City of Oak Hill, Florida

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

City of Oak Hill, Florida
Table of Contents
September 30, 2023

INTRODUCTORY SECTION

Title Page 1
Table of Contents 2
City Commission 3

FINANCIAL SECTION

Independent Auditor's Report 5
Management's Discussion and Analysis 9

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
Statement of Net Position 19
Statement of Activities 20
Fund Financial Statements:
Balance Sheet – Governmental Fund 21
Reconciliation of Fund Balance of the Governmental Fund to Net Position of the Governmental Activities 22
Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Fund 23
Reconciliation of Net Change in Fund Balance of the Governmental Fund to Change in Net Position of the Governmental Activities 24
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual: General Fund 25
Notes to Financial Statements 27

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – Last Ten Fiscal Years 50
Schedule of Contributions– Last Ten Fiscal Years 51

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 55
Schedule of Expenditures of State of Florida Financial Assistance 57
Notes to the Schedule of Expenditures of State of Florida Financial Assistance 58
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General 59
Schedule of Findings and Questioned Costs – State Projects 63
Independent Auditor's Management Letter 69
Independent Accountant's Report on Compliance with Local Government Investment Policies 75
Corrective Action Plan 77

City of Oak Hill, Florida
City Commission
As of September 30, 2023

CITY COMMISSION
Honorable Douglas Gibson
Mayor

Bill Lindlau
Vice Mayor

Joe Catigano
Linda Hyatt
Steve Mcgee

CITY ADMINISTRATOR
(Vacant at September 30, 2023)

CITY ATTORNEY
Scott E. Simpson, Esq.



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CPAs and Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Commission
City of Oak Hill, Florida

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Oak Hill, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Oak Hill, Florida's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of Oak Hill, Florida, as of September 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the City of Oak Hill, Florida, as of September 30, 2023, and the respective changes in financial position thereof and, where applicable, the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Oak Hill, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not performed a calculation of the other post-employment benefits liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and, accordingly, has not recorded deferred inflows of resources, deferred outflows of resources, a liability related to post-employment benefits, and expenses, as the amounts are unknown. The City has also not reported the required note disclosures. Accounting principles generally accepted in the United States of America require that such obligations be recorded, which would increase deferred inflows of resources, deferred outflows of resources, liabilities, and expenses, and would decrease the net position in the Governmental Activities. The amount by which this departure would affect the deferred inflows of resources, deferred outflows of resources, liabilities, expenses, and net position of the Governmental Activities has not been determined.

Responsibilities of Management for the Financial Statements

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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Oak Hill, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt the City of Oak Hill, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability – Last Ten Fiscal Years, and the Schedule of Contributions – Last Ten Fiscal years, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Hill, Florida's basic financial statements. The accompanying Schedule of Expenditures of State of Florida Financial Assistance, as required by Chapter 10.550, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State of Florida Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standard*s

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024, on our consideration of the City of Oak Hill, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Oak Hill, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oak Hill, Florida's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2024

As financial management of City of Oak 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 year that ended on September 30, 2023. 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 the financial statements, which follow this section, taken as a whole.

Financial Highlights

- The total assets of the City exceeded its liabilities (net position) at the close of the most recent fiscal year by $9,528,312, compared to $6,096,329 one year earlier. Of this amount, $1,700,435 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors, compared to $1,093,755 at the beginning of the year.
- Total net position increased by $3,431,983 (or 56.3%) in 2023, compared to an increase of $3,840,605 (or 170.2%) in 2022. The City's total net position increased at a much higher rate in 2023 compared to 2022, first of all due to a prior period adjustment of $956,429 that was discovered in the current year, see Note 2. Secondly, the City received a large Wastewater Treatment Facility Construction grant through the Florida Department of Environmental Protection for the Indian Harbor Estates Septic to Sewer Project. This grant has a revolving state loan portion that is expected to make up about 21% of total proceeds received, with the remaining 79% of total proceeds being treated as a grant that will not need to be repaid. There was $2,114,248 of grant funds received (net of the loan portions) during the year ending September 30, 2023. There is also supplemental grant funding for this project expected to total $2,500,000 through the life of the project, of which $743,666 of revenue was recognized during the year ending September 30, 2023. These two sources of revenue accounts for $2,857,914 in revenue.
- The City's general fund reported a total fund balance of $1,104,914 at the end of the current fiscal year, which was a decrease of $411,416 from the $1,516,330 reported at the end of the prior fiscal year. The decrease caused by current year revenues and expenditures was a decrease of $85,133, however the City also recorded a prior period adjustment of $326,283 that further resulted in a current year decrease to fund balance. Approximately 80.5% of this amount (or $889,946) is available for spending at the City's discretion (unassigned fund balance).
- The unassigned portion of fund balance in the general fund totaled $889,946, which represents 13.2% of current year expenditures, compared to 24.9% at the end of the prior year. This ratio decreased in 2023 primarily due to American Rescue Plan Act funds not being received during the year.
- The City's net investment in capital assets totaled $7,616,772 at the end of 2023, compared to a net investment of $4,811,183 at the end of 2022. The change resulted from current year net additions totaling $4,282,972, current year depreciation recognized for the year of $122,611, and an increase in debt of $596,432. The largest capital additions during the year was for the Indian Harbor Estates Septic to Sewer Project.
- The City's net pension liability totaled $394,006, net of deferred outflows of $116,191 and deferred inflows of $9,680 at the end of 2023, compared to a net pension liability of

$314,596, net of deferred outflows of $117,585 and net of deferred inflows of $10,831 at the end of 2022.

- The City received $629,047 under the Florida Department of Environmental Protection's Clean Water State Revolving Construction Loan during the year, for the purpose of funding the Indian Harbor Septic to Sewer Project. Principal repayments under this loan will not begin until September of 2024. The City made principal repayments of $57,084 during the year, leaving unpaid balances of $1,238,209 on all outstanding loans as of September 30, 2023.

Overview of the Financial Statements

The City's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including budgetary comparisons.

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. 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. 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 funds statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.

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.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the City's governmental fund activities.

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, certain grant revenues, and earned but unused personal leave).

Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant funds and 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. The City utilizes a single General Fund to account for all governmental activities.

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 may be 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.

The City maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

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. In the case of the City, assets exceeded liabilities by $9,528,312 at the close of the most recent fiscal year. This represents an increase of $3,431,983 or 56.3%, above the previous year, all of which is attributable to operations. The following is a summary of Net Position at year end:

	2023	2022
Assets		
Current and other assets	$ 2,360,909	$ 3,130,307
Capital assets, net	9,939,607	5,641,932
Total assets	12,300,516	8,772,239
Deferred outflows of resources	116,191	117,585
Liabilities		
Long-term liabilities outstanding	1,642,642	230,749
Other liabilities	1,195,328	2,551,895
Total liabilities	2,837,970	2,782,644
Deferred inflows of resources	50,425	10,831
Net position		
Investment in capital assets	7,616,772	4,811,183
Restricted	211,105	191,391
Unrestricted	1,700,435	1,093,755
Total net position	$ 9,528,312	$ 6,096,329

The most significant component of the City's net position ($7,616,772 or 79.9%) is, by far, its investment in capital assets (land, construction in progress, buildings and equipment), less any related debt used to acquire or construct those assets. The City uses these capital assets to provide services and amenities to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt (when they exist) must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($211,105 or 2.2%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 17.9% of unrestricted net position, representing amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled $1,700,435 at the end of 2023, compared to $1,093,755 at the end of 2022.

