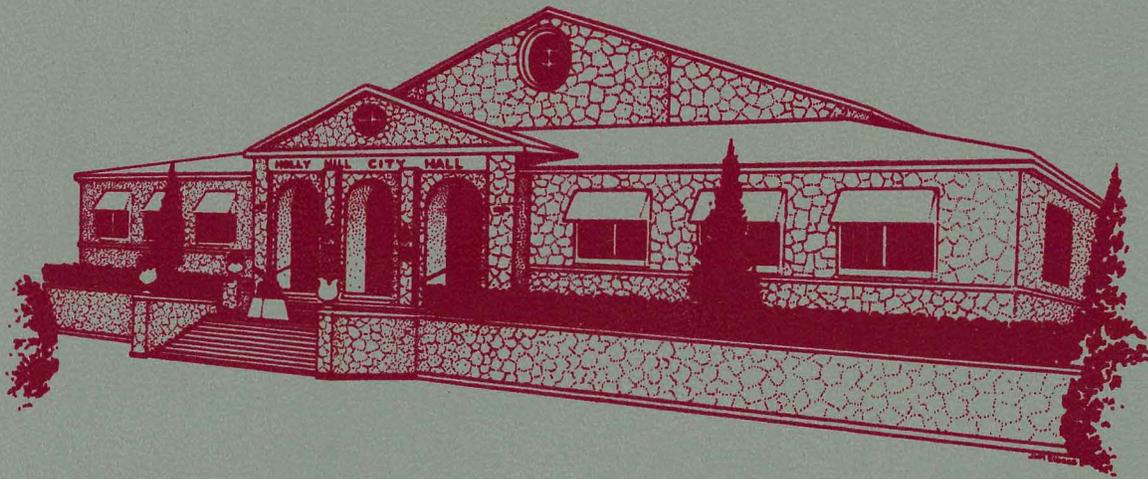


CITY OF HOLLY HILL, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDING SEPTEMBER 30, 1994

Comprehensive Annual Financial Report

City of Holly Hill, Florida

For the Fiscal Year Ended September 30, 1994

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, 1994

Councilmen

Virginia Wine, Mayor

Shirley Heyman, Mayor Pro-Tem

Arthur J. Byrnes

J. D. Mellette

Jim Elliott

City Manager

Ralph K. Hester

City Attorney

Edward F. Simpson, Jr.

Finance Director

Brenda Gubernator

City Auditors

Ernst & Young LLP

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City of Holly Hill, Florida
Comprehensive Annual Financial Report
For the year ended September 30, 1994

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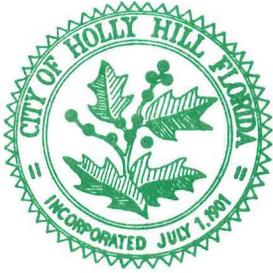
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Letter of Transmittal

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CITY OF HOLLY HILL

TEN SIXTY - FIVE RIDGEWOOD AVENUE

HOLLY HILL, FLORIDA 32117-2898

904/947-4120

FAX# 904/947-4148

SUN COM 380-4120

March 10, 1995

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, (the City) for the year ended September 30, 1994, 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 City. 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 City. All disclosures necessary to enable the reader to gain an understanding of the City'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 City'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 auditors on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the City. The City 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.

Economic Condition and Outlook

The City 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 the City has been moderate in recent years encouraged by the resolution of water supply problems and the end of building moratoriums. The City is actively involved in encouraging voluntary annexations of commercial and residential property to the north and west of the City limits.

The community currently has a 6.2% unemployment rate as compared to a statewide rate of 6.4%. During the past two years, property assessments have increased 1.2%.

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

Major Initiatives

Departmental Focus:

The City is concentrating many of its efforts on improving the aesthetics and the safety of the community through Code Enforcement and redevelopment of areas along U.S. #1. These efforts are being channeled through the Protective Inspections Department which includes permits, licenses, zoning and inspections, and other code administration services.

For the Year:

Renovations on City Hall were substantially completed during the year. In September, the City Council held its first meeting in the new Council Chambers constructed in City Hall. Several new offices were also completed and staff members moved into more spacious areas. The Police Department renovations on the first floor also neared completion.

Community volunteers renovated one of the City buildings acquired from the school board for use as a Youth Center. The building will be known as the Holly Hill Youth Center and is expected to open in the Spring of 1995. The Center will provide a safe haven for children to socialize in a supervised environment. It will also serve as a polling place for elections.

Stormwater system improvements continued during the year. A systematic street sweeping program to keep debris out of the storm drains was begun in early 1994. Many areas previously subject to flooding were improved by the street sweeping program as noted during Tropical Storm Gordon.

The relocation and expansion of water and sewer lines on Nova Road was completed during the year. The City is now able to provide services to the newly annexed parcels west of Nova Road. Development of this property is expected to begin next year. Water lines were also installed to serve another newly annexed area north of the City on Center Avenue and Calle Grande.

For the Future:

Landscaping and parking improvements at City Hall will be completed soon. Scheduled stormwater system improvements will also be completed within the year. A review of the Stormwater System Master Plan will be conducted and additional improvement projects will be proposed.

Ross Point Park improvements which include picnic shelters, playground, restrooms and a fishing pier will be completed in early 1995. Additional park improvements are planned for both Ross Point Park and Sunrise Park. Funding will be provided by federal, state and local grants.

Design plans for a wastewater re-use system are complete. The City intends to install a wastewater re-use system which will furnish treated wastewater to selected areas for use as sprinkling water. This will enable the City to re-use a portion of the wastewater and reduce the groundwater withdrawal from the freshwater aquifer.

The City, in cooperation with Volusia County and other area cities will provide an 800 MHZ radio system for the Police and Fire Departments. This will enhance the departments abilities to communicate and other agencies for normal operations as well as during times of natural disasters.

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.

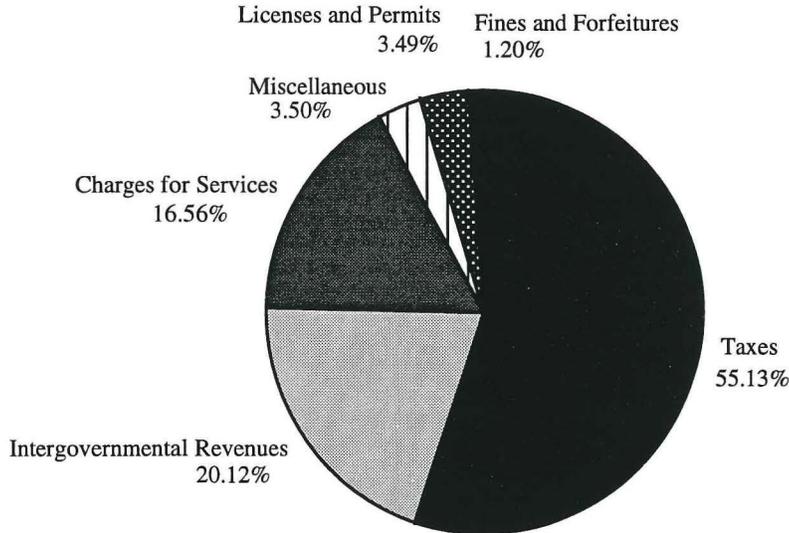
As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Governmental Functions:

The following schedule presents a summary of General Fund revenues and other sources for the fiscal year ended September 30, 1994 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 1993 (Thousands)</u>
Taxes (all sources)	\$2,836,184	55.13%	\$ 30
Licenses and permits	179,654	3.49	5
Intergovernmental revenues	1,034,801	20.12	61
Charges for services	851,951	16.56	5
Fines and forfeitures	61,720	1.20	(18)
Miscellaneous	179,800	3.50	95
Totals	\$5,144,110	100.00%	\$178

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



Revenues and other sources for the general fund functions totaled \$5,144,110 for the year ended September 30, 1994, an increase of 4% from the previous year. Actual revenues for the General Fund exceeded budgeted revenues and other sources by \$7,610.

Ad valorem taxes continue to be the most significant revenue source. The total nonexempt valuation for ad valorem taxes amounts to \$261.0 million, a decrease of .8% 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.

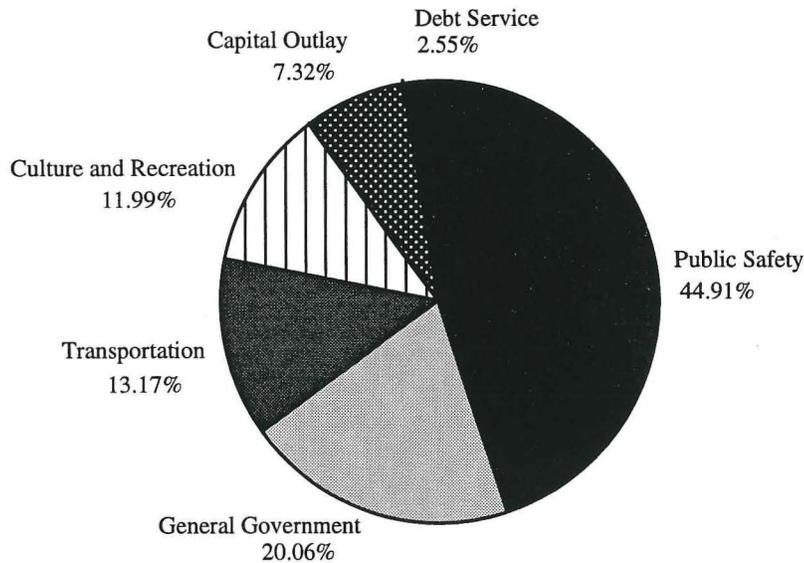
The property tax levy was as follows for the past two years:

	<u>1993/94</u>	<u>1992/93</u>
General Fund	<u>5.4695 mills</u>	<u>5.4695 mills</u>

The following schedule presents a summary of General Fund expenditures and transfers for the fiscal year ended September 30, 1994 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 1993 (Thousands)</u>
General Government	\$1,016,936	20.06%	\$ (23)
Public Safety	2,276,178	44.91	88
Transportation	667,292	13.17	(140)
Culture and Recreation	608,002	11.99	140
Capital outlay	370,940	7.32	(90)
Debt service	129,265	2.55	76
Transfers out	-	-	-
Totals	\$5,068,613	100.0%	\$ 51

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 \$5,068,613 for the year, an increase of 1% over the preceding year.

Expenditures for General Government functions decreased 2.22% over the previous year and accounted for 20.06% of total General Fund expenditures.

Public Safety, which includes Police, Fire and Protective Inspection Departments, accounted for 44.91% of the General Fund expenditures, as compared to 43.61% for the preceding fiscal year.

Transportation/Road and Street Facilities represented 13.17% of the General Fund expenditures, as compared to 16.09% for the preceding year.

The Culture and Recreation Department accounted for 11.99% of the General Fund expenditures, as compared to 9.32% for the previous fiscal year.

Expenditures for capital improvements amounted to \$370,940 for the fiscal year, a decrease of 20% over the preceding fiscal year. Debt service requirement included principal retirement of \$92,585 and interest of \$36,680.

General Fund Balance:

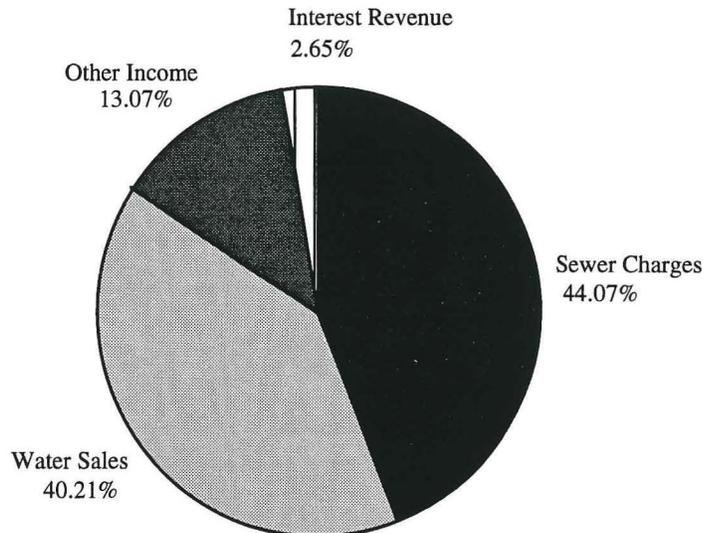
The fund balance of the General Fund increased by 5.1% during the fiscal year ended September 30, 1994. The \$75,497 increase provided the City with a fund balance that is the equivalent of 30.72% of the actual expenditures for the fiscal year ended September 30, 1994. This indication of sound financial position will ensure the availability of resources needed to continue providing quality service to the City's citizens without imposing an undue tax burden.

Enterprise Operations:

The following schedule presents a summary of Water and Sewer System Fund revenues for the fiscal year ended September 30, 1994 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 1993 (Thousands)</u>
Water sales	\$1,361,215	40.21%	\$ (30)
Sewer charges	1,491,815	44.07	(70)
Other income	442,525	13.07	361
Interest revenue	89,539	2.65	(25)
Totals	\$3,385,094	\$100.00%	\$236

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



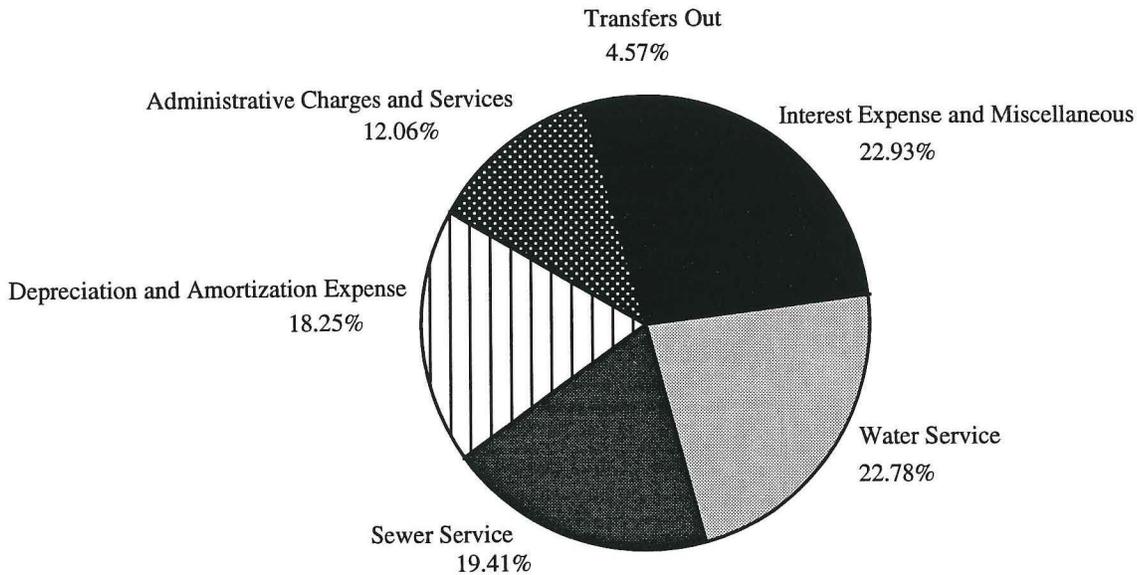
The City's Water and Sewer System Fund has increased revenues and the number of customers served over the past year.

The City records connection charges and impact fees as contributed capital. During the year, connection charges and impact fees amounted to \$57,232, a decrease of 65.9% from the previous year.

The following schedule presents a summary of Water and Sewer System Fund expenses for the fiscal year ended September 30, 1994 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 1993 (Thousands)</u>
Water service	\$ 832,145	22.78%	\$ 59
Sewer service	709,187	19.41	7
Administrative charges and services	440,499	12.06	14
Depreciation and amortization expenses	666,916	18.25	50
Interest expenses and miscellaneous	837,757	22.93	534
Transfers out	167,091	4.57	29
Totals	\$3,653,595	100.00%	\$693

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



This year, the City had a net loss of \$268,501 in the Water and Sewer System Fund.

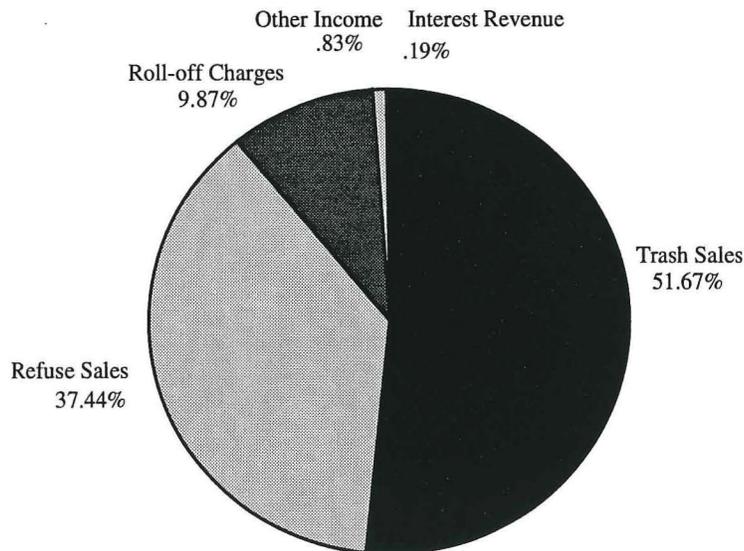
Bonded debt coverage from the operations of the system are shown in the following tabulation:

	<u>1994</u>
Gross revenue (includes connection charges)	\$3,439,716
Income available for debt service	1,898,384
Annual debt service requirement	1,123,319
Coverage (income available for debt service divided by annual debt service requirement)	169%

The Solid Waste Fund is an enterprise fund that accounts for the City's Physical Environment/Sanitation Services. The following schedule presents a summary of Solid Waste Fund revenues and transfers for the fiscal year ended September 30, 1994.

