

CITY OF HOLMES BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**CITY OF HOLMES BEACH, FLORIDA
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission
City of Holmes Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holmes Beach, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

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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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

CS&L CPAs

CS&L CPAs, P. A.

June 4, 2025
Bradenton, Florida



City of Holmes Beach

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Holmes Beach, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$25,446,431 (*net position*).
- The City's total net position increased by \$1,992,440.
- As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of \$8,977,744, a decrease of \$1,219,964 in comparison with the prior year. Of this total amount, \$304,660 is non-spendable, \$902,692 is restricted, and \$7,805,747 is assigned. As of September 30, 2024, the City has unassigned fund balance of (\$35,355).

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal 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 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., uncollected revenues and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by ad valorem taxes, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City is engaged in only governmental activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City utilizes governmental funds and fiduciary funds.

Governmental funds. Governmental funds 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 method of accounting and the current financial resources focus. As a result, long-term assets and liabilities are not included. The City uses a general fund which is used for City operations. All general tax revenues are accounted for in this fund. Also from this fund, all general operating expenditures and capital expenditures are paid.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided as required supplementary information to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 to 16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and follow the accrual method of accounting. The City's sole fiduciary fund is a pension trust fund used to account for the Police Officer's Pension Trust Fund, a Chapter 185 defined benefit pension fund. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs.

The basic fiduciary fund financial statements can be found on pages 17 to 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the year ended September 30, 2024, assets and deferred outflows exceeded liabilities and deferred inflows by \$25,446,431 at the close of the most recent fiscal year.

A condensed statement of net position at September 30, 2024 with comparative balances for September 30, 2023 follows:

	Governmental Activities	
	2024	2023
Current and other assets	\$ 10,812,027	\$ 12,388,020
Capital assets	20,454,468	17,026,186
Total assets	31,266,495	29,414,206
Deferred Outflows	1,130,114	2,289,460
Long-term liabilities outstanding	4,303,328	5,869,253
Other liabilities	1,745,524	2,101,553
Total liabilities	6,048,852	7,970,806
Deferred Inflows	901,326	278,869
Net position:		
Net investment in capital assets	20,454,468	17,026,186
Restricted	902,692	791,181
Unrestricted	4,089,271	5,636,624
Total net position	\$ 25,446,431	\$ 23,453,991

A large portion of the City's net position, \$20,454,468, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at year-end. Investments are held in the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

An additional portion of the City's net position, \$902,692 represents resources from storm water drainage fees, sales taxes, donors and transportation taxes that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$4,089,271 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased \$1,992,440 during the current fiscal year. The following is a summary of the information presented in the statement of activities as of September 30, 2024 with comparative totals for the year ended September 30, 2023:

Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Charges for service	\$ 2,712,179	\$ 2,656,633
Operating grants and contributions	185,105	1,011,119
Capital grants and contributions	1,567,699	1,392,305
	4,464,983	5,060,057
General Revenues:		
Ad valorem taxes	6,278,775	5,457,892
Franchise fees	858,280	837,945
Communication service tax	192,912	240,377
Stormwater fees	812,776	790,454
State revenue sharing	143,440	150,225
Sales tax	315,245	323,027
Discretionary half cent sales tax	327,240	328,435
Casualty insurance tax	66,497	54,696
Other taxes	277,343	336,638
Interest income	641,059	325,287
Miscellaneous	93,556	44,120
Total general revenues	10,007,123	8,889,096
Total Revenues	14,472,106	13,949,153
Expenses:		
General government	1,772,792	1,668,586
Public safety	5,686,177	5,504,100
Public works/building department	5,020,697	5,307,111
Total expenses	12,479,666	12,479,797
Increase in net position	1,992,440	1,469,356
Net position – Beginning	23,453,991	21,984,635
Net position – Ending	\$ 25,446,431	\$ 23,453,991

Revenues were \$14,472,106 and increased \$522,953 from the prior year. The increase was largely due to an increase in ad valorem taxes of \$820,883 and interest of \$315,772. This was offset by a decrease in grants and contributions of \$650,620. Expenses were \$12,479,666, which decreased by \$131 in comparison to the prior year.

Financial Analysis of the City's Funds

The City utilizes a Governmental Fund and a Fiduciary Fund. These include the General Fund and the Police Pension Trust Fund, respectively.

Governmental funds. The focus of the City's *governmental funds* 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 of the end of the current fiscal year, the City's general fund reported an ending fund balance of \$8,977,744, a decrease of \$1,219,964 in comparison with the prior year. Of this total, \$7,805,747 is assigned pursuant to the budget, \$902,692 is *restricted* for gas tax roadway expenditure projects, infrastructure, and other purposes, and \$304,660 is non-spendable for prepaid items.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents 57.21% of total general fund expenditures. The City had a deficit unassigned balance of \$35,355. However, when combined with assigned fund balance, it was 49.52% of total general fund expenditures.

The fund balance of the City's general fund decreased \$1,219,964 during the current fiscal year. The revenues increased over prior year by \$613,662, resulting largely from an increase in ad valorem taxes of \$820,883, an increase in interest income of \$315,772 and a decrease in grant income of \$508,568. Expenditures increased by \$115,573 from the prior year. Total City personal service costs increased approximately \$786,000, operating costs decreased approximately \$116,000 and City capital outlay decreased by approximately \$555,000.

General Fund Budgetary Highlights

Original budgeted revenues were \$14,145,382 and were not amended during the year. Original budgeted expenditures were \$17,212,754 and were not amended during the year. Other financing sources were originally budgeted for \$16,500 and were not amended. Actual revenues were greater than the final budget by \$321,874. This was principally due to interest and licenses and permits exceeding expectations offset by grants being less than budgeted. Actual expenditures were less than final budgeted expenditures by \$1,520,684 due mainly to public works expenditures being less than budgeted by \$1,224,231 and code compliance being less than budget by \$273,988. These were both largely due to capital outlay expenditures related to grants. The General Fund budget is presented as required supplementary information on page 40.

Fiduciary Fund

The City's Police Officer's Pension Trust Fund presents a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 17 and 18. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

As of September 30, 2024, the City's Pension Trust Fund reported fiduciary net position of \$13,080,158, an increase of \$2,462,426 from the prior year. The main components of the increase were due to net investment earnings impacted by net market improvements of \$2,476,607. This Pension Trust Fund includes only Police Officers. Other employees are included in the State of Florida Retirement System. Beginning October 1, 2006, all non-police officer employees hired are automatically enrolled in the State of Florida Retirement System plan.

Capital Assets

The City's investment in capital assets for the year ended September 30, 2024 amounts to \$20,454,468 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The City's capital assets for the current fiscal year increased by \$3,428,282; comprised of \$4,562,018 of capital additions (park, stormwater and roadway improvements), a loss on disposals of \$12,926 and \$1,120,810 of depreciation expense.

The following is a condensed schedule of capital assets, net of accumulated depreciation at September 30:

	Governmental Activities	
	2024	2023
Land	\$ 1,545,704	\$ 1,496,554
Building and improvements	1,005,047	994,182
Infrastructure	14,989,854	12,662,067
Machinery and equipment	2,913,863	1,873,383
Total (net of depreciation)	\$ 20,454,468	\$ 17,026,186

See Note 3 of this report for additional information on the City's capital assets.

Long-Term Obligations

The City recognizes a net pension liability per GASB Statement No. 68. The net pension liability as of September 30, 2024 was \$3,599,964, which decreased \$1,668,480. Additionally, a long-term liability for compensated absences and post-employment benefits other than pensions, totaled \$559,802 and \$143,562 at September 30, 2024, respectively. The compensated absences increased by \$66,745. The post-employment benefits other than pensions increased \$35,810 based on the most recent actuarial study. See Note 4 of this report for additional information the City's long-term obligations.

Economic Factors and Next Year's Budgets and Rates

This year the City is seeing an 11.88% increase in property values which in effect would have increased the tax base by \$749,000. Based on that increase, the Mayor and Commission reduced the millage rate from 2.05 mills to 1.99 mills allowing us to keep our reserves sufficient and reducing ad valorem taxes for the residents. The rollback rate calculation, required by Florida Statutes, reflects the millage rate that would be needed to generate the same amount of tax dollar income as received in the prior year.

The fiscal year 2024-2025 budget includes a slight decrease in state sources based on estimates for all sources except electric franchise fees, due to FP&L having a rate increase, a grant of \$307,000 for an algae harvester that is being applied for, and interest income of \$340,000.

A Florida Resiliency grant in the amount of \$714,900 for Gulf Drive upgrading has been included in the 2024-2025 budget. The property tax insurance across all departments increased due to the increase in losses realized along coastal communities.

In the Public Works department, we included one additional maintenance staff member, additional street sweeping, \$150,000 for Historical Research Protection moving to a new location, and \$307,000 for an algae harvester only if the grant is received.

The Police department has increased maintenance costs by \$106,000 for the new police boat, taser upgrades for \$64,000 and \$15,000 for half the cost of a backup server for offsite EOC.

