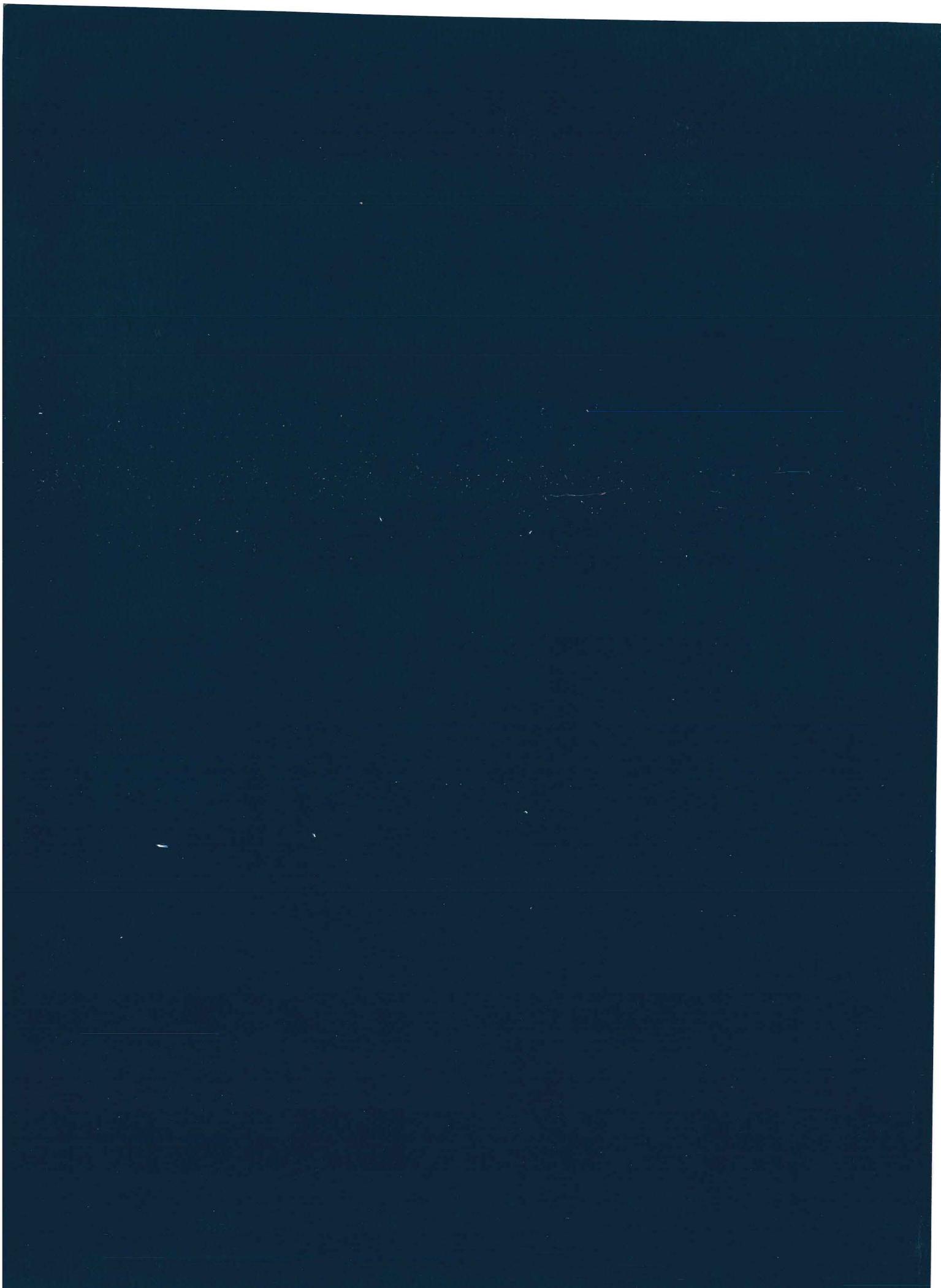


# CITY OF HOLLY HILL, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDING SEPTEMBER 30, 1991



Comprehensive Annual Financial Report

City of Holly Hill, Florida

*For the Fiscal Year Ended September 30, 1991*

Prepared by:  
Finance Department

Brenda Gubernator, Finance Director

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# **Introductory Section**

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City of Holly Hill, Florida  
Comprehensive Annual Financial Report  
September 30, 1991

**Councilmen**

Thomas C. Ryan, Mayor  
Robert E. Chesnowitz, Mayor Pro-Tem  
Arthur J. Byrnes  
James M. Gaither, Sr.  
J. D. Mellette

**City Manager**

Ralph K. Hester

**City Attorney**

Edward F. Simpson, Jr.

**Finance Director**

Brenda Gubernator

**City Auditors**

Ernst & Young

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City of Holly Hill, Florida  
 Comprehensive Annual Financial Report  
 For the Year ended September 30, 1991

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**Letter of Transmittal**

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# CITY OF HOLLY HILL

TEN SIXTY—FIVE RIDGEWOOD AVENUE

HOLLY HILL, FLORIDA 32117

904/252-7631

FAX# 904/253-0042

March 24, 1992

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

The Comprehensive Annual Financial Report of the City of Holly Hill, Florida, for the year ended September 30, 1991, 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 supporting schedules, as well as the report of independent certified public accountants on the financial statements and supporting schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

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 Fund 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 and Halifax Water Authority, 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.

The Honorable Mayor, City Council and  
City Manager  
City of Holly Hill  
Page 2  
March 24, 1992

## 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 through 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.

The community currently has a 7.3% unemployment rate as compared to a state-wide rate of 5.9%. During the past three years, property assessments have increased 13.8%.

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

## MAJOR INITIATIVES

### *For the Year.*

Dedication ceremonies were held June 1, 1991 for the completion of the Advanced Wastewater Treatment Facility. The construction upgraded the plant from a secondary treatment plant to an advanced wastewater treatment plant. Capacity increased from 1.6 million gallons per day to 2.4 million gallons per day.

The City purchased .6 acres on the riverfront that had been leased by the City for many years. This parcel, along with an adjoining parcel already owned by the City, has been enjoyed by residents and visitors for many years and is known as Ross Point Park.

A new one-half mile sidewalk was constructed on Center Avenue along a route used by children getting to and from the elementary and middle schools, which will provide greater safety from the hazards created by vehicle traffic in the area.

A special committee, composed of the Civil Service Board, the Employees Committee and City Management completed a revision to the Civil Service Ordinance outlining rules and procedures for personnel. The final ordinance was adopted October 22, 1991.

The Honorable Mayor, City Council and  
City Manager  
City of Holly Hill  
Page 3  
March 24, 1992

*For the Future.*

In December 1989 the voters approved a referendum to add fluoride to the City water supply. The City received a federal grant for the equipment and the first year chemical costs. Along with several other improvements to the water treatment plant, this project is expected to be completed in mid 1992.

Through a series of workshops and surveys the City Council, staff and residents will consider goals and objectives to meet the needs of the community over the next five to ten years. Consideration will be given to planning and development of various projects and programs in fiscal year 1991-92.

- Facilities Planning - determine the facility requirements for several departments and programs, review existing facilities and develop plans for remodeling and/or for new facilities.
- Capital Improvement Plan - establish a five-year plan with yearly updates in conjunction with the Comprehensive Land Use Plan.
- Management - review departmental operations and reorganize as necessary.
- Redevelopment - explore alternatives to encourage existing businesses to upgrade and expand along Ridgewood Avenue and continue beautification efforts.

*Departmental Focus.*

Many park improvements are planned for fiscal year 1991-92. Ballfield lighting will be improved at Hollyland Park for three fields and a concession stand is planned that will be conveniently located to serve those fields.

Grants are anticipated to provide for improvements at Sunrise Park such as a walkway along the seawall on the northside of the park. Consideration will also be given to improvements at Ross Point Park that will enhance its natural beauty.

## 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.

### *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, expendable trust 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 and Finance Director. This budgetary control is communicated to the department heads.

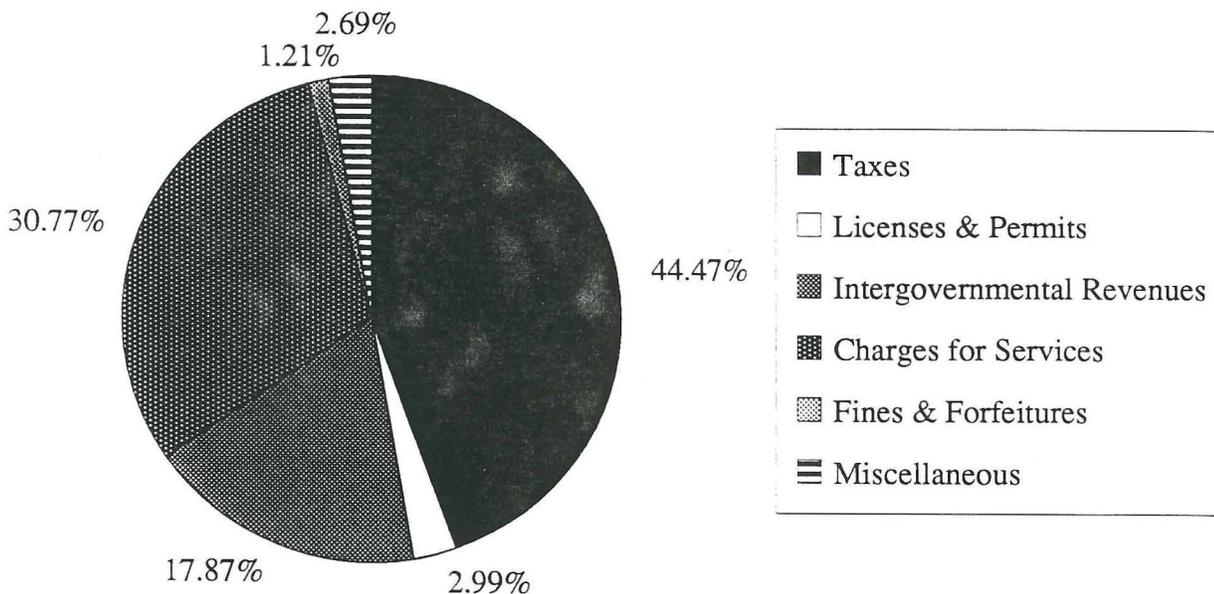
As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

*General Governmental Functions.*

The following schedule presents a summary of General Fund revenues and other sources for the fiscal year ended September 30, 1991 and the increases and decreases in relation to prior year revenues.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1990 (Thousands)</u>
Taxes (all sources)	\$2,412,088	44.47 %	\$ 48
Licenses and permits	162,013	2.99	10
Intergovernmental revenues	969,513	17.87	(119)
Charges for services	1,669,189	30.77	100
Fines and forfeitures	65,862	1.21	(20)
Miscellaneous	145,864	2.69	(58)
<b>TOTALS</b>	<b>\$5,424,529</b>	<b>100.00 %</b>	<b>\$ (39)</b>

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



The Honorable Mayor, City Council and  
 City Manager  
 City of Holly Hill  
 Page 6  
 March 24, 1992

Revenues and other sources for the general fund functions totaled \$5,424,529 for the year ended September 30, 1991, a decrease of .71% from the previous year. Budgeted revenues for the General Fund exceeded actual revenues and other sources by \$148,069.

Ad valorem taxes continue to be the most significant revenue source. The total nonexempt valuation for ad valorem taxes amounts to \$260.3 million, an increase of 3.3% 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:

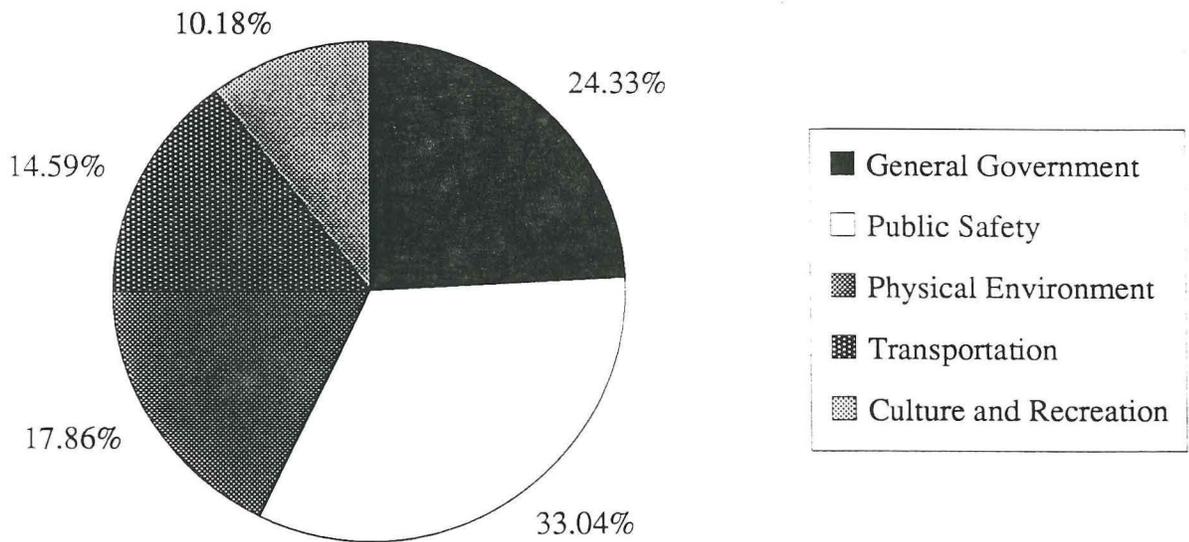
	<u>1990/91</u>	<u>1989/90</u>
General Fund	<u>4.463 mills</u>	<u>4.463 mills</u>

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

The following schedule presents a summary of General Fund expenditures and other uses for the fiscal year ended September 30, 1991 and the increases and decreases in relation to prior year amounts.

<u>FUNCTION</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1990 (Thousands)</u>
General Government	\$ 1,370,059	24.33 %	\$ 103
Public Safety	1,859,666	33.04	57
Physical Environment	1,005,292	17.86	(58)
Transportation	821,012	14.59	40
Culture and Recreation	<u>572,942</u>	<u>10.18</u>	<u>162</u>
<b>TOTALS</b>	<u>\$ 5,628,971</u>	<u>100.00 %</u>	<u>\$ 304</u>

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 \$5,628,971 for the year, an increase of 5.70% over the preceding year.

Expenditures for General Government functions increased 8.06% over the previous year and accounted for 24.33% of total General Fund expenditures.

Public Safety, which includes Police, Fire and Protective Inspection Departments, accounted for 33.04% of the General Fund expenditures, as compared to 33.84% for the preceding fiscal year.

Public Works operations include Transportation/Road and Street Facilities and Physical Environment/Sanitation Services. These operations represented 17.86% and 14.59% of the General Fund expenditures, as compared to 19.96% and 14.66% for the previous year.

The Culture and Recreation Department accounted for 10.18% of the General Fund expenditures, as compared to 7.72% for the preceding fiscal year.

Capital improvements are included in each of the above functions. Expenditures for capital improvements amounted to \$432,938 for the fiscal year, an increase of 43.70% over the previous year.

The Honorable Mayor, City Council and  
 City Manager  
 City of Holly Hill  
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 March 24, 1992

*General Fund Balance.*

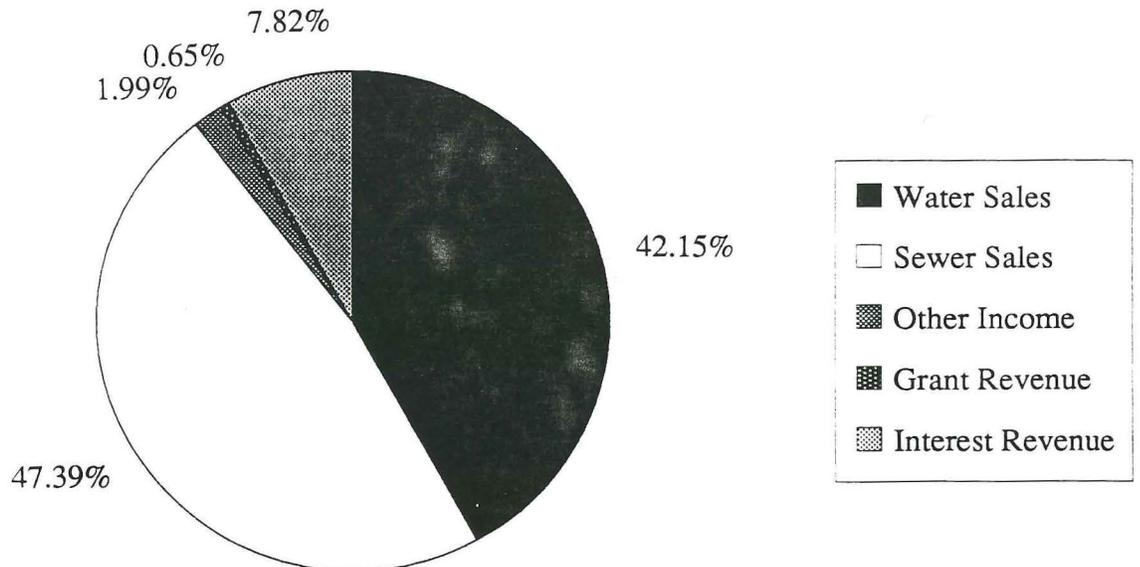
The fund balance of the General Fund decreased by 11.51% during the fiscal year ended September 30, 1991. The \$204,442 decrease provided the City with a fund balance that is the equivalent of 26.97% or approximately three and one half months of the budgeted expenditures of the current fiscal year. This indication of sound financial position will ensure the availability of resources needed to continue providing quality service to the citizens of Holly Hill without imposing an undue tax burden.

