

City of Holly Hill, Florida
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2025



CITY OF HOLLY HILL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by:
The Holly Hill Finance Department



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**CITY OF HOLLY HILL, FLORIDA
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City of Holly Hill, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025



City Commission

Honorable John Penny, Mayor

District 1 – Debra Snow, Commissioner

District 2 – Penny Currie, Commissioner

District 3 – Jeffrey DeLanoy, Commissioner

District 4 – Roy Johnson, Vice Mayor

City Manager

Joe Forte

City Attorney

Scott Simpson

Finance Director

Michele Moore



March 10, 2026

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

In accordance with the City Charter and Chapter 218, Florida Statutes, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Holly Hill, Florida, for the fiscal year ended September 30, 2025. State law requires that all general-purpose local governments publish financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accountant.

Management assumes full responsibility for the accuracy, completeness, and fairness of the information presented in this report. The City maintains a comprehensive system of internal controls designed to safeguard assets, ensure reliable financial reporting, and promote compliance with applicable laws and regulations. These controls are designed to provide reasonable assurance that the financial statements are free from material misstatement.

The City's financial statements have been audited by James Moore & Co., P.L., independent certified public accountants, who have issued an unmodified opinion for the fiscal year ended September 30, 2025. Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative overview and analysis of the City's financial activities for the fiscal year. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with the accompanying financial statements and notes.

Profile of Government

Incorporated in 1901, the City of Holly Hill is located in east central Florida along the west bank of the Halifax River and encompasses approximately 3.96 square miles. The City serves a population of approximately 13,183 residents and operates under a commission-manager form of government. The City Commission establishes legislative policy and strategic direction, while the City Manager oversees daily operations and implementation of Commission directives.

The financial reporting entity includes all funds of the primary government and its blended component unit, the Community Redevelopment Agency (CRA), for which the City Commission serves as the governing body. The CRA was established in 1996 pursuant to the Florida Community Redevelopment Act and issues separate financial statements.

The City provides a full range of municipal services, including police protection, fire and rescue services, public works, planning and zoning, parks, stormwater management, and general administrative services. Enterprise operations include water and sewer utilities and solid waste services. The City's water and sewer utility system also serves customers in portions of Ormond Beach, Daytona Beach, and unincorporated areas of Volusia County.

The City is empowered to levy property taxes on real and personal property located within its boundaries and may extend its corporate limits through annexation as authorized by Florida law.

Local Economy

The City's fiscal stability continues to be supported by a resilient and expanding property tax base. The final post-Value Adjustment Board (VAB) taxable value for fiscal year 2025 totaled \$1,042,228,052, representing a 4.48 percent increase over the prior fiscal year.

In compliance with Florida's Truth in Millage (TRIM) requirements, the rolled-back rate for fiscal year 2025 was 5.4151 mills. The City Commission adopted a millage rate of 5.8000 mills, 7.11 percent above the rolled-back rate. This policy decision reflects a deliberate commitment to maintaining service levels, investing in infrastructure modernization, and preserving long-term financial stability while balancing taxpayer impact.

The City of Holly Hill's Community Redevelopment Agency (CRA), established in 1996 pursuant to the Florida Community Redevelopment Act, was originally scheduled to expire in December 2026. To ensure the continued success and strategic growth of the CRA district, the City partnered with GAI Community Solutions Group to prepare a comprehensive update to the CRA Master Plan. The updated plan reflects current community needs, infrastructure priorities, and long-term redevelopment goals.

Upon completion of the update, the City submitted the revised Master Plan to the Volusia County Council and requested a ten-year extension of the CRA. The County Council approved the extension and the amended plan, stipulating that Tax Increment Financing (TIF) funds must be limited to the direct costs of publicly owned capital projects for infrastructure improvements along LPGA Boulevard and for flooding and stormwater runoff water quality enhancements, and that TIF revenues will consist solely of the City's portion.

This extension allows the City of Holly Hill to continue advancing critical infrastructure improvements while maintaining a focused and responsible approach to redevelopment funding.

Development activity remains active, with multiple residential and commercial projects completed or underway. The completion of Fox Point Apartments, continued construction at The Vineyards and Mirage developments, and commercial reinvestment along Ridgewood Avenue demonstrate sustained private-sector confidence and continued tax base diversification.

Major Initiatives and Capital Investment

The City remains committed to proactive infrastructure investment, regulatory compliance, and storm resilience. During fiscal year 2025, the City expended approximately \$8,536,874 in grant-funded projects, reflecting a strong commitment to leveraging external resources to support infrastructure, resilience, and public safety initiatives.

Key accomplishments included completion of the 10th Street sewer extension project, Phase I of the 3rd Street water main replacement project, and continued advancement of stormwater mitigation initiatives.

Construction is underway on a third Biological Treatment Unit (BTU) at the wastewater treatment facility using American Rescue Plan Act funding. This project will increase treatment capacity, enhance system redundancy, and support long-term regulatory compliance. The third BTU is expected to be completed during the summer of 2026.

During fiscal year 2025, the City completed installation of cellular upgrades to its utility meter reading system. The new technology improves billing accuracy, enhances operational efficiency, and provides more reliable real-time consumption data to support long-term water system management.

To further strengthen hurricane preparedness and flood response capabilities, the City purchased a sandbag filling machine to assist residents in flood-prone areas during storm events.

The City secured \$11.25 million in Florida Department of Environmental Protection no-repayment loan funding for water facility resilience improvements and \$9.3 million for wastewater resilience enhancements. FEMA reimbursements were received for Hurricanes Matthew and Ian, and claims have been submitted for Hurricane Milton.

The City maintains a five-year Capital Improvement Plan and structured vehicle replacement program to ensure disciplined asset management and infrastructure sustainability.

Public Safety Improvements

The City completed construction of its new fire station, replacing the former facility originally opened in 1993. The new station is constructed to a Class 4 rating designed to withstand wind speeds up to 195 miles per hour and includes impact-rated windows and doors, reinforced concrete construction, and lightning protection systems. Enhanced ventilation systems reduce firefighter exposure to carcinogens, and a separately ventilated fire gear storage room further protects personnel health. Individual bunkrooms improve privacy and workforce accommodation.

Within the Police Department, organizational restructuring was implemented to strengthen operational leadership. The former Captain position was replaced with two Lieutenant positions to improve supervisory coverage. Corporal positions were created to replace the former Master Patrol Officer roles, maintaining the same overall staffing level while enhancing command structure and succession planning.

Long-Term Financial Planning and Governance

A comprehensive water and wastewater revenue sufficiency study completed in June 2024 by Raftelis established a structured five-year rate adjustment plan. Fiscal year 2025 represents the second year of that plan, with water rates increasing 2 percent and wastewater rates increasing 4 percent.

The City Commission has adopted financial policies designed to preserve fiscal strength and flexibility, including a Fund Balance Policy requiring unrestricted fund balance in major operating funds to be maintained at a minimum of 20 percent of annual operating expenditures.

To further strengthen governance and risk management, the City implemented mandatory four-hour annual cybersecurity training for all employees and performed its annual independent penetration testing to evaluate potential weaknesses in network infrastructure. These measures enhance internal control safeguards, reinforce employee awareness, and support protection of critical information systems.

The Finance Department hired a Purchasing Agent/Grants Coordinator during fiscal year 2025 to strengthen procurement oversight and grant administration capacity.

Budgeting Controls

The annual budget serves as the foundation for financial planning and operational control. Departments submit appropriation requests in the spring, followed by publicly noticed workshops and hearings conducted in accordance with Florida's Truth in Millage requirements.

The City employs conservative revenue forecasting practices in developing the annual budget. Revenue projections are based on historical trends, certified taxable values, and realistic assessments of economic conditions. One-time or nonrecurring revenues are not used to support ongoing operational expenditures.

Budgetary control is maintained at the fund, function, and department level, with City Commission approval required for revisions that alter total fund appropriations.

Looking Forward

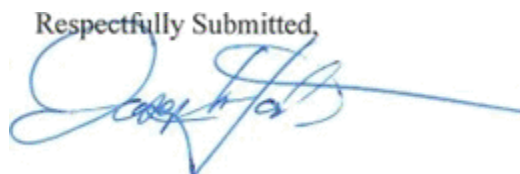
The City will continue to prioritize infrastructure resilience, regulatory compliance, cybersecurity protection, and prudent financial management in response to evolving environmental, economic, and technological conditions. Ongoing investments in stormwater mitigation, utility modernization, and public safety infrastructure position the City to address future challenges while maintaining service stability for residents and businesses.

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada awarded the City of Holly Hill a Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended September 30, 2024, marking the forty-seventh consecutive year the City has received this prestigious recognition. We believe this report continues to meet the Program's standards and are submitting it for consideration.

Acknowledgements

The preparation of this report reflects the professionalism and dedication of the Finance Department staff and the cooperation of all City departments. We extend our sincere appreciation to the Mayor and City Commission for their continued leadership and commitment to maintaining the financial integrity, resilience, and long-term sustainability of the City of Holly Hill.

Respectfully Submitted,


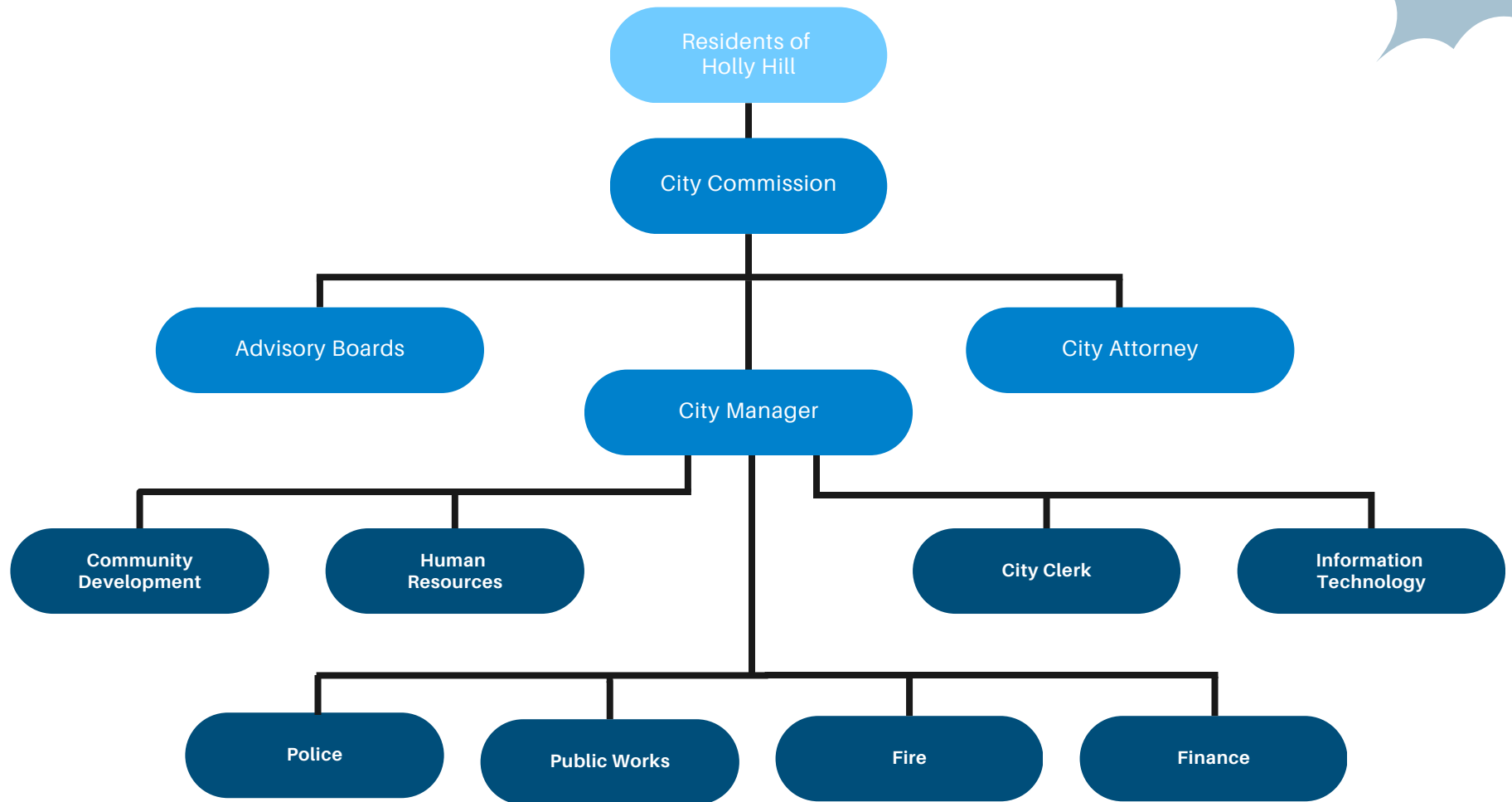
Joe Forte
City Manager



Michele F. Moore, CGFO, CMA
Finance Director

CITY OF HOLLY HILL

Organizational Chart 2024-2025





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Holly Hill
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Holly Hill, Florida (the City), as of and for the year ended September 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 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 financial statements as a whole. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, and schedule of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparative schedules, and schedule of expenditures of federal awards and state financial assistance, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements and budgetary comparative schedules, and schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

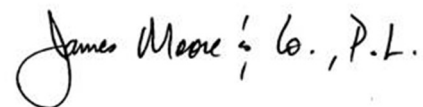
Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Daytona Beach, Florida
March 10, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Holly Hill (the "City"), we present this Management's Discussion and Analysis (MD&A) of the City's financial performance for the fiscal year ended September 30, 2025. This narrative is intended to provide readers with a clear and objective overview of the City's financial condition, results of operations, and overall fiscal position. The MD&A is designed to enhance the understanding of the accompanying financial statements by presenting comparative financial data, identifying significant transactions and trends, and discussing factors that influenced the City's financial performance during the fiscal year. Readers are encouraged to consider this discussion in conjunction with the letter of transmittal, the basic financial statements, and the accompanying notes.

Financial Highlights

- Overall combined assets and deferred outflows of resources of the City totaled \$111.1 million at the close of the 2025 fiscal year, compared to \$107.5 million at the close of 2024. The total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$91.4 million (combined net position) compared with \$78.8 million one year earlier. The unrestricted component of the City's combined net position totaled \$24.2 million at year end. This represents the unrestricted amount available to be used to meet the City's ongoing obligations to its citizens and creditors.
- The net position of the City's governmental activities increased for the year and totaled \$41.1 million, an increase of \$1.6 million as compared to last year's \$39.5 million. The net position of its business-type activities totaled \$50.3 million, an increase of \$11.0 million over last year's \$39.3 million.
- During 2025, the City's combined governmental activities continued to operate efficiently and maintained a positive change in net position as a result of stable revenue collections and controlled operating expenditures. Governmental activities reported continued growth in overall net position compared to 2024.
- The City's business-type activities produced strong operating results during 2025. Utility operations (water, sewer, and solid waste) continued to generate positive operating margins and remain capable of supporting ongoing capital needs and long-term infrastructure maintenance.
- Total operating costs incurred by the City in providing its various programs remained manageable in 2025 compared to 2024, reflecting disciplined expenditure management across both governmental and business-type activities.
- The City's unrestricted net position increased to \$24.2 million at the end of 2025, compared to \$23.5 million at the end of 2024, further strengthening the City's financial flexibility and capacity to respond to future operational and capital needs.
- The City continues to proactively manage its long-term obligations, including bonds, notes payable, subscription-based IT arrangements, pension liabilities, and other post-employment benefits. Scheduled principal amortization and structured repayment plans remain in place, and overall debt levels continue to be manageable in relation to the City's total net position. During fiscal year 2025, long-term liabilities, excluding pensions and other post-employment benefits (OPEB), decreased by \$1.8 million, primarily due to scheduled principal payments on outstanding bonds and notes, as well as payments on Subscription-Based IT Arrangements. The City's net pension liability totaled \$5.7 million at the end of 2025, with related deferred outflows of \$2.3 million and deferred inflows of \$1.9 million, compared to \$8.9 million at the end of 2024, with related deferred outflows of \$3.8 million and deferred inflows of \$0.8 million. The City's OPEB liability totaled \$1.4 million at the end of 2025, with related deferred outflows of \$49,000 and deferred inflows of \$0.9 million, compared to \$1.7 million at the end of 2024, with related deferred outflows of \$86,000 and \$0.9 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 includes required supplementary information and other supplementary information in addition to the basic financial statements.

The government-wide financial statements provide a broad overview of the City's financial position and operations in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets, liabilities, revenues, and expenses of the City's governmental and business-type activities.

The fund financial statements provide more detailed information about the City's individual funds. Governmental funds focus on near-term inflows and outflows of spendable resources and the balances available for future spending. Proprietary funds report activities that operate in a manner similar to private businesses, such as the City's water and sewer, stormwater, and solid waste operations. Fiduciary funds report resources held by the City in a trustee or custodial capacity for the benefit of others.

The notes to the financial statements provide additional information that is essential for a full understanding of the data presented in the government-wide and fund financial statements.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 32 and 34.

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

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

The basic governmental fund financial statements can be found on pages 31 and 33 of this report.

Proprietary funds. The City maintains Enterprise funds used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the fiscal activities of the City's municipal water and sewer utility fund, the stormwater management utility, and solid waste utility fund operations.

Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The proprietary fund financial statements provide separate financial information for the water and sewer utility, stormwater management utility, and solid waste utility operations, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 35 to 37 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for its employees' pension plans and police explorers' custodial account. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 38 and 39 of this report.

Notes to the financial statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 40 to 81 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide certain pension benefits and information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 83 to 91 of this report.

Government-Wide Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$91.4 million compared to \$78.8 million at September 30, 2024, an increase of \$12.6 million or 16.0 percent.

Governmental activities reported net position of \$41.1 million at September 30, 2025, compared to \$39.5 million in the prior year, an increase of \$1.6 million. Business-type activities reported net position of \$50.3 million compared to \$39.3 million at September 30, 2024, an increase of \$11.0 million. The increase in business-type net position reflects positive operating performance within the utility system, structured rate adjustments, and continued capital investment in infrastructure improvements.

Total assets increased to \$108.8 million at September 30, 2025, compared to \$103.6 million at September 30, 2024. Capital assets, net of accumulated depreciation, totaled \$64.2 million at September 30, 2025, compared to \$52.4 million in the prior year. The increase was primarily attributable to construction in progress related to the Biological Treatment Unit expansion project within the utility system, completion of the new fire station, and ongoing infrastructure improvements including water main and lift station replacements. These additions exceeded current-year depreciation expense and reflect continued investment in long-term public facilities and resiliency initiatives.

Total liabilities decreased significantly during fiscal year 2025. At September 30, 2025, total liabilities were \$17.0 million compared to \$27.0 million at September 30, 2024. Governmental activity liabilities decreased from \$11.6 million to \$7.7 million, while business-type activity liabilities decreased from \$15.3 million to \$9.2 million. The reduction reflects scheduled principal payments on outstanding debt, continued management of long-term obligations, and the utilization of previously received grant funding.

A significant factor contributing to the decrease in business-type liabilities was the application of American Rescue Plan Act (ARPA) funding that had been previously reported as unearned revenue (a liability). During fiscal year 2025, these funds were expended on construction of the third Biological Treatment Unit project, which remains recorded as construction in progress within capital assets. As the deferred revenue was recognized and applied to eligible capital expenditures, the related liability decreased while capital assets increased. This transaction reflects the conversion of externally restricted funding into long-term infrastructure investment, strengthening the City's utility system without incurring additional debt.

Deferred inflows of resources totaled \$2.8 million at September 30, 2025, compared to \$1.7 million in fiscal year 2024. Governmental deferred inflows increased to \$2.1 million from \$1.2 million, and business-type deferred inflows increased to \$602,587 from \$522,962. Deferred outflows of resources totaled \$2.3 million compared to \$3.9 million in the prior year. Governmental deferred outflows decreased to \$2.0 million from \$3.4 million, and business-type deferred outflows decreased to \$359,776 from \$465,954. These balances primarily reflect pension and other postemployment benefit-related deferrals and changes in actuarial assumptions and investment performance.

A substantial portion of the City's net position represents its investment in capital assets, net of related debt. At September 30, 2025, net investment in capital assets totaled \$25.1 million for governmental activities compared to \$23.1 million in fiscal year 2024. Business-type activities reported net investment in capital assets of \$34.0 million compared to \$22.7 million in the prior year. The increase reflects continued infrastructure investment and utility system improvements during the fiscal year.

Restricted net position represents resources subject to external restrictions or enabling legislation. Governmental activities reported restricted net position of \$7.3 million at September 30, 2025, compared to \$8.7 million in fiscal year 2024. Business-type activities reported restricted net position of \$920,709 compared to \$784,512 in the prior year.

Unrestricted net position represents resources available to meet ongoing operational and capital needs. Governmental activities reported unrestricted net position of \$8.8 million at September 30, 2025, compared to \$7.8 million in fiscal year 2024. Business-type activities reported unrestricted net position of \$15.4 million compared to \$15.8 million in the prior year.

Overall, the City's financial position at September 30, 2025, reflects declining debt levels, continued capital reinvestment, stable unrestricted reserves, and disciplined financial management.

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

Net Position September 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets.....	\$ 23,086,175	\$ 24,116,332	\$ 21,454,928	\$ 27,093,803	44,541,103	51,210,135
Capital assets, net.....	25,886,772	24,825,626	38,339,032	27,531,663	64,225,804	52,357,289
Total assets	48,972,947	48,941,958	59,793,960	54,625,466	108,766,907	103,567,424
Deferred outflows of resources.....	1,989,173	3,437,313	359,776	465,954	2,348,949	3,903,267
Liabilities:						
Long-term debt outstanding.....	835,000	1,650,000	3,048,961	3,807,653	3,883,961	5,457,653
Net pension liabilities.....	4,353,615	7,193,974	1,393,783	1,748,686	5,747,398	8,942,660
Other liabilities.....	2,485,182	2,798,672	4,799,719	9,726,778	7,284,901	12,525,450
Total liabilities	7,673,797	11,642,646	9,242,463	15,283,117	16,916,260	26,925,763
Deferred inflows of resources.....	2,163,011	1,188,188	602,587	522,962	2,765,598	1,711,150
Net Position:						
Net investment in capital assets..	25,051,772	23,110,260	33,962,314	22,738,334	59,014,086	45,848,594
Restricted.....	7,314,991	8,667,521	920,709	784,512	8,235,700	9,452,033
Unrestricted	8,758,549	7,770,656	15,425,663	15,762,495	24,184,212	23,533,151
Total net position	\$ 41,125,312	\$ 39,548,437	\$ 50,308,686	\$ 39,285,341	\$ 91,433,998	\$ 78,833,778

Changes in Net Position. The City's total net position increased by \$12,600,220 during fiscal year 2025 compared to an increase of \$9,305,955 during fiscal year 2024. Total revenues for fiscal year 2025 were \$38,400,257 compared to \$31,868,485 in fiscal year 2024. Total expenses were \$25,800,037 compared to \$22,562,530 in the prior year.