The Code department has reduced legal spending for special magistrate hearings and abatement by \$100,000 and added \$50,000 for the purchase of a new truck.

Storm water improvement projects will include \$320,000 in matching funds for fiscal year 2024-2025 by SWFWMD and \$735,000 from FL Resiliency matching funds. This will be used for improvements to storm water phase F, G, & H, and Gulf Drive. The 5th Cent tax includes budgets for engineering services for multi-use sidewalks and bike lanes. The Half Cent Discretionary budget includes curb replacement, street resurfacing, and striping for bike lanes.

The City is projecting to remain steady and possibly see some additional monies from Florida Resiliency grants.

Fortunately, the City has been able to maintain the operational budgets without having to use any emergency cash reserves and still anticipates a good financial outlook due to the City cash balances and the fact that the City has limited the use of debt.

Requests for Information

This financial report is designed to provide a general overview of the City of Holmes Beach, Florida's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City at, City of Holmes Beach, Florida, 5801 Marina Drive, Holmes Beach, Florida 34217.

**CITY OF HOLMES BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	
Unrestricted	\$ 3,869,210
Restricted	847,453
Investments	5,346,221
Due from other governments	444,483
Prepaid expenses	304,660
Capital assets	
Land	1,545,704
Other capital assets, net of accumulated depreciation	18,908,764
Total Assets	31,266,495
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of pension resources	1,130,114
LIABILITIES	
Accounts payable	1,621,669
Accrued expenses	95,797
Unearned revenue	28,058
Noncurrent liabilities	
Due in less than one year	-
Due in more than one year	4,303,328
Total Liabilities	6,048,852
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of pension earnings	901,326
NET POSITION	
Net investment in capital assets	20,454,468
Restricted for:	
Restricted for streets and roads	601,316
Capital projects and purchases	271,448
Other	29,928
Unrestricted	4,089,271
Total Net Position	\$ 25,446,431

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

**CITY OF HOLMES BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change In Net Position Total</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental Activities:					
General Government	\$ 1,772,792	\$ 523,687	\$ 83,509	\$ 78,635	\$ (1,086,961)
Public Safety	5,686,177	30,655	101,596	68,563	(5,485,363)
Public Works	5,020,697	2,157,837	-	1,420,501	(1,442,359)
Total Governmental Activities	<u>12,479,666</u>	<u>2,712,179</u>	<u>185,105</u>	<u>1,567,699</u>	<u>(8,014,683)</u>
General Revenues:					
					6,278,775
					858,280
					192,912
					812,776
					143,440
					315,245
					66,497
					327,240
					277,343
					641,059
					93,556
					<u>10,007,123</u>
					1,992,440
					23,453,991
					<u>\$ 25,446,431</u>

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

**CITY OF HOLMES BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2024**

	GENERAL FUND
ASSETS	
Cash and cash equivalents	
Unrestricted	\$ 3,869,210
Restricted	847,453
Investments	
Unrestricted	5,346,221
Due from other governments	444,483
Prepaid items	304,660
TOTAL ASSETS	\$ 10,812,027
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,621,669
Accrued expenses	95,797
Unearned revenue	28,058
TOTAL LIABILITIES	1,745,524
Deferred Inflows of Resources:	
Unavailable revenue	88,759
Fund Balances:	
Nonspendable	304,660
Spendable:	
Restricted	902,692
Committed	-
Assigned	7,805,747
Unassigned	(35,355)
TOTAL FUND BALANCES	8,977,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,812,027

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

**CITY OF HOLMES BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

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

Fund Balance – Governmental Fund	\$	8,977,744
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds		20,454,468
Deferred outflows of pension resources are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting		1,130,114
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds		(4,303,328)
Governmental funds follow the modified accrual basis and revenues are recognized when they become both measurable and available. Revenues received after 60 days are not deemed available. This has no impact on net position in the government-wide financial statements.		88,759
Deferred inflows of pension earnings are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting		<u>(901,326)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>25,446,431</u>

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

CITY OF HOLMES BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND
REVENUES	
Ad valorem taxes	\$ 6,278,775
State and county receipts	1,331,045
Licenses and permits	2,242,837
Storm water fees	812,776
Franchise fees	858,280
Interest	641,059
Grants	1,581,175
Other sources	721,309
Total Revenues	14,467,256
EXPENDITURES	
General government:	
Personal services	829,974
Operating	801,132
Capital outlay	102,851
Total General Government	1,733,957
Public Safety:	
Personal services	3,919,754
Operating	1,276,802
Capital outlay	672,700
Total Public Safety	5,869,256
Public Works:	
Personal services	2,154,601
Operating	2,147,789
Capital outlay	3,786,467
Total Public Works	8,088,857
Total Expenditures	15,692,070
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,224,814)
OTHER FINANCING SOURCES	
Proceeds from disposal of capital assets	4,850
Total Other Financing Sources	4,850
NET CHANGE IN FUND BALANCE	(1,219,964)
FUND BALANCE , Beginning of year	10,197,708
FUND BALANCE , End of year	\$ 8,977,744

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

**CITY OF HOLMES BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

Net change in fund balance – total governmental fund	\$ (1,219,964)
--	----------------

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	4,562,018
Loss on disposal	(12,926)
Depreciation	(1,120,810)

Some expenditures in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund. This represents the current year change in:

Compensated absences	(66,745)
Total OPEB liability	(35,810)
Net pension liability	1,668,480
Deferred outflows of pension resources	(1,159,346)
Deferred inflows of pension earnings	(622,457)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,992,440</u>
--	----------------------------

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

CITY OF HOLMES BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2024

	POLICE RETIREMENT PLAN
ASSETS	
Investment, at fair value	
Money market funds	\$ 381,800
Bond funds	4,426,094
Equity funds	8,112,122
Net investments at fair value	12,920,016
Employer contribution receivable	156,822
Employee contribution receivable	3,320
TOTAL ASSETS	13,080,158
FIDUCIARY NET POSITION	
Restricted for pension benefits	\$ 13,080,158

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

**CITY OF HOLMES BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	POLICE RETIREMENT PLAN
ADDITIONS	
CONTRIBUTIONS:	
Employee contributions	\$ 85,623
Employer contributions	471,103
State contributions	66,497
Total Contributions	623,223
INVESTMENT INCOME:	
Interest	404,436
Net realized and unrealized gains (losses)	2,111,597
Total Investment Earnings	2,516,033
Less investment expense	39,426
Net investment income	2,476,607
TOTAL ADDITIONS	3,099,830
DEDUCTIONS	
Administrative expenses	48,086
Benefits paid	589,318
TOTAL DEDUCTIONS	637,404
Increase (Decrease) in fiduciary net position	2,462,426
FIDUCIARY NET POSITION – RESTRICTED FOR PENSION BENEFITS	
Beginning of year	10,617,732
End of year	\$ 13,080,158

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

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the City of Holmes Beach, Florida:

REPORTING ENTITY

The City of Holmes Beach, Florida (City) was incorporated in 1950 with the power to exercise all necessary municipal services. The present charter, which was last revised in 2019, currently provides for an elected Mayor and a five-member Commission. The legal authority for the City is in the Laws of Florida Chapter 61-2268 and Chapter 165 of the Florida Statutes.

The financial statements include all the organizations, functions, and activities of the City, required by the Governmental Accounting Standards Board, Codification of Governmental Accounting and Financial Reporting Standards. The criteria used in determining inclusion are:

- a. Manifestation of oversight –
 - 1) Financial interdependency
 - 2) Selection of governing authority
 - 3) Designation of management
 - 4) Ability to significantly influence operations
 - 5) Accountability for fiscal matters

- b. Scope of public service –
 - 1) Benefits of reporting entity and/or its residents
 - 2) Geographic boundaries

- c. Special financing relationships

The financial statements include the funds of the police pension plan. Designation of management and ability to significantly influence operations were the criteria used in determining its inclusion. The City has no other component units.

BASIS OF PRESENTATION

The City's basic financial statements includes government-wide (which reports the City as a whole) and fund financial statements (which report only on the General and Fiduciary Funds). The basic financial statements present only governmental activities, as the City conducts no business-type activities.

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements exclude the City's fiduciary activities (pension trust fund).

For the most part, interfund activity has been removed from these statements. The Statement of Net Position reports all financial and capital resources of the City's governmental activities. It is presented in a net position format (assets and deferred outflows less liabilities and deferred inflows equal net position) and shown with three net position components: net investment in capital assets, restricted net position and unrestricted net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services, including licenses and permits, fines and other related revenues, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The City's accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures. The City utilizes governmental funds, which follow the modified accrual basis of accounting. Under this method, revenues are recorded when they become 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. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The City also uses a pension trust fund. The City reports the following governmental fund, which is a major fund:

GOVERNMENTAL FUND – GENERAL FUND

The General Fund is the general operating fund of the City. All general tax revenues are accounted for in this fund. From the general fund, the City pays general operating expenditures and capital expenditures of the City.