*Enterprise Operations.*

The following schedule presents a summary of Water and Sewer Fund revenues and transfers in for the fiscal year ended September 30, 1991 and the increases and decreases in relation to the prior year.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1990 (Thousands)</u>
Water sales	\$ 1,242,752	42.15 %	\$ 72
Sewer charges	1,397,356	47.39	81
Other income	58,777	1.99	(16)
Grant revenue	19,287	.65	19
Interest revenue	230,238	7.82	(27)
<b>TOTALS</b>	<b>\$ 2,948,410</b>	<b>100.00 %</b>	<b>\$ 129</b>

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



The Honorable Mayor, City Council and  
 City Manager  
 City of Holly Hill  
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 March 24, 1992

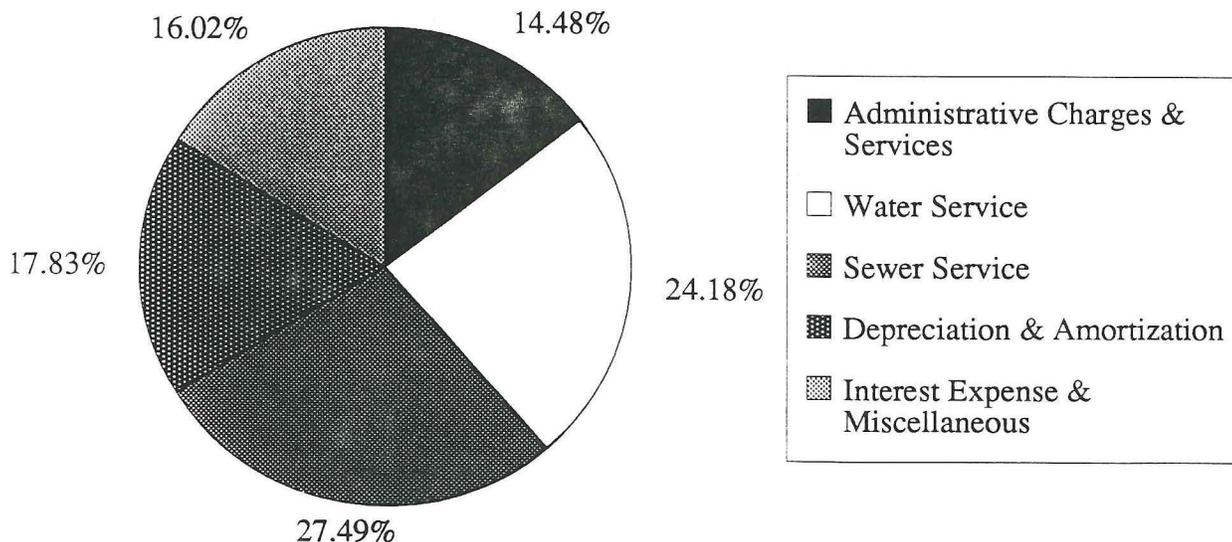
The City's Water and Sewer System Fund has increased revenues and the number of customers served over the past year. Revenue (excluding connection and impact fees) increases from the previous year were caused mainly by a rate increase.

The City records connection charges and impact fees as contributed capital. During the year, connection charges and impact fees amounted to \$56,938, an increase of 423.09% from the previous year.

The following schedule presents a summary of Water and Sewer Fund expenses and transfers out for the fiscal year ended September 30, 1991 and the amount 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 1990 (Thousands)</u>
Water service	\$ 596,147	24.18 %	\$ 8
Sewer service	677,939	27.49	140
Administrative charges and services	357,000	14.48	17
Depreciation and amortization expense	439,617	17.83	140
Interest expense and miscellaneous	395,039	16.02	18
<b>TOTALS</b>	<b>\$ 2,465,742</b>	<b>100.00 %</b>	<b>\$ 323</b>

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



The Honorable Mayor, City Council and  
City Manager  
City of Holly Hill  
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March 24, 1992

This year, the City had net income of \$482,668 in the Water and Sewer System Fund.

Bonded debt coverage from the operations of the system are shown in the following tabulation:

	<u>1990/91</u>
Gross revenue (includes connection charges)	\$ 2,929,675
Income available for debt service	1,655,589
Annual debt service requirement	1,160,517
Coverage (income available for debt service divided by annual debt service requirement)	143 %

*Debt Administration.*

At September 30, 1991, the City had no general bonded debt.

Water and sewer revenue bonds issued in 1989 continue to be rated Aaa by Moody's Investors Services and AAA by Standard and Poor's Corporation and are insured by Municipal Bond Investors Assurance Corporation. Debt service payments during the current year consisted of \$165,000 in principal maturities and \$995,517 of interest.

*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. At the dates of the most recent actuarial valuations, neither Plan had an actuarial deficiency. The two pension funds are included in the financial statements of the City.

The Honorable Mayor, City Council and  
 City Manager  
 City of Holly Hill  
 Page 11  
 March 24, 1992

During the year, the Firefighters' Retirement System revenues were derived from State of Florida contributions of \$19,464, employee contributions of \$32,303, and investment income of \$70,700. Fund balance at the end of the year is \$843,324 as compared to \$776,670 for the preceding year. For the Police Officers' Retirement Trust Fund, the revenues were derived from State of Florida contributions of \$42,017, employee contributions of \$48,570, City contributions of \$69,549 and investment income of \$110,187. Fund balance at the end of the year is \$1,488,589 as compared to \$1,283,123 for the preceding year.

*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 1991 fiscal year. The total cost of general fixed assets at September 30, 1991 amounted to \$8,412,952 as compared to \$8,047,631 for the preceding year, an increase of 4.5%.

*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, 1991, idle unrestricted cash was invested as follows: in demand deposits, 16.9% and in time deposits, 83.1%.

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

<u>FUND</u>	<u>INTEREST EARNED</u>	
	<u>1991</u>	<u>1990</u>
General Fund	\$ 116,494	\$ 141,652
Water and Sewer System Fund	<u>114,126</u>	<u>118,448</u>
TOTAL INTEREST EARNINGS FOR THE CITY	<u>\$ 230,620</u>	<u>\$ 260,100</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.

The Honorable Mayor, City Council and  
City Manager  
City of Holly Hill  
Page 12  
March 24, 1992

## OTHER INFORMATION

### *Independent Audit.*

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Ernst & Young was selected by the City Council. The report of independent certified public accountants on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

### *Awards.*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 1990. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last fourteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 1990. This is the third consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The Honorable Mayor, City Council and  
City Manager  
City of Holly Hill  
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March 24, 1992

*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,

  
Finance Director

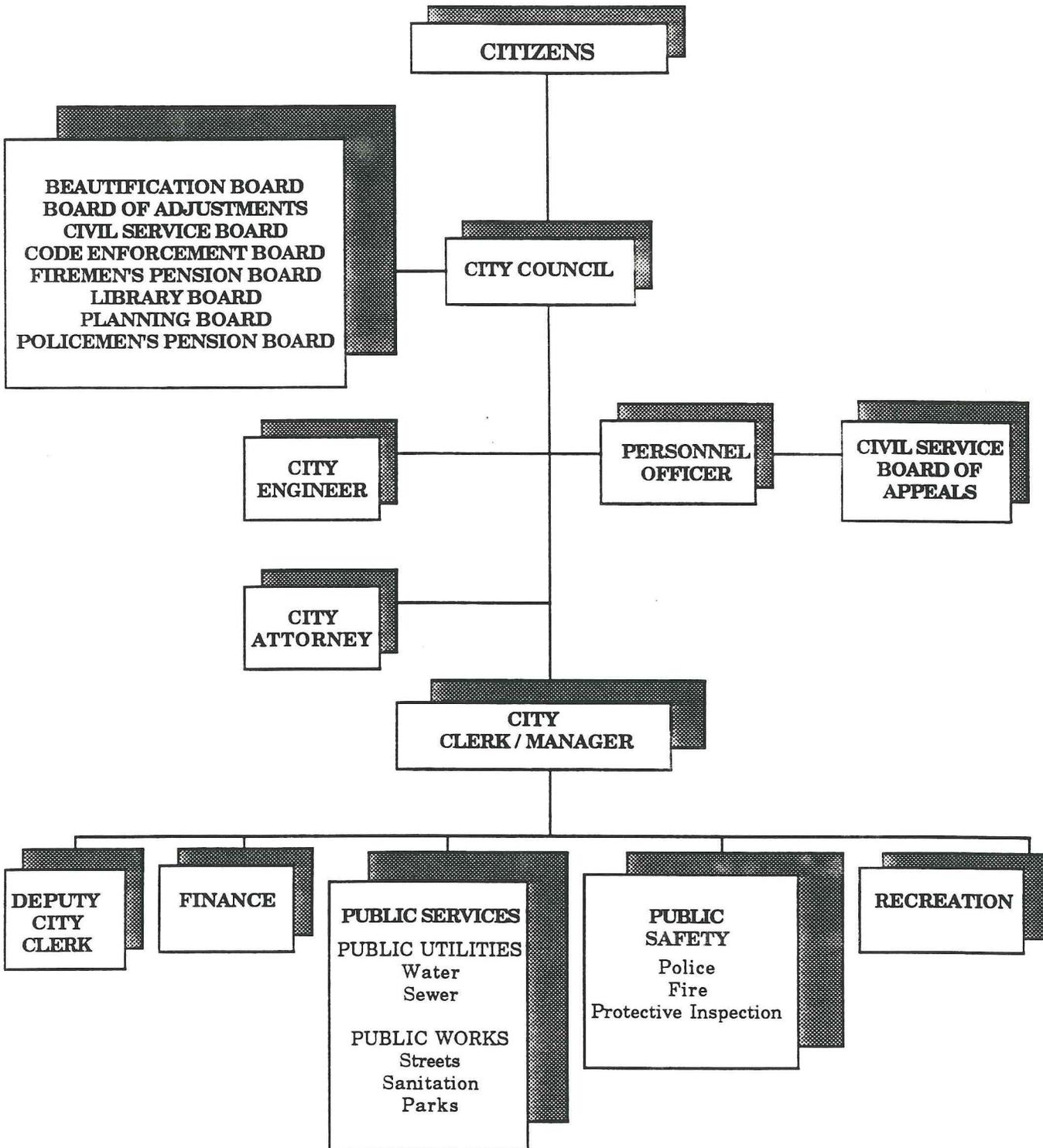
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## **Organization Chart**

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# CITY OF HOLLY HILL, FLORIDA

## ORGANIZATION CHART



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**Certificate of Achievement for Excellence  
In Financial Reporting**

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# Certificate of Achievement for Excellence in Financial Reporting

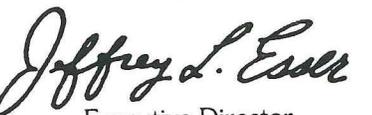
Presented to

City of Holly Hill,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1990

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



  
President  
  
Executive Director

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# **Financial Section**

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**Report of Independent Certified Public Accountants**

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## Report of Independent Certified Public Accountants

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 as of and for the year ended September 30, 1991 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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, 1991, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and supporting 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 information has been subjected to the auditing procedures applied in our 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 auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.



January 23, 1992

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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

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Enterprise</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 794,001	\$ 1,233,292
Investments	683,766	300,000
Accounts receivable - net	88,752	274,592
Taxes receivable	48,613	-
Other receivables	19,449	3,596
Due from other funds	160,736	-
Due from other governments	18,755	-
Prepaid insurance	-	6,570
Restricted assets:		
Sinking Funds -		
Cash and cash equivalents	-	1,180,165
Construction Fund -		
Cash and cash equivalents	-	830,358
Renewal and Replacement Fund -		
Cash and cash equivalents	-	247,738
Accrued interest receivable	-	1,321
Impact fee -		
Cash and cash equivalents	-	130,082
Investments	-	325,200
Land	-	136,602
Buildings	-	8,365,397
Improvements other than buildings	-	5,625,583
Machinery and equipment	-	5,527,747
Accumulated depreciation	-	(3,418,397)
Construction in progress	-	164,751
Unamortized bond issue costs	-	235,213
Amount to be provided for retirement of general long-term debt	-	-
Total assets	<u>\$ 1,814,072</u>	<u>\$ 21,169,810</u>

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) September 30	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991
\$ 249,550	\$ —	\$ —	\$ 2,276,843	\$ 2,195,892
2,180,792	—	—	3,164,558	2,782,894
—	—	—	363,344	274,811
—	—	—	48,613	48,613
42,302	—	—	65,347	34,870
493	—	—	161,229	125,165
—	—	—	18,755	147,213
—	—	—	6,570	6,570
—	—	—	1,180,165	1,353,635
—	—	—	830,358	3,054,255
—	—	—	247,738	208,950
—	—	—	1,321	786
—	—	—	130,082	20,009
—	—	—	325,200	425,200
—	1,256,713	—	1,393,315	1,218,181
—	768,593	—	9,133,990	6,619,297
—	3,781,440	—	9,407,023	8,741,098
—	2,606,206	—	8,133,953	3,111,616
—	—	—	(3,418,397)	(3,034,683)
—	—	—	164,751	6,357,527
—	—	—	235,213	243,613
—	—	476,814	476,814	561,290
<u>\$ 2,473,137</u>	<u>\$ 8,412,952</u>	<u>\$ 476,814</u>	<u>\$ 34,346,785</u>	<u>\$ 34,496,802</u>

See accompanying notes.

City of Holly Hill, Florida  
 Combined Balance Sheet  
 All Fund Types and Account Groups (continued)

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Enterprise</u>
<b>Liabilities and fund equity</b>		
Liabilities:		
Accounts payable	\$ 109,077	\$ 45,832
Accrued liabilities	67,908	67,175
Due to other funds	-	160,736
Customer deposits	16,054	338,070
Other liabilities	1,100	-
Deferred revenues	48,613	-
Payable from restricted assets:		
Accounts payable	-	73,992
Retainage payable	-	102,640
Current portion of revenue bonds payable	-	175,000
Deferred compensation payable	-	-
Revenue bonds payable - net	-	13,523,790
Arbitrage rebate liability	-	109,473
Notes payable	-	-
Obligation for compensated absences	-	-
Total liabilities	242,752	14,596,708
Commitments and contingencies		
Fund equity and other credits:		
Contributed capital	-	2,308,853
Investment in general fixed assets	-	-
Retained earnings:		
Reserved for renewal and replacement	-	570,394
Reserved for revenue bond retirement	-	1,070,692
Unreserved	-	2,623,163
Fund balances:		
Reserved for law enforcement trust	-	-
Reserved for encumbrances	81,319	-
Reserved for police and fire pensions	-	-
Reserved for police education	11,163	-
Reserved for stormwater drainage	338,174	-
Unreserved -		
Undesignated	1,140,664	-
Total fund equity and other credits	1,571,320	6,573,102
Total liabilities and fund equity	\$ 1,814,072	\$ 21,169,810

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) September 30	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991
\$ 6,865	\$ —	\$ —	\$ 161,774	\$ 115,596
—	—	—	135,083	112,968
493	—	—	161,229	125,165
—	—	—	354,124	332,596
—	—	—	1,100	1,150
—	—	—	48,613	48,613
—	—	—	73,992	631,267
—	—	—	102,640	607,564
—	—	—	175,000	—
83,436	—	—	83,436	39,332
—	—	—	13,523,790	13,856,604
—	—	—	109,473	109,473
—	—	232,000	232,000	332,000
—	—	244,814	244,814	229,290
90,794	—	476,814	15,407,068	16,541,618
—	—	—	2,308,853	2,251,915
—	8,412,952	—	8,412,952	8,047,631
—	—	—	570,394	634,936
—	—	—	1,070,692	1,244,162
—	—	—	2,623,163	1,902,483
50,430	—	—	50,430	38,502
—	—	—	81,319	4,140
2,331,913	—	—	2,331,913	2,059,793
—	—	—	11,163	10,969
—	—	—	338,174	164,203
—	—	—	1,140,664	1,596,450
2,382,343	8,412,952	—	18,939,717	17,955,184
\$ 2,473,137	\$ 8,412,952	\$ 476,814	\$ 34,346,785	\$ 34,496,802

See accompanying notes.