	2023	2022
Program revenues:		
Charges for services	$ 373,966	$ 427,038
Operating and capital grants/other	2,910,068	3,872,260
General revenues:		
Property taxes	948,338	816,521
Intergovernmental	311,285	96,670
Other taxes	482,531	564,035
Other revenue	44,753	21
Total revenues	5,070,941	5,776,545
Expenses:		
General government	970,764	673,399
Public works	683,450	603,464
Physical environment	440,471	274,054
Transportation	352,689	279,242
Culture and recreation	141,684	98,519
Interest on debt	6,329	7,262
Total expenses	2,595,387	1,935,940
Change in net position	2,475,554	3,840,605
Net position:		
Beginning of year	6,096,329	2,255,724
Prior period adjustment	956,429	-
End of year	$ 9,528,312	$ 6,096,329

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 changes in net position provides answers as to the nature and source of those changes. The following is a summary of changes in net position at year-end:

During 2023, the City's revenues decreased by $705,513 and totaled $5,070,941 compared to $5,776,545 in 2022. The decrease in 2023 was mostly attributable to a decrease of $962,192 in operating grants, most driven by the decrease from the American Rescue Plan Act that was received in the prior year 2022.

Approximately 18.7% of the City's gross revenues came from property tax collections in 2023, compared to 14.1% in 2022. Operating and capital grants represented 57.4% of the City's gross revenues in 2023, compared to 67.0% in 2022. Approximately 16.5% of all revenues earned by the City come from intergovernmental sources, other taxes and shared local taxes. Another 7.4% comes from fees that are charged to citizens for City services.

The total costs for all routine programs and City services increased by 34.1% in 2023, and totaled $2,595,387, compared to $1,935,940 in the prior year 2022. Fiscal stability in recent years has been attributable to changes made in the City's Police Department, which on August 1, 2011, was eliminated by the City Commission. Subsequent to the elimination of the City's police department, the City entered into an interlocal agreement with the Volusia County Sheriff's Department to provide exclusive law enforcement services. This agreement, which originally expired on October 1, 2018, was renewed through October 1, 2024.

Governmental Activities. Revenues for the City's governmental activities totaled $5,070,941 in 2023, which represents an overall decrease of $705,605, or 12.2% below the $5,776,545 reported in the prior year 2022. During 2023, the City's ad valorem taxes represented approximately 18.7% of the City's total revenues, which are typically used to finance traditional City services. Ad valorem receipts in 2023, were based on a millage rate of 5.6820 mills (2022 levy), compared to 5.6820 mills (2021 levy) for 2022. Other public service taxes, franchise fees and intergovernmental revenues totaled $793,816 or 15.7% of the City's total revenues, compared to $660,705 in the prior year 2022.

Expenses for the City's governmental activities experienced a 34.1% increase during 2023 and totaled $2,595,387, compared to $1,935,940, in the prior year 2022.

Financial Analysis of the Governmental Fund

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

Governmental Fund. The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned 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 year, its governmental fund reported a fund balance of $1,104,914, which was $411,416 below the $1,516,330 reported last year. This decrease was primarily attributed to prior period adjustments during the year.

The general fund is the only operating fund of the City. As of September 30, 2023, the unassigned fund balance in the general fund totaled $889,946, which was $434,873, or 32.8% less than the $1,324,819 reported last year. The unassigned fund balance in the general fund represents 13.2% of current year expenditures, compared to 24.9% of 2022 expenditures, at the end of the prior year 2022.

General Fund Budgetary Highlights

Over the course of the year, the City Commission reviews their operating budgets to determine if any budget amendments are necessary. During 2023, several budget amendments were made. Differences between the original enacted budget and the final amended budget included grant revenues added to the intergovernmental revenue budget, as well as transportation expenditures budgeted for those related grant revenues.

Actual earned revenues were $6,007,448 (or 21.9%) less than the amounts anticipated to be received ($1,817,890) during the year in the City's General Fund. This was primarily because the City did not budget for the exact amount of the Florida Department of Environmental Protection's Revolving loan funds and the St. John's River District capital grant revenues, as the actual revenues recorded vary from the budget depending on timing of when the grant money is spent and therefore when the revenue is earned and recorded in actuality. During 2023, the City did not change its millage rate of 5.6820 mills, compared to 5.6820 mills in 2022. Actual expenditures were under budget by $1,670,157, for the following reasons:

1.) General government expenditures were lower than budgeted due to staff turnover and less personnel costs from vacant positions.
2.) Capital outlay expenditures were less than budgeted due to timing of when the construction costs were incurred.

The failure of the City to appropriately budget for large items such as debt service has caused the Auditors to consider this a material weakness in internal controls. See the Schedule of Findings and Questioned Costs.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2023, the City had $7,616,772 invested (net of debt and payables) in a broad range of capital assets, including land, construction in progress, buildings, park facilities, transportation systems, and public works equipment. This investment in capital assets, net of depreciation, for all activities, is reflected in the following schedule:

	Governmental Activities	
	2023	2022
Land	$ 663,740	$ 663,740
Construction work in progress	7,641,487	3,649,266
Buildings	339,836	357,538
Improvements other than buildings	1,038,497	1,074,244
Machinery & equipment	256,047	34,455
Total capital assets, net	$ 9,939,607	$ 5,779,243

Additional information on the City's capital assets can be found in Note 3 to the financial statements.

Long-term Debt. As of the end of 2023, the City had two outstanding long-term note obligations. Other long-term debt obligations consisting of compensated absence liabilities and the City's net pension liabilities are as follows at year end:

	Total Long-Term Debt Governmental Activities	
	2023	2022
Note payable	$ 285,406	$ 318,021
State Revolving Fund loans	952,802	323,756
Total long-term debt	$ 1,238,208	$ 641,777

Economic Factors and Next Year's Budget and Rates

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.

The most recent estimates available for unemployment data in Volusia County, Florida, are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a countywide unemployment rate of 3.5%, which is unfavorable to the 2.8% rate experienced one year earlier. These estimates are slightly higher than the state's current 3.0% unemployment rate. Nationwide, the unemployment rate is stated at 3.8%, as of September 2023.

Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.

The City Commission voted to keep the same operating millage for the 2023 levy at 5.682 mills - an increase in current year ad valorem taxes when levied against appreciated current year taxable values is projected.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the City Clerk, City of Oak Hill, Florida, 234 S. US 1, Oak Hill, Florida 32759.



