CITY OF BROOKSVILLE
201 Howell Avenue
Brooksville, FL 34601

BUDGET WORKSHOP
AGENDA

August 14, 2012 **6:30 P.M.**

A. CALL TO ORDER

B. PENSIONS & RETIREMENT PLANS

Presentation on Pensions, providing an overview of pension plans, benefit levels, sustainability, and options. Discussion by Council on City Pension/Retirement plans, benefits and funding.

Presentation:	Paul Shamoun, Account Executive Department of Insurance & Financial Services Florida League of Cities
Action:	Review & Direction to staff
Attachment:	General articles on Pensions/Pension Issues

C. FY 2012 – 2013 BUDGET – OTHER THAN GENERAL FUND

1. Overview of Funds Other than General Fund Presentation

Discussion by Council on all City funds Other than General Fund Revenues and Expenditures, with overall direction.

Presentation:	City Manager and Finance Director
Action:	Review & Direction to staff
Attachment:	Funds Other than General Fund Budget Workshop Materials

D. DIRECTION FROM COUNCIL FOR WORKSHOP OF AUGUST 28, 2012

E. ADJOURNMENT

Meeting agendas and supporting documentation are available from the City Clerk's Office, and online at www.cityofbrooksville.us. Persons with disabilities needing assistance to participate in any proceedings should contact the City Clerk's office 48 hours in advance of the meeting at 352-540-3853.

WORKSHOP ITEM
MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCILMEN

FROM: T. JENNENE NORMAN-VACHA, CITY MANAGER

SUBJECT: BUDGET WORKSHOP – DISCUSSION ON PENSION & RETIREMENT PLANS

DATE: AUGUST 8, 2012

Paul Shamoun, Account Executive, Department of Insurance & Financial Services, Florida League of Services will be providing general information to City Council on Pension and Retirement Plans at our Budget Workshop on August 14th. In Mr. Shamoun's position with the League of Cities, he is responsible for the marketing and member services of the League's three financial trust funds. The Florida Municipal Pension Trust Fund (FMPTF) provides pension and OPEB administration to over 200 plans with $360 million in assets. The Florida Municipal Investment Trust Fund (FMIvT) has 11 portfolios, $1.7 billion dollars in assets and over 80 members. He holds a Bachelor of Arts degree in Economics from Florida State University.

In his presentation, Mr. Shamoun will be able to talk about what issues are happening in pension/retirement funds across the State and how other cities are responding to gain control of their funds for long-term sustainability.

Attached is an overview of the City's current pension/retirement plans. We are also providing five (5) articles that we feel are worth the read as you prepare for good discussions. The articles range from a national perspective to specific to Florida municipalities.

We look forward to having good conversation and gaining consensus from the Council on our next steps together toward sustaining the City's long-term pension and retirement plans. We are seeking some specific direction for approach for any change that may be desired by Council.

City of Brooksville

Pension and Retirement Plans

Pension and Retirement Plans

- Defined *Benefit* Plans (DBP)
- Defined *Contribution* Plans (DCP)
- The City participates in and funds three different retirement and pension funds.
  - Florida Retirement System (FRS)
    - FRS Pension Plan - DBP
    - FRS Investment Plan - DCP
  - Police Officer's Retirement Trust Fund (PORTF)
    - DBP
  - Firefighter's Retirement Trust Fund (FFRTF)
    - DBP

Florida Retirement System (FRS)

- Plans rules and benefits are set forth in Florida Statute Ch. 121
  - Plan benefits and requirements are established by the State.
  - No local control over contributions or benefits.
- City has elected to participate in FRS pursuant to Fla. Stat. 121.051(2)(b)(1).
- Plan participation continues until City revokes such election.

Florida Retirement System (FRS)

- As of July 1, 2011, FRS is now funded by both employer and employee contributions.

Florida Retirement System (FRS)

- Revocation of Election and Alternative Plan (Fla. Stat. 121.0511)
  - Adopt a resolution revoking election.
  - Hold a public hearing on the resolution.
  - Provide notice of public hearing and submit proof of publication to Department of Management Services.
  - Must have an actuarial report prepared and certified by an enrolled actuary illustrating the cost to the municipality and to its future employees of providing a new retirement plan.
  - Provide a copy of the proposed alternative plan to collective bargaining units.
  - Provide notice of revocation of election to the Division of Retirement Services.

Firefighters Retirement Trust Fund

- Established by ordinance of the City Council.
  - Local control subject to the minimum standards set forth in Chapter 175, Florida Statutes.
  - Board of Trustees appointed by the City Council
    - Sole and exclusive administration of, and the responsibilities for, the proper operation of the retirement trust fund and for making effective the provisions of chapter 175 are vested in the board of trustees.
    - However, the Trustees are not, by statute, empowered to amend the provisions of the plan without approval of the City Council.
- Fla. Stat. 175.051 - Actuarial deficits, if any, arising under the plan are not the obligation of the State; therefore, the City is responsible for funding any deficits.

Firefighters Retirement Trust Fund

- FFRTF is funded by state, employer and employee contributions.

Firefighter's Retirement Trust Fund

- Procedures for Changing Contributions & Benefits
  - Recommendation of changes by the Board of Trustees.
  - Adoption of ordinance to amend the plan.
  - Subject to the minimum benefits required by Fla. Stat. 175.
- Termination of Plan and Distribution of Funds
  - Plan may be terminated or
  - Contributions under the plan may be permanently discontinued; however,
  - The rights of employees to benefits accrued to the date of termination or discontinuance and amounts credited to each employee's account are non-forfeitable.
  - The City shall continue to financially support the plan until all non-forfeitable benefits have been funded.

Police Officer's Retirement Trust Fund

- Established by ordinance of the City Council.
  - Local control subject to the minimum standards set forth in Chapter 185, Florida Statutes.
  - Board of Trustees appointed by the City Council
    - Sole and exclusive administration of, and the responsibilities for, the proper operation of the retirement trust fund and for making effective the provisions of chapter 185 are vested in the board of trustees.
    - However, the Trustees are not, by statute, empowered to amend the provisions of the plan without approval of the City Council.
- Fla. Stat. 185.04 - Actuarial deficits, if any, arising under the plan are not the obligation of the State; therefore, the City is responsible for funding any deficits.

Police Officer's Retirement Trust Fund

- PORTF is funded by both state, employer and employee contributions.

Currently, the PORTF has a Credit Balance from which the City's contribution has funded. So, there is no current requirement to fund within the City's budget.

If the City continues the current trend of no contributions and no changes are made in other contributions or benefits, the Credit Balance will be depleted in fiscal year 2016.

As of 2016, the City would have to fund at least an estimated 25.5% of payroll annually.

Police Officer's Retirement Trust Fund

- Procedures for Changing Contributions & Benefits
  - Recommendation of changes by the Board of Trustees.
  - Adoption of ordinance to amend the plan.
  - Subject to the minimum benefits required by Fla. Stat. 185.
- Termination of Plan and Distribution of Funds
  - Plan may be terminated or
  - Contributions under the plan may be permanently discontinued; however,
  - The rights of employees to benefits accrued to the date of termination or discontinuance and amounts credited to each employee's account are non-forfeitable.
  - The City shall continue to financially support the plan until all non-forfeitable benefits have been funded.

Retirement & Pension Plan Comparisons

- The following charts are basic summaries of benefits and contribution requirements for the three retirement and pension plans.
- These charts do not capture all the benefits and obligations under the plan documents; they are merely highlights of the various benefits and obligations.

Pension Plan Benefits Summary

	FRS	*PORTF*	*FFRTF*
Eligibility	FT or PT, non-temporary (6 months+)	FT hired after January 1, 1996	FT & PT
Credited Service	Full or partial months in which salary is earned; and additional creditable service may be "bought"	Total Years & Partial Years	Total Years & Partial Years
Salary	Gross earnings including wages, overtime, vacation payouts, certain paid sick leave, tax deferred, tax sheltered and tax exempt income, but not bonuses or sick leave payouts; subject to general limit of $150,000.	W2 earnings, Tax-deferred, tax-sheltered & tax exempt, overtime compensation in excess of 300 hours per calendar year.	W2 earnings, Tax-deferred, tax-sheltered & tax exempt
Average Final Compensation	Average Salary of Best 5 years of covered employment	Average Salary of Best 5 years of last 10 years of preceding termination or retirement	Average Salary of Best 5 years of last 10 years of preceding termination or retirement

Pension Plan Benefits Summary

	FRS	*Police*	*Fire*
Vesting	8 years; 6 years; Various	100% after 6 years of Credited Service	100% after 10 years of Credited Service
Normal Retirement	Vested & age 62 32 yrs of Credited Service Vested & age 65 33 yrs of Credited Service; r Age 55 (SR) Age 52 and 25 Years of Credited Service (SR) 30 Years Credited Service (SR)	Earlier of age 55 and 6 years of Credited Service, or 20 years of Credited Service regardless of age.	Earlier of age 60, 55 and 10 years of credited service or 20 years credited service regardless of age.
Early Retirement	Vested	Age 50 and 6 years credited service	Age 50 and 10 years credited service
Normal Retirement Benefits	Yrs. Credited Service x % Value x Average Final Compensation	4.0% of Average Final Compensation x Credited Service	3.1% of Average Final Compensation x Credited Service
Early Retirement Benefits	Accrued Benefit reduced by 5% per year	Accrued Benefit, reduced by 3% per year.	Accrued Benefit, reduced by 3% per year

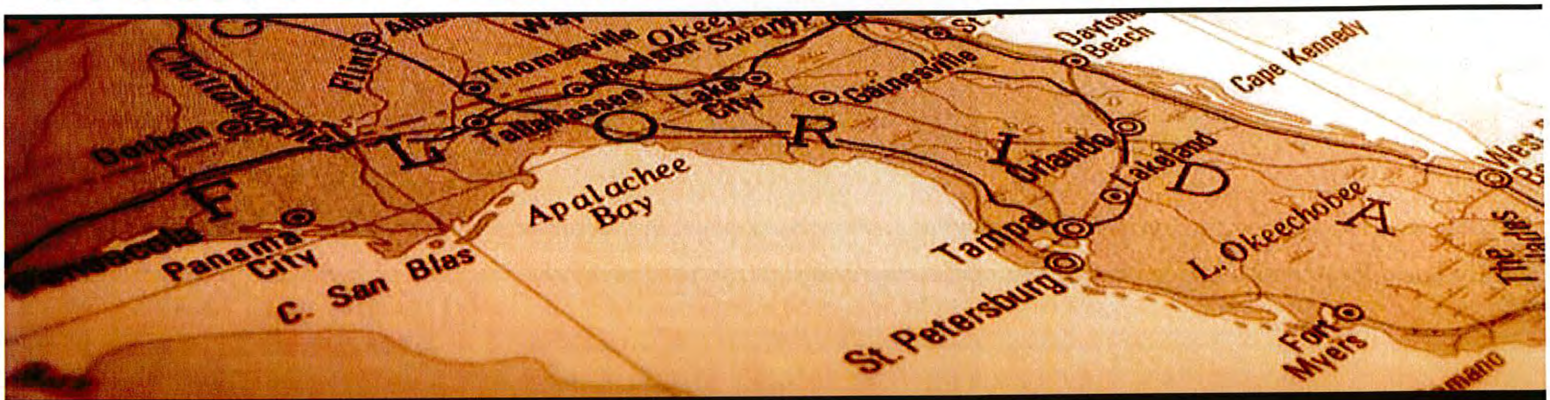
Pension Plan Benefits Summary

	FRS	*Police*	*Fire*
Member Contributions	3.0 % of Salary	1.0 % of Salary	3.29 % of Salary
State Contributions	None	12.9% ($123,439)	13.63% ($102,371)
City Contributions	Various rate based on classification.	Balance remaining after member & state contributions.	Balance remaining after member & state contributions.

Article 1

TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS



Trouble Ahead: Florida Local Governments and Retirement Obligations

The current recession plaguing Florida and other states has revealed an unexpected and unwanted fiscal reality: many of our local governments have promised more in retirement benefits to their employees than is fiscally prudent. The result is potentially a ticking time bomb for Florida citizens unless the state and localities act to recognize and alleviate obligations they cannot afford to keep.

Some apparent abuses have been recognized. For example, a task force in West Palm Beach looking at the pensions provided to the city's police and fire retirees found that these pensions will increase 61 percent over the next five years. Perhaps more astounding to these citizens was that the city will be paying more to ex-police officers and firefighters than to current ones.[1] Fueling the fire, a number of contractual retirement agreements are resulting in what some Floridians are calling excessive and unnecessary benefits, touting examples of public employees retiring at age 55 with inflated six-digit salaries and fully-subsidized healthcare coverage.

According to the Florida League of Cities, cities as different as Miami and Pembroke Pines, St. Petersburg and Hollywood are seeing their retirement costs exceed 50 percent of their payrolls.[2] One study of the 50 largest cities nationwide estimated that their total unfunded obligation totaled over $14,000 per local household.[3] At issue are promises of both pensions and health care benefits to retirees.

LEROY COLLINS INSTITUTE

FEBRUARY 2011

The situation is exacerbated in Florida and elsewhere by the falling investment markets. Just as citizens have seen their savings and other investments fall dramatically over the past five years, so has the value of local governmental retirement funds. And because retirement investment values are no longer providing significant returns, the promises localities have made to their retirees must be funded by local revenues — in competition with longstanding services such as public health, roads, criminal justice and land use. Alternatively, local governments are simply not adequately funding their obligations.

Traditionally, public sector employees have traded off higher salaries for more generous benefits. But is this an economically beneficial exchange? And what are the unintended consequences of this negotiation? [4] Florida law generally protects public employee retirement benefits — essentially putting Florida taxpayers on the hook for these promises no matter the current economic circumstance. Finally, a rather obscure state law encourages cities to provide more generous benefits to public safety employees by making state funds available for funding pension plans provided that cities increase their pension benefits, rather than using the funds to maintain current benefit levels.

If action is not taken now to change these often law-bound pension promises, fundamental services could be put in jeopardy as cities and counties will be forced to fund contractual retirement obligations that research shows are substantial and increasing. For example, **the average annual retirement obligations for Florida cities in 2009 accounted for 8.3 percent of local governmental expenditures. Florida counties saw a staggering 8.1 percent of their total government expenditures being dedicated to predetermined public retirement promises.**

There is a common phrase among Florida policymakers and close observers that "at least we're not California." Indeed, California's overall budgetary problems including its retirement obligations are enormous. However, Florida has been served a warning. Our state's local retirement systems are headed in the same direction as California's failed retirement policies. **It is clear; Florida must work to alter its course.**

Faced with these looming issues, the LeRoy Collins Institute initiated this research series, *Tough Choices: Facing Florida's Governments* to analyze the problems in Florida's local government retirement systems. This report, *Trouble Ahead* is part of a long-term investigation of state and local governance and examines two forms of retirement benefits in Florida's counties and cities: (1) pensions and (2) retirement subsidies for healthcare and insurance policies, so-called other post-employment benefits or OPEBs. Funding from the Jessie Ball duPont Fund in Jacksonville made this work possible.

This initial research also identifies recommendations made by the Institute's bi-partisan board of engaged citizens and policymakers in their pursuit to help alleviate some of the challenges faced by lawmakers in changing the current system. [5] These recommendations call for making changes in retirement benefit packages, better management of the retirement accounts, improved state oversight, and more transparency.

PENSION CONTRIBUTIONS BY THE NUMBERS

In fiscal year (FY) 2009, Florida county pension contributions averaged more than $21 million (see Figure 1) and accounted for nearly five percent of their total governmental expenditures (see Figure 2). In other words, for every dollar of governmental expenditures counties spent, nearly five cents was needed to cover their required pension contributions. This is a sharp uptick from contributions made only six years earlier of nearly $12 million or 3.5 cents on every dollar. **This represents a 75 percent increase in total pension costs and a 42 percent increase in the pension share of governmental expenditures.**

Similarly, a review of a representative sample of 50 Florida cities [6] found that pension contributions averaged $2.28 million and accounted for more than 5.6 percent of governmental expenditures. Six years prior, average pension contributions totaled $800,000 and comprised 4.2 percent of governmental expenditures.

Figure 1. Total Pension Contributions

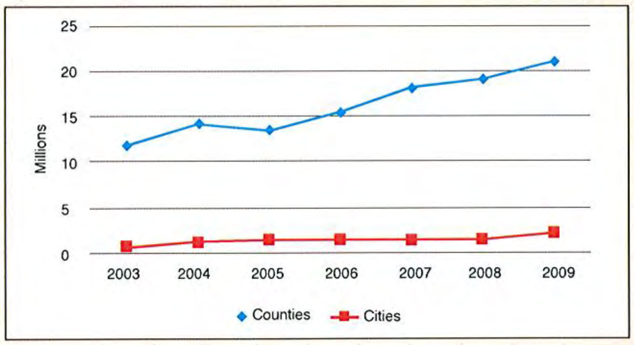
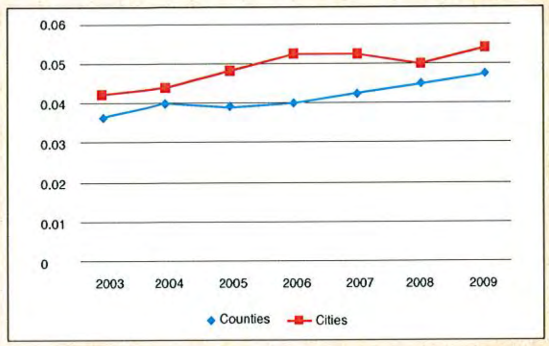


Figure 2. Total Pension Contributions as a Proportion of Total Governmental Expenditures



However, the situation is not uniform across the state. During FY 2009, select counties contributed nearly seven percent of their total governmental expenditures to pensions while others contributed closer to 2.5 percent. Looking at the city level, significant variation is more often found. In FY 2009, the sample group of cities had pension contributions ranging between one and 20 percent of total governmental expenditures.

What explains the substantial variation in city pension contributions, especially compared to the relatively small contribution in county government? Put simply, required contributions increase as retirement benefits become more generous, as more employees are hired, and as the unfunded portion of a government's pension fund grows.

All counties and school systems, as well as most state employees, are required to participate in the Florida Retirement System (FRS). Management, oversight and policy direction of the FRS are established at the state level. Benefit levels and contribution rates are essentially uniform. The primary sources of variation in pension costs across Florida counties are the salary levels of employees and the types of employees (e.g., counties must contribute a larger share of a public safety employee's salary to FRS than of a general employee's salary). This uniformity in pension plans and contribution rates greatly reduces the variation in pension costs among counties.

On the other hand, most cities and special districts are not actively engaged in the FRS. Approximately 150 cities out of more than 400 participate to some level in FRS. Most cities and special districts establish their own pension programs (most have at least two separate programs covering different employees). These pension plans are independently negotiated, often as a function of collective bargaining. The funding of municipal pension programs is overseen by the Department of Management Services of Florida (DMS), which reviews actuarial reports every three years to ensure that the funding of these programs is actuarially sound. This system leads to considerable variation in cities' pension programs.

COMPLICATING THE MATTER: OTHER POST-EMPLOYMENT BENEFITS

While much attention has been focused on local pension plans, there is another retirement area that is equally important – other post-employment benefits (OPEBS) or health care benefits. Under state law, local governments must provide what is known as implicit health benefits. Cities and counties must offer their retirees the ability to purchase healthcare at the cost of the premium required of working employees. By "buying" into the bigger (and younger) pool of workers, the retirees get a substantial discount from buying insurance on the individual market. Of course, this is a disadvantage to the regular workers and the local governments since rates with retirees are higher than without. In addition, some cities provide explicit benefits – where the government pays a portion of the costs of insurance for the retired workers.

In fiscal year 2009, a typical Florida county had an average outstanding liability for non-pension retirement benefits of nearly $30 million. On average, counties needed to contribute $3.5 million in order to cover the non-pension benefits earned in 2009. Few counties contributed any resources toward the outstanding portion their OPEB liability—differing those costs to future taxpayers. If the average county were to cover its entire unfunded OPEB liability in 2009, its OPEB contribution would represent 3.1 percent of its total governmental expenditures in that year.

However on average, counties only cover 40 percent of their contributions since that percentage represents the amount that was required to pay the county portion of health insurance premiums during that particular fiscal year. The remaining 60 percent that is not contributed represents the portion that was required to be set aside as a resource to pay for healthcare benefits that have already been earned by employees. This means for most counties, the unfunded portion of their obligation continues to grow.

As far as non-pension benefits, Florida cities are slightly better off than counties. We reviewed a sample of the 100 largest cities in Florida and found the typical large city to have an outstanding OPEB liability of $7.5 million, with a required contribution of nearly $1 million in fiscal year 2009. If cities were to fully fund their annual contribution, it would comprise approximately 2.7 percent of their total governmental expenditures. However, on average, these large cities funded just 31 percent of their contribution in 2009.

Table 1. The Six Highest and Lowest Unfunded OPEB Obligations as a Percentage of Covered Payroll in 2009 and of Total Governmental Expenditures in the Largest 100 Florida Cities

City Name	Unfunded Obligation as a Percentage of Covered Payroll	Unfunded Obligation as a Percentage of Total Governmental Expenditures
Six Highest		
Bradenton	476%	240%
Hollywood	432%	174%
Hialeah	380%	153%
Miami	256%	60%
Cape Coral	246%	83%
Titusville	221%	106%

City Name	Unfunded Obligation as a Percentage of Covered Payroll	Unfunded Obligation as a Percentage of Total Governmental Expenditures
Six Lowest		
Coral Springs	3.3%	2.1%
Royal Palm Beach	3.2%	0.5%
Lauderhill	2.6%	0.6%
Palm Coast	2.2%	0.5%
Cutler Bay	1.8%	0.1%
Wellington	(1.7)%	1.1%

STAGES TO EXAMINE PUBLIC RETIREMENT BENEFIT SYSTEM

Several issues are key in examining the public retirement benefit system. These issues might be viewed as stages:

Stage One: The provision of benefits by local governments.

Cities and counties negotiate benefits for their various plans through collective bargaining as described and managed by state law. These negotiations involve input from politically powerful public employee interest groups, as well as elected officials who understand the voting behavior of such groups. For certain employee groups represented by unions, this involves collective bargaining with local officials. These decisions determine the details of pension and healthcare obligations including how the benefits will be calculated (i.e. what is the 'base' salary, what is the multiplier that determines the benefit, and when can an employee retire). Legislative grants of benefits to public safety employees further compound the challenges and opportunities available to municipal and special district pensions.

Stage Two: The collection and management of the money used to pay for those benefits.

In Florida, as directed by state law, pension funds are administered and managed by local pension boards. These boards make decisions on investment strategies and on the assumptions used to calculate the value of pension obligations and assets (i.e., the projected rate of investment returns or discount rate). There is no requirement for similar governance of OPEB funds. Furthermore, most cities have multiple retirement programs including separate plans for firefighters, police officers, elected officials, and other employees. Within those plans, certain special-risk categories exist (often provided in state law). For example, the City of Miami has three pension boards: one to administer a pension program for police and firefighters; another to administer three different pension plans for general employees and sanitation workers, and a third pension board that administers a pension plan for elected officials.

Stage Three: The oversight of pension and OPEB obligations.

As stated before, OPEB obligations are not reported to or evaluated by any state agency.

Additionally, Florida state law (Chapters 175 & 185, Florida Statutes) allows certain insurance premium taxes to be used by local governments to enhance pension benefits of police and firefighters. Passed in 1999, the law mandates that the premium dollars in excess of base amount can only be used to provide new or extra pension benefits to police officers or firefighters. These dollars can only be used for additional benefits—thus providing a substantial incentive for cities to add benefits annually for police and firefighters or risk losing state dollars. The situation becomes difficult in tough economic times when employees see their benefits increase and other employees do not. **The Florida League of Cities (FLC) estimates this provision has created more than $400 million in new or extra pension benefits to these groups over the past decade.** [7]

A TALE OF TWO CITIES: ONE SIZE DOESN'T FIT ALL

One of the most common concerns local government officials have about possible statewide changes to local retirement systems is that "one size doesn't fit all." This is because each city has its own way of organizing their retirement benefit plans to meet the needs of their employee obligations.

To illustrate this complexity, Table 2 presents a summary view of the retirement systems in two real Florida cities. Both cities have roughly the same population size, but their retirement systems are very different. City 1 provides a defined-benefit program for their police and a defined-contribution program for its general employees. City 1 is also largely current on its pension obligations, but has not put aside any money to cover its OPEB obligation. City 2 operates defined-benefit programs for its firefighters and police officers. These pension programs are underfunded, especially the firefighter plan. City 2's general employees participate in FRS.

However, they both have a significant OPEB obligation that is unfunded The bottom line is that two very similar cities have made different choices for their employees and the result is that City 2's obligations to its retirees are higher than those of City 1. For policymakers, this is a challenge. Cities want the ability to make these choices but they must understand the consequences and be prepared to adequately fund them. If the state is tempted to provide more regulation, capturing these myriad factors could be daunting. This example stresses the significance of transparency in reporting methods for each city and county.

Table 2. Two Example Cities	City 1	City 2
Population	Approx. 20,000	Approx. 20,000
Number of Single-Employer Pension Plans	2 (Police & Shared)	2 (Police & Firefighters)
Single-Employer Pension Plans (Percent Funded)	90 percent (Police)	80 percent (Police) 54 percent (Fire)
Participates in FRS pension plan	No	Yes
Defined-Contribution Plan	1 (General Employees)	None
OPEB Plan	1 (All Employees)	1 (All Employees)
OPEB Plan (Percent Funded)	0 percent	0 percent
FY2009 Costs (approximate)		
Employer's Single-Employer Pension Contribution	$650,000	$1,395,000
Employer's FRS Contribution	$0	$1,400,000
State's Insurance Premium Contribution	$140,000	$438,000
Employer's Defined-Contribution	$150,000	$0
Employer's OPEB	$140,000	$5,750,000
TOTAL COST	$1,093,000	$8,973,000

LEROY COLLINS INSTITUTE'S POLICY RECOMMENDATIONS

Clearly, there are tough choices ahead for local and state policymakers wishing to alleviate these current and looming problems. The issues are complicated. The problems are more easily defined than the solutions. In recognition of this complexity, the LeRoy Collins Institute has provided seven initial recommendations to help create solutions to the numerous problems in pension and OPEB management outlined in this report. We recognize that these recommendations are not the final answer, but feel that they are a beginning for a state dialogue on an issue that will not be easily or quickly resolved.

1 RAISE RETIREMENT BENEFIT RECIPIENT AGE: The minimum age before a retiree qualifies for benefits should be gradually raised. A reasonable age to begin receiving benefits could be approximately 60.

