town does not expect any additional ARPA funding in the foreseeable future. As of September 30, 2022, the total funds awarded through the ARPA program were recorded and reported as unearned revenues.

FINANCIAL INFORMATION

Budgetary Control

The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Commission. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within an individual fund. The Town utilizes the encumbrance accounting system which is used to accomplish budgetary control. Encumbrance lapse at year-end and reappropriated in the subsequent year's budget.

Financial Standards

The Town implemented Governmental Accounting Standards Board Statement No. 5 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year ended September 30, 2011. The objective of GASB 54 is to provide a clearer distinction between available and unavailable financial resources by establishing 5 categories (non-spendable, restricted, committed, assigned, and unassigned) of fund balance. The Town amended the original Fund Balance Policy to correspond with the new Fire-Rescue Department and increase the amounts for Disaster Recovery. Resolution 2022-005 Established the following categories: Budget Stabilization target assignment of 16.7% of General Fund operating expenditures, Disaster Recovery target assignment of 16.7% of General Fund operating expenditures, and Fire Rescue Department assignment of a fixed \$6.5 million, with the remainder of funds to be unassigned (or unrestricted).

The Town implemented GASB Statement 87 at the start of the fiscal year. This statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this statement apply to financial statements of all state and local governments. Implementation of the change had a minor impact on net position.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Town of Highland Beach's Finance Department. We also wish to thank the Mayor and Commission members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Labadie', with a stylized, cursive script.

Marshall Labadie
Town Manager

A handwritten signature in black ink, appearing to read 'David M. DiLena', with a stylized, cursive script.

David M. DiLena, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Highland Beach
Florida**

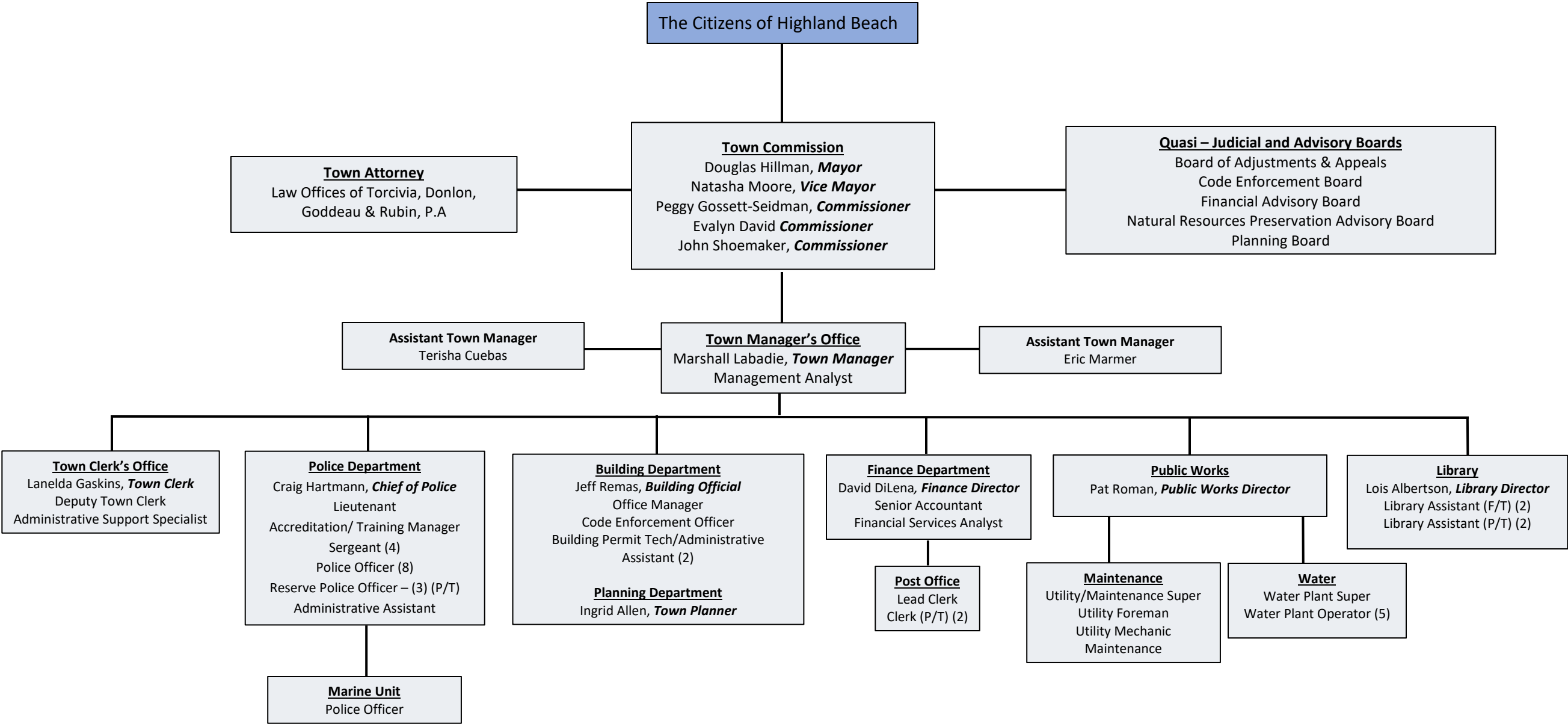
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

TOWN OF HIGHLAND BEACH
Organizational Chart



2021-2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT TOWN OF HIGHLAND BEACH, FLORIDA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022

TOWN COMMISSION

Douglas Hillman, Mayor
Natasha Moore, Vice-Mayor
Evalyn David, Commissioner
Peggy Gossett-Seidman, Commissioner
John Shoemaker, Commissioner

TOWN MANAGER

Marshall Labadie

TOWN ATTORNEY

Glen Torcivia
Torcivia, Donlon, Goddeau & Rubin, P.A.

DEPARTMENT HEADS

Lanelda Gaskins	Town Clerk
David DiLena	Finance Director
Craig Hartmann	Chief of Police
Jeffrey Remas	Building Official
Pat Roman	Public Works Director
Lois Albertson	Library Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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NORTHBRIDGE CENTRE
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WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
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EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Commission
Town of Highland Beach, Florida

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Beach, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Highland Beach, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Beach, Florida, as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Highland Beach, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 and Note 17 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Correction of Error

As discussed in Note 20 to the financial statements, the beginning net position of the business-type activities, the Water Utility Fund, and the Sewer Utility Fund were restated to correct the reporting of grant revenues. The beginning net position of the business-type activities and Sewer Utility Fund were also restated to correct the reporting of operating expenses. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Highland Beach, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Highland Beach, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Highland Beach, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the budgetary comparison information on pages 76 through 80, the other postemployment benefits schedule on page 81, and the pension schedules on pages 82 through 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Highland Beach, Florida's basic financial statements. The accompanying combining and individual fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the combining and individual fund financial statements and schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Town of Highland Beach, Florida'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 Town of Highland Beach, Florida'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 Town of Highland Beach, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Highland Beach's management discussion and analysis is designed to assist the reader by providing a narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2022. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting in changes and currently known facts, please read it in conjunction with the accompanying transmittal letter in the introductory section and the Town's financial statements.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ending September 30, 2022.

- The Town's assets plus deferred outflows exceeded its liabilities and deferred inflows of resources on September 30, 2022, by \$25.0 million (net position), an increase of approximately \$1,358,000 over the prior year's ending net position of \$23.6 million. Of this amount, \$11.0 million may be used to meet the ongoing obligations to citizens and creditors.
- The Town's revenues for governmental activities were \$14.8 million, an increase of \$782,000 or 5.6% over the previous year. This growth can be attributed primarily to the surge in service charges resulting from the Interlocal Agreement (ILA) established between the Town and the Town of Gulf Stream. The ILA specifically pertains to the Build Department and associated inspection services. The expenses for governmental activities were \$13.0 million, an increase of \$1.8 million or 16.2% increase from the prior year. The increase in expenses is related to the overall inflationary price level increases and outsources contract labor associated with inspection services.
- The business-type activities, which include the water and sewer funds experienced a \$690,000 increase or 18.5% in revenues. The increase is primarily due to the increase in user rates based on a recent rate study. Expenses increased by \$225,000 or 4.9% primarily due to the overall increase in operating expenses and capital projects.
- On September 30, 2022, the General Fund's unassigned fund balance was \$2.3 million. The General Fund has designated three assignments of fund balance: 1) budget stabilization assigned at \$1.97 million, 2) disaster recovery assigned at \$1.97 million, 3) fire rescue assigned at \$4.0 million.
- The Town's long-term liabilities (excluding net pension liability) decreased by \$1.48 million, or 16.7 percent. The key factors of the decrease were annual principal payments on current debt and no new borrowing.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Highland Beach's basic financial statements. The Town of Highland Beach's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. The change in net position over time may be an indicator of the Town's financial health.

The *statement of activities* provides a breakdown of revenues and expenses by function. The functions primarily supported by taxes and intergovernmental revenues, such as police, fire, and other public services are considered governmental activities. Those functions that are primarily funded through user fees and charges are identified as business-type activities. In the Town of Highland Beach, the latter consist of the water and sewer activities.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than the previous reporting model’s fund types. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal obligations. The funds of the Town can be divided into two categories: governmental funds and proprietary funds.

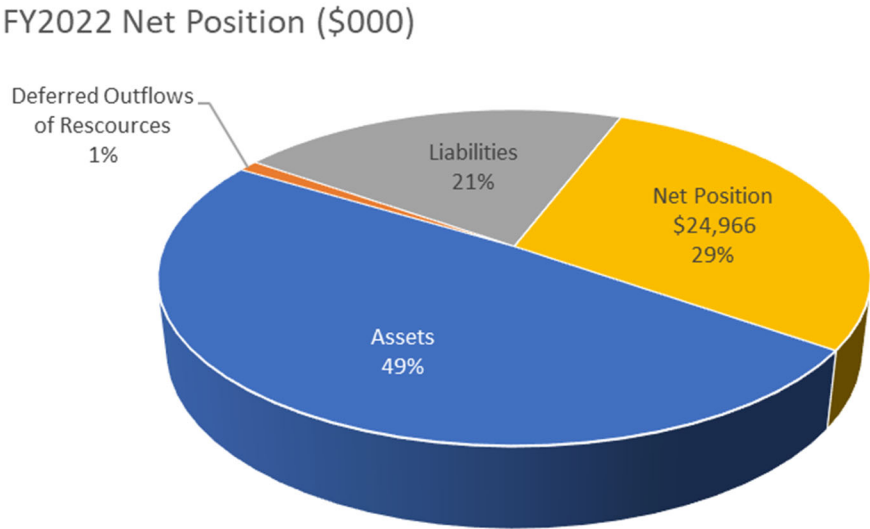
Governmental Funds are used for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources,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

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Town’s proprietary funds consist of the water and sewer funds. These enterprise funds are the equivalent of business-type activities in the government-wide statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements were designed so that the user could determine if the Town is in a better or worse financial condition from the prior year. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$24.9 million an increase of \$1.3 million or 5.8% on September 30, 2022, as compared to the prior year.



Town of Highland Beach
Net Position
(In Thousands)

	Governmental 2022	Business 2022	Total 2022	Governmental 2021	Business 2021	Total 2021
Assets:						
Current and other assets	\$ 14,294	\$ 8,176	\$ 22,470	\$ 13,279	\$ 7,290	\$ 20,569
Capital assets - Net	4,949	14,841	19,790	4,582	15,228	19,810
Total assets	19,243	23,017	42,259	17,861	22,518	40,379
Deferred Outflows of Resources:						
Pension related items	1,425	206	1,631	1,164	195	1,359
OPEB related items	18	5	23	33	8	41
Total deferred outflow of resources	1,443	211	1,654	1,197	203	1,400
Liabilities:						
Current and other liabilities	1,028	2,288	3,316	424	1,400	1,824
Long-term liabilities	5,704	9,183	14,887	2,288	9,845	12,133
Total liabilities	6,732	11,471	18,204	2,712	11,245	13,957
Deferred Inflows of Resources						
Pension related items	395	57	452	3,563	471	4,034
OPEB related items	200	50	250	146	34	180
Lease related items	43	-	43	-	-	-
Total deferred inflow of resources	639	107	745	3,709	505	4,214
Net position:						
Net investment in capital assets	4,861	6,460	11,320	4,582	4,484	9,066
Restricted for:						
Debt service	-	50	50	-	389	389
Special projects	2,627	-	2,627	2,193	58	2,251
Unrestricted	5,828	5,140	10,968	5,862	6,040	11,902
Total net position	\$ 13,316	\$ 11,650	\$ 24,965	\$ 12,637	\$ 10,971	\$ 23,608

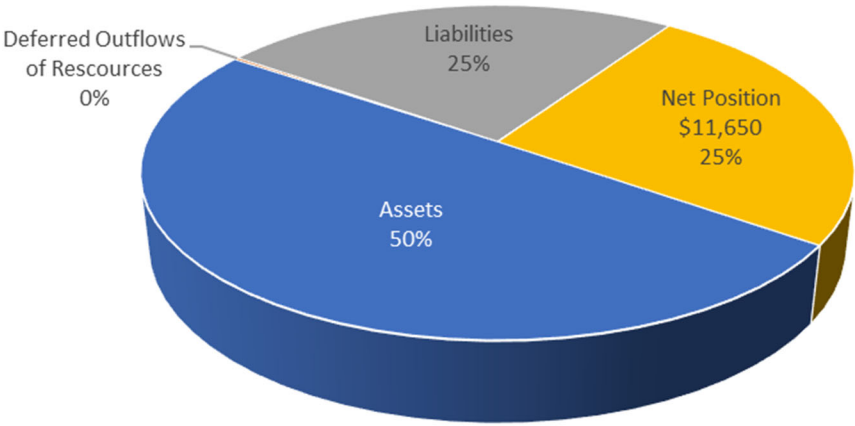
The Town's net position is nearly evenly distributed between net investment in capital assets at \$11.3 million or 45% and unrestricted cash at \$10.9 million or 44% of total net position. The unrestricted cash reserves may be used to meet the Town's ongoing obligations to citizens and creditors. Approximately 16% or \$4 million of these cash reserves are earmarked for the establishment of the Town's Fire Rescue Department.

A portion of the Town's net position (11%) represents resources that are subject to external restrictions on how they may be used. The Town reflects its investment in capital assets (e.g., land, building, machinery and equipment) less any related debt, used to acquire those assets, that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

Net position of the governmental activities on September 30, 2022, was \$13.3 million. Property taxes are the main source of revenues and represent approximately 65% of the revenue for governmental activities. Expenses for Public Safety (Police, Fire Rescue, and Building Inspection) represent approximately 71% of governmental activities expenses and increased by 18.6% as compared to the prior year. Governmental revenues increased primarily as a result of the increases in property values which were offset by a slight reduction in the debt service millage. Governmental expenditure increased by \$1.8 million was offset by a reduction in transfers to the water fund as part of the Town's plan to ensure that the enterprise funds become self-sustaining. The net effect of these major changes primarily contributed to an increase in net position of the governmental activities of approximately \$679,000.

Net position of the business-type activities (water and sewer) on September 30, 2022, was \$11.6 million. The Water and sewer user rates were increased during the year to ensure that these funds become self-sustaining by the end of Fiscal Year 2024. The increase in rates was offset by the increase in operating expenditure and a reduction in transfers from the general fund. The effects of these major changes primarily contributed to an increase in net position of approximately \$679,000.