<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) over 1993 (Thousands)</u>
Trash sales	\$ 763,322	51.67%	\$ 4
Refuse sales	553,141	37.44	(30)
Roll-off charges	145,857	9.87	17
Other income	12,318	.83	(61)
Grant revenue	-	-	(14)
Interest revenue	2,901	.19	2
	<u>\$1,477,539</u>	<u>100.00%</u>	<u>\$(82)</u>

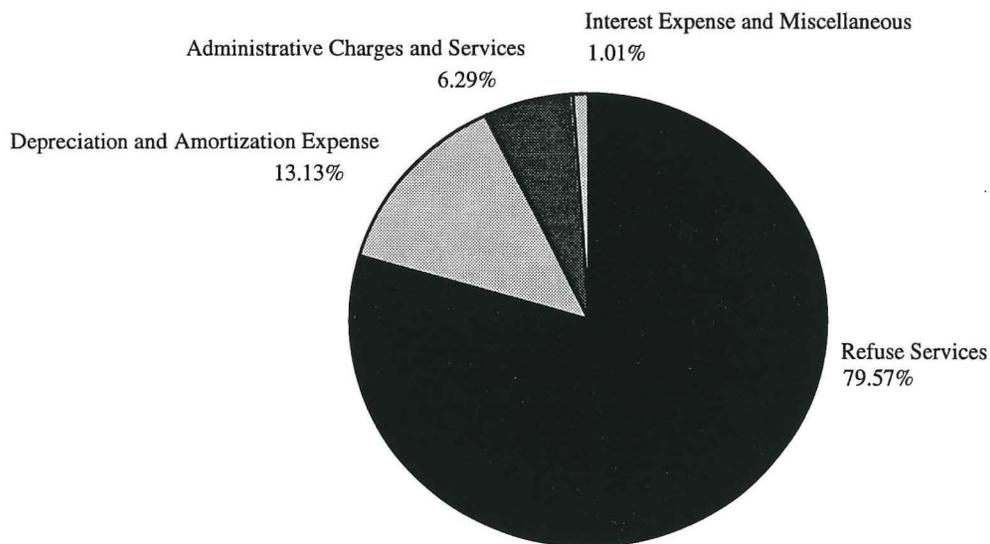
The percentage of each revenue to total revenues and transfers is displayed in the following graph:



The following schedule presents a summary of Solid Waste Fund expenses for the fiscal year ended September 30, 1994.

<u>Expenses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) over 1993 (Thousands)</u>
Refuse services	\$1,074,383	79.57%	\$(12)
Administrative charges and services	84,900	6.29	8
Depreciation and amortization expense	177,326	13.13	(5)
Interest expense and miscellaneous	13,576	1.01	(49)
	<u>\$1,350,185</u>	<u>100.00%</u>	<u>\$(58)</u>

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



This year, the City has a net income of \$127,354 in the Solid Waste Fund.

Debt Administration:

At September 30, 1994, the City had no general bonded debt.

Water and sewer revenue bonds issued in 1992 are 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 \$230,000 in principal maturities and \$895,521 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 the Police Officers' Retirement Trust had net assets in excess of pension benefit obligation of \$174,599 and the Firefighters' Retirement System had an unfunded pension benefit obligations of \$175,063. The two pension funds are included in the financial statements of the City.

During the year, the Firefighters' Retirement System revenues were derived from State of Florida contributions of \$20,148, employee contributions of \$30,179, City contributions of \$47,114, investment income of \$11,829, and other income of \$27,525. Fund balance at the end of the year is \$1,076,195 as compared to \$1,049,037 for the preceding year. For the Police Officers' Retirement Trust Fund, the revenues were derived from State of Florida contributions of \$43,894, employee contributions of \$72,759, City contributions of \$154,516, investment income of \$54,855 and other income of \$32,500. Fund balance at the end of the year is \$2,518,579 as compared to \$2,237,070 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 cost of general fixed assets at September 30, 1994 amounted to \$9,081,713 as compared to \$8,153,483 for the preceding year, an increase of 11.38%.

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, 1994, unrestricted cash was invested as follows: in interest bearing demand deposits, 14.8%, and with the State Board of Administration, 85.2%. Interest earned on unrestricted funds for the past two fiscal years was as follows:

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

Page 14

Acknowledgments:

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,

A handwritten signature in cursive script that reads "Brenda Gubernator". The signature is written in black ink and is positioned above the printed name and title.

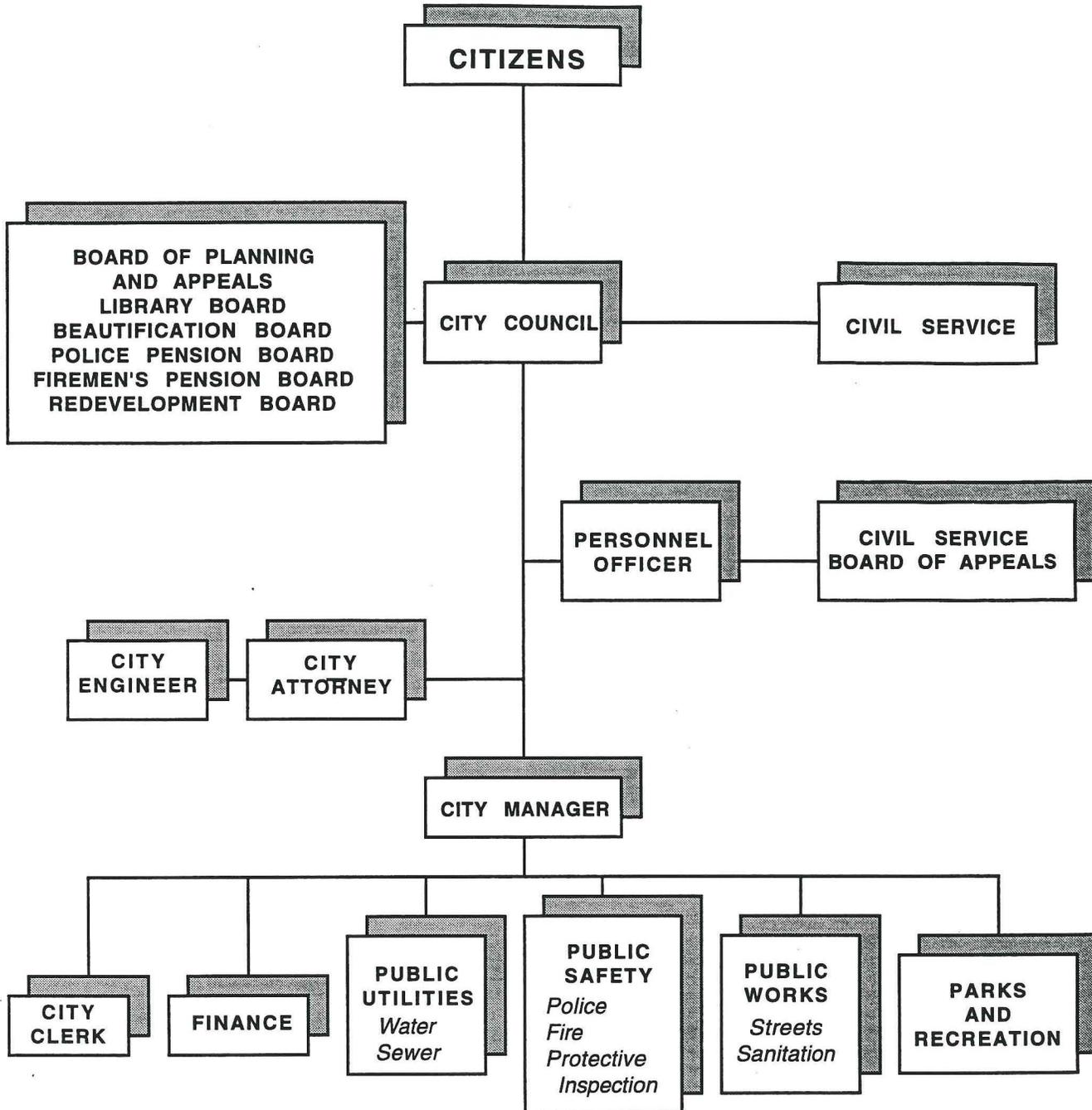
Brenda Gubernator
Finance Director

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, 1993

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



President

Executive Director

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Financial Section

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Report of Independent Auditors

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Report of Independent Auditors

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, 1994 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 did not audit the Police Officers' Retirement Trust Fund, which statements reflect net assets available for benefits of \$2,518,579 as of September 30, 1994 and operating income of \$249,009 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for the Police Officers' Retirement Trust Fund, is based solely upon the report of the other auditors.

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 and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, 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, 1994, 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.



March 10, 1995

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General Purpose Financial Statements
(Combined Statements – Overview)

City of Holly Hill, Florida

Combined Balance Sheet All Fund Types and Account Groups

September 30, 1994

	Governmental Fund Types		Proprietary Fund Type
	General	Capital Projects	Enterprise
Assets			
Cash and cash equivalents	\$1,542,500	\$130,945	\$ 1,196,189
Investments	—	—	—
Accounts receivable - net	23,641	—	344,474
Taxes receivable	52,055	—	—
Other receivables	29,419	—	1,660
Due from other funds	73,225	—	36,680
Advance to other funds	—	—	—
Due from other governments	73,601	—	—
Prepaid insurance	—	—	6,570
Restricted assets:			
Cash and cash equivalents:			
Sinking Funds	—	—	8,131
Construction Fund	—	—	651,334
Renewal and Replacement Fund	—	—	256,585
Customer deposits	—	—	406,452
Impact fee	—	—	375,568
Land	—	—	154,873
Buildings	—	—	10,811,794
Improvements other than buildings	—	—	6,512,682
Machinery and equipment	—	—	7,360,578
Accumulated depreciation	—	—	(6,231,068)
Construction in progress	—	—	139,160
Unamortized bond issue costs	—	—	243,286
Amount to be provided for retirement of general long-term debt	—	—	—
Total assets	\$1,794,441	\$130,945	\$22,274,948

See accompanying notes.

Fiduciary Fund Types	Account Groups			Totals	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
			1994	1993	
\$ 659,020	—	—	\$ 3,528,654	\$ 4,044,260	
3,033,906	—	—	3,033,906	2,667,153	
—	—	—	368,115	407,414	
—	—	—	52,055	52,055	
99,335	—	—	130,414	56,531	
920	—	—	110,825	55,589	
—	—	—	—	78,269	
—	—	—	73,601	66,682	
—	—	—	6,570	6,570	
—	—	—	8,131	4,414	
—	—	—	651,334	1,124,827	
—	—	—	256,585	207,602	
—	—	—	406,452	398,329	
—	—	—	375,568	341,456	
—	\$1,331,726	—	1,486,599	1,468,328	
—	1,785,334	—	12,597,128	11,255,430	
—	4,229,365	—	10,742,047	9,755,660	
—	1,707,363	—	9,067,941	8,954,191	
—	—	—	(6,231,068)	(5,539,189)	
—	27,925	—	167,085	984,977	
—	—	—	243,286	251,920	
—	—	\$1,226,822	1,226,822	1,160,614	
\$3,793,181	\$9,081,713	\$1,226,822	\$38,302,050	\$37,803,082	

City of Holly Hill, Florida

Combined Balance Sheet All Fund Types and Account Groups (continued)

September 30, 1994

	Governmental Fund Types		Proprietary Fund Type
	General	Capital Projects	Enterprise
Liabilities, fund equity and other credits			
Liabilities:			
Accounts payable	\$ 153,732	\$ 15,196	\$ 104,228
Accrued liabilities	28,556		9,029
Accrued interest payable	272		3,677
Due to other funds	920		109,905
Current portion of notes payable	—	—	47,600
Other liabilities	1,600	—	—
Deferred revenues	52,055	—	—
Payable from restricted assets:	—	—	—
Accounts payable	—	—	33,795
Customer deposits	—	—	406,452
Retainage payable	—	925	—
Arbitrage rebate liability	—	—	25,084
Current portion of revenue bonds payable	—	—	240,000
Deferred compensation payable	—	—	—
Revenue bonds payable - net	—	—	14,398,488
Notes payable	—	—	142,692
Advance from other funds	—	—	—
Obligation for compensated absences	—	—	188,101
Total liabilities	237,135	16,121	15,709,051
Commitments and contingencies			
Fund equity and other credits:			
Contributed capital	—	—	2,924,581
Investment in general fixed assets	—	—	—
Retained earnings:			
Reserved for renewal and replacement	—	—	256,585
Unreserved	—	—	3,384,731
Fund balances:			
Reserved for law enforcement trust	—	—	—
Reserved for encumbrances	101,752	43,820	—
Reserved for police and fire pensions	—	—	—
Reserved for police education	16,359	—	—
Reserved for stormwater drainage	737,252	—	—
Reserved for advance to Solid Waste Fund	38,269	—	—
Reserved for capital projects	—	71,004	—
Unreserved:			
Undesignated	663,674	—	—
Total fund equity and other credits	1,557,306	114,824	6,565,897
Total liabilities, fund equity and other credits	\$1,794,441	\$130,945	\$22,274,948

See accompanying notes.

Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)	
Trust and Agency	General Fixed Assets	General Long-Term Debt	1994	1993	
\$ 4,874	-	-	\$ 278,030	\$ 307,281	
-	-	-	37,585	31,078	
-	-	-	3,949	7,827	
-	-	-	110,825	55,589	
-	-	-	47,600	47,600	
-	-	-	1,600	1,600	
-	-	-	52,055	52,055	
-	-	-	33,795	55,201	
-	-	-	406,452	398,329	
-	-	-	925	32,934	
-	-	-	25,084	25,084	
-	-	-	240,000	230,000	
157,142	-	-	157,142	157,343	
-	-	-	14,398,488	14,625,835	
-	-	\$ 802,939	945,631	1,085,816	
-	-	-	-	78,269	
-	-	423,883	611,984	419,482	
162,016	-	1,226,822	17,351,145	17,611,323	
-	-	-	2,924,581	2,867,349	
-	\$9,081,713	-	9,081,713	8,153,483	
-	-	-	256,585	207,602	
-	-	-	3,384,731	3,574,861	
36,391	-	-	36,391	31,257	
-	-	-	145,572	236,322	
3,594,774	-	-	3,594,774	3,286,107	
-	-	-	16,359	13,127	
-	-	-	737,252	701,061	
-	-	-	38,269	78,269	
-	-	-	71,004	474,264	
-	-	-	663,674	568,057	
3,631,165	9,081,713	-	20,950,905	20,191,759	
\$3,793,181	\$9,081,713	\$1,226,822	\$38,302,050	\$37,803,082	

City of Holly Hill, Florida

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

Year ended September 30, 1994

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Capital Projects Fund	Expendable Trust	1994	1992
Revenues:					
Taxes	\$2,836,184	-	-	\$2,836,184	\$2,805,954
Licenses and permits	179,654	-	-	179,654	174,719
Intergovernmental revenues	1,034,801	-	-	1,034,801	973,354
Charges for services	851,951	-	-	851,951	847,432
Fines and forfeitures	61,720	-	\$17,094	78,814	96,877
Miscellaneous revenues	179,800	\$ 16,182	750	196,732	95,200
Total revenues	5,144,110	16,182	17,844	5,178,136	4,993,536
Expenditures:					
Current:					
General Government	1,016,936	-	-	1,016,936	1,040,059
Public Safety	2,276,178	-	10,430	2,286,608	2,205,208
Transportation	667,292	-	-	667,292	807,552
Culture and Recreation	608,002	-	-	608,002	467,696
Capital outlay	370,940	657,740	2,280	1,030,960	828,939
Debt service:					
Principal retirement	92,585	-	-	92,585	33,976
Interest	36,680	-	-	36,680	19,214
Total expenditures	5,068,613	657,740	12,710	5,739,063	5,402,644
Excess (deficiency) of revenues over expenditures	75,497	(641,558)	5,134	(560,927)	(409,108)
Other financing sources (uses):					
Transfers to other funds	-	-	-	-	(2,341)
Transfer from other funds	-	167,091	-	167,091	140,371
Proceeds from long-term debt	-	-	-	-	929,500
Excess (deficiency) of revenues over expenditures and other uses	75,497	(474,467)	5,134	(393,836)	658,422
Fund balances at beginning of year	1,481,809	589,291	31,257	2,102,357	1,443,935
Fund balances at end of year	\$1,557,306	\$114,824	\$36,391	\$1,708,521	\$2,102,357

See accompanying notes.