Public employee benefits can often be seen as more generous for the following reasons: (1) early retirement options after a relatively low standard of numbers of years in service, (2) the transferability of retirement benefits to spouses and dependents, and (3) the 'double-dipping' concept where public employees can often return to work and qualify for additional retirement benefits. Provisions that make it easier for employees to qualify for and begin claiming their retirement benefits increase the number of qualified beneficiaries and thereby add to the cost of retirement programs. Allowing local governmental employees to retire and draw benefits at relatively young ages is an unnecessary cost to cash-strapped cities.

However, if requirements are made more stringent, governments may be less able to attract and retain skilled workers since incentives are a major component of their recruitment efforts.

Other options:

- Gradually raise the minimal vesting period
- Reduce the transferability of retirement benefits to spouses and dependents
- Prohibit 'double-dipping' of retirees who have already qualified for retirement benefits from qualifying for additional retirement benefits

2 STABILIZE RETIREMENT CONTRIBUTIONS: Cities should set a minimum contribution rate to ensure minimal contribution levels during good years and reduce the need to significantly increase contributions during periods of fiscal stress.

A government's annual retirement obligation is greatly reduced during good economic times, but during tough economic times few governments have prepared for the funding gap resulting from a down market. Implementing a counter-cyclical strategy would improve a government's ability to fund its retirement contributions during difficult economic times without taking resources from other government services.

However, during good economic times, counter-cyclical strategies (i.e., the over-funding of retirement obligations) could limit government control of budgetary resources and require taxation higher than generally perceived necessary.

Another option:

- Assume a more "conservative" discount rate (also known as the expected rate of return on investments). This would require governments to contribute more money into their retirement funds because they would expect those funds to grow at a reduced rate.

3 REVIEW AND AMEND BENEFIT CALCULATION METHODS: Localities should not include overtime or additional earnings/bonus pay in the base salary used to calculate pension benefits.

Any inquiry into local pension costs must consider the generosity of the pension benefits. For example, sometimes police and firefighters can artificially inflate their salaries eligible for pension by accumulating considerable overtime in their final years of service. This practice is sometimes called, "pension spiking."

Another important component is the multiplier that often determines the pension benefit. Special-risk employees often have wage multipliers that are much higher than the multipliers for general employees. Lowering the base salary and multiplier can greatly reduce pension costs. Yet, public officials have often granted increasingly generous pension benefits to their employees. Those deferred costs now represent significant obligations that may require significant tax increases and/or service reductions.

However, governments are obligated to ensure a secure retirement for their employees. Benefits are earned rewards for public service, especially public safety employees. There are also potential legal issues involved as demonstrated by the recent lawsuit in Miami challenging the city's desire to change the base on which employees' pensions are determined. [8]

Other options:

- Cap income multipliers at a percent of base salary
- Limit cost of living adjustments to a measure such as the state CPI index
- Increase the number of years of employment used to calculate the benefit
- The base salary should be based on the average salary from a higher number of years of service

4 REVISE STATUTORY RESTRICTION ON PREMIUM TAX DOLLARS: The statutory restrictions on the use of premium tax dollars that link increases in tax premium funds to the provision of additional benefits should be reduced or removed. Cities and counties should be able to use premium tax dollars to cover their current pension obligations.

Florida Statutes, Title XII, Chapters 175 & 185 make state premium tax dollars available to cities for firefighter and police officer pension plans, provided the plans meet minimum requirements.

On average, premium tax dollars have increased nearly every year for several decades. In 1999, the state established the amount of premium tax benefits a city received in 1997 as the city's base amount. If premium tax collections exceed the 1997 base amount, a city cannot access those additional funds unless it provides additional pension benefits to its policemen or firefighter employees. Many cities, therefore, qualify for premium tax dollars in excess of their 1997 base amount, but cannot access those dollars unless they provide additional benefits. The current system provides an incentive for increasing benefits, but does not fully fund the long-term cost of those added benefits.

Many cities currently in financial stress would benefit from using the premium taxes to fund their pension obligations. In order to access the premium taxes, some cities are reducing their pension benefits to the minimum required level and then immediately increasing the benefits back to the established level (which is technically an additional benefit).

However, it is useful to keep in mind that the provisions were passed to ensure that localities could not use increases in premium tax dollars to shift general revenues away from police and fire pensions.

Other options:

- One-time, temporary unfreezing of premium tax dollars
- Reset base-level to current premium tax dollar levels
- Establish a system for unfreezing premium tax dollars during periods of fiscal stress
- Conditional unfreezing as long as specific conditions are satisfied

5 ENCOURAGE TRANSPARENCY OF LOCAL RETIREMENT SYSTEM: Localities should improve the accessibility of funding, actuarial reporting and liabilities information to its taxpayers.

All counties are required to participate in FRS's defined-benefit program. Most cities and special districts are not actively engaged in the FRS. While there is an argument for greater administrative oversight of cities and special districts, as there is for counties, a less onerous option would be to require cities and special districts to make information about their pensions easily accessible to the public on the city's webpage. Such information should be provided in a clear and easily understood manner using terminology and data that are uniform across the state's cities.

However, some might argue that such requirements reduce local government autonomy.

Other options:

- State mandate that all cities and special districts join the Florida Retirement System
- Recommend cities and special districts join the Florida Retirement System
- Recommend cities and special districts use pooled-asset systems (e.g., FLOC's Florida Municipal Pension Trust Fund)

6 CONSIDER REPEAL OF LAW REQUIRING IMPLICIT SUBSIDIZATION OF HEALTHCARE BENEFITS: Florida lawmakers should give much consideration to repealing current Florida law requiring the implicit subsidization of healthcare benefits for Florida local governmental retirees.

Governments with the most generous retiree healthcare programs have the highest liabilities. Few governments have even set aside any resources to cover these liabilities, so it is essential that healthcare cost-reduction options be examined. There are two types of health benefits provided to retirees — explicit benefits and implicit benefits. Explicit benefits are those that provide financial assistance to employees to purchase health insurance in retirement or provide those benefits without cost. Implicit benefits are required by Florida law and allow retirees to purchase healthcare at the cost of the premium required of working employees (a less costly rate than the retiree would qualify for without this benefit).

Future healthcare costs are impossible to predict because of the possibility of national and state-level legislation. The statutory requirement that allows retirees to purchase healthcare at current employee's cost constitutes an unfunded mandate with a substantial price tag to local governments. Retiree benefit levels may eventually lead to significant financial stress in local governments, resulting in tax increases and/or service reductions.

However, there is still government's obligation to ensure a secure retirement for its employees and benefits are earned rewards for public service.

Other options:

- Reduce maximum monthly benefit
- Switch to implicit benefit once retiree qualifies for Medicare
- Switch to a defined contribution benefit system

7 PROVIDE STATE OVERSIGHT OF LOCAL RETIREE HEALTH PLANS: State agency oversight should be provided in statute to manage local retiree health benefit obligations. This agency should establish standards and provide technical assistance, if desired, to local governments.

The Collins Institute board was surprised to learn that there is no state agency or department overseeing local healthcare retirement programs and obligations. Given the extensive obligations incurred by local governments for healthcare, provision of state oversight seems extremely important. Complicating matters, there is no legal requirement that local governments fund their healthcare obligations at actuarially sound levels. Increased state oversight should improve reporting and ensure actuarially sound funding. Oversight may create an incentive to increase funding commitments.

However, increased state oversight would increase administrative burden on local governments. In addition, the state may not have sufficient capacity to handle the added responsibility.

TROUBLE AHEAD: FLORIDA'S CHANCE TO CHANGE COURSE

On this road to economic vitality, there are no villains. From the cities and counties struggling to support critical community services, to the hard-working, special risk employees that protect and serve Floridians, to the union bosses fulfilling their mission by assuring their members are well taken care of now and in the future, all groups are vying for protection of their interests. Local elected officials are trying to represent their citizens' needs by retaining a strong local workforce. State officials want to assure that their constituents, also constituents of local governments, are well-served by local retirement programs. Yet together, these well-meaning groups have put together a route that's expensive, and getting more expensive by the minute, leaving the bills for citizens not-yet-born.

Unfunded public retirement obligations are a financial roadblock on our state's highway to economic recovery. The decisions will not be easy — tough choices are inescapable. But, ignoring the warning signs will only make the journey longer and more difficult. Changes need to be made now to ensure Florida's local governments can get back on a path toward sustainability. The Collins Institute's initial recommendations map out the high-priority issues that should be considered as we work toward that goal.

TOUGH CHOICES

Tough Choices: A research series focused on state and local government relationships from the LeRoy Collins Institute.

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[1] "Response to Cities' Alarms: Pension Rules are Stacked in Favor of the Unions, Not Taxpayers." The Palm Beach Post, Nov. 19, 2010.
[2] Kraig Conn, legislative counsel for the Florida League of Cities, is the source for this information reported in: Kenric Ward. 2010. Local Governments Seek Pension Relief. Sunshine News. http://www.sunshinestatenews.com/print/1878321.
[3] Robert Novy-Mark and Joshua Rau. 2010. The Crisis in Local Government Pensions in the United States. http://www.kellogg.northwestern.edu/faculty/rauh/research/NMRLocal20101011.pdf.
[4] This is particularly the case for jobs at the high end of the labor market where professionals such as lawyers, accountants and executives can make more money in the private sector, while at the lower end of the salary range; the private sector may pay the same or less for comparable jobs.
[5] The researchers used all reasonable means to collect all audited financial reports for all counties and of the sample cities for fiscal years 2003 to 2009. Not all financial reports were available. The 2003 figures are based on 52 counties and 34 cities. The 2009 figures are based on 45 counties and 26 cities.
[6] The list of the 50 cities selected in our sample may be found at http://www.collinsinstitute.fsu.edu
[7] Kraig Conn, Legislative Counsel, Florida League of Cities, Power Point Presentation. 1011 Pension Reform Proposal. http://www.floridaleagueofcities.com/News.aspx?CNID=3930
[8] Randall G. Holcombe. 2011. Protecting Florida's Cities through Pension Reform. James Madison Institute Backgrounder. No. 66. January. www.jamesmadison.org

Established in 1988, the LeRoy Collins Institute is an independent, nonpartisan, non-profit organization which studies and promotes creative solutions to key private and public issues facing the people of Florida and the nation. The Institute, located in Tallahassee at Florida State University, is affiliated and works in collaboration with the State University System of Florida.

Named in honor of former Florida Governor LeRoy Collins, the Institute is governed by a distinguished board of directors, chaired by Allison DeFoor, D.Min. Other board members include executives, local elected officials, and senior professionals from throughout the state.

Beginning in 2005, the Institute published several reports in a series called, *Tough Choices: Shaping Florida's Future*. These publications provided an in-depth analysis of Florida tax and spending policy including Medicaid, PreK-12 education, higher education, and children's health and welfare. The research concluded Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents, predicting trouble may be ahead.

In the newest research series, *Tough Choices: Facing Florida's Governments*, the Institute takes an objective look at the often tumultuous relationship between state and local governments in Florida. This report *Trouble Ahead: Florida Local Governments and Retirement Obligations* is the initial release in this research series. This report was written by David Matkin, Ph.D., assistant professor in the Askew School of Public Administration and Policy, who is the lead researcher on the local retirement component of the Institute's state-local analysis.

Future reports will examine trends in municipal and county spending and revenue, the effects of state mandates on Florida's local governments, state proposals to limit local revenues, and differential effects of the economy and state mandates on fiscally distressed communities. The *Tough Choices* research series is funded by the Jessie Ball duPont Fund.

All publications from the Institute can be found at the Institute's website: CollinsInstitute.fsu.edu

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Article 2

Police and Fire Pensions in Florida: A Historical Overview in a 2010 Report for the Florida League of Cities

By

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Abstract: Pensions are one of the largest and fastest growing costs facing cities. Contributions to these plans are expected to increase each year for the next 4-5 years unless the investment return for these plans is significantly higher than 8% for several years (Matkin, 2010). The purpose of this paper is to examine the history of local government pensions with a particular focus on Florida Statutes Chapter 175 and 185 Pension Plans, which provide a funding source for certain firefighter and police officer retirement benefits through a tax on insurance premiums. More specifically, the paper summarizes the evolution of pension plans in the United States and the notable legislative changes, Attorney General Opinions, and court cases pertaining to these Florida Chapter 175 and 185 Plans. The reader will draw some correlations between this history and the growing cost of funding these plans.

From the research conducted, it's clear that local pensions are a relatively new benefit (mid-19th century) and the cost of providing Florida Chapter 175 and 185 pensions are increasing exponentially due to state legislative mandates that require any increases in premium tax revenues be used exclusively for "extra benefits" rather than to ensure a sustainable pension fund to pay the benefits obligated under these plans. Risky investment experiences and unrealistic actuarial assumptions have added to this condition. The above is evidenced by the historical decrease in the funding ratios of the 32 Chapter 175 and 185 pension funds of the 20 Florida cities that were sampled for this paper.

Acknowledgements

Appreciation is extended to the Florida League of Cities' Director of Policy and Political Affairs John Thomas and Legislative Counsel Kraig Conn for their guidance in identifying the purpose of this paper and providing numerous resources to review for its preparation. Appreciation is also extended to Dr. David Matkin, Assistant Professor at the Askew School of Public Administration and Policy at Florida State University for sharing research material that he is currently working on with the Collins Center.

According to University of Arizona's Jun Peng (2009), there are few articles written on the pension issue, despite the interest and need for understanding it. The assistance from those acknowledged above was extremely helpful in identifying those sources.

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Pre- 20th Century Pension Plans

Overview:

According to Craig (2010), legislators have provided pensions for public workers as far back as the Roman Empire. Most of these plans were for military-type personnel and focused mostly on providing compensation for military disabilities. Military pensions have a particular long history, even in the United States, where pensions for retired and disabled military personnel predate the signing of the U. S. Constitution (Craig, 2010).

Decades before the states or the federal government provided pension plans to non-military personnel, some larger American cities provided pensions to some of their employees; notably, police, firefighters, and teachers. For example, the city of New York established the first ever public pension plan for police officers (Peng, 2009). This was originally established as a disability pension plan and in 1878 expanded it to include a retirement feature (Craig, 2010).

The second major category of employees to be granted pension benefits was school teachers. The first such plan was established in 1894, again in New York City (Peng, 2009). Early teacher plans were mostly created by cities and later merged into state wide pension plans (Peng, 2009). Even private sector pension plans are relatively new in our country's history with employer provided plans not beginning until the late 19th century (Craig, 2010).

Section Summary

The history of public sector pension plans is lengthy and pre-dates private sector pensions. The practice was later extended by major cities and initially, those cities offered pensions to law enforcement officers and later extended the benefit to teachers.

Early 20th Century Pension Plans

Overview

Between 1900 -1920, at least one U.S. Congressional bill was introduced each legislative session to provide pensions for non-military personnel in the federal government (Craig, 2010). These initiatives ultimately resulted in the passage of the 1920 "Federal Employees Retirement Act". Briefly stated, the plan called for mandatory retirement ages, employee contributions, use of average salary over 10 years for calculating benefits, and differing retirement ages depending on the type of service.

With the exception of the aforementioned New York City plan, only a few other cities had plans before 1900. Most public sector workers at the local government level were not offered pensions until the first decade of the 20th century. At that time, teachers, firefighters and police officers were again typically the first non-military workers to earn a pension (Craig, 2010).

By 1917, 85% of cities with a population of over 100,000 and 50% of cities with a population between 30,000 and 50,000 had pension plans and by 1928, police and fire plans were "practically universal" (Craig, 2010). By the late 1920's, some states were also using actuarial variables to determine the amount of their pension contribution.

More specifically, these states considered such factors as a workers' experience, age, earnings, life expectancy, etc. to arrive at an appropriate contribution to create an actuarially sound defined benefit plan (Craig, 2010).

In 1930, all federal employers and an increasing number of state and local government employers were providing pension plans for at least some of their employees (Craig, 2010) and, in 1941, the U. S. Census Bureau first started collecting data on membership, assets, pension contributions, and investment income (Peng, 2009).

Section Summary

The use of pensions in the public sector expanded rapidly after the turn of the 20th century. Almost all large cities and the majority of smaller cites were providing pensions by 1917. Virtually all police and fire departments were covered by pension plans by 1928. The practice became so widespread that, by 1941, the U.S. Census began to capture data on these pension plans.

Pension Plans in Latter Half of the 20th Century

Overview

According to Peng (2009), Congress passed legislation in 1950, 1954, and 1956 to allow state governments the option to join the social security program and most states agreed to do so. Exceptions include Alaska, Colorado, Louisiana, Massachusetts, and Nevada (Peng, 2009).

In 1974, Congress legislated "the first of several successive requirements for protection of assets of pension beneficiaries" (DMS, 2007). By 1975, approximately 98% of all state and local government employees were covered by a defined benefit pension plan (Florida Tax Watch, 2010). However, in 2009, that percentage dropped to approximately 84%. Alaska and Michigan are two states that moved completely away from defined benefit pension plans (Florida Tax Watch, 2010). In the private sector, 84% of private sector employees in medium to large companies had defined benefit pension plans in 1980. By 2009, only 29% of private sector employees had access to defined benefit plans (Florida Tax Watch, 2010). The defined benefit plans were being replaced by defined contribution plans (i.e. 457, 401(k), 401(a), etc.).

According to Edwards (2010), public sector compensation growth began to outpace private sector compensation growth after the 1980's and by the mid-1990's public sector workers had a substantial advantage. "The public sector compensation advantage was most pronounced in benefits." (Edwards, 2010, p. 89). Because most public sector workers received defined benefit pensions, policy makers were able to expand promised benefits without incurring large short-term budget impacts. In addition, the full-cost of benefits were often under estimated causing underfunding of many of these plans (Edwards, 2010). In 2006, the federal government passed the Pension Protection Act; imposing new funding requirements on both public and private sector plans to improve their solvency (DMS, 2007).

Section Summary

By the last half of the century, most states had joined the social security system. The latter part of the century also represented a shift from defined benefit plans to an increased percentage of defined contribution plans. The private sector shift was significant while the public sector shift was considerably less significant. Federal legislation to protect assets of beneficiaries and to improve plan solvency for both private and public sector plans was another notable occurrence.

A Historical Review of Pension Earnings

Overview

Public pension asset growth comes from three sources: employer pension contributions, employee contributions, and investment return (Peng, 2009). In the early years of public pension plans, pension contributions far exceeded investment income. Therefore, pension growth was largely due to pension contributions, rather than investment income (Peng, 2009).

Over the years, state and local pension assets grew and, in 1985, investment returns nearly equaled the combined employee and employer contributions and in 1994, cumulative interest income surpassed cumulative pension contributions (Peng, 2009). At the peak of the stock market boom, pension systems experienced unprecedented earnings that resulted in increased benefits and decreased contributions made to the Plan. Table 1 highlights the exponential growth of investment income (in millions) as compared to plan contributions. However, note how significant the impact on pension assets was in 2001-2003 when earnings were very low or negative.

Table 1

Year	Annual Receipts	Covered Employees	Participating Employers	Cumulative Earnings
1942	119	65	54	36
1970	7,388	2,788	4,600	2,460
1985	36,878	9479	27,399	34,852
1995	59,611	18,600	41,011	89,232
2000	65,150	24,994	40,155	231,900
2001	65,282	26,438	38,845	57,941
2002	66,336	27,544	38,792	-72,457
2003	75,056	28,844	46,212	72,691
2004	91,782	30,786	60,996	315,554
2005	91283	31,536	59,747	262,178

Source: U.S. Census Bureau State and Local Government Employee Retirement System Survey

In addition to compounding returns, the growth in earnings was also due to a shift from safer investments to more risky investments, such as equities. Again, these types of investments can also result in low earnings.

According to Peng, (2009), the relationship between investment return and risk is the most important aspect of pension asset investment management. Other indicators affecting pension growth include asset size, funded ratio, liability growth, payroll growth, and assumptions (DMS, 2007).

Section Summary

The most notable change in state and local pension fund assets has come from a transition in the source of revenues flowing into the funds. Initially, the largest source was contributions by employers and employees. By 1994, the major source of fund revenue growth was investment earnings. This transition resulted from an economic boom and from changes in investment policies. Some of those changes also increased the level of risk of these investments.

Creation of a Uniform Municipal Fire and Police Plan – Florida Chapters 175 and 185 Plans

Overview

The State of Florida created the Municipal (local government) Firefighters' Pension Fund in 1939 and created the Municipal Police Officers' Pension Fund in 1953 (Florida Department of Management Services, 2010). The law also required municipalities to certify to the Department of Insurance that their city complied with this Legislation. The primary purpose of these legislative initiatives was to provide a uniform retirement system for the benefit of firefighters and police officers, provide oversight and monitoring by the State Division of Retirement and local pension boards, provide minimum pension benefits (which have progressively increased over the years) and enable participating local governments to receive annual distributions of state premium tax collections on property and casualty insurance policies written within the city's/special district's limits or the boundaries of the participating plan (DMS, 2010).

The cities receiving the premium tax revenues must use this money exclusively for police and firefighter pensions, and the local plans must comply with the requirements of chapter 175 and 185 (Linn, 2010). For example, premium tax monies received in excess of the "frozen amount" or the total amount of premium tax dollars a municipality received in calendar year 1997, must be used for extra benefits and the cities can lose premium tax monies if the current plan is closed, frozen, terminated, or if the city joins the Florida Retirement System (Linn, 2010).

Section Summary

Uniform pension systems began in Florida for municipal firefighters in 1939 and for municipal law enforcement in 1953. The intent was to establish minimum benefit levels and provide oversight by both the Division of Retirement and local pension boards, along with the ability to access a funding source. Utilization of the funding source, insurance premium tax revenues, requires local governments to comply with the requirements of Chapters 175 and 185.

A Historical Synopsis of Notable Florida Legislative Changes Since Adoption of 175 and 185 Plans

Overview

Most legislation is evolutionary. It is often amended from time to time to adapt to new technologies, changing events, and political preferences. The evolution of Chapter 175 and 185 Plans involves several amendments since their initiating legislation. The following paragraphs provide a synopsis of some of the notable amendments.

In 1953, legislation required municipalities to certify that they had an organized fire or police department to be eligible to levy premium excise taxes to access that revenue source to help fund their pension plans (DMS, 2010).

A few years later, in 1959, legislation was passed requiring all 175 and 185 plans to be funded on an actuarially sound basis and annually report to the state that their plan funding is maintained on a current basis (DMS, 2010). Fours years later, legislators revised the firefighters plan requirements to match provisions in the police plan; specifically defining the benefit calculation method to use the average of "the ten best contributing years of last 15 years" of service.

In 1986, the legislature raised minimum benefit levels and two years later reduced the share of premium tax levied to fund Firefighter Plans from 2 percent to 1.85 percent and reduced the amount to fund Police Plans from 1 percent to .85 percent (DMS, 2010).

In 1992, the legislature authorized that half the increase in any state premium tax monies could be used to establish a Retiree Health Insurance Subsidy Trust Fund and a year later, extended the Division of Retirement oversight to Special Fire Districts who were now eligible to participate under Chapter 175 for funding (DMS, 2010).

The state enacted legislation in 1995 that, among other things, allowed cities and special districts to revoke their election to participate in the Florida Retirement System. Cities and special districts that choose to opt out were required to provide a retirement plan for police officers and firefighters hired after January 1, 1996, that met or exceeded the "Chapter" plan benefits under 175 and 185 (DMS, 2010). A year later, legislation was passed that requiring all 175 and 185 plans to have a performance evaluation of their professional money managers. Investment provisions were also revised to provide pension boards greater latitude, including allowing them to invest up to ten percent of plan assets into foreign securities (DMS, 2010).

In 1999, the most notable and controversial piece of pension legislation was passed by the Florida legislature. Referred to as 99-1, this legislation, among other things, revised the provisions of Chapters 175 and 185 by instituting minimum retirement benefits for police and firefighters and making receipt of premium tax revenue contingent on meeting both minimum operating standards and minimum benefits. Moreover, the legislation required that any "additional premium tax revenues" or future increases in premium tax revenues be used solely to pay for "extra retirement" benefits for police and firefighters. "Additional premium tax revenues" was defined to mean revenue received by a local government in excess of the amount received for calendar year

1997. The term "extra benefit" was defined to mean benefits additional to those provided to general employees of the municipality.

The 2002 legislature amended provisions of 175 and 185 with regard to the make-up of the board of trustees and the plan's termination for closed plans only. In 2004, additional legislation was passed to, among other things, clarify that state premium tax revenues were to be used first to meet minimum benefit requirements and then to be used for "extra benefits" over and above those provided to general employees and in addition to those in existence for firefighters and police officers on March 12, 1999 (DMS, 2010).

The 2005 legislature again amended 175 and 185. These revisions allowed municipalities that had entered into inter-local agreements to provide fire services to a neighboring municipality to be eligible to receive the neighboring municipality's state premium tax money, as long as the inter-local agreement is in place (DMS, 2010).

In 2007, the Florida legislature enacted Constitutional Amendment 1, a statutory reduction in local government property taxes; the principle funding source for salaries and benefits of local governments (DMS, 2010). In 2009, legislation allowing municipalities to expand the terms of pension board members, expand the pension boards' option to allow retirees to direct payments for various types of insurance, and expand foreign investment limits was approved (DMS, 2010).

Section Summary

The requirements for both F.S. 175 and F.S. 185 have evolved over time. Changes included making fire protection special districts eligible for F.S. 175 plans, mandating actuarially sound planning, modifying benefit calculation methods, and expanding uses for funds collected through the premium tax for both 175 and 185 plans. Further changes included the ability of members to establish their own plans and "opt out" of the Florida Retirement System, requiring performance evaluation of pension board money managers, and rules limiting investments.

The most significant revisions to the statutes were those associated with the 99-1 legislation. This legislation required future increases in premium tax revenues (that is, revenue received in excess of the amount received in calendar year 1997) to be used solely to pay for "extra retirement benefits" for police officers and firefighters; with "extra retirement benefit" defined as benefits in addition to those provided to general employees of the municipality.

A Historical Synopsis of Notable Attorney General Opinions Impacting Chapter 175 and 185 Plans

Overview

In that "reality" and legislative policy sometimes conflict with one another, implementing legislation and later amendments can sometimes be challenging. From time to time, the Florida Attorney General is asked to opine on the intent and applicability of such legislation. Following is a synopsis of the history of some of the more notable Attorney General Opinions concerning Chapter 175 and 185 Plans:

AGO 74-220, 8/1/74, Subject: Consolidation of Police Forces of Two Cities.

If two cities created a consolidated police department, each city may continue to receive Chapter 185 excise taxes for each respective pension fund.