FIDUCIARY FUND – PENSION TRUST FUND

The pension trust fund is accounted for on the accrual basis since capital maintenance is critical. Employer and participant contributions are recognized in the period in which the contributions are due. Retirement benefits and refunds are recognized when due and payable in accordance with the plan.

CASH AND CASH EQUIVALENTS

The City considers all checking, savings, and money market accounts to be cash and cash equivalents.

CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The City has elected to report general infrastructure assets on a prospective basis only.

Property, plant, and equipment of the City are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and infrastructure	30–50
Improvements	20
Vehicles	5
Furniture, fixtures, and equipment	5–10

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term obligations (including compensated absences, net pension liability, and total OPEB liability) are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BUDGETARY INFORMATION

Annual budgets are generally adopted on a basis consistent with U.S. generally accepted accounting principles for the general fund. Expenditures should not exceed total appropriations of the fund. All annual appropriations lapse at fiscal year end. Budget amendments are approved by the City Commission, per Florida Statutes.

PROPERTY TAXES

Property taxes become due and payable on November 1st of each year. The County tax collector remits the City's portion as such revenues are received. The City collects nearly all of its tax revenue during the period November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, deferred inflows, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NET POSITION

Net position is reported in three parts as applicable: net investment in capital assets; restricted; and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

FUND BALANCE

The City follows Governmental Accounting Standards Board (GASB) Statement 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FUND BALANCE – CONTINUED

The City classified governmental fund balance as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the Board of Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the Board of Commissioners through a resolution or the budget process, which are neither restricted nor committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

	General Fund
Non-spendable – Prepaid items	\$ 304,660
Spendable:	
Restricted	
Half-cent discretionary sales tax for infrastructure	601,316
Capital projects	271,448
Other	29,928
	902,692
Assigned	7,805,747
Unassigned	(35,355)
	8,977,744
Total Fund Balances	\$ 8,977,744

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This 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 only item that qualified for reporting in this category is a deferred outflow of pension resources which is reflected in the government-wide statement of net position. In addition to liabilities, the statement of net position and governmental fund balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are two items that qualify for reporting in this category. A deferred inflow of pension earnings is reported in the government-wide statement of net position, and unavailable revenue is reported in the general fund balance sheet.

NOTE 2 – CASH AND INVESTMENTS

The City's investment policies are governed by State Statutes in addition to its own investment policies. City monies are authorized to be invested in the following:

- Local Government Surplus Funds Trust Fund (LGSF) or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- S.E.C. registered money market funds with the highest credit quality rating from a certified qualified public depository.
- Direct Obligations of the U.S. Treasury.
- Interest bearing time deposits or savings accounts in State Certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.

All City cash accounts are in Qualified Public Depositories.

Restricted cash in the General Fund represents unspent local 5 cent gas tax collections which are required to be used for storm water improvements, road maintenance or improvement expenditures; half cent discretionary sales tax collections for infrastructure; private donations for Islanders for Clean Water and other various uses.

At September 30, 2024, the City's general fund cash and investments were fully insured or collateralized or held in the City's name pursuant to these guidelines.

The City has investments with the Local Government Surplus Trust Funds Investment Pool (LGIP), now known as Florida PRIME, which is administered by the Florida State Board of Administration (SBA). The City's investments in the Pool are through shares owned in the fund and not the underlying investments. The Florida PRIME is considered a 2a7 like pool and are recognized at amortized cost. The Florida PRIME investments are subject to overnight withdrawal. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base.

Interest Rate Risk

The City does not have a specific policy concerning interest rate risk. The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2024, is 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2024, is 74 days.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Credit Quality

Credit risk is the possibility that an issuer of a fixed income security held by the Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, the Florida PRIME will lose money. Florida PRIME invests in top-tier, money market assets of the highest quality and has a Standard and Poors rating of AAAM.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2023 through September 30, 2024.

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

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. Through September 30, 2024, no such disclosure has been made.

As of September 30, 2024, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

At September 30, 2024, the City had investments in the Florida PRIME in the amount of \$5,346,221. For further information regarding the Local Government Surplus Trust Funds Investment Pool, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

The City of Holmes Beach Pension Trust Fund's investments which are recorded at fair market value are enumerated in Note 5.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 1,496,554	\$ 49,150	\$ -	\$ -	\$ 1,545,704
Total capital assets, not being depreciated	<u>1,496,554</u>	<u>49,150</u>	<u>-</u>	<u>-</u>	<u>1,545,704</u>
Capital assets being depreciated:					
Buildings and improvements	2,131,823	86,545	-	-	2,218,368
Infrastructure	16,062,603	2,864,174	-	-	18,926,777
Vehicles	2,255,360	1,198,587	(337,366)	-	3,116,581
Machinery and equipment	1,851,747	363,562	(230,793)	-	1,984,516
Total capital assets being depreciated	<u>22,301,533</u>	<u>4,512,868</u>	<u>(568,159)</u>	<u>-</u>	<u>26,246,242</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,137,641)	(75,680)	-	-	(1,213,321)
Infrastructure	(3,400,536)	(536,387)	-	-	(3,936,923)
Vehicles	(1,164,552)	(311,711)	325,797	-	(1,150,466)
Machinery and equipment	(1,069,172)	(197,032)	229,436	-	(1,036,768)
Total accumulated depreciation	<u>(6,771,901)</u>	<u>(1,120,810)</u>	<u>555,233</u>	<u>-</u>	<u>(7,337,478)</u>
Total capital assets, being depreciated, net	<u>15,529,632</u>	<u>3,392,058</u>	<u>(12,926)</u>	<u>-</u>	<u>18,908,764</u>
Governmental activities capital assets, net	<u>\$ 17,026,186</u>	<u>\$ 3,441,208</u>	<u>\$ (12,926)</u>	<u>\$ -</u>	<u>\$ 20,454,468</u>

Depreciation expense was allocated as follows: General Government \$89,491, Public Safety \$368,294 and Public Works \$663,025.

NOTE 4 – LONG-TERM LIABILITIES

City policy grants employees annual and sick leave in varying amounts. Annual leave is earned and used on a calendar year basis. Accumulated sick leave benefits are granted only upon retirement. The expenses are not expected to be liquidated with expendable financial resources so they have not been included as a fund liability.

During the year ended September 30, 2024, the City's long-term obligations changed as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$ 493,057	\$ 452,456	\$ (385,711)	\$ 559,802	\$ -
Total OPEB liability	107,752	42,004	(6,194)	143,562	-
Net pension liability	5,268,444	3,098,002	(4,766,482)	3,599,964	-
	<u>\$ 5,869,253</u>	<u>\$ 3,592,462</u>	<u>\$ (5,158,387)</u>	<u>\$ 4,303,328</u>	<u>\$ -</u>

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS

The City provides retirement benefits to employees under two pension plans.

- Florida Retirement System – for employees other than police officers hired prior to January 1, 1996 or after October 1, 2006 (and those previous employees electing coverage as of October 1, 2006).
- A Defined Benefit Plan – for police officers.

FLORIDA RETIREMENT SYSTEM

Plan Description

Employees (as noted above) of the City are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at <https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple employer qualified 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.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS 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.

Plan Provisions

If first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

FLORIDA RETIREMENT SYSTEM – CONTINUED

Plan Provisions – Continued

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The City’s contractually required contribution rate for the year ended September 30, 2024, ranged from 13.57% – 13.63% for regular employees and 21.13% for employees in the DROP Program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$373,844 for the year ended September 30, 2024, and approximated 14.1% of covered payroll. The HIS Program is funded by required contributions of 2.00% and is included in the contribution rates noted above.

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

At September 30, 2024, the City reported a liability of \$2,397,180 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 for FRS and for HIS. The City’s proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City’s proportion was 0.003811247% for FRS and 0.006151667% for HIS was consistent with its proportion measured in the previous year.

