

AGENDA ITEM NO. H-1
4/5/10

CITY OF BROOKSVILLE FINANCE DEPARTMENT

Date: March 19, 2010

To: Honorable Mayor and City Council Members

VIA: T. Jennene Norman-Vacha, City Manager

From: Stephen J Baumgartner, Finance Director

RE: 2008/09 Audit



Attached is the 2008/09 Audit Report prepared by Oliver & Joseph, P.A.

Mary Beth Gary, CPA will be attending the April 5, 2010 City Council meeting for review and acceptance of the 08/09 Audit.

Thank you.

sjb

INTRODUCTORY SECTION

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**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS**

CITY COUNCIL

MAYOR

LARA BRADBURN

VICE MAYOR

RICHARD LEWIS

COUNCIL MEMBER

JOE JOHNSTON

COUNCIL MEMBER

FRANKIE BURNETT

COUNCIL MEMBER

JOE BERNARDINI

CITY MANAGER

T. JENNENE NORMAN-VACHA

DIRECTOR OF FINANCE

STEPHEN J. BAUMGARTNER

CITY CLERK

JANICE L. PETERS

CITY ATTORNEY

THE HOGAN LAW FIRM

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council
City of Brooksville, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brooksville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida as of September 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and the City of Brooksville Community Redevelopment Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated March 23, 2010 on our consideration of the City of Brooksville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3(A) through 3(S) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brooksville's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards and State Financial Assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OLIVER & JOSEPH, P.A.

Oliver & Joseph, P.A.

March 23, 2010

CITY OF BROOKSVILLE, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2009

The City of Brooksville's (the "City") discussion and analysis is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ending September 30, 2009. This is the sixth year the City has prepared financial statements in accordance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS

- The Assets of the City of Brooksville exceeded its liabilities at September 30, 2009 by \$39,555,255 (net assets) and increased \$1,554,052. Of this amount, \$9,679,489 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2009, the City of Brooksville's governmental funds reported combining ending fund balances of \$4,983,809 which increased \$97,087 from the previous fiscal year. General Fund represents 24% of the governmental funds. City of Brooksville Community Redevelopment Agency and Nonmajor Governmental Funds represented 76% of the governmental funds.
- General Fund expenditures and Transfers Out came in under final budget projections by \$443,166. The annual GASB adjustments performed by the Auditors created over budget variances primarily in Public Safety and Transportation. These represent the annual transfers to our Internal Service Vehicle Maintenance Fund and our Vehicle Replacement Fund. Prior to these annual adjustments, the Public Safety Departments (Police and Fire) were under budget.
- Total General Fund expenditures including Transfers Out stayed flat from 07-08. The total expenditures were \$358 less in 08-09 from 07-08.
- Utility Fund Cash and Cash Equivalents increased from \$4,819,579 at the beginning of the fiscal year to \$5,088,981 at the end of the fiscal year. Of the \$5,088,981 Cash and Cash Equivalents, \$3,109,200 is unrestricted. The Cash & Cash Equivalents for the Sanitation Fund increased from \$720,125 at the beginning of the fiscal year to \$815,728 at the end of the fiscal year.
- Total net assets of the Pension Trust Funds (Police and Fire) increased by \$298,528 due primarily to the increase of the investment market values. In 07-08 the Pension Trust Funds had a decrease in net assets of \$616,570 due to the world-wide economic crisis. Total net assets of the two plans are \$6,467,835. See page 18 of the Audit

- City adopted an electric and propane Public Service Tax effective 1/1/04. In the 08-09 fiscal year the tax brought in \$701,897 in revenues. This is an increase of \$61,768 from the previous fiscal year.
- The City of Brooksville complied with the maximum millage levy allowed by Florida Department of Revenue Chapter 2007-321. The City's millage in 2009 was set at 6.0690 mills. The maximum millage allowed with a majority vote was 8.1999. The millage rate remained the same from 2008.
- City repealed the City Occupational License Tax effective in the 08-09 Fiscal Year.
- Phase I of the Good Neighbor Trail was completed from the trailhead to Jasmine Drive. The total cost of Phase I was \$393,146. This trailhead is an exciting addition to the City's park system and will bring economic benefits as well.
- The City's Solid Waste Fund purchased in 08-09 a 2009 Peterbilt (chassis) with a 2009 Heil (body) front loader Garbage Truck. The cost was \$195,616 and the funds were not borrowed, but paid out of Solid Waste reserves.
- Funding through the City's Vehicle Replacement Fund, paid for four 2009 Dodge Chargers Police Cruisers and a Pierce Fire Rescue Truck. The 5 vehicles totaled \$319,832.
- The Red Light Camera violation program began operational on 3/29/09 with a 30 day probation period with one camera. The 5th camera became operational on 9/01/09. In 08-09 the City collected \$206,576 in violations (includes \$7,000 forfeiture by red light contractor for late installation). The red light violation is \$125 with the red light contractor (ATS) receiving \$40 of the fine. The \$206,576 represents gross collections at \$125 plus late fees that may have been assessed. Also, a part-time Police Officer is paid out of the Traffic Camera Fund.

CITY HIGHLIGHTS

- The City adopted the millage rate at 6.0690 mills with the prior fiscal year rate at 6.0690. The millage rate had been 8.0000 mills for seven consecutive years from 1997 through 2003.
- City is receiving State Restoration Projects Grants for rehabilitation of the City's wastewater lines to work on the inflow and infiltration problems of old sewer lines. In 08-09, the City expended Grant funds totaling \$660,108.
- The City received \$432,312 in State Financial Assistance for the Brooksville Water System Improvement Project. This improvement allowed for the repair and replacement of aging portions of the City's water system. The improvements ensured adequate fire flow and line pressures.
- The City's past annexations should create substantial growth in the future; however the economic crisis has slowed new construction substantially. Southern Hills Plantation has plans for 999 residences in a gated golf community; in 2008 10 homes were completed. In 2009 seven (7) new single family residential permits were issued; 4 homes have been completed and 3 are under construction. In 2009, Hampton Ridge (developer for Hampton Ridge) filed for bankruptcy reorganization. Cascades at Southern Hills retirement development

had plans to build out to 925 units; no homes were completed in 2009. On November 9, 2007 Levitt & Sons Hernando County, LLC filed Chapter 11 Bankruptcy. Levitt & Sons were developing Cascades at Southern Hills. On October 31, 2009 this property was purchased by a development company known as CASHHP2,LLC. In March, 2010 there were permits issued for the construction of two (2) residential homes. Majesty Oaks near the Brooksville County Club is proposing 900 units.

- In 2009, outside of the Southern Hills development there were no single family residential homes completed within the City.
- The old Brooksville Regional Hospital Facility was renovated to include adult living units and commercial space. The Grande is the new adult living facility with 75 units which are now being leased. The commercial renovations are continuing into 2010 which will have 60,000 of commercial square feet and the project is called Oaks Towne Centre.
- In 2009 The Hernando County Sheriff's Sub-station was completed to provide community policing services to the South Brooksville residents.
- In 2009 a new Express Lube opened on Cortez Boulevard.
- In 2006 the City took back the Building Division function from Hernando County after the termination of their agreement. The City hired PDCS, LLC as the contractual company to handle the building inspections and the building permits for the City. In 2009, the Building Division moved from 25 East Liberty to the 2nd Floor of the Brooksville City Hall.
- Within the City's Internal Service Fund, the City has accumulated over \$1,145,000 in reserves to purchase new vehicles. City departments contribute to the Internal Service Vehicle Replacement cash reserves for their future purchases.

USING THIS ANNUAL REPORT

The financial statements focus is on both the City as a whole (government-wide) and on the major individual funds. In this audit report, the financial statements are presented in compliance with pronouncement 34 of the Governmental Accounting Standards Board (GASB 34). The City's basic financial statements are comprised of three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to private-sector statements. The focus is on major funds, rather than fund types.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net Assets (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement

combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the governmental general taxes and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, parks and recreation, and transportation for vehicle maintenance and vehicle replacement. The business-type activities of the City consist of the water, sewer, and sanitation services. The business type activities reflect a private sector type of operation where a fee for services covers the cost of operation.

The government-wide financial statements include the City of Brooksville (the primary government) and the component unit, Brooksville Community Redevelopment Agency. The City has formed the Brooksville Fire District, but there were no revenues or expenses this fiscal year.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial transactions of the City are recorded in individual funds and each fund has a self-balancing set of accounts. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The City maintains 38 funds. Information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Brooksville Community Redevelopment Agency, the Utility Fund, and Sanitation Fund, which are considered to be major funds. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for these

funds to demonstrate compliance with the budget and are presented as required supplemental information.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Permanent funds. This fund is the final type of governmental fund. The City maintains one permanent fund type, the Cemetery Perpetual Care Fund. Permanent Funds are used to account for permanent endowments created when a donor stipulates that the principal amount of a contribution must be invested and preserved but earnings on amounts so invested can be used for other public purposes.

The basic governmental fund financial statements can be found on pages 6-8 of this report.

Proprietary funds. The City maintains three proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City utilizes internal service funds for its fleet maintenance operations, vehicle replacement, and equipment replacement. Because services accounted for in the internal service funds predominately benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 12-16 of this report

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The five fiduciary funds are Butterweck Bond Fund, Donor Memorial Wall, HRA Fund, Police Retirement and the Firefighters' Retirement.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 19-51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparisons and the City's progress in its obligation to provide pension benefits to its employees. Combining and individual fund statements can be found on pages 52-81 of this report.

ECONOMIC FACTORS

The City of Brooksville, the County Seat of Hernando County, has experienced a period of substantial growth. The greater Tampa metropolitan area is expanding northward, due in part to limited available land for development in the southern regions and the completion of the Suncoast Parkway toll road which links Tampa with the northern counties of Pasco, Hernando, and Citrus. As a result, new development is taking interest in Brooksville because of its ideal proximity to Tampa (50 miles), Orlando (55 miles), and Ocala (60 miles).

Information obtained from the Florida statistical abstract supports the claim that the Brooksville area will grow significantly over the next 30 years. The annual estimates for the population of Brooksville were identified as being 7,640 as of 4/01/08. The adopted City of Brooksville Comprehensive Plan estimates Brooksville's population to nearly double within the next ten years.

Although, the official data from the Hernando County Property Appraisers for 2010 is not yet available it is expected that the City's taxable values could drop as much as 10% to 15% or more in the City of Brooksville. In the 2009 Tax Year the current year gross taxable values for operating purposes were \$469,710,996; in the 2008 Tax year the current year final gross taxable values were \$568,431,915. This is a drop in taxable values of \$98,720,000 and over a 17% decline in values.

Hernando County's unemployment rate jumped to 15.7% in January 2010 which stood out with the second-highest unemployment rate in the State of Florida. The top is Flagler County with a 17.1% unemployment rate. The halt in residential and commercial construction hit the County hard. As an indicator, the City in 2006/07 collected \$183,685

in Building permit revenues. In 07-08 the City collected \$128,932 in Building permits; and in 08-09 the City collected 123,831—a 33% decline from 06-07.

Amendment One passed by Florida voters in January 2008 raised the homestead from \$25,000 to \$50,000. The Amendment included a Save Our Homes portability feature of up to \$500,000. It created a \$25,000 exemption for all tangible personal property and provided a 10% annual assessment limitation cap for non-homestead real property. The City must adjust to these new factors mandated by the voters. The City is again experiencing a very likely decrease in property values due to the economic downturn and the added \$25,000 exemption as a result of Amendment One.

In the last 7 years, the City increased the size of the City from approximately 5 square miles to approximately 10 square miles through voluntary annexations. These annexations increased the acreage of taxable property within City boundaries. The City is also helping improve the taxable property base by encouraging high quality development and redevelopment. Both of these measures should increase the City's future revenue streams that will assist economically for decades to come. The recent economic downturn has impacted the timing of the future revenue streams, however we believe in several years the economic cycle will improve and growth will begin again.

Nationally franchised retail chains are noticing Brooksville's changing demographics and have moved to the area. To assist in promoting business, the City Council repealed the City Occupational License in 2008 and has been lowering the City millage rate. The list of national retailers who are in the City includes Wal-Mart, Sonic Drive Thru, Lowe's Home Improvement, Tractor Supply, Dunkin Donuts and Baskin Robbins, and Walgreen's. Countless other established retailers and small local businesses continue to do business in our City. In 2009, Beef O'Brady's Restaurant is a new addition to the City and an Express Lube was completed on Cortez Boulevard. Also, the beautiful renovation of the Old Brooksville Regional Hospital to the Grande (75 assisted living units) and commercial square footage space of the Oaks Towne Centre has become a great asset after the vacancy left by the new Hospital facility on State Road 50 West.

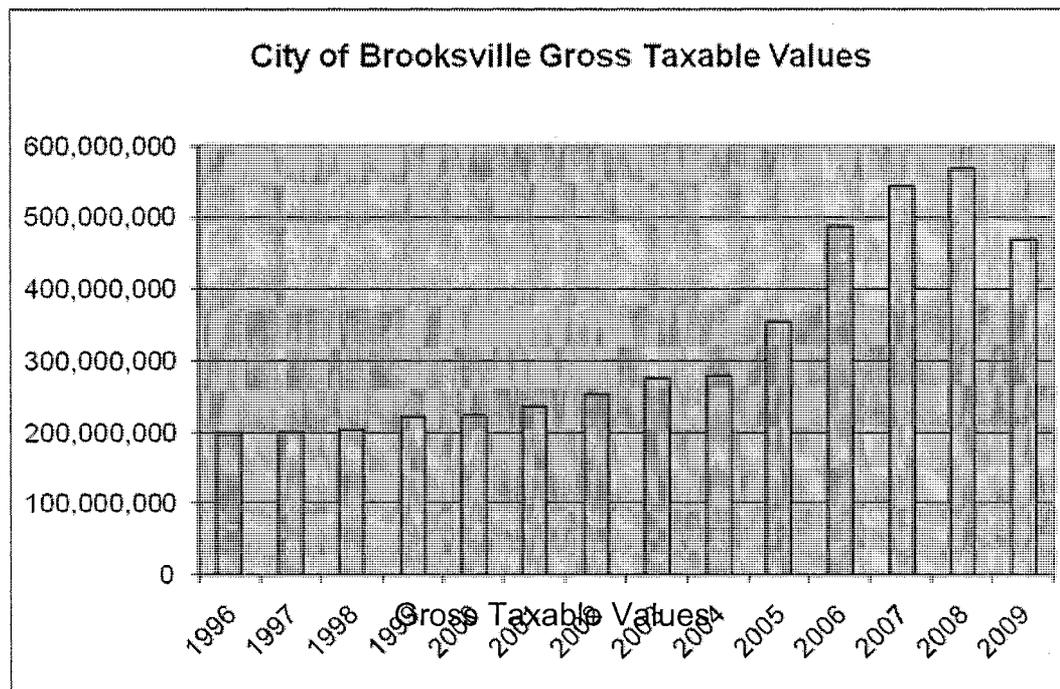
The City is also being proactive in how it will accommodate new growth by planning in advance to upgrade City facilities. In particular, the City is currently making improvements to its water and sewer transmission lines so that existing and future customers can take advantage of the highest quality services. The City has also established a private-public partnership venture to expand a wastewater treatment facility, which will provide reuse water for irrigation purposes. The Developer and the City have made a direct purchase of equipment for the Wastewater Treatment Plant that is being stored until actual construction begins. There is likely to be a delay in the construction due to the bankruptcy of the Developer. In addition to infrastructure improvements, the City is expanding and improving public areas like parks and landscaped right-of-ways so as to create an ideal environment for people to live, work and play.

Prominent businessman Dennis Wilfong is serving as Brooksville's Ambassador of Commerce and Employment to promote business and development in the City and

Hernando County. His voluntary assistance along with Mrs. Michael Heard is encouraging businesses to look at Brooksville as a great place to live and work. This is part of the pro-active approach of the City Council and the City Manager to encourage growth in the City.

The City is also taking on significant “green initiatives” by retrofitting lighting in City facilities to save electricity (and taxpayer dollars). Also, the City has partnered with the Brooksville Wal-Mart Distribution center to provide curb-side recycling to City residents which began September 2, 2009. There is no charge to the City residents for this program.

The table below shows the history of gross taxable values since 1996. The reader can see the decline from 2008 to 2009. In 2010, we expect to see a further decline in Gross Taxable Values as we saw from 2008 to 2009. The table on 3 I and 3 J highlight some of the more noteworthy development activity that has been planned in and around the City of Brooksville. The growth has slowed, but the City is optimistic that growth will come back with a City that is fiscally sound and offers many amenities to her residents.



Project Name	Acreage	Land Use	Units	Comment/Status
Southern Hills Plantation	1,189	Residential w/associated Recreational and Commercial uses	999 residences proposed in Gated Golf Course Community	Annexed May 2003, Infrastructure is complete in Phase 1. Chapter 11 Bankruptcy on 6 10 09
The Cascades	414	Residential	925 residences proposed in a age-restricted (senior) gated community	Annexed. Phase 1 infrastructure nearly complete. Filed Chapter 11 Bankruptcy in November 2007. Property assumed by Key Bank. Key Bank sold property to CASHP2 LLC.
Majestic Oaks	428	Residential, Multi-Family, Commercial and Recreational	900 residences proposed	Annexed. CPA approved 2-12-07 Zoning approved 6-18-08.
Brooksville Country Club North end of Majestic Oaks	168 41	Residential Units Townhouse Units	53 SFR 80 MFR Units proposed	Annexed. CPA approved 2/12/07. Zoning approved 6-18-08.
Southern Pines	31	Multi-family Residential	240 Condominiums proposed	Annexed March 2004, first phase under construction
Southern Pines	9	Multi-family Residential	64 Condominiums proposed	2 nd phase – pending
Brook Haven Apartments	16	Multi-Family Residential with amenities	160 units	Project completed in 2006

Project Name	Acreage	Land Use	Units	Comment/Status
GGW,LLC/BTM, LLC	75	Single Family Residential	131 units proposed	Annexed. Land use & zoning approved.
Brooksville Assoc. Wiscon Rd	41.165	Townhouses	156 units proposed	Zoning, Master Plan approved.
Villa Rosa (Ty Underwood) North Avenue	9	Townhouse project changed to senior housing complex. Master Plan Revision went to P&Z on 2-13-08	was 128 units. Now proposing 100 units.	Zoning approved Master Plan Revision approved (2-13-08) Project on hold.
Hometown America (Cloverleaf)	19	Manufactured Housing.	68 lots	Rezoning and Master Plan Approved
State Road 50 West	N/A	Anticipated Commercial development along SR 50 corridor	Expected growth due to Brooksville Regional Hospital which opened Fall 2005	City providing supporting water and sewer on SR 50.
Innovators Investment Group	7.71	Commercial and Professional Development	Undetermined at present time	Land use & zoning & CPA approved.
Malouf Enterprises - Horse Lake Rd. & Cortez Blvd.	25	Commercial PDP	Beef O'Brady's Restaurant and undetermined additional units	Commercial PDP approved, Beef O'Brady's has opened & other shops have opened.
Metro Bay Development – (Old Hospital Site Redevelopment)	11	Residential and Commercial	75 units and 60,000 s.f. Commercial retail, etc.	Approved Master Plan/Plat September 2009. Adult Living units completed; commercial still under construction.

THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2009 were \$39,555,255. The following Table 1 reflects the condensed Statement of Net Assets for the last two years:

Table 1						
City of Brooksville Net Assets						
	Governmental Activities		Business Type Activities		Primary Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	6,721,280	6,641,287	6,628,506	6,149,869	13,349,786	12,791,156
Capital Assets, net of deprec.	<u>9,064,948</u>	<u>8,725,037</u>	<u>34,291,165</u>	<u>34,021,139</u>	43,356,113	<u>42,746,176</u>
Unrestricted	<u>15,786,228</u>	<u>15,366,324</u>	<u>40,919,671</u>	<u>40,171,008</u>	<u>56,705,899</u>	<u>55,537,332</u>
Long-Term Liabilities	(935,151)	(1,053,734)	(14,105,454)	(14,483,871)	(15,040,605)	(15,537,605)
Other Liabilities	<u>(652,223)</u>	<u>(541,369)</u>	<u>(1,457,816)</u>	<u>(1,457,155)</u>	<u>(2,110,039)</u>	<u>(1,998,524)</u>
Total Liabilities	<u>(1,587,374)</u>	<u>(1,595,103)</u>	<u>(15,563,270)</u>	<u>(15,941,026)</u>	<u>(17,150,644)</u>	<u>(17,536,129)</u>
Net Assets:						
Invested in capital assets	8,145,973	7,674,725	20,799,811	22,065,216	28,945,784	29,739,941
Restricted			929,982	850,801	929,982	850,801
Unrestricted	<u>6,052,881</u>	<u>6,096,496</u>	<u>3,626,608</u>	<u>1,313,965</u>	<u>9,679,489</u>	<u>7,410,461</u>
Total Net Assets	<u>14,198,854</u>	<u>13,771,221</u>	<u>25,356,401</u>	<u>24,229,982</u>	<u>39,555,255</u>	<u>38,001,203</u>

The largest portion of the City's net assets (73.2%) are its investment in capital assets such as land, buildings, and machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net assets, representing (2.4%) of total net assets, are subject to external restrictions on how they may be used. The remaining 24.4% are unrestricted net assets. The unrestricted net assets total \$9,679,489 which may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy. The City's current assets (primarily cash) have increased from the previous year. In addition, the City's liabilities have decreased from the previous year. Liabilities have decreased primarily because of debt service payments. However, no new debt was incurred in the 08-09 fiscal year.

Table 2 on Page 3M is the condensed Change in Net Assets for the fiscal year ended September 30, 2009. This schedule compares the revenues and expenses for the primary government for the current and previous fiscal years.

Table 2 shows us the cost of governmental activities this fiscal year was \$8,011,736 going down 1% from last year. The City's total Governmental Activities Revenues decreased by 16%. Property tax collections went down \$136,704 with the same millage rate assessed both year. However, the 16% revenue drop was due primarily to a decrease

in capital grants and contributions. Also, all State revenues dropped in the 08-09 fiscal year from the previous year.