AGO 75-277, 10/30/75, Subject: Fire Protection Outside Boundaries

A municipality providing fire service to areas outside its' boundaries may not impose an excise tax under Chapter 175 upon the gross premiums collected by insurance companies covering the protection of such areas outside the municipal boundaries.

AGO 78-69, 4/27/78, Subject: Funds Intended for Firefighters and Police Officers Pensions

A person holding the position of public safety officer is neither a police officer nor a firefighter. Therefore, a city may not participate in the distribution of Chapter 175 and 185 excise tax moneys which are intended for exclusive use of police officers and firefighters.

AGO 84-100, 1/2/84, Subject: Contract with Private Firms for Fire Protection

A city has the home rule power to contract out for fire protection services with a private firm but the city can not delegate any authority to enforce the municipal and state fire protection codes or local ordinances or state law and must follow 175.30, F.S. dealing with termination of the pension plan and distribution of the trust fund.

AGO 89-90, 12/13/89, Subject: Police Officers Retirement Trust Fund

The city may not enact an ordinance permitting re-entry into the Police Officer's Retirement Trust Fund when such is barred by plain language of s.185.15, F. S.

AGO 91-15, 3/8/91, Subject: Retirement plans

Absent an express provision making s.185.15, F.S. applicable to retirement plans created pursuant to local law, the prohibition against re-entry into a retirement plan contained therein would not apply to local law plans.

AGO 2001-67, 9/21/2001, Subject: Firefighters' and Police Officers' Pension, Premium Tax

An increase in pension benefits to general employees will impact the use of the premium tax income for police and firefighters since such income may only be used to fund "extra benefits;" that is, benefits over and above those provided to general city employees.

AGO 2003-54, 11/3/2003, Subject: City Pension Fund, Amendment of Investment Authority

An amendment of the special act relating to a city firefighter's pension fund to broaden the investment authority of the Board of Trustees of a fund must be addressed by special act of the legislature, not by an ordinance enacted by the city's governing body. Moreover, the Division of Retirement makes the determination of whether an expansion of the investment policies of a particular Board of Trustees would jeopardize the receipt of trust fund monies.

The full texts of the above opinions can be accessed via the searchable on-line data base of opinions at http://myfloridalegal.com.ago.nsf/Opinions.

Section Summary

Several Attorney General Opinions have impacted the application of the Chapter 175 and Chapter 185 Pension Plans. Examples include allowing each city involved in a consolidated police department to continue to receive Chapter 185 excise tax revenue, limiting a city's authority to collect Chapter 185 excise tax revenue outside it's boundaries, clarifying that a public safety officer is neither a police officer nor a firefighter and that Chapter 175 and Chapter 185 revenue is exclusively for firefighters and police officers, reinforcing that a city can not delegate any authority to enforce municipal and state fire protection codes or local ordinances or state law when contracting for fire protection with a private firm, and clarifying that the Division of Retirement makes the determination of whether an expansion of the investment policies of a particular Board of Trustees would jeopardize the receipt of trust fund monies.

The most notable Attorney General Opinion pertains to the previously referenced most Chapter 99-1 legislation: The Attorney General opined that an increase in pension benefits to general employees will impact the use of premium tax income for police officers and firefighters since such income may only be used to fund "extra benefits"; that is, benefits over and above those provided to general city employees.

A Historical Perspective of the Notable Court Rulings Impacting Chapter 175 and 185 Plans

Overview

Sometimes disputes over legislative intent cannot be settled through Attorney General Opinions. In those cases, courts decide such disputes. The court cases below are intended to briefly summarize the court's position on these issues.

City of Tallahassee v. PERC, 410 so. 2d 487 (FL 1981)

The court decided that public employee retirement benefits are terms and conditions of employment that are mandatory subjects of collective bargaining.

Florida Sheriff's Association v. State Board of Administration, Division of Retirement, 408 So. 2d 1033 (FL 1982)

The court upheld a decision to allow prospective reduction in a benefit multiplier from 3% to 2% but held that the employer could not reduce benefits already earned or benefits of retirees.

City of New Port Richey v. Hillsborough County PBA. Case No. 86-70 (FL 2nd DCA 1987)

The court held that collective bargaining was required for changes in pension benefits and employee contributions and clarified that, where the changes affect only employer contributions and there is no impact on either employee benefits or contributions, or the actuarial soundness of the plan, the public employer is not required to bargain over the change.

Florida League of Cities and the Cities of Casselberry, Deerfield Beach, Kissimmee, and New Port Richey v. Department of Management Services, Division of Retirement (Case No. 03-1117)

The Administrative Law Judge dismissed the petitioners (FLC et al) challenge relating to the retroactive application of the amendments enacted via Chapter 99-1 on the mandate to provide "extra benefits".

Board of Trustees of the Town of Lake Park Firefighters' Pension Plan v. Town of Lake Park, FL, District Court of Appeals of the State of Florida, 4th District, July Term 2007 No. 4D06-4179, 10/3/07)

The Board of Trustees of the Town of Lake Park Firefighters Pension Plan (Board) appealed a final summary judgment entered in favor of the Town of Lake Park. Briefly stated, the facts of the case involved the Town entering into an inter-local agreement with the county to provide fire protection and EMS services which required all the Town's firefighters to be rehired by the county. The effective date of the agreement was 7/29/02. The Pension Board's Actuary delivered the value of the plan as of 6/30/02, which was less than the market value of the plan upon termination. The board's position was that the Town was obligated to pay the difference. The District Court agreed.

Section Summary

The courts have been called upon to decide on several issues relating to Chapter 175 and Chapter 185 Plans. Their decisions included determinations that public retirement benefits are terms and conditions of employment and are mandatory subjects of collective bargaining, that employers cannot reduce benefits already earned or benefits of retirees, that an employer is not required to bargain over employer contributions when the change only affects the employer contribution and does not impact employee benefits or contributions, or the actuarial soundness of the plan, and that employers are obligated to pay the difference between the market value of a pension plan upon the effective date of termination and the value delivered prior to that date, if it is less than the value when terminated.

Analysis of Issues

Overview

There are a number of issues that have been noted in the data compiled by the Department of Management Services, as collected and reported by its Division of Retirement. In evaluating the progress of 175 and 185 Retirement Plans, a sample of cities was used to determine if there were any common elements among the plans. Twenty geographically dispersed cities, ranging in population from approximately

25,000 to almost 800,000 were selected. Those cities and their respective populations are shown in Table 2.

Table 2

City	Population	City	Population
Key West	23,262	West Palm Beach	98,774
Panama City	36,807	Pompano Beach	104,402
Ormond Beach	38,504	Gainesville	108,055
Coral Gables	42,794	Hollywood	220,186
Sarasota	52,942	Tallahassee	159,012
Pensacola	53,248	Orlando	220,186
Ft. Myers	60,531	St Petersburg	248,098
Daytona Beach	64,183	Tampa	332,888
Deerfield Beach	76,215	Miami	404,048
Boca Raton	86,396	Jacksonville	794,555

An aspect that might be indicative of short-sighted interpretations of actuarial reports is whether additional benefits have been provided in respective Chapter 175 and 185 Plans of the sample cities regardless of trends in premium revenues. To test this, the Plans of the sample cities were examined from the period 1999 to 2008. The Division of Retirement provided access to summaries of the plan benefits for the 308 existing plans; these summaries are compiled from the Division's *Current Actuarial Valuations and Plan Documents* for the respective years (DMS, 2010b). Benefit accruals were tracked from year to year for the period of interest and increases in benefit accruals are noted (The 2010 summary can be seen on the Division of Retirement's website at https://www.rol.frs.state.fl.us/forms/Benefit_Comparison_Chart.pdf). These benefit accrual changes were noted and charted by both individual years and cumulatively, against the premium tax distributions to the sample municipalities over the period 1999 - 2008 (DMS, 2010c). A review of this analysis is shown in Table 3, below:

Table 3

Year	# of benefit changes	Cumulative # of benefit changes	Tax distributions (in millions)
2000	7	7	37.3
2001	4	11	40.9
2002	7	18	45.7
2003	2	20	50.4
2004	9	29	52.0
2005	6	36	54.4
2006	7	42	58.3
2007	4	46	66.0
2008	6	52	60.5

Another indicator of financial stability is the historical changes in the Funded Ratio of the sample municipalities' Chapter 175 and 185 Plans. Funded Ratio is an indicator of the soundness of a Plan. It reflects the product of a Plan's assets' actuarial value divided by its Actuarial Accrued Liability (the total amount of the benefits' and administrative costs' present value in comparison to the Plan's assets). Over the sample municipalities' Plans histories following the Chapter 99-1 revision, the trends of changes in their Funded Ratios can be indicative of changes in their benefits and/or their Plan assets, as well as their adequacy as a funding source. The data necessary to make such a trend comparison is available in the Annual Reports of the Division of Management Services. The Division's 2009 Report of Funding Progress for the Plans (accounted for in accordance with the requirements stipulated by GASB 25) was used for this purpose (DMS, 2009b). This must, of course, be compared against the total percent of a Plan's liability that is funded. Clearly shown in Table 4 is that, in the case of the sample municipalities, the trends in their funded ratios is almost entirely negative.

Table 4

City	Fund	Percent Funded	Change in Ratio
Tallahassee	Police	104.8%	-13
Tampa	Police & Fire	99.7%	8.2
Gainesville	Police & Fire	99.1%	38.4
Tallahassee	Fire	99.0%	-15.6
Deerfield Beach	Fire	94.0%	23.2
St Petersburg	Police	92.9%	7.2
Sarasota	Police	92.8%	-20.4
Orlando	Fire	92.2%	-19.1
Orlando	Police	92.0%	-11
W. Palm Beach	Police	91.0%	-18.3
Key West	Police & Fire	86.8%	-15.8
St. Petersburg	Fire	84.6%	13.5
Ormond Beach	Police	83.7%	-7.5
Panama City	Police	82.9%	-17.1
Pensacola	Fire	82.6%	-2.4
Boca Raton	Police & Fire	81.7%	-19.4
Pensacola	Police	80.6%	-2.7
Panama City	Fire	80.2%	-9.4
Deerfield Beach	Police	79.1%	-23.2
Sarasota	Fire	77.9%	-0.5
W. Palm Beach	Fire	76.3%	-19.2
Daytona Beach	Police & Fire	72.5%	-40.8
Ormond Beach	Fire	71.1%	-27.0
Hollywood	Police	64.1%	-35.9
Coral Gables	Police & Fire	61.2%	-38.0
Ft. Myers	Fire	57.3%	-34.2
Jacksonville	Police & Fire	57.1%	-21.0
Ft. Myers	Police	55.2%	-38.2
Hollywood	Fire	51.0%	-21.3
Pompano Beach	Fire	36.2%	-31.9
Miami	Police & Fire	N/L	0
Pompano Beach	Police	N/L	0

The trend in Funded Ratio is only relevant if it can be shown that the present status of the Funded Ratio is less than adequate to fund a Plan's actuarial liability. Determination of the financial soundness of a plan at any given time is more related to its respective level of funding in comparison to the achievement of its funding policy's ultimate goal and interim measures (Sze, 1996).

The determination of the funding adequacy of pension plans is not easily assessed. Typically, an actuarial study considers such things as the expressed status of fund assets at its target time horizon, the investment policy and contribution patterns of the fund, the needs of the Plan sponsor, and the demographics of the plan's population. These same criteria must also be assessed on a regular, periodic, basis to assure solvency prior to the plan's target time horizon. A recent study by Stanford University of the rate of unfunded liability of the three largest retirement funds of the State of California is indicative of how subjective any evaluation of funding adequacy may be and why such an evaluation is beyond the scope of this study (WSJ, 2010).

The funding requirements of private sector pension plans are regulated by the Financial Accounting Standards Board's (FASB), whereas the requirements of public pension plans are regulated by the Governmental Accounting Standards Board (GASB). In projecting the liability of pension funds, FASB standards require the use of a discount rate tied to 10-year Treasury Bonds (referred to as the "risk-free rate") while GASB standards allow the use of a discount rate based on the expected rate of return of the plan's assets. In reference to the funding ratios seen in our sample cities in Table 4, it is reported that experts use 80% as a typical funding ratio benchmark for plan funding (HJS, 2010).

It is both interesting and possible to compare the distribution of the funding ratio of the funds of the sample cities to those of the states, as reported by the 2010 Pew Center on the States Report. The distribution and comparison is presented in Table 5, below:

Table 5

Funding Ratio	100 or >	90-99%	70-89%	<70%
Cities [1]	3.33%	30.00%	43.33%	23.33%
States [2]	8.00%	16.00%	56.00%	20.00%

1. (DMS, 2009b)
2. (Pew Center on the States, 2010)

Note: distribution of the cities calculated without the two funds not listed.

Briefly described, the sample cities' funds are typically more densely distributed in the top two ranges while the states' ratios dominate the comparison of the groups in the range of 70% - 89%, and also have proportionally fewer funds with ratios less than 70%. To keep this analysis in perspective, the small sample size may produce skewing in the results.

Section Summary

The preceding analysis indicates that benefit increases granted by municipalities under 175 and 185 Plans in the state of Florida have increased at a rate faster than that of their offsetting state revenues. Without specific actuarial studies, the exact causes of that occurrence can not be determined. However, it is clear that the funded ratios of many of the sample's funds are decreasing over time. That noted; it would take specific actuarial studies on each fund in order to conclude that any of them are not meeting the funding requirements established through their investment policies.

Concluding Comments

Public employee pension plans, notably the Chapter 175 and 185 Plans in Florida, must receive serious attention from state and local legislators. The history of these Plans clearly shows a patterns of legislative action, though well intended to provide benefits to police officers and firefighters, has contributed to a financially unsustainable system. The historical perspective provided herein should be combined with a summary of current actions being taken by Florida local governments to seek sustainable Plans, and the actions taken by other states and local governments around the country that are trying to do likewise. Future reports could chart the specific plan changes since Chapter 99-1 was passed to correlate and evaluate which benefit changes were caused by this legislation. Finally, practical options that will achieve long term solutions for public employee retirement plans, particularly for the public safety personnel who were the intended recipients of those pension benefits, should be recommended for selection by state and local officials.

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Article 3

URBAN NOTEBOOK

By Tod Newcombe

The Port of Long Beach, Calif.

SHUTTERSTOCK.COM

Pensions Threaten to Sink Cities

Can they bail themselves out of the retirement mess?

Long Beach, Calif., is home to one of the world's busiest shipping ports. Yet its fiscal woes are as big as the giant freighters that dock there. Despite paring back its budget by $188 million over the course of several years, the Southern California city of 462,000 can't seem to shake its rising pension costs. If nothing changes, Long Beach will eventually have to devote its entire budget to funding workers' retirement.

Long Beach is just one of many cities facing serious budget problems because of ever-growing pension obligations. Central Falls, R.I., received national attention in July when city leaders asked current retirees to give up a portion of their retirement benefits to stave off possible bankruptcy. Pittsburgh is also on the brink of trouble: Its system was only 30 percent funded until its pension board reported in September that future revenues would raise the amount to 62 percent. Anything less than 50 percent would have triggered a state takeover, which city officials said would have led to significant financial consequences.

While pension problems at the state level have been grabbing headlines for some time, many experts believe the real trouble will occur at the local level, where worker compensation and benefits account for as much as 80 percent of a city's budget. To cover ballooning pension costs, some cities have resorted to tax increases, worker layoffs and service cuts. But critics call this managing a city by decline and say it doesn't address the real problem. Other cities, however, have begun to tackle the pension problem head on, making changes ranging from modest to radical that will put them on sound fiscal footing in the years ahead.

Long Beach persuaded its police union to agree to increase contributions from 2 percent to 9 percent. Now, it just needs to convince all the other city workers to sign on. Atlanta has gone even further. With a $1.5 billion unfunded pension liability, the city was on course to pay 20 cents of every dollar in revenue toward its obligations. As a result, the City Council passed major reforms this year that include increasing what current and future workers must pay in to the system, raising the retirement age and placing new employees into a hybrid plan that combines traditional defined benefits with a 401(k)-style defined-contribution plan. The new plan saves $25 million in the first year and enables the city to pay off its huge pension liability down the road.

Initially negotiations were tense. But after several months, Atlanta Mayor Kasim Reed (a 2011 Public Official of the Year, see page 37) and the City Council finally passed a compromise unanimously. The plan has already been cited as a model for other cities struggling with soaring pension costs. Given the continuing tight fiscal situation, a reform model based on compromise is better than no model at all. G

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Article 4

Government pensions get a makeover

Public sector retirement plans of the future are emerging today, bearing only slight resemblance to their predecessors

By Robert Barkin

Faced with unfunded liabilities between $288 billion and $500 billion, California Gov. Jerry Brown has proposed a government pension reform proposal that would marry elements of the traditional defined benefit plan and a defined contribution plan. "Current benefits, contributions and retirement ages don't reflect the changing demographic realities we face and are not sustainable," the Democrat said in a letter to state leaders. "Continuing these plans in the current form will put taxpayers on the hook for substantial costs now and in the future. Urgent and decisive action is imperative."

Although no legislator has yet introduced the governor's bill, and its prospects are unclear, the governor's office remains hopeful. "The timing is right to move ahead on this issue," says H.D. Palmer, a spokesman for Gov. Brown.

California is only one of the many states that have either moved to a so-called "hybrid" pension system or are considering plans that would begin to shift the burden for retirement savings from the employer onto employees sharing some benefit risk. While consideration of using this blend of pension plan systems is rising, actual implementation has been limited thus far.

"We see a lot of interest in this plan type," says Kim Nicholl, public sector retirement plan leader for New York-based The Segal Co., a pension consultant. "The hybrid has both defined benefit and defined contribution components. There are all kinds of variations."

In some states, the changes in public sector benefit plans the last several years have been dramatic:

In Rhode Island, most employees were enrolled in a defined contribution plan with a 1 percent match, while the defined benefit plan rules changed eligibility, increased contribution rates and suspended cost-of-living-adjustment (COLA) increases for future retirees until plan finances improve.

In Utah, new workers can now choose to participate entirely in a defined contribution plan, or they can participate in hybrid plan, which includes a defined contribution component plus a defined benefit element with fluctuating contributions based on the plan's financing.

In Michigan, new school employees contribute to a defined contribution plan (which is optional), while the employer's contribution includes a partial match to the defined contribution plan and a reduced rate on the defined benefit plan. It no longer includes a COLA. Many municipalities participating in the Municipal Employees' Retirement System of Michigan have established hybrid plans as the primary retirement benefit for their employees.

Not surprisingly, those plans have drawn mixed reviews, based on which side of the bargaining table the person sits. More importantly, some fear that the public sector, which has relied heavily on the notion of a secure retirement to draw good employees to its workforce, will suffer in its recruitment and retention. "Rather than teaching math, good people will become accountants," says Doug Pratt, director of public affairs for the Michigan Education Association. "We need good people in public education to prepare our nation's workforce."

RECESSION WAS CATALYST FOR CHANGE

In the world of retirement systems, the traditional defined benefit (DB) plan ruled for generations in both the public and private sector. In a DB plan, the employer (and sometimes the employee) adds money to a fund, and the benefit that an employee receives at retirement is based on length of service and pay. Funds are invested by the fund (and its professional managers), and the responsibility for the benefit falls entirely to the employer. If investments do not meet expectations, employers must add funds from their general operations.

In the newer defined contribution plan (DC), the employer (and often the employee) adds money to an account in the employee's name, and the benefit upon retirement depends entirely on the amount available in the fund. The investment risk falls to the employee.

While just 21 percent of private sector employees participate in a DB plan, almost 87 percent of public sector workers are covered by these plans, according to 2009 data from the U.S. Bureau of Labor Statistics. The vast majority of private sector employees who have any retirement plan are covered by DC plans.

When the deep recession hit the United States in 2008 and 2009, the decline of the stock market had a devastating impact on the investments in pension funds set aside to pay the promised benefits, with the unfunded liabilities — or the amount promised but not covered — skyrocketing to more than 50 percent for some plans. A study by Robert Novy-Marx and Joshua Rauh published in the Fall 2009 Journal of Economic Perspectives estimated that the unfunded liability across state governments amounted to $3.2 trillion. While others dispute the methodology of the study, everyone agreed that the public sector pension system was in deep trouble.

All in all, 41 states and many cities have made significant changes to some aspect of their pension plan, says Ilana Boivie, director of programs for the Washington-based National Institute on Retirement Security (NIRS). "They have run the gamut," she says. "The common wisdom that the benefit was rock solid from the date of hire was challenged in the fiscal crisis."

In some states, the initial focus has been on no longer offering the DB plan to new hires, as an immediate means of reducing the cost to the employer. While the thinking is that closing an under-funded plan would save money, the economics of retirement plans works against that solution.

Keith Brainard, research director for the Essex, Conn.-based National Association of State Retirement Administrators, points out that taking such an action requires changes to required payments because the life of the plan becomes limited and unfunded liabilities have to be paid out faster. "When you close an existing plan, your costs go up," he says.

Instead, cities and states have focused on adjusting employee and employer contribution levels, restructuring benefits, or both.

HYBRID SAVES $275 MILLION IN FIRST YEAR

Rhode Island is the most recent state to adopt a hybrid plan to solve its funding issues. In a special session late in 2011, the state legislature approved reform of the pension plan, including a new hybrid structure that touched most of the public sector workforce — teachers, state employees and the state-administered Municipal Employees' Retirement System (MERS).

As a result of the changes, the state reduced its unfunded liability of nearly $7.3 billion to $4.3 billion and its fiscal year 2013 state and local contribution from $689 million to $414 million, saving nearly $275 million in the first year. It will take effect on July 1, 2012.

Under the bill, state employees' overall contribution to their retirement will remain at 8.75 percent of their salary, and teachers' contributions will be reduced to that amount from the current 9.5 percent. Their contributions will be split between the two parts of the new hybrid retirement plan: 3.75 percent of their pay will go toward a DB pension, and 5 percent will go toward their individual DC retirement account. The state will contribute an additional 1 percent of each employee's salary to the DC plan.

The legislation also reduces the length of time employees must work before they are vested in the pension from 10 years to five. The treasurer's office has estimated that, under the new hybrid plan, retirees could receive more than 70 percent of their final average salary when they retire, a level that is similar to the retiree benefit under the existing system.

In addition to the hybrid proposal, the act institutes a proportional retirement eligibility structure for most employees between ages 59 and 67, depending in part on the employee's current years of service. Those already eligible to retire as of June 30, 2012, would not be affected. The act ensures that retirees do not lose any COLAs granted prior to July 1, 2012, but suspends future annual COLAs until the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust are funded at greater than 80 percent.

Although the reforms in the act directly affect the plans included in the state-administered MERS, the reforms do not cover locally administered municipal pension plans. However, local officials must review their plans and develop a funding improvement plan if funding is less than 60 percent.

Behind the reform effort is Treasurer Gina Raimondo, whose proposal was ultimately adopted overwhelmingly by the Democrat-dominated state legislature. "The treasurer's goal was to design a solution that would provide retirement security for plan participants both from the perspective of an appropriate benefit level to ensure a comfortable retirement and at a funding cost to the state that would ensure that future funding levelers were achievable," Dara Chadwick, Raimondo's spokesperson, said in an email.

Not surprisingly, the leader of the state's largest public sector union deplored the changes to the plan. "The burden of the proposed plan is borne on the backs of the working class," J. Michael Downey, president of Council 94 of the American Federation of State, County and Municipal Workers, said in a news release. "True shared sacrifice would be asking Rhode Island's richest citizens, those that benefited the most from Bush-era tax cuts, to pay their fair share of the unfunded pension liability."

UNINTENDED CONSEQUENCES OF CHANGES

The interest in hybrids is a combination of concern about the funding issues facing public sector employers following the recession and market crash and the setbacks seen by early adopters who closed their DB plans in favor of DC plans, Nicholl says. "Entities thought the silver bullet was the DC plan," she says, "but once they see how they work, they believe they may not be the right approach."

With hybrids, employers share the risk with the employees, which reduces their liabilities. But implementing a new plan is complicated. "There are many stakeholders in a plan design process," she says. In a typical plan, stakeholders are not only the employee and employer, but also the legislature and governor and the taxpayer. "There is a need to consider the thoughts of each of the stakeholders from their own viewpoint."

Advocates of change often miss important considerations that have impact far beyond the initial decision to close a DB plan, such as the proposal now before the Washington legislature, says George Masten, interim executive director of the Retired Public Employee Council of Washington and a 19-year member of the Washington state investment board. Closing a DB plan hurts the remaining employees in the plan, because the investment managers can no longer manage investments for the long term, but only for the remainder of the plan, he says. In addition, managers have to keep a larger-than-usual amount in cash because of the lack of new contributions coming into the plan from new employees.

"The more they push hybrids, the more cautious people will become in investing," he says, which in turn will reduce investment results and increase liabilities on the remaining fund. "It will have a major impact on the board. Good long-term investing gives the highest returns."

Pratt says that any DC component "puts the employee's retirement in the hands of Wall Street instead of a pension system backed up by structure and employers." He says that teachers who want to take full advantage of the employer match put 12 percent of their pay into the retirement plan, along with health care and other deductions. "It's not sustainable for young teachers who have to pay down their college debt and want to own a home," he says. "We want to recruit and retain the best people for the classroom. This climate makes it really difficult."

Good practices rather than radical design change are often instrumental in keeping the best retirement funds solvent, Boivie says. A June 2011 NIRS study of several plans that have remained well-funded throughout the economic turbulence showed that they regularly reviewed their assumptions with an actuary to evaluate investment assumptions, asset allocations, demographic and mortality changes, and wage growth. Then, they adopted a rather simple solution: They set aside funding consistently. What happened next seems obvious but hard for so many to implement.

"If you pay, you're OK," she says.

Robert Barkin *is a Bethesda, Md.-based freelance writer.*

Download the full June 2011 NIRS study at americancityandcounty.com/bonus-content

Article 5

Pensions

Unable to continue making payments on traditional retirement benefits, officials are trading in the old model and looking for a more efficient option.

Riled-up citizens in San Diego and San Jose, Calif., have spoken: This spring, they voted overwhelmingly to shrink retirement benefits for current city employees as well as new hires.

Fiscally worried state officials have taken action too. As of July 1, Rhode Island cut retirement benefits for all state workers, including retirees.

And crisis-wary legislators are working to preclude potential disaster. Last year, Utah's legislators not only set up a hybrid for new employees, but also capped the state's contribution to their defined-benefit plan. If the plan's costs are higher than the cap, employees make up the difference.

There's a public pension crisis out there. Defined-benefit (DB) plans—the stalwart of public pension systems—are in trouble, both financially and politically. The $757 billion in unfunded liabilities that the plans now carry are a threat to the well-being of states and localities and their taxpayers. Meanwhile, the private sector has been shedding its DB plans for decades, replacing them with defined-contribution (DC) plans in the form of 401(k)s. That has left those employees with pension envy. As voters, they are no longer willing to bankroll benefits for public employees that they no longer get themselves.