The following is a comparative summary of changes in net position for 2025 and 2024:

Changes in Net Position						
Fiscal Year Ended September 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services.....	\$ 1,006,958	\$ 1,304,054	\$ 13,761,333	\$ 12,456,545	\$ 14,768,291	\$ 13,760,599
Operating grants/other.....	1,211,154	954,847	-	-	1,211,154	954,847
Capital grants/other.....	454,111	1,351,366	7,592,935	1,749,073	8,047,046	3,100,439
General revenues:						
Property taxes.....	7,373,054	6,962,679	-	-	7,373,054	6,962,679
Other taxes.....	3,336,432	3,252,341	-	-	3,336,432	3,252,341
Intergovernmental.....	855,386	842,723	-	-	855,386	842,723
Other revenues.....	2,035,821	1,823,995	773,073	1,170,862	2,808,894	2,994,857
Total revenues.....	16,272,916	16,492,005	22,127,341	15,376,480	38,400,257	31,868,485
Expenses:						
General government.....	1,245,681	1,194,046	-	-	1,245,681	1,194,046
Public safety.....	4,901,770	5,609,006	-	-	4,901,770	5,609,006
Physical environment.....	-	-	-	-	-	-
Transportation.....	1,266,909	756,442	-	-	1,266,909	756,442
Economic environment.....	5,006,661	1,846,871	-	-	5,006,661	1,846,871
Culture/recreation.....	1,865,869	1,907,677	-	-	1,865,869	1,907,677
Interest on long-term debt.....	25,305	49,502	-	-	25,305	49,502
Water and sewer utilities.....	-	-	7,051,686	7,258,662	7,051,686	7,258,662
Stormwater management.....	-	-	924,188	1,049,943	924,188	1,049,943
Solid waste utilities.....	-	-	3,511,968	2,890,381	3,511,968	2,890,381
Total expenses.....	14,312,195	11,363,544	11,487,842	11,198,986	25,800,037	22,562,530
Excess before transfers.....	1,960,721	5,128,461	10,639,499	4,177,494	12,600,220	9,305,955
Transfers in (out).....	(383,846)	200,000	383,846	(200,000)	-	-
Change in net position.....	1,576,875	5,328,461	11,023,345	3,977,494	12,600,220	9,305,955
Net position-beginning.....	39,548,437	34,219,976	39,285,341	35,307,847	78,833,778	69,527,823
Change in accounting for OPEB.....	-	-	-	-	-	-
Net position-beginning, as.....	39,548,437	34,219,976	39,285,341	35,307,847	78,833,778	69,527,823
Net position-end of year.....	\$ 41,125,312	\$ 39,548,437	\$ 50,308,686	\$ 39,285,341	\$ 91,433,998	\$ 78,833,778

Governmental Activities

The City's total governmental activities increased net position by \$1,576,875 in fiscal year 2025 compared to an increase of \$5,328,461 in fiscal year 2024. Governmental revenues totaled \$16,272,916 in fiscal year 2025 compared to \$16,492,005 in the prior year, representing an overall decrease of \$219,089. The primary driver of this decrease was a reduction in capital grant revenue of \$897,255, largely attributable to the receipt of the Fire Station grant in fiscal year 2024, which did not recur in 2025. Charges for services also decreased by \$297,096 compared to the prior year. This decline was primarily due to a \$148,286 reduction in highway lighting maintenance reimbursements and a \$98,777 decrease in site development fees, reflecting reduced development-related activity.

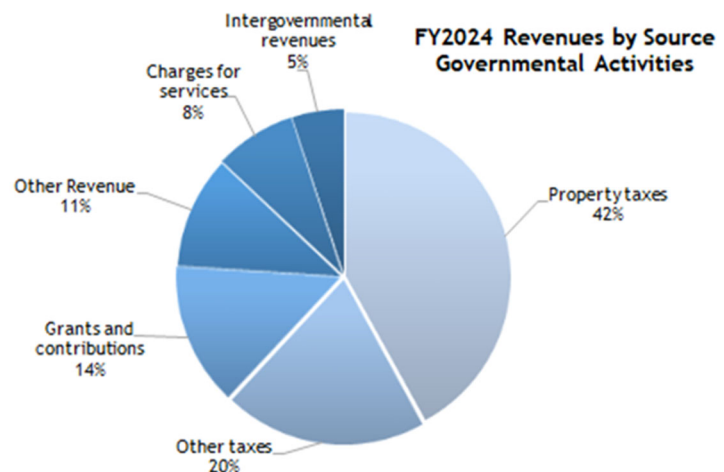
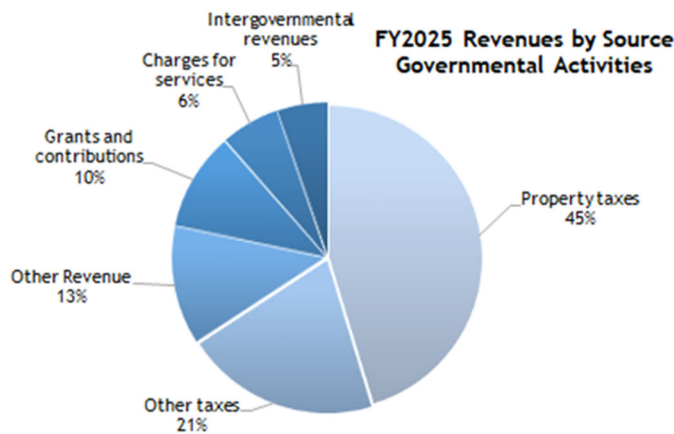
Operating grants and contributions increased by \$256,307 over the prior year. This increase included an additional \$145,655 in FEMA reimbursements and a \$97,319 increase in Community Development Block Grant (CDBG) revenues, reflecting the timing of eligible expenditures and grant reimbursements.

General revenues increased by \$718,955 compared to fiscal year 2024. Property tax revenue increased by \$410,375, or 5.89%, due to continued taxable value growth. Of this amount, Community Redevelopment Tax Increment Financing (TIF) revenues and interlocal share revenues increased by \$146,534, or 4.49%, consistent with rising property values within the redevelopment district. Other taxes increased by \$84,091, or 2.59%, primarily due to growth in electric utility tax, water utility tax, utility gas tax, and communications services tax collections.

Other revenues increased by \$211,826, or 11.61%, compared to the prior year. This increase was primarily attributable to a \$113,237 increase in settlement proceeds, including a \$126,324 insurance claim related to damage to the City's Quonset Hut facility, as well as a \$55,313 increase in investment earnings resulting from higher interest rate yields during the fiscal year.

The following is a summary of the City's governmental revenues by source for fiscal years 2025 and 2024:

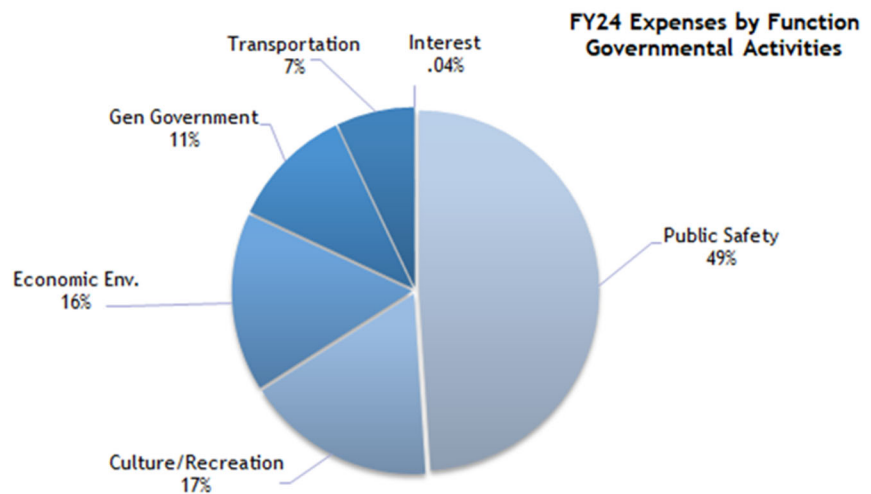
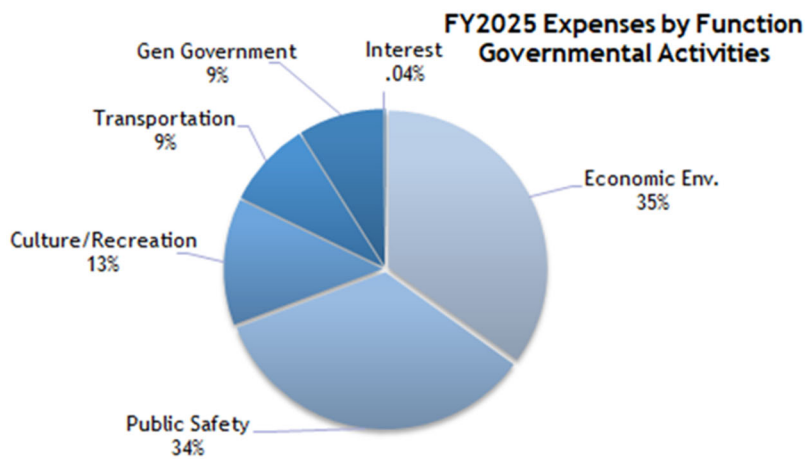
Revenues by Source – Governmental Activities

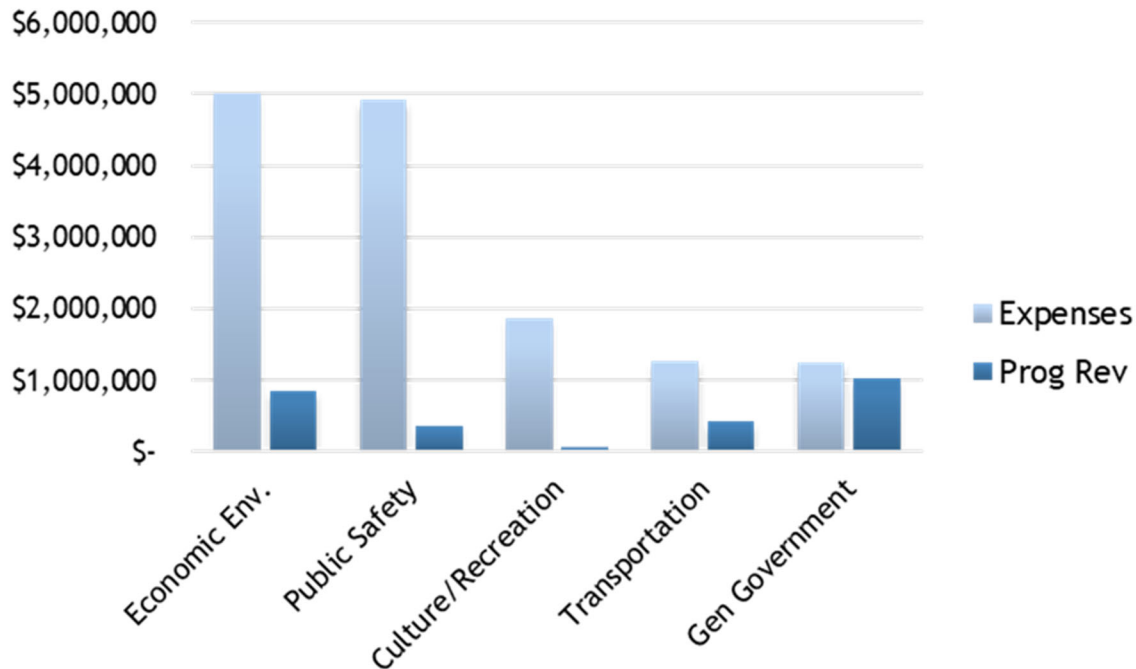


Governmental expenses totaled \$14,312,195 in fiscal year 2025 compared to \$11,363,544 in fiscal year 2024. Public safety expenditures totaled \$4,901,770 in fiscal year 2025 compared to \$5,609,006 in fiscal year 2024. Economic environment expenditures increased significantly to \$5,006,661 compared to \$1,846,871 in fiscal year 2024, reflecting redevelopment and infrastructure-related activity. Transportation expenditures increased to \$1,266,909 from \$756,442. General government expenditures totaled \$1,245,681 compared to \$1,194,046. Culture and recreation expenditures were \$1,865,869 compared to \$1,907,677. Interest on long-term debt decreased to \$25,305 from \$49,502, consistent with reduced outstanding debt balances.

Before transfers, governmental activities reported excess revenues of \$1,960,721 compared to \$5,128,461 in fiscal year 2024. After transfers of \$(383,846), net position increased by \$1,576,875.

Expenses and Program Revenue – Governmental Activities





Business-type Activities

Business-type activities reported an increase in the City's net position of \$11.0 million in 2025, compared to an increase of \$4.0 million in 2024. Overall, net position from the City's business-type activities (\$50.3 million) accounts for approximately 55.0% of the City's combined net position at September 30, 2025. This substantial increase in net position during fiscal year 2025 was primarily attributable to significant capital grants and contributions supporting utility infrastructure projects, combined with positive operating margins across the enterprise funds.

The major sources of operating revenue for the City's business-type activities include charges for services for water and sewer utilities of \$9.0 million, stormwater management fees of \$1.2 million, and solid waste utilities of \$3.5 million. Combined operating revenues from these three activities increased in 2025 and totaled \$13.7 million, compared to \$12.5 million in the prior year. Investment earnings totaled \$715,942 in 2025 compared to \$1.1 million one year earlier, reflecting market rate fluctuations. Other income totaled \$57,131 in 2025 compared to \$100,485 in 2024. Capital grants and contributions totaled \$7.6 million in 2025 compared to \$1.7 million in 2024. This increase is primarily attributable to the timing and recognition of capital grant activity supporting ongoing expansion projects within the utility funds. These revenue trends were accompanied by modest overall expense growth of 2.58% compared to the fiscal year 2024.

Total expenses of the City's combined business-type activities were approximately \$11.5 million in fiscal year 2025, compared to \$11.2 million in fiscal year 2024, representing an overall increase of \$288,856.

Solid Waste Utilities experienced the most significant change, with total expenses increasing by \$621,587, or 21.51%, compared to the prior fiscal year. This increase was primarily attributable to a \$634,445 increase (25.45%) in other services. The rise in other services was largely due to hurricane-related debris hauling expenses totaling \$356,521 paid to Phillips & Jordan following Hurricane Milton, consulting services of \$166,642 provided by Tetra Tech, Inc., and increased contractual costs of \$136,346 associated with Waste Pro services. These costs reflect storm recovery efforts as well as contractual pricing adjustments.

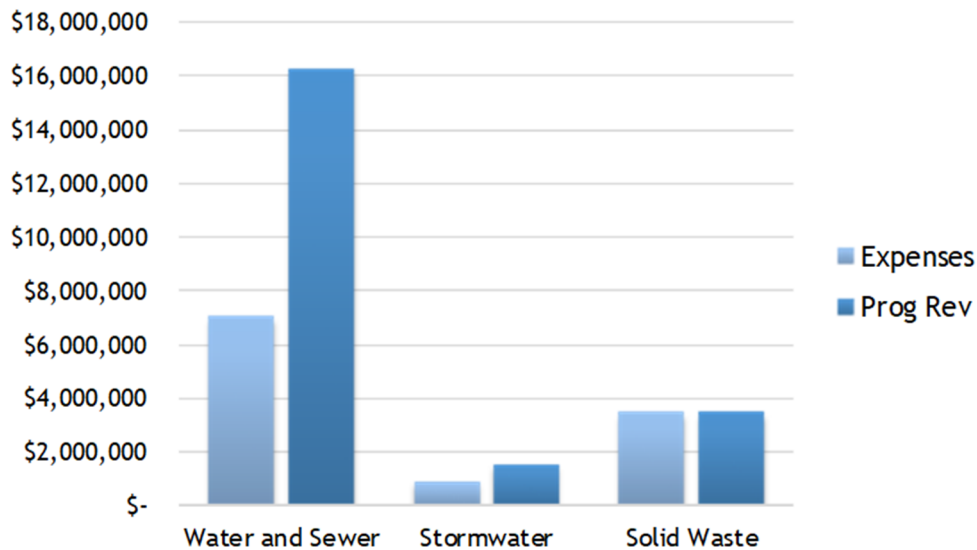
Water and Sewer Utilities reported a decrease in total expenses of \$206,976, or 2.85%, compared to fiscal year 2024. The decrease was primarily driven by a \$157,008 reduction (21.41%) in utility operating supplies, reflecting improved inventory management and the timing of operational purchases.

Stormwater Management expenditures decreased by \$125,755, or 11.98%, compared to the prior year. This decrease was largely attributable to a \$73,503 reduction in bad debt expense, reflecting improved collection performance, as well as a \$37,177 (42.31%) reduction in repairs and maintenance costs during the fiscal year. Overall, operating revenues across the enterprise funds were sufficient to cover operating expenses, demonstrating continued financial stability within the City's utility operations despite storm-related cost pressures. In combination with the significant capital grant funding recognized during the fiscal year, these operating results contributed to the overall \$11.0 million increase in business-type net position.

During the fiscal year, the City secured \$11.25 million and \$9.3 million in Florida Department of Environmental Protection no-repayment loan funding for water and wastewater facility resilience improvements. These funding awards are expected to support long-term infrastructure hardening and resiliency improvements while minimizing future rate impacts.

Construction of the third Biological Treatment Unit remains underway and is expected to be completed during summer 2026. Implementation of cellular meter reading technology was completed during the fiscal year, enhancing billing accuracy, operational efficiency, and long-term revenue reliability within the utility system.

Expenses and Program Revenues – Business-type Activities



Financial Analysis of the City's Funds

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

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

As the City completed the current fiscal year, its governmental funds reported combined fund balances of \$21.7 million, which was \$0.6 million less than the \$22.3 million reported at the end of 2024. The primary reason for the net decrease in combined governmental fund balances was activity within the Community Redevelopment Agency (CRA) fund. During fiscal year 2025, the CRA fund balance decreased by approximately \$1.4 million compared to the prior year. This decrease was primarily attributable to expenditures of approximately \$3.3 million for the Overhead to Underground utility conversion project within the redevelopment district. The project is designed to improve system reliability and resiliency by relocating overhead electrical infrastructure underground, thereby reducing exposure to storm-related outages and infrastructure damage. In addition, the project is expected to reduce long-term maintenance requirements and support redevelopment objectives within the CRA district. A portion of these expenditures was funded using accumulated prior-year restricted fund balance. The planned use of previously accumulated redevelopment resources resulted in a reduction of restricted fund balance; however, it reflects intentional deployment of capital funding rather than an operating deficit within the General Fund.

Recurring General Fund revenues continued to exceed recurring operating expenditures during the fiscal year, resulting in an increase in unassigned fund balance and reinforcing the City's structurally balanced operating position. As a result, approximately 51% of the \$21.7 million, totaling \$11.1 million, constitutes unassigned fund balance, which is generally available for spending at the government's discretion. The City Commission has established a policy that the General Fund maintain an unassigned fund balance of at least 20% of operating expenditures. Based on current year expenditures, this designated reserve threshold continues to be met.

The remainder of the fund balance is separately reported to indicate that it is not available for spending because it is: (1) Nonspendable – \$78,831 invested in inventories and prepaid expenses; (2) Restricted – approximately \$7.3 million constrained by externally imposed sources or enabling legislation; (3) Committed – \$2.3 million set aside pursuant to formal constraints imposed by the City Commission; and (4) Assigned – \$897,003 intended for next year's budgetary purposes.

The General Fund is the chief operating fund of the City. As of September 30, 2025, the unassigned fund balance in the General Fund totaled \$11.1 million, compared to \$10.0 million at the end of 2024. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 97.1% of total General Fund expenditures and transfers out of \$12.8 million, while total fund balance represents approximately 107.0% of that same amount.

Fund balance in the General Fund increased during the current fiscal year as a result of stable tax revenues and continued growth in charges for services, while expenditures remained controlled within adopted appropriations. The Capital Projects Fund reported a fund balance of \$2.3 million at September 30, 2025. The Community Redevelopment Agency funds reported a combined fund balance of \$6.5 million at year end, reflecting the planned use of accumulated resources for infrastructure and redevelopment initiatives within the CRA district, including the Overhead to Underground project. All nonmajor governmental funds remained stable for the year and reported combined fund balances of \$618,384 at September 30, 2025.

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

Unrestricted net position in the Water and Sewer Fund at the end of the current fiscal year totaled approximately \$9.5 million, compared to \$10.5 million one year earlier. The decrease in unrestricted net position primarily reflects the use of available resources for capital construction activity during the fiscal year. Total net position of the fund increased to approximately \$50.3 million at year end as a result of positive operating income and significant capital investment. Operating expenses within the Water and Sewer Fund decreased by approximately 2.85% compared to the prior year, primarily due to a reduction in utility operating supplies, contributing to improved operating margins. A substantial portion of the capital growth is attributable to construction in progress related to the Biological Treatment Unit expansion project. During the fiscal year, previously received American Rescue Plan Act (ARPA) funding was applied to eligible capital expenditures associated with this project. As those restricted funds were expended, capital assets increased while deferred revenue liabilities decreased, strengthening the overall financial position of the utility system without the issuance of additional debt.

Unrestricted net position in the Stormwater Management Fund totaled approximately \$2.5 million at the end of fiscal year 2025, compared to \$2.2 million at the end of 2024. Total net position increased to approximately \$8.3 million at year end. Stormwater revenues increased during the fiscal year primarily as a result of new construction activity within the City, which expanded the assessable base. At the same time, expenditures decreased by approximately 11.98%, largely due to lower bad debt expense and reduced repairs and maintenance costs, resulting in improved operating performance and continued reinvestment in system reliability.

Unrestricted net position in the Solid Waste Fund totaled approximately \$3.4 million at the end of fiscal year 2025. Total net position increased during the fiscal year despite a 21.51% increase in operating expenses compared to the prior year. The increase in expenses was largely attributable to hurricane-related debris hauling and increased contractual service costs. However, solid waste revenues also increased due to additional services provided during the fiscal year, including storm-related cleanup activities. Operating revenues were sufficient to absorb these temporary cost increases while maintaining financial stability. The City continues to contract solid waste operations with an outside provider as a long-standing cost control measure.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2025, capital assets, net of accumulated depreciation, increased from the prior year as a result of continued investment in infrastructure and utility system improvements. Net investment in capital assets totaled approximately \$25.1 million for governmental activities and \$34.0 million for business-type activities at fiscal year end 2025, compared to \$23.1 million and \$22.7 million, respectively, in fiscal year 2024.

A significant portion of the increase in business-type capital assets is attributable to ongoing construction of the Biological Treatment Unit expansion project, which remains recorded as construction in progress at year end. During fiscal year 2025, previously received American Rescue Plan Act (ARPA) funding that had been reported as unearned revenue was expended on eligible construction costs associated with this project. As those restricted funds were applied, the related deferred revenue liability decreased while capital assets increased. This conversion of grant funding into long-term infrastructure investment strengthened the utility system and reduced liabilities without requiring the issuance of additional debt.

Capital investment during fiscal year 2025 also included infrastructure expansion, utility system modernization, public safety facilities, and resiliency initiatives. During the year, the City completed construction of the new fire station, increasing governmental buildings and enhancing public safety service capacity.

Construction in process within the enterprise funds included several major infrastructure projects. Expenditures during fiscal year 2025 included \$6,651,395 for the Biological Treatment Unit expansion project, which is expected to be completed in summer 2026; \$834,974 for the Third Street water main replacement project; \$827,676 for Lift Station 4 replacement; and \$325,464 for SAHFI water resilience projects. These capital investments reflect the City's continued commitment to infrastructure modernization and long-term system resiliency.

In fiscal year 2025, the City was awarded FDEP no-repay loan funding under the Supplemental Appropriation for Hurricanes Fiona and Ian (SAHFI) program totaling \$9.3 million for water resilience projects and \$11,250,000 for wastewater resilience projects. These funding awards support critical infrastructure hardening and resiliency improvements and reduce the need for additional long-term borrowing for these capital projects.

The City maintains manageable long-term debt levels supported by dedicated revenue streams and enterprise revenues where applicable. Scheduled principal payments continue to reduce outstanding obligations. The City's final CRA note payment will be made in fiscal year 2026. In addition, the final payments on the 2007 SRF Water Loan and the Vac-Con truck financing will also be completed in fiscal year 2026. These scheduled retirements will further reduce long-term liabilities and strengthen the City's overall debt position. The City remains well within any applicable statutory debt limits.

Capital assets activity, net of depreciation, for the fiscal years ended September 30, 2025 and 2024, is as follows:

Capital Assets						
Fiscal Year Ended September 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land.....	\$ 2,523,931	\$ 2,523,931	\$ 763,171	\$ 763,171	\$ 3,287,102	\$ 3,287,102
Construction work in progress....	909,520	3,170,501	11,919,587	3,653,310	12,829,107	6,823,811
Buildings.....	11,154,442	7,817,383	2,212,507	2,361,344	13,366,949	10,178,727
Improvements other Than buildings.....	5,803,960	5,635,097	19,703,290	17,051,694	25,507,250	22,686,791
Machinery and equipment.....	1,433,678	1,367,065	799,301	473,293	2,232,979	1,840,358
Infrastructure.....	4,041,455	4,232,506	2,044,349	2,269,087	6,085,804	6,501,593
Subscription-Based Information Technology Arrangements.....	19,786	79,143	896,829	959,764	916,615	1,038,907
Net Total.....	\$ 25,886,772	\$ 24,825,626	\$ 38,339,034	\$ 27,531,663	\$ 64,225,806	\$ 52,357,289

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

Long-term Liabilities. At September 30, 2025, the City's total outstanding long-term obligations totaled approximately \$13.0 million, compared to \$18.2 million at September 30, 2024, representing a decrease of approximately \$5.22 million. This reduction reflects continued scheduled principal repayments on outstanding revenue notes, revenue bonds, and subscription-based information technology arrangements (SBITAs), partially offset by changes in pension-related liabilities.