City of Holly Hill, Florida

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General and Capital Projects Funds

Year ended September 30, 1994

	General Fund			1993 Actual
	Budget	Actual	Variance (Unfavorable) Favorable	
Revenues:				
Taxes	\$2,845,000	\$2,836,184	\$ (8,816)	\$2,805,954
Licenses and permits	175,500	179,654	4,154	174,719
Intergovernmental revenues	1,015,400	1,034,801	19,401	973,354
Charges for services	847,400	851,951	4,551	847,432
Fines and forfeitures	74,700	61,720	(12,980)	80,263
Miscellaneous revenues	178,500	179,800	1,300	84,602
Total revenues	5,136,500	5,144,110	7,610	4,966,324
Expenditures:				
Current:				
General Government	1,068,300	1,016,936	51,364	1,040,059
Public Safety	2,343,800	2,276,178	67,622	2,188,557
Transportation	678,400	667,292	11,108	807,552
Culture and Recreation	616,000	608,002	7,998	467,696
Capital outlay	577,200	370,940	206,260	461,016
Debt service:				
Principal retirement	92,600	92,585	15	33,976
Interest	38,200	36,680	1,520	19,214
Total expenditures	5,414,500	5,068,613	345,887	5,018,070
Excess (deficiency) of revenues over expenditures	(278,000)	75,497	353,497	(51,746)
Other financing sources (uses):				
Transfer from other funds	-	-	-	2,341
Proceeds from long-term debt	-	-	-	121,500
Excess (deficiency) of revenues over expenditures and other uses	(278,000)	75,497	353,497	72,095
Fund balances at beginning of year	1,481,809	1,481,809	-	1,409,714
Fund balances at end of year	\$1,203,809	\$1,557,306	\$353,497	\$1,481,809

See accompanying notes.

City of Holly Hill, Florida

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General and Capital Projects Funds (continued)

Year ended September 30, 1994

	Capital Projects Fund			
	Budget	Actual	Variance (Unfavorable) Favorable	1993 Actual
Revenues:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous revenues	\$ 12,000	\$ 16,182	\$ 4,182	\$ 9,786
Total revenues	12,000	16,182	4,182	9,786
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Transportation	-	-	-	-
Culture and Recreation	-	-	-	-
Capital outlay	773,000	657,740	115,260	366,525
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	773,000	657,740	115,260	366,525
Excess (deficiency) of revenues over expenditures	(761,000)	(641,558)	119,442	(356,739)
Other financing sources (uses):				
Transfer from other funds	218,000	167,091	(50,909)	138,030
Proceeds from long-term debt	-	-	-	808,000
Excess (deficiency) of revenues over expenditures and other uses	(543,000)	(474,467)	68,533	589,291
Fund balances at beginning of year	589,291	589,291	-	-
Fund balances at end of year	\$ 46,291	\$114,824	\$ 68,533	\$589,291

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

Year ended September 30, 1994

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Pension Trust	1994	1993
Operating revenues:				
Charges for services	\$4,359,267	—	\$4,359,267	\$4,465,465
Contributions	—	\$ 368,610	368,610	303,812
Investment income	—	66,684	66,684	285,904
Total operating revenues	4,359,267	435,294	4,794,561	5,055,181
Operating expenses:				
Personal services	1,445,870	—	1,445,870	1,386,075
Benefit payments	—	95,158	95,158	162,242
Contractual services	923,621	89,355	1,012,976	999,579
Materials and supplies	232,240	—	232,240	227,949
Other charges and services	525,399	—	525,399	503,000
Depreciation and amortization	844,242	—	844,242	799,871
Miscellaneous expenses	13,984	2,139	16,123	20,388
Total operating expenses	3,985,356	186,652	4,172,008	4,099,104
Operating income	373,911	248,642	622,553	956,077
Nonoperating revenues (expenses):				
Interest income	92,440	—	92,440	115,357
Grant revenue	2,610	—	2,610	13,671
Other income	408,316	60,025	468,341	114,064
Interest expense	(817,889)	—	(817,889)	(319,638)
Loss on disposal of equipment	(33,444)	—	(33,444)	(47,194)
Total nonoperating revenues (expenses)	(347,967)	60,025	(287,942)	(123,740)
Income before operating transfers	25,944	308,667	334,611	832,337
Operating transfers:				
Transfer to other funds	(167,091)	—	(167,091)	(138,030)
Net income before extraordinary item and adjustment for cumulative effect of the change in investment valuation method	(141,147)	308,667	167,520	694,307
Extraordinary loss on extinguishment of debt	—	—	—	(1,147,980)
Adjustment for cumulative effect of the change in investment valuation method	—	—	—	276,173
Net income (loss)	(141,147)	308,667	167,520	(177,500)
Retained earnings/fund balances at beginning of year	3,782,463	3,286,107	7,068,570	7,246,070
Retained earnings/fund balances at end of year	\$3,641,316	\$3,594,774	\$7,236,090	\$7,068,570

See accompanying notes.

City of Holly Hill, Florida

Combined Statement of Cash Flows
Proprietary Fund Type

Year ended September 30, 1994

	<u>1994</u>	<u>1993</u>
Operating activities		
Operating income	\$ 373,911	\$ 600,604
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	844,242	799,871
Nonoperating income	410,926	127,735
Operating transfer	(167,091)	(138,030)
Accounts receivable, net	37,953	(17,160)
Due from other funds	(14,943)	(5,807)
Accounts payable	(12,660)	(15,414)
Accrued liabilities	2,313	(19,861)
Due to other funds	56,379	(52,860)
Customer deposits	8,123	17,048
Obligation for compensated absences	33,709	13,065
Net cash provided by operating activities	<u>1,572,862</u>	<u>1,309,191</u>
Noncapital financing activities		
Advance from other funds	(78,269)	(40,000)
Net cash used in noncapital financing activities	<u>(78,269)</u>	<u>(40,000)</u>
Capital and related financing activities		
Acquisition and construction of capital assets	(872,256)	(1,100,184)
Proceeds of issuance of bonds payable	-	386,780
Proceeds from notes payable	-	237,892
Principal paid on bond maturities	(230,000)	(165,000)
Principal paid on note payable	(47,600)	(132,000)
Interest paid on note payable	(17,386)	(8,660)
Interest paid on bonds	(895,521)	(743,432)
Capital contributions from customers	57,232	167,849
Bond issuance costs	-	(259,042)
Net cash used in capital and related financing activities	<u>(2,005,531)</u>	<u>(1,615,797)</u>

City of Holly Hill, Florida

Combined Statement of Cash Flows (continued)
Proprietary Fund Type

Year ended September 30, 1994

	<u>1994</u>	<u>1993</u>
Investing activities		
Proceeds from maturities of investments	-	225,200
Interest on investments	126,090	135,088
Net cash provided by investing activities	126,090	360,288
Net increase/(decrease) in cash and cash equivalents	(384,848)	13,682
Cash and cash equivalents at beginning of year	3,279,107	3,265,425
Cash and cash equivalents at end of year	\$2,894,259	\$ 3,279,107
Significant transactions not affecting cash		
Increase in bonds payable	-	\$14,703,519
Funding of defeased bond escrow	-	(14,703,519)
Transfer of fixed assets from General Fixed Asset Account Group	\$ 32,175	-
	\$ 32,175	\$ -

See accompanying notes.

City of Holly Hill, Florida

Notes to Financial Statements

September 30, 1994

1. Accounting Policies

The City of Holly Hill, Florida is a municipal corporation created by the Laws of Florida, Chapter 67-1274 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.

There are no potential component units which would require inclusion in the City's financial statements under the requirements of Government Accounting Standards Board Statement No. 14.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the City's various funds and account groups are as follows:

Governmental Fund Types:

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for construction of major capital facilities (other than those financed by proprietary funds).

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Fund Accounting (continued)

Proprietary Fund Type:

Enterprise Funds – The Enterprise Funds are 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. These include water and sewer and solid waste.

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 funds.

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 funds.

Measurement Focus

Governmental Fund Types – The General and Capital Projects Funds are 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 appropriable 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 Funds are accounted for using a flow of economic resources measurement focus. Accordingly, all assets and liabilities are included on the balance sheets, and the reported fund equity (total reported assets less total reported liabilities) provides an

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Measurement Focus (continued)

indication of the economic net worth of the funds. The operating statements for the Proprietary Fund Type report increases (revenues) and decreases (expenses) in total economic net worth.

Fiduciary Fund Types – Pension Trust Funds are accounted for in the same manner as the Proprietary Fund Type since capital maintenance is critical. Expendable Trust Funds are accounted for in the same manner as Governmental Fund Types. 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.

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.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Budgets and Budgetary Accounting

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

- (1) On or before the first day of August of each year the City Manager submits to the City Council a budget for the ensuing fiscal year, along with an accompanying budget message.
- (2) Budget workshop sessions are scheduled by the City Manager as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (5) The City Council, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- (6) The City Manager is authorized to transfer part or all of an unencumbered appropriation balance among programs within a department and, upon written request by the City Manager, the City Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department to another.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is within a department or division by fund.
- (8) Every appropriation lapses at the close of the fiscal year to the extent that it has not been expended.
- (9) The budgets for all governmental funds that were either adopted or amended during the year by the City Council were prepared on the same basis of accounting utilized by those specific fund types. The General and Capital Projects Funds are required to have legally adopted annual budgets.
- (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 1993/94 fiscal year, one such supplemental appropriation increasing the budget by \$297,600 was approved on September 27, 1994 through Ordinance Number 2382 in accordance with the City Charter.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City 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 statewide. 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 5.4695.

The property tax calendar is as follows:

Valuation Date – January 1 of each year

On July 1, the Property Appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.

During September, the City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate(s) for the coming fiscal year.

On November 1, the Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable. (Levy date)

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes may be paid November through March of the year following the year in which they are assessed, with the following applicable discounts:

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Property Taxes (continued)

<u>Month</u>	<u>Discount Percent</u>
November	4%
December	3
January	2
February	1
March	0

All unpaid taxes on real and tangible personal property become delinquent, on April 1 following the year in which they are assessed.

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised in May following the year in which they are assessed.

Tax certificates are sold on all real estate parcels with unpaid real property taxes on June 1 following the year in which they are assessed. (Lien date).

Also during June, a court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.

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 and Pension Trust Funds which are stated at market value based on quoted market prices.

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.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Fixed Assets (continued)

The fixed assets of the Enterprise Funds 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.

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. Upon 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. Upon resignation, employees with 15 years of service are paid 50 percent of their accumulated sick leave.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Vacation and Sick Leave (continued)

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. The Proprietary Fund Type accrues compensated absences in the period they are earned. The amount recorded in both Fund Types is based on the employee's current rate of pay, plus certain salary-related fringe benefits.

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.

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.

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 Governmental Fund Type assets.

Debt recorded in the Enterprise Funds is paid from the Enterprise Funds' 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 cash flows in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the summarization of these data.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

1. Accounting Policies (continued)

Reclassifications

Certain September 30, 1993 account balances have been reclassified in this report to conform with the financial statement presentation used in 1994.

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 Cash Equivalents." Earnings on pooled cash and investments are allocated to participating funds on a monthly basis based on each fund's portion of the pool. 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 was \$773,999 and the bank balance was \$904,238. Of the bank balance, \$281,192 was secured by the bank through participation in the Florida Security for Public Deposits Act, and \$623,046 was invested in commercial paper and in a money market account by the Pension Trust Funds. The commercial paper consisted of obligations of U.S. corporations. The money market account is invested in United States Government Obligations. Both are held in the name of the trust department and are, therefore, considered to be uncollateralized. The City also had \$1,364 of petty cash on hand as of September 30, 1994.

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, 1994:

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)

Investments (continued)

Following is a summary of risk levels assumed by the City at September 30, 1994:

	Category			Total
	1	2	3	
Pension Trust Fund				
Investments				
Common stock	–	–	\$1,451,212	\$1,451,212
U.S. Treasury Notes	–	–	591,566	591,566
Corporate bonds	–	–	242,094	242,094
U.S. Treasury bonds	–	–	483,688	483,688
Federal National				
Mortgage Association				
Bonds	–	–	108,204	108,204
	\$ –	\$ –	\$2,876,764	\$2,876,764
Deferred Compensation				
Investment Pool				\$ 157,142
State Board of				
Administration – Local				
Government Surplus				
Funds Investment Pool				4,451,361
Total investments				<u>\$7,485,267</u>

3. Accounts Receivable – Net

The accounts receivable – net amount at September 30, 1994 consists of the following:

	Enterprise Funds		
	General Fund	Water and Sewer	Solid Waste
Accounts receivable	\$25,376	\$242,169	\$127,251
Less: Allowance for doubtful accounts	1,735	12,434	12,512
Accounts receivable – net	<u>\$23,641</u>	<u>\$229,735</u>	<u>\$114,739</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 September 30, 1993	Additions	Deletions	Balance September 30, 1994
Land	\$1,331,726	-	-	\$1,331,726
Buildings	940,489	\$ 844,845	-	1,785,334
Improvements other than buildings	4,062,133	207,471	\$ 40,239	4,229,365
Machinery and equipment	1,639,107	134,561	66,305	1,707,363
Construction-in-progress	180,028	27,925	180,028	27,925
Total general fixed assets	\$8,153,483	\$1,214,802	\$286,572	\$9,081,713

5. Changes in General Long-Term Debt Account Group

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

	Balance October 1, 1993	Notes Payable Issued	Retired	Net Accumulation of Compensated Absences	Balance September 30, 1994
Notes payable:					
Sun Bank of Volusia County –					
Fire truck	\$ 121,500	-	\$24,300		\$ 97,200
Fire station and City Hall	774,024	-	68,285	-	705,739
Obligation for compensated absences	265,090	-	-	\$158,793	423,883
Total general long-term debt	\$1,160,614	\$ -	\$92,585	\$158,793	\$1,226,822

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. Notes Payable

In March 1993 the City executed two utility service tax revenue notes with a local banking institution in the amounts of \$359,392 and \$808,000. Proceeds from the \$359,392 note were used for the purchase of sanitation trucks and a fire truck. The liability for the fire truck is recorded in the General Long-Term Debt Account Group and for the sanitation trucks in the Solid Waste Enterprise Fund. The agreement provides for annual principal payments of \$71,900 plus interest at 4.80% through October 10, 1998. Proceeds from the \$808,000 note were used for fire station and City Hall construction. The agreement provides for semi-annual payments of \$49,869 principal and interest through September 30, 1997 and a balloon payment of the remaining principal balance and accrued interest of \$496,246 on March 31, 1998. Utility service tax revenues are pledged for repayment of principal and interest on both notes.

The annual debt service requirements to amortize the above notes payable outstanding at September 30, 1994 are as follows:

<u>Fiscal year ending September 30</u>	<u>Series 1993A</u>		<u>Series 1993B</u>
	<u>General Long-Term Debt Account Group</u>	<u>Solid Waste Fund</u>	<u>General Long-Term Debt Account Group</u>
1995	\$ 28,353	\$ 55,535	\$ 99,738
1996	27,174	53,224	99,737
1997	25,995	50,914	99,737
1998	24,815	48,499	496,246
Total debt service	106,337	208,172	795,458
Less: interest	9,137	17,880	89,719
	<u>\$97,200</u>	<u>\$190,292</u>	<u>\$705,739</u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

8. Revenue Bonds Payable

Revenue bonds payable at September 30, 1994 are payable solely from the net revenues of the water and sewer system and are comprised of the following issue:

	Rates and Dates	Final Maturity	Annual Serial Payments	Amount Issued	Amount Outstanding
<i>(in thousands)</i>					
Water and Sewer					
Improvement and Refunding	3.6 – 6.125%				
Revenue Bonds, Series 1992	(4/1, 10/1)	10/1/2022	\$230-\$1,060	\$15,390,000	\$14,995,000
Less: Unamortized discount					356,512
Current portion					<u>240,000</u>
Bonds payable – long-term portion					<u><u>\$14,398,488</u></u>

The annual debt service requirements to amortize the above bonds outstanding at September 30, 1994 are as follows:

Fiscal year ending September 30

1995	\$ 1,125,039
1996	1,120,678
1997	1,120,144
1998	1,123,414
1999	1,120,589
2000 – 2004	5,612,854
2005 – 2009	5,618,631
2010 – 2014	5,622,650
2015 - 2019	5,617,125
2020 – 2022	<u>3,374,850</u>
Total debt service	31,455,974
Less: Interest	<u>16,460,974</u>
Principal due	<u><u>\$14,995,000</u></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 1992 Bonds established certain funds and accounts within the Water and Sewer System 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 before 2003 are not redeemable prior to their stated maturity. The Bond Resolution provides for early redemption of bonds maturing in the years 2003 through 2022 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.

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.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

9. Refunded Bonds (continued)

At September 30, 1994, the following outstanding bonds are considered defeased:

1964 Series A Water and Sewer Revenue Bonds	\$ 815,000
1972 Series B Water and Sewer Revenue Bonds	575,000
1989 Water and Sewer Revenue Bonds	13,335,000
	\$14,725,000

In 1992, the City of Holly Hill advance refunded water and sewer system improvement and refunding revenue bonds, Series 1989. The City issued \$15,390,000 of water and sewer improvement and refunding bonds to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunding bonds are considered to be defeased and the liability has been removed from bonds payable. The City recognized an extraordinary loss of \$1,147,980 on this advance refunding. This advance refunding was undertaken to reduce total debt service payments over the next 30 years by \$1,102,015 and obtain an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$1,462,097.

