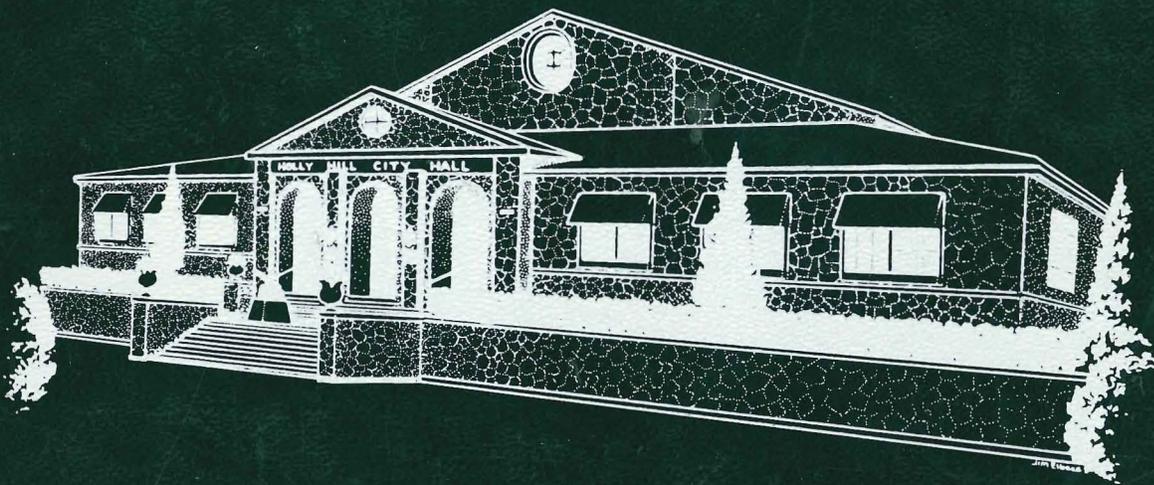


V. Wine

CITY OF HOLLY HILL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDING SEPTEMBER 30, 1988

Current Rates per 7,500 gallons:	\$18.45 per month
Current Rates Effective:	October 1, 1987
Typical Residential Usage:	5,000 gallons per month
Largest Customer:	Apartment Building
Largest Customer as a % of Revenue:	1%

Fiscal Years Ended September 30	1986	1987	1988	1987/88 % CHANGE
BALANCE SHEET DATA (000's)				
Cash and Equivalents	\$ 258	\$ 384	\$ 598	+55.8
Receivables	107	119	149	+25.0
Debt Service Reserve (Requirement -\$333)	-----	-----	342	
Total Assets	10,261	10,299	10,644	+3.3
Current Liabilities	772	896	808	-9.8
Long Term Debt	5,710	5,355	4,990	-6.8
BALANCE SHEET STATISTICS				
Quick Ratio	0.5	0.6	0.9	+64.6
Days Accounts Receivable	21.3	21.3	24.0	+12.8
L/T Debt as % of Total Assets	55.6%	52.0%	46.9%	-9.8
Debt per Customer	\$ 1,109	\$ 1,020	\$ 932	-8.6

ADDITIONAL FINANCING: The City expects to issue approximately \$13 million within the next several months. The proceeds will be used to advance refund all outstanding revenue bonds and to finance sewer treatment plant improvements to comply with EPA regulations.

ANALYST'S OBSERVATIONS: The City of Holly Hill (1986 Population: 11,718) is located on the Halifax River, immediately north of Daytona Beach, in Volusia County in northeastern Florida. Debt service figures do not include a 1994 balloon payment of approximately \$ 2 million on the Series 1984 Bonds which is being provided for by a reserve funded by impact and other fees. The 1984 Bonds are subordinate to the other outstanding bonds. The sizeable increase in operating revenue is primarily the result of rate increases which took effect 10/1/87. Additional rate increases are scheduled to take effect 4/1/89. Rate and usage information provided above is based solely on the water system.

DATA SOURCES: Financial statements, Issuer's Official Statement and/or System Officials.

NUVEEN RESEARCH
Michael S. Rosenthal
312.917.7869

March 3, 1989

Wine
1/20/89

CITY OF HOLLY HILL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1988

S.S. 11.45

Prepared by:
Finance Department
Virginia Wine, Finance Director

INTRODUCTORY SECTION

Questions:

1. Why: Is there enough to fund senior expansion? What is the bottom line?
2. How:

Motion:

CITY OF HOLLY HILL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 1988

MAYOR

B. Donald Wiggins

MAYOR PRO-TEM

Arthur J. Byrnes

COUNCIL

Robert E. Chesnowitz

Jo Nelson

Clifford E. Whaley

ACTING CITY MANAGER

Sue W. Blackwell

CITY ATTORNEY

Edward F. Simpson, Jr.

FINANCE DIRECTOR

Virginia Wine

CITY ENGINEERS

Russell & Axon, Consulting Engineers

CITY AUDITORS

Arthur Young & Company

CITY OF HOLLY HILL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

TABLE OF CONTENTS

INTRODUCTORY SECTION

PRINCIPAL CITY OFFICIALS	iii
TABLE OF CONTENTS.	iv - vi
LETTER OF TRANSMITTAL.	1 - 13
ORGANIZATION CHART	17
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING . . .	21

FINANCIAL SECTION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	26 - 27
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined Balance Sheet - All Fund Types and Account Groups	30 - 33
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	35
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	36 - 37
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Type and Pension Trust Funds.	38
Combined Statement of Changes in Financial Position - All Proprietary Fund Type and Pension Trust Funds.	39
Notes to Financial Statements.	41 - 63
COMBINING STATEMENTS - BY FUND TYPE	
Proprietary Fund Type:	
Enterprise Fund -	
Balance Sheet.	68 - 69
Statement of Revenues, Expenses and Changes in Retained Earnings.	70
Statement of Changes in Financial Position	71
Fiduciary Fund Type:	
Pension Trust Funds -	
Combining Balance Sheet.	74
Combining Statement of Revenues, Expenses and Changes in Fund Balances	75
Combining Statement of Changes in Financial Position	76

Supporting Schedules:

Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	78 - 79
Schedule of Expenditures and Transfers - Budget and Actual - General Fund	80 - 86
Schedule of Revenues, Transfers and Contributions - Budget and Actual - Water and Sewer Revenue and Operating Fund	87
Schedule of Expenses and Transfers - Budget and Actual - Water and Sewer Revenue and Operating Fund	88 - 89
Schedule of Revenues, Transfers and Contributions - Budget and Actual - Water and Sewer Improvement Fund	90
Schedule of Expenses and Transfers - Budget and Actual - Water and Sewer Improvement Fund	91
Schedule of Revenues and Transfers - Budget and Actual - Series 1984 Construction Fund	92
Schedule of Expenses - Budget and Actual - Series 1984 Construction Fund	93
Schedule of General Fixed Assets	94
Schedule of Changes in General Fixed Assets	95
Schedule of Revenue Bond Coverage - Water and Sewer System Fund	96
Schedule of Debt Service Requirements to Maturity - Other Debt	97
Schedule of Debt Service Requirements to Maturity - Water and Sewer Revenue Bonds	98 - 99
Schedule of Debt Service Requirements to Maturity - All Debt	100

STATISTICAL SECTION

STATISTICAL TABLES

Comments Relative to Statistical Section	104
Table I - General Fund Expenditures and Other Uses by Function - Last Ten Fiscal Years	105
Table II - General Fund Revenues and Other Sources by Source - Last Ten Fiscal Years	106 - 107
Table III - Assessed and Estimated Actual Value of Taxable Properties: Property Tax Levies and Collections - Last Ten Fiscal Years	108
Table IV - Property Tax Rates and Tax Levies - All Overlapping Governments - Last Ten Fiscal Years	109
Table V - Computation of Legal Debt Margin	110
Table VI - Computation of Direct and Overlapping Debt	111
Table VII - Schedule of Insurance in Force	112 - 113
Table VIII - Demographic Statistics - Last Ten Fiscal Years	114
Table IX - Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	115
Table X - Salaries and Surety Bonds of Principal Officials	116
Table XI - Schedule of Major Taxpayers	117
Table XII - Climatological Summary	118
Table XIII - Miscellaneous Statistical Data	119

OTHER REPORTS

Report on Internal Accounting Control and Management Comments.	123 - 128
Report on Compliance	129
Report on Compliance with CPE Requirements	131
Single Audit Reports:	
Report on Supplementary Information Schedule of Federal Financial Assistance	135
Schedule of Federal Financial Assistance	137
Report on Compliance	139
Report on Internal Accounting and Administrative Controls.	141 - 143

LETTER OF TRANSMITTAL

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CITY OF HOLLY HILL

TEN SIXTY—FIVE RIDGEWOOD AVENUE

HOLLY HILL, FLORIDA 32017

P.O. Box 1191

904/252-7631

January 24, 1989

Mr. Bill Farmer, City Manager, and
Ms. Sue Blackwell, City Clerk
City of Holly Hill
Holly Hill, Florida

Dear Mr. Farmer and Ms. Blackwell:

The Comprehensive Annual Financial Report of the City of Holly Hill, Florida, for the year ended September 30, 1988, is submitted herewith pursuant to Article I, Section 52, of the City Charter, Florida Statutes, Chapter 11.45 and Chapter 10.500 of the Rules of the Auditor General of the State of Florida

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the long-form of this report.

Mr. Bill Farmer, City Manager, and
Ms. Sue W. Blackwell, City Clerk
City of Holly Hill
Page Two
January 24, 1989

This report includes all funds and account groups of the government. The government provides a full range of services. These services include police and fire protection; sanitation services; water and sewer services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body exercises or has the ability to exercise oversight of the Police Officers' Retirement Trust and the Firefighters' Retirement System; therefore, these activities are included in the reporting entity. Other overlapping governments, including the County of Volusia, Volusia County School District, Halifax Hospital District, the St. Johns Water Management District the Halifax Water Authority and the Municipal Planning Organization, have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from the financial report for the City of Holly Hill.

ECONOMIC CONDITION AND OUTLOOK

The government is located on the eastern end of the I-4 corridor, the economic zone of Central Florida which roughly follows Interstate 4 from Tampa through Orlando to the communities along the Atlantic coast in Volusia County.

Growth along the I-4 corridor has been exceptional and is expected to continue into the 1990's. Growth in Holly Hill has been moderate in recent years encouraged by the resolution of water supply problems and the end of building moratoriums. A number of commercial developments have been completed in recent years adding significantly to the City's tax base and closing of a major hospital in the City, one of the City's ten leading taxpayers, is expected to effect only a modest impact on the tax base.

The community currently has a 4.6% unemployment rate as compared to a state-wide rate of 5.3%. During the past three years, property assessments have increased 22% and the population by 8%.

Growth trends and their challenge to government are expected to continue. Maintaining service delivery to the citizens of Holly Hill continue to pose problems requiring innovations in both obtaining and managing resources.

MAJOR INITIATIVES

For the Year. The City has achieved efficiencies by application of office automation technologies in the accomplishment of numerous administrative tasks. A personal computer was purchased for the Deputy City Clerk's office. Use of the new equipment, instead of the main frame system, will speed up both utility billing functions as well as word processing. Personal computers were

Mr. Bill Farmer, City Manager, and
Ms. Sue W. Blackwell, City Clerk
City of Holly Hill
Page Three
January 24, 1989

also purchased for the Solid Waste Department. A comprehensive reporting system, which embraces both the status of equipment and distribution of garbage customers, is planned. A new personal computer in the Building and Zoning Department is anticipated to enable personnel to monitor inspections and permits more efficiently. The computerized record system implementation in the Police Department is expected to achieve efficiencies in meeting State mandated reporting requirements. Innovation through office automation has been a major initiative throughout the year.

For the Future. Financial consultants have been hired to advise the City Council on the bond market and how to finance the needed improvements at the Wastewater Treatment Plant. The consultants will also advise the Council on the potential benefit of refunding older bonds so as to change or reduce the terms, conditions and restrictive covenants of these issues.

Design of the Wastewater Treatment Plant has been authorized. Upon completion, we anticipate the City will be able to lift its current sewer moratorium and expand its customer service base. # 365,117.

The City purchased a site for a second fire station. This new station will be located in the northwest portion of the City as recommended by the Fire Insurance Underwriters.

The Council has approved designs for the new station which will be built during fiscal 1988/89 and manned in the 1989/90 fiscal year. — \$185,000. By Loan.

A new solid waste collection system was chosen to automate trash collection services. Automation will allow one man to do the work of three.

Our transition to automated trash collection will be gradual and cost effective. We have been able to retro-fit our fleet; older trucks will be semiautomated. Only when they are replaced will they be entirely automated.

Departmental Focus. A new Public Service Department was created during 1988 to make more efficient use of men and equipment. The department was initially created from the Public Works and Public Utilities Departments; the Parks Department was added later.

The Parks and Recreation Department was split to place parks under the administration of Public Services.

Sica Hall and the recreation programs, however, were left as the Recreation Department under the same director.

Mr. Bill Farmer, City Manager, and
Ms. Sue W. Blackwell, City Clerk
City of Holly Hill
Page Four
January 24, 1989

FINANCIAL INFORMATION

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal financial assistance, the government also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 1988 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities in the general fund, special revenue fund and various water and sewer funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department or division within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget.

Budgetary control is maintained by a constant review of revenues and expenditures by the City Manager/Clerk and Finance Director. This budgetary control is communicated to the department heads.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill

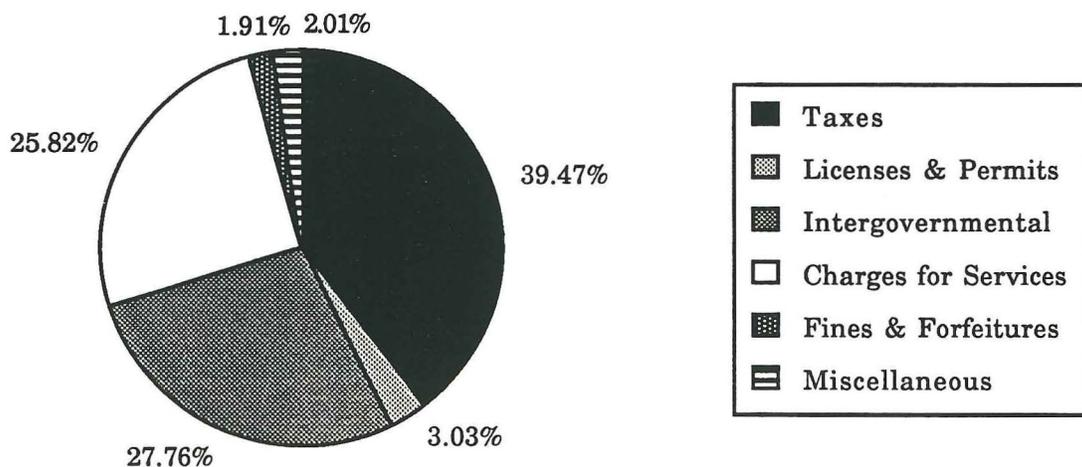
Page Five

January 24, 1989

General Governmental Functions. The following schedule presents a summary of General Fund revenues for the fiscal year ended September 30, 1988 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1987 (Thousands)</u>
Taxes (all sources)	\$ 1,894,893	39.47 %	\$ 158
Licenses and permits	145,542	3.03	13
Intergovernmental revenues	1,332,908	27.76	75
Charges for services	1,239,451	25.82	48
Fines and forfeitures	91,651	1.91	2
Miscellaneous	<u>96,501</u>	<u>2.01</u>	<u>(21)</u>
TOTALS	<u>\$ 4,800,946</u>	<u>100.00 %</u>	<u>\$ 275</u>

The contribution of each revenue type to the total earnings of the City is displayed in the following graph:



Revenues for the general fund functions totaled \$4,800,946 for the year ended September 30, 1988, an increase of 6.07% from the previous year. Actual revenues for the General Fund exceeded budgeted revenues by \$215,046.

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Six
 January 24, 1989

Ad valorem taxes continue to be the most significant revenue source. The total nonexempt valuation for ad valorem taxes amounts to \$310 million, an increase of 34.83% over the preceding year. The total nonexempt value for ad valorem taxes increased \$80,126,498 over the preceding year.

Florida Statute, Chapter 192, controls the assessments and collections of ad valorem taxes. The County of Volusia, Florida is responsible for billing and collecting city ad valorem taxes in accordance with Florida law.

The property tax levy was as follows for the past two years:

	<u>1987/88</u>	<u>1986/87</u>
General Fund	<u>4.138 mills</u>	<u>4.138 mills</u>

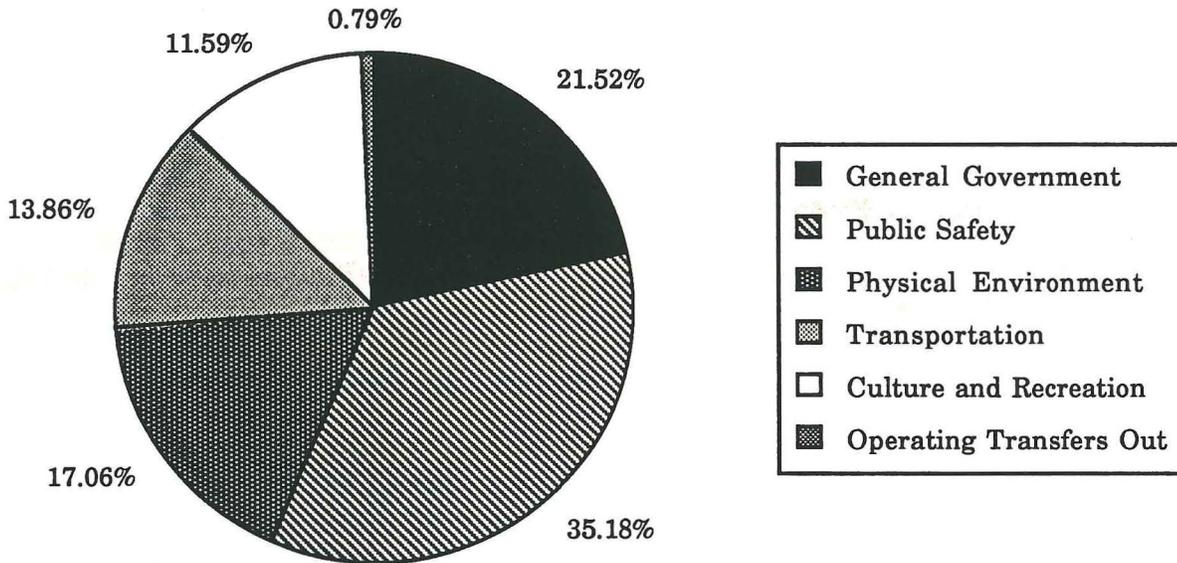
The most significant increase in actual combined revenue sources was derived from taxes.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended September 30, 1988 and the percentage of increases and decreases in relation to prior year amounts.

<u>FUNCTION</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1987 (Thousands)</u>
General Government	\$ 951,622	21.52 %	\$ (101)
Public Safety	1,555,651	35.18	193
Physical Environment	754,414	17.06	26
Transportation	612,922	13.86	(34)
Culture and Recreation	512,524	11.59	(793)
Operating transfers out	<u>35,000</u>	<u>.79</u>	<u>(45)</u>
TOTALS	<u>\$ 4,422,133</u>	<u>100.00 %</u>	<u>\$ (754)</u>

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Seven
 January 24, 1989

The percentage of each functional expenditure to total expenditures and transfers is displayed in the following graph:



Expenditures and other uses for the General Fund amounted to \$4,422,133 for the year, a decrease of 14.57% over the preceding year. *Because of Park Imp.*

Capital improvements are included in each of the above functions. Expenditures for capital improvements amounted to \$436,839 for the fiscal year, a decrease of 66.63% over the previous year. The decrease was caused by the purchase of a parcel of land to be used as a park in the prior year.

Expenditures for General Government functions decreased 9.64% over the previous year and accounted for 21.52% of total General Fund expenditures.

Public Safety, which includes Police, Fire and Protective Inspection Departments, accounted for 35.18% of the General Fund expenditures, as compared to 26.32% for the preceding fiscal year. The land purchase from the previous year, noted above, was classified as Culture and Recreation and temporarily changed relationship between expenditure line items. Furthermore, the Police Department's recent acquisition of a computerized record keeping system increased expenditures over prior year levels.

Public Works operations include Transportation/Road and Street Facilities and Physical Environment/Sanitation Services. These operations represented 17.06% of the General Fund expenditures, as compared to 26.57% for the previous year.

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Eight
 January 24, 1989

The Culture and Recreation Department accounted for 11.59% of the General Fund expenditures, as compared to 25.23% for the preceding fiscal year.

Operating transfers out accounted for .79% of the General Fund expenditures, as compared to .54% for the prior year.

General Fund Balance. The fund balance of the General Fund increased by 60.7% during the fiscal year ended September 30, 1988. The \$378,812 increase provided the City with a fund balance that is the equivalent of 21.3% or two and one half months of the budgeted expenditures of the current fiscal year. This indication of sound financial position will ensure the availability of resources needed to continue quality service to the citizens of Holly Hill without the imposing of an undue tax burden.

Special Revenue Fund. The City's only Special Revenue Fund is the Federal Revenue Sharing Fund.