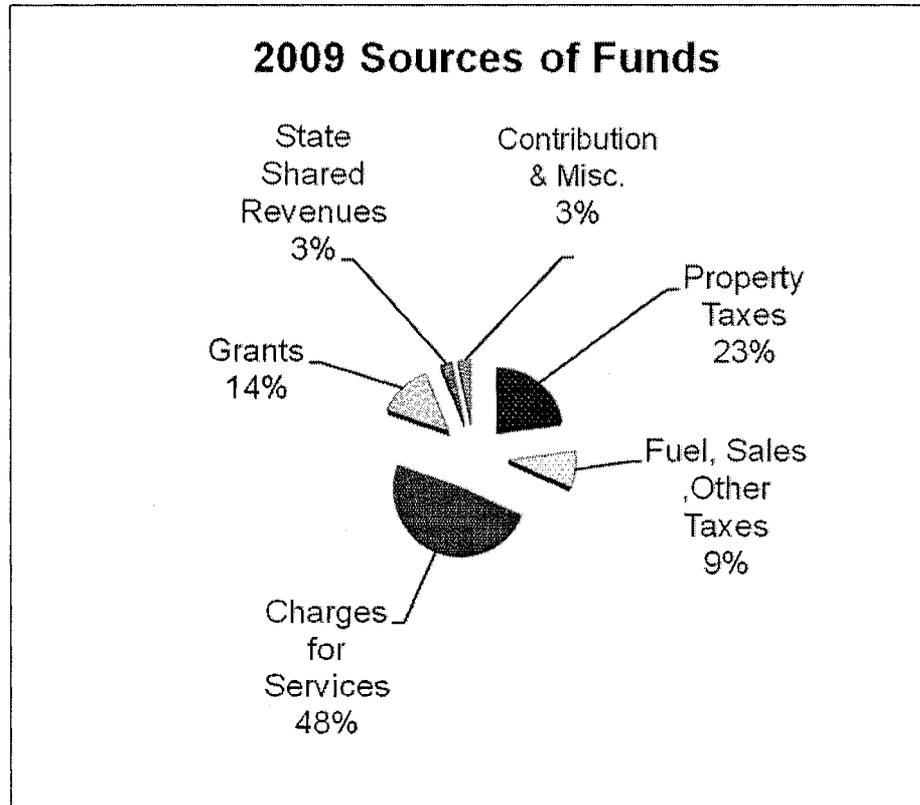
The cost of Business-type activities was \$4,712,913 (small decrease of less than 1% over last year). The Business-type accounts Revenues increased 20% from 2008 to 2009; this was due to the capital grants and contributions. Business-type charges for services increased by 1%.

The total Primary Government Expenses were \$12,724,649 which was down \$108,966 from 2008. Charges for Services Government wide were up about 5.4% from 2008. Operating and Capital grants totaled \$1,934,265. Taxes brought in to the City totaled \$4,556,922. Approximately 23% of the City's total revenues came from property taxes and 9% from Fuel, Sales and Other taxes. Charges for Services accounted for 48% of the City's total revenues.

Table 2
City of Brooksville, Florida's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Charges for Services	1,989,441	1,682,857	4,941,467	4,894,898	6,930,908	6,577,755
Operating Grants & Contributions	461,707	219,434			461,707	219,434
Capital Grants & Contributions	154,044	1,579,673	1,318,514	456,262	1,472,558	2,035,935
Property Taxes	3,257,781	3,394,485			3,257,781	3,394,485
Fuel Taxes	270,676	295,914			270,676	295,914
Sales Taxes	326,568	361,789			326,568	361,789
Other Taxes	701,897	640,129			701,897	640,129
Impact Fees	16,425	382,790			16,425	382,790
State Shared Revenues	399,882	404,209			399,882	404,209
Investment Earning	64,740	209,951	68,006	114,428	132,746	324,379
Miscellaneous	325,473	262,212	(10,224)	(6,832)	315,249	255,380
Sale of Capital Assets	(10,526)	(1,309)	2,823	11,872	-7,703	10,563
Interfund Transfers	481,261	621,979	(481,261)	(621,979)		
Total Revenues	8,439,369	10,054,113	5,839,325	4,848,649	14,278,694	14,902,762
Expenses						
General Government	2,159,461	2,192,786			2,159,461	2,192,786
Public Safety	3,523,662	3,314,334			3,523,662	3,314,334
Physical Environment	354,852	313,534			354,852	313,534
Transportation	729,618	814,668			729,618	814,668
Culture & Education	1,200,737	1,413,550			1,200,737	1,413,550
Interest on long-term debt	43,406	41,973			43,406	41,973
Utility Fund			3,751,068	3,761,177	3,751,068	3,761,177
Sanitation Fund			961,845	981,593	961,845	981,593
Total Expenses	8,011,736	8,090,845	4,712,913	4,742,770	12,724,649	12,833,615
Change in Net Assets	427,633	1,963,268	1,126,412	105,879	1,554,045	2,069,147
Net Assets, Beginning of Year	13,771,221	11,807,953	24,229,989	24,124,103	38,001,210	35,932,056
Net Assets, End of Year	14,198,854	13,771,221	25,356,401	24,229,982	39,555,255	38,001,203

The Pie Chart on the next page shows the 2009 Sources of Funds Government-wide. Charges for Services provide 48% of our Revenues. Property Taxes provide 23% and Fuel, Sales, and Other Taxes provide 9%. Grants this year provided 14% of the City's revenues. The dependence on revenues, such as sales and use taxes and state revenue sharing limits the City's ability to change or improve revenue streams as part of managing resources. Also, the dependence on property taxes and State revenues create issues if the City's property values drop and if the State revenue collections drop due to the economic downturn. Also, there are concerns on how long the economic downturn will continue especially in the State of Florida. One bright spot is Charges for Services which increased from 2008. This indicates more dependence on revenue streams that the City can manage versus State revenues that are outside our control.



The City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are comprised of the general fund, special revenue funds, permanent fund, and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources. See page 6 which begins the Governmental Funds detail.

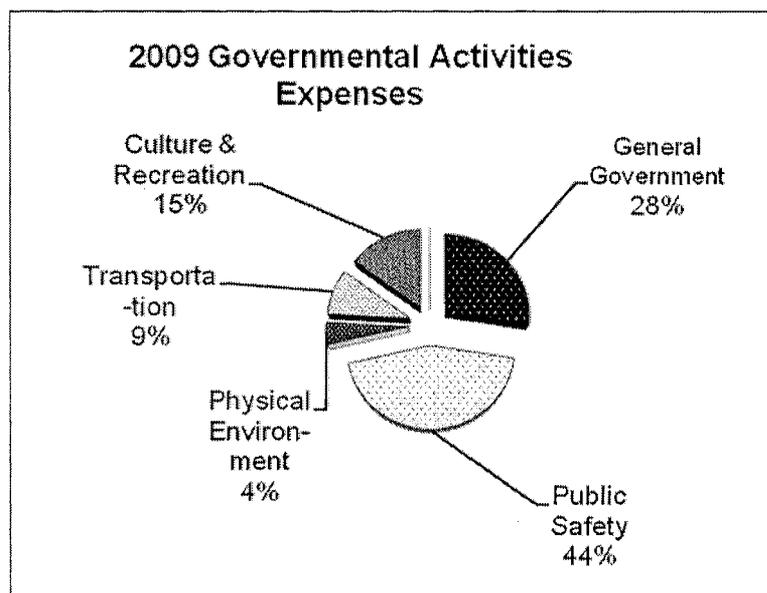
There are two major Funds in the Governmental Fund group. The two are General Fund and Brooksville Community Redevelopment Agency. To determine a Major Fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources,

except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was \$1,193,860.

The Brooksville Community Redevelopment Agency is considered a Major Fund based on Section 163.387(8) F.S. In meeting the statutory requirements, the CRA Trust Fund must be treated as a Major Fund. The Brooksville CRA Fund Balance was \$339,865 at 09/30/09 up from a Fund Balance of \$44,858 from the previous fiscal year. This large increase was due to the forgiveness of debt in the amount of \$191,927 due to the City of Brooksville that City Council forgave in 08-09.

The non-major Governmental Funds consist of Special Revenue Funds, Capital Projects Funds, and a Permanent Fund. The non-major Government Funds had a year-end Fund Balance of \$3,450,084. Please see page 6 for the Governmental Funds Balance Sheet. Together the City had approximately \$5 million in Fund Balance Reserves as opposed to \$4.9 million in the previous year.

The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 44% of the City's Governmental Activities. General Government is 28% of the total Governmental Activities. General Government includes City Manager's Office, Finance, Human Resources, Community Development, and Management Information Services. Streets are 9% and Culture and Recreation activities are 15%.



Proprietary Funds

The City's proprietary funds are comprised of enterprise funds and internal service funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. Also, included is Internal Service Funds, which provides services to other City departments. See page 12 for the beginning of the Proprietary Funds detail.

The Utility Fund represents the City's water and sewer utility. The Fund experienced a change in net assets of \$805,466. Capital Grants and Contributions were the primary reason for the increase. Current Assets increased by \$272,230 from the previous fiscal year. Total liabilities decreased by \$320,215 from the previous fiscal year. Charges for services dropped \$38,462 from the previous year. Operating expenses were flat going up only \$10,380 from the previous year.

The Sanitation Fund sustained change in net assets of \$278,844. In the previous year the change in net assets was \$203,981. The change in net assets indicates a continued positive increase in the Sanitation Fund net assets. In 05-06, the City had (\$77,157) change in net assets. The Fund also purchased a Sanitation Truck out of Sanitation Cash Reserves without taking on additional debt in 08-09.

The Internal Service Funds reports activities that provide a service to the City's other operations for vehicle maintenance, vehicle replacement, and equipment replacement. Internal service funds are combined with governmental activities in the government-wide statements since they primarily benefit governmental activities. The presentation below shows the reserves in Vehicle Replacement for each Fund with additional detail presented in General Fund departments:

VEHICLE REPLACEMENT RESERVES

Administration & Finance	75,800
Police	81,627
Fire	508,519
Streets	132,656
Parks	53,547
General Fund Total	852,149
Utility Fund	100,474
Sanitation Fund	224,934
Proprietary Funds Total	325,408
Grand Total	1,177,557

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2009 reflect an investment of \$43,356,113 on Statement of Net Assets. Please refer to Note H beginning on page 41 to review detail of the Capital Asset activity for the fiscal year ended 9/30/09.

In compliance with GASB #34, the City will book future infrastructure assets, such as roads and bridges.

Significant increases in assets or construction in progress this fiscal year include:

- The City booked the cost incurred for the improvements to the Good Neighbor Trail which totaled \$393,145.
- Improvements to City Hall for a brick wall totaled \$25,050.
- The City purchased financial software which is used by the City to record timesheet data and purchasing requests electronically by all City Departments. It also includes an electronic budgeting module in addition to the payroll and purchasing modules. The total cost was \$23,896.
- City booked the cost of the improvements to the jogging trail at the Jerome Brown Center at a cost of \$25,951.
- Approximately \$21,000 was capitalized for improvements to the City's Police Department Building. The improvements were the retrofit of window screens and improvements to the evidence room.
- Rehabilitation continued on the City's wastewater lines to work on the inflow and infiltration problems. State Restoration Projects Grants paid for the rehabilitation in this fiscal year totaling \$660,108.
- City booked water line improvements for the downtown which also improved Fire flows. The amount capitalized was \$367,715 with the grant funds coming from the Florida Department of Environmental Protection.
- The City's Water Connection Fees and grant funds from the Withlacoochee Regional Water Supply Authority (\$19,000) provided the funding for the Hope Hill Well #3 Pump at a cost of \$81,000.
- Eminent domain actions were completed in this fiscal year with land being capitalized totaling \$184,581. This was two eminent domain settlements were Mallett and Hartford.
- City's Solid Waste Fund purchased a 2009 Peterbilt Cab and Heil Front Loader Garbage Truck at a cost of \$195,616.
- The City purchased through cash reserves of the Vehicle Replacement Fund a Pierce Fire Rescue Truck at a cost of \$210,360. In addition, Vehicle Replacement monies purchased four (4) 2009 Dodge Chargers for the Police Department. The cost for the four cruisers completely equipped was \$109,472.

Long-term Debt

General Fund has a loan that refinanced the City Hall Building and purchased the Park Office. The balance on the loan is \$162,813 at 9/30/09 with an interest rate of 3.94% maturing 7/1/2011. Refer to Note G beginning on page 36 for detail on long-term liabilities.

The City purchased a new ladder truck for the fire department on November 10, 2005. Sun Trust Bank issued the loan for \$633,659. The balance on the loan as of September 30, 2009 is \$528,162 with an interest rate of 4.23% maturing May 10, 2021. See Note G page 39 for further details.

The City obtained a \$258,800 (at 4.125%) Capital Improvement Revenue Bond in November 2006 with a maturity of 30 years. The loan was financed through USDA and included a grant portion of \$286,000. The loan/grant was to purchase emergency generators and retrofit City Hall and Police Department windows. Refer to Note G on page 37 and 38. The balance as of 9/30/2009 is \$228,000. In addition to the regular debt service payment, an additional \$15,000 principal payment was made on this Bond in 08-09. Mobile Home licenses are the assigned collateral for this USDA Bond Payable.

The Utility Fund has two Revenue Bonds. Refer to Note D beginning on page 27:

- The 1999 Water and Sewer Revenue Bond have a principal balance due of \$5,858,000 and are due in 2039. The bonds carry interest rates of 3.25%. The funds were used for the construction of the Cobb Road Wastewater Treatment Plant and transmission lines.
- In November 2002, the City issued \$6,610,000 in Water and Sewer Revenue Refunding Bonds to refund outstanding 1988A and 1992 Series bonds. As a result of the refunding, the City reduced their debt service requirements by \$1,257,216. The bonds carry interest rates varying from 2.50% to 4.60%. The principal balance due as of 9 30 09 is \$4,575,000.

The Hancock Bank City of Brooksville, Florida Subordinated Water & Sewer Revenue Notes in the amount of \$1,558,656 were issued July 23, 2008. The loan has quarterly installments with 3.49% interest rate maturing August 15, 2018. The balance as of 9/30/09 is \$1,429,150. This loan financed certain improvements to the City-owned water and sewer system primarily along the State Road 50 West corridor. The Hancock Note paid out a SunTrust line of credit that was utilized during the construction phase from 2005 thru 2008. See Note D page 30 for information on the Hancock Bank Notes Payable.

The Sanitation Fund redeemed a lease that expired on May 5, 2009. The Sanitation Fund has a capital lease issued 9/14/07 in the amount of \$148,000 at 3.98% maturing 9/14/2014. This financed a 2008 Peterbilt Sanitation Truck. The present value of Minimum Lease Payments for both leases totals \$109,813. Refer to Note G on page 40 for further details.

Performance Measured Against Expectations (Budget)

General Fund Revenues were lower than the final budget by \$ 135,895. The major difference was Licenses and Permits Revenues when comparing budget to actual. This revenue drop is due to the decline in building permits due to the downturn in the housing market.

General Fund Expenditures were under budget by \$228,883 (excluding Transfers Out). This is positive indication of the City's ability to plan and manage resources, and illustrates management's commitment to reducing expenditures especially with difficult economic times.

2009 Millage Rate

The City's elected and appointed officials considered many factors when adopting the 2009/10 Annual Budget. The State of Florida under s. 200.185, F.S, required that City adopt a tax levy permitted under the law. If the City adopted a tax levy that exceeds the maximum tax levy, s. 200.185, F.S. requires that the municipality will lose their half-cent sales tax distribution. By majority vote, the tax authority could levy a maximum millage equal to their rolled-back rate adjusted for the change in per capita Florida personal income (2.50% for 2009). The City of Brooksville's maximum rate by majority vote was 8.1999 mills. A two-thirds vote maximum millage allowed by law was 9.0199 mills. The City of Brooksville complied with the requirements and did not lose their half-cent sales tax distribution. In 2009, the City maintained the same millage rate of 6.0690 mills from 2008. The 2009 millage rate of 6.0690 was 2.1309 mills lower than required by the State of Florida with a majority vote and 2.9509 mills lower than required by the State of Florida with two-thirds vote of the City Council. This is a testament to the City's elected officials and management by maintaining the same millage rate with property values that dropped over 17% from 2008 to 2009.

Acknowledgements

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Appreciation is also extended to the Mayor and City Council and the City Manager for their continuous commitment to the highest ethical standards in financial reporting and disclosure.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Finance Director, CITY OF BROOKSVILLE, 201 Howell Avenue, Brooksville, Florida 34601.

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
POOLED CASH AND INVESTMENTS	\$ 5,931,867	\$ 3,924,928	\$ 9,856,795
ACCOUNTS RECEIVABLE	236,864	428,589	665,453
ALLOWANCE FOR UNCOLLECTIBLES	0	(36,786)	(36,786)
INTEREST RECEIVABLE	3,484	863	4,347
INTERNAL BALANCES	179,665	(179,665)	0
DUE FROM OTHER GOVERNMENTS	289,103	151,349	440,452
INVENTORIES	2,740	150,293	153,033
PREPAID ITEMS	65,729	46,328	112,057
RESTRICTED ASSETS			
CASH AND INVESTMENTS	11,828	1,979,781	1,991,609
CAPITAL ASSETS			
LAND	1,468,193	1,195,933	2,664,126
CONSTRUCTION IN PROGRESS	2,518,154	5,759,574	8,277,728
PROPERTY, PLANT & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	5,078,601	27,335,658	32,414,259
BOND ISSUE COSTS, NET	0	162,826	162,826
TOTAL ASSETS	\$ 15,786,228	\$ 40,919,671	\$ 56,705,899
LIABILITIES			
ACCOUNTS PAYABLE	\$ 173,878	\$ 139,307	\$ 313,185
ACCRUED INTEREST PAYABLE	0	7,036	7,036
ACCRUED WAGES PAYABLE	76,119	16,108	92,227
ACCRUED PAYROLL LIABILITIES	243	3,305	3,548
DEPOSITS	36,499	0	36,499
UNEARNED REVENUE	16,693	16,300	32,993
OTHER CURRENT LIABILITIES	200,470	20,719	221,189
PAYABLE FROM RESTRICTED ASSETS			
METER DEPOSITS	0	492,365	492,365
REVENUE BONDS PAYABLE	0	488,000	488,000
ACCRUED INTEREST PAYABLE	0	113,385	113,385
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	28,001	4,186	32,187
LEASES PAYABLE	0	19,472	19,472
NOTES PAYABLE	115,320	137,633	252,953
BONDS PAYABLE	5,000	0	5,000
DUE IN MORE THAN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	136,496	16,954	153,450
LEASES PAYABLE	0	90,341	90,341
NOTES PAYABLE	575,655	1,291,517	1,867,172
REVENUE BONDS PAYABLE	223,000	9,863,703	10,086,703
OTHER LONG-TERM LIABILITIES	0	2,842,939	2,842,939
TOTAL LIABILITIES	\$ 1,587,374	\$ 15,563,270	\$ 17,150,644
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,145,973	20,799,811	28,945,784
RESTRICTED			
RESTRICTED FOR DEBT RETIREMENT	0	0	0
RESTRICTED FOR RENEWAL & REPLACEMENT	0	929,982	929,982
UNRESTRICTED	6,052,881	3,626,608	9,679,489
TOTAL NET ASSETS	\$ 14,198,854	\$ 25,356,401	\$ 39,555,255

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 2,159,461	\$ 1,668,172	\$ 31,902	\$ 12,100	\$ (447,287)	\$ 0	\$ (447,287)
PUBLIC SAFETY	3,523,662	3,133	50,335	0	(3,470,194)	0	(3,470,194)
PHYSICAL ENVIRONMENT	354,852	(450)	191,927	0	(163,375)	0	(163,375)
TRANSPORTATION	729,618	135,982	0	12,100	(581,536)	0	(581,536)
CULTURE & RECREATION	1,200,737	182,604	187,543	129,844	(700,746)	0	(700,746)
INTEREST ON LONG-TERM DEBT	43,406	0	0	0	(43,406)	0	(43,406)
TOTAL GOVERNMENTAL ACTIVITIES	8,011,736	1,989,441	461,707	154,044	(5,406,544)	0	(5,406,544)
BUSINESS-TYPE ACTIVITIES							
UTILITY	3,751,068	3,586,363	0	1,318,514	0	1,153,809	1,153,809
SANITATION	961,845	1,355,104	0	0	0	393,259	393,259
TOTAL BUSINESS-TYPE ACTIVITIES	4,712,913	4,941,467	0	1,318,514	0	1,547,068	1,547,068
TOTALS	\$ 12,724,649	\$ 6,930,908	\$ 461,707	\$ 1,472,558	(5,406,544)	1,547,068	(3,859,476)
GENERAL REVENUES							
PROPERTY TAXES					3,257,781	0	3,257,781
FUEL TAXES					270,676	0	270,676
SALES TAXES					326,568	0	326,568
OTHER TAXES					701,897	0	701,897
IMPACT FEES					16,425	0	16,425
STATE SHARED REVENUE					399,882	0	399,882
INVESTMENT EARNINGS					64,740	68,006	132,746
MISCELLANEOUS					325,473	(10,224)	315,249
GAIN (LOSS) ON SALE OF CAPITAL ASSETS					(10,526)	2,823	(7,703)
TRANSFERS					481,261	(481,261)	0
TOTAL GENERAL REVENUES AND TRANSFERS					5,834,177	(420,656)	5,413,521
CHANGE IN NET ASSETS					427,633	1,126,412	1,554,045
NET ASSETS, BEGINNING OF YEAR					13,771,221	24,229,989	38,001,210
NET ASSETS, END OF YEAR					\$ 14,198,854	\$ 25,356,401	\$ 39,555,255

CITY OF BROOKSVILLE, FLORIDA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	<u>MAJOR FUNDS</u>			
	GENERAL	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
	<u>FUND</u>	<u>AGENCY</u>	<u>FUNDS</u>	<u>FUNDS</u>
ASSETS				
POOLED CASH AND INVESTMENTS	\$ 859,958	\$ 339,833	\$ 3,554,519	\$ 4,754,310
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	11,828	11,828
ACCOUNTS RECEIVABLE	199,954	0	36,910	236,864
INTEREST RECEIVABLE	1,834	32	971	2,837
DUE FROM OTHER FUNDS	168,082	0	21,369	189,451
ADVANCE TO OTHER FUNDS	120,057	0	0	120,057
DUE FROM OTHER GOVERNMENTS	91,152	0	197,951	289,103
INVENTORIES	300	0	0	300
PREPAID ITEMS	64,268	0	0	64,268
TOTAL ASSETS	<u>\$ 1,505,605</u>	<u>\$ 339,865</u>	<u>\$ 3,823,548</u>	<u>\$ 5,669,018</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
ACCOUNTS PAYABLE	\$ 152,200	\$ 0	\$ 15,003	\$ 167,203
DUE TO OTHER FUNDS	21,369	0	168,082	189,451
ACCRUED WAGES PAYABLE	74,893	0	0	74,893
DEPOSITS	36,499	0	0	36,499
UNEARNED REVENUE	0	0	16,693	16,693
OTHER CURRENT LIABILITIES	26,784	0	173,686	200,470
TOTAL LIABILITIES	<u>311,745</u>	<u>0</u>	<u>373,464</u>	<u>685,209</u>
FUND BALANCE				
RESERVED FOR ENCUMBRANCES	28,556	0	0	28,556
RESERVED FOR PREPAID ITEMS	64,268	0	0	64,268
RESERVED FOR ADVANCES	120,057	0	0	120,057
RESERVED FOR DEBT RETIREMENT	0	0	11,828	11,828
UNRESERVED: UNDESIGNATED				
GENERAL FUND	980,979	0	0	980,979
SPECIAL REVENUE FUNDS	0	339,865	2,797,841	3,137,706
CAPITAL PROJECT FUNDS	0	0	323,168	323,168
PERMANENT FUNDS	0	0	317,247	317,247
TOTAL FUND BALANCE	<u>1,193,860</u>	<u>339,865</u>	<u>3,450,084</u>	<u>4,983,809</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,505,605</u>	<u>\$ 339,865</u>	<u>\$ 3,823,548</u>	<u>\$ 5,669,018</u>



SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2009

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,983,809

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN
 STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL
 RESOURCES AND THEREFORE ARE NOT REPORTED IN GOVERNMENTAL FUNDS.