Revenue notes payable totaled approximately \$2.0 million at year end, compared to \$3.2 million in the prior year. The decrease reflects scheduled repayments of both governmental and business-type revenue notes. Governmental revenue notes associated with the Community Redevelopment Agency (CRA) totaled approximately \$835,000 at year end and are secured solely by tax increment revenues generated within the CRA district. These obligations are scheduled for final repayment in fiscal year 2026.

Revenue bonds related to the water and sewer utility system totaled approximately \$1.9 million at year end, compared to \$2.2 million in the prior year, reflecting continued principal amortization. These bonds are secured by net revenues of the utility system and are payable through fiscal year 2030.

The City's total net pension liability decreased from approximately \$8.9 million in fiscal year 2024 to \$5.7 million in fiscal year 2025, primarily due to changes in actuarial assumptions and investment performance. Total OPEB liability decreased modestly during the fiscal year, while compensated absences and SBITA obligations declined as a result of normal amortization and utilization.

The City continues to follow structured repayment schedules for all outstanding debt obligations. Several debt issues, including the remaining CRA notes and certain enterprise obligations, are scheduled for final repayment in fiscal year 2026. These scheduled retirements will further reduce long-term liabilities and strengthen the City's overall debt profile. The City remains well within any applicable statutory debt limits.

The City's long-term debt for all activities is reflected in the following schedule:

Outstanding Long-Term Debt						
Fiscal Year Ended September 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue notes.....	\$ 835,000	\$ 1,650,000	\$ 1,173,961	\$ 1,572,653	\$ 2,008,961	\$ 3,222,653
Revenue bonds.....	-	-	1,875,000	2,235,000	1,875,000	2,235,000
Total OPEB liability.....	1,005,923	1,193,676	400,963	475,801	1,406,886	1,669,477
Compensated Absences.....	798,762	818,377	252,656	297,713	1,051,418	1,116,090
Net pension liability.....	4,353,615	7,193,974	1,393,783	1,748,686	5,747,398	8,942,660
Subscription-Based Information Technology Arrangements.....	-	65,366	929,835	985,676	929,835	1,051,042
Net Total.....	\$ 6,993,300	\$ 10,921,393	\$ 6,026,198	\$ 7,315,529	\$ 13,019,498	\$ 18,236,922

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

Significant Budget Differences – General Fund

The final amended General Fund budgeted revenues exceeded the original adopted budget by \$361,751. This increase was primarily attributable to additional grant revenues awarded to the Police Department, including FDOT High Visibility Enforcement (HVE), Justice Assistance Grant (JAG) funding, the AAA Traffic Safety Grant, and the FDLE Drone Replacement Grant. In addition, the City appropriated reserve funding to support improvements at Riverside Park and to enhance public safety services through the addition of a K-9 unit within the Police Department.

Final budgeted expenditures totaled \$14.3 million, compared to the original adopted expenditure budget of \$12.4 million. The increase was primarily due to a budget amendment recognizing the carryforward of capital project appropriations from the prior fiscal year for completion of the Fire Station and Riverside Park enhancement projects.

Actual General Fund revenues exceeded the final amended budget primarily due to higher-than-anticipated intergovernmental revenues resulting from FEMA reimbursements, increased investment earnings attributable to favorable interest rate conditions, and additional permitting revenue associated with development activity during the fiscal year. Actual expenditures were below final budgeted amounts, primarily due to transportation expenditures for paving projects that began during the fiscal year but will be completed in the subsequent fiscal year. Overall, the General Fund concluded the fiscal year in a favorable budgetary position, with revenues exceeding projections and expenditures remaining within authorized appropriations.

Economic Factors, Upcoming Budgets and Rates

The City is entering the second year of a three-year collective bargaining agreement with its labor unions, which will continue to influence personnel cost projections in upcoming fiscal years. Personnel services represent a significant portion of General Fund expenditures, and negotiated wage adjustments and benefit costs will be incorporated into future budget planning.

Fiscal year 2026 represents the second year of implementation of utility rates established through the City's five-year utility rate study. The rate structure is designed to ensure long-term financial sustainability of the water, wastewater, and stormwater systems while supporting planned capital improvements, regulatory compliance requirements, and system resiliency. The receipt of significant state and federal grant funding, including resilience-related appropriations, has reduced the need for larger rate increases that would otherwise have been necessary to fund planned infrastructure investments.

The City continues to actively pursue grant funding to offset operating and capital costs. Recent awards include public safety grants supporting Police Department operations within the General Fund. The City is also utilizing State appropriations under the Supplemental Appropriation for Hurricanes Fiona and Ian (SAHFI) program to fund major water and wastewater resilience projects. In addition, the City has submitted applications for funding under the Supplemental Appropriation for Hurricanes Helene and Milton and the Hawai'i Wildfires (SAHM) FDEP program, based on project eligibility.

Fiscal year 2026 will mark the first year of a four-year Community Development Block Grant – Disaster Recovery (CDBG-DR) stormwater pipe lining project aimed at strengthening stormwater infrastructure and improving system reliability. The City will also continue implementation of its Overhead to Underground utility conversion project, which remains a priority infrastructure initiative.

The City's financial outlook is influenced by broader economic conditions. Property value trends and taxable value growth remain key drivers of General Fund revenues and will continue to impact future budget development. The State has proposed a constitutional amendment for consideration on the November ballot that could modify property tax provisions. While the specific fiscal impact is not yet known, any change affecting ad valorem taxation could have a material effect on municipal revenues statewide, including the City's primary General Fund revenue source. The City will continue to monitor legislative developments and evaluate potential fiscal impacts as additional information becomes available.

Inflationary pressures on goods, fuel, construction materials, utilities, and contractual services continue to affect operating and capital costs. Pension contribution requirements and actuarial assumption changes may affect future required funding levels. Additionally, construction market conditions and supply chain volatility may influence project timelines and capital costs. Insurance market volatility and rising property and liability premiums remain ongoing concerns for municipalities statewide. Increasing technology and cybersecurity requirements also necessitate continued investment to safeguard the City's systems and data infrastructure.

To maintain long-term financial stability and diversify revenue sources, the City is evaluating the implementation of a fire assessment to be included on the annual property tax bill as a non-ad valorem assessment, similar to the existing stormwater assessment. If approved, this funding mechanism would provide a dedicated revenue source to support fire protection services and related capital needs, reducing reliance on ad valorem revenues and strengthening fiscal sustainability.

Requests for Information

This financial report is designed to provide interested users with a general overview of the City's finances. An electronic version of this report and prior year's reports can be found on the City's website at www.HollyHillFL.org. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 1065 Ridgewood Ave, Holly Hill, FL 32117.

BASIC FINANCIAL STATEMENTS

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 21,113,509	\$ 16,241,775	\$ 37,355,284
Receivables, net	718,438	1,240,038	1,958,476
Due from other governments	1,175,822	2,625,838	3,801,660
Inventories	20,998	369,617	390,615
Prepays	57,408	-	57,408
Restricted assets:			
Equity in pooled cash and investments	-	977,660	977,660
Capital assets:			
Capital assets, not being depreciated/amortized	3,433,451	12,682,758	16,116,209
Other capital assets, net of depreciation/amortization	22,453,321	25,656,274	48,109,595
Total assets	<u>48,972,947</u>	<u>59,793,960</u>	<u>108,766,907</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,954,285	345,869	2,300,154
Deferred outflows related to OPEB	34,888	13,907	48,795
Total deferred outflows	<u>1,989,173</u>	<u>359,776</u>	<u>2,348,949</u>
LIABILITIES			
Accounts payable and accrued liabilities	495,871	1,568,179	2,064,050
Customer deposits	7,313	1,379,697	1,387,010
Accrued interest payable	8,353	56,951	65,304
Unearned revenue	168,960	211,438	380,398
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	835,000	731,766	1,566,766
SBITA payables	-	56,969	56,969
Compensated absences	195,539	62,628	258,167
Due in more than one year:			
Bonds and notes payable	-	2,317,195	2,317,195
SBITA payables	-	872,866	872,866
Compensated absences	603,223	190,028	793,251
Total OPEB liability	1,005,923	400,963	1,406,886
Net pension liability	4,353,615	1,393,783	5,747,398
Total liabilities	<u>7,673,797</u>	<u>9,242,463</u>	<u>16,916,260</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,521,218	346,767	1,867,985
Deferred inflows related to OPEB	641,793	255,820	897,613
Total deferred inflows of resources	<u>2,163,011</u>	<u>602,587</u>	<u>2,765,598</u>
NET POSITION			
Net investment in capital assets	25,051,772	33,962,314	59,014,086
Restricted for:			
Public safety	431,489	-	431,489
Community redevelopment projects	6,172,233	-	6,172,233
Transportation	242,768	-	242,768
Recreation projects	118,501	-	118,501
Utility plan expansion	-	475,619	475,619
Debt service	350,000	445,090	795,090
Unrestricted	8,758,549	15,425,663	24,184,212
Total net position	<u>\$ 41,125,312</u>	<u>\$ 50,308,686</u>	<u>\$ 91,433,998</u>

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

**CITY OF HOLLY HILL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,245,681	\$ 147,576	\$ 664,182	\$ 198,833	\$ (235,090)	\$ -	\$ (235,090)
Public safety	4,901,770	228,284	99,416	24,724	(4,549,346)	-	(4,549,346)
Transportation	1,266,909	51,879	350,202	8,748	(856,080)	-	(856,080)
Economic environment	5,006,661	550,426	97,354	196,182	(4,162,699)	-	(4,162,699)
Culture and recreation	1,865,869	28,793	-	25,624	(1,811,452)	-	(1,811,452)
Interest on long-term debt	25,305	-	-	-	(25,305)	-	(25,305)
Total governmental activities	14,312,195	1,006,958	1,211,154	454,111	(11,639,972)	-	(11,639,972)
Business-type activities:							
Water and Sewer	7,051,686	9,035,589	-	7,251,435	-	9,235,338	9,235,338
Stormwater	924,188	1,228,249	-	341,500	-	645,561	645,561
Solid Waste	3,511,968	3,497,495	-	-	-	(14,473)	(14,473)
Total business-type activities	11,487,842	13,761,333	-	7,592,935	-	9,866,426	9,866,426
Total primary government	<u>\$ 25,800,037</u>	<u>\$ 14,768,291</u>	<u>\$ 1,211,154</u>	<u>\$ 8,047,046</u>	<u>(11,639,972)</u>	<u>9,866,426</u>	<u>(1,773,546)</u>
General revenues:							
Property taxes					7,373,054	-	7,373,054
Sales taxes					835,986	-	835,986
Casualty and fire insurance premium taxes					290,529	-	290,529
Public service taxes					2,209,917	-	2,209,917
Franchise fees					1,013,144	-	1,013,144
Unrestricted intergovernmental					855,386	-	855,386
Investment earnings					822,337	715,942	1,538,279
Miscellaneous revenues					200,340	57,131	257,471
Transfers					(383,846)	383,846	-
Total general revenues and transfers					13,216,847	1,156,919	14,373,766
Change in net position					1,576,875	11,023,345	12,600,220
Net position - beginning of year					39,548,437	39,285,341	78,833,778
Net position - ending of year					<u>\$ 41,125,312</u>	<u>\$ 50,308,686</u>	<u>\$ 91,433,998</u>

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

**CITY OF HOLLY HILL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General</u>	<u>Capital Projects</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in pooled cash and investments	\$ 11,877,004	\$ 2,343,545	\$ 6,275,152	\$ 617,808	\$ 21,113,509
Receivables, net	437,435	-	280,427	576	718,438
Due from other governments	1,021,179	154,643	-	-	1,175,822
Inventories	20,998	-	-	-	20,998
Prepaid items	45,455	-	12,378	-	57,833
Total assets	<u>\$ 13,402,071</u>	<u>\$ 2,498,188</u>	<u>\$ 6,567,957</u>	<u>\$ 618,384</u>	<u>\$ 23,086,600</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 280,895	\$ 179,568	\$ 35,408	\$ -	\$ 495,871
Customer deposits	7,738	-	-	-	7,738
Unearned revenue	166,997	-	1,963	-	168,960
Total liabilities	<u>455,630</u>	<u>179,568</u>	<u>37,371</u>	<u>-</u>	<u>672,569</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	<u>665,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,914</u>
FUND BALANCES					
Nonspendable:					
Inventories	20,998	-	-	-	20,998
Prepaid items	45,455	-	12,378	-	57,833
Restricted for:					
Law enforcement	7,254	-	-	155,634	162,888
Fire protection	-	-	-	101,481	101,481
Building inspection	167,120	-	-	-	167,120
Transportation	-	-	-	242,768	242,768
Community redevelopment	-	-	6,159,855	-	6,159,855
Debt service	-	-	358,353	-	358,353
Recreation	-	-	-	118,501	118,501
Committed to:					
Capital projects	-	2,318,620	-	-	2,318,620
Assigned to:					
Subsequent year's budget appropriations	897,003	-	-	-	897,003
Unassigned	11,142,697	-	-	-	11,142,697
Total fund balances	<u>12,280,527</u>	<u>2,318,620</u>	<u>6,530,586</u>	<u>618,384</u>	<u>21,748,117</u>
Total liabilities and fund balances	<u>\$ 13,402,071</u>	<u>\$ 2,498,188</u>	<u>\$ 6,567,957</u>	<u>\$ 618,384</u>	<u>\$ 23,086,600</u>

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

CITY OF HOLLY HILL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds \$ 21,748,117

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

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

Total governmental capital assets	45,759,269	
Less: accumulated depreciation/amortization	<u>(19,872,497)</u>	25,886,772

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

Unavailable revenue - FEMA grants		665,914
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On the governmental fund statements, pension and OPEB amounts are recognized as expenditures when contributions are made and liabilities are reported only for amounts due and payable at fiscal year end, if any (no amounts were due and payable at the end of the current fiscal year). In the government wide Statement of Net Position, the City reports the net pension liability and total OPEB liability for its defined benefit plans as noncurrent liabilities, and reports related deferred outflows and inflows of resources.

Net pension liability	(4,353,615)	
Deferred outflows related to pensions	1,954,285	
Deferred inflows related to pensions	<u>(1,521,218)</u>	(3,920,548)
 Total OPEB liability	 (1,005,923)	
Deferred outflows related to OPEB	34,888	
Deferred inflows related to OPEB	<u>(641,793)</u>	(1,612,828)

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

Long-term debt	(835,000)	
Accrued interest payable	(8,353)	
Compensated absences	<u>(798,762)</u>	(1,642,115)

Net position of governmental activities		<u><u>\$ 41,125,312</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Capital Projects	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 7,012,184	\$ -	\$ 1,651,380	\$ -	\$ 8,663,564
Permits and fees	1,475,516	-	-	51,345	1,526,861
Intergovernmental	2,813,306	350,825	1,759,174	-	4,923,305
Charges for services	1,913,450	-	3,114	5,747	1,922,311
Fines and forfeitures	194,179	-	-	3,253	197,432
Investment income	470,005	99,826	237,313	15,193	822,337
Miscellaneous	368,879	-	36,571	-	405,450
Total revenues	<u>14,247,519</u>	<u>450,651</u>	<u>3,687,552</u>	<u>75,538</u>	<u>18,461,260</u>
Expenditures					
Current:					
General government	2,945,875	-	3,301,592	-	6,247,467
Public safety	4,921,801	-	132,560	-	5,054,361
Transportation	1,050,814	-	-	-	1,050,814
Culture and recreation	1,299,774	-	248,432	-	1,548,206
Economic environment	858,942	-	548,842	-	1,407,784
Capital outlay	396,501	2,073,844	19,410	-	2,489,755
Debt service:					
Principal	-	-	815,000	-	815,000
Interest and fiscal charges	1,319	-	34,750	-	36,069
Total expenditures	<u>11,475,026</u>	<u>2,073,844</u>	<u>5,100,586</u>	<u>-</u>	<u>18,649,456</u>
Excess (deficiency) of revenues over expenditures	<u>2,772,493</u>	<u>(1,623,193)</u>	<u>(1,413,034)</u>	<u>75,538</u>	<u>(188,196)</u>
Other financing sources (uses)					
Transfers in	144,942	788,934	-	-	933,876
Transfers out	(1,289,280)	-	(9,915)	(18,527)	(1,317,722)
Total other financing sources (uses)	<u>(1,144,338)</u>	<u>788,934</u>	<u>(9,915)</u>	<u>(18,527)</u>	<u>(383,846)</u>
Net change in fund balances	<u>1,628,155</u>	<u>(834,259)</u>	<u>(1,422,949)</u>	<u>57,011</u>	<u>(572,042)</u>
Fund balances, beginning of year	10,652,372	3,152,879	7,953,535	561,373	22,320,159
Fund balances, end of year	<u>\$ 12,280,527</u>	<u>\$ 2,318,620</u>	<u>\$ 6,530,586</u>	<u>\$ 618,384</u>	<u>\$ 21,748,117</u>

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

CITY OF HOLLY HILL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds **\$ (572,042)**

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

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

Capital outlay expenditures	2,489,755
Depreciation/amortization expense	(1,424,829)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	(3,780)
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The issuance of long-term debt (i.e., bonds, notes, leases, and subscriptions) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and deferred amounts on refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayment of general long-term debt	815,000
Subscription payments	65,366

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (grants and delinquent taxes).	(428,123)
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Governmental funds report contributions to defined benefit pension and OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	419,094
Change in total OPEB liability and deferred inflows/outflows related to OPEB	186,055

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

Change in accrued interest on long-term debt	10,764
Change in compensated absences liability	19,615

Change in net position of governmental activities	\$ 1,576,875
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater Drainage	Solid Waste	Total
ASSETS				
Equity in pooled cash and investments	\$ 10,190,273	\$ 2,758,562	\$ 3,292,940	\$ 16,241,775
Accounts receivable, net	841,292	64,086	334,660	1,240,038
Due from other governments	2,562,013	63,825	-	2,625,838
Inventories	350,984	18,633	-	369,617
Restricted equity in pooled cash and investments	977,660	-	-	977,660
Total current assets	14,922,222	2,905,106	3,627,600	21,454,928
Capital assets:				
Land	154,739	608,432	-	763,171
Buildings and improvements	52,573,644	11,071,346	54,651	63,699,641
Machinery and equipment	1,981,039	691,681	5,309	2,678,029
Construction in progress	11,308,566	611,021	-	11,919,587
Subscription-based IT arrangements (SBITA)	1,148,570	-	-	1,148,570
Accumulated depreciation	(34,715,770)	(7,095,896)	(58,300)	(41,869,966)
Total capital assets, net	32,450,788	5,886,584	1,660	38,339,032
Total noncurrent assets	32,450,788	5,886,584	1,660	38,339,032
Total assets	47,373,010	8,791,690	3,629,260	59,793,960
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	321,659	24,210	-	345,869
Deferred outflows related to OPEB	12,199	1,708	-	13,907
Total deferred outflows of resources	333,858	25,918	-	359,776
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,301,623	49,955	216,601	1,568,179
Compensated absences	58,743	3,885	-	62,628
Customer deposits	1,379,697	-	-	1,379,697
Unearned revenue	-	211,438	-	211,438
Current maturities on long-term debt	731,766	-	-	731,766
Current maturities on SBITA payable	56,969	-	-	56,969
Payable from restricted assets:				
Accrued interest payable	56,951	-	-	56,951
Total current liabilities	3,585,749	265,278	216,601	4,067,628
Noncurrent liabilities:				
Bonds and notes payable, net	2,317,195	-	-	2,317,195
SBITA payable	872,866	-	-	872,866
Total OPEB liability	351,722	49,241	-	400,963
Compensated absences	187,060	2,968	-	190,028
Net pension liability	1,296,222	97,561	-	1,393,783
Total noncurrent liabilities	5,025,065	149,770	-	5,174,835
Total liabilities	8,610,814	415,048	216,601	9,242,463
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	322,494	24,273	-	346,767
Deferred inflows related to OPEB	224,403	31,417	-	255,820
Total deferred inflows of resources	546,897	55,690	-	602,587
NET POSITION				
Net investment in capital assets	28,098,503	5,862,151	1,660	33,962,314
Restricted for debt service	445,090	-	-	445,090
Restricted for utility plant expansion	475,619	-	-	475,619
Unrestricted	9,529,945	2,484,719	3,410,999	15,425,663
Total net position	\$ 38,549,157	\$ 8,346,870	\$ 3,412,659	\$ 50,308,686

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

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater Drainage	Solid Waste	Total
Operating revenues				
Charges for services:				
Water	\$ 4,064,723	\$ -	\$ -	\$ 4,064,723
Sewer treatment	4,480,496	-	-	4,480,496
Waste disposal	-	-	3,497,495	3,497,495
Stormwater management	-	1,228,249	-	1,228,249
Other	490,370	-	-	490,370
Total operating revenues	<u>9,035,589</u>	<u>1,228,249</u>	<u>3,497,495</u>	<u>13,761,333</u>
Operating expenses				
Personnel services	2,042,995	157,102	-	2,200,097
Depreciation/amortization	1,526,804	324,440	554	1,851,798
Utilities	341,249	23,138	-	364,387
Materials and supplies	576,387	33,327	-	609,714
Contractual services	335,257	118,607	3,127,340	3,581,204
Maintenance and repairs	778,488	50,698	-	829,186
Other charges	1,321,380	216,876	384,074	1,922,330
Total operating expenses	<u>6,922,560</u>	<u>924,188</u>	<u>3,511,968</u>	<u>11,358,716</u>
Operating income (loss)	<u>2,113,029</u>	<u>304,061</u>	<u>(14,473)</u>	<u>2,402,617</u>
Nonoperating revenues (expenses)				
Investment earnings	522,707	84,970	108,265	715,942
Lease and other income	57,131	-	-	57,131
Interest and debt expense	(129,126)	-	-	(129,126)
Total nonoperating revenues (expenses)	<u>450,712</u>	<u>84,970</u>	<u>108,265</u>	<u>643,947</u>
Income (loss) before capital grants, capital contributions, and transfers	<u>2,563,741</u>	<u>389,031</u>	<u>93,792</u>	<u>3,046,564</u>
Capital grants	7,131,555	341,500	-	7,473,055
Capital contributions	119,880	-	-	119,880
Transfers in	77,076	46,028	491,156	614,260
Transfers out	-	(30,414)	(200,000)	(230,414)
Change in net position	<u>9,892,252</u>	<u>746,145</u>	<u>384,948</u>	<u>11,023,345</u>
Net position, beginning of year	28,656,905	7,600,725	3,027,711	39,285,341
Net position, end of year	<u>\$ 38,549,157</u>	<u>\$ 8,346,870</u>	<u>\$ 3,412,659</u>	<u>\$ 50,308,686</u>

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

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater Drainage	Solid Waste	Total
Cash flows from operating activities				
Cash received from customers	\$ 9,122,985	\$ 1,167,663	\$ 3,500,099	\$ 13,790,747
Cash paid to employees	(2,280,728)	(205,469)	-	(2,486,197)
Cash paid to suppliers	(3,617,457)	(429,904)	(3,501,240)	(7,548,601)
Net cash provided by (used in) operating activities	3,224,800	532,290	(1,141)	3,755,949
Cash flows from noncapital financing activities				
Transfers from other funds	77,076	46,028	491,156	614,260
Transfers to other funds	-	(30,414)	(200,000)	(230,414)
Lease and other income	57,131	-	-	57,131
Interfund loans	-	-	31,775	31,775
Net cash provided by (used in) noncapital financing activities	134,207	15,614	322,931	472,752
Cash flows from capital and related financing activities				
Impact fees	119,880	-	-	119,880
Acquisition and construction of capital assets	(11,807,084)	(852,193)	-	(12,659,277)
Capital grants	22,349	304,000	-	326,349
Proceeds from sale of capital assets	110	-	-	110
Principal payments of long-term debt	(758,692)	-	-	(758,692)
Subscription payments	(55,841)	-	-	(55,841)
Interest paid	(139,230)	-	-	(139,230)
Net cash provided by (used in) capital and related financing activities	(12,618,508)	(548,193)	-	(13,166,701)
Cash flows from investing activities				
Interest received	522,707	84,970	108,265	715,942
Net cash provided by (used in) investing activities	522,707	84,970	108,265	715,942
Net change in cash and cash equivalents	(8,736,794)	84,681	430,055	(8,222,058)
Cash and cash equivalents, beginning of year	19,904,727	2,673,881	2,862,885	25,441,493
Cash and cash equivalents, end of year	<u>\$ 11,167,933</u>	<u>\$ 2,758,562</u>	<u>\$ 3,292,940</u>	<u>\$ 17,219,435</u>
Cash and cash equivalents classified as:				
Unrestricted	\$ 10,190,273	\$ 2,758,562	\$ 3,292,940	\$ 16,241,775
Restricted	977,660	-	-	977,660
Total cash and cash equivalents	<u>\$ 11,167,933</u>	<u>\$ 2,758,562</u>	<u>\$ 3,292,940</u>	<u>\$ 17,219,435</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,113,029	\$ 304,061	\$ (14,473)	\$ 2,402,617
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	1,526,804	324,440	554	1,851,798
Changes in assets and liabilities:				
Accounts receivable	46,569	(60,586)	2,604	(11,413)
Inventories	(8,148)	(3,284)	-	(11,432)
Accounts payable and accrued liabilities	(253,653)	16,026	10,174	(227,453)
Deposits	40,827	-	-	40,827
Compensated absences	(48,348)	3,291	-	(45,057)
Net pension liability	(127,226)	(42,551)	-	(169,777)
Total OPEB liability	(65,054)	(9,107)	-	(74,161)
Net cash provided by (used in) operating activities	<u>\$ 3,224,800</u>	<u>\$ 532,290</u>	<u>\$ (1,141)</u>	<u>\$ 3,755,949</u>