City of Holly Hill, Florida  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 All Governmental Fund Types and Similar Trust Funds

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)	
	General	Expendable Trust	Year ended 1991	September 30 1990
<b>Revenues:</b>				
Taxes	\$ 2,412,088	\$ —	\$ 2,412,088	\$ 2,364,090
Licenses and permits	162,013	—	162,013	152,500
Intergovernmental revenues	969,513	—	969,513	1,087,785
Charges for services	1,669,189	—	1,669,189	1,568,924
Fines and forfeitures	65,862	29,053	94,915	148,651
Miscellaneous revenues	145,864	2,851	148,715	206,326
<b>Total revenues</b>	<b>5,424,529</b>	<b>31,904</b>	<b>5,456,433</b>	<b>5,528,276</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	1,313,108	—	1,313,108	1,217,580
Public Safety	1,849,538	15,709	1,865,247	1,749,083
Physical Environment	851,725	—	851,725	885,399
Transportation	646,566	—	646,566	662,630
Culture and Recreation	416,912	—	416,912	398,730
Capital outlay	432,938	4,267	437,205	319,918
<b>Debt service:</b>				
Principal retirement	100,000	—	100,000	107,324
Interest	18,184	—	18,184	25,448
<b>Total expenditures</b>	<b>5,628,971</b>	<b>19,976</b>	<b>5,648,947</b>	<b>5,366,112</b>
Excess (deficiency) of revenues over expenditures	(204,442)	11,928	(192,514)	162,164
Fund balances at beginning of year	1,775,762	38,502	1,814,264	1,652,100
Fund balances at end of year	<u>\$ 1,571,320</u>	<u>\$ 50,430</u>	<u>\$ 1,621,750</u>	<u>\$ 1,814,264</u>

*See accompanying notes.*

City of Holly Hill, Florida  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 General Fund

	Year ended September 30 1991	Variance (Unfavorable) Favorable	Year ended September 30 1990
	Budget		Actual
<b>Revenues:</b>			
Taxes	\$ 2,447,000	\$ (34,912)	\$ 2,364,090
Licenses and permits	160,500	1,513	152,500
Intergovernmental revenues	1,063,500	(93,987)	1,087,785
Charges for services	1,671,100	(1,911)	1,568,924
Fines and forfeitures	79,000	(13,138)	86,251
Miscellaneous revenues	151,500	(5,636)	203,849
<b>Total revenues</b>	<b>5,572,600</b>	<b>(148,071)</b>	<b>5,463,399</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	1,334,550	21,442	1,217,580
Public Safety	1,865,100	15,562	1,726,863
Physical Environment	866,050	14,325	885,399
Transportation	663,550	16,984	662,630
Culture and Recreation	427,700	10,788	398,730
Capital outlay	550,700	117,762	301,269
<b>Debt service:</b>			
Principal retirement	100,000	-	107,324
Interest	18,200	16	25,448
<b>Total expenditures</b>	<b>5,825,850</b>	<b>196,879</b>	<b>5,325,243</b>
Excess (deficiency) of revenues over expenditures	(253,250)	48,808	138,156
Fund balances at beginning of year	1,775,762	-	1,652,100
Residual equity transfer	-	-	(14,494)
<b>Fund balances at end of year</b>	<b>\$ 1,522,512</b>	<b>\$ 48,808</b>	<b>\$ 1,775,762</b>

See accompanying notes.

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Pension Funds	Year ended 1991	September 30 1990
Operating revenues:				
Charges for services	\$ 2,682,211	\$ —	\$ 2,682,211	\$ 2,524,793
Contributions	—	211,903	211,903	175,437
Investment income	—	180,887	180,887	152,426
Total operating revenues	<u>2,682,211</u>	<u>392,790</u>	<u>2,075,001</u>	<u>2,852,656</u>
Operating expenses:				
Personal services	714,592	—	714,592	647,383
Contractual services	362,344	67,396	429,740	349,138
Materials and supplies	197,150	—	197,150	163,618
Other charges and services	357,000	—	357,000	340,000
Depreciation and amortization	439,617	—	439,617	299,732
Benefit payments	—	36,666	36,666	36,159
Loss on sale of investments	—	4,582	4,582	41,834
Unrealized loss on investments	—	—	—	190,000
Miscellaneous expenses	—	12,026	12,026	17,558
Total operating expenses:	<u>2,070,703</u>	<u>120,670</u>	<u>2,191,373</u>	<u>2,085,422</u>
Operating income	611,508	272,120	883,628	767,234
Nonoperating revenues (expenses)				
Interest income	230,238	—	230,238	257,782
Grant revenue	19,287	—	19,287	—
Other income	16,674	—	16,674	38,686
Interest expense	(366,966)	—	(366,966)	(350,885)
Loss on disposal of equipment	(7,037)	—	(7,037)	(1,710)
Miscellaneous expense	(21,036)	—	(21,036)	(24,053)
Total nonoperating revenues (expenses)	<u>(128,840)</u>	<u>—</u>	<u>(128,840)</u>	<u>(80,180)</u>
Net income	482,668	272,120	754,788	687,054
Retained earnings/fund balances at beginning of year	<u>3,781,581</u>	<u>2,059,793</u>	<u>5,841,374</u>	<u>5,154,320</u>
Retained earnings/fund balances at end of year	<u>\$ 4,264,249</u>	<u>\$ 2,331,913</u>	<u>\$ 6,596,162</u>	<u>\$ 5,841,374</u>

*See accompanying notes.*

City of Holly Hill, Florida  
 Combined Statement of Cash Flows  
 Proprietary Fund Type

	Year ended September 30	
	1991	1990
<b>Operating activities</b>		
Operating income	\$ 611,508	\$ 759,040
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	439,617	299,732
Accounts receivable, net	(87,082)	(12,181)
Other receivables	(2,646)	(226)
Due from other funds	140,527	(91,915)
Prepaid expenses	-	1,134
Accounts payable	25,012	(10,444)
Accrued liabilities	11,976	11,203
Due to other funds	91,915	(11,660)
Customer deposits	21,677	21,504
Net cash provided by operating activities	1,252,504	966,187
<b>Noncapital financing activities</b>		
Nonoperating income	16,674	38,686
Nonoperating expense	(21,036)	(24,053)
Net cash (used) provided by noncapital financing activities	(4,362)	14,633
<b>Capital and related financing activities</b>		
Acquisition and construction of capital assets	(2,440,694)	(5,781,015)
Proceeds from sale of equipment	-	843
Principal paid on bond maturities	(165,000)	-
Interest paid on bonds	(995,517)	(1,145,355)
Capital contributions from customers	56,938	10,885
Grant revenue	19,287	-
Net cash used by capital and related financing activities	(3,524,986)	(6,914,642)
<b>Investing activities</b>		
Purchase of investments	(825,200)	(935,949)
Proceeds from maturities of investments	956,684	933,182
Interest on investments	369,403	761,448
Net cash provided by investing activities	500,887	758,681
Net decrease in cash and cash equivalents	(1,775,957)	(5,175,141)
Cash and cash equivalents at beginning of year	5,397,592	10,572,733
Cash and cash equivalents at end of year	\$ 3,621,635	\$ 5,397,592

See accompanying notes.

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City of Holly Hill, Florida  
Notes to Financial Statements  
September 30, 1991

**1. 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 five (5) member Council consisting of four councilmen and one mayor. 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.

**Reporting Entity**

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types and account groups governed by the City Council of the City of Holly Hill, Florida.

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:

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

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Accounting Policies (continued)

##### 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 Type:

**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.

##### 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 Types:

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, other governments, and/or other funds. These include Pension Trust, Expendable Trust and Agency Funds.

##### Account Groups:

**General Fixed Assets** - The General Fixed Assets Account Group is used to account for all fixed assets of the City, except fixed assets of the proprietary fund.

**General Long-Term Debt** - The General Long-Term Debt Account Group is used 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 (continued)

#### 1. Accounting Policies (continued)

##### Measurement Focus

Governmental Fund Type - The General Fund is accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported undesignated fund balance (net current assets) is considered a measure of available, spendable or appropriate resources. The operating statement of this fund presents 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 using a flow of economic resources 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 reports increases (revenues) and decreases (expenses) in total economic net worth.

Fiduciary Fund Types - Pension Trust Funds are accounted for in the same manner as Proprietary Fund Types since capital maintenance is critical. Expendable Trust Funds are accounted for in the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

##### 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.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Accounting Policies (continued)

All Governmental and Expendable Trust 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 include intergovernmental revenues, interest income, and charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

The Proprietary Fund Type 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.

Agency Funds are accounted for on a modified accrual basis.

#### **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.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Accounting Policies (continued)

- (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 is required to have a legally adopted annual budget.
- (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 1990/91 fiscal year, one (1) such appropriation, increasing the budget by \$332,100 was approved for the 1990/91 budget on June 25, 1991 through Ordinance #2283 in accordance with the City Charter.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Water and Sewer System Fund considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

#### 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 to its customers and prorating the number 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 4.463.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

The property tax calendar is as follows:

Valuation Date	January 1, 1990
Property Appraiser prepares the assessment roll with values as of January 1, 1990, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1, 1990
City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate(s) for the coming fiscal year.	September 1990
Property Appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable.(Levy date)	November 1, 1990
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes may be paid November 1990 through March 1991, with the following applicable discounts -	
<u>Month</u>	<u>Discount Percent</u>
November	4 %
December	3
January	2
February	1
March	0
	November 1, 1990 through March 31, 1991
All unpaid taxes on real and tangible personal property become delinquent.	April 1, 1991
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	May 1991
Tax certificates are sold on all real estate parcels with unpaid real property taxes. (Lien date)	June 1, 1991
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 1991

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Accounting Policies (continued)

In accordance with the modified accrual basis of accounting, 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.

#### Investments

Investments are stated at cost, except for investments in the deferred compensation fund which are stated at market value.

#### 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 - 30

#### Capitalization of Interest

Net interest cost relating to construction is capitalized during the construction period.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### **Bond Discounts and Issuance Costs**

Bond discounts and bond issuance costs are amortized using the straight-line method, which approximates the effective interest method, over the life of the bonds. Bond discounts are presented as a reduction of the face amount of bonds payable and issuance costs are recorded as deferred charges.

##### **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 time in excess of 90 days. On termination, the employee receives 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 are paid 100 percent of their accumulated sick leave.

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.

##### **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.

##### **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.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### **Contributed Capital**

Proprietary Fund contributed capital represents contributions from other funds, governmental entities or individuals. The contributions were collected to finance fixed asset additions or other specific expenses.

##### **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.

##### **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.

##### **Reclassifications**

Certain September 30, 1990 account balances have been reclassified in this report to conform with the financial statement presentation used in 1991.

##### **Statement of Cash Flows**

In September 1989, the Governmental Accounting Standards Board issued Statement Number 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting." The City adopted the provisions of the Statement in its 1991 financial statements and restated the previously reported statement of changes in financial position for 1990.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 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.

##### Deposits

The carrying amount of the City's deposits and petty cash was \$1,719,836 and the bank balance was \$1,922,960. Of the bank balance, \$1,727,407 was secured by the bank through participation in the Florida Security for Public Deposits Act, and \$195,553 was held in a money market account. The money market account is secured by United States Government Obligations held in the name of the trust department and is, therefore, considered to be uncollateralized. The uncollateralized deposits are held by the Police and Fire Pension Funds.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 2. Cash and Investments (continued)

##### 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 Deferred Compensation Agency Fund investments are managed by ICMA Retirement Trust Corporation which provides various investment options to participants. The investments are pooled, and consist of common stock, government securities, corporate bonds, and guaranteed insurance contracts.

The following schedule categorizes the level of risk assumed by the City relating to investments held at September 30, 1991:

##### Category 1

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

##### Category 2

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparties' 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 safekeeping department or agent but not in the City's name.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**2. Cash and Investments (continued)**

Following is a summary of risk levels assumed by the City at September 30, 1991:

	Category			Carrying Amount	Market Value
	1	2	3		
Pension Fund Investments -					
Common stock	\$ 796,330	\$ -	\$ -	\$ 796,330	\$ 916,875
U.S. Treasury Notes	<u>1,301,026</u>	-	-	<u>1,301,026</u>	<u>1,385,873</u>
	<u>\$2,097,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,097,356</u>	<u>2,302,748</u>
Deferred Compensation					
Investment Pool				83,436	83,436
State Board				<u>4,254,316</u>	<u>4,254,316</u>
Total investments				<u>\$6,435,108</u>	<u>\$6,640,500</u>

During the year the Police Officers' Retirement Trust Fund and the Firefighters' Retirement System also held investments in limited partnerships which were no longer held at September 30, 1991.

**3. Accounts Receivable - Net**

The accounts receivable - net amount at September 30, 1991 consists of the following:

	General Fund	Water and Sewer System Enterprise Fund
Accounts receivable	\$ 92,429	\$ 291,056
Less: Allowance for doubtful accounts	<u>3,677</u>	<u>16,464</u>
Accounts receivable - net	<u>\$ 88,752</u>	<u>\$ 274,592</u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**4. Changes in General Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance October 1, 1990	Additions	Deletions	Balance September 30, 1991
Land	\$ 1,081,579	\$ 175,134	\$ -	\$ 1,256,713
Buildings	723,650	44,943	-	768,593
Improvements other than buildings	3,711,047	70,393	-	3,781,440
Machinery and equipment	2,531,355	163,937	89,086	2,606,206
Total general fixed assets	<u>\$ 8,047,631</u>	<u>\$ 454,407</u>	<u>\$ 89,086</u>	<u>\$ 8,412,952</u>

**5. Changes in General Long-Term Debt Account Group**

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

	Balance October 1, 1990	Notes Payable		Obligation for Compensated Absence		Balance September 30, 1991
		Issued	Retired	Earned	Used	
Notes payable :						
Sun Bank of Volusia County - Sanitation truck and containers	\$ 332,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 232,000
Obligation for compensated absences	229,290	-	-	122,900	107,376	244,814
Total general long-term debt	<u>\$ 561,290</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 122,900</u>	<u>\$ 107,376</u>	<u>\$ 476,814</u>

**6. Legal Debt Margin**

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

City of Holly Hill, Florida

Notes to Financial Statements (continued)

7. General Long-Term Debt

Notes Payable:

In October 1988 the City executed a promissory note to a local banking institution in the amount of \$432,000. Proceeds were used to purchase a sanitation truck and refuse containers. The agreement provides for annual principal payments of \$100,000 plus interest at 7.03% through October 1, 1993. Trash and refuse revenues are pledged for repayment of principal and interest.

The annual debt service requirements to amortize the above note payable outstanding at September 30, 1991 are as follows:

Fiscal Year Ending <u>September 30,</u>	
1992	\$ 111,037
1993	104,006
1994	<u>32,562</u>
Total debt service	247,605
Less: Interest	<u>15,605</u>
Principal due	<u>\$ 232,000</u>

Compensated Absences

Compensated absences are accrued as a liability in the General Long-Term Debt Account Group at pay rates effective September 30, 1991 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.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**8. Revenue Bonds Payable**

Revenue bonds payable at September 30, 1991 are payable solely from the net revenues of the water and sewer system and are comprised of the following issue:

	<u>Rates and Dates</u>	<u>Final Maturity</u>	<u>Annual Serial Payments</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
(in thousands)					
Water and Sewer Improvement and Refunding Revenue Bonds, Series 1989	6.15-7.25% (4/1;10/1)	10/1/2019	\$165-1,085	\$14,065,000	\$ 13,900,000
Less: Unamortized discount					<u>(201,210)</u>
Bonds payable - long-term portion					<u>\$ 13,698,790</u>

The annual debt service requirements to amortize the above bonds outstanding at September 30, 1991 are as follows:

<u>Fiscal Year Ending September 30,</u>	
1992	\$ 1,160,369
1993	1,164,431
1994	1,162,366
1995	1,159,466
1996	1,160,816
1997 - 2001	5,812,404
2002 - 2006	5,811,144
2007 - 2011	5,805,800
2012 - 2016	5,811,994
2017 - 2019	<u>3,485,588</u>
Total debt service	32,534,378
Less: Interest	<u>18,634,378</u>
Principal due	<u>\$ 13,900,000</u>

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### 8. Revenue Bonds Payable (continued)

##### Water and Sewer System Revenue Bond Accounts

The Bond Resolution for the Series 1989 Bonds established certain funds and accounts within the Water and Sewer Enterprise Fund as follows:

- Revenue Fund
- Operation and Maintenance Fund
- Sinking Fund
  - Interest Account
  - Principal Account
  - Redemption Account
  - Debt Service Reserve Account
- Renewal and Replacement Fund
- Surplus Fund
- Rebate Fund

##### Early Redemption

Bonds maturing in the years 1991 through 1998 are not redeemable prior to their stated maturity. The Bond Resolution provides for early redemption of bonds maturing in the years 1999 through 2019 at call rates varying from 100% to 102% of the face value, depending upon the call date.