10. Capitalization of Interest

Net interest costs capitalized in the Water and Sewer System Fund during the year (interest expense less any interest earned on the investment of bond proceeds) amounted to \$57,558. Interest expense incurred during the current fiscal year totalled \$895,521 and was comprised of \$804,313 on debt associated with nonconstruction activities and \$91,208 on debt associated with construction activities. Capitalized interest for 1994 was calculated as follows:

Total interest expense	\$91,208
Less: Interest revenue	33,650
Total interest capitalized	\$57,558

11. Interfund Accounts

Individual fund interfund receivables and payables at September 30, 1994 consist of the following:

<u>Fund</u>	Due From Other Funds	Due To Other Funds
General Fund	\$ 73,225	\$ 920
Capital Projects Fund	-	-
Water and Sewer System Fund	-	71,636
Solid Waste	36,680	38,269
Law Enforcement Trust Fund	920	-
	\$110,825	\$110,825

City of Holly Hill, Florida

Notes to Financial Statements (continued)

11. Interfund Accounts (continued)

During 1992, the General Fund advanced \$118,269 to the Solid Waste Fund. This advance is being repaid annually over a three year period, with interest of 6% on the unpaid balance. As the remaining \$38,269 of the advance is due in fiscal 1995, it is included in the interfund payable balance listed above.

12. Compensated Absences

Compensated absences are accrued as a liability in the General Long-Term Debt Account Group and enterprise funds at pay rates effective September 30, 1994 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 or 50% of accumulated sick leave for employees with 15 years of service, plus other salary-related fringe benefits.

13. 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 fair value. Fair value has been measured by quoted market prices in an active market.

The total payroll of the City of Holly Hill was \$3,665,522 for the fiscal year ended September 30, 1994. Payroll expenditures for employees covered by the police and fire pensions were \$806,029 and \$305,913, respectively. Full-time, uniformed police officers are eligible to participate in the Police Officers' Retirement Trust 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 9.2% and

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

10%, respectively, of their salary to the plans. The City contributes 10.6% 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, 1994</u>	
	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries currently receiving benefits	3	5
Vested terminated employees	2	-
Active employees:		
Fully vested	11	3
Nonvested	12	7

Accumulated System Benefits

The actual present value of accumulated system benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by participants to reflect the true value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The accumulated system benefit information for the Police Officers' Retirement Trust Fund as of the date the latest actuarial valuation was performed is as follows:

	<u>October 1, 1992</u>
Actuarial present value of accumulated system benefits:	
Vested benefits:	
Participants currently receiving benefits	\$ 258,237
Other participants	1,119,027
	<u>1,377,264</u>
Nonvested benefits	104,472
	<u><u>\$1,481,736</u></u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

The accumulated system benefit information for the Firefighters' Retirement System as of the date the latest actuarial valuation was performed is as follows:

	<u>October 1, 1992</u>
Actuarial present value of accumulated system benefits:	
Vested benefits:	
Participants currently receiving benefits	\$ 671,014
Other participants	339,996
	<u>1,011,010</u>
Nonvested benefits	4,110
	<u><u>\$1,015,120</u></u>

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 Trust Fund is calculated using the unit credit actuarial cost method and is as follows:

	<u>1993</u>	<u>October 1 1992</u>	<u>1991</u>
Retirees and beneficiaries receiving benefits and vested terminated employees entitled to future benefits	\$ 210,984	\$ 210,984	\$ 211,938
Current employees:			
Accumulated employee contributions	174,392	174,392	137,964
Employer-financed vested	1,453,915	1,329,232	942,352
Employer-financed nonvested	223,180	255,378	329,480
Total pension benefit obligation (PBO) (1)	<u>2,062,471</u>	<u>1,969,986</u>	<u>1,621,734</u>
Net assets available for benefits (2)	<u>2,237,070</u>	<u>1,767,909</u>	<u>1,488,589</u>
Unfunded pension benefit obligation (UPBO) (net assets in excess of pension benefit obligation)	<u>\$ (174,599)</u>	<u>\$ 202,077</u>	<u>\$ 133,145</u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

	1993	October 1 1992	1991
Increase in PBO resulting from plan amendments and changes in assumptions	\$ 92,485	\$ -	\$ -
Ratio of assets to PBO	108.5%	89.7%	91.8%
Covered payroll	\$806,029	\$736,410	\$1,007,494
Ratio of UPBO (assets in excess of PBO) to payroll	(21.7)%	27.4%	13.2%

- (1) No actuarial valuation was performed for the October 1, 1993 period. Amounts shown represent October 1, 1992 data updated as of February 23, 1994 for the following changes:

	Effect on PBO	Effect on Contribution Requirements
Increase in the Member Contribution rate from 6.6% to 9.2%	-	\$22,080
Increase in the City contribution rate for the Member from 8.0% to 10.6%	-	22,701
Decrease in the normal retirement date to the earlier of age 55 and 10 years of credited service or 20 years of credited service regardless of age (no earlier than age 55 for vested terminations)	\$92,485	300
	<u>\$92,485</u>	<u>\$45,081</u>

- (2) Net assets available for benefits is valued at market for the period October 1, 1993 and at cost for October 1, 1992 and 1991. Net assets available for benefits valued at market for October 1, 1992 and 1991 are \$1,961,649 and \$1,618,433, respectively.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. 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:

	October 1		
	1993	1992	1991
Retirees and beneficiaries receiving benefits and vested terminated employees entitled to future benefits	\$ 654,900	\$ 671,014	\$ 115,500
Current employees:			
Accumulated employee contributions	147,100	122,215	215,000
Employer-financed vested	254,000	217,781	574,100
Employer-financed nonvested	168,100	144,110	78,000
Total pension benefit obligation (PBO)	1,224,100	1,155,120	982,600
Net assets available for benefits (1)	1,049,037	886,552	843,324
Unfunded pension benefit obligation (UPBO)	\$ 175,063	\$ 268,568	\$ 139,276
Increase in PBO resulting from plan amendments and changes in assumptions	\$ -	\$ 187,789	\$ 207,500
Ratio of assets to PBO	85.7%	76.7%	85.8%
Covered payroll	\$ 305,913	\$ 279,315	\$ 312,446
Ratio of UPBO to covered payroll	57.2%	96.2%	44.6%

(1) Net assets available for benefits is valued at market for the period October 1, 1993 and at cost for October 1, 1992 and 1991. Net assets available for benefits valued at market for October 1, 1992 and 1991 are \$968,985 and \$837,335, respectively.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

Combined information for Police Officers' Retirement Trust and Firefighters' Retirement System follows:

	Pension Benefit Obligation	Net Assets Available for Benefits
Police Officers' Retirement Trust	\$2,062,471	\$2,237,070
Firefighters' Retirement System	1,224,100	1,049,037
	<u>\$3,286,571</u>	<u>\$3,286,107</u>

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.

Plan Termination

Although there is no intent to do so, if the Police Officers' Retirement Trust or Firefighters' Retirement System is terminated for any reason, the Board of Trustees shall apportion and distribute the assets in accordance with the requirements set forth in Chapters 185 or 175 of Florida Statutes, respectively.

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.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

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	Earlier of age 55 and 10 years of credited service or 20 years of credited service regardless of age (no earlier than age 55 for vested terminations).
Salary increases	Inflation – 3.0% per year until the assumed retirement age. Merit – 4.5% per year until the assumed retirement age.

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

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	52
Salary increases	Inflation – 4.5% per year until the Assumed Retirement age. Merit – 2.5% per year until the assumed retirement age.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

Disability Rates

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

Employee Withdrawal Rates

Age	% Termination During the Year		Current Salary as % of Salary at Retirement
	Male	Female	
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%	36.0%
45	0.7%	1.3%	50.8%
50	0.0%	0.7%	71.0%
55 and over	0.0%	0.0%	100.0%

There have been no significant changes in benefit provisions or actuarial assumptions since September 30, 1992 actuarial valuation.

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 of this report. This trend information provides information about progress made in accumulating sufficient assets to pay benefits.

Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation. For the three fiscal periods ended September 30, 1994, contributions to the police and fire pension funds are set forth below:

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

Police Officers' Retirement Trust Fund

	Employer Contribution		Employee Contribution	
	Amount	% of Covered Payroll	Amount	% of Covered Payroll
1994	\$154,516	19.7%	\$72,759	9.03%
1993	122,786	16.7	49,282	6.7
1992	107,304	10.7	50,837	5.0

Firefighters' Retirement System Fund

	Employer Contribution		Employee Contribution	
	Amount	% of Covered Payroll	Amount	% of Covered Payroll
1994	\$47,114	15.4%	\$30,179	9.9%
1993	45,228	16.2	27,932	10.0
1992	—	—	32,808	10.5

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

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, 1994 was \$2,513,620. The City's total payroll was \$3,665,522.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

13. Pension Plans (continued)

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

Category	Benefit	Vesting	Employer Contribution Rate	
			1/1/93	1/1/94
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.	17.75%	17.66%

Employer contributions include .56% 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, 1994 was \$405,889; these contributions represented 16.15% 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, 1994 (the date of the latest actuarial valuation update) for the System as a whole, was \$44.37 billion. The System's net assets available for benefits on that date (valued at market) were \$33.11 billion leaving an unfunded pension benefit obligation of \$11.26 billion. The City's fiscal year 1994 contribution as a percentage of total contributions required of all participating entities is insignificant (less than 2/100 of 1%).

There were no significant changes to benefit provision or actuarial assumptions since the July 1, 1993 actuarial valuation. Significant actuarial assumptions used for the July 1, 1994 valuation 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, 1994.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

14. Investment Portfolio

During 1994 and 1993, the Police Officers' Retirement Trust Fund cash and cash equivalents and investments (including cash and cash equivalents and investments bought, sold, as well as held during the year) appreciated (depreciated) in fair value by (\$44,308) and \$100,913, respectively, as follows:

	Net Appreciation (Depreciation) in Fair Value During the Year	Fair Value at End of Year
Year ended September 30, 1994		
Cash and cash equivalents	-	\$ 490,017
U.S. governments and agencies	\$(34,223)	791,105
U.S. corporate obligations	(17,212)	149,838
U.S. corporate equities	7,127	1,048,298
	<u>\$(44,308)</u>	<u>\$2,479,258</u>
 Year ended September 30, 1993		
Cash and cash equivalents	-	\$ 512,384
U.S. governments and agencies	\$ 74,393	583,995
U.S. corporate obligations	646	183,440
U.S. corporate equities	25,874	943,658
	<u>\$100,913</u>	<u>\$2,223,477</u>

City of Holly Hill, Florida

Notes to Financial Statements (continued)

14. Investment Portfolio (continued)

During 1994 and 1993, the Firefighters' Retirement System's cash and cash equivalents and investments (including cash and cash equivalents and investments bought, sold, as well as held during the year) appreciated (depreciated) in fair value by (\$36,721) and \$45,636, respectively, as follows:

	Net Appreciation (Depreciation) in Fair Value During the Year	Fair Value at End of Year
Year ended September 30, 1994		
Cash and cash equivalents	\$ 214	\$ 133,235
U.S. governments and agencies	(55,369)	392,353
U.S. corporate obligations	(8,984)	92,256
U.S. corporate equities	27,418	402,914
	\$(36,721)	\$1,020,758
Year ended September 30, 1993		
Cash and cash equivalents	\$ (24)	\$ 249,393
U.S. governments and agencies	33,434	399,529
U.S. corporate obligations	605	122,887
U.S. corporate equities	11,621	276,301
	\$ 45,636	\$1,048,110

During 1994, the Firefighters' Retirement System had over 5% of its fund balance reserved for fire pensions invested in the obligations of one U.S. corporation.

15. 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

City of Holly Hill, Florida

Notes to Financial Statements (continued)

15. Deferred Compensation Plan (continued)

(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 administrator of the plan is responsible for investment of funds, distribution of benefits and reporting to participants. The City is of the opinion that it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary investor. The City believes it is unlikely to use the assets to satisfy the claims of general creditors.

16. Contributed Capital

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

	Water and Sewer Fund	Solid Waste Fund	Total
Contributed capital at beginning of year	\$2,651,414	\$215,935	\$2,867,349
Meter connection charges	6,615	-	6,615
Sewer connection charges	1,850	-	1,850
Impact fees	44,367	-	44,367
Contributions from other sources	4,400	-	4,400
Contributed capital at end of year	<u>\$2,708,646</u>	<u>\$215,935</u>	<u>\$2,924,581</u>

17. 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 had filed two lawsuits against their former investment manager and the firms with which he was associated. The suits sought damages related to the purchase of investments which were in violation of State Statutes and local ordinances. The suit was settled in the current year with the Police and Fire Pension Funds receiving \$37,500 and \$27,500, respectively, for damages.

City of Holly Hill, Florida

Notes to Financial Statements (continued)

17. Commitments and Contingencies (continued)

Contracts

The City entered into an agreement with Dan Rice Construction to improve Ross Point Park. The estimated cost of this project is \$154,920. No significant costs had been incurred under this agreement as of September 30, 1994. The City has an agreement with Thad Construction for miscellaneous drainage improvements. The estimated cost of this project is \$394,904 with \$110,239 incurred as of September 30, 1994.

18. Segment Information for Enterprise Funds

The City maintains two enterprise funds which provide water and sewer services and solid waste collection services. Segment information for the year ended September 30, 1994 is as follows:

	Water and Sewer	Solid Waste
Operating revenues	\$ 2,896,947	\$1,462,320
Depreciation and amortization expense	666,916	177,326
Operating income	248,200	125,711
Operating grants	2,610	-
Operating transfers	(167,091)	-
Net income (loss)	(268,501)	127,354
Current capital contributions	57,232	-
Fixed assets:		
Additions	865,109	105,043
Disposals	64,376	133,079
Net working capital	1,171,131	140,003
Total assets	21,350,503	924,445
Long-term liabilities	14,523,486	205,795
Total equity	6,010,015	555,882

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Required Supplementary Information

City of Holly Hill, Florida

Schedule of Revenues by Source and Expenses by Type
Police Officers' Retirement Trust Fund

Last Ten Fiscal Years

Revenues by Source

	Employee Contributions	Employer Contributions		State Contributions	Investment Income	Other Income	Total
		Amount	% of Covered Payroll				
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
1992	50,837	107,304	10.7%	40,236	154,206	—	355,133
1993	49,282	122,786	16.7%	42,044	190,715	—	404,827
1994	72,759	154,516	19.2%	43,894	54,855	\$32,500	358,524

Expenses by Type

	Benefits	Refunds	Administrative and Other	Total
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
1992	42,046	—	33,767	75,813
1993	95,276	—	34,130	129,406
1994	28,192	—	48,823	77,015

City of Holly Hill, Florida

Schedule of Revenues by Source and Expenses by Type
Firefighters' Retirement System

Last Ten Fiscal Years

Revenues by Source

	Employee Contributions	Employer Contributions		State Contributions	Investment Income	Other Income	Total
		Amount	% of Covered Payroll				
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
1992	32,808	—	—	22,161	110,868	—	165,837
1993	27,932	45,228	16.2%	16,540	95,189	—	184,889
1994	30,179	47,114	15.4%	20,148	11,829	\$27,525	136,795

Expenses by Type

	Benefits	Refunds	Administrative and Other	Total
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
1992	79,437	—	43,172	122,609
1993	66,966	—	37,871	104,837
1994	66,966	—	42,671	109,637

City of Holly Hill, Florida

Analysis of Funding Progress
Police Officers' Retirement Trust Fund and
Firefighters' Retirement System

All Available Years

Fiscal Year	(1) Net Assets Available for Benefit	(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)
Police Officers' Retirement Trust Fund						
1990 (7)	\$1,149,190	\$1,051,174	109.3%	\$ (98,016)	\$ 22,675	(432.3)%
1991 (8)	1,283,123	1,366,358	93.9%	83,235	701,736	11.7%
1992 (9)	1,488,589	1,621,734	91.8%	133,145	1,007,494	13.2%
1993 (10)	1,767,909	1,969,986	89.7%	202,077	736,410	27.4%
1994 (11)	2,237,070	2,062,471	108.5%	(174,599)	806,029	(21.7)%
Firefighters' Retirement System						
1991	\$ 776,670	\$ 693,223	112.0%	\$(83,447)	\$323,029	25.8%
1992	843,324	982,600	85.8%	139,276	312,446	44.6%
1993	886,552	1,155,120	76.7%	268,568	279,315	96.2%
1994	1,049,037	1,224,100	85.7%	175,063	305,913	57.2%

(7) Valuation is as of January 1, 1989

(8) Valuation is as of October 1, 1990

(9) Valuation is as of October 1, 1991

(10) Valuation is as of October 1, 1992

(11) Valuation is as of October 1, 1992, updated for Plan amendments as of February 23, 1994.

(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.

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.

Solid Waste Fund

The Solid Waste Fund accounts for the City's solid waste collection services as well as the funding and payment of related debt.