GOVERNMENTAL CAPITAL ASSETS	\$ 12,747,739	
LESS: ACCUMULATED DEPRECIATION	<u>(4,192,508)</u>	8,555,231

LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD
 AND THEREFORE ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS.

ACCRUED COMPENSATED ABSENCES	(162,624)	
NOTES PAYABLE	(690,975)	
BOND PAYABLE	<u>(228,000)</u>	(1,081,599)

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE
 THE COSTS OF CERTAIN ACTIVITIES TO THE INDIVIDUAL FUNDS.

ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS THAT ARE REPORTED IN THE GOVERNMENTAL ACTIVITIES PORTION OF THE STATEMENT OF NET ASSETS.		1,681,805
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OPERATING LOSS OF THE INTERNAL SERVICE FUNDS IS ALLOCATED BETWEEN GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES. INTERNAL SERVICE FUND OPERATING INCOME ALLOCATED TO BUSINESS-TYPE ACTIVITIES.		<u>59,608</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 14,198,854

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SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	MAJOR FUNDS				
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY		NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
TAXES	\$ 3,830,467	\$ 129,211	\$ 270,676	\$ 4,230,354	
LICENSES & PERMITS	1,357,787	0	1,665	1,359,452	
INTERGOVERNMENTAL REVENUE	770,566	191,927	406,726	1,369,219	
CHARGES FOR SERVICES	189,162	0	2,062	191,224	
FINES & FORFEITS	48,844	0	209,709	258,553	
MISCELLANEOUS REVENUES	293,657	2,662	112,147	408,466	
TOTAL REVENUES	6,490,483	323,800	1,002,985	7,817,268	
EXPENDITURES					
CURRENT					
CULTURE & RECREATION	1,063,850	0	0	1,063,850	
GENERAL GOVERNMENT	2,024,595	0	0	2,024,595	
PUBLIC SAFETY	3,214,180	0	101,759	3,315,939	
PHYSICAL ENVIRONMENT	107,923	28,793	128,368	265,084	
TRANSPORTATION	721,146	0	0	721,146	
CAPITAL OUTLAY	139,320	0	496,765	636,085	
DEBT SERVICE					
PRINCIPAL	110,538	0	20,800	131,338	
INTEREST	33,119	0	10,287	43,406	
TOTAL EXPENDITURES	7,414,671	28,793	757,979	8,201,443	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(924,188)	295,007	245,006	(384,175)	
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	759,359	0	273,128	1,032,487	
TRANSFERS OUT	(220,143)	0	(331,085)	(551,228)	
TOTAL OTHER FINANCING SOURCES (USES)	539,216	0	(57,957)	481,259	
NET CHANGE IN FUND BALANCES	(384,972)	295,007	187,049	97,084	
FUND BALANCES, BEGINNING OF YEAR	1,578,832	44,858	3,263,035	4,886,725	
FUND BALANCES, END OF YEAR	\$ 1,193,860	\$ 339,865	\$ 3,450,084	\$ 4,983,809	

CITY OF BROOKSVILLE, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 97,084

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
 STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAY AS EXPENDITURES.
 HOWEVER, IN THE STATEMENT OF ACTIVITIES, THE COST OF THOSE
 ASSETS IS DEPRECIATED OVER THEIR ESTIMATED USEFUL LIVES.

EXPENDITURES FOR CAPITALIZED ASSETS	\$ 470,685	
LESS: CURRENT YEAR DEPRECIATION	<u>(336,597)</u>	134,088

REALIZED GAIN ON DISPOSITION OF CAPITAL ASSETS		(10,526)
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REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN THE GOVERNMENTAL FUNDS, HOWEVER THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.		131,338
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SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS. THE AMOUNTS BELOW REPRESENT THE CHANGE IN THESE ACCOUNTS.		
ACCRUED COMPENSATED ABSENCES		(14,184)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS.		12,100
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INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF CERTAIN ACTIVITIES TO INDIVIDUAL FUNDS. THE NET INCOME OF THE INTERNAL SERVICE FUND IS REPORTED WITH GOVERNMENTAL ACTIVITIES.		77,733
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TRANSFERS BETWEEN GOVERNMENTAL FUNDS INCLUDING INTERNAL SERVICE FUNDS MUST BE ELIMINATED FOR PRESENTATION IN THE STATEMENT OF ACTIVITIES.		<u>0</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>427,633</u>
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CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 3,880,500	\$ 3,880,500	\$ 3,830,467	\$ (50,033)
LICENSES & PERMITS	1,353,128	1,353,128	1,357,787	4,659
INTERGOVERNMENTAL REVENUE	772,044	772,044	770,566	(1,478)
CHARGES FOR SERVICES	188,900	188,900	189,162	262
FINES & FORFEITS	33,250	33,250	48,844	15,594
MISCELLANEOUS REVENUES	381,456	398,556	293,657	(104,899)
TOTAL REVENUES	<u>6,609,278</u>	<u>6,626,378</u>	<u>6,490,483</u>	<u>(135,895)</u>
EXPENDITURES				
CURRENT				
CULTURE & RECREATION	1,122,423	1,108,979	1,063,850	45,129
GENERAL GOVERNMENT	2,256,335	2,250,248	2,024,595	225,653
PUBLIC SAFETY	3,130,205	3,111,057	3,214,180	(103,123)
PHYSICAL ENVIRONMENT	103,119	102,071	107,923	(5,852)
TRANSPORTATION	690,540	689,567	721,146	(31,579)
CAPITAL OUTLAY	230,813	238,113	139,320	98,793
DEBT SERVICE				
PRINCIPAL	110,834	110,834	110,538	296
INTEREST	32,685	32,685	33,119	(434)
TOTAL EXPENDITURES	<u>7,676,954</u>	<u>7,643,554</u>	<u>7,414,671</u>	<u>228,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,067,676)</u>	<u>(1,017,176)</u>	<u>(924,188)</u>	<u>92,988</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	772,806	774,052	759,359	(14,693)
TRANSFERS OUT	<u>(355,945)</u>	<u>(434,426)</u>	<u>(220,143)</u>	<u>214,283</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>416,861</u>	<u>339,626</u>	<u>539,216</u>	<u>199,590</u>
NET CHANGE IN FUND BALANCE	(650,815)	(677,550)	(384,972)	292,578
FUND BALANCES, BEGINNING OF YEAR	<u>650,815</u>	<u>677,550</u>	<u>1,578,832</u>	<u>901,282</u>
FUND BALANCES, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,193,860</u>	<u>\$ 1,193,860</u>

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
TAXES	\$ 82,000	\$ 82,000	\$ 129,211	\$ 47,211
INTERGOVERNMENTAL REVENUE	191,927	191,927	191,927	0
MISCELLANEOUS REVENUES	12,000	12,000	2,662	(9,338)
TOTAL REVENUES	<u>285,927</u>	<u>285,927</u>	<u>323,800</u>	<u>37,873</u>
EXPENDITURES				
CURRENT				
PHYSICAL ENVIRONMENT	76,450	76,450	28,793	47,657
CAPITAL OUTLAY	107,550	107,550	0	107,550
TOTAL EXPENDITURES	<u>184,000</u>	<u>184,000</u>	<u>28,793</u>	<u>155,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>101,927</u>	<u>101,927</u>	<u>295,007</u>	<u>193,080</u>
NET CHANGE IN FUND BALANCES	101,927	101,927	295,007	193,080
FUND BALANCES, BEGINNING OF YEAR	<u>(101,927)</u>	<u>(101,927)</u>	<u>44,858</u>	<u>146,785</u>
FUND BALANCES, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 339,865</u>	<u>\$ 339,865</u>

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL SERVICE FUND
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	\$ 3,109,200	\$ 815,728	\$ 3,924,928	\$ 1,177,557
ACCOUNTS RECEIVABLE	428,589	0	428,589	0
ALLOWANCE FOR UNCOLLECTIBLES	(36,786)	0	(36,786)	0
INTEREST RECEIVABLE	863	0	863	647
DUE FROM OTHER GOVERNMENTS	150,505	844	151,349	0
INVENTORIES	150,293	0	150,293	2,440
PREPAID ITEMS	37,417	8,911	46,328	1,461
TOTAL CURRENT ASSETS	3,840,081	825,483	4,665,564	1,182,105
NON-CURRENT ASSETS				
RESTRICTED ASSETS				
CASH AND INVESTMENTS	1,979,781	0	1,979,781	0
CAPITAL ASSETS, NET				
LAND	1,148,913	47,020	1,195,933	0
PROPERTY PLANT & EQUIPMENT	26,834,029	501,629	27,335,658	471,995
CONSTRUCTION IN PROGRESS	5,759,574	0	5,759,574	37,722
BOND ISSUE COSTS, NET	162,826	0	162,826	0
TOTAL NON-CURRENT ASSETS	35,885,123	548,649	36,433,772	509,717
TOTAL ASSETS	\$ 39,725,204	\$ 1,374,132	\$ 41,099,336	\$ 1,691,822

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL SERVICE FUND
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 82,119	\$ 57,188	\$ 139,307	\$ 6,675
ACCRUED INTEREST PAYABLE	6,890	146	7,036	0
ACCRUED WAGES PAYABLE	12,673	3,435	16,108	1,226
ACCRUED PAYROLL LIABILITIES	2,608	697	3,305	243
UNEARNED REVENUE	16,300	0	16,300	0
LEASES PAYABLE - CURRENT	0	19,472	19,472	0
NOTES PAYABLE - CURRENT	137,633	0	137,633	0
OTHER CURRENT LIABILITIES	20,719	0	20,719	0
TOTAL CURRENT LIABILITIES	278,942	80,938	359,880	8,144
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)				
METER DEPOSITS	492,365	0	492,365	0
REVENUE BONDS PAYABLE	488,000	0	488,000	0
ACCRUED INTEREST PAYABLE	113,385	0	113,385	0
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	1,093,750	0	1,093,750	0
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	14,787	6,353	21,140	1,873
ADVANCE FROM OTHER FUNDS	120,057	0	120,057	0
LEASES PAYABLE	0	90,341	90,341	0
NOTES PAYABLE	1,291,517	0	1,291,517	0
REVENUE BONDS PAYABLE	9,863,703	0	9,863,703	0
OTHER LONG-TERM LIABILITIES	2,842,939	0	2,842,939	0
TOTAL NON-CURRENT LIABILITIES	14,133,003	96,694	14,229,697	1,873
TOTAL LIABILITIES	\$ 15,505,695	\$ 177,632	\$ 15,683,327	\$ 10,017
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	20,361,121	438,690	20,799,811	509,717
RESTRICTED:				
RESERVED FOR DEBT RETIREMENT	0	0	0	0
RESERVED FOR RENEWAL & REPLACEMENT	929,982	0	929,982	0
UNRESTRICTED	2,928,406	757,810	3,686,216	1,172,088
TOTAL NET ASSETS	\$ 24,219,509	\$ 1,196,500	25,416,009	\$ 1,681,805
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS			(59,608)	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES			\$ 25,356,401	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES		TOTAL	GOVERNMENTAL
	UTILITY FUND	SANITATION FUND		ACTIVITIES - INTERNAL SERVICE FUND
OPERATING REVENUE				
CHARGES FOR SERVICES	\$ 3,574,593	\$ 1,324,772	\$ 4,899,365	\$ 322,126
MISCELLANEOUS REVENUES	(8,531)	(1,693)	(10,224)	24,674
TOTAL OPERATING REVENUES	<u>3,566,062</u>	<u>1,323,079</u>	<u>4,889,141</u>	<u>346,800</u>
OPERATING EXPENSES				
PERSONAL SERVICES	1,088,553	314,318	1,402,871	99,600
OTHER SERVICES & CHARGES	954,901	571,939	1,526,840	20,634
DEPRECIATION	1,231,477	70,583	1,302,060	102,157
TOTAL OPERATING EXPENSES	<u>3,274,931</u>	<u>956,840</u>	<u>4,231,771</u>	<u>222,391</u>
OPERATING INCOME (LOSS)	<u>291,131</u>	<u>366,239</u>	<u>657,370</u>	<u>124,409</u>
NONOPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	64,219	3,787	68,006	10,955
INTEREST EXPENSE	(476,137)	(5,005)	(481,142)	0
GAIN ON SALE OF FIXED ASSETS	0	2,823	2,823	0
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(411,918)</u>	<u>1,605</u>	<u>(410,313)</u>	<u>10,955</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(120,787)</u>	<u>367,844</u>	<u>247,057</u>	<u>135,364</u>
CONTRIBUTIONS AND TRANSFERS				
CAPITAL GRANTS AND CONTRIBUTIONS	1,318,514	0	1,318,514	0
TRANSFERS IN	1,539	0	1,539	0
TRANSFERS OUT	(393,800)	(89,000)	(482,800)	0
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>926,253</u>	<u>(89,000)</u>	<u>837,253</u>	<u>0</u>
CHANGE IN NET ASSETS	805,466	278,844	1,084,310	135,364
NET ASSETS, BEGINNING OF YEAR	<u>23,414,043</u>	<u>917,656</u>		<u>1,546,441</u>
NET ASSETS, END OF YEAR	<u>\$ 24,219,509</u>	<u>\$ 1,196,500</u>		<u>\$ 1,681,805</u>
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS.			<u>42,102</u>	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES			<u>\$ 1,126,412</u>	

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	UTILITY	SANITATION	TOTAL	ACTIVITIES -
	FUND	FUND		INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	\$ 3,835,864	\$ 1,324,772	\$ 5,160,636	\$ 322,126
PAYMENTS TO SUPPLIERS	(1,276,917)	(713,529)	(1,990,446)	(54,487)
PAYMENTS TO EMPLOYEES	(756,549)	(196,270)	(952,819)	(64,143)
OTHER RECEIPTS (PAYMENTS)	(8,531)	(1,701)	(10,232)	24,674
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,793,867	413,272	2,207,139	228,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
TRANSFERS FROM OTHER FUNDS	1,539	0	1,539	0
TRANSFERS TO OTHER FUNDS	(393,800)	(89,000)	(482,800)	0
NET CASH PROVIDED (USED BY) NONCAPITAL FINANCING ACTIVITIES	(392,261)	(89,000)	(481,261)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
PURCHASES OF PROPERTY, PLANT & EQUIPMENT	(1,358,846)	(195,613)	(1,554,459)	(319,834)
PROCEEDS FROM SALE OF FIXED ASSETS	0	2,823	2,823	0
CAPITAL GRANT RECEIPTS	1,240,431	0	1,240,431	0
PROCEEDS OF LONG-TERM DEBT	0	0	0	0
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	(603,505)	(34,638)	(638,143)	0
INTEREST PAYMENTS ON LONG-TERM DEBT	(473,640)	(5,028)	(478,668)	0
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,195,560)	(232,456)	(1,428,016)	(319,834)
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPT OF INTEREST AND DIVIDENDS	63,356	3,787	67,143	10,308
NET CASH PROVIDED BY INVESTING ACTIVITIES	63,356	3,787	67,143	10,308
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	269,402	95,603	365,005	(81,356)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,819,579	720,125	5,539,704	1,258,913
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,088,981	\$ 815,728	\$ 5,904,709	\$ 1,177,557
CLASSIFIED AS:				
UNRESTRICTED	\$ 3,109,200	\$ 815,728	\$ 3,924,928	\$ 1,177,557
RESTRICTED	1,979,781	0	1,979,781	0
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,088,981	\$ 815,728	\$ 5,904,709	\$ 1,177,557

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL SERVICE FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 291,131	\$ 366,239	\$ 657,370	\$ 124,409
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION EXPENSE	1,231,477	70,583	1,302,060	102,157
(INCREASE) DECREASE IN				
ACCOUNTS RECEIVABLE	16,967	0	16,967	0
DUE FROM OTHER GOVERNMENTS	0	(8)	(8)	0
INVENTORIES	1,361	0	1,361	1,865
PREPAID ITEMS	(7,328)	5,657	(1,671)	0
INCREASE (DECREASE) IN				
ACCOUNTS PAYABLE	5,779	(31,165)	(25,386)	127
ADVANCE FROM OTHER FUNDS	(6,319)	0	(6,319)	0
ACCRUED WAGES PAYABLE	2,455	1,143	3,598	264
ACCRUED PAYROLL LIABILITIES	370	183	553	43
OTHER CURRENT LIABILITIES	18,195	(75)	18,120	(439)
METER DEPOSITS	(6,250)	0	(6,250)	0
ACCRUED COMPENSATED ABSENCES	(4,525)	715	(3,810)	(256)
OTHER LONG-TERM LIABILITIES	250,554	0	250,554	0
TOTAL ADJUSTMENTS	1,502,736	47,033	1,549,769	103,761
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,793,867	\$ 413,272	\$ 2,207,139	\$ 228,170

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF FIDUCIARY NET ASSETS
 SEPTEMBER 30, 2009

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS			
POOLED CASH	\$ 8,865	\$ 156,222	\$ 27,759
INVESTMENT IN DEBT SECURITIES	9,262	2,722,935	0
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	3,549,350	0
ACCOUNTS RECEIVABLE	<u>0</u>	<u>42,313</u>	<u>0</u>
TOTAL ASSETS	\$ 18,127	\$ 6,470,820	\$ 27,759
LIABILITIES AND FUND BALANCE			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 3,125
OTHER CURRENT LIABILITIES	<u>4,644</u>	<u>2,985</u>	<u>24,634</u>
TOTAL LIABILITIES	4,644	2,985	\$ 27,759
NET ASSETS			
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	<u>13,483</u>	<u>6,467,835</u>	
TOTAL NET ASSETS	\$ 13,483	\$ 6,467,835	

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	PRIVATE PURPOSE <u>TRUST FUNDS</u>	PENSION TRUST <u>FUNDS</u>
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER	\$ 0	\$ 187,821
PLAN MEMBERS	0	32,262
OTHER	<u>0</u>	<u>285,495</u>
TOTAL CONTRIBUTIONS	<u>0</u>	<u>505,578</u>
INVESTMENT EARNINGS		
NET INCREASE (DECREASE) IN FAIR VALUE	(111)	746,168
GAIN (LOSS) ON SALE OF INVESTMENTS	0	(785,455)
INTEREST/DIVIDENDS	<u>78</u>	<u>204,898</u>
TOTAL INVESTMENT EARNINGS	<u>(33)</u>	<u>165,611</u>
CHARGES FOR SERVICES		
	<u>34,250</u>	<u>0</u>
MISCELLANEOUS REVENUES		
	<u>0</u>	<u>3,364</u>
TOTAL ADDITIONS	<u>34,217</u>	<u>674,553</u>
DEDUCTIONS		
BENEFIT PAYMENTS	30,029	287,706
ADMINISTRATIVE EXPENSES	<u>0</u>	<u>88,319</u>
TOTAL DEDUCTIONS	<u>30,029</u>	<u>376,025</u>
CHANGE IN NET ASSETS	4,188	298,528
NET ASSETS, BEGINNING OF YEAR	<u>9,295</u>	<u>6,169,307</u>
NET ASSETS, END OF YEAR	<u>\$ 13,483</u>	<u>\$ 6,467,835</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE A – REPORTING ENTITY

The City of Brooksville is an incorporated municipality, established in 1880, when the officers of the Town of Brooksville adopted ordinances declaring administrative and criminal laws. In 1931 the legislature of the State of Florida approved the Proposed Home Rule Charter for the City of Brooksville as contained in Chapter 15103 of the 1931 Acts of Florida. This chapter legalized and validated the charter election, which was held in the City on April 21, 1931. The City operates under a City Council-Manager form of government and provides the following municipal services: general administrative, public safety, permitting and zoning, development, public improvements, recreation, water and sewer, sanitation and cemetery services.