##### Investment Restrictions

The Bond Resolution provides that monies on deposit in the various bond accounts may be invested in permitted investments, the definition of which includes various securities backed by the full faith and credit of the U.S. Government or its agencies, depository accounts fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, commercial paper, money market funds, and bankers' acceptances meeting requirements defined in the Bond Resolution, units of participation in the Local Government Surplus Funds Trust Fund, and any other investments allowed by Florida law.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**9. Refunded Bonds**

The City has defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

At September 30, 1991, the following outstanding bonds are considered defeased:

1964 Series A Water and Sewer Revenue Bonds	\$ 1,125,000
1972 Series B Water and Sewer Revenue Bonds	<u>850,000</u>
	<u>\$ 1,975,000</u>

**10. Capitalization of Interest**

Net interest costs capitalized in the Water and Sewer Fund during the year (interest expense less any interest earned on the investment of bond proceeds) amounted to \$496,037. Interest expense incurred during the current fiscal year totalled \$995,517 and was comprised of \$359,780 on debt associated with nonconstruction activities and \$635,737 on debt associated with construction activities. Capitalized interest for 1991 was calculated as follows:

Total interest expense	\$ 635,737
Less: Interest revenue	<u>139,700</u>
Total interest capitalized	<u>\$ 496,037</u>

**11. Interfund Accounts**

Individual fund interfund receivables and payables at September 30, 1991 consist of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 160,736	\$ —
Water and Sewer System Fund	—	160,736
Police Officers' Retirement Trust Fund	493	—
Firefighters' Retirement System	—	<u>493</u>
	<u>\$ 161,229</u>	<u>\$ 161,229</u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans

**Police and Fire Pension Plans:**

*Plan Description*

The Police Officers' Retirement Trust Fund and the Firefighters' Retirement System are single-employer defined benefit public employee retirement systems and contain the assets of the police and fire pension plans. 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. The statutes provide, in general, that funds are to be accumulated from employee contributions, city contributions, state appropriations and income from investment of accumulated funds. The act also provides that, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the fund 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. The investments of the two funds are administered, managed and operated by their respective Boards of Trustees using the services of Investment Counsel Company, Key Trust Company and Amerifirst Trust Company. Investments are reported at cost, subject to adjustments for market declines judged to be other than temporary.

The total payroll of the City of Holly Hill was \$3,208,661 for the fiscal year ended September 30, 1991. Payroll expenditures for employees covered by the police and fire pensions were \$736,072 and \$323,029, respectively. Full-time, uniformed police officers are eligible to participate in the Police Officers' Retirement System upon employment with the City. Full-time, uniformed firefighters are eligible to participate in the Firefighters' Retirement System. Ordinances adopted by the City provide that participating Police and Fire Department employees contribute 6.6% and 10%, respectively, of their salary to the plans. The City contributes 8% of the salary of participating Police Department employees to the Police Pension Plan in accordance with union contracts. City contributions to the Fire Pension are made as needed to fund any actuarial deficiency. Employees vest for full benefits after ten years of service. The Bureau of Police and Fire Pension, State of Florida, actuarially determines benefits to be paid to retirees. Current membership in the pension plans is comprised of the following:

	<u>September 30, 1991</u>	
	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries		
currently receiving benefits	3	4
Vested terminated employees	2	1
Active employees:		
Fully vested	10	6
Nonvested	12	4

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

*Pension Benefit Obligation*

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 is the actuarial present value of credited projected benefits. The pension benefit obligation applicable to the Police Officers' Retirement System is calculated using the unit credit actuarial cost method and is as follows:

	October 1, 1990	January 1, 1989	January 1, 1988
Retirees and beneficiaries receiving benefits and vested terminated employees entitled to future benefits	\$ 147,831	\$ 201,697	N/A
Current employees:			
Accumulated employee contributions	99,193	56,824	N/A
Employer-financed vested	696,710	507,504	N/A
Employer-financed nonvested	422,624	285,149	N/A
Total pension benefit obligation (PBO)	<u>\$1,366,358</u>	<u>\$1,051,174</u>	
Net assets available for benefits valued at cost (market value for January 1, 1989)	<u>\$1,283,123</u>	<u>\$1,149,190</u>	N/A
Unfunded pension benefit obligation (UPBO) (net assets in excess of pension benefit obligation)	<u>\$ 83,235</u>	<u>\$ (98,016)</u>	N/A
Increase in PBO resulting from plan amendments and changes in assumptions	<u>\$ -</u>	<u>\$ 282,944</u>	N/A
Ratio of assets to PBO	<u>93.9 %</u>	<u>109.3 %</u>	N/A
Covered payroll	<u>\$ 701,736</u>	<u>\$ 622,675</u>	N/A
Ratio of UPBO (assets in excess of PBO to payroll)	<u>11.7 %</u>	<u>(15.8)%</u>	N/A

N/A - Information not available.

At September 30, 1990, net assets available for benefits, valued at market were \$1,233,453.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

The pension benefit obligation applicable to the Firefighters' Retirement System is calculated using the unit credit actuarial cost method and is as follows:

	September 30 1991	October 1 1990	October 1 1989
Retirees and beneficiaries receiving benefits and vested terminated employees entitled to future benefits	\$ 115,500	\$ 120,817	N/A
Current employees:			
Accumulated employees contributions	215,000	184,643	N/A
Employer-financed vested	574,100	341,427	N/A
Employer-financed nonvested	78,000	46,336	N/A
Total pension benefit obligation (PBO)	<u>\$ 982,600</u>	<u>\$ 693,223</u>	
Net assets available for benefits (valued at cost)	<u>\$ 843,324</u>	<u>\$ 776,670</u>	N/A
Unfunded pension benefit obligation (UPBO) (net assets in excess of pension benefit obligation)	<u>\$ 139,276</u>	<u>\$ (83,447)</u>	N/A
Increase in PBO resulting from plan amendments and changes in assumptions	<u>\$ 207,500</u>	<u>\$ 69,928</u>	N/A
Ratio of assets to PBO	<u>85.8 %</u>	<u>112.0 %</u>	N/A
Covered payroll	<u>\$ 323,029</u>	<u>\$ 345,155</u>	N/A
Ratio of UPBO (assets in excess of PBO) to covered payroll	<u>43.1 %</u>	<u>(24.2)%</u>	N/A

N/A - Information not available.

At September 30, 1991 and 1990 net assets available for benefits, valued at market, were \$837,335 and \$854,954, respectively.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

*Related Party Transactions*

The City had no securities which were included in the assets of the Police Officers' Retirement Trust Fund or the Firefighters' Retirement System.

*Funding Methods and Assumptions*

The valuation method used for funding both the police and fire pension funds 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. Any unfunded actuarial accrued liabilities are amortized over a forty-year period.

The following table summarizes assumptions used in actuarial computations for the Police Officers' Retirement Trust Fund:

Mortality	1971 Group Annuity Mortality Table.
Interest	8% per year
Retirement age	53, or immediately if over age 53
Salary increases	7.5% per year until the assumed retirement age; see table below.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as % of Salary at Retirement</u>
20	.03 %	6.0 %	9.2 %
30	.04 %	5.0 %	18.9 %
40	.07 %	2.6 %	39.1 %
50	.18 %	0.8 %	80.5 %

There were no significant changes to benefit provision or actuarial assumptions since the January 1, 1989 valuation.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

The following table summarizes assumptions used in actuarial computations for the Firefighters' Retirement System:

Mortality	GA-1951 Male Mortality projected to 1965 by Scale C, with a five year setback for females.
Interest	8% per year
Retirement age	55
Salary increases	7.0% per year until the assumed retirement age; see table below.

<u>Age</u>	<u>% Becoming Disabled During the Year</u> (Male and female)
25	.09 %
35	.14 %
45	.35 %
55	.74 %

<u>Age</u>	<u>% Terminating During the Year</u>		<u>Current Salary as % of Salary at Retirement</u>
	<u>Male</u>	<u>Female</u>	
20	7.4 %	12.5 %	9.4 %
25	4.9 %	7.4 %	13.1 %
30	3.4 %	4.9 %	18.4 %
35	2.4 %	3.4 %	25.8 %
40	1.3 %	2.4 %	36.2 %
45	0.7 %	1.3 %	50.8 %
50	0.0 %	0.7 %	71.4 %
55 and over	0.0 %	0.0 %	100.0 %

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

The following plan amendments have been reflected in the September 30, 1991 pension benefit obligation: (1) normal retirement age has been changed from 55 to 52; (2) the monthly retirement benefit has been changed from two and one-half percent to two and three-quarters percent of average monthly earnings, for each year of credited service; (3) the method of calculating disability benefits has been reviewed; and (4) additional death benefit options have been provided to deceased actively employed members who are eligible for Normal or Delayed Retirement at their date of death.

*Trend Information*

Certain historical trend information is not available because certain actuarial data, including the pension benefit obligation, have not been computed. Ten-year trend information regarding operating data for the pension funds is included in the Supporting Schedules.

For the three fiscal periods ended September 30, 1991, contributions to the police and fire pension funds are set forth below:

Police Officers' Retirement Trust Fund

	<u>Employer Contributions</u>		<u>Employee Contributions</u>	
	<u>Amount</u>	<u>% Of Covered Payroll</u>	<u>Amount</u>	<u>% Of Covered Payroll</u>
1991	\$ 69,549	9.4 %	\$ 48,570	6.6 %
1990	34,895	5.0 %	44,285	6.6 %
1989	32,698	5.0 %	6,503	1.0 %

Firefighters' Retirement System

	<u>Employer Contributions</u>		<u>Employee Contributions</u>	
	<u>Amount</u>	<u>% Of Covered Payroll</u>	<u>Amount</u>	<u>% Of Covered Payroll</u>
1991	\$ —	— %	\$ 32,303	10.0 %
1990	—	— %	34,516	10.0 %
1989	5,454	1.7 %	31,905	10.0 %

Employer contributions to the Funds for these years consist entirely of normal costs.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

**General Employees**

All nonuniformed City of Holly Hill full-time employees participate in the Florida Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system (PERS) administered by the State of Florida Department of Administration. The payroll for employees covered by the System for the year ended September 30, 1991 was \$2,149,560. The City's total payroll was \$3,208,661.

Benefits are determined by category and length of service as follows:

<u>Category</u>	<u>Benefit</u>	<u>Vesting</u>	<u>Employer Contribution Rate</u>	
			<u>1/1/90</u>	<u>1/1/91</u>
Regular members	1.60% times average compensation (five highest years) if age 62 or 30 years of service at any age.	After 10 years of creditable service. Early retirement is available if vested.	15.14%	16.20%

Employer contributions include .48% for a post retirement health insurance subsidy. The System also provides disability and survivors benefits. Employees do not contribute to the System. Contribution obligations and benefits are established by State Statute.

The contribution requirement for the year ended September 30, 1991 was \$334,945; these contributions represented 15.58% of covered payroll.

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 System'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 System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at July 1, 1991 (the date of the latest actuarial update information) for the System as a whole, was \$33.82 billion. The System's net assets available for benefits on that date (valued at market) were \$23.37 billion leaving an unfunded pension benefit obligation of \$10.45 billion. The City's fiscal year 1991 contribution as a percentage of total contributions required of all participating entities is insignificant (less than 2/100 of 1%).

City of Holly Hill, Florida

Notes to Financial Statements (continued)

12. Pension Plans (continued)

There were no significant changes to benefit provision or actuarial assumptions since the June 30, 1990 actuarial valuation. Significant actuarial assumptions used for the July 1, 1991 update were: 8% for investment return; 5% for salary increases; and 3% for post retirement benefit increases.

Available historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Florida Comprehensive Annual Financial Report for the year ended June 30, 1991.

13. Investment Portfolio

Police Officers' Retirement Trust Fund:

At September 30, 1991, the investments of the Police Officers' Retirement Trust Fund are as follows -

Police Officers' Retirement Trust Fund  
Investment Portfolio  
as of September 30, 1991

<u>Equity/Debt Portfolio</u>	<u>Carrying Value</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
<u>Investments held by Investment Custodian</u>			
U.S. Treasury Notes	\$ 737,979	\$ 783,916	\$ 45,937
Common stock	594,321	676,614	82,293
Total investments	<u>\$ 1,332,300</u>	<u>\$ 1,460,530</u>	<u>\$ 128,230</u>

A net realized loss of \$4,582 on the sale of securities was included in the determination of net income for 1991. No valuation allowances were required at September 30, 1991.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**13. Investment Portfolio (continued)**

At September 30, 1991, the investments of the Firefighters' Retirement System are as follows -

Firefighters' Retirement System Investment Portfolio as of September 30, 1991			
<u>Equity/Debt Portfolio</u>	<u>Carrying Value</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
<u>Investments held by</u>			
<u>Investment Custodian</u>			
U.S. Treasury Notes	\$ 563,047	\$ 601,957	\$ 38,910
Common stock	202,009	240,261	38,252
Total investments	<u>\$ 765,056</u>	<u>\$ 842,218</u>	<u>\$ 77,162</u>

A net realized gain of \$3,258 on the sale of securities was included in the determination of net income for 1991. No valuation allowances were required at September 30, 1991.

**14. Deferred Compensation Plan**

Employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Accordingly, employees may defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Program investments are administered by the International City Management Association Retirement Corporation (ICMA-RC).

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or designated beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equivalent to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The City does not believe that it will use the assets to satisfy claims of general creditors in the future.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

**15. Contributed Capital**

During the year, contributed capital increased by the following amounts:

Contributed capital at beginning of year	\$ 2,251,915
Meter connection charges	15,326
Sewer connection charges	1,900
Impact fees	39,712
Contributed capital at end of year	<u>\$ 2,308,853</u>

**16. Commitments and Contingencies**

**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 arise or otherwise materially affect the financial position or results of operations for the City.

The Police and Fire Pension Funds have filed two lawsuits against their former investment manager and the firms with which he was associated. The suits seek damages related to the purchase of investments which were in violation of State Statutes and local ordinances. One suit is currently in arbitration, and a May 1992 court date has been set for the second suit. The Funds' Boards of Trustees believe that the Funds are entitled to damages claimed in the suits, but are not able to predict the outcome at this stage of the proceedings.

**Contracts**

The City has entered into a contract for construction of various water plant improvements. Construction began in 1991 and is scheduled for completion in 1992 at a total cost of approximately \$735,600. The City has expended \$164,751 on this contract through September 30, 1991.

During 1989, the City entered into a contract with the Volusia County School Board for the purchase of property, at a total cost of \$175,000. At September 30, 1991 \$75,000 remains to be paid.

## City of Holly Hill, Florida

### Notes to Financial Statements (continued)

#### **17. Subsequent Events**

At September 30, 1991, the City had authorized expenditure of \$123,200 to its consulting engineers for project administration related to water treatment plant improvements. Subsequent to year end, the City released the engineers from this authorization, and authorized completion of the project by another engineering firm, at a cost of \$51,000.

On October 1, 1991, the City created an additional Enterprise Fund known as the Solid Waste Disposal Fund. This fund will account for the fiscal activities of the City's solid waste collection and disposal operation, which was formerly accounted for within the General Fund operations of the City.