City of Holly Hill, Florida
Combining Balance Sheet

All Enterprise Funds

September 30, 1994

	Water and Sewer System	Solid Waste	Totals	
			1994	1993
Assets				
Current assets:				
Cash and cash equivalents	\$1,064,238	\$ 131,951	\$1,196,189	\$1,202,479
Accounts receivable - net	229,735	114,739	344,474	382,427
Other receivables	1,660	-	1,660	1,660
Due from other funds	-	36,680	36,680	21,737
Prepaid insurance	6,570	-	6,570	6,570
Total current assets	1,302,203	283,370	1,585,573	1,614,873
Restricted assets:				
Sinking Funds	8,131	-	8,131	4,414
Construction Fund	651,334	-	651,334	1,124,827
Renewal and Replacement Fund	256,585	-	256,585	207,602
Customer deposits	387,051	19,401	406,452	398,329
Impact fee	375,568	-	375,568	341,456
Total restricted assets	1,678,669	19,401	1,698,070	2,076,628
Property, plant and equipment:				
Land	154,873	-	154,873	136,602
Buildings	10,773,743	38,051	10,811,794	10,314,941
Improvements other than buildings	6,512,682	-	6,512,682	5,693,527
Machinery and equipment	5,689,928	1,670,650	7,360,578	7,315,084
	23,131,226	1,708,701	24,839,927	23,460,154
Less: accumulated depreciation	5,144,041	1,087,027	6,231,068	5,539,189
	17,987,185	621,674	18,608,859	17,920,965
Construction in progress	139,160	-	139,160	804,949
	18,126,345	621,674	18,748,019	18,725,914
Other assets:				
Unamortized bond issue costs	243,286	-	243,286	251,920
Total assets	<u>\$21,350,503</u>	<u>\$ 924,445</u>	<u>\$22,274,948</u>	<u>\$22,669,335</u>

	Water and Sewer	Solid Waste	Totals	
			1994	1993
Liabilities and Fund Equity				
Current liabilities (payable from				
Current assets:				
Accounts payable	\$ 53,546	\$ 50,682	\$ 104,228	\$ 116,888
Accrued liabilities	5,890	3,139	9,029	6,716
Accrued interest payable	—	3,677	3,677	7,487
Due to other funds	71,636	38,269	109,905	53,526
Current portion of notes payable	—	47,600	47,600	47,600
Total current liabilities (payable from current assets)	131,072	143,367	274,439	232,217
Current liabilities (payable from restricted assets):				
Accounts payable	33,795	—	33,795	55,201
Customer deposits	387,051	19,401	406,452	398,329
Retainage payable	—	—	—	29,904
Arbitrage rebate liability	25,084	—	25,084	25,084
Current portion of revenue bonds payable	240,000	—	240,000	230,000
(Total current liabilities payable from restricted assets)	685,930	19,401	705,331	738,518
Long-term debt:				
Revenue bonds payable - net	14,398,488	—	14,398,488	14,625,835
Notes payable	—	142,692	142,692	190,292
Other liabilities				
Advance from other funds	—	—	—	78,269
Obligation for compensated absences	124,998	63,103	188,101	154,392
Total liabilities	15,340,488	368,563	15,709,051	16,019,523
Commitments and contingencies				
Fund equity:				
Contributed capital:				
Contribution from federal government	919,421	—	919,421	919,421
Contribution from customers	1,789,225	—	1,789,225	1,731,993
Contribution from other funds and account groups	—	215,935	215,935	215,935
Retained earnings				
Reserved for Renewal and Replacement	256,585	—	256,585	207,602
Unreserved	3,044,784	339,947	3,384,731	3,574,861
Total fund equity	6,010,015	555,882	6,565,897	6,649,812
Total liability and fund equity	\$21,350,503	\$ 924,445	\$22,274,948	\$22,669,335

City of Holly Hill, Florida

Combining Statement of Revenues, Expenses and
Changes in Retained Earnings
All Enterprise Funds

For the year ended September 30, 1994

	Water and Sewer System	Solid Waste	Totals	
			1994	1993
Operating revenues:				
Water sales	\$1,361,215	-	\$1,361,215	\$1,391,186
Sewer charges	1,491,815	-	1,491,815	1,562,303
Service charges	16,801	-	16,801	15,353
Cut-off charges	17,270	-	17,270	16,635
Hydrant rental	9,846	-	9,846	9,534
Trash sales	-	\$ 763,322	763,322	758,965
Refuse sales	-	553,141	553,141	582,813
Roll-off charges	-	145,857	145,857	128,676
Total operating revenues	2,896,947	1,462,320	4,359,267	4,465,465
Operating expenses:				
Water service	832,145	-	832,145	773,340
Sewer service	709,187	-	709,187	702,101
Refuse service	-	1,074,383	1,074,383	1,086,549
Administrative charges and services	440,499	84,900	525,399	503,000
Depreciation and amortization expense	666,916	177,326	844,242	799,871
Total operating expenses	2,648,747	1,336,609	3,985,356	3,864,861
Operating income	248,200	125,711	373,911	600,604
Nonoperating revenues (expenses):				
Interest revenue	89,539	2,901	92,440	115,357
Grant revenue	2,610	-	2,610	13,671
Other income	395,998	12,318	408,316	114,064
Interest expense	(804,313)	(13,576)	(817,889)	(319,638)
Gain (loss) on disposal of equipment	(33,444)	-	(33,444)	(47,194)
Total nonoperating revenues (expenses)	(349,610)	1,643	(347,967)	(123,740)
Income before operating transfers	(101,410)	127,354	25,944	476,864
Operating transfers:				
Transfers to other funds	(167,091)	-	(167,091)	(138,030)
Net income before extraordinary items	(268,501)	127,354	(141,147)	338,835
Extraordinary loss on extinguishment of debt	-	-	-	(1,147,980)
Net income (loss)	(268,501)	127,354	(141,147)	(809,146)
Retained earnings at beginning of year	3,569,870	212,593	3,782,463	4,591,609
Retained earnings at end of year	\$3,301,369	\$ 339,947	\$3,641,316	\$3,782,463

City of Holly Hill, Florida

Combining Statement of Cash Flows
All Enterprise Funds

For the year ended September 30, 1994

	Water and Sewer System	Solid Waste	Totals	
			1994	1993
Operating activities				
Operating income	\$248,200	\$ 125,711	\$ 373,911	\$ 600,604
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	666,916	177,326	844,242	799,871
Nonoperating income	398,608	12,318	410,926	127,735
Operating transfer	(167,091)	-	(167,091)	(138,030)
Accounts receivable, net	8,568	29,385	37,953	(17,160)
Due from other funds	-	(14,943)	(14,943)	(5,807)
Accounts payable	(23,278)	10,618	(12,660)	(15,414)
Accrued liabilities	1,798	515	2,313	(19,861)
Due to other funds	22,851	33,528	56,379	(52,860)
Customer deposits	9,391	(1,268)	8,123	17,048
Obligation for compensated absences	33,985	(276)	33,709	13,065
Net cash provided by operating activities	1,199,948	372,914	1,572,862	1,309,191
Noncapital financing activities				
Advance from other funds	-	(78,269)	(78,269)	(40,000)
Net cash used in noncapital financing activities	-	(78,269)	(78,269)	(40,000)
Capital and related financing activities				
Acquisition and construction of capital assets	(767,237)	(105,019)	(872,256)	(1,100,184)
Proceeds of issuance of bonds payable	-	-	-	386,780
Proceeds from note payable	-	-	-	237,892
Principal paid on bond maturities	(230,000)	-	(230,000)	(165,000)
Principal paid on note payable	-	(47,600)	(47,600)	(132,000)
Interest paid on note payable	-	(17,386)	(17,386)	(8,660)
Interest paid on bonds	(895,521)	-	(895,521)	(743,432)
Capital contributions from customers	57,232	-	57,232	167,849
Bond issuance costs	-	-	-	(259,042)
Net cash used by capital and related financing activities	(1,835,526)	(170,005)	(2,005,531)	(1,615,797)
Investing activities				
Proceeds from maturities of investments	-	-	-	225,200
Interest on investments	123,189	2,901	126,090	135,088
Net cash provided by investing activities	123,189	2,901	126,090	360,288
Net increase (decrease) in cash and cash equivalents	(512,389)	127,541	(384,848)	13,682
Cash and cash equivalents at beginning of year	3,255,296	23,811	3,279,107	3,265,425
Cash and cash equivalents at end of year	\$2,742,907	\$ 151,352	\$2,894,259	\$3,279,107

City of Holly Hill, Florida

Combining Statement of Cash Flows (continued)
All Enterprise Funds

For the year ended September 30, 1994

	Water and Sewer System	Solid Waste	Totals	
			1994	1993
Significant transaction not affecting cash				
Increase in bonds payable	-	-	-	\$ 14,703,519
Funding of defeased bond escrow	-	-	-	(14,703,519)
Transfer of fixed assets from General Fixed Assets Account Group	-	\$ 32,175	\$ 32,175	-
	\$ -	\$ 32,175	\$ 32,175	\$ -

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

September 30, 1994

	Pension Trust Funds	
	Police Officers' Retirement Trust	Fire Fighters' Retirement System
Assets		
Current assets:		
Cash and cash equivalents	\$ 490,017	\$ 133,235
Investments	1,989,241	887,523
Interest receivable	20,399	10,063
Due from other funds	-	-
Contribution receivable	18,922	49,951
Total current assets	<u>2,518,579</u>	<u>1,080,772</u>
Total assets	<u>\$2,518,579</u>	<u>\$1,080,772</u>
Liabilities and fund equity		
Current liabilities:		
Accounts payable	-	\$ 4,577
Due to other funds	-	-
Deferred compensation payable	-	-
Total current liabilities	<u>-</u>	<u>4,577</u>
Fund equity:		
Fund balances:		
Reserved -		
Reserved for law enforcement	-	-
Reserved for police and fire pensions	2,518,579	1,076,195
Total fund equity	<u>2,518,579</u>	<u>1,076,195</u>
Total liabilities and fund equity	<u>\$2,518,579</u>	<u>\$1,080,772</u>

Expendable Trust Fund	Agency Fund	Totals	
Law Enforcement Trust	Deferred Compensation	1994	1993
\$35,768	-	\$ 659,020	\$ 796,067
-	\$157,142	3,033,906	2,667,153
-	-	30,462	21,212
920	-	920	-
-	-	68,873	2,618
36,688	157,142	3,793,181	3,487,050
\$36,688	\$157,142	3,793,181	\$3,487,050
<hr/>			
\$ 297	-	\$ 4,874	\$ 10,292
-	-	-	2,051
-	\$157,142	157,142	157,343
297	157,142	162,016	169,686
<hr/>			
\$36,391	-	\$ 36,391	\$ 31,257
-	-	3,594,774	3,286,107
36,391	-	3,631,165	3,317,364
\$36,688	\$157,142	\$3,793,181	\$3,487,050

City of Holly Hill, Florida

Combining Statement of Revenues, Expenses and
Changes in Fund Balances
All Pension Trust Funds

For the year ended September 30, 1994

	Police Officers' Retirement Trust	Firefighters' Retirement System	Totals	
			1994	1993
Operating revenues:				
Contributions	\$ 271,169	\$ 97,441	\$ 368,610	\$ 303,812
Interest and dividends	99,163	48,550	147,713	139,355
Net appreciation (depreciation) in fair value of investments	(44,308)	(36,721)	(81,029)	146,549
Total operating revenues	326,024	109,270	435,294	589,716
Operating expenses:				
Benefit payments	28,192	66,966	95,158	162,242
Contract services	48,823	40,532	89,355	68,307
Miscellaneous	-	2,139	2,139	3,694
Total operating expenses	77,015	109,637	186,652	234,243
Operating income (loss)	249,009	(367)	248,642	355,473
Nonoperating income:				
Other income	32,500	27,525	60,025	-
Total nonoperating revenue	32,500	27,525	60,025	-
Net income before adjustment for cumulative effect of the change in investment valuation method	281,509	27,158	308,667	355,473
Adjustment for cumulative effect of the change in investment valuation method	-	-	-	276,173
Net income	281,509	27,158	308,667	631,646
Fund balances at beginning of year	2,237,070	1,049,037	3,286,107	2,654,461
Fund balances at end of year	<u>\$2,518,579</u>	<u>\$1,076,195</u>	<u>\$3,594,774</u>	<u>\$3,286,107</u>

City of Holly Hill, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance
 Expendable Trust Fund
 Law Enforcement Trust Fund

For the year ended September 30, 1994

	Totals	
	1994	1993
Revenues:		
Fines and forfeitures	\$17,094	\$16,614
Miscellaneous revenues – interest	750	812
Total revenues	17,844	17,426
Expenditures:		
Current:		
Public Safety	10,430	16,651
Capital outlay	2,280	1,398
Total expenditures	12,710	18,049
Excess of revenues (under) over expenditures	5,134	(623)
Other financing uses:		
Transfers to other funds	–	(2,341)
Excess (deficiency) of revenues over expenditures and other uses	5,134	(2,964)
Fund balance at beginning of year	31,257	34,221
Fund balance at end of year	\$36,391	\$31,257

City of Holly Hill, Florida

Statement of Changes in Assets and Liabilities
Agency Fund
Deferred Compensation Fund

For the year ended September 30, 1994

	Balance October 1, 1993	Additions	Deletions	Balance September 30, 1994
Assets:				
Investments	\$157,343	\$42,598	\$42,799	\$157,142
Liabilities:				
Deferred compensation payable	\$157,343	\$42,598	\$42,799	\$157,142

Supporting Schedules

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General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

City of Holly Hill, Florida

General Fund
Schedule of Revenues – Budget and Actual

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Taxes:				
Ad valorem taxes	\$1,391,000	\$1,371,865	\$ (19,135)	\$1,372,567
Delinquent ad valorem taxes	20,000	22,985	2,985	32,604
Utility taxes	871,000	882,812	11,812	869,498
Utility franchise fees	563,000	558,522	(4,478)	531,285
Total taxes	2,845,000	2,836,184	(8,816)	2,805,954
Licenses and permits:				
Professional and occupational licenses	120,000	124,498	4,498	112,570
City share/County licenses	20,000	16,666	(3,334)	26,071
Building permits	14,000	15,241	1,241	12,441
Other licenses and permits	21,500	23,249	1,749	23,637
Total licenses and permits	175,500	179,654	4,154	174,719
Intergovernmental revenues:				
State shared revenues:				
General Government –				
State Revenue Sharing	270,000	271,508	1,508	282,935
FINE Grant	40,000	40,000	–	–
Mobile home licenses	14,000	14,601	601	14,354
Alcoholic beverage licenses	10,000	9,821	(179)	7,766
Local government half-cent sales tax	435,000	433,414	(1,586)	455,053
Two-cent cigarette tax	43,000	40,530	(2,470)	43,762
Department of community affairs	–	–	–	3,483
D.A.R.E Federal Grant	7,000	8,240	1,240	5,807
City contribution – 911 Grant	–	–	–	6,253
Transportation –				
Rebate on municipal vehicles	3,000	3,661	661	3,373
Local option gas tax	150,000	155,305	5,305	150,303
Shared revenues from other local units:				
Port Authority	43,400	43,341	(59)	–
Local alternative fuel decal user fee	–	128	128	265
DI Federal Grant	–	14,252	14,252	–
Total intergovernmental revenues	1,015,400	1,034,801	19,401	973,354

City of Holly Hill, Florida

General Fund
Schedule of Revenues – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Charges for services:				
General Government charges:				
Zoning fees	3,000	2,830	(170)	1,390
Sale of maps and publications	300	360	60	340
Certificates and copies	1,200	1,348	148	1,116
Legal ad reimbursements	1,500	–	1,500	1,000
Public Safety charges:				
Police services	3,500	2,942	(558)	4,129
Fire programs	–	30	30	–
Physical Environment charges:				
Stormwater drainage	271,000	274,154	3,154	274,106
Culture and Recreation charges:				
Other special events –				
Promotional events	–	–	–	788
Program activity fees	54,000	58,191	4,191	52,008
Sica Hall	9,000	8,196	(804)	9,555
Other charges for services:				
Transfer from Enterprise operations	503,900	503,900	–	503,000
Total charges for services	847,400	851,951	4,551	847,432
Fines and forfeitures:				
Court fines	70,000	57,618	(12,382)	74,374
Police education	3,000	3,332	332	4,559
Code enforcement fines	700	650	(50)	570
Parking violations	1,000	120	(880)	760
Total fines and forfeitures	74,700	61,720	(12,980)	80,263
Miscellaneous revenues:				
Miscellaneous revenue	100,000	99,784	(216)	11,334
Interest earnings	61,000	69,384	8,384	60,351
Surplus sales, equipment, etc.	10,000	492	(9,508)	10,501
Scrap sales	1,000	3,517	2,517	1,291
Outstanding checks written off	–	–	–	35
Lime and sludge bed cleaning	–	–	–	200
Contributions and donations	900	949	49	890
Firefighter's supplemental compensation	600	450	(150)	–
Insurance proceeds	5,000	5,224	224	–
Total miscellaneous revenues	178,500	179,800	1,300	84,602
Total revenues	\$5,136,500	\$5,144,110	\$ 7,610	\$4,966,324