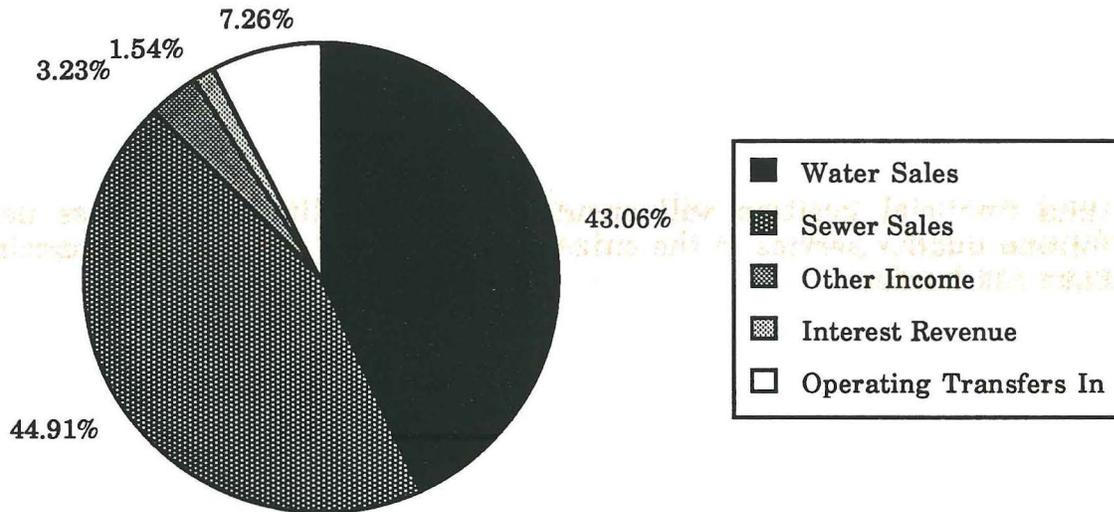
Federal Revenue Sharing entitlements ceased during the 1986 fiscal year and the final amounts associated with the entitlement and the earnings within the fund were paid out during the current year. The City expended most of the final \$32,626 from the fund for land. (3:28 sta.)

Enterprise Operations. The following schedule presents a summary of Water and Sewer Fund revenues for the fiscal year ended September 30, 1988 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1987 (Thousands)</u>
Water sales	\$ 977,862	43.06 %	\$ 105
Sewer charges	1,019,933	44.91	101
Other income	73,308	3.23	18
Interest revenue	35,000	1.54	(45)
Operating transfers in	<u>164,954</u>	<u>7.26</u>	<u>43</u>
TOTALS	<u>\$ 2,271,057</u>	<u>100.00 %</u>	<u>\$ 222</u>

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Nine
 January 24, 1989

The percentage of each component of revenue to total revenues and transfers is displayed in the following graph:



The City's Water and Sewer System Fund has **increased revenues** and the number of customers served over the past year. Revenue (excluding connection and impact fees), increased over the previous year were caused mainly by **a rate increase.**

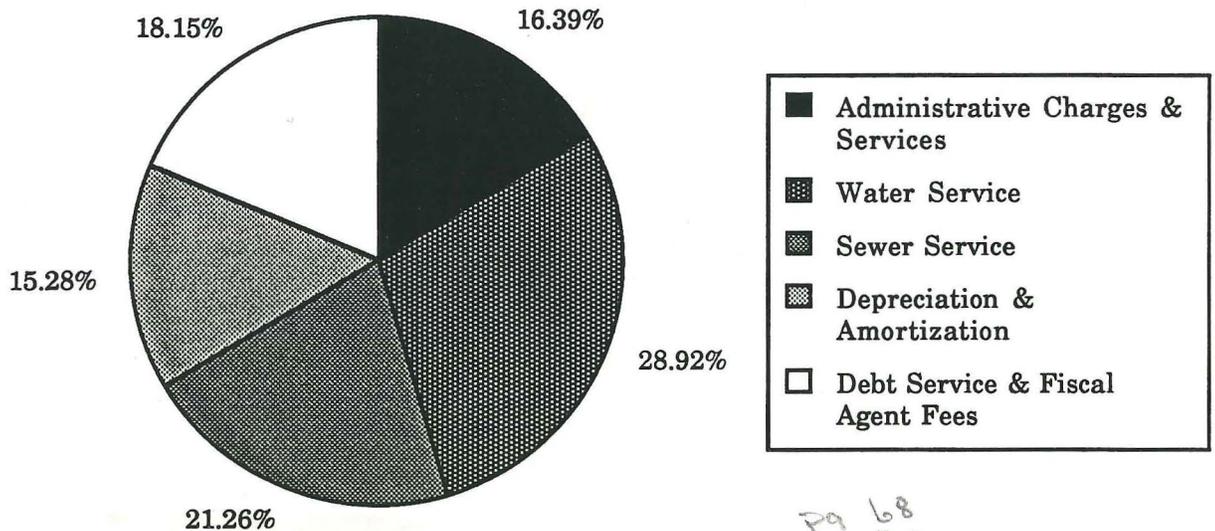
The City records connection charges and impact fees as contributed capital. During the year, connection charges and impact fees amounted to **\$82,513, a decrease of 8.82% from the previous year.**

The following schedule presents a summary of Water and Sewer Fund expenses for the fiscal year ended September 30, 1988 and the percentage of increases and decreases in relation to prior year amounts.

<u>EXPENSES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1987 (Thousands)</u>
Administrative charges and services	\$ 271,500	16.39 %	\$ (18)
Water service	479,112	28.92	7
Sewer service	352,257	21.26	(45)
Depreciation and amortization expense	253,080	15.28	(3)
Debt service and fiscal agent fees	<u>300,587</u>	<u>18.15</u>	<u>(17)</u>
TOTALS	<u>\$ 1,656,536</u>	<u>100.00 %</u>	<u>\$ (76)</u>

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Ten
 January 24, 1989

The percentage of each expense to total expenses and transfers is displayed in the following graph:



This year, the City had net income of \$614,521 in the Water and Sewer System Fund. *see pg 68*

During the year, \$355,000 in maturing revenue bonds were redeemed and bond interest expense amounted to \$287,137. *see pg 70*

The Sinking Fund requirements were met on a timely basis and reserve accounts were adequately funded.

Bonded debt coverage from the operations of the system (this computation includes the pledged excise taxes revenue) are shown in the following tabulation:

	<u>1987/88</u>
Gross revenue (includes connection charges)	\$ 2,223,898
Income available for debt service	1,114,490
Annual debt service requirement	642,137
Coverage (income available for debt service divided by maximum debt service requirement)	1.74

Mr. Bill Farmer, City Manager, and
Ms. Sue W. Blackwell, City Clerk
City of Holly Hill
Page Eleven
January 24, 1989

Revenue bonds outstanding at September 30, 1988 amounted to \$5,355,000. Interest payable in future years on the revenue bonds outstanding amounts to \$1,693,292. Principal on the revenue bonds becomes due on April 1 and interest falls due on October 1 and April 1 of each year.

The maximum debt service requirement occurs in the fiscal year 1993-1994, in the amount of \$2,298,977, of which \$2,155,000 is principal and \$143,977 is interest.

The City is not technically in compliance with the requirements of the ordinances and resolutions providing for the issuance of the Water and Sewer System Revenue Bonds. Investment restrictions state that all monies on deposit shall be invested and reinvested in direct obligations of the United States of America (Treasury Notes and Treasury Bills, etc.).

We have found, through experience, that the type of investments called for by the ordinances and resolutions yield a lower interest rate of earnings than the type we are presently using. As a result, the City has invested these monies in the Florida State Board of Administration Investment Pool, an investment vehicle not authorized by the ordinances and resolutions, since this provides the best rate of interest earnings for our taxpayers at no additional risk.

Pension Trust Fund Operations. Two funds have been established to account for the accumulation of resources to pay pension benefits to retired firefighters and policemen.

The Firefighters' Retirement System and the Police Officers' Retirement Trust Fund are governed by two separate Boards of Trustees appointed by the City Council and are responsible for the administration of each fund. The City is responsible for funding any actuarial deficiency which may arise. The two pension funds are included in the financial statements of the City.

Operations of the two funds were relatively stable during the year despite a change in investment management companies.

During the year, the Firefighters' Retirement System revenues were derived from State of Florida contributions of \$18,043, employee contributions of \$30,646, **City contributions of \$10,420** and interest and dividends earned on investments of \$57,859. Fund balance at the end of the year is \$682,635 as compared to \$587,581 for the preceding year. For the Police Officers' Retirement Trust Fund, the revenues were derived from State of Florida contributions of \$39,450, employee contributions of \$6,077, **City contributions of \$30,225** and interest and dividends earned on investments of \$101,888. Fund balance at the end of the year is \$1,147,100 as compared to \$992,005 for the preceding year.

Since city contrib 24% on gross salary
City contrib 5% of gross salaries
Police pay 1% "

Mr. Bill Farmer, City Manager, and
 Ms. Sue W. Blackwell, City Clerk
 City of Holly Hill
 Page Twelve
 January 24, 1989

General Fixed Assets. This group of accounts represents the fixed assets of the General Government operations of the City. These assets have been recorded on the books at cost and carrying value bears no relation to the actual value of the assets. The total investment of the City in general fixed assets had increased moderately by the end of the 1988 fiscal year. The total cost of general fixed assets at September 30, 1988 amounted to \$7,357,124 as compared to \$6,989,599 for the preceding year, an increase of 5.26%.

Cash Management. Cash temporarily idle during the year was invested in demand deposits and in time deposits ranging from 12 to 24 months to maturity. The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the government, its agent or a financial institution's trust department in the government's name. At September 30, 1988, idle unrestricted cash was invested as follows: in demand deposits, 49.64% and in time deposits, 50.36%.

Interest earned on unrestricted funds for the past two fiscal years was as follows:

<u>FUND</u>	<u>INTEREST EARNED</u>	
	<u>1988</u>	<u>1987</u>
General Fund	\$ 62,152	\$ 85,335
Special Revenue Funds -	(int) 1,035	1,926
Water and Sewer System Fund	<u>45,399</u>	<u>22,496</u>
TOTAL INTEREST EARNINGS FOR THE CITY	<u>\$ 108,586</u>	<u>\$ 109,757</u>

The above amounts do not reflect restricted funds or Pension Trust Funds idle cash or interest and dividend earnings because the funds are not available for general City use.

OTHER INFORMATION

Independent Audit. State Statutes require an annual audit by independent certified public accountants. The accounting firm of Arthur Young & Company was selected by the City Council. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128. The auditors'

Mr. Bill Farmer, City Manager, and
Ms. Sue W. Blackwell, City Clerk
City of Holly Hill
Page Thirteen
January 24, 1989

report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

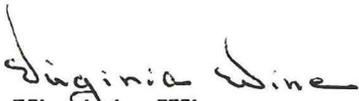
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 1987. This was the **eleventh consecutive year that the City** has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,


Virginia Wine
Finance Director

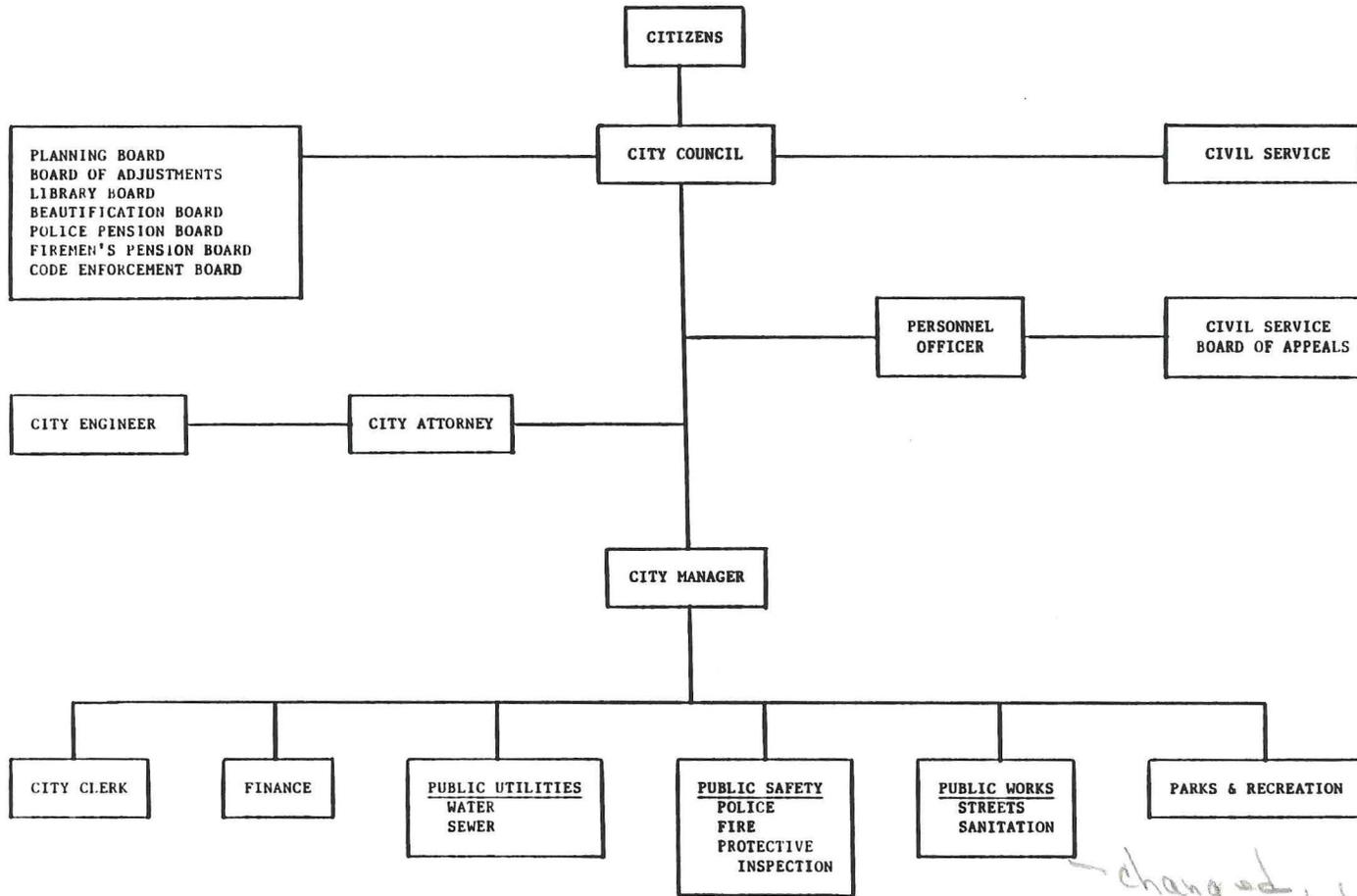
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ORGANIZATION CHART

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CITY OF HOLLY HILL, FLORIDA

ORGANIZATION CHART



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To P. Smith
[Signature]*

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**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE
IN FINANCIAL REPORTING**

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Holly Hill,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1987

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS



Arthur Young

149 South Ridgewood Avenue
Daytona Beach, Florida 32014-4335
Telephone: (904) 255-1981

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

We have audited the accompanying general purpose financial statements of the City of Holly Hill, Florida at September 30, 1988 and for the year then ended. These general purpose financial statements are the responsibility of the City of Holly Hill, Florida management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made of management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 5C. to the financial statements, the City has omitted disclosure of the pension benefit obligation relating to the Police Officers' and Firefighters' Pension Trust Funds. This standardized measure of the present value of pension benefits and other disclosures are required by generally accepted accounting principles. *New Gov. of standard.*

Per GAAP # 5 - addresses the actuarial methods -
In our opinion, except for the omission of the pension benefit obligation disclosure as discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Holly Hill, Florida at September 30, 1988, and the results of operations and the changes in financial position of its proprietary fund type and pension trust funds for the year then ended in conformity with generally accepted accounting principles.

*Presented by: John Jodnicko
1/24/89*

Our audit has been made primarily for the purpose of expressing an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Holly Hill, Florida. Such additional information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The statistical section has not been subjected to the procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion.

Arthur Young & Company

Certified Public Accountants
December 2, 1988

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GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

CITY OF HOLLY HILL, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1988

see pg # 6

	GOVERNMENTAL FUND TYPES		PROPRIETARY
	GENERAL	SPECIAL REVENUE	FUND TYPE ENTERPRISE
ASSETS			
Cash <i>Ben 1798 + 1856 + 771 + 1974</i>	\$ 6,399	\$ -	\$ 12,434
Investments - at cost - <i>CD's - 566,913., SBA - 375,201</i>	942,114	-	585,707
Accounts receivable - net	106,305	-	148,577
Taxes receivable	34,804	-	-
Other receivables - <i>Liens - 3059., accrued int - 2631</i>	5,690	-	543
Due from other funds - <i>Water</i>	31,687	-	-
Due from other governments - <i>Fines, taxes, local opt gas</i>	20,426	-	-
Prepaid insurance	-	-	9,059
Restricted assets:			
Sinking Funds -			
Cash and investments	-	-	1,478,533
Accrued interest receivable	-	-	7,588
Construction Fund -			
Cash and investments	-	-	366,929
Accrued interest receivable	-	-	7,306
Improvement Fund -			
Cash and investments	-	- <i>547,462</i>	164,580
Impact fee -			
Cash and investments	-	-	1,059
Land	-	-	25,298
Buildings	-	-	5,467,485
Improvements other than buildings	-	-	4,558,646
Machinery and equipment	-	-	236,253
Accumulated depreciation	-	-	(2,526,903)
Construction in progress	-	-	87,989
Refundable deposits	-	-	-
Unamortized bond issue costs	-	-	12,734
Amount to be provided for retirement of general long-term liabilities	-	-	-
TOTAL ASSETS	\$ 1,147,425	\$ -	\$ 10,643,817

0.00 *

Trash 29,687.90 +
 refuse 38,724.50 +
 stormwtr 5,493.75 +
 burglar 3,490.00 +
 Cyl dep 90.00 +
 FPL 31,067.16 +
 006 108,553.31 ◊

allow for unrec'd 634.69 -
 008 1,613.66 -

106,304.96 *
 Sen 7d A/R
 9/30/88

panying notes.

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)	
PENSION TRUST			1988	1987
\$ 33,020 ✓	\$ -	\$ -	\$ 51,853	\$ 95,993
1,796,715 ✓	-	-	3,324,536	2,613,337
-	-	-	254,882	195,237
-	-	-	34,804	52,907
-	-	-	6,233	4,836
-	-	-	31,687	46,962
-	-	-	20,426	30,927
-	-	-	9,059	5,977
-	-	-	1,478,533	1,235,462
-	-	-	7,588	6,219
-	-	-	366,929	439,945
-	-	-	7,306	1,757
-	-	-	164,580	71,975
-	-	-	1,059	1,007
-	1,038,659 ✓	-	1,063,957	1,034,589
-	717,414 ✓	-	6,184,899	6,163,531
-	3,485,302 ✓	-	8,043,948	7,782,831
-	2,115,749 ✓	-	2,352,002	2,210,086
-	-	-	(2,526,903)	(2,292,848)
-	-	-	87,989	79,203
-	-	-	-	1,750
-	-	-	12,734	14,856
-	-	240,658 ✓	240,658	247,792
<u>\$ 1,829,735 ✓</u>	<u>\$ 7,357,124 ✓</u>	<u>\$ 240,658 ✓</u>	<u>\$ 21,218,759</u>	<u>\$ 20,044,331</u>

CITY OF HOLLY HILL, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1988

13,966.23 Wages
 10,488.84 FICA
 16,259.01 Retire
 6,360.03 Major Med
 62.50 IRS/Ree
 328.28 Radon Gas
 741.24 Interest Exp
 950.00 Sign Bonds
 39,716.13

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable
 Accrued liabilities - see tape below
 Due to other funds
 Customer deposits
 Deposits - dumpsters
 Deferred revenues - allow for uncoll. taxes
 Payable from restricted assets:
 Revenue bonds
 Accounts payable
 Accrued interest payable
 Revenue bonds payable
 Notes payable - pension backfunding
 Notes payable
 Obligation for compensated absences

TOTAL LIABILITIES

COMMITMENTS AND CONTINGENCIES

FUND EQUITY

Contributed capital (customers)
 Investment in general fixed assets
 Retained earnings:
 Reserved for Improvement Fund
 Reserved for revenue bond retirement
 Unreserved
 Fund balances:
 Reserved for encumbrances
 Reserved for police and fire pensions
 Reserved for police education
 Reserved for stormwater drainage
 Unreserved -
 Undesignated

TOTAL FUND EQUITY

TOTAL LIABILITIES AND FUND EQUITY

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE
	GENERAL	SPECIAL REVENUE	ENTERPRISE
Accounts payable	\$ 54,528 ✓	\$ -	\$ 11,606 ✓
Accrued liabilities - see tape below	39,716 ✓	-	35,471 ✓
Due to other funds	-	-	31,687 ✓
Customer deposits	-	-	286,146 ✓
Deposits - dumpsters	15,306 ✓	-	-
Deferred revenues - allow for uncoll. taxes	34,804 ✓	-	-
Payable from restricted assets:			
Revenue bonds	-	-	365,000 ✓
Accounts payable	-	-	-
Accrued interest payable	-	-	78,527 ✓
Revenue bonds payable	-	-	4,990,000 ✓
Notes payable - pension backfunding	-	-	-
Notes payable	-	-	-
Obligation for compensated absences	-	-	-
TOTAL LIABILITIES	144,354	-	5,798,437
COMMITMENTS AND CONTINGENCIES			
FUND EQUITY			
Contributed capital (customers)	-	-	2,191,487 ✓
Investment in general fixed assets	-	-	-
Retained earnings:			
Reserved for Improvement Fund	-	-	164,580 ✓
Reserved for revenue bond retirement	-	-	1,042,539 ✓
Unreserved	-	-	1,446,774 ✓
Fund balances:			
Reserved for encumbrances	9,265 ✓	-	-
Reserved for police and fire pensions	-	-	-
Reserved for police education	10,097 ✓	-	-
Reserved for stormwater drainage	56,942 ✓	-	-
Unreserved -			
Undesignated	926,767 ✓	-	-
TOTAL FUND EQUITY	1,003,071	-	4,845,380
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,147,425	\$ -	\$ 10,643,817

see 7969

Don Capital improvement =

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 Accrued liabilities 0.00 G
 wages 13,966.23 +
 FICA 10,488.84 +
 Retire 16,259.01 +
 Major Med 6,360.03 +
 IRS/Ree 62.50 +
 Radon Gas 328.28 +
 Interest Exp 741.24 +
 Sign Bonds 950.00 +
 008 39,716.13 *

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1988	1987
\$ -	\$ -	\$ -	\$ 66,134 ✓	\$ 135,278
-	-	-	75,187	101,691
-	-	-	31,687 ✓	46,962
-	-	-	286,146	271,272
-	-	-	15,306	14,940
-	-	-	34,804	52,907
-	-	-	365,000	355,000
-	-	-	-	3,909
-	-	-	78,527	86,199
-	-	-	4,990,000	5,355,000
-	-	14,199	14,199	20,655
-	-	33,334	33,334	66,667
-	-	193,125	193,125	160,470
-	-	240,658	6,183,449	6,670,950
-	-	-	2,191,487 ✓	2,108,973
-	7,357,124 ✓	-	7,357,124 ✓	6,989,599
-	-	-	164,580	71,975
-	-	-	1,042,594	800,482
-	-	-	1,446,719	1,166,915
-	-	-	9,265	4,774
1,829,735 ✓	-	-	1,829,735	1,579,587
-	-	-	10,097	7,708
-	-	-	56,942	12,958
-	-	-	926,767	630,410
1,829,735 ✓	7,357,124 ✓	-	15,035,310 ✓	13,373,381
\$ 1,829,735 ✓	\$ 7,357,124 ✓	\$ 240,658	\$ 21,218,759	\$ 20,044,331

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CITY OF HOLLY HILL, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	GOVERNMENTAL FUND TYPES		TOTALS	
	GENERAL	SPECIAL REVENUE	(MEMORANDUM ONLY) 1988	1987
REVENUES				
Taxes	\$ 1,894,893	\$ -	\$ 1,894,893	\$ 1,737,139
Licenses and permits	145,542	-	145,542	132,941
Intergovernmental revenues	1,332,908	-	1,332,908	1,259,572
Charges for services	1,239,451	-	1,239,451	1,191,501
Fines and forfeitures	91,651	-	91,651	89,704
Miscellaneous revenues	96,501	1,035	97,536	119,266
TOTAL REVENUES	4,800,946	1,035	4,801,981	4,530,123
EXPENDITURES				
Current:				
General Government	932,312	-	932,312	1,040,590
Public Safety	1,488,766	-	1,488,766	1,312,321
Physical Environment	615,510	-	615,510	604,222
Transportation	522,751	-	522,751	485,353
Culture and Recreation	345,892	-	345,892	288,827
Capital outlay	436,839	32,626	469,465	1,310,119
Debt Service:				
Principal retirement	39,790	-	39,790	49,333
Interest and fiscal charges	5,274	-	5,274	6,766
TOTAL EXPENDITURES	4,387,134	32,626	4,419,760	5,097,531
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	413,812	(31,591)	382,221	(567,408)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(35,000)	-	(35,000)	(80,000)
TOTAL OTHER FINANCING SOURCES (USES)	(35,000)	-	(35,000)	(80,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	378,812	(31,591)	347,221	(647,408)
FUND BALANCES AT BEGINNING OF YEAR	624,259	31,591	655,850	1,303,258
FUND BALANCES AT END OF YEAR	\$ 1,003,071	\$ -	\$ 1,003,071	\$ 655,850

see pg 78

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See accompanying notes.