The accompanying financial statements are prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the City's accounting policies are described below.

As required by the Governmental Accounting Standards Board (GASB), these financial statements include the Council (the primary government) and its component units, entities for which the Council is considered to be financially accountable. The Council is financially accountable if (a) it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Council; (b) the organization is fiscally dependent upon the Council; or (c) it would cause the financial statements to be misleading by excluding the organization.

The reporting entity's financial statements should allow users to distinguish between the primary government (the Council) and its component units. However, some component units, because of the closeness of their relationships with the Council should be blended as though they were part of the City. Otherwise, component units should be discretely presented. To accomplish this goal, the City's financial statements present the fund types of the City, including component units that have been blended.

City of Brooksville Community Redevelopment Agency

The City of Brooksville Community Redevelopment Agency (CRA), a public body corporate and politic created pursuant to Florida Statutes, Section 163.356 was created to oversee and implement the City's redevelopment plan and to supervise and control the expenditures of tax increment financing funds placed in the Community Redevelopment Area Trust Fund. The members of the City Council serve as the members of the CRA Board and approve the annual budget. The CRA satisfies the criteria in GASB 14 for blending and is reported as a Special Revenue Fund of the City. The CRA must be treated as a major fund, pursuant to Florida Statutes, Section 163.387(8).

Brooksville Housing Authority

The Brooksville Housing Authority has not been included as part of the City for financial statement purposes. The governing board is selected by the City Council, but then the governing board is responsible for the hiring and firing of management; the budget, which is then approved by the federal government; and all fiscal matters. The City has no responsibility for any surplus or deficits of the Brooksville Housing Authority.

Brooksville Fire District

The Brooksville Fire District was created by action of City Council on November 15, 2004. The members of the City Council serve as the members of the Brooksville Fire District Board. However, at this time the Fire District is not assessing fees to District residents. No annual budget has been approved and no revenues or expenses have occurred since the creation of the District.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements – Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, public works, and general administrative services are classified as governmental activities. The City's water, sewer, and sanitation services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports functional categories of programs provided by the City and demonstrates how and to what degree those programs are supported by specific revenue. The "Expenses" column reports direct expenses that are clearly identifiable with a specific function or program. "Program Revenues" are directly attributable to a specific function or program and are categorized as charges for services, operating grants and contributions, and capital grants and contributions. The net of program expenses less program revenues reflects the net cost of each function or program. The general revenues section includes revenues that are not program specific such as taxes and investment earnings.

As a general rule, the effect of interfund balances and transfers have been removed from the government-wide financial statements, except for the residual amounts between governmental and business-type activities reported as "internal balances", which are eliminated in the total column. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund 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 funds of the City are divided into three categories: governmental, proprietary and fiduciary.

The emphasis in fund financial statements is on the major funds, as defined by GASB, in either the governmental or business-type activities categories. The nonmajor funds are combined in a column in the fund financial statements.

The City operates the following major governmental funds:

Government Funds

Government funds are used to account for all or most of a government's general activities. The City operates the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Government Funds (Continued)

- The **City of Brooksville Community Redevelopment Agency**, a special revenue fund, accounts for expenditures associated with oversight and implementation of the City's redevelopment plan and control of the expenditures of tax increment financing funds placed in the City of Brooksville Community Redevelopment Agency.

Proprietary Funds

Proprietary funds are used to account for a government's ongoing activities, which are similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The City reports the following major proprietary funds:

- The **Water and Sewer Utility Fund** accounts for the fiscal activity of providing water and wastewater services to residential and commercial customers.
- The **Sanitation Fund** accounts for the fiscal activity of providing collection and disposal of solid waste to residential and commercial customers.

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

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal service (vehicle maintenance) are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City activities or obligations. As a result, they are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its governmental activities, business-type activities and proprietary operations, but has elected not to apply FASB pronouncements issued after November 30, 1989.

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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The modified accrual basis of accounting is followed by governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Expenditures are recorded when the related fund liability has been incurred except for (1) principal and interest on long-term debt, which is recorded when due, and (2) the noncurrent portion of accrued vacation and sick leave.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net Assets is segregated into three components: invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets.

The Fiduciary Funds consist of pension trust, private-purpose trust and agency funds. Pension trust and private-purpose trust funds are prepared on a full accrual basis, which is a flow of economic resources measurement focus. Agency funds are also prepared on a full accrual basis, but do not have a measurement focus.

Budgets and Budgetary Accounting

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements:

1. All funds have legally adopted annual budgets. Prior to the inception of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. City policy permits amendments to the budget during the fiscal year and subsequent to year-end.
5. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are principally prepared on the modified accrual basis of accounting. Encumbrances, which do not lapse at the end of a fiscal year, are carried over to the next fiscal year.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities under generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowances For Uncollectibles

The City calculates its allowances for uncollectibles using historical collection data, specific account analysis and management's judgment.

Investments

All investments, except non-participating investments, (i.e., certificates of deposits, and repurchase agreements), and investments in the "2a-7 like external investments pools" are reported at fair value.

Inventories

Supplies inventories are valued at cost on a first-in, first-out basis. Supplies inventory consists of supplies held for consumption that are expensed at the time of consumption, rather than at the time a liability is incurred.

Confiscated property inventory is valued at estimated fair market value at the date confiscated. Confiscated property inventory consists of tangible property confiscated from persons due to the properties' connection to alleged illegal activity.

Prepaid Items

Payments made to vendors in the governmental funds for services that will benefit periods beyond September 30th are recorded as prepaid items. Prepaid expenses in the enterprise funds are reported on the accrual basis and are expensed as the related benefits expire.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value on date of donation. Capital assets in the Proprietary Funds are stated at cost for all assets purchased subsequent to June 30, 1971. For those fixed assets purchased prior to June 30, 1971, an appraisal of the estimated cost of these assets was performed as of that date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Utility Plant in Service	20 – 40 years
Equipment	5 – 10 years
Infrastructure	10 – 50 years

The City is not required to report infrastructure assets acquired prior to October 1, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. As infrastructure is added, the assets are capitalized and depreciated appropriately.

Compensated Absences

City employees accumulate vacation pay in varying amounts as services are provided. All outstanding vacation time is payable upon termination of employment.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Additionally, City employees accumulate sick leave in varying amounts as services are provided. Effective with the first pay period each October, employees are given the option to convert up to fifty percent (50%) of the unused sick leave earned for the previous twelve (12) months to cash payment based upon the employee's then current rate of pay. The remaining balance is accrued for the employee's use. Upon separation or retirement of employment with the City, the balance of unused sick leave has no value.

The cost of accumulated vacation and sick leave pay expected to be paid in the future is accounted for as a liability in the government-wide financial statements.

Restricted Net Assets

In accordance with applicable covenants of certain enterprise fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted to the extent of customers' deposits and unexpended bond proceeds. Net Assets have been reserved for the excess of restricted assets over related liabilities where appropriate.

Reserved and Designated Fund Balance

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate tentative plans for financial resource utilization in a future period.

Statement of Cash Flows

For purposes of the statements of cash flows, the City has included checking accounts, certificates of deposit, and cash on hand as part of cash and cash equivalents. Cash equivalents are defined as those with original maturities of 90 days or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

NOTE C – CASH AND INVESTMENTS

Cash Deposits

As of September 30, 2009, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans, and limit local government deposits to "authorized depositories." Therefore, all cash deposits held by banks can be classified as fully insured.

Restricted Cash

Customer deposits, renewal and replacement and debt retirement funds are shown as restricted cash due to the legal limitations imposed on them.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

The City's investment policy allows the City to invest surplus money in instruments provided by Florida Statutes Chapter 218.40 – 218.415. Among them are:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act, as provided in Section 163.01, Florida Statutes;
- b. Savings accounts in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes;
- c. Certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes;
- d. Direct obligations of the U.S. Treasury;
- e. Federal Agencies and instrumentalities;
- f. Repurchase Contracts secured by U.S. Treasury or U.S. Government Agency Securities when market value shall be not less than 5% more than the amount of the contract. The 5% margin shall be maintained for the term of the contract. If the market value falls below the 5% margin, the issuer of the contract shall pledge additional collateral to restore the margin.

City ordinance authorizes investments for the pension trust funds, as follows:

- a. Annuity and life insurance contracts;
- b. Time and savings accounts of National Bank and a State of Florida bank insured by FDIC;
- c. Obligations of the United States;
- d. State and local government bonds (as restricted); and
- e. Corporate stocks and bonds (as restricted).

Pension trust fund investments are made up primarily of trust company and equity funds (bank common funds). The investments are insured or registered securities that are held by the City or its agent, in the City's name. As of September 30, 2009, pension trust fund investments totaled \$6,428,507.

The following schedule reflects cash, demand deposits and investments on hand at September 30, 2009:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Unrestricted			
Cash	\$ 4,175	\$ 0	\$ 4,175
Checking Accounts	751,433	36,624	788,057
Certificate of Deposit	2,029,042	0	2,029,042
Local Government Surplus Trust Fund	4,141,440	9,262	4,150,702
Federated	2,921,933	0	2,921,933
Savings Account	<u>8,772</u>	<u>0</u>	<u>8,772</u>
Total	<u>\$9,856,795</u>	<u>\$45,886</u>	<u>\$9,902,681</u>

CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE C – CASH AND INVESTMENTS (CONTINUED)

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Restricted			
Checking Accounts	\$ 467,519	\$ 0	\$ 467,519
Local Government Surplus Trust Fund	<u>638,652</u>	<u>0</u>	<u>638,652</u>
	1,106,171	0	1,106,171
U.S. Government Agencies	<u>885,438</u>	<u>0</u>	<u>885,438</u>
Total	<u>\$1,991,609</u>	<u>\$ 0</u>	<u>\$1,991,609</u>

Investments listed above as U.S. Government Agencies consist of variable rate bonds held with the Florida Municipal Investment Trust. As of September 30, 2009, the fair value and maturities of these securities are as follows:

	Fair Value	Maturity 0 - 2 Years	Maturity 1 – 3 Years
U.S. Government Agencies	<u>\$885,438</u>	<u>\$597,542</u>	<u>\$287,896</u>

Interest Rate Risk

To mitigate interest rate risk, the City's investment policy requires that the investment portfolio structure maturities to the City's cash needs for ongoing operations and that operating funds be invested primarily in short-term securities. Of the City's investments outstanding at year-end, all of them have maturities of less than one year. The City's policy requires that investments have maturities no greater than five years.

Credit Risk

To mitigate credit risk, the City primarily invests in U.S. government securities and the State of Florida local government surplus trust fund pool. Money market accounts are held with qualified public depositories who meet the State of Florida requirements.

Custodial Risk

To mitigate custodial risk, broker/dealers must meet established capital requirements as set forth by the Securities Exchange Commission, be registered in the State of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the City's investment policy, and provide a copy of most recent audit report.

Concentration of Credit Risk

The City's investment policy requires that investments be diversified by security type and institution. Approximately 8% of the City's investments are in Florida Municipal Investment Trust. The 0-2 Year High Quality Bond Fund is currently rated AAf/S1 by Standard & Poor's (S&P) and the 1-3 Year High Quality Bond Fund is currently rated AAf/V2 by Fitch's. Approximately 28% of the City's investments are in Federated Investors, Inc., which are currently rated AAf by S&P's, AAf by Fitch's, and Aaa by Moody's Rating Agency.

The Local Government Surplus Trust Fund Investment Pools ("LGIP") are currently rated as AAf by the S&P rating agency and the Local Government Surplus Trust Fund "Fund B" was not rated by a nationally recognized statistical rating agency as of September 30, 2009. Within Fund B, an AAf rated money market fund is utilized as a cash reservoir to hold principal and interest payments from the Fund B securities and to earn interest on those monies prior to monthly sweeps from participants' Fund B balances into their LGIP (formerly Fund A) accounts.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE D – UTILITY FUND

Revenue Bonds Payable

In February 1992, the City issued \$6,915,000 in Water and Sewer Refunding Bonds to advance refund the outstanding 1988B and 1988C Series bonds.

In December 1999, the City issued \$6,680,000 in Water and Sewer Revenue Bonds for the purpose of providing a part of the funds required to retire a non-revolving credit line. The City had used the proceeds from the non-revolving credit line to provide part of the funding for the construction of a new wastewater treatment plant and transmission lines.

In November 2002, the City issued \$6,610,000 in Water and Sewer Revenue Refunding Bonds to currently refund all outstanding 1988A and 1992 Series bonds, to finance the costs of issuance and pay insurance premiums for a municipal bond insurance policy as well as a reserve insurance policy.

The Series 1999 bonds are payable solely from and secured by the Net Revenues of the Water and Sewer System. The Series 2002 bonds are payable from and secured by a first lien upon and pledge of the Net Revenues of the Water and Sewer System. The Series 2002 lien is on a parity and equal status with the Series 1999 bonds.

Interest on the 1999 bonds is payable annually on September 1 of each year. The bonds carry an interest rate of 3.25%. Bonds maturing on or before September 1, 2008, are not subject to redemption prior to their respective dates of maturity. Bonds maturing September 1, 2009, and thereafter may be redeemed prior to maturing on September 1, 2008, or any subsequent interest date, at the option of the City at par plus accrued interest. If the bonds are redeemed on September 1, 2008 to September 1, 2009, or September 1, 2010 to September 1, 2011, 2% or 1% premiums, respectively, will be added to the redemption price.

Interest on the 2002 bonds is payable semi-annually, on April 1 and October 1 of each year. The bonds carry interest rates varying from 2.50% to 4.60%, depending upon maturity date. Bonds maturing prior to October 1, 2013 shall not be subject to redemption prior to maturity. Bonds maturing on October 1, 2013 or thereafter may be redeemed prior to maturing on October 1, 2012, or any date thereafter, at the option of the City at a stated redemption price plus accrued interest.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE D – UTILITY FUND (CONTINUED)

The following is a summary of the required debt service payments for the fiscal years ended September 30:

	<u>1999 Issue</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 118,000	\$ 190,385	\$ 308,385
2011	121,000	186,550	307,550
2012	127,000	182,618	309,618
2013	131,000	178,490	309,490
2014	134,000	174,233	308,233
2015	139,000	169,878	308,878
2016	144,000	165,360	309,360
2017	147,000	160,680	307,680
2018	153,000	155,903	308,903
2019	158,000	150,930	308,930
2020	163,000	145,795	308,795
2021	168,000	140,498	308,498
2022	173,000	135,038	308,038
2023	179,000	129,415	308,415
2024	186,000	123,598	309,598
2025	191,000	117,553	308,553
2026	198,000	111,345	309,345
2027	205,000	104,910	309,910
2028	211,000	98,248	309,248
2029	218,000	91,390	309,390
2030	225,000	84,305	309,305
2031	231,000	76,993	307,993
2032	238,000	69,485	307,485
2033	246,000	61,750	307,750
2034	254,000	53,755	307,755
2035	263,000	45,500	308,500
2036	271,000	36,953	307,953
2037	279,000	28,145	307,145
2038	289,000	19,078	308,078
2039	<u>298,000</u>	<u>9,685</u>	<u>307,685</u>
Totals	<u>\$5,858,000</u>	<u>\$3,398,466</u>	<u>\$9,256,466</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE D – UTILITY FUND (CONTINUED)

Revenue Bonds Payable (Continued)

	2002 Issue		Amortization of Deferred Loss	Total
	Principal	Interest		
2010	\$ 370,000	\$ 188,101	\$ 19,632	\$ 577,733
2011	385,000	173,464	19,632	578,096
2012	410,000	157,564	19,632	587,196
2013	425,000	140,439	19,632	585,071
2014	440,000	122,164	1,634	563,798
2015	460,000	103,039	0	563,039
2016	485,000	82,654	0	567,654
2017	510,000	60,825	0	570,825
2018	535,000	37,568	0	572,568
2019	<u>555,000</u>	<u>12,765</u>	<u>0</u>	<u>567,765</u>
Totals	<u>\$4,575,000</u>	<u>\$1,078,583</u>	<u>\$ 80,162</u>	<u>\$5,733,745</u>

The deferred loss on early retirement of debt represents the unamortized balance of the bond discount and bond issuance costs of the retired debt. As of the date of refunding, this unamortized total was \$215,947. The deferred amount is reflected in the accompanying financial statements as a decrease in the book value of the new debt. As required by generally accepted accounting principles, the deferral will be amortized over the original remaining life of the old debt on a straight-line basis. For the year ended September 30, 2009, amortization of \$19,632 has been charged to interest expense, leaving an unamortized balance of \$80,162.

The following is a reconciliation of total principal due on the Utility Revenue fund's bonds as of September 30, 2009 per the balance sheet and the preceding amortization schedule.

1999 Bonds – Principal Per Amortization Schedule	\$ 5,858,000
2002 Bonds – Principal Per Amortization Schedule	4,575,000
Unamortized Discount as of September 30, 2009	(1,135)
Unamortized Deferred Loss on Early Retirement of Debt as of September 30, 2009	<u>(80,162)</u>
Total Principal	10,351,703
Current Portion	<u>(488,000)</u>
Long-Term Portion	<u>\$ 9,863,703</u>

Bond debt activity for the fiscal year ended September 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$10,907,000	\$ 0	\$474,000	\$10,433,000	\$488,000
Less: deferred amounts:					
For issuance discounts (premiums)	(1,259)	0	(124)	(1,135)	0
On refunding – gain (loss)	<u>(99,794)</u>	<u>0</u>	<u>(19,632)</u>	<u>(80,162)</u>	<u>0</u>
Total bonds payable	<u>\$10,805,947</u>	<u>\$ 0</u>	<u>\$454,244</u>	<u>\$10,351,703</u>	<u>\$488,000</u>

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE D – UTILITY FUND (CONTINUED)

Hancock Bank Notes Payable

The notes payable included in Note G - Long-Term Liabilities as of September 30, consist of the following:

	<u>2009</u>
3.49% note payable to Hancock Bank; secured by and payable from the pledged funds; principal and interest payable in quarterly installments beginning November 15, 2008 until August 15, 2018	<u>\$1,429,150</u>

Below is a summary of scheduled debt service charges until maturity for the note payable.

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 137,633	\$ 48,089	\$ 185,722
2011	142,500	43,223	185,723
2012	147,539	38,184	185,723
2013	152,756	32,967	185,723
2014	158,157	27,566	185,723
2015 and Thereafter	<u>690,565</u>	<u>52,323</u>	<u>742,888</u>
	<u>\$1,429,150</u>	<u>\$242,352</u>	<u>\$1,671,502</u>

NOTE E – TRUST FUNDS

Firefighters' Retirement Trust Fund

The City provides a retirement plan covering substantially all full time firefighters employed by the City. The plan was amended and restated by Ordinance 525, adopted by City Council October 20, 2003. The plan is a defined benefit plan with actuarial valuations performed annually. The most recent valuation was done as of October 1, 2008.

Membership in the plan as of the date of the valuation was as follows:

Active employees	23
Service retirees	12
Beneficiaries	0
DROP retirees	0
Terminated Vested	6
Disability retirees	<u>1</u>
Total participants	<u>42</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE E – TRUST FUNDS (CONTINUED)

Following is a schedule of the City's and the State of Florida's annual contributions for the most recent valuation years:

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2008	\$245,722	\$165,511	\$98,795*	107.56%
2007	225,402	136,406	95,088*	102.70%
2006	199,876	120,301	95,088*	107.76%
2005	193,387	99,914	93,473	100.00%
2004	146,006	60,422	87,158*	101.08%
2003	102,122	26,884	85,243*	109.80%
2002	95,889	61,596	85,243*	153.13%
2001	89,562	25,878	80,419	118.69%

*"Frozen" per Chapter 175, Florida Statutes.

The following is a summary of eligibility, contribution methods, and benefit provisions.

Eligibility	Employees who are classified as full-time and volunteer firefighters shall participate in the System as a condition of employment
Vesting Schedule	100% after 10 years of credited service
Member Contributions	2.91% of salary effective 10/1/2008
Contribution rates as of plan year ended September 30, 2009	
City	23.3%
Employee	2.90%
State	13.7%
Normal Retirement Date	Earlier of age 60, age 55 and 10 years of credited service, or 20 years of credited service regardless of age
Benefit	3.1% of average final compensation times credited service
Form of Benefit	Ten year certain and life annuity (options available)
Early Retirement	
Eligibility	Age 50 and 10 years of credited service
Benefit	Accrued benefit, reduced 3% per year

Significant actuarial assumptions used to determine the pension benefit obligation include the following:

Investment rate of return	8.0%
Projected salary increase*	6.5%
*Includes inflation at	3.0%
Post retirement cost of living adjustment (age 55 to 65)	3.0%
Administrative expenses	\$18,001 annually

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE E – TRUST FUNDS (CONTINUED)

The funding activity of the Firefighters' Retirement Trust Fund for the current and preceding two years is as follows:

	September 30 2008	September 30 2007	September 30 2006
Annual required contribution:	\$146,927	\$130,314	\$ 104,788
Interest on net pension obligation (asset)	(4,805)	(4,238)	(2,973)
Adjustment to annual required contribution	<u>4,907</u>	<u>3,232</u>	<u>2,679</u>
Annual pension cost	147,029	129,308	104,494
Contributions made	<u>165,511</u>	<u>136,406</u>	<u>120,301</u>
Change in net pension obligation (asset)	(18,482)	(7,098)	(15,807)
Net pension obligation (asset)			
Beginning of year	<u>(60,067)</u>	<u>(52,969)</u>	<u>(37,162)</u>
Net pension obligation (asset) end of year	<u>\$(78,549)</u>	<u>\$(60,067)</u>	<u>\$(52,969)</u>

The following represents funding progress for the Firefighter's Retirement Trust Fund for the current and each of the three most recent actuarial valuations:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annualized Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/08	\$4,330,318	\$5,486,712	\$1,156,394	78.92%	805,384	143.58%
10/01/07	4,335,385	5,071,858	736,473	85.48%	721,491	102.08%
10/01/06	4,029,916	4,672,236	642,320	86.25%	676,103	95.00%
10/01/05	3,790,259	4,497,765	707,506	84.27%	603,701	117.19%
10/01/04	3,638,910	4,212,509	573,599	86.38%	447,703	128.12%
10/01/03	3,558,913	4,059,601	500,688	87.67%	520,010	96.28%
10/01/02	3,529,952	3,839,675	309,723	91.93%	490,491	63.15%
10/01/01	3,472,481	3,837,065	364,584	90.50%	449,732	81.07%

Police Retirement Chapter 185

The City Council adopted Ordinance No. 552 on December 18, 1995, providing for the establishment of a Chapter 185 Local Law Municipal Police Officers' Pension Trust Fund effective for all police officers hired after January 1, 1996. The plan was amended by Ordinance No. 552-A on July 1, 1996 and amended with Ordinance No. 770 on October 6, 2008. The plan is a defined benefit plan.

