

City of Holly Hill, Florida
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2021



CITY OF HOLLY HILL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Prepared by:
The Holly Hill Finance Department



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CITY OF HOLLY HILL, FLORIDA
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City of Holly Hill, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021



City Commission

Honorable Chris Via, Mayor

District 1 – John Penny, Vice Mayor

District 2 – Penny Currie, Commissioner

District 3 – John Danio, Commissioner

District 4 – Roy Johnson, Commissioner

City Manager

Joe Forte

City Attorney

Scott Simpson

Finance Director

Stella Gurnee



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March 12, 2022

To the Honorable Mayor and City Commissioners, and
City of Holly Hill, Florida

City Charter and State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with the generally accepted accounting principles in the United States of America (GAAP) and that they be audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, it is with great pleasure that we present to the City of Holly Hill, the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021.

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

James Moore and Co., P.L., a firm of licensed certified public accountants, has issued an unmodified opinion on the City of Holly Hill's financial statements for the fiscal year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Government

The City of Holly Hill, incorporated in 1901, is located in east central Florida on the west bank of the Halifax River. The City of Holly Hill operates under the commission-manager form of government. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. In addition to supervising the daily operations, the City Manager works with elected officials, committees and citizens to plan for the future of the community.

The City of Holly Hill currently occupies a land area of 3.96 square miles. The City of Holly Hill is empowered to levy a property tax on both real and personal properties located within its boundaries. It also

is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Holly Hill provides a full range of services, including police, fire and rescue, street construction and maintenance, planning and zoning, parks and recreation, cultural events, and general administrative services. In addition, water and sewer service, storm water management services and solid waste collection are provided under an Enterprise Fund concept with user charges established by the City Commission to ensure adequate coverage of operating expenses and payments on outstanding debt. The City of Holly Hill provides water and sewer service outside the city limits, including to the City of Ormond Beach, City of Daytona Beach and certain unincorporated parts of Volusia County. The City of Holly Hill contracts with private enterprise for solid waste collection.

Local Economy

The local area unemployment rate decreased from 7.6 percent in FY 2020 to 4.3 percent in FY 2021, which is slightly higher than the state unemployment rate of 3.9 percent. These decreases are primarily due to the lessening impact of the global pandemic. As the local area stabilizes from the pandemic the opportunity for additional growth exists in an already dynamic business and industrial community. The City is actively encouraging new and expanded business development in core commercial areas by providing assistance whenever possible through its Community Redevelopment Area.

Financial Planning and Budgeting

The City continued to stress expenditure control in preparing the FY2021 General Fund budget. The City ad valorem millage rate for FY2021 was 6.25, which was 4.11% more than the rolled-back rate. The millage rate of 6.25 was a result of increased property taxable value of 7% due to an increase in property assessments and new construction.

The City adopts a five-year capital improvement plan that identifies future funding needs to maintain, repair and upgrade capital assets and infrastructure including road resurfacing, water line upgrades and vehicle and technology replacement programs within the funding constraints. It should be noted; however, that the CIP is not a fixed document but a flexible, evolutionary document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Relevant Financial Policies

The City Commission recognizes that maintaining a prudent level of unreserved fund balance is necessary to protect the city against reducing service levels, emergencies or natural disasters, unanticipated economic downturns, or unpredicted one-time expenditures. They also provide flexibility to respond to unexpected opportunities. Credit rating agencies also monitor levels of fund balance to evaluate a government's continued credit worthiness. To address these issues, the City Commission adopted a revised Fund Balance Policy in 2018 to maintain an unreserved fund balance in all major operating funds (General Fund, Water and Sewer, Solid Waste and Stormwater) equivalent to a minimum of 20% of annual operating expenses.

The City Commission also recognized the importance an investment policy to set forth the investment objectives and parameters for the management of the funds of the City of Holly Hill. This Investment Policy was adopted in 2018 and is designed to ensure the prudent management of public funds, the availability of operating and capital funds, and a competitive investment return.

Budgeting Controls

The annual budget serves as the foundation for the City of Holly Hill's financial planning and control. All departments of the City of Holly Hill are required to submit requests for appropriation to the City Manager by early April. Requests for personnel and Capital Improvements must be submitted in May. The City Manager uses these requests as the starting point for developing a proposed budget. Budget workshops are held in June and July. In late July, the city commission sets a proposed millage rate by resolution. The City Manager presents the proposed budget to the commission at the first public hearing in September. The commission is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Holly Hill's fiscal year. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within and between divisions and departments; however, any revisions that alter the total appropriations of any funds must be approved by City Commission. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund.

Certificate of Achievement Award

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Hill, for its ACFR for the fiscal year ended September 30, 2019. This was the forty-second consecutive year that the City of Holly Hill has achieved this prestigious award. The City has submitted the FY2020 ACFR to the award program, but due to the pandemic the review of the City's submission was incomplete at the time of publishing the FY2021 ACFR. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of the ACFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution they made in preparation of this report.

In closing, special thanks to the Mayor and City Commission for their support and commitment to maintaining the financial integrity and sustainability of the City.

Respectfully Submitted,

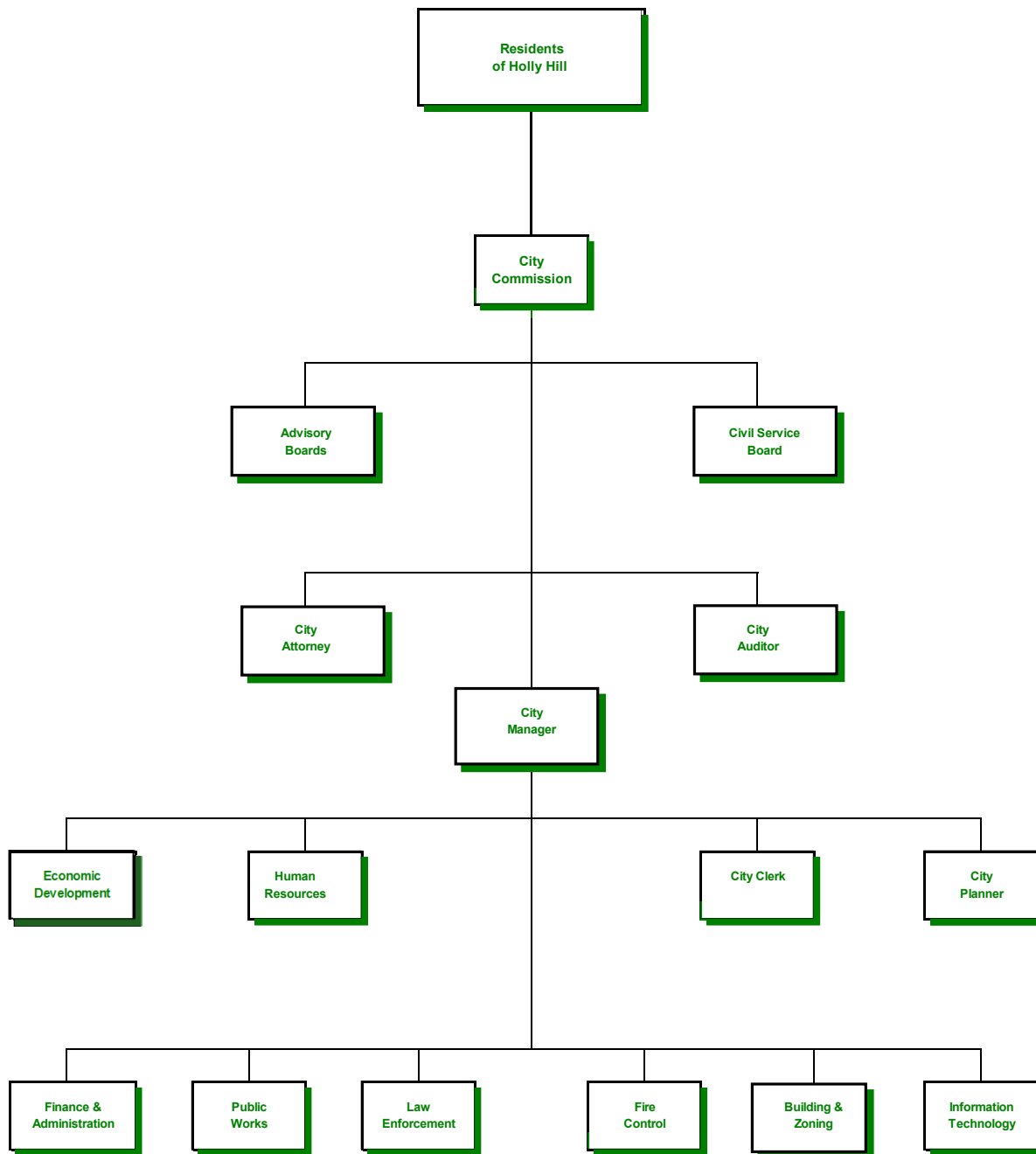


Joe Forte
City Manager



Stella Gurnee
Finance Director

**CITY OF HOLLY HILL
ORGANIZATION CHART
2020 - 2021**



The application for the Certificate of Achievement for Excellence for the ACFR for the year ended September 30, 2020 was submitted on July 29, 2021, and at the time of issuance of the September 30, 2021 ACFR, the certificate had not been received from the Government Finance Officers Association.



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Holly Hill, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Holly Hill, Florida (The City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Other Information

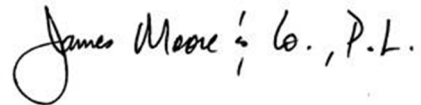
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Daytona Beach, Florida
March 12, 2022



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Holly Hill, Florida, (hereinafter referred to as the "City"), we offer the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal years ended September 30, 2021 and 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with our letter of transmittal found in the preceding introductory section, and the City's financial statements, which follow this information. The City presents prior year comparative financial information when applicable and meaningful.

Financial Highlights

- The City's financial position has changed as a result of the current year's operations. Overall combined assets and deferred outflows of resources of the City totaled \$86.46 million at the close of the 2021 fiscal year, compared to \$79.38 million at the close of 2020. The total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$56.1 million (*combined net position*) compared with \$47.8 million one year earlier. The unrestricted component of the City's combined net position totaled \$18.5 million at year end. This represents the unrestricted amount available to be used to meet the City's ongoing obligations to its citizens and creditors.
- The net position of the City's governmental activities increased for the year and totaled \$23.49 million, an increase of \$5.09 million as compared to last year's \$18.4 million. The net position of its business-type activities totaled \$32.6 million, an increase of \$3.2 million over last year's \$29.4 million.
- During 2021, the City's combined governmental activities operating expenses totaled \$8.09 million (\$9.1 million in 2020), which was \$5.11 million below the \$13.2 million generated in governmental program charges, grants, contributions, taxes, other revenues and transfers for providing its various governmental program activities and programs.
- The City's business-type activities produced net income before contributions and transfers of \$3.46 million in 2021 (compared to \$1.95 million for 2020) based on consumptive water/sewer/solid waste utility sales of \$11.8 million (\$11.2 million in 2020). The operating margins in these funds continue to be capable of providing financial support to the City's governmental funds. Net operating transfers to governmental activities funds totaled \$348,250 in 2021. In 2020, \$253,442 of transfers were made from Proprietary funds to the City's governmental funds. The proprietary funds were also charged for direct services provided by the City's governmental funds in the amount of \$1.2 million in 2020. In 2021 the proprietary funds provided \$1.3 million for direct service costs to the City's governmental funds.
- Total operating costs incurred by the City in providing all of its various programs decreased to \$17.1 million in 2021, compared to \$18.9 million in 2020. Operating expenses in 2021 totaled \$8.09 million and \$9.03 million for the City's governmental activities and business-type activities, respectively.
- Unassigned fund equity in the General Fund increased by \$1.06 million and totaled \$6.78 million at the end of 2021, compared to \$5.72 million at the end of 2020. Resources earned and available for appropriation in the current year were \$9.8 million, which is 2% below the revised anticipated General Fund's expenditures operating budget. General Fund expenditures of \$8.2 million were 18%, or \$1.82 million, below the City's revised appropriations for the year.
- The City's net long-term debt outstanding decreased by \$3.072 million during the current fiscal year from a decrease in bonds and notes payable due to debt principal payments, and compensated absences decreases.

- The City's net pension liability totaled \$4.911 million, net of deferred outflows of \$2.073 million and deferred inflows of \$4.788 million at the end of 2021, as compared to \$5.886 million, net of deferred outflows of \$1.674 million and deferred inflows of \$948,000 at the end of 2020.

Overview of the Financial Statements

The City's financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements (including government-wide financial statements, fund financial statements, and notes to the financial statements), and 3) required supplementary information, including budgetary comparisons and other selected financial and fiduciary fund data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the City's overall financial status, including its governmental activities and its business-type activities. These statements report information about the City using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the City's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the City's water and sewer utility and solid waste collection system. Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plans for the City's employees), to whom the resources in question belong.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the City's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government services, public safety (police, fire and building inspection), highways and streets, economic development, and recreation and leisure services. The business-type activities of the City include its water and sewer utility, stormwater management, and solid waste utility operations.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 30 and 32.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Community Redevelopment Agency (special revenue) Fund, both of which are considered to be major funds. Data from the four other governmental funds are combined into a single, aggregated presentation and include the remainder of the City's special revenue and capital projects funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriations budget for each of its governmental funds in accordance with state statutes. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 27 to 32 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the fiscal activities of the City's municipal water and sewer utility fund, the stormwater management utility, and solid waste utility fund operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various departments and cost functions.

Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The proprietary fund financial statements provide separate financial information for the water and sewer utility, stormwater management utility, and solid waste utility operations, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 33 to 35 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for its employees' pension plans. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 36 to 37 of this report.

Notes to the financial statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 38 to 78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide certain pension benefits and information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 81 to 89 of this report.

Government-Wide Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined net position increased to \$56.1 million at the end of 2021 from \$47.8 million in 2020. Looking at the net position of the City's governmental and business-type activities separately, we can see that the City experienced increases in the net position of its government activities of \$5.1 million and an increase in its business-type activities of \$3.2 million.

The net position of the City's governmental activities totaled \$23.49 million and \$18.4 million at the end of the 2021 and 2020 fiscal years, respectively. At the end of 2021, all combined amounts represent net position that is primarily restricted as to the purposes they can be used for, or its net investment in capital assets (land, buildings, improvements and equipment which is reported net of related debt expended for such acquisitions). The City's reported unrestricted net position is \$18.5 million, compared to \$15 million at the end of 2020.

The net position of the City's business-type activities totaled \$32.6 million and \$29.4 million at the end of the 2021 and 2020 fiscal years, respectively. At the end of 2021, approximately 51% of its total net position (\$16.7 million) reflects its net investment in capital assets. The amounts restricted for the payment of long-term debt, and impact fee collections that are restricted for future utility plant expansion total \$1.5 million. While the City has \$14.4 million in unrestricted net position for the City's business-type activities a significant portion (\$3.7 million) of this total is internally designated for capital improvements.

Capital assets maintained in the business-type activities are used to provide water and sewer utility services, stormwater management services, and solid waste utility services to the City's utility customers; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that under normal circumstances the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt obligations, including current maturities, associated with this capitalization totaled \$8.97 million at the end of 2021 (\$11.2 million at the end of 2020). At the end of the current and prior fiscal years, the City reports positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

The following is a comparative summary of net position at year end:

Net Position September 30, 2021 and 2020						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets.....	\$21,521,042	\$16,689,958	\$20,164,425	\$18,925,246	\$41,685,467	\$35,615,204
Capital assets, net.....	<u>16,693,272</u>	<u>15,987,689</u>	<u>25,694,026</u>	<u>25,665,922</u>	<u>42,387,298</u>	<u>41,653,611</u>
Total assets	<u>38,214,314</u>	<u>32,677,647</u>	<u>45,858,451</u>	<u>44,591,168</u>	<u>84,072,765</u>	<u>77,268,815</u>
Deferred outflows of resources.....	<u>1,889,312</u>	<u>1,368,791</u>	<u>502,976</u>	<u>746,312</u>	<u>2,392,288</u>	<u>2,115,103</u>
Liabilities:						
Long-term debt outstanding.....	3,995,000	4,740,000	8,971,617	11,178,492	12,966,617	15,918,492
Net pension liabilities.....	1,551,642	4,820,570	644,279	1,792,952	2,195,921	6,613,522
Other liabilities.....	<u>6,608,135</u>	<u>5,043,683</u>	<u>2,972,607</u>	<u>2,828,976</u>	<u>9,580,742</u>	<u>7,872,659</u>
Total liabilities	<u>12,154,777</u>	<u>14,604,253</u>	<u>12,588,503</u>	<u>15,800,420</u>	<u>24,743,280</u>	<u>30,404,673</u>
Deferred inflows of resources.....	<u>4,455,628</u>	<u>1,039,576</u>	<u>1,127,712</u>	<u>100,312</u>	<u>5,583,340</u>	<u>1,139,888</u>
Net Position:						
Net investment in capital assets..	12,698,272	11,247,689	16,731,566	14,513,974	29,429,838	25,761,663
Restricted.....	6,638,390	5,493,954	1,536,516	1,569,336	8,174,906	7,063,290
Unrestricted.....	4,156,559	1,660,966	14,377,130	13,353,438	18,533,689	15,014,404
Total net position	<u>\$23,493,221</u>	<u>\$18,402,609</u>	<u>\$32,645,212</u>	<u>\$29,436,748</u>	<u>\$56,138,433</u>	<u>\$47,839,357</u>

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of activities provides answers as to the nature and sources of those changes. During 2021, the City's overall total revenues increased by \$2 million and the combined net position increased \$8.299 million. This increase in net position is due to a significant increase in revenues offset by decreases in expenses. During 2020, the City's combined net position increased \$4.6 million while the City's overall gross revenues decreased \$3.5 million.

Overall, approximately 22.2% of the City's combined total revenues of \$25.4 million comes from property taxes, while almost 11.2% of all other dollars raised comes from some source of other taxes collected by the City. Unrestricted intergovernmental revenues (those received from other governments) amounts to approximately 2.8% of the City's revenues. Another 48.7% comes from fees charged for services, while the remaining 15.1% is a combination of state and federal financial assistance, operating and capital grants and donations, interest and other earnings.

The following is a comparative summary of changes in net position for 2021 and 2020:

Changes in Net Position

Fiscal Year Ended September 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services.....	\$ 551,688	\$ 473,624	\$ 11,834,173	\$ 11,221,088	\$ 12,385,861	\$ 11,694,712
Operating grants/other.....	1,036,755	922,920	-	-	1,036,755	922,920
Capital grants/other.....	1,155,149	728,448	662,696	486,528	1,817,845	1,214,976
General revenues:						
Property taxes.....	5,655,050	5,264,471	-	-	5,655,050	5,264,471
Other taxes.....	2,842,506	2,643,282	-	-	2,842,506	2,643,282
Intergovernmental.....	705,558	638,990	-	-	705,558	638,990
Other revenues.....	886,571	994,072	94,820	47,356	981,391	1,041,428
Total revenues.....	<u>12,833,277</u>	<u>11,665,807</u>	<u>12,591,689</u>	<u>11,754,972</u>	<u>25,424,966</u>	<u>23,420,779</u>
Expenses:						
General government.....	989,006	777,799	-	-	989,006	777,799
Public safety.....	3,405,581	4,247,351	-	-	3,405,581	4,247,351
Physical environment.....	-	-	-	-	-	-
Transportation.....	656,803	1,333,051	-	-	656,803	1,333,051
Economic environment.....	1,382,853	1,435,056	-	-	1,382,853	1,435,056
Culture/recreation.....	1,554,779	1,184,169	-	-	1,554,779	1,184,169
Interest on long-term debt.....	101,893	124,374	-	-	101,893	124,374
Water and sewer utilities.....	-	-	5,866,765	6,543,988	5,866,765	6,543,988
Stormwater management.....	-	-	891,457	883,454	891,457	883,454
Solid waste utilities.....	-	-	2,276,753	2,327,246	2,276,753	2,327,246
Total expenses.....	<u>8,090,915</u>	<u>9,101,800</u>	<u>9,034,975</u>	<u>9,754,688</u>	<u>17,125,890</u>	<u>18,856,488</u>
Excess before transfers.....	4,742,362	2,564,007	3,556,714	2,000,284	8,299,076	4,564,291
Transfers in (out).....	<u>348,250</u>	<u>253,442</u>	<u>(348,250)</u>	<u>(253,442)</u>	<u>-</u>	<u>-</u>
Change in net position.....	5,090,612	2,817,449	3,208,464	1,746,842	8,299,076	4,564,291
Net position-beginning.....	18,402,609	15,585,160	29,436,748	27,689,906	47,839,357	43,275,066
Change in accounting for OPEB.....	-	-	-	-	-	-
Net position-beginning, as Net position-end of year.....	<u>18,402,609</u>	<u>15,585,160</u>	<u>29,436,748</u>	<u>27,689,906</u>	<u>47,839,357</u>	<u>43,275,066</u>
	<u>\$ 23,493,221</u>	<u>\$ 18,402,609</u>	<u>\$ 32,645,212</u>	<u>\$ 29,436,748</u>	<u>\$ 56,138,433</u>	<u>\$ 47,839,357</u>

Governmental Activities

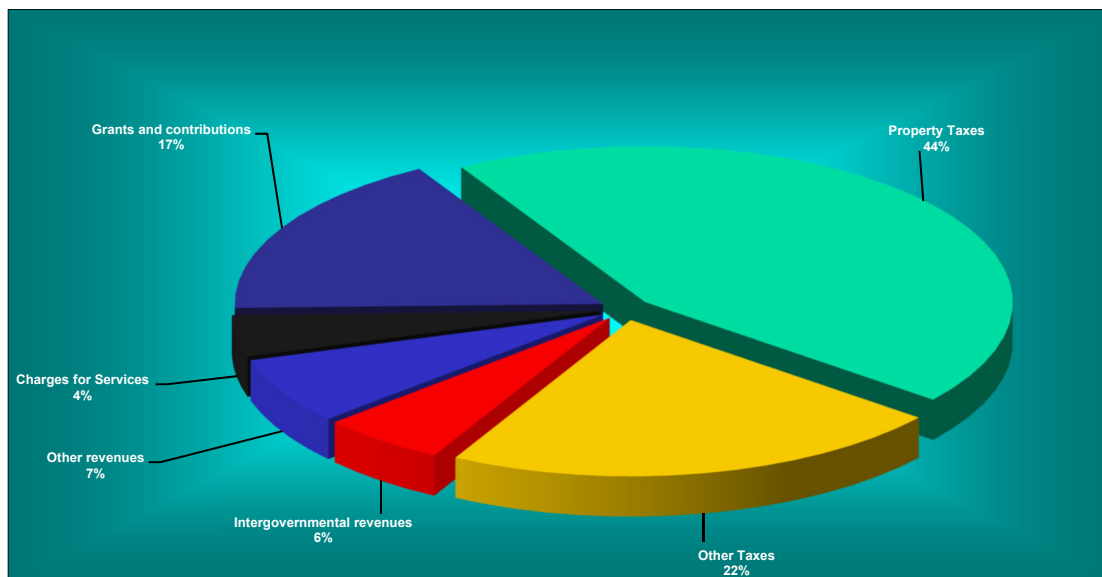
Total revenue for the City's governmental activities increased in 2021. Overall, the City's governmental revenue totaled \$12.83 million, which represents an increase of \$1.16 million, or 10% from last year's reported governmental revenues of \$11.67 million. This change is primarily due to the increase in grant funding. Amounts received from charges for services increased by 16.5% due to increased activities in

Public Safety and Economic Environment charge for services activities. Property taxes increased 7.4% over amounts recognized in the prior year. Amounts received from operating and capital grants increased by 32.7% during 2021 and totaled \$2.2 million, compared to \$1.6 million in the prior year. Amounts received from shared sales taxes, public service taxes, and other unrestricted intergovernmental sources remained relatively flat with a slight increase from \$3.3 million to \$3.5 million in 2021, primarily from increases in sales taxes and other State share revenue collections as the local business economy rebounds from the global pandemic.