FY2022 Net Position Business Type Activity (\$000)



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Town of Highland Beach
Changes in Net Position
(In Thousands)

	Governmental	Business	Total	Governmental	Business	Total
	2022	2022	2022	2021	2021	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,115	\$ 4,425	\$ 7,540	\$ 2,589	\$ 3,556	\$ 6,145
Operating grants and contributions	20	-	20	29	-	29
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	9,623	-	9,623	9,739	-	9,739
Utility taxes	501	-	501	412	-	412
Franchise Fees	536	-	536	472	-	472
Sales and use taxes	766	-	766	637	-	637
State revenue sharing	150	-	150	104	-	104
Investment earnings	9	4	13	7	3	10
Miscellaneous	7	-	7	-	180	180
Gain on disposal of fixed assets	53	-	53	8	-	8
Total revenues	14,779	4,429	19,208	13,997	3,739	17,736
Expenses:						
Program expenses:						
General government	2,764	-	2,764	2,493	-	2,493
Public safety	9,228	-	9,228	7,779	-	7,779
Public works	453	-	453	533	-	533
Culture and recreation	615	-	615	431	-	431
Interest on long-term debt	1	-	1	-	-	-
Water and sewer	-	4,789	4,789	-	4,564	4,564
Total expenses	13,061	4,789	17,850	11,236	4,564	15,800
Excess (deficiency) before transfers	1,718	(360)	1,358	2,761	(825)	1,936
Transfers	(1,039)	1,039	-	(1,430)	1,430	-
Increase (decrease) in net position	679	679	1,358	1,331	605	1,936
Net position – October 1,	12,637	10,971	23,607	11,306	10,366	21,672
Net position – September 30,	\$ 13,316	\$ 11,650	\$ 24,965	\$ 12,637	\$ 10,971	\$ 23,608

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CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2022, totaled \$19.8 million (net of accumulated depreciation) which remained relatively unchanged as compared to the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major capital asset events during the current fiscal year included the following:

Town of Highland Beach Capital Assets (In Thousands)

	Governmental Activities 2022	Business Activities 2022	Total 2022	Total 2021
Land	\$ 324	\$ -	\$ 324	\$ 324
Construction in progress	210	-	210	-
Amortized leases	36	-	36	-
Buildings and improvements	5,278	9,478	14,755	14,750
Improvements other than buildings	3,246	13,902	17,148	16,755
Equipment, furniture, and books	2,855	8,390	11,245	10,873
Total assets	\$ 11,949	\$ 31,770	\$ 43,718	\$ 42,702
Less accumulated depreciation & amortization	(\$6,999)	(\$16,928)	(\$23,928)	(\$22,891)
Total	\$ 4,949	\$ 14,841	\$ 19,791	\$ 19,811

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Liabilities

The Town's long-term liabilities (excluding Net Pension Liability) decreased by \$1,480,000 as follows:

Town of Highland Beach Long-Term Liabilities (In Thousands)

	Governmental Activities 2022	Business Activities 2022	Total 2022	Total 2021
Promissory notes	\$ -	\$ 1,709	\$ 1,709	\$ 1,943
Revolving fund loans	-	6,584	6,584	7,691
Leases payable	23	-	23	-
Other postemployment benefits	82	20	102	193
Compensated absences	324	107	431	502
Total	\$ 429	\$ 8,420	\$ 8,849	\$ 10,329

Additional information on the Town's long-term liabilities can be found in Note 7 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

On September 30, 2022 the Town's ending fund balances of the General Fund totaled \$10.6 million, an increase of approximately \$9,410 from the prior year. Approximately 21% (\$2.258 million) of the ending fund balances constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the balance is reserved, indicating that it is not available for new spending because it has either been assigned to provide 1) budget stabilization (\$1.97 million), 2) disaster relief (\$1.97 million), fire rescue implementation (\$4.00 million); or 4) liquidation of carry-overs from the prior year and/or allocation for the following budget (\$384,790).

Budgetary Highlights-Budget to actual comparison schedules are provided in the Required Supplementary Information (RSI) Section of the report. The budget and actual schedules show the original budgets, the final revised budget, actual results, and variance between the final budget and actual results for the General Fund. Total General Fund expenditures of \$11.80 million were less than the final amended budget of \$12.2 million, a difference of approximately \$433,317.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Town's 2023 fiscal year budget includes items that continue to accomplish the goals of the Town. These goals included enhancing the level of services, increasing the responsiveness of the local government to the needs of the public and the establishment of the Town's Fire Rescue Department to enhance public safety for our residents.

Property taxes are the main source of revenues for governmental activities and represent approximately 69 percent of the General Fund budgeted revenues. The Town's total tax millage rate decreased from a total of 3.6224 mills in FY 2022 to 3.5875 mills in FY 2023. However, a favorable increase (13.7%) in the Town's total assessed property value will produce approximately \$1.3 million more in property taxes year over year.

Notwithstanding one-time capital expenditures, property taxes combined with all other estimated General Fund revenues are projected to be sufficient to cover the expenditures in the fiscal year 2023 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department, at the Town of Highland Beach, 3614 S. Ocean Boulevard, Highland Beach, Florida 33487.

BASIC FINANCIAL STATEMENTS

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,029,497	\$ 469,544	\$ 1,499,041
Investments	12,870,141	6,767,686	19,637,827
Accounts receivable (net)	232,067	862,911	1,094,978
Due from other governments	96,579	-	96,579
Lease receivable	43,107	-	43,107
Inventories	9,287	7,675	16,962
Prepaid items	13,402	2,000	15,402
Restricted Assets			
Cash and cash equivalents	-	65,868	65,868
Total current assets	14,294,080	8,175,684	22,469,764
Noncurrent assets			
Capital assets			
Non-depreciable	533,863	-	533,863
Depreciable, net	4,392,622	14,841,459	19,234,081
Amortized, net	22,669	-	22,669
Total noncurrent assets	4,949,154	14,841,459	19,790,613
Total assets	19,243,234	23,017,143	42,260,377
Deferred outflows of resources			
Pension related items	1,424,947	206,080	1,631,027
OPEB related items	18,342	4,531	22,873
Total deferred outflows of resources	1,443,289	210,611	1,653,900
Liabilities			
Current liabilities			
Accounts payable	697,569	161,484	859,053
Contracts payable	65,068	88,350	153,418
Accrued liabilities	264,922	26,454	291,376
Accrued interest payable	-	3,811	3,811
Unearned revenue	518	1,991,691	1,992,209
Payable from restricted			
Accrued interest	-	16,436	16,436
Total current liabilities	1,028,077	2,288,226	3,316,303
Noncurrent liabilities			
Due within one year	126,668	1,409,470	1,536,138
Due in more than one year	5,577,657	7,773,646	13,351,303
Total noncurrent liabilities	5,704,325	9,183,116	14,887,441
Total liabilities	6,732,402	11,471,342	18,203,744
Deferred outflows of resources			
Pension related items	395,253	57,163	452,416
OPEB related items	200,385	49,503	249,888
Lease related items	42,907	-	42,907
Total deferred outflows of resources	638,545	106,666	745,211
Net Position			
Net investment in capital assets	4,861,126	6,460,165	11,321,291
Restricted for:			
Debt service	-	49,432	49,432
Recreational land acquisition	232,768	-	232,768
Library activities	7,943	-	7,943
Infrastructure	395,450	-	395,450
Law enforcement	6,909	-	6,909
Building activities	1,983,038	-	1,983,038
Unrestricted	5,828,342	5,140,149	10,968,491
Total net position	\$ 13,315,576	\$ 11,649,746	\$ 24,965,322

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Activities
For the Fiscal Year Ended September 30, 2022

Function/ Program Activities	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,763,923	\$ 871,328	\$ 19,230	\$ -
Public safety	9,227,697	1,677,171	41	-
Culture recreation	615,291	1,806	487	-
Public works	452,626	564,392	-	-
Interest on long-term debt	1,349	-	-	-
Total governmental activities	<u>13,060,886</u>	<u>3,114,697</u>	<u>19,758</u>	<u>-</u>
Business-type activities:				
Water utility	3,499,626	3,054,379	-	-
Sewer utility	1,289,509	1,370,646	-	-
Total business-type activities	<u>4,789,135</u>	<u>4,425,025</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 17,850,021</u>	<u>\$ 7,539,722</u>	<u>\$ 19,758</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Utility taxes
- Franchise fees based on gross receipts
- Sales and use taxes
- Intergovernmental unrestricted
- Investment earnings
- Gain on disposal of capital assets
- Miscellaneous
- Transfers
- Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated
Net position, end of year

Governmental Activities	Business-Type Activities	Total
\$ (1,873,365)	\$ -	\$ (1,873,365)
(7,550,485)	-	(7,550,485)
(612,998)	-	(612,998)
111,766	-	111,766
(1,349)	-	(1,349)
<u>(9,926,431)</u>	<u>-</u>	<u>(9,926,431)</u>
-	(445,247)	(445,247)
-	81,137	81,137
<u>-</u>	<u>(364,110)</u>	<u>(364,110)</u>
<u>(9,926,431)</u>	<u>(364,110)</u>	<u>(10,290,541)</u>
9,623,432	-	9,623,432
500,817	-	500,817
536,327	-	536,327
765,634	-	765,634
150,226	-	150,226
8,708	3,824	12,532
6,650	-	6,650
52,776	-	52,776
(1,039,440)	1,039,440	-
<u>10,605,130</u>	<u>1,043,264</u>	<u>11,648,394</u>
678,699	679,154	1,357,853
12,636,877	10,970,592	23,607,469
<u>\$ 13,315,576</u>	<u>\$ 11,649,746</u>	<u>\$ 24,965,322</u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2022

	Major Funds		Nonmajor	Total
	General	Building Fund	Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 820,966	\$ 158,355	\$ 50,176	\$ 1,029,497
Investments	10,234,290	2,001,623	634,228	12,870,141
Receivables (net)				
Accounts	232,067	-	-	232,067
Due from other governments	57,186	-	39,393	96,579
Lease	43,107	-	-	43,107
Inventory	9,287	-	-	9,287
Prepays	2,274	11,128	-	13,402
Total assets	<u>\$ 11,399,177</u>	<u>\$ 2,171,106</u>	<u>\$ 723,797</u>	<u>\$ 14,294,080</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 562,698	\$ 54,144	\$ 80,727	\$ 697,569
Contracts payable	65,068	-	-	65,068
Accrued liabilities	130,998	133,924	-	264,922
Unearned revenue	518	-	-	518
Total liabilities	<u>759,282</u>	<u>188,068</u>	<u>80,727</u>	<u>1,028,077</u>
Deferred inflows of resources				
Lease related items	42,907	-	-	42,907
Total deferred inflows of resources	<u>42,907</u>	<u>-</u>	<u>-</u>	<u>42,907</u>
Fund balances				
Nonspendable				
Inventory	9,287	-	-	9,287
Prepays	2,274	-	-	2,274
Leases	200	-	-	200
Restricted for:				
Recreational land acquisition	-	-	232,768	232,768
Library activities	-	-	7,943	7,943
Infrastructure	-	-	395,450	395,450
Law enforcement	-	-	6,909	6,909
Building activities	-	1,983,038	-	1,983,038
Assigned to:				
Budget stabilization	1,971,094	-	-	1,971,094
Disaster recovery	1,971,094	-	-	1,971,094
Fire rescue	4,000,000	-	-	4,000,000
Subsequent year expenditures	384,790	-	-	384,790
Unassigned	2,258,249	-	-	2,258,249
Total fund balances	<u>10,596,988</u>	<u>1,983,038</u>	<u>643,070</u>	<u>13,223,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,399,177</u>	<u>\$ 2,171,106</u>	<u>\$ 723,797</u>	<u>\$ 14,294,080</u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2022

Fund balances total governmental funds		\$ 13,223,096
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.		
Governmental capital assets	\$ 11,948,601	
Less accumulated depreciation and amortization	<u>(6,999,447)</u>	4,949,154
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences	(323,908)	
Net pension liability	(5,275,802)	
Total other postemployment benefits liability	(81,655)	
Lease liability	<u>(22,960)</u>	<u>(5,704,325)</u>
Deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans and other postemployment benefits are applicable to future periods and are not reported in the governmental funds.		
Deferred outflows related to pensions	1,424,947	
Deferred outflows related to other postemployment benefits	18,342	
Deferred inflows related to pensions	(395,253)	
Deferred inflows related to other postemployment benefits	<u>(200,385)</u>	<u>847,651</u>
Net position of governmental activities		<u><u>\$ 13,315,576</u></u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2022

	Major Funds		Nonmajor	Total
	General	Building Fund	Governmental Funds	Governmental Funds
Revenues:				
Taxes	\$ 10,156,631	\$ -	\$ 355,923	\$ 10,512,554
Permits and fees	536,327	1,659,660	-	2,195,987
Intergovernmental	546,785	-	-	546,785
Fines and forfeitures	6,577	-	41	6,618
Rent	76,449	-	-	76,449
Interest	7,291	1,046	371	8,708
Charges for services	624,271	12,740	-	637,011
Miscellaneous	868,472	-	487	868,959
Total revenues	<u>12,822,803</u>	<u>1,673,446</u>	<u>356,822</u>	<u>14,853,071</u>
Expenditures:				
Current				
General government	2,602,077	-	-	2,602,077
Public safety	8,045,041	1,246,014	-	9,291,055
Culture and recreation	398,250	-	-	398,250
Sanitation	449,221	-	-	449,221
Capital outlay	244,017	72,681	335,355	652,053
Debt service:				
Principal	63,086	1,997	-	65,083
Interest and fiscal charges	1,265	84	-	1,349
Total expenditures	<u>11,802,957</u>	<u>1,320,776</u>	<u>335,355</u>	<u>13,459,088</u>
Excess (deficiency) of revenues over (under expenditures)	<u>1,019,846</u>	<u>352,670</u>	<u>21,467</u>	<u>1,393,983</u>
Other financing sources (uses):				
Lease financing proceeds	31,900	4,043	-	35,943
Debt proceeds	52,100	-	-	52,100
Transfers in	-	54,996	-	54,996
Transfers out	(1,094,436)	-	-	(1,094,436)
Total other financing sources (uses)	<u>(1,010,436)</u>	<u>59,039</u>	<u>-</u>	<u>(951,397)</u>
Net change in fund balances	9,410	411,709	21,467	442,586
Fund balances, beginning of year	<u>10,587,578</u>	<u>1,571,329</u>	<u>621,603</u>	<u>12,780,510</u>
Fund balances, end of year	<u>\$ 10,596,988</u>	<u>\$ 1,983,038</u>	<u>\$ 643,070</u>	<u>\$ 13,223,096</u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2022

Net change in fund balances - Total governmental funds \$ 442,586

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 and amortization expense:

Expenditures for capital assets	\$ 694,180	
Less: current year depreciation and amortization	<u>(367,171)</u>	327,009

Capital assets donated to the Town		40,000
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Governmental funds report revenue when earned and available. However, the government-wide statements recognize revenue when earned, regardless of availability.

Prior year unavailable revenue	(114,046)
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The issuance of long-term debt provides 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 has any effect on net position.

Lease financing proceeds	(35,943)	
Debt proceeds	(52,100)	
Principal payments on debt	<u>65,083</u>	(22,960)

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:

Change in compensated absences payable	59,238	
Change in net pension liability and related deferred amounts	(58,222)	
Change in total other postemployment benefits liability and related deferred amounts	<u>5,094</u>	<u>6,110</u>

Change in net position		<u><u>\$ 678,699</u></u>
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See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2022

	Water Utility	Sewer Utility	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 242,908	\$ 226,636	\$ 469,544
Investments	3,902,974	2,864,712	6,767,686
Accounts receivable (net)	617,033	245,878	862,911
Prepaid items	2,000	-	2,000
Supplies inventory	7,675	-	7,675
Restricted Assets			
Cash and cash equivalents	65,868	-	65,868
Total current assets	<u>4,838,458</u>	<u>3,337,226</u>	<u>8,175,684</u>
Noncurrent assets			
Capital assets			
Depreciable			
Building and improvements	7,752,035	1,725,534	9,477,569
Improvements other than buildings	12,331,348	1,570,415	13,901,763
Equipment	7,934,549	455,886	8,390,435
Less accumulated depreciation	<u>(13,781,211)</u>	<u>(3,147,097)</u>	<u>(16,928,308)</u>
Total noncurrent assets	<u>14,236,721</u>	<u>604,738</u>	<u>14,841,459</u>
Total assets	<u>19,075,179</u>	<u>3,941,964</u>	<u>23,017,143</u>
Deferred outflows of resources			
Pension related items	206,080	-	206,080
OPEB related items	4,531	-	4,531
Total deferred outflows of resources	<u>210,611</u>	<u>-</u>	<u>210,611</u>
Liabilities			
Current liabilities			
Accounts payable	78,148	83,336	161,484
Contracts payable	21,650	66,700	88,350
Accrued liabilities	26,454	-	26,454
Accrued interest payable	3,811	-	3,811
Unearned revenue	603,799	1,387,892	1,991,691
Compensated absences payable	32,099	-	32,099
Payable from restricted			
Accrued interest	16,436	-	16,436
Current portion of long-term debt	1,377,371	-	1,377,371
Total current liabilities	<u>2,159,768</u>	<u>1,537,928</u>	<u>3,697,696</u>
Non-current liabilities			
Compensated absences payable	74,898	-	74,898
Net pension liability	763,003	-	763,003
Total OPEB liability	20,172	-	20,172
Long-term debt	6,915,573	-	6,915,573
Total non-current liabilities	<u>7,773,646</u>	<u>-</u>	<u>7,773,646</u>
Total liabilities	<u>9,933,414</u>	<u>1,537,928</u>	<u>11,471,342</u>
Deferred inflows of resources			
Pension related items	57,163	-	57,163
OPEB related items	49,503	-	49,503
Total deferred intflows of resources	<u>106,666</u>	<u>-</u>	<u>106,666</u>
Net Position			
Net investment in capital assets	5,922,127	538,038	6,460,165
Restricted for debt service	49,432	-	49,432
Unrestricted	3,274,151	1,865,998	5,140,149
Total net position	<u>\$ 9,245,710</u>	<u>\$ 2,404,036</u>	<u>\$ 11,649,746</u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Water Utility	Sewer Utility	Total
Operating revenue			
Charges for services	\$ 2,834,379	\$ 1,370,646	\$ 4,205,025
Administrative fee	220,000	-	220,000
Total operating revenues	<u>3,054,379</u>	<u>1,370,646</u>	<u>4,425,025</u>
Operating expenses			
Personnel services	955,497	-	955,497
Sewage disposal costs	-	898,425	898,425
Contractual services	25,681	17,564	43,245
Maintenance and repair	155,697	4,414	160,111
Meters and supplies	238,811	-	238,811
Utilities	287,327	38,345	325,672
Depreciation	804,582	65,859	870,441
Administrative charges	550,000	220,000	770,000
Professional services	54,671	26,202	80,873
Other	221,373	18,700	240,073
Total operating expenses	<u>3,293,639</u>	<u>1,289,509</u>	<u>4,583,148</u>
Operating income (loss)	<u>(239,260)</u>	<u>81,137</u>	<u>(158,123)</u>
Nonoperating revenues (expenses)			
Interest revenue	2,330	1,494	3,824
Interest expense	<u>(205,987)</u>	<u>-</u>	<u>(205,987)</u>
Total nonoperating revenues (expenses)	<u>(203,657)</u>	<u>1,494</u>	<u>(202,163)</u>
Income (loss) before contributions and transfers	<u>(442,917)</u>	<u>82,631</u>	<u>(360,286)</u>
Transfers in	<u>1,039,440</u>	<u>-</u>	<u>1,039,440</u>
Change in net position	596,523	82,631	679,154
Net position, beginning of year, as restated	<u>8,649,187</u>	<u>2,321,405</u>	<u>10,970,592</u>
Net position, end of year	<u>\$ 9,245,710</u>	<u>\$ 2,404,036</u>	<u>\$ 11,649,746</u>