CITY OF HOLLY HILL, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

*See pg
78.*

	GENERAL		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 1,872,500	\$ 1,894,893	\$ 22,393
Licenses and permits	139,000	145,542	6,542
Intergovernmental revenues <i>Grant mne</i>	1,158,700	1,332,908	174,208
Charges for services	1,231,500	1,239,451	7,951
Fines and forfeitures	85,200	91,651	6,451
Miscellaneous revenues	99,000	96,501	(2,499)
TOTAL REVENUES	4,585,900	4,800,946	215,046
EXPENDITURES			
Current:			
General Government	1,038,075	932,312	105,763
Public Safety	1,513,600	1,488,766	24,834
Physical Environment	645,800	615,510	30,290
Transportation	593,400	522,751	70,649
Culture and Recreation	355,950	345,892	10,058
Capital outlay	482,475	436,839	45,636
Debt service:			
Principal retirement	39,850	39,790	60
Interest and fiscal charges	6,050	5,274	776
TOTAL EXPENDITURES	4,675,200	4,387,134	288,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(89,300)	413,812	503,112
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(35,000)	(35,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(35,000)	(35,000)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(124,300)	378,812	503,112
FUND BALANCES AT BEGINNING OF YEAR	624,259	624,259	-
FUND BALANCES AT END OF YEAR	\$ 499,959	\$ 1,003,071	\$ 503,112

See accompanying notes.

SPECIAL REVENUE			TOTALS (MEMORANDUM ONLY)			TOTALS (MEMORANDUM ONLY) 1987
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
\$ -	\$ -	\$ -	\$ 1,872,500	\$ 1,894,893	\$ 22,393	\$ 1,737,139
-	-	-	139,000	145,542	6,542	132,941
-	-	-	1,158,700	1,332,908	174,208	1,259,572
-	-	-	1,231,500	1,239,451	7,951	1,191,501
-	-	-	85,200	91,651	6,451	89,704
<u>1,000</u>	<u>1,035</u>	<u>35</u>	<u>100,000</u>	<u>97,536</u>	<u>(2,464)</u>	<u>119,266</u>
<u>1,000</u>	<u>1,035</u>	<u>35</u>	<u>4,586,900</u>	<u>4,801,981</u>	<u>215,081</u>	<u>4,530,123</u>
-	-	-	1,038,075	932,312	105,763	1,040,590
-	-	-	1,513,600	1,488,766	24,834	1,312,321
-	-	-	645,800	615,510	30,290	604,222
-	-	-	593,400	522,751	70,649	485,353
-	-	-	355,950	345,892	10,058	288,827
<u>32,591</u>	<u>32,626</u>	<u>(35)</u>	<u>515,066</u>	<u>469,465</u>	<u>45,601</u>	<u>1,310,119</u>
-	-	-	39,850	39,790	60	49,333
-	-	-	<u>6,050</u>	<u>5,274</u>	<u>776</u>	<u>6,766</u>
<u>32,591</u>	<u>32,626</u>	<u>(35)</u>	<u>4,707,791</u>	<u>4,419,760</u>	<u>288,031</u>	<u>5,097,531</u>
<u>(31,591)</u>	<u>(31,591)</u>	<u>-</u>	<u>(120,891)</u>	<u>382,221</u>	<u>503,112</u>	<u>(567,408)</u>
-	-	-	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>(80,000)</u>
-	-	-	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>(80,000)</u>
<u>(31,591)</u>	<u>(31,591)</u>	<u>-</u>	<u>(155,891)</u>	<u>347,221</u>	<u>503,112</u>	<u>(647,408)</u>
<u>31,591</u>	<u>31,591</u>	<u>-</u>	<u>655,850</u>	<u>655,850</u>	<u>-</u>	<u>1,303,258</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,959</u>	<u>\$ 1,003,071</u>	<u>\$ 503,112</u>	<u>\$ 655,850</u>

CITY OF HOLLY HILL, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS/FUND BALANCES
 ALL PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	PROPRIETARY	FIDUCIARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	ENTERPRISE	PENSION FUND	1988	1987
OPERATING REVENUES				
Charges for services	\$ 2,037,143	\$ -	\$ 2,037,143	\$ 1,824,378
Contributions	-	134,830	134,830	121,903
Interest and dividends	-	154,747	154,747	159,977
Miscellaneous revenue	-	-	-	350
TOTAL OPERATING REVENUES	2,037,143	289,577	2,326,720	2,106,608
OPERATING EXPENSES				
Personal services	510,284	-	510,284	527,485
Contractual services	222,031	-	222,031	235,532
Materials and supplies	99,054	-	99,054	105,499
Other charges and services	271,500	-	271,500	290,030
Depreciation and amortization	253,080	-	253,080	256,296
Benefit payments	-	16,013	16,013	16,090
Miscellaneous expenses	-	23,416	23,416	9,600
TOTAL OPERATING EXPENSES	1,355,949	39,429	1,395,378	1,440,532
OPERATING INCOME	681,194	250,148	931,342	666,076
NONOPERATING REVENUES (EXPENSES)				
Payment from General Fund - rental	13,000	-	13,000	13,000
Interest income	164,954	-	164,954	122,175
Other income	20,960	-	20,960	9,392
Interest expense and miscellaneous	(300,587)	-	(300,587)	(317,280)
TOTAL NONOPERATING REVENUES (EXPENSES)	(101,673)	-	(101,673)	(172,713)
INCOME BEFORE OPERATING TRANSFERS	579,521	250,148	829,669	493,363
OPERATING TRANSFERS				
Operating transfers in	35,000	-	35,000	80,000
NET INCOME	614,521	250,148	864,669	573,363
RETAINED EARNINGS/FUND BALANCES AT BEGINNING OF YEAR				
	2,039,372	1,579,587	3,618,959	3,045,596
RETAINED EARNINGS/FUND BALANCES AT END OF YEAR				
	\$ 2,653,893	\$ 1,829,735	\$ 4,483,628	\$ 3,618,959

See accompanying notes.

CITY OF HOLLY HILL, FLORIDA
 COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
 ALL PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	PROPRIETARY	FIDUCIARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	ENTERPRISE	PENSION FUND	1988	1987
SOURCES OF FUNDS				
From operations:				
Net income	\$ 614,521✓	\$ 250,148	\$ 864,669	\$ 573,363
Items not affecting working capital - depreciation and amortization	253,080✓	-	253,080	256,296
loss on disposal of property and equipment	650✓	-	650	277
<u>WORKING CAPITAL PROVIDED BY OPERATIONS</u>	<u>868,251✓</u>	<u>250,148</u>	<u>1,118,399</u>	<u>829,936</u>
Increase in contributed capital	82,514✓	-	82,514	75,822
	<u>950,765</u>	<u>250,148</u>	<u>1,200,913</u>	<u>905,758</u>
APPLICATION OF FUNDS				
Net decrease in restricted liabilities	1,581	-	1,581	16,013
Additions to property, plant and equipment	112,583	-	112,583	21,952
Decrease in other liabilities	365,000	-	365,000	355,000
Net increase in restricted assets	267,970	-	267,970	183,466
	<u>747,134</u>	<u>-</u>	<u>747,134</u>	<u>576,431</u>
INCREASE IN WORKING CAPITAL	\$ 203,631	\$ 250,148	\$ 453,779	\$ 329,327
CHANGES IN WORKING CAPITAL				
Increase (decrease) in current assets:				
Cash	\$ 12,357	\$ (22,740)	\$ (10,383)	\$ (129,683)
Investments	201,968	272,888	474,856	512,147
Accounts receivable	29,244	-	29,244	12,600
Other receivables	543	-	543	(601)
Due from other funds	(29,482)	-	(29,482)	(39,605)
Prepaid insurance	3,082	-	3,082	(9,712)
	<u>217,712</u>	<u>250,148</u>	<u>467,860</u>	<u>345,146</u>
Increase (decrease) in current liabilities:				
Accounts payable	(13,492)	-	(13,492)	3,950
Accrued liabilities	(1,508)	-	(1,508)	1,434
Due to other funds	14,207	-	14,207	(3,639)
Customer deposits	14,874	-	14,874	14,074
	<u>14,081</u>	<u>-</u>	<u>14,081</u>	<u>15,819</u>
INCREASE IN WORKING CAPITAL	\$ 203,631	\$ 250,148	\$ 453,779	\$ 329,327

See accompanying notes.

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CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Holly Hill, Florida is a political subdivision of the State of Florida located in Volusia County. The legislative branch of the City is composed of a four (4) member elected Council. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

The accounting policies of the City of Holly Hill, Florida conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity:

The accompanying financial statements present the financial position, results of operations and changes in financial position of the applicable fund types and account groups governed by the City Council of the City of Holly Hill, Florida in accordance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity," and subsequent Interpretation No. 7 clarifying the application of Statement No. 3.

The reporting entity for the City includes all functions of government in which the City Council exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

As a result of applying the above reporting entity criteria, no component units exist in which the City has any oversight responsibilities which would require inclusion in the City's financial statements.

The following overlapping governmental reporting entities are excluded from the City's financial statements because the City does not exercise any direct or indirect oversight responsibilities:

- . Volusia County
- . Volusia County School District
- . Halifax Hospital District
- . St. Johns Water Management District

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

The accounting policies of the City of Holly Hill, Florida conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

B. Fund Accounting:

The accounts of the City are organized on the basis of funds and account groups, 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 equity, revenues and expenditures, or expenses, as appropriate. 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 purpose of the City's various funds and account groups are as follows -

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Fund Type:

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Type:

Pension Trust Funds - to account for assets held by a governmental unit in a trustee capacity for qualifying city employees.

Account Groups:

General Fixed Assets - to account for all fixed assets of the city, except those fixed assets of the Proprietary Fund.

General Long-Term Debt - to account for outstanding principal balances on any long-term liabilities not accounted for in the Proprietary Fund.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

C. Measurement Focus:

Governmental Fund Types - General and Special Revenue Funds are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Fund Type - The City's Enterprise Fund is accounted for on an "income determination" measurement focus. Accordingly, all assets and liabilities are included on the balance sheet, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. The operating statement for a Proprietary Fund Type (on an income determination measurement focus) reports increases (revenues) and decreases (expenses) in total economic net worth.

Fiduciary Fund Type - Pension Trust Funds are accounted for like Proprietary Fund Types.

Account Groups - The General Long-Term Debt and General Fixed Assets Account Groups are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations. Long-term debts, which are not intended to be financed through the Proprietary Fund, are accounted for in the General Long-Term Debt Account Group. Fixed assets, which are not used in Proprietary Fund operations, are accounted for in the General Fixed Assets Account Group.

D. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Revenues which are susceptible to accrual are as follows: (1) Intergovernmental revenues; (2) interest income; and (3) refuse charges. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exception to this general rule includes principal and interest on general long-term debt which is recognized when due.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

The Proprietary Fund Types and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting:

The City follows these procedures in establishing the budgetary data reflected in the financial statements -

- (1) On or before the first day of August of each year the City Manager submits to the City Council a budget for the ensuing fiscal year, along with an accompanying budget message.
- (2) Budget workshop sessions are scheduled by the City Manager as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (5) The City Council, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- (6) The City Manager is authorized to transfer part or all of an unencumbered appropriation balance among programs within a department and upon written request by the City Manager, the City Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department to another.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is within a department or division by fund.
- (8) Every appropriation lapses at the close of the fiscal year to the extent that it has not been expended.
- (9) The budgets for all governmental funds that were either adopted or amended during the year by the City Council were prepared on the same basis of accounting utilized by those specific fund types. The General Fund, Special Revenue Fund, Water and Sewer Revenue Fund, Water and Sewer Improvement Fund and the Water and Sewer Construction Fund are required to have legally adopted annual budgets.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

(10) The City Council by ordinance may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenue. During the 1987/88 fiscal year, one (1) such appropriation was approved for the 1987/88 budget on September 13, 1988 through Ordinance #2198 in accordance with the City Charter.

F. Accounts Receivable:

Unbilled Utility Accounts Receivable - Water, sewer, trash, refuse and stormwater management operating revenues are generally recognized on the basis of cycle billings rendered monthly. The unbilled portion was accrued at year end by calculating the cycle billing the City sent its customers in October and prorating the amount of days applicable to the current year.

Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board 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 state-wide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The current millage rate assessed by the City is 4.138.

The property tax calendar is as follows:

Valuation Date	January 1, 1987
Property Appraiser prepares the assessment roll with values as of January 1, 1986, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1, 1987
City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate(s) for the coming fiscal year.	September 1987
Property Appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable. (Levy date)	November 1, 1987

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes may be paid November 1987 through March 1988, with the following applicable discounts -

<u>Month</u>	<u>Discount Percent</u>	
November	4 %	
December	3	
January	2	November 1, 1987
February	1	through
March	0	March 31, 1988

All unpaid taxes on real and tangible personal property become delinquent. April 1, 1988

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April and May 1988

Tax certificates are sold on all real estate parcels with unpaid real property taxes. (Lien date) June 1, 1988

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes. June 1988

In accordance with National Council on Governmental Accounting (NCGA) Interpretation 3, property taxes that are measurable, but not available, are reported as deferred revenue. The deferred revenues will be recognized in the fiscal year in which they become available.

G. Investments:

Investments are comprised of Certificates of Deposit, U. S. Government Obligations, Repurchase Agreements (collateralized by Treasury Notes and Federal Home Loan Bank) and State Board of Administration Accounts stated at cost. Cost is equal to market value for the City's investments. Certain mutual fund and limited partnership investments are held by the Firefighters' Retirement System and the Police Officers' Retirement Trust Fund, which are stated at cost.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

H. Fixed Assets:

Fixed assets purchased in the Governmental Fund Types are recorded as expenditures at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets, consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are also capitalized along with other general fixed assets. Donated fixed assets are recorded in the General Fixed Assets Account Group at their fair market value at the time received. No depreciation has been provided on general fixed assets.

The fixed assets of the Enterprise Fund are capitalized at cost when purchased. Donated fixed assets are recorded at their estimated fair market value at time received and classified as contributions. Depreciation is computed using the straight-line method over the assets estimated useful lives. The estimated useful lives of the various classes of depreciable assets are as follows:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Improvements other than buildings	10 - 50
Machinery and equipment	3 - 10

The costs of normal maintenance and repairs are charged to operations as incurred.

I. Unamortized Bond Issue Costs:

Unamortized bond issue costs are being amortized using the straight-line method over the term of the bond (ten years).

J. Vacation and Sick Leave:

It is the City's policy to grant employees vacation leave based upon the number of years of employment with the City. Vacation leave can be used as time off and/or accrued up to a maximum of 90 days, after which time the employee will be reimbursed for the excess time over 90 days. On termination, the employee shall also receive a cash benefit equal to the number of days accrued based on the employee's current wage rate.

Sick leave is accumulated at a rate of one day per month per employee and can be accrued up to a maximum of 90 days. Upon retirement or death, employees will be paid 100 percent of their accumulated sick leave.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

The City records compensated absences in the Governmental Fund Types as an expenditure for the amount accrued during the year that would normally be liquidated with expendable available financial resources. The remainder of the liability is reported in the General Long-Term Debt Account Group. Proprietary Fund Types accrue compensated absences in the period they are earned.

- K. Reserves:
Reserves indicate that portion of fund balance/retained earnings that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended.
- L. Reserve for Encumbrances:
Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result, if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather reservations of fund balance for subsequent years' appropriation.
- M. Contributed Capital:
Proprietary Fund contributed capital represents outside contributions from other funds, governmental entities or individuals. The contributions were collected to finance fixed asset additions or other specific expenses.
- N. Long-Term Debt:
Debt recorded in the General Long-Term Debt Account Group is paid from General Fund assets.

Debt recorded in the Enterprise Fund is paid from the Enterprise Fund assets.
- O. Combined Statements "Memorandum Only" Total Columns:
Total columns on the Combined Statements - All Fund Types and Account Groups are noted "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the summarization of these data.
- P. Reclassifications:
Certain September 30, 1987 account balances have been reclassified in this report to conform with the financial statement presentation used in 1988.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund type's portion of this pool is included on the combined balance sheet in "Cash" and Investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other City funds.

A. Deposits:

The carrying amount of the City's deposits and petty cash was \$1,602,819 and the bank balance was \$1,761,111. Of the bank balance, \$1,675,586 was held in qualified public depositories, \$4,631 was covered by collateral held by the pledging institution in the City's name, and \$80,894 was collateralized.

All City-managed deposits were covered by Federal Depository Insurance or the State of Florida Collateral Pool.

B. Investments:

The City's investment policies are governed by state statutes and local ordinances. The basic allowable investment instruments include the Local Government Surplus Funds Trust Fund; negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision or in federal savings and loan associations located in this state and organized under federal law and federal supervision; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation participation certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association including Federal National Mortgage Association participation certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association.

The City's investments are categorized to give an indication of the level of risk assumed by the City at September 30, 1988:

Category 1

Category 1 includes investments that are insured or registered and for which the securities are held by the City or its agent in the City's name.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

Category 2

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name.

Category 3

Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

Following is a summary of risk levels assumed by the City at September 30, 1988:

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
U.S. Government Securities	\$ -	\$ 168,207	\$ -	\$ 168,207	\$ 172,638
Repurchase Agreements	-	188,498	-	188,498	188,498
Mutual Funds	-	1,436,716	-	1,436,716	1,398,719
Limited Partnerships	-	360,000	-	360,000	360,000
	<u>\$ -</u>	<u>\$2,153,421</u>	<u>\$ -</u>	2,153,421	2,119,855
State Board				1,631,250	1,631,250
TOTAL INVESTMENTS				<u>\$ 3,784,671</u>	<u>\$ 3,751,105</u>

The City has invested in certain types of investments that are in violation of state statutes and/or local ordinances. See Notes 5 and 6.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

3. ACCOUNTS RECEIVABLE - NET

The accounts receivable - net amount at September 30, 1988 consists of the following:

	GENERAL FUND	WATER AND SEWER SYSTEM ENTERPRISE FUND
Accounts receivable	\$ 108,553	\$ 152,578
Less: Allowance for doubtful accounts	<u>2,248</u>	<u>4,001</u>
ACCOUNTS RECEIVABLE - NET	<u>\$ 106,305</u>	<u>\$ 148,577</u>

4. UNAMORTIZED BOND ISSUE COSTS

Unamortized bond issue costs at September 30, 1988 consist of the following:

Original costs	\$ 21,222
Less: Accumulated amortization	<u>8,488</u>
	<u>\$ 12,734</u>

5. PENSION LIABILITIES AND FUNDING

The Police Officers' Retirement Trust Fund and the Firefighters' Retirement System contain the assets of the police and fire pension plans. Both plans are single employer public employee retirement systems. The funding methods and 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, state appropriations and income from investment of accumulated funds. The act also provides that, should the accumulated funds in either fund 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 lawfully be used for said purposes, in an amount sufficient to make up the deficiency.