The City's other revenues decreased by \$107,501. The amounts earned from the assessment of ad valorem taxes remained stable with an increase of \$390,579, or 7.4% above amounts earned one year earlier. Ad valorem taxes totaling \$5.655 million were earned in 2021, compared to \$5.264 million earned in the prior year. The ad valorem millage rate for operating purposes was 6.25 mills which remained flat when compared to the 2020 rate of 6.25 mills.

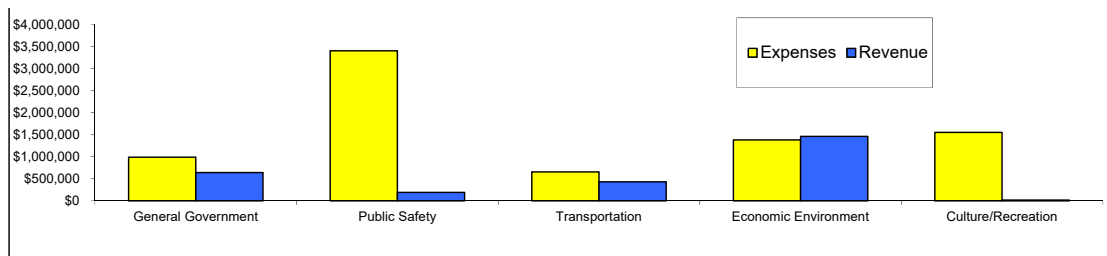
The following is a summary of the City's governmental revenues by source:

Revenues by Source – Governmental Activities



An individual comparison of the City's functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent of which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are listed in the following graph:

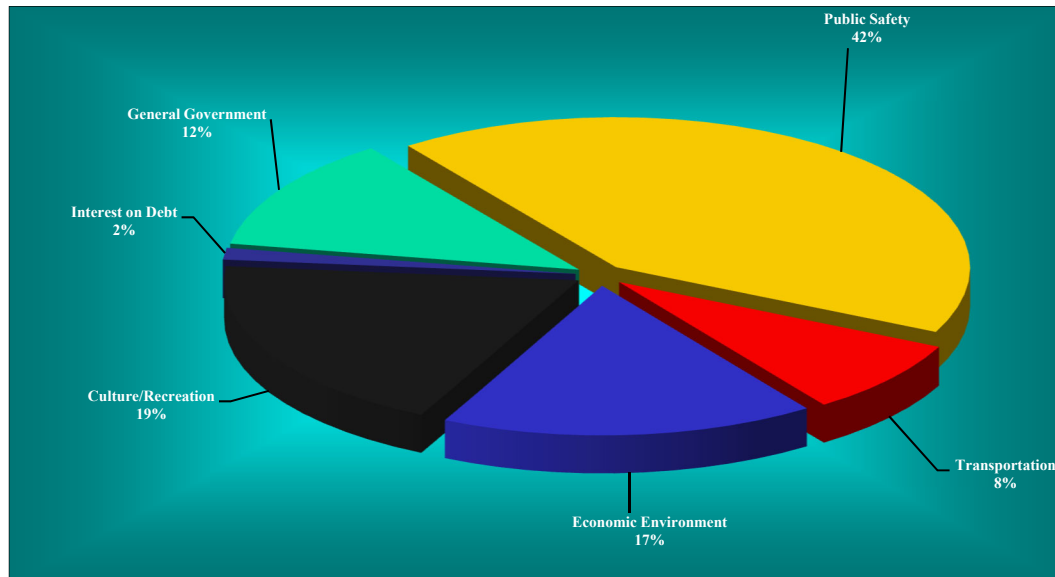
Expenses – versus - Program Revenue



Combined governmental activities expenses totaled \$8.09 million, which represents a decrease of \$1.01 million below last year's expenses of \$9.1 million.

The following is a summary of the City's governmental expenses by function:

Expenses by Function - Governmental Activities



Business-type Activities

Business-type activities reported an increase in the City's net position of \$3.2 million in 2021, compared to an increase of \$1.7 million in 2020. Overall, net position from the City's business-type activities (\$32.6 million) accounts for approximately 58.1% of the City's combined net position at September 30, 2021.

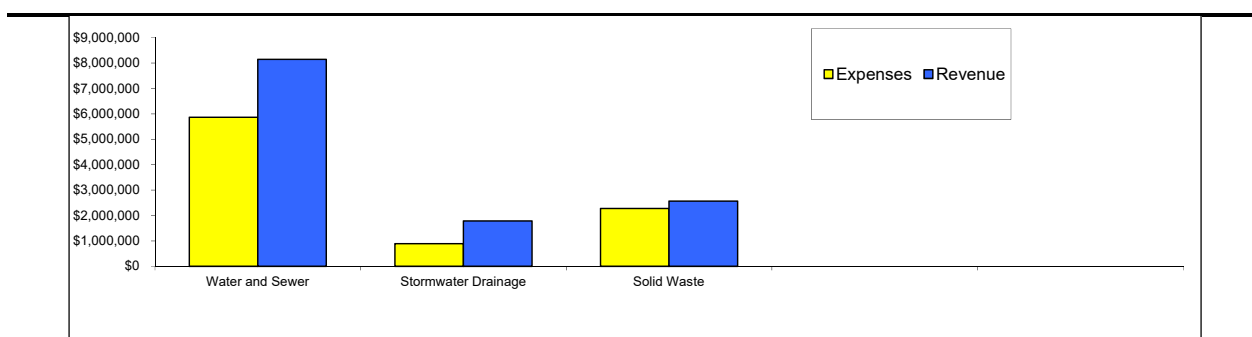
The major sources of operating revenue for the City's business-type activities include charges for services for water and sewer utilities of \$8.1 million, stormwater management fees of \$1.1 million and solid waste utilities of \$2.6 million. Combined operating revenues from these three activities increased in 2021 and totaled \$11.8 million, compared to \$11.2 million in the prior year. Investment earnings decreased in 2021 and totaled \$14,317 compared to \$181,706 one year earlier; this decrease is in part due to the changes in investment strategies to maintain City cash assets in a readily available liquidity due to the global pandemic.

Other income increased to 80,503 compared to (\$134,350) in 2020. In 2020 losses on disposal of capital assets occurred. Capital contributions increased in 2021 and totaled \$662,696, compared to \$486,528 in 2020. As a cost control measure, the City continues to contract its solid waste operations with an outside contractor and has done so since 1999.

Total expenses of the City's combined business-type activities were \$9.034 million in 2021, compared to \$9.754 million in 2020. During 2021, this decrease was primarily attributable to decreased cost of services within the City's Water and Sewer Fund.

A comparison of the City's functional program revenues and costs of providing business-type services to its customers in fiscal year 2021 is useful in identifying the capabilities of producing revenues sufficient to operate their programs. They are presented in the following graph:

Expenses and Program Revenues – Business-type Activities



Financial Analysis of the City's Funds

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

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

As the City completed the current fiscal year, its governmental funds reported combined fund balances of \$16.756 million, which was \$2.123 million more than the \$14.633 million reported at the end of 2020. Approximately 41% of the \$16.756 million, totaling \$6.789 million, constitutes unassigned fund balance, which is generally available for spending at the government's discretion. However, The City Commission has designated that the General Fund maintain an unrestricted fund balance of at least 20% of operating expense as an unassigned fund balance. This designated reserve of unassigned fund balance is \$1.9 million. The remainder of the fund balance is separately reported to indicate that it is not available for spending because it is 1) Non-Spendable - fund balances totaling \$225,872 are invested in nonspendable assets such as inventories and prepaid expenses, 2) Restricted - fund balances totaling \$6.678 million are restricted from externally imposed sources or enabling legislation, 3) Committed - fund balances totaling \$1.7 million are set aside pursuant to formal constraints imposed by the City Commission, and 4) Assigned fund balances totaling \$1.3 million are constrained by the City, as it intended to be used for next year's budgetary purposes.

The General Fund is the chief operating fund of the City. As of September 30, 2021, the unassigned fund balance in the General Fund totaled \$6.8 million, compared to \$5.7 million at the end of 2020. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 83% of total General Fund expenditures of \$8.2 million, while total fund balance represents 102% of that same amount. The City Commission has established a minimum target threshold of 20% in unreserved funds compared to General Fund expenditures.

Fund balance in the General Fund has increased by \$1.6 million during the current fiscal year. This fund balance increase was attributed to the increase in revenues when compared to the prior year and expenditure controls to conserve cash due to the COVID19 pandemic. The Capital Projects Fund is reported as a major fund in 2021 and showed a decrease in fund balance from \$2.32 million in 2020 to \$1.75 million in fiscal year 2021. The fund balance decreased by \$573,044 due to an increase in capital outlay expenditures. Fund balances for the Community Redevelopment Agency fund, the CRA Debt Service funds, and the CRA Capital Projects fund were merged in 2019 to streamline accounting functions of the City. Their combined fund balances increased by \$1.07 million in 2021 due to a decrease in expenditures for capital outlay from \$1.9 million to \$0. All non-major governmental funds remained stable for the year and increased by \$12,701.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Water and Sewer Fund at the end of the current fiscal year amounted to \$7.1 million, compared to \$5.89 million one year earlier. Of this unrestricted balance, \$2.7 million is designated by the City Commission for future capital projects. The combined net position of the fund totaled \$20.8 million at year end.

Unrestricted net position in the Stormwater Management Fund decreased in 2021 and totaled \$2.3 million at the end of the year, compared to \$2.7 million at the beginning of the year. The combined net position totaled \$6.9 million at year end.

Unrestricted net position in the Solid Waste Fund totaled \$4.892 million at the end of 2021, compared to \$4.8 million at the beginning of the year. The combined net position totaled \$4.895 million at year end. The increase is due to the accumulation of net income during the year.

Operating expenses for Water and Sewer personnel costs in fiscal year 2021 decreased by \$377,067 from the previous year. This change is due to retirement and a significant number of vacancies during the current year. The contractual services expense for Sewer decreased by \$267,804 as compared to the previous year 2020. In fiscal year 2020 contract services was utilized for a grant funded sewer project. The contractual services expense for Solid Waste decreased by \$30,148 as compared to the previous year. No other significant changes were recognized in the providing of full-service utility services to City customers in 2021.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2021 and 2020, the City's investment in capital assets for its governmental and business type activities totaled \$42.3 million and \$41.6 million, respectively. These amounts are stated net of accumulated depreciation. This investment in capital assets, net of depreciation, for all activities is reflected in the following schedule:

Capital Assets
Fiscal Year Ended September 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land.....	\$ 2,680,992	\$ 2,680,992	\$ 763,171	\$ 695,651	\$ 3,444,163	\$ 3,376,643
Construction work in progress.....	162,107	1,788,502	176,102	256,090	338,209	2,044,592
Buildings.....	4,807,456	2,738,741	2,858,418	3,031,935	7,665,874	5,770,676
Improvements other Than buildings.....	4,744,396	4,064,956	18,187,994	17,510,507	22,932,390	21,575,463
Machinery and equipment.....	1,005,707	1,216,007	738,520	968,013	1,744,227	2,184,020
Infrastructure.....	3,292,614	3,498,491	2,969,821	3,203,726	6,262,435	6,702,217
Net Total.....	\$ 16,693,272	\$ 15,987,689	\$ 25,694,026	\$ 25,665,922	\$ 42,387,298	\$ 41,653,611

Additional information on the City's capital assets can be found in Note (7) to the financial statements.

Long-term Debt. At year end, the net carrying value of the City's bonds, notes and other long-term obligations outstanding totaled \$18.78 million, of which \$12.9 million is secured solely by a mix of specified revenue sources. The City's long-term debt for all activities is reflected in the following schedule:

Outstanding Long-Term Debt
Fiscal Year Ended September 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue notes.....	\$ 3,995,000	\$ 4,740,000	\$ 3,401,617	\$ 4,253,492	\$ 7,396,617	\$ 8,993,492
Revenue bonds.....		-	5,570,000	6,925,000	5,570,000	6,925,000
Total OPEB liability.....	1,837,669	2,321,997	732,498	925,551	2,570,167	3,247,548
Compensated Absences.....	755,063	873,939	231,438	233,028	986,501	1,106,967
Net pension liability.....	1,551,642	4,820,570	644,279	1,792,952	2,195,921	6,613,522
Net Total.....	\$ 8,139,374	\$ 12,756,506	\$ 10,579,832	\$ 14,130,023	\$ 18,719,206	\$ 26,886,529

The City has two outstanding revenue notes payable (Series 2012 and Series 2013) from its governmental activities in the aggregate amount of \$3,995 million at year end. The proceeds of the Series 2012 obligation were used to refinance an existing (Series 2005) revenue note. The proceeds of the Series 2013 obligation will be used exclusively to fund capital improvement projects in the City's Community Redevelopment Agency. These notes are payable in semi-annual installments through 2026, both of which are secured by revenues generated exclusively from the CRA tax increment financing district.

The City has four outstanding water and sewer system improvement revenue bond obligations (Series 2005, 2011, 2012 and 2013) in the aggregate amount of \$5.57 million at year end. The proceeds of these parity bonds were used to finance improvements to the City's water and sewer utility system and to refund previously issued bonds outstanding for this same purpose. These bonds are payable from revenues generated from the water and sewer system and are payable serially through 2022 (Series 2012), 2023 (Series 2013), 2025 (Series 2005), and 2030 (Series 2011).

The City also has three low-interest rate revenue note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$3.165 million in aggregate, at year end. The proceeds of the FDEP loan issued in 2005 (\$210,602 currently outstanding), and the FDEP loan issued in 2007 (\$2.267 million currently outstanding) were used to finance the construction of wastewater infiltration and inflow correction facilities. The proceeds of the FDEP loan issued in 2001 (\$687,141 currently outstanding) were used to finance construction of needed stormwater drainage improvements. These notes, which are subordinate to the bonds described above, are secured by the City's water and sewer utility and stormwater utility revenues, respectively, and are payable in varying amounts through 2029. The FDEP loan issued in 1998 for the wastewater system principal was fully paid in the current fiscal year.

Other components of the City's outstanding long-term debt include: Total OPEB liability, compensated absences and net pension liability (NPL). The City experienced a decrease in its net postemployment obligation for 2021 (\$2.57 million) compared to 2020 (\$3.247 million). Compensated absences increased to \$986,501 from \$865,000 in 2020. The City's Net Pension liability decreased by \$4.417 million in 2021 and totaled \$2.195 million as compared to \$6.613 million in 2020.

Additional information on the City's long-term debt can be found in Note (8) to the financial statements.

Significant Budget Differences – General Fund

The original budget at the beginning of fiscal year 2021 was \$9.1 million. The final budget at the end of fiscal year 2021 was \$10.3 million. A portion of the change in the budget includes \$714,150 of funds carried over from fiscal year 2020 for projects and purchases that were incomplete by the end of 2020. In addition, the City appropriated \$300,877 of funds to the General fund to close the Information Technology (IT) and Fleet internal service funds.

At the beginning of fiscal year 2019, the City budgeted to make a \$1.3 million loan from the Solid Waste Fund to the General Fund for funding cash needs for operations due to the unreimbursed expenditures for Hurricane Matthew. These hurricane expenditures occurred in fiscal year 2017 and were not reimbursed by FEMA before the end of fiscal year 2019. Only \$91,000 of the loaned amount remains outstanding.

Overall General Fund expenditures were less than budgeted by \$1.8 million in the current fiscal year. A positive budget variance of \$746,486 was shown in general governmental expenditures. This variance is primarily due to operating reserves budget (\$417,307), and salaries and benefits (\$329,179). Transportation expenditures show a positive budget variance of \$476,857 primarily due to the delay of paving repairs until Fiscal year 2022. Public Safety expenditures reflect a positive budget variance of \$201,623 primarily due to salary and benefit savings because of staff vacancies and turnover. Culture and Recreation budget to actual shows a positive variance of \$200,814 primarily due to repair and maintenance items deferred until fiscal year 2022.

Next Year's Budgets and Rates

The City Commission adopted a conservative budget for fiscal year 2022. The proposed budget contains many work plan objectives that are intended to address the highest priorities in the community and the goals of the City Commission. This budget also has significant capital projects forecasted. The proposed budget for Fiscal Year 2022 includes the following assumptions:

- Year one of a three-year agreement with City's Unions to increase personnel salaries.
- Closed the Internal Service funds for Fleet and IT and moved expenditures to the General Fund.
- Modest increases in operating expenditures consistent with the revenue forecasts.

- Maintenance of service levels and programs to the extent possible and minimal reductions in service levels where appropriate.
- Public private agreement to construction state Phase II the Pickle ball facility.
- Continuing with the undergrounding utilities of the US 1 corridor.
- Third year of the new utility fees based on the Utilities rate study developed by Stantec.

The City increased utility fees by approximately 5.5% to maintain a revenue sufficiency level adequate to fund upcoming operating and capital requirements, as recommended by the utility rate study. Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates. In considering all of these factors, the City Commission was approved maintaining the millage rate at 6.25 mills the same as Fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of the City of Holly Hill's finances for those with an interest in your government. Questions concerning any of the information provided in this report should be addressed to the office of the Finance Director, City of Holly Hill, Florida, 1065 Ridgewood Avenue, Holly Hill, Florida 32117-2898.

BASIC FINANCIAL STATEMENTS

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 19,966,932	\$ 17,137,662	\$ 37,104,594
Receivables, net	319,268	1,160,148	1,479,416
Internal balances	(91,000)	91,000	-
Due from other governments	1,099,970	5	1,099,975
Inventories	30,156	127,988	158,144
Prepays	195,716	378	196,094
Restricted assets:			
Equity in pooled cash and investments	-	1,647,244	1,647,244
Capital assets:			
Capital assets, not being depreciated	2,843,099	939,273	3,782,372
Other capital assets, net of depreciation	13,850,173	24,754,753	38,604,926
Total assets	<u>38,214,314</u>	<u>45,858,451</u>	<u>84,072,765</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	-	9,157	9,157
Deferred outflows related to pensions	1,667,471	405,393	2,072,864
Deferred outflows related to OPEB	221,841	88,426	310,267
Total deferred outflows	<u>1,889,312</u>	<u>502,976</u>	<u>2,392,288</u>
LIABILITIES			
Accounts payable and accrued liabilities	732,318	535,837	1,268,155
Customer deposits	-	1,150,668	1,150,668
Accrued interest payable	39,958	110,728	150,686
Unearned revenue	3,243,127	211,438	3,454,565
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	765,000	2,106,384	2,871,384
Compensated absences	152,267	46,162	198,429
Due in more than one year:			
Bonds and notes payable	3,230,000	6,865,233	10,095,233
Compensated absences	602,796	185,276	788,072
Total OPEB liability	1,837,669	732,498	2,570,167
Net pension liability	1,551,642	644,279	2,195,921
Total liabilities	<u>12,154,777</u>	<u>12,588,503</u>	<u>24,743,280</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,887,411	901,220	4,788,631
Deferred inflows related to OPEB	568,217	226,492	794,709
Total deferred inflows of resources	<u>4,455,628</u>	<u>1,127,712</u>	<u>5,583,340</u>
NET POSITION			
Net investment in capital assets	12,698,272	16,731,566	29,429,838
Restricted for:			
Public safety	203,630	-	203,630
Community redevelopment projects	5,869,472	-	5,869,472
Transportation	214,847	-	214,847
Recreation projects	29,608	-	29,608
Utility plan expansion	-	61,447	61,447
Debt service	320,833	1,475,069	1,795,902
Unrestricted	4,156,559	14,377,130	18,533,689
Total net position	<u>\$ 23,493,221</u>	<u>\$ 32,645,212</u>	<u>\$ 56,138,433</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HOLLY HILL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 989,006	\$ 7,107	\$ 635,621	\$ -	\$ (346,278)	\$ -	\$ (346,278)
Public safety	3,405,581	123,037	62,543	6,330	(3,213,671)	-	(3,213,671)
Transportation	656,803	104,179	319,774	5,958	(226,892)	-	(226,892)
Economic environment	1,382,853	299,402	18,817	1,142,861	78,227	-	78,227
Culture and recreation	1,554,779	17,963	-	-	(1,536,816)	-	(1,536,816)
Interest on long-term debt	101,893	-	-	-	(101,893)	-	(101,893)
Total governmental activities	<u>8,090,915</u>	<u>551,688</u>	<u>1,036,755</u>	<u>1,155,149</u>	<u>(5,347,323)</u>	<u>-</u>	<u>(5,347,323)</u>
Business-type activities:							
Water and Sewer	5,866,765	8,114,542	-	32,696	-	2,280,473	2,280,473
Stormwater	891,457	1,153,511	-	630,000	-	892,054	892,054
Solid Waste	2,276,753	2,566,120	-	-	-	289,367	289,367
Total business-type activities	<u>9,034,975</u>	<u>11,834,173</u>	<u>-</u>	<u>662,696</u>	<u>-</u>	<u>3,461,894</u>	<u>3,461,894</u>
Total primary government	<u>\$ 17,125,890</u>	<u>\$ 12,385,861</u>	<u>\$ 1,036,755</u>	<u>\$ 1,817,845</u>	<u>(5,347,323)</u>	<u>3,461,894</u>	<u>(1,885,429)</u>
General revenues:							
Property taxes					5,655,050	-	5,655,050
Sales taxes					785,457	-	785,457
Casualty and fire insurance premium taxes					191,743	-	191,743
Public service taxes					1,865,306	-	1,865,306
Franchise fees					822,678	-	822,678
Unrestricted intergovernmental					705,558	-	705,558
Investment earnings					18,122	14,317	32,439
Miscellaneous revenues					45,771	80,503	126,274
Transfers					348,250	(348,250)	-
Total general revenues and transfers					<u>10,437,935</u>	<u>(253,430)</u>	<u>10,184,505</u>
Change in net position					5,090,612	3,208,464	8,299,076
Net position - beginning of year					18,402,609	29,436,748	47,839,357
Net position - ending of year					<u>\$ 23,493,221</u>	<u>\$ 32,645,212</u>	<u>\$ 56,138,433</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HOLLY HILL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in pooled cash and investments	\$ 11,419,221	\$ 1,920,407	\$ 6,259,354	\$ 367,950	\$ 19,966,932
Receivables, net	318,793	-	475	-	319,268
Due from other governments	482,449	617,521	-	-	1,099,970
Inventories	30,156	-	-	-	30,156
Prepaid items	195,716	-	-	-	195,716
Total assets	<u>\$ 12,446,335</u>	<u>\$ 2,537,928</u>	<u>\$ 6,259,829</u>	<u>\$ 367,950</u>	<u>\$ 21,612,042</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 523,306	\$ 174,010	\$ 29,566	\$ -	\$ 726,882
Customer deposits	5,436	-	-	-	5,436
Unearned revenue	3,243,127	-	-	-	3,243,127
Due to other funds	91,000	-	-	-	91,000
Total liabilities	<u>3,862,869</u>	<u>174,010</u>	<u>29,566</u>	<u>-</u>	<u>4,066,445</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	<u>172,051</u>	<u>617,521</u>	<u>-</u>	<u>-</u>	<u>789,572</u>
FUND BALANCES					
Nonspendable:					
Inventories	30,156	-	-	-	30,156
Prepaid items	195,716	-	-	-	195,716
Restricted for:					
Law enforcement	6,364	-	-	131,383	137,747
Fire protection	2,602	-	-	63,281	65,883
Transportation	71,169	-	-	143,678	214,847
Community redevelopment	-	-	5,869,472	-	5,869,472
Debt service	-	-	360,791	-	360,791
Recreation	-	-	-	29,608	29,608
Committed to:					
Capital projects	-	1,746,397	-	-	1,746,397
Assigned to:					
Subsequent year's budget appropriations	1,316,184	-	-	-	1,316,184
Unassigned	6,789,224	-	-	-	6,789,224
Total fund balances	<u>8,411,415</u>	<u>1,746,397</u>	<u>6,230,263</u>	<u>367,950</u>	<u>16,756,025</u>
Total liabilities and fund balances	<u>\$ 12,446,335</u>	<u>\$ 2,537,928</u>	<u>\$ 6,259,829</u>	<u>\$ 367,950</u>	<u>\$ 21,612,042</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF HOLLY HILL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund balances - total governmental funds \$ 16,756,025

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	32,460,909	
Less: accumulated depreciation	<u>(15,767,637)</u>	16,693,272

Because some property taxes and grants revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.