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Water Utility	Sewer Utility	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 2,701,791	\$ 1,349,462	\$ 4,051,253
Receipts from interfund services provided	220,000	-	220,000
Payments to suppliers	(911,762)	(995,068)	(1,906,830)
Payments for interfund services used	(550,000)	(220,000)	(770,000)
Payments to employees	(972,348)	-	(972,348)
Net cash provided (used) by operating activities	487,681	134,394	622,075
Cash flows from non-capital financing activities:			
Transfers from other funds	1,039,440	-	1,039,440
Net cash provided by non-capital financing activities	1,039,440	-	1,039,440
Cash flows from capital and related financing activities:			
Grant receipts	316,559	694,461	1,011,020
Principal paid on long-term debt	(1,341,144)	-	(1,341,144)
Interest paid on long-term debt	(208,080)	-	(208,080)
Payments to acquire and construct capital assets	(223,967)	(170,980)	(394,947)
Net cash (used) by capital and related financing activities	(1,456,632)	523,481	(933,151)
Cash flows from investing activities:			
Interest and dividends on investments	2,330	1,494	3,824
Purchase of investments	(2,687,559)	(2,150,551)	(4,838,110)
Net cash provided by investing activities	(2,685,229)	(2,149,057)	(4,834,286)
Net increase (decrease) in cash and cash equivalents	(2,614,740)	(1,491,182)	(4,105,922)
Cash and cash equivalents, beginning of year	2,923,516	1,717,818	4,641,334
Cash and cash equivalents, end of year	<u>\$ 308,776</u>	<u>\$ 226,636</u>	<u>\$ 535,412</u>
Reconciliation to the statement of net position:			
Cash and cash equivalents	\$ 242,908	\$ 226,636	\$ 469,544
Cash and cash equivalents - restricted	65,868	-	65,868
	<u>\$ 308,776</u>	<u>\$ 226,636</u>	<u>\$ 535,412</u>

(continued)

See notes to the financial statements

TOWN OF HIGHLAND BEACH, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2022
(Continued)

	Water Utility	Sewer Utility	Totals
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (239,260)	\$ 81,137	\$ (158,123)
	<u> </u>	<u> </u>	<u> </u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	804,582	65,859	870,441
Changes in net pension liability and deferred items	1,512	-	1,512
Changes in OPEB liability and deferred items	(17,492)	-	(17,492)
(Increase) decrease in:			
Accounts receivable	(132,588)	(21,184)	(153,772)
Prepays	119	-	119
Increase (decrease) in:			
Accounts payable	71,679	8,582	80,261
Accrued liabilities	11,196	-	11,196
Compensated absences	(12,067)	-	(12,067)
Total adjustments	<u>726,941</u>	<u>53,257</u>	<u>780,198</u>
Net cash provided (used) by operating activities	<u>\$ 487,681</u>	<u>\$ 134,394</u>	<u>\$ 622,075</u>

See notes to the financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Highland Beach, Florida (the Town) was incorporated in 1949 pursuant to Senate Bill No. 418. The Town is governed by a Town Commission comprised of an elected Mayor, Vice Mayor and three Town Commissioners. The Town Commission appoints a Town Manager. The Town provides the following services: public safety, water and sewer systems, sanitation, streets and roads, planning and zoning, library, contract postal substation, and general administrative services.

The basic financial statements of the Town 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 more significant of the Town's accounting policies are described below.

Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable. The Town is financially accountable if:

- a) the Town appoints a voting majority of the organization's governing board and (1) the Town is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town, or
- b) the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Organizations for which the Town is not financially accountable are also included when doing so is necessary in order to prevent the Town's financial statements from being misleading.

Based upon application of the above criteria, management of the Town has determined that no component units exist which would require inclusion in this report. Further, the Town is not aware of any entity that would consider the Town to be a component unit.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those 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 operational 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 and enterprise funds. The major individual governmental fund and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the enterprise 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 revenue 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 enough thereafter to pay liabilities of the current period. For this purpose, the Town 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 claims and judgments, are recorded only when payment is due.

Franchise fees, charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Town reports the following major governmental funds:

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 Town government except those required to be accounted for in another fund.

Building Fund

The Building Fund is used to account for the activities of the building permit department.

The Town reports the following major enterprise funds:

Water Utility System Fund

The Water Utility System Fund accounts for the activities of providing water treatment and distribution service to the property owners of the Town.

Sewer Utility System Fund

The Sewer Utility System Fund accounts for the operation of the sewage pumping stations and collection systems to customers inside the Town's boundaries.

Additionally, the Town reports the following non-major funds:

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town reports the following special revenue funds:

Open Space and Recreation Land Fund
Library Donation Fund
Law Enforcement Fund
Infrastructure Surtax Fund

The Infrastructure Surtax Fund has a legally adopted budget. The remaining non-major special revenue funds do not have legally adopted budgets.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's utility functions and various other functions of the Town and charges between the General Fund and the Building Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water and sewer utility funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity

Pooled Cash and Investments

Pooled cash and investments include cash on hand and investments with the State Board Investment Pool. Resources of all funds have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity balances of the individual funds.

Investments are stated at fair value, except as discussed below. 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. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Pooled Cash and Investments (Continued)

Investments include amounts held in the Florida PRIME external investment pool administered by the State Board of Administration and two money market mutual fund. The Town reports its investment in Florida PRIME and the money market funds at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments reported at amortized cost are exempt from the GASB 72 fair value hierarchy disclosures.

Cash and cash equivalents for purposes of the statement of cash flows, includes pooled cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates that they do not constitute “available spendable resources,” even though they are a component of current assets.

Inventories

Inventories are valued at cost determined on a first-in, first-out basis. Inventories in the enterprise funds consist of expendable parts and supplies held for consumption. The initial cost is recorded as an asset at the time the individual items are purchased and is charged against operations in the period when used. Inventories in the governmental funds consist of fuel. The Town accounts for these inventories using the consumption method, under which an expenditure is recognized only when inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated life in excess of one year. Purchased capital assets are recorded at fair value on the acquisition date. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Town has elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired in years prior to implementation of the Statement.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40-50 years
Improvements other than buildings	5-50 years
Equipment and vehicles	3-10 years
Library books and materials	3-5 years

Leases

Lease contracts that provide the Town with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as an intangible right to use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right to use leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Leases (Continued)

Lease contracts that provide an external entity with control of the Town's non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased receivable with a related lease deferred inflow of resources. The lease receivable is recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The lease deferred inflow of resources is recorded for the same amount as the related lease receivable less any lease incentives. Leased deferred inflow of resources are amortized over the lease term. The lease receivable is reduced for lease payments made, less the interest portion of the lease payment.

Compensated Absences

The Town's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. Unused compensated absences are payable upon separation from service. Vacation and sick pay are accrued when incurred in the government-wide and Enterprise Fund financial statements. A liability is reported in the governmental funds only if it has matured, for example, as a result of employee resignations or retirement. The General Fund is used to liquidate such amounts.

Long-Term Obligations

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund statement of net assets. Fees incurred in connection with loans are expensed when incurred.

Unearned Revenue

Unearned revenue represents an increase in assets prior to eligibility criteria being met.

Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources for pension related items and other postemployment benefits related items.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources for pension related items, other postemployment benefits related items, and lease related items.

Fund Balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Fund Balance (Continued)

2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Town Commission by the adoption of an ordinance, the Town's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts the Town intends to be used for specific purposes, but are neither restricted nor committed. Under the Town's adopted policy, assignments can be made by action of the Town Commission or authority may be delegated to the Town Manager.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The Town Commission has assigned fund balance for budget stabilization for the purpose of protection against cash flow shortfalls related to the timing of projected revenue receipts and to maintain a budget stabilization commitment. This amount shall be equal to but not less than 16.67% of General Fund operating expenditures, net of funds set aside for reserves.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Fund Balance (Continued)

The Town Commission has assigned fund balance for disaster recovery in order to provide the resources necessary to ensure continued operations and maintenance of services to the public. This amount shall be equal to but not less than 16.67% of General Fund operating expenditures, net of funds set aside for reserves.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Town's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

In addition, the Town Commission has assigned \$4,000,0000 to assist with the cost of establishment and operation of the Highland Beach Fire Rescue Department. The assignment also includes amounts under the True-Up provision of the Fire Rescue contract with the City of Delray Beach to provide for future increases in the contract. No specific percentage is assigned. The amount assigned is based on the amount received from the City of Delray Beach. For the current fiscal year, the assigned amount is \$4,000,000.

Disbursement of committed or assigned fund balances shall be authorized by a resolution of the Town Commission and may be approved by inclusion in the approved annual budget (and amendments thereto), or shall be authorized pursuant to any ordinances, resolutions or procedures adopted by the Town Commission (such as the Town's procurement code).

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Net position is displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Net Position (Continued)

2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Appropriations expire at year end, even if encumbered, but it is the Town’s policy to reappropriate such amounts at the beginning of the next fiscal year.

Implementation of Accounting Standards

The Town implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB Statement No. 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 17.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Standards (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The Town implemented the provisions of this statement related to Section 457 Deferred Compensation Plans in the current fiscal year.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. Implementation of this Statement did not impact the Town's financial statements.

GASB Statement No. 92, *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. Implementation of this Statement did not have a significant impact on the Town's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for agreements in which variable payments made or received depend on an IBOR. Implementation of this Statement did not impact the Town's financial statements.

Recently Issued Accounting Standards

A brief description of new accounting pronouncements that might have a significant impact on the Town's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the Town's financial statements.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

In May 2019 the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

In March 2020 the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement is effective for the fiscal year ending September 30, 2023.

In May 2020 the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective as follows:

- The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements are effective for fiscal years ending September 30, 2023, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years ending September 30, 2024, and all reporting periods thereafter.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2 - 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 rolls meet all of the appropriate requirements of State law. The assessed value of property within the corporate limits of the Town at January 1, 2021, upon which the levy for the current fiscal year was based, was approximately \$2.74 billion. State Statutes permit municipalities to levy ad valorem property taxes at a rate of up to 10 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Town'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 Town for the year ended September 30, 2022, was 3.6249 (\$3.6249 for each \$1,000 of assessed valuation).

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 – PROPERTY TAXES (Continued)

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 1 following the year in which they are assessed. Delinquent taxes 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. Liens are filed on April 1 and tax certificates are sold July 1 to satisfy the lien. 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.

The Town does not accrue property taxes receivable based on the County's allocation of the Town's portion of County-held certificates for prior years, since they are immaterial.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town's deposits at year end are considered insured for custodial credit risk purposes.

Investments

The Town has adopted an investment policy to establish guidelines for the efficient management of its cash reserves. The policy permits investments as follows:

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Chapter 280, Florida Statutes.
4. Direct obligations of the U.S. Treasury.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

5. Securities of, or other interests in, any open-end or closed-end management-type investment company, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof, and to repurchase agreements fully collateralized by such United States Government obligations.
6. Repurchase agreements whose underlying purchased securities consist of the permitted investments listed above.
7. Other investments authorized by ordinance of the Town of Highland Beach.

GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2022, the Town held the following investments.

Investments by Fair Value Level	Balance	Level 1	Level 2	Level 3
U.S. Treasury Bills	\$ 698,005	\$ -	\$ 698,005	\$ -
U.S. Treasury Cash Management Bills	2,096,248	-	2,096,248	-
U.S. Treasury Notes	8,114,461	-	8,114,461	-
	<u>10,908,714</u>	<u>\$ -</u>	<u>\$ 10,908,714</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
Florida PRIME Investment Pool	7,916,162			
Federated Hermes Government Obligations Fund	800,734			
Federated Government Obligations Fund	12,217			
Total Investments	<u>\$ 19,637,827</u>			

Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices.

As of September 30, 2022, the weighted average maturity and credit ratings Town's investments are as follows:

Investment	Balance	Weighted Average Maturity	Credit Rating
Florida PRIME Investment Pool	\$ 7,916,162	21 days	AAAm Standard & Poor's
Federated Government Obligations Fund	12,217	23 days	AAAmmf Fitch
Federated Hermes Government Obligations Fund	800,734	23 days	AAAmmf Fitch
U.S. Treasury Bills	698,005	41 days	AAAf Fitch
U.S. Treasury Cash Management Bills	2,096,248	25 days	AAAf Fitch
U.S. Treasury Notes	8,114,461	442 days	AAAf Fitch
	<u>\$ 19,637,827</u>		

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All securities held by a third-party custodian are required to be designated as an asset of the Town. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery versus payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Investments in open-end mutual funds and external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Town's investment policies limit its investments to safest types of securities to control credit risk. As of September 30, 2022, all the Town's investments were rated AAA.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town structures the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools.