**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	
	1991	1990
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,233,292	\$ 760,743
Investments	300,000	331,484
Accounts receivable - net	274,592	187,510
Other receivables	3,596	950
Due from other funds	-	91,915
Prepaid insurance	6,570	6,570
Total current assets	1,818,050	1,379,172
Restricted assets:		
Sinking Funds:		
Cash and cash equivalents	1,180,165	1,353,635
Construction Fund:		
Cash and cash equivalents	830,358	3,054,255
Renewal and Replacement Fund:		
Cash and cash equivalents	247,738	208,950
Accrued interest receivable	1,321	786
Impact fee:		
Cash and cash equivalents	130,082	20,009
Investments	325,200	425,200
Total restricted assets	2,714,864	5,062,835
Property, plant and equipment:		
Land	136,602	136,602
Buildings	8,365,397	5,895,647
Improvements other than buildings	5,625,583	5,030,051
Machinery and equipment	5,527,747	580,261
	19,655,329	11,642,561
less: accumulated depreciation	3,418,397	3,034,683
	16,236,932	8,607,878
Construction in progress	164,751	6,357,527
	16,401,683	14,965,405
Other assets:		
Unamortized bond issue costs	235,213	243,613
Total assets	\$ 21,169,810	\$ 21,651,025

	September 30	
	1991	1990
<b>Liabilities and Fund Equity</b>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 45,832	\$ 20,820
Accrued liabilities	67,175	55,199
Due to other funds	160,736	20,209
Customer deposits	338,070	316,393
Total current liabilities (payable from current assets)	611,813	412,621
Current liabilities (payable from restricted assets):		
Accounts payable	73,992	631,267
Retainage payable	102,640	607,564
Current portion of revenue bonds payable	175,000	—
Total current liabilities (payable from restricted assets)	351,632	1,238,831
Long-term debt:		
Revenue bonds payable - net	13,523,790	13,856,604
Other liabilities:		
Arbitrage rebate liability	109,473	109,473
Total liabilities	14,596,708	15,617,529
Commitments and contingencies		
Fund equity:		
Contributed capital:		
Contribution from federal government	919,421	919,421
Contribution from customers	1,389,432	1,332,494
Retained earnings:		
Reserved for Renewal and Replacement	570,394	634,936
Reserved for retirement of revenue bonds	1,070,692	1,244,162
Unreserved	2,623,163	1,902,483
Total fund equity	6,573,102	6,033,496
Total liabilities and fund equity	<u>\$ 21,169,810</u>	<u>\$ 21,651,025</u>

City of Holly Hill, Florida  
Water and Sewer System Fund  
Statement of Revenues, Expenses and Changes in Retained Earnings

	Year ended September 30	
	1991	1990
Operating revenues:		
Water sales	\$ 1,242,752	\$ 1,171,163
Sewer charges	1,397,356	1,316,439
Service charges	15,600	14,870
Cut-off charges	16,942	12,727
Hydrant rental	9,561	9,594
Total operating revenues	2,682,211	2,524,793
Operating expenses:		
Water service	596,147	588,081
Sewer service	677,939	537,940
Administrative charges and services	357,000	340,000
Depreciation and amortization expense	439,617	299,732
Total operating expenses	2,070,703	1,765,753
Operating income	611,508	759,040
Nonoperating revenues (expenses):		
Interest revenue	230,238	257,782
Grant revenue	19,287	-
Other income	16,674	38,686
Interest expense	(366,966)	(350,885)
Loss on disposal of equipment	(7,037)	(1,710)
Miscellaneous expense	(21,036)	(24,053)
Total nonoperating revenues (expenses)	(128,840)	(80,180)
Net income	482,668	678,860
Retained earnings at beginning of year	3,781,581	3,102,721
Retained earnings at end of year	\$ 4,264,249	\$ 3,781,581

City of Holly Hill, Florida  
Water and Sewer System Fund  
Statement of Cash Flows

	Year ended September 30	
	1991	1990
<b>Operating activities</b>		
Operating income	\$ 611,508	\$ 759,040
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	439,617	299,732
Accounts receivable, net	(87,082)	(12,181)
Other receivables	(2,646)	(226)
Due from other funds	140,527	(91,915)
Prepaid expenses	-	1,134
Accounts payable	25,012	(10,444)
Accrued liabilities	11,976	11,203
Due to other funds	91,915	(11,660)
Customer deposits	21,677	21,504
Net cash provided by operating activities	<u>1,252,504</u>	<u>966,187</u>
<b>Noncapital financing activities</b>		
Nonoperating income	16,674	38,686
Nonoperating expense	(21,036)	(24,053)
Net cash (used) provided by noncapital financing activities	<u>(4,362)</u>	<u>14,633</u>
<b>Capital and related financing activities</b>		
Acquisition and construction of capital assets	(2,440,694)	(5,781,015)
Proceeds from sale of equipment	-	843
Principal paid on bond maturities	(165,000)	-
Interest paid on bonds	(995,517)	(1,145,355)
Capital contributions from customers	56,938	10,885
Grant revenue	19,287	-
Net cash used by capital and related financing activities	<u>(3,524,986)</u>	<u>(6,914,642)</u>
<b>Investing activities</b>		
Purchase of investments	(825,200)	(935,949)
Proceeds from maturities of investments	956,684	933,182
Interest on investments	369,403	761,448
Net cash provided by investing activities	<u>500,887</u>	<u>758,681</u>
Net decrease in cash and cash equivalents	(1,775,957)	(5,175,141)
Cash and cash equivalents at beginning of year	<u>5,397,592</u>	<u>10,572,733</u>
Cash and cash equivalents at end of year	<u>\$ 3,621,635</u>	<u>\$ 5,397,592</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.

### Pension Trust 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.

### Expendable Trust Fund

#### Law Enforcement Trust Fund

The Law Enforcement Trust Fund is used to account for revenue from the sale of confiscated property and expenditures for law enforcement property.

### Agency Fund

#### Deferred Compensation Fund

The Deferred Compensation Fund is an agency fund in which the City provides custodial and accounting services for employees who wish to participate in the deferred compensation program.

City of Holly Hill, Florida  
Combining Balance Sheet  
All Fiduciary Funds

	Pension Trust Funds	
	Police Officers' Retirement Trust	Fire- Fighters' Retirement System
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 133,026	\$ 65,599
Investments	1,332,300	765,056
Interest receivable	24,750	17,552
Due from other funds	493	—
Total current assets	1,490,569	848,207
Total assets	\$ 1,490,569	\$ 848,207
 <b>Liabilities and fund equity</b>		
Current liabilities:		
Accounts payable	\$ 1,980	\$ 4,390
Due to other funds	—	493
Deferred compensation payable	—	—
Total current liabilities	1,980	4,883
 Fund equity:		
Fund balances:		
Reserved -		
Reserved for law enforcement	—	—
Reserved for police and fire pensions	1,488,589	843,324
Total fund equity	1,488,589	843,324
Total liabilities and fund equity	\$ 1,490,569	\$ 848,207

<u>Expendable Trust</u>	<u>Agency Fund</u>	Totals September 30	
Law Enforcement Trust	Deferred Compensation	1991	1990
\$ 50,925	\$ -	\$ 249,550	\$ 373,660
-	83,436	2,180,792	1,767,644
-	-	42,302	12,541
-	-	493	-
<u>50,925</u>	<u>83,436</u>	<u>2,473,137</u>	<u>2,153,845</u>
<u>\$ 50,925</u>	<u>\$ 83,436</u>	<u>\$ 2,473,137</u>	<u>\$ 2,153,845</u>
\$ 495	\$ -	\$ 6,865	\$ 3,177
-	-	493	13,041
-	83,436	83,436	39,332
<u>495</u>	<u>83,436</u>	<u>90,794</u>	<u>55,550</u>
50,430	-	50,430	38,502
-	-	2,331,913	2,059,793
<u>50,430</u>	<u>-</u>	<u>2,382,343</u>	<u>2,098,295</u>
<u>\$ 50,925</u>	<u>\$ 83,436</u>	<u>\$ 2,473,137</u>	<u>\$ 2,153,845</u>

City of Holly Hill, Florida  
Combining Statement of Revenues, Expenses and  
Changes in Fund Balances  
All Pension Trust Funds

	Police Officers' Retirement Trust	Firefighters' Retirement System	Totals Year ended September 30	
			1991	1990
Operating revenues:				
Contributions	\$ 160,136	\$ 51,767	\$ 211,903	\$ 175,437
Interest and dividends	110,187	67,442	177,629	152,426
Gain on sale of investments	-	3,258	3,258	-
Total operating revenues	<u>270,323</u>	<u>122,467</u>	<u>392,790</u>	<u>327,863</u>
Operating expenses:				
Benefit payments	22,301	14,365	36,666	36,159
Contract services	28,674	38,722	67,396	34,118
Miscellaneous	9,300	2,726	12,026	17,558
Loss on sale of investments	4,582	-	4,582	41,834
Unrealized loss on investments	-	-	-	190,000
Total operating expenses	<u>64,857</u>	<u>55,813</u>	<u>120,670</u>	<u>319,669</u>
Net income (loss)	205,466	66,654	272,120	8,194
Fund balances at beginning of year	<u>1,283,123</u>	<u>776,670</u>	<u>2,059,793</u>	<u>2,051,599</u>
Fund balances at end of year	<u>\$ 1,488,589</u>	<u>\$ 843,324</u>	<u>\$ 2,331,913</u>	<u>\$ 2,059,793</u>

City of Holly Hill, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Expendable Trust Fund  
Law Enforcement Trust Fund

	September 30	
	1991	1990
Revenues:		
Fines and forfeitures	\$ 29,053	\$ 62,400
Miscellaneous revenues	2,851	2,477
Total revenues	31,904	64,877
Expenditures:		
Current:		
Public Safety	15,709	22,220
Capital outlay	4,267	18,649
Total expenditures	19,976	40,869
Excess of revenues over expenditures	11,928	24,008
Fund balance at beginning of year	38,502	-
Residual equity transfer	-	14,494
Fund balance at end of year	\$ 50,430	\$ 38,502

City of Holly Hill, Florida  
Statement of Changes in Assets and Liabilities  
Agency Fund  
Deferred Compensation Fund

	Balance October 1, 1990	Additions	Deletions	Balance September 30, 1991
Assets				
Investments	\$ 39,332	\$ 45,747	\$ 1,643	\$ 83,436
Liabilities				
Deferred compensation payable	\$ 39,332	\$ 45,747	\$ 1,643	\$ 83,436

## **Supporting Schedules**

City of Holly Hill, Florida  
 General Fund  
 Schedule of Revenues - Budget and Actual  
 Year ended September 30, 1991

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Taxes:				
Ad valorem taxes	\$ 1,129,000	\$ 1,104,519	\$ (24,481)	\$ 1,083,337
Delinquent ad valorem taxes	20,000	10,339	(9,661)	10,531
Utility taxes	793,000	794,180	1,180	779,753
Utility franchise fees	505,000	503,050	(1,950)	490,469
Total taxes	2,447,000	2,412,088	(34,912)	2,364,090
Licenses and permits:				
Professional and occupational licenses	106,000	109,191	3,191	97,435
City share/County licenses	20,000	20,544	544	20,757
Building permits	14,000	14,255	255	13,059
Other licenses and permits	20,500	18,023	(2,477)	21,249
Total licenses and permits	160,500	162,013	1,513	152,500
Intergovernmental revenues:				
State shared revenues:				
General Government -				
State Revenue Sharing	309,000	294,228	(14,772)	319,801
DNR State Grant	-	(63,584)	(63,584)	63,585
Mobile home licenses	13,000	12,499	(501)	12,627
Alcoholic beverage licenses	11,000	11,451	451	8,044
Local government half-cent sales tax	406,500	406,533	33	413,263
Two-cent cigarette tax	50,000	44,601	(5,399)	49,216
Department of community affairs	21,500	21,447	(53)	-
Physical environment -				
Solid waste management grant	24,000	20,258	(3,742)	28,264
Transportation -				
Rebate on municipal vehicles	4,500	4,946	446	4,265
Local option gas tax	160,000	153,258	(6,742)	164,720
Shared revenues from other local units:				
County contributions/sidewalks	-	-	-	24,000
Port Authority	31,250	31,250	-	-
Land acquisition fund	31,250	31,250	-	-
Local alternative fuel decal user fee	1,500	1,376	(124)	-
Total intergovernmental revenues	1,063,500	969,513	(93,987)	1,087,785

City of Holly Hill, Florida  
 General Fund  
 Schedule of Revenues - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Charges for services:				
General Government charges:				
Zoning fees	3,000	3,974	974	2,726
Sale of maps and publications	600	258	(342)	386
Certificates and copies	1,000	1,037	37	1,167
Legal ad reimbursements	1,500	1,755	255	-
Public Safety charges:				
Police services	4,000	3,195	(805)	2,687
Physical Environment charges:				
Trash sales	539,000	546,053	7,053	503,125
Refuse sales	500,000	490,992	(9,008)	522,438
Stormwater drainage	203,000	203,515	515	136,340
Culture and Recreation charges:				
Other special events -				
Promotional events	1,000	-	(1,000)	-
Program activity fees	54,000	54,179	179	53,818
Sica Hall	7,000	7,231	231	6,237
Other charges for services -				
Transfer from Enterprise operations	357,000	357,000	-	340,000
Total charges for services	<u>1,671,100</u>	<u>1,669,189</u>	<u>(1,911)</u>	<u>1,568,924</u>
Fines and forfeitures:				
Court fines	75,000	62,775	(12,225)	73,851
Police education	4,000	3,087	(913)	4,002
Code enforcement fines	-	-	-	8,398
Total fines and forfeitures	<u>79,000</u>	<u>65,862</u>	<u>(13,138)</u>	<u>86,251</u>
Miscellaneous revenues:				
Miscellaneous revenue	10,000	9,774	(226)	21,042
Interest earnings	117,000	116,494	(506)	141,652
Surplus sales, equipment, etc.	10,000	8,779	(1,221)	22,237
Insurance proceeds, loss on equipment	1,000	-	(1,000)	11,687
Lime and sludge bed cleaning	4,000	958	(3,042)	5,356
Contributions and donations	6,000	6,333	333	1,875
Recycling revenues	3,500	3,526	26	-
Total miscellaneous revenues	<u>151,500</u>	<u>145,864</u>	<u>(5,636)</u>	<u>203,849</u>
Total revenues	<u>\$ 5,572,600</u>	<u>\$ 5,424,529</u>	<u>\$ (148,071)</u>	<u>\$ 5,463,399</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual  
 Year ended September 30, 1991