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

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension Trust Funds	Custodial Fund Holly Hill Police Explorers
ASSETS		
Cash and cash equivalents	\$ 521,654	\$ 9,513
Prepaid items	2,949	-
Receivables		
Due from state	34,879	-
Interest and dividends receivable	40,273	-
Total receivables	75,152	-
Investments, at fair value		
U.S. Treasury obligations	1,533,872	-
Government agency obligations	660,913	-
Corporate and municipal debt obligations	2,773,164	-
Mutual funds	16,536,387	-
Real estate investment trust	1,013,696	-
Pooled funds - real estate	376,857	-
Total investments	22,894,889	-
Total assets	23,494,644	9,513
LIABILITIES		
Accounts payable	19,637	-
Total liabilities	19,637	-
NET POSITION		
Restricted for:		
Pensions	23,475,007	-
Organization	-	9,513
	<u>\$ 23,475,007</u>	<u>\$ 9,513</u>

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

CITY OF HOLLY HILL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Funds	Custodial Fund Holly Hill Police Explorers
Additions		
Contributions:		
Employer	\$ 662,039	\$ -
Plan members	173,244	-
State - insurance premium taxes	286,209	-
Private contributions	-	190
Total contributions	<u>1,121,492</u>	<u>190</u>
Investment earnings (loss):		
Net appreciation (depreciation) in fair value of investments	1,140,404	-
Interest and dividends	1,103,764	-
Total investment earnings (loss)	<u>2,244,168</u>	<u>-</u>
Less: investment expense	<u>(114,127)</u>	<u>-</u>
Net investment earnings (loss)	2,130,041	-
Miscellaneous Revenue	840	-
Total additions	<u>3,252,373</u>	<u>190</u>
Deductions		
Benefit payments and refunds	1,428,707	-
Administrative expenses	56,552	-
Program expenses	-	-
Total deductions	<u>1,485,259</u>	<u>-</u>
Change in net position	<u>1,767,114</u>	<u>190</u>
Net position , beginning of year	21,707,893	9,323
Net position , end of year	<u><u>\$ 23,475,007</u></u>	<u><u>\$ 9,513</u></u>

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants not from FEMA which are considered earned when expenditures are incurred and all eligibility requirements met. Property taxes, franchise fees, grants, intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

Additionally, the City reports the following fund types:

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

Fiduciary Funds—These funds include the following:

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

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

Assets	Years
Buildings	20 – 50 years
Improvements	10 – 50 years
Machinery and equipment	3 – 30 years
Subscription-based information technology arrangements	5 – 20 years
Infrastructure	20 – 50 years

(k) **Compensated absences**— City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick, and personal leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

(o) **Subscription-based Information Technology Agreements (SBITAs)**—The City has entered into SBITAs involving a Supervisory Control and Data Acquisition (SCADA) monitoring service suite for its utility systems and an enterprise resource planning (ERP) software system. The City recognizes intangible right-to-use (RTU) assets and corresponding liabilities for all SBITAs that are not considered short-term. RTU assets represent the City's right to use an underlying intangible asset for the agreement term and liabilities represent the City's obligation to make payments arising from the SBITA. RTU assets and liabilities are recognized at the agreement commencement date based on the present value of payments over the SBITA term.

Basis of classification – SBITAs where the maximum possible agreement term(s) is non-cancelable by both parties, and more than 12 months are not considered short term.

Discount Rate – Unless explicitly stated in the agreement, known by the City, or the City is able to determine the rate implicit within the agreement, the discount rate used to calculate SBITA right-to-use assets will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year.

The City's SBITAs do not contain any material residual value guarantees or material restrictive covenants.

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

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

- (i) *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

- (ii) *Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The City has classified forfeitures as being restricted because their use is restricted by state statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure projects are restricted by state statute and county laws and are legally segregated for funding of infrastructure improvements.
- (iii) *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- (iv) *Assigned* – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process, as is authorized under Article I, Section 30-27 of the City's Code of Ordinances.
- (v) *Unassigned* – This classification includes the residual fund balance for the General Fund and fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

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

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

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

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City was 5.80 mills for the (2024 tax year) fiscal year ended September 30, 2025.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments:

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

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

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

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

Direct obligations of the United States Treasury

Deposits include cash on hand and amounts held in the City's demand accounts. At September 30, 2025, the carrying amount of the City's deposits was \$14,344,695 with bank balances totaling \$14,591,086. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

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

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

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

The City invests temporarily idle resources in nonnegotiable certificates of deposit, U.S. Treasury debt securities, Florida PRIME, Florida Local Government Investment Trust (FLGIT), and FLCLASS. Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME, FLGIT, and FLCLASS are external investment pools in which participants own units in the pool rather than the underlying securities.

Measurement bases: U.S. Treasuries are measured at fair value using quoted prices in active markets for identical securities (Level 1 inputs) at year-end. Nonnegotiable certificates of deposit are reported at amortized cost and are excluded from the fair value hierarchy. Florida PRIME and FLGIT each qualify and elect to measure their investments at amortized cost under GASB Statement No. 79; accordingly, the City's positions in those pools are reported at amortized cost. FLCLASS is measured at net asset value (NAV) per share (or its equivalent) and, consistent with GASB Statement No. 72, is not categorized within the fair value hierarchy.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments: (Continued)

Redemptions/restrictions: Florida PRIME, FLGIT, and FLCLASS permit daily transactions and do not require advance notice. The City has no unfunded commitments to these pools. In the event of a circumstance that materially impacts a pool's liquidity or operations, the pool's executive director may temporarily limit contributions or withdrawals for up to 48 hours.

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

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

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

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

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

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

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

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

U.S. Treasuries—Measured at fair value using quoted prices in active markets for identical securities at year end.

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

Corporate Bonds—Valued based on a matrix pricing model.

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

Money Market Funds—Valued at the underlying fund balance.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments: (Continued)

As of September 30, 2025, the City's Governmental, Business, and Custodial type funds had the following investments, effective duration, and fair value hierarchy level:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating	Fair Value Hierarchy Level
		Less Than 1	1 - 5	6 - 10	More Than 10		
U.S. Treasuries	\$ 4,668,212	\$ 4,668,212	\$ -	\$ -	\$ -	AA+	1
Florida Prime	8,383,703	8,383,703	-	-	-	AAAm	N/A - amortized
Florida Local Investment Trust	4,183,785	4,183,785	-	-	-	AAAm	N/A - amortized
FL CLASS	5,952,281	5,952,281	-	-	-	AAAm	N/A - NAV
Certificate of Deposit	808,580	808,580	-	-	-	N/A	N/A - amortized
Total Government and Business-type investments	<u>\$ 23,996,561</u>	<u>\$23,996,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

The following chart shows the Police Plan's cash and investment accounts by investment portfolios and their respective maturities as of September 30, 2025:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating	Fair Value Hierarchy Level
		Less Than 1	1 - 5	6 - 10	More Than 10		
Money market fund	\$ 275,890	\$ 275,890	\$ -	\$ -	\$ -	AA+	N/A
U.S. Treasuries	1,079,843	-	339,751	507,774	232,318	AA+	1
Bonds and debt obligations	2,118,456	523	533,084	419,228	1,165,621	BBB to AAA	2
Real estate investment fund	1,013,696	1,013,696	-	-	-	N/A	N/A-NAV
Mutual funds/Equity financials	11,101,037	11,101,037	-	-	-	N/A	1
Total Police Plan Portfolio	<u>\$ 15,588,922</u>	<u>\$12,391,146</u>	<u>\$ 872,835</u>	<u>\$ 927,002</u>	<u>\$ 1,397,939</u>		

The following chart shows the Fire Plan's cash and investment accounts by investment portfolios and their respective maturities as of September 30, 2025:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating	Fair Value Hierarchy Level
		Less Than 1	1 - 5	6 - 10	More Than 10		
Money market fund	\$ 245,763	\$ 245,763	\$ -	\$ -	\$ -	AA+	N/A
U.S. Treasuries	454,029	47,084	121,699	196,146	89,100	AA+	1
Bonds and debt obligations	654,708	79,511	291,122	84,803	199,272	BBB- to AAA	2
U.S. Government agencies	660,913	12,699	96,078	67,620	484,516	N/A	2
Multi-employer property fund	376,857	376,857	-	-	-	N/A	2
Mutual funds/Equity financials	5,435,351	5,435,351	-	-	-	N/A	1
Total Fire Plan Portfolio	<u>\$ 7,827,621</u>	<u>\$ 6,197,265</u>	<u>\$ 508,899</u>	<u>\$ 348,569</u>	<u>\$ 772,888</u>		

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments: (Continued)

The Police Plan's ownership interest in the U.S. Real Estate Investment Fund, LLC (the Real Estate Fund) is offered and sold by means of a private placement offering conducted in compliance with Rule 506 of Regulation D under the Securities Act of 1933, as amended. The Real Estate Fund is an open-end diversified core commingled real estate fund that invests in private real estate and is structured as a Delaware limited liability company. As of September 30, 2025, the Police Plan held 868.50 interests with a net asset value (NAV) of \$1,013,696. Interests are purchased and redeemed through periodic transactions and the value of the interests purchased or sold in such transactions is based on the interest value applicable to the valuation date at which each individual transaction occurred.

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

Requests for redemptions of interests in the Real Estate Fund may be made at any time after the later of (i) the first anniversary of the Initial Closing and (ii) the date upon which the NAV first exceeds \$200 million (the period then ending, the "Redemption Lockout Period") (Total ending NAV at September 30, 2025 was approximately \$8.4 billion), and subject to Article 7, a Member may elect to have the Company redeem some or all of its Interests by providing the Manager with written notice to such effect (a "Redemption Notice") in a form acceptable to the Manager at least 90 days prior to a calendar quarter end; provided, in any case, that there is not an Unfunded Capital Commitment with respect to such Member. Unless such notice period is waived by the Manager, redemption requests will be effective as of the first calendar quarter end upon or after the expiration of the 90-day notice period (the "Redemption Effective Date") (Interests subject to a valid Redemption Notice shall, upon the Redemption Effective Date, become "Redemption Interests").

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments: (Continued)

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Deposits and Investments: (Continued)

The Police Plan's exposure to foreign currency risk is as follows at September 30, 2025:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Fair Value</u>
Japan	1.2%	Japanese Yen	\$ 190,400
United Kingdom	1.2%	Pound Sterling	191,974
Germany	0.9%	Euro	133,752
Canada	0.7%	Canadian Dollar	113,296
France	0.7%	Euro	111,722
Various	5.3%	Various	832,410
Total Portfolio	<u>10.0%</u>		<u>\$ 1,573,554</u>

The Fire Plan's exposure to foreign currency risk is as follows at September 30, 2025:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Fair Value</u>
Euro Zone	4.0%	Euro	\$ 309,717
Japan	2.1%	Japanese Yen	164,628
United Kingdom	1.8%	Pound Sterling	144,260
China	0.6%	Chinese Yuan	48,990
India	0.4%	Indian Rupee	33,786
Various	5.5%	Various	425,002
Total Portfolio	<u>14.4%</u>		<u>\$ 1,126,383</u>

(5) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2025:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund	\$ 443,442	\$ (6,007)	\$ 437,435
Impact Fees Trust	496	-	496
Law Enforcement Trust	80	-	80
Community Redevelopment Fund	280,427	-	280,427
Total – Governmental Activities	<u>724,445</u>	<u>(6,007)</u>	<u>718,438</u>
Business-Type Activities:			
Water and Sewer Fund	957,729	(116,437)	841,292
Solid Waste Fund	377,316	(42,656)	334,660
Stormwater Fund	64,101	(15)	64,086
Totals – Business-Type Activities	<u>1,399,146</u>	<u>(159,108)</u>	<u>1,240,038</u>
Totals	<u>\$ 2,123,591</u>	<u>\$ (165,115)</u>	<u>\$ 1,958,476</u>

In addition to accounts receivable, the City also recorded \$3,801,660 in due from other governments at September 30, 2025.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Transfers and Interfund Loans:

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

For the year ended September 30, 2025, individual fund transfers to and from other funds for the primary government were comprised of the following:

Description	Total Transfers Out	Total Transfers In				
		Governmental Funds			Enterprise Funds	
		General Fund	Capital Projects	Water and Sewer	Stormwater Drainage	Solid Waste
Governmental Funds						
General Fund	\$ 1,372,780	\$ -	\$ 788,934	\$ 46,662	\$ 46,028	\$ 491,156
Law Enforcement Trust	18,527	18,527	-	-	-	-
Community Redevelopment	9,915	9,915	-	-	-	-
Total – Governmental Funds	1,401,222	28,442	788,934	46,662	46,028	491,156
Enterprise Funds						
Stormwater Drainage	30,414	-	-	30,414	-	-
Solid Waste	200,000	200,000	-	-	-	-
Total – Enterprise Funds	230,414	200,000	-	30,414	-	-
Total	\$ 1,631,636	\$ 228,442	\$ 788,934	\$ 77,076	\$ 46,028	\$ 491,156

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2025, there were no individual fund interfund receivables and payables for the primary government.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,523,931	\$ -	\$ -	\$ 2,523,931
Construction in progress	3,170,501	1,823,889	(4,084,870)	909,520
Total assets not being depreciated	<u>5,694,432</u>	<u>1,823,889</u>	<u>(4,084,870)</u>	<u>3,433,451</u>
Capital assets being depreciated:				
Buildings	12,029,860	3,755,980	-	15,785,840
Improvements other than buildings	10,610,541	548,294	-	11,158,835
Machinery and equipment	4,139,055	446,463	(93,063)	4,492,455
Infrastructure	10,631,475	-	-	10,631,475
Subscription-Based Information Technology Arrangement (SBITA) assets	257,213	-	-	257,213
Total capital assets being depreciated	<u>37,668,144</u>	<u>4,750,737</u>	<u>(93,063)</u>	<u>42,325,818</u>
Less accumulated depreciation				
Buildings	(4,212,477)	(418,921)	-	(4,631,398)
Improvements other than buildings	(4,975,444)	(379,431)	-	(5,354,875)
Machinery and equipment	(2,771,990)	(376,069)	89,282	(3,058,777)
Infrastructure	(6,398,969)	(191,051)	-	(6,590,020)
SBITA Assets	(178,070)	(59,357)	-	(237,427)
Total accumulated depreciation	<u>(18,536,950)</u>	<u>(1,424,829)</u>	<u>89,282</u>	<u>(19,872,497)</u>
Total capital assets being depreciated, net	<u>19,131,194</u>	<u>3,325,908</u>	<u>(3,781)</u>	<u>22,453,321</u>
Governmental activities capital assets, net	<u>\$ 24,825,626</u>	<u>\$ 5,149,797</u>	<u>\$ (4,088,651)</u>	<u>\$ 25,886,772</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Capital Assets: (Continued)

Capital asset activity for the fiscal year ended September 30, 2024, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 763,171	\$ -	\$ -	\$ 763,171
Construction in progress	3,653,310	10,815,302	(2,549,025)	11,919,587
Total capital assets not being depreciated	<u>4,416,481</u>	<u>10,815,302</u>	<u>(2,549,025)</u>	<u>12,682,758</u>
Capital assets being depreciated:				
Buildings	11,104,063	-	-	11,104,063
Improvements other than buildings	40,263,992	3,924,651	-	44,188,643
Machinery and equipment	2,209,788	468,241	-	2,678,029
Infrastructure	8,406,935	-	-	8,406,935
Subscription-Based Information Technology Arrangement (SBITA) Assets	1,148,570	-	-	1,148,570
Total capital assets being depreciated	<u>63,133,348</u>	<u>4,392,892</u>	<u>-</u>	<u>67,526,240</u>
Less accumulated depreciation for:				
Buildings	(8,742,719)	(148,837)	-	(8,891,556)
Improvements other than buildings	(23,212,298)	(1,273,055)	-	(24,485,353)
Machinery and equipment	(1,736,495)	(142,233)	-	(1,878,728)
Infrastructure	(6,137,848)	(224,738)	-	(6,362,586)
SBITA assets	(188,806)	(62,935)	-	(251,741)
Total accumulated depreciation	<u>(40,018,166)</u>	<u>(1,851,798)</u>	<u>-</u>	<u>(41,869,964)</u>
Total capital assets being depreciated, net	<u>23,115,182</u>	<u>2,541,094</u>	<u>-</u>	<u>25,656,276</u>
Business-type activities capital assets, net	<u>\$ 27,531,663</u>	<u>\$ 13,356,396</u>	<u>\$ (2,549,025)</u>	<u>\$ 38,339,034</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 201,515
Public safety	325,303
Public works	192,093
Economic environment	298,947
Physical environment	36,716
Culture and recreation	370,255
Total depreciation/amortization - governmental activities	<u>\$ 1,424,829</u>

Business-type activities:

Water & Sewer	\$ 1,526,804
Solid Waste	554
Stormwater	324,440
Total depreciation/amortization - business-type activities	<u>\$ 1,851,798</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) SBITAs and Long-Term Liabilities:

SBITAs—The City entered into subscription agreements for a SCADA monitoring service suite for its utility systems in the Water Sewer Fund and for an ERP software system in the General Fund. Lease liabilities and RTU assets were recorded for these SBITAs.

In December 2019, the City entered into a ten-year SBITA with two five year options to renew at the sole discretion of the City for the use of a SCADA system valued at \$1,148,570. An RTU asset and initial lease liability was recorded in the Water Sewer Fund as of October 1, 2021. As of September 30, 2025, the lease liability totaled \$929,835. The City is required to make monthly principal and interest payments of \$6,254. The discount rate applied to the SBITA was 2%. The SCADA system is amortized over the estimated life of the associated contract. The net value of the RTU asset at September 30, 2025 was \$896,829 with accumulated amortization of \$251,741.

In January 2021, the City entered into a five-year subscription-based information technology arrangement (SBITA) for the use of an ERP software system. The City recognized a subscription asset and related subscription liability in governmental activities as of October 1, 2021. During the fiscal year ended September 30, 2025, the City satisfied the remaining subscription liability. At September 30, 2025, the net carrying value of the subscription asset was \$19,786 with accumulated amortization of \$237,427, and the remaining asset balance will be amortized over the next several months.

SBITA expenses for the RTU assets are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
SBITA amortization expense	\$ 59,357	\$ 62,935
Interest on SBITA liabilities	1,294	19,110
Total	<u>\$ 60,651</u>	<u>\$ 82,045</u>

As of September 30, 2025, the City had no outstanding subscription liability related to the governmental activities ERP SBITA; accordingly, there are no future subscription payments associated with this arrangement.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) SBITAs and Long-Term Liabilities: (Continued)

Business-Type Activities				
Year Ending				
September 30,	Principal	Interest	Total	
2026	\$ 56,969	\$ 18,076	\$ 75,045	
2027	58,119	16,927	75,046	
2028	59,292	15,753	75,045	
2029	60,488	14,557	75,045	
2030	61,709	13,336	75,045	
2031 - 2035	327,740	47,485	375,225	
2036 - 2040	305,518	13,423	318,941	
Total future minimum payments	<u>\$ 929,835</u>	<u>\$ 139,557</u>	<u>\$ 1,069,392</u>	

Long-term liability activity for the City for the fiscal year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 1,650,000	\$ -	\$ (815,000)	\$ 835,000	\$ 835,000
SBITA payable	65,366	-	(65,366)	-	-
Compensated absences	818,377	195,539	(215,154)	798,762	195,539
Total long-term liabilities	<u>\$ 2,533,743</u>	<u>\$ 195,539</u>	<u>\$ (1,095,520)</u>	<u>\$ 1,633,762</u>	<u>\$ 1,030,539</u>
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	\$ 2,235,000	\$ -	\$ (360,000)	\$ 1,875,000	\$ 375,000
Notes payable	1,572,653	-	(398,692)	1,173,961	356,766
SBITA payable	985,676	-	(55,841)	929,835	56,969
Compensated absences	297,713	62,628	(107,685)	252,656	62,628
Total long-term liabilities	<u>\$ 5,091,042</u>	<u>\$ 62,628</u>	<u>\$ (922,218)</u>	<u>\$ 4,231,452</u>	<u>\$ 851,363</u>

Notes payable in the City's governmental activities at September 30, 2025, were comprised of the following obligations:

Community Redevelopment Agency (CRA) Redevelopment Revenue Refunding Note, Series 2012, was issued on April 25, 2012, in the amount of \$4,835,000. The proceeds were used to refinance an existing (Series 2005) revenue note. It is secured by revenues generated exclusively from the CRA tax increment financing district. Semi-annual principal and interest payments are due on May 1st and November 1st. The stated interest rate is 2.48% and the note matures on May 1, 2026. The outstanding balance was \$395,000 at September 30, 2025.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) SBITAs and Long-Term Liabilities: (Continued)

Community Redevelopment Agency (CRA) Redevelopment Revenue Refunding Note, Series 2013, was issued on April 24, 2013, in the amount of \$5,000,000 for the purpose of funding capital improvement projects in the City's Community Redevelopment Agency. It is secured by revenues generated exclusively from the CRA tax increment financing district. Semi-annual principal and interest payments are due on May 1st and November 1st. The stated interest rate is 2.33% and the note matures on May 1, 2026. The outstanding balance was \$440,000 at September 30, 2025.

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 835,000	\$ 15,003	\$ 850,003
Total	\$ 835,000	\$ 15,003	\$ 850,003

Bonds payable in the City's business-type activities at September 30, 2025, were comprised of the following obligations:

Water and Sewer System Improvement Revenue Bond, Series 2005, was issued on October 12, 2005, in the amount of \$1,500,000 to finance improvements to the City's water and sewer utility system. It is payable from revenues generated from the water and sewer system. Annual principal and interest payments due on October 1st. The stated interest rate is 3.82% and the bond matures on October 1, 2025. The outstanding balance was \$105,000 at September 30, 2025.

Water and Sewer System Improvement Revenue Bond, Series 2011, was issued on April 26, 2011, in the amount of \$4,550,000 to finance improvements to the City's water and sewer utility system. It is payable from revenues generated from the water and sewer system. Semi-annual principal and interest payments are due on April 1st and October 1st. The stated interest rate is 3.46% and the bond matures on October 1, 2030. The outstanding balance was \$1,770,000 at September 30, 2025.

Notes payable in the City's business-type activities at September 30, 2025, were comprised of the following obligations:

State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement was issued on November 21, 2005, in the amount of \$659,388 for the purpose to finance the construction of wastewater infiltration and inflow correction facilities. It is secured with water and sewer service charges. Semi-annual principal and interest payments are due on April 15th and October 15th. The stated interest rate is 2.12% and the note matures on October 15, 2026. The outstanding balance was \$59,880 at September 30, 2025.

State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement was issued on October 17, 2007, in the amount of \$5,261,318 for the purpose to finance the construction of wastewater infiltration and inflow correction facilities. It is secured with water and sewer service charges. Semi-annual principal and interest payments are due on March 15th and September 15th. The stated interest rate is 2.17% and the note matures on March 15, 2029. The outstanding balance was \$1,103,985 at September 30, 2025.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) SBITAs and Long-Term Liabilities: (Continued)

SunTrust Equipment Finance & Leasing Corp dated November 30, 2018, in the amount of \$379,555. Financed purchase is collateralized by specific equipment. Principal and interest payments are due in monthly installments. The stated interest rate is 3.36% and term of agreement ends on November 30, 2025. The outstanding balance was \$10,096 at September 30, 2025.