For the year ended September 30, 2024, the City recognized pension expense of \$321,735 for both plans. As of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,951	\$ -	\$ 8,910	\$ 1,772
Changes in assumptions	202,076	-	16,332	109,249
Net difference between projected and actual earnings on pension plan investments	-	97,994	-	334
Changes in proportion and differences between contributions and proportionate share of contributions	105,432	117,411	58,914	3,855
City contributions subsequent to the June 30, 2024 measurement date	59,213	-	14,352	-
	<u>\$ 515,672</u>	<u>\$ 215,405</u>	<u>\$ 98,508</u>	<u>\$ 115,210</u>

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

FLORIDA RETIREMENT SYSTEM – CONTINUED

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

Total deferred outflows were \$614,180 and total deferred inflows were \$330,615 as of September 30, 2024. \$59,213 (FRS) and \$14,352 (HIS) were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	FRS	HIS
2025	\$ 44,373	\$ (4,943)
2026	44,373	(4,943)
2027	44,373	(4,943)
2028	44,373	(4,943)
2029	44,373	(4,943)
Thereafter	19,189	(6,339)
	\$ 241,054	\$ (31,054)

Actuarial Assumptions

The total pension liability in the July 1, 2024 actuarial valuation for FRS and for HIS (June 30, 2024 measurement date for both) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, including inflation
Investment rate of return	6.70 percent, including inflation at 2.40%

Mortality assumptions for the FRS pension plan were based on the PUB-2010 base table, projected generationally with Scale MP-2021, and mortality assumptions for the HIS program were based on the Generational RP-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2024 valuation for FRS were based on the results of an actuarial experience study performed for the period July 1, 2018 – June 30, 2023. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that plan, but were based on certain results of the most recent experience study for the FRS plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2024 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	3.30%
Fixed income	29.0%	5.70%
Global equity	45.0%	8.60%
Real estate	12.0%	8.10%
Private equity	11.0%	12.40%
Strategic investments	2.0%	6.60%

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

The discount rate used to measure the total FRS pension liability was 6.70%, and the HIS pension liability was 3.93%. The HIS rate is based on the Bond Buyer General Obligation 20–Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in 2024 for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.65%.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower or 1–percentage – point higher than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the FRS net pension liability	\$ 2,593,364	\$ 1,474,370	\$ 536,974

The following presents the City’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.93%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower or 1–percentage–point higher than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of the HIS net pension liability	\$ 1,050,501	\$ 922,810	\$ 816,806

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

FLORIDA RETIREMENT SYSTEM – CONTINUED

Pension Plan Fiduciary Net Position

The City's proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida annual comprehensive financial report.

CITY OF HOLMES BEACH MUNICIPAL POLICE OFFICERS PENSION TRUST FUND (POLICE RETIREMENT PLAN)

Plan Description and Summary of Significant Accounting Policies

The City has established a Police Retirement Pension Plan, which is a single-employer, defined benefit plan. Participation is mandatory (a condition of employment) for all full-time policeman employed by the City. Benefit provisions and employer and employee obligations to contribute were established under the authority of the City ordinance establishing the police pension fund.

The Police Retirement Plan is a section 185 pension plan, and is accounted for in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued for the plan. Plan administrative costs are paid by the plan. The City's Pension Board, through approval of the City Commission, administers the plan, and has the authority to amend or extend the provisions of the plan. The City's Pension Board is comprised of two City Commissioner appointees, two members of the system elected by a majority of the other covered Police Officers, and a fifth member elected by the other four and appointed by the City Commission. Salem Trust Company is the Asset Custodian.

Plan Membership:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to, but not yet receiving, benefits	2
Active plan members	<u>17</u>
Total	<u>36</u>

Basis of Accounting

The Police Retirement Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Asset Valuation

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Retirement

Effective October 1, 1997, a member may retire at age 55 and the completion of 10 years of Credited Service, or 25 years of Credited Service regardless of age, whichever is earlier. The pension benefit is 3.25% of the average final compensation for each year of credited service not to exceed 30 years. The benefits for members who retire on or before June 13, 2006 will provide a 2 percent per year automatic increase on October 1st for each of the first 10 years, with level payments thereafter. Members retiring after June 13, 2006 will receive annual adjustments of 2 percent per year for life.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Retirement – Continued

Effective August 11, 2009, under Ordinance 09-05, all future normal retirees shall receive an additional supplemental monthly benefit of \$5 per month for each year of credited service payable for the life of the retiree.

Benefits are available for early retirement at age 50 and completion of 10 years of vesting service. The pension benefit is reduced by a formula for each year retirement precedes the normal retirement date.

Death and Disability

Effective October 1, 1997, a service incurred disability benefit provides for 42% of the Average Final Compensation (AFC) for members with fewer than 5 years of service, 51% of AFC for members with between 5 and 10 years of service, and 60% of AFC after 10 years of service. The non-service incurred disability benefit provides the accrued benefit but not to exceed 60% of the AFC.

Pre-retirement death benefits are payable monthly to a beneficiary on a Ten Year Certain and Life Annuity basis which can be purchased with the greater of: 1) present value of accrued benefits, or 2) lesser of 24 times the monthly base salary on the preceding March 1st or 100 times the projected monthly retirement benefit. The post-retirement benefit is based on the option an employee selects at retirement.

Vesting

Vesting occurs over a 10 year period. Credited service of less than 5 years a refund of member contributions with interest is provided. Beginning with 5 years credited service a participant is 50% vested, which increases 10% each year through year 10.

Contribution Information

Total payroll covered by the plan for the year was \$1,427,053 of a total City payroll of \$4,071,788. Total required contributions by the City and State, which are actuarially determined, were 32.9%, all of which were met. Employer contributions made by the City for the year were \$471,103. State contributions totaled \$66,497. Employee contributions of 6% of basic annual compensation are required and were made in the amount of \$85,623. Basic member payroll subject to contributions includes base salary exclusive of overtime, plus incentives.

Deferred Retirement Option Program (DROP)

The DROP requires satisfaction of normal retirement requirements, not to exceed 5 years. Upon entering DROP, the retirement benefit will be credited with interest at an effective rate equal to the rate applicable to the Florida Retirement System DROP for the calendar quarter plus 2% with the total equaling a minimum of 3% and a maximum of 8% per annum compounded monthly on the prior month's ending balance. The DROP balance as of September 30, 2024 is \$62,412.

Investments

Police Retirement Plan investments are held by the Salem Trust Company. The total market value was \$12,920,016, and the total cost was \$9,595,728 at September 30, 2024.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Investments – Continued

As of September 30, 2024, the asset allocations are as follows:

Cash and Cash Equivalents	2.96%
Mortgage / Asset Backed Securities	9.17%
U.S. Government Obligations	7.22%
Corporate Bonds	14.70%
Mutual Funds – Fixed Income	3.17%
Equity Mutual Funds	62.78%
	100.00%

The Pension Board establishes investment policies and allocation of invested assets and may amend the policy by majority vote. The following was the Board’s adopted asset allocation policy as of September 30, 2024:

<u>Asset Class</u>	
Domestic Equity	45%
International Equity	15%
Broad Market Fixed Income	35%
Global Fixed Income	5%
	100%

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan’s fiduciary net position. For the year ended September 30, 2024 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was 23.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The U.S. Government Obligations have interest rates between 1.540% and 4.375% with maturities from 2026 to 2050. Mortgage/Asset Backed Securities have interest rates between 2.00% and 6.00% with maturities from 2025 to 2054. Corporate bonds have interest rates between 1.512% and 6.100% with maturities between 2025 and 2035.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the City at September 30, 2024 were as follows:

Total Pension Liability	\$ 14,279,113
Plan Fiduciary Net Position	(13,076,329)
Sponsors Net Pension Liability (Asset)	\$ 1,202,784
Plan Fiduciary Net Position as a percentage of Total Pension Liability (Asset)	91.58%

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Net Pension Liability (Asset) – Continued

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance as of September 30, 2023	\$ 13,240,336	\$ 10,614,371	\$ 2,625,965
Change due to:			
Service cost	410,831	–	410,831
Interest	954,990	–	954,990
Excess state money addition	–	–	–
Share plan allocation	26,715	–	26,715
Difference between expected and actual experience	235,559	–	235,559
Changes of assumptions	–	–	–
Changes of benefit terms	–	–	–
Contributions – Employer	–	471,103	(471,103)
Contributions – State	–	66,497	(66,497)
Contributions – Employee	–	85,623	(85,623)
Net investment income	–	2,476,607	(2,476,607)
Benefit payments, including refunds of employee contributions	(589,318)	(589,318)	–
Administrative expenses	–	(48,554)	48,554
Net Changes	<u>1,038,777</u>	<u>2,461,958</u>	<u>(1,423,181)</u>
Balance as of September 30, 2024	<u>\$ 14,279,113</u>	<u>\$ 13,076,329</u>	<u>\$ 1,202,784</u>

Net pension liability was measured as of September 30, 2024.

Actuarial Assumptions

The total pension liability, net pension liability (asset), and certain sensitivity information are based on an actuarial valuation performed as of October 1, 2023, updated to September 30, 2024, based on the results of a January 27, 2021 actuarial experience study. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Investment rate of return	7.15%
Projected salary increases*	Service based
COLA – Post Retirement	2.5%
Payroll Growth	1.2% per year

* 6.56% is up to assumed retirement age.

Any member who has reached Normal Retirement is assumed to continue employment for one additional year. Members are assumed to retire with an immediate benefit at the rate of 10% per year.