A. Police Officers' Retirement Trust Fund:

The valuation method used is the aggregate actuarial cost method. The aggregate cost method is a method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings of the group between the valuation date and assumed exit.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

The funding of pension costs for plan year beginning October 1, 1989 is as follows -

	<u>COSTS</u>	<u>% OF PAYROLL</u>
Normal costs	\$ 87,041	18.8 %
Payment required to amortize unfunded actuarial accrued liability	-	-
TOTAL CONTRIBUTION REQUIRED FOR THE PLAN YEAR	<u>\$ 87,041</u>	<u>18.8 %</u>

B. Firefighters' Retirement System:

The valuation method used is the Entry Age Normal method with Frozen Initial Liability. The method divides the cost of funding benefits into two parts; normal cost and past service liability. Normal cost is the level annual payment that would be required to fund the pension if paid from the date each employee was hired to the date of his retirement. Past service liability is the accumulated value of normal cost for each employee from date of hire to the date the plan was established.

The funding of pension costs for plan year beginning January 1, 1988 is as follows -

	<u>COSTS</u>	<u>% OF PAYROLL</u>
Normal cost	\$ 41,832	14.6 %
Payment required to amortize unfunded actuarial accrued liability	-	-
TOTAL CONTRIBUTION REQUIRED FOR THE PLAN YEAR	<u>\$ 41,832</u>	<u>14.6 %</u>

Actuarial liabilities are determined by consulting actuaries through the state. The unfunded actuarial liabilities at the last valuation date are as follows -

Police Officers' Retirement Trust Fund	\$ -
Firefighters' Retirement System	-
TOTAL UNFUNDED ACTUARIAL LIABILITY	<u>\$ -</u>

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

The City's contribution to the plans for the fiscal year ended September 30, 1988 was as follows -

Police Officers' Retirement Trust Fund	\$	^{30,225} 25,237
Firefighters' Retirement System		10,420
TOTAL CITY CONTRIBUTIONS	\$	^{40,645} <u>35,657</u>

The actuarial present value of accumulated plan benefits according to the latest data available is as follows -

	POLICE OFFICERS' RETIREMENT TRUST FUND	FIRE-FIGHTERS' RETIREMENT SYSTEM
Vested	\$ 358,955	\$ 392,022
Nonvested	1,318,927	679,730
	<u>\$ 1,677,882</u>	<u>\$ 1,071,752</u>

C. Pension Benefit Obligation:

The pension benefit obligation of the Police Officers' Retirement Trust Fund and the Firefighters' Retirement System is not available for disclosure as required by generally accepted accounting principles. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is not determinable from actuarial reports available to the City. In addition, certain supplementary data required by the Governmental Accounting Standards Board have not been presented. The data are required to supplement although not required to be a part of the general purpose financial statements.

D. General Employees:

In accordance with Florida law, the City participates in the Florida Retirement System Pension Plan, which presently covers all qualified City general employees. This plan was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement and is a multi-employer public employee retirement plan available to governmental units within the state.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

All general full-time employees are eligible to participate in the Plan. Employees who retire at or after age 62 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service up to 30 years of credited service. Final-average salary is the average of the employee's highest five fiscal years salary of credited service. Benefits fully vest on reaching 10 years of service.

Vested employees may retire at or after age 55 and receive reduced retirement benefits. The Plan also provides death and disability benefits. Benefits are established by State Statute.

The funding methods and the determination of benefits payable are provided in various acts of the State Legislature. These acts provide that employers, such as the City, were required to contribute 13.38% effective October 1, 1987, of covered employees gross wages for regular employees. Effective January 1, 1989, the City must contribute 14.38% of covered employee's gross wages. The City contributed \$203,513 in fiscal year 1988 and \$212,661 in fiscal year 1987 for those covered employees under the Florida State Retirement System. Covered employees are not required to make contributions to the Plan.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The Plan does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at June 30, 1987 for the Plan as a whole, determined through an actuarial valuation performed as of that date, was \$20.8 billion. The Plan's net assets available for benefits on that date (valued at market) were \$13.7 billion leaving an unfunded pension benefit obligation of \$7.1 billion. The City's 1987 contribution represented .1 percent of total contributions required of all participating entities.

Historical trend information showing the Plan's progress in accumulating sufficient assets to pay benefits when due is presented in the Plan's June 30, 1987 comprehensive annual financial report.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

The City Council adopted an ordinance to fund a portion of the past service cost, totaling \$81,330, of certain eligible employees. The City made an initial payment of \$8,000, with the balance amortized over 15 years at a 6.5% interest rate. The balance at September 30, 1988 is \$14,199.

6. INVESTMENT PORTFOLIO

Police Officers' Retirement Trust Fund:

At September 30, 1988, the investments of the Police Officers' Retirement Trust Fund are as follows -

POLICE OFFICERS' RETIREMENT TRUST FUND
 INVESTMENT PORTFOLIO
 AS OF SEPTEMBER 30, 1988

<u>EQUITY/DEBT PORTFOLIO</u>	<u>COST</u>	<u>MARKET</u>	<u>UNREALIZED GAIN (LOSS)</u>
<u>Managers</u>			
Financial Services Corporation	\$ 911,138	\$ 884,707	\$ (26,431)
<u>Real Estate Manager</u>			
JMB Realty Corporation	150,000	150,000	-
The Balcor Company	75,000	75,000	-
Total Real Estate Investments	225,000	225,000	-
TOTAL INVESTMENTS	\$ 1,136,138	\$ 1,109,707	\$ (26,431)

No valuation allowances were required at September 30, 1988.

During the current year, the Board of Trustees of the Police Officers' Retirement Trust Fund transferred all of its portfolio of marketable equity and debt securities from Investors Diversified Services to marketable equity and debt securities traded through Financial Services Corporation.

The real estate investments listed above are limited partnership interests which are not publically traded. Since market or appraisal values are not objectively determinable, cost is estimated to approximate market value. Real estate investments of this type are not authorized by State Statute or local ordinance.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

Firefighters' Retirement System:

The Board of Trustees of the Firefighters' Retirement System invested its assets in a portfolio of limited partnerships and mutual funds.

At September 30, 1988, the investment portfolio of the Firefighters' Retirement System is summarized as follows -

FIREFIGHTERS' RETIREMENT SYSTEM			
INVESTMENT PORTFOLIO			
AS OF SEPTEMBER 30, 1988			
<u>EQUITY/DEBT PORTFOLIO</u>	<u>COST</u>	<u>MARKET</u>	<u>UNREALIZED GAIN (LOSS)</u>
<u>Managers</u>			
Investors Diversified Services	\$ 622	\$ 609	\$ (13)
Financial Services Corporation	<u>524,955</u>	<u>513,403</u>	<u>(11,552)</u>
Total Equity/Debt Portfolio	<u>525,577</u>	<u>514,012</u>	<u>(11,565)</u>
<u>Real Estate Managers</u>			
JMB Realty Corporation	95,000	95,000	-
The Balcor Company	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Real Estate Investments	<u>135,000</u>	<u>135,000</u>	<u>-</u>
TOTAL INVESTMENTS	<u><u>\$ 660,577</u></u>	<u><u>\$ 649,012</u></u>	<u><u>\$ (11,565)</u></u>

No valuation allowances were required at September 30, 1988.

During the current fiscal year, the Board of Trustees of the Firefighters' Retirement System transferred the majority of its portfolio of marketable equity and debt securities from Investors Diversified Services to marketable equity and debt securities traded through Financial Services Corporation.

The real estate investments listed above are limited partnership interests which are not publically traded. Since market or appraisal values are not readily determinable, cost is estimated to approximate market value. Real estate investments of this type are not authorized by State Statute or local ordinance.

7. NET REALIZED LOSSES - PENSION INVESTMENTS

During 1988, the Police Officers' Retirement Trust Fund and the Firefighters' Retirement System independently sold securities managed by Investors Diversified Services and reinvested them in securities offered by Financial Services Corporation. Net realized losses of \$1,991 and \$10,112 on the sale of marketable equity securities were included in the determination of net income for 1988 for the Police Officers' Retirement Trust and Firefighters' Retirement System, respectively. Cost of the assets sold was determined based upon their carrying value at the time of their liquidation.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

The following schedule summarizes realized gains and losses:

	<u>REALIZED GAIN</u>	<u>REALIZED (LOSS)</u>	<u>NET REALIZED (LOSS)</u>
Police Officers' Retirement Trust Fund	\$ 17,529	\$ 19,520	\$ (1,991)
Firefighters' Retirement System	<u>4,581</u>	<u>14,693</u>	<u>(10,112)</u>
TOTAL REALIZED GAINS, REALIZED LOSSES AND NET REALIZED LOSSES FOR COMBINED PENSION TRUST FUNDS	<u>\$ 22,110</u>	<u>\$ 34,213</u>	<u>\$ (12,103)</u>

8. REVENUE BONDS PAYABLE

Water and sewer revenue bond ordinances provide:

- A. Establishment and maintenance of various funds:
- (1) Revenue Fund records all the operating revenues of the system;
 - (2) Operating Fund records the cost of operations and maintenance of the system;
 - (3) Improvement Fund records all the improvements, extensions and replacements to the water and sewer system;
 - (4) Sinking Fund records all the debt service requirements of the water and sewer system;
 - (5) Construction Fund records the cost of major additions to the water and sewer system;
 - (6) Excise Taxes Fund records all the proceeds of the excise taxes; and
 - (7) Renewal and Replacement Fund records the cost of extensions, enlargements or additions to, or the replacement of capital assets of the system and emergency repairs.
- B. Restrictions on the use of cash from operations:
- (1) Deposits are made to the Revenue Fund to meet current operations according to existing bond ordinances;
 - (2) Deposits to the Sinking Fund are required on or before the 15th day of each month equal to one-sixth (1/6) of the interest coming due on the next interest payment date and one-twelfth (1/12) of the principal coming due on the next principal payment date;
 - (3) Deposits to the reserve account are to be -
 - (a) \$2,000 per month until the reserve requirement (maximum principal and interest in any insuing year) is met for Series "A" Bonds only;

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

- (b) \$100,000 out of proceeds of the bond issue for 1970 Series "B" Bonds only; and
 - (c) \$65,000 out of proceeds of the bond issue and, if any, unapplied proceeds from the Construction Fund after completion of project for 1972 Series "B" Bonds only.
- (4) On or before the 15th day of October, January, April and July in each fiscal year, a deposit shall be made from the Revenue Fund to the Improvement Fund equaling \$2,500 for ten years and the sum of \$1,250, thereafter;
 - (5) After the retirement of Series "A" Bonds, deposits are to be made to the Renewal and Replacement Fund for one-twelfth (1/12) of four per centum (4%) of the gross revenues of the water and sewer system for the previous fiscal year; and
 - (6) No additional restrictions were established for the Series 1984 Bonds which are subordinate to all pre-existing bond issues. Interest on the 1984 bonds is paid semiannually on October 1 and April 1 at the rate of 68% of the prime lending rate for Sun Bank, National Association with said rate to be adjusted on July 1 of each year. The rate of interest cannot exceed 11.43%.

C. Early redemption:

The bond ordinances provide for early redemption of outstanding bonds at call rates varying from 100% to 106% of the instruments' face value.

D. Investment restrictions:

All monies deposited shall be continuously secured by the following -

- (1) By lodging with the custodian, as collateral security, direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States Government, or other marketable securities eligible as security under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of such deposits;
- (2) Bonds of a surety company meeting the ordinance requirements;
- (3) Other applicable state or federal laws pertaining to the security for the deposit of trust funds;
- (4) Series "A" only -
Money on deposit of the Reserve Account in the Sinking Fund, the Improvement Fund and the Water and Sewer Advance Deposit Account shall be invested and reinvested in direct obligations of the United States of America.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

- (5) Series "B" only -
- (a) Money on deposit in the Sinking Fund (except the Reserve Account) and in the Excise Taxes Fund may be invested and reinvested only in direct obligations of the United States of America maturing not later than ten (10) days prior to the date on which the moneys therein will be needed.
 - (b) Monies in the Reserve Account in the Sinking Fund and the Renewal and Replacement Fund may be invested and reinvested in direct obligations of the United States of America or in Time Deposits in banks or trust companies represented by Certificates of Deposit and continuously secured maturing not later than five (5) years from the date of purchase or must otherwise be maintained in cash.
 - (c) Monies in the Series "B" Bonds Revenue Fund, and the Operation and Maintenance Fund shall not be invested at any time.
- (6) The Series 1984 Water and Sewer Construction Fund money can be invested in authorized investments which are permitted by the laws of the State of Florida and are legal investments of municipal funds.

E. The revenue bonds consist of the following serial bonds:

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>	<u>ANNUAL SERIAL PAYMENTS</u>
			(in thousands)
Water and Sewer:			
Series "A"	3.90-5.00%	4/1;10/1	10/1/99
Series "B" - 1970	5.75-7.50%	4/1;10/1	4/1/90
Series "B" - 1972	5.70-5.90%	4/1;10/1	4/1/99
Series - 1984	Variable Rate (5.61-11.43%)	4/1;10/1	4/1/95
			\$ 65-\$160
			\$ 15-\$ 85
			\$ 70-\$130
			\$175-\$1,838

<u>DESCRIPTION</u>	<u>ORIGINAL AMOUNTS ISSUED</u>	<u>AMOUNTS OUTSTANDING AT SEPTEMBER 30, 1988</u>
	(in thousands)	(in thousands)
Water and Sewer:		
Series "A"	\$ 2,800	\$ 1,455
Series "B" - 1970	\$ 900	100
Series "B" - 1972	\$ 1,000	1,000
Series - 1984	\$ 3,500	2,800
		<u>\$ 5,355</u>

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

The annual principal and interest requirements to amortize all debt outstanding as of September 30, 1988, including interest of \$1,693,292, are as follows:

WATER AND SEWER
 ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT
 SEPTEMBER 30, 1988

FISCAL YEAR ENDING SEPTEMBER 30,	SERIES "A"	SERIES "B" 1970	SERIES "B" 1972	SERIES 1984 (1)	TOTAL
1989	\$ 161,520	\$ 88,881	\$ 58,050	\$ 338,267	\$ 646,718
1990	162,328	15,506	126,055	374,500	678,389
1991	163,037	-	131,780	360,500	655,317
1992	163,455	-	132,078	346,500	642,033
1993	163,775	-	132,090	332,500	628,365
1994	163,802	-	136,675	1,998,500 ⁽²⁾	2,298,977
1995	168,600	-	130,925	-	299,525
1996	168,000	-	134,780	-	302,780
1997	167,100	-	133,143	-	300,243
1998	166,100	-	131,210	-	297,310
1999	164,800	-	133,835	-	298,635
TOTALS	<u>\$ 1,812,517</u>	<u>\$ 104,387</u>	<u>\$ 1,380,621</u>	<u>\$ 3,750,767</u>	<u>\$ 7,048,292</u>

(1) The interest rate is adjusted annually on July 1 of each year to be effective for the next fiscal year. The interest rate is estimated at 8% for the fiscal years 1989-1994. The actual interest rate for the 1989 fiscal year is 6.12%.

(2) The City has adopted a financial plan to accumulate a reserve for this balloon payment through annual funding of the reserve.

F. Compliance with Bond Ordinances:

The City was not in compliance with the Water and Sewer Bond Ordinance's provision which prohibits investments other than obligations of the United States of America in the Improvement Fund, Series "B" Sinking Fund and Water and Sewer System Advance Deposit Account. The City invested in Certificates of Deposit and in the Florida State Board of Administration Pool to obtain higher earning yields.

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

9. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	BALANCE OCTOBER 1, 1987	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 1988
Land	\$ 1,009,291	\$ 29,368	\$ -	\$ 1,038,659
Buildings	696,046	21,368	-	717,414
Improvements other than buildings	3,301,378	183,924	-	3,485,302
Machinery and equipment	1,982,884	322,388	189,523	2,115,749
TOTAL GENERAL FIXED ASSETS	\$ 6,989,599	\$ 557,048	\$ 189,523	\$ 7,357,124

10. CHANGES IN GENERAL LONG-TERM DEBT

A summary of changes in general long-term debt follows:

	BALANCE OCTOBER 1, 1987	NOTES PAYABLE		OBLIGATION FOR COMPENSATED ABSENCES		BALANCE SEPTEMBER 30, 1988
		ISSUED	RETIRED	EARNED	USED	
Note payable - pension backfunding	\$ 20,655	\$ -	\$ 6,456	\$ -	\$ -	\$ 14,199
Note payable - Sun Bank of Volusia County - garbage truck	66,667	-	33,333	-	-	33,334
Obligation for compensated absences	160,470	-	-	194,980	162,325	193,125
TOTAL GENERAL LONG-TERM DEBT	\$ 247,792	\$ -	\$ 39,789	\$ 194,980	\$ 162,325	\$ 240,658

Notes payable are summarized as follows:

<u>LENDOR/PURPOSE</u>	<u>PRINCIPAL PAYMENT AMOUNT</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>BALANCE 9/30/88</u>	<u>SECURITY PLEDGED</u>
Florida Retirement System/pension backfunding	Variable	6/30/90	6.50 %	\$ 14,199	Unsecured
Sun Bank of Volusia County - sanitation truck	\$ 33,337 per year	6/6/89	7.00 %	33,334	1 sanitation truck
TOTAL NOTES PAYABLE				\$ 47,533	

CITY OF HOLLY HILL, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1988

Principal payments of the notes are due as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>		
1989		\$ 40,210
1990		<u>7,323</u>
		<u>\$ 47,533</u>

Compensated absences are accrued as a liability in the General Long-Term Debt Account Group at pay rates effective September 30, 1988 for employees paid from Governmental Fund Types. The compensated absence liability is composed of accrued vacation time (up to 90 days) and 100% of accumulated sick leave for employees currently eligible for retirement.

11. INTERFUND ACCOUNTS

Individual fund interfund receivables and payables at September 30, 1988 consist of the following:

<u>FUND</u>	<u>DUE FROM</u> <u>OTHER FUNDS</u>	<u>DUE TO</u> <u>OTHER FUNDS</u>
General Fund	\$ 31,687	\$ -
Water and Sewer System Fund	<u>-</u>	<u>31,687</u>
	<u>\$ 31,687</u>	<u>\$ 31,687</u>

12. BUDGET OVEREXPENDITURE

The Federal Revenue Sharing Fund budget was overspent by \$35 for the fiscal year ended September 30, 1988. The overexpenditure represents a technical violation.

13. COMMITMENTS AND CONTINGENCIES

A. Litigation:

Various suits arising in the ordinary course of City operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claims arose or otherwise materially affect the financial position or results of operations for the City.

CITY OF HOLLY HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1988

B. Disputed Claim:

In a dispute arising during the 1985 fiscal year, the City of Ormond Beach contends that additional funds are due from the City of Holly Hill for additional landfill costs incurred by the City of Ormond Beach. The City of Holly Hill is negotiating with the City of Ormond Beach to settle the claim.

C. The City obtained a \$500,000 letter of credit commitment from a commercial bank to finance improvements to the solid waste collection system. No amounts associated with the arrangement had been drawn down at September 30, 1988. No liability has been reflected on the financial statements associated with the agreement.

D. The City has received notice from the United States Environmental Protection Agency, dated September 6, 1988, to the effect that its wastewater treatment facility is in violation of the federal "Clean Water Act." The City anticipates that the costs of these improvements will be funded by a new bond issue.

14. SUBSEQUENT EVENTS

The City is in the process of evaluating the capital needs of the Water and Sewer System. In order to be in compliance with EPA regulations, the City must make certain capital improvements to the existing Sewer System. The City and consulting engineers have estimated the construction costs for the Sewer Treatment Plant to be approximately \$6,500,000. Various financing methods are currently being evaluated.

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COMBINING STATEMENTS - BY FUND TYPE

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PROPRIETARY FUND TYPE

ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private enterprise, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water and Sewer System Fund

The Water and Sewer System Fund accounts for the fiscal activities of the City's water and sewer treatment and distribution operations as well as the funding and payment of related debt.