NOTE 4 – RECEIVABLES

Receivables for the Town's individual major funds and non-major governmental fund, including applicable allowances, as of September 30, 2022 are as follows:

	General Fund	Infrastructure Surtax Fund	Water Utility Fund	Sewer Utility Fund	Total
Receivables:					
Accounts - billed	\$ 232,066	\$ -	\$ 99,606	\$ 15,501	\$ 347,173
Accounts - unbilled	-	-	571,427	240,077	811,504
Intergovernmental	57,186	39,393	-	-	96,579
Lease	43,107	-	-	-	43,107
Total Receivables	332,359	39,393	671,033	255,578	1,298,363
Less Allowance for Uncollectible Amounts	-	-	(54,000)	(9,700)	(63,700)
Net Total Receivables	\$ 332,359	\$ 39,393	\$ 617,033	\$ 245,878	\$ 1,234,663

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2022 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 323,889	\$ -	\$ -	\$ 323,889
Construction in Progress	-	209,974	-	209,974
Total capital assets not being depreciated	323,889	209,974	-	533,863
Capital assets being depreciated				
Buildings	5,277,870	-	-	5,277,870
Improvements other than buildings	3,236,464	18,322	(8,730)	3,246,056
Equipment, furniture, and books	2,562,777	469,941	(177,849)	2,854,869
Total capital assets being depreciated	11,077,111	488,263	(186,579)	11,378,795
Less accumulated depreciation for:				
Buildings	(2,778,716)	(121,603)	-	(2,900,319)
Improvements other than buildings	(1,824,125)	(87,610)	8,730	(1,903,005)
Equipment, furniture, and books	(2,216,014)	(144,684)	177,849	(2,182,849)
Total accumulated depreciation	(6,818,855)	(353,897)	186,579	(6,986,173)
Total capital assets being depreciated, net	4,258,256	134,366	-	4,392,622
Capital assets being amortized				
Intangible assets - leased equipment	-	35,943	-	35,943
Less accumulated amortization	-	(13,274)	-	(13,274)
Total capital assets being amortized, net	-	22,669	-	22,669
Governmental activities capital assets, net	\$ 4,582,145	\$ 367,009	\$ -	\$ 4,949,154

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Buildings	\$ 9,472,041	\$ 5,528	\$ -	\$ 9,477,569
Improvements other than buildings	13,518,607	393,018	(9,862)	13,901,763
Equipment and furniture	8,310,253	84,751	(4,569)	8,390,435
Total capital assets being depreciated	31,300,901	483,297	(14,431)	31,769,767
Less accumulated depreciation for:				
Buildings	(5,006,701)	(203,101)	-	(5,209,802)
Improvements other than buildings	(4,230,423)	(374,317)	9,862	(4,594,878)
Equipment and furniture	(6,835,174)	(293,023)	4,569	(7,123,628)
Total accumulated depreciation	(16,072,298)	(870,441)	14,431	(16,928,308)
Total capital assets being depreciated, net	15,228,603	(387,144)	-	14,841,459
Business-type activities capital assets, net	\$ 15,228,603	\$ (387,144)	\$ -	\$ 14,841,459

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

For the year ended September 30, 2022 depreciation and amortization expense were charged to functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Governmental Activities		
General government	\$ 156,557	\$ 8,208
Public safety	125,485	4,043
Culture and recreation	69,091	1,023
Public works	2,764	-
Governmental activities total	<u>\$ 353,897</u>	<u>\$ 13,274</u>
	<u>Depreciation</u>	<u>Amortization</u>
Business-type Activities		
Water Utility System	\$ 804,582	\$ -
Sewer Utility System	65,859	-
Business-type activities total	<u>\$ 870,441</u>	<u>\$ -</u>

NOTE 6 – INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended September 30, 2022:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund		
General Fund	\$ -	\$ 1,094,436
Building Fund	54,996	-
Water Utility Fund	1,039,440	-
Total Interfund Transfers	<u>\$ 1,094,436</u>	<u>\$ 1,094,436</u>

Transactions for services rendered or facilities provided are recorded as revenue in the receiving fund and expenditures in the disbursing fund. Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES

During the year ended September 30, 2022, the following changes occurred in long-term liabilities:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Direct Borrowings and Placements:</u>					
Revenue note, series 2022	\$ -	\$ 52,100	\$ (52,100)	\$ -	\$ -
Total Direct Borrowings and Placements	-	52,100	(52,100)	-	-
Net pension liability	1,789,039	3,486,763	-	5,275,802	-
Leases payable	-	35,943	(12,983)	22,960	13,300
Other postemployment benefits	155,759	-	(74,104)	81,655	-
Compensated absences	383,146	134,868	(194,106)	323,908	113,368
Total Governmental Activities	\$ 2,327,944	\$ 3,709,674	\$ (333,293)	\$ 5,704,325	\$ 126,668
Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Direct Borrowings and Placements:</u>					
Promissory note, Series 2007	\$ 1,942,817	\$ -	\$ (234,207)	\$ 1,708,610	\$ 242,323
Revolving fund loan DW 500200	1,566,632	-	(155,219)	1,411,413	159,627
Revolving fund loan DW 500201	415,786	-	(41,554)	374,232	42,645
Revolving fund loan DW 500210	3,939,753	-	(217,624)	3,722,129	220,199
Revolving fund loan DW 500901	1,769,100	-	(692,540)	1,076,560	712,577
Total Direct Borrowings and Placements	9,634,088	-	(1,341,144)	8,292,944	1,377,371
Net pension liability	355,418	407,585	-	763,003	-
Other postemployment benefits	36,873	-	(16,701)	20,172	-
Compensated absences	119,064	55,675	(67,742)	106,997	32,099
Total Business-type Activities	\$10,145,443	\$ 463,260	\$(1,425,587)	\$ 9,183,116	\$ 1,409,470

Interest Expense

Total interest costs incurred and paid on all Town debt for the year ended September 30, 2022, were \$205,987 and \$208,086, respectively. No interest cost was capitalized during the year.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Long-term debt as of September 30, 2022, consists of the following individual issues:

Promissory Note, 2007

The \$4,400,000 promissory note was obtained for the purpose of financing the expansion of the Town's water treatment plant. As of September 30, 2014, proceeds in the amount of \$4,299,000 have been received from the note. Interest only is due for the first twenty-four months. Thereafter, interest and principal is due in monthly installments through February, 2029. For the interest only period, the annual interest rate shall be 0.67% plus 63.7% of the LIBOR. After the interest only period, the interest rate will be a fixed rate at 84% of the ask yield on the non-callable U.S. Treasury obligation with a maturity closest to but not less than 10 years after the Fixed Rate Conversion Date, as quoted in the Wall Street Journal on the date two business days before the Fixed Rate Conversion Date. As of September 30, 2014, the interest rate was 3.41%. Based on the rate as of September 30, 2022, annual debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Payment
2023	\$ 242,323	\$ 54,557	\$ 296,880
2024	250,726	46,154	296,880
2025	259,420	37,460	296,880
2026	268,415	28,465	296,880
2027	277,722	19,158	296,880
2028-2029	410,004	10,578	420,582
Total	<u>\$ 1,708,610</u>	<u>\$ 196,372</u>	<u>\$ 1,904,982</u>

\$5,050,000 Revenue Note, Series 2022

In June 2022, the Town issued the Non-Ad Valorem Revenue Note Series 2022, in the principal amount not to exceed \$5,050,000 to provide for the construction and equipping of new fire station and related costs; covenanting to budget and appropriate funds from legally available non-ad valorem revenues to repay the Note. The Town received a draw in the amount of \$52,100 upon issuance of the Note to pay costs of issuing the Note. The balance of the proceeds of the Note will be received on a draw-down basis to pay construction costs for the new fire station. The Note bears interest at a variable rate not to exceed 5.00%.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

\$5,050,000 Revenue Note, Series 2022 (Continued)

The loan agreement includes a provision that upon an event of default the lender may recover from the Town all expenses incurred including without limitation reasonable attorneys' fees, at all levels of the proceedings, whether incurred in connection with collection, bankruptcy proceedings, trial, appeal or otherwise. Provided, that acceleration shall not be an available remedy.

State Revolving Fund Loan - DW 502901

The State of Florida Department of Environmental Protection, State Revolving Fund Loan was obtained for the purpose of constructing a reverse osmosis water treatment facility. The loan is payable from and secured by ad valorem taxes. Principal and interest paid for the current fiscal year was \$738,424 and pledged ad valorem taxes were \$9,623,432. At September 30, 2022, principal and interest to maturity in 2024 to be paid from pledged future revenues totaled \$1,107,636. As of September 30, 2022, outstanding principal, including capitalized interest, was \$1,076,560. The loan bears interest at 2.87%. The Town must fix, establish, maintain and collect ad valorem taxes which will at least equal 115% of the debt service requirements each fiscal year plus 100% of all additional debt service requirements.

Annual debt service requirements to maturity as of September 30, 2022 are as follows:

Year Ending September 30	Principal	Interest	Payment
2023	\$ 712,577	\$ 25,847	\$ 738,424
2024	363,983	5,229	369,212
Total	<u>\$ 1,076,560</u>	<u>\$ 31,076</u>	<u>\$ 1,107,636</u>

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

State Revolving Fund Loan – DW 500200

The State of Florida Department of Environmental Protection, State Revolving Fund Loan was obtained for the project referred to as the State Road A1A Water Transmission Main Replacement. The loan is payable from and secured by ad valorem taxes. Principal and interest paid for the current fiscal year was \$198,311 and pledged ad valorem taxes were \$9,623,432. At September 30, 2022, principal and interest to maturity in 2030 to be paid from pledged future revenues totaled \$1,584,487. As of September 30, 2022, outstanding principal, including capitalized interest, was \$1,411,413. The loan bears interest at 2.82%. The Town must fix, establish, maintain, and collect ad valorem taxes which will at least equal 115% of the debt service requirements each fiscal year plus 100% of all additional debt service requirements.

Annual debt service requirements to maturity as of September 30, 2022 are as follows:

Year Ending September 30	Principal	Interest	Payment
2023	\$ 159,627	\$ 38,684	\$ 198,311
2024	164,160	34,151	198,311
2025	168,822	29,489	198,311
2026	173,616	24,695	198,311
2027	178,546	19,765	198,311
2028-2030	566,642	28,290	594,932
Total	<u>\$ 1,411,413</u>	<u>\$ 175,074</u>	<u>\$ 1,586,487</u>

State Revolving Fund Loan - DW500201

The State of Florida Department of Environmental Protection, State Revolving Fund Loan was obtained for the project referred to as the State Road A1A Water Transmission Main Replacement. The loan is payable from and secured by ad valorem taxes. Principal and interest paid for the current fiscal year was \$52,136 and pledged ad valorem taxes were \$9,623,432. At September 30, 2022, principal and interest to maturity in 2030 to be paid from pledged future revenues totaled \$417,089. As of September 30, 2022, outstanding principal, including capitalized interest, was \$374,232. The loan bears interest at 2.61%. The Town must fix, establish, maintain, and collect ad valorem taxes which will at least equal 115% of the debt service requirements each fiscal year plus 100% of all additional debt service requirements.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

State Revolving Fund Loan - DW500201

Annual debt service requirements to maturity as of September 30, 2022 are as follows:

Year Ending September 30	Principal	Interest	Payment
2023	\$ 42,645	\$ 9,491	\$ 52,136
2024	43,765	8,371	52,136
2025	44,915	7,221	52,136
2026	46,095	6,041	52,136
2027	47,306	4,830	52,136
2028-2030	149,506	6,903	156,409
Total	<u>\$ 374,232</u>	<u>\$ 42,857</u>	<u>\$ 417,089</u>

State Revolving Fund Loan - DW500210

The State of Florida Department of Environmental Protection, State Revolving Fund Loan was obtained for the project referred to as the Water Infrastructure Improvement Projects. The loan is payable from and secured by ad valorem taxes. Principal and interest paid for the current fiscal year was \$263,473, and pledged ad valorem taxes were \$9,623,432. The loan agreement award is for a total of \$4,702,856. At September 30, 2022, principal and interest to maturity in 2038 to be paid from pledged future revenues totaled \$4,083,827. As of September 30, 2022, outstanding principal, including capitalized interest, was \$3,722,129. The loan bears interest at 1.18%. The Town must fix, establish, maintain, and collect ad valorem taxes which will at least equal 115% of the debt service requirements each fiscal year plus 100% of all additional debt service requirements.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

State Revolving Fund Loan - DW500210

Annual debt service requirements to maturity as of September 30, 2022 are as follows:

Year Ending September 30	Principal	Interest	Payment
2023	\$ 220,199	\$ 43,274	\$ 263,473
2024	222,805	40,668	263,473
2025	225,442	38,031	263,473
2026	228,110	35,363	263,473
2027	230,810	32,663	263,473
2028-2032	1,195,675	121,688	1,317,363
2033-2037	1,268,123	49,240	1,317,363
2038	130,965	771	131,736
Total	<u>\$ 3,722,129</u>	<u>\$ 361,698</u>	<u>\$ 4,083,827</u>

State Revolving Fund Loans - Remedies Upon Any Event of Default

The State Revolving Fund Loan Agreements contain provisions that upon an event of default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by any of the following remedies:

1. By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water System, and to require the Town to fulfill the Loan Agreement.
2. By action or suit in equity, require the Town to account for all moneys received from the Department or from the ownership of the Project and to account for the receipt, use, application, or disposition of the Pledged Revenues.
3. By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.
4. By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Project, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under the Loan Agreement.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

State Revolving Fund Loans - Remedies Upon Any Event of Default

5. By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Town under any revenue or lax sharing fund established by the State, except as otherwise provided by the State Constitution. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.
6. By notifying financial market credit rating agencies and potential creditors.
7. By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.
8. By accelerating the repayment schedule or increasing the interest rate on the unpaid principal of the Loans to as much as 1.667 times the Loan interest rates for default.

NOTE 8 – DEFINED CONTRIBUTION PLANS

Town of Highland Beach Retirement Plan

The Town of Highland Beach Retirement Plan is a defined contribution Money Purchase 401(a) Plan established by the Town to provide benefits at retirement to the employees of the Town. Employees' interest in the Town's contributions vest as follows:

<u>Employees hired before September 30, 1991</u>	
<u>Years of Service</u>	<u>Percent Vested</u>
1	50%
2	75%
3	100%
<u>Employees hired after September 30, 1991</u>	
<u>Years of Service</u>	<u>Percent Vested</u>
3	33%
4	66%
5	100%

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – DEFINED CONTRIBUTION PLANS (Continued)

Town of Highland Beach Retirement Plan (Continued)

The sole employee covered by the Plan retired in January 2020. The Town is required to contribute 8% of each eligible employee's base salary. Plan members are required to contribute 2% of their base salary. If an employee contributes an additional 1% of base salary, the Town will contribute an additional 2% of the employee's base salary. If an employee contributes an additional 2% of base salary, the Town will contribute an additional 4% of the employee's base salary. For the year ended September 30, 2022, there were no contributions to the Plan.

Plan revisions and contribution requirements are established and may be amended by the Town Commission. The Plan is administered by the International City Management Association Retirement Corporation, which provides various pooled investment alternatives. Participants direct the allocation of contributions to investment alternatives offered under the Plan. Because the Town does not hold or administer funds for the Plan, the Plan does not meet the criteria for inclusion in the Town's financial statements as a fiduciary fund.

On August 2, 2005, the Town approved Resolutions 841 and 842 regarding participation in retirement plans for the Town's employees. Resolution 841 established the policy that all general employees of the Town, except those excluded by law, shall participate in the Florida Retirement System effective October 1, 2005. Resolution 842 amended the Money Purchase Pension Plan effective October 1, 2005. Plan assets were transferred directly to the Florida Retirement System.

Employees participating in the Money Purchase Pension Plan, on October 1, 2005 had the option to:

- a. Elect to remain in the Money Purchase Pension Plan and to continue to participate according to plan provisions.
- b. Elect to withdraw from the Money Purchase Pension Plan and join the Florida Retirement System. Employees allowed funds to revert back to the Town to purchase past service as follows:
 - 1) The entire ending account balance of the Town's portion of the Money Purchase Pension Plan as of September 30, 2006.
 - 2) The employee's ending account balance of the Money Purchase Pension Plan to the extent of the Florida Retirement System's buy back of past service amounts as of September 30, 2006.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – DEFINED CONTRIBUTION PLANS (Continued)

Town of Highland Beach Voluntary Retirement Plan

- c. Elect to retain their vested membership credit with the Money Purchase Pension Plan and begin membership in the Florida Retirement System effective October 1, 2005, with the understanding that they may not purchase past service in the Florida Retirement system for time credited under the Money Purchase Pension Plan.

On September 5, 2006, the Town approved Resolution 864 establishing the Town of Highland Beach Voluntary Retirement Plan. The Plan is a defined contribution Money Purchase 401 Plan to provide benefits at retirement to the employees of the Town. The effective date of the Plan was October 1, 2006. All employees age 21 or over may participate in the Plan. Participants may make voluntary pretax contributions to the Plan based upon a percentage of their base payroll. The Town does not make contributions to the Plan. For the year ended September 30, 2022, Town employees did not make any voluntary contributions to the Plan.

The Plan is administered by the International City Management Association Retirement Corporation, which provides various pooled investment alternatives. Participants direct the allocation of contributions to investment alternatives offered under the Plan. Plan revisions and contribution requirements are established and may be amended by the Town Commission.

Town Manager Retirement Plan

On August 29, 2019, the Town approved Resolution 19R establishing a Money Purchase Plan with ICMA effective October 1, 2019, for the town manager. The Town is required to contribute 16% of earnings to the plan for the town manager. There are no mandatory participant contributions required. The town manager may make voluntary pretax contributions to the Plan based upon a percentage of base payroll. For the year ended September 30, 2022, the Town made the required contribution of \$33,023. Under the plan provisions, normal retirement age is 60 and contributions vest immediately.

The three Plans are administered by the International City Management Association Retirement Corporation (“ICMA”), which provides various pooled investment alternatives. Participants direct the allocation of contributions to investment alternatives offered under the Plans. Because the Town does not hold or administer funds for the Plans, the Plans do not meet the criteria for inclusion in the Town’s financial statements as a fiduciary fund.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM

General Information

All full-time employees hired before January 1, 1996 are eligible to participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site www.dms.myflorida.com.

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class
- Special Risk Class
- Elected Officials Class
- Senior Management Service 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.

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, except that certain instructional personnel may participate for up to 96 months. 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.

Benefits Provided

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 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.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

The following table shows 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%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%
Elected Officials Class	3.00%
Senior Management Service Class	2.00%

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.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year ended September 30, 2022 were as follows:

Class	10/01/21 through 06/30/22	07/01/22 through 09/30/22
Regular Class	10.82%	11.91%
Senior Management Service Class	29.01%	31.57%
Special Risk Class	25.89%	27.83%
Elected Officials Class	51.42%	57.00%
DROP	18.34%	18.60%

The employer contribution rates include a 1.66% HIS Plan subsidy. Except for the DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2022, the Town made contributions of \$543,744 to the Pension Plan and the Town's employees made contributions of \$81,230 for total contributions of \$624,974.