Healthy active lives mortality for females is based on the PubS.H–2010 for Employees, set forward one year and for males based on the PubS.H–2010 (Below Median) for Employees, set forward one year. Healthy retiree lives mortality for females is based on the PubS.H–2010 for Healthy Retirees, set forward one year and for males based on the PubS.H–2010 (Below Median) for Healthy Retirees, set forward one year. Beneficiary lives mortality for females is based on the PubG.H–2010 (Below Median) for Healthy Retirees and for males based on the PubG.H–2010 (Below Median) for Healthy Retirees, set

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Actuarial Assumptions – Continued

back one year. Disabled lives mortality are based 80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018. 75% of disablements are assumed to be in the line of duty. The disability rates are as follows:

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.051%
30	0.058%
40	0.121%
50	0.429%

The termination rates are as follows:

<u>Years of Service</u>	<u>Termination Rate</u>
<5	10.0%
5-14	2.0%
15+	1.0%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2024, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan’s target asset allocation as of September 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.15%, as well 1% higher and 1% lower than the current rate:

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – Continued

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
City's Net Pension Liability (asset)	\$ 3,185,577	\$ 1,202,784	\$ (425,501)

Changes of Assumptions

There were no changes of assumptions in the measurement of total pension liability and pension expense measured as of September 30, 2024.

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

For the year ended September 30, 2024 the City recognized a pension expense of \$602,628. At September 30, 2024 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 514,842	\$ 2,084
Changes in assumption	1,092	-
Net difference between projected and actual earnings on investments	-	568,627
Total	\$ 515,934	\$ 570,711

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 176,582	\$ 1,670
2026	\$ 176,582	\$ 204,506
2027	\$ 83,932	\$ (432,928)
2028	\$ 39,420	\$ (343,801)
2029	\$ 39,418	\$ (158)

Fair Value

The investments held by the Police Pension Plan are measured at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2024:

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLANS – CONTINUED

POLICE RETIREMENT PLAN – CONTINUED

Fair Value – Continued

	September 30, 2024	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market	\$ 381,800	\$ 381,800	\$ -	\$ -
Debt Securities:				
U.S. Government Obligations	932,187	-	932,187	-
Mortgage/Asset Backed Securities	1,184,315	-	1,184,315	-
Corporate Bonds	1,899,468	-	1,899,468	-
Mutual Funds – Fixed Income	410,124	-	410,124	-
Equity Securities				
Mutual Funds – Equity	8,112,122	-	8,112,122	-
Total Investments by Fair Value	<u>\$ 12,920,016</u>	<u>\$ 381,800</u>	<u>\$ 12,538,216</u>	<u>\$ -</u>

Money market is classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City did not have any investments measured as Level 3, or any liabilities measured at fair value.

AGGREGATE INFORMATION FOR CITY PENSION PLANS

The aggregate balances of the City pension plans are as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Florida Retirement System	\$ 515,672	\$ 1,474,370	\$ 215,405	\$ 256,842
Health Insurance Subsidy	98,508	922,810	115,210	64,893
Police Retirement Plan	515,934	1,202,784	570,711	602,628
	<u>\$ 1,130,114</u>	<u>\$ 3,599,964</u>	<u>\$ 901,326</u>	<u>\$ 924,363</u>

NOTE 6 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Pursuant to the provision of Section 112.0801, Florida Statutes, retired Police Officers and General Employees, as well as their dependents, are permitted to remain covered under the City's medical plans as long as they pay the premium not exceeding the rate developed by blending the claims experience of all plan members for the plan and coverage elected. All costs are born by the participants. The Plan is a single employer defined benefit OPEB Plan.

The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – CONTINUED

Plan Description – Continued

Membership in the Plan consisted of the following at September 30, 2023, which is the actuarial valuation date:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>53</u>
Total	<u>53</u>

Funding Policy

Currently, the City’s OPEB benefits are unfunded. There is no separate Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its investment policy. For the fiscal year ended September 30, 2024, the City did not provide contributions to the OPEB plan.

Total OPEB Liability

The City’s total OPEB liability of \$143,562 was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2023. The measurement period for OPEB expense was October 1, 2023 to September 30, 2024.

The reporting period is October 1, 2023 to September 30, 2024. The valuation was performed using the Alternative Measurement Method. Under this method, all deferred outflows/(inflows) of resources are fully recognized immediately.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2023 actuarial valuation (measurement date of September 30, 2024) was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.06%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Year to ultimate	51

For all lives, mortality rates were PubG–2010 Mortality Tables projected to the valuation date using Projection Scale MP–2019.

Discount

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – CONTINUED

Discount – Continued

Eligible bonds must be rated at least AA by Standard and Poor’s Rating Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes of assumptions

The discount rate of 4.06% for the current measurement period was decreased from the prior year rate of 4.87% for the reporting period ended September 30, 2024.

Changes in the Total OPEB Liability

Changes in the City’s total OPEB Liability during the year are as follows:

Reporting period ending September 30, 2023	\$	107,752
Service cost		8,755
Interest		5,484
Differences between expected and actual experience		(1,653)
Changes in assumptions		27,765
Changes of benefit terms		–
Contributions – Employer		–
Benefit payments		(4,541)
Other changes		–
Net changes		35,810
Reporting period ending September 30, 2024	\$	143,562

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage–point lower or one percentage–point higher than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB Liability	\$ 163,173	\$ 143,562	\$ 127,074

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage–point lower or one percentage–point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% – 6.00%	Healthcare Cost Trend Rates 4.00% – 7.00 %	1% Increase 5.00% – 8.00%
Total OPEB Liability	\$ 124,802	\$ 143,562	\$ 166,077

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

Under the Alternative Measurement Method, changes in the total OPEB liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes are immediately recognized through OPEB expense. For the year ended September 30, 2024, the City recognized OPEB (revenue)/ expense in the amount of \$43,851.

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – RISK MANAGEMENT

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; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and there have been no settlements or claims in excess of coverage.

Health and Dental Program – As noted above under “Post-Employment Benefits and Other Pensions,” the City allows retiring employees and their dependents to remain covered in the City’s Plan as long as they pay the premium not exceeding the rate developed by blending the claims experience of all Plan members for the Plan and coverage elected. The benefit is self-insured by the City up to the attachment point for the City’s stop-loss coverage. There have been no significant reductions in insurance coverage for the current fiscal year.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The City is currently involved in litigation with various parties. The outcome of these matters cannot be determined at this time. The City is vigorously defending these cases. The City’s insurance carrier has also assigned legal counsel and it is expected in the event of an unfavorable outcome, that all claims will be assumed by the City’s insurance carrier. As a result, no liability has been recorded in these financial statements. However, it is at least reasonably possible that additional liabilities could result in the near term.

The City is has entered commitments for various projects throughout the City in the amount of \$594,152, all of which are expected to be completed in fiscal year 2025.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND			
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Ad valorem taxes	\$ 6,172,693	\$ 6,172,693	\$ 6,278,775	\$ 106,082
State and county receipts	1,399,989	1,399,989	1,331,045	(68,944)
Licenses and permits	1,752,665	1,752,665	2,242,837	490,172
Storm water fees	862,302	862,302	812,776	(49,526)
Franchise fees	659,626	659,626	858,280	198,654
Interest	260,000	260,000	641,059	381,059
Grants	2,480,963	2,480,963	1,581,175	(899,788)
Other sources	557,144	557,144	721,309	164,165
Total Revenues	<u>14,145,382</u>	<u>14,145,382</u>	<u>14,467,256</u>	<u>321,874</u>
EXPENDITURES				
General government:				
Personal services	861,978	861,978	829,974	32,004
Operating	1,187,852	1,187,852	801,132	386,720
Capital outlay	153,000	153,000	102,851	50,149
Total General Government	<u>2,202,830</u>	<u>2,202,830</u>	<u>1,733,957</u>	<u>468,873</u>
Public Safety:				
Personal services	3,421,475	3,421,475	3,476,141	(54,666)
Operating	1,014,219	1,014,219	1,091,791	(77,572)
Capital outlay	197,563	197,563	672,700	(475,137)
Total Public Safety	<u>4,633,257</u>	<u>4,633,257</u>	<u>5,240,632</u>	<u>(607,375)</u>
Code Compliance:				
Personal services	510,963	510,963	443,613	67,350
Operating	391,649	391,649	185,011	206,638
Capital outlay	-	-	-	-
Total Code Compliance	<u>902,612</u>	<u>902,612</u>	<u>628,624</u>	<u>273,988</u>
Public Works:				
Personal services	1,486,084	1,486,084	1,381,572	104,512
Operating	2,065,105	2,065,105	1,936,064	129,041
Capital outlay	4,740,231	4,740,231	3,749,553	990,678
Total Public Works	<u>8,291,420</u>	<u>8,291,420</u>	<u>7,067,189</u>	<u>1,224,231</u>
Building Department:				
Personal services	869,127	869,127	773,029	96,098
Operating	313,508	313,508	211,725	101,783
Capital outlay	-	-	36,914	(36,914)
Total Building Department	<u>1,182,635</u>	<u>1,182,635</u>	<u>1,021,668</u>	<u>160,967</u>
Total Expenditures	<u>17,212,754</u>	<u>17,212,754</u>	<u>15,692,070</u>	<u>1,520,684</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,067,372)	(3,067,372)	(1,224,814)	1,842,558
OTHER FINANCING SOURCES				
Gain on disposal of capital assets	16,500	16,500	4,850	(11,650)
Total other financing sources	<u>16,500</u>	<u>16,500</u>	<u>4,850</u>	<u>(11,650)</u>
NET CHANGE IN FUND BALANCE	(3,050,872)	(3,050,872)	(1,219,964)	1,830,908
FUND BALANCE, Beginning of year	10,197,708	10,197,708	10,197,708	-
FUND BALANCE, End of year	<u>\$ 7,146,836</u>	<u>\$ 7,146,836</u>	<u>\$ 8,977,744</u>	<u>\$ 1,830,908</u>