CITY OF HOLLY HILL, FLORIDA

WATER AND SEWER SYSTEM FUND

BALANCE SHEET

SEPTEMBER 30, 1988

	<u>1988</u>	<u>1987</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash <i>Wtr Rev 7794, Wtr Opr 402, Mne Mkt 4238.</i>	\$ 12,434	\$ 77
Investments - at cost <i>CD's - 211,602., SBA - 374,105.</i>	585,707	383,739
Accounts receivable - net	148,577	119,333
Other receivables - <i>accrued interest</i>	543 ✓	-
Due from other funds	-	29,482
Prepaid insurance	9,059 ✓	5,977
TOTAL CURRENT ASSETS	<u>756,320</u>	<u>538,608</u>
<u>RESTRICTED ASSETS</u>		
<i>Series - A 70-B 72-B 1984</i>		
Sinking Funds:		
Cash and investments <i>170,578</i>	1,478,533	1,235,462
Accrued interest receivable <i>5,508</i>	7,588	6,219
Construction Fund:		
Cash and investments - <i>Sun Bank</i>	366,929	439,945
Accrued interest receivable	7,306	1,757
Improvement Fund -		
Cash and investments - <i>SBA</i>	164,580	71,975
Impact fee - <i>Passbooks in Improve Fd</i>		
Cash and investments	1,059	1,007
TOTAL RESTRICTED ASSETS	<u>2,025,995</u>	<u>1,756,365</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	25,298 ✓	25,298
Buildings	5,467,485	5,467,485
Improvements other than buildings	4,558,646	4,481,453
Machinery and equipment	236,253	227,202
	<u>10,287,682</u>	<u>10,201,438</u>
<i>2,526,902.76</i> less: accumulated depreciation <i>Bldgs - 1,606,064 ✓</i>	2,526,903	2,292,848
	<u>7,760,779</u>	<u>7,908,590</u>
Construction in progress <i>Equip - 168,069 ✓</i>	87,989	79,203
	<u>7,848,768</u>	<u>7,987,793</u>
OTHER ASSETS		
Refundable deposits	-	1,660
Unamortized bond issue costs	12,734 ✓	14,856
	<u>12,734</u>	<u>16,516</u>
TOTAL ASSETS	<u>\$ 10,643,817</u>	<u>\$ 10,299,282</u>

	<u>1988</u>	<u>1987</u>
<u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable <i>Wtr - 11,131 Improve - 475.</i>	\$ 11,606	\$ 25,098
Accrued liabilities <i>S. Tax - 284; Wages - 3090; FICA - 232, Retire - 6583 + Comp. Absence - 25282</i>	35,471 ✓	36,979
Due to other funds - <i>Gen Fd</i>	31,687 ✓	17,480
Customer deposits	<u>286,146</u>	<u>271,272</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>364,910</u>	<u>350,829</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds payable <i>Series A - 105,000 } " B - 85,000 } " 84 - 175,000 }</i>	365,000	355,000
Accounts payable	-	3,909
Accrued interest payable - <i>Series 84</i>	<u>78,527</u>	<u>86,199</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>443,527</u>	<u>445,108</u>
LONG-TERM DEBT AND OTHER LIABILITIES		
Revenue bonds payable	<u>4,990,000</u> ✓	<u>5,355,000</u>
TOTAL LIABILITIES	<u>5,798,437</u>	<u>6,150,937</u>
COMMITMENTS AND CONTINGENCIES		
FUND EQUITY		
Contributed capital:		
Contribution from federal government	919,421 ✓	919,421
Contribution from customers <i>Wtr - 624,219. Improve - 647,847</i>	1,272,066	1,189,552
Retained earnings:		
Reserved for Improvement Fund	164,580 ✓	71,975
Reserved for retirement of revenue bonds <i>2,489,313</i>	1,042,594	800,482
Unreserved	<u>1,446,719</u>	<u>1,166,915</u>
<i>Wtr Rev.</i> TOTAL FUND EQUITY	<u>4,845,380</u>	<u>4,148,345</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 10,643,817</u>	<u>\$ 10,299,282</u>

CITY OF HOLLY HILL, FLORIDA

WATER AND SEWER SYSTEM FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>1988</u>	<u>1987</u>
OPERATING REVENUES		
Water sales	\$ 977,862	\$ 872,471
Service charges	16,335	16,268
Cut-off charges	13,635	7,302
Hydrant rental	9,378	9,345
Sewer charges	1,019,933	918,992
Other income	-	350
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	2,037,143 ✓	1,824,728
OPERATING EXPENSES		
Water service	479,112	471,687
Sewer service	352,257	396,829
Administrative charges and services	271,500	290,030
Depreciation and amortization expense	253,080	256,296
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	1,355,949 ✓	1,414,842
	<hr/>	<hr/>
OPERATING INCOME	681,194 ✓	409,886
NONOPERATING REVENUES (EXPENSES)		
Payment from General Fund - Public		
Works building rental	13,000 ✓	13,000
Interest revenue	164,954 ✓	122,175
Other income	20,960 ✓	9,392
Interest expense and miscellaneous	(300,587) ✓	(317,280)
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(101,673) ✓	(172,713)
	<hr/>	<hr/>
INCOME BEFORE OPERATING TRANSFERS	579,521	237,173
OPERATING TRANSFERS		
Operating transfers in	35,000 ✓	80,000
	<hr/>	<hr/>
NET INCOME	614,521	317,173
	<hr/>	<hr/>
RETAINED EARNINGS AT BEGINNING OF YEAR	2,039,372 ✓	1,722,199
	<hr/>	<hr/>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 2,653,893</u>	<u>\$ 2,039,372</u>

Wtr Rev - 45,399 ✓
 Series A - 12,740 ✓
 Series B - 19,817 ✓
 Impact - 905
 Rev 84 - 58,182 ✓
 Impact - 26,911
164,954

Int Exp 287,137 Trustee Exp (see pg 9-24r) 13,4502

OF HOLLY HILL

Interest Income
30/88

(1) Fund	(2)	(3) Interest on Investments	(4) Interest from SBA	(5) TOTAL	(6)
General		26 621	35 531	62 152	
Fed Rev Share		—	1 035	1 035	
Wtr Rev/Opn		12 294	33 105	45 399	
Ser A Sink		2 326	—	2 326	} Restricted funds
Ser B Sink		—	7 291	7 291	
Ser A Res		11 415	—	11 415	
Ser B-70 Res		—	7 275	7 275	
Ser B-72 Res		—	5 251	5 251	
Construction		26 911	—	26 911	
Ser 84 Sink		—	7 126	7 126	
Ser 84 Balloon Res		34 961	16 095	51 056	
Impact Fees (Improve)		—	904	904	
		87 907	77 047	164 954	
GRAND TOTAL		114 528	113 613	228 141	

CITY OF HOLLY HILL, FLORIDA

WATER AND SEWER SYSTEM FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>1988</u>	<u>1987</u>
SOURCES OF FUNDS		
From operations:		
Net income	\$ 614,521✓	\$ 317,173
Items not affecting working capital - depreciation and amortization	253,080✓	256,296
loss on disposal of equipment	<u>650✓</u>	<u>277</u>
WORKING CAPITAL PROVIDED BY OPERATIONS	868,251✓	573,746
Increase in contributed capital	<u>82,514✓</u>	<u>75,822</u>
	<u>950,765✓</u>	<u>649,568</u>
APPLICATION OF FUNDS		
Net decrease in restricted liabilities	1,581✓	16,013
Additions to property, plant and equipment	112,583✓	21,952
Decrease in revenue bonds payable	365,000✓	355,000
Net increase in restricted assets	<u>267,970✓</u>	<u>183,466</u>
	<u>747,134</u>	<u>576,431</u>
INCREASE IN WORKING CAPITAL	<u>\$ 203,631</u>	<u>\$ 73,137</u>
CHANGES IN WORKING CAPITAL		
Increase (decrease) in current assets:		
Cash	\$ 12,357	\$ (154,117)
Investments	201,968	280,391
Accounts receivable	29,244	12,600
Other receivables	543	(601)
Due from other funds	(29,482)	(39,605)
Prepaid insurance	3,082	(9,712)
	<u>217,712</u>	<u>88,956</u>
Increase (decrease) in current liabilities:		
Accounts payable	(13,492)	3,950
Accrued liabilities	(1,508)	1,434
Due to other funds	14,207	(3,639)
Customer deposits	14,874	14,074
	<u>14,081</u>	<u>15,819</u>
INCREASE IN WORKING CAPITAL	<u>\$ 203,631</u>	<u>\$ 73,137</u>

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FIDUCIARY FUND TYPE

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individual private organizations, other governmental units, and/or other funds.

Police Officers' Retirement Trust Fund

The Police Officers' Retirement Trust Fund is used to account for the fiscal activities of the Holly Hill Police Pension Board which accumulates assets and pays benefits to qualified retirees of the Holly Hill Police Department.

Firefighters' Retirement System

The Firefighters' Retirement System is used to account for the fiscal activities of the Board of Trustees for the City of Holly Hill Firefighters' Retirement System, which accumulates assets and pays benefits to qualified retirees of the Holly Hill Fire Department.

CITY OF HOLLY HILL, FLORIDA

COMBINING BALANCE SHEET

PENSION TRUST FUNDS

SEPTEMBER 30, 1988

	POLICE OFFICERS' RETIREMENT TRUST	FIRE- FIGHTERS' RETIREMENT SYSTEM	TOTALS	
			1988	1987
<u>ASSETS</u>				
Cash	\$ 10,962	\$ 22,058	\$ 33,020	\$ 55,760
Investments	1,136,138	660,577	1,796,715	1,523,827
TOTAL ASSETS	<u>\$ 1,147,100</u>	<u>\$ 682,635</u>	<u>\$ 1,829,735</u>	<u>\$ 1,579,587</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
COMMITMENTS AND CONTINGENCIES				
FUND EQUITY				
Fund balances:				
Reserved -				
Reserved for police and fire pensions	1,147,100	682,635	1,829,735	1,579,587
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,147,100</u>	<u>\$ 682,635</u>	<u>\$ 1,829,735</u>	<u>\$ 1,579,587</u>

CITY OF HOLLY HILL, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1988

see pg 53

	POLICE OFFICERS' RETIREMENT TRUST	FIRE-FIGHTERS' RETIREMENT SYSTEM	1988	TOTALS 1987
OPERATING REVENUES				
Contributions	\$ 75,722	\$ 59,108	\$ 134,830	\$ 121,903
Interest and dividends	101,888	52,859	154,747	159,977
TOTAL OPERATING REVENUES	177,610	111,967	289,577	281,880
OPERATING EXPENSES				
Benefit payments	15,380	633	16,013	16,090
Miscellaneous	7,135	16,281	23,416	9,600
TOTAL OPERATING EXPENSES	22,515	16,914	39,429	25,690
NET INCOME	155,095	95,053	250,148	256,190
FUND BALANCES AT BEGINNING OF YEAR	992,005	587,582	1,579,587	1,323,397
FUND BALANCES AT END OF YEAR	\$ 1,147,100	\$ 682,635	\$ 1,829,735	\$ 1,579,587

Police

City 30,225.
 Int 39,450.
 Div 6047.

Fire

Int 4,019.46
 Div 97,868.54

75,722.40 Contr.
 25,000.00 Misc
 (1,990.93) Interest
 175,644.47

Police

13,441.39 Int
 39,419.46 Div.

59,108.51 Contr.
 (10,111.98)
 101,855.38

CITY OF HOLLY HILL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	POLICE OFFICERS' RETIREMENT TRUST	FIRE- FIGHTERS' RETIREMENT SYSTEM	TOTALS 1988	TOTALS 1987
SOURCES OF WORKING CAPITAL				
From operations:				
Net income	\$ 155,095	\$ 95,053	\$ 250,148	\$ 256,190
USES OF WORKING CAPITAL				
INCREASE IN WORKING CAPITAL	<u>\$ 155,095</u>	<u>\$ 95,053</u>	<u>\$ 250,148</u>	<u>\$ 256,190</u>
CHANGES IN WORKING CAPITAL				
Increase (decrease) in current assets:				
Cash	\$ (9,031)	\$ (13,709)	\$ (22,740)	\$ 24,434
Investments	<u>164,126</u>	<u>108,762</u>	<u>272,888</u>	<u>231,756</u>
	155,095	95,053	250,148	256,190
Increase (decrease) in current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN WORKING CAPITAL	<u>\$ 155,095</u>	<u>\$ 95,053</u>	<u>\$ 250,148</u>	<u>\$ 256,190</u>

SUPPORTING SCHEDULES

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

FPL 50 Bell Gas CATV
 Utility 328,815 102,921 23,760 0 FOR THE YEAR ENDED SEPTEMBER 30, 1988
 Franchise 425,115 13,470 26,453 25,496

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
TAXES				
Ad valorem taxes	\$ 903,800	\$ 923,724	\$ 19,924	\$ 829,286
Delinquent ad valorem taxes	11,200	31,139	19,939	4,906
Utility taxes	461,000	455,496	(5,504)	449,074
Utility franchise fees	496,500	484,534	(11,966)	453,873
TOTAL TAXES	1,872,500	1,894,893	22,393	1,737,139
LICENSES AND PERMITS				
Professional and occupational licenses	75,000	87,743	12,743	77,506
City share/County licenses	20,000	20,759	759	18,507
Building permits	20,000	15,092	(4,908)	15,349
Other licenses and permits	24,000	21,948	(2,052)	21,579
TOTAL LICENSES AND PERMITS	139,000	145,542	6,542	132,941
INTERGOVERNMENTAL REVENUES				
State shared revenues:				
General Government -				
State Revenue Sharing	335,000	337,504	2,504	342,201
DNR State Grant	164,700	308,624	143,924	-
Mobile home licenses	12,000	12,930	930	12,164
Alcoholic beverage licenses	8,500	9,306	806	7,534
Local government half-cent sales tax	370,000	393,556	23,556	325,938
Two-cent cigarette tax	49,500	49,615	115	49,484
Department of Community Affairs	-	-	-	17,366
Transportation -				
Rebate on municipal vehicles	4,000	4,735	735	2,449
Shared revenues from other local units:				
Port Authority - 338,90	40,000	40,000	-	334,100
County two-cent gas tax	175,000	176,638	1,638	166,190
TOTAL INTERGOVERNMENTAL REVENUES	1,158,700	1,332,908	174,208	1,257,426
CHARGES FOR SERVICES				
General Government charges:				
Zoning fees	1,500	2,125	625	2,300
Sale of maps and publications	1,000	515	(485)	996
Certifications - Xerox copies	1,000	1,101	101	893
Public Safety charges:				
Police services	3,000	4,966	1,966	3,369
Physical Environment charges:				
Trash sales	355,000	359,795	4,795	352,771
Refuse sales	475,000	470,919	(4,081)	477,607
Stormwater drainage	65,000	65,953	953	27,195
Culture and Recreation charges:				
Program activity fees	48,000	53,197	5,197	44,933
Promotional sales	2,500	726	(1,774)	50
Civic Center (Sica Hall)	8,000	8,654	654	6,887
Other charges for services:				
Transfer from Enterprise operations	271,500	271,500	-	274,500
TOTAL CHARGES FOR SERVICES	1,231,500	1,239,451	7,951	1,191,501

DNR-148,913
 FIND-100,000
 FRDAP-45,000
 Planning-14,711
308,624

See page 35

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
FINES AND FORFEITURES				
Court fines	80,000	84,727 ✓	4,727	81,165
Confiscated property	1,200	2,690 ✓	1,490	4,370
Police education	4,000	4,234 ✓	234	4,169
TOTAL FINES AND FORFEITURES	85,200	91,651	6,451	89,704
MISCELLANEOUS REVENUES				
Miscellaneous revenue	14,500	8,008 ✓	(6,492)	14,281
Interest earnings	61,000	62,152 ✓	1,152	85,335
Surplus sales, equipment, etc.	2,500	2,493 ✓	(7)	1,911
Insurance proceeds, loss of equipment	8,000	7,941 ✓	(59)	8,303
Lime and sludge bed cleaning	5,000	7,931 ✓	2,931	6,640
Contributions and donations	8,000	7,976 ✓	(24)	870
TOTAL MISCELLANEOUS REVENUES	99,000	96,501	(2,499)	117,340
TOTAL REVENUES	4,585,900	4,800,946 ✓	215,046	4,526,051
OTHER FINANCING SOURCES				
	-	-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 4,585,900	\$ 4,800,946	\$ 215,046	\$ 4,526,051

	1988	1987	1986	1985	1984
City Taxes	455,496	449,074	431,020	405,604	382,355
Franchise Tax	484,534	453,813	468,496	440,190	395,654

GENERAL FUND

SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
GENERAL GOVERNMENT				
City Council:				
Personal services -				
Executive salaries	\$ 19,800	\$ 18,150	\$ 1,650	\$ 13,200
FICA taxes	1,450	1,351	99	944
Retirement contributions	2,625	2,428	197	1,734
Life and health insurance contributions	4,000	3,963	37	3,074
Training and travel	9,600	7,513	2,087	5,299
	<u>37,475</u>	<u>33,405</u>	<u>4,070</u>	<u>24,251</u>
Operating expenses -				
Other charges and obligations	600	416	184	91
Subscriptions and memberships	1,200	735	465	990
	<u>1,800</u>	<u>1,151</u>	<u>649</u>	<u>1,081</u>
TOTAL CITY COUNCIL	<u>39,275</u>	<u>34,556</u>	<u>4,719</u>	<u>25,332</u>
City Manager:				
Personal services -				
Executive salaries	42,000	39,420	2,580	41,762
Regular salaries and wages	90,600	88,808	1,792	75,623
Overtime - regular employees	1,000	164	836	186
Other salaries	2,000	735	1,265	-
Uniforms	600	506	94	376
FICA taxes	9,900	9,518	382	8,456
Retirement contributions	17,400	17,359	41	14,911
Life and health insurance contributions	4,600	4,542	58	4,139
Training and travel	2,200	1,054	1,146	2,039
	<u>170,300</u>	<u>162,106</u>	<u>8,194</u>	<u>147,492</u>
Operating expenses -				
Telephone/communication services	700	584	116	598
Repair and maintenance services	2,000	958	1,042	3,398
Other charges and obligations	9,000	6,276	2,724	7,907
Office supplies	2,000	1,890	110	1,225
Subscriptions and memberships	1,500	1,141	359	1,673
Vehicle expenses	2,000	1,637	363	1,512
	<u>17,200</u>	<u>12,486</u>	<u>4,714</u>	<u>16,313</u>
TOTAL CITY MANAGER	<u>187,500</u>	<u>174,592</u>	<u>12,908</u>	<u>163,805</u>
Finance and Administration:				
Personal services -				
Executive salaries	47,500	44,985	2,515	63,006
Regular salaries and wages	140,500	138,102	2,398	121,857
Overtime - regular employees	8,000	7,460	540	11,329
FICA taxes	15,200	14,131	1,069	14,027
Retirement contributions	25,800	25,330	470	26,268
Life and health insurance contributions	6,500	6,245	255	5,396
Training and travel	4,000	3,696	304	3,639
	<u>247,500</u>	<u>239,949</u>	<u>7,551</u>	<u>245,522</u>

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

*200
7935*

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
GENERAL GOVERNMENT - (continued)				
Finance and Administration - (continued):				
Operating expenses -				
Professional services	131,600	130,837	763	189,295
Engineering services	11,000	9,485	1,515	34,198
Accounting and auditing services	38,000	37,515	485	30,210
Telephone/communication services	4,000	3,051	949	3,061
Postage, freight and express	21,000	20,420	580	18,135
Rentals and leases	400	300	100	159
Repair and maintenance service	13,000	10,677	2,323	14,460
Other charges and obligations	2,500	925	1,575	2,570
Office supplies	4,200	2,767	1,433	11,088
Subscriptions and memberships	10,900	9,073	1,827	546
Printing and binding	900	831	69	4,149
	<u>237,500</u>	<u>225,881</u>	<u>11,619</u>	<u>307,871</u>
TOTAL FINANCE AND ADMINISTRATION	<u>485,000</u>	<u>465,830</u>	<u>19,170</u>	<u>553,393</u>
Civil Services:				
Personal services -				
Salaries and wages - part-time	5,000	3,885	1,115	4,756
FICA taxes	400	288	112	340
Retirement contributions	700	520	180	625
Training and travel	400	-	400	-
	<u>6,500</u>	<u>4,693</u>	<u>1,807</u>	<u>5,721</u>
Operating expenses -				
Professional services	1,000	-	1,000	-
Telephone/communication services	900	264	636	297
Utility services	1,200	889	311	833
Repair and maintenance service	1,000	249	751	199
Other charges and obligations	900	111	789	107
Advertising	2,000	226	1,774	375
Office supplies	500	164	336	198
	<u>7,500</u>	<u>1,903</u>	<u>5,597</u>	<u>2,009</u>
Capital outlay -				
Equipment	1,000	-	1,000	-
	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
TOTAL CIVIL SERVICES	<u>15,000</u>	<u>6,596</u>	<u>8,404</u>	<u>7,730</u>
Other Services:				
Personal services -				
Retirement buy-back plan	7,800	7,799	1	7,799
Workers' compensation	125,000	102,352	22,648	114,356
Unemployment insurance	10,000	5,174	4,826	5,476
Other personal services	18,000	17,992	8	17,540
	<u>160,800</u>	<u>133,317</u>	<u>27,483</u>	<u>145,171</u>
Operating expenses -				
Utility services	10,000	8,655	1,345	8,063
Nonemployee insurance	110,000	82,546	27,454	110,479
Repair and maintenance service	1,200	1,038	162	741
Advertising	7,500	4,997	2,503	4,955
Operating supplies	5,800	4,163	1,637	3,593
Election expenses	8,000	7,944	56	1,729
Grants and aids	16,800	15,877	923	15,599
	<u>159,300</u>	<u>125,220</u>	<u>34,080</u>	<u>145,159</u>
TOTAL OTHER SERVICES	<u>320,100</u>	<u>258,537</u>	<u>61,563</u>	<u>290,330</u>

*265,133 (6596 c.s.
258,537 other
11,511 adj
276,644*

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
GENERAL GOVERNMENT - (continued)				
Other Services - (continued):				
Capital outlay -				
Buildings	-	-	-	740
Machinery and equipment	14,000	11,511	2,489	11,785
	<u>14,000</u>	<u>11,511</u>	<u>2,489</u>	<u>12,525</u>
TOTAL GENERAL GOVERNMENT	1,060,875	951,622	109,253	1,053,115
PUBLIC SAFETY				
Law Enforcement:				
Personal services -				
Executive salaries	39,700	39,268	432	34,155
Regular salaries and wages	629,900	629,034	866	545,878
Other salaries and wages	7,000	6,089	911	11,180
Overtime - regular employees	67,000	66,623	377	59,113
Incentive pay and award	16,000	15,540	460	14,010
Uniforms	9,000	7,829	1,171	7,146
FICA taxes	56,500	56,327	173	47,501
Retirement contributions	49,000	48,554	446	42,540
Life and health insurance contributions	21,500	21,310	190	17,906
Training and travel	4,000	3,228	772	2,614
Training and travel/2nd \$ Fund	2,000	1,845	155	1,022
	<u>901,600</u>	<u>895,647</u>	<u>5,953</u>	<u>783,065</u>
Operating expenses -				
Contractual services/animal control	14,000	13,894	106	8,308
Telephone/communication services	7,700	6,846	854	6,466
Postage, freight and express	1,000	732	268	800
Utility services	8,000	7,272	728	6,825
Rentals and leases	1,100	974	126	1,008
Repair and maintenance service	15,500	14,293	1,207	10,516
Other charges and obligations	3,000	2,863	137	2,210
Property seizure costs	700	555	145	-
Office supplies	6,000	5,632	368	4,001
Operating supplies	10,000	9,540	460	8,601
Subscriptions and memberships	600	418	182	394
Vehicle expenses	65,000	64,768	232	38,443
Program expense/Police Explorers	1,500	476	1,024	247
	<u>134,100</u>	<u>128,263</u>	<u>5,837</u>	<u>87,819</u>
Capital outlay -				
Buildings	-	-	-	504
Improvements other than buildings	-	-	-	1,950
Machinery and equipment	60,100	60,045	55	32,034
Equipment - Law Enforcement Trust Fund	1,000	623	377	4,045
	<u>61,100</u>	<u>60,668</u>	<u>432</u>	<u>38,533</u>
TOTAL LAW ENFORCEMENT	1,096,800	1,084,578	12,222	909,417
Fire Control:				
Personal services -				
Executive salaries	41,300	40,749	551	34,143
Regular salaries and wages	241,500	241,405	95	219,192
Other salaries and wages	18,000	17,970	30	13,170
Overtime - regular employees	21,200	20,131	1,069	20,054
Uniforms	3,000	2,361	639	2,252
FICA taxes	22,800	22,428	372	19,547
Retirement contributions	12,000	10,281	1,719	9,295
Life and health insurance contributions	7,500	7,162	338	6,870
Training and travel	2,000	1,075	925	1,373
	<u>369,300</u>	<u>363,562</u>	<u>5,738</u>	<u>325,896</u>