CITY OF OAK HILL, FLORIDA

Basic Financial Statements



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City of Oak Hill, Florida
Statement of Net Position

September 30, 2023

		Governmental Activities
Assets		
Cash and cash equivalents	$	1,929,031
Receivables, net		61,417
Due from other governments		325,853
Leases receivable		40,745
Prepaid items		3,863
Capital assets:		
Nondepreciable:		
Land		663,740
Construction in progress		7,641,487
Depreciable, net of accumulated depreciation:		
Buildings		339,836
Improvements other than building		1,038,497
Machinery and equipment		256,047
Total assets		12,300,516
Deferred outflows related to pensions		
Deferred outflows related to pensions		116,191
Total deferred ouflows of resources		116,191
Liabilities		
Accounts payable		889,647
Accrued payroll and related liabilities		16,885
Retainage payable		286,338
Unearned revenue		2,458
Noncurrent liabilities:		
Due within one year:		
Compensated absences		2,607
Note payable		57,084
Due in more than one year:		
Compensated absences		7,821
Note payable		1,181,124
Net pension liability		394,006
Total liabilities		2,837,970
Deferred Inflows of Resources		
Deferred inflows related to leases		40,745
Deferred inflows related to pensions		9,680
Total deferred inflows of resources		50,425
Net Position		
Investment in capital assets		7,616,772
Restricted for:		
Public safety		211,105
Unrestricted		1,700,435
Total net position	$	9,528,312

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Statement of Activities

For the year ended September 30, 2023		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities					
General government	$ 970,764	$ 76,088	$ -	$ -	$ (894,676)
Public safety	683,450	7,300	657,226	-	(18,924)
Physical environment	440,471	227,918	-		(212,553)
Transportation	352,689	62,660	-	2,252,842	1,962,813
Culture and recreation	141,684	-	-	-	(141,684)
Interest on debt	6,329	-	-	-	(6,329)
Total governmental activities	$ 2,595,387	$ 373,966	$ 657,226	$ 2,252,842	$ 688,647

General revenues:	
Taxes	
Property taxes, levied for general purposes	948,338
Franchise fees and utility taxes	475,876
Other taxes	6,655
State revenue sharing	311,285
Investment earnings	18
Miscellaneous other income	44,735
Total general revenues	1,786,907
Change in net position	2,475,554
Net position, beginning of year as previously reported	6,096,329
Prior period adjustment (see Note 2)	956,429
Net position, beginning of year	7,052,758
Net position, end of year	$ 9,528,312

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Balance Sheet
Governmental Fund

September 30, 2023		General Fund
Assets		
Cash and cash equivalents	$	1,929,031
Receivables, net		61,417
Due from other governments		325,853
Leases receivable		40,745
Prepaid items		3,863
Total assets	$	2,360,909
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	$	889,647
Accrued liabilities		16,885
Retainage payable		286,338
Unearned revenue		2,458
Total liabilities		1,195,328
Deferred inflows of resources		
Deferred inflows related to leases		40,745
Unavailable revenue		19,922
Total deferred inflows of resources		60,667
Fund balances:		
Nonspendable		
Prepaid items		3,863
Restricted for:		
Building inspections		211,105
Unassigned		889,946
Total fund balances		1,104,914
Total liabilities, deferred inflows of resources, and fund balances	$	2,360,909

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Reconciliation of Fund Balance of Governmental Fund to Net Position of the Governmental Activities

September 30, 2023

Total fund balance of governmental fund		$	1,104,914
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund.			
Governmental capital assets	11,029,907		
Less accumulated depreciation	(1,090,300)		
			9,939,607
Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.			116,191
Deferred inflow of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.			(9,680)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities.			19,922
Certain liabilities are not due and payable in the current period, and therefore are not reported in the fund.			
Net pension liability			(394,006)
Notes payable			(1,238,208)
Compensated absences			(10,428)
Net position of governmental activities		$	9,528,312

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund

For the year ended September 30, 2023		General Fund
Revenues		
Taxes	$	1,322,226
Intergovernmental		4,100,976
Licenses and permits		249,209
Charges for services		282,994
Fines and forfeitures		7,290
Miscellaneous revenue		44,753
Total revenues		6,007,448
Expenditures		
Current:		
General government		910,468
Public Safety		683,254
Physical environment		432,186
Transportation		307,495
Parks and recreation		66,306
Debt service:		
Principal		32,615
Interest		6,329
Capital outlay		4,282,975
Total expenditures		6,721,628
Excess (deficiency) of revenues over (under) expenditures		(714,180)
Other Financing Sources		
Loan proceeds		629,047
Net other financing sources		629,047
Net change in fund balance		(85,133)
Fund balances, beginning, as previously reported		1,516,330
Prior period adjustment (see Note 2)		(326,283)
Fund balances, beginning of year, as restated		1,190,047
Fund balances, end of year	$	1,104,914

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Reconciliation of Net Change in Fund Balance of the Governmental Fund to Change in Net Position of Governmental Activities

For the year ended September 30, 2023

Net change in fund balances - total governmental funds	$	(85,133)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		4,282,975
Depreciation expense		(122,611)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.		(629,047)
Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		(84,044)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		32,615
Grant revenues that were not recorded in the prior year that resulted in a prior period restatement (see Note 2) are recorded in the statement of net position on the full accrual basis, however as the revenues were not collected within 60 days of September 30, 2022 of the prior year, those revenues were not considered "available" in the governmental fund.		(956,429)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized.		19,922
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in the accrual for compensated absences		17,306
Change in net position of governmental activities	$	2,475,554

The accompanying notes are an integral part of these financial statements.

City of Oak Hill, Florida
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual: General Fund

For the year ended September 30, 2023	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 1,269,520	$ 1,279,520	$ 1,322,226	$ 42,706
Intergovernmental	199,900	5,967,522	4,100,976	(1,866,546)
Licenses and permits	210,780	210,780	249,209	38,429
Charges for services	315,763	315,763	282,994	(32,769)
Fines and forfeitures	7,000	7,000	7,290	290
Miscellaneous revenue	301,200	536,200	44,753	(491,447)
Total revenues	2,304,163	8,316,785	6,007,448	(2,309,337)
Expenditures				
Current:				
General government	844,056	1,237,056	910,468	326,588
Public Safety	719,231	712,231	683,254	28,977
Physical environment	246,000	246,000	432,186	(186,186)
Transportation	424,936	314,315	307,495	6,820
Parks and recreation	69,940	89,940	66,306	23,634
Debt service				
Principal	-	-	32,615	(32,615)
Interest	-	-	6,329	(6,329)
Capital outlay	-	5,792,243	4,282,975	1,509,268
Total expenditures	2,304,163	8,391,785	6,721,628	1,670,157
Excess (deficiency) of revenues over expenditures	-	(75,000)	(714,180)	(639,180)
Other Financing Sources				
Loan Proceeds	-	-	629,047	629,047
Total other financing sources	-	-	629,047	629,047
Net change in fund balance	-	(75,000)	(85,133)	(10,133)
Fund balances, beginning, as previously reported	1,516,330	1,516,330	1,516,330	-
Prior period adjustment (see Note 2)	-	-	(326,283)	(326,283)
Fund balances, beginning of year, as restated	1,516,330	1,516,330	1,190,047	(326,283)
Fund balances, end of year	$ 1,516,330	$ 1,441,330	$ 1,104,914	$ (639,180)

The accompanying notes are an integral part of these financial statements.



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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oak Hill, Florida (the "City"), was incorporated on June 4, 1927 under the provisions of the Laws of the State of Florida, Special Acts of 1927, Chapter 13156 – (No. 1351) and operates under the City Commission form of government. The current City Code authorizes the following services: general administrative services, public safety, public works (solid waste and storm debris removal), planning and zoning, transportation, and parks and recreation.