To address the growing problem, jurisdictions have implemented or proposed a number of changes. Some are revising the defined-benefit plan itself—raising the retirement age or suspending cost-of-living adjustments. Some are looking at a more radical approach: doing away with the defined-benefit plan for new hires and offering them a defined-contribution plan only. But the middle ground—and a trend that seems to be growing—is to have a little of both: a defined-contribution plan backed up by a lower-level defined-benefit plan. Alternatively, some are opting for a cash balance program that combines aspects of both defined-benefit and defined-contribution approaches.

These are hybrid plans. While the trend may be fairly new, hybrids have been around for years. Indiana has had one since the 1950s. At last count, about a dozen states and a handful of cities have joined Indiana's ranks, offering their employees—usually just their new hires—hybrid plans.

DAVID KIDD

By Carol Anderson

The main impetus is to keep costs in check. States and localities see the unfunded liabilities of traditional defined-benefit plans as a threat to their budgets and credit ratings. If their employees had defined-contribution accounts instead—a version of 401(k)-style plans—they would eventually be relieved of that burden.

But a DC plan alone raises uncomfortable questions about retirement security for employees. Depending on how they are structured, DC accounts may have the same pitfalls as 401(k) plans have had in the private sector. Individuals are left to navigate the perils of the investing world on their own and could end up retiring in a down market, losing a big chunk of their nest egg. "We need to think of pensions not as wealth accumulation, but as old-age poverty insurance," says Keith Brainard, research director of the National Association of State Retirement Administrators.

It is a point Richard Hiller, senior vice president of the government market for the financial services organization TIAA-CREF, makes as well. In fact, Hiller objects to equating DC plans with 401(k)s in the first place. That "scares people who saw the losses suffered in 401(k) plans during the recession," he says. "But a properly designed DC plan should protect itself from those kinds of wild swings."

"You don't want people getting to retirement and looking to the state to be their safety net," says Hiller.

By "properly designed," he means one that provides a limited menu of low-cost investment choices that focus on generating adequate retirement income. Some of those choices would be annuities and life-cycle funds whose allocation changes over time as the member ages.

A proper DC plan also distributes income differently than a 401(k), he notes. Payouts can be designed to last for life rather than taken in a lump sum. In that way, it is "much more tightly designed to be a true retirement plan," Hiller says. Consequently, "the emphasis is on income replacement rather than on asset accumulation."

However well the DC plan is designed, there is still a need for a DB plan that provides a predictable level of retirement income—albeit one that is less generous than today's traditional plans. Maintaining a DB plan as part of a hybrid plan is particularly important in the public sector, Hiller notes. "When the government is the plan sponsor, what you don't want is people getting to retirement without adequate assets—then looking to the state to be their safety net."

A cash balance plan is an alternative to maintaining both DB and DC plans. It combines elements of both in a single plan. Like a traditional DB plan, contributions from employees and employers are pooled and professionally managed. But unlike a DB plan, the benefit is based on the amount accumulated in the account—not on a formula based on salary and years of service. Members get a guaranteed rate of return, but it's likely to yield lower yearly payouts than a traditional DB plan. In effect, the cash balance plan eventually converts the savings in the individual's account into an annuity, with a minimum rate of return guaranteed by the employer. Though they are on the hook for guaranteeing the return, the cash balance approach greatly lowers future liability.

Nebraska, which started out with a DC plan for most state workers (teachers and some other public employees are in DB plans), switched to cash balance in 2003. The plan is mandatory for new hires and optional for existing employees.

Where some states see a cash balance plan as downsizing their pension plans, Nebraska "improved our benefit by going from a DC to a cash balance plan," says Phyllis Chambers, who runs Nebraska's Public Employees' Retirement System. For Nebraska, cash balance is a necessary improvement over the straight DC system.

"Cash balance offers a good, stable retirement income with a guarantee," Chambers says, "so nobody's benefit goes down." After all, investing is not only tricky—even for the expert—it also leaves the person about to retire at the mercy of the market. With a DC "it's all about timing," Chambers points out, and timing was terrible for workers who wanted to retire in 2008-09. A number of Nebraska's DC members were forced to postpone

The High Cost of Making the Switch

THE IDEA OF MOVING from a traditional defined-benefit plan to a hybrid plan is to save public employers money. But at first it may actually increase costs.

With a hybrid, contributions to the DC component leave the system and go into separate individual accounts, says Keith Brainard of the National Association of State Retirement Administrators. That means they can't be used to help pay down any unfunded liability in the DB plan. As a result, jurisdictions with a hybrid may have to boost payments to the DB plan for a number of years.

Another cost difference: DC plans can be more expensive to administer because individual accounts require more attention. But DB plans do require monthly payments to retirees.

Despite these higher costs, DC plans can cut outlays over the long haul.

What to do? Steve Russo, who runs Indiana's retirement fund, has some advice: "If you never take the long-term view, you'll never make a decision that is best for the long term." —*C.A.*

retirement, Chambers says, because their account values had plunged by half. But that didn't happen to participants in the cash balance plan who receive a guaranteed 5 percent minimum return. When investment returns are above 5 percent (as they were for the first five years of the plan), members get a dividend. When returns drop below 5 percent (as in recent years), the state makes up the difference.

Even with the state on the hook for that guarantee, it adds up to a much lower potential liability than the teacher's defined-benefit plan. In order to meet those payouts now and in the future, the pension plan operates on the premise of an 8 percent assumed rate of return. When the portfolio doesn't meet that return, the shortfall becomes an obligation of the state.

All in all, Chambers says the cash balance form of a hybrid plan has worked out well for fiscally frugal Nebraska. Recently Louisiana and Kansas decided to follow suit and adopt cash balance plans for future employees.

Most hybrids are so new that it's hard to tell how well or poorly they're working—especially since they apply only to new hires in most states.

But Indiana has a long hybrid history. Its combination plan has changed little since its inception in 1955. It includes a modest DB component funded by the employer. On the DC side, employees (alone or in combination with the employer) must contribute at least 3 percent of their salary, with the option to kick in more. Employees, who also participate in Social Security, choose how to invest the DC funds from a limited number of options and assume the investment risk.

There is one unusual feature to the lineup of investment options available to employees: They can opt to invest their money with the state's defined-benefit portfolio. "They get what the DB portfolio earns, and that is a higher rate of return than they could get in any other plan," says Teresa Ghilarducci, a former public trustee with the Indiana fund (and currently chair of economic policy analysis in the Department of Economics at The New School for Social Research).

Although the system is healthy (the plan is 81 percent funded), the state wants to add a non-hybrid, DC-only option for new state employees. The state's objective, according to Steve Russo, executive director of Indiana's public employees' retirement fund, is to improve the management of risk and offer workers more choice. "We're keeping an eye on the future," Russo says. "We're trying to prevent a crisis so we don't have to act out of desperation."

Under the proposed DC-only option, the state would contribute funds into each employee's account equal to what would have gone into the DB portion of the hybrid. But members would assume all the investment risk and there would be no DB backup. New hires may prefer the DC-only option, Russo says, because the existing DB piece has a 10-year vesting period.

One of the selling points of a DC-only option is to give employees more leeway in choosing plans and investment options. "Giving people a choice is always better," Russo says. "But along with that comes the obligation to educate them before they make those choices."

He is referring to helping new employees choose between the state's current hybrid plan and the optional DC-only plan that the state hopes to implement. But the "obligation to educate" also applies to helping workers in a DC plan figure out how to invest.

As officials in Nebraska can attest, many employees are unsophisticated in that department and often make inappropriate or poor choices. Plan administrators can't dispense investment advice, so they may work with financial professionals by arranging seminars, webinars and individual counseling sessions as well as by providing general information in print and on websites.

The education effort is uncharted territory for many systems that are just getting started with the DC component of their plans. "It's so new—that's part of the problem," says David Daly with the National Pension Education Association. "Everybody's trying to decide how to handle it." To that, Daly adds that educating members "is something we'll certainly be looking at as more systems switch to hybrids and DC plans."

Ready or not, like it or not—hybrids are coming. Many state and local officials consider them a decent—even good—compromise for sharing the pain of the current era. **G**

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A Counter-Revolution

WHILE MOST EMPLOYEES—and their unions—resist giving up a defined-benefit plan, employees in Orange County, Calif., are clamoring to ditch their DB plan and move to a hybrid.

County workers, through their labor organization, negotiated an enhanced DB benefit in 2004 by agreeing to pay the employer's cost of the increase. It turned out to be a bad bargain: Some employees now pay as much as 20 percent of their salary toward their pension.

"At the time, the economy was growing and the actuarial information showed that [the bigger benefit] would be reasonable and affordable," recalls Nick Berardino, general manager of the Orange County Employees Association, who participated in the negotiations. "We're in a very different place now."

Starting in 2010, new hires chose between the existing DB and a combination plan featuring a lower DB coupled with a DC account. Today the union and county want to extend the option to other employees, but that awaits federal approval.

"I don't say [the hybrid] is a better deal," Berardino says, "but it's cheaper [for workers]." The deal also "showed that, through collaboration and mutual respect, we could work with the county to come up with something that met both our needs." —*C.A.*

AGENDA ITEM NO. C-1
08/14/12

Fiscal Year 2012 – 2013

Funds Other than General Fund
Budget Workshop

August 14, 2012

Special Revenue Funds

Fund 104 – Police Education Fund
Fund 108 – Local Option Gas Tax
Fund 109 – Law Enforcement Investigative Trust
Fund 110 – Road Impact Fees
Fund 112 – Law Enforcement Impact Fees
Fund 113 – Public Buildings Impact Fees
Fund 114 – Fire/EMS Impact Fees
Fund 115 – Parks Impact Fees
Fund 116 – Law Enforcement Trust Fund
Fund 118 – Justice Assistance Grant (JAG)
Fund 120 – Good Neighbor Trail
Fund 122 – Fire Grants & Donations
Fund 123 – Police Grants & Donations
Fund 124 – Major Storm Readiness
Fund 127 – Cost Recovery
Fund 128 – Traffic Infraction Program
Fund 129 – First Tee
Fund 131 – CDBG (Commercial Revitalization)
Fund 134 – Tree/Streetscaping
Fund 139 – Enrichment Center Maintenance
Fund 140 – Florida Department of Transportation

TOTAL ALL SPECIAL REVENUE FUNDS

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$642,540	$529,425	$1,704,701	$366,899	$311,651
Facility Rental Fees	$0	$0	$0	$5,000	$300
Metropolitan Planning Organization	0	0	0	476,960	476,960
Fines & Forfeitures	246,912	950,004	69,257	2,760,814	2,516,132
Miscellaneous	39,826	170,484	2,189	19,400	18,810
Interest Income	21,791	24,219	14,064	9,740	12,190
FHLB Interest	0	0	0	0	0
Special Assessment	16,425	13,550	24,536	22,000	0
Transfers In	9,352	43,250	15,653	5,000	7,674
Prior Year Carry forward	2,799,006	2,797,841	3,182,663	2,925,787	2,707,549
Total Income	**$3,775,852**	**$4,528,773**	**$5,013,063**	**$6,591,600**	**$6,051,266**
EXPENDITURES					
Personnel Services	$0	$15,563	$0	$55,423	$84,320
Operating Expenditures	101,759	370,343	109,567	2,170,206	2,027,211
Capital Outlays	595,288	327,439	1,394,503	975,160	1,014,660
Transfers Out	280,969	632,763	489,760	475,125	451,195
Reserves	2,797,836	3,182,665	3,019,233	2,915,686	2,473,880
Total Expenditures	**$3,775,852**	**$4,528,773**	**$5,013,063**	**$6,591,600**	**$6,051,266**

POLICE SPECIAL EDUCATION FUND 104

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	3,133	4,930	3,826	3,600	4,000	
Miscellaneous	-94	83	80	0	0	
Interest Income	67	21	16	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	15,712	18,818	9,955	21,700	18,997	
Total Income	**$18,818**	**$23,852**	**$13,877**	**$25,300**	**$22,997**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	13,897	0	15,000	10,000	(1)
Capital Outlays	0	0	0	0	0	
Transfers Out	0	0	0	0	0	
Reserves	18,818	9,955	13,877	10,300	12,997	
Total Expenditures	**$18,818**	**$23,852**	**$13,877**	**$25,300**	**$22,997**	

INFORMATION ABOUT POLICE SPECIAL EDUCATION FUND

Description: Used for Police Special Education i.e. Training and education including travel and per diem.
Revenue Source: Monthly Traffic Civil Fines (LET/TT-Civil from Hernando County Clerk of Circuit Court)
Expenditures: Police Education
(1) Training and education.

LOCAL OPTION GAS TAX 108

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$270,676	$283,452	$277,590	$275,000	$250,820
Fines & Forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Interest Income	0	0	0	0	0
Special Assessment	0	0	0	0	0
Transfers In	0	0	0	0	0
Prior Year Carry forward	30,407	24,525	25,214	25,541	23,698
Total Income	**$301,083**	**$307,977**	**$302,804**	**$300,541**	**$274,518**
EXPENDITURES					
Personnel Services	$0	$0	$0	$0	$0
Operating Expenditures	0	0	0	0	0
Capital Outlays	0	0	0	0	0
Transfers Out	276,559	282,763	279,106	275,000	250,820
Reserves	24,524	25,214	23,698	25,541	23,698
Total Expenditures	**$301,083**	**$307,977**	**$302,804**	**$300,541**	**$274,518**

Description: Local Option Gas Taxes.

Revenue Source: Funds are provided from gas taxes collected and distributed by the State of Florida: Hernando County has 6 cents tax on 1 to 6 cent Local Option and 2 cents on 1 to 5 cent Local Option. City receives Distribution percentage.

Expenditures: Transferred to General Fund for road maintenance expenses.

LAW ENFORCEMENT INVESTIGATIVE TRUST 109

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	35,538	8,012	60,287	64,000	60,000	
Miscellaneous	34,634	74,249	1,788	2,400	0	
Interest Income	94	41	87	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	41,400	75,734	113,244	92,000	89,794	
Total Income	**$111,666**	**$158,036**	**$175,406**	**$158,400**	**$149,794**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	8,050	31,635	46,357	51,560	85,000	(1)
Capital Outlays	27,882	13,155	0	10,000	10,000	(2)
Transfers Out	0	0	0	0	0	
Reserves	75,734	113,246	129,049	96,840	54,794	
Total Expenditures	**$111,666**	**$158,036**	**$175,406**	**$158,400**	**$149,794**	

(1) Computer upgrades, non investigative equipment ,weapons upgrade , training/education, and towing charges.

(2) Investigative equipment .

S P E C I A L R E V E N U E F U N D S

Description: Law Enforcement Investigative Trust Fund
Revenue Source: Property in lieu of forfeiture. This Fund is established by City Policy.

Expenditures: Fund are utilized for equipment, training and investigative department needs.

ROAD IMPACT FEES FUND 110

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	-7,127	11,839	-4,053	0	0	
Interest Income	17,080	21,708	11,961	8,000	11,000	
FHLB Interest	0	0	0	0	0	
Special Assessment	9,850	6,733	16,493	14,000	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	1,850,359	1,870,163	1,910,444	1,910,444	1,946,834	
Total Income	**$1,870,162**	**$1,910,443**	**$1,934,845**	**$1,932,444**	**$1,957,834**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Capital Outlays	0	0	0	200,000	200,000	(1)
Transfers Out	0	0	0	0	0	
Reserves	1,870,162	1,910,443	1,934,845	1,732,444	1,757,834	
Total Expenditures	**$1,870,162**	**$1,910,443**	**$1,934,845**	**$1,932,444**	**$1,957,834**	

(1) Providence Blvd. design and engineering $200,000.

Description: Impact Fees for Roads

Revenue Source: Impact Fees collected on new construction. City has adopted the Impact Fees according to Hernando Ordinances.

Expenditures: Capital expenditures for Roads. Fund are to be spent within 7 years of receipt.

LAW ENFORCEMENT IMPACT FEES FUND 112

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$0	$0	$0	$0	$0
Fines & Forfeitures	0	0	0	0	0
Miscellaneous	-101	97	174	0	0
Interest Income	137	36	35	40	20
Special Assessment	709	1,280	1,791	1,500	0
Transfers In	0	0	0	0	0
Prior Year Carry forward	18,606	19,352	20,765	6,300	5,967
Total Income	**$19,351**	**$20,765**	**$22,765**	**$7,840**	**$5,987**
EXPENDITURES					
Personnel Services	$0	$0	$0	$0	$0
Operating Expenditures	0	0	475	0	0
Capital Outlays	0	0	1,760	0	0
Transfers Out	0	0	0	0	0
Reserves	19,351	20,765	20,530	7,840	5,987
Total Expenditures	**$19,351**	**$20,765**	**$22,765**	**$7,840**	**$5,987**

Description: Impact Fees for Law Enforcement

Revenue Source: Impact Fees collected on new construction. City has adopted the Impact Fees according to Hernando Ordinances.

Expenditures: Capital expenditures for Law Enforcement purposes. Fund are to be spent within 7 years of receipt. County Ordinance defines capital as equipment purchases with an expected life of 3 years or more.

PUBLIC BUILDING IMPACT FEES FUND 113

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	-3,082	3,441	938	0	0	
Interest Income	1,822	1,041	842	800	650	
FHLB Interest	0	0	0	0	0	
Special Assessment	2,495	2,518	1,631	2,000	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	250,227	251,463	258,462	257,000	262,543	
Total Income	**$251,462**	**$258,463**	**$261,873**	**$259,800**	**$263,193**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Capital Outlays	0	0	0	100,000	197,700	(1)
Transfers Out	0	0	0	0	0	
Reserves	251,462	258,463	261,873	159,800	65,493	
Total Expenditures	**$251,462**	**$258,463**	**$261,873**	**$259,800**	**$263,193**	

(1) John Grubbs Boulevard and McKethan Park parking improvements due to ECI/Quarry expansion parking code requirements. John Gary Grubbs Blvd. parking improvements ($67,000); McKethan Parking ($130,700).

Description: Impact Fees for Public Buildings

Revenue Source: Impact Fees collected on new construction. City has adopted the Impact Fees according to Hernando Ordinances.

Expenditures: Capital expenditures for Public Building. Fund are to be spent within 7 years of receipt. County Ordinance defines capital as equipment purchases with an expected life of 3 years or more.

FIRE/EMS IMPACT FEES FUND 114

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	-759	1,383	-134	0	0	
Interest Income	551	394	299	300	180	
Special Assessment	1,385	1,889	3,604	3,000	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	89,592	90,770	87,215	91,400	47,798	
Total Income	**$90,769**	**$94,436**	**$90,984**	**$94,700**	**$47,978**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	7,222	0	0	0	
Capital Outlays	0	0	0	34,000	6,000	(1)
Transfers Out	0	0	0	0	0	
Reserves	90,769	87,214	90,984	60,700	41,978	
Total Expenditures	**$90,769**	**$94,436**	**$90,984**	**$94,700**	**$47,978**	

(1) Radio/ Paging System for 800 mhz upgrade.

Description: Impact Fees for Fire/EMS

Revenue Source: Impact Fees collected on new construction. City has adopted the Impact Fees according to Hernando Ordinances. Impact fees are currently not being assessed and therefore there no new revenues.

Expenditures: Capital expenditures for Fire/EMS. Fund are to be spent within 7 years of receipt. County Ordinance defines capital as equipment purchases with an expected life of 3 years or more.

PARKS IMPACT FEES FUND 115

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	-1,158	1,489	55	0	0	
Interest Income	623	434	337	300	190	
Special Assessment	1,986	1,130	1,017	1,500	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	103,752	105,203	108,254	95,321	32,529	
Total Income	**$105,203**	**$108,256**	**$109,663**	**$97,121**	**$32,719**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Capital Outlays	0	0	25,999	42,500	30,000	(1)
Transfers Out	0	0	0	0	0	
Reserves	105,203	108,256	83,664	54,621	2,719	
Total Expenditures	**$105,203**	**$108,256**	**$109,663**	**$97,121**	**$32,719**	

(1) Expansion of parking area for ADA assessable kiddies playground at Tom Varn Park.

Description: Impact Fees for Parks

Revenue Source: Impact Fees collected on new construction. City has adopted the Impact Fees according to Hernando Ordinances.

Expenditures: Capital expenditures for Parks and Recreation. Fund are to be spent within 7 years of receipt.

LAW ENFORCEMENT TRUST FUND 116

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	2,782	0	0	0	
Miscellaneous	68	25	44	0	10	
Interest Income	58	9	9	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	22,518	11,709	14,182	8,760	14,252	
Total Income	$22,644	$14,525	$14,235	$8,760	$14,262	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	10,935	345	0	5,500	5,500	(1)
Capital Outlays	0	0	0	0	0	
Transfers Out	0	0	0	0	0	
Reserves	11,709	14,180	14,235	3,260	8,762	
Total Expenditures	$22,644	$14,525	$14,235	$8,760	$14,262	

(1) Criminal investigation $500,Training and education $500 and uncapitalized Narcotics enforcement $4,500.

S P E C I A L R E V E N U E F U N D S

Description: Law Enforcement Trust Fund
Revenue Source: Confiscated property that is not in lieu of forfeiture. This Fund is required by State of Florida Law.
Expenditures: Fund are used for official investigations by the City of Brooksville Police Department.

JUSTICE ASSISTANCE GRANT(JAG) Fund 118

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$42,377	$187,840	$65,265	$44,399	$25,831	(1)
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	
Interest Income	0	0	0	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	2,674	(2)
Prior Year Carry forward	0	0	0	0	0	
Total Income	$42,377	$187,840	$65,265	$44,399	$28,505	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	8,585	10,709	9,453	0	0	
Capital Outlays	33,792	177,131	55,812	44,399	28,000	(3)
Transfers Out	0	0	0	0	0	
Reserves	0	0	0	0	505	
Total Expenditures	$42,377	$187,840	$65,265	$44,399	$28,505	

(1) Patrol Vehicle Replacement Program. (2012 Federal Edward Byrne Memorial JAG Program funds).
(2) Transfer in from Fund 502 -Surplus trade in value recaptured.
(3) Patrol Replacement Program (1) patrol vehicle.

Description: Justice Assistance Grants (JAG)
Revenue Source: Department of Justice and FDLE Grants
Expenditures: Fund are used for law enforcement purposes by the City of Brooksville Police Department.

GOOD NEIGHBOR TRAIL FUND 120

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$317,387	$0	$0	$0	$0	
Metropolitan Planning Organization	0	0	0	476,960	476,960	(1)
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	980	60,236	0	0	0	
Interest Income	460	0	0	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	4,942	23,250	0	0	0	
Prior Year Carry forward	73,386	4,009	6,388	6,388	6,388	
Total Income	$397,155	$87,495	$6,388	$483,348	$483,348	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Capital Outlays	393,146	81,107	0	476,960	476,960	(2)
Transfers Out	0	0	0	0	0	
Reserves	4,009	6,388	6,388	6,388	6,388	
Total Expenditures	$397,155	$87,495	$6,388	$483,348	$483,348	

(1) MPO Enhancement Funds for Good Neighbor Trail from Mondon Hills to Weatherly (Phase 2B). Construction will be the responsibility of Hernando County and the MPO is funding the Trail extension on behalf of the City. The City will realize no cash, only the asset upon completion.
(2) Refer to footnote #1.

Description: Good Neighbor Trail Fund
Revenue Source: Enhancement monies from the Hernando County MPO.
Expenditures: Good Neighbor Trail capital expenditures.

Fire Grants & Donations Fund 122

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$18,622	$0	$0	
Fines & Forfeitures	$0	$0	0	0	0	
Miscellaneous	$159	$3,658	510	1,000	2,300	(1)
Interest Income	0	5	5	0	0	
Loan Proceeds	0	0	0	0	0	
Transfers In	4,410	0	4,295	0	0	
Prior Year Carry forward	0	4,010	6,983	7,700	12,752	
Total Income	$4,569	$7,673	$30,415	$8,700	$15,052	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	559	690	9,368	0	1,650	(1)
Capital Outlays	0	0	9,910	4,296	0	
Transfers Out	0	0	0	0	0	
Reserves	4,010	6,983	11,137	4,404	13,402	
Total Expenditures	$4,569	$7,673	$30,415	$8,700	$15,052	

(1)Wal-Mart donation for fire prevention.

(2) Fire prevention program materials including the following: public handouts, birthday party costs, and 100 smoke detectors .

S P E C I A L R E V E N U E F U N D S

Description: Fire Grants and Donations Fund
Revenue Source: Grants and donations to Fire Department
Expenditures: Fire Department expenses

Police Grants & Donations Fund 123

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	$0	$0	0	0	0	
Miscellaneous	$7,178	$9,010	1,142	6,000	1,000	(1)
Interest Income	0	10	20	0	0	
Loan Proceeds	0	0	0	0	0	
Transfers In	0	0	6,358	0	0	
Prior Year Carry forward	12,904	11,694	20,714	39,200	17,238	
Total Income	$20,082	$20,714	$28,234	$45,200	$18,238	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	3,978	0	0	5,000	5,000	(2)
Capital Outlays	0	0	1,022	15,000	6,000	(3)
Transfers Out	4,410	0	0	0	0	
Reserves	11,694	20,714	27,212	25,200	7,238	
Total Expenditures	$20,082	$20,714	$28,234	$45,200	$18,238	

(1)Wal-Mart donation for K-9 Program
(2) K-9 Program
(3) K-9 Dog (Replacement K-9 if required)

Description: Police Grants and Donations Fund
Revenue Source: Grants and donations to Police Department
Expenditures: Police Department expenses

MAJOR STORM READINESS FUND 124

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$0	$0	$0	$0	$0
Fines & Forfeitures	0	0	0	0	0
Miscellaneous	-862	1,356	-183	0	0
Interest Income	477	384	289	200	0
Loan Proceeds	0	0	0	0	0
Transfers In	0	0	0	0	0
Prior Year Carry forward	74,704	74,319	72,222	38,670	85,110
Total Income	**$74,319**	**$76,059**	**$72,328**	**$38,870**	**$85,110**
EXPENDITURES					
Personnel Services	$0	$0	$0	$0	$0
Operating Expenditures	0	3,837	0	0	0
Capital Outlays	0	0	0	18,005	0
Transfers Out	0	0	0	0	0
Reserves	74,319	72,222	72,328	20,865	85,110
Total Expenditures	**$74,319**	**$76,059**	**$72,328**	**$38,870**	**$85,110**

Description: Major Storm Readiness Fund
Revenue Source: $75,000 sale of BERT I to Jackson County, Mississippi
Expenditures: Storm Expenditures as needed

Cost Recovery Fund 127

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	10,586	68	0	0	0	
Interest Income	0	0	0	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	0	10,586	10,654	0	0	
Total Income	$10,586	$10,654	$10,654	$0	$0	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Capital Outlays	0	0	0	0	0	
Transfers Out	0	0	10,654	0	0	(1)
Reserves	10,586	10,654	0	0	0	
Total Expenditures	$10,586	$10,654	$10,654	$0	$0	

(1) Transfers to Fund 122 Fire Grants & Donations $4296, and to Fund 123 Police Grants & Donation $6,358.
Closing fund due to discontinuance of Cost Recovery Program with Florida Statute law change.