Unavailable revenue - grants		789,572
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On the governmental fund statements, a net pension and total OPEB liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension and OPEB liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions and OPEB are also reported.

Net pension liability	(1,551,642)	
Deferred outflows related to pensions	1,667,471	
Deferred inflows related to pensions	<u>(3,887,411)</u>	(3,771,582)
 Total OPEB liability	 (1,837,669)	
Deferred outflows related to OPEB	221,841	
Deferred inflows related to OPEB	<u>(568,217)</u>	(2,184,045)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(3,995,000)	
Accrued interest payable	(39,958)	
Compensated absences	<u>(755,063)</u>	(4,790,021)

Net position of governmental activities		<u><u>\$ 23,493,221</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General	Capital Projects	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,592,772	\$ -	\$ 1,253,952	\$ -	\$ 6,846,724
Permits and fees	1,086,533	-	-	12,230	1,098,763
Intergovernmental	1,396,857	-	1,367,409	-	2,764,266
Charges for services	1,538,812	-	-	-	1,538,812
Fines and forfeitures	105,690	-	-	-	105,690
Investment income	8,473	2,700	6,536	413	18,122
Miscellaneous	96,041	-	18,817	58	114,916
Total revenues	<u>9,825,178</u>	<u>2,700</u>	<u>2,646,714</u>	<u>12,701</u>	<u>12,487,293</u>
Expenditures					
Current:					
General government	2,248,306	-	53,716	-	2,302,022
Public safety	3,839,602	-	181,447	-	4,021,049
Transportation	444,268	-	-	-	444,268
Culture and recreation	993,650	-	138,295	-	1,131,945
Economic environment	545,120	-	348,483	-	893,603
Capital outlay	142,773	932,066	-	-	1,074,839
Debt service:					
Principal retirement	-	-	745,000	-	745,000
Interest and fiscal charges	-	-	109,347	-	109,347
Total expenditures	<u>8,213,719</u>	<u>932,066</u>	<u>1,576,288</u>	<u>-</u>	<u>10,722,073</u>
Excess (deficiency) of revenues over expenditures	<u>1,611,459</u>	<u>(929,366)</u>	<u>1,070,426</u>	<u>12,701</u>	<u>1,765,220</u>
Other financing sources (uses)					
Transfers in	375,693	356,322	-	-	732,015
Transfers out	(374,463)	-	-	-	(374,463)
Total other financing sources (uses)	<u>1,230</u>	<u>356,322</u>	<u>-</u>	<u>-</u>	<u>357,552</u>
Net change in fund balances	1,612,689	(573,044)	1,070,426	12,701	2,122,772
Fund balances, beginning of year	6,798,726	2,319,441	5,159,837	355,249	14,633,253
Fund balances, end of year	<u>\$ 8,411,415</u>	<u>\$ 1,746,397</u>	<u>\$ 6,230,263</u>	<u>\$ 367,950</u>	<u>\$ 16,756,025</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds \$ 2,122,772

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	1,074,839
Depreciation expense	(1,325,496)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	994,879
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The net expenses of certain activities of internal service funds is reported with governmental activities.	(38,885)
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Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:

Principal repayment of general long-term debt	745,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (grants and delinquent taxes).	598,967
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Governmental funds report contributions to defined benefit pension and OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	878,445
Change in total OPEB liability and deferred inflows/outflows related to pensions	(20,719)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in accrued interest on long-term debt	7,454
Change in compensated absences liability	53,356

Change in net position of governmental activities	\$ 5,090,612
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
ASSETS					
Equity in pooled cash and investments	\$ 9,511,454	\$ 2,969,776	\$ 4,656,432	\$ 17,137,662	\$ -
Accounts receivable, net	820,092	23,405	316,651	1,160,148	-
Due from other governments	-	5	-	5	-
Inventories	119,078	8,910	-	127,988	-
Due from other funds	-	-	91,000	91,000	-
Prepaid items	378	-	-	378	-
Restricted equity in pooled cash and investments	1,573,574	73,670	-	1,647,244	-
Total current assets	12,024,576	3,075,766	5,064,083	20,164,425	-
Noncurrent assets:					
Land	154,739	608,432	-	763,171	-
Buildings and improvements	46,839,223	9,995,303	54,651	56,889,177	-
Machinery and equipment	5,109,102	366,007	16,820	5,491,929	-
Construction in progress	81,697	94,405	-	176,102	-
Accumulated depreciation	(31,673,435)	(5,885,321)	(67,597)	(37,626,353)	-
Total noncurrent assets	20,511,326	5,178,826	3,874	25,694,026	-
Total assets	32,535,902	8,254,592	5,067,957	45,858,451	-
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	369,069	36,324	-	405,393	-
Deferred outflows related to OPEB	77,567	10,859	-	88,426	-
Deferred loss on bond refunding	9,157	-	-	9,157	-
Total deferred outflows of resources	455,793	47,183	-	502,976	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	158,555	205,306	171,976	535,837	-
Compensated absences	42,549	3,613	-	46,162	-
Customer deposits	1,150,668	-	-	1,150,668	-
Unearned revenue	-	211,438	-	211,438	-
Current maturities on long-term debt	1,766,783	339,601	-	2,106,384	-
Payable from restricted assets:					
Accrued interest payable	107,400	3,328	-	110,728	-
Total current liabilities	3,225,955	763,286	171,976	4,161,217	-
Noncurrent liabilities:					
Bonds and notes payable, net	6,517,693	347,540	-	6,865,233	-
Total OPEB liability	642,542	89,956	-	732,498	-
Compensated absences	170,843	14,433	-	185,276	-
Net pension liability	586,552	57,727	-	644,279	-
Total noncurrent liabilities	7,917,630	509,656	-	8,427,286	-
Total liabilities	11,143,585	1,272,942	171,976	12,588,503	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	820,472	80,748	-	901,220	-
Deferred inflows related to OPEB	198,677	27,815	-	226,492	-
Total deferred inflows of resources	1,019,149	108,563	-	1,127,712	-
NET POSITION					
Net investment in capital assets	12,236,007	4,491,685	3,874	16,731,566	-
Restricted for debt service	1,404,727	70,342	-	1,475,069	-
Restricted for utility plant expansion	61,447	-	-	61,447	-
Unrestricted	7,126,780	2,358,243	4,892,107	14,377,130	-
Total net position	\$ 20,828,961	\$ 6,920,270	\$ 4,895,981	\$ 32,645,212	\$ -
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds				-	
Net position, business-type activities				\$ 32,645,212	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Operating revenues					
Charges for services:					
Water	\$ 3,817,156	\$ -	\$ -	\$ 3,817,156	\$ -
Sewer treatment	3,899,783	-	-	3,899,783	-
Waste disposal	-	-	2,566,120	2,566,120	-
Stormwater management	-	1,153,511	-	1,153,511	-
Other	397,603	-	-	397,603	-
Total operating revenues	8,114,542	1,153,511	2,566,120	11,834,173	-
Operating expenses					
Personnel services	1,539,078	137,726	-	1,676,804	-
Depreciation	1,718,766	288,889	553	2,008,208	-
Utilities	274,315	24,787	-	299,102	-
Materials and supplies	457,857	15,609	-	473,466	-
Contractual services	280,989	120,145	2,037,446	2,438,580	-
Maintenance and repairs	460,656	54,930	-	515,586	-
Other charges	861,041	229,211	238,754	1,329,006	-
Total operating expenses	5,592,702	871,297	2,276,753	8,740,752	-
Operating income (loss)	2,521,840	282,214	289,367	3,093,421	-
Nonoperating revenues (expenses)					
Interest earnings	8,066	2,344	3,907	14,317	-
Rental and other income	35,502	-	-	35,502	-
Gain (loss) on disposal of capital assets	(4,276)	58,333	-	54,057	(38,639)
Interest and debt expense	(274,063)	(20,160)	-	(294,223)	-
Total nonoperating revenues (expenses)	(234,771)	40,517	3,907	(190,347)	(38,639)
Income (loss) before capital grants, capital contributions, and transfers	2,287,069	322,731	293,274	2,903,074	(38,639)
Capital grants	27,944	30,000	-	57,944	-
Capital contributions	4,752	600,000	-	604,752	-
Transfers in	30,414	-	-	30,414	18,141
Transfers out	(148,250)	(30,414)	(200,000)	(378,664)	(27,443)
Change in net position	2,201,929	922,317	93,274	3,217,520	(47,941)
Net position, beginning of year	18,627,032	5,997,953	4,802,707	29,427,692	47,941
Net position, end of year	<u>\$ 20,828,961</u>	<u>\$ 6,920,270</u>	<u>\$ 4,895,981</u>	<u>\$ 32,645,212</u>	<u>\$ -</u>
Change in proprietary funds net position				\$ 3,217,520	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				(9,056)	
Change in net position of business-type activities				<u>\$ 3,208,464</u>	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Cash flows from operating activities					
Cash received from customers	\$ 8,196,439	\$ 1,342,913	\$ 2,521,119	\$ 12,060,471	\$ -
Cash paid to employees	(1,692,977)	(146,572)	-	(1,839,549)	-
Cash paid to suppliers	(2,345,233)	(265,726)	(2,270,828)	(4,881,787)	-
Other disbursements	(4,276)	-	-	(4,276)	-
Net cash provided by (used in) operating activities	<u>4,153,953</u>	<u>930,615</u>	<u>250,291</u>	<u>5,334,859</u>	<u>-</u>
Cash flows from noncapital financing activities					
Transfers from other funds	30,414	-	-	30,414	-
Transfers to other funds	(148,250)	(30,414)	(200,000)	(378,664)	(91,749)
Rental and other income	35,502	-	-	35,502	-
Net cash provided by (used in) noncapital financing activities	<u>(82,334)</u>	<u>(30,414)</u>	<u>(200,000)</u>	<u>(312,748)</u>	<u>(91,749)</u>
Cash flows from capital and related financing activities					
Impact fees	4,752	-	-	4,752	-
Acquisition and construction of capital assets	(861,174)	(605,275)	-	(1,466,449)	-
Capital grants	416,770	29,995	-	446,765	-
Proceeds from sale of capital assets	-	88,470	-	88,470	-
Principal payments of long-term debt	(1,875,023)	(331,852)	-	(2,206,875)	-
Interest paid	(279,223)	(21,765)	-	(300,988)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,593,898)</u>	<u>(840,427)</u>	<u>-</u>	<u>(3,434,325)</u>	<u>-</u>
Cash flows from investing activities					
Interest received	8,066	2,344	3,907	14,317	-
Net cash provided by (used in) investing activities	<u>8,066</u>	<u>2,344</u>	<u>3,907</u>	<u>14,317</u>	<u>-</u>
Net change in cash and cash equivalents	<u>1,485,787</u>	<u>62,118</u>	<u>54,198</u>	<u>1,602,103</u>	<u>(91,749)</u>
Cash and cash equivalents, beginning of year	<u>9,599,241</u>	<u>2,981,328</u>	<u>4,602,234</u>	<u>17,182,803</u>	<u>91,749</u>
Cash and cash equivalents, end of year	<u>\$ 11,085,028</u>	<u>\$ 3,043,446</u>	<u>\$ 4,656,432</u>	<u>\$ 18,784,906</u>	<u>\$ -</u>
Cash and cash equivalents classified as:					
Unrestricted	\$ 9,511,454	\$ 2,969,776	\$ 4,656,432	\$ 17,137,662	\$ -
Restricted	1,573,574	73,670	-	1,647,244	-
Total cash and cash equivalents	<u>\$ 11,085,028</u>	<u>\$ 3,043,446</u>	<u>\$ 4,656,432</u>	<u>\$ 18,784,906</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 2,521,840	\$ 282,214	\$ 289,367	\$ 3,093,421	\$ -
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,718,766	288,889	553	2,008,208	-
Nonoperating revenues (expenses)	(4,276)	-	-	(4,276)	-
Changes in assets and liabilities:					
Accounts receivable	39,373	(22,036)	(45,001)	(27,664)	-
Inventories	(9,997)	1,286	-	(8,711)	-
Prepaid items	(378)	-	1,800	1,422	-
Accounts payable and accrued liabilities	(72,778)	177,670	3,572	108,464	-
Deposits	42,524	-	-	42,524	-
Unearned revenue	-	211,438	-	211,438	-
Compensated absences	(392)	(1,198)	-	(1,590)	-
Net pension liability	(87,973)	(8,662)	-	(96,635)	-
Total OPEB liability	7,244	1,014	-	8,258	-
Net cash provided by (used in) operating activities	<u>\$ 4,153,953</u>	<u>\$ 930,615</u>	<u>\$ 250,291</u>	<u>\$ 5,334,859</u>	<u>\$ -</u>
Non-cash investing, capital, and financing activities:					
Capital assets contributed from other sources	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Pension Trust Funds	Custodial Fund Holly Hill Police Explorers
ASSETS		
Cash and cash equivalents	\$ 371,500	\$ 10,213
Prepaid Items	3,063	-
Receivables		
Employer contributions receivable	12,144	-
Employee contributions receivable	4,540	-
Interest and dividends receivable	35,094	-
Total receivables	51,778	-
Investments, at fair value		
U.S. Treasury obligations	1,021,445	-
Government agency obligations	384,611	-
Corporate and municipal debt obligations	2,822,645	-
Mutual funds	14,830,712	-
Real estate investment trust	1,163,443	-
Pooled funds - real estate	431,802	-
Total investments	20,654,658	-
Total assets	21,080,999	10,213
LIABILITIES		
Accounts payable	12,291	-
Total liabilities	12,291	-
NET POSITION		
Restricted for:		
Pensions	21,068,708	-
Organization	-	10,213
	<u>\$ 21,068,708</u>	<u>\$ 10,213</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Fund Holly Hill Police Explorers</u>
Additions		
Contributions:		
Employer	\$ 655,175	\$ -
Plan members	132,795	-
State - insurance premium taxes	184,634	-
Private contributions	-	3,091
Total contributions	<u>972,604</u>	<u>3,091</u>
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	3,135,493	-
Interest and dividends	651,088	1
Total investment earnings	<u>3,786,581</u>	<u>1</u>
Less: investment expense	<u>(64,170)</u>	<u>-</u>
Net investment earnings	<u>3,722,411</u>	<u>1</u>
Total additions	<u>4,695,015</u>	<u>3,092</u>
Deductions		
Benefit payments and refunds	1,372,004	-
Administrative expenses	54,156	-
Program expenses	-	671
Total deductions	<u>1,426,160</u>	<u>671</u>
Change in net position	<u>3,268,855</u>	<u>2,421</u>
Net position, beginning of year	17,799,853	7,792
Net position, end of year	<u><u>\$ 21,068,708</u></u>	<u><u>\$ 10,213</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Holly Hill, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City is a municipal corporation created by the Laws of Florida, Chapter 67-1274, located in Volusia County. The City was originally incorporated under the general laws of Florida on July 1, 1901 (Records of Incorporation, Volusia County, Vol. I, p. 101). This incorporation was validated in 1903 by Laws of Florida, Chapter 5346 (1903).

The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission appointed City Manager.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, management has determined there is one component unit to be included within the reporting entity.

(b) **Blended component unit**—The City of Holly Hill Community Redevelopment Fund was created by Ordinance No. 2426 to account for the receipt and expenditure of property tax revenues from the tax increment financing district created to support City redevelopment. Although legally separate, the same elected City Commission members serve as the governing board of the Community Redevelopment Fund. Since the City is financially accountable for the activities of the Fund, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a special revenue fund. Separate financial statements for the Community Redevelopment Fund are published.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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. Indirect costs are included in the program expense reported for individual functions and activities. 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 funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(d) **Measurement focus, basis of accounting, and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds 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.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants not from FEMA which are considered earned when expenditures are incurred and all eligibility requirements met. Property taxes, franchise fees, grants, intergovernmental revenues, charges for services, licenses 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 City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

Capital Projects Fund—Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). These funds are considered major funds regardless of size for consistency.

Community Redevelopment Trust Fund—The Community Redevelopment Trust Fund is a special revenue fund established by the City for the economic development of designated areas of the City that receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base, pay for capital projects and the payment of, general long-term debt principal, interest, and related costs associated with the CRA Redevelopment Refunding Revenue Note, Series 2012 and the CRA Redevelopment Revenue Note, Series 2013.

The City reports the following major proprietary funds:

Water and Sewer System Fund—The Water and Sewer System Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water, along with the collection, treatment and disposal of sewage waste with the City. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

Stormwater Drainage Fund—The Stormwater Drainage Fund accounts for user charges assessed to citizens for the operation, maintenance and improvement of the City's stormwater drainage systems. Federal awards and state financial assistance are also a major source of revenue to assist with the financing of capital improvements to these facilities.

Solid Waste Fund—The Solid Waste Fund provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are primarily recovered by user charges.

Additionally, the City reports the following fund types:

Special Revenue Fund—These funds are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects) which are legally restricted to finance particular functions or activities of the City. These funds include the Impact Fees Trust Fund and Law Enforcement Trust Fund.

Fiduciary Funds—These funds include the following:

Pension trust funds (Municipal Police Officers' Retirement Fund and the Municipal Firefighters' Pension Trust Fund) are accounted for by the City to provide data on the accumulation of financial resources to pay pension benefits to qualified participants in the City's Police and Fire pension trust funds.

The Holly Hill Police Explorers Custodial Fund accounts for monies held for the Police Explorers for which the City provides accounting and investing services.

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Budgetary information**—The annual operating budgets are adopted by the City Commission using the following procedures:

Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are carried forward in subsequent annual budgets.

Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.

Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Commission. The recommended budget includes proposed expenditures and the source of receipts to finance them.

City Commission holds a series of budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.

The budget, as adopted, may only be amended through formal approval by City Commission. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budget at the fund level. Therefore, the City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Commission.

During the year ended September 30, 2021, none of the City's funds reported actual expenditures that exceeded budgetary appropriations for the year.

(f) **Deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest-bearing time deposits. All of the City's investments are reported at fair value. All fiduciary (police and fire pension) fund investments are stated at fair values.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) Summary of Significant Accounting Policies: (Continued)

(g) **Receivables and payables**—Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances,” when applicable.

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year

All unpaid property taxes receivable at year-end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(h) **Inventories and prepaid items**—The cost of inventories are accounted for on the consumption basis wherein inventories are charged as expenditures when used rather than when purchased. All inventories are valued at cost, which approximates net realizable value, by using the first-in, first-out valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

(i) **Restricted assets**—Certain proceeds of the City’s revenue note obligations, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements because their use is limited by applicable legal indentures imposed by applicable bond covenants and other legal indentures. The restricted assets are used to report resources set aside to 1) provide a reserve for debt service, 2) provide a reserve for maintenance and replacement costs, and 3) acquire capital assets.

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City. The City has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

Capital assets are defined by the City as equipment with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. The capitalization policy for building and improvements other than buildings require assets with an initial cost to be \$5,000 or more before it is capitalized. For all infrastructure assets, costs must exceed \$5,000 before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value on the date received.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized if they meet the dollar threshold.

Maintenance and repairs of property, and replacements and renewals of items determined to be less than units of property, are charged to operating expenses as incurred.

Depreciation is reported for the primary government using the straight-line method (half-year convention in year of acquisition) calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 – 50 years
Improvements	10 – 50 years
Machinery and equipment	3 – 30 years
Infrastructure	20 – 50 years

(k) **Compensated absences**—The portion of payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including accumulated unpaid vacation and sick-leave, is recorded and recognized as a current liability. The portion of the liability for compensated absences attributable to periods beyond the current year is recognized as a long-term liability. Two of the City's major governmental funds (General and Community Redevelopment Agency Special Revenue Funds) employ personnel and are responsible for liquidating governmental fund compensated absence obligations. The liability for compensated absences in the Proprietary Fund Types is liquidated in the Proprietary Fund in which the liability originally incurred.

(l) **Unearned revenue**—Unearned revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

(m) **Long-term obligations**—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources expense until then. The City has three items, deferred charge on refunding, which arise from the Police Plan, Fire Plan, FRS and HIS pensions and the OPEB plan, that qualify for reporting in this category.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items, which arise from the Police Plan, Fire Plan, FRS and HIS pensions, OPEB Plan, and unavailable FEMA grant revenue, that qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(o) **Pensions / Net pension liabilities**—For purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Police defined benefit plan, Fire defined benefit plan, FRS defined benefit plan and the HIS defined benefit plan, OPEB plan and additions to/deductions from the Police, Fire, FRS and the HIS fiduciary and OPEB plan net position have been determined on the same basis as they are reported by the Police, Fire, FRS, and HIS and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

(p) **Fund balance policies**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

- (i) *Nonspendable* – This classification 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 such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.
- (ii) *Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources 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 (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The City has classified Forfeitures as being restricted because their use is restricted by State Statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

- (iii) *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- (iv) *Assigned* – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process, as is authorized under Article I, Section 30-27 of the City’s Code of Ordinances.
- (v) *Unassigned* – This classification includes the residual fund balance for the General Fund and 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 City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City has a policy establishing the following targeted minimum and maximum reserve levels of unassigned fund balances:

<u>Fund</u>	<u>Minimum</u>	<u>Maximum</u>
General	20%	25%
Water and Sewer	20%	25%
Solid Waste	20%	100%
Stormwater	20%	25%

The above targets are based on current fiscal year operating expenditures and transfers out less non-recurring capital budgeted for the funds.

(q) **Net position**—The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt as well as interest accrued on that debt attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the City that is not restricted for any particular purpose. The unrestricted Water and Sewer Fund net position includes revenues designated by the City Commission for use in future capital repair and replacement projects.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(r) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City was 6.25 mills for the (2020 tax year) fiscal year ended September 30, 2021.

(4) **Deposits and Investments:**

The City's investment policies are governed by Chapter 280 and 218, Florida Statutes. For all investments authorized by statute the City applies the "Prudent Person" standard when developing investment strategies. The basic allowable investment instruments are as follows:

The Local Government Surplus Trust Funds or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency

Interest bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280, Florida Statutes.

Direct obligations of the United States Treasury

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

Deposits include cash on hand and amounts held in the City's demand accounts. At September 30, 2021, the carrying amount of the City's deposits was \$21,408,796 with bank balances totaling \$21,659,471. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

Investments of the defined benefit pension plans consist principally of debt and equity mutual funds, all of which are authorized by the plans.