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
General government				
City Council:				
Personal services –				
Life and health insurance contributions	\$ 9,000	\$ 8,655	\$ 345	\$ 8,251
Training and travel	6,450	5,495	955	4,496
	<u>15,450</u>	<u>14,150</u>	<u>1,300</u>	<u>12,747</u>
Operating expenses –				
Other charges and obligations	31,550	30,571	979	30,397
Subscriptions and memberships	4,500	4,360	140	4,763
	<u>36,050</u>	<u>34,931</u>	<u>1,119</u>	<u>35,160</u>
Total City Council	<u>51,500</u>	<u>49,081</u>	<u>2,419</u>	<u>47,907</u>
City Manager:				
Personal services –				
Executive salaries	122,400	121,515	885	77,609
Regular salaries and wages	103,100	100,548	2,552	90,103
Overtime – regular employees	2,200	1,713	487	899
Uniforms	700	615	85	463
FICA taxes	16,600	15,913	687	12,117
Retirement contributions	41,600	41,192	408	30,481
Life and health insurance contributions	14,700	13,536	1,164	11,498
Workers' compensation insurances	2,500	2,426	74	1,559
Training and travel	5,000	4,026	974	4,337
	<u>308,800</u>	<u>301,484</u>	<u>7,316</u>	<u>229,066</u>
Operating expenses –				
Professional services	200	16	184	–
Telephone/communication services	2,500	2,118	382	878
Repair and maintenance services	1,500	1,172	328	1,036
Other charges and obligations	7,600	5,399	2,201	18,852
Office supplies	3,100	3,061	39	1,938
Subscriptions and memberships	3,700	3,669	31	2,714
Vehicle expenses	800	332	468	980
Rentals and leases	300	289	11	285
	<u>19,700</u>	<u>16,056</u>	<u>3,644</u>	<u>26,683</u>
Total City Manager	<u>328,500</u>	<u>317,540</u>	<u>10,960</u>	<u>255,749</u>

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
General government (continued)				
Finance and Administration:				
Personal services –				
Executive salaries	46,400	45,372	1,028	89,429
Regular salaries and wages	197,000	196,947	53	191,581
Overtime – regular employees	27,400	27,388	12	30,891
FICA taxes	20,000	19,586	414	22,600
Retirement contributions	47,200	47,122	78	55,046
Life and health insurance contributions	15,100	13,612	1,488	15,079
Workers' compensation insurance	1,300	1,078	222	1,089
Training and travel	3,300	3,261	39	5,483
	357,700	354,366	3,334	411,198
Operating expenses –				
Professional services	95,700	74,369	21,331	119,346
Engineering services	2,000	650	1,350	(1,155)
Accounting and auditing services	43,500	43,415	85	39,270
Telephone/communication services	5,600	4,965	635	4,632
Postage, freight and express	21,000	19,687	1,313	18,835
Rentals and leases	10,200	8,424	1,776	8,723
Repair and maintenance service	14,000	12,205	1,795	12,604
Other charges and obligations	2,600	2,038	562	3,403
Office supplies	9,500	9,406	94	9,336
Subscriptions and memberships	1,400	1,278	122	994
Printing and binding	5,000	4,536	464	7,714
	210,500	180,973	29,527	223,702
Total Finance and Administration	568,200	535,339	32,861	634,900
Civil Services:				
Personal services –				
Salaries and wages – part-time	6,000	4,897	1,103	5,220
FICA taxes	500	396	104	399
Retirement contributions	1,100	923	177	934
Workers' compensation insurance	200	134	66	100
Training and travel	100	–	100	–
	7,900	6,350	1,550	6,653

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1992 Actual
General government (continued)				
Civil Services – (continued):				
Operating expenses –				
Professional services	1,200	1,135	65	1,672
Telephone/communication services	500	405	95	174
Utility services	1,200	1,141	59	996
Repair and maintenance service	100	54	46	346
Other charges and obligations	200	191	9	169
Advertising	400	324	76	2,406
Office supplies	300	281	19	243
Printing and binding	200	–	200	85
Subscriptions and memberships	500	498	2	243
	<u>4,600</u>	<u>4,029</u>	<u>571</u>	<u>6,334</u>
Total Civil Service	12,500	10,379	2,121	12,987
Other Services:				
Personal services –				
FICA taxes	400	324	76	–
Unemployment insurance	6,300	6,271	29	103
Other personal services	25,000	23,444	1,556	21,414
	<u>31,700</u>	<u>30,039</u>	<u>1,661</u>	<u>21,517</u>
Operating expenses –				
Utility services	13,600	13,051	549	11,736
Nonemployee insurance	28,000	27,622	378	24,974
Repair and maintenance service	3,200	3,162	38	6,095
Advertising	4,100	4,020	80	5,965
Operating supplies	8,500	8,403	97	10,629
Election expenses	7,200	7,100	100	–
Grants and aid	11,300	11,200	100	7,600
	<u>75,900</u>	<u>74,558</u>	<u>1,342</u>	<u>66,999</u>
Capital outlay –				
Land	–	–	–	12,507
Buildings	53,000	52,838	162	–
Machinery and equipment	7,300	6,881	419	9,142
	<u>60,300</u>	<u>59,719</u>	<u>581</u>	<u>21,649</u>

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
General government (continued)				
Debt service –				
Principal payments	68,300	68,285	15	33,976
Interest expense	32,700	31,452	1,248	15,893
	101,000	99,737	1,263	49,869
Total other services	268,900	264,053	4,847	160,034
Total General Government	1,229,600	1,176,392	53,208	1,111,577
Public Safety				
Law Enforcement:				
Personal services –				
Executive salaries	61,200	60,820	380	59,439
Regular salaries and wages	894,700	894,282	418	881,590
Other salaries and wages	23,000	22,849	151	32,650
Overtime – regular employees	72,000	71,661	339	66,820
Incentive pay and award	14,000	13,300	700	14,100
Uniforms	18,000	17,711	289	10,038
Uniform and equipment allowance	9,200	9,015	185	9,165
FICA taxes	85,300	85,261	39	81,566
Retirement contributions	175,000	150,263	24,737	194,205
Life and health insurance contributions	54,800	53,569	1,231	51,245
Workers' compensation insurance	37,800	35,442	2,358	27,579
Training and travel	3,500	2,136	1,364	5,725
Training and travel/2nd \$ Fund	6,000	100	5,900	1,640
	1,454,500	1,416,409	38,091	1,435,762
Operating expenses –				
Professional services	2,500	412	2,088	2,051
Contractual services/animal control	17,800	17,761	39	14,632
Telephone/communication services	9,500	9,365	135	10,660
Postage, freight and express	800	699	101	634
Utility services	8,600	8,417	183	7,822
Rentals and leases	14,400	13,908	492	6,678
Nonemployee insurance	36,000	34,152	1,848	26,705
Repair and maintenance service	16,000	13,812	2,188	14,675
Printing and binding	4,500	3,639	861	2,762
Other charges and obligations	1,600	1,530	70	2,939
Office supplies	3,500	2,659	841	1,742
Operating supplies	12,000	10,123	1,877	12,010

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Public Safety (continued):				
Subscriptions and memberships	900	690	210	694
Vehicle expenses	43,000	39,321	3,679	41,723
Program expense/Police Explorers	5,200	4,526	674	5,309
	<u>176,300</u>	<u>161,014</u>	<u>15,286</u>	<u>151,036</u>
Capital outlay –				
Machinery and equipment	10,000	9,681	319	68,656
Total Law Enforcement	<u>1,640,800</u>	<u>1,587,104</u>	<u>53,696</u>	<u>1,655,454</u>
Fire Control:				
Personal services –				
Executive salaries	52,500	52,294	206	51,742
Regular salaries and wages	230,200	229,201	999	195,219
Other salaries and wages	36,500	36,475	25	34,470
Overtime – regular employees	21,500	21,245	255	20,315
Incentive pay	600	600	–	–
Uniforms	4,000	3,778	222	3,850
FICA taxes	22,600	22,330	270	20,116
Retirement contributions	50,700	50,614	86	45,275
Life and health insurance contributions	17,500	16,722	778	15,305
Workers' compensation insurance	15,000	13,746	1,254	10,160
Training and travel	5,000	4,499	501	3,988
	<u>456,100</u>	<u>451,504</u>	<u>4,596</u>	<u>400,440</u>
Operating expenses –				
Professional services	1,700	1,308	392	990
Telephone/communication services	4,200	4,166	34	2,799
Postage, freight and express	600	500	100	418
Utility services	9,500	8,981	519	5,552
Rentals and leases	10,000	9,748	252	9,424
Nonemployee insurance	14,800	13,827	973	11,688
Repair and maintenance service	7,000	6,514	486	5,765
Printing and binding	500	454	46	281
Other charges and obligations	300	248	52	677
Office supplies	1,500	1,245	255	1,268
Operating supplies	17,000	16,466	534	15,965
Subscriptions and memberships	600	445	155	261

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Public Safety (continued):				
Operating expenses –				
Vehicle expenses	14,100	13,644	456	12,868
Other public safety/fire prevention	1,500	1,311	189	1,334
	<u>83,300</u>	<u>78,857</u>	<u>4,443</u>	<u>69,290</u>
Capital outlay –				
Machinery and equipment	2,300	2,260	40	139,805
Debt service –				
Principal payments	24,300	24,300	–	–
Interest	5,500	5,228	272	3,321
	<u>29,800</u>	<u>29,528</u>	<u>272</u>	<u>3,321</u>
Total Fire Control	<u>571,500</u>	<u>562,149</u>	<u>9,351</u>	<u>612,856</u>
Protective Inspection:				
Personal services –				
Executive salaries	46,600	45,815	785	45,179
Regular salaries and wages	46,000	45,959	41	36,534
Overtime – regular employees	2,500	2,250	250	7,590
FICA taxes	7,400	6,986	414	6,741
Uniforms	600	470	130	255
Retirement contributions	16,500	16,392	108	15,700
Life and health insurance contributions	5,300	5,109	191	4,973
Workers' compensation insurance	6,400	5,795	605	4,355
Training and travel	500	481	19	646
	<u>131,800</u>	<u>129,257</u>	<u>2,543</u>	<u>121,973</u>
Operating expenses –				
Professional services	20,500	20,412	88	–
Telephone/communication services	1,300	1,153	147	512
Postage, freight and express	700	616	84	276
Utility services	1,100	1,083	17	996
Nonemployee insurance	2,700	2,270	430	1,858
Repair and maintenance service	700	588	112	477
Rentals and leases	300	220	80	–
Printing and binding	800	355	445	483
Other charges and obligations	5,500	5,036	464	810
Advertising	2,600	2,528	72	2,543
Office supplies	1,000	823	177	662
Operating supplies	700	656	44	423

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Public Safety (continued):				
Subscriptions and memberships	500	331	169	130
Vehicle expense	3,400	3,066	334	886
	41,800	39,137	2,663	10,056
Capital outlay – Machinery and equipment	1,900	1,896	4	–
Total Protective Inspection	175,500	170,290	5,210	132,029
Total Public Safety	2,387,800	2,319,543	68,257	2,400,339
Transportation				
Road and Street Facilities:				
Personal services –				
Executive salaries	34,500	33,865	635	29,658
Regular salaries and wages	291,500	290,958	542	370,323
Other salaries and wages	3,200	3,110	90	18,075
Overtime – regular employees	5,500	4,696	804	10,853
Uniforms	3,100	3,004	96	3,546
FICA taxes	24,400	24,244	156	31,557
Retirement contributions	59,000	58,733	267	74,592
Life and health insurance contributions	21,800	21,780	20	27,516
Worker's compensation insurance	15,000	14,689	311	18,543
Training and travel	2,100	2,078	22	1,571
	460,100	457,157	2,943	586,234
Operating expenses –				
Professional services	200	–	200	811
Street lighting	82,000	81,352	648	82,382
Traffic lights	12,500	10,275	2,225	13,888
Telephone/communication services	700	423	277	590
Traffic light repairs	6,300	5,838	462	4,614
Postage, freight and express	200	123	77	142
Utility services	2,500	2,019	481	1,614
Rentals and leases	2,500	1,909	591	1,333
Nonemployee insurance	29,000	28,359	641	24,439
Repair and maintenance service	3,100	2,772	328	3,806
Printing and binding	200	55	145	145
Other charges and obligations	2,500	2,035	465	4,759
Tree removal	10,000	9,925	75	6,430
Office supplies	400	309	91	847
Operating supplies	21,500	21,033	467	27,811

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Transportation (continued)				
Signs and materials	5,900	5,818	82	4,217
Road materials and supplies	9,100	8,333	767	9,412
Road and Street Facilities:				
Subscriptions and memberships	300	241	59	–
Vehicle expenses	29,400	29,316	84	34,078
	<u>218,300</u>	<u>210,135</u>	<u>8,165</u>	<u>221,318</u>
Capital outlay –				
Buildings	–	–	–	–
Improvements other than buildings	13,000	11,642	1,358	–
Machinery and equipment	6,500	5,104	1,396	8,765
Equipment	83,000	81,588	1,412	–
Drainage	300,000	156,375	143,625	45,758
	<u>402,500</u>	<u>254,709</u>	<u>147,791</u>	<u>54,523</u>
Total Transportation	<u>1,080,900</u>	<u>922,001</u>	<u>158,899</u>	<u>862,075</u>
Culture and Recreation				
Parks:				
Personal services –				
Executive salaries	19,100	19,017	83	8,630
Regular salaries and wages	222,000	221,964	36	97,930
Other salaries and wages	8,200	8,137	63	1,975
Overtime – regular employees	1,800	1,702	98	1,894
Uniforms	2,500	2,428	72	1,194
FICA taxes	18,400	18,322	78	7,933
Retirement contributions	44,700	44,623	77	20,835
Life and health insurance contributions	17,600	17,577	23	10,231
Workers' compensation insurance	7,500	7,142	358	2,866
Training and travel	800	785	15	580
	<u>342,600</u>	<u>341,697</u>	<u>903</u>	<u>154,068</u>
Operating expenses –				
Professional services	100	27	73	4,052
Other contract services	3,300	3,210	90	3,120
Telephone/communication services	700	624	76	729
Postage, freight and express	200	155	45	74
Utility services	16,200	16,048	152	15,225
Nonemployee insurance	6,200	6,183	17	4,472

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Culture and Recreation (continued)				
Parks (continued):				
Repair and maintenance service	2,300	2,252	48	846
Printing and binding	–	–	–	128
Other charges and obligations	100	50	50	205
Office supplies	300	257	43	124
Operating supplies	29,300	29,261	39	23,910
Vehicle expenses	11,700	11,526	174	10,199
Beautification	2,300	2,230	70	4,596
	<u>72,700</u>	<u>71,823</u>	<u>877</u>	<u>67,680</u>
Capital outlay –				
Improvements other than buildings	96,900	39,454	57,446	158,124
Machinery and equipment	3,300	3,221	79	17,007
	<u>100,200</u>	<u>42,675</u>	<u>57,525</u>	<u>175,131</u>
Total Parks	<u>515,500</u>	<u>456,195</u>	<u>59,305</u>	<u>396,879</u>
Recreation Facilities:				
Personal services –				
Regular salaries	68,500	68,453	47	104,976
Other salaries	12,400	12,384	16	13,612
Overtime – regular employees	1,800	1,609	191	2,433
Uniforms	300	255	45	463
FICA taxes	6,900	6,209	691	9,045
Retirement contributions	12,500	12,284	216	18,871
Life and health insurance contributions	4,700	4,253	447	6,799
Workers' compensation insurance	2,700	2,426	274	3,157
Training and travel	700	607	93	–
	<u>110,500</u>	<u>108,480</u>	<u>2,020</u>	<u>159,356</u>
Operating expenses –				
Professional services	100	–	100	–
Telephone/communication services	2,000	1,148	852	1,816
Postage, freight and express	600	298	302	272
Utility services	15,000	14,512	488	14,971
Rentals and leases	1,800	1,468	332	–
Nonemployee insurance	5,300	5,222	78	4,234

City of Holly Hill, Florida

General Fund
Schedule of Expenditures – Budget and Actual (continued)

Year ended September 30, 1994

	Budget (Revised)	1994 Actual	Variance Favorable (Unfavorable)	1993 Actual
Culture and Recreation (continued)				
Recreation Facilities (continued):				
Repair and maintenance service	2,500	2,132	368	3,497
Printing and binding	300	224	76	–
Other charges and obligations	400	333	67	327
Office supplies	800	492	308	721
Operating supplies	4,000	3,127	873	2,766
Vehicle expense	1,600	1,294	306	1,569
Program expenses	55,800	55,752	48	56,419
	<u>90,200</u>	<u>86,002</u>	<u>4,198</u>	<u>86,592</u>
Capital outlay – Machinery and equipment	–	–	–	1,252
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,252</u>
Total Recreation Facilities	<u>200,700</u>	<u>194,482</u>	<u>6,218</u>	<u>247,200</u>
Total Culture and Recreation	<u>716,200</u>	<u>650,677</u>	<u>65,523</u>	<u>644,079</u>
Total expenditures	<u>\$5,414,500</u>	<u>\$5,068,613</u>	<u>\$345,887</u>	<u>\$5,018,070</u>

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**General Fixed Assets
Account Group**

To account for fixed assets not used in proprietary fund operations or accounted for in trust funds.