Membership of the plan consisted of the following at October 1, 2009 the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Terminated Vested	2
Active plan members	<u>21</u>
Total	<u>23</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE E – TRUST FUNDS (CONTINUED)

Police Retirement Chapter 185 (Continued)

Following is a schedule of the City's annual contributions:

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2009	\$282,618	100% (a)
2008	188,896	100% (a)
2007	180,894	100% (a)
2006	138,387	100% (a)
2005	145,651	100% (a)
2004	133,457	100% (a)
2003	99,188	100% (a)

(a) Plan drew required contribution from the surplus contribution account. This account now totals \$1,314,169.

The following is a summary of eligibility, contribution methods, and benefit provisions.

Eligibility: Employees who are classified as full-time Police Officers hired after January 1, 1996, shall participate in the system as a condition of employment

Vesting Schedule: 100% after 6 years of credited service

Member Contributions: All participants contribute 1% (before-tax) of salary

Contribution rates as
of plan year ended
September 30, 2009:

City	10.6%*
Plan Members	1.0%
State	21.5%

*The City has access to a contribution surplus account to assist in meeting the plan's minimum funding requirements. As a result, no contribution was made by the City during the year ended September 30, 2009.

Normal Retirement

Date Earlier of age 55 and 6 years of credited service or 20 years of credited service regardless of age

Benefit 4% of average final compensation times credited service

Form of Benefit Ten year certain and life annuity (options available)

Early Retirement

Date Age 50 and 6 years of credited service

Benefit Accrued benefit, reduced by 3% per year

Description of Valuation Method for Required Contribution:

The valuation method used to determine the required contribution is known as the "Aggregate Actuarial Cost" funding method. Under this method of actuarial valuation, the present value of benefits, less all assets, are equated to the present value of future employer contributions, and of future employee contributions, if any. The required contribution is then expressed as a percentage of current payroll.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE E – TRUST FUNDS (CONTINUED)

Police Retirement Chapter 185 (Continued)

Significant actuarial assumptions used to determine the pension obligation include the following:

Investment rate of return	7.5%
Projected salary increases*	Graduated
*Includes inflation at Post retirement cost of living adjustment (age 55 to 65)	3.75%
	3%

The funding activity of the Police Retirement for the current and preceding two years is as follows:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/09	133,434	100%	0
9/30/08	8,596	100%	0
9/30/07	594	100%	0

For more information pertaining to the Firefighters' Retirement Plan and the Police Retirement Plan refer to the City of Brooksville, Florida's stand alone financial statements for each plan, which can be obtained by contacting the City of Brooksville, Finance Department, 201 Howell Avenue, Brooksville, Florida 34601-2041.

Health Reimbursement Account (HRA) Fund

Effective October 1, 2008, the City established a HRA Fund in the Trust and Agency Funds in order to pay the annual HRA reimbursement to eligible employees. The annual maximum reimbursement is \$500 for each eligible employee; however, the employee must provide receipts of out of pocket medical expenses in order to receive reimbursement. The City has been providing an HRA benefit for a number of years; however, the HRA benefit was charged to an expense account in each Department. Based on the 2008 - 09 budget, monies are being transferred from each Department to the HRA Fund to reimburse employees directly out of the HRA Fund. In 2008 - 09, the City Funds (General Fund, Water & Sewer, and Solid Waste) transferred \$34,250 to the HRA Fund and the HRA Fund paid out to employees \$30,029. Reserve funds as accumulated will likely be used for health related initiatives for City employees based on direction from the City Manager and the City Council. Future budgets will likely have expenditures budgeted for those initiatives.

Donor Memorial Wall Trust Fund

In fiscal year 1993, a Donor Memorial Wall Trust Fund was established by Brooksville City Council action. This fund was established to account for the construction of a wall at the Brooksville Cemetery that would allow individuals and groups to memorialize deceased individuals by having the deceased individual's name permanently engraved upon the wall. The fund was designed so that all contributions collected for the memorializing of a deceased individual would be used only for construction and engraving cost. Any excess funds are to be classified as corpus and to remain perpetually intact, with interest income thereon going to the general fund.

During the fiscal year ended September 30, 2009, no money was collected for construction and engraving, nor was any money expended.

Cemetery Perpetual Care Fund

This Fund is used for the future maintenance and improvement of the Brooksville Cemetery. Since 2000 the City has budgeted an annual \$10,000 Transfer from our Cemetery Department to the Cemetery Perpetual Care Fund. In 2006 – 07, the general Fund borrowed \$29,460 to construct a Columbarium at the Cemetery. As of September 30, 2009, the balance remaining is \$21,369. The borrowed funds were paid back via Columbarium sales.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE F – RETIREMENT SYSTEM

Pursuant to Chapter 95-338, Laws of Florida, the City of Brooksville declared as its policy and purpose, a revocation of election to participate in the Florida Retirement System for all employees or officers hired on or after January 1, 1996. Effective January 1, 2002, the City elected to again participate in the Florida Retirement System for general employees and officers.

I. Plan Description

The Florida Retirement System (FRS) is a cost-sharing multiple-employer retirement plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida Legislature. Beginning in 2002, a defined contribution plan alternative to the existing defined benefit plan known as the Public employee Optional Retirement Program or the FRS Investment became available to FRS members.

II. Funding Policy

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (See below for current rates). Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption change, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount. Actuarial assumptions included (1) 7.75% investment rate of return; and (2) 6.25% projected salary increases.

Following is the schedule of funding progress for the entire FRS, presented for each of the three most recent actuarial valuations (000 omitted):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability(AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annualized Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2006	117,159,615	110,977,831	(6,181,784)	105.57%	25,327,922	(24.41%)
July 1, 2007	125,584,704	118,870,513	(6,714,191)	105.65%	26,385,768	(25.45%)
July 1, 2008	130,720,547	124,087,214	(6,633,333)	105.35%	26,891,340	(24.67%)

The City is required to contribute the following percentages of covered employees' gross earnings: 9.85% for regular employees; 20.92% for special risk employees; 16.53% for elected officials; 13.12% senior management service; and 10.91% for participants in the deferred retirement option ("DROP") program. These rates are established on a statewide basis and reflect changes effective July 1, 2009. Following is a summary of the City's annual contribution for the current and two preceding years; for each year, the City's actual contributions were equal to the required contributions.

2008-09	\$306,075
2007-08	\$330,492
2006-07	\$370,080

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE G –LONG-TERM LIABILITIES

The following is a summary of changes in Long-Term Liabilities:

Governmental Activities:

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009	Amounts Due Within One Year
Notes Payable	\$ 801,512	\$ 0	\$110,537	\$ 690,975	\$115,320
Bonds Payable	248,800	0	20,800	228,000	5,000
Accrued Compensated Absences	<u>148,466</u>	<u>44,446</u>	<u>28,415</u>	<u>164,497</u>	<u>28,001</u>
TOTAL	<u>\$1,198,778</u>	<u>\$44,446</u>	<u>\$159,752</u>	<u>\$1,083,472</u>	<u>\$148,321</u>

Included as part of the above totals for governmental activities are compensated absences for the internal service fund in the amount of \$1,872. For governmental activities, claims and judgments are typically liquidated by the general fund.

Business-Type Activities:

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009	Amounts Due Within One Year
Notes Payable	\$ 1,558,656	\$ 0	\$129,506	\$ 1,429,150	\$137,633
Bonds Payable	10,907,000	0	474,000	10,433,000	488,000
Capital Leases	144,451	0	34,638	109,813	19,472
Other Long-Term Liabilities	2,592,385	250,554	0	2,842,939	0
Accrued Compensated Absences	<u>24,950</u>	<u>564</u>	<u>4,374</u>	<u>21,140</u>	<u>4,186</u>
TOTAL	<u>\$15,227,442</u>	<u>\$251,118</u>	<u>\$642,518</u>	<u>\$14,836,042</u>	<u>\$649,291</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

In November 2006, the City issued \$258,800 in Capital Improvement Revenue Bonds, Series 2006 for the purpose of providing a part of the funds required to finance a part of the cost of acquiring and installing certain capital improvements to the City Hall Building and wastewater utility lift stations. The City established an advance between the General Fund and the Utility Fund for the Utility Fund's portion due for the cost of improvements at the wastewater utility lift stations. The balance of the advance at September 30, 2009 was \$120,057.

Interest on the 2006 bonds is payable annually on September 1 of each. The bonds carry an interest rate of 4.125%. Bonds maturing on or before September 1, 2015 are not subject to redemption prior to their respective stated dates of maturity. Bonds maturing September 1, 2016 and thereafter shall be redeemable, at the option of the Issuer, in whole or in part, in inverse numerical and maturity order, on September 1, 2015 or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the par value of the Bonds so redeemed, if redeemed in the following years:

- | | |
|----|---|
| 5% | if redeemed on September 1, 2015 or thereafter, to and including September 1, 2018; |
| 4% | if redeemed on September 1, 2019 or thereafter, to and including September 1, 2022; |
| 3% | if redeemed on September 1, 2023 or thereafter, to and including September 1, 2026; |
| 2% | if redeemed on September 1, 2027 or thereafter, to and including September 1, 2030; |
| 1% | if redeemed on September 1, 2031 or thereafter, to and including September 1, 2034; |

Without premium, if redeemed on September 1, 2035 or thereafter, but prior to maturity.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of the required debt service payments for the fiscal years ended September 30:

	<u>2006 Issue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,000	\$ 9,405	\$ 14,405
2011	6,000	9,199	15,199
2012	6,000	8,951	14,951
2013	6,000	8,704	14,704
2014	6,000	8,456	14,456
2015	7,000	8,209	15,209
2016	7,000	7,920	14,920
2017	7,000	7,631	14,631
2018	7,000	7,343	14,343
2019	8,000	7,054	15,054
2020	8,000	6,724	14,724
2021	8,000	6,394	14,394
2022	9,000	6,064	15,064
2023	9,000	5,693	14,693
2024	9,000	5,321	14,321
2025	10,000	4,950	14,950
2026	10,000	4,538	14,538
2027	11,000	4,125	15,125
2028	11,000	3,671	14,671
2029	12,000	3,218	15,218
2030	12,000	2,723	14,723
2031	13,000	2,228	15,228
2032	13,000	1,691	14,691
2033	14,000	1,155	15,155
2034	<u>14,000</u>	<u>578</u>	<u>14,578</u>
Totals	<u>\$228,000</u>	<u>\$141,945</u>	<u>\$369,945</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

The notes payable included in long-term liabilities as of September 30, consist of the following:

	<u>2009</u>
3.94% note payable to SunTrust Bank; secured by electric franchise fees; interest payable in semiannual installments beginning January 1, 2004 until July 1, 2011; principal payable in annual installments beginning July 1, 2004 until July 1, 2011.	\$162,813
4.23% note payable to SunTrust Bank; interest only payable for the first two quarters; principal and interest payable quarterly beginning July 26, 2007 until May 10, 2021; used to purchase a 2007 Sutphan Fire Aerial Platform Truck with a book value of \$619,577.	<u>528,162</u>
TOTAL	<u>\$690,975</u>

Below is a summary of scheduled debt service charges until maturity for the notes payable.

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$115,320	\$ 28,185	\$143,505
2011	120,004	23,514	143,518
2012	38,616	18,653	57,269
2013	40,276	16,993	57,269
2014	42,006	15,263	57,269
2015 and Thereafter	<u>334,753</u>	<u>51,711</u>	<u>386,464</u>
	<u>\$690,975</u>	<u>\$154,319</u>	<u>\$845,294</u>

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

LEASES PAYABLE

Business-Type Activities – Sanitation Fund

The following is a summary of Capital Leases Payable at September 30, 2009:

3.00% lease for a sanitation truck with cost basis of \$141,926 and accumulated depreciation of \$77,256; lease expires May 2009; quarterly payments are \$7,668.

3.98% lease for a Peterbilt sanitation truck with cost basis of \$148,470 and accumulated depreciation of \$30,931; lease expires September 2014; quarterly payments are \$6,082.

Minimum future lease payments as of September 30, 2009 are as follows:

Year Ended September 30	Total
2010	\$ 24,329
2011	24,329
2012	24,329
2013	24,329
2014	<u>24,329</u>
Total Minimum Lease Payments	121,645
Less Amount Representing Interest	<u>(11,832)</u>
Present Value of Minimum Lease Payments	<u>\$109,813</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE H – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2009 is as follows:

	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2009</u>
Governmental Activities:				
Non-Depreciable:				
Land	\$1,468,193	\$ 0	\$ 0	\$1,468,193
Construction in Progress	2,468,332	12,100	0	2,480,432
Construction in Progress (I/S Fund)	<u>37,722</u>	<u>0</u>	<u>0</u>	<u>37,722</u>
Total Non-Depreciable	<u>3,974,247</u>	<u>12,100</u>	<u>0</u>	<u>3,986,347</u>
Depreciable:				
Buildings	2,639,962	20,612	0	2,660,574
Improvements Other Than Buildings	3,361,375	444,146	0	3,805,521
Machinery & Equipment	2,499,187	23,897	190,065	2,333,019
Machinery & Equipment (I/S Fund)	<u>926,588</u>	<u>319,834</u>	<u>97,181</u>	<u>1,149,241</u>
Total Machinery & Equipment	3,425,775	343,731	287,246	3,482,260
Total Depreciable	<u>9,427,112</u>	<u>808,489</u>	<u>287,246</u>	<u>9,948,355</u>
Less Accumulated Depreciation				
Buildings	1,018,497	81,007	0	1,099,504
Improvements Other Than Buildings	1,410,900	134,939	0	1,545,839
Machinery & Equipment	1,574,654	120,651	148,140	1,547,165
Machinery & Equipment (I/S Fund)	<u>672,270</u>	<u>102,158</u>	<u>97,182</u>	<u>677,246</u>
Total Machinery & Equipment	2,246,924	222,809	245,322	2,224,411
Total Accumulated Depreciation	<u>4,676,321</u>	<u>438,755</u>	<u>245,322</u>	<u>4,869,754</u>
Net Book Value	<u>4,750,791</u>	<u>369,734</u>	<u>41,924</u>	<u>5,078,601</u>
Governmental Activities Capital Assets, Net	<u>\$8,725,038</u>	<u>\$381,834</u>	<u>\$41,924</u>	<u>\$9,064,948</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE H – CAPITAL ASSETS (CONTINUED)

	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2009</u>
Business-type Activities (includes Utility & Sanitation)				
Non-Depreciable				
Land	\$1,011,351	\$ 184,582	\$ 0	\$ 1,195,933
Construction in Progress	<u>4,935,399</u>	<u>1,191,890</u>	<u>367,715</u>	<u>5,759,574</u>
Total Non-Depreciable	<u>5,946,750</u>	<u>1,376,472</u>	<u>367,715</u>	<u>6,955,507</u>
Depreciable				
Buildings	256,002	0	0	256,002
Improvements Other Than Buildings	37,878,731	367,715	0	38,246,446
Machinery & Equipment	<u>2,635,842</u>	<u>195,616</u>	<u>129,204</u>	<u>2,702,254</u>
Total Depreciable	<u>40,770,575</u>	<u>563,331</u>	<u>129,204</u>	<u>41,204,702</u>
Less Accumulated Depreciation				
Buildings	144,282	5,729	0	150,011
Improvements Other Than Buildings	10,643,762	1,165,290	0	11,809,052
Machinery & Equipment	<u>1,908,141</u>	<u>131,044</u>	<u>129,204</u>	<u>1,909,981</u>
Total Accumulated Depreciation	<u>12,696,185</u>	<u>1,302,063</u>	<u>129,204</u>	<u>13,869,044</u>
Net Book Value	<u>28,074,390</u>	<u>(738,732)</u>	<u>0</u>	<u>27,335,658</u>
Business-Type Activities Capital Assets, Net	<u>\$34,021,140</u>	<u>\$ 637,740</u>	<u>\$367,715</u>	<u>\$34,291,165</u>
Depreciation expense was charged to the functions of the primary government as follows:				
General Government				\$ 46,345
Public Safety				207,419
Physical Environment				63,745
Culture and Recreation				105,482
Transportation				<u>15,763</u>
Total depreciation for governmental activities				<u>\$ 438,754</u>
Business-type activities:				
Utility Fund				\$1,231,477
Sanitation Fund				<u>70,583</u>
Physical Environment				<u>\$1,302,060</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE I – INTERFUND TRANSACTIONS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2009:

General Fund	\$168,082
Nonmajor Governmental Funds	<u>21,369</u>
TOTAL	<u>\$189,451</u>

Due to Other Funds

The balances due to other funds were as follows at September 30, 2009:

General Fund	\$ 21,369
Nonmajor Governmental Funds	<u>168,082</u>
Total	<u>\$189,451</u>

The balance advanced to other funds was as follows at September 30, 2009:

Advance to Other Funds	
General	<u>\$120,057</u>

The balance advanced from other funds was as follows at September 30, 2009:

Advance from Other Funds	
Utilities	<u>\$120,057</u>

Interfund receivables and payables represent recurring activities between funds as well as temporary deficit cash balances. All interfund payables are expected to be repaid within one year, with the exception of the advance due between the General and Utility Fund.

Interfund Transfers In/Transfers Out

Individual interfund transfers were as follows for the fiscal year ended September 30, 2009:

	Transfer In	Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 759,359	\$ 220,141
Utility Fund	1,539	393,800
Sanitation Fund	0	89,000
Nonmajor Governmental Funds	273,128	331,085
Internal Service Fund	<u>0</u>	<u>0</u>
Total Transfers In/Transfers Out	<u>\$1,034,026</u>	<u>\$1,034,026</u>

Transfers between funds are primarily to move unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE J – CURRENT YEAR DEFICITS

OPERATING DEFICITS

For the year ended September 30, 2009, expenditures and other financing uses exceeded revenues and other financing sources in the following funds:

	<u>Amount of Excess</u>
<u>General Fund</u>	\$384,972
<u>Special Revenue</u>	
Law Enforcement Trust Fund	10,809
Local Option Gas Tax	5,883
Good Neighbor Trail Project	69,377
Major Storm Readiness	385
Police Grants and Donations	1,210
CDBG Community Redevelopment	128,368
<u>Capital Project Funds</u>	
McKethan Park	27,231
Public Facilities R&M	20,116
Capital Improvement Bond and Interest Sinking Fund	1,339
<u>Private Purpose Trust Funds</u>	
Butterwreck Bond Fund	8
Donor Memorial Wall Fund	25

NOTE K – PROPERTY TAXES

Property tax collections, sales, and liens are governed by Chapter 197 of the Florida Statutes.

Assessed Value is established by the Property Appraiser as of January 1 for the subsequent fiscal year of the County for Tax Roll Preparation. Taxable Value is computed after deducting from Assessed Value various exemptions including governmental, educational, religious, health care and scientific properties and qualified exemptions. It is a Florida Constitutional Benefit that reduces a taxpayer's Assessed Value up to \$50,000. The \$50,000 is divided into two parts. The original \$25,000 Homestead applies to the first \$25,000 of Assessed Value and is deducted from all applicable Tax Authorities. The additional \$25,000 applies to the Assessed Value between \$50,000 and \$75,000 and is deducted from all applicable Taxing Authorities except the School District. There are also added exemptions if a taxpayer is a widow or disabled.

All property taxes are levied and become due and payable on November 1 of each year, and are delinquent on April 1 of the following year. Discounts are allowed for early payment of 4%, 3%, 2% and 1% in November through February, respectively. Delinquent taxes on real property may be paid after the date of delinquency but prior to the sale of a tax certificate by paying all taxes, costs, advertising charges, and interest of 18% per annum. For all real property with delinquent taxes, the Tax Collector advertises as required by Statute and sells tax certificates. All unsold certificates are issued to the County.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE K – PROPERTY TAXES (CONTINUED)

Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the Tax Collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate.

After taxes have been delinquent (April 1) for two years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same two years after taxes were due (November 1). All taxes imposed on any property become a first lien; superior to all other liens, as of January 1, of the year the taxes are levied.

NOTE L – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City operates two enterprise funds. One provides water and sewer services (Utility Fund), and one provides solid waste disposal services (Sanitation Fund). The City's Enterprise Funds are presented as major funds in the Basic Financial Statements. For this reason, segment information is not provided. Notes D and G provide details of the bonds and other long-term liabilities of the Enterprise Funds.