The City invests temporarily idle resources in Certificates of Deposit, the Florida Prime Investment Pool (Florida PRIME), Florida Local Government Investment Trust (FLGIT) and the Local Government Investment Pool (FLCLASS). Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME, FLGIT, and FLCLASS are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, Certain External Investment Pools and Pool Participants, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; FLGIT, and FLCLASS although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines established by GASB. The City has not changed valuation techniques since the prior year. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

The determination of what constitutes observable inputs requires judgment by City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels.

Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2. The City recorded its investments at fair value, and primarily uses the Market Approach to valuing each security.

The following is a description of the valuation techniques used for assets measured at fair value:

U.S. Treasuries—Valued at fair value based on quoted market prices at year end.

U.S. Agencies, GNMA, and Municipal Obligations—Valued based on a matrix pricing model.

Corporate Bonds—Valued based on a matrix pricing model.

Corporate Equities and Mutual Funds—Valued at fair value based on quoted market prices at year end.

Money Market Funds—Valued at the underlying fund balance.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

As of September 30, 2021, the City's Governmental, Business, and Custodial type funds had the following investments, effective duration, and fair value hierarchy level:

Investment Type	Fair Value	Investment Maturities (in Years)					Fair Value Hierarchy Level	
		Less Than 1	1-5	6-10	More Than 10	Credit Rating		
Governmental and Business-Type:								
U.S. Agencies	\$ 3,291,835	\$ -	\$ 3,291,835	\$ -	\$ -	AA+	2	
Florida Prime	5,104,073	5,104,073	-	-	-	AAAm	N/A	
Florida Local Investment Trust	3,591,813	3,591,813	-	-	-	AAAm	N/A	
FLCLASS	5,101,059	5,101,059	-	-	-	AAAm	N/A	
Certificate of Deposit	262,923	250,000	12,923	-	-	N/A	N/A	
Total Government and Business-type investments	\$ 17,351,703	\$ 14,046,945	\$ 3,304,758	\$ -	\$ -			

The following chart shows the Police Plan's cash and investment accounts by investment portfolios and their respective maturities as of September 30, 2021:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating	Fair Value Hierarchy Level
		Less Than 1	1-5	6-10	More Than 10		
Money market fund	\$ 193,234	\$ 193,234	\$ -	\$ -	\$ -	AA+	N/A
U.S. Treasuries	904,646	75,016	474,504	355,126	-	AA+	1
Bonds and debt obligations	1,764,578	66,610	1,094,955	603,013	-	BBB to AAA	2
Real estate investment fund	1,163,443	1,163,443	-	-	-	N/A	N/A-NAV
Mutual funds/Equity financials	10,835,426	10,835,426	-	-	-	N/A	1
Total Portfolio	<u>\$ 14,861,327</u>	<u>\$ 12,333,729</u>	<u>\$ 1,569,459</u>	<u>\$ 958,139</u>	<u>\$ -</u>		

The following chart shows the Fire Plan's cash and investment accounts by investment portfolios and their respective maturities as of September 30, 2021:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating	Fair Value Hierarchy Level
		Less Than 1	1-5	6-10	More Than 10		
Money market fund	\$ 178,266	\$ 178,266	\$ -	\$ -	\$ -	AA+	N/A
U.S. Treasuries	116,799	-	52,591	29,105	35,103	AA+	1
Bonds and debt obligations	927,288	32,208	504,344	145,359	245,377	BBB to AAA	2
U.S. Government agencies	498,364	-	140,340	129,181	228,843	N/A	2
Multi-employer property fund	431,802	431,802	-	-	-	N/A	2
Mutual funds/Equity financials	3,995,286	3,995,286	-	-	-	N/A	1
Total Portfolio	<u>\$ 6,147,805</u>	<u>\$ 4,637,562</u>	<u>\$ 697,275</u>	<u>\$ 303,645</u>	<u>\$ 509,323</u>		

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

The Police Plan's ownership interest in the U.S. Real Estate Investment Fund, LLC (the Real Estate Fund) is offered and sold by means of a private placement offering conducted in compliance with Rule 506 of Regulation D under the Securities Act of 1933, as amended. The Real Estate Fund is an open-end diversified core commingled real estate fund that invests in private real estate and is structured as a Delaware limited liability company. As of September 30, 2021, the Police Plan held 855.76 interests with a net asset value (NAV) of \$1,163,443. Interests are purchased and redeemed through periodic transactions and the value of the interests purchased or sold in such transactions is based on the interest value applicable to the valuation date at which each individual transaction occurred.

The estimated value of the Real Estate Fund is based on the NAV of the interests held and per GASB 72 no level is assigned in the fair value hierarchy.

Requests for redemptions of interests in the Real Estate Fund may be made at any time after the later of (i) the first anniversary of the Initial Closing and (ii) the date upon which the NAV first exceeds \$200 million (the period then ending, the "Redemption Lockout Period") (Total ending NAV at September 30, 2021 was approximately \$7.8 billion), and subject to Article 7, a Member may elect to have the Company redeem some or all of its Interests by providing the Manager with written notice to such effect (a "Redemption Notice") in a form acceptable to the Manager at least 90 days prior to a calendar quarter end; provided, in any case, that there is not an Unfunded Capital Commitment with respect to such Member. Unless such notice period is waived by the Manager, redemption requests will be effective as of the first calendar quarter end upon or after the expiration of the 90-day notice period (the "Redemption Effective Date") (Interests subject to a valid Redemption Notice shall, upon the Redemption Effective Date, become "Redemption Interests").

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City does not have a policy regarding interest rate risk. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of one year or less, with a special provision allowing up to 20% of the investment portfolio to have a maturity of not more than five years.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's investment policy limits credit risk by restricting authorized investments to those described above. Also, the policy requires that investments held are to be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issue, instrument, dealer or bank through which financial instruments are bought and sold.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

Custodial Credit Risk—Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act*, the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Chief Financial Officer (CFO) as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State CFO to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State CFO's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State CFO.

The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The City's investment policy requires that time deposit investments be made only with banking institutions that are members of the State of Florida collateral pool. Florida Statutes authorize, and the state administers, a collateral pool that ensures no loss of public funds

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy requires diversification, but does not specify limits on types of investments. Both the Police and Fire Pension trust funds investments are in accordance with City Ordinance and in compliance with Florida Statutes F.S. 175 and F.S. 185.

Investments held in the City's Police and Firefighters' pension trust funds (the "Police Plan" and "Fire Plan", respectively) are generally held to maturity to provide a stable investment interest rate platform which is vital to the projection of actuarial pension costs in the future. Both the Police and Fire Pension trust funds are invested per City Ordinance and in compliance with Florida Statutes F.S. 175 and F.S. 185.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Investments in the City's Police and Fire Plans include international equity stocks and other investments.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(4) Deposits and Investments: (Continued)

The Police Plan's exposure to foreign currency risk is as follows at September 30, 2021:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Fair Value</u>
Euro Zone	2.7%	Euro	\$ 392,784
Japan	1.3%	Japanese Yen	186,436
China	1.0%	Chinese Yuan	148,425
India	0.9%	Indian Rupee	139,375
United Kingdom	0.7%	Pound Sterling	106,794
Brazil	0.6%	Brazilian Real	88,693
Various	5.0%	Various	747,558
Total Portfolio	12.2%		<u>\$ 1,810,065</u>

The Fire Plan's exposure to foreign currency risk is as follows at September 30, 2021:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Fair Value</u>
Euro Zone	3.9%	Euro	\$ 241,990
Japan	2.0%	Japanese Yen	120,242
United Kingdom	1.2%	Pound Sterling	72,964
China	0.9%	Chinese Yuan	53,337
India	0.8%	Indian Rupee	50,085
Brazil	0.5%	Brazilian Real	31,872
Various	5.2%	Various	317,373
Total Portfolio	14.5%		<u>\$ 887,863</u>

(5) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2021:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund	\$ 339,388	\$ (20,595)	\$ 318,793
Community Redevelopment Fund	475	-	475
Total – Governmental Activities	<u>339,863</u>	<u>(20,595)</u>	<u>319,268</u>
Business-Type Activities:			
Water and Sewer Fund	936,293	(116,201)	820,092
Solid Waste Fund	357,276	(40,625)	316,651
Stormwater Fund	69,334	(45,929)	23,405
Totals – Business-Type Activities	<u>1,362,903</u>	<u>(202,755)</u>	<u>1,160,148</u>
Totals	<u>\$ 1,702,766</u>	<u>\$ (223,350)</u>	<u>\$ 1,479,416</u>

In addition to accounts receivable, the City also recorded \$1,099,975 in due from other governments at September 30, 2021.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(6) Interfund Loans and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2021, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 91,000
Solid Waste Fund	91,000	-
Total – All Funds	<u>\$ 91,000</u>	<u>\$ 91,000</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service funds to establish and maintain mandatory reserve and sinking fund accounts, (3) move revenues from proprietary fund operations to the general fund for payments in lieu of taxes, and (4) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

For the year ended September 30, 2021, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfers In				
	General Fund	Capital Projects	Water Sewer	Internal Service - Fleet	Total
Transfers Out:					
General Fund	\$ -	\$ 356,322	\$ -	\$ 18,141	\$ 374,463
Internal Service- IT	27,443	-	-	-	27,443
Enterprise:					
Water Sewer	148,250	-	-	-	148,250
Stormwater	-	-	30,414	-	30,414
Solid Waste	200,000	-	-	-	200,000
Total	<u>\$ 375,693</u>	<u>\$ 356,322</u>	<u>\$ 30,414</u>	<u>\$ 18,141</u>	<u>\$ 780,570</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,680,992	\$ -	\$ -	\$ 2,680,992
Construction in progress	1,788,502	749,208	(2,375,603)	162,107
Total capital assets, not being depreciated	4,469,494	749,208	(2,375,603)	2,843,099
Capital assets, being depreciated				
Buildings	5,736,277	2,418,775	(21,977)	8,133,075
Improvements other than buildings	7,602,656	1,137,238	(145,105)	8,594,789
Machinery and equipment	3,745,024	190,376	(85,528)	3,849,872
Infrastructure	9,040,115	-	(41)	9,040,074
Total capital assets, being depreciated	26,124,072	3,746,389	(252,651)	29,617,810
Less accumulated depreciation				
Buildings	(2,997,536)	(341,796)	13,713	(3,325,619)
Improvements other than buildings	(3,537,700)	(385,715)	73,022	(3,850,393)
Machinery and equipment	(2,529,017)	(392,118)	76,970	(2,844,165)
Infrastructure	(5,541,624)	(205,867)	31	(5,747,460)
Total accumulated depreciation	(14,605,877)	(1,325,496)	163,736	(15,767,637)
Total capital assets, being depreciated, net	11,518,195	2,420,893	(88,915)	13,850,173
Governmental activities capital assets, net	\$ 15,987,689	\$ 3,170,101	\$ (2,464,518)	\$ 16,693,272
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 695,651	\$ 97,656	\$ (30,136)	\$ 763,171
Construction in progress	256,090	331,514	(411,502)	176,102
Total capital assets, not being depreciated	951,741	429,170	(441,638)	939,273
Capital assets, being depreciated				
Buildings	11,111,063	-	(7,000)	11,104,063
Improvements other than buildings	35,394,523	2,032,627	(48,971)	37,378,179
Machinery and equipment	5,471,500	20,429	-	5,491,929
Infrastructure	8,406,935	-	-	8,406,935
Total capital assets, being depreciated	60,384,021	2,053,056	(55,971)	62,381,106
Less accumulated depreciation				
Buildings	(8,079,128)	(173,518)	7,001	(8,245,645)
Improvements other than buildings	(17,884,016)	(1,350,863)	44,694	(19,190,185)
Machinery and equipment	(4,503,487)	(249,922)	-	(4,753,409)
Infrastructure	(5,203,209)	(233,905)	-	(5,437,114)
Total accumulated depreciation	(35,669,840)	(2,008,208)	51,695	(37,626,353)
Total capital assets, being depreciated, net	24,714,181	44,848	(4,276)	24,754,753
Business-type activities capital assets, net	\$ 25,665,922	\$ 474,018	\$ (445,914)	\$ 25,694,026

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 160,301
Public safety	210,961
Public works	192,720
Economic environment	299,165
Physical environment	24,669
Culture and recreation	437,680
Total depreciation expense - governmental activities	<u>\$ 1,325,496</u>

Business-type activities:

Water & Sewer	\$ 1,718,766
Solid Waste	553
Stormwater	288,889
Total depreciation expense - business-type activities	<u>\$ 2,008,208</u>

(8) Long-Term Liabilities:

Long-term liability activity for the City for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 4,740,000	\$ -	\$ (745,000)	\$ 3,995,000	\$ 765,000
Compensated absences	873,939	152,267	(271,143)	755,063	152,267
Total long-term liabilities	<u>\$ 5,613,939</u>	<u>\$ 152,267</u>	<u>\$ (1,016,143)</u>	<u>\$ 4,750,063</u>	<u>\$ 917,267</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable	\$ 6,925,000	\$ -	\$ (1,355,000)	\$ 5,570,000	\$ 1,395,000
Notes payable	4,253,492	-	(851,875)	3,401,617	711,384
Compensated absences	233,028	46,162	(47,752)	231,438	46,162
Total long-term liabilities	<u>\$ 11,411,520</u>	<u>\$ 46,162</u>	<u>\$ (2,254,627)</u>	<u>\$ 9,203,055</u>	<u>\$ 2,152,546</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(8) Long-Term Liabilities: (Continued)

Notes payable in the City's governmental activities at September 30, 2021, were comprised of the following obligations:

Community Redevelopment Agency (CRA) Redevelopment Revenue Refunding Note, Series 2012, was issued on April 25, 2012, in the amount of \$4,835,000. The proceeds were used to refinance an existing (Series 2005) revenue note. It is secured by revenues generated exclusively from the CRA tax increment financing district. Semi-annual principal and interest payments are due on May 1st and November 1st. The stated interest rate is 2.04% and the note matures on May 1, 2026. The outstanding balance at September 30, 2021, was \$1,885,000.

Community Redevelopment Agency (CRA) Redevelopment Revenue Refunding Note, Series 2013, was issued on April 24, 2013, in the amount of \$5,000,000 for the purpose of funding capital improvement projects in the City's Community Redevelopment Agency. It is secured by revenues generated exclusively from the CRA tax increment financing district. Semi-annual principal and interest payments are due on May 1st and November 1st. The stated interest rate is 2.33% and the note matures on May 1, 2026. The outstanding balance at September 30, 2021, was \$2,110,000.

Annual debt service requirements to maturity for the City's governmental activities notes payable are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 765,000	\$ 91,280	\$ 856,280
2023	780,000	72,855	852,855
2024	800,000	54,012	854,012
2025	815,000	34,750	849,750
2026	835,000	15,003	850,003
Total	<u>\$ 3,995,000</u>	<u>\$ 267,900</u>	<u>\$ 4,262,900</u>

Bonds payable in the City's business-type activities at September 30, 2021, were comprised of the following obligations:

Water and Sewer System Improvement Revenue Bond, Series 2005, was issued on October 12, 2005, in the amount of \$1,500,000 to finance improvements to the City's water and sewer utility system. It is payable from revenues generated from the water and sewer system. Annual principal and interest payments due on October 1st. The stated interest rate is 3.82% and the bond matures on October 1, 2025. The outstanding balance at September 30, 2021, was \$485,000.

Water and Sewer System Improvement Revenue Bond, Series 2011, was issued on April 26, 2011, in the amount of \$4,550,000 to finance improvements to the City's water and sewer utility system. It is payable from revenues generated from the water and sewer system. Semi-annual principal and interest payments are due on April 1st and October 1st. The stated interest rate is 3.46% and the bond matures on October 1, 2030. The outstanding balance at September 30, 2021, was \$2,760,000.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(8) Long-Term Liabilities: (Continued)

Water and Sewer System Improvement Refunding Revenue Bond, Series 2012, was issued on July 11, 2012, in the amount of \$8,440,000 to finance improvements to the City's water and sewer utility system and to refund previously issued bond outstanding for the same purpose. It is payable from revenues generated from the water and sewer system. Semi-annual principal and interest payments are due on April 1st and October 1st. The stated interest rate is 1.95% and the bond matures on October 1, 2022. The outstanding balance at September 30, 2021, was \$1,830,000.

Water and Sewer System Improvement Revenue Bond, Series 2013, was issued on June 26, 2013, in the amount of \$1,540,000 to finance improvements to the City's water and sewer utility system. It is payable from revenues generated from the water and sewer system. Annual principal and interest payments due on October 1st. The stated interest rate is 1.94% and the bond matures on October 1, 2023. The outstanding balance at September 30, 2021, was \$495,000.

Notes payable in the City's business-type activities at September 30, 2021, were comprised of the following obligations:

State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement was issued on November 21, 2005, in the amount of \$659,388 for the purpose to finance the construction of wastewater infiltration and inflow correction facilities. It is secured with water and sewer service charges. Semi-annual principal and interest payments are due on April 15th and October 15th. The stated interest rate is 2.12% and the note matures on October 15, 2026. The outstanding balance at September 30, 2021, was \$210,602.

State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement was issued on October 17, 2007, in the amount of \$5,261,318 for the purpose to finance the construction of wastewater infiltration and inflow correction facilities. It is secured with water and sewer service charges. Semi-annual principal and interest payments are due on March 15th and September 15th. The stated interest rate is 2.17% and the note matures on March 15, 2029. The outstanding balance at September 30, 2021, was \$2,267,672.

State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement dated June 24, 2003 in the aggregate amount of \$5,298,810 for local stormwater pollution control and drainage improvements. It is secured with stormwater service charges. Semi-annual principal and interest payments are due on January 15th and July 15th. The stated interest rate varies from 1.99% to 3.27% and the note matures on July 15, 2023. The outstanding balance at September 30, 2021, was \$687,141.

SunTrust Equipment Finance & Leasing Corp dated November 30, 2018, in the amount of \$379,555. Lease is collateralized by specific equipment. Principal and interest payments are due in monthly installments. The stated interest rate is 3.36% and term of agreement ends on November 30, 2025. The outstanding balance at September 30, 2021, was \$236,202.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(8) Long-Term Liabilities: (Continued)

Annual debt service requirements to maturity for the City's business-type activities bonds and notes payable, are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 2,106,384	\$ 243,635	\$ 2,350,019
2023	2,153,077	188,528	2,341,605
2024	904,504	145,245	1,049,749
2025	758,690	120,030	878,720
2026	731,767	96,224	827,991
2027-2031	2,317,195	188,245	2,505,440
Total	<u>\$ 8,971,617</u>	<u>\$ 981,907</u>	<u>\$ 9,953,524</u>

(9) Commitments and Contingencies:

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2021. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(10) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(11) Other Postemployment Benefits (OPEB):

Plan Description—The City of Holly Hill, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members and the City are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The City utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(11) Other Postemployment Benefits (OPEB): (Continued)

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

Plan Membership—At October 1, 2020, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	98
Inactive Plan Members or Beneficiaries	47
	<u>145</u>

Total OPEB Liability—The City’s total OPEB liability of \$2,570,167 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increase rates	Varies by service
Discount rate	2.43%
Initial trend rate	7.00%
Ultimate trend rate (in 2075)	4.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P 20-year municipal bond rate in the week closest to the measurement date.

Mortality rates were based on the Pub-2010 Mortality Tables. All mortality rates are those outlined in Milliman’s July 1, 2020, Florida Retirement System (FRS) valuation report.

For the fiscal year ended September 30, 2021, changes in the total OPEB liability were as follows:

Balance at September 30, 2020	<u>\$ 3,247,548</u>
Changes for a year:	
Service cost	207,135
Interest	61,996
Differences between expected and actual experience	(508,140)
Changes of assumptions	(338,806)
Benefit payments – implicit rate subsidy	<u>(99,566)</u>
Net changes	<u>(677,381)</u>
Balance at September 30, 2021	<u><u>\$ 2,570,167</u></u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(11) Other Postemployment Benefits (OPEB): (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 2.43%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.43%) or 1% higher (3.43%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,938,361	\$ 2,570,167	\$ 2,271,973

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-6.00%) or 1% higher (5.00%-8.00%) than the current healthcare cost trend rates (4.00%-7.00%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,426,421	\$ 2,570,167	\$ 2,739,059

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$133,693. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 785	\$ 406,513
Changes of assumptions	309,482	388,196
Total	<u>\$ 310,267</u>	<u>\$ 794,709</u>

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Amortization</u>
2022	\$ (140,588)
2023	(108,236)
2024	(66,227)
2025	(169,391)
2026	-
Thereafter	-

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds:

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the entity's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. 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 plan and/or class to which the member belonged when the service credit was earned.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, 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.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The entity participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2021	After June 30, 2021
Regular Class	10.00%	10.82%
Senior Management	27.29%	29.01%
Special Risk	24.45%	25.89%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

For the plan year ended June 30, 2021, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 325,838
Entity Contributions – HIS	49,923
Employee Contributions – FRS	90,223

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

At September 30, 2021, the entity reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 646,093
HIS	1,041,827
Total	<u>\$ 1,687,920</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.008553143%	0.008395575%
HIS	0.008493266%	0.008669360%

For the year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

<u>Plan</u>	<u>Pension Expense</u>
FRS	\$ 78,473
HIS	74,891
Total	<u>\$ 153,364</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,741	\$ -	\$ 34,862	\$ (436)
Changes of assumptions	442,089	-	81,864	(42,926)
Net difference between projected and actual investment earnings	-	(2,254,055)	1,086	-
Change in proportionate share	253,386	(1,787)	23,401	(61,865)
Contributions subsequent to measurement date	100,626	-	14,015	-
	<u>\$ 906,842</u>	<u>\$ (2,255,842)</u>	<u>\$ 155,228</u>	<u>\$ (105,227)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense (benefit) in succeeding years as follows:

	FRS	HIS	Total
2022	\$ (230,987)	\$ 19,903	\$ (211,084)
2023	(283,969)	501	(283,468)
2024	(399,847)	5,519	(394,328)
2025	(544,546)	8,384	(536,162)
2026	9,722	1,987	11,709
Thereafter	1	(308)	(307)
Total	<u>\$ (1,449,626)</u>	<u>\$ 35,986</u>	<u>\$ (1,413,640)</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2021 for the period July 1, 2013, through June 30, 2020. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumption Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows 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. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 2,889,370	\$ 646,093	\$ (1,229,036)
HIS	2.16%	1,204,453	1,041,827	908,591

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

B. Municipal Police Officers' and Firefighters' Defined Benefit Pension Plans

The City maintains and administers separate single-employer pension plans for all eligible police officers and firefighters, which assets are included in the Municipal Police Officers' Retirement Trust Fund (the "Police Plan") and the Municipal Firefighters' Pension Trust Fund (the "Fire Plan"). The plans do not issue stand-alone financial reports and are not included in any other retirement systems or entities financial report.

Plan Description and Administration

All certified police officers and firefighters are eligible to participate in the respective plans after a six-month probationary period. Benefits vest with eligible employees after six years of participation. The funding methods and the determination of benefits payable are provided in the various acts of the Florida Legislature, which created the funds, including subsequent amendments thereto. These statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, State appropriations and income from investments from accumulated funds. The statutes also provide that should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the funds by an appropriation from current funds or from any revenues which may be lawfully used for said purposes in an amount sufficient to make up the deficiency. The investments of the two funds are administered, managed, and operated by their respective boards of trustees using the services of the City staff and local financial institutions.