S P E C I A L R E V E N U E F U N D S

Description: City adopted Ordinance No. 766 on 10/06/08 authorizing implementation of a cost recovery program to include recovery of costs and expenses incurred in providing fire personnel, police, emergency medical personnel and certain public works personnel to various incidents requiring response. Since adoption and implementation of Ordinance No. 766, Senate Bill 2282 prohibits fees for first responder services and was passed by the Florida Legislature and signed into law effective 7/01/09. The City Brookville Emergency Services Ordinance will be amended to comply with Senate Bill 2282.

Revenue Source: Revenues allowed by Florida Bill 2282 which created Florida Statute 166.0446.

Expenditures: As designated by City Council.

Traffic Camera Fund 128

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted * 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	206,576	932,320	2,250	2,691,214	2,449,632	
Miscellaneous	0	0	0	0	0	
Interest Income	0	0	0	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	0	136,924	417,884	219,750	39,235	
Total Income	$206,576	$1,069,244	$420,134	$2,910,964	$2,488,867	
EXPENDITURES						
Personnel Services	$0	$15,563	$0	$37,754	$65,970	(1)
Operating Expenditures	69,652	285,797	440	2,050,739	1,883,761	(2)
Capital Outlays	0	0	0	0	30,000	(3)
Transfers Out	0	350,000	200,000	200,000	200,250	(4)
Reserves	136,924	417,884	219,694	622,471	308,886	
Total Expenditures	$206,576	$1,069,244	$420,134	$2,910,964	$2,488,867	

(1) 1 Full time, 1 Part Time red light camera employees.

(2) The State and Sensys fees $1,868,232,Office supplies, Computer supplies and Clothing and uniforms.

(3) Police Station lobby expansion.

(4) Full time red light camera employee HRA transfer to Fund 609 $250,General Fund 001 $100,000 and Multi-Year Capital Project Accumulation Fund 308 $100,000.

* As per 11/12 budget amendment, Red light camera program was not in effect at the time of the original 11/12 Budget.

Description: Brooksville Police traffic safety program to make the streets of Brooksville a safer place.

Revenue Source: Citations from the red light cameras and citations written by the traffic control officers.

Expenditures: Salaries of the officers and equipment to operate the program

First Tee Fund 129	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$2,087	$37,397	$7,500	$0	
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	0	3,127	308	10,000	15,500	(1)
Interest Income	0	11	27	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	20,000	0	0	0	
Prior Year Carry forward	0	0	25,224	24,388	21,260	
Total Income	**$0**	**$25,225**	**$62,956**	**$41,888**	**$36,760**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$17,669	$18,350	(2)
Operating Expenditures	0	0	34,543	2,407	1,000	(3)
Capital Outlays	0	0	0	0	0	
Transfers Out	0	0	0	125	125	(4)
Reserves	0	25,225	28,413	21,687	17,285	
Total Expenditures	**$0**	**$25,225**	**$62,956**	**$41,888**	**$36,760**	

(1) First Tee Golf participation and donations
(2) 1/2 Cost of Recreation Leader III/Golf Program Instructor.
(3) $1,000 Operating Supplies
(4) $125 Transfer to HRA Fund 609

Description: To impact the lives of young people by providing learning facilities and educational programs that promote character development and life-enhancing values through the game of golf.
Revenue Source: Annual golf tournament and other fund raising events.

Expenditures: First tee programs for area children.

CDBG (COMMERCIAL REVITALIZATION) GRANT 131

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$0	$0	$0	$0	$0
Fines & Forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Interest Income	0	0	0	0	0
Special Assessment	0	0	0	0	0
Transfers In	0	0	0	0	0
Prior Year Carry forward	128,368	0	0	0	0
Total Income	**$128,368**	**$0**	**$0**	**$0**	**$0**
EXPENDITURES					
Personnel Services	$0	$0	$0	$0	$0
Operating Expenditures	0	0	0	0	0
Capital Outlays	128,368	0	0	0	0
Transfers Out	0	0	0	0	0
Reserves	0	0	0	0	0
Total Expenditures	**$128,368**	**$0**	**$0**	**$0**	**$0**

Description: CDBG (Commercial Revitalization Grant) Fund 131
Revenue Source: Receivable from CRA to this Fund for downtown redevelopment improvements
Expenditures: Community Redevelopment expenditures.

TREE/STREETSCAPING 134

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Fines & Forfeitures	1,665	1,960	2,894	2,000	2,500	
Miscellaneous	-596	423	500	0	0	
Interest Income	422	125	137	100	150	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	87,071	88,562	74,859	77,225	78,454	
Total Income	**$88,562**	**$91,070**	**$78,390**	**$79,325**	**$81,104**	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	16,211	990	25,000	25,000	(1)
Capital Outlays	0	0	0	0	0	
Transfers Out	0	0	0	0	0	
Reserves	88,562	74,859	77,400	54,325	56,104	
Total Expenditures	**$88,562**	**$91,070**	**$78,390**	**$79,325**	**$81,104**	

(1) Replacement of diseased trees and/or installation of new trees or streetscaping within the Brooksville City limits.

Description: Tree/Streetscaping
Revenue Source: tree removal permits
Expenditures: Replacement of trees and landscaping and treescaping within the City of Brooksville.

The Enrichment Center (the PMF) 139 *

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$1,300,000	$10,000	$5,000	(1)
Facility Rental Fees	0	0	0	5,000	300	
Miscellaneous	0	0	1,020	0	0	
Interest Income	0	0	0	0	0	
Transfers In	0	0	5,000	5,000	5,000	(2)
Prior Year Carry forward	0	0	0	4,000	4,700	
Total Income	$0	$0	$1,306,020	$24,000	$15,000	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	2,114	15,000	10,300	(3)
Capital Outlays	0	0	1,300,000	0	0	
Transfers Out	0	0	0	0	0	
Reserves	0	0	3,906	9,000	4,700	
Total Expenditures	$0	$0	$1,306,020	$24,000	$15,000	

(1) Revenues from the Enrichment Center based on Construction and Occupancy Agreement for a Special Needs Shelter at the Brooksville Quarry dated 4 09 2010. This Fund will serve as the Premises Maintenance Fund (PMF) per agreement dated 04 09 10.
(2) Transfer from Quarry Golf Course
(3) Electric ($6,000); water & sewer expenses ($1,400); Elevator maintenance (1,500); Phone and repairs ($1,400)

*Premises Maintenance Fund (the PMF) based on agreement of The Enrichment Center Inc. of Hernando County and the City of Brooksville dated April 9, 2010.

Description: The Enrichment Center. This Fund is governed by agreement dated April 9, 2010 as referenced above.
Revenue Source: Revenues generated by the building are to be paid into the PMF.
Expenditures: Maintenance of the building; insufficiencies of cost of building is reimbursed by the ECI up to 50%.

FDOT PROJECTS FUND 140

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$12,100	$56,046	$5,827	$30,000	$30,000	(1)
Fines & Forfeitures	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	
Interest Income	0	0	0	0	0	
Special Assessment	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	0	0	0	0	0	
Total Income	$12,100	$56,046	$5,827	$30,000	$30,000	
EXPENDITURES						
Personnel Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	5,827	0	0	
Capital Outlays	12,100	56,046	0	30,000	30,000	(2)
Transfers Out	0	0	0	0	0	
Reserves	0	0	0	0	0	
Total Expenditures	$12,100	$56,046	$5,827	$30,000	$30,000	

(1) FDOT Landscape Rehabitation
(2) FDOT project area landscaping improvements.

Debt ServiceFunds

Fund 201 – Bond & Interest Sinking Debt Service
(2006 USDA Revenue Bonds)
Fund 202 – Bond & Interest Sinking Debt Service
(2011 Series Revenue Note)

DEBT SERVICE FUNDS SUMMARY

TOTAL DEBT SERVICE FUND

	Actual 08/09	Actual 08/09	Actual 09/10	Budgeted 11/12	Requested 12/13
INCOME					
Interest Income	$0	$0	$0	$0	$0
Miscellaneous	$0	$0	$0	$0	$100
Transfers In	$0	$0	$47,470	$313,384	$336,215
Prior Year Carry forward	$0	$0	$0	$47,470	$101,134
Total Income	**$0**	**$0**	**$47,470**	**$360,854**	**$437,449**
EXPENDITURES					
Bond Payments	$0	$0	$0	$261,343	$336,215
Operating Expenditures	$0	$0	$0	$0	$0
Capital Outlay	$0	$0	$0	$0	$0
Transfers Out	$0	$0	$0	$0	$0
Reserves	$0	$0	$47,470	$99,511	$101,234
Total Expenditures	**$0**	**$0**	**$47,470**	**$360,854**	**$437,449**

Description: Debt Service Fund is required by GASB S4. This page represents the total budgets of the Governmental Funds Debt Service Funds.

BOND & INTEREST SINKING DEBT SERVICE FUND NO. 201 (FOR 2006 USDA REVENUE BONDS)

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Mobile Home Licenses	$0	$0	$0	$0	$0	
Interest Income	0	0	0	0	0	
Miscellaneous	0	0	0	0	100	
Transfers In	0	0	0	57,067	32,435	
Prior Year Carry forward	0	0	0	0	25,182	
Total Income	**$0**	**$0**	**$0**	**$57,067**	**$57,717**	
EXPENDITURES						
Bond Payments	$0	$0	$0	$33,508	$32,435	(1)
Operating Expenditures	0	0	0	0	0	
Transfers Out	0	0	0	0	0	
Reserves	0	0	0	23,559	25,282	
Total Expenditures	**$0**	**$0**	**$0**	**$57,067**	**$57,717**	

(1) Additional principal payments of $20,000 in addition to normal debt service to loan with USDA.

Description: Debt Service Fund required by Capital Improvement Revenue Bond Series 2006 (thru USDA); This Fund accumulates Debt Service for 2006 Bond (1/12 of interest and principal) and 1/120 of the Maximum Bond Service Requirement as a Reserve Account per the Bond covenants. This Fund replaces Fund No. 310 due to GASB 54.

Revenue Source: Transfers from Fund 309 (Capital Improvement Revenue Fund)

Expenditures: Annual debt service on 2006 Capital Improvement Bond dated 11/30/06.

BOND & INTEREST SINKING DEBT SERVICE FUND NO. 202 (FOR 2011 SERIES REVENUE NOTE)

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Interest Income	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	
Transfers In	0	0	47,470	256,317	303,780	
Prior Year Carry forward	0	0	0	47,470	75,952	
Total Income	**$0**	**$0**	**$47,470**	**$303,787**	**$379,732**	
EXPENDITURES						
Bond Payments	$0	$0	$0	$227,835	$303,780	(1)
Operating Expenditures	0	0	0	0	0	
Transfers Out	0	0	0	0	0	
Reserves	0	0	47,470	75,952	75,952	
Total Expenditures	**$0**	**$0**	**$47,470**	**$303,787**	**$379,732**	

(1) represents **4** quarterly payments at $75,945

Description: Debt Service Fund required by Capital Improvement Revenue Note Series 2011
This Fund receives Debt Service for 2011 Note (1/12 of interest and principal)
and the monies are transferred from the Fund 202 Capital Improvement Revenue Note per Loan covenants.
per Loan covenants,

Revenue Source: Transfers from General Fund, Water & Sewer Fund and Solid Waste based on Energy savings

Expenditures: Annual debt service on 2011 Capital Improvement Loan 2011 Series that is transferred to Debt Service.
Quarterly payments of $75,944.95 are payable until 10/01/2026. First payment due 01/01/2012.

Capital Projects Funds

Fund 302 – McKethan Capital Projects
Fund 306 – Public Facilities Repair & Maintenance
Fund 308 – Multi Year Capital Project Accumulation
Fund 309 – Capital Improvement Revenue (2006 USDA Revenue Bonds)
Fund 310 – Bond & Interest Sinking (2006 USDA Revenue Bonds)
Fund 311 – Bond & Interest Sinking (2011 Capital Improvement Revenue Note)
Fund 312 – 2011 Capital Improvement Loan
Fund 313 – Bond Settlement

TOTAL CAPITAL PROJECTS FUND *

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Intergovernmental Revenue	$36,924	$32,927	$3,516,016	$32,500	$32,500
Settlements	$0	$0	$3,500,000	$0	$0
Interest Income	1,066	861	8,394	0	0
Miscellaneous	-3,496	3,611	-727	0	2,500
Transfers In	253,776	412,161	183,474	356,317	403,780
Prior Year Carry forward	157,774	334,996	608,344	3,445,907	696,951
Total Income	**$446,044**	**$784,556**	**$7,815,501**	**$3,834,724**	**$1,135,731**
EXPENDITURES					
Bond Payments	$31,088	$29,433	$34,605	$0	$0
Legal	$0	$0	$875,000	$0	$0
Operating Expenditures	$3,893	$0	$972	$0	$0
Capital Outlay	25,952	73,028	482,930	3,076,176	579,885
Transfers Out	50,115	73,751	1,422,798	313,384	336,215
Reserves	334,996	608,344	4,999,196	445,164	219,631
Total Expenditures	**$446,044**	**$784,556**	**$7,815,501**	**$3,834,724**	**$1,135,731**

* Capital Projects Fund does not include all capital expenditures of the City. General Fund and Enterprise Funds also budget for capital expenditures.

McKETHAN CAPITAL PROJECTS FUND 302

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$2,062	$0	$6,070	$0	$0	
Interest Income	540	49	47	0	0	
Miscellaneous	12	697	233	0	2,500	(1)
Transfers In	0	0	0	0	0	
Prior Year Carry forward	79,373	52,142	32,888	40,296	42,816	
Total Income	**$81,987**	**$52,888**	**$39,238**	**$40,296**	**$45,316**	
EXPENDITURES						
Operating Expenditures	$3,893	$0	$972	$0	$0	
Capital Outlay	25,952	0	5,098	19,500	30,000	(2)
Transfers Out	0	20,000	0	0	0	
Reserves	52,142	32,888	33,168	20,796	15,316	
Total Expenditures	**$81,987**	**$52,888**	**$39,238**	**$40,296**	**$45,316**	

(1) Sign rental space on outfield fence , 5 signs at $500 each for a total of $2,500.

(2) Resurface tennis courts $10,000; McKethan Trail Head restrooms upgrade matching funds $20,000

Description: Capital Expenditures for Parks, Recreation & Facilities
Revenue Source:
Expenditures: Capital expenses for Parks, Recreation & Facilities

PUBLIC FACILITIES REPAIR AND MAINTENANCE FUND 306

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$0	$0	$0	
Interest Income	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	20,115	0	0	0	0	
Total Income	**$20,115**	**$0**	**$0**	**$0**	**$0**	
EXPENDITURES						
Capital Outlay	$0	$0	$0	$0	$0	
Transfers Out	20,115	0	0	0	0	(1)
Reserves	0	0	0	0	0	
Total Expenditures	**$20,115**	**$0**	**$0**	**$0**	**$0**	

(1) Closing Fund and transferring to Fund 308 Multi - Year Capital

Description: Reserves for future Public Facilities projects
Revenue Source: Transfers from General Fund and Closing of City Hall Renovations Fund in 06 07
Expenditures: Capital Expenditures for repair and maintenance on Public Facilities

MULTI YEAR CAPITAL PROJECT ACCUMULATION FUND 308

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$144,419	$0	$0	
Interest Income	505	806	887	0	0	
Miscellaneous	-3,227	2,814	-1,138	0	0	
Transfers In	223,776	381,660	100,000	100,000	100,000	(1)
Prior Year Carry forward	21,937	242,991	531,993	466,779	425,797	
Total Income	$242,991	$628,271	$776,161	$566,779	$525,797	
EXPENDITURES						
Operating Expenditures	$0	$0	$0	$0	$0	
Capital Outlay	0	73,028	310,998	391,000	416,829	(2)
Transfers Out	0	23,250	0	0	0	
Reserves	242,991	531,993	465,163	175,779	108,968	
Total Expenditures	$242,991	$628,271	$776,161	$566,779	$525,797	

(1) Transfers in of $100,000 from Traffic Camera Fund 128.

(2) Peck Sink Water Course Improvements-Horse Lake Creek Project $116,829; Pavement Management Program $300,000.

Description: Reserves for future large Capital projects
Revenue Source: Transfers from General Fund. (transferred from General Government)
Expenditures: Future Capital Expenditures

CAPITAL IMPROVEMENT REVENUE FUND 309 (FOR 2006 USDA REVENUE BONDS)

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Mobile Home Licenses	$34,862	$32,927	$32,505	$32,500	$32,500	
Interest Income	21	6	6	0	0	
Miscellaneous	-29	17	30	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	14,251	19,105	21,554	20,330	17,204	
Total Income	**$49,105**	**$52,055**	**$54,095**	**$52,830**	**$49,704**	
EXPENDITURES						
Bond Payments	$0	$0	$0	$0	$0	
Capital Outlay	0	0	0	0	0	
Transfers Out	30,000	30,501	36,004	33,508	32,435	(1)
Reserves	19,105	21,554	18,091	19,322	17,269	
Total Expenditures	**$49,105**	**$52,055**	**$54,095**	**$52,830**	**$49,704**	

(1) To Fund 201 Additional principal payments of $20,000 in addition to normal debt service to loan with USDA.

Description: Revenue Fund required by Capital Improvement Revenue Bond Series 2006 (thru USDA); Mobile Home Licenses are collateral for 2006 Loan. Special Fund is required by Bond covenant.

Revenue Source: Mobile Home Licenses are assigned to this Fund due to agreement with USDA.

Expenditures: Necessary funds transferred to Debt Service Fund 201 for annual debt service and Reserves that are required by Bond covenants.

BOND & INTEREST SINKING FUND 310 (FOR 2006 USDA REVENUE BONDS)

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Mobile Home Licenses	$0	$0	$0	$0	$0	
Interest Income	0	0	0	0	0	
Miscellaneous	-252	83	148	0	0	
Transfers In	30,000	30,501	36,004	0	0	
Prior Year Carry forward	22,098	20,758	21,909	23,559	0	
Total Income	$51,846	$51,342	$58,061	$23,559	$0	
EXPENDITURES						
Bond Payments	$31,088	$29,433	$34,605	$0	$0	
Operating Expenditures	0	0	0	0	0	
Transfers Out	0	0	0	23,559	0	(1)
Reserves	20,758	21,909	23,456	0	0	
Total Expenditures	$51,846	$51,342	$58,061	$23,559	$0	

(1) Transferring to new Debt Service Fund No. 201 per GASB 54

Description: Revenue Fund required by Capital Improvement Revenue Bond Series 2006 (thru USDA); This Fund accumulates Debt Service for 2006 Bond (1/12 of interest and principal) and 1/120 of the Maximum Bond Service Requirement as a Reserve Account per the Bond covenants. Closed at the close of Fiscal Year ending 9 30 11 to Fund 201.
Revenue Source: Transfers from Fund 309 (Capital Improvement Revenue Fund)
Expenditures: Annual debt service on 2006 Capital Improvement Bond dated 11/30/06.

BOND & INTEREST SINKING FUND 311 (FOR 2011 CAPITAL IMPROVEMENT REVENUE NOTE)

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Interest Income	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	
Transfers In	0	0	47,470	256,317	303,780	(1)
Prior Year Carry forward	0	0	0	0	0	
Total Income	$0	$0	$47,470	$256,317	$303,780	
EXPENDITURES						
Bond Payments	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Transfers Out	0	0	47,470	256,317	303,780	(2)
Reserves	0	0	0	0	0	
Total Expenditures	$0	$0	$47,470	$256,317	$303,780	

C A P I T A L P R O J E C T S F U N D S

(1) General Fund $31,411; Water and Sewer $271,184, Sanitation $1,185. Transfers based on savings from energy performance measures. from analysis from Energy Systems Group.
(2) To Debt Service Fund #202

Description: Revenue Fund required by Capital Improvement Revenue Note Series 2011
This Fund receives Debt Service for 2011 Note (1/12 of interest and principal)
and the monies are transferred to the Capital Improvement Debt Service Fund No 202
per Loan covenants,

Revenue Source: Transfers from General Fund, Water & Sewer Fund and Solid Waste based on Energy savings

Expenditures: Annual debt service on 2011 Capital Improvement Loan 2011 Series that is transferred to Debt Service. City Hall Roofing, City Hall HVAC Renovation:, Public Works HVAC, and Walking Trail and Public Works Lights, and AMR Water Meters were funded out of the 2011 Note.

2011 CAPITAL IMPROVEMENT LOAN FUND No. 312 CAPITAL PROJECTS FUND

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Intergovernmental Revenue	$0	$0	$3,333,022	$0	$0	
Interest Income	0	0	2,260	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	0	0	0	1,609,267	138,730	
Total Income	**$0**	**$0**	**$3,335,282**	**$1,609,267**	**$138,730**	
EXPENDITURES						
Capital Outlay	$0	$0	$166,834	$1,380,000	$133,056	(1)
Transfers Out	0	0	0	0	0	
Reserves	0	0	3,168,448	229,267	5,674	
Total Expenditures	**$0**	**$0**	**$3,335,282**	**$1,609,267**	**$138,730**	

(1) Police Department HVAC A/C upgrade from Energy Loan proceeds.

Description: Capital Projects Fund required by Capital Improvement Revenue Note Series 2011.
This Capital Projects Fund represents capital expenditures for the City Energy Savings Capital Expenditures.
Revenue Source: City of Brooksville, Florida Capital Improvement Note, Series 2011, $3,333,022.
Expenditures:

BOND SETTLEMENT FUND No. 313 CAPITAL PROJECTS FUND

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Settlements	$0	$0	$3,500,000	$0	$0	
Interest Income	0	0	5,194	0	0	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	0	0	0	1,285,676	72,404	
Total Income	$0	$0	$3,505,194	$1,285,676	$72,404	
EXPENDITURES						
Capital Outlay	$0	$0	$0	$1,285,676	$0	(1)
Legal	$0	$0	$875,000	$0	$0	
Transfers Out	0	0	1,339,324	0	0	
Reserves	0	0	1,290,870	0	72,404	
Total Expenditures	$0	$0	$3,505,194	$1,285,676	$72,404	

(1.) Capital Outlay based on Mutual Agreement and Release between City of Brooksville and Travelers Casualty dated June 7, 2011.

Description: Capital Projects Fund from the proceeds of the Settlement Agreement between the City of Brooksville and Travelers Casualty and Surety Agreement dated June 7, 2011 by and between the City of Brooksville, Travelers Casualty and Surety Company of Am.,Federal Insurance Company d/b/a Chubb Insurance Companies, and Duke Energy Corporation.