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

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2026	\$ 731,766	\$ 96,224	\$ 827,990
2027	613,829	73,008	686,837
2028	610,502	53,966	664,468
2029	462,864	34,568	497,432
2030	310,000	19,975	329,975
2031-2035	320,000	6,728	326,728
Total	<u>\$ 3,048,961</u>	<u>\$ 284,469</u>	<u>\$ 3,333,430</u>

(9) Commitments and Contingencies:

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(10) Risk Management:

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

(11) Other Postemployment Benefits (OPEB):

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

Plan Membership—At September 30, 2024, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	116
Inactive Plan Members or Beneficiaries	<u>42</u>
	<u>158</u>

Total OPEB Liability—The City’s total OPEB liability at September 30, 2025, of \$1,406,886 was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2024. The City’s full OPEB liability is classified as due in more than one year since the liability primarily represents long-term obligations with limited amounts expected to be due within one year.

Actuarial Assumptions and Other Inputs—The total OPEB liability at the September 30, 2024, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increase rates	Varies by service
Discount rate	4.06%
Initial trend rate	6.75%
Ultimate trend rate (in 2075)	4.00%

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

Mortality rates were based on the Pub-2010 Mortality Tables. All mortality rates are those outlined in Milliman’s July 1, 2024, Florida Retirement System (FRS) valuation report.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

For the fiscal year ended September 30, 2025, changes in the total OPEB liability were as follows:

Balance at September 30, 2024	<u>\$ 1,669,477</u>
Changes for a year:	
Service cost	114,944
Interest	84,891
Differences between expected and actual experience	(95,506)
Changes of assumptions	(283,355)
Benefit payments – implicit rate subsidy	<u>(83,565)</u>
Net changes	<u>(262,591)</u>
Balance at September 30, 2025	<u><u>\$ 1,406,886</u></u>

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

The following presents the total OPEB liability of the City calculated using the discount rate of 4.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.06%) or 1% higher (5.06%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,602,245	\$ 1,406,886	\$ 1,246,057

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

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-5.75%) or 1% higher (5.00%-7.75%) than the current healthcare cost trend rates (4.00%-6.75%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,333,054	\$ 1,406,886	\$ 1,494,221

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

For the year ended September 30, 2025, the City recognized OPEB expense/(revenue) of \$(211,421). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ (359,081)
Changes of assumptions	-	(538,532)
Employer contributions	48,795	-
Total	<u><u>\$ 48,795</u></u>	<u><u>\$ (897,613)</u></u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Deferred outflows for contributions subsequent to the measurement date will be recognized in the year ended September 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Amortization</u>
2026	\$ (244,065)
2027	(244,065)
2028	(244,061)
2029	(57,176)
2030	(54,123)
Thereafter	(54,123)

(12) Employee Retirement Systems and Pension Funds:

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the entity's eligible employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

Financial Statements

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Contributions

The entity participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2025</u>	<u>After June 30, 2025</u>
Regular Class	13.63%	14.03%
Senior Management	34.52%	33.24%
Special Risk	32.79%	35.19%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 503,070
Entity Contributions – HIS	84,444
Employee Contributions – FRS	126,666

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

At September 30, 2025, the entity reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 2,614,914
HIS	1,211,008
Total	<u>\$ 3,825,922</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2025</u>	<u>2024</u>
FRS	0.008425659%	0.008206610%
HIS	0.009448121%	0.009376764%

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

<u>Plan</u>	<u>Pension Expense</u>
FRS	\$ 309,695
HIS	29,122
Total	<u>\$ 338,817</u>

Deferred outflows/inflows related to pensions:

At September 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 279,300	\$ -	\$ 7,229	\$ (1,921)
Changes of assumptions	303,659	-	10,719	(292,912)
Net difference between projected and actual investment earnings	-	(436,586)	-	(1,008)
Change in proportionate share	102,675	(165,177)	72,060	(54,265)
Contributions subsequent to measurement date	150,081	-	23,685	-
	<u>\$ 835,715</u>	<u>\$ (601,763)</u>	<u>\$ 113,693</u>	<u>\$ (350,106)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense (benefit) in succeeding years as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2026	\$ 419,428	\$ (57,845)	\$ 361,583
2027	(99,459)	(61,509)	(160,968)
2028	(144,076)	(54,071)	(198,147)
2029	(92,022)	(53,651)	(145,673)
2030	-	(33,022)	(33,022)
Thereafter	-	-	-
	<u>\$ 83,871</u>	<u>\$ (260,098)</u>	<u>\$ (176,227)</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate did not change from the prior year rate. 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 HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumption Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	100.0%	

**CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 5,131,729	\$ 2,614,914	\$ 504,853
HIS	5.20%	1,365,606	1,211,008	1,081,349

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

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

Plan Description and Administration

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Benefits Provided and Employees Covered

Each Plan provides retirement, termination, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2024:

	<u>Police Plan</u>	<u>Fire Plan</u>
Inactive plan members or beneficiaries currently receiving benefits	23	12
Inactive plan members entitled to but not yet receiving benefits	6	2
Active plan members	<u>24</u>	<u>12</u>
Total plan membership	<u>53</u>	<u>26</u>

Financial Statements

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

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

Contributions

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

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

**CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

For the year ended September 30, 2025, contributions to the City's pension plans were as follows:

	Police Plan	Fire Plan	Total
Plan member contributions	\$ 108,645	\$ 64,599	\$ 173,244
City contributions	313,553	348,486	662,039
State contributions	181,810	104,399	286,209
Total contributions	<u>\$ 604,008</u>	<u>\$ 517,484</u>	<u>\$ 1,121,492</u>

Police Officers' Pension Plan

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

Firefighters' Pension Plan

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

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

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

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

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

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

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Investment Policy

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2025:

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

Rate of return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 21.14% for the Police Pension Plan and 21.17% for the Fire Pension Plan at the measurement date.

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

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Eligibility	Eligibility for Normal Retirement Members	Eligibility for Normal Retirement Members
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Annual rate of return equivalent to the actual net rate of investment return (total return net of broker commissions, management fees and transaction costs)	Annual rate of 6.5%, credited quarterly.
DROP Balance as of September 30, 2025	\$ -	\$ -

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2025, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Total pension liability	\$ 15,978,413	\$ 7,643,570	\$ 23,621,983
Plan fiduciary net position	(14,710,889)	(6,989,618)	(21,700,507)
Net pension liability	<u>\$ 1,267,524</u>	<u>\$ 653,952</u>	<u>\$ 1,921,476</u>
Plan fiduciary net position as percentage of total pension liability	92.07%	91.44%	91.87%

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The total pension liability at September 30, 2025, was determined by an actuarial valuation as of October 1, 2023, and measurement date of September 30, 2024, using the following actuarial assumptions for all measurement periods. The most recent actuarial experience study used to review the other significant assumptions was dated October 14, 2021.

	<u>Police Plan</u>	<u>Fire Plan</u>
Inflation	2.50%	2.50%
Salary increases	Service based	Service based
Discount rate	6.90%	6.90%
Investment rate of return	6.90%	6.90%

Mortality rate:

Healthy Active Lives:

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

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

Mortality Rate Disabled Lives:

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

	<u>Long-Term Expected Real Rate of Return</u>	
<u>Asset Class</u>	<u>Police Plan</u>	<u>Fire Plan</u>
Domestic equity	8.2%	8.2%
International equity	3.3%	3.3%
Bonds	2.2%	2.2%
Convertibles	n/a	6.5%
Private real estate	5.5%	5.5%
Cash	0.0%	n/a
REITs	n/a	7.4%

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Discount rate:

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

Changes in net pension liability:

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

	Police Officers' Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 15,413,289	\$ 12,576,242	\$ 2,837,047
Changes for year:			-
Service cost	234,799	-	234,799
Interest	1,042,824	-	1,042,824
Differences between expected/actual experience	356,906	-	356,906
Contributions - employer	-	333,254	(333,254)
Contributions - employee	-	102,973	(102,973)
Contributions - state	-	183,588	(183,588)
Net investment income	-	2,609,583	(2,609,583)
Benefit payments, including refunds	(1,069,405)	(1,069,405)	-
Administrative expenses	-	(25,346)	25,346
Net changes	565,124	2,134,647	(1,569,523)
Ending Balance	<u>\$ 15,978,413</u>	<u>\$ 14,710,889</u>	<u>\$ 1,267,524</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

	Firefighters' Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 7,229,604	\$ 5,705,300	\$ 1,524,304
Changes for year:			
Service cost	186,409	-	186,409
Interest	498,260	-	498,260
Differences between expected/actual experience	118,999	-	118,999
Contributions - employer	-	333,903	(333,903)
Contributions - employee	-	64,004	(64,004)
Contributions - state	-	97,568	(97,568)
Net investment income	-	1,207,108	(1,207,108)
Benefit payments, including refunds	(389,702)	(389,702)	-
Administrative expenses	-	(28,563)	28,563
Net changes	413,966	1,284,318	(870,352)
Ending Balance	<u>\$ 7,643,570</u>	<u>\$ 6,989,618</u>	<u>\$ 653,952</u>

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
Police	6.90%	\$ 3,172,542	\$ 1,267,524	\$ (317,048)
Fire	6.90%	1,560,215	653,952	(104,454)
Total		<u>\$ 4,732,757</u>	<u>\$ 1,921,476</u>	<u>\$ (421,502)</u>

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

For the year ended September 30, 2025, pension expense was recognized as follows:

Plan	Pension Expense
FRS	\$ 309,695
HIS	29,122
Police	336,410
Fire	293,238
Total	<u>\$ 968,465</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,938	\$ 33,940	\$ 164,560	\$ -
Net difference between projected and actual investment earnings	-	603,852	-	278,324
Employer and State contributions subsequent to the measurement date	495,363	-	452,885	-
	<u>\$ 733,301</u>	<u>\$ 637,792</u>	<u>\$ 617,445</u>	<u>\$ 278,324</u>

The above amounts for deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Amounts reported as deferred outflows (except for contributions made subsequent to the measurement date, which will be recognized in the succeeding fiscal year) and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	Police Plan	Fire Plan
2026	\$ (5,950)	\$ 36,554
2027	377,706	160,464
2028	(419,968)	(148,626)
2029	(351,642)	(162,156)

C. Pension Fund Financial Statements

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

Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2025.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

COMBINING SCHEDULE OF NET POSITION – PENSION FIDUCIARY FUNDS

	Police Officers' Pension Plan	Firefighters' Pension Plan	Total
ASSETS			
Cash and cash equivalents	\$ 275,890	\$ 245,764	\$ 521,654
Prepaid items	-	2,949	2,949
Receivables			
Due from state	-	34,879	34,879
Interest and dividends receivable	28,014	12,259	40,273
Total receivables	28,014	47,138	75,152
Investments, at fair value			
U.S. Treasury obligations	1,079,843	454,029	1,533,872
U.S. Government agencies	-	660,913	660,913
Corporate and municipal debt obligations	2,118,456	654,708	2,773,164
Mutual funds	11,101,037	5,435,350	16,536,387
Real estate investment trust	1,013,696	-	1,013,696
Pooled funds - real estate	-	376,857	376,857
Total investments	15,313,032	7,581,857	22,894,889
Total assets	15,616,936	7,877,708	23,494,644
LIABILITIES			
Accounts payable	17,922	1,715	19,637
Total liabilities	17,922	1,715	19,637
NET POSITION			
Restricted for:			
Pensions	15,599,014	7,875,993	23,475,007
Total net position	<u>\$ 15,599,014</u>	<u>\$ 7,875,993</u>	<u>\$ 23,475,007</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

COMBINING SCHEDULE OF CHANGES IN NET POSITION – PENSION FIDUCIARY FUNDS

	<u>Police Officers'</u> <u>Pension Plan</u>	<u>Firefighters'</u> <u>Pension Plan</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 313,553	\$ 348,486	\$ 662,039
Plan members	108,645	64,599	173,244
State - insurance premium taxes	181,810	104,399	286,209
Total contributions	<u>604,008</u>	<u>517,484</u>	<u>1,121,492</u>
Investment earnings (loss):			
Change in fair value of investments	527,642	612,762	1,140,404
Interest and dividends	900,653	203,111	1,103,764
Total investment earnings (loss)	<u>1,428,295</u>	<u>815,873</u>	<u>2,244,168</u>
Less: investment expense	<u>(85,472)</u>	<u>(28,655)</u>	<u>(114,127)</u>
Net investment income (loss)	1,342,823	787,218	2,130,041
 Miscellaneous Revenue	 840	 -	 840
 Total additions	 <u>1,947,671</u>	 <u>1,304,702</u>	 <u>3,252,373</u>
Deductions			
Benefit payments and refunds	1,041,029	387,678	1,428,707
Administrative expenses	24,195	32,357	56,552
Total deductions	<u>1,065,224</u>	<u>420,035</u>	<u>1,485,259</u>
 Change in net position	 <u>882,447</u>	 <u>884,667</u>	 <u>1,767,114</u>
 Net position restricted for pensions, beginning of year	 14,716,567	 6,991,326	 21,707,893
 Net position restricted for pensions, end of year	 <u>\$ 15,599,014</u>	 <u>\$ 7,875,993</u>	 <u>\$ 23,475,007</u>

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) Implementation of New Accounting Standards:

During the fiscal year ended September 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. GASB 101 establishes updated recognition and measurement guidance for liabilities related to compensated absences, including vacation, sick leave, and similar benefits. Under GASB 101, the City recognizes a liability for leave attributable to services already rendered that is either expected to be used or paid in the short term, or, for leave expected to be used or paid beyond the short term, that is more likely than not to be used for time off or otherwise paid or settled through noncash means. GASB 102 establishes disclosure requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. Implementation of GASB 101 and 102 did not require a restatement of beginning net position or fund balance and did not have a significant impact on the financial statements.

(14) Recent Accounting Pronouncements:

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

- (a) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (b) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (c) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 6,811,156	\$ 6,811,156	\$ 7,012,184	\$ 201,028
Permits and fees	1,163,040	1,163,040	1,475,516	312,476
Intergovernmental	1,625,911	1,790,393	2,813,306	1,022,913
Charges for services	1,979,909	2,022,093	1,913,450	(108,643)
Fines and forfeitures	130,842	130,842	194,179	63,337
Investment income	179,732	179,732	470,005	290,273
Miscellaneous	131,500	286,585	368,879	82,294
Total revenues	<u>12,022,090</u>	<u>12,383,841</u>	<u>14,247,519</u>	<u>1,863,678</u>
Expenditures				
Current:				
General government	3,425,607	3,399,775	2,945,875	453,900
Public safety	5,533,685	5,542,998	4,921,801	621,197
Transportation	1,031,313	2,580,416	1,050,814	1,529,602
Culture and recreation	1,252,812	1,359,263	1,299,774	59,489
Economic environment	878,518	886,519	858,942	27,577
Capital outlay	285,570	488,325	396,501	91,824
Debt service:				-
Interest and fiscal charges	-	-	1,319	(1,319)
Total expenditures	<u>12,407,505</u>	<u>14,257,296</u>	<u>11,475,026</u>	<u>2,782,270</u>
Excess (deficiency) of revenues over expenditures	<u>(385,415)</u>	<u>(1,873,455)</u>	<u>2,772,493</u>	<u>4,645,948</u>
Other financing sources (uses)				
Transfers in	209,915	228,442	228,442	-
Transfers out	(415,500)	(788,934)	(1,372,780)	583,846
Total other financing sources (uses)	<u>(205,585)</u>	<u>(560,492)</u>	<u>(1,144,338)</u>	<u>583,846</u>
Net change in fund balances	<u>(591,000)</u>	<u>(2,433,947)</u>	<u>1,628,155</u>	<u>4,062,102</u>
Fund balances, beginning of year	<u>10,652,372</u>	<u>10,652,372</u>	<u>10,652,372</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 10,061,372</u></u>	<u><u>\$ 8,218,425</u></u>	<u><u>\$ 12,280,527</u></u>	<u><u>\$ 4,062,102</u></u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 1,570,658	\$ 1,651,380	\$ 1,651,380	\$ -
Intergovernmental	1,658,597	1,755,275	1,759,174	3,899
Charges for services	5,000	5,000	3,114	(1,886)
Investment income	54,203	54,203	237,313	183,110
Miscellaneous	-	36,536	36,571	35
Total revenues	<u>3,288,458</u>	<u>3,502,394</u>	<u>3,687,552</u>	<u>185,158</u>
Expenditures				
Current:				
General government	-	3,301,592	3,301,592	-
Public safety	333,872	334,053	132,560	201,493
Culture and recreation	247,926	249,026	248,432	594
Economic environment	674,045	638,493	548,842	89,651
Capital outlay	1,172,950	647,061	19,410	627,651
Debt service:				-
Principal	815,000	815,000	815,000	-
Interest and fiscal charges	34,750	34,750	34,750	-
Total expenditures	<u>3,278,543</u>	<u>6,019,975</u>	<u>5,100,586</u>	<u>919,389</u>
Excess (deficiency) of revenues over expenditures	<u>9,915</u>	<u>(2,517,581)</u>	<u>(1,413,034)</u>	<u>1,104,547</u>
Other financing sources (uses)				
Transfers out	<u>(9,915)</u>	<u>(9,915)</u>	<u>(9,915)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,915)</u>	<u>(9,915)</u>	<u>(9,915)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(2,527,496)</u>	<u>(1,422,949)</u>	<u>1,104,547</u>
Fund balances, beginning of year	7,953,535	7,953,535	7,953,535	-
Fund balances, end of year	<u><u>\$ 7,953,535</u></u>	<u><u>\$ 5,426,039</u></u>	<u><u>\$ 6,530,586</u></u>	<u><u>\$ 1,104,547</u></u>

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

Reporting Period Ending September 30, Measurement Date Ending September 30,	2025 2024	2024 2023	2023 2022	2022 2022	2021 2021	2020 2020	2019 2019	2018 2018
Total OPEB Liability								
Service cost	\$ 114,944	\$ 110,438	\$ 162,462	\$ -	\$ 207,135	\$ 175,335	\$ 183,957	\$ 192,912
Interest	84,891	78,637	65,197	-	61,996	96,129	113,136	96,811
Difference between expected and actual experience	(95,506)	-	(554,440)	-	(508,141)	-	1,961	-
Changes of assumptions	(283,355)	(18,318)	(566,890)	-	(338,806)	515,802	(212,008)	(161,745)
Benefit payments - implicit rate subsidy	(83,565)	(77,916)	(99,859)	-	(99,566)	(98,235)	(97,449)	(51,107)
Net change in total OPEB liability	(262,591)	92,841	(993,530)	-	(677,382)	689,031	(10,403)	76,871
Total OPEB liability - beginning of year	1,669,477	1,576,636	2,570,166	2,570,166	3,247,548	2,558,517	2,568,920	2,492,049
Total OPEB liability - end of year	\$ 1,406,886	\$ 1,669,477	\$ 1,576,636	\$ 2,570,166	\$ 2,570,166	\$ 3,247,548	\$ 2,558,517	\$ 2,568,920
 Covered-employee payroll	 \$ 6,577,259	 \$ 5,182,721	 \$ 4,890,744	 \$ 4,850,224	 \$ 4,850,224	 \$ 5,471,441	 \$ 5,167,831	 \$ 4,897,970
 Total OPEB liability as a percentage of covered- employee payroll	 21.39%	 32.21%	 32.24%	 52.99%	 52.99%	 59.35%	 49.51%	 52.45%

Notes to Schedule:

<i>Valuation date:</i>	9/30/2024	10/1/2022	10/1/2022	10/1/2020	10/1/2020	10/1/2018	10/1/2018	10/1/2016
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The measurement date is the same as the reporting date for fiscal years 2021 and prior. It is one year behind the reporting date for fiscal years 2022 and forward.

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

Covered-Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2025.

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

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

Discount rate	4.06%	4.87%	4.77%	2.43%	2.43%	2.14%	3.58%	4.18%
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Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, updated disability rates for police and fire, updated retirement and termination rates for general, and updated mortality rates.

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

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

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

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.008425659%	0.008206610%	0.008931042%	0.009105821%	0.008553143%	0.008395575%	0.007518387%	0.007058775%	0.006881069%	0.006933778%
Proportionate share of the net pension liability	\$ 2,614,914	\$ 3,174,703	\$ 3,558,737	\$ 3,388,097	\$ 646,093	\$ 3,638,766	\$ 2,589,157	\$ 2,126,140	\$ 2,035,374	\$ 1,750,784
Covered payroll	4,222,188	3,969,323	3,853,696	3,339,235	3,007,439	3,009,486	2,995,927	2,972,676	2,867,432	2,899,517
Proportionate share of the net pension liability as a percentage of covered payroll	61.93%	79.98%	92.35%	101.46%	21.48%	120.91%	86.42%	71.52%	70.98%	60.38%
Plan fiduciary net position as a percentage of the total pension	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.009448121%	0.009376764%	0.009724785%	0.009160923%	0.008493266%	0.008669360%	0.009257548%	0.009123826%	0.009001025%	0.008940840%
Proportionate share of the net pension liability	\$ 1,211,008	\$ 1,406,606	\$ 1,544,426	\$ 970,288	\$ 1,041,827	\$ 1,058,515	\$ 1,035,827	\$ 965,676	\$ 962,431	\$ 1,042,018
Covered payroll	4,222,188	3,969,323	3,853,696	3,339,235	3,007,439	3,009,486	2,995,927	2,972,676	2,867,432	2,899,517
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	34.57%	32.49%	33.56%	35.94%
Plan fiduciary net position as a percentage of the total pension	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

	For the Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Contractually required contribution	\$ 522,843	\$ 476,851	\$ 435,956	\$ 399,787	\$ 325,838	\$ 278,948	\$ 260,211	\$ 219,302	\$ 195,246	\$ 192,301
Contributions in relation to the contractually required contribution	522,843	476,851	435,956	399,787	325,838	278,948	260,211	219,302	195,246	192,301
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,312,219	\$ 4,071,737	\$ 3,868,892	\$ 3,471,589	\$ 3,007,439	\$ 3,009,486	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432	\$ 2,899,517
Contributions as a percentage of covered payroll	12.12%	11.71%	11.27%	11.52%	10.83%	9.27%	8.69%	7.38%	6.81%	6.63%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 86,244	\$ 81,435	\$ 67,596	\$ 57,628	\$ 49,923	\$ 49,957	\$ 49,732	\$ 49,678	\$ 47,599	\$ 48,132
Contributions in relation to the contractually required contribution	86,244	81,435	67,596	57,628	49,923	49,957	49,732	49,678	47,599	48,132
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,312,219	\$ 4,071,737	\$ 3,868,892	\$ 3,471,589	\$ 3,007,439	\$ 3,009,486	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432	\$ 2,899,517
Contributions as a percentage of covered payroll	2.00%	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.67%	1.66%	1.66%

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Reporting Period Ending September 30, Measurement Date Ending September 30,	2025 2024	2024 2023	2023 2023	2022 2022	2021 2021	2020 2020	2019 2019	2018 2018	2017 2017	2016 2016
Total Pension Liability										
Service cost	\$ 234,799	\$ 200,780	\$ 184,869	\$ -	\$ 232,897	\$ 244,781	\$ 244,196	\$ 218,828	\$ 229,740	\$ 230,699
Interest	1,042,824	1,032,009	1,003,915	-	981,457	980,818	936,633	894,090	863,912	843,655
Difference between actual and expected experience	356,906	(101,821)	275,437	-	395,025	(77,182)	129,854	135,657	28,475	(370,289)
Changes of assumptions	-	-	-	-	707,024	(380,240)	-	-	-	385,611
Benefit payments including refunds of contributions	(1,069,405)	(947,093)	(1,198,863)	-	(764,759)	(730,570)	(697,780)	(700,275)	(706,537)	(619,400)
Net change in total pension liability	565,124	183,875	265,358	-	1,551,644	37,607	612,903	548,300	415,590	470,276
Total pension liability - beginning	15,413,289	15,229,414	14,964,056	14,964,056	13,412,412	13,374,805	12,761,902	12,213,602	11,798,012	11,327,736
Total pension liability - ending (a)	\$ 15,978,413	\$ 15,413,289	\$ 15,229,414	\$ 14,964,056	\$ 14,964,056	\$ 13,412,412	\$ 13,374,805	\$ 12,761,902	\$ 12,213,602	\$ 11,798,012
Total Fiduciary Net Position										
Contributions - employer	\$ 333,254	\$ 344,626	\$ 307,177	\$ -	\$ 369,605	\$ 432,123	\$ 491,324	\$ 453,423	\$ 406,073	\$ 460,877
Contributions - state	183,588	166,619	146,676	-	138,114	139,910	138,915	129,437	117,012	108,177
Contributions - employee	102,973	95,795	86,653	-	83,500	76,812	71,049	73,523	72,705	71,468
Net investment income	2,609,583	1,143,462	(2,389,989)	-	2,660,897	1,316,673	418,296	863,758	998,587	611,485
Benefit payments, including refunds of contributions	(1,069,405)	(947,093)	(1,198,863)	-	(764,759)	(730,570)	(697,780)	(700,275)	(706,537)	(619,400)
Administrative expense	(25,346)	(35,866)	(32,292)	-	(26,740)	(26,759)	(20,763)	(29,717)	(25,473)	(31,987)
Net change in plan fiduciary net position	2,134,647	767,543	(3,080,638)	-	2,460,617	1,208,189	401,041	790,149	862,367	600,620
Plan fiduciary net position - beginning	12,576,242	11,808,699	14,889,337	14,889,337	12,428,720	11,220,531	10,819,490	10,029,341	9,166,974	8,566,354
Plan fiduciary net position - ending (b)	\$ 14,710,889	\$ 12,576,242	\$ 11,808,699	\$ 14,889,337	\$ 14,889,337	\$ 12,428,720	\$ 11,220,531	\$ 10,819,490	\$ 10,029,341	\$ 9,166,974
Net pension liability - ending (a) - (b)	\$ 1,267,524	\$ 2,837,047	\$ 3,420,715	\$ 74,719	\$ 74,719	\$ 983,692	\$ 2,154,274	\$ 1,942,412	\$ 2,184,261	\$ 2,631,038
Plan fiduciary net position as a percentage of the total pension liability	92.07%	81.59%	77.54%	99.50%	99.50%	92.67%	83.89%	84.78%	82.12%	77.70%
Covered payroll	\$ 1,552,982	\$ 1,463,339	\$ 1,337,927	\$ 1,337,315	\$ 1,337,315	\$ 1,228,981	\$ 1,144,300	\$ 1,177,752	\$ 1,209,361	\$ 1,162,274
Net pension liability as a percentage of covered payroll	81.62%	193.87%	255.67%	5.59%	5.59%	80.04%	188.26%	164.93%	180.61%	226.37%
Annual money-weighted rate of return	21.14%	9.87%	-16.57%	21.66%	21.66%	11.80%	3.90%	8.74%	11.14%	7.26%

*The measurement date is the same as the reporting date for fiscal years 2021 and prior. It is one year behind the reporting date for fiscal years 2022 and forward.