The Plans are administered by a Board of Trustees comprised of the following:

Police Plan—Two legal residents of the City, appointed by the City Commission; two members of the Plan elected by a majority of the police officers who are members of the Plan; and a fifth trustee who is chosen by a majority of the first four trustees.

Fire Plan—Two legal residents of the City, appointed by the City Commission; two members of the Plan elected by a majority of the firefighters who are members of the Plan; and a fifth trustee who is chosen by a majority of the first four trustees.

Benefits Provided and Employees Covered

Each Plan provides retirement, termination, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2020:

	<u>Police Plan</u>	<u>Fire Plan</u>
Inactive plan members or beneficiaries currently receiving benefits	20	12
Inactive plan members entitled to but not yet receiving benefits	6	2
Active plan members	<u>21</u>	<u>12</u>
Total plan membership	<u>47</u>	<u>26</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Financial Statements

The financial statements of the plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value and are managed by an independent third-party money manager.

Investments that do not have an established market are reported at estimated fair value. Performance reporting, administrative expenses, and the City's asset valuation are based on the custodians' determination of value. Administrative costs of the Plan are financed through investment earnings or, at the exclusive option of the City, from expense reimbursements made by the City.

Contributions

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a State Bureau at least every third year. Authority to establish and amend benefits rests with the City Commission. The employer contribution requirements are actuarially determined.

The City participates under Chapters 175 and 185, Florida Statutes, in establishing its own Municipal Police Officers' and Firefighters' Retirement Trust Funds. As a participating city, the City receives annual distributions of fire insurance premium tax and casualty insurance premium tax on property and casualty insurance policies written within the City's legal limits. The tax monies are collected by the Florida Department of Revenue and disbursed by the Florida Division of Retirement to each participating city or district. Amounts received by the City are legally restricted to be deposited directly into the respective retirement trust funds. These contributions are recorded and recognized in the General Fund as intergovernmental revenue with a corresponding expenditure reported in Public Safety personal service costs.

The City uses the Entry Age Normal Actuarial Cost Method for both Plans to determine required contribution under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. These are acceptable methods to the State of Florida.

For the year ended September 30, 2021, contributions to the City's pension plans were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Plan member contributions	\$ 83,500	\$ 49,295	\$ 132,795
City contributions	369,605	285,570	655,175
State contributions	138,114	46,520	184,634
Total contributions	<u>\$ 591,219</u>	<u>\$ 381,385</u>	<u>\$ 972,604</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Police Officers' Pension Plan

Normal retirement: Normal retirement occurs at the earlier of: 1) age 55 and the completion of 6 years of credited service, or 2) the completion of 20 years of credited service, regardless of age. For members hired on or after July 1, 2011, eligibility for normal retirement benefits is the earlier of age 55 with 10 years of credited service, or completion of 20 years of credited service, regardless of age. Pension benefits are paid at 3.0% of Average Final Compensation (AFC) times credited service.

Early retirement: A member is eligible for early retirement upon attaining age 50 and 6 years of credited service, or at age 55 with 10 years of credit service if employed on or after July 1, 2011. Pension benefits under early retirement are determined as for normal retirement and reduced 3.0% for each year that early retirement precedes normal retirement.

Disability: Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 10 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AFC.

Pre-retirement death benefits: For vested or eligible-to-retain members, pre-retirement death benefits are equal to the monthly accrued benefit payable at the member's normal retirement date to a designated beneficiary for 10 years, with payment options available. For non-vested members, the Plan provides a refund of the required contribution account.

Termination of employment: If a member terminates employment with the City in less than 10 years, the member receives a refund of accumulated contributions without interest. If a member terminates employment with the City after 10 years or more of credited service, the member receives a refund of contributions with an actuarially discounted benefit payable upon reaching retirement age or the accrued benefit payable at retirement age.

Cost-of-Living Adjustment: An annual cost-of-living adjustment (COLA) of 2% is provided to officers retiring on or after September 30, 2006, with the first adjustment occurring on the first-year anniversary of the employee's retirement. For all officers retiring on or after October 6, 2009, the two percent COLA is provided with the first adjustment occurring on the fifth anniversary of the employee's retirement date.

Contributions: Police Plan members are required to contribute 7% of their annual covered salary (or 5% of annual covered salary if hired before July 1, 2011). Additionally, pursuant to Chapter 185, Florida Statutes, the state collects a locally authorized insurance premium surcharge for the Police Fund on certain real and personal property insurance policies underwritten in the corporate limits of the City which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the most recently completed fiscal year. In accordance with Florida Statutes, a portion of the premium tax revenues received by the Police Fund are reserved to provide future minimum or extra benefits and may not be used to reduce or offset the contribution requirements of the employers.

Concentrations: The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Firefighters' Pension Plan

Normal retirement: Normal retirement occurs at the earlier of: 1) age 50 and the completion of 6 years of credited service, or 2) the completion of 25 years of credited service, regardless of age. Pension benefits are paid at 3.0% of the member's average monthly earnings for the best 5 years during the 10 years immediately preceding the termination times credited service.

Early retirement: A member is eligible for early retirement upon attaining age 48 and 6 years of credited service. Pension benefits under early retirement are actuarially reduced for each year that early retirement precedes normal retirement.

Disability: Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 10 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AME (average monthly earnings).

Pre-retirement death benefits: For pre-retirement death in the line of duty, 50% of salary at the time of death is payable for the life of the spouse. Non-vested members' designated beneficiaries are entitled to a refund of the member's contributions.

Contributions: Effective October 1, 2014, all members will contribute 7% of their base compensation. City and State contributions make up the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII, Chapter 112, Florida Statutes.

Concentrations: The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

Investment Policy

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2021:

<u>Asset Class</u>	<u>Target Asset Allocation Police</u>	<u>Target Asset Allocation Fire</u>
Domestic equity	57.0%	35.0%
International equity	10.0%	15.0%
Bonds	20.0%	30.0%
Convertibles	n/a	10.0%
Private real estate	10.0%	5.0%
REITS	n/a	5.0%
Cash	3.0%	n/a

Rate of return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2021, the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of pension plan investment expense, was 21.66%, and 20.39%, respectively.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Net Pension Liability

Deferred Retirement Option Program (DROP): The provisions for DROP for both Plans are as follows:

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Eligibility	Eligibility for Normal Retirement Members	Eligibility for Normal Retirement Members
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Annual rate of return equivalent to the actual net rate of investment return (total return net of broker commissions, management fees and transaction costs)	Annual rate of 6.5%, credited quarterly.
DROP Balance as of September 30, 2021	\$ 277,482	\$ -

The components of the net pension liability of the pension plans at September 30, 2021, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Total pension liability	\$ 14,964,056	\$ 6,612,653	\$ 21,576,709
Plan fiduciary net position	(14,889,337)	(6,179,371)	(21,068,708)
Net pension liability	<u>\$ 74,719</u>	<u>\$ 433,282</u>	<u>\$ 508,001</u>
Plan fiduciary net position as percentage of total pension liability	99.50%	93.45%	97.65%

The total pension liability was determined by an actuarial valuation as of October 1, 2020, and measurement date of September 30, 2021, using the following actuarial assumptions to all measurement periods.

	<u>Police Plan</u>	<u>Fire Plan</u>
Inflation	2.70%	2.70%
Salary increases	Service based	Service based
Discount rate	6.90%	6.90%
Investment rate of return	6.90%	6.90%

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) Employee Retirement Systems and Pension Funds: (Continued)

Mortality rate:

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

All rates are projected generationally with Mortality Improvement Scale MP-2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	Police Plan	Fire Plan
Domestic Equity	8.3%	8.3%
International Equity	4.1%	4.1%
Bonds	3.1%	3.1%
Convertibles	n/a	7.8%
Private Real estate	5.5%	5.5%
REITS	n/a	8.2%
Cash	0.2%	n/a

Discount rate:

The discount rate used to measure the total pension liability for the Police and Fire Plan investments was 6.90%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Changes in net pension liability:

Changes in each plan's net pension liability were as follows:

	Police Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
Beginning Balance	\$ 13,412,412	\$ 12,428,720	\$ 983,692
Changes for year:			
Service cost	232,897	-	232,897
Interest	981,457	-	981,457
Differences between expected/actual experience	395,025	-	395,025
Changes of assumptions	707,024	-	707,024
Contributions – employer	-	369,605	(369,605)
Contributions – state	-	138,114	(138,114)
Contributions – employee	-	83,500	(83,500)
Net investment income	-	2,660,897	(2,660,897)
Benefit payments, including refunds	(764,759)	(764,759)	-
Administrative expenses	-	(26,740)	26,740
Net changes	1,551,644	2,460,617	(908,973)
Ending Balance	\$ 14,964,056	\$ 14,889,337	\$ 74,719

	Fire Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
Beginning Balance	\$ 6,303,682	\$ 5,371,133	\$ 932,549
Changes for year:			
Service cost	153,174	-	153,174
Interest	455,339	-	455,339
Differences between expected/actual experience	33,341	-	33,341
Changes of assumptions	274,362	-	274,362
Contributions – employer	-	285,570	(285,570)
Contributions – state	-	46,520	(46,520)
Contributions – employee	-	49,295	(49,295)
Net investment income	-	1,061,514	(1,061,514)
Benefit payments, including refunds	(607,245)	(607,245)	-
Administrative expenses	-	(27,416)	27,416
Net changes	308,971	808,238	(499,267)
Ending Balance	\$ 6,612,653	\$ 6,179,371	\$ 433,282

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City calculated using the selected discount rates, as well as what the City's net pension liability (asset) (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
Police	6.90%	\$ 1,800,787	\$ 74,719	\$ (1,361,463)
Fire	6.90%	1,219,878	433,282	(222,560)
Total		<u>\$ 3,020,665</u>	<u>\$ 508,001</u>	<u>\$ (1,584,023)</u>

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

For the year ended September 30, 2021, the City recognized pension expense of \$31,252 and \$86,643 in the Police and Fire pension plans, respectively, for a total of \$117,895.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Plan</u>		<u>Fire Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 295,814	\$ (25,727)	\$ 37,857	\$ (38,519)
Changes of assumptions	471,350	(126,747)	205,773	(78,255)
Net difference between projected and actual investment earnings	-	(1,565,264)	-	(593,050)
	<u>\$ 767,164</u>	<u>\$ (1,717,738)</u>	<u>\$ 243,630</u>	<u>\$ (709,824)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
2022	\$ (148,970)	\$ (101,109)
2023	(4,098)	(99,502)
2024	(447,790)	(130,899)
2025	(349,716)	(134,684)
2026	-	-
Thereafter	-	-

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

C. Pension Fund Financial Statements

The City does not issue separate financial statements for the Police or Fire Plans. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds.

For the year ended September 30, 2021, pension expense was recognized as follows:

Plan	Pension Expense
FRS	\$ 78,473
HIS	74,891
Police	31,252
Fire	86,643
Total	<u>\$ 271,259</u>

Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2021.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

COMBINING SCHEDULE OF NET POSITION – PENSION FIDUCIARY FUNDS

	<u>Police Officers'</u> <u>Pension Plan</u>	<u>Firefighters'</u> <u>Pension Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 193,234	\$ 178,266	\$ 371,500
Prepaid items	-	3,063	3,063
Receivables			
Employer contributions receivable	12,144	-	12,144
Employee contributions receivable	2,727	1,813	4,540
Interest and dividends receivable	25,431	9,663	35,094
Total receivables	40,302	11,476	51,778
Investments, at fair value			
U.S. Treasury obligations	904,646	116,799	1,021,445
U.S. Government agencies	-	384,611	384,611
Corporate and municipal debt obligations	1,764,577	1,058,068	2,822,645
Mutual funds	10,835,426	3,995,286	14,830,712
Real estate investment trust	1,163,443	-	1,163,443
Pooled funds - real estate	-	431,802	431,802
Total investments	14,668,092	5,986,566	20,654,658
Total assets	14,901,628	6,179,371	21,080,999
LIABILITIES			
Accounts payable	12,291	-	12,291
Total liabilities	12,291	-	12,291
NET POSITION			
Restricted for:			
Pensions	14,889,337	6,179,371	21,068,708
Total net position	<u>\$ 14,889,337</u>	<u>\$ 6,179,371</u>	<u>\$ 21,068,708</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

COMBINING SCHEDULE OF CHANGES IN NET POSITION – PENSION FIDUCIARY FUNDS

	<u>Police Officers'</u> <u>Pension Plan</u>	<u>Firefighters'</u> <u>Pension Plan</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 369,605	\$ 285,570	\$ 655,175
Plan members	83,500	49,295	132,795
State - insurance premium taxes	138,114	46,520	184,634
Total contributions	<u>591,219</u>	<u>381,385</u>	<u>972,604</u>
Investment earnings:			
Net appreciation in fair value of investments	2,185,529	949,964	3,135,493
Interest and dividends	517,365	133,723	651,088
Total investment earnings	2,702,894	1,083,687	3,786,581
Less: investment expense	(41,997)	(22,173)	(64,170)
Net investment income (loss)	<u>2,660,897</u>	<u>1,061,514</u>	<u>3,722,411</u>
Total additions	<u>3,252,116</u>	<u>1,442,899</u>	<u>4,695,015</u>
Deductions			
Benefit payments and refunds	764,759	607,245	1,372,004
Administrative expenses	26,740	27,416	54,156
Total deductions	<u>791,499</u>	<u>634,661</u>	<u>1,426,160</u>
Change in net position	<u>2,460,617</u>	<u>808,238</u>	<u>3,268,855</u>
Net position restricted for pensions, beginning of year	12,428,720	5,371,133	17,799,853
Net position restricted for pensions, end of year	<u><u>\$ 14,889,337</u></u>	<u><u>\$ 6,179,371</u></u>	<u><u>\$ 21,068,708</u></u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(13) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 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 based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

(14) Uncertainty:

During the year ended September 30, 2021, local, U.S., and world governments have continued to be impacted by the global pandemic, coronavirus disease (COVID-19). There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of March 12, 2022, management believes that an impact on the City's financial position and results of future operations is reasonably possible.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 5,252,994	\$ 5,252,994	\$ 5,592,772	\$ 339,778
Permits and fees	781,790	806,334	1,086,533	280,199
Intergovernmental	1,050,295	1,222,394	1,396,857	174,463
Charges for services	1,668,792	2,577,146	1,538,812	(1,038,334)
Fines and forfeitures	31,375	31,375	105,690	74,315
Investment income	50,150	50,150	8,473	(41,677)
Miscellaneous	37,150	51,482	96,041	44,559
Total revenues	8,872,546	9,991,875	9,825,178	(166,697)
Expenditures				
Current:				
General government	2,140,747	2,994,792	2,248,306	746,486
Public safety	3,979,541	4,041,225	3,839,602	201,623
Transportation	818,360	921,125	444,268	476,857
Culture and recreation	1,002,792	1,194,464	993,650	200,814
Economic environment	611,396	589,736	545,120	44,616
Capital outlay	-	292,461	142,773	149,688
Total expenditures	8,552,836	10,033,803	8,213,719	1,820,084
Excess (deficiency) of revenues over expenditures	319,710	(41,928)	1,611,459	1,653,387
Other financing sources (uses)				
Transfers in	293,610	348,250	375,693	27,443
Transfers out	(613,320)	(356,322)	(374,463)	(18,141)
Total other financing sources (uses)	(319,710)	(8,072)	1,230	9,302
Net change in fund balances	-	(50,000)	1,612,689	1,662,689
Fund balances, beginning of year	6,798,726	6,798,726	6,798,726	-
Fund balances, end of year	<u>\$ 6,798,726</u>	<u>\$ 6,748,726</u>	<u>\$ 8,411,415</u>	<u>\$ 1,662,689</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 1,257,073	\$ 1,257,073	\$ 1,253,952	\$ (3,121)
Intergovernmental	1,314,940	1,343,647	1,367,409	23,762
Investment income	10,000	10,000	6,536	(3,464)
Miscellaneous	-	-	18,817	18,817
Total revenues	<u>2,582,013</u>	<u>2,610,720</u>	<u>2,646,714</u>	<u>35,994</u>
Expenditures				
Current:				
General government	-	53,717	53,716	1
Public safety	284,478	272,978	181,447	91,531
Culture and recreation	134,604	139,887	138,295	1,592
Economic environment	1,023,842	1,582,512	348,483	1,234,029
Capital outlay	875,252	5,469,749	-	5,469,749
Debt service:				
Principal retirement	745,000	745,000	745,000	-
Interest and fiscal charges	109,347	109,348	109,347	1
Total expenditures	<u>3,172,523</u>	<u>8,373,191</u>	<u>1,576,288</u>	<u>6,796,903</u>
Excess (deficiency) of revenues over expenditures	<u>(590,510)</u>	<u>(5,762,471)</u>	<u>1,070,426</u>	<u>6,832,897</u>
Fund balances, beginning of year	5,159,837	5,159,837	5,159,837	-
Fund balances, end of year	<u>\$ 4,542,717</u>	<u>\$ (602,634)</u>	<u>\$ 6,230,263</u>	<u>\$ 6,832,897</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending September 30,	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 207,135	\$ 175,335	\$ 183,957	\$ 192,912
Interest	61,996	96,129	113,136	96,811
Difference between expected and actual experience	(508,141)	-	1,961	-
Changes of assumptions	(338,806)	515,802	(212,008)	(161,745)
Benefit payments - implicit rate subsidy	(99,566)	(98,235)	(97,449)	(51,107)
Net change in total OPEB liability	(677,382)	689,031	(10,403)	76,871
Total OPEB liability - beginning of year	3,247,548	2,558,517	2,568,920	2,492,049
Total OPEB liability - end of year	\$ 2,570,166	\$ 3,247,548	\$ 2,558,517	\$ 2,568,920
 Covered payroll	 \$ 4,850,224	 \$ 5,471,441	 \$ 5,167,831	 \$ 4,897,970
 Total OPEB liability as a percentage of covered payroll	 52.99%	 59.35%	 49.51%	 52.45%

Notes to Schedule:

Valuation date: 10/1/2020 10/1/2018 10/1/2018

The reporting date is the same as the measurement date.

There are no assets accumulated in a trust that meets the criteria to pay related benefits for the OPEB plan.

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2021.

Difference between expected and actual experience . Reflects the impacts of changes to the census data from the prior valuation.

Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Discount rate	2.43%	2.14%	3.58%	4.18%
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Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, updated disability rates for police and fire, updated retirement and termination rates for general, and updated mortality rates.

Benefit Payments : The City did not provide actual net benefits paid by the Plan for the fiscal years shown. Expected benefit payments produced by the valuation model for each period are shown in the table above.

*10 years of data will be presented as it becomes available.

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - FRS AND HIS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)								
Proportion of the net pension liability	0.008553143%	0.008395575%	0.007518387%	0.007058775%	0.006881069%	0.006933778%	0.006481624%	0.005933893%
Proportionate share of the net pension liability	\$ 646,093	\$ 3,638,766	\$ 2,589,157	\$ 2,126,140	\$ 2,035,374	\$ 1,750,784	\$ 837,189	\$ 362,055
Covered payroll	3,007,439	3,009,486	2,995,927	2,972,676	2,867,432	2,899,517	2,613,798	2,316,138
Proportionate share of the net pension liability as a percentage of covered payroll	21.48%	120.91%	86.42%	71.52%	70.98%	60.38%	32.03%	15.63%
Plan fiduciary net position as a percentage of the total pension	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability	0.008493266%	0.008669360%	0.009257548%	0.009123826%	0.009001025%	0.008940840%	0.008454191%	0.008313805%
Proportionate share of the net pension liability	\$ 1,041,827	\$ 1,058,515	\$ 1,035,827	\$ 965,676	\$ 962,431	\$ 1,042,018	\$ 862,194	\$ 777,361
Covered payroll	3,007,439	3,009,486	2,995,927	2,972,676	2,867,432	2,899,517	2,613,798	2,316,138
Proportionate share of the net pension liability as a percentage of covered payroll	34.64%	35.17%	34.57%	32.49%	33.56%	35.94%	32.99%	33.56%
Plan fiduciary net position as a percentage of the total pension	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF CONTRIBUTIONS - FRS AND HIS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	As of the Plan Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)								
Contractually required contribution	\$ 325,838	\$ 278,948	\$ 260,211	\$ 219,302	\$ 195,246	\$ 192,301	\$ 179,377	\$ 155,573
Contributions in relation to the contractually required contribution	325,838	278,948	260,211	219,302	195,246	192,301	179,377	155,573
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,007,439	\$ 3,009,486	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432	\$ 2,899,517	\$ 2,613,798	\$ 2,316,138
Contributions as a percentage of covered payroll	10.83%	9.27%	8.69%	7.38%	6.81%	6.63%	6.86%	6.72%
Health Insurance Subsidy Program (HIS)								
Contractually required contribution	\$ 49,923	\$ 49,957	\$ 49,732	\$ 49,678	\$ 47,599	\$ 48,132	\$ 35,450	\$ 30,323
Contributions in relation to the contractually required contribution	49,923	49,957	49,732	49,678	47,599	48,132	35,450	30,323
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,007,439	\$ 3,009,486	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432	\$ 2,899,517	\$ 2,613,798	\$ 2,316,138
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.67%	1.66%	1.66%	1.36%	1.31%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2021
(UNAUDITED)

Fiscal Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 232,897	\$ 244,781	\$ 244,196	\$ 218,828	\$ 229,740	\$ 230,699	\$ 222,322	\$ 249,756
Interest	981,457	980,818	936,633	894,090	863,912	843,655	823,857	810,040
Changes in benefit terms	-	-	-	-	-	-	(526)	-
Difference between actual and expected experience	395,025	(77,182)	129,854	135,657	28,475	(370,289)	(153,367)	-
Changes of assumptions	707,024	(380,240)	-	-	-	385,611	-	-
Benefit payments including refunds of contributions	(764,759)	(730,570)	(697,780)	(700,275)	(706,537)	(619,400)	(655,033)	(1,040,177)
Net change in total pension liability	1,551,644	37,607	612,903	548,300	415,590	470,276	237,253	19,619
Total pension liability - beginning	13,412,412	13,374,805	12,761,902	12,213,602	11,798,012	11,327,736	11,090,483	11,070,864
Total pension liability - ending (a)	\$ 14,964,056	\$ 13,412,412	\$ 13,374,805	\$ 12,761,902	\$ 12,213,602	\$ 11,798,012	\$ 11,327,736	\$ 11,090,483
Total Fiduciary Net Position								
Contributions - employer	\$ 369,605	\$ 432,123	\$ 491,324	\$ 453,423	\$ 406,073	\$ 460,877	\$ 519,860	\$ 636,738
Contributions - state	138,114	139,910	138,915	129,437	117,012	108,177	102,019	95,509
Contributions - employee	83,500	76,812	71,049	73,523	72,705	71,468	72,917	67,173
Net investment income	2,660,897	1,316,673	418,296	863,758	998,587	611,485	(206,022)	600,411
Benefit payments, including refunds of contributions	(764,759)	(730,570)	(697,780)	(700,275)	(706,537)	(619,400)	(655,033)	(1,040,177)
Administrative expense	(26,740)	(26,759)	(20,763)	(29,717)	(25,473)	(31,987)	(24,321)	(21,956)
Net change in plan fiduciary net position	2,460,617	1,208,189	401,041	790,149	862,367	600,620	(190,580)	337,698
Plan fiduciary net position - beginning	12,428,720	11,220,531	10,819,490	10,029,341	9,166,974	8,566,354	8,756,934	8,419,236
Plan fiduciary net position - ending (b)	\$ 14,889,337	\$ 12,428,720	\$ 11,220,531	\$ 10,819,490	\$ 10,029,341	\$ 9,166,974	\$ 8,566,354	\$ 8,756,934
Net pension liability - ending (a) - (b)	\$ 74,719	\$ 983,692	\$ 2,154,274	\$ 1,942,412	\$ 2,184,261	\$ 2,631,038	\$ 2,761,382	\$ 2,333,549
Plan fiduciary net position as a percentage of the total pension liability	99.50%	92.67%	83.89%	84.78%	82.12%	77.70%	75.62%	78.96%
Covered payroll	\$ 1,337,315	\$ 1,228,981	\$ 1,144,300	\$ 1,177,752	\$ 1,209,361	\$ 1,162,274	\$ 1,130,458	\$ 1,135,179
Net pension liability as a percentage of covered payroll	5.59%	80.04%	188.26%	164.93%	180.61%	226.37%	244.27%	205.57%
Annual money-weighted rate of return	21.66%	11.80%	3.90%	8.74%	11.14%	7.26%	-2.39%	7.30%

*10 years of data will be presented as it becomes available.