Revenue Source: Bond Settlement

Expenditures: Roads and Utilities completion in Southern Hills Plantation

Public Works

Water & Waste Water

WATER WASTEWATER
ALL FUNDS SUMMARY
All Water & Wastewater Fund Summary

	Actual 09/10	Actual 10/11	Adopted Budget 11/12	Requested Budget 12/13
REVENUE SUMMARY:				
CHARGES FOR SERVICES	$3,331,867	$3,570,164	$3,762,397	$3,612,271
WATER IMPACT FEES (CONNECTION FEES)	$16,055	$41,069	$10,000	$12,000
SEWER IMPACT FEES (CONNECTION FEES)	$18,727	$98,737	$17,000	$20,000
INTEREST INCOME	$40,152	$25,344	$17,744	$13,635
LOANS & GRANT REV., LONG TERM DEBT, CONTRIBUTIONS	$825,721	$3,965,247	$2,050,062	$0
SUBTOTAL	**$4,232,522**	**$7,700,561**	**$5,857,203**	**$3,657,906**
PRIOR CASH CARRY FORWARD	$5,088,981	$4,975,967	$6,414,324	$3,605,700
TOTAL REVENUES	**$9,321,503**	**$12,676,528**	**$12,271,527**	**$7,263,606**
EXPENSE SUMMARY:				
PERSONAL SERVICES	$1,008,435	$1,060,058	$1,184,335	$1,171,407
OPERATING EXPENSES	$874,298	$2,327,330	$1,157,223	$1,023,321
CAPITAL OUTLAY	$961,806	$1,535,543	$4,699,836	$781,000 (1.)
SUBTOTAL	**$2,844,539**	**$4,922,931**	**$7,041,394**	**$2,975,728**
TRANSFERS OUT				
TO GENERAL FUND	$393,800	$393,800	$393,800	$393,800
TO INTERNAL SERVICE FUND	$20,489	$24,198	$20,107	$28,030
TO FUND 311 (2011 CAPITAL IMPROVEMENT REV. NOTE)		$42,375	$228,814	$271,184
TO DEBT SERVICE (SINKING FUND)	$874,467	$927,981	$954,637	$946,731
TO FUND 409 FOR LOC/HANCOCK BANK	$185,724	$185,724	$185,723	$185,723
TO VEHICLE R&R	$20,686	$34,199	$39,708	$28,960
TO HRA FUNDING ACCOUNT	$5,831	$5,977	$6,298	$6,485
TOTAL TRANSFERS OUT	**$1,500,997**	**$1,614,254**	**$1,829,087**	**$1,860,913**
TOTAL EXPENSE SUMMARY	**$4,345,536**	**$6,537,185**	**$8,870,481**	**$4,836,641**
RESERVES METER DEPOSITS	$371,305	$382,005	$390,000	$398,000
SINKING FUND RESERVES	$569,359	$558,386	$606,335	$623,835
RESERVE (R & R) 99 and 2002	$1,009,172	$962,918	$1,152,886	$1,183,025
TOTAL EXPENSES & RESERVES	**$6,295,372**	**$8,440,494**	**$11,019,702**	**$7,041,501**
CONNECTION FEES RESERVES	$1,558,408	$1,640,615	$366,095	$457,500
RESERVE CAPITAL IMPROVEMENTS	$111,000	$111,000	$111,111	$111,111
RESERVE BOND SETTLEMENT FUNDS		$1,339,324		
RESERVE FOR CONTINGENCIES	$1,356,723	$1,145,095	$774,619	-$346,506
TOTAL FUND BALANCE	**$9,321,503**	**$12,676,528**	**$12,271,527**	**$7,263,606**

	Southern Hills Delivery & Acceptance Improvemts. (Bond Settlemt. Funds)	$201,000
	NW Well Field Production Well #2 (Operating reserves)	$220,000
	Hope Hill Well Field #4 Drilling (operating reserves)	$220,000
	Truck Mounted Crane (operating reserves)	$110,000
	Road Boring Equipment (operating reserves)	$15,000
	DPW Main Office roof replacement split (operating reserves)	$6,000
	DPW warehouse repair split (operating reserves)	$4,000
	Valve Excercising Equipment (operating reseves)	$5,000
1)	**Grand Total**	**$781,000**

Water & Sewer Summary

	Revenue Detail (Fund 401)	'08/09 Actual	'09/10 Actual	'10/11 Actual	'11/12 Budgeted	Requested '12/13
401-000-331-43350	Federal Grant: Sewer Wastewater	0	0	0	0	0
401-000-331-43500	Federal Grants: Economic Environment	0	0	0	0	0
401-000-331-43706	Other Federal Grants	0	0	0	0	0
401-000-331-44500	State Grants: Economic Environment	0	0	0	0	0
401-000-334-44900	Other State Grants	432,312	23,988	0	0	0
401-000-337-47000	Withlacoochee Regional Water Supply Grant	19,933	0	0	0	0
401-000-342-48242	Hydrant Fees	3,736	3,595	3,595	3,595	4,254
401-000-342-48290	BERT Reimbursement	0	0	0	0	0
401-000-343-48330	Water Revenues	1,748,054	1,653,842	1,779,877	1,884,719	1,807,327
401-000-343-48350	Wastewater (Sewer) Revenues	1,619,554	1,548,524	1,656,470	1,775,383	1,694,835
401-000-343-48361	Penalties	56,708	46,740	53,832	49,000	58,000
401-000-343-48363	Delinquent Account Turn On	17,988	16,488	16,963	15,600	12,955
401-000-343-48364	Disconnect/Reconnect Fees	2,513	3,027	3,550	3,100	3,100
401-000-343-48365	Water Hook Up	6,426	7,442	12,199	9,000	8,500
401-000-343-48366	Sewer Hook Up	3,226	2,431	3,909	4,000	3,000
401-000-343-48367	Cash Over	73	0	(149)	0	0
401-000-343-48806	Interest-CD	5,326	7,093	2,751	0	0
401-000-343-48808	Interest-FMIvT	0	10,242	5,525	2,400	5,350
401-000-343-48809	Interest - Federated	10,209	240	2	0	0
401-000-361-48810	Interest (Savings Account)	985	509	334	0	250
401-000-361-48811	Interest-SBA	7,516	1,912	2,304	0	200
401-000-361-48813	Interest-FHLB	0	0	0	0	0
401-000-361-48845	Gain or Loss From Sale of Fixed Assets	0	2,135	2,473	0	0
401-000-361-48860	Contributions and Donations	0	0	0	0	0
401-000-361-48871	Change in Fair Market Value	0	8,598	5,761	0	0
401-000-369-48890	Miscellaneous Revenues	12,807	19,597	22,072	18,000	20,300
presentation only	Loan Proceeds	0	0	0	0	0
401-000-381-49001	Transfer In from 001	0	0	0	0	0
401-000-381-49403	Transfer In from 403	0	0	0	0	0
401-000-381-49407	Transfer In from 407	0	0	0	0	0
401-000-381-49408	Transfer In from 408	0	0	0	0	0
401-000-381-49409	Transfer In from 409	0	0	0	0	0
401-000-381-49501	Transfer In from 501	0	0	0	0	0
	Total Revenues (Fund 401)	**$3,947,366**	**$3,356,403**	**$3,571,468**	**$3,764,797**	**3,618,071**

	Revenue Detail (Fund 404) Water Advisory Panel Grants	08/09 Actual	'09/10 Actual	'10/11 Actual	'11/12 Budgeted	Requested '12/13
404-000-334-44900	WAP Grant	660,108	199	0	0	0
	Capital Expenditures (Fund 404)					
404-000-169-19049	Capital Expenditures WAP Grant	660,108	0	11,924	0	0
	Total Reserves 404			$11,924	$11,924	$11,924

	Revenue Detail (Fund 405) R& R Fund	08/09 Actual	'09/10 Actual	'10/11 Projected	'11/12 Budgeted	Requested '12/13
405-000-381-49401	Transfer in from 401	$35,328	$35,328	$35,328	$35,328	$35,328
405-000-381-49401	Transfer in from 401	$26,652	$26,652	$26,652	$26,652	$26,652
405-000-381-48808	FMIvT Interest	$21,713	$10,202	$4,949	$5,019	$4,000
405-000-361-48811	SBA Interest	$627	$182	$211	$225	$150
	Reserves Detail (Fund 405) R& R Fund					
	R&R 2002	$274,048	$309,866	$309,593	$288,175	$291,111
	R&R & Reserves 1999	$655,934	$725,388	$722,384	$864,711	$925,424
	Total Reserves Fund 405	**$929,982**	**$1,035,254**	**$1,031,977**	**$1,152,886**	**$1,183,025**

	Revenue Detail (Fund 406) Debt Service Fund	'08/08 Actual	'09/10 Actual	'10/11 Projected	'11/12 Budgeted	Requested '12/13
406-000-381-49401	Transfer in from 401 (Water portion)	491,566	498,493	528,949	504,270	$502,172
406-000-381-49401	Transfer in from 401 (Wastewater portion)	370,831	376,056	399,032	450,367	$444,559
	Total of Transfers for Debt Service	862,397	874,549	927,981	954,637	$946,731
406-000-381-48808	FMIvT Interest	9,158	3,200	2,616	3,400	$1,600
406-000-361-48811	SBA Interest	332	97	112	200	$85
	Debt Service Payments Detail (Fund 406)					
406-021-536-57199	Interest on 99 Bonds	110,455	108,521	106,147	104,492	$101,739
406-027-536-57199	Interest on 99 Bonds	83,326	81,866	80,075	82,058	$76,751
presentation only	Principal on 99 Bond (presentation only)	114,000	118,000	121,000	127,000	$131,000
406-021-536-57102	Interest on 02 Bonds (payment due 10/1 next fy)	92,308	103,262	105,675	85,138	$74,963
406-027-536-57102	Interest on 02 Bonds (payment due 10/1 next fy)	92,308	77,900	79,720	64,226	$56,551
presentation only	Principal on 02 Bonds (presentation only)	370,000	385,000	410,000	425,000	$440,000
406-027-536-57109	Interest on ARRA Loan WW270200	0	0	0	14,283	$13,499
406-027-536-57110	Interest on SRF Loan WW270201	0	0	11,942	9,500	$8,928
presentation only	Principal on ARRA Loan WW270200	0	0	0	25,826	$26,063
presentation only	Principal on SRF Loan WW270201	0	0	0	17,114	17,237
	Total Debt Service Payments	862,397	874,549	914,559	954,637	$946,731
	Reserves Detail (Fund 406)					
	Total Reserves Fund 406	**553,489**	**570,000**	**603,703**	**608,335**	**$654,819**

Public Works - Water & Wastewater FY 2012-2013 Budget

Staffing

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Financial & Administrative Salaries	51102	$0	$19,347	$30,004	$30,004	$30,004
Regular Salaries & Wages	51200	$593,628	$701,140	$813,884	$764,161	$764,161
Overtime - Unscheduled	51400	$41,594	$40,046	$43,000	$38,000	$38,000
Incentive/Special Pay	51500	$0	$0	$0	$30,000	$30,000
Vacation Pay	51601	$23,981	$0	$0	$0	$0
Sick Pay	51602	$17,152	$0	$0	$0	$0
Holiday Pay	51603	$30,498	$0	$0	$0	$0
Bereavement Pay	51605	$788	$1,986	$0	$0	$0
On Call beeper Pay	51610	$3,260	$3,344	$3,300	$4,500	$4,500
FICA Taxes	52100	$53,045	$57,710	$65,552	$66,300	$66,300
Retirement Contributions	52200	$73,311	$70,568	$46,779	$51,169	$51,169
Health Insurance	52300	$118,457	$123,603	$140,457	$142,112	$142,112
Life Insurance	52301	$3,984	$4,247	$5,347	$5,193	$5,193
Long Term Disability	52303	$0	$1,572	$1,872	$1,914	$1,914
Dental employee	52320	$7,130	$6,756	$8,331	$8,000	$8,000
Workers Comp Insurance	52400	$33,688	$21,489	$25,309	$30,054	$30,054
Workers Comp Claims	52410	$0	$520	$500	$0	$0
Total Personal Services Costs		**$1,000,516**	**$1,052,328**	**$1,184,335**	**$1,171,407**	**$1,171,407**

Position Title	08/09	09/10	10/11	11/12	2013 FTE Requested
Public Works Director	0	0	0.3334	0.5	0.5
Utilities Supervisor	1	1	1	1	1
Warehouse Specialist	1	1	1	0.9	0.9
Administrative Specialist III	1	1	1	0.7	0.7
Crew Leaders	4	4	3	3	3
Plant Operator II	0	0	1	1	1
Plant Operator III	1	1	1	1	1
Plant Operator I	2	2	1	1	1
Equipment Operator II	0	0	1	1	1
Utilities Specialists	6	6	6	6	6
Chief Meter Reader	1	1	1	1	1
Meter Reader	1	1	1	1	0
Electrician/Mechanic	1	1	1	1	1
Public Works Supervisor	0.75	0.75	1	1	1
Construction Manager	1	1	1	0.9	0.9
Inspector Technician/CAD	1	1	1	0	0
Program Coordinator	0	0	0	0.9	0.9
Full Time Water Wastewater	**21.75**	**21.75**	**22.3334**	**21.9**	**20.9**
Split FTEs Finance, Water/Waste Water & Sanitation					
Utility Billing Supervisor	0.45	0.45	0.45	0.6	0.6
Admin Specialist III	1.125	1.125	1.125	1.61	1.6
Administrative Assistant III	0	0	0	0.6	0.6
Finance Technician	0	0	0	0.48	0.5
Total Split FTEs	**1.575**	**1.575**	**1.575**	**3.29**	**3.3**
Total Water Wastewater FTE	**23.33**	**23.33**	**23.91**	**25.19**	**24.20**

Public Works - Water & Wastewater FY 2012-2013 Budget

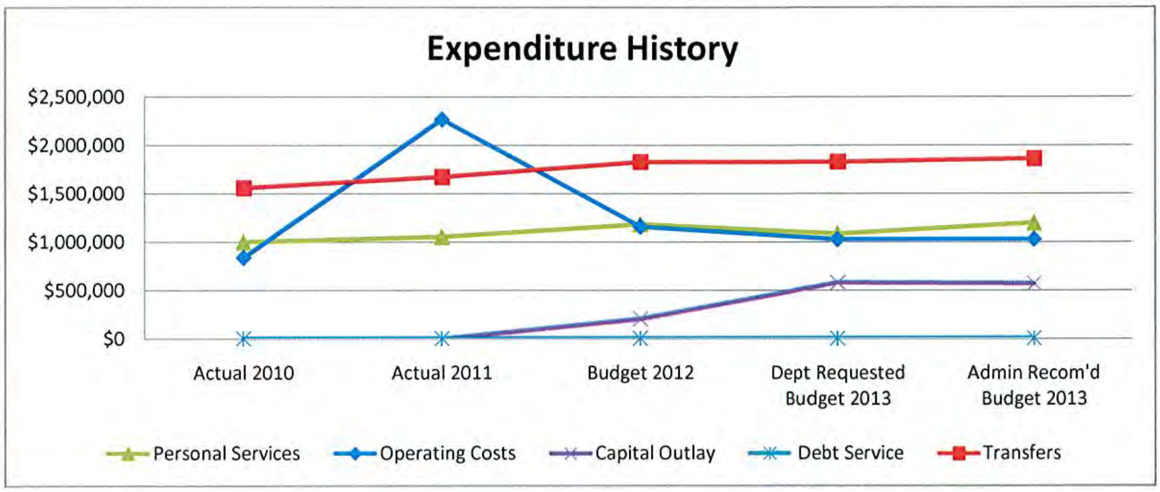
Operating, Capital Outlay, Debt & Transfers

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Unemployment Compensation	52500	$2,088	$1,754	$500	$0	$0
Medical Services	53101	$1,314	$2,895	$700	$1,500	$1,500
Other Contractual Services	53400	$80,688	$63,723	$108,694	$97,255	$97,255
Contract Labor	53400	$0	$488	$5,000	$2,000	$2,000
Laboraratory Services	53400	$8,686	$13,765	$9,000	$33,000	$33,000
Travel and Per Diem	54000	$0	$133	$1,350	$1,350	$1,350
Communication & Freight Charge	54100	$11,785	$8,321	$9,000	$8,000	$8,000
Postage	54110	$13,067	$15,076	$15,000	$19,000	$19,000
Automtotive Repair Service	54210	$5,362	$4,686	$6,500	$6,000	$6,000
Electric	54300	$245,536	$229,795	$250,000	$260,000	$260,000
Water	54303	$7,833	$8,749	$7,500	$9,300	$9,300
Effluent Disposal Permit	54314	$28,610	$27,903	$25,000	$18,000	$18,000
Water Distribution	54315	$56,826	$36,795	$25,000	$25,000	$25,000
Sewerage Collection	54316	$4,935	$4,270	$7,500	$7,000	$7,000
Equipment & Vehicle Rental	54400	$1,761	$782	$2,000	$2,000	$2,000
Rentals & Leases	54401	$1,211	$2,070	$3,000	$2,000	$2,000
General Business Insurance	54500	$114,024	$143,228	$147,679	$165,447	$165,447
Pollution/Environment Insurance	54510	$6,438	$7,300	$9,700	$10,669	$10,669
Insurance Claims & Deductibles	54560	$360	$0	$0	$0	$0
Repair & Maintenance Services	54600	$4,812	$12,971	$12,000	$12,000	$12,000
Apparatus-Repair & Maint	54610	$5,946	$19,127	$87,000	$80,000	$80,000
Printing & Binding Services	54700	$2,338	$1,454	$1,500	$800	$800
Advertising Activities	54800	$31	$0	$0	$0	$0
Other Current Charges	54900	$4,416	$6,762	$10,500	$1,250	$1,250
Office Supplies	55100	$2,552	$1,810	$2,500	$2,000	$2,000
Operating Supplies	55210	$4,209	$4,527	$3,500	$4,000	$4,000
Computer Supplies	55220	$300	$0	$0	$0	$0
Laboratory Supplies	55221	$3,880	$4,924	$4,500	$2,700	$2,700
Repair & Maintenance Supplies	55223	$24,051	$28,575	$18,000	$30,000	$30,000
Replacement Water Meters	55224	$6,861	$1,412,921	$150,000	$0	$0
Chemicals Supplies	55225	$66,350	$56,478	$53,000	$72,750	$72,750
Safety Supplies & Gear	55226	$6,225	$4,772	$4,500	$3,200	$3,200
Safety Marking Devices	55227	$237	$0	$800	$700	$700
Apparatus Supplies	55228	$30,570	$27,387	$39,000	$35,000	$35,000
Clothing & Uniforms	55230	$5,886	$7,439	$9,000	$6,800	$6,800
Connection-Supplies	55231	$3,072	$8,832	$4,000	$4,000	$4,000
Barricades	55235	$0	$0	$1,000	$900	$900
Institutional Supplies	55240	$1,107	$1,513	$1,000	$3,500	$3,500
Fuels & Lubricants	55250	$42,070	$51,051	$46,000	$51,000	$51,000
Tages & Titles	55250	$0	$0	$0	$400	$400
Small Tools	55250	$5,299	$5,147	$5,000	$5,000	$5,000
Auto Repair Supplies (in-house)	55253	$13,459	$15,111	$11,000	$12,000	$12,000
Books, Publications, Subscription & Membership	55400	$268	$388	$1,000	$1,000	$1,000
Training and Education	55410	$2,774	$2,631	$5,350	$8,200	$8,200
Uncapitalized Equipment	55500	$397	$1,130	$53,700	$18,400	$18,400
Meter Deposit Interest	59300	$1,384	$1,058	$150	$150	$150
Collection Charges	59991	$1,619	$1,630	$0	$0	$0
Bad Debt Expenses	59992	$4,569	$15,931	$100	$50	$50
Total Operating Costs		**$835,206**	**$2,265,302**	**$1,157,223**	**$1,023,321**	**$1,023,321**

Building and Improvements	19025	$0	$0	$0	$10,000	$0
Machinery & Equipment	19037	$0	$0	$204,920	$130,000	$130,000
CIP	19049	$0	$0	$0	$440,000	$440,000
Total Capital Outlay Cost		**$0**	**$0**	**$204,920**	**$580,000**	**$570,000**

Interest	57100	$0	$0	$0	$0	$0
Principal	57200	$0	$0	$0	$0	$0
Debt Service		**$0**	**$0**	**$0**	**$0**	**$0**

General Fund	56001	$393,800	$393,800	$393,800	$393,800	$393,800
2011 Capital Improvement Rev. Note- Loan	56311	$0	$42,375	$228,814	$228,814	$271,184
Utilities R & R	56405	$61,980	$61,980	$0	$0	$0
Utilities Bond Fund	56406	$874,467	$927,981	$954,637	$954,637	$946,731
SR 50 West Cobb Rd. Expansion	56409	$185,724	$185,724	$185,723	$185,723	$185,723
Internal Service Fund	56501	$20,489	$24,198	$20,107	$20,107	$28,030
Vehicle Replacement Fund	56502	$20,686	$34,199	$39,708	$39,708	$28,960
HRA Funding Account	56609	$5,831	$5,977	$6,298	$6,298	$6,485
Total Transfers Out		**$1,562,977**	**$1,676,234**	**$1,829,087**	**$1,829,087**	**$1,860,913**
Total Expenditures		**$3,398,699**	**$4,993,864**	**$4,375,565**	**$4,516,465**	**$4,651,167**



LARGE SCALE WATER & SEWER PROJECT LIST

	PROJECT NAME AND DESCRIPTION	O&M RESERVES	LOAN PROCEEDS	SPECIAL RESERVE	SEWER IMPACT	WATER IMPACT	BOND SETTLEMENT	GRANT	PROJECT NUMBER	BUDGET ESTIMATE	Water Sewer or Both	R=Renewal, U=Upgrade, G=Growth or C=Compliance	Current Yr	Year 1	Year 2	Year 3	Year 4	Year 5
													FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	SEWER TREATMENT																	
1	SOUTHERN HILLS SEWER IMPROVEMENTS																	
2	Upsize Cobb Rd Water Reclamation Facility Upgrade to 3.0 MGD								2003-UT01		S	G				5,525,084		
3	PLANT IMPROVEMENTS																	
4	Cobb Rd Water Reclamation Facility Sludge Process								2010-UT01		S	C					350,000	
5	Cobb Rd Wateer Reclamation Faciltiy Reuse Conversion								2012-UT01	$3,474,916	S	U	COMPLETED					
6	REUSE TRANSMISSION AND DELIVERY																	
7	Southern Hills Delivery & Acceptance Improvements						X							201,000				
8	PERMIT RENEWALS																	
9	Cobb Rd Water Reclamation Facility Operating Permit (Expires 8/14/16)								2011-UT01		S	C					15,000	
10	SEWER LINES																	
11	SEWER SYSTEM REHAB PROGRAM										S	R						
12	(a) Phase IV Construction															200,000		
13	(b) Phase IV Construction Engineering Management															1,800,000		
14	MAJESTIC OAKS OVER SIZING								2006-UT01		S	G						200,000
15	Over Sizing Force Main 8" To 12"Approximate 8,445 Feet																	150,000
16	US41 SOUTH S LINE EXTENSION								2006-UT02		S	G						
17	Extend 8" Force Main South On Us41 To Powell Rd. 8,100 Feet																	800,000
18	SEWER TRANSMISSION																	
19	SOUTHERN HILLS MASTER LIFT STATION PUMP REFIT								2010-UT01		S	G						
20	Replace Pumps With Additional Pumps When Flow Increases To Station																	
21	HOWELL AVE LIFT STATION UPGRADE								1997-UT21		S	U						
22	Install Larger Pumps																	100,000
23	BUS BARN LIFT STATION REHAB								2010-UT02		S	R						
24	Rebuild Lift Station Top Structure And Pump Replacement																100,000	
25	WATER SUPPLY																	
26	NORTHWEST WELL FIELD								199-UT09		W	G						
27	(a)System Telemetry															65,000		
28	(b)Elevated Tank																	
29	(c)Production Well #2	X												220,000			1,000,000	
30	(d)Equipment (Small tank and pump)															150,000		
31	(e)Interconnect																5,000,000	1,000,000
32	HOPE HILL WELL FIELD								2001-UT03		W	G						
33	(a)Engineering								15,000				COMPLETED					
34	(b)Production Well #3 Piping & chlorination modifications								260,000				COMPLETED					
35	(c)Site Fencing															12,000		
36	(d)System Telemetry								5,000				COMPLETED			7,000		
37	(f)Production Well #4 - Drilling	X												220,000		230,000		
38	(g) Production Well #4 - Equipment & Piping															170,000		
39	(h) Replace Well #2 Pump												COMPLETED		40,000			
40	(i) Emergency Generator Installation								40,000									
41	LAMAR AVE WATER PLANT REHAB								1997-UT10		W	R						
42	(a) Upsize Piping															10,000		
43	(b)Install Generator																	

LARGE SCALE WATER & SEWER PROJECT LIST

	PROJECT NAME AND DESCRIPTION	O&M RESERVES	LOAN PROCEEDS	SPECIAL RESERVE	SEWER IMPACT	WATER IMPACT	BOND SETTLEMENT	GRANT	PROJECT NUMBER	BUDGET ESTIMATE	Water Sewer or Both	R=Renewal, U=Upgrade, G=Growth or C=Compliance	Current Yr FY2012	Year 1 FY2013	Year 2 FY2014	Year 3 FY2015	Year 4 FY2016	Year 5 FY2017
44	WATER SUPPLY																	
45	LIBERTY ST WATER TOWER PAINTING								2008-UT08		W	R						
46	(a) Construction (Tower Will Require "Tenting" Because of Location)																	165,000
47	(b) Inspection & Engineering Services																	27,000
48	NEW ELEVATED WATER TANK								2009-UT09		W	G						
49	Installation of 2nd Elevated Water Tank at Hope Hill																	
50	PERMIT RENEWALS								2010-UT05		W	C						
51	Water Use Permit (SWFWMD) (Expires 2/24/14)														5,000			
52	PLANT IMPROVEMENTS								2010-UT04		W	C						
53	Water Tank Inspections	X												0				
54	HOPE HILL ELEVATED TANK PAINTING								2010-UT-06		W	R						
55	Tank Installed in 1976														147,000			
56	WATER LINES																	
57	REPLACEMENT WATER VALVES								2000-UT20		W	R						
58	Replacement of Broken Valves In Water System															80,000		80,000
59	SR 50 WATER LINE EXTENSION (Looping of Hospital Line)								2001-UT06		W	G						
60	Phase IV Water Line on Wiscon Hospital to Wal-Mart 7,000 feet																	
61	SOUTHERN HILLS WATER & IMPROVEMENTS								2003-UT01		W	G						
62	(a)Oversize Cascades Water Line to Powell 12" to 16"																	
63	(b) Oversize Water Transmission Lines Governors Blvd																	
64	US41 SOUTH WATER LINE EXTENSION								2006-UT02		W	G						
65	Extend 12" Water Line South on US41 to Powel Rd 8,100 feet																	800,000
66	US41 12" WATER LINE EXTENSION								2006-UT03		W	C						
67	Refund of Water Connection Fees for Extension of 12" Water Line																	
68	along US41 by Independent Baptist Church																	
69	FIRE FLOW IMPROVEMENT PROGRAM								2007-UT01		W	R						
70	2010 CDBG Neighborhood Improvement Project									$700,000			COMPLETED					
71	EMERSON & POWELL WATER LINE EXTENSION								2009-UT12		W	G						
72	Extend Water Line North on Emerson, west on Powell to US41 38,000ft																	
73	HOSPITAL/CITY/COUNTY INTERCONNECT WEST								2010-UT03		W	R						
74	Provide Brooksville Regional with 2nd Source & Interconnect with Hernando County														100,000			
75	CONSERVATION																	
76	RADIO READ METERS								2008-UT01		W	R	COMPLETED					
77	(a) Replace Small Meters																50,000	
78	(b)Replace Large Meters																	
79	OTHER PROJECTS																	
80	INVENTORY CONTROL SOFTWARE								2008-UT05		B	R						
81	Replacement for Existing Software																	
82	RATE SUFFICIENCY ANALYSIS								2009-UT13			R				25,000		
83	(a)Reuse										W					25,000		
84	(b)Water & Sewer										B						35,000	
85	CAPITALIZED EQUIPMENT AND BUILDING IMPROVEMENTS																	
86	(a) Truck Mounted Crane	X												110,000				
87	(b) Road Boring Equipment	X												15,000				

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LARGE SCALE WATER & SEWER PROJECT LIST

	PROJECT NAME AND DESCRIPTION	O&M RESERVES	LOAN PROCEEDS	SPECIAL RESERVE	SEWER IMPACT	WATER IMPACT	BOND SETTLEMENT	GRANT	PROJECT NUMBER	BUDGET ESTIMATE	Water Sewer or Both	R=Renewal, U=Upgrade, G=Growth or C=Compliance	Current Yr FY2012	Year 1 FY2013	Year 2 FY2014	Year 3 FY2015	Year 4 FY2016	Year 5 FY2017
88	(c) Valve Exercising Equpment	X												5,000				
89	(d) DPW Main Office roof replacement	X												6,000				
90	(e) DPW Warehouse repair	X												4,000				
												Column Totals -		$ 781,000	$ 292,000	$ 8,299,084	$ 6,550,000	$ 3,322,000

GRANT-	$0
BOND SETTLEMENT-	$201,000
WATER IMPACT-	$0
SEWER IMPACT-	$0
SPECIAL RESERVE-	$0
LOAN PROCEEDS-	$0
O&M RESERVES-	$580,000
Total -	$781,000