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 508,098	\$ 495,363	\$ 12,735	\$ 1,597,791	31.00%
2024	493,848	516,842	(22,994)	1,552,982	33.28%
2023	507,778	511,329	(3,551)	1,463,337	34.94%
2022	464,261	453,853	10,408	1,337,927	33.92%
2021	536,263	507,719	28,544	1,337,315	37.97%
2020	539,523	572,033	(32,510)	1,228,981	46.55%
2019	618,783	630,239	(11,456)	1,144,300	55.08%
2018	582,860	582,860	-	1,177,752	49.49%
2017	523,085	523,085	-	1,209,361	43.25%
2016	569,054	569,054	-	1,162,274	48.96%

Notes to Schedule:

Valuation Date: 10/1/2023
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age normal actuarial cost method.
Amortization Method: New UAAL amortization bases are amortized over 15 years.
Asset Valuation Method: Each year, the prior actuarial valuation of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation: 2.50%
Salary Increases: Service based.
Payroll Growth: 2.76% average annual rate. 0% for amortizing the unfunded actuarial accrued liability.
Investment Rate of Return: 6.90%, compounded annually, net of investment related expenses.
Mortality: *Healthy Active Lives*:
Female: PubS.H-2010 (Below Median) for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

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

Disability Rate Table:	% Becoming Disabled	
	Age	During the Year
	20	0.03%
	25	0.03%
	30	0.04%
	35	0.05%
	40	0.07%
	45	0.10%
	50	0.18%
	55	0.36%
	60	0.90%
	65	2.22%
Termination Rates:	Assumed Withdrawal Rate	
	Service (years)	
	<1	20.0%
	1-9	14.0%
	10-14	5.0%
	15+	2.0%

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Reporting Period Ending September 30, Measurement Date Ending September 30,	2025 2024	2024 2023	2023 2021	2022 2022	2021 2021	2020 2020	2019 2019	2018 2018	2017 2017	2016 2016
Total Pension Liability										
Service cost	\$ 186,409	\$ 185,333	\$ 168,690	\$ -	\$ 153,174	\$ 151,484	\$ 153,193	\$ 156,508	\$ 170,029	\$ 169,795
Interest	498,260	471,875	453,612	-	455,339	459,350	439,372	424,522	402,775	378,039
Change in excess state money	-	-	-	-	-	-	-	-	-	(18,139)
Changes in benefit terms	-	-	-	-	-	-	(678)	-	-	(131,917)
Difference between actual and expected experience	118,999	129,070	43,094	-	33,341	(54,661)	32,132	(28,615)	69,117	15,721
Changes of assumptions	-	-	-	-	274,362	(130,423)	-	-	-	162,997
Benefit payments including refunds of contributions	(389,702)	(420,212)	(414,511)	-	(607,245)	(356,039)	(349,987)	(345,506)	(323,535)	(325,259)
Net change in total pension liability	413,966	366,066	250,885	-	308,971	69,711	274,032	206,909	318,386	251,237
Total pension liability - beginning	7,229,604	6,863,538	6,612,653	6,612,653	6,303,682	6,233,971	5,959,939	5,753,030	5,434,644	5,183,407
Total pension liability - ending (a)	\$ 7,643,570	\$ 7,229,604	\$ 6,863,538	\$ 6,612,653	\$ 6,612,653	\$ 6,303,682	\$ 6,233,971	\$ 5,959,939	\$ 5,753,030	\$ 5,434,644
Total Fiduciary Net Position										
Contributions - employer	\$ 333,903	\$ 349,899	\$ 321,298	\$ -	\$ 285,570	\$ 275,076	\$ 229,432	\$ 258,025	\$ 214,936	\$ 203,657
Contributions - state	97,568	105,789	49,209	-	46,520	44,151	47,064	43,892	43,415	51,535
Contributions - employee	64,004	59,162	53,906	-	49,295	44,195	43,146	44,435	45,607	51,275
Net investment income	1,207,108	442,110	(958,422)	-	1,061,514	539,000	220,041	304,959	420,410	358,369
Benefit payments, including refunds of contributions	(389,702)	(420,212)	(414,511)	-	(607,245)	(356,039)	(349,987)	(345,506)	(323,535)	(325,259)
Administrative expense	(28,563)	(32,369)	(29,930)	-	(27,416)	(29,039)	(23,679)	(33,611)	(26,803)	(40,976)
Net change in plan fiduciary net position	1,284,318	504,379	(978,450)	-	808,238	517,344	166,017	272,194	374,030	298,601
Plan fiduciary net position - beginning	5,705,300	5,200,921	6,179,371	6,179,371	5,371,133	4,853,789	4,687,772	4,415,578	4,041,548	3,742,947
Plan fiduciary net position - ending (b)	\$ 6,989,618	\$ 5,705,300	\$ 5,200,921	\$ 6,179,371	\$ 6,179,371	\$ 5,371,133	\$ 4,853,789	\$ 4,687,772	\$ 4,415,578	\$ 4,041,548
Net pension liability - ending (a) - (b)	\$ 653,952	\$ 1,524,304	\$ 1,662,617	\$ 433,282	\$ 433,282	\$ 932,549	\$ 1,380,182	\$ 1,272,167	\$ 1,337,452	\$ 1,393,096
Plan fiduciary net position as a percentage of the total pension liability	91.44%	78.92%	75.78%	93.45%	93.45%	85.21%	77.86%	78.65%	76.75%	74.37%
Covered payroll	\$ 914,344	\$ 845,168	\$ 770,090	\$ 704,212	\$ 704,212	\$ 631,352	\$ 616,377	\$ 709,566	\$ 651,531	\$ 732,502
Net pension liability as a percentage of covered payroll	71.52%	180.36%	215.90%	61.53%	61.53%	147.71%	223.92%	179.29%	205.28%	190.18%
Annual money-weighted rate of return	21.17%	8.52%	-15.60%	20.39%	20.39%	11.15%	4.75%	7.00%	10.59%	9.75%

*The measurement date is the same as the reporting date for fiscal years 2021 and prior. It is one year behind the reporting date for fiscal years 2022 and forward.

CITY OF HOLLY HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 434,661	\$ 452,885	\$ (18,224)	\$ 922,846	49.07%
2024	430,656	431,471	(815)	914,345	47.19%
2023	403,990	455,688	(51,698)	845,166	53.92%
2022	371,183	370,507	676	770,090	48.11%
2021	347,177	332,090	15,087	704,212	47.16%
2020	296,736	319,227	(22,491)	631,352	50.56%
2019	276,496	276,496	-	616,377	44.86%
2018	300,917	301,917	(1,000)	709,566	42.55%
2017	258,351	258,351	-	651,531	39.65%
2016	252,310	255,192	(2,882)	732,502	34.84%

Notes to Schedule:

Valuation Date: 10/1/2023

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age normal actuarial cost method.
Amortization Method: New UAAL amortization bases are amortized over 15 years.
Asset Valuation Method: Each year, the prior actuarial valuation of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation: 2.50%
Salary Increases: Service based.
Payroll Growth: 3.19% average annual rate. 0% for amortizing the unfunded actuarial accrued liability.
Investment Rate of Return: 6.90% per year, compounded annually, net of investment related expenses.
Mortality: *Healthy Active Lives:*
Female: PubS.H-2010 (Below Median) for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

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

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

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

SUPPLEMENTARY INFORMATION

**CITY OF HOLLY HILL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Nonmajor Special Revenue Funds		Total
	Impact Fees Trust	Law Enforcement Trust	Nonmajor Governmental Funds
ASSETS			
Equity in pooled cash and investments	\$ 538,984	\$ 78,824	\$ 617,808
Receivables, net	496	80	576
Total assets	<u>\$ 539,480</u>	<u>\$ 78,904</u>	<u>\$ 618,384</u>
FUND BALANCES			
Restricted for:			
Law enforcement	\$ 76,730	\$ 78,904	\$ 155,634
Fire protection	101,481	-	101,481
Transportation	242,768	-	242,768
Recreation	118,501	-	118,501
Total fund balances	<u>539,480</u>	<u>78,904</u>	<u>618,384</u>
Total liabilities and fund balances	<u>\$ 539,480</u>	<u>\$ 78,904</u>	<u>\$ 618,384</u>

CITY OF HOLLY HILL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Nonmajor Special Revenue Funds		Total
	Impact	Law	Nonmajor
	Fees	Enforcement	Governmental
	Trust	Trust	Funds
Revenues			
Permits and fees	\$ 51,345	\$ -	\$ 51,345
Charges for services	5,747	-	5,747
Fines and forfeitures	-	3,253	3,253
Investment income	13,335	1,858	15,193
Total revenues	70,427	5,111	75,538
Excess (deficiency) of revenues over expenditures	70,427	5,111	75,538
Other financing sources (uses)			
Transfers out	-	(18,527)	(18,527)
Total other financing sources (uses)	-	(18,527)	(18,527)
Net change in fund balances	70,427	(13,416)	57,011
Fund balances, beginning of year	469,053	92,320	561,373
Fund balances, end of year	<u>\$ 539,480</u>	<u>\$ 78,904</u>	<u>\$ 618,384</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - IMPACT FEES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ -	\$ -	\$ 51,345	\$ 51,345
Charges for services	-	-	5,747	5,747
Investment income	-	-	13,335	13,335
Miscellaneous	-	-	-	-
Total revenues	-	-	70,427	70,427
Excess (deficiency) of revenues over expenditures	-	-	70,427	70,427
Net change in fund balances	-	-	70,427	70,427
Fund balances, beginning of year	469,053	469,053	469,053	-
Fund balances, end of year	<u>\$ 469,053</u>	<u>\$ 469,053</u>	<u>\$ 539,480</u>	<u>\$ 70,427</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 3,253	\$ 3,253
Investment income	-	-	1,858	1,858
Total revenues	-	-	5,111	5,111
 Excess (deficiency) of revenues over expenditures	 -	 -	 5,111	 5,111
 Other financing sources (uses)				
Transfers out	-	(18,527)	(18,527)	-
Total other financing sources (uses)	-	(18,527)	(18,527)	-
 Net change in fund balances	 -	 (18,527)	 (13,416)	 5,111
 Fund balances, beginning of year	 92,320	 92,320	 92,320	 -
 Fund balances, end of year	 <u>\$ 92,320</u>	 <u>\$ 73,793</u>	 <u>\$ 78,904</u>	 <u>\$ 5,111</u>

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Grants	\$ 102,966	\$ 542,966	\$ 350,825	\$ (192,141)
Investment income	7,500	7,500	99,826	92,326
Total revenues	<u>110,466</u>	<u>550,466</u>	<u>450,651</u>	<u>(99,815)</u>
Expenditures				
Current:				
Capital outlay	<u>525,966</u>	<u>5,184,436</u>	<u>2,073,844</u>	<u>3,110,592</u>
Total expenditures	<u>525,966</u>	<u>5,184,436</u>	<u>2,073,844</u>	<u>3,110,592</u>
Excess (deficiency) of revenues over expenditures	<u>(415,500)</u>	<u>(4,633,970)</u>	<u>(1,623,193)</u>	<u>3,010,777</u>
Other financing sources (uses)				
Transfers in	<u>415,500</u>	<u>788,934</u>	<u>788,934</u>	<u>-</u>
Total other financing sources (uses)	<u>415,500</u>	<u>788,934</u>	<u>788,934</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(3,845,036)</u>	<u>(834,259)</u>	<u>3,010,777</u>
Fund balances, beginning of year	3,152,879	3,152,879	3,152,879	-
Fund balances, end of year	<u><u>\$ 3,152,879</u></u>	<u><u>\$ (692,157)</u></u>	<u><u>\$ 2,318,620</u></u>	<u><u>\$ 3,010,777</u></u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

Table 1

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Net investment in capital assets.....	\$ 25,051,772	\$23,110,260	\$20,285,084	\$18,987,233	\$12,698,272	\$11,247,689	\$ 8,932,690	\$15,573,476	\$13,755,952	\$16,030,653
Restricted.....	7,314,991	8,667,521	6,744,390	6,559,586	6,638,390	5,493,954	6,106,554	6,507,029	6,583,871	4,442,234
Unrestricted (deficit).....	<u>8,758,549</u>	<u>7,770,656</u>	<u>7,190,502</u>	<u>7,097,005</u>	<u>4,156,559</u>	<u>1,660,966</u>	<u>545,916</u>	<u>(1,398,695)</u>	<u>(997,664)</u>	<u>(1,397,870)</u>
Total governmental activities net position.....	<u>\$ 41,125,312</u>	<u>\$39,548,437</u>	<u>\$34,219,976</u>	<u>\$32,643,824</u>	<u>\$23,493,221</u>	<u>\$18,402,609</u>	<u>\$15,585,160</u>	<u>\$20,681,810</u>	<u>\$19,342,159</u>	<u>\$19,075,017</u>
Business-type Activities:										
Net investment in capital assets.....	\$ 33,962,314	\$22,738,334	\$19,698,729	\$17,811,459	\$16,731,566	\$14,513,974	\$13,335,423	\$11,767,034	\$10,500,202	\$ 9,338,226
Restricted.....	920,709	784,512	696,021	1,570,554	1,536,516	1,569,336	2,019,176	2,742,943	3,040,594	3,618,071
Unrestricted.....	<u>15,425,663</u>	<u>15,762,495</u>	<u>14,913,097</u>	<u>13,717,037</u>	<u>14,377,130</u>	<u>13,353,438</u>	<u>12,335,307</u>	<u>11,541,283</u>	<u>11,083,496</u>	<u>10,027,035</u>
Total business-type activities net position.....	<u>\$ 50,308,686</u>	<u>\$39,285,341</u>	<u>\$35,307,847</u>	<u>\$33,099,050</u>	<u>\$32,645,212</u>	<u>\$29,436,748</u>	<u>\$27,689,906</u>	<u>\$26,051,260</u>	<u>\$24,624,292</u>	<u>\$22,983,332</u>
Primary Government:										
Net investment in capital assets.....	\$ 59,014,086	\$45,848,594	\$39,983,813	\$36,798,692	\$29,429,838	\$25,761,663	\$22,268,113	\$27,340,510	\$24,256,154	\$25,368,879
Restricted.....	8,235,700	9,452,033	7,440,411	8,130,140	8,174,906	7,063,290	8,125,730	9,249,972	9,624,465	8,060,305
Unrestricted.....	<u>24,184,212</u>	<u>23,533,151</u>	<u>22,103,599</u>	<u>20,814,042</u>	<u>18,533,689</u>	<u>15,014,404</u>	<u>12,881,223</u>	<u>10,142,588</u>	<u>10,085,832</u>	<u>8,629,165</u>
Total primary government net position.....	<u>\$ 91,433,998</u>	<u>\$78,833,778</u>	<u>\$69,527,823</u>	<u>\$65,742,874</u>	<u>\$56,138,433</u>	<u>\$47,839,357</u>	<u>\$43,275,066</u>	<u>\$46,733,070</u>	<u>\$43,966,451</u>	<u>\$42,058,349</u>

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

Table 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental Activities:										
General government.....	\$ 1,245,681	\$ 1,194,046	\$ 1,264,266	\$ 1,239,588	\$ 989,006	\$ 777,799	\$ 2,736,783	\$ 2,728,813	\$ 2,262,357	\$ 2,303,343
Public safety.....	4,901,770	5,609,006	5,211,735	3,750,653	3,405,581	4,247,351	4,748,821	4,667,120	7,074,310	4,223,371
Physical environment.....	-	-	-	-	-	-	29,941	23,508	62,816	22,876
Transportation.....	1,266,909	756,442	1,419,968	970,353	656,803	1,333,051	1,086,869	579,611	558,106	945,451
Economic environment.....	5,006,661	1,846,871	2,975,318	1,481,791	1,382,853	1,435,056	2,175,644	451,029	481,087	500,992
Culture/recreation.....	1,865,869	1,907,677	1,790,059	1,491,171	1,554,779	1,184,169	1,247,997	1,023,115	1,028,004	967,372
Interest on long-term debt.....	25,305	49,502	68,090	87,926	101,893	124,374	137,657	145,263	156,078	170,864
Total governmental activities expenses.....	<u>14,312,195</u>	<u>11,363,544</u>	<u>12,729,436</u>	<u>9,021,482</u>	<u>8,090,915</u>	<u>9,101,800</u>	<u>12,163,712</u>	<u>9,618,459</u>	<u>11,622,758</u>	<u>9,134,269</u>
Business-Type Activities:										
Water and sewer.....	7,051,686	7,258,662	7,291,873	6,156,052	5,866,765	6,543,988	6,322,089	5,148,419	5,095,534	4,749,834
Stormwater Management.....	924,188	1,049,943	1,007,759	934,405	891,457	883,454	1,002,275	740,597	760,023	803,918
Solid Waste.....	3,511,968	2,890,381	4,199,047	2,451,470	2,276,753	2,327,246	2,475,068	1,856,159	1,760,984	1,773,349
Total business-type activities expenses.....	<u>11,487,842</u>	<u>11,198,986</u>	<u>12,498,679</u>	<u>9,541,927</u>	<u>9,034,975</u>	<u>9,754,688</u>	<u>9,799,432</u>	<u>7,745,175</u>	<u>7,616,541</u>	<u>7,327,101</u>
Total primary government expenses.....	<u>25,800,037</u>	<u>22,562,530</u>	<u>25,228,115</u>	<u>18,563,409</u>	<u>17,125,890</u>	<u>18,856,488</u>	<u>21,963,144</u>	<u>17,363,634</u>	<u>19,239,299</u>	<u>16,461,370</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General government.....	147,576	108,902	12,428	15,224	7,107	15,668	2,233,189	-	-	-
Public safety.....	228,284	279,350	211,887	238,281	123,037	88,093	128,104	361,445	220,607	198,576
Transportation.....	51,879	186,377	109,495	104,506	104,179	104,142	110,721	112,583	96,591	104,955
Economic environment.....	550,426	685,962	424,385	345,454	299,402	255,541	-	-	-	-
Culture/recreation.....	28,793	43,463	48,474	24,450	17,963	10,180	40,131	18,180	17,619	22,813
Operating grants and contributions.....	1,211,154	954,847	2,162,225	377,741	1,036,755	922,920	4,476,544	1,567,327	4,011,193	1,483,592
Capital grants and contributions.....	454,111	1,351,366	290,378	4,088,095	1,155,149	728,448	137,050	136,236	230,421	195,997
Total governmental activities program revenues.....	<u>2,672,223</u>	<u>3,610,267</u>	<u>3,259,272</u>	<u>5,193,751</u>	<u>2,743,592</u>	<u>2,124,992</u>	<u>7,125,739</u>	<u>2,195,771</u>	<u>4,576,431</u>	<u>2,005,933</u>
Business-Type Activities:										
Charges for Services:										
Water/Sewer.....	9,035,589	8,509,849	8,458,603	8,158,078	8,114,542	7,565,604	7,282,905	6,896,965	6,462,660	6,188,254
Stormwater Management.....	1,228,249	1,149,901	1,135,688	1,173,438	1,153,511	1,085,454	1,172,041	937,927	947,208	946,661
Solid Waste.....	3,497,495	2,796,795	2,781,108	2,598,282	2,566,120	2,570,030	2,616,307	2,565,227	2,587,645	2,477,576
Capital grants and contributions.....	7,592,935	1,749,073	328,677	166,283	662,696	486,528	119,880	-	3,330	29,484
Total business-type activities program revenues.....	<u>21,354,268</u>	<u>14,205,618</u>	<u>12,704,076</u>	<u>12,096,081</u>	<u>12,496,869</u>	<u>11,707,616</u>	<u>11,191,133</u>	<u>10,400,119</u>	<u>10,000,843</u>	<u>9,641,975</u>
Total primary government program revenues.....	<u>24,026,491</u>	<u>17,815,885</u>	<u>15,963,348</u>	<u>17,289,832</u>	<u>15,240,461</u>	<u>13,832,608</u>	<u>18,316,872</u>	<u>12,595,890</u>	<u>14,577,274</u>	<u>11,647,908</u>