Reporting Entity

The City is a municipal corporation governed by an elected mayor and four-member governing city commission (the "Commission"). The City has no blended component units or discretely presented component units. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies used by the City are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The City does not engage in any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the City's governmental fund, the General Fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 and timing requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

Fund Financial Statements

The fund financial statements provide information about the City's fund. The emphasis of fund financial statements is on the major governmental fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

The City reports the following major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government.

Budgetary Information

Budgetary Basis of Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require the approval of the Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. On or before July 1st, the City Clerk submits a preliminary budget to the City Commission for the ensuing fiscal year.
2. Budget workshop sessions are scheduled by the City Commission, as needed.
3. A general summary of the budget and notice of public hearing is published in a local newspaper.
4. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
5. The City Commission, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with the City Charter. Prior to the end of the fiscal year, supplemental appropriates are made for unanticipated spending requirements by the Commission.
6. The City Commission must approve all inter-departmental budget amendments and/or appropriations transfers.
7. Every appropriation lapses at the close of the fiscal year.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Receivables and Payables

Lease receivables - The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term and an offsetting deferred inflow of resources at the beginning of the term. The periodic amortization of the discount on the receivable is reported as interest revenue for that period. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments.

Capital Assets

Capital assets, which include property, plant, equipment, right-to-use assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	15-40 years
Improvements other than buildings	15-40 years
Equipment	5-7 years
Infrastructure	15-50 years

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide statement of net position. The *deferred outflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The *deferred outflows related to pensions* will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The *deferred inflows related to pensions* will be recognized as a reduction to pension expense in future reporting years. The *deferred inflows related to leases* are associated with amounts owed to the City, as lessor, by an entity leasing the City's capital assets.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from one source: grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City has recorded accumulated earned but unused vacation benefits as a liability at year-end. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

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.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issua nce costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and disc ounts on debt issuances are reported as other financing uses

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of Section 1800: *Classification and Terminology* of the GASB Codification, specifies the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Categories and classification of net position and fund balance (continued)

Committed Fund Balance - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government 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.

Assigned Fund Balance - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property values are assessed as of January 1 each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Volusia County (the "County") on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the real property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the pension liability.

Subsequent events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 30, 2024. See Note 6 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The City implemented the following standard during the current year.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. This statement had no impact on the City's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: PRIOR PERIOD RESTATEMENTS

Certain amounts for prior fiscal years have been reclassified to be consistent with the fiscal year 2023 presentation.

In fiscal year 2023, the City restated opening net position and fund balances to correct errors in the prior year financial statements.

The following tables summarize the changes to the City's net position and fund balance as a result of the error corrections:

Note 2: PRIOR PERIOD RESTATEMENTS (Continued)

	Government-wide Statements	
	Governmental Activities	Total
Net position, September 30, 2022, as previously reported	$ 6,096,329	$ 6,096,329
Cumulative effect in applying the accrual recognition of grant revenues [(1)]	956,429	956,429
Beginning net position, as restated	$ 7,052,758	$ 7,052,758

	General Fund
Fund balance, September 30, 2022, as previously reported	$ 1,516,330
Cumulative effect of accruing for retainage payable [(2)]	(137,311)
Cumulative effect of recording the correct loan balance of the SRF loan at 9/30/22 [(3)]	(188,972)
Beginning fund balance, as restated	$ 1,190,047

(1) In the prior year, revenue and receivables in the government-wide financial statements that reports on the full accrual basis were understated by $956,429 of grant revenues that were earned by September 30, 2022 but were not recorded. These revenues were not collected within 60 days of year-end, and therefore were properly not recorded in the General Fund as they were unavailable under the modified basis of accrual.

(2) In the prior year, the City did not record retainage payable totaling $137,311 related to capital outlay construction in progress at September 30, 2022. This understated expenditures and overstated fund balance for the General Fund. In the governmental activities, which reports on the full accrual basis, the beginning Construction in Progress has been restated to include these costs, see Note 3.

(3) In the prior year, the City recorded an incorrect ending Florida Department of Environmental Protection Clean Water State Revolving Loan balance at September 30, 2022 of $512,728, however the loan balance was actually $323,756, an overstatement of $188,972. Therefore the loan proceeds and fund balance of the General Fund in prior year 2022 were overstated by $188,972.

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits

At September 30, 2023, the City's carrying amount of cash deposits was $1,928,881 and the bank balance was $1,968,338. In addition, the City reported petty cash of $150. As of September 30, 2023, $250,000 of the City's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits (continued)

depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act.

Accounts Receivable

All account receivables are shown net of allowances for uncollectable accounts for the governmental fund. The accounts receivable and allowance for uncollectible accounts at September 30, 2023, were as follows:

	Accounts Receivable	Allowance for Uncollectible	Net
General Fund	$ 61,417	$ -	$ 61,417
Total	$ 61,417	$ -	$ 61,417

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2023. There are no other reserves for receivables recorded by the City as of September 30, 2023.

Leases - Lessor

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City's operations consists of an agreement for use of land by a tenant for a wireless communications tower, including access to easements and utilities. The non-cancelable agreement for the property began on March 6, 2001 with the option to extend for each of eight (8) additional five (5) year renewal terms. Annual rental payments are $18,250 and will increae each renewal term by 15% of the current rate. The lease includes a revenue share agreement whereby the lessee shall pay the City 25% of any rents actually received by the lessee. The City recognized $19,773 of lease revenue principal and $1,215 of lease interest for the year ended September 30, 2023. As of September 30, 2023, the lease receivable and deferred inflows of resources related to leases were both $40,745.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023.

Governmental activities:	Beginning Balance	Additions / Transfers	Disposals / Tranfers	Ending Balance
Capital assets, not being depreciated:				
Land	$ 663,740	$ -	$ -	$ 663,740
Construction in Progress [(1)]	3,649,266	3,992,221	-	7,641,487
Total capital assets, not being depreciated	4,313,006	3,992,221	-	8,305,227
Capital assets, being depreciated:				
Buildings	722,714	-	-	722,714
Improvements other than buildings	1,468,214	38,983	-	1,507,197
Machinery and Equipment	242,998	251,771	-	494,769
Total capital assets being depreciated	2,433,926	290,754	-	2,724,680
Less accumulated depreciation for:				
Buildings	(365,176)	(17,702)	-	(382,878)
Improvements other than buildings	(393,970)	(74,730)	-	(468,700)
Machinery and Equipment	(208,543)	(30,179)	-	(238,722)
Total accumulated depreciation	(967,689)	(122,611)	-	(1,090,300)
Total capital assets being depreciated, net	1,466,237	168,143	-	1,634,380
Governmental activities capital assets, net	$ 5,779,243	$ 4,160,364	$ -	$ 9,939,607

(1) Beginning balance has been restated by an additional $137,311 for Construction in Progress, see Note 2.

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

For the year ended September 30,	2023
Governmental activities	
General government	$ 33,478
Public safety	8,481
Transportation	4,913
Culture/recreation	75,739
Total depreciation expense - governmental activities	$ 122,611

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Capital Improvement Revenue Note, Series 2021

In July of 2021, the City issued a Capital Improvement Revenue Note, Series 2021, which was originally issued for $350,000 and is payable through July of 2031. Proceeds from the note were used to finance the purchase of land to be used as the site for a future City Hall. The note bears interest at a fixed rate of 1.99% and is payable annually in July of each year until maturity in 2031. The balance due on this obligation was $285,405 of September 30, 2023.