NOTE M – RESTRICTED ASSETS

As of September 30, 2009 restricted assets in the enterprise funds were held for the following purposes:

Utility Fund	
Debt Retirement	\$ 557,434
Renewal and Replacement	929,982
Customers' Meter Deposits	<u>492,365</u>
Total Utility Fund	<u>\$1,979,781</u>

NOTE N – FRANCHISE FEES

The City of Brooksville receives franchise fees from each of the following sources, which are included in tax revenues of the General Fund. Revenues received for the year ended September 30, 2009 were as follows:

Electricity: Florida Power	\$706,233
Telephone: Florida Telecommunication Franchise	\$495,665

NOTE O – RISK MANAGEMENT

The City's risk management activities are spread through several funds including the General, Utility, and Sanitation funds. Significant losses are covered by commercial insurance, workers' compensation, unemployment, and disability insurance. Settlement amounts have not exceeded insurance coverage for the current year or prior three years.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE P – WATER AND SEWER FUND OPERATIONS

As of September 30, 2009, the Utility Fund had 7,445 residential and commercial water connections including 610 that were inactive. They also had 5,721 residential and commercial sewer connections including 457 that were inactive.

The City carries such insurance as is ordinarily carried by private or public corporations owning and operating similar utilities. The City, in addition to general liability and personal liability for auto accidents and property damage of autos, buildings and equipment, carries an umbrella policy for an additional \$1,000,000. The City does not carry insurance against loss or damage to the Utility Fund's water meters, fire hydrants or water and sewer lines, but self-funds these expenses.

NOTE Q – IMPACT FEES

On September 20, 2005 the Hernando County Board of County Commissioners voted to extend the prepayment of impact fees from one (1) to three (3) years. County property owners were allowed to prepay their impact fees prior to an increase on July 5, 2005. County property owners who prepaid impact fees were given until June 2, 2008 to obtain a building permit. If a building permit was not pulled by June 2, 2008, the increased impact fees will be charged. Through Interlocal Agreement, the City opted to assess the same impact fees for roads, public buildings, police, fire, parks, and schools as Hernando County. As of September 30, 2009, the City has the following in prepaid impact fees: Road Impact Fees \$4,779; Public Building Impact Fees \$525; Police Impact Fees \$341; Fire Impact Fees \$230; and Parks Impact Fees \$428. The amounts are reflected as unearned revenues in the accompanying financial statements.

NOTE R – INTERNAL SERVICE FUNDS

The three Internal Service Funds are used for two purposes: maintenance and replacement. The Fleet Maintenance Fund provides maintenance and repairs to the City's vehicles and equipment. The Vehicle Replacement Fund and the Equipment Replacement Fund are used to accumulate funds in advance for the purchase of vehicles and equipment. The Vehicle Replacement Fund sets aside cash to purchase a portion of the City's future vehicles. These vehicles are also depreciated within this Fund. The Equipment Replacement Fund reserves cash to purchase equipment for the four General Fund departments or divisions which are Cemetery, Parks, Streets, and the Quarry Golf Course. As of September 30, 2009, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds are \$12,714, \$1,145,015, and \$19,828, respectively. Based on past Council direction, the Fleet Maintenance Fund balances are maintained between \$10,000 and \$15,000. If necessary, the annual payments for services transfers are adjusted to maintain adequate, but not excessive cash reserves in the Fleet Maintenance Fund.

The cash reserves are allocated among the City as follows:

	<u>Fleet Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Total</u>
General Fund	\$ 5,721	\$ 826,600	\$19,828	\$ 852,149
Utility Fund	1,780	98,694	0	100,474
Sanitation Fund	<u>5,213</u>	<u>219,721</u>	<u>0</u>	<u>224,934</u>
Total	<u>\$12,714</u>	<u>\$1,145,015</u>	<u>\$19,828</u>	<u>\$1,177,557</u>

The Utility and Sanitation Funds began participating in the Vehicle Replacement Program during the fiscal year ended September 30, 2004.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE R – INTERNAL SERVICE FUNDS (CONTINUED)

The General Fund cash reserves are allocated among the following departments:

	<u>Fleet Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Total</u>
Administration and Finance	\$ 130	\$ 75,670	\$ 0	\$ 75,800
Police	1,910	79,717	0	81,627
Fire	558	507,961	0	508,519
Streets	2,149	125,550	4,957	132,656
Parks	844	37,702	4,957	43,503
Cemetery	130	0	4,957	5,087
Quarry	<u>0</u>	<u>0</u>	<u>4,957</u>	<u>4,957</u>
Total	<u>\$5,721</u>	<u>\$826,600</u>	<u>\$19,828</u>	<u>\$852,149</u>

NOTE S – PRIOR YEAR COMPARISON INFORMATION

The following prior year comparison information is specifically provided for the use of the United States Department of Agriculture Rural Development Area Office located in Tavares, Florida.

	<u>2009</u>	<u>2008</u>
<u>General Fund</u>		
Total Assets	\$1,505,605	\$1,834,692
Total Liabilities	311,745	255,859
Total Fund Balance	1,193,860	1,578,833
Total Revenues	6,490,483	6,818,979
Total Expenditures	7,414,671	7,504,297
Excess (Deficiency) of Revenues over Expenditures	(924,188)	(685,318)
Total Other Financing Sources/(Uses)	539,216	724,093
Net Change in Fund Balance	(384,972)	38,776

Proprietary Funds

Enterprise Funds

Includes Utility and Sanitation Funds

	<u>2009</u>	<u>2008</u>
Total Current Assets	\$ 4,665,564	\$ 4,303,380
Total Non-Current Assets	36,433,772	36,095,714
Total Assets	41,099,336	40,399,094
Total Current Liabilities	359,880	360,172
Total Current Liabilities (Payable from Restricted Assets)	1,093,750	1,092,609
Total Non-Current Liabilities	14,229,697	14,614,621
Total Liabilities	15,683,327	16,067,402
Total Net Assets	25,416,009	24,331,692
Total Operating Revenues	4,889,141	4,925,893
Total Operating Expenses	4,231,771	4,239,391
Operating Income	657,370	686,502
Total Nonoperating Revenues (Expenses)	(410,313)	(377,079)
Income before Contributions and Transfers	247,057	309,423
Total Contributions and Transfers	837,253	(165,717)
Change in Net Assets	1,084,310	143,706

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE S – PRIOR YEAR COMPARISON INFORMATION (CONTINUED)

<u>Internal Service Funds</u>	<u>2009</u>	<u>2008</u>
Total Current Assets	\$1,182,105	\$1,264,679
Total Non-Current Assets	509,717	292,039
Total Assets	1,691,822	1,556,718
Total Current Liabilities	8,144	8,149
Total Non-Current Liabilities	1,873	2,129
Total Liabilities	10,017	10,278
Total Net Assets	1,681,805	1,546,440
Total Operating Revenues	346,800	163,921
Total Operating Expenses	222,391	249,639
Operating (Loss) Income	124,409	(85,718)
Total Nonoperating Revenues (Expenses)	10,955	31,108
Income (Loss) before Contributions and Transfers	135,364	(54,610)
Total Contributions and Transfers	0	146,291
Change in Net Assets	135,364	91,681

NOTE T – COMMITMENTS AND CONTINGENCIES

Crescent Resources, LLC Bankruptcy and Affiliates (Hampton Ridge Developers, LLC and Landmar Group, LLC)

On June 10, 2009, Crescent Resources, LLC and certain affiliates (Hampton Ridge Developers, LLC and Landmar Group, LLC) filed a petition for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas. The developer of the Southern Hills Plantation is Hampton Ridge Developers. The City has a Development Agreement with Hampton Ridge Developers and the Development Agreement includes the expansion of the Cobb Road Wastewater Treatment Plant and the construction of Governor Boulevard to connect SR 50 with Southern Hills Boulevard.

Cobb Road Wastewater Treatment Plant Expansion and Commitment from Southern Hills Plantation/Hampton Ridge Developers LLC

The City has committed to reimburse \$2,575,000 of the estimated \$9,000,000 in costs to Hampton Ridge Developers, LLC (Southern Hills Plantation Development) for improvements to the City's Cobb Road Wastewater Treatment plant, also known as the Water Reclamation Facility (WRF) with about \$6,000,000 in sewer related costs being eligible for sewer impact fee credits. The Developer and the City agreed to construct additional waste water treatment capacity by doubling the size of the City's Cobb Road plant from 1.5 to 3.0 mgd. The Development Agreement amendments revised the original plan to build a .5 mgd plant on South Broad Street and instead to expand the existing Cobb Road facility. The Cobb Road WWTP expansion will also increase the reuse capacity from the earlier proposal amount of 0.5mgd to 3.0mgd. It is expected that the City will pay \$2,575,000 to the Developer by April 2012 when the plant upgrade is expected to be completed. The Developer and City have made direct purchases of equipment for the Wastewater Treatment plant that will be stored until actual construction begins. At this time, the agreement has not been modified, but modifications may be necessary due to bankruptcy of the Developer and the slowdown of the economy and the small number of building permits.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Levitt & Sons of Hernando County, LLC

Levitt & Sons of Hernando County, LLC, the Developer for the Cascades projects, filed for Chapter 11 Bankruptcy in November 2007 and abandoned the projects. Key Bank, N.A., the lien holder of the property, foreclosed on the lien and held the title to the Cascades property under its real estate holding company, OREO Corp. of Ohio. The project is currently subject to litigation in the matters styled *Westchester Fire Insurance Company v. City of Brooksville* and *City of Brooksville v. Bond Safeguard Insurance Company*. This relates to the performance and payment bonds which secure the various public works improvements required for final plat approval including roads and water and sewer lines. On July 31, 2009, the property was purchased by a development company known as CASHP2 LLC.

Southern Hills Plantation/Hampton Ridge Developers, LLC Impact Fee Credits

Acceptance of the Southern Hills Plantation specified roads, right-of-ways, and water and sewer improvements are ongoing as various phases are completed. The City has approximately \$2.9 million booked as water and sewer impact fee credits to the Developer.

Small Community Wastewater Facility Grant/Loan

The Florida Department of Environmental Protection (FDEP) has awarded \$2,409,827 to the City of Brooksville for rehabilitation of the City's sewer system. A total of \$1,039,627 is a loan estimated at 2.43% (rate may vary slightly at closing) over 20 years and \$1,370,200 is a grant with loan forgiveness. The loan and grant are through the stimulus funding from the American Recovery and Reinvestment Act of 2009. At this writing, all of the bids have been received for the sewer rehabilitation at an approximate cost of \$2.4 million. However, the City has only expended approximately \$16,000 at this writing on this project.

Construction and Occupancy Agreement for Special Needs Emergency Shelter at Brooksville Quarry

The City of Brooksville in collaboration with the Enrichment Centers Inc. of Hernando County will be restoring a Building located at the Brooksville Quarry for a Special Needs Emergency Shelter. The Enrichment Center Inc. of Hernando County has received grants from the Florida Legislature of \$600,000 and Hernando County of \$100,000 for a Special Needs Emergency Shelter. When the Building is not in use as a shelter, it will be used by the City for recreational programming and also by the Enrichment Center for various health and recreational programs for senior citizens. When the Building is remodeled, the City will provide utility services and exterior and interior maintenance. At this writing, the restoration has not yet begun. The construction is likely to start in the summer of 2010.

Wellfield Projects

The City continues to improve its water supply by making improvements to its wells as funds are available. The City is testing Well #3 as part of the SWFWMD permit requirements. The design and engineering work to put the new well online will be completed by the end of our fiscal year ending September 30, 2010. The City expects to complete the construction phase in the fiscal year ending September 30, 2011.

NOTE U – SUBSEQUENT EVENTS

Property Values Expected to Decline

Due to the anticipated drop in City property values, the City expects a decline in 2010 in taxable values for the City of Brooksville. As of this writing, 2010 official projections have not been received from the Hernando County Property Appraiser. City staff expects the City's taxable values to drop as much as 10% to 15%. If taxable values drop 10% from 2009 to 2010, the City would have approximately \$271,000 less in Ad Valorem Revenues than the previous year. This revenue estimate drop is based on the 2009 millage rate of 6.0690 at 95%.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE U – SUBSEQUENT EVENTS (CONTINUED)

North Avenue Resurfacing with ARRA Funding

Funds from the Florida Department of Transportation through the American Recovery and Reinvestment Act of 2009 will be utilized to re-build North Avenue in the City of Brooksville. North Avenue has serious defects due to the insufficient base on top of the clay soils. The cost of the project is estimated at \$575,000. The City has received notification that the award is approved. Construction is scheduled to begin in late February 2010.

Good Neighbor Trail Phase II with ARRA Funding

Phase I of the Good Neighbor Trail was completed from the trailhead to Jasmine Drive in September 2009. The City of Brooksville and Hernando County are working together with the Florida Department of Transportation to fund and construct Phase II. Phase II is an extension of the trail from Jasmine Drive to Weatherly Road. Funding from the American Recovery and Reinvestment Act of 2009 has not yet been approved at this writing. The City of Brooksville was provided right of way from Majestic Oaks Property LLC to extend Phase II through their property. The current estimate of the cost to construct Phase II is \$859,391.

Tom Varn Park Walking Trail Resurfacing

Funds from the Florida Department of Transportation through the American Recovery and Reinvestment Act of 2009 will be utilized to re-build the walking trail at Tom Varn Park. The project will consist of overlaying the existing asphalt walking trail and the construction of the new section of asphalt walking trail. The cost is estimated at \$77,798 and the funding has been awarded.

Resignation of Council Member David Pugh

Council Member David Pugh resigned from Council Office Group Seat No. 2 of the City Council effective January 10, 2010.

Temporary Appointment of Mr. Frankie Burnett to Council Office Group Seat No. 2.

On February 1, 2010 City Council made a temporary appointment of Mr. Frankie Burnett to Council Office Group Seat No. 2 until the next general county wide election. This is the result of the resignation of Council Member David Pugh on January 10, 2010.

Legal Services for Crescent Resources, LLC Bankruptcy

On June 10, 2009 Crescent Resources, LLC and certain affiliates (Hampton Ridge Developers, LLC and Landmar Group, LLC) filed a petition for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas, Case No. 09-11507.

At the City Council Meeting of February 1, 2010, the City Attorney asked the City Council for recommendations of bankruptcy counsel to specifically represent the City's interests in the bankruptcy process of Crescent Resources, LLC and their affiliates in the Western District of Texas. The Council recommended John T. Rogerson of the Jacksonville law firm of Volpe, Bajalia, Wickes, Rogerson, and Wachs. Mr. Rogerson would associate with Texas attorney Barry Spears of Fulbright and Jaworski as co-counsel in the bankruptcy.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE U – SUBSEQUENT EVENTS (CONTINUED)

Sather v. City of Brooksville and American Traffic Solutions, LLC

The City was served with a Class Action complaint on November 16, 2009 which was brought by vehicle owners who have received citations for red-light violations pursuant to City of Brooksville Code of Ordinances No. 758, Sections 1-18 entitled Traffic Light Safety. The City Attorney as well as Attorneys appointed by Public Risk Management are defending the City in regard to this matter. Public Risk Management is the City's insurance public entity pool for property, casualty and workers' compensation coverage.

SUPPLEMENTARY INFORMATION

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	POLICE SPECIAL EDUCATION FUND	LAW ENFORCEMENT TRUST FUND	LOCAL OPTION GAS TAX	LAW ENFORCEMENT INVESTIGATIVE TRUST	LAW ENFORCEMENT IMPACT FEE	PUBLIC BUILDING IMPACT FEES	FIRE IMPACT FEES	PARKS IMPACT FEES
ASSETS								
POOLED CASH AND INVESTMENTS	\$ 18,294	\$ 11,709	\$ 1,906	\$ 75,834	\$ 19,693	\$ 251,988	\$ 91,000	\$ 105,521
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	0
INTEREST RECEIVABLE	0	0	0	0	0	0	0	0
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	524	0	22,619	0	0	0	0	0
INVENTORY - CONFISCATED PROPERTY	0	0	0	0	0	0	0	0
TOTAL ASSETS	\$ 18,818	\$ 11,709	\$ 24,525	\$ 75,834	\$ 19,693	\$ 251,988	\$ 91,000	\$ 105,521
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0
UNEARNED REVENUE	0	0	0	0	341	525	230	318
DUE TO OTHER FUNDS	0	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	100	341	525	230	318
FUND BALANCE								
RESERVED FOR DEBT RETIREMENT	0	0	0	0	0	0	0	0
UNRESERVED	18,818	11,709	24,525	75,734	19,352	251,463	90,770	105,203
TOTAL FUND BALANCE	18,818	11,709	24,525	75,734	19,352	251,463	90,770	105,203
TOTAL LIABILITIES AND FUND BALANCE	\$ 18,818	\$ 11,709	\$ 24,525	\$ 75,834	\$ 19,693	\$ 251,988	\$ 91,000	\$ 105,521

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	JUSTICE ASSISTANCE GRANT	ROAD IMPACT FEES	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	FIRE GRANTS AND DONATIONS	POLICE GRANTS AND DONATIONS	COST RECOVERY	TRAFFIC CAMERA
ASSETS								
POOLED CASH AND INVESTMENTS	\$ 0	\$ 2,030,525	\$ 0	\$ 74,319	\$ 4,037	\$ 11,694	\$ 10,586	\$ 139,956
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	36,910
INTEREST RECEIVABLE	0	863	0	0	0	0	0	0
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	32,665	0	130,000	0	0	0	0	0
INVENTORY - CONFISCATED PROPERTY	0	0	0	0	0	0	0	0
TOTAL ASSETS	\$ 32,665	\$ 2,031,388	\$ 130,000	\$ 74,319	\$ 4,037	\$ 11,694	\$ 10,586	\$ 176,866
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	\$ 2,674	\$ 0	\$ 0	\$ 0	\$ 27	\$ 0	\$ 0	\$ 12,202
UNEARNED REVENUE	0	4,779	0	0	0	0	0	10,500
DUE TO OTHER FUNDS	29,991	0	125,991	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	156,446	0	0	0	0	0	17,240
TOTAL LIABILITIES	32,665	161,225	125,991	0	27	0	0	39,942
FUND BALANCE								
RESERVED FOR DEBT RETIREMENT	0	0	0	0	0	0	0	0
UNRESERVED	0	1,870,163	4,009	74,319	4,010	11,694	10,586	136,924
TOTAL FUND BALANCE	0	1,870,163	4,009	74,319	4,010	11,694	10,586	136,924
TOTAL LIABILITIES AND FUND BALANCE	\$ 32,665	\$ 2,031,388	\$ 130,000	\$ 74,319	\$ 4,037	\$ 11,694	\$ 10,586	\$ 176,866

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJORGVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

SPECIAL REVENUE FUNDS

	CDBG COMMUNITY REDEVELOPMENT		FDOT US41/SR50 LANDSCAPING		TOTAL SPECIAL REVENUE FUNDS
ASSETS					
POOLED CASH AND INVESTMENTS	\$ 0	\$ 88,562	\$ 0	\$ 0	2,935,624
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	36,910
INTEREST RECEIVABLE	0	0	0	0	863
DUE FROM OTHER FUNDS	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	12,100	0	197,908
INVENTORY - CONFISCATED PROPERTY	0	0	0	0	0
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 88,562</u>	<u>\$ 12,100</u>	<u>\$ 0</u>	<u>3,171,305</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 0	15,003
UNEARNED REVENUE	0	0	0	0	16,693
DUE TO OTHER FUNDS	0	0	12,100	0	168,082
OTHER CURRENT LIABILITIES	0	0	0	0	173,686
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>12,100</u>	<u>0</u>	<u>373,464</u>
FUND BALANCE					
RESERVED FOR DEBT RETIREMENT	0	0	0	0	0
UNRESERVED	0	88,562	0	0	2,797,841
TOTAL FUND BALANCE	<u>0</u>	<u>88,562</u>	<u>0</u>	<u>0</u>	<u>2,797,841</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 88,562</u>	<u>\$ 12,100</u>	<u>\$ 0</u>	<u>3,171,305</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	CAPITAL PROJECT FUNDS						TOTAL CAPITAL PROJECT FUNDS
	MCKETHAN PARK	PUBLIC FACILITIES R&M	MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE BOND FUND	CAPITAL IMPROVEMENT BOND AND INTEREST SINKING FUND		
ASSETS							
POOLED CASH AND INVESTMENTS	\$ 52,142	\$ 0	\$ 242,991	\$ 19,062	\$ 8,930	\$ 323,125	
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	11,828	11,828	
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	
INTEREST RECEIVABLE	0	0	0	0	0	0	
DUE FROM OTHER FUNDS	0	0	0	0	0	0	
DUE FROM OTHER GOVERNMENTS	0	0	0	43	0	43	
INVENTORY - CONFISCATED PROPERTY	0	0	0	0	0	0	
TOTAL ASSETS	\$ 52,142	\$ 0	\$ 242,991	\$ 19,105	\$ 20,758	\$ 334,996	
LIABILITIES AND FUND BALANCE							
LIABILITIES							
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	
UNEARNED REVENUE	0	0	0	0	0	0	
DUE TO OTHER FUNDS	0	0	0	0	0	0	
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	
TOTAL LIABILITIES	0	0	0	0	0	0	
FUND BALANCE							
RESERVED FOR DEBT RETIREMENT	0	0	0	0	11,828	11,828	
UNRESERVED	52,142	0	242,991	19,105	8,930	323,168	
TOTAL FUND BALANCE	52,142	0	242,991	19,105	20,758	334,996	
TOTAL LIABILITIES AND FUND BALANCE	\$ 52,142	\$ 0	\$ 242,991	\$ 19,105	\$ 20,758	\$ 334,996	

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	<u>PERMANENT FUND</u>		TOTAL
	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
POOLED CASH AND INVESTMENTS	\$ 295,770	\$ 295,770	\$ 3,554,519
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	11,828
ACCOUNTS RECEIVABLE	0	0	36,910
INTEREST RECEIVABLE	108	108	971
DUE FROM OTHER FUNDS	21,369	21,369	21,369
DUE FROM OTHER GOVERNMENTS	0	0	197,951
INVENTORY - CONFISCATED PROPERTY	0	0	0
TOTAL ASSETS	\$ 317,247	\$ 317,247	\$ 3,823,548
LIABILITIES AND FUND BALANCE			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 15,003
UNEARNED REVENUE	0	0	16,693
DUE TO OTHER FUNDS	0	0	168,082
OTHER CURRENT LIABILITIES	0	0	173,686
TOTAL LIABILITIES	0	0	373,464
FUND BALANCE			
RESERVED FOR DEBT RETIREMENT	0	0	11,828
UNRESERVED	317,247	317,247	3,438,256
TOTAL FUND BALANCE	317,247	317,247	3,450,084
TOTAL LIABILITIES AND FUND BALANCE	\$ 317,247	\$ 317,247	\$ 3,823,548

