



Town of Highland Beach, Florida

Quarterly Financial Report

Quarter 2 FY2022

OVERVIEW

This financial overview reflects the Town's overall unaudited financial condition through the second quarter (October – March) of the fiscal year 2022. Except as noted below, revenues and expenditures are generally on target for the first 6 months (50%) of the fiscal year.

GENERAL FUND

With 6 months (50%) of the fiscal year complete, General Fund (GF) revenues are on pace with trends of prior year collections. Through March 2022, the Town's GF has collected a total of **\$10.1 Million**, or 76% of its projected annual revenues.

Source of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
TAXES	\$ 9,231,435	\$ 10,637,365	87%
INTERGOVERNMENTAL	221,862	410,900	54%
CHARGES FOR SERVICES	315,867	590,000	54%
FINES AND FORFEITURES	2,868	10,700	27%
MISCELLANEOUS REVENUES	347,406	951,500	37%
OTHERS SOURCES-NON-REVENUE	-	642,908	0%
TOTAL REVENUES	\$ 10,119,438	\$ 13,243,373	76%

Property (ad valorem) taxes are the largest source of general fund revenue and makeup 80% of total Sources of Fund.

The General Fund includes all services that are funded through general taxes. It includes all town programs except those that are paid for through user fees (Building, Water and Sewer Departments).

REVENUES

Taxes.

This category reflects the collection of ad valorem taxes, fuel taxes, utility franchise fees, and communications service taxes. Ad valorem taxes on property are collected by the Palm Beach County Tax Collector on an annual basis beginning on December 1st.

Intergovernmental.

Intergovernmental revenues are received (*generally one month in arrears*) from other government agencies such as the State and County. The revenues collected in this category include Sales Tax, County Occupational License, State Revenue Sharing Proceeds, and a few others.

Charges for Services.

This category of revenues includes fees for solid waste removal and fees for administrative tasks such as public record requests, copies, and lien searches.

Fines and Forfeitures.

Fines and forfeiture revenues are received from traffic citations, code violations, library fines, and court fines.

Misc. Revenue

Miscellaneous revenues reflect interest on investments, lease payments, and an administrative reimbursement from the Water Enterprise Fund and the Building Department Fund.

GENERAL FUND EXPENSES

With 50% of the fiscal year completed, department operating costs are trending in line with the budget. The following table shows the expenditure budgets for each department by category through the 2nd quarter of FY2022.

Overall, the Town has expended 49% of its budgeted GF expenditures. Departmental operating expenditures are under or over budget as summarized by the following table.

Uses of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
TOWN COMMISSION			
PERSONAL SERVICES	\$ 43,820	\$ 88,070	50%
OPERATING EXPENSES	55,441	109,455	51%
TOWN MANAGER			
PERSONAL SERVICES	203,792	575,200	35%
OPERATING EXPENSES	43,194	67,050	64%
TOWN CLERK			
PERSONAL SERVICES	140,395	336,820	42%
OPERATING EXPENSES	66,029	141,896	47%
CAPITAL OUTLAY	1,251	1,500	83%
FINANCE			
PERSONAL SERVICES	164,000	352,997	46%
OPERATING EXPENSES	119,079	175,400	68%
CAPITAL OUTLAY	5,330	40,936	13%
LEGAL COUNSEL			
OPERATING EXPENSES	55,192	185,000	30%
PUBLIC WORKS			
PERSONAL SERVICES	36,783	66,800	55%
OPERATING EXPENSES	136,721	258,113	53%

Uses of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
POST OFFICE			
PERSONAL SERVICES	53,540	124,950	43%
OPERATING EXPENSES	3,475	7,100	49%
INTERGOVERNMENTAL			
OPERATING EXPENSES	300,981	433,690	69%
CAPITAL OUTLAY	-	10,000	0%
POLICE DEPARTMENT			
PERSONAL SERVICES	1,081,452	2,505,000	43%
OPERATING EXPENSES	150,892	207,992	73%
CAPITAL OUTLAY	182,352	185,000	99%
FIRE RESCUE			
OPERATING EXPENSES	2,696,454	5,425,325	50%
SOLID WASTE			
OPERATING EXPENSES	231,101	488,180	47%
LIBRARY			
PERSONAL SERVICES	162,629	334,200	49%
OPERATING EXPENSES	26,626	75,600	35%
CAPITAL OUTLAY	14,235	15,000	95%
	\$ 5,974,764	\$ 12,211,274	48.9%

Expenditure Variances

Through March, and apart from the following, the GF department budgets are on pace with their annual projections.

- Intergovernmental Operating Expenses are overspent through the 2nd Quarter due to general liability and property insurance payments due at the beginning of the fiscal year.
- Police Department Operating Expenses are overspent through the 2nd Quarter within Other Contractual Services for prepaid Dispatch Services paid.
- Town Manager Department expenses are overspent through the 2nd Quarter within Professional Services but within the annual budget
- Finance Department expenses are overspent through the 2nd Quarter Other Contractual Services for Outsourced Accounting and Finance services but within the annual budget

FUND BALANCE

The Town's GF fund balance is made up of a combination of financial resources. Below is a chart that shows the categories and balances of each fund balance as of March 31, 2022.

Fund Balance Category	
Budget Stabilization	\$ 2,039,283
Disaster Recovery	2,039,283
Fire Rescue	4,000,000
Unassigned	5,999,849
Total	\$ 14,078,415

Budget Stabilization - 16.7% of General Fund Operating Expenses.