Retirement
City 30225
P. 6049
36272
JRS 12282
48,554

see pg 11

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
PUBLIC SAFETY - (continued)				
Fire Control - (continued):				
Operating expenses -				
Telephone/communication services	3,200	2,830	370	2,958
Postage, freight and express	200	188	12	140
Utility services	2,000	1,778	222	1,667
Rentals and leases	9,600	9,142	458	9,075
Repair and maintenance service	3,500	3,025	475	3,361
Other charges and obligations	300	170	130	268
Office supplies	400	246	154	287
Operating supplies	8,000	7,983	17	4,728
Subscriptions and memberships	200	171	29	125
Vehicle expenses	6,800	5,644	1,156	7,227
Other public safety/fire prevention	2,100	2,005	95	1,363
	<u>36,300</u>	<u>33,182</u> ✓	<u>3,118</u>	<u>31,199</u>
Capital outlay -				
Buildings	-	-	-	762
Machinery and equipment	3,400	2,971	429	580
	<u>3,400</u>	<u>2,971</u> ✓	<u>429</u>	<u>1,342</u>
TOTAL FIRE CONTROL	409,000	399,715	9,285	358,437
Protective Inspection:				
Personal services -				
Executive salaries	32,300	31,901	399	28,769
Regular salaries and wages	16,600	16,000	600	30,849
Overtime - regular employees	700	481	219	753
FICA taxes	3,800	3,585	215	4,317
Retirement contributions	6,600	6,440	160	7,925
Life and health insurance contributions	2,000	1,851	149	2,672
Training and travel	700	358	342	639
	<u>62,700</u>	<u>60,616</u> ✓	<u>2,084</u>	<u>75,924</u>
Operating expenses -				
Telephone/communication services	700	511	189	746
Postage, freight and expense	500	426	74	-
Other charges and obligations	1,100	960	140	539
Office supplies	2,200	1,786	414	2,267
Subscriptions and memberships	300	147	153	201
Repair and maintenance service	700	170	530	517
Vehicle expenses	2,600	2,140	460	2,781
Utility services	1,000	889	111	834
Operating supplies	500	467	33	533
	<u>9,600</u>	<u>7,496</u> ✓	<u>2,104</u>	<u>8,418</u>
Capital outlay -				
Machinery and equipment	3,625	3,246	379	9,995
	<u>3,625</u>	<u>3,246</u> ✓	<u>379</u>	<u>9,995</u>
TOTAL PROTECTIVE INSPECTION	75,925	71,358	4,567	94,337
TOTAL PUBLIC SAFETY	1,581,725	1,555,651	26,074	1,362,191

CITY OF HOLLY HILL, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
PHYSICAL ENVIRONMENT				
Solid Waste Control Services:				
Personal services -				
Executive salaries	25,100	25,060	40	14,849
Regular salaries and wages	257,500	254,176	3,324	263,572
Overtime - regular employees	9,800	9,186	614	9,432
Uniforms	2,600	2,448	152	3,103
FICA taxes	22,000	21,401	599	20,582
Retirement contributions	39,600	38,591	1,009	41,078
Life and health insurance contributions	11,500	10,988	512	10,338
Training and travel	900	899	1	424
	<u>369,000</u>	<u>362,749</u>	<u>6,251</u>	<u>363,378</u>
Operating expenses -				
Interest	4,700	3,932	768	6,766
Telephone/communication services	700	610	90	572
Postage, freight and express	500	185	315	108
Rentals and leases	145,500	140,825	4,675	131,967
Repair and maintenance service	3,000	1,605	1,395	1,011
Other charges and obligations	500	245	255	409
Office supplies	950	556	394	285
Operating supplies	37,900	34,354	3,546	25,077
Subscriptions and memberships	150	118	32	107
Vehicle expenses	86,600	74,263	12,337	81,308
Bad debt expense	1,000	-	1,000	-
	<u>281,500</u>	<u>256,693</u>	<u>24,807</u>	<u>247,610</u>
Capital outlay -				
Buildings	300	265	35	19,505
Machinery and equipment	102,100	101,374	726	48,347
	<u>102,400</u>	<u>101,639</u>	<u>761</u>	<u>67,852</u>
Debt service -				
Principal - sanitation trucks note	33,400	33,333	67	49,333
	<u>33,400</u>	<u>33,333</u>	<u>67</u>	<u>49,333</u>
TOTAL PHYSICAL ENVIRONMENT	<u>786,300</u>	<u>754,414</u>	<u>31,886</u>	<u>728,173</u>
TRANSPORTATION				
Road and Street Facilities:				
Personal services -				
Executive salaries	19,700	18,800	900	14,246
Regular salaries and wages	266,400	242,914	23,486	225,641
Overtime - regular employees	4,500	3,433	1,067	2,457
Uniforms	3,500	3,212	288	3,020
FICA taxes	22,500	19,840	2,660	17,326
Retirement contributions	39,300	35,381	3,919	30,871
Life and health insurance contributions	14,900	14,568	332	12,516
Training and travel	4,000	3,677	323	1,691
Other salaries and wages	10,000	3,017	6,983	-
	<u>384,800</u>	<u>344,842</u>	<u>39,958</u>	<u>307,768</u>

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
TRANSPORTATION - (continued)				
Road and Street Facilities - (continued):				
Operating expenses -				
Street lighting	88,000	85,227	2,773	83,335
Traffic lights	15,000	13,432	1,568	21,507
Telephone/communication services	800	590	210	675
Traffic light repairs	9,000	4,711	4,289	-
Postage, freight and express	200	139	61	190
Utility services	1,200	1,050	150	911
Rentals and leases	6,500	6,500	-	6,500
Repair and maintenance service	10,000	3,365	6,635	2,022
Other charges and obligations	5,000	3,494	1,506	5,719
Office supplies	650	389	261	293
Operating supplies	18,000	15,233	2,767	12,691
Signs and materials	10,000	7,036	2,964	8,612
Road materials and supplies	16,000	14,021	1,979	8,662
Subscriptions and memberships	250	200	50	210
Vehicle expenses	28,000	22,522	5,478	26,258
	<u>208,600</u>	<u>177,909</u>	<u>30,691</u>	<u>177,585</u>
Capital outlay -				
Improvements other than buildings	55,800	28,769	27,031	129,519
Machinery and equipment	41,000	39,433	1,567	32,234
Drainage (stormwater utilities)	30,000	21,969	8,031	-
	<u>126,800</u>	<u>90,171</u>	<u>36,629</u>	<u>161,753</u>
TOTAL TRANSPORTATION	720,200	612,922	107,278	647,106
CULTURE AND RECREATION				
Parks and Recreation:				
Personal services -				
Executive salaries	26,500	26,172	328	20,790
Regular salaries and wages	133,700	129,820	3,880	114,061
Other salaries and wages	6,000	5,171	829	4,220
Overtime - regular employees	500	86	414	745
Uniforms	1,600	1,444	156	1,232
FICA taxes	12,500	11,972	528	9,997
Retirement contributions	20,800	20,771	29	17,799
Life and health insurance contributions	8,500	7,996	504	6,904
Training and travel	1,000	906	94	911
	<u>211,100</u>	<u>204,338</u>	<u>6,762</u>	<u>176,659</u>
Operating expenses -				
Telephone/communication services	1,700	1,632	68	1,776
Postage, freight and express	650	645	5	612
Utility services	15,700	15,037	663	12,072
Repair and maintenance service	3,600	3,551	49	963
Promotional activities	500	347	153	293
Other charges and obligations	1,600	1,528	72	419
Office supplies	1,300	1,106	194	895
Operating supplies	23,500	23,475	25	13,767
Subscriptions and memberships	250	135	115	110
Vehicle expenses	8,000	7,273	727	7,124
Program expenses	35,000	34,958	42	33,267
Beautification	11,400	11,315	85	3,536
	<u>103,200</u>	<u>101,002</u>	<u>2,198</u>	<u>74,834</u>

CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
CULTURE AND RECREATION - (continued)				
Parks and Recreation - (continued):				
Capital outlay -				
Land	-	-	-	850,193
Buildings	22,000	21,102	898	65,571
Improvements other than buildings	135,200	133,186	2,014	85,308
Machinery and equipment	12,950	12,345	605	15,883
	<u>170,150</u>	<u>166,633</u>	<u>3,517</u>	<u>1,016,955</u>
TOTAL PARKS AND RECREATION	<u>484,450</u>	<u>471,973</u>	<u>12,477</u>	<u>1,268,448</u>
Special Recreation Facilities (Sica Hall):				
Personal services -				
Regular salaries	14,800	14,641	159	13,453
Part-time salaries	5,100	5,009	91	4,029
Uniforms	250	217	33	210
FICA taxes	1,500	1,459	41	1,250
Retirement contributions	2,700	2,629	71	2,298
Life and health insurance contributions	1,000	898	102	901
	<u>25,350</u>	<u>24,853</u>	<u>497</u>	<u>22,141</u>
Operating expenses -				
Telephone/communication services	1,000	837	163	818
Postage, freight and express	200	145	55	16
Utility services	7,700	7,682	18	7,360
Repair and maintenance service	3,000	2,947	53	2,413
Promotional services	400	286	114	-
Other charges and obligations	200	123	77	31
Office supplies	100	82	18	51
Operating supplies	1,800	1,740	60	3,000
Program expenses	1,900	1,857	43	1,504
	<u>16,300</u>	<u>15,699</u>	<u>601</u>	<u>15,193</u>
TOTAL SPECIAL RECREATION FACILITIES (SICA HALL)	<u>41,650</u>	<u>40,552</u>	<u>1,098</u>	<u>37,334</u>
TOTAL CULTURE AND RECREATION	<u>526,100</u>	<u>512,525</u>	<u>13,575</u>	<u>1,305,782</u>
TOTAL EXPENDITURES	<u>4,675,200</u>	<u>4,387,134</u>	<u>288,066</u>	<u>5,096,367</u>
TRANSFERS				
Transfer to Enterprise Fund	<u>35,000</u>	<u>35,000</u>	-	<u>80,000</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 4,710,200</u>	<u>\$ 4,422,134</u>	<u>\$ 288,066</u>	<u>\$ 5,176,367</u>

See Page 35

CITY OF HOLLY HILL, FLORIDA

WATER AND SEWER REVENUE AND OPERATING FUND

SCHEDULE OF REVENUES, TRANSFERS AND CONTRIBUTIONS - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 960,000	\$ 977,862 ^x	\$ 17,862	\$ 872,471
Service charges	16,000	16,335 ^x	335	16,268
Cut-off charges	13,000	13,635 ^x	635	7,302
Hydrant rental	9,400	9,378 ^x	(22)	9,345
Sewer charges	1,013,000	1,019,933 ^x	6,933	918,992
	<u>2,011,400</u>	<u>2,037,143</u>	<u>25,743</u>	<u>1,824,378</u>
Miscellaneous - other income	-	348	348	350
TOTAL OPERATING REVENUES	<u>2,011,400</u>	<u>2,037,491</u>	<u>26,091</u>	<u>1,824,728</u>
NONOPERATING REVENUES				
Building rental	13,000	13,000	-	13,000
Interest revenue	32,000	45,399	13,399	22,496
Other income:				
Outstanding checks written off	-	326	326	231
Insurance proceeds	2,000	2,109	109	127
Miscellaneous	10,000	10,269	269	9,312
Surplus sales/equipment	-	(650)	(650)	(277)
	<u>57,000</u>	<u>70,453</u>	<u>13,453</u>	<u>44,889</u>
TOTAL NONOPERATING REVENUES	<u>57,000</u>	<u>70,453</u>	<u>13,453</u>	<u>44,889</u>
OPERATING TRANSFERS				
Transfer from General Fund	35,000	35,000	-	80,000
TOTAL REVENUES AND TRANSFERS	<u>2,103,400</u>	<u>2,142,944</u>	<u>39,544</u>	<u>1,949,617</u>
CUSTOMER CONTRIBUTIONS				
Connection charges:				
Water	25,000	25,705 ^x	705	26,450
Sewer	5,000	4,950 ^x	(50)	4,300
TOTAL CUSTOMER CONTRIBUTIONS	<u>30,000</u>	<u>30,655</u>	<u>655</u>	<u>30,750</u>
INTRAFUND TRANSFERS				
Transfer from Water Revenue Series "A" Reserve	10,000	11,410	1,410	10,756
Transfer from Construction Fund	-	73,890	73,890	-
TOTAL INTRAFUND TRANSFERS	<u>10,000</u>	<u>85,300</u>	<u>75,300</u>	<u>10,756</u>
TOTAL REVENUES, TRANSFERS AND CONTRIBUTIONS	<u>\$ 2,143,400</u>	<u>\$ 2,258,899</u>	<u>\$ 115,499</u>	<u>\$ 1,991,123</u>

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and, as such, does not present the results of operations on a basis consistent with generally accepted accounting principles.

WATER AND SEWER REVENUE AND OPERATING FUND

SCHEDULE OF EXPENSES AND TRANSFERS - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
WATER SERVICE				
Water Plant:				
Personal services -				
Executive salaries	\$ 24,700	\$ 23,985	\$ 715	\$ 15,866
Regular salaries and wages	209,400	196,707	12,693	206,369
Part-time salaries	2,000	1,544	456	964
Overtime - regular employees	10,000	9,866	134	9,726
Uniforms	2,800	1,925	875	2,040
FICA taxes	18,300	17,237	1,063	16,574
Retirement contributions	34,200	30,900	3,300	28,092
Life and health insurance contributions	9,600	9,043	557	9,530
Training and travel	1,300	830	470	282
	<u>312,300</u>	<u>292,037</u>	<u>20,263</u>	<u>289,443</u>
Operating expenses -				
Professional services	8,200	7,834	366	5,660
Telephone/communication services	1,100	987	113	889
Utility services	93,000	89,066	3,934	61,801
Nonemployee insurance	16,000	9,228	6,772	13,078
Repair and maintenance services	19,000	18,997	3	38,387
Other charges and obligations	500	204	296	1,154
Office supplies	800	459	341	217
Operating supplies	48,000	46,333	1,667	49,122
Subscriptions and memberships	300	286	14	146
Vehicle expenses	17,000	13,681	3,319	11,790
	<u>203,900</u>	<u>187,075</u>	<u>16,825</u>	<u>182,244</u>
TOTAL WATER SERVICE	516,200	479,112	37,088	471,687
SEWER SERVICE				
Water Pollution Control Plant:				
Personal services -				
Executive salaries	30,500	30,155	345	17,672
Regular salaries and wages	142,000	139,730	2,270	166,441
Overtime - regular employees	5,000	3,339	1,661	4,834
Uniforms	2,100	1,509	591	2,060
FICA taxes	13,100	12,882	218	13,535
Retirement contributions	24,000	23,163	837	24,923
Life and health insurance contributions	7,300	6,529	771	7,823
Training and travel	1,100	939	161	754
	<u>225,100</u>	<u>218,246</u>	<u>6,854</u>	<u>238,042</u>
Operating expenses -				
Professional services	18,000	15,025	2,975	3,777
Telephone/communication services	1,200	778	422	893
Utility services	75,000	68,297	6,703	85,440
Nonemployee insurance	16,000	8,252	7,748	12,013
Repair and maintenance services	20,000	2,863	17,137	12,096
Other charges and obligations	700	500	200	344
Office supplies	900	463	437	215
Operating supplies	35,000	32,146	2,854	36,141
Subscriptions and memberships	300	254	46	133
Vehicle expenses	8,000	5,433	2,567	7,735
	<u>175,100</u>	<u>134,011</u>	<u>41,089</u>	<u>158,787</u>
TOTAL SEWER SERVICES	400,200	352,257	47,943	396,829

CITY OF HOLLY HILL, FLORIDA
 WATER AND SEWER REVENUE AND OPERATING FUND
 SCHEDULE OF EXPENSES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
ADMINISTRATIVE EXPENSE				
General Fund	267,600	271,500	(3,900)	274,500
Bad debt expense	15,500	-	15,500	9,484
Interest on deposits	7,500	6,540	960	6,046
Grants and aids	3,900	-	3,900	-
TOTAL ADMINISTRATIVE EXPENSE	294,500	278,040	16,460	290,030
TOTAL OPERATING EXPENSES	1,210,900	1,109,409	101,491	1,158,546
INTRAFUND TRANSFERS				
Improvement Fund	107,000	107,000	-	57,800
Bond Interest and Sinking - Series "A"	164,700	162,425	2,275	162,889
Bond Interest and Sinking - Series "B"	147,900	147,900	-	147,700
Series 1984 balloon payment	120,700	120,700	-	389,000
Sewer plant expansion	336,600	336,600	-	-
TOTAL INTRAFUND TRANSFERS	876,900	874,625	2,275	757,389
TOTAL EXPENSES AND TRANSFERS	\$ 2,087,800	\$ 1,984,034	\$ 103,766	\$ 1,915,935

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and, as such, does not present the results of operations on a basis consistent with generally accepted accounting principles.

CITY OF HOLLY HILL, FLORIDA
WATER AND SEWER IMPROVEMENT FUND
SCHEDULE OF REVENUES, TRANSFERS AND CONTRIBUTIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
NONOPERATING REVENUES				
Interest on impact fees	\$ 1,000	\$ 905	\$ (95)	\$ 424
TOTAL NONOPERATING REVENUES	1,000	905	(95)	424
OPERATING TRANSFERS				
Transfer from Water and Sewer Revenue and Operating Fund	107,000	107,000	-	57,800
TOTAL REVENUES AND TRANSFERS	108,000	107,905	(95)	58,224
CUSTOMER CONTRIBUTIONS				
Impact fees	48,000	51,858	3,858	45,072
TOTAL CUSTOMER CONTRIBUTIONS	48,000	51,858	3,858	45,072
TOTAL REVENUES, TRANSFERS AND CONTRIBUTIONS	<u>\$ 156,000</u>	<u>\$ 159,763</u>	<u>\$ 3,763</u>	<u>\$ 103,296</u>

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and,
as such, does not present the results of operations on a basis consistent
with generally accepted accounting principles.

CITY OF HOLLY HILL, FLORIDA
WATER AND SEWER IMPROVEMENT FUND
SCHEDULE OF EXPENSES AND TRANSFERS - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
WATER SERVICE				
Water Plant:				
Operating expenses -				
Professional services	\$ 5,000	\$ -	\$ 5,000	\$ -
Water plant improvements -				
Improvements other than buildings				-
Machinery and equipment	<u>20,000</u>	<u>20,012</u>	<u>(12)</u>	<u>7,450</u>
TOTAL WATER SERVICE	<u>25,000</u>	<u>20,012</u>	<u>4,988</u>	<u>7,450</u>
SEWER SERVICE				
Water Pollution Control Plant:				
Sewer plant improvements -				
Machinery and equipment	<u>5,000</u>	<u>1,337</u>	<u>3,663</u>	<u>2,350</u>
TOTAL SEWER SERVICE	<u>5,000</u>	<u>1,337</u>	<u>3,663</u>	<u>2,350</u>
INTRAFUND TRANSFERS				
Bond interest and sinking - Series 1984	49,000	52,711	(3,711)	45,446
Improvement Fund Reserve	<u>77,000</u>	<u>-</u>	<u>77,000</u>	<u>-</u>
TOTAL INTRAFUND TRANSFERS	<u>126,000</u>	<u>52,711</u>	<u>73,289</u>	<u>45,446</u>
TOTAL EXPENSES AND TRANSFERS	<u>\$ 156,000</u>	<u>\$ 74,060</u>	<u>\$ 81,940</u>	<u>\$ 55,246</u>

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and,
as such, does not present the results of operations on a basis consistent
with generally accepted accounting principles.

CITY OF HOLLY HILL, FLORIDA
 SERIES 1984 CONSTRUCTION FUND
 SCHEDULE OF REVENUES AND TRANSFERS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
NONOPERATING REVENUES				
Interest revenue	\$ 23,000	\$ 26,911	\$ 3,911	\$ 25,421
TOTAL NONOPERATING REVENUES	<u>23,000</u>	<u>26,911</u>	<u>3,911</u>	<u>25,421</u>
INTRAFUND TRANSFERS				
Appropriated retained earnings	430,000	-	(430,000)	-
TOTAL INTRAFUND TRANSFERS	<u>430,000</u>	<u>-</u>	<u>(430,000)</u>	<u>-</u>
TOTAL REVENUES AND TRANSFERS	<u>\$ 453,000</u>	<u>\$ 26,911</u>	<u>\$ (426,089)</u>	<u>\$ 25,421</u>

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and, as such, does not present the results of operations on a basis consistent with generally accepted accounting principles.