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
General government				
City Council:				
Personal services -				
Executive salaries	\$ 23,800	\$ 23,760	\$ 40	\$ 22,770
FICA taxes	1,900	1,817	83	1,735
Retirement contributions	3,900	3,786	114	3,410
Life and health insurance contributions	6,400	6,215	185	5,380
Training and travel	11,000	10,418	582	9,569
	<u>47,000</u>	<u>45,996</u>	<u>1,004</u>	<u>42,864</u>
Operating expenses -				
Other charges and obligations	500	206	294	86
Subscriptions and memberships	5,400	4,965	435	5,111
	<u>5,900</u>	<u>5,171</u>	<u>729</u>	<u>5,197</u>
Total City Council	<u>52,900</u>	<u>51,167</u>	<u>1,733</u>	<u>48,061</u>
City Manager:				
Personal services -				
Executive salaries	56,400	56,196	204	49,940
Regular salaries and wages	60,700	60,696	4	102,734
Overtime - regular employees	1,500	1,385	115	1,874
Uniforms	600	324	276	442
FICA taxes	9,000	8,810	190	11,729
Retirement contributions	21,500	21,263	237	19,311
Life and health insurance contributions	7,300	6,954	346	5,408
Training and travel	1,500	1,334	166	1,729
	<u>158,500</u>	<u>156,962</u>	<u>1,538</u>	<u>193,167</u>
Operating expenses -				
Telephone/communication services	1,000	730	270	560
Repair and maintenance services	1,300	1,075	225	944
Other charges and obligations	18,550	18,082	468	12,201
Office supplies	1,500	1,225	275	1,249
Subscriptions and memberships	1,500	1,314	186	1,870
Vehicle expenses	2,800	2,527	273	1,976
Rentals and leases	200	49	151	-
	<u>26,850</u>	<u>25,002</u>	<u>1,848</u>	<u>18,800</u>
Total City Manager	<u>185,350</u>	<u>181,964</u>	<u>3,386</u>	<u>211,967</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
General governments (continued)				
Finance and Administration:				
Personal services -				
Executive salaries	180,500	80,369	131	86,339
Regular salaries and wages	156,000	155,487	513	156,294
Overtime - regular employees	40,600	40,526	74	25,799
FICA taxes	20,800	20,754	46	20,479
Retirement contributions	44,700	44,306	394	39,703
Life and health insurance contributions	11,000	10,873	127	10,160
Training and travel	5,000	4,948	52	6,400
	<u>358,600</u>	<u>357,263</u>	<u>1,337</u>	<u>345,174</u>
Operating expenses -				
Professional services	172,300	170,471	1,829	195,391
Engineering services	28,000	26,456	1,544	29,878
Accounting and auditing services	46,000	45,620	380	35,905
Telephone/communication services	5,000	4,527	473	9,905
Postage, freight and express	23,500	23,302	198	28,255
Rentals and leases	2,000	1,624	376	795
Repair and maintenance service	15,000	14,428	572	25,266
Other charges and obligations	2,000	1,749	251	15,393
Office supplies	14,000	13,666	334	3,363
Subscriptions and memberships	1,200	1,136	64	15,597
Printing and binding	10,000	9,386	614	1,222
	<u>319,000</u>	<u>312,365</u>	<u>6,635</u>	<u>360,970</u>
Total Finance and Administration	677,600	669,628	7,972	706,144
Civil Services:				
Personal services -				
Salaries and wages - part-time	11,000	10,320	680	8,758
FICA taxes	845	789	56	667
Retirement contributions	1,800	1,645	155	1,312
Training and travel	400	-	400	-
	<u>14,045</u>	<u>12,754</u>	<u>1,291</u>	<u>10,737</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
General Governments (continued)				
Civil Services - (continued):				
Operating expenses -				
Telephone/communication services	500	287	213	169
Utility services	1,000	923	77	890
Repair and maintenance service	700	328	372	209
Other charges and obligations	300	281	19	122
Advertising	1,755	1,077	678	555
Office supplies	700	405	295	551
	<u>4,955</u>	<u>3,301</u>	<u>1,654</u>	<u>2,496</u>
Capital outlay -				
Equipment	-	-	-	806
Total Civil Service	<u>19,000</u>	<u>16,055</u>	<u>2,945</u>	<u>14,039</u>
Other Services:				
Personal services -				
Workers' compensation	122,000	120,598	1,402	94,102
Unemployment insurance	14,400	14,347	53	716
Other personal services	26,500	25,702	798	20,594
Reserves/Retiree and others	80,000	79,949	51	-
	<u>242,900</u>	<u>240,596</u>	<u>2,304</u>	<u>115,412</u>
Operating expenses -				
Utility services	11,000	10,373	627	9,216
Nonemployee insurance	107,000	106,035	965	68,102
Repair and maintenance service	5,500	5,231	269	1,827
Advertising	6,500	5,715	785	10,384
Operating supplies	6,200	5,812	388	7,333
Election expenses	-	-	-	11,469
Grants and aid	20,600	20,532	68	14,432
	<u>156,800</u>	<u>153,698</u>	<u>3,102</u>	<u>122,763</u>
Capital outlay -				
Land	50,000	50,000	-	40,000
Buildings	12,400	695	11,705	-
Machinery and equipment	6,000	5,111	889	1,671
Improvements other than buildings	1,200	1,145	55	-
	<u>69,600</u>	<u>56,951</u>	<u>12,649</u>	<u>41,671</u>

City of Holly Hill, Florida  
General Fund  
Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
General Governments (continued)				
Other Services - (continued):				
Debt service:				
Principal - pension backfunding note	-	-	-	7,324
Interest	-	-	-	475
	-	-	-	7,799
Total other services	469,300	451,245	18,055	287,645
Total General Government	1,404,150	1,370,059	34,091	1,267,856
Public Safety				
Law Enforcement:				
Personal services -				
Executive salaries	51,600	51,429	171	47,141
Regular salaries and wages	793,000	792,784	216	751,799
Other salaries and wages	18,800	18,714	86	17,978
Overtime - regular employees	82,000	81,683	317	69,667
Incentive pay and award	15,500	15,500	-	14,580
Uniforms	14,600	14,564	36	9,667
FICA taxes	72,900	72,865	35	68,854
Retirement contributions	99,800	99,509	291	60,855
Life and health insurance contributions	40,200	39,895	305	34,790
Training and travel	2,500	2,396	104	4,333
Training and travel/2nd \$ Fund	3,000	2,894	106	3,168
	1,193,900	1,192,233	1,667	1,082,832
Operating expenses -				
Contractual services/animal control	13,300	13,269	31	13,448
Telephone/communication services	9,500	9,443	57	6,294
Postage, freight and express	1,000	896	104	1,072
Utility services	7,900	7,567	333	7,279
Rentals and leases	1,200	1,136	64	1,008
Repair and maintenance service	15,600	15,517	83	15,483
Other charges and obligations	2,500	2,370	130	2,782
Office supplies	5,300	5,233	67	4,300
Operating supplies	14,800	14,774	26	11,146
Subscriptions and memberships	700	638	62	428
Vehicle expenses	60,000	59,985	15	50,226
Program expense/Police Explorers	800	732	68	1,529
	132,600	131,560	1,040	114,995

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Public Safety (continued)				
Law Enforcement (continued):				
Capital outlay -				
Machinery and equipment	4,900	4,864	36	69,071
Total Law Enforcement	1,331,400	1,328,657	2,743	1,266,898
Fire Control:				
Personal services -				
Executive salaries	47,500	47,366	134	44,473
Regular salaries and wages	251,600	251,171	429	272,769
Other salaries and wages	23,700	23,625	75	18,970
Overtime - regular employees	28,300	26,827	1,473	29,782
Uniforms	4,000	3,776	224	3,740
FICA taxes	25,700	24,503	1,197	25,883
Life and health insurance contributions	13,800	12,793	1,007	11,066
Training and travel	3,500	2,859	641	3,414
	398,100	392,920	5,180	410,097
Operating expenses -				
Telephone/communication services	4,500	4,166	334	2,658
Postage, freight and express	300	243	57	177
Utility services	2,000	1,846	154	1,780
Rentals and leases	10,000	9,291	709	9,324
Repair and maintenance service	8,000	6,137	1,863	6,092
Other charges and obligations	1,300	1,009	291	665
Office supplies	1,000	694	306	704
Operating supplies	12,000	11,408	592	7,379
Subscriptions and memberships	400	284	116	1,613
Vehicle expenses	11,000	10,563	437	190
Other public safety/fire prevention	2,700	2,620	80	8,478
	53,200	48,261	4,939	39,060
Capital outlay -				
Machinery and equipment	6,800	5,264	1,536	6,316
Total Fire Control	458,100	446,445	11,655	455,473

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Public Safety (continued)				
Protective Inspection:				
Personal services -				
Executive salaries	37,700	37,620	80	35,245
Regular salaries and wages	21,900	21,512	388	19,761
Overtime - regular employees	700	377	323	820
FICA taxes	4,700	4,480	220	4,249
Uniforms	-	-	-	339
Retirement contributions	9,600	9,392	208	8,316
Life and health insurance contributions	3,100	2,893	207	2,511
Training and travel	500	498	2	529
	<u>78,200</u>	<u>76,7712</u>	<u>1,428</u>	<u>71,770</u>
Operating expenses -				
Telephone/communication services	600	489	111	524
Postage, freight and express	500	281	219	519
Utility services	1,000	923	77	890
Repair and maintenance service	600	563	37	373
Other charges and obligations	200	134	66	1,440
Office supplies	2,100	2,009	91	1,585
Operating supplies	1,000	795	205	856
Subscriptions and memberships	500	205	295	518
Vehicle expense	2,600	2,393	207	1,404
	<u>9,100</u>	<u>7,792</u>	<u>1,308</u>	<u>8,109</u>
Total Protective Inspection	<u>87,300</u>	<u>84,564</u>	<u>2,736</u>	<u>79,879</u>
Total Public Safety	1,876,800	1,859,666	17,134	1,802,250
Physical Environment				
Solid Waste Control Services:				
Personal services -				
Executive salaries	26,500	26,288	212	25,252
Regular salaries and wages	241,800	240,488	1,312	258,236
Overtime - regular employees	20,900	20,690	210	19,167
Uniforms	2,000	1,986	14	2,293
FICA taxes	25,900	25,787	113	22,909
Retirement contributions	53,500	53,377	123	44,174
Life and health insurance contributions	13,900	13,860	40	14,201
Workers' compensation insurance	42,000	41,864	136	41,019
Training and travel	2,450	2,388	62	883
	<u>428,950</u>	<u>426,728</u>	<u>2,222</u>	<u>428,134</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Physical Environment (continued)				
Solid Waste Control Services (continued):				
Operating expenses -				
Telephone/communication services	1,000	753	247	694
Postage, freight and express	300	102	198	104
Rentals and leases	242,000	241,847	153	247,743
Insurance/nonemployee	28,000	26,328	1,672	24,977
Repair and maintenance service	2,000	1,442	558	1,044
Other charges and obligations	-	-	-	2,746
Office supplies	1,500	1,274	226	906
Operating supplies	23,400	22,112	1,288	51,606
Subscriptions and memberships	600	543	57	135
Vehicle expenses	137,300	133,733	3,567	124,310
Bad debt expense (recovery)	1,000	(3,137)	4,137	3,000
	<u>437,100</u>	<u>424,997</u>	<u>12,103</u>	<u>457,265</u>
Capital outlay -				
Machinery and equipment	102,100	35,383	66,717	52,682
Debt service -				
Principal retirement - sanitation trucks note	100,000	100,000	-	100,000
Interest	18,200	18,184	16	24,973
	<u>118,200</u>	<u>118,184</u>	<u>16</u>	<u>124,973</u>
Total Physical Environment	1,086,350	1,005,292	81,058	1,063,054
Transportation				
Road and Street Facilities:				
Personal services -				
Executive salaries	27,300	26,959	341	25,926
Regular salaries and wages	323,000	321,145	1,855	316,465
Overtime - regular employes	6,000	5,514	486	2,504
Uniforms	3,400	3,339	61	2,919
FICA taxes	27,200	26,210	990	26,559
Retirement contributions	56,400	55,479	921	52,460
Life and health insurance contributions	25,100	24,387	713	20,707
Training and travel	4,500	4,384	116	1,846
	<u>472,900</u>	<u>467,417</u>	<u>5,483</u>	<u>449,386</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Transportation (continued)				
Road and Street Facilities (continued):				
Operating expenses -				
Street lighting	86,000	84,803	1,197	84,145
Traffic lights	12,000	10,754	1,246	10,513
Telephone/communication services	1,200	928	272	612
Traffic light repairs	6,000	4,390	1,610	2,741
Postage, freight and express	200	138	62	95
Utility services	2,500	1,650	850	1,750
Rentals and leases	3,000	2,530	470	34,080
Repair and maintenance service	4,500	3,938	562	9,608
Other charges and obligations	4,000	3,621	379	5,835
Office supplies	1,000	620	380	569
Operating supplies	26,000	24,879	1,121	22,399
Signs and materials	10,000	9,430	570	11,137
Road materials and supplies	13,000	11,453	1,547	15,673
Subscriptions and memberships	250	153	97	230
Vehicle expenses	21,000	19,862	1,138	13,857
	<u>190,650</u>	<u>179,149</u>	<u>11,501</u>	<u>213,244</u>
Capital outlay -				
Buildings	35,700	32,142	3,558	8,830
Improvements other than buildings	60,000	37,854	22,146	48,657
Machinery and equipment	75,300	74,906	394	2,507
Drainage	40,000	29,544	10,456	58,160
	<u>211,000</u>	<u>174,446</u>	<u>36,554</u>	<u>118,154</u>
<b>Total Transportation</b>	<b>874,550</b>	<b>821,012</b>	<b>53,538</b>	<b>780,784</b>
Culture and Recreation				
Parks:				
Personal services -				
Executive salaries	8,400	8,370	30	8,200
Regular salaries and wages	94,700	94,686	14	96,557
Other salaries and wages	2,200	2,145	55	2,457
Overtime - regular employees	3,300	3,287	13	2,701
Uniforms	1,300	1,125	175	1,154
FICA taxes	7,200	7,161	39	8,327
Retirement contributions	15,300	15,269	31	17,125
Life and health insurance contributions	9,100	9,022	78	7,362
Training and travel	400	388	12	277
	<u>141,900</u>	<u>141,453</u>	<u>447</u>	<u>144,160</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Culture and Recreation (continued)				
Parks:(continued):				
Operating expenses -				
Telephone/communication services	1,100	1,070	29	618
Postage, freight and express	100	74	26	38
Utility services	15,000	14,955	45	13,314
Repair and maintenance service	3,200	3,155	45	1,564
Other charges and obligations	500	130	371	124
Office supplies	300	222	78	220
Operating supplies	22,000	21,537	463	18,312
Subscriptions and memberships	100	-	100	-
Vehicle expenses	5,300	5,097	203	4,759
Beautification	9,500	8,974	526	10,694
	<u>57,100</u>	<u>55,214</u>	<u>1,886</u>	<u>49,643</u>
Capital outlay -				
Improvements other than Buildings	1,800	1,745	55	-
Machinery and equipment	12,100	12,043	57	10,014
	<u>13,900</u>	<u>13,788</u>	<u>112</u>	<u>10,014</u>
Total Parks	212,900	210,455	2,445	203,817
Recreation Facilities:				
Personal services -				
Executive salaries	34,100	33,969	131	31,350
Regular salaries	66,000	65,455	545	60,401
Other salaries	17,600	17,506	94	12,937
Overtime - regular employees	1,500	907	593	1,201
Uniforms	600	543	57	388
FICA taxes	9,000	8,993	7	8,212
Retirement contributions	17,500	17,126	374	15,084
Life and health insurance contributions	6,300	5,776	524	5,012
Training and travel	1,400	1,074	326	1,106
	<u>154,000</u>	<u>151,349</u>	<u>2,651</u>	<u>135,691</u>

City of Holly Hill, Florida  
 General Fund  
 Schedule of Expenditures - Budget and Actual (continued)

	Budget (Revised)	1991 Actual	Variance Favorable (Unfavorable)	1990 Actual
Culture and Recreation (continued)				
Recreation Facilities:				
Operating expenses -				
Telephone/communication services	2,500	2,307	193	1,677
Postage, freight and express	1,000	661	339	829
Utility services	15,100	15,046	54	13,121
Repair and maintenance service	3,500	2,202	1,298	3,111
Promotional services	600	474	126	543
Other charges and obligations	800	612	188	72
Office supplies	1,300	1,294	6	1,120
Operating supplies	7,500	6,223	1,277	6,533
Subscriptions and memberships	200	177	23	241
Vehicle expense	1,700	998	702	3,535
Program expenses	40,500	38,902	1,598	38,454
	<u>74,700</u>	<u>68,896</u>	<u>5,804</u>	<u>69,236</u>
Capital outlay -				
Land	125,200	125,134	66	-
Buildings	12,800	12,800	-	-
Machinery and equipment	4,400	4,308	92	2,555
	<u>142,400</u>	<u>142,242</u>	<u>158</u>	<u>2,555</u>
Total Recreation Facilities	<u>371,100</u>	<u>362,487</u>	<u>8,613</u>	<u>207,482</u>
Total Culture and Recreation	<u>584,000</u>	<u>572,942</u>	<u>11,058</u>	<u>411,299</u>
Total expenditures	<u>\$ 5,825,850</u>	<u>\$ 5,628,971</u>	<u>\$ 196,879</u>	<u>\$ 5,325,243</u>

City of Holly Hill, Florida  
 Police Officers' Retirement Trust Fund  
 Required Supplementary Information  
 Schedule of Revenues by Source and Expenses by Type  
 Last Ten Fiscal Years  
 September 30, 1991

Revenues by Source

	Employee Contributions	<u>Employer Contributions</u>			State Contributions	Investment Income	Total
		Amount	% of Covered Payroll				
1982	\$ 16,865	\$ 9,289	2.8 %	\$ 18,267	\$ 58,404	\$ 102,825	
1983	8,817	18,109	5.1 %	19,881	70,465	117,272	
1984	5,042	20,321	5.0 %	24,982	73,473	123,818	
1985	-	21,060	5.0 %	26,778	60,465	108,303	
1986	-	22,423	5.0 %	32,261	88,397	143,081	
1987	5,047	25,237	5.0 %	39,151	107,780	177,215	
1988	6,047	30,225	5.0 %	39,450	101,888	177,610	
1989	6,503	32,698	5.0 %	39,967	80,370	159,538	
1990	44,271	34,895	5.0 %	41,109	89,629	209,904	
1991	48,570	69,549	9.4 %	42,017	110,187	270,323	

Expenses by Type

	Benefits	Refunds	Administrative and Other	Total
1982	\$ 8,572	\$ 5,977	\$ 12,136	\$ 26,685
1983	20,028	19,155	5,616	44,799
1984	21,461	1,315	-	22,776
1985	21,461	6,359	484	28,304
1986	19,434	-	238	19,672
1987	15,380	-	5,997	21,377
1988	15,380	-	7,135	22,515
1989	27,677	-	4,630	32,307
1990	25,227	-	63,385	88,612
1991	22,301	7,496	35,060	64,857