As of September 30, 2022, the Town reported a liability of \$5,052,980 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2021-2022 fiscal year contributions relative to the 2021-2022 fiscal year contributions of all participating members. As of June 30, 2022, the Town's proportionate share was 0.013580347%, which was a decrease of 0.000016826% from its proportionate share measured as of June 30, 2021.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

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

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$651,187 related to the Plan. The Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 239,987	\$ -
Change of assumptions	622,296	-
Net difference between projected and actual earnings	333,648	-
Change in proportion and differences between City contributions and proportionate share of contributions	97,158	270,193
City contributions subsequent to the measurement date	176,603	-
Total	<u>\$ 1,469,692</u>	<u>\$ 270,193</u>

The deferred outflows of resources related to the Pension Plan, totaling \$176,603 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Net Amortization
2023	\$ 243,261
2024	78,486
2025	(147,064)
2026	803,187
2027	45,026
Thereafter	-
	<u>\$ 1,022,896</u>

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of the June 30, 2022 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.7% used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.4% as most recently adopted in October 2022 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.2%, which is consistent with the 4.38% real return from the capital market outlook model developed by Aon for 2022. Geometrically combining those building blocks using the formula generates an expected nominal return of 6.7%. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	(1) Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.3%

(1) As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022 was 6.70%, which is lower than the rate of 6.80% used as of June 30, 2021. The Pension Plan’s 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 calculation the total pension liability is equal to the long-term expected rate of return.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (Continued)

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

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.70%	6.70%	7.70%
Net pension liability	\$ 8,738,782	\$ 5,052,980	\$ 1,971,212

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of September 30, 2022, the Town did not report a payable to the Pension Plan.

Retiree Health Insurance Subsidy Program (HIS Plan)

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (Continued)

Benefits Provided

For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$57,903 for the fiscal year ended September 30, 2022.

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

As of September 30, 2022, the Town reported a liability of \$985,825 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2021-2022 fiscal year contributions relative to the 2021-2022 fiscal year contributions of all participating members. As of June 30, 2022, the Town's proportionate share was 0.009307618%, which was an increase of 0.000198703% from its proportionate share measured as of June 30, 2021.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (Continued)

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

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$51,789. The Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 29,922	\$ 4,338
Change of assumptions	56,508	152,507
Net difference between projected and actual earnings	1,427	-
Change in proportion and differences between Town contributions and proportionate share of contributions	57,414	25,378
Town contributions subsequent to the measurement date	16,064	-
Total	<u>\$ 161,335</u>	<u>\$ 182,223</u>

The deferred outflows of resources related to the HIS Plan, totaling \$16,064 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Net Amortization
2023	\$ (12,420)
2024	203
2025	7,888
2026	(6,186)
2027	(18,313)
Thereafter	(8,124)
	<u>\$ (36,952)</u>

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.54%
Investment rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

The actuarial assumptions that determined the total pension liability as of June 30, 2022 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.54%, which increased from the discount rate of 2.16% as of June 30, 2021. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (Continued)

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease	Current	1% Increase
Discount Rate	2.54%	Discount Rate 3.54%	4.54%
Net pension liability	\$ 1,127,865	\$ 985,825	\$ 868,290

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of September 30, 2022, the Town did not report a payable to the HIS Plan.

Investment Plan

Plan Description

The Florida Retirement System Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. The Florida Legislature enacted the Plan during the 2000 legislative session, and amendments to the Plan can only be made by an act of the Florida Legislature. The Plan is administered by the State Board of Administration of Florida. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

Plan Description (Continued)

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. Town 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.

Funding Policy

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs 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.

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the Town's employees for the fiscal year ended September 30, 2022, are as follows:

Class	10/01/21 through 06/30/22	07/01/22 through 09/30/22
Regular Class	10.82%	11.91%
Senior Management Service Class	29.01%	31.57%
Special Risk Class	25.89%	27.83%
Elected Officials Class	51.42%	57.00%
DROP	18.34%	18.60%

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

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

Funding Policy (Continued)

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, 2022, 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 Town.

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 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 Town's Investment Plan pension expense totaled \$105,557 for the fiscal year ended September 30, 2022.

NOTE 10 SUMMARY INFORMATION FOR DEFINED BENEFIT PENSION PLANS

The following table provides a summary of significant information related to the City's defined benefit pension plans for the year ended September 30, 2022. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Health Insurance Subsidy Program are the City's proportionate share of the items.

Description	FRS Pension Plan	FRS HIS Program	Total
Total pension liability	\$ 29,528,353	\$ 1,035,655	\$ 30,564,008
Plan fiduciary net position	24,475,371	49,830	24,525,201
Net pension liability	5,052,982	985,825	6,038,807
Deferred outflows of resources	1,469,692	161,335	1,631,027
Deferred inflows of resources	270,193	182,223	452,416
Pension expense	651,187	51,789	702,976

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town provides postemployment benefits to its retired employees through a single employer defined benefit health care plan administered by the Town. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Town and eligible dependents, may continue to participate in the Town's medical and prescription drug plan. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The plan has no assets and does not issue a separate financial report.

Funding Policy

Currently, the Town's other postemployment benefits are unfunded. The Plan is funded under a pay-as-you-go approach. That is, the Town Commission has not established a separate trust fund or equivalent arrangement into which the Town would make contributions to advance fund the obligation. The Town does not directly make a contribution to the plan on behalf of normal retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year. The Plan provides for a direct subsidy for special risk retirees disabled in the line of duty and spouses of special risk employees upon death in the line of duty by paying the full cost of coverage for both the retiree and spouse

Plan Membership

The following table provides a summary of the participants in the plan as of October 1, 2021, the latest valuation date:

Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	--
Active plan members	39
	<hr/> 41 <hr/>

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The Town does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of October 1, 2021, the municipal bond rate was 2.19% based on the daily rate of Fidelity's 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date. The discount rate as of the beginning of the measurement year was 2.43%.

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Valuation date	October 1, 2021
Measurement date	October 1, 2021
Reporting date	September 30, 2022
Actuarial cost method	Individual Entry Age
Inflation	2.40%
Discount rate	2.19% per annum
Salary increases	3.4% - 8.2% depending on member's age and service
Mortality Tables	PUB-2010 Tables with generational improvements using Scale MP-2018
Healthcare cost trend rates	Starting at 6.00% gradually decreasing to an ultimate rate of 3.4% in 2041
Expenses	Administrative expenses equal to prior year paid expenses

Changes in Assumptions

The discount rate was changed from 2.43% as of October 1, 2020 to 2.19% as of October 1, 2021.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability

Description	Total OPEB Liability
Balance September 30, 2021	\$ 192,632
Changes due to:	
Service cost	21,075
Interest on the total OPEB liability	5,168
Difference between expected and actual experience	(111,079)
Change of assumptions and other inputs	(3,866)
Benefit payments	(2,103)
Total changes	(90,805)
Balance September 30, 2022	\$ 101,827

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

The following table presents the total OPEB liability of the Town calculated using the single discount rate of 2.19% as well as what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

Discount Rate	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
Total OPEB liability	\$ 119,405	\$ 101,827	\$ 87,613

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following table presents the total OPEB liability calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed trend rates.

Healthcare Trend Rate	Current Healthcare Trend Rate		
	1% Decrease	6.5% to 3.4%	1% Increase
Total OPEB liability	\$ 82,989	\$ 101,827	\$ 125,840

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

For the year ended September 30, 2022, the Town recognized OPEB revenue of \$3,582. As of September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ -	\$ 236,009
Change of assumptions	22,873	13,879
	<u>\$ 22,873</u>	<u>\$ 249,888</u>

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Deferred Outflows of Resources, Deferred Inflows of Resources, and OPEB Expense
(Continued)

The deferred outflows of resources related to benefits paid after the measurement date will be recognized as a reduction in the Total OPEB liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

NOTE 12 – ADMINISTRATIVE CHARGE BY THE GENERAL FUND TO THE WATER UTILITY FUND

During the year ended September 30, 2022, the cost of administrative services rendered by the General Fund to the Water Utility Enterprise Fund was shown as revenue in the General Fund and as an operating expense in the enterprise. The amount charged by the General Fund was \$550,000.

NOTE 13 – ADMINISTRATIVE CHARGE BY THE GENERAL FUND TO THE BUILDING FUND

During the year ended September 30, 2022, the cost of administrative services rendered by the General Fund to the Building Special Revenue Fund was shown as revenue in the General Fund and as current expenditures in the Building Fund. The amount charged by the General Fund was \$185,000.

NOTE 14– ADMINISTRATIVE CHARGE BY THE WATER UTILIT FUND TO THE SEWER UTILITY FUND

During the year ended September 30, 2022, the cost of administrative services rendered by the Water Utility Enterprise Fund to the Sewer Utility Enterprise Fund was shown as revenue in the Water Fund and as an operating expense in the Sewer Fund. The amount charged by the Water Fund was \$220,000.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 15 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town 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 and \$300,000 for all claims relating to the same accident. However, under certain circumstance, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in federal courts.

There were no significant reductions in insurance coverage from the prior year. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

NOTE 16 – CONTINGENCIES

Litigation

The Town is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcomes and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

Grants

Grant monies received and disbursed by the Town are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. The Town does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material adverse effect on the financial position of the Town.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 17 – LEASES

As discussed in Note 1, the City implemented GASB Statement No. 87, *Leases*, effective October 1, 2021. There was no change in beginning net position/fund balance because of the implementation, and no restatement was required.

Lessor Lease—Cell Tower

In December 2018, the Town entered into a lease agreement with Sprint Spectrum LP which allows the use of the Town's land for a transmission tower site. The original term of the agreement was for a period of five years. The agreement was amended on May 8, 2006, March 5, 2013, September 9, 2016, and July 1, 2017. The agreement expires December 13, 2023. The lease activity is recorded in the General Fund and the Governmental Activities.

Under the terms of the lease the annual rent is as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Annual Rent</u>
2022	\$43,317
2023	\$44,616

As of September 30, 2022, the Town reported a lease receivable of \$43,107 and deferred inflow of resources of \$42,907. For the year ended September 30, 2022, the Town recognized lease revenue of \$42,907 and interest income of \$609. The discount rate is 3.5%.

Annual amortization of the lease receivable and deferred inflows of resources are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Payment</u>	<u>Interest</u> <u>Revenue</u>	<u>Receivable</u> <u>Reduction</u>	<u>Lease</u> <u>Receivable</u>	<u>Lease</u> <u>Revenue</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Total</u> <u>Revenue</u>
2023	\$ 44,616	\$ 1,509	\$ 43,107	\$ -	\$ 42,907	\$ -	\$ 44,416

Lessee Leases – Copiers and Postage Meter

The Town has entered into lease agreements for the right to use five photocopiers and a postage meter. As of October 1, 2021, the terms of the leases for four copiers were 24 months, and the term for the fifth copier was 34 months. The monthly rents for the copiers range from \$88 to \$336. The Town has also entered into a lease agreement for the right to use a postage meter. As of October 1, 2021, the term of the lease was 56 months. The monthly rent is \$206.

TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 17 – LEASES (Continued)

Lessee Leases – Copiers and Postage Meter (Continued)

As of September 30, 2022, the Town reported a combined lease liability of \$22,960 for the copiers and the postage meter. The discount rate is 3.00%, and the amortization of the lease liability is as follows:

Year Ended September 30	Principal	Interest	Payment
2023	\$ 13,300	\$ 507	\$ 13,807
2025	5,636	205	5,841
2025	2,390	88	2,478
2026	1,634	18	1,652
	<u>\$ 22,960</u>	<u>\$ 818</u>	<u>\$ 23,778</u>

NOTE 18 - COMMITMENTS

Solid Waste and Recycling Collection Services

In November 2014, the Town entered into an agreement with Waste Management Inc. of Florida to provide solid waste and recycling collection services. The term of the agreement is for the period beginning January 1, 2015 and expiring May 31, 2020. The agreement may be renewed for one three-year term, at the discretion of the Town. The agreement was renewed for a three-year term beginning June 1, 2020 and ending May 31, 2023. Under the terms of the agreement, the Town pays an established rate per month per unit for curbside pickup and containerized pickup. Waste Management bills the Town monthly for services provided. For the year ended September 30, 2022, the Town made payments totaling \$449,221 pursuant to the agreement.

Encumbrances

Significant encumbrances as of September 30, 2022 are as follows:

Major Funds:

General Fund	\$ 72,266
Building Fund	51,081
Water Fund	228,072
Sewer Fund	83,913

Nonmajor Funds:

Infrastructure Surtax Fund	77,834
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TOWN OF HIGHLAND BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 19 – INTERLOCAL GOVERNMENTAL AGREEMENTS

Fire Protection and Fire Rescue Services

The Town has entered into an agreement with the City of Delray Beach (the City) under which the City provides fire protection and fire rescue services to the Town. The term of the agreement is for fifteen years, beginning October 1, 2002, and extending through September 30, 2017, with options to renew for additional periods of ten years each upon the mutual agreement of both parties. The agreement was renewed for a ten-year term beginning October 1, 2017 and ending September 30, 2027. On June 15, 2021, the Town passed Ordinance No. 2021-009 authorizing the establishment of a municipal fire department for the Town. The Town sent the City a notice of termination for the agreement effective April 30, 2024. Under the terms of the agreement, the City charges the Town a flat rate, which is adjusted annually based on changes in the consumer price index. For the year ended September 30, 2022, the Town paid \$5,149,096 pursuant to the agreement.

Sewage Disposal Services

The Town has entered into an agreement with the City of Delray Beach (the City) under which the City provides sewage disposal services to the Town. Under the terms of the agreement the City charges the Town a rate per gallon based on the cost of providing the services. The agreement will expire in 2030. For the year ended September 30, 2022, the Town made payments totaling \$898,425 pursuant to the agreement.

NOTE 20 – PRIOR PRIOD ADJUSTMENT

In the prior year, funds received from the ARPA Grant Program were incorrectly reported, and expenses for sewer service costs were incorrectly reported. The cumulative effect of applying prior period adjustments to correct these accounting errors has been reported as a restatement of the beginning net position of the Water Utility Enterprise Fund, the Sewer Utility Enterprise Fund, and the Business-type Activities. A reconciliation of the prior period ending net position to the current period beginning net position is as follow:

	Water Utility Fund	Sewer Utility Fund	Business-type Activities
Net Position at September 30, 2021, as reported	\$ 8,936,425	\$ 3,087,471	\$ 12,023,896
Adjustment to correct ARPA Grant revenue	(287,238)	(693,431)	(980,669)
Adjustment to correct sewer service expenses	-	(72,635)	(72,635)
Net Position at September 30, 2021, as restated	\$ 8,649,187	\$ 2,321,405	\$ 10,970,592

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS)**

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplemental Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2022

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes				
Ad valorem taxes	\$ 9,580,365	\$ 9,580,365	\$ 9,623,432	\$ 43,067
Local option gas tax	31,000	31,000	32,382	1,382
Communications service tax	276,000	276,000	250,071	(25,929)
Utility service tax	-	-	250,746	250,746
Total taxes	<u>9,887,365</u>	<u>9,887,365</u>	<u>10,156,631</u>	<u>269,266</u>
Permits and fees				
Franchise fees	<u>750,000</u>	<u>750,000</u>	<u>536,327</u>	<u>(213,673)</u>
Intergovernmental				
Grants	20,000	20,000	19,230	(770)
State revenue sharing	90,000	90,000	131,120	41,120
Alcoholic beverage licenses	700	700	636	(64)
Half cent sales tax	290,000	290,000	377,329	87,329
Motor fuel tax rebate	1,200	1,200	1,837	637
Local shared revenues	9,000	9,000	16,633	7,633
Total intergovernmental	<u>410,900</u>	<u>410,900</u>	<u>546,785</u>	<u>135,885</u>
Fines and forfeitures				
Court fines	1,500	1,500	2,221	721
Library fines and fees	7,000	7,000	1,806	(5,194)
Violation of local ordinance	1,000	1,000	2,000	1,000
Miscellaneous	1,200	1,200	550	(650)
Total fines and forfeitures	<u>10,700</u>	<u>10,700</u>	<u>6,577</u>	<u>(4,123)</u>
Rent				
U.S. Postal Station	25,000	25,000	25,000	-
Sprint PCS	42,000	42,000	51,449	9,449
Total rent	<u>67,000</u>	<u>67,000</u>	<u>76,449</u>	<u>9,449</u>
Interest				
Interest on investment	80,000	80,000	6,065	(73,935)
Tax collector interest	2,500	2,500	617	(1,883)
Other interest	-	-	609	609
Total interest	<u>82,500</u>	<u>82,500</u>	<u>7,291</u>	<u>(75,209)</u>

(continued)

See notes to the budgetary required supplemental information

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplemental Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2022
(Continued)