CITY OF HOLLY HILL, FLORIDA
 SERIES 1984 CONSTRUCTION FUND
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1987 ACTUAL
WATER SERVICE				
Water Plant	\$ -	\$ -	\$ -	\$ -
TOTAL WATER SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SEWER SERVICE				
Water Pollution Control Plant:				
Sewer plant construction -				
Professional services	18,000	15,886	2,114	11,702
Buildings	-	-	-	-
Improvements other than buildings	70,000	66,820	3,180	-
Machinery and equipment	365,000	-	365,000	-
TOTAL SEWER SERVICE	<u>453,000</u>	<u>82,706</u>	<u>370,294</u>	<u>11,702</u>
INTRAFUND TRANSFERS				
Water and Sewer Operating Fund	-	73,890	(73,890)	-
TOTAL EXPENSES	<u>\$ 453,000</u>	<u>\$ 156,596</u>	<u>\$ 296,404</u>	<u>\$ 11,702</u>

This schedule is prepared on a budgetary basis and in accordance with bond ordinance and,
 as such, does not present the results of operations on a basis consistent
 with generally accepted accounting principles.

CITY OF HOLLY HILL, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 1988

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT
GENERAL GOVERNMENT	\$ 418,737	\$ 23,037	\$ 150,515	\$ -	\$ 245,185
PUBLIC SAFETY					
Police	351,675	-	29,535	2,350	319,790
Fire	286,986	29,493	9,970	-	247,523
TOTAL PUBLIC SAFETY	638,661	29,493	39,505	2,350	567,313
PUBLIC WORKS					
Streets	3,548,912	28,418	1,966	3,120,352	398,176
Sanitation	801,456	-	38,051	-	763,405
TOTAL PUBLIC WORKS	4,350,368	28,418	40,017	3,120,352	1,161,581
CULTURE AND RECREATION					
Parks and Recreation	1,523,475	957,711	154,042	340,277	71,445
Sica Hall	235,983	-	184,886	22,323	28,774
Library	189,900	-	148,449	-	41,451
TOTAL CULTURE AND RECREATION	1,949,358	957,711	487,377	362,600	141,670
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	<u>\$ 7,357,124</u>	<u>\$ 1,038,659</u>	<u>\$ 717,414</u>	<u>\$ 3,485,302</u>	<u>\$ 2,115,749</u>

CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED SEPTEMBER 30, 1988

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS OCTOBER 1, 1987	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS SEPTEMBER 30, 1988
GENERAL GOVERNMENT	\$ 419,138	\$ 18,693	\$ 19,094	\$ 418,737
PUBLIC SAFETY				
Police	308,852	62,110	19,287	351,675
Fire	255,146	32,339	499	286,986
TOTAL PUBLIC SAFETY	<u>563,998</u>	<u>94,449</u>	<u>19,786</u>	<u>638,661</u>
PUBLIC WORKS				
Streets	3,407,631	159,061	17,780	3,548,912
Sanitation	769,142	101,639	69,325	801,456
TOTAL PUBLIC WORKS	<u>4,176,773</u>	<u>260,700</u>	<u>87,105</u>	<u>4,350,368</u>
CULTURE AND RECREATION				
Parks and Recreation	1,403,807	183,206	63,538	1,523,475
Sica Hall	235,983	-	-	235,983
Library	189,900	-	-	189,900
TOTAL CULTURE AND RECREATION	<u>1,829,690</u>	<u>183,206</u>	<u>63,538</u>	<u>1,949,358</u>
	6,989,599	557,048	189,523	7,357,124
LESS: INTERDEPARTMENTAL TRANSFERS	-	86,250	86,250	-
TOTAL GENERAL FIXED ASSETS	<u>\$ 6,989,599</u>	<u>\$ 470,798</u>	<u>\$ 103,273</u>	<u>\$ 7,357,124</u>

CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF REVENUE BOND COVERAGE
 WATER AND SEWER SYSTEM FUND
 LAST TEN FISCAL YEARS
 SEPTEMBER 30, 1988

FISCAL YEAR ENDED	GROSS REVENUES (1)	OPERATING EXPENSE	NET REVENUES	DEBT SERVICE REQUIREMENTS			DEBT SERVICE COVERAGE	
				PRINCIPAL	INTEREST	TOTAL		
1979	\$ 870,755	\$(2)539,985	62% \$ 330,770	\$ 105,000	\$ 192,120	\$ 297,120	34%	1.11
1980	953,307	(2)627,465	66% 325,842	115,000	186,300	301,300	32%	1.08
1981	1,141,404	795,191	70% 346,213	120,000	180,258	300,258	26%	1.15
1982	1,299,165	826,682	63% 472,483	130,000	174,115	304,115	23%	1.55
1983	1,311,901	965,911	74% 345,990	135,000	167,517	302,517	23%	1.14
1984	1,974,903	949,548	48% 1,025,355	145,000	269,906	414,906	21%	2.47
1985	1,976,862	1,021,753	52% 955,109	330,000	448,133	778,133	39%	1.23
1986	1,969,097	1,133,524	58% 835,573	340,000	350,787	690,787	35%	1.21
1987	2,125,117	1,158,456	55% 966,571	345,000	310,558	655,558	31%	1.47
1988	2,223,898	1,109,408	50% 1,114,490	355,000	287,137	642,137	29%	1.74

(1) Not included in gross revenues are \$35,000 from cigarette taxes which have been pledged as additional security for payment of said outstanding Water and Sewer Revenue Bonds, Series "A," until the net revenues shall have equaled at least 150% of the maximum annual debt service of such outstanding Series "A" Bonds for a period of two fiscal years per Ordinance No. 599 enacted on March 12, 1968.

Included in gross revenues for debt coverage are water and sewer connection charges which are reclassified as contributions from customers for financial statement presentation at September 30, 1978 through September 30, 1984.

(2) Excluded from operating expense is a grant from the federal government for which the revenue is also excluded from gross revenues.

CITY OF HOLLY HILL, FLORIDA

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

OTHER DEBT

SEPTEMBER 30, 1988

FISCAL YEAR ENDED	NOTE PAYABLE FLORIDA RETIREMENT SYSTEM		NOTE PAYABLE SUN BANK OF VOLUSIA COUNTY (1986)		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
1989	\$ 6,876	\$ 923	\$ 33,334	\$ 2,333	\$ 43,466
1990	<u>7,323</u>	<u>476</u>	<u>-</u>	<u>-</u>	<u>7,799</u>
TOTALS	<u>\$ 14,199</u>	<u>\$ 1,399</u>	<u>\$ 33,334</u>	<u>\$ 2,333</u>	<u>\$ 51,265</u>

CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 WATER AND SEWER REVENUE BONDS
 SEPTEMBER 30, 1988

FISCAL YEAR ENDED	SERIES "A" BONDS		1970 SERIES "B" BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
1988/89	\$ 105,000	\$ 56,520	\$ 85,000	\$ 3,881
1989/90	110,000	52,328	15,000	506
1990/91	115,000	48,037	-	-
1991/92	120,000	43,455	-	-
1992/93	125,000	38,775	-	-
1993/94	130,000	33,802	-	-
1994/95	140,000	28,600	-	-
1995/96	145,000	23,000	-	-
1996/97	150,000	17,100	-	-
1997/98	155,000	11,100	-	-
1998/99	160,000	4,800	-	-
TOTALS	<u>\$ 1,455,000</u>	<u>\$ 357,517</u>	<u>\$ 100,000</u>	<u>\$ 4,387</u>

1,005,000

(1) The interest rate is to be adjusted annually on July 1 of each year to be effective for the next fiscal year. The interest rate was computed on 8% for the fiscal years 1988 through 1994.

1972 SERIES "B" BONDS		1984 SERIES BONDS		TOTALS
PRINCIPAL	INTEREST	PRINCIPAL	INTEREST (1)	
\$ -	\$ 58,050	\$ 175,000	\$ 163,267	\$ 646,718
70,000	56,055	175,000	199,500	678,389
80,000	51,780	175,000	185,500	655,317
85,000	47,078	175,000	171,500	642,033
90,000	42,090	175,000	157,500	628,365
100,000	36,675	1,925,000	73,500	2,298,977
100,000	30,925	-	-	299,525
110,000	24,780	-	-	302,780
115,000	18,143	-	-	300,243
120,000	11,210	-	-	297,310
130,000	3,835	-	-	298,635
<u>\$ 1,000,000</u>	<u>\$ 380,621</u>	<u>\$ 2,800,000</u>	<u>\$ 950,767</u>	<u>\$ 7,048,292</u>

Prin Interest
 Series A 100,000 60,420
 Ser B - 1970 80,000 9,050
 Ser B - 1972 0 58,050
 Ser 1984 175,000 159,617
 Paid thru
 10/1/87 - 9/30/88
 Total \$ 287,137

CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 ALL DEBT
 SEPTEMBER 30, 1988

FISCAL YEAR ENDED	<u>ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS</u>		
	WATER AND SEWER REVENUE BONDS	NOTES PAYABLE	TOTALS
1989	\$ 646,778	\$ 43,466	\$ 690,244
1990	678,389	7,799	686,188
1991	655,317	-	655,317
1992	642,033	-	642,033
1993	628,365	-	628,365
1994	2,298,977	-	2,298,977
1995	299,525	-	299,525
1996	302,780	-	302,780
1997	300,243	-	300,243
1998	297,310	-	297,310
1999	298,635	-	298,635
	<u>\$ 7,048,352</u>	<u>\$ 51,265</u>	<u>\$ 7,099,617</u>

STATISTICAL SECTION

STATISTICAL TABLES

CITY OF HOLLY HILL, FLORIDA

COMMENTS RELATIVE TO STATISTICAL SECTION

SEPTEMBER 30, 1988

The following statistical tables that are recommended for inclusion by the National Council on Governmental Accounting Statement 1 (GAFR) are not included for the reasons stated below:

- A. Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years. (City has not had any general bonded debt since 1972.)
- B. Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years. (City has not had any general bonded debt since 1972.)

TABLE I

CITY OF HOLLY HILL, FLORIDA

GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTION

LAST TEN FISCAL YEARS

SEPTEMBER 30, 1988

FISCAL YEAR ENDED	TOTAL GENERAL FUND	GENERAL GOVERNMENT	PUBLIC SAFETY	PHYSICAL ENVIRONMENT	TRANSPORTATION	CULTURE AND RECREATION	OPERATING TRANSFERS OUT
1979	\$ 2,047,225	\$ 438,630 21%	\$ 666,531 33%	\$ 265,956 13%	\$ 274,120 13%	\$ 182,039 9%	\$ 219,949 11%
1980	2,158,722	438,146 20%	728,039 34%	302,251 14%	289,962 13%	199,561 9%	200,763 10%
1981	2,544,846	532,202 21%	855,165 33%	326,034 13%	372,395 15%	228,865 9%	230,185 9%
1982	2,828,500	575,455 20%	876,960 32%	521,364 18%	351,511 12%	246,383 9%	256,827 9%
1983	3,060,426	678,538 22%	1,019,951 33%	416,514 14%	420,174 14%	279,140 9%	246,109 8%
1984	3,175,448	739,940 23%	1,161,168 37%	459,842 15%	520,025 16%	259,473 8%	35,000 1%
1985	3,320,293	820,504 24%	1,130,186 34%	515,432 15%	594,222 18%	274,949 8%	35,000 1%
1986	3,867,890	949,404 24%	1,261,969 33%	802,927 21%	539,016 14%	279,574 7%	35,000 1%
1987	5,176,367	1,053,115 20%	1,362,191 26%	728,173 14%	647,106 13%	1,305,782 25%	80,000 2%
1988	4,422,133	951,622 21%	1,555,651 35%	754,414 17%	612,922 14%	512,524 12%	35,000 1%

Capital outlay and debt service have been included in expenditures by function for the last ten years.

Source: City of Holly Hill Finance Department

TABLE II
 CITY OF HOLLY HILL, FLORIDA
 GENERAL FUND REVENUES AND OTHER SOURCES BY SOURCE
 LAST TEN FISCAL YEARS
 SEPTEMBER 30, 1988

FISCAL YEAR ENDED	TOTAL	TAXES REAL AND PERSONAL	LICENSES AND PERMITS	INTER- GOVERNMENTAL REVENUES
1979	\$ 2,153,042	\$ 420,257 20%	\$ 96,139 5%	\$ 457,667 21%
1980	2,308,812	447,900 19%	117,440 5%	362,722 16%
1981	2,658,680	579,330 22%	113,533 4%	394,059 15%
1982	3,210,550	640,539 20%	119,921 4%	403,782 13%
1983	3,118,359	585,758 19%	118,634 4%	573,210 18%
1984	3,285,760	1,368,337 42%	203,570 6%	758,174 23%
1985	3,395,374	1,422,922 42%	148,109 4%	796,409 23%
1986	3,899,837	1,517,088 39%	148,363 4%	868,954 22%
1987	4,526,051	1,737,139 38%	132,941 3%	1,257,426 28%
1988	4,800,946	1,894,893 39%	145,542 3%	1,332,908 28%

(1) Miscellaneous encompasses miscellaneous revenues and interest on investments per the incorporation of the Uniform Accounting System for Units of Local Governments in the State of Florida.

Source: City of Holly Hill Finance Department

CHARGES FOR SERVICES		FINES AND FORFEITURES		MISCELLANEOUS REVENUE (1)		OPERATING TRANSFERS IN	
\$ 442,624	20%	\$ 43,878	2%	\$ 51,403	2%	\$ 641,074	30%
553,917	24%	59,552	3%	74,648	3%	692,633	30%
606,389	23%	42,310	1%	127,008	5%	796,051	30%
635,779	20%	45,645	1%	255,991	8%	1,108,893	34%
724,556	23%	56,398	2%	124,159	4%	935,644	30%
696,862	21%	48,959	2%	174,858	5%	35,000	1%
767,780	23%	37,429	1%	222,725	7%	-	-
1,029,130	26%	39,390	1%	295,267	8%	1,645	-
1,191,501	26%	89,704	2%	117,340	3%	-	-
1,239,451	26%	91,651	2%	96,501	2%	-	-

TABLE III

CITY OF HOLLY HILL, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTIES: PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

SEPTEMBER 30, 1988

FISCAL YEAR ENDED	<i>Final Gross Taxable Value</i> ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE (2)		TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED
1979	\$ 113,203,687	\$ 136,389,984	83%	\$ 5,166,434,507	\$ 420,257	96.720 %
1980	120,373,511	154,196,809	78%	5,135,461,251	447,900	97.105
1981	143,823,306	159,803,673	90%	6,222,599,807	579,330	96.586
1982	185,577,992	201,715,209	92%	5,330,662,861	640,539	96.630
1983	196,498,549	209,041,009	94%	4,476,598,678	585,758	97.840
1984	222,888,030	216,201,389	97%	4,068,613,823	589,735	96.080
1985	<i>169,871,612</i> 243,942,825	243,942,825	100%	<i>3,505,577,415</i> 594,551	573,837	99.380 96.516
1986	<i>189,686,196</i> 266,760,969	261,425,750	98%	<i>3,347,619,868</i> 634,879	612,107	98.748 96.413
1987	<i>213,510,555</i> 314,006,442	314,006,442	100%	<i>4,138,834,192</i> 883,507	829,286	99.412 93.863
1988	<i>231,688,160</i> 315,792,251	315,792,251	100%	<i>4,138,958,728</i> ✓	923,724 ✓	96.349 ✓

(1) Obtained from the County of Volusia Tax Assessor's Office.

(2) Computed base on level of assessment percentage obtained from Florida Department of Revenue.

Source: Volusia County Property Appraiser

TABLE IV

CITY OF HOLLY HILL, FLORIDA

PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

SEPTEMBER 30, 1988

FISCAL YEAR ENDED	HOLLY HILL	SCHOOL DISTRICT	VOLUSIA COUNTY	ADVERTISING DISTRICT	MOSQUITO CONTROL	INLET AND PORT AUTHORITY	EAST VOLUSIA TRANSIT	HALIFAX HOSPITAL*	ST. JOHNS WATER MANAGEMENT DISTRICT	FLORIDA INLAND NAVIGATION DISTRICT	Total millage
-------------------	------------	-----------------	----------------	----------------------	------------------	--------------------------	----------------------	-------------------	-------------------------------------	------------------------------------	---------------

10/1/88 - 9/30/89
21 Ed.
Regd 5.485
D. so 1.394
4.892
0.250
107190
106750
0.6787
0.074
1.1695
Delt 1.924
8.803
Apr 8

TAX RATES

9/30/79-1979	5.166	8.480	5.088	.315	.589	.480	.400	2.537	.130	-	
1980	5.135	6.990	4.979	.295	.574	.452	.390	2.480	.139	-	
1981	6.222	8.477	5.368	.246	.546	.399	.388	2.613	.088	-	
1982	5.330	7.670	5.131	.202	.464	.108	.394	2.182	.121	-	
1983	4.476	7.011	4.433	.182	.408	.368	.370	2.042	.290	-	
1984	4.068	7.043	4.458	.168	.340	.354	.355	2.042	.284	-	
1985	3.500	7.911	4.133	.148	.278	.327	.326	2.200	.326	-	
1986	3.347	8.210	4.335	-	.265	.311	.314	2.200	.206	-	
1987	4.138	8.637	4.064	-	.272	.291	.293	2.468	.221	-	
1988	4.138	8.439	4.993	-	.260	.108	.281	1.468	.207	.067	21.360
1989	3.963	8.803	5.122	-	.309	.104	.270	2.468	.221	.040	

CITY'S SHARE OF TAX LEVIES

1979	\$ 434,507	\$ 713,245	\$ 427,947	\$ 26,494	\$ 49,540	\$ 40,372	\$ 33,644	\$ 213,385	\$ 10,934	\$ -	
1980	461,251	627,877	447,239	26,498	51,559	40,601	35,032	222,766	12,486	-	
1981	599,807	814,202	515,588	23,628	54,442	38,323	37,267	250,974	8,452	-	
1982	662,861	950,585	635,913	25,035	57,506	13,385	48,831	270,427	14,996	-	
1983	598,678	936,437	592,101	24,309	54,495	49,153	49,420	272,743	38,734	-	
1984	613,823	1,062,723	672,670	25,350	51,303	53,415	53,566	308,119	42,853	-	
1985	594,551	1,343,854	702,079	25,141	47,224	55,548	55,378	373,718	55,378	-	
1986	634,879 630,565	1,546,739	816,701	-	49,925	58,591	59,157	414,473	38,810	-	
1987	4.138 952,070	1,987,200	935,045	-	62,582	66,953	67,413	567,837	50,848	-	
1988	4.138 958,728	1,955,216	1,156,819	-	60,239	25,022	65,104	571,806	47,959	15,523	

* Tax levy based on homestead exemption and nonexempt values.

Note: Tax levy indicated is for Holly Hill only.

Property tax rates are based upon \$1,000 of assessed taxable value.

Source: Volusia County Property Appraiser

TABLE V

CITY OF HOLLY HILL, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

SEPTEMBER 30, 1988

The Constitution of the State of Florida, Florida Statute 200.181, and the Charter of the City of Holly Hill sets no legal debt margin.

Source: City of Holly Hill Finance Department

TABLE VI

CITY OF HOLLY HILL, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

END OF FISCAL YEAR

SEPTEMBER 30, 1988

NAME OF GOVERNMENTAL UNIT	NET DEBT OUTSTANDING (1)	PERCENTAGE APPLICABLE TO THE GOVERNMENTAL UNIT	CITY OF HOLLY HILL - SHARE OF DEBT
School District	<u>\$ 161,450,000</u>	<u>2.65</u>	<u>\$ 4,278,425</u>
County of Volusia	<u>\$ 19,196,483</u>	<u>2.45</u>	<u>\$ 470,314</u>

(1) Volusia County School Board

CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF INSURANCE IN FORCE
 SEPTEMBER 30, 1988

TYPE OF COVERAGE, NAME OF COMPANY AND POLICY NUMBER	POLICY PERIOD FROM TO	DETAILS OF COVERAGE	LIABILITY LIMITS	ANNUAL PREMIUM (GROSS)
<u>MUNICIPAL LIABILITY</u>				
National Union - #S 996-32-95	4/15/87 - 4/15/89	General Liability - Extended Discovery Endorsement	\$500,000	\$16,578
Florida Municipal Liability Self-Insurers Program - FML 427	10/1/88 - 9/30/89	General Liability	\$100,000 ea. person 200,000 ea. occurrence	\$29,354
<u>FIRE, EXTENDED COVERAGE, VANDALISM AND MALICIOUS MISCHIEF</u>				
Aetna Casualty and Surety - #35 FP 758013	4/15/86 - 4/15/89	Building and contents - sewage plant and lift stations; city hall building; parks and recreation office; chamber of commerce building; wellfield contents; dock and shelters and restrooms	\$7,230,074	\$11,712
<u>FIRE, EXTENDED COVERAGE, VANDALISM AND MALICIOUS MISCHIEF</u>				
Aetna Casualty and Surety - #35 FP 5142693	4/15/88 - 4/15/89	Office contents of City Hall building	\$39,200	\$ 242
<u>ACCIDENTAL DEATH AND DISABILITY</u>				
Hartford Insurance Co. - 21VP480328	10/1/88 - 4/15/89	Volunteer Fire Dept.	Loss of life \$5,000	\$ 303
<u>WORKERS' COMPENSATION</u>				
Aetna Casualty and Surety - #35 C 492395 CCF	4/15/88 - 4/15/89	Statutory	Statutory, employer's liability \$100,000	\$112,281
<u>COMMERCIAL CRIME</u>				
Aetna Casualty and Surety - 35 BC 5142693 FCA	4/15/88 - 4/15/89	For losses inside and outside the premises	\$2,000 inside and outside the premises	\$ 162
<u>PUBLIC EMPLOYEES BLANKET BOND</u>				
Continental Insurance Co. - #BND 2251031	4/15/88 - 4/15/89	Blanket bond	\$50,000 blanket on all positions	\$ 1,131

TABLE VII
 CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF INSURANCE IN FORCE
 SEPTEMBER 30, 1988

