

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

CENTRAL SERVICES FUND - This fund accounts for the operations of central and sanitation garages, design and construction of capital projects, communications, printing and information technology services.

INSURANCE FUND - This fund accounts for self insurance activities, including public liability, workers' compensation, property damage, employee health benefits, and purchased insurance coverage.

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 500	\$ 0	\$ 500
Investments - at fair value	0	8,151,745	8,151,745
Reinsurance Receivable	0	227,147	227,147
Inventories of Supplies - at cost	26,858	0	26,858
Restricted Assets:			
Investments - at fair value	<u>864,445</u>	<u>0</u>	<u>864,445</u>
Total Current Assets	<u>891,803</u>	<u>8,378,892</u>	<u>9,270,695</u>
NONCURRENT ASSETS:			
Restricted Assets:			
Cash with Fiscal Agent	0	225,000	225,000
Investments - at fair value	<u>2,361,970</u>	<u>0</u>	<u>2,361,970</u>
Total Restricted Assets	<u>2,361,970</u>	<u>225,000</u>	<u>2,586,970</u>
Capital Assets:			
Buildings	1,277,551	0	1,277,551
Improvements	68,871	0	68,871
Machinery and Equipment	34,639,864	10,843	34,650,707
Accumulated Depreciation	<u>(21,605,754)</u>	<u>(8,908)</u>	<u>(21,614,662)</u>
Total Capital Assets	<u>14,380,532</u>	<u>1,935</u>	<u>14,382,467</u>
Total Noncurrent Assets	<u>16,742,502</u>	<u>226,935</u>	<u>16,969,437</u>
 TOTAL ASSETS	 <u>17,634,305</u>	 <u>8,605,827</u>	 <u>26,240,132</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	Central Services	Insurance	Total
LIABILITIES:			
CURRENT LIABILITIES:			
Vouchers Payable	\$ 394,125	\$ 183,343	\$ 577,468
Accrued Wages and Leave	661,959	8,024	669,983
Due to Other Funds	438,186	0	438,186
Claims Payable	0	9,133,978	9,133,978
Capital Lease Obligations	2,405,942	0	2,405,942
Loans Payable	222,933	0	222,933
Total Current Liabilities	<u>4,123,145</u>	<u>9,325,345</u>	<u>13,448,490</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:			
Vouchers Payable	<u>864,445</u>	<u>0</u>	<u>864,445</u>
NONCURRENT LIABILITIES:			
Accrued Wages and Leave	304,536	2,937	307,473
Claims Payable	0	3,554,450	3,554,450
Capital Lease Obligations	7,706,135	0	7,706,135
Loans Payable	1,416,083	0	1,416,083
Total Noncurrent Liabilities	<u>9,426,754</u>	<u>3,557,387</u>	<u>12,984,141</u>
TOTAL LIABILITIES	<u>14,414,344</u>	<u>12,882,732</u>	<u>27,297,076</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	4,950,736	1,935	4,952,671
Restricted for:			
Future Capital Projects	40,672	0	40,672
Future Claims Payable	0	225,000	225,000
Unrestricted	<u>(1,771,447)</u>	<u>(4,503,840)</u>	<u>(6,275,287)</u>
TOTAL NET ASSETS	<u>\$ 3,219,961</u>	<u>\$ (4,276,905)</u>	<u>\$ (1,056,944)</u>

See accompanying independent auditors' report.