Disaster Recovery – 16.7 % of General Fund Operating Expenses.

Fire Rescue – Fixed amount of \$4 million pursuant to Resolution 22-005

Unassigned fund balance is the Town's surplus of funds that have accumulated from unexpended operating budgets and excess revenues from prior years. This portion of the fund balance has not been identified as having been appropriated for a specific purpose. This surplus also proves financial stability to potential lenders, while providing the Town with a "rainy day" fund for use in unforeseen, unbudgeted emergency situations and sustained periods of economic retraction. This balance may also be used to fund the construction or acquisition of capital assets or for any other purpose as designated by the Town Commission.

SPECIAL REVENUE FUNDS

Discretionary Sales Tax

A Special Revenue Fund was established to account for the Palm Beach County Infrastructure Surtax (IST) proceeds and expenditures. A Special Revenue Fund was created due to the restrictions on the use of these proceeds. The Fund will allow for optimal transparency and reporting as required by the County Ordinance which established the tax.

REVENUES- Through March 2022, the Town has received a total of **\$136,112** in tax proceeds.

EXPENDITURES- Through March 2022, the Town spent and/or encumbered **\$198,306** of these funds.

FUND BALANCE- As of March 31, 2022, the IST Fund has a total of **\$348,540**. This balance represents the sum of current year collections (less current year expenditures) and prior year collections (less prior year expenditures).

Building Department Fund

Beginning in FY 2020, the revenues and expenditures associated with the Building Department were segregated from the General Fund to comply with new legislation.

REVENUES- Through March 2022, the Town has received a total of **\$841,131** in building permits and Charges for Service revenue.

Source of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
CHARGES FOR SERVICES	\$ 27,922	\$ 32,000	87%
MISCELLANEOUS REVENUES	-	1,000	0%
OTHERS SOURCES-NON-REVENUE	27,498	166,204	17%
LICENSES AND PERMITS	813,209	1,042,000	78%
TOTAL REVENUES	\$ 868,629	\$ 1,241,204	70%

EXPENDITURES- Through March 2022, the Building Department has expended **\$704,358**, or 56% of its budget.

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Uses of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
BUILDING DEPARTMENT			
PERSONAL SERVICES	\$ 321,233	\$ 674,200	48%
OPERATING EXPENSES	345,309	526,629	66%
CAPITAL OUTLAY	37,816	55,330	68%
	\$ 704,358	\$ 1,256,159	56%

ENTERPRISE FUNDS (water)

OVERVIEW- The Town's Water Department distributes potable water for drinking, hygienic needs, recreation, and fire suppression through a system of underground piping. Through reverse osmosis, the Town turns brackish saltwater, drawn from the Floridan Aquifer, into safe drinking water. Users of Town water are billed bi-monthly based on the amount of water they consume.

Water Revenues.

Through March 2022, the Town has billed and accrued a total of **\$1.3 million** or 50% of FY 2022, revenues which are forecasted to be approximately \$2.637 million.

Source of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
INTERGOVERNMENTAL	\$ -	\$ 234,325	0%
CHARGES FOR SERVICES	1,325,983	2,668,200	50%
MISCELLANEOUS REVENUES	110,000	263,000	42%
OTHERS SOURCES-NON-REVENUE	519,720	1,592,110	33%
TOTAL REVENUES	\$ 1,955,703	\$ 4,757,635	41%

Water Expenses.

Through March 2022, operating expenses (including Capital Outlay) totaled **\$1.5** or 44% of the budgeted expenses. Debt Service through March 2022 totaled **\$762,652**.

Uses of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
Water Department			
PERSONAL SERVICES	\$ 505,785	\$ 1,050,700	48%
OPERATING EXPENSES	977,056	1,833,122	53%
CAPITAL OUTLAY	16,420	493,145	3%
DEBT SERVICE	762,652	1,549,230	49%
	\$ 2,261,913	\$ 4,926,197	46%

ENTERPRISE FUNDS (sewer)

OVERVIEW- The Town has contracted with the City of Delray Beach to treat its sewer wastewater. The Town, in turn, bills its residents bi-monthly to recover the contractual cost for wastewater treatment.

Sewer Revenues.

Through March 2022, the Town has billed and accrued a total of **\$669,900** or 43% of FY 2022, revenues which are forecasted to be approximately \$1.569 million.

Source of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
INTERGOVERNMENTAL	\$ -	\$ 565,675	0%
CHARGES FOR SERVICES	669,900	1,569,000	43%
MISCELLANEOUS REVENUES	-	5,000	0%
TOTAL REVENUES	\$ 669,900	\$ 2,139,675	31%

Sewer Expenses.

Through March 2022, operating expenses (including Capital Outlay) totaled **\$858,140** or 39% of the budgeted expenses.

Uses of Funds	ACTIVITY THROUGH 03/31/2022	2021-22 AMENDED BUDGET	% of Budget
Water Department			
OPERATING EXPENSES	\$ 783,070	\$ 1,545,523	51%
CAPITAL OUTLAY	75,070	661,000	11%
	\$ 858,140	\$ 2,206,523	39%

SUMMARY

This quarterly financial summary is based on detailed revenue and expense reports that are produced by the Town's Finance Department. If you would like

additional information or have any questions about the report, please call the Finance Department at 561-278-4548.