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Public Works

Sanitation

Sanitation
Funds 402 & 403 Summaries

	Actual 09/10	Actual 10/11	Adopted Budget 11/12	Requested Budget 12/13	
REVENUE SUMMARY:					
CHARGES FOR SERVICES	$1,291,996	$1,303,390	$1,310,000	$1,350,858	
INTEREST INCOME	$2,072	$1,179	$800	$6,425	
LOANS	$11,402	$139,073	$41,325	$0	
SUBTOTAL	$1,305,470	$1,443,642	$1,352,125	$1,357,283	
TRANSFER IN	$0	$0	$0	$0	
PRIOR YEAR CARRY FORWARD	$815,728	$806,222	$641,834	$440,124	
REVENUE TOTALS	**$2,121,198**	**$2,249,864**	**$1,993,959**	**$1,797,407**	
EXPENSE SUMMARY:					
PERSONAL SERVICE	$322,722	$367,171	$424,542	$428,481	
OPERATING EXPENSES	$594,841	$630,045	$525,554	$578,140	
CAPITAL OUTLAY	$0		$0	$0	
BUILDINGS	$0	$5,486	$0	$6,250	(1)
IMPROVEMENTS OTHER THAN BUILDING	$0	$0	$0	$0	
MACHINERY & EQUIPMENT	$194,800	$344,792	$208,325	$225,000	(2)
OFFICE EQUIPMENT & FURNITURE	$0	$0	$0	$0	
TOTAL CAPITAL OUTLAY	**$194,800**	**$350,278**	**$208,325**	**$231,250**	
DEBT SERVICE	**$2,072**	**$0**	**$0**	**$0**	
TRANSFERS					
TO GENERAL FUND	$89,000	$89,000	$89,000	$89,000	
TO CAPITAL IMPROVEMENT REV NOTE	$0	$185	$1,000	$1,185	
TO VEHICLE REPLACEMENT R&R	$69,663	$103,273	$120,811	$157,410	
TO INTERNAL SERVICE FUND	$39,464	$29,265	$33,994	$21,355	
TO HRA FUNDING ACCOUNT	$2,414	$2,173	$2,634	$2,634	
TOTAL TRANSFERS	**$200,541**	**$223,896**	**$247,439**	**$271,584**	
TOTAL EXPENSES	**$1,314,976**	**$1,571,390**	**$1,405,860**	**$1,509,455**	
REPAIR & REPLACEMENT RESERVES	$0	$0	$0	$0	
RESERVE CAPITAL CONTINGENCIES	$0	$0	$0	$0	
TOTAL EXPENSES & RESERVES	**$1,314,976**	**$1,571,390**	**$1,405,860**	**$1,509,455**	
RESERVE FOR CONTINGENCIES	$749,955	$622,185	$531,265	$237,202	
RESERVE FOR EQUIPMENT	$56,267	$56,289	$56,834	$50,750	
TOTAL FUND BALANCE	**$2,121,198**	**$2,249,864**	**$1,993,959**	**$1,797,407**	

	DPW Main Office Roof Replacement split	3,750
	DPW warehouse repair split	2,500
1.)	**Improvements to Building total**	**6,250**
2.)	**Garbage Truck (Rear Load) & Pick-up**	**225,000**

Sanitation Summary

	Revenue Detail (Fund 403)	08/09 Actual	09/10 Actual	'10/11 Actual	'11/12 Budget	Requested '12/13
403-000-343-48340	Garbage Solid Waste Revenues	$447,230	$439,979	$455,367	$465,000	$483,381
403-000-343-48341	Commercial Solid Waste	$858,410	$824,010	$825,238	$845,000	$846,222
403-000-343-48342	Capital Recovery Fee	$491	$15	$0	$0	$0
403-000-343-48361	Penalties	$18,641	$16,815	$15,282	$0	$16,755
403-000-361-48806	Interest-CD	$0	$926	$570	$0	$0
403-000-361-48811	Interest-SBA	$3,322	$776	$334	$500	$642
403-000-369-48890	Miscellaneous Revenues	$3,652	$5,233	$4,548	$2,000	$4,500
	Federal Grants-Economic Envir.	$0	$0	$0	$0	$0
	State Grants- Economic Envir.	$0	$0	$0	$0	$0
403-000-364-48845	Disposition of Fixed Assets	$2,823	$5,944	$12,079	$6,000	$0
403-000-381-49001	Transfer In from 001	$0	$0	$0	$0	$0
403-000-381-49402	Transfer in from 402	$0	$0	$0	$0	$0
403-000-381-49501	Transfer in from 501	$0	$0	$0	$0	$0
Presentation Only	Debt Proceeds	$0	$0	$0	$0	$0
	Total Revenues (Fund 403)	**$1,334,569**	**$1,293,698**	**$1,313,418**	**$1,318,500**	**$1,351,500**

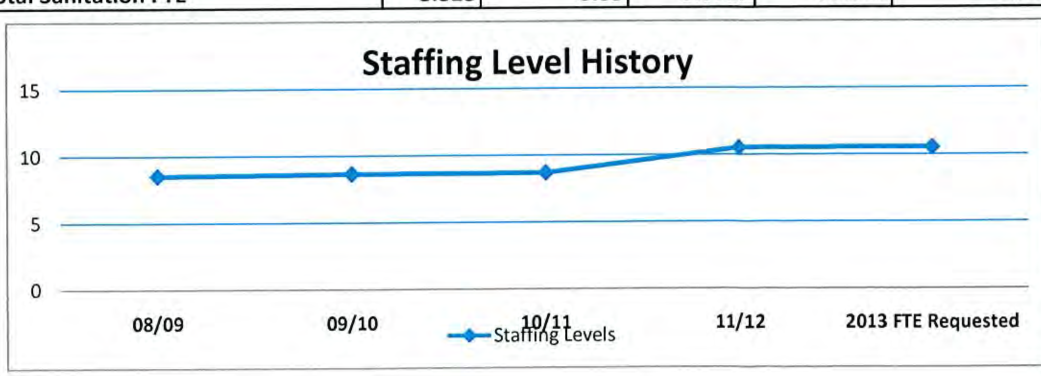
	Revenue Detail (Fund 402) Renewal & Replacement Reserves	08/09 Actual	09/10 Actual	'10/11 Actual	'11/12 Budget	Requested '12/13
402-000-361-48806	Interest-CD	$0	$0	$190	$0	$0
402-000-361-48811	Interest-SBA	$465	$370	$85	$300	$159
	Transfer Out to 403	$0	$0	$0	$0	$0
	Transfer Out to 501	$0	$0	$0	$0	$0
	Total Revenues (Fund 402)	**$465**	**$370**	**$275**	**$300**	**$159**

Public Works - Sanitation FY 2012-2013 Budget

Staffing

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Financial & Administrative Salaries	51102	$0	$10,257	$15,002	$15,002	$15,002
Regular Salaries & Wages	51200	$187,532	$226,212	$275,327	$275,313	$275,313
Overtime - Unscheduled	51400	$5,588	$6,147	$9,000	$8,000	$8,000
Vacation Pay	51601	$4,796	$0	$0	$0	$0
Sick Pay	51602	$5,851	$0	$0	$0	$0
Holiday Pay	51603	$9,388	$0	$0	$0	$0
Bereavement Pay	51605	$202	$183	$0	$0	$0
FICA Taxes	52100	$15,660	$18,025	$22,899	$22,821	$22,821
Retirement Contributions	52200	$21,308	$22,501	$16,027	$16,551	$16,551
Health Insurance	52300	$46,417	$59,915	$58,742	$62,038	$62,038
Life Insurance	52301	$1,172	$1,413	$1,872	$1,861	$1,861
Long Term Disability	52303	$0	$523	$670	$686	$686
Dental employee	52320	$2,614	$3,119	$3,484	$3,492	$3,492
Workers Comp Insurance	52400	$19,780	$15,485	$21,519	$22,717	$22,717
Workers Comp Claims	52410	$0	$1,218	$0	$0	$0
Total Personal Services Costs		**$320,308**	**$364,998**	**$424,542**	**$428,481**	**$428,481**

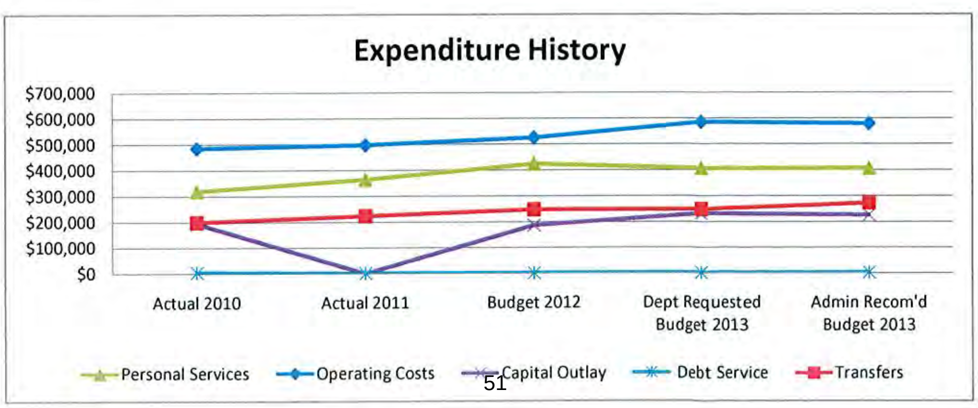
Position Title	08/09	09/10	10/11	11/12	2013 FTE Requested
Public Works Director	0	0	0.1667	0.25	0.25
Operations Supervisor	1	1	1	1	1
Sanitation Operator II	0	0	1	1	1
Sanitation Operator I	2	2	2	2	2
Front Loader Driver/Collector	2	2	2	2	2
Sanitation/Collector	2	2	2	2	2
PW Tech II	0	0.5	0	0	0
Admin Specialist II	1	0.625	0	0	0
Full Time Sanitation	**8**	**8.125**	**8.1667**	**8.25**	**8.25**
Split FTEs with Finance, Utilities & Solid Waste					
Utility Billing Supervisor	0.15	0.15	0.15	0.15	0.15
Admin Specialist III	0.375	0.375	0.375	0.915	0.94
Administrative Assistant III	0	0	0	0.15	0.15
Finance Technician	0	0	0	0.27	0.27
Mechanic/Welder	0	0	0	0.5	0.5
Constrution Manager	0	0	0	0.1	0.1
Program Coordinator	0	0	0	0.1	0.1
Warehouse Specialist	0	0	0	0.1	0.1
Total Split Positions	**0.525**	**0.525**	**0.525**	**2.285**	**2.31**
Total Sanitation FTE	**8.525**	**8.65**	**8.6917**	**10.535**	**10.56**



Public Works - Sanitation FY 2012-2013 Budget

Operating, Capital Outlay, Debt & Transfers

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Medical Services	53101	$1,312	$659	$2,000	$2,000	$2,000
Other Contractual Services	53400	$4,997	$10,000	$7,500	$9,500	$9,500
Contract Labor	53400	$12,969	$17,075	$9,375	$31,200	$25,000
Travel and Per Diem	54000	$0	$0	$500	$500	$500
Communication & Freight Charge	54100	$2,246	$2,396	$2,189	$2,114	$2,600
Postage	54110	$4,025	$4,682	$5,000	$6,500	$5,500
Automtotive Repair Service	54210	$7,975	$11,715	$12,000	$13,000	$13,000
Electric	54300	$3,762	$3,258	$3,420	$3,300	$3,300
Water	54303	$1,777	$2,272	$1,800	$3,000	$3,000
Waste Disposal	54311	$296,581	$290,675	$300,840	$316,100	$316,100
Dumpsters	54317	$22,424	$24,640	$26,090	$24,360	$24,360
Equipment & Vehicle Rental	54400	$404	$168	$1,000	$1,000	$1,000
Rentals & Leases	54401	$677	$1,106	$1,440	$1,080	$1,080
General Business Insurance	54500	$19,442	$18,494	$19,500	$21,450	$21,450
Insurance Claims & Deductibles	54560	$225	$0	$2,000	$2,000	$2,000
Repair & Maintenance Services	54600	$968	$198	$500	$500	$500
Printing & Binding Services	54700	$824	$408	$700	$950	$950
Other Current Charges	54900	$29	$122	$500	$0	$0
Office Supplies	55100	$936	$800	$1,050	$1,200	$1,200
Operating Supplies	55210	$2,738	$3,074	$2,000	$2,000	$2,000
Computer Supplies	55220	$141	$0	$500	$500	$500
Repair & Maintenance Supplies	55223	$4,452	$4,852	$7,000	$10,000	$10,000
Chemicals Supplies	55225	$0	$0	$3,000	$3,000	$3,000
Safety Supplies & Gear	55226	$2,001	$2,117	$2,700	$2,500	$2,500
Safety Marking Devices	55227	$148	$0	$500	$1,000	$1,000
Clothing & Uniforms	55230	$2,059	$2,436	$2,900	$2,900	$2,900
Institutional Supplies	55240	$524	$1,115	$2,000	$2,500	$2,500
Fuels & Lubricants	55250	$66,062	$79,164	$80,000	$90,000	$90,000
Tages & Titles	55250	$280	$231	$250	$400	$400
Small Tools	55250	$683	$345	$1,000	$1,000	$1,000
Auto Repair Supplies (in-house)	55253	$21,428	$15,505	$20,000	$23,000	$23,000
Books, Publications, Subscription & Membership	55400	$19	$0	$300	$300	$300
Uncapitalized Equipment	55500	$3,602	$0	$6,000	$6,000	$6,000
Total Operating Costs		**$485,710**	**$497,507**	**$525,554**	**$584,854**	**$578,140**
Building and Improvements	19025	$0	$0	$0	$6,250	$0
Machinery & Equipment	19037	$194,839	$0	$186,250	$225,000	$225,000
Total Capital Outlay Cost		**$194,839**	**$0**	**$186,250**	**$231,250**	**$225,000**
Interest	57100	$3,695	$0	$0	$0	$0
Principal	57200	$0	$0	$0	$0	$0
Debt Service		**$3,695**	**$0**	**$0**	**$0**	**$0**
General Fund	56001	$89,000	$89,000	$89,000	$89,000	$89,000
2011 Capital Improvement Rev. Note- Loan	56311	$0	$185	$1,000	$1,000	$1,185
Internal Service Fund	56501	$39,464	$29,265	$33,994	$33,994	$21,355
Vehicle Replacement Fund	56502	$69,663	$103,273	$120,811	$120,811	$157,410
HRA Funding Account	56609	$2,414	$2,173	$2,634	$2,634	$2,634
Total Transfers Out		**$200,541**	**$223,896**	**$247,439**	**$247,439**	**$271,584**
Total Expenditures		**$1,205,093**	**$1,086,401**	**$1,383,785**	**$1,469,962**	**$1,481,001**



Public Works

Fleet Maintenance

Public Works - Fleet Maintenance Fund 501

Summary Revenues & Expenditures

	Adopted 08/09	Adopted 09/10	Adopted 10/11	Adopted 11/12	Requested 12/13
Income Maintenance					
Transfers in Maintenance	184,884	119,207	122,653	99,687	102,670 (1)
Interest Income	600	0	0	0	0
Prior Cash Carry Forward	5,000	11,000	11,000	7,092	6,945
Total Maintenance Income	190,484	130,207	133,653	106,779	109,615
Expenses					
Personal Services	146,400	92,330	91,904	66,161	66,801
Operating Expenses	37,908	26,377	30,249	33,151	35,357
Equipment /Building Purchases	0	0	0	0	0
Transfer out to Dental Fund	576	0	0	0	0
Transfer out to HRA Funding Account	0	500	500	375	375
Total Maintenance Expense	**184,884**	**119,207**	**122,653**	**99,687**	**102,533**
Reserve for Wage Adjustment	0	0	0	0	0
Total Maintenance Reserve	**5,600**	**11,000**	**11,000**	**7,092**	**7,082**
Income Vehicle Replacement (New Fund 502 effective 10/1/08)					
Interest Income VRF	55,000	0	0	0	0
Transfers In	147,040	0	0	0	0
Prior Cash Carry Forward	1,153,390	0	0	0	0
Total VRF Income	**1,355,430**	**0**	**0**	**0**	**0**
Transfer out to New Vehicle Replacement IS Fund #502				0	0
Capital Expenditures VRF/IS	0	0	0	0	0
Total VRF Reserve	**1,355,430**	**0**	**0**	**0**	**0**
Total Income & prior Cash Forward	**1,545,914**	**130,207**	**133,653**	**106,779**	**109,615**
Total Expenses	**184,884**	**119,207**	**122,653**	**99,687**	**102,533**
Total Reserves	**1,361,030**	**11,000**	**11,000**	**7,092**	**7,082**
Total Expenses and Reserves	**1,545,914**	**130,207**	**133,653**	**106,779**	**109,615**

(1) Transfers In, pays for Charges for Services for maintenance of City vehicles.

Total Internal Serv. Fd.

Dept.	Inter Trans
General Government .15%	$107
Cemetery .80%	$821
Community Development .15%	$154
Fire 4.90%	$5,026
Parks & Facilities 10.30%	$10,565
Police 11.50%	$11,797
Sanitation 20.80%	$21,337
Streets 24.10%	$24,722
Water 15.60%	$16,002
Sewer 11.70%	$12,002
Totals	**$102,533**

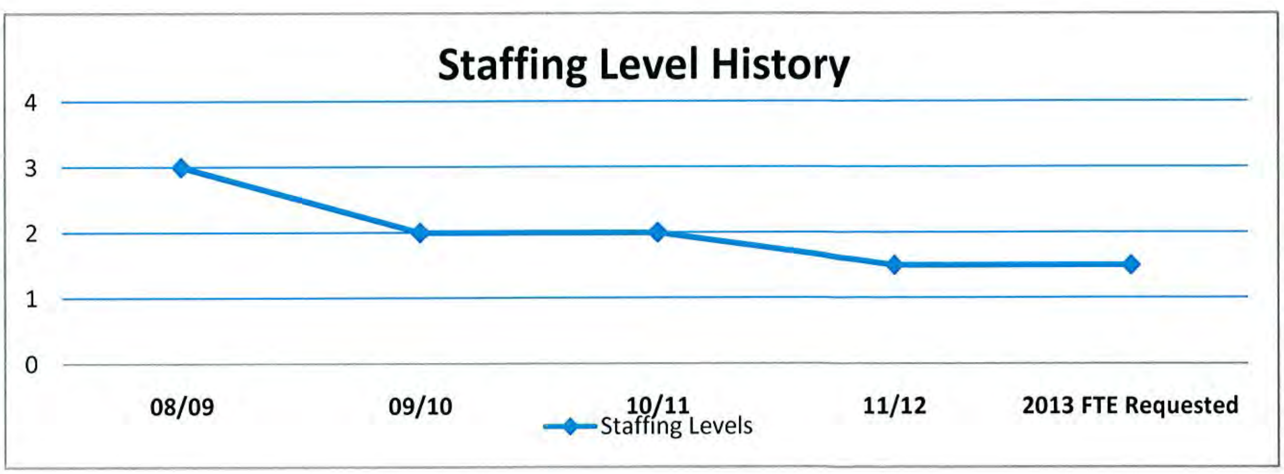
INTERNAL SERVICE FUND MAINTENANCE FUND #501

Public Works - Fleet Maintenance FY 2012-2013 Budget

Staffing

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Regular Salaries & Wages	51200	$57,614	$64,295	$48,703	$48,704	$48,704
Overtime - Unscheduled	51400	$178	$162	$500	$500	$500
Vacation Pay	51601	$2,998	$0	$0	$0	$0
Sick Pay	51602	$1,543	$0	$0	$0	$0
Holiday Pay	51603	$2,943	$0	$0	$0	$0
FICA Taxes	52100	$4,558	$4,485	$3,764	$3,764	$3,764
Retirement Contributions	52200	$6,527	$5,792	$2,621	$2,693	$2,693
Health Insurance	52300	$13,051	$12,907	$8,364	$8,812	$8,812
Life Insurance	52301	$402	$402	$304	$307	$307
Long Term Disability	52303	$0	$147	$112	$113	$113
Dental employee	52320	$735	$661	$496	$496	$496
Workers Comp Insurance	52400	$1,819	$1,409	$1,297	$1,412	$1,412
Workers Comp Claims	52410	$0	$323	$0	$0	$0
Total Personal Services Costs		**$92,368**	**$90,583**	**$66,161**	**$66,801**	**$66,801**

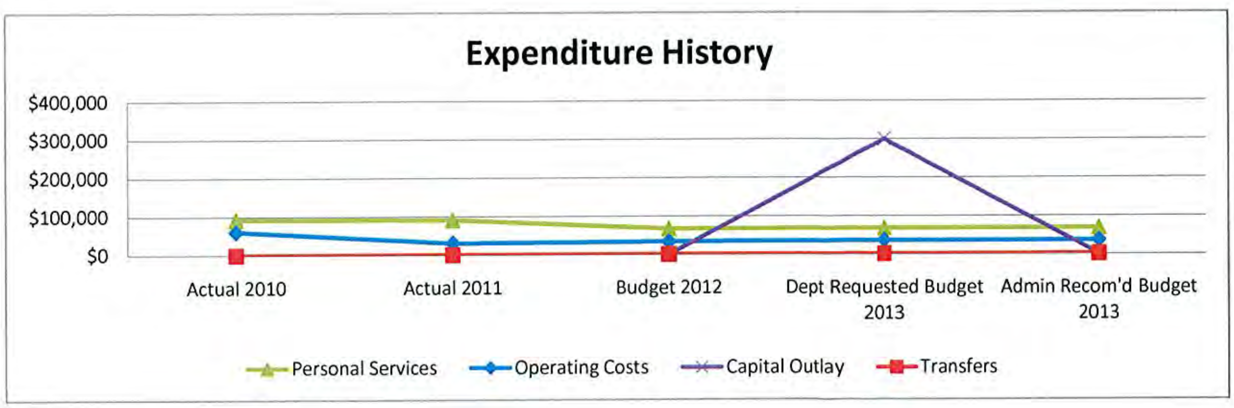
Position Title	08/09	09/10	10/11	11/12	2013 FTE Requested
Chief Mechanic	1	1	1	1	1
Mechanic	2	1	1	0.5	0.5
Total Fleet Maintenance FTE	**3**	**2**	**2**	**1.5**	**1.5**



Public Works - Fleet Maintenance FY 2012-2013 Budget

Operating, Capital Outlay, Debt & Transfers

Description	Object	Actual 2010	Actual 2011	Budget 2012	Dept Requested Budget 2013	Admin Recom'd Budget 2013
Medical Services	53101	$39	$74	$0	$0	$0
Other Contractual Services	53400	$182	$1,164	$3,000	$0	$0
Communication & Freight Charge	54100	$261	$260	$700	$1,168	$1,168
Automtotive Repair Service	54210	$0	$47	$1,000	$2,000	$2,000
Electric	54300	$1,529	$1,493	$2,000	$2,000	$2,000
Equipment & Vehicle Rental	54400	$2,158	$2,103	$2,400	$2,400	$2,400
General Business Insurance	54500	$5,257	$6,102	$6,399	$7,039	$7,039
Repair & Maintenance Services	54600	$2,000	$38	$1,000	$2,000	$2,000
Office Supplies	55100	$0	$0	$200	$200	$200
Operating Supplies	55210	$0	$15	$0	$0	$0
Computer Supplies	55220	$0	$0	$500	$500	$500
Repair & Maintenance Supplies	55223	$2,256	$3,142	$3,000	$4,000	$4,000
Safety Supplies & Gear	55226	$200	$209	$600	$600	$600
Clothing & Uniforms	55230	$3,730	$3,876	$3,800	$4,000	$4,000
Institutional Supplies	55240	$0	$30	$500	$500	$500
Fuels & Lubricants	55250	$1,524	$1,222	$1,500	$1,500	$1,500
Small Tools	55250	$1,781	$912	$1,500	$1,500	$1,500
Auto Repair Supplies (in-house)	55253	$1,828	$1,403	$1,500	$2,000	$2,000
Books, Publications, Subscription & Membership	55400	$59	$25	$100	$200	$200
Training and Education	55410	$120	$96	$250	$250	$250
Uncapitalized Equipment	55500	$0	$7,900	$3,202	$3,500	$3,500
Contributions	57301	$37,722	$0	$0	$0	$0
Total Operating Costs		**$60,646**	**$30,111**	**$33,151**	**$35,357**	**$35,357**
Building and Improvements	19025	$0	$0	$0	$300,000	$0
Total Capital Outlay Cost		**$0**	**$0**	**$0**	**$300,000**	**$0**
Vehicle Replacement Fund	56502	$0	$0	$0	$0	$0
HRA Funding Account	56609	$500	$500	$375	$375	$375
Total Transfers Out		**$500**	**$500**	**$375**	**$375**	**$375**
Total Expenditures		**$153,514**	**$121,194**	**$99,687**	**$402,533**	**$102,533**



Vehicle & Equipment Replacement Funds

Vehicle Replacement Fund 502

Summary Revenues & Expenditures

	Approved 10/11	Approved 11/12	Requested 12/13	
Income Vehicle Replacement				
Prior Cash Carry Forward	1,331,402	1,339,040	1,470,338	
Interest Income & Sales VRF	9,600	12,600	11,600	
Transfers In from Departments	137,472	160,519	186,370	(1)
Less: Purchases or Transfers out	-184,143	-33,906	-66,674	
Transfers In from Fund 501	0	0	0	
Total VRF Income	1,294,331	1,478,253	1,601,634	
Capital Expenditures VRF/IS	0	0	0	
Total VRF Reserve	**1,294,331**	**1,478,253**	**1,601,634**	

(1) Revenues/Transfers In from Departments includes $157,410 Sanitation, $28,960 Water & Waste Water

All Fund Summary

FLEET VEHICLE REPLACEMENT ACCOUNT SCHEDULE

Fund	Purchase Price	Annual Required Transfer	Accumulated Replacement Previous Years 9/30/12	Total Accumulated Replacement 09/30/2013
General	$2,612,404	$0	$567,412	$567,412
Sanitation	$1,567,246	$157,410	$442,588	$599,998
Utilities	$370,707	$28,960	$141,346	$170,306
Total	$4,550,357	$186,370	$1,151,346	$1,337,716

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Vehicle Replacement at 9/30/12	$1,470,338
Add: FY 12/13 Annual Replacement Transfer	$186,370
Projected interest for 12/13	$5,600
Money from sale of vehicles	$6,000
Less Vehicles to be purchased in 12/13or transfers	-$66,674
FY 12/13 Vehicle Replacement Fund Balance	$1,601,634

Contingency and Schedule Recap at 9/30/13

Vehicle Replacement Schedule	$1,337,716	
Contingency	$318,992	
Projected interest Trade in 12/13	$11,600	
Less Vehicles to be purchased in 12/13	($66,674)	
Total Vehicle Replacement Account at 09/30/13		$1,601,634