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 14,569,469	\$ 29,986,017	\$ 44,555,486
Miscellaneous	2,383	1,745,623	1,748,006
Total Operating Revenues	<u>14,571,852</u>	<u>31,731,640</u>	<u>46,303,492</u>
OPERATING EXPENSES:			
Personal Services and Benefits	6,806,481	138,191	6,944,672
Supplies, Services and Claims	5,091,030	30,779,653	35,870,683
Depreciation	3,743,674	1,084	3,744,758
Total Operating Expenses	<u>15,641,185</u>	<u>30,918,928</u>	<u>46,560,113</u>
Operating Income (Loss)	<u>(1,069,333)</u>	<u>812,712</u>	<u>(256,621)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Revenue	27,620	139,452	167,072
Interest Expense	(335,994)	0	(335,994)
Other Income (Expense)	37,615	0	37,615
Total Nonoperating Revenues	<u>(270,759)</u>	<u>139,452</u>	<u>(131,307)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(1,340,092)</u>	<u>952,164</u>	<u>(387,928)</u>
CONTRIBUTIONS:			
Capital Contributions	<u>426,503</u>	<u>0</u>	<u>426,503</u>
TRANSFERS IN (OUT):			
Transfers In:			
General Fund	1,000,000	0	1,000,000
Law Enforcement Forfeiture Fund	413,500	0	413,500
Water and Sewer Utility	0	100,240	100,240
Sanitation Enterprise Fund	0	47,431	47,431
Stormwater Utility	0	5,986	5,986
Golf Enterprise Fund	0	527	527
Parking Enterprise Fund	0	17,424	17,424
Total Operating Transfers In	<u>1,413,500</u>	<u>171,608</u>	<u>1,585,108</u>
Transfers Out:			
General Fund	<u>(108,768)</u>	<u>(106,922)</u>	<u>(215,690)</u>
Total Transfers In (Out)	<u>1,304,732</u>	<u>64,686</u>	<u>1,369,418</u>
Change in Net Assets	391,143	1,016,850	1,407,993
Fund Net Assets (Deficits) - October 1	<u>2,828,818</u>	<u>(5,293,755)</u>	<u>(2,464,937)</u>
Fund Net Assets (Deficits) - September 30	<u>\$ 3,219,961</u>	<u>\$ (4,276,905)</u>	<u>\$ (1,056,944)</u>

See accompanying independent auditors' report.

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers, Employees and Other Governments	\$ 0	\$ 3,520,293	\$ 3,520,293
Cash Received from Other Funds	14,608,927	26,465,724	41,074,651
Payments to Suppliers for Goods and Services	(4,135,270)	(28,862,282)	(32,997,552)
Payments to Employees for Services	(6,814,351)	(138,191)	(6,952,542)
Other Operating Revenue	2,383	1,745,623	1,748,006
Net Cash Provided (Used) by Operating Activities	<u>3,661,689</u>	<u>2,731,167</u>	<u>6,392,856</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers In	1,413,500	171,608	1,585,108
Transfers Out	<u>(108,768)</u>	<u>(106,922)</u>	<u>(215,690)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,304,732</u>	<u>64,686</u>	<u>1,369,418</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Bonds and Other Borrowings	6,681,498	0	6,681,498
Principal Paid on Other Borrowing	(2,971,118)	0	(2,971,118)
Interest Paid on Other Borrowing	(335,994)	0	(335,994)
Proceeds from Sale of Equipment	103,664	0	103,664
Acquisition and Construction of Capital Assets	<u>(6,452,144)</u>	<u>0</u>	<u>(6,452,144)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(2,974,094)</u>	<u>0</u>	<u>(2,974,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale and Maturities of Investment Securities	21,183,760	31,400,977	52,584,737
Purchase of Investment Securities	(23,203,707)	(34,336,282)	(57,539,989)
Investment Revenue	27,620	139,452	167,072
Net Cash Provided (Used) in Investing Activities	<u>(1,992,327)</u>	<u>(2,795,853)</u>	<u>(4,788,180)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	0	0
Cash and Cash Equivalents - October 1	<u>500</u>	<u>225,000</u>	<u>225,500</u>
Cash and Cash Equivalents - September 30	<u>\$ 500</u>	<u>\$ 225,000</u>	<u>\$ 225,500</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Central Services	Insurance	Total
	<u> </u>	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (1,069,333)	\$ 812,712	\$ (256,621)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,743,674	1,084	3,744,758
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	39,459	0	39,459
(Increase) Decrease in Reinsurance Receivable	0	435,911	435,911
(Increase) Decrease in Inventory	(5,176)	0	(5,176)
Increase (Decrease) in Vouchers Payable	960,936	64,003	1,024,939
Increase (Decrease) in Accrued Wages and Leave	(7,871)	(11,635)	(19,506)
Increase (Decrease) in Claims Payable	<u>0</u>	<u>1,429,092</u>	<u>1,429,092</u>
Total Adjustments	<u>4,731,022</u>	<u>1,918,455</u>	<u>6,649,477</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,661,689</u>	<u>\$ 2,731,167</u>	<u>\$ 6,392,856</u>
NONCASH CAPITAL FINANCING ACTIVITIES:			
Changes in Fair Value of Investments	\$ 479	\$ (1,197)	\$ (718)
Borrowing Under Capital Lease	6,681,498	0	6,681,498
Contributions from (to) Other Funds and Governments	<u>426,503</u>	<u>0</u>	<u>426,503</u>
Total Noncash Capital Financing Activities	<u>\$ 7,108,480</u>	<u>\$ (1,197)</u>	<u>\$ 7,107,283</u>

See accompanying independent auditors' report.