The Town of Highland Beach, FL

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2025

TOWN OF HIGHLAND BEACH
1949
FLORIDA

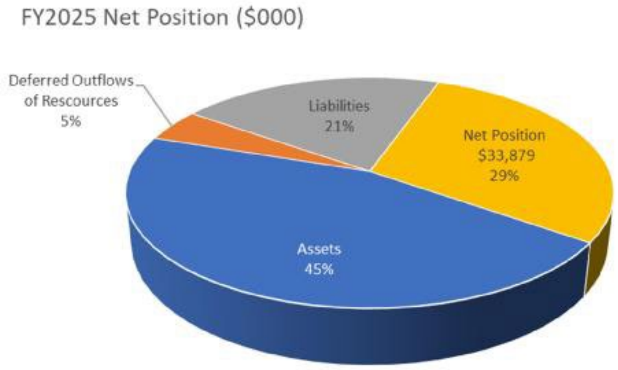
PURPOSE OF GOVT. AUDITS

- **Accountability to the Public**
  - Governmental audits verifies resources are recorded and reported properly
- **Compliance with Regulations**
  - Audits ensure public entities comply with applicable laws and regulations to maintain accountability
- **Internal Controls Evaluation**
  - Auditors evaluate the effectiveness of internal control systems within government organizations
- **Decision-Making Support**
  - Reliable audited statements help policy maker make informed budget and policy decisions

FINANCIAL HIGHLIGHTS

Net Position Growth

- Net position is a key indicator of a government's long-term financial health
- Total assets + deferred outflows of resources vs total liabilities + deferred inflows of resources
- Net Position increase by $4.5 Mil or 15.2%, from $29.4 Mil in the prior yr to $33.9 Mil



FINANCIAL HIGHLIGHTS

Fund balance represents the residual amount after deducting liabilities from assets. It serves as an indicator of the fund's financial health and its ability to meet its obligations

For Fiscal Year EndingSeptember 30, 2025 ($000)

	Fund Balance			**Net Position**		
	General	Buliding	Other	Water	Sewer	Total
Beginning FB/NP	$ 8,296	$ 3,599	$ 959	$ 9,900	$ 3,426	$ 26,180
Net Change	1,960	764	(169)	(25)	1,031	3,561
Ending FB/NP	**$ 10,256**	**$ 4,363**	**$ 790**	**$ 9,875**	**$ 4,457**	**$ 29,741**

Positive Fund Balance/Net Position increases in General/Building/Sewer Funds.

FINANCIAL HIGHLIGHTS

General Fund Balance

- Ending totaled $10.3 million
- Approx. $1.96 million increase over the prior year.
- **Primarily attributed to**:
  - Higher property tax revenues, driven by increased property values assessed in the local real estate market.
- **Revenue gains partially offset by:**
  - Rising public safety and related services cost
  - Capital outlays for establishment of the Fire Rescue Dept.

FINANCIAL HIGHLIGHTS

Building Dept Fund Balance

- Ending totaled $4.36 million
- Approx. $760K increase over the prior year.
- **Driven by**:
  - Increase in permit fees from interlocal agreement with Town of Gulf Stream
  - Growth in interest income, reflecting improved investment returns during the fiscal year

FINANCIAL HIGHLIGHTS

Water and Sewer

- **Revenue increased $617K or 10.8%**
- Primarily attributed to:
  - Rate adjustment
  - Investment income returns
- **Expenses decreased by $85K or 1.6%:**
  - General inflation-related operating costs
  - Ongoing capital improvements of utility infrastructure

Breakdown of Capital Assets between Govt & Business type Activities

	Governmental Activities 2025	Business Activities 2025	Total 2025	Total 2024
Land	$ 324	$ -	$ 324	$ 324
Construction in Progress	266	23	289	78
Amotized leases	44	-	44	44
Buildings and improvements	13,992	9,498	23,490	23,515
Improvements other than buildings	2,819	14,768	17,587	17,390
Equipment, furniture, and books	5,665	8,611	14,276	13,486
Total assets	$ 23,110	$ 32,900	$ 56,010	$ 54,837
Less accumilated depreciation & amortization	(7,449)	(18,401)	(25,850)	(25,882)
Total	**$ 15,661**	**$ 14,499**	**$ 30,160**	**$ 28,955**

Added $1.2 million, or 4.2% over the prior fiscal year through continued improvements within Water and Sewer infrastructure and government assets.

Breakdown of Debt between Govt & Business type Activities

	Governmental Activities 2025	Business Activities 2025	Total 2025	Total 2024
Promissory notes	3,941	956	4,898	5,924
Revolving fund loans		4,215	4,215	4,655
Contract transfer owership	190		190	28
Leases payable	16		16	
Pension liability (Net)	11,230	693	11,923	9,970
Other postemployment benefits	168	27	195	129
compensated absences	1,190	179	1,370	935
Total	16,735	6,070	22,807	21,641

- Reduced Water fund debt by $700K
- Reduced General Fund debt $767K

AUDIT OPINION & FINDINGS

Opinion

- Financial Statements present fairly in all material respects for Govt and business Type Activities
- Unmodified "Clean" audit opinion

Findings

Prior Year Audit Findings:	**Fiscal Year**
No prior year findings still apply	2024

<u>Current Year Audit Findings:</u>

Failure to Capitalize Asset Ancillary Charges