City of Holly Hill, Florida

Schedule of General Fixed Assets
by Function and Activity

As of September 30, 1994

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
General Government	\$1,476,028	\$ 190,970	\$1,008,003	–	\$ 277,055
Public Safety					
Police	456,407	–	30,521	\$ 2,350	423,536
Fire	580,074	29,493	196,734	–	353,847
Total Public Safety	1,036,481	29,493	227,255	2,350	777,383
Public Works					
Streets	4,275,676	28,418	42,939	3,657,565	546,754
Total Public Works	4,275,676	28,418	42,939	3,657,565	546,754
Culture and Recreation					
Parks	1,824,828	1,082,845	159,981	547,127	34,875
Recreation Facilities	250,875	–	198,707	22,323	29,845
Library	189,900	–	148,449	–	41,451
Total Culture and Recreation	2,265,603	1,082,845	507,137	569,450	106,171
Construction-in-progress	27,925	–	–	–	–
Total general fixed assets allocated to functions	\$9,081,713	\$1,331,726	\$1,785,334	\$4,229,365	\$1,707,363

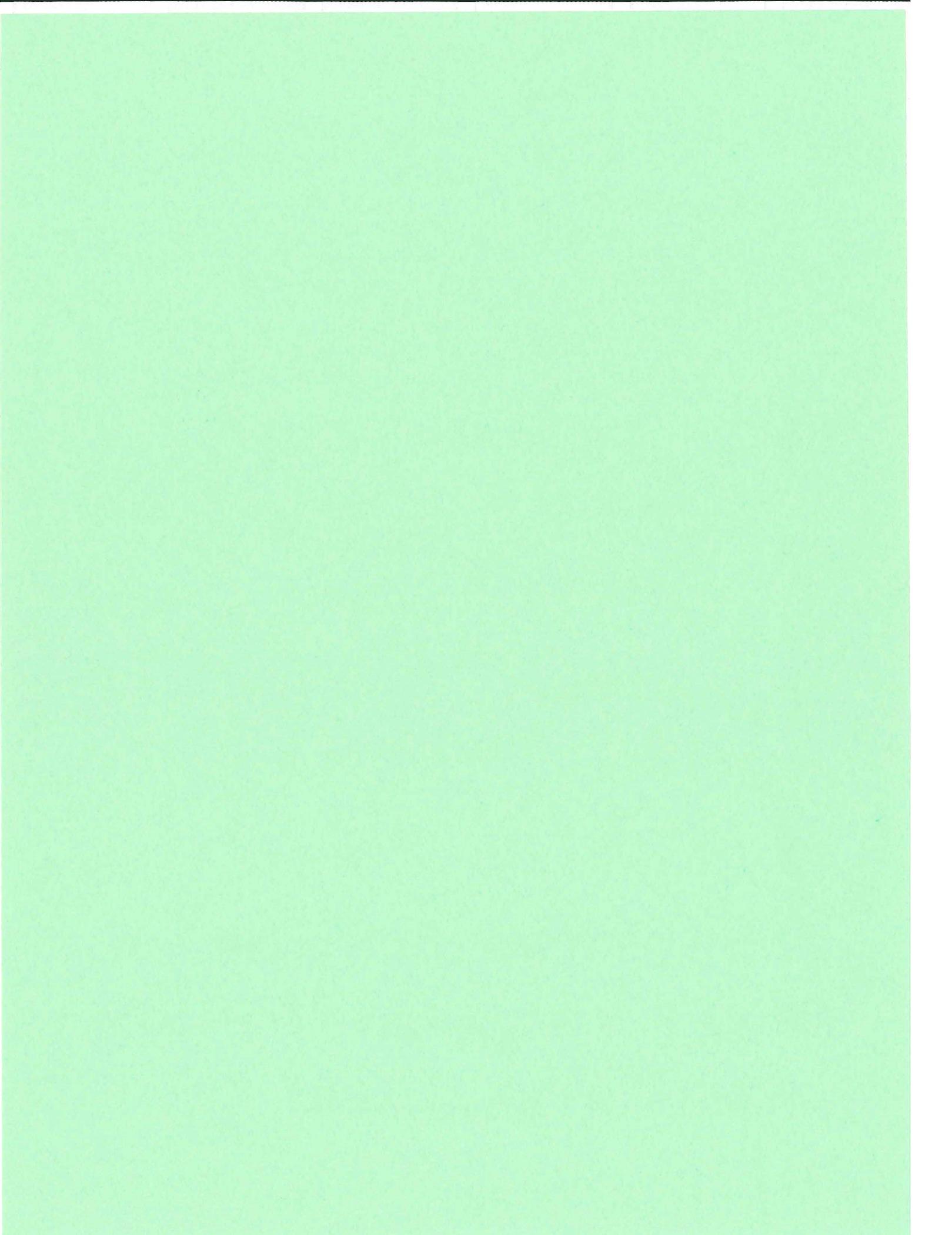
City of Holly Hill, Florida

Schedule of Changes in General Fixed Assets
by Function and Activity

For the Year ended September 30, 1994

Function and Activity	General Fixed Assets October 1, 1993	Additions	Deletions	General Fixed Assets September 30, 1994
General Government	\$ 633,173	\$ 848,104	\$ 5,249	\$1,476,028
Public Safety				
Police	444,718	12,555	866	456,406
Fire	618,707	13,977	52,610	580,674
Total Public Safety	1,063,425	26,532	53,476	1,036,481
Public Works				
Streets	4,026,111	297,384	47,819	4,275,676
Total Public Works	4,026,111	297,384	47,819	4,275,676
Culture and Recreation				
Parks	1,814,289	10,539	—	1,824,828
Recreation Facilities	246,557	4,318	—	250,875
Library	189,900	—	—	189,900
Total Culture and Recreation	2,250,746	14,857	—	2,265,603
Construction-in-progress	180,028	27,925	180,028	27,925
Total general fixed assets	\$8,153,483	\$1,214,802	\$286,572	\$9,081,713

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Statistical Section

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Statistical Tables

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City of Holly Hill, Florida

Comments Relative to Statistical Section

September 30, 1994

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 Revenues and Other Sources by Function
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total	Taxes	Licenses and Permits	Inter- Governmental
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%
1992	4,489,036	2,460,486 54%	182,537 4%	946,091 21%
1993	5,090,165	2,805,954 55%	174,719 3%	973,354 19%
1994	5,144,110	2,836,184 55%	179,654 3%	1,034,801 20%

Charges for Services	Fines and Forfeitures	Miscellaneous Revenue	Operating Transfers In	Loan Proceeds
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%	- -	- -
700,084 16%	87,325 2%	112,513 3%	- -	- -
847,432 17%	80,263 2%	84,602 2%	2,341 -	121,500 2%
851,951 17%	61,720 1%	179,800 4%	- -	- -

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

Fiscal Year Ended September 30	Total	General Government	Public Safety
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%
1992	4,650,642	1,375,415 30%	2,014,405 43%
1993	5,018,070	1,111,577 22%	2,400,339 48%
1994	5,068,613	1,176,392 23%	2,319,543 46%

Capital outlay and debt service have been included in expenditures by function.

Physical Environment	Transportation	Culture and Recreation	Operating Transfers Out
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%	- -%
1,005,292 18%	821,012 15%	572,942 10%	- -%
- -%	714,072 15%	479,212 10%	67,538 2%
- -%	862,075 17%	644,079 13%	- -%
- -%	922,001 18%	650,677 13%	- -%

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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, 1994

<u>Fiscal Year Ended</u>	<u>Assessed Value (1)</u>	<u>Estimated Actual Value (2)</u>		<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
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	352,549,073	352,549,073	100%	1,161,647	1,104,519	95.082
1992	359,263,905	359,263,905	100%	1,167,426	1,115,702	95.569
1993	359,923,154	371,054,798	103%	1,438,524	1,372,567	95.415
1994	359,277,461	378,186,801	95%	1,425,397	1,391,000	97.587

(1) Obtained from the Volusia County 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, 1994

Fiscal Year Ended	Holly Hill	School District	Volusia County	Advertising District	Mosquito Control
<u>Taxes Rates</u>					
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
1992	4.434	9.548	4.820	-	.316
1993	5.4695	9.548	4.896	-	.315
1994	5.4695	9.869	5.443	-	.318
<u>City's Share of Tax Levies</u>					
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
1992	1,167,426	2,513,889	1,269,056	-	83,200
1993	1,438,524	2,511,204	1,287,689	-	82,848
1994	1,425,397	2,571,943	1,418,491	-	82,873

* 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
.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
.093	.310	2.818	.358	.053	.250
.093	.314	2.821	.358	.052	.167
.094	—	2.750	.470	.051	.184
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
24,486	81,620	741,950	94,258	13,955	65,823
24,460	82,585	741,947	94,157	13,676	43,922
24,497	—	716,673	122,486	13,291	47,952

Table V

City of Holly Hill, Florida

Debt Service Requirements to Maturity
Water and Sewer Revenue Bonds

September 30, 1994

Due October 1	Series 1992		Total Debt Service
	Principal	Interest	
1995	\$ 240,000	\$ 885,039	\$ 1,125,039
1996	245,000	875,678	1,120,678
1997	255,000	865,144	1,120,144
1998	270,000	853,414	1,123,414
1999	280,000	840,589	1,120,589
2000	295,000	826,588	1,121,588
2001	310,000	811,544	1,121,544
2002	330,000	795,114	1,125,114
2003	345,000	776,964	1,121,964
2004	365,000	757,644	1,122,644
2005	385,000	736,656	1,121,656
2006	410,000	714,037	1,124,037
2007	435,000	689,437	1,124,437
2008	460,000	663,338	1,123,338
2009	490,000	635,163	1,125,163
2010	520,000	605,150	1,125,150
2011	550,000	573,300	1,123,300
2012	585,000	539,613	1,124,613
2013	620,000	503,781	1,123,781
2014	660,000	465,806	1,125,806
2015	700,000	425,381	1,125,381
2016	740,000	382,507	1,122,507
2017	785,000	337,181	1,122,181
2018	835,000	289,100	1,124,100
2019	885,000	237,956	1,122,956
2020	940,000	183,750	1,123,750
2021	1,000,000	126,175	1,126,175
2022	1,060,000	64,925	1,124,925
Total	\$14,995,000	\$16,460,974	\$31,455,974

Table VI

City of Holly Hill, Florida

Computation of Overlapping Debt
End of Fiscal Year

September 30, 1994

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable To The Governmental Unit	City of Holly Hill - Share of Debt
School District	\$188,017,585	2.11%	\$3,967,171
County of Volusia	15,118,266	2.11%	<u>318,995</u>
Total overlapping debt			<u><u>\$4,286,166</u></u>

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

September 30, 1994

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 Accidental Death and Dismemberment</u> AIG Life Insurance Co. SRG8043349	4/15/94 – 4/15/95	Accidental Death Police and Firefighters	\$25,000 \$25,000 \$75,000	\$950
<u>Contractors' Equipment Policy</u> Lumberman's Mutual Casualty Co. 3AT57529101	4/15/94 – 4/15/95	Off-road equipment	\$285,355	\$1,222 \$ 500 deductible
<u>Business Automobile Policy</u> Titan Indemnity Co. 35BA03043	4/15/94 – 4/15/95	Automobile liability	\$200,000 Liability \$200,000 property damage	\$120,741 \$ 1,000 deductible
<u>Public Officials and Employees Liability</u> Mt. Airy Ins. Co. 524-194082-1	4/15/94 – 4/15/95	Wrongful acts	\$1,000,000	\$10,350 \$10,000 deductible
<u>Law Enforcement Professional Liability</u> Titan Ins. Co. 20PL02179	10/1/94 – 10/1/95	Police officers bodily injury, property damage and personal injury	\$1,000,000 each person \$1,000,000 each occurrence	\$19,450 \$ 2,500 deductible
<u>Boiler & Machinery</u> Hartford Steam Boiler Ins. Co. ASG-AT-9497065-05	4/15/94 – 4/15/95	Mechanical breakdowns Lightning damages City Hall equipment Leased equipment	Not limited	\$1,131 \$1,000 deductible
<u>Accidental Death & Disability</u> Home Insurance Co. HVF72891	4/15/94 – 4/15/95	Medical expense disability Accidental death Fresh pursuit Unlawful and intentional death	\$5,000 \$100 weekly \$25,000 25,000 75,000	\$920
<u>Municipal Liability</u> Titan Indemnity 10GL01818	12/1/93 – 12/1/94	General liability	\$300,000 \$300,000 each occurrence	\$43,100

Table VII (continued)

City of Holly Hill, Florida

Schedule of Insurance in Force

September 30, 1994

Type of Coverage Name of Company and Policy Number	Policy Period From - To	Details of Coverage	Liability Limits	Annual Premium (Gross)
<u>Workers' Compensation</u> Governmental Risk Insurance Trust 00053	12/1/93 - 12/1/94	Statutory	Statutory, employer's liability \$1,000,000	\$140,175
<u>Public Employees Honesty Bond</u> Continental Insurance Co. - #BNP 002-01-56	4/15/92 - 4/15/95	Blanket bond	\$50,000 blanket on all positions	\$1,293
#BNP 132-23-02	6/29/92 - indefinitely		\$100,000 Finance Director	\$ 750
<u>Motor Truck Cargo</u> Aetna Casualty & Surety 35IL278123FCA	2/1/94 - 2/1/95	Roll-off bins liability	\$10,000 each bin \$50,000 disaster	\$281 \$500 deductible
<u>Package Policy</u> Mt. Airy Insurance Co. Policy #503-515723-5	4/15/94 - 4/15/95			\$26,819
Property - Basic Coverage		11,956,306 building limits 7,587,491 contents limits	\$1,000 deductible \$10,000 deductible - fire and hail	
Property - Special Coverage		39,200 contents limit (City Hall)	\$1,000 deductible \$10,000 deductible - fire and hail	
Computer (EDP) Coverage		85,655 City Hall and Police 24,170 Public Works	\$1,000 deductible	
Crime Coverage		5,000 theft inside 5,000 theft outside	\$250 deductible	
<u>Environmental Protection</u> Petroleum Liability Insurance	6/25/94 - 6/25/95	Fuel storage tank 1,000,000 each incident	\$500 deductible	

Table VIII
City of Holly Hill, Florida
Revenue Bond Coverage
Water and Sewer System Fund
Last Ten Fiscal Years

September 30, 1994

Fiscal Year Ended	Gross Revenues(1)	Operating Expense (8)	Net Revenues	Debt Service Requirements			Debt Service Coverage
				Principal	Interest	Total	
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	2,830,436	1,150,074	1,680,362	-	995,516	995,516 (6)	1.69
1991	2,986,061	1,302,159	1,683,902	165,000	995,517	1,160,517 (6)	1.45
1992	3,276,040	1,499,932	1,776,108	175,000	985,369	1,160,369 (6)	1.53
1993	3,317,339	1,475,441	1,841,898	165,000	743,432	908,432 (7)	2.03
1994	3,439,716	1,541,332	1,898,384	230,000	893,319	1,123,319 (7)	1.69

- (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.
- (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) Debt service for Series 1992.
- (8) 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, 1994

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment (3)
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	(7) 7.3 %
1992	(6) 11,198	1,876	(7) 7.9 %
1993	(6) 11,198	1,876	(7) 6.3 %
1994	(6) 11,198	1,871	(7) 6.4%

(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) Bureau of Economic and Business Research

(7) Represents unemployment for Volusia County

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

September 30, 1994

Fiscal Year	(1) Commercial Construction		Residential Construction		(2) Bank Deposits (In Thousands)	Commercial	(3) Property Value	
	Units	Value	Units	Value	Commercial		Residential	Nontaxable
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
1992	7	412,800	68	1,909,500	N/A	2,682,243,301	6,900,287,052	3,836,512,427
1993	8	923,700	49	841,265	N/A	2,586,129,310	7,107,641,150	3,915,520,239
1994	10	11,020,000	47	1,059,875	N/A	2,673,336,280	7,278,177,433	4,026,670,244

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

(2) Florida Bankers Association

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

N/A Not available

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

September 30, 1994

Title of Official	Annual Salary	Years of Service	Amount of Surety Bond
Mayor	\$ 8,640	1 year	\$50,000 blanket amount on all positions \$100,000 on Finance Director
Mayor Pro-Tem	5,400	9 months	
City Councilmen (3)	5,400	9 months to 6 years 9 months	
City Attorney (retainer)	7,500	18 1/2 years	
City Manager	63,419	3 years 5 months	
Deputy Clerk	46,446	15-1/2 years	
Finance Director	44,429	3 years 7 months	
Police Chief	58,635	11 years 7 months	
Public Services Director	56,098	6 years 11 months	
Fire Chief	50,232	2 years 2 months	
Building Official	44,574	14 years	

Table XII
 City of Holly Hill, Florida
 Schedule of Major Taxpayers

September 30, 1994

Name	Type of Business	Assessed Values	Percent of Total Assessed Value
Holly Hill R.H.F. Housing, Inc.	Bishop Glen Retirement Center	\$16,973,526	4.72%
Southern Bell Telephone Co.	Communications	5,121,039	1.43%
Florida Power & Light	Electrical utility	4,834,866	1.35%
Barchester Corp.	Mobile Home Park	3,773,235	1.05%
Holly Point Apartments, Inc.	Apartment Complex	3,312,378	0.92%
Polyvers, Ltd.	Apartment Complex	3,302,742	0.92%
Florida Healthcare Plan	Healthcare	3,190,562	0.89%
John Hancock Mutual Life Ins.	Winn Dixie	3,147,195	0.88%
Life Insurance Co. of Georgia Publix Super Markets, Inc.	Shopping Center	2,118,566	0.59%
Annette Block	Shopping Center	1,582,146	0.44%
		\$47,356,255	13.19%