Florida Department of Environmental Protection Clean Water State Revolving Loan

In April of 2022, the City entered into a loan agreement with the Florida Department of Environmental Protection to fund the ongoing Indian Harbor Septic to Sewer Project. The agreement has a grant portion (that does not need to be repaid) and a loan portion (that will have to be repaid). The full proceeds are expected to be $4,764,013, of which $3,811,210 will be considered a grant, leaving an expected principal balance at the end of the project on the loan portion of $952,803. There will also be a loan service fee of $95,280 that will be added onto the principal balance, so the full expected principal balance will be $1,048,083. The City makes draws on this loan as the Septic to Sewer Project progresses. Semi-annual payments of $26,202 begin on September 15, 2024 and will continue until the loan is paid in full on September 15, 2024. The loan has a 0% interest rate. Once the project is completed and loan payments become due, it is expected that the County will lease part of the system from the City for a minimum of 5 years. The lease payments are expected to equal the required semi-annual loan payments. Also, once loan repayments start to become due, the City must have certain revenues pledged for payment of the loan that must equal 1.15 times the annual debt service. The principal balance of the draw-downs as of September 30, 2023 was $952,803.

The following is a summary of governmental activities notes payable for the year ended September 30, 2023:

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

	Governmental Activities			
For the years ending	SRF Loan		Capital Improvement Note Series	
September 30,	Principal	Interest	Principal	Interest
2024	$ 23,820	$ -	$ 33,264	$ 5,680
2025	47,640	-	33,927	5,018
2026	47,640	-	34,601	4,342
2027	47,640	-	35,290	3,654
2028	47,640	-	35,992	2,952
2029-2033	238,201	-	112,332	4,500
2034-2038	238,201	-	-	-
2039-2043	238,201	-	-	-
2044-2048	23,820	-	-	-
Total	952,803	-	285,406	282,450
Less: current portion	(23,820)	-	(33,264)	(5,680)
Payable after one year	$ 928,983	$ -	$ 252,142	$ 276,770

Changes in Long-Term Liabilities

Long-term debt and liability activity for the year ended September 30, 2023 was as follows for the governmental activities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Improvement Revenue Note, Series 2021	$ 318,021	$ -	$ (32,615)	$ 285,406	$ 33,264
FDEP Clean Water State Revolving Loan, with beginning balance restated (see Note 2)	323,756	629,046	-	952,802	23,820
Net pension liabilities	314,596	79,410	-	394,006	-
Compensated absences	5,344	9,752	(4,668)	10,428	10,428
Total Government Activities	$ 961,717	$ 718,208	$ (37,283)	$ 1,642,642	$ 67,512

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities
Capital assets (net)	$ 9,939,607
Outstanding debt related to capital assets	(1,238,208)
Accounts payable and retainage payable related to capital assets	(1,084,627)
Net investment in capital assets	$ 7,616,772

Retirement Plans

Defined Benefit Plan

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plans (continued)

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

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.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

	FRS	HIS
Regular class	11.57%	2.00%
Special risk class	30.67%	2.00%
Senior management service class	32.52%	2.00%
Elected officials	56.68%	2.00%
DROP from FRS	19.13%	2.00%

The employer's contributions for the year ended September 30, 2023 were $31,542 to the FRS Pension Plan and $4,489 to the HIS Program.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plans (continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The Council's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

		FRS		HIS
Net pension liability	$	285,381	$	108,625
Proportion at:				
Current measurement date		0.000716195%		0.000683981%
Prior measurement date		0.000666368%		0.000629727%
Pension expense	$	70,937	$	44,704

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outlfows of Resources	Deferred Inflows of Resources	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,795	$ -	$ 1,590	$ (255)
Changes in assumptions	18,603	-	2,856	(9,413)
Net difference between projected and actual earnings on pension plan investments	11,918	-	56	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,553	-	14,400	(12)
Employer contributions subsequent to the measurement date	5,355	-	1,065	-
Total	$ 96,224	$ -	$ 19,967	$ (9,680)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plans (continued)

Year ending September 30,		FRS		HIS
2024	$	12,384	$	1,611
2025		(4,907)		977
2026		74,311		1,625
2027		7,059		3,188
2028		2,022		1,689
Thereafter		-		132
Total	$	90,869	$	9,222

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plans (continued)

The following changes in key actuarial assumptions occurred in 2023:

HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plans (continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Employer's proportionate share of the net pension liability	$ 487,489	$ 285,381	$ 116,294	$ 123,924	$ 108,625	$ 95,943

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Note 4: 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 general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 5: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts to be immaterial.

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Note 5: COMMITMENTS AND CONTINGENCIES (Continued)

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

General Fund	$	179,102
Total outstanding commitments	$	179,102

NOTE 6 - SUBSEQUENT EVENT

In October 2023, the City entered into an agreement with a contractor for a park reconstruction project of the Mary DeWees Baseball Field in the amount of $222,618. The project will be funded using Volusia County ECHO Grant funds that the City has a signed agreement for.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Oak Hill, Florida
Schedule of Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

Florida Retirement System (FRS)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	**0.0007%**	0.0007%	0.0007%	0.0006%	0.0005%	0.0005%	0.0005%	0.0005%	0.0005%	0.0005%
City's proportionate share of the net pension liability	**$ 285,381**	$ 247,898	$ 49,717	$ 241,619	$ 170,831	$ 145,466	$ 139,481	$ 122,976	$ 64,795	$ 28,927
City's covered payroll	**$ 302,873**	$ 242,100	$ 261,841	$ 187,740	$ 168,333	$ 158,856	$ 144,140	$ 143,126	$ 134,526	$ 130,324
City's proportionate share of the net pension liability as a percentage of its covered payroll	**94.22%**	102.39%	18.99%	128.70%	101.48%	91.57%	96.77%	85.92%	48.17%	22.20%
Plan fiduciary net position as a percentage of the total pension liability	**82.38%**	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy (HIS)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	**0.0007%**	0.0006%	0.0006%	0.0005%	0.0005%	0.0005%	0.0004%	0.0005%	0.0004%	0.0000%
City's proportionate share of the net pension liability	**$ 108,625**	$ 66,698	$ 74,827	$ 62,446	$ 55,681	$ 50,152	$ 47,767	$ 52,560	$ 45,224	$ 39,949
City's covered payroll	**$ 302,873**	$ 242,100	$ 216,841	$ 187,740	$ 168,333	$ 158,856	$ 144,140	$ 143,126	$ 134,526	$ 130,324
City's proportionate share of the net pension liability as a percentage of its covered payroll	**35.86%**	27.55%	34.51%	33.26%	33.08%	31.57%	33.14%	36.72%	33.62%	30.65%
Plan fiduciary net position as a percentage of the total pension liability	**4.12%**	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

City of Oak Hill, Florida
Schedule of Contributions
Last Ten Fiscal Years

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 31,542**	$ 28,435	$ 22,542	$ 13,329	$ 14,648	$ 14,702	$ 14,365	$ 13,628	$ 12,369	n/a
Contributions in relation to the contractually required contribution	**(31,542)**	(28,435)	(22,542)	(13,329)	(14,648)	(14,702)	(14,365)	(13,628)	(12,369)	n/a
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	**$ 310,317**	$ 242,100	$ 216,841	$ 187,740	$ 168,333	$ 158,856	$ 144,140	$ 143,126	$ 134,526	n/a
Contributions as a percentage of covered payroll	**10.16%**	11.75%	10.40%	7.10%	8.70%	9.25%	9.97%	9.52%	9.19%	n/a