City of Holly Hill, Florida  
 Firefighters' Retirement System  
 Required Supplementary Information  
 Schedule of Revenues by Source and Expenses by Type  
 Last Ten Fiscal Years  
 September 30, 1991

Revenues by Source

	Employee Contributions	<u>Employer Contributions</u>			State Contributions	Investment Income	Total
		Amount	% of Covered Payroll				
1982	\$ 8,667	\$ 6,033	3.5 %	\$ 9,347	\$ 19,193	\$ 43,240	
1983	18,225	4,197	2.3 %	10,728	28,617	61,767	
1984	20,197	8,018	4.0 %	11,140	38,625	77,980	
1985	21,743	7,559	3.5 %	13,334	30,528	73,164	
1986	24,871	8,288	3.3 %	14,981	59,629	107,769	
1987	27,161	9,235	3.4 %	16,072	52,197	104,665	
1988	30,645	10,420	3.4 %	18,043	52,859	111,967	
1989	31,905	5,454	1.7 %	19,153	54,693	111,205	
1990	34,515	-	- %	20,647	62,797	117,959	
1991	32,303	-	- %	19,464	70,700	122,467	

Expenses by Type

	Benefits	Refunds	Administrative and Other	Total
1982	\$ 1,320	\$ 1,890	\$ 3,380	\$ 6,590
1983	1,320	8,965	336	10,621
1984	1,320	-	3,213	4,533
1985	1,320	6,558	895	8,773
1986	1,039	1,488	1,797	4,324
1987	710	-	3,603	4,313
1988	633	-	16,281	16,914
1989	633	8,942	6,997	16,572
1990	10,932	10,730	96,895	118,557
1991	14,365	-	41,448	55,813

City of Holly Hill, Florida  
 Police Officers' Retirement Trust Fund and  
 Firefighters' Retirement System  
 Required Supplementary Information  
 Analysis of Funding Progress  
 September 30, 1991

Fiscal Year	(1) Net Assets Available For Benefit (Cost)	(2) Pension Benefit Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligation (Net Assets in Excess of Pension Benefit Obligation) (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
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Police Officers' Retirement Trust Fund

1990 (7)	\$ 1,149,190	\$ 1,051,174	109.3 %	\$ (98,016)	\$ 622,675	(15.8)%
1991 (8)	1,283,123	1,366,358	93.9 %	83,235	701,736	11.7 %

Firefighters' Retirement System

1990	\$ 776,670	\$ 693,223	112.0 %	\$ (83,447)	\$ 345,155	(24.2)%
1991	843,324	982,600	85.8 %	139,276	323,029	43.1 %

(7) Valuation is as of January 1, 1989. Net assets available for benefits are valued at market.

(8) Valuation is as of October 1, 1990.

(During the implementation transition period, all information required is presented for as many years as is available.)

Analysis of dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in overfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the overfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of accumulating sufficient assets to pay benefits when due.

City of Holly Hill, Florida  
 Schedule of General Fixed Assets  
 by Function and Activity  
 For the Year ended September 30, 1991

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
General Government	\$ 501,311	\$ 115,956	\$ 150,514	\$ -	\$ 234,841
Public Safety					
Police	410,793	-	30,521	2,350	377,922
Fire	303,934	29,494	9,970	-	264,470
Total Public Safety	714,727	29,494	40,491	2,350	642,392
Public Works					
Streets	3,915,743	28,418	42,939	3,411,150	433,236
Sanitation	1,186,949	-	38,051	-	1,148,898
Total Public Works	5,102,692	28,418	80,990	3,411,150	1,582,134
Culture and Recreation					
Parks	1,652,834	1,082,845	149,443	345,617	74,929
Recreation Facilities	251,488	-	198,706	22,323	30,459
Library	189,900	-	148,449	-	41,451
Total Culture and Recreation	2,094,222	1,082,845	496,598	367,940	146,839
Total general fixed assets allocated to functions	\$ 8,412,952	\$ 1,256,713	\$ 768,593	\$ 3,781,440	\$ 2,606,206

City of Holly Hill, Florida  
Schedule of Changes in General Fixed Assets  
by Function and Activity  
For the Year ended September 30, 1991

Function and Activity	General Fixed Assets October 1, 1990	Additions	Deletions	General Fixed Assets September 30, 1991
General Government	\$ 467,549	\$ 55,805	\$ 22,043	\$ 501,311
Public Safety				
Police	401,215	26,028	16,450	410,793
Fire	301,803	25,376	23,245	303,934
Total Public Safety	703,018	51,404	39,695	714,727
Public Works				
Streets	3,768,535	187,245	40,037	3,915,743
Sanitation	1,155,226	35,383	3,660	1,186,949
Total Public Works	4,923,761	222,628	43,697	5,102,692
Culture and Recreation				
Parks	1,526,400	130,647	4,213	1,652,834
Recreation Facilities	237,003	14,485	-	251,488
Library	189,900	-	-	189,900
Total Culture and Recreation	1,953,303	145,132	4,213	2,094,222
	8,047,631	474,969	109,648	8,412,952
Less interdepartmental transfers	-	20,562	20,562	-
Total general fixed assets	\$ 8,047,631	\$ 454,407	\$ 89,086	\$ 8,412,952

# **Statistical Section**

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## Statistical Tables

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City of Holly Hill, Florida  
Comments Relative to Statistical Section  
September 30, 1991

The following statistical tables that are recommended for inclusion 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

Fiscal Year Ended	September 30 Total General Fund	General Government	Public Safety
1982	\$ 2,828,500	\$ 575,455 20%	\$ 876,960 32%
1983	3,060,426	678,538 22%	1,019,951 33%
1984	2,175,448	739,940 23%	1,161,168 37%
1985	3,370,293	820,504 24%	1,130,186 34%
1986	3,867,890	949,404 24%	1,261,969 33%
1987	5,176,367	1,053,115 20%	1,362,191 26%
1988	4,422,133	951,622 21%	1,555,651 35%
1989	5,008,087	1,052,333 21%	1,629,306 32%
1990	5,325,243	1,267,856 23%	1,802,250 34%
1991	5,628,971	1,370,059 24%	1,859,666 33%

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

Source: City of Holly Hill Finance Department

Physical Environment	Transportation	Culture and Recreation	Operating Transfers Out
\$ 521,364 18%	\$ 351,511 12%	\$ 246,383 9%	\$ 256,827 9%
416,514 14%	420,174 14%	279,140 9%	246,109 8%
459,842 15%	520,025 16%	259,473 8%	35,000 1%
515,432 15%	594,222 18%	274,949 8%	35,000 1%
802,927 21%	539,016 14%	279,574 7%	35,000 1%
728,173 14%	647,106 13%	1,305,782 25%	80,000 2%
754,414 17%	612,922 14%	512,524 12%	35,000 1%
1,155,954 23%	765,892 15%	369,602 8%	35,000 1%
1,063,054 20%	780,784 15%	411,299 8%	- 0%
1,005,292 18%	821,012 15%	572,942 10%	- 0%

Table II  
City of Holly Hill, Florida  
General Fund Revenues and Other Sources by Function  
Last Ten Fiscal Years

Fiscal Year Ended	September 30 Total	Taxes Real and Personal	Licenses and Permits	Inter- Governmental Revenues
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%
1989	5,657,116	2,129,909 38%	134,205 2%	994,660 18%
1990	5,463,399	2,364,090 43%	152,500 3%	1,087,785 20%
1991	5,424,529	2,412,088 44%	162,013 3%	969,513 18%

(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	Loan Proceeds
\$ 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%	195,267 5%	1,645 —	100,000 3%
1,191,501 26%	89,704 2%	117,340 3%	— —	— —
1,239,451 26%	91,651 2%	96,501 2%	— —	— —
1,257,599 22%	86,168 2%	167,375 3%	455,200 8%	432,000 7%
1,568,924 29%	86,251 1%	203,849 4%	— —	— —
1,669,189 31%	65,862 1%	145,864 3%	— —	— —

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Table III  
City of Holly Hill, Florida  
Assessed and Estimated Actual Value of Taxable  
Income: Property Tax Levies and Collections  
Last Ten Fiscal Years  
September 30, 1991

Fiscal Year Ended	Assessed Value (1)	Estimated Actual Value (2)		Total Tax Levy	Current Tax Collections	Percent of Levy Collected
1982	\$ 185,577,992	\$ 201,715,209	92%	\$ 662,861	\$ 640,539	96.630 %
1983	196,498,549	209,041,009	94%	598,678	585,758	97.840
1984	222,888,030	216,201,389	97%	613,823	589,735	96.080
1985	243,942,825	243,942,825	100%	594,551	573,837	96.516
1986	266,760,969	261,425,750	98%	634,879	612,107	96.413
1987	314,006,442	314,006,442	100%	883,507	829,286	93.863
1988	315,792,251	315,792,251	100%	958,728	923,724	96.349
1989	330,039,830	330,039,830	100%	965,533	923,042	95.599
1990	341,899,890	341,899,890	100%	1,125,042	1,083,337	96.293
1991	359,263,905	359,263,905	100%	1,161,647	1,104,519	95.082

(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 Direct and  
Overlapping Governments  
Last Ten Fiscal Years  
September 30, 1991

Fiscal Year Ended	Holly Hill	School District	Volusia County	Advertising District	Mosquito Control
<b><u>Taxes Rates</u></b>					
1982	5.330	7.670	5.131	.202	.464
1983	4.476	7.011	4.433	.182	.408
1984	4.068	7.043	4.458	.168	.340
1985	3.500	7.911	4.133	.148	.278
1986	3.347	8.210	4.335	—	.265
1987	4.138	8.637	4.064	—	.272
1988	4.138	8.439	4.993	—	.260
1989	3.963	8.803	5.122	—	.309
1990	4.463	9.185	4.934	—	.339
1991	4.463	9.548	4.941	—	.324

**City's Share of Tax Levies**

1982	\$ 662,861	\$ 950,585	\$ 635,913	\$ 25,035	\$ 57,506
1983	598,578	936,437	592,101	24,309	54,495
1984	613,823	1,062,723	672,670	25,350	51,303
1985	594,551	1,343,854	702,079	25,141	47,224
1986	634,879	1,546,739	816,701	—	49,925
1987	883,507	1,987,200	935,045	—	62,582
1988	958,728	1,955,216	1,156,819	—	60,239
1989	965,533	2,144,736	1,247,908	—	75,284
1990	1,125,042	2,315,373	1,243,772	—	85,456
1991	1,161,647	2,485,190	1,286,062	—	84,332

\* 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

Inlet and Port Authority	East Volusia Transit	Halifax Hospital*	St. Johns Water Management District	Florida Inland Navigation	Endangered and Recreation Lands
.108	.394	2.182	.121	—	—
.368	.370	2.042	.290	—	—
.354	.355	2.042	.294	—	—
.327	.326	2.200	.326	—	—
.311	.314	2.200	.206	—	—
.291	.293	2.468	.221	—	—
.108	.281	1.468	.207	.067	—
.104	.270	2.468	.281	.040	.250
.099	.259	3.000	.346	.037	.250
.095	.259	2.874	.358	.055	.250
\$ 13,385	\$ 48,831	\$ 270,427	\$ 14,996	\$ —	\$ —
49,153	49,420	272,743	38,734	—	—
53,415	53,566	308,119	42,853	—	—
55,548	55,378	373,718	55,378	—	—
58,591	59,157	414,473	38,810	—	—
66,953	67,413	567,837	50,848	—	—
25,022	65,104	571,806	47,959	15,523	—
25,338	65,782	601,296	68,462	9,745	60,909
24,956	65,289	756,246	87,220	9,327	63,021
24,727	67,414	748,056	93,182	14,316	65,071

Table V  
City of Holly Hill, Florida  
Debt Service Requirements to Maturity  
Water and Sewer Revenue Bonds  
September 30, 1991

Due October 1,	Series 1989		
	Principal	Interest	Total
1992	\$ 175,000	\$ 985,369	\$ 1,160,369
1993	190,000	974,431	1,164,431
1994	200,000	962,366	1,162,366
1995	210,000	949,466	1,159,466
1996	225,000	935,816	1,160,816
1997	240,000	920,966	1,160,966
1998	255,000	905,006	1,160,006
1999	275,000	887,922	1,162,922
2000	295,000	869,359	1,164,359
2001	315,000	849,151	1,164,151
2002	335,000	827,101	1,162,101
2003	360,000	803,651	1,163,651
2004	385,000	778,092	1,163,092
2005	410,000	750,756	1,160,756
2006	440,000	721,544	1,161,544
2007	470,000	690,194	1,160,194
2008	505,000	656,706	1,161,706
2009	540,000	620,725	1,160,725
2010	580,000	582,250	1,162,250
2011	620,000	540,925	1,160,925
2012	665,000	496,750	1,161,750
2013	710,000	449,369	1,159,369
2014	765,000	398,750	1,163,750
2015	820,000	343,288	1,163,288
2016	880,000	283,837	1,163,837
2017	940,000	220,038	1,160,038
2018	1,010,000	151,887	1,161,887
2019	<u>1,085,000</u>	<u>78,663</u>	<u>1,163,663</u>
Totals	<u>\$ 13,900,000</u>	<u>\$ 18,634,378</u>	<u>\$ 32,534,378</u>

Table VI  
City of Holly Hill, Florida  
Computation of Overlapping Debt  
End of Fiscal Year  
September 30, 1991

Name of Governmental Unit	Net Debt Outstanding (1)	Percentage Applicable To The Governmental Unit	City of Holly Hill - Share of Debt
School District	\$ 143,060,000	2.24	\$ 3,204,544
County of Volusia	16,418,358	2.24	<u>367,771</u>
Total overlapping debt			<u>\$ 3,572,315</u>

(1) Independent Taxing Districts

Table VII  
City of Holly Hill, Florida  
Schedule of Insurance in Force  
September 30, 1991

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>				
Hartford Penco 21CENQK6749	12/1/91 - 12/1/92	General Liability	\$300,000 \$300,000 ea. occurrence	\$ 42,281
<u>Fire, Extended Coverage, Vandalism and Malicious Mischief</u>				
Aetna Casualty and Surety - #35 FP 20881530 FCH	4/15/91 - 4/15/92	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	\$6,430,347 building \$3,308,729 contents	\$ 12,800
<u>Commercial Crime</u>				
Aetna Casualty and Surety - 035 ACM 20619496FCA	4/15/91 - 4/15/92	Office contents of City Hall building Money and securities	\$39,200 contents \$2,000 crime	\$    384
<u>Accidental Death and Disability</u>				
Hartford Insurance Co. - 21VP480650	4/15/91 - 4/15/92	Volunteer Fire Dept.	Loss of life \$5,000	\$    501
<u>Workers' Compensation</u>				
Governmental Risk Insurance Trust 00053	12/1/90 - 12/1/91	Statutory	Statutory, employer's liability \$100,000	\$122,230
<u>Public Employees Blanket Bond</u>				
Continental Insurance Co. - #BND 1937555	4/15/91 - 4/15/92	Blanket bond	\$50,000 blanket on all positions	\$ 1,483
#BNS 132-23-02	4/15/91 - 4/15/92		\$100,000 Finance Director	\$    750

Table VII  
City of Holly Hill, Florida  
Schedule of Insurance in Force (continued)  
September 30, 1991

Type of Coverage, Name of Company and Policy Number	Policy Period From To	Details of Coverage	Liability Limits	Annual Premium (Gross)
<u>Police and Firefighters</u>				
<u>Accident Policy</u>				
Hartford Life and Accident - ETB-12214	4/15/91 - 4/15/92	Accidental Death	\$ 25,000	\$ 972
<u>Contractors' Equipment Policy</u>				
Aetna Casualty & Surety - #35 IH 20619322 FCA	4/15/91 - 4/15/92	Off-road equipment	\$ 229,608	\$ 1,522
<u>Data Processing Policy</u>				
Hartford Steam Boiler CSI-AT-9499760-00	4/15/91 - 4/15/92	Hardware and Software Business interruption	\$ 218,772 \$ 10,000	\$ 888
<u>Accidental Death</u>				
Hartford Life & Accident Insurance Co. - #ETB 12431	4/15/91 - 4/15/92	Statutory Police Officers and Firefighters	\$ 75,000	\$ 540
<u>Business automobile Policy</u>				
Aetna Casualty & Surety - #35 FJ 1064424 CCA	4/15/91 - 4/15/92	Automobile liability	\$100,000 PIO \$100,000 property damage	\$ 57,888
<u>Public Officials and Employees Liability</u>				
Hartford Insurance Co. 21CLN QA5927	7/21/91 - 7/21/93	Wrongful acts	\$1,000,000	\$ 15,861
<u>Law Enforcement Professional Liability</u>				
Scottsdale Insurance Co. PPL 111492	12/1/90 - 12/1/91	Police officers bodily injury, property damage and personal injury	\$250,000 each person \$500,000 each occurrence	\$ 11,736
<u>Hartford Steam Boiler</u>				
All Systems Go Datamatic Leasing ASG-AT-9497065-00		Mechanical breakdowns Lightning damages City Hall equipment Leased equipment	\$ 282,933	\$ 730

Table VIII  
City of Holly Hill, Florida  
Revenue Bond Coverage  
Water and Sewer System Funds  
Last Ten Fiscal Years  
September 30, 1991

Fiscal Year Ended	Gross Revenues(1)	Operating Expense (7)	Net Revenues	Debt Service Requirements			Debt Service Coverage
				Principal	Interest	Total	
1982	\$ 1,299,165 (2)	\$ 826,682	\$ 472,483	\$ 130,000	\$ 174,115	\$ 304,115 (3)	1.55
1983	1,311,901 (2)	965,911	345,990	135,000	167,517	302,517 (3)	1.14
1984	1,974,903 (2)	949,548	1,025,355	145,000	269,906	414,906 (4)	2.47
1985	1,976,862 (2)	1,021,753	955,109	330,000	448,133	778,133 (4)	1.23
1986	1,969,097 (2)	1,133,524	835,573	340,000	350,787	690,787 (4)	1.21
1987	2,125,117 (2)	1,158,456	966,661	345,000	310,558	655,558 (4)	1.47
1988	2,223,898 (2)	1,109,408	1,114,490	355,000	287,137	642,137 (4)	1.74
1989	2,589,078 (2)	1,102,148	1,486,930	389,167	303,584	692,751 (5)	2.15
1990	2,524,793	1,126,021	1,597,529	-	995,516	995,516 (6)	1.60
1991	2,929,675	1,274,086	1,655,589	165,000	995,517	1,160,517 (6)	1.43

(1) Included in gross revenues for debt service coverage are water and sewer connection charges which are reclassified as contributions from customers for financial statement presentation.