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

Table 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (Expense)/Revenue:										
Governmental activities.....	\$ (11,639,972)	\$ (7,753,277)	\$ (9,470,164)	\$ (3,827,731)	\$ (5,347,323)	\$ (6,976,808)	\$ (5,037,973)	\$ (7,422,688)	\$ (7,046,327)	\$ (7,128,336)
Business-type activities.....	9,866,426	3,006,632	205,397	2,554,154	3,461,894	1,952,928	1,391,701	2,654,944	2,384,302	2,314,874
Total primary government net expense.....	(1,773,546)	(4,746,645)	(9,264,767)	(1,273,577)	(1,885,429)	(5,023,880)	(3,646,272)	(4,767,744)	(4,662,025)	(4,813,462)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes.....	7,373,054	6,962,679	6,455,121	5,933,202	5,655,050	5,264,471	5,134,887	5,009,789	4,709,638	4,584,325
Sales taxes.....	835,986	852,353	904,020	869,002	785,457	672,133	690,554	687,814	652,102	630,891
Casualty and fire insurance premium taxes	290,529	287,033	280,484	199,858	-	-	-	-	-	-
Franchise fees.....	1,013,144	982,394	1,021,780	938,426	822,678	776,634	819,985	824,765	804,957	804,237
Other taxes (Public service taxes)	2,209,917	2,112,955	2,099,805	1,933,098	2,057,049	1,971,149	1,009,375	990,253	933,987	918,263
Intergovernmental revenues.....	855,386	842,723	874,714	844,873	705,558	638,990	474,129	459,288	348,443	324,537
Investment earnings.....	822,337	767,024	558,361	43,819	18,122	177,422	121,730	124,771	58,921	50,743
Miscellaneous revenue.....	200,340	74,577	48,541	14,121	45,771	40,016	160,309	64,531	82,148	147,617
Gain (loss) on capital asset disposal.....	-	-	-	-	-	-	-	-	(1,090,468)	-
Transfers.....	(383,846)	200,000	(1,196,510)	2,201,935	348,250	253,442	-	1,131,539	813,741	815,800
Total governmental activities.....	13,216,847	13,081,738	11,046,316	12,978,334	10,437,935	9,794,257	8,410,969	9,292,750	7,313,469	8,276,413
Business-Type Activities:										
Investment earnings.....	715,942	1,070,377	774,141	45,014	14,317	181,706	167,507	82,286	39,981	19,936
Transfers.....	383,846	(200,000)	1,196,510	(2,201,935)	(348,250)	(253,442)	-	(1,131,539)	(813,741)	(815,800)
Other.....	57,131	100,485	32,749	56,605	80,503	(134,350)	55,508	32,700	30,418	29,569
Total business-type activities.....	1,156,919	970,862	2,003,400	(2,100,316)	(253,430)	(206,086)	223,015	(1,016,553)	(743,342)	(766,295)
Total primary government.....	<u>\$ 14,373,766</u>	<u>\$ 14,052,600</u>	<u>\$ 13,049,716</u>	<u>\$ 10,878,018</u>	<u>\$ 10,184,505</u>	<u>\$ 9,588,171</u>	<u>\$ 8,633,984</u>	<u>\$ 8,276,197</u>	<u>\$ 6,570,127</u>	<u>\$ 7,510,118</u>
Changes in Net Position:										
Governmental activities.....	\$ 1,576,875	\$ 5,328,461	\$ 1,576,152	\$ 9,150,603	\$ 5,090,612	\$ 2,817,449	\$ 3,372,996	\$ 1,870,062	\$ 267,142	\$ 1,148,077
Business-type activities.....	11,023,345	3,977,494	2,208,797	453,838	3,208,464	1,746,842	1,614,716	1,638,391	1,640,960	1,548,579
Total primary government.....	<u>\$ 12,600,220</u>	<u>\$ 9,305,955</u>	<u>\$ 3,784,949</u>	<u>\$ 9,604,441</u>	<u>\$ 8,299,076</u>	<u>\$ 4,564,291</u>	<u>\$ 4,987,712</u>	<u>\$ 3,508,453</u>	<u>\$ 1,908,102</u>	<u>\$ 2,696,656</u>

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

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

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

Table 3

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable.....	\$ 66,453	\$ 60,555	\$ 109,630	\$ 223,864	\$ 225,872	\$ 121,522	\$ 17,217	\$ 30,737	\$ 75,110	\$ 9,554
Restricted.....	174,374	171,730	18,260	161,911	80,135	26,280	484,554	399,002	235,491	99,491
Assigned.....	897,003	391,714	945,709	1,422,551	1,316,184	925,645	2,210,612	2,033,089	1,011,304	1,146,501
Unassigned.....	<u>11,142,697</u>	<u>10,028,373</u>	<u>5,997,049</u>	<u>5,136,815</u>	<u>6,789,224</u>	<u>5,725,279</u>	<u>2,157,015</u>	<u>2,175,186</u>	<u>1,219,178</u>	<u>3,791,172</u>
Total general fund.....	<u>\$ 12,280,527</u>	<u>\$ 10,652,372</u>	<u>\$ 7,070,648</u>	<u>\$ 6,945,141</u>	<u>\$ 8,411,415</u>	<u>\$ 6,798,726</u>	<u>\$ 4,869,398</u>	<u>\$ 4,638,014</u>	<u>\$ 2,541,083</u>	<u>\$ 5,046,718</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 12,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 1,220	\$ -
Restricted.....	7,136,592	8,514,908	6,752,370	6,432,560	6,598,213	5,515,086	5,830,972	5,755,688	8,515,283	8,226,566
Committed.....	2,318,620	3,152,879	4,759,425	6,004,302	1,746,397	2,319,441	2,291,412	735,699	1,078,195	131,223
Assigned.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,046</u>	<u>2,557</u>	<u>1,664</u>
Total all other governmental funds....	<u>\$ 9,467,590</u>	<u>\$ 11,667,787</u>	<u>\$ 11,511,795</u>	<u>\$ 12,436,862</u>	<u>\$ 8,344,610</u>	<u>\$ 7,834,527</u>	<u>\$ 8,122,384</u>	<u>\$ 6,495,470</u>	<u>\$ 9,597,255</u>	<u>\$ 8,359,453</u>

Source: Balance Sheet Statement

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

Table 4

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue:										
Taxes	\$ 8,663,564	\$ 8,211,724	\$ 7,832,196	\$ 7,124,615	\$ 6,846,724	\$ 6,479,490	\$ 6,466,760	\$ 6,362,040	\$ 6,057,443	\$ 5,910,665
Permits and fees	1,526,861	1,675,867	1,433,573	1,237,651	1,098,763	1,005,318	1,325,250	1,035,373	985,112	977,793
Intergovernmental	4,923,305	5,766,579	3,521,215	5,879,214	2,764,266	4,812,525	4,778,115	3,374,400	2,329,931	2,178,772
Charges for services	1,922,311	2,132,601	2,000,158	1,677,986	1,538,812	1,339,139	1,369,612	151,772	144,036	152,030
Fines and forfeitures	197,432	246,830	192,998	222,984	105,690	78,859	60,008	210,044	59,294	37,071
Investment Income	822,337	767,024	558,361	43,819	18,122	177,353	109,185	112,104	31,850	42,471
Miscellaneous	405,450	211,620	98,191	459,886	114,916	306,750	197,193	105,426	1,471,660	191,188
Total revenue	18,461,260	19,012,245	15,636,692	16,646,155	12,487,293	14,199,434	14,306,123	11,351,159	11,079,326	9,489,990
Expenditures:										
General government	6,247,467	2,937,699	3,971,863	2,686,481	2,302,022	1,804,129	1,928,980	2,414,366	2,065,509	2,138,730
Public safety	5,054,361	4,844,279	4,591,932	4,396,564	4,021,049	4,161,400	4,461,767	4,771,581	6,820,451	4,200,985
Transportation	1,050,814	537,989	1,198,045	759,953	444,268	1,121,842	849,025	337,299	296,719	722,949
Culture/recreation	1,548,206	1,563,480	1,412,972	1,195,247	1,131,945	950,366	985,466	821,443	823,203	1,046,301
Economic environment	1,407,784	1,390,304	1,330,170	1,152,512	893,603	945,788	1,028,024	258,634	255,518	309,424
Capital outlay.....	2,489,755	3,344,153	1,878,025	5,173,356	1,074,839	2,974,574	2,321,187	4,032,573	2,052,201	298,994
Debt Service:										
Principal retirement	815,000	800,000	780,000	765,000	745,000	730,000	715,000	700,000	685,000	670,000
Interest and fiscal charges	36,069	56,625	76,735	92,999	109,347	126,937	144,224	151,654	162,299	176,982
Total expenditures	18,649,456	15,474,529	15,239,742	16,222,112	10,722,073	12,815,036	12,433,673	13,487,550	13,160,900	9,564,365
Excess of revenue over (under) expenditures	(188,196)	3,537,716	396,950	424,043	1,765,220	1,384,398	1,872,450	(2,136,391)	(2,081,574)	(74,375)
Other Financing Sources (Uses):										
Transfers in	933,876	297,923	532,432	6,815,841	732,015	815,747	1,940,400	1,139,940	2,979,593	1,676,473
Transfers out	(1,317,722)	(97,923)	(1,728,942)	(4,613,906)	(374,463)	(578,074)	(1,940,400)	(8,403)	(2,165,852)	(860,673)
Total other financing sources (uses)	(383,846)	200,000	(1,196,510)	2,201,935	357,552	237,673	-	1,131,537	813,741	815,800
Net change in fund balances.....	\$ (572,042)	\$ 3,737,716	\$ (799,560)	\$ 2,625,978	\$ 2,122,772	\$ 1,622,071	\$ 1,872,450	\$ (1,004,854)	\$ (1,267,833)	\$ 741,425
Debt service as a percentage of noncapital expenditures.....	5.3%	7.1%	6.4%	7.8%	8.9%	8.7%	9.1%	9.1%	7.7%	9.6%

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

Table 5

Fiscal Year Ended 09/30	Tax Year Ended 12/31	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Government Property	Vacant Land and Other	Tangible/ Centrally Assessed Property	Total Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ¹
2016	2015	\$ 348,087,286	\$ 121,955,224	\$ 52,170,203	\$ 35,680	\$ 34,610,358	\$ 27,050,216	\$ 17,106,186	\$ 58,516,953	\$ 659,532,106	\$ 147,253,118	\$ 512,278,988	6.89490
2017	2016	\$ 368,014,057	\$ 130,150,602	\$ 53,764,117	\$ 38,763	\$ 35,861,332	\$ 26,995,665	\$ 17,761,873	\$ 58,447,308	\$ 691,033,717	\$ 151,762,995	\$ 539,270,722	6.89490
2018	2017	\$ 389,743,387	\$ 140,927,336	\$ 58,035,864	\$ 42,154	\$ 37,026,265	\$ 28,552,470	\$ 18,165,623	\$ 61,895,661	\$ 734,388,760	\$ 159,368,449	\$ 575,020,311	6.50000
2019	2018	\$ 425,887,150	\$ 151,461,812	\$ 61,794,977	n/a	\$ 37,968,696	\$ 29,205,776	\$ 14,669,785	\$ 71,135,387	\$ 792,123,583	\$ 167,108,032	\$ 625,015,551	6.25000
2020	2019	\$ 458,173,551	\$ 156,543,085	\$ 63,904,382	n/a	\$ 39,055,965	\$ 30,154,164	\$ 14,384,129	\$ 71,499,231	\$ 833,714,507	\$ 174,181,935	\$ 659,532,572	6.25000
2021	2020	\$ 490,680,198	\$ 170,134,208	\$ 68,004,916	n/a	\$ 41,303,526	\$ 31,263,853	\$ 12,929,044	\$ 73,181,326	\$ 887,497,071	\$ 181,527,765	\$ 705,969,306	6.25000
2022	2021	\$ 521,918,904	\$ 176,198,072	\$ 66,967,660	n/a	\$ 39,074,198	\$ 34,590,718	\$ 12,378,634	\$ 75,104,291	\$ 926,232,477	\$ 189,170,937	\$ 737,061,540	6.25000
2023	2022	\$ 581,874,360	\$ 193,432,183	\$ 76,388,076	n/a	\$ 41,928,862	\$ 36,171,921	\$ 13,198,888	\$ 81,083,188	\$ 1,024,077,478	\$ 203,563,152	\$ 820,514,326	6.25000
2024	2023	\$ 644,828,220	\$ 214,802,374	\$ 86,212,004	n/a	\$ 38,753,942	\$ 42,334,925	\$ 15,712,658	\$ 91,664,299	\$ 1,134,308,422	\$ 212,862,164	\$ 921,446,258	5.90000
2025	2024	\$ 696,921,288	\$ 220,423,616	\$ 102,866,908	n/a	\$ 38,492,060	\$ 44,786,224	\$ 20,053,927	\$ 98,255,916	\$ 1,221,799,939	\$ 224,257,129	\$ 997,542,810	5.80000

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

Note: Property is assessed at actual value. Tax rates are per \$1,000 of assessed value.

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

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

Note: ²The Vacant Land and Other column for fiscal year 2019-2023 were restated to include the miscellaneous assessed value.

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

Table 6

Fiscal Year ¹	Tax Year	Holly Hill Millage Rate	Volusia County-Operating ²	Volusia County-Voter Approved	Volusia County-School District ²	St. Johns Water Management District	Florida Inland Navigation District	Hospital District	East Volusia Mosquito Control District	Ponce DeLeon Inlet and Port Authority	Total-All Taxing Districts
2016	2015	7.13040	6.87090	0.40000	7.19700	0.30230	0.03200	0.95500	0.18800	0.09290	23.16850
2017	2016	6.89490	6.65200	0.40000	6.84800	0.28850	0.03200	0.75610	0.18800	0.09290	22.15240
2018	2017	6.89490	6.62500	0.40000	6.52000	0.27240	0.03200	0.37810	0.18800	0.09290	21.40330
2019	2018	6.50000	6.24640	0.40000	6.28100	0.25620	0.03200	0.35460	0.18800	0.09290	20.35110
2020	2019	6.25000	6.14200	0.40000	6.08100	0.24140	0.03200	0.35460	0.18800	0.09290	19.78190
2021	2020	6.25000	5.96740	0.18350	5.90700	0.22870	0.03200	0.98790	0.17810	0.08800	19.82260
2022	2021	6.25000	5.89860	0.40000	5.80200	0.21890	0.03200	0.95290	0.17810	0.08450	19.81700
2023	2022	6.25000	5.31340	0.40000	5.48200	0.19740	0.03200	0.86060	0.17810	0.07600	18.78950
2024	2023	5.90000	5.27080	0.40000	5.40900	0.17930	0.02880	0.78780	0.17810	0.06920	18.22300
2025	2024	5.80000	5.18920	0.40000	5.28500	0.17930	0.02880	0.73090	0.16470	0.06920	17.84710

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

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

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

²Includes voted debt service millage rates, as applicable.

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

Table 7

Taxpayer	September 30, 2025			September 30, 2016		
	Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value	Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value
Florida Power & Light Company.....	\$ 28,105	1	2.82%	\$ 11,080	3	1.71%
Sun Holly Forest, LLC.....	\$ 16,488	2	1.65%	\$ 8,000	4	1.24%
Waterfront 301 LLC.....	\$ 13,666	3	1.37%	\$ -	-	-
Daytona Land Holdings LLC.....	\$ 13,280	4	1.33%	\$ -	-	-
Highlander Corp.....	\$ 11,619	5	1.16%	\$ 6,068	6	0.94%
United Rentals N America Inc.....	\$ 9,006	6	0.90%	\$ 4,451	9	0.69%
HH Holdings De LLC.....	\$ 8,938	7	0.90%	\$ -	-	-
SNH SE Holly Hill LLC.....	\$ 6,532	8	0.65%	\$ 5,658	8	0.87%
Gates of Holly Hill LLC.....	\$ 5,518	9	0.55%	\$ -	-	-
Palms at Daytona LLC.....	\$ 4,786	10	0.48%	\$ -	-	-
HHA Borrower LLC	\$ -	-	-	\$ 42,993	1	6.65%
Holly Hill RHF Housing, Inc.....	\$ -	-	-	\$ 11,976	2	1.85%
J 8 Land Partners LLLP.....	\$ -	-	-	\$ 6,391	5	0.99%
Charleston Place Ltd. Ptr.....	\$ -	-	-	\$ 5,954	7	0.92%
NAC Health Care Plan Inc	\$ -	-	-	\$ 4,199	10	0.65%
Totals.....	<u>\$ 117,938</u>		<u>11.82%</u>	<u>\$ 106,770</u>		<u>16.51%</u>

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

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

Table 8

Fiscal Year Ended September	Tax levy year	Taxes Levied For Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2016	2015	\$ 3,657,068	\$ 3,537,828	96.74%	\$ 5,767	\$ 3,543,595	96.90%
2017	2016	\$ 3,718,849	\$ 3,601,297	96.84%	\$ 10,319	\$ 3,611,616	97.12%
2018	2017	\$ 3,964,708	\$ 3,853,830	97.20%	\$ 12,111	\$ 3,865,941	97.51%
2019	2018	\$ 4,062,601	\$ 3,917,093	96.42%	\$ 39,405	\$ 3,956,498	97.39%
2020	2019	\$ 4,122,079	\$ 3,815,378	92.56%	\$ 187,786	\$ 4,003,164	97.12%
2021	2020	\$ 4,412,308	\$ 4,124,026	93.47%	\$ 189,033	\$ 4,313,059	97.75%
2022	2021	\$ 4,606,635	\$ 4,324,016	93.86%	\$ 172,416	\$ 4,496,432	97.61%
2023	2022	\$ 5,128,215	\$ 4,763,970	92.90%	\$ 240,949	\$ 5,004,919	97.60%
2024	2023	\$ 5,436,533	\$ 5,048,059	92.85%	\$ 267,637	\$ 5,315,696	97.78%
2025	2024	\$ 5,785,748	\$ 5,336,339	92.23%	\$ 323,281	\$ 5,659,620	97.82%

Source: Finance Department, City of Holly Hill, Florida

Source: Property Appraiser, Volusia County, Florida

Final Post VAB Values Grouped by Property Classification Report

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

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

Table 9

Fiscal Year Ended September	Gallons of Water Production	Gallons of Wastewater Treated
2016	351,220,000	548,690,000
2017	376,182,000	616,850,000
2018	401,159,000	782,528,000
2019	409,815,000	598,231,000
2020	388,257,000	690,003,000
2021	404,220,000	702,020,000
2022	401,997,000	624,150,000
2023	412,071,000	730,000,000
2024	422,209,000	733,000,000
2025	420,470,000	748,250,000

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

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

Table 10

Fiscal Year Ended September 30	<u>Monthly Water Service Fees</u>			<u>Monthly Sewer Service Fees</u>			Over 15,000 Gallons
	0 to 2,999 Gallons	3000 to 14,999 Gallons	Over 15,000 Gallons	0 to 2,999 Gallons	Over 3,000 Gallons		
2016	\$ 14.01	\$ 6.62	\$ 7.94	\$ 16.11	\$ 7.61	N/A	
2017	\$ 14.43	\$ 6.82	\$ 8.18	\$ 16.59	\$ 7.84	N/A	
2018	\$ 14.86	\$ 7.02	\$ 8.43	\$ 17.09	\$ 8.08	N/A	
2019	\$ 15.31	\$ 7.23	\$ 8.68	\$ 17.60	\$ 8.32	N/A	
2020	See next page						
2021	See next page						
2022	See next page						
2023	See next page						
2024	See next page						
2025	See next page						

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

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

Table 10

Fiscal Year Ended September 30	Fee Type	Monthly Water Service Fees					Monthly Sewer Service Fees		
		0 to 2,000 Gallons	2001 to 5,000 Gallons	5001 to 10,000 Gallons	10001 to 15,000 Gallons	Over 15,000 Gallons	0 to 2,000 Gallons	Over 2,000 Gallons	
2020	Inside Residential	\$ 3.98	\$ 7.95	\$ 9.15	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35	
	Inside Multi Unit Residential	\$ 3.98	\$ 7.95	\$ 9.15	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35	
	Inside Non-Residential	\$ 7.95	\$ 7.95	\$ 9.15	\$ 9.15	\$ 9.15	\$ 9.35	\$ 9.35	
	Inside Multi Unit Non-Residential	\$ 3.98	\$ 7.95	\$ 9.15	\$ 9.94	\$ 10.74	\$ 3.09	\$ 9.35	
	Outside Residential	\$ 4.98	\$ 9.94	\$ 11.44	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69	
	Outside Multi Unit Residential	\$ 4.98	\$ 9.94	\$ 11.44	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69	
	Outside Non-Residential	\$ 9.94	\$ 9.94	\$ 11.44	\$ 11.44	\$ 11.44	\$ 11.69	\$ 11.69	
	Outside Multi Unit Non-Residential	\$ 4.98	\$ 9.94	\$ 11.44	\$ 12.43	\$ 13.43	\$ 3.86	\$ 11.69	
2021	Inside Residential	\$ 4.20	\$ 8.39	\$ 9.65	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86	
	Inside Multi Unit Residential	\$ 4.20	\$ 8.39	\$ 9.65	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86	
	Inside Non-Residential	\$ 8.39	\$ 8.39	\$ 9.65	\$ 9.65	\$ 9.65	\$ 9.86	\$ 9.86	
	Inside Multi Unit Non-Residential	\$ 4.20	\$ 8.39	\$ 9.65	\$ 10.49	\$ 11.33	\$ 3.26	\$ 9.86	
	Outside Residential	\$ 5.25	\$ 10.48	\$ 12.07	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33	
	Outside Multi Unit Residential	\$ 5.25	\$ 10.48	\$ 12.07	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33	
	Outside Non-Residential	\$ 10.48	\$ 10.48	\$ 12.07	\$ 12.07	\$ 12.07	\$ 12.33	\$ 12.33	
	Outside Multi Unit Non-Residential	\$ 5.25	\$ 10.48	\$ 12.07	\$ 13.11	\$ 14.16	\$ 4.07	\$ 12.33	
2022	Inside Residential	\$ 4.43	\$ 8.85	\$ 10.18	\$ 11.06	\$ 11.95	\$ 3.44	\$ 10.41	
	Inside Multi Unit Residential	\$ 4.43	\$ 8.85	\$ 10.18	\$ 11.06	\$ 11.95	\$ 3.44	\$ 10.41	
	Inside Non-Residential	\$ 8.85	\$ 8.85	\$ 10.18	\$ 10.18	\$ 10.18	\$ 10.41	\$ 10.41	
	Inside Multi Unit Non-Residential	\$ 4.43	\$ 8.85	\$ 10.18	\$ 11.06	\$ 11.95	\$ 3.44	\$ 10.41	
	Outside Residential	\$ 5.54	\$ 11.06	\$ 12.73	\$ 13.83	\$ 14.94	\$ 4.30	\$ 13.01	
	Outside Multi Unit Residential	\$ 5.54	\$ 11.06	\$ 12.73	\$ 13.83	\$ 14.94	\$ 4.30	\$ 13.01	
	Outside Non-Residential	\$ 11.06	\$ 11.06	\$ 12.73	\$ 12.73	\$ 12.73	\$ 13.01	\$ 13.01	
	Outside Multi Unit Non-Residential	\$ 5.54	\$ 11.06	\$ 12.73	\$ 13.83	\$ 14.94	\$ 4.30	\$ 13.01	
2023	Inside Residential	\$ 4.67	\$ 9.34	\$ 10.74	\$ 11.67	\$ 12.61	\$ 3.63	\$ 10.98	
	Inside Multi Unit Residential	\$ 4.67	\$ 9.34	\$ 10.74	\$ 11.67	\$ 12.61	\$ 3.63	\$ 10.98	
	Inside Non-Residential	\$ 9.34	\$ 9.34	\$ 10.74	\$ 10.74	\$ 10.74	\$ 10.98	\$ 10.98	
	Inside Multi Unit Non-Residential	\$ 4.67	\$ 9.34	\$ 10.74	\$ 11.67	\$ 12.61	\$ 3.63	\$ 10.98	
	Outside Residential	\$ 5.84	\$ 11.67	\$ 13.43	\$ 14.59	\$ 15.76	\$ 4.54	\$ 13.72	
	Outside Multi Unit Residential	\$ 5.84	\$ 11.67	\$ 13.43	\$ 14.59	\$ 15.76	\$ 4.54	\$ 13.72	
	Outside Non-Residential	\$ 11.67	\$ 11.67	\$ 13.43	\$ 13.43	\$ 13.43	\$ 13.72	\$ 13.72	
	Outside Multi Unit Non-Residential	\$ 5.84	\$ 11.67	\$ 13.43	\$ 14.59	\$ 15.76	\$ 4.54	\$ 13.72	
2024	Inside Residential	\$ 4.93	\$ 9.85	\$ 11.34	\$ 12.31	\$ 13.30	\$ 3.83	\$ 11.58	
	Inside Multi Unit Residential	\$ 4.93	\$ 9.85	\$ 11.34	\$ 12.31	\$ 13.30	\$ 3.83	\$ 11.58	
	Inside Non-Residential	\$ 9.85	\$ 9.85	\$ 11.34	\$ 11.34	\$ 11.34	\$ 11.58	\$ 11.58	
	Inside Multi Unit Non-Residential	\$ 4.93	\$ 9.85	\$ 11.34	\$ 12.31	\$ 13.30	\$ 3.83	\$ 11.58	
	Outside Residential	\$ 6.16	\$ 12.31	\$ 14.17	\$ 15.39	\$ 16.63	\$ 4.78	\$ 14.48	
	Outside Multi Unit Residential	\$ 6.16	\$ 12.31	\$ 14.17	\$ 15.39	\$ 16.63	\$ 4.78	\$ 14.48	
	Outside Non-Residential	\$ 12.31	\$ 12.31	\$ 14.17	\$ 14.17	\$ 14.17	\$ 14.48	\$ 14.48	
	Outside Multi Unit Non-Residential	\$ 6.16	\$ 12.31	\$ 14.17	\$ 15.39	\$ 16.63	\$ 4.78	\$ 14.48	
2025	Inside Residential	\$ 5.03	\$ 10.05	\$ 11.56	\$ 12.56	\$ 13.57	\$ 3.98	\$ 12.05	
	Inside Multi Unit Residential	\$ 5.03	\$ 10.05	\$ 11.56	\$ 12.56	\$ 13.57	\$ 3.98	\$ 12.05	
	Inside Non-Residential	\$ 10.05	\$ 10.05	\$ 11.56	\$ 11.56	\$ 11.56	\$ 12.05	\$ 12.05	
	Inside Multi Unit Non-Residential	\$ 5.03	\$ 10.05	\$ 11.56	\$ 12.56	\$ 13.57	\$ 3.98	\$ 12.05	
	Outside Residential	\$ 6.29	\$ 12.56	\$ 14.45	\$ 15.70	\$ 16.96	\$ 4.98	\$ 15.06	
	Outside Multi Unit Residential	\$ 6.29	\$ 12.56	\$ 14.45	\$ 15.70	\$ 16.96	\$ 4.98	\$ 15.06	
	Outside Non-Residential	\$ 12.56	\$ 12.56	\$ 14.45	\$ 14.45	\$ 14.45	\$ 15.06	\$ 15.06	
	Outside Multi Unit Non-Residential	\$ 6.29	\$ 12.56	\$ 14.45	\$ 15.70	\$ 16.96	\$ 4.98	\$ 15.06	