Health Insurance Subsidy (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 4,489**	$ 3,810	$ 3,600	$ 3,116	$ 2,794	$ 2,637	$ 2,393	$ 2,376	$ 1,814	$ 1,582
Contributions in relation to the contractually required contribution	**(4,489)**	(3,810)	(3,600)	(3,116)	(2,794)	(2,637)	(2,393)	(2,376)	(1,814)	n/a
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	**$ 310,317**	$ 242,100	$ 216,841	$ 187,740	$ 168,333	$ 158,856	$ 144,140	$ 143,126	$ 134,526	n/a
Contributions as a percentage of covered payroll	**1.45%**	1.57%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	n/a	n/a



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ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND THE RULES OF THE AUDITOR GENERAL



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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

To the Honorable Mayor and
Members of the City Commission
City of Oak Hill, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of City of Oak Hill, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2024.

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) to determine the 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 City's internal control.

Our consideration of internal control 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-008 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-005, 2023-006, and 2023-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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* and which are described in the accompanying schedule of findings and questioned costs as item 2023-004.

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.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2024

City of Oak Hill, Florida
Schedule of Expenditures of State of Florida Financial Assistance
Fiscal Year Ended September 30, 2023

Federal / State Agency Pass Through Grantor, Federal Program / State Project	Assistance Listing / CSFA No.	Grant Number / Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
State Agency:				
Florida Department of Environmental Protection				
Direct:				
Statewide Water Quality Restoration Projects	37.039	LPA0065	$ 138,594	$ -
Passed through St. Johns River Water Management District:				
Statewide Water Quality Restoration Projects	37.039	36511	743,666	-
Total Statewide Surface Water Restoration and Wastewater Projects Program			882,260	-
Direct:				
Wastewater Treatment Facility Construction	37.077	WW011600	2,467,883	
Total Wastewater Treatment Facility Construction			2,467,883	-
Total Florida Department of Environmental Protection			3,350,143	-
Total Expenditures of State Financial Assistance			**$ 3,350,143**	$ -

City of Oak Hill, Florida
Notes to the Schedule of Expenditures of State of Florida Financial Assistance
Fiscal Year Ended September 30, 2023

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state award activity of the City of Oak Hill, Florida, under programs of the state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City of Oak Hill, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Oak Hill, Florida.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Section 215.97, Florida Statutes, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

C. SUBRECIPIENTS

The City of Oak Hill, Florida provided no state financial assistance awards to subrecipients in the fiscal year ended September 30, 2023.

D. NONCASH AWARDS

The City of Oak Hill, Florida received no noncash awards in the fiscal year ended September 30, 2023.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

To the Honorable Mayor and
Members of the City Commission
City of Oak Hill, Florida

Report on Compliance for Each Major State Project

Qualified and Unmodified Opinions

We have audited the City of Oak Hill, Florida's compliance with the types of compliance requirements described in the Florida Compliance Supplement that could have a direct and material effect on each of the City of Oak Hill's major state projects for the year ended September 30, 2023. The City of Oak Hill's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on CSFA 37.039 Statewide Water Quality Restoration Projects

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Oak Hill, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on CSFA 37.039 Statewide Water Quality Restoration Projects for the year ended September 30, 2023.

Unmodified Opinion on Each of the Other Major State Projects

In our opinion, the City of Oak Hill, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major state projects identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance 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 the audit requirements of Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and Chapter 10.550, Rules of the Florida Auditor General, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Oak Hill, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major state project. Our audit does not provide a legal determination of the City of Oak Hill, Florida's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on CSFA 37.039 Statewide Water Quality Restoration Projects

As described in the accompanying schedule of findings and questioned costs, the City of Oak Hill, Florida did not comply with requirements regarding CSFA 37.039 Statewide Water Quality Restoration Projects as described in finding number 2023-004 for allowable activities, cash management, and special tests and provisions.

Compliance with such requirements is necessary, in our opinion, for the City of Oak Hill, Florida to comply with the requirements applicable to that project.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Oak Hill, Florida's state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Oak Hill, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Florida Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Oak Hill, Florida's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Oak Hill, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Oak Hill, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the

circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City of Oak Hill, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on City of Oak Hill, Florida's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Oak Hill, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Oak Hill, Florida's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Oak Hill, Florida's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2024

Section I–Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified and Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	X yes	___ no
• Significant deficiency(ies) identified?	X yes	___ none noted

Noncompliance material to financial statements noted?	X yes ___ no

State Programs

Internal control over major state programs:

• Material weakness(es) identified?	X yes	___ no
• Significant deficiency(ies) identified?	X yes	___ none noted

Type of auditor's report issued on compliance for major state programs:	Qualified and Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550 Rules of the Florida Auditor General	X yes ___ none noted

Identification of major state projects:

Catalogue of State Financial Assistance Listing Number	State Project
37.039	Statewide Water Quality Restoration Projects
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between type A and B programs was $750,000 for major state projects.

Auditee qualified as a low-risk auditee for state purposes?	___ yes X no

Section II–Financial Statement Findings

2023-002 Schedule of Expenditures of State Financial Assistance Materially Misstated – *Material Weakness*

Criteria: The Florida Single Audit Act requires entities to establish and maintain effective internal controls to ensure the schedule of expenditures of state financial assistance (SESFA) is prepared accurately.

Condition: The City did not include $869,989 of expenditures for contract #36511 in the amount reported on the fiscal year 2022 SESFA. The City also did not include $86,439 of expenditures for contact WW011600 in the amount reported on the fiscal year 2022 SESFA. The City included these items on the fiscal year 2023 SESFA in error.

Cause: The City did not include amounts that were spent but had not yet been requested from reimbursement from the granting agency.

Effect: The fiscal year 2022 and 2023 SESFAs were both materially misstated. The 2023 SESFA was corrected in the final presentation in this report.

Recommendation: When preparing the SESFA the City or its consultants preparing the SESFA should review the supporting documentation to ensure the amounts included are based upon when the expenditure was incurred, not when the reimbursement was requested.

Management's Response and Corrective Action Plan: City Management will work with the external accountant to verify that all revenue expenditure activity is captured within the SESFA.

2023-005 Segregation of Duties – *Significant Deficiency*

Criteria: A fundamental element of the design of internal controls is the segregation of duties between those who have custody of City assets, perform recordkeeping, and review and approval of the transaction. In electronic point of sale systems, this extends to those who perform cashiering functions should not be able to perform price adjustments, voids, or refunds without review and approval.

Condition: There is not consistent and adequate segregation of duties between those who perform recordkeeping and have those who control or have custody of City assets.

Cause: The design of certain controls does not include an adequate level of segregation of duties.

Effect: The potential for an error or misappropriation of the City's assets and revenues could occur and not be detected in a timely manner.

Recommendation: Controls design should be reevaluated to include segregation of duties. Specifically, those employees performing cashiering functions, payment functions, payroll functions, and bank reconciliations.

Management's Response and Corrective Action Plan: City Management is working on hiring additional employees along with working with the external accountants to help separate duties.