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2021
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2021	\$ 536,263	\$ 507,719	\$ 28,544	\$ 1,337,315	37.97%
2020	539,523	572,033	(32,510)	1,228,981	46.55%
2019	618,783	630,239	(11,456)	1,144,300	55.08%
2018	582,860	582,860	-	1,177,752	49.49%
2017	523,085	523,085	-	1,209,361	43.25%
2016	569,054	569,054	-	1,162,274	48.96%
2015	621,879	621,879	-	1,130,458	55.01%
2014	732,247	732,247	-	1,135,179	64.50%

Notes to Schedule:

Valuation Date: 10/1/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age normal actuarial cost method.
Amortization Method: New UAAL amortization bases are amortized over 15 years.
Asset Valuation Method: Each year, the prior actuarial valuation of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation: 2.70%
Salary Increases: 15% in first year of employment, 6% for years 1-4, and 4.5% per year thereafter
Payroll Growth: None.
Investment Rate of Return: 6.90% (7.4% in prior year), compounded annually, net of investment related expenses.
Mortality: *Healthy Active Lives:*
Female: PubS.H-2010 (Below Median) for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Retirement Age:

Service (years)	Age	Retirement Rates
<20	50-54	5.0%
	55	50.0%
	56	75.0%
	57+	100.0%
20+	60+	100.0%
	<56	50.0%
	56	75.0%
	57+	100.0%

Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.03%
25	0.03%
30	0.04%
35	0.05%
40	0.07%
45	0.10%
50	0.18%
55	0.36%
60	0.90%
65	2.22%

Termination Rates:

Service (years)	Assumed Withdrawal Rate
<1	20.0%
1-9	14.0%
10-14	5.0%
15+	2.0%

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2021
(UNAUDITED)

Fiscal Year Ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 153,174	\$ 151,484	\$ 153,193	\$ 156,508	\$ 170,029	\$ 169,795	\$ 176,408	\$ 172,709
Interest	455,339	459,350	439,372	424,522	402,775	378,039	373,007	353,643
Change in excess state money	-	-	-	-	-	(18,139)	-	-
Changes in benefit terms	-	-	(678)	-	-	(131,917)	-	-
Difference between actual and expected experience	33,341	(54,661)	32,132	(28,615)	69,117	15,721	(45,225)	-
Changes of assumptions	274,362	(130,423)	-	-	-	162,997	-	-
Benefit payments including refunds of contributions	(607,245)	(356,039)	(349,987)	(345,506)	(323,535)	(325,259)	(271,874)	(271,874)
Net change in total pension liability	308,971	69,711	274,032	206,909	318,386	251,237	232,316	254,478
Total pension liability - beginning	6,303,682	6,233,971	5,959,939	5,753,030	5,434,644	5,183,407	4,951,091	4,696,613
Total pension liability - ending (a)	\$ 6,612,653	\$ 6,303,682	\$ 6,233,971	\$ 5,959,939	\$ 5,753,030	\$ 5,434,644	\$ 5,183,407	\$ 4,951,091
Total Fiduciary Net Position								
Contributions - employer	\$ 285,570	\$ 275,076	\$ 229,432	\$ 258,025	\$ 214,936	\$ 203,657	\$ 176,497	\$ 160,213
Contributions - state	46,520	44,151	47,064	43,892	43,415	51,535	55,151	62,761
Contributions - employee	49,295	44,195	43,146	44,435	45,607	51,275	54,681	52,767
Net investment income	1,061,514	539,000	220,041	304,959	420,410	358,369	(20,243)	310,762
Benefit payments, including refunds of contributions	(607,245)	(356,039)	(349,987)	(345,506)	(323,535)	(325,259)	(271,874)	(271,874)
Administrative expense	(27,416)	(29,039)	(23,679)	(33,611)	(26,803)	(40,976)	(29,063)	(21,821)
Net change in plan fiduciary net position	808,238	517,344	166,017	272,194	374,030	298,601	(34,851)	292,808
Plan fiduciary net position - beginning	5,371,133	4,853,789	4,687,772	4,415,578	4,041,548	3,742,947	3,777,798	3,484,990
Plan fiduciary net position - ending (b)	\$ 6,179,371	\$ 5,371,133	\$ 4,853,789	\$ 4,687,772	\$ 4,415,578	\$ 4,041,548	\$ 3,742,947	\$ 3,777,798
Net pension liability - ending (a) - (b)	\$ 433,282	\$ 932,549	\$ 1,380,182	\$ 1,272,167	\$ 1,337,452	\$ 1,393,096	\$ 1,440,460	\$ 1,173,293
Plan fiduciary net position as a percentage of the total pension liability	93.45%	85.21%	77.86%	78.65%	76.75%	74.37%	72.21%	76.30%
Covered payroll	\$ 704,212	\$ 631,352	\$ 616,377	\$ 709,566	\$ 651,531	\$ 732,502	\$ 692,977	\$ 659,584
Net pension liability as a percentage of covered payroll	61.53%	147.71%	223.92%	179.29%	205.28%	190.18%	207.87%	177.88%
Annual money-weighted rate of return	20.39%	11.15%	4.75%	7.00%	10.59%	9.75%	-0.54%	9.06%

*10 years of data will be presented as it becomes available.

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2021
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2021	\$ 347,177	\$ 332,090	\$ 15,087	\$ 704,212	47.16%
2020	296,736	319,227	(22,491)	631,352	50.56%
2019	276,496	276,496	-	616,377	44.86%
2018	300,917	301,917	(1,000)	709,566	42.55%
2017	258,351	258,351	-	651,531	39.65%
2016	252,310	255,192	(2,882)	732,502	34.84%
2015	231,648	231,648	-	692,977	33.43%
2014	222,974	222,974	-	659,584	33.81%

Notes to Schedule:

Valuation Date: 10/1/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age normal actuarial cost method.
Amortization Method: New UAAL amortization bases are amortized over 15 years.
Asset Valuation Method: Each year, the prior actuarial valuation of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation: 2.70%
Salary Increases: 10% in first year of employment, 5% for years 1-9, and 4.5% per year thereafter
Payroll Growth: None.
Investment Rate of Return: 6.90% per year, compounded annually, net of investment related expenses.
Mortality: *Healthy Active Lives:*
Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Retirement Age:

Service (years)	Age	Retirement Rates
<25	48-49%	5.0%
	50	50.0%
	51-59	20.0%
	60+	100.0%
25+	All	100.0%

Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.07%
25	0.09%
30	0.11%
35	0.14%
40	0.19%
45	0.30%
50	0.51%
55	0.96%
60	1.66%
65	2.39%

Termination Rates:

Service (years)	Assumed Withdrawal Rate
<1	13.0%
1-4	7.0%
5-9	5.0%
10+	3.0%

*10 years of data will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

**CITY OF HOLLY HILL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Nonmajor Special Revenue Funds		Total
	Impact Fees Trust	Law Enforcement Trust	Nonmajor Governmental Funds
ASSETS			
Equity in pooled cash and investments	\$ 325,234	\$ 42,716	\$ 367,950
Total assets	<u>\$ 325,234</u>	<u>\$ 42,716</u>	<u>\$ 367,950</u>
FUND BALANCES			
Restricted for:			
Law enforcement	\$ 88,667	\$ 42,716	\$ 131,383
Fire protection	63,281	-	63,281
Transportation	143,678	-	143,678
Recreation	29,608	-	29,608
Total fund balances	<u>325,234</u>	<u>42,716</u>	<u>367,950</u>
Total liabilities and fund balances	<u>\$ 325,234</u>	<u>\$ 42,716</u>	<u>\$ 367,950</u>

CITY OF HOLLY HILL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Nonmajor Special Revenue Funds		Total
	Impact Fees Trust	Law Enforcement Trust	Nonmajor Governmental Funds
Revenues			
Permits and fees	\$ 12,230	\$ -	\$ 12,230
Investment income	370	43	413
Miscellaneous	58	-	58
Total revenues	<u>12,658</u>	<u>43</u>	<u>12,701</u>
Excess (deficiency) of revenues over expenditures	<u>12,658</u>	<u>43</u>	<u>12,701</u>
Net change in fund balances	<u>12,658</u>	<u>43</u>	<u>12,701</u>
Fund balances, beginning of year	312,576	42,673	355,249
Fund balances, end of year	<u><u>\$ 325,234</u></u>	<u><u>\$ 42,716</u></u>	<u><u>\$ 367,950</u></u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - IMPACT FEES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Permits and fees	\$ 17,705	\$ 17,705	\$ 12,230	\$ (5,475)
Charges for services	780	780	-	(780)
Investment income	2,200	2,200	370	(1,830)
Miscellaneous	85	85	58	(27)
Total revenues	<u>20,770</u>	<u>20,770</u>	<u>12,658</u>	<u>(8,112)</u>
Expenditures				
Current:				
General government	<u>20,770</u>	<u>20,770</u>	<u>-</u>	<u>20,770</u>
Total expenditures	<u>20,770</u>	<u>20,770</u>	<u>-</u>	<u>20,770</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>12,658</u>	<u>12,658</u>
Fund balances, beginning of year	312,576	312,576	312,576	-
Fund balances, end of year	<u><u>\$ 312,576</u></u>	<u><u>\$ 312,576</u></u>	<u><u>\$ 325,234</u></u>	<u><u>\$ 12,658</u></u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
Investment income	\$ -	\$ -	\$ 43
Total revenues	-	-	43
Expenditures			
Current:			
Planning and code enforcement	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	43
Net change in fund balances	-	-	43
Fund balances, beginning of year	42,673	42,673	42,673
Fund balances, end of year	<u>\$ 42,673</u>	<u>\$ 42,673</u>	<u>\$ 42,716</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Grants	\$ -	\$ 28,707	\$ -	\$ (28,707)
Investment income	14,500	14,500	2,700	(11,800)
Total revenues	14,500	43,207	2,700	(40,507)
Expenditures				
Current:				
Capital outlay	627,820	2,905,062	932,066	1,972,996
Total expenditures	627,820	2,905,062	932,066	1,972,996
Excess (deficiency) of revenues over expenditures	<u>(613,320)</u>	<u>(2,861,855)</u>	<u>(929,366)</u>	<u>1,932,489</u>
Other financing sources (uses)				
Transfers in	613,320	356,322	356,322	-
Total other financing sources (uses)	613,320	356,322	356,322	-
Net change in fund balances	-	(2,505,533)	(573,044)	1,932,489
Fund balances, beginning of year	2,319,441	2,319,441	2,319,441	-
Fund balances, end of year	<u>\$ 2,319,441</u>	<u>\$ (186,092)</u>	<u>\$ 1,746,397</u>	<u>\$ 1,932,489</u>

CITY OF HOLLY HILL, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021

	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Inventories	-	-	-
Prepaid items	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	-	-
Accumulated depreciation	-	-	-
Total capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Accrued wages	-	-	-
Compensated absences	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	-	-	-
Total net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF HOLLY HILL, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
Operating income (loss)	\$ -	\$ -	\$ -
Nonoperating revenues (expenses)			
Loss on disposal of assets	(38,639)	-	(38,639)
Total nonoperating revenues (expenses)	(38,639)	-	(38,639)
Income (loss) before contributions and transfers	(38,639)	-	(38,639)
Transfers in	-	18,141	18,141
Transfers out	(27,443)	-	(27,443)
Change in net position	(66,082)	18,141	(47,941)
Net position, beginning of year	66,082	(18,141)	47,941
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF HOLLY HILL, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021**

	Data Processing	Vehicle Maintenance	Total
Cash flows from operating activities			
Cash paid to employees	\$ -	\$ -	\$ -
Cash paid to suppliers	-	-	-
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	-
Transfers to other funds	(80,700)	(11,049)	(91,749)
Intergovernmental grant proceeds	-	-	-
Interfund loans	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(80,700)</u>	<u>(11,049)</u>	<u>(91,749)</u>
Net change in cash and cash equivalents	<u>(80,700)</u>	<u>(11,049)</u>	<u>(91,749)</u>
Cash and cash equivalents, beginning of year	80,700	11,049	91,749
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Inventories	-	-	-
Prepaid items	-	-	-
Accounts payable and accrued liabilities	-	-	-
Compensated absences	-	-	-
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



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Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

These tables contain information to help the reader assess the City's most significant revenue sources, property taxes, and water/sewer utility charges.

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.

Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

Table I

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net investment in capital assets.....	12,698,272	11,247,689	8,932,690	15,573,476	\$ 13,755,952	\$ 16,030,653	\$ 15,794,251	\$ 15,003,479	\$ 14,212,302	\$ 12,676,997
Restricted.....	6,638,390	5,493,954	6,106,554	6,507,029	6,583,871	4,442,234	3,953,513	3,670,810	3,856,892	4,815,752
Unrestricted (deficit).....	<u>4,156,559</u>	<u>1,660,966</u>	<u>545,916</u>	<u>(1,398,695)</u>	<u>(997,664)</u>	<u>(1,397,870)</u>	<u>(1,820,824)</u>	<u>2,736,658</u>	<u>2,522,450</u>	<u>2,968,221</u>
Total governmental activities net position.....	<u>23,493,221</u>	<u>18,402,609</u>	<u>15,585,160</u>	<u>20,681,810</u>	<u>19,342,159</u>	<u>19,075,017</u>	<u>17,926,940</u>	<u>21,410,947</u>	<u>20,591,644</u>	<u>20,460,970</u>
Business-type Activities:										
Net investment in capital assets.....	16,731,566	14,513,974	13,335,423	11,767,034	10,500,202	9,338,226	8,306,571	7,665,165	5,175,795	7,180,534
Restricted.....	1,536,516	1,569,336	2,019,176	2,742,943	3,040,594	3,618,071	3,552,810	3,517,035	4,083,410	2,671,621
Unrestricted.....	<u>14,377,130</u>	<u>13,353,438</u>	<u>12,335,307</u>	<u>11,541,283</u>	<u>11,083,496</u>	<u>10,027,035</u>	<u>9,575,372</u>	<u>9,460,140</u>	<u>9,983,362</u>	<u>7,774,802</u>
Total business-type activities net position.....	<u>32,645,212</u>	<u>29,436,748</u>	<u>27,689,906</u>	<u>26,051,260</u>	<u>24,624,292</u>	<u>22,983,332</u>	<u>21,434,753</u>	<u>20,642,340</u>	<u>19,242,567</u>	<u>17,626,957</u>
Primary Government:										
Net investment in capital assets.....	29,429,838	25,761,663	22,268,113	27,340,510	24,256,154	25,368,879	24,100,822	22,668,644	19,388,097	19,857,531
Restricted.....	8,174,906	7,063,290	8,125,730	9,249,972	9,624,465	8,060,305	7,506,323	7,187,845	7,940,302	7,487,373
Unrestricted.....	<u>18,533,689</u>	<u>15,014,404</u>	<u>12,881,223</u>	<u>10,142,588</u>	<u>10,085,832</u>	<u>8,629,165</u>	<u>7,754,548</u>	<u>12,196,798</u>	<u>12,505,812</u>	<u>10,743,023</u>
Total primary government net position.....	<u>\$ 56,138,433</u>	<u>\$ 47,839,357</u>	<u>\$ 43,275,066</u>	<u>\$ 46,733,070</u>	<u>\$ 43,966,451</u>	<u>\$ 42,058,349</u>	<u>\$ 39,361,693</u>	<u>\$ 42,053,287</u>	<u>\$ 39,834,211</u>	<u>\$ 38,087,927</u>

During the year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

Table II

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental Activities:										
General government.....	\$ 989,006	\$ 777,799	\$ 2,736,783	\$ 2,728,813	\$ 2,262,357	\$ 2,303,343	\$ 2,294,042	\$ 2,137,770	\$ 2,298,533	\$ 2,348,014
Public safety.....	3,405,581	4,247,351	4,748,821	4,667,120	7,074,310	4,223,371	4,543,641	4,531,911	3,978,943	3,852,378
Physical environment.....	-	-	29,941	23,508	62,816	22,876	12,801	11,717	-	-
Transportation.....	656,803	1,333,051	1,086,869	579,611	558,106	945,451	685,998	657,879	578,257	289,592
Economic environment.....	1,382,853	1,435,056	2,175,644	451,029	481,087	500,992	550,314	676,361	1,242,706	886,764
Culture/recreation.....	1,554,779	1,184,169	1,247,997	1,023,115	1,028,004	967,372	945,614	965,559	949,879	866,369
Interest on long-term debt.....	101,893	124,374	137,657	145,263	156,078	170,864	185,409	200,108	174,347	204,683
Total governmental activities expenses.....	<u>8,090,915</u>	<u>9,101,800</u>	<u>12,163,712</u>	<u>9,618,459</u>	<u>11,622,758</u>	<u>9,134,269</u>	<u>9,217,819</u>	<u>9,181,305</u>	<u>9,222,665</u>	<u>8,447,800</u>
Business-Type Activities:										
Water and sewer.....	5,866,765	6,543,988	6,322,089	5,148,419	5,095,534	4,749,834	4,547,616	4,244,775	4,001,497	4,243,185
Stormwater Management.....	891,457	883,454	1,002,275	740,597	760,023	803,918	786,211	758,301	655,116	651,874
Solid Waste.....	<u>2,276,753</u>	<u>2,327,246</u>	<u>2,475,068</u>	<u>1,856,159</u>	<u>1,760,984</u>	<u>1,773,349</u>	<u>1,715,096</u>	<u>1,650,414</u>	<u>1,662,292</u>	<u>1,220,928</u>
Total business-type activities expenses.....	<u>9,034,975</u>	<u>9,754,688</u>	<u>9,799,432</u>	<u>7,745,175</u>	<u>7,616,541</u>	<u>7,327,101</u>	<u>7,048,923</u>	<u>6,653,490</u>	<u>6,318,905</u>	<u>6,115,987</u>
Total primary government expenses.....	<u>17,125,890</u>	<u>18,856,488</u>	<u>21,963,144</u>	<u>17,363,634</u>	<u>19,239,299</u>	<u>16,461,370</u>	<u>16,266,742</u>	<u>15,834,795</u>	<u>15,541,570</u>	<u>14,563,787</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General government.....	7,107	15,668	2,233,189	-	-	-	84,855	294,936	243,967	160,510
Public safety.....	123,037	88,093	128,104	361,445	220,607	198,576	250,244	413,875	382,829	396,331
Transportation.....	104,179	104,142	110,721	112,583	96,591	104,955	100,410	91,226	92,495	80,523
Economic environment.....	299,402	255,541	-	-	-	-	-	613	5,765	-
Culture/recreation.....	17,963	10,180	40,131	18,180	17,619	22,813	18,296	16,518	14,531	23,338
Operating grants and contributions.....	1,036,755	922,920	4,476,544	1,567,327	4,011,193	1,483,592	1,503,092	1,436,128	1,143,863	1,224,367
Capital grants and contributions.....	<u>1,155,149</u>	<u>728,448</u>	<u>137,050</u>	<u>136,236</u>	<u>230,421</u>	<u>195,997</u>	<u>456,138</u>	<u>199,013</u>	<u>209,098</u>	<u>397,333</u>
Total governmental activities program revenues.....	<u>2,743,592</u>	<u>2,124,992</u>	<u>7,125,739</u>	<u>2,195,771</u>	<u>4,576,431</u>	<u>2,005,933</u>	<u>2,413,035</u>	<u>2,452,309</u>	<u>2,092,548</u>	<u>2,282,402</u>
Business-Type Activities:										
Charges for Services:										
Water/Sewer.....	8,114,542	7,565,604	7,282,905	6,896,965	6,462,660	6,188,254	5,933,831	5,675,300	5,772,142	5,539,606
Stormwater Management.....	1,153,511	1,085,454	1,172,041	937,927	947,208	946,661	801,878	796,720	803,372	805,923
Solid Waste.....	2,566,120	2,570,030	2,616,307	2,565,227	2,587,645	2,477,576	2,314,039	2,196,706	1,962,148	1,689,857
Capital grants and contributions.....	<u>662,696</u>	<u>486,528</u>	<u>119,880</u>	<u>-</u>	<u>3,330</u>	<u>29,484</u>	<u>6,660</u>	<u>11,151</u>	<u>5,052</u>	<u>8,643</u>
Total business-type activities program revenues.....	<u>12,496,869</u>	<u>11,707,616</u>	<u>11,191,133</u>	<u>10,400,119</u>	<u>10,000,843</u>	<u>9,641,975</u>	<u>9,056,408</u>	<u>8,679,877</u>	<u>8,542,714</u>	<u>8,044,029</u>
Total primary government program revenues.....	<u>15,240,461</u>	<u>13,832,608</u>	<u>18,316,872</u>	<u>12,595,890</u>	<u>14,577,274</u>	<u>11,647,908</u>	<u>11,469,443</u>	<u>11,132,186</u>	<u>10,635,262</u>	<u>10,326,431</u>

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

Table II
(Continued)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue:										
Governmental activities.....	\$ (5,347,323)	\$ (6,976,808)	\$ (5,037,973)	\$ (7,422,688)	\$ (7,046,327)	\$ (7,128,336)	\$ (6,804,784)	\$ (6,728,996)	\$ (7,130,117)	\$ (6,165,398)
Business-type activities.....	<u>3,461,894</u>	<u>1,952,928</u>	<u>1,391,701</u>	<u>2,654,944</u>	<u>2,384,302</u>	<u>2,314,874</u>	<u>2,007,485</u>	<u>2,026,387</u>	<u>2,223,809</u>	<u>1,928,042</u>
Total primary government net expense.....	<u>(1,885,429)</u>	<u>(5,023,880)</u>	<u>(3,646,272)</u>	<u>(4,767,744)</u>	<u>(4,662,025)</u>	<u>(4,813,462)</u>	<u>(4,797,299)</u>	<u>(4,702,609)</u>	<u>(4,906,308)</u>	<u>(4,237,356)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes.....	5,655,050	5,264,471	5,134,887	5,009,789	4,709,638	4,584,325	4,374,822	4,183,446	3,971,682	4,052,328
Sales taxes.....	785,457	672,133	690,554	687,814	652,102	630,891	602,221	565,457	536,137	510,207
Franchise fees.....	822,678	776,634	819,985	824,765	804,957	804,237	844,531	813,872	762,928	762,083
Other taxes.....	2,057,049	1,971,149	1,009,375	990,253	933,987	918,263	888,784	900,342	913,465	854,439
Intergovernmental revenues.....	705,558	638,990	474,129	459,288	348,443	324,537	319,010	300,608	288,696	275,803
Investment earnings.....	18,122	177,422	121,730	124,771	58,921	50,743	8,900	4,002	14,658	2,646
Miscellaneous revenue.....	45,771	40,016	160,309	64,531	82,148	147,617	168,310	148,772	156,425	78,127
Gain (loss) on capital asset disposal.....	-	-	-	-	(1,090,468)	-	-	-	-	-
Transfers.....	<u>348,250</u>	<u>253,442</u>	<u>-</u>	<u>1,131,539</u>	<u>813,741</u>	<u>815,800</u>	<u>631,800</u>	<u>631,800</u>	<u>616,800</u>	<u>616,800</u>
Total governmental activities.....	<u>10,437,935</u>	<u>9,794,257</u>	<u>8,410,969</u>	<u>9,292,750</u>	<u>7,313,469</u>	<u>8,276,413</u>	<u>7,838,378</u>	<u>7,548,299</u>	<u>7,260,791</u>	<u>7,152,433</u>
Business-Type Activities:										
Investment earnings.....	14,317	181,706	167,507	82,286	39,981	19,936	10,348	5,186	8,601	1,747
Transfers.....	(348,250)	(253,442)	-	(1,131,539)	(813,741)	(815,800)	(631,800)	(631,800)	(616,800)	(150,000)
Other.....	<u>80,503</u>	<u>(134,350)</u>	<u>55,508</u>	<u>32,700</u>	<u>30,418</u>	<u>29,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities.....	<u>(253,430)</u>	<u>(206,086)</u>	<u>223,015</u>	<u>(1,016,553)</u>	<u>(743,342)</u>	<u>(766,295)</u>	<u>(621,452)</u>	<u>(626,614)</u>	<u>(608,199)</u>	<u>(148,253)</u>
Total primary government.....	<u>\$ 10,184,505</u>	<u>\$ 9,588,171</u>	<u>\$ 8,633,984</u>	<u>\$ 8,276,197</u>	<u>\$ 6,570,127</u>	<u>\$ 7,510,118</u>	<u>\$ 7,216,926</u>	<u>\$ 6,921,685</u>	<u>\$ 6,652,592</u>	<u>\$ 7,004,180</u>
Changes in Net Position:										
Governmental activities.....	\$ 5,090,612	\$ 2,817,449	\$ 3,372,996	\$ 1,870,062	\$ 267,142	\$ 1,148,077	\$ 1,033,594	\$ 819,303	\$ 130,674	\$ 987,035
Business-type activities.....	<u>3,208,464</u>	<u>1,746,842</u>	<u>1,614,716</u>	<u>1,638,391</u>	<u>1,640,960</u>	<u>1,548,579</u>	<u>1,386,033</u>	<u>1,399,773</u>	<u>1,615,610</u>	<u>1,779,789</u>
Total primary government.....	<u>\$ 8,299,076</u>	<u>\$ 4,564,291</u>	<u>\$ 4,987,712</u>	<u>\$ 3,508,453</u>	<u>\$ 1,908,102</u>	<u>\$ 2,696,656</u>	<u>\$ 2,419,627</u>	<u>\$ 2,219,076</u>	<u>\$ 1,746,284</u>	<u>\$ 2,766,824</u>

Note: In 2020 prior years property taxes were restated to include property taxes levied by other governments and remitted to the City for the Community Redevelopment District.