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

Table 11

Customer Account Name	September 30, 2025			September 30, 2016		
	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales
MGH Condo Assoc Inc	\$ 876,674	1	11.12%	\$ 357,183	1	7.00%
Holly Point Apartments (Royal American)	193,409	2	2.45%	77,266	3	1.51%
FDVV LLC	191,177	3	2.42%	-	-	-
SRET Charleston Place LLC (1957 Charleston Way)	99,221	4	1.26%	-	-	-
Maple Leaf Own Condo	85,247	5	1.08%	61,266	6	-
Sun Communities Operating LMT #A	84,466	6	1.07%	19,204	4	-
Daytona Land Holdings LLC	55,940	7	0.71%	-	-	-
Out Post Brands LLC	55,363	8	0.70%	-	-	-
Total Renal Care, Inc	49,505	9	0.63%	-	-	-
FVE Managers Inc	46,708	10	0.59%	-	-	-
Angelica Health Svc	-	-	-	104,063	2	2.04%
Product Quest	-	-	-	37,679	5	0.74%
Blue Tide Apartments #B	-	-	-	72,727	7	1.42%
Bishops Glenn	-	-	-	51,160	8	1.00%
Blue Tide Apartments #A	-	-	-	47,702	9	0.93%
Florida Health Care	-	-	-	36,309	10	0.71%
Total	<u>\$ 1,737,711</u>			<u>\$ 864,559</u>		
Total Water and Sewer Sales	<u>\$ 7,887,046</u>			<u>\$ 5,105,529</u>		

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

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

Table 12

Fiscal Year Ended September 30	Governmental Activities						Business-type				Total Primary Government	Percent of Personal Income ¹	Per Capita ²
	Redevelopment Notes	State Revolving Fund Loans ¹	Other Notes/ Capital Leases	SBITA	Total	Water and Sewer Bonds	State Revolving Fund Loans ¹	SBITA	Total				
2016	\$ 7,570,000	\$ -	\$ -	\$ -	\$ 7,570,000	\$ 12,060,000	\$ 6,980,042	\$ -	\$ 19,040,042	\$ 26,610,042	5.63%	\$ 2,255	
2017	\$ 6,885,000	\$ -	\$ -	\$ -	\$ 6,885,000	\$ 10,820,000	\$ 6,253,203	\$ -	\$ 17,073,203	\$ 23,958,203	4.84%	\$ 2,006	
2018	\$ 6,185,000	\$ -	\$ -	\$ -	\$ 6,185,000	\$ 9,550,000	\$ 5,508,772	\$ -	\$ 15,058,772	\$ 21,243,772	4.10%	\$ 1,739	
2019	\$ 5,470,000	\$ -	\$ -	\$ -	\$ 5,470,000	\$ 8,593,381	\$ 4,746,300	\$ -	\$ 13,339,681	\$ 18,809,681	3.84%	\$ 1,540	
2020	\$ 4,740,000	\$ -	\$ -	\$ -	\$ 4,740,000	\$ 7,213,143	\$ 3,965,338	\$ -	\$ 11,178,481	\$ 15,918,481	2.92%	\$ 1,288	
2021	\$ 3,995,000	\$ -	\$ -	\$ -	\$ 3,995,000	\$ 5,806,202	\$ 3,165,415	\$ -	\$ 8,971,617	\$ 12,966,617	2.15%	\$ 1,001	
2022	\$ 3,230,000	\$ -	\$ -	\$ -	\$ 3,230,000	\$ 4,357,500	\$ 2,507,745	\$ -	\$ 6,865,245	\$ 10,095,245	1.46%	\$ 775	
2023	\$ 2,450,000	\$ -	\$ -	\$ 129,440	\$ 2,579,440	\$ 2,876,947	\$ 1,835,215	\$ 1,040,415	\$ 5,752,576	\$ 8,332,016	1.19%	\$ 637	
2024	\$ 1,650,000	\$ -	\$ -	\$ 65,367	\$ 1,715,367	\$ 2,304,501	\$ 1,503,153	\$ 985,676	\$ 4,793,329	\$ 6,508,696	0.89%	\$ 498	
2025	\$ 835,000	\$ -	\$ -	\$ -	\$ 835,000	\$ 1,875,000	\$ 1,173,961	\$ 929,835	\$ 3,978,796	\$ 4,813,796	0.66%	\$ 365	

Source: Finance Department, City of Holly Hill, Florida

¹ U.S. Census Bureau - Population of Holly Hill

² U.S. Census Bureau - Per Capita Personal Income of Volusia County

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

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

Table 13

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

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

Table 14

Governmental Unit	Principal Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
County of Volusia, Florida			
General Obligation Bonds.....	\$ -	1.6378%	\$ -
City direct debt.....			<u>835,000</u>
Total direct and overlapping debt.....			<u>\$ 835,000</u>

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

Note: Includes all direct debt - including bonds, notes, loans and capital leases
Estimated percentage based on 2022 Final Gross Taxable Value (Form DR-422)

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

Table 15

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

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

Table 16

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CRA Redevelopment Revenue Notes:										
Net revenue available for debt service.....	\$ 3,411	\$ 3,264	\$ 2,953	\$ 2,732	\$ 2,621	\$ 2,407	\$ 2,361	\$ 2,250	\$ 2,130	\$ 2,000
Debt Service payments:										
Principal.....	815	800	780	765	745	730	715	700	685	670
Interest.....	35	54	73	91	109	127	144	147	162	177
Total debt service payments.....	\$ 850	\$ 854	\$ 853	\$ 856	\$ 854	\$ 857	\$ 859	\$ 847	\$ 847	\$ 847
Coverage ratio (times).....	4.01	3.82	3.46	3.19	3.07	2.81	2.75	2.66	2.51	2.36
FDEP Clean Water State Revolving Fund Loans:										
(Defined) stormwater revenues.....	\$ 1,228	\$ 1,150	\$ 1,136	\$ 1,173	\$ 1,154	\$ 1,085	\$ 1,053	\$ 937	\$ 947	\$ 947
Less: operating expenses.....	600	730	722	638	582	553	669	394	407	457
Net revenue available for debt service.....	629	420.21	414	535	571	532	384	543	540	490
Debt Service payments:										
Principal.....	-	-	348	340	332	324	317	310	303	296
Interest.....	-	-	6	14	22	29	37	44	50	58
Total debt service payments.....	\$ -	\$ -	\$ 354	\$ 354	\$ 354	\$ 353	\$ 354	\$ 354	\$ 353	\$ 354
Coverage ratio (times).....	-	-	1.17	1.51	1.62	1.51	1.08	1.53	1.53	1.38
Water and Sewer System Revenue Bonds:										
(Defined) water/sewer system revenues.....	\$ 9,036	\$ 8,510	\$ 8,459	\$ 8,158	\$ 8,115	\$ 7,566	\$ 7,283	\$ 6,872	\$ 6,463	\$ 6,188
Less: operating expenses.....	5,396	5,536	5,364	4,255	3,874	4,573	4,332	3,291	3,101	2,691
Net revenue available for debt service.....	3,640	2,974	3,095	3,903	4,241	2,993	2,951	3,581	3,362	3,497
Debt Service payments:										
Principal.....	360	515	1,425	1,395	1,355	1,330	1,295	1,270	1,240	1,215
Interest.....	88	104	132	171	208	244	280	268	297	325
Total debt service payments.....	\$ 448	\$ 619	\$ 1,557	\$ 1,566	\$ 1,563	\$ 1,574	\$ 1,575	\$ 1,538	\$ 1,537	\$ 1,540
Coverage ratio (times).....	8.13	4.80	1.99	2.49	2.71	1.90	1.87	2.33	2.19	2.27
FDEP Clean Water State Revolving Fund Loans:										
Subordinate Debt Service payments:										
Principal.....	\$ 399	\$ 332	\$ 325	\$ 318	\$ 468	\$ 457	\$ 446	\$ 435	\$ 425	\$ 413
Interest.....	32	38	45	52	62	74	85	96	107	117
Total debt service payments.....	\$ 431	\$ 370	\$ 370	\$ 370	\$ 530	\$ 531	\$ 531	\$ 531	\$ 532	\$ 530
Combined Coverage ratio (times).....	4.14	3.01	1.61	2.02	2.03	1.42	1.40	1.73	1.62	1.69

Notes: Details concerning the City's outstanding debt obligations are found in the notes to financial statements.
Trend information does not include historical reporting of coverage for any retired obligations.
CRA Redevelopment Bonds are secured by tax increment revenues.
FDEP SRF Loan is secured with the City's stormwater utility revenues.
Water and Sewer Bonds are secured by all revenues of the water and sewer system. Operating expenses are stated net of depreciation expense. Debt service amounts for FDEP SRF Loan (which are subordinate to the 2002 Bonds) are combined with all obligations secured by Pledged Revenues.

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

Table 17

Fiscal Year Ended September 30	Population ¹	Volusia County Personal Income ²	Per Capita Personal Income ³	County Median Household Income ⁴	County Unemployment Rate ⁵
2016	12,142	\$ 20,461,018	\$ 39,151	\$ 41,117	5.20%
2017	12,479	\$ 21,280,600	\$ 40,566	\$ 42,240	3.70%
2018	12,218	\$ 22,613,682	\$ 42,374	\$ 43,838	3.50%
2019	12,316	\$ 23,201,619	\$ 40,081	\$ 46,760	2.90%
2020	12,357	\$ 24,444,162	\$ 44,180	\$ 49,494	7.60%
2021	12,958	\$ 26,095,706	\$ 46,475	\$ 52,407	4.30%
2022	13,021	\$ 29,893,649	\$ 52,964	\$ 56,786	3.12%
2023	13,076	\$ 31,021,130	\$ 53,559	\$ 63,075	3.10%
2024	13,075	\$ 32,955,808	\$ 55,824	\$ 66,581	3.30%
2025	13,183	\$ 35,719,516	\$ 59,259	\$ 70,044	3.80%

Source: Volusia County, FL

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

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

³ U.S. Bureau of Economic Analysis - Per Capita Personal Income of Volusia County, FL

⁴ U.S. Census Bureau - Median Household Income of Volusia County, FL

⁵ U.S. Bureau of Labor Statistics - County Unemployment Rate of Volusia County, FL

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

Table 18

Employer	September 30, 2025			September 30, 2016		
	Total Employees	Rank	Percent to Total City Employment	Total Employees	Rank	Percent to Total City Employment
Florida Health Care.....	160	1	2.26%	800	1	13.90%
Output Brands.....	149	2	1.60%	-	-	-
Walmart.....	141	3	1.80%	-	-	-
Publix.....	127	4	2.00%	-	-	-
ISI Design.....	113	5	1.51%	-	-	-
City of Holly Hill.....	107	6	2.11%	113	7	1.96%
Unified HR.....	104	7	1.47%	-	-	-
GLE Scrap Metal.....	74	8	0.99%	-	-	-
Evergreen Linens.....	70	9	1.05%	-	-	-
Winn Dixie.....	68	10	0.96%	-	-	-
Metra Electronics Corporation.....	-	-	-	501	2	8.70%
Holly Hill R.H.F. Housing Inc (Bishop's Glen).....	-	-	-	235	3	4.08%
Product Quest.....	-	-	-	200	4	3.47%
Surface Crafters.....	-	-	-	125	5	2.17%
Holly Hill School K-8.....	-	-	-	114	6	1.98%
R&R Industries Inc.....	-	-	-	79	8	1.37%
FDVV (Angelica).....	-	-	-	59	9	1.03%
Five Star Quality Care.....	-	-	-	48	10	0.83%
Total.....	<u>1113</u>		<u>15.75%</u>	<u>2274</u>		<u>39.51%</u>
Estimated Civilian Labor Force.....	<u>7066</u>			<u>5756</u>		

Source: Volusia County Economic Development

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

Table 19

	Full-Time Equivalent Employees at September 30, 2025									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
City Commission.....	5.00	5.00	5.00	5.00	5.00	5.0	5.0	5.0	5.0	5.0
City Manager.....	2.00	2.00	2.00	2.00	2.00	2.5	2.0	2.0	2.0	2.0
Finance/Administration.....	11.00	11.00	11.00	11.40	12.00	13.0	13.0	11.0	11.8	11.8
Human Relations.....	1.00	1.00	1.00	2.00	1.00	1.0	1.0	1.0	1.0	1.0
Information Technology	1.00	1.00	1.00	1.00	1.00	1.0	1.0	1.0	1.0	1.0
Public Safety:										
Police:										
Officers.....	26.00	26.00	26.00	27.00	25.00	25.5	25.5	25.0	25.0	25.0
Civilians.....	5.00	5.00	4.00	3.00	3.00	4.0	4.0	5.0	5.7	5.7
Fire:										
Firefighters and officers.....	13.00	13.00	13.00	13.00	13.00	13.0	13.0	13.0	13.0	13.0
Civilians.....	-	0.70	0.70	0.70	1.00	1.0	1.0	1.0	1.0	1.0
Protective Inspection.....	9.00	7.75	7.00	6.98	7.50	6.9	6.5	5.9	4.0	4.0
Physical Environment:										
Transportation.....	10.50	12.00	11.50	7.35	7.50	7.5	7.0	7.0	7.0	7.0
Buildings & Grounds.....	6.00	6.50	7.00	6.20	6.20	6.2	6.5	6.0	6.5	6.5
Economic Environment:										
Community Redevelopment.....	1.00	1.00	1.00	0.75	1.00	1.0	1.0	2.0	2.0	2.0
Public Works:										
Administration.....	5.00	3.00	3.00	3.00	3.00	3.0	3.0	-	-	-
Stormwater.....	4.00	3.00	4.00	3.35	3.50	3.5	4.0	4.2	4.2	4.2
Public Utilities:										
Water.....	10.00	11.85	8.50	11.65	13.50	11.5	11.0	14.3	14.0	14.0
Sewer.....	<u>12.50</u>	<u>12.75</u>	<u>10.50</u>	<u>12.55</u>	<u>12.00</u>	<u>12.0</u>	<u>11.0</u>	<u>12.1</u>	<u>12.1</u>	<u>12.1</u>
Total	<u>122.00</u>	<u>122.55</u>	<u>116.20</u>	<u>116.93</u>	<u>117.20</u>	<u>117.6</u>	<u>115.5</u>	<u>115.6</u>	<u>115.3</u>	<u>115.3</u>

Source: City of Holly Hill Budgeted Positions

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

Table 20

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Physical arrests.....	441	502	509	502	454	417	570	732	1,105	945
Traffic violations.....	1,666	1,782	2,202	2,663	1,987	992	2,112	3,289	1,139	1,704
Fire:										
Emergency responses.....	2,457	3,131	2,886	2,965	2,768	2,826	2,717	3,102	3,154	2,855
Inspections.....	1,088	880	880	1,579	1,455	1,419	1,175	1,595	1,492	1,401
Public Works-Transportation:										
Street resurfacing (miles).....	2	-	5	-	-	3	-	-	-	1
Water:										
New connections.....	63	15	9	5	1	4	39	4	5	7
Water main breaks.....	9	5	25	31	4	2	4	8	5	3
Average daily consumption (thousands of gallons)....	1,135	1,167	1,127	1,099	1,111	1,072	1,144	1,096	1,030	959
Peak daily consumption (thousands of gallons).....	1,629	1,649	1,539	1,273	1,782	1,129	1,526	1,461	1,237	1,145
Sewer:										
Average daily treatment (thousands of gallons).....	2,050	2,010	2,091	1,710	1,900	1,920	1,640	2,138	1,690	1,520

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

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

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

Table 21

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units ¹	4	4	4	4	4	4	4	3	4	3
Fire stations.....	1	1	1	1	1	1	1	1	1	1
Public Works-Transportation:										
Streets (miles) ²	59	59	59	59	59	59	59	59	59	59
Streetlights ⁴	1,129	1,112	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033
Parks and recreation:										
Acreage.....	97	97	97	97	97	97	97	97	97	97
Dog Park.....	1	1	1	1	1	1	1	1	1	1
Playgrounds.....	4	3	3	4	4	4	4	5	5	4
Tennis Courts.....	2	2	2	2	2	2	2	2	2	2
Shuffleboard courts.....	1	1	1	3	3	3	-	-	-	-
Fishing Piers.....	3	3	2	3	3	3	3	4	4	4
Boat Ramps.....	1	1	1	1	1	1	1	1	1	1
Swimming Pools.....	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds.....	-	-	-	1	1	1	1	5	5	5
Community centers.....	5	5	3	5	5	5	2	2	2	3
Water:										
Water mains (miles).....	75	75	75	75	75	75	75	75	75	75
Fire hydrants.....	408	408	408	408	408	408	408	408	402	392
Treatment capacity (millions of gallons).....	2	2	2	2	2	2	2	2	2	2
Sewer:										
Sanitary sewers (miles) ³	66	66	66	66	66	66	66	66	66	66
Storm sewers (miles).....	42	42	42	42	42	42	42	42	42	42
Treatment capacity (millions of gallons).....	3	3	3	3	3	3	3	3	3	3

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

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

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

³Historically recalculated based on current GIS data

⁴FPL Audit June 2013

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal/State Agency / Pass-Through Entity / Federal Program / State Project	AL/ CSFA Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
<u>United States Department of the Treasury</u>			
Passed through State of Florida Department of Environmental Protection:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	22WW08	\$ 4,554,593
Total Coronavirus State and Local Fiscal Recovery Funds			<u>4,554,593</u>
Passed through State of Florida Department of Environmental Protection:			
Comprehensive vulnerability assessment	21.027	23PLN34	26,535
Total Comprehensive Vulnerability Assessment			<u>26,535</u>
Total United States Department of the Treasury			<u><u>4,581,128</u></u>
<u>Department of Housing and Urban Development</u>			
Passed through County of Volusia, Florida:			
Community Development Block Grants/Entitlement Grants	14.218	23ST03	97,319
Community Development Block Grants/Entitlement Grants	14.218	25WW10	15,000
Community Development Block Grants/Entitlement Grants	14.218	24BG04	94,857
Community Development Block Grants/Entitlement Grants	14.218	25BG10	101,325
Total Department of Housing and Urban Development			<u><u>308,501</u></u>
<u>Department of Justice</u>			
Passed through Florida Department of Justice:			
Crime Victim Assistance	16.575	VOCA-C-2024	50,590
Total Crime Victim Assistance			<u>50,590</u>
Passed through Florida Department of Justice:			
JAG Traffic Radar Data Systems	16.738	JG022	2,427
Total JAG Traffic Radar Data Systems			<u>2,427</u>
Passed through Florida Department of Justice:			
FDLE Drone Replacement Program	71.092	3X098	44,190
Total FDLE Drone Replacement Program			<u>44,190</u>
Total Department of Justice			<u><u>97,207</u></u>
<u>Department of Transportation</u>			
Passed through Florida Department of Transportation:			
State and Community Highway Safety	20.600	G3576	45,799
High VIS Education and Enforcement	20.600	G2X22	188
Total Highway Safety Cluster			<u>45,987</u>
Total Department of Transportation			<u><u>45,987</u></u>
<u>Department of Environmental Protection</u>			
Direct Programs:			
Sahfi Water	66.468	DW6410B0	362,021
Sahfi Wastewater	66.458	WW6410A0	1,748,419
Total Department of Environmental Protection			<u><u>2,110,440</u></u>
<u>Department of Homeland Security</u>			
Passed through Florida Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	MILTON	622,988
Total Department of Homeland Security			<u><u>622,988</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 7,766,251</u></u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Department of Environmental Protection</u>			
Direct Programs:			
Sewer Service Extensions State Appropriation	37.039	LPA0541	\$ 466,523
Statewide Water Quality Restoration Projects	37.039	L0052	304,000
Total Florida Department of Environmental Protection			<u>770,523</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 770,523</u></u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF HOLLY HILL, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Holly Hill, Florida (the City). 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) and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No grant awards for the year ended September 30, 2025, have been passed through to subrecipients.

(3) **De Minimis Indirect Cost Rate Election:**

The City did not elect to use the 15% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all Project expenditures included on the accompanying schedule complied the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ none reported

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Identification of major Federal programs:

<u>AL Number</u>	<u>Program Name</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.458	Clean Water State Revolving Fund

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Type of auditors' report issued on compliance for major
State projects:

Unmodified

Any audit findings disclosed that are required to be
reported for state financial assistance projects?

_____yes X none reported

Dollar threshold used to distinguish between type A and type
B State projects:

\$300,000

Identification of major State projects:

CSFA Number

Project Name

37.039

Statewide Water Quality Restoration Project

- B. **Financial Statement Findings:** None.
- C. **Federal Programs and State Projects Findings and Questioned Costs:** None.
- D. **Summary Schedule of Prior Audit Findings:** Not applicable as there are no prior year findings.
- E. **Corrective Action Plan:** Not applicable as there are no current year findings.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and Each Major State Project

Opinion on Each Major Federal Program and Major State Project

We have audited the City of Holly Hill, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and major state projects for the year ended September 30, 2025. The City's major federal programs and major state project are identified in the summary of auditors' 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 and major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Holly Hill, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. 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 and state projects.

Auditors' 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 and Chapter 10.550, Rules of the Auditor General, 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.

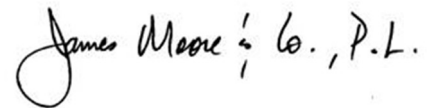
Report on Internal Control over Compliance

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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 or state project 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 or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Daytona Beach, Florida
March 10, 2026

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Holly Hill, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2026.

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 a 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.

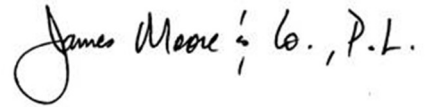
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 were not 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.

A handwritten signature in black ink that reads "James Moore, Jr., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 10, 2026

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

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

Report on the Financial Statements

We have audited the basic financial statements of City of Holly Hill, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 10, 2026.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in accordance with the Uniform Guidance and Chapter 10.550 Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Examination 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 March 10, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

- **2024-001 Debit Balance in Retainage Liability Account:** Corrective action taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

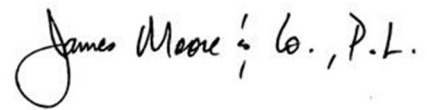
The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of Holly Hill Community Redevelopment Agency (the CRA) have been reported in the separately issued audited financial statements of the CRA.

Additional Matters

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

Purpose of this Letter

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

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

Daytona Beach, Florida
March 10, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

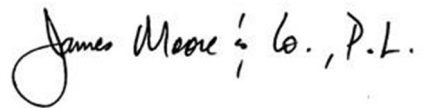
To the Honorable Mayor, City Commission, and City Manager,
City of Holly Hill, Florida:

We have examined the City of Holly Hill, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, (the "Statutes") for the year ended September 30, 2025. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with the Statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating the City's compliance with the Statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance with those requirements for the year ended September 30, 2025, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City was not in compliance with those requirements in all material respects, 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 of the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City complied with the Statutes for the year ended September 30, 2025, in all material respects.



Daytona Beach, Florida
March 10, 2026