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Fund 502 for General Fund

FLEET VEHICLE REPLACEMENT ACCOUNT SCHEDULE

Fixed Asset #	City Number	Year Purchased	Vehicle Description	Division	Purchase Price	Life	Annual Required Transfer	Yrs in Svc	Accumulated Replacement Previous Years 9/30/12	Total Accumulated Replacement 09/30/2013	
613	643	95/96	96 Ford F250 3/4 Ton 4x2 P.U.	Street	$15,205	5	$0	16	$0	$0	(1)
					$15,205		$0		$0	$0	
158	130	96/97	97 Ford Expedition	Fire	$28,168	7	$0	16	$0	$0	(1)
					$28,168		$0		$0	$0	
772	611	97/98	Dodge Ram Pick Up	DPW Ad	$22,523	7	$0	15	$0	$0	(1)
594	610	97/98	98 Dodge Ram Pick Up	Streets	$16,408	7	$0	15	$0	$0	(1)
					$38,931		$0		$0	$0	
1315	644	98/99	99 Passenger Van	Streets	$22,774	7	$0	14	$0	$0	(10)
					$22,774		$0		$0	$0	
1360	210	99/00	00 Crown Victoria	Fire	$19,848	7	$0	13	$0	$0	(1)
1406	208	99/00	00 Rescue Truck	Fire	$68,100	7	$0	13	$0	$0	(1)
1366	302	99/00	00 Van	Streets	$16,848	7	$0	13	$16,848	$16,848	
1373	645	99/00	00 Van	Streets	$18,513	7	$0	13	$0	$0	(10)
1408	257	99/00	00 Fire Engine	Fire	$230,428	15	$0	13	$202,506	$202,506	
					$351,737		$0		$219,354	$219,354	
1443	305	00/01	01 Ford Focus S/W	MIS	$15,856	7	$0	12	$687	$687	(9)
1499	727	00/01	01 Chevy Lumina	Parks	$16,432	7	$0	12	$0	$0	(7)
					$32,288		$0		$687	$687	
1477	724	02/03	94 Ford E350 Mini Bus	JBC	$12,000	5	$0	10	$0	$0	(8)
					$12,000		$0		$0	$0	
1532	266	04/05	94 GMC Box Tr. (Used)	Fire	$4,500	10	$0	8	$3,471	$3,471	
1603	161	04/05	05 Crown Victoria	Police	$21,658	7	$0	8	$0	$0	(3) (11)
1604	160	04/05	05 Crown Victoria	Police	$21,658	7	$0	8	$0	$0	(3) (11)
1654	162	04/05	05 Ford Expedition	Police	$24,020	10	$0	8	$0	$0	(3) (11)
1655	163	04/05	05 Chevrolet Tahoe	Police	$26,047	10	$0	8	$0	$0	(3) (11)
1659	166	04/05	06 Dodge Magnum	Police	$21,777	7	$0	8	$0	$0	(3) (11)
1660	169	04/05	06 Dodge Magnum	Police	$21,777	7	$0	8	$0	$0	(3) (11)
					$141,437		$0		$3,471	$3,471	
1673	693	05/06	06 Dodge Ram Pick Up	Streets	$21,048	7	$0	7	$15,998	$15,998	
1670	694	05/06	06 Van	Streets	$19,617	7	$0	7	$14,908	$14,908	
1671	170	05/06	06 Dodge Ram 3/4 ton 4X4	To Utilities	$25,792	7	$0	7	$0	$0	(1)
1672	171	05/06	06 Dodge Charger	Police	$23,500	7	$0	7	$0	$0	(3) (11)
1679	268	05/06	06 Fire Ladder Truck	Fire	$633,659	15	$0	7	$211,220	$211,220	
					$723,616		$0		$242,126	$242,126	
1700	292	06/07	07 Ford Expedition	Fire	$27,788	10	$0	6	$12,968	$12,968	
1698	178	06/07	07 Dodge Charger	Police	$23,477	7	$0	6	$0	$0	(4) (11)
1699	177	06/07	07 Dodge Charger	Police	$23,477	7	$0	6	$969	$969	(4) (11)(15)
1742	179	06/07	07 Dodge Charger	Police	$25,542	7	$0	6	$0	$0	
1708	168	06/07	06 Ford F 450 Flat Bed	Streets	$23,500	7	$0	6	$13,735	$13,735	
					$123,784		$0		$27,672	$27,672	
1746	136B	07/08	08 Crown Victoria	Police	$24,852	7	$0	5	$3,550	$3,550	(4)(15)
1747	137B	07/08	08 Crown Victoria	Police	$24,852	7	$0	5	$3,550	$3,550	(4)(15)
1748	139B	07/08	08 Crown Victoria	Police	$24,852	7	$0	5	$4,993	$4,993	(4)(15)
1749	147B	07/08	08 Crown Victoria	Police	$24,852	7	$0	5	$7,100	$7,100	(15)
					$99,408		$0		$19,193	$19,193	

1775	293	08/09	09 Fire truck	Fire	$198,905	15	$0	4	$13,260	$13,260	
1761	141A	08/09	09 Dodge Charger	Police	$27,370	7	$0	4	$3,910	$3,910	(15)
1762	181	08/09	09 Dodge Charger	Police	$27,370	7	$0	4	$3,910	$3,910	(15)
1763	180	08/09	09 Dodge Charger	Police	$27,370	7	$0	4	$3,910	$3,910	(15)
1764	140A	08/09	09 Dodge Charger	Police	$27,370	7	$0	4	$3,910	$3,910	(15)
					$308,385		$0		$28,900	$28,900	
1780	145A	09/10	10 Crown Victoria	Police	$28,246	7	$0	3	$4,035	$4,035	(2)(15)
1781	146A	09/10	10 Crown Victoria	Police	$28,246	7	$0	3	$4,035	$4,035	(2)(15)
1782	149A	09/10	10 Crown Victoria	Police	$28,246	7	$0	3	$4,035	$4,035	(2)(15)
1783	157A	09/10	10 Crown Victoria	Police	$28,246	7	$0	3	$4,035	$4,035	(2)(15)
1784	182	09/10	10 Crown Victoria	Police	$28,246	7	$0	3	$4,035	$4,035	(2)(15)
1785	124A	09/10	10 Dodge Charger	Police	$24,167	7	$0	3	$2,917	$2,917	(2)(15)
1788	696	09/10	10 Ford F-150 P/U	Streets	$15,982	7	$0	3	$0	$0	
1786	131A	09/10	10 Dodge Charger	Police	$18,979	7	$0	3	$2,917	$2,917	(5)(15)
					$200,358		$0		$26,009	$26,009	
1810	156A	10/11	11 Crown Victoria	Police	$27,906	7	$0	2	$0	$0	(12)
1811	151A	10/11	11 Crown Victoria	Police	$27,906	7	$0	2	$0	$0	(12)
1814	183	10/11	11 Crown Victoria	Police	$26,264	7	$0	2	$0	$0	
1815	697	10/11	11 Ford F-350 1 Ton Stake bed	Parks	$23,652	7	$0	2	$0	$0	
1819	729	10/11	11 Ford F-150 P/U	Parks	$15,557	7	$0	2	$0	$0	
1820	730	10/11	11 Ford F-150 P/U	Cemetery	$15,557	7	$0	2	$0	$0	
1813	306	10/11	11 Ford Range Pick up	Com. Dev.	$15,169	7	$0	2	$0	$0	
1821		10/11	11 Backhoe	Streets	$62,494	10	$0	2	$0	$0	(13)
		10/11	11 Dump truck	Streets	$85,552	10	$0	2	$0	$0	(13)
		10/11	11 Ford F-150 Pick up	Streets	$15,410	7	$0	2	$0	$0	
		10/11	11 Ford Utility Truck F-250	Streets	$23,128	7	$0	2	$0	$0	
					$338,595		$0		$0	$0	
		11/12	12 Crown Victoria	Police	$27,906	7	$0	1	$0	$0	(12)(14)
		11/12	12 Crown Victoria	Police	$27,906	7	$0	1	$0	$0	(12)(14)
		11/12	12 Crown Victoria	Police	$27,906	7	$0	1	$0	$0	
					$83,718		$0		$0	$0	
		12/13	12 Crown Victoria	Police	$28,000	7	$0	0	$0	$0	(12)
			12 Crown Victoria	Police	$32,000	7	$0	0	$0	$0	(15)
			12 Crown Victoria	Police	$32,000	7	$0	0	$0	$0	(15)
					$92,000		$0		$0	$0	
			Total		$2,612,404		$0		$567,412	$567,412	

Actual Balance of Vehicle Replacement Schedule

<u>NOTES:</u> (1)Vehicles stay in inventory until surplus. When sold proceeds are credited to Fleet Replacement Contingency Fund.

(2) Bought with grant money
(3) Money was used to buy 4 Police Vehicles in 08/09 Budget year.($109,480)
'(4)Money was used to buy 2010 Crown Victoria for Police Dept. in 09/10 Budget($31,117)
(5) Used the money from 11/7/09 auction($9,415.88) Plus the $31,117 budged to buy 2 Dodge Chargers.
(6) sold at auction on 11/7/09 for $1,902.20 money still in fund for Finance.
(7) Used this money to fund Park's & Cemetery's vehicles purchased in 10/11
(8) Used this money to fund Park's & Cemetery's vehicles purchased in 10/11
(9) Used this money except $687 to fund Comm. Develp. Vehicle purchased in 10/11
(10) Used this money to fund Streets vehicles purchased in 10/11
(11) Used this money Except for $969 to fund Police vehicle purchased in 10/11
(12) Fund 118 JAG Grant funded these vehicles.
(13) Fund 308 Multi Year Capital Project Accumulation funded these vehicles
(14) 2 Police cars traded in on new Jag grant cars $3,000 each for total of $6,000.
(15)Trading in cars #'s 177 & 178 for $3,000 each and all the money from from that rest of the Police cars and interest. We are also transfering $2,674 to the JAG grant Fund 118.This will leave Police with $5,028.58 in the Vehicle Replacement Fund.

Fund 502 for General Fund

Vehicle Replacement at 9/30/12	$794,390
Add: FY12/13 Annual Replacement Transfer (Not being made in current budget year)	$0
Projected interest for 12/13	$3,000
Money in fund from sale of vehicles	$6,000
Less 12/13 Purchased or transfers out	-$66,674
FY 11/12 Vehicle Replacement Fund Balance	$736,716

Contingency and Schedule Recap at 9/30/13

Vehicle Replacement Schedule	$567,412
Contingency	$232,978
Projected interest 12/13	$3,000
Vehicles to be purchasedor transfers out	-$66,674
Total Vehicle Replacement Account at 12/13	$736,716

Recap of General Fund Transfers Out to Vehicle Replacement Fund 12/13

Administration - MIS	0
Police	0
Fire	0
Parks & JBCC	0
Streets	0
Cemetery	0
Com. Dev.	0
Total Transfers Out	0

INTERNAL SERVICE FUND

Fund 502 for Water & Sewer

FLEET VEHICLE REPLACEMENT ACCOUNT SCHEDULE

Fixed Asset #	City Number	Year Purchased	Vehicle Description	Division	Purchase Price	Life	Annual Required Transfer	Yrs in Svc	Accumulated Replacement Previous Years 9/30/12	Total Accumulated Replacement 09/30/2013	
1597	589	04/05	04 Ford F-250 Pick Up	Utility	$22,673	7	$0	9	$0	$0	(1)
1598	590	04/05	04 Ford F-250 Pick Up L.G.	Utility	$23,698	7	$0	9	$0	$0	(1)
					$46,371		$0		$0	$0	
1674	591	05/06	06 Ford F350 1Ton Pick Up	Utility	$21,367	7	$0	8	$21,366	$21,366	
1675	592	05/06	06 Ford F350 1Ton Pick Up	Utility	$21,042	7	$0	8	$21,042	$21,042	
1676	593	05/06	06 Ford F350 1Ton Pick Up	Utility	$21,042	7	$0	8	$21,042	$21,042	
					$63,451		$0		$63,450	$63,450	
1671	170	0607	06 Dodge Ram 3/4 ton 4X4	Utility	$17,195	5.4	$0	6.4	$17,195	$17,195	
1703	594	0607	2007 Ford Ranger	Utility	$12,430	7	$1,657	7	$10,771	$12,428	
1704	595	0607	2007 Ford Ranger	Utility	$12,430	7	$1,657	7	$10,771	$12,428	
					$42,055		$3,314		$38,737	$42,051	
		10/11	2011 Ford F-250 Utility bed	Utility	$24,513	7	$3,502	3	$6,931	$10,433	
		10/11	2011 Ford F-250 Utility bed	Utility	$18,267	7	$2,610	3	$6,039	$8,649	
		10/11	2011 Dump Truck	Utility	$66,550	10	$6,655	3	$13,310	$19,965	
					$109,330		$12,767		$26,280	$39,047	
		11/12	2012 Vackum Excavator	Utility	$45,000	7	$6,429	2	$6,429	$12,858	
		11/12	2012 Loader Backhoe	Utility	$64,500	10	$6,450	2	$6,450	$12,900	
					$109,500		$12,879		$12,879	$25,758	
			Total		$370,707		$28,960		$141,346	$170,306	
		Actual Balance of Vehicle Replacement Schedule								$170,306	

INTERNAL

Vehicle Replacement at 9/30/12	$153,604	
Add: FY12/13 Annual Replacement Transfer	$28,960	
Projected interest for 12/13	$600	
Less Purchases 12/13	$0	(2)
FY 12/13 Vehicle Replacement Fund Balance	$183,164	

SERVICE

Recap of Water & Sewer Transfers Out to Vehicle Replacement Fund 12/13

Vehicle Replacement Schedule	$170,306
Contingency	$12,258
Projected interest 12/13	$600
Vehicles to be purchased	$0
Total Vehicle Replacement Account at 09/30/12	$183,164

FUND

Recap of Water & Sewer Transfers Out to Vehicle Replacement Fund 12/13

Water	16,507
Sewer	12,453
Total Transfers Out	28,960

(1) Money from these vehicles was used to purchase the two 2011 F-250 Utility bed pick up trucks

(2) The dump truck was bought with money from reserves and did not come out of the vehicle replacement fund

Fund 502 For Sanitation

FLEET VEHICLE REPLACEMENT ACCOUNT SCHEDULE

Fixed Asset #	City Number	Year Purchased	Vehicle Description	Division	Purchase Price	Life	Annual Required Transfer	Yrs in Svc	Accumulated Replacement Previous Years 9/30/12	Total Accumulated Replacement 09/30/2013
1596	467	03/04	04 Peterbilt Garbage Truck	Sanitation	$142,627	10	$14,263	10	$128,367	$142,630
1710	468	06/07	08 Peterbilt Garbage Truck	Sanitation	$148,470	10	$14,847	7	$89,082	$103,929
1760	469	08/09	09 Peterbilt Garbage Truck	Sanitation	$195,532	10	$19,553	5	$78,212	$97,765
1794	470	09/10	10 Peterbilt Garbage Truck	Sanitation	$178,857	10	$17,886	4	$53,658	$71,544
1787	471	09/10	10 Ford F- 150 Pick up Truck	Sanitation	$15,982	7	$2,283	4	$6,849	$9,132
1817	472	10/11	10 Perterbilt boom truck	Sanitation	$127,824	10	$12,782	3	$25,564	$38,346
1812	473	10/11	11 Peterbilt Garbage Truck	Sanitation	$216,968	10	$21,697	3	$43,356	$65,053
		11/12	12 Recycling Truck	Sanitation	$175,000	10	$17,500	2	$17,500	$35,000
		11/12	13 Perterbilt boom truck	Sanitation	$140,986	10	$14,099	1	$0	$14,099
		12/13	13 Peterbilt Garbage Truck	Sanitation	$225,000	10	$22,500	1	$0	$22,500
					$1,567,246		$157,410		$442,588	$599,998
			Total		$1,567,246		$157,410		$442,588	$599,998
		Actual Balance of Vehicle Replacement Schedule								$599,998

RESERVE FOR CONTINGENCIES	$50,000
TOTAL FUND BALANCE	$649,998

INTERNAL SERVICE FUND

Vehicle Replacement at 9/30/12	$522,344
Add: FY12/13Annual Replacement Transfer	$157,410
Contingency TRANSFER	$0
Projected interest for 12/13	$2,000
FY 12/13Vehicle Replacement Fund Balance	$681,754

Recap of Sanitation Out to Vehicle Replacement Fund 12/13

Contingency and Schedule Recap at 9/30/12

Vehicle Replacement Schedule	$599,998
Contingency	$79,756
Projected interest 12/13	$2,000
Vehicles to be purchased	$0
Total Vehicle Replacement Account at 9/30/13	$681,754

Solid Waste	157,998
Total Transfers Out	157,998

Equipment Replacement Fund 503

Summary Revenues & Expenditures

	Approved 10/11	Approved 11/12	Requested 12/13
Income Equipment Replacement			
Prior Cash Carry Forward	33,469	21,744	10,074
Interest Income VRF	15	30	20
Transfers In from Departments	0	0	0
Total VRF Income	33,484	21,774	10,094
Capital Expenditures VRF/IS	0	15,839	0
Total VRF Reserve	33,484	5,935	10,094

Detail of Departments' monies being transferred from in 12/13 for new Equipment Replacement Fund:

Parks & Facilities	$0
Quarry Golf	$0
Cemetery	$0
Streets	$0
Total	$0

Trust & Agency Funds

Fund 603 – Butterweck Bond
Fund 605 – Cemetery Perpetual Care
Fund 607 – Firefighters' Retirement
Fund 609 – Healthcare Reimbursement Account
Fund 612 – Cemetery Donor Memorial Wall Trust
Fund 613 – Police Officers' Retirement
Fund 615 – Community Redevelopment Agency

TOTAL OF ALL TRUST & AGENCY FUNDS

	Actual 07/08	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$697,505	$452,961	$467,688	$468,164	$513,164
Grant Revenue	$0	$0	$0	$0	$0
TIF Funds	129,211	104,461	90,630	84,649	70,193
Interest	208,524	232,030	231,398	242,226	241,526
Miscellaneous	0	1,207	1,509	0	0
Gain or (Loss) on Invest.	-35,923	438,821	-242,128	500,000	230,000
Transfers In	44,250	44,721	43,750	40,995	41,931
Prior Year Carry forward	6,529,711	7,138,431	7,976,961	8,982,712	8,967,724
Total Income	**$7,573,278**	**$8,412,632**	**$8,569,808**	**$10,318,746**	**$10,064,538**
EXPENDITURES					
Pension Benefits	$287,706	$279,744	$288,623	$352,000	$352,000
Personnel Expenses	$0	$0	$0	$0	$0
Operating Expenditures	147,141	155,924	156,292	262,025	255,825
Capital Expenses	0	0	0	350,000	60,000
Debt Service	0	0	0	0	0
Transfer Out	0	0	18,057	0	0
Reserves	7,138,431	7,976,964	8,106,836	9,354,721	9,396,713
Total Expenditures	**$7,573,278**	**$8,412,632**	**$8,569,808**	**$10,318,746**	**$10,064,538**

BUTTERWECK BOND FUND 603

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$0	$0	$0	$0	$0
Interest	-8	21	32	6	6
Transfers In	0	0	0	0	0
Prior Year Carry forward	2,162	2,154	2,175	2,181	2,213
Total Income	**$2,154**	**$2,175**	**$2,207**	**$2,187**	**$2,219**
EXPENDITURES					
Personal Services	$0	$0	$0	$0	$0
Operating Expenditures	0	0	0	0	0
Transfer Out	0	0	0	0	0
Reserves	2,154	2,175	2,207	2,187	2,219
Total Expenditures	**$2,154**	**$2,175**	**$2,207**	**$2,187**	**$2,219**

Description: Butterweck Bond Fond (private purpose Trust Fund)

Revenue Source: Private donation

Expenditures: expenditures to maintain Butterweck Crypt at Brooksville Cemetery

CEMETERY PERPETUAL CARE FUND 605

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Contributions	$0	$0	$0	$0	$0	
SBA Interest	997	1,224	786	1,000	850	
Miscellaneous	0	1,207	1,509	0	0	
Transfers In	10,000	10,000	10,000	10,000	10,000	(1)
Prior Year Carry forward	306,250	317,247	329,677	340,611	354,568	
Total Income	**$317,247**	**$329,678**	**$341,972**	**$351,611**	**$365,418**	
EXPENDITURES						
Personal Services	$0	$0	$0	$0	$0	
Operating Expenditures	0	0	0	0	0	
Reserves *	317,247	329,678	341,972	351,611	365,418	(2)
Total Expenditures	**$317,247**	**$329,678**	**$341,972**	**$351,611**	**$365,418**	

(1) Transfers from Cemetery to increase reserves of Cemetery Perpetual Care Fund.

(2) Reserves includes Due From General Fund of $21,000 (est.) for loan to build Columbarium; Cemetery pays back Perpetual Care Fund per the volume of Columbarium sales.

T R U S T & A G E N C Y F U N D

Description: Cemetery Perpetual Care Fund

Revenue Source: Transfers from General Fund from Cemetery revenue sources

Expenditures: Future reserves are being set aside for future expenditures on behalf of the Brooksville Cemetery.

FIREFIGHTERS' RETIREMENT FUND 607

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$347,590	$323,721	$333,705	$337,315	$382,315
Interest	125,160	135,805	147,936	150,000	150,000
Gain or (Loss) on Invest.	-69,912	253,127	-110,441	300,000	30,000
Transfers In	0	0	0	0	0
Prior Year Carry forward	3,754,881	3,820,517	4,198,382	4,686,492	4,683,188
Total Income	**$4,157,719**	**$4,533,170**	**$4,569,582**	**$5,473,807**	**$5,245,503**
EXPENDITURES					
Pension Benefits	$285,563	$279,744	$286,736	$350,000	$350,000
Operating Expenditures	51,639	55,042	60,231	64,000	66,000
Reserves	3,820,517	4,198,384	4,222,615	5,059,807	4,829,503
Total Expenditures	**$4,157,719**	**$4,533,170**	**$4,569,582**	**$5,473,807**	**$5,245,503**

TRUST & AGENCY FUND

Description: Firefighters' Retirement Fund 607 governed by Fl. Statute 175

Revenue Source: Investments income; Firefighters' and City's retirement contributions and Chapter 175 contributions from the State of Florida.

Expenditures: Firefighters' pension benefits and contractual services, investment services, etc.

HRA Funding Account 609

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$0	$0	$0	$0	$0
Interest	0	0	0	0	0
Transfers In	34,250	34,721	33,750	30,995	31,931
Prior Year Carry forward	0	4,221	13,525	21,275	15,978
Total Income	**$34,250**	**$38,942**	**$47,275**	**$52,270**	**$47,909**
EXPENDITURES					
Personal Services	$0	$0	$0	$0	$0
Operating Expenditures	30,029	25,417	29,814	26,000	30,000
Reserves	4,221	13,525	17,461	26,270	17,909
Total Expenditures	**$34,250**	**$38,942**	**$47,275**	**$52,270**	**$47,909**

(1) On 10/1/08 the City will started funding The HRA Funding Account at the rate of 50% of the maximum amount.

Description: HRA Funding Account

Revenue Source : Transfers from each Department

Expenditures : Health reimbursement for City of Brooksville employees (retirees and employees families if participating in City medical insurance).

CEMETERY DONOR MEMORIAL WALL TRUST FUND 612

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$0	$0	$0	$0	$0
Interest	-25	69	107	20	20
Transfers In	0	0	0	0	0
Prior Year Carry forward	7,132	7,107	7,176	7,195	7,346
Total Income	**$7,107**	**$7,176**	**$7,283**	**$7,215**	**$7,366**
EXPENDITURES					
Personal Services	$0	$0	$0	$0	$0
Operating Expenditures	0	0	0	0	0
Reserves	7,107	7,176	7,283	7,215	7,366
Total Expenditures	**$7,107**	**$7,176**	**$7,283**	**$7,215**	**$7,366**

Description: Cemetery Donor Memorial Wall Trust Fund (Private Purpose Trust Fund)

Revenue Source: private donations

Expenditures: Donor Memorial Wall at the Brooksville Cemetery

POLICE OFFICERS' RETIREMENT FUND 613

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13
INCOME					
Contributions	$157,988	$129,240	$133,983	$130,849	$130,849
Interest	79,738	93,480	81,392	90,000	90,000
Gain or (Loss) on Invest.	33,989	185,694	-131,687	200,000	200,000
Transfers In	0	0	0	0	0
Prior Year Carry forward	2,414,427	2,647,319	3,013,631	3,474,261	3,443,443
Total Income	**$2,686,142**	**$3,055,733**	**$3,097,319**	**$3,895,110**	**$3,864,292**
EXPENDITURES					
Pension Benefits	$2,143	$0	$1,887	$2,000	$2,000
Operating Expenditures	36,680	42,102	35,989	43,000	43,000
Reserves	2,647,319	3,013,631	3,059,443	3,850,110	3,819,292
Total Expenditures	**$2,686,142**	**$3,055,733**	**$3,097,319**	**$3,895,110**	**$3,864,292**

TRUST & AGENCY FUND

Description: Police Officers' Retirement Fund 613 governed by Fl. Statute 185

Revenue Source: Investments income; Police Officers' and State of Florida Chapter 185 funding for retirement contributions.

Expenditures: Police Officers' pension benefits and contractual services, investment services, etc.

COMMUNITY REDEVELOPMENT AGENCY 615

	Actual 08/09	Actual 09/10	Actual 10/11	Budgeted 11/12	Requested 12/13	
INCOME						
Contributions	191,927	0	0	0	0	
TIF Funds	129,211	104,461	90,630	84,649	70,193	
Interest	2,662	1,431	1,145	1,200	650	
Transfers In	0	0	0	0	0	
Prior Year Carry forward	44,859	339,866	412,395	450,697	460,988	
Total Income	**$368,659**	**$445,758**	**$504,170**	**$536,546**	**$531,831**	
EXPENDITURES						
Personal Services	$0	$0	$0	$0	$0	
Operating Expenditures	28,793	33,363	30,258	129,025	116,825	(1)
Capital Expenditures	0	0	18,057	350,000	60,000	(2)
Reserves	339,866	412,395	455,855	57,521	355,006	(3)
Total Expenditures	**$368,659**	**$445,758**	**$504,170**	**$536,546**	**$531,831**	

(1) Commercial exterior improvement grants & Downtown Beautiful Program $80,000,Cultural Program $3,000, dues & books $475 ,$27,950 to City, CRA Webpage $2,000,other current charges & operating supplies $400 and Business Recruitment & Retention Incentive Program $3,000.
(2) Recreation Master Plan$20,000, Downtown Gateway Improvements & Wayfindings signage $40,000.
(3) Reserves will be allocated to active project plans within a three year time frame.

T R U S T & A G E N Y F U N D

Description: Brooksville Community Redevelopment Agency
Revenue Source: Tax Incremental Financing (TIF) from Hernando County and City of Brooksville
Expenditures: Contractual Services to City of Brooksville for management and planning services; Façade Grant Program and advertising; Streetscape capital project; Special District Fees and FRA Conference.