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS						
	POLICE SPECIAL EDUCATION FUND	LAW ENFORCEMENT TRUST FUND	LOCAL OPTION GAS TAX	LAW ENFORCEMENT INVESTIGATIVE TRUST	LAW ENFORCEMENT IMPACT FEES	PUBLIC BUILDING IMPACT FEES	FIRE IMPACT FEES
REVENUES							
TAXES	\$ 0	\$ 0	\$ 270,676	\$ 0	\$ 0	\$ 0	\$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	0	0	0	0	0	0
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	3,133	0	0	0	0	0	0
MISCELLANEOUS REVENUES	(27)	126	0	70,266	745	1,235	1,177
TOTAL REVENUES	3,106	126	270,676	70,266	745	1,235	1,177
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0	0
PUBLIC SAFETY	0	10,935	0	8,050	0	0	0
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	0
TRANSPORTATION	0	0	0	0	0	0	0
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	27,882	0	0	0
TOTAL EXPENDITURES	0	10,935	0	35,932	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,106	(10,809)	270,676	34,334	745	1,235	1,177
OTHER FINANCING SOURCES (USES)							
TRANSFERS IN	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	(276,559)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(276,559)	0	0	0	0
NET CHANGE IN FUND BALANCES	3,106	(10,809)	(5,883)	34,334	745	1,235	1,177
FUND BALANCES, BEGINNING OF YEAR	15,712	22,518	30,408	41,400	18,607	250,228	89,593
FUND BALANCES, END OF YEAR	\$ 18,818	\$ 11,709	\$ 24,525	\$ 75,734	\$ 19,352	\$ 251,463	\$ 90,770

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS						
	PARKS IMPACT FEES	JUSTICE ASSISTANCE GRANT	ROAD IMPACT FEES	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	FIRE GRANTS AND DONATIONS	POLICE GRANTS AND DONATIONS
REVENUES							
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	42,377	0	317,387	0	0	0
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	1,451	0	19,803	1,440	(385)	159	7,178
TOTAL REVENUES	1,451	42,377	19,803	318,827	(385)	159	7,178
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0	0
PUBLIC SAFETY	0	8,585	0	0	0	559	3,978
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	0
TRANSPORTATION	0	0	0	0	0	0	0
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	33,792	0	393,146	0	0	0
TOTAL EXPENDITURES	0	42,377	0	393,146	0	559	3,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,451	0	19,803	(74,319)	(385)	(400)	3,200
OTHER FINANCING SOURCES (USES)							
TRANSFERS IN	0	0	0	4,942	0	4,410	0
TRANSFERS OUT	0	0	0	0	0	0	(4,410)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	4,942	0	4,410	(4,410)
NET CHANGE IN FUND BALANCES	1,451	0	19,803	(69,377)	(385)	4,010	(1,210)
FUND BALANCES, BEGINNING OF YEAR	103,752	0	1,850,360	73,386	74,704	0	12,904
FUND BALANCES, END OF YEAR	\$ 105,203	\$ 0	\$ 1,870,163	\$ 4,009	\$ 74,319	\$ 4,010	\$ 11,694

CITY OF BROOKSVILLE, FL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS					TOTAL
	COST	TRAFFIC	CDBG	FDOT		SPECIAL
	RECOVERY	CAMERA	COMMUNITY	US41/SR50	LANDSCAPING	REVENUE
			REDEVELOPMENT	TREESCAPING		FUNDS
REVENUES						
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	270,676
LICENSES & PERMITS	0	0	0	1,665	0	1,665
INTERGOVERNMENTAL REVENUE	0	0	0	0	12,100	371,864
CHARGES FOR SERVICES	0	0	0	0	0	0
FINES & FORFEITS	0	206,576	0	0	0	209,709
MISCELLANEOUS REVENUES	10,586	0	0	(174)	0	113,580
TOTAL REVENUES	10,586	206,576	0	1,491	12,100	967,494
EXPENDITURES						
CURRENT						
CULTURE & RECREATION	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0
PUBLIC SAFETY	0	69,652	0	0	0	101,759
PHYSICAL ENVIRONMENT	0	0	128,368	0	0	128,368
TRANSPORTATION	0	0	0	0	0	0
DEBT SERVICE						
PRINCIPAL	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	0	12,100	466,920
TOTAL EXPENDITURES	0	69,652	128,368	0	12,100	697,047
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,586	136,924	(128,368)	1,491	0	270,447
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	0	0	0	0	0	9,352
TRANSFERS OUT	0	0	0	0	0	(280,969)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	(271,617)
NET CHANGE IN FUND BALANCES	10,586	136,924	(128,368)	1,491	0	(1,170)
FUND BALANCES, BEGINNING OF YEAR	0	0	128,368	87,071	0	2,799,011
FUND BALANCES, END OF YEAR	\$ 10,586	\$ 136,924	\$ 0	\$ 88,562	\$ 0	2,797,841

CITY OF BROOKSVILLE, FL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	CAPITAL PROJECT FUNDS					
	MCKETHAN	PUBLIC	MULTI-YEAR	CAPITAL	CAPITAL	TOTAL
	PARK	FACILITIES R&M	PROJECT	IMPROVEMENT	IMPROVEMENT	CAPITAL
		ACCUMULATION	REVENUE	BOND AND	INTEREST	PROJECT
			BOND FUND	SINKING FUND		FUNDS
REVENUES						
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LICENSES & PERMITS	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	0	0	34,862	0	34,862
CHARGES FOR SERVICES	2,062	0	0	0	0	2,062
FINES & FORFEITS	0	0	0	0	0	0
MISCELLANEOUS REVENUES	552	0	(2,722)	(8)	(252)	(2,430)
TOTAL REVENUES	2,614	0	(2,722)	34,854	(252)	34,494
EXPENDITURES						
CURRENT						
CULTURE & RECREATION	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0
PUBLIC SAFETY	0	0	0	0	0	0
PHYSICAL ENVIRONMENT	0	0	0	0	0	0
TRANSPORTATION	0	0	0	0	0	0
DEBT SERVICE						
PRINCIPAL	0	0	0	0	20,800	20,800
INTEREST AND FISCAL CHARGES	0	0	0	0	10,287	10,287
CAPITAL OUTLAY	29,845	0	0	0	0	29,845
TOTAL EXPENDITURES	29,845	0	0	0	31,087	60,932
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27,231)	0	(2,722)	34,854	(31,339)	(26,438)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	0	0	223,776	0	30,000	253,776
TRANSFERS OUT	0	(20,116)	0	(30,000)	0	(50,116)
TOTAL OTHER FINANCING SOURCES (USES)	0	(20,116)	223,776	(30,000)	30,000	203,660
NET CHANGE IN FUND BALANCES	(27,231)	(20,116)	221,054	4,854	(1,339)	177,222
FUND BALANCES, BEGINNING OF YEAR	79,373	20,116	21,937	14,251	22,097	157,774
FUND BALANCES, END OF YEAR	\$ 52,142	\$ 0	\$ 242,991	\$ 19,105	\$ 20,758	\$ 334,996

CITY OF BROOKSVILLE, FL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>PERMANENT FUND</u>		TOTAL
	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
TAXES	\$ 0	\$ 0	\$ 270,676
LICENSES & PERMITS	0	0	1,665
INTERGOVERNMENTAL REVENUE	0	0	406,726
CHARGES FOR SERVICES	0	0	2,062
FINES & FORFEITS	0	0	209,709
MISCELLANEOUS REVENUES	997	997	112,147
TOTAL REVENUES	<u>997</u>	<u>997</u>	<u>1,002,985</u>
EXPENDITURES			
CURRENT			
CULTURE & RECREATION	0	0	0
GENERAL GOVERNMENT	0	0	0
PUBLIC SAFETY	0	0	101,759
PHYSICAL ENVIRONMENT	0	0	128,368
TRANSPORTATION	0	0	0
DEBT SERVICE			
PRINCIPAL	0	0	20,800
INTEREST AND FISCAL CHARGES	0	0	10,287
CAPITAL OUTLAY	0	0	496,765
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>757,979</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>997</u>	<u>997</u>	<u>245,006</u>
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN	10,000	10,000	273,128
TRANSFERS OUT	0	0	(331,085)
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>(57,957)</u>
NET CHANGE IN FUND BALANCES	10,997	10,997	187,049
FUND BALANCES, BEGINNING OF YEAR	<u>306,250</u>	<u>306,250</u>	<u>3,263,035</u>
FUND BALANCES, END OF YEAR	<u>\$ 317,247</u>	<u>\$ 317,247</u>	<u>\$ 3,450,084</u>

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	POLICE SPECIAL EDUCATION FUND				LAW ENFORCEMENT TRUST FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
FINES & FORFEITS	\$ 2,600	\$ 2,600	\$ 3,133	\$ 533	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	260	260	(27)	(287)	4,500	4,500	126	(4,374)
TOTAL REVENUES	2,860	2,860	3,106	246	4,500	4,500	126	(4,374)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	10,935	(10,935)
CAPITAL OUTLAY	0	0	0	0	15,000	15,000	0	15,000
TOTAL EXPENDITURES	0	0	0	0	15,000	15,000	10,935	4,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,860	2,860	3,106	246	(10,500)	(10,500)	(10,809)	(309)
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	2,860	2,860	3,106	246	(10,500)	(10,500)	(10,809)	(309)
FUND BALANCES, BEGINNING OF YEAR	(2,860)	(2,860)	15,712	18,572	10,500	10,500	22,518	(12,018)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 18,818	\$ 18,818	\$ 0	\$ 0	\$ 11,709	\$ 11,709

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	LOCAL OPTION GAS TAX				LAW ENFORCEMENT INVESTIGATIVE TRUST			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
TAXES	\$ 290,006	\$ 290,006	\$ 270,676	\$ (19,330)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	0	0	70,266	70,266
TOTAL REVENUES	290,006	290,006	270,676	(19,330)	0	0	70,266	70,266
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	8,050	(8,050)
CAPITAL OUTLAY	0	0	0	0	30,000	30,000	27,882	2,118
TOTAL EXPENDITURES	0	0	0	0	30,000	30,000	35,932	(5,932)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	290,006	290,006	270,676	(19,330)	(30,000)	(30,000)	34,334	64,334
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	(290,006)	(290,006)	(276,559)	13,447	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(290,006)	(290,006)	(276,559)	13,447	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	(5,883)	(5,883)	(30,000)	(30,000)	34,334	64,334
FUND BALANCES, BEGINNING OF YEAR	0	0	30,408	30,408	30,000	30,000	41,400	11,400
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 24,525	\$ 24,525	\$ 0	\$ 0	\$ 75,734	\$ 75,734

CITY OF BROOKSVILLE, FLORIDAS
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	LAW ENFORCEMENT IMPACT FEES				PUBLIC BUILDING IMPACT FEES			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	\$ 6,400	\$ 6,400	\$ 745	\$ (5,655)	\$ 14,000	\$ 14,000	\$ 1,235	\$ (12,765)
TOTAL REVENUES	6,400	6,400	745	(5,655)	14,000	14,000	1,235	(12,765)
EXPENDITURES								
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,400	6,400	745	(5,655)	14,000	14,000	1,235	(12,765)
NET CHANGE IN FUND BALANCES	6,400	6,400	745	(5,655)	14,000	14,000	1,235	(12,765)
FUND BALANCES, BEGINNING OF YEAR	(6,400)	(6,400)	18,607	25,007	(14,000)	(14,000)	250,228	264,228
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 19,352	\$ 19,352	\$ 0	\$ 0	\$ 251,463	\$ 251,463

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	FIRE IMPACT FEES				PARKS IMPACT FEES			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	\$ 11,800	\$ 11,800	\$ 1,177	\$ (10,623)	\$ 9,400	\$ 9,400	\$ 1,451	\$ (7,949)
TOTAL REVENUES	11,800	11,800	1,177	(10,623)	9,400	9,400	1,451	(7,949)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,800	11,800	1,177	(10,623)	9,400	9,400	1,451	(7,949)
NET CHANGE IN FUND BALANCES	11,800	11,800	1,177	(10,623)	9,400	9,400	1,451	(7,949)
FUND BALANCES, BEGINNING OF YEAR	(11,800)	(11,800)	89,593	101,393	(9,400)	(9,400)	103,752	113,152
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 90,770	\$ 90,770	\$ 0	\$ 0	\$ 105,203	\$ 105,203

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	JUSTICE ASSISTANCE GRANT				ROAD IMPACT FEES			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
INTERGOVERNMENTAL REVENUE	\$ 15,030	\$ 42,379	\$ 42,377	\$ (2)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	150,000	150,000	19,803	(130,197)
TOTAL REVENUES	15,030	42,379	42,377	(2)	150,000	150,000	19,803	(130,197)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	4,230	4,230	8,585	(4,355)	0	0	0	0
CAPITAL OUTLAY	10,800	36,903	33,792	3,111	0	0	0	0
TOTAL EXPENDITURES	15,030	41,133	42,377	(1,244)	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	1,246	0	(1,246)	150,000	150,000	19,803	(130,197)
OTHER FINANCING (USES)								
TRANSFERS OUT	0	1,246	0	(1,246)	0	0	0	0
TOTAL OTHER FINANCING (USES)	0	1,246	0	(1,246)	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	0	0	150,000	150,000	19,803	(130,197)
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	(150,000)	(150,000)	1,850,360	2,000,360
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,870,163	\$ 1,870,163

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	GOOD NEIGHBOR TRAIL PROJECT				MAJOR STORM READINESS			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
INTERGOVERNMENTAL REVENUE	\$ 435,000	\$ 435,000	\$ 317,387	\$ (117,613)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	2,000	2,000	1,440	(560)	1,200	1,200	(385)	(1,585)
TOTAL REVENUES	437,000	437,000	318,827	(118,173)	1,200	1,200	(385)	(1,585)
EXPENDITURES								
CAPITAL OUTLAY	511,824	511,824	393,146	118,678	0	0	0	0
TOTAL EXPENDITURES	511,824	511,824	393,146	118,678	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(74,824)	(74,824)	(74,319)	505	1,200	1,200	(385)	(1,585)
OTHER FINANCING SOURCES								
TRANSFERS IN	0	4,942	4,942	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	4,942	4,942	0	0	0	0	0
NET CHANGE IN FUND BALANCES	(74,824)	(69,882)	(69,377)	505	1,200	1,200	(385)	(1,585)
FUND BALANCES, BEGINNING OF YEAR	74,824	69,882	73,386	3,504	(1,200)	(1,200)	74,704	75,904
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 4,009	\$ 4,009	\$ 0	\$ 0	\$ 74,319	\$ 74,319

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	FIRE GRANTS AND DONATIONS				POLICE GRANTS AND DONATIONS			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	\$ 0	\$ 0	\$ 159	\$ 159	\$ 3,000	\$ 3,000	\$ 7,178	\$ 4,178
TOTAL REVENUES	0	0	159	159	3,000	3,000	7,178	4,178
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	559	(559)	11,330	11,330	3,978	7,352
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	559	(559)	11,330	11,330	3,978	7,352
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	(400)	(400)	(8,330)	(8,330)	3,200	11,530
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	4,410	4,410	4,410	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	(4,410)	(4,410)	(4,410)	0
TOTAL OTHER FINANCING SOURCES (USES)	4,410	4,410	4,410	0	(4,410)	(4,410)	(4,410)	0
NET CHANGE IN FUND BALANCES	4,410	4,410	4,010	(400)	(12,740)	(12,740)	(1,210)	11,530
FUND BALANCES, BEGINNING OF YEAR	(4,410)	(4,410)	0	4,410	12,740	12,740	12,904	164
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 4,010	\$ 4,010	\$ 0	\$ 0	\$ 11,694	\$ 11,694

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	COST RECOVERY				TRAFFIC CAMERA			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
FINES AND FORFEITS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 169,000	\$ 206,576	\$ 37,576
MISCELLANEOUS REVENUE	0	0	10,586	10,586	0	0	0	0
TOTAL REVENUES	0	0	10,586	10,586	0	169,000	206,576	37,576
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	54,040	69,652	(15,612)
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	0	54,040	69,652	(15,612)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	10,586	10,586	0	114,960	136,924	21,964
OTHER FINANCING (USES)								
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING (USES)	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	10,586	10,586	0	114,960	136,924	21,964
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	0	(114,960)	0	114,960
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 10,586	\$ 10,586	\$ 0	\$ 0	\$ 136,924	\$ 136,924

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS							
	CDBG COMMUNITY REDEVELOPMENT				TREESCAPING			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
LICENSES & PERMITS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300	\$ 300	\$ 1,665	\$ 1,365
MISCELLANEOUS REVENUES	0	0	0	0	0	0	(174)	(174)
TOTAL REVENUES	0	0	0	0	300	300	1,491	1,191
EXPENDITURES								
CURRENT								
PHYSICAL ENVIRONMENT	128,368	128,368	128,368	0	30,000	30,000	0	30,000
TOTAL EXPENDITURES	128,368	128,368	128,368	0	30,000	30,000	0	30,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(128,368)	(128,368)	(128,368)	0	(29,700)	(29,700)	1,491	31,191
NET CHANGE IN FUND BALANCES	(128,368)	(128,368)	(128,368)	0	(29,700)	(29,700)	1,491	31,191
FUND BALANCES, BEGINNING OF YEAR	128,368	128,368	128,368	0	29,700	29,700	87,071	57,371
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,562	\$ 88,562

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS			
	FDOT US 41/SR 50 LANDSCAPING			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
ORIGINAL	FINAL			
REVENUES				
INTERGOVERNMENTAL REVENUE	\$ 150,000	\$ 150,000	\$ 12,100	\$ (137,900)
TOTAL REVENUES	<u>150,000</u>	<u>150,000</u>	<u>12,100</u>	<u>(137,900)</u>
EXPENDITURES				
CAPITAL OUTLAY	150,000	150,000	12,100	137,900
TOTAL EXPENDITURES	<u>150,000</u>	<u>150,000</u>	<u>12,100</u>	<u>137,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	0	0	0	0
FUND BALANCES, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	CAPITAL PROJECT FUNDS							
	MCKETHAN PARK				PUBLIC FACILITIES R&M			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
CHARGES FOR SERVICES	\$ 26,000	\$ 26,000	\$ 2,062	\$ (23,938)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	3,500	3,500	552	(2,948)	500	500	0	(500)
TOTAL REVENUES	29,500	29,500	2,614	(26,886)	500	500	0	(500)
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	15,000	15,000	0	15,000	0	0	0	0
CAPITAL OUTLAY	25,000	25,000	29,845	(4,845)	0	0	0	0
TOTAL EXPENDITURES	40,000	40,000	29,845	10,155	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,500)	(10,500)	(27,231)	(16,731)	500	500	0	(500)
OTHER FINANCING SOURCES (USES)								
TRANSFERS OUT	0	0	0	0	(20,843)	(20,843)	(20,116)	727
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	(20,843)	(20,843)	(20,116)	727
NET CHANGE IN FUND BALANCES	(10,500)	(10,500)	(27,231)	(16,731)	(20,343)	(20,343)	(20,116)	227
FUND BALANCES, BEGINNING OF YEAR	10,500	10,500	79,373	68,873	20,343	20,343	20,116	(227)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 52,142	\$ 52,142	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>CAPITAL PROJECT FUNDS</u>			
	<u>MULTI-YEAR CAPITAL PROJECT ACCUMULATION</u>			
	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
MISCELLANEOUS REVENUES	\$ 4,378	\$ 4,378	\$ (2,722)	\$ (7,100)
TOTAL REVENUES	4,378	4,378	(2,722)	(7,100)
EXPENDITURES				
CURRENT				
TRANSPORTATION	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,378	4,378	(2,722)	(7,100)
OTHER FINANCING SOURCES				
TRANSFERS IN	156,881	224,503	223,776	(727)
TOTAL OTHER FINANCING SOURCES	156,881	224,503	223,776	(727)
NET CHANGE IN FUND BALANCES	161,259	228,881	221,054	(7,827)
FUND BALANCES, BEGINNING OF YEAR	(181,259)	(228,881)	21,937	250,818
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 242,991	\$ 242,991

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	CAPITAL PROJECT FUNDS							
	CAPITAL IMPROVEMENT REVENUE BOND FUND				CAPITAL IMPROVEMENT BOND AND INTEREST SINKING FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
INTERGOVERNMENTAL REVENUES	\$ 32,000	\$ 32,000	\$ 34,862	\$ 2,862	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	(8)	(8)	0	0	(252)	(252)
TOTAL REVENUES	32,000	32,000	34,854	2,854	0	0	(252)	(252)
EXPENDITURES								
DEBT SERVICE								
PRINCIPAL	0	0	0	0	20,800	20,800	20,800	0
INTEREST AND FISCAL CHARGES	0	0	0	0	10,676	10,676	10,287	389
TOTAL EXPENDITURES	0	0	0	0	31,476	31,476	31,087	389
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,000	32,000	34,854	2,854	(31,476)	(31,476)	(31,339)	137
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	30,000	30,000	30,000	0
TRANSFERS OUT	(30,000)	(30,000)	(30,000)	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	(30,000)	(30,000)	0	30,000	30,000	30,000	0
NET CHANGE IN FUND BALANCES	2,000	2,000	4,854	2,854	(1,476)	(1,476)	(1,339)	137
FUND BALANCES, BEGINNING OF YEAR	(2,000)	(2,000)	14,251	16,251	1,476	1,476	22,097	20,621
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 19,105	\$ 19,105	\$ 0	\$ 0	\$ 20,758	\$ 20,758