2023-006 Lack of Payroll Documentation – *Significant Deficiency*

Criteria: The City should retain proper documentation of all payroll related records of all its employees and retain personal record of new employees in HR files. Additionally, there should be controls in place to ensure the payroll information in reviewed by someone other than the person entering the information prior to submission to payroll subservice organization.

Condition: Lack of documentation over payroll – No support for new hire information being submitted to payroll subservice organization. No support of review of payroll records prior to payroll processing. Lack of support retained in HR files.

Cause: There is no review of updated payroll information after it is entered into the system and there is no segregation of who enters them into the system and who reviews them.

Effect: Payroll/expenditures may be inaccurate if improper information is entered into the payroll system.

Recommendation: We recommend that the City ensures proper retention of payroll records of its employees. The person entering the payroll information in to the system not be the same person reviewing the information.

Management's Response and Corrective Action Plan: City Management will work on maintaining payroll and HR documentation.

2023-007 Lack of Documentation over Revenue Collections – *Significant Deficiency*

Criteria: GASB Codification (GASBC) 1600, Basis of Accounting requires governmental funds use the modified accrual basis of accounting and government wide to use the full accrual basis of accounting.

Condition: There was lack of readily available documentation over revenues (tax collection ACHs, building permits calculations and deposits, franchise fee payments, and journal entries). There was also no reconciliation of cash receipts to the bank statement deposits to ensure completeness.

Cause: The City did not review deposits into the City's bank account for tax collections, ACHs, building permits deposits, and franchise fee payments.

Effect: Revenues for the year could be materially misstated if there is not a proper documentation and review of revenues.

Recommendation: We recommend that the City review all deposits within the bank accounts periodically and maintain all supporting documentation for deposits made within the bank accounts.

Management's Response and Corrective Action Plan: City Management will work on maintaining supporting documentation and monitoring the reconciliation.

2023-008 Improper Exclusion of Retainage Payable in Prior Year and Current Year – *Material Weakness*

Criteria: Expenditures for capital assets should be recorded in the period in which the expense was incurred.

Condition: The City did not properly accrue engineering cost related to retainage for a specific construction in process (CIP) project in current and prior year. The City also incorrectly recorded some of the CIP expenditures in a non-capital expense account, totaling $107,834.

Cause: The amount recognized as expenditures was for the amount payable minus the retainage payable. Other amounts were incorrectly coded in non-capital expenditure accounts.

Effect: Prior to audit adjustments, current year ending fund balance was overstated by $137,311 and current year construction in progress expenditure was understated by $149,027 due to retainage. Also, capital outlay at the General Fund level and CIP at the government-wide level were understated by $107,834.

Recommendation: The City should implement procedures to ensure all expenditures are reviewed to ensure total invoice is booked within the proper period and general ledger accounts.

Management's Response and Corrective Action Plan: City Management will review agreements and verify that retainage is recorded as needed.

Section III–State Project Findings and Questioned Costs

2023-004 Allowable Expenses – *Material Weakness*
CSFA # 37.039
Contract LPA0065
Statewide Water Quality Restoration Projects
Direct Funding from the Florida Department of Environmental Protection
Funding Year 2023

Criteria: The Florida Single Audit Act requires entities to establish and maintain effective internal controls to ensure compliance with the grant agreements. Expenditures cannot be claimed under multiple state grants. Expenditures must be supported by invoices with backup documentation to be an allowable cost under the grant agreement with the State of Florida Department of Environmental Protection.

Condition: A change order for a contractor was used as support for a reimbursement request on the grant. That expenditure had already been claimed under contract # WW011600.

Cause: There was not proper review of the reimbursement request or the allowable expenditure to ensure that the amount requested had not been previously reimbursed by another grant.

Effect: The City received grant funds for an expenditure twice.

Questioned Costs: $138,594

Perspective: There was only one invoice and reimbursement request for contract # LPA0065.

Recommendation: When preparing reimbursement requests, invoices should be utilized instead of change orders, and review should be done to ensure that expenses are not being requested under multiple grants.

Management's Response and Corrective Action Plan: City Management will review reimbursement requests and allowable expenditures to verify amounts have not been previously requested.

2023-001 Budgeting Debt Payments – *Significant Deficiency*
CSFA #37.077
Contract WW011600
Wastewater Treatment Facility Construction
Direct Funding from the Florida Department of Environmental Protection
Funding Year 2023

Criteria: The Florida Single Audit Act requires entities to establish and maintain effective internal controls to ensure compliance with the grant agreements. The Clean Water State Revolving Fund requires grantees to budget adequate funds to satisfy required debt payments eachyear.

Condition: The City did not budget for repayment of the loan in their fiscal year 2024 budget as required in the grant agreement. Payments are scheduled to begin September 2024.

Cause: The City did not budget for any debt payments in fiscal year 2024's budget.

Effect: The City is out of compliance with the debt agreement, and may not have the required funds set aside when the payment is due.

Questioned Costs: None

Perspective: There were no debt payments budgeted for in fiscal year 2024.

Recommendation: The City needs to include in its budget debt repayments of all loans that are outstanding.

Management's Response and Corrective Action Plan: City Management will review debt payments as part of the budget process.

2023-003 Reporting – *Significant Deficiency*
CSFA #37.039
Statewide Water Quality Restoration Projects
Florida Department of Environmental Protection passed through St. Johns River Water Management District
Funding Year 2023

Criteria: The Florida Single Audit Act requires entities to establish and maintain effective internal controls to ensure compliance with the grant agreements. The agreement with St. Johns River Water Management District requires quarterly reports, due 30 days after the end of each quarter.

Condition: Progress reports for contract 365111 were not sent to the granting agency timely, and there was no evidence of review.

Cause: There is not a line for review on the report so the City did not keep any evidence that the report was reviewed, in addition the City had personnel turnover so the report was filed after the deadline.

Effect: The City is in not in compliance with the reporting requirements for the grant.

Questioned Costs: None

Perspective: There was only one quarterly report required for contract # 365111 that was submitted 40 days late.

Recommendation: When preparing reports, the City should ensure there is documentation of review and that reports are filed timely.

Management's Response and Corrective Action Plan: City Management is working on hiring additional employees to assist with the timeliness of reporting requirements.

Section IV- Prior Findings and Questioned Costs for Federal Awards and/or State Financial Assistance

SD01 (2009): Segregation of Duties
Status: Finding was repeated as 2023-005

MW01 (2022): Budget Deficiencies
Status: Finding was revised and repeated as 2023-001

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor and
Members of the City Commission
City of Oak Hill, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Oak Hill, Florida as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated June 30, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 June 30, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Original No.	Description	Status	2023 No.	First Year Reported
SD01 (2009)	Segregation of Duties	Repeated	2023-005	2009
MW01 (2022)	Budget Deficiencies	Repeated	2023-001	2022

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 City of Oak Hill, Florida is disclosed in the notes to the financial statements. There are no component units of the Town.

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 of Oak Hill, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Oak Hill, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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 noted the following matters.

2023-009 Lack of Documentation of Meeting Minutes

Criteria: Section 286.011(2) requires the City to promptly record and make available for public inspection the minutes of public meeting, in which official acts are to be taken.

Condition: The City did not document meeting minutes for the all the public meetings of the City Commission.