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (continued):				
Charges for services				
Zoning fees	\$ -	\$ -	\$ 2,500	\$ 2,500
Sales of documents	50,000	50,000	57,379	7,379
Solid waste fees	540,000	540,000	564,392	24,392
Total charges for services	590,000	590,000	624,271	34,271
Miscellaneous				
Disposition of fixed assets	2,000	2,000	14,561	12,561
Administrative reimbursements	735,000	735,000	735,000	-
Donations	-	-	2,000	2,000
Insurance reimbursements	15,000	15,000	448	(14,552)
Other	50,000	50,000	116,463	66,463
Total miscellaneous	802,000	802,000	868,472	66,472
Total revenues	12,600,465	12,600,465	12,822,803	222,338
Expenditures:				
General government:				
Town commission	197,525	197,525	174,127	23,398
Town manager	642,250	642,250	559,693	82,557
Town clerk	478,120	480,216	381,864	98,352
Finance	528,897	569,333	517,804	51,529
Legal	185,000	185,000	115,098	69,902
Public works	348,000	334,913	298,726	36,187
Post office	132,050	133,050	124,422	8,628
Non-departmental	378,690	443,690	472,920	(29,230)
Total general government	2,890,532	2,985,977	2,644,654	341,323
Public safety:				
Police	2,703,120	2,897,992	2,675,540	222,452
Fire rescue	5,405,200	5,425,325	5,617,956	(192,631)
Total public safety	8,108,320	8,323,317	8,293,496	29,821

(continued)

See notes to the budgetary required supplemental information

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplemental Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2022
(Continued)

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (continued)				
Library	\$ 424,800	\$ 424,800	\$ 415,586	\$ 9,214
Sanitation	488,180	488,180	449,221	38,959
Contingency	50,000	14,000	-	14,000
Total expenditures	11,961,832	12,236,274	11,802,957	433,317
Excess of revenues over (under) expenditures	638,633	364,191	1,019,846	655,655
Other financing sources (uses):				
Lease financing proceeds	-	-	31,900	31,900
Debt proceeds	-	-	52,100	52,100
Transfers out	(1,094,445)	(1,094,445)	(1,094,436)	9
Total other financing sources (uses)	(1,094,445)	(1,094,445)	(1,010,436)	\$ 84,009
Net change in fund balances	\$ (455,812)	\$ (730,254)	9,410	\$ 739,664
Fund balance, beginning of year			10,587,578	
Fund balance, end of year			\$ 10,596,988	

See notes to the budgetary required supplemental information

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplemental Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Building Fund
For the Fiscal Year Ended September 30, 2022

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Permits and fees	\$ 1,074,000	\$ 1,224,000	\$ 1,659,660	\$ 435,660
Interest	1,000	1,000	1,046	46
Charges for services	-	-	12,740	12,740
Total revenues	<u>1,075,000</u>	<u>1,225,000</u>	<u>1,673,446</u>	<u>448,446</u>
Expenditures:				
Public safety:				
Protective inspections	<u>1,184,635</u>	<u>1,406,159</u>	<u>1,320,776</u>	<u>85,383</u>
Total expenditures	<u>1,184,635</u>	<u>1,406,159</u>	<u>1,320,776</u>	<u>85,383</u>
Excess of revenues over (under) expenditures	<u>(109,635)</u>	<u>(181,159)</u>	<u>352,670</u>	<u>533,829</u>
Other financing sources (uses):				
Lease financing proceeds	-	-	4,043	4,043
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>54,996</u>	<u>(4)</u>
Total other financing sources (uses)	<u>55,000</u>	<u>55,000</u>	<u>59,039</u>	<u>4,039</u>
Net change in fund balances	<u>\$ (54,635)</u>	<u>\$ (126,159)</u>	<u>411,709</u>	<u>\$ 537,868</u>
Fund balance, beginning of year			<u>1,571,329</u>	
Fund balance, end of year			<u>\$ 1,983,038</u>	

See notes to the budgetary required supplemental information

TOWN OF HIGHLAND BEACH, FLORIDA
Notes to the Budgetary Required Supplemental Information
September 30, 2022

NOTE 1. Budgets and Budgetary Accounting

Florida Statutes require all municipal governments to establish budgetary systems and approve balanced annual operating budgets. The Town Commission adopts an operating budget and appropriates funds for the General Fund, Building Fund, Infrastructure Surtax Special Revenue Fund, and all Proprietary Funds. The procedures for establishing budgetary data are as follows:

- In July of each year, the Town Manager submits a proposed operating budget to the Commission for the next fiscal year commencing the following October 1st.
- In September, the Commission holds public meetings to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1, a final operating budget is legally enacted through the passage of a resolution. Estimated beginning fund balances are considered in the budgetary process

Changes or amendments to the total budgeted expenditures of the Town or a department must be approved by the Commission. Changes within a department which do not affect department totals may be approved on the administrative level. Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations are legally controlled at the fund level and expenditures may not exceed budgeted appropriations at that level

NOTE 2. Encumbrances

Encumbrance accounting, under 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 employed as an extension of formal budgetary integration and control. Because appropriations expire at year end, even if encumbered, it is the Town's policy to reappropriate such amounts at the beginning of the next fiscal year.

NOTE 3. Excess of Expenditures Over Appropriations

For the year ended September 30, 2022, expenditures did not exceed appropriations for the General Fund or the Building Fund.

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplementary Information
Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Related Ratios

Actuarial Valuation Date	10/01/2017	10/01/2017	10/01/2019	10/01/2019	10/01/2021
Measurement Date	10/01/2017	10/01/2018	10/01/2019	10/01/2020	10/01/2021
Employer's Reporting Date	09/30/2018	09/30/2019	09/30/2020	09/30/2021	09/30/2022
	2018	2019	2020	2021	2022
Total OPEB liability - beginning	\$ 215,454	\$ 306,113	\$ 342,836	\$ 165,955	\$ 192,632
Changes for the year:					
Service cost	26,340	44,095	43,851	20,156	21,075
Interest	9,148	12,177	14,678	5,085	5,168
Difference between expected and actual experience	-	-	(223,805)	-	(111,079)
Changes of assumptions	58,821	(14,859)	(4,652)	2,343	(3,866)
Benefit payments and refunds	(3,650)	(4,690)	(6,953)	(907)	(2,103)
Net change in total OPEB liability	90,659	36,723	(176,881)	26,677	(90,805)
Total OPEB liability - ending	<u>\$ 306,113</u>	<u>\$ 342,836</u>	<u>\$ 165,955</u>	<u>\$ 192,632</u>	<u>\$ 101,827</u>
Covered-employee payroll	\$ 3,049,223	\$ 2,556,053	\$ 2,755,738	\$ 2,895,678	\$ 2,995,022
Total OPEB liability as a percentage of covered-employee payroll	10.04%	13.41%	6.02%	6.65%	3.40%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB Plan.

Changes in Assumptions

The discount rate changed as follows:

October 1, 2018 measurement date	3.83%
October 1, 2019 measurement date	2.74%
October 1, 2020 measurement date	2.43%
October 1, 2021 measurement date	2.19%

For the October 1, 2019 valuation date, the mortality assumption changed from RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA to PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2018. Health care costs, premiums, and cost trends were also updated. For the October 1, 2021 valuation date, the inflation rate decreased from 2.6% to 2.4% and the salary increases decreased from 3.6% - 8.4% to 3.4% - 8.2%.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Pension Plan
Last Ten Fiscal Years

Fiscal Year Ended September 30	Town's Contractually Required Contribution	Town's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	Town's Covered Payroll	Town's Contributions As a Percent of Covered Payroll
2015	\$ 286,753	\$ 286,753	\$ -	\$ 2,083,665	13.76%
2016	\$ 292,521	\$ 292,521	\$ -	\$ 1,989,913	14.70%
2017	\$ 312,670	\$ 312,670	\$ -	\$ 2,074,302	15.07%
2018	\$ 337,341	\$ 337,341	\$ -	\$ 2,126,277	15.87%
2019	\$ 427,611	\$ 427,611	\$ -	\$ 2,561,478	16.69%
2020	\$ 452,122	\$ 452,122	\$ -	\$ 2,618,237	17.27%
2021	\$ 445,083	\$ 445,083	\$ -	\$ 2,454,444	18.13%
2022	\$ 649,301	\$ 649,301	\$ -	\$ 2,724,826	23.83%

This schedule is intended to present data for 10 years. For years prior to 2015 data are unavailable. Additional years will be presented as they become available.

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplementary Information
Schedule of Employer Proportionate Share of Net Pension Liability
Florida Retirement System
Pension Plan
Last Ten Fiscal Years

Fiscal Year Ended September 30	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2014	0.014314400%	\$ 873,387	\$ 2,786,472	31.34%	96.09%
2015	0.014781300%	\$ 1,909,208	\$ 2,827,626	67.52%	92.00%
2016	0.014810400%	\$ 3,739,630	\$ 1,894,770	197.37%	84.88%
2017	0.013937500%	\$ 4,122,614	\$ 2,046,749	201.42%	83.89%
2018	0.013527600%	\$ 4,074,584	\$ 2,111,773	192.95%	84.26%
2019	0.014753600%	\$ 5,080,935	\$ 2,502,063	203.07%	82.61%
2020	0.014789800%	\$ 6,410,119	\$ 2,518,832	254.49%	78.85%
2021	0.013597200%	\$ 1,027,112	\$ 2,432,803	42.22%	96.40%
2022	0.013580347%	\$ 5,052,980	\$ 2,589,086	195.16%	82.89%

Changes in Assumptions

The discount rate changed as follows:

2014	7.65%
2015	7.65%
2016	7.60%
2017	7.10%
2018	7.00%
2019	6.90%
2020	6.80%
2021	6.80%
2022	6.70%

For the October 1, 2019 valuation date, the mortality assumption changed from Generational RP-2000 with Projection Scale BB to PUB-2010 base table projected generationally with Scale MP-2018.

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years

Fiscal Year Ended September 30	Town's Contractually Required Contribution	Town's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	Town's Covered Payroll	Town's Contributions As a Percent of Covered Payroll
2015	\$ 37,938	\$ 37,938	\$ -	\$ 2,083,665	1.82%
2016	\$ 33,033	\$ 33,033	\$ -	\$ 1,989,913	1.66%
2017	\$ 34,433	\$ 34,433	\$ -	\$ 2,074,302	1.66%
2018	\$ 35,296	\$ 35,296	\$ -	\$ 2,126,277	1.66%
2019	\$ 42,521	\$ 42,521	\$ -	\$ 2,561,478	1.66%
2020	\$ 43,463	\$ 43,463	\$ -	\$ 2,618,237	1.66%
2021	\$ 40,744	\$ 40,744	\$ -	\$ 2,454,444	1.66%
2022	\$ 57,903	\$ 57,903	\$ -	\$ 3,696,187	1.57%

This schedule is intended to present data for 10 years. For years prior to 2015 data are unavailable. Additional years will be presented as they become available.

TOWN OF HIGHLAND BEACH, FLORIDA
Required Supplementary Information
Schedule of Employer Proportionate Share of Net Pension Liability
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years

Fiscal Year Ended September 30	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2014	0.009381400%	\$ 877,184	\$ 2,786,472	31.48%	0.99%
2015	0.009320300%	\$ 950,528	\$ 2,827,626	33.62%	0.50%
2016	0.009017500%	\$ 1,050,955	\$ 1,894,770	55.47%	0.97%
2017	0.008631700%	\$ 922,946	\$ 2,046,749	45.09%	1.64%
2018	0.008472300%	\$ 896,719	\$ 2,111,773	42.46%	2.15%
2019	0.009303300%	\$ 1,040,941	\$ 2,502,063	41.60%	2.63%
2020	0.009195400%	\$ 1,122,738	\$ 2,518,832	44.57%	3.00%
2021	0.009108900%	\$ 1,117,345	\$ 2,432,803	45.93%	3.56%
2022	0.009307618%	\$ 985,825	\$ 3,952,834	24.94%	4.81%

Changes in Assumptions

The discount rate changed as follows:

2014	4.29%
2015	3.80%
2016	2.85%
2017	3.58%
2018	3.87%
2019	3.50%
2020	2.21%
2021	2.16%
2022	3.54%

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

TOWN OF HIGHLAND BEACH, FLORIDA
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2022

	Special Revenue Funds				Total Non-major Funds
	Open Space and Recreation Land	Library Donation	Infrastructure Surtax	Law Enforcement	
Assets:					
Cash and cash equivalents	\$ 17,065	\$ 582	\$ 32,022	\$ 507	\$ 50,176
Investments	215,703	7,361	404,762	6,402	634,228
Due from other governments	-	-	39,393	-	39,393
Total assets	<u>\$ 232,768</u>	<u>\$ 7,943</u>	<u>\$ 476,177</u>	<u>\$ 6,909</u>	<u>\$ 723,797</u>
Liabilities and fund balance:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 80,727	\$ -	\$ 80,727
Total liabilities	<u>-</u>	<u>-</u>	<u>80,727</u>	<u>-</u>	<u>80,727</u>
Fund balance:					
Restricted for					
Recreational land acquisition	\$ 232,768	\$ -	\$ -	\$ -	\$ 232,768
Library activities	-	7,943	-	-	7,943
Infrastructure	-	-	395,450	-	395,450
Law enforcement	-	-	-	6,909	6,909
Total fund balance	<u>232,768</u>	<u>7,943</u>	<u>395,450</u>	<u>6,909</u>	<u>643,070</u>
Total liabilities and fund balance	<u>\$ 232,768</u>	<u>\$ 7,943</u>	<u>\$ 476,177</u>	<u>\$ 6,909</u>	<u>\$ 723,797</u>

TOWN OF HIGHLAND BEACH, FLORIDA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended September 30, 2022

	Special Revenue Funds				Total Non-major Funds
	Open Space and Recreation Land	Library Donation	Infrastructure Surtax	Law Enforcement	
Revenues:					
Taxes	\$ -	\$ -	\$ 355,923	\$ -	\$ 355,923
Fines and forfeitures	-	-	-	41	41
Interest	140	4	223	4	371
Net decrease in fair value of investments	-	-	-	-	-
Miscellaneous	-	487	-	-	487
Total revenues	<u>140</u>	<u>491</u>	<u>356,146</u>	<u>45</u>	<u>356,822</u>
Expenditures:					
Capital outlay	-	-	335,355	-	335,355
Total expenditures	<u>-</u>	<u>-</u>	<u>335,355</u>	<u>-</u>	<u>335,355</u>
Net change in fund balances	140	491	20,791	45	21,467
Fund balances, beginning of year	<u>232,628</u>	<u>7,452</u>	<u>374,659</u>	<u>6,864</u>	<u>621,603</u>
Fund balances, end of year	<u>\$ 232,768</u>	<u>\$ 7,943</u>	<u>\$ 395,450</u>	<u>\$ 6,909</u>	<u>\$ 643,070</u>

TOWN OF HIGHLAND BEACH, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Infrastructure Surtax Fund
For the Fiscal Year Ended September 30, 2022

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 225,000	\$ 225,000	\$ 355,923	\$ 130,923
Interest	-	-	223	223
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>356,146</u>	<u>131,146</u>
Expenditures:				
Capital outlay	<u>525,000</u>	<u>595,119</u>	<u>335,355</u>	<u>259,764</u>
Total expenditures	<u>525,000</u>	<u>595,119</u>	<u>335,355</u>	<u>259,764</u>
Net change in fund balance	<u>\$ (300,000)</u>	<u>\$ (370,119)</u>	20,791	<u>\$ (128,618)</u>
Fund balance, beginning of year			<u>374,659</u>	
Fund balance, end of year			<u>\$ 395,450</u>	

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Highland Beach's annual comprehensive financial report presents detailed unaudited information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

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

Town of Highland Beach, Florida
Schedule 1
Net Position by Component (Unaudited)
(Accrual Basis of Accounting)

Fiscal Year Ended 9/30	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 4,498,697	\$ 5,456,728	\$ 1,734,664	\$ 1,734,664
Restricted	210,012	206,981	206,981	206,981
Unrestricted	5,541,258	5,662,355	8,259,218	8,259,218
Total governmental activities	\$ 10,249,967	\$ 11,326,064	\$ 10,200,863	\$ 10,200,863
Business type activities				
Net investment in capital assets	\$ 3,817,724	\$ 2,394,642	\$ 2,741,513	\$ 2,741,513
Restricted	233,174	234,891	226,867	226,867
Unrestricted	2,779,070	6,438,537	6,230,960	6,230,960
Total business type activities	\$ 6,829,968	\$ 9,068,070	\$ 9,199,340	\$ 9,199,340
Primary Government				
Net investment in capital assets	\$ 8,316,421	\$ 7,851,370	\$ 4,476,177	\$ 4,476,177
Restricted	443,186	441,872	433,848	433,848
Unrestricted	8,320,328	12,100,892	14,490,178	14,490,178
Total primary government	\$ 17,079,935	\$ 20,394,134	\$ 19,400,203	\$ 19,400,203