Note: In 2019, direct allocation and Internal Service charges in the amount of \$1,873,941 are included in Governmental Charges for Services in lieu of transfers between funds.
in FY2020 general government expense were shown net of direct services allocations.

During the year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Modified accrual basis of accounting)

Table III

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Nonspendable.....	\$ 225,872	\$ 121,522	\$ 17,217	\$ 30,737	\$ 75,110	\$ 9,554	\$ 13,296	\$ 19,653	\$ 17,395	\$ 1,645
Restricted.....	80,135	26,280	484,554	399,002	235,491	99,491	228,309	316,533	196,458	605,017
Assigned.....	1,316,184	925,645	2,210,612	2,033,089	1,011,304	1,146,501	767,132	1,617,533	558,359	1,780,964
Unassigned.....	<u>6,789,224</u>	<u>5,725,279</u>	<u>2,157,015</u>	<u>2,175,186</u>	<u>1,219,178</u>	<u>3,791,172</u>	<u>3,676,556</u>	<u>2,352,968</u>	<u>3,016,441</u>	<u>2,119,220</u>
Total general fund.....	<u>\$ 8,411,415</u>	<u>\$ 6,798,726</u>	<u>\$ 4,869,398</u>	<u>\$ 4,638,014</u>	<u>\$ 2,541,083</u>	<u>\$ 5,046,718</u>	<u>\$ 4,685,293</u>	<u>\$ 4,306,687</u>	<u>\$ 3,788,653</u>	<u>\$ 4,506,846</u>
All Other Governmental Funds:										
Nonspendable.....	\$ -	\$ -	\$ -	\$ 37	\$ 1,220	\$ -	\$ -	\$ -	\$ 16,400	\$ -
Restricted.....	6,598,213	5,515,086	5,830,972	5,755,688	8,515,283	8,226,566	7,843,852	7,500,251	8,558,234	4,210,735
Committed.....	1,746,397	2,319,441	2,291,412	735,699	1,078,195	131,223	131,004	130,991	130,978	130,961
Assigned.....	-	-	-	4,046	2,557	1,664	4,597	8,799	4,453	20,045
Unassigned.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,715)</u>
Total all other governmental funds.....	<u>\$ 8,344,610</u>	<u>\$ 7,834,527</u>	<u>\$ 8,122,384</u>	<u>\$ 6,495,470</u>	<u>\$ 9,597,255</u>	<u>\$ 8,359,453</u>	<u>\$ 7,979,453</u>	<u>\$ 7,640,041</u>	<u>\$ 8,710,065</u>	<u>\$ 4,360,026</u>

Source: Balance Sheet Statement 3

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Modified accrual basis of accounting)

Table IV

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue:										
Taxes	\$ 6,846,724	\$ 6,479,490	\$ 6,466,760	\$ 6,362,040	\$ 6,057,443	\$ 5,910,665	\$ 5,735,019	\$ 5,648,079	\$ 5,431,600	\$ 5,381,971
Permits and fees	1,098,763	1,005,318	1,325,250	1,035,373	985,112	977,793	997,830	1,072,873	968,414	869,747
Intergovernmental	2,764,266	4,812,525	4,778,115	3,374,400	2,329,931	2,178,772	2,459,898	2,078,751	1,816,087	2,032,148
Charges for services	1,538,812	1,339,139	1,369,612	151,772	144,036	152,030	130,129	133,288	126,279	123,709
Fines and forfeitures	105,690	78,859	60,008	210,044	59,294	37,071	115,209	271,272	228,493	319,638
Investment Income	18,122	177,353	109,185	112,104	31,850	42,471	8,177	3,415	9,995	2,505
Miscellaneous	114,916	306,750	197,193	105,426	1,471,660	191,188	171,545	151,358	163,817	93,803
Total revenue	<u>12,487,293</u>	<u>14,199,434</u>	<u>14,306,123</u>	<u>11,351,159</u>	<u>11,079,326</u>	<u>9,489,990</u>	<u>9,617,807</u>	<u>9,359,036</u>	<u>8,744,685</u>	<u>8,823,521</u>
Expenditures:										
General government	2,302,022	1,804,129	1,928,980	2,414,366	2,065,509	2,138,730	2,079,960	2,048,137	2,259,139	2,376,905
Public safety	4,021,049	4,161,400	4,461,767	4,771,581	6,820,451	4,200,985	4,188,393	4,335,023	4,409,235	3,808,003
Transportation	444,268	1,121,842	849,025	337,299	296,719	722,949	522,141	426,670	783,393	274,514
Economic environment	893,603	945,788	1,028,024	258,634	255,518	309,424	563,039	1,084,763	1,597,229	2,725,325
Culture/recreation	1,131,945	950,366	985,466	821,443	823,203	1,046,301	1,212,663	1,001,836	995,081	746,812
Capital outlay.....	1,074,839	2,955,174	2,321,187	4,032,573	2,052,201	298,994	119,004	798,564	221,442	2,129,771
Debt Service:										
Principal retirement	745,000	730,000	715,000	700,000	685,000	670,000	655,000	640,000	336,283	155,367
Interest and fiscal charges	109,347	126,937	144,224	151,654	162,299	176,982	191,388	207,834	127,837	145,059
Total expenditures	<u>10,722,073</u>	<u>12,795,636</u>	<u>12,433,673</u>	<u>13,487,550</u>	<u>13,160,900</u>	<u>9,564,365</u>	<u>9,531,588</u>	<u>10,542,827</u>	<u>10,729,639</u>	<u>12,361,756</u>
Excess of revenue over (under) expenditures	<u>1,765,220</u>	<u>1,403,798</u>	<u>1,872,450</u>	<u>(2,136,391)</u>	<u>(2,081,574)</u>	<u>(74,375)</u>	<u>86,219</u>	<u>(1,183,791)</u>	<u>(1,984,954)</u>	<u>(3,538,235)</u>
Other Financing Sources (Uses):										
Revenue bonds issued	-	-	-	-	-	-	-	-	5,000,000	4,835,000
Transfers in	732,015	815,747	1,940,400	1,139,940	2,979,593	1,676,473	1,479,302	1,486,402	1,226,600	1,117,408
Transfers out	(374,463)	(578,074)	(1,940,400)	(8,403)	(2,165,852)	(860,673)	(847,502)	(854,602)	(609,800)	(500,608)
Payment to refunded bond escrow	-	-	-	-	-	-	-	-	-	(5,069,884)
Total other financing sources (uses)	<u>357,552</u>	<u>237,673</u>	<u>-</u>	<u>1,131,537</u>	<u>813,741</u>	<u>815,800</u>	<u>631,800</u>	<u>631,800</u>	<u>5,616,800</u>	<u>381,916</u>
Net change in fund balances.....	<u>\$ 2,122,772</u>	<u>\$ 1,641,471</u>	<u>\$ 1,872,450</u>	<u>\$ (1,004,854)</u>	<u>\$ (1,267,833)</u>	<u>\$ 741,425</u>	<u>\$ 718,019</u>	<u>\$ (551,991)</u>	<u>\$ 3,631,846</u>	<u>\$ (3,156,319)</u>
Debt service as a percentage of noncapital expenditures.....	<u>11.0%</u>	<u>8.7%</u>	<u>10.4%</u>	<u>7.5%</u>	<u>6.4%</u>	<u>9.6%</u>	<u>10.1%</u>	<u>9.7%</u>	<u>5.4%</u>	<u>3.8%</u>

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table V

Fiscal Year Ended 09/30	Tax Year Ended 12/31	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Government Property	Vacant Land and Other	Tangible/ Centrally Assessed Property	Total Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ¹
2012	2011	\$ 341,308,061	\$ 124,913,797	\$ 50,582,833	\$ 170,869	\$ 32,471,333	\$ 10,158,227	\$ 30,882,288	\$ 55,935,254	\$ 646,422,662	\$ 158,594,230	\$ 487,828,432	6.95000
2013	2012	\$ 321,531,011	\$ 111,476,945	\$ 47,917,706	\$ 124,093	\$ 31,699,934	\$ 26,384,666	\$ 16,223,093	\$ 53,870,338	\$ 609,227,786	\$ 158,725,598	\$ 450,502,188	7.35000
2014	2013	\$ 355,474,927	\$ 113,622,435	\$ 47,842,246	\$ 102,733	\$ 30,974,889	\$ 24,296,064	\$ 12,155,503	\$ 51,671,231	\$ 636,140,028	\$ 140,800,574	\$ 495,339,454	7.53000
2015	2014	\$ 331,118,948	\$ 117,233,692	\$ 50,323,505	\$ 32,877	\$ 32,590,419	\$ 26,230,631	\$ 16,079,953	\$ 57,248,114	\$ 630,858,139	\$ 143,984,727	\$ 486,873,412	7.13040
2016	2015	\$ 348,087,286	\$ 121,955,224	\$ 52,170,203	\$ 35,680	\$ 34,610,358	\$ 27,050,216	\$ 17,106,186	\$ 58,516,953	\$ 659,532,106	\$ 147,253,118	\$ 512,278,988	6.89490
2017	2016	\$ 368,014,057	\$ 130,150,602	\$ 53,764,117	\$ 38,763	\$ 35,861,332	\$ 26,995,665	\$ 17,761,873	\$ 58,447,308	\$ 691,033,717	\$ 151,762,995	\$ 539,270,722	6.89490
2018	2017	\$ 389,743,387	\$ 140,927,336	\$ 58,035,864	\$ 42,154	\$ 37,026,265	\$ 28,552,470	\$ 18,165,623	\$ 61,895,661	\$ 734,388,760	\$ 159,368,449	\$ 575,020,311	6.50000
2019	2018	\$ 425,887,150	\$ 151,461,812	\$ 61,794,977	n/a	\$ 37,968,696	\$ 29,205,776	\$ 14,669,785	\$ 71,135,387	\$ 792,123,583	\$ 167,108,032	\$ 625,015,551	6.25000
2020	2019	\$ 458,173,551	\$ 156,543,085	\$ 63,904,382	n/a	\$ 39,055,965	\$ 30,154,164	\$ 14,171,982	\$ 71,499,231	\$ 833,714,507	\$ 174,181,935	\$ 659,532,572	6.25000
2021	2020	\$ 490,680,198	\$ 170,134,208	\$ 68,004,916	n/a	\$ 41,303,526	\$ 31,263,853	\$ 12,716,224	\$ 73,181,326	\$ 887,497,071	\$ 181,527,765	\$ 705,969,306	6.25000

Source: Property Appraiser, Volusia County, Florida
Final Post VAB Values Grouped by Property Classification Report
Final Millage Rates Report

Note: ¹Property in the City of Holly Hill is reassessed each year by the Volusia County Property Appraiser.

¹All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll
Property is assessed at actual value. Tax rates are per \$1,000 of assessed value.

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table VI

Fiscal Year ¹	Tax Year	Holly Hill	Volusia County- Operating ²	Volusia County- Voter Approved	Volusia County- School District ²	St. Johns Water Management District	Florida Inland Navigation District	Hospital District	East Volusia Mosquito Control District	Ponce DeLeon Inlet and Port Authority	Total- All Taxing Districts
2012	2011	6.95000	6.37910	0.40000	8.06300	0.33130	0.03450	1.75000	0.20800	0.09290	24.20880
2013	2012	7.35000	6.48090	0.40000	7.88800	0.33130	0.03450	1.25000	0.20800	0.09290	24.03560
2014	2013	7.53000	6.87090	0.40000	7.35800	0.32830	0.03450	1.00000	0.20800	0.09290	23.82260
2015	2014	7.13040	6.87090	0.40000	7.33600	0.31640	0.03450	1.00000	0.18800	0.09290	23.36910
2016	2015	7.13040	6.87090	0.40000	7.19700	0.30230	0.03200	0.95500	0.18800	0.09290	23.16850
2017	2016	6.89490	6.65200	0.40000	6.84800	0.28850	0.03200	0.75610	0.18800	0.09290	22.15240
2018	2017	6.89490	6.62500	0.40000	6.52000	0.27240	0.03200	0.37810	0.18800	0.09290	21.40330
2019	2018	6.50000	6.24640	0.40000	6.28100	0.25620	0.03200	0.35460	0.18800	0.09290	20.35110
2020	2019	6.25000	6.14200	0.40000	6.08100	0.24140	0.03200	0.35460	0.18800	0.09290	19.78190
2021	2020	6.25000	5.96740	0.18350	5.90700	0.22870	0.03200	0.98790	0.17810	0.08800	19.82260

Source: Property Appraiser, Volusia County, Florida
Final Millage Rates Report

Note: Tax millage rates are per \$1,000 of assessed value.

¹All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll

²Includes voted debt service millage rates, as applicable.

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA

Table VII

Taxpayer	September 30, 2021			September 30, 2012		
	Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value	Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value
Daytona Grande LLC.....	\$ 23,163	1	3.28%	-	-	-
Florida Power & Light Company.....	\$ 16,028	2	2.27%	\$ 8,399	3	1.72%
Holly Hill RHF Housing, Inc.....	\$ 14,321	3	2.03%	\$ 9,425	2	1.93%
Sun Holly Forest, LLC.....	\$ 11,216	4	1.59%	\$ 6,915	4	1.42%
Highlander Corp.....	\$ 10,398	5	1.47%	\$ 5,068	6	1.04%
United Rentals N America Inc.....	\$ 8,163	6	1.16%	-	-	-
J 8 Land Partners LLLP.....	\$ 7,393	7	1.05%	-	-	-
NAC Health Plan Inc.....	\$ 5,698	8	0.81%	-	-	-
SNH SE Holly Hill LLC.....	\$ 5,683	9	0.80%	-	-	-
Walmart Stores East LP	\$ 5,586	10	0.79%	-	-	-
Holly Hill Associates, Inc.....	\$ -	-	-	\$ 56,369	1	11.56%
Charleston Place Ltd. Ptr.....	\$ -	-	-	\$ 5,592	5	1.15%
Riverside Holly Hill LLC.....	\$ -	-	-	\$ 4,771	7	0.98%
Metra Electronics Corp.....	\$ -	-	-	\$ 3,981	8	0.82%
HH Blue Tides LLC.....	\$ -	-	-	\$ 3,925	9	0.80%
Holly Station Inc.....	\$ -	-	-	\$ 3,689	10	0.76%
Totals.....	<u>\$ 107,650</u>		<u>15.25%</u>	<u>\$ 108,134</u>		<u>22.17%</u>

Source: Property Appraiser, Volusia County, Florida
Explanation of Just and Taxable Values and Top Ten Taxpayers by Taxing Authority Report
Final Post VAB Values Grouped by Property Classification Report

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(\$ in thousands)

Table VIII

Fiscal Year Ended September	Taxes Levied For Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2012	\$	3,308,482	\$ 3,200,817	96.75%	\$ 2,899	\$ 3,203,716	96.83%
2013	\$	3,311,191	\$ 3,203,655	96.75%	\$ 15,556	\$ 3,219,211	97.22%
2014	\$	3,419,275	\$ 3,296,191	96.40%	\$ 15,607	\$ 3,311,799	96.86%
2015	\$	3,473,127	\$ 3,413,302	98.28%	\$ 4,250	\$ 3,417,552	98.40%
2016	\$	3,657,068	\$ 3,537,828	96.74%	\$ 3,694	\$ 3,541,522	96.84%
2017	\$	3,718,849	\$ 3,601,297	96.84%	\$ 610	\$ 3,601,907	96.86%
2018	\$	3,964,708	\$ 3,853,830	97.20%	\$ 8,896	\$ 3,862,726	97.43%
2019	\$	4,062,601	\$ 3,917,093	96.42%	\$ 218,370	\$ 4,135,463	101.79%
2020	\$	4,122,079	\$ 3,815,378	92.56%	\$ 163,615	\$ 3,978,992	96.53%
2021	\$	4,412,308	\$ 4,124,026	93.47%	\$ -	\$ 4,124,026	93.47%

Source: Finance Department, City of Holly Hill, Florida
Source: Property Appraiser, Volusia County, Florida
Final Post VAB Values Grouped by Property Classification Report

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e. 2014 collections are from the 2013 tax levy) and reported in the year used for revenue recognition.

**WATER PRODUCED AND CONSUMED/WASTEWATER TREATED
LAST TEN FISCAL YEARS**

Table IX

Fiscal Year Ended September	Gallons of Water Production	Gallons of Wastewater Treated
2012	372,733,000	514,650,000
2013	353,886,000	563,130,000
2014	347,865,000	563,070,000
2015	333,052,000	641,625,000
2016	351,220,000	548,690,000
2017	376,182,000	616,850,000
2018	401,159,000	782,528,000
2019	417,344,000	598,231,000
2020	392,233,000	690,003,000
2021	375,825,000	693,500,000

Source: Public Works Departments, City of Holly Hill, Florida

WATER AND SEWER UTILITY RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table X

Fiscal Year Ended September 30	<u>Monthly Water Service Fees</u>			<u>Monthly Sewer Service Fees</u>		
	0 to 2,999 Gallons	3000 to 14,999 Gallons	Over 15,000 Gallons	0 to 2,999 Gallons	Over 3,000 Gallons	Over 15,000 Gallons
2012	\$ 12.04	\$ 5.86	\$ 7.03	\$ 14.31	\$ 6.74	N/A
2013	\$ 12.81	\$ 6.04	\$ 7.25	\$ 14.74	\$ 6.95	N/A
2014	\$ 13.20	\$ 6.23	\$ 7.47	\$ 15.18	\$ 7.16	N/A
2015	\$ 13.60	\$ 6.42	\$ 7.70	\$ 15.64	\$ 7.38	N/A
2016	\$ 14.01	\$ 6.62	\$ 7.94	\$ 16.11	\$ 7.61	N/A
2017	\$ 14.43	\$ 6.82	\$ 8.18	\$ 16.59	\$ 7.84	N/A
2018	\$ 14.86	\$ 7.02	\$ 8.43	\$ 17.09	\$ 8.08	N/A
2019	\$ 15.31	\$ 7.23	\$ 8.68	\$ 17.60	\$ 8.32	N/A
2020	See next two pages					
2021	See next two pages					

Source: Utility Billing Department, City of Holly Hill, Florida

WATER AND SEWER UTILITY RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table X

Fiscal Year Ended September 30	Fee Type	<u>Monthly Water Service Fees</u>		
		0 to 2,000 Gallons	2001 to 5,000 Gallons	5001 to 10,000 Gallons
2020	Inside Residential	\$ 3.98	\$ 7.95	\$ 9.15
	Inside Multi Unit Residential	\$ 3.98	\$ 7.95	\$ 9.15
	Inside Non-Residential	\$ 7.95	\$ 7.95	\$ 9.15
	Inside Multi Unit Non-Residential	\$ 3.98	\$ 7.95	\$ 9.15
	Outside Residential	\$ 4.98	\$ 9.94	\$ 11.44
	Outside Multi Unit Residential	\$ 4.98	\$ 9.94	\$ 11.44
	Outside Non-Residential	\$ 9.94	\$ 9.94	\$ 11.44
	Outside Multi Unit Non-Residential	\$ 4.98	\$ 9.94	\$ 11.44
2021	Inside Residential	\$ 4.20	\$ 8.39	\$ 9.65
	Inside Multi Unit Residential	\$ 4.20	\$ 8.39	\$ 9.65
	Inside Non-Residential	\$ 8.39	\$ 8.39	\$ 9.65
	Inside Multi Unit Non-Residential	\$ 4.20	\$ 8.39	\$ 9.65
	Outside Residential	\$ 5.25	\$ 10.48	\$ 12.07
	Outside Multi Unit Residential	\$ 5.25	\$ 10.48	\$ 12.07
	Outside Non-Residential	\$ 10.48	\$ 10.48	\$ 12.07
	Outside Multi Unit Non-Residential	\$ 5.25	\$ 10.48	\$ 12.07

WATER AND SEWER UTILITY RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table X

Fiscal Year Ended September 30	Fee Type	<u>Monthly Water Service Fees</u>		<u>Monthly Sewer Service Fees</u>	
		10001 to 15,000 Gallons	Over 15,000 Gallons	0 to 2,000 Gallons	Over 2,000 Gallons
2020	Inside Residential	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35
	Inside Multi Unit Residential	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35
	Inside Non-Residential	\$ 9.15	\$ 9.15	\$ 9.35	\$ 9.35
	Inside Multi Unit Non-Residential	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35
	Outside Residential	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69
	Outside Multi Unit Residential	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69
	Outside Non-Residential	\$ 11.44	\$ 11.44	\$ 11.69	\$ 11.69
	Outside Multi Unit Non-Residential	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69
2021	Inside Residential	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86
	Inside Multi Unit Residential	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86
	Inside Non-Residential	\$ 9.65	\$ 9.65	\$ 9.86	\$ 9.86
	Inside Multi Unit Non-Residential	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86
	Outside Residential	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33
	Outside Multi Unit Residential	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33
	Outside Non-Residential	\$ 12.07	\$ 12.07	\$ 12.33	\$ 12.33
	Outside Multi Unit Non-Residential	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33