Note 1 – Budget Basis

The general fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
POLICE OFFICER'S PENSION TRUST FUND**

	Last Ten Fiscal Years (Dollar Amounts in Thousands)									
	9/30/15	9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23	9/30/24
Total pension liability										
Service cost	\$ 215,036	\$ 247,872	\$ 267,086	\$ 316,459	\$ 352,077	\$ 337,476	\$ 334,320	\$ 370,242	\$ 394,051	\$ 410,831
Interest	568,119	606,206	657,640	693,452	743,234	767,240	766,584	837,559	884,593	954,990
Change in excess state money	2,616	3,177	-	-	4,548	4,648	15,912	9,102	(40,889)	-
Share plan allocation	-	-	-	1,312	(1,312)	-	-	-	58,952	26,715
Changes in donation reserve	-	-	-	-	-	-	-	-	(3,150)	-
Differences between expected and actual experience	13,676	72,968	127,431	86,514	(240,715)	(403,462)	556,635	(5,209)	221,660	235,559
Changes of assumptions	-	312,649	19,020	-	327,905	(172,929)	3,275	-	-	-
Benefit payments, including refunds of employee contributions	(319,656)	(324,018)	(822,244)	(463,857)	(475,345)	(512,160)	(556,255)	(556,147)	(587,309)	(589,318)
Net change in total pension liability	479,791	918,854	248,933	633,880	710,392	20,813	1,120,471	655,547	927,908	1,038,777
Total pension liability - beginning	7,523,747	8,003,538	8,922,392	9,171,325	9,805,205	10,515,597	10,536,410	11,656,881	12,312,428	13,240,336
Total pension liability - ending (a)	<u>\$ 8,003,538</u>	<u>\$ 8,922,392</u>	<u>\$ 9,171,325</u>	<u>\$ 9,805,205</u>	<u>\$ 10,515,597</u>	<u>\$ 10,536,410</u>	<u>\$ 11,656,881</u>	<u>\$ 12,312,428</u>	<u>\$ 13,240,336</u>	<u>\$ 14,279,113</u>
Plan fiduciary net position										
Contributions - employer	\$ 236,626	\$ 201,051	\$ 242,518	\$ 347,220	\$ 395,680	\$ 352,469	\$ 370,410	\$ 430,183	\$ 412,468	\$ 471,103
Contributions - state	42,398	42,959	38,221	41,094	43,018	44,430	55,694	48,884	54,695	66,497
Contributions - employee	47,585	51,191	57,686	64,861	70,425	67,629	71,338	81,733	82,729	85,623
Net investment income	(64,124)	509,296	893,423	599,254	424,318	1,034,751	1,757,216	(2,335,781)	1,126,379	2,476,607
Benefit payments, including refunds of employee contributions	(319,656)	(324,018)	(822,244)	(463,857)	(475,345)	(512,160)	(556,255)	(556,147)	(587,309)	(589,318)
Administrative expense	(15,705)	(25,649)	(28,111)	(29,392)	(28,454)	(39,209)	(48,130)	(42,452)	(53,534)	(48,554)
Net change in plan fiduciary net position	(72,876)	454,830	381,493	559,180	429,642	947,910	1,650,273	(2,373,580)	1,035,428	2,461,958
Plan fiduciary net position - beginning	7,602,071	7,529,195	7,984,025	8,365,518	8,924,698	9,354,340	10,302,250	11,952,523	9,578,943	10,614,371
Plan fiduciary net position - ending (b)	<u>\$ 7,529,195</u>	<u>\$ 7,984,025</u>	<u>\$ 8,365,518</u>	<u>\$ 8,924,698</u>	<u>\$ 9,354,340</u>	<u>\$ 10,302,250</u>	<u>\$ 11,952,523</u>	<u>\$ 9,578,943</u>	<u>\$ 10,614,371</u>	<u>\$ 13,076,329</u>
Net pension liability - ending (a) - (b)	\$ 474,343	\$ 938,367	\$ 805,807	\$ 880,507	\$ 1,161,257	\$ 234,160	\$ (295,642)	\$ 2,733,485	\$ 2,625,965	\$ 1,202,784
Plan fiduciary net position as a percentage of the total pension liability	94.07%	89.48%	91.21%	91.02%	88.96%	97.78%	102.54%	77.80%	80.17%	91.58%
Covered employee payroll (1)	\$ 932,530	\$ 853,180	\$ 961,437	\$ 1,081,011	\$ 1,173,755	\$ 1,127,152	\$ 1,188,964	\$ 1,362,219	\$ 1,378,811	\$ 1,427,053
Net pension liability as a percentage of covered employee payroll	50.87%	109.98%	83.81%	81.45%	98.94%	20.77%	-24.87%	200.66%	190.45%	84.28%

(1) The covered employee payroll numbers shown are in compliance with GASB No. 82, except for the 9/30/15 measurement period which includes DROP payroll.

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICER'S PENSION TRUST FUND**

	Last Ten Fiscal Years (Dollar Amounts in Thousands)									
	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/17</u>	<u>9/30/18</u>	<u>9/30/19</u>	<u>9/30/20</u>	<u>9/30/21</u>	<u>9/30/22</u>	<u>9/30/23</u>	<u>9/30/24</u>
Actuarially determined contribution	\$ 256,168	\$ 261,073	\$ 280,740	\$ 387,002	\$ 435,463	\$ 392,249	\$ 410,192	\$ 469,965	\$ 452,250	\$ 510,885
Contributions in relation to the actuarially determined contributions	<u>276,408</u>	<u>240,833</u>	<u>280,739</u>	<u>387,002</u>	<u>435,462</u>	<u>392,251</u>	<u>410,192</u>	<u>469,965</u>	<u>452,250</u>	<u>510,885</u>
Contribution deficiency (excess)	<u>\$ (20,240)</u>	<u>\$ 20,240</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 932,530	\$ 853,180	\$ 961,437	\$ 1,081,011	\$ 1,173,755	\$ 1,127,152	\$ 1,188,964	\$ 1,362,219	\$ 1,378,811	\$ 1,427,053
Contributions as a percentage of covered employee payroll	29.64%	28.23%	29.20%	35.80%	37.10%	34.80%	34.50%	34.50%	32.80%	35.80%

**CITY OF HOLMES BEACH, FLORIDA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 POLICE OFFICER'S PENSION TRUST FUND**

Valuation Date: 10/1/2023

Actuarially determined contribution rates are calculated using an October 1, 2022 valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal (previously Frozen Entry Age).
 Amortization Method: New UAAL amortization bases are amortized over 15 years.
 Mortality Rates: All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018.
 Mortality – Healthy Active Lives: Female: PubS.H-2010 for Employees, set forward one year.
 Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
 Mortality – Healthy Retiree Lives: Female: PubS.H-2010 for Healthy Retirees, set forward one year.
 Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
 Mortality – Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees.
 Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
 Mortality – Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Termination Rate:	Years of Service	Termination Rate
	< 5	10.0%
	5 – 14	2.0%
	15 +	1.0%

This assumption was adopted based on the results of the January 27, 2021 actuarial experience study.

Disability Rate:	Age	% Becoming Disabled During the Year
	20	0.051%
	30	0.058%
	40	0.121%
	50	0.429%

75% of disablements are assumed to be in the line of duty.
 This assumption was confirmed in the January 27, 2021 actuarial experience study

**CITY OF HOLMES BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POLICE OFFICER'S PENSION TRUST FUND**

Retirement Age:	Earlier of age 55 and 10 years of service or 25 years of service regardless of age. This assumption was confirmed in the January 27, 2021 actuarial experience study.										
Early Retirement:	Commencing with the earliest Early Retirement Age (50 and 10), members are assumed to retire with an immediate benefit at the rate of 10% per year. This assumption was adopted based on the results of the January 27, 2021 actuarial experience study.										
Interest Rate:	7.15% (prior year 7.25%) per year compounded annually, net of investment related expenses.										
Salary Increases:	Service based. <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Termination Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 1</td> <td style="text-align: center;">10.0%</td> </tr> <tr> <td style="text-align: center;">1 - 9</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td style="text-align: center;">10 - 14</td> <td style="text-align: center;">5.0%</td> </tr> <tr> <td style="text-align: center;">15 +</td> <td style="text-align: center;">4.5%</td> </tr> </tbody> </table> <p>This assumption was adopted based on the results of the January 27, 2021 actuarial experience study.</p>	Years of Service	Termination Rate	< 1	10.0%	1 - 9	7.0%	10 - 14	5.0%	15 +	4.5%
Years of Service	Termination Rate										
< 1	10.0%										
1 - 9	7.0%										
10 - 14	5.0%										
15 +	4.5%										
Payroll Growth:	1.20% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.										
Asset Valuation Method:	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.										
Inflation:	2.50%										
Discount Rate:	7.15%										
Investment Rate of Return:	7.15%										
Long-Term Expected Rate of Return:	The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.										
Changes of Assumptions:	There were no changes of assumptions in the measurement of total pension liability and pension expense measured as of September 30, 2024.										