	2017		2018		2019		2020		2021		2022
\$	4,867,370	\$	4,668,927	\$	4,626,465	\$	4,538,175	\$	4,582,145	\$	4,861,126
	375,328		639,794		1,455,917		2,035,043		2,192,932		2,626,108
	5,587,777		5,629,803		4,671,892		4,732,533		5,861,800		5,828,342
\$	10,830,475	\$	10,938,524	\$	10,754,274	\$	11,305,751	\$	12,636,877	\$	13,315,576
\$	3,646,633	\$	3,682,997	\$	4,081,199	\$	4,723,658	\$	5,594,515	\$	6,460,165
	229,897		214,340		214,420		231,735		388,643		49,432
	5,661,297		5,923,337		6,039,532		5,505,169		6,040,738		5,140,149
\$	9,537,827	\$	9,820,674	\$	10,335,151	\$	10,460,562	\$	12,023,896	\$	11,649,746
\$	8,514,003	\$	8,351,924	\$	8,707,664	\$	9,261,833	\$	10,176,660	\$	11,321,291
	605,225		854,134		1,670,337		2,266,778		2,581,575		2,675,540
	11,249,074		11,553,140		10,711,424		10,237,702		11,902,538		10,968,491
\$	20,368,302	\$	20,759,198	\$	21,089,425	\$	21,766,313	\$	24,660,773	\$	24,965,322

Town of Highland Beach, Florida
Schedule 2
Changes in Net Position (Unaudited)
(Accrual Basis of Accounting)

Fiscal Year Ended 9/30	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 1,566,138	\$ 1,626,937	\$ 1,933,634	\$ 1,910,544
Public Safety	5,326,258	5,496,560	5,800,175	6,345,596
Culture/recreation	599,345	609,624	646,909	579,310
Public Works	578,934	573,240	536,672	490,981
Interest	40,924	20,812	6,404	-
Total governmental activities	\$ 8,111,599	\$ 8,327,173	\$ 8,923,794	\$ 9,326,431
Business type activities:				
Water utility	3,024,558	3,024,044	2,794,114	3,243,497
Sewer utility	853,988	842,387	985,294	1,109,658
Interest on long term debt	423,472	397,554	370,648	343,107
Total business type activities	4,302,018	4,263,985	4,150,056	4,696,262
Total primary government expenses	\$ 12,413,617	\$ 12,591,158	\$ 13,073,850	\$ 14,022,693
Program Revenues				
Charges for Services- Governmental Activities				
General Government	94,508	106,466	116,323	16,733
Public Safety	496,821	438,037	808,930	716,938
Culture recreation	5,451	4,904	26,548	8,955
Public Works	467,051	468,008	468,757	471,725
Total Charges for Services	\$ 1,063,831	\$ 1,017,415	\$ 1,420,558	\$ 1,214,351
Operating Grants and Contributions	13,304	13,702	14,113	14,536
Capital Grants and Contributions	-	-	-	-
Total governmental activities program revenues	\$ 1,077,135	\$ 1,031,117	\$ 1,434,671	\$ 1,228,887
Business type activities program revenue:				
Water utility	1,981,222	2,048,100	2,117,789	2,015,477
Sewer utility	1,022,232	1,005,431	1,035,901	1,027,246
Capital Grants and Contributions	-	-	-	-
Total business type activities program revenues	3,003,454	3,053,531	3,153,690	3,042,723
Total primary government program revenue	\$ 4,080,589	\$ 4,084,648	\$ 4,588,361	\$ 4,271,610
Net (expense) revenue				
Governmental activities	(7,034,464)	(7,296,056)	(7,489,123)	(8,097,544)
Business type activities	(1,298,564)	(1,210,454)	(996,366)	(1,653,539)
Total primary government net expense	\$ (8,333,028)	\$ (8,506,510)	\$ (8,485,489)	\$ (9,751,083)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 8,246,672	\$ 8,452,116	\$ 8,696,269	\$ 8,319,187
Utility service taxes	716,468	730,249	728,123	698,651
Sales and use taxes	273,625	296,259	310,488	310,488
State revenue sharing	104,220	108,289	95,491	103,511
Investment earnings	24,141	14,621	21,043	30,938
Miscellaneous revenues	187,537	52,919	357,917	319,446
Loss on disposal of capital assets				
Gain (loss) on disposal of assets	3,295	3,700	4,392	7,013
Transfers	(1,286,000)	(1,286,000)	(1,286,000)	(1,286,000)
Total general revenues	\$ 8,269,958	\$ 8,372,153	\$ 8,927,723	\$ 8,503,234
Business type activities program revenue				
Investment earnings	\$ 7,281	\$ 7,265	\$ 15,477	\$ 20,311
Other miscellaneous revenues	3,400	18,551	209,802	160,541
Gain (loss) on disposal of assets		2,228,176	6,925	-
Transfers	1,286,000	1,286,000	1,286,000	1,286,000
Total business type activities program revenues	1,296,681	3,539,992	1,518,204	1,466,852
Total primary government	\$ 9,566,639	\$ 11,912,145	\$ 10,445,927	\$ 9,970,086
Changes in Net Position				
Government activities	\$ 1,235,494	\$ 1,076,097	\$ 1,438,600	\$ 405,690
Business type activities	(1,883)	2,329,538	521,838	(186,687)
Total primary government	\$ 1,233,611	\$ 3,405,635	\$ 1,960,438	\$ 219,003

	2017	2018	2019	2020	2021	2022
\$	1,961,725	\$ 2,565,663	\$ 2,580,389	\$ 2,624,269	\$ 2,493,189	\$ 2,763,923
	6,707,253	6,849,032	7,218,463	8,162,814	7,779,328	9,227,697
	516,399	521,074	537,827	516,450	430,705	615,291
	492,947	513,735	1,253,961	515,326	532,450	452,626
	-	-	-	-	-	1,349
\$	9,678,324	\$ 10,449,504	\$ 11,590,640	\$ 11,818,859	\$ 11,235,672	\$ 13,060,886
	3,332,073	3,416,906	3,249,206	3,468,469	3,013,791	3,293,639
	994,083	1,065,506	1,104,554	1,262,666	1,315,297	1,289,509
	325,584	336,738	310,599	277,530	234,772	205,987
	4,651,740	4,819,150	4,664,359	5,008,665	4,563,860	4,789,135
\$	14,330,064	\$ 15,268,654	\$ 16,254,999	\$ 16,827,524	\$ 15,799,532	\$ 17,850,021
	116,204	127,534	125,964	783,655	842,191	871,328
	560,566	619,445	930,740	1,239,136	1,213,717	1,677,171
	4,657	4,069	3,900	18,198	-	1,806
	470,300	471,580	470,716	527,453	533,491	564,392
\$	1,151,727	\$ 1,222,628	\$ 1,531,320	\$ 2,568,442	\$ 2,589,399	\$ 3,114,697
	17,598	18,126	18,669	-	29,304	19,758
	-	-	-	-	47,157	-
\$	1,169,325	\$ 1,240,754	\$ 1,549,989	\$ 2,568,442	\$ 2,665,860	\$ 3,134,455
	2,002,402	1,987,503	2,044,913	2,062,682	2,367,299	3,054,379
	1,054,354	1,085,969	1,128,148	1,155,248	1,188,036	1,370,646
	-	-	-	-	980,671	-
	3,056,756	3,073,472	3,173,061	3,217,930	4,536,006	4,425,025
\$	4,226,081	\$ 4,314,226	\$ 4,723,050	\$ 5,786,372	\$ 7,201,866	\$ 7,559,480
	(8,508,999)	(9,208,750)	(10,040,651)	(9,250,417)	(8,569,812)	(9,926,431)
	(1,594,984)	(1,745,678)	(1,491,298)	(1,790,735)	(27,854)	(364,110)
\$	(10,103,983)	\$ (10,954,428)	\$ (11,531,949)	\$ (11,041,152)	\$ (8,597,666)	\$ (10,290,541)
\$	8,211,536	\$ 8,608,075	\$ 8,925,672	\$ 9,556,810	\$ 9,738,626	\$ 9,623,432
	708,943	760,603	968,395	271,081	251,365	500,817
	474,774	579,638	572,729	553,604	637,488	765,634
	104,100	100,835	109,116	90,843	103,763	150,226
	42,713	144,231	223,638	111,997	6,736	8,708
	322,343	361,835	486,351	647,563	584,953	589,103
	3,615	1,598	-	-	8,010	6,650
	(1,286,000)	(1,417,542)	(1,429,500)	(1,430,004)	(1,430,003)	(1,039,440)
\$	8,582,024	\$ 9,139,273	\$ 9,856,401	\$ 9,801,894	\$ 9,900,938	\$ 10,605,130
\$	21,906	\$ 81,210	\$ 122,387	\$ 46,000	\$ 3,007	\$ 3,824
	143,561	142,027	143,289	171,471	156,642	-
	-	-	-	(8,859)	23,601	-
	1,286,000	1,417,542	1,429,500	1,430,004	1,430,003	1,039,440
	1,451,467	1,640,779	1,695,176	1,638,616	1,613,253	1,043,264
\$	10,033,491	\$ 10,780,052	\$ 11,551,577	\$ 11,440,510	\$ 11,514,191	\$ 11,648,394
\$	73,025	\$ (69,477)	\$ (184,250)	\$ 551,477	\$ 1,331,126	\$ 678,699
	(143,517)	(104,899)	203,878	(152,119)	1,585,399	679,154
\$	(70,492)	\$ (174,376)	\$ 19,628	\$ 399,358	\$ 2,916,525	\$ 1,357,853

Town of Highland Beach, Florida
Schedule 3
Fund Balances, Governmental Funds (Unaudited)
(Modified Accrual Basis of Accounting)

Fiscal Year Ended 9/30	2013	2014	2015	2016
Nonspendable	\$ 82,039	\$ 44,561	\$ 4,798	\$ 26,371
Restricted	4,311	-	-	-
Assigned	3,077,455	2,931,908	2,449,960	2,597,318
Unassigned	3,493,852	3,562,626	5,011,467	5,965,456
Total general fund	\$ 6,657,657	\$ 6,539,095	\$ 7,466,225	\$ 8,589,145
<u>All Other Governmental Funds</u>				
Restricted	205,701	206,981	228,220	235,842
Total all other governmental funds	\$ 205,701	\$ 206,981	\$ 228,220	\$ 235,842

2017	2018	2019	2020	2021	2022
\$ 19,969	\$ 86,093	\$ 77,829	\$ 80,620	\$ 4,390	\$ 11,761
-	-	-	-	-	-
4,922,400	3,640,887	2,954,157	7,947,499	7,752,714	8,326,978
4,163,722	5,543,284	6,095,616	1,979,196	2,830,474	2,258,249
\$ 9,106,091	\$ 9,270,264	\$ 9,127,602	\$ 10,007,315	\$ 10,587,578	\$ 10,596,988
375,328	639,794	1,455,917	2,035,043	2,192,932	2,626,108
\$ 375,328	\$ 639,794	\$ 1,455,917	\$ 2,035,043	\$ 2,192,932	\$ 2,626,108

Town of Highland Beach, Florida
Schedule 4
Changes in Fund Balances, Governmental Funds (Unaudited)
(Modified Accrual Basis of Accounting)

Fiscal Year Ended 9/30	2013	2014	2015	2016
Revenues				
Taxes	\$ 8,584,777	\$ 8,775,709	\$ 8,696,269	\$ 8,319,187
Permits and fees	854,123	872,586	1,257,117	1,154,733
Intergovernmental	361,367	387,021	704,806	701,061
Charges for services	506,403	516,835	521,207	527,314
Fines and forfeitures	57,870	9,979	6,816	6,363
Interest	16,853	19,267	21,043	28,740
Net decrease in fair value of investments	7,288	(4,646)		
Miscellaneous revenues	542,960	411,069	441,136	423,698
Total revenues	10,931,641	10,987,820	11,648,394	11,161,096
Expenditures				
General government	1,652,393	1,740,984	1,885,669	1,721,674
Public Safety	5,289,583	5,430,246	5,811,416	6,092,829
Culture/Recreation	492,452	569,339	617,722	435,177
Public Works	450,651	455,234	413,271	395,998
Capital outlay	210,892	977,443	250,880	106,498
Debt service				
Principal	651,646	621,434	425,913	-
Interest	44,337	24,422	9,154	-
Total expenditures	8,791,954	9,819,102	9,414,025	8,752,176
Excess of revenues over (under) expenditures	2,139,687	1,168,718	2,234,369	2,408,920
Other Financing Sources (Uses)				
Loan & Lease Proceeds				
Transfers in				
Transfers out	(1,286,000)	(1,286,000)	(1,286,000)	(1,286,000)
Total other financing sources (uses)	(1,286,000)	(1,286,000)	(1,286,000)	(1,286,000)
Net Change in fund balances	853,687	(117,282)	948,369	1,122,920
Fund balances - beginning	6,091,301	6,863,358	6,746,076	7,466,225
Fund balance - ending	\$ 6,944,988	\$ 6,746,076	\$ 7,694,445	\$ 8,589,145
Debt services (principal & interest) as a percentage of non-capital expenditures	8.11%	7.30%	4.75%	0.00%

2017	2018	2019	2020	2021	2022
\$ 8,211,536	\$ 8,608,075	\$ 8,925,672	\$ 9,556,810	\$ 9,738,626	\$ 10,512,554
1,002,695	1,103,439	1,626,013	1,912,895	1,898,997	2,195,987
711,363	723,756	981,793	916,339	1,012,423	546,785
508,880	528,113	519,619	568,935	612,128	637,011
13,907	6,117	6,150	3,251	8,253	6,618
41,871	137,749	223,638	111,997	6,736	8,708
387,989	425,854	553,005	730,113	605,592	945,408
10,878,241	11,533,103	12,835,890	13,800,340	13,882,755	14,853,071
1,785,835	2,240,026	2,282,194	2,326,197	2,420,925	2,602,077
6,417,442	6,615,002	7,348,443	7,555,437	8,095,493	9,291,055
380,473	387,471	383,555	359,770	367,594	398,250
404,002	422,440	435,645	442,262	458,413	449,221
87,543	286,449	283,092	227,831	372,175	652,053
-	-	-	-	-	65,083
-	-	-	-	-	1,349
9,075,295	9,951,388	10,732,929	10,911,497	11,714,600	13,459,088
1,802,946	1,581,715	2,102,961	2,888,843	2,168,155	1,393,983
					88,043
					54,996
(1,286,000)	(1,417,542)	(1,429,500)	(1,430,004)	(1,430,003)	(1,094,436)
(1,286,000)	(1,417,542)	(1,429,500)	(1,430,004)	(1,430,003)	(951,397)
516,946	164,173	673,461	1,458,839	738,152	442,586
8,589,145	9,106,091	9,910,058	10,583,519	12,042,358	
\$ 9,106,091	\$ 9,270,264	\$ 10,583,519	\$ 12,042,358	\$ 12,780,510	\$ 442,586
0.00%	0.00%	0.00%	0.00%	0.00%	0.52%

Town of Highland Beach, Florida
Schedule 5
Assessed Value and Actual Value of Taxable Property (Unaudited)

Fiscal Year Ended 9/30	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Just Value
2013	\$ 1,727,623,028	\$ 15,040,000	\$ 9,610,456	\$ 1,752,273,484	4.87	\$ 1,966,422,907
2014	1,798,567,981	15,400,000	10,043,245	1,824,011,226	4.81	2,072,656,191
2015	1,910,980,084	15,400,000	10,683,925	1,937,064,009	4.64	2,260,380,097
2016	2,047,110,813	16,170,000	11,959,998	2,075,240,811	4.15	2,475,549,166
2017	2,186,088,224	17,787,000	12,448,224	2,216,323,448	3.86	2,716,856,926
2018	2,369,865,868	19,565,700	11,139,513	2,400,571,081	3.70	2,915,050,463
2019	2,449,537,041	21,524,470	12,241,737	2,483,303,248	3.72	2,939,022,067
2020	2,566,581,797	23,676,917	12,083,552	2,602,342,266	3.80	3,079,744,504
2021	2,830,390,866	26,312,862	14,849,795	2,871,553,523	3.79	3,210,768,746
2022	3,201,309,493	28,944,149	17,058,146	3,247,311,788	3.62	4,221,158,007

Source: Palm Beach County Property Appraiser's Office

Town of Highland Beach, Florida
Schedule 6
Direct and Overlapping Property Tax Rates (Unaudited)
(Per \$1,000 of Assessed Value)

Fiscal Year	Highland Beach			Overlapping Rates (1)							
	General Fund	Debt Service Fund	Total Town Rate	Palm Beach		Palm Beach		South Florida		FIND(2) And Everglades	Total
				Palm Beach County	County School Board	Children's Services Council	County Health Care District	Water Management District			
2013	3.95	0.92	4.87	4.99	7.78	0.73	1.12	0.37	0.10	19.95	
2014	3.95	0.86	4.81	4.99	7.59	0.70	1.08	0.35	0.09	19.61	
2015	3.95	0.69	4.64	4.97	7.59	0.67	1.08	0.33	0.09	19.38	
2016	3.50	0.65	4.15	4.93	7.51	0.67	1.04	0.30	0.08	18.68	
2017	3.25	0.61	3.86	4.91	7.07	0.68	0.90	0.28	0.08	17.79	
2018	3.08	0.62	3.70	4.90	6.77	0.66	0.78	0.27	0.08	17.15	
2019	3.12	0.60	3.72	4.90	6.57	0.64	0.73	0.25	0.07	16.88	
2020	3.23	0.57	3.80	4.86	7.16	0.65	0.73	0.28	0.03	17.51	
2021	3.23	0.56	3.79	4.81	6.88	0.62	0.73	0.26	0.03	17.12	
2022	3.23	0.39	3.62	4.75	6.52	0.55	0.73	0.22	0.03	16.42	

Source: Palm Beach County Property Appraiser's office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the Town of Highland Beach

(2) Florida Inland Navigation District.