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	PERMANENT FUND			
	CEMETERY PERPETUAL CARE			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
ORIGINAL	FINAL			
REVENUES				
MISCELLANEOUS REVENUES	\$ 7,500	\$ 7,500	\$ 997	\$ (6,503)
TOTAL REVENUES	7,500	7,500	997	(6,503)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,500	7,500	997	(6,503)
OTHER FINANCING SOURCES				
TRANSFERS IN	10,000	10,000	10,000	0
TOTAL OTHER FINANCING SOURCES	10,000	10,000	10,000	0
NET CHANGE IN FUND BALANCES	17,500	17,500	10,997	(6,503)
FUND BALANCES, BEGINNING OF YEAR	(17,500)	(17,500)	306,250	323,750
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 317,247	\$ 317,247

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2009

	INTERNAL SERVICE FUNDS			TOTAL
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	INTERNAL SERVICE FUNDS
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	\$ 12,714	\$ 1,145,015	\$ 19,828	\$ 1,177,557
INTEREST RECEIVABLE	0	647	0	647
INVENTORIES	2,440	0	0	2,440
PREPAID ITEMS	1,461	0	0	1,461
TOTAL CURRENT ASSETS	16,615	1,145,662	19,828	1,182,105
NON-CURRENT ASSETS				
CAPITAL ASSETS, NET				
MACHINERY & EQUIPMENT	5,962	466,033	0	471,995
CONSTRUCTION IN PROGRESS	37,722	0	0	37,722
TOTAL CAPITAL ASSETS, NET	43,684	466,033	0	509,717
TOTAL ASSETS	\$ 60,299	\$ 1,611,695	\$ 19,828	\$ 1,691,822
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 1,465	\$ 5,210	\$ 0	\$ 6,675
ACCRUED WAGES PAYABLE	1,226	0	0	1,226
ACCRUED PAYROLL LIABILITIES	243	0	0	243
TOTAL CURRENT LIABILITIES	2,934	5,210	0	8,144
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	1,873	0	0	1,873
TOTAL LIABILITIES	4,807	5,210	0	10,017
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	43,684	466,033	0	509,717
UNRESTRICTED	11,808	1,140,452	19,828	1,172,088
TOTAL NET ASSETS	55,492	1,606,485	19,828	1,681,805
TOTAL LIABILITIES AND NET ASSETS	\$ 60,299	\$ 1,611,695	\$ 19,828	\$ 1,691,822

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	INTERNAL SERVICE FUNDS			TOTAL INTERNAL SERVICE FUNDS
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	
OPERATING REVENUE				
CHARGES FOR SERVICES	\$ 120,758	\$ 181,368	\$ 20,000	\$ 322,126
MISCELLANEOUS REVENUES	5,451	19,428	(205)	24,674
TOTAL OPERATING REVENUES	<u>126,209</u>	<u>200,796</u>	<u>19,795</u>	<u>346,800</u>
OPERATING EXPENSES				
PERSONAL SERVICES	99,600	0	0	99,600
OTHER SERVICES & CHARGES	20,634	0	0	20,634
DEPRECIATION	4,210	97,947	0	102,157
TOTAL OPERATING EXPENSES	<u>124,444</u>	<u>97,947</u>	<u>0</u>	<u>222,391</u>
OPERATING INCOME (LOSS)	<u>1,765</u>	<u>102,849</u>	<u>19,795</u>	<u>124,409</u>
NONOPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	27	10,895	33	10,955
TOTAL NONOPERATING REVENUES	<u>27</u>	<u>10,895</u>	<u>33</u>	<u>10,955</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,792</u>	<u>113,744</u>	<u>19,828</u>	<u>135,364</u>
TRANSFERS IN (OUT)				
TRANSFERS IN	0	0	0	0
TRANSFERS OUT	0	0	0	0
TOTAL TRANSFERS IN (OUT)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	1,792	113,744	19,828	135,364
NET ASSETS, BEGINNING OF YEAR *	<u>53,700</u>	<u>1,492,741</u>	<u>0</u>	<u>1,546,441</u>
NET ASSETS, END OF YEAR	<u>\$ 55,492</u>	<u>\$ 1,606,485</u>	<u>\$ 19,828</u>	<u>\$ 1,681,805</u>

* TO BE CONSISTENT WITH CURRENT YEAR PRESENTATION, CERTAIN AMOUNTS FOR THE PRIOR YEAR HAVE BEEN RECLASSIFIED.

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
RECEIPTS FROM CUSTOMERS	\$ 322,126
PAYMENTS TO SUPPLIERS	(54,487)
PAYMENTS TO EMPLOYEES	(64,143)
OTHER RECEIPTS (PAYMENTS)	<u>24,674</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>228,170</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
TRANSFERS FROM OTHER FUNDS	0
TRANSFERS TO OTHER FUNDS	<u>0</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
PURCHASES OF MACHINERY & EQUIPMENT	<u>(319,834)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(319,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
RECEIPT OF INTEREST AND DIVIDENDS	<u>10,308</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>10,308</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(81,356)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,258,913</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,177,557</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	\$ 124,409
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION EXPENSE	102,157
(INCREASE) DECREASE IN INVENTORIES	1,865
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	127
ACCRUED WAGES PAYABLE	264
ACCRUED PAYROLL LIABILITIES	43
OTHER CURRENT LIABILITIES	(439)
ACCRUED COMPENSATED ABSENCES	<u>(256)</u>
TOTAL ADJUSTMENTS	<u>103,761</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 228,170</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 SEPTEMBER 30, 2009

	PRIVATE PURPOSE TRUST FUNDS				PENSION TRUST FUNDS		TOTAL PENSION TRUST FUNDS
	BUTTERWECK	HRA	DONOR	TOTAL	FIREMAN'S	POLICE	
	BOND FUND	FUND	MEMORIAL WALL FUND	PRIVATE PURPOSE TRUST FUNDS	RETIREMENT FUND	RETIREMENT FUND	
ASSETS							
POOLED CASH	\$ 0	\$ 8,865	\$ 0	\$ 8,865	\$ 137,390	\$ 18,832	\$ 156,222
INVESTMENT IN DEBT SECURITIES	2,154	0	7,108	9,262	1,664,197	1,058,738	2,722,935
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	0	0	0	1,991,136	1,558,214	3,549,350
ACCOUNTS RECEIVABLE	0	0	0	0	27,792	14,521	42,313
TOTAL ASSETS	<u>\$ 2,154</u>	<u>\$ 8,865</u>	<u>\$ 7,108</u>	<u>\$ 18,127</u>	<u>\$ 3,820,515</u>	<u>\$ 2,650,305</u>	<u>\$ 6,470,820</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
OTHER CURRENT LIABILITIES	\$ 0	\$ 4,644	\$ 0	\$ 4,644	\$ 0	\$ 2,985	\$ 2,985
TOTAL LIABILITIES	<u>0</u>	<u>4,644</u>	<u>0</u>	<u>4,644</u>	<u>0</u>	<u>2,985</u>	<u>2,985</u>
NET ASSETS							
HELD IN TRUST FOR RETIRMENT AND OTHER PURPOSES	2,154	4,221	7,108	13,483	3,820,515	2,647,320	6,467,835
TOTAL NET ASSETS	<u>\$ 2,154</u>	<u>\$ 4,221</u>	<u>\$ 7,108</u>	<u>\$ 13,483</u>	<u>\$ 3,820,515</u>	<u>\$ 2,647,320</u>	<u>\$ 6,467,835</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 SEPTEMBER 30, 2009

	<u>AGENCY FUND</u>	
	<u>PAYROLL ACCOUNT</u>	<u>TOTAL AGENCY FUNDS</u>
ASSETS		
POOLED CASH AND INVESTMENTS	\$ 27,759	\$ 27,759
TOTAL ASSETS	<u>\$ 27,759</u>	<u>\$ 27,759</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
ACCOUNTS PAYABLE	\$ 3,125	\$ 3,125
OTHER CURRENT LIABILITIES	<u>24,634</u>	<u>24,634</u>
TOTAL LIABILITIES	<u>\$ 27,759</u>	<u>\$ 27,759</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUTTERWRECK BOND FUND	HRA FUND	DONOR MEMORIAL WALL FUND	TOTAL PRIVATE PURPOSE TRUST FUNDS	FIREMAN'S RETIREMENT	POLICE RETIREMENT	TOTAL PENSION TRUST FUNDS
ADDITIONS							
CONTRIBUTIONS							
EMPLOYER	\$ 0	\$ 0	\$ 0	\$ 0	\$ 187,821	\$ 0	\$ 187,821
PLAN MEMBERS	0	0	0	0	23,458	8,804	32,262
OTHER	0	0	0	0	136,311	149,184	285,495
TOTAL CONTRIBUTIONS	0	0	0	0	347,590	157,988	505,578
INVESTMENT EARNINGS							
NET INCREASE (DECREASE) IN FAIR VALUE	(26)	0	(85)	(111)	443,415	302,753	746,168
GAIN (LOSS) ON SALE OF INVESTMENTS	0	0	0	0	(514,805)	(270,650)	(785,455)
INTEREST/DIVIDENDS	18	0	60	78	125,160	79,738	204,898
TOTAL INVESTMENT EARNINGS	(8)	0	(25)	(33)	53,770	111,841	165,611
CHARGES FOR SERVICES							
	0	34,250	0	34,250	0	0	0
MISCELLANEOUS REVENUES							
	0	0	0	0	1,478	1,886	3,364
TOTAL ADDITIONS	(8)	34,250	(25)	34,217	402,838	271,715	674,553
DEDUCTIONS							
BENEFIT PAYMENTS	0	30,029	0	30,029	285,563	2,143	287,706
ADMINISTRATIVE EXPENSES	0	0	0	0	51,639	36,680	88,319
TRANSFERS OUT	0	0	0	0	0	0	0
TOTAL DEDUCTIONS	0	30,029	0	30,029	337,202	38,823	376,025
CHANGE IN NET ASSETS	(8)	4,221	(25)	4,188	65,636	232,892	298,528
NET ASSETS, BEGINNING OF YEAR	2,162	0	7,133	9,295	3,754,879	2,414,428	6,169,307
NET ASSETS, END OF YEAR	\$ 2,154	\$ 4,221	\$ 7,108	\$ 13,483	\$ 3,820,515	\$ 2,647,320	\$ 6,467,835

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<u>FEDERAL AWARDS</u>						
U.S. Department of Justice						
Bureau of Justice Assistance						
Recovery Act Edward Byrne Memorial JAG Program	2009-SB-B9-0175	16.804	\$ 26,210	\$ -	\$ 26,208	\$ -
COPS Hiring Recovery Program	2009-RK-WX-0221	16.710	134,122	-	3,942	-
Patrol K-9 Program *	2009-JAGC-HERN-1-T7-094	16.738	15,030	-	15,030	-
Hidden Agenda	2009-JAGD-HERN-1-T8-103	16.738	1,139	-	1,139	-
Total U.S. Department of Justice			<u>176,501</u>	<u>-</u>	<u>46,319</u>	<u>-</u>
U.S. Department of Agriculture						
City Hall/Water and Sewer Generator & City Hall/Fire Station Window Retrofit		10.766	<u>286,000</u>	<u>-</u>	<u>30,790</u>	<u>-</u>
Total Federal Awards			<u>\$ 462,501</u>	<u>\$ -</u>	<u>\$ 77,109</u>	<u>\$ -</u>

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<u>STATE FINANCIAL ASSISTANCE</u>						
Florida Department of Transportation						
Landscape		55.003	\$ 150,000	\$ -	\$ 12,100	\$ -
Department of Environmental Protection						
Water Advisory Panel *	LP6006	37.039	4,050,000	-	660,108	-
Brooksville Water System Improvement Project	LP6815	37.039	440,000	-	432,312	-
Total State Financial Assistance			\$ 4,640,000	\$ -	\$ 1,104,520	\$ -

NOTES

* - Denotes a Reimbursable Grant.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2009**

NOTE A – GENERAL

The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial assistance programs for the City of Brooksville. The City reporting entity is defined in Note A to the City's basic financial statements for the year ended September 30, 2009.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note A to the City's basic financial statements for the year ended September 30, 2009.

NOTE C – MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

<u>Name of Projects</u>	<u>CSFA Number</u>
Water Advisory Panel (WAP)	37.039
Brooksville Water System Improvement Project	37.039

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

City Council
City of Brooksville, Florida

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville as of and for the year ended September 30, 2009, and have issued our report thereon dated March 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Brooksville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Brooksville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Brooksville's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (09-1). A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brooksville 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Brooksville's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Brooksville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City of Brooksville management, the Auditor General of the State of Florida, Federal and State awarding agencies and pass-through entities, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

OLIVER & JOSEPH, P.A.

Oliver & Joseph, P.A.

March 23, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE FLORIDA SINGLE AUDIT ACT**

City Council
City of Brooksville, Florida

Compliance

We have audited the compliance of the City of Brooksville with the types of compliance requirements described in the State of Florida Department of Financial Services *State Projects Compliance Supplement* that are applicable to each of its major state programs for the year ended September 30, 2009. The City of Brooksville's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the City of Brooksville's management. Our responsibility is to express an opinion on the City of Brooksville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Florida Single Audit Act. Those standards and the Florida Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major state program. An audit includes examining, on a test basis, evidence about the City of Brooksville's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Brooksville's compliance with those requirements.

In our opinion, the City of Brooksville complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City of Brooksville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the City of Brooksville's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Brooksville's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees in their normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City of Brooksville's ability to administer a state program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the City of Brooksville's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-SA-1 and 09-SA-2 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a state program will not be prevented or detected by the City of Brooksville's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

The City of Brooksville's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Brooksville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Auditor General of the State of Florida, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

OLIVER & JOSEPH, P.A.

Oliver & Joseph, P.A.

March 23, 2010

**CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Any material weakness(es) identified?	No
Any significant deficiencies identified not considered to be material weaknesses?	Yes
Any noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
Any material weakness(es) identified?	No
Any reportable condition(s) identified not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with Rules of the Auditor General, Chapter 10.650?	Yes

Identification of major programs:

<u>CSDA Number</u>	<u>Name of Projects</u>
37.039	Water Advisory Panel (WAP)
37.039	Brooksville Water System Improvement Project

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Section II – Financial Statement Findings

09-1

The City does not utilize a centralized accounts payable system. Accounts payable balances are established at the time invoices for goods and services are received for payment. In addition, accounts payable balances for year-end reporting purposes are generated based upon staff's review of subsequent disbursements.

We recommend that the City review and revise its accounts payable processing procedures, so that liabilities are recorded at the point goods and services are received by the City, instead of recording the transactions when payment for the goods or services is due. Receiving copies of purchase orders should be routed to the accounts payable department immediately after the appropriate City staff accepts the receipt of the goods or services, so that the related liability can be recorded in the accounts payable sub-system. This will help to provide a more accurate on-going liability balance for management purposes. If the final invoice differs from the receiving or purchase order amount, an adjustment can be made at the time the invoice is received for payment.

Section III – State Award Findings and Questioned Costs

09-SA-1

Reporting

The Water Advisory Panel (WAP) grant agreement states that progress reports shall be submitted 30 days following the completion of the quarterly reporting period. However, the progress reports were not submitted within the required time period.

We recommend that the City implement policies and procedures to ensure that the progress reports are submitted within 30 days following the completion of the quarterly reporting period.

09-SA-2

Reporting

Our review of the Brooksville Water System Improvement Project progress reports revealed that the amounts reported as project budget did not agree with the grant agreement and amounts reported as expenditures did not agree with the general ledger. It appears that the progress reports were filled out incorrectly.

We recommend that the City implement adequate review procedures to ensure that the progress reports balance to the grant agreement and general ledger.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Council Members
Brooksville, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida (the "City"), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated March 23, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Florida Single Audit Act. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major State Project and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 23, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report (except as noted below under the heading Prior Year Findings and Recommendations).

Prior Year Audit Findings and Recommendations

In conjunction with our audit of the City's financial statements for the year ended September 30, 2008, we commented on an audit finding and a recommendation relating to the City's accounting system and internal controls. The finding is repeated as item 09-1 in the Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit of the financial statements of the City, nothing came to our attention that would cause us to believe that the City was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the City's financial management, accounting procedures, and internal control. The preceding Schedule of Findings and Questioned Costs included current year findings and recommendations, which are addressed under the caption "Section II – Financial Statement Findings".

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material, but more than inconsequential. The preceding Schedule of Findings and Questioned Costs included current year findings and recommendations, which are addressed under the caption "Section III – State Award Findings and Questioned Costs".

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless discussed in the notes to the financial statements. Such disclosure is included in the attached.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the City, the results of our tests did not indicate that the City met any of the conditions described in Section 218.503(1).

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Brooksville for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7.c., Rules of the Auditor General, require the scope of our audit include financial condition assessment procedures pursuant to Rule 10.556(7). In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

The management letter is intended solely for the information of the City of Brooksville and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

OLIVER & JOSEPH, P.A.

Oliver & Joseph, P.A.

March 23, 2010

**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS**

ATTACHMENT TO INDEPENDENT AUDITORS' MANAGEMENT LETTER

CITY COUNCIL

MAYOR

LARA BRADBURN

VICE MAYOR

RICHARD LEWIS

COUNCIL MEMBER

JOE JOHNSTON

COUNCIL MEMBER

FRANKIE BURNETT

COUNCIL MEMBER

JOE BERNARDINI

CITY MANAGER

T. JENNENE NORMAN-VACHA

DIRECTOR OF FINANCE

STEPHEN J. BAUMGARTNER

CITY CLERK

JANICE L. PETERS

CITY ATTORNEY

THE HOGAN LAW FIRM



March 23, 2010

Mr. David W. Martin, CPA
Auditor General
State of Florida
Claude Denson Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: Financial Audit of the City of Brooksville, Florida for the Audit Period: Fiscal Year Ended
September 30, 2009

Dear Mr. Martin:

The financial statements of the City of Brooksville for the fiscal year ended September 30, 2009, have been audited by the City's independent auditing firm of Certified Public Accountants (Oliver & Joseph, P.A.). The financial statements, auditor's reports and management letter are completed and will be made available to the city officials and the public on March 31, 2010. In compliance with their audit tasking, Oliver & Joseph, P.A. have reported to you and to other concerned parties what they consider being reportable conditions or material weaknesses in the internal control structure, accounting methods and systems, etc. of the City of Brooksville, along with management comments made to the City.

Herewith submitted is the City's response and corrective action plan to the independent auditor's management letter comments.

Financial Statement Finding 09-1.

Auditor's Recommendation: The City does not utilize a centralized accounts payable system. Accounts payable balances are established at the time invoices for goods and services are received for payment. In addition, accounts payable balances are established after year-end by reviewing subsequent disbursements.

Corrective action plan: We believe we are recording our liabilities in the appropriate periods and checks are issued by their due dates with rare exceptions. With respect to establishing a centralized accounts payable system, additional Finance staff would have to be hired to accomplish this recommendation. Approvals and coding are done by the various departments. Our new Microix software was implemented in January 2009. Microix provides electronic

March 23, 2010
Mr. David W. Martin, CPA, Auditor General State of Florida
Financial Audit of the City of Brooksville, FY 2009

purchase orders and requisitions that can easily be tracked by the Finance staff and the departments alike. Plus management can enforce specific requirements to reduce errors. The requests are approved through a multi-level approval process and then are automatically converted to a purchase order or accounts payable transaction and transferred to the City's financial accounting system as an encumbrance or accounts payable transaction. The new software has increased efficiencies and decreased unnecessary paperwork. We disagree somewhat that this is not a centralized system since the information is entered and available to the finance department at all times. The departments enter their invoices or purchase orders and those transactions go through the proper approval levels to the finance department. In addition, approvals are recorded electronically.

Completion Date: City will consider recommendations of Auditors.

Financial Statement Finding 09-SA-1.

Auditor's Recommendation: The Water Advisory Panel (WAP) grant agreement states that progress reports shall be submitted 30 days following the complete of the quarterly reporting period. However, the progress reports were not submitted within the required period.

Corrective action plan: The City understands the importance of filing reports timely. Our records show that one progress report was filed 2 days late. In addition, the Department of Public Works had a new Interim Public Works Director that had begun after the departure of the former Public Works Director. The Finance Department and Department of Public Works have reviewed this Financial Statement Finding and will make every effort to file progress reports when due.

Completion Date: Department of Public Works and Finance have met to discuss Auditor's findings and discussed timely completion of the quarterly Progress Reports.

Financial Statement Finding 09-SA-2.

Auditor's Recommendation: Our review of the Brooksville Water System Improvement Project progress reports revealed that the amounts reported as project budget did not agree with the grant agreement and amounts reported as expenditures did not agree with the general ledger. It appears that progress reports were filled out incorrectly.

Corrective action plan: We concur that there were discrepancies with the Progress Reports primarily due to staff changes at the Department of Public Works. Our Chief Accountant spoke

March 23, 2010

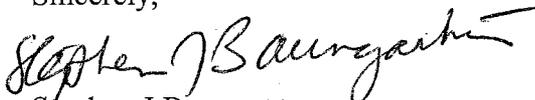
Mr. David W. Martin, CPA, Auditor General State of Florida
Financial Audit of the City of Brooksville, FY 2009

to the Florida Department of Environmental Protection who received the Progress Reports. They did not consider the discrepancies a violation and did not report to us as such. However, in the future both the Finance Department and the Department of Public Works have reviewed this Financial Statement Findings and the Progress Reports will be correctly filled out in the future.

Completion Date: Department of Public Works and Finance have met to discuss Auditor's finding and reviewed the correct methods to complete the Progress Reports.

Mr. Martin, I hope this letter has addressed the needs and concerns related to the auditor's findings and recommendations and the audit of the City of Brooksville's financial statements for the fiscal year ended September 30, 2009. Should you have any questions or suggestions, please feel free to contact me at (352) 544-3810, extension 37408.

Sincerely,


Stephen J Baumgartner
Finance Director

cc: Honorable Mayor and City Council Members
T. Jennene Norman-Vacha, City Manager
Mary Beth Gary, CPA, Oliver & Joseph, P.A.

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