Cause of condition: The City does not have an internal control in place to ensure minutes of the City Commission meetings are documented and uploaded on the City's website.

Effect: The City is not in compliance with Florida Statues requiring meeting minutes be available for public inspection.

Recommendation: We recommend the City document a formal policy in order to document and make available all City Commission meeting minutes.

Management's response: City Management is working to ensure meeting minutes are prepared in a timely manner.

2023-010 Untimely Preparation of Bank Reconciliations

Criteria: Reconciliation of the Town's cash accounts to monthly statements from the financial institutions is a basic tenet of accounting to ensure financial information is in compliance with GAAP.

Condition: Bank reconciliations for the City's bank accounts were not conducted during the transition from the prior City Administrator to the current City Administrator. Bank reconciliations were completed by the outside consultant in January of 2024.

Cause of condition: The City did not have trained personnel in place during transition between City Administrators.

Effect: Accounting transaction related to cash could have reconciling differences that are not resolved time causing materially misstatements.

Recommendation: We recommend the City ensure properly trained personnel are in places during turnover of significant personnel. Additionally there should be controls to ensure that the bank reconciliations prepared are reviewed by someone other than the preparer.

Management's response: City Management is working on hiring additional employees and ensure properly trained personnel are in place. Additionally, controls will be implemented to ensure that the bank reconciliations prepared are reviewed by someone other than the preparer.

2023-011 Budget Not Posted Timely

Criteria: FL Statute 189.016(4) states the tentative budget must be posted on the City's official website at least 2 days before the budgeting hearing and must remain on the website for at least 45 days. The final adopted budget must be posted to the City's website within 30 days after adoption and must remain on the website for at least 2 years.

Condition: The City did not post the budget to the City's website timely. A final budget was never posted to the City's website. The City also did not have documentation indicating that the budget process followed FL Statute requirements.

Cause of condition: The City was not aware of the state requirement related to the posting of the budget.

Effect: The City was not in compliance with FL statues for the City's annual budget.

Recommendation: The City should considering providing training to the City's personnel or obtaining outside support for state requirement related to budgeting process.

Management's response: City Management is working with third party IT vendor and also training internal staff to ensure budget is posted on website to meet State requirement.

2023-012 Lack of Documentation over Bid Procedures

Criteria: The City's 'Finance Policy and Procedures Manual' and Florida Statues 287.017 and 287.057 requires the City to adhere to bidding procedures.

Condition: The City lacked supporting documentation (bids received, bid tabulation results, and advertisement of bids) indicating all bid procedures were properly completed, including minutes indicating bid approval by City Commission. One bid was awarded to a company, but a different company ended up being hired for the project. Lack of documentation in minutes indicating who won the bid.

Cause of condition: The City did not follow the bidding process as documented in their 'Finance Policy and Procedure Manual' adopted in Resolution No. 2020-09 and Florida Statues.

Effect: The City was not in compliance with the City's 'Finance Policy and Procedure Manual', along with Florida Statues. In addition, the City hired a different company than the one approved by City Commission.

Recommendation: The City should ensure that the bidding procedures outlined in their 'Finance Policy and Procedure Manual' and the Florida Statues are followed.

Management's response: City Management will ensure that staff are aware of and following the bidding procedures outlined in their 'Finance Policy and Procedure Manual' and the Florida Statues.

2023-013 Building Permits Carryover Fund Balance

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: The City's unexpended building permit funds at September 30, 2019 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by $179,016.

Cause of condition: Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

Effect: The City has excess unexpended balances at September 30, 2023.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statues. Such action may require the City to modify its fiscal year 2023-2024 budget.

Management's response: City Management will work with its external accountants to take appropriate action to comply with Section 553.80(7)(a) of Florida Statues regarding building code balances.

2023-014 Paid Time-Off Personnel Policy

Criteria: Section 7.1 of the City's 'Personnel Rules and Regulations' states that "If an employee is terminated or resigns there is no payment for unused PTO hours."

Condition: The City paid out two employees' unused PTO balances upon termination against the City's written policy.

Cause of condition: The City did not have segregation of duties to ensure that unused PTO balance was not paid out to terminated employees.

Effect: The City paid out unused PTO balances causing an increase in expenditures.

Recommendation: The City should ensure that payroll processing systems include segregation of duties within the internal controls to ensure that the payroll calculations are.

Management's response: City Management will ensure that staff is aware of the "Personnel Rules and Regulations" and work on hiring more staff so that segregation of duties will be able to be accomplished.

2023-015 Accrual of Compensated Absences

Criteria: GASB Codification C60, Compensated Absences, prescribes the methods to be used for determining the liability based on limits specified by the City's policy. The City's personnel policy states that unused PTO is not paid out upon termination.

Condition: The City improperly accrued compensated absences liability at the governmental activities level.

Cause of condition: The City's outside consultant calculated the liability based on the total unused PTO balances for its employees. The liability per GASB is limited to the City's terminal liability, which is the amount of unused PTO specified in City policy or collective bargaining agreements.

Effect: The compensated absences liability was overstated at September 30, 2023 in the governmental activities.

Recommendation: We recommend the City should create an internal controls to ensure year end payroll calculations are reviewed by City personnel.

Management's response: City Management will work with the external accountant to ensure year-end payroll calculations are accurate.

Additional Matters

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

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2024



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Honorable Mayor and
Members of the City Commission
City of Oak Hill, Florida

We have examined the City of Oak Hill, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of the City of Oak Hill, Florida is responsible for the City of Oak Hill, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the City of Oak Hill, Florida's compliance with the specified requirements 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 of Oak Hill, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Oak Hill, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement. Our examination does not provide a legal determination on the City of Oak Hill, Florida's compliance with specified requirements.

In our opinion, the City of Oak Hill, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2024



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City of Oak Hill

Jerome Adams
City Administrator

234 South U.S. Hwy. 1
Oak Hill, Florida 32759
Phone 386-345-3522
Fax: 386-345-1834
www.oakhillfl.gov

Date: 06/30/2024

To: Lindsay Aviles, CPA, Carr, Riggs & Ingram, LLC

From: Jerome Adams, City Manager

Re: Audit Corrective Action Plan

In response to the audit completed for fiscal year 2022-2023, I offer the following corrective action plan:

2023-002 Schedule of Expenditures of State Financial Assistance Materially Misstated

City Management will work with the external accountant to verify that all revenue expenditure activity is captured within the SEFA.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-005 Segregation of Duties

City Management is working on hiring additional employees along with working with the external accountants to help separate duties.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-006 Lack of Payroll Documentation

City Management will work on maintaining payroll and HR documentation.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-007 Lack of Documentation over Revenue Collections

City Management will work on maintaining supporting documentation and monitoring the reconciliation.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-008 Improper Exclusion of Retainage Payable in Prior Year and Current Year

City Management will review agreements and verify that retainage is recorded as needed.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-004 Allowable Expenses

City Management will review reimbursement requests and allowable expenditures to verify amounts have not been previously requested.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-001 Budgeting Debt Payments

City Management will review debt payments as part of the budget process.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

2023-003 Reporting

City Management is working on hiring additional employees to assist with the timeliness of reporting requirements.

Anticipated Completion Date: September 30, 2024

Responsible Party: Jerome Adams, City Manager

Thank you,



Jerome Adams, City Administrator