(2) 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.

(3) Debt service for 1964 Series A, 1970 Series B, and 1972 Series B combined.

(4) Debt service for 1964 Series A, 1970 Series B, 1972 Series B, and Series 1984.

(5) Debt service for 1964 Series A, 1970 Series B, 1972 Series B, Series 1984, and Series 1989 combined.

(6) Debt service for Series 1989.

(7) Operating expense for debt service coverage excludes depreciation and amortization and administrative charges.

Table IX  
City of Holly Hill, Florida  
Demographic Statistics  
Last Ten Fiscal Years  
September 30, 1991

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment (3)
1982	10,481	1,704	7.0
1983	10,618	1,710	7.8
1984	10,747	2,006	(4) 5.2
1985	11,003	2,662	(4) 5.1
1986	11,105	2,677	5.0
1987	11,265	1,948	4.9
1988	11,464	1,927	4.7
1989	11,625	1,819	5.0
1990	11,830	1,955	6.0
1991	(5) 11,141	1,814	(6) 7.3

- (1) County of Volusia, Planning Department
- (2) Volusia County School Board
- (3) Florida Department of Labor
- (4) Represents estimated unemployment
- (5) 1990 U.S. Census
- (6) Represents unemployment for Volusia County

Table X  
City of Holly Hill, Florida  
Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years  
September 30, 1991

Fiscal Year	(1) Commercial Construction		Residential Construction		(2) Bank Deposits (In Thousands)	(3) Property Value		
	Units	Value	Units	Value	Commercial	Residential	Nontaxable	
1982	9	\$ 613,452	23	\$ 1,002,278	31,458	\$ 943,451,018	\$2,192,010,579	\$2,575,781,145
1983	9	1,843,022	22	501,692	33,145	1,161,089,473	2,834,393,865	2,636,468,569
1984	21	4,441,524	85	12,825,548	45,094	1,256,060,434	3,296,885,901	2,830,518,798
1985	13	1,045,800	55	2,608,350	46,728	1,465,638,107	3,426,217,727	3,289,186,315
1986	14	1,595,696	44	3,616,343	56,089	1,314,116,630	3,814,756,324	3,182,018,701
1987	21	2,499,400	24	1,113,500	59,233	1,518,262,769	4,263,116,012	4,119,135,329
1988	14	2,406,000	46	1,610,000	61,220	2,342,594,865	5,421,679,280	3,121,776,819
1989	12	2,137,000	23	957,000	63,072	2,476,048,000	5,958,834,734	3,395,221,291
1990	5	429,920	16	671,000	68,450	2,668,861,388	6,560,125,159	3,577,220,030
1991	4	994,181	20	910,000	72,893	2,715,075,106	6,638,318,664	3,742,662,664

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

(2) Florida Bankers Association

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

Table XI  
 City of Holly Hill, Florida  
 Salaries and Surety Bonds of Principal Officials  
 September 30, 1991

Title of Official	Annual Salary	Years of Service	Amount of Surety Bond
Mayor	\$ 5,400	9 years 9 months	\$50,000 blanket amount on all positions
Mayor Pro-Tem	3,600	3 year 9 months	
City Councilmen (3)	3,600	1 year to 3 years 9 months	
City Attorney (retainer)	7,500	15 1/2 years	
City Manager	55,000	5 months	
Deputy Clerk	42,931	12 1/2 years	
Finance Director	39,874	7 months	
Police Chief	52,624	8 years 7 months	
Public Services Director	57,355	3 year 11 months	
Recreation Director	33,613	5 years 9 months	
Fire Chief	47,736	11 years 4 months	
Building Official	37,211	11 years	

Table XII  
City of Holly Hill, Florida  
Schedule of Major Taxpayers  
September 30, 1991

Name	Type of Business	Assessed Values	Percent of Total Assessed Value
Holly Hill R.H.F. Housing, Inc.	Bishop Glen Retirement Center	\$ 15,823,638	4.40 %
Southern Bell Telephone Co.	Communications	5,122,395	1.43
Jorge H. Sordo, Receiver	Winn Dixie	3,824,994	1.06
Florida Power & Light	Electrical Utility	3,747,878	1.04
Life Insurance Co. of Georgia Publix Super Markets, Inc.	Shopping Center	3,332,273	.94
Polyvers, Ltd.	Apartment Complex	3,302,742	.92
Holly Point Apartments, Ltd.	Apartment Complex	3,178,018	.88
Barchester Corp.	Mobile Home Park	3,145,800	.88
CableVision Ind. of Central Florida	Cable	1,619,043	.45
Dendrite Enterprises	Business Park	<u>1,619,043</u>	<u>.45</u>
		<u>\$ 44,715,824</u>	<u>12.45 %</u>

Source: Volusia County Property Appraiser

Table XIII  
City of Holly Hill, Florida  
Climatological Summary  
September 30, 1991

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 the 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 XIV  
 City of Holly Hill, Florida  
 Miscellaneous Statistical Data  
 September 30, 1991

**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 pave streets  
 2.3 miles unpaved streets  
 22.7 miles sidewalks  
 28.9 miles storm sewers  
 65.0 miles sanitary sewer

258 fire hydrants

**Fire Protection:**

1 Fire Station  
 10 Full-time Firefighters  
 10 Volunteer Firefighters

**Police Protection:**

1 Police Station  
 Holding facility  
 12 Vehicular patrol units  
 1 Animal Control unit  
 1 Motorcycle 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  
 1 Boat ramp

**Education:** Volusia County Schools -  
 Elementary 1  
 Secondary 1

**Students:**

Kindergarten - Grade 5 = 950  
 Grades 6 - 8 = 864

**Personnel:**

Instructional 100  
 Noninstructional 87  
 Administrative 8

**Street Lights:**

High Pressure Sodium Vapor

6,300 lumen - 653  
 9,500 lumen - 76  
 16,000 lumen - 47  
 22,000 lumen - 94  
 50,000 lumen - 2

White Way Underground

1,000 lumen - 6

**Employees as of September 30, 1991:**

112 Civil Service  
 3 Exempt

115 Total

**Water Treatment Plant:**

Design capacity - 2.3 MGD  
 Current production rate - 1.1 MGD  
 Number of customers - 5,490

**Water Pollution Control Plant:**

Capacity - 2.4 MGD  
 Current production rate - 1.755 MGD  
 Collection system users - 4,650

## **Single Audit Reports**

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Report of Independent Certified Public Accountants  
on Supplementary Information  
Schedule of Federal Financial Assistance

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

We have audited the general purpose financial statements of City of Holly Hill, Florida as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992. These general purpose financial statements are the responsibility of 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 for the purpose of forming an opinion on the general purpose financial statements of City of Holly Hill, Florida 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 our 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.



January 23, 1992

City of Holly Hill, Florida  
 Schedule of Federal Financial Assistance  
 For the Year ended September 30, 1991

Federal Grantor/ Program Title	Identification Number	Award Amount	Revenues	Expenditures
Senate Bill #1192 Solid Waste Management Act 1988 Florida Department of Environmental Regulation Recycling and Education Grant	RE-91	\$ 20,258	\$ 20,258	\$ 20,258
Department of Health and Rehabilitative Services Public Health Dental Program	LP-531	19,287	19,287	—
		<u>\$ 39,545</u>	<u>\$ 39,545</u>	<u>\$ 20,258</u>

Report of Independent Certified Public Accountants  
on Compliance Related to the Single Audit  
of Federal Financial Assistance

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

We have audited the general purpose financial statements of City of Holly Hill, Florida as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992.

During the year ended September 30, 1991 City of Holly Hill, Florida had no major federal financial assistance programs. We have applied procedures to test City of Holly Hill, Florida's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended September 30, 1991: political activity, civil rights, cash management, federal financial reports, allowable costs, and Drug-Free Workplace Act.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on City of Holly Hill, Florida's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that City of Holly Hill, Florida had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings.

This report is intended for the information of City Council, management, and other governmental audit agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



January 23, 1992

City of Holly Hill, Florida  
Schedule of Findings  
For the Year ended September 30, 1991

**Drug Free Workplace**

The City currently has a policy outlining the possible actions that may be taken against employees using drugs in the workplace. During the year ended September 30, 1991, the City began revising its drug-free workplace policy to conform to the requirements of the Drug-Free Workplace Act of 1988. However, the revisions were not complete at year end.

We recommend that the City continue its review of the provisions of the Drug-Free Workplace Act and revision of its current policy to encompass the requirements outlined in the Act. When complete, each employee engaged in the performance of a federal grant should be given a copy of the City's policy statement.

Report of Independent Certified Public Accountants  
on Compliance Related to Nonmajor  
Federal Financial Assistance Programs

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

We have audited the general purpose financial statements of City of Holly Hill, Florida as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992.

In connection with our audit of the general purpose financial statements of City of Holly Hill, Florida and with our study and consideration of City of Holly Hill, Florida's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1991. As required by Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on City of Holly Hill, Florida's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Holly Hill, Florida, had not complied, in all material respects, with those requirements.

This report is intended for the information of the City Council, management and other governmental audit agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



January 23, 1992

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Report of Independent Certified Public Accountants  
on Internal Control Structure used in Administering  
Federal Financial Assistance Programs

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

We have audited the general purpose financial statements of City of Holly Hill, Florida as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of City of Holly Hill, Florida for the year ended September 30, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on City of Holly Hill, Florida's general purpose financial statements and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated January 23, 1992.

The management of City of Holly Hill, Florida is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of general purpose financial statements in conformity with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of the policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls -

Cash Receipts  
Cash Disbursements  
Payroll

Administrative Controls -

General Requirements  
. Political activity  
. Civil Rights  
. Cash management  
. Federal financial reports  
. Drug free workplace  
. Allowable costs/cost principles

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1991, City of Holly Hill, Florida had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance program:

Recycling and Education Grant - Passed through County of Volusia

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of City of Holly Hill, Florida in a separate letter dated January 23, 1992.

This report is intended for the information of the City Council, management and other governmental audit agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Ernst + Young*

January 23, 1992

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## **Other Reports**

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## Report of Independent Certified Public Accountants on Compliance Related to the Financial Statements

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

We have audited the general purpose financial statements of City of Holly Hill, Florida, as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to City of Holly Hill, Florida is the responsibility of City of Holly Hill, Florida management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, City of Holly Hill, Florida complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those provisions.

This report is intended for the information of the City Council, management, and other governmental audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



January 23, 1992

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Report of Independent Certified Public Accountants  
on the Internal Control Structure and  
Management Comments

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

We have audited the general purpose financial statements of City of Holly Hill, Florida, as of and for the year ended September 30, 1991, and have issued our report thereon dated January 23, 1992.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of City of Holly Hill, Florida, for the year ended September 30, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of City of Holly Hill, Florida is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories

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

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of City of Holly Hill, Florida in the management comments which follow.

This report is intended for the information of the City Council, management and other government audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

#### Management Comments

Our report on the internal control structure 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 the Internal Control Structure  
and Management Comments, not Implemented  
as of September 30, 1991

We noted, during the course of our audit of the financial statements of the City, that while appropriate action had been taken upon recommendations and suggested accounting procedures as outlined in the Management Comments section of the Report on the Internal Control Structure and Management Comments for the year ended September 30, 1990, other items, described below, are still in need of attention. We understand that actions to address these matters have, in many cases, already begun.

**Policies and Procedures:**

During the current year, the Finance Department began formalizing accounting policies and procedures relating to specific functions. However, the City does not have a complete and comprehensive accounting policies and procedures manual. Such a manual should be developed in order to provide a clear understanding of accounting policies and procedures for all employees, to facilitate the learning process for new employees and to avoid confusion which may result from the complexity of the City's operations.

The manual should emphasize specific control procedures for computer applications, specific employee job functions and controls, and well-defined policies and procedures for specific tasks that can be easily modified and updated for changing circumstances and management needs.

**Data Processing - Contingency Plan:**

The effective day-to-day operations of the City are dependent on the uninterrupted flow of activity in the data processing facility and the network of systems and terminals throughout the office. We noted, however, that the facility does not have a formally documented contingency plan to be put into effect in the event of an extended computer or data communications interruption.

We strongly recommend that management develop and test a contingency plan which would ensure uninterrupted data processing services in the event of a disaster or other unforeseen emergency. Such a plan should include, at a minimum:

- Detailed backup/recovery procedures, including off-site storage of backup files;
- Procedures to be followed for various types of disasters (fire, flood, power failure, etc.);
- Key City user personnel and vendor representatives to contact once the severity and projected length of the emergency have been determined; and
- Safeguarding of extra copies of user manuals, run instructions, other critical documentations and forms.

### Current Year Findings

During the course of our audit 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.

#### **General Ledger:**

During our audit we noted that various revenue transactions were posted directly to the general ledger control account, and were not reflected in the City's revenue report. This caused the general ledger and revenue report to be out of balance.

The revenue report should be reconciled to the general ledger monthly. Differences noted should be investigated and corrected. In addition, management should consider implementing a program control that would not permit posting of entries directly to the general ledger control account.

#### **Cash Accounts:**

We noted that the City maintains several bank accounts which have very small balances. These accounts were initially established to facilitate the receipt of interest from certificates of deposit held by the City. The City should consider closing these accounts and maintaining the balances as part of its pooled cash.

#### **Pension Funds - Investment Valuation:**

The Police and Fire Pension Funds' financial statements currently value investments at cost. Both Funds hold investments which have volatility in the market. Because of that volatility and the Funds' objectives of providing maximum benefits to their members, the City should consider valuing Pension Fund assets at market. Valuation at market would more accurately reflect the Funds' ability to meet pension obligations at any point in time.

### Other Required Disclosures

Certain additional disclosures concerning reporting of noncompliance with laws, rules and regulations discovered during the course of our audit and the extent to which the annual financial report, required by Section 218.32 of the Florida Statutes, agrees with the audited financial statements are required for disclosure in the management letter under the Rules of the Auditor General. The following comments fulfill these additional disclosure requirements.

#### **Annual Financial Report:**

The City filed its annual report for the fiscal year ended September 30, 1990, as required by Section 218.32 of the Florida Statutes, with the Department of Banking and Finance. Based on our review of the financial information contained in this report, no material differences were found in comparing this information to that of the City's audited financial statements. The 1991 annual report will be reviewed during the 1992 fiscal year.

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

*Ernst + Young*

January 23, 1992

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