Town of Highland Beach, Florida
Schedule 7
Principal Property Tax Payers (Unaudited)
Current Year and Ten Years Ago

Taxpayers	Fiscal Year 2022		Taxpayers	Fiscal Year 2013	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Leeds, Bruce	\$ 15,655,811	0.48%	Musa, Marc A.	\$ 8,380,902	0.48%
Rothberg, Michael	\$ 15,509,729	0.48%	Kappel, James S.	\$ 7,520,000	0.43%
Decoy Investments LLC	\$ 15,226,563	0.47%	Kappel, Sarah A.	\$ 7,520,000	0.43%
Montgomery, Joel & Sarah Trust	\$ 14,076,636	0.43%	Rap Knifore, LLC	\$ 7,620,170	0.43%
Karp, Simone	\$ 13,361,920	0.41%	Muller, Ralph	\$ 7,596,243	0.43%
Hamister, Mark	\$ 13,329,376	0.41%	Florida Power & Light	\$ 7,241,793	0.41%
Pastore, James	\$ 12,845,441	0.40%	Goetz, David	\$ 7,006,430	0.40%
Kappel, James	\$ 12,233,298	0.38%	Pross, Randy	\$ 6,999,962	0.40%
Ferenc, Sidney	\$ 12,509,866	0.39%	Toth, Tibor	\$ 6,572,013	0.38%
Persaud, Krishna	\$ 12,296,616	0.38%	Chaifetz, Jill B Trust	\$ 6,190,431	0.35%
Total	\$ 137,045,256	4.22%	Total	\$ 72,647,944	4.14%

Source: Palm Beach County Property Appraiser's Office.

Town of Highland Beach, Florida
Schedule 8
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended 9/30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 8,209,000	\$ 8,032,937	97.86%	\$ -	\$ 8,032,937	97.86%
2014	8,765,104	8,246,672	94.09%	-	8,246,672	94.09%
2015	8,996,821	8,681,402	96.49%	14,867	8,696,269	96.66%
2016	8,603,075	8,319,187	96.70%	-	8,319,187	96.70%
2017	8,200,200	8,203,649	100.04%	7,888	8,211,537	100.14%
2018	8,527,000	8,563,619	100.43%	45,078	8,608,697	100.96%
2019	9,245,815	8,913,954	96.41%	11,718	8,925,673	96.54%
2020	9,909,142	9,551,291	96.39%	5,519	9,556,810	96.44%
2021	9,961,348	9,738,626	97.76%	-	9,738,626	97.76%
2022	9,580,365	9,619,497	100.41%	3,935	9,623,432	100.45%

Source: Tax Collector, Palm Beach County.

Town of Highland Beach, Florida
Schedule 9
Ratios of Outstanding Debt by Type (Unaudited)

Fiscal Year Ended	Population ⁽¹⁾	Median Family Income	Governmental Activities		Business Type Activity		Total Primary Government	Percentage Personal Income	Per Capita
			General Obligation Bonds	Promissory Notes	Promissory Notes	Revolving Loan Fund			
2013	3,572	N/A	\$ -	\$ 1,047,347	\$ 3,573,961	\$ 10,028,414	\$ 14,649,722	N/A	4,101
2014	3,581	N/A	-	425,913	3,386,268	9,319,274	13,131,455	N/A	3,667
2015	3,600	N/A	-	-	3,192,102	8,589,786	11,781,888	N/A	3,273
2016	3,600	N/A	-	-	3,001,316	7,839,363	10,840,679	N/A	3,011
2017	3,600	N/A	-	-	2,803,727	10,491,253	13,294,980	N/A	3,693
2018	3,654	N/A	-	-	2,599,375	10,850,952	13,450,327	N/A	3,681
2019	3,671	N/A	-	-	2,387,936	9,823,765	12,211,701	N/A	3,327
2020	3,657	N/A	-	-	2,169,169	8,770,839	10,940,008	N/A	2,992
2021	4,300	N/A	-	-	1,942,817	7,691,271	9,634,088	N/A	2,240
2022	4,400	N/A	-	-	1,708,646	6,584,292	8,292,938	N/A	1,885

Source: (1) Florida Legislature, Office of Economic and Demographic Research

Town of Highland Beach, Florida
Schedule 10
Ratios of General Bonded Debt Outstanding (Unaudited)

Fiscal Year Ended 9/30	Population(1)	Taxable Value(2)	General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2013	3,572	\$ 1,752,273,484	\$ 13,791,636	0.79%	\$ 3,861
2014	3,581	1,824,011,226	12,695,861	0.70%	3,545
2015	3,600	1,937,064,009	11,781,888	0.61%	3,273
2016	3,600	2,063,280,813	10,840,679	0.53%	3,011
2017	3,600	2,216,323,448	13,294,980	0.60%	3,693
2018	3,654	2,400,571,081	13,450,327	0.56%	3,681
2019	3,671	2,483,303,248	12,211,701	0.49%	3,327
2020	3,657	2,602,342,266	10,940,008	0.42%	2,992
2021	4,300	2,741,021,812	9,634,088	0.35%	2,240
2022	4,400	3,124,267,506	8,292,938	0.27%	1,885

Source: (1) Bureau of Economic & Business Research (BEBR).
(2) Palm Beach County Property Appraiser's Office.

Town of Highland Beach, Florida
Schedule 11
Direct and Overlapping Governmental Activities Debt (Unaudited)

As of September 30, 2020

Governmental Unit	Net General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town direct debt:			
Town of Highland Beach	\$ 8,292,938	100.00%	<u>\$ 8,292,938</u>
Overlapping debt:			
Palm Beach School District	\$ 1,264,810,000		
Palm Beach County	61,115,000		
	<u>\$ 1,325,925,000</u>	1.83%	<u>\$ 24,288,107</u>
Total direct and overlapping debt:			<u>\$ 32,581,045</u>
Estimated population:			<u>4,400</u>
Direct and overlapping net debt per capita:			<u>\$ 7,405</u>

Source: Palm Beach County School District
Town of Highland Beach.

Note: Overlapping rate is determined by dividing taxable assessed valuation of the Town of Highland Beach by the total taxable valuation of Palm Beach County.

Town of Highland Beach, Florida
Schedule 12
Legal Debt Margin Information (Unaudited)

The Town of Highland Beach has no legal debt margin.

Town of Highland Beach, Florida
Schedule 13
Pledged-Revenue Coverage (Unaudited)

Fiscal Year Ended 9/30	State Revolving Loan(s)				2005 Promissory Note			
	Pledged Revenue	Debt Service		Coverage	Pledged Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2013	\$ 8,246,672	\$ 689,356	\$ 299,512	8.34	\$ 550,590	\$ 410,775	\$ 33,556	1.24
2014	8,452,116	709,140	279,731	8.55	555,655	422,503	21,692	1.25
2015	8,696,269	729,488	259,383	8.79	713,738	435,913	8,600	1.61
2016	8,319,187	750,423	237,722	8.42	NA	NA	NA	NA
2017	8,211,537	771,960	226,826	8.22	NA	NA	NA	NA
2018	8,608,697	809,792	314,703	7.66	NA	NA	NA	NA
2019	8,925,673	1,027,185	225,158	7.13	NA	NA	NA	NA
2020	9,556,810	1,052,927	199,417	7.63	NA	NA	NA	NA
2021	9,738,626	1,079,569	172,273	7.78	NA	NA	NA	NA
2022	9,623,432	1,079,569	172,273	7.69	NA	NA	NA	NA

Town of Highland Beach, Florida
Schedule 14
Demographic & Economic Information (Unaudited)

Fiscal Year Ended 9/30	Population(1)	Mean Income(2)	Per Capita Income(2)	Median House Value (3)	School Enrollment(2)	Unemployment Rate(4)
2013	3,572	\$ 83,879	\$ 82,916	\$ 324,190	76	7.1%
2014	3,581	83,879	79,235	356,941	119	5.8%
2015	3,600	83,879	82,846	374,892	146	5.2%
2016	3,600	102,868	84,790	397,483	166	5.0%
2017	3,600	104,232	95,825	413,465	139	4.2%
2018	3,654	104,232	99,682	428,385	178	3.4%
2019	3,671	105,929	105,919	430,797	230	3.2%
2020	3,657	115,219	112,930	454,741	242	7.0%
2021	4,300	156,657	118,577	549,816	222	4.1%
2022	4,400	217,456	116,439	658,519	140	3.0%

Source: (1) Florida Legislature, Office of Economic and Demographic Research April 1st 2022
(2) U.S. Census Bureau (2021)
(3) Zillow Home Value Index (ZHVI) for Zip Code 33487
(4) U.S. Bureau of Labor Statistics (September of year indicated)

Town of Highland Beach, Florida
Schedule 15
Principal Employers - Palm Beach County (Unaudited)
Current Year and Ten Years Ago

2022			2013		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Palm Beach County School District	22,426	2.92%	Palm Beach County School District	21,495	3.20%
Palm Beach County Government	5,753	0.75%	Palm Beach County Government	11,381	1.69%
Tenet Healthcare Group	5,734	0.75%	Tenet Healthcare Corp.	6,100	0.91%
NextEra Energy, Inc (FPL)	5,330	0.69%	Florida Power & Light	3,632	0.54%
Florida Atlantic University	5,059	0.66%	G4S	3,000	0.45%
Boca Raton Regional Hospital	3,135	0.41%	HCA (Hospital Corp. of America)	2,714	0.40%
Veterans Health Administration	2,600	0.34%	Florida Atlantic University	2,706	0.40%
HCA Healthcare	2,419	0.31%	Bethesda Memorial Hospital	2,391	0.36%
The Breakers	2,300	0.30%	Office Depot (Hdqtrs)	2,250	0.33%
Bethesda Memorial Hospital	2,282	0.30%	Boca Raton Community Hospital	2,391	0.36%
Total	57,038	7.42%	Total	58,060	8.64%

Source: Business Development Board of Palm Beach County

No information available for the Town of Highland Beach

Town of Highland Beach, Florida
Schedule 16
Full-Time Equivalent Town Employees by Function/Program (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended 9/30	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
General Government										
Town Manager	2	2	1	1	2	2	2	2	2	2
Town Clerk	2	3	3	3	3	3	3	3	3	2
Shared Support	0	0	0	0	0	0	0	0	0	2
Finance	2	2	2	2	2	2	2	3	3	3
Post Office	1	1	1	1	1	1	1	1	1	1
Public Works	1	1	1	1	1	1	1	1	1	2
Public Safety										
Building	2	2	2	2	1	2	4	5	5	6
Police	16	15	15	15	15	16	16	16	16	15
Cultural and Recreation										
Library	4	4	4	4	3	3	3	3	3	3
Physical Environment										
Utilities	8	9	9	9	9	9	9	9	9	9
Total	38	39	38	38	37	39	41	43	43	45

Source: Town of Highland Beach Finance Department.

Town of Highland Beach, Florida
Schedule 17
Operating Indicators by Function/Program (Unaudited)
Last Six Fiscal Years

Fiscal Year Ended 9/30	2017	2018	2019	2020	2021	2022
<u>Function/Program</u>						
Public Safety						
Number of arrests by police officers	7	7	9	4	9	6
Number of traffic citations issued	64	39	55	16	74	132
Number of fire calls (1)	111	102	106	198	198	*
Number of EMS calls (1)	11	33	30	454	652	*
Number of building permits issued	899	1,242	866	749	886	2,151
Physical Environment						
Number of water and sewer active accounts	660	670	673	671	789	809
Number of water and sewer units served	7,200	7,308	7,342	7,314	8,600	8,819
Cultural & Recreation						
Number of library patrons	3,339	3,593	3,370	3,209	3,150	3,053
Number of items in collection	42,323	42,330	42,178	42,511	42,730	43,997
Number of community events presented	893	687	701	396	20	100

Note: Fire Department contracted through Delray Beach.

Sources: Town of Highland Beach, FL
(1) City of Delray Beach
(*) Data unavailable at time report issued.

Town of Highland Beach, Florida
Schedule 18
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Fiscal Year Ended 9/30</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Function/Program</u>										
General Government										
Town Manager Vehicle	0	0	0	0	0	0	0	0	0	1
Public Safety										
Fire Trucks	1	1	0	0	0	0	0	0	0	0
EMS Units	1	1	1	1	0	0	0	0	0	0
Police Vehicles	7	7	7	6	6	6	6	7	11	10
Vehicles- Protective Inspections	0	0	0	0	0	0	0	0	1	2
Transportation										
Street (miles)	3	3	3	3	3	3	3	3	3	3
Physical Environment										
Vehicles-Public Works	5	5	5	5	5	5	5	5	3	4

Note: Fire Department contracted through the City of Delray Beach.

Source: Town of Highland Beach, FL

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT AUDITOR'S 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*

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To the Honorable Mayor and
Members of the Town Commission
Town of Highland Beach, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Highland Beach, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Highland Beach, Florida's basic financial statements and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Highland Beach, Florida's internal control over financial reporting (internal control) as a basis for designing 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 Town of Highland Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Highland Beach, Florida'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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Highland Beach, Florida'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in Finding 2022-1 presented below.

Finding 2022-1 Loan Compliance

Condition: We noted that the Town did not submit the annual certifications for the Drinking Water State Revolving Fund Loans to the State of Florida Department of Environmental Protection as required by the Loan Agreements.

Criteria: The Loan Agreements require that no later than September 30 annually the Town Authorized Representative or Chief Financial Officer submit a certification the Florida Department of Environmental Protection a certification that: (a) Pledger Revenue collections satisfy the rate coverage requirement; (b) the Loan Debt Service Account contains the funds required; and (c) insurance in effect for the facilities generating the Pledged Revenues adequately covers the customary risks to the extent that such insurance is available.

Effect: Noncompliance with loan agreements.

Recommendation: We recommend that the Town establish a loan compliance checklist to ensure that loan reporting requirements are performed timely.

Management Response: Management concurs with the finding and recommendation. Staff will establish a protocol to ensure loan compliance and timely submission of annual certifications.

Town of Highland Beach, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Highland Beach, Florida's response to the finding identified in our audit and presented above. The Town of Highland Beach, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nowlen, Holt & Mims, P.A.

West Palm Beach, Florida
June 30, 2023



NOWLEN, HOLT & MINER, P.A.

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

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To the Honorable Mayor and
Members of the Town Commission
Town of Highland Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Highland Beach, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

Auditor's 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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's 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* and Independent Accountant's 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, which are dated June 30, 2023, 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 financial audit report.

Prior Year Findings That No Longer Apply

Corrective actions have been taken to address the following findings noted in the preceding annual financial audit report, and they no longer apply:

- Findings 2020-1 and 2021-1: Internal Controls Over Revenues
- Findings 2020-2 and 2021-2: Pooled Cash Reconciliation
- Findings 2018-2, 2019-2, 2020-5, and 2021-3: Adjusting Journal Entries.
- Finding 2021-4: Expenditures in Excess of Appropriations.

Prior Year Findings That Still Apply

There are no prior year findings that still apply.

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. This information was disclosed in Note 1 to the financial statements. There are no component units included in the Town of Highland Beach, Florida's 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 Town of Highland Beach, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Highland Beach, Florida 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 Town of Highland Beach, Florida. It is management's responsibility to monitor the Town of Highland Beach, Florida'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. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Single Audits

The Town of Highland Beach, Florida expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2022 and was not required to have a federal single audit or a state single audit.

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 Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
June 30, 2023



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Mayor and
Members of the Town Commission
Town of Highland Beach, Florida

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We have examined the Town of Highland Beach, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management of the Town of Highland Beach, Florida is responsible for the Town of Highland Beach, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Highland Beach, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Highland Beach, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Highland Beach, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Town of Highland Beach, Florida's compliance with the specified requirements.

In our opinion, the Town of Highland Beach, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Board of Supervisors, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 30, 2023