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF ANNUAL MONEY-WEIGHTED
RATE OF RETURN ON POLICE OFFICER'S
PENSION TRUST FUND INVESTMENTS**

Last Ten Fiscal Years

SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS (1)

<u>DATE</u>	<u>PERCENTAGE</u>
9/30/15	-0.85%
9/30/16	6.83%
9/30/17	11.65%
9/30/18	7.23%
9/30/19	4.79%
9/30/20	11.20%
9/30/21	17.20%
9/30/22	-19.63%
9/30/23	11.92%
9/30/24	23.62%

(1) The annual money weighted return on investments is net of investment expense.

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – FRS**

	FLORIDA RETIREMENT SYSTEM (FRS) Last Ten Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.002230980%	0.002715044%	0.002845767%	0.003011937%	0.003308094%	0.003424347%	0.003835892%	0.004307421%	0.004175186%	0.003811247%
City's proportionate share of the net pension liability	\$ 288,161	\$ 685,551	\$ 841,759	\$ 907,211	\$ 1,139,262	\$ 1,484,163	\$ 289,758	\$ 1,602,707	\$ 1,663,679	\$ 1,474,370
City's covered-employee payroll	\$ 1,041,807	\$ 1,287,870	\$ 1,407,097	\$ 1,624,162	\$ 1,693,016	\$ 1,906,926	\$ 2,018,993	\$ 2,323,529	\$ 2,552,657	\$ 2,644,735
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	28%	53%	60%	56%	67%	78%	14%	69%	65%	56%
Plan fiduciary net position as a percentage of total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%	83.70%

CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - HIS

	RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS) Last Ten Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.003300574%	0.004262634%	0.004458865%	0.004754631%	0.005160115%	0.005376911%	0.005659781%	0.006192172%	0.006163208%	0.006151667%
City's proportionate share of the net pension liability	\$ 336,607	\$ 496,792	\$ 476,762	\$ 503,236	\$ 577,365	\$ 656,512	\$ 694,257	\$ 655,850	\$ 978,800	\$ 922,810
City's covered-employee payroll	\$ 1,041,807	\$ 1,287,870	\$ 1,407,097	\$ 1,624,162	\$ 1,693,016	\$ 1,906,926	\$ 2,018,993	\$ 2,323,529	\$ 2,552,657	\$ 2,644,735
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	32%	39%	34%	31%	34%	34%	34%	28%	38%	35%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%	4.80%

CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS - FRS

	FLORIDA RETIREMENT SYSTEM (FRS) Last Ten Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 54,393	\$ 66,211	\$ 74,082	\$ 85,838	\$ 102,575	\$ 113,776	\$ 146,131	\$ 183,805	\$ 200,853	\$ 215,817
Contributions in relation to the contractually required contribution	54,393	66,211	74,082	85,838	102,575	113,776	146,131	183,805	200,853	215,817
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,041,807	\$ 1,287,870	\$ 1,407,097	\$ 1,624,162	\$ 1,693,016	\$ 1,906,926	\$ 2,018,993	\$ 2,323,529	\$ 2,552,657	\$ 2,644,735
Contributions as a percentage of covered-employee payroll	5.22%	5.14%	5.26%	5.29%	6.06%	5.97%	7.24%	7.91%	7.87%	8.16%

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS – HIS**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 12,617	\$ 21,849	\$ 23,598	\$ 25,794	\$ 28,654	\$ 30,985	\$ 33,268	\$ 37,468	\$ 40,543	\$ 52,082
Contributions in relation to the contractually required contribution	12,617	21,849	23,598	25,794	28,654	30,985	33,268	37,468	40,543	52,082
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,041,807	\$ 1,287,870	\$ 1,407,097	\$ 1,624,162	\$ 1,693,016	\$ 1,906,926	\$ 2,018,993	\$ 2,323,529	\$ 2,552,657	\$ 2,644,735
Contributions as a percentage of covered-employee payroll	1.21%	1.70%	1.68%	1.59%	1.69%	1.62%	1.65%	1.61%	1.59%	1.97%

CITY OF HOLMES BEACH FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – FRS/HIS

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2024. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2021, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2021.

The following changes in actuarial assumptions occurred in 2024 for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.65%.

CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	Available Fiscal Years *						
	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23	9/30/24
Total OPEB liability							
Service cost	\$ 9,715	\$ 9,254	\$ 11,521	\$ 9,892	\$ 8,611	\$ 7,964	\$ 8,755
Interest	3,981	4,731	4,483	2,412	2,537	5,065	5,484
Differences between expected and actual experience	-	-	(8,801)	-	(12,538)	-	(1,653)
Changes of assumptions	(6,642)	7,818	(23,729)	(3,593)	(4,670)	(1,157)	27,765
Changes of benefit terms	-	-	-	-	-	-	-
Contributions – Employer	-	-	-	-	-	-	-
Benefit payments	(2,652)	(2,877)	(3,592)	(2,736)	(3,609)	(4,599)	(4,541)
Other changes	-	-	-	-	-	-	-
Net change in total OPEB liability	4,402	18,926	(20,118)	5,975	(9,669)	7,273	35,810
Total OPEB liability – beginning	100,963	105,365	124,291	104,173	110,148	100,479	107,752
Total OPEB liability – ending (a)	<u>\$ 105,365</u>	<u>\$ 124,291</u>	<u>\$ 104,173</u>	<u>\$ 110,148</u>	<u>\$ 100,479</u>	<u>\$ 107,752</u>	<u>\$ 143,562</u>
Covered employee payroll	\$ 2,368,574	\$ 2,427,789	\$ 2,719,900	\$ 2,787,898	\$ 3,375,882	\$ 3,460,279	\$ 4,080,231
Total OPEB liability as a percentage of covered employee payroll	4.45%	5.12%	3.83%	3.95%	2.98%	3.11%	3.52%

* Until a full 10-year trend is compiled, information will be presented for those years available.

Changes of Benefit Terms:

There were no changes in benefit terms during the year ended September 30, 2024.

Changes of Assumptions:

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

Fiscal year ending September 30, 2024	4.06%
Fiscal year ending September 30, 2023	4.87%
Fiscal year ending September 30, 2022	4.77%
Fiscal year ending September 30, 2021	2.43%
Fiscal year ending September 30, 2020	2.14%
Fiscal year ending September 30, 2019	3.58%
Fiscal year ending September 30, 2018	4.18%
Fiscal year ending September 30, 2017	3.64%

Also for fiscal year 2024 reflected assumption changes to update health care costs and premiums.

Note to Required Supplementary Information:

The OPEB benefits are unfunded and there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance–fund the obligation.

SUPPLEMENTARY INFORMATION

CITY OF HOLMES BEACH, FLORIDA
DETAILED SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Ad valorem taxes	\$ 6,172,693	\$ 6,172,693	\$ 6,278,775	\$ 106,082
Four cent gas tax	137,221	137,221	88,302	(48,919)
Ninth cent gas tax	15,348	15,348	14,950	(398)
Two cent gas tax	54,730	54,730	53,446	(1,284)
Local option 5 cent gas tax	114,555	114,555	112,894	(1,661)
Casualty insurance tax	48,221	48,221	66,497	18,276
Communication service tax	244,597	244,597	192,912	(51,685)
Revenue sharing – state	142,474	142,474	143,440	966
Sales tax	294,696	294,696	315,245	20,549
Discretionary 1/2 cent sales tax	323,837	323,837	327,240	3,403
Court fines	24,310	24,310	16,119	(8,191)
Licenses and permits	1,752,665	1,752,665	2,242,837	490,172
Storm water utilities fees	862,302	862,302	812,776	(49,526)
Franchise fees	659,626	659,626	858,280	198,654
Interest earned	260,000	260,000	641,059	381,059
Grants	2,480,963	2,480,963	1,581,175	(899,788)
Alcoholic beverage tax	5,500	5,500	7,751	2,251
Police service charges	4,600	4,600	8,459	3,859
Administrative fees	11,000	11,000	11,279	279
Violation of local ordinance	205,000	205,000	357,651	152,651
Lien request fees	15,000	15,000	20,475	5,475
Dock fees	42,800	42,800	40,148	(2,652)
Code compliance fines	20,000	20,000	14,536	(5,464)
Code magistrate	25,000	25,000	4,082	(20,918)
Private donations	51,750	51,750	78,635	26,885
Building official service fees	4,000	4,000	4,302	302
Tidemark lease	15,000	15,000	15,100	100
Cell tower review fees	4,500	4,500	750	(3,750)
Manatee County beach patrol	45,000	45,000	-	(45,000)
School resource officers	92,994	92,994	92,994	-
Miscellaneous	15,000	15,000	65,147	50,147
TOTAL REVENUES	\$ 14,145,382	\$ 14,145,382	\$ 14,467,256	\$ 321,874