Source: Volusia County Property Appraiser

Table XIII

City of Holly Hill, Florida

Climatological Summary

September 30, 1994

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

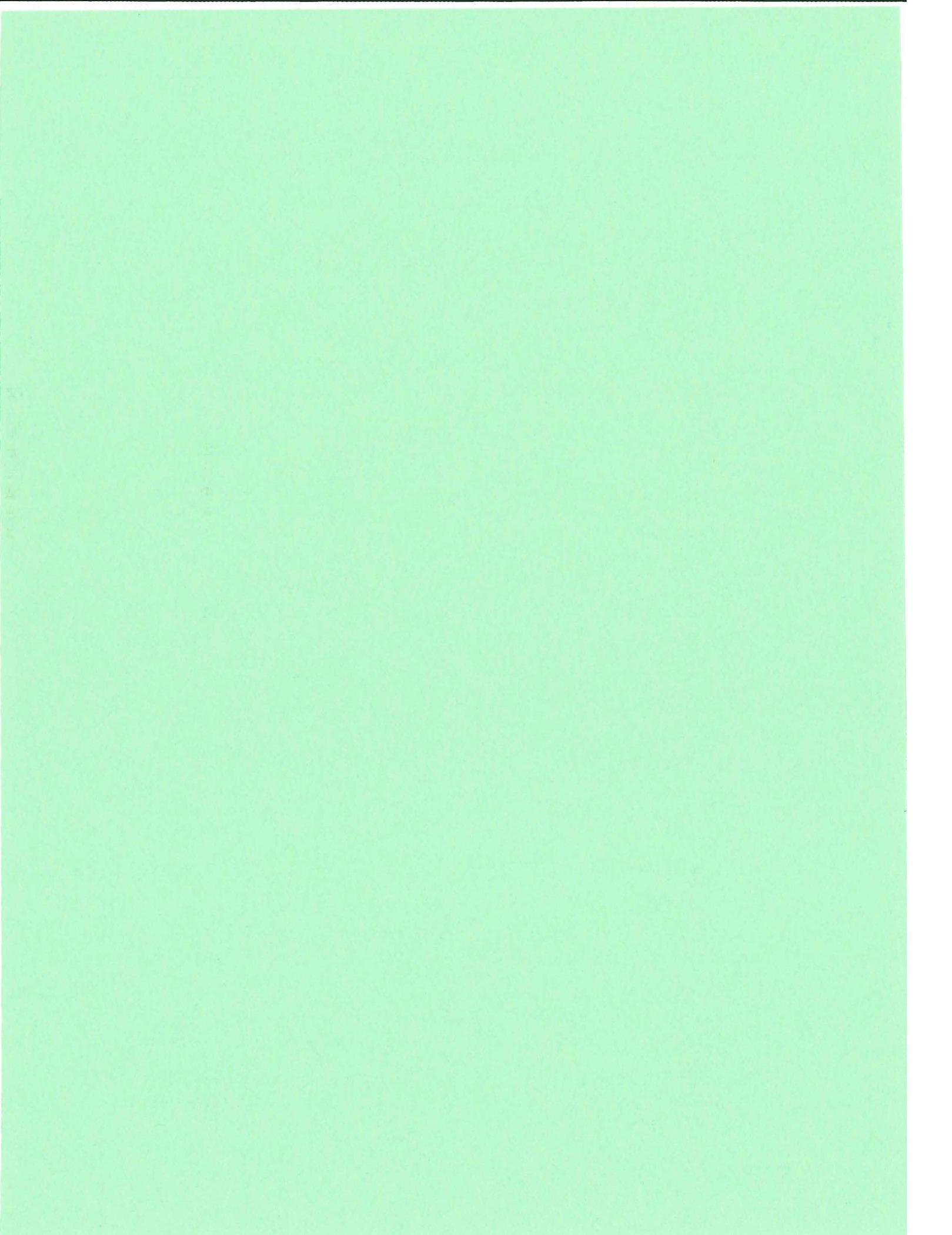
Table XIV

City of Holly Hill, Florida

Miscellaneous Statistical Data

September 30, 1994

Date of Incorporation: Under the General Laws of Florida as the Town of Holly Hill - July 1, 1901	Education: Volusia County Schools - Elementary 1 Secondary 1
Present Charter incorporating the City of Holly Hill adopted - 1941	Students: Kindergarten - Grade 5 = 969 Grades 6 - 8 = 422
Form of Government: Council/Manager	Personnel: Instructional 131 Noninstructional 91 Administrative 8
Area: 3.79 square miles	Street Lights: <u>High Pressure Sodium Vapor</u> 6,300 lumen - 661 9,500 lumen - 77 16,000 lumen - 39 22,000 lumen - 94 50,000 lumen - 2
50.6 miles pave streets 2.0 miles unpaved streets 22.7 miles sidewalks 29.7 miles storm sewers 66.0 miles sanitary sewer	<u>White Way Underground</u> 1,000 lumen - 6
269 fire hydrants	Employees as of September 30, 1994: 122 Civil Service <u>1</u> Exempt <u>123</u> Total
Fire Protection: 1 Fire Station 10 Full-time Firefighters 10 Volunteer Firefighters	Water Treatment Plant: Design capacity - 2.3 MGD Current production rate - 1.1 MGD
Police Protection: 1 Police Station Holding facility 13 Vehicular patrol units 1 Animal Control unit 1 Motorcycle unit	Water Pollution Control Plant: Capacity - 2.4 MGD Current production rate - 1.755 MGD Collection system users - 4,650
Recreation: 6 Parks total 44.2 acres 2 Playgrounds 3 Recreation buildings 1 Tennis court 9 Shuffleboard courts 4 Ballfields 1 Community Center 1 Public fishing pier 1 Boat ramp	



Single Audit Reports

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Report of Independent Auditors on 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 the City of Holly Hill, Florida as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1994. These general purpose financial statements are the responsibility of the City of Holly Hill, Florida's 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 the 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 auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



March 10, 1995

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The City of Holly Hill, Florida
Schedule of Federal Financial Assistance

Year ended September 30, 1994

Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Accrued Revenue at October 1, 1993	Revenue Recognized During Fiscal Year Ended September 30, 1994			Grant Expenditures	Accrued Revenue At September 30, 1994
					Federal	Local	Total		
U.S. Department of Interior Land and Water Conservation Fund Program passed through Florida Department of Environmental Protection – Ross Point Project	15.916	C-7931	\$87,500	–	\$14,252	–	\$14,252	\$28,503	\$14,252
U.S. Department of General Services Administration passed through Florida Department of Management Services, Bureau of Federal Property Assistance – Federal Surplus Property Donation Program	39.003	N/A	–	–	17,730	–	17,730	17,730	–
U.S. Department of Health and Human Services passed through Florida Department of Health and Rehabilitative Services – Public Health Dental Program – Florida Fluoridation Grant	93.991 93.991	LPA29 LP004	2,227 383	– –	2,610 383	– –	2,610 383	2,610 383	– –
U.S. Department of Justice passed through Florida Department of Community affairs – D.A.R.E. Grant	16.579	94-CJ-16- 06-74-01- 181	9,364	–	7,023	–	7,023	11,487	–
Total Federal Financial Assistance					\$41,998	–	\$41,998	\$60,713	\$14,252

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**Report of Independent Auditors
on Compliance with General Requirements Applicable
to 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 the City of Holly Hill, Florida as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

We have applied procedures to test the 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, 1994:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

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 the 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 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 agencies providing federal financial assistance. However, this report is a matter of public record and its distribution is not limited.

Ernst & Young LLP

March 10, 1995

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**Report of Independent Auditors
on Internal Control Structure Used in
Administering 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 the City of Holly Hill, Florida as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

We conducted our audits 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 audits for the year ended September 30, 1994, we considered the City of Holly Hill, Florida's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the City of Holly Hill, Florida and to report on the internal control structure in accordance with OMB Circular A-128. 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 March 10, 1995.

The management of the 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 the preparation of general purpose financial statements in accordance 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 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:

Administrative Controls

General Requirements:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

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, 1994, the City of Holly Hill, Florida had no major federal financial assistance programs and expended 100% of its total federal financial assistance under non major federal financial assistance programs.

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 general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City of Holly Hill, Florida's nonmajor federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. 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 policies and procedures 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.

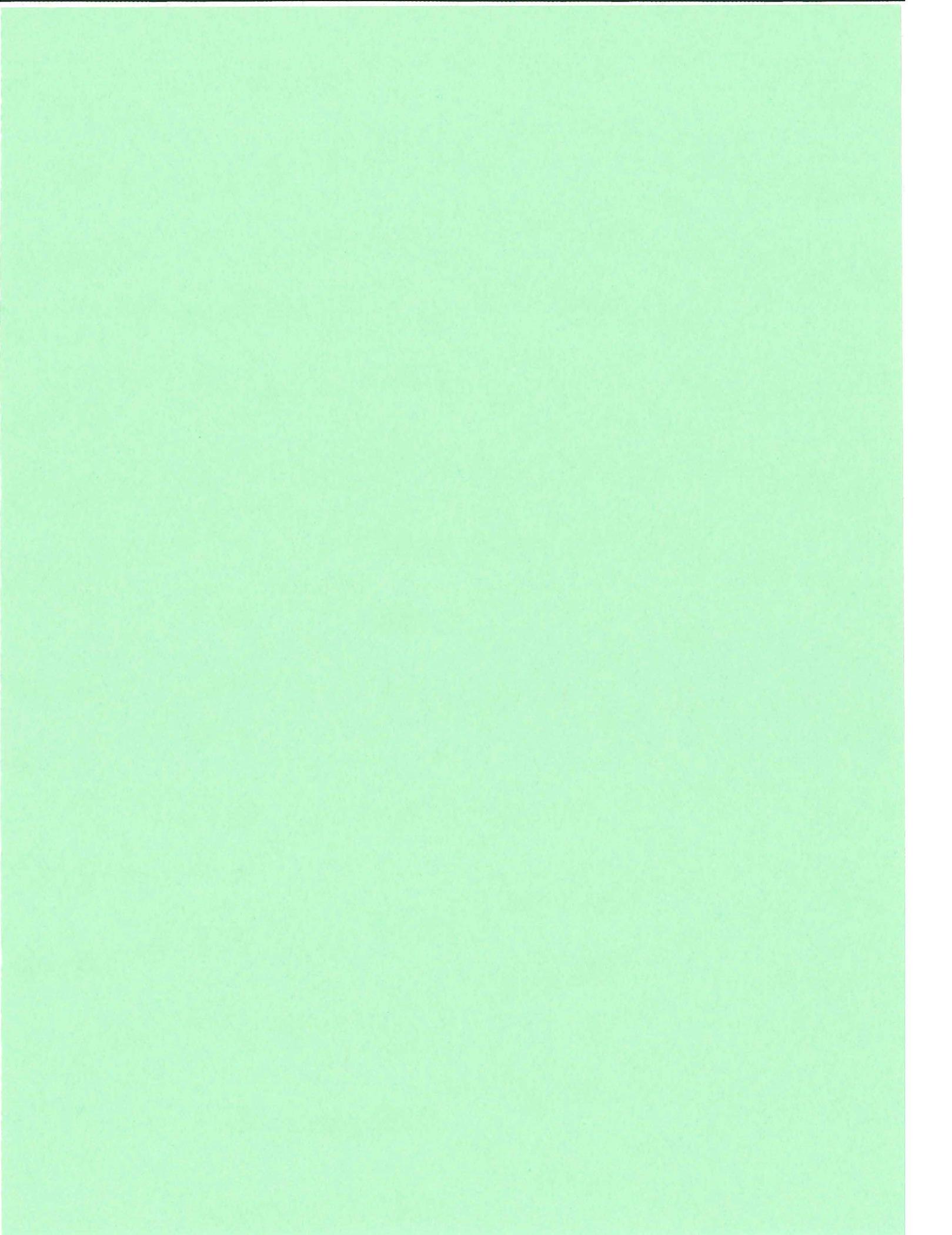
However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Holly Hill, Florida in a separate letter dated March 10, 1995.

This report is intended for the information of the City Council, management, and agencies providing federal financial assistance. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

March 10, 1995

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Other Reports

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Report of Independent Auditors
on Compliance with Laws and Regulations in Accordance
with *Government Auditing Standards*

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

We have audited the general purpose financial statements of the City of Holly Hill, Florida, as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

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 the City of Holly Hill, Florida is the responsibility of the City of Holly Hill, Florida's 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 of Holly Hill's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the 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 of Holly Hill had not complied, in all material respects, with those provisions.

This report is intended for the information of the City Council, management and other government agencies. However, this report is a matter of public record and its distribution is not limited.

Ernst & Young LLP

March 10, 1994

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Report of Independent Auditors on Internal Control Structure

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

We have audited the general purpose financial statements of the City of Holly Hill, Florida as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

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 our 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 the City of Holly Hill, Florida for the year ended September 30, 1994, 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 the 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:

Biullings, Receivables and	Fixed Assets
Cash Receipts	General Ledger
Accounts Payable and	Long-Term Debt
Cash Disbursements	Budget
Payroll and Personnel	

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 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 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 a separate communication dated March 10, 1995 (see Management Letter).

This report is intended for the information of the City Council, management and tother government audit agencies. However, this report is a matter of public record and its distribution is not limited.

Ernet + Young LLP

March 10, 1995

Management Letter

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

In planning and performing our audit of the general purpose financial statements of the City of Holly Hill, Florida for the year ended September 30, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. 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 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 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. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We have the following suggestions for improvements in procedures and controls:

Reported in Prior Year's Report on the Internal Control Structure and Management Comments, not Implemented as of September 30, 1994

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, 1993, 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

The Finance Department has continued to make progress toward formalizing accounting policies and procedures relating to specific functions. However, the City does not yet 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 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.

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.

Data Processing – Contingency Plan

In prior year management letters we recommended that the City develop a formal contingency plan for alternative hardware and software needs in the event of an extended computer or data communications interruption. During the current audit, we noted that the City has not yet developed such a plan.

Since a natural disaster such as a tropical storm or tornado can strike at any time, the City needs to have a documented plan in place to restore computer operations. The Finance Department has been provided a sample of a formal contingency plan along with supporting documentation. We recommend that the City invest the resources necessary to develop a formal disaster recovery plan.

Off-site Storage of Back-ups

The City has a significant investment in the data stored on computer media. Back-up tapes are made regularly and stored in a fireproof cabinet near the computer. Should a disaster occur and both the computer and back-up tapes be damaged, the City would have to expend considerable effort and cost to recreate the data.

During the audit we recommended that weekly back-ups be stored in a secure off-site location. Since making that recommendation, we noted that the City has implemented this recommendation. We applaud the City's effort to protect its computer media and recommend that the City continue to follow this practice.

Information System Controls

We understand that the City is in the process of purchasing a new computer. Prior to the conversion process we recommend that the City address the following internal control considerations so that they can be incorporated into the new information system:

- Physical security – Access to the computer room is currently unrestricted. Without proper access restriction from the computer room, unauthorized individuals could accidentally or intentionally damage or destroy computer equipment. No fire detection equipment is installed in the computer room, so a fire outside normal working hours would not be detected. Even during working hours detection

equipment may identify the incidence of a fire before staff members become aware of it.

- Segregation of Duties – The current computer system requires continuous maintenance by several City employees. Since the new computer should operate without problems, specific information system roles should be developed. For example, one individual should be assigned the responsibility of computer operations while another be designated security administrator.
- Terminal deactivation after a certain period of inactivity – The current system does not automatically log off users after a specified period of inactivity. If the terminal is left on and unattended, an authorized individual can input transactions, using the functions assigned to the user who has not logged off the system.
- User IDs suspended after a specific number of unsuccessful attempts to gain access
There is no limit on the number of attempts to enter a password before the password is suspended or the terminal is deactivated. Consequently, an unauthorized individual could use different passwords until a valid combination is discovered.
- Limited capability of access control software – The current system does not produce logging and access violation reports which permit the identification and monitoring of both valid and invalid access attempts. Without such reports the City cannot monitor or follow-up on access violation attempts.

Careful planning of the activities to be undertaken during the actual conversion from the current system to new system is essential. Controls to ensure asset safeguarding, data integrity, effectiveness, and efficiency must be designed and implemented. For example, control totals might be used to ensure that data being converted is not corrupted. In addition, the conversion phase must be carefully monitored so that problems can be identified promptly and remedial action taken.

Other Required Disclosures

Annual Financial Report

The City filed its annual reports for the fiscal years ended September 30, 1994 and 1993, 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.

Financial Emergency Act

During the course of our audit of the City, nothing came to our attention that would cause us to believe that the City was in a state of financial emergency as defined by Section 218.503(1), Florida Statutes.

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 LLP

March 10, 1995