TYPE OF COVERAGE, NAME OF COMPANY AND POLICY NUMBER	POLICY PERIOD FROM TO	DETAILS OF COVERAGE	LIABILITY LIMITS	ANNUAL PREMIUM (GROSS)
<u>PUBLIC OFFICIALS AND EMPLOYEES LIABILITY</u>				
International Surplus Lines Insurance Co. - #524-0636-74-8	7/21/88 - 7/21/89	General Liability	\$1,000,000	\$10,350
<u>POLICE AND FIREFIGHTERS ACCIDENT POLICY</u>				
Hartford Accident & Indemnity - ETB-12214	4/7/88 - 4/7/89	Accidental Death	\$20,000	\$ 494
<u>CONTRACTORS' EQUIPMENT POLICY</u>				
Aetna Casualty & Surety - #35 IH 5360050 FCA	4/15/88 - 4/15/89	Equipment and radios	\$148,780	\$ 1,860
<u>DATA PROCESSING POLICY</u>				
Aetna Casualty & Surety - #35 IE 5142693 FCA	4/15/88 - 4/15/89	Hardware Software Business interruption	\$75,000 \$ 5,000 \$ 5,000	\$ 773
<u>ACCIDENTAL DEATH</u>				
Hartford Insurance Co. - #ETB 12431	10/1/88 - 10/1/89	Statutory Police Officers and Firefighters	\$50,000	\$ 176
<u>BUSINESS AUTOMOBILE POLICY</u>				
Aetna Casualty & Surety - #35 FJ 773465 CCA	4/15/88 - 4/15/89	Automobile liability	\$100,000 liability \$10,000 PIO	\$45,947
<u>LAW ENFORCEMENT PROFESSIONAL LIABILITY</u>				
Florida Municipal Liability Self-Insurers Program - FML 427	10/1/88 - 9/30/89	Police Officers bodily injury, property damage and personal injury	\$100,000 ea. person \$200,000 ea. occurrence	\$10,720

TABLE VIII
 CITY OF HOLLY HILL, FLORIDA
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 SEPTEMBER 30, 1988

FISCAL YEAR	POPULATION(1)	PER CAPITA INCOME(2)	MEDIAN AGE(2)	EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING(3)	SCHOOL ENROLLMENT(3)	UNEMPLOYMENT RATE(4)
1979	9,199	7,100	*	*	1,709	6.1
1980	9,953	7,983	40.0	12.0	1,702	5.7
1981	10,377	*	*	*	1,734	6.3
1982	10,481	*	*	*	1,704	7.0
1983	10,618	*	*	*	1,710	7.8
1984	10,747	*	*	*	2,006	(5) 5.2
1985	11,003	*	*	*	2,662	(5) 5.1
1986	11,718	*	*	*	2,677	5.0
1987	*	*	*	*	1,948	4.9
1988	*	*	*	*	1,927	4.7

(1) County of Volusia, Planning Department

(2) County of Volusia Comprehensive Annual Financial Report
(represents county-wide figures)

(3) Volusia County School Board

(4) Florida Department of Labor

(5) Represents estimated unemployment

* Not Available

TABLE IX
 CITY OF HOLLY HILL, FLORIDA
 PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 LAST TEN FISCAL YEARS
 SEPTEMBER 30, 1988

FISCAL YEAR	COMMERCIAL CONSTRUCTION(1)		RESIDENTIAL CONSTRUCTION		BANK DEPOSITS(2) (In Thousands)	PROPERTY VALUE(3)		
	UNITS	VALUE	UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1979	*	*	*	*	*	\$ 840,637,452	\$1,666,470,242	\$ 879,942,350
1980	*	*	*	*	23,072	898,425,645	1,823,467,619	904,576,573
1981	10	398,800	36	1,025,826	32,062	943,451,018	2,192,010,579	1,339,551,522
1982	9	613,452	23	1,002,278	31,458	1,161,089,473	2,834,393,865	1,715,859,404
1983	9	1,843,022	22	501,692	33,145	1,256,060,434	3,296,885,901	2,079,005,572
1984	21	4,441,524	85	12,825,548	45,094	1,465,638,107	3,426,217,727	2,491,609,299
1985	13	1,045,800	55	2,608,350	46,728	1,314,116,630	3,814,756,324	3,052,169,195
1986	14	1,595,696	44	3,616,343	56,089	1,518,262,769	4,263,116,012	3,182,018,701
1987	21	2,499,400	24	1,113,500	59,233	*	*	*
1988	14	2,406,000	46	1,610,000	61,220	*	*	*

(1) City of Holly Hill, Building and Inspection Department

(2) Florida Bankers Association

(3) County of Volusia, Property Appraiser
(represents county-wide values)

* Not available

TABLE X
 CITY OF HOLLY HILL, FLORIDA
 SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 SEPTEMBER 30, 1988

TITLE OF OFFICIAL	ANNUAL SALARY	YEARS OF SERVICE	AMOUNT OF SURETY BOND
Mayor	\$ 5,400	6 years 9 months	\$50,000
Mayor Pro-Tem	3,600	9 months	blanket amount on all positions
City Councilmen (3)	3,600	9 months to 8 years	
City Manager	39,291	1 year acting City Manager	
City Attorney	7,500	12 1/2 years	
Deputy Clerk	33,280	9 1/2 years	
Finance Director	39,770	23 1/2 years	
Police Chief	39,770	5 years 7 months	
Public Services Director	41,746	11 months	
Parks & Recreation Director	25,875	2 years 9 months	
Fire Chief	37,898	8 years 4 months	
Building Official	29,744	8 years	

TABLE XI
 CITY OF HOLLY HILL, FLORIDA
 SCHEDULE OF MAJOR TAXPAYERS
 SEPTEMBER 30, 1988

NAME	TYPE OF BUSINESS	ASSESSED VALUES	PERCENT OF TOTAL ASSESSED VALUE
Holly Hill R.H.F. Housing, Inc.	Bishop Glen Retirement Center	\$ 10,581,869	4.57 %
Daytona Beach Hospital Properties	Hospital	4,794,683	2.07
Holly Hill Associates Winn Dixie	Shopping Center	3,439,529	1.48
Keith Hugh	Mobile Home Park	3,186,200	1.38
Polyvers, Ltd.	Apartment Complex	3,014,012	1.30
Holly Point Apartments, Ltd.	Apartment Complex	2,932,879	1.26
Life Insurance Co. of Georgia Publix Super Markets, Inc.	Shopping Center	2,488,653	1.07
Linge, Joseph H. and Dylewski, R. M.	Apartment Complex	1,509,755	.65
Sun Bank of Volusia County	Bank	1,446,755	.62
Dendrite Enterprises	Business Park	1,399,811	.60
		<u>\$ 34,794,146</u>	<u>15.00 %</u>

Source: Volusia County Property Appraiser

TABLE XII
CITY OF HOLLY HILL, FLORIDA
CLIMATOLOGICAL SUMMARY

SEPTEMBER 30, 1988

Holly Hill is approximately 3.79 square miles, located on the Halifax River, north of Daytona Beach. Terrain in the area is rolling; soil is mostly sandy, and elevations in the area range to 22 feet above sea level.

Nearness to the ocean results in a climate tempered by the effect of land and sea breezes. In the summer, while maximum temperatures reach 90 degrees or above during the late morning or early afternoon, the number of hours of 90 degree or above is relatively small due to the beginning of the sea breeze near midday and the occurrence of local afternoon convective thundershowers which lower the temperature to the comfortable eighties. Winters, although subject to invasions of cold air, are relatively mild due to the nearness of the ocean and latitudinal location.

The "rainy season" from June through mid-October produces 60 percent of the annual rainfall. The major portion of the summer rainfall occurs in the form of local convective thundershowers. These showers are occasionally heavy and produce as much as two or three inches of rain. The more severe showers may be attended by strong, gusty winds. Almost all rainfall during the winter months is associated with frontal passages.

Long periods of cloudiness and rain are infrequent, usually not lasting over two or three days. These periods are usually associated with stationary fronts, with waves, so-called "northeasters," or tropical disturbances.

Tropical disturbances or hurricanes are not considered a great threat to this area of the state. While not outside the hurricane belt, past history indicates the chance of having hurricane force winds in any given year to be about one in thirty. Generally, hurricanes in this latitude tend to pass well offshore or lose much of their intensity while crossing the state before reaching this area. Only in gusts have hurricane force winds ever been recorded at this station.

Heavy fog occurs mostly during the winter and early spring. These fogs usually form by radiational cooling at night and dissipate soon after sunrise. On rare occasions, sea fog moves in from the ocean and persists for two or three days.

There is no significant source in the area for air pollution.

U. S. Department of Commerce
National Oceanic & Atmospheric
Administration
Environmental Data Service

TABLE XIII

CITY OF HOLLY HILL, FLORIDA

MISCELLANEOUS STATISTICAL DATA

SEPTEMBER 30, 1988

Date of Incorporation:
Under the General Laws of Florida
as the Town of Holly Hill -
July 1, 1901

Present Charter incorporating the City
of Holly Hill adopted - 1941
Form of Government:
Council/Manager

Area: 3.79 square miles

50.3 miles paved streets
2.3 miles unpaved streets
21.4 miles sidewalks
27.9 miles storm sewers
65.0 miles sanitary sewers

253 fire hydrants

Fire Protection:
1 Fire Station
10 Full-time Fire Fighters
10 Volunteer Fire Fighters

Police Protection:
1 Police Station
Holding facility
12 Vehicular patrol units
1 Animal Control unit
1 Police Explorer unit

Recreation:
6 Parks total 44.2 acres
2 Playgrounds
1 Gym
3 Recreation Buildings
1 Tennis Court
9 Shuffleboard Courts
5 Ballfields
1 Community Center
1 Public Fishing Pier - "L" Shaped
1 Boat Ramp

Education: Volusia County Schools -
Elementary 1
Secondary 1

Students:
Kindergarten - Grade 6 = 953
Grades 7 - 9 974
Personnel:
Instructional 115
Noninstructional 29

Street Lights:

High Pressure Sodium Vapor
5,800 lumen - 646
9,500 lumen - 56
16,000 lumen - 47
22,000 lumen - 99
50,000 lumen - 2

White Way Underground
1,000 lumen - 6

Employees as of 9/30/88:
113 Civil Service
3 Exempt
116 Total

Water Treatment Plant:
Design Capacity - 2.3 MGD
Current Production Rate - 1.1 MGD
No. of Consumers - 5,353

Water Pollution Control Plant:
Capacity - 1.6 MGD
Current Production Rate - 1.2 MGD
Collection System Users - 4,481

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OTHER REPORTS

Arthur Young

149 South Ridgewood Avenue
Daytona Beach, Florida 32014-4335
Telephone: (904) 255-1981

REPORT ON INTERNAL ACCOUNTING CONTROL
AND MANAGEMENT COMMENTS

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

We have examined the general purpose financial statements of the City of Holly Hill, Florida, for the year ended September 30, 1988, and have issued our report thereon dated December 2, 1988. As part of our examination, we made a study and evaluation of the system of internal accounting control of the City of Holly Hill, Florida, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981). For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- General Ledger/EDP
- Billings, Receivables and Cash Receipts
- Purchasing
- Accounts Payable and Cash Disbursements
- Payroll and Personnel
- Investments
- Inventory
- Fixed Assets
- Long-Term Debt

Our study included all of the control categories listed above.

The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above. Accordingly, we do not express such an opinion. Because of its limited nature, our study and evaluation would not necessarily disclose all material weaknesses or other conditions requiring attention in the system of internal accounting control. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

MANAGEMENT LETTER

Our Report on Internal Accounting Control has been presented in the previous section of this report. The purpose of this section is to disclose conditions which do not materially affect the City's financial statements and disclose other items as required by the Rules of the Auditor General, State of Florida. The following comments and recommendations are made to assist the City Council and management in administering future operations:

REPORTED IN PRIOR YEAR'S REPORT ON INTERNAL CONTROL AND MANAGEMENT COMMENTS, NOT IMPLEMENTED AS OF SEPTEMBER 30, 1988

During the course of our examination of the financial statements of the City, we noticed appropriate action had been taken upon recommendations and suggested accounting procedures as outlined in the Management Comments section of the Report on Internal Control and Management Comments for the year ended September 30, 1988, except for the following:

POLICIES AND PROCEDURES MANUAL

The procedures manual of the City should be updated and expanded, with emphasis on specific employee job functions and related internal controls. The manual should be organized so that procedures may be easily modified and updated for changing circumstances and management needs.

We noted that the City had begun working on this project during the year ended September 30, 1987. However, as of September 30, 1988, the updated procedures manual had not been completed.

PENSION TRUST FUND INVESTMENTS

The investments of the Police Officers' Retirement Trust Fund and the Firefighters' Retirement System include investments in various limited partnership investments and mutual funds.

Chapters 175 and 185.06 of the Florida Statutes and City Ordinance describe a variety of investment alternatives of Retirement Trust Funds which do not include limited partnerships. We recommend that the Pension Boards review these investments in light of the Statutes.

Mutual Fund investments of the Municipal Police Officers' and Mutual Retirement Trust Fund exceed 30% of total plan assets and Mutual Fund investments of the Firefighters' Retirement System exceed 50% of total plan assets. Investments in excess of the stated percentages are prohibited by City of Holly Hill Code of Ordinances.

We recommend that the Pension Board review these investments in light of the applicable ordinance.

SS 175.351(9)

POLICE AND FIRE PENSION ACTUARIAL VALUATIONS

Currently, the Municipal Police Officers' Retirement Trust Fund and the Firefighters' Retirement System are subject to an actuarial valuation every three years. Although the Firefighters' Retirement System has had an annual evaluation, the Police Officers' Retirement Trust Fund has not.

We recommend the City consider having an annual actuarial valuation performed on the pension plans.

WATER AND SEWER SYSTEM FUND INVESTMENTS

The City was not in compliance with the Water and Sewer Bond Ordinance's provision which prohibits investments other than obligations of the United States of America in the Improvement Fund, and Series "B" Sinking Fund. The City invested in the Florida State Board of Administration Pool to obtain higher earning yields.

We recommend that the City consider amendment of the Water and Sewer Bond Ordinance for any future debt issues to allow for such investment.

In the process of refunding!

UNDERFUNDING OF BALLOON RESERVE

During the 1985 fiscal year, the City adopted a plan to fund the balloon payment that will be due on the Series 1984 bonds in 1994. During the current year, funding was not at the level specified in the plan.

We recommend that the City adhere to the plan in reserving funds to meet the balloon payment. This will ensure that funds are available when needed. The City anticipates refunding this debt in the coming fiscal year.

CURRENT YEAR FINDINGS

During the course of our examination of the financial statements of the City, certain matters came to our attention. We offer the following suggestions which we feel could both strengthen controls and increase operating efficiency. After you consider these suggestions, we are available to discuss methods of implementation at your convenience.

RECORDING OF FIXED ASSET AND LONG-TERM DEBT ACTIVITY

Activity in the General Long-Term Debt Account Group or the General Fixed Assets Account Group are recorded annually.

Management should consider policies and procedures to record transactions concerning long-term debt and fixed assets on a monthly basis.

CAPITALIZATION LIMITS

The City currently uses a capitalization limit of \$200. Recent legislation increased the limit to \$500 for fiscal year 1989.

We recommend the City consider adjusting the limit to the \$500.

DATA PROCESSING

A. EDP Steering Committee:

Operations of the data processing staff are administered by the Finance Department. Many of the requests for automation come from other City departments.

We recommend that the City establish an EDP Steering Committee composed of the primary user departments whose purpose it is to plan, direct and prioritize the access to and use of the City's limited data processing resources. Such a committee would be charged with the responsibility to develop both the long-range and short-term priorities of the data center and would do so in through a structure which provides all data processing users with the opportunity to have input into related decisions.

B. EDP Long-Range Planning:

In addition to the annual plan prepared as a part of the budget process, the City should consider developing a long-range plan which addresses a period three - five years in the future. The long-range plan should address the future needs of the user community, anticipated growth in existing applications and the automation of tasks which are currently manual.

C. EDP Contingency Plan:

The EDP site lacks a formalized facility disaster or contingency plan. Such a plan is invaluable in directing crisis oriented activities resulting from facility loss. A plan should be developed and tested to assure that alternative processing facilities or methods are adequate for maintaining significant applications. To be fully comprehensive, the plan should also address the activities of the system users during a partial or total loss of processing capabilities.

ANNUAL FINANCIAL REPORTS OF UNITS OF LOCAL GOVERNMENT, 1987

The City filed its annual financial report with the Department of Banking and Finance for the fiscal year ended September 30, 1987, as required by Section 218.32 of the Florida Statutes. Based on our review of the financial information contained in that report, no material differences were found in comparing report information to the City's audited financial statements.

We believe that implementation of the above recommendations will improve the efficiency and effectiveness of your accounting system and operations.

* * * * *

The management of the City of Holly Hill, Florida, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

This report is intended solely for the use of management and the Auditor General, State of Florida. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City Council, is a matter of Public Record.

We wish to thank the City Manager, City Clerk, Finance Director, department heads and all their staff for their assistance and cooperation during our recent examination. We would be pleased to discuss the matters reported or to respond to any questions, at your convenience.

Very truly yours,

Arthur Young & Company

Certified Public Accountants
December 2, 1988

Arthur Young

149 South Ridgewood Avenue
Daytona Beach, Florida 32014-4335
Telephone: (904) 255-1981

REPORT ON COMPLIANCE

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

We have examined the general purpose financial statements of the City of Holly Hill, Florida, for the year ended September 30, 1988, and have issued our report thereon dated December 2, 1988. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981), issued by the U.S. General Accounting Office and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Holly Hill, Florida, is responsible for the City's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the City's compliance with laws and regulations noncompliance with which could have a material effect on the general purpose financial statements of the City.

The results of our tests indicate that for the items tested, the City of Holly Hill, Florida, complied with those provisions of laws and regulations non-compliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the items not tested the City of Holly Hill, Florida, was not in compliance with laws or regulations noncompliance with which could have a material effect on the City's general purpose financial statements.

Arthur Young & Company

Certified Public Accountants
December 2, 1988

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Arthur Young

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December 2, 1988

REPORT ON COMPLIANCE WITH CPE REQUIREMENTS

The Honorable Mayor, City
Council and City Manager
City of Holly Hill, Florida

In accordance with Florida Statutes Section 11.45(3)(a)4.p., we are required to designate the auditor-in-charge of your engagement and confirm that the educational criteria have been met. The auditor-in-charge of your engagement is John P. Vodenicker, CPA, and he has attended at least 24 hours of continuing professional education programs directly related to the governmental environment and government auditing within the immediate preceding three years.

Very truly yours,

Arthur Young & Company

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SINGLE AUDIT REPORTS

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REPORT ON SUPPLEMENTARY INFORMATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited and have reported upon, under date of December 2, 1988, the accompanying general purpose financial statements of the City of Holly Hill, Florida at September 30, 1988, and for the year then ended. These general purpose financial statements are the responsibility of the City of Holly Hill, Florida management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1981), issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has been made primarily for the purpose of expressing an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Arthur Young & Company

Certified Public Accountants
December 2, 1988

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CITY OF HOLLY HILL, FLORIDA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 1988

FEDERAL GRANTOR/ PROGRAM TITLE	GRANT NUMBER	AWARD AMOUNT	BEGINNING FUND BALANCE 10/1/87	REVENUES (Note 1)	EXPENDITURES (Note 2)	ENDING FUND BALANCE 9/30/88
Department of Treasury Office of Revenue Sharing: State and Local Government Fiscal Assistance Revenue Sharing	110-2-064-004-9	Formula Grant	\$ 31,591	\$ 1,035	\$ 32,626	\$ -
Department of Natural Resources	LWCF Project #12-00275		\$ 148,913	\$ (148,913)	\$ 148,913	\$ -

Note 1 - Revenue realized consists of the following:

Revenue derived from Office of Revenue Sharing Entitlements - Interest income	<u>\$ 1,035</u>
Revenue from Department of Natural Resources, State of Florida	<u>\$ 148,913</u>

Note 2 - Expenditures recognized consist of the following:

Capital outlay	<u>\$ 32,626</u>
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REPORT ON COMPLIANCE

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

We have examined the general purpose financial statements of the City of Holly Hill, Florida, for the year ended September 30, 1988, and have issued our report thereon dated December 2, 1988. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981), issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Holly Hill, Florida, is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from certain nonmajor federal financial assistance programs.

The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that the City of Holly Hill, Florida had executed the tested nonmajor program transactions in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our tests indicate that for the transactions and records tested, the City of Holly Hill, Florida, complied with the laws and regulations referred to above. Our testing was more limited than would be necessary to express an opinion on whether the City of Holly Hill, Florida, administered those programs in compliance in all material respects with laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the City of Holly Hill, Florida, had not complied with laws and regulations.

Arthur Young & Company

Certified Public Accountants
December 2, 1988

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REPORT ON INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

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

We have examined the general purpose financial statements of the City of Holly Hill, Florida, for the year ended September 30, 1988, and have issued our report thereon dated December 2, 1988. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls used in administering federal financial assistance programs, to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981), issued by the U.S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

Internal Accounting Controls -	Controls used in administering
General Ledger/EDP	Individual Federal Financial
Billings, Receivables and	Assistance Programs -
Cash Receipts	General Requirements
Purchasing	. Political activity
Accounts Payable and Cash	. Davis-Bacon Act
Disbursements	. Civil Rights
Payroll and Personnel	. Cash management
Investments	. Relocation assistance and
Inventory	real property acquisition
Fixed Assets	Specific Requirements
Long-Term Debt	. Types of services
	. Eligibility
	. Matching level of effort
	. Reporting
	. Cost allocation
	. Special requirements

The management of the City of Holly Hill, Florida, is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended September 30, 1988, the City of Holly Hill, Florida, had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs: Federal Revenue Sharing and Land and Water Conservation Fund Grant. With respect to internal control systems used in administering these nonmajor federal financial assistance program, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the City of Holly Hill, Florida. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the City of Holly Hill, Florida.

However, our study and evaluation and our examination disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance programs of the City of Holly Hill, Florida.

Refer to the report on internal accounting controls and management comments based on a study and evaluation made as a part of the examination of the general purpose financial statements for additional comments.

This report is intended solely for the use of management, the Auditor General, State of Florida, and respective federal program officials and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City Council, is a matter of public record.

Arthur Young & Company

Certified Public Accountants
December 2, 1988

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