**CITY OF HOLMES BEACH, FLORIDA
 DETAILED SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

EXPENDITURES	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
ADMINISTRATIVE				
Clerk's salaries	\$ 589,940	\$ 589,940	\$ 547,756	\$ 42,184
Payroll taxes	50,141	50,141	46,145	3,996
Retirement	59,365	59,365	73,382	(14,017)
Life/health/workers comp insurance	93,972	93,972	96,514	(2,542)
Mayor and Commission	68,560	68,560	66,177	2,383
Professional fees	779,260	779,260	553,663	225,597
Office supplies	24,500	24,500	22,976	1,524
Operating supplies	30,000	30,000	23,638	6,362
Insurance	82,682	82,682	76,846	5,836
Advertising	15,000	15,000	7,413	7,587
Books, memberships, training	22,000	22,000	10,631	11,369
Miscellaneous	8,350	8,350	3,627	4,723
Elections expense	5,000	5,000	-	5,000
Leasing expense	16,000	16,000	9,381	6,619
Travel	19,000	19,000	7,852	11,148
Utilities	27,560	27,560	26,605	955
Outside agency funding	158,500	158,500	58,500	100,000
Contingencies	100,000	100,000	-	100,000
Capital outlay	53,000	53,000	102,851	(49,851)
TOTAL ADMINISTRATIVE	2,202,830	2,202,830	1,733,957	468,873
POLICE DEPARTMENT				
Salaries	2,036,510	2,036,510	2,115,014	(78,504)
Payroll taxes	145,125	145,125	153,008	(7,883)
Retirement	588,349	588,349	631,014	(42,665)
Life/health/workers comp insurance	651,491	651,491	577,105	74,386
Operational expenses	234,564	234,564	322,013	(87,449)
Service contracts/leases	5,000	5,000	2,427	2,573
Professional fees	254,170	254,170	244,127	10,043
Maintenance	68,503	68,503	68,292	211
Marine patrol	42,600	42,600	9,168	33,432
Insurance	299,722	299,722	313,952	(14,230)
Utility services	46,860	46,860	34,661	12,199
Radio/communications	15,500	15,500	21,600	(6,100)
Travel	10,000	10,000	17,305	(7,305)
Education	37,300	37,300	58,246	(20,946)
Capital outlay	197,563	197,563	672,700	(475,137)
TOTAL POLICE DEPARTMENT	4,633,257	4,633,257	5,240,632	(607,375)

**CITY OF HOLMES BEACH, FLORIDA
 DETAILED SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

GENERAL FUND				
EXPENDITURES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
CODE ENFORCEMENT				
Salaries	376,460	376,460	318,540	57,920
Payroll taxes	24,668	24,668	23,764	904
Retirement	43,758	43,758	46,793	(3,035)
Life/health/workers comp insurance	66,077	66,077	54,516	11,561
Professional fees	257,557	257,557	78,809	178,748
Insurance	57,472	57,472	50,246	7,226
Vehicle maintenance	8,000	8,000	6,510	1,490
Office supplies	7,000	7,000	3,683	3,317
Operating supplies / work	33,620	33,620	31,906	1,714
Advertising	9,500	9,500	5,545	3,955
Travel	7,000	7,000	1,854	5,146
Education	8,000	8,000	3,810	4,190
Rents / leases	3,500	3,500	2,648	852
TOTAL CODE ENFORCEMENT	902,612	902,612	628,624	273,988
PUBLIC WORKS DEPARTMENT				
Salaries	958,340	958,340	932,404	25,936
Payroll taxes	70,629	70,629	71,323	(694)
Retirement	119,266	119,266	122,339	(3,073)
Life/health/workers comp insurance	337,849	337,849	255,506	82,343
Maintenance – General	551,500	551,500	389,103	162,397
Professional fees	305,120	305,120	261,376	43,744
Professional fees–Stormwater	443,227	443,227	397,756	45,471
Office supplies	12,000	12,000	9,973	2,027
Insurance	183,638	183,638	200,235	(16,597)
Miscellaneous	2,000	2,000	7,237	(5,237)
Advertising	7,000	7,000	4,124	2,876
Operational supplies / work	221,500	221,500	282,512	(61,012)
Travel	5,200	5,200	4,171	1,029
Road maintenance & materials	180,000	180,000	154,511	25,489
Rents / leases	6,300	6,300	4,463	1,837
Education	6,000	6,000	13,528	(7,528)
Utilities	131,620	131,620	135,465	(3,845)
FEMA reimbursable	-	-	47,283	(47,283)
Parks	10,000	10,000	24,327	(14,327)
Contingencies	250,000	250,000	-	250,000
Capital outlay	4,490,231	4,490,231	3,749,553	740,678
TOTAL PUBLIC WORKS DEPARTMENT	8,291,420	8,291,420	7,067,189	1,224,231

CITY OF HOLMES BEACH, FLORIDA
 DETAILED SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES				
BUILDING DEPARTMENT				
Salaries	599,633	599,633	555,720	43,913
Payroll taxes	52,345	52,345	32,125	20,220
Retirement	80,081	80,081	73,585	6,496
Life/health/workers comp insurance	137,068	137,068	111,599	25,469
Professional fees	143,184	143,184	67,992	75,192
Insurance	85,584	85,584	101,893	(16,309)
Maintenance	3,500	3,500	3,706	(206)
Printing	6,000	6,000	113	5,887
Advertising	5,000	5,000	-	5,000
Office supplies	15,000	15,000	4,332	10,668
Miscellaneous	12,000	12,000	7,585	4,415
Travel	11,000	11,000	3,725	7,275
Utilities	17,240	17,240	12,154	5,086
Education	15,000	15,000	10,225	4,775
Capital outlay	-	-	36,914	(36,914)
TOTAL BUILDING DEPARTMENT	1,182,635	1,182,635	1,021,668	160,967
 TOTAL EXPENDITURES	 \$ 17,212,754	 \$ 17,212,754	 \$ 15,692,070	 \$ 1,520,684

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/Pass-Through Grantor/ Project	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
DEPARTMENT OF HOMELAND SECURITY				
Passed through the State of Florida Division of Emergency Management Disaster Grants-Public Assistance (Presidentially Declared Disasters) (IAN)	97.036	PA-04-FL-4673-RPA-004	\$ -	\$ 81,454
Total Department of Homeland Security			<u>-</u>	<u>81,454</u>
DEPARTMENT OF TREASURY				
Passed through the State of Florida Division of Emergency Management Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5119	-	1,151,207
Total Expenditures of Federal Awards			<u><u>\$ -</u></u>	<u><u>\$ 1,232,661</u></u>

CITY OF HOLMES BEACH FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B – CONTINGENCIES

Grant monies received and distributed by the City are for specific purpose and are subject to review by grantor agencies. Such agencies may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial statements of the City. As of June 4, 2025, there were no material questioned or disallowed costs as a result of grant audits in the process or completed.

OTHER REPORTS

**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 City Commission
City of Holmes Beach, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holmes Beach, Florida (City), as of and for the year ended September 30, 2024, 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 4, 2025.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Handwritten signature in black ink that reads "CS&L CPAs". The letters are cursive and somewhat stylized.

CS&L CPAs, P. A.

June 4, 2025
Bradenton, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

To the Honorable Mayor and City Commission
City of Holmes Beach, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Holmes Beach, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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's federal programs.

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'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 the Uniform Guidance 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's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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'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'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Report on Internal Control over Compliance

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 federal program 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 federal program will not be prevented, or detected and corrected, on a timely basis. 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "CS&L CPAs". The letters are cursive and somewhat stylized.

CS&L CPAs, P. A.

June 4, 2025
Bradenton, Florida

**CITY OF HOLMES BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

No matters were reported.

PRIOR YEAR FINDINGS

There were no prior audit findings.

Section III – Federal Program Findings and Questioned Costs

No matters were reported.

PRIOR YEAR FINDINGS

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.

MANAGEMENT LETTER

To the Honorable Mayor and City Commission
City of Holmes Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Holmes Beach, Florida (the City) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 4, 2025.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 4, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.544(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Holmes Beach, Florida. It is management's responsibility to monitor the City of Holmes Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a, Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

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 fraud, waste 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CS&L CPAs, P. A.

June 4, 2025
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE

To the Honorable Mayor and City Commission
City of Holmes Beach, Florida

We have examined the City of Holmes Beach, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City'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 complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City 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 we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied in all material respects, with the aforementioned compliance requirements for the year ended September 30, 2024.

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

A handwritten signature in blue ink that reads "CS&L CPAs".

CS&L CPAs, P. A.

June 4, 2025
Bradenton, Florida