TEN LARGEST WATER AND SEWER CUSTOMERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA

Table XI

Customer Account Name	September 30, 2021			September 30, 2012		
	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales
MGH Condo Assoc Inc	\$ 714,694	2	9.26%	\$ 171,994	1	3.22%
Angelica Health Svc	563,062	1	7.30%	127,498	3	2.39%
Holly Point Apartments (Royal American)	181,706	3	2.35%	103,263	4	1.93%
Blue Tide Apartments #A&B	74,844	7	0.97%	75,663	6	1.42%
Maple Leaf Own Condo	61,725	6	0.80%	43,327	7	0.81%
Bishops Glenn	50,048	4	0.65%	135,313	2	2.53%
Sun Communities Operating LMT	40,700	9	0.53%	32,553	9	0.61%
MGH Maint Assoc Inc	40,348	8	0.52%	-	-	0.00%
Florida Health Care	36,891	5	0.48%	-	-	0.00%
Holly Square Assn	32,820	10	0.43%	37,789	8	0.71%
Charleston Place LP	-	-	0.00%	101,736	5	1.90%
Riviera Senior Living LLC	-	-	0.00%	26,287	10	0.49%
Total	<u>\$ 1,796,838</u>			<u>\$ 855,423</u>		
Total Water and Sewer Sales	<u>\$ 7,716,939</u>			<u>\$ 5,344,550</u>		

Source: Utility Billing Department, City of Holly Hill, Florida

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA**

Table XII

Fiscal Year Ended September 30	Governmental Activities					Business-type				Total Primary Government	Percent of Personal Income	Per Capita
	Redevelopment Notes	State Revolving Fund Loans¹	Other Notes/ Capital Leases	Total	Water and Sewer Bonds	State Revolving Fund Loans¹	Total					
2012	\$ 4,835,000	\$ -	\$ 36,283	\$ 4,871,283	\$ 14,150,000	\$ 9,719,893	\$ 23,869,893	\$ 28,741,176	7.39%	\$ 2,471		
2013	\$ 9,535,000	\$ -	\$ -	\$ 9,535,000	\$ 15,450,000	\$ 9,059,235	\$ 24,509,235	\$ 34,044,235	7.30%	\$ 2,928		
2014	\$ 8,895,000	\$ -	\$ -	\$ 8,895,000	\$ 14,465,000	\$ 8,382,640	\$ 22,847,640	\$ 31,742,640	7.74%	\$ 2,718		
2015	\$ 8,240,000	\$ -	\$ -	\$ 8,240,000	\$ 13,275,000	\$ 7,689,713	\$ 20,964,713	\$ 29,204,713	5.94%	\$ 2,482		
2016	\$ 7,570,000	\$ -	\$ -	\$ 7,570,000	\$ 12,060,000	\$ 6,980,042	\$ 19,040,042	\$ 26,610,042	5.48%	\$ 2,255		
2017	\$ 6,885,000	\$ -	\$ -	\$ 6,885,000	\$ 10,820,000	\$ 6,253,203	\$ 17,073,203	\$ 23,958,203	4.74%	\$ 2,006		
2018	\$ 6,185,000	\$ -	\$ -	\$ 6,185,000	\$ 9,550,000	\$ 5,508,772	\$ 15,058,772	\$ 21,243,772	5.30%	\$ 1,739		
2019	\$ 5,470,000	\$ -	\$ -	\$ 5,470,000	\$ 8,593,381	\$ 4,746,300	\$ 13,339,681	\$ 18,809,681	4.70%	\$ 1,540		
2020	\$ 4,740,000	\$ -	\$ -	\$ 4,740,000	\$ 7,213,143	\$ 3,965,338	\$ 11,178,481	\$ 15,918,481	2.60%	\$ 1,288		
2021	\$ 3,995,000	\$ -	\$ -	\$ 3,995,000	\$ 5,806,202	\$ 3,165,415	\$ 8,971,617	\$ 12,966,617	2.85%	\$ 1,001		

Source: Finance Department, City of Holly Hill, Florida
U.S. Census Bureau - Population of Holly Hill
U.S. Census Bureau - Median Household Income of Volusia County

Note: Details concerning the City's outstanding debt can be found in the notes to the financial statements.
Principal amounts are stated at par and do not include unamortized premiums, discounts or issue costs.

¹ Effective 10/01/2009, the governmental activities' state revolving fund loan was transferred to business-type activities in conjunction with the establishment of the Stormwater Utility Fund.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA**

Table XIII

The City of Holly Hill, Florida has had no General Bonded Debt Outstanding during each of the past 10 fiscal years.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CITY OF HOLLY HILL, FLORIDA

Table XIV

Governmental Unit	Principal Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
County of Volusia, Florida			
General Obligation Bonds.....	\$ -	1.7744%	\$ -
City direct debt.....			<u>3,995,000</u>
Total direct and overlapping debt.....			<u>\$ 3,995,000</u>

Source: Assessed valuation data used to estimate applicable percentage provided by Volusia County Property Appraiser. Debt outstanding data provided by each government unit.

Note: Includes all direct debt - including bonds, notes, loans and capital leases
Estimated percentage based on 2019 Final Gross Taxable Value (Form DR-422)

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table XV

The Constitution of the State of Florida, section 200.181, Florida Statutes,
and the City of Holly Hill, Florida have set no legal debt limit.

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(\$000's)

Table XVI

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CRA Redevelopment Revenue Notes:										
(Defined) revenues.....	\$ 2,621	\$ 2,407	\$ 2,361	\$ 2,250	\$ 2,130	\$ 2,000	\$ 1,972	\$ 1,685	\$ 1,511	\$ 1,570
Less: operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue available for debt service.....	2,621	2,407	2,361	2,250	2,130	2,000	1,972	1,685	1,511	1,570
Debt Service payments:										
Principal.....	745	730	715	700	685	670	655	640	300	246
Interest.....	<u>109</u>	<u>127</u>	<u>144</u>	<u>147</u>	<u>162</u>	<u>177</u>	<u>192</u>	<u>208</u>	<u>99</u>	<u>224</u>
Total debt service payments.....	<u>\$ 854</u>	<u>\$ 857</u>	<u>\$ 859</u>	<u>\$ 847</u>	<u>\$ 847</u>	<u>\$ 847</u>	<u>\$ 847</u>	<u>\$ 848</u>	<u>\$ 399</u>	<u>\$ 470</u>
Coverage ratio (times).....	<u>3.07</u>	<u>2.81</u>	<u>2.75</u>	<u>2.66</u>	<u>2.51</u>	<u>2.36</u>	<u>2.33</u>	<u>1.99</u>	<u>3.79</u>	<u>3.34</u>
FDEP Clean Water State Revolving Fund Loans:										
(Defined) stormwater revenues.....	\$ 1,154	\$ 1,085	\$ 1,053	\$ 937	\$ 947	\$ 947	\$ 802	\$ 796	\$ 803	\$ 806
Less: operating expenses	<u>582</u>	<u>553</u>	<u>669</u>	<u>394</u>	<u>407</u>	<u>457</u>	<u>440</u>	<u>393</u>	<u>283</u>	<u>270</u>
Net revenue available for debt service.....	571	532	384	543	540	490	362	403	520	536
Debt Service payments:										
Principal.....	332	324	317	310	303	296	289	283	276	270
Interest.....	<u>22</u>	<u>29</u>	<u>37</u>	<u>44</u>	<u>50</u>	<u>58</u>	<u>65</u>	<u>71</u>	<u>78</u>	<u>84</u>
Total debt service payments.....	<u>\$ 354</u>	<u>\$ 353</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 353</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>
Coverage ratio (times).....	<u>1.62</u>	<u>1.51</u>	<u>1.08</u>	<u>1.53</u>	<u>1.53</u>	<u>1.38</u>	<u>1.02</u>	<u>1.14</u>	<u>1.47</u>	<u>1.51</u>
Water and Sewer System Revenue Bonds:										
(Defined) water/sewer system revenues.....	\$ 8,115	\$ 7,566	\$ 7,283	\$ 6,872	\$ 6,463	\$ 6,188	\$ 5,934	\$ 5,675	\$ 5,776	\$ 5,553
Less: operating expenses	<u>3,874</u>	<u>4,573</u>	<u>4,332</u>	<u>3,291</u>	<u>3,101</u>	<u>2,691</u>	<u>2,519</u>	<u>2,478</u>	<u>2,373</u>	<u>2,242</u>
Net revenue available for debt service.....	4,241	2,993	2,951	3,581	3,362	3,497	3,415	3,197	3,403	3,311
Debt Service payments:										
Principal.....	1,355	1,330	1,295	1,270	1,240	1,215	1,190	985	985	855
Interest.....	<u>208</u>	<u>244</u>	<u>280</u>	<u>268</u>	<u>297</u>	<u>325</u>	<u>352</u>	<u>402</u>	<u>402</u>	<u>563</u>
Total debt service payments.....	<u>\$ 1,563</u>	<u>\$ 1,574</u>	<u>\$ 1,575</u>	<u>\$ 1,538</u>	<u>\$ 1,537</u>	<u>\$ 1,540</u>	<u>\$ 1,542</u>	<u>\$ 1,387</u>	<u>\$ 1,387</u>	<u>\$ 1,418</u>
Coverage ratio (times).....	<u>2.71</u>	<u>1.90</u>	<u>1.87</u>	<u>2.33</u>	<u>2.19</u>	<u>2.27</u>	<u>2.21</u>	<u>2.30</u>	<u>2.45</u>	<u>2.33</u>
FDEP Clean Water State Revolving Fund Loans:										
Subordinate Debt Service payments:										
Principal.....	468	457	446	435	425	413	403	394	385	376
Interest.....	<u>62</u>	<u>74</u>	<u>85</u>	<u>96</u>	<u>107</u>	<u>117</u>	<u>126</u>	<u>137</u>	<u>146</u>	<u>155</u>
Total debt service payments.....	<u>\$ 530</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 532</u>	<u>\$ 530</u>	<u>\$ 529</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 531</u>
Combined Coverage ratio (times).....	<u>2.03</u>	<u>1.42</u>	<u>1.40</u>	<u>1.73</u>	<u>1.62</u>	<u>1.69</u>	<u>1.65</u>	<u>1.67</u>	<u>1.77</u>	<u>1.70</u>

Notes: Details concerning the City's outstanding debt obligations are found in the notes to financial statements.

Trend information does not include historical reporting of coverage for any retired obligations.

CRA Redevelopment Bonds are secured by tax increment revenues.

FDEP SRF Loan is secured with the City's stormwater utility revenues.

Water and Sewer Bonds are secured by all revenues of the water and sewer system. Operating expenses are stated net of depreciation expense. Debt service amounts for FDEP SRF Loan (which are subordinate to the 2002 Bonds) are combined with all obligations secured by Pledged Revenues.

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table XVII

Fiscal Year Ended		Volusia County Personal Income ²	Per Capita Personal Income ²	Median Household Income ³	County Unemployment Rate ⁴
September 30	Population ¹				
2012	11,628	\$ 17,445,812	\$ 35,228	\$ 43,419	10.00%
2013	11,679	\$ 17,611,927	\$ 35,238	\$ 27,313	6.00%
2014	11,765	\$ 18,413,739	\$ 36,664	\$ 41,714	5.60%
2015	11,985	\$ 19,297,694	\$ 38,154	\$ 41,117	5.30%
2016	12,142	\$ 20,461,018	\$ 39,151	\$ 43,070	5.20%
2017	12,479	\$ 21,280,600	\$ 40,566	\$ 44,915	3.70%
2018	12,218	\$ 22,613,682	\$ 42,374	46,760	3.50%
2019	12,316	n/a	\$ 40,081	n/a	2.90%
2020	12,357	\$ 24,444,162	\$ 44,180	\$ 49,494	7.60%
2021	12,958	\$ 26,095,706	\$ 46,475	\$ 35,113	4.30%

Sources: ¹ U.S. Census Bureau - Population of Holly Hill, FL

² U.S. Bureau of Economic Analysis - Personal Income of Volusia County, FL
Personal Income in Thousand of Dollars

² U.S. Bureau of Economic Analysis - Per Capita Personal Income of Volusia County, FL

³ U.S. Census Bureau - Median Household Income of Volusia County, FL

⁴ U.S. Bureau of Labor Statistics - County Unemployment Rate of Volusia County, FL

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA**

Table XVIII

Employer	September 30, 2021			September 30, 2012		
	Total Employees	Rank	Percent to Total City Employment	Total Employees	Rank	Percent to Total City Employment
Florida Health Care.....	832	1	13.10%	800	1	13.90%
Metra Electronics Corporation.....	400	2	6.30%	501	2	8.70%
Holly Hill R.H.F. Housing Inc (Bishop's Glen).....	225	3	3.54%	225	3	3.91%
City of Holly Hill.....	117	4	1.84%	85	5	1.48%
Holly Hill Elementary/Middle School.....	101	5	1.59%	114	4	1.98%
Bob's Space Racers.....	75	6	1.18%	60	7	1.04%
Surface Crafters.....	73	7	1.15%	-	-	-
Angelica.....	69	8	1.09%	-	-	-
Five Star Quality Care (Riviera).....	65	9	1.02%	-	-	-
R & R Industries, Inc.....	64	10	1.01%	-	-	-
Cicero Masonry, Inc.....	-	-	-	75	6	1.30%
Parks Stage Restaurant.....	-	-	-	25	9	0.43%
Mediatech, Inc.....	-	-	-	26	8	0.45%
Durostone Solid Surfaces, Inc.....	-	-	-	18	10	0.31%
Total.....	<u>2,021</u>		<u>31.83%</u>	<u>1,929</u>		<u>33.51%</u>
Estimated Civilian Labor Force.....	<u>6,349</u>			<u>5,756</u>		

Source: Volusia County Economic Development
U.S. Census Bureau - Population of Holly Hill
U.S. Census Bureau - Civilian Labor Force of Holly Hill

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table XIX

	Full-Time Equivalent Employees at September 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
City Commission.....	5.00	5.00	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager.....	2.00	2.50	2.0	2.0	2.0	2.0	3.6	2.5	2.5	2.5
Finance/Administration.....	12.00	13.00	13.0	11.0	11.8	11.8	10.0	12.0	12.0	12.0
Human Relations.....	1.00	1.00	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information Technology	1.00	1.00	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety:										
Police:										
Officers.....	25.00	25.50	25.5	25.0	25.0	25.0	27.0	31.0	30.0	29.0
Civilians.....	3.00	4.00	4.0	5.0	5.7	5.7	5.7	5.0	5.0	5.0
Fire:										
Firefighters and officers.....	13.00	13.00	13.0	13.0	13.0	13.0	13.0	13.5	13.5	13.5
Civilians.....	1.00	1.00	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Protective Inspection.....	7.50	6.85	6.5	5.9	4.0	4.0	4.0	-	-	-
Physical Environment:										
Transportation.....	7.50	7.50	7.0	7.0	7.0	7.0	7.0	2.5	2.5	2.5
Buildings & Grounds.....	6.20	6.20	6.5	6.0	6.5	6.5	6.0	6.0	6.0	6.0
Culture/Recreation:										
Recreation.....	-	-	-	-	-	-	-	-	-	-
Economic Environment:										
Community Redevelopment.....	1.00	1.00	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works:										
Administration.....	3.00	3.00	3.0	-	-	-	-	6.0	6.0	6.0
Stormwater.....	3.50	3.50	4.0	4.2	4.2	4.2	4.7	3.5	3.5	3.5
Solid Waste.....	-	-	-	-	-	-	-	-	-	-
Public Utilities:										
Water.....	13.50	11.50	11.0	14.3	14.0	14.0	14.0	14.5	14.5	14.5
Sewer.....	12.00	12.00	11.0	12.1	12.1	12.1	12.1	12.0	12.0	13.0
Total	<u>117.20</u>	<u>117.55</u>	<u>115.5</u>	<u>115.6</u>	<u>115.3</u>	<u>115.3</u>	<u>117.1</u>	<u>118.5</u>	<u>117.5</u>	<u>117.5</u>

Source: City of Holly Hill Budgeted Positions

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table XX

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police:										
Physical arrests.....	454	417	570	732	1,105	945	741	838	935	1,192
Parking violations.....	-	-	-	-	-	-	-	-	-	-
Traffic violations.....	1,987	992	2,112	3,289	1,139	1,704	2,765	1,992	1,358	1,218
Fire:										
Emergency responses.....	2,768	2,826	2,717	3,102	3,154	2,855	2,834	2,423	2,668	2,480
Inspections.....	1,455	1,419	1,175	1,595	1,492	1,401	1,089	781	1,134	522
Solid Waste:										
Refuse collected (tons per day).....	-	-	-	-	-	-	-	-	-	-
Recyclables collected (tons per day).....	-	-	-	-	-	-	-	-	-	-
Public Works-Transportation:										
Street resurfacing (miles).....	-	3	-	-	-	1	1	-	6	-
Water:										
New connections.....	1	4	39	4	5	7	2	46	1	4
Water main breaks.....	4	2	4	8	5	3	1	6	12	22
Average daily consumption (thousands of gallons)...	1,111	1,072	1,144	1,096	1,030	959	917	960	967	1,024
Peak daily consumption (thousands of gallons).....	1,782	1,129	1,526	1,461	1,237	1,145	1,099	1,136	1,153	1,175
Sewer:										
Average daily treatment (thousands of gallons).....	1,900	1,920	1,640	2,138	1,690	1,520	1,758	1,543	1,543	1,412

Source: City of Holly Hill Police, Fire, Public Works and Water/Sewer Departments

Note: Solid waste and recycling are collected by an outside agency.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table XXI

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units ¹	4	4	4	3	4	3	4	4	4	4
Fire stations.....	1	1	1	1	1	1	1	1	1	1
Public Works-Transportation:										
Streets (miles) ²	69	69	69	69	69	69	69	69	69	69
Streetlights ⁴	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	963	963
Parks and recreation:										
Acreage.....	97	97	97	97	97	97	97	97	97	84
Dog Park.....	1	1	1	1	1	1	1	1	1	1
Playgrounds.....	4	4	4	5	5	4	4	4	4	4
Tennis Courts.....	2	2	2	2	2	2	2	2	2	2
Shuffleboard courts.....	3	3	-	-	-	-	-	-	-	-
Fishing Piers.....	3	3	3	4	4	4	3	3	3	3
Boat Ramps.....	1	1	1	1	1	1	1	1	1	1
Swimming Pools.....	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds.....	1	1	1	5	5	5	5	5	5	5
Community centers.....	5	5	2	2	2	3	4	4	2	2
Water:										
Water mains (miles).....	75	75	75	75	75	75	75	75	75	74
Fire hydrants.....	408	408	408	408	402	392	389	364	364	355
Treatment capacity (millions of gallons).....	2	2	2	2	2	2	2	2	2	2
Sewer:										
Sanitary sewers (miles) ³	66	66	66	66	66	66	66	66	66	66
Storm sewers (miles).....	42	42	42	42	42	42	42	42	42	42
Treatment capacity (millions of gallons).....	3	3	3	3	3	3	3	3	3	3

Source: City of Holly Hill Police, Fire, Public Works and Water/Sewer Departments

¹Does not include special patrols i.e. CRA SRT

²Historical data restated to include County, DOT & private roads within the city limits

³Historically recalculated based on current GIS data

⁴FPL Audit June 2013

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

To the Honorable Mayor, City Commission, and City Manager,
City of Holly Hill, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 the City of Holly Hill, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as findings 2021-001, 2021-002, and 2021-003 below that we consider to be significant deficiencies.

- **2021-001 Donated Capital Assets:** Significant account balances and transactions should be properly recorded in compliance with generally accepted accounting principles in the United States of America. An adjustment was necessary to reverse the recordation of the in-kind donation of capital assets valued at \$1.14 million as income and capital outlay expense in the CRA. This should have only been recorded as a government-wide transaction per professional standards. We recommend the City review GASB promulgated principles and standards to ensure transactions are properly recorded in accordance with generally accepted accounting principles. In addition, we recommend the City determine the optimal entries to post to the accounting

system (use of contra-accounts at the fund level) to ensure the capitalization and depreciation of such assets on a government-wide basis.

- **2021-002 FEMA Grant Revenue:** Grant revenue should be recognized in accordance with GAAP and the related City's revenue recognition policies (FEMA grant revenue only recognized if collected within 60 days of year-end). An adjustment totaling \$618,000 for the capital projects fund was required to derecognize grant revenue and increase deferred inflows. An entry totaling \$37,000 for the general fund was necessary to properly recognize grant receivables and related revenues. We recommend the City review grant activity to ensure appropriate revenue recognition in accordance with GAAP and City's accounting policies.
- **2021-003 Internal Service Funds:** Adjustments to the internal service funds and general fund were necessary to reconcile beginning net position to the prior year ending balances and properly account for transfers of capital assets between funds. We recommend the City review adjustments related to closing out the internal service funds to ensure transfers are properly recorded and are not posted directly to net position accounts.

Compliance and Other Matters

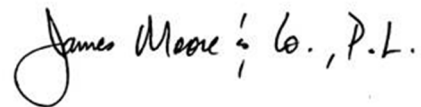
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Response to Findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Daytona Beach, Florida
March 12, 2022

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commission, and City Manager,
City of Holly Hill, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Holly Hill, Florida (the City), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 12, 2022

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 12, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following is a summary of all findings and recommendations reported in the preceding financial audit report; the findings were not included in the second preceding annual financial report.

- **2020-001 Prior Period Adjustments:** Corrective action taken.
- **2020-002 Unauthorized User Access to Accounting System Functions:** Corrective action taken.
- **2020-003 Bank Reconciliations:** Corrective action taken.
- **2020-004 Data Backups:** Corrective action taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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 had no 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.

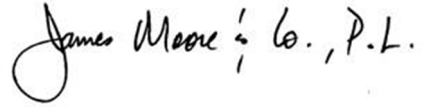
The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of Holly Hill Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Commission, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Daytona Beach, Florida
March 12, 2022

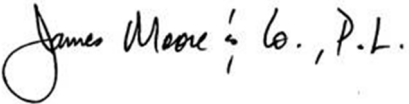
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Holly Hill, Florida:

We have examined the City of Holly Hill, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Daytona Beach, Florida
March 12, 2022



MEMO TO: The Honorable Mayor and City Commission
The State Auditor General

THRU: Joseph Forte, City Manager

FROM: Stella Gurnee, Finance Director

DATE: March 11, 2022

SUBJECT: Reply to the Independent Auditor's Report on Internal Control and Management
Letter Comments for Fiscal Year Ended September 30, 2021

FINANCIAL STATEMENT FINDINGS

2021-001 Donated Capital Assets:

Management concurs with this comment and recommendation. Management will review donation transactions monthly to ensure proper recording in compliance with generally accepted accounting principles.

2021-002 FEMA Grant Revenue:

Management concurs with this comment and recommendation. Management will review grant activity to ensure appropriate revenue recognition in compliance with generally accepted accounting principles.

2021-003 Internal Service Funds:

Management concurs with this comment and recommendation. Management will closely review all proposed entries to net position accounts and ensure entries are recorded in compliance with generally accepted accounting principles.